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HYBRID FINANCIAL SERVICES

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

BOARD OF DIRECTORS

SHRI.N.R.DIVATE	Wholetime Director
SHRI.K.CHANDRAMOULI	Wholetime Director and Company Secretary
SHRI.JAYESH R.TALPADE	Director
SHRI. TANVEER SHAIKH	Director
SMT. MEGHA J. VAZKAR	Director

CHIEF FINANCIAL OFFICER

SHRI. VINAY RAMAKANT KULKARNI

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

WEBSITE

www.hybridfinance.co.in

CORPORATE IDENTIFICATION NUMBER (CIN)

L99999MH1986PLC041277

REGISTRAR & SHARE TRANSFER AGENTS

BIGSHARE SERVICES PRIVATE LIMITED
1st Floor, Bharat Tin Works Building,
Opp, Vasant Oasis, Makwana Road,
Marol, Andheri (East)
Mumbai - 400 059

NOTICE

Notice is hereby given that the **THIRTYSECOND ANNUAL GENERAL MEETING** of the Members of **HYBRID FINANCIAL SERVICES LIMITED** (FORMERLY KNOWN AS MAFATLAL FINANCE COMPANY LIMITED) will be held at Vishal Hall, Hotel Highway Inn, Sir.M.V.Road, (Andheri-Kurla Road), Near Andheri Railway Station, Andheri (East), Mumbai – 400 069 on Friday, 26th July, 2019 at 11 am to transact the following BUSINESS:

ORDINARY BUSINESS:

1. To consider and adopt the Audited Statement of Profit and Loss, Cash Flow Statement of the Company for the year ended 31st March, 2019 and the Balance Sheet as at that date and the Reports of Directors and the Auditors thereon.
2. To declare Dividend @ 1% on Preference Share for the year.
3. To appoint Auditors and fix their remuneration and in this regard, pass the following resolution as an Ordinary Resolution:

“RESOLVED THAT pursuant to the provisions of Section 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 (including any statutory modifications or re-enactments thereof, for the time being in force) M/S. BDMV & Co, Chartered Accountants, having Firm Registrations No: 101256W be and are hereby appointed as Statutory Auditors of the Company for a term of 3 (Three) consecutive years from the conclusion of this Annual General Meeting till the conclusion of the 35th Annual General Meeting to be held in the year 2022 at such remuneration as shall be fixed by the Board of Director of the Company.”

SPECIAL BUSINESS:

4. Appointment of Mr. Nandakishore R. Divate as Wholetime Director

To consider and if thought fit, to pass the following resolution as a Special Resolution:

“RESOLVED THAT pursuant to the provisions of Section 196, 197, 198, Schedule V and other applicable provisions, if any, of the Companies Act, 2013, (including any amendment / modifications thereof) and subject to such other necessary approval(s), consent(s), or permission(s), as may be required, the consent of the Members of the Company be and is hereby accorded to appoint Mr. Nandakishore R. Divate (DIN: 00304616) as a Wholetime Director of the Company for a period of 3 years with effect from August 01, 2019, on terms and conditions set out in the explanatory statement annexed hereto.

RESOLVED FURTHER THAT where in any financial year during the tenure of Mr. Nandakishore R. Divate, Wholetime Director the Company has no profits or the profits are inadequate, approval of the members of the Company be and is hereby accorded to pay him the maximum remuneration in accordance with the provisions of the Act.

RESOLVED FURTHER THAT the Board and / or Nomination & Remuneration Committee constituted by the Board be and is hereby authorized to vary the terms of appointment and to do all such acts, deeds, matters and things, as it may, in its absolute discretion, deem necessary and with the power on behalf of the Company to settle questions, difficulties or doubts that may arise in this regard without requiring the Board to secure any further consent or approval of the members of the Company.”

NOTES:

- a) The relative Explanatory Statement pursuant to Section 102 of Companies Act, 2013 (“Act”) setting out material fact concerning the business under item No. 4 of the Notice, is annexed hereto.

The relevant details as required under Regulation 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI Listing Regulations”), of person seeking appointment as Wholetime Director under Item No. 4 of the Notice, are also annexed.

