

## Internet | Q2FY24 Result Update

## Core business on strong growth tack; POSP revives back

- PB reported revenue growth of 22% QoQ (DE: 9.3%) led by both Core online & New initiatives biz. which grew 16%/44% QoQ driven by traction in Protection offerings and strong rebound in POSP business (up 56% QoQ).
- Adj. EBITDA margin declined by 190bps QoQ to 1.6% (DE: 4.4%) due to higher marketing/team cost, traction in low contribution margin operations (POSP and Health product (although NPV is very good in Health).
- Management remained confident of growing 2-3x of industry growth and remained confident of Positive PAT for FY24 and expects to add Rs. 2bn+ of Adj. EBITDA every year hereon (retained Rs10bn PAT guidance for FY27).
- Continued strength in both insurance and credit biz, improving profitability reiterates our positive stance. Maintain Buy with TP of Rs. 1,100 (implies 8x on FY26E EV/Sales).

## Growth remained Broad-based; across products/segments

PB's insurance premium grew by 37% YoY. Its Core insurance/New initiatives business revenue growth continue to remain robust at 43.5%/31.1% YoY respectively. Overall take rate expanded to 18.9% from 17.7% in Q1FY24, likely led by change in business mix in favor of Health and Term which grew by 53% YoY. Disbursal grew by 42% YoY which led to uptick of Credit rev. by 53% YoY.

## Margins to expand sequentially; Expect Positive PAT from Q3

Management highlighted that Adj. EBITDA margin decline of 190bps QoQ was due to: 1) Higher branding and marketing spends (up 24.4% QoQ), 2) Low contribution margin associated with new Health biz, and 3) Building Call centers to support strong H2. Adj EBITDA margin for Core online and New initiatives biz. stood at 11.4%/-25.6% (v/s 13.3%/-31.1% for Q1FY24) respectively.

## Commentary on outlook remain confident for near-to-medium term

Company remain confident of growing 2-3x of industry growth. Its key priorities in order are: a) Growing Core business; 2) Improving EBITDA and 3) Growing non-core biz. On Reinsurance biz, it pointed that its focus is to leverage data for finer pricing of policies and look to become reinsurance broker instead of provider of capital. We believe PB is gradually evolving to become largest Market Maker in insurance vertical and would thus continue hyper-growth in medium term.

## Q2FY24 Result (Rs Mn)

Particulars	Q2FY24	Q2FY23	YoY (%)	Q1FY24	QoQ (%)
Revenue	8,116	5,735	41.5	6,656	21.9
Total Expense	9,007	7,995	12.7	7,427	21.3
EBITDA	(891)	(2,261)	LTL	(771)	LTL
Depreciation	223	156	43.2	195	14.3
EBIT	(1,114)	(2,416)	LTL	(966)	LTL
Other Income	975	604	61.5	912	6.9
Interest	72	55	29.6	63	14.7
EBT	(211)	(1,868)	LTL	(117)	LTL
Tax	(3)	0	LTL	3	LTL
RPAT	(211)	(1,866)	LTL	(119)	LTL
APAT	(211)	(1,866)	LTL	(119)	LTL
			(bps)		(bps)
Gross Margin (%)	47.9	28.5	1945	42.3	558
EBITDA Margin (%)	(11.0)	(39.4)	LTL	(11.6)	LTL
NPM (%)	(2.6)	(32.5)	LTL	(1.8)	LTL
Tax Rate (%)	1.5	0.0	156	(2.8)	LTP
EBIT Margin (%)	(13.7)	(42.1)	LTL	(14.5)	LTL

CMP	Rs 725
Target / Upside	Rs 1,100 / 52%
NIFTY	19,412

## Scrip Details

Equity / FV	Rs 908mn / Rs 2
Market Cap	Rs 333bn
	USD 4.1bn
52-week High/Low	Rs 818/ 356
Avg. Volume (no)	1,221,560
Bloom Code	POLICYBZ IN

Price Performance	1M	3M	12M
Absolute (%)	(5)	(7)	92
Rel to NIFTY (%)	(4)	(7)	85

## Shareholding Pattern

	Mar'23	Jun'23	Sep'23
Promoters	0.0	0.0	0.0
MF/Banks/FIs	14.0	15.4	16.4
FIs	50.4	49.6	49.4
Public / Others	35.6	35.0	34.2

## Valuation (x)

	FY24E	FY25E	FY26E
P/E	412.7	70.2	41.2
EV/EBITDA	(172.7)	158.2	58.2
ROE (%)	1.4	8.2	12.8
RoACE (%)	2.0	8.7	13.3

## Estimates (Rs bn)

	FY24E	FY25E	FY26E
Revenue	33.7	43.0	53.5
EBITDA	(1.9)	2.0	5.5
PAT	0.8	4.8	8.2
EPS (Rs.)	1.8	10.3	17.6

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## Exhibit 1: Quarterly performance versus estimates

Particulars (Rs mn)	Estimates			% Variation		Comment
	Actual	Dolat	Consensus	Dolat	Consensus	
INR Revenue	8,116	7,277	7,519	11.5	7.9	Rev .beat led by strong rebound in POSP biz.
EBIT	(1,114)	(1,036)	(892)	7.5	25.0	Higher branding and marketing costs led to EBIT Miss
EBIT, margin	(13.7)	(14.2)	(11.9)	51 bps	(187 bps)	
PAT	(211)	(215)	(102)	(1.8)	106.0	PAT miss due to lower OPM

Source: Company, DART

## Change in Estimates

Accounting healthy Q2 performance, we re-aligned our growth estimates to reflect slight change in business as company focuses core online business. Scale up is expected to continue, and hence improve Revenue estimates by 1.6%/0.2% for FY24/FY25E. Adj. EBITDA margin estimate was missed in Q2 which led to change in by -32bps for FY24 but largely unchanged for FY25E. On earnings, change in FY24E/FY25E earnings estimates by 0.8%/1%. Introduced FY26E estimates with 24% revenue growth and Adj EBITDA margins of 12.9%.

## Exhibit 2: Change in Estimates

Particulars (Rs. Mn)	FY23	FY24E			FY25E			FY26E
	Actual	Old	New	Change	Old	New	Change	Introduced
INR Revenue	25,578	33,149	33,686	1.6	42,911	43,010	0.2	53,461
YoY growth (%)	79.5	29.6	31.7	210 bps	29.5	27.7	(177 bps)	24.3
Adj EBITDA (Rs mn)	(1,186)	1,877	1,814	(3.4)	4,369	4,420	1.2	6,890
Adj EBITDA Mgn (%)	(4.6)	5.7	5.4	(32 bps)	10.2	10.3	8 bps	12.9
PAT	(4,880)	791	797	0.8	4,705	4,751	1.0	8,238
EPS (Rs)	(10.8)	1.7	1.8	0.8	10.2	10.3	1.0	17.6

Source: DART

## What to expect Next Quarter

We expect a strong revenue growth in Q3, led by seasonally strong quarter, and expect 6.4% QoQ growth. We expect OPM to expand to -6.6% from -13.7% in Q2FY24 led by continued improvement in contribution margin, moderation in operating expenses and ESOP costs and improving profitability. Adj. EBITDA Margin expected to be 6.2% (up 470bps QoQ).

