



VERTEX
Securities Limited
(A subsidiary of Transwarranty Finance Limited)

21st Annual Report 2013-14

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

CIN: L67120KL1993PLC007349

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 / 40010900

Fax No. 91-022-66306655

e-mail id : vsl@vertexbroking.com

REGISTRAR & 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 : sarita.mote@linkintime.co.in

Contents

| | |
|--|----|
| Corporate Information | 1 |
| Notice..... | 2 |
| Directors' Report | 8 |
| Corporate Governance | 12 |
| Management Discussion and Analysis | 19 |
| Independent Auditors' Report..... | 21 |
| Balance Sheet | 24 |
| Statement of Profit & Loss | 25 |
| Cash Flow Statement..... | 26 |
| Notes to the Financial Statements..... | 27 |
| Consolidated Financial Statements..... | 47 |
| Statement Pursuant to Section 212 of the Companies Act, 1956 | 70 |



NOTICE

Notice is hereby given that the 21st Annual General Meeting of Vertex Securities Limited will be held on 20th September, 2014 at Conference Hall of the Company at Ground Floor, Amritha Towers, Kombara Junction, Market Road, Ernakulam, Cochin - 682 018 at 9.30 AM to transact the following businesses:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Statement of Profit and Loss for the financial year ended 31st March, 2014, the Balance Sheet as at that date and the Reports of the Directors and Auditors to Shareholders.
2. To consider reappointment of Mr. Kumar Nair Managing Director (DIN-00320541) who retires by rotation and being eligible offers himself for reappointment.
3. To consider the retirement of Mr. James Pothen (DIN-02492330) who is proposed to be appointed as an independent Director.
4. To consider the retirement of Mr. Jose Thomas Polachira (DIN-01049189) who is proposed to be appointed as an independent Director.
5. To appoint Auditors and to fix their remuneration and in this regard, to consider and if thought fit, to pass with or without modification(s), the following Resolution as an Ordinary Resolution:

“RESOLVED THAT pursuant to Section 139 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 and other applicable rules, if any, M/s. Rahul Gautam Divan & Associates, Chartered Accountants, Mumbai (Firm Registration No. 120294W) the retiring Auditors of the Company, be and are hereby appointed as Auditors of the Company for the period of one (1) year, to hold office from the conclusion of this Annual General Meeting until the conclusion of the twenty second Annual General Meeting of the Company, on such remuneration as may be decided by the Board of Directors or any Committee thereof.”

Special Business:

6. To consider and, if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:

“RESOLVED THAT, in partial modification to the resolution passed by the members at the Annual General Meeting held on 28th September, 2013 approving the appointment and terms of remuneration of Kumar Nair as Managing Director (DIN-00320541) in accordance with the provisions of Sections 198, 269, 309, 310 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, now pursuant to the provisions

of Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Appointment and Qualification of Directors) Rules, 2014 and other applicable rules, if any, the Company hereby approves the period of appointment as liable to retire by rotation.”

“RESOLVED FURTHER THAT all other terms and conditions of appointment of Managing Director as approved earlier by the members shall remain unchanged.”

7. 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 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Appointment and Qualification of Directors) Rules, 2014 and other applicable rules, if any, Mr. James Pothen (DIN-02492330), be and is hereby appointed as an Independent Director of the Company, for a period of five (5) years, not liable to retire by rotation.”

8. 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 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Appointment and Qualification of Directors) Rules, 2014 and other applicable rules, if any, Mr. Jose Thomas Polachira (DIN-01049189), be and is hereby appointed as an Independent Director of the Company, for a period of five(5) years, not liable to retire by rotation.”

9. To consider and, if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:

“RESOLVED THAT pursuant to the provisions of Foreign Exchange Management Act, 1999 (FEMA) and the Foreign Exchange Management (Transfer or issue of security by a person resident outside India) Regulations, 2000 contained in RBI Notification No. FEMA 20/2000-RB dated 3rd May 2000, F E M (Transfer or Issue of Security by a Person Resident outside India) (Amendment) Regulations, 2001 contained in Notification No. FEMA. 45 /2001-RB dated September 20, 2001 and FEM (Transfer or Issue of Security by a Person Resident outside India) (Second Amendment) Regulations, 2003 contained in Notification No. FEMA. 94/2003-RB dated 18th June 2003 and subject to the relevant laws, rules and regulations applicable from time to time

and subject to such consents, sanctions and permissions as may be required, consent of the members be and is hereby accorded for acquiring and holding Equity Shares of the Company, by Foreign Institutional Investors (FIIs), upto an aggregate limit of 100% of the paid up Equity Share Capital of the Company. Provided, however, that the equity shareholding of a single FII or a sub-account of an FII in the Company shall not at any time exceed 10 percent of the paid up Equity Share Capital of the Company."

