



- SK Gupta, CMD, GAIL (India) said that, the robust performance during FY25 was primarily driven by better physical & financial performance across all major segments. Despite global economy challenges, the company reached unprecedented financial milestones.

Bank, OMC stocks may be top performers in PSU pack

Only a handful of PSU stocks have beaten Nifty 50 this year

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Once the Street's favourite, shares of public-sector undertakings (PSUs) have not yielded superior returns for investors so far this year. Excluding the recent rally in defence shares, only a handful of PSU stocks have outperformed the benchmark Nifty 50 during the period.

In calendar year 2025 (as of May 14), the Nifty CPSE index has risen 4.14 per cent, in line with the Nifty 50's gain of 4.3 per cent, ACE Equity data shows.

By comparison, the Nifty CPSE index climbed 25.25 per cent in 2024 and 73.7 per cent in 2023, against the benchmark's rally of 8.8 per cent and 20.2 per cent, respectively.

The trend, analysts believe, may not change much in the coming months. And, investors should cherry-pick PSU stocks based on valuation comfort along with earnings growth visibility and policy support.

"The universe of PSU stocks is huge and diverse. Investors should bet on specific sectors and stocks from the basket as most of them may continue to consolidate after years of outperformance," said Kranthi Bathini, director of equities at WealthMills Securities.

Among individual stocks, Bharat Dynamics, Bharat Electronics, Mishra Dhatu Nigam, Hindustan Aeronautics, are key defence stocks that have risen sharply, Mazagon Dock Shipbuilders, Garden Reach Shipbuilders, and Cochin Shipyard have surged as well. This universe of stocks has risen 10.4 per cent to 59.3 per cent in 2025.

While the rally in defence PSU stocks was strengthened after the India-Pakistan conflict, shipbuilding firms have found favour due to the Centre's focus on



Slow climb



improving maritime infrastructure with an indigenisation push.

NBCC, SAIL shine

Outside these baskets, only NBCC (India), Steel Authority of India (SAIL), Bharat Petroleum Corporation of India (BPCL), Indian Oil Corporation, NMDC, and MOIL have outperformed the benchmarks by rising up to 15 per cent during the period.

Outside of the central public sector enterprises (CPSEs) basket, PSU banks like Union Bank of India, Bank of India, Indian Bank, and Canara Bank outran the Nifty 50 by rallying between 5.5 per cent and 12 per cent.

"PSU stocks are affected a lot by government policies as the ownership and regulatory control

rest with them. Investors should invest in companies which are relatively stable from a policy viewpoint. They should be non-cyclical in nature, and have high dividend yields," said Deepak Jasani, a stock market veteran.

High dividend yield, he added, provides a margin of safety against any decline in stock prices.

PSU stocks to buy

From an investment perspective, analysts say investors interested in the PSU space could look at opportunities across sectors, driven by strong policy support, infrastructure momentum, and improving fundamentals.

Industries such as oil and gas, and metals, which are cyclical in nature, are difficult to predict and impacted by macro variables, they said.

"While we have a 'neutral' view on the PSU sector, investors willing to invest in such stocks can look at the renewable energy and/or transmission infrastructure sector amid the government's policy push. Defence companies, too, may remain in focus as exports are expected to surge to ₹50,000 crore by financial year 2029-30 (FY30) with indigenous production ramping up from ₹1.6 trillion to ₹3 trillion," said Anil Rego, founder and fund manager at Right Horizons PMS.

However, Jasani backs PSU stocks from the metal, oil refining and banking spaces on the back of their dividend-yielding potential. "PSU banks are the safest segment to be in. That apart, oil refining companies, and energy-linked companies like GAIL (India) and Coal India, which are insulated from global developments, can be good bets," he said.

Bathini also said that selective outperformance could be seen in PSU banks, defence, and oil marketing firms, going ahead.