

HYBRID FINANCIAL SERVICES

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

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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

Wholetime 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 at least 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

Wholetime 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)	
A. Promoters Holding				
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
Sub-Total (A)	1,73,62,052	61.93	1,87,62,052	63.74
B. Non Promoters Holding				
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
Sub-Total (B)	1,06,74,223	38.07	1,06,74,223	36.26
TOTAL (A + B)	2,80,36,275	100.00	2,94,36,275	100.00

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 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 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/Debenture 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 / Debenture 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

- | | | |
|--|---|--|
| 12.1 Annual General Meeting | : | |
| 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. |
| 12.2 Financial Calendar (2011-2012) (tentative) | : | |
| Quarterly Results: | : | |
| 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 |
| 12.3 Book Closure date(s) | : | Monday, 9th July 2012 to Thursday, 12th July 2012 (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 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 |
| 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, Saki Vihar 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
Saki Vihar Road, Saki Naka
Andheri (East), Mumbai – 400 072
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
TOTAL	52,230	100.00	14,01,81,375	100.00

(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
	TOTAL	2,80,36,275	100.00

- 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). 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

Annual Report 2011-2012

DECLARATION REGARDING COMPLIANCE BY BOARD MEMBERS AND SENIOR MANAGEMENT PERSONNEL WITH CODE OF CONDUCT

This is to confirm that the Company has adopted a Code of Conduct for all Board Members and Senior Management of the Company.

I confirm that the Company has received from the Senior Management team of the Company and the Members of the Board a declaration of compliance with the Code of Conduct as applicable to them.

For the purpose of this declaration, Senior Management Team means the employee in the cadre of Wholtime Directors on 31st March 2012

K.CHANDRAMOULI

Wholtime Director and
Company Secretary

Place: Mumbai

Date: 23rd May 2012

AUDITOR'S CERTIFICATE ON COMPLIANCE WITH THE CONDITIONS OF CORPORATE GOVERNANCE UNDER CLAUSE 49 OF THE LISTING AGREEMENT (S)

TO

THE MEMBERS OF

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

We have examined the compliance of conditions of Corporate Governance by **Hybrid Financial Services Limited (Formerly known as Mafatlal Finance Company Limited)** for the year ended on 31st March 2012 as stipulated in clause 49 of the Listing Agreement of the said company with Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of an opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, *subject to the following:*

The company has not laid down procedures to inform the board members about risk management and minimization requirements.

We certify that the company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Agreement.

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

For and on behalf of
FOR S. RAMANAND AIYAR & CO
Chartered Accountants
Firm Registration No: 000990N

BINOD C. MAHARANA
Partner
Membership No. 56373

Place: Mumbai

Date: 23rd May 2012

**AUDITORS' REPORT TO THE SHAREHOLDERS OF HYBRID FINANCIAL SERVICES LIMITED
(FORMERLY KNOWN AS MAFATLAL FINANCE COMPANY LIMITED).**

1. We have audited the attached Balance Sheet of **HYBRID FINANCIAL SERVICES LIMITED (FORMERLY KNOWN AS MAFATLAL FINANCE COMPANY LIMITED)**, as at **31st March 2012**, and also the Statement of Profit and Loss and the Cash Flow Statement for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003, issued by the Central Government in terms of Section 227 (4A) of the Companies Act, 1956, we give in the Annexure a Statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
 - a) We have obtained all the information and explanations *subject to Item Nos 6 and 8 of Note No. 21 III) regarding non receipt of confirmation of certain balances* which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far, as appears from our examination of those books.
 - c) The Balance Sheet, Statement of Profit and Loss and Cash flow statement dealt with by this Report are in agreement with the books of account;
 - d) The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956,
 - e) On the basis of written representations received from the Directors as on 31st March 2012 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March 2012, from being appointed as a Director in terms of clause (g) of sub-section (1) of Section 274 of the companies Act, 1956.
5. In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the other notes thereon, gives the information required by the Companies Act, 1956, (except to the extent of disclosure required to be made under AS-15 with regard to Group Gratuity Scheme and Leave Encashment) in the manner so required and give a true and fair view, in conformity with the accounting principles generally accepted in India.
 - (i) In the case of the Balance Sheet, of the State of Affairs of the Company as at 31st March, 2012;
 - (ii) In the case of the Statement of Profit and Loss, of the Profit of the Company for the year ended on that date; and
 - (iii) In the case of Cash Flow Statement, of the Cash Flows for the year ended on that date.

FOR S. RAMANAND AIYAR & CO
Chartered Accountants
Firm Registration No: 000990N

BINOD C. MAHARANA
Partner
Membership No. 56373

Place: Mumbai
Date: 23rd May 2012

Annual Report 2011-2012

ANNEXURE TO THE AUDITORS' REPORT

[Referred to in paragraph 3 of our report of even date on the Financial Statements of **Hybrid Financial Services Limited** (Formerly known as Mafatlal Finance Company Limited) for the year ended 31st March 2012.]

- 1) a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- b) During the year, the fixed assets have been physically verified by the management in accordance with the programme of verification.
- c) The company has not disposed off substantial part of its assets during the year.
- 2) As explained to us, the repossessed stocks on hire was written off during the earlier year hence there is no inventory as at the year end.
- 3) The company has neither granted nor taken any loans secured or unsecured to / from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.
- 4) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business for the purchase of fixed assets and Sale of Services. We have not observed any continuing failure to correct major weaknesses in such internal controls. There are no transactions of purchase of inventory and sale of goods.
- 5) In our opinion and according to the information and explanations given to us, there are transactions pursuant to contracts/arrangements referred to in section 301 of the Companies Act, 1956 which required to be entered in to the register maintained under section 301 have been

so entered. *However, considering the nature of services and in the absence of comparative quotations we are unable to express our opinion on reasonableness of the price.*

- 6) In our opinion and according to the information and explanations given to us, the company has not accepted any deposit during the year. In respect of matured deposits accepted as Non- Banking Finance Company has been deposited in to escrow account as directed by Reserve Bank of India. No return of fixed deposit has been filed with Reserve Bank of India. The company has now amended its object clause of Memorandum of Association and no longer a non-banking finance company.
- 7) The company has an internal audit system, carried out by a firm of Chartered Accountants. *However considering the size of the Company and the nature of its business, in our opinion scope and coverage of the system needs to be enhanced.*
- 8) a) In respect of statutory dues; The Company has been generally regular in depositing undisputed statutory dues, including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales-tax, Wealth Tax, Service Tax, cess and any other material statutory dues applicable to it with the appropriate authorities during the year. *According to the information and explanations given to us, no undisputed amounts payable in respect of Investor Education and Protection Fund, Income-tax, Sales-tax, Wealth Tax, Service Tax and cess were in arrears, as at 31st March 2012 for a period of more than six months from the date they became payable, except for the following:*

Name of the Statute	Nature of Dues	Amount (Rs.)	Period to which the amount relates	Due Date	Date of Payment
Investors Protection fund	Matured Fixed Deposit	6,56,000/-	31.03.2010

- b) *According to the information and explanations given to us, details of disputed sales tax, income tax, customs duty, wealth tax, service tax, excise duty and cess which have not been deposited as on 31st March, 2012 on account of any dispute are given below:*

Name of statute	Nature of the dues	Amount (Rs.)	Period to which the amount relates	Forum where dispute is pending
Gujarat Sales Tax Act, 1969.	Sales Tax	42,992/-	1999-2000	Deputy Commissioner Commercial Taxes (Appeal- I).
Madhya Pradesh Commercial Tax Act, 1974.	Sales Tax	48,780/-	1995-1996	Deputy Commissioner of Commercial Taxes
Madhya Pradesh Commercial Tax Act, 1974.	Sales Tax	25,491/-	1996-1997	Deputy Commissioner of Commercial Taxes
Madhya Pradesh Commercial Tax Act, 1974.	Sales Tax	31,247/-	1997-1998	Commercial Tax Tribunal
Madhya Pradesh Commercial Tax Act, 1974.	Sales Tax	33,267/-	2000-2001	Indore High Court.
West Bengal Sales Tax Act, 1994.	Sales Tax	2,654/-	1994-1995	Deputy Commissioner of Commercial Taxes
West Bengal Sales Tax Act, 1994.	Sales Tax	143,788/-	1995-1996	Deputy Commissioner of Commercial Taxes
West Bengal Sales Tax Act, 1994.	Sales Tax	82,415/-	1996-1997	Deputy Commissioner of Commercial Taxes
West Bengal Sales Tax Act, 1994.	Sales Tax	44,851/-	1999-2000	Deputy Commissioner of Commercial Taxes
Uttar Pradesh Trade Tax Act, 1948.	Sales Tax	39,999/-	1999-2000	Trade Tax Tribunal
Uttar Pradesh Trade Tax Act, 1948.	Sales Tax	52,713/-	2000-2001	Trade Tax Tribunal
Rajasthan Sales Tax Act, 1994.	Sales Tax	20,562/-	1997-1998	Deputy Commissioner Appeals
Rajasthan Sales Tax Act, 1994.	Sales Tax	23,346/-	1998-1999	Deputy Commissioner Appeals.
Income Tax Act, 1961.	Income Tax	8,14,51,111/-	1993-94 to 1998-99	Income Tax Appellate Tribunal
Foreign Exchange Management Act.	Import Duty	6,07,40,000/-	1994-1995 1995-1996 1996-1997	Appellate Tribunal of Foreign Exchange.

- 9) *The accumulated losses of the company have exceeded fifty percent of its net worth as at the end of the year. The Company has not incurred cash losses during the financial year covered by our audit. The company has not incurred cash losses in the immediately preceding financial year also. We are unable to determine the impact of qualifications, which are not quantifiable, on the accumulated losses and the cash losses, if any.*
- 10) *According to the information and explanations given to us, the company has not defaulted in repayment of dues to financial institution, banks and debenture holders as per the Scheme of Compromise and Arrangements dated 13th July 2007 or has agreed with the Banks / Financial Institutions.*
- 11) The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures or other securities.
- 12) Based on our examination of the records and evaluation of the related internal controls, the Company has maintained proper records of transactions and contracts in respect of its dealing in shares, securities, debentures and other investments and timely entries have been made therein. The Company has held the aforesaid investments in its own name.
- 13) According to the information and explanation given to us the company has not given guarantees for loans taken by others from banks and financial institutions. Accordingly, the provisions of clause 4(xv) of the Companies (Auditor's Report) Order, 2003, are not applicable.
- 14) To the best of our knowledge and belief and according to the information and explanations given to us, in our opinion, the Company has not availed any term loans from Banks or financial institutions during the year.
- 15) According to the information and explanations given to us, and on an overall examination of the balance sheet of the Company, there were no funds raised on short term basis that have, *prima facie*, been used during the year for long term investment.
- 16) According to the information and explanations given to us, the Company has not made any preferential allotment of shares. Accordingly, the provisions of clause 4(xviii) of the Companies (Auditor's Report) Order, 2003, are not applicable.
- 17) According to the information and explanations given to us and the records examined by us, securities have been created in respect of the debentures issued.
- 18) The Company has not raised monies by public issues during the year. Accordingly, the provisions of clause 4(xx) of the Companies (Auditor's Report) Order, 2003, are not applicable.
- 19) To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the Company was noticed or reported during the year. Other clauses of the order are not applicable to the company for the year.

