

Monthly Research Compendium

JUNE 2026

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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 2026

Auto Component: Silicon on Wheels - How electronics are redefining mobility

Cement: Rising input costs amid West Asia tension to compress OPBITDA/MT to Rs. 820-870/MT in FY2027

Cross-sectoral trends and outlook: Impact across sectors is uneven, with entities adopting measures to manage and mitigate challenges

Economy: April 2026 merchandise trade deficit widened given sequential spike in crude and gold imports; FY2027 CAD to worsen to ~2.0% of GDP















Economy: Macro implications of West Asia conflict differ from Covid

































Economy: El Nino-induced bleak monsoon forecast weakens agri outlook for FY2027; sectoral impact would be mixed

Insurance: Tailwinds support growth in challenging environment

State Government Finance: States may have to recalibrate their spending in FY2027 amid expected revenue shortfall

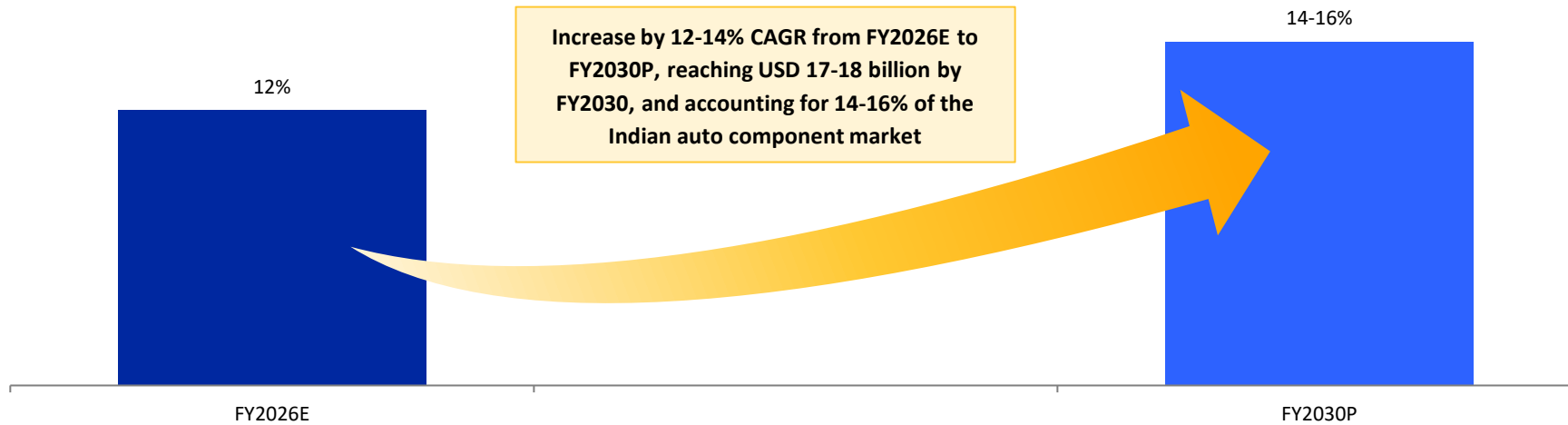
Structured Finance: SDI norms to be aligned with RBI guidelines on securitisation of standard assets

 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

Exhibit: Outlook for electrics and electronics automotive components market in India

