



VERTEX SECURITIES LIMITED

Financial Engineers

16th Annual Report 2009

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. Ranjan Verghese, B.Sc. Engineering., Managing Director has wide ranging experience in various industries in India & abroad and in the Stock Broking industry since 1993.



Mr. G. K. Prem Kumar, B.Com, LLB, CAIIB, FCS, Associate Vice President & Company Secretary of Transwarranty Finance Limited, has close to 3 decades of experience in Banking and Secretarial activities.



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

CORPORATE INFORMATION

BOARD OF DIRECTORS

Kumar Nair - *(Chairman)*
Ranjan Verghese - *(Managing Director)*
James Pothan
Jose Thomas Polachira
Ramachandran U.
G.K. Premkumar

AUDITORS

Krishnamoorthy & Krishnamoorthy
Chartered Accountants,
Xxxix/3217, Paliam Road,
Cochin - 682 016

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

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NOTICE

Notice is hereby given that the Sixteenth Annual General Meeting of the Shareholders of VERTEX SECURITIES LIMITED will be held on Thursday the 10th September, 2009 at 11.00 AM at the Registered Office of the Company at Thottathil Towers, 2nd Floor, Market Road, Ernakulam, Kochi-682018, to transact the following businesses:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2009 and the Profit & Loss Account for the year ended on that date together with the Schedules and notes forming part of accounts as audited and reported by the Auditors of the company and the Directors' Report to the shareholders.
2. To appoint auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.
3. To appoint a Director in place of Mr. Kumar Nair, who retires by rotation, and being eligible offers himself for re-appointment.

SPECIAL BUSINESS

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

"RESOLVED THAT pursuant to the provisions of Section 269, 198 and Schedule XIII and other applicable provisions of the Companies Act, Mr. Ranjan Verghese be and is hereby re-appointed as the Managing Director for a period of One year with effect from 01.04.2009 to 31st March, 2010, subject to the terms and conditions, specified in the explanatory statement."

5. To consider and if thought fit to pass with or without modification, the following as an Ordinary Resolution:

"Resolved that Mr. Ramachandran U., who was appointed as an Additional Director pursuant to Section 260 and other applicable provisions of the Companies Act and for whom a notice has been received pursuant to Section 257 of the act, be and is hereby appointed as a Director of the Company."

6. To consider and if thought fit to pass with or without modification, the following as an Ordinary Resolution:

"Resolved that Mr. Jose Thomas Polachira, who was appointed as an Additional Director pursuant to Section 260 and other applicable provisions of the Companies Act and for whom a notice has been received pursuant to Section 257 of the act, be and is hereby appointed as a Director of the Company."

7. To consider and if thought fit to pass with or without modification, the following as an Ordinary Resolution:

"Resolved that Mr. James Pothen, who was appointed as an Additional Director pursuant to Section 260 and other applicable provisions of the Companies Act and for whom a

notice has been received pursuant to Section 257 of the act, be and is hereby appointed as a Director of the Company."

8. To consider and if thought fit to pass with or without modification, the following as a Special Resolution:

"RESOLVED THAT Subject to the approval of the Central Government under Section 21 of the Companies Act, 1956, the name of the company be changed from "Vertex Securities Limited" to "TRANSWARRANTY SHARES & DERIVATIVES BROKING LTD" or such other similar name as may be approved by the Central Government and the Board of Directors of the Company are authorized to take all steps to get the name of the company changed".

Explanatory Statement pursuant to Section 173 of the Companies Act, relating to item Nos. 4 to 8 is attached herewith.

By Order of the Board,

Kumar Nair
Chairman

Place : Kochi-18

Date : May 09, 2009

NOTES:

1. A Member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote in his stead. The Proxy need not be a Member of the Company.
2. Proxies in order to be effective should be lodged with the company at the Registered Office at least 48 hours before the commencement of the Meeting.
3. The Register of Members and Share Transfer Books of the company will remain closed from 03.09.2009 to 10.09.2009 (both days inclusive).

EXPLANATORY STATEMENT

RELATING TO ITEM No.4:

The Board of Directors of the Company at their meeting held on 10.01.2009 have re-appointed Mr. Ranjan Verghese as Managing Director of the Company for a period One (1) year with effect from 1st April, 2009, subject to the following terms and conditions as specified in the Agreement:

Monthly Salary of Rs. 66,000/- (Rupees Sixty six thousand only).

Commission, over and above the existing remuneration, not exceeding 1% of the net profits of the company.

Provision of Company's Car with Driver.

Telephone facility at residence.

Contribution to Provident Fund not exceeding the Limits specified by the Government.

Medical Reimbursement for self and dependent family members subject to a ceiling of one month's salary in a year or three months' salary over a period of block of three years.

Reimbursement of Gas, Electricity and Water expense at residence.

Annual Leave 30 (Thirty) days. Un-availed leave can be encashed."

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

RELATING TO ITEM Nos. 5 to 7:

M/s. Ramachandran U., Jose Thomas Polachira and James Pothen were appointed as additional directors by your board at their meeting held on 10th January, 2009.

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

- 1) Mr. Ramachandran U., B.Com, FCA, having 27 years experience in Audit, Capital Market and Investment Banking.
- 2) Mr. Jose Thomas Polachira, B.Com, CAIIB, Post Graduate Diploma in Banking, Industrial Relations & Personal Management, having 30 years experience, has rich experience in Banking and Stock broking related areas.
- 3) Mr. James Pothen, M.Sc. has rich experience in banking related areas, having 25 years experience as Officer in various grades in Reserve Bank of India.

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

All the above said directors viz. Mr. Ramachandran U., Mr. Jose Thomas Polachira and Mr. James Pothen, will be deemed to be interested in the resolution as the proposal is for their appointment as directors of the company. No other director is interested in the above resolution.

RELATING TO ITEM No.9:

In view of the proposed amalgamation of Transwarranty Capital Pvt Ltd and Vertex Securities Limited to create a unified large shares and derivatives broking company for both retail and institutional broking business under the common flag ship brand "Transwarranty", the directors have proposed to change the name of the company from Vertex Securities Limited to "TRANSWARRANTY SHARES & DERIVATIVES BROKING LTD". Under section 21 of the Companies Act, 1956, approval of the members is required for change of name of the Company. There fore the directors recommend the above resolution for the approval of the members.

None of the directors is interested / concerned in the above resolution.

By Order of the Board,

Kumar Nair
Chairman

Place : Kochi-18
Date : May 09, 2009



DIRECTORS' REPORT

To

The Members

Vertex Securities Limited

Your Directors present herewith 16th Annual Report of the Company together with the audited Statement of Accounts for the Financial year ended 31st March, 2009.

FINANCIAL RESULTS:

Financial Results	2008-09 (Rs.)	2007-08 (Rs.)
Total Income	69,545,798	92,752,905
Profit before interest & Finance charges	2,447,958	15,610,209
Less: Interest & Finance charges	1,635,879	2,816,747
Profit before depreciation	812,079	12,793,462
Less: Depreciation	3,433,652	3,002,248
Profit/(Loss) before Tax	(2,621,573)	9,791,213
Add: Prior period adjustments	-	710,000
Less: Tax	(505,377)	3,735,693
Profit/(Loss) after tax	(2,116,196)	6,765,520

BUSINESS:

During the year, the company earned an income of Rs. 69.55 mn compared to Rs. 92.75 mn earned in the previous year. Though the company has pan Indian presence with offices in most of the major cities, the concentration of business is in Southern & Western India. The acquisition of the promoter holding in the company followed by the open offer by the Mumbai based Investment Bank, Transwarranty Finance Limited (TFL) was completed on 18/07/2008, with the company becoming a subsidiary of TFL. Inspired stock market for most part of the financial year 2008-09 and global recession was the main reason for the reduction in income compared to the previous year.

Post acquisition, the priority was to evaluate and improve where necessary the Systems & Processes, Risk Management Systems, HR Policies, Budgeting & Performance Evaluation, Management Information System etc. The company has membership in BSE, NSE (Cash, Derivatives & Currency segments) for shares & derivatives broking and NSDL for offering depository services.

During the year, the Subsidiary Company Vertex Commodities And Finpro Private Ltd earned an income of Rs. 9.29 mn compared to Rs.17.40 mn earned in the previous year. The commodity broking business with membership in Multi Commodity Exchange of India Ltd. (MCX), National Multi Commodity Exchange of India Ltd. (NMCE) and National Commodity & Derivatives Exchange Ltd. (NCDEX), which was largely in agricultural commodities like rubber and pepper was impacted due to the sudden drop in prices in the spot markets and lack of volatility.

FUTURE OUTLOOK:

All the post acquisition efforts to put in place best in class Systems & Processes, Risk Management Systems, HR policies, Budgeting & Performance Evaluation, Management Information System etc has transformed the company into a high performance oriented organization. It has been proposed to merge Transwarranty Capital Private Ltd (TCPL) with Vertex Securities Limited (VSL) and the rationale for the proposed scheme of merger is as follows:

Brief background:

Both TCPL and VSL are subsidiary companies of Transwarranty Finance Limited (TFL). While TFL is listed on both BSE and NSE, VSL is listed on BSE only. TCPL is an unlisted company.

TCPL is engaged in the following business:

1. Institutional Stock Broking
2. Merchant Banking

The retail business in TCPL was transferred to VSL.

With regard to institutional business, TCPL is currently empanelled with 18 institutions for institutional equity broking and more empanelment is in process.

TCPL is also engaged in Merchant Banking, which can be scaled up considerably with proper resources and revival of the capital market. Post merger, the Merchant Banking license, which is under renewal shall be transferred from TCPL to another subsidiary company of TFL for greater focus.

TCPL has membership in

1. BSE
2. NSE
3. Cochin Stock Exchange and
4. OTCEI

VSL is engaged in the following businesses:

1. Retail Stock Broking having 12,500 clients and around 175 employees.
2. Retail Commodity Broking (through its wholly owned subsidiary company)

VSL and its wholly owned subsidiary company have membership in

1. BSE
2. NSE
3. Cochin Stock Exchange
4. MCX
5. NCDEX
6. NMCE
7. NSDL (for depository services)

Merger proposal:

Taking into consideration all the above facts, it is being proposed to merge TCPL (Transferor Company) with VSL (Transferee Company) for creating a unified large Company engaged in the business of Shares & Derivatives Broking with the following benefits.

1. Synergy in businesses:

After merging TCPL with VSL, the paid up capital of listed entity i.e. VSL will be around Rs.15 Crores. The Net worth of VSL will improve significantly, which will enable the company to obtain empanelment from leading Institutions and Mutual Funds for shares & derivatives broking.

VSL having 12,500 clients and around 175 employees and well equipped with the latest technology and other infrastructure will definitely help to obtain more empanelment and business from Institutions. More over the basic criteria of Institutions while empanelling the Brokers with them is the daily volume generated by the members on the Stock Exchanges. Due to large number of clients spread across India, VSL is already achieving average daily volume of over Rs.100 Crores per day, which is likely to double in the year 2009-10.

VSL is a listed company and has visibility in the market due to the extensive branch / sub broker / network. Thus VSL will become a one stop solution for all shares & derivatives broking activities.

2. Rationalization of investment and expenses:

At present the Transwarranty group is maintaining dual infrastructure, one in TCPL for Institutional Clients and another in VSL to serve retail clientele.

For Shares and Derivatives broking activities, the group needs to maintain Exchange membership only in one company. As such by surrendering existing Exchange memberships of TCPL, the company will be able to release membership fees paid to different exchanges by TCPL. There is no need to spend time, money and resources in managing compliances for two separate broking companies.

3. Focused activities:

Post merger, with both retail and institutional business will be in one company, VSL would be more focused in terms of client servicing, providing research to aid investments etc.

4. Right business in the right place:

The merger would unify all the broking activities in VSL. Simultaneously, the merchant banking activity being transferred to another subsidiary company shall provide more focus to the broking Company.

5. Brand building:

Post merger, the name of the Company is proposed to be changed to Transwarranty Shares & Derivatives Broking Ltd" and the name of the subsidiary company to Transwarranty Commodities Private Ltd with all the businesses of the group

under one single brand "Transwarranty" for greater visibility and acceptance across all product categories.

6. ESOP:

The larger capital base of the merged entity shall enable us to launch the Employees Stock Option Plan (ESOP) to enable the company to attract, retain and reward high performing employees.

7. Growth Capital:

Post merger, the listed company with a larger capital base shall be better positioned to raise additional capital for the broking company, which is required to increase the scale and scope of the operations in the company.

DIVIDEND:

Due to loss during the financial year your directors regret that they could not recommend the dividend for the financial year 2008-09.

DIRECTORS:

During the financial year under review the majority of the shares of the company were acquired by M/s. Transwarranty Finance Ltd thereby making the company its subsidiary company. The holding company appointed Mr. Kumar Nair, Mr. N. R. Achan, Mr. G.K. Premkumar and Mr. U Ramachandran on the Board of Directors of the company. Further the Board also inducted Mr. Jose Thomas Polachira and Mr. James Pothen as independent directors on the Board. During the year Mr. N. R. Achan resigned from the Board on personal grounds. Pursuant to Sec. 260 of the Companies Act, 1956 all the above directors cease to be directors of the company at the ensuing Annual General Meeting and are eligible for re-appointment.

The Board of Directors has re-appointed Mr. Ranjan Verghese as Managing Director of the Company with effect from 01.04.2009 for a period of one year subject to the approval of the shareholders of the company.

CORPORATE GOVERNANCE:

Pursuant to Clause No. 49 of the Listing Agreement with the Stock Exchange, Corporate Governance Report and the Auditors Certificate relating to compliance of the conditions of the Corporate Governance are annexed with this report.

DIRECTORS' RESPONSIBILITY STATEMENT

Your Directors hereby confirm:-

- a) That in the preparation of the Annual Accounts for the year ended 31st March, 2009, 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, 2009.



- 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.

DEMATERIALIZATION OF EQUITY SHARES OF THE COMPANY

As has been already reported to you, the Company's shares have been demated and M/s. Cameo Corporate Services Limited, Subramanian Building, 1 Club House Road, Chennai-600 002 has been appointed as the Registrars and Share Transfer Agents and the Equity shares of the Company can be demated with National Securities Depository Limited and Central Depository Services (India) Limited.

CONSOLIDATED ACCOUNTS:

The Consolidated Profit and Loss Account and Balance Sheet of the company as well as Vertex Commodities And Finpro Private Limited for the year ended 31st March, 2009 is attached herewith as required under the Listing Agreement.

PERSONNEL:

There were no employees drawing remuneration in excess of the limits specified under Section 217(2A) of the Companies Act during the year under report.

DISCLOSURE OF ADDITIONAL PARTICULARS:

Disclosures regarding conservation of energy and technology absorption, etc. are not applicable to the company, as your company is not engaged in any manufacturing activities. There was no foreign exchange inflow or outflow during the year under report.

AUDITORS:

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

AUDITORS' OBSERVATIONS:

Referring to observation of auditors, it is clarified that the explanation given by the management in note no. 5 in Schedule 19 is self explanatory.

Referring to Para No.5 of the audit report, as stated in Note No. II(15) of Schedule-19, the company has availed overdraft facility to meet the cash limit/ margin requirements of clients and the balance outstanding at the end of the year is nil.

Referring to Para No. 6(a) of the audit report, as stated in Note No. II(5) of schedule-19, it is clarified that legal proceedings and other recovery actions have been initiated in several cases and the management is confident to recover a substantial portion of the old debtors outstanding.

Referring to Para No. 6(b) of the audit report, it is clarified that as stated in Note No. II(4) some of the debtors/creditors and balance of security deposits are subject to confirmation. It is also clarified that though the company had asked for the balance confirmations, note all the debtors have confirmed. However, the management is confident of collecting the sundry debtors and advances, etc. in the ordinary course of business.

LISTING PARTICULARS:

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

ACKNOWLEDGEMENT:

Your Directors wish to place on record their deep appreciation and gratitude to the officials of National Stock Exchange of India Ltd., Bombay Stock Exchange Ltd., National Securities Depository Limited, Central Depository Services (India) Limited. Thanks are also due to various Clients, Bankers and D.P. Participants. Your Directors also record their deep appreciation for the services rendered by the Officers and Staff members of the Company.

For and on behalf of the Board of Directors,

Place: Kochi-18
Date : May 09, 2009

Kumar Nair
Chairman

CORPORATE GOVERNANCE REPORT

1. Company's Philosophy on Code of Corporate Governance:

Philosophy of Vertex Securities Ltd on Corporate Governance is to conduct its business on the basis of ethical business value and maximize its value to all the stake holders of the company. The company has inculcated a culture of transparency, accountability and integrity. 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:

The Board consists of both executive and non-executive directors with vast experience on various fields. The present strength of the Board of Directors is six members, of which one is Managing Director and the remaining are non-executive directors.

3. Details of Board meeting and Annual General Meeting:

During the year the Board met seven times on 28.04.2008, 30.06.2008, 31.07.2008, 02.08.2008, 20.10.2008, 10.01.2009 and 12.03.2009 respectively.

No director of the company is a member of more than 10 or Chairman of more than 5 specified committees across all the companies in which he is a director.

The composition of the Board of Directors, number of outside Directorships attendance at the Board meetings during the financial year and attendance at the last Annual General Meeting are as under:

Name of Director	Category	No. of Board meetings attended	Last AGM attendance	No of other Directorships	Membership/ Chairmanship of Board Committees
Mr. Kumar Nair	Chairman Non-Executive	2	No	9	1
Mr. Ranjan Verghese	Managing Director	7	Yes	2	1
Mr. G. K. Prem Kumar	Non-Executive Director	4	N. A	NIL	1
Mr. Ramachandran U *	Non-Executive Director	1	N. A	6	1
Mr. Jose Thomas Polachira *	Independent Director	1	N. A	2	2
Mr. James Pothen *	Independent Director	2	N. A	1	2

*appointed on 10th January, 2009

4. Audit Committee:

The Audit Committee comprises of 3 members. During the financial year the Committee met 3 times on 28.04.2008, 30.06.2008 and 10.01.2009. All the members of the committee are financially literate.

Attendance at the Audit Committee meeting is as under:

Name of member	Meetings attended
Mr. Anup Kumar A *	2
Mr. M. V. Satheesan *	1
Dr. Thomas V. Thalody *	2
Mr. James Pothan	1
Mr. Ramachandran U	1
Mr. Jose Thomas Polachira	NIL

* resigned on 31.07.2008.



5. Share Transfer Committee:

The Share Transfer Committee met 5 times on 15.04.2008, 31.05.2008, 15.07.2008, 11.09.2008 and 30.09.2008

Attendance at the Share Transfer Committee is as under:

Name of member	Meetings attended
Mr. Anup Kumar A *	3
Dr. Thomas V. Thalody *	3
Mr. Ranjan Verghese	2
Mr. G. K. Prem Kumar	2
Mr. Jose Thomas Polachira	NIL

* resigned on 31.07.2008

6. Shareholders Grievance Committee:

The Committee met 3 times on 28.04.2008, 30.06.2008 and 10.01.2009.

Name of member	Meetings attended
Mr. Ranjan Verghese	3
Mr. Anup Kumar A. *	2
Mr. G. K. Prem Kumar	1
Mr. Jose Thomas Polachira	NIL

* resigned on 31.07.2008

7. Managerial Remuneration:

Mr. Ranjan Verghese has been appointed as Managing Director for the period 03.02.2008 to 31.03.2009. The total remuneration paid to the Managing Director during the financial year was Rs. 7,54,318/- including perquisites.

The company pays Rs. 2,000/- to directors towards sitting fees for attending each Board Meeting and Rs. 1,000/- for attending each committee meeting.

8. General Body Meetings:

Details of Annual General Meetings during the last 3 years.

