

## 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

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**18<sup>th</sup> 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

### Trade Finance

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

### 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 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

### Project Finance

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

## 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 Pothen - 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 Pothen-	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:

<b>Name of Member</b>	<b>Meetings attended</b>
Mr. James Pothen (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.

**Name of member**

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

**Meetings and Attendance**

The Share Transfer and Shareholders Grievance Committee met 11 times on 21.04.2010, 19.05.2010, 08.06.2010, 23.07.2010, 19.08.2010, 26.08.2010, 07.09.2010, 14.09.2010, 26.10.2010, 14.12.2010 and 21.01.2011.

Attendance at the Share Transfer and Shareholders Grievance Committee is as under:

<b>Name of member</b>	<b>Meetings attended</b>
Mr. Jose Thomas Polachira	11
Mr. James Pothan	11
Mr. U. Ramachandran	2

**Remuneration Committee:****Composition**

The Company has a Remuneration Committee consisting of following three Directors, two third of whom are Independent Directors, including the Chairman.

**Name of member**

Mr. James Pothan	Chairman
Mr. Jose Thomas Polachira	Member
Mr. Kumar Nair	Member

**Terms of Reference**

The terms of reference / charter of the Committee include the following:

To determine and approve the remuneration package payable to the Executive Director / Wholetime Director, Directors, other Managerial Persons and such other members of the management including salary, bonus, incentive payments, share options, stock options, pension rights, terms of employment and various other components of the compensation payable in this regard;

Key issues / matters as may be necessary in view of Clause 49 of the Listing Agreement, provisions of Companies Act, 1956 or any statutory provisions, enactments, rules and regulations as may be applicable from time to time;

Such other matters and issues as may be referred to, by the Board from time to time.

**Meetings and Attendance**

The Remuneration Committee met four times on 21.04.2010, 19.08.2010, 21.09.2010 and 14.12.2010.

Attendance at the Remuneration Committee meeting is as under:

<b>Name of member</b>	<b>Meetings attended</b>
Mr. James Pothan (Chairman)	4
Mr. Jose Thomas Polachira	4
Mr. Kumar Nair	1

**4. MANAGERIAL REMUNERATION:**

Mr. Kumar Nair was appointed as Managing Director for the period 01.04.2010 to 31.03.2013. The total remuneration paid to the Managing Director during the financial year was Rs. 8.01 Lacs including perquisites.

The company pays Rs. 5,000/- to Directors towards Sitting Fees for each Board Meeting and Rs. 2,000/- for each Committee Meeting.

**5. CEO/CFO CERTIFICATION:**

As required under the provisions of the Clause 49 of the Listing Agreement, Mr. Kumar Nair, Managing Director of the Company has provided necessary certification to the Board regarding the financial statements of the Company.



**6. SUBSIDIARY COMPANY**

The Company has a wholly subsidiary company – Vertex Commodities And Finpro Private Limited which is engaged in the business of Commodity Broking.

**7. MANAGEMENT DISCUSSION AND ANALYSIS**

A detailed Management Discussion and Analysis Report in terms of Cause 49 of the Listing Agreement forms part of the annual report.

**8. A. GENERAL BODY MEETINGS:**

Details of Annual General Meetings during the last 3 years.

Financial year	Day, Date and Time	Venue	Special Resolutions Passed, if any
2007-08	Monday, 29/09/2008 10.00 AM	Thottathil Towers, 2nd Floor, Market Road, Kochi, Kerala – 682 018	No
2008-09	Thursday, 10/09/2009 11.00 AM	Thottathil Towers, 2nd Floor, Market Road, Kochi, Kerala – 682 018	No
2009-10	Tuesday, 14/09/2010 11.30 AM	Conference Hall, Hotel Abad Plaza, M.G. Road, Ernakulam, Cochin - 682 035	Yes

**B. Extra Ordinary General Body Meetings:**

Details of Extra ordinary General Meetings held during the year:

Day, Date and Time	Venue	Special Resolutions Passed, if any
Wednesday, 21/04/2010 11.00 AM	Conference Hall, Hotel Abad Atrium, M.G. Road, Ernakulam, Cochin-682 035	Yes
Monday, 09/08/2010 11.00 AM	Conference Hall, Hotel Abad Plaza, M.G. Road, Ernakulam, Cochin-682 035	No
Monday, 31/01/2011 11.30 AM	Conference Hall, Hotel Abad Plaza, M.G. Road, Ernakulam, Cochin-682 035	Yes

**C. Postal Ballot**

The Company has conducted two Postal Ballots last year.

First Postal ballot was conducted for amendments to the Objects clause of the Memorandum of Association pursuant to Section 17 of the Companies Act, 1956.

Particulars of Postal Ballot	Date of approval of resolution by postal ballot	Total Ballots received and are valid		Total votes for the resolution		Total votes against the resolution		% to the total votes received for the resolution
		No.	No. of Shares	No.	No. of Shares	No.	No. of Shares	
Special Resolution under Section 17 of the Companies Act, 1956 for deletion and substitution of Main Object Clauses in the Memorandum of Association of the company.	8th June, 2010	13	3,986,683	13	3,986,683	Nil	-	66.45%

The second Postal Ballot was conducted for necessary approval under section 81 (1A), 372A and 293 of the Companies Act, 1956.

Particulars of Postal Ballot	Date of approval of resolution by postal ballot	Total Ballots received and are valid		Total votes for the resolution		Total votes against the resolution		% to the total votes received for the resolution
		No.	No. of Shares	No.	No. of Shares	No.	No. of Shares	
Special Resolution for approval to grant options above 1% to identified employee Mr. Ashok K. Mittal pursuant to the Vertex Employees Stock Option Plan, 2010.	31st January, 2011	19	3,877,348	19	3,877,348	Nil	-	64.63%
Special Resolution for re-pricing the Vertex Employees Stock Option Plan, 2010 at Rs. 145.50/- to the employees who have been granted ESOP at much higher price than the current price.	31st January, 2011	19	3,877,348	18	3,877,308	1	40	64.63%
Ordinary Resolution pursuant to Section 293(1)(a) of The Companies Act, 1956 to create mortgages/charges/hypothecation on all or any of the immovable and moveable properties of the Company.	31st January, 2011	19	3,877,348	18	3,877,308	1	40	64.63%
Special Resolution pursuant to Section 372A of The Companies Act, 1956 to make a loan to, give a guarantee or provide security in connection with a loan and to acquire by way of subscription, purchase or otherwise, the securities of Vertex Commodities and Finpro Private Limited, on such terms and conditions as the Board may deem fit within the overall limit of 300% of the aggregate of the Company's paid up capital and free reserves or 500% of its free reserves, whichever is more;	31st January, 2011	19	3,877,348	18	3,877,308	1	40	64.63%

No special resolution is proposed to be conducted through postal ballot as on date.

## 9. DISCLOSURES:

There were no transactions of material nature with the Promoters, Directors or the Management, their Subsidiaries or relatives during the period that may have potential conflict with the interest of the company at large.

There were no non-compliances by the company during the year. No penalties or strictures have been imposed on the company by Stock Exchanges or SEBI or any statutory authorities on any matter related to the capital markets during the previous three financial years.

The Board has adopted a Code of Conduct including Business Ethics Policy for its Directors and Senior Management.

The Managing Director has submitted before the Board a declaration of compliance with the Code of Conduct by the Directors during the financial year ended 31st March, 2011.

The company follows the Accounting Standards issued by the Institute of Chartered Accountants of India/ the standards notified by the National Advisory Committee on Accounting standards and in the preparation of the financial statement, the company has not adopted a treatment different from the prescribed by any accounting standard.

Risk assessment and minimization of procedures are periodically reviewed by the Audit Committee and the Board of Directors of the company.

The Managing Director has certified to the Board of Directors in compliance of Clause 49 (V) of the Listing Agreement with the Stock Exchanges in the prescribed format. This has been reviewed by the Audit Committee and taken on record by the Board of Directors.

The Company has complied with all mandatory requirements under Clause 49 of the Listing Agreement with the Stock Exchange. The adoption of non-mandatory requirements has been dealt with in this Report.



**10. MEANS OF COMMUNICATION:**

Quarterly Un-audited financial results are published in leading English and Vernacular newspapers. Half yearly report is not sent separately to the shareholders. Annual Reports are sent to the Shareholders in their addresses registered with the Company and is being regularly put on the website of the Company.

**11. GENERAL SHAREHOLDERS INFORMATION:**

**Annual General Meeting**

Date : 20th July, 2011  
 Time : 9.30 am  
 Venue : Sharon Hall of The International Hotel, M.G. Road, Ernakulam, Kochi-682 031

**Financial Calendar (Tentative)**

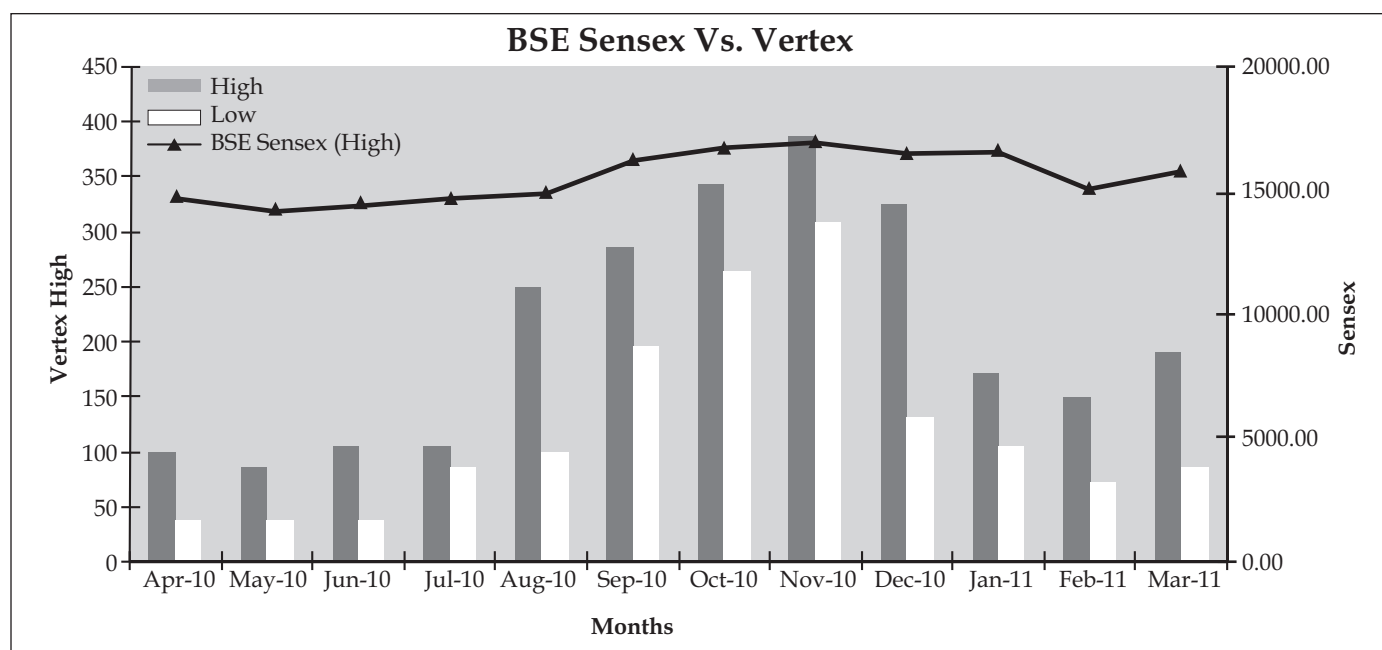
Financial reporting for the quarter ending 30th June, 2011 : Last week of July, 2011  
 Financial reporting for the quarter ending 30th Sept., 2011 : Last week of Oct. 2011  
 Financial reporting for the quarter ending 31st Dec., 2011 : Last week of Jan, 2012  
 Financial reporting for the quarter ending 31st March, 2012 : Last week of May, 2012  
 Annual General Meeting for the year ended 31st March, 2012 : August/September, 2012  
 Date of Book Closure : 16th July, 2011 to 20th July, 2011 (both days inclusive)  
 Listing of Shares : Bombay Stock Exchange Ltd  
 Stock Code : 531950  
 Payment of Listing Fees : Listing fee for the financial year 2011-2012 has been paid.  
 Demat ISIN for NSDL & CDSL : INE316D01016

**12. STOCK PERFORMANCE:**

Market Price Data during the year ended 31.03.2011:

BSE

Month	High	Low	BSE Sensex (High)
April-10	101.70	40.60	18047.86
May-10	87.50	41.95	17536.86
June-10	103.30	41.80	17919.62
July-10	103.85	80.40	18237.56
August-10	254.35	99.00	18475.27
September-10	293.75	196.30	20267.98
October-10	332.00	265.00	20854.55
November-10	390.00	310.75	21108.64
December-10	328.70	121.35	20552.03
January-11	176.75	106.50	20664.80
February-11	151.00	78.65	18690.97
March-11	176.80	94.20	19575.16



**Registrars & Transfer Agents** : M/s. Link Intime India Pvt. Ltd  
C-13, Pannalal Silk Mills Compound  
LBS Marg, Bhandup (West),  
Mumbai 400 078

**Contact person** : Mr. Joy Varghese  
**Contact No.** : 022-25963838, Fax No.: 022-25926969  
**Email id** : joy.varghese@linkintime.co.in

#### Share Transfer System

- Securities lodged for transfer at the Registrar's Office are normally processed within 15 days from the date of lodgment, if the documents are clear in all respects. All requests for dematerialization of securities are processed and the confirmation is given to the depositories within 15 days. Mr. K. J. Thomas is empowered to attend to transfer of shares and other investor related matters. Grievances received from investors and other miscellaneous correspondence with regard to change of address, mandates, etc are processed by the Registrars within 30 days.
- Pursuant to Clause 47 (c) of the Listing Agreement with the Stock Exchanges, certificates, on half-yearly basis, have been issued by a Company Secretary-in-Practice for due compliance of share transfer formalities by the Company. Pursuant to SEBI (Depositories and Participants) Regulations, 1996, certificates have also been received from a Company Secretary-in-Practice for timely dematerialization of the shares of the Company and for conducting a Secretarial Audit on a quarterly basis for reconciliation of the Share Capital of the Company.

#### Distribution of Shareholding as on 31-03-2011:

No. of equity shares held	No. of share holders	% of share holder	Total no of shares held	% of shares held
1 - 500	900	74.813	128652	2.14
501 - 1000	108	8.978	87172	1.45
1001 - 2000	65	5.403	99075	1.65
2001 - 3000	26	2.161	66780	1.11
3001 - 4000	15	1.247	52650	0.88
4001 - 5000	18	1.496	87119	1.45
5001 - 10000	27	2.244	188167	3.14
10001 and above	44	3.657	5289336	88.17
<b>Total</b>	<b>1203</b>	<b>100.00</b>	<b>5998951</b>	<b>100.00</b>



**Shareholding Pattern as on 31.03.2011:**

Sl. No.	Category	No. of Shares	% of Holding
1	Promoters & Persons acting in Concert	38,39,648	64.01
2	Mutual funds / UTI / Banks / FIs	NIL	NIL
3	Private Corporate Bodies	8,26,780	13.78
4	NRIs / OCBs	NIL	NIL
5	Indian Public	13,32,523	22.21
<b>Grand Total</b>		<b>59,98,951</b>	<b>100.00</b>

Dematerialization of shares	99.41% of the shares have been Dematerialized by the members so far
Outstanding GDRs/ ADRs/ Warrants or any convertible/ instruments, conversion data and likely impact on equity	Pursuant to the Scheme of Amalgamation of Transwarranty Capital Private Limited and Vertex Securities Limited and the order passed by the Honorable High Courts of Bombay and Kerala 83,00,715 0.5% Fully Convertible Preference Shares shall be compulsorily converted into one equity share of Rs.10 each fully paid up at par, any time from the end of first year to the end of fifth year from the date of Allotment. These shares were allotted on 30.03.2010.
Plant location	Not applicable

**Other General Information**

- i) Shareholders holding shares in physical form are requested to notify to the Company, change in their address / PIN Code Number and Bank Account details promptly by written request under the signature of sole / first joint holder.
- ii) Beneficial owner of shares in demat form are requested to send their instructions regarding change of name, change of address, bank details, nomination, power of attorney etc, directly to their DP.
- iii) For expeditious transfer of share, shareholders should fill in complete and correct particulars in the transfer deed. Further, please note that SEBI vide its circular no MRD/ DoP/ Cir-05/2009 dated 20.05.2009 has made it mandatory for transferee(s) to furnish a copy of PAN card to the Company / RTAs for registration of physical transfer of shares. All the intended transferee(s) are, therefore, requested to furnish a self attested copy of PAN Card at the time of sending the request for physical transfer of share certificate.
- iv) Section 109A of the Companies Act, 1956 extends the nomination facility to individuals holding shares in the physical mode. Shareholders, in particular, those holding shares in single name may avail the above facility by furnishing the particulars of their nominations in the prescribed Nomination Form, which can be obtained from the Company / RTA by sending a written request.

