Long Term Stocks Ideas

Rainbow Children's Medicare Ltd.

CMP	Target	Upside (%)
1,320	1,625	23%

DOMS Industries Ltd.

CMP	Target	Upside (%)
2,556	3,110	22%

KEC International Ltd.

CMP	Target	Upside (%)
855	1,030	20%

Chalet Hotels Ltd.

CMP	Target	Upside (%)
941	1,120	19%

Minda Corporation Ltd.

CMP	Target	Upside (%)
582	690	19%

Kotak Mahindra Bank Ltd.

CMP	Target	Upside (%)
2,145	2, 500	17%

The Federal Bank Ltd.

CMP	Target	Upside (%)
207	240	16%

JSW Energy Ltd.

CMP	Target	Upside (%)
543	625	15%

Coforge Ltd.

CMP	Target	Upside (%)
1,720	1,980	15%

Note: CMP as of 9th Oct'25; We suggest a "Buy on Dips" strategy in the above stocks with an investment horizon of over 12 months.

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Rainbow Children's Medicare Ltd

BUY

CMP (Rs)	Target (Rs)	Upside (%)
1,320	1,625	23%

Market Data

No. of Shares	10.2 Cr
Market Cap	Rs. 13,460 Cr
52-week High / Low	1,710/1218
BSE Code	543524
NSE Code	RAINBOW

Why Rainbow Ltd

- ✓ Leadership in Paediatric
- ✓ Robust Pipeline
- ✓ Asset Light Hub & Spoke Model
- ✓ Debt Free Balance Sheet

About the Company: Rainbow Children's Medicare Ltd. (Rainbow) is India's leading healthcare provider, specialising in paediatrics, obstetrics, and gynaecology. Established in 1999 with a 50-bed paediatric multi-speciality hospital in Banjara Hills (Hyderabad), Rainbow has grown over 25 years into the country's largest network for paediatric and perinatal care. The company has built a strong competitive moat through its expertise across complex paediatric specialities such as neonatology, paediatric cardiology, oncology, and orthopaedics, which together contribute significantly to its overall revenue.

Investment Rationale

A. **Delivering Excellence in Complex Paediatric and Neonatal Care:** Rainbow Children's Medicare is India's largest multi-speciality paediatric and perinatal hospital chain, built on clinical excellence, early specialisation, and disciplined expansion. The company operates a cluster-based hub-and-spoke model, with Hyderabad (~950 beds), Bengaluru (~500 beds), and Chennai (~300 beds) as key anchors, enabling efficient expansion, strong referral networks, and brand visibility. Nearly one-third of operational beds are ICU-focused, the highest in the sector, allowing Rainbow to manage high-acuity, complex paediatric and neonatal cases, including congenital interventions, emergency surgeries, and high-risk deliveries. It offers an integrated mother-and-child ecosystem, combining obstetrics, perinatal, neonatal, and paediatric super-specialities. This continuum of care drives patient stickiness and positions Rainbow as the go-to referral destination for critical paediatric care.

B. **Scalable Growth Driven by Asset-Light Model and Strategic Expansion:** Rainbow leverages an asset-light hub-and-spoke model, where large hub hospitals deliver tertiary and quaternary care, and smaller spoke hospitals provide primary and secondary services with lower capex, enabling faster break-even. This model maximises referral synergies, optimises specialist utilisation, and supports rapid, capital-efficient geographic expansion, delivering structurally superior EBITDA margins (~32%) with minimal debt. Rainbow plans a 1.5x increase in total bed capacity over the next three years through greenfield projects and strategic acquisitions, including Gurugram (300-bed hub, 100-bed spoke), Coimbatore (130 beds), Rajahmundry (100 beds), Guwahati (100+50 beds), multiple Bengaluru spokes, and Warangal. The combination of a scalable, low-capex model and targeted expansion makes Rainbow a compelling long-term investment in paediatric and maternity healthcare.

C. **Strong Cashflow with Debt-Free Balance Sheet:** Rainbow's asset-light, debt-free model sets it apart from peers, with obligations limited to leases. Over FY26–28E, the company is expected to generate Rs 1,100–1,200 Cr of FCFF, covering capex for the Gurugram flagship and Tamil Nadu expansions. With Rs 700 Cr cash, recent acquisitions in Guwahati and Warangal, and robust cash generation, Rainbow can self-fund growth and pursue strategic M&A. We expect pre-tax RoCE to improve by 350 bps over the next three years.

D. **Outlook:** Rainbow is well-positioned to deliver healthy growth, supported by strong occupancy trends in mature hospitals, improving contributions from new hospitals, and its focused specialisation in paediatrics and maternity care. The company's hub-and-spoke model provides scalability, while its asset-light expansion strategy ensures efficient capital deployment. Margin expansion is expected as new hospitals mature and operating leverage strengthens. We expect double-digit revenue growth with sustained ~32–33% EBITDA margins over the medium term, backed by disciplined execution and favourable industry tailwinds.

