

Internet | Q4FY24 Result Update

Insurance led growth while credit remained muted

- PB reported rev. growth of 25% YoY (DE: 15.5%) led by Core insurance biz., up 36% YoY, while revenues in credit biz were flat QoQ. Adj. EBITDA margin expanded 183bps QoQ to 6.3% (DE: 5.7%) as it saw moderation in costs in the core business (up 290bps YoY and 320bps QoQ).
- Management anticipates sustained weakness in credit biz. in Q1FY25, projecting a 0-10% YoY growth due to scaling back of unsecured loans. With 16% of rev. witnessing uncertainty, we have scaled our growth estimates.
- We tweak our FY25/26E EPS estimates by -2.2%/-10.7%, as we expect moderation in growth to slow down PAT recovery. Insurance segment continues to do well, but we believe that upside is well captured in the price and does not bake in the risk of growth moderation. Thus, we downgrade to 'SELL' rating (BUY earlier) with TP of Rs. 1,100 which implies 8x on FY26E EV/Sales, from the recent sharp run up in stock price.

Growth led by Insurance, Credit biz. to remain soft in Q1 as well

PB's insurance premium grew by 43% YoY led by strong growth across all sub-segments taking revenue up in Core insurance biz by +36% YoY, while take rate declined by ~250bps at 18.4%. Credit biz. Revenues remained flat QoQ due to 1.1% decline in Disbursals caused by heightened caution from lending partners regarding unsecured loans in compliance with RBI regulations.

Profit gains momentum moderated; Expect FY25E PAT at ~Rs.4.6bn

Q4 saw incremental Adj. EBITDA of Rs. 406mn (18% of incremental revenue vs 26% in Q4FY23) while incremental revenue stood at Rs. 2,608mn, thus implying slower gains in profitability. Adj EBITDA margin for Core online & New initiatives stood at 16.7%/-10.2% (v/s +12.7%/-9.9% for Q4FY23) respectively.

Mgmt. commentary on outlook remained stable.

Management anticipates softness in credit biz to not persist for extended period as it is currently focusing on expanding into secured loans (at 13% of disbursal). To drive similar growth in FY25, the management has identified key growth opportunities such as: 1) Enhancing claim settlement processes; 2) Providing affordable insurance products through deductibles & flexible quarterly/monthly payments, and 3) Expanding in Tier 3 to 5 cities by leveraging POSP channel.

Q4FY24 Result (Rs Mn)

Particulars	Q4FY24	Q4FY23	YoY (%)	Q3FY24	QoQ (%)
Revenue	10,896	8,691	25.4	8,709	25.1
Total Expense	10,842	9,371	15.7	8,964	20.9
EBITDA	54	(681)	NM	(255)	NM
Depreciation	238	175	36.1	231	3.1
EBIT	(184)	(855)	NM	(486)	NM
Other Income	983	822	19.5	936	5.0
Interest	66	62	6.6	64	2.0
EBT	734	(95)	NM	386	90.1
Tax	127	0	NM	0	
RPAT	602	(94)	NM	372	61.7
APAT	602	(94)	NM	372	61.7
			(bps)		(bps)
Gross Margin (%)	59.7	55.0	466	54.3	532
EBITDA Margin (%)	0.5	(7.8)	833	(2.9)	343
NPM (%)	5.5	(1.1)	661	4.3	125
Tax Rate (%)	17.3	(0.3)	1760	0.0	1731
EBIT Margin (%)	(1.7)	(9.8)	816	(5.6)	389

CMP	Rs 1,244
Target / Downside	Rs 1,100 / 12%
NIFTY	22,303

Scrip Details

Equity / FV	Rs 912mn / Rs 2		
Market Cap	Rs 561bn		
	USD 6.8bn		
52-week High/Low	Rs 1,400/ 588		
Avg. Volume (no)	18,65,960		
Bloom Code	POLICYBZ IN		
Price Performance	1M	3M	12M
Absolute (%)	(3)	35	102
Rel to NIFTY (%)	(2)	33	74

Shareholding Pattern

	Sep'23	Dec'23	Mar'24
Promoters	0.0	0.0	0.0
MF/Banks/FIs	16.4	19.1	16.8
FIs	49.4	46.0	49.0
Public / Others	34.2	34.9	34.3

Valuation (x)

	FY24A	FY25E	FY26E
P/E	871.3	123.1	79.1
EV/EBITDA	(297.0)	247.7	105.8
ROE (%)	1.2	8.0	11.5
RoACE (%)	1.7	8.4	11.9

Estimates (Rs bn)

	FY24A	FY25E	FY26E
Revenue	34.4	43.0	53.5
EBITDA	(1.9)	2.2	5.2
PAT	0.6	4.6	7.3
EPS (Rs.)	1.4	10.1	15.7

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Exhibit 1: Quarterly performance versus estimates

Particulars (Rs mn)	Estimates			% Variation		Comment
	Actual	Dolat	Consensus	Dolat	Consensus	
INR Revenue	10,896	10,038	9,822	8.5	10.9	Rev. beat led by strong growth in core insurance biz.
EBIT	(184)	(271)	(212)	(32.2)	(13.3)	Beat on EBIT on account of lower advertising costs
EBIT, margin	(1.7)	(2.7)	(2.2)	101 bps	47 bps	
PAT	602	558	535	7.9	12.6	PAT largely inline

Source: Company, DART

Change in Estimates

For FY25E/FY26E - We keep our revenue growth estimates unchanged as we expect strong growth in insurance biz would nullify the impact of lower growth in Credit business for FY25/FY26E. However, given weaker profitability profile in New Initiatives and increased need for investments, Adj. EBITDA margin estimates have been tweaked by 29bps/-14bps and EPS by -2.2%/-10.7% for FY25/FY26E.

Exhibit 2: Change in Estimates

Particulars (Rs. mn)	FY23A	FY24A	FY25E			FY26E		
	Actual	Actual	Old	New	Chg.(%)	Old	New	Chg.(%)
INR Revenue	25,578	34,377	43,010	42,994	(0.0)	53,461	53,518	0.1
YoY growth (%)	79.5	34.4	27.7	25.1	(261 bps)	24.3	24.5	18 bps
Adj EBITDA (Rs mn)	(1,186)	1,430	4,420	4,542	2.8	6,890	6,821	(1.0)
Adj EBITDA Mgn (%)	(4.6)	4.2	10.3	10.6	29 bps	12.9	12.7	(14 bps)
PAT	(4,880)	644	4,751	4,608	(3.0)	8,238	7,295	(11.4)
EPS (Rs)	(10.8)	1.4	10.3	10.1	(2.2)	17.6	15.7	(10.7)

Source: DART, Company

What to expect Next Quarter

We expect revenue growth in Q1 to remain decent at 32% YoY but would see decline of about 19% QoQ due to the seasonally strong Q4 quarter. Adj. EBITDA Margin expected to be 7.8% (up 153bps QoQ and 438bps YoY) on improved mix for Core biz. We expect OPM to decline to -1.9% from -1.7% in Q4FY24 led by stable depreciation charge despite significant revenue decline.

