

## Sectoral analysis

Sector	Key announcements	Overall impact	Key companies impacted
<b>Budget impact: Positive</b> <b>Sector view: Positive (Preferred picks: Asian Paints, Radico Khaitan, Allied Blenders &amp; Distillers, Titan, Indian Hotels Company, Lemon Tree Hotels, Samhi Hotels)</b>			
Consumer Goods & Discretionary	<b>Travel &amp; Tourism:</b> <ul style="list-style-type: none"> <li>Launched a scheme to support states in establishing five regional medical hubs, in partnership with the private sector. These Hubs will serve as integrated healthcare complexes that combine medical, educational and research facilities.</li> <li>Proposed to set up a National Institute of Hospitality by upgrading the existing council.</li> <li>Proposed a pilot scheme for upskilling 10,000 guides in 20 iconic tourist sites.</li> <li>Establishment of a National Destination Digital Knowledge Grid to digitally document all places of significance—cultural, spiritual and heritage.</li> <li>Development of ecological trails in Himachal, Uttarakhand and J&amp;K, along with Turtle trails in Kerala, Odisha, Karnataka and three bird-watching trails along the Pulicat lake.</li> <li>Development of 15 archeological sites into vibrant, experiential cultural destinations.</li> <li>Creation of 5 tourism destinations in the 5 Purvodaya States</li> </ul>	Positive	Lemon Tree Hotels, Indian Hotel Co, ITC Hotels, India Tourism Development Corporation, Oriental Hotels, EIH Associated Hotels, Easy Trip Planners
	<b>Textiles</b> <ul style="list-style-type: none"> <li>Proposed an integrated program, which includes                             <ul style="list-style-type: none"> <li>The National Fiber Scheme for self-reliance in natural, man-made and new-age fibers</li> <li>Textile expansion and employment scheme to modernise traditional clusters.</li> <li>A National Handloom and Handicraft program to integrate and strengthen existing schemes and ensure targeted support for weavers and artisans</li> <li>Tex-eco initiative to promote globally competitive and sustainable textiles and apparels</li> <li>Samarth 2.0 program to modernize and upgrade the textile skilling ecosystem</li> </ul> </li> <li>Proposal to set up mega-textile parks in challenge mode.</li> <li>Announced the launch of Mahatama Gandhi Gram Swaraj Initiative to strengthen khadi, handloom and handicrafts.</li> <li>Extended the time period for export of final product from the existing 6 months to 1 year, for exporters of textile garments.</li> </ul>	Positive	KPR Mills, Arvind, Vardhman Textiles, Welspun Living, Indo Count Industries, Filatex India, S P Apparels, Gokaldas Exports, Himatsingka Seide, Kitex Garments, among others
	<b>Leather &amp; footwear:</b> <ul style="list-style-type: none"> <li>The time period for export of leather garments, leather/synthetic footwear or any other leather product by exporters is being extended from six months to 12 months.</li> <li>The benefit of duty exemption on inputs for manufacture of leather/synthetic footwear for export is being extended to exporters of shoe-uppers also.</li> </ul>	Positive	Relaxo Footwears, Bata India, Capus Activewear, Liberty Shoes and other footwear companies.

