Vindhya Telelinks Limited

July 09, 2025

Facilities/Instruments	Amount (₹ crore)	Rating[1]	Rating Action
Long Term Bank Facilities	1,420.40 (Enhanced from 1,157.40)	CARE A+; Negative	Reaffirmed; Outlook revised from Stable
Short Term Bank Facilities	3,746.75 (Enhanced from 3,226.75)	CARE A1+	Reaffirmed

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

CARE Ratings Limited (CareEdge Ratings) has reaffirmed ratings assigned to bank facilities of Vindhya Telelinks Limited (VTL) while revising the outlook to 'Negative'. Ratings continue to draw strength from the well-established and resourceful MP Birla Group, with a long-standing track record of extending timely financial support to the company, when needed. Ratings also factor in healthy order book of ₹6,784 crore as on March 31, 2025 (~1.67x of FY25 revenue), providing adequate medium-term revenue visibility across diversified sectors such as energy, water/sanitation, and telecom. Timely and efficient execution of existing order book remains a key rating monitorable. Ratings further reflect VTL's healthy scale of operations, backed by sustained execution in the engineering, procurement, and construction (EPC) segment, particularly under the State Water and Sanitation Mission (SWSM) project, despite subdued demand in the optical fibre cable (OFC) segment and a shift in product mix towards copper cables.

CareEdge Ratings notes moderation in the company's operating profitability in FY25, driven by reduced contribution from high-margin EPC orders and weak performance in the OFC segment. Higher share of copper cables, which command lower and more volatile margins, also impacted overall profitability in FY25. Decline in profitability and increase in receivable led to moderation in the company's financial risk profile.

Outlook on long-term ratings has been revised to 'Negative' due to anticipated moderation in the company's financial profile. This is largely attributed to a stretched operating cycle, led by delayed collections, which may exert pressure on its liquidity, necessitate higher working capital borrowings, and consequently weaken the company's already moderate coverage indicators in the near-to-medium term. The company's profitability remains susceptible to fluctuations, given the inherent volatility across EPC projects, which may further impact stability of its financial profile, and hence, remains a key monitorable. The management has guided that operating margins should improve in FY26 with execution of higher-margin EPC orders and a gradual recovery in OFC demand, which remains a monitorable. The company also remains exposed to execution risks in large tender-based orders, raw material price volatility, and intense competition in the EPC and cable industry.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors: Factors that could individually or collectively lead to positive rating action/upgrade:

- Significant improvement in operating performance including profit before interest, lease rentals, depreciation and taxation (PBILDT) margin of over 12% on a sustained basis and maintenance of scale of operations.
- Significant and sustainable improvement in operating cycle to less than 120 days.

Negative factors: Factors that could individually or collectively lead to negative rating action/downgrade:

- Significant decline in PBILDT margins leading to Total debt /PBILDT above 3.5x on a sustained basis.
- Delay in securing new orders, leading to significant decline in the orderbook position and revenue visibility on a sustained basis.
- Inability to improve its PBILDT margins above 7% on a sustained basis.

Analytical approach: Consolidated

CareEdge Ratings has taken a consolidated approach of VTL and its subsidiaries/Associates, as all these entities are in the same line of business, under a common management, and have strong financial and operational linkages. Entities consolidated are listed under **Annexure-6.**. Ratings also duly factor in the financial support from MP Birla Group of companies. The analysis also factors in financial support VTL is giving to Birla Cable Limited by providing corporate guarantee for working capital limits.

[1]Complete definition of ratings assigned are available at www.careratings.com and other CARE Ratings Limited's publications.

Outlook: Negative

The outlook on long-term ratings has been revised to 'Negative' due to anticipated moderation in the company's financial profile. This is largely attributed to a stretched operating cycle, led by delayed collections, which may exert pressure on its liquidity, necessitate higher working capital borrowings, and consequently weaken the company's already moderate coverage indicators in the near-to-medium term. The company's profitability remains susceptible to fluctuations, given the inherent volatility across EPC projects, which may further impact the stability of its financial profile and hence remains a key monitorable. The outlook may be revised to 'Stable' if the company demonstrates improvement in its operating cycle, and improvement in its profitability margins and debt coverage indicators.

