



VERITAS (INDIA) LIMITED

26th Annual Report

2010 - 2011

BOARD OF DIRECTORS

Mr. Nitin Kumar Didwania
Ms. Alpa Parekh
Mr. Saurabh Sanghvi
Mr. Ratan Moondra
Justice S. S. Parkar (Retd.)

Chief Financial Officer:

Mr. Girish Zaveri

Company Secretary

Mr. Hanoz Chinoy

Registered Office

701 Embassy Centre,
Nariman Point,
Mumbai- 400 021
Tel no. 022-22824444
Fax no. 022-22824440
E-mail: corp@veritasindia.net

Auditors

M/s. Shabbir S. Bagasrawala,
Chartered Accountants

Bankers

Punjab National Bank
State Bank of India
ICICI Bank Ltd.
Axis Bank Ltd.
Federal Bank Ltd.
South Indian Bank Ltd.

Registrars & Share Transfer Agents

M/s. Universal Capital Securities Pvt. Ltd.
(Formerly known as "Mondkar Computers Pvt. Ltd.")
21, Shakil Niwas,
Opp. Satya Saibaba Temple,
Mahakali Caves Road,
Andheri (E)
Mumbai – 400 093

Tel No. 022-28207203
Fax No. 022-28207207

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DIRECTORS' REPORT

To,
The Members,
Veritas (India) Limited

Your Directors have pleasure in presenting the Annual Report of the Company together with the Audited Statements of Accounts for the year ended 31st March, 2011.

FINANCIAL RESULTS

The Financial Results for the year ended 31st March, 2011 are summarized below:

	(Rs. in Lacs)			
	Standalone		Consolidated	
	<u>2010-2011</u>	<u>2009-2010</u>	<u>2010-2011</u>	<u>2009-2010</u>
Turnover	21013.45	11175.36	61573.92	22021.77
Profit before Tax	375.18	129.03	2590.72	720.22
Less: Provision for Taxation				
- Current Tax	76.57	20.50	78.02	20.50
- Deferred Tax	78.77	68.60	78.77	68.60
- Income Tax adjustment of earlier years	6.63	-	6.63	-
Profit after Tax	213.21	39.93	2427.30	631.12
Add: Balance in Profit & Loss Account brought forward	85.77	45.84	794.64	163.52
Profit available for Appropriation	298.98	85.77	3221.94	794.64
Less:				
- Proposed Dividend	12.11	-	12.11	-
- Dividend Distribution Tax	2.01	-	2.01	-
Balance transferred to Balance Sheet	284.86	85.77	3207.82	794.64
Earnings per Share of Re. 1/- each w.e.f. 29 th June, 2010 (Previous Year Face Value Rs. 10/- per share)	0.88	3.93	10.03	62.15

OPERATIONS

During the financial year ended 31st March, 2011 the consolidated turnover increased to Rs. 615.74 crores as compared to Rs. 220.22 crores in the previous year, an increase of about 180%. Similarly, Net Profit after tax increased substantially from Rs. 6.31 crores in the previous year to Rs. 24.27 crores an increase of about 285%.

DIVIDEND

Your Directors have recommended a dividend of 5 (Five) paise per Equity Share of Re. 1/- each for the Financial Year ended 31st March, 2011. The Dividend is payable subject to the approval of the Members at the ensuing Annual General Meeting of the Company.

WINDMILL PROJECT

During the year, the revenues from generation of power through Wind Energy have substantially increased from Rs. 29 lacs to Rs. 49 lacs, an increase of 69%. We expect the revenues to rise at a steady rate from such non-conventional source of energy.

CORPORATE GOVERNANCE

The Corporate Governance and Management Discussion and Analysis Reports form an integral part of this report and are set out as separate Annexures to this Report. The Certificate from Auditors of the Company, certifying compliance of the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement, is annexed to the Report on Corporate Governance.

DIRECTORS

Ms. Alpa Parekh and Mr. Saurabh Sanghvi, Directors retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for reappointment.

AUDITORS

The Auditors, M/s. Shabbir S. Bagasarawala, Chartered Accountants, Mumbai, retire at the conclusion of the ensuing Annual General Meeting and being eligible, have offered themselves for re-appointment. They have furnished a certificate to the effect that their re-appointment, if made, would be within the limits prescribed under Section 224 (1B) of the Companies Act, 1956 and that they are not disqualified for reappointment under Section 226 of the said Act.

SUBSIDIARIES

The Annual Accounts of M/s. Veritas FZE and M/s. Veritas Global PTE Limited, Wholly Owned Subsidiaries of the Company are open for inspection at the Registered Office of the Company upto the date of the Annual General Meeting.

CONSOLIDATED FINANCIAL STATEMENTS

In compliance with the Accounting Standard 21 on Consolidated Financial Statements, this Annual Report also includes the audited Consolidated Financial Statements for the financial year 2010-2011.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement under Section 217 (2AA), your Directors confirm that they had:-

- i) followed the applicable accounting standards in the preparation of the annual accounts.
- ii) selected such accounting policies and applied them consistently, made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as on 31st March 2011 and of the profit of the Company for the year ended 31st March 2011.
- iii) taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, for safeguarding the assets of the Company, preventing, detecting fraud and other irregularities.
- iv) prepared the annual accounts for the Financial year ended 31st March, 2011 on a going concern basis.

