

### Key Budget Highlights

The Honorable Finance Minister has presented the budget 2026-2027. The Budget 2026-2027 for “Viksit Bharat” is one of strategic transformation across all key sectors of the economy, driven by a focus on fiscal discipline and public investment. The continued trajectory of the deficit and clear debt reduction target to 50% (+/- 1%) of GDP by FY31. Fiscal Prudence is the key theme for this budget, as sticking to 4.3% target, India has delivered the message that India is a safe house in a volatile global neighborhood. The capital expenditure of INR 12.2 lakh cr aims to build long-term infrastructure sustainability. The significant outlays for the upgraded India semiconductor mission 2.0, and dedicated Rare Earth Corridors, the “Biopharma SHAKTI” initiative, are all designed to position India as a global hub in frontier technologies and secure critical supply chains. The proposal of new High-Speed Rail corridors and National waterways seeks to revolutionize logistics. The major allocation to Carbon capture, Utilization and Storage technology and extended support for nuclear powers, leading to long-term energy security and managed green transition. The services sector targeting 10% world share by 2047, supported by initiatives to bridge education with employment and massively scale the “Orange Economy” through specialized training labs. The agricultural growth is targeted through high-value crops. The introduction of the new, simplified Income Tax Act, trust-based, ease of doing business, and shift towards a more efficient, taxpayer-friendly governance framework. The leveraging of technology like the AI tool “ Bharat-VISTAAR” for farmers and creating targeted empowerment schemes for women, persons with disabilities, and lagging regions. Overall, the budget focused on manufacturing self-reliance, energy security, and a simplified tax architecture, aiming to enhance long-term competitiveness. The initiatives in agriculture, social empowerment, and regional development ensuring broader based growth. The budget is a bet on the velocity of India’s growth. We may see some noise on increase in STT, but this doesn’t impact India’s 2047 Viksit Bharat vision.

#### 1. Defence & Aerospace:

Focus on strengthening indigenous defence manufacturing, enhancing strategic autonomy, and deepening India’s role in global defence supply chains. The Budget proposes customs duty exemption on components and raw materials used for manufacture, repair, and overhaul (MRO) of defence aircraft, significantly lowering input costs and supporting domestic defence aviation ecosystems. Exemption on capital goods and tooling provided by foreign entities to Indian toll manufacturers in bonded zones will further accelerate Make-in-India defence electronics and equipment manufacturing. Additionally, extension of customs duty exemptions for nuclear power projects till 2035 and incentives for critical minerals processing strengthen long-term defence and strategic infrastructure readiness. These measures collectively improve competitiveness of Indian defence manufacturers, encourage global OEM partnerships, and boost exports.

#### 2. MSMEs :

Strong thrust on creating “Champion MSMEs” through a three-pronged approach of equity, liquidity, and professional support. A INR 100,000 Mn SME Growth Fund has been introduced to support scale-up of high-potential MSMEs, complemented by a INR 20,000 Mn top-up to the Self-Reliant India Fund to sustain risk capital access for micro enterprises. Liquidity support is significantly enhanced by mandating TReDS for CPSE procurement from MSMEs, introduction of credit guarantee for invoice discounting, linkage of GeM with TReDS, and development of TReDS receivables as asset-backed securities, improving cash flow and reducing working capital stress. Further, creation of ‘Corporate Mitras’ through professional institutes will ease compliance burdens for MSMEs, especially in Tier-II and Tier-III cities, enabling formalisation and sustainable growth.

### 3. Capital Goods & Infrastructure Equipment

Emphasis on building a globally competitive domestic capital goods ecosystem to improve productivity across infrastructure, manufacturing, and construction sectors. The Budget proposes establishment of Hi-Tech Tool Rooms by CPSEs as digitally enabled automated service bureaus for high-precision component design and manufacturing. A dedicated Scheme for Construction & Infrastructure Equipment (CIE) will support domestic production of technologically advanced equipment such as lifts, fire-fighting systems, tunnel-boring machines, and metro construction equipment. Additionally, a INR 100 Bn Container Manufacturing Scheme over five years aims to create a globally competitive container manufacturing base, reducing import dependence and supporting India's logistics and export ecosystem. These measures are structural positives for capital goods manufacturers with strong execution and technology capabilities.

**Budget Estimates for FY26–27:** The budget estimates for FY26-27 project total receipts, excluding borrowings, at INR 3,650 Bn, while total expenditure is estimated at INR 5,350 Bn. Net tax receipts of the Centre are estimated at INR 2,870 Bn, reflecting steady revenue mobilisation. The fiscal deficit is estimated at 4.3% of GDP, improving from 4.4% in the previous year and reaffirming the Government's fiscal consolidation commitment. Gross market borrowings through dated securities are estimated at INR 1,720 Bn, while net market borrowings are pegged at INR 1,170 Bn, with the balance financing coming from small savings and other sources. The calibrated borrowing programme, alongside higher capital expenditure, supports growth while maintaining stability in debt and bond markets.