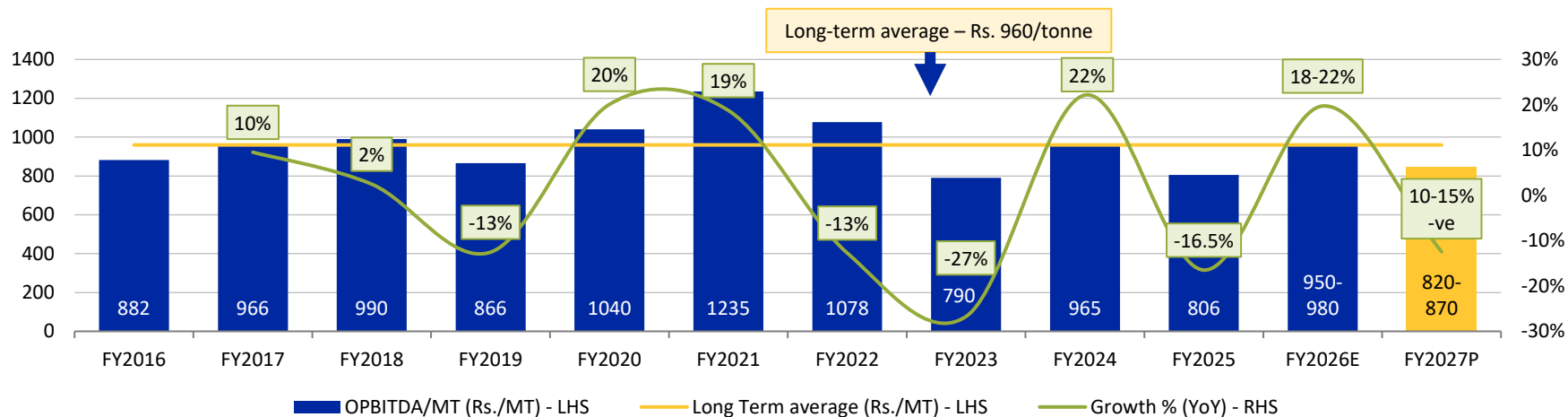


India's automotive electrics and electronics components market is poised for strong growth, estimated by ICRA to expand at a 12-14% compound annual growth rate (CAGR) from FY2026E to FY2030P, reaching USD 17-18 billion by FY2030, and accounting for 14-16% of the Indian auto component market. This growth is driven by the rising penetration of advanced safety systems (ADAS¹, airbags, ABS², ESC³), increased vehicle premiumisation, and higher electronic content per vehicle across ICE⁴, hybrid, and electric platforms. Stricter regulatory norms, growing consumer preference for comfort and connectivity features, and rapid adoption of EVs⁵ are further accelerating demand for sensors, control units, power electronics, and wiring harnesses, making electrics and electronics one of the fastest-growing segments in India's auto component industry.

Source: ACMA, ICRA Research; ¹ADAS: Advanced driver-assistance systems; ²ABS: Anti-lock braking system; ³ESC: Electronic stability control; ⁴ICE: Internal combustion engine; ⁵EV: Electronic vehicle; Note: Percentage in graph above represents the share of E&E components in overall Indian auto component market

Cement: Rising input costs amid West Asia tension to compress OPBITDA/MT to Rs. 820-870/MT in FY2027

Exhibit: Trend in OPBITDA/tonne for ICRA's sample set



- The average OPBITDA/tonne during the last decade stands at ~Rs. 960/tonne. During FY2020-FY2021, the industry witnessed the highest operating profitability, with OPBITDA/tonne higher than Rs. 1,000 on account of healthy realisation and benign input cost. In FY2023, the operating profitability declined due to a sharp reduction in realisation and an upsurge in input costs, especially coal and petcoke (linked to crude oil prices) in the backdrop of the Russia-Ukraine war.
- After rising by 18-22% to Rs. 950-980/MT in FY2026, the OPBITDA/MT is projected to materially moderate in FY2027 due to an increase in input prices, majorly fuel (petcoke and coal) and selling (diesel and packaging) costs, amid the ongoing West Asia conflict. For FY2027, the OPBITDA/MT is likely to decline by 10-15% to Rs. 820-870/MT, with downside risks if pressure on crude-linked fuel and freight prices persists for a prolonged period.

Source: ICRA Research; E – Estimate; P - Projection

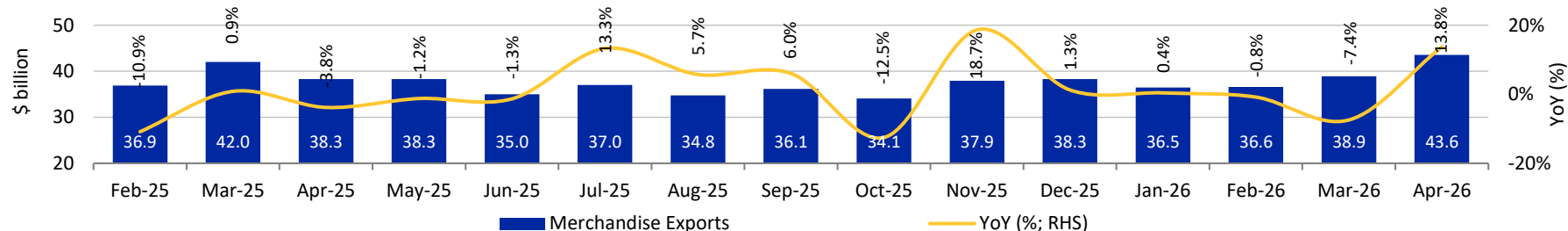
Cross-sectoral trends and outlook: Impact across sectors is uneven, with entities adopting measures to manage and mitigate challenges

