

# **HYBRID FINANCIAL SERVICES**

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

**25TH**

**A  
N  
N  
U  
A  
L**

**R  
E  
P  
O  
R  
T**

**2  
0  
1  
1  
-  
2  
0  
1  
2**

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

### **BOARD OF DIRECTORS**

SHRI.JAYESH R.TALPADE      *Director*  
SHRI.N.R.DIVATE              *Wholetime Director*  
SHRI.K.CHANDRAMOULI      *Wholetime Director*  
   *and Company Secretary*  
SHRI. TANVEER SHAIKH      *Director*  
SHRI. L. JAYARAMAN  
(*Nominee of Debenture Trustee*)

### **MANAGEMENT TEAM**

SHRI.N.R.DIVATE              *Wholetime Director*  
  
SHRI. K. CHANDRAMOULI      *Wholetime Director*  
   *and Company Secretary*

### **AUDITORS**

S. RAMANAND AIYAR & CO  
Chartered Accountants  
Mumbai

### **REGISTERED OFFICE**

35, A-Wing, Raj Industrial Complex  
Premises Co-operative Society Limited,  
Military Road, Marol,  
Andheri (East), Mumbai-400 059

### **REGISTRARS & SHARE TRANSFER**

#### **AGENTS**

BIGSHARE 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              *Director*  
  
SHRI. JAYESH R. TALPADE      *Director*  
  
SMT. MEGHA J. VAZKAR      *Wholetime Director*  
  
SHRI. K. SURYANARAYANAN      *Wholetime Director*

### **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 2011-2012

## NOTICE

Notice is hereby given that the TWENTY FIFTH ANNUAL GENERAL MEETING of the Members of HYBRID FINANCIAL SERVICES LIMITED (FORMERLY KNOWN AS MAFATLAL FINANCE COMPANY LIMITED) will be held at All India Plastics Manufacturer's Association, AIPMA House, A-52, Road No.1, M.I.D.C. Andheri (East), Mumbai – 400 093 on Friday, 13th July 2012 at 11 am to transact the following BUSINESS:

### ORDINARY BUSINESS

1. To consider and adopt the Audited Statement of Profit and Loss for the year ended March 31, 2012 and the Balance Sheet as at that date and the Reports of Directors and the Auditors thereon.
2. To declare 1 % Dividend on Preference Shares
3. To reappoint Mr. Jayesh R. Talpade 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:

To consider and if thought fit, to pass with or without modification, the following resolution as a

“RESOLVED THAT in accordance with the provisions of Section 81, Section 81 (1A) and other applicable provisions, if any of the Companies Act, 1956 and subject to the approvals, consents, permissions and/or sanctions as may be necessary, of the Government of India (GOI), The Securities and Exchange Board of India (SEBI), Bombay Stock Exchange (BSE) and any other appropriate authority, Institution or Body and subject to such conditions and/or modifications as may be prescribed by any or all of them in granting such approvals, consents, permissions and/or sanctions, consent of the company be and is hereby accorded to the Board of Directors (hereinafter referred to as “the Board” which term shall be deemed to include any Committee constituted by the Board of Directors or any Committee which the Board of Directors may hereafter constitute to exercise one or more of its powers including the powers conferred by this resolution) to convert such number of 1% Redeemable Preference Shares of Rs.10/- (Rupees ten only) each, fully paid up and currently held by the Promoters of the Company so as to issue, offer and allot 14,00,000 (Fourteen Lacs) Equity shares of Rs. 5/- (Rupees Five only) each, fully paid up to Shri. K. Chandramouli and Shri. Nandakishore R. Divate on an equal and preferential basis at a price calculated on the basis of the guidelines of the SEBI and/or appropriate authorities.

RESOLVED FURTHER that the Board be and is hereby authorized to accept any modifications in the proposal as may be required by the authorities involved but subject to such conditions, SEBI, the financial institutions and/or such other appropriate authorities may impose at the time of their approval, if and to the extent necessary, and as agreed to by the Board.

