

Issue Highlights

Industry	Fintech
Offer for sale (Shares)	19,132,653
Fresh Issue (Shares)	38,265,306
Net Offer to the Public	57,397,959
Issue Size (Rs. Cr.)	5395-5625
Price Band (Rs.)	940-980
Offer Date	1-Nov-21
Close Date	3-Nov-21
Face Value	2
Lot Size	15

Issue Composition

	In shares
Total Issue for Sale	57,397,959
QIB	43,048,469
NIB	8,609,694
Retail	5,739,796

Shareholding Pattern (%)

Particulars	Pre-issue	Post-issue
Promoters & promoters group	0.00%	0.00%
QIB	94.52%	91.79%
NIB	5.48%	6.93%
Retail	0.00%	1.28%
Total	100.00%	100.00%

*calculated on the upper price band

Objects of the Issue

For enhancing visibility and awareness of company's brands, including but not limited to "Policybazaar" and "Paisabazaar" - Rs.15,000 Million;

New opportunities to expand company's consumer base including offline presence - Rs.3,750 Million;

Funding strategic investments and acquisitions - Rs.6,000 Million;

Expanding presence outside India - Rs.3,750 Million; and

General corporate purposes.

Book Running Lead Manager

- Kotak Mahindra Capital Company Limited
- Morgan Stanley India Company Private Limited
- Citigroup Global Markets India Private Limited
- ICICI Securities Limited
- HDFC Bank Limited
- IIFL Securities Limited
- Jefferies India Private Limited

Name of the registrar

- Link Intime India Private Limited

About the company

PB Fintech is India's leading online platform for insurance and lending products. The company provides convenient access to insurance, credit, and other financial products and aims to create awareness in India about the financial impact of death, disease, and damage. In 2008, PB Fintech launched Policybazaar aimed at catering to consumers who need more information, choice, and transparency in insurance policies. Policybazaar is an online platform for consumers and insurer partners to buy and sell insurance products. 51 insurer partners offered over 340 term, health, motor, home, and travel insurance products on the policy bazaar platform, as of March 2021. Policybazaar offers its users with i) pre-purchase research, ii) purchase, including application, inspection, medical check-up, and payment; and iii) post-purchase policy management, including claims facilitation, renewals, cancellations, and refunds. The company's technology solutions are focused on automation and self-service-driven consumer experiences requiring minimal human intervention. PB Fintech also launched Paisabazaar in 2014 intending to provide ease, convenience, and transparency in selecting a variety of personal loans and credit cards for the consumers. The company has partnered with 54 large banks, NBFCs, and fintech lenders offering a wide choice of products to consumers across personal credit categories, including personal loans, business loans, credit cards, home loans, and loans against property. Paisabazaar was India's largest digital consumer credit marketplace with a 51.4% market share, based on disbursements in Fiscal 2020. During Fiscals 2019, 2020, and 2021, Paisabazaar enabled disbursements of Rs.51,015 Mn, Rs.65,496 Mn, and Rs.29,168 Mn, respectively.

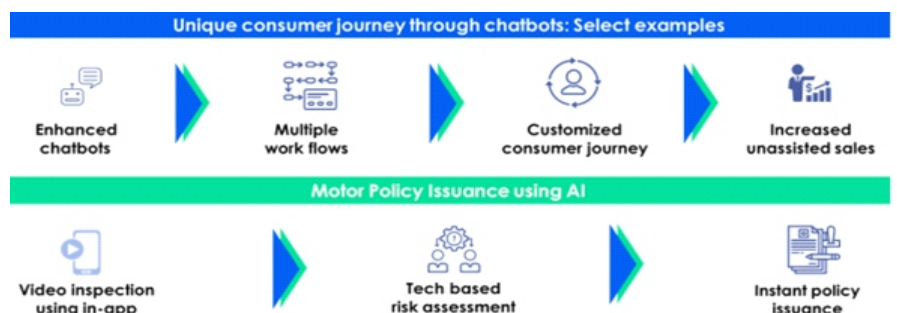
Strength

Consumer-friendly brands offering wide choice, transparency and convenience:

The company offers wide choice, transparency and the ability for Consumers to research and access insurance and personal credit products offered by its Insurer and Lending Partners. Through its Consumercentric approach, it has created strong brands in both Policybazaar and Paisabazaar which is recognised throughout India. The strength of its brands are also reflected in the fact that in Fiscal 2021, 83.0% of the policies sold on Policybazaar and 66.0% of loans originated on Paisabazaar were to Consumers who came to its platform directly or through direct online brand searches. Similarly, in the three months ended June 30, 2021, 82.1% of policies sold on Policybazaar and 54.3% of loans originated on Paisabazaar were to Consumers who came to its platform directly or through direct brand searches.

Its Proprietary Technology, Data and Intelligence Stack:

Its proprietary technology stack helps the company design user-friendly Consumer journeys across all of its processes by automating various aspects across the product value chain. Using its technology, the company engages with Consumers through easy-to-navigate mobile apps and websites which automate and digitise the Consumer journey of purchasing insurance



and personal credit products. It has been leveraging technology to provide high quality consumer service. The graphic below illustrates select examples of Policybazaar's process flow.

Collaborative partner for Insurer and Lending Partners: In Fiscal 2020, Policybazaar constituted 65.3% of all digital insurance sales in India by number of policies sold (including online sales done directly by insurance companies and by insurance distributors). 48 Insurer Partners as of September 30, 2021 sell their products on Policybazaar, which represents 84.5% of all licensed insurers in India. Paisabazaar was India's largest consumer credit marketplace with a 53.7% market share based on disbursements in Fiscal 2021. The company provides its Insurer and Lending Partners with access to the large Consumer bases of both Policybazaar and Paisabazaar to enhance their sales.

Its scale gives us unique self-reinforcing flywheels and strong network effects: Its Policybazaar and Paisabazaar platforms have large, efficient and intelligent networks, providing Consumers with the ability to browse financial services products offered by 48 Insurer Partners and 56 Lending Partners. The company benefits from powerful network effects at scale as a result of its positioning as a trusted and default search engine for insurance and personal credit products in India. Its large and growing number of visitors to its Policybazaar and Paisabazaar platforms attract more Insurer and Lending Partners who offer more products, which in turn further attracts more Consumers, creating a virtuous cycle. The strong network effects for both Policybazaar and Paisabazaar gives the company significant competitive advantages and ability to further enhance its competitive position.

High renewal rates providing clear visibility into future business and delivering superior economics: Given the strong value proposition, the company offers to its consumers, and the nature of many insurance products, such as health and motor insurance where renewals are common, it is able to benefit from long term retention and visibility of business from existing Consumers with negligible marginal CAC. For example, as of March 31, 2021, Consumers who purchased health insurance through Policybazaar in Fiscal 2014 for the first time have made repeated health insurance purchases worth 5.9 times the 2014 premium. Similarly, the multiplier is 3.4 times for motor insurance. This provides clear visibility into its future business outlook as it is able to generate revenue from a Consumer over a long time period with negligible additional spend towards consumer acquisition leading to superior unit economics.

Benefits from economies of segmentation: Its Policybazaar and Paisabazaar platforms serve Consumers with varied needs, credit profiles, demographics, employment types and income levels. The company systematically segment Consumers into different cohorts based on their needs and disclosures, such as the insurance proposal questionnaire, medical declarations, family and lifestyle history, income and credit score to ensure higher accuracy of product offers. For Paisabazaar, it also aims to build customised lending solutions for different consumer segments. Its ability to identify and address a wide range of segments increases the number of products sold on its platform through providing Consumers with more personalised and appropriate product offers, which in turn increases its business. It believes that with the rich data it generates, it maintains a significant competitive advantage over individual financial services providers.

