

Merchant Banking

- Management of Initial Public Offers / Follow on Offers / Rights Issue
- Management of debt (Bond) issues for Companies / Institutions / Corporations / Government Undertakings / Any other entity eligible to make a bond issue
- Placement of Equity Shares with QIP / Private Equity funds.
- Placement of Preference Shares
- Corporate Restructuring
- Valuations of Companies / Enterprises / Shares
- Listing services on National Stock Exchange (NSE) and Bombay Stock Exchange (BSE)
- Buy Back of Shares
- Take over & Offer for sale
- ESOPs
- Certifications

Vertex Commodities & Finpro Pvt.Ltd.

Vertex Commodities & Finpro Pvt.Ltd., a subsidiary of Vertex Securities Limited is also a national level retail broking company with around 250 branch / franchise offices across India having membership in the National Commodities & Derivatives Exchange (NCDEX), Multi Commodity Exchange (MCX) and National Multi Commodity Exchange of India Limited (NMCE)

Retail Commodities Broking

Memberships and Licenses

- Reserve Bank of India (RBI) Registration for Financial Services
- Securities and Exchange Board of India (SEBI) Registration for Merchant Banking
- SEBI registration for Securities Broking
- Foreign Exchange Dealers Association of India (FEDAI) accreditation for Inter-Bank Foreign Exchange Broking
- Association of Mutual Funds of India (AMFI) Registration for Mutual Funds Distribution
- Forward Market Commission (FMC) registration for Commodities Broking
- Member of the Association of Merchant Bankers of India (AMBI)
- Membership of the National Stock Exchange (NSE) for broking in both Equities and Derivatives segments
- Membership of the Bombay Stock Exchange (BSE) for broking in Equities segment
- Membership of the Cochin Stock Exchange (CSE) for broking in Equities segment
- Membership of the Over The Counter Exchange of India (OTCEI) for broking in Equities segment



Registered Office Address:
Thottathil Towers, II Floor, Market Road, Ernakulam, Kochi - 682 018.
Telephone: 0484-2384848 Fax: 0484-2394209
Website : www.vertexbroking.com Email : vsl@vertexbroking.com

Corporate Office Address:
406, Regent Chambers, Nariman Point, Mumbai - 400 021.
Telephone : 022-6630 6090 / 91 Fax : 022-6630 6655
Email : mail@transwarranty.com



18th Annual Report 2011

OUR PHILOSOPHY

Trust

Talent

Transparency

Technology

BOARD OF DIRECTORS



Mr. Kumar Nair

F.C.A., Chairman is the Managing Director of Transwarranty Finance Limited and has over two decades of experience in Financial Services, Capital Market and Investment Banking.



Mr. U. Ramachandran

B.Com, FCA, has close to 3 decades experience in Audit and Accounting profession



Mr. Jose Thomas Polachira

B.Com, CAIIB, Post Graduate Diploma in Banking, Industrial Relations & Personal Management, has close to 3 decades experience in banking with specific emphasis on stock broking related areas.



Mr. James Pothen

M.Sc. has close to 3 decades of experience in various senior capacities in Reserve Bank of India.

Transwarranty Finance Limited

Transwarranty Finance Limited (TFL) is a RBI registered full service Investment Bank providing a wide range of Financial Services to over 400 large and mid cap companies and thousands of retail clients all over India since 1994.

Investment Banking

- Mergers and Acquisitions
- Venture Capital
- Private Equity
- International Capital Markets through FCCB / ADR / GDR / AIM listing
- Joint Ventures (Indian / International)
- Corporate Advisory Services
- Business Re-Structuring

Corporate Finance

- Structured Finance
- Rupee / Foreign Currency Loans
- External Commercial Borrowing (ECB)
- Working Capital facilities from Banks
- Acquisition Finance both in India and abroad
- Stressed Assets Finance
- Debt Re-structuring

Trade Finance

- LC bills discounting
- Clean bills discounting
- Inter Corporate Deposits
- Unsecured working capital loan
- Import and Export Finance (Supplier's / Buyer's Credit)

Project Finance

- Financial Structuring
- Project Report and Financial Feasibility Study
- Raising Project Equity
- Raising Project loans both in rupee and Foreign currency.

Real Estate & Infrastructure

- Private Equity
- Project Equity
- Joint Venture / Joint Development Agreements
- Outright sale of land / projects
- Project loan
- Securitization of rentals / receivables
- Strategic / Financial Investments.

