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15th ANNUAL REPORT 2007 - 2008

Regd. Office, 2nd Floor, Thottathill Towers, Market Road, Ernakulam, Kochin - 18

15th

ANNUAL REPORT
2007 - 2008



VERTEX
Securities Limited

BOARD OF DIRECTORS

KUMAR NAIR

[Chairman]

PANJAN VERGHESE

[Managing Director]

N.R.ACHAN

G.K.PREMKUMAR

DR. GEORGE VARKEY THALODY

Dr. THOMAS V. THALODY

[Alternate Director]

A. ANUP KUMAR

AUDITORS

KRISHNAMOORTHY & KRISHNAMOORTHY

Chartered Accountants,

XXXIX/3217, Malabar Road,

Cochin - 68201

BANKERS

CANARA BANK

FEDERAL BANK

HDFC BANK

ICICI BANK

STATE BANK OF INDIA

STATE BANK OF SAURASHTRA

SOUTH INDIAN BANK

STATE BANK OF TRAVANCORE

UTI BANK

BANK OF BARODA

REGISTERED OFFICE

Thottathil Towers, 2nd Floor,

Market Road, Ernakulam,

Kochi - 682 018.



VERTEX SECURITIES LIMITED

Regd. Off: Thottathil Towers, 2nd Floor, Market Road, Kochi -682 018

NOTICE

Notice is hereby given that the Fifteenth Annual General Meeting of the Shareholders of VERTEX SECURITIES LIMITED will be held on Monday the 29th September, 2008 at 10.00 AM at the Registered Office of the Company at Thottathil Towers, 2nd Floor, Market Road, Ernakulam, Kochi-682018, to transact the following businesses:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2008 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 auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS:

3. 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 Managing Director for a period upto 31st March, 2009 with effect from 03.02.2008, subject to the terms and conditions, specified in the explanatory statement."
 "Also resolved that Mr. Ranjan Verghese, Managing Director will not be liable for retirement by rotation".
4. To consider and if thought fit to pass with or without modification, the following as an Ordinary Resolution:
 "Resolved that Mr. Kumar Nair, who was appointed as an Additional Director pursuant to Section 260 and other applicable provisions of the Companies Act and for whom a notice has been received pursuant to Section 257 of the act, be and is hereby appointed as a Director of the Company."
5. To consider and if thought fit to pass with or without modification, the following as an Ordinary Resolution:
 "Resolved that Mr. N.R. Achan, who was appointed as an Additional Director pursuant to Section 260 and other applicable provisions of the Companies Act and for whom a notice has been received pursuant to Section 257 of the act, be and is hereby appointed as a Director of the Company."
6. To consider and if thought fit to pass with or without modification, the following as an Ordinary Resolution:
 "Resolved that Mr. G.K. Prem Kumar, who was appointed as an Additional Director pursuant to Section 260 and other applicable provisions of the Companies Act and for whom a notice has been received pursuant to Section 257 of the 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 Nos. 3 to 7 is attached herewith.

By Order of the Board,

Sd/-

(RANJAN VERGHESE)
MANAGING DIRECTOR

Place: Kochi-18
Date : 31.07.2008

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 25.09.2008 to 29.09.2008 (both days inclusive).

EXPLANATORY STATEMENT**RELATING TO ITEM No.3:**

The Board of Directors of the Company at their meeting held on 31.01.2008 have appointed Mr. Ranjan Verghese as Managing Director of the Company for a period upto 31st March, 2009 with effect from 3rd February, 2008, subject to the following terms and conditions as specified in the Agreement:

1) **Monthly Salary:**

Salary of Rs.66,000/- (Rupees Sixtysix thousand only) per month.

2) **Perquisites:**

- a) Provision of Company's Car with Driver.
- b) Contribution to Provident Fund not exceeding the Limits specified by the Government.
- c) Medical Reimbursement for self and family subject to a ceiling of one month's salary in a year or three months' salary over a period of three years.
- d) Encashment of leave not exceeding the number of days and subject to the same conditions as are applicable to other Officers of the company."
- e) Annual Leave 30 days. Unavailed leave can be encashed."