Financial Year	Day, Date & Time	Venue	Special Resolution passed
2005-06	Thursday, 31/08/2006 11.00 a.m	Thottathil Towers, 2nd Floor, Market Road, Kochi - 682018	No
2006-07	Saturday, 29/09/2007 10.00 a.m	Thottathil Towers, 2nd Floor, Market Road, Kochi - 682018	No
2007-08	Monday, 29/09/2008 10.00 a.m	Thottathil Towers, 2nd Floor, Market Road, Kochi - 682018	No

Whether any special resolutions passed last year through postal ballot - No

Whether any special resolution is proposed to be conducted through postal ballot - No

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 2009.

The company follows the Accounting Standards issued by the Institute of Chartered Accountants of India 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 as per the format prescribed in compliance Clause 49 (V) of the Listing Agreement with the Stock Exchanges. This has been reviewed by the Audit Committee and taken of record by the Board of Directors.

The Company has complied with all mandatory requirements under Clause 49 of the Listing Agreement with the Stock Exchanges. 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 news papers. Half yearly report is not sent separately to the share holders. Annual Reports are sent to the shareholders at their registered address with the company.

11. General Shareholders' Information:**Annual General Meeting**

Date	:	10.09.2009
Time	:	11 .00 a.m
Venue	:	Thottathil Towers, 2nd Floor, Market Road, Kochi, Kerala – 682 018

Financial Calendar (Tentative)

Financial reporting for the quarter ending 30th June, 2009	:	Last week of July,2009
Financial reporting for the quarter ending 30th Sept. 2009	:	Last week of Oct. 2009
Financial reporting for the quarter ending 31st Dec. 2009	:	Last week of Jan. 2010
Financial reporting for the quarter ending 31st March 2010	:	Last week of June 2010
Annual General Meeting for the year ended 31st March 2010	:	August/Sept, 2010
Date of Book Closure (both days inclusive)	:	03.09.2009 to 10.09.2009
Listing of shares	:	Bombay Stock Exchange Ltd.
Stock Code	:	531950
Payment of Listing Fees	:	Listing fee for the financial year 2009-2010 has been paid.
Demat ISIN for NSDL & CDSL	:	INE316DO1016



12. Stock performance BSE Sensex

Market Price Data during the year ended 31.03.2009

BSE

Month	High	Low	BSE Sensex (High)
April - 2008	28.00	23.45	17481
May - 2008	29.60	24.00	17736
June - 2008	31.05	27.20	16633
July - 2008	38.40	24.55	15130
Aug - 2008	36.50	24.30	15580
Sept - 2008	31.85	14.85	15107
Oct - 2008	18.80	7.11	13204
Nov - 2008	11.45	8.01	10945
Dec - 2008	9.75	7.37	10188
Jan - 2009	9.36	7.77	10470
Feb - 2009	9.70	7.55	9725
March - 2009	10.13	8.72	10127

Registrars & Transfer Agents : M/s Cameo Corporate Services Ltd
 Subramanian Building,
 1 Club House Road, Chennai - 600 002

Contact person : Mr. R. D. Ramaswami
 Contact No. : 044 2846 0084
 Fax No. : 044 2846 0129
 Email : cameosys@cameoindia.com
 vetri@cameoindia.com

Share Transfer System

- Securities lodged for transfer at the Registrar’s Office are normally processed with in 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 transfer of shares and other investor related matters. Grievances received from investors and other miscellaneous correspondence on change of address, mandates, etc are processed by the Registrars with in 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 31-03-2009

No of equity shares held	No. of Shareholders	% of Shareholders	Total no of shares held	% of shares held
1 - 500	534	76.8345	116,000	2.2402
501 - 1000	45	6.4748	38,423	0.7420
1001 - 2000	43	6.1870	62,981	1.2163
2001 - 3000	12	1.7266	30,012	0.5796
3001 - 4000	7	1.0072	24,122	0.4659
4001 - 5000	11	1.5827	53,949	1.0419
5001 - 10000	17	2.4460	118,067	2.2802
10001 and above	26	3.7410	4,734,447	91.4339
Total	695	100.00	51,78,001	100.00

Shareholding Pattern as on 31.03.2009

Sl. No.	Category	No. of Shares	% of Holding
1	Promoters & Persons acting in Concert	36,68,698	70.85
2	Mutual funds / UTI / Banks / FIs	NIL	NIL
3	Private Corporate Bodies	2,21,565	4.28
4	NRIs / OCBs	NIL	NIL
5	Indian Public	12,87,738	24.87
	Grand Total	51,78,001	100.00

Dematerialization of shares : 99.047% 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 : N. A.

Plant location : Not applicable

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

Contact person : Shri. K. J. Thomas

E-mail : thomas@vertexbroking.com

Members holding shares in Demat mode should address all their correspondence to their respective Depository Participant

13. Postal Ballot:

The provisions relating to Postal Ballot will be complied with in respect of matters wherever applicable.

Non-mandatory requirements:

- 1) Chairman of the Board** -No separate office is maintained for the Non-Executive Chairman. Company does not reimburse expenses incurred by him in performance of his duties.



Mr. Jose Thomas Polachira and Mr. James Pothan 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.

- 2) **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 news papers, one in Vernacular and one in English newspaper.
- 3) **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.
- 4) **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 Exchanges, 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, 2009.

Kochi
Date: May 9, 2009

Ranjan Verghese
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 Ltd

Kochi
Date: May 9, 2009

Ranjan Verghese
Managing Director

MANAGEMENT DISCUSSION AND ANALYSIS

A. The Economic scenario

Investor sentiment in India has improved significantly in the first quarter of 2009. With foreign assets growing by more than 100 per cent annually in recent years, Indian multinational enterprises (MNEs) have become significant investors in global business markets and India is rapidly staking a claim to being a true global business power.

Despite the global financial crisis, inflow of foreign capital to the country has increased sharply in 2008-09.

- India's foreign exchange reserves increased by US\$ 4.2 billion to US\$ 255.9 billion for the week ended May 8, 2009, according to figures released in the Reserve Bank of India's (RBI) weekly statistical supplement.
- Net inflows through various non-resident Indians (NRIs) deposits surged from US\$ 179 million in 2007-08 to US\$ 3,999 million in 2008-09, according to the RBI.
- FDI inflows during April 2008-January 2009 stood at US\$ 23.9 billion compared with US\$ 14.4 billion in the corresponding period of the previous fiscal, witnessing a growth of 65 per cent, according to the Department of Industrial Policy & Promotion.
- FIIs have made investments of around US\$ 2 billion as of May 14, 2009, including a record single day net purchase of US\$ 824.72 million on May 13, 2009, according to the Securities and Exchange Board of India (SEBI).
- Inflation for the week ended March 7, 2009, fell to an all time low of 0.44 per cent. The sharp fall in inflation was due to several factors including easing prices of food articles and fuel items along with a high base effect. Currently, the inflation rate stood at 0.7 per cent for the week ended April 25, 2009.
- The year-on-year (y-o-y) aggregate bank deposits stood at 21.2 per cent as on January 2, 2009. Bank credit touched 24 per cent (y-o-y) on January 2, 2009, as against 21.4 per cent on January 4, 2008.
- Since October 2008, the RBI has cut the cash reserve ratio (CRR) and the repo rate by 400 basis points each. Also, the reverse repo rate has been lowered by 200 basis points. Till April 7, 2009, the CRR had further been lowered by 50 basis points, while the repo and reverse repo rates have been lowered by 150 basis points each.
- Exports from special economic zones (SEZs) rose 33 per cent during the year to end-March 2009. Exports from such tax-free manufacturing hubs totalled US\$ 18.16 billion last year up from US\$ 13.60 billion a year before.

B. Foreign Institutional Investors (FIIs): The driving force in the Indian Capital Market

FIIs are the largest institutional investors in India with holdings valued at over US\$ 751.14 billion as on December 31, 2008. They are also the most successful portfolio investors in India with 102 per cent appreciation since September 30, 2003.

According to the data given by the Securities and Exchange Board of India (SEBI), the FII investments in equities as on March 17, 2009 stood at US\$ 50950.20 million and in debts, equalled US\$ 6541.50 million at exchange rate of 1 USD = 40.34 INR. As per SEBI, number of registered FIIs stood at 1626 and number of registered sub-accounts stood at 4972 as on March 17, 2009.

As many as 330 FIIs have registered with SEBI since January 31, 2008, taking the total number of FIIs in India to 1,609 as on January 31 this year. Even the FII sub-accounts have gone up over 30 per cent to 4,938 compared with 3,795 in January last year. In fact, this year, 45 new FIIs have registered with SEBI, according to data given by the regulator. Majority of these FIIs are from the US and Europe. There are also FIIs based out of Mauritius. FIIs that have registered those from other countries include Canada, the UAE, Japan, Australia, Taiwan and Singapore. Some pension funds also feature in the list of the FIIs that have registered in 2009. 30 new FIIs and 104 new sub-accounts had registered till February last week in 2009.

FII holdings in Indian markets reached US\$ 88 billion in December 2008, according to the Bombay Stock Exchange. Since then, foreign institutional investors (FIIs) have started looking at India as an attractively-valued market.

Some of the FIIs have increased the weightage for India with expectation that the Indian market can go up by 30-40 per cent in 2009. This weightage helps investors decide the markets to invest. Generally, FIIs decide their allocations for the year in January.

Debt instruments (government securities, commercial papers, and corporate bonds) attracted US\$ 426.18 million in first 11 trading sessions of 2009 from FIIs. FIIs have been finding investment in debt a more attractive proposition than equity.

Seventy eight private equity players expected to raise US\$ 24 billion in 2009 for investing in India – thrice that of last year – when 30 private equity players raised US\$ 9.2 billion. This also includes real estate funds. Meanwhile, 117 Pan-Asian private equity (PE) players – with India as focus – aim to raise funds worth US\$ 59 billion.

On March 16, 2009, 24 bidders were allocated investments of US\$ 5.8 billion, the highest ever investment allocation by FIIs in India as compared to the net investment of FIIs in 2008 of US\$ 2.39 billion. Since January 2009, FII's net investment in debt instrument has declined by US\$ 125.4 million due to impact of the global slowdown. As per the Securities and Exchange Board of India (SEBI), US\$ 8 billion was available for allocation to FIIs and their sub-accounts in an open bidding platform.

According to market experts, this bidding should kick off a sound FII investment trend in the near future, as the US markets continue to weaken and yields of Indian public sector units (PSU) and corporate debt papers remain attractive. FIIs will invest in attractive PSU bonds floated by quasi-government entities like Power Finance Corporation and Rural Electrification Corporation.

Investment banks (i-banks) are now looking at smaller venture capital deals in the US\$ 2 million – US\$ 7 million range. i-banks



are now willing to work on lower margins. Venture capital firms say the number of deals they are getting from i-bankers currently has gone up significantly.

The mutual fund industry comprises of 35 fund houses. The total number of private equity deals announced in 2008 stood at 312, with the total announced value at US\$ 10.59 billion. Quite unlike in 2007 and 2008, when real estate and IT and ITES sectors enjoyed most of the attention, 2009 is witnessing a broad-basing of sectors on the PE radar. Investments in sectors such as healthcare, education, consumer goods and infrastructure are expected to be more attractive, given their relatively strong domestic demand, even as export-oriented businesses face impact of recession in US and Europe. Funds are also increasingly buying stake in agro-based companies.

Earlier, as per data available with the Bombay Stock Exchange, on December 4, 2008, FIIs invested US\$ 61.83 million in equities showing confidence in the Indian stock market. Simultaneously, the upgradation of India's sovereign ratings combined with the improvement in the macro-economic situation and growth fundamentals has led to a significant increase in FII investments in the debt market. Total investment in the country's debt market till November 2008 amounted to US\$ 6.38 billion as against US\$ 2.80 billion by the end of November 2007.

C. Government Initiatives

FIIs are allowed to invest in the primary and secondary capital markets in India through the portfolio investment scheme (PIS). Under this scheme, FIIs can acquire shares/debentures of Indian companies through the stock exchanges in India.

The ceiling for overall investment for FIIs is 24 per cent of the paid-up capital of the Indian company, and limit is 20 per cent of the paid-up capital in the case of public sector banks. The ceiling of 24 per cent for FII investment can be raised up to sectoral cap/statutory ceiling, subject to the approval of the board and the general body of the company passing a special resolution to that effect.

To further increase FII participation in the Indian market, the government and SEBI have taken several measures:

- The Government of India has again reviewed the External Commercial Borrowing (ECB) policy and has increased the cumulative debt investment limit from US\$ 6 billion to US\$ 15 billion for FII investments in Corporate Debt.
- Allowed foreign individuals, corporates and other investors such as hedge funds to register directly as foreign institutional investors.
- Foreign institutional investors (FIIs) will be one of the biggest gainers in the financial sector from the reduction in service tax announced in the Interim budget 2009-10. As a result, FIIs will see their brokerage costs come down because of the lower service tax. According to Pricewaterhouse Coopers' Prasad Paranjpe, "Unlike corporates registered here, FIIs do not have any output service tax liability in India against which service tax payments can be offset. So, the two-percentage-point

reduction will result in an equivalent cost saving."

- SEBI has FII investment limit in government securities being increased to US\$ 5 billion from US\$ 3.2 billion.
- Institutional investors-including FIIs and their sub-accounts-have been allowed to undertake short-selling, lending and borrowing of Indian securities from February 1, 2008.
- SEBI has simplified the registration norms for FIIs and sub-accounts.
- Significantly, it has allowed investment managers, advisors or institutional portfolio managers in the NRI category to be registered as FIIs.
- In October 2008, SEBI did away with the 70:30 ratio of FII investment in equity and debt, respectively. FIIs can now invest in equity and debt in any ratio they seem fit.

D. Investment Scenario

India's economy has been witnessing steady growth since the last decade. It is still holding its ground at an average of 5-6 per cent hoping for further revival.

Indian companies have planned investments worth nearly US\$ 20.1 billion in January 2009, registering a rise of 36 per cent from January 2008. This could indeed signal India Inc's optimism about economic revival. The Department of Industrial Policy and Promotion (DIPP) has received investment proposals totaling around US\$ 20.1 billion in January 2009.

According to the latest government data, steel and electrical equipment makers lead in planning investments in new capacities and expansion projects. The main focus has been on infrastructure development, especially in the power sector and an investment of US\$ 7.9 billion has been announced for electrical equipment and US\$ 7.8 billion in metallurgical industries. Among the industries, electrical equipment, metallurgical industries, cement and gypsum products are the areas attracting the maximum investment plans.

Among these proposals, US\$ 3.1 billion worth plans are for West Bengal, followed by US\$ 3 billion for Chhattisgarh and US\$ 2.7 billion for Orissa. Andhra Pradesh, Maharashtra, Karnataka and Gujarat are the other states for probable investments.

Gujarat earlier stole a march over all other states with massive investments announced during the Vibrant Gujarat Global Investors Summit held in January 2009. Gujarat is expected to receive a humongous US\$ 244.80 billion as investment for various projects. Indian as well as foreign investors signed over 8,500 memoranda of understanding (MoUs) during the Summit.

Further, the volume of mergers and acquisition and group restructuring deals in the country witnessed a sharp nine times jump at US\$ 2.27 billion during March, 2009 as against the volume of deals in February. Of these, 11 were domestic deals, implying that both the acquirer and the target company were Indian. The total value of the domestic deals was US\$ 86.89 million.

According to new project tracker ProjectsToday.com, the value of new projects announced by Indian companies was US\$ 57.1 billion in the second half of 2008-09, while the number of projects stood at 5,421.

F. Business Growth in CM Segment in NSE

Month/Year	No of co.s listed*	No. of co.s permitted*	No. of co.s available for trading*	No. of trading days	No. of securities traded #	No. of trades (lakh)	Traded Quantity (lakh)	Turnover (Rs.cr)	Average Daily Turnover (Rs.cr)	Average Trade Size	Demat Securities Traded (lakh)	Demat Turnover	Market
Apr 2009	1,470	-	1,329	17	1,372	1,271	183,156	266,696	15,688	20,980	183,156	266,696	3,375,025
2008-09	1,432	-	1,291	243	1,327	13,651	1,426,354	2,752,023	11,325	20,160	1,426,354	2,752,023	2,896,194
2007-08	1,381	-	1,236	251	1,264	11,727	1,498,469	3,551,038	14,148	30,281	1,498,469	3,551,038	4,858,122
2006-07	1,228	-	1,084	249	1,191	7,846	855,456	1,945,285	7,812	24,793	855,456	1,945,285	3,367,350
2005-06	1,069	-	929	251	956	6,088	844,486	1,569,556	6,253	25,781	844,486	1,569,556	2,813,201
2004-05	970	1	839	253	870	4,510	797,684	1,140,071	4,506	25,279	797,684	1,140,071	1,585,585
2003-04	909	18	787	254	804	3,780	713,301	1,099,535	4,328	29,088	713,301	1,099,535	1,120,976
2002-03	818	107	788	251	899	2,398	364,065	617,989	2,462	25,771	364,049	617,984	537,133
2001-02	793	197	890	247	1,019	1,753	278,408	513,167	2,078	29,274	277,717	512,866	636,861
2000-01	785	320	1,029	251	1,201	1,676	329,536	1,339,510	5,337	79,923	307,222	1,264,337	657,847
1999-2000	720	479	1,152	254	--	984	242,704	839,052	3,303	85,270	153,772	711,706	1,020,426
1998-1999	648	609	1,254	251	--	546	165,327	414,474	1,651	75,911	8,542	23,818	491,175
1997-1998	612	745	1,357	244	--	381	135,685	370,193	1,520	97,164	--	--	481,503
1996-1997	550	934	1,484	250	--	264	135,561	294,503	1,176	111,895	--	--	419,367
1995-1996	422	847	1,269	246	--	66	39,912	67,287	276	101,950	--	--	401,459
1994-1995	135	543	678	102	--	3	1,391	1,805	17	60,167	--	--	363,350

F. Business Growth in Derivatives segment in NSE

Year	Index Futures		Stock Futures		Index Options		Stock Options		Interest Rate Futures		Total		Average Daily Turnover (Rs. cr.)
	No. of contracts	Turnover (Rs. cr.)	No. of contracts	Turnover (Rs. cr.)	No. of contracts	Notional Turnover (Rs. cr.)	No. of contracts	Notional Turnover (Rs. cr.)	No. of contracts	Turnover (Rs. cr.)	No. of contracts	Turnover (Rs. cr.)	
2009-10	35279898	619179.23	19386820	804537.87	48377511	884302.84	1451603	62594.96	0	0.00	104495832	2370614.86	64070.67
2008-09	210428103	3570111.40	221577980	3479642.12	212088444	3731501.84	13295970	229226.81	0	0.00	657390497	11010482.20	45310.63
2007-08	156598579	3820667.27	203587952	7548563.23	55366038	1362110.88	9460631	359136.55	0	0.00	425013200	13090477.75	52153.30
2006-07	81487424	2539574	104955401	3830967	25157438	791906	5283310	193795	0	0	216883573	7356242	29543
2005-06	58537886	1513755	80905493	2791697	12935116	338469	5240776	180253	0	0	157619271	4824174	19220
2004-05	21635449	772147	47043066	1484056	3293558	121943	5045112	168836	0	0	77017185	2546982	10107
2003-04	17191668	554446	32368842	1305939	1732414	52816	5583071	217207	10781	202	56886776	2130610	8388
2002-03	2126763	43952	10676843	286533	442241	9246	3523062	100131	-	-	16768909	439862	1752
2001-02	1025588	21483	1957856	51515	175900	3765	1037529	25163	-	-	4196873	101926	410
2000-01	90580	2365	-	-	-	-	-	-	-	-	90580	2365	11

Note:

Notional Turnover = (Strike Price + Premium) * Quantity

Index Futures, Index Options, Stock Options and Stock Futures were introduced in June 2000, June 2001, July 2001 and November 2001 respectively



G. Business review & analysis: Financial Year 2008 - 09

During the year, the company earned an income of Rs.69.55 mn compared to Rs.92.75 mn earned in the previous year. Though the company has pan Indian presence with offices in most of the major cities, the concentration of business is in Southern & Western India. The acquisition of the promoter holding in the company followed by the open offer by the Mumbai based Investment Bank, Transwarranty Finance Limited (TFL) was completed on 18/07/2008, with the company becoming a subsidiary of TFL. Inspid stock market for most part of the financial year 2008-09 and global recession was the main reason for the reduction in income compared to the previous year.

