

# PB Fintech | BUY

## Strong topline growth with understandable margin miss

PB Fintech reported a healthy 47.7%/41.7% YoY growth in core insurance premium / loan disbursements for the quarter. On overall insurance premium and credit disbursements, the company was well ahead of JMFe by 5.6% and 7.5%, respectively with health and term insurance growing 53% YoY. Consol. revenue reached INR 8.1bn, +22%/+42% on QoQ/YoY basis, with a strong beat on JMFe (INR 7.3bn). However, adj. EBITDA margin declined by 190bps QoQ to reach 1.6%, primarily attributable to a higher mix of new health insurance premium and increased marketing spends. Company continued to strategically tone the growth in New Initiatives as competitive intensity remains heightened. We find the performance this quarter to be impressive considering growth driven by core business with new business premium growing 60%+ YoY. The management remains confident of achieving PAT profitability in FY24 and its guidance on INR 10bn PAT in FY27 and we believe there is a strong pathway for the company to positively surprise on this. We roll forward to Dec'24 and reiterate 'BUY' rating with a TP of INR 1,010.

- Strength in the core:** Policybazaar's online insurance premium grew at a strong 47.7%YoY, with management showcasing confidence of delivering 2-3x the industry growth rate. We also note an improvement in take-rates to 16.9% (vs 16.7% in Q1FY24). While there was a pressure on EBITDA and margins in the current quarter (-190bps QoQ), it could be attributed to 1) higher marketing costs by INR 300mn on a lower base of Q1, 2) investment in call centre operations and feet-on-street team to gear up for H2, and, 3) higher proportion of health insurance in the new business premium that is margin diluting in year 1 but generates strong NPV going forward. The management reiterated that despite higher advertising spends by new entrants, they dominate online insurance distribution. Furthermore, the company has picked up pace in new business premium that should sustain growth in the coming years as renewal rates remain strong too, resulting in sharp margin expansion to reach ~25% Adj. EBITDA margin by FY27.
- Credit distribution remains stable:** Credit disbursements on Paisabazaar have grown 16.9%/41.7% QoQ/YoY to reach INR 41.4bn in 2QFY24. The company also enabled issuance of 600k credit cards on an annualised basis. Paisabazaar generated revenue of INR 1,540mn (+53% YoY), while improving EBITDA profitability (~6-8% Adj. EBITDA margin) for the quarter with contribution margins sustaining upwards of 40%. The company has 65+ financier partnerships and has co-created products that generate 14%+ of total credit revenue as trail revenue.
- PB Partners business could see heightened competition:** PB Partners has now reached 16,300 pin-codes with Tier 2+ cities contributing to 71% of the premium. While Policybazaar did ramp-up rapidly to become the largest PoSP player in the country, the competition has sustained with [InsuranceDekho raising USD 210mn in 2023 itself](#). Our channel checks suggest that InsuranceDekho premium is roughly on par with PB Partners in Oct'23. While EBITDA margin in New Initiatives has improved sequentially by ~530bps, we do not anticipate EBITDA profitability to be delivered before FY27.



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### Recommendation and Price Target

Current Reco.	BUY
Previous Reco.	BUY
Current Price Target (12M)	1,010
Upside/(Downside)	44.4%
Previous Price Target	980
Change	3.1%

### Key Data – POLICYBZ IN

Current Market Price	INR700
Market cap (bn)	INR314.9/US\$3.8
Free Float	91%
Shares in issue (mn)	447.9
Diluted share (mn)	488.1
3-mon avg daily val (mn)	INR927.6/US\$11.1
52-week range	818/356
Sensex/Nifty	64,364/19,231
INR/US\$	83.3

### Price Performance

%	1M	6M	12M
Absolute	-8.8	17.2	85.7
Relative*	-6.5	11.2	75.8

\* To the BSE Sensex

### Financial Summary

Y/E March	FY22A	FY23A	FY24E	FY25E	FY26E
Net Sales	14,249	25,578	34,143	44,814	57,125
Sales Growth (%)	60.7	79.5	33.5	31.3	27.5
EBITDA	-9,023	-6,616	-1,795	2,114	5,768
EBITDA Margin (%)	-63.3	-25.9	-5.3	4.7	10.1
Adjusted Net Profit	-8,329	-4,879	987	4,070	7,424
Diluted EPS (INR)	-19.8	-10.0	2.0	8.3	15.2
Diluted EPS Growth (%)	0.0	0.0	0.0	312.4	82.4
ROIC (%)	-362.0	-145.0	-38.9	13.8	49.3
ROE (%)	-22.5	-9.0	1.7	6.5	10.6
P/E (x)	-35.4	-69.8	346.1	83.9	46.0
P/B (x)	5.3	5.7	5.3	4.8	4.2
EV/EBITDA (x)	-29.2	-40.2	-145.9	121.4	43.1
Dividend Yield (%)	0.0	0.0	0.0	0.0	0.0

Source: Company data, JM Financial. Note: Valuations as of 11/Apr/2023

JM Financial Research is also available on:  
Bloomberg - JMFR <GO>,  
Thomson Publisher & Reuters,  
S&P Capital IQ, FactSet and Visible Alpha

Please see Appendix I at the end of this report for Important Disclosures and Disclaimers and Research Analyst Certification.

