

PB FINTECH

RESULT UPDATE

KEY DATA

Rating	REDUCE
Sector relative	Neutral
Price (INR)	1,723
12 month price target (INR)	1,700
52 Week High/Low	2,255/1,311
Market cap (INR bn/USD bn)	792/9.0
Free float (%)	72.0
Avg. daily value traded (INR mn)	2,300.2

SHAREHOLDING PATTERN

(%)	Sep-25	Jun-25	Mar-25
Promoter	-	-	-
FII	43.6	46.8	45.9
DII	26.6	23.3	23.0
Pledge	-	-	-

FINANCIALS

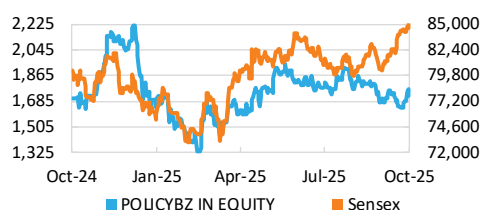
(INR mn)

Year to March	FY25A	FY26E	FY27E	FY28E
Revenue	49,772	63,713	80,348	99,315
EBITDA	937	5,208	10,726	16,822
Adjusted profit	3,121	5,757	9,890	14,629
Diluted EPS (INR)	6.7	12.3	21.2	31.3
EPS growth (%)	357.6	84.5	71.8	47.9
RoAE (%)	5.1	8.4	12.4	15.3
P/E (x)	258.3	139.9	81.5	55.1
EV/EBITDA (x)	808.0	144.4	69.1	43.2
Dividend yield (%)	0	0	0	0

CHANGE IN ESTIMATES

INR mn	Revised estimates		% Revision	
Year to March	FY26E	FY27E	FY26E	FY27E
Revenue	63,713	80,348	-	-
Adj. EBITDA	7,008	12,126	0.4	5.8
EBITDA	5,208	10,726	(14.3)	(3.9)
Adj. Profit	5,757	9,890	(14.1)	(5.8)

PRICE PERFORMANCE



Steady growth with margins inching up

Core online protection NBP surged 44% YoY (health: 60% YoY) in Q2 driving core online NBP up 18% YoY, as pressure on savings business persisted. Moreover, strong online renewal growth of 51.5% YoY drove core insurance revenue up 35% YoY. For Q2, existing business adjusted EBITDA margin rose 567bp YoY to 19.1% driving total adjusted EBITDA to INR1.56bn. APAT grew to INR1.3bn (+1.6x YoY).

PB Fintech continues to deliver strong growth in core online protection premiums and has guided for breakeven in new initiatives in FY27E. We are raising FY26E/27E/28E adjusted EBITDA by 0.4%/5.8%/7.5% and roll forward to Sep-27, yielding a TP of INR1,700 (earlier INR1,580); retain 'REDUCE' due to high valuations.

Robust premium growth continues; margins improve

For Q2, core platform insurance revenue soared 35% YoY to INR8.52bn led by a 34% YoY surge in premium and slight improvement in take rate by 12bp YoY/6bp QoQ. Total premium growth continued to be strong as new online business premiums surged 26.8% YoY and within which online term and health new premium growth is 44% YoY (new health: 60% YoY). Management said narrow network health policies were now at 15–20% of health premiums and they expected strong growth in this segment. Core online insurance renewal premium (which operates at 80%-plus margins) shot up 51.5% YoY. Online core credit revenue fell 22.1% YoY to INR1.06bn as disbursements stayed muted, down 34.6% YoY/improved 8.8% QoQ signalling a bottom. Q2 contribution margin for existing business was 44.7% (+335bp YoY) aided by higher share of renewals (high-margin segment); management refrained from guiding on margin trajectory and continued to say they shall chase growth over margins and continues to guide for high growth. Q2 existing business reported adjusted EBITDA margin improved 567bp YoY to 19.1%. It is discussing distribution commissions with insurance partners, but refrained from disclosing any outcome.

New initiatives to breakeven by FY27

New initiatives logged strong premium growth of 53.8% YoY driving revenue growth of 36.6% YoY. This was driven by a 58% YoY rise in POSP premiums. Corporate/UAE premiums grew 15.7%/64% YoY. PB connect delivered revenue of INR660mn on the back of disbursements of INR62.9bn. New initiatives contribution margin improved 500bp YoY to 5.5% resulting in contribution of INR360mn. The segment delivered adjusted EBITDA margin of -4.1%, up 763bp YoY. Management said the UAE business had achieved EBITDA breakeven over the last three quarters while they guided for breakeven in the next year in POSP/corporate.