Mr. Ranjan Verghese is interested in the resolution as the proposal relates to his appointment and payment of remuneration to him as the Managing Director of the Company. No other Director is interested in the above resolution.

RELATING TO ITEM Nos. 4 to 7:

M/s. Kumar Nair, N.R. Achan and G.K.Prem Kumar were appointed as additional directors by your board at their meeting held on 31st July, 2008. The appointments were made to enable the company to re-constitute the board consequent upon change in shareholding pattern and acquisition of shares by M/s. Transwarranty Finance Limited and Mr. Kumar Nair from the erstwhile Promoters and from the public in compliance of SEBI (Substantial Acquisition & Takeover) Regulations, 1997.

The qualifications and experience of the directors proposed to be appointed are given below:

- 1) **Mr. Kumar Nair, B.Sc. ACA.,** Managing Director of Transwarranty Finance Limited has over two decades of experience in Financial Services, Capital Market and Investment Banking. Prior to this he was a key member of the core senior management team in Kotak Mahindra Finance Limited with wide experience in Financial Services.
- 2) **Mr. N.R. Achan, B.Com, CAIIB** is the former Chairman & Chief Executive Officer of Catholic Syrian Bank (CSB) and General Manager in Bank of India with 42 years experience in Banking and Finance.
- 3) **Mr. G.K. Prem Kumar, B.Com, LLB, CAIIB, FCS,** Associate Vice President & Company Secretary of Transwarranty Finance Limited, has over three decades of experience in Banking, Legal, Secretarial, Capital Market and Merchant Banking activities.

Yours Directors feels that it will be beneficial in the interest of the company for the above directors to continue in the board and therefore recommended their appointment.

All the above said directors viz. Mr. Kumar Nair, N.R. Achan, G.K. Prem Kumar will be deemed to be interested in the resolution as the proposal is for their appointment as directors of the company. No other director is interested in the above resolution.

By Order of the Board,

Sd/-

(RANJAN VERGHESE)
MANAGING DIRECTOR

Place: Kochi-18
Date : 31.07.2008



DIRECTORS' REPORT

Your Directors have great pleasure in presenting before you the 15th Annual Report of your Company. The Profit & Loss account for the year ended 31st March, 2008 and the Balance Sheet as on that date together with the schedules and notes forming part of accounts, as audited and reported by the Statutory Auditors of the Company are attached herewith.

FINANCIAL PERFORMANCE:

Your Directors are happy to report that the overall performance of your company have recorded reasonable growth during the year under review. The total income generated during the year under report was Rs.938.93 lakhs as compared to Rs.620.70 lakhs in the previous year registering an increase of almost more than 50% from the previous year. The Profit before taxation also have recorded reasonable increase to Rs.97.91 lakhs from the previous year figure of Rs.73.76 lakhs. The net profit after providing for prior period adjustments and provision for taxation is Rs.67.66 lakhs as compared to Rs.51.13 lakhs reported in the previous year. As your directors proposes to utilize the available surplus in the business of the company no dividend is recommended for the year ended 31st March, 2008 and the available surplus is being carried over to the balance sheet.

PERFORMANCE OF SUBSIDIARY:

Overall performance of the Subsidiary, M/s. Vertex Commodities And Finpro Private Limited remain almost same as in the previous year and we were not able to improve the performance due to several reasons like Government regulations, adverse market conditions etc.. The total income generated by the Subsidiary for the year ended 31st March, 2008 was only Rs.173.96 lakhs as compared to Rs.166.05 lakhs in the previous year. However, the operating expenses and other administrative cost have recorded steep increase during the year under report. The bottom line is also effected because of the increased provisioning for deferred tax. The net profit available after all adjustments and provision for taxation is only Rs.10.36 lakhs as compared to Rs.26.92 lakhs in the previous year. Your Directors are hopeful of improving the performance in the coming year.