FOR S. RAMANAND AIYAR & CO
Chartered Accountants
Firm Registration No: 000990N

BINOD C. MAHARANA
Partner
Membership No. 56373

Place: Mumbai
Date: 23rd May 2012

Annual Report 2011-2012

BALANCE SHEET AS AT 31ST MARCH, 2012

PARTICULARS	NOTE NO.	AS AT 31.03.2012 RS' 000	AS AT 31.03.2012 RS' 000	AS AT 31.03.2011 RS' 000
I. EQUITY AND LIABILITIES				
(1) Shareholder's Funds:				
(a) Share Capital	1	180,763		439,399
(b) Reserves and Surplus	2	(98,034)	82,729	(360,170)
				79,229
(2) Non-Current Liabilities:				
(a) Long Term Liabilities	3	3,774		10,412
(b) Long Term Provisions	4	34,154	37,928	33,880
				44,292
(3) Current Liabilities:				
(a) Short Term borrowings	5	—		810
(b) Other Current Liabilities	6	6,147		7,619
(c) Short Term Provisions	7	472		898
			6,619	9,327
TOTAL			127,276	132,848
II. ASSETS				
(1) Non Current Assets:				
(a) <u>Fixed Assets</u>	8			
(i) Tangible Assets		886		970
(ii) Intangible Assets		34		67
		920		1,037
(b) Non Current Investments	9	100,180		100,020
(c) Long Term Loans and Advances	10	9,014		9,058
(d) Other Non Current Assets	11	5,977	116,091	5,977
				116,092
(2) Current Assets:				
(a) Trade Receivables	12	1,000		151
(b) Cash and Cash Equivalents	13	8,543		14,868
(c) Short Term Loans and Advances	14	1,572		1,672
(d) Other Current Assets	15	70		65
			11,185	16,756
TOTAL			127,276	132,848
Significant Accounting Policies and Notes on Financial Statements	21			

As per our attached report of even date
For S. RAMANAND AIYAR & CO
Chartered Accountants
Firm Registration No.: 000990N

BINOD C. MAHARANA
Partner
M. No. 56373
Mumbai, Dated : 23rd May 2012

N. R. DIVATE
Wholetime Director

K. CHANDRAMOULI
Wholetime Director & Company Secretary

JAYESH R. TALPADE
Director

TANVEER SHAIKH
Director

Mumbai, Dated : 23rd May 2012

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2012

PARTICULARS	NOTE NO.	CURRENT YEAR RS' 000	CURRENT YEAR RS' 000	PREVIOUS YEAR RS' 000
INCOME				
Revenue from operations :				
Service Charges				
[Tax deducted at source Rs.8,02,936/- (Previous Year Rs.7,91,208/-)]		7,494		7,800
			7,494	7,800
Other Income	16		17,366	31,956
Total Revenue			24,860	39,756
EXPENDITURE				
Employee Benefit expenses	17		9,184	10,632
Financial Costs	18		97	725
Depreciation and Amortisation Expenses	8		117	86
Other Administrative Expenses	19		11,490	15,274
Provisions and Write-Offs	20		—	747
Total Expenses			20,888	27,464
Profit before Tax			3,972	12,292
Provision for Tax			—	—
Profit after Tax			3,972	12,292
Earning per equity share:				
(1) Basic			0.12	0.29
(2) Diluted			0.12	0.29

Significant Accounting Policies and Notes on Financial Statements 21

As per our attached report of even date
For S. RAMANAND AIYAR & CO
Chartered Accountants
Firm Registration No.: 000990N

BINOD C. MAHARANA
Partner
M. No. 56373
Mumbai, Dated : 23rd May 2012

N. R. DIVATE
Wholetime Director

K. CHANDRAMOULI
Wholetime Director & Company Secretary

JAYESH R.TALPADE
Director

TANVEER SHAIKH
Director

Mumbai, Dated : 23rd May 2012

Annual Report 2011-2012

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2012

	Rs. '000s 2011-2012	Rs. '000s 2010-2011
A. Cash Flow from Operating Activities		
Net Profit before Interest and Tax	4,068	13,017
Less : Interest	96	725
Profit before Tax	3,972	12,292
Adjustment for :		
Sundry Credit Balances Written Back	(1,121)	(4,341)
Provision for Doubtful Debts Written Back	(1,978)	(13,519)
Provisions for Diminution in Value of Long Term Investment no longer required written back	(160)	-
Investments Acquired in Satisfaction of Claim	-	(653)
Depreciation	117	86
Interest / Dividend on Investments	(5,455)	(5,507)
Provisions for Leave Encashment	525	422
Provisions & Write offs	-	747
Operating Profit / (Loss) before Working Capital Changes	(8,072)	(22,765)
Changes in Working Capital	(4,100)	(10,473)
Adjustments for (increase) / decrease in operating assets		
Trade Receivables	(849)	864
Long Term Loans and Advances	28	1,647
Short Term Loans and Advances	1,827	14,722
Non Current Assets	-	6,293
Adjustments for increase / (decrease) in operating liabilities		
Long Term Provisions	-	(34)
Long Term Liabilities	(5,551)	(2,755)
Other Current Liabilities	(1,262)	(15,817)
Cash Generated from / (used in) Operations	(5,807)	4,920
Direct Taxes - (Paid) / Received	16	(1,030)
Net Cash From / (used in) Operating Activities	(A) (9,891)	(6,583)
B. Cash Flow from Investing Activities		
Purchase of Fixed Assets	-	(468)
Interest/Dividend Received	5,450	5,459
Net Cash From Investing Activities	(B) 5,450	4,991
C. Cash Flow from Financing Activities		
Short Term Borrowings	(810)	(18)
Redemption of Preference Shares	(205)	-
Dividend Paid on Preference Shares	(869)	-
Net Cash Used In Financing Activities	(C) (1,884)	(18)
Net (Decrease) / Increase in Cash and Cash Equivalents	(A+B+C) (6,325)	(1,610)
Cash and Cash Equivalents as at the commencement of the year	14,868	16,478
Cash and Cash Equivalents as at the end of the year	8,543	14,868
Net (Decrease) / Increase as Disclosed above	(6,325)	(1,610)
(See Notes attached)		

NOTES TO THE CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2012

	2011-2012 Rs. '000	2010-2011 Rs. '000
1 Cash and cash equivalents include :		
Cash on hand	1	1
Bank Balances	8,542	14,867
TOTAL	8,543	14,868

2 Bank Balances include Rs 11,12 ('000) [Previous Year Rs. 10,30 ('000)] in escrow account for payment of fixed depositors liability.

3 All figures in brackets are outflows.

4 Previous years figures have been regrouped wherever necessary to confirm to this year's classification.

As per our attached report of even date

For S. RAMANAND AIYAR & CO
Chartered Accountants
Firm Registration No.: 000990N

BINOD C. MAHARANA
Partner
M. No. 56373
Mumbai, Dated : 23rd May 2012

N. R. DIVATE
Wholetime Director

K. CHANDRAMOULI
Wholetime Director & Company Secretary

JAYESH R.TALPADE
Director

TANVEER SHAIKH
Director

Mumbai, Dated : 23rd May 2012

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

	As at 31.03.2012 Rs' 000	As at 31.03.2011 Rs' 000		As at 31.03.2012 Rs' 000	As at 31.03.2011 Rs' 000
Note No. 1					
Share Capital					
AUTHORISED CAPITAL					
7,00,00,000 Equity shares of Rs.5/- each (Previous Year Rs. 10/- each)	350,000	700,000			
3,00,00,000 Redeemable Cumulative Preference Shares of Rs. 10/- each	300,000	300,000			
	<u>650,000</u>	<u>1,000,000</u>			
ISSUED, SUBSCRIBED & PAID UP CAPITAL					
2,80,36,275 (Previous Year 3,98,81,700) Equity Shares of Rs.5/- each fully paid (Previous Year Rs.10 each fully paid) (See Note below)	140,181	398,817			
	<u>140,181</u>	<u>398,817</u>			
40,58,200 1% Redeemable Cumulative Preference Shares of Rs.10/- each fully paid	40,582	40,582			
Total	<u>180,763</u>	<u>439,399</u>			
Note:					
The Company's Scheme of Reduction of Equity Share Capital as per resolution passed in the previous year has been confirmed by the Hon'ble Bombay High Court on 8th April 2011. Consequent upon and giving effect to the same, the Company's Equity Share Capital stand reduced to Rs.14,01,81,375 consisting of 2,80,36,275 Equity Shares of Rs. 5/- each					
Reconciliation of Shares					
ISSUED, SUBSCRIBED & PAID UP CAPITAL					
	Current Year	Previous Year			
Equity Shares					
Number of Equity Shares at the beginning of the year	39,881,700	39,881,700			
Less:					
Capital Reduction [Please Refer to Note No. 21 III) 5]	11,845,425	-			
Number of Equity Shares at the end of the year	<u>28,036,275</u>	<u>39,881,700</u>			
Promoters of the Company are holding 61.93 % (Previous Year 58.04%) of the total Equity Share Capital of the Company and there are no other share holders holding more than 5% of the Equity Share Capital of the Company					
Preference Shares					
Number of Preference Shares at the beginning of the year	4,058,200	4,490,700			
Less:					
Redemption	-	432,500			
Number of Preference Shares at the end of the year	<u>4,058,200</u>	<u>4,058,200</u>			
The entire Preference Share Capital above are held by promoters.					
Note No. 2					
Reserve and Surplus					
1 CAPITAL REDEMPTION RESERVE ACCOUNT					
As per last Balance Sheet	4,325	-			
Capital Redemption Reserve Account for Redemption of 432500 1% Redeemable Cumulative Preference Shares of Rs. 10/- each	-	4,325			
Total (A)	<u>4,325</u>	<u>4,325</u>			
2 SHARE PREMIUM ACCOUNT					
As per last Balance Sheet	562,616	562,616			
Less: Capital Reduction [Refer Note No. 21 III) 5]	<u>562,616</u>	-			
Total (B)	<u>-</u>	<u>562,616</u>			
3 Surplus / (Deficit) (Profit & Loss Account)					
Opening Balance	(927,111)	(934,180)			
Add: Profit for the year after Taxes	<u>3,972</u>	<u>12,292</u>			
	<u>(923,139)</u>	<u>(921,888)</u>			
			Less:		
			Appropriation for:		
			Proposed Dividend on Preference Shares	406	898
			Dividend Distribution Tax on Proposed Dividend on Preference Shares	66	-
			Capital Redemption Reserve Account for Redemption of 432500 1% Redeemable Cumulative Preference Shares of Rs. 10/- each	-	4,325
				<u>(923,611)</u>	<u>(927,111)</u>
			Add: Capital Reduction [Refer Note No. 21 III) 5]	821,252	-
			Total (C)	<u>(102,359)</u>	<u>(927,111)</u>
			Total (A + B + C)	<u>(98,034)</u>	<u>(360,170)</u>
Note No. 3					
Long Term Liabilities					
1 Secured					
a Debentures					
Deep Discount Non-Convertible Debentures of T Series Liability reduced as per Scheme of Compromise net of payments made till 31st March 2012 [Refer Note No. 21 III) 4]	124	124			
b Fixed Deposits from Public	656	656			
2 Unsecured					
a Security Deposits from lessees and others etc. [Refer Note No. 21 III) 4]	126	126			
b Rent Deposit Received	2,000	1,500			
c Others	868	8,006			
Total	<u>3,774</u>	<u>10,412</u>			
Note No. 4					
Long Term Provisions					
1 Provision for employee benefits:					
Leave Encashment (unfunded)	4,133	3,859			
2 Provision For Taxation	21	21			
3 Provision for Contingencies [Refer Note. 21 III) 1]	30,000	30,000			
Total	<u>34,154</u>	<u>33,880</u>			
Note No. 5					
Short Term Borrowings					
1 Bank Overdraft (Secured against pledge of Fixed Deposits)	-	810			
Total	<u>-</u>	<u>810</u>			
Note No. 6					
Other Current Liabilities					
1 Unclaimed Preference Shares	4,120	4,325			
2 Unclaimed Dividend on Preference Shares	29	-			
3 Unclaimed Debentures and Interest Warrants	668	668			
4 Related Parties for Services Provided	600	1,142			
5 Other Payables					
a Auditor's Remuneration	101	149			
b Tax Deducted at Source	253	757			
c Super Annuation Fund Payable	-	11			
d Pension Fund Payable	-	6			
e ESIC Payable	-	1			
f Professional Tax	2	3			
g Outstanding Expenses Payable	213	148			
h Others	161	409			
Total	<u>6,147</u>	<u>7,619</u>			
Note No. 7					
Short Term Provisions					
1 For Proposed Dividend on Preference Shares	406	898			
2 For Dividend Distribution Tax on Proposed Dividend on Preference Shares	66	-			
Total	<u>472</u>	<u>898</u>			

Annual Report 2011-2012

Note No. 8 Fixed Assets

Particulars	GROSS BLOCK (At Cost)				DEPRECIATION / AMORTISATION				NET BLOCK	
	As at 01.04.2011	Additions during the year	Deletions during the year	As at 31.03.2012	As at 01.04.2011	For the Year	Deletions during the year	As at 31.03.2012	As at 31.03.2012	As at 31.03.2011
TANGIBLE ASSETS:										
BUILDINGS	521	—	—	521	133	9	—	142	379	388
COMPUTERS	419	—	—	419	102	61	—	163	256	317
FURNITURES AND FIXTURES	35	—	—	35	3	2	—	5	30	32
OFFICE EQUIPMENTS	261	—	—	261	28	12	—	40	221	233
SUB TOTAL (A)	1,236	—	—	1,236	266	84	—	350	886	970
INTANGIBLE ASSETS:										
COMPUTER SOFTWARE	100	—	—	100	33	33	—	66	34	67
SUB TOTAL (B)	100	—	—	100	33	33	—	66	34	67
TOTAL (A + B) (CURRENT YEAR)	1,336	—	—	1,336	299	117	—	416	920	1,037
(PREVIOUS YEAR)	868	468	—	1,336	213	86	—	299	1,037	—

	As at 31.03.2012	As at 31.03.2012	As at 31.03.2011		As at 31.03.2012	As at 31.03.2012	As at 31.03.2011
	Rs' 000	Rs' 000	Rs' 000		Rs' 000	Rs' 000	Rs' 000

Note No. 9

Non Current Investment

A. IN FULLY PAID EQUITY SHARES OF SUBSIDIARY COMPANIES

1,00,00,000 Shares of Rs.10 each in
Maximus Securities Ltd.