Gold Loan & Micro Finance

Vertex Securities Ltd.

Vertex Securities Limited is a national level retail broking company with around 250 branch / franchise offices across India having membership in the National Stock Exchange (NSE), Bombay Stock Exchange (BSE), and depository services.

The Company is also a SEBI registered full service Merchant Bank and "Institutional" Broker.

- **Retail Share Broking**
- **Mutual Funds, IPO and other retail investment advisory services**
- **Depository Participant**
- **Institutional Broking**
- **Arbitrage**
- **Depository Participant**
- **AMFI certified corporate agent / distributor for all the Mutual Funds**

CORPORATE INFORMATION

BOARD OF DIRECTORS

Kumar Nair - (*Chairman & Managing Director*)

James Pothen

Jose Thomas Polachira

U. Ramachandran

Company Secretary

Sandhya R. Nair

AUDITORS

Rahul Gautam Divan & Associates

Chartered Accountants,

134, Mittal Tower, C Wing,

Nariman Point, Mumbai - 400 021

BANKERS

Axis Bank

Bank of Baroda

Canara Bank

Federal Bank

HDFC Bank

ICICI Bank

South Indian Bank

State Bank of India

State Bank of Travancore

REGISTERED OFFICE

Thottathil Towers, 2nd Floor,

Market Road, Ernakulam,

Kochi - 682 018

Tel. No. 0484-2384848

Fax No. 0484-2394209

e-mail id : vsl@vertexbroking.com

CORPORATE OFFICE

403, Regent Chambers

Nariman Point, Mumbai 400 021

Tel. No. 91-022-6630 6090/91

Fax No. 91-022-66306655

e-mail id : mail@vertexbroking.com

REGISTRARS & TRANSFER AGENTS

M/s. Link Intime India Pvt. Ltd

C-13, Pannalal Silk Mills Compound

LBS Marg, Bhandup (West),

Mumbai 400 078

Tel. No. 022-2596 3838

Fax No. 022-2592 6969

e-mail id : joy.varghese@linkintime.co.in

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NOTICE

Notice is hereby given that the Eighteenth Annual General Meeting of the Shareholders of VERTEX SECURITIES LIMITED will be held on Wednesday the 20th July, 2011 at 9.30 am at the Sharon Hall of The International Hotel, M.G. Road, Ernakulam, Kochi-682 031, to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the audited Balance Sheet as at 31st March, 2011 and Profit and Loss Account for the year ended as on that date and the report of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Jose Thomas Polachira, who retires by rotation, and is eligible for re-appointment.
3. 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. M/s Rahul Gautam Divan and Associates, Chartered Accountants, Mumbai are eligible for re-appointment.

By Order of the Board of Directors,
For VERTEX SECURITIES LIMITED

Sandhya R. Nair
Company Secretary

Place: Kochi-18
Date: 20.05.2011

NOTES:

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND THE MEETING AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. A PROXY SHALL NOT HAVE ANY RIGHT TO SPEAK AT THE MEETING AND SHALL NOT VOTE EXCEPT ON A POLL.**
2. The instrument appointing the proxy must be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the Meeting.
3. Members / Proxies should bring the Attendance Slip duly filled in for attending the meeting.
4. The Register of Members and Share Transfer Registers will remain closed from 16th July, 2011 to 20th July, 2011 (both days inclusive).
5. Members requiring information on audited accounts at the meeting are requested to send the queries in writing so as to reach the Registered Office of the Company at least 10 days before the meeting.

ADDITIONAL INFORMATION PURSUANT TO CLAUSE 49 OF THE LISTING AGREEMENT WITH REGARD TO DIRECTOR SEEKING APPOINTMENT/RE-APPOINTMENT AT THE 18TH ANNUAL GENERAL MEETING:

Name of Director	Mr. Jose Thomas Polachira
Date of Birth	01.06.1951
Date of appointment of Board	10.01.2009
Qualification	B. Com, CAIIB, Post Graduate Diploma in Banking, Industrial Relations & Personal Management.
Experience in Specific	Having 32 years experience in Banking and Stock Broking related areas.
No. of Shares held	Nil
Other Directorship	M/s. Maharashtra Malayalam Agro Farms (P) Ltd. M/s. Sunderwadi Farms & Realtors (P) Ltd. M/s. Bistro Foods Pvt. Ltd.

