

**PRESS RELEASE**  
**February 25, 2026**

**Road execution by MoRTH likely to moderate to 9,000-9,500 km in FY2026-27 owing to slowdown in project awarding: ICRA**

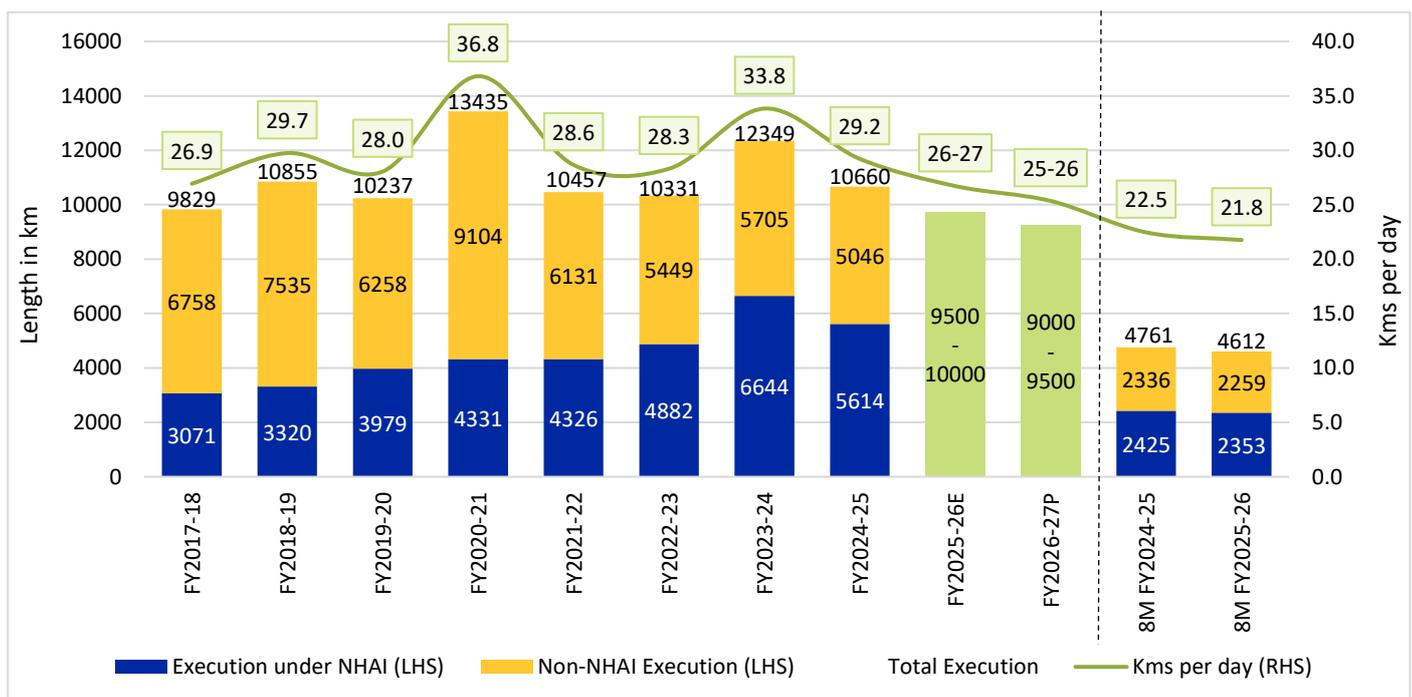
- **Toll collection growth to improve to 7-9% in FY2025-26e, supported by higher traffic growth of 4-5% compared to 2.5% in FY2024-25**

ICRA expects road execution by the Ministry of Road Transport and Highways (MoRTH) to moderate to 9,500-10,000 km in FY2025-26 and further to 9,000-9,500 km in FY2026-27 owing to decline in project awarding by MoRTH in the past three years. ICRA projects road awards by the MoRTH at 7,250-7,750 km for FY2025-26, largely in line with 7,538 km of road awards for FY2024-25, while remaining lower than FY2020-21 – FY2022-23 levels.

Road awards for 8M FY2025-26 stood at 1,951 km, 24% lower than 2,558 km awarded in 8M FY2024-25, with higher awarding expected in Q4 FY2025-26. Several projects are in the bidding process at present, but awarding is yet to happen. Road execution under MoRTH declined by 3% on a YoY basis to 4,612 km in 8M FY2025-26 from 4,761 km in 8M FY2024-25 owing to declining order book.

Giving more insights, **Suprio Banerjee, Co-group Head, Corporate Ratings, ICRA**, said: *“Owing to the shrinking order book of road developers amid continued slowdown in project awarding and disruptions caused by the early onset and elongated monsoon across the country, road construction under the MoRTH is expected to decline to 9,500-10,000 km in FY2025-26 from 10,660 km in FY2024-25. 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 remain range bound in FY2026-27 as well, 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). Hence, ICRA expects competition to remain high as developers are likely to bid aggressively to build up their shrinking order books.”*

**EXHIBIT 1: MoRTH Annual Execution (in km)**



Source: ICRA Research, MoRTH, NHAI

Despite the reinstatement of Earnest Money Deposits and requirement of additional performance security, the bidding intensity has remained high in National Highways Authority of India (NHAI)/MoRTH engineering, procurement and construction (EPC) projects. Given the slowdown in project awarding, the competition is expected to remain stiff in NHAI/MoRTH projects, going forward. About 71% of NHAI/MoRTH EPC projects were awarded at more than 20% discount over the base price in the last three years due to limited project awarding and high number of bidders. With the competition remaining high for EPC projects, a similar trend has caught up with the hybrid annuity model (HAM) projects as well. The bidding discount for the HAM projects increased over the last four years owing to increased competition, with the same remaining at -16% and -21% in FY2024-25 and 10M FY2025-26 respectively.

The toll collections remain healthy in FY2025-26, with expectation of 7-9% growth in FY2025-26e. Amid soft Wholesale Price Index (WPI) inflation, the inflation-linked toll rate is likely to increase by around 3.3% for newer projects linked to December WPI and 2.5-3.0% for older projects linked to March WPI in FY2026-27.

Commenting on toll collection growth, **Banerjee** added: *“The toll collection in FY2026-27 is expected to be impacted by muted rate hike, though traffic growth is likely to benefit from buoyant economic growth, resulting in an overall toll collection growth of 6-8%. An ICRA study indicates that annual FASTag pass had a limited impact on toll collections. The annual FASTag related initial issues are also getting resolved with most developers getting payouts from the authority on a weekly basis.”*

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