Post acquisition, the priority was to evaluate and improve where necessary the Systems & Processes, Risk Management Systems, HR policies, Budgeting & Performance Evaluation, Management Information System etc. The company has membership in BSE, NSE (Cash, Derivatives & Currency segments) for shares & derivatives broking and NSDL for offering depository services.

H. Subsidiary company: Vertex Commodities And Finpro Private Ltd

During the year, the company earned an income of Rs. 9.29 mn compared to Rs.17.40 mn earned in the previous year. The commodity business, which was largely in agricultural commodities like rubber and pepper was impacted due to the sudden drop in prices in the spot markets and lack of volatility.

I. Business Outlook: Vertex Securities Limited

All the post acquisition efforts to put in place best in class Systems & Processes, Risk Management Systems, HR policies, Budgeting & Performance Evaluation, Management Information System etc has transformed the company into a high performance oriented organization. It has been proposed to merge Transwarranty Capital Private Ltd (TCPL) with Vertex Securities Limited (VSL) and the rationale for the proposed scheme of merger is as follows:

Brief background:

Both TCPL and VSL are subsidiary companies of Transwarranty Finance Limited (TFL). While TFL is listed on both BSE and NSE, VSL is listed on BSE only. TCPL is an unlisted company.

TCPL is engaged in the following business:

1. Institutional Stock Broking
2. Merchant Banking

The retail business in TCPL was transferred to VSL.

With regard to institutional business, TCPL is currently empanelled with 18 institutions for institutional equity broking and more empanelment are in process.

TCPL is also engaged in Merchant Banking, which can be scaled up considerably with proper resources and revival of the capital market. Post merger, the Merchant Banking license, which is under renewal shall be transferred from TCPL to another subsidiary company of TFL for greater focus.

TCPL has membership in

1. BSE
2. NSE
3. Cochin Stock Exchange and
4. OTCEI

VSL is engaged in the following businesses:

1. Retail Stock Broking having 12,500 clients and around 175 employees
2. Retail Commodity Broking (through its wholly owned subsidiary company)

VSL and its wholly owned subsidiary company have membership in

1. BSE
2. NSE
3. Cochin Stock Exchange
4. MCX
5. NCDEX
6. NMCE
7. NSDL (for depository services)

Merger proposal:

Taking into consideration all the above facts, it is being proposed to merge TCPL (Transferor Company) with VSL (Transferee Company) for creating a unified large Company engaged in the business of Shares & Derivatives Broking with the following benefits.

1. Synergy in businesses

After merging TCPL with VSL, the paid up capital of listed entity i.e. VSL will be around 15 Crores. The Net worth of VSL will improve significantly, which will enable the company to obtain empanelment from leading Institutions and Mutual Funds for shares & derivatives broking.

VSL having 12,500 clients and around 175 employees and well equipped with the latest technology and other infrastructure will definitely help to obtain more empanelment and business from Institutions. More over the basic criteria of Institutions while empanelling the Brokers with them is the daily volume generated by the members on the Stock Exchanges. Due to large number of clients spread across India, VSL is already achieving average daily volume of over Rs.100 Crores per day, which is likely to double in the year 2009-10.

VSL is a listed company and has visibility in the market due to the extensive branch / sub broker network. Thus VSL will become a one stop solution for all shares & derivatives broking activities.

2. Rationalization of investment and expenses

At present the Transwarranty group is maintaining dual infrastructure, one in TCPL for Institutional Clients and another in VSL to serve retail clientele.

For Shares and Derivatives broking activities, the group needs to maintain Exchange membership only in one company. As such by surrendering existing Exchange memberships of TCPL, the company will be able to release membership fees paid to different exchanges by TCPL. There is no need to spend time, money and resources in managing compliances for two separate broking companies.

3. Focused activities

Post merger, with both retail and institutional business will be in one company, VSL would be more focused in terms of client servicing, providing research to aid investments etc.

4. Right business in the right place

The merger would unify all the broking activities in VSL. Simultaneously, the merchant banking activity being transferred to another subsidiary company shall provide more focus to the broking Company.

5. Brand building

Post merger, the name of the Company is proposed to be changed to "Transwarranty Shares & Derivatives Broking Ltd" and the name of the subsidiary company to "Transwarranty Commodities Private Ltd" with all the businesses of the group under one single brand "Transwarranty" for greater visibility and acceptance across all product categories.

6. ESOP

The larger capital base of the merged entity shall enable us to launch the Employees Stock Option Plan (ESOP) to enable the company to attract, retain and reward high performing employees.

7. Growth Capital

Post merger, the listed company with a larger capital base shall be better positioned to raise additional capital for the broking company, which is required to increase the scale and scope of the operations in the company.

J. Internal control systems and their adequacy

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

K. Human Resource Development

The most important asset of the company is its Human Resources. The company shall be introducing an attractive ESOP scheme for sharing of wealth with employees.

L. 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.

COMPLIANCE CERTIFICATE

To the Members of Vertex Securities Ltd:

We have examined the compliance of conditions of Corporate Governance by M/s. Vertex Securities Limited for the year ended March 31, 2009, 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, except that of holding the prescribed number of Audit Committee meetings.

We state that in respect of investor grievances received during the year ended March 31, 2009, no investor grievances are pending for a period exceeding one month against the Company as per the records maintained by the Company.

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

For Gopi Mohan, Satheesan & Associates

Kochi-16
Date : May 09, 2009

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



AUDITOR'S REPORT

To
The Members,
VERTEX SECURITIES LIMITED
Kochi - 18

1. We have audited the attached BALANCE SHEET of VERTEX SECURITIES LIMITED as at 31st March, 2009, the PROFIT AND LOSS ACCOUNT and the CASH FLOW STATEMENT of the Company for the year ended on that date, both annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with generally accepted auditing standards in India. These 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 the 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 (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of Section 227 (4A) of the Companies Act, 1956, we give 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 above, we report that:
 - (a) 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;
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of the books;
 - (c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - (d) In our opinion, the Balance Sheet, the Profit and Loss Account and the 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;
 - (e) On the basis of the written representations from the Directors, and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on March 31, 2009 from being appointed as a Director under clause (g) of sub section 1 of Section 274 of the Companies Act, 1956;
5. Attention is invited to note No. II (15) of Schedule 19 regarding security for overdraft facility, we have relied on the confirmation by the management.

6. (a) As stated in Note No:II(5) of Schedule 19 and disclosed in schedule 7 attached to the accounts, sundry debtors under the head current assets include old outstanding dues. The debtors outstanding more than six months amounts to Rs.203.44 Lakhs. Further out of the total debtors, for a sum of Rs.67.63 Lakhs, 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 debtors/ legally initiated debts is not ascertainable at this stage.

- (b) As stated in Note No: II(4) of Schedule 19 attached to the accounts, sundry debtors under the head current assets and sundry creditors, security deposits under the head current liabilities, are subject to confirmation, the effect of which, if any, is not ascertainable at this stage.

Subject to the above, in our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the significant Accounting Policies and other notes thereon attached and forming part of the accounts, 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:

- (i) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2009;
- (ii) in the case of the Profit and Loss Account, of the loss for the year ended on that date; and
- (iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For **Krishnamoorthy & Krishnamoorthy**
Chartered Accountants

C. Krishnamoorthy (FCA)

Partner

Kochi
Date : May 9, 2009

Membership No. 5957

ANNEXURE TO THE AUDITOR'S REPORT

(Referred to in paragraph 3 of our report of even date)

1. a) The Company is maintaining records showing full particulars including quantitative details and situation of its fixed assets, *the maintenance of which offers scope for improvement.*
- b) We are informed that major part of the fixed assets have been physically verified by the management during the year, which, in our opinion is reasonable having regard to the size of the Company and nature of its assets and that no material discrepancies have been noticed on such verification.
- c) The Company has not disposed off substantial part of fixed assets during the year.

2. a) As explained to us, the inventories (including stationery, shares in dematerialized / physical form) have been verified by the management with the supporting evidence at the end of the year, which in our opinion, is reasonable having regard to the size of the Company and nature of its business.
- b) In our opinion, and according to the information and explanations given to us, the procedures of physical verification of inventory followed by the management are generally reasonable and adequate in relation to the size of the Company and nature of its business.
- c) In our opinion, and according to the information and explanations given to us, the Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification by the management.
3. The Company has not taken/granted any loans secured or unsecured from/to companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.
4. In our opinion and according to the information and explanations given to us, there is adequate internal control system commensurate with the size of the Company and the nature of its business for sale of services. *However with regard to purchase of fixed assets there is scope for improvement in the internal control system.* During the course of our audit no major weaknesses has been noticed in the internal controls except as stated above.
5. (a) To the best of our knowledge and belief and according to the information and explanations given to us, we are of the opinion that the particulars of contracts or arrangements that need to be entered in the register maintained u/s 301 the Companies Act, 1956, have been so entered.
- (b) In our opinion and to the best of our knowledge and belief and according to the information and explanations given to us, the transactions made in pursuance to such contracts or arrangements have been made at prices which are reasonable having regard to the market rate prevailing at that time.
6. The Company has not accepted any deposit from the public during the year and hence the directives issued by the Reserve Bank of India and the provisions of sections 58A, 58 AA or any other relevant provisions of the Companies Act, 1956 and rules framed there under, are not applicable to the Company.
7. The Company has an internal audit system. *However the scope and coverage of which needs improvement to commensurate with the size of the Company and nature of its business.*
8. According to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under section 209(1)(d) of the Companies Act, 1956 in respect of services carried out by the Company.
9. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is generally regular in depositing undisputed statutory liabilities with appropriate authorities. There are no arrears of undisputed statutory dues outstanding as at the last day of the financial year, for a period of more than six months from the date on which they became payable.
- (b) According to the information and explanation given to us and the records of the Company examined by us, there are no disputed amounts of taxes which have not been deposited with the appropriate authorities as at 31.03.2009.
10. The Company has no accumulated losses as at the end of the financial year. The Company has not incurred cash loss during the current financial year and also in the immediately preceding financial year.
11. The Company has not defaulted in repayment of dues to banks.
12. According to the information and explanations given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The Company is not a Chit Fund/Nidhi/Mutual Benefit Fund/Society and hence the provisions thereof are not applicable.
14. Based on our examination of the records and evaluation of related internal controls, the Company has maintained proper records of the transactions and contracts in respect of its dealing in shares and securities and timely entries have been made therein. The shares and securities are held by the Company in its own name.
15. According to the information and explanations given to us, the Company has given counter guarantee amounting to Rs.100 Lakhs for Guarantees taken by its subsidiary from a bank, the terms and conditions of which are not prejudicial to the interest of the Company.
16. The Company has not taken any term loan during the year.
17. According to the information and explanations given to us and on overall examination of Balance sheet, the Company has not prima facie used any funds raised on short-term basis for long term investment.
18. The Company has not made any preferential allotment of shares during the year.
19. The Company has not issued any debentures during the year under audit.
20. The Company has not raised any money by public issue during the year under audit.
21. To the best of our knowledge and belief, based on the audit procedure performed and on the basis of information and explanation provided by the management, no fraud on or by the Company has been noticed or reported during the year.

For Krishnamoorthy & Krishnamoorthy
Chartered Accountants

C. Krishnamoorthy (FCA)

Partner

Kochi

Date : May 9, 2009

Membership No:-5957



BALANCE SHEET AS AT 31ST MARCH, 2009

	Schedule	As at 31.03.2009		As at 31.03.2008	
		(Rs.)	(Ps.)	(Rs.)	(Ps.)
I. SOURCES OF FUNDS					
1. Shareholders Fund :					
a) Share Capital	1	51,780,010.00		51,780,010.00	
b) Reserves & Surplus	2	5,440,786.45		7,556,982.14	
2. Loan Funds					
a) Secured Loan	3	-		68,893.18	
b) Unsecured Loan		-		8,900,000.00	
3. Deferred Tax Liability		1,647,900.00		2,326,600.00	
TOTAL		<u>58,868,696.45</u>		<u>70,632,485.32</u>	
II. APPLICATION OF FUNDS					
1. Fixed Asset :					
a) Gross Block	4	54,061,673.05		51,954,063.04	
b) Less : Depreciation		29,805,103.77		26,373,413.23	
c) Net Block		24,256,569.28		25,580,649.81	
2. Investments:					
	5	8,400,000.00		8,400,000.00	
3. Current Assets, Loans & Advances:					
a) Inventories	6	87,189.00		114,187.00	
b) Sundry Debtors	7	25,673,108.81		42,466,686.04	
c) Cash & Bank Balances	8	40,412,414.22		68,893,805.18	
d) Other Current Assets	9	33,575.56		26,478.00	
e) Loans & Advances	10	37,794,695.04		29,708,327.95	
TOTAL (A)		<u>104,000,982.63</u>		<u>141,209,484.17</u>	
Less: Current liabilities & Provisions					
a) Liabilities	11	77,235,025.46		100,394,942.66	
b) Provisions		553,830.00		4,162,706.00	
TOTAL (B)		<u>77,788,855.46</u>		<u>104,557,648.66</u>	
Net Current Assets		<u>TOTAL (A)-(B)</u>		<u>36,651,835.51</u>	
		<u>TOTAL</u>		<u>70,632,485.32</u>	
Notes on Accounts	19				

As per our attached report of even date

For Krishnamoorthy & Krishnamoorthy
Chartered Accountants

C. Krishnamoorthy (FCA)

Partner

Membership No:- 5957

Kochi

Date : May 09, 2009

Kumar Nair

Chairman

James Pothen

Director

For and on behalf of Board of Directors

Ranjan Verghese

Managing Director

Jose Thomas Polachira

Director

U. Ramachandran

Director

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2009

	Schedule	31.03.2009		31.03.2008	
		(Rs.)	(Ps.)	(Rs.)	(Ps.)
INCOME					
Income from operations	12	60,874,141.65		82,304,088.50	
Other Income	13	8,671,656.14		10,448,816.82	
TOTAL		<u>69,545,797.79</u>		<u>92,752,905.32</u>	
EXPENDITURE					
Stock Differencial		614.00		82,379.50	
Employees' Remuneration and Benefits	14	23,424,918.17		24,070,435.17	
Operating Expenses	15	28,553,712.48		35,556,472.01	
Administrative Expenses	16	15,118,594.51		17,433,409.83	
Interest & Finance Charges	17	1,635,879.60		2,816,747.47	
TOTAL		<u>68,733,718.76</u>		<u>79,959,443.98</u>	
PROFIT BEFORE DEPRECIATION, TAXATION AND PRIOR PERIOD ITEMS		812,079.03		12,793,461.34	
Depreciation		3,433,651.72		3,002,248.18	
PROFIT (LOSS) BEFORE TAXATION AND PRIOR PERIOD ITEMS		<u>(2,621,572.69)</u>		<u>9,791,213.16</u>	
Add Prior period Adjustments	18	-		710,000.00	
PROFIT (LOSS) BEFORE TAX		<u>(2,621,572.69)</u>		<u>10,501,213.16</u>	
Provision for taxes					
Current Tax		-		3,050,000.00	
Deferred Tax		(678,700.00)		332,827.76	
Fringe Benefit Tax		180,000.00		250,000.00	
Prior period Taxes/(excess provision written back)					
Income Tax		(35,942.00)		90,675.00	
Fringe Benefit Tax		29,265.00		12,190.00	
TOTAL		<u>(505,377.00)</u>		<u>3,735,692.76</u>	
PROFIT (LOSS) AFTER TAX		<u>(2,116,195.69)</u>		<u>6,765,520.40</u>	
Appropriations					
BALANCE PROFIT (LOSS) CARRIED TO BALANCE SHEET		<u>(2,116,195.69)</u>		<u>6,765,520.40</u>	
Earning Per Share (Equity shares of face value Rs.10/- each) (Note No. 18 of Schedule 19):					
Basic and Diluted EPS			(0.41)	1.31	
Notes on Accounts	19				

As per our attached report of even date

For Krishnamoorthy & Krishnamoorthy
Chartered AccountantsC. Krishnamoorthy (FCA)
Partner
Membership No:- 5957Kochi
Date : May 09, 2009Kumar Nair
ChairmanJames Pothan
Director

For and on behalf of Board of Directors

Ranjan Verghese
Managing DirectorJose Thomas Polachira
DirectorU. Ramachandran
Director



CASH FLOW STATEMENT FOR THE YEAR ENDED 31 ST MARCH, 2009

Particulars		2008-09		2007-08	
		(Rs.)	(Ps.)	(Rs.)	(Ps.)
A. Cash Flow from Operating Activities					
Net Profit (Loss) Before taxation		(2,621,572.69)		10,501,213.16	
Adjustments for:					
Add/(Less):					
Depreciation/Amortisation		3,433,651.72		3,002,248.18	
Loss on assets sold/ written off		11,488.82		209,641.77	
Interest Paid & Bank Guarantee Expense		1,509,499.24		2,584,646.49	
Interest Received		(2,060,031.00)		(2,145,893.50)	
Bad debts written off		115,607.59		1,842,994.54	
Operating Profit before working Capital Changes		<u>388,643.68</u>		<u>15,994,850.64</u>	
Adjustments for Changes in Working Capital					
Trade & Other Receivable-Decrease/(Increase)		16,677,969.64		(20,808,219.13)	
Inventories-Decrease/(Increase)		26,998.00		169,168.50	
Trade & Other payables-(Decrease)/Increase		(23,718,793.20)		53,275,246.38	
Loans & Advances(Net)-Decrease/(Increase)		<u>(10,520,700.37)</u>		<u>2,134,072.85</u>	
Cash Generated from operations		<u>(17,145,882.25)</u>		<u>50,765,119.24</u>	
Income Tax and Fringe Benefit Tax paid		(788,989.72)		(2,110,556.28)	
Net Cash flow from Operating Activities	(A)	<u>(17,934,871.97)</u>		<u>48,654,562.96</u>	
B. Cash Flow from Investing Activities					
Purchase of Fixed Assets		(2,123,560.01)		(5,953,762.75)	
Sale of Fixed Assets		2,500.00		50,000.00	
Interest Received Less Accrued		2,052,933.44		2,139,711.50	
Investments in Subsidiaries		-		-	
Net Cash used in Investing Activities	(B)	<u>(68,126.57)</u>		<u>(3,764,051.25)</u>	
C. Cash Flow from Financing Activities:					
Receipt/Repayment of Vehicle Loans(net)		(68,893.18)		(76,990.65)	
Interest Paid & Bank Guarantee Expense		(1,509,499.24)		(2,584,646.49)	
Unsecured loan received/(paid)		<u>(8,900,000.00)</u>		<u>(600,000.00)</u>	
Net Cash used in Financing Activities	(C)	<u>(10,478,392.42)</u>		<u>(3,261,637.14)</u>	
Net Increase/(Decrease) in Cash & Cash Equivalents(A+B+C)		<u>(28,481,390.96)</u>		<u>41,628,874.57</u>	
Cash & Cash Equivalents as at the beginning of the year		<u>68,893,805.18</u>		<u>27,264,930.61</u>	
Cash & Cash Equivalents as at the end of the year		<u>40,412,414.22</u>		<u>68,893,805.18</u>	

As per our attached report of even date

For Krishnamoorthy & Krishnamoorthy
Chartered Accountants

C. Krishnamoorthy (FCA)
Partner
Membership No:- 5957

Kochi
Date : May 09, 2009

Kumar Nair
Chairman

James Pothan
Director

For and on behalf of Board of Directors

Ranjan Verghese
Managing Director

Jose Thomas Polachira
Director

U. Ramachandran
Director

SCHEDULES FORMING PART OF BALANCE SHEET AS AT 31ST MARCH, 2009.

