



Monthly Research Compendium

JUNE 2025





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The Research Compendium is a compilation of some of ICRA's key research reports released in the previous month.

The ICRA Research Compendium offers a summary of some of the most thought-provoking research reports published during the month



Each slide communicates key excerpts from the respective reports through charts and tables

Follow the link in the caption of each slide to access the detailed report on ICRA's website

ICRA's sectoral outlook as of May 2025

Broking: Regulatory tightening reduces hyperactivity in index options; stabilisation on the horizon

Cross sectoral trends and outlook: India-UK trade and financial flows – Free Trade Agreement between India and the UK signed in May 2025

Economy and sectoral impact: IMD's projection of above-normal monsoon augurs well for agricultural, spatial and temporal distribution remains key

Economy: Investment activity saw a mixed trend in Q4 FY2025; cautious sentiment to prevail through FY2026 amid elevated trade tensions, uncertainty







Real estate: Flex workspace in India - total addressable market for flex office spaces is estimated to rise to 240 msf, surpassing Rs. 600 billion in value by March 2027


































State Finances: Economic growth, composition and per capita incomes varied sharply at state levels during FY2015-FY2024

Structured Finance: Amended SEBI guidelines on SDIs positive for investor confidence

Textiles: Bilateral benefits – Unravelling potential opportunities for India's textile exporters from the recently concluded UK-India FTA

 Positive	
	Capital goods

 Negative	
	Power – distribution
	Chemicals (basic)
	Chemicals (petrochemicals)
	Cut & polished diamonds
	NBFC-Microfinance Institutions (NBFC-MFI)

 Stable					
	Construction & construction equipment		Tyres		Media – broadcasting & exhibitors
	Cement		Renewable energy/ Power transmission/ Thermal		Dairy
	Ferrous metals		Upstream oil & gas		Retail (fashion, consumer durables & electronics)
	Non-ferrous metals		Oil refining & marketing		Insurance (life & general)
	Roads & road logistics		Gas utilities		Airlines & airport infra
	Real estate – residential, commercial & retail		Ports		IT services
	Jewellery – retail		Pharma		Telecom services
	Brokerage		Healthcare		Telecom towers
	Automobile & automobile dealership		Fertilisers		Chemicals (speciality)
	Auto components		Sugar		Bank
	Hotels		Bulk tea		NBFCs (infra, retail NBFCs, HFC) & SFB

Note: NBFC - Non-Banking Financial Companies

Broking: Regulatory tightening reduces hyperactivity in index options; stabilisation on the horizon

Exhibit : Trend in average daily open interest in NSE

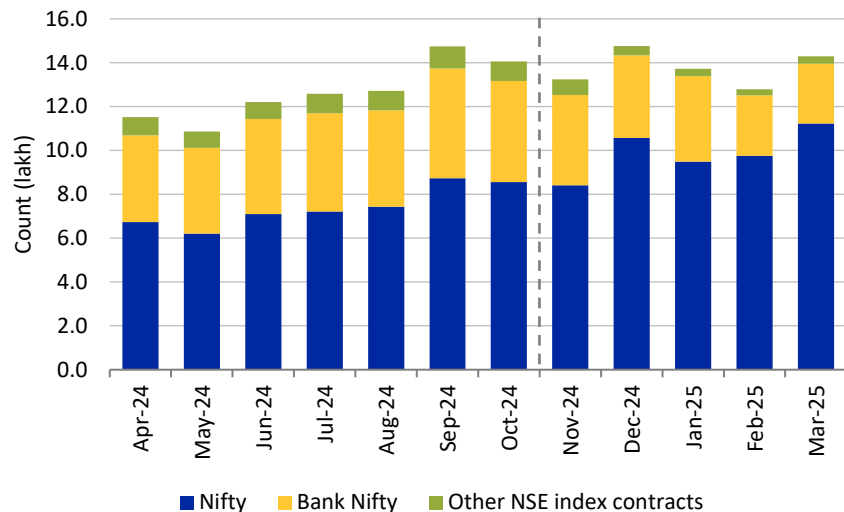
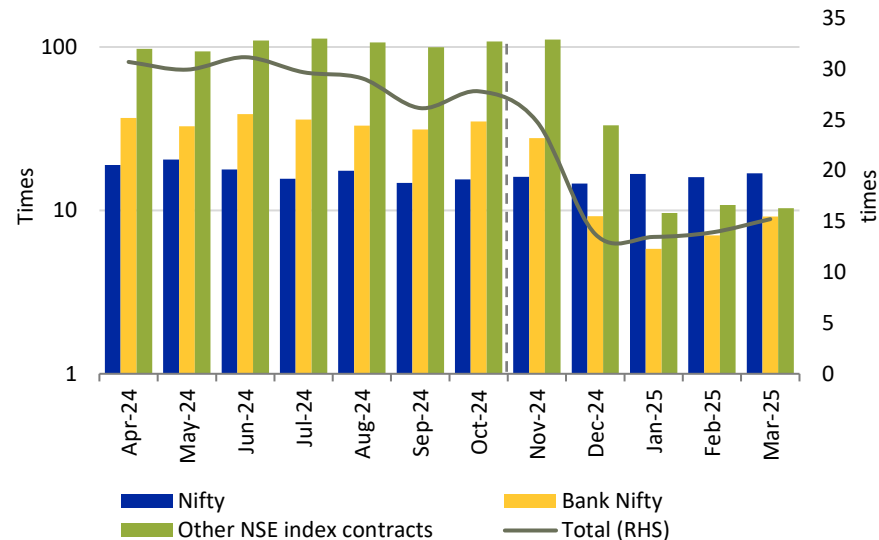


