



Veritas [India] Limited

34TH ANNUAL REPORT 2018-2019

www.veritasindia.net

BOARD OF DIRECTORS

Mr. Nitin Kumar Didwania
Mr. Saurabh Sanghvi
Mr. Praveen Bhatnagar
Ms. Kamala Aithal
Ms. Purvi Matani
Mr. Vijay Shah

Chief Financial Officer (CFO)

Mr. Rajaram Shanbhag

Company Secretary

Mr. Prasad A Oak

Registered Office

Veritas House, 3rd Floor,
Mint Road, Fort,
Mumbai – 400 001,
Maharashtra
Tel. no.: 022- 2275 5555 / 6184 0000
Fax no.: 022-2275 5556 / 6184 0001
E-mail: corp@veritasindia.net

Corporate Identity Number (CIN)

L23209MH1985PLC035702

Goods and Service Tax Number (GSTN)

27AAACD1654J1ZQ

Statutory Auditors

M/s. M. P. Chitale & Co.,
Chartered Accountants

Bankers

Axis Bank Limited

Registrars & Share Transfer Agents

Universal Capital Securities Pvt. Ltd.
21, Shakil Niwas,
Opp. Satya Saibaba Temple,
Mahakali Caves Road,
Andheri (East),
Mumbai – 400 093.
Tel. No.: 022-28207203 / 05
Fax No.: 022-28207207

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DIRECTORS' REPORT

To
The Members of Veritas (India) Limited,

Your Directors have pleasure in presenting the 34th Annual Report on the business and operations of the Company together with the audited accounts for the financial year ended 31st March, 2019.

FINANCIAL RESULTS

The Company follows Indian Accounting Standards (IND AS) for the year ended 31st March, 2019 and has restated the accounts of financial year ended 31st March, 2018 in IND AS format as tabled below:

Particulars	Standalone		Consolidated	
	2018-2019	2017-2018	2018-2019	2017-2018
Revenue from operations (including other income)	6,24,50,08,947	5,29,86,54,265	18,87,95,03,065	16,80,36,16,810
Profit before tax	12,59,57,256	9,00,71,639	46,45,30,379	71,18,84,916
Less: Provision for Taxation				
Current Tax	2,91,40,705	2,24,64,207	2,79,92,813	2,24,64,207
Deferred Tax	1,59,739	1,19,56,884	1,53,439	1,19,37,830
Current Tax Expenses related to prior Years	0	(55,462)	1,710	(55,462)
Profit after Tax for the current year	9,66,56,812	5,57,06,009	43,63,82,417	67,75,38,340
Add: Balance in Profit & Loss Account brought forward	561,136,290	50,67,70,781	1238,86,19,220	1171,21,47,352
Add: Credit for Tax on Dividend	0	0	0	0
Add: Transfer to Capital Work-in-progress	0	0	0	0
Add: Transfer from Capital Reserves	0	0	0	0
Profit available for Appropriation	0	0	0	0
Less:				

- Proposed Dividend	(13,40,500)	(13,40,500)	0	0
- Dividend Distribution Tax	2,72,926	2,72,926	0	0
Balance transferred to Balance Sheet	56,11,36,290	5,57,06,009	43,63,82,417	67,75,38,340

FINANCIAL PERFORMANCE HIGHLIGHTS:

The standalone and Consolidated Financial Statements of the Company for the Financial Year 2018-19 have been prepared in accordance with the Indian Accounting Standards (Ind AS) as required under the Companies Act, 2013.

Following are the figures and comparison of the operations of the Company for the financial year ended 31st March, 2019:

Standalone revenue from operations increased to Rs. 611,52,74,803/- as compared to previous year's revenue of Rs. 524,88,95,415/-.

Consolidated revenue from operations increased to Rs. 1875,70,24,439 as compared to previous year's revenue of Rs. 1679,31,50,944/-

Standalone Profit after Tax increased to Rs. 9,66,56,812/- as compared to previous year's profit after tax of Rs. 5,57,06,009/-.

Consolidated Profit after Tax is Rs. 43,63,82,417/- as compared to previous year's profit after tax of Rs. 67,75,38,340/-

MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION OF THE COMPANY BETWEEN THE END OF THE FINANCIAL YEAR AND THE DATE OF THE REPORT

During the year under review, there were no material changes and/or commitments affecting the financial position of the company between the end of the financial year and the date of this report.

DIVIDEND

Your Directors are pleased to recommend a dividend of 5 (Five) paise per Equity Share of the face value of Re. 1/- (Rupees One only) each for the financial year ended 31st March, 2019 payable to the shareholders whose names appear in the Register of Members as on the Book Closure date. The Dividend is payable subject to the approval of the Shareholders at the ensuing Annual General Meeting of the Company.