	31.03.2009		31.03.2008	
	(Rs.)	(Ps.)	(Rs.)	(Ps.)
SCHEDULE - 1				
CAPITAL				
AUTHORISED CAPITAL:				
94,40,000 EQUITY Shares of Rs 10/- each		<u>94,400,000.00</u>		<u>94,400,000.00</u>
ISSUED, SUBSCRIBED AND PAID UP CAPITAL :				
51,78,001 Equity Shares of Rs 10/- each fully paid up out of which 3,20,000 equity shares of Rs 10/- each issued for consideration other than cash		<u>51,780,010.00</u>		<u>51,780,010.00</u>
TOTAL		<u>51,780,010.00</u>		<u>51,780,010.00</u>
SCHEDULE- 2				
RESERVES & SURPLUS				
As per last Balance sheet		7,556,982.14		1,138,364.74
Change on account of transistional provisions under Accounting Standard (AS) 15 (revised 2005)		-		(346,903.00)
		<u>7,556,982.14</u>		<u>791,461.74</u>
Add: Profit (Loss) for the current year		<u>(2,116,195.69)</u>		<u>6,765,520.40</u>
Balance Carried to Balance Sheet		<u>5,440,786.45</u>		<u>7,556,982.14</u>
SCHEDULE - 3				
LOAN FUNDS				
a) Secured Loans				
From HDFC BANK for Vehicle (Secured by hypothecation of vehicle)		-		68,893.18
Repayable within one year Rs. NIL (Prev. year Rs. 68,893)	TOTAL	-		<u>68,893.18</u>
b) Unsecured Loans				
Inter Corporate loan From Genus Commutrade Ltd		-		8,900,000.00
TOTAL		-		<u>8,900,000.00</u>

SCHEDULE – 4
FIXED ASSETS

Description	GROSS BLOCK								DEPRECIATION								NET BLOCK			
	As on 1.4.2008		Additions During the Year		Sale During the year		As on 31.3.2009		Up to 31.3.2008		For the Year		On Sale During the Year		Up to 31.3.2009		As on 31.3.2009		As on 31.3.2008	
	Rs	Ps	Rs	Ps	Rs	Ps	Rs	Ps	Rs	Ps	Rs	Ps	Rs	Ps	Rs	Ps	Rs	Ps	Rs	Ps
Tangible Assets																				
Building	661,170.00		-		-	661,170.00		92,387.67		10,777.07		-		103,164.74		558,005.26		568,782.33		
Furniture & Fixtures	7,939,721.95		472,148.48		15,950.00	8,395,920.43		3,549,125.19		509,169.53		1,961.18		4,056,333.54		4,339,586.89		4,390,596.76		
Equipment	6,432,193.24		748,339.77		-	7,180,533.01		1,435,934.04		366,343.09		-		1,802,277.13		5,378,255.88		4,996,259.20		
Vsat - (P)	3,515,492.00		-		-	3,515,492.00		320,271.49		166,985.87		-		487,257.36		3,028,234.64		3,195,220.51		
Vehicles	1,153,543.00		-		-	1,153,543.00		803,213.57		109,586.59		-		912,800.16		240,742.85		350,329.43		
Cycle	7,090.00		-		-	7,090.00		7,090.00		-		-		7,090.00		-		-		
Computer	17,208,312.17		602,187.49		-	17,810,499.66		13,728,570.85		928,598.49		-		14,657,169.34		3,153,330.32		3,479,741.32		
Air Conditioners	1,046,939.00		75,360.27		-	1,122,299.27		119,391.56		53,309.22		-		172,700.78		949,598.49		927,547.44		
Intangible Assets:																				
Software	2,879,336.70		91,825.00		-	2,971,161.70		856,480.04		561,013.61		-		1,417,493.65		1,553,668.05		2,022,856.66		
Lisence	6,710,264.98		133,699.00		-	6,843,963.98		1,516,839.23		677,868.25		-		2,194,707.48		4,649,256.50		5,193,425.75		
Membership Rights																				
Cochin Stock Exchange	3,900,000.00		-		-	3,900,000.00		3,900,000.00		-		-		3,900,000.00		-		-		
Mumbai Stock Exchange	500,000.00		-		-	500,000.00		44,109.59		50,000.00		-		94,109.59		405,890.41		455,890.41		
TOTAL	51,954,063.04		2,123,560.01		15,950.00	54,061,673.05		26,373,413.23		3,433,651.72		1,961.18		29,805,103.77		24,256,569.28		25,580,649.81		
Prevs year (07-08)	46,559,111.29		5,953,762.75		558,811.00	51,954,063.04		23,670,334.28		3,002,248.18		299,169.23		26,373,413.23		25,580,649.81		22,888,777.01		



	31.03.2009		31.03.2008	
	(Rs.)	(Ps.)	(Rs.)	(Ps.)
SCHEDULE - 5				
INVESTMENTS				
Long Term Investments :				
Un-quoted - Non trade				
In Subsidiary Company - Vertex Commo. & Finpro (P) Ltd (840000 Equity shares of Rs.10/- each fully paid)		8,400,000.00		8,400,000.00
		<u>8,400,000.00</u>		<u>8,400,000.00</u>
SCHEDULE - 6				
INVENTORIES				
Inventories -Shares		25,362.00		25,976.00
Stock of Stationery		61,827.00		88,211.00
		<u>87,189.00</u>		<u>114,187.00</u>
SCHEDULE - 7				
SUNDRY DEBTORS				
A) Debtors unsecured considered good				
(a) Debtors outstanding over 6 months (Includes Rs. 6,117,015.86 in respect of which company has received favorable arbitration awards from the stock exchanges and Rs. 1,322,961/- in respect of which favorable attachment and recovery orders have received from the courts.)		20,343,518.11		11,802,323.00
(b) Other debtors		5,329,590.70		30,664,363.04
		<u>25,673,108.81</u>		<u>42,466,686.04</u>
TOTAL				
SCHEDULE - 8				
CASH & BANK BALANCES				
Balance with Scheduled Banks:				
a) In Current Accounts		16,900,030.72		46,882,882.13
b) In Term Deposit Accounts		23,473,911.72		21,970,134.00
Cash in Hand		38,471.78		40,789.05
		<u>40,412,414.22</u>		<u>68,893,805.18</u>
TOTAL				
SCHEDULE - 9				
OTHER CURRENT ASSETS				
Interest Accrued and not due on Term deposits with banks		33,575.56		26,478.00
		<u>33,575.56</u>		<u>26,478.00</u>
TOTAL				



	31.03.2009		31.03.2008	
	(Rs.)	(Ps.)	(Rs.)	(Ps.)
SCHEDULE - 10				
LOANS & ADVANCES (Unsecured considered good)				
Advance/Loan to Subsidiary		1,047.00		56,244.67
Advances recoverable in cash or in kind for value to be received		1,103,996.15		953,974.45
Advance Income Tax		1,102,080.00		3,525,319.28
Advance Gratuity		201,336.00		-
Advance Fringe Benefit Tax (net of provision)		7,018.00		18,112.00
Deposits		35,379,217.89		25,154,677.55
		<u>37,794,695.04</u>		<u>29,708,327.95</u>
	TOTAL			
SCHEDULE- 11				
CURRENT LIABILITIES & PROVISIONS				
a) Current Liabilities				
Sundry Creditors				
- Sundry Creditors for expenses, services and capital goods other than amount due to Medium, small and micro enterprises		5,752,172.97		6,476,297.08
- Amount due to clients/Exchanges		65,968,940.57		89,307,510.36
Balance in current accounts with bank		-		75,638.15
Unclaimed dividend		9,166.00		10,728.50
Security Deposits		4,991,684.75		3,841,547.38
Other liabilities		513,061.17		683,221.19
		<u>77,235,025.46</u>		<u>100,394,942.66</u>
	TOTAL			
b) Provisions				
Income tax		-		3,050,000.00
Provision Others		157,000.00		-
Gratuity		-		297,706.00
Leave encashment		396,830.00		815,000.00
		<u>553,830.00</u>		<u>4,162,706.00</u>

SCHEDULES TO THE PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2009

	31.03.2009		31.03.2008	
	(Rs.)	(Ps.)	(Rs.)	(Ps.)
SCHEDULE - 12				
INCOME FROM OPERATIONS				
Brokerage Income	58,983,008.71		79,930,533.08	
Income from DP Operations	1,891,132.94		2,373,555.42	
TOTAL	<u>60,874,141.65</u>		<u>82,304,088.50</u>	
SCHEDULE - 13				
OTHER INCOME				
Dividend on Stock in trade	-		340.00	
Recovery from written off debtors	2,504.58		219,000.00	
Interest Income	2,060,031.00		2,145,893.50	
Late Payment Charges	1,394,296.54		2,984,664.95	
Software & AMC charges recovered	1,203,633.00		752,000.00	
P.Vsat Recurring Charges recovered	711,000.00		728,701.50	
Misc. Income - Turnover charge	3,006,470.88		3,398,818.96	
Misc. Income - Others	293,720.14		219,397.91	
TOTAL	<u>8,671,656.14</u>		<u>10,448,816.82</u>	
SCHEDULE - 14				
EMPLOYEES' REMUNERATION AND BENEFITS				
Salaries & Allowances	21,471,604.05		22,052,309.32	
Contribution to Provident Fund & other funds	1,453,016.00		1,893,972.00	
Staff Welfare Expenses	500,298.12		124,153.85	
TOTAL	<u>23,424,918.17</u>		<u>24,070,435.17</u>	
SCHEDULE - 15				
OPERATING EXPENSES				
Annual Fee to NSDL & NSE	107,000.00		107,000.00	
AMC Charges	2,192,477.72		1,692,362.47	
Clients Meet & Business Promotion Expenses	294,391.80		883,266.01	
Consultation fee	391,340.00		308,378.66	
Connectivity Charges	3,567,459.68		3,699,529.21	
Depository Charges	460,830.49		830,360.71	
Error Rectification	232,340.80		281,679.54	
Investor Protection Fund	343.00		285.00	
Marketing fee/Commission paid	16,402,822.33		23,212,823.81	
Sub Brokerage	2,491,863.87		3,052,559.27	
SEBI Turnover Charges	334,234.00		378,724.00	
Stock Exchange Charges	1,344,307.00		145,330.13	
VSAT Charges	734,301.79		964,173.20	
TOTAL	<u>28,553,712.48</u>		<u>35,556,472.01</u>	



	31.03.2009		31.03.2008	
	(Rs.)	(Ps.)	(Rs.)	(Ps.)
SCHEDULE - 16				
ADMINISTRATIVE EXPENSES				
Advertisement, Publicity and Business Promotion		85,373.18		300,343.41
Auditor's Remuneration		92,000.00		60,000.00
Bad debts Written off		115,607.59		1,842,994.54
Books & Periodicals		61,731.50		74,770.25
Communication Expenses		1,741,324.17		1,942,116.75
Data Entry expenses		370,285.99		710,765.90
Insurance Premium		111,932.44		65,854.00
Legal Expenses and Filing Fees		478,658.50		96,582.50
Listing Fee		15,000.00		30,000.00
Loss on sale of Assets/ on assets strapped		11,488.82		209,641.77
Misc. Charges & Expenses		4,371.64		17,899.13
Office Maintenance		911,158.18		1,193,132.19
Postage & Courier Charges		694,674.03		874,714.84
Printing & Stationery		339,855.17		773,401.61
Professional and legal Fees		331,600.50		396,328.00
Power Charges		1,822,583.70		1,835,565.31
Rent		5,988,029.24		4,993,819.57
Rates and Taxes		220,599.16		46,421.50
Repairs & Maintenance		527,548.85		454,776.47
Service Charges		2,395.00		1,122.00
Sitting Fees to Directors		56,000.00		50,000.00
Training Expense		120,993.50		62,513.00
Travelling and Conveyance Expenses		883,014.68		1,230,969.89
Vehicle Running and Maintenance Expenses		132,368.67		169,677.20
		TOTAL		TOTAL
		<u>15,118,594.51</u>		<u>17,433,409.83</u>
SCHEDULE - 17				
INTEREST AND FINANCE CHARGES				
Bank Charges		126,380.36		232,100.98
Bank Guarantee Expenses		555,730.28		510,609.00
Interest Paid		953,768.96		2,074,037.49
		TOTAL		TOTAL
		<u>1,635,879.60</u>		<u>2,816,747.47</u>
SCHEDULE - 18				
PRIOR PERIOD ADJUSTMENTS				
Expenses				
Listing Fee expenses		-		(90,000.00)
Income				
VSAT Charges recovered		-		800,000.00
		TOTAL		TOTAL
		<u>-</u>		<u>710,000.00</u>

SCHEDULE - 19

NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31.03.2009

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 Licenses are amortized over a period of 10 years and the Computer softwares are 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.

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 and Fringe Benefit 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.

Provision for fringe benefit tax is made in accordance with the provisions of Income Tax Act, 1961

i) Investments:

Long term investments are stated at cost less provision for permanent diminution in their values, if any.

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 earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period are adjusted for events of bonus issue; bonus element in a rights issue to the existing shareholders; share split; and reverse share split (consolidation of shares).

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and weighted average number of shares outstanding during the period are adjusted for effects of all dilutive potential equity shares, if any.

II NOTES ON ACCOUNTS

1. Remuneration to the Executive Directors:

	2008-09 Rs.	2007-08 Rs.
Salary to the Managing Director	7,42,500	7,32,000
Perquisites	11,818	48,492
Total	7,54,318	7,80,492

2. Remuneration to Auditors:

Statutory Auditors Fee	60,000	60,000
Income tax audit fee	15,000	0
Other Services	17,000	0
Total	92,000	60,000

3. Foreign Exchange Transaction:

Earnings in foreign currency	Nil	Nil
Expenditure in foreign currency	Nil	Nil

4. Some of the debtors, creditors, advances and balances of deposits are subject to confirmation, reconciliation and adjustments if any. The management does not expect any material difference affecting the current year's financial statements.
5. Sundry debtors include old outstanding debts amounting to Rs.67,62,691.79 (Prev. Year Rs.83,93,727/-) 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.
6. 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.

7. Details of Opening Stock, Closing Stock Purchase and Sales:

(Qty. & Value in lakhs)

Category	Opening Stock		Closing Stock		Purchases		Sales	
	Qty	Value	Qty	Value	Qty	Value	Qty	Value
Equity	5.49	0.26	5.49	0.25	0.00	0.00	0.00	0.00
F&O Contracts	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

8. 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.

9. Inventories- Securities

During the year company has not done any dealing in securities on its own except as stated in note No. 8 above. Details of opening and closing inventories are given below :-

Name of the Scrip	Qty as on 31.03.2009	Value as on 31.03.2009 (Rs.)	Qty as on 31.03.2008	Value as on 31.03.2008 (Rs.)
Atlos Ltd.	100	0	100	0
Apple Credit Corp. Ltd.	100	171	100	175
Arihant Cotsyn Ltd.	50	0	50	0
Cauvery Software Engg. Systems Ltd.	100	0	100	60
Classic Diamond India Ltd.	100	0	100	0
Computer Power	5,00,000	0	5,00,000	0
Dunlop Ltd.	100	0	100	550
Femnor Mineral	100	0	100	0
Goldstone Infrastructure	100	1,190	100	1,190
Indo French Biotech Enterprise Ltd.	1,000	600	1,000	600
Kerala Ayurveda Ltd.	100	0	100	0
Kitex Garments Ltd.	2,000	5,000	2,000	5,000
Koluthara Exports	4,900	0	4,900	0
MOH Ltd.	20,000	1,000	20,000	1,000
Nagarjuna Finance Ltd.	200	760	200	760
Superstar Distillaries & Foods Ltd.	2,600	2,600	2,600	2,600
Synthetics & Chemicals Ltd.	100	385	100	385
TISCO SPN	15	0	15	0
Trend Design	800	0	800	0
TTK Health Care	100	1,588	100	1,588
UTI Master share	50	468	50	468
Vanady Chemicals	200	0	200	0
Vatsa Corporation Ltd.	4,200	0	4,200	0
Vysali Pharmaceuticals Ltd.	11,600	11,600	11,600	11,600
Total	5,48,615	25,362	5,48,615	25,976



10. The Company was recovering certain expenses under Employees remuneration, Operating expenses and Administrative Expenses during earlier years and during the current year till August 2008. from the subsidiary company Vertex Commodities & Finpro (P) Ltd. The recovery was discontinued consequent to the decision of the Board of Directors of both Companies.

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

(Rs. in lakhs)

		31.03.2009	31.03.2008
i)	Counter guarantee issued in favour of bankers for guarantee given by them to NSE for margin requirements	400	400
ii)	Guarantee given on behalf of subsidiary company Vertex Commodities & Finpro (P) Ltd.	100	75
iii)	Claims against the company not acknowledged as debt		
1.	Tax demand in respect of which:		
a)	Tax authorities appealed before Income Tax Appellate Tribunal against the orders which were ruled in favour of the company by the First Appellate Authority for :-		
i.	Assessment years -2001-02, 2002-03, 2003-04 and 2004-05	Nil	158.96
ii.	Assessment year - 2005-06	69.32	Nil
b)	Company's appeal is pending before first appellate authority for the assessment year 2005-06	Nil	69.52
2.	Arbitration against the Company before the arbitrator	Nil	87
	Arbitration against the Company pending in courts	10.04	Nil

12. At present, 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.

13. Lien has been marked in favour of ICICI Bank Ltd in respect of Bank Deposits worth Rs. 200 Lakhs (Prev. year Rs. 200 Lakhs) together with accumulated interest thereon, against bank guarantees issued by them on account of the Company. Lien has also been marked in favour of NSE in respect of Bank deposit worth Rs. 96,000/- (Prev. year Nil) together with interest thereon, against an arbitration award.

14. 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.

15. The Company has availed an overdraft facility from a bank by offering clients securities to meet the cash limit/margin requirements of clients. This is done with the concurrence of clients concerned. The balance at the end of the year is nil.

16. The major components of deferred tax assets and liabilities for the year ended 31-03-2009 are as follows:

Nature of timing difference	2008-09 (Asset)/Liability (Rs.)	2007-08 (Asset)/Liability (Rs.)
Net Depreciation	28,12,900	25,78,400
Un absorbed depreciation	(10,42,400)	0
Leave encashment allowable for Income Tax only on payment	(1,22,600)	(2,51,800)
	16,47,900	23,26,600

17. Earnings per share:

	2008-09 (Rs.)	2007-08 (Rs.)
a. Profit after tax as per Profit & Loss A/c	(21,16,196)	67,65,520
b. Weighted average number of equity shares outstanding	51,78,001	51,78,001
c. Nominal Value of ordinary shares	10	10
d. Basic/Diluted Earnings per share	(0.41)	1.31

18. Information on related party transactions as required by Accounting Standard -18.

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

Name of the Party	Relation
Ranjan Verghese	Managing Director
Geetha Verghese	Relative of the Managing Director
Tessy Verghese	- do -
Transwarranty Finance Ltd	Holding Company
Transwarranty Capital (P) Ltd	Subsidiary to Holding Company
Kumar Nair	Chairman
Vertex Commodities & Finpro Private Ltd	Subsidiary Company



(b) Related Party Transactions:

(Previous year figures in brackets below)

Transactions	Chairman	Mg. Director	Directors	Relatives of Director	Holding Company & Fellow Subsidiary	Subsidiary Company
Brokerage Collected	829.15 (0.00)	180.00 (1,443.90)	0.00 (0.00)	0.00 (42,751.72)	0.00 (0.00)	0.00 (0.00)
Remuneration Paid	0.00 (0.00)	7,54,318.00 (7,80,492.00)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)
Sitting fee Paid	0.00 (0.00)	0.00 (0.00)	56,000.00 (50,000.00)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)
Guarantee Given*/ -Received	0.00 (0.00)	400 Lakhs (400 Lakhs)	0.00 (0.00)	0.00 (0.00)	400 Lakhs (0.00)	*100 lakhs *(75 lakhs)
Current Account (Net)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	1047.04 (56,244.67)
Max. Amount in Current A/c	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	1,97,08,042.91 (1,73,06,226.26)
Recovery of Expenses	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	1,07,437.50 (0.00)	9,80,370.06 (24,02,439.33)
Purchase of Fixed Assets	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	4,07,673.56 (0.00)	0.00 (0.00)
Balance As on 31/03/2009						
Amount Payable	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	0.00 (111.90)	0.00 (0.00)	0.00 (0.00)
Amount Receivable	162.88 (0.00)	0.00 (0.00)	0.00 (0.00)	0.00 (34,075.14)	224.82 (0.00)	1,047.04 (56,244.67)

19.