Exhibit : Trend in average daily turnover as a multiple of open interest



- While the average open interest in NSE remained largely stable in the ensuing period, trading activity measured as ADTO/average open interest eased significantly to 15 times in March 2025 from 31 times in April 2024. This trend suggests a step towards a more stable market environment with a reduction in the frequency of rapid trading and price volatility often associated with speculative activities.

Source: NSE, SEBI, ICRA Research

Cross sectoral trends and outlook: India-UK trade and financial flows – Free Trade Agreement between India and the UK signed in May 2025

On May 6, 2025, India and the UK finalised the FTA, which entails trade liberalisation, tariff concessions, employment opportunities, resilient supply chains, sustainable and inclusive economic growth for both countries. Key highlights of the FTA are:

Trade and services

- 90% of Indian imports from the UK will face reduced tariffs or zero tariffs. Indian consumers may benefit from reduced costs on such UK goods
- 99% Indian exports to benefit from zero duty, opening export opportunities for number of sectors
- Significant boost to trade in services, with FTA commitment from the UK in services such as IT/ITeS, financial, professional, other businesses and educational services

Employment

- The FTA is designed to generate high-quality employment
- Increased exports and market access will drive job creation in various sectors and services

Green energy

- The FTA will promote and facilitate trade in environmental goods and services and encourage transition to clean energy

Others

- It also covers regulatory practices, transparency for ease of doing business, addressing non-tariff barriers etc

This FTA is a comprehensive and forward-looking agreement aimed at deepening trade and investment ties across a range of sectors, including goods, services and technology. **However, the detailed tariff reduction schedules, rules of origin, quantum of the import quotas, services covered and nature of commitments thereon, etc., are awaited.**

Economy and sectoral impact: IMD's projection of above-normal monsoon augurs well for agricultural, spatial and temporal distribution remains key

Exhibit: IMD's forecasts over homogenous zones of the country in 2025

Rainfall Category	North-West India		Central India		South Peninsula		North-East India		Monsoon Core Zone (MCZ)*	
	Range (% of LPA)	Forecast Probability (%)	Range (% of LPA)	Forecast Probability (%)	Range (% of LPA)	Forecast Probability (%)	Range (% of LPA)	Forecast Probability (%)	Range (% of LPA)	Forecast Probability (%)
Below Normal	<92	12	<94	11	<94	6	<94	54	<94	12
Normal	92-108	43	94-106	31	94-106	18	94-106	38	94-106	32
Above Normal	>108	45	>106	58	>106	76	>106	8	>106	56

Exhibit: Sectoral impact of above-normal monsoon

Sector	Impact of above normal monsoon
Cement	↑
Tractor	↑
Two-wheeler	↑
Edible oil	↑
Sugar	↑

Sector	Impact of above normal monsoon
Power	↓
Room Air Conditioners (RAC)	↔
Cotton	↔

- An even temporal and spatial distribution is paramount to ensure favourable increase in crop yields, output and support rural demand. At present, ICRA pegs the agri-GVA growth at 3.5-4.0% in FY2026, after a likely 4.6% expansion in FY2025 (projected by the NSO).
- Rural sentiments have improved materially owing to healthy output in the last two cropping seasons. The IMD's forecast of above-normal monsoon augurs well for the cement, tractor, two-wheeler, edible oil, and sugar sectors, which are dependent on agriculture outcomes and rural incomes. However, some sectors like power and cooling-related consumer durables like room air-conditioners could witness lower demand growth if rainfall is higher than normal.

