

Post Budget 2026 Investment Picks

Monday, 09 February 2026



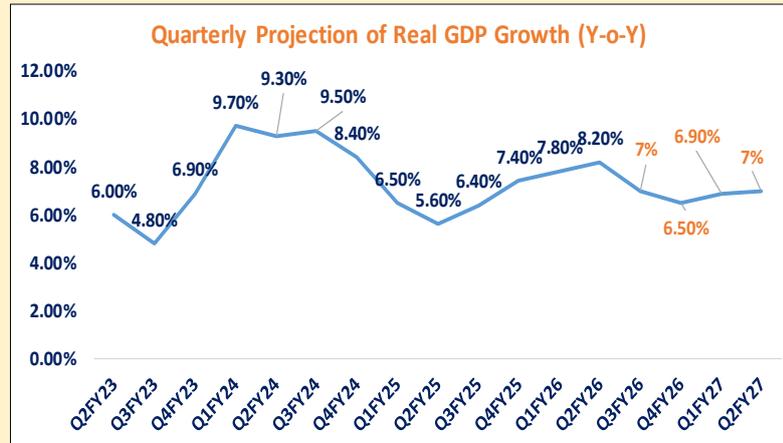
Top 20 Budget 2025 Picks: Performance*

S.No	NSE Symbol	Cmp as on 14th Feb 2025	Target	Upside Potential (%)	High After Recommendation	%Return from High	High/Target Achieve Date	Cmp as on 03rd Feb 2026	% Return as of Cmp
1	PIIND	3162.8	4040	27.73%	TGT Achieved	27.73%	16-Jun-2025	-	27.73%
2	M&MFIN	271.25	339	24.98%	TGT Achieved	24.98%	20-Nov-2025	-	24.98%
3	BATAINDIA	1320.05	1724	30.60%	1377.15	4.33%	25-Feb-2025	866.8	-34.34%
4	GENESYS	773.75	1055	36.35%	812.95	5.07%	17-Feb-2025	324.1	-58.11%
5	BLS	375.3	521	38.82%	428.6	14.20%	25-Mar-2025	257.35	-31.43%
6	ITC	410.25	485	18.22%	444.2	8.28%	27-May-2025	316.65	-22.82%
7	DMART	3682.65	4480	21.65%	TGT Achieved	21.65%	22-Apr-2025	-	21.65%
8	NITINSPIN	366.6	455	24.11%	424.95	15.92%	14-May-2025	348.8	-4.86%
9	MARUTI	12680.25	15600	23.03%	TGT Achieved	23.03%	17-Sep-2025	-	23.03%
10	ARE&M	953.85	1278	33.98%	1109	16.27%	26-Mar-2025	836.3	-12.32%
11	LUPIN	1969.9	2354	19.50%	2226.3	13.02%	07-Jan-2026	2185.9	10.97%
12	APOLLOHOSP	6270.5	7545	20.33%	TGT Achieved	20.33%	01-Jul-2025	-	20.33%
13	INDIGO	4223.3	5380	27.39%	TGT Achieved	27.39%	17-Apr-2025	-	27.39%
14	SBIN	722.15	912	26.29%	TGT Achieved	26.29%	20-Oct-2025	-	26.29%
15	ICICIBANK	1260.1	1510	19.83%	1500	19.04%	25-Jul-2025	1389.7	10.28%
16	MAZDOCK	2166.35	2930	35.25%	TGT Achieved	35.25%	29-Apr-2025	-	35.25%
17	ETERNAL	215.99	274	26.86%	TGT Achieved	26.86%	14-Jul-2025	-	26.86%
18	NTPCGREEN	106.85	134	25.41%	117.64	10.10%	22-May-2025	86.91	-18.66%
19	AVANTI	659	862	30.80%	TGT Achieved	30.80%	17-Mar-2025	-	30.80%
20	DIXON	14010.7	18700	33.47%	18471	31.83%	25-Sep-2025	11031	-21.27%
						Average Return	20.12%		

*Based on the Union Budget 2025 theme, SSL Research Centre recommended a basket of 20 budget-focused stocks, which delivered strong overall performance. From the recommendation date to their respective highs, the portfolio generated an average return of 20.12%, with 10 stocks achieving or exceeding their target returns. While Bata India was the weakest performer with a return of 4.33%, 11 stocks outperformed the portfolio average, led by Mazagon Dock Shipbuilders, which delivered the highest return of 35.25%. Over the same period, the NIFTY50 gained about 8.27%, enabling the budget pick portfolio to generate a healthy alpha return of 11.85% up to Budget 2026.

