

Monthly Research Compendium

MARCH 2026

#35YearsofUnwaveringCredibility





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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 February 2026

Banking: RBI's risk-based premium framework for deposit insurance to enhance profitability of stronger banks

Economy: Gold import-led surge in merchandise trade deficit in January 2026 set to squeeze India's current account surplus in Q4 FY2026





Pharma: India's CRDMO industry to expand by 15% per annum over the next decade


































Real estate: Hyderabad office market poised for 13 msf absorption, 16 msf supply in FY2027

Real estate: MMR to maintain lowest vacancy levels among top six office markets by FY2027

Real estate: Launches in MMR likely to bounce back and rise by 7-10% in FY2027

State finances: States' capex growth projected at healthy 16-18% in FY2026, albeit sharply trailing the BE

 Positive	
	Capital goods
	Defence
	Hospital
 Negative	
	Power – distribution
	Chemicals (basic)
	Chemicals (petrochemicals)
	Cut & polished diamonds
	NBFC-Microfinance Institutions (NBFC-MFI)
	Paper - Printing and writing paper

 Stable					
	Construction & construction equipment		Tyres		Media – broadcasting
	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		Textile (apparel exports)		

Note: NBFC - Non-Banking Financial Companies

Banking: RBI's risk-based premium framework for deposit insurance to enhance profitability of stronger banks



DICGC, with the approval of the RBI, is going to implement the RBP framework with effect from April 1, 2026. Since inception, DICGC has been levying a flat rate premium, last revised in April 2020 to Rs. 0.12 per Rs. 100 of assessable deposits (AD), on all banks. However, it would now implement a differential pricing framework from April 1, 2026.



The RBP framework will incentivise sound risk management by banks as better managed banks will be levied a lower premium than the card rate of Rs. 0.12 per Rs. 100 of AD.



The RBP framework will primarily categorise banks based on their risk score and will provide additional benefits as per vintage. The effective premium rate will be:

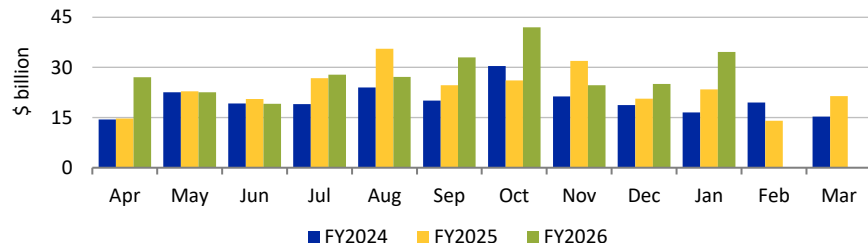
$$\text{Effective rate} = \text{Card rate} * (1 - \text{Risk model incentive}) * (1 - \text{Vintage incentive})$$



Based on the above framework, stronger banks will pay less while weaker banks will pay more. ICRA believes that the framework would give stronger banks a slight cost advantage over weaker banks and will encourage banks to adopt good risk management practices. Hence, the overall system will become safer.

Economy: Gold import-led surge in merchandise trade deficit in January 2026 set to squeeze India's current account surplus in Q4 FY2026

Exhibit: With import growth (+19.2%) sharply outpacing exports (+0.6%), India's MTD widened to \$34.7 billion in January 2026; it also exceeded the monthly average of \$28 billion/month in 9M FY2026



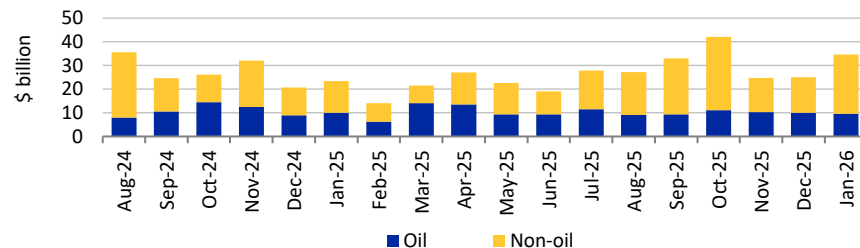
Source: Ministry of Commerce and Industry, GoI; CMIE; ICRA Research

Exhibit: The MTD aggregated to \$283.2 billion in 10M FY2026, 14.5% higher than \$247.4 billion in the year ago period, largely driven by the non-oil segment, which surged by 24% YoY