By Order of the Board of Directors,
For VERTEX SECURITIES LIMITED

Sandhya R. Nair
Company Secretary

Place: Kochi-18
Date: 20.05.2011

DIRECTORS' REPORT

To

The Members

Vertex Securities Limited

Your Directors have pleasure in presenting before you the 18th Annual Report of the Company. The standalone Profit & Loss account and Balance Sheet for the year ended 31st March, 2011 as audited and reported by the Auditors of the Company and also Consolidated Accounts incorporating the Profit & Loss account and Balance Sheet of the Subsidiary Company, M/s. Vertex Commodities And Finpro Private Limited as required under the Listing Agreement are attached herewith.

FINANCIAL RESULTS:

The financial highlights of the company on stand alone basis for the year ended 31st March, 2011 with corresponding figures of the previous year are given below:-

(Rs. in Lacs)

Financial Results	2010-11	2009-10
Total Revenue	942.45	936.44
Profit before Depreciation, Taxation and Prior period items	6.59	99.76
Depreciation and Preliminary Expenses	44.62	43.76
Profit/(Loss) before Tax	(38.03)	56.00
Profit/(Loss) after Tax	(25.67)	27.70
Provision for Proposed Dividend on Preference Shares	--	4.16
Provision for Proposed Dividend Tax on Preference Shares	--	0.71
Profit/(Loss) carried forward to Reserves	(25.67)	22.83

BUSINESS:

During the year ended 31st March, 2011 your Company earned consolidated revenue of Rs.1084.43 Lacs as compared to Rs.1045.42 Lacs in the previous year. The operations have recorded a net loss of Rs.76.80 Lacs as compared to a net profit of Rs.32.58 Lacs in the previous year.

Detailed information on operational and financial performance, etc. of the Company for the financial year is given in the Management Discussion and Analysis which is set out as Annexure to the Directors' Report.

During the year your Company has managed to increase its talent pool by attracting high caliber, performance oriented professionals with proven track record. The Company recognises the importance and contribution of our people and performance orientation and ethics are high priority areas. The Board of Directors have introduced Vertex Employees Stock Option Plan, 2010 according to which the equity shares of the company will be offered to the key employees and Directors to motivate them and to create a better working atmosphere.

DIVIDEND

Due to loss during the financial year your Directors regret that they could not recommend the dividend for the financial year 2010-11.

DIRECTORS

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Mr. Jose Thomas Polachira is liable to retire by rotation and is eligible for re-appointment. The resolution for appointment of Mr. Jose Thomas Polachira is being placed before the ensuing Annual General Meeting for approval.

Mr. Ashok K. Mittal has been appointed as the Whole-time Director of the Company with effect from May 20, 2011 and will hold office till the ensuing Annual General Meeting.

Pursuant to Clause 49(g) (1) of the Listing Agreement with the Stock Exchange, brief resume of the Director being reappointed has been provided in the Notice convening the Annual General Meeting.

AUDIT COMMITTEE

The Audit Committee of the Board consists of the following Directors:

Mr. James Pothan, (Chairman)

Mr. U. Ramachandran.,

Mr. Jose Thomas Polachira.

The Audit Committee met five times during the financial year.

ALTERATION OF MAIN OBJECT CLAUSE OF THE COMPANY

During the year under review, your Company has altered its Main Object clause of the Memorandum of Association. The Registrar of Companies in his report to the High Court of Kerala during the Amalgamation proceedings had suggested that the Main Objects be modified to reflect the present activities of the company. The



earlier Main Object included the activities of non-banking finance companies. The company is not undertaking any Non Banking Finance Company activities and has surrendered the Certificate issued by the Reserve Bank of India. Further based on the Order passed by the Hon'ble High Court of Kerala on 23rd February, 2010 Transwarranty Capital Private Limited was amalgamated with the Company and all the assets, liabilities, licenses etc. of Transwarranty Capital Private Limited were transferred to the company with effect from the appointed date. Transwarranty Capital Private Limited was also undertaking institutional broking and also holding necessary license from the Securities and Exchange Board of India as a Merchant Banker. To enable your company to undertake Merchant Banking and other activities, the Main Objects of the company were suitably amended.

