

# VERITAS (INDIA) LIMITED



28<sup>th</sup> Annual Report  
2012 - 2013

## **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. Rajaram Shanbhag

## **Company Secretary**

Mr. Mukesh Tank

## **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****Dear Shareholders,**

Your Directors are pleased to present the Twenty Eighth Annual Report of the Company together with the Audited Statements of Accounts for the year ended 31<sup>st</sup> March, 2013.

**FINANCIAL RESULTS**

The financial performance of the Company, for the year ended 31<sup>st</sup> March, 2013 is summarised below:

**(Figures in Lacs)**

Particulars	Standalone		Consolidated	
	2012-2013	2011-2012	2012-2013	2011-2012
Turnover	33,965.61	30,705.44	91,415.62	79,020.01
Profit before Tax	835.84	736.75	2,084.90	1,560.42
<b>Less: Provision for Taxation</b>				
- Current Tax	169.01	148.00	169.01	148.00
- Deferred Tax	(9.69)	62.68	(9.69)	62.68
- Income Tax adjustment of earlier years	-	0.16	-	0.16
Profit after Tax	676.52	525.91	1,925.58	1,349.58
<b>Add: Balance in Profit &amp; Loss Account brought forward</b>	810.77	284.86	4,387.68	3,038.10
Profit available for Appropriation	1,487.29	810.77	6,313.26	4,387.68
<b>Less: Dividend</b>				
- Proposed Dividend	12.11	-	12.11	-
- Dividend Distribution Tax	1.96	-	1.96	-
Balance transferred to Balance Sheet	1,473.22	810.77	6,299.20	4,387.68
Earnings per Share of Re. 1/- each	2.79	2.17	7.95	5.57

**OPERATIONS**

Financial Year 2012-13 witnessed to be the challenging year of economic uncertainties. Despite these constraints and challenging environment, your Company has performed well and the financial highlights are as under:

- Standalone Turnover increased by 10.62 % to Rs. 33,965.61 Lacs as compared to previous year of Rs. 30,705.44 Lacs
- Consolidated Turnover increased by 15.69 % to Rs. 91,415.62 Lacs as compared to previous year of Rs. 79,020.01 Lacs
- Standalone Profit after Tax increased by 28.64% to Rs. 676.52 Lacs as compared to previous year of Rs. 525.91 Lacs
- Consolidated Profit after Tax increased by 42.68% to Rs. 1,925.58 Lacs as compared to previous year of Rs. 1,349.58 Lacs

### **DIVIDEND**

Your Directors have recommended a dividend of 5 (Five) paise per Equity Share of Re. 1/- each for the Financial Year ended 31<sup>st</sup> March, 2013. The Dividend is payable subject to the approval of the Members at the ensuing Annual General Meeting of the Company.

The dividend will be paid to members whose names appear in the Register of Members as on the book closure date; in respect of shares held in dematerialised form, it will be paid to members whose names are furnished by National Securities Depository Limited and Central Depository Services (India) Limited, as beneficial owners as on that date.

The dividend payout for the year under review has been formulated in accordance with shareholders' aspirations and the Company's policy to pay sustainable dividend linked to long term growth objectives of the Company to be met by internal cash accruals.

### **WINDMILL PROJECT**

During the year, the revenue from generation of power through Wind Energy has increased from Rs. 80.62 lacs to Rs. 88.32 lacs, an increase of 9.55%. We expect the revenue to rise at a steady rate from such non-conventional source of energy.

### **SUBSIDIARIES**

Your Company has incorporated a new wholly owned subsidiary in UAE "M/s. Veritas International FZE" during the year. The above Subsidiary Company has performed well and contributed substantially to the growth of the Company during the Current year.

As on 31<sup>st</sup> March 2013, Your company own following wholly owned overseas subsidiary companies

M/s. Veritas FZE, incorporated in UAE

M/s. Veritas Global PTE Limited, incorporated in Singapore

M/s. Veritas International FZE, incorporated in UAE

The Ministry of Corporate Affairs, the Government of India has vide Circular No. 2/2011 dated 8<sup>th</sup> February, 2011 granted general exemption subject to fulfillment of certain conditions from attaching the Balance Sheet of the Subsidiaries to the Balance Sheet of the Company without making an application for exemption. Accordingly, the Balance Sheet, the Statement of Profit and Loss Account and other documents of the subsidiary companies are not being attached with the Balance Sheet of the Company.

Financial information of the Wholly Owned Subsidiaries of the Company is disclosed in the Annual Report and the Annual Accounts of the Subsidiaries of the Company and 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 2012-2013.

**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**

Justice S. S. Parkar (retired) and Ms. Alpa Parekh Directors of the Company 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.

**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 31<sup>st</sup> March 2013 and of the profit of the Company for the year ended 31<sup>st</sup> March 2013.
- 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 31<sup>st</sup> March, 2013 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**

As the Company is a Trading Company, the information regarding compliance of Rules relating to conservation of Energy and Technology Absorption pertaining to Section 217 (1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of particulars in the Report of the Board of Directors) Rules, 1988 are not applicable to the Company.

.However your Directors have taken proper care to conserve the energy during the year under review.