E. **Valuation & Recommendation**: We value the stock on a DCF basis to arrive at a TP of Rs 1,625/share. We recommend a BUY on the stock with the TP implying an upside of 23% from the CMP.

Financial Summary

Y/E March	Sales (Rs Cr)	EBITDA (Rs Cr)	PAT (Rs Cr)	EPS (Rs)	P/E (X)	ROE (%)	P/B (X)	EV/EBITDA (X)
FY25	1,516	494	244	24	55	17	9	28
FY26E	1,788	581	298	29	45	17	8	24
FY27E	2,079	682	354	35	38	17	6	20
FY28E	2,410	779	410	40	33	16	5	18

Source: Axis Securities

DOMS Industries Ltd

BUY

CMP (Rs)	Target (Rs)	Upside (%)
2,556	3,110	22%

Market Data

No. of Shares	6.06 Cr
Market Cap	Rs. 15,748 Cr
52-week High / Low	3,111/2,094
BSE Code	544045
NSE Code	DOMS

Why DOMS Industries Ltd

- ✓ Pioneer in the Indian Stationery and Arts Market
- ✓ In-house Manufacturing
- ✓ Launching Differentiated Products and Distribution Expansion
- ✓ Capacity Expansion on Track

About the Company: DOMS Industries Limited (DOMS) is one of India's leading stationery and art product manufacturers, offering a wide range of well-designed, high-quality products across categories such as scholastic stationery, art materials, paper products, office supplies, and craft items. Expanding beyond its core portfolio, the company has also ventured into the baby hygiene segment through its subsidiary, Uniclan Healthcare Private Limited. Its products are marketed under the flagship 'DOMS' brand, along with sub-brands like C3, Amariz, FixyFix, Wowper, and associate brand ClapJoy. With a strong distribution network spanning 28 states, 8 Union Territories, and exports to 55+ countries across the U.S., Middle East & Africa, Asia Pacific, Europe, and Australia, DOMS continues to strengthen its global footprint and brand presence.

Investment Rationale

A. **GST 2.0 Reforms:** The recent GST cut on stationery items—from 5%/12% to nil/5%—is a clear positive for DOMS, enhancing affordability and driving consumption across rural and urban markets. Backed by its strong brand equity, extensive distribution reach, and premiumisation focus, the company is well placed to capture incremental demand and gain share from the unorganised segment. The move is also expected to support formalisation and sustain volume-led growth with margin stability. However, the transition to the new GST framework has caused short-term trade disruptions as distributors realigned inventories to the revised tax structure.

B. **Expanding Portfolio; Strengthening Category Presence:** DOMS continues to broaden its portfolio across core and high-growth segments such as Hobby & Craft, Baby Hygiene, and Back-to-School, witnessing healthy consumer traction. The Super Treads acquisition has bolstered its presence in Eastern India and enhanced paper stationery capacity. Meanwhile, its 44-acre greenfield project is progressing on schedule, with the first factory building expected by Q3FY26 and commercial operations by Q4FY26, supported by ongoing brownfield expansions to cater to rising demand.

C. **Capacity Expansion on Track:** DOMS' 44-acre greenfield project is on schedule, with the first plant by Q3FY26 and production from Q4FY26. FY26 capex is guided at Rs 210–225 Cr, mainly for the new facility. Ramp-up from FY27 is expected to deliver 2–3x asset turns, supporting an 18–20% growth trajectory.

D. **Outlook:** DOMS' growth is supported by its 44-acre greenfield facility, expansion into pens, bags, toys, and diapers, and a distribution push toward 3–3.5 Lc outlets. The FILA partnership adds global reach and R&D strength. These initiatives underpin our FY25–28E Revenue/EBITDA/PAT CAGR of 23%/22%/25%.

E. **Valuation & Recommendation**: We value the company at 58x Mar'28E EPS. We recommend a BUY on the stock with a TP of Rs 3,110/share, implying an upside of 22% from the CMP.

Financial Summary

Y/E March	Sales (Rs Cr)	EBITDA (Rs Cr)	PAT (Rs Cr)	EPS (Rs)	P/E (X)	ROE (%)	ROCE (%)
FY25	1,913	348	202	33.3	76.7	20.2	22.1
FY26E	2,333	393	233	38.3	66.7	19.2	20.5
FY27E	2,858	501	302	49.8	51.3	20.2	22.3
FY28E	3,516	639	395	65.0	39.3	21.2	24.1

Source: Axis Securities

KEC International Ltd

BUY

CMP (Rs)	Target (Rs)	Upside (%)
855	1,030	20%

Market Data

No. of Shares	26.6 Cr
Market Cap	Rs. 22,955 Cr
52-week High / Low	1,313/605
BSE Code	532714
NSE Code	KEC

