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Initiating coverage

Diversified financials

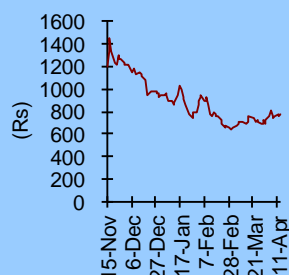
Target price: Rs940

Shareholding pattern

	Sep '21	Dec '21
Promoters	0.0	0.0
Institutional investors	24.2	25.7
MFs and others	2.4	2.2
FI/Banks	0.5	0.0
Insurance Cos.	0.7	0.8
FII	20.6	22.7
Others	75.8	74.3

Source: NSE

Price chart



INDIA

PB Fintech

BUY

Leading insurance intermediary; growth trajectory
should stand out

Rs776

PB Fintech (PBF) is among the leading insurance and lending intermediaries in India. It operates principally through its platforms *PolicyBazaar/PaisaBazaar*, and has also entered into newer businesses. PBF is well placed to benefit from the rising insurance penetration in India, especially through digital distribution. High growth, operating leverage, strong balance sheet and established brand recall among the Indian populace are its key business moats. This should help the company generate strong free cashflows as we expect its cost-to-income ratio to plateau ahead. Initiate with BUY and a DCF-based target price of Rs940.

- **Business model to enjoy higher growth than other insurance players.** The prime growth driver for PBF should be in the increasing premium income expected in digital medium. Individual new business premium (life) and retail health insurance sourced from online channels (web aggregators + insurer websites) grew at 38% CAGR in FY16-FY21 vs 12% for non-digital channels. New business premium income for PBF has grown at 26% CAGR vs the 11% witnessed by industry between FY19-FY21. Based on industry estimates, premium via online channels stood at US\$1bn for India representing 1% of total FY20 premium which is significantly lower than the US (13%) and China (5.5%).
- **Renewal book to ensure high operating leverage.** The long-tail nature of insurance business drives high operating leverage as renewal book typically should not call for any additional cost and ideally be operating at near-100% contribution margin. We expect the core renewal book to clock 39% CAGR between FY22-FY31E and the revenue and contribution CAGRs from renewals to be 33% and 35%, respectively by FY31E.
- **New initiatives can crowd out competition.** The insurance agent, on being boarded through PBF's portal *PB Partner*, helps grow retail insurance premiums manifold (Q3/Q4 volumes were at Rs2.4bn/5bn). Although its contribution on quarterly basis is currently negative (loss of Rs400mn in Q3FY22), the volumes gained through *PB Partner* will fortify PBF's industry position among insurance OEMs as well as peer intermediaries.
- **Cost overrun is the only risk, but at with total advertising/promotion expenditure at Rs2.4bn in Q3FY22, the cost-to-income ratio is expected to plateau ahead.** We expect the ratio to gradually dip from 107% in FY21 to 81% in FY26E.
- **Estimate consolidated FY26E Adjusted EBITDA at Rs10.2bn; recommend BUY with DCF-based target price of Rs940.** The key construct of our assumptions is: 27% CAGR in new premiums in PBF's core business. This would automatically lead to 39% growth in renewal premium during FY22E-FY31E. As for the company's lending platform *PaisaBazaar*, we expect it to clock 30% contribution CAGR between FY21-FY31E. We model the other initiatives (*PB Partner* and *PB Corporate*, plus international business) separately and they contribute ~12% to our valuation.

Market Cap	Rs349bn/US\$4.6bn	Year to Mar	FY22E	FY23E	FY24E	FY26E
Bloomberg	POLICYBZ IN	Premium (Cons) (Rs mn)	69,750	122,608	189,846	442,166
Shares Outstanding (mn)	449.5	Growth	48%	76%	55%	50%
52-week Range (Rs)	1448/644	Disbursal (Rs mn)	66,070	82,588	103,234	154,852
Free Float (%)	100.0	Growth	127%	25%	25%	20%
FII (%)	22.7	Revenue (Rs mn)	12,742	18,952	26,685	54,709
Daily Volume (US\$'000)	NA	Contribution (Rs mn)	2,312	841	2,189	15,474
Absolute Return 3m (%)	(15.5)	Margin (%)	18.1	4.4	8.2	28.3
Absolute Return 12m (%)	NA	EBITDA (Adj) (Rs mn)	-2,958	-3,996	-2,778	10,245
Sensex Return 3m (%)	(4.6)	Margin (%)	-23.2	-21.1	-10.4	18.7
Sensex Return 12m (%)	21.4	Adj PAT (Rs mn)	-2,373	-960	-759	12,579

Please refer to important disclosures at the end of this report

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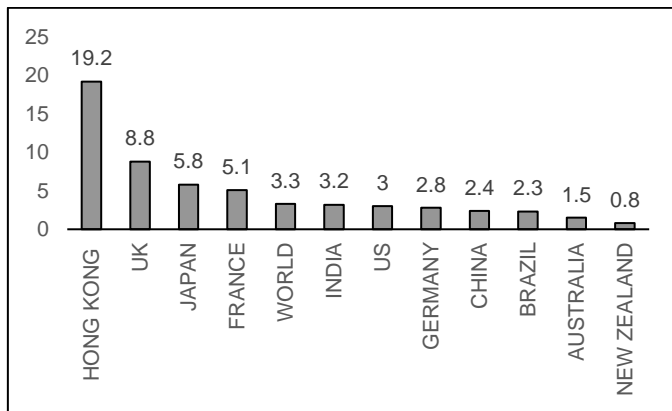
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PB Fintech (PBF) is poised for high growth in premiums and, in turn, revenues

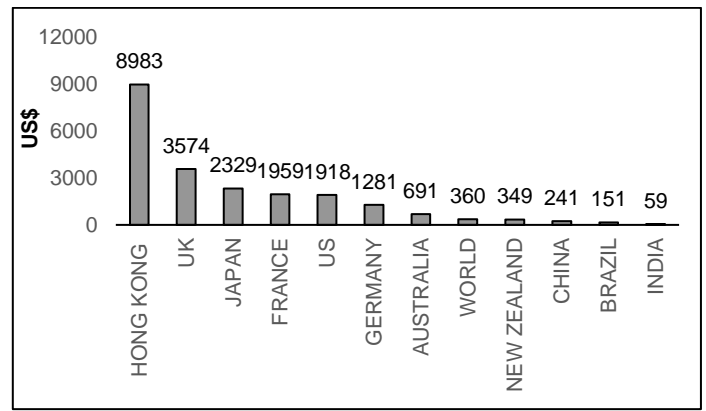
India insurance under-penetration ensure high-growth outlook

Chart 1: Based on life insurance premium as % of GDP, India is largely in line with global average



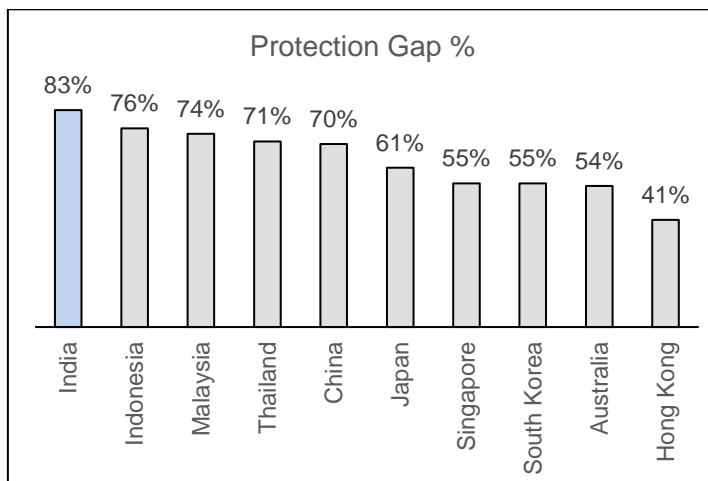
Source IRDAI

Chart 2: But in terms of premium density (premium per capita), 4x growth is possible if we compare the penetration level with China



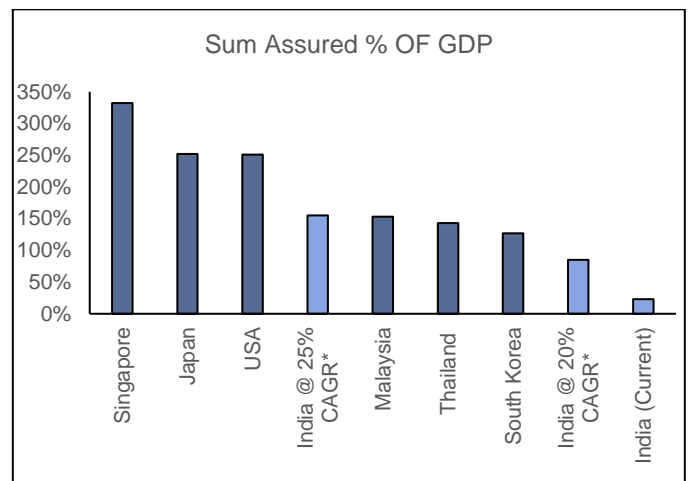
Source IRDAI

Chart 3: India has one of the highest mortality gaps (Protection required less Sum insured)...



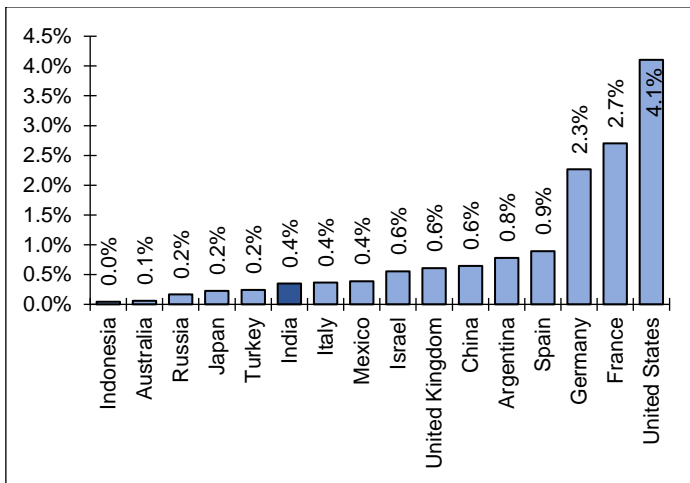
Source: Swiss Re, Closing Asia's mortality protection gap, 2020.

