

VERTEX
Securities Limited
(A subsidiary of Transwarranty Finance Limited)

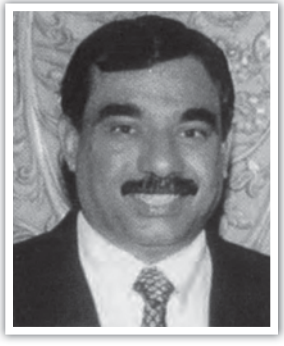
20th Annual Report 2012-13

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. Ramachandran U.

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.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Kumar Nair *(Chairman & Managing Director)*
James Pothen
Jose Thomas Polachira
U. Ramachandran

Company Secretary
Sandhya 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 OFICE
403, Regent Chambers
Nariman Point, Mumbai 400 021
Tel. No. 91-022-6630 6090 / 40010900
Fax No. 91-022-66306655
e-mail id : vsl@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 20th Annual General Meeting of the Shareholders of **VERTEX SECURITIES LIMITED** will be held on 28th September, 2013 at Conference Hall of the Company at Ground Floor, Amritha Towers, Combara Junction, Market Road, Ernakulam, Cochin-682 018 at 9.30 AM, to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the audited Balance Sheet as at 31st March, 2013 and Statement of Profit and Loss for the year ended as on that date as audited and reported by the Auditors and the Director's Report to shareholders.

2. To appoint a Director in place of Mr. U. Ramachandran, 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 & Associates, Chartered Accountants, Mumbai are eligible for re-appointment.

SPECIAL BUSINESS:

4. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

   "RESOLVED THAT, pursuant to the provisions of Sections 198, 269, 309 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, the Company hereby accords its approval to the re-appointment of Mr. Kumar Nair as Managing Director of the Company for a further period of five (5) years with effect from 1.04.2013 on the terms and conditions as set out in the Explanatory Statement annexed to this Notice.

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

Place : Kochi - 18
Date : 16.05.2013

SANDHYA NAIR
Company Secretary

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 21.09.2013 to 28.09.2013 (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 ten (10) days before the meeting.

6. Members may please note that pursuant to the provisions of Section 205(A)(5) of the Companies Act, 1956, unclaimed dividend for a period of 7 years will be transferred by the Company to the Investor Education and Protection Fund (IEPF) established by the Central Government pursuant to Section 205C of the Companies Act, 1956, as and when the same falls due for such transfer. Members who have not encashed their dividend warrants for the financial year 2007 are requested to write to the Company's Registrars and Share Transfer Agents.

   All Unclaimed Dividend remaining unpaid/unclaimed for the financial year ended 31st March, 2007, dividend for which was declared at the Annual General Meeting of the members held on 29th September, 2007, will be transferred by September, 2014, to the IEPF. Members are requested to note that no claim shall lie against the Company or the said Fund in respect of any amounts which are unclaimed and unpaid for a period of seven years from the dates that they first become due for payment and no payment shall be made in respect of any such claims.

7. Members are requested to address all correspondence to the Registrars and Transfer Agents of the Company or to the Compliance Officer.

EXPLANATORY STATEMENT PURSUANT TO THE PROVISIONS OF SECTION 173(2) OF THE COMPANIES ACT, 1956.

As required by Section 173(2) of the Companies Act, 1956, the following Explanatory Statement sets out all material facts relating to the business mentioned under the item No. 4 of the accompanying Notice.

Item No. 4

Appointment of Mr. Kumar Nair as Managing Director

Mr. Kumar Nair, aged 51 years is a Chartered Accountant. He has over twenty-five (25) years of experience in the Capital Market and Investment Banking industry. His core competencies in financial services industry encompasses wide gamut of functions like Corporate finance, Trade finance, Project finance, Stock/ Commodities/ Foreign Exchange, Banking Research, Investment Banking. He was with Kotak Mahindra Finance Limited for nine (9) years and was last positioned as Vice President. He has been the Managing Director of Transwarranty Finance Limited since 1994.