Detailed description of key rating drivers

Key strengths

Resourceful and experienced promoters with demonstrated financial support

VTL benefits from being part of the well-established and diversified MP Birla Group, which has longstanding interests across cement, jute, carbide, power cables, optical fibre cables, guar gum, and power capacitors. The group operates through reputed entities such as Birla Corporation Limited (CARE AA; Stable/CARE A1+), BCL (rated: 'CARE A+(CE); Negative/ CARE A1+(CE), CARE BBB+; Stable/ CARE A2', and Universal Cables Limited (UCL; rated: 'CARE A; Stable/ CARE A1'). MP Birla group also own 50% ownership in Hindustan Gums & Chemicals Limited (rated: 'CARE A+; Stable/ CARE A1+'), which is a joint venture between MP Birla group and Solvay. Hindustan Gum has ~₹2000 crore of liquidity and has supported to UCL in past through extending loas and advances. VTL's operations are managed by a professionally qualified team led by Y.S. Lodha, Managing Director and CEO, who has over three decades of experience in the cable industry. Moreover, the group has demonstrated financial support through infusion of ₹286 crore in the form of inter-corporate deposits and unsecured loans as on March 31, 2025 (PY: ₹250 crore). Such support has aided the company in managing liquidity in periods of elevated working capital requirement. CareEdge Ratings believes that the company will continue to enjoy the group's support and financial flexibility.

Strong and diversified business profile with a wide product portfolio and robust presence in EPC segment

VTL benefits from a well-diversified business model comprising two key segments—cable manufacturing and EPC services. The EPC division remains the dominant contributor, accounting for ~80% of the company's revenue in FY25 and has consistently contributed over 75% of total revenue in the last three fiscals, underscoring the company's execution capabilities and strong positioning in large-scale Government of India funded infrastructure projects. The cable division manufactures a broad range of products including OFC, copper cables, specialty and solar photovoltaic (PV) cables, telecom fibre accessories, and railway signalling and quad cables. This wide portfolio caters to diverse end-user industries such as telecom, energy, defence, and railways, enhancing customer reach and mitigating sectoral concentration risks.
The company's strong EPC execution capabilities are evident from its large and diversified order book of ₹6,784 crore as on March 31, 2025, spanning across critical national infrastructure sectors—energy utilities (58%), water/sanitation (32%), and telecom (3%). Increasing share of energy sector orders, including recent wins from Tamil Nadu and Kerala utilities, reflects VTL's expanding credentials in power distribution projects and improved order book quality. The combination of a comprehensive cable product suite and proven EPC execution across geographies strengthens VTL's market position and provides medium-term revenue visibility and continue to remain a key rating monitorable, especially in a competitive and project-driven industry.

Healthy and diversified order book providing medium-term revenue visibility

As of March 31, 2025, VTL reported a strong unexecuted order book of ₹6,784 crore, representing ~1.67x its FY25 operating income. This marks an improvement from ₹6,167 crore (1.51x of FY24 revenue) recorded a year earlier. The order book spans EPC and cable divisions and is slated for execution in the next 2–3 years, providing solid revenue visibility in the medium term. Historically, the order book was heavily concentrated in the State Water Sanitation Mission (SWSM) project in Uttar Pradesh, which drove a significant portion of execution in FY24 and FY25. Despite a prolonged slowdown in demand for OFC and telecom EPC projects in the last two years, VTL successfully expanded its operations from ₹2,902 crore in FY23 to ₹4,054 crore in FY25. Going forward, scale is expected to further improve with the award of a ₹2,756 crore turnkey power distribution project in Tamil Nadu and Kerala. This has significantly reshaped the order book profile, increasing the energy sector's share to 58% from 32% in the previous year. This diversification reduces reliance on single project or segment. This scale, diversification, and visibility mitigate near-term business risks and support the company's revenue stability an important credit positive. Timely and efficient execution of the existing order book, especially in the high-value EPC segment, remains critical and will be a key rating monitorable.

