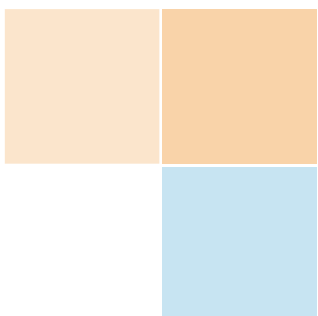




SME RATING AGENCY OF INDIA

MSMEs in India: Risks & Opportunities





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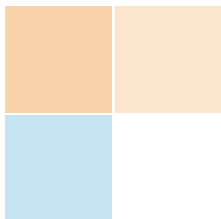
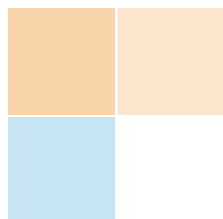


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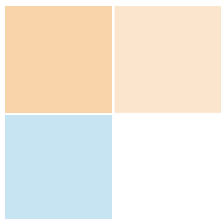
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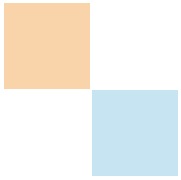
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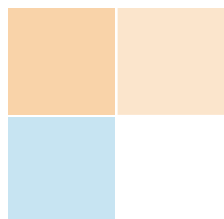




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Executive Summary



MSME Sector: Buzzing With Optimism



MSMEs traverse across every sector, ranging from artisan-based crafts incorporated by a single individual or a family to a mid-size manufacturing setup that exports engineered products to global markets. Engaged in trade and manufacturing in almost equal quantities, these sectors offer democratised opportunities to rural as well as urban areas in almost equal measures. MSMEs, by their very nature, bring innovation and dynamism to the Indian economic landscape. Only a few other segments straddle such economic, geographic, and demographic diversity.

This report attempts to capture that scale with depth. Across 50 distinct sectors, ranging from forgings to auto component suppliers, and trading and distributors to food processing units, we have analysed the key drivers, risks, growth potential and outlook. These span industries that support India's large infrastructure push, including civil construction, cement products, cables, as well as those that cater directly to evolving consumer behaviour, such as personal care, processed food, packaging and logistics.

Each sector has its rhythm and reality, but taken together, the findings suggest a broader shift in favour of MSME-led growth. As we detailed the various aspects of these sectors, we are happy to report that almost half of them have an outlook that has been rated as 'marginally favourable'. The next biggest chunk, around 25% of the sectors are rated as 'favourable'. The third - biggest chunk, around 20%, can be described as 'marginally unfavourable'. And, only a handful of the sectors have been rated as 'unfavourable'.

Key Tailwinds: From Capex To Consumption

Three broad themes are shaping the current opportunity landscape:



Public Infrastructure As An Order Book Engine

Capital expenditure by both State and Central Governments continues to be one of the biggest drivers of demand. Civil construction is regaining momentum. This has fed into upstream sectors: metals, glass, electricals, aluminium, and forgings. Aided by better logistics networks, road, rail, and even port infrastructure, MSMEs are integrating more efficiently into project pipelines. Many are scaling up capacity, or at the very least, seeing tighter capacity utilisation, leading to incremental operational gains.



Resilient Domestic Consumption And Renewed Urban Demand

With the rise in residential construction and the stabilisation of post-COVID income patterns, leading to greater discretionary spending, several sectors that had been tepid for years have revived, including electrical products, cables, tiles, and furnishings. The real estate revival has pulled along several connected industries, many of which are MSME - dominated. Parallely, robust auto sales, spanning both conventional and electric vehicles, have had a ripple effect on components, chemicals, dealer networks, and support services.



The Emerging Middle And India's Next Consumer Class

India's young population, rising aspirations and growing financial inclusion are altering the demand map. Personal care, packaged goods, small-ticket fashion, travel and wellness - all are seeing higher volume play driven by new-age, regional MSME brands. With e-commerce creating discovery channels and logistics value chains deepening into Tier II and III towns, these businesses are finding growth well beyond traditional city markets.

Green Mandate: Part Risk, Part Opportunity

Green sectors are witnessing fast traction, not only in EV adoption, but in component supplies for solar and wind energy, green cement, building insulation products, and more. To many traditional MSMEs, sustainability presents both a business opportunity and a compliance challenge. Stricter emission norms and increased ESG expectations are already leading to a re-evaluation of processes and R&D requirements. For a few, especially in metal and chemical units, this could mean reworking cost structures or investing ahead of profitability. But most have gradually begun moving along this curve, driven by long-term relevance.

All the factors have kept factory sites running with high capacity utilisations for the last few years, and the momentum is expected to continue, aided by a favourable policy regime.

India is also expected to grow at 6.2% in FY26, and very few countries across the world can boast of such growth, especially since the pandemic. The macroeconomic growth, bolstered by benign debt as well as the fiscal deficit ratio of the country, are all comforting factors for businesses to keep running at full throttle.

Major Risks: Raw Material Concerns, Supply Chain Blockages, External Environment Challenges

MSME-based sectors face multi-faceted operational risks. However, very few of these risks are structural, which raises questions about their smooth operations in the years to come. For most of the manufacturing-based sectors, raw material availability and prices are a key risk.

1.Raw Material Volatility

In cases where raw materials are exported, the sectors could see variable price fluctuations, which have become increasingly volatile due to the trade war-like situation. Exported raw material adds to forex risk as well. Any large deviation could dry up the margins and add to the debt of small companies, as few of them hold the expertise to hedge, which is also expensive.

2.Competition Leading To Fragmentation And Limited Pricing Power

Due to the mushrooming of MSMEs in a few specific sectors with low entry barriers, heavy competition also eats away at pricing power and truncates margins. A few highly fragmented sectors witness competition between MSMEs as well as larger companies. While larger competitors can buy out smaller companies, very few mid-sized companies take expensive bets like acquisitions. However, a few MSMEs can carve unique niches that allow for a better view on profitability.

3.Compliance Challenges Compounded By High Regulations

A few highly regulated sectors, as well as sectors which are under the sustainable norms radar, might also find it risky to conduct their business. These include metals, which are always under a strict Government lens for stringent environmental norms, which is an ongoing risk factor. The Government is also bringing more environment-friendly norms, which could compel MSMEs to alter their processes, emissions, as well as to increase R&D spending to innovate for sustainability.

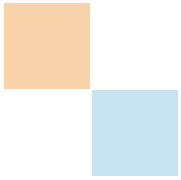
India: The Long-Term Growth Story

As mentioned earlier, in most sectors, opportunities outweigh risks. Moreover, a large number of experts are of the belief that India is on the verge of a swift economic growth path. MSMEs are key to driving up exports, industrial production as well as Gross Value Added (GVA).

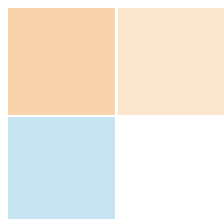
India, in many ways, is preparing for its next phase of rapid growth – that involves the swift scale-up of industries across segments. In addition to enterprise, grit and innovation, the nation is also abound with mineral and other wealth which can provide the base for many industries to thrive and grow.



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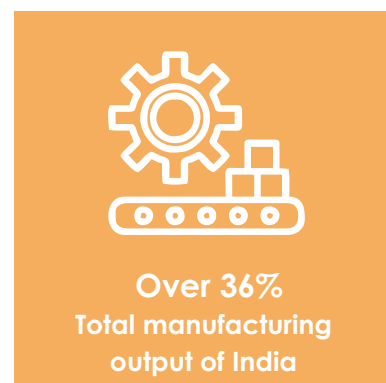
The Vibrant World Of MSMEs



India is a large economy, made up of small companies. Our industrial landscape is defined by the micro, small and medium enterprises (MSMEs). From precision component manufacturers in Ludhiana, Punjab and Rajkot, Gujarat to specialised food processing units in Khammam, Telangana. From traditional craftsmen to modern manufacturing setups – these enterprises form the backbone of our manufacturing and trade sectors.

MSMEs' Contributions To Indian Economy

6,000+ Unique Products



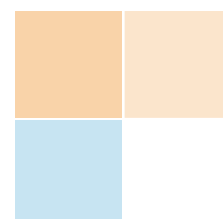
Irrespective of their formalisation, MSMEs contribute significantly to the Indian economy. The MSMEs' gross value added or GVA accounted for 29.2% of the country's GDP. They contribute around 36.2% of the total manufacturing output of the country. Moreover, MSME products make up over 40% of India's total exports.

India's MSMEs have thrived in a challenging environment with ingenuity, innovation and spirit. Without these enterprises, India would lose not just a third of its GDP, but two-thirds of its employment base and nearly half its foreign exchange earnings.

MSMEs produce over 6,000 unique products for both the domestic and export markets. Some of the areas where MSMEs play a crucial role include food processing, auto components, biotechnology, defence manufacturing, pharmaceuticals, electronics and engineering goods, FMCG, fertilisers, fisheries, handicrafts, metals and minerals, leather and rubber products, textiles and sporting goods, etc.

The services spectrum is equally diverse, covering auditing & accounts, banking, aviation, personal services, construction & real estate, IT & consultancy, e-commerce, education, electricity, health services, legal, telecom, tourism, transportation, etc.

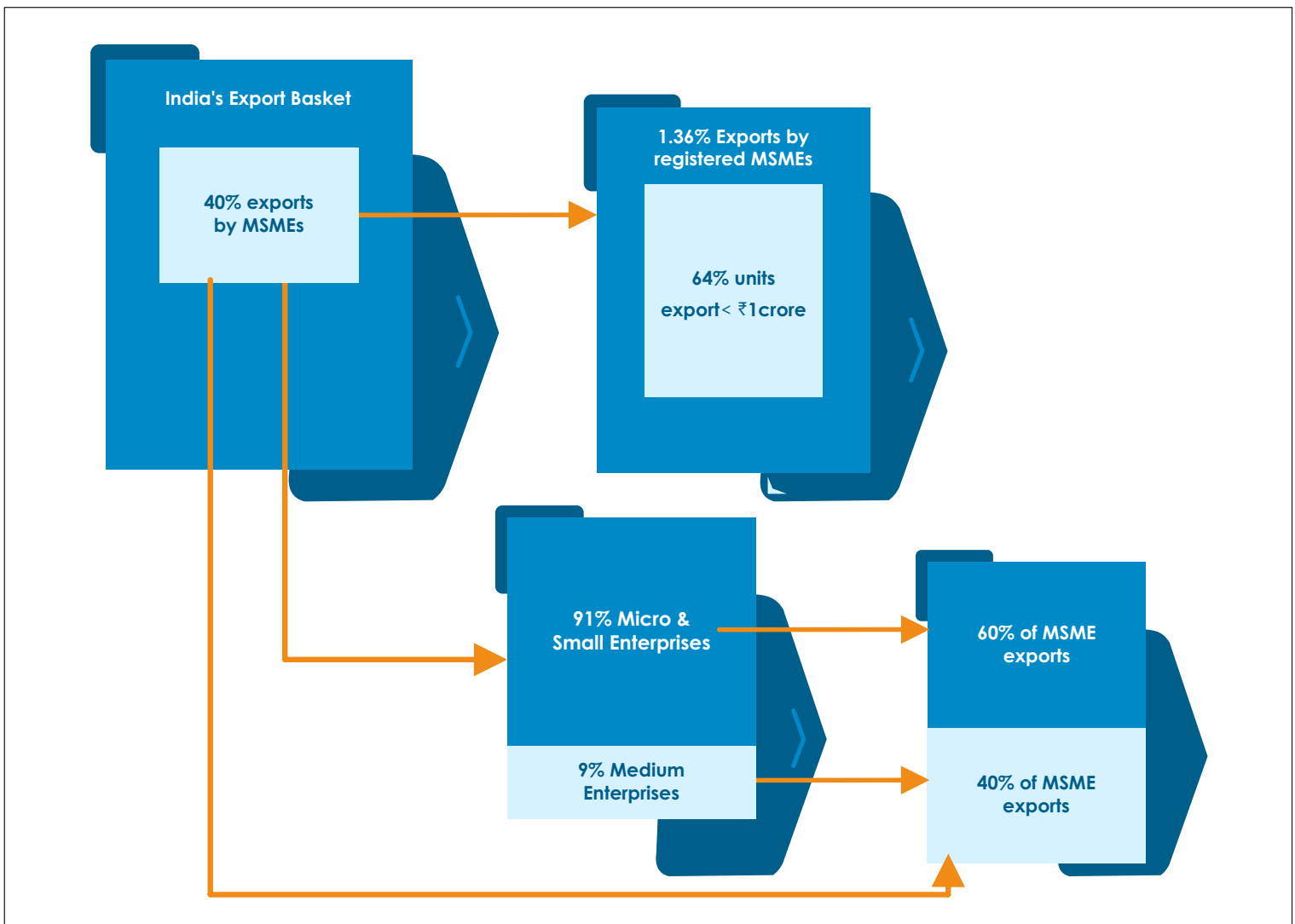
Yet, their contribution to the global value chain is nowhere close to the potential it holds. Only 1.36% of registered MSMEs export. Even out of this number, 64% of units' export turnover is less than INR 1 crore.



What they lack in size, they make up for in numbers, as micro & small enterprises make up 91% of exporting units. Their contribution to the total export value is 60% of total MSME exports. Medium enterprises, on the other hand, comprise 9% of exporting units that contribute to 40% of MSME exports.

After becoming the world's fourth-largest economy, India has set its sights on next target to become a 'USD 5 trillion GDP economy'. This can be achieved sooner, if we become the manufacturing hub of the world. This requires more MSMEs to come into the mix while pushing for the growth of existing MSMEs to make themselves more visible on the global stage. The sector requires focused intervention – streamlined credit access, rationalised compliance frameworks, and technology adoption support – to achieve meaningful scale.

The future of India's manufacturing competitiveness is intrinsically linked to MSMEs' growth. Their evolution from small-scale operations to globally competitive enterprises will substantially determine our economic trajectory. All in all, MSMEs growth is non-negotiable for the rapid growth that India aspires for.

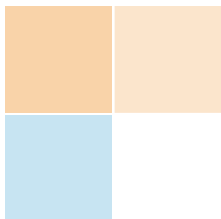


Source: Directorate General of Commercial Intelligence and Statistics (DGCIS) & EXIM Report



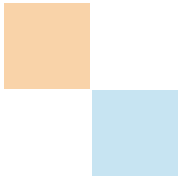
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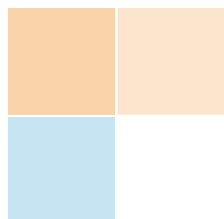
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A Deep Dive Into The MSME World



MSME



The MSME Guidebook

Let's look at what makes up India's MSME sector. The numbers tell an interesting story:

MSME Bifurcation As Per Size

Size of Entity	No. of Units	% of Total Units
Micro enterprises	6,49,00,000	99.08%
Small enterprises	4,76,000	0.73%
Medium enterprises	35,000	0.05%

Source: Udyam, MSME Ministry, July 2025

A large chunk of MSMEs are micro industries, accounting to 99.08%, or 649 lakh units. The small enterprises comprise 4.76 lakh units, while medium enterprises are around 35,000 units. The percentage is also skewed towards the hinterlands with 51% of them belonging to rural areas and the rest in urban areas. Rural enterprises, catering to local needs and environment bring in inclusivity where it's most needed.

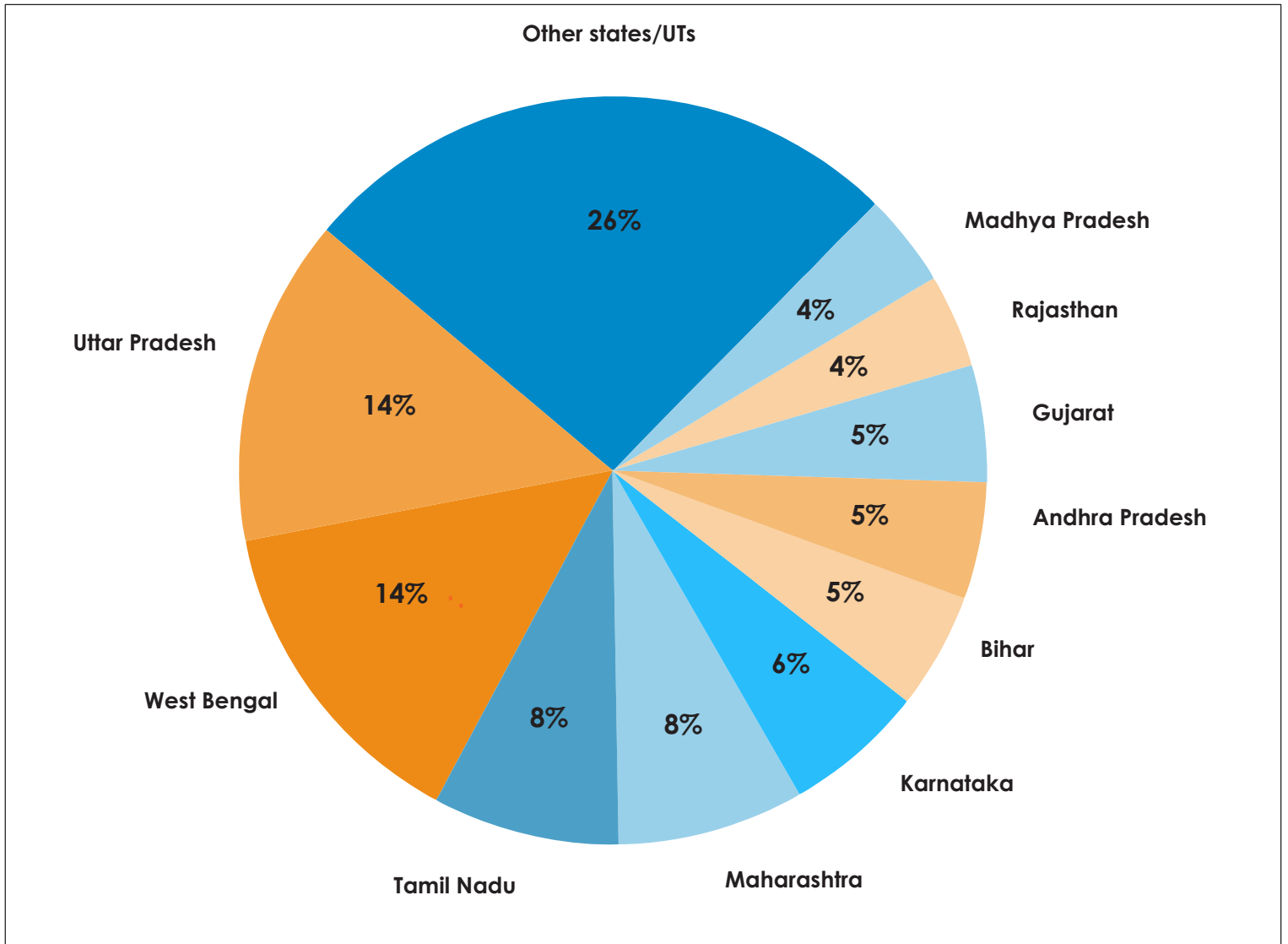
Importantly, MSMEs employ 28 crore people – making them one of the most vibrant employers – providing rural as well as urban jobs. In terms of employment, however, rural jobs account for 45% of total MSME jobs, while chunkier 55% is catered to by urban jobs.

The State Of MSME: Sectors, Employment & Impact

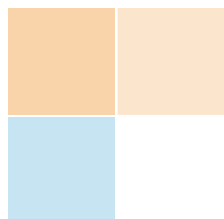
The Indian peninsula presents unique advantages for small enterprises to rise and thrive across its varied geographic, cultural and resource landscape. While all types of MSMEs exist across the country, a few industrial as well as cultural hubs are a bit ahead.

Ten states dominate the MSME landscape, hosting 74% of all units. Uttar Pradesh and West Bengal lead the pack with 14% each. Tamil Nadu and Maharashtra rank second with 8% each, while the rest as shown below make for the rest.

State-wise Distribution Of MSMEs



Source: MSME Annual Report FY24



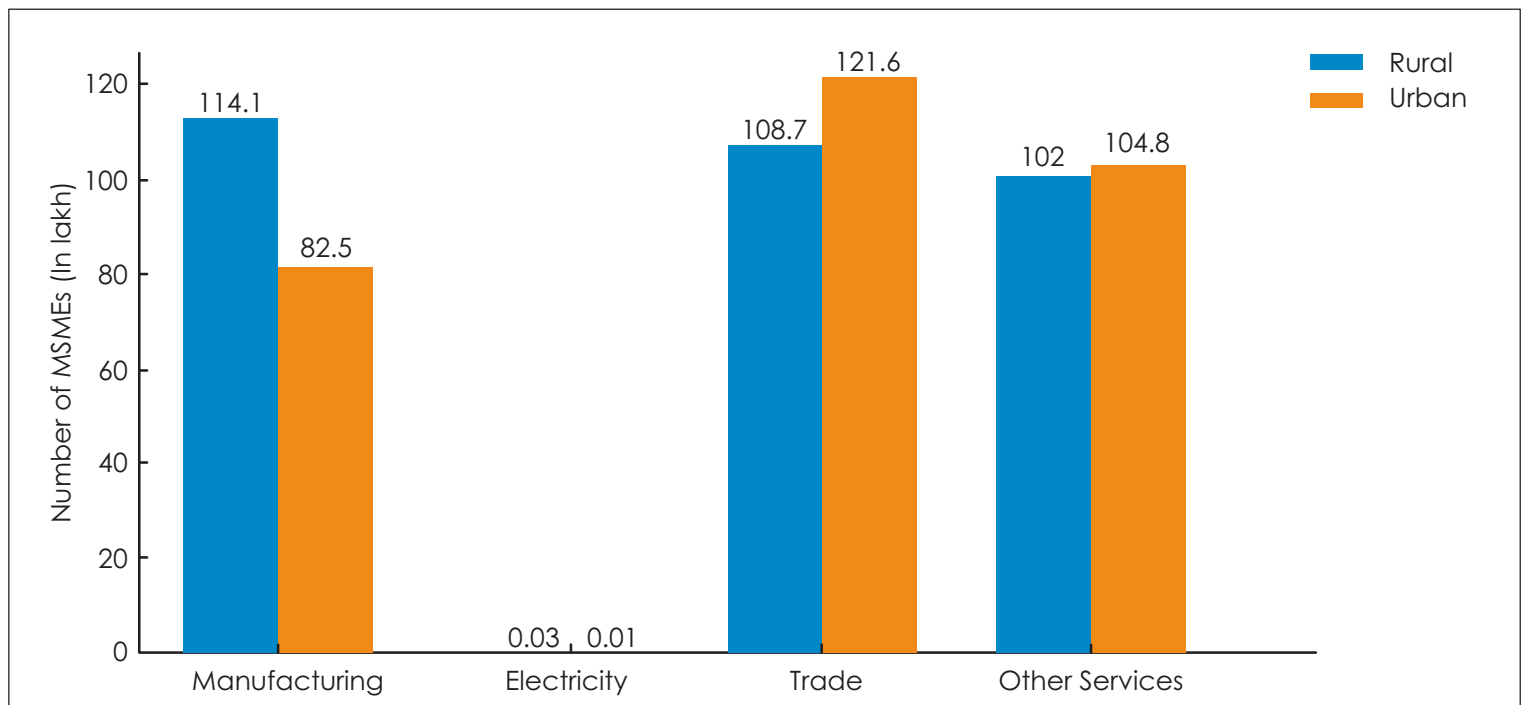
Trading Services Rank Over Manufacturing

Indian MSMEs are present across a variety of sectors – from industries to small traders to processors and more. Most MSMEs – as much as 36% of them are engaged in trading; manufacturing comes at 31%. Other services account for 33%, while there's also a small but growing number of units in renewable energy, particularly important as India pushes toward net-zero target.

If we delve deeper, we can clearly analyse some patterns:

- Most manufacturing-based MSMEs are skewed towards rural areas.
- Electricity is also picking up more in rural areas than in urban areas.
- Trading service MSMEs are concentrated in urban areas and are more active in registering for Udyam.

Activity Wise Distribution of MSMEs (lakh)



Source: MSME Annual Report FY24

- Micro sector enterprises are also more skewed towards rural areas than urban.
- Small and medium are more skewed towards urban areas.
- Micro enterprises' larger numbers have pushed a slightly higher share of MSMEs towards rural areas.

Geographic Distribution Of MSMEs

Sector	Micro (lakh)	Small (lakh)	Medium (lakh)	Share (%)
Rural	324.09	0.78	0.01	51
Urban	306.4	2.53	0.04	49
All	630.52	3.31	0.05	100

Source: MSME Annual Report FY24

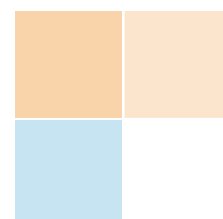
- MSMEs also rank lower on diversity, with 20% of them owned by women.
- A lion's share is spearheaded by men.
- However, SC, ST and OBC's together own 66.2% of the companies, with OBCs having a higher share of 49.7%.
- In urban areas, their share of these groups is much higher than that of rural areas.

Micro Offer More Jobs, Medium More Per Unit

MSMEs employ 62% of the country's workforce, accounting for 28 crore jobs. As many as 50 million women employees are a part of this sector.

Micro enterprises make up as much as 89% of the jobs, 8% by small enterprises and 3% by medium-sized enterprises. However, when it comes to per unit employment, medium enterprises rank higher – employing 89.14, small at 19.1 and micro at 5.7. Medium enterprises also have a higher employment-to-capital ratio.

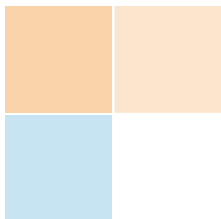
Trading also has an upper hand in job creation, employing 35% of the total jobs at MSMEs. Manufacturing comes a close second with 32% share employing 36 million. Other services make up for the rest of the jobs.





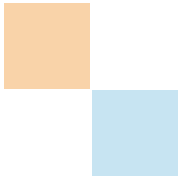
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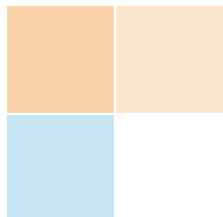




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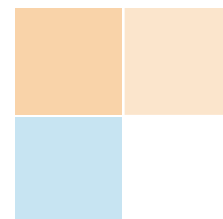
Risks



The biggest challenge that MSMEs face is the ability and enthusiasm to scale up. Unlike larger companies which have a vision for the future, very few MSMEs have lofty ambitions to expand. Micro-sized companies are more prone to the mindset which does not allow them to take advantage of future opportunities.

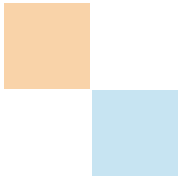
Those MSMEs that possess the ambition and the markets to scale, are dragged down by expensive capital. While investments have improved in the last few years, banks are more willing, a lot of growth-savvy companies face the hurdles of slow disbursements, expense of raising equity, amongst others. Most MSMEs are unable to earmark cash or profits for growth as they roll them over for working capital, which is difficult to come by. Since they are most vulnerable to delayed payments as well as other economic impacts, they have little growth capital left.

A few fortunate MSMEs that are able to gather finance are bogged down by other business expenses that drag almost all industries – high cost of land, logistics, and electricity. The other biggest hurdle is clearances. In spite of strides made in ease of doing business, clearances across departments, tax compliance as well as other regulations make it difficult for most companies to expand capacities and move to other geographies. There is a cost component to compliances as well, which is another burden that few small companies can bear.

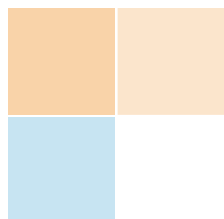




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Opportunities

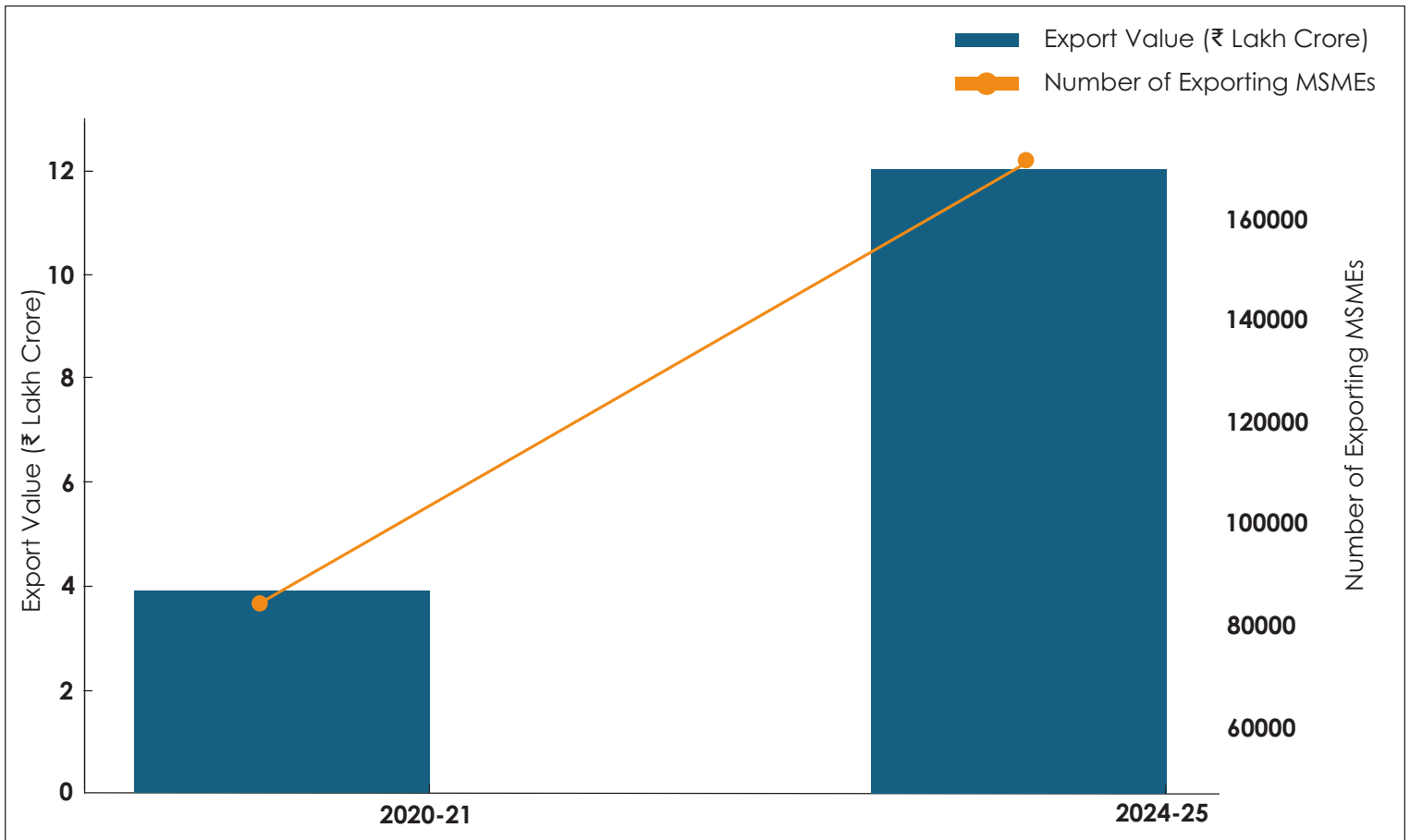


India's MSMEs have faced many tests in the last few years. The global supply chains were heavily impacted by wars right after many industries came to a grinding halt for long periods during the Covid-19 pandemic. They showed extreme resilience during those times as their share in the country's Gross Value Added (GVA) increased from 27.3% in 2020-21 to 29.6% in 2021-22 and 30.1% in 2022-23, highlighting its growing role in national economic output.

Exports from MSMEs too have seen a three-fold growth, rising from INR 3.95 lakh crore in 2020 - 21 to INR 12.39 lakh crore in 2024 - 25. The number of exporting MSMEs has also surged, increasing from 52,849 in 2020 - 21 to 1,73,350 in 2024 - 25.



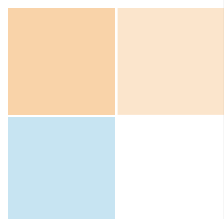
MSME Export Growth



Source: PIB Press Release

The era of uncertainty however is far behind both for the Indian as well as the global economy. With two international wars showing no signs of abating, a tariff war has thrown nations as well as its organisations – having to deal with an increasingly dysfunctional world of politics, economy and exports in particular.

To balance out the odds, the government has launched various schemes as well as increased the outlay to the sector by thrice over between FY20 to FY26.



Budgetary Outlay of MSME Ministry

Financial Year	Budget Estimates (₹ in Cr)
FY20	7,011.29
FY21	7,572.20
FY22	15,699.65
FY23	21,422.00
FY24	22,137.95
FY25	22,137.95
FY26	23,168.15

Source: PIB Press Release

Government Aid & Policy Support To MSMEs

Over the last few years, the Government has been supporting MSMEs via various schemes including easing loans via Credit Guarantee Scheme which came into effect in 2000. Here is a glimpse of a few tailor-made schemes and aid provided by the Government.

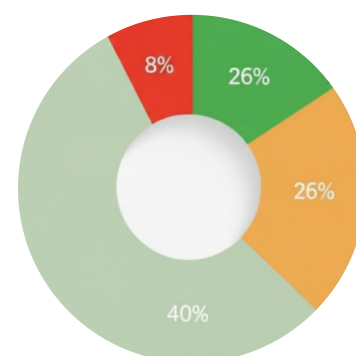
- The **Production Linked Incentive (PLI) Scheme** aims to reshape manufacturing sector with strategic focus on sectors like electronics, pharmaceuticals, automotive, renewable energy; to drive innovation, production, and exports.
- Under the **Atmanirbhar Bharat Abhiyaan** package, the MSMEs sector has been given substantial allocation and accorded priority in implementation of the measures to revive the economy. As much as INR 50,000 crore equity to be infused into MSMEs through Self Reliant India Fund (Fund of Funds).
- **PM Vishwakarma Scheme** aims to enhance the quality of products and services by artisans and craftspeople and aid their domestic sales as well as exports. The scheme is fully funded by the government with an outlay of INR 13,000 crore for FY24 to FY28.
- **Udyam portal** which registers MSMEs was launched in 2020, and was further extended with **Udyam Assist Platform** launched in 2023, exclusively for micro enterprises.

- **Prime Minister's Employment Generation Programme (PMEGP)** is a credit linked subsidy scheme for those availing loans to set up new enterprises. It aids manufacturing projects that cost up to INR 50 lakh and service sector cost up to INR 20 lakh.
- **Scheme of Fund for Regeneration of Traditional Industries (SFURTI)** is an old scheme dating back to FY06. It aims to form clusters that bring MSMEs of a kind together. Since FY15, 513 clusters received approval and 376 clusters have become functional.
- **Public Procurement Policy for Micro and Small Enterprises** was notified in 2012 which mandates that 25% of annual procurement by Central Ministries, Departments, and Central Public Sector Enterprises (CPSEs) must be sourced from MSEs.
- **TREDS** electronic platform facilitates the financing/discounting of trade receivables of MSMEs through online bidding by multiple financiers and buyers. It helps MSMEs manage working capital efficiently.
- The Ministry of MSME has eschewed Direct Benefit Transfer to improve delivery of welfare and subsidy schemes to sectors like **ATI Scheme, Grant to Khadi Artisans, PM Vishwakarma Scheme, Coir Vikas Yojana**, and well as **SFURTI, PMEGP, ESDP**.
- A **committee on Digital Payments** has been constituted in MSME ministry for helping the ministry and its attached offices achieve the successful implementation of Digidhan mission.
- **Skill training programmes** are conducted by a network of institutions under the ministry; as well as MSME technology centres. They provide various levels of courses namely certificates, diploma, advance diploma as well as PG diplomas.
- The government launched a job portal called **MSME Sampark**, a digital platform wherein job seekers like students of MSME Tool Rooms & Technical Institutions can be connected to recruiters.

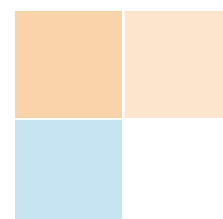


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Castings and Forgings	Marginally Favourable	35
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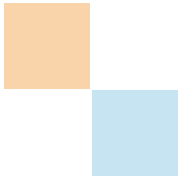


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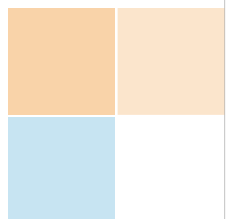




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Summary Industry Research Reports





Agrochemicals

Industry Overview

India's agrochemicals industry faced declining exports (-20.3%) and domestic demand (-19.3%) in FY23-FY24 due to pricing pressures and Chinese competition. Despite this, growth of 7-9% is expected in FY25, with the market projected to reach INR 61,400 crore by FY26. Exports fell from INR 43,223 crore (FY23) to INR 23,885 crore (Apr-Nov 2024) due to global slowdown and intense competition. India's 65% dependence on China for raw materials poses supply risks and cost challenges, prompting diversification and domestic production efforts. Despite near-term hurdles, India's agrochemicals sector remains poised for long-term growth, backed by policy measures and evolving trade strategies.

About the Industry

Cluster Size

India's agrochemicals industry is highly fragmented, with 130 manufacturers and 850 formulators. However, the top 10 companies control 82% of the market, making it concentrated at the top despite numerous players or processes.

Market

India ranks 4th in global agrochemical exports and 13th in pesticide. Fertiliser production stands at 31.4 million tonnes, with 7 million tonnes imported, while potash remains fully import-dependent. Government initiatives include PLI schemes, Kisan Drone technology, and DAP fertilizer subsidies, while strict regulations require detailed environmental safety approvals.

Key Players

Leading agrochemical firms include UPL Limited, Bayer Crop Science, and PI Industries, along with emerging players leveraging India's cost-effective manufacturing and export strength.

Opportunities

- **Government incentives:** PLI schemes, Kisan Drone technology, and DAP fertilizer subsidies.
- **Export potential:** Agrochemical exports expected to contribute 40% of India's total chemical exports by 2040.
- **Domestic expansion:** Rising demand and strategic shifts toward import substitution to reduce dependency on China.

Risks

- **Supply chain vulnerability:** India imports 65% of raw materials from China, leading to cost pressures and procurement delays.
- **Regulatory challenges:** Strict environmental laws demand comprehensive safety approvals, slowing market entry.
- **Pricing pressure:** Competitive pricing from Chinese manufacturers affecting domestic profitability.

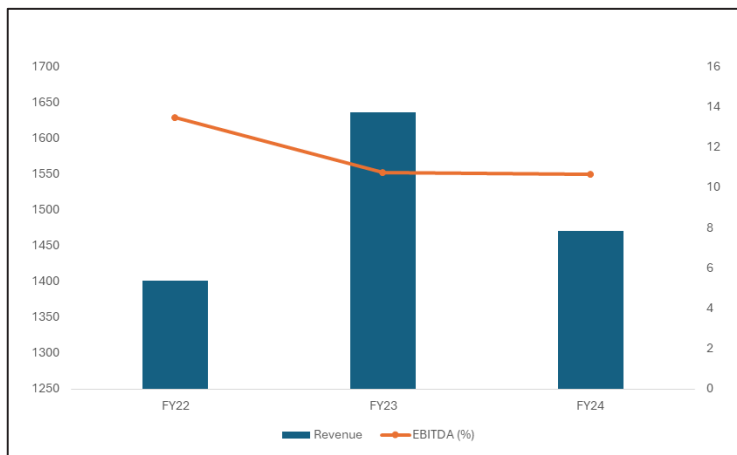


Outlook

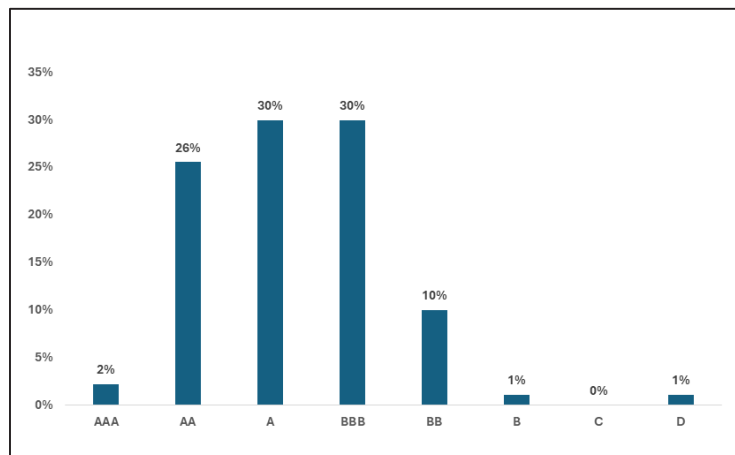
Marginally Unfavourable

India's pesticides and agrochemicals industry faces near-term headwinds, with declining exports, pricing pressures, and competition from China leading to marginally unfavourable growth prospects. While demand recovery is expected by FY25-FY26, profitability remains below FY23 levels, and supply chain vulnerabilities pose ongoing risks. Strategic shifts in sourcing, production, and policy support will be crucial for long-term stabilisation and growth.