- b) 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.
- c) 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.
- d) The Register of Members and the Share Transfer Books of the Company will remain closed from Monday, 22nd July 2019 to Friday, 26th July 2019 (both days inclusive).
- e) 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., 1st Floor, Bharat Tin Works Building, Opp. Vasant Oasis, Makwana Road, Marol, Andheri (East), Mumbai - 400059 quoting their folio nos. immediately, so as to ensure that all communications / reports reach the Members promptly.
- f) 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. Members may also note that the Notice of the 32nd Annual General Meeting and the Annual Report for 2018–2019 will also be available on the Company’s website www.hybridfinance.co.in for download.

g) E Voting Procedure

In compliance with the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of Companies (Management and Administration) Rules, 2014, the Company is pleased to offer e-voting facility as an alternative mode of voting which will enable the Members to Cast their votes electronically. Necessary arrangements have been made by the Company with Central Depository Services (India) Limited (CDSL) to facilitate e-voting. E-Voting is optional and members shall have the option to vote either through e-voting or in person at the Annual General Meeting. Following are the E Voting Procedure:

In case of members receiving e-mail:

- (i) Log on to the e-voting website www.evotingindia.com
- (ii) Click on “Shareholders” tab.
- (iii) Now, select “HYBRID FINANCIAL SERVICES LIMITED” from the drop down menu and click on “SUBMIT”
- (iv) Now Enter your User ID
 - a. For CDSL: 16 digits beneficiary ID,
 - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (v) Next enter the Image Verification as displayed and Click on Login.
- (vi) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.

(vii) If you are a first time user follow the steps given below:

For Members holding shares in Demat Form and Physical Form	
PAN	<p>Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <ul style="list-style-type: none"> Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number (refer serial no. printed on the name and address sticker) in the PAN field. In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with serial number 1 then enter RA00000001 in the PAN field.
DOB	<p>Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.</p>
Dividend Bank Details	<p>Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio.</p> <ul style="list-style-type: none"> Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or company, please enter the member id / folio number in the Dividend Bank details field.

(viii) After entering these details appropriately, click on "SUBMIT" tab.

(ix) Members holding shares in physical form will then reach directly the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

(x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.

(xi) Click on the EVSN for the HYBRID FINANCIAL SERVICES LIMITED on which you choose to vote.

(xii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.

(xiii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.

(xiv) After selecting the resolution, you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.

(xv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.

(xvi) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.

(xvii) If Demat account holder has forgotten the changed password, then enter the User ID and the image verification code and click on Forgot Password and enter the details as prompted by the system.

- * Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) are required to log on to <https://www.evotingindia.com> and register themselves as Corporates.
- * They should submit a scanned copy of the Registration Form bearing the stamp and sign of the entity to helpdesk.evoting@cdslindia.com.
- * After receiving the login details they have to create a user who would be able to link the account(s) which they wish to vote on.
- * The list of accounts should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
- * They should upload a scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, in PDF format in the system for the scrutinizer to verify the same.

In case of members receiving the physical copy:

(xviii) please follow all steps from sl. no. (i) to sl. no. (xvii) above to cast vote.

(xix) The voting period begins at 9.00 am on Tuesday, 23rd July 2019 and ends at 5.00 pm on Thursday, 25th July 2019. During this period shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of 19th July 2019 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter (i.e. at 5.00 pm on Thursday, 25th July 2019).

(xx) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com under help section or write an email to helpdesk.evoting@cdslindia.com.

(xxi) The Company has appointed Mr. Vijay S. Tiwari, Practicing Company Secretary (Certificate of Practice No. 12220) as the Scrutinizer for conducting the e-voting process in fair and transparent manner.

(xxii) The Scrutinizer shall within a period of not exceeding three (3) working days from the conclusion of the e-voting period, unblock the votes in the presence of at least two witnesses not in employment of the Company and forward his report of the votes cast in favour or against, to the Chairman or to any Director or Officer who may be authorized by the Chairman for this purpose.

