

# HYBRID FINANCIAL SERVICES

**HYBRID FINANCIAL SERVICES LIMITED**  
(FORMERLY KNOWN AS MAFATLAL FINANCE COMPANY LIMITED)

24TH

A  
N  
N  
U  
A  
L

R  
E  
P  
O  
R  
T

2  
0  
1  
0  
-  
2  
0  
1  
1

## **HYBRID** **FINANCIAL** **SERVICES**

### **BOARD OF DIRECTORS**

SHRI.JAYESH R.TALPADE	<i>Director</i>
SHRI.N.R.DIVATE	<i>Wholetime Director</i>
SHRI.K.CHANDRAMOULI	<i>Wholetime Director and Company Secretary</i>
SHRI. TANVEER SHAIKH	<i>Director</i>
SHRI. VIJAY. V. AGNIHOTRI	<i>(up to 24.05.2011 - Nominee of Debenture Trustee)</i>
SHRI. L. JAYARAMAN	<i>(w.e.f. 24.05.2011 - Nominee of Debenture Trustee)</i>

### **MANAGEMENT TEAM**

SHRI.N.R.DIVATE	<i>Wholetime Director</i>
SHRI. K. CHANDRAMOULI	<i>Wholetime Director and Company Secretary</i>

### **AUDITORS**

S. RAMANAND AIYAR & CO  
Chartered Accountants  
Mumbai

### **REGISTERED OFFICE**

Flat No. K-3/4, Second Floor,  
Shopping Centre, Sector-15/16,  
Vashi, Navi Mumbai – 400 703.

### **REGISTRARS & SHARE TRANSFER AGENTS**

BIG SHARE SERVICES PRIVATE LIMITED  
E-2, Ansa Industrial Estate,  
Saki Vihar Road, Sakinaka,  
Andheri (East), Mumbai – 400 072.

## **MAXIMUS** **SECURITIES**

### **BOARD OF DIRECTORS**

SHRI. N.R. DIVATE	<i>Director</i>
SHRI.JAYESH R.TALPADE	<i>Director</i>
SMT. MEGHA J. VAZKAR	<i>Wholetime Director</i>
SHRI. K. SURYANARAYANAN	<i>Wholetime Director (w.e.f. 01.08.2010)</i>

### **AUDITORS**

S. RAMANAND AIYAR & CO  
Chartered Accountants  
Mumbai

### **REGISTERED OFFICE**

First Floor, Sterling Centre,  
Opp. Divine Child High School,  
Andheri-Kurla Road, Andheri (East),  
Mumbai – 400 093.

# Annual Report 2010-2011

## NOTICE

Notice is hereby given that the TWENTY FOURTH ANNUAL GENERAL MEETING of the Members of HYBRID FINANCIAL SERVICES LIMITED (FORMERLY KNOWN AS MAFATIAL FINANCE COMPANY LIMITED) will be held at Indian Women Scientists Association, Plot No. 20, Sector 10-A, Opp. Balaji Temple, Near Sainath High School, Vashi, Navi Mumbai 400 703 on Friday, 8<sup>th</sup> day of July 2011 at 11:00 am to transact the following BUSINESS:

### ORDINARY BUSINESS

1. To consider and adopt the Audited Profit and Loss Account for the year ended March 31, 2011 and the Balance Sheet as at that date and the Reports of Directors and the Auditors thereon.
2. To declare Dividend on 1% Redeemable Cumulative Preference Shares including arrears of Dividend.
3. To reappoint Mr. Tanveer Shaikh as Director who retires at the ensuing Annual General Meeting, eligible, offers himself for re-appointment.
4. To appoint Auditors to hold office from the conclusion of this Meeting until the conclusion of the next Annual General Meeting and fix their remuneration.

### SPECIAL RESOLUTION

#### 5. SHIFTING REGISTERED OFFICE :

To consider and if thought fit, to pass with or without modification/s the following resolution as Special Resolution:-

“RESOLVED THAT the Registered Office of the Company be shifted to “35, A-Wing, Raj Industrial Complex Premises Co-operative Housing Society Limited, Military Road, Marol, Andheri (East), Mumbai-400 059.”

#### 6. ALTERATION OF MEMORANDUM AND ARTICLES OF ASSOCIATION:

To consider and if thought fit, to pass with or without modification/s the following resolution as Special Resolution:-

“RESOLVED THAT the Authorised Capital of the Company be and is hereby altered to Rs. 65,00,00,000/- (Rupees Sixty Five Crores only) divided in to 7,00,00,000 (Seven Crores only) Equity Shares of Rs.5/- (Rupees Five only) each and 3,00,00,000 (Three Crores only) Redeemable Preference Shares of Rs. 10/- each (Rupees Ten only) each with power from time to time, to increase or reduce its capital and to divide the shares in the capital for the time being into other classes and to attach thereto respectively such preferential, deferred, qualified or special rights, privileges, conditions or restrictions as may be determined by or in accordance with the Articles of Association of the Company and to vary, modify or abrogate any such rights, privileges or conditions or restrictions in such manner as may be for the time being permitted by the Articles of Association of the Company or the Legislative Provisions for the time being in force in that behalf”

