

# HSIE Results Daily

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### Results Reviews

- Larsen & Toubro:** Larsen & Toubro (LT) reported revenue/EBITDA/APAT at INR 679.8/68.1/39.3bn, a miss of 5.4/5.2/6.4%, marked by slower execution in water projects and extended monsoons. P&M margins stood at 7.8% in Q2FY26 (vs 7.6/7.6% in Q1FY26/Q2FY25). Given robust order inflows of INR 2.1trn (+39% YoY) in H1FY26, LT now expects to beat earlier 10% order inflow growth guidance for FY26. Revenue growth guidance is maintained at 15%, with P&M margin guidance at 8.5%. NWC to sales stood at 10.2% (Q2FY25: 12.2%) and LT has maintained FY26 guidance at 12%. LT expects to realize INR 21bn from Hyderabad metro asset transfer to Telangana Government by FY26-end. Diminution in metro investment/equity of INR 54bn is provided in Q2FY26 standalone results and transaction closure will be neutral for standalone and gain in consolidated as book value is pegged at INR 10bn vs expected INR 21bn realization. Given (1) the record-high order book (OB) of INR 6.7 trn, (2) focus on advance business segments such as semiconductors, solar PV plants, and data centers, (3) improvement in subsidiary performance, and (4) higher public capex toward a infrastructure and green economy, we maintain our BUY stance with an SOTP-based target price of INR 4,545 per share (29x Sep-27E EPS core). EPS cut to reflect muted Q2FY26 execution, increase in target price is owing to upward calibration of subsidiary valuations and rollover of core EPS.
- Jindal Steel:** We maintain BUY rating on Jindal Steel & Power (JSPL) with a revised TP of INR 1,120/share (6.5x its Sep'27E consolidated EBITDA). In Q2FY26, JSPL's volume grew a modest 1% YoY (against industry growth of 9%), owing to maintenance shutdown. Further, the slump in steel prices, maintenance expenses, and external metallics purchase pulled the margin down to a 10-quarter low. The management remains upbeat on volume growth, accelerating Q3FY26 onwards on ramp-up of Angul phase-2 expansion. Expected stability in steel prices and cost saving efforts should also drive the margin rebound.
- Shree Cement:** We maintain ADD on Shree Cement (SRCM) with a revised SOTP target price of INR 31,400/share. In Q2FY26, SRCM's India sales volume rose 5% YoY (still down 2% YoY in H1FY26). Focus on value over volume drove up industry-leading 9% YoY cement NSR growth (~down 1% QoQ). Blended unit EBITDA (INR 1,106/MT) fell INR 267/MT QoQ, mainly on elevated cost and op-lev loss. The UAE operations continue to shine with the second consecutive quarter of robust revenue growth and 22%+ EBITDA margin.
- PB Fintech:** PBFINTECH printed 38% YoY growth in core operating revenues, driven by sustained traction in the Policybazaar business (+43% YoY), partly offset by weakness in the Paisabazaar business (10% YoY). Normalized PAT grew nearly 1.6x YoY, supported by a 735bps improvement in cost-to-income ratio to 96.6% (Q2FY25: 104%). While overall revenue was broadly in line with our estimates, the bottom line missed estimates on account of higher expenses. Policybazaar, the company's flagship platform, offers insurers a data-rich, efficient channel with measurable outcomes, which has singularly reshaped India's insurance distribution landscape by solving critical industry-wide challenges (high CACs and poor lead conversion). The platform's evolution into a data-driven, profit-sharing partner further

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reinforces its Right-to-Win (RTW) in the digital insurance space. Regulatory headwinds from Bima Sugam notwithstanding, PBFINTECH is positioned as the undisputed platform of choice, given its strong growth runway and a sustainable Right-to-Win. We maintain BUY with a revised TP of INR2,210 (implying 55.3x FY28 EPS and a PEG ratio of 0.8x).

- **Star Health and Allied Insurance:** Star Health and Allied Insurance (STARHEAL) reported 10% NEP growth, in line with our estimates, though reported PAT for Q2FY26 plummeted 51% YoY. Combined ratio was elevated at 103.8% due to higher expense ratio, driven by upfronting of acquisition costs on long-term policies (>40% of fresh business volumes). This was partly offset by lower loss ratio (down 130bps), majorly on the back of shredding of loss-making group business. Our understanding of the business suggests that re-pricing of the renewal book is likely to be key for sustained profitability. In our insurance thematic, we highlighted the structural issues for STARHEAL in terms of agency channel fatigue, inferior product pricing, sub optimal data quality, and poor risk selection. Further, our analysis suggests STARHEAL has been focusing on improving the customer experience, which is evident in the improving claims settlement ratio. Given retail loss ratio remained elevated, we hack our PAT estimates for FY26/FY27E by 16%/7% and retain ADD with a DCF-based TP of INR463 (25.8x Sep-27E EPS).
- **Happiest Minds Technologies:** HAPPSTMN delivered a stable Q2 performance, with revenue growth aligning with expectations and margins surpassing forecasts. The company posted +2.3% QoQ CC revenue growth in the quarter, driven by the effective execution of strategic transformation initiatives launched in FY25. This steady momentum resulted in a strong 11.8% CC growth for H1FY26, falling within the guided range of healthy double-digit CC revenue growth for FY26E. The management has reinforced its growth outlook, now targeting four consecutive years of double-digit CC revenue growth through FY28E. This confidence is underpinned by solid traction in its GenAI Business (GBS) and Net New Sales unit. The GBS unit has developed 22 transformative AI use cases/replicable solutions, unlocking a revenue potential of nearly USD 15mn over the next 3-4 years. Having reached breakeven and secured premium projects, GBS is emerging as a key differentiator with strong market validation. Additionally, the company onboarded 30 new clients in H1FY26 via its Net New Sales initiative, contributing ~USD 9mn in revenue during the period. These clients represent a potential revenue opportunity of USD 50-60mn over the next three years. The FY26E aspiration remains unchanged, to deliver double-digit CC revenue growth and maintain EBITDA margins in the 20-22% range (including other income). We estimate organic revenue growth of ~6% for FY26E, with a notable acceleration anticipated in FY27E. We maintain ADD on HAPPSTMN, with a TP of INR 635, based on 30x Sep-27E EPS, supported by a 14/23% revenue/EPS CAGR over FY25-28E.