Address for correspondence : Vertex Securities Limited  
Thottathil Towers, 2nd Floor, Market Road,  
Kochi, Kerala - 682 018  
Phone: 91-484-2384848

Contact person : Ms. Sandhya R. Nair, Email: sandhya@vertexbroking.com  
Shri. K. J. Thomas, Email: thomas@vertexbroking.com

**Non-mandatory requirements:**

- I. **Chairman of the Board** - Separate office is maintained for the Executive Chairman.  
Mr. Jose Thomas Polachira and Mr. James Pothen are Independent Directors on the Board of the Company. No specific period has been specified for these Directors. All the directors have requisite qualification and experience and in the opinion of the Company this would enable them to contribute effectively to the Company in their capacity as Independent Directors.
- II. **Shareholder Right** - The Company has not sent half yearly financial performance including summary of the significant events to each household of the shareholders, since the results were published in 2 newspapers, one in Vernacular and one in English newspaper.
- III. **Training of Board Members** - The Directors interact with the management in a very free and open manner on information that may be required by them.
- IV. **Mechanism for evaluation of Non-Executive Board Members** - The evaluation process is yet to be formulated by the Board.



## DECLARATION

In accordance with Clause 49 of the Listing Agreement with the Stock Exchange, I hereby confirm that, all Board Members and Senior Management personnel of the Company have affirmed compliance with the Code of Conduct and Ethics during the financial year ended March 31, 2011.

Place : Kochi  
Date: 20.05.2011

**Kumar Nair**  
Chairman and Managing Director

## CEO/ CFO CERTIFICATION:

We hereby certify to the Board that:

- a) We have reviewed the financial statements and the cash flow statements for the year and to the best of our knowledge and belief:
  - (i) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading
  - (ii) These statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b) There are to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violate the Company's Code of Conduct.
- c) We accept the responsibility for establishing and maintaining internal controls for financial reporting and that, we have evaluated the effectiveness of the internal control systems of the Company pertaining to the financial reporting and have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any of which we are aware and the steps we have taken or propose to take steps to rectify these deficiencies.
- d) We further certify that:
  - i) There have been no significant changes in internal control during the year;
  - ii) There have been no significant changes in accounting policies during the year, except the Company has adopted Accounting Standard 15 - Employees Benefits (Revised 2005) issued by the Institute of Chartered Accountants of India; and
  - iii) To the best of our knowledge, there have been no instances of fraud, involving managements or an employee having a significant role in the Company's internal control systems.

For Vertex Securities Limited

Place: Kochi  
Date: 20.05.2011

**Kumar Nair**  
Chief Executive Officer



## COMPLIANCE CERTIFICATE

To

The Members of

VERTEX SECURITIES LIMITED

We have examined the compliance of conditions of Corporate Governance by M/s. Vertex Securities Limited for the year ended March 31, 2011, 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, 2011, 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 further viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Place : Kochi

Date : 19.05.2011

**(K. P. GOPIMOHAN)**  
Practising Company Secretary  
(C.P. No.2912)

## MANAGEMENT DISCUSSION AND ANALYSIS

Vertex Securities Limited (Vertex) is engaged in the following businesses: -

1. Vertex and its subsidiary company are engaged in the business of broking with close to 250 offices pan India with strong footprint in southern and western India. The business caters to retail, HNI and institutional clients.

The company currently provides brokerage services in Equity, Equity derivatives and Currency derivatives segments.

2. Commodity broking service is provided through its subsidiary company, Vertex Commodities and Finpro Pvt Ltd (VCFPL).
3. Merchant banking.

Vertex has membership of: -

- a. National Stock Exchange of India Ltd., (NSE)
- b. Bombay Stock Exchange Ltd., (BSE)
- c. Cochin Stock Exchange Ltd., (CSE)
- d. OTC Exchange of India (OTCEI)
- e. NSDL (for depository services)
- f. SEBI registration as a Merchant Banker.
- g. MCX - Stock Exchange Ltd.,

VCFPL has membership of following commodity exchanges:

- a. Multi Commodity Exchange of India (MCX)
- b. National Commodity and Derivative Exchange (NCDEX)
- c. National Multi Commodity Exchange (NMCE)
- d. National Spot Exchange of India (NSEIL)

### VERTEX SECURITIES LIMITED

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.

#### Talent & Team

As per the strategy, the company focused on consolidating its talent pool and evolving as a sought after employer in the business of capital market intermediation. During the year, Mr. Ashok Mittal, a veteran in broking business took over the reins of the company as its Chief Executive Officer (CEO).

Mr. Sandeep Rajani, a seasoned research professional joined as head of equity business. He has within a short period, built one of the finest equity research teams in business currently.

The appointment of new regional managers and branch managers to focus more on sales and business development activities together with all the other senior level appointments should yield results in the coming years.

The institutional empanelment, which required to be renewed after the completion of the merger process, is progressing well and most of the empanelment should get renewed this year with some new ones too.

The company believes that its human resources would be the key differentiator to provide the competitive edge and accordingly has a very progressive human resources policy. All high performing employees are rewarded by way of attractive incentives and a generous ESOP policy.

The company strives to provide the right ecosystem for the talent to thrive and morph into successful teams.

Talent wins games, but teamwork and intelligence wins championships - Michael Jordan

#### Trust

Building the brand "Vertex" is high on the agenda and there is a concerted effort towards this. Key company officials have been appearing regularly on the electronic and print media. The company is conducting a series of educational seminars on capital market, investment strategies, technical and fundamental analysis in various parts of the country. All the employees are put through training programs and are expected to be certified professionals in equity markets. The brand Vertex is being positioned to represent a company, where "knowledge creates value" on the 4 pillars of "Talent", "Trust", "Transparency" and "Technology".

#### Transparency

Vertex follows a very high level of corporate governance, where the board of directors is involved in every key decision impacting the company. The CEO manages the company with a clearly defined framework laid down by the board including annual business plan, where every aspect of the business is well defined. All the managers meet together to debate, discuss and finalize the business plan. The operational decisions are taken by the Management Committee (MC) comprising of the CEO and the senior management team.

Every quarter, the CEO presents the MIS to the board with variance analysis and action taken report.

#### Technology

The company recognizes that technology would be another key differentiator and has commenced making investments to upgrade its technology capabilities.

#### Business

For FY 2011-12, the company shall continue to focus on the same geographical areas with plan to expand and open few more branches in different locations and also strengthen its presence in western India. The company would increase its focus on institutions, corporate clients, high net worth individuals and family offices to grow the business.

### VERTEX COMMODITIES AND FINPRO PVT LTD

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.



As mentioned above, considering the high business potential in commodities segment the company hired a high performing, talented team in this segment to drive not only retail at the branches, but also HNI and corporate business. The company took membership of NSEIL to attract high net worth (HNI) clients for arbitrage opportunities and physical deliveries in the market. The Surveillance and Risk Management (SARM) operation has been shifted to Mumbai considering the volatility and the infrastructure in Mumbai office to provide continuous support. The company also increased its presence in media for brand building.

**Broking Industry: Equities and Commodities segment**

Market capitalization of India as a proportion of world market cap has risen to a record high. According to data sourced from Bloomberg, the country’s market capitalization as a proportion of the world market cap is currently 3.34 per cent. India’s current market-cap is US\$ 1.55 trillion as compared with world market-cap of US\$ 46.5 trillion. This is higher than 3.12 per cent share India enjoyed at the market peak of January 2008.

The Indian equity broking industry has gained momentum in terms of scope and scale. The industry has tremendous opportunities as the country moves toward significant growth in its GDP. Competition in the broking space has intensified with entry of new firms and recognized brands with strong balance sheets. With the Indian securities market experiencing rapid growth and financial integration gaining speed, the role of intermediation will strengthen further. However, in the long term, quality and maturity of services would determine the success and sustainability of firms in this industry. Key factors driving growth and success in the broking industry would be distribution networks, diversification of services, expertise and research, transparency and disclosure,

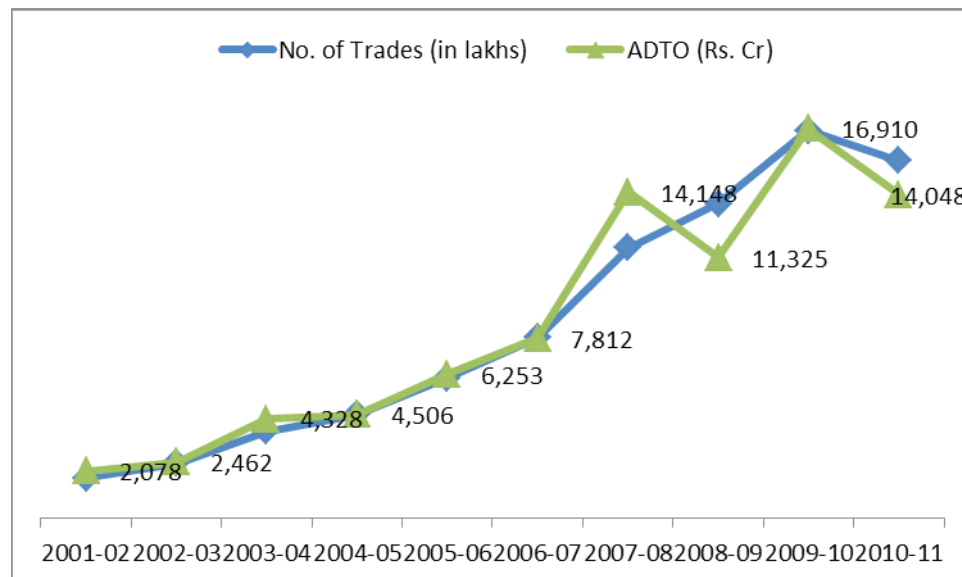
and compliance and market integrity. Technology will be one of the key growth drivers since ability to scale up businesses and engage customers and yet manage costs can only be possible with state-of-the-art technology in place. Customers require access to latest information and analytical tools, to engage effectively in the capital markets due to the real-time environment in which we operate. (source D&B report)

As per Dun & Bradstreet report “India’s Leading Broking Houses 2010” covering leading broking firms. Equity broking terminals consisting of NEAT, BOLT and CTCL licenses are the key in determining the size of an equity broking company. There are approximately 189 equity broking firms which have a total of 144,346 trading terminals, 21,013 branches/ offices, and 77,125 employees across the country. Furthermore, almost 70% of the 189 companies profiled in the publication reported a total sub-broker base of 37,213. 17% of the 189 companies have 80% of the total trading terminals provided by such companies.

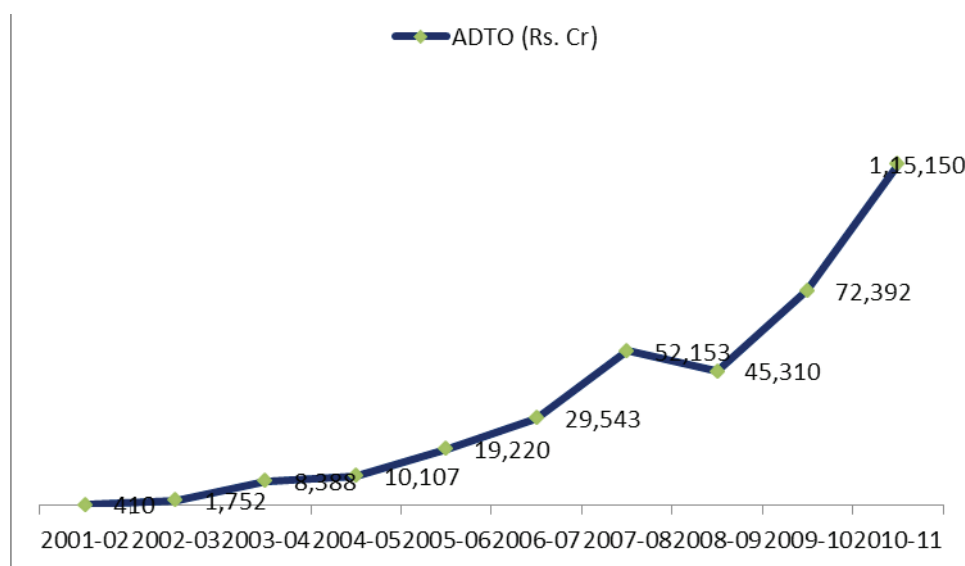
While the volumes in equity cash segment (NSE and BSE) have started picking up slowly last year after a steep drop in 2009-10; the market witnessed growth in F&O segment with higher focus on options side. At the same time commodities market volumes continued to grow at very fast pace due to increase in prices of commodities and higher participation. As per FMC data the segment grew by about 50% when compared to last year although highest contributing commodities remained bullions, base metals and energy products. The volume in agri commodities remained subdued.

The Exchanges have Launched New product like Gold ETF and Mutual Fund Service System (MFSS). These have seen healthy growth in last few months since their launch.

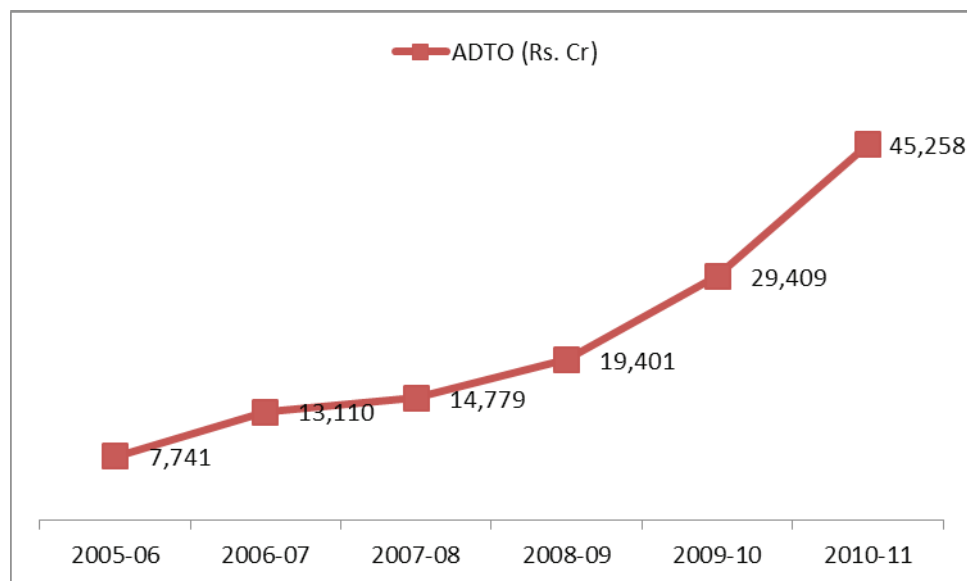
Below is the graphic presentation on growth of markets in India: -  
**NSE Cash segment growth - 26.66% CAGR from 2001-2002 to 2010-11**



### NSE Derivatives segment growth - 44.76% CAGR from 2003-2004 to 2010-11



### Commodity Derivatives segment growth - 39% CAGR from 2005-2006 to 2010-11



#### Currency derivatives segment

MCX Stock Exchange Limited (MCX-SX) and National Stock Exchange (NSE) offers platforms for trading in currency futures. The currency derivatives segments operate under the regulatory control of the Securities and Exchange Board of India (SEBI) and the Reserve Bank of India (RBI). With a large number of banks, corporates, and brokerage houses as trading members, both the exchanges have been providing the desired liquidity and depth for all categories of users. Further, the exchanges guarantee settlement of all transactions that will enhance safety by eliminating counterparty risk.