Market View From the Research Desk (2026-2027)

Indian equity markets are entering a positive phase after an event-heavy period that featured the Union Budget, progress on key trade agreements, and the RBI's latest policy signals. The Budget's strong focus on capex, infrastructure, and consumption provides sustained medium-term growth support. Ongoing GST rationalisation is expected to further boost demand and help contain inflation. By addressing inverted duty structures, it should improve cost efficiency and margins. These measures are particularly beneficial for manufacturing and MSMEs. Landmark India-US and



Source: www.rbi.org.in

India-EU trade deals have strengthened India's global positioning by expanding export access while safeguarding sensitive domestic sectors, reinforcing the Atmanirbhar Bharat agenda. These agreements are expected to benefit export-oriented industries, improve supply-chain competitiveness, and support investment inflows in the upcoming years. The RBI's decision to hold rates steady, alongside raising FY26 GDP growth to 7.4%, underscores confidence in domestic demand resilience despite global uncertainties. Growth projections for early FY27 were also revised higher, reflecting sustained momentum in consumption and investment. Inflation is expected to remain benign, with FY26 CPI projected at 2.1% before normalising in FY27. Ongoing global volatility driven by the US-Iran and Russia-Ukraine conflicts, along with valuation concerns and volatile foreign fund flows, may limit sharp upside in the near term, although the overall macro backdrop remains supportive. Stock-specific opportunities are expected to emerge across capex-led, consumption, and export-oriented themes, with a positive outlook on healthcare and hospitals, tourism, textiles, electronics and semiconductors, metals and mining, defence, banking and NBFCs, and infrastructure as policy benefits gradually play out.

Technically Speaking, the Nifty 50 outlook for next 1 year looks robust backed by strong average volumes and technical indicators. It has given breakout in the month of February 2026 and making higher highs and higher lows on the monthly chart which is indicating bullish continuation pattern. The benchmark index is continuously trading above its 100 day and 200 day moving average, reflecting a long term optimistic view going ahead. This ramp up is supported by accumulation of volumes indicating upside in investor confidence. Considering above technical factors, we would remain positive on NIFTY with projected target of 27603/30292 and on the worst scenario, breakdown of 24400-24500 levels we could see sharp correction and NIFTY might be testing at 23780/22786/21740.

Top Budget 2026 Picks

S.No	NSE Symbol	Basic Industry	Market Cap	Face Value	Initiation Price as of 06th Feb 2026	Target	Potential Upside %
1	BEL	Aerospace & Defence	Large Cap	1	429.65	510	18.70%
2	ITCHOTELS	Hotels & Resorts	Midcap	1	180.80	220	21.68%
3	AMBER	Household Appliances	Small cap	10	6640.00	7600	14.46%
4	POLCAB	Industrial Products	Large Cap	10	7623.50	9000	18.06%
5	FORTIS	Hospital	Midcap	10	855.70	1000	16.86%
6	L&T	Civil Construction	Large Cap	2	4068.10	4600	13.07%
7	VTL	Textiles	Small cap	2	482.00	580	20.33%
8	NLCINDIA	Mining & Power Generation	Midcap	10	256.25	300	17.07%

1. Bharat Electronics Limited

Upside Potential : 18.70%

Bharat Electronics Limited (BEL) order book is anchored by large programmes such as Akash Army, BMP-2 upgrades, electronic fuses and key radar systems, with management confident of over ₹270 billion in order inflows in FY26. A strong pipeline including LCA LRUs, next-gen corvettes and Shatrughat offers solid revenue visibility and supports sustained growth over the next 3–4 years.

Investment Rationale

It delivered a strong 3QFY26 performance, with revenue, EBITDA and PAT exceeding expectations, driven by robust execution and better-than-expected margins. Growth was supported by a healthy order book of ~₹730–735 billion and order inflows of ₹181 billion during 9MFY26. Strong execution across missile systems, electronic warfare, avionics and surveillance platforms reduced dependence on any single program, while effective supply-chain management insulated the company from semiconductor shortages and commodity price volatility. Higher indigenisation and operating leverage are expected to sustain healthy margins.

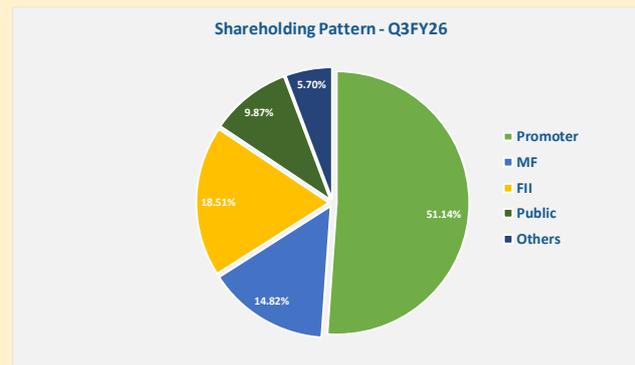
BEL remains a key beneficiary of large defence platform orders across the Army, Navy and Air Force, with execution in 3QFY26 led by LRSAM, HimShakti, Akash missile systems, battlefield surveillance systems, LCA Mk-1A LRUs and Shakti-EW, contributing over ₹50 billion. For 4QFY26, execution is expected from 6–7 major programs, including BMP-2 upgrades, LCA Mk-1A LRUs, Akash Army, LRSAM, Arudhra radar and D29 EW systems, with guided revenues of ₹40–50 billion and a strong year-end execution push.