Revenue vs EBITDA



Rating Distribution Graph



Stats Table

Sector Statistics	Agrochemicals Industry	Overall
Portfolio Highlights		
Investment Grade	87.78%	70.98%
Downgrade Rate	2.22%	5.18%
In Default	1.11%	1.89%
Upgrade Rate	8.89%	15.67%
Modified Credit Ratio (MCR)	1.08	1.15
Financial Indicators: FY24		
Debt Coverage (ICR in Times)	6.06	
Leverage (D/E Times)	0.29	
Profitability (ROCE in %)	7.29	
Source: Acuité Research; Prime		



Aluminium

Industry Overview

Aluminium is the second largest metal market globally, after iron and steel. Its primary and extrusion applications find use in ingots, EC wire rods, and billets, automotive industry, defence, electronics, construction, and industrial machinery. The Indian Aluminium Market was valued at USD 13.77 billion in 2024 and is predicted to reach USD 19.76 billion by 2030, with a CAGR of 7.6% from 2024 to 2030.

About the Industry

Cluster Size

Aluminium is the second largest metal market globally. Primary aluminium production increased from 41.6 lakh ton (LT) in FY24 to 42 lakh ton (LT) during FY25. India's vast bauxite reserves, with over 50% in Odisha, has its primary production centres in Odisha, Chhattisgarh, and Jharkhand, with integrated smelters & refineries.

Market

Vertical integration within the business, including bauxite reserves and manufacturing of value-added product, guarantees long-term supply, quality, and cost control, determining market position. The worldwide aluminium industry is expected to stand at 122 million tonnes by 2030.

Key Players

The Indian aluminium sector is oligopolistic in nature, with integrated players, Hindalco Industries, Vedanta Aluminium, and NALCO, dominating production and processing. Among other players are Jindal Aluminium, Bharat Aluminium Company, Madras Aluminium Company, India Foils Limited, and Sacheta Metals.

Opportunities

- **Government Policies Bolster Sector Growth:** Government programmes like the National Infrastructure Pipeline & National Mineral Policy 2019 aim to improve infrastructure, increasing aluminium demand and improving logistics for minerals, thereby lowering aluminium facility expenses.
- **Transition To Renewable Energy:** It is anticipated that the electrical sector's transition to renewable energy sources will raise demand.
- **Aluminium: A Cost-Effective Solution for Growing Conductor Demand:** Need for conductor cables for power distribution is anticipated to increase, and aluminium offers a cost-effective and feasible substitute.

Risks

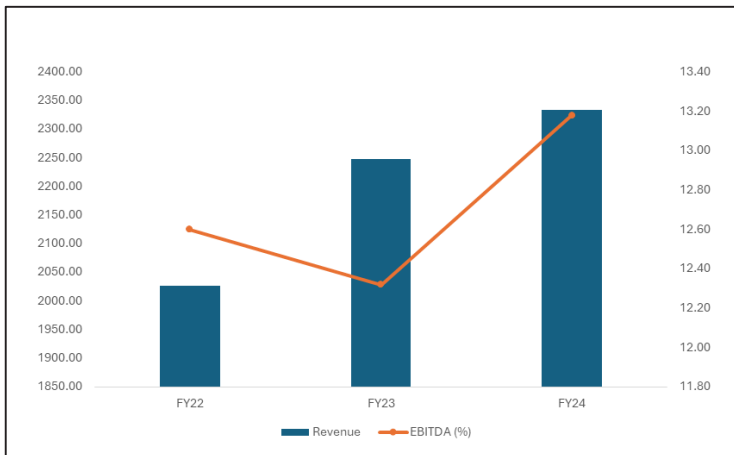
- **Market Dominance and Regulatory Hurdles in the Industry:** The industry is characterised by an oligopolistic structure, where a few influential firms control a significant share of production and processing. This concentration of power exists alongside complex regulatory challenges, including stringent environmental laws and strict quality control measures that mandate BIS certification and the ISI Mark for both domestic and imported products.
- **Energy Costs Threaten Profitability:** Aluminium production is highly energy-intensive, with electricity accounting for over 30% of production costs. Indian aluminium smelters heavily rely on captive coal-based power plants (CPPs). Consequently, volatility in coal prices and high electricity tariffs in India can significantly impact the industry's profitability.

Outlook

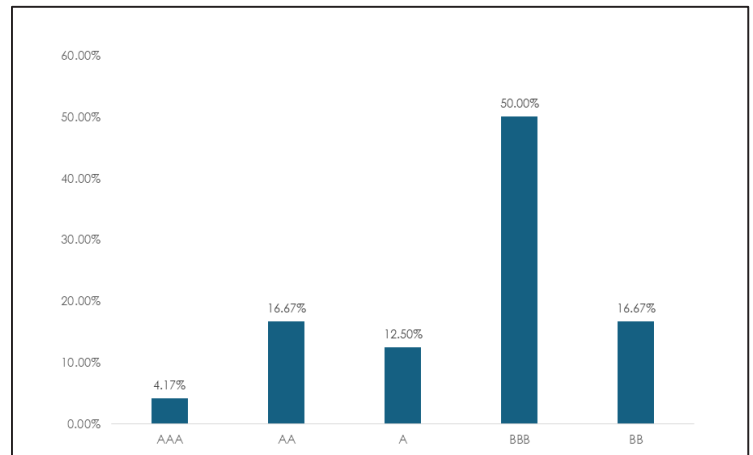
Marginally Unfavourable

The outlook is marginally unfavourable. The Indian aluminium market is greatly dependent on the Indian government's investment in railways, airports, housing, and automotive industries. Reliance on coal-fired power plants for energy, leads to significant greenhouse gas emissions. Manufacturers are required to reduce their carbon footprint. However, transitioning can be costly, especially for MSMEs.

Revenue vs EBITDA



Rating Distribution Graph



Stats Table

Sector Statistics		
Portfolio Highlights	Aluminium	Overall
Investment Grade	83.33%	71%
Downgrade Rate	8.33%	5%
In Default	0.00%	2%
Upgrade Rate	12.50%	16%
Modified Credit Ratio (MCR)	1.06	1.15
Financial Indicators: FY24		
Debt Coverage (ICR in Times)	4.75	
Leverage (D/E Times)	0.24	
Profitability (ROCE in %)	4.56	
Source: Acuité Research; Prime		



Amusement Parks/ Other Recreation

Industry Overview

India's amusement parks and recreation industry continues to evolve rapidly as a key segment of the broader tourism and entertainment landscape. Theme parks, water parks, adventure parks, and entertainment resorts actively cater to a wide demographic—including families, school groups, corporate clients, and tourists. Urbanisation, rising disposable incomes, and a growing appetite for leisure and experiential entertainment drive consistent growth across the sector. Operators not only provide recreational experiences but also host events, educational programmes, and tourism activities.

In 2024, the Indian amusement park market reached a valuation of approximately USD 6.38 billion and is expected to grow to over USD 11 billion by 2030, with a compound annual growth rate (CAGR) of ~9.5%.

About the Industry

Cluster Size

India hosts over 150 operational amusement and water parks, with a strong concentration in metropolitan regions such as Delhi, Mumbai, Hyderabad, Bangalore, and Kolkata. These parks vary in scale from large integrated resorts to mid-sized urban entertainment centres. The industry employs thousands of people across operations, hospitality, maintenance, and administration, contributing significantly to local economies and tourism ecosystems.

Market

The primary market for amusement parks in India includes domestic tourists, especially families and youth. School excursions and group outings form a substantial portion of weekday traffic, while weekends attract urban middle-class families. Corporate events and team-building activities are also growing segments. Additionally, some parks are integrated into broader tourism circuits, attracting international visitors seeking leisure experiences alongside cultural exploration.

Key Players

Several companies have established themselves as leaders in this space. Wonderla Holidays Ltd. is one of the largest and most technologically advanced operators, with parks in Bangalore, Kochi, Hyderabad, and Bhubaneswar. Nicco Parks & Resorts Ltd., based in Kolkata, is a pioneer in Eastern India and known for its innovation and safety standards. Adventure Island Ltd. serves the Delhi NCR region with a mix of rides and retail experiences. Ocean Park Multi Tech Pvt. Ltd. operates in Hyderabad, offering both amusement and water-based attractions. Surya Funcity Ltd., located in Punjab, combines water park features with traditional amusement rides.

Opportunities

- Strong growth potential, driven by India's **young demographics** and **expanding urban middle class**.
- Operators can tap into **emerging markets** in Tier II and Tier III cities, where entertainment infrastructure remains underdeveloped.
- Integrating technologies like **virtual reality, augmented reality, and smart ticketing** enhances visitor experiences. Government initiatives such as **Dekho Apna Desh** actively promote domestic tourism, further boosting demand.
- Themed resorts that combine lodging with entertainment are gaining traction, offering **longer and more immersive experiences**.

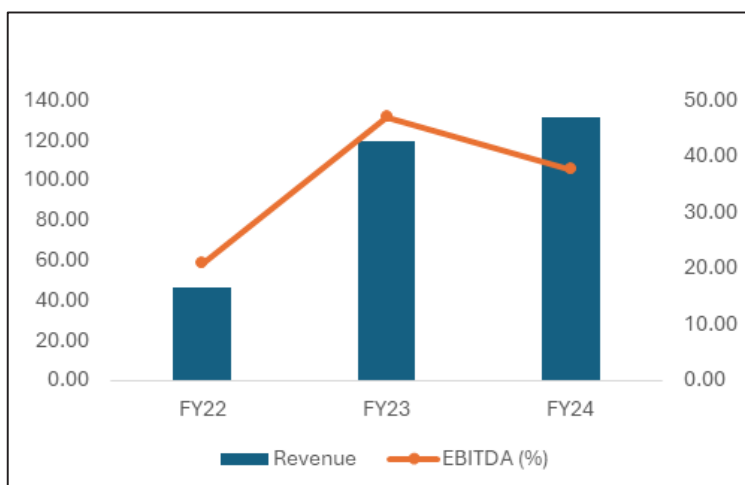
Risks

- Despite its potential, the industry faces several challenges. **Seasonality** affects visitor numbers, with peaks during holidays and dips during monsoons or school terms.
- **Safety and maintenance** are critical concerns, requiring strict adherence to standards and regular audits.
- **High capital investment and operational costs** pose financial risks, especially for new entrants.
- **Regulatory compliance** related to land use, environmental norms, and licensing can also be complex and time-consuming.

Outlook
Favourable

With continued investment, innovation, and policy support, the sector is expected to grow steadily. The focus will likely shift towards immersive experiences, regional expansion, and integration with hospitality and tourism services. As consumer expectations evolve, parks that offer safe, engaging, and diverse experiences will thrive in this competitive landscape.

Revenue vs EBITDA



Rating Distribution Graph



Stats Table

Sector Statistics		
Portfolio Highlights	Amusement and Recreation Industry	Overall
Investment Grade	66.67%	71%
Downgrade Rate	0.00%	5%
In Default	0.00%	2%
Upgrade Rate	33.33%	16%
Modified Credit Ratio (MCR)	2.00	1.15
Financial Indicators: FY24		
Debt Coverage (ICR in Times)	9.37	
Leverage (D/E Times)	0.07	
Profitability (ROCE in %)	13.47	
<i>Source: Acuité Research; Prime</i>		



Breweries & Distilleries

Industry Overview

The Indian alcoholic beverage industry is on a steady growth trajectory in FY25, driven by premiumisation, evolving consumer preferences, and favourable weather conditions. IMFL and beer segments are leading the charge with notable revenue and volume growth.

The state governments in each jurisdiction have absolute authority over the laws governing the manufacturing and sale of liquor. It is challenging for new entrants to obtain licenses since each state and union territory that consumes alcohol has its own legislation and entry-exit limits. This gives existing companies a competitive edge.

About the Industry

Cluster Size

The Indian breweries and distilleries market is substantial and growing, with the alcoholic beverages market projected to reach USD 175.60 Billion by 2033. Within this, the beer market alone was valued at INR 444.6 billion in 2024 and is expected to reach INR 802.5 billion by 2033, with a CAGR of 6.72%. The craft beer market is experiencing even more rapid growth, with a projected CAGR of 23.43% between 2025 and 2033.

Market

Domestic: Major consumption driven by urbanisation and rising incomes

Exports: Key markets include UAE, Singapore, Netherlands, East Africa

Key Players

The Indian alcohol industry features a mix of large, organised players, regional producers, and a growing presence of international brands. E-commerce is expanding access for both major and niche players. Key companies include United Spirits Ltd (McDowell's No. 1, Johnnie Walker), United Breweries Ltd (Kingfisher), Radico Khaitan (spirits, vodka), Allied Blenders & Distillers (Officer's Choice), and Sula Vineyards (India's leading winemaker).

Opportunities

- **Consumers are increasingly** opting for high-quality, artisanal alcoholic beverages, driving growth in the premium segment.
- **Warmer weather and seasonal trends** are contributing to higher beer consumption, especially in urban areas.
- **Shift to grain-based distillation** for cost efficiency
Export potential with focus on heritage spirits (Mahua, Feni) CIABC pushing for uniform taxation and global promotion Shifting lifestyle and choices.
- **Online platforms** are expanding market reach, especially for premium and niche brands.

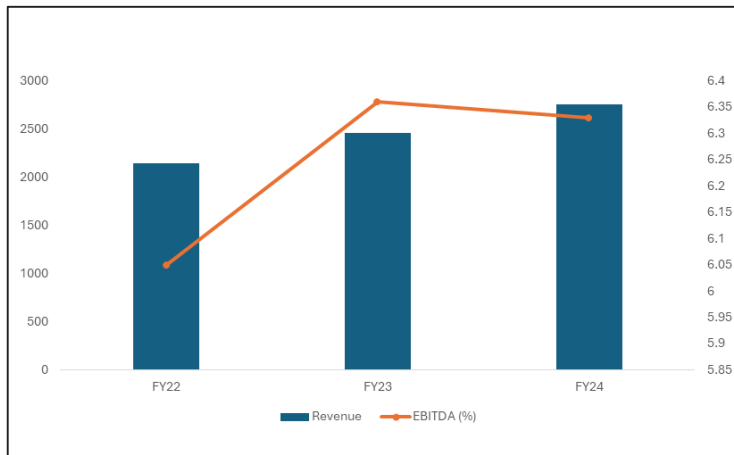
Risks

- **Regulatory complexity** due to state-wise laws
- **Licensing** hurdles for new entrants
- **Rising input costs** (ENA, molasses) due to ethanol blending policies Intense competition
- **Climate changes** can impact raw material availability

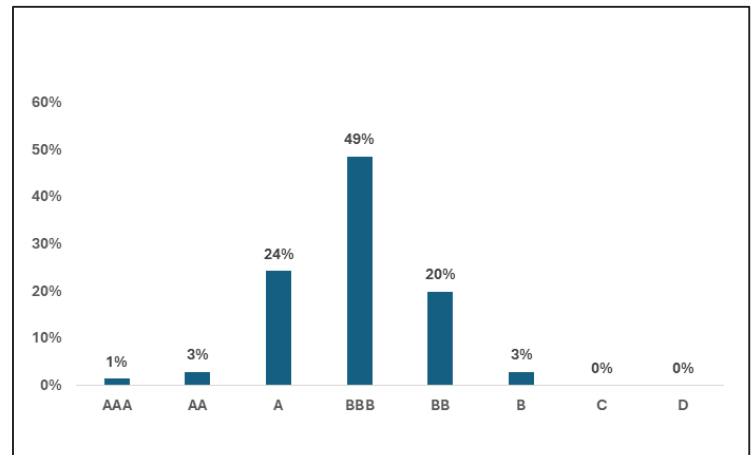
Outlook
Favourable

The Indian alcoholic beverage industry is experiencing robust growth, fuelled by urbanisation, rising disposable incomes, and a growing demand for premium and imported alcohol. The market is projected to continue expanding in the coming years at CAGR of 6% to 7% on the back of changing consumer preferences and expanding local and Indian market while challenges such as regulatory requirements, licensing and input cost to be managed effectively.

Revenue vs EBITDA



Rating Distribution Graph



Stats Table

Sector Statistics		
Portfolio Highlights	Breweries and Distilleries	Overall
Investment Grade	77.14%	70.98%
Downgrade Rate	1.43%	5.18%
In Default	0.00%	1.89%
Upgrade Rate	20.00%	15.67%
Modified Credit Ratio (MCR)	1.26	1.15
Financial Indicators: FY24		
Debt Coverage (ICR in Times)	4.55	
Leverage (D/E Times)	0.60	
Profitability (ROCE in %)	7.61	
Source: Acuite Research: Prime		



Cable- Electricals

Industry Overview

The cables and wires (C&W) sector, accounting for 39% of the electrical industry, is crucial for various industrial applications. The industry is expected to grow at a CAGR of 11-13% between FY24 and FY29E, driven by initiatives from public and private sectors, urbanisation, smart cities, real estate expansion, rural electrification, & renewable energy. India is recognised as one of the world's lowest cost producers of Cable Electricals due to the easy accessibility of raw materials and relatively low labour costs. India's C&W industry saw revenues grow 13% to INR 84,500 crore in FY24 spurred by strong demand from the power, railways, and real estate sectors.

About the Industry

Cluster Size

Copper and aluminium being the main raw materials in this industry, Rajasthan, Madhya Pradesh, and Jharkhand stand out for their high levels of copper deposits, with active mining activities. Aluminium production in India predominantly relies on bauxite resources, with Odisha recognised as the largest producer of this mineral.

Market

The Indian C&W industry is characterised by a dynamic and intensifying competition, undergoing a significant transformation from a largely unorganised, fragmented market to being dominated by established and new large players. The organised segment's market share has likely increased from around 68% in FY19 to approximately 73% in FY24.

Key Players

Polycab India, Havells India, KEI Industries, and Finolex Cables are among the major players. Despite the dominance of the top six C&W companies, controlling ~52% of the industry, no company holds > 20%. Unorganised players still account for about 26% of the market share.

Opportunities

- **Government Initiatives & Sector Growth Power C&W Market:** Government programmes like DDUGJY, which involve installing new, high-quality wires and cables to integrate remote areas into the national grid, are significantly boosting market growth. This expansion is further propelled by strong momentum in the real estate and infrastructure sectors, increased village electrification, and the rise of nuclear families, all driving demand for cables and wires.
- **Renewable Energy Surge Demands Robust Grid Expansion:** Anticipated massive capacity additions in renewable energy necessitating robust expansion of transmission & distribution networks.
- **Robust Growth in India's C&W Exports:** India's C&W exports were INR 16,765 cr in FY24 and INR 8,322 cr in FY20. There is robust and consistent demand from overseas markets.

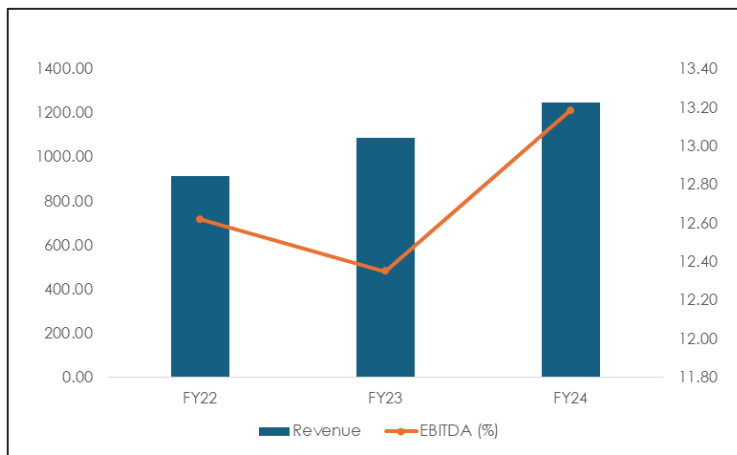
Risks

- **Conglomerate Entry Intensifies Copper Competition:** Entry of conglomerates Adani & Aditya Birla Group in the sector with their existing synergies (in copper production), intensify competition.
- **Copper & Aluminum Price Volatility:** A Key Threat to C&W Profitability- With 75% of the entire cost of raw materials for C&W made of copper and aluminium combined, volatility in their prices can greatly impact profitability.

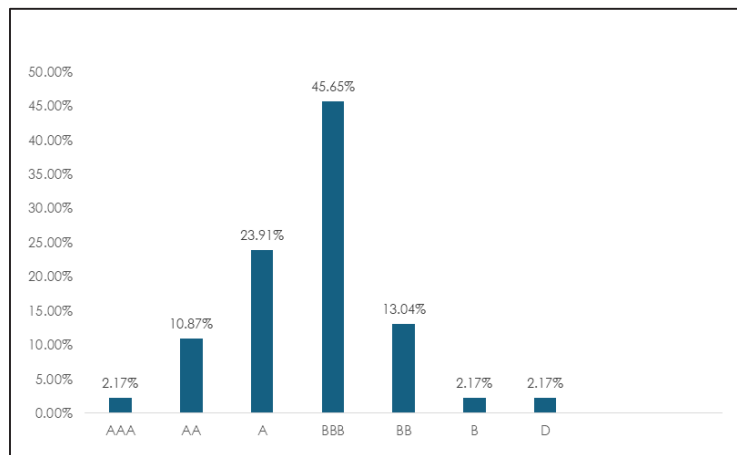
Outlook
Favourable

The outlook is favourable. Looking forward, anticipated massive capacity additions in renewable energy will necessitate significant expansion of transmission and distribution networks, serving as a key driver for continued robust growth in the C&W industry. The sector is also expected to capitalise on emerging trends like digitisation and government-led initiatives to maintain growth despite commodity price volatility.

Revenue vs EBITDA



Rating Distribution Graph



Stats Table

Sector Statistics		
Portfolio Highlights	Cable- Electricals	Overall
Investment Grade	82.61%	71%
Downgrade Rate	2.17%	5%
In Default	2.17%	2%
Upgrade Rate	36.96%	16%
Modified Credit Ratio (MCR)	1.73	1.15
Financial Indicators: FY24		
Debt Coverage (ICR in Times)	4.76	
Leverage (D/E Times)	0.24	
Profitability (ROCE in %)	4.56	
Source: Acuité Research; Prime		



Castings and Forgings

Industry Overview

India's castings and forgings industry is a vital segment of the manufacturing sector, serving industries such as automotive, aerospace, defence, power, oil & gas, and industrial machinery. The industry benefits from a large base of skilled labour, abundant raw material resources (like iron ore, coal, and non-ferrous metals), and a growing demand for precision-engineered components. It employs over 2 million people across various regions. The sector is characterised by a mix of large multinational companies, domestic manufacturers, and a thriving MSME segment. Regulatory bodies such as the BIS, DGFT, and the Ministry of Heavy Industries oversee standards related to quality, safety, and environmental compliance. The castings and forgings industry in India is expected to grow at a CAGR of approximately 11.13% over the next decade, potentially reaching a valuation of USD 42 billion by 2030.

About the Industry

Cluster Size

India's castings and forgings industry is concentrated mainly in Maharashtra, Punjab, Gujarat, Tamil Nadu, Haryana, Delhi, Karnataka, Jharkhand, West Bengal, and Andhra Pradesh. These regions host numerous foundries and forging units, with Maharashtra and Tamil Nadu leading in automotive and industrial applications. The industry comprises both small-scale units and large integrated manufacturing complexes, with a focus on high-precision, high-quality components for export and domestic consumption.

Market

India's castings and forgings industry supplies domestic sectors like automotive (cars, trucks, two-wheelers), infrastructure, power generation, and defence. The India foundry and casting market size reached USD 19.80 Billion in 2024. The export market is significant, with key buyers in the USA, Europe, Japan, and the Middle East. The industry is increasingly adopting advanced manufacturing techniques like automation, robotics, and quality management systems to meet international standards and enhance competitiveness.

Key Players

Major players include Bharat Forge Limited, PTC Industries Limited, Mahindra CIE Automotive Limited (formerly Mahindra Forgings Limited), and Ramkrishna Forgings Limited, along with numerous MSMEs. These companies are investing in technological upgrades, R&D, and capacity expansion to cater to the growing demand for lightweight, durable, and high-precision components.

Opportunities

- **Strong global and domestic demand** for automotive, aerospace, and industrial machinery components.
- **Expansion of high-value**, precision forging and casting for advanced sectors like electric vehicles and renewable energy infrastructure.
- **Adoption of new materials** such as composites and lightweight alloys to meet sustainability and efficiency targets.
- **Integration of Industry 4.0** technologies for smarter manufacturing, quality control, and supply chain management.
- **Export potential** driven by India's strategic focus on defence and aerospace sectors, along with increasing compliance with international standards.

Risks

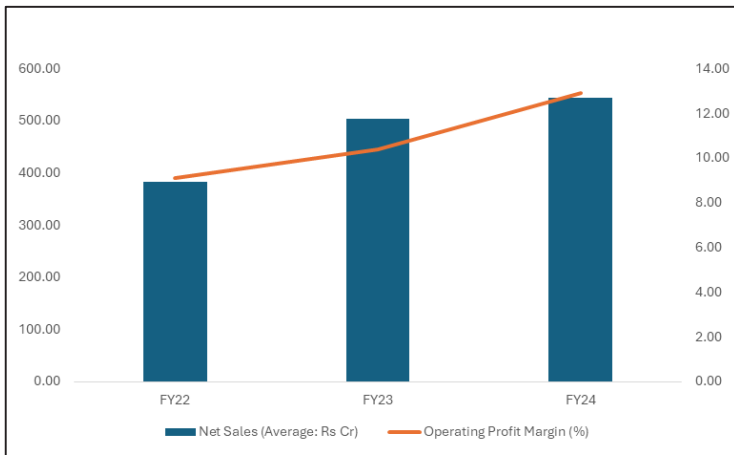
- **Volatility in raw material prices**, especially steel and non-ferrous metals, impacting margins.
- **Environmental regulations** related to emissions, waste management, and energy consumption increasing compliance costs.
- **Competition** from low-cost manufacturing hubs in Southeast Asia and China.
- **Technological obsolescence**, requiring continuous capital investment.
- **Disruption risks** from global supply chain issues, geopolitical tensions, and economic slowdowns

Outlook

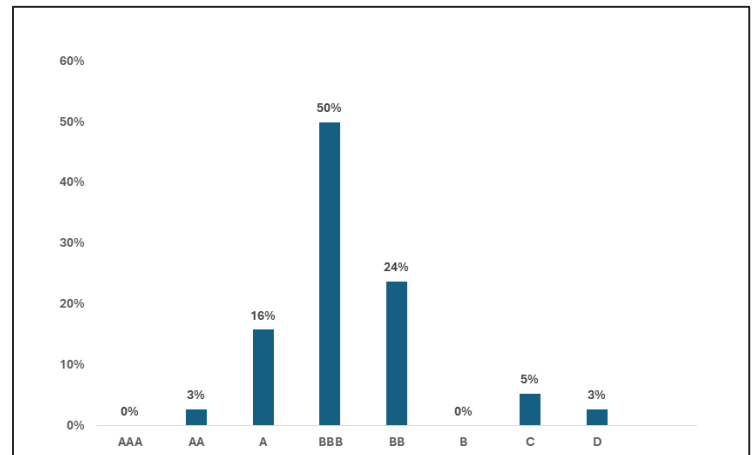
Marginally Favourable

The industry's growth will be driven by increasing demand from the automotive, aerospace, and infrastructure sectors, coupled with government initiatives to promote manufacturing (such as Make in India). Embracing technological innovation, sustainable practices, and expanding export capabilities will be critical for industry players to enhance competitiveness and capitalise on emerging opportunities in the global market. However, the outlook is constrained by volatility in raw material prices and availability of the same. Further any global tensions disrupting supply chains will be monitorable.

Revenue vs EBITDA



Rating Distribution Graph



Stats Table

Sector Statistics		
Portfolio Highlights	Casting & Forgings	Overall
Investment Grade	68.42%	70.98%
Downgrade Rate	7.89%	5.18%
In Default	7.89%	1.89%
Upgrade Rate	18.42%	15.67%
Modified Credit Ratio (MCR)	1.15	1.15
Financial Indicators: FY24		
Debt Coverage (ICR in Times)	5.45	
Leverage (D/E Times)	0.63	
Profitability (ROCE in %)	7.24%	
Source: Acuité Research; Prime		



Civil Construction

Industry Overview

The overarching sectoral theme of civil construction covers the vast arena of real estate, infrastructure, and industrial construction. It covers utilities, urban infrastructure, transport infra and more such and its size is estimated at INR 25,316 billion in 2024.

Government's infrastructure push, real estate rush, warehousing and data centre growth and more saw the sector exhibit double digit growth in the last few years. On an elongated base, the sector isn't projected to repeat the same growth. But with most aforementioned driving factors in play --- it's expected to see a CAGR growth of a 9.6% between 2024 to 2028.

About the Industry

Cluster Size

The sector with a broad range of sub-sectors is spread across the vast nation. However, as per the government's Gati Shakti scheme, various industrial sectors will spur infrastructure development across the 100 clusters they have identified. Otherwise, most construction majors are located in top metro cities to aid centralised functioning across sites located all over the country and beyond.

Market

Thanks to the massive capital requirements as well as output; the civil construction sector is estimated to contribute anywhere between 8-10% to India's GDP. It employs over 50 million people and is one of the top-most employers of the country.

Key Players

The sector is fragmented across sectors and sub-sectors, with small and regional players with varied market shares across states. However, some of the largest national players in the sector include Larsen & Toubro, KNR Constructions, Tata Projects, KEC International Limited, NCC, PNC Infratech and Ashoka Buildcon.

Opportunities

- Government's **steady budgetary allocations** to the sector continued with **INR 11.21 lakh crore** for the infrastructure sector in Budget 2025-26. It is expected to generate strong order inflows.
- **Jal Jeevan Mission, interest free loans to states, urban sector reforms** as well creative redevelopment of cities received push from the governments.
- **Transmission & distribution projects; cement, warehousing, data centers** and more continue to see investments.
- The healthy pace of **residential and commercial real estate** addition in metros is expected to sustain in the next coming years.
- Use of **technology is expected to hasten construction cycles** which in turn can help reduce working capital cycles.

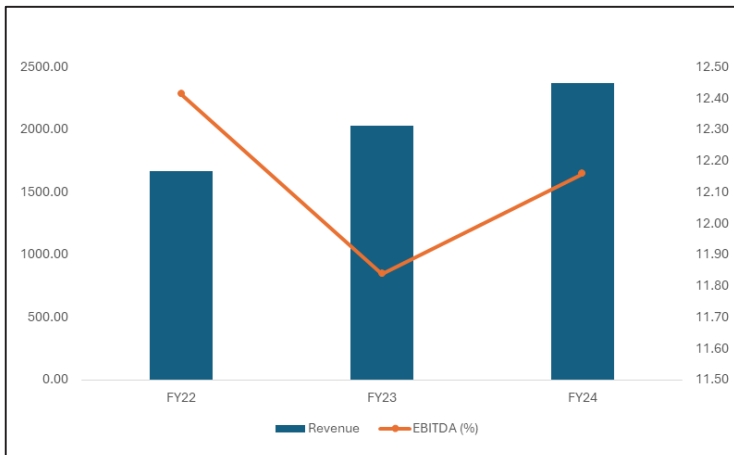
Risks

- New players in **roads segment led to high competition**, and has also intensified in railways and metro sectors – possibly leading to **margin erosion** as well as **project viability**.
- **Commodity prices are expected to fluctuate** heavily due to international volatility, wars and trade disruptions.
- **Expiration of a few relief measures** are expected to put pressure on working capital cycles of a few players.
- Apart from water, sanitation, urban infrastructure and others, **order inflows across various sub-sectors including roads had been muted** in the last one year.
- **Capital investments from private sector** have remained muted for the last few years.

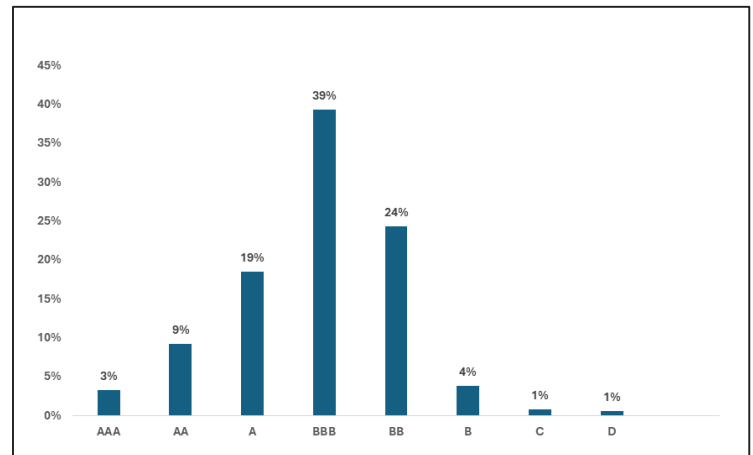
Outlook
Favourable

Lowered interest rates and liquidity enhancements aid the capital heavy construction sector the most. More so, affordable housing could pick in the coming quarters, leading to more activity. The sector in general could gain from the infrastructure addition of a rapidly developing country with a stable regulatory environment – aiding the diversification and growth of its key players. Moving forward, effective cost management and risk mitigation efforts will be essential for sustaining growth and competitiveness within the civil construction sector.

Revenue vs EBITDA



Rating Distribution Graph



Stats Table

Sector Statistics		
Portfolio Highlights	Civil Construction	Overall
Investment Grade	70.42%	71%
Downgrade Rate	3.87%	5%
In Default	1.37%	2%
Upgrade Rate	20.25%	16%
Modified Credit Ratio (MCR)	1.27	1.15
Financial Indicators: FY24		
Debt Coverage (ICR in Times)	4.28	
Leverage (D/E Times)	0.37	
Profitability (ROCE in %)	10.03	
Source: Acuite Research: Prime		



Commercial Vehicles

Industry Overview

The Indian commercial vehicles (CV) sector is undergoing significant change due to rapid urban growth and shifting transportation demands. The Indian CV market size is valued at approximately USD 51.09 billion in 2025 and is anticipated to grow to USD 62.95 billion by 2029, with a compound annual growth rate (CAGR) of 5.36% during the forecast period 2025-2029. The estimate is for a 3-5% YoY growth in wholesale volumes for the Indian CV industry in FY26.

About the Industry

Cluster Size

The market size of the Indian CV industry is valued at approximately USD 51.09 billion in 2025. Stricter emission regulations, especially BS-VI standards, have driven technological innovation in vehicle manufacturing. This has led manufacturers to invest heavily in R&D, resulting in more efficient and eco-friendly vehicles. The industry's transformation is also fuelled by government initiatives promoting sustainable transport, with many states working to phase out older vehicles and encourage cleaner options.

Market

In 2025, Light Commercial Pick-up Trucks held about 57% of the commercial vehicle market, favoured for last-mile delivery and shifting toward electric/CNG with innovative financing. The bus segment is the fastest growing at 8% annually (2025-2029), driven by urban transit modernisation, educational and corporate demand, and smart city projects. Heavy-duty trucks and light vans are also upgrading with focus on fuel efficiency, safety, and alternative fuels to enhance operational efficiency.

Key Players

Leading companies such as Tata Motors, Mahindra & Mahindra, Ashok Leyland, and VE Commercial Vehicles are the key players. They are heavily investing in electric and alternative fuel technologies, expanding product portfolios, and strengthening distribution and after-sales networks.

Innovation, cost competitiveness, and digital connectivity are crucial for success. New entrants can gain market share by targeting specific segments or regions, tailoring products to local conditions, and investing in localisation.

Opportunities

- To gain market share, contenders are targeting specific segments or regions, focusing on **products tailored to Indian conditions and cost-effective localisation**.
- **Adapting to evolving emission and safety regulations** requires ongoing R&D. With increasing emphasis on sustainability and EV policies, maintaining resilient supply chains and operational flexibility is vital for both established and emerging players to stay competitive.

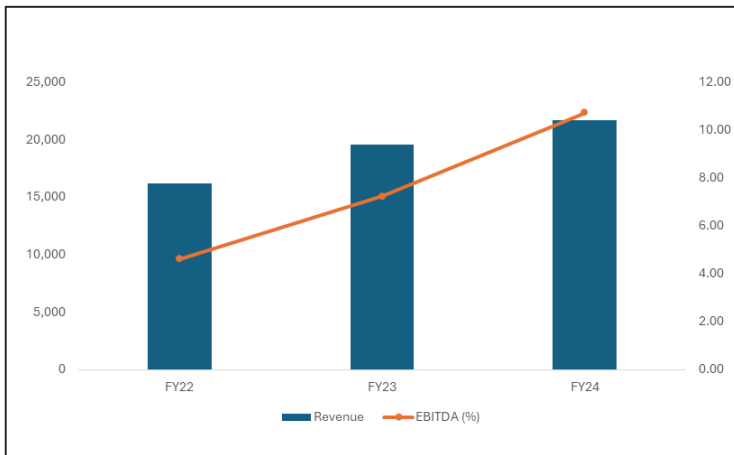
Risks

- Market dynamics are influenced by **economic cycles, regulatory changes, environmental and safety concerns, technological advancements, supply chain disruptions, and increasing focus on ESG factors**.
- **Compliance with evolving emission and safety standards** poses challenges but also drives R&D and innovation.

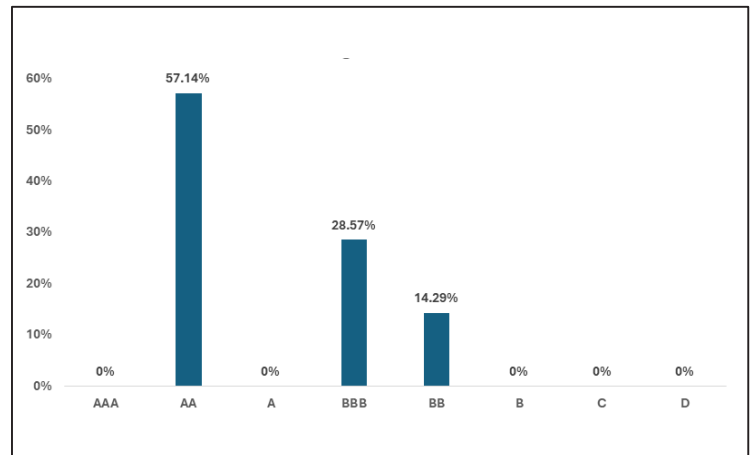
Outlook
Favourable

The Indian CV market is expected to continue its growth trajectory, driven by ongoing infrastructure development, e-commerce expansion, and the increasing adoption of electric vehicles. The credit metrics of the industry are expected to gradually improve, with stronger debt/OPBITDA and interest coverage ratios in FY26.

