

**PRESS RELEASE**  
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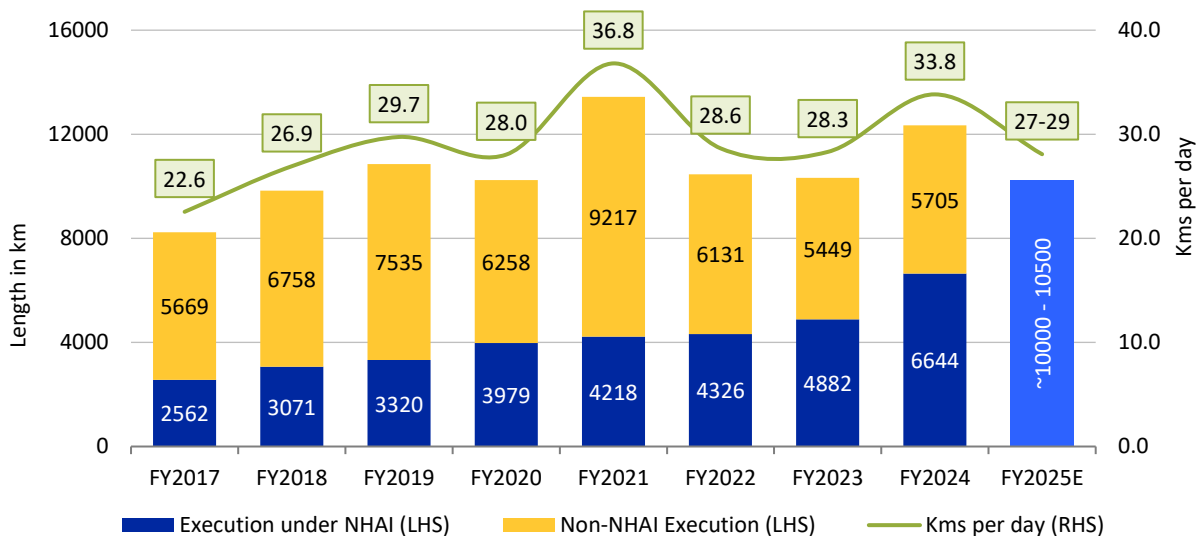
## Execution of road projects on slow lane: ICRA

- **Slowdown in project awarding by MoRTH could have a bearing on execution momentum in FY2026 as order books of road developers shrink**

ICRA has revised its forecast of road execution by the Ministry of Road Transport and Highways (MoRTH) in FY2025 to 10,000-10,500 km from its earlier estimate of 12,500-13,000 km. The same is on account of the General Elections in Q1 FY2025 and prolonged monsoon in certain geographies, which affected productive days, resulting in a decline in execution during that period, which is already reflecting in execution done till 8M FY2025. Spending by the Road Ministry also stood lower at 55% of the FY2025 Budget Allocation (BA) in 8M FY2025 against 66% of BA of the previous fiscal.

Giving more insights, **Vinay Kumar G, Vice President & Sector Head - Corporate Ratings, ICRA**, said: “Road execution declined by 6% to 4,761 km in 8M FY2025 compared to 5,248 km in 8M FY2024. Despite expectation of a healthy pick-up during the remainder of the year, the overall execution is likely to decline in FY2025. The fourth quarter accounts for sizeable execution. Historically, the last four months of the year accounted for 51-58% of execution during the last four years. The same stood at 58% in FY2024. Assuming similar trend during the last four months of the current year, execution is expected to touch 10,000-10,500 km in FY2025.”

### EXHIBIT 1: MORTH ANNUAL EXECUTION



Road awards are likely to be in the range of 8,500-9,000 km in FY2025, as per ICRA’s estimates, similar to the last year’s awarding of 8,581 km. In 8M FY2025, road awards stood at around 2,250 km, compared to 2,816 km awarded in 8M FY2024 amid continued uncertainty on the mode of project awarding and the impact of General Elections in H1 FY2025. Project awarding gained momentum from November 2024 following better clarity from MoRTH in Q2 FY2025. The Ministry awarded 773 km in November 2024 compared to 221 km in November 2023 and the average monthly award of 316 km in 8M FY2025.

“The order books of road-focused contractors have moderated in the recent 4-6 quarters as the awarding activity has slowed down, especially from MoRTH. Moreover, the competition continues to remain at an elevated level in

*the road sector as road developers bid aggressively to support their order book, which will have a bearing on the profitability metrics. As it takes 6-9 months from project awarding to on-ground execution (first billing milestone), the slowdown in awarding will also have a bearing on execution momentum and revenue growth of road developers in the near-to-medium term,” Kumar added.*

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