

RESEARCH REPORT

PB FINTECH LTD



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About

PB Fintech Ltd, popularly known as Policy Bazar is India's largest online platform for insurance and lending products through its flagship brands - Policybazaar and Paisabazaar platform through which they provide convenient access to insurance, credit and other financial products

Revenue Breakup

Insurance Brokerage Services: 85%

Commission, Consulting & Support Services: 15%

Synopsis of Financials

- Health and life insurance saw a combined growth of 53% YoY in new premiums for the quarter.
- Total insurance premium for the quarter was ₹5,123Cr, leading to an ARR of ₹20,000Cr.
- New insurance premium grew at 47% for the quarter.
- Core insurance premium for the online business grew at 40%.
- Credit-linked business - Paisabazaar, grew at 22%.
- New initiatives grew at 15% for the quarter.
- PAT for the year was ₹64Cr, a swing of ₹552Cr from the previous year.
- Revenue for the year grew 34% to ₹3,438Cr.
- Revenue for online marketplaces Policybazaar and Paisabazaar grew 39% to ₹2,375Cr.
- Adjusted EBITDA margin for core businesses improved from 6% to 14%.
- Trail revenue grew to ₹577Cr, up from ₹388Cr last year.

Stock data (as 21st Jan 2025)

Nifty Price : 23,020.15
52 week High (in Rs.) : 2,255
52 week Low (in Rs.) : 845
Market Cap. (in Crore) : ₹ 75,673 Cr.
NSE Code : POLICYBZR

Stock data



-NIFTY50
-POLICYBZR

Shareholding Pattern (March 2024)



Financial Summary

Particulars	Mar 2022	Mar 2023	Mar 2024
Sales	1,425	2,558	3,438
Sales Growth %	60.70%	79.51%	34.40%
Expenses	2,325	3,219	3,626
Operating Profit	-901	-662	-188
OPM %	-63%	-26%	-5%
Net Profit	-833	-488	64
EPS in Rs	-18.53	-10.82	1.48

Quarterly Results



Particular	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24
Sales	573	610	869	666	812	871	1,090
Expenses	800	744	937	743	901	898	1,085
Operating Profit	-226	-133	-68	-77	-89	-27	5
OPM %	-39%	-22%	-8%	-12%	-11%	-3%	0%
Other Income	61	69	82	91	97	94	98
Interest	6	6	6	6	7	6	7
Depreciation	16	18	17	20	22	23	24
Profit before tax	-187	-88	-9	-12	-21	37	73
Tax %	0%	0%	-0%	3%	-1%	0%	17%
Net Profit	-187	-88	-9	-12	-21	37	60

Source: Screener

Source: Annual Report

Yearly Results

Particulars	Mar 2022	Mar 2023	Mar 2024
Equity Capital	90	90	90
Reserves	5,322	5,386	5,781
Borrowings	159	227	253
Other Liabilities	344	551	604
Total Liabilities	5,915	6,254	6,729
Fixed Assets	205	313	359
CWIP	0	0	0
Investments	373	622	1,358
Other Assets	5,338	5,319	5,011
Total Assets	5,915	6,254	6,729

Synopsis Quater Results

Key Highlights

Business Growth Insights:

- Health and Life insurance business continues to witness robust growth, with a 69% YoY increase in new premiums.
- New initiatives in the business grew 87% YoY, now contributing positively without losses.
- Management emphasizes that the current growth rates (60-70%) are exceptional and not sustainable in the long term; mid-term guidance remains around 30% growth.

Operational Adjustments:

- Higher operating expenses of approximately \$4-5 Mn due to over-investment in Policybazaar in anticipation of growth.
- Corrective actions anticipated in the Paisabazaar credit business due to prolonged slowdown, with a focus on moderating operating expenses.
- Management plans to optimize costs in the second half of the year.

Customer Satisfaction and Market Position:

- Customer Satisfaction Score (CSAT) improved to 90%, up from 87% at IPO.
- The company aims to strengthen its leadership position in the insurance market, with a focus on enhancing customer experience and operational capabilities.

New Projects and Initiatives:

- PB Health initiative discussed but not yet established; management sees potential for improving claims experience and thus driving insurance growth.
- Management indicates that the PB Health project could lead to a 5% faster growth rate in the insurance industry over ten years if successful.

Market Dynamics:

- The unsecured credit market is experiencing a slowdown, attributed to regulatory actions and elevated delinquency rates.
- The secured loan segment is growing, with a focus on home loans and loan against property.
- Management anticipates that as the liabilities growth in the industry stabilizes, credit growth will return.

Margin Guidance:

- Contribution margins for the credit business are not disclosed, but they are similar to insurance.
- Management does not optimize for short-term margin fluctuations; instead, they focus on sustainable growth and long-term profitability.

Strategic Focus:

- Management is committed to investing in growth rather than optimizing for short-term profitability.
- The long-term strategy includes expanding the Feet on Street initiative to enhance customer engagement and service delivery.
- Management remains optimistic about the company's potential to capture market share in the underpenetrated Indian insurance market.

