

HASTI FINANCE LIMITED



17th Annual Report

2010 - 2011

HASTI FINANCE LIMITED

Registered Office: No. 14, Imperial Hotel Complex, Whannels Road,
Egmore, Chennai - 600008, Tamil Nadu.

NOTICE

NOTICE is hereby given that the 17th Annual General Meeting of the Company will be held on Friday, 30th September 2011 at 1.00 p.m. at 14, Imperial Hotel Complex, Whannels Road, Egmore, Chennai – 600 008 to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Balance Sheet as at 31st March, 2011, Profit and Loss Account for the year ended 31st March, 2011 and the Reports of the Directors and Auditors thereon.
2. To appoint Auditors of the Company and to fix their remuneration. The retiring Auditors M/s. Sandeep Rathi & Associates, Chartered Accountant, Mumbai are eligible for re-appointment. In this connection to consider and if thought fit, to pass, with or without modifications the following resolution as an Ordinary Resolution.

“**RESLOVED THAT** M/s. Sandeep Rathi & Associates., Chartered Accountants, Mumbai be and are hereby appointed as Auditors of the Company to hold office from the conclusion of this Annual General Meeting till the Conclusion of the next Annual General Meeting on a remuneration to be fixed by the Board in consultation with the Auditors.”

3. To appoint a Director in place of Mr. Salim Ismail Shaikh 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 resolution as an **ordinary resolution**:
RESOLVED THAT Mr. Paresh Devidas Devada, who was appointed as Additional Director of the Company pursuant to Section 260 of the Companies Act, 1956 and relevant articles of the Articles of Association of the Company and who holds office upto the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing under Section 257 of the Companies Act, 1956, proposing his candidature for the office of the Director, be and is hereby appointed as Director of the Company, liable to retire by rotation.
5. To consider and, if thought fit, to pass, with or without modification the following resolution as an **ordinary resolution**:
RESOLVED THAT Mr. Nizamuddin Shaikh, who was appointed as Additional Director of the Company pursuant to Section 260 of the Companies Act, 1956 and relevant articles of the Articles of Association of the Company and who holds office upto the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing under Section 257 of the Companies Act, 1956, proposing his candidature for the

office of the Director, be and is hereby appointed as Director of the Company, liable to retire by rotation.

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

RESOLVED THAT Mr. Vilas Shankar Daware, who was appointed as Additional Director of the Company pursuant to Section 260 of the Companies Act, 1956 and relevant articles of the Articles of Association of the Company and who holds office upto the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing under Section 257 of the Companies Act, 1956, proposing his candidature for the office of the Director, be and is hereby appointed as Director of the Company, liable to retire by rotation.

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

RESOLVED THAT Mr. Vishal Buddhdev, who was appointed as Additional Director of the Company pursuant to Section 260 of the Companies Act, 1956 and relevant articles of the Articles of Association of the Company and who holds office upto the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing under Section 257 of the Companies Act, 1956, proposing his candidature for the office of the Director, be and is hereby appointed as Director of the Company, liable to retire by rotation.

8. To consider and, if thought fit, to pass, with or without modification the following resolution as an **ordinary resolution**:

“RESOLVED THAT pursuant to provisions of Section 269 read with Schedule XIII of the Companies Act, 1956 and Sections 198, 309, 314 and other applicable provisions, if any, of the Companies Act, 1956 and further subject to approval of shareholders, sanction be and is hereby accorded to the appointment of Mr. Nitin Prabhudas Somani as Managing Director of the Company for a period of 5 (Five) years with effect from 1st October 2011 and to the payment of the following remuneration:

a) Salary Basic Rs 15,000/- PM

b) Conveyance on actuals upto a limit of Rs 1,000/- PM

Resolved Further that in the event of loss or inadequacy of profits during the tenure of service of the Managing Director, the payment of salary, commission, perquisites and other allowances shall be governed by the limits prescribed under Section II of Part II of Schedule XIII to the Companies Act, 1956.”