Exhibit 3: What to expect next Quarter

Particulars (Rs Mn)	Q1FY25E	Q4FY24	Q1FY24	QoQ (%)	YoY (%)
INR Revenue	8,821	10,896	6,656	(19.0)	32.5
EBIT	(172)	(184)	(966)	(6.6)	(82.2)
PAT	709	602	(119)	17.7	(695.2)
EPS (Rs)	1.6	1.3	(0.3)	18.6	(697.5)
EBIT Margin (%)	(1.9)	(1.7)	(14.5)	(26 bps)	1257 bps

Source: Company, DART

Valuation

Variables for DCF: Given under penetration in Insurance/Credit in India and need for digital enabler to reduce cost (being a re-insurer), we believe PB Fintech would have many years of hyper-growth opportunity at hand. The growth momentum is factored in two stage projections wherein we expect revenue CAGR of 24.7% over FY24-FY30E and in second stage revenue CAGR of 18%+ over FY30-FY40E. We expect PAT of Rs. 4.6bn in FY25E and steady state EBIT Margin of 21% 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 keep our TP unchanged at Rs1,100 (implies 8x on FY26 EV/Sales and ~70x earnings). Given sharp 37% run up in stock price we downgrade our rating to 'SELL' from BUY at CMP.

Exhibit 4: Key Assumptions in Our Estimates

Particulars (in %)	FY22	FY23	FY24	FY25E	FY26E
Insurance Premium Growth	48.7	65.8	37.0	30.4	28.3
Take Rate	17.3	18.5	18.0	17.1	16.6
Core online biz. Growth	NA	42.5	38.9	25.5	24.9
New initiatives Biz. Growth	NA	278.6	25.4	24.1	23.6
Disbursal Growth	126.5	75.9	27.3	27.4	27.2
Take Rate	3.3	3.5	3.9	4.0	3.9
INR Revenue Growth	60.7	79.5	34.4	25.1	24.5
Contribution Margin	22.8	24.6	29.9	31.2	31.3
Adj. EBITDA Margin	(20.0)	(4.6)	4.2	10.6	12.7
EBIT Margin	(66.3)	(28.4)	(8.0)	2.8	7.6
PAT Margin	(58.5)	(19.1)	1.9	10.7	13.6
EPS Growth	NM	NM	NM	NM	55.6

Source: Company, DART

Exhibit 5: Key Revenue Growth Matrix (YoY)

Particulars	Q1FY23	Q2FY23	Q3FY23	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24
Total Rev. Growth	112.5	105.1	66.1	60.9	31.8	41.5	42.7	25.4
- Core insurance rev growth	39.3	41.1	26.1	24.4	33.2	43.5	40.8	36.3
- Credit rev growth	205.5	124.4	64.6	54.8	59.5	52.5	35.5	20.8
- New Initiatives rev Growth	3,250.0	925.0	270.0	137.0	11.2	31.1	50.3	15.3

Source: Company

Exhibit 6: Quarterly and YTD Trend

Particulars (Rs mn)	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24	QoQ (%)	YoY (%)	FY23	FY24	YoY (%)
INR Revenue	8,691	6,656	8,116	8,709	10,896	25.1	25.4	25,578	34,377	34.4
Operating Expense	9,371	7,427	9,007	8,964	10,842	20.9	15.7	32,194	36,239	12.6
as % of sales	107.8	111.6	111.0	102.9	99.5	(343 bps)	(833 bps)	125.9	105.4	(2045 bps)
Employee exp.	3,912	3,839	4,228	3,978	4,396	10.5	12.4	15,396	16,441	6.8
as % of sales	45.0	57.7	52.1	45.7	40.3	(532 bps)	(466 bps)	60.2	47.8	(1236 bps)
Ad & Prom. Exp	4,565	1,989	2,474	2,149	2,380	10.8	(47.9)	13,572	8,990	(33.8)
as % of sales	52.5	29.9	30.5	24.7	21.8	(283 bps)	(3069 bps)	53.1	26.2	(2691 bps)
Network Exp.	256	268	300	277	302	8.9	17.9	969	1,148	18.5
as % of sales	2.9	4.0	3.7	3.2	2.8	(41 bps)	(18 bps)	3.8	3.3	(45 bps)
Other Exp.	638	1,331	2,005	2,561	3,764	47.0	489.7	2,257	9,660	328.0
as % of sales	7.3	20.0	24.7	29.4	34.5	514 bps	2720 bps	8.8	28.1	1928 bps
ESOP costs	960	1,000	1,020	644	632	(1.9)	(34.2)	5,430	3,295	(39.3)
as % of sales	11.0	15.0	12.6	7.4	5.8	(160 bps)	(525 bps)	21.2	9.6	(1164 bps)
Adj. EBITDA (Ex ESOP)	279	229	126	389	686	76.3	145.4	(1,186)	1,430	NA
EBITDA	(681)	(771)	(891)	(255)	54	(121.3)	NA	(6,616)	(1,863)	NA
Depreciation	175	195	223	231	238	3.1	36.1	638	887	39.0
EBIT	(855)	(966)	(1,114)	(486)	(184)	(62.2)	NA	(7,254)	(2,750)	NA
Net Other Income	761	849	903	872	917	5.2	20.6	2,376	3,541	49.0
PBT	(94)	(116)	(214)	372	729	95.8	NA	(4,879)	771	NA
Total Tax	0	3	(3)	0	127	NA	NA	0	127	NA
PAT	(94)	(119)	(211)	372	602	61.7	NA	(4,880)	644	NA
Reported EPS	(0.2)	(0.3)	(0.5)	0.8	1.3	57.8	NA	(11.0)	1.4	NA
Margins (%)						(bps)	(bps)			(bps)
Adj. EBITDA (Ex ESOP)	3.2	3.4	1.6	4.5	6.3	183 bps	308 bps	(4.6)	4.2	879 bps
EBITDA	(7.8)	(11.6)	(11.0)	(2.9)	0.5	343 bps	833 bps	(25.9)	(5.4)	2045 bps
EBIT	(9.8)	(14.5)	(13.7)	(5.6)	(1.7)	389 bps	816 bps	(28.4)	(8.0)	2036 bps
PBT	(1.1)	(1.7)	(2.6)	4.3	6.7	241 bps	777 bps	(19.1)	2.2	2132 bps
PAT	(1.1)	(1.8)	(2.6)	4.3	5.5	125 bps	661 bps	(19.1)	1.9	2095 bps
Effective Tax rate	(0.3)	(2.8)	1.5	0.0	17.4	1742 bps	1771 bps	(0.0)	16.5	1648 bps