# Larsen & Toubro

## Muted execution; strong order inflow

Larsen & Toubro (LT) reported revenue/EBITDA/APAT at INR 679.8/68.1/39.3bn, a miss of 5.4/5.2/6.4%, marked by slower execution in water projects and extended monsoons. P&M margins stood at 7.8% in Q2FY26 (vs 7.6/7.6% in Q1FY26/Q2FY25). Given robust order inflows of INR 2.1trn (+39% YoY) in H1FY26, LT now expects to beat earlier 10% order inflow growth guidance for FY26. Revenue growth guidance is maintained at 15%, with P&M margin guidance at 8.5%. NWC to sales stood at 10.2% (Q2FY25: 12.2%) and LT has maintained FY26 guidance at 12%. LT expects to realize INR 21bn from Hyderabad metro asset transfer to Telangana Government by FY26-end. Diminution in metro investment/equity of INR 54bn is provided in Q2FY26 standalone results and transaction closure will be neutral for standalone and gain in consolidated as book value is pegged at INR 10bn vs expected INR 21bn realization. Given (1) the record-high order book (OB) of INR 6.7 trn, (2) focus on advance business segments such as semiconductors, solar PV plants, and data centers, (3) improvement in subsidiary performance, and (4) higher public capex toward a infrastructure and green economy, we maintain our BUY stance with an SOTP-based target price of INR 4,545 per share (29x Sep-27E EPS core). EPS cut to reflect muted Q2FY26 execution, increase in target price is owing to upward calibration of subsidiary valuations and rollover of core EPS.

- **Q2FY26 financial highlights:** LT's revenue was miss by 5.4% at INR 679.8bn (+10.4/6.8% YoY/QoQ), Revenue decline reflective of stage of execution, extended monsoon and slower progress in water projects. EBITDA came in at INR 68.1bn (+7/+7.7% YoY/QoQ), a miss by 5.2%. EBITDA margin came in at 10% (-32.4/+9.1 bps YoY/QoQ), in line with our estimates. APAT stood at INR 39.3bn (+15.6/+8.5% YoY/QoQ), a miss by 6.4%.
- **Q2FY26 strong order inflow; all-time high OB:** LT registered an order inflow (OI) of INR 2.1trn (+39% YoY) in H1FY26, taking the OB as of Sep'25 to an all-time high of INR 6.7trn (~2.6x FY25 revenue). In Q2FY26, 35/65% of OI (INR 1.15trn) came from domestic/international markets (H1: 41/59%). OI in H1FY26 was driven by infrastructure and energy business. The OB is well-diversified, with 51/49% of orders from the domestic/international markets. Segment-wise, the OI in H1FY26 stood at 45/33/18/2/3% from infrastructure/energy/services/hi-tech mfg./others. The OB is spread across infrastructure/energy/hi-tech/other segments at 59/32/6/3% respectively. The prospects pipeline for rest of H2FY26 is pegged at INR 10.4trn vs. INR 8.1trn for H2FY25, 29% growth YoY.

### Consolidated financial summary (INR mn)

Particulars	2QFY26	2QFY25	YoY (%)	1QFY26	QoQ (%)	FY25	FY26E	FY27E	FY28E
Revenue	679,835	615,546	10.4	636,789	6.8	2,557,345	2,952,646	3,441,783	3,961,523
EBITDA	68,064	63,620	7.0	63,177	7.7	264,348	306,869	368,484	435,745
APAT	39,261	33,953	15.6	36,172	8.5	145,624	179,048	220,044	266,085
EPS (INR)	28.0	24.2	15.6	25.8	8.5	105.9	130.2	160.0	193.5
P/E (x)						37.3	30.3	24.7	20.4
EV/EBITDA (x)						24.6	19.3	15.5	12.6
RoE (%)						15.8	17.3	18.9	19.9