(xxiii) The Result declared along with the Scrutinizer's Report shall be placed on the Company's website www.hybridfinance.co.in and on the website of CDSL within three working days after declaration and shall also be communicated to the Stock Exchanges accordingly.

Registered Office:

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

Date: 21st May, 2019

By Order of the Board
For HYBRID FINANCIAL SERVICES LIMITED

K.CHANDRAMOULI
Wholtime Director and
Company Secretary

Explanatory Statement

As required by Section 102 of Companies Act, 2013 ("Act"), the following explanatory Statement sets out all material facts relating to the business mentioned under Item No. 4 of the accompanying Notice:

Item No.4

Appointment of Mr. Nandakishore R. Divate as Wholtime Director

Mr. Nandakishore R. Divate is presently working as Wholtime Director of the Company based on the resolution passed by shareholders on July 29, 2016. His terms of appointment have been varied based on the resolution passed by the shareholders on July 27, 2018 and his present term is expiring on July 31, 2019.

Based on the recommendation of Nomination and Remuneration Committee and approval of the Board of Directors, Mr. Nandakishore R. Divate is proposed to be appointed as a Wholtime Director of the Company for the further period of 3 years with effect from August 01, 2019 subject to the approval of the members.

Duties:

Mr. Nandakishore R. Divate, shall subject to superintendence, control and directions of the Board of Directors devote his whole time to the business of the Company and carry out such duties as may be entrusted to him by Board from time to time, in the best interest of the business of the Company and the business of any one or more of its associated Companies, subsidiaries and/ or joint ventures, including performing duties as assigned by the Board from time to time by serving on the Boards of such associated Companies, subsidiaries and/ or joint ventures or any other executing body or any Committee of such a Company.

- i. Salary Limit: Not exceeding Rs. 1,65,000 (in the scale of Rs. 1,50,000 - 3,00,000) per month with authority to the Nomination and Remuneration Committee / Board of Directors to determine the amount of salary payable and the amount of increment payable every year effective from 1st August 2019, subject to a maximum of Rs. 3 Lakhs during the term of appointment.

Perquisites:

In addition to the salary Mr. Nandakishore R. Divate will also be entitled to following perquisites and allowance:

- * Retirement benefits, Contribution to superannuation fund and payment of gratuity as per the Company rules.
- * Medical reimbursement for self on actual basis.
- * For the purpose of calculation of the above ceiling, perquisites and allowances will be evaluated as per Income-tax rules wherever applicable. In the absence of any such rules, the perquisites and allowances will be evaluated as per actual cost. For the purpose of Gratuity, the service of all the period from 2008, shall be considered for calculation as continuous service.

Other Information as required under the Act is as follows:

I. GENERAL INFORMATION

- * **Nature of Industry** : The Company is engaged in providing Services (Service Industry).
- * **Financial Performance** : The financial performance of the company has been mainly to restructure its balance sheet and debt and there has 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. The Company is in the lookout for new activities to improve its operations.

II. INFORMATION ABOUT THE APPOINTEE

- * **Background** : Engineering and Management Graduate with substantial experience in the Industry.
- * **Last Remuneration** : Rs. 22.89 Lakhs, appointed as per the terms of appointment approved by the members in the Annual General Meeting held on 27th July, 2018.
- * **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 Mafatlal Securities Limited)

- * **Remuneration proposed** : Salary up to Rs. 1,65,000 (in the scale of Rs. 1,50,000 - 3,00,000) per month with perquisites as given in the explanatory statement. The remuneration proposed is reasonable taking the fact that the ailing company needs the services to make it viable.
- * **Other Disclosures** : He has no relationship with any directors of the company.

III. OTHER INFORMATION

The Company's Broking Subsidiary is making efforts to enhance its business and also generate other income. Mr. Divate is actively engaged in the same and ensures upheaval in the market do not dent the operations of the company

The Board recommends the Resolution at Item no. 4 for the approval of members.

None of the Directors, Key Managerial Personnel and their relatives, except Mr. Nandakishore R. Divate is concerned and interested in item no. 4 of the Notice.