Chart 4: ...suggesting significant headroom for protection opportunity over the next decade

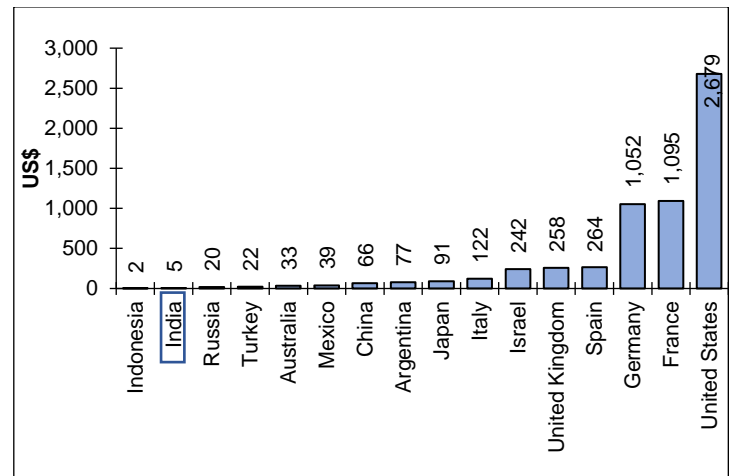


Source: IPRU Investor presentation

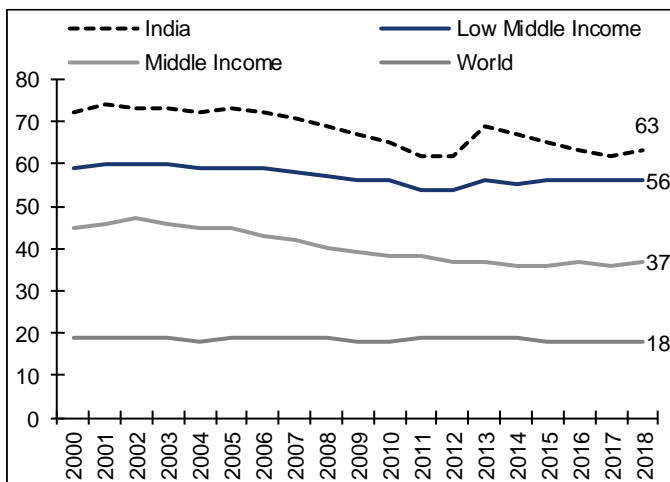
*CAGR implies growth of sum assured between FY21-FY35 and GDP CAGR of 10% between FY21-FY30 and 8% between FY30-FY35.

Chart 5: Health insurance penetration in 2019 (gross direct premium as % of nominal GDP)

Source: OECD, World Bank

Chart 6: Health insurance density is also low, thus indicating scope for growth

Source: OECD, World Bank

Chart 7: Out-of-pocket expenditure as % of current healthcare expenditure is high compared to global markets

Source: NITI AAYOG report

Note: For low middle income and middle income, numbers are based on selected aggregates.

Table 1: Motor segment penetration also remains low largely led by 2-wheeler segment

	Total number of policies (mn)	Total vehicles on road (mn)	Uninsured proportion
FY17	90.6	194.4	53%
FY18	96.1	211.1	54%
FY19	98.4	231.2	57%

Source: Industry data ([Link](#))

Note: Uninsured proportion is high in the 2-wheeler segment (66%) followed by private cars (11%)

Rising digital share of distribution will help PBF outperform industry growth

Digital insurance marketplace is playing a key role in distribution of insurance products in India. In FY20, *PolicyBazaar* was India's largest digital insurance marketplace with 93.4% market share in terms of the number of policies sold. Also, 65.3% of all digital insurance sales in India in FY20 happened through *PolicyBazaar*.

Table 2: Online premium mix as % of total premium; India has a long growth road ahead

2020	Unit	India	US	China
Premium via Online Channel	US\$ billion	1.0	208.0	35.5
As % of Total Premium	%	1.0%	13.3%	5.5%

Source: Frost & Sullivan Analysis

PolicyBazaar's addressable market has largely been individual life insurance, retail health, and motor insurance. Between FY16-FY21, individual life new business premium (NBP) and retail health premiums witnessed 15% CAGR while premium sourced from web aggregators' and insurers' own websites have seen 47% CAGR. This has resulted in overall online premium share to grow from 0.8% in FY16 to 2.7% in FY21.

Table 3: Online channels (Retail - Life and Health) and PB Fintech (PBF) have outgrown the industry

Rs bn	FY15	FY16	FY17	FY18	FY19	FY20	FY21	CAGR (FY16-21)	CAGR (FY19-21)
Industry Individual NBP premium (Life) (Rs bn)									
Web-Aggregators Premium	-	0	0	1	2	3	4		
Online Premium (sourced from Insurer website)	-	3	4	5	11	15	18		
Industry Individual health premium (Rs bn)									
Direct Sale online (sourced from Insurer website)	2.3	2.1	2.9	3.6	4.0	4.2	8.7		
Web- aggregators premiums	-	0.2	0.5	1.7	2.9	4.9	6.6		
Total	2.3	5.3	8.1	11.0	19.6	26.5	37.2	38%	38%
	FY15	FY16	FY17	FY18	FY19	FY20	FY21		
Total Individual NBP	554	583	777	921	977	1,016	1,139		
Total Retail Health	88	104	126	153	175	200	258		
Total Premium	642	687	903	1,074	1,152	1,216	1,397	13%	10%
Share of digital channel	0.4%	0.8%	0.9%	1.0%	1.7%	2.2%	2.7%		
	FY15	FY16	FY17	FY18	FY19	FY20	FY21		
Offline channel (Life)	554	580	773	916	964	999	1,117		
Offline channel (Health)	85	101	122	148	168	190	243		
Total	639	682	895	1,063	1,133	1,189	1,360	12%	10%
	FY15	FY16	FY17	FY18	FY19	FY20	FY21		
PB Fintech NBP (incl protection, savings, health, motor and others)					17	26	27		26%
PB Fintech renewal					6	11	20		81%
Total premium					23	38	47		43%

Source: IRDAI and Company

Table 4: Core PolicyBazaar has only 6% market share in the overall retail premium market (ex-savings). If it expands up to 25% in next decade, PB can clock 40% CAGR.

Premium Rs bn	Industry Premium			Core PB Premium				
	FY21	FY31E	CAGR (FY21-31)	FY21E	Market share (FY21E)	FY31E	Market share (FY31E)	CAGR (FY21-31E)
Protection new business premium	36	333	25%	10.0	28%	133	40%	30%
Retail Health GDPI	258	2,401	25%	9.0	3%	600	25%	52%
Motor GDPI (2W / 4W)	226	916	15%	13.3	6%	183	20%	30%
Total Addressable market for PBF (ex-savings)	520	3,650	22%	32.3	6%	917	25%	40%

Source: IRDAI, I-Sec research.

Note: Term premium is based on protection APE reported by key insurers like HDFC Life, SBI Life, IPRU Life, Kotak Life, Tata AIA, Max Life and LIC. *PB premium is our estimate of term premium (ex-renewal) and annual retail and Motor GDPI premium.

We have also estimated Core PB's premium CAGR by assuming a higher penetration of premiums sourced online. We have assumed total premium of Indian Insurance sector to grow at 15% CAGR between FY21-31E and share of online premiums to increase from 1% to 20% and estimated market share of core PB declines from 64% to 50%

Table 5: Core PB premiums can witness 53% CAGR between FY21-31 if industry online premium penetration increases from 1% to 20% while Core PB market share declines from 64% to 50%

Rs bn	FY21	FY31E	CAGR
Life Premiums	6,287	23,157	14%
Life - NBP	2,787	11,275	15%
Life - Renewal	3,500	11,882	13%
Non-Life Premium	1,987	10,402	18%
Total Premiums	8,275	33,559	15%
Premium via online channel	73	6,712	57%
% Premium of total insurance market	1%	20.0%	
Core PB premium	47	3,356	53%
Core PB Market share	64%	50%	

Source: IRDAI, I-Sec research

Table 6: Market share of PolicyBazaar in terms of number of policies issued

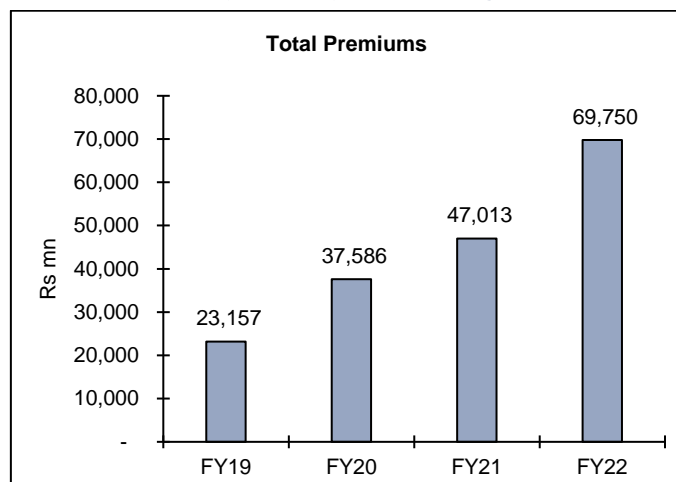
	mn
Total policies sold by online insurance distribution platforms in FY20 (A)	6.14
Total policies sold on PolicyBazaar platform FY20 (B)	5.73
PolicyBazaar market share (B/A)	93%
Total policies sold online directly by insurance companies and by insurance distributors in FY20 (C)	8.8
PolicyBazaar market share (B/C)	65%

Source: Company RHP

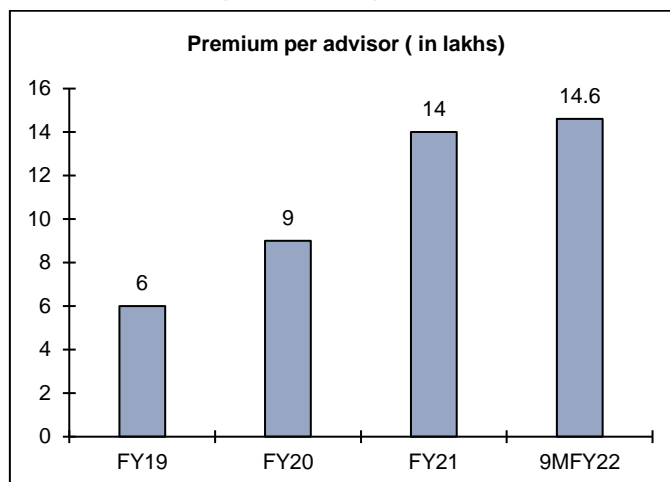
Table 7: PolicyBazaar revenues have grown at a rapid pace...