Budget Impact - Defence stocks like Bharat Electronics could benefit from the higher allocation in the Union Budget 2026–27, with India’s defence spending raised by nearly 15% YoY to ₹7.85 lakh crore. The defence capital outlay has been set at ₹2.19 lakh crore, up a sharp 17.6% YoY, marking the first major defence budget post Operation Sindoor.

The stock is currently undervalued, trading at a TTMPE/EPS/PEG of 13.55/20.03/0.5, compared to the sector’s TTMPE/PEG of 20.7/1.28, making it a “buy” recommendation.

Recommendation	
CMP	429.65
Buy & Accumulate	380-395
Target	510
Upside Potential	18.70%
Time Frame	9-12 Months

Key Stock Data	
Basic Industry	Aerospace & Defense
Market cap(Cr)	3,14,065.56
52 Week high/low	461.65/240.25
Shares O/S(Cr)	730.98
Face Value	1
BSE Code	500049
NSE Code	BEL
Bloomberg Code	BHE:IN



Financial Highlights					
Particulars	31-Dec-25	31-Dec-24	YoY Change	30-Sep-25	QoQ change
Net Sales	7,153.85	5770.69	23.97%	5792.09	23.51%
Total Expenditure	5026.61	4101.2	22.56%	4089.92	22.90%
PBIDT (Excl OI)	2127.24	1669.49	27.42%	1702.17	24.97%
PAT	1570.19	1301.27	20.67%	1278.42	22.82%
PBIDTM% (Excl OI)	29.74	28.93	2.80%	29.39	1.19%
PBIDTM%	31.67	32.16	-1.52%	32.05	-1.19%
PATM%	21.95	22.55	-2.66%	22.07	-0.54%
Adj. EPS(Rs)	2.16	1.79	20.67%	1.76	22.73%

2. ITC Hotels Limited

Upside Potential : 21.68%

ITC Hotels has built a strong footprint with over 150 hotels across 90+ destinations in the Indian subcontinent, operating 14,000+ rooms under seven brands as of Dec 2025. The company plans to expand to 220+ hotels with over 20,000 room keys by 2030, reinforcing its position as the third-largest hotel chain in India.

Investment Rationale

ITC Hotels reported a strong Q3FY26 performance, with net profit surging 77% YoY to ₹235 crore despite absorbing one-offs, including a ₹55.4 crore impact from new labour codes. Revenue jumped 47% YoY to ₹1,231 crore, while EBITDA nearly doubled to ₹467 crore (+90% YoY). EBITDA margin expanded sharply to 38% from 29.2% last year, supported by healthy operating leverage. Consolidated hotel revenue rose 13% YoY to ₹11.5 billion, driven by 12% YoY RevPAR growth led by higher ARR and occupancy, with room revenue up 12% and F&B revenue up 8%.

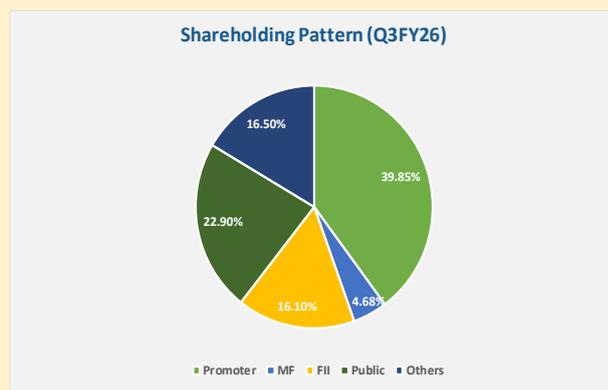
Operational performance remained robust across formats, with city hotel RevPAR rising 17% YoY and resort RevPAR up a strong 28% YoY. ITC Ratnadipa, Colombo turned EBITDA positive, with RevPAR growth of 40% YoY as ramp-up continued. Management expects Q4FY26 to remain strong, citing healthy bookings and no signs of demand fatigue. Expansion plans are on track, highlighted by the signing of land at the Yashobhoomi Complex, New Delhi, for a luxury hotel project with a 91-year lease, reinforcing long-term growth visibility.

Budget Impact - - The government plans to develop 15 major archaeological sites into cultural tourism hubs, roll out a Buddhist Circuit in the Northeast, and create eco-friendly trekking trails in key Himalayan states. It will also skill 10,000 tourist guides across 20 iconic locations and support states in setting up five medical tourism hubs, aiming to boost employment, forex earnings and local economic growth.

The stock is currently undervalued, trading at a TTMPE/EPS/PEG of 11.25/29.9/0.39, compared to the sector's TTMPE/PEG of 63.65/3.89, making it a "buy" recommendation.