Financials

Year to March (INR mn)	Q2FY26	Q2FY25	% Change	Q1FY26	% Change
Net Revenue	16,136	11,672	38.2	13,480	19.7
EBITDA	978	(78)	NM	344	184.4
Adjusted Profit	1,349	510	164.6	847	59.4
Diluted EPS (INR)	2.9	1.1	166.7	1.8	58.2

Financial Statements

Income Statement (INR mn)

Year to March	FY25A	FY26E	FY27E	FY28E
Total operating income	49,772	63,713	80,348	99,315
Employee costs	19,587	23,385	27,750	33,200
SG&A expenses	10,901	13,302	16,485	20,012
Other expenses	16,957	20,218	23,548	27,166
EBITDA	937	5,208	10,726	16,822
Depreciation	1,213	1,793	2,202	2,660
Less: Interest expense	338	372	409	450
Add: Other income	4,077	4,654	5,108	5,845
Profit before tax	3,463	7,697	13,223	19,557
Prov for tax	345	1,940	3,332	4,928
Less: Other adj	411	1,170	2,010	2,973
Reported profit	3,532	6,927	11,900	17,601
Less: Excp.item (net)	(411)	(1,170)	(2,010)	(2,973)
Adjusted profit	3,121	5,757	9,890	14,629
Diluted shares o/s	468	468	468	468
Adjusted diluted EPS	6.7	12.3	21.2	31.3
DPS (INR)	0	0	0	0
Tax rate (%)	10.0	25.2	25.2	25.2

Important Ratios (%)

Year to March	FY25A	FY26E	FY27E	FY28E
Revenue growth (%)	44.8	28.0	26.1	23.6
Gross Margin (%)	27.4	31.0	33.8	35.8
Other cost (% of Rev)	34.1	31.7	29.3	27.4
EBITDA margin (%)	1.9	8.2	13.3	16.9
Net profit margin (%)	6.3	9.0	12.3	14.7
Revenue growth (% YoY)	44.8	28.0	26.1	23.6
EBITDA growth (% YoY)	0	456.0	105.9	56.8
Adj. profit growth (%)	369.4	84.6	71.8	47.9

Assumptions (%)

Year to March	FY25A	FY26E	FY27E	FY28E
GDP (YoY %)	6.0	6.2	7.0	7.0
Repo rate (%)	6.0	5.0	5.0	5.0
USD/INR (average)	84.0	82.0	81.0	81.0
Capex	0	0	0	0
Tax rate (%)	10.0	25.2	25.2	25.2
Payable days	42.0	40.0	40.0	40.0
Recievable days	81.8	55.0	55.0	55.0
Dividend per share	0	0	0	0
Employee exp (% of rev)	39.4	36.7	34.5	33.4

Valuation Metrics

Year to March	FY25A	FY26E	FY27E	FY28E
Diluted P/E (x)	258.3	139.9	81.5	55.1
Price/BV (x)	12.5	11.0	9.3	7.7
EV/EBITDA (x)	808.0	144.4	69.1	43.2
Dividend yield (%)	0	0	0	0

Source: Company and Nuvama estimates

Balance Sheet (INR mn)

Year to March	FY25A	FY26E	FY27E	FY28E
Share capital	919	919	919	919
Reserves	63,404	72,123	85,424	104,325
Shareholders funds	64,378	73,099	86,401	105,304
Minority interest	0	0	0	0
Borrowings	0	0	0	0
Trade payables	3,669	4,196	5,049	6,063
Other liabs & prov	3,843	4,225	4,871	5,652
Total liabilities	75,294	85,498	100,733	121,928
Net block	4,165	5,557	6,569	7,882
Intangible assets	11,598	114	114	114
Capital WIP	0	0	0	0
Total fixed assets	15,763	5,671	6,683	7,996
Non current inv	15,333	8,480	8,480	8,480
Cash/cash equivalent	7,931	59,714	70,901	86,503
Sundry debtors	11,150	9,601	12,107	14,965
Loans & advances	13,500	280	283	286
Other assets	7,105	871	915	960
Total assets	75,294	85,498	100,733	121,928

Free Cash Flow (INR mn)

