

## INDIAN ROAD SECTOR

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**Road awards to improve to 10,000–10,500 km in FY2025; cabinet approval for revised cost of Bharatmala Phase-I remains crucial**

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*Timely approval from cabinet for revised cost of Bharatmala Phase I (BMP-I) remains crucial, and delays in receiving requisite approval could impact project awarding activity in the current fiscal as well.*



- The Ministry of Road Transport and Highways (MoRTH) execution for FY2025 is likely to witness a growth of 5-8% to 12,500-13,000 km, after recording a robust expansion of ~20% in FY2024, driven by healthy pipeline of projects, increased capital outlay and focus on completion of projects by the Ministry. Capital allocation for the Ministry stands at Rs. 2.72 trillion in FY2025 BE compared to the total outlay of Rs. 2.65 lakh crore in FY2024 RE.



- MoRTH awards are expected to grow by 17-20% to 10,000–10,500 km in FY2025 from 8,581 km in FY2024. However, the awarding is likely to be lower than that in FY2023 on account of muted awarding activity in Q1 FY2025. Timely cabinet approval for the revised cost of BMP-I remains crucial, and delays in receiving requisite approval could impact project awarding activity in the current fiscal as well.



- Given the slowdown in order-awarding activity, the order book (OB) of several road developers have witnessed moderation. While order-awarding is expected to pick-up in the current fiscal, the competitive intensity may remain high as developers are likely to bid aggressively to focus on building their order book.



- The EPC route is likely to be the preferred mode of awarding for MoRTH; however, the Ministry is gradually shifting its focus to BOT (toll) projects and has identified around 900 km of highway stretches to be awarded in FY2025. Consequently, as per ICRA Research, the share of BOT tolls is expected to improve to 5% in FY2025 from nil in FY2024. Nevertheless, the appetite of road developers for BOT toll projects remains to be seen.



- The toll rate growth is modest at 0.53-3.34% in FY2025 and this, coupled with 4-5% traffic growth, is expected to result in 5-8% toll collection growth in FY2025.



- The National Highways Authority of India (NHAI) has identified 33 assets across 12 states for monetisation in FY2025. Assuming 20 years of concession period and the weighted average valuation multiples for TOT and InvIT, the identified 33 assets may garner Rs. 53,000–60,000 crore for the NHAI.

## 1 Budget Allocations, Awards and Execution



## 2 Traffic Trends



## 3 Competitive Intensity of the Sector



## 4 HAM Projects Overview



## 5 NMP and M&A Activity



## 6 ICRA Rating Actions and Industry Outlook





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