Currency futures are a linear product. It means that the losses as well as profits for the buyer and the seller of a futures contract are unlimited.

As the date of expiration comes near, the basis reduces - there is a convergence of the futures price towards the spot price. On the date of expiration, the basis is zero. If it is not, then there is an arbitrage opportunity. Arbitrage opportunities can also arise when the basis (difference between spot and futures price) or the spreads (difference between prices of two futures contracts) during the life of a contract are incorrect.



In determining profits and losses in futures trading, it is essential to know both the contract size (the number of currency units being traded) and also the value of tick. A tick is the minimum trading increment or price differential at which traders are able to enter bids and offers. Tick values differ for different currency pairs and different underlying.

Futures markets were designed to solve the problems that exist in forward markets. A futures contract is an agreement between two parties to buy or sell an asset at a certain time in the future at a certain price. But unlike forward contracts, the futures contracts are standardized and exchange traded. To facilitate liquidity in the futures contracts, the exchange specifies certain standard features of the contract. A futures contract is standardized contract with standard underlying instrument, a standard quantity and quality of the underlying instrument that can be delivered, (or which can be used for reference purposes in settlement) and a standard timing of such settlement. A futures contract may be offset prior to maturity by entering into an equal and opposite transaction.

#### **Mutual Funds**

The Indian Mutual fund industry has witnessed considerable growth since its inception in 1963. The Assets under Management (AUM) was US\$ 96.46 billion, US\$ 165.83 billion and US\$ 157.6 billion in FY09, FY10 and FY11 respectively, albeit encompassing some shortfalls in AUM in FY11 due to business cycles.

The average assets under management of the mutual fund industry stood at US\$ 419.88 billion for the last three financial years, according to the data released by Association of Mutual Funds in India (AMFI).

**Vertex Securities Limited** and its parent company, **Transwarranty Finance Limited**, together represent a full service, Investment Banking, Brokerage and Financial Services Group. Excellent domain expertise combined with a strong client and institutional relationship network nurtured over 20 years has ensured that both the companies are well poised to unlock value for its shareholders in the fast evolving financial landscape in India.

**Transwarranty Finance Limited**, being an independent, professionally managed NBFC, the company is hopeful of securing the license to commence commercial banking when Reserve Bank of India (RBI) issues fresh licenses after satisfying all the requirements prescribed by RBI including Net worth criteria.

#### **Internal control systems and their adequacy**

The CEO/CFO certification provided in the report discusses the adequacy of our internal control systems and procedures.

#### **Human Resource Development**

The most important asset of the company is its Human Resources. The company has introduced attractive ESOP scheme for sharing of wealth with employees.

#### **Cautionary statements**

Statements in the Management Discussion and Analysis describing the Company's objectives, projections, estimates, expectation may be forward looking statements within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied.

## AUDITOR'S REPORT

To  
The Members,  
VERTEX SECURITIES LIMITED

1. We have audited the attached Balance Sheet of Vertex Securities Limited as on 31 March 2011, the Profit and Loss Account and also the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditors Report) Order, 2003, as amended, issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said order.
4. Further to our comments in the Annexure referred to in Paragraph 3 above, we report that:
  - i) *Attention is invited to Notes on Accounts point no.15 of Schedule 17, regarding evaluation of long term investment by the management. We have relied upon the confirmation by the management in the absence of independent external evaluation.*
  - ii) *As stated in Notes on Accounts point no.4 of Schedule 17, sundry debtors under the head current assets include old outstanding dues. The sundry debtors outstanding for more than six months amounts to Rs.20.02 million. Further out of the total sundry debtors, for a sum of Rs.11.79 million, the Company has initiated legal and recovery actions, the proceedings of which are in different stages.*

*In view of the above, the quantum of realisability of old outstanding sundry debtors/ legally initiated debts is not ascertainable at this stage.*

- iii) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
- iv) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
- v) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
- vi) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 to the extent applicable;
- vii) On the basis of representations received from the directors as on 31 March, 2011 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31 March 2011 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
- viii) *Subject to our comments in paragraphs 4(i) and (ii) above, in our opinion and to the best of our information and according to the explanations given to us, the said accounts together with the notes thereon give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:*
  - a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31 March 2011;
  - b) in the case of the Profit and Loss Account, of the loss for the year ended on that date; and
  - c) In the case of Cash Flow Statement, of the cash flows for the year ended on that date.

For and on behalf of  
**Rahul Gautam Divan & Associates**  
Chartered Accountants  
(ICAI Reg. No: 120294W)

**Rahul Divan**  
Partner  
Membership No: 100733

Place: Mumbai  
Date: 20 May 2011



**ANNEXURE TO THE AUDITOR’S REPORT**

(Annexure referred to in paragraph 3 of the Auditors’ Report of even date to the Members of Vertex Securities Limited on the accounts for the year ended 31 March 2011)

- i) (a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) All the assets have been physically verified by the management at the end of the year and, in our opinion, is reasonable having regard to the size of the company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) There was no substantial disposal of fixed assets during the year.
- ii) The company had no inventory during the year. Since the company has no inventory, clauses 4 (ii) (a), (b) & (c) of the Order are not applicable.
- iii) a) The company has granted interest-free unsecured loans and deposits to companies covered under Section 301 of the Companies Act, 1956 during the year. The maximum amount granted during the year was Rs. 33,690,278 and the year end balance of the loans granted is Rs. 30,020,278.
- b) In our opinion the rate of interest and other terms and conditions of said interest-free unsecured loans were not, prima facie, prejudicial to the interest of the company.
- c) The company was regular in receiving the principal amount as per the terms and conditions of the agreement.
- d) There is no overdue amount of loans granted by the company.
- e) The company has taken interest-free unsecured loan from a company covered under Section 301 of the Companies Act, 1956. The year end balance of the loan taken is Rs. 28,633,163.
- f) In our opinion the rate of interest and other terms and conditions of said interest-free unsecured loans were not, prima facie, prejudicial to the interest of the company.
- g) The company was regular in paying the principal amount as per the terms and conditions of the agreement.
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to purchase of fixed assets and sale of services. During the course of our audit, no major weakness has been noticed in the internal control systems in these areas.
- (v) (a) According to the information and explanations given to us, we are of the opinion that the transactions that need to be entered in the register maintained under section 301 of the Companies Act, 1956 have been so entered.
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
- (vi) In our opinion and according to the information and explanations given to us the company has not accepted deposits from the public.
- (vii) In our opinion and according to the information and explanation given to us, the company has an internal audit system commensurate with the size and nature of its business.
- (viii) The maintenance of cost records have not been prescribed by the Central Government under section 209(1)(d) of the Companies Act, 1956 for the year under report.
- (ix) (a) According to the records of the Company and information and explanations given to us, the Company has been regularly depositing with the appropriate authorities undisputed statutory dues including Provident Fund, Employee State Insurance, Income tax, Sales tax, Wealth tax, Service tax, Customs Duty Excise Duty, Cess and any other statutory dues applicable to it. There are no undisputed statutory dues as referred to above as at 31 March 2011 outstanding for a period of more than six months from the date they become payable
- (b) According to the information and explanation given to us and the records of the Company examined by us, disputed amounts of taxes have not been deposited with the authorities as at 31 March 2011 as per details given below:

Nature of Statute	Nature of dues	Amount Rs.	Period to which amount relates	Forum where the dispute is pending
The Income Tax Act, 1961	Tax/Interest	1,111,010	AY 2007-08	The Commissioner of (Appeals)
Finance Act	Tax/Penalty	497,512	2001-02 to 2005-06	The Customs, Excise and Service tax Appellate Tribunal.



- (x) In our opinion the company has no accumulated losses at the end of the financial year. The company has incurred a cash loss during the financial year. No cash loss was incurred in the immediately preceding financial year.
- (xi) In our opinion and according to the information and explanations given to us, the company has not defaulted in repayment of dues to a financial institutions, banks or debenture holders.
- (xii) Based on our audit procedures and on the information and explanations given by the management, we are of the opinion that since the company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities, it is not required to maintain records in respect thereof.
- (xiii) The Company is not a chit fund/nidhi/mutual benefit fund/society to which the provisions of special statute relating to chit fund are applicable. Accordingly paragraph 4(xiii) of the Order is not applicable.
- (xiv) In respect of shares, securities etc. held as investments by the company, proper records have been maintained of the transactions and contracts and timely entries have been made by the company therein and the said investments have been held by the company in its own name.
- (xv) In our opinion and according to the information and explanations given to us, the terms and conditions on which the company had given guarantees for loans taken by its subsidiary company and others from banks were not prejudicial to the interest of the company. The outstanding guarantees at the end of the year were Rs. 60 million which are shown as an contingent liabilities.
- (xvi) In our opinion, the term loans have been applied for the purpose for which they were raised.
- (xvii) According to the information and explanations given to us and an overall examination of the Balance Sheet and Cash Flows of the company as at 31 March 2011, we report that funds raised on short term basis have not been used for long term investment.
- (xviii) During the year, the Company has not made preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, paragraph 4(xviii) of the Order is not applicable.
- (xix) The Company has not issued any debentures during the year ended 31 March 2011. Accordingly, paragraph 4(xix) of the Order is not applicable.
- (xx) During the year ended 31 March 2011, the Company has not raised money by way of public issue. Accordingly, paragraph 4(xx) of the Order is not applicable.
- (xxi) Based on the audit procedures performed and information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit for the year ended 31 March 2011.

For and on behalf of  
**Rahul Gautam Divan & Associates**  
Chartered Accountants  
(ICAI Reg. No: 120294W)

**Rahul Divan**  
Partner  
Membership No: 100733

Place: Mumbai  
Date: 20 May 2011



**BALANCE SHEET AS AT 31st MARCH, 2011**

	Schedule	As at 31.03.2011 (Rs.)	As at 31.03.2010 (Rs.)
<b>I. SOURCES OF FUNDS</b>			
<b>1. Shareholders Fund :</b>			
a) Share Capital	1	145,772,460	145,772,460
b) Share Capital Suspence Account	1 A	3,500,000	3,500,000
c) Share Application Money		17,480,272	-
d) Reserves & Surplus	2	4,439,941	7,007,050
<b>2. Loan Funds</b>			
a) Secured Loan	3	868,165	9,276,688
b) Unsecured Loan		33,633,163	15,079,161
<b>3. Deferred Tax Liability</b>			
		1,756,318	2,992,300
<b>TOTAL</b>		<u>207,450,319</u>	<u>183,627,659</u>
<b>II. APPLICATION OF FUNDS</b>			
<b>1. Fixed Asset :</b>			
a) Gross Block	4	60,436,546	58,632,522
b) Less : Depreciation		35,620,862	31,700,796
c) Net Block		24,815,684	26,931,726
<b>2. Investments:</b>			
	5	58,410,100	28,407,700
<b>3. Current Assets, Loans &amp; Advances:</b>			
a) Inventories	6	-	84,827
b) Sundry Debtors	7	35,525,369	43,460,881
c) Cash & Bank Balances	8	85,336,287	48,269,478
d) Loans & Advances	9	96,079,327	124,443,823
<b>TOTAL (A)</b>		<u>216,940,983</u>	<u>216,259,009</u>
Less: Current liabilities & Provisions			
a) Liabilities	10	91,334,567	86,519,129
b) Provisions		1,381,881	1,451,647
<b>TOTAL (B)</b>		<u>92,716,448</u>	<u>87,970,776</u>
Net Current Assets	<b>TOTAL (A)-(B)</b>	<u>124,224,535</u>	<u>128,288,233</u>
<b>TOTAL</b>		<u>207,450,319</u>	<u>183,627,659</u>
Notes on Accounts	17		
The Schedule referred to above and attached notes form an integral part of the Balance Sheet			

As per our attached report of even date

**Rahul Gautam Divan & Associates**  
Chartered Accountants

**Rahul Divan**  
Partner

Mumbai  
May 20, 2011

For and on behalf of Board of Directors

**Kumar Nair**  
Chairman and Managing Director

**James Pothen**  
Director

Kochi-18  
May 20, 2011

**Jose Thomas Polachira**  
Director

**U. Ramachandran**  
Director

**Sandhya R. Nair**  
Company Secretary

**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011**

	Schedule	For the year ended on 31.03.2011 (Rs.)	For the year ended on 31.03.2010 (Rs.)
<b>INCOME</b>			
Income from operations	11	72,443,627	82,426,018
Other Income	12	21,800,931	11,218,328
<b>TOTAL</b>		<b>94,244,558</b>	<b>93,644,346</b>
<b>EXPENDITURE</b>			
Employees' Remuneration and Benefits	13	35,729,113	25,905,299
Operating Expenses	14	35,654,635	38,036,234
Administrative Expenses	15	19,693,651	18,113,002
Interest & Finance Charges	16	2,508,384	1,614,284
<b>TOTAL</b>		<b>93,585,783</b>	<b>83,668,819</b>
<b>PROFIT BEFORE DEPRECIATION, TAXATION AND PRIOR PERIOD ITEMS</b>		658,775	9,975,527
Less: Depreciation/ Amortisation		4,461,866	4,375,336
<b>PROFIT (LOSS) BEFORE TAXATION AND PRIOR PERIOD ITEMS</b>		<b>(3,803,091)</b>	<b>5,600,191</b>
Provision for taxes			
Current Tax		-	1,371,000
Deferred Tax		(1,235,982)	1,344,400
Prior period Taxes excess provision written off / (written back)			
Income Tax		-	115,019
<b>TOTAL</b>		<b>(1,235,982)</b>	<b>2,830,419</b>
<b>PROFIT (LOSS) AFTER TAX</b>		<b>(2,567,109)</b>	<b>2,769,772</b>
<b>APPROPRIATIONS:</b>			
Proposed Dividend on 15% Non Cumulative Redeemable			
Preference Shares		-	416,370
Dividend tax on above		-	70,762
<b>TOTAL</b>		<b>-</b>	<b>487,132</b>
<b>BALANCE PROFIT (LOSS) CARRIED TO RESERVES AND SURPLUS</b>		<b>(2,567,109)</b>	<b>2,282,640</b>
<b>Earning Per Share (Equity shares of face value Rs.10/- each)</b>			
Basic EPS		(0.43)	0.38
Diluted EPS		(0.18)	0.16
Notes to Accounts	17		
The Schedule referred to above and attached notes form an integral part of the Balance Sheet			

As per our attached report of even date

**Rahul Gautam Divan & Associates**  
Chartered Accountants

**Rahul Divan**  
Partner

Mumbai  
May 20, 2011

For and on behalf of Board of Directors

**Kumar Nair**  
Chairman and Managing Director

**James Pothen**  
Director

Kochi-18  
May 20, 2011

**Jose Thomas Polachira**  
Director

**U. Ramachandran**  
Director

**Sandhya R. Nair**  
Company Secretary



**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2011**

Particulars	2010-11 (Rs.)	2009-10 (Rs.)
<b>A. Cash Flow from Operating Activities</b>		
Net Profit (Loss) Before taxation	(3,803,091)	5,600,191
Adjustments for:		
Add/(Less):		
Depreciation/ Amortisation	4,461,866	4,375,337
Loss on assets sold/ written off	359,610	174,227
Interest Paid & Bank Guarantee Expense	2,508,384	1,614,284
Interest Received	(3,846,160)	(3,139,077)
Profit on share trading	-	(1,335)
Bad debts written off	167,525	1,321,688
<b>Operating Profit before working Capital Changes</b>	<b>(151,865)</b>	<b>9,945,315</b>
Adjustments for Changes in Working Capital		
Trade & Other Receivable-Decrease/(Increase)	7,767,986	(11,977,587)
Inventories-Decrease/(Increase)	84,827	2,362
Loans & Advances(Net)-Decrease/(Increase)	25,452,195	(3,139,472)
Trade payables-(Decrease)/Increase	4,815,438	(31,719,123)
Other payables-(Decrease)/Increase	260,455	374,208
<b>Cash Generated from operations</b>	<b>38,229,036</b>	<b>(36,514,297)</b>
Income Tax and Fringe Benefit Tax paid	(432,699)	(278,049)
<b>Net Cash flow from Operating Activities</b>	<b>(A) 37,796,337</b>	<b>(36,792,346)</b>
<b>B. Cash Flow from Investing Activities</b>		
Purchase of Fixed Assets	(2,752,985)	(4,271,787)
Investments in subsidiary company	(30,002,400)	-
Sale of Fixed Assets	47,551	879,802
Interest Received Less Accrued	3,846,160	3,140,412
Inter corporate deposit	3,345,000	31,346,743
<b>Net Cash used in Investing Activities</b>	<b>(B) (25,516,674)</b>	<b>31,095,170</b>
<b>C. Cash Flow from Financing Activities:</b>		
Share application money	17,480,272	-
Receipt/Repayment of Secured Loans(net)	(8,408,523)	2,681,811
Interest Paid & Bank Guarantee Expense	(2,508,384)	(1,614,284)
Dividend paid	(330,221)	(487,132)
Un-secured loan	18,554,001	(3,323,073)
<b>Net Cash used in Financing Activities</b>	<b>(C) 24,787,145</b>	<b>(2,742,678)</b>
<b>Net Increase/(Decrease) in Cash &amp; Cash Equivalents (A+B+C)</b>	<b>37,066,809</b>	<b>(8,439,854)</b>
<b>Cash &amp; Cash Equivalents as at the beginning of the year</b>	<b>48,269,478</b>	<b>56,709,332</b>
<b>Cash &amp; Cash Equivalents as at the end of the year</b>	<b>85,336,287</b>	<b>48,269,478</b>

