



# Monthly Research Compendium

OCTOBER 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 September 2025

**Cross sectoral trends and outlook:** Indian exporters to the US to face uncertain times as sharp increase in tariffs is likely to weigh on earnings

**Cross sectoral trends and outlook:** GST reforms to take away some of the tariff sting; GDP growth seen at 6.5% for FY2026

**Economy:** Phased CRR cut, VRRs to support liquidity ahead of seasonal currency leakage; G-sec yield curve to remain steep in near term

**Education:** Half a Decade Later – NEP 2020's phased implementation continues with mixed Outcomes for Educational Publishing

































**Jewellery:** Franchisee model – reshaping the gold jewellery retail industry

**IT services:** Evolving policy changes could impact the industry's American dream

**State finances:** Timing of proposed GST rate changes to guide revenue growth, size of states' fiscal deficit in FY2026

**Structured Finance:** Tighter pool selection and structural enhancements support MFI pool performance amidst challenging environment

 <b>Positive</b>	
	Capital goods
	Defence
	Hospital
 <b>Negative</b>	
	Power – distribution
	Chemicals (basic)
	Chemicals (petrochemicals)
	Cut & polished diamonds
	NBFC-Microfinance Institutions (NBFC-MFI)
	Paper - Printing and Writing Paper
	Textile (apparel exports)

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

Note: NBFC - Non-Banking Financial Companies

# Cross sectoral trends and outlook: Indian exporters to the US to face uncertain times as sharp increase in tariffs is likely to weigh on earnings

Sector	Sample size	Outlook	Impact
Auto components	25	Limited immediate impact observed, supported by proactive mitigation strategies	↓*
Ferrous and Non-ferrous metals	3	Margin and volume impact is expected to be minimal as costs are passed on	↓*
Chemicals	7	Moderate impact expected if companies are compelled to absorb the tariff burden. Moreover, the competitive threat from Chinese manufacturers remains a concern and cannot be overlooked	↓
Textiles	>25	Margin contraction of 200-300 bps for apparel exporters expected	↓
CPD	5	Mitigation expected through rerouting strategies and inventory management	↓
Seafood	3	Impact on margins by 200-300 bps due to additional tariff on seafood	↓
Footwear and leather products	3	High tariffs pose a challenge to Indian exporters, threatening to dampen business prospects	↓

ICRA has conducted channel checks, including discussions with its rated issuers across the impacted sectors to gather management insights and assess the near-term outlook, based on the current 50% tariff scenario. While sectors like auto components are managing well through limited alternate supplier substitution possibilities in the near term, others such as textiles, CPD, seafood and footwear, may see demand pressures. Sectors like chemicals and metals are likely to pass on the cost increases; however, if companies are compelled to absorb the tariff burden, it could significantly erode profitability.

Source: ICRA Research; \*Note: Covered under section 232.

# Cross sectoral trends and outlook: GST reforms to take away some of the tariff sting; GDP growth seen at 6.5% for FY2026

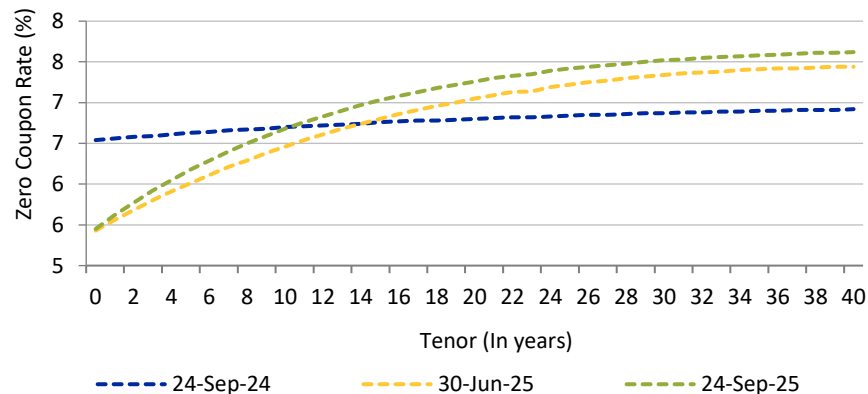
- The rationalisation of the Goods and Services Tax (GST) is a well-timed and welcome move, which is expected to reinvigorate domestic consumption in the run up to the festive season amidst the risks posed by the steep US tariffs on India's exports. Under the new GST structure, the 12% tax slab has been merged with 5% and 28% has been subsumed into 18%, along with several other changes. This is likely to reduce the weighted average GST rate to single digits from 11.64% in 2023-24, bringing cheer to consumers and producers alike, while creating fiscal implications for the Central and the state governments. ICRA now assesses the FY2026 GDP growth at 6.5% (from +6.0% earlier), although this continues to be dampened by the prevailing uncertainty related to the US tariffs.
- With rationalisation of tax slabs, the Council aimed to reduce compliance complexity, enhance transparency, and stimulate consumption across sectors. The following table presents a sector-wise analysis of the GST reforms, highlighting the anticipated economic impact and strategic implications for businesses and consumers alike.