- Maintain 'BUY', roll forward to Dec'24 with TP of INR 1,010:** With the company surprising on growth, we have improved our revenue estimates by 1-4% over FY24-28E. However, we have lowered our EBITDA margin estimates for FY24-25 while increasing the same going forward as higher mix of New Initiatives and Health Insurance new business could impact blended margins currently but will help in margin improvement later. Rolling forward to Dec'24, we maintain our 'BUY' rating along with a DCF-based TP of INR 1,010. **Key Risk:** Bima Sugam and continued losses in New Initiatives on the downside and faster than expected operating profit growth on the upside.

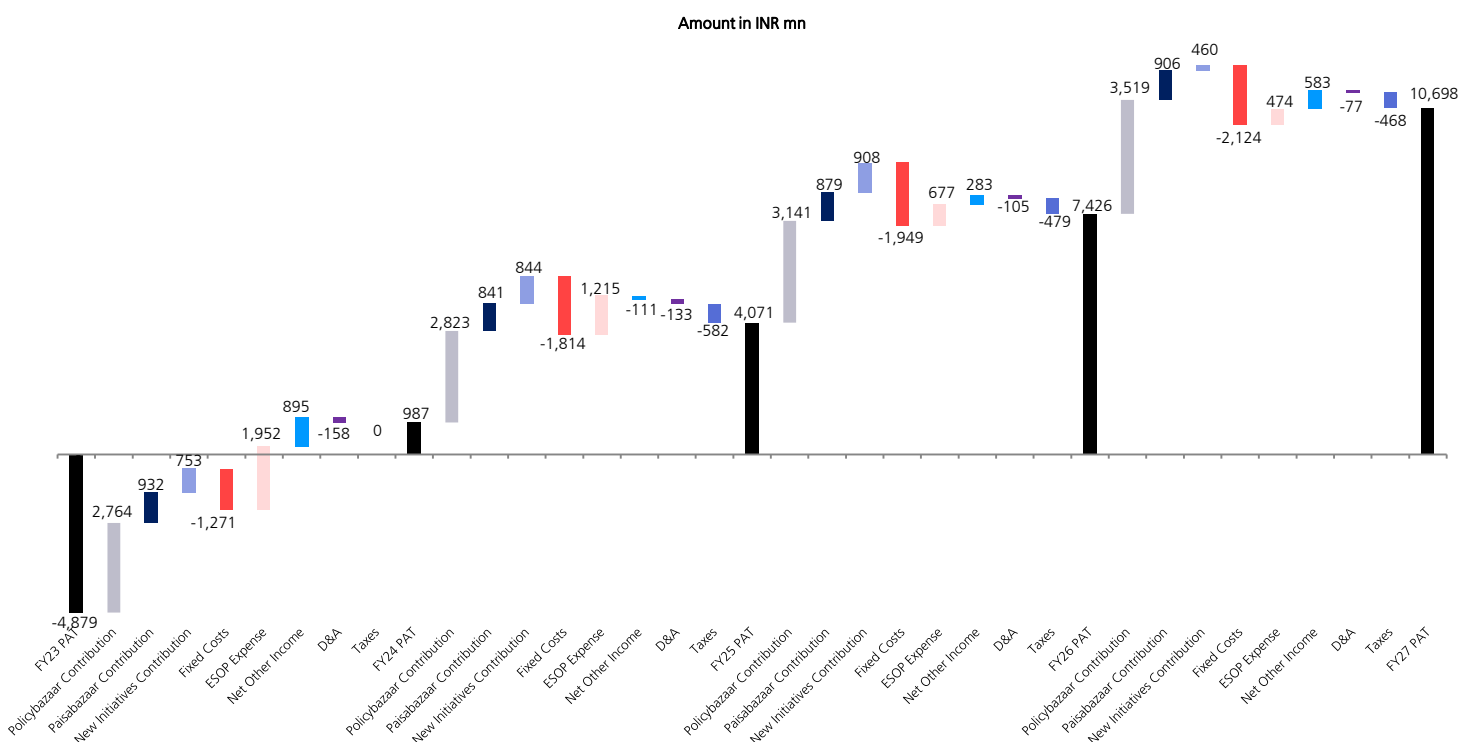
**Exhibit 1. While Renewals are expected to drive improvement in profitability, even new business has healthy contribution margin**

Existing Business Revenue (A)	5,966
Existing Business Contribution (B)	2,660
Renewal Revenue (C)	1,090
Renewal Contribution (D=C*85%)	927
Paisabazaar Revenue (E)	1,540
Paisabazaar Trail Revenue (F=E*14.5%)	223
Paisabazaar New Revenue (G=E-F)	1,317
Paisabazaar New Revenue Contribution (H=G*42%)	540
Contribution from Policybazaar New Business (I=B-D-H)	1,194
Policybazaar New Business Revenue (J)	3,560
CM for Policybazaar New Business (K=I/J)	34%

Source: Company, JM Financial

- Company positioned well to deliver on FY27 PAT guidance:** With renewals expected to gain in revenue mix, PB Fintech is likely to see rising incremental contribution from core business while Paisabazaar's incremental contribution can plateau as we do not expect sharp improvement in trail revenue. As New initiatives turn profitable, we expect incremental contribution to come from them but that benefit should taper by FY27 with just 3% CM expected from it in FY27. Hence, as long as the fixed costs grow slower than the forecasted revenue growth (28% FY23-28 CAGR) for the company, we should see EBITDA margin continuing to rise. In the chart below, we highlight the drivers of PB Fintech's journey to FY27 PAT guidance of INR 10bn.