## Exhibit 3: What to expect next Quarter

Particulars (Rs Mn)	Q3FY24E	Q2FY24	Q3FY23	QoQ (%)	YoY (%)
INR Revenue	8,636	8,116	6,101	6.4	41.6
EBIT	(566)	(1,114)	(1,507)	NM	NM
PAT	332	(211)	(876)	NM	NM
EPS (Rs)	0.7	(0.5)	(2.0)	NM	NM
EBIT Margin (%)	(6.6)	(13.7)	(24.7)	717 bps	1814 bps

Source: Company, DART

## Valuation

**Variables for DCF:** Given under penetration in Insurance/Credit in India, and need for digital enabler to reduce cost, we believe PB Fintech would have many years of hyper-growth opportunity at hand. We believe company can compound its revenues at CAGR of 28%+ from FY23-26E and would achieve Rs. 8.2bn+ PAT profitable by FY26E and thus believe DCF valuation as an ideal tool to value real long term potential of the business.

The growth momentum is factored in two stage projections wherein over FY23-FY30E we expect revenue CAGR of 25% and in second stage revenue CAGR of 19% over FY30-FY40E. We expect it to turn PAT profitable in FY24E and reach steady state EBIT Margin of 22% over FY31-FY40E. We have factored in Cost of Capital of 11% and Terminal growth rate of 2% (beyond FY40E) in our DCF assumptions. View: We maintain our Buy rating on the stock with a TP of Rs. 1,100 (implies 8x on FY26E EV/Sales or 63x FY26e earnings).

**Exhibit 4: Key Assumptions in Our Estimates**

Particulars (in %)	FY22	FY23	FY24E	FY25E	FY26E
Insurance Premium Growth	48.7	65.8	28.6	31.1	25.1
Take Rate	17.3	18.5	18.4	17.8	17.5
Core online biz. Growth	NA	42.5	42.3	27.7	26.7
New initiatives Biz. Growth	NA	278.6	10.2	27.8	18.2
Disbursal Growth	126.5	75.9	46.9	34.9	28.0
Take Rate	3.3	3.5	3.7	3.6	3.6
INR Revenue Growth	60.7	79.5	31.7	27.7	24.3
Contribution Margin	22.8	24.6	31.8	32.5	33.1
Adj. EBITDA Margin	(20.0)	(4.6)	5.4	10.3	12.9
EBIT Margin	(66.3)	(28.4)	(8.2)	2.5	8.2
PAT Margin	(58.5)	(19.1)	2.4	11.0	15.4
EPS Growth	NM	NM	NM	NM	70.4

Source: Company, DART

**Exhibit 5: Key Revenue Growth Matrix (YoY)**

Particulars	Q1FY23	Q2FY23	Q3FY23	Q4FY23	Q1FY24	Q2FY24
Total Rev. Growth	112.5	105.1	66.1	60.9	31.8	41.5
- Core insurance rev growth	39.3	41.1	26.1	24.4	33.2	43.5
- Credit rev growth	205.5	124.4	64.6	54.8	59.5	52.5
- New Initiatives rev Growth	3,250.0	925.0	270.0	137.0	11.2	31.1

Source: Company

**Exhibit 6: Quarterly and YTD Trend**

Particulars (Rs mn)	Q2FY23	Q3FY23	Q4FY23	Q1FY24	Q2FY24	QoQ (%)	YoY (%)	H1FY23	H1FY24	YoY (%)
<b>INR Revenue</b>	5,735	6,101	8,691	6,656	8,116	21.9	41.5	10,787	14,772	36.9
Operating Expense	7,995	7,433	9,371	7,427	9,007	21.3	12.7	15,390	16,434	6.8
as % of sales	139.4	121.8	107.8	111.6	111.0	(61 bps)	(2844 bps)	142.7	111.3	(3143 bps)
Employee exp.	4,103	3,565	3,912	3,839	4,228	10.1	3.1	7,919	8,067	1.9
as % of sales	71.5	58.4	45.0	57.7	52.1	(558 bps)	(1945 bps)	73.4	54.6	(1881 bps)
Ad & Prom. Exp	3,124	2,985	4,565	1,989	2,474	24.4	(20.8)	6,022	4,462	(25.9)
as % of sales	54.5	48.9	52.5	29.9	30.5	60 bps	(2400 bps)	55.8	30.2	(2562 bps)
Network Exp.	243	263	256	268	300	11.9	23.4	449	569	26.6
as % of sales	4.2	4.3	2.9	4.0	3.7	(33 bps)	(54 bps)	4.2	3.9	(31 bps)
Other Exp.	525	619	638	1,331	2,005	50.6	281.8	999	3,336	233.8
as % of sales	9.2	10.2	7.3	20.0	24.7	471 bps	1554 bps	9.3	22.6	1332 bps
ESOP costs	1,740	1,050	960	1,000	1,020	2.0	(41.4)	3,420	2,020	(40.9)
as % of sales	30.3	17.2	11.0	15.0	12.6	(246 bps)	(1777 bps)	31.7	13.7	(1803 bps)
Adj. EBITDA (Ex ESOP)	(521)	(282)	279	229	126	(44.8)	NM	(1,183)	355	NM
EBITDA	(2,261)	(1,332)	(681)	(771)	(891)	NM	NM	(4,603)	(1,662)	NM
Depreciation	156	175	175	195	223	14.3	43.2	288	418	45.2
EBIT	(2,416)	(1,507)	(855)	(966)	(1,114)	NM	NM	(4,892)	(2,080)	NM
Net Other Income	548	633	761	849	903	6.4	64.7	982	1,752	78.4
PBT	(1,866)	(876)	(94)	(116)	(214)	NM	NM	(3,910)	(330)	NM
Total Tax	0	0	0	3	(3)	NM	NM	(0)	0	NM
PAT	(1,866)	(876)	(94)	(119)	(211)	NM	NM	(3,910)	(330)	NM
Reported EPS	(4.2)	(2.0)	(0.2)	(0.3)	(0.5)	NM	NM	(8.8)	(0.7)	NM
<b>Margins (%)</b>						(bps)	(bps)			(bps)
Adj. EBITDA (Ex ESOP)	(9.1)	(4.6)	3.2	3.4	1.6	-188 bps	NM	(11.0)	2.4	NM
EBITDA	(39.4)	(21.8)	(7.8)	(11.6)	(11.0)	NM	NM	(42.7)	(11.3)	NM
EBIT	(42.1)	(24.7)	(9.8)	(14.5)	(13.7)	NM	NM	(45.3)	(14.1)	NM
PBT	(32.5)	(14.4)	(1.1)	(1.7)	(2.6)	NM	NM	(36.2)	(2.2)	NM
PAT	(32.5)	(14.4)	(1.1)	(1.8)	(2.6)	NM	NM	(36.2)	(2.2)	NM
Effective Tax rate	(0.0)	(0.0)	(0.3)	(2.8)	1.5	NM	NM	0.0	0.0	NM

Source: Company

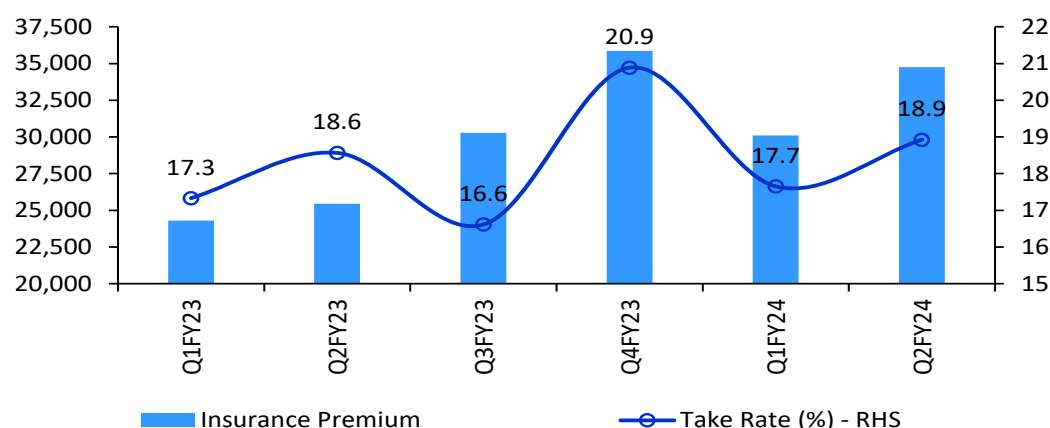
## Business Outlook

PB Fintech has three main segments: 1) Core Insurance Business; 2) New initiatives business (POSP, UAE and Corporate) and 3) Core Credit Business.