As per our attached report of even date

**Rahul Gautam Divan & Associates**  
Chartered Accountants

**Rahul Divan**  
Partner

Mumbai  
May 20, 2011

For and on behalf of Board of Directors

**Kumar Nair**  
Chairman and Managing Director

**James Pothen**  
Director  
Kochi-18  
May 20, 2011

**Jose Thomas Polachira**  
Director

**U. Ramachandran**  
Director

**Sandhya R. Nair**  
Company Secretary

**SCHEDULES FORMING PART OF BALANCE SHEET AS AT 31ST MARCH, 2011**

	As at 31.03.2011 (Rs.)	As at 31.03.2010 (Rs.)
<b>SCHEDULE - 1</b>		
<b>CAPITAL</b>		
<b>AUTHORISED CAPITAL:</b>		
1) 10,820,000 EQUITY Shares of Rs 10/- each	108,200,000	108,200,000
2) 8,620,000 Preference shares of Rs.10/- each	86,200,000	86,200,000
3) 40,000 Non-Cumulative Redeemable Preference shares of Rs. 100/- each	4,000,000	4,000,000
	<u>198,400,000</u>	<u>198,400,000</u>
<b>ISSUED, SUBSCRIBED AND PAID UP CAPITAL :</b>		
5,998,951(P.Y 5,998,951) Equity Shares of Rs 10/- each fully paid up	59,989,510	59,989,510
a. 320,000(P.Y.320,000)Equity Shares issued for consideration other than cash		
b. 820,950 (P.Y. 820,950) Equity Shares of Rs.10 each issued as fully paid up to the shareholders of erstwhile Transwarranty Capital (P) Limited as per the scheme of amalgamation.		
c. 3,536,698 (P.Y. 3,936,698) Equity Shares of Rs.10 each are held by Transwarranty Finance Limited., the Holding Company.		
8,300,715 (P.Y. 8,300,715) 0.5% Fully Convertible Preference shares of Rs.10/- each fully paid up	83,007,150	83,007,150
(8,300,715 (P.Y. 8,300,715) Preference Shares of Rs 10 each issued as fully paid up to equity share holders of erstwhile Transwarranty Capital (P) Limited. as per the scheme of amalgamation)		
NIL (P.Y. 27,758) 15% Non Cumulative Redeemable Preference Shares of Rs. 100/- each issued to erstwhile Preference Shareholders of Transwarranty Capital (P) Limited.) 27,758 (P.Y NIL) 15%	-	2,775,800
Non Cumulative Redeemable Preference Shares of Rs. 100/- each	2,775,800	-
<b>TOTAL</b>	<u>145,772,460</u>	<u>145,772,460</u>
<b>SCHEDULE- 1 A:</b>		
<b>SHARE CAPITAL SUSPENCE ACCOUNT</b>		
31,500 (P.Y. 31,500) Equity Shares of Rs 10 each to be issued as fully paid up to the share holders of erstwhile Transwarranty Capital (P) Limited As per the scheme of amalgamation	315,000	315,000
318,500 (P.Y. 318,500) Preference Share shares of Rs 10 each to be issued as fully paid up to the share holders of erstwhile Transwarranty Capital (P) Limited. As per the scheme of amalgamation	3,185,000	3,185,000
	<u>3,500,000</u>	<u>3,500,000</u>



	As at 31.03.2011 (Rs.)	As at 31.03.2010 (Rs.)
<b>SCHEDULE - 2</b>		
<b>RESERVES &amp; SURPLUS</b>		
<b>Profit &amp; Loss Account</b>		
As per last Balance sheet	928,159	5,440,786
Less: Accumulated loss of Amalgamating company	-	7,895,836
	<u>928,159</u>	<u>(2,455,050)</u>
Add: Change in Accounting Policy	-	1,100,569
	<u>928,159</u>	<u>(1,354,481)</u>
Add: Profit/(Loss) for the current year	<u>(2,567,109)</u>	<u>2,282,640</u>
	<u>(1,638,950)</u>	<u>928,159</u>
Reserve on Amalgamation Account	6,078,891	6,078,891
<b>TOTAL</b>	<u><u>4,439,941</u></u>	<u><u>7,007,050</u></u>
<b>SCHEDULE - 3</b>		
<b>LOAN FUNDS</b>		
<b>a) Secured Loans</b>		
From HDFC BANK for Vehicle (Secured by hypothecation of vehicle - Motor Car-Skoda)	837,580	1,046,457
(Repayable with in one year Rs.3,01,740/-) From ICICI BANK for Vehicle (Secured by hypothecation of vehicle - Motor Car-Zen)	30,585	200,416
(Repayable with in one year Rs.1,84,548/-) Bank Overdraft (Secured against pledge/ lien of Fixed Deposit of Rs.62.89 Lakhs)	-	7,417,556
Term Loan from banks (Secured against pledge/ lien of Fixed Deposit of Rs.62.89 Lakhs)	-	612,259
(Repayable with in one year Rs.6,12,260/-)		
<b>TOTAL</b>	<u><u>868,165</u></u>	<u><u>9,276,688</u></u>
<b>b) Unsecured Loans</b>		
Inter-corporate Loans	33,633,163	15,079,161
<b>TOTAL</b>	<u><u>33,633,163</u></u>	<u><u>15,079,161</u></u>

**SCHEDULE – 4  
FIXED ASSETS**

NAME OF ASSETS	GROSS BLOCK			DEPRECIATION			NET BLOCK		
	As at 01.4.2010	Additions During the Year	Deletion during the year	As at 31.3.2011	Up to 31.3.2010	Additions During the Year	Deletion during the year	As at 31.3.2011	As at 31.3.2010
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
<b>Tangible Assets</b>									
Building	661,170	-	-	661,170	113,942	8,120	-	122,062	539,108
Furniture & Fixtures	9,336,582	1,018,610	102,232	10,252,960	4,500,407	589,281	31,978	5,057,710	5,195,251
Equipment	7,557,996	498,719	186,909	7,869,806	2,099,916	343,430	52,076	2,391,270	5,478,536
Vsat - (P)	3,139,919	-	-	3,139,919	596,725	112,370	-	709,095	2,430,824
Vehicles	2,530,836	-	-	2,530,836	605,073	240,430	-	845,503	1,685,333
Cycle	7,090	-	-	7,090	7,090	-	-	7,090	-
Computer	20,642,246	805,545	608,183	20,839,608	17,114,726	1,318,938	451,330	17,982,335	2,857,273
Air Conditioners	1,071,599	303,370	51,636	1,323,333	219,387	45,757	6,416	258,728	1,064,605
<b>Intangible Assets:</b>									
Software	5,300,250	30,000	-	5,330,250	3,143,271	953,672	-	4,096,943	1,233,307
Lisence	7,384,834	96,740	-	7,481,574	2,906,148	749,867	-	3,656,016	3,825,558
Membership Rights									
Mumbai Stock Exchange	1,000,000	-	-	1,000,000	394,110	100,000	-	494,110	505,890
<b>TOTAL</b>	<b>58,632,522</b>	<b>2,752,985</b>	<b>948,960</b>	<b>60,436,546</b>	<b>31,700,795</b>	<b>4,461,866</b>	<b>541,799</b>	<b>35,620,862</b>	<b>24,815,684</b>
Previous year (09-10)	60,473,639	4,271,787	6,112,905	58,632,522	32,384,333	4,375,336	5,058,874	31,700,796	26,931,726
									24,256,569



	As at 31.03.2011 (Rs.)	As at 31.03.2010 (Rs.)
<b>SCHEDULE - 5</b>		
<b>INVESTMENTS</b>		
<b>Current Investments :</b>		
Quoted - Non trade (Market Value not Available )		
Motul Mafatlal Ltd. (100 shares of Rs.10/- each fully paid)	370	370
Prudential Sugar (100 shares of Rs.10/- each fully paid)	700	700
Usha India (320 shares of Rs.10/- each fully paid)	304	304
Odyssey Video Co (100 shares of Rs.10/- each fully paid))	1,432	1,432
	<u>2,806</u>	<u>2,806</u>
Less: diminution in value of shares	<u>2,806</u>	<u>2,806</u>
	-	-
<b>Long Term Investments :</b>		
Un-quoted - Non trade		
Cochin Stock Exchange Ltd.(905 Equity shares of Rs.10/- each fully paid	2,507,700	2,507,700
Nawani Corp (India) Ltd.(350,000 equity shares of Rs.10/- each)	17,500,000	17,500,000
In Subsidiary Company :-		
Vertex Commodities & Finpro Pvt. Ltd (3,840,200 (P.Y 840,000) Equity Shares of Rs.10/- fully paid)	38,402,400	8,400,000
<b>TOTAL</b>	<u>58,410,100</u>	<u>28,407,700</u>
<b>SCHEDULE - 6</b>		
<b>INVENTORIES</b>		
Inventories -Shares	-	25,350
Stock of Stationery	-	59,477
<b>TOTAL</b>	<u>-</u>	<u>84,827</u>
<b>SCHEDULE - 7</b>		
<b>SUNDRY DEBTORS ((Unsecured Considered Good)</b>		
A) Outstanding over 6 months	20,015,724	22,412,970
B) Other debtors	15,509,645	21,047,911
<b>TOTAL</b>	<u>35,525,369</u>	<u>43,460,881</u>
<b>SCHEDULE - 8</b>		
<b>CASH &amp; BANK BALANCES</b>		
Balance with Scheduled Banks:		
a) In Current Accounts	44,915,963	13,682,241
b) In Term Deposit Accounts (including interest accrued)	40,413,016	34,549,843
Cash in Hand	7,308	37,394
<b>TOTAL</b>	<u>85,336,287</u>	<u>48,269,478</u>



	As at 31.03.2011 (Rs.)	As at 31.03.2010 (Rs.)
<b>SCHEDULE - 9</b>		
<b>LOANS &amp; ADVANCES (Unsecured considered good )</b>		
Advances recoverable in cash or in kind for value to be received	5,673,197	5,191,548
Intercorporate deposit	30,020,278	33,365,278
Advance Income Tax (Net of provision)	1,805,566	1,372,867
Advance Gratuity	346,201	316,215
Deposits	58,234,085	84,197,915
<b>TOTAL</b>	<u>96,079,327</u>	<u>124,443,823</u>
<b>SCHEDULE- 10</b>		
<b>CURRENT LIABILITIES &amp; PROVISIONS</b>		
<b>a) Current Liabilities</b>		
Sundry Creditors		
- Amount due to Clients / Exchange	75,309,963	74,677,793
- Other Creditors	8,248,806	5,767,910
- Amount due to Medium, Small and Micro Enterprises	-	-
Book Overdraft	443,996	59,366
Unclaimed dividend	9,166	9,166
Security Deposits	6,338,649	5,279,459
Statutory liabilities	983,988	725,436
<b>TOTAL</b>	<u>91,334,567</u>	<u>86,519,129</u>
<b>b) Provisions</b>		
Preference share dividend	156,911	416,370
Dividend Tax on above	-	70,762
Provision Others	591,480	351,148
Leave encashment	633,490	613,367
<b>TOTAL</b>	<u>1,381,881</u>	<u>1,451,647</u>

**SCHEDULES FORMING PART OF PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011**

	For the year ended on 31.03.2011 (Rs.)	For the year ended on 31.03.2010 (Rs.)
<b>SCHEDULE - 11</b>		
<b>INCOME FROM OPERATIONS</b>		
Brokerage Income	68,405,554	78,203,351
Income from Merchant Banking	1,606,397	1,295,004
Income from Interest futures	-	297,782
Income from DP Operations	2,431,676	2,629,881
<b>TOTAL</b>	<b>72,443,627</b>	<b>82,426,018</b>
<b>SCHEDULE - 12</b>		
<b>OTHER INCOME</b>		
Interest Income	3,846,160	3,139,079
Late Payment Charges	1,941,899	1,402,819
Software & AMC charges recovered	1,437,488	1,469,181
P.Vsat Recurring Charges recovered	743,700	737,650
Recovery on Shared Services	9,504,000	-
Misc. Income - Others	4,327,685	4,469,600
<b>TOTAL</b>	<b>21,800,931</b>	<b>11,218,329</b>
<b>SCHEDULE - 13</b>		
<b>EMPLOYEES' REMUNERATION AND BENEFITS</b>		
Salaries & Allowances	33,202,723	23,562,465
Contribution to Provident Fund & other funds	1,778,598	1,389,209
Staff Welfare Expenses	747,792	953,625
<b>TOTAL</b>	<b>35,729,113</b>	<b>25,905,299</b>
<b>SCHEDULE - 14</b>		
<b>OPERATING EXPENSES</b>		
Annual Fee to Depository / Exchanges	347,709	378,710
AMC Charges	2,196,880	2,483,409
Clients Meet & Business Promotion Expenses	358,519	368,620
Consultation fee	657,338	563,552
Connectivity Charges	3,803,296	3,485,662
Depository Charges	691,791	542,024
Error Rectification	(54,811)	152,460
Investor Protection Fund	669	1,677
Marketing fee/Commission paid	24,294,337	25,056,776
Sub Brokerage	1,867,938	3,909,734
SEBI Turnover Charges	141,822	300,051
Stock Exchange Charges	555,146	198,259
Stock Differencial	-	12
VSAT Charges	794,000	595,288
<b>TOTAL</b>	<b>35,654,635</b>	<b>38,036,233</b>

	For the year ended on 31.03.2011 (Rs.)	For the year ended on 31.03.2010 (Rs.)
<b>SCHEDULE - 15</b>		
<b>ADMINISTRATIVE EXPENSES</b>		
Advertisement, Publicity and Business Promotion	720,709	329,768
Auditor's Remuneration	119,500	107,500
Bad debts Written off	167,525	482,788
Books & Periodicals	50,089	42,956
Communication Expenses	1,536,459	1,583,642
Data Entry expenses	480,621	683,520
Diminution in value of shares	25,350	-
Deposits Written off	-	838,900
Insurance Premium	113,476	135,830
Legal Expenses and Filing Fees	258,037	563,123
Listing Fee	13,366	15,000
Loss on sale of Assets/ on assets strapped	359,610	174,227
Misc. Charges & Expenses	71,992	22,701
Office Maintenance	693,212	1,021,696
Postage & Courier Charges	843,011	703,005
Power Charges	2,184,093	2,096,855
Printing & Stationery	570,850	476,838
Professional and legal Fees	1,209,262	401,200
Rates and Taxes	903,602	371,776
Rent	5,635,288	4,909,711
Repairs & Maintenance	1,096,833	781,221
SEBI Settlement Fee	-	700,000
Meeting Expenses	97,857	-
Sitting Fees to Directors	184,000	70,000
Training Expense	183,658	470,544
Travelling and Conveyance Expenses	2,126,428	1,007,899
Vehicle Running and Maintenance Expenses	48,823	122,302
<b>TOTAL</b>	<b>19,693,651</b>	<b>18,113,002</b>
<b>SCHEDULE - 16</b>		
<b>INTEREST AND FINANCE CHARGES</b>		
Bank Charges	103,761	97,048
Bank Guarantee Expenses	676,863	569,653
Interest	1,727,760	947,583
<b>TOTAL</b>	<b>2,508,384</b>	<b>1,614,284</b>