**Exhibit 2. Journey to FY27 PAT Guidance**



Source: Company, JM Financial

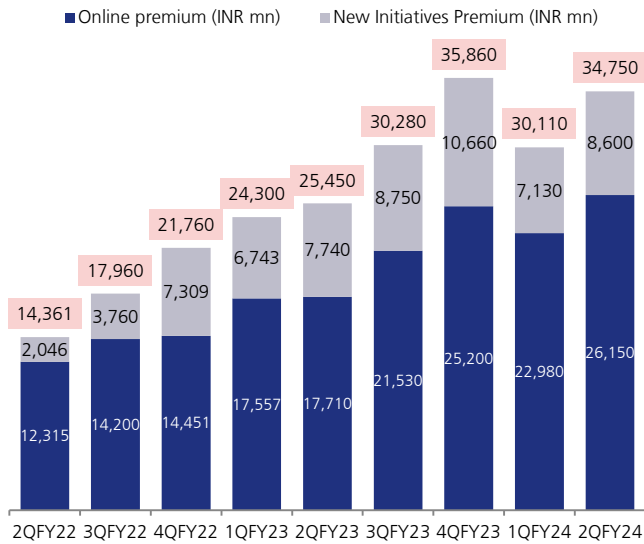
## Key Metrics

## Exhibit 3. Financial Snapshot

Financials	FY22	1QFY23	2QFY23	3QFY23	4QFY23	FY23	1QFY24	2QFY24	Remarks
<b>Total Online Insurance Premium (INR mn)</b>	<b>56,400</b>	<b>17,557</b>	<b>17,710</b>	<b>21,530</b>	<b>25,200</b>	<b>81,997</b>	<b>22,980</b>	<b>26,150</b>	•PB reported a 41.5% YoY revenue growth to INR 8.1bn in 2QFY24, a strong beat on JMFe of INR 7.3bn.
Change (YoY)	20.0%	13.8%	43.8%	51.6%	74.4%	45.4%	30.9%	47.7%	
<b>Online New Insurance Premium (INR mn)</b>	<b>32,517</b>	<b>7,557</b>	<b>7,510</b>	<b>10,380</b>	<b>12,050</b>	<b>37,497</b>	<b>10,230</b>	<b>12,650</b>	• Credit disbursements grew 41.7% YoY (17% QoQ) driven by sustained growth in disbursements and credit cards issued.
Change (YoY)	18.5%	-3.7%	4.0%	14.1%	44.4%	15.3%	35.4%	68.4%	
<b>Total Credit Disbursements (INR mn)</b>	<b>66,066</b>	<b>23,200</b>	<b>29,217</b>	<b>30,208</b>	<b>33,569</b>	<b>1,16,194</b>	<b>35,420</b>	<b>41,390</b>	• Employee expenses (excl. ESOPs) stood at INR 3.2bn (+36% YoY), accounting for 40% of revenue against 43%/41% in 1QFY24/2QFY23.
Change (YoY)	126.5%	135.7%	93.9%	56.8%	53.4%	75.9%	52.7%	41.7%	
<b>Group revenue (INR mn)</b>	<b>14,249</b>	<b>5,052</b>	<b>5,735</b>	<b>6,101</b>	<b>8,691</b>	<b>25,578</b>	<b>6,656</b>	<b>8,116</b>	• Advertisement and promotional expenses increased 30% YoY and accounted for 50% of revenue against 44%/54% in 1QFY24/2QFY23.
Change (YoY)	60.7%	112.5%	105.1%	66.1%	60.9%	79.5%	31.8%	41.5%	
Total operating expense	23,272	7,395	7,995	7,433	9,371	32,194	7,427	9,007	• This resulted in reported EBITDA margin of -11%, an improvement of 2840bps YoY.
EBITDA	-9,023	-2,343	-2,261	-1,332	-681	-6,616	-771	-891	
<b>EBITDA margin</b>	<b>-63.3%</b>	<b>-46.4%</b>	<b>-39.4%</b>	<b>-21.8%</b>	<b>-7.8%</b>	<b>-25.9%</b>	<b>-11.6%</b>	<b>-11.0%</b>	• Adjusted EBITDA margin stood at 1.6% against JMFe of adjusted EBITDA margin of 3.9%.
Adj. EBITDA (Ex-ESOP charges)	-2,952	-673	-516	-282	278	-1,192	229	129	
<b>Adj. EBITDA Margin</b>	<b>-20.7%</b>	<b>-13.3%</b>	<b>-9.0%</b>	<b>-4.6%</b>	<b>3.2%</b>	<b>-4.7%</b>	<b>3.4%</b>	<b>1.6%</b>	• PAT loss stood at INR 211mn, much higher than JMFe loss estimates of INR 28mn.
Depreciation & amortization	428	132	156	175	175	638	195	223	
EBIT	-9,452	-2,475	-2,416	-1,507	-855	-7,254	-966	-1,114	• Adjusted EBITDA margin stood at 1.6% against JMFe of adjusted EBITDA margin of 3.9%.
<b>EBIT margin</b>	<b>-66.3%</b>	<b>-49.0%</b>	<b>-42.1%</b>	<b>-24.7%</b>	<b>-9.8%</b>	<b>-28.4%</b>	<b>-14.5%</b>	<b>-13.7%</b>	
Net other income	1,118	434	548	633	761	2,376	849	903	• PAT loss stood at INR 211mn, much higher than JMFe loss estimates of INR 28mn.
Exceptional	0	-3	2	-2	1	-2	1	-3	
<b>Profit before tax</b>	<b>-8,334</b>	<b>-2,044</b>	<b>-1,866</b>	<b>-876</b>	<b>-94</b>	<b>-4,880</b>	<b>-116</b>	<b>-214</b>	• PAT loss stood at INR 211mn, much higher than JMFe loss estimates of INR 28mn.
Income tax expense	-5	-1	0	0	0	0	3	-3	
Minority Interest	0	0	0	0	0	0	0	0	• PAT loss stood at INR 211mn, much higher than JMFe loss estimates of INR 28mn.
<b>Reported PAT</b>	<b>-8,329</b>	<b>-2,043</b>	<b>-1,866</b>	<b>-876</b>	<b>-93</b>	<b>-4,879</b>	<b>-119</b>	<b>-211</b>	
Change (YoY)	NA	NA	NA	NA	NA	NA	NA	NA	• PAT loss stood at INR 211mn, much higher than JMFe loss estimates of INR 28mn.
<b>Adjusted PAT</b>	<b>-8,329</b>	<b>-2,041</b>	<b>-1,869</b>	<b>-874</b>	<b>-94</b>	<b>-4,878</b>	<b>-120</b>	<b>-208</b>	
Change (YoY)	NA	NA	NA	NA	NA	NA	NA	NA	• PAT loss stood at INR 211mn, much higher than JMFe loss estimates of INR 28mn.
<b>Adjusted diluted EPS</b>	<b>-19.79</b>	<b>-4.19</b>	<b>-3.82</b>	<b>-1.80</b>	<b>-0.19</b>	<b>-10.03</b>	<b>-0.24</b>	<b>-0.43</b>	
Change (YoY)	NA	NA	NA	NA	NA	NA	NA	NA	

