

April 29, 2026

Welspun Enterprises Ltd: [ICRA]AA(Stable)/[ICRA]A1+; assigned

Summary of rating action

Instrument*	Current rated amount (Rs. crore)	Rating action
Long-term – Fund based – Cash credit	100.0	[ICRA]AA (Stable); assigned
Long-term – Non-fund based facilities	250.0	[ICRA]AA (Stable); assigned
Short-term – Non-fund based facilities	50.0	[ICRA]A1+; assigned
Total	400.0	

*Instrument details are provided in Annexure II

Rationale

The ratings assigned for Welspun Enterprises Ltd (WEL) factor in its established execution track record across the infrastructure segments, comfortable financial risk profile with low leverage (TOL/TNW of 0.5 times (standalone) as of September 2025) and strong liquidity position. WEL has an unexecuted consolidated order book (OB) position (including Welspun Michigan Engineers Limited (WMEL) - a material subsidiary of WEL) of Rs. 15,354 crore as on December 31, 2025, translating into 4.5 times of FY2025 consolidated operating income (OI), with an average execution tenure of 3-4 years, which provides strong medium-term revenue visibility. Moreover, WEL, being part of the Welspun Group enjoys exceptional financial flexibility, reflected in the competitive financing costs. The ratings also take comfort from WEL's asset-light, EPC (engineering, procurement and construction) business model and disciplined bidding strategy, which has supported healthy revenue growth and robust profitability in recent years. ICRA expects the credit profile to remain Strong, supported by healthy execution visibility, favourable segment mix and limited incremental reliance on external borrowings.

The ratings factor in WEL's established execution track record across infrastructure segments, supported by over four decades of operating experience and an experienced professional management team. The order book benefits from a sizeable, long-tenured operations and maintenance (O&M) works component of Rs. 5,394 crore in the water segment, which supports stable, annuity like cash flows. In addition, WEL has emerged as the L1 bidder for the Pune-Shirur BOT toll road project, thus significantly improving the order book position. The cost of the BOT toll road project is expected to be around Rs. 7,300 to Rs. 7,600 crore and works for the same are expected to start in the near term, upon issuance of the Letter of Award (LoA).

The long-term rating is, however, constrained by the working capital-intensive nature of operations, driven by milestone-based billing, elongated approval cycles and dependence on timely payments from Government and municipal authorities. The working capital intensity (NWC/OI) also remained relatively elevated at 21.0% in FY2025, primarily due to high inventory and work-in-progress levels associated with large water and Jal Jeevan mission projects. The ratings also factor in the company's moderate-to-high dependence on subcontracting, which increases reliance on subcontractors for timely execution. Nevertheless, these risks are partly mitigated through back-to-back contractual arrangements and performance guarantees from subcontractors and WEL's proven execution track record, with strong expertise in project management, engineering and procurement divisions.

Further, the company's order book remains concentrated across segments, geographies and clients, with a predominant exposure to water projects awarded in Maharashtra, mainly by the Brihanmumbai Municipal Corporation (BMC). Nevertheless, this risk is partly mitigated by the strong counterparty profile, the predominance of well-structured EPC/DBO (design, build and operate) contracts with milestone-based billing and long-tenured O&M works, and WEL's established execution credentials. Nonetheless, timely execution of projects, realisation of bills and moderation in working capital intensity remain key monitorable factors, going forward.

The ratings also factor in sizeable equity commitments over FY2026-FY2029, largely towards the Pune–Shirur BOT toll road project. To support these commitments, WEL has issued preferential warrants aggregating Rs. 1,000 crore, of which, Rs. 250 crore has already been infused in December 2025, with the balance expected by June 2027. Further, monetisation of ongoing BOT HAM projects, envisaged in the next 18 months, is expected to support the liquidity and capital redeployment. Any significant increase in debt to fund equity commitments in existing or new projects, or significant cost overruns, or delay in receipt of monetisation proceeds, which exert pressure on liquidity will remain a key monitorable.

The ratings factor in the stiff competition in the construction sector, which could put pressure on the new order inflows and the company's exposure to sizeable contingent liabilities in the form of corporate guarantees (CG) to subsidiaries and bank guarantees for contractual performance, mobilisation advance and retention money. Nonetheless, ICRA draws comfort from its execution track record and absence of invocation of guarantees in the past. Further, the advanced execution status of the underlying projects where CG has been provided and the expected tapering of CG upon achievement of key project milestones provides comfort.