100,000	100,000	100,000
		100,000

B. OTHER INVESTMENTS

i IN FULLY PAID EQUITY SHARES - UNQUOTED WITH ASSOCIATED COMPANIES

24500 shares of Rs.10 each in
Hybrid Systems Ltd

245		245
245		245
245		245

Provision for Diminution in Value

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ii IN FULLY PAID EQUITY SHARES - UNQUOTED WITH OTHERS

16000 shares of Rs.10 each in Amitabh
Bachan Corporation Ltd.
300000 shares of Rs.10 each in
Leisure Hotel Ltd.

1,280		1,280
3,000		3,000
4,280		4,280
4,120		4,280

160

III IN FULLY PAID PREFERENCE SHARES

52255 shares of Rs.10 each in
Pasupati Fabrics Ltd

523		523
523		523

Provision for Diminution in Value

--	--	--

IV OTHERS

(a) 333 shares of Rs.30 each in Bombay
Mercantile Co-operative Bank Ltd.

10		10
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(b) 1000 shares of Rs.10 each in Saraswat
Co-operative Bank Ltd

10		10
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Total

20		20
100,180		100,020

Note No. 10

Long Term Loans and Advances

Advance Interest Tax

1,750		1,750
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Loan against Fixed Deposits -

Secured and Considered Good

17		17
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Advance payment of Income Tax and
Tax Deducted at Source (Net)

5,801		5,817
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Deposit with others

(i) Considered Good

1,446		1,474
-------	--	-------

(ii) Considered Doubtful

8,000		8,000
-------	--	-------

Less : Provision for Doubtful Deposit

8,000		8,000
-------	--	-------

Total

1,446		1,474
9,014		9,058

Note No. 11

Other Non Current Assets

Assets acquired in satisfaction of claims
[Refer Note No. 21 III] 7]

Total

5,977		5,977
5,977		5,977

Note No. 12

Trade Receivables

Outstanding for more than six months

a) Secured, Considered Good

—		—
---	--	---

b) Unsecured, Considered Good

—		—
---	--	---

c) Doubtful

71,049		71,049
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Others

a) Secured, Considered Good

—		—
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b) Unsecured, Considered Good

1,000		151
-------	--	-----

c) Doubtful

—		—
---	--	---

1,000		151
-------	--	-----

72,049		71,200
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71,049		71,049
--------	--	--------

1,000		151
-------	--	-----

Less: Provision for Doubtful Trade Receivables

Total

Note No. 13

Cash & Cash Equivalent

1 Cash-in-Hand

Cash Balance

1		1
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2 Balance With Banks

Balance With Scheduled Banks in

Current Accounts:

Earmarked Balances for Refund Warrants

of Fixed Deposits

and Debentures

1,505		1,505
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Other Current Accounts

2,037		7,183
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3,542		8,688
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Bank Deposits

Escrowed Bank Deposit (for Public Fixed

Deposit of Rs.6,56,000/-)

1,112		1,030
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Fixed Deposits for Bank Guarantees

3,888		5,149
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5,000		6,179
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Note: There are no Bank Deposits which
carries a maturity period beyond 12 Months
as on 31st March 2012

Total

8,543		14,868
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Note No. 14

Short Term Loans & Advances

1 Loans and Advances to related parties

Loans to Subsidiary Company -

Unsecured Considered Good

232		89
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2 Other Related Parties - Unsecured

(i) Considered Good

—		—
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(ii) Considered Doubtful

37,418		39,397
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37,418		39,397
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Less : Provision for doubtful advances

37,418		39,397
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3 Prepaid Expenses (Unsecured, Considered Good)

933		2
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4 Advances recoverable in cash or in kind or for value to be received - Unsecured Considered Good

407		1,581
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Total

1,572		1,672
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Note No. 15

Other Current Assets

Interest Accrued on Bank Deposits

70		65
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Total

70		65
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	Current year Rs. 000's	Previous year Rs. 000's	
Note No. 16			
Other Income			
1 <u>Interest Income</u>			
a Interest on Deposits with Banks (Gross)	437	464	
{ Tax Deducted at source Rs. 42,713/- (Previous Year Rs. 39,231/-) }			
b Interest Others	4	7	
2 <u>Dividend Income from Long Term Investments</u>			
a From Subsidiary Company	5,000	5,000	
b From Others	18	43	
3 <u>Other non-operating income</u>			
a Rent Received	2,250	1,800	
{ Tax Deducted at source Rs. 2,48,175/- (Previous Year Rs. 1,98,540/-) }			
b Credit Balances no longer payable written back	1,121	4,341	
c Bad Debts Written Off Re-credited to the Profit & Loss A/C	6,150	4,111	
d Provision for Doubtful Debts/Advances written Back	1,978	13,519	
e Provision for Diminution in Value of Long Term Investment no longer required	160	-	
f Reimbursement of Salary	-	2,337	
g Service Tax input credit of earlier year	81	135	
h Others	167	199	
Total	17,366	31,956	
Note No. 17			
Employment Benefit Expenses			
1 Salaries & Other Allowances	4,600	8,811	
2 Contribution to Provident and Superannuation Funds	870	1,129	
3 Gratuity	196	270	
4 Leave Encashment	525	422	
5 Reimbursement of Salaries	2,993	-	
Total	9,184	10,632	
Note No. 18			
Financial Cost			
1 Interest on Fixed Deposit	-	14	
2 Bank Charges and Commission	39	636	
3 Interest on Bank Overdraft	4	38	
4 Other Interest Paid	54	37	
Total	97	725	
Note No. 19			
Other Administrative Expenses			
1 Advertisement & Business promotion expenses	120	110	
2 Audit Fees and Other Services	178	249	
3 Conveyance Expenses	331	310	
4 Custodial Fees	110	179	
5 Electricity Expenses	64	247	
6 Insurance	4	14	
7 Listing Fees	185	76	
8 Motor Car Expenses	213	282	
9 Postage Expenses	644	587	
10 Printing and Stationery	475	427	
11 Professional fees & Service charges	6,732	8,168	
12 Rates and Taxes	11	75	
13 Rent and Office premises compensation	301	792	
14 Repairs and Office Maintenance	448	205	
15 Telephone Expenses	670	773	
16 Travelling Expenses	59	220	
17 Miscellaneous Expenses	945	2,560	
Total	11,490	15,274	
Note No. 20			
Provisions and Write Offs			
Bad Debts / Investments written off	-	26,330	
<u>Less: Adjusted against provisions</u>	-	25,583	
Total	-	747	
Note No. 21			
SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON FINANCIAL STATEMENTS			
I) CORPORATE INFORMATION			
The Company's main business activities are Management Consulting, providing Debt Recovery Advise, Consultancy in Financial, Commercial, Legal, Direct and Indirect Taxation, Other Levies, Statistical, Accountancy and Other Fields. The Company is having Registered Office / Head Quarter in Mumbai. The Company has no branches.			
II) SIGNIFICANT ACCOUNTING POLICIES:			
a. Accounting Conventions:			
The Accounts have been prepared under the historical cost convention on an Accrual basis and in accordance with requirements of the Companies Act, 1956 and comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the said Act and are consistent with generally accepted accounting principles and conform to the statutory provisions and practices prevailing in the industry.			
b. Estimates:			
The presentation of financial statements in conformity with the generally accepted accounting principles requires estimates and assumptions to be made that affect the reported amounts of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual result and estimates are recognised in the period in which the results are known / materialised.			
c. Fixed Assets:			
All the Fixed Assets have been stated at cost.			
d. Intangible Assets:			
Intangible assets are stated at cost of acquisition less accumulated amortization.			
e. Assets Acquired in Satisfaction of Claims:			
Assets acquired in satisfaction of claim has been accounted at fair value of the assets acquired and is marked down by a subsequent reduction in the Net Realisable Value, if any.			
f. Depreciation:			
Depreciation on Fixed Assets is provided on straight-line method in accordance with Section 205(2)(b) of the Companies Act, 1956 as per rates specified in Schedule XIV to the Companies Act, 1956. Capital expenditure on leased premises is depreciated on straight-line method as per the rates specified in Schedule XIV or over the lease period whichever is higher.			
AMORTISATION			
Expenses incurred on Computer Software are amortised on straight line basis over a period of three years.			
g. Impairment of Assets:			
An asset is impaired when the carrying amount of the asset exceeds its recoverable amount. An impairment loss is charged to the Statement of Profit and Loss in the year in which an asset is identified as impaired. An impairment loss recognised in prior accounting periods is reversed if there has been a change in the estimate of the recoverable amount.			
h. Investments			
Long-term investments are stated at cost of acquisition. Provision is made in diminution in value, other than temporary, in the carrying amount of such investments. Current investments are shown at lower of cost and fair market value (repurchase price in case of Mutual Fund Units).			
i. Revenue Recognition			
Revenue is recognised when there is reasonable certainty of its ultimate realisation/ collection.			
(i) <u>Profit on Sale of Investments</u>			
Profit on Sale of Investments is accounted reckoning the average cost of the investments.			
(ii) <u>Other Income:</u>			
Other Income is accounted on accrual basis.			

Annual Report 2011-2012

J. Provisions, Contingent Liabilities and Contingent Assets

Provisions involving substantial degree of estimation in measurement are recognised when there is a present obligation as a result of part events, it is probable that there will be an outflow of resources and a reliable estimate of the amount of the obligation can be made. Contingent Liabilities are not recognised and are disclosed in the notes. Contingent Assets are neither recognised nor disclosed in the financial statements.

K. Retirement Benefits

The Company has dissolved the Provident Fund Trust and is in the process of closure of the same as there are no employees left other than the Wholetime Directors. The Company's Superannuation Fund

and Gratuity Fund are administered through Life Insurance Corporation of India and are recognised by the Income Tax Department. Company's contribution for the year is charged against revenue.

I. Leave Encashment

Leave Encashment is accounted on the basis of actual leave balance as at the year end.

M. Taxes on Income

Current Tax is determined as per Law. Deferred Tax Asset and Liability are measured using the tax rates that have been enacted or substantively enacted at the Balance Sheet date.

