

**Capacity expansion will lead to business visibility.**

**CMP: INR 411**

**Rating: BUY**

**TP: INR 713**

**Stock Info**

BSE	504212
NSE	UNIVCABLES
Bloomberg	UVC:IN
Reuters	UNVR.NS
Sector	Cables
Face Value (INR)	10
Equity Capital (INR mn)	347
Mkt Cap (INR mn)	14,261
52w H/L (INR)	939/407
Avg Yearly Volume (in 000')	80.1

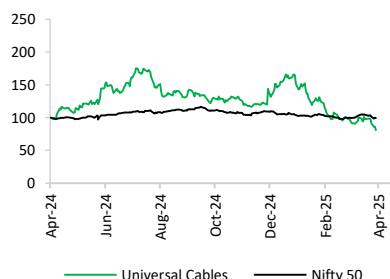
**Shareholding Pattern %**

(As on Dec, 2024)

Promoters	61.89
DII	6.58
FII	0.24
Public & Others	31.29

Stock Performance (%)	3m	6m	12m
UNIVCABLES	-46.5	-37.3	-18.9
NIFTY	-4.4	-10.3	-0.5

**UNIVCABLES vs Nifty**



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**Universal Cables Ltd** is predominantly engaged in the business of manufacturing a large range of power cables from 1.1kV to 400kV & capacitors, Turnkey Projects, and other types of wires and cables, conductors, etc. The company offers Low Voltage, Medium Voltage, and Extra High Voltage XLPE Power Cables up to 500 kV grade, PVC and Rubber Insulated Power Cables up to 11 kV grade, Control and Instrumentation Cables up to 1.1 kV. The company has two VCV lines armed with contemporary technologies dedicated for manufacturing EHV cables, and two modern CCV lines for HV & MV power cables. The company has the advantage of a flexible manufacturing setup, enabling it to switch production between EHV and MV, the key products, at times when the demand is asymmetric in nature. It has in-house compounding facilities for formulating a wide spectrum of polymers to manufacture Rubber Cables. It manufactures light-duty wires & cables for winding wires, flat cables and flexible cables, and optical fibre cables at its plant in Goa.

**Investment Rationale**

**Capacity expansion will lead to additional business visibility:** Satna (MP) facility LV, MV, HV/EHV power cables capacity stood at 21,450 kms/annum and is expected to increase to 31,575-32,850 kms/annum. PVC compounds for wires & cables capacity stood at 3,600 MT/annum and is expected to increase to 9,000 MT/annum. Verna (Goa) facility insulated winding wires, building wires & multicore flexible cables capacity stood at 75,000 kms/annum and is expected to increase to 2,50,000 kms/annum. The capacity expansion is expected to be completed in a phased manner between July 2025 to March 2026. The capex is expected INR 4,820mn and funding is expected through long-term debt and internal accruals. The capacity expansion will address demand for the whole range of power cables in domestic and overseas markets. We anticipate, revenue is expected to grow 25-30% CAGR over the next few years, backed by strong demand and capacity expansion.