## SCHEDULE - 17

## NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31.03.2011

## I SIGNIFICANT ACCOUNTING POLICIES

a) **Basis of Presentation of Financial Statements:**

The Financial Statements are prepared under historical cost convention, on accrual basis of accounting in conformity with the accounting principles generally accepted in India and comply with the Accounting Standards referred to in section 211 (3C) of the Companies Act, 1956.

b) **Use of estimates**

The preparation of financial statements in conformity with the generally accepted accounting principles (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities as at the date of financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates. Any revision to accounting estimates is recognised prospectively in the current and future periods.

c) **Fixed Assets and Depreciation:**

- i) Fixed assets are stated at cost less accumulated depreciation and adjusted for impairment if any.
- ii) The Company provides depreciation on straight-line method (SLM) at the rate specified in Schedule XIV of the Companies Act, 1956.
- iii) Depreciation on additions to fixed assets is provided on pro-rata basis from the date of addition.

d) **Intangible Assets:**

Intangible assets comprise of Membership rights of Stock Exchanges, Computer software and Software licences. The Stock Exchange rights and Software Licences are amortized over a period of 10 years and the Computer software is amortized over a period of 5 years on Straight Line basis.

e) **Inventories - Shares:**

The shares are valued at lower of cost or net realizable value.

f) **Income:**

Brokerage income is recognized on the date of the transaction, upon confirmation of the trade by client. Interest on Suit filed debtors are accounted on receipt basis since there is significant uncertainty in collection. Dividend income is recognised when right to receive the same is established. Service income is recognised as per the terms of the contract/agreement entered into with the customers when the related services are performed.

g) **Employee Benefits:**

## i. Long Term Employee Benefits

## a. Defined Contribution plan

The company has defined contribution plans for employees comprising of Provident Fund and Employees State Insurance. The contributions paid/payable to these plans are charged to Profit & Loss Account for the period to which they are related.

## b. Defined Benefit Plan

The company makes contributions to Employees' Group Gratuity-cum-Life Assurance Scheme of Life Insurance Corporation of India. The net present value of the obligation for gratuity benefits as determined on actuarial valuation, conducted annually using the projected unit credit method, as adjusted for unrecognized past service cost if any and as reduced by fair value of plan assets, is recognized in the accounts. Actuarial gains and losses are recognized in full in the Profit & Loss Account for the period in which they occur.

## c. Other Long term Employee Benefits

The company has a scheme of Leave Encashment for eligible employees. Company's liability as at the balance sheet date for such benefits is provided for on the basis of actuarial valuation under Projected Unit Cost Method, done by an independent actuary. Actuarial gains and losses comprise experience adjustments and effects of changes in actuarial assumptions and are recognized in the profit & loss account as income or expense.

d. Short Term Employee Benefits

All employee benefits payable wholly within twelve months of rendering the service are classified as short-term employee benefits and recognised in the period in which the employee renders the related service.

h) Income tax

Income tax is accounted in accordance with Accounting Standard on Accounting for Taxes on Income (AS 22), which includes current taxes and deferred taxes. Deferred tax assets/liabilities representing timing differences between accounting income and taxable income are recognised to the extent considered capable of being reversed in subsequent years. Deferred tax assets are recognised only to the extent there is reasonable certainty that sufficient future taxable income will be available, except that deferred tax assets arising due to unabsorbed depreciation and losses are recognised if there is a virtual certainty that sufficient future taxable income will be available to realise the same.

i) Investments

Long term investments are stated at cost less provision for permanent diminution in their values, if any. Current investments are stated at lower of cost and net realisable value.

j) Provisions and Contingent liabilities

Provisions are recognised when the company has a present obligation as a result of past events, for which it is probable that a cash outflow will be required and reliable estimate can be made of the amount of obligation. Provisions are not discounted to their present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect current management estimates.

k) Earnings Per Share

Basic and diluted earnings per share is computed by dividing the net profit attributable to equity shareholders for the year by the weighted average number of equity shares outstanding during the year.

l) Leases

Disclosures as required by Accounting Standard 19, "Leases" issued by the Institute of Chartered Accountants of India, are given below:

- (i) The Company has taken various offices under lease and license agreements. These are generally non-cancelable and range between 11 months and 5 years and are renewable by mutual consent on mutually agreeable terms.
- (ii) Lease payments are recognized in the Profit & Loss account under "Rent".

## II NOTES ON ACCOUNTS

### 1. Remuneration to the Executive Directors:

	2010-11 Rs.	2009-10 Rs.
Salary to the Managing Director	801,364	792,000
Perquisites	-	56,377
<b>TOTAL</b>	<b>801,364</b>	<b>848,377</b>

### 2. Remuneration to Auditors:

	2010-11 Rs.	2009-10 Rs.
Statutory Auditors Fee	60,000	60,000
Income tax audit fee	15,000	15,000
Other Services	44,500	32,500
<b>TOTAL</b>	<b>119,500</b>	<b>1,07,500</b>

3. Some of the debtors, advances, creditors, and security deposit are subject to confirmation, reconciliation and adjustments if any. The management does not expect any material difference affecting the current year's financial statements.



4. Sundry debtors include old outstanding debts amounting to Rs.11,790,892 (Rs.6,735,421) in respect of which Company has initiated legal and other recovery actions, the proceedings of which are in different stages of progress. No provision for doubtful debts has been made in the accounts during the year since the management is confident that the debts are good and recoverable.
5. In the opinion of Directors, the current assets and deposits have the value as stated in the Balance Sheet, if realized in the ordinary course of business.
6. During the year the company has purchased and sold securities due to trade mistakes and failure of delivery of shares by clients. The profit or loss thus incurred along with other mistakes due to operational and communication problems are recognised under the head Operating Expenses as Error Rectification.
7. The company is maintaining DEMAT beneficiary account with own Depository Services. The stock is transferred to the respective clients' accounts only when the company receives a written request from the clients and after confirming that they have enough credit / margin in their account.
8. Lien has been marked in favour of ICICI Bank Ltd in respect of Bank Deposits worth Rs. 3.80 million (P.Y Rs. 20 million) and in favour of HDFC Bank Rs. 13.25 million (P.Y. Rs. Nil) together with accumulated interest thereon, against bank guarantees issued by them on account of the Company.
9. Based on the guiding principles given in Accounting Standard on "Segment Reporting" (AS - 17) issued by the Institute of Chartered Accountants of India, the Company's primary business segment is share broking. All other activities of the company revolve around the main business. As the company's business activity falls within a single primary business segment, the disclosure requirements of AS - 17 in this regard are not applicable.

**10. Contingent Liabilities not provided for:**

(Rs. In Lakhs)

Particulars	As at 31.03.2011 Rs.	As at 31.03.2010 Rs.
i) Counter guarantee issued in favour of bankers for guarantee given by them to NSE for margin requirements	340	410
ii) Guarantee given on behalf of subsidiary company Vertex Commodities & Finpro (P) Limited.	600	Nil
iii) Claims against the company not acknowledged as debt		
a) Tax demand in respect of which:		
i) Company's appeal is pending before the first appellate Authority (Income Tax) for the Assessment Year 2007-08	11.11	11.11
ii) Company's Service Tax appeal is pending before the CESTAT	4.97	4.97
b) Arbitration against the company pending in courts	Nil	13.70

**11. The major components of deferred tax assets and liabilities for the year ended 31-03-2011 are as follows:**

(Rs. In Lakhs)

Nature of timing differences	2010-11 Rs.	2009-10 Rs.
<b>Deferred tax liability:</b>		
Net Depreciation	2,863,213	3,292,500
<b>Deferred tax asset:</b>		
Un absorbed business loss	578,613	-
Other provisions allowable u/s.43B for Income Tax only on payment	528,282	300,200
Net deferred tax liability	<u>1,756,318</u>	<u>2992,300</u>

**12. Earnings per share:**

Particulars	2010-11	2009-10
<b>Basic</b>		
(a) Profit / (Loss) after tax as per Profit & Loss A/c	<b>(Rs. 2,567,109)</b>	Rs. 2,282,640
(b) Weighted average number of equity shares outstanding	<b>6,030,451</b>	5,998,951
(c) Nominal Value of ordinary shares	<b>Rs. 10</b>	Rs. 10
(d) Basic Earnings Per Share	<b>(Rs. 0.43)</b>	Rs. 0.38
<b>Diluted</b>		
(a) Profit after tax as per Profit & Loss A/c	<b>(Rs. 2,567,109)</b>	Rs. 2,282,640
(b) Dividend on convertible preference shares	<b>Nil</b>	Nil
(c) Adjusted Net Profit	<b>(Rs. 2,567,109)</b>	Rs. 2,282,640
(d) No of Equity shares Resulting from Conversion of Preference shares/ Equity share further to be issued	<b>8,619,215</b>	8,650,715
(e) Weighted Average number of Equity Shares	<b>14,649,666</b>	14,649,666
(f) Diluted EPS	<b>(Rs. 0.18)</b>	Rs. 0.16

**13. Information on related party transaction as required by Accounting Standard -18**

(a) Name of the related parties and description of the relation:

Name of the Party	Relation
Transwarranty Finance Limited	Holding Company
Kumar Nair	Chairman & Managing Director
Vertex Commodities & Finpro Private Limited.	Subsidiary Company
Transwarranty Private Limited.	Associated Company
Transwarranty Advisors Private Limited.	Associated Company
Ashok Mittal	Chief Executive Officer



(b) Related Party Transactions:

(Previous year figures in brackets below)

(Amount in Rupees)

Transactions	Chairman & Managing Director	Associated Company	Holding Company	Subsidiary Company	Chief Executive Officer
Brokerage Collected	30,100	-	106,471	-	-
	(33,778)	(-)	(46,578)	(-)	(-)
Remuneration Paid	801,364	-	-	-	25,18,458
	(848,377)	(-)	(-)	(-)	(-)
Expenses on shared services	-	-	-	9,504,000	-
	(-)	(-)	(-)	(-)	(-)
Reimbursement of Expenses	-	-	-	169,247	-
	(-)	(-)	(-)	(-)	(-)
Interest Received	-	-	-	1,075,542	-
	(-)	(-)	(-)	(-)	(-)
ICD Received	-	930,900	40,505,622	30,694,533	-
	(-)	(-)	(45,722,263)	(-)	(-)
ICD Paid	-	4,143,096	26,951,622	30,694,533	-
	(-)	(-)	(46,533,262)	(-)	(-)
Purchase of Fixed Assets	-	-	-	-	-
	(-)	(-)	(18,720)	(-)	(-)
<b>Balance As on 31/03/2011</b>					
Amount Payable	95,807	-	28,633,163	-	-
	(2,785)	(-)	(15,079,161)	(-)	(-)
Amount Receivable	-	30,020,278	-	-	-
	(27)	(33,365,278)	(-)	(-)	(-)



## 14. Disclosure as required under Accounting Standard-15 on employee benefits for Gratuity and Leave Encashment is as under:-

	Gratuity	Gratuity Previous year	Leave Encashment (unfunded)	Leave Encashment Prev. Year
<b>1. Change in the benefit Obligations:</b>				
Present value of obligations as on 01. 04. 2010	1,087,007	996,570	613,367	396,830
Current Service Cost	364,317	277,957	458,908	311,474
Past Service Cost	-	-	-	-
Interest Cost	84,651	69,345	26,230	12,481
Actuarial (Gain)/Loss on obligation	77,206	(245,009)	105,979	329,638
Benefits Paid	(57,736)	(11,856)	(570,994)	(437,056)
Present value of obligations as on 31.03.2011	1,555,445	1,087,007	633,490	613,367
<b>2. Change in Plan Assets:</b>				
Fair Value of Plan Assets as on 01.04.2010	1,403,222	1,197,906	-	-
Adjustment to the opening balance	-	-	-	-
Expected Return on Plan Assets	141,911	111,925	-	-
Employer's Contributions	404,868	103,266	570,994	437,056
Benefits Paid	(57,736)	(11,856)	(570,994)	(437,056)
Actuarial Gain/(Loss) on Plan Assets	9,381	1,981	-	-
<b>Fair Value of plan assets as on 31.03.2011</b>	1,901,646	1,403,222	-	-
<b>3. Net (Asset) Liability (i) - (ii) :</b>	<b>(346,201)</b>	<b>(316,215)</b>	<b>633,490</b>	<b>613,367</b>
<b>4. Net Cost for the year ended 31.03.2011</b>				
Current Service Cost	364,317	277,957	458,908	311,474
Past Service Cost	-	-	-	-
Interest Cost	84,651	69,345	26,230	12,481
Expected Return on plan Assets	(141,911)	(111,925)	-	-
Actuarial (Gain)/ Loss recognised during the year	67,825	(246,990)	105,979	329,638
Adjustment (Gain) to opening value of planned assets	-	-	-	-
Net Cost	374,882	(11,613)	591,117	653,593
Amount recognised in the Balance sheet (Asset) Liability	(346,201)	(316,215)	633,490	613,367
Amount recognised in the Profit and Loss Account(Gain)/Loss	374,882	(11,613)	591,117	653,593
<b>Principal actuarial assumptions:</b>				
Discount rate	8.00%	7.00%	8.00%	7.00%
Expected Return on plan assets	9.00%	9.00%	--	--
Salary Escalation Rate	5.00%	5.00%	5.00%	5.00%
Attrition Rate	15.00%	15.00%	15.00%	15.00%
<b>Demographic Assumptions:</b>				
Retirement age				58 Years
Mortality rate				LIC (1994-96) Ultimate



15. The management has evaluated the long term investments and confirms that there exist no circumstances which warrant provision on account of permanent diminution in the value of investments.

**16. Employee Stock Option Scheme**

- a) The “Vertex Employee Stock Option Plan,2010” has been approved by the Board Of Directors of the company on 10th March, 2008.
- b) The vesting period is over five years from the date of grant, commencing after one year from the date of grant.
- c) Exercise Period would commence one year from date of grant and will expire on completion of five years from the date of vesting.
- d) The options will be settled in equity shares of the company.
- e) The company used the intrinsic value method to account for ESOPs.
- f) The exercise price has been determined as follows

Grant	Options	Price per option	Repriced to (on 31.3.2011 vide Postal Ballot
Grant I	462,500	Rs. 69/-	--
Grant II	50,000	Rs. 195.15/-	Rs. 145.50
Grant III	17,500	Rs. 227.35/-	Rs. 145.50
Grant IV	25,000	Rs. 227.35/-	Rs. 145.50
Grant V	100,000	Rs. 145.50/-	--

g) Consequently, no compensation cost has been recognized by the company in accordance with the “Guidance Note on Accounting for Employee Share-Based payments” issued by the Institute of Chartered Accountants of India.

h) Details of movement of Options

Particulars	As at 31st March, 2011	As at 31st March, 2010
Particulars		Nos
Options outstanding at the beginning of the year	Nil	Nil
Options granted during the year	655,000	Nil
Options vested during the year	Nil	Nil
Options exercised during the year	Nil	Nil
Options forfeited during the year	31,500	Nil
Options lapsed /surrendered during the year	Nil	Nil
Options outstanding at the end of the year	623,500	Nil

i) 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)

**17. Details of Opening Stock, Closing Stock Purchase and Sales:**

(Qty in lakhs & Value in lakh Rs.)