Key weaknesses

Moderation in operational and financial risk profile

VTL's operational and financial risk profile continue to remain moderate in last two financial years. In FY5, the company's TOI remained stable at ₹4,054 crore in FY25 (PY: ₹4,087 crore), reflecting offsetting trends across business segments. The cable segment registered a healthy 33% growth, primarily considering strong demand for copper cables. However, this growth was offset by a decline in EPC revenues due to lower execution under the State Water and Sanitation Mission (SWSM) project. Revenue from original SWSM village orders declined significantly to ₹835 crore in FY25 from ₹1,592 crore in FY24, reducing its contribution to EPC revenue from 46% to 26%. The OFC segment remained subdued for the second consecutive year, impacting margins in the cable division. PBIT margins in the cable segment fell to ~4% in FY24 and FY25 from 10–11% in FY23 due to a lower share of high-margin OFC sales. The company's profitability margins at the consolidated level moderated to 6.65% in FY25 from 7.27% in FY24. This decline was driven by the change in revenue mix—lower contribution from high-margin EPC projects and OFCs, and a rising share of copper cables, which typically have more volatile and thinner margins.
On the financial side, VTL's capital structure remained comfortable but saw some moderation. Overall gearing increased to 0.26x as on March 31, 2025 (PY: 0.15x), primarily due to higher utilisation of working capital borrowings, driven by elevated receivables and inventory levels. Adjusted gearing (including corporate guarantees) rose to 0.33x from 0.22x. Debt protection metrics remain moderate, with PBILDT interest coverage moderating to 2.65x (PY: 3.38x) and total debt/PBILDT increasing to 3.93x (PY: 2.05x), reflecting lower profitability and higher debt. These metrics are expected to improve going forward, supported by anticipated recovery in OFC demand, better margin profile from new EPC orders in the energy segment, and more balanced execution. Reduction in receivables and improved working capital management will remain key rating monitorable going forward.

High working capital intensity resulting in elevated reliance on bank borrowings
VTL's operations remain working capital intensive, primarily driven by elongated receivables and inventory holding, particularly in the EPC segment. The company's operating cycle deteriorated to 143 days in FY25 from 111 days in FY24, considering an increase in collection and inventory periods. Average collection period extended to 119 days in FY25 from 88 days in FY24, with gross debtors rising sharply to ₹1,706 crore (PY: ₹962 crore). However, ~₹565 crore of debtors (~33% of total) was not due as on March 31, 2025. Adjusted for this, average collection period stood at 81 days in FY25 (PY: 75 days). The inventory holding period also increased to 118 days in FY25 from 103 days in FY24, largely due to EPC execution requirements. Though EPC segment debtors moderated to ₹1,346 crore as on June 22, 2025 (from ₹1,528 crore as on March 31, 2025), overall increase in working capital requirements led to higher short-term borrowings, which rose to ₹1,108 crore in FY25 from ₹558 crore in FY24. Consequently, average fund-based working capital utilisation stood at ~71% over the trailing 12-month period ended April 2025. The company also relies heavily on non-fund-based limits for procurement and performance guarantees in EPC contracts, with average utilisation at ~46%. Creditor days increased from 80 to 95 in the same period, partially supporting working capital needs. Going forward, rationalisation of receivables and inventory, and efficient execution of large orders, will remain key monitorable from a liquidity and credit perspective.

Susceptibility to raw material price volatility
The company's main raw materials in the cable segments include copper, aluminium, compounds, and optical fibre. The company procures copper mainly from Hindalco and partially imports it. These purchases are mostly on credit basis or backed by letters of credit (LCs). The other important raw material is optical fibre, which is procured from a group company, Birla Furukawa Fibre Optics Private Limited (rated: 'CARE BBB+; Stable/ CARE A2'). For EPC orders, the company mostly has price escalation clauses for large and longer tenure orders in most energy segment orders. However, CareEdge Ratings notes that there is no price variation clause in the SWSM order. Hence, the company remains susceptible to volatility in prices of other raw materials that are procured from external sources.

