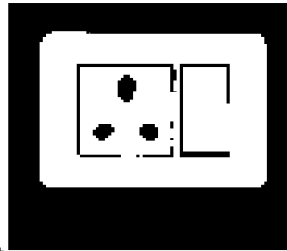


AN ISO 9001-2008 CERTIFIED COMPANY

**V Veto**®

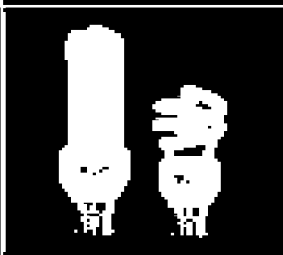
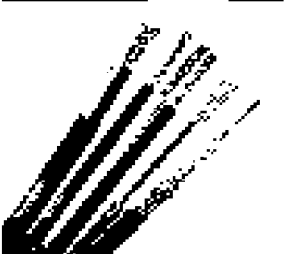
SINCE 1967  
ELECTRICAL ACCESSORIES

# VETO SWITCHGEARS AND CABLES LTD.



**ANNUAL REPORT**

**2012-13**



**ELECTRICAL ACCESSORIES**

**WIRES AND CABLES**

**CFL**

**FANS**





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## Corporate Information



**MOHAN DAS GURNANI**  
Chairman



**VISHNU KUMAR GURNANI**  
Managing Director & CEO



**DINESH GURNANI**  
Whole-time Director



**MURALI DHAR KAURANI**  
Independent Director



**MOHAN SUKHANI**  
Independent Director



**GOVIND RAM THAWANI**  
Independent Director



**PRIAVRAT SHARMA (B.Com. CA)**  
Group CFO

**Company Secretary  
and Compliance Officer**

**VANDANA RAVI**  
(B.Com, CS, LLB)

**Sr. Manager Accounts**

**SANJEEV NIGAM (B.Com., CA)**

**Auditors**

**SINGORDIA GOYAL & Co.**  
Chartered Accountants  
4A, Kaledonia-HDIL,  
2nd Floor, Sahar Road,  
Near Andheri Station,  
Andheri (East),  
Mumbai-400 069.

**Registrar and  
Share transfer  
Agents**

**Bigshare Services Private  
Limited**  
E/2, Ansa Industrial  
Estate, Sakivihar Road,  
Sakinaka, Andeheri (E),  
Mumbai-400 072.

**Listed on**

**The National Stock  
Exchange of India Limited**

**Registered Office**

**D-2, First Floor, Malad  
Industrial Estate,  
Ramchandra Lane Extn.  
Kachpada, Malad (W),  
Mumbai-400064.**

**Corporate Office**

**230 Sindhi Colony, Raja  
Park, Jaipur- 302004**

**Website**

**[www.vetoswitchgears.com](http://www.vetoswitchgears.com)**





# CHAIRMAN'S MESSAGE

Dear Shareowners,

Greetings from VETO!

I am delighted to once again be a bearer of good news and report another year of good performance at your company. Your Company has come up with an IPO on December 13, 2012. The Issue has been graded by CRISIL and has assigned CRISIL SME fundamental grade of 'SME 4/5' (pronounced SME four on five), which indicates 'Highest Performance Capability and High Financial Strength'.

We are incorporated in India, and all of our assets and employees are located in India. As a result, we are highly dependent on prevailing economic conditions in India and our results of operations are significantly affected by factors influencing the Indian economy. Factors that may adversely affect the Indian economy, and hence our results of operations, may include:

- Any increase in Indian interest rates or inflation;
- Any scarcity of credit or other financing in India, resulting in an adverse impact on economic conditions in India;
- Prevailing income conditions among Indian consumers and Indian corporations;
- Volatility in, and actual or perceived trends in trading activity on, India's principal Stock Exchange(s);
- Changes in India's tax, trade, fiscal or monetary policies;
- Prevailing regional or global economic conditions, including in India's principal export markets; and



MOHAN DAS GURNANI  
Chairman

- Other significant regulatory or economic developments in or affecting India or the industries in which we operate.

Any slowdown or perceived slowdown in the Indian economy, or in specific sectors of the Indian economy, could adversely impact our business and financial performance and the price of the Equity Shares. Despite of such uncontrollable problems we have been awarded by Quality Brand India 2013-15 and Rashtriya Udyog Ratna Award by National Organisation for Commerce and Industry. On April 18, 2013 India SME Forum felicitated our Organisation at India SME 100 Awards

which was presented by THE BANK OF INDIA & supported by the Union Ministry of the Small and Medium Enterprises.