Category	Opening Stock		Closing Stock		Purchases		Sales	
	Qty	Value	Qty	Value	Qty	Value	Qty	Value
Equity 2010-11	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Equity 2009-10	5.49	0.25	5.49	0.25	0.00	0.00	0.00	0.00

**18. Inventories- Securities**

Details of opening and closing inventories are given below :-

Name of the Scrip	Qty as on 31.03.2011	Value as on 31.03.2011	Qty as on 31.03.2010	Value as on 31.03.2010
Atlos Ltd.	-	-	100	0
Apple Credit Corp. Ltd.	-	-	100	159
Arihant Cotsyn Ltd.	-	-	50	0
Cauvery Software Engg. Systems Ltd.	-	-	100	0
Classic Diamond India Ltd.	-	-	100	0
Computer Power	-	-	500,000	0
Dunlop Ltd.	-	-	100	0
Femnor Mineral	-	-	100	0
Goldstone Infrastructure	-	-	100	1,190
Indo French Biotech Enterprise Ltd.	-	-	1,000	600
Kerala Ayurveda Ltd.	-	-	100	0
Kitex Garments Ltd.	-	-	2,000	5,000
Koluthara Exports	-	-	4,900	0
MOH Ltd.	-	-	20,000	1,000
Nagarjuna Finance Ltd.	-	-	200	760
Superstar Distilleries & Foods Ltd.	-	-	2,600	2,600
Synthetics & Chemicals Ltd.	-	-	100	385
TISCO SPN	-	-	15	0
Trend Design	-	-	800	0
TTK Health Care	-	-	100	1,588
UTI Master share	-	-	50	468
Vanady Chemicals	-	-	200	0
Vatsa Corporation Ltd.	-	-	4,200	0
Vysali Pharmaceuticals Ltd.	-	-	11,600	11,600
Total	-	-	5,48,615	25,350

19. For the 27,758, 15% Non Cumulative Redeemable Preference shares of Rs.100/- each and 8,300,715, 0.5% fully convertible preference shares of Rs.10 each, no provision for dividend and dividend tax has been made in the financial statement in the absence of distributable profits during the year.

20. Previous year figures have been re-grouped/reclassified/re-arranged/recast wherever necessary to suit the current year's classification. Previous year figures are unless otherwise stated given in bracket.

As per our attached report of even date

**Rahul Gautam Divan & Associates**  
Chartered Accountants

**Rahul Divan**  
Partner

Mumbai  
May 20, 2011

For and on behalf of Board of Directors

**Kumar Nair**  
Chairman and Managing Director

**James Pothen**  
Director

Kochi-18  
May 20, 2011

**Jose Thomas Polachira**  
Director

**U. Ramachandran**  
Director

**Sandhya R. Nair**  
Company Secretary



**STATEMENT PURSUANT TO PART IV OF SCHEDULE VI OF THE COMPANIES ACT,1956,  
BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE**

**I. REGISTRATION DETAILS**

Registration No. 09-07349 State Code : 09  
 Balance Sheet Date : 31 03 2011 Date Month Year

**II. CAPITAL RAISED DURING THE YEAR : (Amount in Rs. Thousands)**

Public Issue : NIL Right Issue : NIL  
 Bonus Issue NIL Private Placement : NIL

**III. POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS : (Amount in Rs. Thousands)**

Total Liabilities 207450 Total Assets : 207450

**SOURCE OF FUNDS :**

Paid -Up Capital 149273 Reserves & Surplus: 4440  
 Secured Loans : 868 Unsecured Loans : 33633  
 Share Application : 17480 Deferred Tax Liability : 1756

**APPLICATION OF FUNDS :**

Net Fixed Assets : 24816 Investments : 58410  
 Net Current Assets : 124224

**IV. PERFORMANCE OF THE COMPANY: (Amount in Rs. Thousands)**

Turnover/Other Income 94245 Total Expenditure : 98048  
 Profit before Tax : (3803) Profit after Tax: (2567)  
 Earnings per share (Rs.) (0.43) Dividend Rate (%) : NIL

**V. GENERIC NAME OF THE THREE PRINCIPAL PRODUCTS/SERVICES OF THE COMPANY (As per Monetary Terms)**

Item Code No. NA  
 Product Description STOCK BROKING

As per our attached report of even date

**Rahul Gautam Divan & Associates**  
Chartered Accountants

**Rahul Divan**  
Partner

Mumbai  
May 20, 2011

For and on behalf of Board of Directors

**Kumar Nair**  
Chairman and Managing Director

**James Pothan**  
Director

Kochi-18  
May 20, 2011

**Jose Thomas Polachira**  
Director

**U. Ramachandran**  
Director

**Sandhya R. Nair**  
Company Secretary

## CONSOLIDATED FINANCIAL STATEMENTS

### AUDITOR'S REPORT

To  
The Board of Directors of  
VERTEX SECURITIES LIMITED

1. We have audited the attached Consolidated Balance Sheet of Vertex Securities Limited and its subsidiary as on 31 March, 2011, and also the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement for the year ended on that date annexed thereto. These consolidated financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these consolidated statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We report that the consolidated financial statements have been prepared by the management of Vertex Securities Limited in accordance with the requirements of Accounting Standard (AS) 21- Consolidated Financial Statements, issued by the Institute of Chartered Accountants of India and on the basis of the separate audited financial statements of the Company and the audited financial statements of its subsidiary included in the consolidated financial statements.
4. *Attention is invited to Notes on Accounts point no.14 of Schedule 17, regarding evaluation of long term investment by the management. We have relied upon the confirmation by the management in the absence of independent external evaluation.*
5. *As stated in Notes on Accounts point no.4 of Schedule 17, sundry debtors under the head current assets include old*

*outstanding dues. The sundry debtors outstanding for more than six months amounts to Rs.27.59 million. Further out of the total sundry debtors, for a sum of Rs.19.42 million, the Company has initiated legal and recovery actions, the proceedings of which are in different stages.*

*In view of the above, the quantum of realisability of old outstanding sundry debtors/ legally initiated debts is not ascertainable at this stage.*

6. *Subject to our comments in paragraph 4 and 5 above, we report that, on the basis of the information and explanations given to us and on the consideration of the separate audit reports on individual financial statements of the Company and its subsidiary, we are of the opinion that the said consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India.*
  - a. in the case of the Consolidated Balance Sheet, of the state of affairs of the Company as at 31 March, 2011
  - b. in the case of the Consolidated Profit & Loss Account, of the consolidated results of operations for the year ended on that date; and
  - c. in the case of the Consolidated Cash Flow Statement, of the consolidated results of operations for the year ended on that date.

For and on behalf of  
**Rahul Gautam Divan & Associates**  
Chartered Accountants  
(ICAI Reg. No: 120294W)

Place: Mumbai  
Date: 20 May 2011

Rahul Divan  
Partner  
Membership No: 100733



**CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2011**

	Schedule	As at 31.03.2011 (Rs.)	As at 31.03.2010 (Rs.)
<b>I. SOURCES OF FUNDS</b>			
<b>1. Shareholders Fund :</b>			
a) Share Capital	1	145,772,460	145,772,460
b) Share Capital Suspence Account		3,500,000	3,500,000
c) Share Application Money		17,480,272	-
d) Reserves & Surplus	2	3,403,681	10,975,468
<b>2. Loan Funds</b>			
a) Secured Loan	3	868,165	9,276,688
b) Unsecured Loan		36,811,613	19,052,065
<b>3. Deferred Tax Liability</b>			
		807,175	2,914,900
<b>4. Minority Interest</b>			
	3A	205,782	316,699
<b>TOTAL</b>		<b>208,849,148</b>	<b>191,808,280</b>
<b>II. APPLICATION OF FUNDS</b>			
<b>1. Fixed Asset :</b>			
a) Gross Block	4	71,417,727	67,238,774
b) Less : Depreciation		39,230,672	34,406,286
c) Net Block		32,187,055	32,832,488
<b>2. Investments:</b>			
	5	20,007,700	20,007,700
<b>3. Current Assets, Loans &amp; Advances:</b>			
a) Inventories	6	-	84,827
b) Sundry Debtors	7	176,511,262	52,551,320
c) Cash & Bank Balances	8	122,522,986	54,239,225
d) Loans & Advances	9	204,103,060	133,383,266
<b>TOTAL (A)</b>		<b>503,137,307</b>	<b>240,258,638</b>
Less: Current liabilities & Provisions			
a) Liabilities	10	345,016,633	99,762,387
b) Provisions		1,466,281	1,528,159
<b>TOTAL (B)</b>		<b>346,482,914</b>	<b>101,290,546</b>
Net Current Assets		<b>156,654,393</b>	<b>138,968,092</b>
<b>TOTAL (A)-(B)</b>		<b>156,654,393</b>	<b>138,968,092</b>
<b>TOTAL</b>		<b>208,849,148</b>	<b>191,808,280</b>
Notes on Accounts	17		
The Schedule referred to above and attached notes form an integral part of the Balance Sheet			

As per our attached report of even date

**Rahul Gautam Divan & Associates**  
Chartered Accountants

**Rahul Divan**  
Partner

Mumbai  
May 20, 2011

For and on behalf of Board of Directors

**Kumar Nair**  
Chairman and Managing Director

**James Pothen**  
Director

Kochi-18  
May 20, 2011

**Jose Thomas Polachira**  
Director

**U. Ramachandran**  
Director

**Sandhya R. Nair**  
Company Secretary

## CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011

	Schedule	For the year ended on 31.03.2011 (Rs.)	For the year ended on 31.03.2010 (Rs.)
<b>INCOME</b>			
Income from operations	11	93,440,132	92,222,416
Other Income	12	15,003,286	12,320,054
<b>TOTAL</b>		<b>108,443,418</b>	<b>104,542,470</b>
<b>EXPENDITURE</b>			
Employees' Remuneration and Benefits	13	38,691,084	26,711,515
Operating Expenses	14	47,396,778	45,658,196
Administrative Expenses	15	22,315,322	18,163,042
Interest & Finance Charges	16	4,462,076	2,203,238
<b>TOTAL</b>		<b>112,865,261</b>	<b>92,735,991</b>
<b>PROFIT BEFORE DEPRECIATION, TAXATION AND PRIOR PERIOD ITEMS</b>		<b>(4,421,843)</b>	11,806,480
Less : Depreciation		5,366,185	5,266,647
Priliminary Expense w/o		-	295
<b>PROFIT (LOSS) BEFORE TAXATION AND PRIOR PERIOD ITEMS</b>		<b>(9,788,028)</b>	<b>6,539,538</b>
Provision for taxes			
Current Tax		-	1,520,140
Deferred Tax		(2,107,725)	1,636,000
Prior period Taxes excess provision written off (back)			
Income Tax		-	125,636
<b>TOTAL</b>		<b>(2,107,725)</b>	<b>3,281,776</b>
<b>PROFIT (LOSS) AFTER TAX</b>		<b>(7,680,303)</b>	<b>3,257,762</b>
<b>APPROPRIATIONS:</b>			
Minority's Share		(28,123)	12,195
Preference share Dividend		-	416,370
Preference share Dividend tax		-	70,762
<b>TOTAL</b>		<b>28,123</b>	<b>499,327</b>
<b>BALANCE PROFIT (LOSS) CARRIED TO RESERVES</b>		<b>(7,652,180)</b>	<b>2,758,435</b>
Earning Per Share (Equity shares of face value Rs.10/- each)			
Basic EPS		(1.27)	0.46
Diluted EPS		(0.53)	0.19
Notes on Accounts	17		
The Schedule referred to above and attached notes form an integral part of the Balance Sheet			

As per our attached report of even date

**Rahul Gautam Divan & Associates**  
Chartered Accountants

**Rahul Divan**  
Partner

Mumbai  
May 20, 2011

For and on behalf of Board of Directors

**Kumar Nair**  
Chairman and Managing Director

**James Pothen**  
Director

Kochi-18  
May 20, 2011

**Jose Thomas Polachira**  
Director

**U. Ramachandran**  
Director

**Sandhya R. Nair**  
Company Secretary



**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 ST MARCH, 2011**

Particulars	2010-2011 (Rs.)	2009-2010 (Rs.)
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit Before taxation	(9,788,028)	6,539,538
Adjustments for:		
Add/(Less):		
Depreciation/ Amortisation	5,366,185	5,266,647
Loss on assets sold/ written off	359,610	174,227
Miscellaneous expenditure written off	-	295
Interest Paid & Bank Guarantee Expense	4,462,076	2,203,238
Interest Received	(4,635,900)	(3,507,763)
Bad debts written off	167,525	1,321,688
Profit on share trading	-	(1,335)
Profit on sale of asset	-	-
Operating profit before working Capital Changes	(4,068,532)	11,996,535
Adjustments for Increase / (-)Decrease in :		
Trade & Other Receivable - Decrease/(Increase)	(124,127,468)	(11,020,879)
Inventories - Decrease/(Increase)	84,827	10,516
Trade & Other payables - (Decrease)/ Increase	245,254,246	(31,418,237)
Other payables/ Provisions -(Decrease)/ Increase	268,343	-
Loans & Advances(Net) - Decrease/(Increase)	(10,160,985)	(5,466,942)
Cash Generated from operations	107,250,431	(35,899,006)
Income Tax and Fringe Benefit Tax paid	(529,246)	(271,001)
<b>B. NET CASH FLOW FROM OPERATING ACTIVITIES</b> (A)	<b>106,721,185</b>	<b>(36,170,007)</b>
Cash Flow from Investing Activities		
Purchase of Fixed Assets	(5,127,913)	(5,709,032)
Sale of Fixed Assets	47,551	2,158,992
Interest Received Less Accrued	4,635,900	3,507,763
Investments in Subsidiary Company	(2,400)	-
Inter corporate deposit	(60,020,278)	31,346,743
Net Cash used in Investing Activities	(60,467,142)	31,304,465
<b>C. CASH FLOW FROM FINANCING ACTIVITIES:</b>		
Share application Money	17,480,272	-
Receipt/Repayment of Vehicle Loans(net)	(8,408,523)	2,615,089
Dividend and Corporate Dividend Tax	(339,505)	(487,132)
Interest Paid & Bank Guarantee Expense	(4,462,076)	(2,201,903)
Unsecured loan received/(paid)	17,759,547	(4,215,449)
Net Cash used in Financing Activities	22,029,715	(4,289,395)
<b>Net Increase/(Decrease) in Cash &amp; Cash Equivalents (A+B+C)</b>	<b>68,283,761</b>	<b>(9,154,936)</b>
<b>Cash &amp; Cash Equivalents as at the beginning of the year</b>	<b>54,239,225</b>	<b>63,394,161</b>
<b>Cash &amp; Cash Equivalents as at the end of the year</b>	<b>122,522,986</b>	<b>54,239,225</b>

AAs per our attached report of even date

**Rahul Gautam Divan & Associates**  
Chartered Accountants

**Rahul Divan**  
Partner

Mumbai  
May 20, 2011

For and on behalf of Board of Directors

**Kumar Nair**  
Chairman and Managing Director

**James Pothen**  
Director

Kochi-18  
May 20, 2011

**Jose Thomas Polachira**  
Director

**U. Ramachandran**  
Director

**Sandhya R. Nair**  
Company Secretary



**SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT 31 ST MARCH 2011**

	As at 31.03.2011 (Rs.)	As at 31.03.2010 (Rs.)
<b>SCHEDULE - 1</b>		
<b>CAPITAL</b>		
<b>AUTHORISED CAPITAL:</b>		
1) 10,820,000 EQUITY Shares of Rs 10/- each	108,200,000	108,200,000
2) 8,620,000 Preference shares of Rs.10/- each	86,200,000	86,200,000
3) 40,000 Non-Cumulative Redeemable Preference shares of Rs. 100/- each	4,000,000	4,000,000
	<u>198,400,000</u>	<u>198,400,000</u>
<b>ISSUED, SUBSCRIBED AND PAID UP CAPITAL :</b>		
5,998,951 (P.Y. 5,998,951) Equity Shares of Rs 10/- each fully paid up	59,989,510	59,989,510
a. 320,000 (P.Y. 320,000) equity shares issued for consideration other than cash		
b. 820,950 (P.Y. 820,950) no. of equity shares of Rs 10 each issued as fully paid up to the shareholders of erstwhile Transwarranty Capital (P) Limited. as per the scheme of amalgamation.		
8,300,715 (P.Y. 8,300,715) 0.5% Fully Convertible Preference shares of Rs.10/- each fully paid up	83,007,150	83,007,150
(8,300,715 (P.Y. 8,300,715) Preference Shares of Rs 10 each issued as fully paid up to equity share holders of erstwhile Transwarranty Capital (P) Limited. as per the scheme of amalgamation)		
27,758 (P.Y. NIL), 15% Non Cumulative Redeemable (Preference shares of Rs.100/- fully paid-issued to erstwhile preference share holders of Transwarranty Capital (P) Limited)	-	2,775,800
27,758 (P.Y. NIL), 15% Non Cumulative Redeemable (Preference shares of Rs.100/- each)	2,775,800	-
<b>TOTAL</b>	<u>145,772,460</u>	<u>145,772,460</u>
<b>SCHEDULE- 1 A</b>		
<b>SHARE CAPITAL SUSPENCE ACCOUNT</b>		
31,500 (P.Y. 31,500) Equity Shares of Rs 10 each to be issued as fully paid up to the share holders of erstwhile Transwarranty Capital (P) Limited As per the scheme of amalgamation	315,000	315,000
318,500 (P.Y. 318,500) Preference Share shares of Rs 10 each to be issued as fully paid up to the share holders of erstwhile Transwarranty Capital (P) Limited. As per the scheme of amalgamation	3,185,000	3,185,000
<b>TOTAL</b>	<u>3,500,000</u>	<u>3,500,000</u>