Exhibit: West Asia conflict – Sectoral impact

Sector	Stress Area	Impact
Aviation	Higher ATF Prices	High
Oil & Gas - Refining and Marketing	Crude and LPG Supply Disruption	High
Fertilisers	Input Prices and Availability	High
Chemicals & Petrochemicals	Raw Material Availability	High
Ceramic Tiles	Constraint on Supply of Natural Gas	High
Jewellery Retail	Rising Gold Prices and Demand Pressure	High
Cut & Polished Diamonds	Higher Freight Cost	High
City Gas Distribution	LNG Pricing	High
Auto OEMs – PV & TW	Higher Energy Cost and INR Depreciation	Moderate
Commercial Vehicles	Higher Fuel Cost Pressure	Moderate
Auto Components	Raw Material and Fuel Prices	Moderate
Tyres	Raw Material and Exports	Moderate
Cement	Rising Input Costs	Moderate
Quick Service Restaurants	LPG Availability	Moderate
Retail – Apparel	Pressure on Consumer Demand	Moderate
Textiles – Fabric and Apparel	Exports	Moderate
Textiles & Spinning	Raw Material Prices	Moderate
Hospitality	LPG Availability	Low
Pharmaceuticals	Elevated Freight Prices	Low
Textiles – Cotton – Spinning	Reduction in Volumes	Low

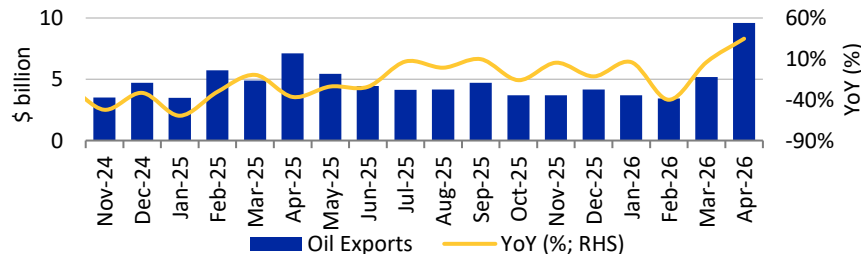
Economy: April 2026 merchandise trade deficit widened given sequential spike in crude and gold imports; FY2027 CAD to worsen to ~2.0% of GDP

Exhibit: India's merchandise exports rose by 13.8% YoY to a 49-month high of \$43.6 billion in April 2026, partly owing to a favourable base (-3.8% in April 2025) as well as the jump in commodity prices amid the West Asia conflict; on a sequential basis, such exports rose by a sharp 11.9% from \$38.9 billion in March 2026



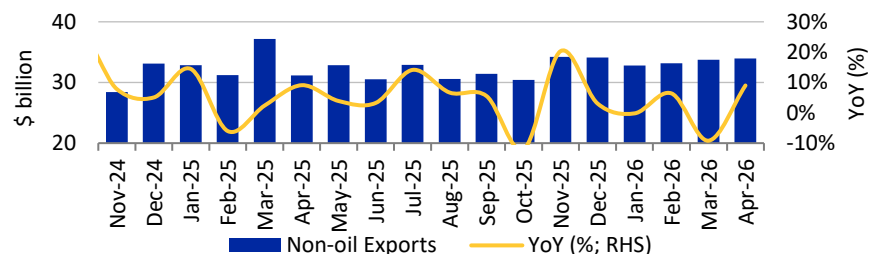
Source: Ministry of Commerce and Industry, GoI; CMIE; ICRA Research

Exhibit: Oil shipments surged by 34.7% YoY to a 24-month high \$9.6 billion in April 2026, reflecting the spike in global petroleum product prices; on a MoM basis such exports rose by a considerable ~85%



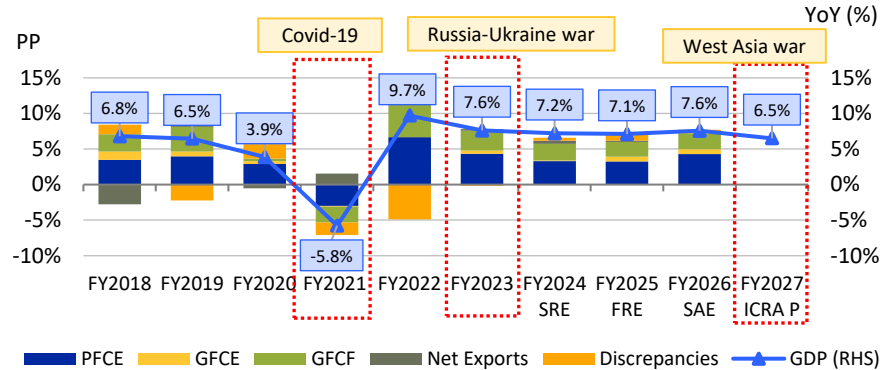
Source: Ministry of Commerce and Industry, GoI; CMIE; ICRA Research

Exhibit: Non-oil exports rose by a surprisingly healthy 9.0% YoY to a four-month high of \$34.0 billion in April 2026; however, such exports were up by a muted 0.7% in the month, reflecting the likely impact of the West Asia crisis



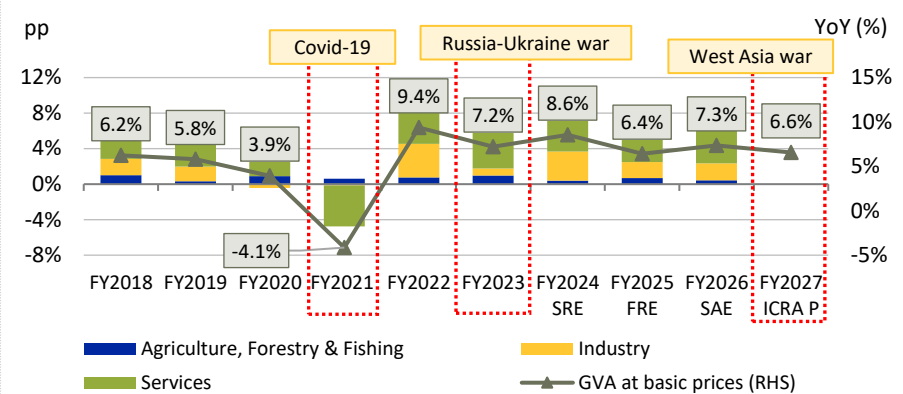
Source: Ministry of Commerce and Industry, GoI; CMIE; ICRA Research

Exhibit: Contribution of GDP components



Note: Data for FY2018-23 is based on 2011-12 series and that for FY2024-27 is based on 2022-23 series; SRE/SAE: Second Revised/Advance Estimate; FRE: First Revised Estimate; P: Projected; Source: NSO; CEIC; ICRA Research

Exhibit: Contribution of GVA components



Note: Data for FY2018-23 is based on 2011-12 series and that for FY2024-27 is based on 2022-23 series; SRE/SAE: Second Revised/Advance Estimate; FRE: First Revised Estimate; P: Projected; Source: NSO; CEIC; ICRA Research

- India's GDP (2011-12 base) had plunged by 5.8% in FY2021, owing to the simultaneous demand and supply shocks seen during the Covid-19 pandemic. This was due to a YoY contraction in the demand-side components, including private final consumption expenditure (PFCE; -5.3% in FY2021 vs. +5.2% in FY2020), government final consumption expenditure (GFCE; -0.8% vs. +3.9%), and gross fixed capital formation (GFCE; -7.1% vs. +1.1%). A similar trend was observed on the production side, with the GVA declining by 4.1% in FY2021, led by the services (-8.4% vs. +6.4%; amid lockdowns) and industrial (-0.4% vs. -1.4%) sectors, even as agriculture (+4.0% vs. +6.2%) expanded at a healthy pace.
- Thereafter, the YoY GDP growth expanded by a robust 7.6% in FY2023, amid the Russia-Ukraine conflict, which was primarily a supply shock, similar to the ongoing crisis. While the demand-side components of GDP had expanded at a strong pace in FY2023 (PFCE: +7.5%; GFCE: +8.4%), the industrial GVA growth (+2.5%) was quite weak amid the slowdown in external demand and supply-side disruptions triggered by the conflict.
- The West Asia crisis has also primarily manifested as a supply shock impacting energy availability and prices, resulting in a spike in input costs, similar to the Russia-Ukraine conflict. Currently, **ICRA projects the GDP growth at 6.5% in FY2027, with downside risks emerging from a further escalation of the conflict and tighter availability of inputs. Moreover, a potential development of El Nino conditions and below-normal monsoon would adversely dampen the prospects of the agricultural sector.**

Economy: El Nino-induced bleak monsoon forecast weakens agri outlook for FY2027; sectoral impact would be mixed

Exhibit: Probability forecasts for monsoon seasonal rainfall in 2026

Category	Rainfall Range (% of LPA)	Forecast Probability (%)	
		1st LRF	2nd LRF
Deficient	<90	35	60
Below Normal	>90-95	31	24
Normal	96-104	27	14
Above Normal	>105-110	6	2
Excess	>110	1	0

Source: IMD; ICRA Research

- The IMD's¹ second-stage forecast for the SW Monsoon rainfall for 2026 (June-September) has placed the volume of rainfall at 90% +/-4% of the LPA², indicating a below-normal monsoon (90%-96% of LPA as per IMD's classification), lower than the 1st LRF³ of 92% +/-5% of LPA. Notably, the midpoint estimate for 2026 is lower than the level of rainfall received in the past 11 years.
- Moreover, the IMD's probability forecasts suggest the highest probability (60%) for deficient rainfall in the SW Monsoon season (vs. 35% in the 1st LRF). It has estimated a probability of just 2% for an above-normal rainfall and 14% for a normal rainfall during this season.

¹IMD: Indian Meteorological Department; ²LPA: Long period average; ³LRF: Long range forecast

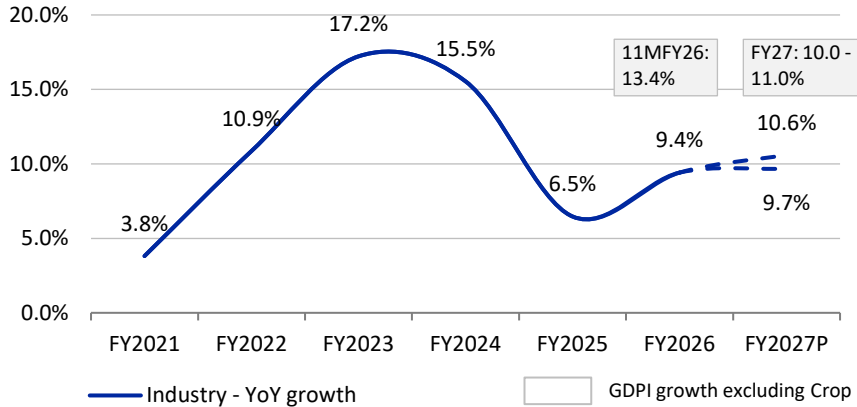
Exhibit: Sectoral impact of below-normal monsoon

Sector	Impact
Tractor	↓
Two-wheeler	↓
Sugar	↓
Cement	↔
Cotton	↔
Power	↑
Room Air Conditioners	↑

Source: ICRA Research

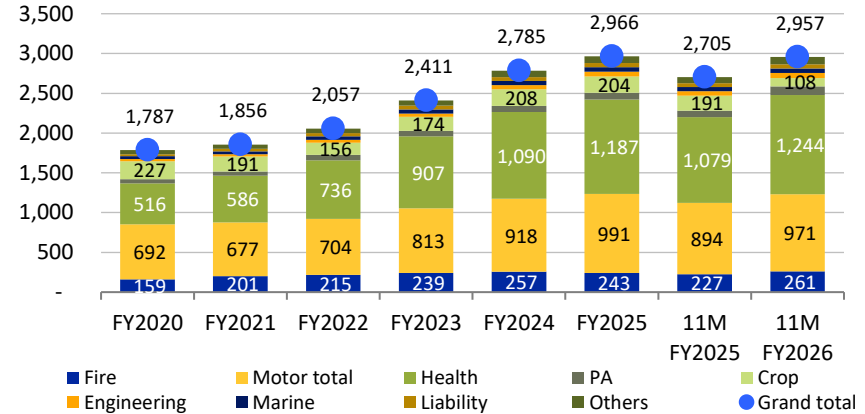
Insurance: Tailwinds support growth in challenging environment

