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Dated: 30th Oct 2025

PB Fintech (POLICYBZ) - SELL

Result Update

Current Market Price (CMP)	Fair Value (FV)
Rs.1,723	**Rs.1,600**

Rationale:

- PB Fintech Q2 FY26 performance was on track with its long-term guidance.
- Near-term forecasts remain hazy in light of the pressure on commissions due to the loss of ITC. On the positive side, higher business volumes, especially in term and health, may augur well
- Retain SELL with Fair value of Rs. 1,600.

Q2FY26 Earnings Update:

Positives:

- Pb Fintech reported Profit After Tax (“PAT”) of Rs. 130 Crores in Q2 FY26, 165% yoy and 42% above our estimates.
- Commission rate was up 103 bps yoy to 19.8 % in Q2 FY26.
- EBITDA Margins up 487 bps yoy and 307 bps qoq to 9.7%.
- The core business demonstrated robust margin expansion, with the contribution margin rising to 44.7%.
- Management reiterated its long-term premium target of 1 Lakh Crore by FY30E while maintaining PAT guidance of Rs. 1,000 Cr. For FY27E.

Negatives:

- Commission rate on credit disbursals is down 219 bps qoq to 1.4%.
- Unsecured disbursals decline 26% yoy decline in revenues in Q2 FY26.
- Non-Core expense growth was at 17% yoy.

Holding Period: 12 months

RATING SCALE (PRIVATE CLIENT GROUP)

Definitions of ratings

BUY	–	We expect the stock to deliver more than 15% returns over the next 12 months
ADD	–	We expect the stock to deliver 5% - 15% returns over the next 12 months
REDUCE	–	We expect the stock to deliver -5% - +5% returns over the next 12 months
SELL	–	We expect the stock to deliver < -5% returns over the next 12 months
NR	–	**Not Rated.** Kotak Securities is not assigning any rating or price target to the stock. The report has been prepared for information purposes only.
SUBSCRIBE	–	We advise investor to subscribe to the IPO.
RS	–	**Rating Suspended.** Kotak Securities has suspended the investment rating and price target for this stock, either because there is not a sufficient fundamental basis for determining, or there are legal, regulatory or policy constraints around publishing, an investment rating or target. The previous investment rating and price target, if any, are no longer in effect for this stock and should not be relied upon.
NA	–	**Not Available or Not Applicable.** The information is not available for display or is not applicable
NM	–	**Not Meaningful.** The information is not meaningful and is therefore excluded.
NOTE	–	Our target prices are with a 12-month perspective. Returns stated in the rating scale are our internal benchmark.

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