Year to March	FY25A	FY26E	FY27E	FY28E
Reported profit	3,532	6,927	11,900	17,601
Add: Depreciation	1,213	1,793	2,202	2,660
Interest (net of tax)	338	372	409	450
Others	20,268	38,471	(6,201)	(8,014)
Less: Changes in WC	(10,601)	(21,912)	1,054	1,111
Operating cash flow	14,750	25,652	9,364	13,808
Less: Capex	(2,168)	(3,186)	(3,214)	(3,973)
Free cash flow	12,581	22,466	6,151	9,836

Key Ratios

Year to March	FY25A	FY26E	FY27E	FY28E
RoE (%)	5.1	8.4	12.4	15.3
RoCE (%)	(0.3)	3.5	7.6	10.6
Inventory days	nm	nm	nm	nm
Receivable days	82	55	55	55
Payable days	nm	nm	nm	nm
Working cap (% sales)	48.7	3.7	4.2	4.5
Gross debt/equity (x)	0	0	0	0
Net debt/equity (x)	(0.1)	(0.8)	(0.8)	(0.8)
Interest coverage (x)	(0.8)	9.2	20.8	31.5

Valuation Drivers

Year to March	FY25A	FY26E	FY27E	FY28E
EPS growth (%)	357.6	84.5	71.8	47.9
RoE (%)	5.1	8.4	12.4	15.3
EBITDA growth (%)	0	456.0	105.9	56.8
Payout ratio (%)	0	0	0	0

Exhibit 1: Strong revenue growth drives adjusted EBITDA growth of 1.8x YoY

Income Statement (INR mn)	Q2FY26	Q2FY25	YoY (% / bp)	Q1FY26	QoQ (% / bp)	H1FY26	H1FY25	YoY (% / bp)	FY26E	FY27E	FY28E
Revenues	16,136	11,672	38.2	13,480	19.7	29,615	21,777	36.0	63,713	80,348	99,315
Employee expenses	6,000	5,076	18.2	5,599	7.2	11,599	9,630	20.4	23,385	27,750	33,200
Advertising expenses	2,801	2,780	0.8	2,532	10.6	5,333	5,233	1.9	13,302	16,485	20,012
Network and internet expense	431	342	26.0	426	1.3	857	658	30.3	1,599	1,839	2,115
Other expenses	5,925	3,552	66.8	4,580	29.4	10,505	6,727	56.2	20,218	23,548	27,166
Total Expenses	15,157	11,750	29.0	13,136	15.4	28,293	22,248	27.2	58,504	69,622	82,493
EBITDA	978	(78)	NM	344	184.4	1,322	(470)	NM	5,208	10,726	16,822
D&A	339	294	15.2	335	1.1	673	544	23.8	1,793	2,202	2,660
EBIT	639	(372)	NM	9	6,927.5	649	(1,015)	NM	3,415	8,524	14,162
Finance Costs	92	90	2.8	88	5.2	180	154	17.3	372	409	450
Other Income	845	1,060	(20.3)	988	(14.4)	1,833	2,063	(11.1)	4,654	5,108	5,845
PBT	1,392	598	132.7	909	53.2	2,301	895	157.2	7,697	13,223	19,557
Tax Expense	72	93	(22.7)	77	(6.8)	149	201	(26.0)	1,940	3,332	4,928
PAT	1,321	506	161.2	832	58.7	2,153	694	210.3	5,757	9,890	14,629
Profit/(Loss) from Associates	28	4	587.8	15	94.5	43	5	690.7	-	-	-
RPAT	1,349	510	164.6	847	59.4	2,195	1,110	97.9	6,927	11,900	17,601
Basic EPS	2.9	1.1	164.9	1.9	58.9	4.8	2.5	95.5	12.5	21.5	31.9
Diluted EPS	2.9	1.1	166.7	1.8	58.2	4.7	2.4	96.7	12.3	21.2	31.3
Adjusted EBITDA	1,558	562	177.2	894	74.3	2,452	1,055	132	7,008	12,126	18,122

Source: Company, Nuvama Research

Exhibit 2: Adjusted EBITDA margin improves 484bp YoY to 9.7% in Q2FY26

Margin Analysis	Q2FY26	Q2FY25	YoY (% / bp)	Q1FY26	QoQ (% / bp)
EBITDA Margin (%)	6.1	(0.7)	673bp	2.6	351bp
Adjusted EBITDA Margin (%)	9.7	4.8	484bp	6.6	302bp
EBIT Margin (%)	4.0	(3.2)	715bp	0.1	390bp
APAT Margin (%)	8.4	4.4	399bp	6.3	208bp