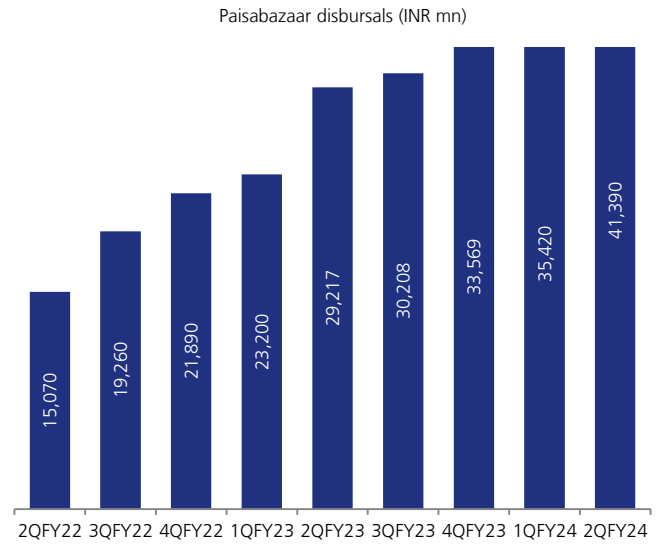
Source: Company, JM Financial

Exhibit 4. Core insurance has gained strength



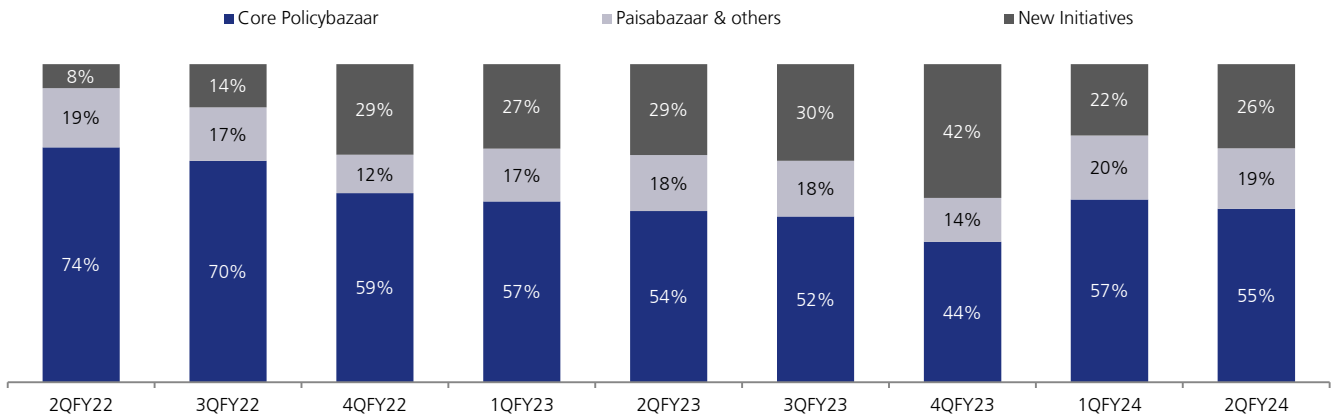
Source: Company, JM Financial

Exhibit 5. Strong growth of 42% YoY in disburseals



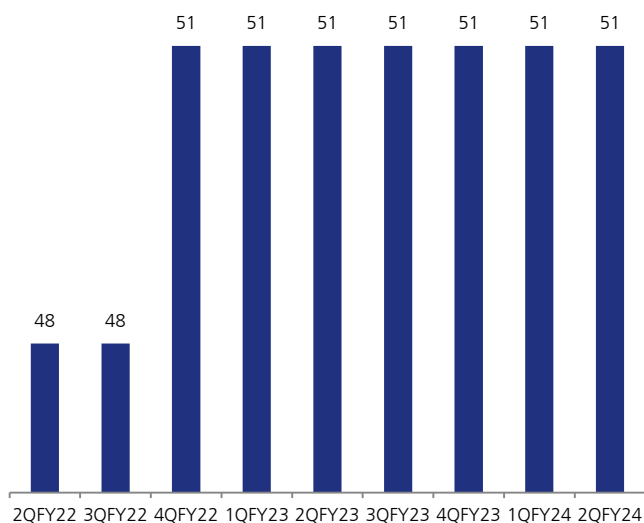
Source: Company, JM Financial

Exhibit 6. Revenue mix for consolidated operations of Policybazaar



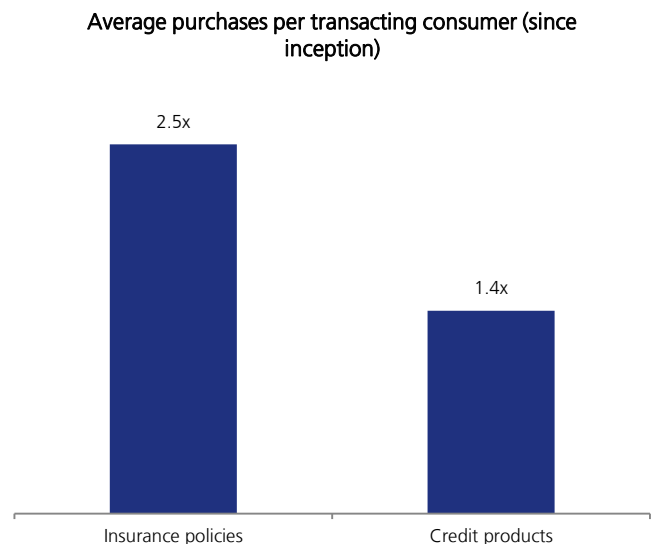
Source: Company, JM Financial

Exhibit 7. Unique Insurer partners with Policybazaar



Source: Company, JM Financial

Exhibit 8. Avg. purchases per transacting consumer since inception



Source: Company, JM Financial

## Maintain BUY; TP changed to INR 1,010

### Exhibit 9. Revenue vaguely unchanged but profitability pushed forward

	OLD					NEW					Change				