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF. SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE INSTRUMENTS APPOINTING PROXY IN ORDER TO BE VALID SHOULD REACH THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING. A BLANK PROXY FORM IS ANNEXED TO THE ANNUAL REPORT.

2. Member who holds shares in dematerialized form are requested to indicate without fail their DP ID and client ID Number in the attendance slip.
3. Nomination for physical shares :
Member holding shares in physical form is encouraged to nominate a person to whom his shares in the Company shall vest in the event of his Death.
4. Holding Shares in Identical order of Names:
Members holding shares in identical order of Names in more than one folio are requested to write to Registrars and Share Transfer Agents to consolidate their holding in one Folio.
5. The Register of Members and Share Transfer Books of the Company will remain closed from 29th September 2011 to 30th September 2011 (both days inclusive).
6. The Shareholders are requested to intimate immediately any change in their address to Registrar of the Company.
7. It will be helpful if your Registered Folio Numbers/client ID number is quoted in all your correspondence with the Company.
8. The Document referred to in this notice / explanatory statement are open for inspection by any members at the Registered office of the Company during the Company's business hours on any working day up to the last date of Annual General Meeting.
9. Cameo Corporate Services Limited (Cameo) is the Registrar & Share Transfer Agent of the Company. All investor related communication may be addressed to Cameo at the following address:
Cameo Corporate Services Limited
Subaramaniam Buildings,
Club House Road,
Chennai – 600 002,
Tamil Nadu.
Tel: 28460390
10. Members/Proxies are requested to kindly take note of the following:
 - i. Copies of Annual Report will not be distributed at the venue of the meeting;
 - ii. Attendance Slip, as sent herewith, is required to be produced at the venue duly filled-in and signed, for attending the meeting;
 - iii. Entry to the hall will be strictly on the basis of the entrance pass, which shall be provided at the counters at the venue, in exchange for duly completed and signed Attendance Slips; and
 - iv. In all correspondence with the Company and/or Cameo, Folio No. or DP & Client ID No., as the case may be, must be quoted.
11. Members are requested to send their queries, if any on the operations of the Company, to reach the Company at the Company's Registered Office, atleast 5 days before the meeting, so that the information can be compiled in advance.
12. In case of joint holders attending the meeting, only such joint holder who is higher in the order of names will be entitled to vote.
13. Members may please note that briefcase, bag, mobile phone and/or eatables shall not be allowed to be taken inside the hall for security reasons.

For & On behalf of the Board

Sd/-
Nitin P. Somani
(Director)

Chennai, August 30, 2011

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

Item No. 4:

Mr. Paresh Devidas Devada was appointed as an additional director w.e.f. November 16, 2011 in accordance with the provisions of Section 260 of the Companies Act, 1956 and provisions of the Articles of Association of the Company.

Pursuant to Section 260 of the Companies Act, 1956 the above director holds office till the conclusion of the ensuing Annual General Meeting. In this regard the Company has received request in writing from the members of the company proposing their candidature for appointment as Director of the Company in accordance with the provisions of Section 257 and all other applicable provisions of the Companies Act, 1956.

The Board feels that presence of Mr. Paresh Devidas Devada on the Board is desirable and would be beneficial to the company and hence recommend resolution No. 4 for adoption.

None of the Directors, except Mr. Paresh Devidas Devada is concerned or interested in this resolution.

The Board recommends resolution under Item No. 4 to be passed as ordinary resolutions.

Item No. 5:

Mr. Nizamuddin Shaikh was appointed as an additional director w.e.f. November 16, 2011 in accordance with the provisions of Section 260 of the Companies Act, 1956 and provisions of the Articles of Association of the Company.

Pursuant to Section 260 of the Companies Act, 1956 the above director holds office till the conclusion of the ensuing Annual General Meeting. In this regard the Company has received request in writing from the members of the company proposing their candidature for appointment as Director of the Company in accordance with the provisions of Section 257 and all other applicable provisions of the Companies Act, 1956.