\$ billion	10M FY2025	10M FY2026	YoY (%)
Trade deficit	247.4	283.2	14.5%
---Oil deficit	102.1	103.1	1.0%
---Non-oil deficit	145.3	180.1	24.0%

Source: Ministry of Commerce and Industry, GoI; CMIE; ICRA Research

Exhibit: YoY uptick in MTD in January 2026 was entirely led by the non-oil segment (to \$25.0 bn from \$13.5 bn; gold imports contributed ~81%), while deficit in the oil segment narrowed (to \$9.6 bn from \$10.0 bn)

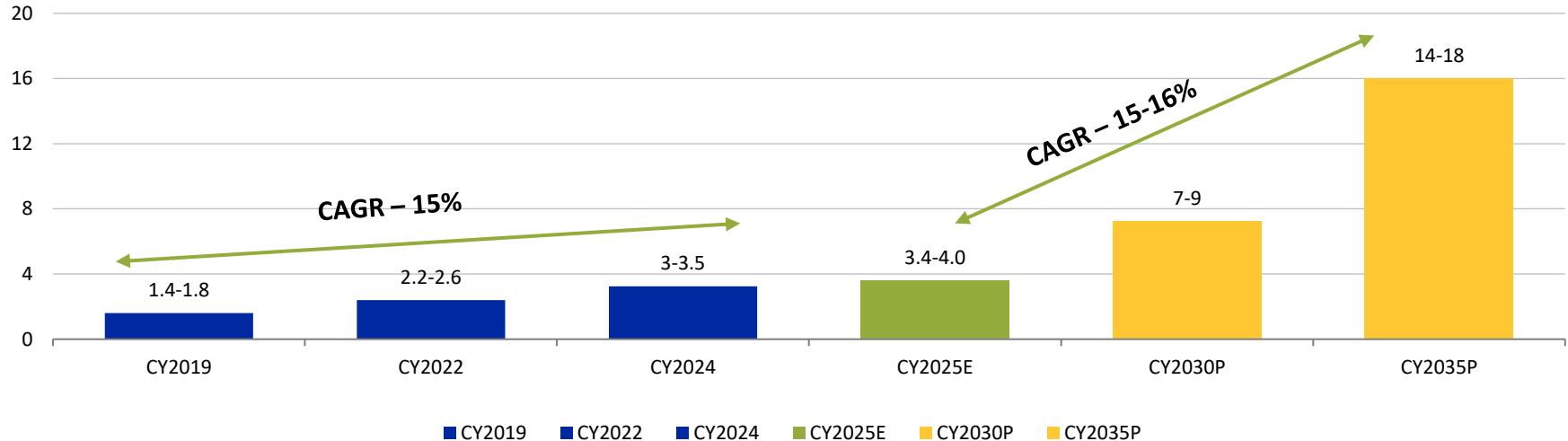


Source: Ministry of Commerce and Industry, GoI; CMIE; ICRA Research

- Despite the anticipated healthy services trade surplus, this unusually high MTD for January 2026 is likely to limit the extent of the current account surplus in Q4 FY2026, unless the prints for February and March 2026 cool significantly. **Overall, ICRA expects India's CAD to be slightly below 1% of GDP in FY2026.**
- Looking ahead, the recently concluded India-EU FTA is likely to enhance the price competitiveness of India's exports across labour-intensive (garments, textiles, agri, etc.), engineering and high-end manufacturing sectors over the medium term. Further, the announcement of India-US trade deal would augur favourably for India's export growth in FY2027, although final details on the same are awaited.

