Vindhya Telelinks Limited

April 01, 2026

Facilities/Instruments	Amount (₹ crore)	Rating[1]	Rating Action
Long-term bank facilities	1,420.40	CARE A (RWD)	Downgraded from CARE A+; Negative ; Placed on Rating Watch with Developing Implications
Short-term bank facilities	3,746.75	CARE A1 (RWD)	Downgraded from CARE A1+ ; Placed on Rating Watch with Developing Implications

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

CARE Ratings Limited (CareEdge Ratings) has downgraded ratings of Vindhya Telelinks Limited's (VTL's) bank facilities to CARE A/CARE A1 and simultaneously placed ratings on 'Rating Watch with Developing Implications'. Ratings have been placed on rating with developing implications following the announcement dated March 21, 2026, regarding amalgamation of its group entity Birla Cable Limited (BCL; rated: 'CARE A(CE); RWD/ CARE A1 (CE) RWD, CARE BBB+; RWP/ CARE A2 RWP') into VTL, although approved by the Board, is expected to take ~10–12 months for completion, subject to regulatory and other requisite approvals. The scheme aims to streamline operations, simplify corporate structure, and enhance overall operational efficiency. Under terms of the merger, shareholders of BCL will receive 10 equity shares of Vindhya Telelinks Limited for every 115 shares held, with no cash consideration involved. CareEdge Ratings would continue to monitor developments in this regard and will take a view on ratings after the scheme's consummation and a clearer view of its impact on the company's credit risk profile.

Careedge Ratings had resolved the Negative Outlook and downgraded ratings owing to continued moderate operations with lower-than-envisaged operating profitability in 9MFY26 (refers to period from April 01 to December 31), driven by slow execution of engineering, procurement, and construction (EPC) orders. In 9MFY26, the cable business continued to deliver stable growth, supported by sustained demand in solar and specialty products. However, the EPC segment, which contributes ~80% of topline of VTL faced execution-related delays, resulting in lower revenue recognition against that envisaged for FY26, primarily due to funding linked disbursement delays under key government infrastructure programs, particularly the Uttar Pradesh Jal Jeevan Mission (JJM). Decline in profitability and stretched operating cycle necessitate higher reliance on its working capital borrowings and led to overall moderation in the company's financial risk profile. Overall debtors increased from ₹1,527.71 crore as at FY25-end to ₹2,191.85 crore as at December 31, 2025, while total debt, including advances from customers, rose from ₹1,061.66 crore at March 31, 2025, to ₹1,066.91 crore at December 31, 2025. Increase in debt also exerted pressure on the company's overall interest cost, resulting in a moderation in its coverage indicators.

VTL's leverage profile is expected to deteriorate, with debt to profit before interest, lease rentals, depreciation and taxation (PBILDT) ratio likely to remain above 3.5x by the end of FY26, per CareEdge Ratings estimates, triggering the negative rating sensitivity.

However, ratings continue to draw strength from the company's association with the well-established and resourceful MP Birla Group, with long-standing track record of extending timely financial support to the company, when needed. Ratings also factor in healthy order book of ₹5,812 crore as on December 31, 2025, providing adequate medium-term revenue visibility across diversified sectors such as energy, water/sanitation, and telecom, timely execution of which remains a key monitorable.

Ratings also remain constrained with the company exposed to execution risks in large tender-based orders, raw material price volatility, and intense competition in the EPC and cable industry. The company's profitability remains susceptible to fluctuations, given the inherent volatility across EPC projects, which may further impact stability of its financial profile.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Significant improvement in operating performance including PBILDT margin of over 10% on a sustained basis and maintenance of scale of operations.
- Significant and sustainable improvement in operating cycle to less than 120 days.

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

Negative factors

- Significant decline in PBILDT margins leading to total debt (TD)/PBILDT above 4.5 x 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 6% 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. Analysis also factors in financial support VTL is giving to BCL by providing corporate guarantee for working capital limits, however, going forward with completion of amalgamation, BCL's debt and profitability would merge into VTL and CareEdge Ratings would analyse the consolidated financials of VTL.

Outlook: Not applicable

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 long-standing 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, 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 over ₹2000 crore of liquidity and has supported to UCL in the past through extending loans and advances. VTL's operations are managed by a professionally qualified team led by YS Lodha, Managing Director and CEO, who has over three decades of experience in the cable industry. The group has demonstrated financial support through infusion of ₹250 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 (76% in 9MFY26) 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 optical fibre cables (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 ₹5,812 crore as on December 31, 2025, spanning across critical national infrastructure sectors—energy utilities (56%), water/sanitation (31%), and telecom (2%). 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. 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. Order book reduced from ₹6,167 crore (1.51x of FY24 revenue) from December 31, 2025, unexecuted order book stands at ₹5,812 crore despite of slow execution with new upcoming projects at slow pace, the company's exposure to the JJM remains a key driver. Going forward, VTL's ability to rebuild and expand its order book, particularly through fresh project wins under JJM and other infrastructure segments, while maintaining healthy profitability margins, will be a key monitorable. Sustained improvement in execution pace and order inflow momentum will be critical for supporting growth and maintaining its current financial profile. 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, 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. 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 in FY25 and 9MFY26

On the financial side, VTL's capital structure moderated over time. 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, while adjusted gearing (including corporate guarantees) rose to 0.33x from 0.22x. In FY26, the company availed an additional ₹200 crore loan to support its working capital requirements, reflecting continued pressure on liquidity and total debt was ~₹1,066.91 crore as on December 31, 2025. Consequently, debt protection metrics moderated, with PBILDT interest coverage declining to 2.65x (PY: 3.38x) and TD/PBILDT increasing to 3.93x (PY: 2.05x) and interest coverage was ~1.37x in 9MFY26, considering lower profitability and higher debt levels. TD/PBILDT is expected remain high at above 6x. This moderation in the company's financial risk profile remains manageable, with expectations of improvement supported by a likely recovery in OFC demand, better margin profile from new EPC orders in the energy segment, and more balanced execution, which remains monitorable. However, reduction in receivables and tighter working capital management will remain key rating monitorable going forward.