	2008-09	2007-08
Debts due from Directors as on 31 st March	Rs. 162.88	Nil
Maximum amount of debt due from Directors at any time during the year	Rs. 162.88	Rs. 12.00

20. 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
1. Change in the benefit Obligations:				
Present value of obligations as on 01. 04. 2008	9,39,000	4,18,838	8,15,000	5,91,000
Current Service Cost	3,22,674	2,44,000	3,30,197	2,37,000
Past Service Cost	0	0	0	0
Interest Cost	75,120	33,507	53,470	35,690
Actuarial (Gain)/Loss on obligation	(3,40,224)	242,655	(5,08,596)	2,41,050
Benefits Paid	0	0	(2,93,241)	(2,89,740)
Present value of obligations as on 31.03.2009	9,96,570	9,39,000	3,96,830	8,15,000
2. Change in Plan Assets:				
Fair Value of Plan Assets as on 01.04.2008	6,41,294	3,75,000	0	0
Adjustment to the opening balance	25,659	0	0	0
Expected Return on Plan Assets	79,763	40,532	0	0
Employer's Contributions	4,38,608	2,63,294	2,93,241	2,89,740
Benefits Paid	0	0	(2,93,241)	(2,89,740)
Actuarial Gain/(Loss) on Plan Assets	12,582	(37,532)	0	0
Fair Value of plan assets as on 31.03.2009	11,97,906	6,41,294	0	0
3. Net (Asset) Liability (i) - (ii) :	<u>(2,01,336)</u>	<u>2,97,706</u>	<u>3,96,830</u>	<u>8,15,000</u>
4. Net Cost for the year ended 31.03.2008				
Current Service Cost	3,22,674	2,44,000	3,30,197	2,37,000
Past Service Cost	0	0	0	0
Interest Cost	75,120	33,507	53,470	35,690
Expected Return on plan Assets	(79,763)	(40,532)	0	0
Actuarial (Gain)/ Loss recognised during the year	(3,52,806)	2,80,187	(5,08,596)	2,41,050
Adjustment (Gain) to opening value of planned assets	(25,659)	0	0	0
Net Cost	<u>(60,434)</u>	<u>5,17,162</u>	<u>(1,24,929)</u>	<u>5,13,740</u>
Amount recognised in the Balance sheet (Asset) Liability	(2,01,336)	2,97,706	3,96,830	8,15,000
Amount recognised in the Profit and Loss Account(Gain)/ Loss	(60,434)	5,17,162	(1,24,929)	5,13,740
Principal actuarial assumptions:				
Discount rate	7.00%	8.00%	7.00%	8.00%
Expected Return on plan assets	9.00%	8.00%	--	-
Salary Escalation Rate	5.00%	5.00%	5.00%	5.00%
Attrition Rate	15.00%	15.00%	15.00%	15.00%
Demographic Assumptions:				
Retirement age				58 Years
Mortality rate				LIC (1994-96) Ultimate

21. Previous year figures have been re-grouped/reclassified/re-arranged/recast wherever necessary to suit the current year's classification

As per our attached report of even date

For Krishnamoorthy & Krishnamoorthy
Chartered Accountants**C. Krishnamoorthy (FCA)**
Partner
Membership No:- 5957Kochi
Date : May 09, 2009**Kumar Nair**
Chairman**James Pothen**
Director

For and on behalf of Board of Directors

Ranjan Verghese
Managing Director**Jose Thomas Polachira**
Director**U. Ramachandran**
Director



**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 2009
 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 58869 Total Assets : 58869

SOURCE OF FUNDS :

Paid -Up Capital 51780 Reserves & Surplus: 5441
 Secured Loans : 0 Unsecured Loans : 0
 Share Application : NIL Deferred Tax Liability : 1648

APPLICATION OF FUNDS :

Net Fixed Assets : 24257 Investments : 8400
 Net Current Assets : 26212 Misc.Expenditure: 0
 Accumulated Losses: 0

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

Turnover/Other Income 69546 Total Expenditure : 72168
 Loss before Tax : 2622 Loss after Tax: 2116
 Earnings per share (Rs.) 0.41 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

For Krishnamoorthy & Krishnamoorthy
 Chartered Accountants

C. Krishnamoorthy (FCA)
 Partner
 Membership No:- 5957

Kochi
 Date : May 09, 2009

Kumar Nair
 Chairman

James Pothen
 Director

For and on behalf of Board of Directors

Ranjan Verghese
 Managing Director

Jose Thomas Polachira
 Director

U. Ramachandran
 Director

DIRECTORS' REPORT

To
The Members of
Vertex Commodities And Finpro Private Limited

Your directors have pleasure in presenting before you the 14th Annual Report of your company for the year ended 31st March, 2009. The Profit & Loss Account for the year ended 31.3.2009 and the Balance Sheet as on that date together with the Schedules and Notes forming part of accounts as audited and reported by the Auditors of the company are attached herewith.

Financial Performance:

Your Directors regret to report that the overall performance of your company during the year under review was not satisfactory. The total income from operations have registered a steep fall of Rs.92.90 lakhs as compared to Rs.173.96 lakhs during the same period in the corresponding year, recording a decrease of almost 47%. This situation has arisen mainly due to external factors at which your company do not have any control like global recessions, and consequential downward fall of secondary market including Futures & Options. To add insult to injury Government of India also banned Future Trading in Rubber, which was contributing a major portion of the business of the Company. The cumulative effect of this adverse situations is reflected in the turnover of your company. Due to vigorous cost cutting methods and saving in expenditure, your directors were able to reduce the effect of loss and the operations have recorded an operating profit of Rs.6.94 lakhs before depreciation. However, after providing for depreciation and provision for taxes including deferred tax adjustments the profit and loss account shows a nominal loss of Rs.0.50 lakhs which being adjusted from the reserves and surplus available. As the company has not generated any surplus your directors are not recommending any dividend.

Directors:

During the period under report M/s. James Pothan and Ramachandran U. were appointed as Additional Directors by your Board. Necessary resolution proposing their appointment as Directors is being placed at the ensuing Annual General Meeting. Your Directors recommend their appointment. Mr. Ranjan Verghese retires by rotation and being eligible offers himself for re-appointment. Mr. N.R. Achan resigned from the Board during the year due to personal reasons.

Share Capital:

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

Directors Responsibility Statement:

Your Directors hereby confirm -

- (a) That in the preparation of the Annual Accounts for the year ended 31st March, 2009, applicable accounting standards had been followed along with proper explanation relating to material departures, wherever necessary.
- (b) That the Directors had 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 of the loss of the company for the year ended 31st March, 2009.

- (c) That the Directors had 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 had prepared the annual accounts on an on-going concern basis.

As your company has not bought back any shares during the period under report, the information relating to Section 217(2B) is not applicable to the Company.

Personnel:

There were no employees drawing remuneration in excess of the limits specified under Section 217(2A) of the Companies Act during the year under report.

Auditors:

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

Auditors' Observations:

Referring to Para No.5 (a) of the audit report, it is clarified that as disclosed in Para No.5 of schedule-15, out of the total outstanding debtors the company has filed recovery suits/proceedings in respect of some of the old outstanding debts and pending completion of the formalities, no provision has been made for possible bad debts, if any. It is also confirmed that necessary provision will be made in the accounts when the debts become irrecoverable.

Referring to Para No.5 (b) of the auditors' report, it is clarified that some of the sundry debtors/creditors and security deposits are subject to confirmation.

Secretarial Compliance Certificate:

As required under proviso to Sub section 1 of Section 383A of the Companies Act, a Certificate from the Secretary in Wholetime practice is attached with the Directors' Report.

Conservation of Energy, Technology upgradation and Foreign Exchange Inflow and Outflow:

The details regarding Conservation of Energy and Technology upgradation is not applicable to your company. The Management is taking every efforts to conserve the energy and thereby to reduce the energy cost. There were no foreign exchange earning or outgo during the year under report.

Acknowledgement:

Your Directors wishes to place on record their sincere appreciation and thanks for the co-operation extended by the Bankers, the holding company and others connected with the day to day operations of the company. The Board also places on record their sincere appreciation for the whole-hearted co-operation extended by the Officers and other staff members of the company.

For and on behalf of the Board,

Place: Kochi - 18
Date : May 09, 2009

Kumar Nair
Chairman



COMPLIANCE CERTIFICATE

The Members

VERTEX COMMODITIES AND FINPRO PRIVATE LIMITED

Thottathil Towers,
Market Road, Cochin - 682 014.

We have examined the registers, records, books and papers of M/s. VERTEX COMMODITIES AND FINPRO PRIVATE LIMITED as required to be maintained under the Companies Act, 1956, (the Act) and the rules made there under and also the provisions contained in the Memorandum and Articles of Association of the Company for the year ended 31st March, 2009. In our opinion and to the best of our information and according to the examinations carried out by us and explanations furnished to us by the company, its officers and agents, we certify that in respect of the aforesaid financial year:

1. The company has kept and maintained all registers as stated in Annexure 'A' to this certificate, as per the provisions of the Act and the rules made there under and all entries therein have been duly recorded.
2. The company has duly filed the forms and returns as stated in Annexure 'B' to this certificate, with the Registrar of Companies as prescribed under the Act and the rules made there under.
3. The company was incorporated as a Private Limited company but have become a Public Company pursuant to the provisions of Section 3 (iv)(c) of the Act with effect from 30.03.2004 as the company from that date became a subsidiary of M/s. Vertex Securities Limited within the meaning of Section 4 (1)(b)(ii) of the Act. The Company is having the prescribed minimum paid-up capital applicable to Public Company and the Articles of Association of the company continues to contain the restrictive conditions specified in Section 3 (1)(iii) of the Act and its maximum number of members during the said financial year was 13 and the company during the year under scrutiny:
 - (i) has not invited public to subscribe for its shares or debentures; and
 - (ii) has not invited or accepted any deposits from persons than its members, directors or their relatives.
4. The Board of Directors duly met 7 (Seven) times on 28.04.2008, 30.06.2008, 31.07.2008, 02.08.2008, 20.10.2008, 10.01.2009 and 12.03.2009, in respect of which meetings proper notices were given and the proceedings were properly recorded and duly entered and signed in the Minutes Book maintained for the purpose.
5. The Company has not closed its Register of Members during the financial year.
6. The Annual General Meeting for the financial year ended 31.3.2008 was held on 29th September, 2008 after giving due notice to the members of the company and the resolutions passed thereat were duly recorded in Minutes Book maintained for the purpose.
7. No extra-ordinary general meeting was held during the financial year.
8. The company has not advanced any loans to its directors or persons or firms or companies referred to under section 295 of the Act.
9. The company has entered into contracts falling within the purview of Section 297 of the Act.
10. The company has made necessary entries in the register maintained under Section 301 of the Act.
11. As there were no instances falling within the purview of section 314 of the Act, the company has not obtained any approvals from the Board of Directors, members or Central Government.
12. The company has not issued any duplicate share certificates during the financial year.
13. (i) There was no allotment/ transfer/ transmission of securities during the financial year.
 - (ii) The company has not deposited any amount in a separate Bank Account as no dividend was declared during the Financial year;
 - (iii) The company was not required to post warrants to any member of the company as no dividend was declared during the financial year.
 - (iv) The company was not required to transfer any amount to the Investor Education and Protection Fund as there were no amounts due for transfer under any of the heads as specified under sub-Section (a) to (e) of Section 205C of the Act during the financial year.
 - (v) The Company has complied with the requirements of section 217 of the Act.
14. The Board of Directors of the company is duly constituted and the appointments of Additional Directors have been duly made. There was no appointment of alternate Directors and Directors to fill the casual vacancies during the financial year.
15. The Company has not appointed any Managing Director/ Whole-time Director/ Manager during the financial year.
16. The company has not appointed any sole selling agents during the financial year.
17. The Company was not required to obtain any approvals of the Central Government, Company Law Board, Regional Director Registrar and/ or such authorities prescribed under the various provisions of the Act during the financial year.
18. The directors have not disclosed their interest in other firms/Companies to the Board of Directors pursuant to the provisions of the Act and the rules made there under.
19. The Company has not issued any shares, debentures or other securities during the financial year.
20. The company has not bought back any shares during the financial year.
21. There was no redemption of preference shares or debentures during the financial year.
22. There were no transactions necessitating the company to keep in abeyance the rights to dividend, rights shares and bonus

shares pending registration of transfer of shares.

23. The company has not invited/ accepted any deposits including any unsecured loan falling within the purview of Section 58A during the financial year from public.
24. The amount borrowed by the company during the financial year ending 31st March, 2009 are within the borrowing limits as specified under Section 293(1)(d) of the Act .
25. The company has not made any loans or advances or given guarantees or provided securities to other bodies corporate and consequently no entries have been made in the register kept for the purpose.
26. The company has not altered the provisions of the Memorandum with respect to situation of the company's registered office from one State to another during the year under scrutiny.
27. The company has not altered the provisions of the Memorandum with respect to the objects of the company during the year under scrutiny.
28. The company has not altered the provisions of the Memorandum with respect to name of the company during the year under scrutiny.
29. The company has not altered the provisions of the Memorandum with respect to share capital of the company during the year under scrutiny.
30. The company has not altered its Articles of Association during the financial year.
31. There was no prosecution initiated against or show cause notices received by the company and no fines or penalties or any other punishment was imposed on the company during the financial year, for offences under the Act.
32. The company has not received any money as security from its employees during the financial year.
33. The Company has not constituted any separate Provident Fund pursuant to Section 418 of the Act and therefore no contributions are deposited as specified in the Section.

Sd/-

K.P. GOPIMOHAN

Place: Ernakulam
Date: May 08, 2009

Practising Company Secretary
C.P. No.2912

Annexure A to our report dated 08.05.2009

Registers as maintained by the Company

1. Register of Members u/s 150
2. Register of Directors u/s 303
3. Register of Directors' shareholding u/s 307
4. Minutes of Meeting of the Board of Directors.
5. Minutes of Meeting of the General Body.
6. Register of contract u/s.301.

Note: The company has not maintained the following registers as it was informed that there were no entries/transactions to be recorded thereon:

1. Register of investment u/s.49.
2. Register of Securities bought back u/s 77A.
3. Register of Investments or loans made u/s 372A.
4. Register of deposits rule 7 of deposits rules.
5. Register of Charges u/s 143.

Sd/-

K.P. GOPIMOHAN

Practising Company Secretary
C.P. No.2912

Annexure B to our report dated 08.05.2009.

Forms and Returns as filed by the Company with the Registrar of Companies, during the financial year ending 31-03-2009.

Sr No	Form No/ Return	Filed Under Section	For	Date of Filing	Whether Filed with-in Prescribed Time. Yes/No	If delay in filing wheth-er requisite
1.	Form 23 AC and 23ACA	220	Balance Sheet & Profit & Loss A/c for the year ended 31.03.2008	26.10.2008	Yes	No
2.	Form 20B	159	Annual Return made upto 29.09.2008	29.11.2008	Yes	No
3.	Form No.66.	383A	Compliance Certificate for the year ended 31.03.2008	22.10.2008	Yes	No
4.	DIN-3		In respect of Mr. Anup Kumar & Mr. George Mampilly.	19.08.2008	Yes	No
5.	FORM 32.	303	Appointment of Mr. Kumar Nair, Mr. N.R. Achan and resig-nation of Mr. A.Anup Kumar and (2) Mr. George Mampilly w.e.f. 31.07.2008.	27.08.2008	Yes	No

Note:Forms/Returns mentioned as at Sr. No1 to 5 were uploaded at the Website of the Ministry of Corporate Affairs.

Sd/-

K.P. GOPIMOHAN

Practising Company Secretary
C.P. No.2912



AUDITOR'S REPORT

To
The Members,
VERTEX COMMODITIES AND FINPRO PRIVATE LIMITED
Kochi - 18

1. We have audited the attached BALANCE SHEET of VERTEX COMMODITIES AND FINPRO PRIVATE LIMITED as at 31st March, 2009, the PROFIT AND LOSS ACCOUNT and the CASH FLOW STATEMENT of the Company for the year ended on that date, both annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with 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 the 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 (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of Section 227 (4A) of the Companies Act, 1956, we give 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 above, we report that:
 - (a) 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;
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of the books;
 - (c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - (d) In our opinion, the Balance Sheet, the Profit and Loss Account and the 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.
 - (e) On the basis of the written representations from the Directors, and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on March 31, 2009 from being appointed as a Director under clause (g) of sub section 1 of Section 274 of the Companies Act, 1956;

5. (a) As stated in Note No:5 of Schedule 15 and disclosed in schedule 5 attached to the accounts, sundry debtors include old outstanding dues. The debtors outstanding more than six months amounts to Rs.79.69 Lakhs. Further out of the total debtors, for a sum of Rs. 20.67 Lakhs, 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 debtors/ legally initiated debts is not ascertainable at this stage.

- (b) As stated in Note No: 4 attached to the accounts, sundry debtors under the head Current Assets and sundry creditors, security deposits under the head current liabilities, are subject to confirmation/reconciliation. The effect of reconciliation/confirmation is not ascertainable at this stage.

Subject to the above, in our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the significant Accounting Policies and other notes thereon attached and forming part of the accounts, 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:

- (i) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2009;
- (ii) in the case of the Profit and Loss Account, of the loss for the year ended on that date; and
- (iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For Krishnamoorthy & Krishnamoorthy
Chartered Accountants

C. Krishnamoorthy (FCA)
Partner

Membership No:-5957

Kochi
Dated : May 9, 2009

ANNEXURE TO THE AUDITOR'S REPORT

(Referred to in paragraph 3 of our report of even date)

1. a) The Company is maintaining records showing full particulars including quantitative details and situation of its fixed assets, *the maintenance of which offers scope for improvement.*
- b) We are informed that major part of the fixed assets have been physically verified by the management during the year, which, in our opinion is reasonable having regard to the size of the Company and nature of its assets and that no material discrepancies have been noticed on such verification.
- c) The Company has not disposed off substantial part of fixed assets during the year.

2. Disclosure requirements in respect of inventory are not applicable to the Company since the Company does not hold/trade in commodities for its own.
3. The Company has not taken/granted any loans secured or unsecured from/to companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.
4. In our opinion and according to the information and explanations given to us, there is adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of fixed assets and sale of services. During the course of our audit no major weaknesses has been noticed in the internal controls.
5. (a) To the best of our knowledge and belief and according to the information and explanations given to us, we are of the opinion that the particulars of contracts or arrangements that need to be entered in the register maintained u/s 301 the Companies Act, 1956, have been so entered.
(b) In our opinion and to the best of our knowledge and belief and according to the information and explanations given to us, the transactions made in pursuance to such contracts or arrangements have been made at prices which are reasonable having regard to the market rate prevailing at that time.
6. The Company has not accepted any deposit from the public during the year and hence the directives issued by the Reserve Bank of India and the provisions of sections 58A, 58 AA or any other relevant provisions of the Companies Act, 1956 and rules framed there under, are not applicable to the Company.
7. The Company has an internal audit system. *However the scope and coverage of which needs improvement to commensurate with the size of the Company and nature of its business.*
8. According to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under section 209(1) (d) of the Companies Act, 1956 in respect of services carried out by the Company.
9. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is generally regular in depositing undisputed statutory liabilities with appropriate authorities. There are no arrears of undisputed statutory dues outstanding as at the last day of the financial year, for a period of more than six months from the date on which they became payable.
(b) According to the information and explanation given to us and the records of the Company examined by us, there are no disputed amounts of taxes which have not been deposited with the appropriate authorities as at 31.03.2009.
10. The Company has no accumulated losses as at the end of the financial year and has not incurred cash loss during the current financial year and also in the immediately preceding financial year.
11. The Company has not defaulted in repayment of dues to banks.
12. According to the information and explanations given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The Company is not a Chit Fund/Nidhi/Mutual Benefit Fund/Society and hence the provisions thereof are not applicable.
14. Based on our examination of the records and evaluation of related internal controls, the Company has maintained proper records of the transactions and contracts in respect of its commodity futures, securities and other investments and timely entries have been made therein.
15. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from any bank or financial institutions.
16. The Company has not taken any term loan during the year.
17. According to the information and explanations given to us and on overall examination of Balance sheet, the Company has not prima facie used any funds raised on short-term basis for long-term investment.
18. The Company has not made any preferential allotment of shares during the year.
19. The Company has not issued any debentures during the year under audit.
20. The Company has not raised any money by public issue during the year under audit.
21. To the best of our knowledge and belief, based on the audit procedure performed and on the basis of information and explanation provided by the management, no fraud on or by the Company has been noticed or reported during the year.