III) NOTES TO ACCOUNTS:

1 Contingent Liabilities:

Sl.No.	Particulars	Current Year (Rs.)	Previous Year (Rs.)	Current Status
1	Disputed Income Tax Demands	8,14,51,511/-	8,14,51,511/-	Under Appeal before Tribunal
2	Interest Tax	21,07,307/-	21,07,307/-	Under Appeal by Income Tax Department in High Court
3	Labour Court and Civil Court	29,16,205/-	29,16,205/-	Under Appeal before the Respective Authorities
4	Foreign Exchange Management Act	6,07,40,000/-	6,07,40,000/-	Under Appeal before the Appellate Tribunal for Foreign Exchange, New Delhi. The Company has however provided Rs.3,00,00,000/- as Contingent Provision out of abundant precaution.
5	Disputed Sales Tax Demands	5,92,105/-	5,92,105/-	Under Appeal before the respective authorities

2. Payment to Auditors (inclusive of service tax where applicable)

	Current Year	Previous Year
	Rs. '000s	Rs. '000s
Statutory Audit Fee	75	120
Tax Audit Fees	25	30
Limited Review and Other Certification Work	60	75
Out of Pocket Expenses	6	9
Service Tax	19	23
Total	185	257

3. DEBENTURES

Bank of India has filed a case against the company with the Hon'ble Bombay High court for Rs. 166,34,72,817/- in the capacity of trustee for certain series of Debentures which is in appeal and the Company does not expect any liability in this matter.

4. SCHEME OF COMPROMISE AND ARRANGEMENTS

The Company has since made all the payments due as per the sanctioned scheme except the T Series Debenture Holders who have not yet surrendered their Debenture Certificates and Security Depositors who have not yet claimed.

5. EQUITY SHARE CAPITAL

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.

6. NON CONFIRMATIONS AND RECONCILIATIONS OF BANKS

In respect of Current Accounts with banks amounting to Rs. 32,53,369/- (net) [previous year Rs.77,01,461/- (net)] which includes book debit balance of Rs. 34,30,207/- and book credit balance of Rs. 1,76,838/-, statements of account were not being received; including from 2000-2001 in some cases.

7. During the year 2004-2005 the company has accounted for the immovable properties acquired in satisfaction of claims valued at Rs.59,76,429/-. Though the company is in possession of the property, completion of documentation is pending.

8. Most of the company's debtors are fully provided / written off and have been suit filed or not traceable. In the past the Company had circulated confirmation letters to debtors/advances. As most of these companies' latest addresses are not available, the Company has not sent any confirmation letters this year. The Company has not circularised confirmations for Sundry Creditor balances.

9. The Company has not received any intimation from suppliers regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosures, if any, relating to amounts unpaid as at the year end together with interest paid/payable as required under the said Act have not been given.

10. The Company is in possession of 3,00,000 shares of Sunanda Capital Services Limited. Pending for transfer of these shares in the name of the Company, the same is not taken as investments in the books.

11. As required by Accounting Standard - 18 issued by The Institute of Chartered Accountants of India, Related Party Disclosures are as follows:

A. Subsidiary Company

Maximus Securities Limited
(Formerly known as Mafatlal Securities Limited)

B. Associate Companies

Garron Shares and Stock Brokers Private Limited
Garron Trading Company Private Limited
Hybrid Systems Limited
(formerly known as Mafatlal Systems Limited)
Mafatlal Trustee Company Limited
Sunanda Capital Services Limited
Hybrid Services and Trading Limited
(Formerly known as Sunanda Service and Trading Limited)
Sushmita Engineering & Trading Limited

C. Key Management Personnels

Mr. N R Divate
Mr. K.Chandramouli

Transactions with Related Parties:

Particulars	Subsidiary Company		Associate Companies		Key Management Personnel	
	2011-12 Rs.	2010-11 Rs.	2011-12 Rs.	2010-11 Rs.	2011-12 Rs.	2010-11 Rs.
(a) Outstanding Receivables	2,31,902	88,993	3,74,18,324	3,93,98,808	-	-
(b) Provision made as on date for doubtful debts	Nil	Nil	3,74,18,324	3,93,98,808	-	-
(c) Margin Deposit given outstanding as on 31.03.2012	5,00,000	5,00,000	-	-	-	-
(d) Outstanding Payable	-	-	5,99,513	11,42,246	-	-
(e) Investment in Subsidiary	10,00,00,000	10,00,00,000	-	-	-	-
(f) Rental Income	22,50,000	18,00,000	-	-	-	-
(g) Reimbursement of Employee Cost charged to them	Nil	23,37,053	-	-	-	-
(h) Service Charges charged to them	39,00,000	40,62,947	-	-	-	-
(i) Service Charges charged by them	Nil	Nil	84,04,000	71,68,668	-	-
(j) Other Expenses Charged to them	Nil	Nil	Nil	Nil	-	-
(k) Other Expenses Charged by them	1,772	5,175	12,40,832	9,40,363	-	-
(l) Brokerage Paid	1,234	80,993	-	-	-	-
(m) Managerial Remuneration	-	-	-	-	54,89,098	54,54,238

12. The Company has complied with AS-22 "Accounting for taxes on Income", issued by the Institute of Chartered Accountants of India; accordingly, the opening deferred tax asset and as well as for the year has not been accounted on the grounds of prudence.
13. The company has taken Office premises on Operating Lease and Lease Rent amounting to Rs. 3,00,758/- (Previous Year Rs. 7,92,540/-) was paid during the year has been debited to Statement of Profit and Loss. The future minimum lease payment is as under:

	2011-2012 Rs.	2010-2011 Rs.
Not later than 1 year	97,500	6,06,000
Later than 1 year and Not later than 5 years	Nil	5,62,500
Later than 5 years	Nil	Nil
Total	97,500	11,68,500

14. Earning per Share:

	Current Year (Rs. in '000)	Previous Year (Rs. in '000)
I) Basic Earning per share		
Profit for the year as per Statement of Profit & Loss	39,72	122,92
Less: Preference dividend	4,72	8,98
	35,00	113,94
Weighted average number of Equity Shares of Rs.5 (Previous Year Rs.10) each outstanding during the year.	2,86,35,275	3,98,81,700
Basic Earning per Share (Rupees)	0.12	0.29
II) Diluted Earning per share		
Profit for the year as per Statement of Profit & Loss	39,72	122,92
Less: Preference dividend	4,72	8,98
Add: Interest forgone on account of Potential Equity shares	-	-
	35,00	113,94
Weighted average number of Equity Shares of Rs.5 (Previous Year Rs.10) each outstanding during the year.	2,86,35,275	3,98,81,700
Add: Shares issuable under Loan Contract upon default of payment of principal and interest	-	-
Total Weighted average number of Equity Shares.	2,86,35,275	3,98,81,700
Diluted Earning per Share (Rupees)	0.12	0.29
Nominal value of shares (Rupees)	5.00	10.00

15. Disclosure pursuant to Clause 32 and 41 of the Listing Agreement

Loans and Advances	Rs. in Lacs	
	Amount outstanding as at 31.03.2012	Maximum Amount outstanding during the year
(A) <u>To Subsidiaries</u>		
Maximus Securities Limited (Formerly known as Mafatlal Securities Limited)	2.32	49.10 Credit
(B) <u>To Associate</u>		
Hybrid Systems Ltd. (Formerly known as Mafatlal Systems Ltd.)	4.96 Credit	53.33 Debit
Mafatlal Trustee Company Ltd.	Nil	Nil
Sunanda Capital Services Ltd.	Nil	Nil
Sushmita Engineering & Trading Ltd.	Nil	Nil
(C) <u>To Firms / Companies in which directors are interested other than (A) and (B) above.</u>		
Garron Shares and Stock Brokers Private Limited	Nil	0.04
Hybrid Services and Trading Limited (Formerly known as Sunanda Services and Trading Limited)	374.11	429.33
(D) Where there is :		
(a) No repayment schedule	374.11	429.33
(b) Repayment beyond seven years (representing housing loans to staff)	-	-
(c) Interest below the rate as specified in Section 372A of the Companies Act	374.11	429.33

Investments by the loanee in the equity shares of parent company and Subsidiary Company - Nil

16. Comparative financial information (i.e. the amounts and other disclosures for the previous year presented above as corresponding figures), is included as an integral part of the current year's Financial Statements, and is to be read in relation to the amounts and other disclosures relating to the current year. Figures of the previous year have been regrouped / reclassified wherever necessary to correspond to figures of the current year.
17. The previous year's figures have been reworked, regrouped, rearranged and reclassified wherever necessary.
18. Figures have been rounded off to the nearest rupee and expressed in thousands.

Signatures to Notes 1 to 21

As per our attached report of even date

For S. RAMANAND AIYAR & CO

Chartered Accountants

BINOD C. MAHARANA
Partner

Mumbai, Dated : 23rd May 2012

N. R. DIVATE

Wholetime Director

K. CHANDRAMOULI
Wholetime Director

and Company Secretary

Mumbai, Dated 23rd May 2012

JAYESH R.TALPADE

Director

TANVEER SHAIKH
Director

Annual Report 2011-2012

STATEMENT PURSUANT TO PART IV OF SCHEDULE VI TO THE COMPANIES ACT, 1956 BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. REGISTRATION DETAILS

Registration No. State Code
Balance Sheet
Date Month Year

II. CAPITAL RAISED DURING THE YEAR (AMOUNT IN RS. THOUSANDS)

Public Issue Bonus Issue
Rights Issue Private Placement

III. POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS (AMOUNT IN RS. THOUSANDS)

Total Liabilities Total Assets

EQUITY AND LIABILITIES

Share Capital Reserves & Surplus
Non-current Liabilities Current Liabilities

ASSETS

Non Current assets Current assets

IV. PERFORMANCE OF THE COMPANY (AMOUNT RS. IN THOUSANDS)

Income Expenditure
Profit Before Tax Profit After Tax
Earning Per Share (Rs.) Dividend Rate %

V. GENERIC NAMES OF PRINCIPAL PRODUCTS / SERVICES OF THE COMPANY (AS PER MONETARY TERMS)

N.A.

N. R. DIVATE
Wholetime Director

K. CHANDRAMOULI
Wholetime Director
and Company Secretary

Mumbai, Dated : 23rd May 2012

JAYESH R. TALPADE
Director

TANVEER SHAIKH
Director

**STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956 RELATING TO
SUBSIDIARY COMPANY**

	NAME OF THE SUBSIDIARY	MAXIMUS SECURITIES LIMITED(FOREMERLY KNOWN AS MAFATLAL SECURITIES LIMITED)
1.	The Financial Year of the Subsidiary Company ended on	March 31, 2012
2.	a) No. of Equity Shares held by Hybrid Financial Services Limited (Formerly known as Mafatlal Finance Company Limited) and its nominees in the subsidiary as on 31st March, 2012. b) Extent of interest of Hybrid Financial Services Limited	1,00,00,000 Equity Shares of Rs. 10 each fully paid-up 100%
3.	Net aggregate amount of profits of the subsidiary so far as it concerns the members of Hybrid Financial Services Limited and is not dealt within the Company's Accounts : (a) Loss for the year ended on 31st March, 2012 of the subsidiary (b) Profits for the previous financial years of the subsidiary since it became subsidiary of Hybrid Financial Services Limited	 Rs. 40,71,842 Rs. 5,19,94,623
4.	Net aggregate amount of Profits / (Losses) of the subsidiary so far as dealt with or provision is made for those losses in the accounts of Hybrid Financial Services Limited a) For the subsidiary's Financial Year ended on 31st March, 2012. b) For its previous year's since it became the subsidiary of Hybrid Financial Services Limited	 Not Applicable Not Applicable

N. R. DIVATE
Wholetime Director

K. CHANDRAMOULI
Wholetime Director
and Company Secretary

Mumbai, Dated : 23rd May 2012

JAYESH R.TALPADE
Director

TANVEER SHAIKH
Director

Annual Report 2011-2012

AUDITORS' REPORT TO THE BOARD OF DIRECTORS OF HYBRID FINANCIAL SERVICES LIMITED (FORMERLY KNOWN AS MAFATLAL FINANCE COMPANY LIMITED) ON THE CONSOLIDATED FINANCIAL STATEMENTS.

