

# VERTEX SECURITIES LTD.

COCHIN - 682 014

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CS	16		DPY	16
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4th ANNUAL REPORT

1996 - 97

# VERTEX SECURITIES LIMITED

## FOURTH ANNUAL REPORT

### BOARD OF DIRECTORS

RANJAN VERGHESE  
Chairman & Wholetime Director

K. G. MOHAN  
Managing Director (On Leave)

DILIP VERGHESE  
Alternate Director :  
M. V. SATHEESAN  
DR. GEORGE VARKEY THALODY  
DR. LUCYAMMA THALODY  
Alternate Director :  
DR. THOMAS V. THALODY  
DR. THOMAS ALAPPAT

Alternate Director :  
DR. GEORGE V. KOLUTHARA  
IVAN J. COELHO  
KURIAN CHACKO  
TESSY VERGHESE  
THRESIAMMA NEMRI  
K. P. THOMAS

### AUDITORS

K. A. KISHORE KUMAR  
Chartered Accountants  
Kochupally Road, Thoppumpady,  
Cochin - 682 005.

### BANKERS

CANARA BANK  
STATE BANK OF SAURASHTRA

REGISTERED OFFICE  
Thottathil Towers, IInd Floor,  
Market Road, Ernakulam,  
Cochin - 682 014.

## NOTICE

NOTICE is hereby given that the Fourth Annual General Meeting of VERTEX SECURITIES LIMITED will be held at the Registered Office of the Company at 4-00 p. m. on Friday, 12th day of September, 1997 to transact the following business:

### ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 1997 and the Profit and Loss Account for the year ended on that date together with the Reports of Directors and Auditors thereon.
2. To appoint a Director in the place of Mr. Dilip Verghese, who retires by rotation, and being eligible, offers himself for re-appointment
3. To appoint a Director in the place of Mr. Ivan J. Coelho, who retires by rotation, and being eligible, offers himself for re-appointment.
4. To appoint a Director in the place of Mrs. Tessa Verghese, who retires by rotation, and being eligible, offers herself for re-appointment.
5. To appoint the Auditors of the Company to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

### SPECIAL BUSINESS

6. To consider and if thought fit, to pass, with or without modification, the following resolution as a Special Resolution:

"Resolved that the Articles of Association of the Company be and is hereby altered by deleting existing clauses 6 (six) to 16 (sixteen) and substituting the same with the following clauses:-

#### Further issue of shares

6. (1) Where at any time after the expiry of two years from the formation of the company or at any time after the expiry of one year from the allotment of shares in the company made for the first time after its formation, whichever is earlier, it is proposed to increase the subscribed capital of the company by allotment of further shares whether out of the unissued capital or out of the increased share capital then:

(a) Such further shares shall be offered to the persons who at the date of the offer,

are holders of the equity shares of the Company, in proportion, as near as circumstances admit to the capital paid up on those shares at the date.

(b) Such offer shall be made by a notice specifying the number of shares offered and limiting a time not less than thirty days from the date of the offer and the offer if not accepted, will be deemed to have been declined.

(c) The offer aforesaid shall be deemed to include a right exercisable by the person concerned to renounce the shares offered to them in favour of any other person and the notice referred to in sub-clause (b) hereof shall contain a statement of this right. Provided that the Directors may decline, without assigning any reason to allot any shares to any person in whose favour any member may renounce the shares offered to him.

(d) After expiry of the time specified in the aforesaid notice or on receipt of earlier intimation from the person to whom such notice is given that he declines to accept the shares offered, the Board of Directors may dispose off them in such manner and to such person (s) as they may think, in their sole discretion, fit.

(2) Notwithstanding anything contained in sub-clause (1) thereof, the further shares aforesaid may be offered to any persons (whether or not those persons include the persons referred to in clause (a) of sub-clause (1) hereof) in any manner whatsoever.

(a) If a special resolution to that effect is passed by the Company in General Meeting, or

(b) Where no such special resolution is passed, if the votes cast (whether on a show of hands or on a poll as the case may be) in favour of the proposal contained in the resolution moved in the general meeting (including the casting vote, if any, of the Chairman) by the members who, being entitled to do so, vote in person, or where proxies are allowed, by proxy, exceed the votes, if any, cast against the proposal by members, so entitled and voting and the Central Government is satisfied, on an application made by the Board of Directors in this behalf, that the proposal is most beneficial to the Company

(3) Nothing in sub-clause (c) of (1) hereof shall be deemed;

(a) To extend the time within which the offer should be accepted; or

(b) To authorise any person to exercise the right of renunciation for a second time on the ground that the person in whose favour the renunciation was first made has declined to take the shares comprised in the renunciation.