Revenues (Rs mn)	FY19	FY20	FY21	CAGR (FY19-FY21)
Insurance commission	1,317	2,134	2,591	40%
Outsourcing services	1,518	2,568	2,994	40%
Rewards	267	456	484	35%
Total	3,102	5,158	6,069	40%

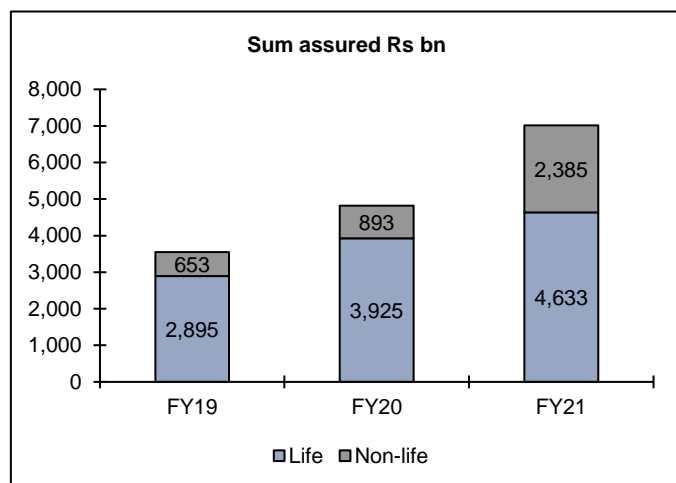
Source: Company RHP

Chart 8: ... led by healthy premium growth

Source: Company data

Chart 9: ... and growth in agent productivity

Source: Company data

Chart 10: Growth in PB's sum assured has been strong in past three years

Source: Company data

Table 8: PolicyBazaar is the most downloaded app amongst peers

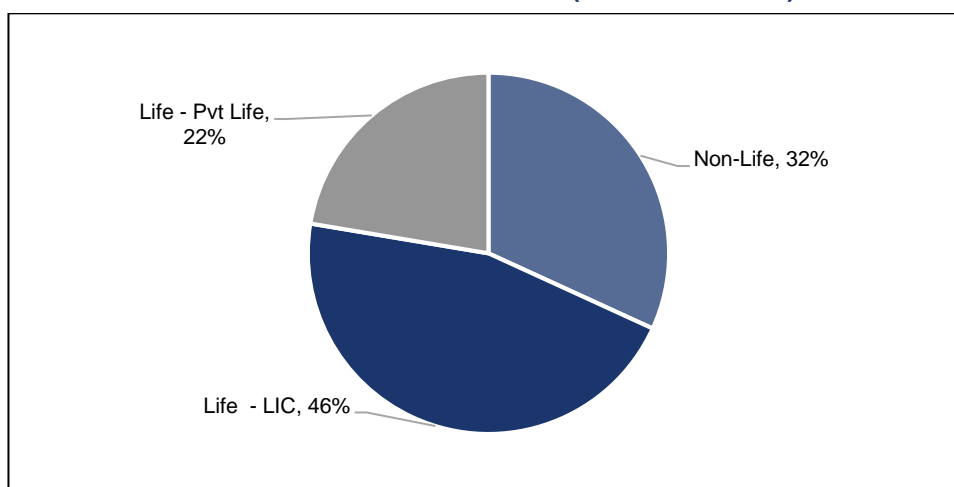
Company	APP Downloads
PolicyBazaar	+10mn
InsuranceDekho	+50T
Coverfox	+0.1mn
Turtlemint	+1mn

Source: Google Play store

Indian insurance commission is a big market opportunity

- India's FY21 insurance commission market stood at Rs484bn (life and non-life combined). Total commission from insurers has grown at 10% CAGR, of which commission from life insurers has risen 9% and non-life 12% between FY19-FY21. Ex-LIC, commission CAGR has been 12% in the same period.
- Amongst life insurers, NBP take rate for LIC has declined from 6.52% in FY19 to 5.82% in FY21 while that for private insurers has been largely stable at 8.3%. Renewal commission take has remained stable for both LIC and private insurers at 5.2% and 2.3% respectively in the same period.
- For non-life insurers, the take rate has increased from 7.25% in FY19 to 7.75% in FY21. This could largely have been due to rising health GDPI mix. Health GDPI commission take rates have increased from 8% in FY19 to 9.1% in FY21 driven by strong GDPI growth registered by SAHI.

Chart 11: FY21 Commission market share (life and non-life)



Source: IRDAI

Table 9: Non-life insurance commission market has witnessed 12% CAGR between FY19-FY21

Rs bn		PSU			Private			SAHI			Sp Ins			Total		
		FY19	FY20	FY21	FY19	FY20	FY21	FY19	FY20	FY21	FY19	FY20	FY21	FY19	FY20	FY21
Fire	Commission	6	8	10	6	8	11	0	0	0	0	0	0	12	15	21
	Growth (%)	2	26	26	30	34	42	0	0	0	0	0	0	13	30	34
	CER (%)	12	11	12	9	9	9	0	0	0	0	0	0	10	10	10
Marine	Commission	2	2	1	2	2	2	0	0	0	0	0	0	3	4	3
	Growth (%)	5	5	-9	22	7	-2	0	0	0	0	0	0	14	6	-5
	CER (%)	10	10	9	11	10	10	0	0	0	0	0	0	10	10	10
Motor	Commission	20	23	21	29	37	34	0	0	0	0	0	0	49	60	55
	Growth (%)	-11	18	-8	42	24	-6	0	0	0	0	0	0	15	22	-7
	CER (%)	7	9	9	8	8	8	0	0	0	0	0	0	8	9	8.2
Health	Commission	15	16	19	12	14	18	14	18	21	0	0	0	41	49	58
	Growth (%)	-3	10	15	26	20	25	43	29	17	0	0	0	18	20	19
	CER (%)	6	6	6	8	9	9	12.4	12.6	13.6	0	0	0	8	9	9.1
Others	Commission	8	6	7	10	5	9	0	0	0	0	0	1	18	12	17
	Growth (%)	37	-27	14	158	-44	75	0	0	0	1	198	73	81	-34	44
	CER (%)	8	5	7	5	3	4	0	0	0	0	0	1	5	3	4
Total	Commission	50	55	58	58	65	74	14	18	21	0	0	1	123	139	154
	Growth (%)	-1	9	6	47	13	13	43	29	17	1	198	73	22	13	11
	CER (%)	7.34	7.48	8.10	7.15	7.22	7.54	12.43	12.59	13.55	0.17	0.40	0.54	7.25	7.35	7.75

Source: IRDAI

Table 10: Life insurance commission market has witnessed 9% CAGR between FY19-FY21

(Rs bn)		LIC			PVT			Total		
		FY19	FY20	FY21	FY19	FY20	FY21	FY19	FY20	FY21
1st year	Commission	88	97	90	58	63	68	146	161	158
	Growth (%)	6.85	10.36	-7.63	13.99	9.04	7.99	9.58	9.83	-1.46
	CER (%)	28.09	16.76	26.44	13.88	13.57	14.6	19.96	15.38	19.57
Single Premium	Commission	88	97	90	58	63	68	146	161	158
	Growth (%)	6.85	10.36	-7.6	13.99	9.0	8.0	9.58	9.83	-1.5
	CER (%)	28.09	16.76	26.44	13.88	13.57	14.6	19.96	15.38	19.57
NBP	Commission	93	110	107	62	72	78	155	183	185
	Growth (%)	6.02	9.31	-2.8	17.45	5	8	10.32	7.58	1.6
	CER (%)	6.52	6.19	5.82	8.54	8.91	8.28	7.21	7.04	6.65
Rewards	Commission	-	9	12	-	4	4	-	13	16
	Growth (%)	0	-	35.3	0	0	3.43	0	0	26.0
	CER (%)	0	0.5	0.65	0	0.45	0.4	0	0.48	0.57
Renewal	Commission	101	103	114	22	26	30	123	129	145
	Growth (%)	5.75	2.81	10.6	23.67	16.88	16.16	8.6	4.27	11.7
	CER (%)	5.15	5.14	5.23	2.27	2.31	2.3	4.19	4.08	4.13
Total Commission	Commission	190	214	222	84	98	108	278	312	330
	Growth (%)	5.88	12.41	3.7	19.03	16.41	10.31	9.55	12.31	5.8
	CER (%)	5.73	5.63	5.5	4.94	5.07	4.8	5.47	5.44	5.25

Source: IRDAI

Estimating PBF's premium trends

For estimating PBF's premium income, we have modelled four segments separately, viz. *PolicyBazaar*, *PB Partner*, *PB Corporate* and *UAE*

Table 11: Driven by increasing penetration levels and rising digitalisation, we expect PBF to clock >40% CAGR in its total premiums

Rs mn	FY22E	FY23E	FY24E	FY25E	FY26E	FY27E	FY28E	FY29E	FY30E	FY31E	CAGR
PBF (Core operations) - NBP	34,464	44,239	58,058	76,062	99,658	1,26,264	1,57,075	1,92,499	2,34,740	2,86,489	27%
PBF (Core operations) - Renewal	23,726	42,527	62,387	88,081	1,21,323	1,64,235	2,16,871	2,80,472	3,56,303	4,47,506	39%
POSP	7,450	25,000	40,000	60,000	84,000	1,17,600	1,64,640	2,14,032	2,78,242	3,47,802	53%
PB Corp	2,870	8,610	25,830	64,575	1,29,150	1,93,725	2,71,215	3,79,701	4,93,611	6,41,695	nm
Total	69,750	1,22,608	1,89,846	2,94,075	4,42,166	6,12,270	8,23,381	10,84,358	13,84,963	17,51,075	43%

Source: I-Sec research

Estimating *PolicyBazaar's* contribution from core business

For calculating the contribution margin for *PolicyBazaar* platform, we have assumed 100% margins on the renewal commission post FY25E and factored the NBP contribution margin to grow gradually given the operating leverage benefits. We expect standalone premium to grow at 33% CAGR between FY22-FY31 driven by 27% CAGR for new business premiums and 39% CAGR in the renewal book.