Source: Company, HSIE Research

### Change in Estimates (INR mn)

Particulars	FY26E			FY27E		
	New	Old	Chg. (%)	New	Old	Chg. (%)
Revenues	2,952,646	2,984,414	(1.1)	3,441,783	3,500,989	(1.7)
EBITDA	306,869	316,845	(3.1)	368,484	386,406	(4.6)
EBITDA (%)	10.4	10.6	(22.4)bps	10.7	11.0	(33.1)bps
APAT	179,048	186,105	(3.8)	220,044	232,501	(5.4)

Source: Company, HSIE Research

## BUY

CMP (as on 29 Oct 2025)	INR 3,958
Target Price	INR 4,545
NIFTY	26,054

KEY CHANGES	OLD	NEW
Rating	BUY	BUY
Price Target	INR 4,287	INR 4,545
EPS change %	FY26E -3.8	FY27E -5.4

### KEY STOCK DATA

Bloomberg code	LT IN
No. of Shares (mn)	1,376
MCap (INR bn) / (\$ mn)	5,445/61,732
6m avg traded value (INR mn)	6,830
52 Week high / low	INR 4,017/2,965

### STOCK PERFORMANCE (%)

	3M	6M	12M
Absolute (%)	13.2	19.1	17.1
Relative (%)	8.7	13.3	11.3

### SHAREHOLDING PATTERN (%)

	Jun-25	Sep-25
Promoters	0.0	0.0
FIs & Local MFs	43.48	43.34
FPIs	19.33	19.48
Public & Others	37.19	37.16
Pledged Shares	0.0	0.0

Source: BSE

Pledge share as a % of total shares

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# Jindal Steel

## Subdued quarter; strong volume outlook for H2FY26

We maintain BUY rating on Jindal Steel & Power (JSPL) with a revised TP of INR 1,120/share (6.5x its Sep'27E consolidated EBITDA). In Q2FY26, JSPL's volume grew a modest 1% YoY (against industry growth of 9%), owing to maintenance shutdown. Further, the slump in steel prices, maintenance expenses, and external metallica purchase pulled the margin down to a 10-quarter low. The management remains upbeat on volume growth, accelerating Q3FY26 onwards on ramp-up of Angul phase-2 expansion. Expected stability in steel prices and cost saving efforts should also drive the margin rebound.

- Q2FY26 performance:** While India's finished steel demand grew by 9/6% YoY/QoQ, JSPL's volume rose a modest 1% YoY (down 2% QoQ), which was largely impacted by its lack of capacity and ~30days planned maintenance shutdown. The share of VAP continued to rise and grew to 73% vs 72/56% QoQ/YoY. Even the flats mix jumped to 49% vs 44/45% QoQ/YoY. The steel price slump QoQ in Q2 (longs down ~INR 7.4k/MT, flats down INR 2.2k/MT) resulted in ~INR 2.2k/MT fall in JSPL's NSR. Improving product mix helped moderate the blended NSR fall. Opex went up INR 2.5k/MT QoQ (excluding forex gains it rise INR 3.6k/MT) owing to the planned maintenance expenses (~INR 2.3bn non-recurring cost) and external metallica purchase to offset production shortfall. These culminated in reported/forex-adjusted unit EBITDA falling by INR 4/7/5.7k per MT to INR 11.1/10k (10-quarter low). Captive coal usage stood at ~96-97% during the quarter. JSPL spent INR 27/49bn in capex in Q2/H1FY26. Net debt increased by ~INR 2.44bn QoQ on account of similar increase in working capital.
- Con call KTAs and outlook:** Despite the subdued volume performance in H1FY26 (-4% YoY), JSPL maintained its FY26 volume guidance of 8.5-9mn MT, which implies 15-30% growth in H2FY26! JSPL expects the ramp-up of the ongoing expansions (6mn MT Angul phase-2 to be completed by Mar'26E) to accelerate growth. It also expects the steel price decline to reverse Nov-onwards as demand picks up post festivals. JSPL also guided the coking call price would increase by ~USD 3-5/MT in Q3 (similar fall in Q2) and iron-ore prices would remain flat. Given these, we do not expect margin to improve QoQ in Q3. We also cut out consolidated EBITDA estimates for FY26/27E by 10/13% factoring in the slump in steel prices and slower volume offtake. We introduce FY28E estimates. With capacity ramp-up, we estimate JSPL to deliver 16/27/36% volume/EBITDA/APAT CAGR during FY25-28E. We have rolled forward valuations to Sep'27E from Mar'27E earlier.

### Quarterly/annual financial summary (consolidated)

YE Mar	Q2 FY26	Q2 FY25	YoY (%)	Q1 FY26	QoQ (%)	FY24	FY25	FY26E	FY27E	FY28E
Sales (mn MT)	1.9	1.9	1.1	1.9	(1.6)	7.7	7.7	8.4	10.5	12.6
NSR (INR/MT)	62,491	60,612	3.1	64,708	(3.4)	65,643	62,897	64,784	65,431	66,086
EBITDA(INR/MT)	11,129	11,893	(6.4)	15,819	(29.6)	13,298	11,912	13,125	14,401	15,675
Net Sales	116.9	112.1	4.2	122.9	-5.0	503.5	501.3	542.1	684.5	829.6
EBITDA	20.8	22.0	-5.4	30.1	-30.8	102.0	94.9	109.8	150.6	196.8
APAT	6.4	8.6	-25.9	14.9	-57.3	59.4	40.4	44.6	70.2	100.8
AEPS (INR)	63.1	85.1	-25.9	147.7	-57.3	59.2	39.9	44.0	69.4	99.6
EV/EBITDA (x)						10.2	10.6	10.6	7.6	5.6
P/E (x)						16.26	23.89	24.37	15.47	10.77
RoCE (%) pre-tax						11.8	9.7	10.6	14.3	17.8
RoE (%)						14.2	8.8	9.0	12.8	16.0