CHANGE OF MANAGEMENT:

During the year under report, the Promoters of the Company have entered into an Agreement with M/s. Transwarranty Finance Limited and Mr. Kumar Nair, its Managing Director for sale and acquisition of Equity shares and the proposed acquirers have already complied with the provisions of the SEBI (Substantial Acquisition and Takeover) Regulations, 1997. The new management have co-opted M/s. Kumar Nair, N.R. Achan and G.K. Prem Kumar as Directors. The necessary permission is also being sought from NSE for appointment of Mr. U. Ramachandran, another nominee of the acquirers. Bio-datas of the proposed appointees is given in the explanatory statement. It is confirmed that request has been received from the shareholders proposing the appointment of the above referred directors as Directors of the Company.

DIRECTORS:

To facilitate the change in management M/s. Dilip Verghese, Ivan J. Coelho, Dr. Thomas Alapatt, Dr. George Varkey Thalody, Dr. (Mrs.) Lucyamma Thalody, Dr. Thomas V. Thalody (Alternate Director to Dr. George Varkey Thalody), Joseph Francis Xavier (Alternate Director to Dr. (Mrs.) Lucyamma Thalody), Mrs. Thresiamma Nemri, Anup Kumar A., Thomas J. Vayalat, and M.V. Sathesnan have resigned from the Board.

Mr. Ranjan Verghese was re-appointed as Managing Director of the Company with effect from 03.02.2008 by your Board. Necessary resolution for approval of the re-appointment of Mr. Ranjan Verghese as Managing Director and other terms and conditions of service is being placed at the ensuing Annual General Meeting and your Directors recommend approval of the resolution.

SHARE CAPITAL:

The share capital of your company remains un-changed and is the same as in the previous year.

CORPORATE GOVERNANCE:

Pursuant to Clause No.49 of the Listing Agreement with the Stock Exchange, 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, 2008, 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 judgments 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 the profit of the Company for the year ended 31st March, 2008.
- 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 Four times and the details are given in the Corporate Governance.

CONSOLIDATED ACCOUNTS:

The Consolidated Profit and Loss Account and Balance Sheet of the company as well as Vertex Commodities And Finpro Private Limited for the year ended 31st March, 2008 is attached herewith as required under the Listing Agreement.

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. Krishnamoorthy & Krishnamoorthy, Chartered Accountants, Ernakulam, will retire at the ensuing Annual General Meeting and have confirmed their eligibility and willingness for re-appointment. Your Directors recommend their appointment.

AUDITORS' OBSERVATIONS:

Referring to Para No.5(i) of the Auditors' Report to the shareholders it is clarified that an amount of Rs.99,40,000 received in cheques from the Subsidiary Company have since been encashed.

Regarding observation in Audit Report Para No.5(ii), attention is invited to Para No.17 of Schedule 19 which is self explanatory.

Referring to observation in Para No.6(i), attention is invited to Para No.5 of Notes on Accounts in schedule 19, which is self explanatory.

Referring to observation in Para No.6(ii), it is clarified that some of the sundry debtors, loans and advances are subject to confirmation/reconciliation. However, management is of the opinion that the adverse effect, if any, will not be substantial.

DELISTING OF COMPANY'S SHARES:

Cochin Stock Exchange had already delisted the equity shares of the Company based on our request. The Company's shares are continues to be listed in Bombay Stock Exchange.

ACKNOWLEDGEMENT:

Your Directors wishes to place on record their deep appreciation and gratitude to the officials of National Stock Exchange, Bombay Stock Exchange, National Securities Depository Limited, Central Depository Services (India) Limited. Thanks are also due to various Clients, Bankers 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/-

Sd/-

(A. ANUP KUMAR)
DIRECTOR

(RANJAN VERGHESE)
MANAGING DIRECTOR

Place: Kochi-18
Date : 31.07.2008



REPORT ON CORPORATE GOVERNANCE

(Pursuant to Clause No. 49 of the Listing Agreement)

Your Directors are happy to give hereunder the Corporate Governance Report, pursuant to Clause No.49 of the Listing Agreement.