Recommendation	
CMP	180.80
Buy & Accumlate	160-170
Target	220
Upside Potential	21.68%
Time Frame	9-12 Months

Key Stock Data	
Basic Industry	Hotels & Resorts
Market cap(Cr)	37,658.83
52 Week high/low	261.62/158.35
Shares O/S(Cr)	208.29
Face Value	1
BSE Code	506109
NSE Code	ITCHOTELS
Bloomberg Code	ITCH:IN



Financial Highlights					
Particulars	31-Dec-25	31-Dec-24	YoY Change	30-Sep-25	QoQ change
Net Sales	1,224.27	1004.51	21.88%	832.04	47.14%
Total Expenditure	763.62	634.81	20.29%	593.73	28.61%
PBIDT (Excl OI)	467.06	380.59	22.72%	245.75	90.05%
PAT	235.96	212.47	11.06%	129.77	81.83%
PBIDTM% (Excl OI)	37.95	37.48	1.25%	29.27	29.65%
PBIDTM%	41.98	39	7.64%	34.68	21.05%
PATM%	19.17	20.92	-8.37%	15.46	24.00%
Adj. EPS(Rs)	1.13	2.59	-56.37%	0.64	76.56%

3. Amber Enterprises India Limited

Upside Potential : 14.46 %

Amber Enterprises is a highly backward-integrated and diversified B2B solutions provider with operations spanning Consumer Durables, Electronics (EMS), and Railway Subsystems & Defence. It operates 32 manufacturing facilities across India and one in Israel, and holds a leading ~23.6% share of India's room air conditioner market, making it a key OEM/ODM partner for air-conditioner manufacturers.

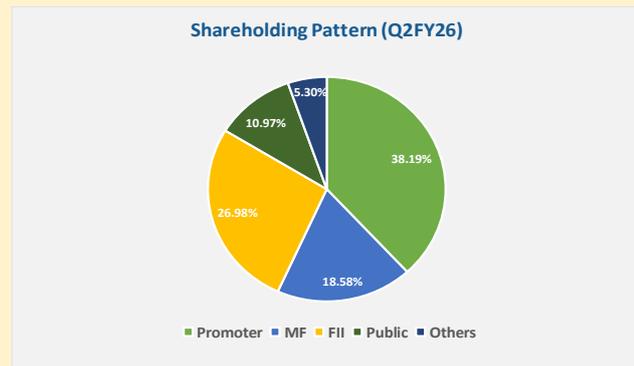
Investment Rationale

Consumer durables demand has improved QoQ, though high RAC channel inventories persist. Amber expects a pickup in 2HFY26, with a stronger rebound in Q4, supported by the Jan'26 BEE rating change. Despite margin pressure from higher copper prices, the company aims to outperform a flat RAC industry by 10–15% in FY26, aided by portfolio expansion and component scaling.

The electronics segment is set to lead growth, driven by PCB/PCBA businesses and recent acquisitions, including Shogini Technoarts. While near-term margins may be impacted by higher raw material costs, consolidation and capacity additions support strong medium-term growth.

Recommendation	
CMP	6640
Buy & Accumulate	5780-6200
Target	7600
Upside Potential	14.46%
Time Frame	9-12 Months

Key Stock Data	
Basic Industry	Household Appliances
Market cap(Cr)	23,372.80
52 Week high/low	8626/5235
Shares O/S(Cr)	3.52
Face Value	10
BSE Code	540902
NSE Code	AMBER
Bloomberg Code	AMBER:IN



Budget Impact - The government has increased the ECMS outlay to ₹40,000 crore to strengthen India's electronics manufacturing ecosystem by boosting localisation, value addition and export competitiveness, alongside ISM 2.0 with ₹1,000 crore in FY27 to deepen semiconductor capabilities. These initiatives lower costs and capital intensity for EMS players and support indigenous manufacturing, directly benefiting companies like Amber Enterprises with strong presence across electronics, EMS and component manufacturing.

The stock is currently undervalued, trading at a TTMPE/EPS/PEG of 68.82/91.11/1.04 compared to the sector's TTMPE/PEG of 66.18/3.42, and below its 5-year PE average of 134.17, making it a "buy" recommendation.

Financial Highlights					
Particulars	30-Sep-25	30-Sep-24	YoY Change	30-Jun-25	QoQ change
Net Sales	1,647.01	1684.7	-2.24%	3449.13	-52.25%
Total Expenditure	1555.72	1570.97	-0.97%	3192.44	-51.27%
PBIDT (Excl OI)	91.288	113.734	-19.74%	256.696	-64.44%
PAT	-24.63	23.63	-204.23%	112.86	-121.82%
PBIDTM% (Excl OI)	5.54	6.75	-17.93%	7.44	-25.54%
PBIDTM%	6.49	7.81	-16.90%	8.3	-21.81%
PATM%	-1.5	1.4	-207.14%	3.27	-145.87%
Adj. EPS(Rs)	0	5.69	-100.00%	30.65	-100.00%

4. Polycab India Limited

Upside Potential : 18.06%

Polycab India Limited is a leading FMEG player and India's largest wires and cables manufacturer, commanding ~27% market share with 27 manufacturing facilities and exports to over 80 countries. Backed by strong government-led infrastructure spending and a revival in private capex, the company expects sustained demand in its core W&C business, while its FMEG segment is poised for growth driven by premiumisation, solar opportunities and rising e-commerce traction. The EPC vertical is also set to scale up, supported by the accelerated rollout of BharatNet.