	As at 31.03.2011 (Rs.)	As at 31.03.2010 (Rs.)
<b>SCHEDULE - 2</b>		
<b>RESERVES &amp; SURPLUS</b>		
General Reserve as per last Balance sheet	269,212	269,212
Capital Reserve on consolidation (net)	3,779,600	43,505
<b>Profit and Loss Account</b>		
As per last Balance sheet	4,583,861	8,620,692
Less: Consolidation adjustments due to change in share holding in subsidiary	(3,655,702)	-
Less: Accumulated loss of amalgamating company	-	7,895,836
	<u>928,159</u>	<u>724,856</u>
Add: Change in Accounting Policy	-	1,100,569
	<u>928,159</u>	1,825,425
Add: Profit (Loss) for the current year	<u>(7,652,180)</u>	<u>2,758,436</u>
<b>TOTAL</b>	<b>(6,724,021)</b>	4,583,861
Reserve on Amalgamation Account	<u>6,078,891</u>	<u>6,078,890</u>
<b>TOTAL</b>	<b><u>3,403,681</u></b>	<b><u>10,975,468</u></b>
<b>SCHEDULE - 3</b>		
<b>LOAN FUNDS</b>		
<b>a) Secured Loans</b>		
From HDFC BANK for Vehicle (Secured by hypothecation of vehicle -Motor Car) (Repayable with in one year Rs. 301,740/-)	837,580	1,046,457
From ICICI BANK for Vehicle (Secured by hypothecation of vehicle -Motor Car) (Repayable with in one year Rs.30,585/-)	30,585	200,416
Bank Overdraft (Secured against pledge/ lien of Fixed Deposit of Rs.62.89 Lakhs)	-	7,417,556
Term Loan from banks (Secured against pledge/ lien of Fixed Deposit of Rs.62.89 Lakhs)	-	612,259
<b>TOTAL</b>	<u>868,165</u>	<u>9,276,688</u>
<b>b) Unsecured Loans</b>		
Inter Corporate loan	36,624,835	18,579,161
Interest accrued and due on above	186,778	472,904
<b>TOTAL</b>	<u>36,811,613</u>	<u>19,052,065</u>

**SCHEDULE – 4**  
**FIXED ASSETS**

NAME OF ASSETS	GROSS BLOCK			DEPRECIATION			NET BLOCK		
	As at 01.4.2010	Additions During the Year	Deletion during the year	As at 31.3.2011	Up to 31.3.2010	Additions During the Year	Deletion during the year	As at 31.3.2011	As at 31.3.2010
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
<b>Tangible Assets:</b>									
Building	661,170	-	-	661,170	113,942	8,120	-	539,108	547,228
Furniture & Fixtures	10,091,886	1,032,609	102,232	11,022,263	4,674,822	640,419	31,978	5,739,000	5,417,064
Equipment	8,554,606	592,333	186,909	8,960,030	2,225,850	394,763	52,076	6,391,492	5,717,677
Vsat - (P)	4,182,323	-	-	4,182,323	776,230	161,080	-	3,245,013	2,543,194
Vehicles	3,060,212	-	-	3,060,212	874,852	290,721	-	1,894,640	3,008,038
Cycle	9,240	-	-	9,240	9,240	-	-	-	870,676
Computer	22,696,508	1,484,291	608,183	23,572,615	18,086,713	1,666,355	451,330	4,270,877	4,390,419
Air Conditioners	1,071,599	323,160	51,636	1,343,123	219,387	45,783	6,416	1,084,369	852,212
<b>Intangible Assets:</b>									
Software	5,300,250	30,000	-	5,330,250	3,143,271	953,672	-	1,233,307	2,156,979
Lisence	9,759,980	1,415,520	-	11,175,500	3,513,351	1,017,295	-	6,644,854	6,246,629
<b>Membership Rights</b>									
Mumbai Stock Exchange	1,000,000	-	-	1,000,000	394,110	100,000	-	505,890	605,890
NMCE	100,000	-	-	100,000	54,877	10,000	-	35,123	45,123
MCX	251,000	-	-	251,000	150,600	25,100	-	75,300	100,400
NCDEX	500,000	-	-	500,000	169,041	50,000	-	280,959	330,959
<b>NSEL</b>									
	-	250,000	-	250,000	-	2,877	-	247,123	-
<b>TOTAL</b>	<b>67,238,775</b>	<b>5,127,913</b>	<b>948,960</b>	<b>71,417,727</b>	<b>34,406,285</b>	<b>5,366,185</b>	<b>541,799</b>	<b>32,187,055</b>	<b>32,832,488</b>
Prevs year (09-10)	68,977,382	5,709,032	7,447,640	67,238,775	34,254,058	5,266,647	5,114,419	32,832,489	30,890,586



	As at 31.03.2011 (Rs.)	As at 31.03.2010 (Rs.)
<b>SCHEDULE - 5</b>		
<b>INVESTMENTS</b>		
<b>Current Investments :</b>		
Quoted - Non trade (Market Value not Available )		
(Motul Mafatlal Ltd. (100 shares of Rs.10/- each fully paid)	370	370
Prudential Sugar (100 shares of Rs.10/- each fully paid)	700	700
Usha India (320 shares of Rs.10/- each fully paid)	304	304
Odyssey Video Co (100 shares of Rs.10/- each fully paid))	1,432	1,432
	<u>2,806</u>	<u>2,806</u>
Less: diminution in value of shares	<u>2,806</u>	<u>2,806</u>
	<u>-</u>	<u>-</u>
<b>Long Term Investments :</b>		
Cochin Stock Exchange Ltd.(905 Equity shares of Rs.10/- each fully paid	2,507,700	2,507,700
Un-quoted - Non trade		
Nawani Corp (India) Ltd.(350,000 equity shares of Rs.10/- each)	17,500,000	17,500,000
<b>TOTAL</b>	<u>20,007,700</u>	<u>20,007,700</u>
<b>SCHEDULE - 6</b>		
<b>INVENTORIES</b>		
Inventories -Shares	-	25,350
Stock of Stationery	-	59,477
<b>TOTAL</b>	<u>-</u>	<u>84,827</u>
<b>SCHEDULE - 7</b>		
<b>SUNDRY DEBTORS</b>		
Unsecured Considered Good:		
A) Debtors outstanding over 6 months	27,587,482	30,217,068
B) Other debtors	148,923,780	22,334,252
<b>TOTAL</b>	<u>176,511,262</u>	<u>52,551,320</u>
<b>SCHEDULE - 8</b>		
<b>CASH &amp; BANK BALANCES</b>		
Balance with Scheduled Banks:		
a) In Current Accounts	51,532,558	15,788,475
b) In Term Deposit Accounts (including interest accrued)	70,977,790	38,411,289
Cash in Hand	12,638	39,461
<b>TOTAL</b>	<u>122,522,986</u>	<u>54,239,225</u>

	As at 31.03.2011 (Rs.)	As at 31.03.2010 (Rs.)
<b>SCHEDULE- 9</b>		
<b>LOANS &amp; ADVANCES (Unsecured considered good)</b>		
Advances recoverable in cash or in kind for value to be received	6,633,777	5,335,426
Inter-corporate Deposits	60,020,278	33,365,278
Advance Income Tax	1,962,981	1,330,859
Advance Gratuity	346,201	316,215
Advance Service tax	478,949	93,592
Deposits	134,660,874	92,941,896
<b>TOTAL</b>	<b>204,103,060</b>	<b>133,383,266</b>
<b>SCHEDULE- 10</b>		
<b>CURRENT LIABILITIES &amp; PROVISIONS</b>		
<b>a) Current Liabilities</b>		
Sundry Creditors		
- Amount due to clients/Exchanges	301,020,671	86,747,995
- Other Creditors	8,248,805	5,767,910
- Due to Medium, Small and Micro Enterprises	-	-
Book Overdraft	26,648,178	59,366
Unclaimed dividend	9,166	9,166
Security Deposits	7,857,969	6,357,365
Other liabilities	1,231,844	820,585
<b>TOTAL</b>	<b>345,016,633</b>	<b>99,762,387</b>
<b>b) Provisions</b>		
Preference share dividend	156,911	416,370
Dividend tax on above	-	70,762
Gratuity	5,040	18,701
Provision Others	643,119	386,287
Leave encashment	661,211	636,039
<b>TOTAL</b>	<b>1,466,281</b>	<b>1,528,159</b>

**SCHEDULES FORMING PART OF THE CONSOLIDATED PROFIT & LOSS ACCOUNT  
FOR THE YEAR ENDED 31 ST MARCH 2011**

	For the year ended 31.03.2011 (Rs.)	For the year ended 31.03.2010 (Rs.)
<b>SCHEDULE - 11</b>		
<b>INCOME FROM OPERATIONS</b>		
Brokerage Income - Equity	89,402,059	87,999,749
Income from Merchant Banking	1,606,397	1,295,004
Income from Interest futures	-	297,782
Income from DP Operations	2,431,676	2,629,881
<b>TOTAL</b>	<b>93,440,132</b>	<b>92,222,416</b>
<b>SCHEDULE - 12</b>		
<b>OTHER INCOME</b>		
Interest Income	4,635,900	3,507,763
Late Payment Charges	1,941,899	1,402,819
Software & AMC charges recovered	1,693,416	1,670,369
P.Vsat Recurring Charges recovered	1,055,724	1,119,811
Misc. Income - Others	5,676,347	4,619,292
<b>TOTAL</b>	<b>15,003,286</b>	<b>12,320,054</b>
<b>SCHEDULE - 13</b>		
<b>EMPLOYEES' REMUNERATION AND BENEFITS</b>		
Salaries & Allowances	35,987,380	24,309,273
Contribution to Provident Fund & other funds	1,909,378	1,447,718
Staff Welfare Expenses	794,326	954,524
<b>TOTAL</b>	<b>38,691,084</b>	<b>26,711,515</b>
<b>SCHEDULE - 14</b>		
<b>OPERATING EXPENSES</b>		
Annual Fee to Depository & Stock Exchanges	496,202	523,710
AMC Charges	2,570,729	2,841,999
Clients Meet & Business Promotion Expenses	395,844	370,120
Consultation fee	683,460	634,430
Connectivity Charges	4,319,472	4,264,396
Depository Charges	713,471	559,404
Error Rectification	2,414	183,946
Investor Protection Fund	669	1,677
Marketing fee/Commission paid	34,601,437	30,407,216
Sub Brokerage	1,867,938	3,909,734
SEBI Turnover Charges	141,822	300,051
Deposits written off	-	838,900
Stock Exchange Charges	721,493	200,813
Stock Differential	-	12
Software subscription charges	39,900	-
VSAT Charges	841,927	621,788
<b>TOTAL</b>	<b>47,396,778</b>	<b>45,658,196</b>

	For the year ended 31.03.2011 (Rs.)	For the year ended 31.03.2010 (Rs.)
<b>SCHEDULE - 15</b>		
<b>ADMINISTRATIVE EXPENSES</b>		
Advertisement, Publicity and Business Promotion	1,004,726	329,768
Auditor's Remuneration	134,500	124,500
Bad debts Written off	167,525	482,788
Books & Periodicals	52,231	42,956
Communication Expenses	1,670,912	1,612,908
Data Entry expenses	480,621	705,943
Diminution in the value of shares	25,350	-
Donations	10,000	-
Insurance Premium	128,777	165,728
Legal Expenses and Filing Fees	258,037	583,669
Listing Fee	13,366	15,000
Loss on sale of Assets/ on assets scrapped	359,610	174,227
Merger Expense	-	165,000
Misc. Charges & Expenses	72,000	22,709
Office Maintenance	799,373	1,023,751
Postage & Courier Charges	870,283	714,981
Power Charges	2,472,578	2,254,518
Printing & Stationery	589,712	578,020
Professional and legal Fees	1,483,610	246,200
Rates and Taxes	1,123,464	415,703
Rent	6,387,245	5,269,711
Repairs & Maintenance	1,223,977	806,900
SEBI Settlement Fee	-	700,000
Meeting Expenses	103,454	-
Sitting Fees to Directors	184,000	70,000
Training Expense	187,658	470,544
Travelling and Conveyance Expenses	2,407,329	1,017,018
Vehicle Running and Maintenance Expenses	104,984	170,498
<b>TOTAL</b>	<b>22,315,322</b>	<b>18,163,040</b>
<b>SCHEDULE - 16</b>		
<b>INTEREST AND FINANCE CHARGES</b>		
Bank Charges	130,652	156,589
Bank Guarantee Expenses	933,662	680,316
Interest Paid	3,397,762	1,366,333
<b>TOTAL</b>	<b>4,462,076</b>	<b>2,203,238</b>



**SCHEDULE - 17**

**SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31.03.2011.**

**I SIGNIFICANT ACCOUNTING POLICIES:**

1. Investments other than in Subsidiaries have been accounted as per Accounting Standard-13 "Accounting for Investments."
2. Other Significant Accounting Policies

Other Significant Accounting Policies are set out under "Significant Accounting Policies" as given in the standalone financial statements of the parent company

**II. NOTES ON ACCOUNTS:**

**1. Principles of Consolidation:**

The Consolidated financial statements of Vertex Securities Limited,(Parent Company) have been prepared in accordance with the Accounting Standard 21 (AS 21) "Consolidated Financial Statements" issued by The Institute of Chartered Accountants of India.

The financial statements of the Subsidiary used in the consolidation are drawn on the same reporting dates as that of the Parent Company, ie. 31st March 2011.

The Consolidated financial statements have been prepared applying uniform accounting policies for like transactions and events in similar circumstances and appropriate adjustment have been made where the accounting policies are not uniform.

The financial statements of the Company and its subsidiary have been combined on a line-by-line basis by adding together the book value of like items of assets, liabilities, incomes and expenses, after fully eliminating intra-group balances and transactions resulting in unrealized Profit/Loss.

The value of investment over the cost to the Company's share in the net assets of the subsidiary at the date on which investment is made, is recognized as Capital Reserve and is separately disclosed in the consolidated financial statements.

**2. Details of Subsidiary included in the consolidated financial statements:**

Name of the Subsidiary	Country of Incorporation	Share in ownership	Shares held by:
Vertex Commodities & Finpro (P) Limited	India	99.44% (P.Y. 97.50%)	Vertex Securities Limited.