Items	Revised Estimates 2025-2026	Budgeted Estimates 2026-2027
<b>Total Expenditure</b>	INR 49,648,420 Mn	INR 53,473,150 Mn
<b>Receipts</b>	INR 49,648,420 Mn	INR 53,473,150 Mn
<b>Revenue Deficit (of GDP)</b>	1.50%	1.50%
<b>Fiscal deficit (of GDP)</b>	4.40%	4.30%

## Expenditure of Major Items

Major Items (INR bn)	2024-25 Actuals	2025-26 Budget Estimates	2025-26 Revised Estimates	2026-27 Budget Estimates	YoY Change (%)
Interest	11,156	12,763	12,743	14,040	10%
Transport	5,602	5,486	5,476	5,985	9%
Defence	4,507	4,917	5,679	5,946	5%
Others	4,392	4,827	4,861	5,560	14%
Pension	2,738	2,766	2,866	2,962	3%
<b>Rural Development</b>	<b>2,060</b>	<b>2,658</b>	<b>2,128</b>	<b>2,731</b>	<b>28%</b>
Home Affairs	2,246	2,332	2,415	2,552	6%
Subsidy - Food	1,999	2,034	2,282	2,276	0%
Subsidy - Fertiliser	1,707	1,679	1,865	1,708	-8%
Agri. & Allied Activities	1,546	1,588	1,519	1,627	7%
Education	1,107	1,287	1,219	1,393	14%
Energy	661	802	865	1,090	26%
Health	884	983	946	1,046	11%
<b>Urban Development</b>	<b>533</b>	<b>968</b>	<b>572</b>	<b>855</b>	<b>50%</b>
IT and Telecom	1,172	869	539	746	38%
Commerce and Industry	444	656	523	703	34%
Social Welfare	458	601	501	624	25%
Scientific Departments	275	557	370	558	51%
External Affairs	255	205	217	221	2%
Finance	582	629	1,122	206	-82%
Subsidy - Petroleum	145	121	151	121	-20%
Dev. of Northeast	34	59	45	68	52%

**Tax Proposal:****Direct Tax Segments****Individual Taxpayers & Ease of Living**

- New Income Tax Act, 2025: A comprehensive review was completed to replace the 1961 Act, effective April 1, 2026, with redesigned forms for easier compliance.
- Motor Accident Claims: Interest awarded to natural persons by the Motor Accident Claims Tribunal is now exempt from income tax, and related TDS is abolished.
- Return Filing Flexibility: The deadline for revising tax returns is extended from December 31 to March 31 (with a nominal fee).
- Staggered Filing: Filing timelines are staggered, with ITR 1 and 2 remaining at July 31, while non-audit business cases or trusts are allowed until August 31.

**Education, Medical & Foreign Remittances**

- TCS Rate Reduction: The Tax Collected at Source (TCS) rate for overseas tour packages is reduced from 5%/20% to a flat 2% without any amount stipulation.
- LRS Reductions: TCS for education and medical purposes under the Liberalized Remittance Scheme (LRS) is also reduced from 5% to 2%.

**IT Sector & Global Business**

- Unified IT Services: Software development, IT-enabled services (ITeS), KPO, and contract R&D are clubbed into a single "Information Technology Services" category.
- Safe Harbour: A common safe harbour margin of 15.5% is established, with the threshold for availing it raised from INR 300 crore to INR 2,000 crore.
- Data Centers: A tax holiday until 2047 is proposed for foreign companies providing global cloud services using Indian data centers.
- Component Warehousing: A safe harbour of 2% profit margin is provided for non-residents using bonded warehouses for electronic components.

**Small Taxpayers & Disclosure Schemes**

- Foreign Asset Disclosure: A one-time 6-month scheme allows small taxpayers (students, tech employees, etc.) to disclose foreign assets/income.
- Category A (Undisclosed): Up to INR 1 crore; taxed at 30% plus 30% additional tax in lieu of penalty.
- Category B (Disclosed but undeclared): Up to INR 5 crore; immunity granted with a INR 1 lakh fee.

**Cooperatives & Armed Forces**

- Cattle & Cotton Seed: Tax deductions are extended to primary cooperatives supplying cattle feed and cotton seed.
- Disability Pension: A specific exemption is provided for disability pensions granted to members of the Armed Forces and paramilitary personnel.

**Reform in Share Buyback Taxation**

- New Classification: Buybacks will now be taxed as Capital Gains for all types of shareholders to protect minority interests.
- Anti-Arbitrage Tax: To prevent misuse by promoters, an additional buyback tax is introduced.
- Effective Rates for Promoters: Corporate Promoters: 22% and non-Corporate Promoters: 30%

**Rationalization of TCS (Tax Collected at Source)**

- Specific Goods: The TCS rate for sellers of alcoholic liquor, scrap, and minerals is rationalized to 2%.
- Tendu Leaves: The rate is significantly reduced from 5% to 2%.