Board of Directors:

The Board of Directors of the Company consists of the following persons:

<u>Name of the Director</u>	<u>No. of outside Directorships held</u>	<u>No. of Board Committees in which he is a member</u>
Ranjan Verghese (Managing Director)	1	1
Dilip Verghese	-	0
Anup Kumar A.	5	4
Dr. George Varkey Thalody	0	-
Alternate Director: Dr. Thomas Varkey Thalody	0	3
Dr. Lucyamma Thalody	-	-
Alternate Director: Joseph Francis Xavier	-	-
Dr. Thomas Alappat	-	-
Ivan J. Coelho	-	-
Thresiamma Nemri	-	-
Satheesan M V.	2	2
Thomas J. Vayalat	2	1

Details of Board Meetings and AGM:

During the year under review there were Six Board Meeting were held, the dates being 11.04.2007, 29.06.2007, 31.07.2007, 31.10.2007, 07.11.2007 and 31.01.2008.

The last annual general meeting was held on 29th September, 2007.

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

<u>Name of Director</u>	<u>No. of Board Meeting attended</u>	<u>Whether attended last AGM</u>
Ranjan Verghese	6	Yes
Anup Kumar /	6	Yes
Dr. George Varkey Thalody	0	No
M.V. Satheesan	5	No
Thomas J. Vayalat	0	No
Dr. Thomas V Thalody	6	No
Joseph Francis Xavier	2	No

Board Committees:

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

The Audit Committee met Four times during the year under report, the dates being 29.06.07, 31.07.07, 31.10.07 and 31.01.08. The names of Audit Committee members and number of meeting attended by them are as under:

<u>Name of the Audit Committee Member</u>	<u>No. of meeting attended</u>
Anup Kumar A.	4
M.V. Satheesan	1
Dr. Thomas V Thalody	4

The Share Transfer Committee met Eight times, the dates being 20.04.2007, 31.07.2007, 31.08.2007, 25.09.2007, 25.11.2007, 22.12.2007, 31.01.2008 and 01.03.2008 and two members were present for all the meetings.

Managerial Remuneration:

The Company is having one Wholtime Director, who is designated as Managing Director. Mr. Ranjan Verghese was re-appointed as Managing Director of the Company from 03.02.08 to 31.03.2009 by your Board. The total managerial remuneration paid to the aforementioned Wholtime Director including value of perquisites is Rs.7,80,492/-.



The Company is paying sitting fee to those Directors who attended the Board Meeting at the rate of Rs.2,000/- per Board Meeting attended by them. Though there is a provision for reimbursement of travelling and other expenses, your Company has not paid any amount under this head during the year under report.

Redressal of Shareholders Grievances:

The Investor Grievance Committee met four times during the year, the dates being 11.04.2007, 31.07.2007, 31.10.2007 and 31.01.2008 and two members were present for all the meetings.

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. 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, except a show cause notice received from the Assistant Commissioner of Central Excise (Service Tax) demanding service tax on NSE turnover charges, depository charges, training fee, AMC charges and short payment of service tax, which has been settled in favour of the company.

Communication with the Shareholders:

The quarterly and half-yearly un-audited working results of the Company are published within the prescribed time limit in one English and one Malayalam dailies. The same details are also uploaded SEBI's EDIFAR site.

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

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

<u>Date of AGM</u>	<u>Time</u>
30 th September, 2005	11.00 A.M.
31 st August, 2006	11.00 A.M.
29 th September, 2007	10.00 A.M.

Stock Exchanges:

The Company's shares are listed in Bombay Stock Exchange, Mumbai. The Company's shares will be continued to be listed in Bombay Stock Exchange, Mumbai.

Transfer of Shares:

The shares sent for transfer in physical form are generally processed within 15 days of receipt thereof and will placed before the Share Transfer Committee. On effecting share transfer, the Certificate(s) will be forwarded to the transferee after duly endorsing the transfer. The activity is also entrusted with the Share Transfer Agents, M/s. Cameo Corporate Services Ltd., Subramanian Building, 1 Club House Road, Chennai – 600 002.

