

## Chosen, and Hard to Displace

PB Fintech (POLICYBZ IN), via its flagship platform *Policybazaar*, has transformed India's insurance distribution by shifting a fragmented, agency-led market toward a scalable, technology-enabled ecosystem. By addressing core industry frictions – high customer acquisition cost, low-quality leads, weak conversion rates, and inconsistent servicing – the company has progressed from a comparison portal to a strategic distribution and data partner for insurers. Its expanding capabilities across customer acquisition, risk selection, underwriting support, profit-sharing arrangements, and healthcare enablement deepen its right-to-win (RTW) and position it to capture the benefits of rising insurance penetration in India. We initiate on POLICYBZ with a **Buy** rating and a DCF-derived TP of INR 1,990. This implies ~23% upside, and it is underpinned by an implicit valuation of 61x FY28E P/E.

**Policybazaar continues to strengthen RTW: Policybazaar is solidifying its RTW by becoming a strategic partner for insurers that source higher-quality customers at lower acquisition cost while improving conversion and portfolio profitability.** Its technology stack, proprietary consumer data, and intelligent "best-match" algorithm are increasingly embedded in insurer workflows. Expanding capabilities in behavioral risk profiling, underwriting support, and, importantly, profit-sharing arrangements that align *Policybazaar's* economics with business quality deepen insurer dependence and create a hard-to-replicate moat.

**Paisabazaar poised to benefit from a strategic turnaround: In a crowded credit marketplace, Paisabazaar is shifting from a pure lead-generator to a value-added model focused on lender economics, borrower quality, and monetization. Enhanced risk analytics, borrower segmentation, and tighter lender integration are improving conversion and engagement. With management targeting a profitability inflection in FY27, we view Paisabazaar as incremental optionality that could become a medium-term growth driver as it scales up.**

**Renewal income to drive a non-linear earnings trajectory: POLICYBZ is moving into a structurally different profitability phase as recurring renewal commissions – a high-margin, annuity-like stream – taking up a larger share of earnings.** As the installed policy base compounds, renewal income should outgrow new business premium, enhancing earnings quality, and lowering dependence on acquisition spend. Together with operating leverage from a more variable cost base and a richer, health-led product mix, this should drive a multifold expansion in operating profit across our forecast horizon.

**Initiate with a Buy rating and TP of INR 1,990:** We initiate on POLICYBZ with a **Buy** rating and a DCF-derived TP of INR 1,990. This implies ~23% upside, and it is underpinned by an implicit valuation of 61.0x FY28E P/E vs the stock's current 49.5x FY28E P/E. **We expect a revenue CAGR of 33% and a PAT CAGR of 51% during FY26-29E with EBITDA margin expansion to 17.9% by FY29E,** driven by improving operating leverage. *Policybazaar's* expanding role across the value chain, together with *Paisabazaar* as an emerging profitability lever, positions it strongly in an underpenetrated insurance market. We believe any material reduction in intermediaries' payout by insurers would be a key risk to our estimates.

### Key financials

YE March (INR mn)	FY25	FY26	FY27E	FY28E	FY29E
Revenue (INR mn)	49,772	67,940	89,425	120,672	159,545
YoY (%)	44.8	36.5	31.6	34.9	32.2
EBITDA (INR mn)	937	5,092	10,045	17,911	28,524
EBITDA margin (%)	1.9	7.5	11.2	14.8	17.9
Adj PAT (INR mn)	3,122	6,701	10,353	15,069	23,058
YoY (%)	384.7	114.7	54.5	45.5	53.0
Fully DEPS (INR)	6.8	14.5	22.4	32.6	49.8
RoE (%)	5.1	9.7	13.2	16.3	20.4
RoCE (%)	(0.4)	5.4	10.9	17.5	23.4
P/E (x)	237.1	111.3	72.0	49.5	32.3
EV/EBITDA (x)	779.1	143.3	72.7	40.7	25.6

Note: Pricing as on 25 June 2026; Source: Company, Elara Securities Estimate

Rating: **Buy**  
 Target Price: **INR 1,990**  
 Upside: **23%**  
 CMP: **INR 1,615**  
 As on 25 June 2026

#### Key data

	POLICYBZ IN
Bloomberg	PBFI.NS
Reuters Code	PBFI.NS
Shares outstanding (mn)	463
Market cap (INR bn/USD mn)	747/7,917
EV (INR bn/USD mn)	730/7,731
ADTV 3M (INR mn/USD mn)	3,242/34
52 week high/low	1,974/1,334
Free float (%)	81

Note: as on 25 June 2026; Source: Bloomberg

#### Price chart



Source: Bloomberg

Shareholding (%)	Q1 FY26	Q2 FY26	Q3 FY26	Q4 FY26
Promoter	0.0	0.0	0.0	0.0
% Pledge	0.0	0.0	0.0	0.0
FII	46.8	43.6	40.8	39.9
DII	23.3	26.6	29.5	36.7
Others	29.9	29.7	29.7	23.3

Source: BSE

Price performance (%)	3M	6M	12M
Nifty	5.4	(7.3)	(6.2)
PB Fintech	10.0	(15.7)	(12.2)
NSE Mid-cap	10.7	(1.1)	(0.1)
NSE Small-cap	20.8	7.1	0.4

Source: Bloomberg

#### Shobhit Sharma

Non-Lending Financials

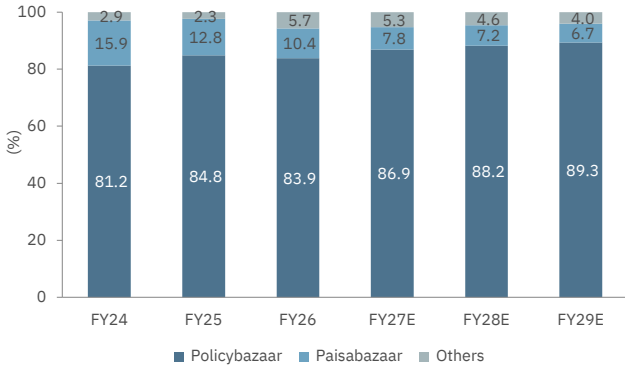
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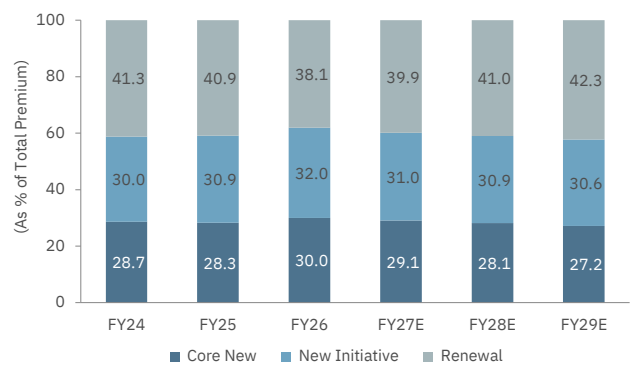
## Story in charts

**Exhibit 1: Policybazaar dominates share in overall revenue**



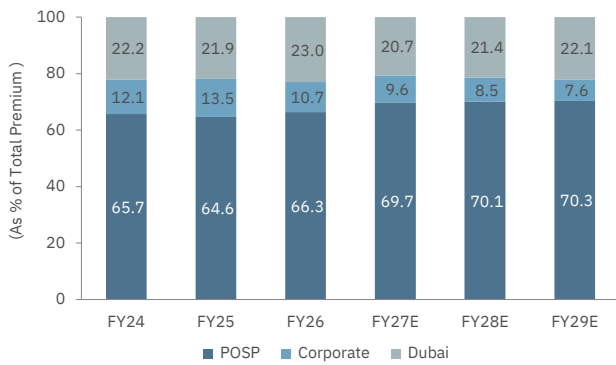
Source: Company, Elara Securities Estimate

**Exhibit 2: Share of renewal premium likely to rise**



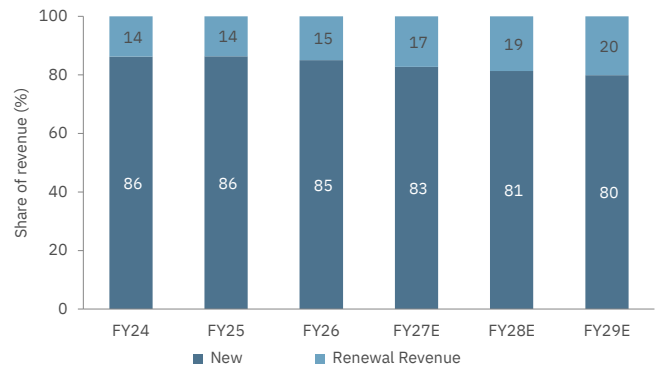
Source: Company, Elara Securities Estimate

**Exhibit 3: POSP channel anchors new initiatives**



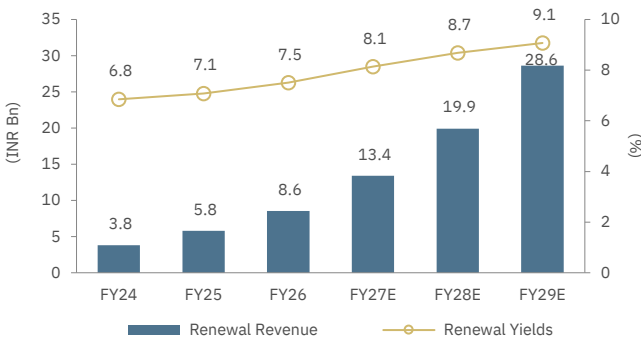
Source: Company, Elara Securities Estimate

**Exhibit 4: Share of high margin renewal revenue on the rise**



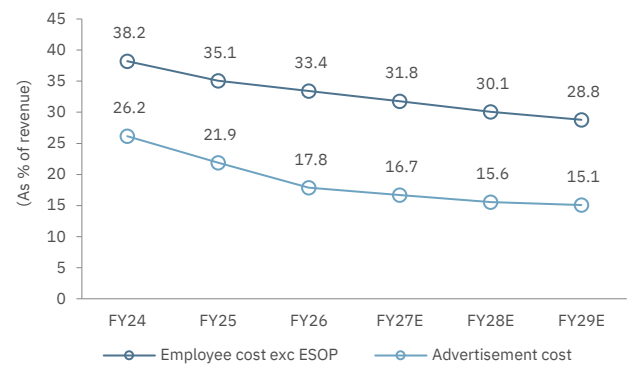
Source: Company, Elara Securities Estimate

**Exhibit 5: Renewal yield to rise driven by health**



Source: Company, Elara Securities Estimate

**Exhibit 6: Largest cost lines on a structural downtrend**



Source: Company, Elara Securities Estimate

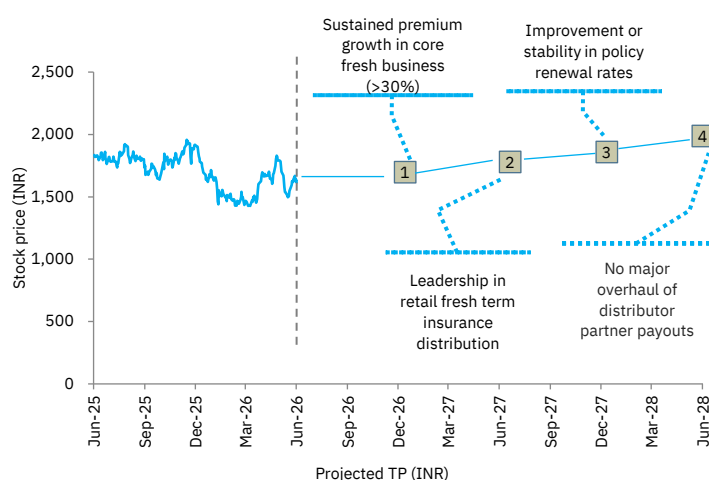
## Investment Rationale

POLICYBZ has a structural right-to-win across health and life insurance distribution. It is a dominant force in the distribution ecosystem, anchored by a value proposition spanning affordability, curated products, new customer acquisition, and scale efficiency that deliver favorable P&L outcomes for insurer partners – making it indispensable.