(4) Nothing in this Article shall apply to the increase of the subscribed capital of the company caused by the exercise of an option attached to the debentures issued or loans raised by the Company:-

(i) To convert such debentures or loans into shares in the company; or

(ii) To subscribe for shares in the Company (whether such option is conferred in these Articles or otherwise)

PROVIDED THAT the terms of issue of such debentures or the terms of such loans include a term providing for such option and such term:

(a) Either has been approved by the Central Government before the issue of the debentures or the raising of the loans or is in conformity with the Rules, if any, made by the Government in this behalf; and

(b) In the case of debentures or loans or other than debentures issued to or loans obtained from Government or any institution specified by the Central Government in this behalf, has also been approved by a special resolution passed by the Company in General Meeting before the issue of the debentures or raising of the loans.

#### **Shares at the disposal of the directors**

7. Subject to the provisions of Section 81 of the Act and these Articles, the shares in the capital of the Company for the time being shall be under the control of the Directors who may issue, allot or otherwise dispose of the same or any of them to such persons, in such proportion and on such terms and conditions and either at a premium or at par or (subject to the compliance with the provision of Section 79 of the Act) at a discount and at such time as they may from time to time think fit and with the sanction of the Company in the General Meeting to give to any person or persons the option or right to call for any shares either at par or premium during such time and for such consideration as the Directors think fit, and

may issue and allot shares in the capital of the Company on payment in full or part of any property sold and transferred or for any services rendered to the Company in the conduct of its business and any shares which may so be allotted may be issued as fully paid up shares and if so issued, shall be deemed to be fully paid shares, provided that option or right to call on shares shall not be given to any person or persons without the sanction of the Company in General Meeting.

#### **Limitation of time for issue of certificates**

8. Every member shall be entitled, without payment, to one or more Certificates in marketable lots, for all the shares of each class or denomination registered in his name, or if the Directors so approve (upon paying such fee as the directors may from time to time determine) to several certificates, each for one or more of such shares and the company shall complete and have ready for delivery such certificates within three months from the date of allotment, unless the conditions of issue thereof otherwise provide, or within one month of the receipt of application of registration of transfer, transmission, sub-division, consolidation or renewal of any of its shares as the case may be. Every Certificate of shares shall be under the seal of the Company and shall specify the numbers and distinctive numbers of shares in respect of which it is issued and amount paid up thereon and shall be in such form as the Directors may prescribe or approve, provided that in respect of a share or shares held jointly by several persons, the Company shall not be bound to issue more than one certificate and delivery of a certificate of shares to one of several joint holders shall be sufficient delivery to all such holders.

#### **Issue of new certificate in place of one defaced, Lost or Destroyed**

9. If any certificate be worn out, defaced, mutilated or torn or if there be no further space on the back thereof for endorsement of transfer, then upon production and surrender thereof to the Company, a new Certificate may be issued in lieu thereof, and if any certificate lost or destroyed then upon proof thereof to the satisfaction of the company and on execution of such indemnity as the company deem adequate, being given, a new Certificate in lieu thereof shall be given to the party entitled to such lost or destroyed Certificate. Every Certificate under the Article shall be issued without payment of fees if the Directors so decide, or on payment of such fees (not exceeding Rs. 2/- for

each certificate) as the Directors shall prescribe. Provided that no fee shall be charged for issue of new certificates in replacement of those which are old, decrepit or worn out or where there is no further space on the back thereof for endorsement of transfer.

Provided that notwithstanding what is stated above the Directors shall comply with such Rules or Regulation or requirements of any stock Exchange or the Rules made under the Act or the rules made under Securities Contracts (Regulation) Act, 1956 or any other Act, or rules application in this behalf.

The provisions of this Article shall mutatis mutandis apply to debentures of the Company.