### **FOREIGN EXCHANGE EARNINGS AND OUTGO**

(Figures In Lacs)

Particulars	Year Ended 31.03.2013	Year Ended 31.03.2012
EARNINGS		
Dividend	774.56	904.49
<b>TOTAL</b>	<b>774.56</b>	<b>904.49</b>
OUTGO		
CIF Value of Imports		
Traded Goods	164.10	235.61
<b>TOTAL</b>	<b>164.10</b>	<b>235.61</b>

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

### **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**

sd/-

PLACE: Mumbai

**Nitin Kumar**

DATE: 30/05/2013

**Chairman**

## **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 and metals. The Company is also engaged in the generation of wind energy. The global meltdown of the past three years had the effect on the Indian economy also. India's GDP growth slowed to around 5% during the Financial Year 2012 - 2013 the lowest in a decade.

#### **Chemical Industry**

Chemical Industry in India has graduated from manufacturing principal chemicals in a highly regulated market to being a mature industry in a liberalized economy. Also Chemical Industry is critical for the economic development of any country, as it provides products and technical solutions in virtually all the sectors of the economy.

In India the chemical industry is among the fastest growing Industry. The bulk of chemicals produced in India comprise either upstream products or intermediates, which go into a variety of manufacturing applications including fertilizers, pharmaceuticals, textiles and plastics, agrochemicals, paints and dyes.

With Asia's growing contribution to the global chemical industry, India has emerged as one of the focus destinations for chemical companies worldwide.

It is expected that your Company will increase its turnover substantially in the financial year 2013-2014. Your Company also has a well developed and robust logistic and marketing network which affords the buyers in the multiple choices of chemical products at reasonably competitive rates.

#### **Wind Energy**

Energy security and sustainable development are high on the global agenda due to the impact of volatile energy prices, high demand for energy and concerns over environmental sustainability. New and renewable energy technologies are considered to be one of the viable options to meet the challenge of achieving sustainable development while conserving natural resources that have been depleted due to the rapid growth in population, urbanization and fossil fuel consumption.

The largest component of renewable generation capacity is wind power. Wind energy not only offers both a power source that completely avoids the emission of carbon dioxide, the main Green

House Gas (GHG), but also produces none of the other pollutants associated with either fossil fuel or nuclear generation.

The Government's fiscal incentives for wind power generation will provide sufficient boost for wind power project.

## 2. **Opportunities & Threats**

### **Opportunities:**

Given the substantial 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, cheaper substitutes by mass producing countries like China on account of low labour costs 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 economies all over the world are slowly recovering and it is expected that the global markets will respond well to the products traded by the Company. With beginning of the re-emergence of healthy economic environment, barring unforeseen circumstances, your Company is optimistic and confident to receive large demands 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. 88.32 lacs for the period ended 31<sup>st</sup> March, 2013 a rise of about 9.55 % 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 and Taiwan where manufacturing and labour costs are quite low.
- Adverse fluctuation in forex rates.



- Recession in the European countries and slow growth of United States of America's (USA) economy.

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 consolidated Sales & other income have grown by approximately 15.20 % and consolidated Net Profit after Tax has increased by around 42.68% 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.

**8. Cautionary Statement**

Certain statements in the Management Discussion and Analysis Report describing the Company's objectives, projections, estimates, expectations or predictions may be forward- looking statements within the meaning of applicable laws and regulations. Actual results could differ from those expressed or implied.

**For and on Behalf of the Board**

sd/-

**Nitin Kumar**  
**Chairman**

**PLACE: Mumbai**

**DATE: 30/05/2013**

## REPORT ON CORPORATE GOVERNANCE

### 1. Company Philosophy on Corporate Governance

The Company's philosophy on Corporate Governance envisages the attainment of the high level of transparency and accountability in the functioning of the Company and the conduct of its business internally and externally including its interaction with Employees, Shareholders, Customers, Institutions and other Lenders and places due emphasis on regulatory compliance.

### 2. Board of Directors

#### i) Composition of the Board

The present strength of the Board is Five Directors and Four of them are Non- Executive Directors. The composition of the Board is in conformity with Clause 49 of Listing Agreement. The Board is headed by Mr. Nitin Kumar Didwania, Non- Executive Chairman.

#### ii) Board Meeting and Attendance

The Board of Directors met five times during the year on 15-5-2012, 14-8-2012, 27-08-2012, 08-11-2012, and 08-2-2013.

Attendance of each Director at the Board Meetings and the last Annual General Meeting and number of other Directorships and Chairmanship / Memberships of Committees of each Director was as follows:

Name of Director	No. of Board Meetings attended	Attendance at Last AGM	Outside Company Directorships	Outside Committee position held as Member / Chairman	Executive / Non Executive/ Independent
Mr. Nitin Kumar Didwania	5	Present	8 *	NIL	Non- Executive (Promoter Group)
Ms. Alpa Parekh	5	Absent	NIL	NIL	Non- Executive (Non-Promoter Group)
Mr. Saurabh Sanghvi	5	Present	7 *	NIL	Executive Director
Mr. Ratan Moondra	5	Present	NIL	NIL	Non- Executive & Independent
Justice S. S. Parkar (Retd)	5	Absent	1 *	NIL	Non- Executive & Independent

\* Directorships in Private Companies excluded.

As required by the Companies Act, 1956 and Clause 49 of the Listing Agreement, none of the Directors hold Directorships in more than 15 Public Companies or memberships of Board Committees (Audit / Shareholders Grievance Committees) and Chairmanship of more than 5 Board Committees.

### BOARD COMMITTEES

#### Audit Committee

##### (i) Committee Composition

Audit Committee comprises of three Directors viz. Mr. Ratan Moondra, Mr. Saurabh Sanghvi and Ms. Alpa Parekh. All the members of the Audit Committee have accounting and financial management expertise.