ICRA

35 Years of Unwavering Credibility

Monthly Research Compendium

APRIL 2026

#35YearsofUnwaveringCredibility

Monthly Research Compendium

Click to Provide Feedback

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

Summary

ICRA's sectoral outlook FY2027

Auto components: Growing and aging vehicle parc to drive sustained growth in auto aftermarket

Cut and Polished Diamonds: ICRA expects share of LGD to rise to 10-12% of total polished diamond exports over the next 2-3 years

Economy: Early trends for Q4 FY2026 were positive prior to onset of West Asia conflict; energy price surge set to worsen domestic macros in FY2027

Real estate – Residential: Regulatory reforms drive gradual easing of stalled inventory

Roads: ~Rs. 1.4 trillion of highway PPP projects delayed amid execution bottlenecks

State Finances: Weighted average SGS cut-off rose by 12 bps to 7.32% in FY2026 despite 100 bps cut in Repo rates during the year

Textiles: India apparel exports – Opportunity amid trade and geopolitical cross-currents

Outlook FY2027

ICRA

Positive

Capital goods
Defence
Hospitals

Negative

Power – Distribution
Chemicals (basic)
Chemicals (petrochemicals)
Cut & polished diamonds
NBFC-Microfinance institutions (NBFC-MFI)
Paper - Printing and writing paper
Airlines
Fertilisers
Refining and marketing

Stable

Construction & construction equipment	Tyres	Retail (fashion)
Cement	Renewable energy/Power transmission/Thermal	Insurance (life & general)
Ferrous metals	Upstream oil & gas	Airport infra
Non-ferrous metals	Oil & gas	IT services
Roads & road logistics	Gas utilities	Telecom services
Real estate – Residential, commercial & retail	Ports	Telecom towers
Jewellery – Retail	Pharma	Chemicals (speciality)
Brokerage	Sugar	Banks
Automobile & automobile dealership	Bulk tea	NBFCs (infra, retail NBFCs, HFC) & SFB
Auto components	Textile (apparel exports)	
Hotels	Media – Broadcasting	

Note: NBFC - Non-Banking Financial Companies

Auto components: Growing and aging vehicle parc to drive sustained growth in auto aftermarket

ICRA

Exhibit: Indian automotive vehicle parc by vehicle type

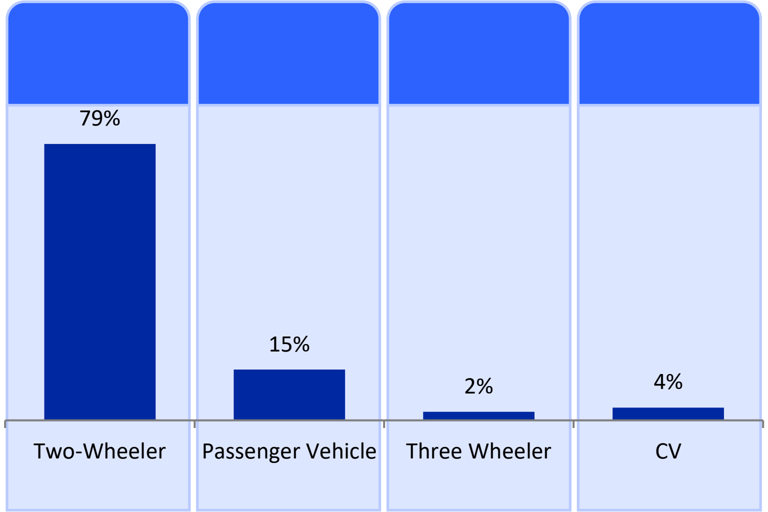
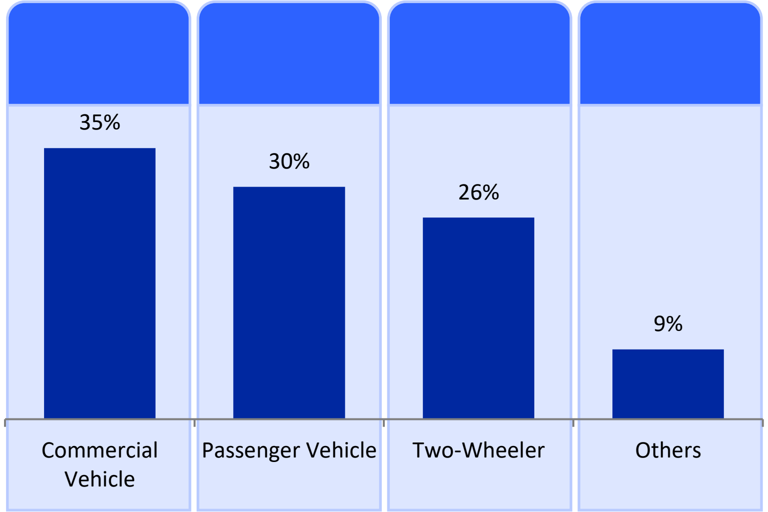


