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Generating Wealth

One Pager
10th Mar 2026

Vindhya Telelinks Ltd

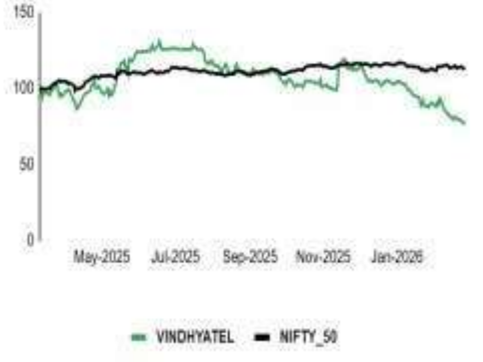
CMP: INR 1007
BUY For 2X

Stock Info	
BSE	517015
NSE	VINDHATEL
Bloomberg	**VT:IN**
Reuters	**VNDY.NS**
Sector	Telecom
Face Value (INR)	10
Mkt Cap (INR Bn)	13.28
52w H/L (INR)	1890/971
Avg yearly Vol (in 000')	215.99

Shareholding Pattern % *(As on Dec. 2025)*	
Promoters	43.55%
Public & Others	56.47%

Stock Performance (%)	1m	6m	12m
VINDHATEL	-2.17	-24.27	-16.77
Nifty 50	-6.45	-2.85	+8.02

VINDHATEL Vs Nifty 50



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Company Overview: Part of the reputed MP Birla Group, Vindhya Telelinks operates in two primary segments: Cable Manufacturing (Telecom, Optical Fiber, Solar PV, Railway) and EPC Services (Engineering, Procurement, and Construction across Power, Water, and Telecom).

Valuation Multiples: P/E (TTM) ~5.3x | P/B ~0.30x

The Hook: VTL is a classic "deep value" play. It trades at a massive discount to its book value, and the market value of its quoted investments (~INR3,098 Cr) is more than double its entire market capitalization. However, it is currently navigating severe short-term headwinds regarding government project execution and working capital.

Business Segments Breakdown

VTL's business model is a mix of traditional manufacturing and capital-intensive infrastructure execution:

EPC Division (~80% of Revenue): This is the primary growth engine. VTL handles turnkey projects for telecom (OFC networks, broadband), power (EHV cabling, transmission lines), and water/sanitation (specifically under the State Water and Sanitation Mission/JJM).

Cable Division (~20% of Revenue): Manufactures a broad spectrum of cables including Optical Fiber Cables (OFC), Solar PV cables, Copper cables, and Railway signaling cables. This segment has shown resilience recently due to strong domestic and export demand for solar and specialty cables.

Order Book & Revenue Visibility

Current Order Book: As of December 2025 (Q3 FY26), VTL has a robust combined order book of ~INR5,812 Crore.

Sector Breakdown: The order book is highly concentrated in critical national infrastructure: Energy/Utilities (58%), Water/Sanitation (32%), and Telecom (3%).

Visibility: At current run rates, the order book provides revenue visibility for the next 1.5 to 2 years, proving that demand is not the issue–execution is.

Financial Reality Check (Q3 FY26 Results)

The latest quarter (ending December 2025) was a shock to the system, making VTL a "show-me" story for the near term:

Revenue Contraction: Q3 FY26 Standalone revenue dropped 31.4% YoY to INR710.55 Cr.

Profitability Plunge: The company reported a net loss of INR19.66 Cr versus a profit of INR26.91 Cr in the same quarter last year. Consolidated operating margins collapsed to just 2.47%.

The Culprit: The EPC segment faced severe execution delays. This was primarily due to funding-linked disbursement delays under key government infrastructure programs (particularly the Uttar Pradesh Jal Jeevan Mission).

Working Capital Strain: Because the government delayed funds, VTL's receivables ballooned to ~INR956 Cr by the end of December 2025, heavily increasing their working capital and interest costs. (Note: The company noted they received ~₹133 Cr of this subsequent to the quarter's end).

The Investment Pitch: Pros & Cons

The Bull Case (Why Buy?)

Massive Holding Company Discount: VTL holds strategic investments in other MP Birla Group companies (like Universal Cables, Birla Cable, etc.). The market value of these investments alone is over INR 3,000 Cr. You are essentially buying the operating business for free and getting the investment portfolio at a ~60% discount.

Rock-Bottom Valuation: Trading at a Price-to-Book (P/B) ratio of 0.30x, the stock is deeply undervalued compared to infrastructure and telecom peers (HFCL, STL Networks, etc.).

Strong Backlog: An order book of nearly INR5,800 Cr ensures that once government funding bottlenecks clear up, revenue recognition will spike aggressively.

The Bear Case (Key Risks)

Government Receivables / Working Capital Trap: With high debtor days (averaging ~153 days) and negative cash flows from operations over recent years, VTL acts as a bank for government projects. If JJM/SWSM funding is further delayed, interest costs will eat away at profits.

Margin Volatility: EPC is a low-margin, high-risk game. Raw material volatility and execution delays easily push the company into losses, as seen in Q3 FY26.

Low Dividend Payout: Despite high book value and investments, the dividend yield sits at a modest ~1.59%, offering little cash-flow comfort to shareholders waiting for a turnaround.

Summary:

Vindhya Telelinks is a high-risk, high-reward deep value play. It is not for the faint of heart due to the severe working capital intensity and reliance on government EPC contracts. However, for patient investors, the sheer size of the order book combined with the INR3,000+ Cr investment portfolio creates a massive margin of safety at the current ~INR1,006 price level. The stock will likely re-rate sharply the moment execution picks back up, and government receivables are cleared.

We are working on the detail Note.

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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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