Investment Rationale

Polycab delivered a strong Q3FY26 performance, with revenue and profit growing 46% and 36% YoY, driven by robust execution in the Wires & Cables (W&C) segment and steady profitability in FMEG. The W&C business saw an exceptional 53% YoY revenue growth, led by strong volume expansion and healthy demand from government and private capex, infrastructure, power utilities and real estate. While margins were temporarily impacted by sharp commodity inflation, currency depreciation and a staggered price pass-through strategy, underlying demand remained broad-based and secondary sales stayed healthy, indicating strength beyond inventory stocking.

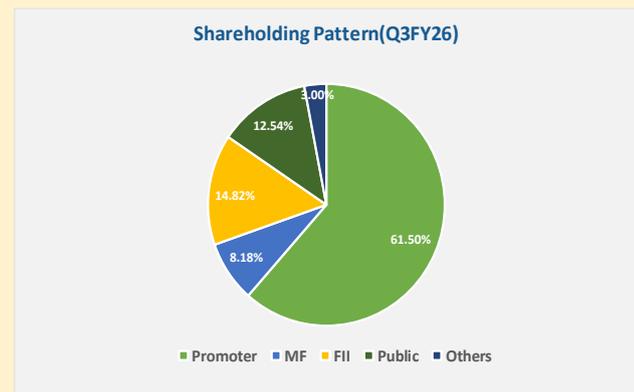
Looking ahead, with capacity utilisation above 80%, Q4-ready inventories, disciplined capex under Project Spring and gradual price hikes flowing through, Polycab expects sustained growth and margin recovery. Strong demand momentum in Q4, solar-led FMEG scaling, operating leverage and premiumisation are likely to support market-share gains and long-term value creation, positioning the company well across infrastructure, real estate and industrial segments.

Budget Impact - The Union Budget's strong emphasis on public infrastructure development is a clear positive for Polycab India. The proposed record public capex of ₹12.2 lakh crore for FY27 strengthens demand visibility for wires, cables and electrical products, directly benefiting Polycab's core business. Large projects such as new Dedicated Freight Corridors, including the Dankuni-Surat corridor, will require extensive power, control and signalling cables, positioning Polycab as a key beneficiary of the government's infrastructure-led growth push.

The stock is currently undervalued, trading at a TTMPE/EPS/PEG of 27.42/462.51/1.41, compared to the sector's TTMPE/PEG of 30.92/3.42, and is below its 5-year median PE of 40.95, making it a "buy" recommendation.

Recommendation	
CMP	7623.5
Buy & Accumulate	7280-7350
Target	9000
Upside Potential	18.06%
Time Frame	9-12 Months

Key Stock Data	
Basic Industry	Industrial Products
Market cap(Cr)	1,14,733.68
52 Week high/low	7948/4555
Shares O/S(Cr)	15.05
Face Value	10
BSE Code	542652
NSE Code	POLYCAB
Bloomberg Code	POLYCAB:IN



Financial Highlights					
Particulars	31-Dec-25	31-Dec-24	YoY Change	30-Sep-25	QoQ change
Net Sales	7,636.13	5226.06	46.12%	6477.21	17.89%
Total Expenditure	6670.06	4506.15	48.02%	5456.46	22.24%
PBIDT (Excl OI)	966.072	719.911	34.19%	1020.749	-5.36%
PAT	630.17	464.35	35.71%	692.96	-9.06%
PBIDTM% (Excl OI)	12.65	13.78	-8.20%	15.76	-19.73%
PBIDTM%	13.31	14.25	-6.60%	16.46	-19.14%
PATM%	8.25	8.89	-7.20%	10.7	-22.90%
Adj. EPS(Rs)	41.3	30.42	35.77%	45.54	-9.31%

5. Fortis Healthcare Limited

Upside Potential : 16.86%

Fortis Healthcare Limited is a leading integrated healthcare provider in India, operating 33 hospitals and healthcare facilities across 11 states, with over 5,800 beds and a network of around 400 diagnostic labs spanning hospitals, diagnostics and day-care specialties.

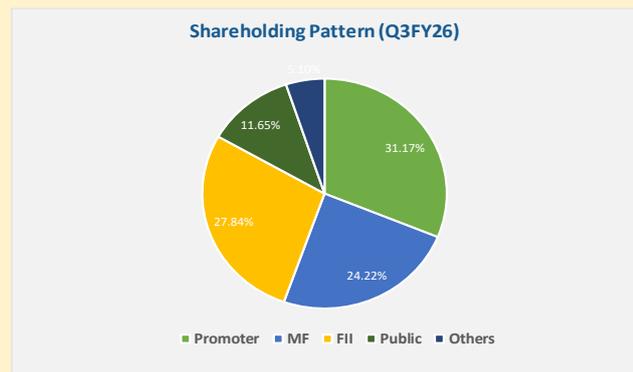
Investment Rationale

Fortis Healthcare delivered a strong Q2FY26 performance, with consolidated revenue rising 17.3% YoY to ₹2,331 crore, driven by robust growth in both hospital and diagnostic businesses. Hospital revenue grew 19.3% YoY to ₹1,974 crore, supported by a 13% rise in occupied beds, improved specialty mix and higher ARPOB of ₹2.51 crore. EBITDA increased 29.2% YoY to ₹579 crore, with margins expanding 230 bps to 24.8% on better utilisation and operating efficiencies, while PAT surged over 70% YoY to ~₹329 crore.