The Stable outlook on WEL's rating reflects ICRA's opinion that the company will sustain healthy execution and revenue visibility supported by its robust order book position and asset-light EPC model, coupled with a strong liquidity profile.

Key rating drivers and their description

Credit strengths

Established execution track record across infrastructure segments – WEL has an operational track record of over four decades, supported by the experienced professional management and demonstrated execution capabilities, as evident from the successful execution of large and complex projects ahead of schedule including the Delhi-Meerut Expressway (HAM) project (India's first 14-lane greenfield expressway), which achieved PCOD around 11 months ahead of the contractual timeline. The company follows asset-light, EPC business model, with strong expertise in the project management, engineering and procurement divisions. Further, in line with its asset-light business strategy, WEL divested its operational HAM and BOT road assets to Actis in FY2023, thereby deleveraging the balance sheet and strengthening its financial flexibility.

Healthy order book with a sizeable, long-tenor O&M component, providing medium-term revenue visibility – The consolidated order book position of WEL and WMEL is healthy, with an unexecuted order book of Rs. 15,354 crore as on December 31, 2025, translating into 4.5 times of FY2025 consolidated OI, with an average execution tenure of 3-4 years, providing strong medium-term revenue visibility. Of this, around Rs. 5,394 crore pertains to long-tenured O&M works in the water segment, which provide stable, annuity-like cash flow visibility over the medium to long term. In addition, WEL has emerged as the L1 bidder for the Pune–Shirur BOT toll road project, which will significantly improve the order book position. The cost of the BOT toll road project is expected to be around Rs. 7,300 to Rs. 7,600 crore and works for the same are expected to start in the near term, upon issuance of the Letter of Award (LoA).

Comfortable financial risk profile supported by asset-light EPC model – WEL has recorded a healthy revenue CAGR of around 25% over the last four years ending FY2025, driven by significant scale-up in execution and improved revenue mix. WMEL contributes meaningfully to consolidated revenues and profitability through its presence in specialised urban infrastructure and tunnelling projects and remains a key material subsidiary of WEL, given the strong operational and execution synergies. The consolidated operating profitability remained comfortable in the recent years, supported by disciplined bidding strategy and increasing contribution from relatively higher-margin water supply, wastewater treatment and tunnelling segments. The capital structure has remained comfortable over the past five fiscal years, aided by monetisation of mature road assets, healthy internal accruals and low external debt, with standalone leverage reflected by TOL/TNW remaining prudent at 0.5 times as on September 30, 2025. ICRA expects the credit profile to remain supported by healthy execution visibility, favourable segment mix and limited incremental reliance on external borrowings.

Credit challenges

Working capital-intensive operations and high dependence on subcontracting – The operations of the company are working capital intensive, primarily owing to milestone-based billing, elongated certification and approval timelines, and dependence on timely payments from Government and municipal authorities. The working capital intensity (NWC/OI) has remained elevated at 21.0% in FY2025 (FY2024: 25.8%), compared with 10.3% in FY2023, primarily due to high inventory and work-in-progress levels associated with large water and Jal Jeevan mission projects. ICRA expects NWC/OI to remain high over the medium term, given the increasing share of large, execution-heavy water supply and wastewater treatment projects awarded by the BMC.

Further, WEL subcontracts a significant portion of its construction works, which increases its dependence on subcontractors for timely execution of projects. Nevertheless, these risks are partly mitigated through back-to-back contractual arrangements and performance guarantees from subcontractors, selective engagement of specialised subcontractors, and WEL's proven execution track record, with strong expertise in project management, engineering and procurement divisions.

Concentrated order book position – The company's order book remains concentrated across segments, geographies and clients, with a predominant exposure to the water segment and projects awarded in Maharashtra, primarily by the BMC, resulting in elevated project and client concentration risks. Nevertheless, these risks are partly mitigated by the strong counterparty profile, the predominance of well-structured EPC/DBO contracts with defined milestone-based billing and long-tenured O&M works, and WEL's established execution track record, which provides comfort on timely execution and cash flow visibility despite the concentrated profile. Nonetheless, timely execution of projects, realisation of bills and moderation in working capital intensity remain key monitorable factors, going forward.