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<b>Budget impact: Banking - Neutral, NBFCs - Neutral, Capital Markets - Negative</b>			
<b>Sector View: Positive (Preferred picks: ICICI Bank, HDFC Bank, SBI, Bank of Baroda, REC, PFC, HUDCO)</b>			
<b>Banking &amp; Financial Services</b>	Setting up a high-level committee for Banking for Viksit Bharat to comprehensively review the sector, and align with India's next phase of growth, while safeguarding financial stability, inclusion and consumer protection	Neutral to Positive	Aimed to focus on credit disbursement and technology adoption leading to better efficiencies.
	Restructuring of REC and PFC is a part of government's strategy to strengthen these financial institutions, improve operational efficiency so that these companies are on a strong footing to finance power sector.	Positive	This will positively impact REC and PFC and will help them capture financing opportunities in power space.
	STT on futures is proposed to be raised to 0.05% from 0.02% earlier while on options it will be increased to 0.15% from 0.1% earlier.	Negative	This move will impact high frequency traders and large volume players, could see potential moderation in some trading activity and thus volumes. Negative for Broking and capital market stocks.
	Proposed to set up an infrastructure risk guarantee fund which shall provide partial credit guarantee on loans extended to infra projects.	Positive	This would reduce financing risk, enable higher credit flow and take large exposures ultimately boosting loan growth.
	Government's gross market borrowing proposal at Rs. 17.2 lakh crore for FY27 at was higher than consensus estimates.	Sentimentally Negative	Higher government borrowing may impact liquidity in the system and raise yields, this may impact treasury income of banks and higher rates could lead to increased market borrowing cost. However, overall fundamentals of the sector remain positive with strong balance sheet, benign asset quality and improving growth outlook.

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<b>Budget impact: Positive</b>			
<b>Sector view: Positive (Preferred picks: Puravankara, Mahindra Lifespaces)</b>			
<b>Real Estate</b>	Urban development focus shifts beyond metros with the government targeting Tier-2 and Tier-3 cities (with a population above five lakh) as emerging growth centres, including temple towns requiring improved civic infrastructure.	Positive	Puravankara, Mahindra Lifespaces, Sobha  DC – Anant Raj, Techno Electric  REITS – BrookField India, Embassy Office Parks REIT, Mindspace Business Parks REIT
	Under the City Economic Regions (CER) framework, Rs. 5,000 crore per region over five years has been allocated to develop urban infrastructure aligned to each region’s economic drivers, supporting housing and commercial expansion.		
	REITS - The government plans to monetise CPSE real estate assets through dedicated REIT structures, improving liquidity and supply of income-generating commercial assets.		
	Data Centres-The budget supports data centre expansion through a tax holiday till 2047 for foreign companies offering cloud services through Indian reseller entities, supporting demand for specialised commercial real estate.		
	However, the Budget did not provide additional relief for homebuyers, as there was no increase in home loan interest deduction limits, no GST reduction, and no revision in the affordable housing price definition (Rs. 45 lakh cap), even as rising construction costs are pushing developers toward mid and premium housing segments, limiting affordability improvement.		
	Moreover, higher government borrowing may keep interest rates elevated, increasing funding costs for developers and limiting affordability improvement, which could moderate demand in rate-sensitive housing segments.		
<b>Budget impact: Positive</b>			
<b>Sector view: Positive (Preferred picks: Ultratech Cement, Dalmia Bharat, Shree cement. J.K Lakshmi)</b>			
<b>Cements</b>	The government has increased public capital expenditure to Rs. 12.2 lakh crore for FY27, compared with Rs. 11.2 lakh crore in FY26, ensuring continued momentum in infrastructure construction across roads, railways, logistics and urban projects all key drivers of cement consumption.	Positive	Ultratech Cement, Ambuja Cements, Dalmia Bharat, Shree cement, JK Lakshmi Cement
	Infrastructure expansion in Tier-2 and Tier-3 cities, along with the rollout of seven high-speed rail corridors connecting major economic centres, is expected to sustain construction activity across residential, commercial and civic infrastructure projects, supporting multi-year cement demand growth.		