Table 12: We estimate contribution to clock 32% CAGR over the next decade

Rs mn	FY22E	FY23E	FY24E	FY25E	FY26E	FY27E	FY28E	FY29E	FY30E	FY31E	CAGR
Total Premium	58,190	86,766	1,20,445	1,64,143	2,20,980	2,90,500	3,73,946	4,72,971	5,91,043	7,33,995	33%
Growth	24%	49%	39%	36%	35%	31%	29%	26%	25%	24%	
of which NBP	34,464	44,239	58,058	76,062	99,658	1,26,264	1,57,075	1,92,499	2,34,740	2,86,489	27%
Growth	23%	28%	31%	31%	31%	27%	24%	23%	22%	22%	
Of which Renewal	23,726	42,527	62,387	88,081	1,21,323	1,64,235	2,16,871	2,80,472	3,56,303	4,47,506	39%
Growth	24%	79%	47%	41%	38%	35%	32%	29%	27%	26%	
Total Revenue from policy	9,388	11,965	15,540	20,192	27,343	34,774	43,583	53,903	66,203	81,120	27%
Growth	54%	27%	30%	30%	35%	27%	25%	24%	23%	23%	
Rate (%)	16.1	13.8	12.9	12.3	12.4	12.0	11.7	11.4	11.2	11.1	
Contribution	3,516	4,786	6,216	8,003	13,156	16,962	21,509	26,890	33,272	44,036	32%
Margin	37%	40%	40%	40%	48%	49%	49%	50%	50%	54%	

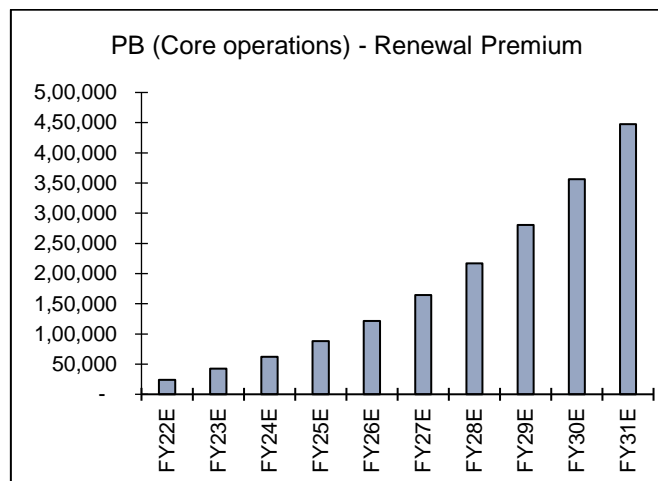
Source: I-Sec research

Renewal nature of insurance offers high operating leverage

We expect FY22E renewal book at Rs23.7bn and grow to Rs447bn by FY31E (CAGR of 39%). Despite lower take rate in renewals, premium remains highly profitable as very low cost is involved.

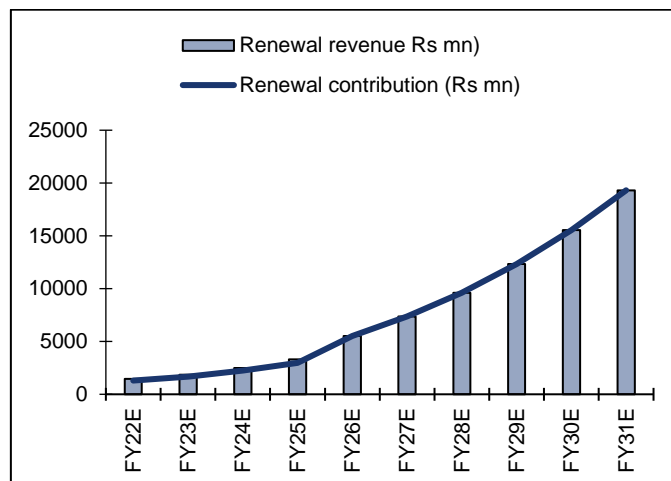
PB Fintech (PBF) aggregates and distributes insurance and personal credit products and does not carry any corresponding underwriting or credit risks. As the *PolicyBazaar* platform and consumer cohorts continue to develop, larger proportion of consumers will buy either unassisted or with reduced levels of assistance, which will improve overall capital and operational efficiencies.

Chart 12: We expect PBF's renewal book to grow at 38% CAGR...



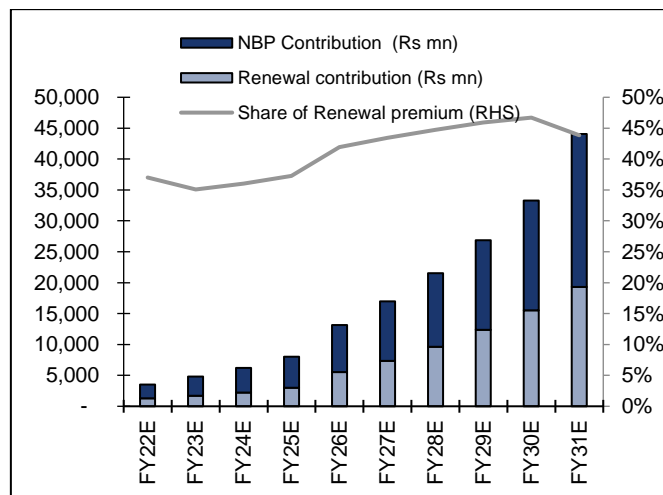
Source: I-Sec research

Chart 13: ... and revenues to grow at 30% CAGR



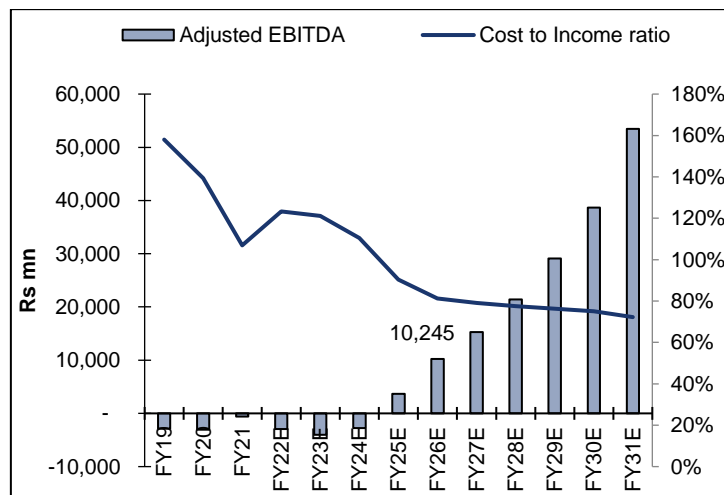
Source: I-Sec research

Chart 14: Contribution mix of NBP and renewal revenues



Source: I-Sec research

Chart 15: Cost-to-income ratio (consolidated levels)



Source: I-Sec research

Chart 16: PBF consumer cohort of total premium from health insurance

	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	Total
FY14	1.0x	0.7x	0.7x	0.7x	0.7x	0.7x	0.7x	0.7x	5.9x
FY15		1.0x	0.6x	0.7x	0.7x	0.7x	0.6x	0.7x	5.0x
FY16			1.0x	0.7x	0.7x	0.7x	0.7x	0.7x	4.5x
FY17				1.0x	0.7x	0.7x	0.7x	0.7x	3.8x
FY18					1.0x	0.6x	0.7x	0.8x	3.1x
FY19						1.0x	0.6x	0.7x	2.2x
FY20							1.0x	0.6x	1.6x
FY21								1.0x	1.0x

Source: Company RHP

Note: Represents premium and excludes premium from any add on products indexed as 1.0 in the first year of the cohort

Chart 17: PBF consumer cohort of total premium from Motor insurance

	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	Total
FY14	1.0x	0.5x	0.4x	0.3x	0.3x	0.3x	0.3x	0.3x	3.4x
FY15		1.0x	0.5x	0.4x	0.4x	0.4x	0.3x	0.3x	3.4x
FY16			1.0x	0.6x	0.5x	0.4x	0.4x	0.3x	3.2x
FY17				1.0x	0.6x	0.5x	0.4x	0.3x	2.8x
FY18					1.0x	0.5x	0.4x	0.4x	2.3x
FY19						1.0x	0.6x	0.4x	2.0x
FY20							1.0x	0.6x	1.6x
FY21								1.0x	1.0x

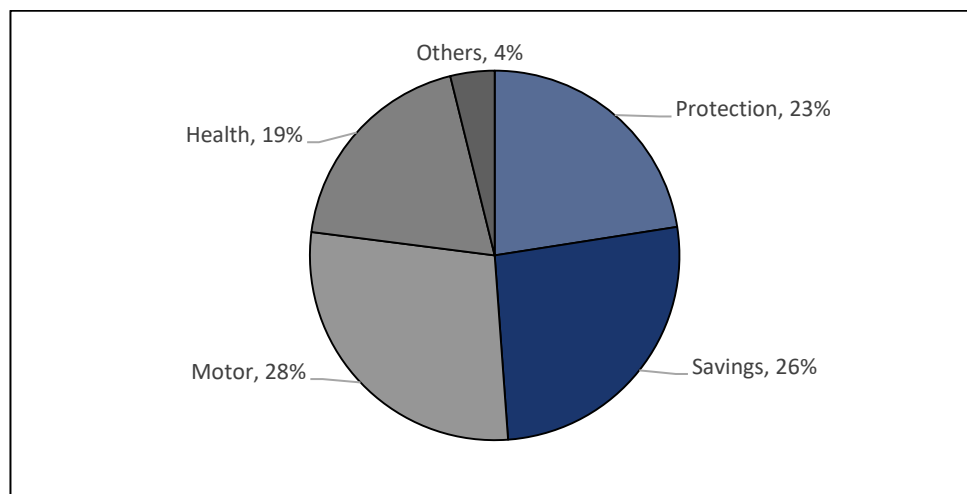
Source: Company RHP

Note: Represents premium and excludes premium from any add on products indexed as 1.0 in the first year of the cohort

Aggregate nature of business makes PBF the most diversified proxy on Indian insurance

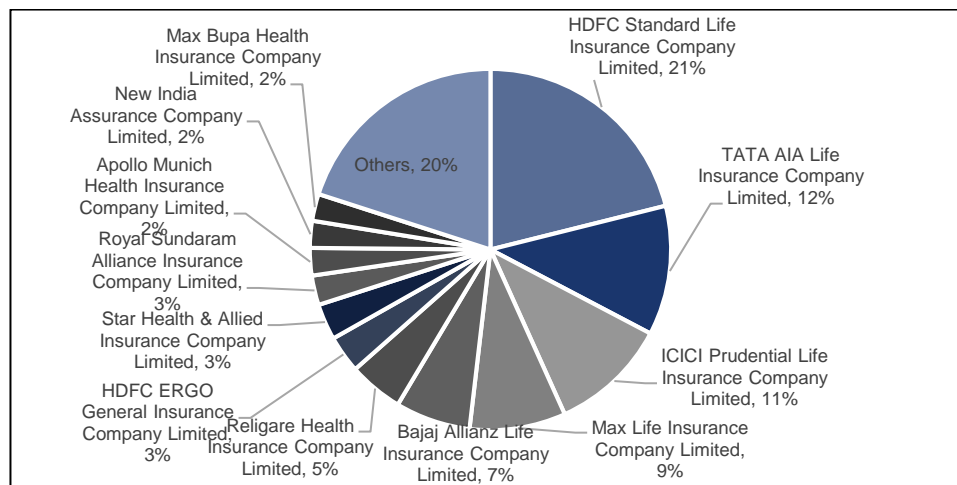
PBF is uniquely placed to benefit from both life and non-life insurance in India. This aggregate nature provides valuable diversification.