Revenue vs EBITDA



Rating Distribution Graph



Stats Table

Sector Statistics	Commercial Vehicles	Overall
Portfolio Highlights	Commercial Vehicles	Overall
Investment grade and above	85.70%	71.00%
Downgrade Rate	0.00%	5.20%
In Default	0.00%	1.89%
Upgrade Rate	57.10%	15.70%
Modified Credit Ratio	2.33	1.15
FY24 Debt Coverage (ICR in Times)	11.05	
FY24 Leverage (D/E Times)	0.60	
FY24 Profitability (ROCE in %)	15.48	
Source: Acuité Research; Prime		



Commodity Chemicals

Industry Overview

India's commodity chemicals industry plays a vital role in manufacturing and exports, producing synthetic fibres, plastic films, and petrochemical derivatives for key sectors like textiles, packaging, and automotive. Demand is growing moderately, driven by urbanisation and rising incomes. India is also a global leader in generics, biosimilars, and vaccines, supplying over 50% of the world's vaccines. Chemical and petrochemical demand is projected to nearly triple, reaching USD 1 trillion by 2040, with INR 8 lakh crore (USD 107.38 billion) in investments expected by 2025.

About the Industry

Cluster Size

India holds a strong position in exports and imports of chemicals at a global level and ranks 14th in exports and 8th in imports at the global level (excluding pharmaceuticals). From April-November 2024, India's dye exports (Dyes and Dye Intermediates) totalled INR 14,712 crore (USD 1.70 billion). Major chemical production reached 1,008.9 thousand metric tonnes in December 2024, while petrochemical production reached 1,840.22 thousand metric tonnes. An investment of INR 8 lakh crore (USD 107.38 billion) is estimated in the Indian chemicals and petrochemicals sector by 2025.

Market

India exports chemicals to over 175 countries, with major destinations including the USA, China, Brazil, UAE, Germany, and the Netherlands. Newer markets like Turkey, Russia, and Northeast Asia (e.g., Japan, Korea, Taiwan) are also gaining traction. In FY23, the USA was the top importer at USD 3.85 billion, followed by Brazil (USD 1.82 billion) and China (USD 1.74 billion), highlighting India's growing global footprint in chemical exports.

Key Players

The sector includes PSUs like HOCL and HIL, alongside private firms such as JPFL, Bombay Dyeing, and Indo Rama. Specialty chemical players are investing heavily in capacity expansion.

Opportunities

- **Emerging Markets:** India is poised to become a global leader in specialty chemicals, driven by rising demand and export potential.
- **Government Support:** Initiatives like Make in India and targeted incentives are boosting domestic production and industry growth.
- **Technological Advancement:** Increased R&D investment is key to closing the technology gap and enhancing global competitiveness.
- **Sustainability:** Adoption of eco-friendly practices and green chemistry is opening new growth avenues and aligning with global trends.

Risks

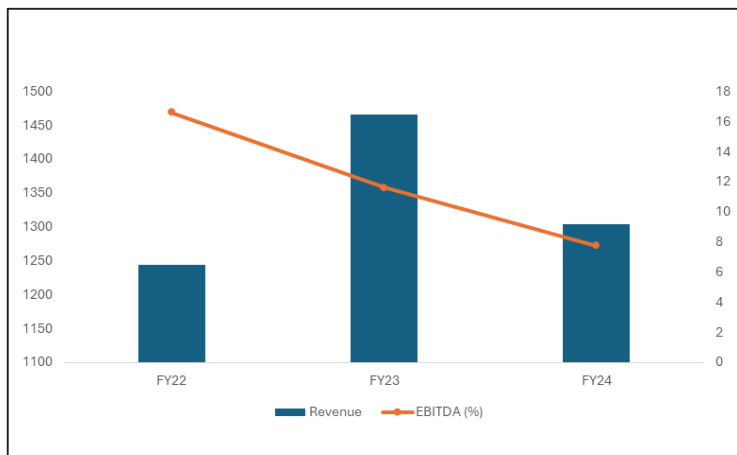
- **Regulatory Risks:** Increasing compliance requirements pose operational and financial challenges.
- **Raw Material Volatility:** Price fluctuations impact cost structures and profitability.
- **Global Competition:** Rising competition from international players pressures margins and market share.
- **Environmental Regulations:** Stricter norms drive up costs and necessitate investment in green technologies.

Outlook

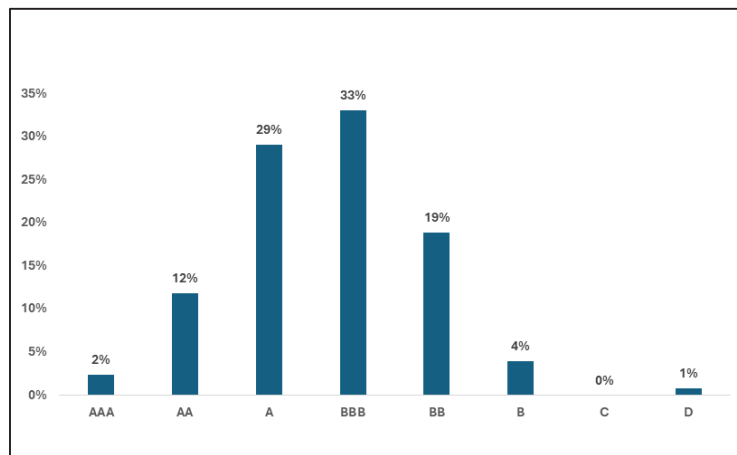
Marginally Unfavourable

The outlook for the commodity chemicals industry is marginally unfavourable, marked by steady demand but rising constraints. Despite supportive policies and diversified sourcing, the sector faces high input costs, tightening regulations, and global trade uncertainties. In India, projected growth to USD 300 billion by 2025 and USD 1 trillion by 2040 is increasingly challenged by infrastructure gaps, compliance costs, and competition from low-cost producers. While demand remains stable, converting it into sustainable growth is becoming more complex and uncertain.

Revenue vs EBITDA

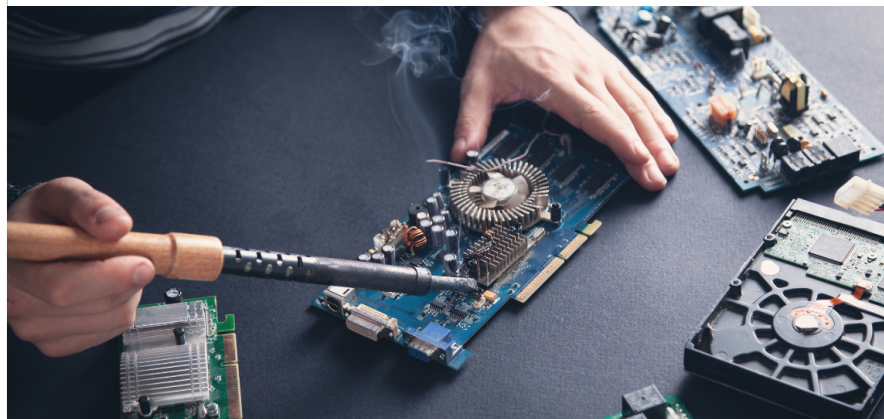


Rating Distribution Graph



Stats Table

Sector Statistics		
Portfolio Highlights	Commodity Chemicals Industry	Overall
Investment Grade	76.38%	70.98%
Downgrade Rate	4.72%	5.18%
In Default	0.79%	1.89%
Upgrade Rate	11.02%	15.67%
Modified Credit Ratio (MCR)	1.08	1.15
Financial Indicators: FY24		
Debt Coverage (ICR in Times)	4.68	
Leverage (D/E Times)	0.28	
Profitability (ROCE in %)	5.07	
Source: Acuité Research; Prime		



Computers Hardware & Equipment

Industry Overview

India's IT hardware market is poised for significant growth, with its size estimated at USD 21.17 billion in 2025 and projected to reach USD 29.84 billion by 2030, reflecting a CAGR of 7.10%. This expansion is largely fuelled by India's emergence as a manufacturing hub, boosting PC production and adoption.

About the Industry

Cluster Size

India's computer hardware industry is developing multiple manufacturing clusters, primarily in the South (e.g., Bengaluru, Chennai) and North (e.g., NCR). These clusters, driven by government incentives like the PLI scheme, involve hundreds of manufacturing and EMS companies, supported by a growing ecosystem of component suppliers and R&D.

Market

The Computer Hardware and Equipment industry is segmented by Product Type (e.g., PCs, servers, peripherals, internal components), End-User (e.g., Consumers, Large Enterprises, SMEs, Government, Education, Data Centers), and Distribution Channel (Online, Offline). Further segmentation occurs by Industry/Application (e.g., BFSI, IT & Telecom, Manufacturing, Healthcare, Retail, Media & Entertainment) and, specifically in India, by Region (North, South, West & Central, East India) to target diverse market needs.

Key Players

Key players in the computer hardware industry include global OEMs like HP, Dell, Lenovo, Acer, and Asus. Core component manufacturers like Intel, NVIDIA, AMD, and Micron are crucial. Cisco and HPE dominate enterprise networking/storage. Significant Indian players and EMS providers include HCL Infosystems, Dixon Technologies, VVDN Technologies, and various local brands like D-Link and iBall, contributing to a growing localised manufacturing ecosystem.

Opportunities

- **Localised Manufacturing:** India's IT hardware market, bolstered by the government's PLI scheme attracting global OEMs like HP and Dell for local manufacturing, is poised for strong growth, driven by increasing domestic demand, digitalisation, and export potential.
- **AI & Machine Learning:** The increasing adoption of AI/ML across industries necessitates high-performance computing (HPC) hardware, including powerful GPUs, specialised AI accelerators, and robust servers. Opportunities exist in designing and manufacturing hardware optimised for AI workloads.
- **IoT & 5G Integration:** The proliferation of IoT devices and the ongoing rollout of 5G networks create opportunities for hardware supporting connected environments, edge computing, sensors, IoT gateways, and robust networking infrastructure.

Risks

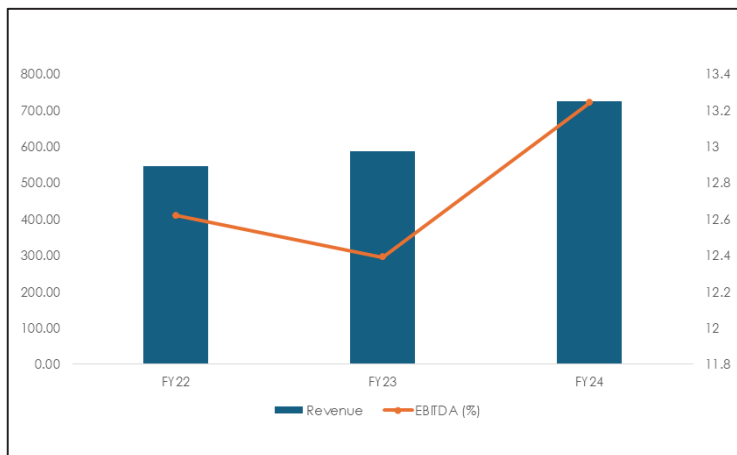
- **Supply Chain Vulnerability & Geopolitical Risks:** The computer hardware industry faces a critical risk from its heavy reliance on complex global supply chains. Geopolitical tensions, trade disputes, natural disasters, and health crises can cause severe disruptions.
- **Rapid Technological Obsolescence & High R&D Costs:** The hardware industry faces rapid obsolescence due to fast innovation, leading to short product lifecycles and inventory write-offs. This demands continuous, heavy R&D investment to remain competitive, posing a significant financial burden.

Outlook

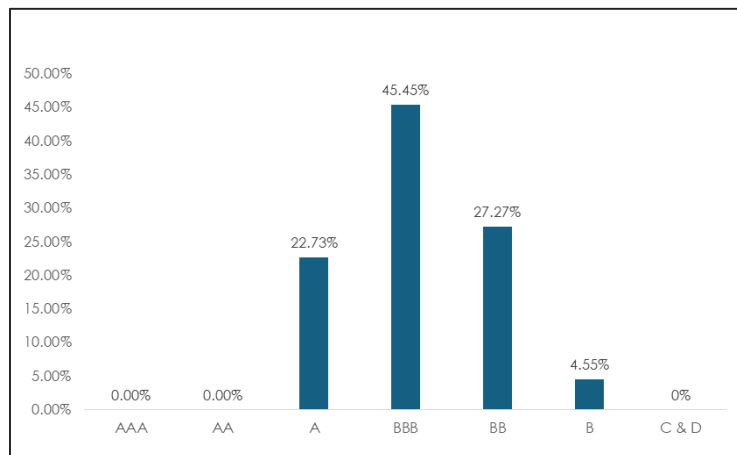
Marginally Favourable

Despite the global supply chain issues, rapid obsolescence, intense competition, and high R&D/compliance costs, the hardware industry can navigate these. Success hinges on strategic investment in localised manufacturing and R&D (via PLI schemes), proactive supply chain diversification, continuous talent upskilling, and a focus on value-added, specialised products. Swift adaptation and robust risk management are key to resilience and sustained growth.

Revenue vs EBITDA



Rating Distribution Graph



Stats Table

Sector Statistics		
Portfolio Highlights	Other Electrical Equipment	Overall
Investment Grade	68.18%	71%
Downgrade Rate	0.00%	5%
In Default	0.00%	2%
Upgrade Rate	9.09%	16%
Modified Credit Ratio (MCR)	1.13	1.15
Financial Indicators: FY24		
Debt Coverage (ICR in Times)	2.29	
Leverage (D/E Times)	0.81	
Profitability (ROCE in %)	2.58	
Source: Acuite Research: Prime		



Computers-Software & Consulting

Industry Overview

The Indian IT-BPM industry, a global leader, is valued at USD 254 billion in FY24 (USD 200 billion exports) and poised for significant growth. Software services exports are expected to reach USD 158.47 billion by 2025, with the IT services sector projecting a 13% CAGR from 2025-2030.

About the Industry

Cluster Size

Seven major IT clusters have emerged in cities like Bangalore, Delhi, Chennai, Hyderabad, Pune, Mumbai, and Kolkata, each with unique characteristics and driving forces. The industry is characterised by strong growth, driven by factors like digital transformation, cloud computing, and the rising demand for software products.

Market

The market is mainly divided by the software and consulting sector according to the following factors: enterprise size (large vs. SMEs), end-user industry or vertical (such as BFSI, healthcare, manufacturing, or government), geography (mature vs. growing markets), software offering (such as enterprise solutions, application development, cybersecurity, and IT strategy), and technology focus (such as cloud computing, AI/ML, data analytics, and IoT).

Key Players

Key players in the Indian Software and Consulting industry include major domestic firms like TCS, Infosys, Wipro, HCLTech, Tech Mahindra, and LTIMindtree, alongside global giants with strong Indian operations such as Accenture, Deloitte, IBM, Capgemini, Cognizant, EY, KPMG, and PwC.

Opportunities

- **Artificial Intelligence (AI) & Machine Learning (ML):** Businesses are heavily investing in AI, creating vast opportunities in developing AI-powered applications, predictive analytics, intelligent automation, chatbots, virtual assistants, generative AI solutions, and AI for cybersecurity.
- **Data Science & Big Data:** High data generation fuels strong demand for data professionals. This creates opportunities in data engineering, modelling, visualisation, and building data-driven tools.
- **Blockchain:** Blockchain offers opportunities beyond finance in secure data management, supply chain transparency, digital identity, and decentralised applications (dApps).

Risks

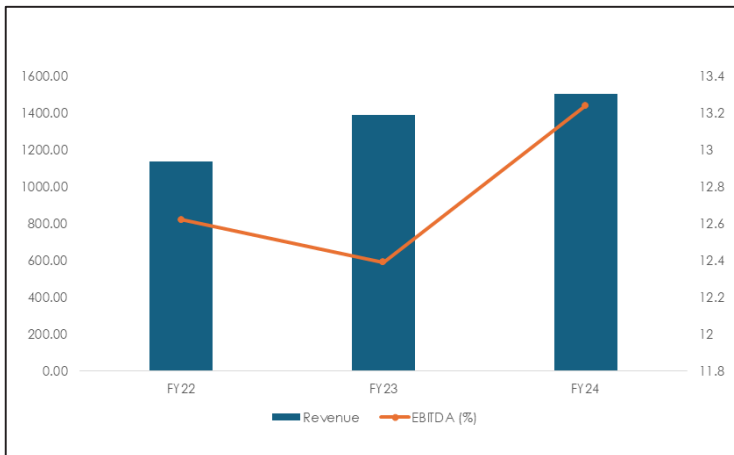
- **Fast Evolution:** Technologies (AI, cloud, blockchain) evolve incredibly fast. Software firms must continuously invest in R&D and workforce upskilling to remain competitive.
- **Evolving Data Privacy Laws:** Navigating complex and constantly changing global data protection regulations like GDPR, CCPA, and India's DPDP Act (2023) is crucial. Non-compliance results in hefty fines and reputational damage.
- **Skilled Labor Shortage:** Despite a large talent pool, a persistent shortage of highly specialised skills (e.g., in advanced AI, cybersecurity, specific cloud platforms) can hinder growth and innovation.

Outlook

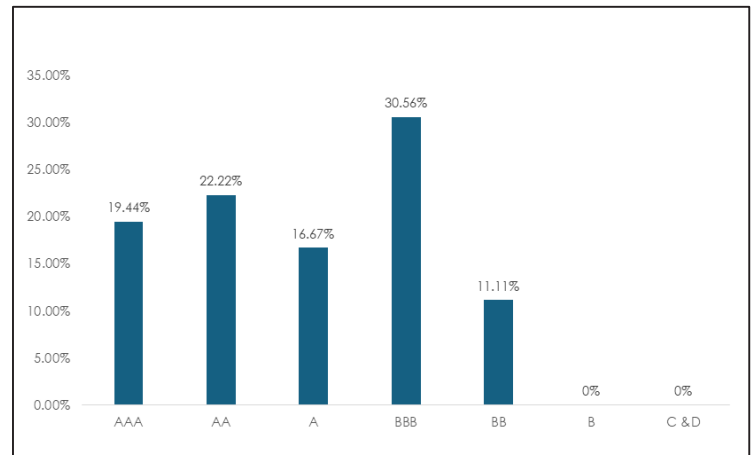
Marginally Favourable

India's software and consulting industry must proactively upskill talent, embrace continuous R&D to counter obsolescence, ensure proactive regulatory compliance, diversify clients and offer value-added services to mitigate economic pressures, and strengthen cybersecurity. These strategies are vital for resilience and growth.

Revenue vs EBITDA



Rating Distribution Graph



Stats Table

Sector Statistics	Computers - Software & Consulting	Overall
Portfolio Highlights	Computers - Software & Consulting	Overall
BBB and above	88.89%	71%
Downgrade rate	0.00%	5%
In Default	0.00%	2%
Upgrade Rate	11.11%	16%
Modified Credit Ratio (MCR)	1.14	1.15
Debt Coverage (ICR in Times)	4.85	
Leverage (D/E Times)	0.24	
Profitability (ROCE in %)	4.48	
Source: Acuite Research: Prime		



Construction Vehicles

Industry Overview

The Indian construction vehicles industry is experiencing substantial growth, projected to triple in size by 2030, driven by increasing infrastructure development and economic stability. The market is valued at USD 10 billion in 2025 and is projected to reach USD 14.34 billion by 2030, with a CAGR of 8.9%. The market is segmented by engine capacity, propulsion type, and equipment type, with earthmoving equipment currently dominating. Electric and hybrid construction vehicles are also gaining traction, with a projected CAGR of 34% by 2030.

About the Industry

Cluster Size

The industry is concentrated in key infrastructure development zones and major urban centres. In 2024, infrastructure projects accounted for 43% of machines, driven by steady government spending on rail, road, and urban renewal, maintaining demand for construction vehicles. Mining and quarrying, about 20%, is the fastest-growing sector due to coal auctions and iron ore prices. Real estate, roughly 25%, boosts demand in Tier II and III cities with high-rise and township developments. Industrial investments in renewables and manufacturing also support demand for cranes and foundation equipment.

Market

The Indian construction vehicle industry saw a 3% growth in FY25, reaching 1,40,191 units sold, according to the Indian Construction Equipment Manufacturers' Association (ICEMA). This was driven by a 10% surge in exports, despite subdued domestic demand impacted by elections and new emission norms. While the domestic market experienced a modest 2.7% growth, the industry's overall performance was better due to the strong export performance.

Key Players

The Indian construction vehicle market is moderately competitive. JCB leads with a strong backhoe range and rapid parts delivery, while Tata Hitachi benefits from local manufacturing and 60% localisation. Top OEMs like Caterpillar, Komatsu, and Volvo focus on tech features such as machine-health analytics and autonomous options. Chinese brands SANY and XCMG are expanding via aggressive pricing and localisation, with SANY aiming for 50% local content.

Opportunities

- The Indian construction vehicle market is valued at USD 10 billion in 2025 and is projected to reach USD 14.34 billion by 2030, with a **CAGR of 8.9%**.
- In 2024, earthmoving equipment held 57% of India's construction vehicle market, with road machinery estimated to grow at **10% CAGR** by 2030.
- Diesel dominated at 95%, though electric/hybrids are also growing rapidly. **Infrastructure projects were the primary consumers, accounting for 43% of the demand.**

Risks

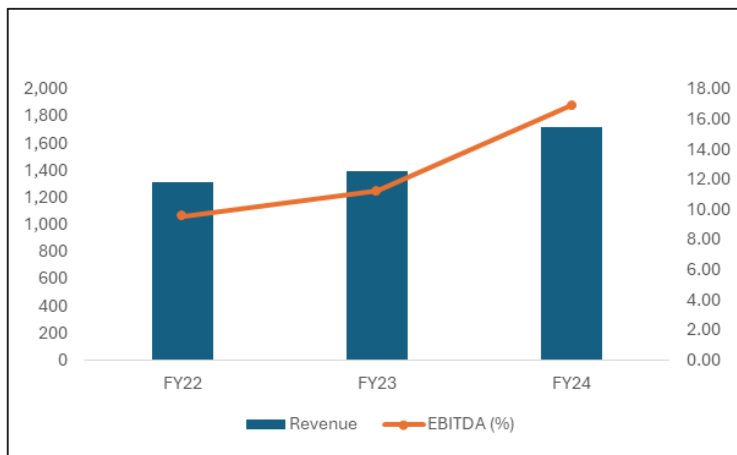
- **Restrictions on the announcement of new projects** due to the model code of conduct before elections led to delays by the central government and some states.
- The **pace of execution** is a cause of concern. The pace of construction of roads has slowed down, not just the national highways but even the rural roads.
- In some instances, the projects were not delivered on time, and in other cases, the projects were not awarded on time and thus got delayed.
- Even in **mining, demand was muted** for the past 15 months. In these cases, the demand for construction vehicles is getting affected.

 **Outlook**

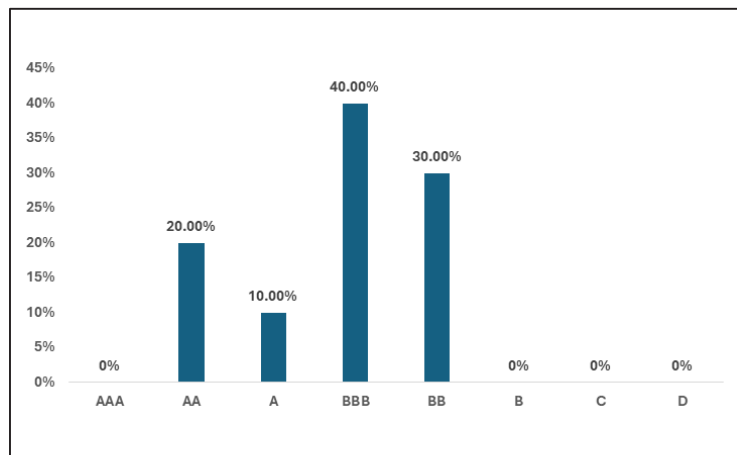
Marginally Favourable

The outlook for the Indian construction vehicles industry looks optimistic, with a rebound in public spending and ongoing market expansion, serving as the key growth drivers.

Revenue vs EBITDA

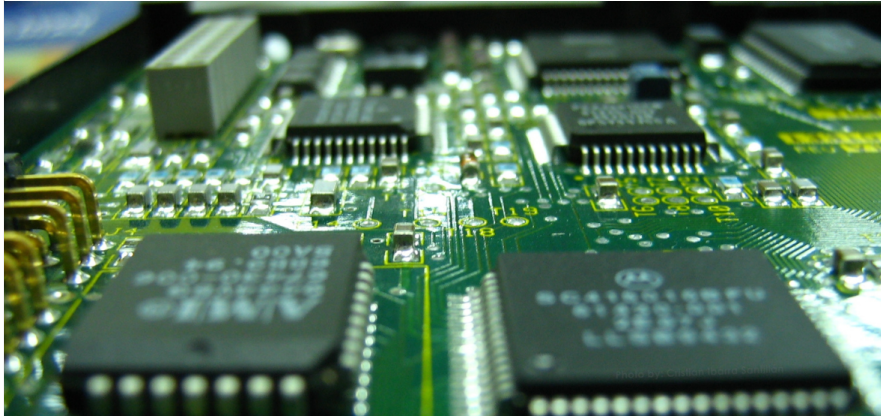


Rating Distribution Graph



Stats Table

Sector Statistics	Construction Vehicles	Overall
Portfolio Highlights	Construction Vehicles	Overall
Investment grade and above	70.00%	71.00%
Downgrade Rate	0.00%	5.20%
In Default	0.00%	1.89%
Upgrade Rate	20.00%	15.70%
Modified Credit Ratio	1.33	1.15
FY24 Debt Coverage (ICR in Times)	16.09	
FY24 Leverage (D/E Times)	0.27	
FY24 Profitability (ROCE in %)	20.61	
Source: Acuite Research: Prime		



Consumer Electronics

Industry Overview

The market size is projected to grow from an estimated USD 83.70 billion in 2024 to USD 152.59 billion by 2033, demonstrating a healthy CAGR of 6.90%. The Indian electronics and consumer products industry is experiencing rapid growth, primarily driven by rising disposable incomes, increasing urbanisation, and a tech-savvy youth population. Government initiatives like 'Make in India' and Production Linked Incentive (PLI) schemes are significantly boosting domestic manufacturing, aiming to reduce import dependence and enhance value addition. Despite progress, reliance on imported components remains a key challenge, though efforts are underway to localise the supply chain. The sector is poised for continued strong growth, with significant contributions to GDP and job creation.

About the Industry

Cluster Size

The growth is supported by key manufacturing clusters across states like Uttar Pradesh (Noida), Tamil Nadu (Sriperumbudur), Karnataka (Bengaluru), and Maharashtra (Pune), driven by significant government incentives and increasing domestic demand.

Market

The Indian electronics and consumer products market is predominantly driven by robust domestic demand, fuelled by a large consumer base and rising incomes. This has led to a significant increase in local manufacturing, particularly for mobile phones, with 99.2% of units sold in India now domestically produced. Concurrently, government incentives are rapidly boosting electronics exports, which grew by 23.6% in FY24, aiming to establish India as a global manufacturing and export hub.

Key Players

The Indian electronics market is highly fragmented, with intense competition among key players. Major organised domestic and international brands like Samsung, LG, Xiaomi, Voltas, and Godrej Appliances dominate significant segments. However, a large unorganised sector, particularly in smaller towns and refurbished goods, still holds substantial market share due to affordability and local reach, creating a complex competitive landscape.

Opportunities

- **Strong domestic demand:** Rising incomes and urbanisation fuel a massive, growing market for electronics products.
- **Government initiatives:** PLI schemes significantly boost local manufacturing, improving the demand-supply balance and reducing import reliance.
- **Technological adoption:** Increasing internet/5G penetration and demand for smart/AI-driven devices ensure sustained growth.

Risks

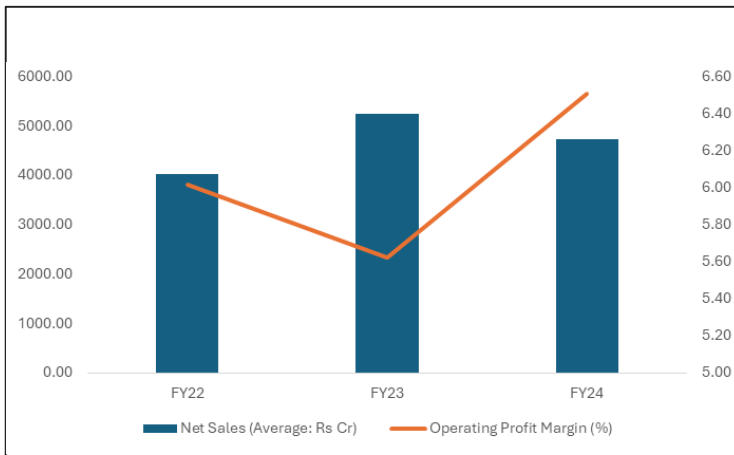
- **Import dependence:** Heavy reliance on imported critical components creates vulnerability to global supply chain disruptions and cost fluctuations.
- **Highly fragmented & Intense competition:** Fierce rivalry from global and domestic players pressures profit margins and necessitates continuous innovation.
- **Skill gaps:** A shortage of adequately trained technical personnel for advanced manufacturing processes can hinder industry growth and technological adoption.

Outlook

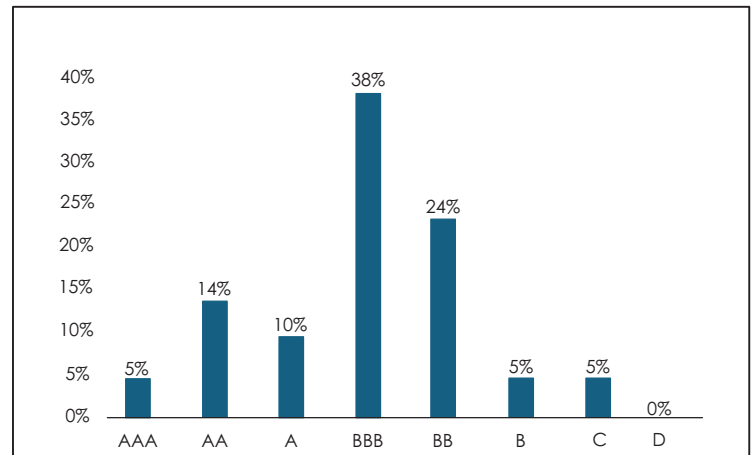
Marginally Unfavourable

The electronics and consumer products industry in India, while showing growth potential, faces a marginally unfavourable outlook. This stems primarily from significant reliance on imported high-tech components, which exposes it to global supply chain vulnerabilities. Additionally, intense competition from both international and domestic player's pressures margins, while regulatory support, though present, sometimes lacks perfect clarity or consistent implementation, creating mild uncertainty.

Revenue vs EBITDA



Rating Distribution Graph



Stats Table

Sector Statistics		
Portfolio Highlights	Consumer Electronics	Overall
Investment Grade	66.67%	70.98%
Downgrade Rate	14.29%	5.18%
In Default	4.76%	1.89%
Upgrade Rate	19.05%	15.67%
Modified Credit Ratio (MCR)	1.07	1.15
Financial Indicators: FY24		
Debt Coverage (ICR in Times)	6.93	
Leverage (D/E Times)	0.23	
Profitability (ROCE in %)	10.57%	
Source: Acuité Research; Prime		



Dairy Products

Industry Overview

India is the world's largest milk producer, contributing 23-24% of global output, with production reaching 239.3 million tons in FY24. Indian dairy market was valued at USD 131.5 Billion in 2024 and is expected to reach USD 290.8 Billion by 2033, at a CAGR of 8.01% during the forecast period 2024 – 2033. The sector employs 80 million rural households and serves as a vital protein source, with rising demand for value-added dairy products. Despite high production, exports remain minimal at 0.25%. Technology advancements are enhancing efficiency, but rising input costs, inflation, and extreme weather continue to drive up milk prices.

About the Industry

Cluster Size

Top-producing states include Uttar Pradesh, Rajasthan, Madhya Pradesh, Gujarat, and Maharashtra, while private players like Amul and Mother Dairy dominate over cooperatives. Regulatory oversight by FSSAI and BIS ensures food safety, while government programmes aim to boost productivity.

Market

Dairy is integral to India's economy, employing 80 million rural households, particularly small farmers. Rising disposable incomes and urbanisation are driving demand for ready-to-eat dairy products. Households allocate 45% of their food budget to dairy, reflecting its nutritional importance. Despite being the top milk producer, India accounts for just 0.25% of global dairy exports, largely relying on domestic consumption.

Key Players

India's dairy sector is dominated by Amul, Mother Dairy, and large private players, with private investments surpassing government cooperatives. The organised sector is expanding as branded products gain consumer preference, reducing the unorganised sector's influence. The industry operates under FSSAI and BIS regulations, ensuring quality standards.

Opportunities

- **Growing consumer health awareness** is fueling demand for value-added dairy products like fortified milk and cheese.
- **Government programs** like the NPBBDD and Rashtriya Gokul Mission aim to improve productivity and indigenous cattle breeds.
- **Technological advancements**, including smart sensors, blockchain, and data analytics, enhance supply chain efficiency.
- **Rising per capita milk availability** (471 grams/day in 2025) signals strong domestic demand.

Risks

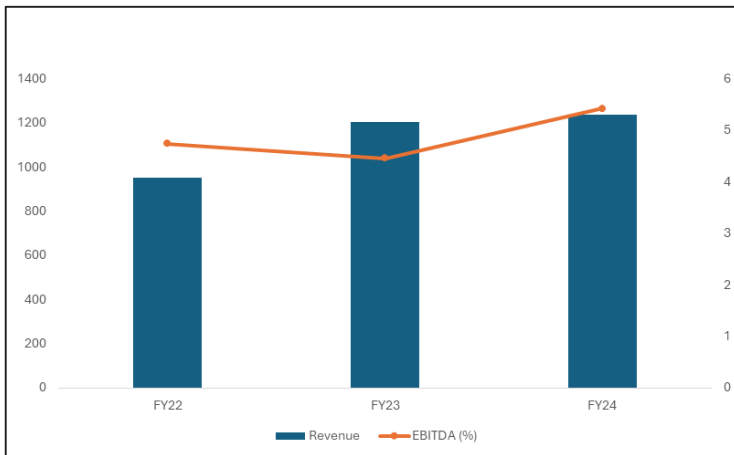
- **Supply-demand imbalances** have led to rising milk prices, driven by inflation, feed costs, and weather disruptions.
- **Competition is intensifying**, with private players outpacing cooperatives in expansion.
- **Regulatory complexities**, including environmental laws, impact production practices.
- **Limited exports**, despite large-scale production, restrict global market participation.

Outlook

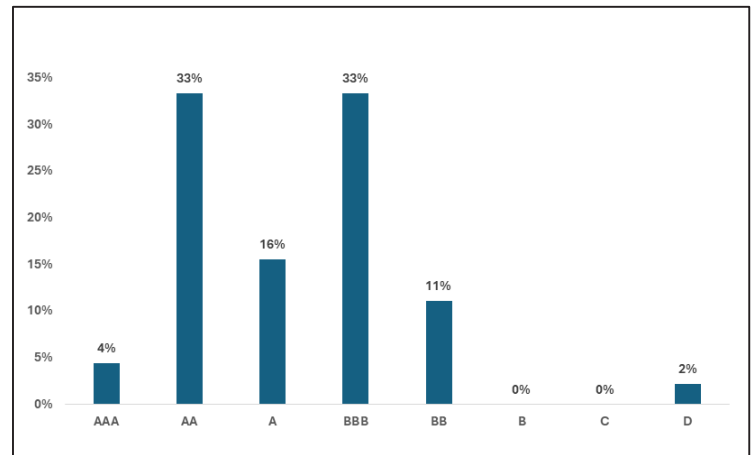
Marginally Favourable

Though year-over-year growth has slowed from 6.62% in FY18 to 3.78% in FY24, but the operating margins have slightly improved over the years. Rising feed costs, inflation, production slowdowns, and extreme weather have led to higher milk prices. India's dairy industry is evolving with consumer trends, regulatory shifts, and technological advancements, positioning itself for sustained growth and greater efficiency.

Revenue vs EBITDA



Rating Distribution Graph



Stats Table

Sector Statistics		
Portfolio Highlights	Dairy Products Industry	Overall
Investment Grade	86.67%	70.98%
Downgrade Rate	0.00%	5.18%
In Default	2.22%	1.89%
Upgrade Rate	11.11%	15.67%
Modified Credit Ratio (MCR)	1.17	1.15
Financial Indicators: FY24		
Debt Coverage (ICR in Times)	2.50	
Leverage (D/E Times)	1.16	
Profitability (ROCE in %)	4.42	
Source: Acuite Research: Prime		



Diversified Consumer Products

Industry Overview

The sector entails consumer producers ranging from food & beverage; personal care, home care as well as OTC healthcare products. In FY25, the FMCG sector is known to have grown in lower single digits of around 5-6%, slower than the years before due to moderation in consumption.

About the Industry

Cluster Size

While large FMCG majors have multiple manufacturing facilities across states to cater to the national market, noted clusters can be identified in states like Maharashtra, Tamil Nadu, Gujarat, Punjab etc. Pharma manufacturing is prominent in states like Gujarat, Maharashtra, Andhra Pradesh, and Telangana.

Market

The FMCG market is expanding with a K-shaped recovery post-Covid. The consumers are shifting to premium products while the lower end of the market is downtrading to local and unbranded products. The rural and urban growth is also differing with the former seeing faster recovery since Covid even as urban consumption is lagging, especially in the branded space.

Key Players

MNCs as well as large domestic players like HUL, Britannia Godrej, Marico, Nestle, Colgate, Dabur are key players across the FMCG value chain with multiple products spanning multiple categories. They are also bolstered by extensive distribution networks, portfolios with blockbuster brands. Thanks to the diversity of India, the sector also has a large section of regional and local players with strong market share within certain chosen categories. The healthcare OTC market also has a similar competitive landscape with large players named GlaxoSmithKline, Emami, Procter & Gamble, Abbott Laboratories, alongside pharma majors like Cipla, Mankind and Zydus.

Opportunities

- Aspirational middle class is aiding the **growth of premium products** especially in personal care segment, which adds to margins.
- Government's moves to inject liquidity with **personal tax cuts** as well as **lowering interest rates** could spur consumption.
- The consumer shift to internet-based purchases can challenge existing trade channels, allowing **newer players to capture the market**.

Risks

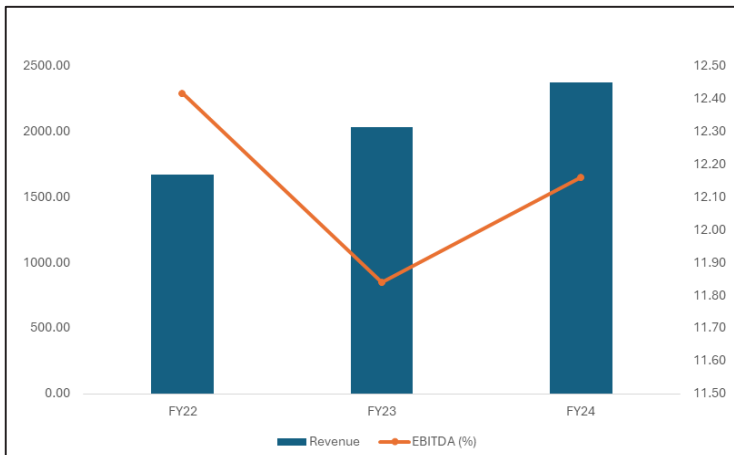
- **Proliferation of local players** has heightened competition and forcing larger players to resort to price cuts to safeguard market share.
- Large as well as new players might have to **spend heavily on advertising and branding** to hold onto their market shares.
- **Weak and uneven monsoon** can dampen the steady recover seen in rural consumption.

