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VERTEX SECURITIES LTD

10th Annual Report
2002 - 2003

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2002 - 2003
VERTEX SECURITIES LIMITED
10th
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. JOSE KAPPEN & Co.,

Chartered Accountants,

I.S.PRESS ROAD,

COCHIN-682 018

BANKERS

HDFC BANK

UTI BANK

CANARA BANK

VYSYA BANK

INDUSIND BANK

STATE BANK OF INDIA

STATE BANK OF SAURASHTRA

DHANALAKSHMI BANK

GLOBAL TRUST BANK

VIJAYA BANK

STATE BANK OF TRAVANCORE

REGISTERED OFFICE

Thottathil Towers, IInd Floor,

Market Road, Ernakulam,

Kochi - 682 014.



NOTICE

Notice is hereby given that the Tenth Annual General Meeting of the shareholders of VERTEX SECURITIES LIMITED will be held on Tuesday the 30th September, 2003 at 11.00 AM at the Registered Office of the Company at Thottathil Towers, 2nd Floor, Market Road, Ernakulam, Kochi - 14, to transact the following businesses:

Ordinary Businesses:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2003 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 the shareholders.
2. To appoint a Director in place of Mr. Dilip Verghese, who retires by rotation, and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Dr. Thomas Alappat, who retires by rotation, and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Mr. Ivan J. Coelho, who retires by rotation, and being eligible offers himself for re-appointment.
5. To appoint 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. M/s. Jose Kappen & Co., Chartered Accountants, Cochin-18 the retiring Auditors are eligible for re-appointment.

Special Businesses:

6. To consider and if thought fit to pass with or without modification the following as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Section 269, 198 and Schedule XIII and other applicable provisions of the Companies Act, Mr. Ranjan Verghese be and is hereby re-appointed as the Chairman & Managing Director for a period of 5 (five) years with effect from 01.07.2003, subject to the terms and conditions, specified in the agreement entered into by the Company with him on a remuneration and perquisites as specified in the agreement."

"Also resolved that Mr. Ranjan Verghese, Chairman & Managing Director will not be liable for retirement by rotation".
7. To consider and if thought fit to pass with or without modification the following as a Special Resolution:

"RESOLVED THAT subject to the conditions specified under the Securities And Exchange Board of India (Delisting of Securities) Guidelines-2003, the Board of Directors of the Company be and are hereby authorised to take necessary steps to get the Equity Shares of the Company delisted from Cochin Stock Exchange Limited with immediate effect."

"ALSO RESOLVED THAT the Board of Directors of the Company are authorised to take such steps as may be required to get the Company delisted from Cochin Stock Exchange Limited."

Explanatory Statement pursuant to Section 173 of the Companies Act, relating to item Nos.6 and 7 are attached herewith.

By Order of the Board,

Sd/-

(RANJAN VERGHESE)

CHAIRMAN & MANAGING DIRECTOR

Place: Kochi - 14

Date: 31.07.2003

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 27.09.2003 to 30.09.2003 (both days inclusive).



EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT.

ITEM NO.6:

The term of appointment of Managing Director expired on 30.6.2003. The Board of Directors of the Company at their meeting held on 31.7.2003 have re-appointed Mr. Ranjan Verghese as Chairman & Managing Director of the Company for a further period of 5 (five) years with effect from 1st July, 2003, subject to the following terms and conditions as specified in the Agreement:

1. Monthly Salary:

- (a). Salary of Rs.50,000/- per month in the scale of Rs.50,000 – 5000- 75,000.
- (b). Commission of 1% on the net profits of the Company computed as specified under the Companies Act.

2. Perquisites:

- i). The expenditure incurred by the Chairman & Managing Director on Gas, Electricity, Water and Furnishing shall be reimbursed by the Company.
- ii). Reimbursement of Medical Expenses incurred for him and his family subject to a ceiling of one month's salary in a year or three months salary over a period of three years.
- iii). Leave Travel Concession for self and family once in a year incurred in accordance with the rules of the Company.
- iv). Fees of Clubs subject to a maximum of two Clubs; this will not include admission and life membership fees.
- v). Personal Accident Insurance the premium of which shall not exceed Rs.3,000/- per annum.
- vi). Contribution to Provident Fund, Superannuation Fund, as per the rules of the Company, but the same are not taxable under the Income Tax Act.
- vii). Gratuity not exceeding one-half months salary for each completed year of service.
- viii). Provision for Car with driver and Telephone at the residence.
- ix). Leave unavailed of to be allowed to be encashed as per rules of the Company. In the event of loss of office of the Chairman & Managing Director, he shall be paid compensation in the manner and to the extent permissible under the provisions of Section 318 of the Companies Act, 1956.