**Increase in Securities Transaction Tax (STT)**

- The government proposes to increase STT on derivative trading to curb excessive speculation:
- Futures: Increased to 0.05% (from 0.02%).
- Options Premium: Increased to 0.15% (from 0.1%).
- Exercise of Options: Increased to 0.15% (from 0.125%).

**Corporate Tax & MAT (Minimum Alternate Tax) Reforms**

- Incentivizing the New Regime: To encourage the shift to the simplified tax regime, companies can now set off brought-forward MAT credit only if they move to the new regime.
- Set-off Limit: MAT credit set-off is capped at 1/4th (25%) of the tax liability under the new regime.
- End of MAT Credit Accumulation: MAT will become a "Final Tax" starting April 1, 2026, meaning no new credits will accumulate after this date.
- Rate Reduction: The final tax rate is being reduced to 14% (down from the current 15% MAT rate). Existing credit accumulated up to March 31, 2026, remains available for set-off under the new rules.

## Indirect Tax Segments

### Sector-Specific Duty Changes

- Marine & Textiles: Duty-free import limit for seafood processing inputs increased from 1% to 3%. Benefits for leather/synthetic footwear (duty-free inputs) are extended to Shoe Uppers. Export timelines for final products are doubled from 6 months to 1 year.
- Energy & Critical Minerals: BCD (Basic Customs Duty) exemptions extended to capital goods for Lithium-Ion battery energy storage systems and capital goods for processing critical minerals. Sodium antimonate for solar glass is now exempt.
- Nuclear Power: BCD exemption for nuclear project goods is extended to 2035 and expanded to all plants regardless of capacity.
- Aviation & Defence: BCD exemptions provided for components/parts of civilian and training aircraft and raw materials for the MRO (Maintenance, Repair, and Overhaul) of defence aircraft.
- Electronics: BCD exemption on specified parts for the manufacture of microwave ovens.

### Ease of Living & Healthcare

- Personal Imports: The tariff rate on goods imported for personal use is slashed from 20% to 10%.
- Health: BCD exemption granted to 17 drugs/medicines (primarily for cancer) and expanded to 7 additional rare diseases.
- Travel: Revision of baggage clearance rules to increase duty-free allowances for international travelers.

### Customs Process & "Trust-Based" Reforms

- Duty Deferral: Period for Tier 2 and 3 Authorized Economic Operators (AEOs) increased from 15 to 30 days.
- Advance Rulings: Validity extended from 3 years to 5 years to provide better business certainty.
- Automation: "Green Channel" for Trusted Importers: Automated clearance for goods not requiring compliance.
  - ✓ Warehouse Reform: Shifting to a warehouse operator-centric system with self-declarations and electronic tracking, removing officer-dependent approvals.
  - ✓ CIS: Implementation of the Customs Integrated System (CIS) within 2 years as a unified platform.
  - ✓ Scanning: Use of AI and advanced imaging to eventually scan every container at major ports.

### Special Economic Zones (SEZ) & E-commerce

- SEZ to DTA Sales: A one-time measure allows SEZ manufacturing units to sell goods to the Domestic Tariff Area (DTA) at concessional rates (limited to a proportion of their exports).
- E-commerce Exports: Complete removal of the ₹10 lakh value cap per consignment on courier exports to help small businesses and artisans.

### Support for Marine Economy

- Fishermen: Fish caught by Indian vessels in the Exclusive Economic Zone (EEZ) or High Seas is now duty-free. Landing this catch at foreign ports will be treated as an export.

### Dispute Resolution

- Penalty Alternative: Taxpayers can now settle disputes and close cases by paying an additional amount "in lieu of penalty" to avoid the legal and social stigma associated with penalties.

## Changes in Custom Duties

S No.	Section	Commodity	From (%)	To (%)
1	<b>Critical Minerals</b>	Monazite	2.5%	Nil
2	<b>Renewable Energy</b>	Sodium antimonate for use in manufacture of solar glass	7.5%	Nil
3	<b>Renewable Energy</b>	Specified capital goods for use in manufacture of lithium-ion cells for batteries of BESS	As applicable	Nil
4	<b>Nuclear Energy</b>	All goods for generation of nuclear power (tariff 8401 30 00)	7.5%	Nil
5	<b>Nuclear Energy</b>	Control & Protector Absorber Rods / Burnable Absorber Rods (tariff 8401 40 00)	7.5%	Nil
6	<b>Nuclear Energy</b>	Goods required for setting up specified Nuclear Power Projects (registered before 30 Sept 2035)	As applicable	Nil
7	<b>Electronics</b>	Specified goods for manufacture of Microwave Ovens (tariff 8516 50 00)	As applicable	Nil
8	<b>Civil Aviation</b>	Components or parts including engines for manufacture of aircraft and parts	As applicable	Nil
9	<b>Defence Sector</b>	Raw materials for manufacture/repair/overhaul of aircraft parts imported by PSUs under MoD	As applicable	Nil
10	<b>Drugs / Medicines</b>	17 new drugs/medicines added in List 3	5% / 10%	Nil
11	<b>Drugs / Medicines</b>	7 rare disease drugs added in List 22 (NPRD 2021)	As applicable	Nil
12	<b>Personal Imports</b>	All dutiable goods imported for personal use (from 01.04.2026)	10% / 20%	10%
13	<b>Chemicals</b>	Potassium hydroxide	Nil	7.5%
14	<b>Umbrella &amp; Parts</b>	Umbrellas (other than garden umbrellas)	20%	20% or Rs. 60 per piece whichever is higher
15	<b>Umbrella &amp; Parts</b>	Parts, trimmings and accessories of umbrellas	10%	10% or Rs. 25 per kg whichever is higher