Sector	Impact
Consumer Electronics	↑
Hotels	↑
Food/FMCG	↑
Speciality chemicals	↑
Fertilisers	↑
Construction Equipment	↑
Cement	↑
Film exhibition Industry	↑
Thermal/coal	↑
Renewable Energy	↑
Two wheelers	↑

Sector	Impact
Commercial Vehicle	↑
Passenger Vehicle	↑
Tractor	↑
Auto comp	↑
Tyres	↑
Hospitals	↑
Pharmaceuticals	↑
General insurance	↑
Life insurance	↔
Textiles	↔
Book publishing	↓
Upstream oil and gas	↓

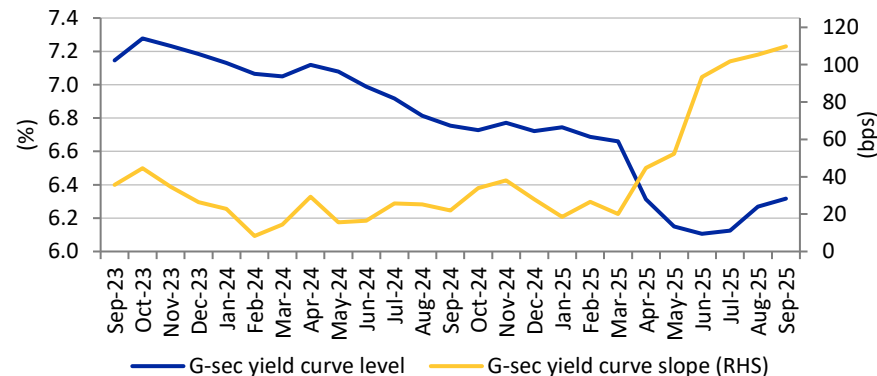
# Economy: Phased CRR cut, VRRs to support liquidity ahead of seasonal currency leakage; G-sec yield curve to remain steep in near term

EXHIBIT: Trends in India's yield curve\*



\*Zero coupon yield curve; Source: CCIL; ICRA Research

EXHIBIT: Trends in India's G-sec yield curve level\*\* and slope\*\*\*



\*\*Average of yields of 91-day T-bill, and 3, 5, 10 and 30-year G-secs; \*\*\*10Y G-sec yield minus 91-day T-bill yield; Data for September 2025 is up to September 24; Source: CMIE; RBI; ICRA Research

- The systemic liquidity surplus has cooled in September 2025 after remaining sizeable during June-August 2025, largely dampened by advance tax outflows. After injecting Rs. 0.6 trillion in the first tranche, the pending cash reserve ratio (CRR) cut of 75 bps during October-November 2025 is likely to support liquidity conditions, offsetting the pressure from currency leakage during the festive season, even as the RBI may continue to conduct Variable Rate Repos (VRR) to manage intermittent tightness.
- The Monetary Policy Committee (MPC) is likely to maintain status quo on rates in October 2025, although it may pare its inflation forecasts to factor in the impact of the GST rejig. ICRA expects India's 10Y G-sec yield to trade at 6.40-6.60% in the near term, amid expectations that the Centre will stick to its borrowing plan for FY2026. With long-term yields likely to remain sticky amid fiscal concerns, expectations of an extended pause on rate cuts, and the prevailing demand-supply concerns, the yield curve may remain steep in the near term.

# Education: Half a Decade Later – NEP 2020s phased implementation continues with mixed outcomes for educational publishing

## Exhibit: NEP 2020 opened-up several new income avenues for book publishers

**01 Curriculum overhaul –**  
Emphasis on multidisciplinary and competency-based learning provides opportunity for new textbooks and learning materials across subjects and for integrated content that blends science, arts, and vocational education.

**02 Increased demand for regional language books**  
- Emphasis on mother tongue instruction in early education creates demand for regional language publishing and scope for translating existing content and creating original vernacular materials.

**03 Vocational and Skill-Based Content** - New focus on vocational education from Grade 6 onwards opens avenues for skill-based publishing; opportunity to partner with industries for certification-aligned content.

**04 Teacher training material -**  
Continuous Professional Development (CPD) for teachers requires specialised guides, manuals, and pedagogy books.

**05 Digital publishing and opportunities for EdTech collaboration** - Technology integration in education will lead to rise of e-books, audiobooks, and interactive content; publishers can also expand into ed-tech collaborations, learning management system (LMS) integration, and multimedia.

## Exhibit: Challenges

**Frequent Curriculum Changes** - NEP's flexible and evolving framework means frequent updates to textbooks and materials; publishers must stay agile and responsive to policy shifts.