We expect POLICYBZ commands ~8.6%, ~5.0%, and ~9.0% market share in motor, life (new business), and health, respectively. Management positions it as a Top 5 life distributor; we believe it is the largest term insurance distributor in the country. In health, the company added ~40% of all new lives in FY25 – underscoring the scale and stickiness of its distribution engine

We see a long growth runway underpinned by structural advantages and India's significant insurance under penetration. A gradual shift toward high-margin renewal income, combined with meaningful operating leverage, supports our conviction on earnings quality – we expect operating margin to expand from 7.5% in FY25 to 17.9% in FY29E

## Valuation Triggers



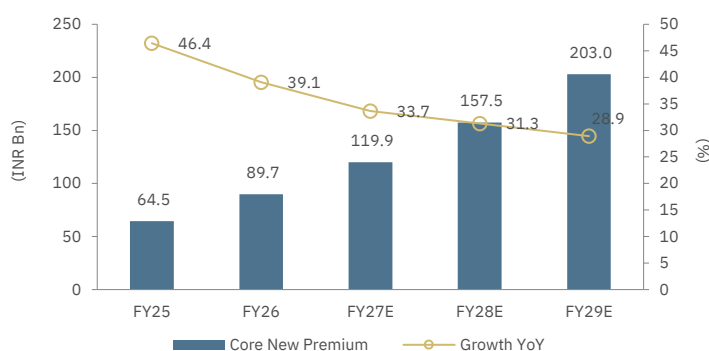
### Valuation triggers

- ▶ Sustained premium growth in core fresh business (>30%)
- ▶ Leadership in retail fresh term insurance distribution
- ▶ Improvement or stability in policy renewal rates
- ▶ No major overhaul of distributor partner payouts

### Our assumptions

- ▶ Revenue CAGR of 33% during FY26-29E
- ▶ Yield on the insurance business to hold (FY26: ~19%)
- ▶ Major cost to decline to ~84% of revenue (FY26: ~95%)
- ▶ PAT CAGR of ~51% during FY26-29E

### Valuation drivers: growth momentum in the core fresh business



Source: Company, Elara Securities Estimate

### Key risks (downside)

- ▶ Inability to grow core fresh premiums by >30%
- ▶ *Bima Sugam* and overhaul of distribution commissions
- ▶ Decline in renewal rates in the health insurance business

### DCF valuation

(INR)	
Cost of equity (%)	12.0
Equity risk premium (%)	5.0
Terminal growth rate (%)	6.0
Fully diluted shares outstanding (mn)	463
Dividend discount model price	1,990
<b>Target price</b>	<b>1,990</b>
<b>CMP</b>	<b>1,615</b>

Note: Pricing as on 25 June 2026; Source: Elara Securities Estimate

### Industry trends and macro factors

- ▶ We expect India's motor insurance industry, private life insurers IRNB and retail health insurance to post a CAGR of ~8%, 14%, and 18% during FY26-30E, respectively
- ▶ As the government envisages for *Insurance for all* by CY47, we expect continued focus on increasing awareness to support growth

### Market position and competitive landscape

- ▶ Among the Top 5 distributors in the new life insurance business
- ▶ Added ~40% of industry new lives in retail health in FY25
- ▶ Risks may arise from material changes to distributor payouts mandated by IRDAI and launch of the *Bima Sugam* platform

## Financials (YE March)

Income Statement (INR mn)	FY25	FY26	FY27E	FY28E	FY29E
Total Revenue	49,772	67,940	89,425	120,672	159,545
Gross Profit	49,772	67,940	89,425	120,672	159,545
EBITDA	937	5,092	10,045	17,911	28,524
EBIT	(275)	3,732	8,565	16,145	26,455
Interest expense	338	371	458	510	590
Other income	4,077	3,724	4,074	4,458	4,879
Exceptional/ Extra-ordinary items	-	-	-	-	-
PBT	3,464	7,086	12,180	20,092	30,744
Tax	345	372	1,827	5,023	7,686
Minority interest/Associates income	3	(12)	-	-	-
Reported PAT	3,122	6,701	10,353	15,069	23,058
Adjusted PAT	3,122	6,701	10,353	15,069	23,058

Revenue CAGR of 33% during FY26-29E

Balance Sheet (INR mn)	FY25	FY26	FY27E	FY28E	FY29E
Shareholders' Equity	64,323	73,118	83,945	100,490	125,171
Minority Interest	55	57	57	57	57
Trade Payables	3,669	4,711	6,191	8,148	10,606
Provisions & Other Current Liabilities	3,846	5,208	5,228	6,321	7,545
Total Borrowings	-	-	-	-	-
Other long term liabilities	(646)	(335)	2,488	3,765	5,115
<b>Total liabilities &amp; equity</b>	<b>71,248</b>	<b>82,760</b>	<b>97,911</b>	<b>118,781</b>	<b>148,495</b>
Net Fixed Assets	4,182	4,412	5,342	6,592	8,512
Goodwill	-	-	-	-	-
Intangible assets	-	-	-	-	-
Business Investments / other NC assets	27,379	32,198	31,988	32,019	32,291
Cash, Bank Balances & treasury investments	12,005	21,021	29,680	40,896	58,553
Inventories	-	-	-	-	-
Sundry Debtors	11,151	19,677	24,599	32,007	40,748
Other Current Assets	16,531	5,453	6,303	7,268	8,392
<b>Total Assets</b>	<b>71,248</b>	<b>82,760</b>	<b>97,911</b>	<b>118,781</b>	<b>148,495</b>

Cash Flow Statement (INR mn)	FY25	FY26	FY27E	FY28E	FY29E
<b>Cashflow from Operations</b>	<b>(1,837)</b>	<b>415</b>	<b>5,211</b>	<b>9,388</b>	<b>15,568</b>
Capital expenditure	(965)	(779)	(1,610)	(1,810)	(2,393)
Acquisitions / divestitures	1,339	78	(443)	(783)	(1,136)
Other Business cashflow	4,203	2,839	3,599	3,959	4,355
<b>Free Cash Flow</b>	<b>2,740</b>	<b>2,552</b>	<b>6,758</b>	<b>10,753</b>	<b>16,394</b>
Cashflow from Financing	1,781	6,464	1,901	463	1,263
Net Change in Cash / treasury investments	4,521	9,016	8,659	11,216	17,657

Key assumptions & Ratios	FY25	FY26	FY27E	FY28E	FY29E
Core Fresh premium growth (%)	46.4	39.1	33.7	31.3	28.9
New Business Commission Rates (%)	28.5	26.1	26.0	26.2	26.4
Renewal Business Commission Rates (%)	7.1	7.5	8.1	8.7	9.1
Renewal rates (%)	57.3	53.9	54.9	55.7	56.4
Dividend per share (INR)	-	-	-	-	-
Book value per share (INR)	140.1	158.0	181.4	217.2	270.5
RoCE (Pre-tax) (%)	(0.4)	5.4	10.9	17.5	23.4
ROIC (Pre-tax) (%)	(0.5)	7.1	16.1	28.3	41.9
ROE (%)	5.1	9.7	13.2	16.3	20.4
Asset Turnover (x)	12.8	15.8	18.3	20.2	21.1
Net Debt to Equity (x)	(0.2)	(0.3)	(0.4)	(0.4)	(0.5)
Net Debt to EBITDA (x)	(12.8)	(4.1)	(3.0)	(2.3)	(2.1)
Interest cover (x) (EBITDA/ int exp)	2.8	13.7	21.9	35.1	48.4
Total Working capital days (WC/rev)	279.1	224.7	228.1	228.3	233.3

Valuation	FY25	FY26	FY27E	FY28E	FY29E
P/E (x)	237.1	111.3	72.0	49.5	32.3
P/Sales (x)	15.0	11.0	8.4	6.2	4.7
EV/ EBITDA (x)	779.1	143.3	72.7	40.7	25.6
EV/ OCF (x)	(397.3)	1,760.8	140.0	77.7	46.9
FCF Yield	0.4	0.3	0.9	1.5	2.2
Price to BV (x)	11.5	10.2	8.9	7.4	6.0
Dividend yield (%)	-	-	-	-	-

Note: Pricing as on 25 June 2026; Source: Company, Elara Securities Estimate

## Chosen, and Hard to Displace

- ▶ *Policybazaar* continues to strengthen RTW
- ▶ *Paisabazaar* likely to yield benefits of a strategic turnaround
- ▶ Renewal income to drive a non-linear earnings trajectory

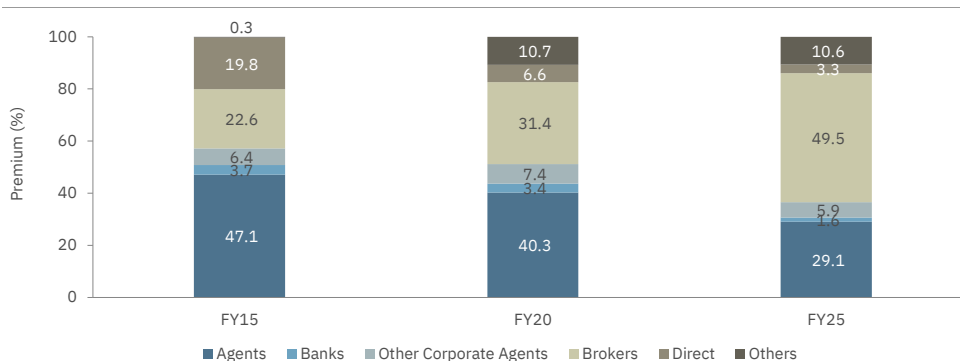
### **Policybazaar continues to strengthen RTW**

**Structural backdrop: an underpenetrated market searching for distribution**

POLICYBZ's investment case begins with the structural opportunity in India's insurance. The insurance sector is a large but deeply underpenetrated market, with insurance penetration at a mere 3.7% of GDP in FY25 against a sector size of ~INR 12trn (Source: Economic Survey 2026). Policymakers have set an explicit, long-dated agenda of inclusive coverage, *Insurance for All* by CY47, and the sector is consequently entering a phase of strategic acceleration. Against this backdrop, the binding constraint on growth has been distribution rather than demand. The legacy offline model, dominated by the agency channel, carries elevated fixed cost, distribution inefficiency, and limited geographic reach, each of which repeatedly adds friction to the act of buying insurance. With ~72% of individual health and ~49% of life insurance still sold through traditional distribution channel of individual agents, the runway for a scalable, technology-led distribution layer remains substantial.

We believe this is precisely the gap that digital insurance marketplaces are positioned to fill, emerging as "scale enablers" that allow insurers to grow non-linearly in a market where they have not been able to historically. Marketplaces aggregate supply across insurers and product categories, offer customers a single venue to compare, customize and purchase, replace fragmented agency networks with centralized digital funnels that lower acquisition & distribution cost, and democratize access through multilingual, data-driven, mobile-first experiences, particularly across Tier II and smaller cities. Crucially, value proposition does not stop at customer engagement: marketplaces generate durable, recurring revenue streams via platform economics, risk-sharing arrangements, and SaaS-like income, positioning them as an increasingly indispensable infrastructure layer rather than a mere channel.

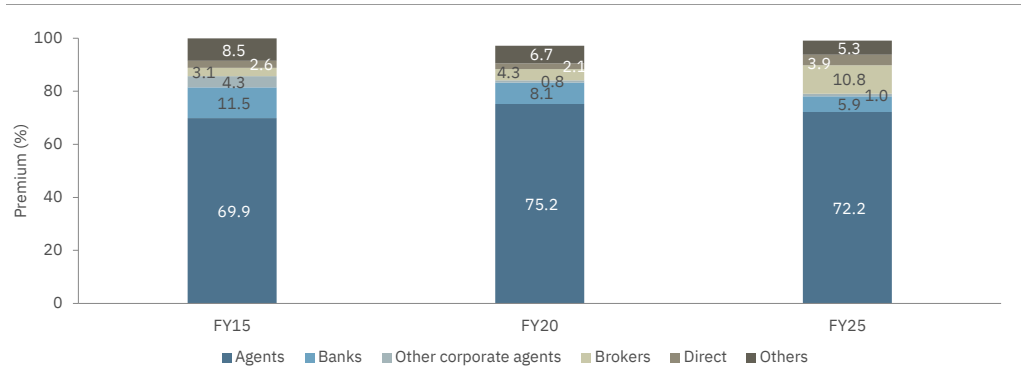
**Exhibit 7: Motor remains heavy with OEM coupled with POSP-led aggregation of premium**



Source: IRDAI, Elara Securities Research

Higher agency share implies importance of personal touch in the retail health distribution

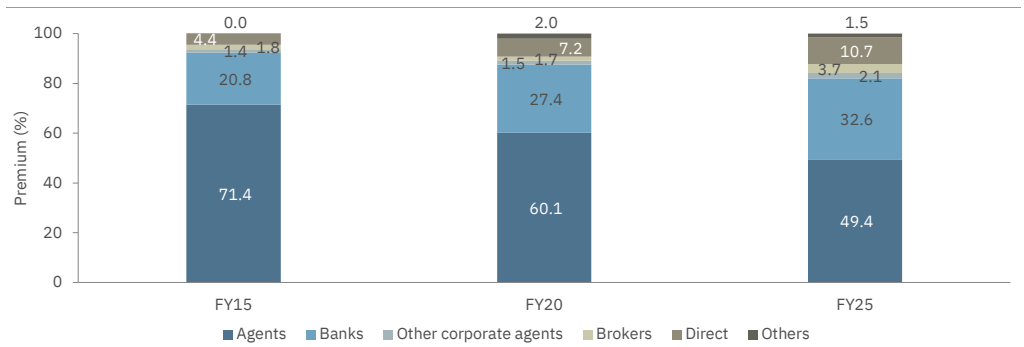
**Exhibit 8: Agency holds its share in retail health distribution, driven by increasing renewal premium**



Source: IRDAI, Elara Securities Research

Rising share of bancassurance on account of increasing share of new ULIP sales

**Exhibit 9: Share of bancassurance and brokers on the rise, driven by evolved LI product offerings**



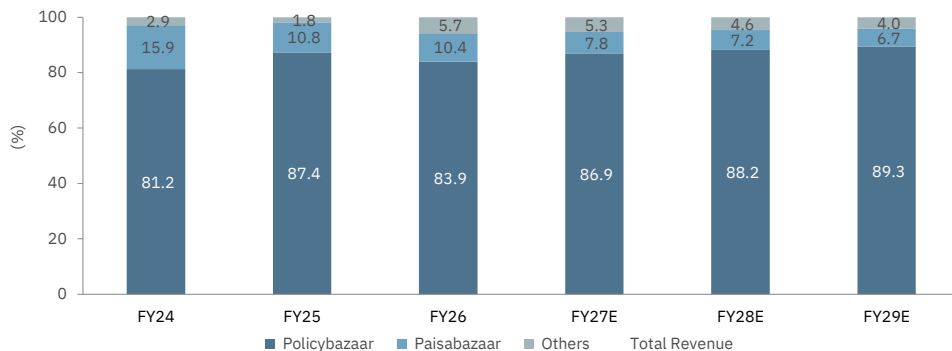
Source: IRDAI, Elara Securities Research

60mn+ policies sold, 50+ insurer partners, advisory presence across 100+ cities — Policybazaar has built scale that is difficult to replicate

**Policybazaar core — from comparison platform to insurance infrastructure**

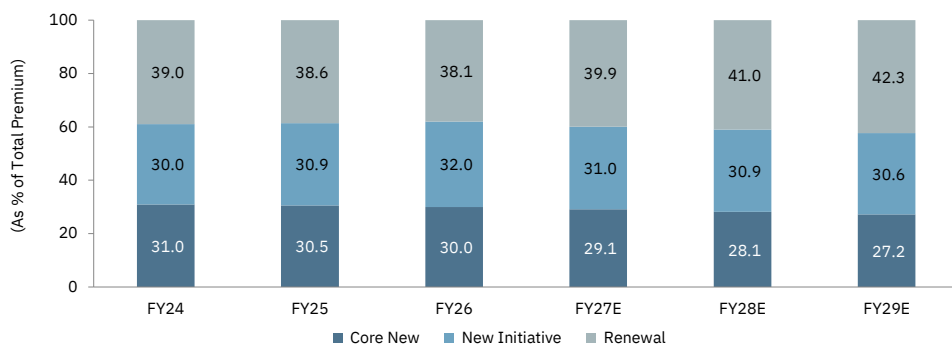
*Policybazaar* is often viewed as an online insurance marketplace that aggregates products and lets customers compare prices and features. While this remains the core proposition, we believe the characterization materially understates the company's role in the ecosystem today. As India's largest digital insurance marketplace, *Policybazaar* has not merely participated in this category but effectively pioneered and shaped it for the past 17 years. The platform currently carries a large, sticky base of ~67mn policies sold in FY26, deep partnerships with more than 50 insurers, and a hybrid digital-plus-physical model, including offline advisory centers across 100+ cities, which enables it to serve urban as well as underpenetrated markets (Source: Economic Survey, 2026). It is an asset-light, platform-centric business operating at the intersection of regulatory tailwinds, rising digital adoption, and improving financial awareness.