Source: Company, HSIE Research

## BUY

CMP (as on 29 Oct 2025) INR 1,073

Target Price INR 1,120

NIFTY 26,054

KEY CHANGES	OLD	NEW
Rating	BUY	BUY
Price Target	INR 1050	INR 1120
EBITDA revision %	FY26E (9.7)	FY27E (12.8)

### KEY STOCK DATA

Bloomberg code	JINDALST IN
No. of Shares (mn)	1,020
MCap (INR bn) / (\$ mn)	1,092/12,382
6m avg traded value (INR mn)	1,646
52 Week high / low	INR 1,098/723

### STOCK PERFORMANCE (%)

	3M	6M	12M
Absolute (%)	8.8	19.6	17.0
Relative (%)	4.3	13.7	11.2

### SHAREHOLDING PATTERN (%)

	Jun-25	Sep-25
Promoters	62.36	62.37
FIs & Local MFs	18.09	18.74
FPIs	9.76	9.43
Public & Others	9.54	9.21
Pledged Shares	6.95	6.98

Source : BSE

Pledged shares as % of total shares

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# Shree Cement

## Domestic volumes pick up; UAE operation shines

We maintain ADD on Shree Cement (SRCM) with a revised SOTP target price of INR 31,400/share. In Q2FY26, SRCM's India sales volume rose 5% YoY (still down 2% YoY in H1FY26). Focus on value over volume drove up industry-leading 9% YoY cement NSR growth (~down 1% QoQ). Blended unit EBITDA (INR 1,106/MT) fell INR 267/MT QoQ, mainly on elevated cost and op-lev loss. The UAE operations continue to shine with the second consecutive quarter of robust revenue growth and 22%+ EBITDA margin.

- Q2FY26 performance:** SRCM missed ours/consensus standalone EBITDA estimates by 8/11%. Sales volume rose 5% YoY to 7.9mn MT. While reported NSR fell 2% QoQ, cement NSR fell a modest 1% QoQ (seasonal decline). However, focus on value over volume helped SRCM report ~9% YoY NSR gain, outpacing peers (they reported +5-7% rise so far). The share of premium cement sales soared to 21% vs 15% YoY and crossed SRCM's targeted 18% mix. Reported opex also rose 4% QoQ, which pulled unit EBITDA by 20% to INR 1,106/MT. The UAE subsidiary has been scripting a turnaround as revenue rose 50% YoY and OPM remained 22%+ for the second consecutive quarter, supported by a strong demand uptick.
- H1FY26:** Standalone volume fell 2% YoY, lagging the industry. However, unit EBITDA jumped INR 367/MT YoY to INR 1,248/MT on better pricing, rising share of premium sales, strong value focus, and lower energy costs. On a consolidated basis, SRCM generated OCF of INR 9.5bn, of which it spent INR 9bn toward ongoing expansion in India. The UAE subsidiary also reported 230% EBITDA surge in H1. The subsidiary also invested INR 474mn investment into precious metals as part of treasury management.
- Outlook:** SRCM guided 37mn MT (+4% YoY) standalone volumes in FY26E. It will be operationalizing 6mn MT of IU across Rajasthan and Karnataka by Dec-25. Additionally, it is also expanding the UAE cement capacity by 3mn MT, spending a modest INR 2.7bn. We reduce our FY26/27/28E EBITDA estimates by 7-8% each, as we trim our volume and margin assumptions. We maintain ADD with an SOTP-based target price of INR 31,400/share: valuing the India business at 17x Sep'27E EBITDA and the UAE operations at 3x BV (on account of a strong turnaround).

### Quarterly/annual financial summary (standalone)

YE Mar (INR bn)	Q2 FY26	Q2 FY25	YoY (%)	Q1 FY26	QoQ (%)	FY24	FY25	FY26E	FY27E	FY28E
Sales (mn MT)	7.9	7.6	4.8	8.9	(11.6)	35.5	35.6	37.0	40.0	43.2
NSR (INR/MT)	5,440	4,936	10.2	5,530	(1.6)	5,391	5,050	5,353	5,460	5,569
EBITDA (INR/MT)	1,106	785	41.0	1,374	(19.5)	1,228	1,086	1,249	1,347	1,415
Net Sales	43.03	37.27	15.5	49.48	(13.0)	191.61	179.77	198.18	218.32	240.50
EBITDA	8.75	5.93	47.7	12.29	(28.8)	43.64	38.67	46.25	53.87	61.11
APAT	2.95	0.93	216.7	6.19	(52.3)	24.69	12.19	19.11	21.89	25.15
AEPS (INR)	84.6	25.8	227.9	171.4	(50.6)	684.2	337.9	529.5	606.6	697.1
EV/EBITDA (x)						19.6	21.8	20.9	17.6	15.6
EV/MT (INR bn)						15.9	14.8	13.9	13.0	12.1
P/E (x)						38.4	77.7	55.2	48.2	41.9
RoE (%)						12.8	5.9	8.7	9.4	10.1