## Overview on Budget

The Union Budget 2026–27 reflects the Government’s continued focus on fiscal discipline while supporting long-term economic growth. The budget follows the fiscal consolidation path with the fiscal deficit reduced further to 4.3% of GDP and a gradual improvement in the debt-to-GDP ratio. The Government has avoided short-term populist measures and instead focused on investment-driven growth through higher spending on infrastructure and productivity-enhancing sectors. Capital expenditure has been increased to INR 12.2 lakh crore, highlighting the sustained emphasis on infrastructure as a key driver of economic activity. The budget supports balanced development across manufacturing, MSMEs, services, and both urban and rural areas through targeted policy measures. Overall, Budget 2026–27 strengthens the foundation for stable, inclusive, and sustainable growth in line with the long-term vision of Viksit Bharat.

### Macros, Economy, Fiscal Deficit and Market Borrowings

The Union Budget 2026–27 adopts a prudent macroeconomic stance, balancing growth-oriented expenditure with continued fiscal consolidation. The Government has maintained its commitment to fiscal discipline, with the fiscal deficit estimated at 4.3% of GDP, improving from 4.4% in FY26 (RE). This reflects steady progress towards the medium-term target of lowering the debt-to-GDP ratio while safeguarding growth momentum. The declining debt ratio, estimated at 55.6% of GDP in FY27, further strengthens macroeconomic stability and enhances policy credibility.

Market borrowings continue to be the primary source of deficit financing, with gross market borrowings estimated at INR 17.2 lakh crore and net market borrowings at INR 11.7 lakh crore for FY27. The borrowing programme remains well-calibrated, ensuring adequate funding for capital expenditure without exerting undue pressure on bond yields. The Government’s emphasis on longer-term funding sources and stable financing mechanisms supports orderly market conditions.

Capital expenditure has been increased to INR 12.2 lakh crore in FY27, up from around INR 11.0 lakh crore in FY26 (RE), reinforcing the focus on infrastructure-led growth. Overall, the fiscal strategy remains bond market-friendly, anchored in a credible consolidation path, sustained public investment, and stable macroeconomic fundamentals, which should continue to support investor confidence and medium-term economic growth.

Particulars ( INR in Crores )	FY26 Revised Estimates	FY27 Budget Estimates	Changes %
<b>Total Receipts</b>	<b>49,64,842</b>	<b>53,47,315</b>	<b>7.70%</b>
<b>Revenue receipts</b>	<b>33,42,323</b>	<b>35,33,150</b>	<b>5.71%</b>
<b>Tax Revenue (Net)</b>	<b>26,74,661</b>	<b>28,66,922</b>	<b>7.19%</b>
<b>Direct Tax</b>	<b>24,21,000</b>	<b>26,97,000</b>	<b>11.40%</b>
<b>Corporation Tax</b>	<b>11,09,000</b>	<b>12,31,000</b>	<b>11.00%</b>
<b>Income Tax</b>	<b>13,12,000</b>	<b>14,66,000</b>	<b>11.74%</b>
<b>Indirect Tax</b>	<b>16,56,772</b>	<b>17,07,086</b>	<b>3.04%</b>
<b>Non-Tax Revenue</b>	<b>6,67,662</b>	<b>6,66,228</b>	<b>-0.21%</b>
<b>Non-Debt Capital Receipts</b>	<b>64,027</b>	<b>1,18,397</b>	<b>84.92%</b>
<b>Total Expenditures</b>	<b>49,64,842</b>	<b>53,47,315</b>	<b>7.70%</b>
<b>Revenue Expenditures</b>	<b>38,69,087</b>	<b>41,25,494</b>	<b>6.63%</b>
<b>Capital Expenditures</b>	<b>10,95,755</b>	<b>12,21,821</b>	<b>11.50%</b>

<b>Fiscal Deficit</b>	<b>15,58,492</b>	<b>16,95,768</b>	<b>8.81%</b>
<b>Net Market Borrowing</b>	<b>10,40,439</b>	<b>11,73,210</b>	<b>12.76%</b>