### Insurance segment

Overall Insurance premium stood at Rs.34.8bn (up 15% QoQ and 37% YoY) with take rate of around 18.9% (up 120bps QoQ) driven by 2.6mn insurance policies sold in Q2FY24 (with average quarterly run-rate additions of 1.9mn in past 5 quarters). Renewal premium share remain 44% of overall premium (up 190bps YoY). Insurance segment reported Rs. 863mn of renewal revenue (up 1.5% QoQ and 25% YoY). New insurance premium per enquiry remained flat sequentially. Total transacting customers stood at 15mn (vs 14.5mn in Q1FY24) with avg. policies per transacting customers growing at 3.7% sequentially.

**Exhibit 7: Total Insurance premium trend**

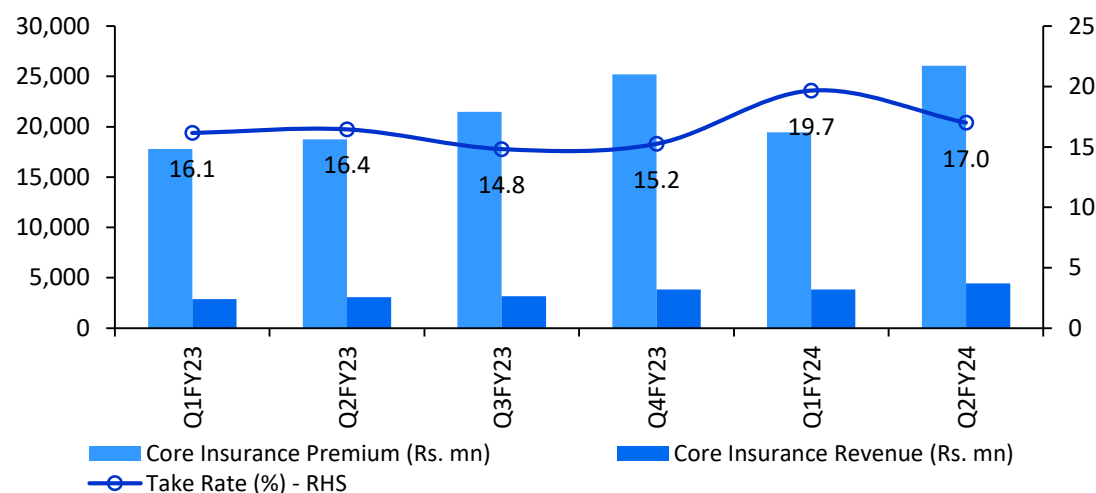


Source: Company, DART

### 1. Core Insurance Business (54% of revenue; Adj. EBITDA of Rs. 520mn)

Core insurance business revenue has grown approx. 16% QoQ and 44% YoY led by higher policies sold on cumulative basis (up 7.3% QoQ) and strong growth in protection business. Health remains higher percentage of business and growing faster than term insurance. Core insurance premium stood at Rs. 26bn (up 34% QoQ and 25% YoY) and take rate of around 17% Vs 19.7% in Q1. Adj. EBITDA margin in this segment of 11.8% (vs Q1FY24: 15.7%) dragged the overall Adj. EBITDA of Core online business. Offline business continues to be 20% of the core and management expect incremental growth in H2 as they have put some capacity (training) which will mature in 3-months.

**Exhibit 8: Core insurance business saw robust growth of 44% YoY**



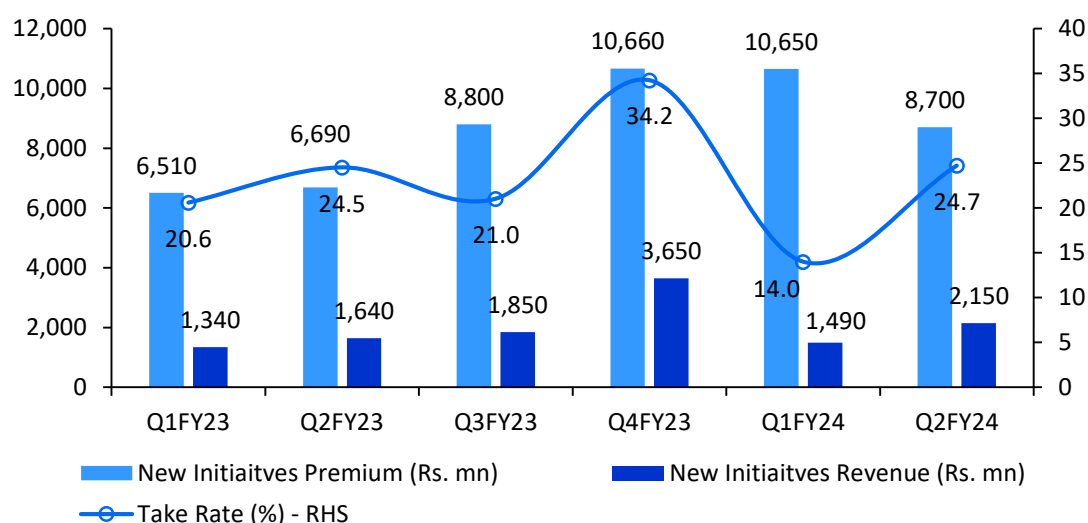
Source: Company, DART

Management pointed that new health insurance biz requires upfront costs (lower contribution margin in Year 1), hence EBITDA was impacted as it is 0% in first year and grows rapidly during renewals. Growing this business continues to be top most priority as it is a high margins business. Note:- NPV is highest in Health business given rising premium value on renewals Vs declining premium by almost 1/10<sup>th</sup> in Life and 10-20% every year in case of Motor). Internally management aspire to grow Health business at 100% but currently it is growing lower than this run rate.

## 2. New Initiatives Business (27% of revenue; Adj. EBITDA of Rs. -550mn)

This segment revenue stood at Rs.2.15bn up 44% QoQ and 31% YoY mainly driven by POSP business (up Approx 50%+ QoQ). Contribution Margin improved from -10.1% in Q1FY24 to -8.8% in Q2FY24.

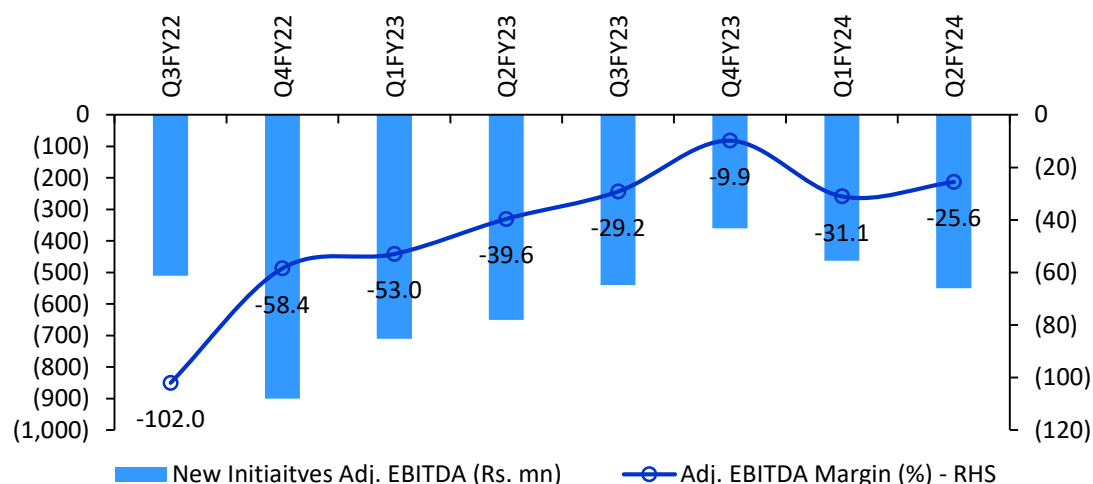
**Exhibit 9: New initiatives revenue grew strongly at 31% YoY.**



Source: Company, DART

Adj. EBITDA loss stood at Rs. 550mn, (Q1FY24 loss: Rs. 463mn and Q2FY23 loss: Rs. 650mn) which led to margin expansion from -31.1% in Q1FY24 to -25.6% in Q2FY24.