Our people strategy has always been to recruit and retain people with leadership qualities. We invest in our people and believe they are one of the major reasons for our success. We believe that growth of our people precedes the growth of the company. We promote leadership within our ranks by offering people greater responsibility with the freedom to perform to their best. Our people policy has always been fair and we operate in an atmosphere where talent is respected and achievement rewarded. We look at the future with optimism. On reflection, the one thing that is clear is that the wondrous rise and the outstanding achievements would not have been possible without your understanding, encouragement and continuing support. It has given your company stability, sense of direction and shared vision of the future. We believe in building

relationships through trust and faith in a manner which is totally transparent. Our ethics and code of behavior are not negotiable; we respect the rights and dignity of the human being and believe in every individual's limitless ability to excel. These are values which have endured since the company was founded. I would like to thank our people, across the world, who have helped us grow in a virtuous fashion. My sincere thanks to the Board, whose sagacious advice has kept us on the path of progress, and lastly, our trade associates, who have made everything possible by their dedication and commitment.

Thanking you,

Yours truly  
Mohan Das Gurnani  
Chairman





# DIRECTOR'S REPORT

**Dear Shareowners,**

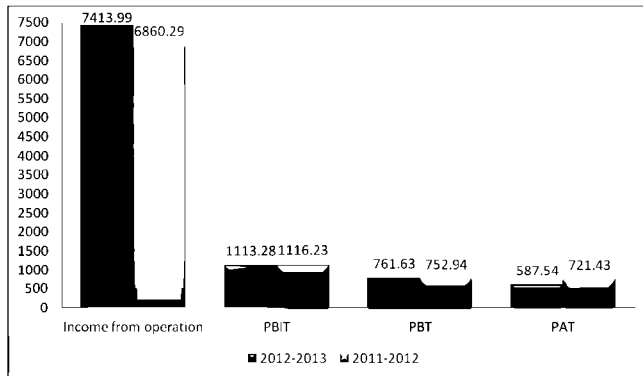
Your Director's have great pleasure in presenting you the 6<sup>th</sup> Annual Report of the Company together with the Audited Accounts for the financial period from April 1, 2012 to March 31, 2013.

## 1. Financial Results

(Rs. in Lacs)

Particulars	Consolidated		Standalone	
	2012-2013	2011 - 12	2012-2013	2011 - 12
<b>Income from operation</b>	<b>7413.99</b>	<b>6860.29</b>	<b>7413.99</b>	<b>6860.29</b>
Profit before Interest/ Depreciation/ Tax (PBDIT)	1113.28	1116.23	1113.37	1117.21
Less: Interest & Financial Charges	245.17	257.64	245.17	257.64
Less: Depreciation	106.48	105.65	106.48	105.65
<b>Profit Before Tax (PBT)</b>	<b>761.63</b>	<b>752.94</b>	<b>761.72</b>	<b>753.92</b>
Less: Provision for Taxation	174.09	31.52	174.09	31.52
-Current	-	-	-	-
-Deferred	-	-	-	-
<b>Profit after Taxation (PAT)</b>	<b>587.54</b>	<b>721.43</b>	<b>587.64</b>	<b>722.41</b>
<b>Balance Carried Forward</b>	<b>587.55</b>	<b>721.59</b>	<b>587.64</b>	<b>722.41</b>

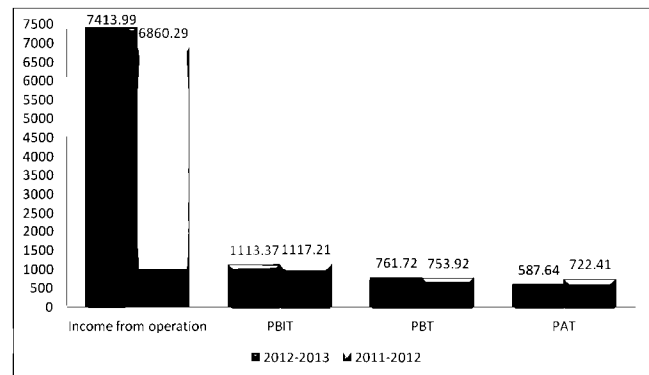
### Consolidated Financial Results for the year ending 2012 and 2013 :-



During the year under review on consolidated basis our Company earned an income of Rs. 761.63 Lacs against Rs. 752.94 Lacs in the previous year. The Company earned profit after tax of Rs.587.54 Lacs as compare to Rs. 721.43 Lacs in the previous year. PAT reduced due to increase in the tax liability after the completion of first 5 years in which the Company was enjoying 100% tax benefits, now it is 30%. The Company had Income from operation of Rs. 7413.99 Lacs as compared to Rs. 6860.29 Lacs in previous year. The Profit before Interest/Depreciation/Tax

(PBIT) was Rs. 1113.28 Lacs as compared to Rs. 1116.23 Lacs in previous year.

