



# INDIAN ROAD LOGISTICS INDUSTRY

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

March 2025



## 1 Executive Summary



## 2 Industry Outlook



## 3 Key Sector Trends



## 4 Quarterly Performance of Key Listed Logistics Companies in India



## 5 Peer Comparison



## 6 ICRA Ratings in the Sector





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*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.*



- **ICRA expects the industry revenue to grow by 10-12% YoY in FY2025.** Following some disruption in business activities during Q1 amidst the General Elections, the road logistics sector's revenues were supported by favourable monsoons aiding rural demand, a strong festive season, and the Government's continued thrust on capital formation supporting growth.
- **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.



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