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INDIAN ROAD LOGISTICS INDUSTRY

Road logistics sector to clock 9-11% revenue growth in FY2026, driven by uptick in consumer demand

SEPTEMBER 2025

Agenda

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2 **Industry Outlook**

3 **Key Sector Trends**

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

5 **Peer Comparison**

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Highlights

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Indian Road logistics sector is expected to clock 9-11% revenue growth in FY2026 driven by likely stability in economic activities and improvement in consumer demand in H2 FY2026. Improved disposable income on the back of tax cuts, interest rate cuts, and GST rationalisation would support consumer demand and enhance logistical activities.

Pricing environment remains competitive; however, organised players are likely to command some premium thus aiding the margins.

- **ICRA's sample set for the logistics industry clocked a revenue growth of 9.5% in FY2025.** Following some disruption in business activities during Q1 amid the General Elections, the sector's revenues were supported by recovery in second half of the year on the back of favourable monsoons aiding rural demand, a strong festive season, and the Government's thrust on capital formation.

- **Industry is expected to clock 9-11% growth in FY2026** driven by stable economic activities, expected rise in consumer spending on the back of tax cuts, interest rate cuts, and GST rationalisation announced by the Government. The sector's performance, however, will be vulnerable to the changing global trade environment, especially amid high US tariffs, given the likely impact on certain industries like apparels, seafoods, cut and polished diamonds, chemicals, etc.

- **ICRA expects the sector's aggregate operating profit margins-to remain range-bound at 10-12% in** FY2026 (11.3% in FY2025). Moderation in fuel prices in the past few months remains a positive; although the benefit could be passed on to customers. Operators' ability to effect equivalent rate hikes and consistently improve operational efficiency amid stiff competition, remains a key monitorable.

- **Debt coverage metrics remained stable in FY2025 on the back of range-bound margins.** Debt levels are expected to remain stable, going forward, despite moderate capex plans towards expanding branch network and warehousing and technology investment (along with rising lease liabilities), aided by improved earnings and equity raise by a few entities in the sample set, which was utilised for prudent funding mix towards fleet expansion.

- **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 and its robust infrastructure spending, which is likely to aid construction activity.

Analytical Contact Details

Name	Designation	Email	Contact Number
Jitin Makkar	Senior Vice-President and Group Head	jitinm@icraindia.com	0124- 4545 368
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
Prabhav Tiwari	Senior Associate Analyst	Prabhav.Tiwari@icraindia.com	0124 – 4545 802

Business Development/Media Contact Details

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

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Thank You!