Growth was led by focus specialties such as oncology, renal sciences, and cardiac care, alongside strong international patient revenue (+26% YoY). Fortis continues to expand capacity with plans to add 400–500 beds in FY26, including new hospitals in Greater Noida and Lucknow, while targeting ~25% hospital EBITDA margins and stable 23–24% margins in diagnostics, supporting sustained earnings visibility.

Recommendation	
CMP	855.7
Buy & Accumlate	820-840
Target	1000
Upside Potential	16.86%
Time Frame	9-12 Months

Key Stock Data	
Basic Industry	Hospital
Market cap(Cr)	64,605.35
52 Week high/low	1104.30/587.10
Shares O/S(Cr)	75.5
Face Value	10
BSE Code	532843
NSE Code	FORTIS
Bloomberg Code	FORH:IN



Budget Impact - The Budget proposed the development of five regional medical tourism hubs through public–private partnerships. These hubs are expected to integrate hospitals, medical education, diagnostic services and post-treatment care facilities, with the aim of strengthening India’s position as a destination for medical services.

The stock is currently undervalued, trading at a TTMPE/EPS/PEG of 88.09/41.8/7.46, compared to the sector’s TTMPE of 85.98, and is below its 5-year PE average of 143.90, making it a "buy" recommendation.

Financial Highlights					
Particulars	30-Sep-25	30-Sep-24	YoY Change	30-Jun-25	QoQ change
Net Sales	2,331.44	1988.39	17.25%	2166.72	7.60%
Total Expenditure	1775.11	1553.56	14.26%	1676.05	5.91%
PBIDT (Excl OI)	556.33	434.83	27.94%	490.67	13.38%
PAT	325.14	188.85	72.17%	263.86	23.22%
PBIDTM% (Excl OI)	23.86	21.87	9.10%	22.65	5.34%
PBIDTM%	24.83	22.53	10.21%	23.36	6.29%
PATM%	13.95	9.5	46.84%	12.18	14.53%
Adj. EPS(Rs)	4.26	2.34	82.05%	3.45	23.48%

6. Larsen & Toubro Limited

Upside Potential : 13.07%

Larsen & Toubro (L&T) is a global EPC and hi-tech manufacturing major with operations across 50+ countries, supported by a strong execution track record built over eight decades. Its 4QFY25 prospect pipeline stands at ₹5.9 trillion (+7% YoY), driven by infrastructure, hydrocarbons, carbon solutions and hi-tech segments. The pipeline remains resilient despite oil price volatility, with opportunities in urban infrastructure, renewables, gas, data centres and AI globally, and power, metals and urban development domestically. L&T is also targeting 4–5 GW of thermal power projects over the next two years and exploring nuclear EPC opportunities, with core E&C order inflows expected to grow at a 13% CAGR over FY25–28.

Investment Rationale

L&T delivered a mixed Q3FY26, with net profit declining 4.3% YoY to ₹3,215 crore due to a one-time labour code impact of ₹1,344 crore, while revenue rose 10.5% YoY to ₹71,449 crore, slightly below estimates. EBITDA grew a strong 18.6% YoY to ₹7,416 crore, with margins improving to 10.4% on better execution and operating leverage; excluding the exceptional impact, performance was broadly in line with expectations. Order inflows remained healthy at ₹1.36 lakh crore (+17% YoY), lifting the order book to ₹7.3 lakh crore (+30% YoY), led by infrastructure and energy.

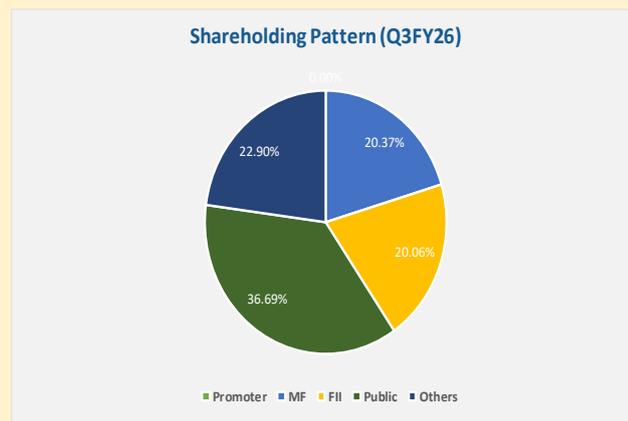
Execution remained steady, supported by strong international performance, 15% YoY growth in the energy segment and a sharp 34% YoY rise in high-tech manufacturing. L&T reiterated its FY26 guidance of 15% revenue growth and 8.5% EBITDA margin, while upgrading order inflow expectations to well above 10% YoY and

Budget Impact - The Union Budget 2026–27 increased public capex by nearly 9% to ₹12.22 lakh crore, reinforcing infrastructure-led growth. Large EPC players like L&T are key beneficiaries, given opportunities across transport corridors, waterways, urban infrastructure, electric mobility, and large-scale public works supported by the Infrastructure Risk Guarantee Fund.