Strategy

Broaden and deepen its Consumer reach in India: The company endeavors to attract new Consumers while deepening its relationship with its current Consumers for both its Policybazaar and Paisabazaar platforms. Policybazaar strives to deepen engagement with its Consumers to meet all their insurance requirements (including protection against death, disease and damage) through cross-sell and up-sell, improving consumer retention and reducing consumer acquisition costs. To supplement Policybazaar's digital presence, the company plans to expand its presence through offline channels by leveraging its recently approved direct (life and general) insurance broker license. The company aims to provide in-person Consumer engagement and services in local languages through its offline retail offices across India. As of July 15, 2021, the company has already set up 15 physical offices and the company intends to develop up to 200 physical retail outlets across all city tiers in India by the end of Fiscal 2024. For Paisabazaar, a key focus area is to continuously engage

with its large consumer base acquired through the free credit score platform. Paisabazaar strives to deepen consumer engagement and boost loyalty to become the destination of choice for Consumers for their credit solutions. In India, although direct selling and agency have been the most prominent distribution channels historically as per Frost & Sullivan, the company believes that as the company broaden and deepen its Consumer reach the company will continue to play a significant role in the distribution of insurance products.

Continue to invest in its brands: The company has created strong consumer brands with both Policybazaar and Paisabazaar that the company believes deeply signify trust and its consumer recall. The company will continue to invest in its brand building activities to educate Consumers about insurance and personal credit needs and increase its brand awareness while maintaining its proposition of neutral advice. Its approach is to invest in historically successful mediums such as television, while also expanding its marketing presence to capture shifts in Consumers' media consumption habits, such as in social media, digital media and embedded advertisements.

Neo-lending strategy to cover innovation and segment gaps: The company aims to co-create and design innovative products to address evolving Consumer needs, enable underserved segments to access credit, build lifetime engagement with consumers and create annuity revenue streams. These products would be targeted to large credit-starved segments, across geographies and income levels, and helping them meet unfulfilled credit needs. As the company would control the design of the products and processes, its endeavor would be to provide an unmatched Consumer experience. This will also allow the company to collect large quantities of data related to usage and behavior, which will provide key insights and intelligence that will help the company improve and innovate further.

Continue to invest in its digital and technology infrastructure: Its technology infrastructure and data analytical capabilities form the foundation of solving core issues for all its stakeholders, namely Consumers, Insurer Partners and Lending Partners. The company will continue to invest in its platforms to ensure a seamless experience packed with convenience, speed and choices for its Consumers, while providing finer data insights to its Insurer Partners and Lending Partners to further improve their service delivery. The company plans to use data analytics extensively to help Consumers with more personalized recommendations and an intuitive and effective experience. Identifying Consumer needs accurately, factoring in their life-stage along with new-age features like image recognition, voice analytics and language processing would help it manage its back-end operations efficiently, providing robust systems.

Pursue strategic investments and acquisitions to enhance product and service capabilities: The company intends to pursue strategic investments and acquisitions which are complementary to its business to enhance product and service capabilities, which will help it scale faster. The company aims to enhance its service capabilities both internally and externally through investments in the health and wellness segments that can offer better Consumer claims and purchase experiences. For example, on September 10, 2021, Docprime entered into a share purchase agreement ("SPA") with Visit Health Inc., a company incorporated under the laws of Delaware, United States of America and Visit Health Private Limited, a company incorporated under the laws of India, and certain other persons named in the share purchase agreement pursuant to which Docprime has agreed to purchase 99.99% of the issued, subscribed and paid-up share capital of Visit Health Private Limited. Visit Health Private Limited offers an integrated health-tech platform to corporates for employee health benefits management and is engaged in connecting certified doctors, counsellors and coaches to individuals through its the company b and mobile applications. It provides access to health care services by disseminating healthcare information and data to its Consumers through the website, mobile application and arranges for the provision of health care services to its users.