1. We have audited the attached Consolidated Balance Sheet of **HYBRID FINANCIAL SERVICES LIMITED (FORMERLY KNOWN AS MAFATLAL FINANCE COMPANY LIMITED) Group** as at **31st March 2012**, and also the Consolidated Statement of Profit and Loss and the consolidated cash flow statement for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Hybrid Financial Services Limited's management and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. Financial Statements in respect of the associates have not been audited. During the previous year the Company had written off investments in associates amounting to Rs. 69,59,000/- which was fully provided in the earlier year. The carrying value of the current investments in associate is amounting to Rs. 2,45,000/- which has been fully provided for. Hence the financial statement of associates have not been considered in the consolidated financial statements. This had also caused to us to qualify our audit opinion on the financial statements for the previous year.
4. We report that the consolidated financial statements have been prepared by the Hybrid Financial Services Limited's management in accordance with the requirements of Accounting Standard 21 "Consolidated Financial Statements" and Accounting Standard 23 "Accounting for Investments in Associates in Consolidated Financial Statements" issued by The Institute of Chartered Accountants of India.
5. **Attention is invited to the following points :**
 - i. *Regarding compliance of the requirement of Sec 269 read with Schedule XIII of the Companies Act, 1956 as per the legal advice sought by the Subsidiary Company. We are unable to express an opinion whether the constitution of Remuneration Committee meets the criteria specified in Schedule XIII of the Companies Act, 1956 though as per the legal advice the same is in order.*
 - ii. *Note No.25 III) 11 regarding non appointment of Company Secretary by Subsidiary Company.*
6. Subject to our observations in Para 5 above in our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the other notes thereon, gives the information required by the Companies Act, 1956, (except to the extent of disclosure required to be made under AS-15 with regard to Group Gratuity Scheme and Leave Encashment) in the manner so required and give a true and fair view, in conformity with the accounting principles generally accepted in India.
 - (i) In the case of the Consolidated Balance Sheet, of the State of Affairs of the Group as at 31st March, 2012;
 - (ii) In the case of the Consolidated Statement of Profit and Loss, of the Loss of the Group for the year ended on that date; and
 - (iii) In the case of Consolidated Cash Flow Statement, of the Cash Flows of the Group for the year ended on that date.

FOR S. RAMANAND AIYAR & CO
Chartered Accountants
Firm Registration No: 000990N

BINOD C. MAHARANA
Partner
Membership No. 56373

Place: Mumbai
Date: 23rd May 2012

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2012

PARTICULARS	NOTE NO.	AS AT 31.03.2012 RS' 000	AS AT 31.03.2012 RS' 000	AS AT 31.03.2011 RS' 000
I. EQUITY AND LIABILITIES				
(1) Shareholder's Funds:				
(a) Share Capital	1	180,763		439,399
(b) Reserves and Surplus	2	(50,111)		(302,344)
			130,652	137,055
(2) Non-Current Liabilities:				
(a) Long Term Liabilities	3	23,271		29,794
(b) Long Term Provisions	4	35,707		35,610
			58,978	65,404
(3) Current Liabilities:				
(a) Short Term borrowings	5	3,810		30,729
(b) Trade Payables	6	9,326		6,821
(c) Other Current Liabilities	7	7,754		17,690
(d) Short Term Provisions	8	472		898
			21,362	56,138
TOTAL			210,992	258,597
II. ASSETS				
(1) Non Current Assets:				
(a) Fixed Assets	9			
(i) Tangible Assets		15,318		16,150
(ii) Intangible Assets		114		314
		15,432		16,464
(b) Non Current Investments	10	49,276		54,587
(c) Deferred Tax Assets (net)	11	229		475
(c) Long Term Loans and Advances	12	30,818		45,302
(d) Other Non Current Assets	13	5,977		5,977
			101,732	122,805
(2) Current Assets:				
(a) Inventories - Stock in Trade	14	67		144
(b) Trade Receivables	15	4,680		12,833
(c) Cash and Cash Equivalents	16	100,744		114,008
(d) Short Term Loans and Advances	17	2,209		2,772
(e) Other Current Assets	18	1,560		6,035
			109,260	135,792
TOTAL			210,992	258,597

Significant Accounting Policies and Notes on Financial Statements 25

As per our attached report of even date
For S. RAMANAND AIYAR & CO
Chartered Accountants
Firm Registration No.: 000990N

BINOD C. MAHARANA
Partner
M. No. 56373
Mumbai, Dated : 23rd May 2012

N. R. DIVATE
Wholtime Director

K. CHANDRAMOULI
Wholtime Director & Company Secretary

JAYESH R.TALPADE
Director

TANVEER SHAIKH
Director

Mumbai, Dated : 23rd May 2012

Annual Report 2011-2012

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2012

PARTICULARS	NOTE NO.	CURRENT YEAR RS' 000	CURRENT YEAR RS' 000	PREVIOUS YEAR RS' 000
INCOME				
Service Charges				
[Tax deducted at source Rs.3,72,766/- (Previous Year Rs.3,43,062/-)]		3,594		3,737
Brokerage Income		14,270		16,065
Income from Depository Services		1,946		2,495
Financial Products Marketing Fees		628		893
			20,438	23,190
Other Income	19		18,106	38,209
Total Revenue			38,544	61,399
EXPENDITURE				
Changes in inventories of Stock-in-Trade - Equity Shares	20		45	60
Employee Benefit Expenses	21		18,473	18,248
Financial Costs	22		1,993	2,254
Depreciation and Amortisation Expenses	9		1,331	953
Other Administrative Expenses	23		21,556	24,953
Provisions and Write-Offs	24		—	747
Total Expenses			43,398	47,215
(Loss) / Profit before tax			(4,854)	14,184
Provision for Tax				
(1) Current tax		—		1,200
(2) Deferred tax		246		421
			246	1,621
(Loss) / Profit after Tax			(5,100)	12,563
Earning per equity share:				
(1) Basic			(0.19)	0.29
(2) Diluted			(0.19)	0.29
Significant Accounting Policies and Notes on Financial Statements	25			

As per our attached report of even date
For S. RAMANAND AIYAR & CO
Chartered Accountants
Firm Registration No.: 000990N

BINOD C. MAHARANA
Partner
M. No. 56373
Mumbai, Dated : 23rd May 2012

N. R. DIVATE
Wholetime Director

K. CHANDRAMOULI
Wholetime Director & Company Secretary

JAYESH R.TALPADE
Director

TANVEER SHAIKH
Director

Mumbai, Dated : 23rd May 2012

CONSOLIDATED CASH FLOW FOR THE YEAR ENDED 31ST MARCH, 2012

	Rs.'000s 2011-2012	Rs.'000s 2010-2011
A. Cash Flow from Operating Activities		
Net (Loss) / Profit before Interest and Tax	(2,861)	16,438
Less: Interest	1,993	2,254
(Loss)/Profit before Tax	(4,854)	14,184
Adjustment for :		
Sundry Credit Balances Written Back	(1,175)	(5,562)
Provision for Doubtful Debts Written Back	(1,978)	(13,519)
Provisions for Diminution in Value of Long Term Investment no longer required written back	(160)	-
Investments Acquired in Satisfaction of Claim	-	(653)
Depreciation	1,331	953
Loss / (Profit) on Sale of Investments	206	(2,198)
Loss on Sale of Fixed assets	-	161
Interest / Dividend on Investments	(7,598)	(8,424)
Provision for Gratuity	37	78
Provisions for Leave Encashment	595	627
Provisions & Write offs	-	747
	(8,742)	(27,790)
Operating Profit / (Loss) before Working Capital Changes	(13,596)	(13,606)
Changes in Working Capital		
Adjustments for (increase) / decrease in operating assets		
Inventories - Stock in Trade	77	(142)
Trade Receivables	8,153	(8,392)
Long Term Loans and Advances	15,157	(5,447)
Short Term Loans and Advances	2,541	15,411
Non Current Assets	-	6,293
Adjustments for increase / (decrease) in operating liabilities		
Trade Payables	2,505	(1,700)
Long Term Provisions	(12)	(685)
Long Term Liabilities	(5,436)	(5,933)
Other Current Liabilities	(9,726)	(8,075)
Cash Generated from / (used in) Operations	13,259	(8,670)
Direct Taxes - (Paid) / Received	(1,142)	(3,671)
Dividend Distribution Tax Paid	(831)	(831)
Net Cash From / (used in) Operating Activities (A)	(2,310)	(26,778)
B. Cash Flow from Investing Activities		
Purchase of Fixed Assets	(299)	(12,695)
Sale of Fixed Assets	-	480
Purchase of Investments	(5,095)	(14,856)
Sale of Investments	10,360	9,297
Interest/Dividend Received	12,073	8,460
Net Cash From Investing Activities (B)	17,039	(9,314)
C. Cash Flow from Financing Activities		
Long Term Borrowings	-	(57)
Short Term Borrowings	(26,919)	12,220
Redemption of Preference Shares	(205)	-
Dividend Paid on Preference Shares	(869)	-
Net Cash Used In Financing Activities (C)	(27,993)	12,163
Net (Decrease) / Increase in Cash and Cash Equivalents (A+B+C)	(13,264)	(23,929)
Cash and Cash Equivalents as at the commencement of the year	114,008	137,937
Cash and Cash Equivalents as at the end of the year	100,744	114,008
Net (Decrease) / Increase as Disclosed above	(13,264)	(23,929)
(See Notes attached)		

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2012

- Cash and cash equivalents include :

	2011-2012 Rs'000	2010-2011 Rs'000
Cash on hand	25	19
Bank Balances	100,719	113,989
TOTAL	100,744	114,008
- Bank Balances include Rs 11,12 ('000) [Previous Year Rs. 10,30 ('000)] in escrow account for payment of fixed depositors liability and Bank Deposits of Subsidiary Company pledged with Banks and Exchanges amounting to Rs.6,80,15 ('000) [Previous Year Rs. 7,62,00 ('000)]
- All figures in brackets are outflows.
- Previous years figures have been regrouped wherever necessary to confirm to this year's classification.

As per our attached report of even date

For S. RAMANAND AIYAR & CO
Chartered Accountants

BINOD C. MAHARANA
Partner

Mumbai, Dated : 23rd May 2012

N. R. DIVATE
Wholtime Director
K. CHANDRAMOULI
Wholtime Director
and Company Secretary

JAYESH R.TALPADE
Director
TANVEER SHAIKH
Director

Mumbai, Dated : 23rd May 2012

Annual Report 2011-2012

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

	As at 31.03.2012 Rs' 000	As at 31.03.2011 Rs' 000		As at 31.03.2012 Rs' 000	As at 31.03.2011 Rs' 000
Note No. 1			2 SHARE PREMIUM ACCOUNT		
Share Capital			As per last Balance Sheet		
AUTHORISED CAPITAL			Less: Capital Reduction [Refer Note No. 25 III] 4]		
7,00,00,000 Equity shares of Rs.5/- each (Previous Year Rs. 10/- each)	350,000	700,000	Total (B)		
3,00,00,000 Redeemable Cumulative Preference Shares of Rs. 10/- each	300,000	300,000	3 Surplus / (Deficit) (Profit & Loss Account)		
	650,000	1,000,000	Opening Balance		
ISSUED , SUBSCRIBED & PAID UP CAPITAL			Add: (Loss) / Profit for the year after Taxes		
2,80,36,275 (Previous Year 3,98,81,700) Equity Shares of Rs.5/- each fully paid (Previous Year Rs.10 each fully paid) (See Note below)	140,181	398,817	Add:		
	140,181	398,817	Excess Provision for Taxation of Earlier Years Written Back		
40,58,200 1% Redeemable Cumulative Preference Shares of Rs.10/- each fully paid	40,582	40,582	Less:		
Total	180,763	439,399	Appropriation for:		
Note:			Proposed Dividend on Preference Shares		
The Company's Scheme of Reduction of Equity Share Capital as per resolution passed in the previous year has been confirmed by the Hon'ble Bombay High Court on 8th April 2011. Consequent upon and giving effect to the same, the Company's Equity Share Capital stand reduced to Rs.14,01,81,375 consisting of 2,80,36,275 Equity Shares of Rs. 5/- each			Dividend Distribution Tax on Proposed Dividend on Preference Shares		
Reconciliation of Shares			Dividend Distribution Tax on the Dividend paid by the Subsidiary Company to the Parent Company for the Previous Year		
ISSUED , SUBSCRIBED & PAID UP CAPITAL			Capital Redemption Reserve Account for Redemption of 432500 1% Redeemable Cumulative Preference Shares of Rs. 10/- each		
Equity Shares			Add: Capital Reduction [Refer Note No. 25 III] 4]		
Number of Equity Shares at the beginning of the year	39,881,700	39,881,700	Total (C)		
Less:			Total (A + B + C)		
Capital Reduction	11,845,425	—	Note No. 3		
[Please Refer to Note No. 25 III] 4]	28,036,275	39,881,700	Long Term Liabilities		
Number of Equity Shares at the end of the year	28,036,275	39,881,700	1 Debentures:		
Promoters of the Company are holding 61.93 % (Previous Year 58.04%) of the total Equity Share Capital of the Company and there are no other share holders holding more than 5% of the Equity Share Capital of the Company			Deep Discount Non-Convertible Debentures of T Series Liability reduced as per Scheme of Compromise net of payments made till 31st March 2012		
Preference Shares			[Refer Note No. 25 III] 3]		
Number of Preference Shares at the beginning of the year	4,058,200	4,490,700	2 Fixed Deposits from Pubisc		
Less:			Security Deposits from lessees and others etc.		
Redemption	—	432,500	[Refer Note No. 25 III] 3]		
Number of Preference Shares at the end of the year	4,058,200	4,058,200	4 Client Deposits towards Margin		
The entire Preference Share Capital above are held by promoters.			5 Rent Deposit Received		
Note No. 2			6 Others		
Reserve and Surplus			Total		
1 CAPITAL REDEMPTION RESERVE ACCOUNT			Note No. 4		
As per last Balance Sheet	4,325	—	Long Term Provisions		
Capital Redemption Reserve Account for Redemption of 432500 1% Redeemable Cumulative Preference Shares of Rs. 10/- each	—	4,325	1 Provision for employee benefits:		
Total (A)	4,325	4,325	Gratuity		
			Leave Encashment		
			Provision For Taxation		
			Provision for Contingencies [Refer Note. 25 III] 1]		
			Total		
			Note No. 5		
			Short Term Borrowings		
			Bank Overdraft		
			(Secured against pledge of Fixed Deposits)		
			Total		