The stock remains undervalued, trading at a TTM PE/EPS/PEG of 17.24/55.34/0.76, compared to the sector's 30.92/3.42, making it a "buy" recommendation.

Recommendation	
CMP	4068.1
Buy & Accumlate	3720-3750
Target	4600
Upside Potential	13.07%
Time Frame	9-12 Months

Key Stock Data	
Basic Industry	Civil Construction
Market cap(Cr)	5,59,607.84
52 Week high/low	4195/2965.30
Shares O/S(Cr)	137.56
Face Value	2
BSE Code	500510
NSE Code	LT
Bloomberg Code	LT:IN



Financial Highlights					
Particulars	31-Dec-25	31-Dec-24	YoY Change	30-Sep-25	QoQ change
Net Sales	71,449.70	64667.78	10.49%	67983.53	5.10%
Total Expenditure	62259.49	56769.62	9.67%	59470.29	4.69%
PBIDT (Excl OI)	9190.21	7898.16	16.36%	8513.24	7.95%
PAT	3829.23	4001.03	-4.29%	4687.09	-18.30%
PBIDTM% (Excl OI)	12.86	12.21	5.32%	12.52	2.72%
PBIDTM%	14.88	13.71	8.53%	14.56	2.20%
PATM%	5.36	6.19	-13.41%	6.89	-22.21%
Adj. EPS(Rs)	23.37	24.43	-4.34%	28.54	-18.11%

7. Vardhman Textiles Limited

Upside Potential : 20.33%

Vardhman Textiles Limited is among India's largest vertically integrated textile manufacturers, with operations spanning yarn, fabrics, sewing thread, acrylic fibre and garments. It is a key supplier to leading global retailers, deriving about 44% of its revenue from exports with a diversified presence across 75+ countries. The company has a strong manufacturing base, with over 1.25 million spindles, 1,500+ looms, processed fabric capacity of 180 million metres per annum, and garment capacity of around 7,500 shirts per day.

Investment Rationale

Vardhman Textiles reported a weak Q3FY26 (ended Dec 2025), with consolidated net profit declining ~21% YoY to ₹166–169 crore amid margin pressure, even as total income edged up 1–2%. Profitability was impacted by a tough cost environment, led by stress in the core yarn business due to a domestic cotton supply deficit of ~3 million bales necessitating imports, along with tariff-related disruptions that weighed on exports over the last two quarters.

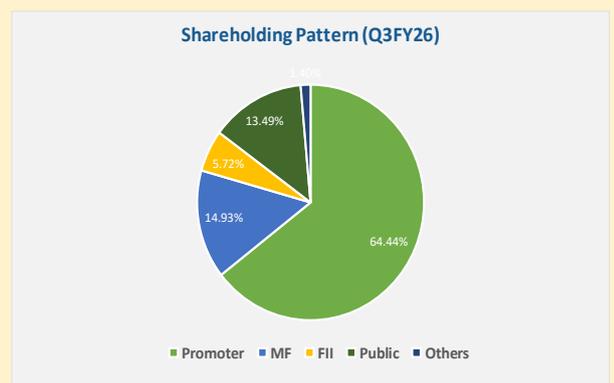
While the yarn segment faced headwinds, the acrylic fibre business delivered a notable profit turnaround. The company has announced a total capex of ₹3,535 crore, with a key focus on doubling garmenting capacity. With tariffs now capped at 18% for export to USA and the India–EU FTA in place, Vardhman is better positioned competitively versus peers in Bangladesh, Vietnam and Thailand, supporting medium-term growth prospects.

Budget Impact - The initiative aims to drive self-reliance in textiles by promoting natural, new-age and man-made fibres, modernising clusters with technology and capital support, and strengthening artisans and weavers through skill upgrades and industry–academia collaboration. The focus on technical textiles, sustainability, branding and global market linkages is a direct positive for Vardhman Textiles (VTL), positioning India's largest textile player to benefit from scale, integration and export competitiveness.

The stock is currently undervalued, trading at a TTMPE/EPS/PEG of 31.76/68.20/0.44, compared to the sector's TTMPE/PEG of 50.11/3.86, making it a "buy" recommendation.