### **Directors may refuse to register transfer**

10. Subject to the provisions of Section 111 of the Act and Section 22 A of the Securities Contracts (Regulations) Act, 1956, the Directors may, at their own absolute and uncontrolled discretion and by giving reasons, decline to register or acknowledge any transfer of shares whether fully paid or not and the right of refusal, shall not be affected by the circumstances that the proposed transferee is already a member of the Company but in such cases, the Directors shall within one month from the date in which the instrument of transfer was lodged with the Company, send to the transferee and transferor notice of the refusal to register such transfer provided that registration of transfer shall not be refused on the ground of the transferor being either alone or jointly with any other person or persons indebted to the Company on any account whatsoever except when the company has a lien on the shares. Transfer of shares/debentures in whatever lot shall not be refused.

### **Instrument of transfer**

11. The instrument of transfer shall be in writing and all provisions of Section 108 of the Companies Act, 1956 and statutory modification thereof for the time being in force shall be duly complied with in respect of all transfer of shares and registration thereof.

### **No fee on transfer or transmission**

12. No fee shall be charged for registration of transfer, transmission, Probate, Succession Certificate and Letters of administration, Certificate of Death or Marriage, Power of Attorney or similar other document.

### **Payment in anticipation of call may carry interest**

13. The Directors may, if they think fit subject to the provisions of Section 92 of the Act, agree to and receive from any member willing to advance the same whole or any part of the moneys due upon the shares held by him beyond the sums actually called for, and upon the amount so paid or satisfied in advance, or so much thereof as from time to time exceeds the amount of the calls then made upon the shares in respect of which such advance has been made, the company may pay interest at such rate, as the member paying such sum in advance and the Directors agree upon provided that money paid in advance of calls shall not confer a right to participate in profits or dividends. The Directors may at any time repay the amount so advanced.

The members shall not be entitled to any voting rights in respect of the moneys so paid by him until the same would, but for such payment, become presently payable.

The provisions of these Articles shall mutatis mutandis apply to the calls on debentures of the Company,

### **Company's lien on share/debentures & forfeiture**

14 (a) The Company shall have a first and paramount lien upon all shares/debentures (other than fully paid-up shares / debentures) registered in the name of each member (whether solely or jointly with others) and upon the proceeds of sale thereof for all moneys (whether presently payable or not) called or payable at a fixed time in respect of such shares / debentures and no equitable interest in any share shall be created except upon the footing and condition that this Article will have full effect. And such lien shall extend to all dividends and bonuses from time to time declared in respect of such shares/debentures. Unless otherwise agreed the registration of a transfer of shares / debentures shall operate as a waiver of the Company's lien if any, on such shares / debentures. The Directors may at any time declare any shares/debentures wholly or in part to be exempt from the provisions of this clause.



## VERTEX SECURITIES LIMITED

14 (b) If a member fails to pay any call, or instalment of a call, on the day appointed for payment thereof, the Board may, at any time thereafter during such time as any part of the call or instalment remains unpaid, serve a notice on him requiring payment of so much of the call or instalment as is unpaid, together with any interest which may have accrued.

14 (c) The notice aforesaid shall

- (i) name a further day (not being earlier than the expiry of fourteen days from the date of service of the notice) on or before which the payment required by the notice is to be made; and
- (ii) state that, in the event of non-payment or before the day so named, the shares in respect of which the call was made will be liable to be forfeited.

14 (d) If the requirements of any such notice as aforesaid are not complied with, any share in respect of which the notice has been given may, at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the Board to that effect.

14 (e) (i) A forfeited share may be sold or otherwise disposed of on such terms and in such manner as the Board thinks fit.

(ii) At any time before a sale or disposal as aforesaid, the Board may cancel the forfeiture on such terms as it thinks fit.

14 (f) A person whose shares have been forfeited shall cease to be a member in respect of the forfeited shares, but shall, notwithstanding the forfeiture, remain liable to pay to the company all moneys which, at the date of forfeiture, were presently payable by him to the company in respect of the shares.

#### Term of issue of debenture

15. Any debentures, debenture-stock or together securities may be issued at a discount, premium or otherwise and may be issued on condition that they shall be convertible into shares of any denomination and with any privileges and conditions as to redemption, surrender, drawing, allotment of shares, attending (but not voting) at the General Meeting, appointment of Directors and otherwise Debentures with the right to

conversion into or allotment or shares shall be issued only with the consent of the Company in the General Meeting by a Special Resolution.

