

December 31, 2025

Veto Switchgears and Cables Limited: Ratings reaffirmed

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long term- Fund based - Cash credit	40.00	40.00	[ICRA]BBB+ (Stable); reaffirmed
Short term- Non-fund-based - Others	2.00	2.00	[ICRA]A2; reaffirmed
Total	42.00	42.00	

*Instrument details are provided in Annexure I

Rationale

The reaffirmation of the ratings factors in Veto Switchgears and Cables Limited's (VSCL/the company) moderate market position in the wires and cables business with major presence in Rajasthan and growing presence in other states and its diversified product portfolio.

The ratings derive comfort from VSCL's established brand presence, particularly in Rajasthan, and a wide network of dealers and distributors, ensuring efficient sales and distribution. The ratings also factor in the company's comfortable financial profile with a healthy net worth and nil reliance on external debt, resulting in comfortable debt coverage indicators. The company is also working towards expanding its product portfolio by foraying into the consumer durables segment. Given the high competitive intensity in the segment, ICRA will continue to monitor the ramp-up of the sales and the investments required to expand the business.

The ratings, however, remain constrained by the company's moderate scale of operations and a modest operating profit margin profile on account of the intense competition faced by it from both organised and unorganised players along with the exposure of the profit margin to the volatility in the prices of key raw materials.

ICRA notes that the company's operations are also working capital intensive on account of the high inventory and receivable position. The ratings also factor in the intensely competitive wires and cables business, which results in pricing pressure for all industry participants.

The Stable outlook on the rating reflects ICRA's opinion that VSCL's operations, sales turnover and profitability would remain stable by virtue of its established presence in the business and a wide distribution channel.

Key rating drivers and their description

Credit strengths

Wide range of products offers revenue diversity - VSCL is involved in the manufacturing of wires and cables (standard cables, telephone and co-axial wires) and electrical accessories (general switches, modular switches, extension cord, isolator boxes and others) for nearly two decades. It is also involved in the trading of products like ceiling fans, compact fluorescent lamps (CFL), LED lights and others which are outsourced and produced under its own brand name. Additionally, the company is also expanding its product portfolio by entering the consumer durable segment, introducing mixers, geysers, fans etc. The same is being introduced under a new brand and a subsidiary of VSCL. ICRA will continue to monitor the revenue ramp-up and investments in the business, going forward. The wide range of products which the company deals with provide it with a well-diversified revenue base.

Wide distribution network - The company has a wide distribution network in Rajasthan, Uttar Pradesh, Madhya Pradesh and other states with around 12 depots across the country. The depot in each location caters to all the requirements of that particular region. The company has a wide distribution network of around 4,000 dealers (2,500 in VSCL and 1,500 in VMPL) across India under the brand name of Veto and Vimal Power.

Comfortable capital structure and coverage indicators - The company has a comfortable capital structure with a healthy tangible net worth of Rs. 266.4 crore as on March 31, 2025, and limited reliance on external debt. The company has comfortable debt coverage metrics with interest coverage ratio of 19.3 times and DSCR of 1.9 times in FY2025. ICRA notes that the company's operations are working capital-intensive and any incremental requirement of external debt in the form of working capital borrowings or unsecured loans may negatively impact its debt coverage indicators.

Credit challenges

Moderate scale of operations and modest operating margin profile - VSCL's scale of operations has remained moderate, reflected in a turnover of Rs. 300.4 crore for FY2025. The company is looking to ramp up sales in the new segments under the subsidiaries, which if successful may improve the scale of operations. The company's revenue base is largely concentrated in Rajasthan, accounting for over 60% of the total revenue over the past fiscals. However, the company has been trying to expand its visibility in UP, Maharashtra and the southern parts of India. The company's operating profit margin profile is modest with an operating profit margin of 10.5% in FY2025, in line with 10.3% in FY2024. The operating profit margin was impacted by the fluctuations in commodity prices during the year coupled with restrictions on its pricing power because of intense competition.

Working capital-intensive operations - The company's operation is working capital-intensive, resulting in high working capital intensity at 73% in FY2025, on account of the stretched receivables and high inventory. The company sells its products mainly through dealers and distributors and extends them a credit period of three-four months. Further, the company needs to maintain high inventory levels, given the wide range of products in which the company deals.