Environmental and social consideration

Environmental considerations – WEL operates at multiple project sites simultaneously, and therefore, the risk of business disruptions on account of physical climate risks is low. However, the cluster approach (which provides operational efficiencies leading to time and cost saving) might increase the risk to some extent, compared to other EPC players. As construction activity generates air pollution, entities like WEL remain vulnerable to the risk of temporary bans on operations in cities that are more sensitive to deteriorating air quality, which exposes the company to the cost and time overrun risks. Nevertheless, most of its projects have price-escalation clauses and it can seek compensation (and extension in project timelines) from the client if there is delay on account of environmental issues, geographical issues, etc. Further, in cases where WEL is required to deploy additional or specific equipment to contain environmental harm that increases its operating costs, it has the flexibility to seek compensation from its clients.

Social considerations – Construction entities like WEL face social risks stemming from the health and safety concerns of its workers, manifestation of which could invite regulatory or legal action, besides reputational harm. However, WEL has a track record of maintaining healthy relationships with its workers/employees, including contractual labour with no material incidents of a slowdown in execution because of workforce management issues.

Liquidity position: Strong

WEL's standalone liquidity position is Strong, supported by cash and cash equivalents of Rs. 1,273 crore as on December 31, 2025, along with adequate unutilised headroom of Rs. 220 crore out of Rs. 300 crore under fund-based (FB) working capital limits (average utilisation of fund-based limits stood at around 17% over the last 13 months ending December 2025). The overall sanctioned working capital facilities of the company as on date stands at Rs. 3,000 crore, including non-fund based (NFB) limits of Rs. 2,700 crore (with 100% interchangeability from FB limits of Rs. 300 crore to NFB limits) and average utilisation of NFB limits stands moderate at 64% over the last 13 months ending December 2025. While the company has sizeable equity commitments over the next three years, these are expected to be met through a mix of preferential warrants, internal accruals and monetisation of operational road assets. Further, the company has limited debt obligations of Rs. 3.0 crore and capex plans of around Rs. 100 crore in FY2027 largely for WMEL, which can be comfortably met from cash flow from operations.

Rating sensitivities

Positive factors – The ratings may be upgraded if the company demonstrates a significant improvement in its scale of operations, backed by healthy order book addition and execution, along with improved order book diversification. Moreover, the ability of the company to sustain low leverage and healthy liquidity position, along with timely realisation of proceeds from divestment of BOT projects leading to significant improvement in debt coverage metrics on a sustained basis could result in rating upgrade.

Negative factors – Pressure on the ratings could arise if there is a slowdown in order addition and project execution or moderation in profitability, or if there is any deterioration in the working capital cycle. The ratings may be downgraded if there is a significant increase in equity commitments towards developmental projects weakening the liquidity position and coverage metrics on a sustained basis. Specific trigger for a rating downgrade includes TOL/TNW increasing to more than 1.0 times on a sustained basis.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Construction
Parent/Group support	Not applicable
Consolidation/Standalone	For arriving at the ratings, ICRA has fully consolidated three subsidiaries (one subsidiary on account of business synergies and two subsidiary companies on account of the corporate guarantees extended by WEL). For other subsidiaries/associates/SPVs, ICRA has undertaken limited consolidation factoring in the equity commitments. The list of companies considered for limited/full consolidation are given in Annexure III below.

About the company

WEL, incorporated in 1994 (earlier known as Welspun Projects Limited), is the infrastructure development arm of the Welspun Group. Over the past three decades, WEL has scaled up into a multi-segment infrastructure company with an execution presence across roads, water and wastewater systems, tunnelling and select urban infrastructure projects. The company undertakes projects under HAM, BOT and EPC formats and largely caters to Government and quasi-Government counterparties, including Central/state authorities, urban local bodies and public sector undertakings, resulting in a predominantly Government-linked customer profile.

WEL also has limited exposure to the oil and gas sector through Adani Welspun Exploration Limited (AWEL; a joint venture with the Adani Group), which has interests in four oil and gas blocks (three at the discovery/development stage and one at the exploratory stage). Further, its key subsidiary, WMEL, is an EPC player with specialisation in niche segments such as tunnelling and pipeline rehabilitation in the water and wastewater space.