RESOLVED FURTHER that the Shares to be issued as above are subject to the Memorandum and Articles of Association of the Company and shall rank in

all respects pari passu with the existing Equity Shares of the Company, provided however that such new Equity Shares shall not be entitled to participate in any dividend declared/ to be declared for any year or period prior to the issue of the Shares; but shall be entitled to full Dividend for the financial year in which they are allotted.

RESOLVED FURTHER that the shares are subject to a lock-in period of three years from the date of their allotment as specified in the SEBI guidelines currently in force.

RESOLVED FURTHER that for the purpose of giving effect to the above resolution, the Board be and is hereby authorized on behalf of the Company to do all such acts, deeds, matters and things as it may at its discretion deem necessary or desirable for such purpose and with power on behalf of the Company to settle any questions, difficulties or doubts that may arise in this regard as it may in its absolute discretion deem fit and proper.”

By Order of the Board

For HYBRID FINANCIAL SERVICES LIMITED

K. CHANDRAMOULI

Wholtime Director

### Registered Office:

35, A-Wing, Raj Industrial Complex  
Premises Co-operative Society Limited,  
Military Road, Marol,  
Andheri (East), Mumbai-400 059  
Date: 23rd May 2012

### 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, 9th July 2012 to Thursday, 12th July 2012 (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, Sakivihar Road, 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 Audited Financial Statements 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	:	Mr. Jayesh Ramesh Talpade
Age	:	56 Years
Qualifications	:	BE, MMS
Experience	:	Over Twenty Two Years in the field of Management Consulting

Mr. Jayesh Ramesh Talpade is not a Director in any other Company. He holds 30,600 Equity Shares in the Company

### Registered Office:

35, A-Wing, Raj Industrial Complex  
Premises Co-operative Society Limited,  
Military Road, Marol, Andheri (East),  
Mumbai-400 059  
Date: 23rd May 2012

By Order of the Board

For HYBRID FINANCIAL SERVICES LIMITED

K. CHANDRAMOULI

Wholtime Director

## EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

Hybrid Financial Services Limited, formerly known as Mafatlal Finance Company Limited had issued 44,90,700 1% Redeemable Preference Shares of Rs. 10/- each fully paid up and of the above the Promoters, namely Shri K. Chandramouli and Shri Nandakishore R. Divate are holding 40,58,200 number of shares. However owing to the severe liquidity crisis and asset liability mismatch faced by the Company, the Company has been unable to redeem the Preference Shares held by the Promoters although the Company has redeemed the shares allotted to the other Preference Shareholders. In view of the above, the Company proposes to convert part of the Preference Shares into Equity Shares as per the guidelines of SEBI.

The present paid up equity capital of the Company post the scheme of reduction of capital is Rs. 14,01,81,375/- (Rupees fourteen crore one lakh eighty one thousand three hundred and seventy five only) divided into 2,80,36,275 (Two crore eighty lakh thirty six thousand two hundred and seventy five) shares of Rs. 5/- (Rupees five only) each fully paid up.

It is proposed to issue 14,00,000 (Fourteen lakh) equity shares of Rs. 5/- (Rupees five only) to Shri K. Chandramouli, Wholetime Director and Shri. Nandakishore R. Divate, Wholetime Director of the Company, both belonging to the promoter group of the Company on an equal and preferential basis at a price calculated as per SEBI guidelines. The price at which the issue is to be made, as per SEBI guidelines, shall be the highest of

- Average of the weekly high and low of the closing price of the shares quoted in Stock Exchange during the 26 weeks preceding the relevant date, or
- Average of the daily high and low of the price during 2 weeks preceding the relevant date, the relevant date being the date 30 days prior to the date of the General Meeting approving the preferential issue. Since the Companies Shares are presently suspended by the Bombay Stock Exchange (BSE) from trading, it is proposed to allot the shares at a price of Rs. 5/- (Rupees five only) each (Face value) as the Valuation Report given by M/s. S.Ramanand Aiyar & Co, Chartered Accountants, being Statutory Auditors has given a value of Re. 0.63 as the price of shares.