Outlook

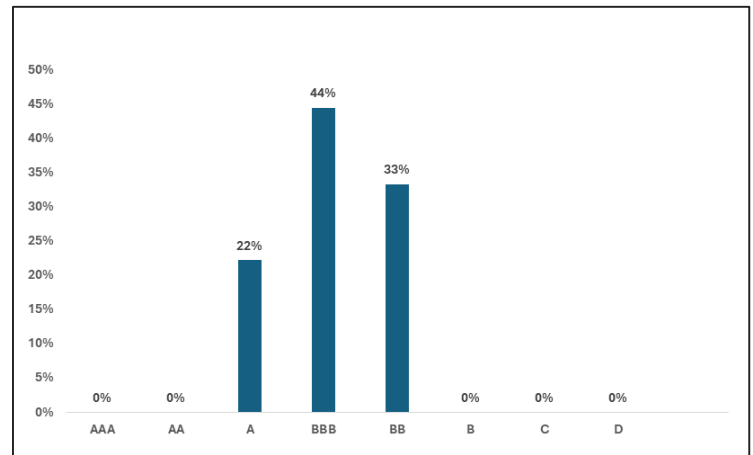
Marginally Favourable

The sector has faced multiple headwinds since the pandemic with rise in raw material prices, their consequent fall which results in newer players mushrooming the market. Added to that, consumer tastes are also altering at a breakneck speed forcing legacy as well as newer players to innovate on products as well as distribution modes.

Revenue vs EBITDA



Rating Distribution Graph



Stats Table

Sector Statistics	Diversified Consumer Products	Overall
Portfolio Highlights		
Investment Grade	66.67%	71%
Downgrade Rate	22.22%	5%
In Default	0.00%	2%
Upgrade Rate	16.67%	16%
Modified Credit Ratio (MCR)	0.92	1.15
Financial Indicators: FY24		
Debt Coverage (ICR in Times)	1.68	
Leverage (D/E Times)	0.73	
Profitability (ROCE in %)	0.77	
Source: Acuite Research: Prime		



Diversified Metals

Industry Overview

India is the sixth largest producer of lead and fourth largest producer of zinc in the world. While it also has sizeable copper reserves, its domestic production does not meet the demand and is net imported of this metal. All these metals aid steel, power and cement amongst other sectors.

Most of these metals saw robust production levels in FY25, with refined copper production growing by 12.6%, and lead concentrate production by 3.1%, as per Ministry of Mines data. Most of these minerals hit record production levels the year before, Fy24.

About the Industry

Cluster Size

Most of India's copper belts lie in Rajasthan, Madhya Pradesh, and Jharkhand with both production and processing facilities. Lead and zinc ore is also found mostly in states like Rajasthan, Andhra Pradesh, Madhya Pradesh, Bihar and Maharashtra. Most of nickel ore lies in Odisha, followed by Jharkhand and Nagaland.

Market

All the three commodities are expected to see increased demand thanks to government's push for infrastructure and construction activity. Industry bodies believe that the country's zinc consumption will double in the next ten years, while lead demand is expected to grow at compounded annual growth rate of around 7%. Copper demand is also expected to double by 2030, with an expected CAGR of around 7%, as per projections by industry bodies.

Key Players

Due to the high capital costs involved in mining, most of these producers are large companies. Private players like Vedanta and its subsidiary Hindustan Zinc; Hindalco Industries, as well as state-owned Hindustan Copper, Coal India, National Aluminium Company are amongst the top producers who dominate the market. All these key players are focusing on innovation, partnerships, and mergers to gain market share.

Opportunities

- India's **infrastructure push, initiatives like Smart Cities, industrial corridors** and manufacturing push to bring about sustained demand for the metals.
- Zinc demand is expected to grow due to **solar and wind power applications**, along with energy storage solutions.
- Copper is also expected to power new-age sectors like **EV manufacturing, solar panels**, wind turbines, **EV batteries** and more such.
- Automobile growth is also expected to power in lead-acid batteries, along with **inverters, backup power systems**.

Risks

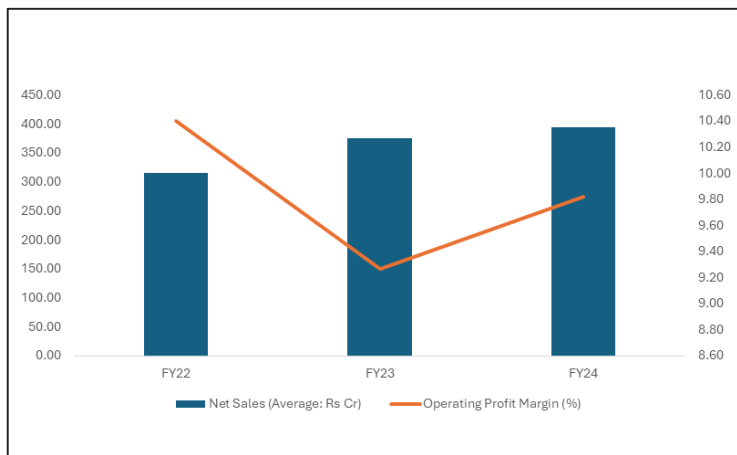
- Metal industry faces heavy regulation, with **environmental, safety and quality norms**.
- Production tech advancements and R&D investments are **intensifying the high competition** in the market.
- **Geopolitical tensions** like wars and other conflicts led to price volatility in copper, zinc, nickel, etc.
- Rise of **alternative materials with similar properties** like aluminium and stainless steel etc poses growth challenges.

Outlook

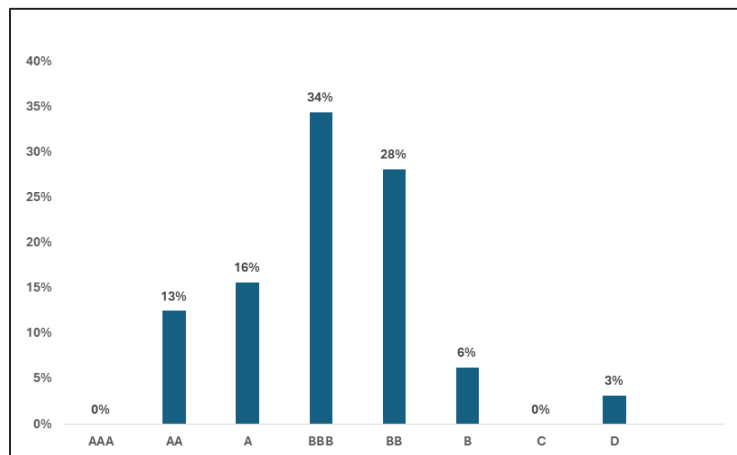
Marginally Favourable

Trade and tariff issues, especially exported metals like zinc could see price volatility. However, domestic drivers are intact with continued infra push via schemes like Housing for All etc which sustain demand. The government's critical minerals policy is also expected to aid quality improvement, boost recycling along with thrust on production efficiencies.

Revenue vs EBITDA



Rating Distribution Graph



Stats Table

Sector Statistics		
Portfolio Highlights	Diversified Metals	Overall
Investment Grade	62.50%	70.98%
Downgrade Rate	6.25%	5.18%
In Default	3.13%	
Upgrade Rate	21.88%	15.67%
Modified Credit Ratio (MCR)	1.22	1.15
Financial Indicators: FY24		
Debt Coverage (ICR in Times)	2.92	
Leverage (D/E Times)	0.48	
Profitability (ROCE in %)	6.26%	
Source: Acuite Research: Prime		



Dyes & Pigments

Industry Overview

The Indian dyes and pigments (D&P) industry, though a part of the broader chemical sector, faces significant hurdles despite being valued at approximately USD 65.5 billion in 2024. Its projected growth to USD 102.0 billion by 2034 at a modest CAGR of 4.50% reflects a sluggish pace compared to other dynamic sectors. Following a slowdown in FY23 owing to the sharp correction in raw material prices, uncertain geopolitical scenario, significant capacity expansions, recessionary trends in major consumption economies like USA and Europe leading to oversupply of dyes and pigments, the profitability margins remained muted. Additionally, the D&P industry is integral to downstream sectors such as textiles, paints, plastics, cosmetics, and printing inks, making its growth heavily dependent on the performance of these end-user industries.

About the Industry

Cluster Size

China is the leading producer, followed by India which produces ~1.2 million metric tons annually, with Gujarat and Maharashtra contributing nearly 90% of the country's dyestuff production.

Market

Major consumption is driven by textiles (70% of dyes) and paints & coatings (45% of pigments). India also serves as a key supplier to global markets, especially under the China+1 strategy.

Key Players

Prominent companies include Sudarshan Chemicals, Atul Ltd., Kiri Industries, Vidhi Specialty Food Ingredients, and Ultramarine Pigments, known for their focus on cost efficiency, R&D, and sustainable innovation. Moreover, the domestic players also face intense competition from major global producers, particularly in regions like China and South Korea.

Opportunities

- Rising demand from **construction, automotive, personal care, and textile sectors.**
- **Technological innovation and eco-friendly product development.**
- **Government support** through initiatives like Make in India and R&D incentives.
- **Export growth** due to global supply chain diversification
- **Expansion in food-grade and cosmetic colorants** driven by consumer awareness and regulatory compliance

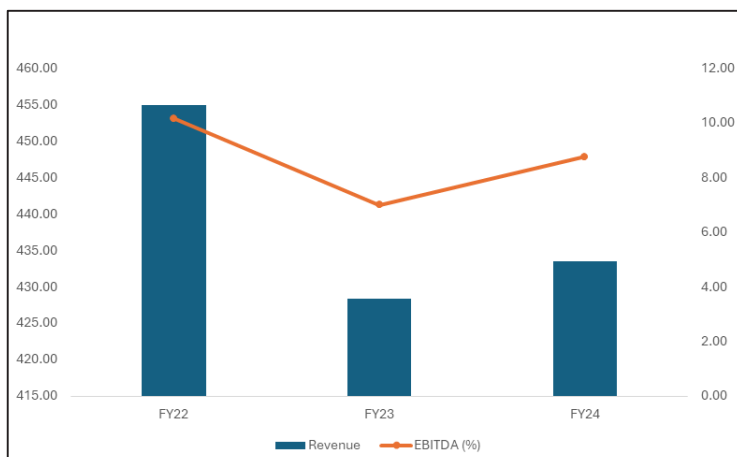
Risks

- **Volatility in raw material prices** impacting profit margins
- **Oversupply risks** due to global economic slowdowns and recessionary trends in key markets like the US and Europe
- **Geopolitical tensions** and exchange rate fluctuations, especially with China
- **Regulatory challenges** related to environmental compliance (e.g., volatile organic compounds, heavy metals, etc)

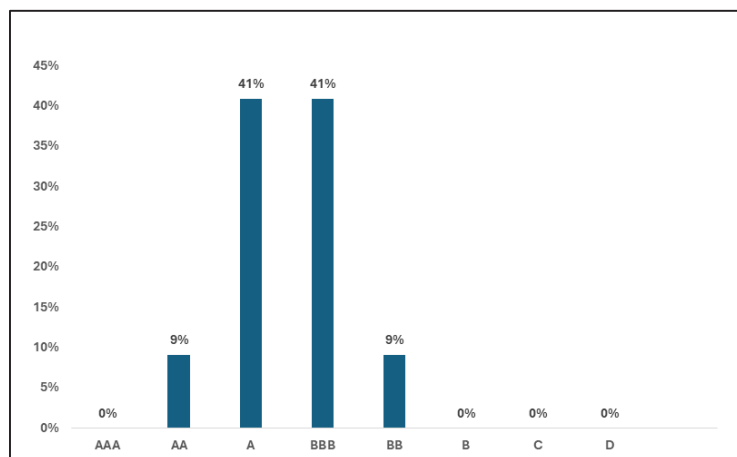
Outlook
Unfavourable

While the industry is showing some strength on account of increasing consumption volumes driven by domestic demand and chances to export, however, it still faces many short-term problems like global economic issues and growing competition which makes the growth difficult. Changes in global supply chains are creating hassles and moving towards eco-friendly practices and new technology requires heavy investments, which many companies may not be able to afford.

Revenue vs EBITDA



Rating Distribution Graph



Stats Table

Sector Statistics		
Portfolio Highlights	Dyes & Pigments	Overall
BBB and above	90.91%	70.98%
Downgrade Rate	18.18%	5.18%
In Default	0.00%	1.89%
Upgrade Rate	9.09%	15.67%
Modified Credit Ratio (MCR)	0.89	1.15
Financial Indicators: FY24		
Debt Coverage (ICR in Times)	5.37	
Leverage (D/E Times)	0.25	
Profitability (ROCE in %)	4.19	
Source: Acuité Research; Prime		



Edible Oils

Industry Overview

India's edible vegetable oil sector is a significant player on the global stage, ranking fourth behind the USA, China, and Brazil; it contributes a substantial share to the global picture, accounting for roughly 15-20% of the global oilseed area, 6-7% of vegetable oil production, and 9-10% of total consumption. Within the Indian agricultural sector, oilseeds hold the second-highest acreage, production, and economic value, surpassed only by food grains. These rainfed regions are particularly susceptible to environmental challenges like erratic weather patterns such as potential El-Nino events and heat waves, jeopardising overall production stability. This vulnerability poses a significant risk to overall production stability, necessitating the development and implementation of strategies to enhance crop resilience in the face of these environmental threats.

About the Industry

Cluster Size

The Indian edible oil industry is characterised by regional specialisation in oilseed production and processing. States like Rajasthan, Madhya Pradesh, and Gujarat are major oilseed producers, while Andhra Pradesh, Telangana, and Kerala lead in palm oil cultivation. Several clusters exist across the country, focusing on specific oilseeds and processing activities. India's edible oil market was valued at INR 37,600 crore in 2024 and is projected to reach INR 55,600 crore by 2030.

Market

India faces a significant challenge in achieving edible oil self-sufficiency. It is heavily dependent on imports to meet its edible oil requirements and is the largest importer of vegetable oils globally, followed by China and the USA. With demand driven by rising incomes, urbanisation, and increasing health awareness, consumers are shifting toward cold-pressed, organic, and fortified oils, though affordability remains a concern. The market is characterised by high consumption, import dependence, and evolving consumer preferences.

Key Players

The organised sector is dominated by major companies such as Adani Wilmar, Marico, Agro Tech Foods Limited, BCL Industries Ltd, Ruchi Soya Industries, Emami Aggrotech etc, while the unorganised sector also plays a significant role. Businesses utilise both outsourcing and in-house refining, investing in branding, marketing, and distribution to maintain competitiveness.

Opportunities

- **Growing health awareness** is boosting demand for premium oils like cold-pressed and organic varieties.
- **Government initiatives**, such as the National Mission on Edible Oils, aim to enhance domestic production and reduce import dependence.
- **Expanding retail networks and urbanisation** are increasing market accessibility and penetration.
- **Brand positioning and product innovation** offer opportunities for differentiation in the competitive market.

Risks

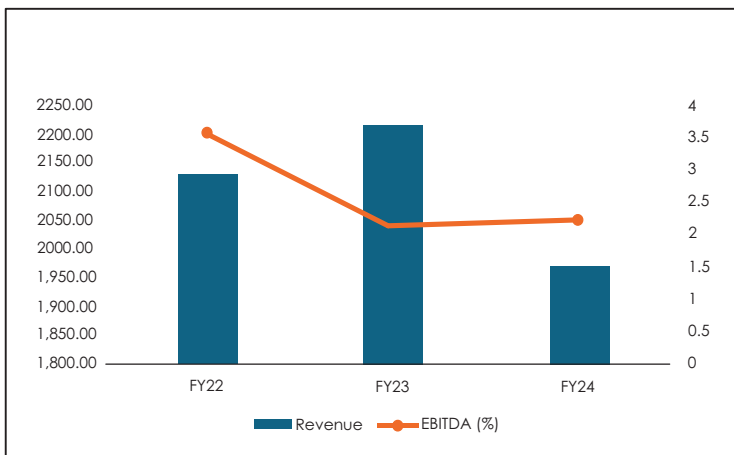
- **High Import Dependence:** India imports 60-70% of edible oils, making the market vulnerable to global price fluctuations and supply disruptions.
- **Regulatory Challenges:** Frequent policy adjustments, including import duty changes, impact industry profitability and pricing stability.
- **Food Safety Concerns:** Misleading health claims, unclear labelling, and adulteration pose risks to consumer trust and product quality.
- **Geopolitical & Environmental Risks:** Export restrictions, trade tensions, and climate-related disruptions in key producing countries contribute to market volatility.

Outlook

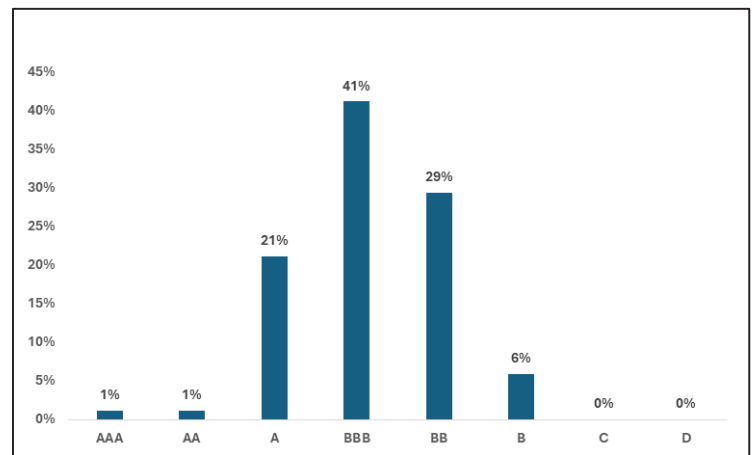
Marginally Unfavourable

India's edible oil industry is heavily import-dependent, exposing it to global price shocks and supply risks. Despite rising demand, domestic production remains insufficient. Regulatory shifts, food safety concerns, and intense competition compress margins along with stiff competition in the organised as well as unorganised sector.

Revenue vs EBITDA



Rating Distribution Graph



Stats Table

Sector Statistics		
Portfolio Highlights	Edible Oil Industry	Overall
Investment Grade	64.71%	70.98%
Downgrade Rate	7.06%	5.18%
In Default	0.00%	1.89%
Upgrade Rate	10.59%	15.67%
Modified Credit Ratio (MCR)	1.05	1.15
Financial Indicators: FY24		
Debt Coverage (ICR in Times)	2.29	
Leverage (D/E Times)	0.81	
Profitability (ROCE in %)	2.58	
Source: Acuité Research; Prime		



Education

Industry Overview

India's education system is diverse and fragmented but becoming increasingly structured. It includes both public and private institutions, with significant government funding to support infrastructure, AI-driven learning, and digital expansion. With over 300 million students aged 5 to 24 years, education remains a crucial pillar of national development. The sector is valued at over USD 225 billion and includes K-12 education, higher education, vocational training, and edtech. Further, it is expected to reach over USD 300 billion by 2030. Government initiatives such as NEP 2020, Samagra Shiksha, and BharatNet aim to modernise and improve accessibility.

About the Industry

Cluster Size

India's education sector is valued at approximately USD 225 billion, encompassing 1,362 universities and 52,538 colleges nationwide. In alignment with the National Education Policy, the government has set an ambitious target of achieving a 50% Gross Enrolment Ratio (GER) in higher education by 2035. Simultaneously, the edtech segment is witnessing accelerated expansion, with projections indicating it will surpass USD 30 billion in market size within the next six years.

Market

India's education sector is expanding on the back of a large student population, growing FDI, and initiatives like 'Study in India'. Increased participation from foreign universities and over USD 4 billion in edtech investments are driving innovation and accessibility. The 2025–26 Union Budget allocation of INR 128,650 crore underscores government focus on infrastructure, teacher training, and higher education.

Key Players

India's education ecosystem spans government and private K–12 schools, innovative models like Atal Tinkering Labs, and prestigious higher education institutions such as IITs, IIMs, and IISc. The edtech sector is dynamic and competitive, led by firms like Unacademy, and Vedantu, with global players and foreign universities increasingly entering the market.

Opportunities

- India's **young population** is driving demand for education, creating strong growth potential.
- Reforms like **NEP 2020 and Samagra Shiksha** are improving access, infrastructure, and curriculum.
- **Edtech and global partnerships** are enhancing learning and higher education quality.
- Rising need for **vocational training and large-scale infrastructure expansion** underscore the sector's transformative momentum.

Risks

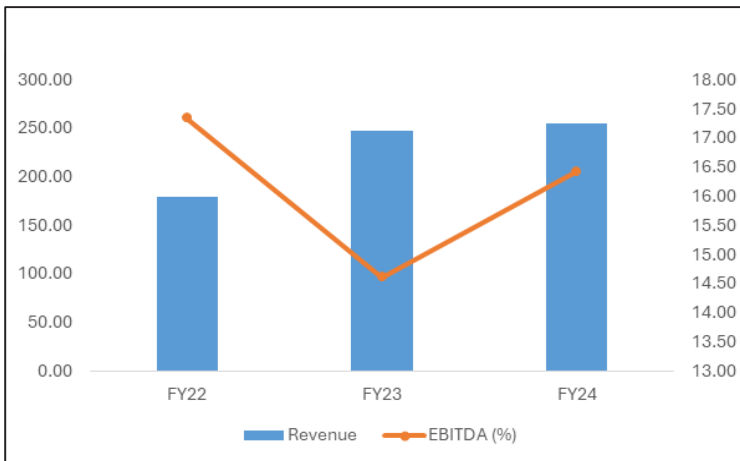
- India's education sector contends with several structural challenges, including **regulatory overlap, underdeveloped rural infrastructure, and constrained digital access**.
- Persistent **shortages of qualified teachers**, especially in STEM disciplines, continue to undermine learning outcomes. **Rising tuition fees and affordability** concerns are often subject to political debate may prompt tighter regulatory scrutiny.
- Meanwhile, **market fragmentation** in Tier II and Tier III cities limits cohesive sectoral development and quality standardisation.

Outlook

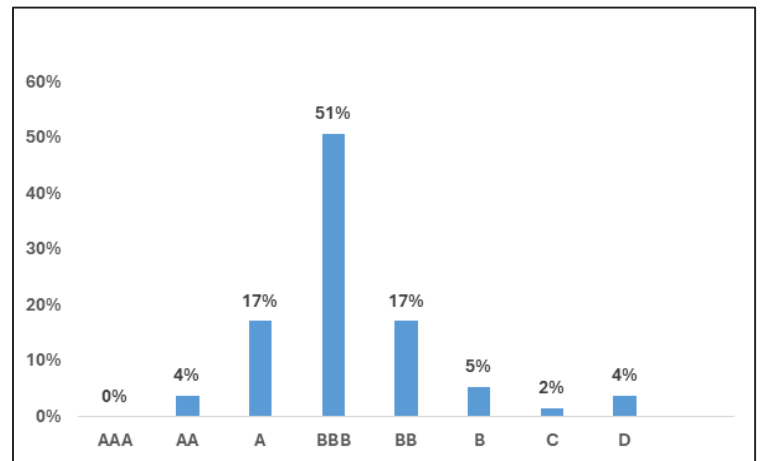
Marginally Favourable

India's education sector is poised for sustained growth, driven by policy reforms, technological advancements, and private investment. Despite ongoing challenges like infrastructure and teacher shortages, government support and digital initiatives are enhancing accessibility and quality. The expansion of higher education, vocational training, and global partnerships is reinforcing India's position as an emerging education hub.

Revenue vs EBITDA



Rating Distribution Graph



Stats Table

Sector Statistics		
Portfolio Highlights	Education	Overall
Investment Grade	71.88%	71%
Downgrade Rate	2.34%	5%
In Default	5.47%	2%
Upgrade Rate	18.75%	15.67%
Modified Credit Ratio (MCR)	1.24	1.15
Financial Indicators: FY24		
Debt Coverage (ICR in Times)	7.44	
Leverage (D/E Times)	0.08	
Profitability (ROCE in %)	4.4	
Source: Acuité Research; Prime		





Ferro & Silica Manganese

Industry Overview

India, the 3rd - largest exporter of ferrochrome and manganese alloys, produced 3.5 million tons of ferro and silico manganese alloys in FY'24, with 1.8 million tons exported. The ferro alloys market in India is expected to expand from 15.48 billion USD in 2024 to 23.81 billion USD by 2035, with a CAGR of ~3.83% for 2025 to 2035E. The primary raw materials are bauxite, quartzite, ash/low phosphorous coke, coal, coke, dolomite, silica, and manganese ore. Steel manufacturers use ferro chrome as an input. The production of ferro-chrome stood at 1322 tonnes as of FY24, according to the Monthly Statistics of Mineral Production. Future growth is strongly correlated with the steel industry's growth and government initiatives supporting manufacturing and infrastructure development.

About the Industry

Cluster Size

The industry has hubs in states with significant steel manufacturing bases and abundant manganese ore reserves. Operations are concentrated in Odisha, Madhya Pradesh, Maharashtra, Jharkhand, Andhra Pradesh, and Chhattisgarh.

Market

By 2035, the ferro alloys market in India is projected to have grown from USD 15.48 billion in 2024 to USD 23.81 billion. The competition is heightened by the simultaneous emphasis on serving both local steel producers and global markets.

Key Players

The sector is characterised by intense competition, with numerous domestic companies aiming to capture a greater portion of a market that also meets considerable export demand. Prominent players in this industry include Maithan Alloys, Jainam Ferro Alloys (I) Limited, and Indian Metals & Ferro Alloys.

Opportunities

- **Government Initiatives Fuel Ferro Alloys Growth:** Government programmes including the National Steel Policy and the 'Make in India' initiative, offer support to the industry. These programmes, along with budgetary provisions for infrastructure enhancement, promote growth within the ferro alloys industry.
- **Export Opportunities:** India's ferro alloy sector has export potential, benefiting from global demand, especially when production cuts occur in other major producing countries.

Risks

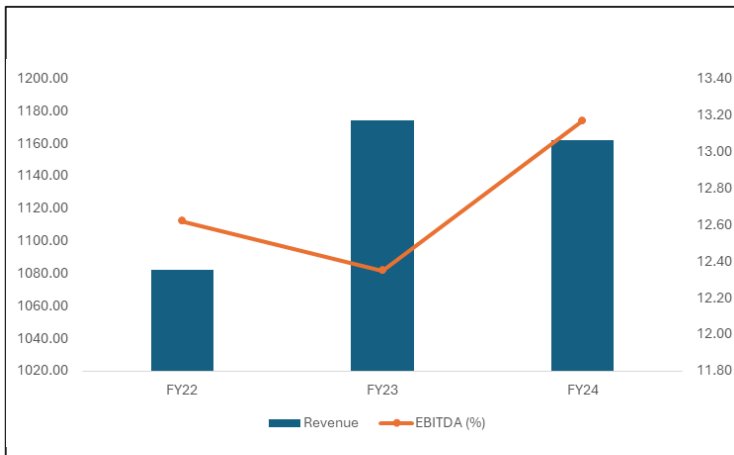
- **Raw Material Price Volatility Affects Production Costs:** The fluctuating prices of critical raw materials, including manganese ore, high-purity silica, and carbon sources, directly impact the industry's cost of production. To counter this, firms are continuously refining their supply chains.
- **Environmental Regulations and Sustainability Pressures:** Increasingly stringent environmental laws and growing emphasis on sustainability require significant investments in cleaner technologies, waste management systems, and energy-efficient processes.

Outlook

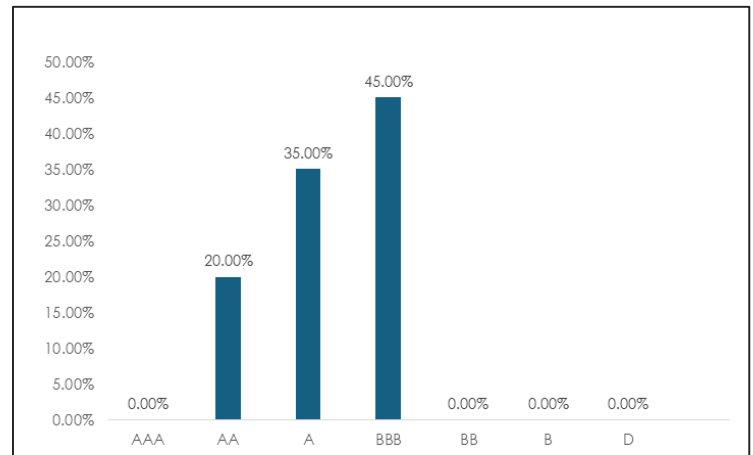
Marginally Unfavourable

Despite India's strong steel industry and government support, the Ferro & Silica Manganese sector faces a marginally unfavourable outlook. This stems from volatile raw material prices, high and fluctuating energy costs, intensified competition, and the financial burden of increasing environmental compliance. Nonetheless, economic growth, government capex, and resurgence in private investment will fare well for the metals & alloy sector.

Revenue vs EBITDA



Rating Distribution Graph



Stats Table

Sector Statistics		
Portfolio Highlights	Ferro & Silica Manganese	Overall
Investment Grade	100.00%	71%
Downgrade Rate	10.00%	5%
In Default	0.00%	2%
Upgrade Rate	15.00%	16%
Modified Credit Ratio (MCR)	1.06	1.15
Financial Indicators: FY24		
Debt Coverage (ICR in Times)	4.75	
Leverage (D/E Times)	0.24	
Profitability (ROCE in %)	4.55	
Source: Acuité Research; Prime		



Footwear

Industry Overview

India's footwear industry is a major global player projected to grow at 10.10% CAGR. While largely unorganised, it's shifting towards branded and premium segments, driven by rising incomes and fashion consciousness. Regulatory changes, like the BIS Quality Control Order, aim to formalise the sector but pose short-term challenges for MSMEs. Intense competition from domestic and international players, coupled with a focus on e-commerce and specialised categories like athleisure, defines the market. Raw material price volatility remains a key concern.

About the Industry

Cluster Size

India, the second-largest footwear producer globally, boasts an annual capacity of 2 billion pairs. Its market, valued at USD 18.8 billion in 2024, is set to reach USD 46 billion by 2030, growing at 10.10% CAGR. Non-leather footwear now accounts for 90% of the market. The highly fragmented industry sees MSMEs contribute 85% of production, with key clusters in Tamil Nadu, Uttar Pradesh, West Bengal, and Maharashtra. Despite high production, low per capita consumption signals significant growth opportunities.

Market

India's footwear market is largely domestic, consuming 90-95% of its annual production. This is driven by a growing population and rising incomes. While exports are a smaller share, mainly to the US and Europe, India aims to significantly boost both domestic output and exports, supported by government initiatives and global manufacturing shifts.

Key Players

It features prominent domestic brands like Bata India (wide network), Relaxo Footwears (affordable, mass-market), and Metro Brands (premium, fashionable). Other Indian players include Liberty, Khadim, and Campus Activewear. International giants such as Nike, Adidas, Puma, and Skechers also hold significant market share, particularly in the growing sports and premium segments.

Opportunities

- **Growth opportunities** is driven by rising incomes, urbanisation, e-commerce, and a focus on quality and technology, export demand.
- **Demand-Supply gap**- while production is substantial, low per capita consumption suggests immense untapped demand, especially in the premium and athleisure segments.
- **Generating employment opportunities**- particularly in rural areas where women make up about 30% of the workforce.

Risks

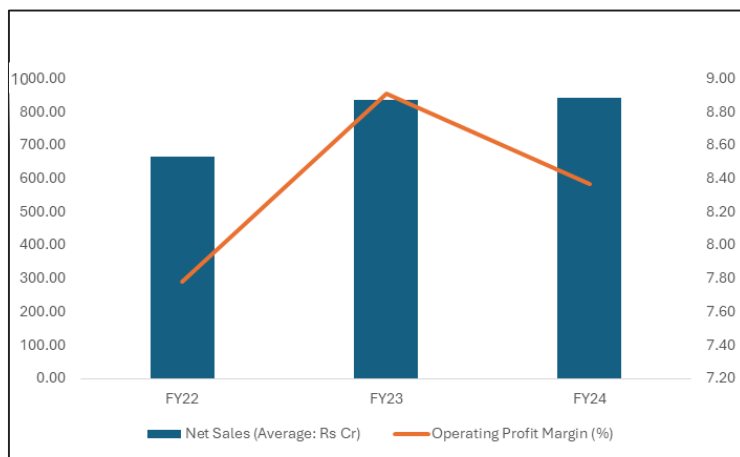
- **Volatile raw material prices** leads to pressure on margins
- **Intense competition** within a largely unorganised sector and increasing imports.
- **Evolving regulations** like the BIS Quality Control Orders create compliance burdens for MSMEs.
- **Supply chain inefficiencies** and infrastructure gaps challenge timely delivery and quality control.

Outlook

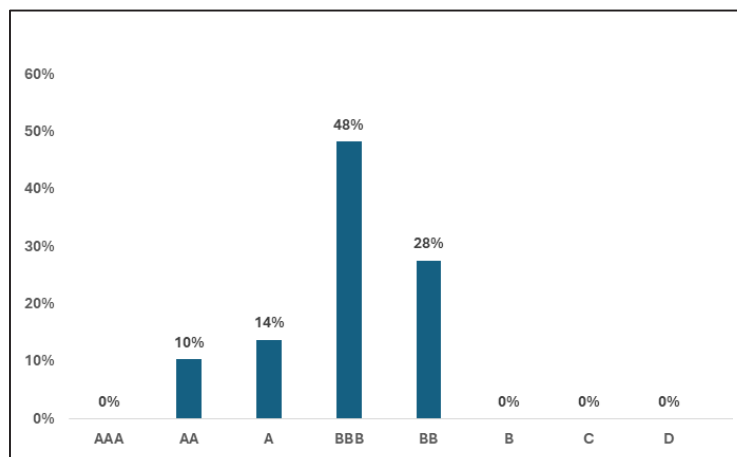
Marginally Unfavourable

The Indian footwear industry, despite growth potential, faces an unfavourable environment due to several factors. Intense competition from a dominant unorganised sector and rising imports pressure profitability. Regulatory changes, though intended to improve quality, create compliance hurdles, especially for smaller manufacturers. Volatile raw material costs further strain margins, making consistent operations challenging. The Indian footwear industry faces headwinds. Intense competition, exacerbated by a dominant unorganised sector and rising imports, pressure profitability. New quality regulations create compliance challenges for smaller players, and existing supply chain inefficiencies further complicate operations.

Revenue vs EBITDA



Rating Distribution Graph



Stats Table

Sector Statistics		
Portfolio Highlights	Footwear	Overall
Investment Grade	72.41%	70.98%
Downgrade Rate	3.45%	5.18%
In Default	0.00%	1.89%
Upgrade Rate	13.79%	15.67%
Modified Credit Ratio (MCR)	1.14	1.15
Financial Indicators: FY24		
Debt Coverage (ICR in Times)	3.94	
Leverage (D/E Times)	0.70	
Profitability (ROCE in %)	3.70%	
Source: Acuité Research; Prime		



Garments & Apparels

Industry Overview

India's textile and apparel sector, vital for employment and exports, saw a moderation in domestic revenue growth of 6% in FY24 amid high costs, inventory buildup and subdued demand, with a highly fragmented industry landscape. Seasonality continues to influence demand, but overall consumption has been subdued.

About the Industry

Cluster Size

By 2030, India's apparel industry is projected to reach USD 350 billion, growing at 10% annually, amid a global market expected to hit USD 2.37 trillion with 8% growth. The global apparel market is huge with global exports totalling around USD 416 billion. RMG holding 41% out of total exports (USD 21,358 Mn) during April-October (FY25). India accounts for 3.9% of worldwide textile and clothing trade.

Market

The USA and EU together account for 47% of Indian textile exports, with China being the lead global supplier. Imports from countries like China, Bangladesh, Spain, Sri Lanka, and Vietnam have risen significantly recently.

Key Players

The big players in India are Lux Industries Ltd, Dollar Industries Ltd, Aditya Birla Fashion and Retail Ltd and others.

Opportunities

- **Government support** via increased budget allocation and schemes.
- **Shift towards India**, Vietnam and Bangladesh as a sourcing destination due to de-risking China +1 strategy.
- **Export opportunities** from USA and Europe continue.

Risks

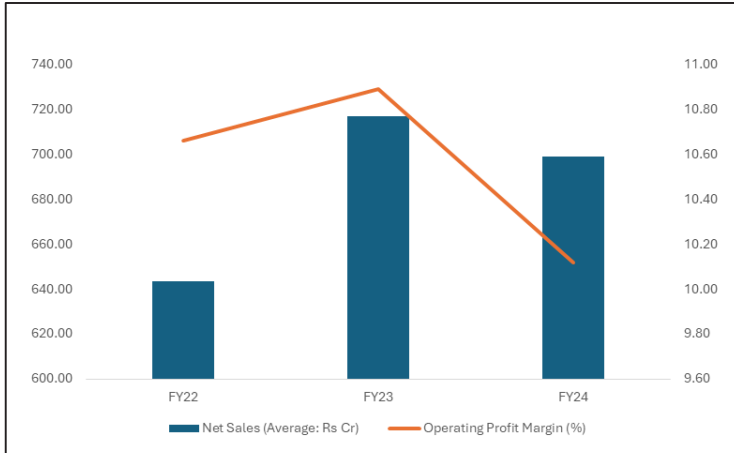
- **Fluctuations in raw material prices**, notably cotton, dyes, chemicals, and oil-linked inputs.
- **Geopolitical issues and global uncertainties** affecting trade and logistics.
- **Potential US tariffs** on Indian RMG exports might impact margins.
- **Competition** from imports and foreign brands entering the Indian markets.
- **Industry fragmentation and limited pricing power** for smaller players.

Outlook

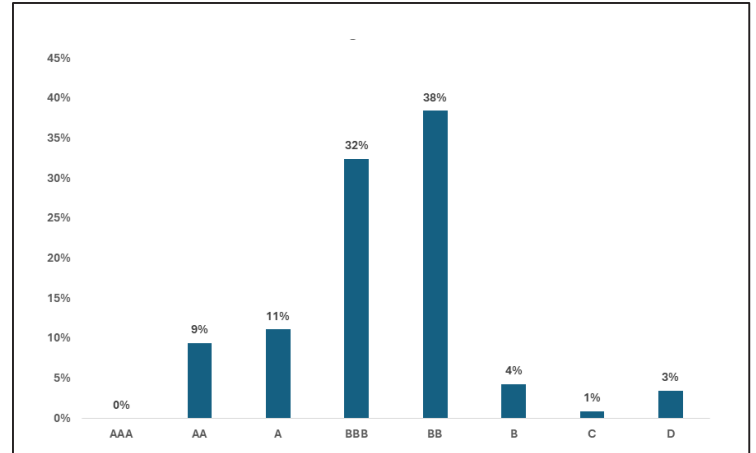
Marginally Unfavourable

The industry saw moderate growth in recent times amid high costs but is poised for growth in the future although at a subdued rate. Despite short-term challenges like raw material price volatility and subdued demand, government initiatives and India's competitive labour costs position it well for future expansion. Global sourcing trends favour India as a de-risking destination, and industry stakeholders are likely to benefit from increased support, innovation, and market diversification in the coming years. However, raw material cost fluctuations and competitiveness remains critical challenges for the sustained growth.