VTL's operational remained moderate in the last two financial years. In FY25, the company's TOI remained stable at ₹4,054 crore (PY: ₹4,087 crore), reflecting offsetting trends across business segments. In 9MFY26, total operating revenue stood at ₹2,583 crore compared to ₹2,823 crore in 9MFY25. The cable segment continued to deliver stable growth, supported by sustained demand in solar and specialty products, However, the EPC segment faced execution-related delays, resulting in lower revenue recognition, primarily due to funding-linked disbursement delays under key government infrastructure programs, particularly the Uttar Pradesh JJM. In FY25, the cable segment registered a healthy 33% growth, primarily driven by strong demand for copper cables, although this was offset by a decline in EPC revenues due to lower execution under the SWSM project. The OFC segment remained stable 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. Consequently, consolidated profitability moderated to 6.65% in FY25 from 7.27% in FY24, driven by a shift in revenue mix toward lower-margin copper cables and reduced contribution from high-margin EPC and OFC segments and was ~5.83% in 9MFY26. Financials in 9MFY26 was also impacted by higher interest costs arising from increased working capital deployment, and a one-time expense related to incremental gratuity liability following the implementation of the Labour Codes. Interest coverage in 9MFY26 stood at 1.37x, deteriorating from 2.65x as at FY25-end.

Inherent risk associated with execution of large orders in the EPC segment and stretch in its working capital cycle

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. Working capital requirement has been increased from FY25 to FY26 due to delayed in order execution mainly due to delays in order execution for JJM projects, working capital borrowing has been ~₹763.17 crore as on March 31, 2025, which is expected to increase in FY26.

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.

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 FY27, 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 ~₹150 crore in FY26, against scheduled debt repayments of ~₹77 crore. Total repayment will be ~₹235 crore (Including ₹150 crore bullet repayment- to be funded by receivables) and ₹74 crore in FY27 and FY28 respectively, against which sufficient accruals are expected to be generated with receivables. The company also had a free cash and bank balance of ₹96.17 crore as on March 31, 2025, and ₹14.18 crore as on December 31, 2025, providing a liquidity cushion.

Liquidity is further backed by 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 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. With delay in receivables, it is expected to increase in FY26. Average utilisation of fund-based working capital limits remained at ~71% for 12-months ending April 2025, and ~71.67% in December 2025. VTL has also given corporate guarantee for the working capital facilities of BCL and for such facilities support will be provided, when needed.

Applicable criteria

Definition of Default
Liquidity Analysis of Non-financial sector entities
Rating Outlook and Rating Watch
Financial Ratios – Non financial Sector
Construction Sector
Infrastructure Sector Ratings
Short Term Instruments
Consolidation
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 OFC 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) (Consolidated)	March 31, 2024 (A)	March 31, 2025 (A)	9MFY26 (UA)
Total operating income	4088.93	4052.16	2583.91
PBILDT	297.16	267.11	150.65
Profit after tax (PAT)	282.69	202.84	116.70
Overall gearing (x)	0.15	0.26	NA
Interest coverage (x)	3.38	2.65	1.37

A: Audited UA: Unaudited; NA: Not available 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 (RWD)
Fund-based - LT-Term Loan	-	29-Dec-2017	9.55	December, 2027	85.40	CARE A (RWD)
Non-fund-based - ST-BG/LC	-	-	-	-	3720.00	CARE A1 (RWD)
Non-fund-based - ST-Loan Equivalent Risk	-	-	-	-	26.75	CARE A1 (RWD)

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 (RWD)	1)CARE A1+ (09-Jul-25)	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 (RWD)	1)CARE A+; Negative (09-Jul-25)	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 (RWD)	1)CARE A+; Negative (09-Jul-25)	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 (RWD)	1)CARE A1+ (09-Jul-25)	1)CARE A1+ (07-Nov-24)	-	-

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	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:

Established in 1993, CareEdge Ratings is one of the leading credit rating agencies in India. Registered under the Securities and Exchange Board of India, it has been acknowledged as an External Credit Assessment Institution by the Reserve Bank of India. With an equitable position in the Indian capital market, CareEdge Ratings provides a wide array of credit rating services that help corporates raise capital and enable investors to make informed decisions. With an established track record of rating companies over almost three decades, CareEdge Ratings follows a robust and transparent rating process that leverages its domain and analytical expertise, backed by the methodologies congruent with the international best practices. CareEdge Ratings has played a pivotal role in developing bank debt and capital market instruments, including commercial papers, corporate bonds and debentures, and structured credit. For more information: www.careratings.com

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