

Universal Cables Limited

July 09, 2025

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long-term bank facilities	1,079.00 (Enhanced from 836.43)	CARE A; Stable	Reaffirmed
Long-term / Short-term bank facilities	16.00	CARE A; Stable / CARE A1	Reaffirmed
Short-term bank facilities	1,726.00 (Enhanced from 1,400.00)	CARE A1	Reaffirmed

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

Ratings affirmation to bank facilities of Universal Cables Limited (UCL) continue to reflect the credit strength derived from its association with the experienced and financially strong MP Birla Group, which has a demonstrated track record of extending timely funding support, when, needed by group companies. UCL benefits from strong financial flexibility as part of the group, evident from recent infusion of funds to support its capex. The company also enjoys a well-established position in the cables industry, backed by over five decades of operational experience and technical collaborations with global players such as Furukawa Electric Company Limited, Japan (FECL). Its healthy and diversified order book of ₹1,792 crore (as of March 31, 2025), and additional orders in the pipeline, provides medium-term revenue visibility. UCL's scale of operations has improved in FY25 and is expected to grow further with the commencement of its new manufacturing facility. The company maintains a moderate financial risk profile, supported by comfortable capital structure and improving leverage indicators.

However, ratings remain constrained by the inherently working capital intensive operations, which results in high reliance on bank borrowings. While the working capital cycle has shown improvement, it continues to remain elongated due to the company's exposure to the engineering, procurement, and construction (EPC) segment. Profitability margins moderated in FY25 due to lower capacity utilisation in the optical fibre cables (OFC) division and an unfavourable shift in product mix. Margins are expected to improve with increasing share of high-margin extra high voltage (EHV) cables from the new facility. Timely commencement of the project and consequent improvement in profitability margins through change in product mix will remain a key monitorable from credit perspective. the company faces exposure to raw material price volatility, which is partly mitigated by hedging practices and escalation clauses. Competitive intensity in the cables and EPC industry and project execution risks also weigh on the credit profile. CARE Ratings Limited (CareEdge) note that while UCL benefits from strong group support, established business presence, and revenue visibility, maintaining profitability and managing working capital efficiently will remain key rating monitorable.

Rating sensitivities: Factors likely to lead to rating actions

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

- Substantial Increase in total operating income (TOI) with improving profit before interest, lease rentals, depreciation and taxation (PBILDT) margin to over 10% and operating return on capital employed (ROCE) above 15% on a sustained basis.
- Total debt/PBILDT ratio below 2.5x on a sustained basis.
- Improving operating cycle to below 100 days on a sustained basis.

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

- Sustained Decline in PBILDT margins below 8% or operating ROCE below 10% on a sustained basis.
- Total debt/ PBILDT beyond 4x on a sustained basis.
- Operating cycle remaining elongated or deteriorating beyond 180 days.

Analytical approach: Consolidated

CareEdge Ratings has revised analytical approach from standalone to consolidated considering strong operational, management and financial linkages between the group companies. List of entities consolidated is given in **Annexure-6**. Further Ratings also duly factor in the financial support from MP Birla Group of companies.

Outlook: Stable

The stable outlook for bank facilities of UCL reflects CARE Ratings' expectation that the company is expected to sustain its business risk profile backed by established presence in the cables industry, which is supported by adequate order book in hand. The

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

company is further expected to sustain its comfortable financial risk profile in the medium term with support envisaged from the promoter group, when required.