The certificate from the Statutory Auditors certifying that the preferential allotment is being made in accordance with the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 is obtained.

The proposed allotment of shares shall be locked-in for a period of 3 years from the date of allotment in accordance with the above Regulations.

Due to the preferential allotment, there will not be any change in the Board of Directors nor will there be any change in the Management control over the Company. The shareholding pattern and the voting rights will change according to the number of shares that are allotted.

### Shareholding Pattern:

Particulars	Present Structure (Before Allotment)		Proposed Structure (After Allotment)	
<b>A. Promoters Holding</b>				
1. Nandakishore R. Divate	86,83,995	30.98	93,83,995	31.88
2. K. Chandramouli	86,78,057	30.95	93,78,057	31.86
<b>Sub-Total (A)</b>	<b>1,73,62,052</b>	<b>61.93</b>	<b>1,87,62,052</b>	<b>63.74</b>
<b>B. Non Promoters Holding</b>				
1. Institutions	262,200	0.94	2,62,200	0.89
2. Bodies Corporate	421,292	1.50	4,21,292	1.43
3. Public	99,90,731	35.63	99,90,731	33.94
<b>Sub-Total (B)</b>	<b>1,06,74,223</b>	<b>38.07</b>	<b>1,06,74,223</b>	<b>36.26</b>
<b>TOTAL (A + B)</b>	<b>2,80,36,275</b>	<b>100.00</b>	<b>2,94,36,275</b>	<b>100.00</b>

The above issue of shares permissible under the SEBI guidelines will require approval from the Members by way of Special Resolution.

The proposed issue of shares on preferential basis will be allotted within a period of 15 (Fifteen) days from the date of passing the above said Special Resolution.

### Disclosure of Interest:

Shri K. Chandramouli, Wholetime Director and Shri Nandakishore R. Divate, Wholetime Director may be deemed to be concerned or interested in the Resolution to the extent of the shares that are allotted to them.

The Board of Directors recommends the resolution to the Shareholders.

## DIRECTORS REPORT

To,  
The Members  
**Hybrid Financial Services Limited**

(Formerly known as Mafatlal Finance Company Limited)  
Your Directors present the Twenty Fifth Annual Report with the Audited Financial Statements of the Company for the year ended 31st March 2012.

### 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 31.03.2012 (Rs. in lacs)	Year ended 31.03.2011 (Rs. in lacs)
Gross Income	248.60	397.56
Gross Profit before depreciation and Income tax	40.89	123.78
Depreciation	1.17	0.86
Provision for Tax	Nil	Nil
Net Profit After Tax	39.72	122.92
Proposed Dividend on Preference		
Share including Dividend Distribution Tax	4.72	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	(9271.11)	(9341.80)
Add: Capital Reduction	8212.52	—
Balance carried forward	(1023.59)	(9271.11)

### 2. OPERATIONS

The Financial Year 2011-2012 has ended with the company making a profit of Rs. 39.72 lacs. The Company's operations are still muted due to the uncertainties of business environment and the outcome of the Tax Litigations. The Company does not anticipate any significant revenue growth from operations in the coming years till the tax issues are resolved

### 3. OUTLOOK

The company is exploring the possibilities of undertaking new Non - NBFC activities and accordingly entered into agreements with Bharti Airtel Limited to solicit new business clientele for them. These operations have yielded a gross revenue of Rs.35.15 lacs during the financial year ended 31st March 2012.

### 4. DIVIDEND

The Board recommends 1% dividend on Preference Shares. No dividend has been recommended by the Board on Equity Shares in view of the accumulated losses.