### Standalone Financial Results for the year ending 2012 and 2013:-



During the year under review on standalone basis our Company earned an income of Rs. 761.72 Lacs against Rs. 753.92 Lacs in the previous year. The Company earned profit after tax of Rs.587.64 Lacs as compare to Rs. 722.41 Lacs in the previous year. PAT reduced due to the increase of the tax liability after the completion of first 5 years in which the Company was enjoying 100% tax benefits, now it is 30%. The Company had Income from operation of Rs. 7413.99 Lacs as compared to Rs. 6860.29 Lacs in previous year. The Profit before Interest/ Depreciation/Tax (PBIT) was Rs. 1113.37 Lacs as compared to Rs. 1117.21 Lacs in previous year.

## 2. Dividend

The Board of Directors has decided not to recommend any dividend for the year ended on 31<sup>st</sup> March, 2013.

## 3. Business Operations

Your Company is an ISO 9001:2008 certified company, engaged in the manufacture and sale of wires & cables and electrical accessories in India. The product portfolio ranges from





industrial cables, stand cables to telephone & co-axial wires, from general switches to modular switches, from ceiling fans to rechargeable fans, compact fluorescent lamps and other electrical accessories. Your Company supply these products under the brands “VETO” and “VIMAL POWER” through large network of dealers to the customers in India as well as selected customers abroad.

**i. Raw Material**

Your Company's present and proposed consumption of Raw material is as under:

Product category	Existing	Proposed
Copper	451.57 MT	525 MT
PVC Resin	553.61 MT	600 MT
Polycarbonate Powder	24 MT	30 MT

**ii. Infrastructure facilities**

➤ **Power**

Presently, we have 400 KVA of power supply sanctioned by Uttarakhand Power Corporation Limited, of which we utilize approximately 300 KVA of power for our present business operations. In addition, to avoid any disruption in the power supply, our Company has already installed a DG set of 250 KVA capacity. Therefore, we envisage that our further requirement of power for our proposed modernization at our Haridwar facility can be easily met from the present supplies.

➤ **Fuel**

Our Company mainly requires HSD for operating the DG sets. The present monthly consumption of HSD is about 1,000 litres. The HSD is being supplied by retail outlets of IOC, HPCL and BPCL.

➤ **Water**

Water is basically required for drinking and other domestic purpose. Our present

requirement at our Haridwar unit is about 5,000 litres per day. Our entire water requirement is met from our own borewell. The water supply is regular and sufficient to meet entire requirements. The proposed modernization at our Haridwar facility will require additional 2,000 litres of water per day. There is no difficulty in obtaining this because of the presence of a number of borewell and the water level in the area being high due to proximity to nearby canal and a river, Ganga.

➤ **Manpower**

Our Company has adequate manpower at all levels at present and does not envisage any difficulty in getting the requisite personnel for our business operations at existing locations. Following are the details of our manpower:

Category	Nos.
Top management	6
Managerial & Supervisory staff	56
Office staff	50
Skilled workers	52
Unskilled workers	318
<b>Total</b>	<b>482</b>

We propose to add approximately 25 Skilled and 75 Unskilled workers after our proposed modernization at our Haridwar facility.

➤ **Effluent Treatment and Disposal**

Our Company does not generate any industrial effluents which is hazardous to the environment. The waste produced during the manufacturing operations is re-used or recycled.

➤ **Environmental Clearance**

We have got all the necessary approvals from the local authorities to operate our business.

➤ **Our Strategy**

Further research in process and product







engineering to ensure the best manufacturing process for our products in order to enhance competitiveness in the markets is one of our goals. Research and development in electrical accessories and other allied products will better enable a competitive position in the market. Further enhancement of operations by improving the existing assets to yield better output and installation of new assets to enhance and attract new markets are also in the horizon.