CHANGE IN REGISTRAR AND TRANSFER AGENT

The Company has changed its Registrar and Transfer Agent from M/s Cameo Corporate Services Limited, Chennai to M/s. Link Intime India Pvt. Ltd., C-13, Pannalal Silk Mills Compound, LBS Marg, Bhandup (West), Mumbai - 400 078. All communication relating to Transfer can now be sent to the above given address of the Transfer Agent. The Equity Shares of the Company can be dematerialised with National Securities Depository Limited and Central Depository Services (India) Limited.

CORPORATE GOVERNANCE

The Securities and Exchange Board of India (SEBI) has prescribed Corporate Governance standards. Your Directors reaffirm their commitment to these standards and this Annual Report carries a section on Corporate Governance.

DIRECTORS' RESPONSIBILITY STATEMENT

Your Directors hereby confirm:-

- a) That in the preparation of the Annual Accounts for the year ended 31st March, 2011, 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 loss of the Company for the year ended 31st March, 2011.
- 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.

CONSOLIDATED ACCOUNTS

The Consolidated Profit and Loss Account for the year ended 31st March, 2011 and the Balance Sheet as on that date as required under Listing Agreement is attached herewith.

OPERATIONS OF SUBSIDIARY

During the year ended 31st March, 2011 the subsidiary company Vertex Commodities And Finpro Private Limited had total revenue of Rs.237.03 Lacs and Loss after tax of Rs.51.13 Lacs as against Rs.108.98 Lacs and Profit of Rs.4.88 Lacs respectively in the previous year.

During the year Company has invested Rs.300 Lacs in the Equity share capital of Vertex Commodities And Finpro Private Limited thereby increasing its stake to 99.45%. This infusion of capital is to meet the capital and operational expenses of the Subsidiary.

In accordance with the general circular issued by the Ministry of Corporate Affairs, Government of India, the Balance Sheet, Profit and Loss Account and other documents of the subsidiary company are not being attached with the Balance Sheet of the Company. The Company will make available the Annual Accounts of the subsidiary company and the related detailed information to any member of the Company who may be interested in obtaining the same. The annual accounts of the subsidiary company will also be kept open for inspection at the Registered Office of the Company and that of the subsidiary company.

The Consolidated Financial Statements presented by the Company include the financial results of its subsidiary company.

PARTICULARS OF EMPLOYEES' U/S 217 (2A) OF THE COMPANIES ACT, 1956

Information as per Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 as amended, is available at the registered office of your Company. However, as per the provisions of Section 219(1)(b)(iv) of the said Act, the Report and Accounts are being sent to all shareholders of the Company and others entitled thereto excluding the aforesaid information. Any shareholder interested in obtaining a copy of this statement may write to the Company Secretary / Compliance Officer at the Corporate Office or Registered Office address of the Company.

DISCLOSURE OF EMPLOYEE STOCK OPTIONS

During 2009-10, the Company granted 6,55,000 Stock Options to the employees under its Employee Stock Option Plan 2010. Details as per the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, are set out in the Annexure to this Report.

MANAGEMENT DISCUSSION AND ANALYSIS

The Management Discussion and Analysis Report for 2010-11, as required under Clause 49 of the Listing Agreement, are given as a separate statement in the Annual Report.

DISCLOSURE OF ADDITIONAL PARTICULARS

In view of the nature of activities which are being carried on by the Company, the particulars prescribed under Section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 regarding conservation of Energy & Technology Absorption are not applicable to the Company.

The company has received Foreign Exchange Inward Remittance equivalent to Rs.1,74,80,463/- which is received towards Share Capital contribution.

AUDITORS

M/s. Rahul Gautam Divan & Associates, Chartered Accountants, Mumbai will retire at the ensuing Annual General Meeting and have confirmed their eligibility and willingness for re-appointment. Your Directors recommend their appointment.

LISTING PARTICULARS

The Company's equity shares continue to be listed on the Bombay Stock Exchange.

REPLIES TO AUDITORS' OBSERVATIONS

Attention is invited to Note No. 4(i) of the Auditors' Report, and it is clarified that the management is of the view that long term investment is having the value as specified in the Balance Sheet.

Attention is invited to Note No. 4(ii) of the audit report, it is clarified that the company has initiated legal / other action for recovery of the old outstanding dues and, therefore, it will not be prudent to make any provision in the accounts which may adversely affect the claim of the company.

