

Road transport infrastructure services

Industry Code (as per CMIE Prowess): 0101040501020000'

June 2022

Overall Industry Risk Score: 14/20 | Favourable

Sample Size: 55 Companies

Median Rating Value of sample size: BBB-

Individual Parameters Contributing to the Score

Demand & Supply Balance



12/20

DS Equilibrium

The movement of vehicles had substantially declined due to the pandemic in FY21. However, toll collections and industrial freight traffic have witnessed significant recovery especially in the second half of FY22 on the back of relaxations in movement restrictions. Use of technology (Fast Tag) is expected to reduce leakages in toll collections.

Extent of Competition



12/20

Neutral

Road operations, maintenance and toll collections are typically handled by companies who enter into concession agreements with NHAI/state concession authority. The industry is spread across a few large players who have an established track record.

Regulatory Risk



16/20

Stable Regulatory environment

Expanding and improving road infrastructure is on the priority list of the government. The MoRTH (Ministry of Road Transport and Highways) oversees the implementation of the various initiatives. The regulatory environment has been very supportive and emergence of new models like HAM (Hybrid Annuity Model) & InVit (Investment Trusts) have supported investment in the sector. Various initiatives including FASTag has been implemented to improve efficiency and transparency in the system.

Input Related Risk



16/20

No supply disruptions / very narrow price band or fluctuations

The key risk is traffic risks which are linked to economic growth. Usually, the volatility in traffic volumes is low unless there are extraordinary events like the pandemic.