**Exhibit 10: New Initiatives Adj. EBITDA improved from -31.1% in Q1FY24 to -25.6%**



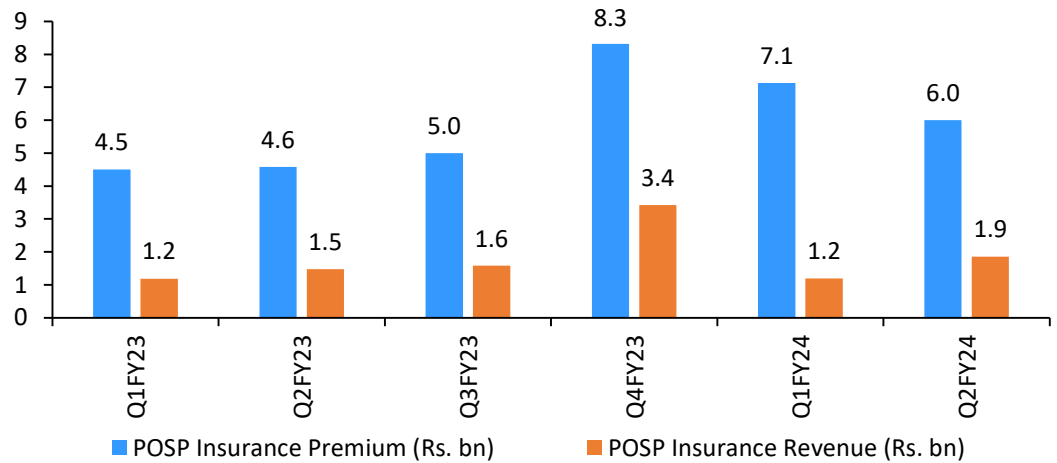
Source: Company, DART

## POSP (23% of revenue)

POSP Premium stood at Rs.6bn (down 16% QoQ and up 31% YoY) driven by tapping into large unmarked opportunities in insurance business (Eg: Commercial vehicles volume). Management pointed that POSP business has moved towards smaller and higher quality

advisors and the business has improved profitability and growth much better than they anticipated as small agents biz. has grown very strong than large consolidators biz. POSP continue to have highest proportion of non-motor business with 71% of revenue from Tier2 and Tier 3 cities. Management shared that it is a long term story and expected to play out over the next 4-5 years.

#### Exhibit 11: POSP Insurance premium grew 31% YoY, but declining on QoQ basis

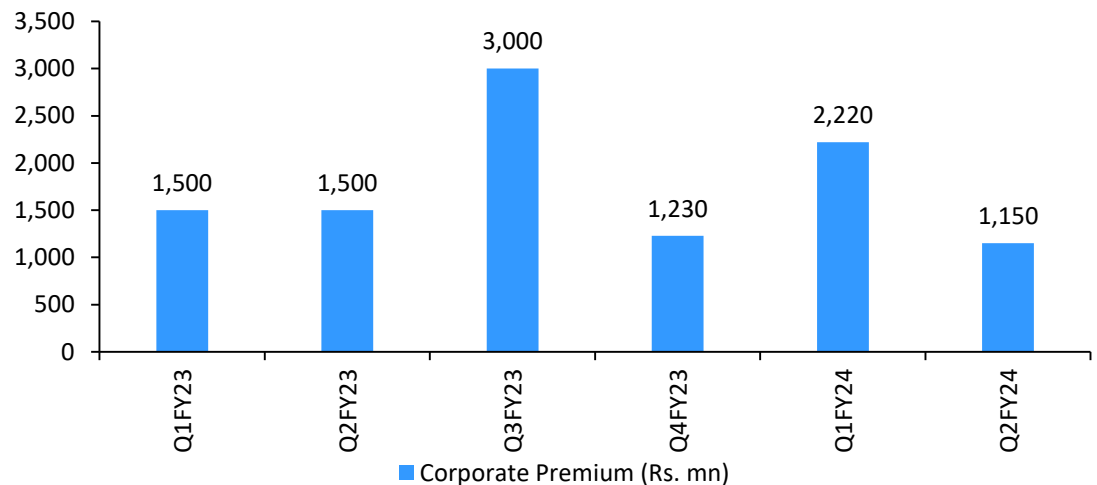


Source: Company, DART

#### Corporate (1% of revenue)

Corporate business revenue de-grew by roughly 40% due to seasonally weak quarter. Corporate business premium stood at Rs. 1.15bn (down 48% QoQ). Management highlighted it continued to be low margin business, however it grows on renewals. Q3 is seasonally the strongest quarter for corporate business & PB plans to invest in this business to gain momentum and achieve profitability in few years.

#### Exhibit 12: Corporate insurance premium remain muted



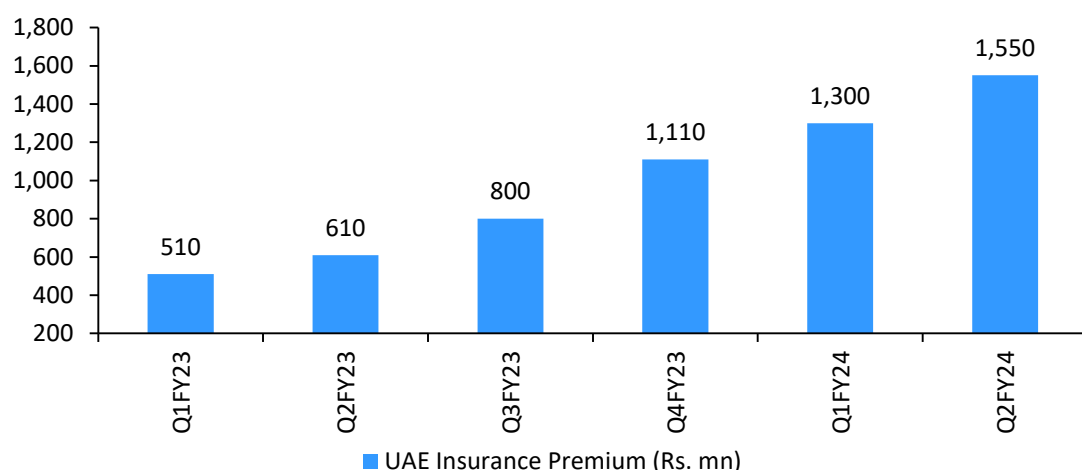
Source: Company, DART

#### UAE (3% of revenue)

UAE premium grew by 155% YoY to Rs. 1.55bn driven by focus on health and life insurance products along with financial products such as Loans and credit cards. Motor insurance continues to contribute more than half of revenues.