Recommended Stocks	Investment Rationale
<b>Sunteck Realty Ltd</b> <b>CMP: INR 396</b> <b>TP: INR 904</b>	<ul style="list-style-type: none"> <li>Sunteck added ~INR 50 bn GDV in FY26 across Andheri and Mira Road, with a strong launch pipeline (5th Avenue, Versailles, Sky Park, Naigaon) supporting 25-30% FY26 pre-sales growth despite a cautious market.</li> <li>Portfolio mix continues to shift towards Premium/Ultra-Luxury (~67%), driving EBITDA margin expansion (~26%), while strong operating cash flows keep leverage negligible (net D/E: 0.07x), enabling self-funded growth.</li> </ul>
<b>Welspun Living</b> <b>CMP: INR 124.3</b> <b>TP: INR 245</b>	<ul style="list-style-type: none"> <li>Welspun Living is a major beneficiary of the Budget's focused textile sector initiatives.</li> <li>The Budget's infrastructure push for "Tier II and Tier III cities" directly expands the addressable market for Welspun's domestic flooring business.</li> <li>Management's aggressive "cost discipline" to recover from the compressed 6.8% EBITDA margins finds a structural ally in the "Coastal Cargo Promotion Scheme".</li> </ul>
<b>ACC Limited</b> <b>CMP: INR 1,622</b>	<ul style="list-style-type: none"> <li>ACC delivered strong volume growth (+17% YoY in Q3FY26) supported by capacity ramp-up and improved utilisation (exit ~81%), with group cement capacity at ~109 MTPA and expansion roadmap to 155 MTPA by Mar'28 driving sustained medium-term growth.</li> <li>Fuel, logistics, and power cost initiatives, higher green power share (~38%), AFR usage, captive coal optimisation, and logistics efficiency, position ACC to structurally lower costs, supporting EBITDA/tonne expansion toward the group's INR 1,500 PMT target by Mar'28.</li> </ul>
<b>ITC Ltd</b> <b>CMP: INR 313</b>	<ul style="list-style-type: none"> <li>The absence of a specific excise or NCCD hike on cigarettes in the Budget, unlike the sharp increase to 60% from 24% in 2025 for "Chewing tobacco" and "Jarda" removes a major overhang.</li> <li>The implied tax stability is a critical positive for sustaining the "volume-led growth momentum" in the cigarette business, improving visibility on margins and "market standing" in the premium segment.</li> <li>Value Added Agri products getting a policy push with the Bharat-Vistaar digital initiatives and focus on increasing farmer income.</li> </ul>
<b>Foods &amp; Inns</b> <b>CMP INR 60</b> <b>TP INR 311</b>	<ul style="list-style-type: none"> <li>Foods &amp; Inns Ltd is set for strong 20% volume growth with a focus on exports, targeting 20% annual tonnage growth and expanding into new international markets like Russia and Canada. The company plans to expand spray-dried powder capacity by adding a mid-sized plant within its existing facility with minimal capital expenditure (~INR 5 cr).</li> </ul>
<b>Thomas Cook</b> <b>CMP INR 121</b> <b>TP INR 241</b>	<ul style="list-style-type: none"> <li>The company is positioned for robust multi-year growth, underpinned by resilient financial performance, sectoral tailwinds, and a continually expanding product portfolio. The company will not only sustain but surpass industry growth rates (12–15% for FY26), leveraging digital innovation, new service launches, and policy support such as GST rationalization.</li> <li>The strong balance sheet and healthy cash reserves provide ample firepower for both organic and inorganic expansion. With consolidated revenue up 9% YoY in H1 FY26 despite temporary macro and weather pressures, further acceleration is expected in the coming quarters as travel demand normalizes, and new capacity is monetized.</li> </ul>
<b>Sumit Woods</b> <b>CMP: INR 47.7</b>	<ul style="list-style-type: none"> <li>Core strength in redevelopment (SRA, MHADA, DCPR 33 schemes) with ~10.4 lakh sq ft pipeline and total estimated GDV of ~INR 3,736 Cr across ongoing and upcoming projects, providing multi-year revenue visibility in prime Mumbai micro-markets.</li> <li>Partnership-led, asset-light execution supports faster project churn and capital efficiency, while consolidated revenue grew ~28% QoQ in Q1FY26 with EBITDA margin at ~17%, alongside meaningful debt reduction (~46% repayment in FY25).</li> </ul>

