

PRESS RELEASE
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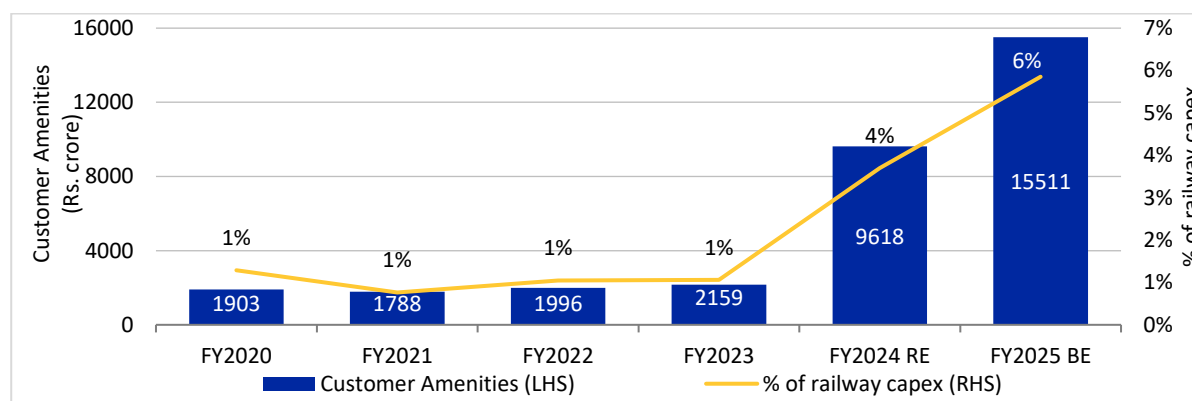
Railway station redevelopment to offer business opportunities worth Rs. 30,000 crore for EPC players over the next two years: ICRA

- **Order awarding gaining traction for railway station redevelopment**

ICRA expects business opportunities worth Rs. 30,000 crore to open up for engineering, procurement, and construction entities (EPC) players over the next two years in railway station redevelopment work. A total of 1,318 railway stations by the Indian Railways are being considered for redevelopment under the Amrit Bharat Station Scheme (ABSS). Earlier, the Government of India (GoI) had envisaged majority of the station redevelopment projects under the Public-Private-Partnership (PPP) mode, which accounted for around 12% for the National Monetisation Pipeline (NMP) target. However, with limited participation in the PPP mode owing to restrictions on pricing, market risk related to real estate development and limited track record of PPP projects in railways, the Government reallocated station redevelopment work on the EPC mode in December 2022. To support this, the budgetary allocation increased by more than seven times from Rs. 2159 crore in FY2023 to Rs. 15,511 crore in FY2025 Budget Estimates (BE) and is expected to remain at healthy levels in the medium term.

Giving more insights, Vinay Kumar G, Sector Head, Corporate Ratings, ICRA, said: “The competition, in traditional segments like roads and buildings, remains elevated and hence the railway station redevelopment provides business opportunities estimated at Rs 30,000 crore for construction companies to grow and derisk their businesses through diversification. The station redevelopment project awards witnessed moderate competition in the past two years, reflecting maximum discounts of up to 18% and a median discount of up to 4% and have been similar to other railway EPC projects where the median discount is up to 5%. Indian Railways, being a strong counterparty, the receivable cycle is also expected to remain low and comparable to that of the NHAI.”

EXHIBIT 1: GROWTH IN BUDGETARY ALLOCATION UNDER CUSTOMER AMENITIES



Among the stations being taken up for redevelopment under the ABSS, Uttar Pradesh has the maximum number - 149 stations - followed by Maharashtra 126, West Bengal 94, Gujarat 87, Bihar 86, Rajasthan 82 and Madhya Pradesh 80. Foundation stones have been laid for 553 stations and a total of more than Rs. 20,000 crore of station redevelopment projects has been awarded till date.

Currently, the key awarded stations under the EPC mode include – Mumbai (Chhatrapati Shivaji Maharaj Terminal/CSMT), Ahmedabad, Surat, Prayagraj, Bangalore Cantt, Chennai Egmore and Secunderabad etc.

Furthermore, the awards for 765 stations are pending and some of the key stations like New Delhi, Pune, Borivali, Mumbai Central, Thane, Amritsar etc. are yet to be awarded.

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