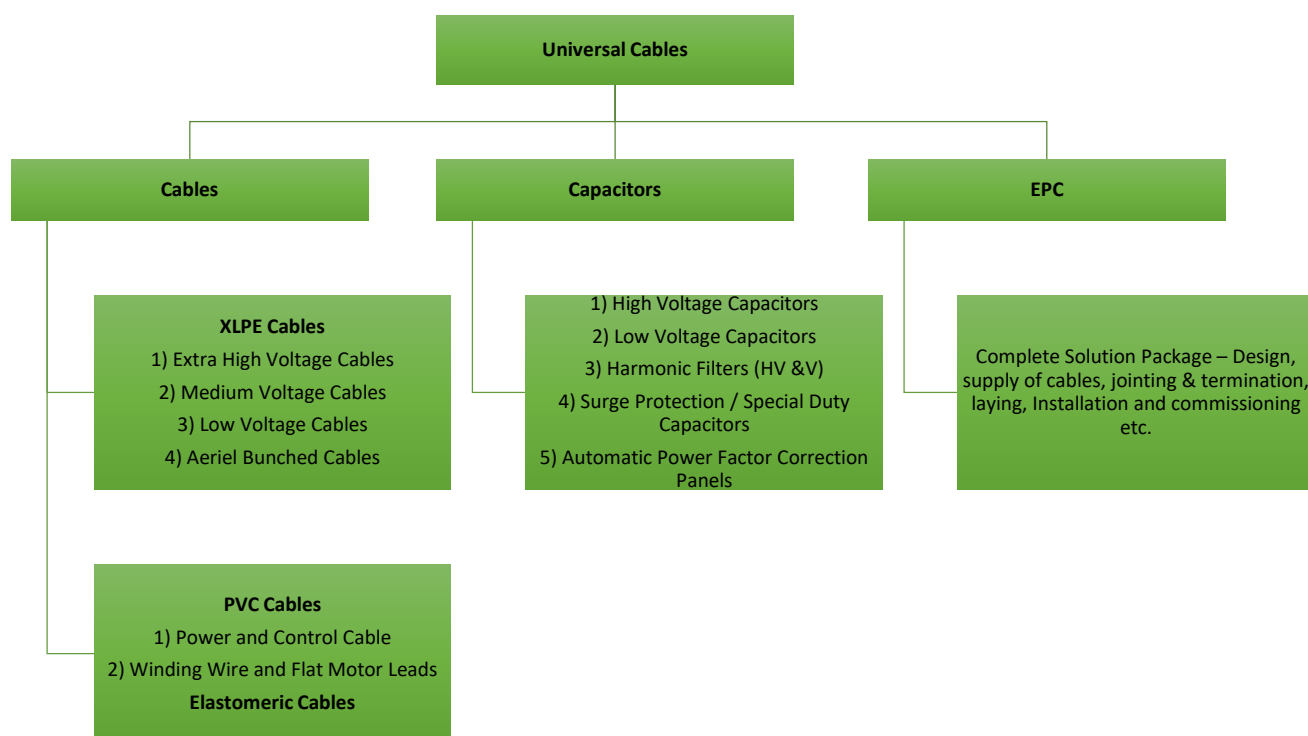
**Focused on exports for EHV cables:** The Company has been successful in penetrating into European & Latin American markets in the EHV cable segment besides the neighboring countries such as Bangladesh, Sri Lanka etc. The Company sees continued growth momentum on the export front considering pending/anticipated orders and the opportunities that remain untapped. Further, favorable government policies, the development of an eco-system for raw materials as well as China plus one strategy will aid in finding new geographies to increase exports.

**Focused on quality power systems solutions:** The company is focused on supply, installation, testing and commissioning work of MV/EHV capacitors from state utilities and EPC companies operating in the wind and solar generation segments. The company is offering concept to commissioning quality power system solutions including technical services, supply of associated equipment, and on-site commissioning and maintenance.

**Valuation & Outlook:** Universal Cables is doing a capex of INR 4,820mn to expand power cables, PVC compounds, insulated winding wires, building wires & multicore flexible cables. The capex is expected to be completed in a phased manner between July 2025 to March 2026. The capex funding is expected to be through long-term debt and internal accruals. We anticipate, the capacity expansion and growing demand in domestic & exports will lead to revenue growth of 25-30% CAGR over the next few years. The company is focused on quality power solutions for MV/EHV to state utilities and EPC companies will improve the business going forward. At the CMP of INR 411 per share, We have a "BUY" rating and valued the stock at 30x of its FY27E EPS of INR 23.8 and arrived at a price objective of INR 713, an upside of 73.5%.

## Products and Services

## Exhibit 1: Universal cables products and services



Source: Company Reports, Arihant Capital Research

## Exhibit 2: Product Specification

Product	Voltage Class	Size
XLPE Power Cables	1.1 - 500 kV	16 - 2000 Sq.mm
PVC Power Cables	1.1 - 11 kV	16 - 2000 Sq.mm
Elastomeric Cables .	250 V - 33 kV	0.5 - 630 Sq.mm
Control & Instrumentation Cables (XLPE / PVC / Elastomeric )	110 V - 1.1 kV	0.5 - 6.00 Sq.mm Up to 61 Cores
Speciality Cables	As per Customer Requirement	As per Customer Requirement
LV & HV Capacitors	415 V - 220 kV	1 - 50000 KVAR (Unit / Bank)

Source: Company reports, Arihant Capital Research

## Exhibit 2: Manufacturing facilities



Facility	Products	Current Capacity	Capacity (post capex)	Capex Timeline	Capex (INR mn)
Satna (MP)	LV, MV, HV/EHV power cables PVC compounds	21,450 kms/annum 3,600 MT/annum	31,575-32,850 kms/annum 9,000 MT/annum	Phased manner between July 2025 to March 2026.	INR 4,820mn
Verna (Goa)	Insulated winding wires, building wires & multicore flexible cables	75,000 kms/annum	2,50,000 kms/annum.		