	As at 31.03.2012 Rs' 000	As at 31.03.2011 Rs' 000
Note No. 6		
Trades Payable		
Trade Creditors/Payables:		
Sundry Creditors - Other than Small Scale Industries [Refer Note No. 25 III] 8]	9,326	6,821
Total	9,326	6,821

Note No. 7		
Other Current Liabilities		
1 Unclaimed Preference Shares	4,120	4,325
2 Unclaimed Dividend on Preference Shares	29	-
3 Unclaimed Debentures and Interest Warrants	668	668
4 Client Deposits towards Margin - Future and Options	745	9,140
5 Related Parties for Services Provided	600	1,142
6 Other Payables		
a Auditor's Remuneration	278	347
b Tax Deducted at Source	441	936

Note No. 9
Fixed Assets

PARTICULARS	GROSS BLOCK (AT COST)			DEPRECIATION / AMORTISATION				IMPAIRMENT Up to 31.03.2012	NET BLOCK	
	As at 01.04.2011	Additions during the year	Deletions during the year	As at 31.03.2012	As at 01.04.2011	For the Year	Deletions during the year	As at 31.03.2012	As at 31.03.2012	As at 31.03.2011
TANGIBLE ASSETS										
BUILDING	10,090	202	-	10,292	134	167	-	301	9,991	9,956
COMPUTERS	2,957	35	-	2,992	1,929	302	-	2,231	761	1,028
FURNITURES AND FIXTURES	982	-	-	982	168	103	-	271	711	814
MOTOR VEHICLES	3,711	-	-	3,711	685	352	-	1,037	2,674	3,026
OFFICE EQUIPMENT	3,125	30	-	3,155	1,573	175	-	1,748	1,181	1,326
SUB TOTAL (A)	20,865	267	-	21,132	4,489	1,099	-	5,588	15,318	16,150
INTANGIBLE ASSETS										
COMPUTER SOFTWARE	1,458	32	-	1,490	1,144	232	-	1,376	114	314
SUB TOTAL (B)	1,458	32	-	1,490	1,144	232	-	1,376	114	314
TOTAL [A + B] (CURRENT YEAR)	22,323	299	-	22,622	5,633	1,331	-	6,964	15,432	16,464
(PREVIOUS YEAR)	11,146	12,695	1,518	22,323	5,557	953	877	5,633	16,464	

	As at 31.03.2012 Rs'000	As at 31.03.2012 Rs' 000	As at 31.03.2011 Rs' 000
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Note No. 10
Non Current Investment
I IN FULLY PAID UP EQUITY SHARES (QUOTED)

1 10000 Shares of Rs.2 each In Bharat Heavy Electricals Ltd	4,645	4,645
2 1000 (Previous Year Nil) Shares of Rs.1 each in CRISIL Ltd	819	-
3 2500 (Previous Year Nil) Shares of Rs.2 each in Crompton Greaves Ltd.	448	-
4 20000 (Previous Year Nil) Shares of Rs.2 each in EIH Ltd.	1,955	-
5 1000 Shares of Rs.5 each in Engineers India Ltd.	302	302
6 40000 Shares of Rs.2 each in Gammon Infrastructure Projects Ltd	1,072	1,072
7 1000 Shares of Rs.2 each in Gujarat Mineral Development Corporation Ltd	181	181
8 1000 Shares of Rs.10 each in Hindusthan Composites Ltd	470	470
9 10 (Previous Year Nil) Shares of Rs.5 each in Infosys Technologies Ltd	24	-
10 10000 Shares of Rs.10 each in Indiabulls Power Ltd.	326	326
11 22000 Shares of Rs.2 each in Jaiprakash Associates Ltd.	3,424	3,424

	As at 31.03.2012 Rs' 000	As at 31.03.2011 Rs' 000
c Super Annuation Fund Payable	-	11
d Provident Fund	-	22
e Pension Fund Payable	-	6
f ESIC Payable	-	1
g Professional Tax	4	6
h Service Tax	27	-
i Rent Deposit Received	150	-
j Outstanding Expenses Payable	521	647
k Others	171	439
Total	7,754	17,690

Note No. 8
Short Term Provisions

1 For Proposed Dividend on Preference Shares	406	898
2 For Dividend Distribution Tax on Proposed Dividend on Preference Shares	66	-
Total	472	898

Annual Report 2011-2012

	As at 31.03.2012 Rs'000	As at 31.03.2012 Rs' 000	As at 31.03.2011 Rs' 000		As at 31.03.2012 Rs'000	As at 31.03.2012 Rs' 000	As at 31.03.2011 Rs' 000
II IN FULLY PAID EQUITY SHARES - UNQUOTED WITH ASSOCIATED COMPANIES				Note No. 12			
24500 shares of Rs.10 each in Hybrid Systems Ltd	245		245	Long Term Loans and Advances			
	245		245	1 Advance Interest Tax		1,750	1,750
Provision for Diminution in Value	245		245	2 Loan against Fixed Deposits - Secured and Considered Good		17	17
	-		-	3 Advance payment of Income Tax and Tax Deducted at Source		12,318	11,645
III IN FULLY PAID EQUITY SHARES - UNQUOTED WITH OTHERS				4 Advances recoverable in cash or in kind or for value to be received		-	607
16000 shares of Rs.10 each in Amitabh Bachan Corporation Ltd.	1,280		1,280	5 <u>Deposits with</u>			
11,401 Shares of Rs. 1 each in Bombay Stock Exchange Ltd.	2,283		2,283	<u>Stock Exchanges and Others</u>			
300000 shares of Rs.10 each in Leisure Hotel Ltd.	3,000		3,000	(i) Considered Good	16,733		31,283
3,08,167 shares of Rs. 10 each in Phthaloc Colours & Chemicals (India) Ltd.	4,630		4,630	(ii) Considered Doubtful	8,000		8,000
	11,193		11,193		24,733		39,283
Provision for Diminution in Value	4,120		4,280	<u>Less: Provision for doubtful deposit</u>	8,000		8,000
		7,073	6,913	Total		16,733	31,283
IV IN FULLY PAID PREFERENCE SHARES						30,818	45,302
52255 shares of Rs.10 each in Pasupati Fabrics Ltd	523		523	Note No. 13			
Provision for Diminution in Value	523		523	Other Non Current Assets			
		-	-	Assets acquired in satisfaction of claims [Refer Note No. 25 III] 6]		5,977	5,977
V IN FULLY PAID UNITS OF MUTUAL FUNDS (UNQUOTED)				Total		5,977	5,977
Nil (Previous Year 90,090.09) units of Rs. 10 each in Growth Sector Fund - Petro of Unit Trust of India	-		982	Note No. 14			
Nil (Previous Year 318,407.96) units of Rs. 10 each in Dividend Yield Fund of Unit Trust of India	-		3,200	Inventories - Stock in Trade			
		-	4,182	Stock-in-trade			
VI OTHERS				EQUITY SHARES (Quoted)			
(a) 333 shares of Rs.30 each in Bombay Mercantile Co-operative Bank Ltd.	10		10	(At Cost or Net Realisable Value whichever is lower)			
(b) 1000 shares of Rs.10 each in Saraswat Co-operative Bank Ltd	10		10	1 40 Shares of Agri-Tech India Ltd of Rs.10 each fully paid-up	1		1
		20	20	2 30 (Previous Year Nil) Shares of Biocon Ltd of Rs.5 each fully paid-up	10		-
TOTAL	49,276		54,587	3 Nil (Previous Year 40) Shares of Central Bank of India of Rs.10 each fully paid-up	-		10
NOTES :	Cost	Market Value		4 Nil (Previous Year 100) Shares of Gujarat State Petronet Ltd. of Rs.10 each fully paid-up	-		12
	Rs.'000s	Rs.'000s		5 4 (Previous Year Nil) Shares of Hero Motocorp Ltd of Rs.2 each fully paid-up	8		-
Aggregate of Quoted Investments [Refer Note No. 25 III] 13]	42,183	39,787		6 Nil (Previous Year 185 Shares) of Hotel Leelaventure Ltd. of Rs. 2 each fully paid-up	-		10
Previous Year	43,472	50,082		7 Nil (previous Year 130) Shares of IFCI Ltd. of Rs. 10/- each fully paid-up	-		10
Aggregate of Un-Quoted Investments	7,073	-		8 Nil (Previous Year 35) Shares of Indusind Bank Ltd. of Rs. 10 each fully paid-up	-		10
Previous Year	11,115	-		9 Nil (Previous Year 6) Shares of Infosys Technologies Ltd. of Rs. 5 each fully paid-up	-		18
Total	49,256	-		10 Nil (Previous Year 150) Shares of Lanco Infratech Ltd. of Rs. 1 each fully paid-up	-		10
Previous Year	54,587	-		11 44 Shares of Nath Bio-Genes (India) Ltd of Rs. 10 each fully paid-up	1		1
				12 116 Shares of Nath Seeds Ltd of Rs.10 each fully paid-up	2		2
	As at 31.03.2012 Rs' 000	As at 31.03.2011 Rs' 000					
Note No. 11							
Deferred Tax Assets (Net)							
1 Deferred Tax Asset (Net) [Refer Note No.25 III] 17]	229	475					
Total	229	475					