Recommended Stocks	Investment Rationale
<b>Raymond Lifestyle Ltd</b> <b>CMP: INR 940</b> <b>TP: INR 2,248</b>	<ul style="list-style-type: none"> <li>The company remains constructive on FY26, positioning it as a pivotal year with strong revenue and EBITDA growth led by premiumization, robust wedding demand, and expansion in Tier-2/3 markets. Margin trajectory is expected to improve further despite near-term input cost volatility, supported by product mix upgrades, operating leverage, and disciplined cost control, while investments in brand building, retail expansion, and supply chain capabilities continue, underpinned by a near-zero net debt balance sheet and strong cash generation.</li> </ul>
<b>Bajaj Auto</b> <b>CMP INR 9584</b> <b>TP INR 11,558</b>	<ul style="list-style-type: none"> <li>The motorcycle industry is expected to grow ~12-15% in the near term, with the company positioned to outperform in the 125cc+ and 150cc+ segments as recent and upcoming product interventions aid market-share recovery. Exports are on track to deliver the highest-ever USD revenue, with volumes sustaining above 200k units per month, driven by broad-based geographic diversification.</li> <li>Margins are expected to remain resilient in the ~20%+ EBITDA band, despite near-term raw material inflation, supported by FX tailwinds, operating leverage, mix improvement, and improving EV profitability. The EV business has crossed a profitability inflection with double-digit EBITDA margins, while consolidation and execution of the KTM turnaround from next quarter adds medium-term optional upside. Earnings visibility into FY27 remains strong, with risks largely confined to commodity volatility and macro-driven demand shocks rather than structural weaknesses.</li> </ul>
<b>Raymond Realty</b> <b>CMP: INR 490</b>	<ul style="list-style-type: none"> <li>Raymond Realty reported strong pre-sales of INR 743 Cr in Q3FY26 and INR 1,504 Cr in 9MFY26, driven by healthy absorption across Thane projects and a successful launch of Invictus by GS (BKC), reinforcing demand strength in premium micro-markets.</li> <li>With a ~100-acre Thane land bank and 6 signed JDA projects aggregating ~INR 40,000 Cr potential revenue, the company's capital-light model targets ~20% annual growth in pre-sales, revenues, and ROCE over the medium term.</li> </ul>
<b>Raymond Ltd</b> <b>Rating: BUY</b> <b>(CMP: INR 380, TP: INR 788; Upside: +107.3%)</b>	<ul style="list-style-type: none"> <li>The exemption of Basic Customs Duty (BCD) on components and parts required for the aircrafts. Raymond Ltd is the manufacturer of high precision components for aerospace, exemption of customs duty is expected to reduce input costs and improve margins.</li> <li>The exemption of BCD on raw materials imported for the manufacture of aircraft parts for MRO requirements in Defence Sectors. Raymond Ltd has capability in Defence components and beneficiary for long term.</li> <li>The defence expenditure allocation INR 5.95 lakh cr (11% of GDP) for FY27E. it's expected to support continued push for modernization and procurement. Overall, it's expected to increase order book for defence and aerospace companies.</li> </ul>
<b>Exide Industries</b> <b>CMP INR 316</b>	<ul style="list-style-type: none"> <li>The Budget's move to exempt "basic customs duty on capital goods" for manufacturing Li-ion cells for "battery energy storage systems (BESS)" is a direct capex benefit. As Exide expected to commercialize its 6 GWh Bengaluru gigafactory by the end of FY26, this policy reduces the setup cost for their stationary storage line, potentially improving project ROIs.</li> <li>The proposed Indian "data centre services" will trigger a capacity expansion in digital infrastructure. This expands the high-margin addressable market for Exide's "industrial UPS batteries" a segment where it dominates.</li> </ul>

Recommended Stocks	Investment Rationale
<b>Titagarh Rail Systems Ltd  </b> <b>Rating: BUY</b> <b>CMP: INR 821, TP: INR 1,046; Upside: +27.4%</b>	<ul style="list-style-type: none"> <li>The proposed development of seven High-Speed Rail corridors, acts as a connectors.</li> <li>The new dedicated Freight Corridors is proposed to connect Dankuni in the East to Surat in the West. These projects will create a demand for high-speed rolling stock and specialized freight wagons. Titagarh Rail Systems has strong presence in both verticals.</li> </ul>
<b>MTAR Technologies  </b> <b>Rating: BUY</b> <b>CMP: INR 2,932, TP: INR 4,063; Upside: +38.6%</b>	<ul style="list-style-type: none"> <li>The budget benefiting to Nuclear power, Aerospace &amp; Defence and Clean Energy, where MTAR Technologies has strong presence.</li> <li>The extension of existing BCD on imports of goods required for Nuclear Power Projects until 2025. MTAR Technologies has recently received an order of INR 500cr for nuclear reactor components and major execution is expected from FY27E onwards. The extension of BCD, would reduce input costs and improve margins.</li> <li>The BCD exemption for components and parts for aircraft and exempt of raw materials for manufacturing aircrafts. MTAR is the growing player in aerospace and defence.</li> </ul>
<b>Rain Industries Ltd</b> <b>CMP: INR 154</b> <b>TP: INR 327</b>	<ul style="list-style-type: none"> <li>The company ramps up Indian utilization to ~95% (following the eased GPC import caps) , shifting bulk feedstock transport to lower-cost waterways can structurally reduce freight overheads, aiding the management's guidance to restore EBITDA margins.</li> <li>The continued capital expenditure thrust on "Housing &amp; Infrastructure" provides a ready market for Rain's 1.5 Mn ton brownfield cement expansion in South India. This demand visibility is crucial for the segment to absorb the new supply and realize the projected INR 100-200/ton profitability gain from its integrated power and waste-heat recovery investments.</li> </ul>
<b>Pace Digitek Ltd</b> <b>CMP: INR 168</b> <b>Mcap: INR 385</b>	<ul style="list-style-type: none"> <li>The Budget's extension of "basic customs duty exemption" to capital goods for BESS manufacturing is a direct financial boost for Pace's plan to double capacity from 5 GWh to 10 GWh. This policy lowers the capital intensity of their expansion, structurally reinforcing their "early-mover advantage" against competitors who are still in the planning phase.</li> <li>This high-growth C&amp;I segment serves as a lucrative diversification layer, complementing the stable cash flows from their existing &gt;INR 32 Bn telecom order book.</li> </ul>
<b>Praveg Ltd</b> <b>CMP: INR 293</b>	<ul style="list-style-type: none"> <li>Praveg operates an asset-light hospitality model, utilizing non-permanent luxury tents and eco-resorts on government-leased land. This approach bypasses heavy construction costs, allowing a room setup at INR 15-20 lakh (versus INR 1.5 crore for hotels) and a rapid 18-month payback period.</li> <li>While the company faced short-term margin pressure in early FY26 due to aggressive expansion, the budget's National Institute of Hospitality and guide upskilling programs will lower their long-term training costs. With the government incentivizing private participation in medical AYUSH hubs, Praveg's diversification into wellness-led stays is well-timed for a strong revenue rebound in the coming quarters.</li> </ul>