#### ➤ Capacity and capacity utilization

Particulars	Projected		Actual
	FY 2012-13	FY 2013-14	FY 2012-13
<b>Wires &amp; Cables</b>			
Installed Capacity	14.08 lacs bundles	14.08 lacs bundles	14.08 lacs bundles
Capacity Utilization (in %)	39.06	42.61	40.48
Production	5.50 lacs bundles	6.00 lacs bundles	5.70 lacs bundles
<b>Electrical Accessories</b>			
Installed Capacity	380 lacs pieces	380 lacs pieces	380 lacs pieces
Capacity Utilization (in %)	25.26	36.84	31.47
Production	96.00 lacs pieces	140.00 lacs pieces	119.60 lacs pieces

#### ➤ Insurance

Our Company has taken up a range of insurance policies including:

1. Fire policies for our units, buildings and offices, raw materials, work-in-progress and finished goods;
2. Marine policy for transit of raw materials and finished products in India and Marine Export policy;
3. Accidental & Health insurance facility for field staff;
4. Gratuity policy;

These insurance policies are reviewed annually to ensure that the coverage is adequate. All the policies are in existence and the premiums have been paid thereon.

#### 4. IPO proceeds and Deployment of funds

Your Company has successfully come up with an IPO on December 13, 2012 and listed on EMERGE in NSE.



The issue size was Rs. 25,00,50,000/- (Twenty Five Crores Fifty Thousand only) consisting of 50,01,000 (Fifty Lakh One Thousand only) Equity Shares offered at Rs. 50/- (Face value of shares Rs. 10/- per share and premium of Rs. 40/- per share. The issue open and close date were December 3, 2012 and December 5, 2012 respectively.

The detail of proceeds of IPO is as under:

Sl. No.	Particulars	Amount (Rs. in Lacs)
A	Proceeds of Issue	2500.50
B	Internal Accruals	49.50

As per RHP, the Proceeds of Issue were Rs. 2500 Lacs and Internal Accruals were Rs. 50 Lacs. However, due to lot size of 3000 Equity shares, IPO proceeds came to Rs. 2500.50 Lacs and therefore internal accruals get reduced by Rs. 0.50 Lacs.

The project covers Modernisation of existing facility at Haridwar amounting Rs. 470 Lacs, Working capital requirement amounting Rs. 1580 Lacs, Enhancement of our Company's brand through advertising and other Brand Building activities amounting Rs. 200 Lacs, General Corporate purposes amounting Rs. 100 Lacs and to meet the issue expenses amounting Rs. 200 Lacs.





Sl. No.	Particulars	Amount (Rs. In Lacs)
1	Modernisation of existing facility at Haridwar	470.00
2	Working capital requirement	1580.00
3	Enhancement of our Company's brand through advertising and other Brand Building activities	200.00
4	General Corporate purposes	100.00
5	To meet the issue expenses	200.00
	<b>Total</b>	<b>2550.00</b>

As required under clause 52 (IV) (D) of SME Equity Listing Agreement, the utilization of IPO proceeds are being reported on half-yearly basis published by the Company after the same is reviewed by the Audit Committee.

The detailed description with respect to deployment of funds and explanation as per Clause 45 (c) of SME Listing Agreement is given in **Annexure I** of this report.

#### 5. Depository System

Your Company's Equity Shares are available in dematerialized form through The National Stock Exchange of India Limited (NSDL) and The Central Depository Services of India (India) Limited (CDSL). As per the Securities and Exchange Board of India (SEBI) Circular No. : Cir/ISD/3/2011 dated June 17, 2011 on "trading rules and shareholding in dematerialized mode", all Listed Companies have to achieve 100% of their promoters and promoter group's holding in dematerialized form latest by quarter ended September 2011. Accordingly, all shares post IPO, of the Company are held in demat form.

#### 6. Awards and Recognition

Your Company has been awarded for Quality Brands India 2013-15, on 28.03.2013. Further, Mr. Vishnu Kumar Gurnani, Managing Director of the Company has been awarded with Rashtriya Udyog Ratna Award on 28.03.2013.



On April 18, 2013 India SME Forum felicitated our Organisation at India SME 100 Awards which was presented by Hon'ble CMD of THE BANK OF INDIA & supported by the Union Ministry of the Small and Medium Enterprises. Your Organisation have passed all the stringent evaluation processes & criteria laid down by the Jury Board of the India SME 100 Awards and has emerged WINNER as one of the top 100 SME's of INDIA amongst an overwhelming 42,623 nominations being filed by SMEs for the honor of being one of the top 100 SMEs in India.



#### 7. Change in directorship during the year

During the financial year 2012-13, Mr. Narayan Das Gurnani was ceased to be director of the Company on and from August 4, 2012. Apart from that there were certain appointments in capacity of directors as managing director, whole-time director and independent director. The detail has been given below:

