

**PRESS RELEASE**  
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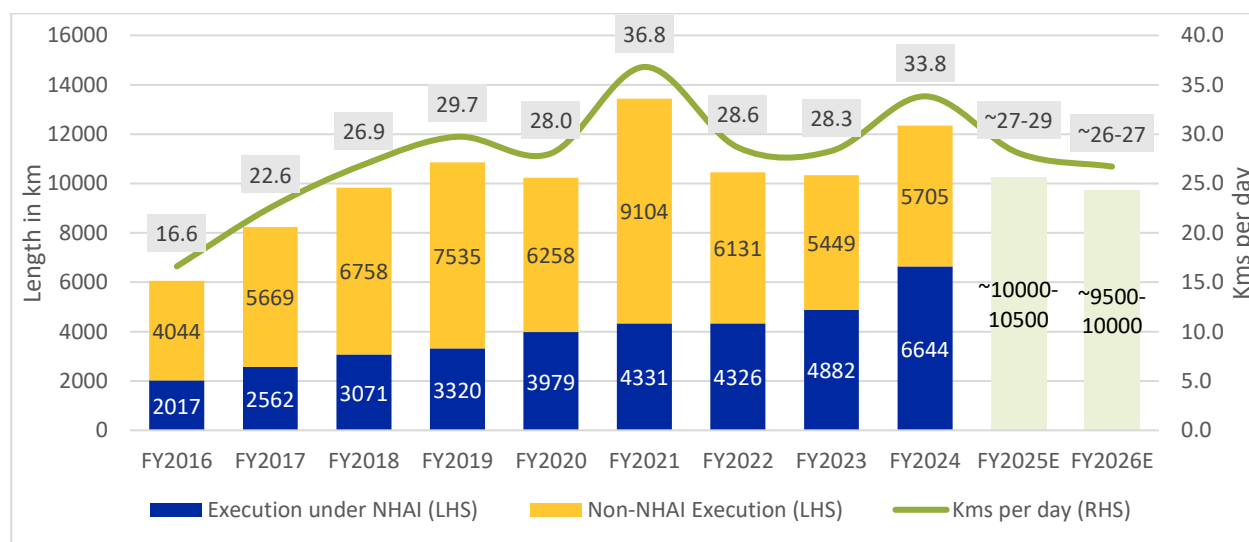
## Road execution by MoRTH to decline by ~5% in FY2026: ICRA

- **Road construction likely to witness dip in two consecutive fiscals in FY2025 and FY2026 due to low project awarding by MoRTH in the past two years**
- **Actual monetisation in FY2025 to trail the NMP target, but exceed the FY2024 level**
- **Toll collection growth to improve to 7-9% in FY2026 supported by higher toll rate hike**

ICRA expects the road execution by the Ministry of Road Transport and Highways (MoRTH) to decline by ~5% in FY2026 to ~9,500-10,000 km from the estimated road construction of ~10,000-10,500 km in FY2025. The same is on account of lower awarding by the Ministry in the past two years (FY2024 and FY2025E). The awarding during 9M FY2025 was subdued at ~3,100 km, which is flattish on a YoY basis but significantly lower than the 5,835 km project awarded during 9M FY2023. ICRA foresees the road awards in the range of 8,500-9,000 km in FY2025, similar to that of FY2024; however, there has been some improvement in project awarding from November 2024, which, if it sustains, should result in ~9-11% growth during FY2026.

Giving more insights, **Vinay Kumar G, Sector Head, Corporate Ratings, ICRA**, said: “Road construction under the MoRTH is expected to decline from 12,349 km in FY2024 to ~10,000-10,500 km in FY2025, owing to the shrinking order book of road developers along with an impact of the Model Code of Conduct and the extended monsoons in H1 FY2025. This is further likely to decline by ~5% to 9,500-10,000 km in FY2026 owing to slow awarding in the last two years. However, given the increasing focus on building expressways/high-speed corridors, the road construction growth in terms of lane-km expansion will be relatively better. With road awarding expected to improve only in FY2026, the revenue growth of road developers is likely to remain subdued over the next 12-15 months, as it takes 6-9 months from project awarding to on-ground execution (first billing milestone). ICRA foresees competition to remain high as developers are expected to bid aggressively to build the shrinking order book.”

### EXHIBIT 1: MORTH ANNUAL EXECUTION



Source: ICRA Research, MoRTH, NHAH

Road execution declined by 5.8% to 5,853 km in 9M FY2025 compared to 6,216 km in 9M FY2024.

The NHA1 has monetised ~Rs. 83 billion in 10M FY2025 through two toll-operate-transfer (TOT) bundles. While the actual monetisation is expected to be lower than the National Monetisation Pipeline (NMP) target of Rs. 534 billion for FY2025, it expects to cross the FY2024 monetisation of Rs. 316 billion after completion of the fourth round of asset transfer to the NHA1 InvIT and the pending three TOT bids.

Commenting on toll collection growth, **Kumar** added: *“With likely moderation in the construction, manufacturing and mining (CMM) GVA to ~6.5-6.7% in FY2025E, traffic growth is likely to decelerate to ~2-3.5% in FY2025, resulting in a moderation in toll collection growth to ~5-7%. The toll rate growth has remained subdued in FY2025; however, the same is expected to rise by ~3.5-4.2% in FY2026. This, coupled with 3-5% traffic growth, is likely to see toll collection grow by ~7-9% in FY2026”.*

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