

Commercial vehicle sector to see higher capex in FY26: ICRA

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The Indian commercial vehicle (CV) industry is set to witness a significant increase in capital expenditure (capex) and investments, estimated at ₹5,800-6,000 crore for FY25 and FY26, compared to ₹34 billion in FY24, according to rating agency ICRA. These investments will primarily focus on product development, alternative powertrains, technology upgrades and maintenance-related initiatives.

A key regulatory change in the industry is the mandatory installation of air-conditioned cabins in trucks from October 2025, which is expected to increase vehicle prices by ₹20,000-30,000.

ICRA anticipates a 3-5 per cent year-on-year (y-o-y) growth in wholesale CV volumes in FY26, following a stagnant FY25, which was impacted by a demand slowdown in the first half due to the general elections.

Kinjal Shah, Senior Vice-President & Co-Group Head, ICRA, said the resumption of construction and infrastructure projects, stable rural demand and higher replacement sales driven by ageing fleets and government mandates are expected to drive volume expansion from the latter half of FY25 through FY26.

The medium and heavy truck segment is expected to grow by 0-3 per cent y-o-y in FY26, following a flat or slightly negative trend in FY25.