**Exhibit 10: Policybazaar dominates share in POLICYBZ's overall revenue**



Source: Company, Elara Securities Estimate

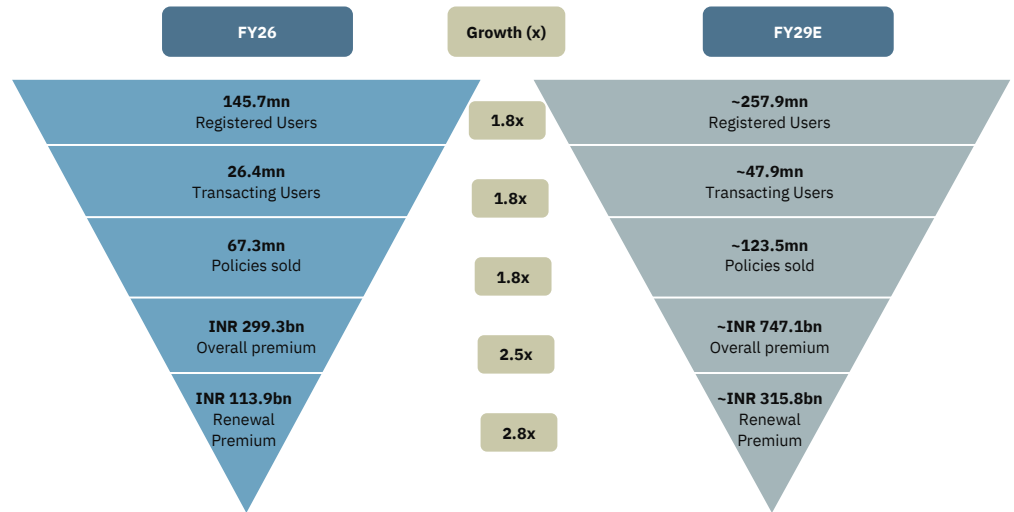
**Exhibit 11: Share of renewal premium likely to rise**



Source: Company, Elara Securities Estimate

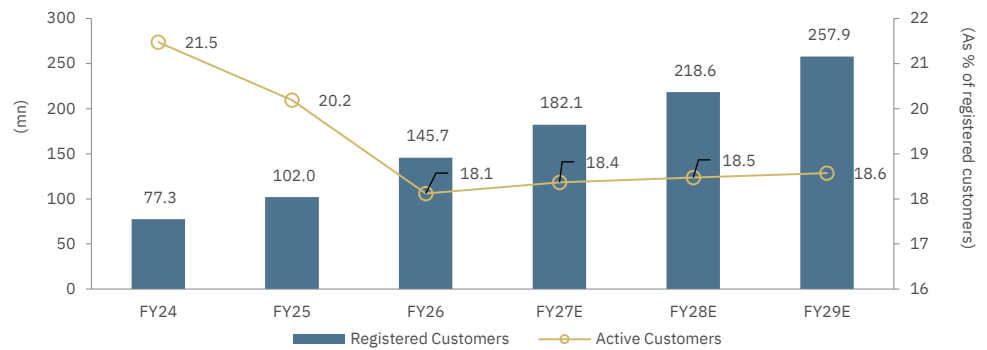
For the past decade, Policybazaar has evolved from a lead-generation platform into a critical infrastructure layer connecting insurers, distributors, healthcare providers and consumers, participating across customer acquisition, risk assessment, underwriting support, fraud detection, claims facilitation, renewals and servicing. As insurers shift their focus from premium growth to profitable growth, Policybazaar's value proposition has migrated from delivering volume to delivering economics – the platform is increasingly judged not on premium sourced but on customer quality, portfolio profitability, and underwriting outcomes. We believe this evolution from distribution channel to ecosystem orchestrator meaningfully strengthens its competitive positioning and makes the model harder to replicate than a conventional online marketplace.

**Exhibit 12: Policybazaar funnel expansion set to drive premium growth**



Source: Company, Elara Securities Estimate

**Exhibit 13: Strong customer acquisition funnel leads to decline in customer activation rates**



Source: Company, Elara Securities Estimate

**Analytical moat that constitutes the Right-to-Win**

*Policybazaar's* analytical capabilities form the backbone of its competitive edge, directly influencing conversion, retention (persistency), cost efficiency & insurer relationships, thereby translating into superior unit economics. As insurers diversify away from the agency channel in pursuit of scale, the favorable unit economics of platform distribution should drive a structural migration of business toward agent aggregators, such as *Policybazaar*. Our analysis suggests the platform is actively fortifying its right-to-win (RTW) through several levers:

*Policybazaar's* moat has shifted from traffic aggregation to analytics — risk-profiling, custom rule-engine integration and profit-sharing now anchor its RTW

- ▶ **Data and behavioral risk-profiling:** Through the quote-and-application process, *Policybazaar* collects extensive customer data spanning demographics, health disclosures, and lifestyle choices. It converts this into behavioral analytics for insurers; drop-off patterns, plan-comparison history and related signals that enable more intelligent risk selection than the offline channel can support.
- ▶ **Integration with custom rule engines:** The platform is integrated with insurer-specific underwriting rules, allowing it to funnel "best-match" recommendations to customers. This improves conversion while minimizing application decline rates, aligning the consumer journey with each insurer's risk appetite.

- ▶ **Profit-sharing value proposition:** Unlike traditional insurer-broker arrangements where the broker bore no accountability for the quality of business generated, *Policybazaar* has begun to negotiate commercial terms tied to profitability of the business it sources. This converts a transactional relationship into an alignment of interests and is, in our view, the single most important structural advance in the platform's RTW.
- ▶ **Economies of scale for insurers:** We believe *Policybazaar* is one of the most P&L-efficient channels for insurers. By attracting customers organically and delivering scale, the platform adds unique customers to the insurance ecosystem; management claims it contributed 40% of new lives added to the ecosystem. For insurers, the channel's cost structure is largely variable and acquisition-led, supported by a streamlined operating model, resulting in lower employee costs and overheads.
- ▶ **Co-creating products for the market:** *Policybazaar* plays a key role in helping insurers design products that better address customer needs. Leveraging its extensive proprietary data and insights into customer preferences and behavior, the platform works closely with insurer partners on a regular basis. These engagements extend beyond claims resolution, policy issuance and operational reconciliations to include product development and innovation. We believe *Policybazaar's* customer insights help insurers create more compelling offerings while enabling more accurate pricing and risk assessment.

**Exhibit 14: Life codeveloping products for market needs**

*From strengthening existing customer value proposition to unlocking new segments*



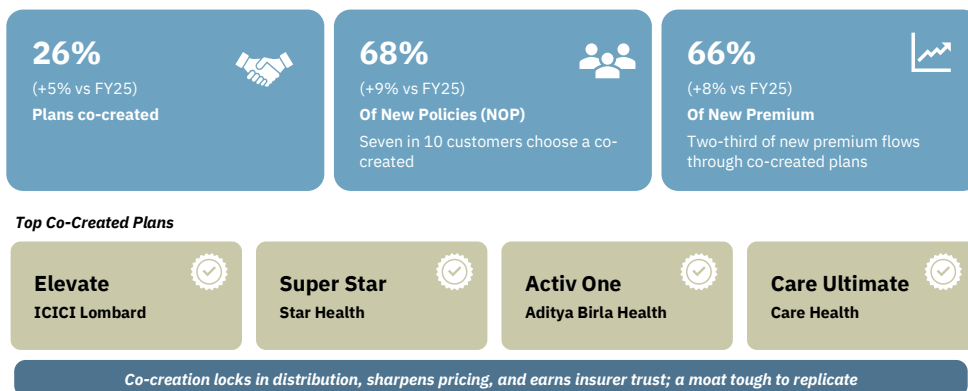
Source: Company, Elara Securities Research

ICICI retail health business grows >50% in FY26 post launch of Elevate (FY20-25 CAGR: 22%)

Superstar contributed 28% of new policies sold in FY26 for STARHEAL

**Exhibit 15: Health co-created plans, the key moat**

*Co-creation – pricing and product DNA*



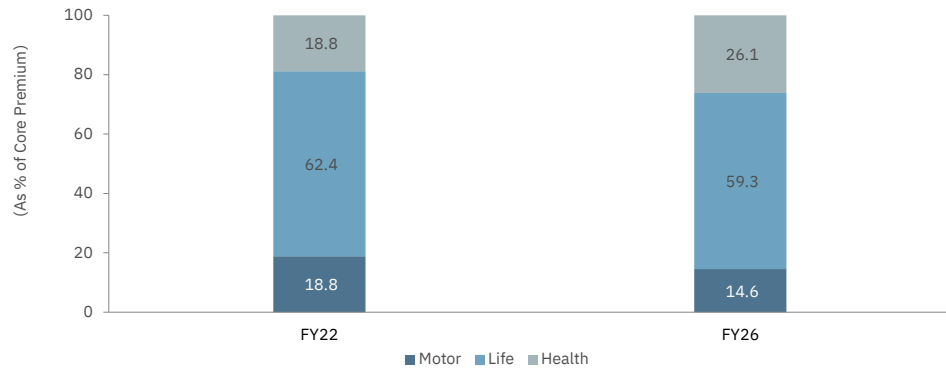
Source: Company, Elara Securities Research

Overview of lines of business

The strength of *Policybazaar*'s RTW is best understood through the quality and positioning of its business across each major vertical, where it has built differentiated scale and increasingly favorable economics.

Retail health surges to ~4.8x FY22 in FY26

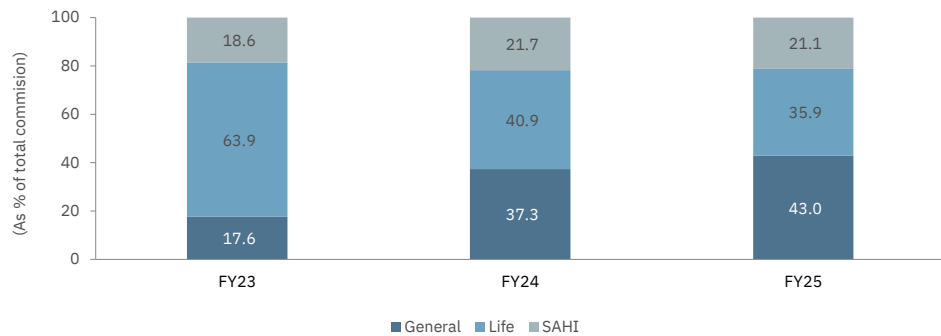
**Exhibit 16: Retail health likely to have witnessed significant rise in share of overall core premium**



Note: The figures presented are analyst estimates based on available information, as the company does not disclose detailed data  
Source: Company, Elara Securities Estimate

Share of general insurers increased, driven by EOM guidelines and scale-up in the POSP channel

**Exhibit 17: Share of SAHI and general insurers on the rise in overall revenue**

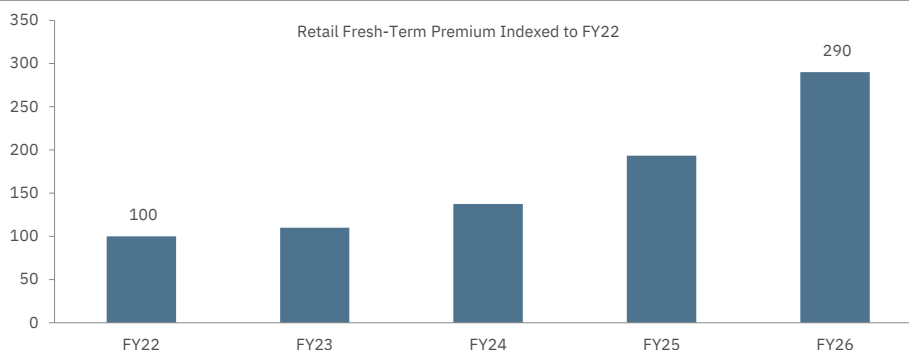


Note: Analysed for last 3 years only  
Source: Company, Elara Securities Research

**Life insurance among Top 5 distributors with a protection-heavy mix**

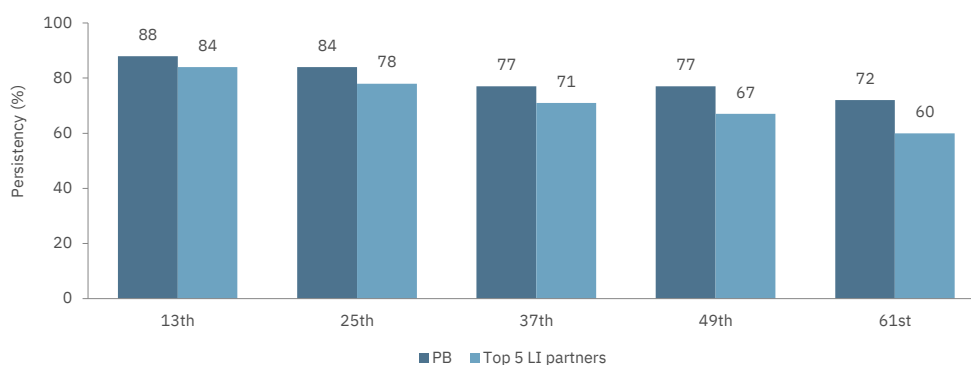
*Policybazaar* ranks among India's Top 5 life distributors, with our estimate FY26 new business premium of ~INR 50bn. We believe retail term accounts for roughly half of this mix, positioning the platform as one of India's largest term distributors – a structurally attractive position, given the high protection nature of term business. Headline persistency screens slightly below industry benchmarks, but this is a function of the high share of monthly-mode policies (~95% of new life policies sourced) rather than any deterioration in quality. On a like-for-like basis, the protection-heavy mix supports superior persistency: protection persistency runs above 93–94% at the 13th month, with savings-business persistency at 85–86%. Encouragingly, *Policybazaar*'s policy-level persistency is industry-leading across cohorts – ahead of its Top 5 life partners at the 13th, 25th, 37th, 49th and 61st months – a direct consequence of customers actively choosing to purchase rather than being sold to. This active-choice dynamic is the same mechanism that underpins the high quality renewal annuity discussed later.