Why KEC International Ltd

- ✓ Healthy Orderbook
- ✓ Strong Bidding Pipeline
- ✓ Strengthening Margins

About the Company: KEC International, a $2.1 Bn Engineering, Procurement, & Construction (EPC) major, is the flagship company of the RPG Group. It undertakes EPC projects across the country's key infrastructure sectors such as Power Transmission & Distribution, Railways, Civil, Urban Infrastructure, Solar, Smart Infrastructure, Oil & Gas Pipelines, Conductors and Cables, among others. The company's robust and integrated capabilities span the entire EPC value chain from concept to commissioning. It has successfully executed complex projects across some of the world's most difficult terrains and conditions, aided by robust engineering, procurement, execution, and project management capabilities. It has a vast manufacturing footprint across India, the UAE, Brazil, and Mexico.

Investment Rationale

A. **Healthy Order Backlog Ensuring Revenue Visibility:** As of 30th June, 2025, the company's order book stands at Rs 34,409 Cr. This, combined with an order inflow of Rs 6,514 Cr in Q2FY26, provides strong revenue growth visibility for the next 18-24 months. Additionally, KEC holds orderbook plus L1 position in projects valued at over Rs 40,000 Cr, primarily in the T&D business. With its established execution track record and the government's increasing focus on infrastructure development, the company is well-positioned for steady revenue growth, projecting a 15% CAGR from FY25 to FY27E.

B. **The Encouraging Pipeline of Tenders Enhances Order Inflow Prospects:** A substantial tender pipeline of Rs 1,80,000 Cr ensures a healthy order intake for the company in the foreseeable future. Out of the Rs 1,80,000 Cr bid pipeline, Rs 30,000 Cr is from domestic T&D, Rs 60,000 Cr is from international T&D, and the balance is from non-T&D. For FY26, KEC has set a target of Rs 30,000 Cr in order inflow, out of which Rs 12,800 Cr has already been achieved, maintaining its growth momentum.

C. **Strengthening in Margins Leading to Better Bottom-line Performance:** Despite labour shortage and delay in receivables from the water segment, EBITDA margins have improved, primarily driven by the execution of international T&D projects and high-margin assignments. We expect margins to improve to 9% in FY27. Interest expense has lowered due to a debt reduction, which has further increased profitability. We pencil in EPS CAGR of 55% over FY25-27E.

D. **Outlook:** KEC has a well-diversified and robust order book and an L1 position, providing healthy revenue visibility for the next 18-24 months. Moreover, the government's emphasis on T&D (Transmission & Distribution), focus on Civil and Urban Infrastructure, bodes well for the company moving forward.

E. **Valuation & Recommendation:** The stock is currently trading at 24x/17x FY26E/27E EPS, and we value it at 20x FY27E EPS. We recommend a BUY rating on the stock with a TP of Rs 1,030/share, implying an upside of 20% from the CMP.

Financial Summary

Y/E March	Sales (Rs Cr)	EBITDA (Rs Cr)	PAT (Rs Cr)	EPS (Rs)	P/E (X)	ROE (%)	ROCE (%)	EV/EBITDA (X)
FY24	19,914	1,215	347	13.5	66.0	9	24	19
FY25	21,847	1,504	571	21.5	41.5	12	27	16
FY26E	25,119	2,041	967	36.4	24.5	17	29	11
FY27E	28,886	2,629	1,371	51.5	17.3	20	33	9

Source: Axis Securities

Chalet Hotels Ltd

BUY

CMP (Rs)	Target (Rs)	Upside (%)
941	1,120	19%

Market Data

No. of Shares	21.8 Cr
Market Cap	Rs. 20,590 Cr
52-week High / Low	1,082/634
BSE Code	542399
NSE Code	CHALET

Why Chalet Hotels Ltd

- ✓ Diversified Profile
- ✓ Intact Demand Drivers
- ✓ Robust Pipeline
- ✓ Long-term Partnership with International Brands

About the Company: Chalet Hotels Limited is a leading owner, developer, and asset manager of high-end hotels in India, primarily operating in key metro cities such as Mumbai, Hyderabad, Bengaluru, and Pune. The company's portfolio comprises luxury and upper upscale hotels managed by renowned global brands like Marriott, Westin, and Four Points. Chalet follows an integrated business model that combines hospitality with commercial and mixed-use developments, leveraging synergies in operations, location, and asset management. With a focus on premium urban markets, efficiency, and sustainable practices, Chalet continues to enhance its portfolio through strategic expansions and redevelopment projects.