#### 7. SPECIAL BUSINESS

##### RE-APPOINTMENT OF WHOLE TIME DIRECTOR

To consider and if thought fit, to pass with or without modification/s the following resolution as Special Resolution:-

“RESOLVED THAT in accordance with the provision of Section 198,269,309, Schedule XIII (as amended from time to time) and other applicable provisions if any, of the Companies Act, 1956, the consent of the company be and is hereby accorded to the reappointment of Mr. N. R. Divate as Wholotome Director of the company for a period of 5 years commencing from 1<sup>st</sup> August 2011 till 31<sup>st</sup> July 2016 on the terms and conditions as set out in the draft agreement to be executed with Mr. N. R. Divate (including the remuneration to be paid in the event of loss or in adequate profit in any financial year during the aforesaid period) submitted to this meeting and initialled by the Chairman for identification with liberty to the Board of Directors to alter, vary and modify the terms of the said reappointment / remuneration including salary, commission, allowances and perquisites in such a manner a may be agreed to between the Board of Directors and Mr. N. R. Divate within and in accordance and subject to the limits prescribed in Schedule XIII to the Companies Act, 1956 or any amendment or statutory modification thereto.

By Order of the Board

For HYBRID FINANCIAL SERVICES LIMITED

K.CHANDRAMOULI

Wholotime Director

#### Registered Office :

Flat No. K – 3/4, Second Floor,  
Shopping Centre, Sector 15/16,  
Vashi, Navi Mumbai 400 703  
Date: 24<sup>th</sup> May 2011

#### NOTES:

- a) A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THAT A PROXY NEED NOT BE A MEMBER.
- b) The proxy form duly completed and signed by the shareholder should be deposited at the registered office of the company atleast 48 hours before the commencement of the meeting.
- c) The Register of Members and the Share Transfer Books of the Company will remain closed from Monday , 4<sup>th</sup> July 2011 to Thursday, 7<sup>th</sup> July 2011 (both days inclusive).
- d) Members are requested to notify any change in their address to the Company's Registrars & Share Transfer Agents, M/s. Big Share Services Pvt. Ltd., E-2 Ansa Industrial Estate, Sakinaka, Andheri (East), Mumbai - 400 072, quoting their folio nos. immediately, so as to ensure that all communications / reports reach the Members promptly.
- e) Shareholders seeking any information with regard to the Accounts of the Company are requested to write to the Company at an early date so as to enable the Management to keep the information ready.

## ANNEXURE TO THE NOTICE

Notes on directors seeking appointment/re-appointment as required under Clause 49 of the Listing Agreement entered into with Stock Exchanges.

### PROFILE OF DIRECTOR BEING APPOINTED

Name : Tanveer Shaikh  
Age : 35 Years  
Qualifications : BA PG MBA  
Experience : Over Twelve Years in the field of Management Consulting

His Directorships and Committee Memberships of other Companies are as follows:

Company	Position	Committee Membership
Aarsons Institute of Technology (I) Pvt.Ltd.	Director	-

Mr. Tanveer Sheikh does not hold any Equity Shares in Hybrid Financial Services Limited.

By Order of the Board

For HYBRID FINANCIAL SERVICES LIMITED

#### Registered Office :

Flat No. K – 3/4, Second Floor,  
Shopping Centre,  
Sector 15/16, Vashi, Navi Mumbai - 400 703.  
Date: 24<sup>th</sup> May 2011

K.CHANDRAMOULI

Wholotime Director

## EXPLANATORY STATEMENT

### In respect of Item No. 5:

The Registered Office of the Company be shifted to "35, A-Wing, Raj Industrial Complex Premises Co-operative Housing Society Limited, Military Road, Marol, Andheri (East), Mumbai-400 059" for administrative convenience.

### In respect of Item No. 6:

The Memorandum and Articles of Association are required to be amended because of change in the structure of Authorised Capital as The Hon'ble Bombay High Court on 8<sup>th</sup> April 2011 has confirmed the reduction in Face Value of Equity Share from Rs.10/- to Rs.5/-

### In respect of Item No. 7:

The Remuneration Committee in its meeting held on 24<sup>th</sup> May 2011 have recommended for extension of the tenure of Shri.N.R.Divave as Wholetime Director for further period of Five Years from 1<sup>st</sup> August 2011 to 31<sup>st</sup> July 2016 with substantial powers of management subject to approval of the Members at the ensuing Annual General Meeting on the following terms within the provisions stipulated under Schedule XIII of the The Companies Act, 1956.

The Material terms of his remuneration are as under:

- Salary of Rs. 1,50,000/- (One Lakh Fifty Thousand only) per month.
- He shall be entitled for free use of Company's maintained car for official and limited personal purposes as per the policies of the Company.
- The salary and perquisites as mentioned above shall be exclusive of all retirement benefits viz. contribution to provident fund, superannuation fund and gratuity.
- He will further be eligible for all benefits as are applicable to the senior employees of the Company.