Revenue vs EBITDA



Rating Distribution Graph



Stats Table

Sector Statistics		
Portfolio Highlights	Garments and Apparels	Overall
Investment Grade	52.99%	70.98%
Downgrade Rate	9.40%	5.18%
In Default	4.27%	1.89%
Upgrade Rate	15.38%	15.67%
Modified Credit Ratio (MCR)	1.09	1.15
Financial Indicators: FY24		
Debt Coverage (ICR in Times)	3.78	
Leverage (D/E Times)	0.57	
Profitability (ROCE in %)	6.78	
Source: Acuité Research; Prime		



Gems, Jewellery & Watches

Industry Overview

India's gems, jewellery, and watch markets were valued at approximately USD 80 billion in FY24, employing around 5 million people and drawing on deep cultural traditions and regional diversity. Gold purchases, popular as both adornment and investment is shifting toward lower-carat options amid rising prices. While India leads in diamond processing, natural diamonds are declining in favour of lab-grown alternatives, and challenges such as a 27% US tariff, counterfeiting issues, and changing tastes in the watch market cast doubt on sustained growth. The industry is expected to expand to around USD 128 billion by 2029, however, global economic shifts and policy uncertainties leave the industry's future uncertain.

About the Industry

Cluster Size

India is a global leader in jewellery and diamond processing handling nine out of every ten diamonds cut and polished worldwide. In 2024, India overtook China as the world's largest consumer of gold, with a ~29% increase in investment and a 5% increase in demand for jewellery in India.

Market

India's jewellery and watch industry relies primarily on domestic consumption especially from rural areas which account for 60% of gold demand. Regional differences are significant, with southern states contributing 40% of the market and eastern states 15%. Although India is a major exporter of cut and polished diamonds, shifting consumer preferences, geopolitical disruptions, and tariffs have strained exports to key markets like the USA and China, making domestic demand the main growth driver.

Key Players

The sector is highly fragmented, with major players operating alongside numerous small sellers. Leading watch brands include Titan, Timex, Casio, Rolex, Fossil, Citizen, and the Swatch Group, while in the smartwatch market, Apple, Samsung, and local brand Noise offer digital connectivity and health tracking features for urban consumers.

Opportunities

- **Rising disposable incomes** and economic growth are boosting jewellery and watch purchases.
- **E-commerce platforms** are driving jewellery and watch sales, offering convenience and better reach.
- **Government policies**, such as reduced customs duties on platinum and trade agreements with the UK, may enhance export opportunities.
- Shifts towards **lab-grown diamonds** provide cost-effective alternatives and reduce reliance on natural diamond supply chains.

Risks

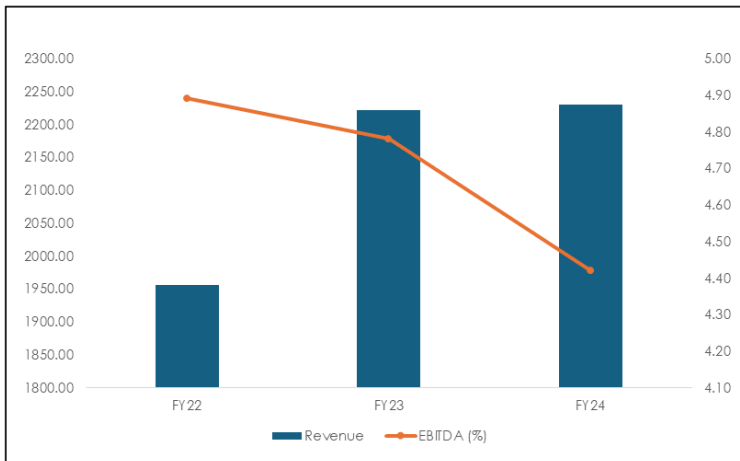
- **High import duties** and US retaliatory tariffs threaten India's USD 10 billion annual jewellery exports.
- Global diamond demand is weakening due to **economic uncertainty, inflation, and shifting consumer preferences** towards gold and lab-grown diamonds.
- **Rising gold prices** have impacted sales volume, with consumers opting for lower carat jewellery.
- The presence of **counterfeit and unorganised sellers** affects brand credibility and competition.
- **Supply chain disruptions** due to geopolitical conflicts, including the Russia-Ukraine war, impact the availability of diamonds.

Outlook

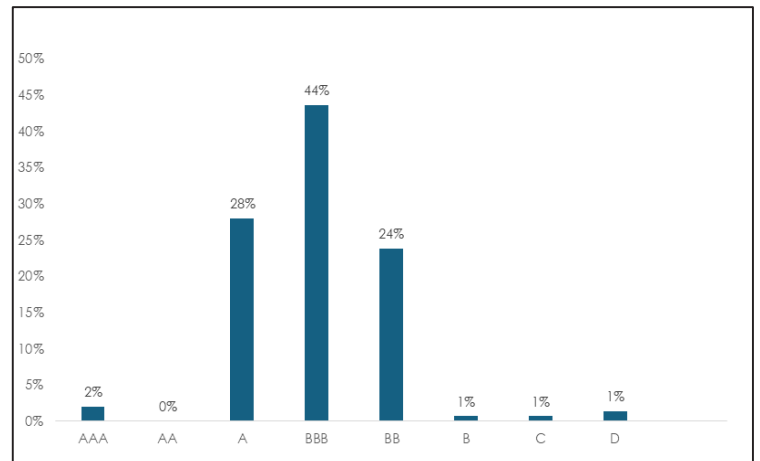
Marginally Unfavourable

Despite growing interest in luxury and eco-friendly products, India's jewellery and watch industry faces big challenges. Tariffs, supply chain problems, declining demand, stiff competition and unstable prices create a difficult situation that could hurt long-term growth.

Revenue vs EBITDA



Rating Distribution Graph



Stats Table

Sector Statistics		
Portfolio Highlights	Gems, jewellery & watches	Overall
BBB and above	73.47%	70.98%
Downgrade Rate	7.48%	5.18%
In Default	2.04%	1.89%
Upgrade Rate	10.88%	15.67%
Modified Credit Ratio (MCR)	1.05	1.15
Financial Indicators: FY24		
Debt Coverage (ICR in Times)	3.65	
Leverage (D/E Times)	0.76	
Profitability (ROCE in %)	6.42	
Source: Acuité Research; Prime		



Glass - Consumer

Industry Overview

Indian glass manufacturing has recovered quickly from its pandemic-era blues to reach a size of USD 4.86 billion in 2024, as per IMARC group. Revival in auto and construction sectors, as well as the policy support for solar panel makers have improved the prospects of this allied industry. As per predictions, it's expected to grow at around 6.2% for the next eight years to hit a size of USD 8.7 billion by 2033.

About the Industry

Cluster Size

The biggest cluster of glass manufacturers lies in Firozabad, UP with many MSME units working on various types of glassware. Almost half of the town's population is engaged in some capacity to the industry. The other top clusters are in Jaipur, Maharashtra, Gujarat and Andhra Pradesh.

Market

The most common type of glass produced in India is flat glass (also called float and sheet), but it also manufactures specialty glasses like laminated and other glasses, along with consumer use tableware etc. Flat glass industry has been picking up with high capacity utilisation as well as policy support, and has been expanding its capacity by over 60% to meet demand.

Key Players

The market is dominated by large, organised players like Asahi Glass India, Saint Gobain India, Borosil Renewables, Gujarat Guardian, Gold Plus Glass Industry etc. The top players hold a lion's share of the market share, while MSMEs manufacture like bangles, jars, glasses, candle stands, flower vases, decorative lights etc.

Opportunities

- Indian government's plan to expand **solar power capacity to 280 GW** by 2030 ensures stable demand. **Construction industry growth** is also providing growth headwinds.
- Consumer demand as well as **decorative glass for premium homes** is fuelling demand. **Home appliance industry** too is eyeing aesthetics – with glass doors for refrigerators, glass finishes etc.
- Apart from demand for utilisation in SUVs and autos, few players are **eyeing EVs** with solutions like **specialised material for EV** batteries.
- Government's **import substitution** move aided growth in the sector; along with its renewed thrust to infrastructure.

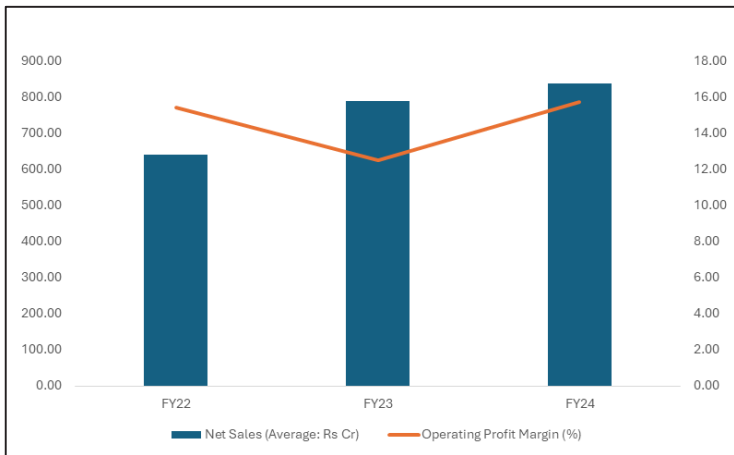
Risks

- Glass industry's profitability is heavily dependent on **raw material costs**, which is prone to fluctuations.
- **Supply chain disruptions** in key materials silica and soda ash can add to the volatility of the sector.
- As **environmental norms** become stringent, glass manufacturers will have to adapt to modern technologies and **eco-friendly solutions** with **innovative production processes**.
- **Upskilling workforce** to newer methodologies can also be a drag factor as newer technologies gather pace.
- **Auto demand has been tapering** in the last few months, and the **real estate sector** is also in the **middle of an upcycle**.

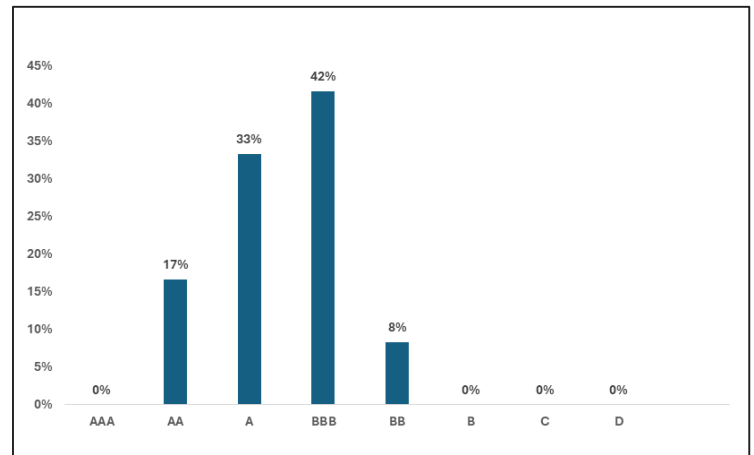
Outlook
Favourable

The government aided the sector with moves like anti-dumping probe on solar glass imports etc, has reduced competition for domestic players. PLI support for domestic solar panel manufacturers is also a positive move. However, with trade war at play and inter-country deals could open the sector for disruption; and consumer demand in general could soften from its previous highs.

Revenue vs EBITDA



Rating Distribution Graph



Stats Table

Sector Statistics		
Portfolio Highlights	Glass - Consumer	Overall
Investment Grade	91.67%	70.98%
Downgrade Rate	8.33%	5.18%
In Default	0.00%	1.89%
Upgrade Rate	25.00%	15.67%
Modified Credit Ratio (MCR)	1.29	1.15
Financial Indicators: FY24		
Debt Coverage (ICR in Times)	4.55	
Leverage (D/E Times)	0.38	
Profitability (ROCE in %)	5.46%	
Source: Acuite Research: Prime		



Hospitals

Industry Overview

India's hospital industry is expanding, valued at over USD 108 billion in 2024, with a projected growth at CAGR of ~10% over the medium term. Growth is driven by rising demand for quality healthcare, increasing health awareness, and a growing burden of non-communicable diseases. Factors like an aging population, higher disposable incomes, expanding insurance coverage, and medical tourism further support this trend. Despite challenges like high out-of-pocket costs and low public health spending, government initiatives such as PMJAY (Ayushman Bharat) and the National Health Mission are strengthening the sector.

About the Industry

Cluster Size

India's hospital industry is expanding rapidly, with significant growth in bed capacity and healthcare infrastructure. India has over 55,000 hospitals, with private hospitals dominating the urban areas. Overall, the healthcare sector employs over 7 million people as of FY24.

Market

India's hospital industry primarily caters to domestic demand but is also emerging as a major player in medical tourism. With advanced healthcare infrastructure and competitive pricing compared to Western countries, India attracts international patients for complex procedures. Government initiatives like expanded e-medical visa facilities support the sector's global relevance.

Key Players

The competitive landscape consists of large corporate hospital networks (Apollo Hospitals, Fortis Healthcare, Max Healthcare), mid-sized regional players, and standalone hospitals and nursing homes. Urban areas exhibit high competition due to patient expectations, pricing pressures, and service differentiation, while Tier II and Tier III cities are witnessing growing expansion efforts by hospital chains. Specialty hospitals, day-care centres, and digital health platforms are contributing to intensified market competition.

Opportunities

- India's hospital sector presents strong growth opportunities driven by **rising healthcare demand, increasing insurance penetration, and the expansion of medical tourism.**
- Key areas of development include **brownfield expansions, infrastructure upgrades, digital health adoption, and service diversification.**
- While urban hospitals continue to evolve, **Tier II and Tier III cities** offer untapped potential for expansion.
- Additionally, the **2.5 million-bed shortage** underscores the need for enhanced capacity, positioning the sector for sustained investment and innovation.

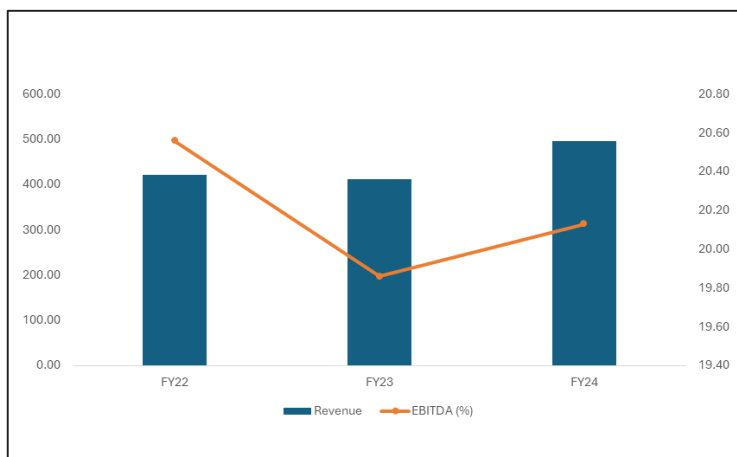
Risks

- India's hospital sector faces **moderate regulatory risk** due to overlapping governance, creating compliance challenges.
- Key concerns include **limited rural healthcare access, increasing scrutiny on billing transparency and service quality, and evolving regulations** on patient safety and data privacy.
- Additionally, the **shortage of skilled medical professionals**, particularly in underserved areas, hampers equitable healthcare access.

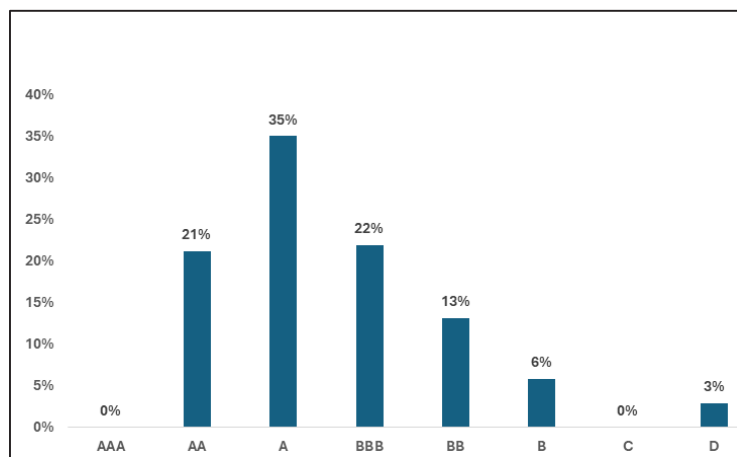
Outlook
Favourable

The hospital sector is poised for sustained growth, supported by strong demand drivers and increased investments. The competitive landscape is evolving, with large corporate players expanding their footprint through acquisitions and strategic alliances. While regulatory challenges persist, government efforts toward healthcare standardisation and digital integration are expected to enhance transparency and efficiency. The outlook remains positive, with continued investment in infrastructure and service expansion ensuring long-term industry progression.

Revenue vs EBITDA



Rating Distribution Graph



Stats Table

Sector Statistics		
Portfolio Highlights	Hospitals	Overall
Investment Grade	78.10%	71%
Downgrade Rate	5.11%	5%
In Default	2.92%	2%
Upgrade Rate	25.55%	16%
Modified Credit Ratio (MCR)	1.33	1.15
Financial Indicators: FY24		
Debt Coverage (ICR in Times)	9.37	
Leverage (D/E Times)	0.07	
Profitability (ROCE in %)	13.47	
Source: Acuité Research; Prime		



Hotels & Resorts

Industry Overview

The hospitality (hotels & resorts) sector in India is undergoing a remarkable post-pandemic recovery. FY24 recorded strong occupancy rates and rising ARR, driven by booming domestic tourism, resurgent business travel, and growing MICE activity. While competition is high and input costs (labour, utilities) pose moderate risk, a favourable demand-supply balance and consistent government support for tourism infrastructure point to sustained positive growth. The industry is actively expanding, particularly in tier II/III cities and leisure destinations. The overall market was valued at approximately USD 32.10 billion in 2023 and is projected to reach nearly USD 59.44 billion by 2030, exhibiting a CAGR of 9.4% from 2024.

About the Industry

Cluster Size

The Indian Hotels & Resorts industry is experiencing significant growth, with the branded hotel inventory exceeding 200,000 rooms in 2024, and 14,400 new rooms added. The total lodging rooms in India, including unorganised players, reached an estimated 2.48 million by June 2024. The luxury hotel market alone hit USD 2.7 billion in 2024. This robust expansion is driven by strong domestic tourism, increasing foreign tourist arrivals, and a flourishing MICE sector.

Market

The Indian Hotels & Resorts industry is predominantly driven by domestic demand. In 2023, India recorded a staggering 2.50 billion domestic tourist visits, a substantial increase from the previous year. This strong domestic travel propensity has been the backbone of the industry's recovery post-pandemic, with domestic visitor spending reaching INR 15.5 trillion in 2024, 22% above 2019 levels. While foreign tourist arrivals are recovering, reaching 9.52 million in 2023 (87% of pre-pandemic levels), they still represent a smaller, albeit growing, segment of the market. International visitor spending crossed INR 3.1 trillion in 2024, surpassing 2019 levels.

Key Players

The Indian hospitality sector is highly fragmented, dominated by unorganised players like guesthouses and homestays, which account for over two-thirds of rooms. The organised sector, comprising branded hotel chains, is smaller but growing rapidly, particularly in Tier II and III cities. Competition is intensifying across the board, with OTAs further blurring the lines and increasing visibility for smaller establishments.

Opportunities

- **Strong Demand Growth:** India's hotel industry is experiencing a 10% growth in demand.
- **Controlled Supply Expansion:** Supply is growing at a slower pace of 7-9%.
- **Projected Revenue Increase:** This imbalance is leading to anticipated revenue growth for the industry.
- **High Occupancy Rates:** Premium hotels are expected to reach 72-74% occupancy by FY26.

Risks

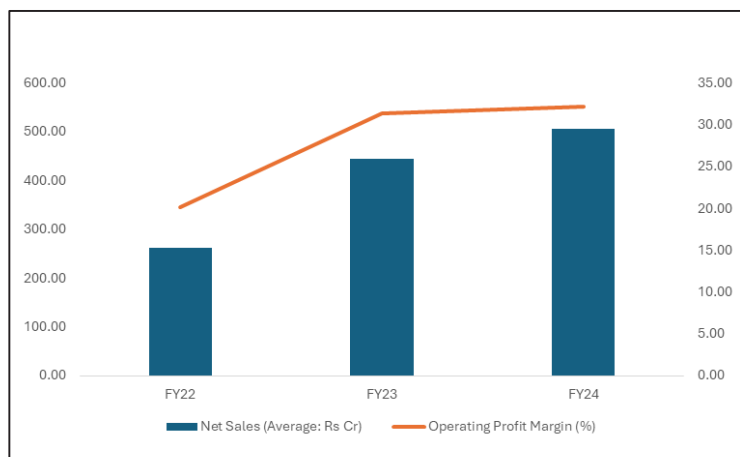
- **Economic Vulnerabilities:** Potential for reduced travel spending during economic slowdowns.
- **Operational Cost Pressures:** Rising input costs (e.g., food, energy, supplies) leading to margin pressure.
- **External Disruptors:** Geopolitical events impacting travel sentiment and safety concerns deterring tourists.

Outlook

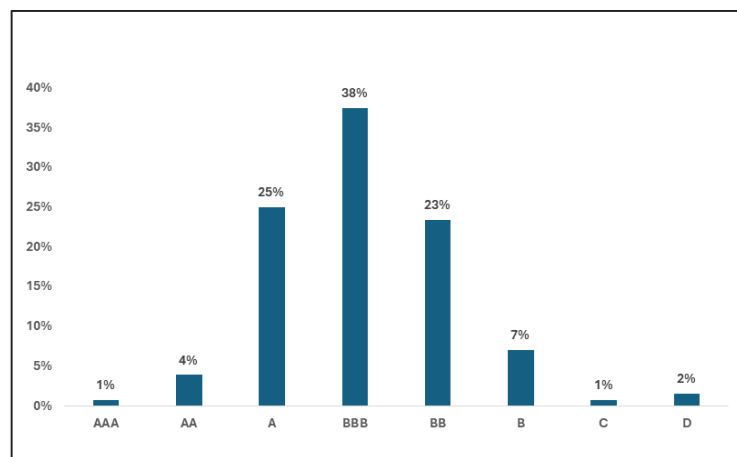
Marginally Favourable

The outlook for the Indian Hotels & Resorts industry remains marginally favourable. Strong domestic tourism, fuelled by rising disposable incomes and government initiatives, continues to be the primary demand driver. Foreign tourist arrivals are also steadily recovering. Significant infrastructure development, including new airports and improved connectivity, is opening new tourist destinations. The booming MICE segment and a strong wedding season further bolster demand. While input costs and competition pose minor challenges, the demand-supply imbalance favouring hotels allows for healthy occupancy rates and Average Daily Rate (ADR) growth. Industry players are also strategically expanding into Tier II and III cities, tapping into new markets and leveraging technology for enhanced efficiency.

Revenue vs EBITDA



Rating Distribution Graph



Stats Table

Sector Statistics		
Portfolio Highlights	Hotel & Resorts	Overall
Investment Grade	67.19%	70.98%
Downgrade Rate	0.78%	5.18%
In Default	2.34%	1.89%
Upgrade Rate	12.50%	15.67%
Modified Credit Ratio (MCR)	1.16	1.15
Financial Indicators: FY24		
Debt Coverage (ICR in Times)	2.45	
Leverage (D/E Times)	0.62	
Profitability (ROCE in %)	5.42%	
Source: Acuité Research; Prime		



Household Appliances

Industry Overview

India's household appliances market consists of major appliances, small appliances, and smart appliances. While the revenues of the industry have seen decent growth post pandemic, the margins have remained muted owing to increasing raw material costs and inability to pass it through and intense competition in the industry. Also, since majority of the inputs are imported, the recent global issues have impacted the supply chain dynamics of the industry. Moreover, government policies such as PLI schemes, Pradhan Mantri Awas Yojana, etc. and e-commerce expansion are also influencing industry growth trends. Therefore, the market is projected to grow at a healthy CAGR of 9-10% by 2030.

About the Industry

Cluster Size

The sector is valued at ~INR 1.2 lakh crore as of H1 CY24. Refrigerators and air conditioners each make up 27% of the market, washing machines account for 19%, and other appliances contribute the remaining share. The growth has averaged 8% annually from 2018 to H1 CY24, with projections of 14% annual growth until 2028. The market is shaped by urban expansion and growing rural demand. Also, the past reliance on imports is shifting towards local production which is expected to be supported by government initiatives.

Market

Currently about 60% of sales comes from online platforms and the remaining 40% is through large format sales both organised and unorganised.

Key Players

The key companies operating in the sectors are LG, Samsung, Whirlpool, Havells and Voltas etc. The market size and consumer preferences across regions increase competition, leading companies to introduce products, adjust pricing, and implement marketing strategies to gain market share.

Opportunities

- Increase in **urbanisation and rural consumption**
- Shift in consumer preferences to **premiumised products**
- **Technological improvements**
- **Online retail expansion/ growth** in online sales
- Government initiative of **PLI**

Risks

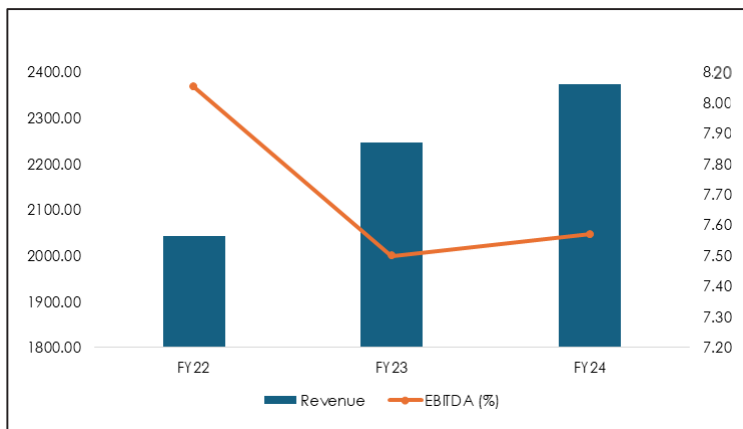
- **Dependence on imports** for critical components like semiconductors leads to higher input costs and susceptible to global disruptions
- **Significant fluctuations in raw material costs** and intensive competition affecting the profitability
- **Regulatory and environmental compliance**
- **Sustainability and E-Waste Management**

Outlook

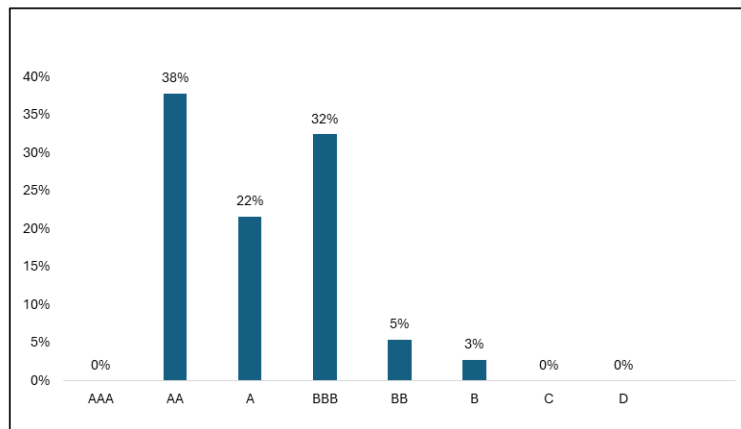
Marginally Favourable

The demand is projected to persist driven from Tier II and Tier II cities, rising disposable incomes, trend for nuclear families, easy access to credits leading to improving revenues. Further, presence of big, reputed players who are constantly working on innovations and technological advancements also add to the growth. Moreover, the intense competition and the inability to pass higher raw material costs to consumers continue to put the margins under pressure. Therefore, focus on premium offerings and cost-cutting measures may offer reliefs, sustaining profitability.

Revenue vs EBITDA



Rating Distribution Graph



Stats Table

Sector Statistics		
Portfolio Highlights	Household Appliances	Overall
Investment Grade	91.89%	70.98%
Downgrade Rate	5.41%	5.18%
In Default	0.00%	1.89%
Upgrade Rate	5.41%	15.67%
Modified Credit Ratio (MCR)	1.00	1.15
Financial Indicators: FY24		
Debt Coverage (ICR in Times)	6.02	
Leverage (D/E Times)	0.20	
Profitability (ROCE in %)	6.40	
Source: Acuité Research; Prime		



Industrial Products

Industry Overview

The sector entails manufacturers and distributors of CCTV cameras, escalators, elevators, fire alarm systems, intruder alarm systems, fingerprint locks, remote managed services and other engineering and construction related products, equipment, machinery etc.

India's video surveillance market which involves CCTVs amongst others has a market size of USD 2.02 billion in 2024. Moreover, the sector is expected to grow at a spectacular 16.9% CAGR to reach USD 5.26 billion by 2030. The country's fire alarm system market clocked in a revenue of USD 1.9 billion in 2024 and is projected to grow at a 10% CAGR to hit USD 3.4 billion by 2030.

About the Industry

Cluster Size

No specific clusters exist for the many products that fuel the industry, construction and other industries. However, the government has been encouraging domestic manufacturing of the products; and a few electronic manufacturing clusters are under development at Kashipur in Uttarakhand.

Market

The sector is a mix of large unorganised players as well as unbranded players with competition defined as neutral.

Key Players

Epic Elevators, Otis Elevator Company (India), Schindler India are top players in the sector. HIKVISION Digital Technology, Honeywell Commercial Security, Aditya Infotech, Zicom Electronic Security Systems are big players in the CCTV segment. Other machinery has organised players like Lakshmi Machine Works, Meera Industries, Veejay Lakshmi.

Opportunities

- The government is promoting **Electronic Manufacturing Clusters** and is a part of the **PLI scheme** to aid growth.
- **Smart Cities mission** which involves heavy electronic surveillance and automation is a key growth driver.
- Burgeoning **high-rises**, consumer demand for **surveillance and tech-driving building** design also expected to fuel demand.
- Sharp growth in **residential and commercial real estate** is another growth factor.

Risks

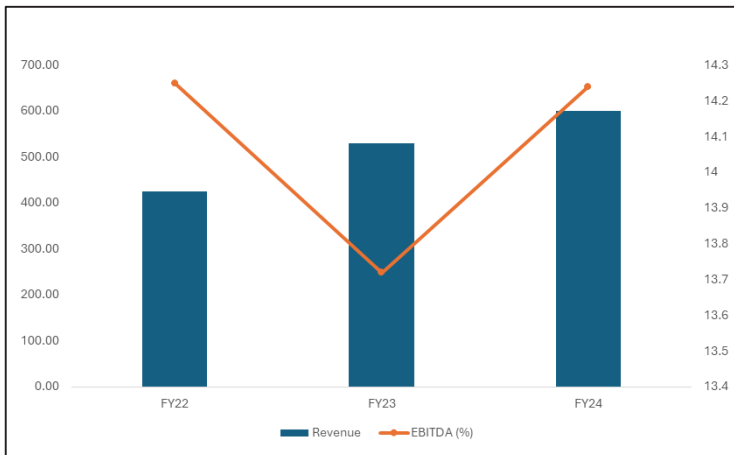
- The sector uses a **wide variety of raw material** from steel, tubes, wires, glass, beams, graphene, aluminium, silver and many more. It is hence vulnerable to a large number of **supply disruptions**.
- **Price fluctuations of commodities** can greatly impact the margins and profitability of these companies.
- **Foreign exchange fluctuations** at the time of import can greatly influence raw material prices.

Outlook

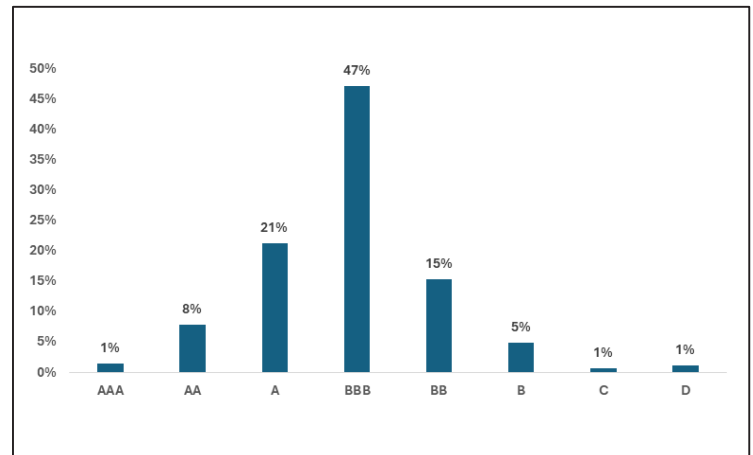
Marginally Favourable

The government is keen on promoting the sector and has been taking steps to increase domestic and foreign investment in the sector. Apart from easing compliance burden, the general thrust on the manufacturing sector can also aid more players and innovation in the sector. This, driven by domestic demand, can see double digit growth across the sub-segments.

Revenue vs EBITDA

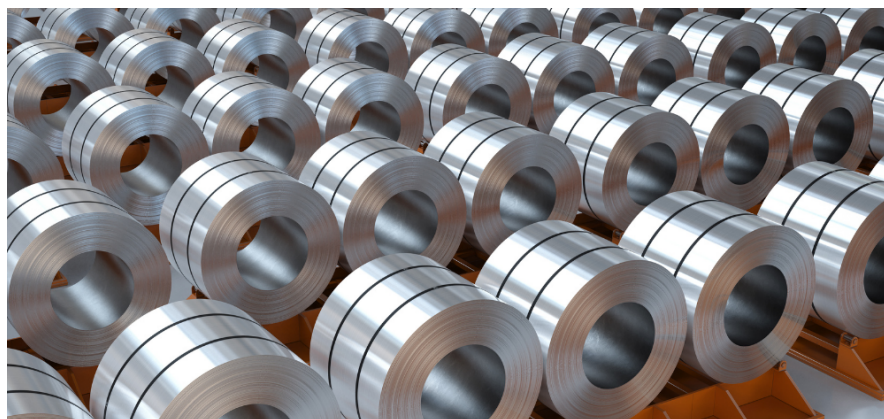


Rating Distribution Graph



Stats Table

Sector Statistics		
Portfolio Highlights	Industrial Products	Overall
Investment Grade	77.90%	70.98%
Downgrade Rate	4.12%	5.18%
In Default	1.87%	1.89%
Upgrade Rate	20.97%	15.67%
Modified Credit Ratio (MCR)	1.25	1.15
Financial Indicators: FY24		
Debt Coverage (ICR in Times)	6.33	
Leverage (D/E Times)	0.28	
Profitability (ROCE in %)	10.06	
Source: Acuite Research: Prime		



Iron & Steel Products

Industry Overview

The Indian iron and steel industry is one of the largest in the world, playing a vital role in the country's economic growth. It is characterised by primary & secondary players. The industry supports infrastructure, construction, and manufacturing sectors, driven by government initiatives like 'Make in India'. Despite challenges such as high energy costs and environmental concerns, the industry is poised for significant growth, aiming to reach 300 MnT of steel production by 2030.

About the Industry

Cluster Size

India's steel industry has seen steady growth, with production rising at a CAGR of 6.51% to 139.15 MnT in FY24. Demand has consistently exceeded supply, reaching a demand-to-supply ratio of 103.92% in FY25 (Till Feb 2025). Iron ore production reached 274 MnT in FY24, driven by improved efficiencies and increased domestic consumption, particularly by the steel sector, which accounts for about 70% of mineral production. The industry remains poised for further expansion amid growing domestic and global demand.

Market

India's FY24 crude steel production reached 144.3 MnT, ranking second globally. Despite strong domestic demand, India is a net importer of finished steel, with imports of 8.32 MnT surpassing exports of 7.49 MnT. The country primarily imports from China, with imports rising due to subdued Chinese demand amid property sector downturns. Provisional data for 11MFY25 shows imports at 8.98 MnT and exports at 4.40 MnT, highlighting the ongoing supply-demand gap.

Key Players

India's iron and steel industry features established players like Tata Steel, SAIL, JSW Steel, and Jindal Steel, supported by significant capacity and technology. Recent investments include JSW's INR 1,00,000 crore plant in Maharashtra and a USD 7.8 billion project in Odisha. Capacity exceeds 161 MnT, with expansions from Tata Steel and AMNS India. The government's PLI scheme promotes specialty steel, mobilising INR 42,500 crore, adding downstream capacity and creating around 70,000 jobs.

Opportunities

- **Steady Growth in Domestic Steel Production:** Steady growth is expected driven by rising demand and supportive policies that encourage domestic manufacturing.
- **Demand to outpace Supply:** The boost of the infrastructure sector and other co-related sectors will lead to increased demand.
- **Government Initiatives to Boost Domestic Industry:** PLI scheme aims to reduce imports and create jobs.

Risks

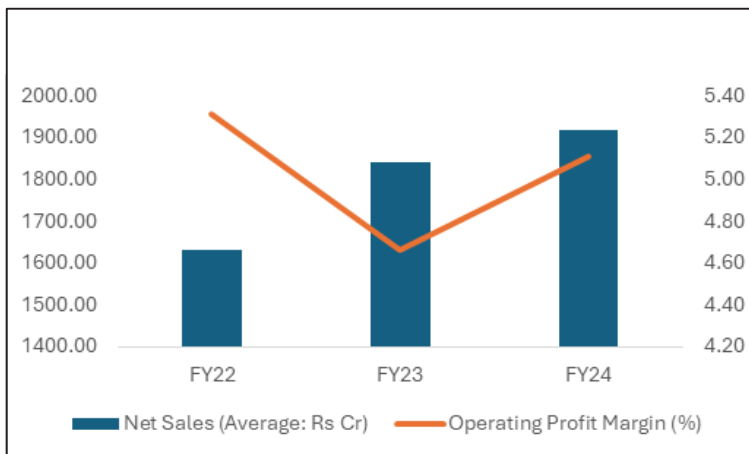
- **Coal and Iron Ore Prices:** Raw material price volatility impacts steel industry margins.
- **Price Volatility:** Fluctuations in global and domestic prices can impact profit margins, especially as India aims to increase capacity.
- **Uncertainty in global Markets:** global markets expose it to trade policy uncertainties, including tariffs and anti-dumping measures, which can affect export competitiveness.

Outlook

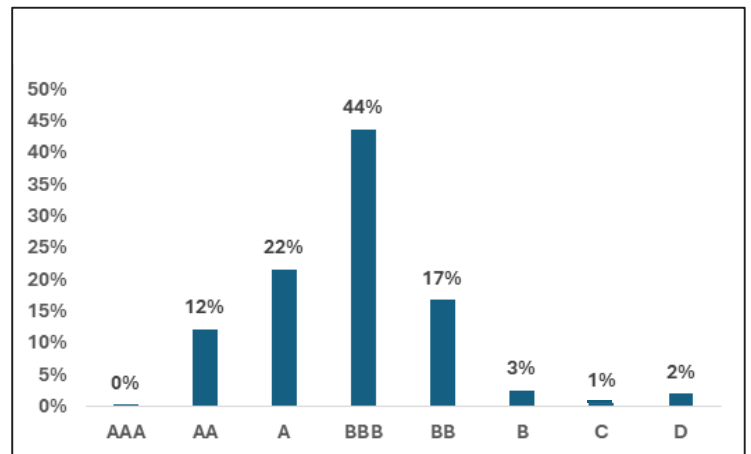
Marginally Favourable

India's iron and steel industry shows growth potential driven by substantial investments, government support, and strategic collaborations. Focus on advanced and green technologies, along with modernisation efforts, aims to boost capacity, create jobs, and enhance global competitiveness. Initiatives fostering innovation, sustainability, and partnerships position the industry for long-term growth, making it well-equipped to meet future demand and strengthen its role in the global market.

Revenue Vs Profit (EBITDA) Graph



Rating Distribution Graph



Stats Table

Sector Statistics		
Portfolio Highlights	Iron & Steel Products	Overall
Investment Grade	77.97%	70.98%
Downgrade Rate	5.93%	5.18%
In Default	2.22%	1.89%
Upgrade Rate	10.12%	15.67%
Modified Credit Ratio (MCR)	1.06	1.15
Financial Indicators: FY24		
Debt Coverage (ICR in Times)	3.57	
Leverage (D/E Times)	0.58	
Profitability (ROCE in %)	5.59%	
Source: Acuité Research; Prime		



Logistics Solution Providers

Industry Overview

India's logistics sector is growing while also transforming, expanding in scope – all the same time. The sector is valued at USD 250 billion, and is projected to reach USD 380 billion by the end of 2025. It has been growing steadily at around 10-12% annually for the last few years and is expected to grow on the same lines going forward.