DEPOSITS

The Company has not invited nor accepted any Deposits from the public under the Companies (Acceptance of Deposits) Rules, 1975 read with Section 58A of the Companies Act, 1956.

PARTICULARS OF EMPLOYEES

The Company has no such employee as would be covered under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION & FOREIGN EXCHANGE EARNINGS AND OUTGO

A Statement giving details of Conservation of Energy, Technology absorption and Foreign Exchange Earnings and Outgo as per Section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 and forming part of this Report is annexed herewith.

ACKNOWLEDGEMENT

Your Directors wish to place on record their sincere appreciation for the support and co-operation received from the Government authorities, bankers, customers, employees, suppliers and Members during the year under review. Your Directors also wish to place on record their deep sense of appreciation for the dedicated efforts of the employees of the Company.

For and on Behalf of the Board of Directors

Sd/-

PLACE: Mumbai
DATE: 30th May, 2011

(Nitin Kumar Didwania)
CHAIRMAN

ANNEXURE TO DIRECTORS' REPORT

Information as required under Section 217(1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 forming part of the Directors' Report for the year ended 31st March, 2011

1. Part A and B pertaining to conservation of energy and technology absorption are not applicable to the Company.
2. Foreign Exchange Earnings and Outgo

Total Foreign Exchange Earnings and Outgo for the financial year is as follows:

- a. Total Foreign Exchange earnings: Rs. 11,96,01,470/-
- b. Total Foreign Exchange outgo: NIL
- c. Activities relating to exports:

The Company has taken various initiatives for development of export markets for sale of various products in the International market to increase its foreign exchange earnings.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

1. Industry Structure and Development

The Company is engaged in the business of imports, export, trading and distribution of chemicals, metals and machinery. The Company is also engaged in the generation of wind energy. India continues to be the second fastest growing economy in the Asia Pacific region. Despite the global meltdown effect of the past two years, the growth rate of Indian economy is estimated to be around 8%. The overall scope of imports and exports has risen considerably given the growth of the Indian Economy and robust demand for Chemical and Petro-chemical products in the developing countries. The Chemical Industry is growing at a rate of 8% per annum and given the fiscal stimulus accorded by the Government, it is expected that your Company will increase its turnover over 50% in the financial year 2011-2012. Your Company also has a well developed and robust logistic and marketing network which affords the buyers in the multiple choice of chemical products at reasonably competitive rates. The Chemical Industry and particularly the petro-chemical industry is at an upswing due to global rehabilitation and revival of economies of developed countries. The Government's fiscal incentives for wind power generation will provide sufficient boost for wind power project.

2. Opportunities & Threats

Opportunities:

Given the tremendous growth of chemical industry and in particular the Petro- chemical industry the Management feels the Company is in good stead to further develop and enter into various global markets.

Threats:

The Global inflation effect on costs especially the cost attributed to the logistic and supply chain management and forex fluctuations are likely threats having the effect of eroding the margins to some extent.

3. Outlook

The management is quite positive on its outlook in terms of revenue in the coming period as the Indian Economy has been doing quite well and the global markets have responded well to the products traded by the Company. With the re-emergence of healthy economic environment, barring unforeseen circumstances, your Company is optimistic and confident to receive orders for its products and given the current financial performance of the Company; the Board is confident in its outlook for future that the Company shall grow substantially over and above its demonstrated growth in terms of turnover and profits.

The Company's business of power generation through wind mills, being a non- conventional source of energy, set up in the State of Maharashtra and Tamil Nadu have generated a revenue of Rs. 49.15 lakhs for the period ended 31st March, 2011 a rise of about 70 % over the previous year and the management is confident of steady growth over the coming period.

4. Risk and Concerns

- The margins could come under pressure due to increase in logistic costs and other expenses.
- Competition from mass exporting countries like China where manufacturing costs are quite low.
- Adverse fluctuation in forex rates.

The Company evaluates and monitors all risks associated with various areas of operations such as sales, marketing, inventory management, debtor's management, insurance, supply chain management, legal and other issues having a material impact on the financial health of the Company on a regular basis with a view to mitigate the adverse impact of the risk factors.

5. Internal Control Systems

The Company has an internal control system in place which is commensurate with its size and nature of its business. The internal control system ensures that all the assets of the Company are safeguarded from loss, damage or unauthorized disposition. Checks and controls are in place to ensure that transactions are adequately authorised and recorded and reported correctly to the concerned personnel.

6. Financial Performance with respect to Operational Performance:

During the year Sales have grown by approximately 88.03% and Net Profit after Tax was up by approximately 433.96% in comparison with the previous year.

Your Company has a low debt equity ratio and is well placed to take care of its borrowings availed by way of credit facilities and Term Loan.

7. Human Resource Management

The Company provides suitable environment for development of leadership skills which enables it to recruit and retain quality professionals in all fields. The employer- employee relationship is cordial and mutually supporting at all levels.