Chart 18: Estimated mix of total premium (FY21): PBF is a play on both life and non-life insurance



Source: I-Sec Research

Chart 19: Revenue mix of insurers is also widely spread



Source: Company data

Table 13: Insurer-wise revenue contribution in *PolicyBazaar* (FY20)

Rs mn	Outsourcing services	Rewards	Telemarketing	Total	% Contribution
HDFC Life	1,046	-	56	1,102	21.1%
TATA AIA Life	315	48	242	605	11.6%
IPRU Life	300	42	210	552	10.6%
Max Life	291	-	158	449	8.6%
BALIC	351	-	-	351	6.7%
Religare	54	46	155	256	4.9%
HDFC Ergo GI	-	39	135	174	3.3%
Star Health	-	39	130	169	3.2%
Royal Sundaram GI	-	10	77	138	2.6%
Apollo	7	28	93	128	2.5%
New India	-	29	97	126	2.4%
Max Bupa	5	28	94	126	2.4%
BAGIC	36	-	69	105	2.0%
IFFCO	-	19	73	92	1.8%
Oriental	-	18	60	77	1.5%
United India	-	15	48	63	1.2%
TATA AIA GI	-	14	49	63	1.2%
Universal	10	11	37	58	1.1%
Aegon	54	-	3	57	1.1%
Cigna	8	10	36	54	1.0%
National	-	14	35	49	0.9%
Others	91	47	277	429	8.2%
Total	2,568	456	2,134	5,223	

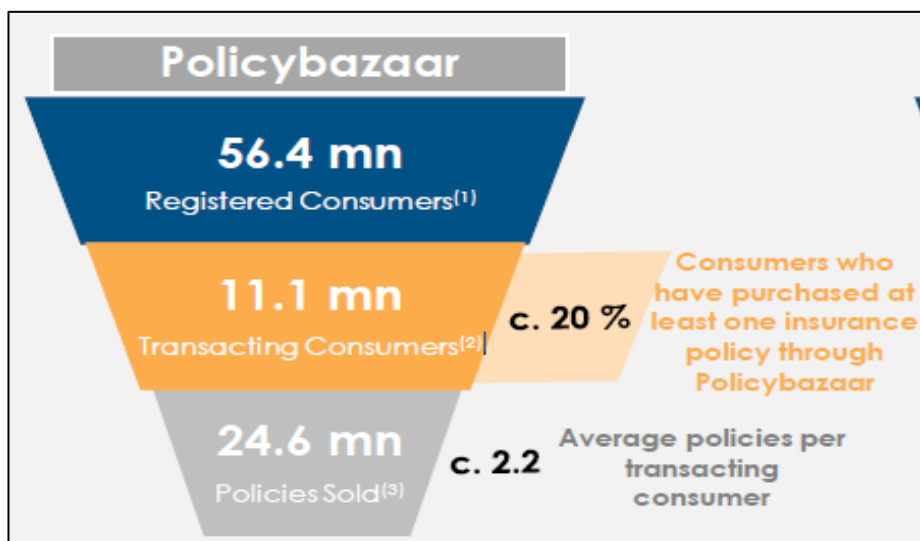
Source: Company MCA filings

PB Fintech (PBF) enjoys strong brand recall

Strong, consumer-friendly brands offering wide choice, transparency and convenience

As per Frost & Sullivan, *PolicyBazaar* is a household name for insurance and is one of the most trusted insurance brands in India. The brand strength is also reflected in the fact that, in FY21, 83.0% of the policies sold on *PolicyBazaar* and 66.0% of loans originated on *PaisaBazaar* were to consumers who came to the platform/s directly or through direct online brand searches.

Chart 20: Salient features of the *PolicyBazaar* platform



Source: Company data

Note:

1. Consumers registered on *PolicyBazaar* platform as of 31st Dec'21

2. Cumulative number of unique consumers who bought at least one product on *PolicyBazaar* since its inception till 31st Dec'21

3. Cumulative number of new life and non-life insurance policies sold and non-life insurance renewals on *PolicyBazaar* since its inception till 31st Dec'21

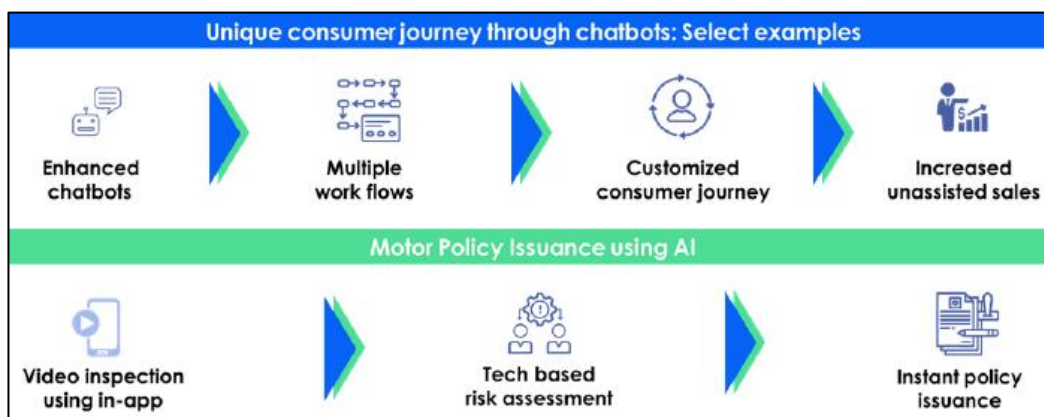
Other salient features of the platform

- Insurance partners (life plus non-life insurers): **48**
- Unassisted transactions
 - 4-wheeler: **55%**
 - 2-wheeler: **99%**
- **83%** of the premium sourced was through consumers coming to *PolicyBazaar* platform directly or through direct online brand search
- Near-monopoly in insurance marketplace related to online aggregators: **>90% market share**

Table 14: How *PolicyBazaar* is helping mitigate the problems faced by stakeholders in India insurance sector

Problem	Solution provided by <i>PolicyBazaar</i>	Benefits to the insurer	Benefit to the consumer
Dependence on high-cost physical distribution	Go-to digital insurance platform in India	Low customer acquisition cost	Consumer-friendly user experience
Information asymmetry	Better consumer data / product transparency	High-quality consumer disclosures	Superior product selection
Blanket portfolio underwriting	Data-based personalised underwriting	Claims cost optimisation	Better prices for low-risk consumers
'One size fits all' product	Tailored exclusive products	Access to untapped consumers	High coverage, better and cheaper products
Human-intensive operations	Tech enablement and process innovation	Operating cost efficiencies	Faster service (claims period optimisation from 3 days to 3 hours)

Source: Company data

Chart 21: Proprietary technology enables seamless journey for consumers

Source: Company data

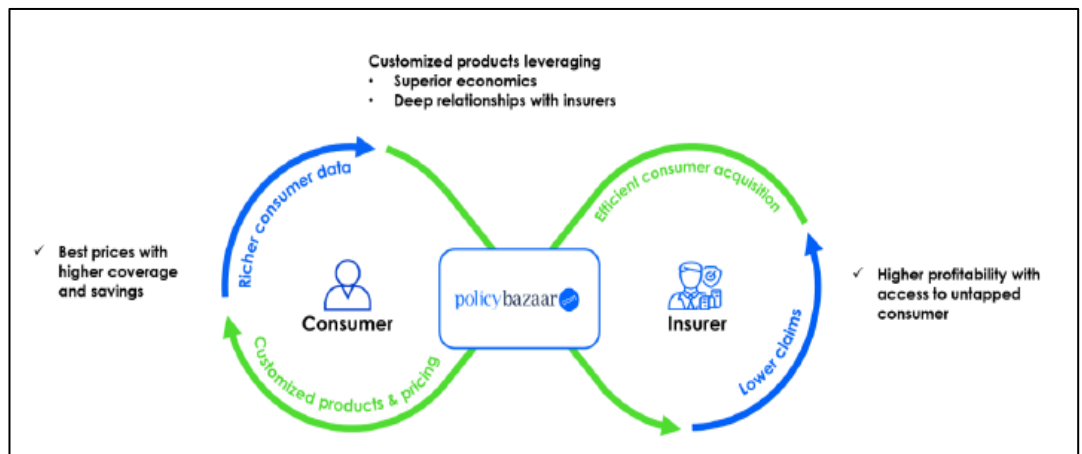
Proprietary technology stack helps *PolicyBazaar* design user-friendly consumer journeys across all of its processes by automating various aspects across the product value chain.

Unique self-reinforcing flywheels and strong network effects

PolicyBazaar and *PaisaBazaar* platforms have large, efficient and intelligent networks, providing consumers with the ability to browse financial service products offered by 51 insurer partners and 54 lending partners.

The data available through such a network provides rich underwriting insights, which can be used by the insurers.

Chart 22: PBF has strong reinforcing flywheels



Source: Company data

New initiatives to provide growth optionalities

PB Partner

PB Partner is a platform created by PB Fintech (PBF) for independent sellers of insurance and other financial products, which enables them to sell across products and suppliers via an app. *PB Partner* has been built with an initial investment of Rs400mn within a period of six months.

Estimated premium market for individual agents in the retail-facing insurance segment stood at Rs985bn. For motor retail premiums, we have assumed 70% of the individual agent channel premium to be for 2Ws and 4Ws to arrive at the addressable market size. On an overall basis, Individual agents account for 40-50% of total motor premium but since we have considered only 2W/4W segment, we are estimating a higher mix for individual agents. Accordingly, we have assumed 17%/12%/10% CAGRs in the premium of health / life / motor to calculate the addressable market for agents (retail facing) by FY31E. We have assumed 10% market share for *PolicyBazaar* and have derived the likely premium income to be generated by FY31E at Rs330-350bn.

Table 15: Estimating premium income growth for *PB Partner*

Addressable Premium for Individual agent Rs bn	FY21	FY31E
Health	191	918
Life	611	1,897
Motor	183	476
Total premium	985	3,290
POSP market share (assumed)		10%-10.5%
POSP premium		330-350

Source: IRDAI, I-Sec research

Table 16: Estimating contribution from *PB Partner* platform

Rs mn	FY22E	FY23E	FY24E	FY25E	FY26E	FY27E	FY28E	FY29E	FY30E	FY31E
Premium	7,450	25,000	40,000	60,000	84,000	1,17,600	1,64,640	2,14,032	2,78,242	3,47,802
Growth		236%	60%	50%	40%	40%	40%	30%	30%	25%
Rate (%)	12.0	12.0	12.0	12.0	12.0	12.0	12.0	12.0	12.0	12.0
Total Revenue from policy	894	3,000	4,800	7,200	10,080	14,112	19,757	25,684	33,389	41,736
Contribution	-1,043	-3,750	-4,000	360	605	847	1,383	2,055	3,339	4,591
Margin	-116.7%	-125.0%	-83.3%	5.0%	6.0%	6.0%	7.0%	8.0%	10.0%	11.0%

Source: I-Sec research

PB Corporate

PB Corporate is PBF's corporate / SME platform with products covering both online and offline health and commercial lines. It is an unassisted online platform for all products in asset and liability categories and employee benefits. *PB Corporate* offers complete digital solutions to corporates from purchase to claim registrations. As at 9MFY22, *PB Corporate* collected premiums of Rs2.76bn and insured ~1.1mn employees. *PB corporate* has 92% retention on large clients and some of its major clients include Delhivery, Axis Bank, CARS24, CARE health insurance, BYJU's, Lenskart, Yatra, Swiggy, NAVI, Niva health insurance, 1mg, colliers, Delhi Duty Free etc.