Investment Rationale

A. **Diversified Portfolio:** Chalet Hotels Limited operates a diversified portfolio across hospitality, commercial, and residential segments, with its core strength in hospitality. It has 11 hotels with over 3,350 keys as of Q1FY26, managed under long-term partnerships with Marriott International and Accor Hotels, including brands like JW Marriott, Westin, Four Points, Courtyard, Lakeside Chalet, and Novotel. The commercial portfolio spans 2.4 Mn sq. ft., providing steady rental income and healthy cash flows, while the residential segment comprises two premium towers in Koramangala with 321 units, of which only 13 remain unsold. Chalet's integrated asset model ensures diversified revenue streams, operational resilience, and sustainable growth.

B. **Aligned Pipeline with Demand Drivers:** Chalet Hotels has an aggressive expansion pipeline, planning to add ~1,200 rooms and 0.9 Mn sq. ft. leasable area over the next three years. Key projects include The Dukes Retreat (Khandala) expansion, Taj at Delhi International Airport (~385–390 keys, H1FY27), Varca, South Goa (~190 rooms, FY28), and CIGNUS Powai Tower II (0.9 Mn sq. ft., Q4FY27), along with new hotels in Navi Mumbai. The company is well-positioned to benefit from favourable demand-supply dynamics. Its hotels, located near commercial districts and airports, command ARR premiums while maintaining high occupancy (75–80% post-pandemic). With a focus on business travellers, seasonal fluctuations remain moderate. Limited supply additions in Tier-1 cities have helped Chalet's properties, especially in MMR, deliver ARR growth of 8–10%, supported by Pan-India demand growth of 11.6% (2022–27) outpacing supply growth of 9%, with strong expansion in the Luxury (5.3%) and Upper-upscale (7.2%) segments.

C. **Capex with Focused Debt Level:** Chalet Hotels Limited has planned a Rs 2,000 Cr capex for its announced projects by FY27, largely funded through internal accruals. The management targets to maintain a prudent leverage profile of around 3.5x EBITDA. As of Q1FY26, net debt stood at Rs 2,000 Cr, with the average cost of finance declining 40 bps QoQ to 8%, while the company maintained a healthy liquidity buffer of Rs 320 Cr, supporting its aggressive expansion and operational needs.

D. **Outlook**: Chalet Hotels is well-positioned for sustainable growth, supported by its diversified portfolio and healthy cash flows from commercial assets. The company expects to generate ~Rs 300 Cr from the sale of remaining residential units, which will be deployed towards hospitality and commercial expansion, including the Taj at Delhi Airport, enhancing returns. With strong brand partnerships, strategic locations, and favourable industry tailwinds, Chalet is expected to deliver robust occupancy, ARR growth, and long-term value creation.

E. **Valuation & Recommendation:** We value the stock at 21x H1FY27E EV/EBITDA. We recommend a BUY rating on the stock with a TP of Rs 1,120/share, implying an upside potential of 19% from the CMP.

Financial Summary

Y/E March	Sales (Rs Cr)	EBITDA (Rs Cr)	PAT (Rs Cr)	EPS (Rs)	P/E (X)	ROE (%)	P/B (X)	EV/EBITDA (X)
FY25	1,718	736	143	7	135	5	7	32
FY26E	2,711	1193	569	26	36	16	6	19
FY27E	2,978	1281	622	29	32	15	5	17
FY28E	3,193	1437	733	34	28	15	4	15

Source: Axis Securities

Minda Corp Ltd

BUY

CMP (Rs)	Target (Rs)	Upside (%)
582	690	19%

Market Data

No. of Shares	23.9 Cr
Market Cap	Rs. 14,365 Cr
52-week High / Low	607/445
BSE Code	538962
NSE Code	MINDACORP

Why Minda Corp Limited

- ✓ Strategic Partnerships & JV's.
- ✓ Encouraging Export Opportunities
- ✓ Strong Capex Plans
- ✓ R&D Depth

About the Company: Minda Corporation Ltd. is one of India's leading manufacturers of automotive components, offering a diverse portfolio that includes Electronic & Mechanical Security Systems, Die Casting, Key Solutions, Telematics, ITS & IoT, Wiring Harnesses, SRCs, Components, Instrument Clusters, Sensors, and Interior Plastics. Its products serve leading manufacturers across Passenger Vehicles, Commercial Vehicles, Motorcycles & Scooters, and Off-road Vehicles. The Group employs over 16,000 people and has established multiple JVs with global partners from the USA, Japan, Italy, Uzbekistan, and China.

Investment Rationale

A. **Company Growth Plan:** Minda Corporation aims to drive multi-year growth through premiumization, new product development, and technology integration. The company aims to achieve Rs 17,500 Cr in revenue, with EBITDA above Rs 2,100 Cr (+12.5%) and a ROCE of 25% over the next four years. This will be achieved through ~Rs 3,550 Cr in incremental revenue from its existing business and ~Rs 1,780 Cr from premium products such as Smart PEPS, PLG systems, EV wiring harnesses, ADAS sensors, and lightweight die-casting components. These initiatives will enhance the product mix and support margin expansion through a higher share of technology-led products.