The Board feels that presence of Mr. Nizamuddin Shaikh on the Board is desirable and would be beneficial to the company and hence recommend resolution No. 5 for adoption.

None of the Directors, except Mr. Nizamuddin Shaikh is concerned or interested in this resolution.

The Board recommends resolution under Item No. 5 to be passed as ordinary resolutions.

Item No. 6:

Mr. Vilas Shankar Daware was appointed as an additional director w.e.f. November 16, 2011 in accordance with the provisions of Section 260 of the Companies Act, 1956 and provisions of the Articles of Association of the Company.

Pursuant to Section 260 of the Companies Act, 1956 the above director holds office till the conclusion of the ensuing Annual General Meeting. In this regard the Company has received request in writing from the members of the company proposing their candidature for appointment as Director of the Company in accordance with the provisions of Section 257 and all other applicable provisions of the Companies Act, 1956.

The Board feels that presence of Mr. Vilas Shankar Daware on the Board is desirable and would be beneficial to the company and hence recommend resolution No. 6 for adoption.

None of the Directors, except Mr. Vilas Shankar Daware is concerned or interested in this resolution.

The Board recommends resolution under Item No. 6 to be passed as ordinary resolutions.

Item No.7:

Mr. Vishal Buddhdev was appointed as an additional director w.e.f. November 16, 2011 in accordance with the provisions of Section 260 of the Companies Act, 1956 and provisions of the Articles of Association of the Company.

Pursuant to Section 260 of the Companies Act, 1956 the above director holds office till the conclusion of the ensuing Annual General Meeting. In this regard the Company has received request in writing from the members of the company proposing their candidature for appointment as Director of the Company in accordance with the provisions of Section 257 and all other applicable provisions of the Companies Act, 1956.

The Board feels that presence of Mr. Vishal Buddhdev on the Board is desirable and would be beneficial to the company and hence recommend resolution No. 7 for adoption.

None of the Directors, except Mr. Vishal Buddhdev is concerned or interested in this resolution.

The Board recommends resolution under Item No. 7 to be passed as ordinary resolutions.

Item No. 8: Appointment of Managing Director

The Board, subject to the approval of shareholders in the General Meeting, appointed Mr. Nitin Prabhudas Somani as Managing Director of the Company effective 1st October 2011, for a period of five years on terms and conditions set out in the Resolution. Mr. Nitin Prabhudas Somani had acquired the Company in 2008 and since then he is working hard towards the growth of the Company. Your board finds him worth to lead us being a Managing Director with all his experiences and excel skills for the benefit of the Company.

The remuneration as set out in the resolution is in accordance with the provisions of Schedule XIII to the Companies act, 1956.

The Board recommends the resolution for approval of Members.

None of the Directors, except Mr. Nitin Prabhudas Somani is concerned or interested in the resolution.

For & On behalf of the Board
Sd/-

Nitin P. Somani
(Director)

Chennai, August 30, 2011

DIRECTORS' REPORT

TO
THE MEMBER
OF HASTIFINANCE LIMITED

Your Directors are pleased to present their Seventeenth Annual Report together with the audited statements of accounts for the year ended 31st March, 2011.

1. BACKGROUND:

Hasti Finance Limited (the "Company") is a Non-Banking Finance Company ("NBFC") registered with the Reserve Bank of India as a Non Deposit Accepting NBFC. The company offers fund and financial assistance to its customers, catering to the diverse needs of retail and corporate customers across various areas of business, namely Corporate Finance and Consumer Finance.

The Company has its registered office at Chennai and its corporate office at Mumbai. The new management had shoulder the responsibility of running the Company in late 2008. Since then the company has moved on its growth cycle with the rapid speed. The company has raised funds through preferential issue of equity shares. These funds were then utilized in the business cycle of the company and a part was utilized for acquiring holding in four private limited companies (subsidiaries), having diversified business line like logistics and printing industries. These funds, thus, have opened new doors of prosperity for the Company and the stakeholders. The Company is looking ahead for the opportunities in Housing Finance, Gold Finance besides its current consumer/ business financing and mortgage based finance activities.