Source: Company, Nuvama Research

Exhibit 3: Existing business revenue growth strong at 24.9% YoY; adjusted EBITDA margins improve 567bp YoY

	Q2FY26	Q2FY25	YoY (% / bp)	Q1FY26	QoQ (% / bp)
Revenue Reclassified (INR mn)					
Existing Business	9,580	7,670	24.9	8,340	14.9
New initiatives	6,550	4,000	63.8	5,140	27.4
Total	16,130	11,670	38.2	13,480	19.7
Contribution (INR mn)					
Existing Business	4,280	3,170	35.0	3,440	24.4
New initiatives	360	20	1,700.0	270	33.3
Total	4,640	3,190	45.5	3,710	25.1
Contribution Margin (%)					
Existing Business	44.7	41.3	335bp	41.2	343bp
New initiatives	5.5	0.5	500bp	5.3	24bp
Total	28.8	27.3	143bp	27.5	124bp
Adjusted EBITDA (INR mn)					
Existing Business	1,830.0	1,030.0	77.7	1,200	52.5
New initiatives	(270.0)	(470.0)	(42.6)	(310)	(12.9)
Total	1,560.0	560.0	178.6	890	75.3
Adjusted EBITDA Margin (%)					
Existing Business	19.1	13.4	567bp	14.4	471bp
New initiatives	(4.1)	(11.8)	763bp	(6.0)	191bp
Total	9.7	4.8	487bp	6.6	307bp

Source: Company, Nuvama Research

Note: Numbers in above exhibit are taken from Q2FY26 investor presentation and may differ slightly from number reported in earnings release.

Exhibit 4: Core insurance take rate improves 12bp YoY to 16.2%

Calculated take rate	Q2FY26	Q2FY25	YoY (% / bp)	Q1FY26	QoQ (% / bp)
Total revenues (A+B)	15,515	11,600	33.7	13,050	18.9
Insurance revenues (A = A1+A2)	13,795	10,170	35.6	11,600	18.9
Total insurance premium	76,050	54,500	39.5	66,160	14.9
Take rate (%)	18.1	18.7	(52)bp	17.5	61bp
Core insurance revenues (A1)	8,520	6,310	35.0	7,320	16.4
Core insurance premium	52,555	39,220	34.0	45,320	16.0
Take rate (%)	16.2	16.1	12bp	16.2	6bp
Estimated new initiatives revenues (A2)	5,275	3,860	36.6	4,280	23.2
New initiatives premium	23,495	15,280	53.8	20,840	12.7
Take rate (%)	22.5	25.3	(281)bp	20.5	191bp
Renewal revenue (included in above)	(1,683)	1,290	(230.4)	1,683	(200.0)
Renewal premium	34,265	21,540	59.1	30,179	13.5
Take rate (%)	(4.9)	6.0	(1,090)bp	5.6	(1,049)bp
Credit revenues (including PB connect) (B)	1,720	1,430	20.3	1,450	18.6
Credit disbursement (including PB connect)	85,700	42,370	102.3	70,030	22.4
Yields (%)	2.0	3.4	(137)bp	2.1	(6)bp
Credit revenues	1,060	1,360	(22.1)	1,020	3.9
Credit disbursement	22,800	34,871	(34.6)	20,950	8.8
Yields (%)	4.6	3.9	75bp	4.9	(22)bp
PB connect revenues	660	70	842.9	430	53.5
PB connect disbursement	10	8	20.5	10	5.3
Yields (%)	1.0	0.9	12bp	0.9	17bp

Source: Company, Nuvama Research

Exhibit 5: Operational metrics

Operational metrics	Q2FY26	Q2FY25	YoY (% / bp)	Q1FY26	QoQ (% / bp)
Policybazaar.com	76,050	54,500	39.5	66,160	14.9
Total premium	120.2	86.9	38.3	111.6	7.7
Registered customers (mn)	23.0	18.3	25.7	21.8	5.5
Transacting customers (mn)	59.0	46.8	26.1	55.6	6.1
Policies sold (mn)	19.1	21.1	(192)bp	19.5	(40)bp
Transacting/Registered customers (%)	2.6	2.6	0.3	2.6	0.6
Policy per transacting customer (x)	93.0	93.0	-	93.0	-
Online aggregators market share (%)					
Paisabazaar.com	22,800	34,871	(34.6)	20,950	8.8
Paisabazaar disbursements (INR mn)	54.8	47.7	14.9	52.7	4.0
Registered customers (mn)	6.8	5.8	17.2	6.5	4.6
Transacting customers (mn)	10.0	8.3	20.5	9.5	5.3
Cumulative number of transactions made since inception (mn)	12.4	12.2	2.1	12.3	0.6
Transacting/Registered customers (%)	1.5	1.4	2.8	1.5	0.6
No. of transactions per transacting customer (x)	76,050	54,500	39.5	66,160	14.9