About the Industry

Cluster Size

While the logistics sector is spread across the country, the government has identified 35 multi-modal logistics parks to aid the freight around industrial clusters. These parks would be around Punjab, Haryana, Gujarat, Maharashtra and Uttar Pradesh. These clusters aim to reduce transportation costs by 10%.

Market

The sector which once only entailed transporting goods now involves supply chain management, cost optimisation aided by technological advancements. The customer preferences shifting markedly towards e-commerce has boosted the logistics with increased focus on warehousing management, last-mile delivery, and other B2C operations. Moreover, India spends an exorbitant 14% of its GDP on logistics, and it aims to bring to down to 9% in line with developed economies. As the country works towards the objective, the logistics solutions sector is primed for extensive value creation.

Key Players

The Indian express industry is highly competitive, well-organised, and technology-driven, providing value in time and product safety. The top logistics solution provider companies include Mahindra Logistics, Blue Dart Express, Stockarea, Aegis Logistics, etc. Established players with extensive networks dominate the market, making it challenging for new entrants to compete on price, quality, and market share.

Opportunities

- Government's **Gati Shakti and National Logistics Policy** initiatives, focus on expressways, green corridors, logistics parks as well as expanding road-rail networks, to enhance speed, efficiency and boost prospects.
- Growing thrust on exports, aided by China + 1 strategies will aid logistics sector as manufacturing picks up. **Stable policy environment** also allows 100% FDI into the sector.
- **Blockchain, big data and cloud logistics** can aid end-to-end visibility and traceability, along with automation and efficiencies.
- The continued **growth in the e-commerce sector**, spread across semi-urban and rural centres has opened a vista of opportunities for warehousing, logistics and management.

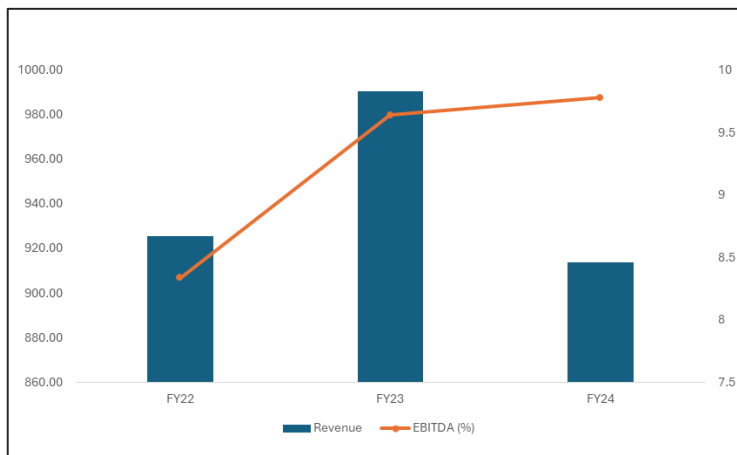
Risks

- The sector's margins, profitability and viability are **vulnerable to fuel costs** as it impacts transportation extensively.
- The thrust to **sustainable logistics** will require **large-sized capital commitments**, even with government support for EV fleets.
- The sector is **extremely competitive** and is moving away from unorganised to organised, leading to expansion of existing players.
- **Tech-led disruptions** can bring startups into the game as they use high-end predictive analytics etc to build efficiency, and hence compete on costs.
- **Autonomous vehicles, drones** expected to play a key role going forward, making it imperative for players to adapt to changing technological innovations.

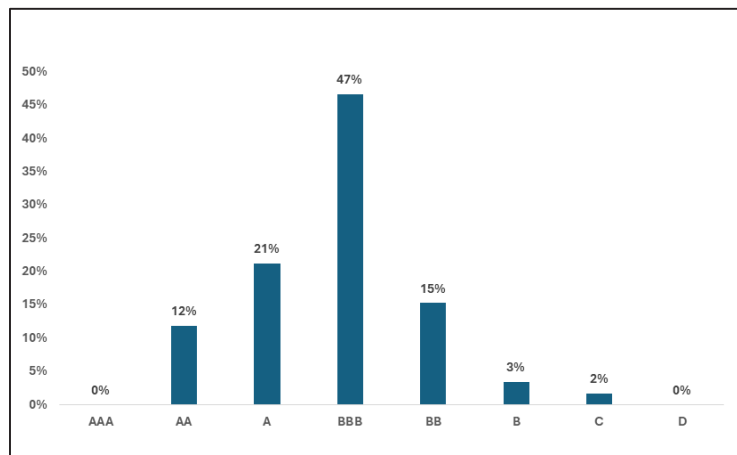
Outlook
Favourable

Logistics sector has been firing from multiple cylinders – its scope continues to expand; tech-led innovation is improving efficiencies and reducing costs. While a global economic slowdown might have ripple effects on the sector, in the long-term, government policies with comprehensive framework and strategic direction can unlock the potential of the logistics industry in the country.

Revenue vs EBITDA



Rating Distribution Graph



Stats Table

Sector Statistics		
Portfolio Highlights	Industrial Products	Overall
Investment Grade	79.66%	70.98%
Downgrade Rate	7.63%	5.18%
In Default	1.69%	1.89%
Upgrade Rate	17.80%	15.67%
Modified Credit Ratio (MCR)	1.15	1.15
Financial Indicators: FY24		
Debt Coverage (ICR in Times)	4.99	
Leverage (D/E Times)	0.28	
Profitability (ROCE in %)	2.86	
Source: Acuite Research: Prime		



Other Construction Materials

Industry Overview

This industry subset involves a large number of industries which are an integral part of infrastructure and real estate. The products include cement, adhesive, paints, steel bars, sealants and more. While all the sectors are gaining ground due to heightened construction activity, they are undergoing varied growth rates. Cement industry's output grew 5.4% -- the slowest it has seen in a decade, owing to a variety of factors, but is expected to rebound. The USD 7.2 billion paints industry is projected to grow at 5% CAGR till 2033. The USD 2.4 billion adhesives market is expected to exhibit 6% CAGR between 2025-2033, as per IMARC Group. The USD 369 million sealants market is expected to grow at a CAGR of 5.8% till 2028, as per Mordor Intelligence.

About the Industry

Cluster Size

Cement industry clusters lie across North and South zones -- Rajasthan, Andhra Pradesh, Tamil Nadu, Madhya Pradesh, and Chhattisgarh. They are located close to raw material availability, especially limestone. The paints industry is a part of chemical clusters, in Maharashtra amongst others.

Market

While the construction boom is aiding growth in most sectors, cement has seen subdued demand growth of 6.2% in 2024. However, with robust fundamentals, it's expected to see better growth in the years to come. The sealant, paints and adhesive market is also expected to see growth on the back of growth in infrastructure, construction, electronics and automobiles.

Key Players

The cement sector is undergoing a phase of consolidation, with large players acquiring smaller players in a sector which has players across sizes with varied regional market share. The topmost players being UltraTech Cement and Ambuja, both owned by billionaires who are looking at organic as well as inorganic expansion. Shree Cement and Dalmia Bharat are other top players. All the other sectors are a mix of large and small sized players --- Asian Paints, Berger Paints, Jyoti Resins & Adhesive Limited, Captain Steel Limited, Shyam Steel, etc.

Opportunities

- **Increased urbanisation, infrastructure and real estate push** are expected to sustain if not increase demand.
- **Government policies** like Housing For All and others are expected to drive demand beyond urbanisation.
- **Growth in automotive and electronics** sectors are expected to aid the growth of sealants, adhesive and other such industries.

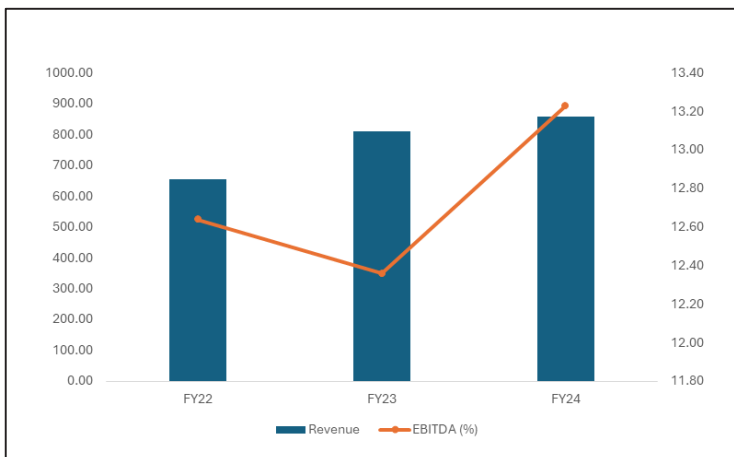
Risks

- Due to the large number of **unorganised players**, high competition is prevalent in the sectors.
- **Price realisations and capacity utilisation** has been slow for the cement sector.
- **Rising share of lower value products** could squeeze the margins for the paints sector.
- All the aforementioned sectors' profitability depends heavily on **raw material prices**. **Political instability, currency fluctuations** could impact them.

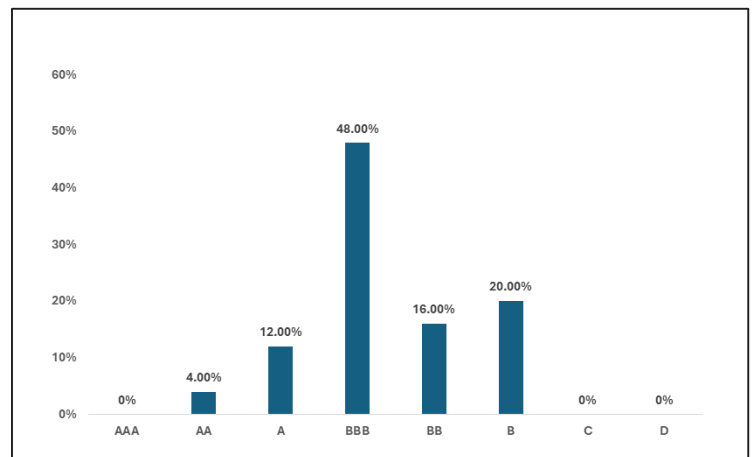
Outlook
Favourable

Even as the sector is transforming, especially cement, there is room for newer and smaller players in the market due to government's investment in the sector. Moreover, increased urban planning, growth in warehousing and other industries beyond infrastructure and real estate show promise – aiding these sectors.

Revenue vs EBITDA



Rating Distribution Graph



Stats Table

Sector Statistics		
Portfolio Highlights	Other Construction Materials	Overall
Investment Grade	64.00%	71%
Downgrade Rate	12.00%	5%
In Default	0.00%	2%
Upgrade Rate	16.00%	16%
Modified Credit Ratio (MCR)	1.06	1.15
Financial Indicators: FY24		
Debt Coverage (ICR in Times)	4.74	
Leverage (D/E Times)	0.24	
Profitability (ROCE in %)	4.56	
Source: Acuité Research; Prime		



Other Electrical Equipment

Industry Overview

The Other Electricals sector includes all parts of the engineering industry, except heavy electrical equipment. The major segments are machine tools, switchgear, textile machinery sector, plastic machinery sector, process plant equipment sector etc. These sectors are heavily dependent on capacity expansion in infrastructure, energy, mining, railway, defence, oil and gas, refineries, steel, cars, and consumer durables.

About the Industry

Cluster Size

The major clusters for engineering goods in India are located in Maharashtra, Tamil Nadu, Andhra Pradesh, Telangana, Gujarat, and Karnataka. Switchgear manufacturers are a part of Electronics Manufacturing Cluster in Uttar Pradesh; while machine tools are mostly manufactured in Bangalore along with Rajkot amongst others. Industrial hubs of Ahmedabad, Rajkot, Pune, and Chennai are known for their plastic machinery manufacturing.

Market

India's machine tool market was valued at USD1.7 billion in 2024, and expected to grow at a CAGR of 7.8% between 2025 and 2033, as per IMARC. The switchgear industry is much smaller in size at USD 10.7 million in 2024 and is projected to grow at a CAGR of 5.9% till 2033. All these sectors are dependent on general economic growth as well as expansion, driven by exports and government push.

Key Players

The market is largely unorganised and fragmented with many niche players being a part of the vendor ecosystem. Switchgear sector has large as well as international players like ABB, Hitachi, CG Power and Industrial Solutions, Havells etc. The top players in textile machinery are Lakshmi Machine Works, Meera Industries, Veejay Lakshmi. The key plastic machinery manufacturers are Jigar Industries, PLAMAC Engineering, etc.

Opportunities

- High activity in sectors like **civil construction, real estate, railway, and defence** are the growth drivers of these sectors.
- **Rising industrial automation** with the aim of productivity improvements is also expected to stimulate the market.
- **Predictable supply of raw material** for these sectors provide marketability and comfort to the companies.

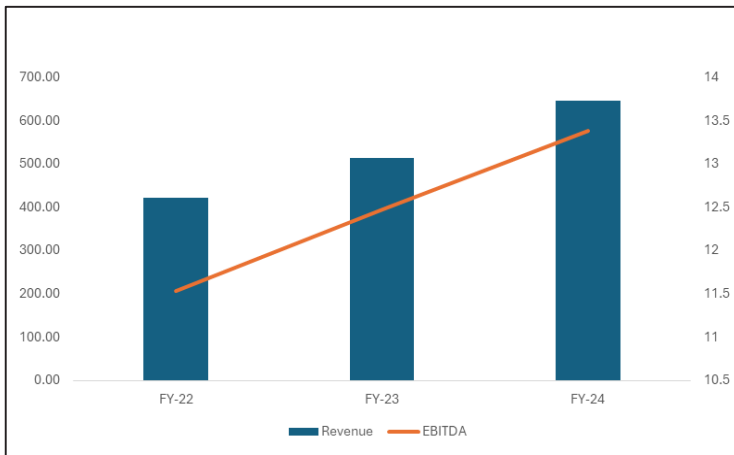
Risks

- **High capital investments** required by these sectors pose a barrier of entry to new players.
- **Technological adoption** for the smaller and unorganised players is stifled by expenses as well as expertise.

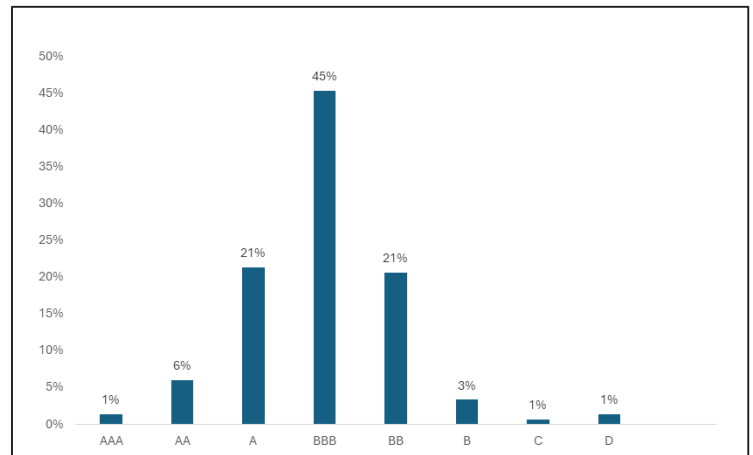
Outlook
Favourable

As more small and medium sized companies are focussing on product quality, which will become a growth driver for the sector. Lower labour costs as well as reduced taxes can also encourage more foreign players and investments into the sector. To support this sector, the Ministry of Skill Development and Entrepreneurship (MSDE) signed an MoU to facilitate training in engineering trades; to improve availability of trained manpower.

Revenue vs EBITDA



Rating Distribution Graph



Stats Table

Sector Statistics		
Portfolio Highlights	Other Electrical Equipment	Overall
Investment Grade	74.00%	70.98%
Downgrade Rate	4.00%	5.18%
In Default	2.00%	1.89%
Upgrade Rate	19.33%	15.67%
Modified Credit Ratio (MCR)	1.25	1.15
Financial Indicators: FY24		
Debt Coverage (ICR in Times)	7.37	
Leverage (D/E Times)	0.3	
Profitability (ROCE in %)	12.01	
Source: Acuite Research: Prime		



Other Food Products

Industry Overview

India's food and snack industry is witnessing growth, driven by rising incomes, evolving tastes, and expanding exports. The market, valued at INR 4.24 trillion in FY24, is led by dairy, snacks, and biscuits, with savoury snacks showing CAGR of 8.63%.

India remains a key player in global food exports, with FY24 agricultural exports exceeding USD 6.00 billion. The U.S. is the top importer, followed by countries like China, UAE, and Vietnam. The sector's growth is further supported by the expanding FMCG market and rising demand for processed and packaged foods.

About the Industry

Cluster Size

Total market size: INR 4.24 trillion (FY24)

Dairy: 38.8%, Snacks & Sweets: 32.3%, Biscuits: 14.5%

Savoury snacks: INR 46,571 crore (2024), projected to cross INR 1 trillion by 2033

Market

Domestic: Strong FMCG growth and urban demand

Exports: ~USD 6 billion; major markets include the US, China, UAE, Vietnam

Key Players

Organised players include Britannia, Nestlé India, PepsiCo India, Bikaji, Hatsun Agro while unorganised players mainly dominant in rural areas characterised by highly fragmented market

Opportunities

- **Rising demand for packaged, ready-to-eat, and ethnic snacks**
- **Growth in organised food service** expected to surpass 51% by FY25
- Government support via **PMKSY, PLI, and 100% FDI**
- **Export potential and global brand creation**

Risks

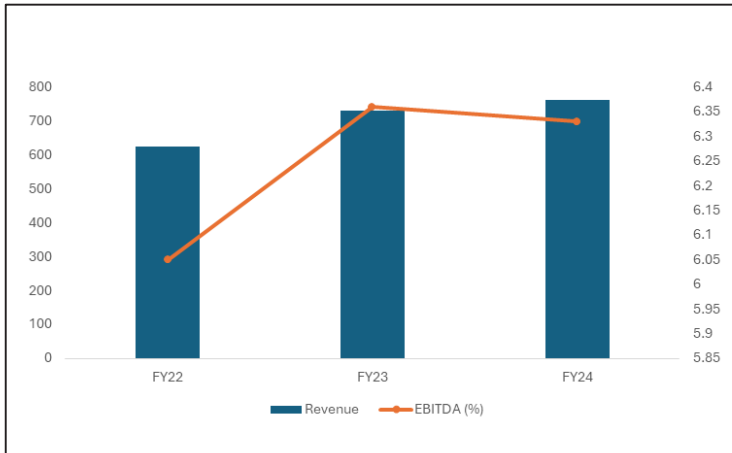
- **Highly fragmented market** with intense price competition
- **Low margins** due to scale limitations in unorganised sector
- **Packaging cost pressures** due to single-use plastic ban
- **Geopolitical & Environmental Risks:** Export restrictions, trade tensions, and climate-related disruptions in key producing countries contribute to market volatility.

Outlook

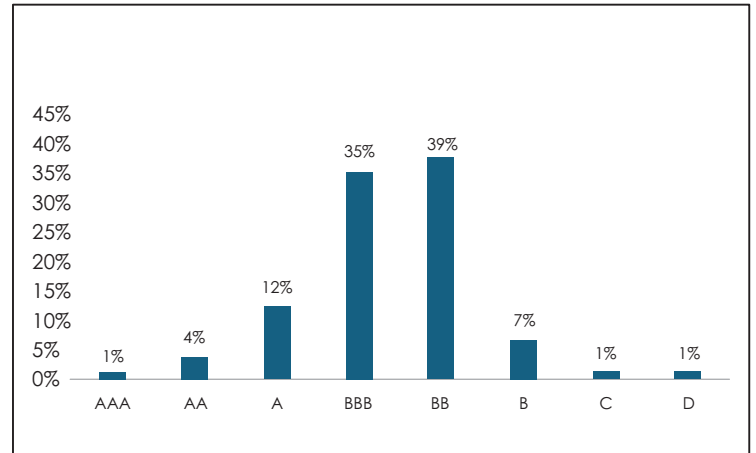
Marginally Favourable

With strong domestic and export demand, continued infrastructure development and policy support to drive growth and shift towards organised, branded, and sustainable food products, the outlook is marginally favourable for the industry. Overall, India's food industry is well-positioned for continued growth, supported by strong domestic demand, export momentum, and government-backed infrastructure and policy initiatives.

Revenue vs EBITDA



Rating Distribution Graph



Stats Table

Sector Statistics		
Portfolio Highlights	Other Food Products	Overall
Investment Grade	51.76%	70.98%
Downgrade Rate	3.53%	5.18%
In Default	2.35%	1.89%
Upgrade Rate	16.67%	15.67%
Modified Credit Ratio (MCR)	1.13	1.15
Financial Indicators: FY24		
Debt Coverage (ICR in Times)	2.89	
Leverage (D/E Times)	0.90	
Profitability (ROCE in %)	5.10	
Source: Acuité Research; Prime		



Other Textile Products

Industry Overview

The Indian textile industry is a significant contributor to the global textile market, with a diverse range of activities from raw material production to finished goods manufacturing. The Indian textile industry presently estimated at about USD 165 Billion. The Indian textile industry is renowned for its wide range of products. It produces natural fibres like cotton, silk, and wool, as well as synthetic fibres like polyester and nylon. India is one of the largest producers of handloom fabrics. It's a major employer, impacting economic growth and global trade.

About the Industry

Cluster Size

The textile industry often operates within clusters, where geographically concentrated group of companies and related activities come together to provide the full spectrum of production and marketing. These clusters vary in size, with some including hundreds of companies, while others may be smaller, focusing on specific types of textiles or processes.

Market

The Indian textile industry is projected to grow at a CAGR of 10% to reach about USD 350 Billion by 2030. India's ready-made garment cotton exports reached USD 14.23 billion in FY24, with an expected global share of 4.6-4.9% by 2027. The other textiles industry- includes technical textiles market like healthcare, construction, automotive, sports, and agriculture, all of which utilise specialised textile products. Key drivers for this market include rising demand for functional textiles, sustainability concerns, and the growth of emerging economies.

Key Players

India's other textiles sector is dominated by Vardhman Textiles Limited, Sutlej Textiles and Industries Limited, Arvind Limited, Raymonds Limited, Gloster Ltd among others with a combined topline of INR 23,109 Cr in FY25.

Opportunities

- **Rapidly expanding domestic market:** Growing demand for offer significant opportunities for growth in domestic market.
- **Increased government incentives and budget outlays** drive growth and investment in the sector.
- **Wide product range** finds application in various sectors augmenting demand in both domestic and global markets.
- **Job creation opportunities** will lead to overall economic development.

Risks

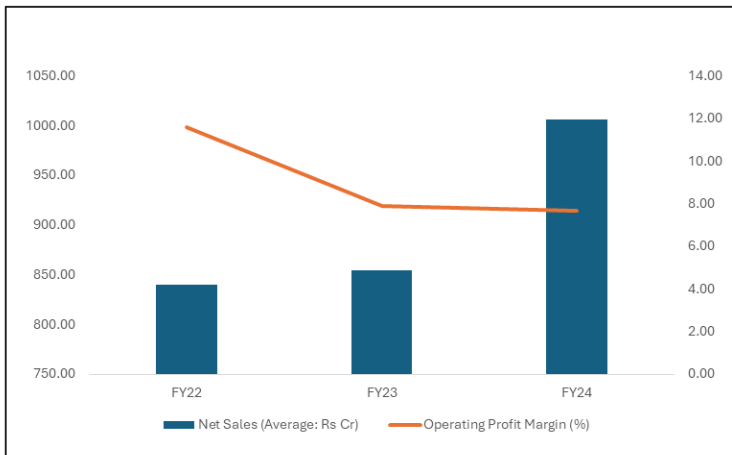
- **Paucity of quality raw materials and volatility in its pricing** leads to lower value realisation.
- **Excess competition in the industry** in both global and domestic markets particularly from China and Bangladesh.
- **Fragmented industry** due to large numbers of small players continue to pose a threat due to inferior technology.
- **Shortage of skill and health and safety** hazards for workers are persistent issues.
- **Environmental concerns may lead** to stricter environmental regulations.

Outlook

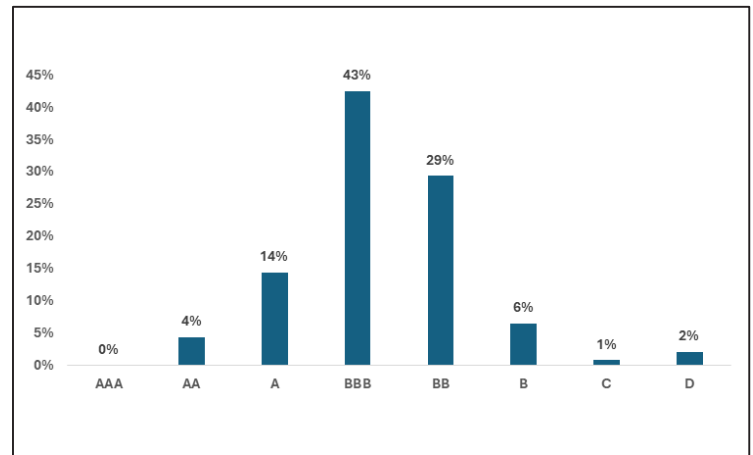
Marginally Unfavourable

The Indian textile industry is expected to grow with growth in both domestic and export markets. However, the industry has remained susceptible to pricing of raw material pricing i.e. for cotton and yarn prices. It is further plagued with high fragmentation and risk of competition leading to volatility in margins.

Revenue vs EBITDA



Rating Distribution Graph



Stats Table

Sector Statistics		
Portfolio Highlights	Other Textile Products	Overall
Investment Grade	61.34%	70.98%
Downgrade Rate	9.54%	5.18%
In Default	2.84%	1.89%
Upgrade Rate	10.82%	15.67%
Modified Credit Ratio (MCR)	1.02	1.15
Financial Indicators: FY24		
Debt Coverage (ICR in Times)	2.08	
Leverage (D/E Times)	0.86	
Profitability (ROCE in %)	2.72%	
Source: Acuité Research; Prime		



Packaging Industry

Industry Overview

India's packaging industry has grown at a healthy pace with an expected valuation of ~USD 204.0 billion by 2025, at a projected annual growth of 26.7% over the last six years. Although demand, urbanisation, and e-commerce initially fuelled expansion, this growth has led to oversaturation. While the post-pandemic surge in demand boosted revenues in FY23, however, it also prompted aggressive capacity expansion (especially in flexible packaging segment), ultimately leading to an industry-wide decline in FY24. Lower realisations, excessive supply, fierce competition, and the influx of cheap imports have squeezed profitability, causing a notable downturn. Foreign investment and 100% FDI encourage participation, however, regulatory shifts, rapid technological changes, and the constant need for efficiency pose relentless hurdles, making operations in this sector increasingly difficult.

About the Industry

Cluster Size

Industry consists of around ~22,000 packaging units, with 85% classified as small and medium enterprises (SMEs). Rigid packaging dominates the market at 62%, utilising materials like glass, metal, paper, wood, and rigid plastics, while flexible packaging, comprising 38%, relies on plastic film-based solutions.

Market

The industry serves both domestic and export markets. Within industry, packaged processed food holds the maximum demand share of 45%, followed by personal and homecare packaging (27%) and pharmaceutical (25%). India's packaging exports face hidden challenges. While cost-cutting pressures risks quality, moreover, dependence on eco-friendly trends makes the industry vulnerable to shifting regulations and unpredictable consumer demands.

Key Players

The flexible packaging sector includes key players such as Jindal Polyfilms, Chiripal Polyfilms, Polyflex, and Uflex. In contrast, the rigid packaging market is split between organised players (40%) and unorganised players (60%). Notable large companies in this segment include Manjushree Technopack Ltd, Alpla, TPAC, and Chemco.

Opportunities

- **Expansion of e-commerce** increases demand for packaging solutions.
- **Low-cost manufacturing** increases demand in the export markets.
- **Use of digital printing and smart packaging** brings new business prospects and focus on sustainability is driving changes in packaging materials.

Risks

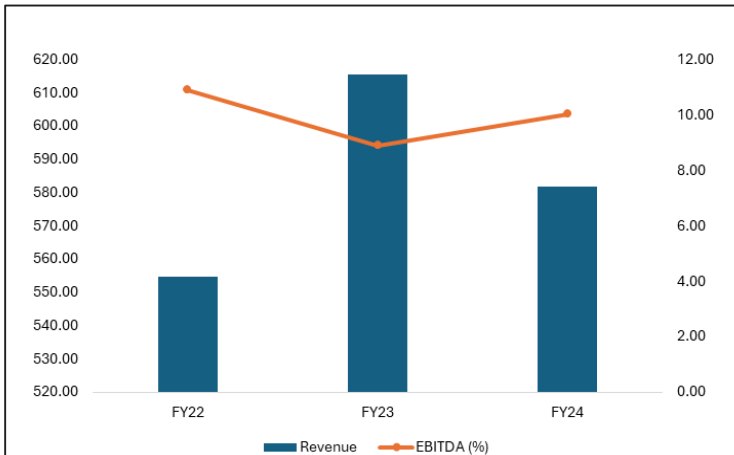
- **Raw material shortages and volatility** disrupts pricing, production and supply chains.
- **Transportation delays and logistics challenges** impact distribution.
- **Quality control issues** lead to non-compliance with regulations.
- **Significant capacity additions** leading to excessive supply and intense competition.
- **Regulatory changes** requiring investment in compliance measures.

Outlook

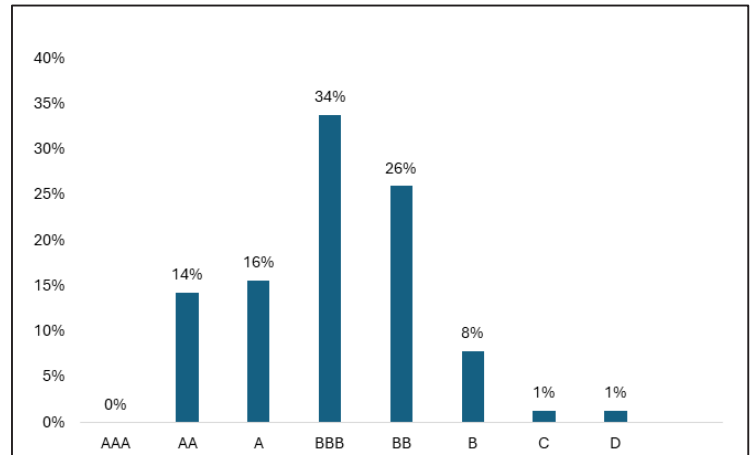
Marginally Favourable

Despite growing demand across sectors, India's packaging industry faces intense competition and unpredictable raw material costs, threatening stability. Focus on proactive risk management and strategic collaboration to improve profitability and long-term growth remains key factors to success.

Revenue vs EBITDA



Rating Distribution Graph



Stats Table

Sector Statistics		
Portfolio Highlights	Packaging	Overall
BBB and above	63.64%	70.98%
Downgrade Rate	12.99%	5.18%
In Default	2.60%	1.89%
Upgrade Rate	9.09%	15.67%
Modified Credit Ratio (MCR)	0.95	1.15
Financial Indicators: FY24		
Debt Coverage (ICR in Times)	2.45	
Leverage (D/E Times)	0.77	
Profitability (ROCE in %)	3.27	
Source: Acuité Research; Prime		



Paints

Industry Overview

The Indian paints industry is a fast-growing and highly competitive sector, primarily divided into decorative and industrial paints. The industry was valued at USD 13,400 million in FY24 and is projected to reach USD 31,700 million by FY33, growing at a CAGR of 8.75%. Further, industry is set to nearly double its capacity by FY27, with INR 26,000 crore of investments between FY24-FY27. Therefore, the volumes are expected to grow annually at 10-15% over the medium term.

About the Industry

Cluster Size

Paint manufacturing is concentrated in major industrial hubs, including Mumbai, Delhi, Chennai, Kolkata, and Bengaluru, with additional production units in Gujarat, Punjab, and Tamil Nadu. These clusters benefit from efficient raw material sourcing, skilled labour and strong distribution networks.

Market

Decorative paints dominate 70-75% of market share, and industrial coatings, comprise of balance demand. Decorative paints are primarily driven by repainting activities, rising disposable incomes, increased urbanisation and shortening of repaint cycles. Meanwhile, industrial coatings serve specialised sectors such as automotive and marine.

Key Players

The industry is highly competitive, with a few dominant players controlling a significant portion of the market. Asian Paints, Berger Paints, Kansai Nerolac, AkzoNobel, have historically led the sector, benefiting from strong brand recognition, extensive dealer networks and established supply chains. However, new entrants like Grasim (Birla Opus), JSW Paints and Pidilite Industries (Haisha Paints) are aggressively expanding their presence, introducing disruptive pricing strategies, dealer incentives and heavy investments in branding to capture market share. Overall, the competitive landscape is evolving, with established brands defending their market position while new players

Opportunities

- **Urbanisation & infrastructure growth:** Government-backed programmes such as Smart Cities Mission and Housing for All are increasing paint demand.
- **Premiumisation & eco-friendly solutions:** Rising consumer preference for sustainable and high-quality coatings is driving innovation.
- **Market expansion in Tier II & Tier III cities:** Companies are expanding distribution networks and dealer presence to capture growing demand.
- **Technological advancements:** Innovations in smart coatings, self-healing formulations and nanotechnology are reshaping the industry.

Risks

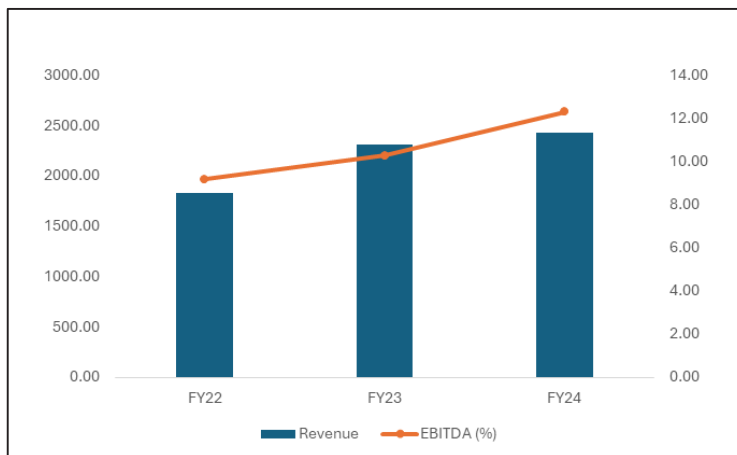
- **Raw material price volatility:** Dependence on pigments, resins and crude oil derivatives exposes manufacturers to cost fluctuations.
- **Regulatory compliance:** Strict volatile organic compound (VOC) emission regulations and GST implementation are affecting the product formulations and pricing strategies.
- **Supply chain disruptions:** Geopolitical issues and fluctuating crude oil prices impact availability and pricing of raw materials

Outlook

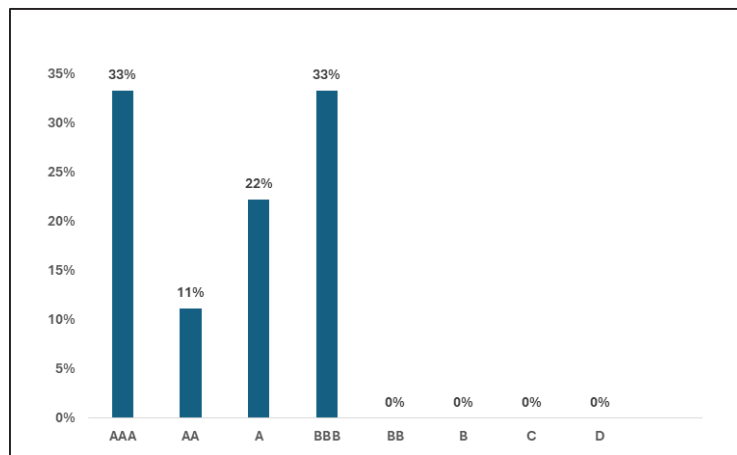
Marginally Favourable

The outlook for the industry is marginally favourable, with strong domestic demand, emerging markets, and regulatory shifts shaping the sector. With a healthy annual volume growth, convergence of rising demand, capacity build-up and new entrants, the stage is set for a dynamic and increasingly competitive industry landscape.

Revenue vs EBITDA



Rating Distribution Graph



Stats Table

Sector Statistics		
Portfolio Highlights	Paints Industry	Overall
BBB and above	100.00%	70.98%
Downgrade Rate	0.00%	5.18%
In Default	0.00%	1.89%
Upgrade Rate	11.11%	15.67%
Modified Credit Ratio (MCR)	1.17	1.15
Financial Indicators: FY24		
Debt Coverage (ICR in Times)	57.92	
Leverage (D/E Times)	0.06	
Profitability (ROCE in %)	15.88	
Source: Acuité Research; Prime		



Paper & Paper Products

Industry Overview

While India's paper industry exhibits an annual production capacity of 27.1 million tonnes and FY24 revenues of around INR 800 billion along with marginal improvement in margins (mainly driven from kraft paper), fuelled by a rising middle class, proactive government education initiatives, and a shift toward sustainable packaging solutions. However, this progress is offset by significant challenges in terms of pricing due to intense competition. Meanwhile, investments in eco-friendly technologies are continually strained by escalating raw material costs and the persistent influx of cheaper imports, while government measures like anti-dumping investigations provide only short-term relief without addressing the underlying structural issues essential for sustainable long-term growth and innovation. Therefore, growth is expected to be at a moderate CAGR of 7-8% for the next couple of years.

About the Industry

Cluster Size

India's paper industry is fragmented, with a mix of organised and unorganised players. It is regionally concentrated, with Maharashtra, Gujarat, Andhra Pradesh, and Karnataka accounting for over 60% of total production with Maharashtra leading as the largest paper-producing state. The industry faces competition in raw material procurement particularly, as India imports nearly half of its wastepaper due to low domestic recovery rates.

Market

The market's segmentation consists of newsprint (15%), packaging paper & board (52%), writing & printing paper (29%), and specialty papers (4%). The industry is primarily driven by domestic consumption, with major demand coming from sectors like education, publishing, corporate paperwork, and packaging. Writing and printing paper continues to see steady domestic demand, while specialty papers especially for packaging and labelling are experiencing strong growth due to e-commerce and sustainable packaging trends.

While India does export paper products, the industry faces competition from global players, particularly from China and ASEAN countries, which challenge local manufacturers. Domestic consumption, therefore, remains the key driver of growth for the Indian paper industry.

Key Players

Leading players in India's organised paper sector include Tamil Nadu Newsprint and Paper Limited (TNPL), JK Paper Limited, ITC Limited, Emami Paper Mills Limited, and Ballarpur Industries Limited, etc. About 20% of mills operate with advanced technology, while the Kraft paper segment remains highly competitive due to the presence of small-scale manufacturers. The industry is regulated by Development Council for Pulp, Paper & Allied Industries (DCPPAI).

Opportunities

- **Sustainable and eco-friendly practices** are shaping industry growth.
- The **rise of specialty papers**, particularly for packaging, is expanding market opportunities.
- **Government interventions**, such as anti-dumping investigations, may help protect domestic manufacturers to some extent.
- **Digital integration and smart manufacturing** enhance production efficiency.