Registered Office:

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

Date: 21st May 2019

By Order of the Board
For HYBRID FINANCIAL SERVICES LIMITED

K.CHANDRAMOULI
Wholtime Director and
Company Secretary

ANNEXURE TO THE NOTICE

Details of the Director seeking appointment/re-appointment at the Forthcoming Annual General Meeting

[Pursuant to Regulation 26(4) and 36(3) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard on General Meetings]

Name of the Director	Mr. Nandakishore R. Divate
Date of Birth	May 04, 1957
Date of First Appointment	September 09, 2008
Expertise in specific functional area	He is an Engineering and Management Graduate with substantial experience in the industry. He has been with the company since 1993 and has adequate managerial capacity in terms of qualifications and experience.
Directorships held in other body corporate as on 31st March 2019	1) Hybrid Systems Limited 2) Maximus Securities Limited
Membership/Chairmanships of committees of other companies (includes only Audit Committee and Stakeholders Relationship Committee) as on 31st March 2019	Nil
Number of equity shares held in the Company as on 31st March 2019	93,83,995
Relationship with other Directors and Key Managerial Personnel	None

DIRECTORS' REPORT

To,
The Members
Hybrid Financial Services Limited
(Formerly known as Mafatlal Finance Company Limited)

Your Directors present the Thirty Second Annual Report with the Audited Statement of Accounts of the Company for the year ended 31st March 2019.

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:

Particulars	Year Ended 31.03.2019 (Rs. in Lakhs)	Year Ended 31.03.2018 (Rs. in Lakhs)
Gross Income	154.63	173.26
Gross Profit before Depreciation, Exceptional Item and Income Tax	37.74	55.76
Depreciation	0.24	0.31
Provision for Tax	Nil	Nil
Net Profit After Tax	37.50	55.45
Other Comprehensive Income	0.10	0.27
Add: Amount brought forward from previous year	(796.37)	(852.09)
Provision for Contingencies	505.62	-
Balance carried forward	(1,264.39)	(796.37)

2. OPERATIONS

The Financial Year 2018-2019 has ended with the company earning a profit of Rs.37.50 Lakhs after Tax mainly on account of Write Backs and Tax Refunds. The Company's operations are still on very low scale due to the uncertainties of business environment and inadequate liquidity. The Company does not anticipate any significant revenue growth from operations in the coming years, till the resolution of many pending issues. The Company only foresees lower level of operation in the coming year due to dwindling business opportunities.

3. OUTLOOK

The company is trying to undertake new Non - NBFC activities and these activities earned a net income of Rs.0.04 Lakhs during the year. Other operations have yielded an income of Rs.79.20 Lakhs and Rs.24.00 Lakhs as Rent. Company's business is confined to attending to past issues from its earlier operations. The business outlook of the Company's subsidiary is also showing negative trend and is attempting to reduce costs by rationalisation and outsourcing.

4. DIVIDEND

The Board of Directors have recommended a Dividend of 1% on Preference Shares amounting to Rs.2.53 Lakhs inclusive of Dividend Distribution Tax. However, no dividend is recommended on Equity Shares to conserve resources and inadequate profit.

5. EXTRACT OF ANNUAL RETURN

As per the provisions of the Companies (Amendment) Act, 2017, Extract of Annual Return in the prescribed Form MGT-9 will be placed on the web site of the Company: www.hybridfinance.co.in

6. BOARD MEETINGS

The details of the Board Meetings held during the Financial Year 2018-2019 have been furnished under clause I 2(d) of the Corporate Governance Report forming a part of this Annual Report.