Key financial indicators (audited)

WEL (Consolidated*)	FY2024	FY2025
Operating income (OI)	2,862.3	3,442.0
PAT	303.1	370.0
OPBDIT/OI	15.1%	14.0%
PAT/OI	10.6%	10.7%
Total outside liabilities/Tangible net worth (times)	0.6	0.7
Total debt/OPBDITA (times)	0.5	0.5
Interest coverage (times)	10.8	11.8

Source: Company, ICRA Research; All ratios as per ICRA's calculations; Amount in Rs. crore ; PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation; * ICRA adjusted numbers basis line by line consolidation of WEL and WMEL and consolidation of external debt to the tune of corporate guarantee provided by WEL for Dewas Waterproject Works Pvt Ltd and Welspun EDAC JV Pvt Ltd

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Instrument	Current (FY2027)			Chronology of rating history for the past 3 years					
	Type	Amount rated (Rs. crore)	April 29, 2026	FY2026		FY2025		FY2024	
				Date	Rating	Date	Rating	Date	Rating
Fund based – Cash Credit	Long- term	100.0	[ICRA]AA (Stable)	-	-	-	-	-	-
Non-fund based facilities	Long- term	250.0	[ICRA]AA (Stable)	-	-	-	-	-	-
Non-fund based facilities	Short- term	50.0	[ICRA]A1+	-	-	-	-	-	-

Annexure I: Disclosure pursuant to the SEBI Circular SEBI/HO/DDHS/DDHS-PoD-2/I/4685/2026 dated February 10,2026

ICRA rated Instruments fall under regulatory purview of various Financial Sector Regulators (FSR) as under:

Sr. No.	Instrument	FSR
1	Listed/Proposed to be listed Bonds/Debentures/Preference Shares (all securities)	SEBI
2	Unlisted/Proposed to be unlisted Bonds/Debentures/ Preference share (all securities)	MCA
3	Listed PTCs / Securitisation Notes (originated by entities regulated by RBI) (*)	SEBI
4	Listed PTCs / Securitisation Notes (originated by entities not regulated by RBI) (*)	SEBI
5	Unlisted PTCs / Securitisation Notes (originated by entities regulated by RBI) (*)	RBI
6	Listed Commercial Paper and NCDs with original maturity less than 1 year	RBI
7	Unlisted Commercial Paper and NCDs with original maturity less than 1 year	RBI
8	Loan Facilities (Fund/Non-Fund Based) from Bank / NBFCs/ NHB/ FIs (\$)	RBI
9	External Commercial Borrowings/Loans from overseas branches of Indian Banks/other similar borrowings	RBI
10	Certificates of Deposit	RBI
11	Fixed Deposits raised by NBFCs, Banks, HFCs, FIs	RBI
12	Fixed Deposits raised by corporates other than NBFCs, Banks, HFCs, FIs	MCA
13	Inter Corporate Deposits/Loans extended by Corporates	MCA
14	Listed Security Receipts	SEBI
15	Unlisted Security Receipts	RBI
16	Unlisted PTCs / Securitisation Notes (originated by entities not regulated by RBI) (*)	Investor-side Regulator such as IRDAI, PFRDA (%)

(*) Includes securitisation transactions involving assignee payout, acquirer's payout.

(\$) Includes bank facilities such as liquidity facility, second loss facility that are part of securitisation transactions.

(%) These ratings were assigned prior to the introduction of SEBI CRA Circular dated Feb 10, 2026 and accordingly, investor side FSRs have been mentioned.

Other Activities offered by ICRA fall under regulatory purview of various Financial Sector Regulators (FSR) as under:

Sr. No.	Activity Name	FSR
1	Credit Ratings for Capital Protection Oriented Schemes (by Mutual Funds and AIFs)	SEBI
2	Credit quality ratings (CQRs) for Mutual Fund Schemes and Schemes of AIFs	SEBI
3	Independent Credit Evaluation (ICE)	RBI

Sr. No.	Activity Name	FSR
4	Expected Loss Ratings (For Loan Facilities [Fund/Non-Fund based] from Banks/NBFCs/NHB/FIs)	RBI
5	Expected Loss Ratings (Listed / Proposed to be listed Bonds / Debentures / Preference Shares (all securities))	SEBI
6	Expected Loss Ratings (Unlisted / Proposed to be unlisted Bonds/ Debentures / Preference Shares (all securities))	MCA
7	Credit Rating of Borrowing programme	(@)
8	Issuer Ratings	(#)
9	Monitoring Agency	SEBI
10	Research activities, incidental to rating such as research for Economy & Industries (permitted by SEBI vide SEBI Master Circular for CRAs)	NA

(@) The rated instrument may involve issuance of different instruments such as debt securities (listed or otherwise), bank loans, commercial paper (listed or otherwise), etc. The regulator of the instrument can only be determined upon issuance. Accordingly, ICRA shall capture the rated quantum details along with names of respective FSR in the press release(s) after the issuance(s) of the instruments.