Exhibit: Indian automotive aftermarket share by vehicle type



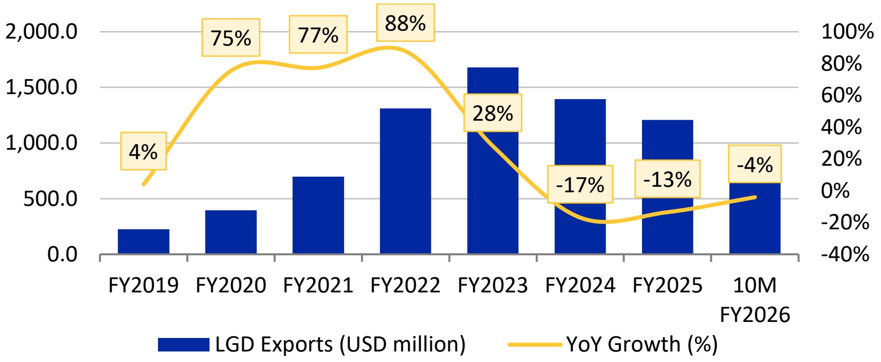
- Two-wheelers dominate India's vehicle population in volume terms because of affordability and suitability for daily mobility.
- Commercial vehicles lead the aftermarket in value, driven by intensive usage cycles, higher wear-and-tear and frequent replacement of critical components.
- Passenger vehicles also account for a substantial share of the aftermarket, supported by their large vehicle parc, rising feature sophistication and growing demand for quality replacement parts.

Source: SIAM, ACMA, ICRA Research

Cut and polished diamonds: ICRA expects share of LGD to rise to 10-12% of total polished diamond exports over the next 2-3 years

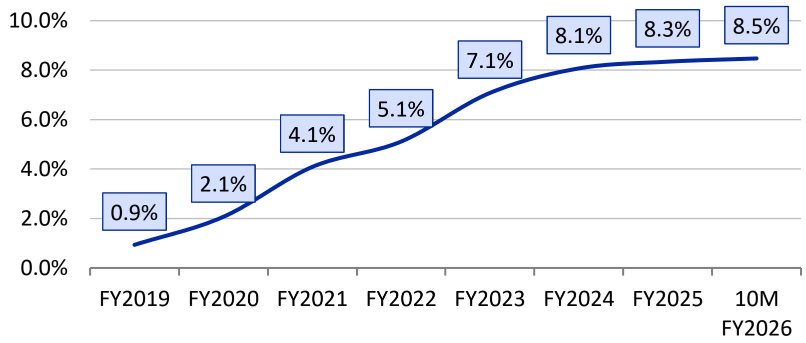
ICRA

Exhibit: Annual LGD exports from India (in $ million)