Other information as required under the act is as follows :

### I. GENERAL INFORMATION

- **Nature of Industry** : The Company was previously a Non Banking Finance Company but after rejection of application for registration by the Reserve Bank of India now belongs to Service Industry.
- **Financial Performance** : The financial performance of the company has been mainly to restructure its balance sheet and debt and there have been significant improvement in the same after the sanction of the 'Scheme of Compromise and Arrangement' under section 391 and 394 of the Companies Act, 1956.

### II. INFORMATION ABOUT THE APPOINTEE

- **Background** : Management Graduate with substantial experience in the industry.
- **Last Remuneration** : Rs. 29.73 Lacs, Appointed as per the terms of appointment approved by the members in the Extra Ordinary General Meeting held on 16<sup>th</sup> October 2008.
- **Job Profile and Suitability** : He has been with the company since 1993 and has adequate managerial capacity in terms of qualifications and experience and also oversees the operations of the Subsidiary, Maximus Securities Limited (Previously known as Mafatal ecurities Limited).
- **Remuneration proposed** : Salary of Rs. 1.50 lacs per month with perquisites as given in the explanatory statement. The remuneration proposed is reasonable taking the fact that the ailing company needs his services to make it viable.
- **Others** : He has no relationship with any directors of the company.

### III. OTHER INFORMATION

The company is in the threshold of reviving its operations consequent upon its debt settlement under the Scheme of Compromise and Arrangement sanctioned by the Hon'ble Bombay High Court. In the aforesaid process, there would be a significant role that would be assigned and hence the progress of the company would be substantially improved.

## DIRECTORS' REPORT

To,  
The Members

### Hybrid Financial Services Limited

(Formerly known as Mafatal Finance Company Limited)

Your Directors present the Twenty Fourth Annual Report with the Audited Statement of Accounts of the Company for the year ended 31<sup>st</sup> March 2011.

### 1. FINANCIAL RESULTS

The Financial results of the company for the year under review as compared to the previous year are summarized below for your consideration:

	Year ended 31.03.2011 (Rs. in lacs)	Year ended 31.03.2010 (Rs. in lacs)
Gross Income	397.56	486.21
Gross Profit before depreciation and Income tax	123.78	215.68
Depreciation	0.86	0.39
Provision for Tax	-	-
Net Profit After Tax	122.92	215.29
Proposed Dividend on Preference Share including arrears for Previous Year	8.98	-
Capital Redemption Reserve Account for Redemption of 432500 1% Redeemable Cumulative Preference Shares of Rs. 10/- each	43.25	-
Add: Amount brought forward from previous year	(9341.80)	(9558.09)
Adjustment made as per Scheme of Compromise	-	1.00
Balance carried forward	(9271.11)	(9341.80)

### 2. OPERATIONS

The Financial Year 2010-2011 has ended with the company making a profit of Rs. 122.92 lacs. Based on the scheme of compromise, the company has made all the payments to the secured creditors prior to 31<sup>st</sup> March 2010. New Business Initiatives are yet to provide any significant revenues. The Company is exploring various other options.

### 3. OUTLOOK

The company is exploring the possibilities of undertaking new Non - NBFC activities and accordingly entered into agreements with Aviva Insurance Company Limited and Bharti Airtel Limited to solicit new business clientele for them. These operations have yielded a gross revenue of Rs.37.37 lacs during the financial year ended 31<sup>st</sup> March 2011.

### 4. DIVIDEND

No Dividend has been recommended by the Board on Equity Shares in view of the accumulated losses. However the Board has recommended Dividend on 1% Redeemable Cumulative Preference Shares for this Financial Year and as well of arrears of Dividend for Previous Year. The Board has also decided to redeem the Non Promoters Preference Shares aggregating to Rs.43.25 lacs

### 5. PUBLIC FIXED DEPOSITS

The company currently has 68 unclaimed depositors for a value of Rs.6,56,000/- against which the company has escrowed a fixed deposit for a value of Rs.10,29,671/-

### 6. LISTING OF SHARES

The company is making efforts to get the suspension removed so as to enable the shares to be traded in Bombay Stock Exchange Limited (BSE) or any another exchange of all India Operations and pursue the voluntary delisting in other stock exchanges as already approved by members in the year 2004 and in the year 2009. The Company has paid all the Listing Fees to BSE.

### 7. REDUCTION OF CAPITAL

The Hon'ble Bombay High Court vide their order dated 8<sup>th</sup> April 2011 has confirmed the reduction of Capital of the Company by cancellation of 1,18,45,425 Equity Shares and the reduction of the paid up and

## Annual Report 2010-2011

face value per Equity Share from Rs.10/- to Rs.5/-. The Revised Authorised Capital of the Company will be 7,00,00,000 Equity Shares of Rs. 5/- each and Paid up Capital of the Company would be 2,80,36,275 shares of Rs.5 each aggregating to Rs.14,01,81,375/- The Share Premium Account would be Nil. This process would be completed after the receipt of Registration of the Court Order from The Registrar of Companies, Mumbai.