2. FINANCIAL RESULTS

The performance of the Company for the Financial Year ended March 31, 2011, is summarized below:

	(Rs. in Lacs)	
Financial Year	2010-2011	2009-2010
Gross Income	127.07	16.69
Less: Expenses	27.87	6.23
Profit Before Interest, Depreciation and Tax	99.20	10.46
Less: Depreciation	0.24	0.42
Interest	Nil	0.03
Profit Before Tax	98.96	10.02
Less: Provision for Taxation	32.00	3.60
Profit after Tax	66.96	6.42
Amount brought forward from previous year	56.22	51.12
Amount available for appropriation	123.18	57.54
Appropriations		
Statutory Reserve	13.40	1.32
Contingent Provision against Standard Assets	3.16	-
Surplus Carried to balance Sheet	106.62	56.22

During the year, the Income of the Company was Rs.127.07 Lacs and the Profit after Tax was Rs.66.96 Lacs (Previous Year: Rs.16.69 Lacs and Rs.6.42 Lacs, respectively). The Company's Net Worth as on March 31, 2011 stood at Rs.1355.76 Lacs as against Rs.338.67 Lacs last year.

An amount of Rs.13.40 Lacs is proposed to be transferred to Statutory Reserve Fund pursuant to Section 45IC of the Reserve Bank of India Act, 1934, Rs.3.16 Lacs as the Contingent Provision against Standard Assets as per RBI norms and an amount of Rs. 106.62 Lacs are being carried forward in the Profit & Loss Account.

The upward trend in the company's financial performance is the result of its intensive growth based approach.

3. DIVIDEND:

Your directors are of the opinion that in order to keep the pace of the growth the Company needs to plough back its profits and hence do not recommend any dividend.

4. MANAGEMENT DISCUSSION AND ANALYSIS REPORT:

The Management Discussion and Analysis Report for the year under review as stipulated under Clause 49 of the Listing Agreement with the Bombay Stock Exchange, is presented under the section "Report on Corporate Governance".

5. RESOURCES & LIQUIDITY:

During the year under preview the Company has raised Rs. 5.40 Lac by way of issuing 20 Lac Equity shares of Rs.10/- each at a premium of Rs.17/- per share on preferential basis. The Company has also issued 52,31,700 Equity warrants at a price of Rs.27/- including Premium of Rs. 17/- per warrant. Out of which Rs.3.53 Crore being 25% of the total amount of Rs. 14.13 Cr was received at the time of allotment of warrants on 12th January 2011. The balance amount was received subsequently in the first quarter of the Fiscal Year 2011-2012, hence subsequently these warrants are converted into Fully paid Equity Shares of Rs. 10/- each in 4 installments during the first quarter of Fiscal Year 2011-2012.

The funds were mainly deployed in providing business and personal loan yielding handsome returns to the company.

6. SUBSIDIARIES:

During the year the company has widen its area of operation through its investment in the subsidiaries Details of subsidiaries and their investment are summarized below:

Sr. No.	Name of the Company	Shareholding acquired	Operational Area
1.	Spider Prints Private Limited	55%	Printing Job
2.	Spider Display Systems Private limited	55%	Printing Job
3.	Finex Express Cargo Private Limited	65%	Logistics
4.	Shirish Express Logistics Pvt. Ltd.	51%	Logistics

A statement pursuant to Section 212 of the Companies Act, 1956 in respect of these subsidiaries forms part of the Annual Report. In terms of the General Circular No: 2/2011 dated 8th February 2011 issued by the Ministry of Corporate Affairs, Government of India, the annual accounts and

other reports specified in Section 212 (1) in respect of the subsidiary companies have not been attached to the Balance Sheet. The Company will make available these documents/ details to the members of the Company and the subsidiary Companies upon request made in this regard to the Company. The Annual accounts of the subsidiary companies will also be kept for inspection by any member of the Company at its registered office and also at the registered office of the concerned subsidiary company.