Source: Company, Nuvama Research

Modelled assumptions

We are modelling in a considerable improvement in market share and profitability. For term and health businesses, we are modelling in a market share improvement by 2,269bp/2,281bp over FY24–35E to 51.6%/40.6%. These segments along with other businesses are likely to drive an FY24–35E revenue CAGR of 29.2%. We are also building in a significant improvement in FY24–35E overall contribution margin by 1,749bp to 47.4%. This is likely to drive adjusted EBITDA from INR1.4bn in FY24 to INR35.7bn by FY30E and then to INR124bn in FY35E. Cost of equity is calculated at 13.5% with a terminal growth rate of 5.5%, resulting in DCF-based TP of INR1,700; maintain **'REDUCE'**. An upside surprise hereon may come from the reinsurance business or from any additional businesses that the company may undertake.

Exhibit 6: Revenue build-up assumptions

Revenue drivers	FY23	FY24	FY25	FY26E	FY27E	FY30E	FY35E	FY24to FY30E (bp)	FY30Eto FY35E (bp)
Platform business market share (%)									
Term (ex. LIC)	26.7	28.9	34.9	39.3	42.6	48.4	51.6	1,958	311
Savings (ex. LIC)	2.0	1.8	1.7	1.8	1.9	2.2	2.9	38	66
Savings (total)	1.1	1.1	1.0	1.1	1.2	1.5	2.2	41	65
Health new	13.1	17.8	20.1	23.6	27.7	33.9	40.6	1,604	677
Motor	2.2	2.2	2.4	2.4	2.4	2.3	2.2	16	(10)
Motor (ex. CVs)	5.0	4.8	5.4	5.4	5.3	5.2	5.0	36	(22)
Platform business premium (INR bn)									
								FY24-30E CAGR	FY30E-35E CAGR
Total premium	84	113	161	203	252	480	1,307	27.2	22.2
Platform business take rate (%)	15.5	15.9	16.0	17.3	18.3	18.9	18.7		
Platform business revenue (A)	13	18	26	35	46	91	244	31.0	21.9
Revenue growth (YoY %)	31.7	38.9	43.1	35.8	31.9	24.0	21.2		
Credit business revenue (INR bn)									
Credit business disbursements	119	148	119	166	216	422	1,287	19.1	25.0
Credit business take rate (%)	3.5	3.9	4.2	3.7	3.6	3.5	3.5		
Credit business revenue (B)	4	6	5	6	8	15	45	17.1	25.0
Revenue growth (YoY %)	91.9	39.1	(12.7)	22.9	26.5	25.0	25.0		
New initiatives revenue (INR bn)									
PB Connect disbursements (INR bn)	0	0	86	258	361	856	3,179		
New initiatives premium (INR bn)	32	45	77	92	108	153	246	22.5	9.9
PB Connect take rate (%)	0.0	0.0	0.9	0.9	0.9	0.9	0.9		
New initiatives take rate (%)	26.6	23.4	23.5	22.0	21.4	20.3	19.3		
New initiatives revenue (C)	8	11	19	23	26	39	76	24.1	14.4
Total revenue (A+B+C) (INR bn)	26	34	50	64	80	145	366	27.0	20.4
Revenue growth (YoY %)	79.5	34.4	44.8	28.0	26.1	20.8	20.5		