### 8. MAXIMUS SECURITIES LIMITED (Formerly known as MAFATLAL SECURITIES LIMITED (MSL) – SUBSIDIARY COMPANY)

The Subsidiary Company has posted a net profit of Rs. 59.10 lacs for the financial year ended 31st March, 2011. The Subsidiary Company is exploring various options to fare better in the current financial year. Statement pursuant to Section 212 of the Companies Act, 1956 in respect of Maximus Securities Limited are separately given in this Report.

### 9. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGOING

The Company is not engaged in manufacturing activities therefore there is no information to submit in respect of conservation of energy and absorption of technology.

Foreign exchange earnings :	Nil
Foreign exchange outgoings :	Nil

### 10. DIRECTORATE

Mr.Tanveer Shaikh is retiring at the ensuing Twenty Fourth Annual General Meeting and eligible, offers himself for re-appointment. Mr.L.Jayaraman has been nominated to the Board by Bank of India, Trustees of Debenture Holders in place of Mr.Vijay.V.Agnihotri. However Mr.L.Jayaraman has been inducted to the Board only with effect from 24th May 2011 after obtaining Director Identification Number (DIN). The present tenure of Mr.N.R.Divite as Wholtime Director will end on 31<sup>st</sup> July 2011. The Remuneration Committee has already recommended the reappointment of Mr.N.R.Divite as Wholtime Director for a period of Five Years commencing from 1<sup>st</sup> August 2011. So Members are hereby requested to consider and approve his reappointment on the terms as per the resolution placed in the Annual General Meeting.

### 11. DEPOSITORIES

Effective October 30, 2000, the equity shares of your Company have been mandated by Securities and Exchange Board of India for delivery only in dematerialized form for all investors. Your Company has already entered into arrangements with National Securities Depository Limited (NSDL) and Central Depository Services Limited (CDSL) for custody and dematerialization of shares in accordance with the Depositories Act, 1996.

### 12. PARTICULARS OF EMPLOYEES

There are no employees who are covered under Section 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules 1975.

### 13. DIRECTOR'S RESPONSIBILITY STATEMENT

As required under section 217 (2AA) of the Companies Act, 1956, the Directors hereby confirm that:

- in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- 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 profit of the Company for the year;
- the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- that the Directors have prepared the Annual Accounts on a going concern basis.

### 14. CORPORATE GOVERNANCE

Pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges, Management Discussion Analysis, and Corporate Governance Report are made a part of the annual report.

### 15. AUDITORS

The Company's Auditors M/s. Ramanand Aiyar & Company. Chartered Accountants retire at the ensuing Annual General Meeting. They being eligible have given their consent to act as Auditors of the Company if reappointed. Members are requested to consider their reappointment as Auditors of the Company for the current year and fix their remuneration.

### 16. ACKNOWLEDGEMENTS

Your Directors wish to thank and place on record their appreciation of the valuable support given by Company's Customers, Shareholders, Bankers, Deposit Holders, Financial Institutions, Mutual Funds and Debenture Holders.

The Directors would also like to thank the employees for their contribution to the Company.

FOR AND ON BEHALF OF THE BOARD

Place : Navi Mumbai  
Date : 24<sup>th</sup> May 2011

K.CHANDRAMOULI  
Wholtime Director

## MANAGEMENT DISCUSSION AND ANALYSIS

The Scheme of Arrangement and Compromise with the residual creditors and debenture holders which was completed during the previous year by making payment of last instalment to the Secured Creditors. The Company's new activity showed a modest growth.

The company would be drawing up the resource plans to carry out future operations in fee based areas.

### FINANCIAL REVIEW

As the company discontinued its lending operations, most of the revenues arose from past lending and disbursements. The company's income was Rs.397.56 Lacs which included Rs.133.14 Lacs towards operational income and Rs.264.42 Lacs as other income (which includes write-backs) and the company earned a profit of Rs.122.92 Lacs. During the year the company has written off Rs.7.47 Lacs (net) towards bad and doubtful debts.

### BUSINESS ANALYSIS OUTLOOK

The company has been exploring the possibility of alternate activities in the fee based segment. The company is confident of improving its revenues from the new activities. In addition, the company would also further activate its stock broking subsidiary.

### RISK AND CONCERNS

The company faces the following challenges and risks:

- Results of the outstanding tax disputes.
- Contingent risks which the company is not currently facing but may be exposed too.

Your company's management has been continuously evaluating the risk and

concerns and have been taking proactive action in its mitigation. Given the fact that there are substantial numbers of risks, which are cumulatively impinging the company's operations, any road to future development would be fraught with a fair degree of uncertainty.

### INTERNAL CONTROL AND THEIR ADEQUACY

The company has appropriate and adequate internal control system, which are sufficient for the level of activities carried by it. The internal audit is being carried out by an external firm of Chartered Accountant and their findings are reviewed at reasonable intervals. The Board is of the opinion that the internal control system is adequate to the size of the Company's business. The company has fully computerised and integrated financial and accounting function.

### INDUSTRIAL RELATIONS

The Company as on 31<sup>st</sup> March 2011 has 13 employees on its payroll. The relationship were cordial.

### CAUTIONARY STATEMENTS

Statement in the Management Discussion and Analysis describing the Company's position and expectations may be "forward looking statements" within the meaning of applicable securities laws and regulation. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include, among others, economic conditions affecting demand/supply and price conditions in the market in which the Company operates, changes in the Government Regulations, tax laws and other statutes and incidental factors.