Source: ICRA Research; Note: *MCZ comprises most of the rainfed agriculture areas in the country; Source: IMD; ICRA Research

Economy: Investment activity saw a mixed trend in Q4 FY2025; cautious sentiment to prevail through FY2026 amid elevated trade tensions, uncertainty

Drivers

- There is likely to be room for double-digit growth in capex of Centre and states in FY2026 over FY2025 actuals.
- Housing demand is estimated to improve in FY2026, amid favourable developments like personal income tax relief and monetary easing, and comfortable sales velocity.
- The personal income tax relief is likely to lead to some improvement in household consumption, which is key for a sustained revival in private capex.
- Elevated capacity utilisation levels, healthy balance sheets of banks and corporates to support private capex.
- Exemption of reciprocal tariffs by the US on smartphones augur well for India's electronic goods industry, amid rising share in our overall exports.

Headwinds

- Outlook for external demand is unfavourable amid risks stemming from the US tariff hikes and potential impact on major exporting sectors like chemicals, engineering goods, textiles, and agriculture.
- The impact of US tariffs and retaliation by countries could weigh on India's exports and lead to a deferment of capex plans of some corporates, although it can also emerge as an opportunity to capitalise on export markets and embolden our manufacturing capacity, from a medium-term standpoint.
- Excess capacity in China and the consequent dumping of cheap imports across some sectors could act as a drag on domestic production.

Real estate: Flex workspace in India - total addressable market for flex office spaces is estimated to rise to 240 msf, surpassing Rs. 600 billion in value by March 2027



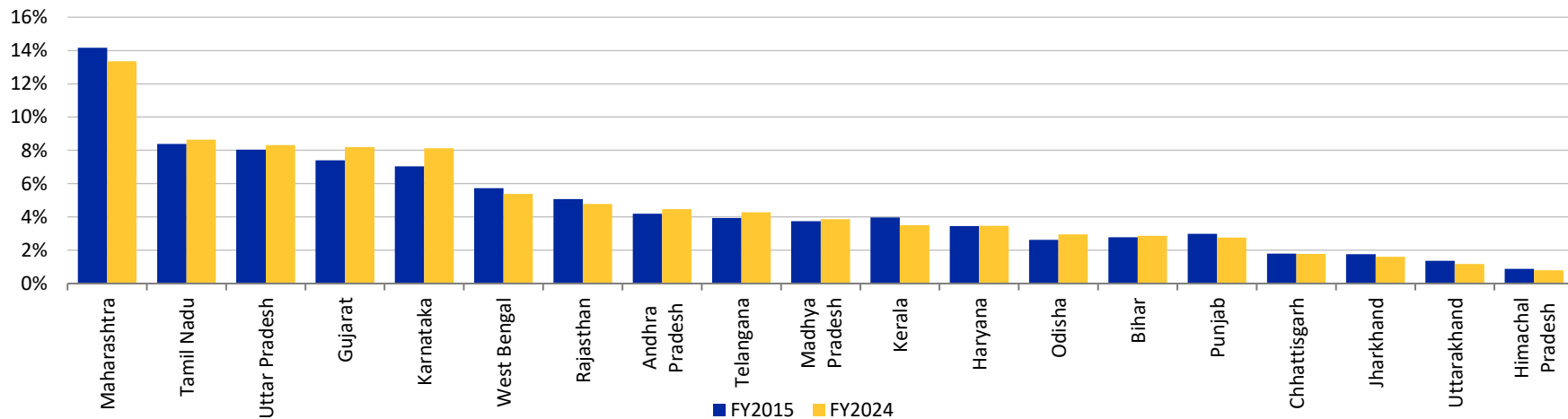
Parameters	FY2024	FY2025P	FY2026P	FY2027P
Total Grade A Office Supply* (msf)	945	1,007	1,073	1,139
Total Grade A Non-SEZ Office Supply (msf)	775	831	890	950
Total Occupied Grade A Non-SEZ Office Supply (msf)	675	724	776	827
Vacant Grade A Non-SEZ Office Supply (msf) (A)	100	107	114	122
Flex Workspace Supply (msf) (B)	67	84	101	121
Total Addressable Market for Flex Workspaces (msf) (C = A + B)	167	191	216	243
Average Rent for Flex Operators Paid to Landlords (Rs./sf/month) (D)	87	91	96	101
Landlord Rent to Seat price multiple (times) (Lower-Upper) (E)	2.0-2.5	2.0-2.5	2.0-2.5	2.0-2.5
Total Addressable Market (Rs. billion) F = (C*D*E*12)/10^{^3}	348-435	419-524	497-621	588-724