B. **Exports, Capex, and Other JV's:** The company plans Rs 2,000 Cr in capex over five years, including two new greenfield die-casting facilities and one instrument cluster plant. Export revenue is expected to grow at a 37% CAGR from Rs 420 Cr in FY25 to Rs 1,500 Cr by FY30 across key global markets. New product launches across sunroof systems (HCMF JV), EV components (SANCO tie-up), and switches (Toyodenso JV) are expected to add ~Rs 1,450 Cr by FY30, backed by secured orders. Along with other strategic JVs, these initiatives are expected to strengthen Minda's EV systems portfolio, enhance technological capabilities, and diversify revenue streams.

C. **Flash Electronics:** Minda's 49% acquisition of Flash Electronics strengthens its presence in EV powertrain components. Flash Electronics reported FY25 revenue of Rs 1,537 Cr and EBITDA of Rs 223 Cr (14.5%). The company is developing next-generation SESM and IDU technologies that reduce reliance on rare-earth magnets. It is expected to grow at over 20% in the medium term while maintaining EBITDA margins above 14.5%.

D. **Outlook:** Minda Corporation is evolving from a conventional auto component manufacturer into a high-value, technology-driven mobility solutions provider. The company is backed by strong financials, sticky OEM relationships, rising profit contribution from Associates (notably Flash Electronics), and well-defined growth levers across both EV and ICE segments, making it a compelling long-term compounding opportunity. The outlook remains positive, supported by robust new order wins, a strong order book, and management's confidence in outperforming industry growth through both organic and inorganic initiatives. Over FY25–28E, Revenue/EBITDA/PAT is expected to grow at a CAGR of 13%/16%/22%, respectively.

E. **Valuation & Recommendation**: Given the strong growth trajectory and healthy balance sheet, the stock is valued at a 36x multiple on FY28E EPS. We recommend a BUY rating on the stock with a TP of Rs 690/share, implying an upside potential of 19% from the CMP.

Financial Summary

Y/E March	Sales (Rs Cr)	EBITDA (Rs Cr)	PAT (Rs Cr)	EPS (Rs)	P/E (X)	ROE (%)	ROCE (%)	EV/EBITDA (X)
FY25	5,056	575	255	10.7	50.5	12.1	15.3	23.4
FY26E	5,790	658	290	12.1	48.1	12.5	14.7	22.2
FY27E	6,542	778	377	15.8	36.9	14.7	16.5	18.7
FY28E	7,392	904	459	19.2	30.4	15.7	17.6	15.8

Source: Axis Securities

Kotak Mahindra Bank Ltd

BUY

CMP (Rs)	Target (Rs)	Upside (%)
2,145	2,500	17%

Market Data

No. of Shares	198.8 Cr
Market Cap	Rs. 4,25,738 Cr
52-week High / Low	2,302/1,679
BSE Code	500247
NSE Code	KOTAKBANK

Why Kotak Mahindra Bank?

- ✓ Improving Growth Trajectory with Pick-up in Unsecured Segments
- ✓ Asset Quality Improvement
- ✓ Outperformance on NIMs in A Declining Interest Rate Cycle
- ✓ Healthy RoA Profile

About the Company: Kotak Mahindra Bank (KMB) is one of India's leading diversified and integrated financial services conglomerates, providing a wide span of solutions across customer and geographic segments. Over time, the bank has successfully forged a powerful banking franchise in India by leveraging its formidable liability profile. KMB has a well-diversified pan-India presence through its network of 5,440 group branches and 2,927 ATMs.

Investment Rationale

A. **Growth Momentum to be Healthy; Calibrated Improvement in Unsecured Mix**: KMB remains committed to growing advances at 1.5-2x of nominal GDP growth. With Asset quality challenges in the unsecured portfolio now behind, the bank will look to resume growth in the PL, CC, and MFI segments. While the MFI portfolio contribution to the portfolio will remain capped at 3-4%, KMB believes PL and CC remain key growth drivers, as the bank looks to scale up the unsecured book to ~15% of the total portfolio. Another focus area for the bank would be the mid-market segment, wherein KMB will look to accelerate growth. In its Q2 provisional update, the bank has posted a healthy 16/4% YoY/QoQ, and we expect healthy credit growth delivery to continue. Resultantly, we expect KMB to deliver a healthy ~17% CAGR credit growth over FY25-28E.

B. **Credit Costs to Taper Gradually:** The stress in the unsecured segments, particularly MFI, has peaked and should subside over H2FY26. However, the bank is witnessing emerging stress in the retail CV segment, owing to which the bank has tightened its underwriting policies. The management expects the stress in the retail CV segment to subside over the next couple of quarters. In the business banking and SME portfolio, KMB is currently not witnessing any signs of stress emerging. With the slippages in the unsecured portfolio having peaked out and the incremental stress formation across most segments (ex-Retail CV) remaining benign, KMB expects credit costs to taper sequentially. We pencil in credit costs of 80 bps (+/-5bps) over FY26-28E.