For Krishnamoorthy & Krishnamoorthy
Chartered Accountants
C. Krishnamoorthy (FCA)
Partner
Membership No:-5957

Kochi
Dated : May 9, 2009



BALANCE SHEET AS AT 31ST MARCH, 2009

	Schedule	31.03.2009		31.03.2008	
		(Rs.)	(Ps.)	(Rs.)	(Ps.)
I SOURCES OF FUNDS					
1. Shareholders Fund:					
a) Share Capital	1	8,615,000.00		8,615,000.00	
b) Reserves & Surplus	2	3,582,331.76		3,632,697.46	
2. Loan Funds					
a) Secured Loan	3	66,721.55		162,540.88	
b) Unsecured Loan		4,865,280.00		0.00	
TOTAL		<u>17,129,333.31</u>		<u>12,410,238.34</u>	
II APPLICATION OF FUNDS					
1. Fixed Assets :	4				
a) Gross Block		8,503,742.61		8,438,847.81	
b) Less: Depreciation/ Amortisation		1,869,725.47		1,049,269.99	
c) Net Block		6,634,017.14		7,389,577.82	
2. Deferred Tax Asset (Net)		369,000.00		339,000.00	
3. Current Assets, Loans & Advances					
a) Stock of stationary		8,154.00		30,015.40	
b) Sundry Debtors	5	10,047,147.40		16,411,909.49	
c) Cash & Bank Balances	6	6,684,829.23		7,670,738.98	
d) Loans & Advances	7	6,778,778.60		11,391,881.71	
TOTAL (A)		<u>23,518,909.23</u>		<u>35,504,545.58</u>	
Less: Current Liabilities					
a) Current Liabilities	8	13,360,818.06		30,486,337.06	
b) Provisions		32,275.00		337,548.00	
TOTAL (B)		<u>13,393,093.06</u>		<u>30,823,885.06</u>	
Net Current Assets	TOTAL (A)- (B)	<u>10,125,816.17</u>		<u>4,680,660.52</u>	
4. Miscellaneous Expenditure (to the extent not written off or adjusted)					
a) Preliminary Expenses		500.00		1,000.00	
TOTAL		<u>17,129,333.31</u>		<u>12,410,238.34</u>	
Notes on Account	15				

As per our attached report of even date

For Krishnamoorthy & Krishnamoorthy
Chartered Accountants

C. Krishnamoorthy (FCA)
Partner
Membership No:- 5957

Kochi
May 09, 2009

Kumar Nair
Chairman

James Pothen
Director

For and on behalf of Board of Directors

Ranjan Verghese
Director

U. Ramachandran
Director

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2009

	Schedule	31.03.2009		31.03.2008	
		(Rs.)	(Ps.)	(Rs.)	(Ps.)
INCOME					
Income from operation	9	7,701,181.83		15,614,925.19	
Other Income	10	1,589,087.80		1,781,172.29	
TOTAL		<u>9,290,269.63</u>		<u>17,396,097.48</u>	
EXPENDITURE					
Employees Remuneration and benefits	11	1,544,084.07		2,480,314.44	
Operating Expenses	12	5,426,834.25		9,794,467.64	
Administrative Expenses	13	1,301,468.85		1,863,407.18	
Interest & Financial Charges	14	323,483.03		663,586.05	
TOTAL		<u>8,595,870.20</u>		<u>14,801,775.31</u>	
PROFIT BEFORE DEPRECIATION/AMORTISATION AND TAXATION		<u>694,399.43</u>		<u>2,594,322.17</u>	
Depreciation/ Amortisation		820,725.13		555,509.69	
Preliminary Expenses written off		500.00		500.00	
TOTAL		<u>821,225.13</u>		<u>556,009.69</u>	
PROFIT/(LOSS) BEFORE TAX		<u>(126,825.70)</u>		<u>2,038,312.48</u>	
Less: Provision for Taxes					
Current Tax		0.00		289,200.00	
Deferred Tax		(30,000.00)		673,936.00	
Fringe Benefit Tax		15,500.00		39,200.00	
Prior period Taxes & Writtenback of provisions					
Income Tax		(64,153.00)		0.00	
Fringe Benefit Tax		2,193.00		0.00	
TOTAL		<u>(76,460.00)</u>		<u>1,002,336.00</u>	
BALANCE CARRIED TO BALANCE SHEET		<u>(50,365.70)</u>		<u>1,035,976.48</u>	
Earning Per share (Equity shares of face value Rs.10/- each)					
Basic and Diluted Earning Per Share			(0.06)		1.20
Notes on Accounts	15				

As per our attached report of even date

For Krishnamoorthy & Krishnamoorthy
Chartered AccountantsC. Krishnamoorthy (FCA)
Partner
Membership No:- 5957Kochi
May 09, 2009Kumar Nair
ChairmanJames Pothen
Director

For and on behalf of Board of Directors

Ranjan Verghese
DirectorU. Ramachandran
Director



CASH FLOW STATEMENT FOR THE YEAR ENDED 31 ST MARCH, 2009

		2008-09		2007-08	
		(Rs.)	(Ps.)	(Rs.)	(Ps.)
A.	Cash Flow from Operating Activities				
	Net Profit/(Loss) Before taxation		(126,825.70)		2,038,312.48
	Adjustments for:				
	Add/(Less):				
	Depreciation/ Amortisation		820,725.13		555,509.69
	Miscellaneous expenditure W/off		500.00		500.00
	Interest Paid & Bank Guarantee Expense		289,293.87		531,088.34
	Interest Received		(395,921.00)		(449,522.87)
	Bad Debts written off		175,461.96		-
	Profit on sale of asset		(269.65)		-
	Operating profit before working Capital Changes		<u>762,964.61</u>		<u>2,675,887.64</u>
	Adjustments for Changes in Working Capital				
	Trade & Other Receivable-Decrease /(Increase)		6,189,300.13		(6,870,482.35)
	Inventories-Decrease /(Increase)		21,861.40		(30,015.40)
	Trade & Other payables-(Decrease) /Increase		(17,140,942.00)		10,708,938.72
	Loans & Advances(Net)-Decrease /(Increase)		4,473,035.11		1,402,605.59
	Cash Generated from operations		<u>(5,693,780.75)</u>		<u>7,886,934.20</u>
	Income Tax and Fringe Benefit Tax paid		<u>(103,322.00)</u>		<u>(2,765,699.00)</u>
	Net Cash flow from Operating Activities	(A)	<u>(5,797,102.75)</u>		5,121,235.20
B.	Cash Flow from Investing Activities				
	Purchase of Fixed Assets		(174,249.80)		(5,368,038.83)
	Sale of Fixed Assets		109,355.00		-
	Interest Received		395,921.00		449,522.87
	Net Cash used in Investing Activities	(B)	<u>331,026.20</u>		<u>(4,918,515.96)</u>
C.	Cash Flow from Financing Activities:				
	Repayment of Vehicle Loans(net)		(95,819.33)		(90,935.71)
	Unsecured loan from Genus Commutrade Ltd		4,865,280.00		-
	Interest Paid & Bank Guarantee Expense		(289,293.87)		(531,088.34)
	Net Cash used in Financing Activities	(C)	<u>4,480,166.80</u>		<u>(622,024.05)</u>
	Net Increase/(Decrease) in Cash & Cash Equivalents (A+B+C)		<u>(985,909.75)</u>		<u>(419,304.81)</u>
	Cash & Cash Equivalents as at the beginning of the year		<u>7,670,738.98</u>		<u>8,090,043.79</u>
	Cash & Cash Equivalents as at the end of the year		<u>6,684,829.23</u>		<u>7,670,738.98</u>

As per our attached report of even date

For Krishnamoorthy & Krishnamoorthy
Chartered Accountants

C. Krishnamoorthy (FCA)
Partner
Membership No:- 5957

Kochi
May 09, 2009

Kumar Nair
Chairman

James Pothen
Director

For and on behalf of Board of Directors

Ranjan Verghese
Director

U. Ramachandran
Director

SCHEDULES FORMING PART OF BALANCE SHEET AS AT 31ST MARCH, 2009

	31.03.2009		31.03.2008	
	(Rs.)	(Ps.)	(Rs.)	(Ps.)
SCHEDULE - 1				
SHARE CAPITAL				
Authorised Share Capital				
10,00,000 EQUITY Shares of Rs 10/- each	10,000,000.00		10,000,000.00	
Issued,Subscribed And Paid Up Capital :				
861,500 Equity Shares of Rs 10/- each fully paid up	8,615,000.00		8,615,000.00	
SCHEDULE - 2				
RESERVES & SURPLUS				
(1) General Reserve				
Opening Balance	269,211.77		269,211.77	
	269,211.77		269,211.77	
(2) Profit & Loss Account				
Opening Balance	3,363,485.69		2,335,307.21	
Change on account of transitional provisions under Accounting standard (AS) 15 (revised 2005)	0.00		(7,798.00)	
	3,363,485.69		2,327,509.21	
Add: Profit / (Loss) for the year.	(50,365.70)		1,035,976.48	
	3,313,119.99		3,363,485.69	
TOTAL (1) + (2)	3,582,331.76		3,632,697.46	
SCHEDULE - 3				
LOAN FUND				
a) Secured Loan				
From ICICI BANK for Vehicle				
(Secured by hypothecation of vehicle)	66,721.55		162,540.88	
(Repayable within 1 year Rs.66721.55) (Prev Year. Rs.95,819.00)				
b) Unsecured Loan				
Inter Corporate Loan from Genus Commutrade	4,750,000.00		0.00	
Interest accrued & due on above	115,286.00		0.00	
TOTAL	4,865,280.00		0.00	

SCHEDULE - 4
FIXED ASSETS

Description	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As on 14.2008	Additions During the Year	Sale During the year	As on 31.3.2009	Up to 31.3.2008	For the Year	On Sale During the Year	Up to 31.3.2009	As on 31.3.2009	As on 31.3.2008
	Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs
Tangible Assets										
Furniture & Fixtures	755304.43	0.00	0.00	755304.43	78793.84	47810.77	0.00	126604.61	628699.82	676510.59
Vehicles	529376.00	0.00	0.00	529376.00	169197.27	50290.72	0.00	219487.99	309888.01	360178.73
Cycle	2150.00	0.00	0.00	2150.00	2150.00	0.00	0.00	2150.00	0.00	0.00
Computer	2027761.80	26500.00	0.00	2054261.80	330734.99	321029.30	0.00	651764.29	1402497.51	1697026.81
Equipment	992170.00	0.00	0.00	992170.00	31556.61	47128.08	0.00	78684.69	913485.32	960613.39
V Sat Equipment	1151759.18	0.00	109355.00	1042404.18	80746.45	49514.20	269.65	129991.00	912413.18	1071012.73
Intangible Assets										
Membership Rights in:										
1. NMCE	100000.00	0.00	0.00	100000.00	34876.72	10000.00	0.00	44876.72	55123.28	65123.28
2. MCX	251000.00	0.00	0.00	251000.00	100400.00	25100.00	0.00	125500.00	125500.00	150600.00
3. NCDEX	500000.00	0.00	0.00	500000.00	69041.09	50000.00	0.00	119041.09	380958.91	430958.91
4. Software License	2129326.40	147749.80	0.00	2277076.20	151773.02	219852.06	0.00	371625.08	1905451.12	1977553.38
TOTAL	8438847.81	174249.80	109355.00	8503742.61	1049269.99	820725.13	269.65	1869725.47	6634017.14	7389577.82
Previous year (07-08)	3070808.98	5368038.83	0.00	8438847.81	493760.30	555509.69	0.00	1049269.99	7389577.82	2577048.68



	31.03.2009		31.03.2008	
	(Rs.)	(Ps.)	(Rs.)	(Ps.)
SCHEDULE - 5				
SUNDRY DEBTORS				
Debtors unsecured considered good:				
a) Debt outstanding for more than 6 months		7,969,465.00		5,135,487.46
b) Other debtors		2,077,682.40		11,276,422.03
		<u>10,047,147.40</u>		<u>16,411,909.49</u>
SCHEDULE - 6				
CASH & BANK BALANCES				
Balance with Scheduled Banks				
Current Accounts		1,036,624.85		2,163,997.75
Term Deposit Accounts		5,648,204.38		5,506,741.23
Cash in Hand		0.00		0.00
		<u>6,684,829.23</u>		<u>7,670,738.98</u>
	TOTAL			
SCHEDULE- 7				
LOANS & ADVANCES (Unsecured considered good)				
Advances recoverable in cash or in kind for value to be received				
		300,896.87		267,139.82
Advance Income Tax		213,915.00		358,457.00
Advance Fringe Benefit tax (Net of provision)		4,474.00		0.00
Deposits		6,259,492.73		10,766,284.89
		<u>6,778,778.60</u>		<u>11,391,881.71</u>
	TOTAL			
SCHEDULE- 8				
CURRENT LIABILITIES & PROVISIONS				
a) Current Liabilities				
Sundry Creditors				
- Sundry Creditors for expenses, services and capital goods other than amount due to Medium, small and micro enterprises		1,984,298.70		3,367,001.26
- Amount due to clients/Commodity Exchanges		9,916,969.40		16,782,508.82
Holding Company (Vertex Securities Ltd)		1,047.00		56,244.67
Balance in current accounts with bank		239,131.36		9,002,831.25
Security Deposits		1,130,347.87		1,096,286.82
Other liabilities		89,023.73		181,464.24
		<u>13,360,818.06</u>		<u>30,486,337.06</u>
	TOTAL			
b) Provisions				
Income tax		0.00		289,200.00
Fringe Benefit Tax (Net of advance tax)		0.00		650.00
Gratuity		19,671.00		27,432.00
Leave Encashment		12,604.00		20,266.00
		<u>32,275.00</u>		<u>337,548.00</u>



	31.03.2009		31.03.2008	
	(Rs.)	(Ps.)	(Rs.)	(Ps.)
SCHEDULE - 9				
INCOME FROM OPERATIONS				
Brokerage Income		7,701,181.83		15,614,925.19
		<u>7,701,181.83</u>		<u>15,614,925.19</u>
SCHEDULE - 10				
OTHER INCOME				
AMC Collection		222,600.00		204,800.00
Interest Income		395,921.00		449,522.87
VSAT Recurring charges Collection		443,167.60		514,493.50
Stamp Paper		7,435.59		0.00
Turnover Charges		385,967.53		585,104.76
Misc. Income		133,996.08		27,251.16
		<u>1,589,087.80</u>		<u>1,781,172.29</u>
SCHEDULE - 11				
EMPLOYEES' REMUNERATION AND BENEFITS				
Salaries & Allowances		1,469,672.07		2,301,142.44
Contribution to Provident fund and other funds		74,412.00		179,172.00
		<u>1,544,084.07</u>		<u>2,480,314.44</u>
SCHEDULE - 12				
OPERATING EXPENSES				
AMC Charges		445,535.63		387,344.98
Clients Meet Expenses & Business Promotion		9,675.65		145,719.28
Depository Charges		13,623.78		5,331.36
Annual Subscription		135,265.00		50,000.00
Trade Correction difference		25,604.19		1,151.01
Connectivity Charges		1,164,512.29		695,681.29
Consultation fee		113,740.00		214,909.93
Marketing fee		3,392,916.36		8,050,653.24
Exchange charges		56,961.35		152,676.55
VSAT / User ID charges		69,000.00		91,000.00
		<u>5,426,834.25</u>		<u>9,794,467.64</u>



SCHEDULE - 15

NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31.03.2009

SIGNIFICANT ACCOUNTING POLICIES

1. 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 Licenses are amortized over a period of 10 years and the Computer softwares are amortized over a period of 5 years on Straight Line basis.

e) 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.

f) 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. Gratuity

Company's Gratuity liability as at the balance sheet date 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.

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.

g) Income tax and Fringe Benefit 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.

Provision for fringe benefit tax is made in accordance with the provisions of Income Tax Act, 1961

h) Miscellaneous Expenditure to the extent not written off/adjusted:

Preliminary Expenditure is amortized over a period of 10 years from the year of commencement of business.

i) 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

j) Earnings Per Share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period are adjusted for events of bonus issue; bonus element in a rights issue to the existing shareholders; share split; and reverse share split (consolidation of shares).

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and weighted average number of shares outstanding during the period are adjusted for effects of all dilutive potential equity shares, if any.

NOTES ON ACCOUNTS:**1. Payment to Statutory Auditors:**

	2008-09 Rs.	2007-08 Rs.
Audit Fee for Statutory Audit	10,000	10,000
Audit Fee for Audit under Income Tax Act	5,000	5,000
Total	15,000	15,000

2. Foreign Exchange Transaction:

Earnings in foreign currency	Nil	Nil
Expenditure in foreign currency	Nil	Nil

3. Managerial remuneration:

	Nil	Nil
--	-----	-----

4. Some of the debtors, creditors, advance and balances of deposits are subject to confirmation, reconciliation and adjustments if any. The management does not expect any material difference affecting the current year's financial statements.
5. Out of the total debtors amounting to Rs.1,00,47,147.40(Prev. year Rs. 1,64,11,909.49) the Company has filed suits in respect of 5 (Prev. Year - 5) number of accounts amounting to Rs.20,67,139/- (Prev.Year. Rs. 19,27,643.67). No provision has been made in the accounts since the management is confident that the amount is good and recoverable.
6. In the opinion of the Directors, the current assets and deposits have the value as stated in the Balance Sheet, if realized in the ordinary course of business.



7. Quantitative Details:

Since the activity of the Company is broking of commodities for its clients and there is no own trading business, the requirements of disclosure of quantitative details are not applicable.

8. The Company was reimbursing certain expenses under Employees Remuneration, Operating expenses and administrative Expenses during earlier years and during the current year till August 2008 to the holding Company Vertex Securities Ltd. The reimbursement was discontinued consequent to the decision of the Board of Directors of both Companies.

9. Earnings per share:

	2008-09 (Rs.)	2007-08 (Rs.)
Profit/(loss) after tax as per Profit & Loss account	(50,365.70)	10,35,976.48
Weighted average number of equity shares outstanding	8,61,500	8,61,500
Nominal Value of ordinary share	10	10
Basic/Diluted earnings per share	(0.06)	1.20

10. Disclosure as required under Accounting Standard- 15 on employee benefits for Gratuity and leave encashment

	Gratuity	Prev. year Figures	Leave Encashment	Prev. year Figures
1. Change in the benefit Obligations:				
Present value of obligations as on 01. 04. 2008	27432	0	20266	11285
Current Service Cost	12191	13416	10940	12425
Past Service Cost	0	0	0	0
Interest Cost	2195	0	1600	334
Actuarial (Gain)/Loss on obligation	(22147)	14016	(19669)	10448
Benefits Paid	0	0	(533)	(14226)
Present value of obligations as on 31.03.2009	19671	27432	12604	20266
2. Net Cost for the year ended 31.03.2009				
Current Service Cost	12191	13416	10940	12425
Past Service Cost	0	0	0	0
Interest Cost	2195	0	1600	334
Expected Return on plan Assets	0	0	0	0
Actuarial (Gain)/ Loss recognized during the year	(22147)	14016	(19669)	10448
Net Cost	(7761)	27432	(7129)	23207
Amount recognized in Balance sheet	19671	27432	12604	20266
Amount recognized in the Profit and Loss Account	(7761)	27432	(7129)	23207
Principal actuarial assumptions:				
Discount rate	8%	8%	8%	8%
Salary Escalation Rate	5%	5%	8%	5%
Attrition Rate	15%	15%	15%	15%
Demographic Assumptions:				58 Years
Retirement age Mortality rate				LIC (1994-96) Ultimate

11. 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 only business segment is Commodity 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.