**Standardisation vs. Localisation** - Balancing national curriculum standards with local cultural relevance is complex; risk of content rejection or revision by state boards.

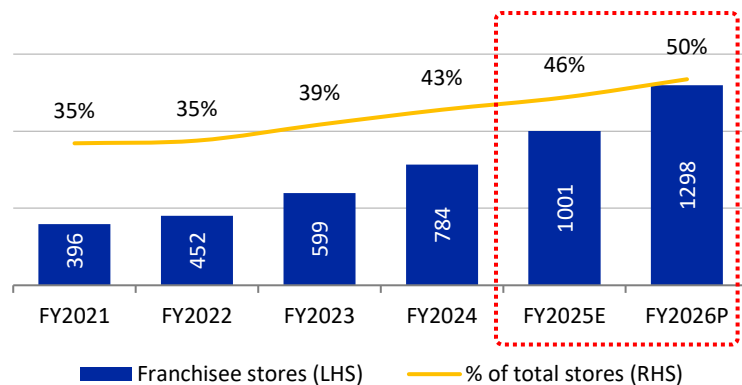
**Digital Transition Costs** – Shifting to digital formats requires investment in technology, design, and platforms; smaller publishers may struggle with this transition.

**Regulatory Oversight** - NEP 2020 introduced centralised oversight through bodies like NCERT and proposed regulators like NHERC; school publishers may face content scrutiny and approval delays due to alignment with NCrF.

**Competition from Open Educational Resources (OER)** - Government push for free digital content may reduce demand for commercial textbooks.

# Jewellery: Franchisee model – reshaping the gold jewellery retail industry

**Exhibit 2: Trend in retail expansion through franchisee route by ICRA’s sample set companies**



Source: Company data; ICRA Research

**Exhibit 3: Store additions by major jewellery retailers**

Company	Net Additions in FY2023	Net Additions in FY2024	Net Additions in FY2025	Expected Additions in FY2026 ^
Kalyan Jewellers Limited	28 (22)	71 (23)	135 (108)	40-42% of existing stores
Manoj Vaibhav Gems 'N' Jewellers Limited	1 (0)	2 (0)	6 (-1)	23-25% of existing stores
Senco Gold Limited	9 (3)	23 (6)	16 (6)	9-11% of existing stores
Thangamayil Jewellery Limited	3 (0)	4 (0)	2 (0)	12-14% of existing stores
Titan Company Limited*	181 (121)	174 (116)	154 (102)	13-15% of existing stores
Tribhovandas Bhimji Zaveri Limited	1 (0)	1 (0)	2 (2)	22-24% of existing stores

Source: Company data; ICRA Research; figures in brackets denote franchisee stores

- After a brief hiatus in FY2021 and FY2022, owing to the pandemic-induced business uncertainties, the organised jewellery retailers accelerated their retail expansion over the past three years. ICRA’s sample of 14 large jewellers is estimated to have opened around 353 new showrooms in FY2025 (around 19% of the existing showrooms as on March 31, 2024). The momentum is likely to continue with the jewellers expected to add 17-19% to their retail network as on March 31, 2025, during FY2026. Of this, around 50% addition is expected to be by way of franchisee stores.
- Most large jewellers are opting for the franchisee model to expand into new markets, given the twin benefits of low capital expenditure and knowledge of the local market with the franchisee partner. Share of franchisee stores for ICRA’s sample set companies saw a steady growth from 35% in FY2021 to 46% in FY2025E, indicating rapid expansion through the franchisee route.

\*ICRA’s sample set of 14 major gold jewellery retailers - AVR Swarnamahal Jewelry Limited, GRT Group, Jos Alukkas India Private Limited, Joyalukkas India Limited, Kalyan Jewellers India Limited, Lalithaa Jewellery Mart Private Limited, Manoj Vaibhav Gems 'N' Jewellers Limited, M/s. Purushottam Narayan Gadgil, PC Chandra Group, P.N. Gadgil & Sons Limited, Senco Gold Limited, Thangamayil Jewellery Limited, Titan Company Limited (only the jewellery segment, including Caratlane Trading Private Limited), Tribhovandas Bhimji Zaveri Limited; FY2025 data is estimates as some companies in the sample set are unlisted companies, where actual data is not yet available

## H-1B reforms will reshape Indian tech hiring models



Policy changes may push Indian IT services companies towards hybrid and remote-first strategies, reducing reliance on US placements. Moreover, companies may also look at expanding nearshore operations for servicing their US clients.

## HIRE Act tax could disrupt India's IT export engine



A high outsourcing tax may force Indian IT services companies to automate, renegotiate contracts, or lose some of their US business share.