Source: GJEPC; ICRA Research

Exhibit: Yearly trend in share of LGD exports from India



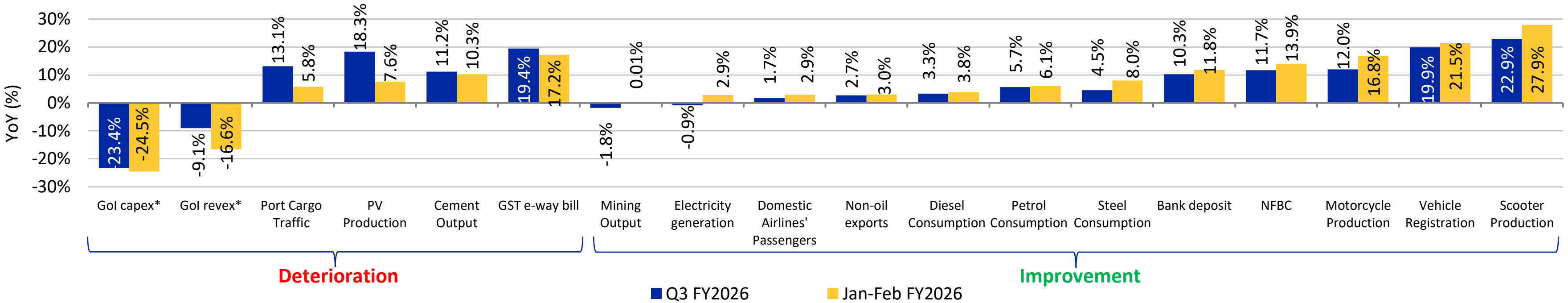
Source: GJEPC; ICRA Research ; % share of LGD is calculated as LGD exports/(LGD + CPD exports)

- Indian lab grown diamond (LGD) exports have grown at a healthy compounded annual growth rate (CAGR) of 32% during FY2019–FY2025, accounting for 8.3% of India's total CPD exports in FY2025.
- The polished LGD prices have continuously declined in recent years due to technological innovation and increased competition. ICRA's channel check suggests that prices of LGDs are around 90% lower than natural diamonds.
- As shown in above Exhibit, LGD exports from India witnessed a healthy growth till FY2023, driven by increasing acceptance owing to their affordability. However, subsequently, the demand headwinds in the key consuming nation (US) also impacted LGD exports.
- ICRA's channel check suggests that LGDs now dominate the US engagement ring market, accounting for more than 50% of the total engagement rings, driven by growing demand from younger consumers (millennials and Gen Zs) for affordable and sustainable products.
- LGD exports from India are expected to grow faster than overall CPD exports, aided by attractive price points and sustainable nature, among others. ICRA expects LGD exports from India to reach about 10-12% of the total polished diamond exports (LGD + natural diamonds) over the next 2-3 years.

Economy: Early trends for Q4 FY2026 were positive prior to onset of West Asia conflict; energy price surge set to worsen domestic macros in FY2027

ICRA

Exhibit: YoY performance of high frequency non-agri indicators in Q3 and January-February FY2026