Pursue international expansions: The company have begun to expand in the Middle East with operations in Dubai, and the company plan to scale up its operations and brand presence in Dubai and in the broader Gulf Cooperation Council ("GCC") region by investing in creating a strong brand, building a robust team to cater to the prospective consumers and in its operational capacity including through investments to develop technology and related infrastructure to service consumers in these

geographies. The company may pursue similar opportunities in select Southeast Asian countries by replicating its proven business model in India along with exploring inorganic growth opportunities. The company also intends on building a team of experienced engineers and support staff in these regions who would work on building and maintaining its technology infrastructure. Apart from technology, the company intends to invest in physical infrastructure, communication infrastructure, employee cost and support cost incurred on facilities used by employees and Consumer service.

Product offerings through Policybazaar: The Company provides its Consumers with access to an extensive range of insurance products offered by its 48 Insurer Partners as of September 30, 2021, which the company broadly group into risk protection products, compliance led products and other products.

Risk factors

- The company operates in dynamic and competitive online fintech industries, which makes it difficult to predict its future prospects.
- Any harm to its brand, failure to maintain and enhance its brand recognition or reputation, or failure to do so in a cost-effective manner may materially and adversely affect its business and results of operations.
- The company depends on cooperation with its Insurer and Lending Partners.
- The company has had negative cash flows from operating, investing and financing activities in the past, and may continue to have negative cash flows in the future.

Peer comparison

As per RHP, there are no listed peers

Valuation

Vaution of Tech Based platforms which have been burning cash to scale up business across the globe has always been debatable. Policy Bazar while has reduced its losses on YoY basis for FY21, still the way to become profitable for the company seems years ahead. In the absence of profit these tech platforms like policy bazar should be valued in the Market Cap/ Revenue and even on this count it is offered at 48x its FY21 Revenues.

Industry overview

In FY2020, India had a Rs. 7.6 trillion (US\$ 102 billion) insurance industry, measured in terms of Total Premium. This industry is expected to grow at a 17.8% CAGR to reach Rs. 39.0 trillion (US\$ 520 billion) by FY2030, with life, health and other non-life insurance growing at 18.8%, 15.3% and 13.5% CAGR respectively, as per Frost & Sullivan. In FY2021, India's non-life insurance industry grew by 5.2% to Rs.2.0 trillion, with health, motor and other non-life insurance at Rs.0.6 trillion, Rs.0.7 trillion and Rs.0.7 trillion respectively, measured in terms of Total Premium. However, as compared with global peers, India has a highly underpenetrated insurance market. India was amongst the lowest in the world in terms of Sum Assured as % of GDP in FY2021. India mortality protection gap as a percentage of protection was at 83.0% in 2019, one of highest in the world, despite Indian households being disproportionately dependent on a single income earner. India's consumer lending market is expected to witness 9.0% CAGR, reaching Rs. 78.1 trillion (US\$ 1,041 billion) in outstanding balance by FY2030 from Rs. 36.0 trillion (US\$ 480 billion) at end of FY2021, driven by improving financial literacy, growing discretionary spending, evolving consumer behavior to avail credit to fund regular expenses, wider reach of lending institutions, digitization by incumbents including KYC & application processes, entry of new age tech lending players and aggregators increasing reach and favorable regulatory push to improve lending process. The credit card market in India is expected to grow at 29.7%p.a. to reach Rs. 8.0 trillion (US\$ 106 billion) in disbursement by FY2030 from Rs. 0.8 trillion (US\$ 10 billion) in FY2021. The expected market growth is on account of rising consumer awareness about

credit card benefits, cashbacks and co-branded partnerships with e-commerce & organized retail players, interest-free financing options on credit cards, better credit scoring to enhance lenders' comfort level, improving payment infrastructure, and favorable regulatory landscape. The credit card market in India is expected to grow at 29.7%p.a. to reach Rs. 8.0 trillion (US\$ 106 billion) in disbursement by FY2030 from Rs. 0.8 trillion (US\$ 10 billion) in FY2021. The expected market growth is on account of rising consumer awareness about credit card benefits, cashbacks and co-branded partnerships with e-commerce & organized retail players, interest-free financing options on credit cards, better credit scoring to enhance lenders' comfort level, improving payment infrastructure, and favorable regulatory landscape.