We have assumed group premium income to increase from Rs3.7trn in FY22E to Rs12.4trn by FY31E. We have assumed *PolicyBazaar* to have 5% market share in this category, which will translate to total premium income of ~Rs0.64trn. We expect this segment to report contribution of Rs5bn by FY31E.

Table 17: Estimating premium growth for PB Corporate platform

Rs trn	FY22E	FY31E
GDP	240	666
Life Premium	6.8	23
Of which Group Premium (A)	3.38	11.43
Group health (B)	0.3	1
Total Group Premiums (A+B)	3.68	12.40
PB Corporate Market share		5%
PB Corporate Group premium		0.62

Source: IRDAI, I-Sec research

Table 18: Estimating contribution from PB Corporate platform

Rs mn	FY22E	FY23E	FY24E	FY25E	FY26E	FY27E	FY28E	FY29E	FY30E	FY31E
Premium	2870	8,610	25,830	64,575	1,29,150	1,93,725	2,71,215	3,79,701	4,93,611	6,41,695
Growth		200%	200%	150%	100%	50%	40%	40%	30%	30%
Take rate	8%	8%	8%	8%	8%	8%	8%	8%	8%	8%
Revenue	230	689	2,066	5,166	10,332	15,498	21,697	30,376	39,489	51,336
Contribution	-200	-800	-938	-852	76	775	1,736	2,430	3,554	5,134
Margin	-87%	-116%	-45%	-16%	1%	5%	8%	8%	9%	10%

Source: I-Sec research

Visit Health

Visit Health is an associate of PBF and offers health & wellness services for corporates (online/offline doctor consultations, annual health checkup, discounts on labs and pharmacies). It also offers digital OPD membership plans for consumer and digital health services for health / life insurers. Visit Health had turnover of Rs12mn/Rs25mn/Rs89mn in FY19/FY20/FY21. In 9MFY22, its total revenues grew 100% and PBT margins stood at 7.5%.

MyLoanCare Ventures

Another associate of PBF, MyLoanCare Ventures (MLCV), received an NBFC license from RBI in Sep'21 [\[link\]](#). PBF acquired 24.93% stake in it in Dec'21. MLCV is a 100% digitally-powered lending platform that operates under the name *MONEYWIDE* using analytics-based tech stack. According to MLCV, 3mn customers use its platform every month and loans worth Rs50bn have been disbursed through it (until Dec'21). Company has 30 lending partners.

Experienced management can be a big differentiator

Founders of PB Fintech (PBF) understand the consumers' pain points and structural problems in the insurance and financial services industry. They have almost two decades of experience, which has given them insights into consumer needs and technology. Entrepreneurial culture and focus on execution have helped attract and retain talent. At the key executive level, there was no attrition between FY19-Q1FY21. In FY21, only two key executives out of 25 resigned.

Management details

- **Mr. Yashish Dahiya is chairman, executive director and CEO** of the company. He holds a bachelor's degree in technology from Indian Institute of Technology, Delhi, a postgraduate diploma in management from Indian Institute of Management, Ahmedabad, and a master's degree in business administration from Institut Européen d'Administration des Affaires (INSEAD), France. He was previously associated with ITW Signode India Limited, Bain & Company Inc. (London), eBookers PLC (UK) and CI2I Investments Limited.
- **Mr. Alok Bansal is a wholetime director and CFO of the company.** He holds a bachelor's degree in technology from Shri Shahu Ji Maharaj University, Kanpur, and a postgraduate diploma in management from Indian Institute of Management, Calcutta. He was previously associated with Voltas Limited, General Electric International Operations Co. Inc. (India), iGate Global Solutions Limited, Mahindra and Mahindra Limited, and FE Global Technology Services Private Limited
- **Mr. Sarbvir Singh is the president of *PolicyBazaar* and non-executive director of the company.** He holds an integrated master's degree in mathematics and computer applications from Indian Institute of Technology, Delhi, and a postgraduate diploma in management from Indian Institute of Management, Ahmedabad. He has previously served as managing partner of WaterBridge Capital Management LLP and as managing director of Capital18, a part of the Network18 group.
- **Mr. Naveen Kukreja** is the co-founder and CEO of *PaisaBazaar*. He was associated with the company PBF since 3rd Feb'14 till 31st Mar'16, and thereafter has been associated with *PaisaBazaar* since 1st Apr'16. He holds a bachelor's degree in engineering from University of Delhi and a postgraduate diploma in management from Indian Institute of Management, Kolkata. He was previously associated with Citibank N.A. (India), Capital One (Europe) Plc and Aviva Life Insurance Company India Limited.
- **Mr. Sharat Dhall** is the chief operating officer of *PolicyBazaar*. He has been associated with the platform since 18th Nov'19. He holds a master of management studies degree from Birla Institute of Technology and Science, Pilani, and a postgraduate diploma in business management from XLRI, Jamshedpur. He was previously associated with Hindustan Lever Limited, Times Internet Limited, and Yatra Online Private Limited. He currently also serves as an advisory council member of Oktober6 Insight Private Limited, India.

- **Mr. Saurabh Tiwari** is the chief technical officer of *PolicyBazaar*. He was initially associated with the company since 23rd Sep'10 till 15th Jul'16 and later rejoined it on 1st Feb'19. He holds a bachelor's degree of technology from Indian Institute of Technology, Kanpur, a master's degree in technology from National University of Singapore and has completed an executive programme in business management from Indian Institute of Management, Calcutta. He was previously associated with myMBSC.com Ptd. Ltd. (Singapore), IBM India Private Limited and GEP Solutions Private Limited.
- **Mr. Manoj Sharma** is the director of finance of *PolicyBazaar*. He was associated with the company since 26th Aug'08 till 30th Nov'14, and thereafter has been associated with *PolicyBazaar* since 1st Dec'14. He holds a bachelor's degree in commerce from Kurukshetra University, has qualified as a chartered accountant from the Institute of Chartered Accountants of India and as an associate with the Insurance Institute of India. He was previously associated with Fiamm Minda Automotive Limited, Ericsson India Private Limited and FE Global Technology Services Private Limited.

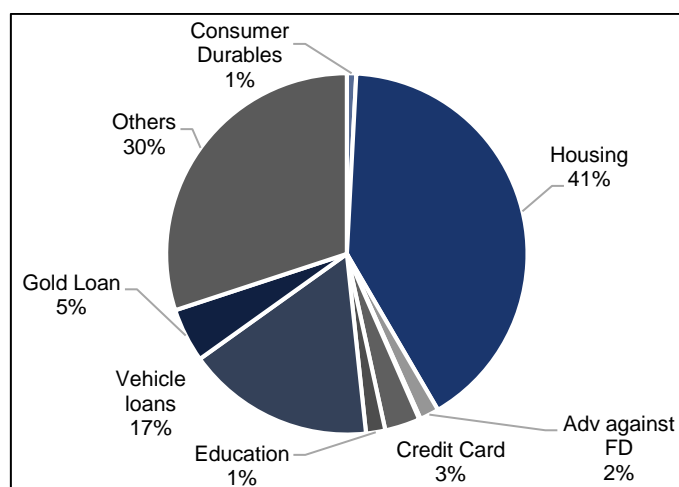
***PaisaBazaar* to also benefit from growth outlook in digital consumer lending**

Consumer lending business is one of the lowest credit penetrated segments

India's consumer lending market stood at Rs36.8trn (banks + NBFCs) as at H1FY22. *Despite the large market size, penetration in FY20, measured in terms of outstanding consumer debt as % of nominal GDP, is considered relatively low at 16.7% vs 79.2% in the US and 55.6% in China.*

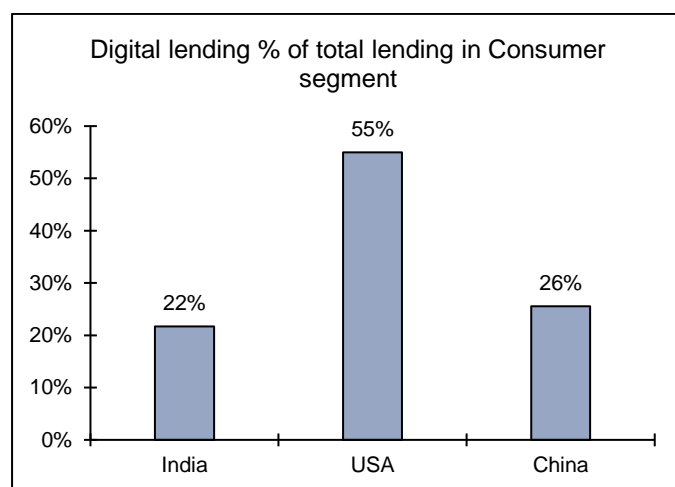
The low consumer lending penetration in India is largely due to inadequate financial literacy amongst borrowers, limited reach of lending institutions in tier-3 cities and rural India, low creditworthiness and lack of credit history of borrowers, and traditional consumer mindset of remaining debt-free.

Chart 23: Segmental breakup of consumer lending as on H1FY22



Source: RBI.

Chart 24: Digital lending penetration in CY20



Source: Frost and Sullivan Analysis, Company RHP

Note: FY20 for India includes disbursement of personal loans, credit card loans, home loans, education loans, auto loans and consumer durable loans and **excludes loan against property**

Penetration of digital lending and marketplace players in consumer lending industry in India is expected to improve in the future due to growth in internet adoption. In FY20, *PaisaBazaar* was India's largest digital consumer credit marketplace with a 51.4% market share, based on disbursements. Other major players in digital consumer credit marketplace include *BankBazaar* and *CreditMantri*.