Detailed description of key rating drivers

Key strengths

Experienced and resourceful promoter group with demonstrated funding support

UCL benefits from being part of the well-established and diversified MP Birla Group, which has business interests across sectors such as cement, jute, carbide, power cables, capacitors, and telecom cables. The group operates through entities such as Birla Corporation Limited (CARE AA; Stable/CARE A1+), Birla Cable Limited (rated: 'CARE A+(CE); Negative/ CARE A1+(CE) and Vindhya Telelinks Limited (CARE A+; Negative/CARE A1+). The MP Birla group also own 50% ownership in two entities Birla Furukawa Fibre Optics Private Limited (CARE BBB+; Stable/ CARE A2) and Hindustan Gums & Chemicals Limited (rated: 'CARE A+; Stable/ CARE A1+'), which are joint ventures of the MP Birla group. Hindustan Gum has ~₹2000 crore of liquidity and has supported to UCL in past through extending loans and advances. Total subordinated unsecured loans and inter-corporate deposits to UCL from group companies amounting to ₹248 crore as of March 31, 2025 (PY: ₹148 crore). In FY25 alone, ₹100 crore was infused by Birla Corporation Limited to support ongoing capex. The group has a track record of extending timely financial assistance for both capital expenditure and working capital needs, and CareEdge Ratings has factored in such support in ratings from the MP Birla Group to continue going forward, as required.

Well-established track record in the cables business supported by technical collaborations & Healthy order book position

UCL has over five decades of operational experience in the power cables industry, with a broad product portfolio that includes low voltage (LV), medium voltage (MV), EHV cables up to 500 kV, and PVC and rubber insulated cables up to 11 kV. This diverse offering enables the company to cater to varied customer segments across industries. UCL's technical strength is reinforced by its long-standing collaboration with FECL, under which it has installed two vertical continuous vulcanising (VCV) lines to manufacture EHV cables. UCL has partnered with Viscas Corporation, Japan—a joint venture of Furukawa and Fujikura—for sourcing advanced cable jointing accessories for 220 kV and above, further enhancing its capability in the high-end cable segment. UCL holds a strong position in the EHV cable segment and undertakes turnkey EPC contracts. These contracts cover the full project scope, including manufacturing (per technical specifications), supply, laying, installation, and commissioning of cables. As of March 31, 2025, the company had a confirmed unexecuted order book of ₹1,792 crore across cable supply and EPC contracts. It has pipeline orders worth ₹1,041 crore and EPC work orders of ₹335 crore where execution is yet to commence. This robust and diversified order book provides healthy revenue visibility in the medium term and supports the company's operational growth.

Comfortable Financial Profile, Margins Moderated in FY25 but Expected to Improve

UCL's financial risk profile remains comfortable, supported by its comfortable capital structure, strong group backing, and improving scale of operations, although profitability saw some moderation in FY25. The company reported a ~19% increase in TOI to ₹2,414 crore in FY25 (₹2,025 crore in FY24), primarily driven by higher volume sales across LV/MV and EHV cables, resulting in improved capacity utilisation. The cables segment accounted for ~84% of total revenue and grew by 20% year-on-year, while the high-margin capacitor segment contributed ~4%. However, optical fibre cable sales remained weak due to subdued global demand. UCL's PBILDT margins declined to 7.46% in FY25 from 8.21% in FY24, primarily due to a higher share of lower-margin aluminium conductor cables and lower realisations in the OFC segment. Despite this, margins are expected to improve from FY26 onwards, aided by commissioning of a new plant and an increasing share of high-margin EHV cables in the product mix. Timely commencement of the project and consequent improvement in profitability margins through change in product mix will remain a key monitorable.

UCL's capital structure remained comfortable, with overall gearing at 0.31x as on March 31, 2025 (PY: 0.34x), supported by a strong net worth position. Debt protection metrics also improved, with total debt to PBILDT marginally reducing to 3.47x in FY25 from 3.88x in FY24, reflecting improved absolute profitability. The ongoing ₹500 crore capacity expansion, funded through a mix of ₹300 crore in term loans, ₹125 crore in related-party loans, internal accruals, and government subsidies, is not expected to materially weaken the financial risk profile. With improved earnings visibility and better operating leverage expected from FY26, the financial risk profile is likely to strengthen further.