His term of office expired on 1st April, 2013 and as his continuance in the Company is required in the interest of the stakeholders, the Board of Directors has re-appointed him which is subject to the approval of the Shareholders. He will be in charge of the overall management of the Company. As consented by him he will not be paid any remuneration for his services.

Approval of members under Sections 269, 309, 310 read with Schedule XIII to the Companies Act, 1956 is required for the reappointment of Managing Director. None of the Directors of the Company other than Mr. Kumar Nair is interested in the said resolution.

The Board of Directors commends the Resolution for your approval.

ADDITIONAL INFORMATION PURSUANT TO CLAUSE 49 OF THE LISTING AGREEMENT WITH REGARD TO DIRECTOR SEEKING APPOINTMENT / RE-APPOINTMENT AT THE 20TH ANNUAL GENERAL MEETING:

Details of Mr. Kumar Nair:

Name of Director	:	Mr. Kumar Nair
Date of Birth	:	24.03.1962
Directors Identification No.	:	00320541
Date of appointment of Board	:	31.07.2008
Qualification	:	B. Com (Hons) F.C.A
Experience in Specific	:	He has over twenty-five (25) years of experience in the Capital Market and Investment Banking industry.
No. of Shares held	:	5,963,320 Equity Shares of ₹ 2/- each
		2,095,097 0.5% Fully Convertible Preference Shares of ₹ 10/- each
Other Directorship	:	Transwarranty Finance Limited Vertex Commodities Private Limited Transwarranty Capital Market Services Private Limited Menon Bearings Limited Consolidated Eutectics (Kolhapur) Private Limited KPR Buildcon Private Limited Vizor International Pte. Ltd. (Singapore)

Details of Mr. U. Ramachandran:

Name of Director	:	Mr. U. Ramachandran
Date of Birth	:	25.11.1956
Directors Identification No.	:	00493707
Date of appointment of Board	:	10.01.2009
Qualification	:	B. Com (Hons) F.C.A
Experience in Specific	:	He is a Fellow Member of the Institute of Chartered Accountants of India. He has been in professional practice since 1981.
No. of Shares held	:	12,500 Equity Shares of ₹ 2/- each
Other Directorship	:	ASL Logistics Private Ltd Suncem Surface Coatings Private Ltd. U.R.One Stop Exports Private Ltd. Welworth Sales and Services Private Ltd. Vertex Commodities and Finpro Pvt Ltd.

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

Place : Kochi - 18
Date : 16.05.2013

SANDHYA NAIR
Company Secretary

Dear Shareholder,

Green Initiative in Corporate Governance: Save Paper

The Ministry of Corporate Affairs (MCA) has initiated a "Green Initiative in Corporate Governance" and vide Circular No. 17/2011 dated 21.04.2011 and Circular No. 18/2011 dated 29.04.2011, Companies have now been allowed to service various notices/documents which, inter-alia, include General Meeting Notices (including AGM & Postal Ballot Notices), Audited Financial Statements, Directors' Report, Auditors' Report, quarterly financial results, all shareholder communication, etc. to its shareholders through electronic mode.

Your Company welcomes this move of the MCA which has enabled us to further contribute to the "Green Initiative" by reducing paper consumption. Also, this will ensure timely receipt of the documents and avoid loss of the documents in postal transit.

As per the records you have not yet registered/updated your e-mail ID . You are requested to notify the same to the following:

i. if shares are held in electronic mode, to their Depository Participant (DP).

ii. if shares are held in physical mode, to the R&TA at **vertexsecuritiesgogreen@linkintime.co.in**

Accordingly, henceforth your Company proposes to send the aforesaid notices/documents onwards to you in electronic mode/form (in lieu of physical form) at e-mail ID provided by you and made available to us by the Depository/ R&TA (Link in time India). These documents shall also be available on the website of the Company **www. vertexbroking.com** for download by shareholders.

If you desire to receive the above documents in physical form, you are requested to inform us on or before September 30, 2013 by a mail to **vertexsecuritiesgogreen@linkintime.co.in** or to the company at **vsl@vertexbroking.com** whereupon, the documents will be dispatched in physical form at your address as noted in the records of your Depository Participant (DP). You may subsequently also update your email id by a similar mail to us, giving requisite details.