Intense competition from both organised and unorganised players - The company faces stiff competition from both organised and unorganised players supplying wires and cables, which limits its pricing flexibility and bargaining power with customers, exerting pressure on its revenues and margins. Further, the company faces competition from peers and contract manufacturers for branded players.

Environmental and social risks

Environmental considerations - VSCL is primarily involved in the manufacturing of wires, cables, switches and other accessories and does not generate any industrial effluents which are hazardous to the environment. The waste produced during the manufacturing process is re-used and/or recycled. The company ensures compliance with the Restriction of Hazardous Substances (RoHS) in all its products like CFLs, cables, PCBs, etc. across the product life cycle. The company has been taking various steps towards the conservation of energy through the adoption of energy conservation measures at its plants.

Social considerations - The company is committed to ensuring the safety and security of its employees through environment-friendly workplaces and an inclusive work culture. The company has been taking various initiatives to ensure a diversified and inclusive workplace with equal opportunities and provide adequate training and development opportunities to its employees.

Liquidity position: Adequate

The company has an adequate liquidity position, supported by cash and bank balances of Rs. 1.4 crore as on March 31, 2025. The company's working capital limits include a cushion of around Rs. 25 crore, which adds comfort to its overall liquidity.

position. Going forward, the overall liquidity position is expected to remain adequate as the moderate capex plans are expected to be funded largely by internal accruals.

Rating sensitivities

Positive factors – ICRA may upgrade the ratings if there is a sustained improvement in the sales turnover and profitability margins coupled with an improvement in the working capital management. Specific credit metrics that could lead to an upgrade include an improvement in both the debtor and inventory days to 150 days on a sustained basis.

Negative factors – ICRA could downgrade the ratings if there is a decline in the profitability margins, or a deterioration in the working capital parameters, weakening the financial risk profile. Any large investment or loans and advances to related parties, which may have an adverse impact on the credit profile of VSCL, shall also remain a negative trigger.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology
Parent/Group support	Not applicable
Consolidation/Standalone	The ratings are based on the consolidated financials

About the company

VSCL was initially established as a partnership firm, named Veto Industries, involved in the manufacturing of wires and cables. In April 2007, the name of the firm was changed to Veto Switchgears and Cables. Subsequently, in June 2007, the firm became a private limited entity, and its name was changed to Veto Switchgears and Cables Private Limited. The company was listed on NSE Emerge in December 2012 and thereafter on the main board of the NSE in April 2015. Over the years, the company has significantly diversified its product profile. At present, it manufactures wires and cables (industrial cables, standard cables, telephone and coaxial wires) and electrical accessories (general switches, modular switches, extension cord, isolater boxes and others) and trades in ceiling fans, LED lights and others. The company has manufacturing facilities at Haridwar (Uttarakhand) and in Mumbai.

Key financial indicators (audited)

Veto Switchgears and Cables Limited (Consolidated)	FY2024	FY2025	H1FY2026*
Operating income	300.1	300.4	153.6
PAT	18.1	21.8	9.5
OPBDIT/OI	10.3%	10.5%	9.5%
PAT/OI	6.0%	7.3%	6.2%
Total outside liabilities/Tangible net worth (times)	0.2	0.2	0.3
Total debt/OPBDIT (times)	0.7	0.7	0.5
Interest coverage (times)	7.5	19.3	14.8

Source: Company, ICRA Research; * Limited Review; All ratios as per ICRA's calculations; Amount in Rs. crore

PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Current (FY2026)				Chronology of rating history for the past 3 years					
				FY2025		FY2024		FY2023	
Instrument	Type	Amount rated (Rs. crore)	Dec 31, 2025	Date	Rating	Date	Rating	Date	Rating
Fund based - Cash credit	Long term	40.00	[ICRA]BBB+ (Stable)	Sep 11, 2024	[ICRA]BBB+ (Stable)	Jun 30, 2023	[ICRA]BBB+ (Stable)	-	-
Non-fund based - Others	Short term	2.00	[ICRA] A2	Sep 11, 2024	[ICRA] A2	Jun 30, 2023	[ICRA]A2	-	-

