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For VERTEX SECURITIES LTD.

(Ranjan Verghese)
Chairman & Managing Director

VERTEX SECURITIES LTD

9th Annual Report
2001 - 2002

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2001 - 2002

VERTEX SECURITIES LIMITED

9th

ANNUAL REPORT

BOARD OF DIRECTORS	**RANJAN VERGHESE** Chairman & Managing Director **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** **USHA JACOB** **THRESIAMMA NEMRI.** **A ANUP KUMAR**
AUDITORS	**M/s. RAVISH & ASSOCIATES,** Chartered Accountants, Parambi Estate, Perumanoor, Cochin-682 015
BANKERS	**HDFC BANK** **UTI BANK** **CANARA BANK** **VYSYA BANK** **INDUSIND BANK** **STATE BANK OF INDIA** **STATE BANK OF SAURASHTRA** **DHANALAKSHMI BANK**
REGISTERED OFFICE	Thottathil Towers, IInd Floor, Market Road, Ernakulam, Kochi - 682 014.

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NOTICE

NOTICE is hereby given that the Nineth Annual General Meeting of the Shareholders of VERTEX SECURITIES LIMITED will be held at the Registered Office of the Company at Thottathil Towers, 2nd Floor, Market Road, Kochi-14, on Monday, 30th September, 2002 at 11.00 AM to transact the following business:

ORDINARY BUSINESS•

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2002 and the Profit & Loss Account for the year ended on that date together with the Schedules and Notes forming part of accounts as audited and reported by the Auditors of the Company and the Directors' Report to Shareholders.
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. Lucyamma Thalody who retires by rotation, and being eligible, offers herself for re-appointment.
4. To appoint a Director in the place of Mrs. Usha Jacob 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 as an Ordinary Resolution:

   "RESOLVED THAT Mr. A. Anup Kumar, who was appointed as an Additional Director by the Board of Directors and about whose candidature a notice has been received pursuant to Section 257 of the Companies Act, be and is hereby appointed as a Director of the Company.

   Explanatory statement pursuant to Section 173 of the Companies Act, relating to Item No.6 is attached here-with.

By Order of the Board,

Sd/-

Place : Kochi-14,
Date : 12.07.2002

(RANJAN VERGHESE)
CHAIRMAN & MANAGING DIRECTOR.

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 27th September , 2002 to 30th September, 2002 (both days inclusive).

EXPLANATORY STATEMENT PURSUANT TO SECTION 173 (2) OF THE COMPANIES ACT, 1956, RELATING TO ITEM No.6

Mr. A. Anup Kumar was appointed as an Additional Director by your Board during the year under report. Pursuant to Section 260 of the Companies Act, he will continue as a Director only till the conclusion of the ensuing Annual General Meeting unless approved by the General Body of shareholders. The resolution is intended to appoint him as a Director of the Company.

Mr . A. Anup Kumar will be deemed to be interested in the resolution. None of the other Directors is anyway concerned or interested in the above resolution.

By Order of the Board,

Sd/-

Place : Kochi-14,
Date : 12.07.2002

(RANJAN VERGHESE)
CHAIRMAN & MANAGING DIRECTOR.

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DIRECTORS' REPORT

Your Directors have pleasure in presenting before you the Nineth Annual Report of your Company. The Profit and Loss Account for the year ended 31st March, 2002 and the Balance Sheet as on that date together with the Schedules and Notes forming part of accounts as audited and reported by the Auditors of the Company are attached herewith.

FINANCIAL HIGHLIGHTS :

Your Directors are happy to report that your Company have achieved an Operating Profit of Rs.31.82 lakhs compared to an operating loss of Rs.123.03 lakhs in the previous year. After providing for depreciation on fixed assets and other write off, the Company have earned a nominal profit of Rs.1.08 lakhs compared to a net loss of Rs.169.34 lakhs in the previous year. These performances is inspite of the fact that the primary and secondary markets in the country continue to be extremely volatile and under depressed conditions. Stiff competition continued in the share broking business and the margins have also come down. However your Directors have taking all possible steps to improve the performance of your Company during the current year.

The marginal profit available during the year under report is being adjusted to the debit balance in the profit and loss account. Due to inadequacy of profits, your Directors are not recommending any dividend.

SHARE CAPITAL:

The subscribed and paid up capital of the company continued to be Rs.517,80,010/-. The Company have not bought back any shares during the year under report.

DEMATERIALISATION OF COMPANY'S EQUITY SHARES:

The Company's shares can also be traded in the dematerialised form. To facilitate this transition, Cameo Corporate Services Ltd., Chennai, has been appointed for providing electronic connectivity with National Securities Depository Ltd. and Central Depository Services (India) Ltd. The shareholders who wants to demat their shares may kindly contact the Registrars, M/s. Cameo Corporate Services Ltd.,Subramanian Building, 1, Club House Road, Chennai - 600 002.