Risks

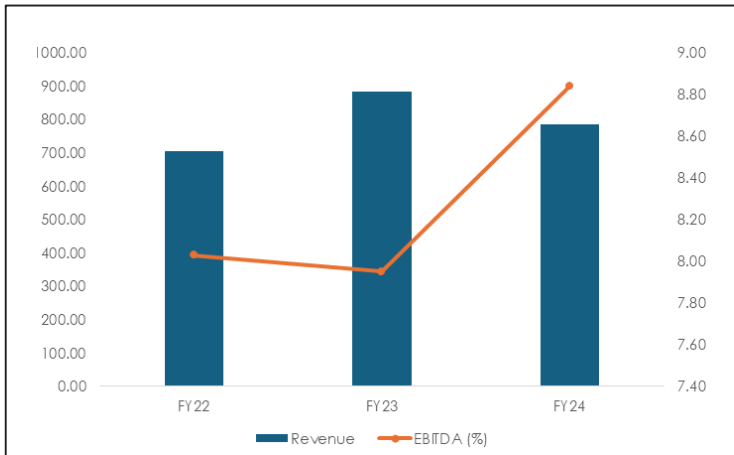
- **Trade barriers and cheaper imports** from China and ASEAN countries threaten local manufacturers leading to lower realisations and compressed margins.
- **Competition for raw materials**, especially agricultural residues, drives up costs.
- **Heavy dependence on imports** for wastepaper increases supply challenges.
- **Environmental regulations** require significant investments, adding complexity for new entrants.

Outlook

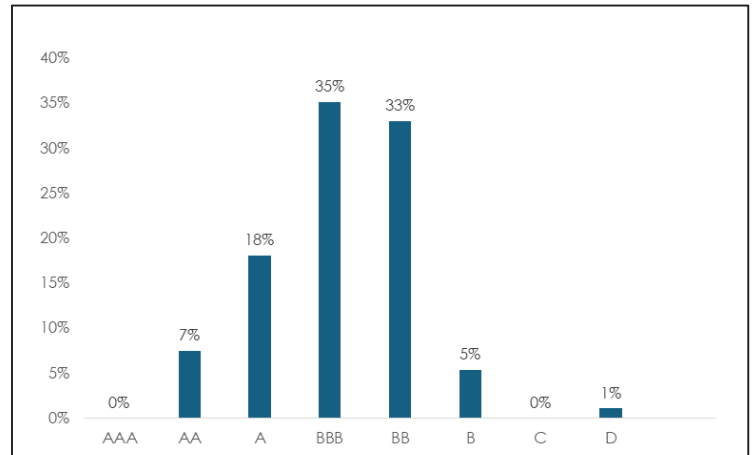
Marginally Unfavourable

Despite promises of sustainability initiatives and technological advancements, India's paper industry remains burdened with significant challenges of mounting pricing pressures and fierce global competition casting a long shadow over any potential evolution. Moreover, continued demand for traditional segments such as writing, printing, and packaging paper persists, hinting at marginal growth.

Revenue vs EBITDA



Rating Distribution Graph



Stats Table

Sector Statistics		
Portfolio Highlights	Paper & Paper products	Overall
Investment grade	60.64%	70.98%
Downgrade Rate	11.70%	5.18%
In Default	1.06%	1.89%
Upgrade Rate	5.32%	15.67%
Modified Credit Ratio (MCR)	0.95	1.15
Financial Indicators: FY24		
Debt Coverage (ICR in Times)	2.82	
Leverage (D/E Times)	0.55	
Profitability (ROCE in %)	3.78	
Source: Acuité Research; Prime		



Pharmaceuticals

Industry Overview

The market size of Indian pharmaceutical industry valued at USD 65 billion in 2024 and expected to reach nearly ~USD 130 billion by 2030. This expansion underscores the industry's increasing contribution to both the national and global economy. It occupies a vital position in the global healthcare ecosystem, primarily recognised for its dominant role in the manufacturing and supply of generic drugs, contributing substantially to the affordability and accessibility of essential medicines and vaccines worldwide. However, the industry continues to grapple with a range of challenges, including a heavy reliance on imported APIs, complex regulatory hurdles, persistent quality concerns, intense pricing pressures, and limitations in research and development.

About the Industry

Cluster Size

The Indian pharmaceutical industry is characterised by several key manufacturing clusters, with Andhra Pradesh, Gujarat, Maharashtra, and Goa being major hubs. These clusters are home to a significant number of bulk drug and formulation units. Key locations include Ahmedabad, Vadodara, Mumbai, Aurangabad, Pune, Hyderabad, Chennai, Mysore, Bangalore, and Visakhapatnam (Vizag). India has the highest number of pharmaceutical manufacturing facilities that comply with the US Food and Drug Administration (USFDA) and has 500 API producers that make for around 8% of the worldwide API market.

Market

India is the 12th largest exporter of medical goods in the world. Indian drugs are exported to more than 200 countries in the world, with US being the key market. Generic drugs account for 20% of the global export in terms of volume, making the country the largest provider of generic medicines globally. Exports of Drugs & Pharmaceuticals were estimated to be at USD 2.13 billion in January 2024, accounting for 5.8% of the total exports in the month.

Key Players

The Indian pharmaceutical industry is highly competitive, characterised by numerous players vying for market share and significant pricing pressures, especially in the generic drug segment. The organised segment includes Sun Pharmaceutical Industries Ltd., Dr. Reddy's Laboratories Ltd., Cipla Ltd, and Lupin Ltd. Aurobindo Pharma and Zydus Lifesciences.

Opportunities

- **Growing Global Demand:** Increasing healthcare needs worldwide, particularly in emerging markets, present opportunities for expansion and export of Indian pharmaceuticals.
- **E-commerce Growth:** The growing trend of online pharmacies and telemedicine can enhance distribution channels and access to medicines.
- **Government Support:** The Indian government's initiatives to boost the pharmaceutical sector, including the Production-Linked Incentive (PLI) scheme, can further stimulate growth and innovation

Risks

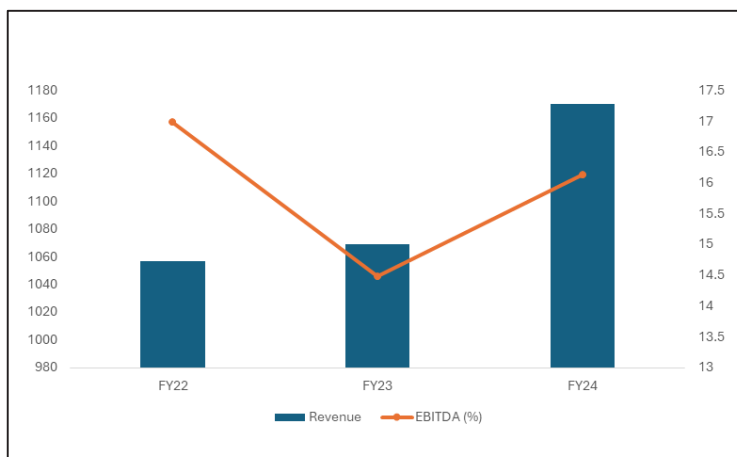
- **Regulatory & Quality concern Challenges** The U.S. Food and Drug Administration (FDA) has increased its scrutiny of Indian manufacturing facilities in recent years, issuing warning letters and import alerts to several companies. Instances of substandard drugs have damaged the reputation of Indian pharmaceuticals in some markets.
- **Pricing Pressures** The competition, coupled with price controls in domestic and some international markets, can squeeze profit margins.
- **Dependence on API Imports** India's reliance on imported Active Pharmaceutical Ingredients (APIs), particularly from China. Supply chain disruptions, as seen during the COVID-19 pandemic, can severely impact drug production.

Outlook

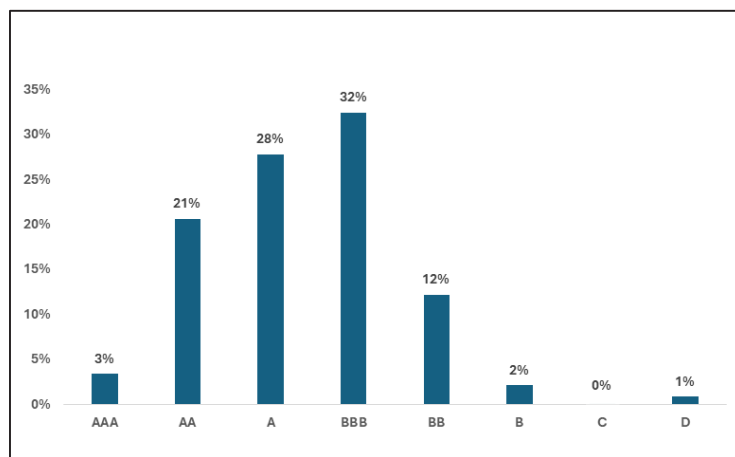
Marginally Favourable

Going forward, better growth in domestic sales would also depend on the ability of companies to align their product portfolio towards chronic therapies for diseases such as such as cardiovascular, anti-diabetes, anti-depressants, and anti-cancers, which are on the rise. The Indian Government has taken many steps to reduce costs and bring down healthcare expenses. This should all contribute to boost the Indian pharmaceutical industry.

Revenue vs EBITDA



Rating Distribution Graph



Stats Table

Sector Statistics		
Portfolio Highlights	Pharmaceutical Industry	Overall
Investment Grade	84.39%	70.98%
Downgrade Rate	6.75%	5.18%
In Default	1.27%	1.89%
Upgrade Rate	16.46%	15.67%
Modified Credit Ratio (MCR)	1.13	1.15
Financial Indicators: FY24		
Debt Coverage (ICR in Times)	11.30	
Leverage (D/E Times)	0.18	
Profitability (ROCE in %)	8.75	
Source: Acuité Research; Prime		



Plywood Boards /Laminates

Industry Overview

The Indian wood panel industry is valued at INR 497 billion (FY24), projected to grow at a 9% CAGR for the next five years. Plywood dominates with 53% market share (INR 265 billion), followed by laminates (24%, INR 120 billion), MDF (14%, INR 70 billion), and particle board (8%, INR 42 billion).

About the Industry

Cluster Size

India's wood panel industry has key manufacturing hubs: North India (Yamunanagar, Rudrapur) is strong in MDF, particle board, and laminates. Perumbavoor, Kerala, is a major plywood cluster. Andhra Pradesh and Gujarat also host significant manufacturers. The industry includes around 3,300 units nationally, with a large unorganised sector.

Market

The market is divided into four product categories: plywood, particleboard, medium-density fiberboard (MDF), and decorative surface products like veneers and laminates. Additionally, this market can be divided into segments based on the distribution channels used, such as OEMs, B2B, retail stores, and e-commerce. With low entry barriers, India's wood panel industry is highly fragmented and unorganised, with 30% of its being organised and 70% being unorganised.

Key Players

The Indian wood panel industry is fiercely competitive, dominated by major organised players such as Century Plyboards, Greenply Industries, Greenpanel Industries, and Action TESA. Competition is driven by price sensitivity, a strong emphasis on quality and branding, continuous product innovation, and aggressive capacity expansions to meet surging demand for products like plywood and MDF.

Opportunities

- **Real Estate and Construction Boom:** Rapid urbanisation, increased government spending on infrastructure, and various affordable housing schemes (like Pradhan Mantri Awas Yojana) are directly fueling the demand for wood panels in construction, interiors, and furniture.
- **Growing Furniture Market:** India is the fifth-largest furniture producer and fourth-largest consumer globally. The increasing demand for both traditional and modern wooden furniture, particularly modular and ready-to-assemble (RTA) furniture, is a major driver.
- **Specialised Products:** Demand is growing for value-added products like fire-resistant, moisture-resistant plywood and MDF, decorative laminates, and lightweight panels for various applications, including vehicle interiors.

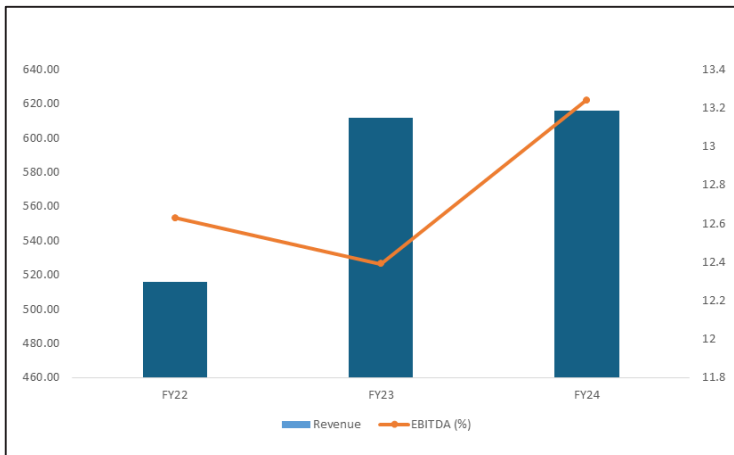
Risks

- **Raw Material Availability and Price Volatility-** The wood panel industry's heavy reliance on cultivated timber and plantations makes raw material supply vulnerable to crop cycles, weather, and land availability. The high volatility in costs of timber and essential raw materials (resins, papers) directly increases production expenses and reduces profitability.
- **Fragmented Market:** The Indian wood panel industry is largely fragmented, with a mix of organised and a significant unorganised sector. The unorganised players often operate with lower overheads, leading to intense price competition, especially in the plywood segment.
- **Oversupply in Certain Segments:** While MDF is growing, other segments like plywood have faced oversupply issues and price wars in the past, impacting profitability for all players.

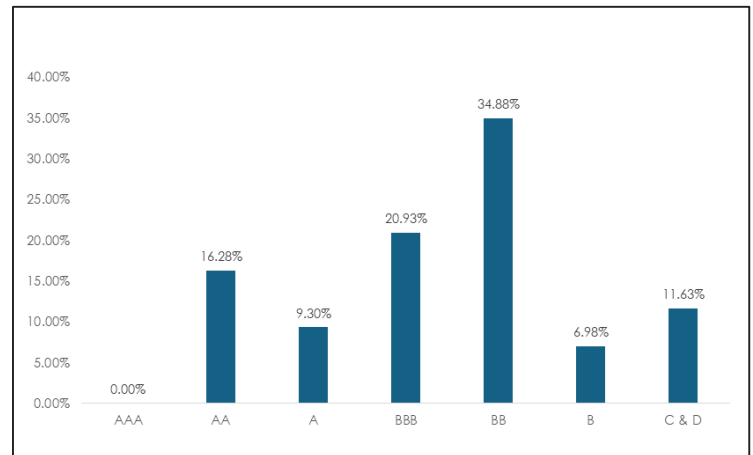
Outlook
Unfavourable

The wood panel industry faces challenges including high raw material costs, significant environmental concerns (wastewater and waste), and health hazards from certain adhesives. However, the industry is also experiencing growth, especially in plywood and MDF, driven by increasing demand and the adoption of circular economy practices and technological advancements.

Revenue vs EBITDA



Rating Distribution Graph



Stats Table

Sector Statistics		
Portfolio Highlights	Plywood Boards/Laminates	Overall
BBB and above	46.51%	71%
Downgrade rate	18.60%	5%
In Default	11.63%	2%
Upgrade Rate	18.60%	16%
Modified Credit Ratio (MCR)	1.00	1.15
Debt Coverage (ICR in Times)	4.72	
Leverage (D/E Times)	0.24	
Profitability (ROCE in %)	4.56	
Source: Acuite Research: Prime		



Power Transmission

Industry Overview

India has two types of power transmission systems: intrastate, managed by state utilities, and interstate, managed by the Power Grid Corporation of India Limited (PGCIL). System operators like the National Load Dispatch Centre (NLDC) and Regional Load Dispatch Centre (RLDC) facilitate access to power exchanges. The country currently has 494,000 CKM of transmission lines and 118.74 GW of interstate capacity. New transmission line additions fell from 14,203 CKM in FY24 to 8,830 CKM in FY25. PGCIL controls 84% of inter-regional state transmission capacity. The Central Electricity Authority predicts India's power need will reach 758 GW by 2030, with non-fossil sources contributing 412 GW.

About the Industry

Cluster Size

India's electrical equipment manufacturing sector is strong, especially in power transmission components, and is mainly located in key states like Gujarat, Maharashtra, Delhi-NCR, Uttar Pradesh, Karnataka, Tamil Nadu, and West Bengal. The Green Energy Corridor project focuses on developing transmission in renewable energy-rich states to support solar and wind energy.

Market

India's power sector is growing quickly, with a power demand increase of 15.73% in FY25. The peak power shortage has decreased to 0.1%. Infrastructure is expanding, with transmission lines reaching 494,374 circuit kilometers by March 2025. The transmission line market was valued at USD 9.6 billion in 2024 and is expected to grow to USD 12.7 billion by 2033.

Key Players

The power transmission industry involves many participants, including manufacturers and grid operators. In India, POWERGRID leads inter-state transmission, while State Transmission Utilities manage intra-state networks. Private firms like Adani, Sterlite, and Indi Grid are also important players.

Opportunities

- **Massive Infrastructure Expansion:** India's economy and urban growth are driving a surge in electricity demand, which requires significant investments over INR 9 trillion by 2032 for power infrastructure.
- **Renewable Energy Integration (Green Energy Corridors):** India aims for 500 GW of non-fossil fuel capacity by 2030, leading to opportunities for Green Energy Corridors, energy storage solutions, and advanced grid management.
- **Grid modernisation and smart grid deployment:** Upgrading India's ageing grid with smart technologies and AI/ML can reduce losses and improve efficiency and reliability.
- **Increased Private Sector Participation:** The government promotes Tariff-Based Competitive Bidding, benefitting private sector participation in transmission projects.

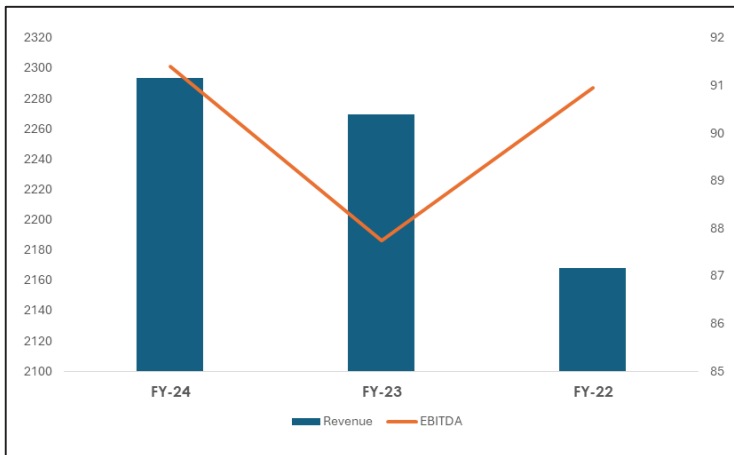
Risks

- **Supply Chain Constraints & Cost Volatility:** There are equipment shortages, import restrictions affecting supplier choices, and rising input costs that can impact project budgets and profitability in the supply chain.
- **Land acquisition & Regulatory clearances:** Land acquisition for transmission lines and substations faces delays due to legal disputes, local opposition, and insufficient compensation. Regulatory clearances add to the complexity and delays.

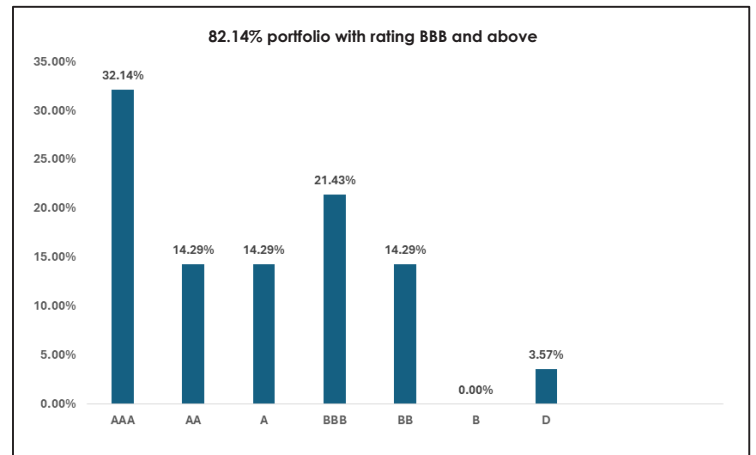
Outlook
Favourable

Despite ongoing issues like land acquisition, regulatory hurdles, supply chain limitations, and the economic stability of Distribution Companies, the robust policy backing, the necessity for energy security, and the monumental scale of the energy transition significantly overshadow these challenges. India's power transmission sector is poised for dynamic growth, advanced technology, and vital national significance, establishing itself as a fundamental driver of the nation's sustainable progress and its leadership in the international clean energy arena.

Revenue vs EBITDA



Rating Distribution Graph



Stats Table

Sector Statistics	Power Transmission	Overall
Portfolio Highlights		
BBB and above	82.14%	71%
Downgrade rate	0.00%	5%
In Default	3.57%	2%
Upgrade Rate	21.43%	16%
Modified Credit Ratio (MCR)	1.30	1.15
Debt Coverage (ICR in Times)	2.13	
Leverage (D/E Times)	1.79	
Profitability (ROCE in %)	4.8	
<i>Source: Acuite Research: Prime</i>		



Print Media

Industry Overview

The print media industry in India is experiencing unique growth despite global challenges from digital platforms. In 2024, print advertising expenditure increased by 5% to INR 20,272 crore, surpassing pre-COVID levels, with a projected growth of 7% in 2025. Print maintains a significant 19% share of the total advertising expenditure, much higher than the global average of 3%, showcasing its importance for advertisers. The industry heavily relies on regional language publications, which make up over mostly of readership and advertising, particularly valuable for local businesses. The success of print will depend on its ability to innovate and integrate with digital trends while addressing long-term threats from increasing digital consumption among younger audiences.

About the Industry

Cluster Size

India's print media has a two-part structure: major hubs in big cities and regional operations. Cities like Delhi, Mumbai, and Chennai host large newspapers with strong advertising and skilled workers. At the same time, regional papers, like Dainik Jagran, focus on local content for diverse audiences.

Market

By 2027, print revenues in India are expected to reach INR 267 billion, growing at less than 1% annually. The print media industry faces challenges like changing consumer habits and competition from digital platforms. However, print companies can engage audiences through local events. In 2024, about 97,000 brands launched print-only ads.

Key Players

The Indian print media industry includes major players like The Times Group, HT Media, Jagran Prakashan, DB Corp, and ABP Group. Regional publishers focus on localised content and have adapted to digital trends, remaining relevant in their markets.

Opportunities

- **Leveraging Credibility and Trust:** Print media is seen as more credible than digital news in India.
- **Omnichannel Integration:** Omnichannel integration combines print and digital media. Key opportunities include bundled subscriptions, interactive print with QR codes and AR, and digital extensions like e-papers and apps.

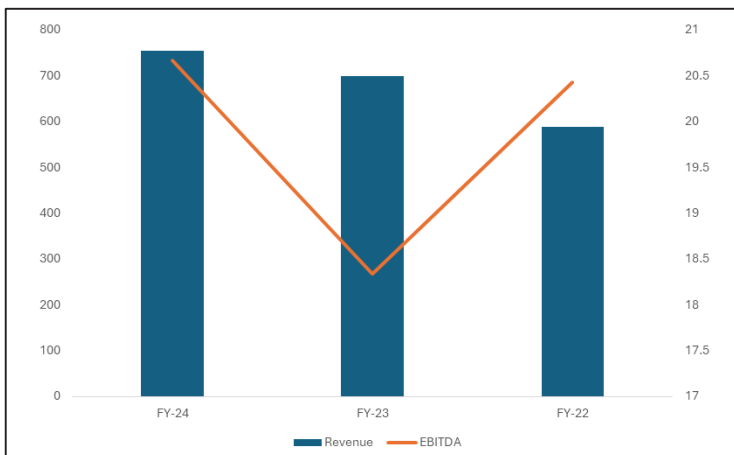
Risks

- **Digital Migration and Audience Loss:** The rise of internet and smartphone use, especially among younger people, drives a shift to digital news platforms. This trend threatens print circulation as loyal older readers decline.
- **Competition for Advertising Revenue:** Digital giants and online content creators are taking advertising revenue from print media, affecting ad rates and overall earnings despite some recovery in print advertising.
- **Rising Input Costs:** Volatility in newsprint prices and operational costs can greatly affect profitability. Fluctuations in exchange rates further exacerbate the cost of imported newsprint.
- **Brand Trust vs. Misinformation:** Print media must maintain its integrity and clearly separate itself from fake news to preserve trust in its credibility.

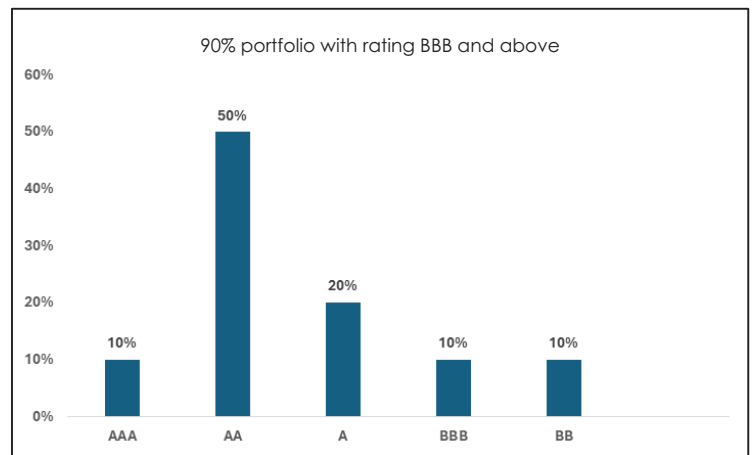
Outlook
Unfavourable

India's print media industry faces a negative outlook due to a shift towards digital consumption, resulting in declining physical circulation and increased advertising competition. Despite its credibility, the industry must tackle challenges in digital monetisation and rising costs, while adapting to the disruptive effects of AI to avoid losing market share and profits.

Revenue vs EBITDA



Rating Distribution Graph



Stats Table

Sector Statistics	Specialty Retail	Overall
Portfolio Highlights		
BBB and above	90%	71%
Downgrade Rate	10%	5%
In Default	0%	2%
Upgrade Rate	10%	16%
Modified Credit Ratio (MCR)	1.00	1.15
Debt Coverage (ICR in Times)	7.82	
Leverage (D/E Times)	0.10	
Profitability (ROCE in %)	6.84	
<i>Source: Acuité Research; Prime</i>		



Rubber

Industry Overview

The production of Natural Rubber (NR) in India during FY24 period reached 8,57,000 tonnes, a growth of 2.1% when compared with the 8,39,000 tonnes achieved in FY23. Given the current high domestic demand, supply constraints, and international market fluctuations in the rubber industry, India has to import significant quantities of rubber to meet the domestic demand.

About the Industry

Cluster Size

During FY24, the domestic consumption of Natural Rubber was 14,16,000 tonnes. This marked a rise of 4.89% compared with the preceding year's consumption of 13,50,000 tonnes. There is a huge gap in the levels of production and consumption of rubber in India because of grossly insufficient production; thereby India has to rely on imports. From April 2024 -January 2025, natural rubber imports increased by 17% to 4,85,666 tonnes while the total exports for the same period stood at only 3,931 tonnes.

Market

India's domestic natural rubber production is approximately 8.5 lakh tonnes, with the northeastern region contributing around 1.5 lakh tonnes. Major rubber production still originates from the state of Kerala. The north-eastern states, particularly Tripura and Assam, have seen significant growth in rubber production to help strengthen the domestic rubber production capacity.

Key Players

Rubber is largely produced in Kerala. The industry majorly consists of unorganised players. There are many farmers in Kerala who are cultivating rubber plants. Harrisons Malayalam Ltd is one of the organised players in the rubber industry.

Opportunities

- **Government initiatives:** The government has hiked the financial assistance to the rubber industry by 23% to INR 708.69 crore for FY25 and FY26, from INR 576.41 crore. The move is likely to boost the rubber production in India and reduce imports from other countries.
- **Expected increase in rubber production:** The Rubber Board of India has launched two new projects in January 2025 - ISNR (Indian Sustainable Natural Rubber) and INR Konnect - to help boost domestic production, while providing standardised certification for the quality of rubber. The INROAD (Indian Natural Rubber Operations for Assisted Development) project is estimated to cover 1.25 lakh hectares of land in the North-East and parts of West Bengal. This should further increase rubber production capacity.

Risks

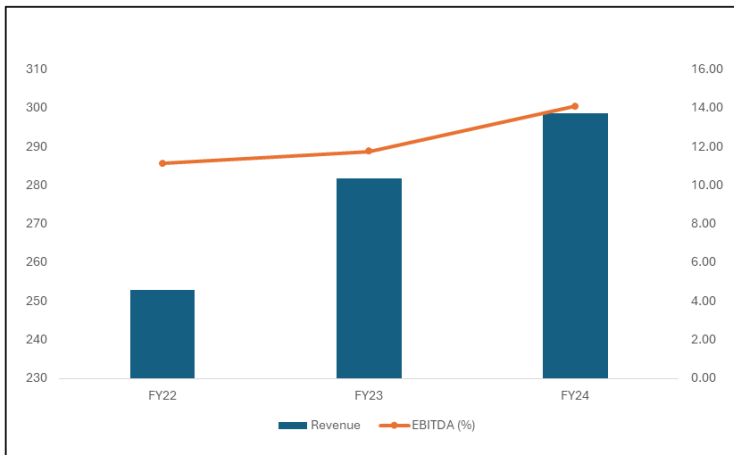
- **Factors of production:** The rubber industry faces challenges such as climate change, intense competition from exporting nations, and price pressure in the global export market, which collectively pose a significant threat to the rubber plantation industry.
- **Demand exceeds supply:** Given the current levels of production and consumption, India has to import significant quantities of rubber to meet the domestic demand. Further, it is projected that global demand for rubber would outstrip the rubber supply in 2025. Hence, this could impact domestic dynamics in the rubber industry.

Outlook

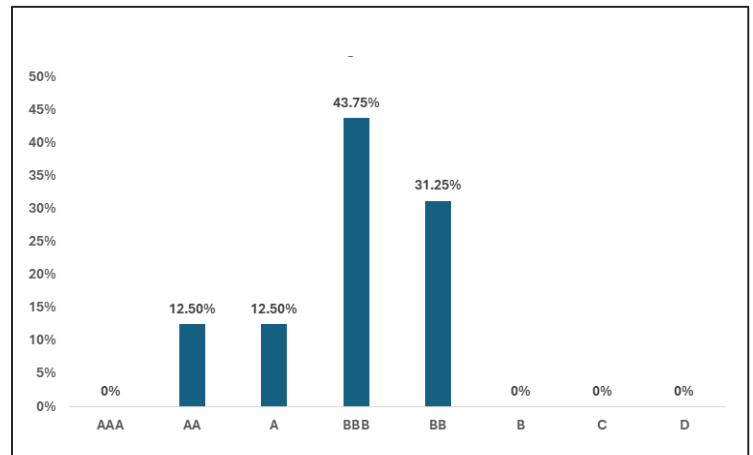
Marginally Favourable

Driven by the increase in vehicle demand and subsequent production, the demand for rubber as an input for the automotive industry is projected to increase further. However, global cues and global supply shortages of rubber could be an impediment for further growth.

Revenue vs EBITDA



Rating Distribution Graph



Stats Table

Sector Statistics		
Portfolio Highlights	Rubber	Overall
Investment grade and above	68.80%	71.00%
Downgrade Rate	0.00%	5.20%
In Default	0.00%	1.89%
Upgrade Rate	25.00%	15.70%
Modified Credit Ratio	1.36	1.15
FY24 Debt Coverage (ICR in Times)	6.90	
FY24 Leverage (D/E Times)	0.33	
FY24 Profitability (ROCE in %)	10.27	
Source: Acuite Research: Prime		



Seafood

Industry Overview

India continues to solidify its position as a global supplier of seafood, now ranking as the fourth-largest seafood producer worldwide. The country achieved seafood exports valued at approximately USD 6.20 billion in FY24, exporting to over 100 countries. With a diverse coastline exceeding 8,000 km and abundant marine biodiversity, India's seafood sector encompasses both wild catch fisheries and aquaculture, with aquaculture accounting for around 60% of total production. The industry expanded to a total market size of approximately 21.5 million metric tons, with projections indicating the sector could double this volume by 2032 driven by technological advancements, increasing consumer awareness, and supportive government policies. The industry's CAGR is projected at around ~9.60% over the next decade.

About the Industry

Cluster Size

India's seafood sector is concentrated along the coasts of Gujarat, Kerala, Tamil Nadu, Andhra Pradesh, and West Bengal. The shrimp export industry is particularly prominent, accounting for a significant share of global shrimp trade. The sector comprises both aquaculture (fish and shrimp farming) and wild capture fisheries. In terms of exports USA, China and European Union have the highest volumes of fishes exported to. Revenue in the Fish & Seafood market amounts to USD 58.98bn in 2025. The market is expected to grow annually by 5.96% (CAGR 2025-2030).

Market

India's seafood industry serves both domestic and international markets. Domestic consumption is driven by health consciousness, with increasing demand for processed fish, seafood snacks, and ready-to-eat products. The export market is vital, with major importers including the US, EU, Japan, and Southeast Asia. India's shrimp farming spans approximately 160,000 hectares, with a volume of about 0.93 million tons in 2024, projected to reach 2.33-2.47 million tons by 2034, growing at a CAGR of ~9.6%.

Key Players

Major industry players include private aquaculture companies, exporters, and cooperatives. Prominent exporters like Avanti Feeds, Waterbase, and Apex Frozen Food dominate India's seafood exports. The industry is increasingly adopting technology in farming practices, processing, and supply chain management to meet global standards.

Opportunities

- **Growing global demand for seafood**, especially shrimp, fish, and processed products.
- **Expansion of aquaculture**, particularly in shrimp, driven by technological advancements and improved breeding techniques.
- **Implementation of sustainable fishing** and aquaculture practices aligned with international standards, opening access to premium markets.
- **Development of value-added products** like frozen seafood, ready-to-cook, and health-focused offerings catering to changing consumer preferences.

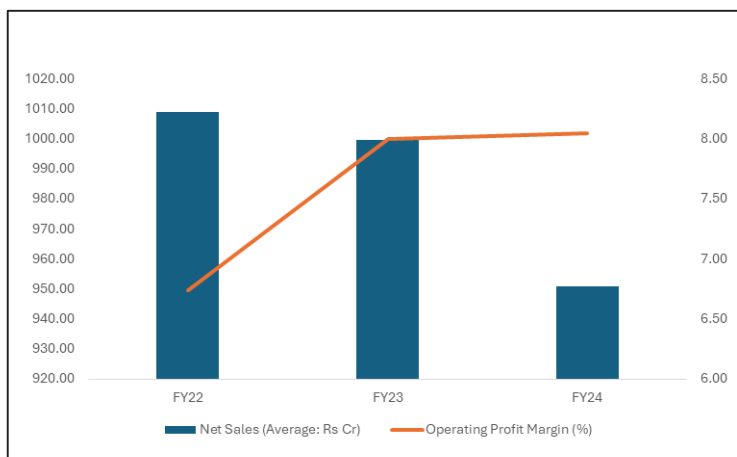
Risks

- **Overfishing and unsustainable practices** threaten marine biodiversity and long-term resource availability.
- **Climate change**, including rising sea temperatures, ocean acidification, and extreme weather events, adversely impact fisheries and aquaculture yields.
- **Regulatory challenges** related to environmental laws, fishing quotas, and export standards can complicate operations.
- **Price volatility** driven by global demand-supply imbalances, input costs, and currency fluctuations.
- **Biosecurity risks and disease outbreaks** in aquaculture, which can affect production and exports.

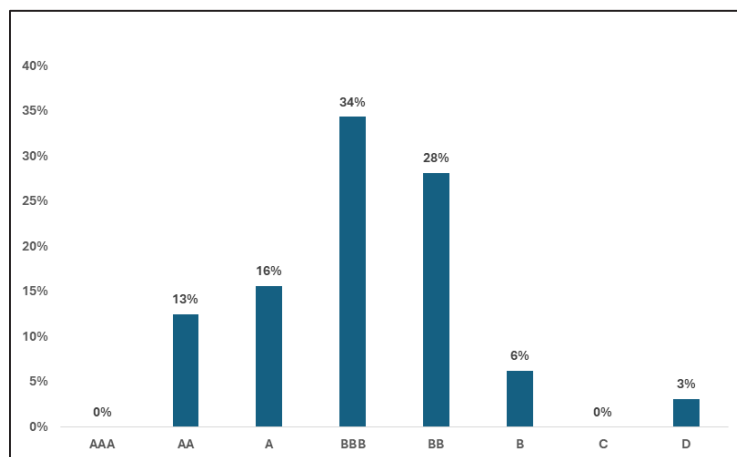
Outlook
Unfavourable

The Indian seafood industry is plagued with global supply-demand mismatches, which poses a threat to growth. However, the sector is expected to enhance its capacity in terms of volume in the near term, driven by rising global seafood demand and domestic consumption which might reduce this gap. Embracing sustainable practices, technological innovation, and enhancing supply chain infrastructure will be key to unlocking India's full potential as a major global seafood supplier. However, the outlook is constrained by unsustainable breeding and fishing practices as well as climatic conditions which largely affect this industry.

Revenue vs EBITDA



Rating Distribution Graph



Stats Table

Sector Statistics		
Portfolio Highlights	Seafood	Overall
Investment Grade	69.62%	70.98%
Downgrade Rate	5.06%	5.18%
In Default	0.00%	1.89%
Upgrade Rate	5.06%	15.67%
Modified Credit Ratio (MCR)	1.00	1.15
Financial Indicators: FY24		
Debt Coverage (ICR in Times)	2.93	
Leverage (D/E Times)	0.09	
Profitability (ROCE in %)	5.35%	
Source: Acuité Research; Prime		



Specialty Chemicals

Industry Overview

India's specialty chemicals market, which had grown at a robust ~12% CAGR over the past five years, is now facing headwinds. While the sector has seen significant strides in formalisation, R&D investment, and global integration, recent global and domestic challenges have tempered its growth trajectory. The industry remains fragmented, with unorganised players dominating low-R&D segments. However, rising compliance costs, global competition, and macroeconomic uncertainties are slowing the pace of formalisation and expansion.

About the Industry

Cluster Size

India's specialty chemicals market was valued at USD 46.66 billion in 2022 and is projected to grow at a 9.3% CAGR from 2023 to 2030, reaching USD 95.15 billion by 2030. In INR terms, it is expected to reach INR 8,409.72 billion by 2028. While growth is still driven by industrialisation and demand from end-use sectors, the pace has moderated due to global supply chain disruptions, inflationary pressures, and regulatory tightening.

Market

The Asia Pacific region continues to dominate global market share, with India and China as key manufacturing hubs. However, India remains a net importer of specialty chemicals, and rising import costs and currency volatility are impacting margins. Domestic players such as AJ Chemicals, Atul, and Sami-Sabinsa Group are expanding, but face increasing pressure from global giants and fluctuating input costs.

Key Players

Key players in the Indian specialty chemicals market include companies like Aarti Industries, Gujarat Fluorochemicals, Vinati Organics, and Alkyl Amines. Other significant players include P I Industries, UPL, Sumitomo Chemical India, and Atul.

Opportunities

- **Sustainability Trends:** Demand for green and bio-based chemicals continues to rise, offering long-term growth potential for firms investing in sustainable innovation.
- **Emerging Markets Expansion:** Africa and South America present untapped markets, though entry barriers and geopolitical risks remain.
- **Government Support:** Policy initiatives such as the PLI scheme and Make in India continue to support domestic manufacturing, though execution challenges persist.