Complexity level of the rated instruments

Instrument	Complexity indicator
Fund based – Cash credit	Simple
Non-fund based – Others	Simple

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: [Click here](#)

Annexure I: Instrument details

ISIN	Instrument name	Date of issuance	Coupon rate	Maturity	Amount rated (Rs. crore)	Current rating and outlook
NA	Long term - Fund based - Cash credit	-	-	-	40.00	[ICRA]BBB+ (Stable)
NA	Short term- Non-fund-based- Others	-	-	-	2.00	[ICRA] A2

[Please click here to view details of lender-wise facilities rated by ICRA](#)

Annexure II: List of entities considered for consolidated analysis

Company	Ownership	Consolidation approach
Veto Switchgears and Cables Limited	100.00% (rated entity)	Full consolidation
Veto Electricals Private Limited	100.00%	Full consolidation
Veto LED Lighting Private Limited	100.00%	Full consolidation
Veto Overseas Private FZE	100.00%	Full consolidation
Vankon Modular Private Limited	95.50%	Full consolidation

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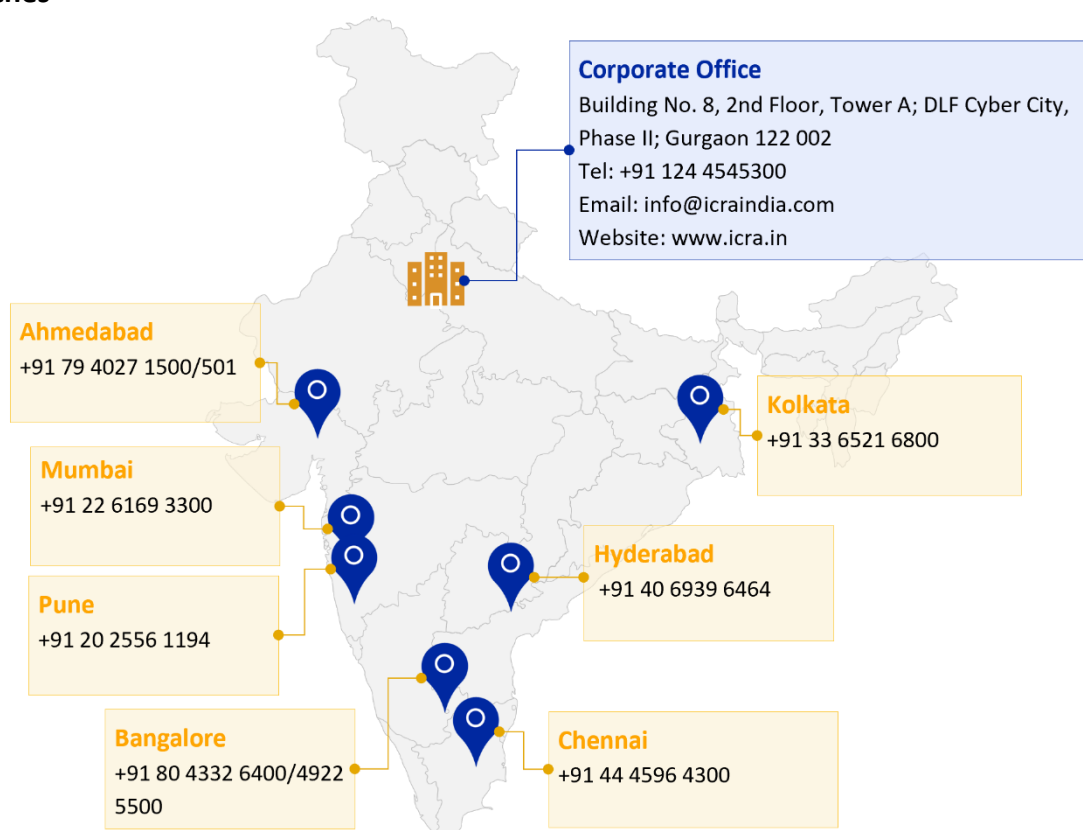
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