Recommended Stocks	Investment Rationale
<b>Spencer's Retail Ltd</b> <b>CMP: INR 35.3</b>	<ul style="list-style-type: none"> <li>Spencer's Retail is strategically shifting focus to aggressive topline growth across all formats. The company plans to add 8-10 profitable new stores primarily in West Bengal and UP clusters, while driving significant online sales growth through Jiffy.</li> <li>With the festive season as a key tailwind and new membership programs, Q2 and Q3 are crucial for momentum. This concerted effort aims to deliver consistent EBITDA improvement and achieve operational break-even at a consolidated level for the full FY26.</li> </ul>
<b>Policy Bazaar</b> <b>CMP: INR 1,627</b>	<ul style="list-style-type: none"> <li>The Budget's move to slash the TCS rate on "overseas tour packages" from 5%/20% down to 2% significantly lowers the upfront liquidity burden for international travelers. This policy change is expected to stimulate outbound tourism demand, directly driving volumes for Policybazaar's high-margin travel insurance vertical.</li> <li>The proposed "Credit guarantee support" for MSMEs and the push to mandate TReDS adoption improve the systemic liquidity for small businesses. This structural support for the credit ecosystem aids Paisabazaar, as better lender liquidity typically translates into higher loan approval rates and disbursement volumes on the platform.</li> </ul>
<b>Kajaria Ceramics Ltd,</b> <b>CMP:890</b>	<ul style="list-style-type: none"> <li>The government has announced an increased focus on infrastructure with elevated capital expenditure and urban development initiatives across Tier 2 and Tier 3 cities. Kajaria Ceramics, being India's largest tile manufacturer, is positioned to benefit from this push, as construction and real estate activity drive demand for flooring, wall tiles, and allied building materials.</li> <li>Additionally, the budget's emphasis on urban amenities, roads, and commercial infrastructure is expected to accelerate the adoption of premium and branded tiles, aligning with Kajaria's strategy to expand its high-value product portfolio. Increased public and private construction spending, coupled with rising residential renovation cycles, is likely to support volume growth and margin improvement for the company.</li> <li>Kajaria Ceramics stands to gain from the expansion in capital-intensive construction and building materials demand, benefiting from both structural industry growth and government-driven infrastructure tailwinds.</li> </ul>
<b>Somany Ceramics Ltd,</b> <b>CMP: 411,</b> <b>Market Cap: INR 16,850</b> <b>Mn</b>	<ul style="list-style-type: none"> <li>The Budget's continued focus on infrastructure development, affordable housing, and urban capex is expected to drive higher construction activity across residential and commercial segments. Somany Ceramics, with a diversified portfolio across tiles, sanitaryware, and bath fittings, is well positioned to benefit from the resulting increase in finishing material demand.</li> <li>Improved project execution, rising urbanisation in Tier-2/3 cities, and a gradual shift towards branded and premium products should support volume growth and market share gains. Overall, Somany Ceramics is expected to benefit from the construction-led capex upcycle, aided by industry formalization and improving real estate momentum.</li> </ul>

