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ANNUAL REPORT

1998 - 99

VERTEX SECURITIES LIMITED

COCHIN - 682 014.

VERTEX SECURITIES LIMITED

SIXTH ANNUAL REPORT

BOARD OF DIRECTORS

RANJAN VERGHESE
Chairman & Managing Director

K.P. THOMAS
DILIP VERGHESE
Alternate Director:

M.V. SATHEESAN
DR. GEORGE VARKEY THALODY
Alternate Director:

THALODY VIMALA GEORGE
DR. LUCYAMMA THALODY
Alternate Director:

JOSEPH FRANCIS XAVIER
DR. THOMAS ALAPPAT
Alternate Director:

DR. GEORGE V. KOLUTHARA
IVAN J. COELHO
TESSY VERGHESE
THRESIAMMA NEMRI.

AUDITORS

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

BANKERS

- **HDFC BANK**
- **VYSYA BANK**
- **VIJAYA BANK**
- **CANARA BANK**
- **STATE BANK OF INDIA**
- **STATE BANK OF SAURASHTRA**
- **STATE BANK OF TRAVANCORE**

REGISTERED OFFICE

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

NOTICE

NOTICE is hereby given that the Sixth Annual General Meeting of the Shareholders of VERTEX SECURITIES LIMITED will be held at the Registered Office of the Company at 11 AM on Friday, the 20th day of August, 1999 to transact the following businesses:

ORDINARY BUSINESSES

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 1999 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 Dr. George Varkey Thalody, who retires by rotation, and being eligible, offers himself for re-appointment.
3. To appoint a Director in the place of Dr. Thomas Alapatt, who retires by rotation, and being eligible, offers himself for re-appointment.
4. To appoint a Director in the place of Mr. Ivan J. Coelho, who retires by rotation, and being eligible, offers himself for re-appointment.

SPECIAL BUSINESSES

5. To consider and if thought fit to pass, with or without modification, the following as an ordinary resolution:

"Resolved that M/s. Ravish & Associates, Chartered Accountants, Parambi Estate, Perumanoor, Cochin-15 be appointed as Statutory Auditors of the Company to hold the office till the conclusion of the next Annual General Meeting on a remuneration that may be fixed by the Board of Directors of the Company plus reimbursement of actual out of pocket expenses incurred by them, during the course of audit, in place of Mr. Kishore Kumar, Chartered Accountant, the retiring Auditor".

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

"Resolved that sanction of the company be and is hereby accorded, subject to the regulations and restrictions prescribed by Reserve Bank of India or any other authority, for investment in/ acquisition of equity shares of the company by NRI's/OCB's subject to the limit of 26% of the paid-up equity share capital of the company from time to time and the Board of Directors of the Company are hereby authorised to take such steps as are necessary to give effect to the above decision".

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

"Resolved that subject to the approval of the Secretariate for Industrial Assistance/ Foreign Investment Promotion Board, Government of India, as the case may be, and subject to such conditions and restrictions as may be prescribed by the Authorities for the time being, sanction of the company be and is hereby accorded for Investment in/acquisition of equity shares of the

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company by NRI's/OCB's subject to the maximum limit of 51% of the paid up equity share capital of the company from time to time and the Board of Directors of the company are hereby authorised to take such steps/actions as may be deemed necessary to give effect to the above decision.

Explanatory statement pursuant to section 173 of the Companies Act, relating to item Nos.5 to 7 are attached herewith.

By Order of the Board,

Sd/-

(RANJAN VERGHESE)

CHAIRMAN & MANAGING DIRECTOR.

Place : Kochi,
Date : 5th July, 1999.

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 at least 48 hours before the commencement of the Meeting.
3. The Register of Members and Share transfer Books of the Company will remain closed from 17th August, 1999 to 20th August, 1999 (both days inclusive).

EXPLANATORY STATEMENT PURSUANT TO SECTION 173 (2) OF THE COMPANIES ACT, 1956, RELATING TO ITEM Nos.5 TO 7.

ITEM NO.5

Mr. Kishore Kumar, Chartered Accountant, Chithira, XVI/1337, Kochupally Road, Cochin-682 005, the Statutory Auditor of the Company have desired that he be relieved from the post of Auditor on conclusion of the ensuing Annual General Meeting. A Share holder has proposed M/s. Ravish & Associates, Chartered Accountants, Perumanoor, Cochin-15 as Statutory Auditors of the company to hold office till the conclusion of the next Annual General Meeting. Hence the Resolution.