**Exhibit 18: Multifold growth in fresh retail term business**



Source: Company, Elara Securities Research

**Exhibit 19: Industry-leading NOP persistency reflects active customer choice and protection-led mix**

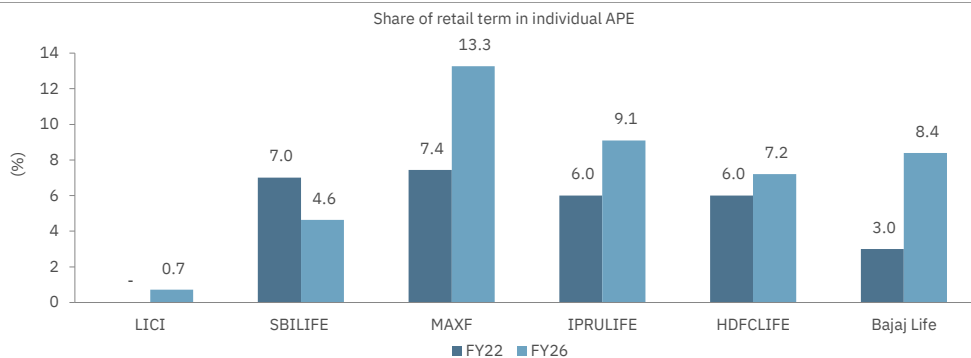


Source: Company, Elara Securities Research

We believe term insurance is highly price-sensitive, reflecting Indian consumer’s reluctance to forgo premiums without a tangible maturity benefit. Our channel checks suggest *Policybazaar* offers rates comparable to direct channels, giving it price leadership vs other distribution channels. However, we believe this competitive pricing comes at the cost of lower take rates in the segment. The strategy has nevertheless worked well: overall term new business premiums have increased 2.9x since FY22, with term protection currently accounting for ~45% of overall new business vs low double-digit or high-single-digit share of retail term business for insurers.

Leading life insurers struggle to increase share of retail term premium

**Exhibit 20: Retail term share in individual APE increases for most private insurers**



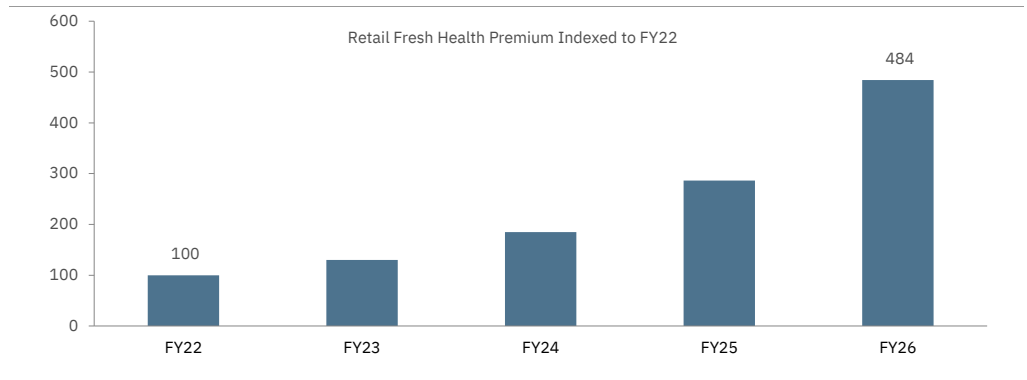
Source: Company, Elara Securities Research

**Retail health – the fastest-growing vertical with superior loss-ratio economics**

Online retail health is among *Policybazaar's* fastest-growing businesses. Management claims it is third-largest by fresh health premium market share, we estimate ~INR 50-55bn (~9% market share) of overall health premium in FY26. More important than scale is profitability of sourced business: the retail health portfolio operates at a considerably low loss ratio (FY25: 54%; 9MFY26: 51%) while growing faster than the industry. Claims behavior reinforces the quality – only ~5% of insured lives are repeat claimants and 8–10% have claimed only once. Conversion has roughly doubled, from 8% in FY23 to 17% in FY26, evidenced by rising consumer pull and an increasingly effective product suite. Because renewal yield on health are structurally superior to life, the health vertical's outperformance has compounding benefits for the platform's long-term margin and earnings quality profile.

We estimate *Policybazaar* commands a ~9.3% market share in retail health industry in FY26

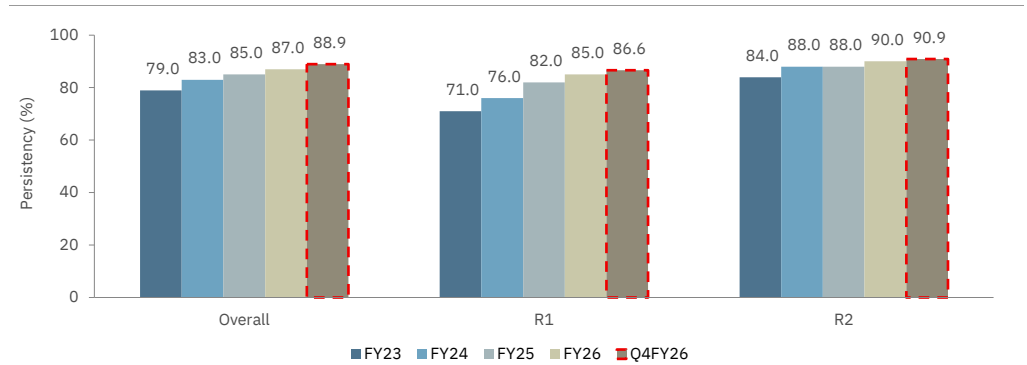
**Exhibit 21: Retail health fresh business scales up materially**



Source: Company, Elara Securities Research

NOP persistency for *Policybazaar* slightly ahead of STARHEAL (FY26: 86.5%)

**Exhibit 22: Health business persistency (on NOP) improving consistently across cohorts**



Note: Q4FY26 highlights the impact of GST rationalisation on health insurance renewals  
Source: Company, Elara Securities Research

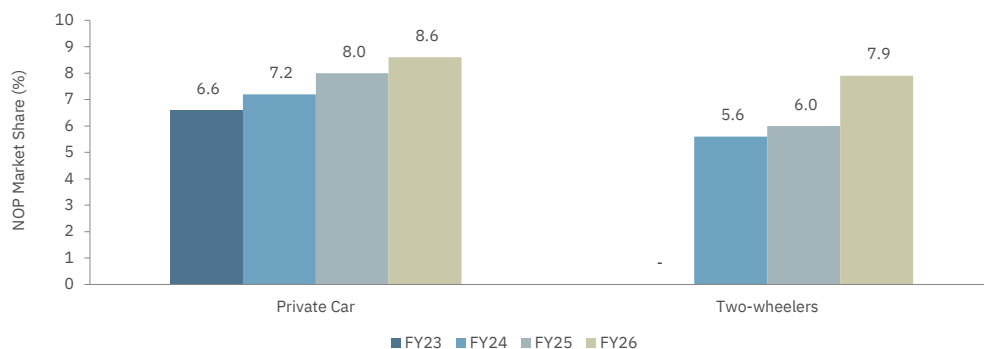
*Policybazaar* primarily catering to uninsured or market rollover vehicles

**Motor – the largest premium pool with structural nuances**

Motor represents the largest premium pool channeled through the platform but is also the most complex and price-sensitive to address. New vehicle insurance is predominantly captured through OEM-linked channels and renewed within the same ecosystem, with insurer-OEM arrangements often restricting insurers' ability to decline or curtail claims in early policy years. *Policybazaar* therefore concentrates on used-vehicle, market-rollover, and uninsured-vehicle segments. Including the POSP channel, we expect the vertical to contribute ~INR 90-100bn in premium (~one-third of total platform premiums; ~8.5% of industry motor premium). Excluding new vehicles and POSP, the platform's NOP market share has climbed steadily, private car from 6.6% in FY23 to 8.6% in FY26 and two-wheelers from 5.6% to 7.9%; including POSP, the private car share is ~14%. Management targets ~12% share in the profitable, significantly underinsured two-wheeler segment in FY27. The structural backdrop favors the platform: motor renewal rates are the lowest in general insurance (premiums decline over a vehicle's life), making the channel difficult for traditional agency to sustain – and new

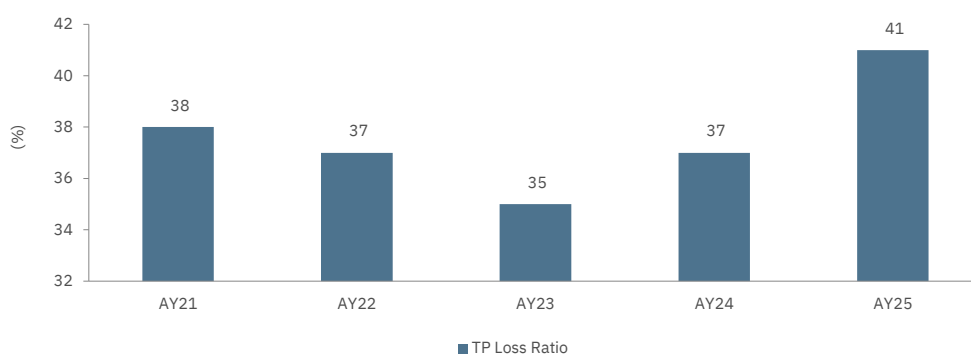
IRDAI norms currently require motor TP obligations to be met from market rollovers rather than new vehicles, channeling activity toward the rollover & renewal pools *Policybazaar* addresses. Importantly, the platform's TP portfolio operates at lower loss ratios (ex-POSP), again reinforcing the better quality-sourcing theme.

**Exhibit 23: Steady share gains across motor sub-segments despite price sensitivity**



Source: Company, Elara Securities Research

**Exhibit 24: Loss ratio in the motor TP books remains favorable**



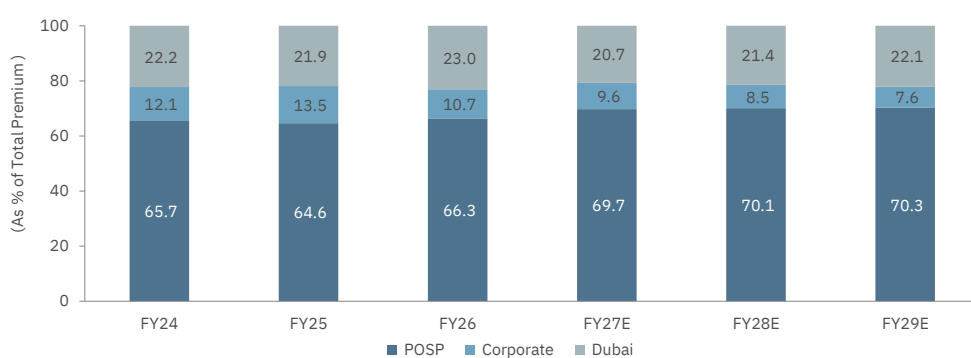
Note: AY denotes accident year; loss ratios are presented on an accident-year basis; Source: Company, Elara Securities Research

**New initiatives add a second growth layer**

Alongside the core renewal engine, POLICYBZ's newer initiatives provide an additional, profitably-scaled growth layer spanning the Motor-POSP channel, the UAE international business and the corporate segment, each at a different stage of maturity, and collectively reflecting management's intent to diversify beyond core distribution while prioritizing unit economics over top line.

POSP channel provides scale and negotiation power to *Policybazaar*

**Exhibit 25: POSP channel anchors new initiatives; corporate and the UAE diversify the base**



Source: Company, Elara Securities Estimate

**Motor-POSP – transitioning into a higher-quality agent base**

The motor-POSP business remains the primary contributor within new initiatives. Present across ~99% of serviceable pin codes, the POSP channel has grown non-linearly and currently contributes more than half of new-initiatives premium; despite loss-leader pricing, the strategic objective is to gain share and a foothold in the profitable motor business. The ongoing transition away from large POSP aggregators toward a more granular, individual-agent model is structurally margin-accretive, as smaller agents operate at more favorable economics. Notably, 90% of PB partner business is being driven by small partners (vs 42% in FY22), and 80% comes from beyond Tier I cities, evidence of both the granularity shift and the geographic broadening of the channel.