CORPORATE GOVERNANCE:

The Code of Corporate Governance suggested by the Kumaramangalam Birla Committee and as incorporated in Clause No.49 of the Listing Agreement is mandatory applicable to your company during the Financial year 2002-03 only. Your company is taking necessary steps for implementation of the Code of Corporate Governance in terms of the Listing Agreement.

AUDIT COMMITTEE:

Pursuant to Section 293A of the Companies Act and stipulated in the Listing Agreement, the Audit Committee continued its meetings in the year under report also.

The Committee met thrice during the period under report on 30.4.2001, 2.9.2001 and 2.11.2001. The above meetings were attended by the majority of the Committee Members.

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DIRECTORS RESPONSIBILITY STATEMENT:

Your Directors hereby confirm -

(a) That in the preparation of the Annual Accounts for the year ended 31st March, 2002, applicable accounting standards had been followed along with proper explanation relating to material departures, wherever necessary.

(b) That the Directors had selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit of the company for the year ended 31st March, 2002.

(c) That the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.

(d) That the Directors had prepared the annual accounts on an on-going concern basis.

PUBLIC DEPOSITS:

The Company have not accepted any Public Deposits during the year under report.

DIRECTORS:

Dr. George Varkey Thalody, Dr. Lucyamma Thalody and Mrs. Usha Jacob, who retires at the ensuing Annual General Meeting and being eligible offers themselves for the re-election. Mr. A Anup Kumar was appointed as an Additional Director by your Board of Directors. Pursuant to Section 260 of the Companies Act, he will continue as a Director only upto the Annual General Meeting unless appointed by the General Body of Shareholders. The Company have received a notice from a shareholder proposing his candidature pursuant to Section 257 of the Companies Act. Necessary Resolution being proposed to appoint him at the ensuing Annual General Meeting.

AUDITORS:

M/s. Ravish & Associates, Chartered Accountants, Kochi-15, will retire at the ensuing Annual General Meeting and are eligible for re-appointment. Your Directors recommend their appointment.

PERSONNEL:

There were no employees drawing remuneration in excess of the limits specified under Section 217(2A) of the Companies Act during the year under report.

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.

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OBSERVATION OF AUDITORS :

Auditors observations in their report to the Shareholders are self explanatory and does not require any further clarification. The disclosures made in para No.1(c) of Schedule R (Notes forming part of Balance Sheet as at 31.3.2002 and Profit and Loss Account for the year ended on that date) relating to excess in DP account is the additional disclosures and the discrepancy have been rectified subsequently. Similarly the short in DP Account is mainly due to the situation as explained in Note No.25 (c) of the same Schedule and will not materially effect the overall performance reported.

Acknowledgement:

Your Directors wishes to place on record their deep appreciation and gratitude to the National Stock Exchange, Mumbai Stock Exchange, National Securities Clearing Corpn. Ltd., National Securities Depository Services Ltd., Stock Holding Corpn. of (I) Ltd., Central Depository Services (I) Ltd., Cochin Stock Exchange and several valued clients who have extended their support to your Company. Banks, Constituents, Solicitors who have extended necessary support to the Company. Your Directors also record their deep appreciation for the sincere services and support extended by the Officers and other staff members of your Company.

For and on behalf of the Board of Directors,

Sd/-

Kochi -14
12.07.2002

(RANJAN VERGHESE)
CHAIRMAN & MANAGING DIRECTOR

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AUDITORS' REPORT

To,

The Members,
M/s. Vertex Securities Ltd.,
Kochi-14.

We have audited the attached Balance Sheet of M/s. Vertex Securities Ltd. as at 31st March 2002 and the Profit & Loss Account for the period ended on that date annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on the financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes, examining on test basis, evidence supporting the amounts and disclosure in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

1. As required by the Manufacturing and other companies (Auditors' Report) Order, 1988, issued by the Company Law board in terms of section 227(4A) of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said order to the extent applicable.

2. Further to our comments in the Annexure referred to in paragraph '1' above, we state that :-

   a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our Audit, **expect for confirmation of balances referred to in note no 3 & 12 of schedule R and the note 1(c) of schedule R on stock in trade. The management is not expecting any material effect on the profit & loss account emerging from same and hence we are not in a position to quantify the effect on the Profit & Loss account.**

   b) In our opinion, proper books of accounts as required by law, have been kept by the company so far as it appears from our examination of such books except the following.