With expected vacancy of 122 msf in the non-SEZ office supply and total flexible workspaces supply projected at 121 msf as of March 2027, the total addressable market (TAM) for the flexible workspace operators represents a sizeable opportunity of 240-250 msf.(in terms of area) and Rs. 588-724 billion (in terms of value) by March 2027.

Source: ICRA Research, Propequity; *across top six cities

State Finances: Economic growth, composition and per capita incomes varied sharply at state levels during FY2015-FY2024

Exhibit: States' GSVA (constant prices) share in India's GVA (at constant prices) in FY2015 and FY2024 (state sequence in descending order based on FY2024)

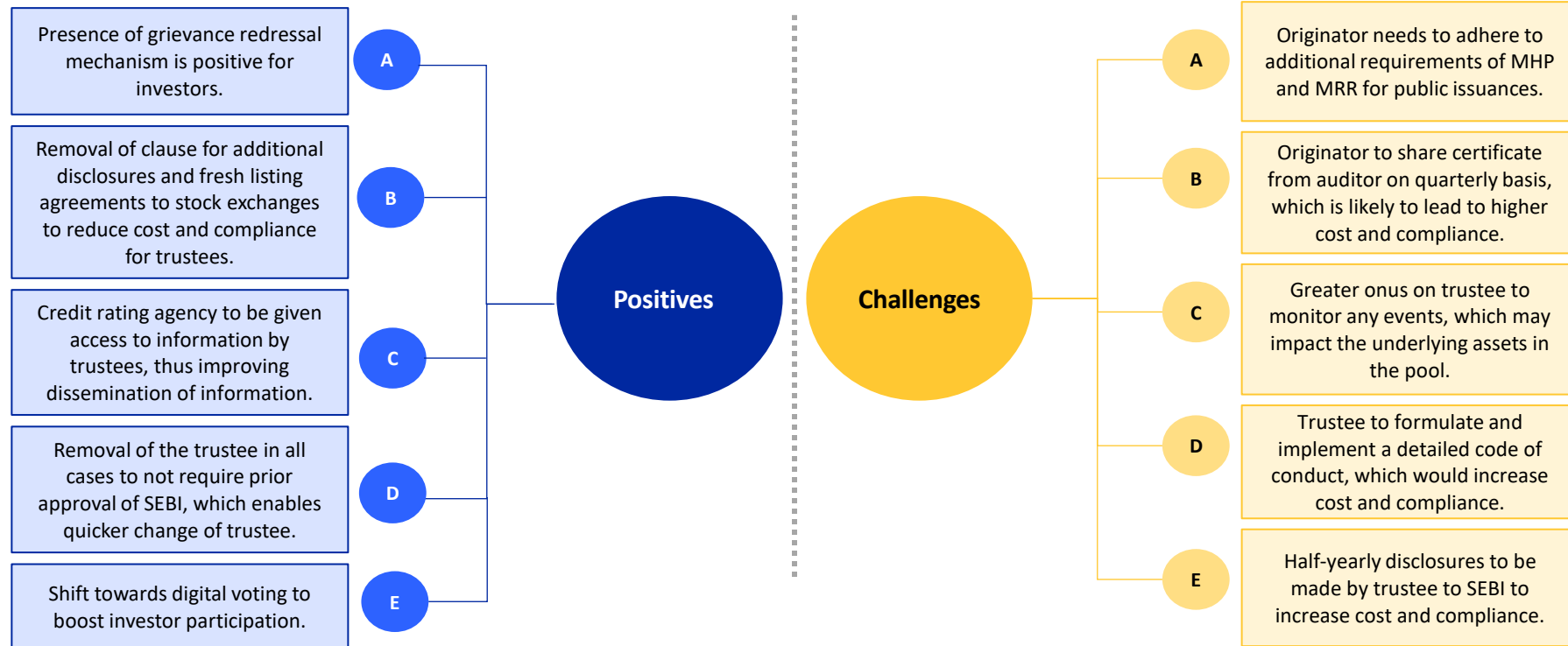


Source: NSO; ICRA Research

- India's economy is dominated by the services sector, which comprised 55% of the total gross value added (GVA; at constant prices) in FY2024, followed by the