Pharma: India's CRDMO industry to expand by 15% per annum over the next decade

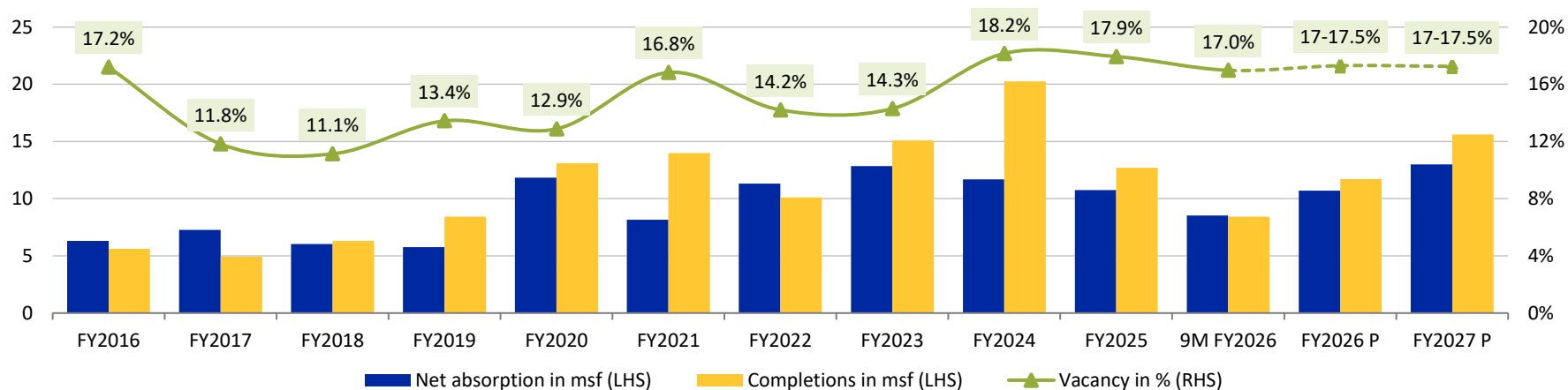
Exhibit: Trend in the Indian CRDMO industry (in \$ billion)



- Between CY2019 and CY2024, India's CRDMO industry demonstrated a healthy CAGR of around 15%, driven by rising global outsourcing and its competitive cost structures.
- The size of the domestic CRDMO market was \$ 3.0-3.5 billion in CY2024, and ICRA expects it to grow at a robust CAGR of 15-16% to \$ 14-18 billion by CY2035. This surge is underpinned by India's growing expertise in complex generics, biologics and speciality APIs, as well as rising demand from global pharmaceutical companies seeking alternative reliable and scalable partners.

Real estate: Hyderabad office market poised for 13 msf absorption, 16 msf supply in FY2027

Exhibit: Trends in incremental supply, net absorption and vacancy for Hyderabad

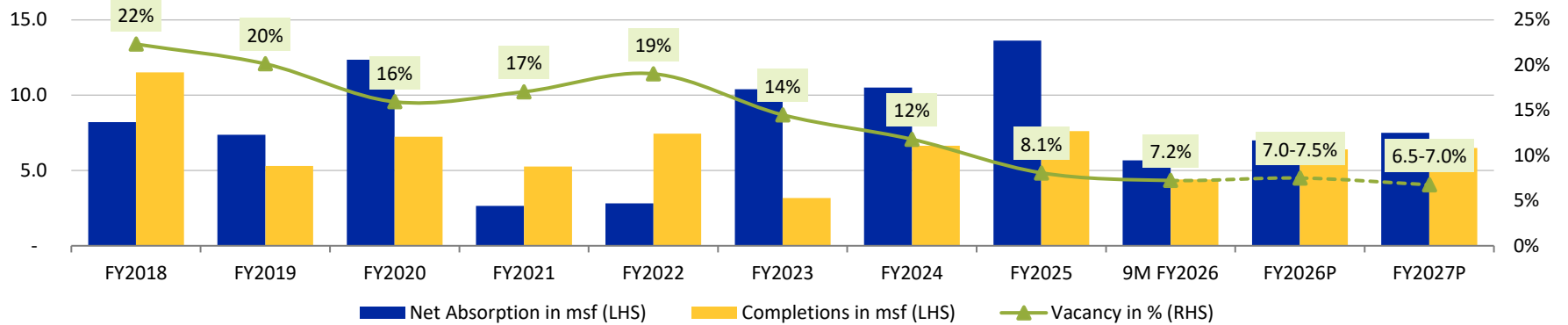


Source: Propequity, ICRA Research; P- Projected

- Hyderabad's office market witnessed 12.7 msf of fresh Grade-A supply in FY2025 and another 8.4 msf in the first nine months of FY2026, compared with net absorption of 10.7 msf and 8.5 msf, respectively. With absorption keeping pace with high supply, vacancy levels eased to nearly 17% as of December 2025, down from a peak of 18.2% in March 2024, while remaining elevated. The unlimited Floor Space Index (FSI) has allowed developers to build more, boosting office supply in Hyderabad.
- As of December 2025, Hyderabad's total Grade-A office stock stood at around 170 msf. Of this, IT special economic zones (SEZs) accounted for ~57 msf with an occupancy of ~80%, while the non-SEZ segment comprised of ~113 msf at an ~84% occupancy.