	As at 31.03.2012 Rs'000	As at 31.03.2012 Rs' 000	As at 31.03.2011 Rs' 000		As at 31.03.2012 Rs'000	As at 31.03.2012 Rs' 000	As at 31.03.2011 Rs' 000
13 Nil (Previous year 150) Shares of Navneet Publications (India) Ltd. of Rs.2 each fully paid-up	-		9	Note No. 17			
14 10 Shares of NEPC Agro Foods Ltd of Rs.10 each fully paid-up	1		1	Short Term Loans and Advances			
15 45 Shares of Oswal Agro Mills Ltd of Rs.10 each fully paid-up	1		1	1 Loan to Staff - Unsecured, Considered Good		248	161
16 Nil (Previous year 100) Shares of Power Grid Corporation of India Ltd. of Rs.10 each fully paid-up	-		10	2 <u>Loans to Related Parties - Unsecured</u>			
17 Nil (Previous year 40) Shares of Reliance Industries Ltd. of Rs.10 each fully paid-up	-		44	(i) Considered Good	-		-
18 Nil (Previous year 60) Shares of Reliance Power Ltd. of Rs.10 each fully paid-up	-		10	(ii) Considered Doubtful	37,418		39,397
19 200 Shares of Roofit Industries Ltd of Rs.10 each fully paid-up	34		34		37,418		39,397
20 Nil (Previous year 200) Shares of Shree Ashtavinayak Cine Vision Ltd. of Rs.1 each fully paid-up	-		10	<u>Less: Provision for doubtful advances</u>	37,418		39,397
21 225 (Previous Year Nil) Shares of Symphony Ltd of Rs.2 each fully paid-up	69		-		-		-
22 15 Shares of S & S Power Switchgear Ltd of Rs.10 each fully paid-up	1		1	3 Prepaid Expenses (Unsecured, Considered Good)		1,296	412
23 Nil (Previous year 15) Shares of Tata Steel Ltd. of Rs.10 each fully paid-up	-		9	4 Advances recoverable in cash or in kind or for value to be received - Unsecured Considered Good		665	2,199
IN FULLY PAID GOVERNMENT SECURITIES (Quoted)				Total		2,209	2,772
24 Nil (Previous Year 10) 11.50% Government of India Loan Rs. 100 each fully paid-up	-		1				
		128	214	Note No. 18			
<u>Less: Fall in Market Value</u>	61		70	Current Assets			
Total	67		144	Interest Accrued on Bank Deposits		1,560	6,035
				Total		1,560	6,035
Note No. 15				Note No. 19			
Trade Receivables				Other Income			
1 <u>Outstanding for more than six months</u>						Current Year Rs '000	Previous Year Rs'000
a) Secured, Considered Good	-		-	1 <u>Interest Income</u>			
b) Unsecured, Considered Good	2,113		1,820	a Interest on Deposits with Banks (Gross)		7,144	7,736
c) Doubtful	71,276		71,276	{Tax Deducted at Source Rs. 7,32,368/- (Previous Year Rs. 7,69,205/-) }			
		73,389	73,096	b Interest Others		277	414
2 <u>Others</u>				2 <u>Dividend Income</u>			
a) Secured, Considered Good	-		-	a Long Term Investments		454	688
b) Unsecured, Considered Good	2,567		11,013	b Current Investments		5	1
c) Doubtful	-		-	3 Profit on Sale of Long Term Investments (Net)		-	2,198
	2,567		11,013	4 <u>Other non-operating income</u>			
<u>Less: Provision for Doubtful Trade Receivables</u>	71,276		71,276	a Rent Received		421	-
Total	4,680		12,833	b Credit Balances no longer payable written back		1,175	5,562
				c Bad Debts Written Off Re-credited		6,150	4,192
				d Provision for Doubtful Debts/Advances written Back		1,978	13,519
				e Provision for Diminution in Value of Long Term Investment no longer required		160	-
				f Service Tax input credit of earlier year		167	164
				g Others		175	3,735
				Total		18,106	38,209
Note No. 16				Note No. 20			
Cash and Cash Equivalent				Change in Inventories of Stock-in-Trade of Equity shares			
1 <u>Cash-in-Hand</u>				INCOME / (LOSS) FROM TRADING IN SECURITIES			
Cash Balance	25		19	1 Sales		1,217	4,226
		25	19	<u>Less: Cost of Sales</u>			
2 <u>Balance With Banks</u>				2 Opening Stock at Cost		144	2
Balance With Scheduled Banks in Current Accounts	17,705		17,362	3 <u>Add: Purchases</u>		1,186	4,428
Bank Deposits with more than 12 months Maturity						1,330	4,430
[Refer Note No. 25 III] 9]	25,000		-	4 <u>Less: Closing Stock</u>		68	144
Other Bank Deposits				5 Sub-Total		1,262	4,286
[Refer Note No. 25 III] 9]	58,014		96,627	Income / (Loss)		(45)	(60)
Total		100,719	113,989				
		100,744	114,008				

Annual Report 2011-2012

	Current Year Rs'000	Previous Year Rs'000
Note No. 21		
Employment Benefit Expenses		
1 Salaries & Other Allowances	8,940	12,819
2 Contribution to Provident and Superannuation Funds	1,000	1,345
3 Gratuity	233	348
4 Leave Encashment	598	638
5 Staff Welfare Expenses	216	170
6 Reimbursement of Salaries	7,486	2,928
Total	18,473	18,248

Note No. 22		
Financial Cost		
1 Interest on Fixed Deposit	-	14
2 Bank Charges and Commission	50	653
3 Interest on Bank Overdraft	1,834	1,548
4 Other Interest Paid	109	39
Total	1,993	2,254

Note No. 23		
Other Administrative Expenses		
1 Advertisement & Business promotion expenses	737	847
2 Audit Fees and Other Services	401	493
3 Clearing House Expenses	226	195
4 Compliance Expenses	551	500
5 Computer Maintenance	273	208
6 Custodial Fees	110	179
7 Electricity Expenses	293	547
8 Expenses on Depository Services	232	271
9 Insurance	375	321
10 Listing Fees	185	76
11 Membership and Subscription	211	239
12 Motor Car Expenses	561	697
13 Postage Expenses	906	804
14 Printing and Stationery	771	804
15 Professional fees & Service charges	7,016	8,433
16 Rates and Taxes	64	120
17 Rent and Office premises compensation	613	1,128
18 Repairs and Office Maintenance	609	603
19 SEBI Registration and Turnover Fees	83	314
20 Service Tax	552	730
21 Shared Service Expenses	1,800	1,062
22 Stamp Duty Charges	432	598
23 Telephone Expenses	1,661	1,828
24 Transaction Charges	112	211
25 Traveling & Conveyance Expenses	944	938
26 Loss on Sale of Long Term Investments (Net)	206	-
27 Loss on Sale of assets	-	161
28 Miscellaneous Expenses	1,632	2,646
Total	21,556	24,953

Note No. 24		
Provisions and Write Offs		
Bad Debts / Investments written off	-	26,330
Less: Adjusted against provisions	-	25,583
Total	-	747

Note No. 25

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON CONSOLIDATED FINANCIAL STATEMENTS

I) CORPORATE INFORMATION

The Parent Company's main business activities are Management Consulting, providing Debt Recovery Advise, Consultancy in Financial, Commercial, Legal, Direct and Indirect Taxation, Other Levies, Statistical, Accountancy and Other Fields. The Company is having Registered Office / Head Quarter in Mumbai. The Company has no branches.

The Subsidiary Company's main business activities are Share and Stock Broking, Investment, Depository Participant and Marketing of Financial Products. The Company is having Registered Office / Head Quarter in Mumbai and having Branches at Ahmedabad, Vadodara, Patan and Pune.

II) SIGNIFICANT ACCOUNTING POLICIES:

a. Accounting Conventions:

The Accounts have been prepared under the historical cost convention on an Accrual basis and in accordance with requirements of the Companies Act, 1956 and comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the said Act and are consistent with generally accepted accounting principles and conform to the statutory provisions and practices prevailing in the industry.

b. Estimates:

The presentation of financial statements in conformity with the generally accepted accounting principles requires estimates and assumptions to be made that affect the reported amounts of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual result and estimates are recognised in the period in which the results are known/ materialised.

c. Principles of Consolidation:

The consolidated financial statements relate to Hybrid Financial Services Limited (the Company) and it's wholly owned Subsidiary and Associates incorporated in India. The consolidated financial statements have been prepared on the following basis:

The financial statements of the Company and its subsidiary have been prepared based on a line-by-line consolidation by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances and intra-group transaction.

Investments in associate companies, where the company has significant influence by virtue of holding 20% or more of the voting power, has been consolidated as per AS-23 Accounting for Investment in Associates in Consolidated Financial Statements issued by the Institute of Chartered Accountants of India.

The carrying cost of the investment in associates is adjusted for post acquisition change in the net assets of the associates. The consolidated statement of profit and loss reflects the share of the results of operations of the associates.

The difference between the cost of acquisition and the share of equity of the subsidiary/ associates, on acquisition is treated as goodwill/ capital reserve as the case may be.

The consolidated financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented to the extent possible, in the same manner as the company's individual financial statements.

d. Fixed Assets:

All the Fixed Assets including assets given on lease have been stated at cost.

e. Intangible Assets:

Intangible assets are stated at cost of acquisition less accumulated amortization.

f. Assets Acquired in Satisfaction of Claims:

Assets acquired in satisfaction of claim has been accounted at fair value of the assets acquired and is marked down by a subsequent reduction in the Net Realisable Value if any.

g. Depreciation:

Depreciation on Fixed Assets is provided on straight-line method in accordance with Section 205(2)(b) of the Companies Act, 1956 as per rates specified in Schedule XIV to the Companies Act, 1956.

Capital expenditure on leased premises is depreciated on straight-line method as per the rates specified in Schedule XIV or over the lease period whichever is higher.

Individual assets acquired for less than five thousand rupees are fully depreciated in the year of acquisition.

In case of the subsidiary company, expenses towards renovations of enduring benefit to the interiors of the office premises not owned by the company are apportioned over the period of the agreement with the owners.

h. Amortisation

Expenses incurred on Computer Software are amortized on straight line basis over a period of three years.

i. Impairment of Assets:

An asset is impaired when the carrying amount of the asset exceeds its recoverable amount. An impairment loss is charged to the Statement of Profit and Loss in the year in which an asset is identified as impaired. An impairment loss recognised in prior accounting periods is reversed if there has been a change in the estimate of the recoverable amount.

j. Investments

Long-term investments are stated at cost of acquisition. Provision is made in diminution in value, other than temporary, in the carrying amount of such investments.

Current investments are shown at lower of cost and fair market value (repurchase price in case of Mutual Fund Units).

k. Stock-in-trade

Stock-in-trade of shares is valued at average cost or net realisable value whichever is lower.

l. Revenue Recognition

Revenue is recognised when there is reasonable certainty of its ultimate realisation/ collection.

(i) Profit on Sale of Investments

Profit on Sale of Investments is accounted reckoning the average cost of the investments.

(ii) Brokerage Income

In case of the subsidiary company, brokerage income is recognized on transactions on which "Settlements" are completed during the year except in the case of "Spot" transaction where it is recognized on the date of transaction.

(iii) Other Income:

Other Income is accounted on accrual basis.

m. Provisions, Contingent Liabilities and Contingent Assets

Provisions involving substantial degree of estimation in measurement are recognised when there is a present obligation as a result of part events, it is probable that there will be an outflow of resources and a reliable estimate of the amount of the obligation can be made. Contingent Liabilities are not recognised and are disclosed in the notes. Contingent Assets are neither recognised nor disclosed in the financial statements.

n. Retirement Benefits

The Parent Company has dissolved the Provident Fund Trust and is in the process of closure of the same as there are no employees left other than the Wholtime Directors. The Company's Superannuation Fund and Gratuity Fund are administered through Life Insurance Corporation of India and are recognised by the Income Tax Department. Company's contribution for the year is charged against revenue.

The Subsidiary Company has also dissolved the Provident Fund Trust and is in the process of closure of the same as the number of employees has fallen below the Statutory Minimum. The Company's Super Annuation Fund is covered by the scheme with Life Insurance Corporation of India, are charged to the Profit & Loss A/c. The Company also provides for gratuity on the basis of half month's salary for each completed year of service.

o. Leave Encashment

Leave Encashment is accounted on the basis of actual leave balance as at the year end.

p. Taxes on Income

Current Tax is determined as per Law.

Deferred Tax is calculated at tax rates that have been enacted or substantively enacted at the Balance Sheet date and is recognized on timing differences, being the difference between the taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred Tax Assets subject to the consideration of prudence, are recognized and carried forward only to the extent that there is a reasonable/virtual certainty that sufficient future taxable income will be available against which such deferred tax asset can be realized.