Source: Company, Nuvama Research

Exhibit 7: Long term margin assumptions

Earnings and margins	FY23	FY24	FY25	FY26E	FY27E	FY30E	FY35E	FY24-30E CAGR	FY30-35E CAGR
Contribution (INR bn)	5.1	10.3	13.7	19.7	27.1	59.0	173.2	33.8	24.0
Existing business	6.8	10.6	13.2	18.2	24.5	53.4	160.6	30.9	24.6
New initiatives	(1.7)	(0.3)	0.4	1.5	2.6	5.6	12.6	NM	17.4
Adj. EBITDA (INR bn)	(2.8)	1.4	3.1	7.0	12.1	35.7	124.0	70.7	28.3
Existing business	(0.2)	3.3	5.0	8.1	12.4	34.0	117.9	47.8	28.2
New initiatives	(2.6)	(1.8)	(1.9)	(1.1)	(0.3)	1.6	6.0	NM	29.7
EBITDA (INR bn)	(8.2)	(1.9)	0.9	5.2	10.7	34.6	122.2	NM	28.7
Margins (%)									
Contribution margin (%)	20.0	29.9	27.4	31.0	33.8	40.8	47.4		
Existing business	39.9	44.7	43.0	44.2	45.4	50.5	55.5		
New initiatives	(20.1)	(3.2)	2.2	6.8	10.0	14.5	16.5		
Adj. EBITDA margin (%)	(11.0)	4.2	6.2	11.0	15.1	24.7	33.9		
Existing business	(1.0)	13.8	16.2	19.7	23.0	32.2	40.7		
New initiatives	(31.2)	(17.2)	(10.2)	(4.9)	(1.1)	4.2	7.9		
EBITDA margin (%)	(32.2)	(5.4)	1.9	8.2	13.3	23.9	33.4		

Source: Company, Nuvama Research

Exhibit 8: Market sizing

Segments market size	FY22		FY27E		FY22-27E CAGR	
	(INR bn)	(USD bn)	(INR bn)	(USD bn)	(INR, %)	(USD, %)
Term life (A)	43	0.6	110	1.2	20.7	17.1
Life savings (ex. LIC) (B)	662	8.7	1,245	14.1	13.5	10.1
Life savings (total)	1,210	16.0	1,952	22.2	10.0	6.8
Motor	704	9.3	1,310	14.9	13.2	9.9
Motor ex. CV (C)	317	4.2	590	6.7	13.2	9.9
Health (D)	311	4.1	644	7.3	15.6	12.2
Total PB Fintech addressable premium (A+B+C+D)	1,334	17.6	2,589	29.4	14.2	10.8

Source: Company, Nuvama Research

Exhibit 9: Change in estimates

	Earlier			Revised			Change (%)		
(INR mn)	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
Revenue	63,713	80,348	99,315	63,713	80,348	99,315	-	-	-
Contribution	19,500	26,337	34,141	19,726	27,129	35,516	1.2	3.0	4.0
Contribution margin (%)	30.6	32.8	34.4	31.0	33.8	35.8	35bp	99bp	138bp
Adj. EBITDA	6,980	11,466	16,855	7,008	12,126	18,122	0.4	5.8	7.5
Adj. EBITDA margin (%)	11.0	14.3	17.0	11.0	15.1	18.2	4bp	82bp	128bp
EBITDA	6,080	11,166	16,355	5,208	10,726	16,822	(14.3)	(3.9)	2.9
Adj. Profit	6,699	10,503	14,499	5,757	9,890	14,629	(14.1)	(5.8)	0.9
Diluted EPS	14.0	22.0	30.4	12.3	21.2	31.3	(12.3)	(3.9)	3.0
Target Price (INR)	1,580			1,700			+7.6%		
Rating	REDUCE			REDUCE					

Source: Company, Nuvama Research

Q2FY26 conference call highlights

Impact of GST exemption

Management indicated that demand remains strong following the GST exemption. The company is in discussions with insurance partners regarding distribution commissions, but refrained from commenting on the potential outcome of these talks.

Policybazaar

Core Insurance Platform

The company is focused on growth rather than profitability targets at this stage and aims to cross INR1 trillion in premium by FY30. This target may be delayed by a quarter or two due to GST changes.

Life Insurance business: It entered the pension segment in the past 12 months though growth in this segment remains modest. The focus areas are child education and pension plans. Management views equity as a more efficient solution than ULIPs and currently operates its pension business through over ten partners. Furthermore, in the term insurance segment, management aims to increase the average sum assured while in the savings business, growth is likely to recover.

Health Insurance: For PB Fintech, fresh health policies contribute more than renewals. Management shared that the fresh health business operates at a -20% EBITDA margin (one-year basis) while renewals run at a 75–80% margin. Management said that health renewal pricing will become more attractive for customers and emphasised efforts to improve renewal rates going forward.

Motor Insurance: Motor growth in policy bazar (including PB partner) is 40% YoY in Q2FY26.