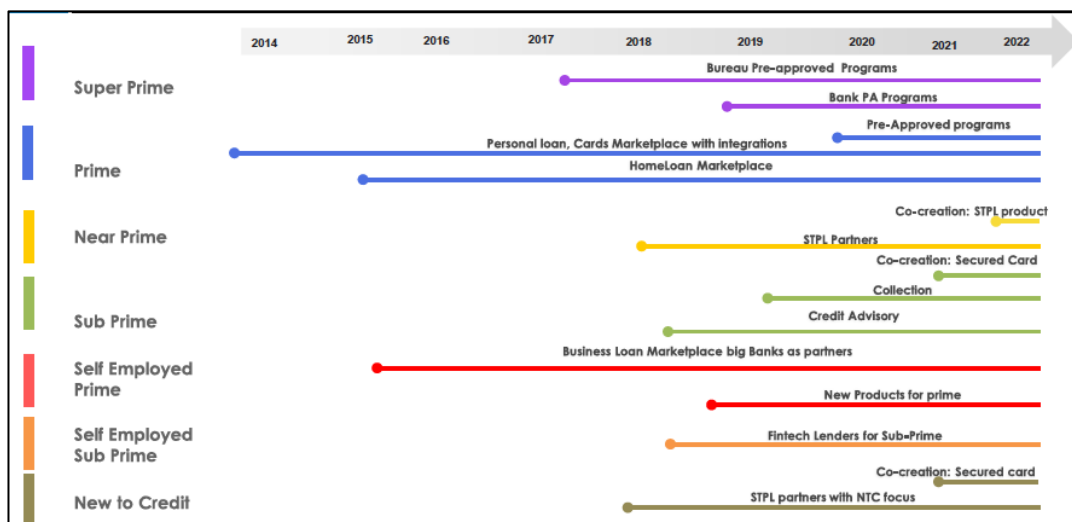
Segment overview

PaisaBazaar is a digital lending platform that enables consumers to choose and apply for credit products. With the help of 60 credit partners across banks, NBFCs and fintechs, it offers a wide choice of products like personal loans, business loans, credit cards, home loans and loans against property.

With the help of *PaisaBazaar* platform, the company analyses the data submitted by the consumer based on which best offers are presented before the clients. *PaisaBazaar* also offers digital KYC process to make loan and credit card application process seamless for the customers. It also offers free credit score for all Indians, which helps them be credit-aware.

- In FY22, disbursement of loans from *PaisaBazaar* platform stood at Rs66.1bn, up 126% YoY and credit card issuance increased from 45k in FY20 to 162k in FY21. Over 27mn customers availed of the credit score product as at Mar'21 vs 22mn in FY20.
- Similar to *PolicyBazaar*, *PaisaBazaar* also provides its partners with operational efficiency and reduced acquisition costs. It offers access to varied consumer segments and other high-quality data to determine underwriting risks.
- *PaisaBazaar* is India's largest digital credit marketplace with 53.7% market share based on disbursals. The portal currently receives ~1.5mn queries per month for credit products.
- *PaisaBazaar* offers services to cater to all categories of consumer from super-prime to the credit-challenged.

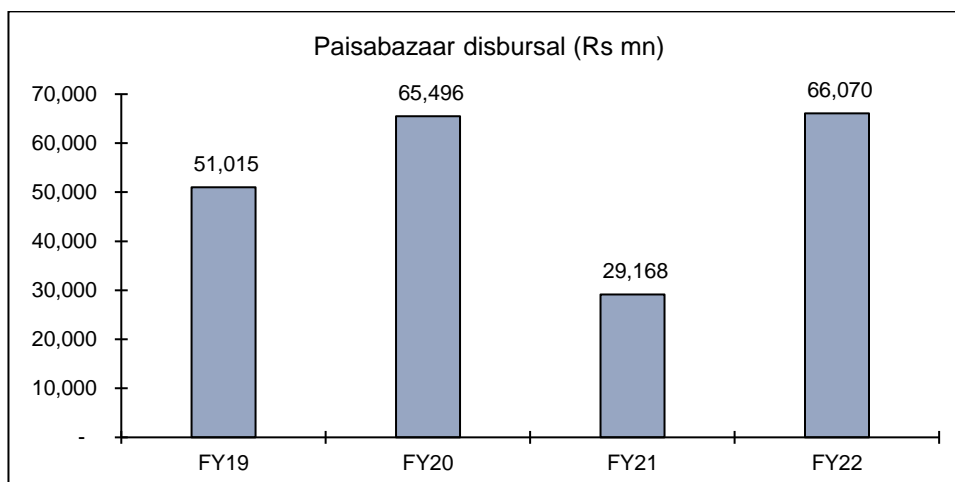
Chart 25: *PaisaBazaar* customer segmentation based on various categories and plans offered to them.



Source: Company data

Chart 26: *PaisaBazaar* disbursal trends

Proportion of loan disbursals to existing base of credit score consumers during FY19 / FY20 / FY21 stood at 42% / 60% / 67%.



Source: Company data

Chart 27: *PaisaBazaar's* partners

Source: Company website

We expect *PaisaBazaar's* disbursals to grow at 20% CAGR between FY22-FY31E and expect contribution margin to grow gradually to 40% by FY31E.

Table 19: Estimation of contribution from *PaisaBazaar* platform

Rs mn	FY22E	FY23E	FY24E	FY25E	FY26E	FY27E	FY28E	FY29E	FY30E	FY31E	CAGR
Total disbursal	66,070 110%	82,588 25%	1,03,234 25%	1,29,043 25%	1,54,852 20%	1,85,822 20%	2,22,986 20%	2,67,584 20%	3,21,100 20%	3,69,265 15%	21%
Revenue	1,982	2,852	3,565	4,456	5,347	6,416	7,699	9,239	11,087	12,750	23%
Take rate	3.0	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5	
Contribution	496	855	1,141	1,470	1,818	2,246	2,772	3,419	4,213	5,100	30%
Margin	25	30	32	33	34	35	36	37	38	40	

Source: I-Sec research

We estimate Rs10.2bn EBITDA (adj) by FY26E driven by strong growth outlook

PB Fintech (PBF) earns its maximum revenues from existing businesses, viz. *PolicyBazaar* and *PaisaBazaar*. Contribution from new business initiatives is low, but they are likely to contribute heavily going forward.

Chart 28: Estimated revenue break up (FY22E)

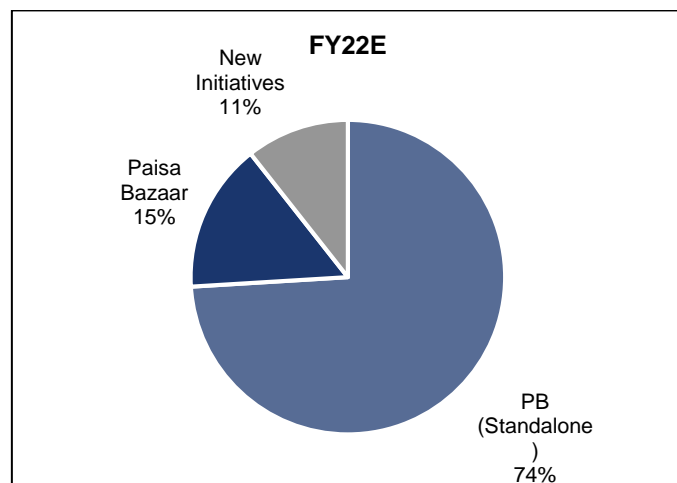
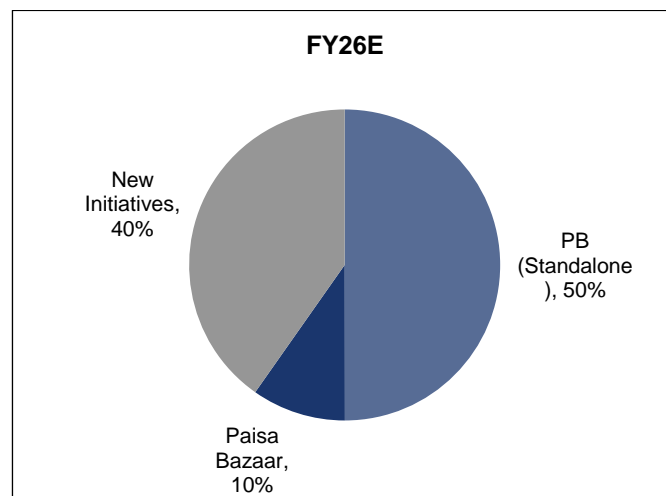


Chart 29: Estimated revenue break up (FY26E)



Source: I-Sec Research

Table 20: Summary of contribution margin trend (segment-wise)

Rs mn	FY22E	FY23E	FY24E	FY25E	FY26E	FY27E	FY28E	FY29E	FY30E	FY31E
PolicyBazaar										
Premium	58,190	86,766	1,20,445	1,64,143	2,20,980	2,90,500	3,73,946	4,72,971	5,91,043	7,33,995
Revenue	9,388	11,965	15,540	20,192	27,343	34,774	43,583	53,903	66,203	81,120
Contribution	3,516	4,786	6,216	8,003	13,156	16,962	21,509	26,890	33,272	44,036
Margin (%)	37.5	40.0	40.0	40	48	49	49	50	50	54
PaisaBazaar										
Disbursal	66,070	82,588	1,03,234	1,29,043	1,54,852	1,85,822	2,22,986	2,67,584	3,21,100	3,69,265
Revenue	1,982	2,852	3,565	4,456	5,347	6,416	7,699	9,239	11,087	12,750
Contribution	496	855	1,141	1,470	1,818	2,246	2,772	3,419	4,213	5,100
Margin (%)	25	30	32	33	34	35	36	37	38	40
Other entities (PB Corp)										
Premium	2,870	8,610	25,830	64,575	1,29,150	1,93,725	2,71,215	3,79,701	4,93,611	6,41,695
Revenue	230	689	2,066	5,166	10,332	15,498	21,697	30,376	39,489	51,336
Contribution	-200	-800	-938	-852	76	775	1,736	2,430	3,554	5,134
Margin (%)	-87	-116	-45	-16	1	5	8	8	9	10
Offline (POSP)										
Premium	7,450	25,000	40,000	60,000	84,000	1,17,600	1,64,640	2,14,032	2,78,242	3,47,802
Revenue	894	3,000	4,800	7,200	10,080	14,112	19,757	25,684	33,389	41,736
Contribution	-1,200	-3,750	-4,000	360	605	847	1,383	2,055	3,339	4,591
Margin (%)	-134	-125	-83	5	6	6	7	8	10	11
Dubai										
Premium	1240	2232	3571	5357	8035	10446	13579	17653	22067	27583
Revenue	248	446	714	1,071	1,607	2,089	2,716	3,531	4,413	5,517
Contribution	-300	-250	-230	-210	-180	-129	-38	678	1,289	2,162
Margin (%)	-121	-56	-32	-20	-11	-6	-1	19	29	39
Consol										
Premium	69,750	1,22,608	1,89,846	2,94,075	4,42,166	6,12,270	8,23,381	10,84,358	13,84,963	17,51,075
Disbursal	66,070	82,588	1,03,234	1,29,043	1,54,852	1,85,822	2,22,986	2,67,584	3,21,100	3,69,265
Revenue	12,742	18,952	26,685	38,086	54,709	72,889	95,452	1,22,733	1,54,582	1,92,459
Contribution	2,312	841	2,189	8,771	15,474	20,700	27,361	35,471	45,666	61,023
Margin (%)	18	4	8	23	28	28	29	29	30	32