**The UAE – diversifying, with manageable near-term risk**

The UAE business has delivered healthy performance and matured into a more diversified book, with 50% currently non-motor, primarily health-led. Given the evolving geopolitical environment, Dubai operations may face near-term pressure; on a positive note, in-house claim servicing via an owned garage network is emerging as an effective lead-generation channel, adding an operational dimension to customer acquisition.

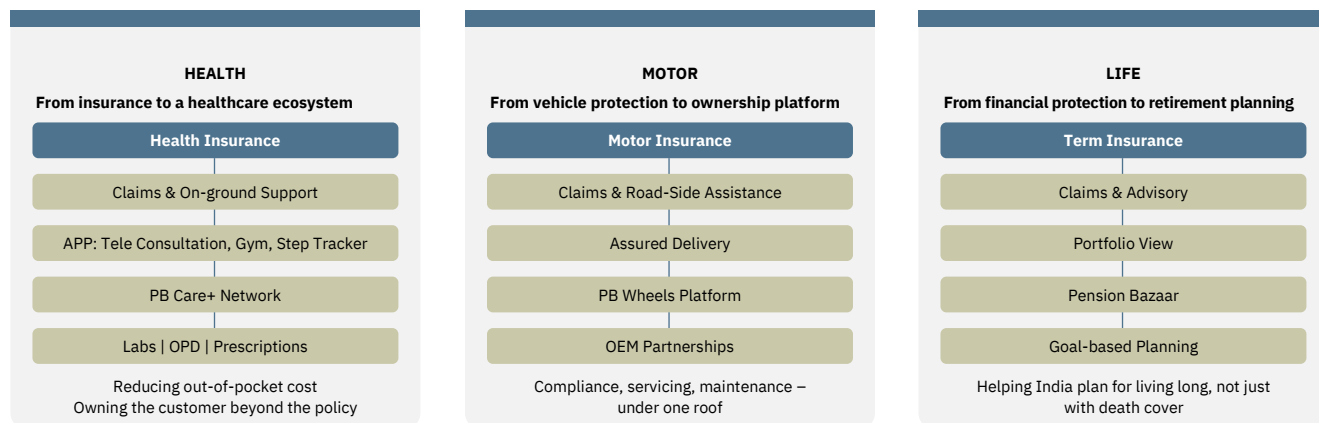
**Corporate – building the foundation**

While inherently harder to scale up given longer gestation and entrenched incumbents, the corporate segment is nonetheless gaining ground, led by group health offerings that serve as the entry point to broader client relationships – mirroring an established industry playbook. Management has prudently ruled out affinity lines, which are usually structured in favor of the distributor rather than the end customer.

**Embedding across the insurance value chain**

The most durable element of *Policybazaar's* RTW is the depth of its embedding across the full value chain, well beyond distribution. It collaborates with insurers on codeveloping customized products across life and health, and it is extending its role through a suite of value-added capabilities: fraud, waste and abuse (FWA) detection in life; the *PB Health* initiative is aimed at standardizing the health ecosystem; and the "Assured Delivery Program" addressing motor servicing timelines. We frame this embedding as three category-level transitions – in health, moving "from insurance to a healthcare ecosystem" via claims support, tele-consultation, the *PB Care+* network and labs, OPD & prescriptions; in motor, "from vehicle protection to an ownership platform" via claims and roadside assistance, assured delivery, the *PB Wheels* platform and OEM partnerships. Notably, the *PB Health* foray aligns with a broader industry trend we observe globally and now in India – health insurers and healthcare providers aligning interests (akin to value-based care) to improve patient outcomes while containing cost – positioning *Policybazaar* on the right side of a structural shift. Collectively, these initiatives convert the platform from a distribution intermediary into a structural pillar of India's insurance ecosystem, raising switching cost and reinforcing its indispensability.

Exhibit 26: Embedding across every category: distribution, servicing, claims and beyond



Source: Company, Elara Securities Research

Bima Sugam overhang remains, but the moat is defensible — phygital servicing and embedded insurer integrations are not easily replicated

Resilience against Bima Sugam and commission rationalization

Two regulatory monitorables warrant attention: we believe *Policybazaar* is relatively well placed to manage likely disruption from launch of Bima Sugam and rationalization of distributor commissions. First, the proposed *Bima Sugam* platform could disrupt online distribution, likely commencing with motor, followed by health before extending to savings-led life insurance and lastly, term insurance. We remain watchful but believe the disruption risk is overstated relative to the strength of *Policybazaar's* integrated "phygital" model. A combination of physical servicing infrastructure with a digital front-end is not easily replicable, and the platform's embedded value-added offerings; analytics-driven FWA detection, *PB Health*, *PB Wheels*, the Assured Delivery Program, and end-to-end claims support are integral to insurer partnerships. These are unlikely to be reproduced through *Bima Sugam*, collectively raising switching cost and reinforcing the platform's centrality. We are reassured by management's track record of constantly finding alternative, complementary profit pools within the insurance ecosystem.

Secondly, on potential distributor-commission rationalization, we draw comfort from the platform's demonstrated resilience during the recent commission squeeze, following GST rationalization on health and life products. The key differentiator is the superior quality of business sourced, which supports profitable insurer outcome and gives *Policybazaar* greater negotiating durability than a pure volume-led intermediary. That said, we do not believe the impact of commission rationalization will be easy to absorb. A meaningful reset in distributor payouts could require *Policybazaar* to recalibrate parts of its business model and cost structure.

Overhaul of distributor payouts

Based on media reports and our discussions with experts, we expect the draft regulations to include the following changes:

- ▶ **Deferral of higher first-year commissions:** We expect this to be more relevant for life insurance, where the current front-loaded payout structure contributes to weaker persistency. Although IRDAI revised surrender-value norms in October 2024, we believe policyholders may still face value leakage. Higher renewal-linked payouts should encourage distributors to stay engaged with customers beyond the initial sale, supporting improved early persistency. We believe the take rates for *Policybazaar* are lower in the life segment than the other distribution channel; hence, it is likely to have a lower impact. However, any material reduction in health insurance renewal would have material impact on *Policybazaar*.

Standard legislative practice mandates regulatory bodies issue corresponding regulations within six months of the amendment taking effect

- ▶ **Efforts-based payout structure for intermediaries:** We expect a grid-based framework under which distribution channels are assessed across qualitative and quantitative parameters, potentially including unique lives and customers added, quality of business sourced, renewal rates, claims ratio, proposal conversion rates and grievance ratios. While media reports suggest higher commissions for agency channels, we believe persistent agent churn remains a structural issue for the industry, contributing to weaker renewal rates and higher mis-selling risk. Under this scenario, we believe Policybazaar will score well and be able to reduce the overall impact.

#### Commission rationalization – sensitivity analysis for POLICYBZ

We model in two scenarios to assess the potential earnings impact of regulatory changes to distributor payouts on POLICYBZ.

- ▶ **Scenario 1 – Significant take rate compression:** We assume a meaningful reduction in blended take rates to ~15.8% in FY27E, 15.7% in FY28E, and 15.5% in FY29E compared to our current estimates of ~18.9%, 19.0% and 19.1%, respectively. After factoring in partial expense rationalization, we expect a 16–20% decline in overall revenue and a 17–27% dip in PAT during the same period.
- ▶ **Scenario 2 – Scenario 1 coupled with moderate improvement in renewal premium:** We assume a moderate increase in the renewal rates, which we expect to have only a slight impact on revenue in the short term. However, we expect PAT to decline in the range of 17-24% during FY27-29E, in line with Scenario 1, owing to limited operating leverage offset.

While the magnitude of regulatory change remains uncertain, a significant overhaul of the distribution framework would create near-term headwinds for insurers as well as distributors. We believe management's INR 10bn PAT target for FY27, which is at risk, under either scenario. That said, we expect the company to meaningfully surpass this INR 10bn PAT threshold in FY28E, as the business adjusts to the new commission structure.

#### Exhibit 27: Scenario analysis

(INR bn)	Modelled			Scenario 1			Scenario 2		
	FY27E	FY28E	FY29E	FY27E	FY28E	FY29E	FY27E	FY28E	FY29E
Revenue	89.4	120.6	159.5	74.8	99.1	128.9	74.9	99.4	129.6
Overall expenses	81.3	105.0	133.7	68.9	88.2	111.4	68.9	88.2	111.4
PBT	12.1	20.1	30.7	10.0	15.3	22.3	10.1	15.7	23.0
PAT	<b>10.3</b>	<b>15.0</b>	<b>23.0</b>	<b>8.5</b>	<b>11.5</b>	<b>16.7</b>	<b>8.6</b>	<b>11.7</b>	<b>17.3</b>
Overall Premium	<b>411.9</b>	<b>559.5</b>	<b>747.1</b>	<b>411.9</b>	<b>559.5</b>	<b>747.1</b>	<b>412.9</b>	<b>564.4</b>	<b>758.0</b>
Take rates (%)	<b>18.9</b>	<b>19.0</b>	<b>19.1</b>	<b>15.8</b>	<b>15.7</b>	<b>15.5</b>	<b>15.8</b>	<b>15.6</b>	<b>15.4</b>

Note 1: Scenario 1 – Significant take rate compression; Scenario 2 – Scenario 1 coupled with moderate improvement in renewal premium  
Source: Elara Securities Estimate

#### Exhibit 28: Scenario analysis

Particulars (%)	Scenario 1 vs Modelled			Scenario 2 vs Modelled		
	FY27E	FY28E	FY29E	FY27E	FY28E	FY29E
Revenue	(16.3)	(17.9)	(19.2)	(16.2)	(17.6)	(18.7)
Overall expenses	(15.3)	(16.0)	(16.6)	(15.3)	(16.0)	(16.6)
PBT	(17.6)	(23.5)	(27.3)	(17.1)	(21.9)	(24.9)
PAT	(17.6)	(23.5)	(27.3)	(17.1)	(21.9)	(24.9)

Note: Scenario 1 – Significant take rate compression; Scenario 2 – Scenario 1 coupled with moderate improvement in renewal premium  
Source: Elara Securities Estimate

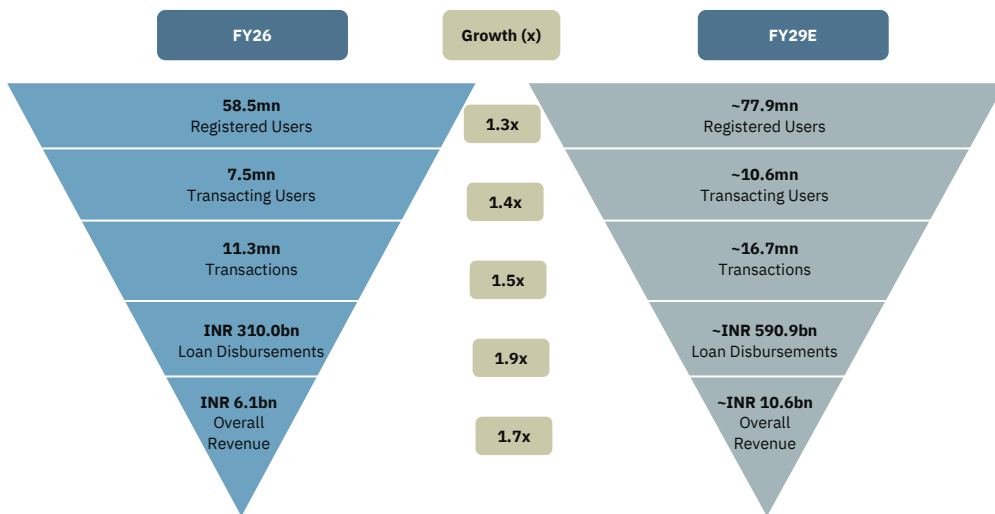
**Paisabazaar likely to yield benefits of a strategic turnaround**

**Strong funnel still in search of a moat**

*Paisabazaar*, POLICYBZ's credit and loan-comparison platform, presents a more nuanced narrative than *Policybazaar*. Despite an early-mover advantage and a broad portfolio of lender relationships, the business is yet to build a differentiated identity in an intensely competitive credit marketplace. Product-level differentiation vs comparable platforms, including *BankBazaar*, *KreditBee* and, in premium segments, *CRED*, remains thin, and the platform contends with several deep-pocketed online marketplaces. The brand-recall gap is stark and quantifiable: third-party web-analytics indicates most of *Paisabazaar*'s traffic is non-branded, the mirror image of *Policybazaar*'s branded, intent-led demand, implying inferior brand trust and a franchise that has historically functioned closer to a "credit score-check" and lead-generation utility than a destination of choice. Channel checks corroborate the brand is not yet trusted on par with traditional banks or newer trust-based platforms.

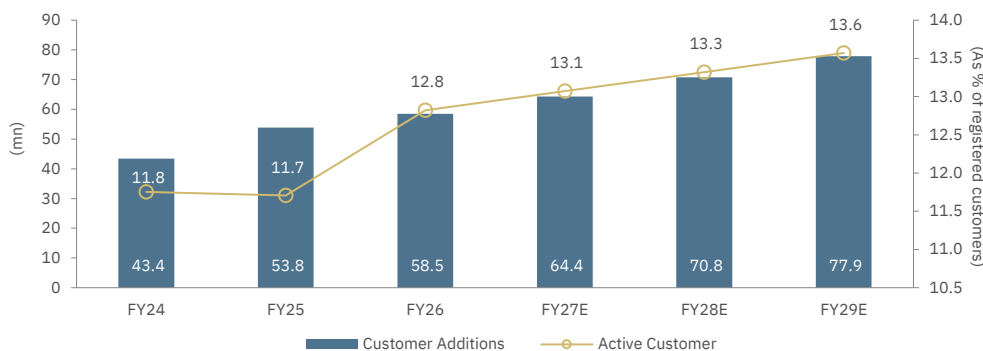
The funnel itself is large but under-monetized. The registered base has scaled to ~58mn "credit score-check" customers, skewed toward a salaried cohort (~60% of base) with a strong perceived Tier I presence. With an average of ~1.5 transactions per customer – the first usually being a credit score check – and minimal credit-card penetration within the registered base, activation rather than acquisition is the central strategic challenge. The core failure to date has been an inability to build a compelling value proposition for lender partners, reflected in sub-par customer activity levels.

