

HYBRID FINANCIAL SERVICES

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

23RD

**A
N
N
U
A
L

R
E
P
O
R
T**

**2
0
0
9
-
2
0
1
0**

HYBRID **FINANCIAL** **SERVICES**

BOARD OF DIRECTORS

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

SHRI. JAYESH R.TALPADE
SHRI. TANVEER SHAIKH
SHRI. A.K.MAHAJAN
(Nominee Director - up to 21.01.2010)
SHRI. VIJAY. V. AGNIHOTRI
(Nominee Director - w.e.f. 21.01.2010)

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

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

REGISTRARS & SHARE TRANSFER AGENTS

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

MAXIMUS **SECURITIES**

BOARD OF DIRECTORS

SHRI. P. KARUNAKAR RAO *Wholetime Director
(Up to 20.04.2010)*
SMT. MEGHA J. VAZKAR *Wholetime Director*
SHRI. N.R. DIVATE
SHRI. JAYESH R.TALPADE

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 2009-2010

NOTICE

Notice is hereby given that the TWENTY THIRD ANNUAL GENERAL MEETING of the Members of HYBRID FINANCIAL SERVICES LIMITED (FORMERLY KNOWN AS MAFATLAL FINANCE COMPANY LIMITED) will be held at Indian Women Scientists Association, Plot No. 20, Sector 10-A, Opp. Balaji Temple, Near Sainath High School, Vashi, Navi Mumbai-400 703 on Friday, 30th day of July, 2010 at 11:00 a.m. to transact the following BUSINESS:

ORDINARY BUSINESS

1. To consider and adopt the Audited Profit and Loss Account for the year ended March 31, 2010 and the Balance Sheet as at that date and the Reports of Directors and the Auditors thereon.
2. To reappoint Mr. Jayesh R.Talpade as Director who retires at the ensuing Annual General Meeting, eligible, offers himself for re-appointment.
3. 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 special resolution:

"RESOLVED THAT pursuant to Sections 100 to 104 of the Companies Act, 1956 and subject to confirmation by the High Court of Judicature of Mumbai and as per Clause 5 and 12 of Articles of Association of the Company, the paid up Equity Share Capital of the Company be reduced from Rs.39,88,17,000/- to Rs.14,01,81,375/- by way of cancellation of Equity Shares and reduction in the paid up value of the shares.

"FURTHER RESOLVED THAT pursuant to Section 104 of the Companies Act, 1956 and subject to confirmation by the High Court of Judicature of Mumbai and as per Clause 5 of the Articles of Association of the Company, the Company be and is hereby authorized to cancel 25 lacs equity shares allotted to ICICI Banking Corporation Limited on account of the said shares not being taken up and surrendered.

"FURTHER RESOLVED THAT pursuant to Section 104 of the Companies Act, 1956 and subject to confirmation by the High Court of Judicature of Mumbai and as per Article 12 of the Articles of Association of the Company, the Company be and is hereby authorized to cancel 93,45,425 equity shares held by the members being 25% of the shares held by them.

"FURTHER RESOLVED THAT pursuant to Sections 100 to 104 of the Companies Act, 1956 and subject to confirmation by the High Court of Judicature of Mumbai and as per Article 12 of the Articles of Association of the Company, the Company be and is hereby authorized to reduce the paid up and face value of its Equity Shares from Rs.10 each to Rs.5 each.

"FURTHER RESOLVED THAT any of the Wholetime Directors of the Company be and is hereby authorized to do all such acts as may be necessary in furtherance to this resolution including filing of affidavit, execution of documents etc."

By Order of the Board
For **HYBRID FINANCIAL SERVICES LIMITED**

K.CHANDRAMOULI
Wholetime Director

Registered Office :

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

Date: 19th May 2010

NOTES:

- a) A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THAT A PROXY NEED NOT BE A MEMBER.
- b) The proxy form duly completed and signed by the shareholder should be deposited at the registered office of the company atleast 48 hours before the commencement of the meeting.
- c) The Register of Members and the Share Transfer Books of the Company will remain closed from Monday, 26th July 2010 to Friday, 30th July 2010 (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 Accounts of the Company are requested to write to the Company at an early date so as to enable the Management to keep the information ready.