Contribution margin: On the improvement in contribution margin in existing business, management clarified that there has been no change in pricing rates, and the improvement is likely attributable to a small change in recognition of revenue.

Adjusted EBITDA: Management indicated that the growth rate of fixed costs is likely to remain broadly similar, though it may moderate slightly.

Paisabazaar

Management noted a slight improvement in the adjusted EBITDA margin, from -20% reported in previous quarter.

PB Money: Management mentioned that the PB money business has not yet scaled up, and there is no significant profit or loss attributed to it at this stage.

PB connect: The revenue from PB Connect during Q2FY26 was INR660mn.

New Initiatives

Contribution margin

The company expects to reach breakeven by FY27 though profitability is not the immediate focus. Contribution margin in POSP business is 1% and UAE business share in contribution margin is 85–90%.

PB partners: Management is focusing on expanding the POSP business through smaller partners, where margins are more favourable. The company is deepening its presence in smaller towns, leading to more granular business growth. Management expects the POSP segment to break even next year. Within POSP, the motor segment remains the largest contributor and continues to drive overall growth, supported by rising market share.

Premium contribution: Premium from POSP: INR17bn, Corporate – INR2.3bn and UAE – INR4.15bn.

Renewals premium: POSP INR1.8bn, UAE INR1.1bn Corporate INR3bn.

Others

ESOP cost: Management said that on an annual basis, there shall not be much change in ESOP cost going forward.

Expense: A 66.8% YoY rise in other expense is mainly driven by higher POSP commission due to growth in the POSP business.

PAT/premium: The PAT-to-Premium ratio, currently at 1.7%, is likely to increase to 3–4% over the next three–four years.

PB health: For PB Health, they are developing an integrated care pathway system with primary/secondary/tertiary care facilities. Four facilities have been partially acquired, but are still being developed.

The company launched narrow network health insurance policies with many partners, where customers can get upfront discounts by accepting a limited hospital network. Currently represents 15–20% of the health business.

Management indicated that premium is calculated assuming no GST exemption on insurance for Sep 22–30, 2025; for like-to-like comparison, excluding GST in both years: {Total, Core, New}: Q2FY25 {INR51.56bn, INR36.43bn, INR15.13bn}, Q2FY26 {INR71.57bn, INR48.42bn, INR23.16bn}, YoY {39%, 33%, 53%}

Indirect cost – Indirect costs comprise three components: i) office overheads; ii) brand expenses; and iii) IT, marketing, and management team costs. Management indicated these costs are likely to grow at roughly half the rate of top-line growth.

Company Description

PB has built largest online platform for insurance and lending products, leveraging the power of technology, data and innovation. The company also facilitates its insurer partners and lending partners in the financial services industry to innovate and design customised products for consumers leveraging its extensive data insights and data analytics capabilities.

PB launched PolicyBazaar, its flagship product in 2008 to create a consumer-pull based, provider-neutral model for insurance distribution. It is registered with, and regulated by IRDAI, as a life and general insurance broker. PolicyBazaar is largest digital insurance market place in India with 90%+ market share, based on the number of online policies sold in FY22 and a total premium collection of INR 235bn in FY25.

PB also launched PaisaBazaar in 2014, with strong emphasis on convenience and transparency in selecting a variety of personal loans and credit cards. PaisaBazaar is India's largest digital consumer credit marketplace with over 50% share, based on disbursements in FY22. Paisabazaar is also widely used to access credit scores, with ~50.8mn consumers cumulatively having accessed their credit score through its platform as of FY25.

The company has invested in new initiatives like PB Partners (Tech platform for independent agents), PB Corporate (Tech platform for Corporate/SME insurance experience), and PB UAE. These investments have helped the company scale up significantly and command leadership across complementary areas to its core offering.

Investment Theme

PB has a market share of 90% plus in online insurance policies sales. Digital insurance sales is only ~1% of total premiums. The company has invested in the appointments channel to drive sales of savings and health insurance sales as growth in these segments requires higher customer engagement. PB has set up a strong network of client servicing agents across India with on ground support touch points in 200 cities to help customers file for claims. The company believes that investing in claims servicing will enable it to attract more customers both in the online and offline channels.

We believe Margin expansion to be driven by uptick in: i) renewal revenues in general and health insurance; ii) appointments channel; iii) renewal business in Paisabazaar, and iii) overall efficiency.

Key Risks

Growth slowdown in insurance sales or offtake of online insurance, particularly in savings and health products, and protracted weakness in capital markets affecting ULIP persistency may result in lower-than-anticipated revenues.