	FY24E	FY25E	FY26E	FY27E	FY28E	FY24E	FY25E	FY26E	FY27E	FY28E	FY24E	FY25E	FY26E	FY27E	FY28E
Consolidated revenue (INR mn)	33,036	43,193	56,029	70,556	87,171	34,143	44,814	57,125	71,402	87,963	3.4%	3.8%	2.0%	1.2%	0.9%
Revenue growth rate (YoY)	29.2%	30.7%	29.7%	25.9%	23.5%	33.5%	31.3%	27.5%	25.0%	23.2%	433bps	51bps	-225bps	-93bps	-35bps
EBITDA margin	-4.7%	5.4%	9.5%	11.9%	13.7%	-5.3%	4.7%	10.1%	12.6%	14.1%	-54bps	-64bps	62bps	72bps	46bps
Adj. EBITDA Margin (ex-ESOP)	5.6%	10.5%	12.3%	13.4%	14.8%	4.9%	9.8%	12.9%	14.2%	15.3%	-72bps	-75bps	61bps	72bps	46bps
EBIT margin	-7.1%	3.3%	7.7%	10.4%	12.3%	-7.6%	2.6%	8.3%	11.0%	12.8%	-54bps	-66bps	57bps	67bps	42bps
PAT (INR mn)	1,024	4,382	7,167	10,294	13,573	987	4,071	7,426	10,698	13,885	-3.6%	-7.1%	3.6%	3.9%	2.3%
Diluted EPS (INR)	2.10	8.98	14.68	21.08	27.80	2.02	8.34	15.21	21.91	28.44	-3.6%	-7.1%	3.6%	3.9%	2.3%