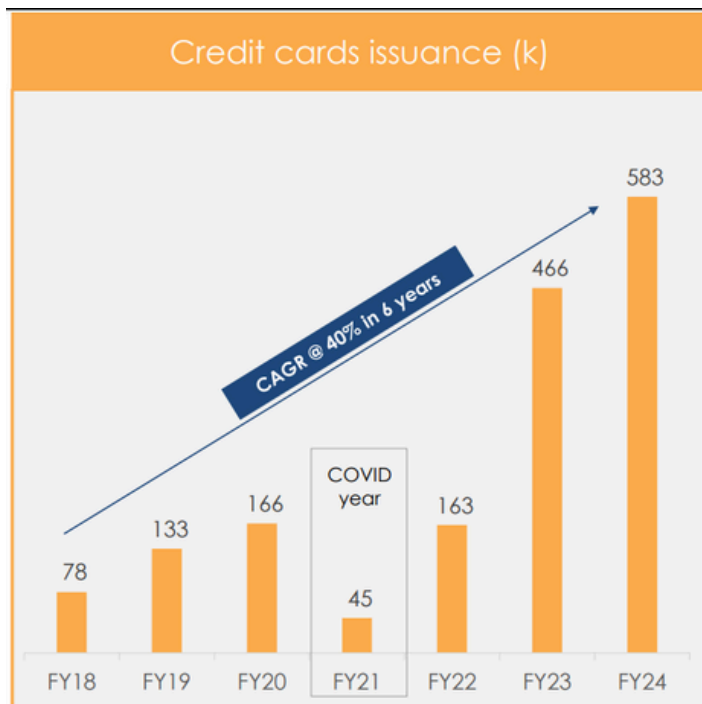
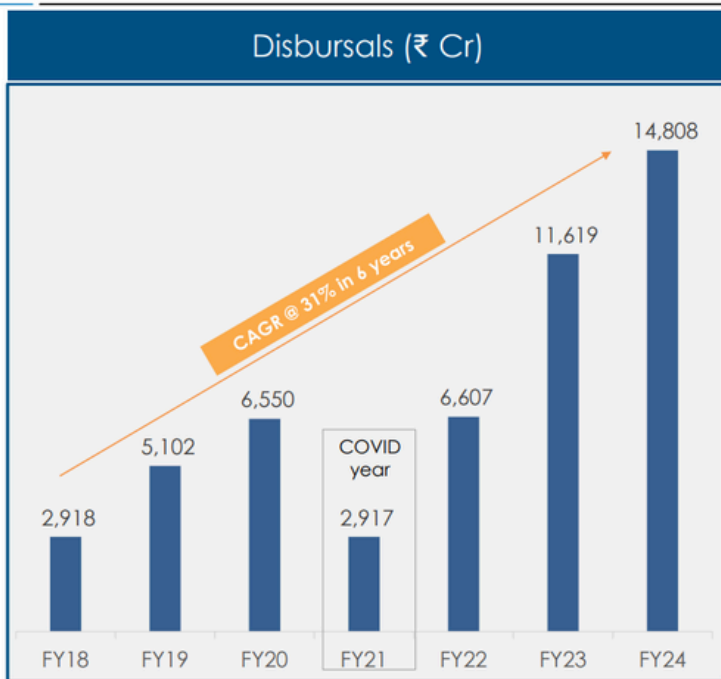
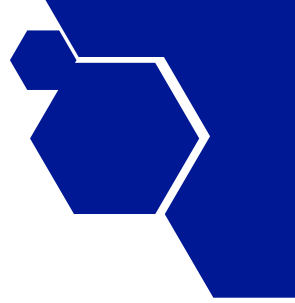
Challenges:

- The company is facing challenges in the credit business due to a longer-than-expected slowdown.
- Management acknowledges that while the current growth is impressive, it is not sustainable at this rate, and they are preparing for a potential normalization of growth rates.

Future Outlook:

- Management maintains a long-term growth target of approximately 30% for fresh business.
- Continued investment in operational capabilities and customer experience is expected to drive future growth.

Revenue Highlights



Final Outlook

POLICYBZR: BUY | LTP: 1652

PB Fintech is a strong long-term buy, especially for those interested in the digital finance sector in India, but be mindful of its premium valuation and profitability challenges.

PB Fintech Ltd., the parent company of PolicyBazaar and PaisaBazaar, has demonstrated notable growth in recent years.

Revenue Growth: The company reported a 44% increase in operating revenue, reaching ₹1,167 crore in the latest quarter.

Profitability: PB Fintech achieved a net profit of ₹60 crore in the quarter ending September 2024, marking a significant turnaround from the previous year's loss.

Current Price: As of January 9, 2025, PB Fintech's stock is trading at ₹2,080.10.

Market Capitalization: The company has a market cap of approximately ₹91,975 crore.

Stock Returns: Over the past year, the stock has delivered a return of 77.42%, outperforming the Nifty 50 index's 25.47% return in the same period.

Valuation: The stock is trading at a high price-to-book (P/B) ratio of 14.5, indicating a premium valuation.

Profitability Metrics: The company has a low return on equity (ROE) of -8.46% over the last three years, suggesting challenges in generating shareholder value.

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