ANNEXURE TO THE NOTICE

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

PROFILE OF DIRECTOR BEING APPOINTED

Name : Mr. Jayesh Ramesh Talpade

Age : 54 Years

Qualifications : BE. MMS.

Experience : Over Twenty Years in the field of Management Consulting

Mr. Jayesh Ramesh Talpade is not a Director in any other Company. He holds 40,800 Equity Shares in the Company.

EXPLANATORY STATEMENT

As members are aware that the Company's present capital structure is not adequately representing the assets of the Company as the Company has an accumulated loss of Rs.93,41,80,545/- as on 31st March 2010, the Board of Directors of the Company are of the view that the Company's capital structure is required to be reorganized by way of reduction and cancellation of equity shares. In this regard the Board has approved a 'Scheme of Arrangement' cancelling the allotment of 25 lacs Equity Shares to ICICI Banking Corporation Limited which was issued to them in settlement of their debt as the same is no longer required in lieu of satisfaction of debt.

Further the Board also feels that the existing holding of the equity shareholders is required to be reduced and the paid-up value of the shares is also required to be reduced. While the formal 'Scheme of Arrangement' would be filed with the Hon'ble Bombay High Court and meetings of the members will be called, the Company is seeking an enabling resolution for the said purpose.

By Order of the Board
For **HYBRID FINANCIAL SERVICES LIMITED**

K.CHANDRAMOULI
Wholetime Director

Registered Office :

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

Date: 19th May 2010

Annual Report 2009-2010

DIRECTORS' REPORT

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

Your Directors present the Twenty Third Annual Report with the Audited Statement of Accounts of the Company for the year ended 31st March 2010.

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 31.03.2010 (Rs. in lacs)	Year ended 31.03.2009 (Rs. in lacs)
Gross Income	486.21	511.96
Gross Profit before depreciation and Income tax	215.68	349.33
Depreciation	0.39	0.31
Provision for Tax	—	1.72
Net Profit After Tax	215.29	347.30
Add: Amount brought forward from previous year	(9558.09)	(11306.49)
Adjustment made as per Scheme of Compromise	1.00	1401.10
Balance carried forward	(9341.80)	(9558.09)

2. OPERATIONS

The financial year 2009-2010 has ended with the company making a profit of Rs. 215.29 lacs. Based on the scheme of compromise, the company has made all the payments to the secured creditors before 31st March 2010. The name of the Company is changed from **Mafatlal Finance Company Limited to Hybrid Financial Services Limited** in the Previous Financial Year.

3. DIVIDEND

No Dividend has been recommended by the Board in view of the accumulated losses.

4. LITIGATIONS AGAINST THE COMPANY

The penalties imposed by the Enforcement Directorate has been remanded back to the Enforcement Directorate for fresh adjudication and the disputed income tax claims and the cases filed in the Consumer Forum are being appropriately contested.

5. REJECTION OF COMPANY'S APPLICATION AS AN NBFC

As the company's application for registration has been rejected, the company has passed the resolution through postal ballot for change which has been passed by appropriate majority. The company has accordingly ceased to be a Non Banking Finance Company.

6. PUBLIC FIXED DEPOSITS

The company currently has 75 unclaimed depositors for a value of Rs. 7,11,000/- against which the company has escrowed a fixed deposit for a value of Rs. 10,35,700/-

7. LISTING OF SHARES

The company is making efforts to get the suspension removed so as to enable the shares to be traded in Bombay Stock Exchange Limited (BSE) or any another exchange of all India Operations and pursue the voluntary delisting in other stock exchanges as already approved

by members in the year 2004 and also in the year 2009. The Company has paid all the Listing Fees to BSE.

8. REDUCTION OF CAPITAL

The Company is proposing to reduce its Paid up Capital subject to approval by Members and Court, by reducing the paid up value of shares by Rs. 5 and by cancelling the allotment of shares to ICICI Banking Corporation Limited. Besides it is also proposed to cancel 25% of the number of issued and paid up shares after the above. (Special Resolution Proposed). The paid up capital is accordingly proposed to be reduced from Rs. 44,37,24,000/- to Rs. 14,01,81,375/- (Special Resolution Proposed). Shareholders are requested to support the above reduction so that the Company is in apposition to reduce the accumulated losses significantly.