Risks

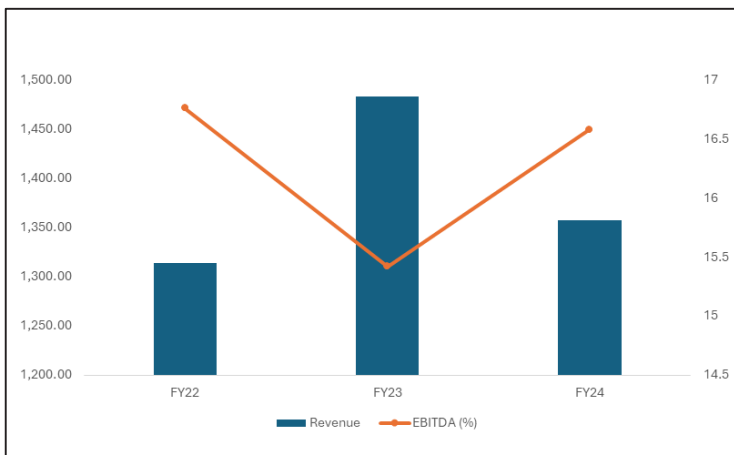
- **Global Competition:** Indian firms face stiff competition from well-established global players with deeper R&D capabilities and economies of scale.
- **Price Volatility:** Fluctuating raw material prices and exchange rate instability are eroding profitability.
- **Environmental Regulations:** Stricter domestic and international environmental norms are increasing compliance costs, particularly for smaller players.
- **Trade Wars and Tariffs:** Ongoing global trade tensions and tariff barriers are disrupting supply chains and impacting export competitiveness.

Outlook

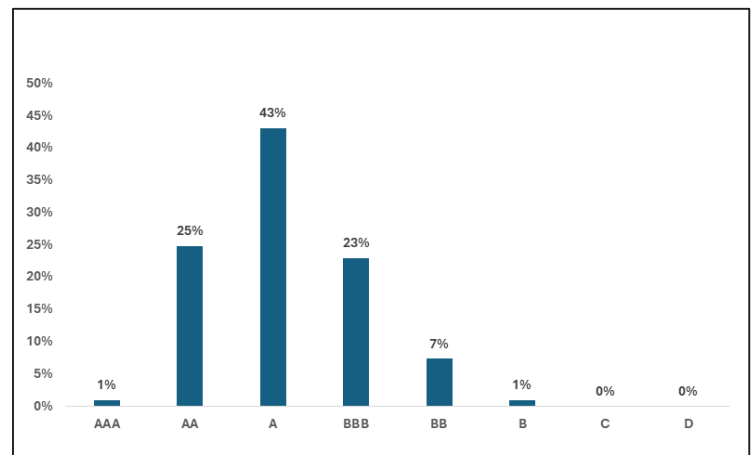
Marginally Unfavourable

While India's specialty chemicals sector retains its long-term potential, the near-term outlook is marginally unfavourable. The industry is grappling with a complex mix of global economic slowdown, regulatory tightening, and operational inefficiencies. Although structural drivers like rising domestic demand and global supply chain diversification remain intact, the pace of growth is expected to moderate. Strategic investments, policy stability, and innovation will be critical to navigating this challenging phase.

Revenue vs EBITDA



Rating Distribution Graph



Stats Table

Sector Statistics		
Portfolio Highlights	Speciality Chemicals	Overall
Investment Grade	91.74%	70.98%
Downgrade Rate	4.59%	5.18%
In Default	0.00%	1.89%
Upgrade Rate	10.09%	15.67%
Modified Credit Ratio (MCR)	1.07	1.15
Financial Indicators: FY24		
Debt Coverage (ICR in Times)	11.57	
Leverage (D/E Times)	0.09	
Profitability (ROCE in %)	8.61	
Source: Acuité Research; Prime		



Specialty Retail

Industry Overview

India's retail industry is valued at USD 939.8 billion in 2024, with the unorganised market segment dominating. E-commerce accounts was 4% of the market, while brick and mortar accounts for 12%. The food and grocery sector leads, followed by apparel, footwear, and consumer durables. The retail market is expected to triple to INR 2,16,57,500 crore by 2035. Modern organised retail is expected to reach USD 600 billion by 2030, accounting for over 35% of the industry. However, the retail industry faces challenges due to digital developments and shifting consumer tastes. Retailers are utilising omni-channel tactics and government initiatives to promote local manufacturing and digital infrastructure.

About the Industry

Cluster Size

The specialty retail industry is primarily concentrated in major metropolitan cities with affluent consumers and strong retail infrastructure, with emerging Tier II cities like Jaipur and Lucknow also playing a significant role, with unique retail clusters enhancing growth.

Market

India's retail sector is projected to grow at a 6.3% CAGR to USD 1 trillion by 2025, with organised retail accounting for 17.2% of this growth. The e-commerce industry is expected to grow at a 21.5% CAGR to USD 299.01 billion by 2029. The growth is driven by rising disposable incomes, a growing middle class, favourable demographics, fast urbanisation, and widespread digital adoption.

Key Players

India's specialty retail sector features key players in various product categories, including fashion, lifestyle, electronics, jewellery, beauty, personal care, sports, and fitness. These companies use a mix of stores and online strategies to reach diverse consumers, with major brands like Aditya Birla Fashion and Retail Ltd, Shoppers Stop, Raymond Ltd., and FirstCry.com leading.

Opportunities

- **Omnichannel Shopping Expectations:** Indian consumers want a smooth experience between online and offline shopping. Retailers should connect physical stores with e-commerce.
- **Demand for Experiential Retail:** Consumers, especially young people, want engaging experiences from specialty retailers through immersive stores, workshops, and community events.
- **Urbanisation and tier II/III City Growth:** Rapid urbanisation and growing incomes in Tier II and Tier III cities are creating new markets for specialty retailers.

Risks

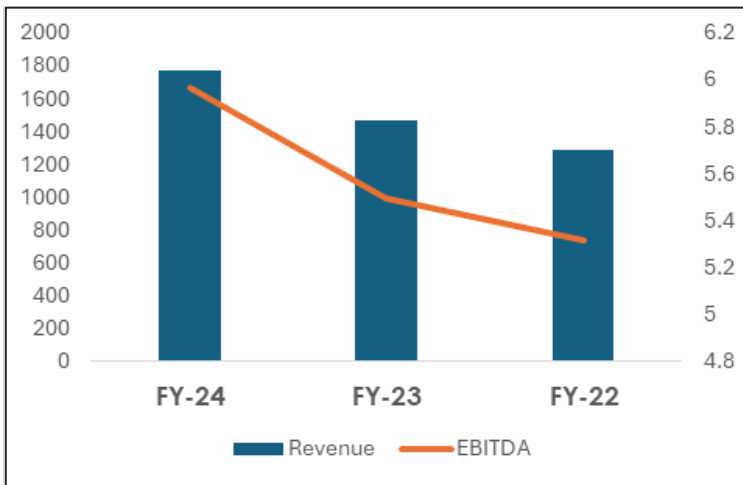
- **Intense Competition:** Specialty retailers face competition from other specialty stores, mass merchandisers, e-commerce giants, and direct-to-consumer brands.
- **Inventory Management Challenges:** Overstocking and stockouts cause financial loss, especially for niche, perishable products.
- **Evolving Consumer Preferences and Trends:** Consumer behaviour is changing with a shift to online shopping, demand for omnichannel experiences, value-consciousness, and experience-driven shopping.

Outlook

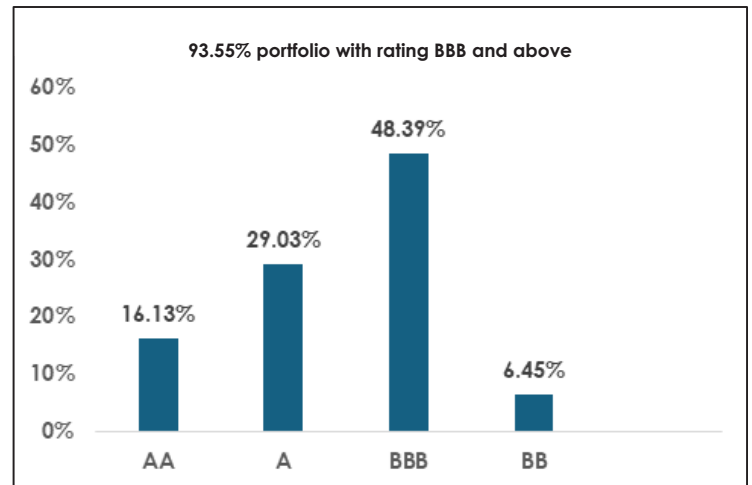
Marginally Favourable

While India's specialty retail industry enjoys significant demographic and economic advantages, it is essential to proactively address risks stemming from intense competition, shifting and occasionally price-conscious consumer habits, elevated operational expenses, talent deficiencies, and the growing intricacies of digital transformation and cybersecurity.

Revenue vs EBITDA



Rating Distribution Graph



Stats Table

Sector Statistics		
Portfolio Highlights	Specialty Retail	Overall
BBB and above	93.55%	71%
Downgrade Rate	0.00%	5%
In Default	0.00%	2%
Upgrade Rate	6.45%	16%
Modified Credit Ratio (MCR)	1.07	1.15
Debt Coverage (ICR in Times)	4.55	
Leverage (D/E Times)	0.59	
Profitability (ROCE in %)	8.14	
Source: Acuité Research; Prime		



Stationery

Industry Overview

India's stationery industry is witnessing a remarkable expansion, fuelled by higher literacy rates, rapid growth of educational institutions, and an expanding Gen Z consumer base. The further expansion of industry is projected at a CAGR of approximately 13% between FY23 and FY28, reaching a valuation of INR 71,900 crore by FY28.

About the Industry

Cluster Size

The industry is vast and diverse, with manufacturing clusters spread across different regions. Major production hubs include Mumbai, Delhi, Chennai, Kolkata, and Bengaluru, where large-scale manufacturers operate. Additionally, Tier II and Tier III cities such as Surat, Indore, and Ludhiana have emerged as growing centres for small and medium-sized enterprises (SMEs) specialising in stationery production.

Market

The demand for non-paper stationery, comprising writing instruments, office supplies, and arts & crafts is growing at a faster pace than paper-based products. This non-paper stationery segment is projected to grow at a CAGR of 14%, reaching ~INR 43,000 crore by FY28 and the paper-based stationery segment is expected to grow at a CAGR of 12%, reaching ~INR 28,900 crore by FY28.

Key Players

The industry is highly concentrated, dominated by a few major players, including ITC Limited, DOMS Industries, Kokuyo Camlin, Navneet Education, Cello Writing Instruments, and Reynolds India. These companies lead various segments, from paper-based stationery and writing instruments to office supplies and art materials. The market has become less competitive, as reflected in the rise of the Herfindahl-Hirschman Index (HHI) from 2,549 in 2017 to 5,288 in 2022, indicating a stronger presence of established brands. This shift highlights India's growing reliance on domestic production, reducing dependency on imports while strengthening local manufacturing capabilities.

Opportunities

- **Educational growth:** Increased government spending on schools and colleges, along with rising literacy rates, are fuelling demand.
- **Premiumisation:** Consumers are shifting from low-cost alternatives to higher-quality stationery.
- **Export market expansion:** Africa, Middle East, and Southeast Asia are emerging as strong export markets, supported by trade agreements and government incentivess.
- **Sustainability trends:** Growing demand for biodegradable and recyclable materials is pushing innovation in eco-friendly stationery.

Risks

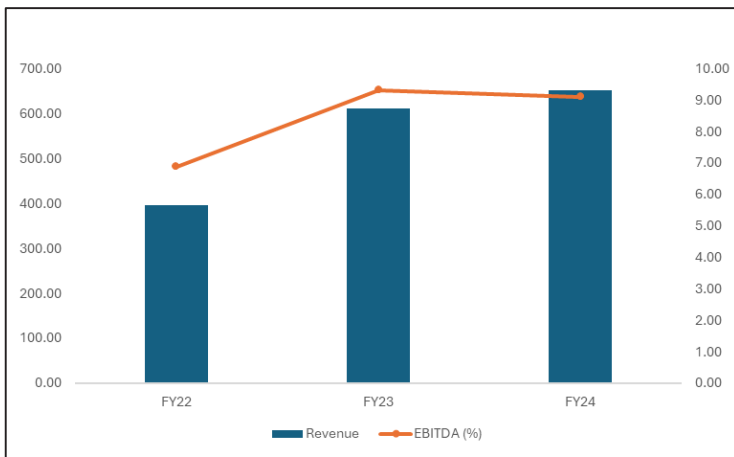
- **Digitisation impact:** The shift to paperless education and workplace transactions is reducing demand for traditional stationery.
- **Rising production costs:** Inflation and supply chain disruptions have increased raw material costs, making stationery less affordable, especially in rural areas.
- **Regulatory challenges:** Compliance with environmental policies, including restrictions on plastic use, is impacting product formulations and costs.

Outlook

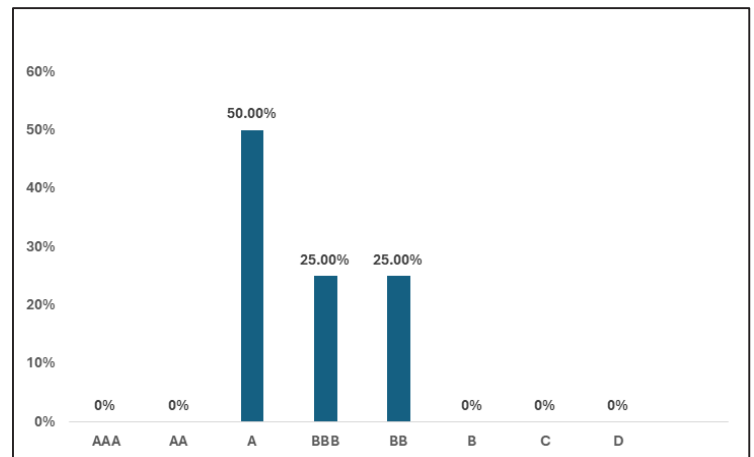
Marginally Favourable

The industry is set to maintain a strong growth, driven by educational expansion, government policies, and rising consumer preferences for premium products. However, digitisation and environmental regulations will reshape the market, requiring companies to innovate and diversify their offerings. Global trade expansion and sustainability efforts will also be a key to ensure long-term industry success.

Revenue vs EBITDA



Rating Distribution Graph



Stats Table

Sector Statistics	Stationery Industry	Overall
Portfolio Highlights		
BBB and above	75.00%	70.98%
Downgrade Rate	0.00%	5.18%
In Default	0.00%	1.89%
Upgrade Rate	12.50%	15.67%
Modified Credit Ratio (MCR)	1.20	1.15
Financial Indicators: FY24		
Debt Coverage (ICR in Times)	5.68	
Leverage (D/E Times)	0.25	
Profitability (ROCE in %)	10.14	
Source: Acuité Research; Prime		



Tour, Travel Related Services

Industry Overview

The Indian tourism and hospitality industry is a major economic driver, contributing around 9% to India's GDP in 2024. It is one of the largest employment generators, creating over 4.5 crore jobs in FY24. The sector is supported by strong domestic demand, rising middle-class income, and government initiatives like Swadesh Darshan 2.0, PRASHAD, and e-Visa expansion to 167 countries. India's tourism offerings span diverse segments including spiritual, medical, eco, luxury, and adventure tourism, with niche markets like medical tourism which is expected to reach USD 15 billion by 2030. Infrastructure development is a key focus, with plans for 220 new airports by 2035 and major investments in roads, railways, and hospitality. The industry is also seeing digital transformation, with AI-driven services and online platforms enhancing customer experience. Despite its growth, the sector faces challenges such as environmental sustainability, infrastructure gaps, and regulatory complexities. However, with continued investment, policy support, and innovation are supporting growth of the industry.

About the Industry

Cluster Size

The tourism and hospitality sector contributed around USD 22 billion to India's GDP in 2024, expected to reach USD 34 billion by 2029. The sector employs over 45 million people in 2024. Foreign Tourist Arrivals (FTAs) reached around 10 million in 2024 from around 9.5 million in 2023.

Market

India's domestic tourism is booming due to rising middle-class incomes, spiritual travel interest, and initiatives like "Dekho Apna Desh." Internationally, key tourist sources include the USA, UK, Canada, and Australia. Niche segments are also thriving such as medical tourism, luxury tourism and cruise tourism.

Key Players

In the online travel space, major agencies include MakeMyTrip, Yatra.com, and Clear trip, which facilitate bookings and travel planning. Prominent hotel chains such as ITC, Oberoi, Marriott, Lemon Tree, Radisson, and Taj Hotels dominate the accommodation landscape. Leading tour operators include Raj Travels and Kesari Tours, offering curated travel experiences. Additionally, OYO is expanding into sports hospitality and enhancing its digital infrastructure to support growth.

Opportunities

- India's tourism sector is rapidly expanding across key opportunity areas. **Spiritual tourism** has surged post-COVID, with Ayodhya and Prayagraj becoming major hubs.
- **Medical and wellness tourism** is growing, supported by AYUSH and affordable healthcare. **Cruise and adventure tourism** are also rising.
- Government initiatives like **Swadesh Darshan 2.0, PRASHAD, and e-Visa expansion**, along with plans for 220 new airports and major infrastructure investments, are further boosting growth and

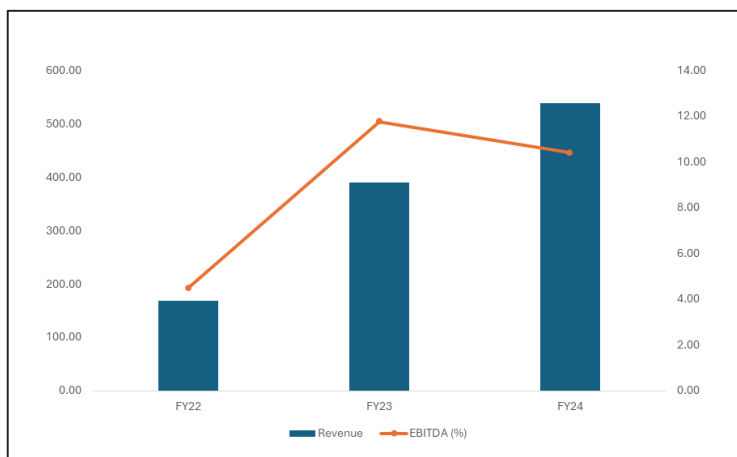
Risks

- India's tourism sector faces key risks including **environmental concerns** from unregulated eco-tourism, **over-reliance on the domestic market** limiting foreign exchange, and vulnerability to global disruptions like pandemics.
- **Infrastructure gaps**, especially in last-mile connectivity, and complex, inconsistent regulations across states also hinder private investment and growth.

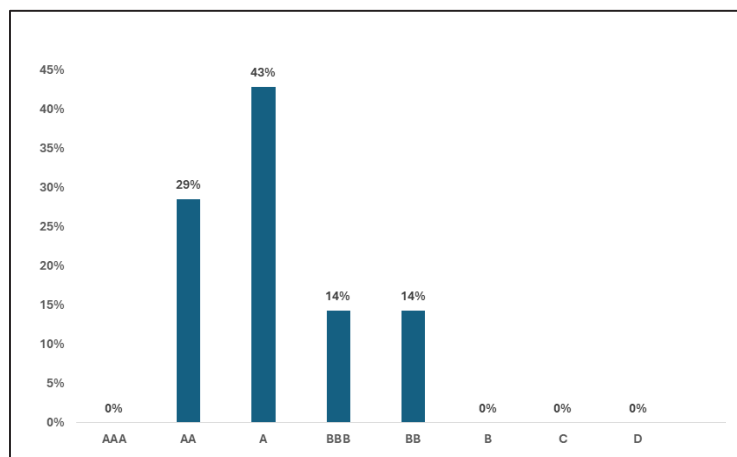
Outlook
Favourable

India's tourism sector's growth prospects are favourable, driven by rising domestic demand, expanding niche segments, and government support. Infrastructure development and digital advancements are enhancing travel experiences and investment opportunities. Challenges like regulatory hurdles and seasonal fluctuations persist, but innovation and sustainability are strengthening India's global position. As international visitor numbers rise, the industry holds significant potential for expansion and diversification.

Revenue vs EBITDA



Rating Distribution Graph



Stats Table

Sector Statistics		
Portfolio Highlights	Tour, Travel Related Services	Overall
Investment Grade	85.71%	71%
Downgrade Rate	0.00%	5%
In Default	0.00%	2%
Upgrade Rate	28.57%	16%
Modified Credit Ratio (MCR)	1.40	1.15
Financial Indicators: FY24		
Debt Coverage (ICR in Times)	9.2	
Leverage (D/E Times)	0.24	
Profitability (ROCE in %)	11.64	
Source: Acuité Research; Prime		



Trading & Distributors

Industry Overview

India's Trading and Distributors Industry plays a vital role in enabling both domestic consumption and industrial supply chains. The industry spans diverse sectors including fast-moving consumer goods (FMCG), apparel, agri commodities, chemicals, metals and e-commerce logistics. In FY24 the market size of retail and distribution is estimated to be at around INR 80 lakh crore from around INR 70 lakh crore from the previous year, supported by growth in consumer demand, rural recovery, and expansion in modern trade.

About the Industry

Cluster Size

The FMCG sector market size stood around INR 12 lakh crore in FY24 grown from INR 10.5 lakh crore in FY23, driven by digital adoption and expanded distribution networks. Further, the India's e-commerce distribution network is estimated to be around INR 12.5 lakh crore in FY24 compared to INR 10.8 lakh crore in FY23, driven by deeper penetration into Tier II and Tier III cities and accelerated by digital payments. In industrial trading, chemical distribution market size is estimated to be at INR 1.2 lakh crore in FY24, while the metals and commodity trading sector saw a sharp recovery, with domestic steel and aluminium demand growing by ~12% in FY24, aided by infrastructure push and export recovery.

Market

The trading & distribution industry in India is a vast ecosystem encompassing both retail markets, wholesale markets, commodities and industrial markets. Tier III cities and accelerated by digital payments.

Key Players

Large portion of the industry is made up of unorganised players. Key organised players in the industry include Adani Wilmar, Tata International Ltd, Redington Ltd, Indian Potash Ltd, among others.

Opportunities

- **Digital Adoption:** AI-driven logistics, automation, and e-commerce expansion are improving supply chain efficiency and enhancing distribution networks.
- **Government Initiatives:** Policies like PLI schemes and infrastructure investments support growth in industrial and retail sectors.
- **Changing Consumer Preferences:** Rising demand for sustainable, locally sourced products and omnichannel retailing presents new market opportunities.

Risks

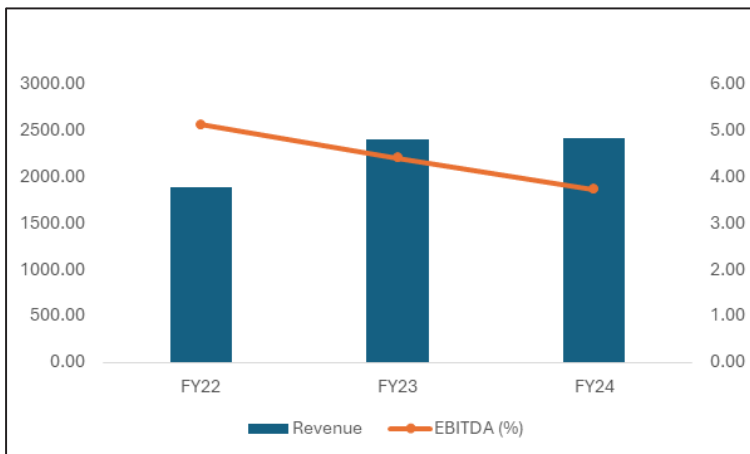
- **Working capital constraints:** The industry operates on thin operating profit margins, inventory value losses and credit cycles up to 90 days.
- **Regulatory complexities:** Frequent changes in commodity trading rules, custom duties and environmental compliance regulations.
- **Fragmentation & price competition:** The industry remains highly fragmented, with unorganised players still commanding large volumes in agri and textile trading. Intense price competition erodes profitability especially in tier II markets.

Outlook

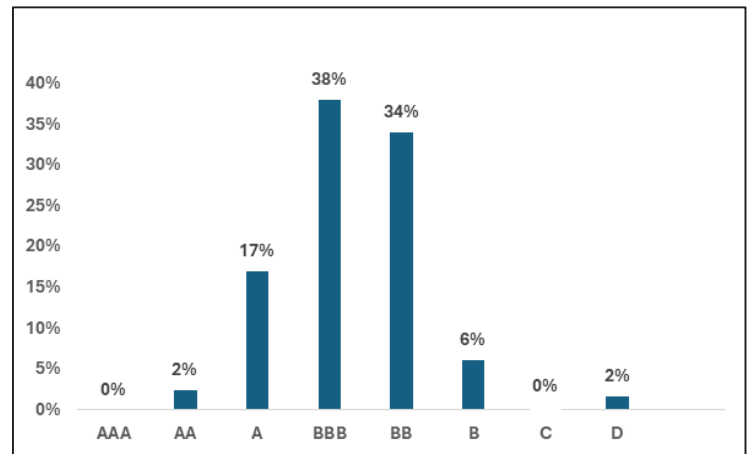
Marginally Unfavourable

India's trading and distribution sector is experiencing increased costs, supply chain disruptions, and varying consumer demand, creating obstacles to consistent growth. While expansion persists, profit margins remain constrained, and market fluctuations may impact overall stability.

Revenue Vs Profit (EBITDA) Graph



Rating Distribution Graph



Stats Table

Sector Statistics		
Portfolio Highlights	Trading & Distributors	Overall
Investment Grade	57.53%	71%
Downgrade Rate	5.93%	5%
In Default	2.22%	2%
Upgrade Rate	10.12%	16%
Modified Credit Ratio (MCR)	1.06	1.15
Financial Indicators: FY24	2.69	
Debt Coverage (ICR in Times)	0.71	
Leverage (D/E Times)	5.97	
Profitability (ROCE in %)	57.53%	71%
Source: Acuité Research; Prime		



Tyres

Industry Overview

Tyres are significant components of the automobile sector. In 2024, the Indian tyre industry was valued at USD 12.84 billion. It is expected to grow to USD 20.61 billion by 2030, implying a CAGR of 8.21%. The industry is growing rapidly, driven by increased vehicle sales, infrastructure development, and technological innovations. Additionally, the industry is expanding its export footprint, despite facing challenges from international markets.

About the Industry

Cluster Size

In 2024, the Indian tyre market was valued at USD 12.84 billion. It is expected to grow to USD 20.61 billion with a CAGR of 8.21% by 2030. This growth is driven by factors such as the rising production of vehicles, higher income levels, and increased demand for vehicles. Innovations such as smart tyres and electric vehicle tyres, along with a focus on sustainability, are shaping the future of the industry.

Market

India's tyre industry is expected to see a doubling in its exports of rubber tyres and is projected to have exports to the tune of INR 50,000 crore by 2030 (which stands at INR 23,000 crore in 2025).

The dependence on tyres in India is through the replacement tyres segment, having a contribution of 60%, followed by OEM manufacturers at 30% and remaining through exports. The increased demand in the two-wheeler and three-wheeler vehicles, electric vehicles, and passenger vehicles would ramp up the industrial production for further growth.

Key Players

Leading players such as Bridgestone Corporation, MRF, Apollo Tyres, Goodyear Tyre & Rubber Company, Continental AG, and Michelin, among others, dominate the market.

Opportunities

- **Increasing demand:** Expansion in this industry is fuelled by increasing demand from the automotive industry and technological advancements, requiring advanced rubber components, constant innovation in the types of tyres manufactured, and sustainability initiatives driving eco-friendly tyre production. Furthermore, infrastructure projects, medical equipment usage, and demand from industrial and agricultural sectors contribute to market growth.

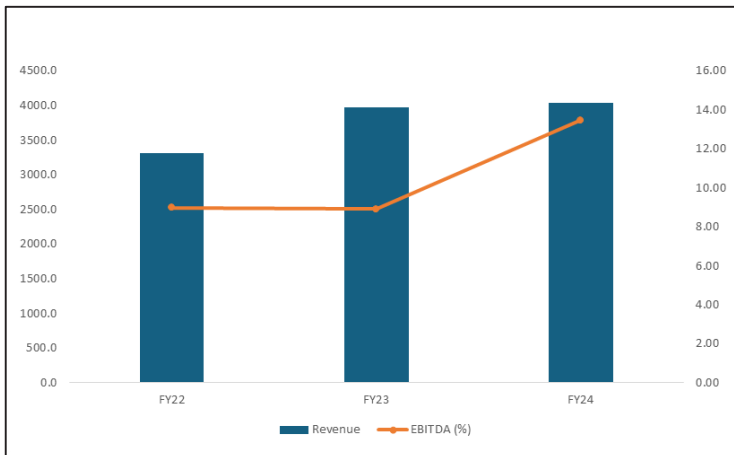
Risks

- **Susceptibility to price fluctuations:** The industry is susceptible to fluctuations in raw material prices. Crude oil and rubber are some of the inputs susceptible to price volatility in international markets. The domestic prices of rubber are quite high, given the shortage in domestic production. Also, global rubber shortages could impact the automotive tyre industry

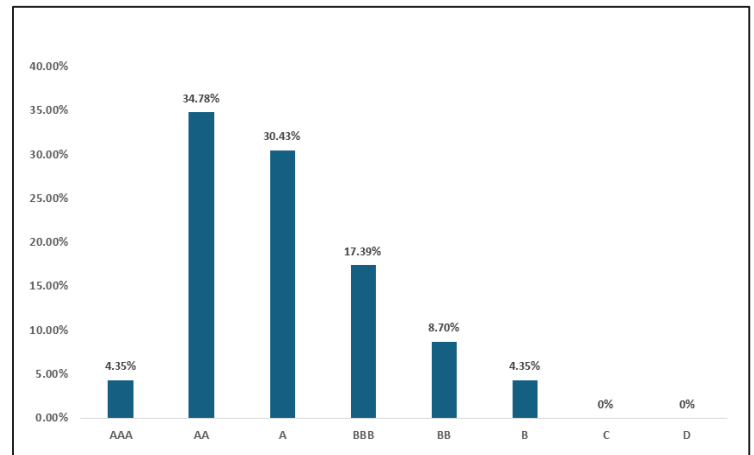
Outlook
Favourable

India's automotive tyre market is witnessing reasonable growth fuelled by increasing vehicle demand. Despite challenges such as intense competition and fluctuating raw material prices, the industry remains resilient through proactive strategies and regulatory support.

Revenue vs EBITDA



Rating Distribution Graph



Stats Table

Sector Statistics		
Portfolio Highlights	Tyres	Overall
Investment grade and above	87.00%	71.00%
Downgrade Rate	0.00%	5.20%
In Default	0.00%	1.89%
Upgrade Rate	17.04%	15.70%
Modified Credit Ratio	1.22	1.15
FY24 Debt Coverage (ICR in Times)	5.24	
FY24 Leverage (D/E Times)	0.35	
FY24 Profitability (ROCE in %)	7.95	
Source: Acuite Research: Prime		



Web-Based Media & Services

Industry Overview

India's Media & Entertainment Sector saw digital media breaking television's primacy, to become the largest segment of the industry in 2024. Digital media now contributes 32% of the total M&E industry. While it grew 3.3% during the year to hit INR 2.5 trillion in size; it's expected to grow at 7% CAGR for the next three years to hit INR 3.1 trillion by 2027. Digital advertising and subscriptions grew in double digits in 2024 and is poised to drive growth going forward too.

About the Industry

Cluster Size

The digital media industry is fuelled by the twin engines of advertising and subscriptions. The overall advertising industry at INR 1.27 trillion in 2024, is expected to growth to INR 1.58 trillion by 2027. Digital media is expected to grow at 11% with traditional media grow pegged at 3% for the next three years. The sector is concentrated in areas with high film production and processing hubs like Mumbai, Chennai, Hyderabad; along with VFX and other sub-sectors. State governments like UP are trying to promote the sector with subsidies.

Market

As the market shifts from analogue to digital, as many as 60 million households pay for digital video subscriptions of news, video as well as music. The total revenues of digital subscriptions grew 15% to INR 102 billion in 2024. As the market moves towards formalisation and reduction of free content across platforms, these revenues are only expected to grow.

Key Players

The digital media market appears to be dominated by global players like Netflix, Prime Video, YouTube as well as merged entities like Jio Hotstar (formerly Disney Hotstar). However, the market in reality is very fragmented with many media majors like Zee, Sony, Sun TV retaining their edge as well as the emergence of regional players like Aha, Hoichoi etc. In the news sphere, print majors like The Hindu, Viacom 18, Hindustan Times, Sun TV Network, NDTV, ABP News scored by providing high-quality and trustworthy content.

Opportunities

- India has around **945 million internet subscribers** across urban and rural areas. Large percentage of young Indians, and hyper-personalisation will drive growth in digital web-based services.
- Rising urbanisation, rural internet growth, consumerism, and **rising levels of digital literacy** will also aid growth.
- Online video viewers crossed 550 million in 2024, and is expected to hit **625 million by 2027**. They would drive ads as well as subscriptions.
- AI and other tech to aid high degree of **personalisation and immersive** experiences.

Risks

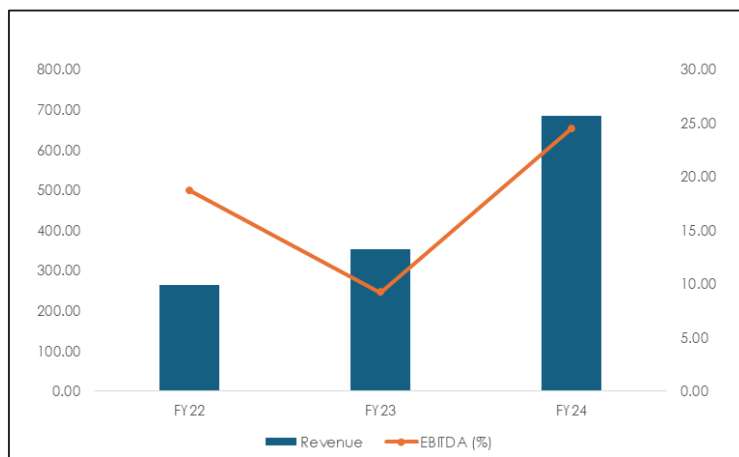
- **Rapid consumer behavioural shifts** have aided digital growth until now, but they also pose a risk for new era of investments.
- With growing appetite for content, the market has become **fragmented and competitive** with the mushrooming of a large number of new, regional and niche players entering the market.
- Pricing power of video subscriptions have also gone down due to **predatory pricing of new challengers**.
- Ministry of I&B is formulating **guidelines to regulate digital news, OTT platforms**, in addition to the **Broadcast Bill**. Increased regulatory scrutiny might challenge content creation as well as distribution.

Outlook

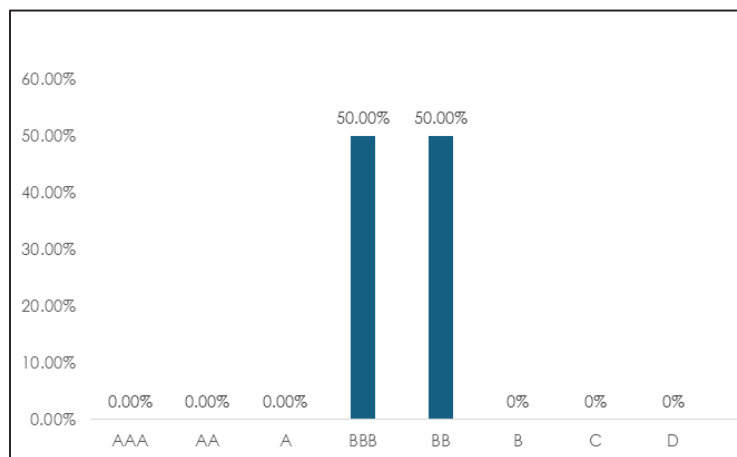
Marginally Favourable

While opportunities outweigh risks at the outset, the industry which is on a growth path will have to face regulatory as well as market hurdles. While heavy investments are being driven into the sector, the market could see fatigue as well as content tsunami could derail the sector which is yet to see strong profitability.

Revenue vs EBITDA



Rating Distribution Graph



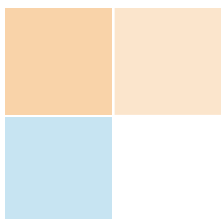
Stats Table

Sector Statistics		
Portfolio Highlights	Web Based Media	Overall
BBB and above	50.00%	70.98%
Downgrade Rate	0.00%	5.18%
In Default	0.00%	1.89%
Upgrade Rate	50.00%	15.67%
Modified Credit Ratio (MCR)	2.00	1.15
Financial Indicators: FY24		
Debt Coverage (ICR in Times)	2.24	
Leverage (D/E Times)	0.61	
Profitability (ROCE in %)	0.98	
Source: Acuité Research; Prime		



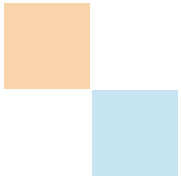
SME RATING AGENCY OF INDIA

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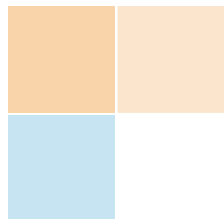




SME RATING AGENCY OF INDIA



Miles To Go



MSMEs are key to India's export growth, and growth in general. While the government has stepped up their efforts extensively to support these sectors, a lot more needs to be done to ease their burden.

The first being compliance. High costs and lack of expertise burden these companies. Along with tax issues, the system of licensing is also an entry barrier for new enterprises. Many experts have since been seeking a system of **single-window clearance**, especially in those sectors where licences and regulations may cut across multiple departments and ministries.

It has been five years since the government launched the Udyam registration portal in mid of 2020. Aimed to ease the registration process, it requires only a self-declaration and is paperless. It is also integrated with the GST network, making it easy for them to be tax compliant.

While the Udyam numbers have been growing steadily, the sector has faced troubles since the pandemic and afterwards. Also, there has not been a huge uptake in the number of export-oriented MSMEs registering for it. The possible reasons could be lack of awareness of the registration process as well as an understanding of the many benefits it brings.

Udyam registrations make it possible for MSMEs to access government schemes – including export support, tax exemptions, collateral-free loans as well as an edge in government tenders.

Across various segments, the government has aided the formation of clusters – which eases land acquisition, utility access and can also source talent easily. However, cluster formation has only happened in a few sectors, a lot more sectors must come to gain advantage of collective bargaining – giving them a competitive edge. **Rethinking cluster formation** is necessary as the policy regarding the same is dated back to the 1980s.

Education and awareness programmes must be run to form collectives as well as ensuring that the many schemes trickle down to deserving beneficiaries, especially in the artisan category. Many MSMEs are **discovering digital marketplaces** – which help them distribute their products to a wider market. Yet, tech adoption is slow and fraught with many bottlenecks. Training programmes can also aid them. The government too, provides marketing support for a few sectors, especially those in the exports segment; to bring sellers and buyers together.

Micro-sized industries in particular are bogged down by lack of talent, apart from other issues. They are unable to attract and retain employees, forcing them to hire within the extended family. While family businesses can bring in certain accountability, it's also stifling in many ways. It could also curtail the ambitions of expansion. Skill building and training programmes have been aiding the cause, but they need to hasten to improve their skills and create a large section of employable talent.

MSMEs need research and development support for technological upgrades. To bring about this monumental change, a network must be built between research departments of universities, private entities as well as industry. For the shared knowledge base to aid the growth at the grassroots level, **role and effectiveness of the institute for collaborations** must be enhanced.

The path to capital and investments has been laid by the government. Yet, actual investment flow depends on the sector, the company's management, and its inherent potential for growth. While the latter exists, many MSMEs need to extensively embrace formalisation to be able to gain the benefits that await them.

Improving stakeholder engagement in the dispersion of policy benefits is absolutely necessary. Due to the vast and varied nature of MSMEs, it is tough to use a one-size-fits-all approach. Apart from sectoral policies, enough thought must be given to owner-operated enterprises and women-owned enterprises and more such which face unique challenges. Understanding these entities can spot a light on policy direction.

Improving the state of MSMEs not just propels the country's economic growth story. Micro and small enterprises in particular, upgrade rural economy, generate employment and help a section of population overcome poverty.



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603, Lodha Supremus, Lodha iThink Techno Campus,
Kanjurmarg East, Mumbai 400 042



info@smera.in



+91 99698 98000 / +91 22 67141111

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