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<b>Budget impact: Positive</b> <b>Sector view: Positive (Preferred picks: TCI, Allcargo Gati, Gateway Distriparks)</b>			
<b>Cargo Transport and Logistics</b>	The government has also announced a Rs. 10,000 crore scheme over five years to build a globally competitive container manufacturing ecosystem in India, reducing dependence on imports and improving container availability. This is expected to gradually lower logistics bottlenecks and support smoother cargo movement, benefiting logistics companies and strengthening export-import supply chains.	Positive	Container Corporation Of India, Shipping Corporation of India TCI, Allcargo Gati, Gateway Distriparks
	The government has proposed establishing a new Dedicated Freight Corridor connecting Dankuni in the East to Surat in the West, operationalising 20 National Waterways over the next five years, and launching a Coastal Cargo Promotion Scheme to shift cargo movement from road and rail to waterways and coastal shipping, targeting an increase in cargo share from 6% to 12% by 2047. These measures aim to reduce logistics costs, ease congestion, and enable faster cargo movement, supporting logistics operators, ports and industrial supply chains over the medium term.		
<b>Budget impact: Positive</b> <b>Sector view: Positive</b>			
<b>Railways</b>	The government has announced capital expenditure of Rs. 2.93 lakh crore for Indian Railways, with an overall outlay of Rs. 2.7 lakh crore has been set aside for the Railway Ministry, supporting continued investment in network expansion, capacity augmentation, rolling stock, station redevelopment and freight infrastructure. This is expected to sustain order inflows for railway EPC, construction and equipment companies while improving freight and passenger connectivity over the medium term.	Positive	Rail Vikas Nigam, Titagarh Rail Systems, Texmaco Rail & Engineering.
<b>Budget impact: Positive</b> <b>Sector view: Positive (Preferred Picks: Infosys, TCS, HCL Tech, Tech Mahindra, LTIM, Persistent, Coforge and Mastek)</b>			
<b>Information Technology</b>	Software development, ITes/BPO, KPO, and contract R&D services have been consolidated under a single "Information Technology Services" category with a uniform safe harbour operating profit margin of 15.5% on costs. The eligibility threshold for availing a safe harbour has been substantially increased from Rs. 300 crore to Rs. 2,000 crore per annum, approvals will now be fully automated (no tax officer scrutiny), and the benefit can be claimed for up to five consecutive years.	Positive	TCS, Infosys, Wipro, Persistent Systems, Coforge

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<b>Budget impact: Positive</b>			
<b>Sector view: Positive (Preferred picks: Biocon, Sun Pharma, Cipla, Zydus Lifesciences, Piramal, Lupin)</b>			
<b>Pharmaceuticals/ Healthcare</b>	It is proposed to set up a biologics/biosimilars ecosystem at a total cost of Rs. 10,000 crore outlay over five years.	Positive	Biocon
	Three new and seven upgraded National Institutes of Pharmaceutical Education and Research to build talent/research pipeline.	Positive	Sun Pharma, Zydus Lifescience
	Customs duty exemptions on 17 cancer and 7 rare disease drugs, lowering costs for patients.	Positive	Torrent Pharma, Cipla
	CDSCO upgrades for global-standard approvals to accelerate generics/biosimilar entry.	Positive	Piramal Pharma
	Training 1.5 lakh geriatric caregivers and new allied health institutes.	Positive	Lupin
<b>Budget impact: Positive</b>			
<b>Sector view: Positive (Preferred picks: GMDC, NMDC, Ashapura Minechem, OMDC)</b>			
<b>Metals &amp; Mining</b>	Budget introduced rare earth corridors in four states but no new specific monetary allocation for rare earth minerals was reported. Late 2025 National Critical Mineral Mission (NCMM) and rare earth magnet scheme outlay was (Rs 16300 crore & Rs 7280 crore for 7 years). Allocation for NCMM is Rs. 440 crores from Rs. 410 crore for budget 2026-2027. Expenditure incurred exploration of critical minerals and amortized over a period of 5 years. Scheme for REMs launched – helps in mining, research & design of REMs.	Positive	Positive for mining and rare earth minerals extracting companies
	A key player in Odisha's mineral belt, benefiting from dedicated infrastructure linking mining sites to ports and processing hubs, slashing logistics costs by 20-30%. Also, GMDC received advanced rare-earth processing technology from the Bhabha Atomic Research Centre (BARC) for its Ambadungar Rare Earth Project.	Positive	GMDC, OMDC
	The Budget allocates Rs 380 crore for the Product Linked Incentive (PLI) scheme for specialty steel, up from Rs 305 crore in FY 2025-26.	Positive	JSW Steel, Jindal Steel, SAIL