**Exhibit 29: Paisabazaar lending funnel is set to scale up steadily**



Source: Company, Elara Securities Estimate

**Exhibit 30: Both customer acquisition and activation remain soft compared to Policybazaar**



Source: Company, Elara Securities Estimate

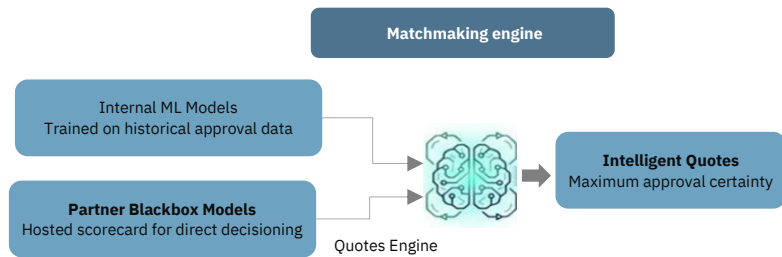
**Leadership-led strategic reset**

The past 12 months mark a strategic inflection, driven by leadership transition. Taking a leaf from the Policybazaar playbook, Paisabazaar has made a pivot toward a value-added model – leveraging data analytics to help lenders improve risk selection and reduce delinquency, while enhancing borrower-lender matching to deliver better customer outcome. We view FY27 as the year these investments begin to bear fruit, with management expecting the platform to turn bottom-line accretive and target a PAT of ~INR 1bn. The turnaround rests on execution against specific levers, each being addressed:

**Borrower-lender matching**

The platform historically lacked the matchmaking sophistication of a traditional DSA – the ability to allocate the right borrower to the right lender, thereby improving conversion, reducing dropouts, lowering CIBIL hit rates and minimizing friction. Management has responded with a more evolved matchmaking engine that combines internal machine learning models (trained on historical approval data) with partner "blackbox" and hosted scorecards for direct decisioning, feeding an intelligent quotes engine designed to maximize approval certainty. While full benefits are yet to materialize, early green shoots in the conversion ratios are encouraging.

**Exhibit 31: Matchmaking engine: combining internal and partner models for higher approval certainty**

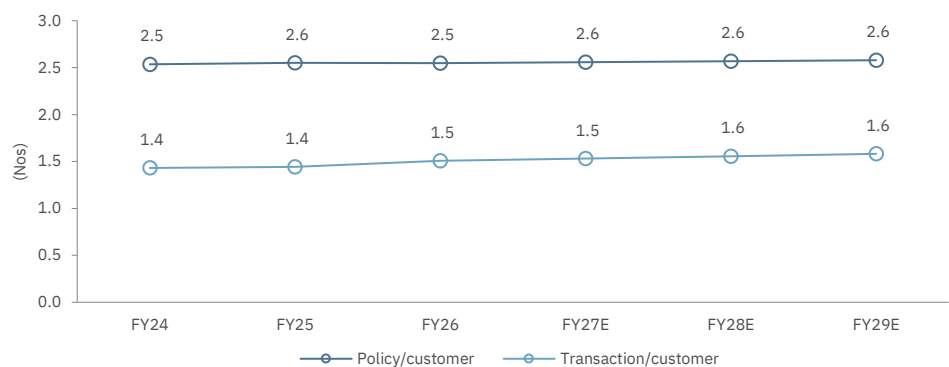


Source: Company, Elara Securities Research

**Customer activation and engagement**

To lift activity beyond the single credit-score check, Paisabazaar has introduced a rewards program tied to utility bill payments, with each reward point carrying defined monetary value. Combined with daily-use cases (recharges & bill payments) and a cashback engine, the intent is to transition users from episodic to continued engagement, building a closed-loop system that drives repeat visits – enriching the platform's data, supporting more informed credit decisions, and gradually raising the share of structurally lower-cost repeat borrowers.

**Exhibit 32: Paisabazaar customer activity level remains constrained due to credit score check**

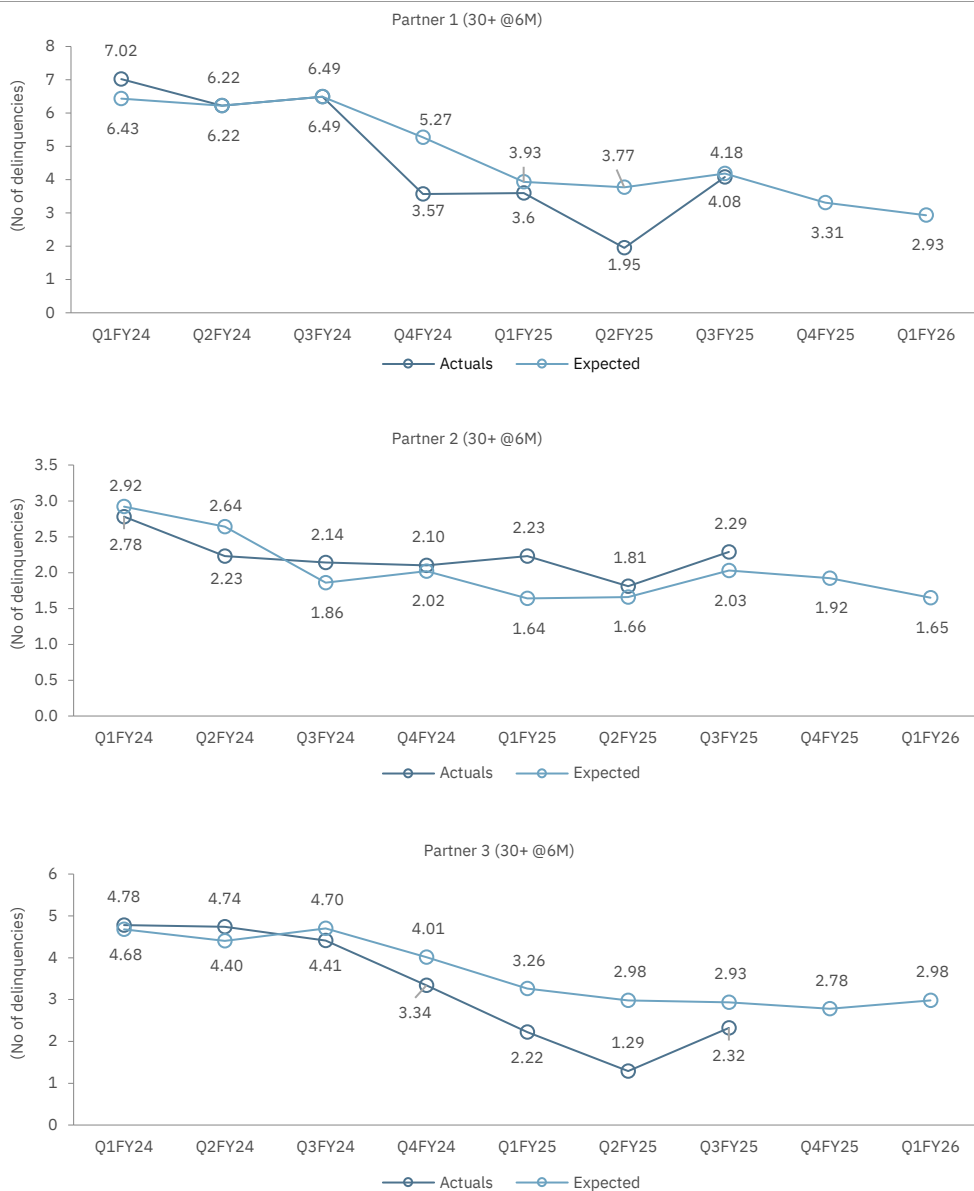


Source: Company, Elara Securities Estimate

**Risk profiling and brand visibility**

Sustained brand-building alongside genuine customer value-add remains critical. On this front, the platform has developed a risk-profiling capability increasingly valued by lender partners, with early portfolio behavior favorable – originated portfolios are performing ahead of initial expectations. Across several lending partners, actual 30+ delinquency at the six-month mark has tracked at or better than expected, lending early credibility to the improving underwriting-support proposition.

**Exhibit 33: Originated portfolios performing ahead of expectations across partners**



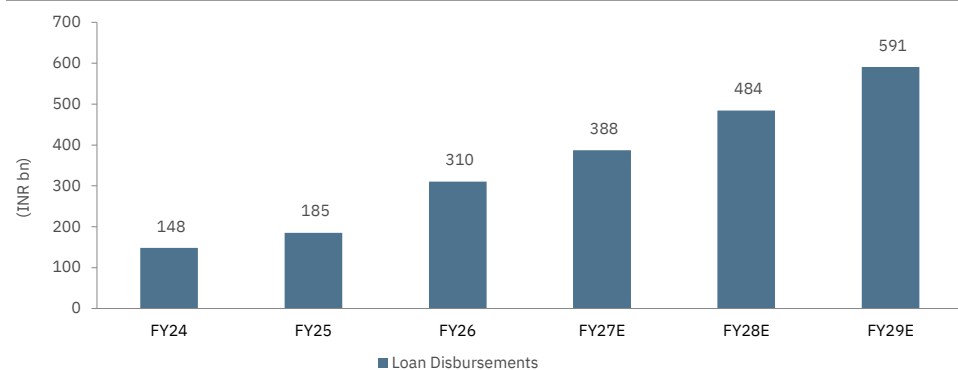
Source: Company, Elara Securities Research

**On-ground support**

Lending, unlike insurance, involves disclosure of financials and heavier documentation, making a field presence necessary to liaise between banker and borrower. *Paisabazaar* has increased ground presence in the past 12 months via the launch of *PB Connect*, focused on the secured business. While manpower deployment has begun, we expect any material impact to take time; nonetheless, it should help bridge borrower-lender gaps and strengthen brand recall.

Disbursement growth is likely to be lower in FY27 as management targets a reduction in share of large high-ticket businesses

**Exhibit 34: Disbursements set to nearly double by FY29, led by unsecured lending**



Source: Company, Elara Securities Estimate

### The next frontier — wealth and savings adjacencies

Beyond fixing the core lending business, *Paisabazaar* is expanding into wealth and savings distribution — targeting corporate bond distribution, fixed deposits, and a potential foray into mutual fund distribution (regular schemes). These adjacencies would generate recurring, annuity-like income, structurally improving earnings quality. While an entirely new frontier, we draw confidence from the leadership team's track record, the same team that built and scaled up the online savings-insurance business into a flagship vertical for *Policybazaar*. We believe this adjacency can add a meaningful, differentiated revenue layer in the medium term. Disbursements on the core lending business are likely to scale up materially, providing the base from which monetization can improve.

We view *Paisabazaar* today not as a proven profit engine but as an emerging, optionality-rich profitability lever. Importantly, our base case for POLICYBZ does not depend on a *Paisabazaar* inflection; a successful turnaround represents incremental upside to a thesis already anchored by *Policybazaar*. We flag that historical concerns around cross-subsidization of revenue between *Policybazaar* and *Paisabazaar* are less a governance issue, and more a reclassification of revenue as the industry adjusted to post-EOM norms.

### Renewal income to drive non-linear earnings trajectory

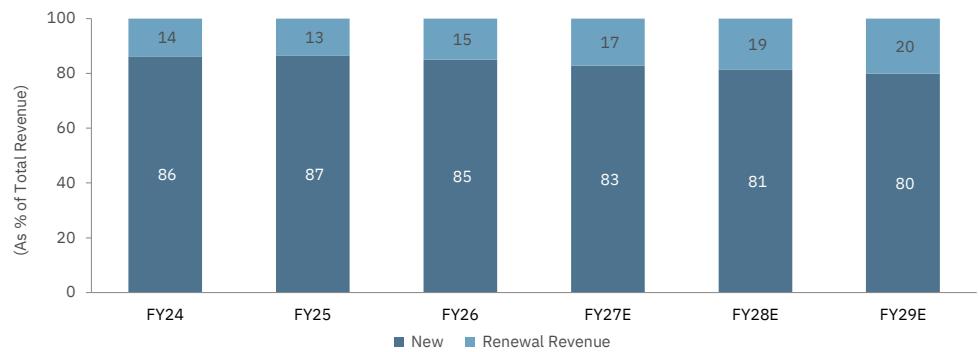
#### From acquisition- to annuity-led economics

The most important structural shift in POLICYBZ's profitability profile is the rising contribution of renewal commissions to revenue and earnings. We believe the business is entering a phase in which recurring income grows faster than new business premium, fundamentally improving earnings quality and reducing dependence on customer acquisition spend. We expect renewal premiums and the associated income to grow proportionately, with both on track to roughly double every two years.

This trajectory is structurally underpinned by the rising share of monthly premium policies, which supports renewal rate consistency, and by the increasing contribution of the health segment, where renewal yield is superior to the life segment. The health component of the renewal book is poised to grow faster than the overall book, aided by annual premium revisions that progressively enhance its share within the renewal mix. On yield, more recently, the faster scaling up of higher-yielding health renewals supports a stable-to-improving yield trajectory. Strong trail revenue is driven by large step-up in renewal volume, not the yield, which is the dominant driver of renewal-income growth.