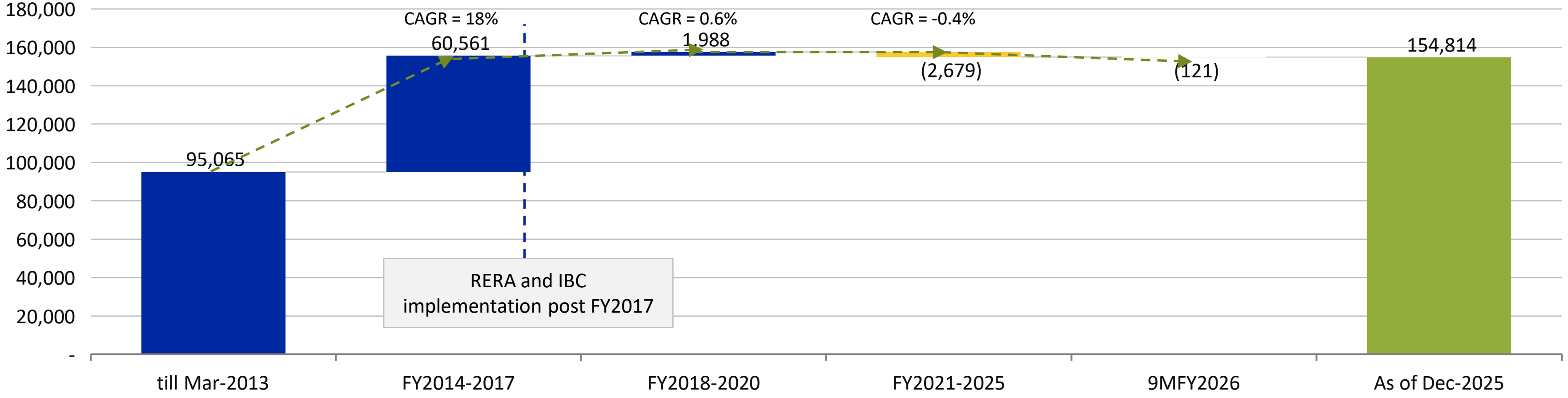


**Data available for January 2026 only; NFBC: Non-food bank credit; GoI's revex excludes interest and subsidy payments; Source: CIL; Ministry of Commerce, GoI; Indian Railways; Indian Ports Association; JPC; RBI; PPAC; CMIE; PPAC; CEA; GSTN; DGCA; Ministry of Road Transport and Highways; CEIC; ICRA Research*

- The available data for January-February FY2026 indicates a positive trend across a majority of non-agri indicators, with the YoY performance of as many 12 of the 18 indicators witnessing an improvement vis-à-vis Q3 FY2026, while the remaining six saw a deterioration.
- The YoY performance of 2W production and vehicle registrations increased in January-February FY2026 vis-à-vis Q3 FY2026, remaining in double digits, owing to the improved affordability post the GST rate cuts, marriage-season demand as well as healthy crop output aiding the output of the former. Additionally, some trade and transport related indicators such as non-oil exports (while remaining tepid owing to contraction in January 2026), domestic airline passenger traffic (T20 Men's world cup and the AI Summit-related uptick in travel), as well as petrol and diesel consumption (aided by a low base) also saw a better performance during this period.
- In contrast, the YoY performance of six indicators saw a deceleration during January-February FY2026 compared to Q3 FY2026, including a contraction in the GoI's non-interest non-subsidy revenue expenditure and capex, dampened by a high base (amid back-ended expenditure in FY2025), followed by a lower pace of expansion in ports cargo traffic, PV production, cement output (unfavourable base), and GST e-way bills generation, with the latter two remaining quite healthy.

Real estate – Residential: Regulatory reforms drive gradual easing of stalled inventory

Exhibit: Stalled inventory trends in pre-RERA, post-RERA and recent years across top 7 cities (in units)



- The stalled inventory grew at a CAGR of 18% during FY2014–FY2017, amid the prevailing slowdown in the real estate sector. Following the implementation of RERA guidelines in May 2017, the growth in the stalled inventory moderated sharply to a marginal CAGR of 0.6% during FY2018–FY2020. Further, the industry consolidation and allocation of the projects to SWAMIH fund for completion of stalled projects have led to some reduction in the stalled inventory during FY2021–9M FY2026.
- Currently, around 90% of the stalled inventory pertains to the projects launched before FY2017.

Source: ICRA Research and Propequity

Roads: ~Rs. 1.4 trillion of highway PPP projects delayed amid execution bottlenecks

Execution stress persists in ongoing HAM projects

- Of the sample 254 projects awarded during FY2022–FY2025, around 84% have achieved AD as of February-end 2026, and 146 projects (representing 68% of the projects where AD has been announced) have witnessed execution delays**. The aggregate awarded cost (or the BPC) of these delayed projects** is around Rs. 1.4 trillion. These projects are currently spread across different stages of their life cycle, ranging up to 99% physical execution as of February-end 2026.
- In terms of project length, delayed projects represent ~55% of the aggregate awarded length of 9,209 km. While the scheduled timeline for some projects has not yet fallen due, several projects already exhibit slippages based on the current progress against the time elapsed, and revised or likely completion timelines indicated by the NHAI.
- In addition, projects aggregating to Rs. 340.4 billion (BPC), awarded during the FY2022-2025 period are yet to achieve AD, indicating continued pre-construction bottlenecks related to land clearances.