C. **Outperformance on NIMs vs Peers**: KMB's sharp margin compression visible in Q1 was primarily owing to repo rate changes and slower growth in the higher-yielding segments. With the 50bps repo rate cut in Jun'25 is yet to reflect on the yields, margins will continue to remain under pressure in Q2. However, the SA rate action (reduction of ~75 bps) should reflect in Q2, partially supporting NIMs. Thus, we expect the quantum of compression to be considerably lower QoQ. From Q3 onwards, KMB's margins should find support from the (1) Impact of CRR cut, (2) Improving growth in the unsecured segments and an improving mix in the overall portfolio, and (3) Downward repricing of deposits, especially TDs. We expect FY26 margins to remain lower at ~4.7%, before improving to ~4.9-5% over FY27-28E, driven by aforementioned factors.

D. **Focus on Deposit Granularity**: KMB continues to focus on SA Accounts, Activ Money and Retail TDs to drive deposit growth, while aiming at containing CoF. The Kotak811 channel will remain a key enabler to drive healthy liability franchise growth. In the CA accounts, the bank saw improved traction in the NTB in the self-employed segment. KMB's focus on LAP, SME, and business banking verticals should enable healthy CA deposit accretion. We expect deposit growth will mirror credit growth, enabling the bank to maintain a steady LDR between 85-86%.

E. **Valuation & Recommendation**: We value the bank's core book at 2.5x FY27E ABV and assign a value of Rs 635 to the subsidiaries. We recommend a BUY on the stock with a target price of Rs 2,500/share, implying an upside of 17% from the CMP.

Financial Summary

Y/E March	NII (Rs Bn)	PPOP (Rs Bn)	PAT (Rs Bn)	EPS (Rs)	Adj. BV (x)	P/ABV (x)	RoA (%)	NNPA (%)
FY25	283	210	165	82.7	582.9	3.7	2.1	0.3
FY26E	309	231	146	73.2	653.3	3.3	1.9	0.3
FY27E	375	285	188	94.8	744.8	2.9	2.2	0.3
FY28E	439	334	221	111.1	851.8	2.5	2.2	0.3

Source: Axis Securities

Federal Bank Ltd

BUY

CMP (Rs)	Target (Rs)	Upside (%)
207	240	16%

Market Data

No. of Shares	245.8 Cr
Market Cap	Rs. 50,980 Cr
52-week High / Low	220/173
BSE Code	500469
NSE Code	FEDERALBNK

Why Federal Bank Ltd?

- ✓ Improving Growth Trajectory
- ✓ NIMs to Bottom Out in Q2; Improvement Thereon
- ✓ Steady Asset Quality Metrics
- ✓ Levers to Improve RoA Present

About the Company: Federal Bank Ltd. (FB) is a Kerala-based private sector bank with a pan-India presence. It has exposure to Insurance and NBFC business through its joint venture with IDBI and wholly-owned subsidiary FedFina. The bank continues to execute its strategy of a branch-light and distribution-heavy franchise proactively.

Investment Rationale

A. Rate Cuts Largely Priced In; Lower NIM Compression in Q2: With the bulk of the repo rate cut impact reflecting in the yields (given pass-on is on a T+1 basis), the quantum of NIM compression in Q2 is expected to be significantly lower at 5-10bps. Resultantly, NIMs will bottom out in Q2, assuming no further rate cuts. The SA rate cut taken in mid-Jun'25 is yet to reflect in the CoF, and should enable the bank to cushion the dent on margins. With TD repricing kicking in from the forthcoming quarters, NIMs are expected to improve gradually over H2. FB has seen a gradual shift in its portfolio mix from EBLR loans declining to 48% vs 52% in Mar'24 and a corresponding increase in the fixed rate portfolio to 33% from 27%. Going ahead, the management sees levers to further decrease the share of EBLR loans, as the growth in the fixed-rate Gold, CV, and Car Financing portfolio gathers pace. Moreover, the gradual shift towards mid-yielding segments (mix improvement of 50-60bps in Q1) along with improving mix of CASA deposits, should also provide support to NIMs.

B. Asset Quality Stress Manageable: The management has highlighted that MFI slippages have peaked in May'25 and have been trending downwards MoM over Jun-Jul'25. Similarly, the SMA pool and Collection Efficiency in the MFI book have been on an improving trend, possibly indicating that the worst is now behind. In the Business Banking and CV portfolio, the bank has seen a slight increase in stress; however, it is not alarming. FB continues to tightly monitor these portfolios for any emerging signs of stress. Apart from these portfolios, asset quality continues to remain largely stable. The management has guided for 55bps credit costs for FY26.