Real estate: MMR to maintain lowest vacancy levels among top six office markets by FY2027

Exhibit: Trends in incremental supply, net absorption and vacancy for MMR



Source: Propequity, ICRA Research; P- Projected

- As of December 2025, MMR's total Grade-A office stock stood at around 191 msf. Of this, IT special economic zones (SEZs) accounted for ~15 msf with an occupancy of ~90%, while the non-SEZ segment constituted ~176 msf at an ~93% occupancy.
- MMR, being the financial hub of India, continues to be one of the most preferred destinations for front office operations of major companies as reflected by the lower vacancy levels, despite the highest average rental rates across the top six cities. The region recorded 7.6 msf of fresh Grade-A office supply in FY2025 and 4.4 msf in 9M FY2026, against net absorption of 13.6 msf and 5.7 msf. This resulted in the improvement in occupancy level to 92.8% as of December 2025 from 88.2% as of March 2024, driven by healthy demand from BFSI and IT-BPM segments. Despite the expected total supply of ~8.5 msf in Q4 FY2026 and FY2027, occupancy levels are projected to rise to 93-93.5% by March 2027, backed by continued healthy leasing momentum.

Real estate: Launches in MMR likely to bounce back and rise by 7-10% in FY2027

Exhibit: Yearly trend in new launches in MMR (in msf)

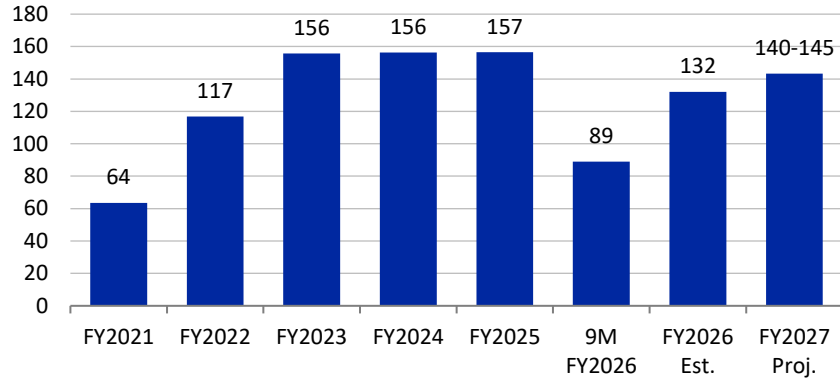
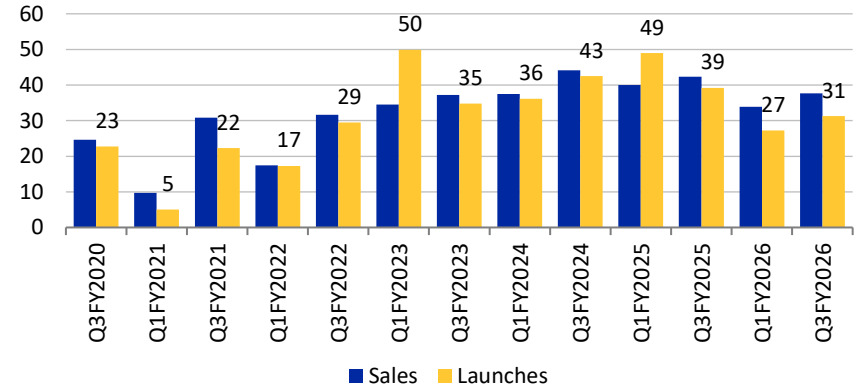


Exhibit: Quarterly trend in area sold and area launched in MMR (in msf)