FY27 is the inflection year; management expects *Paisabazaar* to turn bottom-line accretive, with a target of ~INR 1.0bn PAT

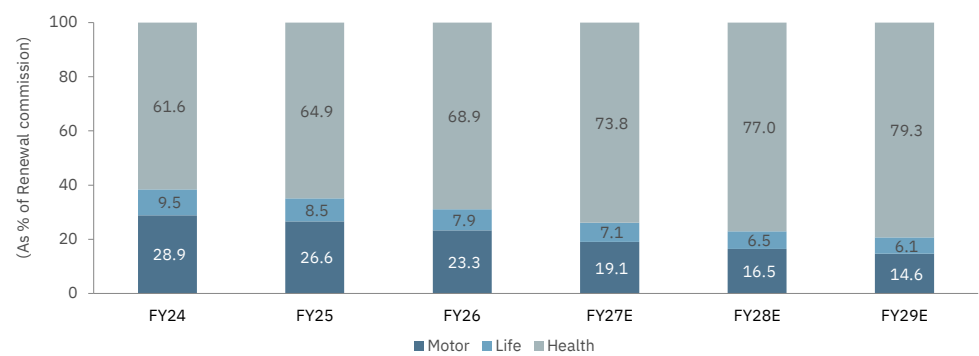
**Exhibit 35: Share of renewal revenue is on the rise, driven by higher retention and renewal premium**



Source: Company, Elara Securities Estimate

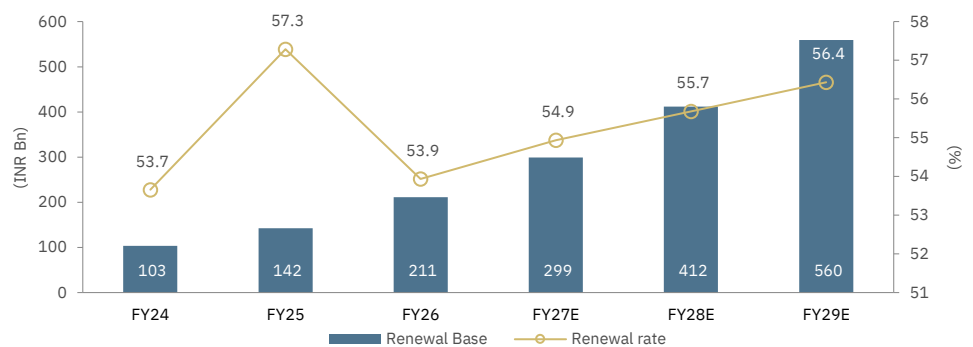
Any material reduction in retail health renewal commission rates will have a material impact

**Exhibit 36: Renewal commission largely driven by the retail health business**



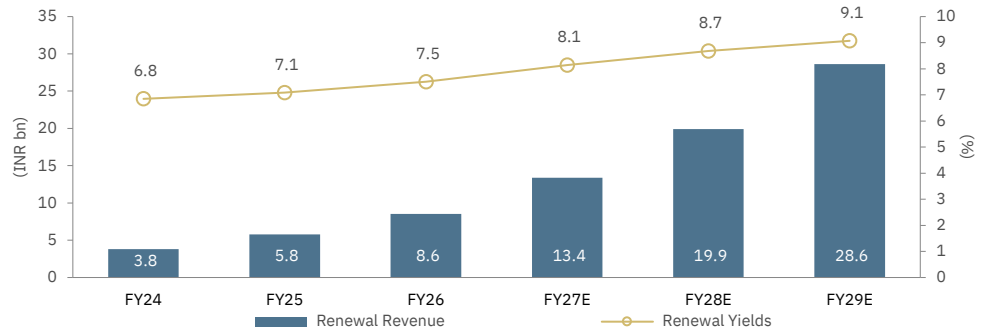
Note: The figures presented are analyst estimates based on available information, as the company does not disclose detailed data  
Source: Company, Elara Securities Estimate

**Exhibit 37: Ever-increasing renewal base is supported by the rising share of health**



Note: Renewal base is total premium sourced in the previous financial year; renewal rate is renewal premium divided by the previous year's total premiums; Source: Company, Elara Securities Estimate

**Exhibit 38: Renewal revenue to increase multifold; yield to rise driven by health**



Source: Company, Elara Securities Estimate

Around 80% contribution margin on renewals -- a high-quality, annuity-like income stream borne of active customer choice

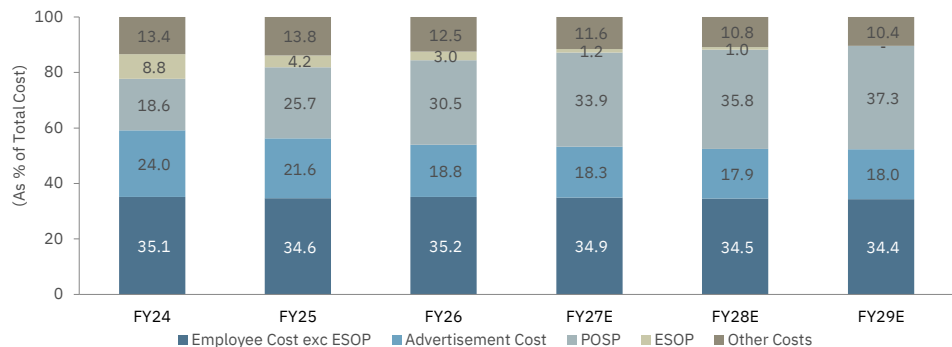
**Why renewal income is structurally high quality**

Management reiterated confidence in maintaining a contribution margin of ~80% for the core online insurance renewal business, reflecting the significantly lower effort required to renew existing policies vs acquiring and converting new customers. We regard renewal revenue as a high-quality, annuity-like income stream, particularly because most of Policybazaar's customers have actively chosen to purchase rather than been pushed into a sale. This active-choice dynamic drives structurally higher renewal rates than any other distribution channel, the same mechanism behind the platform's industry-leading persistency. Another underappreciated lever lies in the potential evolution of the life-insurance commission structure: a shift away from upfront, lump-sum payouts toward deferred disbursements spread across the premium payment term would enhance yield and channel economics. Such a transition would entail a one-time, near-term drag but would improve the quality and sustainability of earnings, converting a larger share of life economics into a recurring, trail-based stream that mirrors annuity characteristics already visible in the renewal book.

**Operating leverage and an increasingly variable cost base**

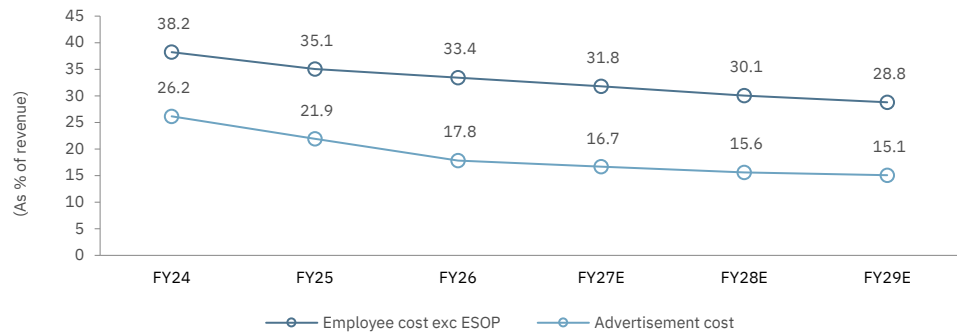
The renewal dynamic compounds with operating leverage to produce a non-linear earnings outcome. As the platform scales, the cost base is becoming increasingly variable. We expect the share of POSP-related cost to rise as that channel scales up, while employee and advertisement cost, although still likely to command more than half of operating expenses in absolute terms, continue to decline steadily as a proportion of revenue. A combination of a high-margin renewal book, a more variable cost structure, and scale economies on fixed-cost lines drives a step-change in profitability rather than a linear one. This is most visible in the two largest cost lines: employee (ex-ESOP) and advertisement are both on structural downtrends as a share of revenue, even as they remain the dominant operating-expense categories. As renewal income, which requires minimal incremental acquisition spend, grows as a share of mix, both the quantum and the quality of earnings improve in tandem.

**Exhibit 39: Cost base turning increasingly variable as operating leverage kicks in**



Source: Company, Elara Securities Estimate

**Exhibit 40: Largest cost lines on a structural downtrend as a percentage of revenue**

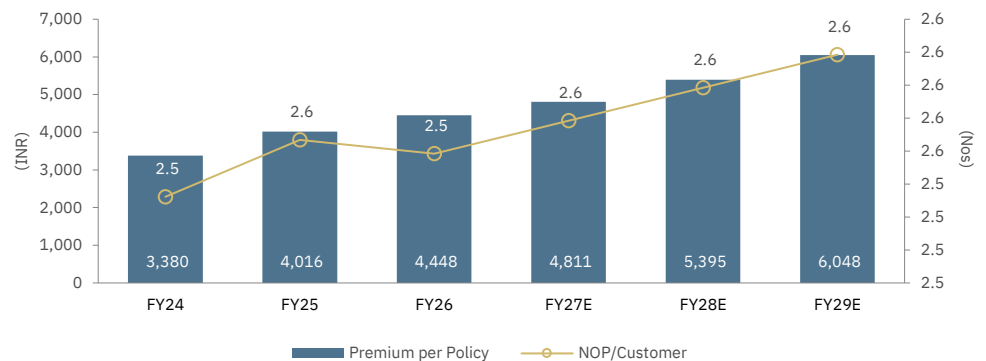


Source: Company, Elara Securities Estimate

**Cross-sell and upsell; compounding the customer base**

Underpinning both renewal income and new-initiatives growth is the platform's expanding cross-sell and upsell corridor. With branded, intent-led, demographically attractive traffic, *Policybazaar* enjoys a large and profitable cross-sell runway into health and life. We expect premium per policy to rise structurally as upsell ratios improve and NOP per customer inches up, with customer counts compounding at healthy double-digit rates across both platforms. A combination of more policies per customer, higher premium per policy, and a growing renewal back-book is what transforms a linear acquisition business into a compounding annuity, the essence of the non-linear earnings thesis.

**Exhibit 41: Rising premium per policy and NOP per customer drive the cross-sell flywheel**



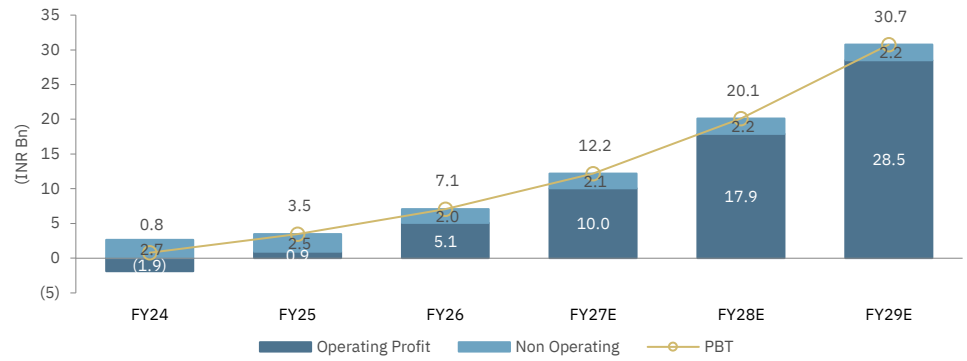
Source: Company, Elara Securities Estimate

Renewal premiums and renewal income on track to double every two years - the engine of a non-linear earnings step-up

**Bringing it together - non-linear profitability path**

The convergence of structural operating drivers, a multifold increase in high-margin renewal income, an increasingly variable cost structure, scale economies on fixed cost, an improving mix tilted toward health, profitably-scaled new initiatives, and a widening cross-sell corridor, underpins what we view as a non-linear profitability trajectory. The earnings step-up is driven not by a single lever but by the compounding interaction of revenue quality and cost discipline, which distinguishes POLICYBZ's current phase from its earlier, acquisition-heavy growth period. This is the foundation of the multifold expansion in operating profit in the medium term, in our view.

**Exhibit 42: Operating profit to grow multifold as renewal income and operating leverage compound**



Source: Company, Elara Securities Estimate

## Valuation

### Initiate with a Buy rating and TP of INR 1,990, implying ~23% upside

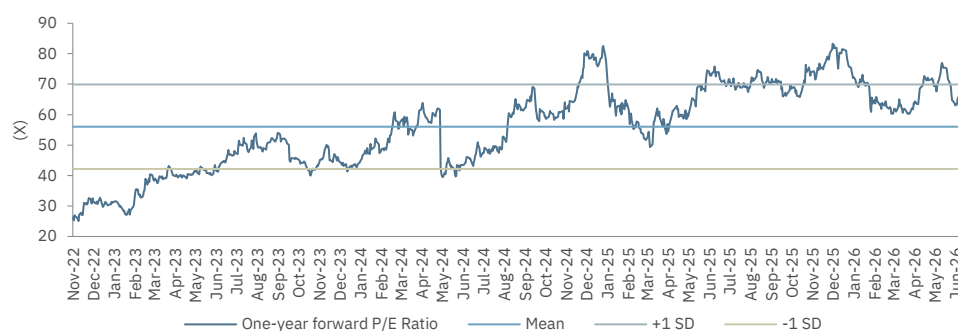
- ▶ We initiate on POLICYBZ with a **Buy** rating with a DCF-derived TP of INR 1,990. This implies ~23% upside, and it is underpinned by an implicit valuation of 61x FY28E P/E. We expect earnings quality and durability to improve as recurring renewal commissions – guidance of ~80% contribution margin – scale and gradually replace one-off, acquisition-driven income. Our conviction is strengthened by strong earnings visibility, with a ~51% APAT CAGR during FY26–29E and a large structural growth opportunity in India’s under-penetrated insurance market (insurance premiums ~3.7% of GDP).
- ▶ The earnings trajectory underpins our call. We model in a revenue CAGR of ~33% CAGR during FY26-29E, from INR 68.0bn to INR 160bn, with operating profit expanding ~6x from INR 5.1bn to INR 28.5bn in FY29E. We expect operating margin to expand materially from 7.5% to 17.9% during the same period. APAT is set to rise from INR 6.7bn to INR 23.1bn by FY29E, with ROE improving from 9.7% to 20.4% and EPS from INR 14.5 to INR 49.8.
- ▶ Our high conviction call is anchored on five structural pillars: 1) a strengthening right-to-win as *Policybazaar* embeds deeper across the insurance value chain, 2) a multifold-scaling, annuity-like renewal income stream, 3) operating leverage from an increasingly variable cost structure, 4) *Paisabazaar* as an emerging, optionality-rich profitability lever, and 5) a long penetration-led growth runway.
- ▶ We believe the risk-reward is compelling. The market, in our assessment, is over-discounting regulatory headwinds while under-appreciating the platform's demonstrated ability to navigate a volatile regulatory environment.