12. The Company has availed Bank Guarantee worth Rs.75 Lakhs (prev. year Rs.75 Lakhs) from M/s. ICICI Bank for MCX (Rs.50 Lakhs) and NCDEX (Rs.25 Lakhs) towards margin requirements. The Company has given Counter guarantee of Rs. 75 Lakhs in favour of the bankers against the above guarantee given by them to MCX and NCDEX.

13. The major components of deferred tax assets and liabilities for the year ended 31st March, 2009 are as follows:

Deferred tax Liability/(Asset):

Nature of timing difference	2008-09 (Asset)/Liability (Rs.)	2007-08 (Asset)/Liability (Rs.)
Net Depreciation	7,33,000	5,57,610
Employee benefits disallowed u/s 43 B of Income Tax Act	(10,000)	(14,740)
Unabsorbed Loss	(10,92,000)	(8,81,870)
	<u>(3,69,000)</u>	<u>(3,39,000)</u>

14. Trade Correction difference under the head Operating Expenses represents mistakes due to operational and communicational problems

15. Information on related party transactions as required by Accounting Standard -18.

(a) List of related parties:

Name of the Party	Relation
Ranjan Verghese	Director
George Mampilly	Director
Vertex Securities Ltd	Holding Company

(b) Related Party Transactions:-

Transactions	Ranjan Verghese	George Mampilly	Holding Company
Guarantees Received	100 Lakhs (100 Lakhs)	0.00 (0.00)	100 Lakhs (100 Lakhs)
Reimbursement of Expenses	0.00 (0.00)	0.00 (0.00)	9,80,370.06 (24,02,439.33)
Balance As on 31/03/2009			
Amount Payable	0.12 (0.00)	0.00 (2.70)	56,244.67 (14,16,217.00)

16. i) Debts due from Directors as on 31.03.2009 : NIL
 ii) Maximum amount of debt due from Directors at any time during the year 2008 - 09 : NIL (Prev. year NIL)
17. Lien has been marked on Bank deposits in favour of M/s.ICICI Bank Ltd for Rs.37.50 Lakhs together with accumulated interest thereon against Bank guarantees issued by them.
18. Previous year figures have been re-grouped/reclassified/re-arranged/recast wherever necessary to suit the current year's classification

As per our attached report of even date

For Krishnamoorthy & Krishnamoorthy
Chartered Accountants

C. Krishnamoorthy (FCA)
Partner
Membership No:- 5957

Kochi
May 09, 2009

Kumar Nair
Chairman

James Pothan
Director

For and on behalf of Board of Directors

Ranjan Verghese
Director

U. Ramachandran
Director



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. 09-08610 State Code : 09
 Balance Sheet Date : 31 03 2009
 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 17129 Total Assets : 17129

SOURCE OF FUNDS :

Paid -Up Capital 8615 Reserves & Surplus: 3582
 Secured Loans : 67 Unsecured Loans : 4865
 Share Application : NIL

APPLICATION OF FUNDS :

Net Fixed Assets : 6634 Deferred Tax Asset : 369
 Net Current Assets : 10126

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

Turnover/Other Income 9290 Total Expenditure : 9417
 Loss before Tax : 127 Loss after Tax: 50
 Earnings per share (Rs.) 0.06 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 COMMODITY BROKING

As per our attached report of even date

For Krishnamoorthy & Krishnamoorthy
 Chartered Accountants

C. Krishnamoorthy (FCA)
 Partner
 Membership No:- 5957

Kochi
 May 09, 2009

Kumar Nair
 Chairman

James Pothen
 Director

For and on behalf of Board of Directors

Ranjan Verghese
 Director

U. Ramachandran
 Director

CONSOLIDATED FINANCIAL STATEMENTS AUDITORS' REPORT

To
The Board of Directors of
Vertex Securities Limited
Kochi - 18

1. We have audited the attached Consolidated Balance Sheet of Vertex Securities Limited and its Subsidiary Company (Vertex Commodities and Finpro Private Limited) as at 31st March 2009, the Consolidated Profit and Loss Account and also the Consolidated Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of Vertex Securities Limited's management. Our responsibility is to express an opinion on these financial 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 the 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 Vertex Securities Limited's management 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 Vertex Securities Limited and its aforesaid subsidiary.
4. Attention is invited to Note No. III. (7) of Schedule 18 regarding security for overdraft facility, we have relied on the confirmation by the management.
5. Further to the above, on the basis of information and explanations given to us and on consideration of the separate

audit reports on individual financial statements of Vertex Securities Limited and its aforesaid subsidiary, and read together with the significant Accounting Policies and other notes attached thereto, we are of the opinion that the Consolidated accounts, subject to

- (i) Sundry debtors are subject to confirmation and include old outstanding dues. The debtors outstanding more than six months amounts to Rs.283.13 Lakhs. Further out of the total debtors, for a sum of Rs.88.30 Lakhs, the Company has initiated legal and recovery actions, the proceedings of which are in different stages. (refer note III. (2) of schedule 18)

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

- (ii) Aggregate debit balances under sundry debtors and loans and advances as well as creditors under the head current liabilities are subject to confirmation/reconciliation. The effect of reconciliation/ confirmation is not ascertainable at this stage.

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 Vertex Securities Limited and its subsidiary as at 31st March, 2009;
- b) in the case of Consolidated Profit and Loss Account, of the loss of Vertex Securities Limited, and its subsidiary for the year ended on that date; and
- c) in the case of Consolidated Cash Flow Statement, of the cash flows of Vertex Securities Limited., and its subsidiary for the year ended on that date.

For Krishnamoorthy & Krishnamoorthy
Chartered Accountants

C. Krishnamoorthy (FCA)
Partner
Membership No:-5957

Kochi
Dated : May 9, 2009



CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2009

	Schedule	As at 31.03.2009		As at 31.03.2008	
		(Rs.)	(Ps.)	(Rs.)	(Ps.)
I. SOURCES OF FUNDS					
1. Shareholders Fund :					
a) Share Capital	1	51,780,010.00		51780010.00	
b) Reserves & Surplus	2	8,933,408.82		11087911.07	
2. Loan Funds					
a) Secured Loan	3	66,721.55		231434.06	
b) Unsecured Loan		4,865,280.00		8900000.00	
3. Deferred Tax Liability					
		1,278,900.00		1987600.00	
4. Minority Interest					
		304,503.89		305763.03	
TOTAL		<u>67,228,824.26</u>		<u>74,292,718.16</u>	
II. APPLICATION OF FUNDS					
1. Fixed Asset :					
a) Gross Block	4	62,565,415.66		60392910.85	
b) Less : Depreciation		31,674,829.24		27,422,683.22	
c) Net Block		<u>30,890,586.42</u>		<u>32,970,227.63</u>	
3. Current Assets, Loans & Advances:					
a) Inventories	5	95,343.00		144202.40	
b) Sundry Debtors	6	35,720,256.21		58878595.53	
c) Cash & Bank Balances	7	47,097,243.45		76564544.16	
d) Other Current Assets	8	33,575.56		26478.00	
e) Loans & Advances	9	44,572,426.64		41043964.99	
TOTAL (A)		<u>127,518,844.86</u>		<u>176657785.08</u>	
Less: Current liabilities & Provisions					
a) Current Liabilities	10	90,594,796.52		130825035.05	
b) Provisions		586,105.00		4511054.00	
TOTAL (B)		<u>91,180,901.52</u>		<u>135336089.05</u>	
Net Current Assets	TOTAL (A)-(B)	<u>36,337,943.34</u>		<u>41321696.03</u>	
4. Miscellaneous Expenditure					
(to the extent not written off or adjusted)					
Preliminary Expenditure		294.50		794.50	
TOTAL		<u>67,228,824.26</u>		<u>74,292,718.16</u>	
Notes on Accounts	18				

As per our attached report of even date

For Krishnamoorthy & Krishnamoorthy
Chartered Accountants

C. Krishnamoorthy (FCA)
Partner
Membership No:- 5957

Kochi
Date : May 09, 2009

Kumar Nair
Chairman

James Pothen
Director

For and on behalf of Board of Directors

Ranjan Verghese
Managing Director

Jose Thomas Polachira
Director

U. Ramachandran
Director

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2009

	Schedule	31.03.2009		31.03.2008	
		(Rs.)	(Ps.)	(Rs.)	(Ps.)
INCOME					
Income from operations	11	68,575,323.48		97919013.69	
Other Income	12	<u>10,260,743.94</u>		<u>13343987.61</u>	
TOTAL		<u>78,836,067.42</u>		<u>111,263,001.30</u>	
EXPENDITURE					
Stock Differencial			614.00	82379.50	
Employees' Remuneration and Benefits	13	24,969,002.24		26550749.61	
Operating Expenses	14	33,980,546.73		46464938.15	
Administrative Expenses	15	16,420,063.36		19296817.01	
Interest & Finance Charges	16	<u>1,959,362.63</u>		<u>3480333.52</u>	
TOTAL		<u>77,329,588.96</u>		<u>95,875,217.79</u>	
PROFIT BEFORE DEPRECIATION/AMORTISATION, TAXATION AND PRIOR PERIOD ITEMS		<u>1,506,478.46</u>		<u>15387783.51</u>	
Depreciation		4,254,376.85		3557757.87	
Preliminary Expenditure written off		500.00		500.00	
PROFIT/(LOSS) BEFORE TAXATION AND PRIOR PERIOD ITEMS		<u>(2,748,398.39)</u>		<u>11,829,525.64</u>	
Add Prior period Adjustments	17	0.00		710000.00	
PROFIT/(LOSS) BEFORE TAX		<u>(2,748,398.39)</u>		<u>12,539,525.64</u>	
Provision for taxes					
Current Tax			0.00	3350000.00	
Deferred Tax		(708,700.00)		1006763.76	
Fringe Benefit Tax		195,500.00		289200.00	
Prior period Taxes					
Income Tax		(100,095.00)		90675.00	
Excess provision written back		(10,800.00)		0.00	
Fringe Benefit Tax		31,458.00		12190.00	
TOTAL		<u>(592,637.00)</u>		<u>4,748,828.76</u>	
PROFIT/(LOSS) AFTER TAX		<u>(2,155,761.39)</u>		<u>7,790,696.88</u>	
APPROPRIATIONS:					
Minority's Share		<u>(1,259.14)</u>		<u>25899.41</u>	
		<u>(1,259.14)</u>		<u>25,899.41</u>	
BALANCE PROFIT /(LOSS) CARRIED TO RESERVES & SURPLUS		<u>(2,154,502.25)</u>		<u>7,764,797.47</u>	
Earning Per Share (Equity shares of face value Rs.10/- each) (Note 6 of Schedule 18):					
Basic and Diluted EPS			(0.42)	1.50	
Notes on Accounts	18				

As per our attached report of even date

For Krishnamoorthy & Krishnamoorthy
Chartered AccountantsC. Krishnamoorthy (FCA)
Partner
Membership No:- 5957Kochi
Date : May 09, 2009Kumar Nair
ChairmanJames Pothen
Director

For and on behalf of Board of Directors

Ranjan Verghese
Managing DirectorJose Thomas Polachira
DirectorU. Ramachandran
Director



CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 ST MARCH, 2009

Particulars		2008-09		2007-08	
		(Rs.)	(Ps.)	(Rs.)	(Ps.)
A. Cash Flow from Operating Activities					
Net Profit Before taxation		(2,748,398.39)		12,539,525.64	
Adjustments for:					
Add/(Less):					
Depreciation/ Amortisation		4,254,376.85		3,557,757.87	
Loss on assets sold/ written off		11,488.82		209,641.77	
Miscellaneous expenditure written off		500.00		500.00	
Interest Paid & Bank Guarantee Expense		1,798,793.11		3,115,734.83	
Interest Received		(2,455,952.00)		(2,595,416.37)	
Bad debts written off		291,069.55		1,842,994.54	
Profit on sale of asset		(269.65)		-	
Operating profit before working Capital Changes		<u>1,151,608.29</u>		<u>18,670,738.28</u>	
Adjustments for Increase / (-)Decrease in :					
Trade & Other Receivable - Decrease/(Increase)		22,867,269.77		(27,678,701.48)	
Inventories - Decrease/(Increase)		48,859.40		139,153.10	
Trade & Other payables - (Decrease)/ Increase		(40,859,735.20)		63,984,185.10	
Loans & Advances(Net) - Decrease/(Increase)		(6,047,665.26)		3,536,678.44	
Cash Generated from operations		<u>(22,839,663.00)</u>		<u>58,652,053.44</u>	
Income Tax and Fringe Benefit Tax paid		(892,311.72)		(4,876,255.28)	
Net Cash flow from Operating Activities	(A)	<u>(23,731,974.72)</u>		<u>53,775,798.16</u>	
B. Cash Flow from Investing Activities					
Purchase of Fixed Assets		(2,297,809.81)		(11,321,801.58)	
Sale of Fixed Assets.		111,855.00		50,000.00	
Interest Received Less Accrued		2,448,854.44		2,589,234.37	
Net Cash used in Investing Activities	(B)	<u>262,899.63</u>		<u>(8,682,567.21)</u>	
C. Cash Flow from Financing Activities:					
Receipt/Repayment of Vehicle Loans(net)		(164,712.51)		(167,926.36)	
Dividend and Corporate Div. Tax		-		-	
Interest Paid & Bank Guarantee Expense		(1,798,793.11)		(3,115,734.83)	
Unsecured loan received/(paid)		(4,034,720.00)		(600,000.00)	
Net Cash used in Financing Activities	(C)	<u>(5,998,225.62)</u>		<u>(3,883,661.19)</u>	
Net Increase/(Decrease) in Cash & Cash Equivalents	(A+B+C)	<u>(29,467,300.71)</u>		<u>41,209,569.76</u>	
Cash & Cash Equivalents as at the beginning of the year		76,564,544.16		35,354,974.40	
Cash & Cash Equivalents as at the end of the year		<u>47,097,243.45</u>		<u>76,564,544.16</u>	

As per our attached report of even date

For Krishnamoorthy & Krishnamoorthy
Chartered Accountants

C. Krishnamoorthy (FCA)
Partner
Membership No:- 5957

Kochi
Date : May 09, 2009

Kumar Nair
Chairman

James Pothan
Director

For and on behalf of Board of Directors

Ranjan Verghese
Managing Director

Jose Thomas Polachira
Director

U. Ramachandran
Director

SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT 31 ST MARCH 2009

	31.03.2009		31.03.2008	
	(Rs.)	(Ps.)	(Rs.)	(Ps.)
SCHEDULE - 1				
CAPITAL				
AUTHORISED CAPITAL:				
94,40,000 EQUITY Shares of Rs 10/- each				
ISSUED, SUBSCRIBED AND PAID UP CAPITAL :				
51,78,001 Equity Shares of Rs 10/-				
each fully paid up out of which 3,20,000				
equity shares of Rs 10/- each issued				
for consideration other than cash				
		94,400,000.00		94,400,000.00
		51,780,010.00		51,780,010.00
TOTAL		51,780,010.00		51,780,010.00
SCHEDULE- 2				
RESERVES & SURPLUS				
General Reserve as per last balance sheet				
		269,211.79		269,211.79
Capital reserve on consolidation (net)				
		43,505.03		43,505.03
Profit and Loss Account				
As per last Balance sheet				
		10,775,194.25		3,365,097.78
Change on account of transitional provisions under Accounting				
Standard (AS) 15 (revised 2005)				
		0.00		(354,701.00)
		10,775,194.25		3,010,396.78
Add: Profit/ (Loss) for the current year				
		(2,154,502.25)		7,764,797.47
Balance Carried to Balance Sheet				
		8,620,692.00		10,775,194.25
TOTAL		8,933,408.82		11087911.07
SCHEDULE - 3				
LOAN FUNDS				
a) Secured Loans				
From HDFC BANK for Vehicle				
(Secured by hypothecation of vehicle)				
		0.00		68,893.18
From ICICI BANK for Vehicle				
		66,721.55		162,540.88
(Secured by hypothecation of vehicle)				
(Repayable within one year- Rs.66,721.55)(Prev. year Rs.95,819/-)				
TOTAL		66,721.55		231,434.06
b) Unsecured Loans				
Inter Corporate loan From Genus Commutrade Ltd				
		4,750,000.00		8,900,000.00
Interest Accrued & due on above				
		115,280.00		0.00
TOTAL		4,865,280.00		8,900,000.00

SCHEDULE - 4
FIXED ASSETS

Description	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As on 1.4.2008	Additions During the Year	Sale During the year	As on 31.3.2009	Up to 31.3.2008	For the Year	On Sale During the Year	Up to 31.3.2009	As on 31.3.2009	As on 31.3.2008
	Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs
Tangible Assets:										
Land	-	-	-	-	-	-	-	-	-	-
Building	661,170.00	-	-	661,170.00	92,387.67	10,777.07	-	103,164.74	558,005.26	568,782.33
Furniture & Fixtures	8,695,026.38	472,148.48	-	9,167,174.86	3,627,919.03	556,980.30	-	4,184,899.33	4,982,275.53	5,067,107.35
Equipment	7,424,363.24	748,339.77	15,950.00	8,156,753.01	1,467,490.65	413,471.17	1,961.18	1,879,000.64	6,277,752.37	5,956,872.59
Vsat - (P)	3,515,492.00	-	-	3,515,492.00	320,271.49	166,985.87	-	487,257.36	3,028,234.64	3,195,220.51
Vehicles	1,682,919.00	-	-	1,682,919.00	972,410.84	159,877.31	-	1,132,288.15	550,630.85	710,508.16
Cycle	9,240.00	-	-	9,240.00	9,240.00	-	-	9,240.00	-	-
Computer	19,236,073.97	628,687.49	-	19,864,761.46	14,059,305.84	1,249,627.79	-	15,308,933.63	4,555,827.83	5,176,768.13
VSAT MCX	1,151,759.18	-	109,355.00	1,042,404.18	80,746.45	49,514.20	269.65	129,991.00	912,413.18	1,071,012.73
Air Conditioners	1,046,939.00	75,360.27	-	1,122,299.27	119,391.56	53,309.22	-	172,700.78	949,598.49	927,547.44
Intangible Assets:										
Software	2,879,336.70	91,825.00	-	2,971,161.70	856,480.04	561,013.61	-	1,417,493.65	1,553,668.05	2,022,856.66
Lisence	8,839,591.38	281,448.80	-	9,121,040.18	1,668,612.25	897,720.31	-	2,566,332.56	6,554,707.62	7,170,979.13
Membership Rights in:										
CSE	3,900,000.00	-	-	3,900,000.00	3,900,000.00	-	-	3,900,000.00	-	-
BSE	500,000.00	-	-	500,000.00	44,109.59	50,000.00	-	94,109.59	405,890.41	455,890.41
NMCE	100,000.00	-	-	100,000.00	34,876.72	10,000.00	-	44,876.72	55,123.28	65,123.28
MCX	251,000.00	-	-	251,000.00	100,400.00	25,100.00	-	125,500.00	125,500.00	150,600.00
NCDEX	500,000.00	-	-	500,000.00	69,041.09	50,000.00	-	119,041.09	380,958.91	430,958.91
TOTAL	60,392,910.85	2,297,809.81	125,305.00	62,565,415.66	27,422,683.22	4,254,376.85	2,230.83	31,674,829.24	30,890,586.42	32,970,227.63
Prevs year (07-08)	49,629,920.27	11,321,801.58	558,811.00	60,392,910.85	24,164,094.58	3,557,757.87	299,169.23	27,422,683.22	32,970,227.63	25,465,825.69