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

The name of the subsidiary company has now been changed to Maximus Securities Limited. The Company has posted a net profit of Rs. 59.43 lacs for the financial year ended 31st March, 2010. 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. The financial statements and the audited accounts of the subsidiary are annexed to this report.

10. OUTLOOK

The company is exploring the possibilities of undertaking new Non - NBFC activities and accordingly entered into agreements with Aviva Insurance Company Limited and Bharti Airtel Limited to solicit new business clientele for them. These operations have yielded a gross revenue of Rs.46.01 lacs during the financial year end 31st March 2010.

11. 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

12. DIRECTORATE

Mr. Jayesh R.Talpade is retiring at the ensuing Twenty Third Annual General Meeting and eligible, offers himself for re-appointment. Mr. Vijay V. Agnihotri has been inducted to the board with effect from 21.01.2010. Bank of India, Trustees of Debenture Holders have informed by their letter dated 12.12.2009 that Mr. Vijay V. Agnihotri has been appointed as Director in place of Mr. A.K.Mahajan.

13. DEPOSITORIES

Effective from 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.

14. PARTICULARS OF EMPLOYEES

Information pursuant to Section 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules 1975 form part of this report. However as per the provisions of Section 219 (1) (a) (iv) of the Companies Act, 1956 the Reports and Accounts are being sent to Share Holders excluding the statement of particulars of employees under Section 217 (2A) of the Companies Act, 1956. Any Share Holder interested in obtaining the statement may write to the Company at the Registered Office address for obtaining the same.

15. DIRECTOR'S RESPONSIBILITY STATEMENT

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

- i. in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- ii. the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for the year;
- iii. The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

iv. that the Directors have prepared the Annual Accounts on a going concern basis.

16. 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.

17. 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.

18. ACKNOWLEDGEMENTS

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

FOR AND ON BEHALF OF THE BOARD

Place : Navi Mumbai
Date : 19th May 2010

K.CHANDRAMOULI
Wholtime Director

MANAGEMENT DISCUSSION AND ANALYSIS

The Scheme of Arrangement and Compromise with the residual creditors and debenture holders which was completed during the year by making payment of last instalment to the Secured Creditors. The Company's activity with AIRTEL and AVIVA INSURANCE showed a modest growth. The company would be drawing up the resource plans to carry out future operations in fee based areas.

FINANCIAL REVIEW

As the company discontinued its lending operations, most of the revenues arose from past lending and disbursements. The company was successful in finalising its pending sales tax assessments in Karnataka, Gujarat and as well as in Maharashtra State in respect of Lease Tax. The company's income was Rs. 486.21 Lacs which included Rs.147.98 Lacs towards operational income and Rs.338.23 Lacs as other income (which includes write-backs) and the company earned a profit of Rs. 215.29 Lacs. During the year the company has provided Rs. 0.58 Lacs (net) towards bad and doubtful debts.

BUSINESS ANALYSIS OUTLOOK

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

RISK AND CONCERNS

The company faces the following challenges and risks:

- a) Results of the outstanding tax disputes.
- b) 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 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 2010 has 14 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.

Annual Report 2009-2010

CORPORATE GOVERNANCE REPORT

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

I. MANDATORY REQUIREMENTS

1. CORPORATE GOVERNANCE PHILOSOPHY

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

2. BOARD OF DIRECTORS

(a) Composition and Category of Directors

The company has two Whole Time Directors Mr. Nandakishore Raghunath Divate and Mr. K Chandramouli., two Independent Directors Mr. Jayesh R.Talpade and Mr. Tanveer Shaikh and one Nominee Director Mr. Vijay Agnihotri, 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 2009-2010 and the last Annual General Meeting is as follows:

Director	Board Meetings Attended	Last Annual General Meeting Attended (Held on 10.07.2009)
Mr. N.R. Divate	3	No
Mr. K. Chandramouli	4	Yes
Mr. Jayesh Talpade	4	Yes
Mr. Tanveer Shaikh	4	Yes
Mr. A.K. Mahajan *	1	Yes
Mr. Vijay Agnihotri **	1	—

* Ceased to be Director with effect from 21.01.2010.