**Exhibit 13: UAE insurance premium grew by 2.5x YoY**

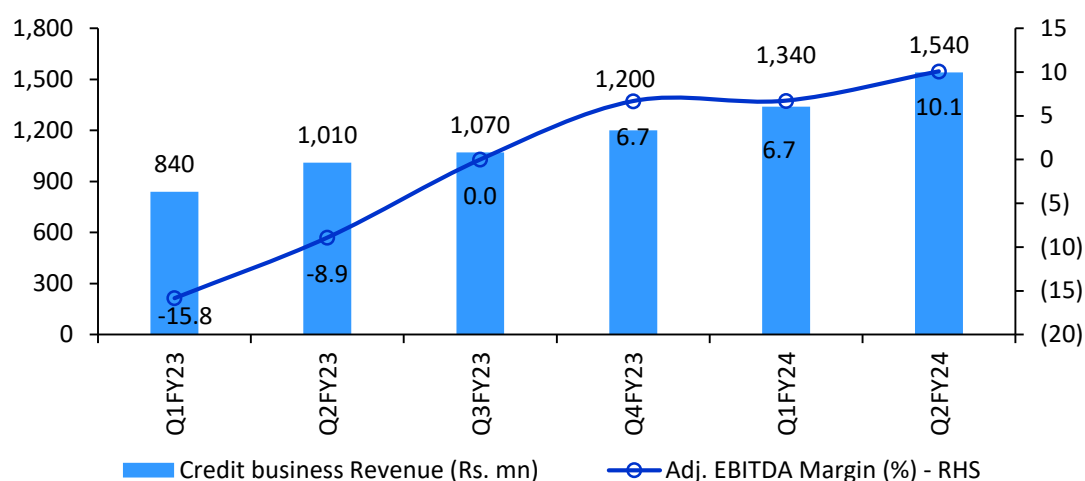


Source: Company, DART

### Credit Business (19% of revenue; Adj. EBITDA of Rs. around 160mn)

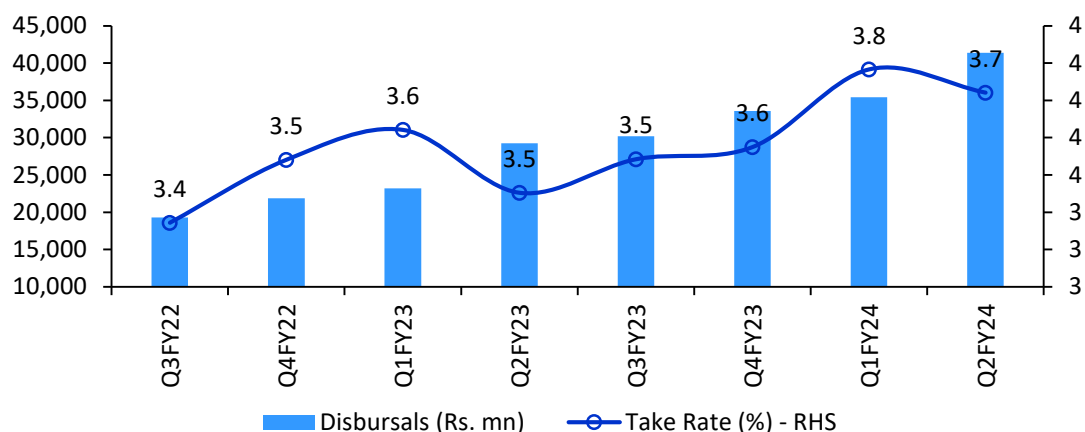
Credit revenue was up by 15%+ QoQ on account of higher growth in disbursal rate (QoQ: 17%; YoY: 42%; ARR of Rs. 166bn) which implies take rate of 3.7%. Adj. EBITDA margin in this segment remained similar to Core Online business Adj. EBITDA margin and stood at 10.1%.

**Exhibit 14: Credit revenue grew by 53% YoY driven by higher disbursals**



Source: Company, DART

**Exhibit 15: Credit business disbursal**

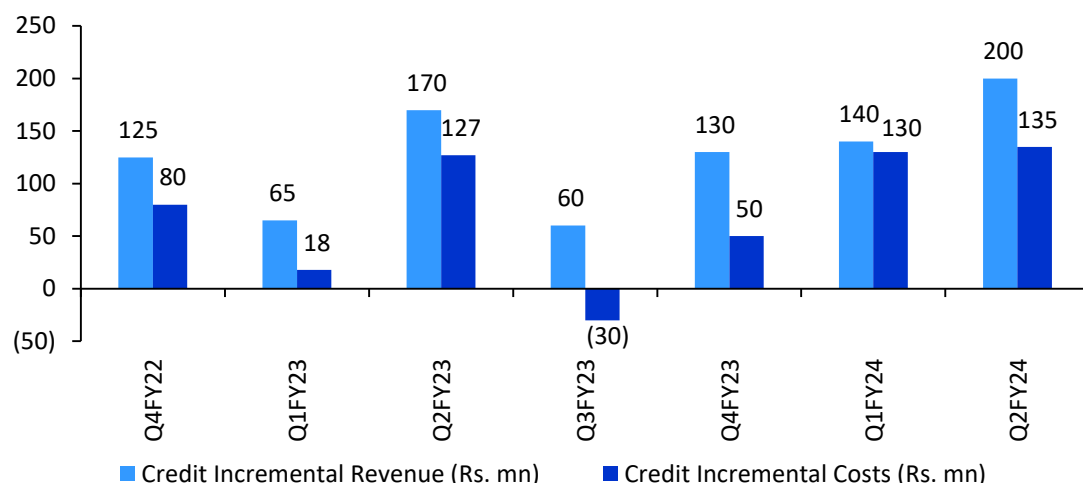


Source: Company, DART



Management pointed that growth has come from both loan disbursal and credit cards but it is seeing some concerns on NPAs for small ticket size loan business (sub 50k category), although it is very small portion of revenue for Paisabazaar (around 5% of total loans). Credit incremental revenues stood at Rs. 200mn (vs Rs. 170mn in Q2FY23) while costs comprised of 68% in Q2FY24 (vs 75% in Q2FY23)

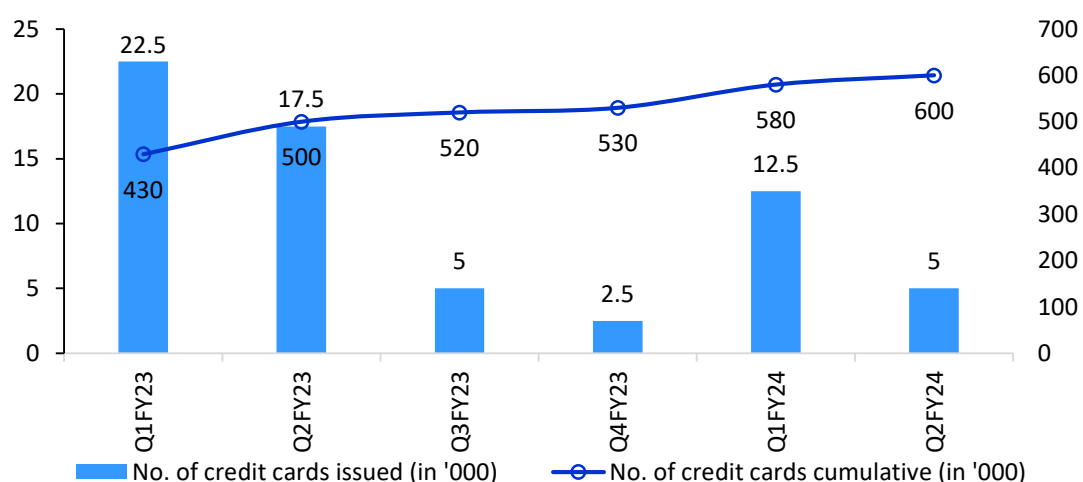
**Exhibit 16: Credit Incremental Revenue and Incremental costs qtrly trend**



Source: Company, DART

Trail revenue for the quarter stood at Rs. 228mn (up 17% QoQ and 406% YoY) mainly driven by focus and growth in co-created product category. PB currently has 7 products live and 2 in pipeline which is expected to go live in next 3-5 months. It added roughly about 3-5k cards in this quarters to cumulative total of 6lac which remained muted on sequential basis vs average addition of 12k+ cards every quarter. About 39.1mn customers accessed the credit scores on the platform (up 6% QoQ and 26% YoY). Management pointed that 75% of the cards are processed end-to-end 100% digitally and more than 75% of disbursal are from existing customers.