## CORPORATE GOVERNANCE REPORT

The detailed report on Corporate Governance as required in terms of Clause 49 of the Listing Agreement is given below:

### I. MANDATORY REQUIREMENTS

#### 1. CORPORATE GOVERNANCE PHILOSOPHY

The company's philosophy is aimed at being transparent by discharge of all functions in a professionally sound and competent manner. The company's operations in the past have been hampered due to operative difficulties but nevertheless the company has been continuously striving to meet its responsibilities and obligations towards shareholders and others.

#### 2. BOARD OF DIRECTORS

##### (a) Composition and Category of Directors

The company has two Whole Time Directors Mr. Nandakishore Raghunath Divate and Mr. K Chandramouli., two Independent Directors Mr. Jayesh R.Talpade and Mr. Tanveer Shaikh and one Nominee Director Mr. L. Jayaraman, representing Debenture Trustees.

The company follows the prescribed board procedures by circulating various items of agenda in advance which are to be dealt at the Board Meetings. The company has formulated a code of conduct for the Board Members and Senior Management. The code provides for fair degree of transparency of operations with necessary guidelines for ethics, appropriate safety and healthy working environment.

##### (b) Attendance of each Director at the Board of Director's Meetings held during 2010-2011 and the last Annual General Meeting is as follows:

Director	Board Meetings Attended	Last Annual General Meeting Attended (Held on 30.07.2010)
Mr. N.R. Divate	4	Yes
Mr. K. Chandramouli	4	Yes
Mr. Jayesh Talpade	4	Yes
Mr. Tanveer Shaikh	4	Yes
Mr. Vijay Agnihotri *	-	No
Mr. L. Jayaraman**	-	-

\* Ceased to be Director

\*\* Appointed by Bank of India, Trustee of Debenture Holders vide their letter dated 9<sup>th</sup> November 2010

##### (c) Details of Directorships/Committee Memberships held by the existing Directors in other companies are given hereunder:

Name of the Director	Category	Directorships held in other Companies		Committee Memberships held in other Companies	
		As Director	As Chairman	As Member	As Chairman
Mr. K. Chandramouli	Not Independent, Executive	7	-	-	-
Mr. N.R. Divate	Not Independent, Executive	4	-	-	-
Mr. Jayesh Talpade	Independent, Non-Executive	-	-	-	-
Mr. Tanveer Shaikh	Independent, Non-Executive	1	-	-	-
Mr. Vijay Agnihotri *	Independent, Nominee Director	-	-	-	-
Mr. L. Jayaraman*	Independent, Nominee Director	-	-	-	-

\* Mr. L. Jayaraman has been nominated to the Board in place of Mr. Vijay.V.Agnihotri by Bank of India, Trustees of Debenture Holders vide their letter dated 9<sup>th</sup> November 2010 as per Section 15(M) of SEBI (Debenture Trustees) regulations 1993 in conjunction with the provisions of the Trust Deed. However Mr.L.Jayaraman has been inducted to the Board only with effect from 24<sup>th</sup> May 2011 after obtaining Director Identification Number (DIN).

##### (d) Number of Board Meetings held and the dates on which held:

Four Board Meetings were held during the year 2010-2011. The dates on which meetings were held were as follows: 19<sup>th</sup> May 2010, 30<sup>th</sup> July 2010, 19<sup>th</sup> October 2010, and 17<sup>th</sup> January 2011.

##### (e) Remuneration of Directors:

The company does not pay any remuneration other than payment of Travelling and Conveyance Expenses to the Independent Directors. During the year, the company paid Rs. 24,81,700/- to Mr. K. Chandramouli and Rs.29,72,538/- to Mr. N.R. Divate, Whole Time Directors of the Company towards remuneration and the same has been approved by the members and the Central Government.

##### (f) Directors Share Holding:

- Mr.K.Chandramouli is holding 1,15,70,577 Equity Shares, 20,29,100 1% Cumulative Redeemable Preference Shares,
- Mr.N.R.Divate is holding 1,15,78,661 Equity Shares, 20,29,100 1% Cumulative Redeemable Preference Shares and
- Mr.Jayesh Talpade is holding 40,800 Equity Shares in the Company.

#### 3. AUDIT

The company has reconstituted the Audit Committee in accordance with the requirements of Clause 49 of the Listing Agreement entered with the Stock Exchanges. The terms of reference of the Audit Committee, are in conformity with those mentioned in Clause 49 of the Listing Agreement. The Committee reviews the Accounting Policies, Accounts, Audit & Control and various reports placed before it by the Internal

## Annual Report 2010-2011

Auditors of the Company. The members of the reconstituted Audit Committee are as under on 31.03.2011:

Mr. Jayesh Talpade	...	Chairman
Mr. K. Chandramouli	...	Wholetime Director
Mr. N.R.Divate	...	Wholetime Director
Mr. Tanveer Shaikh	...	Director
Mr. Vijay Agnihotri	...	Nominee Director (ceased to be member with effect from 24 <sup>th</sup> May 2011)
Mr. L. Jayaraman	...	Nominee Director (with effect from 24 <sup>th</sup> May 2011)