Mr. Ranjan Verghese is interested in the resolution as the proposer relates to his re-appointment and payment of remuneration to him as the Chairman & Managing Director of the Company. Mr. Dilip Verghese and Mrs. Usha Jacob, being relatives of Mr. Ranjan Verghese, will also be deemed to be interested in the resolution. No other Director is interested in the above resolution.

ITEM No.7:

The Securities & Exchange Board of India (Delisting of Securities) Guidelines – 2003 gives an option to companies to get delisted its securities from Stock Exchanges subject to compliance of the conditions specified in the guidelines. As per the guidelines the Company can apply for delisting if the securities of the Company's securities have been listed for a minimum period of 3 years and where the securities of the Company continues to be listed in a Stock Exchange having nation wide trading terminals. The Equity Shares of the Company are presently listed in Cochin Stock Exchange and also in The Stock Exchange, Mumbai. There was no trading of the securities of your Company in the Cochin Stock Exchange for the last more than two years and hence your Directors feels that continued payment of listing fee to the Exchange is not necessary, especially as the securities will continue to be listed in The Stock Exchange, Mumbai which is having nation wide trading terminals. As per the guidelines issued by SEBI for getting the shares delisted the Company have to obtain prior approval of the shareholders by a special resolution passed at the general meeting and shall also have to make a public announcement before making the application to the Exchange for delisting the shares. The Company also have to comply with such other conditions as may be stipulated by the Stock Exchanges.

The resolution is intended to authorise the Board of Directors of the Company to take necessary steps to get the Company's equity shares delisted from Cochin Stock Exchange. No Director is directly interested in the above resolution. All the Directors will be deemed to be interested in the resolution to the extent of their shareholdings in the Company.

By Order of the Board,

Sd/-

(RANJAN VERGHESE)

CHAIRMAN & MANAGING DIRECTOR

Place: Kochi – 14

Date: 31.07.2003



DIRECTORS' REPORT

Your Directors have pleasure in presenting before you the Tenth Annual Report of your Company. The Annual Accounts of the Company for the year ended 31st March, 2003 as audited and reported by the Statutory Auditors of the Company are attached herewith.

FINANCIAL HIGHLIGHTS:

The year under report witnessed substantial fluctuations in the secondary market, the index in National Stock Exchange and Mumbai Stock Exchange fluctuated violently resulting in uncertainties and also substantial losses to the market intermediaries. Your company exercised maximum restraint in taking exposures and positions which resulted reduction in total operation level. The total sales/income from operations during the year was only Rs.108.89 Lakhs comparing to Rs.138.88 Lakhs in the previous year. However, other income has registered a reasonable increase to Rs.31.47 Lakhs compared to Rs.14.31 Lakhs in the previous year. The over all operations have resulted in a loss of Rs.12.79 Lakhs and after adjustment on deferred taxes, the net loss is Rs.10.89 Lakhs compared to a nominal profit of Rs.1.08 Lakhs in the previous year.

Your Company continues to be a Depository Participant and is extending the services to the enlisted customers.

Since there is no surplus available, your Directors are not recommending any dividend for the year ended 31st March, 2003.

SHARE CAPITAL:

The subscribed and paid up capital of the company continued to be the same as in the previous year.

CORPORATE GOVERNANCE:

Pursuant to Clause No.49 of the Listing Agreement with the Stock Exchanges, Corporate Governance Report and the Auditors Certificate relating to compliance of the conditions of the Corporate Governance are annexed with this report.

DIRECTORS' RESPONSIBILITY STATEMENT:

Your Directors hereby confirm –

- a) That in the preparation of the Annual Accounts for the year ended 31st March, 2003, applicable Accounting Standards have been followed along with proper explanation relating to material departures, wherever necessary.
- b) That the Directors have 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 loss of the Company for the year ended 31st March, 2003.
- c) That the Directors have 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 have prepared the annual accounts on an ongoing concern basis.

DEMATERIALISATION OF EQUITY SHARES OF THE COMPANY:

As has been already reported to you, the Company's shares have been demated and M/s.Cameo Corporate Services Limited, Subramanian Building, 1 Club House Road, Chennai – 600 002 has been appointed as the Registrars and Share Transfer Agents and the Equity shares of the Company can be demated with National Securities Depository Limited and Central Depository Services (India) Limited.

AUDIT COMMITTEE:

The Audit Committee met three times and the details are given in the Corporate Governance.