ITEM NO.6

As per the Reserve Bank of India Guidelines, as specified in the Exchange Control Manual, Investments in the equity shares of listed Companies by NRI's/OCB's is permitted upto a maximum limit of 24% of the paid-up capital of the Company if a Special Resolution approving the investment is passed by the General Body of Shareholders. Some NRI's/OCB's are showing keen interest for investment in the equity shares of the company by acquisition of shares from the open market. Reserve Bank of India will intimate the authorised Bankers regarding the enhanced limit of 24% for investment by NRI's and OCB's only if the copy of the Special Resolution is forwarded to them. The Resolution is intended to achieve the above object.

ITEM NO.7

As has been stated in item No.6 above, some NRI's/OCB's have shown their interest in investing in the equity shares of the company. For investment beyond prescribed limits by NRI's/OCB's special

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VERTEX SECURITIES LIMITED**4**

permission of the concerned authorities have to be obtained. Your Board of Directors feels that acquisition of substantial portion of equity shares by the NRI's/OCB's will be in the best interests of the Company especially since a sizeable portion of the equity shares already issued, remains partly paid-up inspite of making the calls and there is a possibility that such shares may be fully paid-up in the event of the NRI's/OCB's acquiring such shares which will be in the over all interest of the investors. It is therefore necessary that approval of the authorities may be obtained for making the possible investments by the NRI's and OCB's. Hence the Resolution

No Director is directly interested in the above Resolution Numbers 5, 6 & 7. All the Directors will be deemed to be interested in the above Resolutions to the extent of their shareholdings in the Company.

By Order of the Board,

Sd/-

Place : Kochi,
Date : 5th July, 1999.

(**RANJAN VERGHESE**)
CHAIRMAN & MANAGING DIRECTOR.

DIRECTORS' REPORT

Your Directors have pleasure in presenting the Sixth Annual Report of your Company together with the Audited Accounts for the year ended 31st March, 1999.

PERFORMANCE HIGHLIGHTS

The performance of your Company during the year under report have improved considerably compared to the previous year. You will surely appreciate that the year 1998-99 was not at all encouraging to the economy as a whole with industrial growth recording declining trends compared to the previous years. As a consequence the operations in the Capital Market were also affected with wide fluctuations in the indexes of the major Stock Exchanges in India. However, several forward looking policies and incentives announced in the Union Budget for 1999-2000 the overall economy of the country started signs of recovery which is also reflected in the Capital Market.

The overall operations of the Company for the year ended 31st March, 1999 have recorded reasonable improvements. Income from operations have increased to Rs.137.24 lakhs compared to Rs.61.53 lakhs in the previous year, registering an increase of 123%. Profit before depreciation and provision for taxation is Rs.27.30 lakhs and the net profit after writing off the proportionate preliminary and public issue expenses and fully writing off the debit balance in the Profit & Loss account amounting to Rs.10.02 lakhs, is Rs.3.07 lakhs.

The operations of your Company during the first three months of the current year is encouraging and better than the year under report. Since the profit available for distribution is insufficient, your Directors are not recommending for any dividend.

PUBLIC DEPOSITS

During the year under review your company has not accepted any deposits from the Public.

Y2K COMPLIANCE

The Company's Hardware / Software Systems are Y2K Compliant.

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DIRECTORS

Directors Dr. George Varkey Thalody, Dr. Thomas Alapatt and Mr. Ivan J. Coelho retires by rotation at the ensuing Annual General Meeting. All the retiring Directors, being eligible offers themselves for re-election. Your Directors recommend their 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 desired that he be relieved from the post of Auditor. Notice have already been received from a Shareholder of the Company proposing the name of M/s. Ravish & Associates, Chartered Accountants, Perumanoor, Cochin-15 for appointment as Statutory Auditors of the Company.

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 absorption are not applicable to the Company.
2. There has been no Foreign Exchange earning and outgo.

REPLIES TO THE AUDITORS QUALIFICATION IN THE AUDIT REPORT

Item-wise replies to the qualifications made by the Auditor in his Report dated 30.6.1999 are given as Annexure to the Director's Report.

For and on behalf of the Board of Directors,

Kochi,
05.07.1999.

Sd/-
(RANJAN VERGHESE)
CHAIRMAN & MANAGING DIRECTOR.

ANNEXURE TO THE DIRECTOR'S REPORT RELATING TO THE QUALIFICATIONS MADE BY THE AUDITOR.

Item No.1	relating to non-provision of interest receivable on suit filed:
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The Company generally files suits for recovery of dues from clients after exhausting all means of recovery. In some instances the recovery suits are filed after return of the dishonoured cheques issued by them. Though interest is claimed in the civil suits filed against the defaulting clients, the interest so claimed cannot be reckoned as an income as the chances of receipt of the same depends upon the final decision of the Court. Thus if the amount is taken as an income at the time of filing the suits, these will

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