#### Exhibit 43: DCF valuation

(INR)	
Cost of equity (%)	12.0
Equity risk premium (%)	5.0
Terminal growth rate (%)	6.0
Fully diluted shares outstanding (mn)	463
Dividend discount model price	1,990
<b>Target price</b>	<b>1,990</b>
<b>CMP</b>	<b>1,615</b>
<b>Upside (%)</b>	<b>23</b>

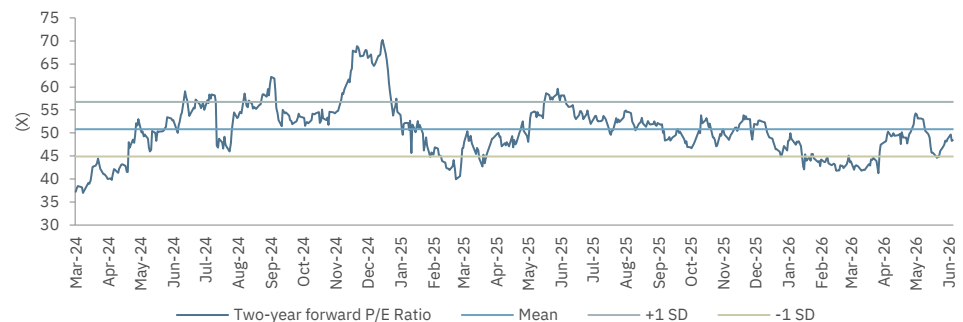
Note: pricing as on 25 June 2026; Source: NSE, Elara Securities Estimate

#### Exhibit 44: Trading at a one-year forward P/E of 68.6x



Source: Bloomberg, Company, Elara Securities Research

Exhibit 45: Trading at a two-year forward P/E of 48.4x



Source: Bloomberg, Company, Elara Securities Research

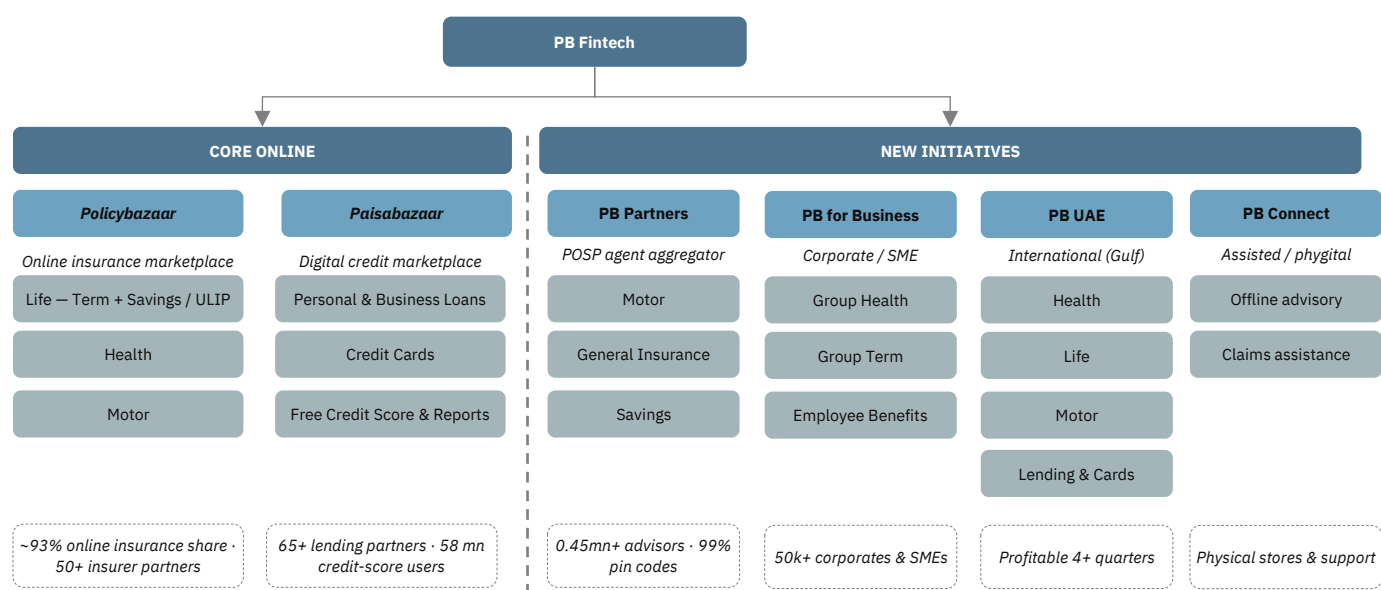
### Key risks to our call

- ▶ **Commission rationalization:** A broad-based cut to distributor commissions would hit take rates and revenue. *Policybazaar's* resilience through the recent GST-driven squeeze and its profitability-linked commission model offer some buffer, but adverse action possess a downside risk to our estimates.
- ▶ **Fresh core premium growth:** Inability to grow the fresh business in the core channel by >30% will have multi-order impact, as this fresh business becomes the accretive base for growth in renewal business.
- ▶ **Bima Sugam:** The regulator-backed digital insurance marketplace could disrupt online distribution (likely motor first, followed by health, life insurance investment products, and then term), compressing distributor economics. We see the risk as over-discounted given *Policybazaar's* hard-to-replicate "phygital" model, embedded value-added capabilities (FWA detection, PB Health, PB Wheels, Assured Delivery & claims support) and deep insurer integrations, but the pace of rollout is a key monitorable.
- ▶ **Renewal income execution:** The thesis leans heavily on scaling up high-margin renewal income. Weaker persistency (notably in the monthly-mode book) or a slower health renewal ramp-up would dampen both the quantum and yield of this annuity, with an outsized valuation impact.
- ▶ **Competition and CAC:** Increased competition from insurers' direct-digital channels, aggregators or large internet platforms could erode conversion and reinflate acquisition spend, challenging the margin expansion path.
- ▶ **Macro and penetration pace:** Slower insurance penetration, weaker premium growth or adverse macro conditions would shrink addressable opportunity and slow customer-base compounding.
- ▶ **New initiatives concentration:** The UAE-Dubai faces near-term geopolitical pressure, and Motor-POSP loss-leader pricing could weigh on blended margin if the shift to a higher-quality agent base proves slow.

## Company description

PB Fintech (POLICYBZ IN) is the parent company of *Policybazaar* - India's largest digital insurance marketplace - and *Paisabazaar*, its credit and loan-comparison platform. Incorporated in CY08 (as ETECHACES Marketing and Consulting and formerly PB Fintech) with headquarters at Gurugram, Haryana, the company has pioneered and shaped India's online insurance-distribution category in the past 17 years, transforming a predominantly agency-led model into a scalable, technology-enabled ecosystem. *Policybazaar* operates an asset-light, platform-centric model that aggregates products from 50+ insurers; it has facilitated 60mn+ policies and combines a digital front-end with a physical advisory footprint across 100+ cities – a "phygital" approach that serves the urban and underpenetrated markets. POLICYBZ completed its IPO in November 2021, listing on the NSE and the BSE.

**Exhibit 46: Overview of POLICYBZ ecosystem**



Note: FY26; Source: Company, Elara Securities Research

**Exhibit 47: Key management personnel**

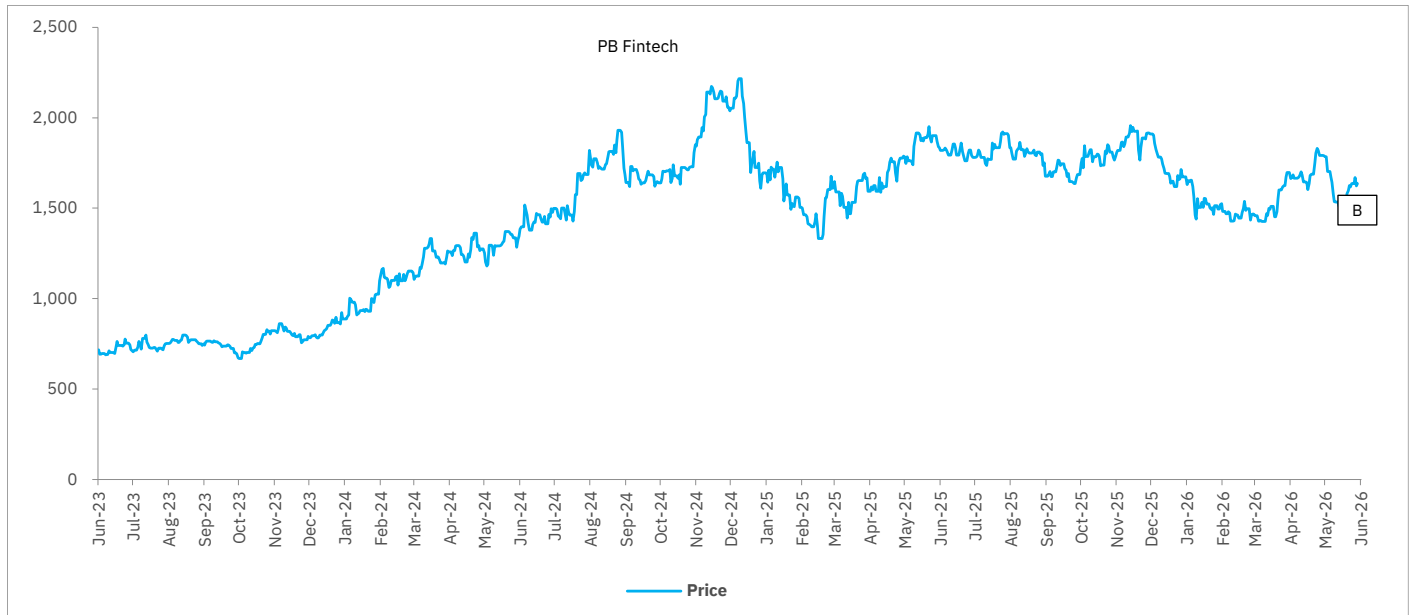
Name	Designation	Professional background
Yashish Dahiya	Chairman, ED & CEO (Co-founder)	BTech from IIT Delhi, PGDM from IIM Ahmedabad and an MBA from INSEAD (France). Previously with ITW Signode India, Bain & Company (London), eBookers PLC (UK) and CI2I Investments
Alok Bansal	Vice Chairman & Whole-Time Director (Co-founder)	BTech from Shri Shahu Ji Maharaj University, Kanpur and PGDM from IIM Calcutta. Previously with Voltas, GE International Operations (India), iGate Global Solutions, Mahindra & Mahindra and FE Global Technology Services
Sarvir Singh	Non-Executive Director; President, Policybazaar	Integrated Master's degree in Mathematics & Computer Applications from IIT Delhi and PGDM from IIM Ahmedabad. Former Managing Partner of WaterBridge Capital Management and MD of Capital18 (Network18 Group)
Kitty Agarwal	Nominee (Non-Executive) Director	Bachelor's degree in Business Management from Bangalore University and PGDM (agri-business) from IIM Ahmedabad. Partner at InfoEdge Ventures; previously Head of Corporate Development at Info Edge (India)
Nilesh Bhaskar Sathe	Independent Director	BCom and MCom from Nagpur University; CAIIB. Former Whole-Time Member, IRDAI; ex-CEO & Director of LIC Nomura MF AMC; former Zonal Manager (Northern Zone), LIC
Veena Vikas Mankar	Independent Director	Economics graduate (Delhi University) and PGDBA from IIM Ahmedabad; Harvard Business School (microfinance leadership). Founder of Swadhaar FinServe (now RBL FinServe); Non-Executive Director, RBL Bank; ex-Chairperson, IDFC Bank
Dhruv Shringi	Independent Director	Chartered Accountant (ICAI) and MBA from INSEAD; Whole-Time Director & CEO of Yatra Online. Previously with Ford Motor Company, Arthur Andersen and Ebookers.com; Co-chairman, FICCI Tourism Committee

Note: Kaushik Dutta and Lilian Jessie Paul completed their first terms and ceased to be Independent Directors effective 18 June 2026; Source: Company, Elara Securities Research

## Abbreviation and acronym

APE	Annualized Premium Equivalent
CAGR	Compound Annual Growth Rate
DSA	Direct Selling Agent
EOM	Expense of Management
ESOP	Employee Stock Option Plan
FWA	Fraud, Waste and Abuse
GDPI	Gross Direct Premium Income
GST	Goods and Services Tax
GWP	Gross Written Premium
IRDAI	Insurance Regulatory and Development Authority of India
LI	Life Insurance
LR	Loss Ratio
NB	New Business
NBP	New Business Premium
NOP	Number of Policies
OD	Own Damage (Motor Insurance)
OEM	Original Equipment Manufacturer
PEG	Price-to-Earnings-to-Growth Ratio
POSP	Point of Sales Person
RTW	Right-to-Win
SAHI	Standalone Health Insurer
TP	Third Party (Motor Insurance)
ULIP	Unit-Linked Insurance Plan
VNB	Value of New Business
ULIP	Unit-Linked Insurance Plan
VNB	Value of New Business

## Coverage History



Date	Rating	Target Price (INR)	Closing Price (INR)
25-Jun-2026	Buy	1,990	1,615

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<b>BUY (B)</b>	Absolute Return >+20%
<b>ACCUMULATE (A)</b>	Absolute Return +5% to +20%
<b>REDUCE (R)</b>	Absolute Return -5% to +5%
<b>SELL (S)</b>	Absolute Return < -5%

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