Source: Company, JM Financial

### Exhibit 10. Valuation assumptions for PB Fintech

<b>WACC</b>	<b>13.0%</b>
Revenue CAGR (FY23-28)	28.0%
Revenue CAGR (FY28-33)	19.0%
Revenue CAGR (FY33-41)	14.6%
EBITDA CAGR (FY23-28)	NA
EBITDA CAGR (FY28-33)	29.3%
EBITDA CAGR (FY33-41)	20.8%
Tax Rate	25.2%
<b>FCFF CAGR (2023-2041F)</b>	<b>NA</b>
NPV of Cash flow (2024-2041F)	1,99,270
<b>Perpetual growth (%)</b>	<b>6.0%</b>
Implied EXIT FCF Multiple (X)	14.3x
Terminal Value	2,42,346
<b>Enterprise Value (INR mn)</b>	<b>4,41,617</b>
Terminal Value as % of Enterprise Value	54.9%
Net Debt (INR mn, Mar'24E)	(51,689)
<b>Equity Value (INR mn)</b>	<b>4,93,306</b>
Number of shares outstanding (Diluted mn)	486.4
<b>Equity Value (INR mn)</b>	<b>1,010</b>

Source: Company, JM Financial

### Exhibit 11. Sensitivity of Equity value to WACC and Terminal Growth Rate

		Terminal Growth Rate					
		3.0%	4.5%	6.0%	6.5%	7.0%	
WACC	9.00%	1,590	1,900	2,520	2,890	3,450	
	11.00%	1,130	1,260	1,470	1,570	1,700	
	13.00%	850	920	1,010	1,060	1,100	
	15.00%	680	710	760	780	800	
	17.00%	550	570	600	610	620	
	19.00%	460	480	490	500	510	
	21.00%	400	410	420	420	430	

Source: Company, JM Financial

### Exhibit 12. Sensitivity of Equity Value to Revenue growth and Margin expansion

		Revenue (% of JMFe)					
		60.0%	70.0%	80.0%	90.0%	100.0%	
EBITDA Margin (% of JMFe)	70%	470	540	600	670	730	
	75%	500	570	640	710	780	
	80%	530	600	680	750	830	
	85%	550	630	710	790	870	
	90%	580	670	750	840	920	
	95%	610	700	790	880	970	
	100%	640	730	830	920	1,010	

Source: Company, JM Financial

## Key Risks

- **Downside risks:** 1) **Tech penetration growth slows down:** Policybazaar is currently benefiting from fast growing share of tech-enabled transactions penetration in India, so a material slowdown may impact its growth. 2) **Growing competitive intensity:** A number of fin-techs are aggressively investing in building/expanding their insurance and credit platforms while some of its privately listed peers are in the process of raising funds to fight for their territory in PoSP business. 3) **Stakeholder conflicts:** In Aug'21, HDFC Ergo announced plans to delist products from third-party brokers while deciding to invest heavily on its in-house online platform. With brokers continuing to gain negotiating power for higher margins, there is a likelihood of other larger players also following suit, impacting the number of products offered. 4) **Regulatory risks:** The insurance segment continues to be under heavy regulatory scrutiny with regards to commissions, distribution models, capital adequacy etc. and there exist potential risks with regard to regulatory headwinds. The recent IRDAI announcement about operationalizing Bima Sugam remains a tail risk. 5) **Multi-year bundling of motor insurance policies:** There have been media reports mentioning that motor comprehensive insurance will be bundled as a 5-year product at the time of vehicle purchase. While auto dealers control the transaction completely at purchase and hence restrict any business reaching marketplaces such as Policybazaar, this bundling will also take away annual renewal opportunities and could impact business growth adversely.
- **Upside risks:** 1) **Insurance penetration exceeding our expectations:** We expect the insurance sector to continue to remain relatively underpenetrated in India in the medium term along with a slower digital penetration trajectory due to the handholding needed for insurance buyers. So there is room for a positive surprise in both insurance premium growth as well as digital penetration. 2) **Sharp rise in online transacting users:** Tech-enabled transactions could grow at a much faster rate than expected due to faster than anticipated rise in transacting user base on the company's platform. 3) **Physical distribution contribution margin improve rapidly:** We are estimating physical distribution to have continued low contribution margins and if the margins improve sooner, that could drive sharp rise in EBITDA. 4) **Regulation mandates compulsory purchase of certain insurance policies:** Any regulatory push that mandates compulsory purchase of certain insurance policies (like motor insurance). 5) **Significant value accretion from organic/inorganic expansion:** Considering the significant amount of cash on balance sheet, the company remains well positioned to opportunistically make strategic investments or acquisitions.