Annual Report 2011-2012

III) NOTES TO ACCOUNTS:

1 Contingent Liabilities:

Sl.No.	Particulars	Current Year (Rs.)	Previous Year (Rs.)	Current Status
1	Disputed Income Tax Demands	8,14,51,511/-	8,14,51,511/-	Under Appeal before Tribunal
2	Disputed Income Tax Demands in respect of Subsidiary Company	66,20,790/-	66,20,790/-	Under Appeal before the Income Tax Appellate Tribunal.
3	Interest Tax	21,07,307/-	21,07,307/-	Under Appeal by Income Tax Department in High Court
4	Labour Court and Civil Court	29,16,205/-	29,16,205/-	Under Appeal before the Respective Authorities
5	Foreign Exchange Management Act	6,07,40,000/-	6,07,40,000/-	Under Appeal before the Appellate Tribunal for Foreign Exchange, New Delhi. The Company has however provided Rs.3,00,00,000/- as Contingent Provision out of abundant precaution.
6	Disputed Sales Tax Demands	5,92,105/-	5,92,105/-	Under Appeal before the respective authorities

2. DEBENTURES

Bank of India has filed a case against the company with the Hon'ble Bombay High court for Rs. 166,34,72,817/- in the capacity of trustee for certain series of Debentures which is in appeal and the Company does not expect any liability in this matter.

3. Scheme of Compromise and Arrangements

The Company has since made all the payments due as per the sanctioned scheme except the T Series Debenture Holders who have not yet surrendered their Debenture Certificates and Security Depositors who have not yet claimed.

4. Equity Share Capital

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.

5. Non Confirmations and Reconciliations of Banks

In respect of Current Accounts with banks amounting to Rs.32,53,369/- (net) [previous year Rs.77,01,461/- (net)] which includes book debit balance of Rs. 34,30,207/- and book credit balance of Rs. 1,76,838/-, statements of account were not being received; including from 2000-2001 in some cases.

6. During the year 2004-05 the company has accounted for the immovable properties acquired in satisfaction of claims valued at Rs. 59,76,429/- Though the company is in possession of the property, completion of documentation is pending.

7. Most of the company's debtors are fully provided / written off and have been suit filed or not traceable. In the past the Company had circulated confirmation letters to debtors/advances. As most of these companies latest addresses are not available, the company has not sent any confirmation letters this year. The Company has not circularised confirmations for Sundry Creditor balances.

8. The Company has not received any intimation from suppliers regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosures, if any, relating to amounts unpaid as at the year end together with interest paid/payable as required under the said Act have not been given.

9. Fixed Deposit with Bank of Rs.6,80,14,263/- (Previous year Rs.7,62,00,000/-) is pledged by subsidiary company for overdraft facility, base capital and guarantees given to National Securities Clearing Corporation Ltd. / Bombay Stock Exchange Limited.

10. The Subsidiary Company is holding some securities not claimed by the clients of Rs.20,80,692/- (Previous Year Rs.26,71,729/-) in the company's beneficiary depository account. The reconciliation of this beneficiary account is complete till 31.03.2012 and the company has sent letters as well as further reminders to all the identified clients for their confirmations prior to effecting transfer of these securities to their account.

11. The Subsidiary Company has not appointed a Company Secretary as required under Section 383A of the Companies Act, 1956.

12. The subsidiary company has been legally advised that the provision of Section 297 of the Companies Act, 1956 are not applicable for the broking and depository business

13. No provision is made for the shortfall in the market value of the Quoted Investments (Non Current Investments) amounting to Rs. 23,95,848/- (Previous Year Nil), by the Subsidiary Company as the Company is of the view that the shortfall is temporary.

14. As required by Accounting Standard - 18 issued by The Institute of Chartered Accountants of India, Related Party Disclosures are as follows:

A. Associate Companies

Garron Shares and Stock Brokers Private Limited

Garron Trading Company Private Limited

Hybrid Systems Limited (formerly known as Mafatlal Systems Limited)

Mafatlal Trustee Company Limited

Sunanda Capital Services Limited

Hybrid Services and Trading Limited (Formerly known as Sunanda Service and Trading Limited)

Sushmita Engineering & Trading Limited

B. Key Management Personnel

Mr. N R Divate

Mr. K.Chandramouli

Mrs. Megha J.Vazkar and

Mr. K.Suryanarayanan

C. Transactions with Related Parties:

Particulars	Associate Companies		Key Management Personnel	
	2011-12 Rs.	2010-11 Rs.	2011-12 Rs.	2010-11 Rs.
(a) Outstanding Receivables	3,74,18,324	3,93,98,808	-	-
(b) Provision made as on date for doubtful debts	3,74,18,324	3,93,98,808	-	-
(c) Outstanding Payable	17,02,230	29,74,308	-	-
(d) Service Charges charged by them	1,40,77,610	1,09,01,288	-	-
(e) Other Expenses Charged by them	12,40,832	9,40,363	-	-
(f) Managerial Remuneration	-	-	72,51,370	72,52,855

15. Consolidated Segment Information for the year ended 31st March 2012
(Rs.000')

Particulars	Financial Services		Broking / Income from Capital Market Operations		Consolidated Total	
	2010-12	2010-11	2011-12	2010-11	2011-12	2010-11
REVENUE						
External	2,48,60	3,97,56	2,46,31	3,48,47	4,94,91	7,46,03
Inter Segment Revenue	(1,11,50)	(1,31,18)	(3)	(86)	(1,11,53)	(1,32,04)
Net Revenue	1,37,10	2,66,38	2,46,28	3,47,61	3,83,38	6,13,99
RESULTS						
Segment Results	(71,76)	9,78	23,22	1,32,06	(48,54)	1,41,84
Income Tax					(2,46)	(16,21)
Net Profit/(Loss) after Tax					(51,00)	1,25,63
Other Information						
Segment Assets	2,12,43	2,69,43	17,72,02	21,95,34	19,84,45	24,64,77
Unallocated Assets					1,25,47	1,21,20
TOTAL ASSETS					21,09,92	25,85,97
Segment Liabilities	12,72,46	13,28,27	8,30,46	12,46,10	21,02,92	25,74,37
Unallocated Liabilities					6,91	11,60
TOTAL LIABILITIES					21,09,83	25,85,97
Capital Expenditure	Nil	468	2,99	1,22,27	2,99	1,26,95
Depreciation	1,17	86	12,14	8,67	13,31	9,53
Other Non Cash Expenditure.	Nil	7,47	Nil	Nil	Nil	7,47

16. Listing of Subsidiary and Associates:

A). Subsidiary Name	Proportion of Ownership Interest and Voting Power	
	As at 31.03.2012	As at 31.03.2011
Maximus Securities Limited (Formerly known as Mafatlal Securities Limited) [Incorporated in India]	100%	100%
B). Associates Name	Proportion of Ownership Interest and Voting Power	
	As at 31.03.2012	As at 31.03.2011
Mafatlal Trustee Company Limited	29 %	29 %
Sunanda Capital Services Limited	45 %	45 %
Sushmita Engineering Trading Limited	30 %	30 %
Hybrid Systems Limited (Formerly known as Mafatlal Systems Limited)	49 %	49 %

17. Break up of Deferred Tax Assets / Liabilities for subsidiary company as at 31st March 2012 is as under:

Particulars	2011-2012 Rs. In 000s	2010-2011 Rs. In 000s
Deferred Tax Assets		
Timing Difference on account of Provision for Gratuity, Leave Encashment and Doubtful Debts.	266	253
Deferred Tax Liabilities		
Timing Difference on account of Accumulated Depreciation of Fixed Assets	(37)	222
Net Deferred Tax Asset / [Liability]	229	475

Deferred tax Asset in case of parent company has not been recognised on the grounds of prudence.

Annual Report 2011-2012

18. The company has taken Office premises on Operating Lease and Lease Rent amounting to Rs. 6,12,758/- (Previous Year Rs. 11,28,040/-) has been debited to Statement of Profit and Loss. The future minimum lease payment is as under:

	2011-2012 Rs.	2010-2011 Rs.
Not later than 1 year	1,84,500	8,41,000
Later than 1 year and Not later than 5 years	Nil	6,47,500
Later than 5 years	Nil	Nil
Total	1,84,500	14,88,500

19. Earning per Share:

	Current Year (Rs. in '000)	Previous Year (Rs. in '000)
I) Basic Earning per share		
(Loss) /Profit for the year as per Statement of Profit & Loss	(51,00)	125,63
Less: Preference dividend	4,72	8,98
	(55,72)	116,65
Weighted average number of Equity Shares of Rs.5 (Previous Year Rs.10) each outstanding during the year.	2,86,35,275	3,98,81,700
Basic Earning per Share. (Rupees)	(0.19)	0.29
II) Diluted Earning per share		
(Loss) /Profit for the year as per Statement of Profit & Loss	(51,00)	125,63
Less: Preference dividend	4,72	8,98
Add: Interest forgone on account of Potential Equity shares	—	—
	(55,72)	116,65
Weighted average number of Equity Shares of Rs.5 (Previous Year Rs.10) each outstanding during the year.	2,86,35,275	3,98,81,700
Add: Shares issuable under Loan Contract upon default of payment of principal and interest	—	—
Total Weighted average number of Equity Shares.	2,86,35,275	3,98,81,700
Diluted Earning per Share (Rupees)	(0.19)	0.29
Nominal value of shares (Rupees)	5.00	10.00

20. Comparative financial information (i.e. the amounts and other disclosures for the previous year presented above as corresponding figures), is included as an integral part of the current year's Financial Statements, and is to be read in relation to the amounts and other disclosures relating to the current year. Figures of the previous year have been regrouped / reclassified wherever necessary to correspond to figures of the current year.

21. The previous year's figures have been reworked, regrouped, rearranged and reclassified wherever necessary.

22. Figures have been rounded off to the nearest rupee and expressed in thousands.

Signature to Notes 1 to 25

As per our attached report of even date
For **S. RAMANAND AIYAR & CO**
Chartered Accountants

BINOD C. MAHARANA
Partner
Mumbai, Dated : 23rd May 2012

N. R. DIVATE
Wholetime Director

K. CHANDRAMOULI
Wholetime Director & Company Secretary

JAYESH R. TALPADE
Director

TANVEER SHAIKH
Director
Mumbai, Dated : 23rd May 2012

HYBRID FINANCIAL SERVICES LIMITED

(FORMERLY KNOWN AS MAFATLAL FINANCE COMPANY LIMITED)

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

FORM OF PROXY

I / We
of
being member(s) of the above mentioned Company, hereby appoint
..... of
or failing him
of

as my / our Proxy to vote for me / us on my / our behalf at the **TWENTY FIFTH ANNUAL GENERAL MEETING** of the Company to be held at 11.00 a.m. on Friday, 13th July 2012 at All India Plastics Manufacturer's Association, AIPMA House, A-52, Road No.1, M.I.D.C. Andheri (East), Mumbai – 400 093 and at any adjournment thereof.

Signed at (place) this day of 2011.

Membership Folio No. :

No. of Shares held :

Important :

- Revenue Stamp of One Rupee is to be affixed on this form.
- The Form should be signed across the stamp as per specimen signature registered with Company and deposited at the Registered Office of the Company not less than **FORTY-EIGHT HOURS** before the time fixed for holding the Meeting.
- A Proxy need not be a Member.

Affix 1
Rupee
Revenue
Stamp

HYBRID FINANCIAL SERVICES LIMITED

(FORMERLY KNOWN AS MAFATLAL FINANCE COMPANY LIMITED)

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

ATTENDANCE SLIP

Name of the attending Member (in Block Letters)	Membership Folio Number
Name of Proxy (in Block Letter) (To be filled in if the Proxy attends instead of the Member)	Number of Shares held

To be handed over at the entrance of the Meeting Hall.
I hereby record my presence at the **TWENTY FIFTH ANNUAL GENERAL MEETING** of the Company to be held at 11.00 a.m. on Friday, 13th July 2012 at All India Plastics Manufacturer's Association, AIPMA House, A-52, Road No.1, M.I.D.C. Andheri (East), Mumbai – 400 093 and at any adjournment thereof.

Member's / Proxy's Signature
(to be signed at the time of handing over the slip)

BOOK-POST

If undelivered, please return :

BIGSHARE SERVICES PRIVATE LTD.

Unit : Hybrid Financial Services Ltd.

E-2, Ansa, Industrial Estate,

Saki Vihar Road, Saki Naka,

Andheri (East), Mumbai - 400 072.