The total cash outgo on account of dividend payment for the financial year ended 31st March, 2019 will be Rs. 13,40,500/- (Rupees Thirteen Lakhs Forty Thousand Five Hundred Only).

TRANSFER TO RESERVES

Your Company propose not to transfer any fund out of its total profit for the financial year 2018-2019 to the General Reserves of the Company.

CONSOLIDATED FINANCIAL STATEMENT

The Consolidated Financial Statements of the Company and its subsidiaries for the financial year ended 31st March, 2019 are prepared in accordance with the Companies Act, 2013 and provisions of Indian Accounting Standards (Ind AS) as applicable along with all relevant documents and the Statutory Auditors' Report forms part of this Annual Report.

The detailed Financial Statements as stated above are also available on the website of the Company and can be accessed at the web link: http://www.veritasindia.net/annual_reports.asp

SUBSIDIARY, ASSOCIATE AND JOINT VENTURES COMPANIES

Your company has Ten (10) subsidiaries' (and its step-down subsidiaries) including overseas subsidiaries, step-down subsidiaries and Limited Liability Partnership (LLP).

As on 31st March 2019, Your Company owned following subsidiaries / Step down subsidiaries companies and Limited Liability Partnership within India and abroad:

1. Veritas Infra & Logistics Private Limited, incorporated in India
2. Veritas Agro Ventures Private Limited, incorporated in India
3. Veritas Polychem Private Limited, incorporated in India
4. Veritas International FZE, incorporated in Dubai, UAE
5. Hazel International FZE, incorporated in Sharjah, UAE
6. Veritas Global PTE Limited, incorporated in Singapore
7. GV Offshore Private Limited, incorporated in India
8. Veritas Agricom LLP, incorporated in India
9. Veritas Infra LLP, incorporated in India
10. Vertias Americas Trading Inc., Incorporated in USA
11. GV Investment Finance Co. Ltd., step down subsidiary, Mauritius

During the financial year ended 31st March, 2019, the Board of Directors reviewed the affairs of Company's subsidiaries as mentioned above. Pursuant to Section 129(3) of the Companies Act, 2013 and new IND AS (Accounting Standards) issued by the Institute of Chartered Accountant of India, Consolidated Financial Statement presented by the Company includes the financial statements of its subsidiaries. Company is in process of closing its subsidiary, GV Offshore Private Limited, incorporated in India, Veritas Infra LLP, Veritas Agricom LLP, GV Investment Finance Co. Ltd. And Veritas Americas Trading INC. are the subsidiaries which are under the process of strike-off.

Further, in accordance with Section 134 of the Companies Act, 2013 and Rule 8(1) of the Companies (Accounts) Rules, 2014 the report on the performance and financial position of all the subsidiaries, associates and joint venture companies included in the Consolidated Financial Statements is provided in the prescribed Form AOC-1 as ‘**Annexure I**’ which forms part of this report.

In terms of provisions of Section 136 of the Companies Act, 2013, the Company shall place separately audited/unaudited accounts of each of its subsidiaries on its website at www.veritasindia.net and the same shall be available for inspection by the Members at the registered office of the Company during the business hours on all working days between 10.30 A.M. to 5.30 P.M. except Saturdays and Sundays up to the date of ensuing AGM. Members interested of obtaining a copy of the said financial statements shall write to the Investor Relations Department at the Registered Office of the company.

Your Company has approved a policy for determining material subsidiaries and the same is uploaded on the Company’s website which can be accessed using the link http://www.veritasindia.net/pdf/VIL-Material_Subsiidiary_Policy-New.pdf

INTERNAL FINANCIAL CONTROLS

Your Company has in place adequate internal financial controls commensurate with the size, scale and complexity of its operations. Such controls have been assessed during the year under review taking into consideration the essential components of internal controls stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by The Institute of Chartered Accountants of India. Based on the results of such assessments carried out by Management, no reportable material weakness or significant deficiency in the design or operation of internal financial controls was observed. Nevertheless, your Company recognizes that any internal control framework, no matter how well designed, has inherent limitations and accordingly, regular audits and review processes ensure that such systems are reinforced on an ongoing basis.

Indian Accounting Standards (IND AS) – IFRS Convergence

Your Company has adopted Indian Accounting Standards (“Ind AS”) from the accounting periods beginning April, 2017 pursuant to Ministry of Corporate Affairs Notification dated 16th February, 2015 notifying the Companies (Indian Accounting Standard) Rules, 2015.