## Financial Tables (Consolidated)

Income Statement		(INR mn)				
Y/E March	FY22A	FY23A	FY24E	FY25E	FY26E	
Net Sales	14,249	25,578	34,143	44,814	57,125	
Sales Growth	60.7%	79.5%	33.5%	31.3%	27.5%	
Other Operating Income	0	0	0	0	0	
<b>Total Revenue</b>	<b>14,249</b>	<b>25,578</b>	<b>34,143</b>	<b>44,814</b>	<b>57,125</b>	
Cost of Goods Sold/Op. Exp	3,255	8,890	9,456	11,978	15,353	
Personnel Cost	12,555	15,396	16,503	18,462	21,219	
Other Expenses	7,462	7,909	9,979	12,260	14,785	
<b>EBITDA</b>	<b>-9,023</b>	<b>-6,616</b>	<b>-1,795</b>	<b>2,114</b>	<b>5,768</b>	
EBITDA Margin	-63.3%	-25.9%	-5.3%	4.7%	10.1%	
EBITDA Growth	0.0%	0.0%	0.0%	0.0%	172.8%	
Depn. & Amort.	428	638	797	929	1,034	
EBIT	-9,452	-7,254	-2,592	1,185	4,734	
Other Income	1,254	2,590	3,844	3,786	4,106	
Finance Cost	136	214	272	325	361	
PBT before Excep. & Forex	-8,334	-4,878	981	4,646	8,478	
Excep. & Forex Inc./Loss(-)	0	0	0	0	0	
PBT	-8,334	-4,878	981	4,646	8,478	
Taxes	-5	0	0	582	1,061	
Extraordinary Inc./Loss(-)	0	0	0	0	0	
Assoc. Profit/Min. Int.(-)	0	-2	6	6	6	
Reported Net Profit	-8,329	-4,879	987	4,070	7,424	
<b>Adjusted Net Profit</b>	<b>-8,329</b>	<b>-4,879</b>	<b>987</b>	<b>4,070</b>	<b>7,424</b>	
Net Margin	-58.5%	-19.1%	2.9%	9.1%	13.0%	
Diluted Share Cap. (mn)	421.0	486.4	488.1	488.1	488.1	
<b>Diluted EPS (INR)</b>	<b>-19.8</b>	<b>-10.0</b>	<b>2.0</b>	<b>8.3</b>	<b>15.2</b>	
Diluted EPS Growth	0.0%	0.0%	0.0%	312.4%	82.4%	
Total Dividend + Tax	0	0	0	0	0	
Dividend Per Share (INR)	0.0	0.0	0.0	0.0	0.0	

Source: Company, JM Financial

Balance Sheet		(INR mn)				
Y/E March	FY22A	FY23A	FY24E	FY25E	FY26E	
Shareholders' Fund	54,117	54,763	59,221	65,548	74,551	
Share Capital	899	900	900	900	900	
Reserves & Surplus	53,218	53,863	58,321	64,648	73,651	
Preference Share Capital	0	0	0	0	0	
Minority Interest	0	85	71	64	62	
Total Loans	0	0	0	0	0	
Def. Tax Liab. / Assets (-)	-792	-1,289	-1,289	-1,289	-1,289	
<b>Total - Equity &amp; Liab.</b>	<b>53,324</b>	<b>53,559</b>	<b>58,003</b>	<b>64,323</b>	<b>73,324</b>	
Net Fixed Assets	2,049	3,133	3,846	4,556	5,128	
Gross Fixed Assets	973	1,380	1,834	2,328	2,862	
Intangible Assets	1,690	2,449	3,021	3,590	4,016	
Less: Depn. & Amort.	614	696	1,009	1,362	1,751	
Capital WIP	0	0	0	0	0	
Investments	15,014	43,175	43,175	43,175	43,175	
Current Assets	41,299	14,943	21,158	29,871	41,706	
Inventories	0	0	0	0	0	
Sundry Debtors	3,609	6,773	8,947	11,621	14,657	
Cash & Bank Balances	37,002	7,627	11,828	17,747	26,409	
Loans & Advances	0	0	0	0	0	
Other Current Assets	688	543	383	503	641	
Current Liab. & Prov.	5,038	7,692	10,176	13,279	16,685	
Current Liabilities	3,576	5,327	6,848	8,799	10,831	
Provisions & Others	1,463	2,365	3,328	4,480	5,854	
Net Current Assets	36,261	7,251	10,982	16,591	25,021	
<b>Total - Assets</b>	<b>53,324</b>	<b>53,559</b>	<b>58,003</b>	<b>64,323</b>	<b>73,324</b>	