As per the order U/s 132 (3) of the IT Act dated 12.12.2000 there was a search by the Income Tax Department at the Premises of the Company which commenced on 20.12.2000 and the proceeding were closed by 16.01.2001. As the documents/registers have been seized by the Income Tax Authorities during search we are not in a position to verify documents register showing full particulars of shares and securities received and delivered and some of the client agreements/contract notes. The management is not expecting any material effect on the profit & loss account emerging from this and the procedures are pending before the authorities hence we are not in a position to express an opinion on it's effect on the statutory effect on the balance sheet and quantify it's effect on the Profit & Loss account.

With respect to note number 3 regarding turnover details from NSE. The management is not expecting any material effect on the profit & loss account emerging from same and hence we are not in a position to quantify the effect on the Profit & Loss account.

Transactions of certain clients could not be verified through the system as details are kept in zip mode due to non-availability of space. We have verified the transaction from the hard copy for the purpose of our audit. The management is not expecting any material effect on the profit & loss account emerging from this and hence we are not in a position to quantify the effect on the Profit & Loss account.

The company's suits in various courts for recovery of a sum of Rs. Rs.5857734.92 (previous year Rs.3081267.28) from various debtors are pending. Hence we are unable to express any opinion as regard to the loss if any that might arise in respect of the said sum.

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c) The Balance Sheet and Profit & Loss Account referred to this report are in agreement with the books of account.

d) In our opinion, the Profit & Loss Account and Balance Sheet referred to in this report are in compliance with the accounting standards referred to in sub-section (3c) of section 211 of the Companies Act, 1956.

e) On the basis of the written representations received from the Directors and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on March 31, 2002, from being appointed as a Director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act 1956.

f) In our opinion and to the best of our information and according to the explanations given to us the said accounts read with the Significant Accounting Policies and Notes thereon attached and forming part of the accounts and subject to our remarks in para (a) & (b) above, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view:

(i) in the case of the Balance Sheet, of the state of affairs of the company as at 31.03.2002; and

(ii) in the case of the Profit & loss Account, of the profit for the year ended on that date.

For RAVISH & ASSOCIATES
Chartered Accountants

Kochi -15
12.07.2002

Sd/-

RAVISH KUMAR K
(Proprietor)

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ANNEXURE TO THE AUDITORS' REPORT :

(Referred to in paragraph (1) of our report to the members of Vertex Securities Ltd on the Accounts for the year ended 31.3.2002)

1. The Company has maintained proper records to show full particulars including quantitative details and situation of Fixed Assets. As explained to us, the Fixed Assets have been physically verified by the management in a phased manner and that no material discrepancies have been noticed on such verification. The verification carried out by the management, in our opinion, is reasonable having regard to the size of the company and nature and location of the assets.

2. None of the Fixed Assets of the Company have been revalued during the year.

3. As per the information given to us, the securities held as stock in trade and in the custody of the Company have been physically verified by the management at reasonable intervals. For securities with the custodian and depository participants, statements from them have been obtained on regular basis.

4. In our opinion and according to the information and explanations given to us, the procedures of physical verification of securities followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business **subject to note no.1 (c) of schedule R. As per the Company's DP with regard to closing stock shown in financial statements an amount of Rs. 29195.75 comprising 8 scrips and quantity 245 nos. the company is holding excess stock. Also an amount of Rs. 176693.38 comprising 13 scrips and quantity 2840 Nos. are in short and 8500 nos. (Rs.516800.00) of ICICI are pledged to SCHIL Ernakulam as margin. As per the management the excess shares are to be transferred to beneficiary account and the short shares are to be received from the beneficiary account. Therefore the management is not expecting any material effect on the profit & loss account emerging from this.**

5. The discrepancies noticed on verification of securities when compared with the book records have been properly dealt with in the books subject to note no. 1 (c) of schedule R.

6. On the basis of our examination of stock records and the information and explanations given to us we are of the opinion that the valuation of stock is fair and proper, in accordance with the normally accepted accounting principles and this is on the same basis as in the preceding year subject to note no. 1 (c) of Schedule R.

7. The Company has not taken any loan secured or unsecured from companies, firms or other parties listed in the register maintained under section 301 or from companies under the same management as defined under section 370 (1-B) of the Companies Act 1956.

8. The Company has not granted any advances except those in the nature of trade advances to various parties and advance to employees, which is not prima facie prejudicial to the interest of the Company.

9. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures, **subject to the fact that major portion of the loss in trading is arise due to the mistake account and hence it's control and recording is not adequate and also para 2 (a) & (b) of the audit report and notes forming part of the financial statements, out of the total trading loss Rs. 1288920.52 (Delivery loss Rs.768500.97 and speculation loss Rs.520419.55) an amount of Rs.741565.73 has been incurred towards loss from mistake account,** are commensurate with the size of the Company and the nature of its business with regard to purchase of assets and purchase and sale of securities.

10. According to the information and explanations given to us, the Company has not entered into any transaction for purchase of shares and services made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 aggregating during the year to Rs.50,000.00 or more in respect of each party.

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