

News monitored for: JM Financial

AS MARCH-QUARTER LOSS NARROWS...

Brokerages Bullish on PB Fintech, Raise Price Targets

Primed for Upside



Brokerages	Rating	Price Targets	
		Before Q4	After Q4
CLSA	Outperform	710	720
Morgan Stanley	Overweight	810	810
Citi	Buy	800	820
Nuvama	Hold	550	595
JM Financial - Inst	Buy	950	980
Kotak Inst Equities	Downgrade to Add	700	725

Source: Bloomberg, Brokerage Houses

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Mumbai: Analysts remain upbeat on PB Fintech, owner of online insurance aggregator PolicyBazaar, and raised their respective price targets after fourth-quarter earnings showed further narrowing of losses, with the business breaking even at the operating level.

Shares of PB Fintech opened over 5% higher in Tuesday's trading but could not hold on to any gains, ending at ₹617 on the NSE, down 0.35% from the last close.

Domestic brokerage house JM Financial is the most optimistic among all the brokerages and anticipates the stock to rise as much as 58% from the current levels as it rolled over its price target to June 2024.

"PB Fintech continued its trend of beating estimates... The company is now the most dominant insurance distributor in the country with our estimates suggesting Policybazaar accounting for 42% online insurance distribution while also becoming the largest PoSP (point-of-sales person) player," JM Financial said in a client note.

Meanwhile, Citigroup also rolled over its price target and sees a 33% upside potential from the current levels on the back of a robust business trajectory.

"PB's end-to-end customer journey model (phygital origination, servicing, claims management), market dominance in digital-backed origination, robust tech-backbone, and transitioning monetisation model toward annuity revenues position it in a sweet spot, in our view," said Citigroup in a client note.

More than 7.2 million shares exchanged hands on the BSE and NSE on Tuesday, up six times its combined average daily volume over the last month.

The Gurugram-based company reported a loss of ₹8.9 crore for the three months ended March 2023 compared with a loss of ₹220 crore in the corresponding period last year. In the December quarter, the loss stood at ₹87 crore.

Revenue from operations jumped 61% year-on-year to ₹869 crore for the three months ended March 2023, up from ₹540 crore in the corresponding period of last year.

Another domestic brokerage Kotak Institutional Equities downgraded the stock but raised its price target. "We believe that intense competition in the life business, with a change in tax rules and increase in maximum bancassurance partnership and increased negotiating power of PB, provide tailwinds to its growth," said Kotak Institutional Equities.