** Appointed with effect from 21.01.2010 by Bank of India, Trustee of Debenture Holders in place of Mr. A.K. Mahajan

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

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

* Mr. Vijay Agnihotri has been appointed as a Nominee Director with effect from 21.01.2010, in place of Mr. A.K. Mahajan, by Bank of India, Trustees of Debenture Holders as per Section 15(M) of SEBI (Debenture Trustees) regulations 1993 in conjunction with the provisions of the Trust Deed. Mr. A.K. Mahajan appointed as a Nominee Director on 22.05.2009 was ceased to be a Director with effect from 21.01.2010.

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

Four Board Meetings were held during the year 2009-2010. The dates on which meetings were held were as follows: 22nd May 2009, 10th July 2009, 15th October 2009, and 21st January 2010.

(e) Remuneration of Directors:

The company does not pay any remuneration other than payment of Travelling and Conveyance expenses to the Independent Directors. During the year, the company paid Rs. 24,81,696/- to Mr. K. Chandramouli and Rs. 29,72,538/- to Mr. N.R. Divate, Whole Time Directors of the Company towards remuneration and the same has been approved by the members and the Central Government.

(f) Directors Share Holding:

Mr. K. Chandramouli is holding 1,15,70,577 shares, Mr. N.R. Divate is holding 1,15,78,661 shares and Mr. Jayesh Talpade is holding 40,800 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 31.03.2010:

Mr. Jayesh Talpade	...	Chairman
Mr. K. Chandramouli	...	Wholetime Director
Mr. N.R.Divate	...	Wholetime Director
Mr. Tanveer Shaikh	...	Director
Mr. A.K.Mahajan	...	Nominee Director (ceased to be Director with effect from 21.01.2010)
Mr. Vijay Agnihotri	...	Nominee Director (with effect from 21.01.2010)

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

Four meetings were held during the year 2009-2010. (22nd May 2009, 10th July 2009, 15th October 2009, and 21st January 2010). The attendance for the said meetings is as follows:

Name of the Director	Category	Attendance Particulars
Mr. Jayesh R. Talpade	Chairman	4
Mr.N.R.Divate	Wholetime Director	3
Mr.K.Chandramouli	Wholetime Director	4
Mr. Tanveer Shaikh	Independent Director	4
Mr. A.K.Mahajan	Nominee Director	1
Mr. Vijay Agnihotri	Nominee Director	1

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 31.03.2010:

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 15th October, 2009. 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, constituting the following members reconstituted committee as on 31.03.2010:

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 : From 01.04.2009 to 31.03.2010

Number of Equity Shareholders / Debenture holders / }		
Preference Shareholders complaints pending as on 01.04.2009 }	:	22
Number of complaints received during the year	:	22
Number of complaints solved during the year	:	22
Number of complaints pending as on 31.03.2010	:	22

Annual Report 2009-2010

Four meetings were held during the year 2009-2010. (22nd May 2009, 10th July 2009, 15th October 2009, and 21st January 2010). The attendance for the said meetings is as follows:

Name of the Director	Category	Attendance Particulars
Mr.K.Chandarmouli	Chairman	4
Mr. N.R.Divite	Wholetime Director	3
Mr.Jayesh Talpade	Director	4
Mr. Tanveer Shaikh	Director	4

6. DIRECTORS

Mr. Jayesh Talpade, Director of the company is retiring by rotation at the ensuing 23rd 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	16 th October 1956 / 53 Years
Date of Original Appointment	9 th September 2008
Expertise in specific functional areas	Over Twenty Years in the field of Management Consulting
List of Companies in which the person holds the directorship	Nil

Mr.Jayesh R. Talpade holds 40800 Shares in the Company.

7. GENERAL BODY MEETINGS

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

Date	Venue	Time
31 st December, 2007	Indian Women Scientists Association, Plot No. 20, Sector 10-A, Opp. Balaji Temple, Near Sainath High School, Vashi, Navi Mumbai 400 703.	10.00 A.M.
31 st January, 2008	Indian Women Scientists Association, Plot No. 20, Sector 10-A, Opp. Balaji Temple, Near Sainath High School, Vashi, Navi Mumbai 400 703.	10.30 A.M.
26 th September, 2008	Indian Women Scientists Association, Plot No. 20, Sector 10-A, Opp. Balaji Temple, Near Sainath High School, Vashi, Navi Mumbai 400 703.	10.30 A.M.
10 th 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

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. These services consist of seconding the parent company employees to the subsidiary and attending to the taxation, treasury, accounting and other operations of the subsidiary. These services are provided at a fair and market related price.