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<b>Budget impact: Neutral</b>			
<b>Sector view: Positive (Preferred Picks: L&amp;T, KPIL, Cummins)</b>			
<b>Capital Goods</b>	Establishment of Hi-Tech Tool Rooms by Central Public Sector Enterprises (CPSEs) at two locations, operating as digitally enabled, automated service bureaus for local design, testing, and large-scale, cost-effective manufacturing of high-precision components.	Positive	Azad Engineering, AIA Engineering, ABB India, Siemens
	BCD has been removed on capital goods used to make lithium-ion batteries and battery energy storage systems (BESS), as well as on sodium antimonate (a key material for solar glass production) and capital goods needed for processing critical minerals.	Positive	Kirloskar Pneumatic, CG Power
	Centre has allocated Rs. 5165 crore for the ports, shipping, and waterways ministry, raising the FY27 outlay.	Positive	Garden Reach, Cochin Shipyard, Mazagaon Dock
	Proposed Phase-II of the India Semiconductor Mission (ISM 2.0) and announced an increase in the budget outlay for the Electronic Component Manufacturing Scheme to Rs. 40,000 crore.	Positive	Dixon, Amber Enterprises, Syrma SGS Technology
<b>Budget impact: Positive</b>			
<b>Sector view: Preferred Stocks (BEL, HAL)</b>			
<b>Defence</b>	India's defence allocation for FY2026-27 to Rs. 7.85 lakh crore, up 15% from Rs. 6.81 lakh crore last year. The capital outlay for modernisation and procurement rose sharply to Rs. 2.19 lakh crore, a 22% jump from the original Rs. 1.80 lakh crore (revised to Rs. 1.86 lakh crore) in FY2025-26.	Positive	HAL, BEL, Zen Tech, Astra Microwave
	An amount of Rs. 63,733 crore earmarked for aircraft and aero engines, Rs. 25,023 crore for naval fleet enhancements, alongside investments in submarines, UAVs, and other platforms. Revenue expenditure is set at Rs. 5.54 lakh crore, of which Rs. 1.71 lakh crore goes towards defence pensions.	Positive	Mazgaon, Astra Microwave
	Exempting basic customs duty (nil rate) on raw materials imported by defence PSUs for aircraft parts used in MRO, as well as components/parts for civilian, training, and other aircraft, and raw materials for defence sector MRO activities.	Positive	HAL, BDL, BEL

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<b>Budget impact: Positive</b>			
<b>Sector view: Positive</b>			
<b>Energy</b>	Basic customs duty (BCD) has been removed on capital goods used to make lithium-ion batteries and battery energy storage systems (BESS) amounting to Rs 1,000 crore, as well as on sodium antimonate (a key material for solar glass production) and capital goods needed for processing critical minerals.	Positive	Amara Raja, Exide, HSCL
	One-time grant to PSU OMCs for under recoveries in Domestic LPG amounting to Rs 17,500 crore	Positive	HPCL, BPCL, IOC
	Carbon Capture Utilization and Storage Scheme amounting to Rs 500 crore	Positive	-
	Extend BCD exemption on imports of goods required for nuclear power projects till 2035 and expand it for all nuclear plants irrespective of their capacity.	Positive	L&T, BHEL
	Kisan Urja Suraksha evam Utthaan Mahabiyon (KUSUM) outlay increased to 5,000 crore. PM Surya Ghar Muft Bijli Yojana outlay increased to 22,000 crore.	Positive	Waaree Energies, Premier Energies, Adani Green, Tata Power

Source: Budget documents, Mirae Asset Sharekhan Research

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