Source: Company, HSIE Research, EBITDA (INR/MT) is blended and includes merchant power

## ADD

CMP (as on 29 Oct 2025)	INR 29,005
Target Price	INR 31,400
NIFTY	26,054

KEY CHANGES	OLD	NEW
Rating	ADD	ADD
Price Target	INR 32,400	INR 31,400
EBITDA	FY26E	FY27E
revision %	(7.4)	(7.9)

### KEY STOCK DATA

Bloomberg code	SRCM IN
No. of Shares (mn)	36
MCap (INR bn) / (\$ mn)	1,047/11,866
6m avg traded value (INR mn)	1,083
52 Week high / low	INR 32,508/23,500

### STOCK PERFORMANCE (%)

	3M	6M	12M
Absolute (%)	(4.6)	(3.4)	14.5
Relative (%)	(9.1)	(9.3)	8.7

### SHAREHOLDING PATTERN (%)

	Jun-25	Sep-25
Promoters	62.55	62.55
FIs & Local MFs	14.89	14.65
FPIs	10.07	10.33
Public & Others	12.49	12.47

Pledged Shares - -

Source : BSE

Pledged shares as % of total shares

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# PB Fintech

## Impressive quarter; yield concerns linger

PBFINTECH printed 38% YoY growth in core operating revenues, driven by sustained traction in the Policybazaar business (+43% YoY), partly offset by weakness in the Paisabazaar business (10% YoY). Normalized PAT grew nearly 1.6x YoY, supported by a 735bps improvement in cost-to-income ratio to 96.6% (Q2FY25: 104%). While overall revenue was broadly in line with our estimates, the bottom line missed estimates on account of higher expenses. Policybazaar, the company's flagship platform, offers insurers a data-rich, efficient channel with measurable outcomes, which has singularly reshaped India's insurance distribution landscape by solving critical industry-wide challenges (high CACs and poor lead conversion). The platform's evolution into a data-driven, profit-sharing partner further reinforces its Right-to-Win (RTW) in the digital insurance space. Regulatory headwinds from Bima Sugam notwithstanding, PBFINTECH is positioned as the undisputed platform of choice, given its strong growth runway and a sustainable Right-to-Win. We maintain BUY with a revised TP of INR2,210 (implying 55.3x FY28 EPS and a PEG ratio of 0.8x).

- **Strong growth in flagship:** Revenues marginally beat expectations despite an industry-wide slowdown, as we were positively surprised by higher take rates as well as overall premium channelized. Growth in new initiatives continues to be driven by the POSP channel, which is now being expanded with a more granular focus. Overall yields increased to 18.8% (Q2FY25: 18.3%) due to strong growth in high-yielding term and health segment.
- **GST impact on revenues:** The management has offered no guidance on the potential adverse impact from GST cuts owing to yield contraction. We believe that the platform's inherent moats are a key competitive advantage over its peers, which are likely to help arrest yield compression. We expect commission yields to drift lower to 15.8% by FY28E (FY25: 17.9%), owing to lower payouts and increasing share of renewal revenue.
- **Non-linear profitability:** We build in net revenue CAGR at ~32% and a ~5.8x jump in net profit over FY25-FY28E, largely on the back of doubling of trail-based commission income in the Policybazaar business. We have assumed a low single-digit adverse impact on Policybazaar revenues from the GST cuts, resulting in 7%/10%/6% cuts to our FY26E/FY27E/FY28E bottom line forecasts.

### Financial summary

(INR bn)	Q2FY26	Q2FY25	YoY%	Q1FY26	FY25	FY26E	FY27E	FY28E
Revenues	16.1	11.7	38.2	13.5	50	67	88	113
Operating profits	1.0	-0.1	NA	0.3	0.9	6.9	13.3	21.5
OP margin (%)	6%	-1%	NA	3%	2%	10%	15%	19%
APAT	1.3	0.5	159.1	0.8	3.1	7.5	12.3	18.3
EPS	2.9	1.1	162.5	1.9	7.7	16.3	26.7	39.9
P/E (x)					262.0	109.4	66.6	44.6

Source: Company, HSIE Research

### Change in estimates

(INR bn)	FY26E			FY27E			FY28E		
	Old	New	Chg %	Old	New	Chg %	Old	New	Chg %
Revenues	68.5	67.4	-2%	90.3	87.7	-3%	116.5	113.4	-3%
Operating profit	7.5	6.9	-7%	14.8	13.3	-10%	22.8	21.5	-5%
OP margin (%)	11%	10%	100bps	16%	15%	100bps	20%	19%	100bps
APAT	8.1	7.5	-7%	13.6	12.3	-10%	19.5	18.3	-6%
EPS	17.6	16.3	-7%	29.6	26.7	-10%	42.4	39.9	-6%