Source: Company

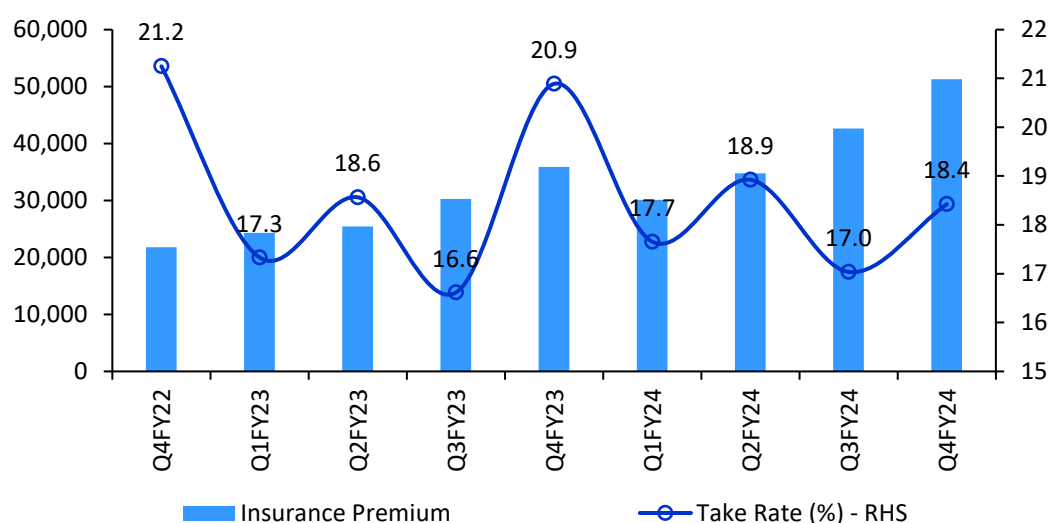
Business Outlook

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.51.3bn (up 20% QoQ and 43% YoY) with take rate of around 18.4% (up 140bps QoQ) due to business mix in favour of Health and Life Insurance. No. of insurance policies sold stood at 2.3mn in Q4FY24 (with average quarterly run-rate additions of 2.1mn in past 5 quarters). Renewal premium share remains 36% of overall premium (+48% YoY) supporting the OPM gains. The insurance segment reported Rs. 1,190mn of renewal revenue (up 33% QoQ and 43% YoY). Total transacting customers stood at 16.6mn (vs 15.6mn in Q3FY24) with avg. policies per transacting customers flat on QoQ basis. Mgmt witnessed porting of 20% of fresh business premium.

Exhibit 7: Total Insurance premium trend (Rs.mn)

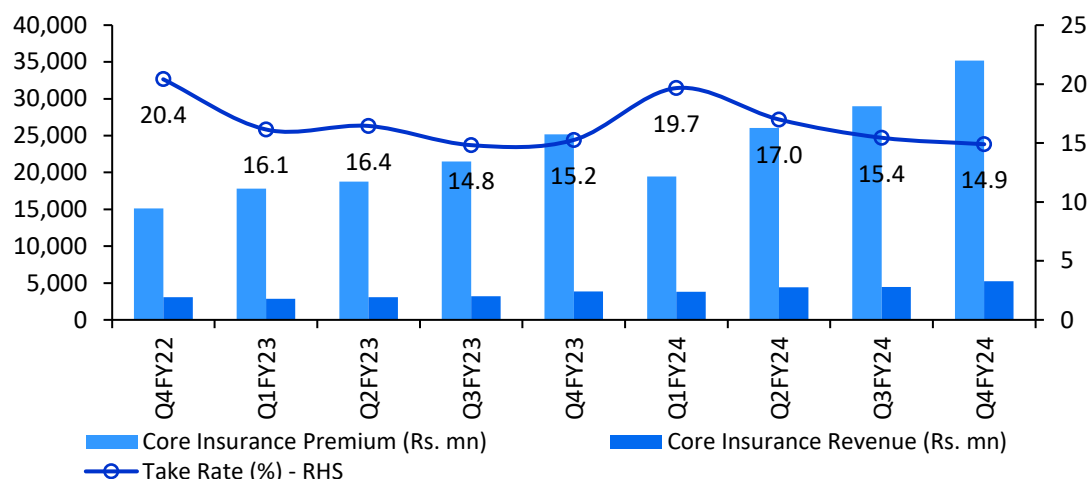


Source: Company, DART

1. Core Insurance Business (48% of rev.; Adj. EBITDA of Rs. 916mn)

Core insurance biz. revenue grew by approx. 17% QoQ & 36% YoY driven by strong growth in health, life and savings biz. Q4 saw strong growth in new premium for protection biz (health business up 53% YoY). Health remains higher percentage of business and grew higher than overall protection biz. Core insurance premium stood at Rs.35.2bn (up 21% QoQ and 40% YoY) and take rate of around 14.9% Vs 15.4% in Q3, down mainly due to lower take rate in the savings biz (Shift from capital guarantee products to ULIPs). Offline channel is approx. 20% of core insurance premium and is inching up gradually. Incremental core insurance revenue stood at Rs. 757mn while incremental cost grew by 480mn (probably on account of higher health renewals at high margin).

Exhibit 8: Core insurance business saw robust growth of 36% YoY



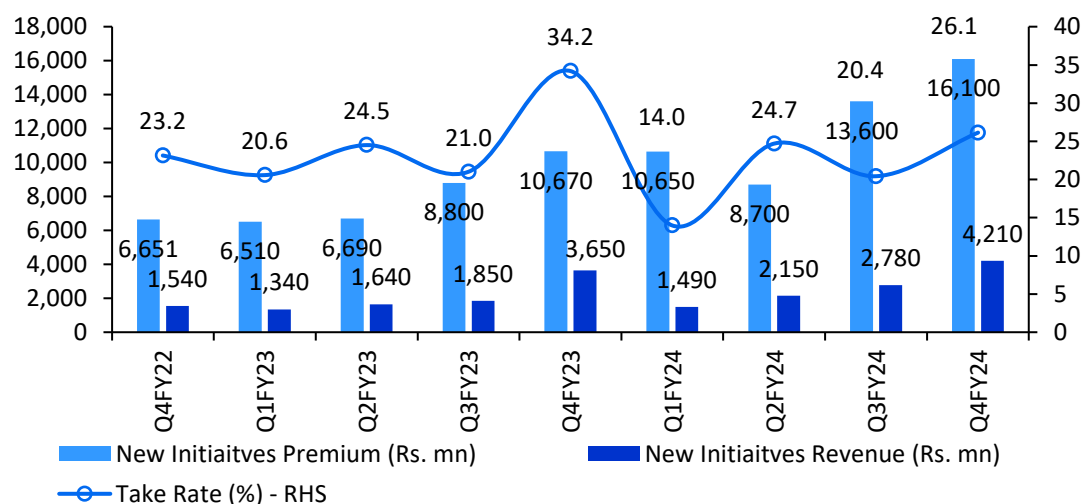
Source: Company, DART

Adj. EBITDA margin in this segment of 17.5% (vs Q3FY24: 14.3% and 14.6% in Q4FY23) led the overall Adj. EBITDA of Core online business. Management pointed out strong renewals in Health and Life insurance led to healthy growth in Adj. EBITDA. Growing health business continues to be topmost priority as it is a high margins business.

2. New Initiatives Business (39% of revenue; Adj. EBITDA of Rs. -430mn)

This segment revenue stood at Rs.4.2bn up 51% QoQ and 15% YoY mainly driven by Corporate and UAE revenue growth. This segment saw breakeven of Contribution Margin in Q3 and remained flat in Q4 as well, it improved marginally from -1% in Q4FY23 to 0% in Q4FY24, implying muted incremental performance from profitability perspective. Incremental New Initiatives revenue stood at Rs. 1,430mn while incremental cost stood at 1,490mn (104% of revenue vs 90% in Q4FY23). Adj EBITDA margin impact could have happened due to continued investments in fixed cost pool.