industrial (31%) and agriculture (15%) sectors. The state-wise compositions of gross state value added (GSVA; at constant prices) differ markedly from the national level. The highest share of agriculture and services in the GSVA in FY2024 was 33% in the case of Madhya Pradesh (MP) and 66% for Karnataka, respectively. The share of industry in the GSVA was the largest at 51% each for Gujarat and Odisha in FY2024.

Structured Finance: Amended SEBI guidelines on SDIs positive for investor confidence

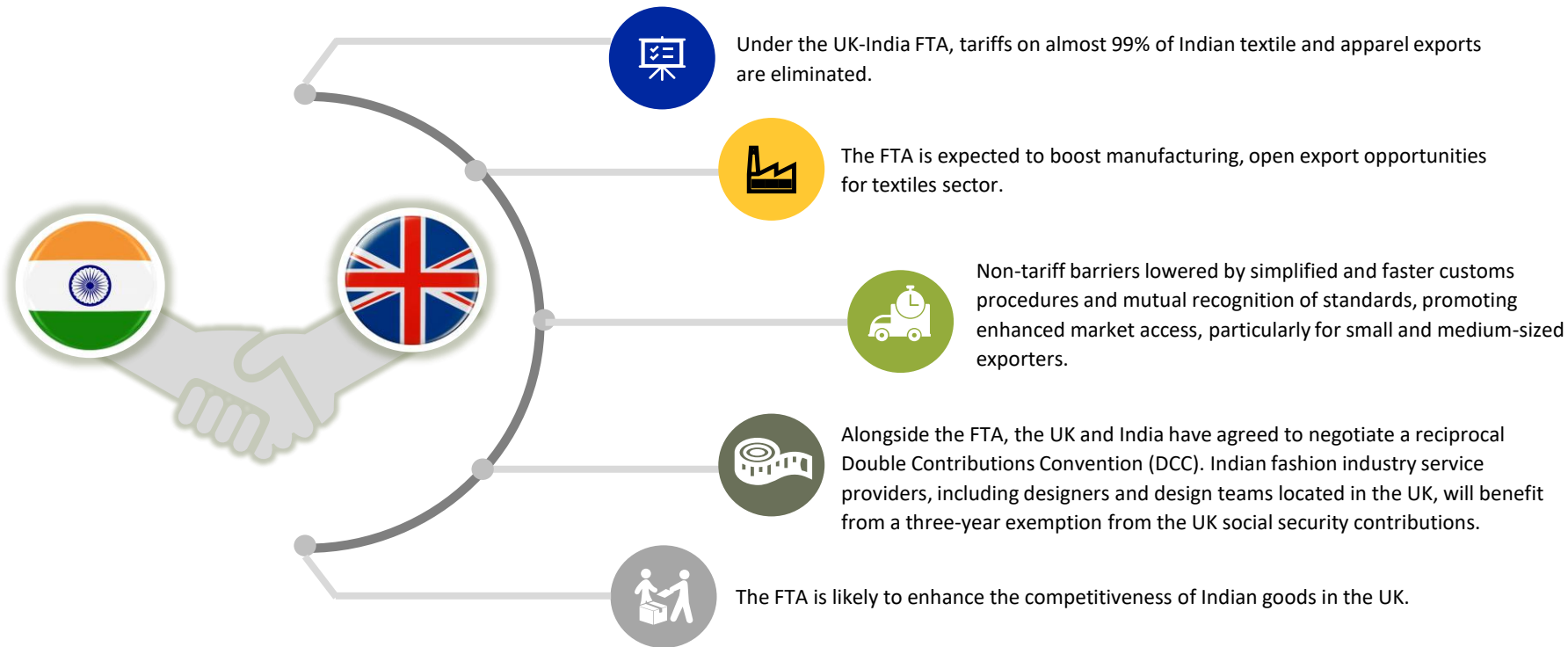
Exhibit: Impact of additional responsibilities on trustee and originators



Source: ICRA Research

Textiles: Bilateral benefits – Unravelling potential opportunities for India's textile exporters from the recently concluded UK-India FTA

Exhibit: Key provisions of the FTA for Indian exports - Textile sector





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