"**RESOLVED FURTHER THAT** such increased limits of the holdings of FIIs/sub accounts of FIIs be subject to such conditions as may be imposed by Reserve Bank of India or any other Statutory Authority whose permission or sanction may be required under any Law."

"**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorized to do all such acts, deeds, matters and things and execute all such documents, deeds and writings as may be required for the aforesaid purpose and which it may deem fit in the interest of the Company."

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

Place : Kochi - 18
Date : 18.07.2014

SANDHYA R. NAIR
Company Secretary

NOTES:

1. An Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 relating to the Special Businesses to be transacted at the Annual General Meeting (AGM) is annexed hereto
2. **A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON HIS / HER BEHALF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.** Pursuant to the provisions of Section 105 of the Companies Act, 2013, a person can act as a proxy on behalf of not more than fifty members and holding in aggregate not more than ten percent of the total Share Capital of the Company. Members holding more than ten percent of the total Share Capital of the Company may appoint a single person as proxy, who shall not act as a proxy for any other Member. The instrument of Proxy, in order to be effective, should be deposited at the Registered Office of the Company, duly completed and signed, not later than 48 hours before the commencement of the meeting. A Proxy Form is annexed to this Report. Proxies submitted on behalf of limited companies, societies, etc., must be supported by an appropriate

resolution / authority, as applicable.

3. The Register of Members and Share Transfer Books of the Company will remain closed from September 11, 2014 to September 20, 2014 (both days inclusive). The book closure dates have been fixed in consultation with the Stock Exchanges.
4. Pursuant to Section 101 and Section 136 of the Companies Act, 2013 read with relevant Rules made thereunder, Companies can serve Annual Reports and other communications through electronic mode to those Members who have registered their e-mail address either with the Company or with the Depository. Members who have not registered their e-mail address with the Company can now register the same by notifying the company at secretarial@vertexbroking.com. Members holding shares in demat form are requested to register their e-mail address with their Depository Participant(s) only. Members of the Company, who have registered their e-mail address, are entitled to receive such communication in physical form upon request.
5. The Notice of AGM, Annual Report and Attendance Slip are being sent in electronic mode to Members whose e-mail IDs are registered with the Company or the Depository Participant(s) unless the Members have registered their request for a hard copy of the same. Physical copy of the Notice of AGM, Annual Report and Attendance Slip are being sent to those Members who have not registered their e-mail IDs with the Company or Depository Participant(s). Members who have received the Notice of AGM, Annual Report and Attendance Slip in electronic mode are requested to print the Attendance Slip and submit a duly filled in Attendance Slip at the registration counter to attend the AGM.
6. Pursuant to Section 108 of the Companies Act, 2013, read with the relevant Rules of the Act, the Company is pleased to provide the facility to Members to exercise their right to vote by electronic means. The Members, whose names appear in the Register of Members / list of Beneficial Owners as on 10th September, 2014 i.e. the date prior to the commencement of book closure date are entitled to vote on the Resolutions set forth in this Notice. The e-voting period will commence at 9.30 am 15th September, 2014 and will end at 5.30 pm on 16th September, 2014. The Company has appointed Mr. K P Gopimohan, Practising Company Secretary, to act as the Scrutinizer, for conducting the scrutiny of the votes cast. The Members desiring to vote through electronic mode may refer to the detailed procedure on e-voting given hereinafter.
7. The Scrutinizer shall, within a period of not exceeding three (3) working days from the conclusion of the e-voting period, unlock the votes in the presence of at least two witnesses, not in the employment of the company and make a Scrutinizers Report of the votes cast in favour or



against, if any, and submit forthwith to the Chairman of the company.

8. In the event of a poll, please note that the members who have exercised their right to vote by electronic means or through ballot form as above shall not be eligible to vote by way of poll at the meeting. The poll process shall be conducted and scrutinized and report thereon will be prepared in accordance with the provisions of Section 109 of the Companies Act, 2013 read with the relevant Rules. In such an event, votes cast under the poll, taken together with the votes cast through e-voting and using ballot form shall be counted for the purpose of passing resolution.
9. Subject to the receipt of sufficient votes, the resolution shall be deemed to be passed at the 21st Annual General Meeting of the company scheduled to be held on Friday 20th September, 2014. At the said Annual General Meeting the Chairman shall declare the results of e-voting. The results declared along with the Scrutinizers Report shall be placed on the Company's website and on the website of Link Intime India Pvt. Ltd., within two days of the passing of the resolutions at the 20st Annual General Meeting of the company and shall also be communicated to the Stock Exchange/s.
10. The Members desiring to vote through electronic mode may refer to the detailed procedure on e-voting given hereinafter.