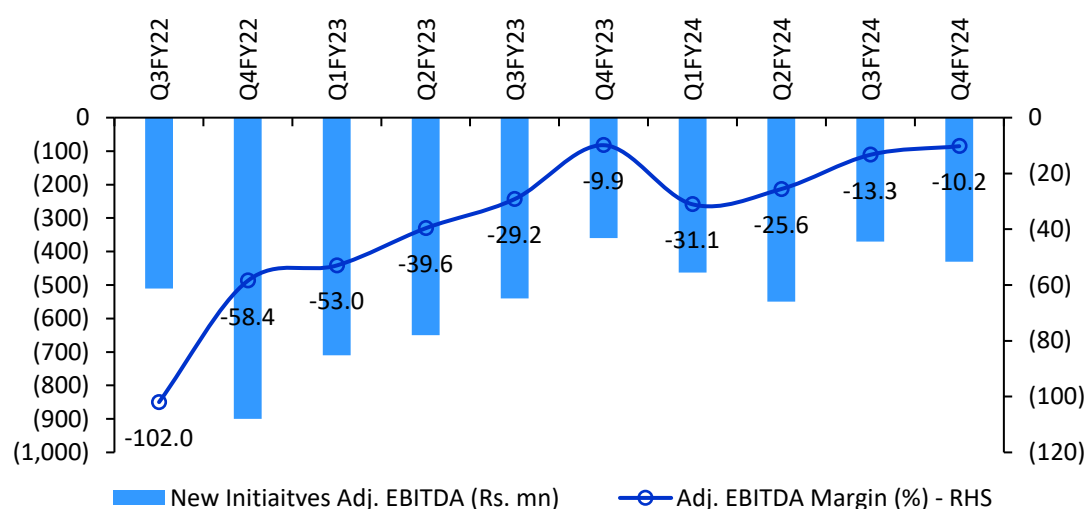
Exhibit 9: New initiatives revenue grew strongly at 15% YoY.



Source: Company, DART

Adj. EBITDA loss stood at Rs. 430mn, (Q3FY24 loss: Rs. 370mn and Q4FY24 loss: Rs. 360mn) which led to margin expansion from -13.3% in Q3FY24 to -10.2% in Q4FY24. It is seeing shift from large consolidator's biz to retail agents which requires some upfront investment but yield benefits in long-term. Management remained confident of achieving break-even in this segment, but unsure about the timeline.

Exhibit 10: New Initiatives Adj. EBITDA improved from -13.3% in Q3FY24 to -10.2%

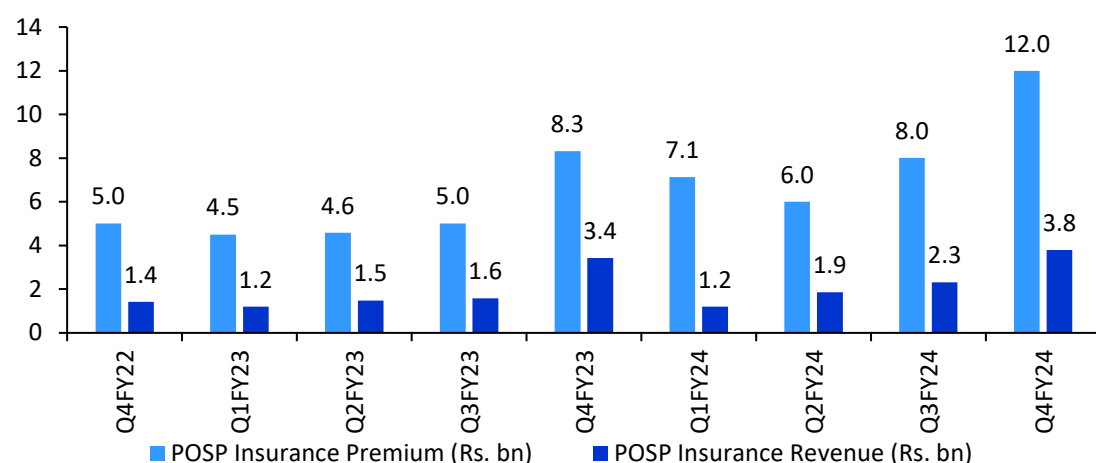


Source: Company, DART

POSP (~35% of revenue)

POSP premium stood at Rs. 12bn (up 50% QoQ and up 44% YoY) driven by tapping into large, unmarked opportunities in insurance business (Eg: Strong Commercial vehicles volume). Despite POSP business moving towards smaller and higher quality advisors, the business has not seen profitability improvement mainly due to higher upfront costs. POSP continues to have the highest proportion of non-motor business with 76% of the business (vs 71% in Q3) from Tier-2 and Tier-3 cities.

Exhibit 11: POSP Insurance premium grew 44% YoY and 50% QoQ

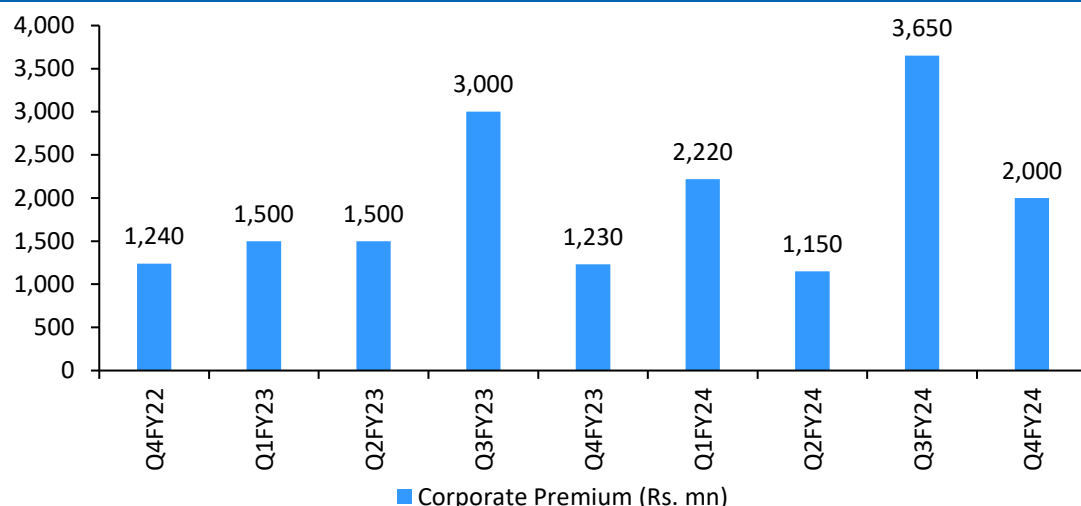


Source: Company, DART

Corporate (1% of revenue)

Corporate business premium stood at Rs. 2bn, grew by 63% YoY, and declined by 45% QoQ due to seasonally strong Q3 quarter. Management highlighted it continued to be low margin business; however, it grows on renewals. PB plans to invest in this business to gain momentum and achieve profitability in a few years. PB is providing One app for all services i.e. Claims management, cashless OPD services like offline appointments, diagnostics, pharmacy, health check-up, vaccination/dental, etc. – which may act as its biggest USP.