The details of the Audit Committee Meetings and attendance of its members are given below:

Four meetings were held during the year 2010-2011. (19<sup>th</sup> May 2010, 30<sup>th</sup> July 2010, 19<sup>th</sup> October 2010, and 17<sup>th</sup> January 2011). The attendance for the said meetings is as follows:

Name of the Director	Category	Attendance Particulars
Mr. Jayesh R. Talpade	Chairman	4
Mr.N.R.Divate	Wholetime Director	4
Mr.K.Chandramouli	Wholetime Director	4
Mr. Tanveer Shaikh	Independent Director	4
Mr. Vijay Agnihotri	Nominee Director	—
Mr. L. Jayaraman	Nominee Director	—
Mr. Ramkrishana Prabhu	Statutory Auditor	1
Mr. Binod .C. Maharana.	Statutory Auditor	1
Mr. Pranav Raval	Internal Auditor	1

#### 4. REMUNERATION COMMITTEE

The company has constituted a Remuneration Committee on 27<sup>th</sup> April 2005 and following are the members in the reconstituted committee as on 31.03.2011:

Mr. Jayesh Talpade	...	Chairman
Mr. K. Chandramouli	...	Wholetime Director
Mr. N.R. Divate	...	Wholetime Director
Mr. Tanveer Shaikh	...	Director

One meeting of the remuneration committee was held on 19<sup>th</sup> October, 2010. All the above members were present in that meeting.

#### 5. SHARE/DEBENTURE TRANSFER-CUM-INVESTOR'S GRIEVANCE COMMITTEE

The company has a Share/Debenture Transfer-cum-Investor's Grievance Committee, consisting of the following members as on 31.03.2011:

Mr. K. Chandramouli	...	Chairman
Mr. N.R. Divate	...	Wholetime Director
Mr. Jayesh Talpade	...	Director
Mr. Tanveer Shaikh	...	Director

The Committee oversees and approves transfer/transmission of equity shares and debentures. The Committee also oversees complaints received from investors for appropriate redressal. The minutes of the Committee meetings are placed at the Board Meetings from time to time. All valid shares transfers received during the year have been acted upon.

Complaint Status: 01.04.2010 to 31.03.2011

Number of Equity Shareholders / Debenture holders / } : 22

Preference Shareholders complaints pending as on 01.04.2010 }

Number of complaints received during the year : 46

Number of complaints solved during the year : 61

Number of complaints pending as on 31.03.2011 : 07

Four meetings were held during the year 2010-2011. (19<sup>th</sup> May 2010, 30<sup>th</sup> July 2010, 19<sup>th</sup> October 2010, and 17<sup>th</sup> January 2011). The attendance for the said meetings is as follows:

Name of the Director	Category	Attendance Particulars
Mr.K.Chandarmouli	Chairman	4
Mr. N.R.Divate	Wholetime Director	4
Mr.Jayesh Talpade	Director	4
Mr. Tanveer Shaikh	Director	4

**6. DIRECTORS**

Mr. Tanveer Shaikh, Director of the company is retiring by rotation at the ensuing 24<sup>th</sup> Annual General Meeting, eligible and offers himself for reappointment. Brief particulars of the director is as under :

Name of Director	Mr. Tanveer Shaikh
Date of Birth/Age	16 <sup>th</sup> June 1976 / 35 Years
Date of Original Appointment	22 <sup>nd</sup> May 2009
Expertise in specific functional areas	Over Twelve Years in the field of Management Consulting
List of Companies in which the person holds the directorship	Aarsons Institute of Technology (I) Pvt.Ltd.

Mr. Tanveer Sheikh does not hold any Equity Shares in Hybrid Financial Services Limited.

**7. GENERAL BODY MEETINGS**

Venue and time where the last three Annual General Meetings were held are given below:

Date	Venue	Time
26 <sup>th</sup> September, 2008	Indian Women Scientists Association, Plot No. 20, Sector 10-A, Opp. Balaji Temple, Near Sainath High School, Vashi, Navi Mumbai 400 703.	10.30 A.M.
10 <sup>th</sup> July, 2009	Indian Women Scientists Association, Plot No. 20, Sector 10-A, Opp. Balaji Temple, Near Sainath High School, Vashi, Navi Mumbai 400 703.	11.00 A.M.
30 <sup>th</sup> July, 2010	Indian Women Scientists Association, Plot No. 20, Sector 10-A, Opp. Balaji Temple, Near Sainath High School, Vashi, Navi Mumbai 400 703.	11.00 A.M.