7. OTHER COMMITTEES

The Company has constituted the following Committees and the date of its constituents and changes during the year are as under:

a) Audit Committee:

The Audit Committee of the Company is Constituted in line with the provisions of section 177 of the Companies Act, 2013 read with Regulation 18 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirement) Regulations, 2015. The members of the Audit Committee are as under on 31.03.2019:

Name of Member	Status	Nature of Directorship
Mr. Jayesh Talpade	Chairman	Independent Director
Mr. Tanveer Shaikh	Member	Independent Director
Mr. N. R. Divate	Member	Wholetime Director

Mr. K. Chandramouli is an Ex-officio Secretary of the Audit Committee.

b) Nomination and Remuneration Committee:

To meet with the requirements of Regulation 19 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, Mr. N. R. Divate ceased to become the member of Nomination and Remuneration committee with effect from 22nd May, 2018 and the committee stands reconstituted. The members of the reconstituted Nomination and Remuneration committee are as under on 31.03.2019:

Name of Member	Status	Nature of Directorship
Mr. Tanveer Shaikh	Chairman	Independent Director
Mr. Jayesh Talpade	Member	Independent Director
Mrs. Megha J. Vazkar	Member	Women Director

c) Stakeholders Relationship Committee:

The company has a Stakeholder Relationship Committee, consisting of the following members as on 31.03.2019:

Name of Member	Status	Nature of Directorship
Mr. Jayesh Talpade	Chairman	Independent Director
Mr. K. Chandramouli	Member	Wholetime Director
Mr. N. R. Divate	Member	Wholetime Director
Mr. Tanveer Shaikh	Member	Independent Director
Mrs. Megha Vazkar	Member	Non – Executive Director

d) Risk Management Committee:

The company has constituted a Risk Management Committee and following are the members in the committee as on 31.03.2019:

Name of Member	Status	Nature of Directorship
Mr. K. Chandramouli	Chairman	Wholetime Director
Mr. N. R. Divate	Member	Wholetime Director
Mr. Tanveer Shaikh	Member	Independent Director

The details regarding the meetings held during the Financial Year 2018-2019 are given in the Corporate Governance Report forming a part of this Annual Report.

8. COMPLIANCES OF APPLICABLE SECRETARIAL STANDARDS

The Company has complied with the provisions of Secretarial Standard 1 (Board Meetings) and Secretarial Standards 2 (General Meetings) to the extent as applicable to the Company.

9. BOARD EVALUATION

The Board generally evaluate the overall performance and the evaluation are as under:

- As growth opportunities are getting stymied by environmental threats, the management needs to be in guard to prevent any unforeseen dangers.
- The need to preserve the integrity and ethics are more important than any other business demands.
- Long pending issues need to be addressed and resolved at the earliest so that the future path can be harmonised with greater focus.

10. PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

The details of Related Parties and the Transaction with them are disclosed as required by Ind AS - 24 issued by The Institute of Chartered Accountants of India under Note No. 2.19.8 forming part of this Annual Report.

In our opinion there were no "material" transactions that warrant a disclosure in this report.

Accordingly, particulars of Contracts or Arrangements with related parties referred to in Section 188(1) in Form AOC-2 does not form a part of this report.

Further the members may note that the Company has not entered into Contracts/Arrangements/Transactions which are not at arm's length basis.

11. PARTICULARS OF LOANS GIVEN, INVESTMENT MADE, GUARANTEES GIVEN AND SECURITIES PROVIDED

During the year under review, pursuant to the provisions of Section 186 Company has not granted any Loan or has made any Investment or given any guarantees and Security.

12. TRANSFER TO RESERVES

The Company has not made any transfer to the reserve other than transfer of surplus earned during the year.

13. LISTING OF SHARES

The company made an appeal in Securities Appellate Tribunal on 21st April 2017 against BSE for Non-Revocation of Suspension and Listing of New Shares Pursuant to Capital Reduction and against NSDL for not allotting new ISIN subsequent to Capital reduction. Subsequently, Securities Appellate Tribunal has passed an order on October 16, 2017 stating that the Company should make the necessary presentations to BSE and NSE as required by them within 4 weeks after passing this order and BSE and NSE shall consider the same and pass the appropriate order thereon within 3 months from the date of receiving the representations from the Company.