DIRECTORS:

The present term of Managing Director has expired on 30th June, 2003 and the Board of Directors have re-appointed Mr. Ranjan Verghese as the Chairman & Managing Director for a further period of 5 (five) years. Necessary resolution proposing his re-appointment is being placed at the ensuing Annual General Meeting.

Directors Mr. Dilip Verghese, Dr. Thomas Alappatt and Mr. Ivan J. Coelho retires at the ensuing Annual General Meeting and being eligible offers themselves for the reappointment. There was no appointment of additional director during the period under report.

**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.

DISCLOSURE OF ADDITIONAL PARTICULARS:

Disclosures regarding conservation of energy and technology absorption, etc. are not applicable to the company as your company is not engaged in any manufacturing activities. There was no foreign exchange inflow or outflow during the year under report.

AUDITORS:

M/s. Ravish & Associates, Chartered Accountants, Kochi – 15 resigned during the year due to personal reasons. As approved at the Extra-ordinary General Meeting held on 30th November 2002 M/s. Jose Kappen & Co., Chartered Accountants, Kochi – 18 were appointed as Auditors of the Company in the casual vacancy caused by the resignation of the earlier auditors. M/s. Jose Kappen & Co., Chartered Accountants will retire at the ensuing Annual General Meeting and being eligible offers themselves for re- appointment.

OBSERVATION OF AUDITORS:

Observation of Auditors in their report to the shareholders are self-explanatory as it is mainly based on the information given in the notes forming part of accounts prepared by the management. Therefore no further explanation is necessary.

DELISTING OF COMPANY'S SHARES:

As you are aware, the equity shares of the Company are listed both in Cochin Stock Exchange and The Stock Exchange, Mumbai. There were absolutely no trading of the equity shares of the Company in Cochin Stock Exchange during the year. Your Directors therefore feels that continued listing of the security in Cochin Stock Exchange will not be commensurate with the expenditure incurred by the company. It is therefore proposed that the equity shares of the company may got delisted from Cochin Stock Exchange for which necessary resolution is being proposed at the Annual General Meeting. However, the Company's shares will continue to be listed in The Stock Exchange, Mumbai which is having nation wide trading terminals.

ACKNOWLEDGEMENT:

Your Directors wishes to place on record their deep appreciation and gratitude to the officials of National Stock Exchange, The Stock Exchange, Mumbai, National Securities Depository Services Limited, Stock Holding Corporation of India Limited, Central Depository Services (India) Limited. Thanks are also due to various clients and D.P. Participants. Your Directors also record their deep appreciation for the services rendered by the Officers and Staff members of the Company.

For and on behalf of the Board of Directors,

Sd/-

(RANJAN VERGHESE)
CHAIRMAN & MANAGING DIRECTOR

Place : Kochi-14

Date : 31.07.2003



ANNEXURE TO DIRECTORS' REPORT

CORPORATE GOVERNANCE

In terms of Clause No. 49 of the Listing Agreement, Report of the Board of Directors should also include a detailed report of the Corporate Governance. Your Directors therefore give hereunder the report on Corporate Governance.

The Company is engaged in broking of securities mainly the equity shares of various companies listed in Stock Exchanges. The Company is a Member of the National Stock Exchange and Cochin Stock Exchange and is also a Sub-member of The Stock Exchange, Mumbai. The Company is also a Member of the National Securities Depository Ltd.

Board of Directors:

The Board of Directors of the Company is headed by the Executive Chairman & Managing Director consist of the following persons:

Name of the Director	No. of outside Directorships held	No. of Board Committees in which he is a member
Ranjan Verghese	2	1
Dilip Verghese	1	0
Alternate Director: M.V. Sathesnan	-	-
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	-	2
Thresiamma Neimri	-	-
Anup Kumar A.	4	1

Details of Board Meetings and AGM:

During the year under review there were four Board Meeting were held, the dates being 30.04.2002, 12.07.2002, 31.10.2002 and 30.01.2003.

The last AGM was held on 30th September, 2002.

The details of attendance of each Director at the Board Meetings and AGM held during the year are given below:

Name of Director	No. of Board Meeting attended.	Whether attended last AGM
Ranjan Verghese	4	Yes
Joseph Francis Xavier	2	No
Usha Jacob	4	No
Anup Kumar A.	4	No

Board Committees:

The Board of Directors have constituted an Audit Committee as required under the Companies Act and also the Share Transfer Committee.

The Audit Committee met three times during the year under report, the dates being 30.05.2002, 12.07.2002 and 30.01.2003. The names of Audit Committee members and number of meeting attended by them are as under:

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<u>Name of the Audit Committee Member</u>	<u>No. of meeting attended</u>
Anup Kumar A.	3
Usha Jacob	3

The Share Transfer Committee met 9 times, the dates being 09.08.2002, 20.09.2002, 18.11.2002, 30.11.2002, 30.12.2002, 10.02.2003, 03.03.2003, 15.03.2003 and 22.03.2003 and two members were present for all the meetings.