**Exhibit 17: Credit cards issued trend**



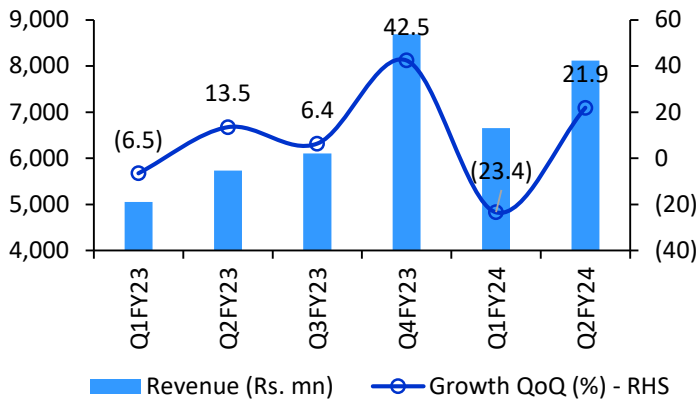
Source: Company, DART

## Earning call KTAs

- **Revenue:** PB Fintech's Q2FY24 revenue grew to Rs 8.1bn up 22% QoQ mainly led by strong growth across key segments wherein Core insurance and Credit business grew by ~15%/15.7% QoQ each while POSP grew by around 56% QoQ.
- **Take Rates:** Take rates have inched up in the insurance business (up 120 bps QoQ) to 18.9% (led by higher share of POSP revenue QoQ by 490bps to 22.9% in Q2), while credit business take rates have declined marginally by 6 bps QoQ to 3.72%.
- **Core online business:** Core biz. (Insurance + Credit) revenue stood at Rs.6bn up 16% QoQ and 46% YoY due to growth in New protection business (Health+ term insurance) which grew 53% YoY. Adj. EBITDA stood at Rs. 680mn (vs Rs. 120mn in Q2FY23), down 1% QoQ and up 467% YoY and margin declined by 190bps on QoQ basis to 11.4%.
- **Policy Bazaar (Insurance):** Insurance premium grew by 15% QoQ and 37% YoY to Rs.34.8bn (ARR of Rs.140bn) and also saw increase in overall take rates from 17.7% in Q1FY24 to 18.9% in Q2FY24 driven by change in business mix in favor of protection products and also higher take rates in PoSP business. Renewal/Trail income on insurance stood at Rs. 863mn in Q2FY24 (vs Rs. 690mn in Q2FY23).
- **Premium Mix:** PoSP business premium was about Rs.6bn (vs Rs. 4.6bn in Q2FY23) in the quarter, Dubai stood at Rs.1.55bn (vs Rs. 610mn in Q2FY23) and Corporate business premium stood at Rs.1.15bn. Core Online insurance Premium for the quarter stood at Rs26bn (vs Rs. 18.8bn in Q2FY23).
- **Paisabazaar (Credit):** Lending disbursal grew by 17% QoQ and 42% YoY to Rs. 41.4bn (ARR of Rs.166bn) with take rates of around 3.72% in Q2FY24. Renewal/Trail income on credit stood at Rs. 228mn in Q2FY24 (vs Rs. 45mn in Q2FY23).
- **Overall Adj. EBITDA:** On overall basis, Adjusted EBITDA profit for Q2FY24 declined to Rs.130mn, Vs Rs.229mn in Q1FY24 down due to higher branding costs (Rs. 300mn higher than previous quarter) which led to Advertising and Promotion expenses up 24% QoQ, higher Other expenses (up 51% QoQ) on account of re-classification due to regulatory framework and building up of call centers and manpower strength to support growth in H2. Adj. EBITDA margin stood at 1.6% down 180bps QoQ. New insurance centers expanded by 14 on sequential basis to 91 in Q2FY24. Profitability is likely to improve on QoQ basis hereon.
- **Reclassification:** There was a re-grouping of expenses between "Advertising and promotion expense" and "Other expenses", leading to 21% yoy decline in advertising expenses and sharp 282% growth in other expenses.
- **PAT:** Loss for the quarter stood at Rs. 211mn (Q1FY24 loss: Rs.119mn; Q2FY23 loss: Rs.1,867mn). EPS loss stood at Rs. -0.45.
- **Cash:** Cash Position improved by 540mn QoQ to Rs.5.1bn.
- **Outlook:** Management remained confident of achieving 2-3x of industry growth and expect to achieve 30-35% revenue growth momentum over 3-5 years. It expects Q3 to turn PAT positive and remained confident of achieving PAT positive for FY24.