Recommendation	
CMP	482
Buy & Accumlate	380-390
Target	580
Upside Potential	20.33%
Time Frame	9-12 Months

Key Stock Data	
Basic Industry	Textiles
Market cap(Cr)	13,939.44
52 Week high/low	539.90/361.10
Shares O/S(Cr)	28.92
Face Value	2
BSE Code	502986
NSE Code	VTL
Bloomberg Code	VTEX:IN



Financial Highlights					
Particulars	31-Dec-25	31-Dec-24	YoY Change	30-Sep-25	QoQ change
Net Sales	2,505.31	2465.3	1.62%	2480.1	1.02%
Total Expenditure	2220.96	2152.55	3.18%	2145.66	3.51%
PBIDT (Excl OI)	284.35	312.75	-9.08%	334.44	-14.98%
PAT	153.17	200.77	-23.71%	175.49	-12.72%
PBIDTM% (Excl OI)	11.35	12.69	-10.56%	13.48	-15.80%
PBIDTM%	13.68	15.46	-11.51%	14.97	-8.62%
PATM%	6.11	8.14	-24.94%	7.08	-13.70%
Adj. EPS(Rs)	5.75	7.28	-21.02%	6.47	-11.13%

8. NLC India Limited

Upside Potential : 17.07%

NLC India Limited, formerly Neyveli Lignite Corporation, is a Navratna public sector enterprise under the Ministry of Coal and a key player in lignite mining and thermal power generation. The company operates mining assets across Tamil Nadu, Rajasthan, Odisha, Jharkhand and Chhattisgarh, with a current mining capacity of about 50.1 MTPA. NLC India plans to more than double this capacity to over 104 MTPA, including around 1 MTPA of critical minerals, to support long-term growth and energy security.

Investment Rationale

NLC India reported a mixed Q2FY26 performance, with consolidated net profit declining ~26–27% YoY to ₹665–724 crore due to higher tax outgo, even as operations remained strong. Revenue rose 14.3% YoY to ₹4,178 crore, while EBITDA grew a healthy 30.5% YoY to about ₹1,400 crore, with margins expanding to 33.5%, reflecting robust operating efficiency.

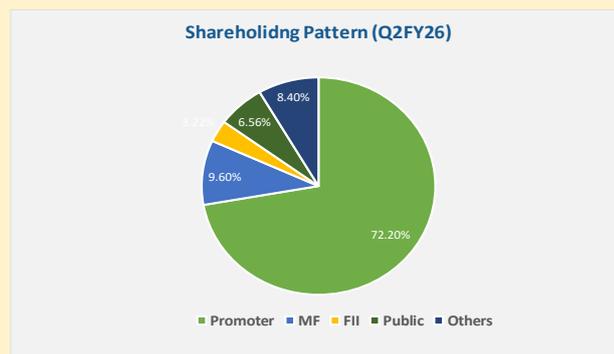
Looking ahead, NLC India has outlined an aggressive ₹1.17 lakh crore capex plan over the next five years, spanning renewables, thermal power, mining and diversification projects, largely funded through internal accruals and asset monetisation, including the proposed NIRC IPO in H1FY27. The company is also scaling up in critical minerals through MoUs with BARC and KABIL, expanding coal and lignite production, and addressing RE execution challenges via JVs and easing module constraints, underpinning long-term growth visibility.

Budget Impact - The government will support mineral-rich states such as Odisha, Kerala, Andhra Pradesh and Tamil Nadu in developing dedicated rare-earth corridors spanning mining, processing, research and manufacturing of critical minerals, with the objective of reducing India's dependence on China. This initiative is a clear positive for NLC India, positioning it as a key beneficiary given its strong presence in mining and growing focus on critical minerals.

The stock trades at a TTM PE/EPS/PEG of 18.66/35.3/0.48, well below the sector's TTM PE/PEG of 43.17/3.66, and below its 5-year PE average of 21.88, it a "buy" recommendation.

Recommendation	
CMP	256.25
Buy & Accumulate	220-230
Target	300
Upside Potential	17.07%
Time Frame	9-12 Months

Key Stock Data	
Basic Industry	Power Generation
Market cap(Cr)	35,531.63
52 Week high/low	292.20/186.03
Shares O/S(Cr)	138.66
Face Value	10
BSE Code	513683
NSE Code	NLCINDIA
Bloomberg Code	NLC:IN



Financial Highlights					
Particulars	30-Sep-25	30-Sep-24	YoY Change	30-Jun-25	QoQ change
Net Sales	4,178.41	3657.33	14.25%	3825.61	9.22%
Total Expenditure	2588.26	2647.67	-2.24%	2684.14	-3.57%
PBIDT (Excl OI)	1590.15	1009.66	57.49%	1141.47	39.31%
PAT	724.73	982.4	-26.23%	839.15	-13.64%
PBIDTM% (Excl OI)	38.06	27.61	37.85%	29.84	27.55%
PBIDTM%	42.08	47.21	-10.87%	37.42	12.45%
PATM%	17.34	26.86	-35.44%	21.94	-20.97%
Adj. EPS(Rs)	4.8	6.58	-27.05%	5.75	-16.52%

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