Exhibit 12: Corporate insurance premium grew 22% YoY

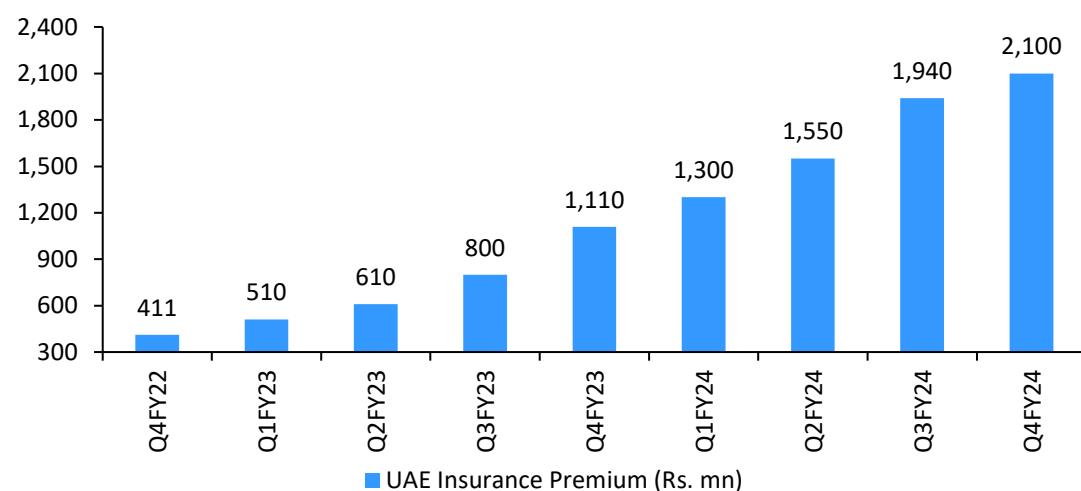


Source: Company, DART

UAE (~2.9% of revenue)

UAE premium grew by 89% YoY to Rs. 2.1bn driven by focus on health and life insurance products along with financial products such as Loans and credit cards. Motor insurance continues to contribute around half of revenues.

Exhibit 13: UAE insurance premium grew by 1.9x YoY

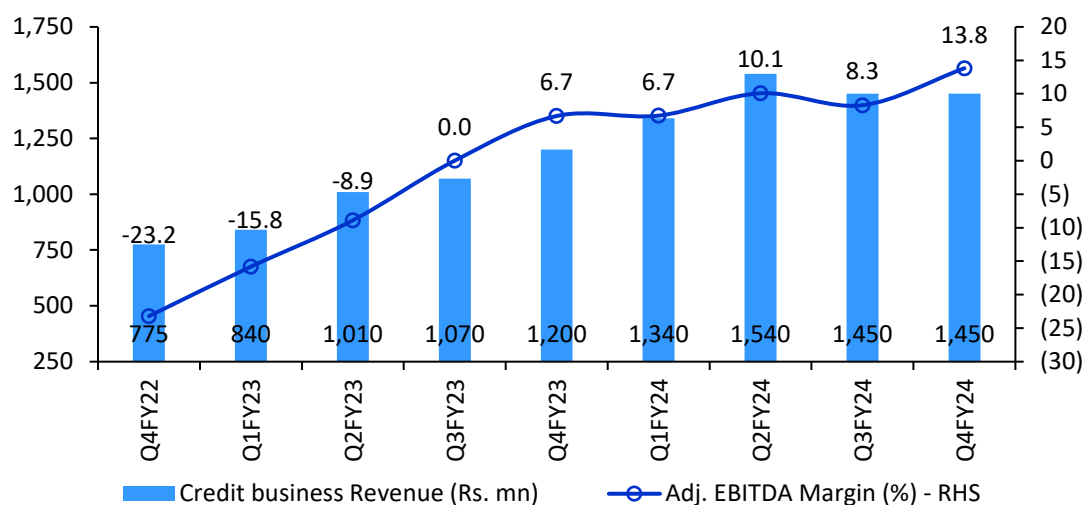


Source: Company, DART

Credit Business (13% of revenue; Adj. EBITDA of Rs. 200mn)

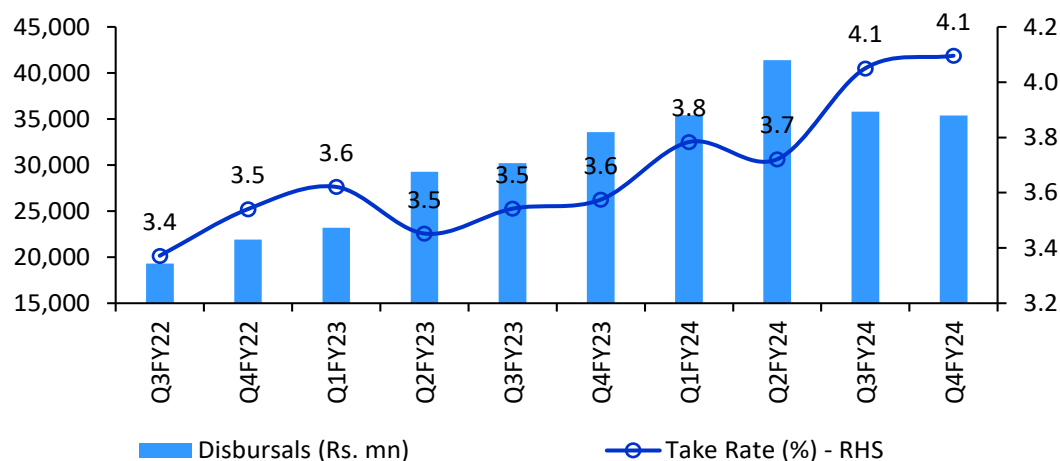
Credit revenue was flat QoQ and up 21% YoY on account of impact in both unsecured loans sub-segment disbursements and digitization efforts. Disbursement stood at Rs.35.4bn (QoQ: -1.1%; YoY: 5.5%; ARR of Rs. 140bn) which implies take rate of 4.1% up from 3.5%. Cards issued stood at 150k in Q4 vs 140k in Q3. Adj. EBITDA margin in this segment stood at 14%. Management anticipates that the slowdown will persist for an additional quarter (vs earlier commentary on recovery by Q1) due to scale down of unsecured loans by its partners led by RBI's preference for secured products over unsecured ones. Presently, PB has 13% of its disbursement towards secured products, while accounts for 4% of its revenue. In order to gain its market share, PB has introduced home loans and loans against property as its primary areas of focus. Mgmt. expects 0-10% YoY growth in credit revenues for Q1 and doesn't expect this slowdown to last long.

Exhibit 14: Credit revenue grew 21% YoY while remained flat on QoQ basis



Source: Company, DART

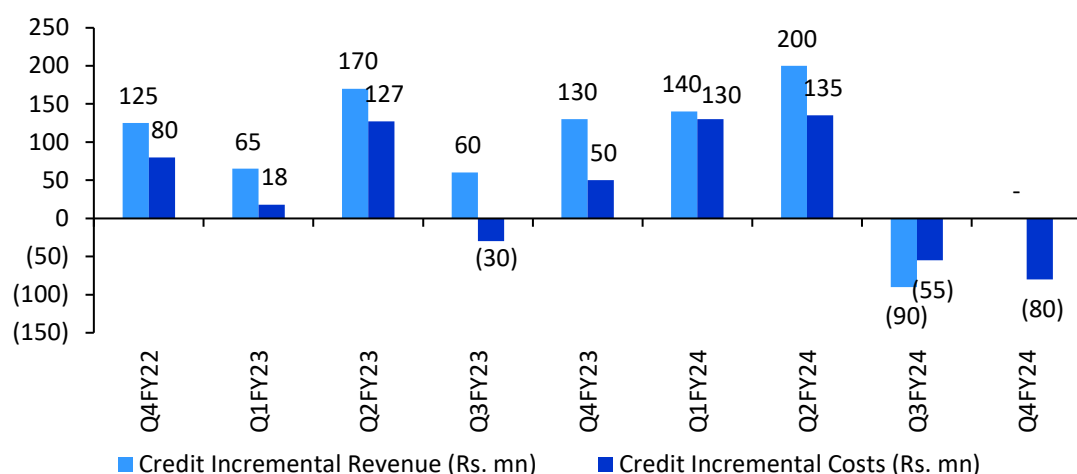
Exhibit 15: Credit business disbursement grew 5.5% YoY



Source: Company, DART

Credit incremental revenues remained flat in Q4 (vs decline of Rs.90mn in Q3FY24), while incremental costs is around Rs. -80mn (vs Rs. -55mn in Q3FY24).