Inherent risk associated with execution of large orders in the EPC segment
VTL derives ~80% of its revenue from the EPC segment, which also accounts for ~97% of the outstanding order book as on March 31, 2025. Execution of large and complex projects, such as the SWSM water project in Uttar Pradesh, carries risks associated with procedural delays, weather disruptions, or site-level challenges. Around 58% of the current order book pertains to energy sector projects backed by central utilities, which mitigates credit risk to some extent. However, ~32% orders relate to state and centrally funded water/irrigation projects, and ~3% to telecom companies, which could expose the company to payment delays or implementation risks. Delays in capex rollout by these counterparties may adversely impact project execution and cash flows.

Industry headwinds in OFC segment and competitive business environment
The OFC segment has been facing prolonged demand pressure due to global oversupply, reduced telecom investments, and macroeconomic uncertainties. Prices of bare optical fibre have dropped by ~50% since early 2023, materially affecting segment profitability. Consequently, VTL's high-margin OFC segment underperformed in FY25. While the management expects a revival in OFC demand from H2FY26, driven by 5G rollout, data centre expansion, BharatNet Phase III, and FTTH growth, near-term outlook

remains cautious. Given the segment's historical contribution to margins, continued weakness in OFC may weigh on the company's overall profitability and cash flow generation in the near term.
The cables and EPC industries are highly fragmented with numerous organised and unorganised players. Pricing pressure, and dependency on budgetary allocations by telecom and power utilities, makes revenue visibility susceptible to external factors. Order inflow remains contingent on timely government and institutional spending, adding to business cyclicality. This also necessitates competitive bidding, which can impact margins and expose the company to execution risks, especially in the absence of price variation clauses.

Liquidity: Adequate
VTL's liquidity profile remains adequate, supported by projected cash accruals of ~₹200 crore in FY26, against scheduled debt repayments of ~₹70 crore. The company also had a free cash and bank balance of ₹96.17 crore as on March 31, 2025, providing a liquidity cushion. Liquidity is further backed by the demonstrated financial support from the MP Birla Group through infusion of unsecured loans in the past, which is expected to be available, if required. VTL will also support BCL's debt repayment obligation if the need arises. Despite the working capital intensive operations, the company managed its requirements through internal accruals and bank borrowings. Operating cycle moderated to 143 days in FY25 from 111 days in FY24, primarily due to higher receivables. Average utilisation of fund-based working capital limits remained at ~71% for 12-months ending April 2025. The company's ongoing plan to enhance its working capital limits is expected to provide further headroom and flexibility in managing liquidity. VTL has also given corporate guarantee for the working capital facilities of BCL and for such facilities support will be provided as and when needed.

Environmental, social and governance (ESG) risks
Environment: In addition to contribution from ongoing energy conservation measures, the company is harnessing and utilising renewable energy to reduce its carbon footprint and environmental impact due to use of conventional electricity. The rooftop solar photo-voltaic (Solar PV) plant installed by the company with a capacity of 2 MW as green/renewable energy source was working satisfactorily. The company has recently entered a power purchase agreement (PPA) with a power producer for an additional dedicated power supply from 1.5-MW Wind-Solar Hybrid power plant by way of long-term open access (LTOA) / medium term open access (MTOA) under intra-state group captive scheme in lieu of existing solar PPA under LTOA from a solar power producer. This strategic decision underscores the company's proactive approach towards expanding renewable energy adoption and reduces environmental risk.
Social: The company is promoting health care including preventive health care through its CSR activities. VTL is also promoting education, including education relating to culture, special education, employment enhancing vocational skills, and livelihood enhancement projects. Thus, social risk of the company remains low and does not materially affect its credit profile.
Governance: The company's Board of Directors has an optimum combination of Executive and Non-Executive Directors, which comprises Seven Directors, including two independent woman directors as on March 31, 2025. The Board, its Committees and Directors evaluation provided a formal process of communication in raising issues that might not otherwise be vetted by the Board, with underlying objectives to develop an action plan to enhance the Board performance, inter-alia, by ensuring compliance with the requirements of the Companies Act, 2013 and code of corporate governance as enshrined in the Listing Regulations.