Exhibit: GDPI to grow to Rs. 3.56-3.59 trillion in FY2027



Source: ICRA Research, GI Council, IRDAI; Industry excluding ECGC and AIC; Note: Amount in Rs. billion

Exhibit: Health segment continues to drive GDPI growth



- ICRA expects industry gross direct premium income (GDPI) to rise to Rs. 3.56-3.59 trillion in FY2027.
- The growth in FY2026 was supported by the low base of FY2025 and Goods and Services Tax (GST) relaxations. This was partly offset by the impact of 1/n regulations on long-term policies, which weighed down on H1 FY2026 performance, and the sharp decline in crop insurance.
- GDPI is projected to increase at a stronger pace in FY2027, with health insurance as the primary growth driver. An upward revision in Motor-TP pricing could further support GDPI growth and the underwriting performance.
- The crop segment witnessed a sharp decline in 11M FY2026 and remains tender-driven.

State Government Finance: States may have to recalibrate their spending in FY2027 amid expected revenue shortfall

Exhibit: Trends in revenue receipts of 18 states

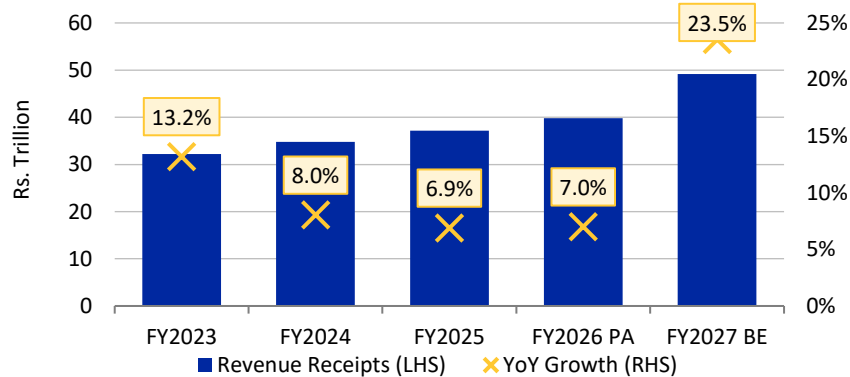
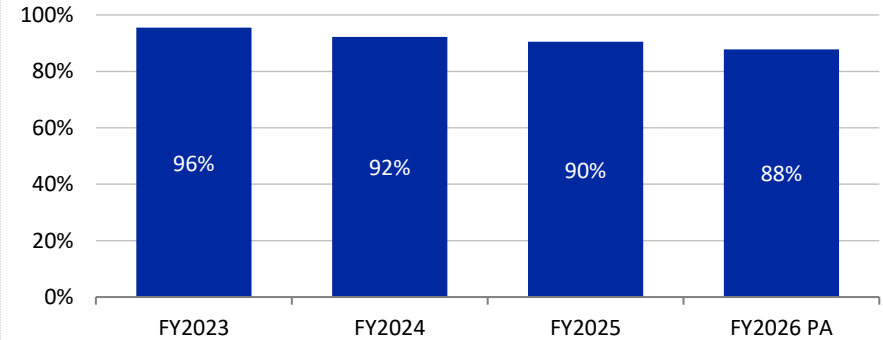