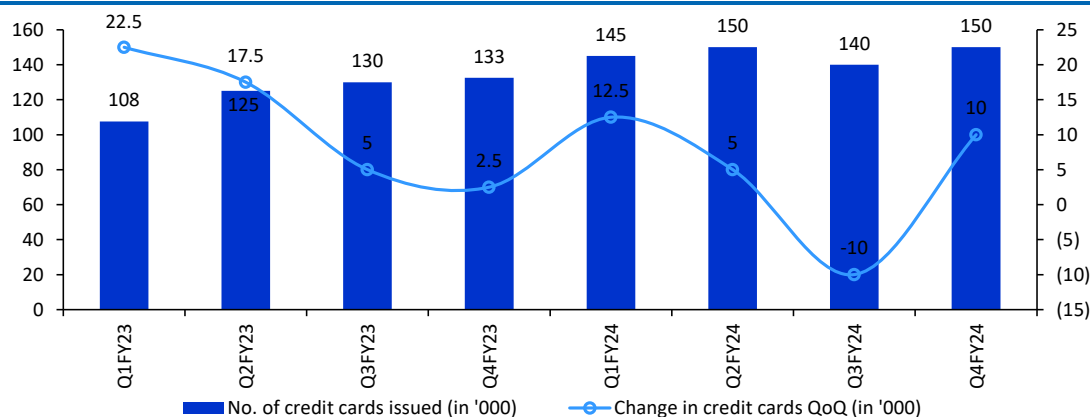
Exhibit 16: Credit Incremental Revenue and Incremental costs qtrly trend



Source: Company, DART

Trail revenue for the quarter stood at Rs. 253mn (up 6% QoQ and 87% YoY) mainly driven by focus and growth in co-created product category. Its trail revenue is greater than 15% of credit revenue and is expected to expand further. Its >25% disbursements and >50% of credit cards are co-created. Q4 saw an addition of 10k cards sequentially in Net New card distribution (Vs average addition of 4k+ cards every quarter). About 43.4mn customers accessed the credit scores on the platform (up 5% QoQ and 24% YoY). Management pointed out that 75%+ of the cards are processed end-to-end 100% digitally and more than 75% of disbursement are from existing customers.

Exhibit 17: Credit cards issued trend



Source: Company, DART

Industry data for Q4FY24

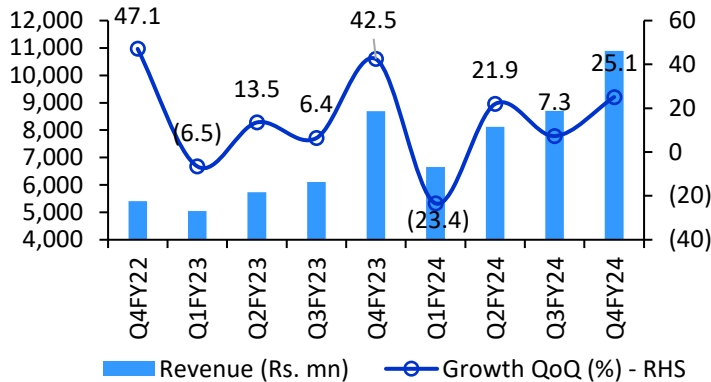
Life insurance New business premium (NBP) stood at Rs. 1,277bn, up 26% YoY while number of policies was up 5.7% YoY for Q4FY24. In terms of Non-life insurance data, total insurance premium grew by 9.5% YoY to Rs. 763bn, mainly led by Health & Motor insurance. Thus, Total Insurance premium (life plus non-life) grew by 19% YoY, while PB Fintech reported growth of 25% in Q4FY24. Despite the overall robust growth in the insurance sector in Q4FY24, PB Fintech achieved higher growth compared to the industry, but still fell short of management's target 2-3x the industry average in this quarter.

Earning call KTAs

- **Revenue:** PB Fintech's Q4FY24 revenue grew to Rs 10.9bn up 25% QoQ/25% YoY mainly led by strong growth across protection biz. (health up ~53% YoY), New Initiatives biz. grew on higher Q4FY23 base (up 50% QoQ & 15% YoY) and Credit business remained muted and remained flat QoQ (up 20% YoY).
- **Take Rates:** Take rates have inched up in the insurance business (up 140 bps QoQ) to 18.4% led by business mix in favour of renewals and strong Health/life insurance biz which is a higher take rate business, while credit business take rates have expanded by 5bps QoQ to 4.1%.
- **Core online business:** Core biz. (Insurance + Credit) revenue stood at Rs. 6.7bn up 13% QoQ and up 33% YoY, led by growth in core insurance (protection biz). New protection business (Health+ term insurance) grew 53% YoY. Adj. EBITDA stood at Rs. 1,120mn (vs Rs. 640mn in Q4FY23), up 47% QoQ and up 75% YoY and margin expanded by 400bps on QoQ basis to 16.7%.
- **Policy Bazaar (Insurance):** Insurance premium grew by 20% QoQ and 43% YoY to Rs.51.3bn (ARR of Rs.200bn). Renewal/Trail income on insurance stood at Rs. 1,190mn in Q4FY24 (vs Rs.835mn in Q4FY23).
- **Premium Mix:** PoSP business premium was about Rs.12bn (vs Rs.8.3bn in Q4FY23) in the quarter, Dubai stood at Rs.2.1bn (vs Rs. 1.1mn in Q4FY23) and corporate business premium stood at Rs.2bn (vs Rs. 1.2bn in Q4FY23). Overall Core Insurance Premium for the quarter stood at Rs. 35.2bn (vs Rs.25.2bn in Q4FY23).
- **Paisabazaar (Credit):** Lending disbursal de-grew by 1% QoQ and up 5.5% YoY to Rs.35.4bn (ARR of Rs.140bn) with take rates of around 4.1% in Q4FY24. Renewal/Trail income on credit stood at Rs. 253mn in Q4FY24 (vs Rs. 135mn in Q4FY23).
- **Overall Adj. EBITDA:** On overall basis, Adjusted EBITDA profit for Q4FY24 increased to Rs.686mn Vs Rs.389mn in Q3FY24 up due to lower Advertising costs (down 300bps QoQ as % of revenue), lower employee costs (down 540bps QoQ) and lower network costs (down 40bps QoQ) while Other expenses were up 510bps QoQ mainly due to re-classification of certain cost items. Adj. EBITDA margin stood at 6.3% up 183bps QoQ.
- **PAT:** Profit for the quarter stood at Rs.602mn (Q3FY24: Rs.372mn; Q4FY23 loss: Rs. 94mn) as tax stood at Rs 13cr mainly due to treasury income as it cannot be offset with earlier carry-forward losses of Rs. 21bn. EPS stood at Rs. 1.35.
- **Cash:** Cash Position improved by ~Rs.2.6bn YoY to Rs.5.6bn.
- **Outlook:** It expects credit business to grow at 0-10% YoY in Q1 but expect softness normalization in FY25E.