Managerial Remuneration:

The present term of Managing Director has expired on 30th June, 2003 and the Board of Directors have re-appointed Mr. Ranjan Verghese as the Chairman & Managing Director for a further period of 5(five) years. Necessary resolution proposing his re-appointment is being placed at the ensuing Annual General Meeting. The Company is having only one Wholtime Director, who was designated as the Chairman & Managing Director. The total remuneration paid to him including perquisites was Rs. 4,05,000/- during the year ended 31st March, 2003. The Company is paying sitting fee to those Directors who attended the Board Meeting at the rate of Rs. 1,000/- per Board Meeting attended by them. Though there is a provision for reimbursement of traveling and other expenses, your Company has not paid any amount under this head during the year under report.

Redressal of Shareholders grievances:

The Company has a well developed system for redressal of grievances of shareholders and is being attended by the Compliance Officer, Mr. K.J. Thomas, appointed for this purpose. As the complaints received are only few, the Board have not constituted any Investor Grievance Committee. There was no major complaints received from the Shareholders during the year under report.

Additional disclosures related party transaction:

The Company has not entered into any material transaction with the Promoters or Directors of the Company, that may have potential conflict with the interest of Company at large.

Show Cause Notice, etc.

The Company has not received any show cause notice or no action has been initiated by any statutory authority against the Company during the year under report.

Communication with the Shareholders:

The quarterly and half-yearly unaudited working results of the Company are published within the prescribed time limit in one English and one Malayalam dailies.

Date & Venue of the AGM for the last 3 years:

Annual General Meeting for the last three years were held at the Registered Office of the Company. The name and time of holding of meeting are given below:-

<u>Date of AGM.</u>	<u>Time:</u>
28 th September, 2000	11.00 A.M.
29 th November, 2001	11.00 A.M.
30 th September, 2002	11.00 A.M.

Stock Exchanges:

The Company's shares are listed in Cochin and Mumbai Stock Exchanges. In terms of the SEBI (Delisting of Securities) Guidelines 2003, a proposal is being placed at the ensuing Annual General Meeting for delisting of the securities of the Company with Cochin Stock Exchange Ltd. Your Directors report that there was absolutely no transaction of the securities of the Company in Cochin Stock Exchange Ltd. and the proposed delisting will not therefore adversely affect the interest of any shareholder. The Company's shares will be continued to be listed in The Stock Exchange, Mumbai.

Transfer of Shares:

The shares sent for transfer in physical form are generally processed within 10 days of receipt thereof and will place before the Share Transfer Committee generally within 15 days of the receipt of the request. On effecting share transfer, the Certificate(s) will be forwarded to the transferee after duly endorsed the transfer.

Dematerialisation of Shares:

Request for dematerialisation of shares, which are in order, are processed usually within 7 days and confirmation is given to the Depository and the Registrars M/s. Cameo Corporate Services Ltd., Subramanian Building, 1 Club House Road, Chennai - 600 002.

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2002 - 2003**Trading in shares:**

No trading in shares of the Company is reported from Cochin and Mumbai Stock Exchanges during the period from 01.04.2002 to 31.03.2003.

Distribution of Shareholding:

Category	No. of shares held	Percentage of shareholding
A. PROMOTERS HOLDING:		
1. Promoters:		
Indian Promoters	10,16,400	19.63
Foreign Promoters(NRIs)	26,12,176	50.45
2. Persons acting in concert	Nil	Nil
Sub Total:	36,28,576	70.08
B. NON-PROMOTERS HOLDING:		
3. Institutional Investors:		
a. Mutual funds and UTI	Nil	Nil
b. Banks, Financial Institutions, Insurance Companies (Central/ State Govt. Institutions/ Non-Government Institutions)	Nil	Nil
c. Foreign Institutional Investors	Nil	Nil
Sub Total:	Nil	Nil
4. Others:		
a. Private Corporate Bodies	50,000	0.96
b. Indian Public	14,97,775	28.93
c. NRIs/ OCBs	Nil	Nil
d. Any others (Employees)	1,650	0.03
Sub total:	15,49,425	29.92
GRAND TOTAL:	51,78,001	100.00

For and on behalf of the Board of Directors

Sd/-

Sd/-

Kochi - 14
31.07.2003

RANJAN VERGHESE
CHAIRMAN & MANAGING DIRECTOR

A.ANUP KUMAR
DIRECTOR