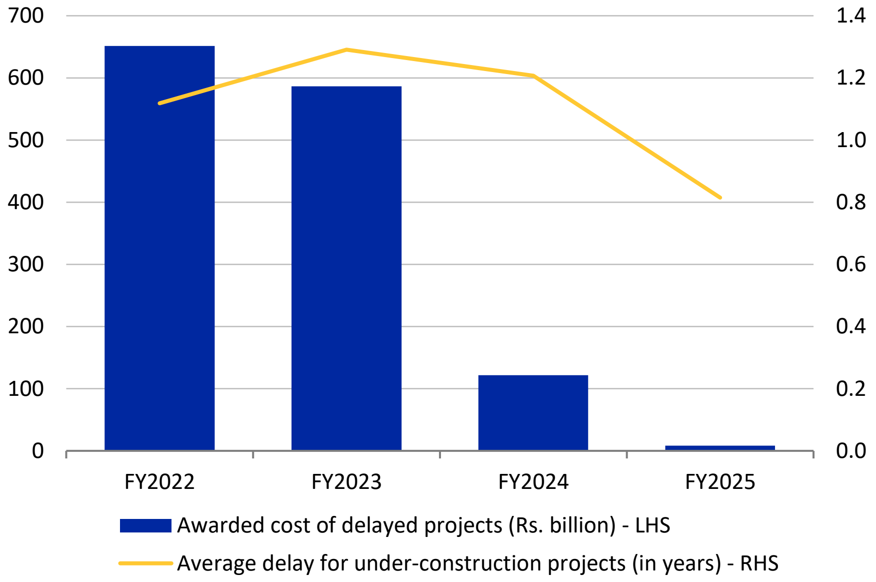
Project-level credit metrics under pressure

Owing to delays in projects, the cost-overrun (due to idling cost and higher IDCs) has a direct bearing on the project IRR and coverage metrics. The viability of the projects, which were aggressively bid, gets adversely impacted due to continuing delays.

Performance remains sponsor-differentiated

Sponsors with stronger balance sheets are better placed to withstand cost/time overruns compared to the leveraged developers.

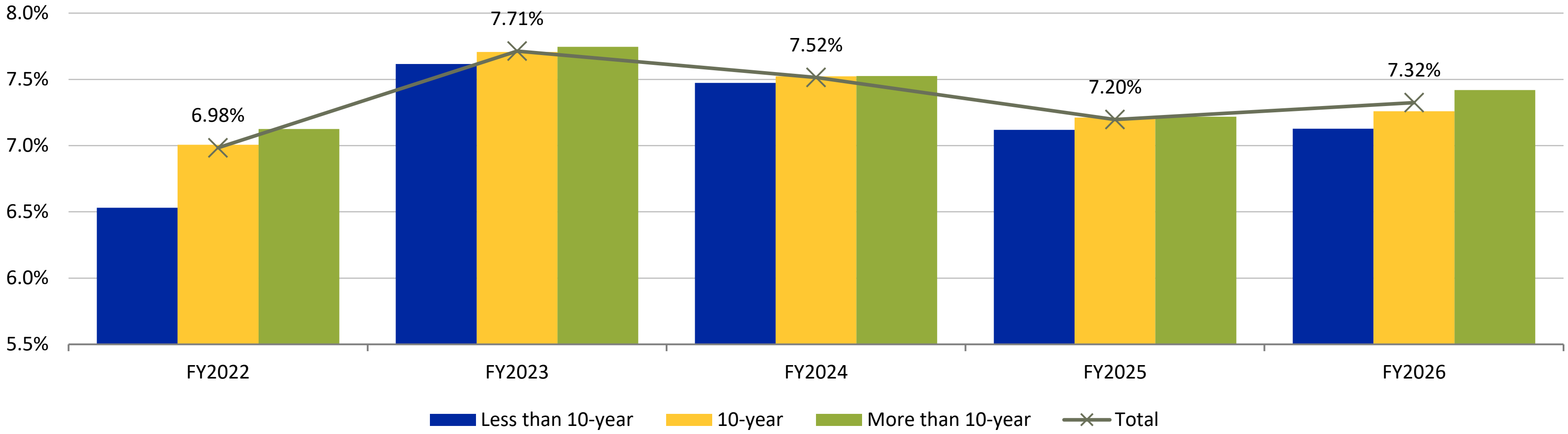
Exhibit: Value of delayed projects awarded during FY2022-FY2025