ACKNOWLEDGEMENT

Your Directors would like to express their gratitude to the officials of National Stock Exchange of India Ltd., Bombay Stock Exchange Ltd., Cochin Stock Exchange Ltd., Over the Counter Exchange of India (OTCEI), National Securities Depository Limited, Central Depository Services (India) Limited and also to the Bankers. Your Directors also express their deep appreciation of the valuable services of the Officers and Staff Members of the Company.

For and on behalf of the Board of Directors,

Place: Kochi-18
Date : 20.05.2011

Kumar Nair
Chairman & Managing Director

Annexure A Forming Part of the Directors Report:

Disclosure in compliance with Clause 12 of the Securities and Exchange Board of India (Employee Stock option Scheme) and (Employees Stock Purchase Scheme) Guidelines, 1999, as amended, are set below:

No	Particulars	VERTEX EMPLOYEES' STOCK OPTION PLAN, 2010 {"PLAN"}
1	Total number of Options under plan	10,00,000
2	Option granted during the year	6,55,000
3	The Pricing formula	Exercise price considered is the closing market price as on the day preceding the date of the grant on Bombay Stock Exchange Ltd., (BSE) where the shares are listed
4	Options Vested	Nil
5	Options exercised	N.A.
6	Total No. of shares arising as a result of Options	N.A.
7	Options lapsed	31,500
8	Variation of terms of Options	Nil
9	Money realized by exercisable Options	N.A.
10	Total No. of Options in force	623,500
11.	Employee wise details of Options granted	
	i. Senior Management personal during the year	Mr. U Ramachandran - 25,000 Mr. James Pothan - 25,000 Mr. Jose Polachira - 25,000 Mr. Ashok Mittal - 100,000
	ii. Employees holding 5% or more of the total number of Option granted during the year	-
	iii. Employees who were granted Options during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant	Mr. Ashok Mittal - 100,000
12.	Diluted Earnings Per Share (EPS) pursuant to issue of Shares on Exercise of Options calculated in accordance with ("Accounting Standard (AS) 20" Earning per share	Rs. 0.80
	Where your Company has calculated the employee compensation cost using the intrinsic value of the Stock Options, the difference between the employees compensation cost so computed and the employees compensation cost that shall have been recognized if it had used the fair value of the Options, shall be disclosed. The impact of this difference on profits and on EPS of your Company shall also be disclosed.	Had fair value method been used , the compensation cost would have been higher by Rs.89.37 Lakhs (Previous Year Rs. Nil) Loss after tax would have been higher by Rs.89.37 Lakhs (Previous year Rs.Nil) and EPS basic would have been Rs. (1.92) per share (Previous Year Rs.Nil) per share and Diluted EPS would have been Rs.(0.80) per share (Previous Year Rs.Nil)
	Weighted-average exercise prices and weighted -average fair values of Options shall be disclosed separately for Options whose exercise price either equals or exceeds or is less than the market price of the stock	-
	A description of the method and significant assumptions used during the year to estimate the fair values of Options including the following weighted average information:	
	1. risk free interest rate	8.32%
	2. expected life	5 yrs
	3. expected volatility	76.00%
	4. expected dividend yield	3.22%
	5. the price of the underlying shares in market at the time of option grant	Grant price of options is the closing of the market price on Bombay Stock Exchange Ltd., (BSE) where the shares are listed on the day preceding the date of the grant, hence the price of underlying shares is same as the grant price.

REPORT ON CORPORATE GOVERNANCE

Mandatory Requirements:

1. COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE:

Your Company is fully committed to the adoption of best governance practices and its adherence. The Company's philosophy on Corporate Governance is to practice transparency, accountability and maintain professional approach in dealing with all its stakeholders. Your Company believes in fair dealing, strengthening the disclosure practices, timely and appropriate compliance of the applicable regulations, strategic guidance and effective monitoring by the Board and above all providing value to the shareholders and other stakeholders. The company has already put in place systems and procedures and is fully compliant with Clause 49 of the Listing Agreement.

2. BOARD OF DIRECTORS:

Composition, Category, Size of the Board

The Board of Directors of the Company is a balanced one, comprising of a Managing Director and Non-Executive Directors which includes independent professionals with vast experience in various fields. As on 31st March, 2011 the Board consists of four members, of which one is Managing Director, two Independent Directors and one Non-executive Director.