In accordance with the requirement of Accounting Standard AS-21 prescribed by the Institute of Chartered Accountants of India, the Consolidated Financial Statement of the Company and its subsidiaries is annexed to this Annual Report.

7. PUBLIC DEPOSITS:

Your Company has not accepted / invited any deposits from the Public during the current financial year u/s section 58 of the Companies Act, 1956.

8. OPERATION:

The company is a Non-banking Finance company. During the year the company has earned Interest Income of Rs. 123.99 Lac from loans given under various categories to its customers as compared to Rs. 15.54 lac in previous year. Despite of overall slow down in Industry, international recession, competition, financing at lower interest by Banks, Institutions, restriction by government, the company successfully manage its target of Income. The Company has targeted towards Personal and Business loans in order to capture the area that has most interest yielding capacity with low risk. The company has also acquired shares in its subsidiaries which are growing in their respective fields.

9. CONSOLIDATED FINANCIAL STATEMENT:

The Audited Consolidated Financial Statements, based on the Financial Statement received from Subsidiaries as approved by their respective Board, have been prepared in accordance with the Accounting Standard-21 (AS-21) on Consolidated Financial Statement read with Accounting Standard-23 (AS-23) on Accounting for Investment in Associates.

10. DIRECTORS:

Mr. Salim Ismail Shaikh retire from the Board by rotation and is eligible for re-appointment in the forthcoming Annual General Meeting. The notice conveying the Annual General Meeting includes the proposal for his re-appointment.

During the year, in pursuant to the requirement of Clause 49 of the Listing Agreement with the Bombay Stock Exchange, the company had appointed four additional directors. The notice conveying Annual General Meeting includes the proposal for their appointment as directors. The Company has received consents from the said directors in accordance with the section 257 of the Companies Act, 1956.

The Board is also recommending approval for appointment of Mr. Nitin Prabhudas Somani as the Managing Director of the Company for tenure of 5 years.

11. DIRECTORS' RESPONSIBILITY STATEMENT:

The Board of Directors of the Company confirms:

- i) That in the preparation of the annual accounts, the applicable accounting standards have been followed and there has been no material departure:
- ii) That the selected accounting policies were been applied consistently and the directors made judgments and estimates that are reasonable and prudent so as to give true and fair view of the state of affairs of the Company as 31st March 2010, and of the profit of the Company for the year end on that date:
- iii) That proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provision of the Companies Act, 1956, for safeguarding the assets of the Company and preventing and detecting fraud and other irregularities.
- iv) That the accounts for the financial year ended 31st March 2011 have been prepared on going concern basis.

12. AUDITORS & AUDITOR'S REPORT:

M/s. Sandeep Rathi & Associates, Chartered Accountants, as Statutory Auditors of the Company, hold office until the conclusion of ensuing Annual General Meeting and are eligible for re-appointment.

The Company has received letter from M/s. Sandeep Rathi & Associates, Chartered Accountants, to the effect that their appointment, if made, would be within the prescribed limits of Section 224(1B) of the Companies Act, 1956, and that they are not disqualified for such appointment within the meaning of Section 226 of the Companies Act, 1956.

The observations and comments given by the Auditors in this report read together with notes to accounts are self explanatory and hence do not call for further comments under section 217 of the Companies Act, 1956.

13. PARTICULARS OF EMPLOYEES:

At present there are no employees drawing a salary of more than Rs.2,00,000/- per month and hence a statement under Section 217(2A) of the Company Act 1956, is not furnished.

14. DISCLOSURE UNDER SEC.217 (1) (E)

Particulars required to be furnished under the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, are as under:

In view of the nature of the activities carried out by the Company, Rules 2A and 2B of the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, relating to conservation of energy and technology absorption, are not applicable to the Company.

Foreign Exchange Earnings and outgo:

Earnings	:	Rs. NIL
Outgo	:	Rs. NIL