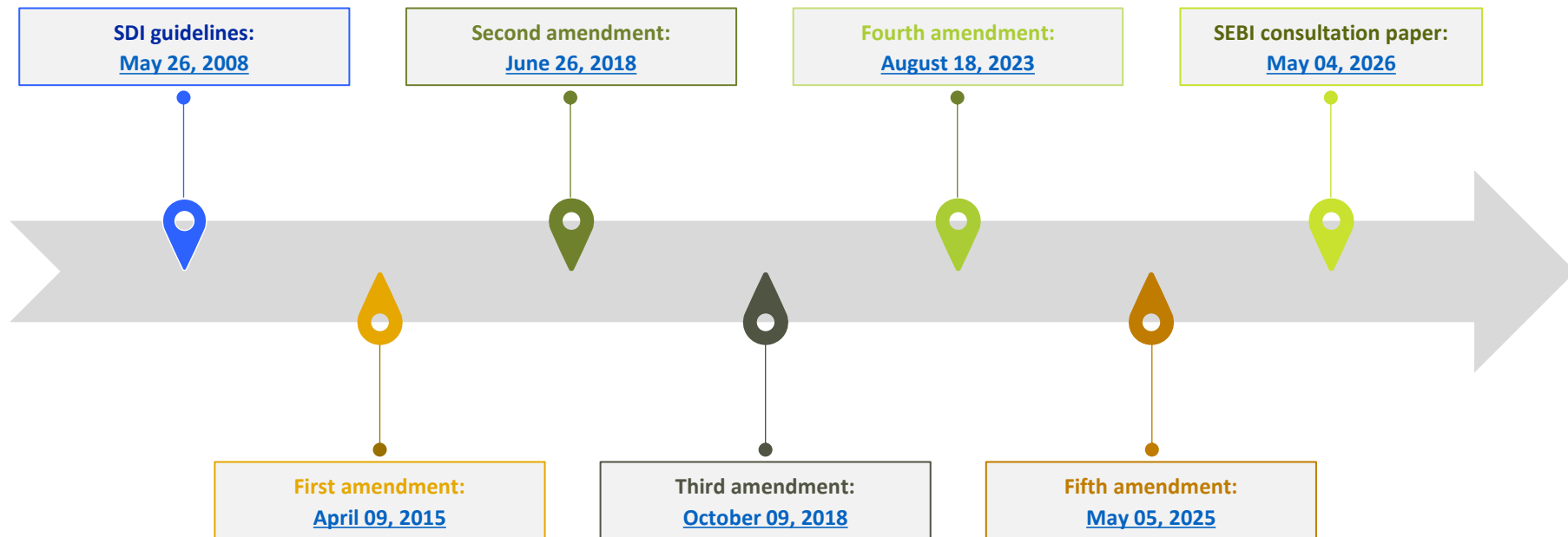
Exhibit: Actual revenue receipts as a proportion of BE for 18 states



- As per the FY2026 PA, the combined revenue receipts of the 18 states rose by 7% in that year, similar to the FY2025 growth. This reflected a moderation in the pace of expansion in state's own tax revenue (SOTR; 6.4% vs. 8.1%) and tax devolution (8.3% vs. 13.9%) in FY2026 PA over FY2025. These two components accounted for 83% of the revenue receipts of the 18 states in FY2026 PA. However, the pace of growth of state's own non-tax revenue (SONTR) improved to 13.4% in FY2026 PA from 5.7% in FY2025. Additionally, following two successive years of contraction, grants in FY2026 PA were similar to the year-ago levels.
- In a discouraging trend, the downward deviation between actual and budgeted revenues widened in FY2026 compared to previous years. The actual revenues of the 18 states, as per the FY2026 PA, were limited to 88% of the FY2026 BE level, compared to 90-96% in the previous three years.
- For FY2027 BE, 18 states have forecast their revenue receipts to expand by a sharp 23.5% to Rs. 49.1 trillion in FY2027, reflecting a double-digit growth in SOTR and grants. The YoY expansion in revenue receipts in FY2027 appears quite optimistic as consumption is likely to be impacted to an extent in the aftermath of the ongoing conflict in West Asia and a feared El Nino.

Source: State Budgets; CAG; ICRA Research

Structured Finance: SDI norms to be aligned with RBI guidelines on securitisation of standard assets



SEBI's initial guidelines for the issuance of Securitised Debt Instruments (SDIs) were the SEBI (Issue and Listing of Securitised Debt Instruments and Security Receipts) Regulations, 2008 (SDI Regulations) issued in 2008. Five key amendments to SDI regulations have been made till date, with the last major amendment made in May 2025, while five additional proposals were proposed by SEBI on May 04, 2026.



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