The company has made the sufficient representations and awaiting for the final order to be passed by BSE and NSE. Although the Company is in compliance with the standard of operating procedure for Revocation of Suspension the BSE is denying the matter due to the alleged difference in capital issued in the year 2000 which is contested by the Company. Due to the same, BSE has not revoked the suspension nor has listed the shares issued post reduction of capital in 2011 nor the preferential allotment made in 2012. This delay is also causing damage to the Company but beneficial to BSE. As the reinstatement fees levied are based on the number of years of suspension of trading in shares of the Company. This is also contested by the Company as there is no fault of the Company. Further BSE is also insisting on the listing of shares in NSE and the Company has not officially delisted from NSE although shareholders have approved the same in the year 2003. Due to the same, it is felt that the cost implication of the revocation of suspension of listing of shares is prohibitively high and a future drain on the Companies major resources. The Company however is attempting to negotiate the matter for a satisfactory resolution

focusing its outcome to provide an opportunity to the shareholders to have an exit opportunity and hope the same shall be done in the current year. In view of the impasses in the matter, the promoters are of the opinion that, there may be no other option but to get the Company delisted at an exit price decided in consultation with the Exchanges.

The Company's ISIN remains suspended as new ISIN subsequent to Name Change and Reduction of Capital is not yet allotted.

As the Depositories are providing no services presently, the Company has not made payment of their Annual Custodial Fees.

14. MAXIMUS SECURITIES LIMITED (MSL) – SUBSIDIARY COMPANY]

The Subsidiary Company has earned a net profit of Rs. 32.80 Lakhs for the financial year ended 31st March, 2019. The Subsidiary Company is exploring various options to improve its earnings in the current financial year.

15. 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

16. CONTINGENCY PROVISIONS

With the uncertainties in the operations environment, to mitigate the adverse effect of unforeseen and disputed liabilities, the company in this year has created additional provision for contingency of Rs. 505.62 Lakhs with a review by the Management after three years.

17. DIRECTORATE

The present tenure of Mr. Nandakishore R. Divate as Wholtime Director will end on July 30, 2019. The Nomination and Remuneration Committee has already recommended the reappointment of Mr. Nandakishore R. Divate as Wholtime Director for a period of three years commencing from 1st August, 2019. Members are hereby requested to consider and approve his reappointment on the terms as per Special resolution placed in the Annual General Meeting. Mr. Nandakishore R. Divate is interested in the said resolution. The Board of Directors also recommend the same.

18. 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.

19. E-VOTING

In terms of the requirements of Listing, the Company has concluded an Agreement with Central Depository Services (India) Limited (CDSL) for E-Voting Facility for its Shareholders.

20. PARTICULARS OF EMPLOYEES

There are no employees who are covered under Section 134(3) of the Companies Act, 2013 read with Companies (Particulars of Employees) Rules 1975.

21. WEBSITE OF THE COMPANY

The Company maintains a website www.hybridfinance.co.in where detailed information of the Company is provided.

22. WHISTLE BLOWER MECHANISM

The Company has a Whistle Blower Policy in place for vigil mechanism. The said policy has been implemented keeping in view of the amendments in the Companies Act, 2013 and in compliance with the Listing Agreement.

23. INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY

The Company has an adequate internal control system commensurate with the size of the Company and the nature of its business. The Internal Control System of the Company is monitored and evaluated by Internal Auditor and his Audit Reports are periodically reviewed by the Audit Committee of the Board of Directors. The observations and comments of the Audit Committee are placed before the Board.

24. DIRECTOR'S RESPONSIBILITY STATEMENT

The financial statements are prepared in accordance with Indian Accounting Standards (Ind AS) under the historical cost convention on accrual basis except for certain financial instruments, which are measured at fair values. The Company has adopted all the Ind AS standards and the adoption was carried out in accordance with applicable transition guidance.

As required under section 134(3)(c) of the Companies Act, 2013 the Directors hereby confirm that:

- i. in the preparation of the annual accounts for the financial year ended March 31, 2019, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- ii. 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;
- iii. 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;
- iv. the Directors have prepared the Annual Accounts on a going concern basis.

25. CORPORATE GOVERNANCE

Pursuant to the Listing Regulations of Securities and Exchange Board of India (Listing Obligations and Disclosures Requirements) Regulations, 2015 Management Discussion and Analysis and Corporate Governance Report are made a part of the Annual Report.