Source: Company, JM Financial

Cash Flow Statement		(INR mn)				
Y/E March	FY22A	FY23A	FY24E	FY25E	FY26E	
Profit before Tax	-8,334	-4,880	987	4,652	8,484	
Depn. & Amort.	428	638	357	396	433	
Net Interest Exp. / Inc. (-)	-897	-1,996	-3,573	-3,461	-3,745	
Inc (-) / Dec in WCcap.	-1,294	-1,340	20	-288	-215	
Others	5,917	5,086	3,471	2,256	1,579	
Taxes Paid	-238	-498	0	-582	-1,061	
<b>Operating Cash Flow</b>	<b>-4,416</b>	<b>-2,990</b>	<b>1,262</b>	<b>2,973</b>	<b>5,476</b>	
Capex	-311	-637	-498	-537	-578	
Free Cash Flow	-4,727	-3,627	764	2,436	4,898	
Inc (-) / Dec in Investments	-33,230	-1,145	0	0	0	
Others	1,013	2,197	3,844	3,786	4,106	
<b>Investing Cash Flow</b>	<b>-32,529</b>	<b>414</b>	<b>3,347</b>	<b>3,249</b>	<b>3,527</b>	
Inc / Dec (-) in Capital	36,453	1	-14	-7	-2	
Dividend + Tax thereon	0	0	0	0	0	
Inc / Dec (-) in Loans	0	0	0	0	0	
Others	-239	-426	-394	-296	-340	
<b>Financing Cash Flow</b>	<b>36,214</b>	<b>-425</b>	<b>-408</b>	<b>-303</b>	<b>-342</b>	
<b>Inc / Dec (-) in Cash</b>	<b>-731</b>	<b>-3,001</b>	<b>4,201</b>	<b>5,919</b>	<b>8,662</b>	
Opening Cash Balance	4,388	11,351	7,627	11,828	17,747	
Closing Cash Balance	37,002	8,351	11,828	17,747	26,409	

Source: Company, JM Financial

Dupont Analysis		FY22A	FY23A	FY24E	FY25E	FY26E
Net Margin		-58.5%	-19.1%	2.9%	9.1%	13.0%
Asset Turnover (x)		0.3	0.4	0.5	0.6	0.7
Leverage Factor (x)		1.1	1.1	1.2	1.2	1.2
RoE		-22.5%	-9.0%	1.7%	6.5%	10.6%

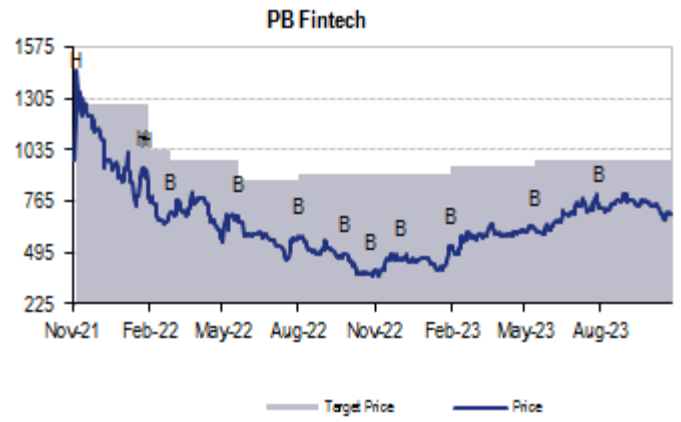
Key Ratios		FY22A	FY23A	FY24E	FY25E	FY26E
BV/Share (INR)		132.2	122.3	131.6	145.6	165.6
ROIC		-362.0%	-145.0%	-38.9%	13.8%	49.3%
ROE		-22.5%	-9.0%	1.7%	6.5%	10.6%
Net Debt/Equity (x)		-0.9	-0.9	-0.9	-0.9	-0.9
P/E (x)		-35.4	-69.8	346.1	83.9	46.0
P/B (x)		5.3	5.7	5.3	4.8	4.2
EV/EBITDA (x)		-29.2	-40.2	-145.9	121.4	43.1
EV/Sales (x)		18.5	10.4	7.7	5.7	4.3
Debtor days		92	97	96	95	94
Inventory days		0	0	0	0	0
Creditor days		31	35	42	47	50

Source: Company, JM Financial

History of Recommendation and Target Price

Date	Recommendation	Target Price	% Chg.
16-Nov-21	Hold	1,270	
3-Feb-22	Hold	1,270	0.0
9-Feb-22	Hold	1,030	-18.9
9-Mar-22	Buy	980	-4.9
30-May-22	Buy	870	-11.2
11-Aug-22	Buy	910	4.6
7-Oct-22	Buy	910	0.0
8-Nov-22	Buy	910	0.0
14-Dec-22	Buy	910	0.0
11-Feb-23	Buy	950	4.4
23-May-23	Buy	980	3.2
9-Aug-23	Buy	980	0.0

Recommendation History





## APPENDIX I

## JM Financial Institutional Securities Limited

Corporate Identity Number: U67100MH2017PLC296081

Member of BSE Ltd. and National Stock Exchange of India Ltd.

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Rating	Meaning
Buy	Total expected returns of more than 10% for stocks with market capitalisation in excess of INR 200 billion and REITs* and more than 15% for all other stocks, over the next twelve months. Total expected return includes dividend yields.
Hold	Price expected to move in the range of 10% downside to 10% upside from the current market price for stocks with market capitalisation in excess of INR 200 billion and REITs* and in the range of 10% downside to 15% upside from the current market price for all other stocks, over the next twelve months.
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\* REITs refers to Real Estate Investment Trusts.

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