(#) Since no instrument is being rated, FSR is not applicable. The rating scale and definitions stipulated in SEBI Master Circular for CRAs are being followed.

Disclosure: SEBI's grievance redressal/dispute resolution and SEBI investor protection mechanisms such as SCORES and ODR shall not be available for activities and instruments which fall under the regulatory purview of Financial Sector Regulators other than SEBI.

Complexity level of the rated instruments

Instrument	Complexity indicator
Long-term – Fund based – Cash Credit	Simple
Long-term – Non-fund based facilities	Simple
Short-term – Non-fund based facilities	Simple

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: [Click here](#)

Annexure II: Instrument details

ISIN	Instrument name	Date of issuance	Coupon rate	Maturity	Amount rated (Rs. crore)	Current rating and outlook
NA	Fund based – Cash Credit	NA	NA	NA	100.0	[ICRA]AA (Stable)
NA	Non-fund based facilities	NA	NA	NA	250.0	[ICRA]AA (Stable)
NA	Non-fund based facilities	NA	NA	NA	50.0	[ICRA]A1+

Source: Company

[Please click here to view details of lender-wise facilities rated by ICRA](#)

Annexure III: List of entities considered for consolidated analysis

Company name	WEL ownership	Consolidation approach
Welspun Michigan Engineers Ltd	60.09%	Full Consolidation
Dewas Waterproject Works Pvt Ltd	100.00%	Full Consolidation
Welspun EDAC JV Pvt Ltd	80.00%	Full Consolidation
Welspun Aunta-Simaria Project Private Limited	86.74%	Limited Consolidation*
Welspun Sattanathapuram Nagapattinam Road Private Limited	84.65%	Limited Consolidation*
Adani Welspun Exploration Limited	35.00%	Limited Consolidation*

Source: ICRA research; Company; * Support to the extent of equity commitment has been considered

ANALYST CONTACTS

Ashish Modani
+91 22 6169 3300
ashish.modani@icraindia.com

Suprio Banerjee
+91 22 6114 3443
supriob@icraindia.com

M Rajashekar Reddy
+91 40 6939 6423
m.rajashekarreddy@icraindia.com

M V Tarun Raju
+91 40 6939 6413
tarun.raju@icraindia.com

RELATIONSHIP CONTACT

L. Shivakumar
+91 22 6114 3406
shivakumar@icraindia.com

MEDIA AND PUBLIC RELATIONS CONTACT

Ms. Naznin Prodhani
Tel: +91 124 4545 860
communications@icraindia.com

HELPLINE FOR BUSINESS QUERIES

+91-9354738909 (open Monday to Friday, from 9:30 am to 6 pm)
info@icraindia.com

ABOUT ICRA LIMITED

ICRA Limited was set up in 1991 by leading financial/investment institutions, commercial banks and financial services companies as an independent and professional investment Information and Credit Rating Agency.

Today, ICRA and its subsidiaries together form the ICRA Group of Companies (Group ICRA). ICRA is a Public Limited Company, with its shares listed on the Bombay Stock Exchange and the National Stock Exchange. The international Credit Rating Agency Moody's Investors Service is ICRA's largest shareholder.

For more information, visit www.icra.in

ICRA Limited



Registered Office

B-710, Statesman House, 148 Barakhamba Road, New Delhi-110001

Tel: +91 11 23357940-45



Branches



© Copyright, 2026 ICRA Limited. All Rights Reserved.

Contents may be used freely with due acknowledgement to ICRA.

ICRA ratings should not be treated as recommendation to buy, sell or hold the rated debt instruments. ICRA ratings are subject to a process of surveillance, which may lead to revision in ratings. An ICRA rating is a symbolic indicator of ICRA's current opinion on the relative capability of the issuer concerned to timely service debts and obligations, with reference to the instrument rated. Please visit our website www.icra.in or contact any ICRA office for the latest information on ICRA ratings outstanding. All information contained herein has been obtained by ICRA from sources believed by it to be accurate and reliable, including the rated issuer. ICRA however has not conducted any audit of the rated issuer or of the information provided by it. While reasonable care has been taken to ensure that the information herein is true, such information is provided 'as is' without any warranty of any kind, and ICRA in particular, makes no representation or warranty, express or implied, as to the accuracy, timeliness or completeness of any such information. Also, ICRA or any of its group companies may have provided services other than rating to the issuer rated. All information contained herein must be construed solely as statements of opinion, and ICRA shall not be liable for any losses incurred by users from any use of this publication or its contents.