Source: I-Sec research

Organisation structure

PB Fintech (PBF) has built India's largest online platform for insurance and lending products, according to Frost & Sullivan, leveraging the power of technology, data and innovation. Company provides convenient access to insurance, credit and other financial products and aims to create awareness amongst Indian households about the financial impact of death, disease and damage. Through its consumer-centric approach, it seeks to enable online research-based purchases of insurance and lending products and increase transparency, which enables consumers to make informed choices. PBF also facilitates its insurer and lending partners in the financial services industry to innovate and design customised products for consumers leveraging its extensive data insights and analytics capabilities

- ***PolicyBazaar* platform is an online platform for consumers and insurer partners** to, respectively, buy and sell core insurance products. *PolicyBazaar* offers consumers an information-rich, user-friendly, and tech-driven self-service platform for: i) pre-purchase research; ii) purchase, including application, inspection, medical check-up and payment; and iii) post-purchase policy management, including claims facilitation, renewals, cancellations and refunds.
- ***PaisaBazaar* is an independent digital lending platform** that enables consumers to compare, choose and apply for personal credit products. Its business model is based on resolving fundamental consumer concerns when accessing personal credit products. The algorithm-based technology platform provides consumers with access to multiple personal credit offers across all segments, data-driven product recommendations, comparison tools, unbiased advice on the most suitable offers and digital KYC processes that make loan and credit card applications seamless and convenient.
- ***Docprime*** is principally in the business inter alia: 1) supplying, marketing, promoting, selling, reselling, developing, facilitating and consulting services, and 2) acting as an agent, facilitator, collaborator, distributor, representative in all types and grades of healthcare, personal care, lifestyle, beauty, wellness, pharmaceutical and related products.
- **Icall Support Services Private Limited:** The principal business of *Icall* is to inter alia offer online and offline direct marketing in India and abroad.
- **Accurex Marketing and Consulting Private Limited:** Accurex is principally in the business of inter alia facilitating the platform for online and offline marketing solution services.
- **PB Marketing and Consulting Private Limited** is in the business of online, offline and direct marketing in India and abroad.
- **PB Fintech FZ – LLC** is engaged in the business of online marketing and consulting of insurance and non-insurance leads in the United Arab Emirates. Its operations were started in FY19.

Valuation

We have assumed terminal growth at 7% and cost of equity at 12% to arrive at the target price of Rs940.

Table 21: DCF model

(Rs mn)	FY21	FY22E	FY23E	FY24E	FY25E	FY26E	FY27E	FY28E	FY29E	FY30E	FY31E
PAT	(1,502)	(9,693)	(7,558)	(4,508)	3,075	11,221	17,351	18,120	24,216	31,749	43,194
Add: ESOP cost	983	6,100	5,500	3,150	2,000	1,000	300	-	-	-	-
Add: Depreciation	414	415	400	400	400	400	400	400	400	400	400
Less: capex	(168)	(600)	(600)	(600)	(600)	(600)	(600)	(600)	(600)	(600)	(600)
Less: WC	919	-336	-509	-635	-937	-1,366	-1,495	-809	-2,281	-1,087	-3,020
FCFE	(857)	(2,242)	(548)	277	7,011	14,587	20,146	19,929	27,496	33,837	47,214
FCFE/PAT											
Terminal FCF											10,10,377
Factor			1	2	3	4	5	6	7	8	9
Total FCF		(2,242)	(490)	221	4,990	9,270	11,431	10,097	12,438	13,666	3,81,378
NPV (Rs mn)		4,43,002									
NOSH		472.4									
Value per share (Rs)		940									

Source: I-Sec research

Key risks

- PB Fintech (PBF) operates in the dynamic and competitive online fintech industry, which makes it difficult to predict its prospects.
- High cash burn in promoting new businesses or to maintain brand strength among competition is a risk to free cash flows.
- If PBF's insurer and lending partners fail to offer products catering to the evolving needs of consumers, it may not be able to retain its existing, or attract new consumers to its online platforms.
- Company depends on cooperation with its insurer and lending partners. Its business may be negatively affected if the partners do not continue their relationship with it or if their operations fail.
- Proper functioning of PBF's online platforms and technology infrastructure is essential to its business. Any disruption to its IT systems and infrastructure could materially affect its ability to maintain satisfactory performance of its platforms and deliver consistent services to users.
- PBF generates and processes a large amount of data, and any failure to protect confidential information, prevent cybersecurity and data breaches or improper use or disclosure of such data will materially and adversely affect its business, reputation, financial condition and results of operations.
- Company derives its revenues from sale of financial services products primarily on commissions and other fees agreed with its insurer and lending partners, and any decrease in these fee rates may adversely affect operations.
- A credit crisis or prolonged downturn in the credit markets may materially and adversely affect the reputation, business, results of operations and financial position of *PaisaBazaar*.

Financial summary

Table 22: Profit and Loss account

(Rs mn)

	FY20	FY21	FY22E	FY23E	FY24E	FY25E	FY26E
Total Revenue	7,713	8,867	12,742	18,952	26,685	38,086	54,709
Operating costs	3,480	3,091	4,931	6,755	7,623	8,960	10,783
Acquisition Costs	3,181	2,246	5,499	11,355	16,873	20,355	28,452
Contribution	1,052	3,530	2,312	841	2,189	8,771	15,474
Margin (%)	14	40	18	4	8	23	28
Brand expenses	1,271	1,433	2,043	1,780	1,930	2,037	2,117
Other expenses	2,813	2,712	3,227	3,058	3,038	3,070	3,112
Adjusted EBITDA	-3,032	-615	-2,958	-3,996	-2,778	3,663	10,245
Margin (%)	-39%	-7%	-23%	-21%	-10%	10%	19%
ESOP Cost	167	983	6,100	5,500	3,150	2,000	1,000
EBITDA	-3,199	-1,598	-9,058	-9,496	-5,928	1,663	9,245
Other Income	843	708	1,100	3,527	2,500	2,600	2,800
Depreciation	473	414	415	400	400	400	400
Finance cost	119	115	100	90	81	73	66
PBT	-2,948	-1,419	-8,473	-6,460	-3,909	3,790	11,579
Tax	92	83	-	-	-	-	-
PAT	-3,040	-1,502	-8,473	-6,460	-3,909	3,790	11,579
Adjusted PAT	-2,873	-520	-2,373	-960	-759	5,790	12,579

Source: I-Sec Research

Table 23: Balance sheet

(Rs mn)

	FY20	FY21	FY22E	FY23E	FY24E	FY25E	FY26E
Property, plant and equipment	403	235	420	620	820	1,020	1,220
Right-of-use assets	1,013	977	977	977	977	977	977
Intangible assets	57	36	36	36	36	36	36
Investments	-	1	1	1	1	1	1
Current Tax Assets (Net)	1,117	550	577	606	636	668	701
Others Assets	60	115	120	126	133	139	146
Total Non-Current assets	2,651	1,912	2,130	2,365	2,602	2,840	3,081
Trade receivables	1,788	1,729	2,618	3,894	5,483	7,304	10,492
Investments	20	1,377	1,377	1,377	1,377	1,377	1,377
Cash and cash equivalents	8,534	4,388	38,993	37,333	35,748	40,411	51,433
Bank balances others	2,522	13,714	13,714	13,714	13,714	13,714	13,714
Other current assets	245	187	187	187	187	187	187
Total current assets	13,109	21,395	56,890	56,506	56,509	62,993	77,203
Total assets	15,760	23,307	59,020	58,871	59,111	65,833	80,284
Equity Share capital	0	0	899	908	918	927	936
Instruments entirely equity in nature	11	12	12	12	12	12	12
Reserves and surplus	12,647	19,905	54,133	53,173	52,413	58,204	70,783
Total equity	12,658	19,917	55,044	54,093	53,343	59,142	71,731
Lease liabilities	935	958	958	958	958	958	958
Employee benefit obligations	136	222	222	222	222	222	222
Total non-current liabilities	1,071	1,180	1,180	1,180	1,180	1,180	1,180
Lease liabilities	150	129	129	129	129	129	129
Trade payables	1,179	1,019	1,571	2,337	3,290	4,174	5,996
Other financial liabilities	365	445	467	490	515	540	567
Employee benefit obligations	136	163	167	170	173	177	180
Other current liabilities	200	454	463	472	482	491	501
Total current liabilities	2,030	2,210	2,796	3,597	4,588	5,511	7,373
Total equity and liabilities	15,760	23,307	59,020	58,871	59,111	65,833	80,284

Source: I-Sec Research

Table 24: Cashflow*(Rs mn)*

	FY20	FY21	FY22E	FY23E	FY24E	FY25E	FY26E
PBT	-2,948	-1,419	-8,473	-6,460	-3,909	3,790	11,579
Depn	473	414	415	400	400	400	400
Other Income	-843	-708	-1,100	-3,527	-2,500	-2,600	-2,800
Finance cost	119	115	100	90	81	73	66
Others	-10	1,049	6,100	5,500	3,150	2,000	1,000
Op cashflow before WC changes	-3,209	-548	-2,958	-3,996	-2,778	3,663	10,245
Changes in CA	-811	630	-922	-1,311	-1,626	-1,859	-3,228
Changes in CL	490	288	586	802	991	923	1,862
Taxes paid	-92	-83	-	-	-	-	-
Cashflow from operations	-3,622	287	-3,294	-4,506	-3,413	2,726	8,879
Cashflow from investing activities							
Capex	84	-168	-600	-600	-600	-600	-600
Change in investments	315	12,550	-	-	-	-	-
Other income	843	708	1,100	3,527	2,500	2,600	2,800
Cashflow from investing activities		1,241	-12,011	500	2,927	1,900	2,000
Cashflow from Financing activities							
Proceeds from issue of shares	10,594	7,809	37,500	9	9	9	9
Principal elements of lease payments	-176	-106	-	-	-	-	-
Interest elements of lease payments	-105	-115	-100	-90	-81	-73	-66
Dividend	-	-	-	-	-	-	-
Cashflow from Financing activities	10,313	7,588	37,400	-81	-72	-64	-56
Change in cash	7,932	-4,135	34,606	-1,660	-1,585	4,663	11,022
Opening	601	8,523	4,388	38,993	37,333	35,748	40,411
Closing	8,534	4,387	38,993	37,333	35,748	40,411	51,433

Source: I-Sec research

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