In case, no reply is received, it will be assumed that you are willing to receive the above mentioned documents through e-mail ID as registered with your Depository/ R&TA.

Further, please note that as a shareholder, you are entitled to receive all these documents free of cost upon receipt of a requisition from you, even after you opt for receiving such documents in electronic form.

We trust you will support this initiative of 'Greener Environment' and co-operate with the Company to make it a success.

Thanking you,

Yours faithfully,

For **Vertex Securities Limited**

Company Secretary

DIRECTORS' REPORT

Your Directors present herewith the 20th Annual Report of the Company. The Standalone Statement of Profit & Loss and Balance Sheet for the year ended 31st March, 2013 as audited and reported by the Auditors of the Company and also Consolidated Accounts incorporating the Statement of Profit & Loss and Balance Sheet of the Subsidiary Company, Vertex Commodities And Finpro Private Limited as required under the Listing Agreement are also attached herewith.

FINANCIAL RESULTS:

The Financial highlights of the Company for the year ended 31st March, 2013 with corresponding figures of the previous year are given below:-

(₹ in Lacs)

Financial Results	2012-13 (₹)	2011-12 (₹)
Total Revenue	**768.36**	872.60
Profit before Depreciation, Taxation and Prior period items	**(110.52)**	(87.74)
Depreciation and Preliminary Expenses	**36.88**	40.22
Profit / (Loss) before Tax	**(147.40)**	(127.96)
Profit/ (Loss) after Tax	**(161.86)**	(96.96)
Profit/(Loss) carried forward to Reserves	**(161.86)**	(96.96)

BUSINESS

During the year ended 31st March, 2013 your Company earned consolidated revenue of ₹ 1,063.86 Lacs as compared to ₹ 1,111.84 Lacs in the previous year. The consolidated operations have recorded a net loss of ₹ 163.25 Lacs as compared to a net loss of ₹ 168.04 Lacs in the previous year. The net loss suffered is being carried over in the Balance Sheet.

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.

DIVIDEND

No dividend is recommended during the year due to inadequacy of profits.

DIRECTORS

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Mr. U. Ramachandran is liable to retire by rotation and is eligible for re-appointment.

The resolution for appointment of Mr. U. Ramachandran is being placed before the ensuing Annual General Meeting for approval.

The term of office of Mr. Kumar Nair as Managing Director of the Company was upto 31.03 20013. On expiry of the term of office of the Managing Director, your Board of Directors have re-appointed Mr. Kumar Nair as Managing Director for a period of five years on and from 1st April 2013 which is subject to the approval of shareholders. Considering the present financial position of the Company, Mr. Kumar Nair has kindly consented not to accept any remuneration for his services as the Managing Director of the Company.

Pursuant to Clause 49(g) (1) of the Listing Agreement with the Stock Exchange, brief resume of the Directors proposed for re-appointment has been given in the Notice convening the Annual General Meeting.

INCREASE OF AUTHORISED SHARE CAPITAL:

During the year under review, with the consent of the Members through Postal Ballot the Company was obtained for increased its authorised share capital as per the provision of Section 94 of Companies Act, 1956. The rationale of increasing the authorized share capital was for converting the fully convertible preference shares of ₹ 10/- each into Equity shares of ₹ 2/- each. These shares were issued to erstwhile shareholders of Transwarranty Capital Pvt. Ltd. As per the scheme of amalgamation.

SHARE CAPITAL STRUCTURE

		2012-13 (₹)	2011-12 (₹)
SHARE CAPITAL			
A.	73,753,805Equity Shares of ₹ 2/- each (P.Y. 67,291,305 Equity Shares of ₹ 2/- each)	**147,507,610**	134,582,610
B.	5,981,739 0.5% Fully Convertible Preference Shares of ₹ 10/- each (P.Y. 5,981,739 0.5% Fully Convertible Preference Shares of ₹ 10/- each)	**5,98,17,390**	5,98,17,390