9. DISCLOSURES

- The details of related party transactions are given in Point No. 12 of the notes to the account.
- The company's shares were suspended from trading by National Stock Exchange of India Limited (NSE) since September 2001 and Bombay Stock Exchange Limited (BSE) since December 2002 on account of failure of the company to redress the complaints of investors relating to redemption of public issue of non-convertible debentures. The company has not paid the listing fees to National Stock Exchange of India Limited (NSE), from the financial years 2002-03 to 2009-10, Ahmedabad Stock Exchange Limited (ASE) from the financial years 2000-01 to 2009-10 and Delhi Stock Exchange Association Limited (DSE) from the financial years 2001-02 to 2009-10 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 Board of Directors of the Company have cancelled the allotment of 25,00,000 Equity Shares to ICICI Banking Corporation Limited in view of the settlement reached and the same would be carried out along with the approval for reduction of capital by court under sections 100-104 of the Companies Act, 1956.

- d) During the year the Company, by a Special Resolution passed at the meeting of the Preference Share Holders held on 10th July 2009, has been authorised to cancel the dividends payable on the Preference Shares 14.50% 97 series and 10% 2000 series including all arrears of dividend. The Company has also been authorised to redeem these Preference Shares by issue of fresh 1% Cumulative Redeemable Preference Shares of Rs.10 each to be redeemed in Five Equal Instalments commencing from the year 2010 onwards.
- e) 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 :

- a) They have reviewed the Financial Statements as on 31st March 2010 and the Cash Flow Statement for the year ended 31st March 2010 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.
- b) There are to the best of their knowledge and belief, no transactions that have been entered into by the company during the year which are fraudulent or illegal or violative of the Company's code of conduct
- c) They accept responsibility for establishing and maintaining internal controls for financial reporting and that they have evaluated the effectiveness of the internal control systems of the company, pertaining to financial reporting. Deficiencies in the design or operation of such internal controls, if any, of which they are aware, have been disclosed to the auditors and the Audit Committee and steps have been taken to rectify these deficiencies.
- d) i). There has not been any significant change in internal control over financial reporting during the year under reference;
ii). There has not been any significant change in accounting policies during the year requiring disclosures in the notes to the financial statements; and
iii). They are not aware of any instance during the year of significant fraud with involvement therein of the management or any employee having a significant role in the Company's internal control system over financial reporting.

11. MEANS OF COMMUNICATION

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

12. GENERAL SHAREHOLDER INFORMATION

12.1 Annual General Meeting

Date, Time & Venue : Friday, 30th July 2010 at 11 A.M. at Indian Women Scientists Association, Plot No.20, Sector 10-A, Opp.Balaji Temple, Near Sainath High School, Vashi, Navi Mumbai-400 703.

12.2 Financial Calendar (2010-2011) (tentative)

Quarterly Results :

Quarter ending June 30, 2010 : Last week of July 2010
 Quarter ending September 30, 2010 : Last week of October 2010
 Quarter ending December 31, 2010 : Last week of January 2010
 Quarter ending March 31, 2011 : Last week of May 2011

12.3 Book Closure date(s)

: Monday, 26th July 2010 to Friday, 30th July 2010 (both days inclusive)