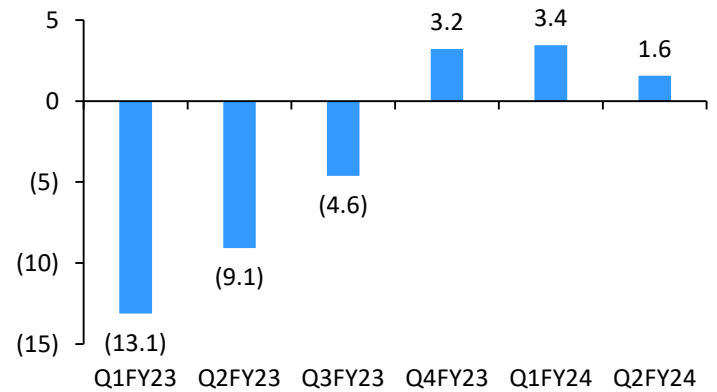
## Story in Charts

**Exhibit 18: Revenue grew by 21% QoQ**



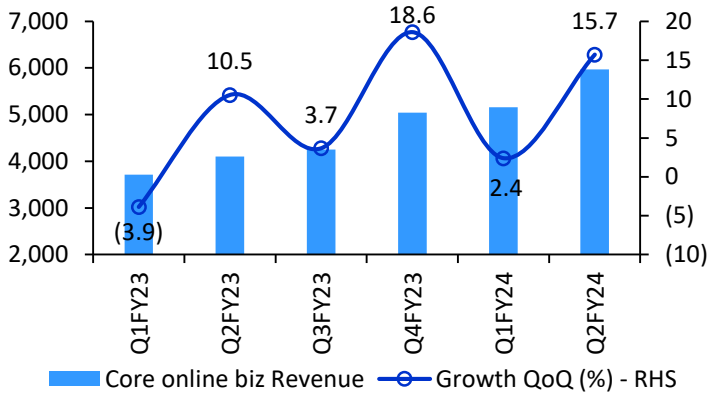
Source: Company, DART

**Exhibit 19: Adj. EBITDA Margin was down by 190bps QoQ**



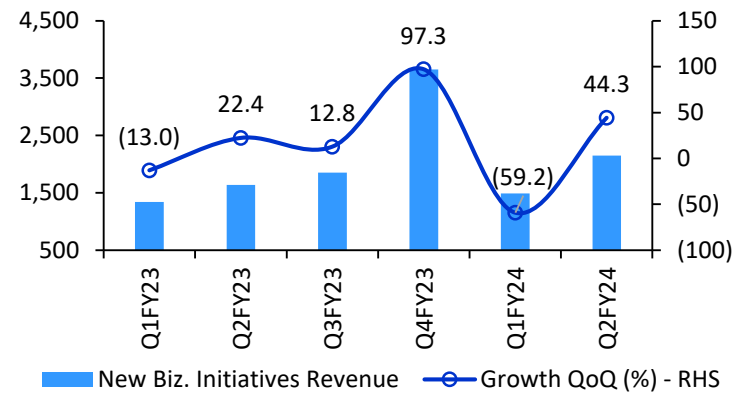
Source: Company, DART

**Exhibit 20: Core online business Rev grew by 16% QoQ**



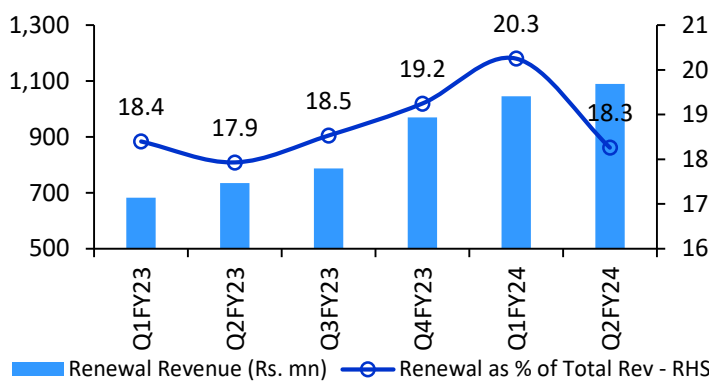
Source: Company, DART

**Exhibit 21: New initiatives biz grew by 44% QoQ**



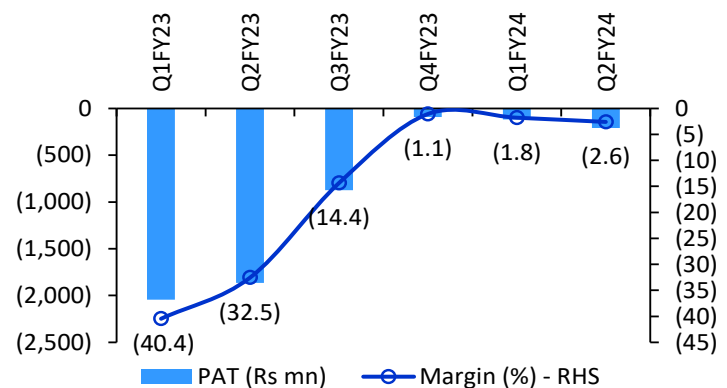
Source: Company, DART

**Exhibit 22: Renewal revenue up 4.3% QoQ**



Source: Company, DART

**Exhibit 23: PAT improved significantly on YoY basis**



Source: Company, DART

**Exhibit 24: Operating Metrics**

Particulars (Rs mn)	Q3FY22	Q4FY22	Q1FY23	Q2FY23	Q3FY23	Q4FY23	Q1FY24	Q2FY24
<b>Revenues</b>								
Core Online business	3,170	3,860	3,710	4,100	4,250	5,040	5,160	5,970
New Initiatives	500	1,540	1,340	1,640	1,850	3,650	1,490	2,150
<b>Total Revenue</b>	<b>3,670</b>	<b>5,400</b>	<b>5,050</b>	<b>5,740</b>	<b>6,100</b>	<b>8,690</b>	<b>6,650</b>	<b>8,120</b>
<b>Adjusted EBITDA</b>								
Core Online business	(410)	100	50	120	260	640	686	680
New Initiatives	(510)	(900)	(710)	(650)	(540)	(360)	(463)	(550)
<b>Total Adjusted EBITDA</b>	<b>(920)</b>	<b>(800)</b>	<b>(660)</b>	<b>(530)</b>	<b>(280)</b>	<b>280</b>	<b>223</b>	<b>130</b>
<b>Adjusted EBITDA Margin</b>								
Core Online business	(12.9)	2.6	1.3	2.9	6.1	12.7	13.3	11.4
New Initiatives	(102.0)	(58.4)	(53.0)	(39.6)	(29.2)	(9.9)	(31.1)	(25.6)
<b>Total Adjusted EBITDA Margin</b>	<b>(25.1)</b>	<b>(14.8)</b>	<b>(13.1)</b>	<b>(9.2)</b>	<b>(4.6)</b>	<b>3.2</b>	<b>3.4</b>	<b>1.6</b>
<b>PAT (Rs. mn)</b>	<b>(2,980)</b>	<b>(2,196)</b>	<b>(2,043)</b>	<b>(1,866)</b>	<b>(876)</b>	<b>(94)</b>	<b>(119)</b>	<b>(211)</b>
<b>Key Operating Metrics</b>								
<b>Insurance Business</b>								
Insurance Premium (Rs. mn)	17,960	21,780	24,300	25,450	30,280	35,860	30,110	34,750
Take Rate (%)	16.8	21.2	17.3	18.6	16.6	20.9	17.7	18.9
Registered Consumers (mn)	56.4	58.9	61.2	63.4	65.4	67.5	69.5	72.3
Transacting consumers (mn)	11.1	11.8	12.3	12.8	13.4	14	14.5	15
Policies Sold (mn)	24.6	26.4	27.9	29.8	31.8	33.8	35.6	38.2
Renewal Revenue on ARR basis (Rs. mn)	2,100	2,600	2,750	2,760	2,860	3,340	3,400	3,450
<b>Credit Business</b>								
Disbursals (Rs. mn)	19,280	21,890	23,200	29,260	30,210	33,570	35,420	41,390
Transacting customers (mn)	2.5	2.7	3	3.2	3.5	3.8	4.2	4.5
Transactions (mn)	3.6	3.8	4.2	4.6	5	5.4	5.9	6.4
No. of cards issued cumulative (mn)	NA	0.34	0.43	0.5	0.52	0.53	0.58	0.6
Customers accessed credit cards (mn)	25.5	27.3	29.5	31	33	34.9	36.9	39.1
Renewal revenue on ARR basis (Rs. mn)	NA	NA	NA	180	290	540	780	910

Source: Company, DART

## Financial Performance

### Profit and Loss Account

(Rs Mn)	FY23A	FY24E	FY25E	FY26E
<b>Revenue</b>	<b>25,578</b>	<b>33,686</b>	<b>43,010</b>	<b>53,461</b>
<b>Total Expense</b>	<b>32,194</b>	<b>35,569</b>	<b>40,970</b>	<b>48,000</b>
COGS	29,937	28,561	34,868	40,190
Employees Cost	15,396	16,620	18,321	21,340
Other expenses	2,257	7,009	6,103	7,810
<b>EBIDTA</b>	<b>(6,616)</b>	<b>(1,884)</b>	<b>2,040</b>	<b>5,460</b>
Depreciation	638	868	960	1,093
<b>EBIT</b>	<b>(7,254)</b>	<b>(2,752)</b>	<b>1,080</b>	<b>4,368</b>
Interest	214	284	309	315
Other Income	2,590	3,846	4,043	4,353
Exc. / E.O. items	0	0	0	0
<b>EBT</b>	<b>(4,878)</b>	<b>809</b>	<b>4,814</b>	<b>8,406</b>
Tax	0	3	63	168
RPAT	(4,880)	797	4,751	8,238
Minority Interest	0	0	0	0
<b>Profit/Loss share of associates</b>	<b>(2)</b>	<b>(9)</b>	<b>0</b>	<b>0</b>
<b>APAT</b>	<b>(4,880)</b>	<b>797</b>	<b>4,751</b>	<b>8,238</b>