	31.03.2009		31.03.2008	
	(Rs.)	(Ps.)	(Rs.)	(Ps.)
SCHEDULE - 5				
INVENTORIES				
Inventories -Shares		25,362.00		25,976.00
Stock of Stationery		69,981.00		118,226.40
TOTAL		<u>95,343.00</u>		<u>144,202.40</u>
SCHEDULE - 6				
SUNDRY DEBTORS				
Debtors Unsecured Considered Good:				
a) Debtors Outstanding over 6 months		28,312,983.11		16,937,810.46
(Includes Rs.61,17,015.86 in respect of which the holding Company has received favourable arbitration awards from the stock exchanges and Rs.13,22,961/- in respect of which favourable attachment and recovery orders have received from the courts)				
b) Other debtors		7,407,273.10		41,940,785.07
TOTAL		<u>35,720,256.21</u>		<u>58,878,595.53</u>
SCHEDULE - 7				
CASH & BANK BALANCES				
Balance with Scheduled Banks:				
a) In Current Accounts		17,936,655.57		49,046,879.88
b) In Term Deposit Accounts		29,122,116.10		27,476,875.23
Cash in Hand		38,471.78		40,789.05
TOTAL		<u>47,097,243.45</u>		<u>76,564,544.16</u>
SCHEDULE- 8				
OTHER CURRENT ASSETS				
Interest Accrued and not due on Term deposits with banks		33,575.56		26,478.00
TOTAL		<u>33,575.56</u>		<u>26,478.00</u>
SCHEDULE- 9				
LOANS & ADVANCES (Unsecured considered good)				
Advances recoverable in cash or in kind for value to be received		1,404,893.02		1,221,114.27
Advance Income Tax		1,315,995.00		3,883,776.28
Advance Gratuity		201,336.00		0.00
Advance Fringe Benefit Tax (net of provision)		11,492.00		18,112.00
Deposits		41,638,710.62		35,920,962.44
TOTAL		<u>44,572,426.64</u>		<u>41,043,964.99</u>



	31.03.2009		31.03.2008	
	(Rs.)	(Ps.)	(Rs.)	(Ps.)
SCHEDULE- 10				
CURRENT LIABILITIES & PROVISIONS				
a) Current Liabilities				
Sundry Creditors				
- Sundry Creditors for expenses, services and capital goods other than amount due to Medium, small and micro enterprises		7,736,471.67		9,843,298.34
- Amount due to clients/Exchanges		75,885,909.97		106,090,019.18
Balance in Current Account with Bank		239,131.36		9,078,469.40
Unclaimed dividend		9,166.00		10,728.50
Security Deposits		6,122,032.62		4,937,834.20
Other liabilities		602,084.90		864,685.43
TOTAL		<u>90,594,796.52</u>		<u>130,825,035.05</u>
b) Provisions				
Income tax		0.00		3,350,000.00
Provision Others		157,000.00		0.00
Fringe Benefit Tax (net of advance tax)		0.00		650.00
Gratuity		19,671.00		325,138.00
Leave encashment		409,434.00		835,266.00
TOTAL		<u>586,105.00</u>		<u>4,511,054.00</u>
SCHEDULE - 11				
INCOME FROM OPERATIONS				
Brokerage Income		66,684,190.54		95,545,458.27
Income from DP Operations		1,891,132.94		2,373,555.42
TOTAL		<u>68,575,323.48</u>		<u>97,919,013.69</u>
SCHEDULE - 12				
OTHER INCOME				
Dividend on Stock in trade		0.00		340.00
Recovery from written off debtors		2,504.58		219,000.00
Interest Income		2,455,952.00		2,595,416.37
Late Payment Charges		1,394,296.54		2,984,664.95
Software & AMC charges		1,426,233.00		956,800.00
P.Vsat Recurring Charges		1,154,167.60		2,357,193.50
Misc. Income - Turnover charge		3,392,438.41		3,983,923.72
Misc. Income - Others		435,151.81		246,649.07
TOTAL		<u>10,260,743.94</u>		<u>13,343,987.61</u>
SCHEDULE - 13				
EMPLOYEES' REMUNERATION AND BENEFITS				
Salaries & Allowances		22,941,276.12		24,353,451.76
Contribution to Provident Fund & other funds		1,527,428.00		2,073,144.00
Staff Welfare Expenses		500,298.12		124,153.85
TOTAL		<u>24,969,002.24</u>		<u>26,550,749.61</u>

	31.03.2009		31.03.2008	
	(Rs.)	(Ps.)	(Rs.)	(Ps.)
SCHEDULE - 14				
OPERATING EXPENSES				
Annual Fee to NSDL & NSE and Commodity Exchanges		242,265.00		157,000.00
AMC Charges		2,638,013.35		2,079,707.45
Clients Meet & Business Promotion Expenses		304,067.45		1,028,985.29
Consultation fee		505,080.00		523,288.59
Connectivity Charges		4,731,971.97		4,486,210.50
Depository Charges		479,419.26		835,692.07
Error Rectification (See Note No.7 of Shedule 18)		257,944.99		282,830.55
Investor Protection Fund		343.00		285.00
Marketing fee/Commission paid		19,795,738.69		31,263,477.05
Sub Brokerage		2,491,863.87		3,052,559.27
SEBI Turnover Charges		334,234.00		378,724.00
Stock Exchange Charges		1,396,303.36		298,006.68
VSAT Charges		803,301.79		2,078,171.70
TOTAL		<u>33,980,546.73</u>		<u>46,464,938.15</u>
SCHEDULE - 15				
ADMINISTRATIVE EXPENSES				
Advertisement, Publicity and Business Promotion		91,957.18		314,631.41
Auditor's Remuneration		107,000.00		75,000.00
Bad debts Written off		291,069.55		1,842,994.54
Books & Periodicals		61,731.50		74,770.25
Communication Expenses		1,832,169.57		2,140,348.80
Data Entry expenses		442,072.75		817,012.49
Insurance Premium		128,840.83		71,420.00
Legal Expenses and Filing Fees		522,629.50		96,582.50
Listing Fee		15,000.00		30,000.00
Loss on sale of Assets/ on assets scrapped		11,488.82		209,641.77
Misc. Charges & Expenses		4,371.64		17,899.13
Office Maintenance		911,158.18		1,193,132.19
Postage & Courier Charges		725,359.08		899,896.11
Printing & Stationery		352,976.82		815,698.61
Professional and legal Fees		345,600.50		419,828.00
Power Charges		2,072,977.62		2,186,768.79
Rent		6,458,073.24		5,546,657.58
Rates and Taxes		227,767.36		159,717.81
Repairs & Maintenance		549,941.85		661,341.47
Service Charges		2,395.00		1,122.00
Sitting Fees to Directors		56,000.00		50,000.00
Training Expense		124,993.50		64,013.00
Travelling and Conveyance Expenses		918,964.43		1,412,619.84
Vehicle Running and Maintenance Expenses		165,524.44		195,720.72
TOTAL		<u>16,420,063.36</u>		<u>19,296,817.01</u>



	31.03.2009		31.03.2008	
	(Rs.)	(Ps.)	(Rs.)	(Ps.)
SCHEDULE - 16				
INTEREST AND FINANCE CHARGES				
Bank Charges		160,569.52		364,598.69
Bank Guarantee Expenses		662,988.80		658,366.00
Interest Paid		1,135,804.31		2,457,368.83
	TOTAL	<u>1,959,362.63</u>		<u>3,480,333.52</u>
SCHEDULE - 17				
PRIOR PERIOD ADJUSTMENTS				
Expenses				
Listing Fee expenses		0.00		(90,000.00)
Income				
VSAT Charges recovered		0.00		800,000.00
	TOTAL	<u>0.00</u>		<u>710,000.00</u>

SCHEDULE - 18**NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31.03.2009****I ACCOUNTING POLICIES ADOPTED IN THE PREPARATION OF CONSOLIDATED ACCOUNTS.****A. 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 2009.

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.

B. Basis of Presentation of Financial Statements:

The Financial Statements of the Company have been prepared under the 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.

a) Fixed Assets and Depreciation:

- i) Fixed assets are stated at cost less accumulated depreciation.
- 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.

b) Intangible Assets:

Intangible asset comprise of Membership rights of stock exchanges, Computer Software and Software licenses. The Stock Exchange rights and Software licenses are amortised over a period of 10 years and Computer softwares are amortised over a period of 5 years on straight-line basis.

c) Inventories - Shares:

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

d) 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.

e) 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/Gratuity

The Holding 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.

Gratuity of subsidiary is unfunded and liability of the company is recognized 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.

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.

f) Income tax and Fringe Benefit 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.

Provision for fringe benefit tax is made in accordance with the provisions of Income Tax Act, 1961

g) Miscellaneous Expenditure to the extent not written off/adjusted:

Preliminary Expenditure is written off over a period of 10 years from the year of commencement of business.

h) 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

i) Earnings Per Share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by weighted average number of equity shares outstanding during the period .The weighted average number of equity shares outstanding during the period are adjusted for events of bonus issue; bonus element in a rights issue to the existing shareholders; share split; and reverse share split (consolidation of shares).

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and weighted average number of shares outstanding during the period are adjusted for effects of all dilutive potential equity shares, if any.

II DETAILS OF SUBSIDIARY INCLUDED IN THE CONSOLIDATED FINANCIAL STATEMENTS:

1. Remuneration to the Executive Directors:

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

III NOTES ON CONSOLIDATED ACCOUNTS:

1. Some of the debtors, creditors, advances and balances of deposits are subject to confirmation, reconciliation and adjustments. The management does not expect any material difference affecting the current year's financial statements.
2. Sundry debtors include old and outstanding debts amounting to Rs.88,29,830.79 (Prev.Year Rs.1,03,21,370.67) 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.
3. 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.

4. Contingent Liabilities not provided for:

(Rs. in lakhs)

		31.03.2009	31.03.2008
i)	Counter guarantee issued in favour of bankers for guarantee given by them to NSE for margin requirements	500	475
iii)	Claims against the company not acknowledged as debt		
1.	Tax demand in respect of which:		
a.	Tax authorities appealed before Income Tax Appellate Tribunal against the orders which were ruled in favour of the company by the First Appellate Authority for :-		
i.	Assessment years -2001-02, 2002-03, 2003-04 and 2004-05	Nil	158.96
ii.	Assessment year - 2005-06	69.32	Nil
b)	Company's appeal is pending before first appellate authority for the assessment year 2005-06	Nil	69.52
2.	Arbitration against the Company before the arbitrator	Nil	87
	Arbitration against the Company pending in courts	10.04	Nil

5. Earnings per share:

	2008-09 (Rs.)	2007-08 (Rs.)
a. Profit after tax as per Profit & Loss A/c	(21,54,502.26)	77,64,797.47
b. Weighted average number of equity shares outstanding	51,78,001	51,78,001
c. Nominal Value of ordinary shares	10	10
d. Basic/Diluted Earnings per share	(0.42)	1.50

6. Error Rectification under the head Operating Expenses represents profit/loss on purchase and sale of securities due to trade mistake or failure of delivery of shares by clients along with other mistakes due to operational and communicational problems.
7. The Company has availed an overdraft facility from a bank by offering securities to meet the cash limit/margin requirements of clients. This is done with the concurrence of the clients concerned. The balance at the end of the year is nil.



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

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

1. Vertex Securities Ltd.

Name of the Party	Relation
Ranjan Verghese	Managing Director
Geetha Verghese	Relative of the Managing Director
Tessy Verghese	- do -
Transwarranty Finance Ltd	Holding Company
Transwarranty Capital (P) Ltd	Fellow subsidiary Company
Kumar Nair	Chairman
Vertex Commodities & Finpro Private Ltd	Subsidiary Company

2. Vertex Commodities and Finpro (P) Ltd.

Name of the Party	Relation
Ranjan Verghese	Director
George Mampilly	Director
Anup Kumar A	Director
Tessy Verghese	Relative of director
Geetha Verghese	Relative of director
Vertex Securities Ltd	Holding Company

(b) Related Party Transactions:

(Previous year figures in brackets below)

Transactions	Chairman	Mg. Director	Directors	Relatives of Director	Holding Company & Fellow Subsidiary
Brokerage Collected	829.15 (0.00)	180.00 (1,443.90)	0.00 (0.00)	0.00 (42,751.72)	0.00 (0.00)
Remuneration Paid	0.00 (0.00)	7,54,328.00 (7,80,492.00)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)
Sitting fee Paid	0.00 (0.00)	0.00 (0.00)	56,000.00 (50,000)	0.00 (0.00)	0.00 (0.00)
Guarantee Given*/ -Received	0.00 (0.00)	500 Lakhs (475 Lakhs)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)
Purchase of Fixed Assets	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	4,07,673.56 (0.00)
Balance As on 31/03/2009					
Amount Payable	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	0.00 (111.90)	0.00 (0.00)
Amount Receivable	162.88 (0.00)	0.00 (0.00)	0.00 (0.00)	0.00 (34,075.14)	224.82 (0.00)

9. 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
1. Change in the benefit Obligations:				
Present value of obligations as on 01. 04. 2008	9,66,432	4,18,838	8,35,266	6,02,285
Current Service Cost	3,34,865	2,57,416	3,41,137	2,49,425
Past Service Cost	0	0	0	0
Interest Cost	77,315	33,507	55,070	36,024
Actuarial (Gain)/Loss on obligation	(3,62,371)	256,671	(5,28,265)	2,51,498
Benefits Paid	<u>0</u>	<u>0</u>	<u>(2,93,774)</u>	<u>(3,03,966)</u>
Present value of obligations as on 31.03.2009	10,16,241	9,66,432	4,09,434	8,35,266
2. Change in Plan Assets:				
Fair Value of Plan Assets as on 01.04.2008	6,41,294	3,75,000	0	0
Adjustment to the opening balance	25,659	0	0	0
Expected Return on Plan Assets	79,763	40,532	0	0
Employer's Contributions	4,38,608	2,63,294	2,93,241	2,89,740
Benefits Paid	0	0	(2,93,241)	(2,89,740)
Actuarial Gain/(Loss) on Plan Assets	<u>12,582</u>	<u>(37,532)</u>	<u>0</u>	<u>0</u>
Fair Value of plan assets as on 31.03.2009	11,97,906	6,41,294	0	0
3. Net (Asset) Liability (i) - (ii) :	<u>(2,01,336)</u>	<u>2,97,706</u>	<u>3,96,830</u>	<u>8,15,000</u>
4. Net Cost for the year ended 31.03.2008				
Current Service Cost	3,34,865	2,57,416	3,41,137	2,49,425
Past Service Cost	0	0	0	0
Interest Cost	77,315	33,507	55,070	36,024
Expected Return on plan Assets	(79,763)	(40,532)	0	0
Actuarial (Gain)/ Loss recognised during the year	(3,74,953)	2,94,203	(5,28,265)	2,51,498
Adjustment (Gain) to opening value of planned assets	(25,659)	0		0
Net Cost	<u>(68,195)</u>	<u>5,44,594</u>	<u>(1,32,058)</u>	<u>5,36,947</u>
Amount recognised in the Balance sheet (Asset) Liability	(1,81,665)	3,25,138	4,09,434	8,35,266
Amount recognised in the Profit and Loss Account(Gain)/ Loss	(68,195)	5,44,594	(1,32,058)	5,36,947
Principal actuarial assumptions:				
Discount rate	7.00%	8.00%	7.00%	8.00%
Expected Return on plan assets	9.00%	8.00%	--	-
Salary Escalation Rate	5.00%	5.00%	5.00%	5.00%
Attrition Rate	15.00%	15.00%	15.00%	15.00%
Demographic Assumptions:				
Retirement age				58 Years
Mortality rate				LIC (1994-96) Ultimate



10. The major components of deferred tax assets and liabilities as at 31st March, 2009 are as follows:

Nature of timing difference	2008-09 (Asset)/Liability	2007-08 (Asset)/Liability
Net Depreciation	35,45,900.00	31,36,010.00
Unabsorbed Loss	(10,92,000.00)	(8,81,870.00)
Unabsorbed Depreciation	(10,42,400.00)	0.00
Employee benefits allowable for Income tax only on payment	(1,32,600.00)	(2,66,540.00)
	12,78,900.00	19,87,600.00

11. Lien has been marked in favour of ICICI Bank Ltd in respect of Bank Deposits worth Rs. 200 Lakhs (Prev. year Rs. 200 Lakhs) together with accumulated interest thereon, against bank guarantees issued by them to the Holding Company. Lien has also been marked in favour of NSE in respect of Bank deposit held by the holding company worth Rs. 96,000/- (Prev. year Nil) together with interest thereon, against an arbitration award and on bank deposits held by subsidiary company in favour of ICICI Bank Ltd. for Rs.37.50 Lakhs (Prev. year Rs. 25 Lakhs) together with accumulated interest thereon against Bank guarantees issued by them to the subsidiary.
12. i) Debts due from Directors as on 31.03.2009 : Rs. 162.88 (P.Y. NIL)
 ii) Maximum amount of debt due from Directors
 at any time during the year 2008 - 09 : Rs. 162.88 (P.Y. Rs.12/-)
13. Previous year figures have been re-grouped/reclassified/re-arranged/recast wherever necessary to suit the current year's classification

As per our attached report of even date

For Krishnamoorthy & Krishnamoorthy
Chartered Accountants

C. Krishnamoorthy (FCA)
Partner
Membership No:- 5957

Kochi
Date : May 09, 2009

Kumar Nair
Chairman

James Pothen
Director

For and on behalf of Board of Directors

Ranjan Verghese
Managing Director

Jose Thomas Polachira
Director

U. Ramachandran
Director



VERTEX SECURITIES LIMITED

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 16th ANNUAL GENERAL MEETING of the Company being held at the Registered Office of the Company at 11.00 AM on Thursday the 10th September, 2009.

Full name of the Share holder
(in BLOCK Capitals)

Signature

Folio No. _____ DP ID* _____

CLIENT ID* _____ No. of Shares _____

Full name of the Share holder

Signature

*Applicable for shares held in electronic form.



VERTEX SECURITIES LIMITED

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 16th Annual General Meeting of the Company, to be held on Thursday, the 10th September, 2009 and at my any adjournment thereof.

Signed this _____ day of _____ 2009.

Affix
Re.1
Revenue
Stamp

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.

Shareholder

*Applicable for shares held in electronic form

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)

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

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

Our Subsidiary Companies

Transwarranty Forex & Commodities Pvt. Ltd.

Transwarranty Forex & Commodities Pvt Ltd is a FEDAI accredited Foreign Exchange Broking firm that provides inter-bank foreign exchange broking services. This Company is also a member of the Multi Commodity Exchange (MCX) and National Commodities & Derivatives Exchange (NCDEX) and provides commodities broking services.

Inter Bank Foreign Exchange

Foreign Exchange Advisory Services

Foreign Currency exchange (subject to RBI approval)

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.

Retail Share Broking

Mutual Funds, IPO and other retail investment advisory services

Depository Participant

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

Transwarranty Capital Pvt. Ltd.

Transwarranty Capital Pvt Ltd is a SEBI registered full service Merchant Bank and "Institutional" Stock Broking Company with membership in NSE & BSE and Depository services.

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

Institutional Broking

Arbitrage

Portfolio Management Services

Depository Participant

AMFI certified corporate agent/distributor for all the Mutual Funds

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:- 0484-2384848,2390972

Fax:- 0484-2394209

Website : www.vertexbroking.com

Email : vsl@vertexbroking.com



VERTEX SECURITIES LIMITED

Financial Engineers