26. AUDIT REOPORTS

The Statutory Auditors have expressed their opinion or observations in the Audit Report and Management of the Company offers their response on the same:

Opinion / Observations of the Statutory Auditors	Response of the Management
Emphasis of Matter We draw attention to Note 2.19.12 of the standalone financial statements, which states that the Company has made provision towards gratuity on the basis of Gratuity Act instead of Ind AS 19 as prescribed by ICAI. "Employee Benefit. Our opinion is not modified in respect of this matter	<i>Disclosure Required under Ind AS-19 of The Institute of Chartered Accounts of India with regard to Employee Benefit are not given as the Company has no employees as on 31st March 2019 other than Two Whole Time Directors and Chief Financial Officer (on deputation). However, during the year, the Company has provided Gratuity with effect from 1st April 2011 for the two Wholetime Directors as per the Gratuity Act, 1972.</i>

Opinion / Observations of the Statutory Auditors	Response of the Management
We have sought and obtained all the information and explanations subject to Item No 4 of Note No. 2.19.4 regarding non-receipt of confirmation of certain bank balances which to the best of our knowledge and belief were necessary for the purpose of our audit.	<i>Most of the Bank Accounts are in-operative for a long time. We have already taken measures to close all these inoperative accounts. Some of the Statutory Accounts which have to be transferred to Investor Education and Protection Fund have already been transferred during the year ended 31st March 2013. In the absence of complete bank statements these balances do not appear to be recoverable.</i>

27. STATUTORY AUDITORS

The Audit committee recommend the appointment of M/s. BDMV & Co, Chartered Accountants, Mumbai, having Firm Registration No. 101256W as Statutory Auditors of the Company for a term of 3 (Three) consecutive years from the conclusion of this Annual General Meeting till the conclusion of the 35th Annual General Meeting to be held in the year 2022.

The Board of Directors also recommend their appointment and members are hereby requested to consider and approve the same.

28. SECRETARIAL AUDITOR

The Board of Directors have appointed Mr. Vijay S. Tiwari, a practising Company Secretary, as Secretarial Auditor for the Financial Year 2018-2019.

29. CORPORATE SOCIAL RESPONSIBILITY

The said provisions are not applicable to the Company.

30. ACKNOWLEDGEMENTS

Your Directors wish to thank and place on record their appreciation of the valuable support given by Company's Customers, Shareholders and Bankers.

FOR AND ON BEHALF OF THE BOARD

K. CHANDRAMOULI
Wholetime Director and
Company Secretary

Place: Mumbai
Date : 21st May 2019

MANAGEMENT DISCUSSION AND ANALYSIS

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

FINANCIAL REVIEW

The company's income was Rs.154.63 Lakhs which includes Rs.79.24 Lakhs towards operational income and Rs.75.39 Lakhs as other income (which includes write-backs and Tax Refunds) and the company earned a pre-tax profit of Rs.37.50 Lakhs.

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. As the medium-term strategy is to further enhance the competitiveness and activities of its wholly owned stock broking subsidiary. However, the long-term strategy is to develop new areas of operations to further augment its revenue after resolving long pending issues.

Presently the Company's operations are muted due to the overhang of past matters and the inability to put additional resources and relative stagnancy in its subsidiary's operations. The compliance environment is also demanding extreme care and caution. The Company is however facing the challenges with appropriate risk mitigating strategies. Having regard to the dynamics of its business, the Company has to ensure that unforeseen and any other operational error do not impinge on its subsistence or continuity. Hence building an appropriate defence mechanism is a critical focus area.

RISK AND CONCERNS

The company faces the challenge of Contingent Risks which the company is not currently facing but may be exposed too.

The Business environment has still not improved and gives the strained financial position the Company continuous to focus only on Fee Based Activities. Also, due to tougher regulatory conditions the Company is not contemplating any immediate business plans. The Companies' financial position also does not provide any opportunities to undertake any fund based business presently.

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 31st March 2019 has two employees (Two Wholtime Directors) on its payroll. The relationship was 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.