Source: Company Reports, Arihant Capital Research

## Financial Statements

## Income statement

Year End-March (INR mn)	FY23	FY24	FY25E	FY26E	FY27E
Gross Sales	22,020	20,207	24,713	30,744	38,698
<b>Net Sales</b>	<b>22,020</b>	<b>20,207</b>	<b>24,713</b>	<b>30,744</b>	<b>38,698</b>
YoY (%)	21.4%	-8.2%	22.3%	24.4%	25.9%
<b>Adjusted COGS</b>	<b>16,734</b>	<b>14,716</b>	<b>19,072</b>	<b>23,622</b>	<b>29,656</b>
YoY (%)	19.6%	-12.1%	29.6%	23.9%	25.5%
Employee expenses	874	952	1,146	1,425	1,794
YoY (%)	9.8%	8.9%	20.4%	24.4%	25.9%
Manufacturing & Other Expenses	2,557	2,922	3,022	3,759	4,731
YoY (%)	20.6%	14.3%	3.4%	24.4%	25.9%
<b>Total Expenditure</b>	<b>20,166</b>	<b>18,590</b>	<b>23,239</b>	<b>28,806</b>	<b>36,182</b>
YoY (%)	51%	-13%	-9%	31%	30%
<b>EBITDA</b>	<b>1,854</b>	<b>1,617</b>	<b>1,474</b>	<b>1,937</b>	<b>2,516</b>
YoY (%)	50.8%	-12.8%	-8.8%	31.4%	29.9%
<b>EBITDA Margin (%)</b>	<b>8.4%</b>	<b>8.0%</b>	<b>6.0%</b>	<b>6.3%</b>	<b>6.5%</b>
Depreciation	225	238	241	486	722
% of Gross Block	7.8%	6.8%	6.0%	7.3%	7.6%
<b>EBIT</b>	<b>1,629</b>	<b>1,379</b>	<b>1,233</b>	<b>1,451</b>	<b>1,795</b>
<b>EBIT Margin (%)</b>	<b>7.4%</b>	<b>6.8%</b>	<b>5.0%</b>	<b>4.7%</b>	<b>4.6%</b>
Interest Expenses	974	915	1,051	1,120	1,312
Non-operating/ Other income	176	236	270	336	422
<b>PBT</b>	<b>1,515</b>	<b>1,441</b>	<b>603</b>	<b>821</b>	<b>1,069</b>
Tax-Total	334	359	148	180	244
<b>Net Profit</b>	<b>1,182</b>	<b>1,082</b>	<b>455</b>	<b>641</b>	<b>825</b>
<b>PAT Margin (%)</b>	<b>5.4%</b>	<b>5.4%</b>	<b>1.8%</b>	<b>2.1%</b>	<b>2.1%</b>
EPS (INR)	34.1	31.2	13.1	18.5	23.8

Source: Company reports, Arihant Capital Research

## Balance sheet

Year-end March (INR mn)	FY23	FY24	FY25E	FY26E	FY27E
<b>Sources of Funds</b>					
Equity Share Capital	347	347	347	347	347
Reserves & Surplus/ Other Equity	14,619	17,404	17,754	18,291	19,011
<b>Networth</b>	<b>14,966</b>	<b>17,750</b>	<b>18,101</b>	<b>18,638</b>	<b>19,358</b>
Unsecured Loans/ Borrowings/ Lease Liabilities	6,572	7,710	8,121	9,387	11,010
Other Liabilities	2,913	3,468	3,823	4,215	4,648
<b>Total Liabilities</b>	<b>28,103</b>	<b>33,196</b>	<b>35,707</b>	<b>39,398</b>	<b>44,023</b>
<b>Application of Funds</b>					
<b>Net Fixed Assets</b>	<b>1,609</b>	<b>1,999</b>	<b>2,317</b>	<b>4,559</b>	<b>6,721</b>
Capital WIP	106	2	2	2	2
Investments/ Notes/ Fair value measurement	2,739	4,023	3,620	3,258	2,933
<b>Current assets</b>	<b>12,649</b>	<b>14,414</b>	<b>16,369</b>	<b>17,507</b>	<b>19,590</b>
Inventory	2,803	2,840	3,179	3,634	4,361
Days	63	70	61	56	54
Debtors	8,898	10,768	11,768	12,810	14,072
Days	154	178	174	152	133
Other Current Assets	557	367	404	445	489
Cash and Cash equivalent	37	50	552	106	103
<b>Current Liabilities/Provisions</b>	<b>7,819</b>	<b>9,951</b>	<b>11,741</b>	<b>13,733</b>	<b>16,175</b>
Creditors / Trade Payables	2,872	3,291	4,534	5,852	7,532
Days	82	76	70	73	74
Liabilities	761	910	1,056	1,228	1,388
<b>Net Current Assets</b>	<b>4,829</b>	<b>4,463</b>	<b>4,628</b>	<b>3,775</b>	<b>3,414</b>
<b>Total Assets</b>	<b>28,103</b>	<b>33,196</b>	<b>35,707</b>	<b>39,398</b>	<b>44,023</b>