PROCEDURE FOR E-VOTING:

The instructions for members for voting electronically are as under:-

In case of members receiving e-mail:

- (i) Log on to the e-voting website www.evotingindia.com
- (ii) Click on Shareholders tab.
- (iii) Now, select the COMPANY NAME from the drop down menu and click on SUBMIT
- (iv) Now Enter your User ID
 - a. For CDSL: 16 digits beneficiary ID,
 - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (v) Next enter the Image Verification as displayed and Click on Login.
- (vi) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.

(vii) If you are a first time user follow the steps given below:

| | For Members holding shares in Demat Form and Physical Form |
|------------------------|--|
| PAN* | <p>Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <ul style="list-style-type: none"> Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the last 8 digits of the demat account/folio number in the PAN field. In case the folio number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with folio number 100 then enter RA00000100 in the PAN field. |
| DOB# | <p>Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.</p> |
| Dividend Bank Details# | <p>Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio.</p> <ul style="list-style-type: none"> Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or company please enter the number of shares held by you as on the cut off date in the Dividend Bank details field. |

- (viii) After entering these details appropriately, click on SUBMIT tab.
- (ix) Members holding shares in physical form will then reach directly the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xi) Click on the EVSN for the relevant <Company Name> on which you choose to vote.

- (xii) On the voting page, you will see RESOLUTION DESCRIPTION and against the same the option YES/NO for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xiii) Click on the RESOLUTIONS FILE LINK if you wish to view the entire Resolution details.
- (xiv) After selecting the resolution you have decided to vote on, click on SUBMIT. A confirmation box will be displayed. If you wish to confirm your vote, click on OK, else to change your vote, click on CANCEL and accordingly modify your vote.
- (xv) Once you CONFIRM your vote on the resolution, you will not be allowed to modify your vote.
- (xvi) You can also take out print of the voting done by you by clicking on Click here to print option on the Voting page.
- (xvii) If Demat account holder has forgotten the changed password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) are required to log on to <https://www.evotingindia.co.in> and register themselves as Corporates.
 - They should submit a scanned copy of the Registration Form bearing the stamp and sign of the entity to helpdesk.evoting@cdslindia.com.
 - After receiving the login details they have to create a user who would be able to link the account(s) which they wish to vote on.
 - The list of accounts should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
 - They should upload a scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, in PDF format in the system for the scrutinizer to verify the same.

In case of members receiving the physical copy:

- (A) Please follow all steps from sl. no. (i) to sl. no. (xvii) above to cast vote.
- (B) The voting period begins on 9.30 am on 15th September, 2014 and ends on 5.30 am on 16th September, 2014. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date 10th September 2014, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (C) Members holding shares either in Demat or physical mode who are in receipt of Notice of Annual General Meeting in physical form may cast their vote using the

Ballot Form. Please refer instructions below for more details.

- (D) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.co.in under help section or write an email to helpdesk.evoting@cdslindia.com.

MEMBERS WHO WISH TO VOTE USING BALLOT FORM:

In terms of Clause 35B of the Listing Agreement members may fill in the Ballot Form and submit the same in a sealed envelope to the Scrutinizer, Mr. K. P. Gopimohan, 39/4781, Toufeeq Complex, 2nd floor, M.G. Road, Ravipuram, Cochin-682016 so as to reach by 5.30 p.m. of 16 September, 2014. Unsigned, incomplete or incorrectly ticked forms are liable to be rejected and the decision of the Scrutinizer on the validity of the forms will be final.

In the event member casts his votes through both the processes i.e. E-voting and Physical Ballot Form, the votes in the electronic system would be considered and the physical ballot form would be ignored.

EXPLANATORY STATEMENT:

Item 6:

Your Company currently has four Directors of which two are Independent Directors, one Executive Director appointed for a period of five years by the General Body and one Non-Executive Director liable to retire by Rotation. As per Section 152 sub Section 6 (a) of Companies Act 2013 unless the articles provide for the retirement of all directors at every annual general meeting, not less than two-thirds of the total number of directors of a public company shall be persons whose period of office is liable to determination by retirement of directors by rotation. And at every subsequent annual general meeting, one-third of such of the directors for the time being as are liable to retire by rotation, or if their number is neither three nor a multiple of three, then, the number nearest to one-third, shall retire from office. For the purposes of this sub-section, total number of directors shall not include independent directors, whether appointed under this Act or any other law for the time being in force, on the Board of a company.