12.4 Dividend payment date(s)

: Not applicable

Annual Report 2009-2010

- 12.5 **Listing of Equity shares/debentures on Stock Exchanges** : Bombay Stock Exchange Ltd. (BSE), Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400 001.
The company's shares were also listed in the National Stock Exchange of India Ltd, Ahmedabad Stock Exchange and Delhi Stock Exchange Association Ltd. The members have approved in the past delisting from these Exchanges.
The company has paid the listing fees to Bombay Stock Exchange Limited (BSE) under protest for the financial years from 2004-2005 to 2007-2008 on 17th May 2007 listing fees for 2008-2009 and 2009-2010 on 18th February 2010 and for 2010-2011 on 26th April 2010.
- 12.6 **Stock Code**
Physical Segment – BSE : 500262
Demat Segment - BSE : INE965B01014
- 12.7 **Market Price Data** : The trading of the company's shares has been suspended in the National Stock Exchange of India Limited (NSE) with effect from September 2001 as well as in the Bombay Stock Exchange Limited (BSE) with effect from December 2002 and accordingly no market price data is available.
- 12.8 **Registrar & Transfer Agents** : M/s. Big Share Services Private Ltd.
E-2, Ansa Industrial Estate, Sakivihar Road,
Saki Naka, Andheri (East), Mumbai - 400 072.
Tel: 28470652 / 28470653 Fax: 28475207
- 12.9 **Share & Transfer agents(for Electronic Transfers)** : M/s. Big Share Services Private Ltd.
E-2, Ansa Industrial Estate Sakivihar Road,
Saki Naka, Andheri (East), Mumbai – 400 072.
Tel: 28470652 / 28470653 Fax: 28475207
- 12.10 (a) **Distribution of Shareholding as on 31st March, 2010**

No. of Equity Shares held (Rs.)	No. of Shareholders	% of Shareholders	No. of Shares held	% of Shareholding
Upto – 5000	50,130	95.93	58,07,131	14.56
5001-10000	1,007	1.93	8,46,473	2.12
10001-20000	506	0.97	7,70,355	1.93
20001-30000	174	0.33	4,51,861	1.13
30001-40000	98	0.19	3,54,906	0.89
40001-50000	73	0.14	3,45,856	0.87
50001-100000	123	0.23	8,79,285	2.21
100001 and above	144	0.28	304,25,833	76.29
GRAND TOTAL	52,255	100.00	398,81,700	100.00

(b) **Category of Shareholding as on 31st March, 2010**

Sr. No.	Category	Shareholding	Percentage
1.	Promoters	2,31,49,238	58.04
2.	Financial Institutions, Nationalised Banks and Mutual Funds	28,49,600	7.15
3	Bodies Corporate	5,83,279	1.46
4.	Directors and their relatives	40,800	0.10
5.	Non-Resident Individuals	30,200	0.08
6.	General Public	1,32,28,583	33.17
	TOTAL	3,98,81,700	100.00

12.11	Dematerialization of shares	:	The Company has arrangements with NSDL and CDSL for demat facility. 53.29% of the total equity shares are held in dematerialized form with NSDL and CDSL as at 31 st March 2010 Members can hold shares in electronic forms and trade the same in Depository system. However, they may hold the same in physical form also.
12.12	Outstanding GDRs/ADRs/Warrants or any Convertible Instruments, Conversion date and likely impact on equity.	:	NIL
12.13	Registered Office & Address for Correspondence	:	Flat No.K-3/4, Second Floor, Shopping Centre, Sector 15/16, Vashi, Navi Mumbai - 400 703.

II. NON-MANDATORY REQUIREMENTS

1. Office of the Chairman of the Board and re-imbusement of expenses by the Company

The same is not applicable as the Chairman of the Company is a Wholetime Director

2. 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"

3. 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.

4. Audit Qualifications

The Company, at present, does not have any audit qualification pertaining to the financial results.

5. 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.

6. Whistle Blower Policy

The Company at present does not have any Whistle Blower Policy

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 Wholetime Directors on 31st March 2010.

Place : Navi Mumbai
Date : 19th May 2010

K.CHANDRAMOULI
Wholetime Director and
Company Secretary

Annual Report 2009-2010

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 2010 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: 19th May 2010

**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 2010**, and also the Profit and Loss Account 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 Note Nos 7 and 9 of Schedule No. 17 II 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, Profit and Loss Account and Cash flow statement dealt with by this Report are in agreement with the books of account;
 - d) The Balance Sheet, Profit and Loss Account 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 2010 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March 2010, 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) 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, 2010;
 - (ii) In the case of the Profit and Loss Account, 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 : 19th May 2010

Annual Report 2009-2010

ANNEXURE TO THE AUDITORS' REPORT

[Referred to in paragraph 3 of our report of even date on the accounts of **Hybrid Financial Services Limited** (Formerly known as Mafatal Finance Company Limited) for the year ended 31st March 2010.]