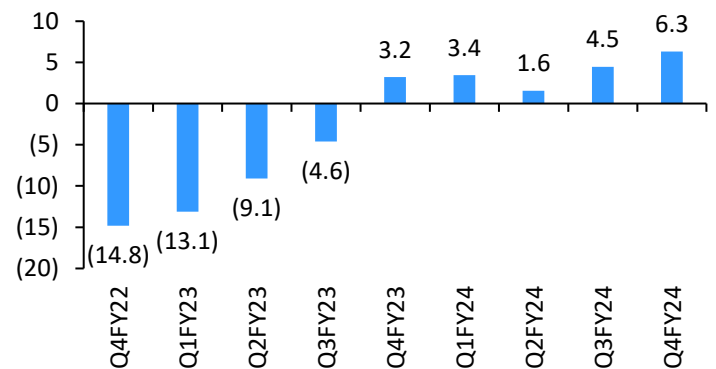
Story in Charts

Exhibit 18: Revenue grew by 25% QoQ



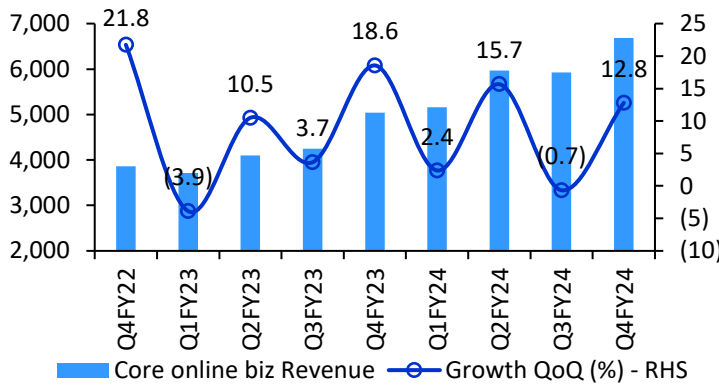
Source: Company, DART

Exhibit 19: Adj. EBITDA Margin was up by 180bps QoQ



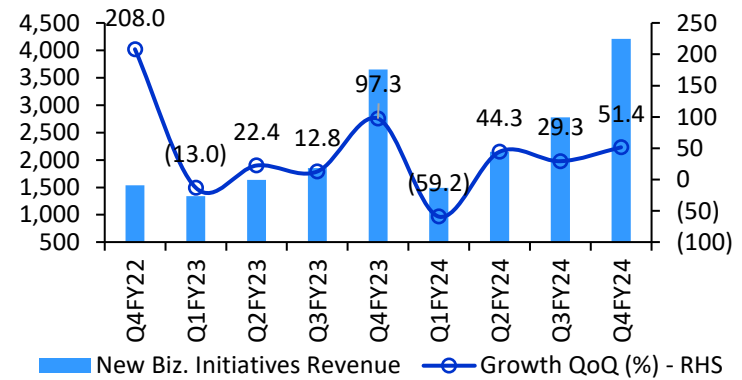
Source: Company, DART

Exhibit 20: Core online business Rev grew by 13% QoQ



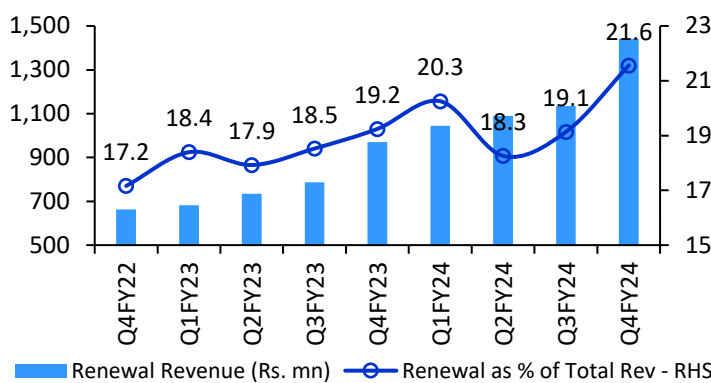
Source: Company, DART

Exhibit 21: New initiatives biz grew by 51% QoQ



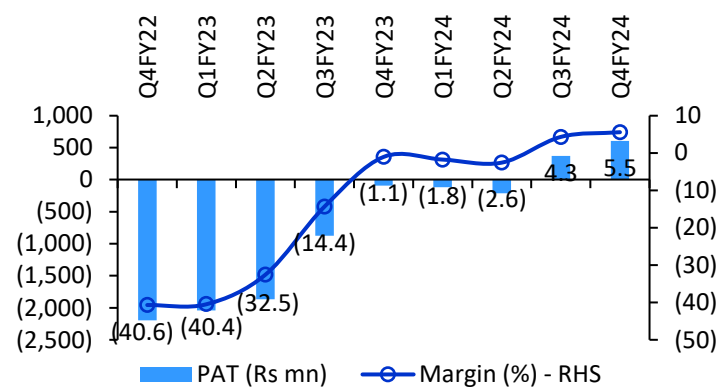
Source: Company, DART

Exhibit 22: Renewal revenue up 27% QoQ



Source: Company, DART

Exhibit 23: PAT improvement pace slowing down



Source: Company, DART

Exhibit 24: Operating Metrics

Particulars (Rs mn)	Q4FY22	Q1FY23	Q2FY23	Q3FY23	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24
Revenues									
Core Online business	3,860	3,710	4,100	4,250	5,040	5,160	5,970	5,930	6,690
New Initiatives	1,540	1,340	1,640	1,850	3,650	1,490	2,150	2,780	4,210
Total Revenue	5,400	5,050	5,740	6,100	8,690	6,650	8,120	8,710	10,900
Adjusted EBITDA									
Core Online business	100	50	120	260	640	686	680	760	1,120
New Initiatives	(900)	(710)	(650)	(540)	(360)	(463)	(550)	(370)	(430)
Total Adjusted EBITDA	(800)	(660)	(530)	(280)	280	223	130	390	690
Adjusted EBITDA Margin									
Core Online business	2.6	1.3	2.9	6.1	12.7	13.3	11.4	12.8	16.7
New Initiatives	(58.4)	(53.0)	(39.6)	(29.2)	(9.9)	(31.1)	(25.6)	(13.3)	(10.2)
Total Adjusted EBITDA Margin	(14.8)	(13.1)	(9.2)	(4.6)	3.2	3.4	1.6	4.5	6.3
PAT (Rs. mn)	(2,196)	(2,043)	(1,866)	(876)	(94)	(119)	(211)	372	602
Key Operating Metrics									
Insurance Business									
Insurance Premium (Rs. mn)	21,780	24,300	25,450	30,280	35,860	30,110	34,750	42,610	51,270
Take Rate (%)	21.2	17.3	18.6	16.6	20.9	17.7	18.9	17.0	18.4
Registered Consumers (mn)	58.9	61.2	63.4	65.4	67.5	69.5	72.3	74.7	77.3
Transacting consumers (mn)	11.8	12.3	12.8	13.4	14	14.5	15	15.7	16.6
Policies Sold (mn)	26.4	27.9	29.8	31.8	33.8	35.6	38.2	39.8	42.1
Renewal Revenue on ARR basis (Rs. mn)	2,600	2,750	2,760	2,860	3,340	3,400	3,450	3,590	4,760
Credit Business									
Disbursals (Rs. mn)	21,890	23,200	29,260	30,210	33,570	35,420	41,390	35,800	35,400
Transacting customers (mn)	2.7	3.0	3.2	3.5	3.8	4.2	4.5	4.8	5.1
Transactions (mn)	3.8	4.2	4.6	5	5.4	5.9	6.4	6.9	7.3
No. of cards issued ARR basis (mn)	0.34	0.43	0.5	0.52	0.53	0.58	0.60	0.56	0.60
Customers accessed credit cards (mn)	27.3	29.5	31	33	34.9	36.9	39.1	41.2	43.4
Renewal revenue on ARR basis (Rs. mn)	NA	NA	180	290	540	780	910	950	1,010