Sector	Budget Announcement
<b>Pharmaceuticals &amp; Life Sciences</b>	The budget announced an allocation of INR 100 Bn over five years (FY27-FY31) under Biopharma SHAKTI. The programme covers biologics, biosimilars and advanced therapies, including support for R&D infrastructure, pilot-scale facilities, commercial manufacturing and clinical trial capacity. No incremental allocation was announced for APIs, bulk drugs or small-molecule pharmaceuticals, which continue under existing schemes.
<b>Healthcare</b>	The Budget announced the rollout of day-care cancer centres across all district hospitals (~750 districts) over a three-year period, with 200 centres planned in FY27 and the balance over FY28-FY29. No standalone budgetary allocation was specified for the programme, with funding expected to be met through existing health-sector schemes. In addition, a Centre of Excellence in Artificial Intelligence for healthcare was announced with an allocation of INR 5 Bn, focused on diagnostics, research and medical education.
<b>Electronics Components Manufacturing</b>	Electronics Components Manufacturing Scheme outlay increased to INR 40,000 cr. Safe harbour of 2% profit margin for non-residents for component warehousing in bonded warehouses.
<b>Semiconductors</b>	The government announced India Semiconductor Mission 2.0, expanding scope beyond fabrication to include equipment, materials, design, IP and manufacturing supply chains. No incremental outlay was specified in the Budget, with support expected to continue under existing incentive frameworks.
<b>Capital Goods</b>	The Budget CPSEs to establish Hi-Tech Tool Rooms for local design and testing. Launch of the Enhancement of CIE Scheme for advanced equipment like tunnel-boring machines and firefighting gear. 5-year tax exemption for non-residents providing capital goods to toll manufacturers in bonded zones. The establishment of Hi-Tech Tool Rooms by CPSEs to support precision manufacturing, design and testing. A Construction and Infrastructure Equipment (CIE) Scheme was announced to promote domestic manufacturing of equipment used in metro rail, tunnelling, fire safety and large infrastructure projects.
<b>Textiles</b>	An Integrated Textile Programme was announced, consolidating multiple schemes including the National Fibre Scheme, Textile Expansion and Employment Scheme, Tex-Eco Initiative, National Handloom and Handicraft Programme, and Samarth 2.0. Mega Textile Parks will be developed through a challenge route, with a focus on technical textiles. Export facilitation measures include extension of export timelines from 6 months to 1 year and increased duty-free input limits.
<b>Infrastructure</b>	The Budget provided INR 1,500 Bn as 50-year interest-free loans to states for capital expenditure. A new asset monetization plan targets proceeds of INR 10,000 Bn to fund infrastructure projects. Measures were announced to strengthen the PPP pipeline through project identification and structuring.
<b>Education</b>	A Centre of Excellence in Artificial Intelligence for education was announced with an allocation of INR 5 Bn. Additional measures include expansion of medical and technical education capacity.

Sector	Budget Announcement
<b>Financial Markets</b>	The Budget announced an increase in Securities Transaction Tax (STT) on selected equity and derivatives transactions. Market development measures include a market-making framework for corporate bonds, introduction of total return swaps on corporate bond indices, and incentives of INR 1 Bn per issuance for eligible municipal bonds above INR 10 Bn.
<b>IT</b>	The Budget announced tax holidays until 2047 for foreign companies providing cloud services to global customers through India-based data centre infrastructure. In addition, related entities providing data centre services from India will be eligible for a safe harbour margin of 15% on cost, providing long-term tax certainty. These measures are aimed at positioning India as a base for global cloud, hyperscale and colocation data centre operations. No separate capex allocation or power tariff support was specified in the Budget.
<b>Railways</b>	Development of 7 High-Speed Rail corridors (e.g. Mumbai-Pune, Delhi-Varanasi). New Dedicated Freight Corridors connecting Dankuni to Surat. Support for seaplane manufacturing through a VGF Scheme.
<b>Banking</b>	A High-Level Committee on Banking for Viksit Bharat will be constituted to review banking sector structure, regulation and long-term financing requirements. Public sector NBFC reforms were announced, beginning with PFC and REC. No financial allocation was specified.
<b>Power</b>	An allocation of INR 200 Bn over five years was announced for Carbon Capture, Utilisation and Storage (CCUS) across power, steel, cement, refineries and chemicals, implying annual support of ~INR 40 Bn. Other power-sector measures were announced without quantified outlays.
<b>Urban Infrastructure &amp; Transport</b>	Key announcements include 7 high-speed rail corridors, operationalisation of 20 new National Waterways, a Coastal Cargo Promotion Scheme to increase modal share from 6% to 12% by 2047, development of ship repair ecosystems, and a Seaplane VGF scheme. States will receive INR 2 lakh crore under the SASCI Scheme.
<b>Agriculture &amp; Animal Husbandry</b>	Efforts to increase farmer incomes focus on productivity and high-value diversification via High-Value Crops, dedicated programmes will support coconut, cashew, cocoa and sandalwood production to enhance export competitiveness. A loan-linked capital subsidy scheme to support the establishment of private veterinary colleges and hospitals.

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Stock Rating Scale	Absolute Return
BUY	>20%
ACCUMULATE	12% to 20%
HOLD	5% to 12%
NEUTRAL	-5% to 5%
REDUCE	-5% to -12%
SELL	<-12%

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