

# Road Transport

Industry Code (as per CMIE Prowess): 0101040501010000'

June 2022

Overall Industry Risk Score: **11/20 | Marginally Favourable**

Sample Size: 11 Companies

Median Rating Value of sample size: BBB+

## Individual Parameters Contributing to the Score

**Demand & Supply Balance**  **8/20**

Moderate Over Supply

The demand is directly linked to level of economic activity in the country. The restrictions on movements of goods and people have caused a reduction in volumes. The industry was already facing challenges even prior to pandemic due to slowing down of the economic activity & factors like changes in Axle load regulations. The revival can be seen due to relaxation in the restrictions and people movements across the country.

**Extent of Competition**  **8/20**

Fragmented Industry

Due to higher presence of private players, level of competition is very high; further, customers can switch to other modes of transport.

## Regulatory Risk 12/20

Predictable Regulatory environment

Recent policy changes over past 2 years have focussed on matters like adoption of BS VI norms and scrappage policy. Policy has been generally supportive. Scrappage policy favours shift to newer vehicles by offering concessions.

## Input Related Risk 16/20

No supply disruptions / very narrow price band or fluctuations

Margins are highly dependent on cost of fuel which is linked to international prices as also govt policies on taxes etc. The cost of funding is also a major input.