**8. SUBSIDIARY COMPANY:**

The company has appointed Mr.Jayesh Talpade in compliance with Clause 49 (III) (Subsidiary Company) of the Listing Agreement as a director of the holding company in the board of the subsidiary company with effect from 22<sup>nd</sup> January 2009. The audit committee of the listed holding company also reviews the financial statement of the unlisted subsidiary company and also other matters connected thereto. During the year ended 31<sup>st</sup> March 2006, the company had entered into contract for rendering services to the subsidiary for Rs. 60 lacs per annum plus taxes as per the terms mutually agreed and codified through an agreement entered in this respect. This amount is revised to Rs.64 Lacs per annum for the financial year ended 31<sup>st</sup> March 2011 due to incremental cost factor. These services consist of seconding the parent company employees to the subsidiary and attending to the taxation, treasury, accounting and other operations of the subsidiary. These services are provided at a fair and market related price.

**9. DISCLOSURES**

- The details of related party transactions are given in Point No. 12 of the notes to the account.
- The company's shares were suspended from trading by National Stock Exchange of India Limited (NSE) since September 2001 and Bombay Stock Exchange Limited (BSE) since December 2002 on account of failure of the company to redress the complaints of investors relating to redemption of public issue of non-convertible debentures. The company has not paid the listing fees to Ahmedabad Stock Exchange Limited (ASE) from the financial years 2000-01 to 2010-11 and Delhi Stock Exchange Association Limited (DSE) from the financial years 2001-02 to 2010-11 after the members' approval to delist the company's shares from these exchanges. The company's shares are currently suspended for trading in BSE. The Company has paid all the listing fees to BSE.
- The Hon'ble Bombay High Court vide their order dated 8<sup>th</sup> April 2011 has confirmed the reduction of Capital of the Company by cancellation of 1,18,45,425 Equity Shares and the reduction of the paid up and face value per Equity Share from Rs.10 to Rs.5. The Revised Authorised Capital of the Company will be 7,00,00,000 Equity Shares of Rs. 5/- each and Paid up Capital of the Company would be 2,80,36,275 shares of Rs.5 each aggregating to Rs.14,01,81,375/- The Share Premium Account would be Nil. This process would be completed after the receipt of Registration of the Court Order from The Registrar of Companies, Mumbai.
- During the previous year the Company, by a Special Resolution passed at the meeting of the Preference Share Holders held on 10<sup>th</sup> July 2009, has been authorised to cancel the dividends payable on the Preference Shares 14.50% 97 series and 10% 2000 series including all arrears of dividend. The Company has also been authorised to redeem these Preference Shares by issue of fresh 1% Cumulative Redeemable Preference Shares of Rs.10 each to be redeemed in Five Equal Instalments commencing from 30th September 2010 onwards. The Company has defaulted in the payment of First Installment. However the Company is redeeming the non promoters holding in view of the profit earned during the Financial Year 2010-11.
- There are no other penalties or strictures by any other authority during last three years on any matter relating to capital market.

**10. WHOLETIME DIRECTORS CERTIFICATION:**

The Wholetime Director and Wholetime Director & Company Secretary of the company have certified to the Board that :

- They have reviewed the Financial Statements as on 31<sup>st</sup> March 2011 and the Cash Flow Statement for the year ended 31<sup>st</sup> March 2011 and that to the best of their knowledge and belief:
  - These statements do not contain any material untrue statement or omit any material fact or contain statement that might be misleading.



## Annual Report 2010-2011

- These statements in their opinion present true and fair view of the company's affairs and are in compliance with the existing accounting standards applicable laws and regulations except the fact that certain interest non-provisions and treatment of remission of liabilities, difference in books of accounts and third party transactions have been dealt differently than as they need to be considered based on the actual unfolding of events.
- b) There are to the best of their knowledge and belief, no transactions that have been entered into by the company during the year which are fraudulent or illegal or violative of the Company's code of conduct
- c) They accept responsibility for establishing and maintaining internal controls for financial reporting and that they have evaluated the effectiveness of the internal control systems of the company, pertaining to financial reporting. Deficiencies in the design or operation of such internal controls, if any, of which they are aware, have been disclosed to the auditors and the Audit Committee and steps have been taken to rectify these deficiencies.
- d) i). There has not been any significant change in internal control over financial reporting during the year under reference;  
ii). There has not been any significant change in accounting policies during the year requiring disclosures in the notes to the financial statements; and  
iii). They are not aware of any instance during the year of significant fraud with involvement therein of the management or any employee having a significant role in the Company's internal control system over financial reporting.

### 11. MEANS OF COMMUNICATION

a) Half-yearly Report sent to each household of shareholders.	:	No
b) Quarterly Results	:	Quarterly results are taken on record by the Board of Directors and submitted to the Stock Exchanges as per the requirements of the Listing Agreement, which enables the Exchanges to put the same in their websites.
	:	Navshakti and Free Press Journal
	:	www.hybridfinance.co.in
• In which newspapers normally published in	:	No
• Websites where displayed	:	Yes
• Whether it also displays official news releases and presentations made to institutional investors/analysis.	:	
c) Whether Management Discussions and Analysis is a part of the Annual Report	:	

### 12. GENERAL SHAREHOLDER INFORMATION

#### 12.1 Annual General Meeting

Date, Time & Venue : Friday, 8<sup>th</sup> July 2011 at 11 A.M. at Indian Women Scientists Association, Plot No.20, Sector 10-A, Opp.Balaji Temple, Near Sainath High School, Vashi, Navi Mumbai-400 703

#### 12.2 Financial Calendar (2011-2012) (tentative)

##### Quarterly Results :

Quarter ending June 30, 2011 : Last week of July 2011  
 Quarter ending September 30, 2011 : Last week of October 2011  
 Quarter ending December 31, 2011 : Last week of January 2012  
 Quarter ending March 31, 2012 : Last week of May 2012

12.3 Book Closure date(s) : Monday, 4<sup>th</sup> July 2011 to Thursday, 7<sup>th</sup> July 2011 (both days inclusive)

12.4 Dividend payment date(s) : Not applicable

12.5 Listing of Equity shares/debentures on Stock Exchanges : Bombay Stock Exchange Ltd. (BSE), Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400 001.