Source: Company, DART

Financial Performance

Profit and Loss Account

(Rs Mn)	FY23A	FY24A	FY25E	FY26E
Revenue	25,578	34,377	42,994	53,518
Total Expense	32,194	36,239	40,768	48,343
COGS	29,937	26,579	30,379	36,241
Employees Cost	15,396	16,441	18,100	20,012
Other expenses	2,257	9,660	10,389	12,102
EBIDTA	(6,616)	(1,863)	2,226	5,175
Depreciation	638	887	1,018	1,129
EBIT	(7,254)	(2,750)	1,208	4,046
Interest	214	265	268	274
Other Income	2,590	3,806	4,137	4,517
Exc. / E.O. items	0	0	0	0
EBT	(4,878)	791	5,078	8,290
Tax	0	127	469	995
RPAT	(4,880)	644	4,608	7,295
Minority Interest	0	0	0	0
Profit/Loss share of associates	(2)	(20)	0	0
APAT	(4,880)	644	4,608	7,295

Balance Sheet

(Rs Mn)	FY23A	FY24A	FY25E	FY26E
Sources of Funds				
Equity Capital	900	904	912	928
Minority Interest	85	85	85	85
Reserves & Surplus	53,863	54,507	59,115	66,410
Net Worth	54,763	55,411	60,027	67,339
Total Debt	0	0	0	0
Net Deferred Tax Liability	0	0	0	0
Total Capital Employed	54,848	55,496	60,112	67,424

Applications of Funds

Net Block	3,133	3,613	3,995	4,416
CWIP	0	0	0	0
Investments	598	598	608	618
Current Assets, Loans & Advances	58,809	59,633	64,991	73,517
Inventories	0	0	0	0
Receivables	6,773	7,252	8,834	10,704
Cash and Bank Balances	7,627	6,290	7,409	9,977
Loans and Advances	129	154	154	154
Other Current Assets	38,657	44,214	46,020	49,109
Less: Current Liabilities & Provisions	7,692	8,348	9,482	11,128
Payables	3,061	3,396	3,765	4,398
Other Current Liabilities	4,631	4,952	5,718	6,730
<i>sub total</i>				
Net Current Assets	51,117	51,285	55,509	62,389
Total Assets	54,848	55,496	60,112	67,424

E – Estimates

Important Ratios

Particulars	FY23A	FY24A	FY25E	FY26E
(A) Margins (%)				
Gross Profit Margin	39.8	52.2	57.9	62.6
EBIDTA Margin	(25.9)	(5.4)	5.2	9.7
EBIT Margin	(28.4)	(8.0)	2.8	7.6
Tax rate	0.0	16.1	9.2	12.0
Net Profit Margin	(19.1)	1.9	10.7	13.6
(B) As Percentage of Net Sales (%)				
COGS	117.0	77.3	70.7	67.7
Employee	60.2	47.8	42.1	37.4
Other	8.8	28.1	24.2	22.6
(C) Measure of Financial Status				
Gross Debt / Equity	0.0	0.0	0.0	0.0
Interest Coverage	(34.0)	(10.4)	4.5	14.8
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	545	471	425
FA T/O	8.2	9.5	10.8	12.1
(D) Measures of Investment				
AEPS (Rs)	(10.8)	1.4	10.1	15.7
CEPS (Rs)	(9.4)	3.4	12.3	18.2
DPS (Rs)	0.0	0.0	0.0	0.0
Dividend Payout (%)	0.0	0.0	0.0	0.0
BVPS (Rs)	121.7	122.8	131.6	145.1
RoANW (%)	(9.0)	1.2	8.0	11.5
RoACE (%)	(8.6)	1.7	8.4	11.9
RoAIC (%)	(22.5)	(5.7)	2.4	7.3
(E) Valuation Ratios				
CMP (Rs)	1244	1244	1244	1244
P/E	NM	NM	123.1	79.1
Mcap (Rs Mn)	5,61,203	5,61,203	5,61,203	5,61,203
MCap/ Sales	21.9	16.3	13.1	10.5
EV	5,47,953	5,53,190	5,51,221	5,47,653
EV/Sales	21.4	16.1	12.8	10.2
EV/EBITDA	NM	NM	247.7	105.8
P/BV	10.2	10.1	9.5	8.6
Dividend Yield (%)	0.0	0.0	0.0	0.0
(F) Growth Rate (%)				
Revenue	79.5	34.4	25.1	24.5
EBITDA	NM	NM	NM	132.5
EBIT	NM	NM	NM	235.0
PBT	NM	NM	NM	63.3
APAT	NM	NM	NM	58.3
EPS	NM	NM	NM	55.6

E – Estimates

Cash Flow

Particulars	FY23A	FY24A	FY25E	FY26E
Profit before tax	(4,880)	771	5,078	8,290
Depreciation & w.o.	638	887	1,018	1,129
Net Interest Exp	(2,210)	(3,541)	(3,870)	(4,244)
Direct taxes paid	(498)	(127)	(469)	(995)
Change in Working Capital	(1,340)	(5,405)	(2,255)	(3,312)
Non Cash	5,299	0	0	0
(A) CF from Operating Activities	(2,990)	(7,415)	(498)	868
Capex {(Inc.)/ Dec. in Fixed Assets n WIP}	(637)	(1,367)	(1,400)	(1,550)
Free Cash Flow	(3,627)	(8,782)	(1,898)	(682)
(Inc.)/ Dec. in Investments	(2,011)	5,400	(1,660)	(2,010)
Other	3,062	3,541	3,870	4,244
(B) CF from Investing Activities	414	7,574	810	684
Issue of Equity/ Preference	1	4	8	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
(C) CF from Financing	(425)	4	8	16
Net Change in Cash	(3,001)	163	319	1,568
Opening Cash balances	3,674	723	885	1,205
Closing Cash balances	723	885	1,205	2,773

E – Estimates

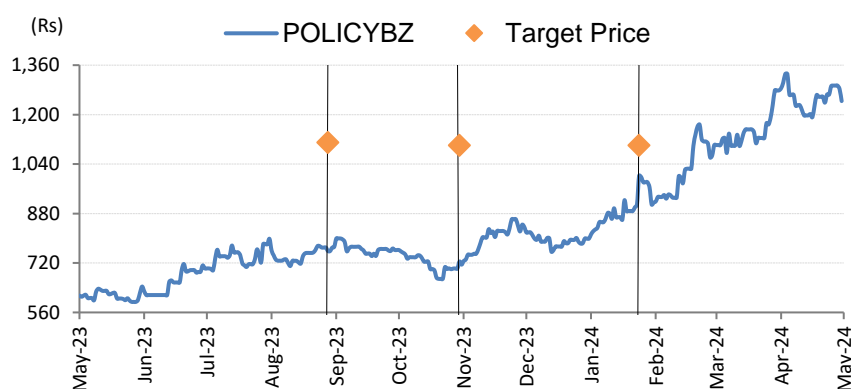
Notes

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
Nov-23	BUY	1,100	725
Jan-24	BUY	1,100	1,002

**Price as on recommendation date*

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SEBI Registration No: BSE - INZ000274132, NSE - INZ000274132, Research: INH000014012

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