- 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 previous 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) **In respect of statutory dues:**
- a) 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.
- b) *According to the information and explanations given to us, no undisputed amounts payable in respect of Income Tax, Sales Tax, Wealth Tax, Service Tax and Cess were in arrears, as at 31st March 2010 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
Haryana General Sales Tax Act, 1973.	Sales Tax	241/-	1998-1999	Assessment Order dated December 2002	Unpaid
Madhya Pradesh Commercial Tax Act, 1974.	Sales Tax	14,737/-	1999-2000	Assessment Order dated 30.04.03	Unpaid
Gujarat Sales Tax Act, 1969.	Sales Tax	1,635/-	2000-2001	Assessment Order dated 24.03.05	Unpaid
West Bengal Sales Tax Act, 1994.	Sales Tax	18,991/-	2000-2001	Assessment Order dated 09.08.06	Unpaid
Service Tax Act	Service Tax	3,70,800/-	As on 30.09.2008	-	Unpaid
Investors Protection fund	Matured Fixed Deposit	7,62,000/-	31.03.2009	-	-

c) 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, 2010 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	1,43,788/-	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/-	1993-1994 to 1998-1999	Commissioner (Appeals).
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. RAMANANDAIYAR & CO
Chartered Accountants
Firm Registration No: 000990N

BINOD C. MAHARANA
Partner
Membership No. 56373

Place : Mumbai
Date : 19th May 2010

Annual Report 2009-2010

BALANCE SHEET AS AT 31ST MARCH, 2010

	Schedule No.	Rs. 000's	AS AT 31.03.2010 Rs. 000's	AS AT 31.03.2009 Rs. 000's
A. SOURCES OF FUNDS				
1. Shareholders' Funds				
a. Capital	1	443,724		443,724
b. Reserves and Surplus	2	562,616		562,616
			1,006,340	1,006,340
2. Loan Funds				
a. Secured Loans	3	1,008		15,680
b. Unsecured Loans	4	837		908
			1,845	16,588
TOTAL			1,008,185	1,022,928
B. APPLICATION OF FUNDS				
1. Fixed Assets				
a. Gross Block	5	868		730
b. Less: Depreciation		213		175
c. Net Block			655	555
2. Investments				
	6		100,020	100,337
3. Current Assets, Loans and Advances				
a. Current Assets :	7			
(i) Sundry Debtors		1,015		-
(ii) Cash and Bank Balances		16,478		17,447
(iii) Other Current Assets		11,634		6,642
		29,127		24,089
b. Loans and Advances	8	13,550		11,648
		42,677		35,737
Less : Current Liabilities and Provisions	9			
a. Liabilities		35,602		36,107
b. Provisions		33,745		33,403
		69,347		69,510
Net Current Assets			(26,670)	(33,773)
Balance Carried from Profit & Loss A/c		934,280		1,095,919
Adjustment made as per Scheme of Compromise (Refer Note No. 5 of Schedule No. 17 II)		100		140,110
			934,180	955,809
TOTAL			1,008,185	1,022,928
Notes to Accounts and Significant Accounting Policies.	17			

As per our attached report of even date

For S. RAMANAND AIYAR & CO
Chartered Accountants

BINOD C. MAHARANA
Partner

Mumbai, Dated : 19th May 2010

N. R. DIVATE
Wholetime Director

K. CHANDRAMOULI
Wholetime Director & Company Secretary

JAYESH R. TALPADE
Director

TANVEER SHAIKH
Director

Navi Mumbai, Dated : 19th May 2010

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010

	Schedule No.	Rs. 000's	Current Year Rs. 000's	Previous Year Rs. 000's
INCOME				
Service Charges			8,425	3,896
(Tax deducted at source Rs. 7,28,938/- Previous Year Rs. 4,03,742/-)				
Interest	10		472	1,825
Profit on sale of Investments (Net)			899	251
Other Income.	11		38,825	45,224
			<u>48,621</u>	<u>51,196</u>
EXPENDITURE				
Employee Cost	12		10,082	9,711
Administrative & other expenses	13		15,328	9,830
Interest & Finance Charges	14		1,585	5,474
Provisions & Write Offs	15		58	18,402
Depreciation			39	31
			<u>27,092</u>	<u>43,448</u>
PROFIT BEFORE EXCEPTIONAL ITEMS			21,529	7,748
Exceptional items	16		-	27,154
			<u>21,529</u>	<u>34,902</u>
PROFIT AFTER EXCEPTIONAL ITEMS AND BEFORE PROVISION FOR TAX			21,529	34,902
Provision for Fringe Benefit Tax			-	172
			<u>21,529</u>	<u>34,730</u>
PROFIT AFTER TAXES			21,529	34,730
Balance Brought Forward from previous year			(955,809)	(1,130,649)
			<u>(934,280)</u>	<u>(1,095,919)</u>
BALANCE CARRIED TO BALANCE SHEET			(934,280)	(1,095,919)
Basic EPS in Rs.			0.53	0.87
Diluted EPS in Rs.			0.53	0.87
(Face Value Rs. 10/- per Share)				
(Refer Note No. 15 of Schedule 17 II)				
Notes to Accounts and Significant Accounting Policies	17			

