

## INDIAN ROAD SECTOR

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**Toll collections are expected to grow by 8-9% in FY2026e compared to 5-8% in FY2025e**

**DECEMBER 2024**





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*ICRA expects roads awarding activity to improve from Q4 FY2025 and is expected at 8,500 – 9,000 km in FY2025, despite a 20% decline in order awarding till 8M FY2025*

*Project awarding by few state governments, especially Maharashtra, has provided some support to order book of road developers in FY2025.*



- ICRA expects the road awards by the Ministry of Road Transport and Highways (MoRTH) in FY2025 at 8,500-9,000 km, similar to last year awarding level of 8,581 km. While there is a 20% YoY decline in order awarding till 8M FY2025, ICRA expects order awarding activity to pick-up in coming months. Slowdown in project awards has impacted the order books of road developers in the recent quarters, resulting in orderbook to sales ratio declining below 2.0 times for few road developers. Project awards by MSRDC has provided some support to order-book of road developers, as MoRTH/NHAI awards remains muted.



- While most road developers have adequate order book which should support execution in the current fiscal, the continued muted awarding activity is likely to impact the road execution and revenues of road developers from FY2026. Moreover, the competitive intensity is expected to remain high, as developers will continue to bid aggressively to shore-up their order books.



- ICRA expects the road execution to moderate to 10,000-10,500 km (~27-29 km/day) in FY2025, after recording a robust expansion of ~20% to 12,349 km in FY2024, against the backdrop of slower execution seen during 8M FY2025 and ministry target of 10,421 km of highway construction in FY2025. Road execution decreased by 9.3% to 4,761 km in 8M FY2025 compared to 5,248 km in 8M FY2024 on account of slowdown in construction activity due to the General Elections and higher-than-average rainfall across the country in Q2 FY2025.



- The toll rate growth is modest at 0.53-3.34% in FY2025 and coupled with 4-5% traffic growth, this is expected to lead to 5-8% toll collection growth in FY2025. Going forward, ICRA estimates a toll rate growth of 3.5-4.2% in FY2026, which coupled with 4-5% traffic growth is expected to lead to 8-9% toll collection growth in FY2026.



- ICRA expects the road monetisation activity to remain healthy in FY2025. The NHAI has identified 33 assets across 12 states for monetisation via TOT and InvIT mode. Going by past records, the identified 33 assets may garner Rs. 53,000 – 60,000 crore for the NHAI. Of this, the NHAI has raised Rs. 6,661 crore through TOT bundle 16 by monetising 252 km in September 2024.

# Agenda

## 1 Budget Allocations, Awards and Execution



## 2 Traffic Trends



## 3 Competitive Intensity of the Sector



## 4 Overview of HAM Projects



## 5 NMP and M&A Activity



## 6 ICRA Rating Actions and Industry Outlook





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## Analytical Contact Details

Name	Designation	Email	Contact Number
Ashish Modani	Group Head	<a href="mailto:ashish.modani@icraindia.com">ashish.modani@icraindia.com</a>	022- 6606 9912
Suprio Banerjee	Co Group Head	<a href="mailto:supriob@icraindia.com">supriob@icraindia.com</a>	022- 6114 3443
Vinay Kumar G	Sector Head	<a href="mailto:vinay.g@icraindia.com">vinay.g@icraindia.com</a>	040- 6939 6424
M Rajashekar Reddy	Assistant Vice President	<a href="mailto:m.rajashekarreddy@icraindia.com">m.rajashekarreddy@icraindia.com</a>	040- 6939 6423





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# Business Development/Media Contact Details

Name	Designation	Email	Contact Number
L Shivakumar	Chief Business Officer	<a href="mailto:shivakumar@icraindia.com">shivakumar@icraindia.com</a>	022-61693304
Neha Agarwal	Head – Research Sales	<a href="mailto:neha.agarwal@icraindia.com">neha.agarwal@icraindia.com</a>	022-61693338
Rohit Gupta	Head Business Development – Infrastructure Sector	<a href="mailto:rohitg@icraindia.com">rohitg@icraindia.com</a>	0124-4545340
Vivek Bhalla	Head Business Development – Financial Sector	<a href="mailto:vivek.bhalla@icraindia.com">vivek.bhalla@icraindia.com</a>	022-61693372
Vinita Baid	Head Business Development – Corporate Sector - West & East	<a href="mailto:vinita.baid@icraindia.com">vinita.baid@icraindia.com</a>	033-71501131
Shivam Bhatia	Head Business Development – Corporate Sector - North & South	<a href="mailto:shivam.bhatia@icraindia.com">shivam.bhatia@icraindia.com</a>	0124-4545803
Naznin Prodhani	Head – Group Corporate Communications & Media Relations	<a href="mailto:communications@icraindia.com">communications@icraindia.com</a>	0124-4545860





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