C. Growth Recovery Visible from H2 Onwards: The bank has realigned its growth in the retail portfolio and is ready to push for strong growth from H2 onwards. Similarly, the bank will also look to pursue strong growth in the mid-yielding segments. As the macro environment turns favourable, FB will look to accelerate growth in the higher-yielding segments. Given uncertain macros, FB expects to grow at 1.2x of nominal GDP in FY26. However, supported by improving consumption demand and favourable macros, FB will aim at growing the book at 1.2-1.5x nominal GDP on a steady state basis. We expect FB to deliver a healthy ~16% CAGR credit growth over FY25-28E.

D. Valuation & Recommendation: We value Federal Bank at 1.4x FY27E ABV and the subsidiary at Rs 10/share. We recommend a BUY on the stock with a target price of Rs 240/share, implying an upside of 16% from the CMP.

Financial Summary

Y/E March	NII (Rs Cr)	PPOP (Rs Cr)	PAT (Rs Cr)	EPS (Rs)	Adj. BV (x)	P/ABV (x)	RoA (%)	NNPA (%)
FY25	9,468	6,101	4,052	16.5	131.9	1.6	1.2	0.4
FY26E	10,141	6,532	3,960	16.1	146.2	1.5	1.1	0.4
FY27E	12,701	8,544	5,328	21.7	165.1	1.3	1.3	0.4
FY28E	15,185	10,692	6,717	27.3	188.7	1.1	1.4	0.4

Source: Axis Securities

JSW Energy Ltd

BUY

CMP (Rs)	Target (Rs)	Upside (%)
543	625	15%

About the Company: JSW Energy Ltd (JSWE) operates across the entire value chain of the power sector, with diversified assets spanning 11 states. The company engages in power generation, transmission, and emerging segments, including energy storage systems (ESS) and green hydrogen, positioning itself as a key player in the transition to sustainable energy solutions. It has a total locked-in power generation portfolio of 30.5 GW. The company aims to achieve 30 GW of total installed capacity (current installed capacity of 13.2 GW) along with 40 GWh of energy storage capacity by FY30 and achieve Carbon Neutrality by 2050.

Market Data

No. of Shares	174.8 Cr
Market Cap	Rs. 94,676 Cr
52-week High / Low	777/419
BSE Code	533148
NSE Code	JSWENERGY

Why JSW Energy Ltd

- ✓ Inorganic Growth Focus
- ✓ Good Execution Track Record
- ✓ Focus on Energy Storage
- ✓ Strategy 3.0 Targets

Investment Rationale

A. **Capacity Expansion Pipeline:** The company currently has an installed power generation capacity of 13.2 GW, and it has a total locked-in generation capacity of 30.5 GW, comprising 13.2 GW operational, 12.5 GW under-construction across thermal and renewable, 150 MW under acquisition hydro, and has a pipeline of 4.6 GW. The company also has 29.4 GWh of locked-in energy storage capacity through hydro pumped storage projects of 26.4 GWh and a battery energy storage system of 3.0 GWh. The Company aims to reach 30 GW of generation capacity and 40 GWh of energy storage capacity by FY 2030 and achieve Carbon Neutrality by 2050. According to Strategy 3.0, it aims to achieve a FY30 run rate EBITDA of 2.7-3.0x of FY25 proforma EBITDA, and it will spend a total capex of Rs 1,30,000 Cr over FY26-FY30 by keeping its Net Debt/EBITDA near ~5.0x in FY30.

B. **Focus on Renewable Energy:** In Q2FY26, the company added cumulative RE capacity of 443MW. The share of renewables in the overall capacity stands at 57% (48% in FY25), consisting of wind capacity at 3,709 MW, solar capacity at 2,213 MW, and hydro capacity at 1,631 MW. The company targets to enhance renewable capacity to 2/3rd of its total installed capacity by 2030 and is well on track to achieve the same. Its total under-construction RE portfolio currently is ~11 GW, and the pipeline portfolio is 2.8 GW.

C. **Early Mover Advantage in Energy Storage – Capitalizing on the New Age Businesses:** The company is set to benefit from the growing energy storage space. It has a locked-in capacity of 29.4 GWh, of which 3.0 GWh is for battery energy storage systems (BESS) and 26.4 GWh is for hydro-pumped storage projects (PSP). Under its Strategy 3.0, the company has a target to set up an energy storage capacity of 40 GWh/5 GW by 2030. The company has signed a Pumped Hydro Energy Storage Facility Agreement (PHESFA) with state DISCOMS to the tune of 24 GWh. The company is in the advanced stage of completing the trial runs of its 3,800 TPA green hydrogen project in Vijayanagar. It expects the plant to be commissioned soon.

D. **Valuation & Recommendation**: The stock is trading at 14x 12-month forward consensus EV/EBITDA against the industry average of 12x. We recommend a BUY rating on the stock with a TP at Rs 625/share, implying an upside potential of 15% from the CMP.