MANAGEMENT’S DISCUSSION AND ANALYSIS REPORT

A detailed analysis of your Company’s performance is discussed in Management Discussion and Analysis Report, which forms part of this Annual Report. (**Annexure V**)

PARTICULARS OF CONTRACTS OR AGREEMENTS ENTERED INTO WITH RELATED PARTIES

During the financial year ended 31st March, 2019, your Company has entered into transactions with the related parties as defined under Section 2(76) of the Companies Act, 2013 read with the Rules made there under and the Listing Regulations. All related party transactions are in the ordinary course of business and are on arm's length basis. All related party transactions are placed on a quarterly basis before the Audit Committee and were reviewed and approved by the Audit Committee. Further, there were no transactions with related parties which qualify as material transactions under the Listing Regulations. Accordingly, the disclosure of related party transactions as required under Section 134(3) (h) of the Companies Act, 2013 in Form AOC-2 is not applicable. In line with the provisions of the Companies Act, 2013 and Regulation 23 of the Listing Regulations, your Company has formulated a policy on Materiality of Related Party Transaction and on dealing with related party transactions duly approved by the Board and is uploaded on the website of the Company.

Website: http://www.veritasindia.net/pdf/VIL_Policy/Related-Party-Transaction-&-the-manner-of-dealing-with-Related-Party-Transaction.pdf

The details of the transactions with related parties and the status of outstanding balances as per Accounting Standard 18 are set out in Note no. 36 to the Standalone Financial Statements forming part of this report.

STATUTORY AUDITOR'S REPORT

The reports given by the M/s. M. P. Chitale & Co., Statutory Auditors on standalone and consolidated financial statements of the Company forms part of the Annual Report. There are no qualifications, reservations, adverse remarks or disclaimers given by the Statutory Auditors in their reports. The notes on financial statements referred to in the Statutory Auditors' Report are self-explanatory and do not call for any further comments.

SECRETARIAL AUDIT REPORT

The Board has appointed M/s. JMJA & Associates LLP, Practising Company Secretaries to undertake secretarial audit of the company pursuant to Section 204 of the Companies Act, 2013. The Secretarial Audit Report for the financial year ended 31st March, 2019 as submitted by them is annexed as **Annexure II** and forms part of this Report.

There are no qualifications or observations or adverse remarks or disclaimer of the Secretarial Auditors in the Report issued by them for the financial year ended 31st March, 2019 which call for any explanation from the Board of Directors.

Reporting of Frauds by Auditors

During the year under review, the Statutory and Secretarial Auditors have not reported any instances of frauds committed in the Company by its Officers or Employees to the Audit Committee under section 143(12) of the Companies Act, 2013, details of which needs to be mentioned in this Report.

PARTICULARS OF LOANS GIVEN, INVESTMENTS MADE, GUARNATEES GIVEN AND SECURITY PROVIDED

Particulars of investments made, loans given, guarantees given or security provided and the purpose for which the loan or guarantee or security given as proposed to be utilised pursuant to Section 186 of the Companies Act, 2013 and Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirement) Regulations, 2015 (“Listing Regulations”) are provided in the Note No. 4 and 5 to the financial statements.

PUBLIC DEPOSIT

During the year under review, your Company has not accepted any public deposit within the meaning of Sections 73 and 74 of the Companies Act, 2013 read with the Companies (Acceptance of Deposits) Rules, 2014.

PARTICULARS OF EMPLOYEES AND RELATED DISCLOSURES

Disclosures with regards to the particulars of Directors, KMPs and employees who are in receipt of remuneration in excess of the limits as prescribed under the provisions of Section 197(12) of the Act read with Rules 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, as amended till date as may be applicable are available and the Statement containing the details of employee remuneration as required under Section 197 of the Companies Act, 2013 read with Rules 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is available for inspection at the registered office of the Company during business hours from 21 days before the Annual General Meeting and any Member willing to obtain copy of the said statement can write to the Investor Relations Department at the Registered office address of the company (**Annexure VI**). In terms of Section 136(1) of the Companies Act, 2013, the Annual Report is being sent to the Members excluding the information on particulars of employees.

BOARD AND COMMITTEES

DIRECTORS

The Company has received declarations from all the Independent Directors of the Company confirming that they meet the criteria of independence as prescribed under Section 149(6) of the Companies Act, 2013 read with Schedule IV and the relevant rules made there under and Regulation 16(1) (b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and there has been no change in the circumstances which may affect their status as an independent director during the year.