ANNEXURE – PARTICULARS OF EMPLOYEES

a) Information as per Rule 5 (1) of Chapter XIII, Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

The ratio of the remuneration of each Director to the median employee's remuneration and other details in terms of Sub-section 12 of Section 197 of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration Managerial personnel) Rules, 2014 is as under:

Sr. No.	Disclosure Requirement	Disclosure Details		
		Director	Title	Ratio
1.	Ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year.	Mr. K. Chandramouli Mr. N. R. Divate	Wholtime Director Wholtime Director	111.11 100
2.	Percentage increase in remuneration of each Director, Chief Financial Officer, Company Secretary or Manger if any, in the financial year	Director / Key Managerial Personnel	Title	% Increase / Decrease in remuneration
		Mr. K. Chandramouli Mr. N. R. Divate Mr. Vinay Kulkarni	Wholtime Director Wholtime Director Chief Financial Officer	(1.44%) (0.01%) (21.37%)
3.	Percentage increase in the median remuneration of employees in the financial year	(0.01%)		
4.	Number of permanent employees on the rolls of the Company at the end of the year	3 (2 Directors + 1 CFO)		
5.	Average percentile increases already made in the salaries of employees other than the Managerial Personnel in the last financial year and its comparison with percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration.	Not Applicable		
6.	Affirmations that the remuneration is as per the Remuneration Policy	It is affirmed that the remuneration paid is as per the Remuneration Policy of the Company and also in compliance with the relevant Statutory Provisions.		

* Mr. Vinay Kulkarni is not on the roles of the Company and is deputed by Hybrid Systems Limited, a Group Company. His Remuneration is being reimbursed by the Company to the said Group Company.

Form No. MR-3
SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2019

[Pursuant to section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

The Members,
Hybrid Financial Services Limited
35, A-Wing, Raj Industrial Complex Premises
Co-op.Society Ltd, Military Road, Marol,
Andheri (East), Mumbai – 400059
Maharashtra
CIN: L99999MH1986PLC041277

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Hybrid Financial Services Limited** (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the Corporate Governance conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on 31st March 2019 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by **Hybrid Financial Services Limited** ("the Company") for the financial year ended on 31st March 2019 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made hereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made hereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed hereunder;
- (iv) The Prevention of Money Laundering Act, 2002
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made hereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - (a) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
 - (b) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (c) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
 - (d) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
 - (e) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
 - (f) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
 - (g) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
 - (h) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
 - (i) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;
- (vi) The Company has not identified any other laws which are presently applicable to it .

I have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India.
- (ii) The Listing Agreements entered into by the Company with Stock Exchange(s).

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above subject to the following observations:

- **The Company's shares were suspended from trading by The National Stock Exchange of India Limited (NSE) since September 2001 and BSE 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 also not yet entered into Simplified Listing Agreement with BSE and NSE due to non-revocation of trading suspension.**
- **14,09,338 Equity Shares are held by promoters in physical mode out of total promoters holding of 1,87,62,052 Equity Shares. This is due to Non Listing of preferential issue of Equity Shares, Reduction of Share Capital and non allotment of new ISIN.**
- **The Company has not paid Listing Fees to BSE Limited for the Financial Years from 2012-2013 to 2018-2019 and also not paid Listing Fees to The National Stock Exchange of India Limited for the Financial Years from 2001-2002 to 2018-2019.**
- **The Company's ISIN remains suspended as new ISIN subsequent to Name Change and Reduction of Capital is not yet allotted. Consequently, the Corporate Action for Reduction of share Capital is pending with the Depositories. Also no services are also offered by the Depositories NSDL / CDSL to the Company's shareholders towards Demat Operations due to the suspended ISIN and non-payment of dues.**

I further report that

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. No change took place in the composition of the Board of Directors during the period under review except designating Shri. Jayesh R. Talpade as Chairperson and alternatively Shri. Tanveer Shaikh during the absence of Mr. Jayesh R. Talpade.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through while the dissenting members' views are captured and considered.

I further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

For Vijay S. Tiwari & Associates
Company Secretaries in Practice

Vijay Tiwari
Proprietor
C.P. No. – 12220
M.No. 33084

Place: Mumbai
Date: 21st May 2019