Considering that the Act stipulates retirement of Directors by rotation and as on date we have only one director who as per the definition is liable to retire by rotation, the Company propose to modify the terms of Appointment of Mr. Kumar Nair, Chairman and Managing Director (DIN-00320541) by altering the terms of his appointment as liable to retire by rotation instead of Director not liable to retire by rotation. Mr. Kumar Nair (DIN-00320541) was appointed by the General Body in its meeting held on 28th September, 2013. All other terms and conditions of appointment of Managing Director as approved earlier by the members shall remain unchanged.

None of the Directors or Key Managerial Personnel of the Company and their relatives except Mr. Kumar Nair, (DIN-



00320541) are concerned or interested, financially or otherwise, in the above Resolution. Mr. Kumar Nair (DIN-00320541) is interested in the resolution as the resolution relates to variation of the terms of his appointment as a Managing Director. The Board recommends the Special Resolution as set out at item no. 6 for approval of the Members.

Item 7&8:

The Board of Directors of the Company has decided to adopt the provisions with respect to appointment and tenure of Independent Directors which is consistent with the Companies Act, 2013 and the amended Listing Agreement. Accordingly, the Independent Directors will serve for not more than two terms of five years each on the Board of the Company.

Mr. James Pothan (DIN-02492330) and Mr. Jose Thomas Polachira (DIN-01049189), are proposed to retire at the ensuing AGM as per the erstwhile applicable provisions of the Companies Act, 1956. In terms of Section 149 and any other applicable provisions of the Companies Act, 2013, Mr. James Pothan (DIN-02492330) and Mr. Jose Thomas Polachira (DIN-01049189) being eligible, offer themselves for appointment as Independent Directors on the Board of the Company.

Further, in line with the requirements of the Companies Act, 2013, it is proposed to appoint Mr. James Pothan (DIN-02492330) and Mr. Jose Thomas Polachira (DIN-01049189) as Independent Directors on the Board of the Company for a term of five year, commencing from the date of the Annual General Meeting 20th September, 2014. A brief profile of proposed Independent Directors, including nature of their expertise, is as given below.

None of the Directors or Key Managerial Personnel of the Company and their relatives, other than Independent Directors for their respective appointment, are concerned or interested, financially or otherwise, in these Resolutions. The Board recommends the Ordinary Resolutions as set out at item no. 7 to 8 for approval of the Members.

Item 9:

As per the existing regulations [Notification No. FEMA 20/2000-RB dated 3rd May 2000 and Notification No. FEMA. 45 /2001-RB dated September 20, 2001], FIIs and their sub accounts taken together cannot acquire more than 24% of the paid-up capital of an Indian Company. The said limits can be raised above the 24% ceiling up-to the sectoral cap / statutory ceiling, as applicable, by passing a resolution by the Board of Directors followed by passing of a special resolution to that effect by its General Body. Your Company had increased the FII limit from 24% to 49% vide Postal Ballot passed on October 4, 2011. With a view to improve the free float available for FIIs the Board of Directors of the Company at their meeting held on 18th July, 2014 approved the proposal to increase the FIIs limit in the paid-up capital of the Company from 49% to 100%.

None of the Directors or Key Managerial Personnel of the Company and their relatives, are concerned or interested, financially or otherwise, in these Resolutions. The Board

recommends the Special Resolutions as set out at item no. 9 for approval of the Members.

ADDITIONAL INFORMATION PURSUANT TO CLAUSE 49 OF THE LISTING AGREEMENT WITH REGARD TO DIRECTOR SEEKING APPOINTMENT / RE-APPOINTMENT AT THE 21st ANNUAL GENERAL MEETING:

| | | |
|-------------------------------------|---|--|
| Name of Director | : | Mr. Kumar Nair (DIN-00320541) |
| Date of Birth | : | 24.03.1962 |
| Directors Identification No. | : | 00320541 |
| Date of appointment of Board | : | 31.07.2008 |
| Qualification | : | B. Com (Hons) A.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 | : | 5,88,2058 Equity Shares of ₹ 2/- each |
| | : | 17,39,097 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) |

| | | |
|-------------------------------------|---|--|
| Name of Director | : | Mr. James Pothan (DIN-02492330) |
| Date of Birth | : | 26.11.1951 |
| Date of appointment of Board | : | 10.01.2009 |
| Qualification | : | – M.Sc. – Post Graduate Certificate in Personnel Management and Organisational Behaviour. – Post Graduate Certificate in Programme Evaluation and Rating Techniques. |

