

## PB Fintech (POLICYBZ) - ADD

### Q4FY26 Result Update

Current Market Price (CMP) <b>Rs. 1,702</b>	Fair Value (FV) <b>Rs.1800</b>
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### Rationale:

- PB Fintech had a strong quarter, with 48% insurance revenue growth, sequentially nearly stable take rates and 100 bps+ qoq/yoy expansion in contribution margins.
- While we enter FY2027E with strong business trends, impending regulations on distribution continue to overhang.
- PaisaBazaar, meanwhile, seems to be gaining traction in volume and profitability to eventually evolve into a savings platform.
- We retain ADD with Discounted Cash Flow -based FV of Rs1,800; clarity on the new commission structure will make us more assertive on the company.

### 👍 Positives:

- PB Fintech reported Profit After Tax ("PAT") of Rs 260 crore, up 53% yoy and 12% above our estimates.
- Contribution margin up 110/130 bps yoy/qoq to ~30%, with Earnings Before Interest Tax Depreciation Amortization accelerating to 13.6% (365 bps yoy, 230 bps qoq).
- Insurance commission rate was up 24 bps qoq to 21%, likely driven by faster growth in the health and term business.
- PaisaBazaar's contribution margin is close to that of PolicyBazaar and PaisaBazaar has broken even at the EBITDA level in Q4FY26.
- PaisaBazaar has acquired 5.8 crore customers and now plans to increase engagement with these customers by adding bonds and mutual funds

### 👎 Negatives:

- Amid the rally, questions around trends in commission rates, with impending commission guidelines, take away mind share.



The content of this document has been derived from KIE research report. Kotak's PCG Research has summarized the report (Research Team: shrikant.chouhan@kotak.com). Readers who wish to access the complete report are kindly requested to contact their respective Relationship Manager. Further, the recipient of this material should take their own professional advice before investing.

Holding Period: 12 months

## RATING SCALE (PRIVATE CLIENT GROUP)

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- BUY** – We expect the stock to deliver more than 15% returns over the next 12 months
- ADD** – We expect the stock to deliver 5% - 15% returns over the next 12 months
- REDUCE** – We expect the stock to deliver -5% - +5% returns over the next 12 months
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- NR** – **Not Rated.** Kotak Securities is not assigning any rating or price target to the stock. The report has been prepared for information purposes only.
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- NA** – **Not Available or Not Applicable.** The information is not available for display or is not applicable
- NM** – **Not Meaningful.** The information is not meaningful and is therefore excluded.
- NOTE** – Our target prices are with a 12-month perspective. Returns stated in the rating scale are our internal benchmark.

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