## India's tech sector will pivot toward diversification and AI



To offset US policy risks, Indian IT services companies are expected to expand into new markets and accelerate AI-driven innovation.

## Mixed impact on GCCs



Global MNCs have already been expanding their GCC footprint in India in recent years and the significant fee hike for H-1B visa is likely to further accelerate offshoring work to GCCs. However, this may be tempered to some extent by potential imposition of any material outsourcing tax under the HIRE Act.

# State finances: Timing of proposed GST rate changes to guide revenue growth, size of states' fiscal deficit in FY2026

Exhibit: Trends in key fiscal indicators in FY2026 BE, Apr-Jul FY2026 and embedded trends for Aug-Mar FY2026 for 19 states

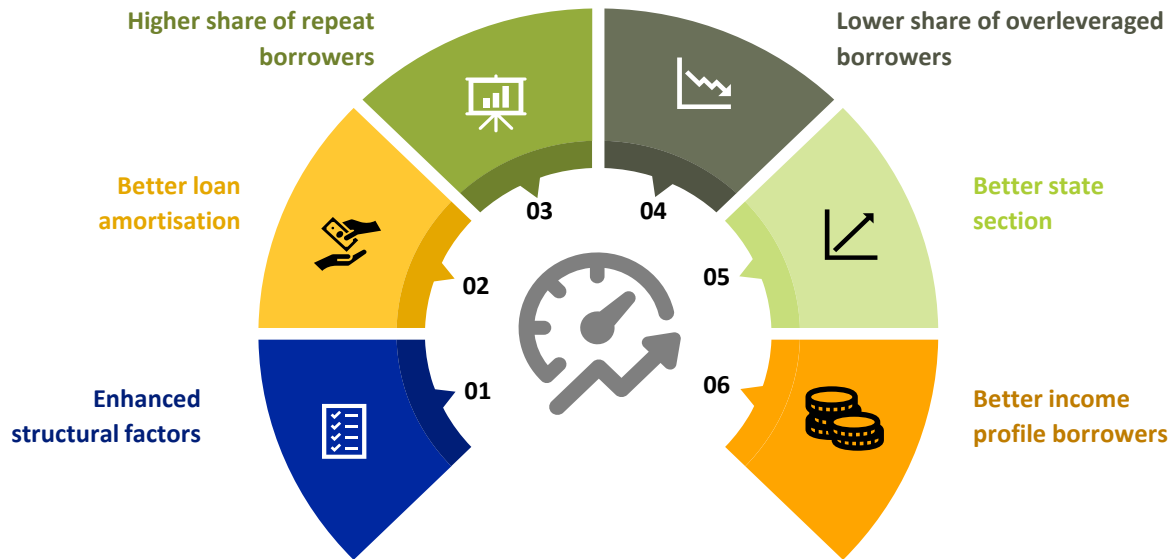
Amount in Rs. Trillion	FY2026 BE (A)	Apr-Jul FY2026 (B)	Share (B as % of A)	Aug-Mar FY2025 (D)	Aug-Mar FY2026 Est. (E=A-B)	YoY Growth (E/D)
Revenue Receipts	44.2	11.4	26%	25.7	32.8	27.8%
Revenue Expenditure	45.5	12.1	27%	27.5	33.4	21.6%
Revenue Balance	-1.3	-0.7	55%	-1.8	-0.6	
Capital Outlay & Net Lending	9.6	1.5	16%	6.0	8.1	35.4%
Fiscal Balance	-10.7	-2.3	21%	-7.8	-8.4	

- Based on the FY2026 BE target, the pace of growth of the revenue receipts of the 19 states would have to increase to ~28% during Aug-Mar FY2026 from ~7% during Aug-Mar FY2025. The state governments' revenue expenditure will need to grow by ~22% during Aug-Mar FY2026 to meet the BE, compared to the ~8% growth during Aug-Mar FY2025. The capital outlay and net lending of the 19 states would have to expand by a sharp ~35% during Aug-Mar FY2026 to meet the budgeted target for the fiscal compared to a ~15% growth in Aug-Mar FY2025.
- At present, revenues and expenditures appear quite likely to undershoot the FY2026 BE. The implications for fiscal deficit and borrowings will become clearer over the next couple of months.

Source: CAG; State Budgets; ICRA Research

# Structured finance: Tighter pool selection and structural enhancements support MFI pool performance amidst challenging environment

Exhibit: Some factors supporting better rated pool performance vis-a-vis the portfolio



- Microfinance loan securitisation volumes rose by 10% in Q1 FY2026 after declining in FY2025 on account of the investor aversion and muted appetite, given high stress seen in the industry.
- While direct assignment (DA) remains the preferred securitisation route, for the first time in Q1 FY2026, PTC volumes crossed those of DA. There has been a preference for PTC issuances among better-rated originators.

Source: ICRA Research



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