Source: Company reports, Arihant Capital Research

## Financial Statements

## Cash Flow Statement

Year End-March (INR mn)	FY23	FY24	FY25E	FY26E	FY27E
<b>Profit before tax</b>	<b>1,182</b>	<b>1,082</b>	<b>455</b>	<b>641</b>	<b>825</b>
<b>Adjustments: Add</b>					
Depreciation and amortisation	225	238	241	486	722
Interest adjustment	798	679	781	785	890
<b>Change in assets and liabilities</b>	<b>2,152</b>	<b>1,894</b>	<b>1,373</b>	<b>1,808</b>	<b>2,332</b>
Inventories	206	(37)	(338)	(456)	(727)
Trade receivables	781	(1,870)	(1,000)	(1,042)	(1,262)
Trade payables	(1,663)	419	1,243	1,318	1,680
Other Liabilities and provisions	(132)	1,706	546	672	761
Other Assets	(79)	155	(114)	(87)	(96)
Taxes	254	575	339	373	410
<b>Net cash from operating activities</b>	<b>1,518</b>	<b>2,842</b>	<b>2,047</b>	<b>2,586</b>	<b>3,098</b>
Capex	(258)	(524)	(558)	(2,728)	(2,883)
Net Sale/(Purchase) of investments	(1,513)	(2,699)	47	41	59
Others	9	(45)	(7)	(8)	(8)
<b>Net cash (used) in investing activities</b>	<b>(1,762)</b>	<b>(3,268)</b>	<b>(519)</b>	<b>(2,695)</b>	<b>(2,832)</b>
Interest expense	(647)	(1,412)	(1,031)	(343)	(274)
Dividend paid	(35)	(52)	(104)	(104)	(104)
Other financing activities	837	1,702	(104)	(104)	(104)
<b>Net cash (used) in financing activities</b>	<b>242</b>	<b>439</b>	<b>(1,027)</b>	<b>(338)</b>	<b>(268)</b>
<b>Closing Balance</b>	<b>37</b>	<b>50</b>	<b>552</b>	<b>106</b>	<b>103</b>

Source: Company reports, Arihant Capital Research

## Key Ratios

Year-end March	FY23	FY24	FY25E	FY26E	FY27E
<b>Solvency Ratios</b>					
Debt / Equity	0.4	0.4	0.4	0.5	0.6
Net Debt / Equity	0.4	0.4	0.4	0.5	0.6
Debt / EBITDA	3.5	4.8	5.5	4.8	4.3
Current Ratio	3.5	4.7	5.1	4.8	4.3
<b>DuPont Analysis</b>					
Sales/Assets	0.8	0.6	0.7	0.8	0.9
Assets/Equity	1.9	1.9	2.0	2.1	2.3
RoE	0.1	0.1	0.0	0.0	0.0
<b>Per share ratios</b>					
Reported EPS	34.1	31.2	13.1	18.5	23.8
Dividend per share	1.5	3.0	3.0	3.0	3.0
BV per share	431.3	511.6	521.7	537.1	557.9
Cash per Share	0.5	0.9	9.4	1.8	1.8
Revenue per Share	634.6	582.4	712.2	886.0	1115.3
<b>Profitability ratios</b>					
Net Profit Margin (PAT/Net sales)	0.0	0.1	0.1	0.0	0.0
Gross Profit / Net Sales	0.2	0.3	0.2	0.2	0.2
EBITDA / Net Sales	0.1	0.1	0.1	0.1	0.1
EBIT / Net Sales	0.1	0.1	0.0	0.0	0.0
ROCE (%)	0.1	0.1	0.1	0.1	0.1
<b>Activity ratios</b>					
Inventory Days	63.4	70.0	60.8	56.2	53.7
Debtor Days	154.0	177.6	173.8	152.1	132.7
Creditor Days	81.8	76.2	70.2	73.0	74.5
<b>Leverage ratios</b>					
Interest coverage	1.7	1.5	1.2	1.3	1.4
Debt / Asset	0.2	0.2	0.2	0.2	0.2
<b>Valuation ratios</b>					
EV / EBITDA	11.2	13.5	14.8	12.1	10.0
PE (x)	12.1	13.2	31.4	22.3	17.3

Source: Company reports, Arihant Capital Research

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Stock Rating Scale	Absolute Return
BUY	>20%
ACCUMULATE	12% to 20%
HOLD	5% to 12%
NEUTRAL	-5% to 5%
REDUCE	-5% to -12%
SELL	<-12%

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