Source: Company, HSIE Research

## BUY

CMP (as on 29 Oct 2025)	INR1,723
Target Price	INR2,210
NIFTY	26,054

KEY CHANGES	OLD	NEW
Rating	BUY	BUY
Price Target	INR2,280	INR2,210
EPS %	FY26E	FY27E
	-7%	-10%

### KEY STOCK DATA

Bloomberg code	POLICYBZ IN
No. of Shares (mn)	459
MCap (INR bn) / (\$ mn)	792/8,975
6m avg traded value (INR mn)	2,471
52 Week high / low	INR 2,255/1,311

### STOCK PERFORMANCE (%)

	3M	6M	12M
Absolute (%)	(3.7)	7.7	1.1
Relative (%)	(8.2)	1.8	(4.7)

### SHAREHOLDING PATTERN (%)

	Jun-25	Sep-25
Promoters	-	0.3
FIs & Local MFs	23.3	26.6
FPIs	46.8	43.6
Public & Others	29.9	29.5
Pledged Shares	Nil	Nil

Source : BSE

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# Star Health and Allied Insurance

## Sub-par profitability reflects chronic challenges

Star Health and Allied Insurance (STARHEAL) reported 10% NEP growth, in line with our estimates, though reported PAT for Q2FY26 plummeted 51% YoY. Combined ratio was elevated at 103.8% due to higher expense ratio, driven by upfronting of acquisition costs on long-term policies (>40% of fresh business volumes). This was partly offset by lower loss ratio (down 130bps), majorly on the back of shredding of loss-making group business. Our understanding of the business suggests that re-pricing of the renewal book is likely to be key for sustained profitability. In our [insurance thematic](#), we highlighted the structural issues for STARHEAL in terms of agency channel fatigue, inferior product pricing, sub optimal data quality, and poor risk selection. Further, our analysis suggests STARHEAL has been focusing on improving the customer experience, which is evident in the improving claims settlement ratio. Given retail loss ratio remained elevated, we hack our PAT estimates for FY26/FY27E by 16%/7% and retain ADD with a DCF-based TP of INR463 (25.8x Sep-27E EPS).

- Optical improvement in loss ratios:** On an elevated base, loss ratios softened to 71.5% (Q2FY25: 72.8%). We argue that the improvement in loss ratios (LR) is optical in nature as the retail portfolio LR for H1FY26 remains at broadly similar levels (69.9%). Contrary to management narrative of mid-single digit incidence rates, we believe incidence rates are in early double digits (2x pre-covid levels) and growth in NOP is key to structurally improving the LR.
- GST removal likely to lift retail growth:** STARHEAL reported 8% growth in retail business (>15% adjusted for 1/n). The management highlighted ~200bps improvement in overall renewal rates and a ~300bps improvement in early cohorts (R1 and R2). We expect this improvement in renewal rates, coupled with a favourable base during H2, to result in higher growth for STARHEAL.
- No near-term guidance; holds FY28 guidance:** Despite management's focus on course correcting the portfolio, we expect a 100bps improvement in COR between FY25–FY28. However, we believe that the FY28 IFRS PAT guidance of INR25bn appears unrealistic, given continued pressure on key metrics and lower AUM growth stemming from the reduction in group business.

### Financial summary

(INR bn)	Q2FY26	Q2FY25	YoY (%)	Q1FY26	FY25	FY26E	FY27E	FY28E
Net earned premium (NEP)	40.8	37.0	10.2	39.4	148.2	166.6	197.3	229.7
Underwriting profits	-2.0	-1.9	NM	0.7	-3.7	-4.0	-2.9	-2.9
PAT	0.5	1.1	-50.6	2.6	6.5	7.0	9.8	11.3
EPS	0.9	1.9	-51.1	4.5	11.0	12.0	16.7	19.2
CoR (%)	103.8	103.0	76bps	102.1	101.1	101.3	100.2	100.0
P/E (x)					42.3	38.9	27.8	24.2
RoE (%)					9.7	9.5	12.0	12.2

Source: Company, HSIE Research

### Change in estimates

(INR bn)	FY26E			FY27E		
	Revised	Old	Chg (%)	Revised	Old	Chg (%)
Net earned premiums	166.6	165.6	0.6	197.3	194.9	1.2
Underwriting profit/(loss)	-4.0	-2.8	NM	-2.9	-1.8	NM
CORs	101.3	100.7	68bps	100.2	99.7	50bps
APAT	7.0	8.4	-15.8	9.8	10.6	-6.9
RoE (%)	9.5	11.2	-169bps	12.0	12.6	-63bps

Source: Company, HSIE Research

## ADD

CMP (as on 29 Oct 2025)	INR 480
Target Price	INR 463
NIFTY	26,054

KEY CHANGES	OLD	NEW
Rating	ADD	ADD
Price Target	INR450	INR463
EPS %	FY26E	FY27E
	-16%	-7%

### KEY STOCK DATA

Bloomberg code	STARHEAL IN
No. of Shares (mn)	588
MCap (INR bn) / (\$ mn)	282/3,203
6m avg traded value (INR mn)	611
52 Week high / low	INR 544/327

### STOCK PERFORMANCE (%)

	3M	6M	12M
Absolute (%)	12.6	20.7	(10.4)
Relative (%)	8.1	14.8	(16.2)