### 5. CONVERSION OF PREFERENCE SHARES HELD BY PROMOTERS INTO EQUITY SHARES

The Board recommends the issue of 14,00,000 (Fourteen lakh) equity shares of Rs. 5/- (Rupees five only) to Shri K. Chandramouli, Wholetime Director and Shri. N. R. Divate, Wholetime Director of the Company, both belonging to the promoter group of the Company on an equal and preferential basis at a price calculated as per SEBI guidelines by partly converting their Preference Share Holding

### 6. 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.11,12,647/-

# Annual Report 2011-2012

## 7. LISTING OF SHARES

The Company has made an application to BSE for removal of suspension and relisting of the shares under the new name on 30th August 2011. The matter is being pursued.

## 8. REDUCTION OF CAPITAL

The accounting effect of the reduction of capital has been carried out during the Quarter Ended 30th June 2011 as confirmed by The Hon'ble Bombay High Court vide their order dated 8th April 2011 and registered by The Registrar of Companies, Maharashtra, Mumbai on 14th June 2011.

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

The Subsidiary Company has suffered a net loss of Rs. 40.71 lacs for the financial year ended 31st March, 2012. 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.

## 10. 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

## 11. DIRECTORATE

Mr. Jayesh R. Talpade is retiring at the ensuing Twenty Fifth Annual General Meeting and eligible, offers himself for re-appointment.

## 12. 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.

## 13. 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.

## 14. 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.

## 15. 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.

## 16. 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.

## 17. 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: Mumbai

Date: 23rd May 2012

K.CHANDRAMOULI

Wholtime Director

## MANAGEMENT DISCUSSION AND ANALYSIS

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.248.60 Lacs which included Rs. 74.94 Lacs towards operational income and Rs.173.66 Lacs as other income (which includes write-backs) and the company earned a profit of Rs.39.72 Lacs.

### BUSINESS ANALYSIS OUTLOOK

The company has been exploring the possibility of alternate activities on the hope of improved market conditions in future in the fee based segment. In addition, the company would also activate its stock broking subsidiary which presently however is not satisfactory. The Company is yet to identify any new areas of activity in view of the uncertainty of the tax claims.

### 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 ADE QUACY

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 31st March 2012 has 2 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 R. 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 2011-2012 and the last Annual General Meeting is as follows:

Director	Board Meetings Attended	Last Annual General Meeting Attended (Held on 08.07.2011)
Mr. N.R. Divate	4	Yes
Mr. K. Chandramouli	4	Yes
Mr. Jayesh Talpade	4	Yes
Mr. Tanveer Shaikh	4	Yes
Mr. L. Jayaraman	1	Yes

##### (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 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. L. Jayaraman	Independent, Nominee Director	—	—	—	—

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

Four Board Meetings were held during the year 2011-2012. The dates on which meetings were held were as follows:  
24th May 2011, 8th July 2011, 24th October 2011, and 31st January 2012.

##### (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. 25,16,560/- 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.

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

- (i) Mr. K. Chandramouli is holding 86,83,995 Equity Shares, 20,29,100 1% Cumulative Redeemable Preference Shares,
- (ii) Mr. N.R.Divate is holding 86,78,057 Equity Shares, 20,29,100 1% Cumulative Redeemable Preference Shares and
- (iii) Mr. Jayesh Talpade is holding 30,600 Equity Shares in the Company.

### 3. AUDIT COMMITTEE

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 Auditors of the Company. The members of the reconstituted Audit Committee are as under on 31.03.2012:

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

## Annual Report 2011-2012

The details of the Audit Committee Meetings and attendance of its members are given below: Four meetings were held during the year 2011-2012. (24th May 2011, 8th July 2011, 24th October 2011, and 31st January 2012). The attendance for the said meetings is as follows:

Name of the Members	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. L. Jayaraman	Nominee Director	1

Mr. Binod C. Maharana, Partner of M/S. S. Ramanand Aiyar & Co., Chartered Accountants, Statutory Auditors, attended the Audit Committee Meeting held on 24th May 2011 as Special Invitee.

#### 4. REMUNERATION COMMITTEE

The company has constituted a Remuneration Committee on 27th April 2005 and following are the members in the reconstituted committee as on 31.03.2012:

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 24th May, 2011. All the above members were present in that meeting.