Outlook

The Company provides a wide choice and transparency to customers to research and select insurance and personal credit products. It has strong network effects for PolicyBazaar and PaisaBazaar platforms. As the company will be counted as a Technology platform, market will give it a premium valuation. Moreover the company has high renewal rates and it indicates the trust in such platforms. A long term investor may opt the issue.

An Indicative timetable in respect of the Issue is set out below:

EVENT	INDICATIVE DATE (On or about)
Bid/Offer Opens Date	Nov 01, 2021
Bid/Offer Closing Date	Nov 03, 2021
Finalisation of Basis of Allotment with the Designated Stock Exchange	On or about Nov 10, 2021
Initiation of refunds (if any, for Anchor Investors)/unblocking of funds from ASBA Account	On or about Nov 11, 2021
Credit of Equity Shares to depository accounts of Allottees	On or about Nov 12, 2021
Commencement of trading of the Equity Shares on the Stock Exchanges	On or about Nov 15, 2021

Consolidated Financials

Profit & Loss

Rs. in Cr.

Particulars	Period ended	Period ended	Period ended
	30-Jun-21 (3 Months)	31-Mar-21 (12 Months)	31-Mar-20 (12 Months)
Revenue from operations	237.73	886.66	771.30
Total expenditure	356.09	1046.43	1091.19
Operating Profit	-118.36	-159.76	-319.89
OPM%	-49.79	-18.02	-41.47
Other Income	20.44	70.75	84.27
PBDIT	-97.91	-89.01	-235.63
Interest	2.892	11.524	11.92
PBDT	-100.80	-100.54	-247.55
Depreciation	10.04	41.38	47.30
PBIT	-110.84	-141.91	-294.84
Tax	0.00	8.33	9.19
Profit After Tax	-110.84	-150.24	-304.03

Balance sheet is on next page

Balance Sheet

Rs. in Cr.

Particulars	As on 30-Jun-21	As on 31-Mar-21	As on 31-Mar-20
Asset			
Non-current assets			
Property, plant and equipment	20.32	23.47	40.30
Right-of-use assets	114.41	97.68	101.33
Intangible assets	3.57	3.61	5.68
Financial Assets			
Investments	0.05	0.05	0.00
Other financial assets	11.83	10.48	5.92
Current Tax assets (net)	66.15	54.95	111.75
Other Non-Current Assets	0.61	0.99	0.08
Total non-current assets	216.93	191.23	265.06
Current assets			
Financial assets			
Investments	555.08	137.71	1.99
Trade receivables	160.90	172.90	178.77
Cash and cash equivalents	41.10	438.77	853.43
Bank balances other than	930.63	1371.41	252.21
Loans	0.39	0.32	0.58
Other financial assets	358.82	5.74	7.66
Other current assets	15.05	12.65	16.31
Total current assets	2061.97	2139.50	1310.94
Total Assets	2278.91	2330.73	1576.00
Non-current liabilities			
Lease liabilities	111.98	95.83	93.49
Employee benefit obligations	24.62	22.21	13.62
Total Non-Current Liabilities	136.59	118.04	107.10
Current liabilities			
Lease liabilities	13.21	12.86	14.96
Trade Payables – MSME	3.50	3.69	9.21
Trade Payables – Creditors Other than MSME	99.50	98.22	108.72
Other financial liabilities	35.92	44.45	36.50
Lease liabilities	19.21	16.35	13.62
Other Current Liabilities	18.84	45.39	20.05
Total current liabilities	190.16	220.95	203.05
Total	326.75	338.99	310.15
NET Worth	1952.15	1991.73	1265.85
Net worth represented by:			
Equity Share capital	82.25	0.05	0.04
Instruments entirely equity in nature	0.00	1.19	1.07
Reserves and surplus	1869.90	1990.50	1264.74
Total Networkth	1952.15	1991.73	1265.85

RANKING METHODOLOGY

WEAK	★
NEUTRAL	★★
FAIR	★★★
GOOD	★★★★
EXCELLENT	★★★★★

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