### Balance Sheet

(Rs Mn)	FY23A	FY24E	FY25E	FY26E
<b>Sources of Funds</b>				
Equity Capital	900	908	920	936
Minority Interest	85	85	85	85
Reserves & Surplus	53,863	54,660	59,411	67,649
<b>Net Worth</b>	<b>54,763</b>	<b>55,568</b>	<b>60,332</b>	<b>68,585</b>
Total Debt	0	0	0	0
Net Deferred Tax Liability	0	0	0	0
<b>Total Capital Employed</b>	<b>54,848</b>	<b>55,653</b>	<b>60,417</b>	<b>68,670</b>

### Applications of Funds

Net Block	<b>3,133</b>	<b>3,631</b>	<b>3,822</b>	<b>4,129</b>
CWIP	0	0	0	0
Investments	598	598	608	618
<b>Current Assets, Loans &amp; Advances</b>	<b>58,809</b>	<b>59,677</b>	<b>65,717</b>	<b>75,262</b>
Inventories	0	0	0	0
Receivables	6,773	7,106	8,838	10,692
Cash and Bank Balances	7,627	6,481	7,782	11,464
Loans and Advances	129	154	154	154
Other Current Assets	38,657	44,213	45,921	48,929
<b>Less: Current Liabilities &amp; Provisions</b>	<b>7,692</b>	<b>8,254</b>	<b>9,731</b>	<b>11,340</b>
Payables	3,061	3,333	3,783	4,367
Other Current Liabilities	4,631	4,921	5,948	6,973
<i>sub total</i>				
Net Current Assets	51,117	51,423	55,986	63,922
<b>Total Assets</b>	<b>54,848</b>	<b>55,653</b>	<b>60,417</b>	<b>68,670</b>

E – Estimates

### Important Ratios

Particulars	FY23A	FY24E	FY25E	FY26E
<b>(A) Margins (%)</b>				
Gross Profit Margin	39.8	50.7	57.4	60.1
EBIDTA Margin	(25.9)	(5.6)	4.7	10.2
EBIT Margin	(28.4)	(8.2)	2.5	8.2
Tax rate	0.0	0.4	1.3	2.0
Net Profit Margin	(19.1)	2.4	11.0	15.4
<b>(B) As Percentage of Net Sales (%)</b>				
COGS	117.0	84.8	81.1	75.2
Employee	60.2	49.3	42.6	39.9
Other	8.8	20.8	14.2	14.6
<b>(C) Measure of Financial Status</b>				
Gross Debt / Equity	0.0	0.0	0.0	0.0
Interest Coverage	(34.0)	(9.7)	3.5	13.9
Inventory days	0	0	0	0
Debtors days	97	77	75	73
Average Cost of Debt	0.0	0.0	0.0	0.0
Payable days	44	36	32	30
Working Capital days	729	557	475	436
FA T/O	8.2	9.3	11.3	12.9
<b>(D) Measures of Investment</b>				
AEPS (Rs)	(10.8)	1.8	10.3	17.6
CEPS (Rs)	(9.4)	3.7	12.4	19.9
DPS (Rs)	0.0	0.0	0.0	0.0
Dividend Payout (%)	0.0	0.0	0.0	0.0
BVPS (Rs)	121.7	122.4	131.1	146.5
RoANW (%)	NM	1.4	8.2	12.8
RoACE (%)	NM	2.0	8.7	13.3
RoAIC (%)	NM	NM	2.1	8.0
<b>(E) Valuation Ratios</b>				
CMP (Rs)	725	725	725	725
P/E	(66.8)	412.7	70.2	41.2
Mcap (Rs Mn)	333,422	333,422	333,422	333,422
MCap/ Sales	13.0	9.9	7.8	6.2
EV	320,173	325,219	322,618	317,936
EV/Sales	12.5	9.7	7.5	5.9
EV/EBITDA	(48.4)	(172.7)	158.2	58.2
P/BV	6.0	5.9	5.5	4.9
Dividend Yield (%)	0.0	0.0	0.0	0.0
<b>(F) Growth Rate (%)</b>				
Revenue	79.5	31.7	27.7	24.3
EBITDA	(26.7)	(71.5)	(208.3)	167.7
EBIT	LTL	LTL	LTL	304.4
PBT	LTL	LTL	494.9	74.6
APAT	LTL	LTL	495.9	73.4
EPS	LTL	LTL	488.1	70.4

E – Estimates

## Cash Flow

Particulars	FY23A	FY24E	FY25E	FY26E
<b>Profit before tax</b>	<b>(4,880)</b>	<b>801</b>	<b>4,814</b>	<b>8,406</b>
Depreciation & w.o.	638	868	960	1,093
Net Interest Exp	(2,210)	(3,561)	(3,734)	(4,038)
Direct taxes paid	(498)	(3)	(63)	(168)
Change in Working Capital	(1,340)	(5,353)	(1,961)	(3,254)
Non Cash	5,299	0	0	0
<b>(A) CF from Operating Activities</b>	<b>(2,990)</b>	<b>(7,249)</b>	<b>15</b>	<b>2,038</b>
Capex {(Inc.)/ Dec. in Fixed Assets n WIP}	(637)	(1,367)	(1,150)	(1,400)
<b>Free Cash Flow</b>	<b>(3,627)</b>	<b>(8,616)</b>	<b>(1,135)</b>	<b>638</b>
(Inc.)/ Dec. in Investments	(2,011)	5,400	(2,310)	(2,010)
Other	3,062	3,561	3,734	4,038
<b>(B) CF from Investing Activities</b>	<b>414</b>	<b>7,594</b>	<b>274</b>	<b>628</b>
Issue of Equity/ Preference	1	8	12	16
Inc./(Dec.) in Debt	0	0	0	0
Interest exp net	0	0	0	0
Dividend Paid (Incl. Tax)	0	0	0	0
Other	(426)	0	0	0
<b>(C) CF from Financing</b>	<b>(425)</b>	<b>8</b>	<b>12</b>	<b>16</b>
Net Change in Cash	(3,001)	354	301	2,682
<b>Opening Cash balances</b>	<b>3,674</b>	<b>723</b>	<b>1,076</b>	<b>1,378</b>
<b>Closing Cash balances</b>	<b>723</b>	<b>1,076</b>	<b>1,378</b>	<b>4,060</b>

E – Estimates

## Notes

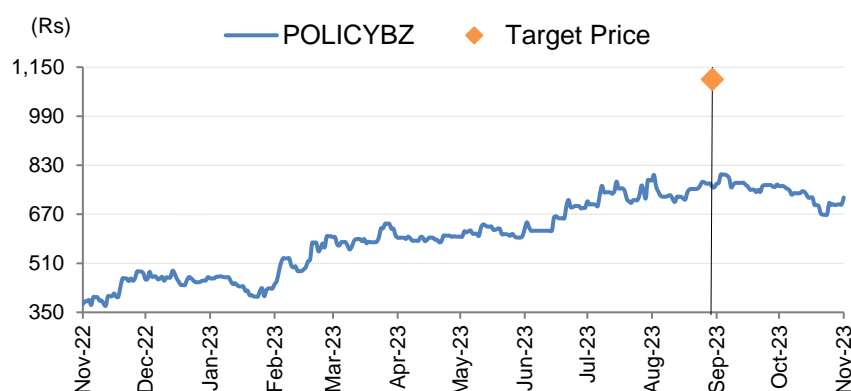


### DART RATING MATRIX

Total Return Expectation (12 Months)

Buy	> 20%
Accumulate	10 to 20%
Reduce	0 to 10%
Sell	< 0%

### Rating and Target Price History



Month	Rating	TP (Rs.)	Price (Rs.)
Sep-23	Buy	1,110	759

\*Price as on recommendation date

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SEBI Registration No: BSE - INZ000274132, NSE - INZ000274132, Research: INH000000685

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