Intensifying competition from online platforms and IRDAI initiatives such as Bima Sugam may result in: i) a loss in market share; and ii) reduced bargaining power with insurers, which in turn may translate to lower take rates.

Regulatory changes that can have a profound impact and materially impact business.

As insurers focus on growing their direct channels, we believe any disagreements on terms of business or commissions may lead to exits by large insurers.

Insurance sales is people intensive and we believe that the company will need to keep adding employees to generate sales.

Additional Data

Management

Group CEO	Yashish Dahiya
CTO	Saurabh Tiwari
CFO	Mandeep Mehta
Auditor	Walker Chandio & Co LLP

Holdings – Top 10*

	% Holding		% Holding
Makesense Techn	13.04	Vanguard Group	3.20
Capital Group C	5.69	Axis Asset Mana	2.94
Diphda Internet	4.11	Blackrock Inc	2.74
Dahiya Yashish	3.57	Schroders PLC	2.46
NPS Trust A/c U	3.53	SBI pension fun	2.36

*Latest public data

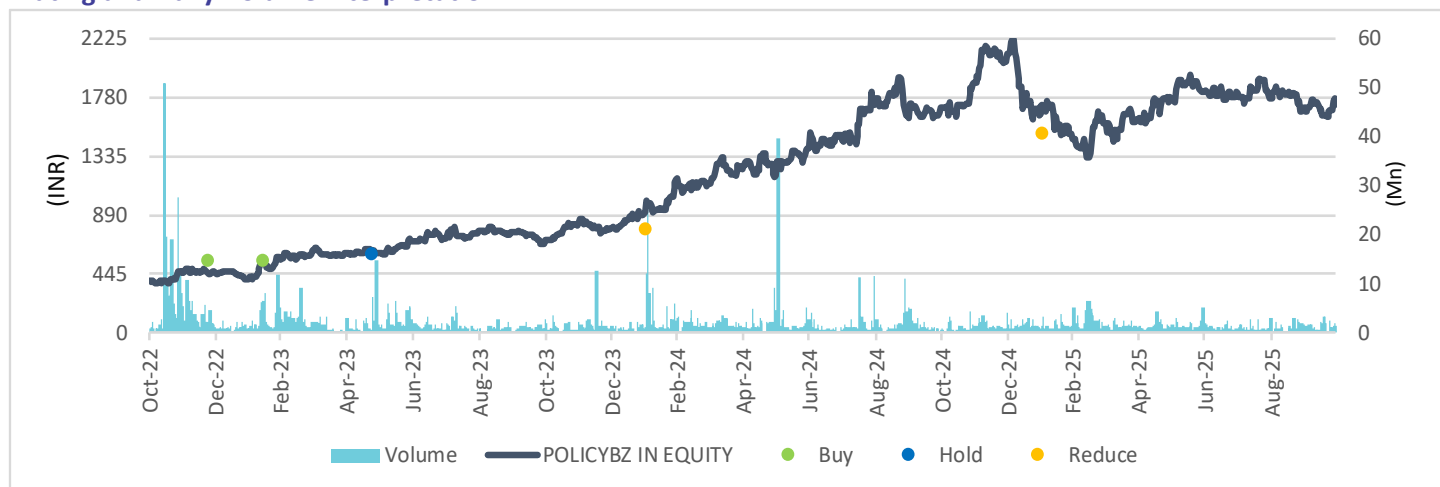
Recent Company Research

Date	Title	Price	Reco
01-Aug-25	Online health and term shine; <i>Result Update</i>	1,812	Reduce
16-May-25	Core protection premium growth steady ; <i>Result Update</i>	1,768	Reduce
30-Jan-25	Core growth intact; <i>Result Update</i>	1,764	Reduce

Recent Sector Research

Date	Name of Co./Sector	Title
17-Oct-25	IndiaMART	KPIs continue to improve; <i>Result Update</i>
16-Oct-25	ETERNAL	Hyper growth stage not over yet; <i>Result Update</i>
13-Oct-25	Just Dial	Collections slide further; <i>Result Update</i>

Rating and Daily Volume Interpretation



Source: Bloomberg, Nuvama research

Rating Rationale & Distribution: Nuvama Research

Rating	Expected absolute returns over 12 months	Rating Distribution
Buy	15%	205
Hold	<15% and >-5%	68
Reduce	<-5%	37

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