Key weaknesses

Working capital intensive operations with continued high reliance on bank borrowing

UCL's operations remain inherently working capital intensive, primarily due to the nature of its customer base and the structure of its EPC contracts. A significant portion of receivables arises from counterparties in the power sector, where elongated payment cycles are common. For cable supply contracts, the company typically extends credit periods of up to 120 days. In the EPC segment, instead of availing customer advances—which are typically high-cost—the company funds project execution through

bank borrowings. EPC orders have longer execution timelines of 18–24 months, with milestone-based payments leading to debtor accumulation. Working capital cycle improved to 155 days in FY25 from 174 days in FY24, largely due to better debtor collection. Outstanding receivables reduced to ₹919 crore as on March 31, 2025, from ₹1,085 crore in the previous year, despite a growth in revenue. The collection period improved to 150 days in FY25 from 175 days in FY24. However, this benefit was partially offset by a decline in creditor days to 52 days from 60 days in FY24. Average working capital utilisation remained elevated at ~82% for 12 months ended April 2024, indicating continued dependence on external working capital funding. Efficient management of receivables and reduction in working capital intensity will be key credit monitorable going forward.

Exposure to Raw Material Price Volatility Partially Mitigated Through Hedging Mechanisms

UCL remains exposed to price volatility of key raw materials such as copper, aluminium, and polyethylene, which constitute a significant portion of its input costs in the cables segment. Price fluctuations in these commodities can impact profitability, particularly in fixed-price contracts. To mitigate this risk, the company follows a proactive raw material procurement strategy by tying up key inputs while bidding for large orders. For longer-duration EPC contracts, price escalation clauses are built into agreements, offering a partial safeguard against adverse cost movements. To further manage commodity and currency risks, UCL has established a dedicated hedging desk since January 2022. The company undertakes hedging through forward contracts, currency swaps, and interest rate swaps to manage its foreign exchange exposure related to imports and foreign currency borrowings. UCL's export revenues, which are predominantly denominated in USD, also offer a natural hedge against its forex liabilities. A portion of the company's working capital borrowings is availed in foreign currency to balance exposure. In FY25, UCL reported a gain of ₹5.94 crore from favourable foreign currency movements (₹4.53 crore in FY24), supporting its profitability. While mitigation mechanisms are in place, effective management of raw material and currency volatility remains critical from a credit perspective.

Inherent execution risks and competition in cable industry

UCL continues to derive major revenue from cable business (~84% of TOI in FY25). These orders are from user industries mainly power sector (over 75%). Delays/deferrals in operational expenditure by these companies might adversely impact operational performance and consequently overall business prospects of the company. In the cable industry, with the presence of organised and unorganised players, business environment is quite competitive. CareEdge Ratings notes that the company's established position in cables business mitigates this risk to an extent.

Liquidity: Adequate

UCL's liquidity position is adequate, backed by stable cash flow generation, comfortable debt servicing ability, and financial flexibility it has due to being a part of the MP Birla Group. The company generated cash flow from operations of ~₹90 crore in FY25. Scheduled debt repayments of ₹66.58 crore in FY26, against which gross cash accruals are estimated at ₹110–120 crore, providing adequate coverage. Working capital requirements remain high due to the inherently elongated receivable cycle, particularly in the EPC segment. However, the company's working capital cycle improved to 155 days in FY25 from 174 days in FY24, supported by better debtor collection. Despite this improvement, UCL remains reliant on bank borrowings to fund its working capital needs, with average utilisation standing at ~84% for 12 months ended April 2025. Importantly, the company's ongoing capex of ₹500 crore is supported by a well-defined funding plan. UCL has already secured sanction of a ₹300 crore term loan from lenders, which is to be drawn down in FY26, and will largely meet the funding requirement for the year. The company is expected to receive an equity infusion of ₹50 crore from group companies as part of its equity contribution. This provides further comfort on liquidity and limits pressure on internal cash flows. Timely drawdown and execution of the capex plan, and sustained internal accruals, will remain key credit monitorable.