Dematerialisation of Shares:

Request for dematerialisation of shares, which are in order, are processed usually within 15 days and confirmation is given to the Depository and the Registrar M/s. Cameo Corporate Services Ltd., Subramanian Building, 1 Club House Road, Chennai – 600 002.

**Trading in shares:**

Details of trading in shares of the Company is reported from Bombay Stock Exchange, Mumbai during the period from 01.04.2007 to 31.03.2008, is given below:

Scrip Code: 531950 Company:: VERTEX SECURITIES LTD.

For the Period: April 2007 to March 2008

Month		Open Price	High Price	Low Price	Close Price	No. of Shares	No. of Trades	Total Turnover(Rs.)	* Spread (Rs.) H - L C - O	
April	2007	25.00	27.40	22.00	24.90	844640	361	20,948,456.00	5.40	-0.10
May	2007	24.30	25.60	22.00	24.80	55891	111	1,379,964.00	3.60	0.50
June	2007	20.00	26.50	20.00	25.50	5358	51	134,232.00	6.50	5.50
July	2007	25.00	31.20	24.05	25.50	64634	214	1,691,769.00	7.15	0.50
August	2007	26.50	45.70	26.10	31.20	1171836	853	41,381,500.00	19.60	4.70
September	2007	32.00	36.65	30.70	34.00	216325	236	7,277,105.00	5.95	2.00
October	2007	34.00	34.00	26.00	33.65	31267	97	936,942.00	8.00	-0.35
November	2007	32.00	41.25	31.90	36.00	102818	319	3,780,153.00	9.35	4.00
December	2007	37.80	48.30	36.00	47.45	113752	356	5,067,776.00	12.30	9.65
January	2008	45.60	61.65	31.80	36.60	131033	406	7,222,618.00	29.85	-9.00
February	2008	34.80	42.65	30.00	39.85	31426	117	1,092,242.00	12.65	5.05
March	2008	38.00	38.90	21.15	22.35	315364	239	8,504,756.00	17.75	15.65

* Spread H - L -> High - Low C - O -> Close - Open

Distribution of Shareholding: (As on 31.03.2008)

Category	No. of shares held	Percentage of shareholding
A. PROMOTERS HOLDING:		
1. Promoters:		
Indian Promoters	5,41,400	10.46
Foreign Promoters (NRIs)	25,08,943	48.45
2. Persons acting in concert	Nil	Nil
Sub Total:	30,50,343	58.91
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	4,42,137	8.54
b. Indian Public	16,85,521	32.55
c. NRIs/ OCBs	Nil	Nil
d. Any other	Nil	Nil
Sub total:	21,27,658	41.09
GRAND TOTAL:	51,78,001	100.00



Management Discussion and Analysis:

During the period under review the performance of the Secondary Market was generally stable with major inductions showing upward trend with only occasional downwards. This situation has helped your Company to stabilize further to improve the marketing network.

During the year under report your company has opened additional branches in the States of Tamilnadu, Karnataka, Andhra Pradesh, Delhi, Kerala, Uttar Pradesh, West Bengal, Gujarat, etc. Your Directors are also planning to further improve the branch network in a phased manner to tap the potential. These new areas have contributed to the profitability of the Company and once stabilized is expected to contribute more share in the overall performance of the Company.

For and on behalf of the Board of Directors,

Sd/-

Sd/-

(A. ANUP KUMAR)
DIRECTOR

(RANJAN VERGHESE)
MANAGING DIRECTOR

Place : Kochi-18

Date : 31.07.2008

COMPLIANCE CERTIFICATE

To the Members of Vertex Securities Ltd:

We have examined the compliance of conditions of Corporate Governance by M/s. Vertex Securities Limited for the year ended March 31, 2008, as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We state that in respect of investor grievances received during the year ended March 31, 2008, no investor grievances are pending for a period exceeding one month against the Company as per the records maintained by the Company.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For Gopi Mohan Sathesan & Associates

Sd/-

(K.P. Gopi Mohan)
(Partner)
C.P. No. 2913

Kochi-16
31.07.2008