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

The company has a Share/Debtenture Transfer-cum-Investor's Grievance Committee, consisting of the following members as on 31.03.2012:

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: 01.04.2011 to 31.03.2012

Number of Equity Shareholders / Debtenture holders / } : 7

Preference Shareholders complaints pending as on 01.04.2011 }

Number of complaints received during the year : 124

Number of complaints solved during the year : 124

Number of complaints pending as on 31.03.2012 : 7

Four meetings were held during the year 2011-2012. (24th May 2011, 8th July 2011, 24th October 2011, and 31st January 2012). The attendance for the said meetings is as follows:

Name of the Members	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.Jayesh R.Talpade, Director of the company is retiring by rotation at the ensuing 25th Annual General Meeting, eligible and offers himself for reappointment. Brief particulars of the director is as under :

Name of Director	Mr. Jayesh R. Talpade
Date of Birth/Age	16th October 1956 / 56 Years
Date of Original Appointment	9th September 2008
Expertise in specific functional areas	Over Twenty Two Years in the field of Management Consulting
List of Companies in which the person holds the directorship	Nil

**7. GENERAL BODY MEETINGS**

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

Date	Venue	Time
10th 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.
30th 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.
8th July, 2011	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 22nd 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 31st 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. 39 Lacs per annum for the financial year ended 31st March 2012 due to reduced business. 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. 11 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 made an application to BSE for removal of suspension and relisting of the shares under the new name on 30th August 2011. The matter is being pursued. The company has not paid the listing fees to Ahmedabad Stock Exchange Limited (ASE) from the financial years 2000-01 to 2010-12 and Delhi Stock Exchange Association Limited (DSE) from the financial years 2001-02 to 2010-12 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 8th 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 Registrar of Companies, Maharashtra, Mumbai has registered the said reduction on 14th June 2011 and altered the Master Data. Accordingly the Company has given accounting effect to the same during the Quarter Ended 30th June 2011. The Revised Authorised Capital of the Company is 7,00,00,000 Equity Shares of Rs.5/- each and Paid up Capital of the Company is 2,80,36,275 shares of Rs.5/- each aggregating to Rs.14,01,81,375/- and the Share Premium Account is Nil as on 31st March 2012.
- 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 31st March 2012 and the Cash Flow Statement for the year ended 31st March 2012 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.
  - 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.
- 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
- 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.
- There has not been any significant change in internal control over financial reporting during the year under reference;
  - There has not been any significant change in accounting policies during the year requiring disclosures in the notes to the financial statements; and
  - 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.



## Annual Report 2011-2012

### 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. |
| ❖ In which newspapers normally published in   | : | Navshakti and Free Press Journal  |
| ❖ Websites where displayed  | : | www.hybridfinance.co.in   |
| ❖ Whether it also displays official news releases and presentations made to institutional investors/analysis. | : | No  |
| c) Whether Management Discussions and Analysis is a part of the Annual Report                                 | : | Yes   |