3. Some of the debtors, creditors, advances and security deposits are subject to confirmation, reconciliation and adjustments. The management does not expect any material difference affecting the current year's financial statements.
4. Sundry debtors include old and outstanding debts amounting to Rs.19,427,697/- (P.Y. Rs. 10,913,575.19) in respect of which Company has initiated legal and other recovery actions, the proceedings of which are in different stages. No provision for doubtful debts is made in the accounts for the year since the management is of the opinion that these debts are good and recoverable.
5. In the opinion of Directors, the current assets and deposits have the value as stated in the Balance Sheet, if realized in the ordinary course of business.
6. During the year the company has purchased and sold securities due to trade mistakes and failure of delivery of shares by clients. The profit or loss thus incurred along with other mistakes due to operational and communication problems are recognised under the head Operating Expenses as Error Rectification.
7. Lien has been marked in favour of ICICI Bank Ltd in respect of Bank Deposits worth Rs. 3.80 Million (P.Y. Rs. 20.0 Million) together with accumulated interest thereon, against bank guarantees issued by them and in favour of HDFC Bank Ltd in respect of Bank Deposits worth Rs. 13.25 Million (P.Y. Rs. Nil) together with accumulated interest thereon, against Fixed deposits submitted by them of Rs.26.5 million (P.Y. Rs.Nil) to the National Stock Exchange in favour of the Holding Company. Bank deposits held by subsidiary company in favour of HDFC Bank Ltd. for Rs.25.0 Million (P.Y Rs. 3.75 million to ICICI Bank Ltd) and in favour of Axis Bank Ltd for Rs.5 million (P.Y.Rs.Nil) together with accumulated interest thereon against Bank guarantees issued by them in favour of the subsidiary.



**8. Contingent Liabilities not provided for:**

(Rs. In Lakhs)

	As at 31.03.2011	As at 31.03.2010
1. Counter guarantee issued in favour of bankers for guarantee given to exchanges for margin requirements	940	460
2. Guarantee given on behalf of Subsidiary Company	600	NIL
3. Claims against the company not acknowledged as debt		
i) Tax demand in respect of which:		
a) Company's appeal is pending before the first appellate the Assessment year - 2005-06 Authority (income tax) for the Asst. Year 2007-08	11.11	11.11
b) Company's Service Tax appeal is pending before the CESTAT	4.97	4.97
ii) Arbitration against the Company pending in courts	Nil	13.70

**9. Earnings per share:**

Basic	2010-11	2009-10
(a) Profit after tax as per Profit & Loss A/c	(Rs.7,652,180)	Rs.2,758,435
(b) Weighted average number of equity shares outstanding	6,030,451	5,998,951
(c) Nominal Value of ordinary shares	Rs.10	Rs.10
(d) Basic Earnings Per Share	(Rs.1.27)	Rs. 0.46
Diluted	2010-11	2009-10
(a) Profit after tax as per Profit & Loss A/c	(Rs.7,652,180)	Rs.2,758,435
(b) Dividend on convertible preference shares	Nil	Nil
(c) Adjusted Net Profit	(Rs.7,652,180)	Rs.2,758,435
(d) No of Equity shares Resulting from Conversion of Preference shares	8,619,215	8,650,715
(e) Weighted Average number of Equity Shares	14,649,666	14,649,666
(f) Diluted EPS	(Rs.0.53)	Rs. 0.19

**10. Employee Stock Option Scheme**

- The "Vertex Employee Stock Option Plan,2010" has been approved by the Board Of Directors of the company on 10th March, 2008.
- The vesting period is over five years from the date of grant, commencing after one year from the date of grant.
- Exercise Period would commence one year from date of grant and will expire on completion of five years from the date of vesting.
- The options will be settled in equity shares of the company.



- e) The company used the intrinsic value method to account for ESOPs.  
 f) The exercise price has been determined as follows

Grant	Options	Price per option	Reprice to (on 31.3.2011 vide Postal Ballot
Grant I	462,500	Rs. 69/-	--
Grant II	50,000	Rs. 195.15/-	Rs. 145.50
Grant III	17,500	Rs. 227.35/-	Rs. 145.50
Grant IV	25,000	Rs. 227.35/-	Rs. 145.50
Grant V	100,000	Rs. 145.50/-	--

- g) Consequently, no compensation cost has been recognized by the company in accordance with the "Guidance Note on Accounting for Employee Share-Based payments" issued by the Institute of Chartered Accountants of India".  
 h) Details of movement of Options

Particulars	As at 31st March, 2011	As at 31st March, 2010
Options outstanding at the beginning of the year	Nil	Nil
Options granted during the year	655,000	Nil
Options vested during the year	Nil	Nil
Options exercised during the year	Nil	Nil
Options forfeited during the year	31,500	Nil
Options lapsed /surrendered during the year	Nil	Nil
Options outstanding at the end of the year	623,500	Nil

- i) Had fair value method been used , the compensation cost would have been higher by Rs.89.37 Lakhs (P.Y. Rs. Nil) Loss after tax would have been higher by Rs.89.37 Lakhs (P.Y. Rs.Nil) and EPS basic would have been Rs. (1.92 )Per share (P.Y. Rs.Nil) and Diluted EPS would have been Rs.(0.80) Per share (P.Y. Rs.Nil)

**11. Information on related party transaction as required by Accounting Standard -18**

- (a) Name of the related parties and description of the relation:-

Name of the Party	Relation
Transwarranty Finance Limited	Holding Company
Kumar Nair	Chairman & Managing Director
Vertex Commodities & Finpro Private Limited.	Subsidiary Company
Transwarranty Private Limited.	Associated Company
Transwarranty Advisors Private Limited.	Associated Company
Ashok Mittal	Chief Executive Officer

**(b) Related Party Transactions:**

(Previous year figures in brackets below)

(Amount in Rupees)

Transactions	Chairman & Managing Director	Director	Associated Company	Holding Company	Subsidiary Company	Chief Executive Officer
Brokerage Collected	30,100	-				
	(33,778)	(-)	(-)	(-)	(-)	(-)
Remuneration Paid	801,364	-	-	-	-	25,18,458
	(848,377)	(-)	(-)	(-)	(-)	(-)
ICD Received	-	10,000,000	30,930,900	30,694,533	40,505,622	-
	(-)	(-)	(931,000)	(-)	(45,722,263)	(-)
ICD Paid	-	10,000,000	4,143,096	30,694,533	26,951,622	-
	(-)	(-)	(11,346,000)	(-)	(46,533,262)	(-)
Interest on ICD	-	-	-	781,295	-	-
	(-)	(-)	(-)	(-)	(-)	(-)
Expenses on shared Services	-	-	-	9,504,000	-	-
	(-)	(-)	(-)	(-)	(-)	(-)
Reimbursement of Expenses	-	-	-	169,247	-	-
	(-)	(-)	(-)	(-)	(-)	(-)
Purchase of Fixed Assets	-	-	-	-	-	-
	(-)	(-)	(-)	(-)	(18,720)	(-)
<b>Balance As on 31/03/2011</b>						
Amount Payable	95,807	-	-	-	28,633,163	-
	(2,785)	(-)	(-)	(-)	(15,079,652)	(-)
Amount Receivable	-	-	30,020,278	-	-	-
	(27)	(-)	(33,365,278)	(-)	(-)	(-)



12. Disclosure as required under Accounting Standard-15 on employee benefits for Gratuity and Leave Encashment is as under:

	Gratuity	Gratuity Previous year	Leave Encashment (unfunded)	Leave Encashment Previous year
<b>i) Change in the benefit Obligations:</b>				
Present value of obligations as on 01. 04. 2010	1,105,708	1,016,241	636,039	409,434
Current Service Cost	368,121	286,257	491,226	321,264
Past Service Cost	-	-	-	-
Interest Cost	85,280	70,722	26,864	13,047
Actuarial (Gain)/Loss on obligation	82,559	(255,656)	107,538	338,387
Benefits Paid	<u>(79,408)</u>	<u>(11,856)</u>	<u>(600,456)</u>	<u>(446,093)</u>
Present value of obligations as on 31.03.2011	1,562,260	1,105,708	661,211	636,039
<b>ii) Change in Plan Assets:</b>				
Fair Value of Plan Assets as on 01.04.2010	1,403,222	1,197,906	-	-
Adjustment to the opening balance	-	-	-	-
Expected Return on Plan Assets	141,911	111,925	-	-
Employer's Contributions	404,868	103,266	570,994	437,056
Benefits Paid	(57,736)	(11,856)	(570,994)	(437,056)
Actuarial Gain/(Loss) on Plan Assets	<u>9,381</u>	<u>1,981</u>	<u>-</u>	<u>-</u>
Fair Value of plan assets as on 31.03.2011	1,901,646	1,403,222	-	-
<b>iii) Net (Asset) Liability (i) - (ii) :</b>	<u>(346,201)</u>	<u>297,514</u>	<u>661,211</u>	<u>636,039</u>
<b>iv) Net Cost for the year ended 31.03.2011</b>				
Current Service Cost	368,121	286,257	491,226	321,264
Past Service Cost	-	-	-	-
Interest Cost	85,280	70,722	26,864	13,047
Expected Return on plan Assets	(141,911)	(111,925)	-	-
Actuarial (Gain)/ Loss recognised during the year	73,178	(257,637)	107,538	338,387
Adjustment (Gain) to opening value of planned assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net Cost</b>	<u>384,668</u>	<u>(12,583)</u>	<u>625,628</u>	<u>672,698</u>
Amount recognised in the Balance sheet (Asset) Liability	(353,016)	(1,297,514)	605,769	636,039
Amount recognised in the Profit and Loss Account(Gain)/Loss	384,668	(12,583)	625,628	672,698
<b>Principal actuarial assumptions:</b>				
Discount rate	8.00%	7.00%	8.00%	7.00%
Expected Return on plan assets	9.00%	9.00%	--	--
Salary Escalation Rate	5.00%	5.00%	5.00%	5.00%
Attrition Rate	15.00%	15.00%	15.00%	15.00%
<b>Demographic Assumptions:</b>				
Retirement age				58 Years
Mortality rate				LIC (1994-96) Ultimate

**13. The major components of deferred tax assets and liabilities as at 31st March, 2011 are as follows:**

Nature of timing difference	2010-11 Rs.	2009-10 Rs.
Deferred Tax Liability:		
Net Depreciation	3,808,918	4,047,400
Deferred Tax Asset:		
Unabsorbed Loss	2,447,381	808,700
Unabsorbed Depreciation		
Other provisions allowable u/s43B for Income tax only on payment	554,362	323,800
Net Deferred tax Liability	807,175	2,914,900

14. The management has evaluated the long term investments and confirms that there exist no circumstances which warrant provision on account of permanent diminution in the value of investments.

15. i) Debts due from Directors as on 31.03.2011 : Rs. Nil (P.Y. Rs.27/-)

ii) Maximum amount of debt due from Directors at any time during the year 2010 - 11 : Rs. Nil (P.Y. Rs.27/-)

16. The company is maintaining DEMAT beneficiary account with own Depository Services. The stock is transferred to the respective clients' accounts only when the company receives a written request from the clients and after confirming that they have enough credit / margin in their account.

17. Based on the guiding principles given in Accounting Standard on "Segment Reporting" (AS - 17) issued by the Institute of Chartered Accountants of India, the Company's primary business segment is share broking. All other activities of the company revolve around the main business. As the company's business activity falls within a single primary business segment, the disclosure requirements of AS - 17 in this regard are not applicable.

18. Remuneration to the Executive Directors:

	2010-11 Rs.	2009-10 Rs.
Salary to the Managing Director	801,364	792,000
Perquisites	-	56,377
<b>TOTAL</b>	<b>801,364</b>	<b>848,377</b>

19. For the 27,758, 15% Non Cumulative Redeemable Preference shares of Rs.100/- each and 8,300,715, 0.5% fully convertible preference shares of Rs.10 each, no provision for dividend and dividend tax has been made in the financial statement in the absence of distributable profits during the year.

20. Previous year figures have been re-grouped/reclassified/re-arranged/recast wherever necessary to suit the current year's classification. Previous year figures unless otherwise stated are given in brackets.

As per our attached report of even date

**Rahul Gautam Divan & Associates**  
Chartered Accountants

**Rahul Divan**  
Partner

Mumbai  
May 20, 2011

For and on behalf of Board of Directors

**Kumar Nair**  
Chairman and Managing Director

**James Pothen**  
Director  
Kochi-18  
May 20, 2011

**Jose Thomas Polachira**  
Director

**U. Ramachandran**  
Director

**Sandhya R. Nair**  
Company Secretary



**STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956,  
RELATING TO SUBSIDIARY COMPANY FOR THE FINANCIAL YEAR 2010-11.**

1. Name of Subsidiary Company : VERTEX COMMODITIES AND FINPRO PRIVATE LIMITED
2. The financial year of subsidiary company ended on : 31<sup>st</sup> March, 2011
3. Number of shares in the subsidiary company held by Vertex Securities Limited at the above date fully Paid up : 3,840,000 Equity Shares of Rs.10/- each
4. The net aggregate of profits/losses of the subsidiary company. So far as these concern the members of Vertex Securities Limited.
  - (i) dealt within the account of Vertex Securities Limited amounted to :
    - a. for subsidiary's financial year ended on 31-03-2011 : Rs. (5,085,071)
    - b. for previous financial years of the Subsidiary Company since this became subsidiary of Vertex Securities Limited. : Rs. 475,590
  - (ii) not dealt within the accounts of Vertex Securities Limited amounted to:
    - a. for subsidiary's financial year ended on 31-03-2011 : Rs. (28,123)
    - b. to previous financial years of the Subsidiary Company since this became subsidiary of Vertex Securities Limited. : Rs. 12,195

**STATEMENT PURSUANT TO SECTION 212 (8) OF THE COMPANIES ACT, 1956,  
RELATING TO SUBSIDIARY COMPANY FOR THE YEAR ENDED MARCH 31, 2011.**

In accordance with the General Circular issued by The Ministry of Corporate Affairs, Government of India.

Sr. No.	Particulars	Vertex Commodities And Finpro Pvt. Ltd (in Rupees)
A	Capital	38,615,000
B	Reserve	(1,043,078)
C	Total Assets	39,801,229
D	Total Liabilities	39,801,229
E	Details of investment (Except in case of investment in Subsidiaries)	Nil
F	Turnover	23,702,860
G	Profit before taxation	(5,984,937)
H	Provision for taxation(deferred Tax)	(871,743)
I	Profit after taxation	(5,113,194)
J	Proposed dividend	Nil

For and on behalf of Board of Directors

**Kumar Nair**  
Chairman and Managing Director

**James Pothen**  
Director

Kochi-18  
May 20, 2011

**Jose Thomas Polachira**  
Director

**U. Ramachandran**  
Director

**Sandhya R. Nair**  
Company Secretary



**VERTEX SECURITIES LIMITED**

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

**ATTENDANCE SLIP**

(Shareholders attending the Meeting in person or by proxy are requested to complete the attendance slip and hand it over at the entrance of the meeting hall).

I, \_\_\_\_\_ hereby record my presence at the 18th ANNUAL GENERAL MEETING of the Company being held at the "Sharon Hall" The International Hotel, M.G. Road, Ernakulam, Kochi-682 031 at 9.30 AM on Wednesday the 20th July, 2011.

\_\_\_\_\_ Signature  
Full name of the Share holder  
(in BLOCK Capitals)

Folio No. \_\_\_\_\_ DP ID\* \_\_\_\_\_

CLIENT ID\* \_\_\_\_\_ No. of Shares \_\_\_\_\_

\_\_\_\_\_ Signature  
Full name of the Share holder

\*Applicable for shares held in electronic form.



**VERTEX SECURITIES LIMITED**

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

**PROXY FORM**

I/We \_\_\_\_\_ of \_\_\_\_\_ being a Member/Members of VERTEX SECURITIES LIMITED (Folio Number \_\_\_\_\_ DP ID\* \_\_\_\_\_ Client ID\* \_\_\_\_\_ hereby appoint \_\_\_\_\_ of \_\_\_\_\_ or failing him \_\_\_\_\_ of \_\_\_\_\_ as my/our proxy in my/our absence to attend and vote for me/us, and on my/our behalf, at the 18th Annual General Meeting of the Company, to be held on Wednesday, the 20th July, 2011 and at any adjournment thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2011.

Affix  
Re.1  
Revenue  
Stamp

Shareholder

NOTES:

- 1. The proxy need not be a member.
- 2. The member should sign across the stamp as per specimen signature registered with the Company.
- 3. The proxy form duly executed should reach the Registered Office of the Company not less than 48 hours before the time of meeting.

\*Applicable for shares held in electronic form







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