Financial Summary

Y/E March	Revenue (Rs Cr)	EBITDA (Rs Cr)	PAT (Rs Cr)	EPS (Rs)	P/E (x)	RoE (x)	RoCE (%)	EV/EBITDA (x)
FY25	11,745	5,221	1,983	11.2	48.4	8.1	4.8	26.1
FY26E	21,577	11,535	2,179	12.5	43.4	7.6	6.3	13.8
FY27E	25,281	14,579	2,743	15.7	34.5	8.9	6.9	12.0
FY28E	29,261	17,792	3,385	19.4	28.0	10.2	7.4	10.8

Source: Axis Securities

Coforge Ltd

BUY

CMP (Rs)	Target (Rs)	Upside (%)
1,720	1,980	15%

MARKET DATA	
No. of Shares	33.4 Cr
Market Cap	57,654 Cr
52-week High / Low	2,005/1,191
BSE Code	532541
NSE Code	COFORGE

Why Coforge Limited

- ✓ Strong Presence in Niche Segments
- ✓ Key Acquisitions to Enhance Operational Capabilities
- ✓ Strong Deal Momentum, Strategic Capex and AI Pivot Provide Revenue Visibility

About the Company: Coforge is a global IT services provider delivering digital solutions through a product engineering approach, leveraging Cloud, Data, Integration, and Automation technologies to help client businesses become intelligent, high-growth enterprises. The company maintains a strong presence across key industry verticals and their sub-segments, including BFS, Insurance, TTH, overseas government, and others. Its geographical footprint spans America, EMEA, APAC, and India. Coforge is also empaneled as a preferred technology services partner for multiple Fortune 500 clients.

Investment Rationale

A. **Strong Presence in Niche Segments Across Geographies:** In BFS, Coforge operates across Wealth/Asset Management and Risk/Compliance segments. In the Insurance domain, it is active in Life, Non-Life, and Commercial/Speciality lines. Within the Travel & Hospitality sector, the company services Airlines, Travel Tech, Airports, Surface Transport, and Hospitality. In Q1FY26, 50% of revenue came from America, followed by 38.7% from EMEA, while other geographies contributed 11.4%. The top 5 clients reported growth of 25.1% QoQ and 50.8% YoY, contributing 20.8% to revenue. The top 10 clients grew 15.7% QoQ and 36.8% YoY, contributing 29.4% to overall revenue.

B. **Key Acquisitions to Enhance Operational Capabilities:** Intending to expand its service and product offerings and gain access to a wider customer base and geographies, Coforge has pursued a series of strategic acquisitions in recent years. The acquisitions of Incessant, Ruletek, and Wishworks have significantly strengthened its digital capabilities. In FY25, Coforge announced a strategic merger with Cigniti Technologies. This merger is expected to enhance end-to-end IT delivery by integrating world-class QA/testing capabilities, thereby positioning the combined entity as a full-service digital transformation provider. The acquisition of Cigniti is anticipated to drive long-term revenue growth in the range of 10–12%.

C. **Strategic Capex, Deal Wins, and AI Pivot Provide Revenue Visibility:** In Q1FY26, Capex was $65 Mn, with $58 Mn allocated to an AI data centre project. Over the last two quarters, ~$85 Mn was invested in this data centre, with $62 Mn received as a client advance and $23 Mn funded by a term loan. The Capex is expected to taper down to original levels (2-3% of revenue) in FY26. In terms of deals, the company signed five large deals during the quarter. The executable order book for the next 12 months stood at $1.6 Bn, up 47% YoY, which indicates strong revenue visibility. Coforge aims to close at least 20 large deals in FY26. Therefore, management remains committed to setting new performance and capability benchmarks through such initiatives.

D. **Outlook & Valuation:** Coforge is well-positioned for growth, given its multiple long-term contracts with leading global brands. The company maintains a positive outlook, expecting recent deal wins to drive revenue growth. The management remains committed to setting new benchmarks in the evolving industry landscape. We believe that the company remains on track to meet its long-term guidance and expect a CAGR of 25%/39%/40% for Revenue/EBIT/PAT over FY25–27E. The stock is currently trading at 40x and 31x FY26E/FY27E EPS.

Financial Summary

Y/E March	Net Sales (Rs Cr)	EBITDA (Rs Cr)	Net Profit (Rs Cr)	EPS (Rs)	PER (x)	EV/EBIDTA (x)	P/BV (x)	RoE (%)
FY24	9,179	1,427	836	25.0	68.9	37.7	7.3	24.9
FY25	12,051	1,694	963	28.0	61.6	31.3	8.4	19.3
FY26E	16,267	2,473	1,492	43.5	39.6	20.6	6.8	20.9
FY27E	18,916	2,970	1,885	56.5	30.5	16.4	5.5	21.4

Source: Axis Securities

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