*Source: ICRA Research; **Delayed projects include those where the likely completion date extends beyond the originally SCOD, as well as projects where the gap between time elapsed since AD and physical progress exceeds 20%. Note: The analysis includes only the projects where physical progress is 99% and below, as of February 2026.*

State Finances: Weighted average SGS cut-off rose by 12 bps to 7.32% in FY2026 despite 100 bps cut in Repo rates during the year

Exhibit: Weighted average cut-off of SGS issuance for all states/UTs



- The WAC of SGS rose by ~12 bps to 7.32% in FY2026 from 7.20% in FY2025 even as the Repo rate declined by 100 bps between April and December 2025.
- While the WAC of less-than 10-year SGS inched up mildly to 7.13% in FY2026 from 7.12% in FY2025, the cost of longer tenor securities increased sharply. The WAC of more-than 10-year SGS hardened to 7.42% in FY2026, up ~20 bps from 7.22% in FY2025. The WAC of 10-year SGS recorded a modest increase of ~5 bps to 7.26% in FY2026.
- Moreover, the WAC of more-than 10-year SGS in FY2026 was substantially higher than that for 10-year SGS, unlike the pattern seen in recent years, indicating a steeping of the yield curve.

Source: RBI; ICRA Research

Textiles: India apparel exports – Opportunity amid trade and geopolitical cross-currents

Exhibit: Projected revenues and profitability for ICRA's sample set – Sep 2025

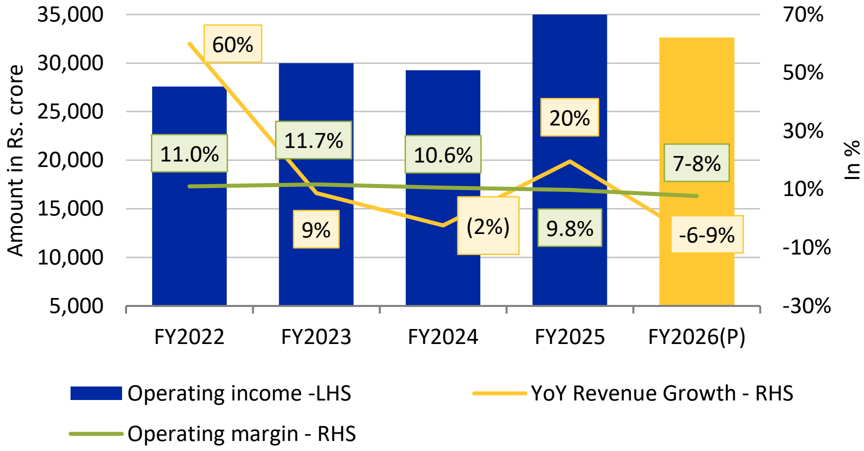
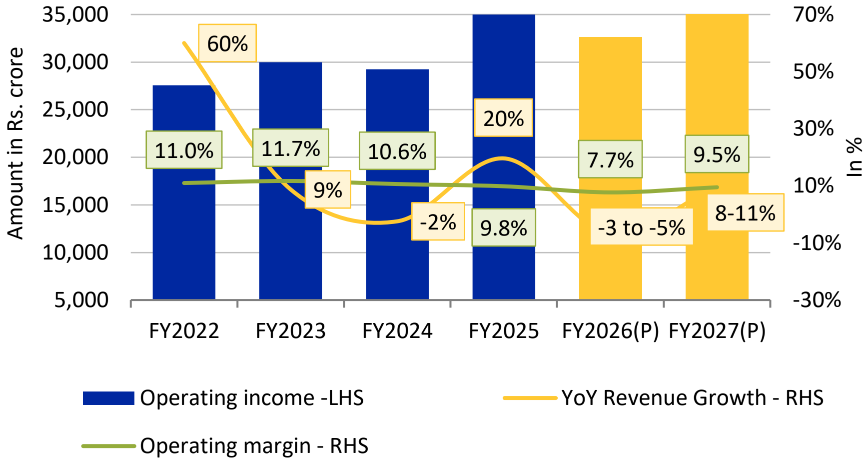