Applicable criteria
Consolidation
Definition of Default
Liquidity Analysis of Non-financial sector entities
Rating Outlook and Rating Watch
Manufacturing Companies
Financial Ratios – Non financial Sector
Construction Sector
Short Term Instruments
Factoring Linkages Parent Sub JV Group

About the company and industry
Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Industrials	Construction	Construction	Civil construction

VTL is engaged in manufacturing telecom cables and EPC services to telecom, power, gas distribution pipelines, water, and sewage projects. The company's manufacturing plant is at Rewa, Madhya Pradesh. The company currently has an optical fibre cable manufacturing capacity of 60 lakh fibre km per annum. The company caters to a reputed client base such as Bharat Sanchar Nigam Limited, Mahanagar Telephone Nigam Limited, Indian Railways, Defence (Indian Army), NTPC Limited, Steel Authority of India Limited, Bharti Airtel Limited, and Reliance Jio Infocom Limited, among others.

Brief Financials (₹ crore)	FY23 (A)	FY24 (A)	FY25 (Abr.)
Total operating income	2901.50	4,088.93	4,051.60
PBILDT	282.04	297.16	267.04
PAT	185.31	155.06	115.48
Overall gearing (times)	0.17	0.65	0.82
Interest coverage (times)	3.86	3.38	2.62

A: Audited Abr.: Abridged; Note: these are latest available financial results

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

Complexity level of instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Cash Credit		-	-	-	1335.00	CARE A+; Negative
Fund-based - LT-Term Loan		29-Dec-2017	9.55	December, 2024	85.40	CARE A+; Negative
Non-fund-based - ST-BG/LC		-	-	-	3720.00	CARE A1+
Non-fund-based - ST-Loan Equivalent Risk		-	-	-	26.75	CARE A1+

Annexure-2: Rating history for last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2025-2026	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023
1	Non-fund-based - ST-BG/LC	ST	3720.00	CARE A1+	-	1)CARE A1+ (07-Nov-24)	1)CARE A1+ (07-Sep-23)	1)CARE A1+ (03-Jan-23)
2	Fund-based - LT-Cash Credit	LT	1335.00	CARE A+; Negative	-	1)CARE A+; Stable (07-Nov-24)	1)CARE A+; Stable (07-Sep-23)	1)CARE A+; Stable (03-Jan-23)
3	Fund-based - LT-Term Loan	LT	85.40	CARE A+; Negative	-	1)CARE A+; Stable (07-Nov-24)	1)CARE A+; Stable (07-Sep-23)	1)CARE A+; Stable (03-Jan-23)
4	Debentures-Non Convertible Debentures	LT	-	-	-	-	-	1)Withdrawn (03-Jan-23)
5	Non-fund-based - ST-Loan Equivalent Risk	ST	26.75	CARE A1+	-	1)CARE A1+ (07-Nov-24)	-	-

LT: Long term; ST: Short term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities: Not applicable

Annexure-4: Complexity level of instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT-Cash Credit	Simple
2	Fund-based - LT-Term Loan	Simple
3	Non-fund-based - ST-BG/LC	Simple
4	Non-fund-based - ST-Loan Equivalent Risk	Simple

Annexure-5: Lender details

To view lender-wise details of bank facilities please click here

Annexure-6: List of entities consolidated

Sr No	Name of the entity	Extent of consolidation	Rationale for consolidation
1	August Agents Limited	Full	Wholly owned subsidiary
2	Insilco Agents Limited	Full	Wholly owned subsidiary
3	Laneseda Agents Limited	Full	Wholly owned subsidiary
4	Birla Visabeira Private Limited	Full	Wholly owned subsidiary
5	Universal Cables Limited	Moderate	Associate
6	Birla Corporation Limited	Moderate	Associate
7	Punjab Produce Holdings Limited	Moderate	Associate

Note on complexity levels of rated instruments: CareEdge Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

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About us:

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