### SHAREHOLDING PATTERN (%)

	Jun-25	Sep-25
Promoters	58.0	58.0
FIs & Local MFs	21.1	21.1
FPIs	13.9	13.5
Public & Others	7.0	7.4
Pledged Shares	Nil	Nil

Source : BSE

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# Happiest Minds Technologies

## Strategic initiatives driving growth

HAPPSTMN delivered a stable Q2 performance, with revenue growth aligning with expectations and margins surpassing forecasts. The company posted +2.3% QoQ CC revenue growth in the quarter, driven by the effective execution of strategic transformation initiatives launched in FY25. This steady momentum resulted in a strong 11.8% CC growth for H1FY26, falling within the guided range of healthy double-digit CC revenue growth for FY26E. The management has reinforced its growth outlook, now targeting four consecutive years of double-digit CC revenue growth through FY28E. This confidence is underpinned by solid traction in its GenAI Business (GBS) and Net New Sales unit. The GBS unit has developed 22 transformative AI use cases/replicable solutions, unlocking a revenue potential of nearly USD 15mn over the next 3-4 years. Having reached breakeven and secured premium projects, GBS is emerging as a key differentiator with strong market validation. Additionally, the company onboarded 30 new clients in H1FY26 via its Net New Sales initiative, contributing ~USD 9mn in revenue during the period. These clients represent a potential revenue opportunity of USD 50-60mn over the next three years. The FY26E aspiration remains unchanged, to deliver double-digit CC revenue growth and maintain EBITDA margins in the 20–22% range (including other income). We estimate organic revenue growth of ~6% for FY26E, with a notable acceleration anticipated in FY27E. We maintain ADD on HAPPSTMN, with a TP of INR 635, based on 30x Sep-27E EPS, supported by a 14/23% revenue/EPS CAGR over FY25–28E.

- Q2FY26 highlights:** (1) HAPPSTMN posted a revenue of USD 65.1mn (vs HSIE USD 65.2mn), +2.3% QoQ CC, supported by healthy growth in retail (+9% QoQ), manufacturing (+7.7% QoQ) and healthcare verticals (+6.4% QoQ). (2) BFSI witnessed a sequential decline (-2.3%) due to some deals being shifted to Q3 and temporary ramp-down in a large customer. Edtech is expected to bottom out by Q3. (3) GenAI business (GBS) revenue grew +15%/78% QoQ/YoY. (4) EBITDA margin stood at 17.2% (+10bps QoQ/-40bps YoY) in Q2, impacted by wage hikes (impact of ~INR 110-120mn), which was partially offset by volume growth, higher utilization, and a net exchange rate benefit (~INR 90 to INR 100mn). SG&A costs are higher YoY due to investments in the new sales engine and verticalization. (5) DSO has improved sequentially from 91 to 88 days. (6) Q3 and Q4 revenue is expected to improve sequentially, driven by the strong pipeline, the start of billing for Gen AI use cases, and deals that slipped from Q2 into Q3 (specifically security deals in IMSS and AARTHA banking deals).
- Outlook:** We have factored in USD revenue growth of 9.2% for FY26E (6.2% organic) and 16/17% in FY27/28E. EBITM has been factored in 14.2/15.0/15.2% for FY26/27/28E respectively, which translates to a revenue/EPS CAGR of 14/23% over FY25-28E. At CMP, HAPPSTMN is trading at 33/27x FY26/27E, lower than its historical average multiple of 49x.

### Quarterly Financial summary

YE March (INR bn)	Q2FY26	Q2FY25	YoY (%)	Q1FY26	QoQ (%)	FY24	FY25	FY26E	FY27E	FY28E
Revenue (USD mn)	65	62	4.4	64	1.2	196	244	266	308	360
Net Sales	5.74	5.22	10.0	5.50	4.3	16.25	20.61	23.18	27.14	32.03
EBIT	0.76	0.69	11.3	0.72	6.7	2.78	2.66	3.29	4.06	4.88
APAT	0.54	0.50	9.1	0.57	(5.4)	2.38	1.93	2.38	2.91	3.56
Diluted EPS (INR)	3.5	3.3	9.1	3.8	(5.4)	15.6	12.7	15.6	19.1	23.4
P/E (x)						33.4	41.1	33.4	27.3	22.3
EV / EBITDA (x)						21.0	21.7	18.2	14.8	12.4
RoE (%)						20.5	12.7	14.5	16.3	18.2

Source: Company, HSIE Research, Consolidated Financials

### Change in Estimates

INR bn	FY26E Old	FY26E Revised	Change %	FY27E Old	FY27E Revised	Change %	FY28E Old	FY28E Revised	Change %
Revenue (USD mn)	266	266	(0.1)	309	308	(0.1)	360	360	(0.1)
Revenue	23.14	23.18	0.2	27.17	27.14	(0.1)	32.08	32.03	(0.1)
EBIT	3.32	3.29	(0.8)	4.12	4.06	(1.4)	4.94	4.88	(1.2)
EBIT margin (%)	14.3	14.2	-14bps	15.2	15.0	-20bps	15.4	15.2	-17bps
APAT	2.38	2.38	(0.2)	2.95	2.91	(1.2)	3.60	3.56	(1.0)
EPS (INR)	15.6	15.6	(0.2)	19.4	19.1	(1.2)	23.6	23.4	(1.0)