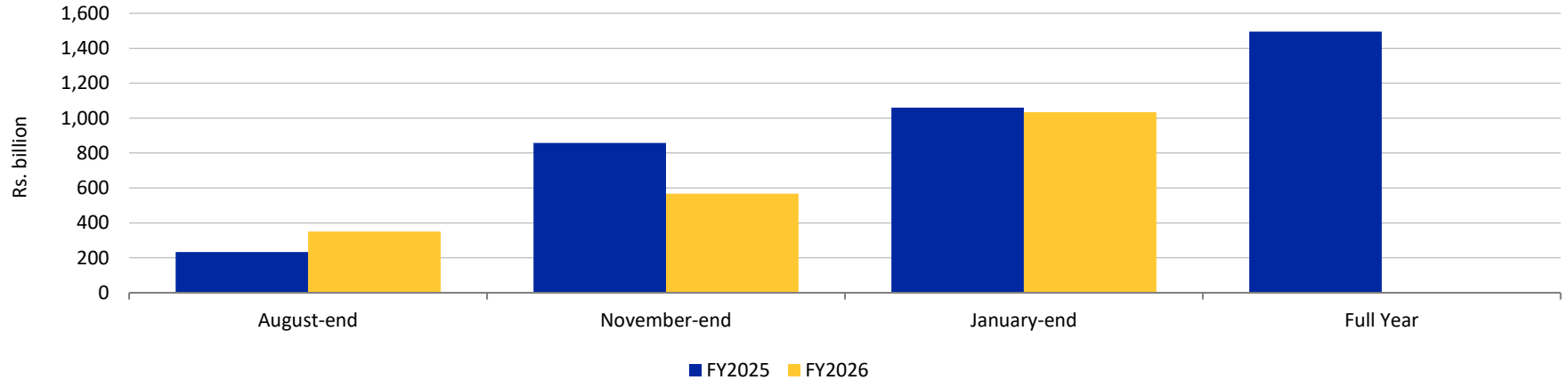
Source: ICRA Research and Propequity

- Launches in MMR remained strong till Q4 FY2025 and the overall launches were stable at around 156-157 msf during FY2023-2025.
- New launches declined sharply by 25% YoY in 9M FY2026, owing to delays in approvals majorly pertaining to environmental clearances due to the NGT's January 2025 order* and Brihanmumbai Municipal Corporation (BMC) elections in January 2026. The NGT issue was resolved in August 2025. The launches gradually improved on a QoQ basis to 31 msf in Q3 FY2026 from 27 msf in Q1 FY2026 and are likely to further improve in Q4 FY2026 and FY2027.
- While ICRA estimates the launches in FY2026 to decline by 15-17%, they are projected to rebound in FY2027 with a growth of 7-10%, supported by spillover of launches, continued preference among buyers for luxury homes, majorly in Rs. 3.5-6.0 crore ticket size, and various infrastructure upgrades in the region.

*NGT's order in January 2025 mandated that residential projects within a 5-km radius of eco-sensitive zones (ESZs), wildlife sanctuaries, and severely polluted areas must obtain environmental clearance from the Central Government, rather than the State Environment Impact Assessment Authority (SEIAA).

State finances: States' capex growth projected at healthy 16-18% in FY2026, albeit sharply trailing the BE

Exhibit: Trends in capex loans to all states and UTs



- Under the 50-year interest-free capex loan scheme, the Gol had budgeted for a transfer of Rs. 1.5 trillion in FY2026 BE. Till August 11, 2025, the Gol had transferred Rs. 350 billion as capex loan to all states. This increased to Rs. 568 billion by November 27, 2025 and to Rs. 1.0 trillion by January 27, 2026 (78% for ICRA's sample set).
- In the Union Budget for FY2027, the Gol has retained the budgeted target allocation of capex loans. Accordingly, to meet the RE target of Rs. 1.5 trillion for FY2026, Rs. 466 billion now remains to be disbursed to the states in February–March FY2026. This will be marginally higher than the Rs. 436 billion released to states during February–March FY2025.
- Factoring in a back-ended release of capex loan (Rs. 466 billion), and the continued momentum of capital spending by states in Q4 FY2026 in line with the previous quarter, we expect a 20-25% YoY growth in such spending in Q4 FY2026. Overall, this would translate into total capital spending of Rs. 8.5-8.7 trillion in FY2026 (88-90% of Rs. 9.6 trillion in BE) and a YoY growth of 16-18%.

Source: State Budgets; Lok Sabha; Union Budget; CAG; ICRA Research



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