### 12. GENERAL SHAREHOLDER INFORMATION

- |  |   |  |
|--|---|--|
| <b>12.1 Annual General Meeting</b>                                 | : |  |
| Date, Time & Venue   | : | Friday, 13th July 2012 at 11 A.M. at All India Plastics Manufacturer's Association, AIPMA House, A-52, Road No.1, M.I.D.C. Andheri (East), Mumbai – 400 093.   |
| <b>12.2 Financial Calendar (2011-2012) (tentative)</b>             | : |  |
| <b>Quarterly Results:</b>  | : |  |
| Quarter ending June 30, 2012                                       | : | Second week of July 2012   |
| Quarter ending September 30, 2012                                  | : | Last week of October 2012  |
| Quarter ending December 31, 2012                                   | : | Last week of January 2013  |
| Quarter ending March 31, 2013                                      | : | Last week of May 2013  |
| <b>12.3 Book Closure date(s)</b>                                   | : | Monday, 9th July 2012 to Thursday, 12th July 2012 (both days inclusive)  |
| <b>12.4 Dividend payment date(s)</b>                               | : | Not applicable   |
| <b>12.5 Listing of Equity shares/debentures on Stock Exchanges</b> | : | Bombay Stock Exchange Ltd. (BSE)<br>Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400 001.<br>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 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 17th May 2007, listing fees for 2008-2009 and 2009-2010 on 18th February 2010, listing fee for 2010-2011 on 26th April 2010 and listing fee for the year 2011-2012 on 20th June 2011 |
| <b>12.6 Stock Code</b>   | : |  |
| Physical Segment – BSE   | : | 500262   |
| Demat Segment – BSE  | : | INE965B01014   |
| <b>12.7 Market Price Data</b>                                      | : | 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.   |
| <b>12.8 Registrar &amp; Transfer Agents</b>                        | : | M/s. Big Share Services Private Ltd.<br>E-2, Ansa Industrial Estate, Saki Vihar Road,<br>Saki Naka, Andheri (East), Mumbai - 400 072<br>Tel: 28470652 / 28470653 Fax: 28475207   |
| <b>12.9 Share &amp; Transfer agents(for Electronic Transfers)</b>  | : | M/s. Big Share Services Private Ltd.<br>E-2, Ansa Industrial Estate<br>Saki Vihar Road, Saki Naka<br>Andheri (East), Mumbai – 400 072<br>Tel: 28470652/28470653 Fax: 28475207  |

**12.10 (a) Distribution of Shareholding as on 31st March, 2012**

No. of Equity Shares held	No. of Shareholders	% of Shareholders	No. of Shares held	% of Shareholding
Upto – 5000	51,293	98.21	2,57,50,855	18.37
5001-10000	424	0.81	29,70,420	2.12
10001-20000	257	0.49	36,56,325	2.61
20001-30000	86	0.17	21,58,310	1.54
30001-40000	35	0.07	12,18,315	0.87
40001-50000	22	0.04	9,77,245	0.70
50001-100000	64	0.12	43,96,170	3.13
100001 and above	49	0.09	9,90,53,735	70.66
<b>TOTAL</b>	<b>52,230</b>	<b>100.00</b>	<b>14,01,81,375</b>	<b>100.00</b>

**(b) Category of Shareholding as on 31st March, 2012**

Sr. No.	Category	Shareholding	Percentage
1.	Promoters	1,73,62,052	61.93
2.	Financial Institutions, Nationalised Banks and Mutual Funds	2,62,200	0.94
3	Bodies Corporate	4,21,292	1.50
4.	Directors and their relatives	30,600	0.11
5.	Non-Resident Individuals	22,687	0.08
6.	General Public	99,37,444	35.44
	<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. 81.50% of the total equity shares are held in dematerialized form with NSDL and CDSL as at 31st March 2012  
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 and Address for Correspondence : No.35, A-Wing, Raj Industrial Complex Premises Co-operative Society Limited, Military Road, Marol, Andheri (East), Mumbai-400 059

**II. NON-MANDATORY REQUIREMENTS**

- Office of the Chairman of the Board and re-imbursement of expenses by the Company**  
The same is not applicable as the Chairman of the Company is a Wholtime Director
- Remuneration Committee**  
The Company has a remuneration Committee in place. For details regarding composition and scope of the Remuneration Committee, please refer to Item No. 4 above under the head "Mandatory Requirements"
- Shareholders' Rights – Furnishing of Quarterly Results**  
The Company's Quarterly Results are published in the newspapers and also posted on its own website ([www.hybridfinance.co.in](http://www.hybridfinance.co.in)). Hence Quarterly Results are not sent to the shareholders. However, the Company furnishes the Quarterly Results on receipt of requests from the shareholders.
- Audit Qualifications**  
The Company, at present, does not have any audit qualification pertaining to the financial results.
- Mechanism for Evaluating Non-Executive Board Members**  
The Company at present does not have any mechanism for evaluating the performance of Non-Executive Directors by a peer group.
- Whistle Blower Policy**  
The Company at present does not have any Whistle Blower Policy