

Universal Cables Limited

February 23, 2026

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long-term bank facilities	1,205.00 (Enhanced from 1,079.00)	CARE A; Stable	Reaffirmed
Long-term / Short-term bank facilities	65.00 (Enhanced from 16.00)	CARE A; Stable / CARE A1	Reaffirmed
Short-term bank facilities	1,800.00 (Enhanced from 1,726.00)	CARE A1	Reaffirmed

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

Rating affirmation to bank facilities of Universal Cables Limited (UCL) continues to reflect credit strength derived from its association with 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). Company's diversified order book of ₹1,792 crore as of March 31, 2025, grew to ₹2,889 crore as on December 31, 2025, and additional orders amounting to ₹300 crore in the pipeline, provides revenue visibility in the medium term. UCL's scale of operations has improved in FY25 (~19%) and is expected to grow by ~16% in FY26 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 inherently working capital intensive operations, which results in high reliance on bank borrowings. While the working capital cycle showed 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. However, profitability margins have improved to 9.6% in 9MFY26 against 7.8% in 9MFY25, aided by increasing share of high-margin extra high voltage (EHV) cables in the product mix. Going forward, profitability margins are expected to expand to ~₹300 crore with the commencement of new plant due to increase in proportion of EHV cables, which is a high margin product.

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 Ratings) notes 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

- 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 to PBILDT (TD/ PBILDT) ratio below 2.5x on a sustained basis.
- Improving operating cycle to below 100 days on a sustained basis

Negative factors

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

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

Analytical approach: Consolidated

CareEdge Ratings has considered a consolidated approach considering strong operational, management and financial linkages between the group companies. Entities consolidated are listed under Annexure-6. Ratings also duly factor in financial support from MP Birla Group of companies.

Outlook: Stable

The stable outlook for bank facilities of UCL reflects CareEdge 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 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 (rated CARE AA; Stable/CARE A1+), Birla Cable Limited (rated, 'CARE A+(CE); Negative/ CARE A1+(CE)) and Vindhya Telelinks Limited (rated, CARE A+; Negative/CARE A1+). The MP Birla group also own 50% ownership in two entities: Birla Furukawa Fibre Optics Private Limited (rated, 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) and ₹273 crore as on December 31, 2025. In FY25 and 9MFY26, ₹100 crore and ₹25 crore respectively, was infused by Birla Corporation Limited to support ongoing capex. The group has a track record of extending timely financial assistance for 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 and 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 polyvinyl chloride (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. UCL has a combined (for EPC and cables) unexecuted confirmed order book position of ₹1792 crore, as on March 31, 2025, which increased to ₹2,889 crore as on December 31, 2025. Apart from that, the company has orders in pipeline amounting to ₹300.05 crore. All this provided revenue visibility in the medium term and supports the company's operational growth.

Moderate financial risk profile

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 company reported consolidated revenue of ₹2,201 crore in 9MFY26 (increase of ~25% year-on-year). UCL's scale of operations is further expected to improve with the commencement of new plant with topline expected to cross ₹3,000 crore in the near term. In addition to its regular export orders from Europe, Australia, and the Middle East, the company is steadily expanding its presence in new overseas markets, despite persistent trade uncertainties and heightened geopolitical tensions. 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. However, the company's profitability margins improved to 9.6% in 9MFY26 against 7.8% in 9MFY25, aided by increasing share of high-margin EHV cables in the product mix. In 9MFY26, the company reported ~53.9% y-o-y increase in PBILDT from ₹136.73 crore in 9MFY25 to ₹210.42 crore in 9MFY26. Going forward, profitability margins are expected to expand to ~₹300 crore with the commencement of new plant and increase in proportion of EHV cables, which is a higher margin product.

UCL's capital structure remained comfortable, with overall gearing at 0.31x as on March 31, 2025 (PY: 0.34x) and is expected to remain comfortable going forward as well due to strong net worth base, despite ongoing capex. Leverage indicators marked by total debt to PBILDT improved to 3.47x as on March 31, 2025 (PY: 3.88x), considering improvement in absolute profitability. The company has planned debt-funded capacity expansion for a total revised outlay of ~₹550 crore (As on December 31, 2025, the company has incurred routine capex of ₹340 crore while the balance of ~₹210 crore expected to be completed by Q2FY27), which will be funded through debt, internal accruals and government subsidy. Despite the capex, capital structure is expected to remain moderate in the medium term.

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 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 the company's operational performance and consequently its overall business prospects. 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 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 (outstanding ₹14 crore for Q4FY26), against which gross cash accruals are at ~₹110 crore as on December 31, 2025. The company has debt repayments of ~₹93.56 crore and ₹78.11 crore in FY27 and FY28 respectively, which and its internal capex commitments are catered sufficiently by its expected accruals.

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 ~80–85%. Importantly, the company's ongoing capex of ₹550 crore (revised cost) is supported by a well-defined funding plan. The company is expected to receive timely support from group companies 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.

Assumptions/Covenants: Not applicable

Environment, social, and governance (ESG) risks: Not applicable

Applicable criteria

[Definition of Default](#)

[Liquidity Analysis of Non-financial sector entities](#)

[Rating Outlook and Rating Watch](#)

[Manufacturing Companies](#)

[Financial Ratios – Nonfinancial Sector](#)

[Short Term Instruments](#)

[Consolidated approach](#)

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- consolidated (₹ crore)	March 31, 2024 (A)	March 31, 2025 (A)	9MFY26 (UA)
Total operating income	2,025.20	2,414.31	2201.07
PBILDT*	166.23	180.10	210.42
Profit after tax (PAT)	108.22	89.39	107.78
Overall gearing (x)	0.34	0.31	-
Interest coverage (x)	1.82	1.73	2.5

A: Audited UA: Unaudited; Note: these are latest available financial results

*PBILDT: Profit before interest, lease rentals, depreciation and tax

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		-	-	-	765.00	CARE A; Stable
Non-fund-based - LT/ST-Derivative Limits		-	-	-	65.00	CARE A; Stable / CARE A1
Non-fund-based - ST-BG/LC		-	-	-	1800.00	CARE A1
Term Loan-Long Term		-	-	31 March 2027	440.00	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	1800.00	CARE A1	1)CARE A1 (09-Jul-25)	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	65.00	CARE A; Stable / CARE A1	1)CARE A; Stable / CARE A1 (09-Jul-25)	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	765.00	CARE A; Stable	1)CARE A; Stable (09-Jul-25)	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	440.00	CARE A; Stable	1)CARE A; Stable (09-Jul-25)	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 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.	Vindhya Tele links 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.

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