

INDIAN ROAD LOGISTICS INDUSTRY

Road logistics sector expected to clock 6-9% revenue growth in FY2026; outlook stable

March 2025



Agenda



















Highlights



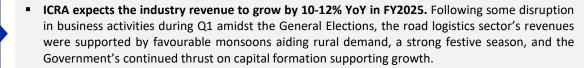


Click to see full report

Road logistics sector is expected to clock 6-9% revenue growth in FY2026 driven by expected stability in economic activities and expected improvement in capex levels. Increase in consumer spending on the back of tax cuts and anticipated rate cuts to further aid consumption and logistics demand.

Pricing environment remains competitive; however, organised players are likely to command some premium amid an overall inflationary cost scenario, thus aiding the margins in FY2025 and FY2026.







• Industry is expected to clock 6-9% revenue growth in FY2026 driven by stable economic activities, expected rise in consumer spending on the back of tax cuts and rate cuts announced by the Government. The sector, however, remains sensitive to any material tapering of global demand or increased inflation, given its strong linkage to economic activity on an aggregate basis.



■ ICRA expects the aggregate operating profit margins for the sector to be in the range of 10-12% in FY2025 and FY2026 (over ~11% in FY2024 and ~12% in FY2023), given the high operating cost regime, driven by the sticky retail diesel prices and limited ability of the companies to increase freight rates. Operators' ability to effect equivalent rate hikes, to offset input price rises amid stiff competition, remains a key monitorable.



■ Debt coverage metrics moderated marginally in FY2024 due to pressure on operating margins with rising operating costs ex-fuel, given the high inflation. Increase in debt due to debt-funded capex for new vehicles, coupled with rising lease liabilities amidst expanding branch network, warehousing and technology investments, are likely to keep the debt levels range-bound.



■ The outlook on the Indian road logistics sector remains Stable, driven by demand from varied sectors like e-commerce, FMCG, retail, chemicals, pharmaceuticals and industrial goods coupled with various Government measures to boost consumer demand.



Name	Designation	Email	Contact Number
Shamsher Dewan	Senior Vice-President and Group Head	shamsherd@icraindia.com	0124- 4545 328
K. Srikumar	Senior Vice-President and Co-Group Head	ksrikumar@icraindia.com	044 - 4596 4318
Nithya Debbadi	Assistant Vice-President and Sector Head	nithya.debbadi@icraindia.com	040 – 6939 6416
Roshan Dugar	Senior Analyst	roshan.dugar@icraindia.com	020 – 6606 9924

















ICRA Business Development/Media Contact Details

Name	Designation	Email	Contact Number
L Shivakumar	Chief Business Officer	shivakumar@icraindia.com	022-61693304
Neha Agarwal	Head – Research Sales	neha.agarwal@icraindia.com	022-61693338
Rohit Gupta	Head Business Development – Infrastructure Sector	rohitg@icraindia.com	0124-4545340
Vivek Bhalla	Head Business Development – Financial Sector	vivek.bhalla@icraindia.com	022-61693372
Vinita Baid	Head Business Development – Corporate Sector - West & East	vinita.baid@icraindia.com	033-71501131
Shivam Bhatia	Head Business Development – Corporate Sector - North & South	shivam.bhatia@icraindia.com	0124-4545803
Naznin Prodhani	Head - Group Corporate Communications & Media Relations	communications@icraindia.com	0124-4545860



















© Copyright, 2025 ICRA Limited. All Rights Reserved.

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



Thank You!