The company's shares were also listed in the National Stock Exchange of India Ltd, Ahmedabad Stock Exchange and Delhi Stock Exchange Association Ltd. The members have approved in the past delisting from these Exchanges.

The company has paid the listing fees to Bombay Stock Exchange Limited (BSE) under protest for the financial years from 2004-2005 to 2007-2008 on 17<sup>th</sup> May 2007 listing fees for 2008-2009 and 2009-2010 on 18<sup>th</sup> February 2010 and for 2010-2011 on 26<sup>th</sup> April 2010.

#### 12.6 Stock Code

Physical Segment – BSE : 500262  
 Demat Segment - BSE : INE965B01014

- 12.7 **Market Price Data** : The trading of the company's shares has been suspended in the National Stock Exchange of India Limited (NSE) with effect from September 2001 as well as in the Bombay Stock Exchange Limited (BSE) with effect from December 2002 and accordingly no market price data is available.
- 12.8 **Registrar & Transfer Agents** : M/s. Big Share Services Private Ltd.  
E-2, Ansa Industrial Estate Sakivihar Road,  
Saki Naka, Andheri (East), Mumbai – 400 072.  
Tel: 28470652 / 28470653 Fax: 28475207
- 12.9 **Share & Transfer agents (for Electronic Transfers)** : M/s. Big Share Services Private Ltd.  
E-2, Ansa Industrial Estate Sakivihar Road,  
Saki Naka, Andheri (East), Mumbai – 400 072.  
Tel: 28470652 / 28470653 Fax: 28475207

12.10 (a) **Distribution of Shareholding as on 31st March, 2011**

No. of Equity Shares held	No. of Shareholders	% of Shareholders	No. of Shares held	% of Shareholding
Upto – 5000	50,105	95.93	58,07,411	14.56
5001-10000	1,007	1.93	8,45,173	2.12
10001-20000	507	0.97	7,72,005	1.93
20001-30000	175	0.34	4,54,311	1.14
30001-40000	98	0.19	3,54,006	0.89
40001-50000	75	0.14	3,55,056	0.89
50001-100000	124	0.23	8,85,535	2.22
100001 and above	142	0.27	304,09,203	76.25
<b>GRAND TOTAL</b>	<b>52,233</b>	<b>100.00</b>	<b>398,81,700</b>	<b>100.00</b>

(b) **Category of Shareholding as on 31<sup>st</sup> March, 2011**

Sr. No.	Category	Shareholding	Percentage
1.	Promoters	2,31,49,238	58.04
2.	Financial Institutions, Nationalised Banks and Mutual Funds	28,49,600	7.15
3.	Bodies Corporate	5,71,129	1.43
4.	Directors and their relatives	40,800	0.10
5.	Non-Resident Individuals	30,250	0.08
6.	General Public	1,32,40,683	33.20
	<b>TOTAL</b>	<b>3,98,81,700</b>	<b>100.00</b>

(b) **The revised Category of Shareholding subsequent to giving effect to the reduction of capital as follows based on Category of Shareholding as on 31<sup>st</sup> March, 2011:**

[The face value of the Equity Share would reduce to Rs. 5/- and the paid up value of the Equity Shares would reduce to 2,80,36,275 shares of Rs.5 each aggregating to Rs.14,01,81,375/-]

Sr. No.	Category	Shareholding	Percentage
1.	Promoters	1,73,61,929	61.93
2.	Financial Institutions, Nationalised Banks and Mutual Funds	2,62,200	0.93
3.	Bodies Corporate	4,28,347	1.53
4.	Directors and their relatives	30,600	0.11
5.	Non-Resident Individuals	22,687	0.08
6.	General Public	99,30,512	35.42
	<b>TOTAL</b>	<b>2,80,36,275</b>	<b>100.00</b>

- 12.11 **Dematerialization of shares** : The Company has arrangements with NSDL and CDSL for demat facility. 76.38% of the total equity shares are held in dematerialized form with NSDL and CDSL as at 31<sup>st</sup> March 2011. Members can hold shares in electronic forms and trade the same in Depository system. However, they may hold the same in physical form also.
- 12.12 **Outstanding GDRs/ADRs/Warrants or any Convertible Instruments, Conversion date and likely impact on equity.** : NIL
- 12.13 **Registered Office & Address for Correspondence** : Flat No.K-3/4, Second Floor, Shopping Centre, Sector 15/16, Vashi, Navi Mumbai - 400 703.