Exhibit: Projected revenues and profitability for ICRA's sample set – revised



- The outlook on the Indian apparel sector was revised to Negative in September 2025, with an estimated 6-9% decline in industry revenues in FY2026 and a further decline in FY2027, had the elevated tariff regime persisted.
- With the reduction in tariff rates and the depreciation of the INR against the USD, the extent of the decline is now forecast at a more moderate 3-5% level. Amid the expectation of a stable operating environment, revenues are projected to rebound in FY2027, with an estimated YoY growth of 8-11%.
- Concurrently, the operating profit margins (OPM), which are expected to compress by about 200 bps to around 7.7% in FY2026, are likely recover to around 9.5% in FY2027, which has prompted the restoration of a *Stable* outlook.

Source: Ace Equity, Annual Reports and Published Financial Results, ICRA Research; ICRA's sample comprises of 13 listed and six unlisted companies

Click to Provide Feedback

Analytical Contact Details

Name	Designation	Email	Contact Number
Aditi Nayar	Chief Economist, Head – Research and Outreach	aditin@icraindia.com	0124 - 4545 385
Madhura Nejjur	Assistant Vice-President	madhura.nejjur@icraindia.com	022 - 6114 3417

Business Development/Media Contact Details

Name	Designation	Email	Contact Number
L Shivakumar	Chief Business Officer	shivakumar@icraindia.com	022-61693304
Sai Krishna	Head - Research Sales and Investor Connect	sai.krishna1@icraindia.com	9840774883
Rohit Gupta	Head Business Development – Infrastructure Sector	rohitg@icraindia.com	0124-4545340
Vivek Bhalla	Head Business Development – Financial Sector	vivek.bhalla@icraindia.com	022-61693372
Vinita Baid	Head Business Development – East	vinita.baid@icraindia.com	033-65216801
Shivam Bhatia	Head Business Development – Corporate Sector – North & South	shivam.bhatia@icraindia.com	0124-4545803
Sanket Kulkarni	Head Business Development – Corporate Sector – West	sanket.kulkarni@icraindia.com	022-6169 3365
Naznin Prodhani	Head - Group Corporate Communications & Media Relations	communications@icraindia.com	0124-4545860

ICRA

35 Years of Unwavering Credibility

© Copyright, 2026 ICRA Limited. All Rights Reserved.

All information contained herein has been obtained by ICRA from sources believed by it to be accurate and reliable. Although reasonable care has been taken to ensure that the information herein is true, such information is provided 'as is' without any warranty of any kind, and ICRA in particular, makes no representation or warranty, express or implied, as to the accuracy, timeliness or completeness of any such information. Also, ICRA or any of its group companies, while publishing or otherwise disseminating other reports may have presented data, analyses and/or opinions that may be inconsistent with the data, analyses and/or opinions in this publication. All information contained herein must be construed solely as statements of opinion, and ICRA shall not be liable for any losses incurred by users from any use of this publication or its contents.

#35YearsofUnwaveringCredibility

ICRA

Years of Unwavering Credibility

Thank You!

#35YearsofUnwaveringCredibility