		2012-13 (₹)	2011-12 (₹)
C.	500,000 15% Non-Cumulative Redeemable Preference Shares of ₹ 100/- each (P.Y. 40,000 15% Non-Cumulative Redeemable Preference Shares of ₹ 100/- each)	**50,000,000**	40,00,000
ISSUED, SUBSCRIBED AND PAID UP CAPITAL :			
A.	43,848,980 Equity Shares of ₹ 2/- each (P.Y. 43,848,980 Equity Shares of ₹ 2/- each)	**87,697,960**	87,697,960
B.	59,80,954 0.5% Fully Convertible Preference Shares of ₹ 10/- each (P.Y. 59,80,954 0.5% Fully Convertible Preference Shares of ₹ 10/- each)	**59,809,540**	59,809,540
C.	27,758 15% Non Cumulative Redeemable Preference Shares of ₹ 100/- each (P.Y. 27,758 15% Non Cumulative Redeemable Preference Shares of ₹ 100/- each)	**2,775,800**	2,775,800
TOTAL		**150,283,300**	150,283,300

CORPORATE GOVERNANCE

The Securities and Exchange Board of India (SEBI) 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 31stMarch, 2013, 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, 2013.

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 Statement of Profit and Loss for the year ended 31st March, 2013 and the Balance Sheet as on that date as required under Listing Agreement is also attached herewith.

OPERATIONS OF SUBSIDIARY

During the year ended 31stMarch, 2013 the subsidiary company Vertex Commodities And Finpro Private Limited had total revenue of ₹ 382.01 Lacs and loss of ₹ 1.39 Lacs as against ₹ 361.22 Lacs and loss of ₹ 71.08 Lacs respectively in the previous year.

In accordance with the general circular issued by the Ministry of Corporate Affairs, Government of India, the Balance Sheet, Statement of Profit and Loss 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

There are no employees drawing a monthly or yearly remuneration in excess of the limits specified in Section 217(2A) of the Companies Act, 1956.

DISCLOSURE OF EMPLOYEE STOCK OPTIONS

Details as per the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, are set out as under:

Particulars	As at 31st March, 2013 ₹	As at 31st March, 2012 ₹
Options outstanding at the beginning of the year (Face Value of ₹ 2/- (P.Y. ₹ 10/-))	**2,680,315**	623,500
Options outstanding at the beginning of the year split to face Value of ₹ 2/- share	**–**	3,117,500
Options granted during the year	**2,075,000**	1,013,750
Options vested during the year	**248,627**	131,565
Options exercised during the year	**–**	128,690
Options forfeited during the year	**1,751,310**	1,013,250
Options lapsed /surrendered during the year	**467,003**	437,685
Options outstanding at the end of the year	**2,537,002**	2,680,315

i) Had fair value method been used , the compensation cost would have been higher by ₹ 21.44 Lakhs (Previous Year ₹ 75.77 Lakhs) Loss after tax would have been higher by ₹ 21.44 Lakhs (Previous year ₹ 75.77 Lakhs) and Basic EPS would have been ₹ (0.42) Per share (Previous Year ₹ (0.43) Per share) and Diluted EPS would have been ₹ (0.25) (Previous Year ₹ (0.25)).

MANAGEMENT DISCUSSION AND ANALYSIS

The Management Discussion and Analysis Report for 2012-13, as required under Clause 49 of the Listing Agreement, is 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.

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 Bombay Stock Exchange Limited.

REPLIES TO AUDITORS' OBSERVATIONS

Referring to the observation of the auditors, (a) it is clarified that as stated in notes forming part of accounts the management has evaluated long term investments and conform that there exist no circumstances which warrant any provision in the accounts for a possible diminution in the value.

Referring to observation of the auditors, (b)it is clarified that as the company has initiated legal actions for the recovery of the dues, it will not be prudent to make any provisions as the cases are pending in various stages in different Courts.

ACKNOWLEDGEMENT

Your Directors would like to express their gratitude to the officials of National Stock Exchange of India Limited, Bombay Stock Exchange Limited, Cochin Stock Exchange, Over the Counter Exchange of India, National Securities Depository Limited, Central Depository Services (India) Limited and also to the Shareholders and 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 : Cochin
Date : 16.05.2013

KUMAR NAIR
Chairman