| | | |
|-------------------------------|---|---|
| | | <ul style="list-style-type: none"> – Certificate in Company Director's Course in Corporate Governance from the Commonwealth Secretariat and Commonwealth Association for Corporate Governance, London. – Underwent more than 25 senior level specialized courses/ training programmes (in India and abroad) in the field of Banking, Finance, Foreign Exchange, Infrastructure Development and Financing, Management and related areas. |
| Experience in Specific | : | Having close to three (3) decades of experience in various Senior capacities in Reserve Bank of India |
| No. of Shares held | : | 10,000 Equity Shares |
| Other Directorship | : | Vertex Commodities And Finpro Private Limited |

| | | |
|-------------------------------------|---|--|
| Name of Director | : | Mr. Jose Thomas Polachira (DIN-01049189) |
| 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, has rich experience in Banking and Stock Broking related areas. |
| No. of Shares held | : | 1,12,500 Equity Shares |
| Other Directorship | : | M/s. Bristo Foods Pvt. Ltd. |

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

Place : Kochi - 18
Date : 18.07.2014

SANDHYA R. NAIR
Company Secretary



DIRECTORS' REPORT

Your Directors have pleasure in presenting before you the 21st Annual Report of the Company along with Audited Accounts, for the financial year ended 31st March, 2014.

The Standalone Statement of Profit & Loss for the year ended 31st March, 2014 and Balance Sheet as on that date together with the notes forming part of accounts 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, M/s. 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, 2014 with corresponding figures of the previous year are given below:-

(₹ in Lacs)

| Particulars | 31.03.2014 | 31.03.2013 |
|--|------------|------------|
| Total Income | 498.61 | 768.36 |
| Total Expenditure | 597.81 | 861.60 |
| Profit / (Loss) from Operations before Other Income, Finance Cost & Exceptional Items | (99.20) | (93.23) |
| Profit / (Loss) from Ordinary Activities before Finance Cost & Exceptional Items | (99.20) | (93.23) |
| Profit / (Loss) from Ordinary Activities after Finance Cost but before Exceptional Items | (111.26) | (138.11) |
| Exceptional Items Profit / (Loss) | 12.20 | (9.29) |
| Profit / (Loss) from Ordinary Activities before Tax | (99.06) | (147.40) |
| Total Tax | - | (14.46) |
| Net Profit / (Loss) from Ordinary Activities After Tax | (99.06) | (161.86) |
| Net Profit / (Loss) For the period | (99.06) | (161.86) |

SHARE CAPITAL STRUCTURE

| Particulars | As At 31.03.2014 (₹) | As At 31.03.2013 (₹) |
|--|-------------------------|-------------------------|
| SHARE CAPITAL | | |
| 1) 73,753,805 Equity Shares of ₹ 2/- each (P.Y. 73,753,805 Equity Shares of ₹ 2/- each) | 147,507,610 | 147,507,610 |
| 2) 5,981,739 0.5% Preference shares of ₹ 10/- each (P.Y. 5,981,739 0.5% Preference Shares of ₹ 10/- each) | 59,817,390 | 59,817,390 |
| 3) 5,00,000 15% Non-Cumulative Redeemable Preference shares of ₹ 100/- each (P.Y. 50,00,000 15% Non-Cumulative Redeemable Preference shares of ₹ 100/- each) | 50,000,000 | 50,000,000 |
| | 257,325,000 | 257,325,000 |

BUSINESS

During the year ended 31st March, 2014 your Company earned consolidated revenue of ₹ 583.50 Lacs as compared to ₹ 1,088.56 Lacs in the previous year. The consolidated operations have recorded a net loss of ₹ 152.92 Lacs as compared to a net loss of ₹ 163.25 Lacs in the previous year. The net loss suffered is being carried over to 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

Due to inadequacy of profits your Directors regret their inability to recommend any Dividend for the year.

DIRECTORS

In accordance with the provisions of Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Appointment and Qualification of Directors) Rules, 2014, approval of the Members will be sought at the ensuing Annual General Meeting of the Company for the appointment of Mr. James Pothen (DIN-02492330) and Mr. Jose Thomas Polachira (DIN-01049189) as Independent Directors of the Company not liable to retire by rotation, for a term of five years.

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.

Further it is proposed to modify the terms and of Appointment of Mr. Kumar Nair, Chairman and Managing Director (DIN-00320541) by altering his period of appointment from five (5) years to liable to retire by rotation. This is to ensure compliance with Section 152 sub Section 6 (a) of Companies Act 2013. Mr. Kumar Nair shall retire by rotation at the ensuing Annual General Meeting and being eligible offers for reappointment.