#### Unpaid or unclaimed dividend

16. Where the Company has declared a dividend but which has not been paid or the dividend warrant in respect thereof has not been posted within 42 days from the date of declaration to any shareholder entitled to the payment of the dividend, the company shall within 7 days from the date of expiry of the said period of 42 days, open a special account in that behalf in any scheduled bank called "Unpaid Dividend of Vertex Securities Limited" and transfer to the said account, the total amount of dividend which remains unpaid or in relation to which no dividend warrant has been posted.

Any money transferred to the unpaid dividend account of the Company which remains unpaid or unclaimed for a period of three years from the date of such transfer, shall be transferred by the Company to the general revenue account of the Central Government. A claim to any money so transferred to the general revenue account may be preferred to the Central Government by the shareholders to whom the money is due.

No unclaimed or unpaid dividend shall be forfeited by the Board

By Order of the Board,

Sd/-  
(RANJAN VERGHESE)  
CHAIRMAN.

Place : Kochi.

Date : 28th June, 1997.

#### NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE IN HIS STEAD. THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. Proxies in order to be effective should be lodged with the Company at the Registered Office atleast 48 hours before the commencement of the Meeting.
3. The Register of Members and Share transfer Books of the Company will remain closed from 24th September, 1997 to 12th September, 1997 (both days inclusive).

**ANNEXURE TO NOTICE**

Explanatory statement pursuant to Section 173 (2) of the Companies Act, 1956.

Item No : 6

At the time of the listing of the Equity sharers of the company with the Bombay, Cochin, Coimbatore & Madras Stock Exchanges, the company was required to make certain alterations in the Articles of Association of the Company

inorder to comply with the listing requirements of the respective Stock Exchanges. The company had given an undertaking that the required amendments would be made in the subsequent Annual General Meeting. The necessary amendments are therefore sought to be made in the Articles of Association of the company by passing a Special Resolution, as set out in the notice.

None of the Directors is interested or concerned in the aforesaid resolution.

**DIRECTORS REPORT**

Your directors have pleasure in presenting the Fourth Annual Report with audited Accounts for the year ended 31st March, 1997.

**Financial Results**

During the year under review your company has suffered a loss of Rs 16,57,686/- as compared to a net profit of Rs. 49,981/- in the previous year. The loss is mainly due to high interest outgo. The Brokerage Income has increased to Rs. 88.15 lakhs from Rs. 20.84 lakhs in the previous year.

**Dividend**

Due to lack of profits, your directors regret their inability to recommend any dividend.

**Public Deposits**

During the year your company has accepted deposits from the Public as per the provisions of the Reserve Bank of India directions. Total Public Deposits outstanding as on 31-3-97 was Rs 5,54,500/-. There has been no deposits which have been unclaimed by the depositors or not paid by the company after the due date of repayment or renewal during the year.

**Year in Retrospect**

During the year under review your company made a Public Issue of 53,39,400 Equity shares of Rs. 10/- each at par for a total amount of Rs. 5,33,94,000. Out of this an amount of Rs. 3,95,11,250 remains Calls Unpaid.

**Directors**

Mr. Dilip Verghese, Mr. Ivan J. Coelho, and Mrs. Tessy Verghese, Directors retire by rotation

at the ensuing Annual General Meeting and, being eligible, offer themselves for re-appointment.

**Employees**

Your directors record their appreciation of the co-operation received from the employees during the year.

The particulars of employees under Section 217 (2-A) of the Companies Act, 1956 is not applicable as there was no employee drawing a remuneration as per the limits prescribed under the Section.

**Auditors**

Mr. K. A. Kishore Kumar, FCA, Chartered Accountant, the retiring auditor, have furnished certificate of their eligibility as required by Section 224 (i) of the Companies Act, 1956 and is recommended for re-appointment.

Particulars as per "Companies (Disclosure of particulars in the report of Board of Directors) Rules, 1988".

1. Part (A) and (B) pertaining to conservation of energy and technology absorbtion are not applicable to the company.
2. There has been no Foreign Exchange earning and outgo.

For and on behalf of the Board of Directors,

Sd/-

(RANJAN VERGHESE)  
CHAIRMAN.

Ernakulam,  
23-06-1997.