Mr. Saurabh Sanghvi has resigned from the position of Whole-Time Directorship w.e.f 12th June, 2018 and continues as the Non-Executive, Non-Independent Director of the Company. Board has appointed after the recommendation of Nomination and Remuneration Committee Mr. Praveen Bhatnagar as Whole-Time Director of the Company w.e.f 12th June, 2018.

In accordance with the Section 152, other applicable provisions of the Companies Act, 2013 and in terms of Memorandum and Article of Association of the Company, one-third of such of the Directors as are liable to retire by rotation, shall retire every year and, if eligible, offer themselves for re-appointment at every AGM.

Mr. Praveen Bhatnagar, Executive Director, Non-Independent Director retires by rotation at the ensuing Annual General Meeting and being eligible have offered himself for re-appointment.

Key Managerial Personnel

The following personnel have been designated as Key Managerial Personnel (KMP) of the Company pursuant to Section 2(51) and 203 of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014:

- | | |
|---------------------------|--|
| (a) Mr. Saurabh Sanghvi | Whole-time Director** |
| (b) Mr. Praveen Bhatnagar | Whole-time Director** |
| (c) Mr. Rajaram Shanbhag | Chief Financial Officer |
| (d) Mr. Prasad A Oak | Vice President Legal & Company Secretary |

**Mr. Saurabh Sanghvi resigned as a Whole-Time Director of the company with effect from 12th June, 2018 and Mr. Praveen Bhatnagar was appointed as a Whole-Time Director of the Company with effect from 12th June, 2018.

BOARD EVALUATION

Pursuant to the provisions of the Companies Act, 2013 and the Rules made there under and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 the Board has carried out a formal Annual evaluation of its own performance, of its Committees, the Chairman as well as performance of the Directors individually. The evaluation was done by the way of a structured questionnaires covering various aspects of the Board functioning, amongst others vision, strategy & role clarity of the Board, Board dynamics & processes, contribution towards development of the strategy, risk management, budgetary controls, receipt of regular inputs and information, functioning, performance & structure of Board Committees, ethics & values, skill set, knowledge & expertise of Directors, leadership etc.

A separate exercise was carried out by the Nomination and Remuneration Committee of the Board to evaluate the performance of individual Directors. The performance evaluation of the

Independent Directors was carried out by the entire Board, excluding the Director being evaluated. The performance evaluation of the Non-Independent Directors and the Board as a whole was carried out by the Independent Directors. The performance evaluation of the Chairman of the Company was also carried out by the Independent Directors, considering the views of the Executive Director. The Directors expressed their satisfaction with the evaluation process.

SEBI vide its guidance note dated 5th January, 2017 has suggested process/practice that may be adopted by the Companies for performance evaluation. The Company is following the same as applicable.

FAMILIARIZATION PROGRAMME FOR DIRECTORS

Your Company has in place a structured induction and familiarization program for all its Directors including the Independent Directors. Your Company through such programs familiarizes not only the Independent Directors but any new appointee on the Board with a brief background of your Company, their roles, rights, responsibilities, nature of the industry in which it operates, business model operations, ongoing events, etc. In order to enable the Directors to fulfill the governance role, comprehensive presentations are made on the various businesses, business models, risk minimization procedures and new initiatives of the Company. Changes in domestic/overseas corporate and industry scenario including their effect on the Company, statutory and legal matters are also presented to the Directors on a periodic basis. They are also informed of the important policies of your Company including the Code of Conduct for Directors and Senior Management Personnel and the Code of Conduct for Prevention of Insider Trading. The details regarding the familiarization program imparted by the Company can be accessed on the website of your Company on the Web-Link: http://www.veritasindia.net/investor_downloads.asp

Further, at the time of appointment of an Independent Director, the Company issues a formal letter of appointment outlining his/her role, function, duties and responsibilities as a Director. The template of the letter of appointment is available on the website of your Company at Web-Link: http://www.veritasindia.net/investor_downloads.asp

POLICY ON APPOINTMENT OF DIRECTORS AND REMUNERATION

As part of good governance and also in accordance of the requirement of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has adopted a policy for Board Diversity, Appointment, Remuneration, Training and Evaluation of Directors and Employees. The Policy inter alia includes criteria for determining qualifications, positive attributes, independence notice of a director and other matters provided under Sub section (3) of Section 178 of the Companies Act, 2013. The details of such Nomination and Remuneration Policy on the appointment of Directors and remuneration is annexed as **Annexure III** and forms part of this Annual Report.

DIRECTORS' RESPONSIBILITY STATEMENT AS REQUIRED UNDER SECTION 134(3)(C) OF THE COMPANIES ACT, 2013