None of the Directors of the Board is a member of more than 10 Committees or a Chairman of more than 5 Committees (as specified under clause 49) across all Companies in which he is a Director. All Directors have made necessary disclosures regarding their Directorship and Committee positions occupied by them in other Companies.

The details of other Directorships, positions held either in Committees of Board of Directors as well as attendance at Board Meetings/ Annual General Meeting are as follows:

Name of Director	Category	No. of Board meetings attended		Last AGM attendance	No of other Directorships	Membership/ Chairmanship of Board Committees
		Held	Attended			
Mr. Kumar Nair	Chairman	6	6	No	3	2
Mr. U Ramachandran	Non-Executive Director	6	6	No	6	1
Mr. Jose Thomas Polachira	Independent	6	6	Yes	3	3
Mr. James Pothen	Independent	6	6	Yes	1	3

Meetings of the Board:

During the year the Board met six times on 12.04.2010, 21.04.2010, 19.05.2010, 23.07.2010, 26.10.2010 and 21.01.2011.

Reappointment of Director:

Mr. Jose Thomas Polachira will retire at the ensuing Annual General Meeting and is eligible for reappointment. He is CAIIB, Post Graduate Diploma in Banking, Industrial Relations & Personal Management. He is having 32 years rich experience in Banking and Stock Broking related areas.

Information supplied to the Board

Detailed agenda notes are sent to each Director well in advance before the Board and Committee meetings. The agenda items inter-alia include Secretarial & Legal Compliance matters, business matters and financial reporting. A business review presentation is made at each Board Meeting to apprise the Directors and the Senior Management team about the performance of the Company. The Board provides strategic direction and guidance in improving the performance of the Company. Business plans, annual operating and capital expenditure budgets, are also placed and reviewed by the Board along with the senior management team of the Company.

Code of conduct

The Board of directors of the Company has laid Code of Conduct for the Directors and Senior Management Personnel of the Company. All the Directors and Senior Management Personnel have affirmed compliance with the Code of Conduct as on March 31, 2011. A declaration to this effect signed by the Managing Director forms part of this report.

**Compliance Structure**

The Board also periodically reviews status of compliance with various laws applicable to the Company and also the initiatives taken to improve the standards of compliance adherence.

3. BOARD COMMITTEES**Audit Committee:**

In Compliance of the provisions of Section 292A of the Companies Act, 1956 and in accordance with the provisions of Clause 49 of the Listing Agreement, the Company is having a qualified and independent Audit Committee at the Board level. The Audit Committee performs the functions and have a role in accordance with Clause 49 of the Listing Agreement. The Committee acts as a link between the management, the statutory and internal auditors and the Board of Directors and oversees the financial reporting process.

Composition of Committee

The Audit Committee consists of the following three directors, two of whom are independent directors.

Name of Member

Mr. James Pothan-	Chairman
Mr. U. Ramachandran	Member
Mr. Jose Thomas Polachira	Member

The Chairman of the Audit Committee is an Independent Director. The Chairman of the Audit Committee was also present at the previous Annual General Meeting, as mandated under the listing agreement, to answer shareholder queries. All the members of the Audit Committee are financially literate and all of them have accounting and related financial management expertise.

Terms of Reference

The terms of reference for the Audit Committee covers all the areas stipulated under clause 49 of the Listing Agreement. This inter-alia include the following

- i) Oversight of Company's financial reporting processes.
- ii) Reviewing the quarterly / annual financial results, financial statements before submission to the Board for approval, with particular reference to accounting policies & procedure, major accounting policies, related party transactions.
- iii) Recommending to the Board, the appointment / re-appointment of Statutory Auditors and Internal Auditors and fixation of audit fees.
- iv) Approving internal audit plan and reviewing efficacy and adequacy of internal control systems / function.

Meetings and Attendance

During the financial year the Committee met 5 times on 12.04.2010, 19.05.2010, 23.07.2010, 26.10.2010 and 21.01.2011.

Attendance at the Audit Committee meeting is as under:

Name of Member	Meetings attended
Mr. James Pothan (Chairman)	5
Mr. U. Ramachandran	5
Mr. Jose Thomas Polachira	5

Share Transfer & Shareholders Grievance Committee:

The Company has constituted a Share Transfer & Shareholders Grievance Committee to address various matters relating transfer of shares and to redress Shareholders grievances.

Composition

Share Transfer & Shareholders Grievance Committee consist of the following three Directors as its members.