Source: Company, HSIE Research

## ADD

CMP (as on 29 Oct 2025)	INR 522
Target Price	INR 635
NIFTY	26,054

KEY CHANGES	OLD	NEW
Rating	ADD	ADD
Price Target	INR 645	INR 635
EPS %	FY26E	FY27E
	-0.2	-1.2

### KEY STOCK DATA

Bloomberg code	HAPPSTMN IN
No. of Shares (mn)	152
MCap (INR bn) / (\$ mn)	80/901
6m avg traded value (INR mn)	409
52 Week high / low	INR 796/487

### STOCK PERFORMANCE (%)

	3M	6M	12M
Absolute (%)	(15.7)	(10.8)	(31.5)
Relative (%)	(20.2)	(16.7)	(37.3)

### SHAREHOLDING PATTERN (%)

	Jun-25	Sep-25
Promoters	44.21	44.21
FIs & Local MFs	10.57	10.20
FPIs	5.33	5.39
Public & Others	39.89	40.20
Pledged Shares	0.00	0.00

Source: BSE

Pledged shares as % of total shares

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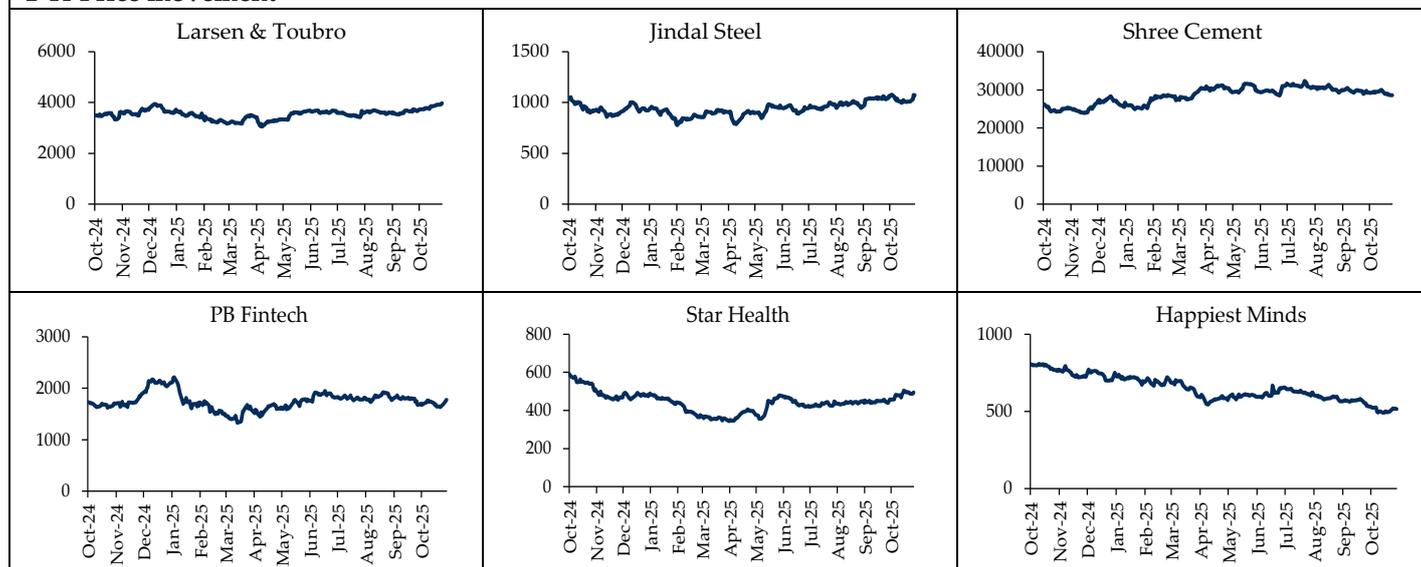
**Rating Criteria**

- BUY: >+15% return potential
- ADD: +5% to +15% return potential
- REDUCE: -10% to +5% return potential
- SELL: > 10% Downside return potential

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Analyst	Company Covered	Qualification	Any holding in the stock
Parikshit Kandpal	Larsen & Toubro	CFA	NO
Aditya Sahu	Larsen & Toubro	MBA	NO
Jay Shah	Larsen & Toubro	CA	NO
Rajesh Ravi	Jindal Steel, Shree Cement	MBA	NO
Keshav Lahoti	Jindal Steel, Shree Cement	CA, CFA	NO
Riddhi Shah	Jindal Steel, Shree Cement	MBA	NO
Mahesh Nagda	Jindal Steel, Shree Cement	CA	NO
Shobhit Sharma	PB Fintech, Star Health and Allied Insurance	CA	NO
Krishnan ASV	PB Fintech, Star Health and Allied Insurance	PGDM	NO
Amit Chandra	Happiest Minds Technologies	MBA	NO
Vinesh Vala	Happiest Minds Technologies	MBA	NO
Maitreyee Vaishampayan	Happiest Minds Technologies	MSc	NO

**1 Yr Price movement**



**Disclosure:**

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