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	Capital goods	Industrial products	Cables - electricals

Part of the MP Birla Group, UCL is into manufacturing power cables and capacitors for power industry, rubber cables for original equipment manufacturers (OEM) and other industries such as railways, steel plants, petrochemical plants, cement plants, oil rig manufacturers, ship building, mining and telecom cables. The company's power cables are sold under the brand 'UNISTAR'. The company also has a technical collaboration with FECL in the EHV cable sector and adopts VCV and Pressurized Liquid Salt Bath Curing (PLCV) technology for manufacturing power and rubber cables, respectively. Apart from manufacturing power cables for multifarious applications, UCL has dedicated EPC team to execute turnkey contracts for utilities/projects in the EHV segment.

Brief Financials (₹ crore)	FY24 (A)	FY25 (A)
Total operating income	2,025.20	2,414.31
PBILDT	166.23	180.10
PAT	108.22	89.39
Overall gearing (times)	0.34	0.31
Interest coverage (times)	1.82	1.73

A: Audited ; 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		-	-	-	650.00	CARE A; Stable
Non-fund-based - LT/ST-Derivative Limits		-	-	-	16.00	CARE A; Stable / CARE A1
Non-fund-based - ST-BG/LC		-	-	-	1726.00	CARE A1
Term Loan-Long Term		-	-	31 March 2027	429.00	CARE A; Stable

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	1726.00	CARE A1	-	1)CARE A1 (05-Jul-24)	1)CARE A1 (09-Oct-23) 2)CARE A1 (04-Jul-23)	1)CARE A1 (13-Dec-22)
2	Non-fund-based - LT/ ST-Derivative Limits	LT/ST	16.00	CARE A; Stable / CARE A1	-	1)CARE A; Stable / CARE A1 (05-Jul-24)	1)CARE A; Stable / CARE A1 (09-Oct-23) 2)CARE A; Stable / CARE A1 (04-Jul-23)	1)CARE A; Stable / CARE A1 (13-Dec-22)
3	Fund-based - LT-Cash Credit	LT	650.00	CARE A; Stable	-	1)CARE A; Stable (05-Jul-24)	1)CARE A; Stable (09-Oct-23) 2)CARE A; Stable (04-Jul-23)	1)CARE A; Stable (13-Dec-22)
4	Non-fund-based - LT-Letter of credit	LT	-	-	-	-	1)Withdrawn (04-Jul-23)	1)CARE A; Stable (13-Dec-22)
5	Term Loan-Long Term	LT	429.00	CARE A; Stable	-	1)CARE A; Stable (05-Jul-24)	1)CARE A; Stable (09-Oct-23) 2)CARE A; Stable (04-Jul-23)	1)CARE A; Stable (13-Dec-22)

LT: Long term; ST: Short term; LT/ST: Long term/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	Non-fund-based - LT/ ST-Derivative Limits	Simple
3	Non-fund-based - ST-BG/LC	Simple
4	Term Loan-Long Term	Simple

Annexure-5: Lender detailsTo 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.	Vindhya Telelinks Limited	Moderate	Associate
2.	Birla Furukawa Fibre Optics Private Limited	Moderate	Joint Venture

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.

Contact us

Media Contact Mradul Mishra Director CARE Ratings Limited Phone: +91-22-6754 3596 E-mail: mradul.mishra@careedge.in	Analytical Contacts Ravleen Sethi Director CARE Ratings Limited Phone: 91-120-4452016 E-mail: ravleen.sethi@careedge.in
Relationship Contact Saikat Roy Senior Director CARE Ratings Limited Phone: 912267543404 E-mail: saikat.roy@careedge.in	Anant Agarwal Associate Director CARE Ratings Limited Phone: 91-120-4452000 E-mail: Anant.Agarwal@careedge.in
	Sanchit Agarwal Assistant Director CARE Ratings Limited E-mail: sanchit.agarwal@careedge.in

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