As per our attached report of even date

For S. RAMANAND AIYAR & CO
Chartered Accountants

BINOD C. MAHARANA
Partner

Mumbai, Dated : 19th May 2010

N. R. DIVATE
Wholetime Director

K. CHANDRAMOULI
Wholetime Director & Company Secretary

JAYESH R. TALPADE
Director

TANVEER SHAIKH
Director

Navi Mumbai, Dated : 19th May 2010

Annual Report 2009-2010

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2010

	Rs.'000s 2009-2010	Rs.'000s 2008-2009
A. Cash Flow from Operating Activities		
Net Profit before Interest and Tax	23,114	40,376
Less: Interest	1,585	5,474
Profit before Tax	21,529	34,902
Adjustment for :		
Sundry Credit Balances Written Back	(231)	(344)
Provision for Doubtful Debts Written Back	(10,284)	(7,250)
Investments Acquired in Satisfaction of Claim	(5,640)	-
Provisions for Diminution in Value of Long Term Investment no longer required written back	(457)	(4,622)
Depreciation	39	31
(Profit) / Loss on sale of Investments	(899)	(251)
Loss on Scrapped Assets	6	-
Interest / Dividend on Investments	(5,449)	(11,850)
Unpaid Interest on Secured Loans	-	2,100
Provisions for Leave Encashment	481	865
Provisions & Write offs	58	18,402
Excess Provision for interest written back and Short Term Capital Loss - Exceptional Items	-	(27,154)
	(22,376)	(30,073)
Operating Profit / (Loss) before Working Capital Changes	(847)	4,829
Adjustment for increase / decrease in :-		
Trade Receivables	3,835	6,186
Loans and Advances	4,708	36,916
Trade Payables	(395)	12,145
Cash Generated from / (used in) Operations	7,301	60,076
Direct Taxes - (Paid) / Received	(1,194)	(1,383)
Net Cash From / (used in) Operating Activities (A)	6,107	58,693
B. Cash Flow from Investing Activities		
Purchase of Fixed Assets	(145)	(55)
Purchase of Investments	-	(59,373)
Sale of Investments	1,615	81,577
Interest/Dividend Received	6,097	11,258
Net Cash From Investing Activities (B)	7,567	33,407
C. Cash Flow from Financing Activities		
Long Term Borrowings	(14,643)	(136,184)
Net Cash Used In Financing Activities (C)	(14,643)	(136,184)
Net (Decrease) / Increase in Cash and Cash Equivalents (A+B+C)	(969)	(44,084)
Cash and Cash Equivalents as at the commencement of the year	17,447	61,531
Cash and Cash Equivalents as at the end of the year	16,478	17,447
Net (Decrease) / Increase as Disclosed above	(969)	(44,084)
(See Notes attached)		

NOTES TO THE CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2010

	2009-2010 Rs. '000	2008-2009 Rs. '000
1 Cash and cash equivalents include :		
Cash on hand	9	14
Bank Balances	16,469	17,433
TOTAL	16,478	17,447

2 Bank Balances include Rs 10,36 ('000) [Previous Year Rs. 10,46 ('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

BINOD C. MAHARANA

Partner

Mumbai, Dated : 19th May 2010

N. R. DIVATE

Wholetime Director

K. CHANDRAMOULI

Wholetime Director & Company Secretary

JAYESH R.TALPADE

Director

TANVEER SHAIKH

Director

Navi Mumbai, Dated : 19th May 2010

SCHEDULES 1 TO 9 FORMING PART OF THE BALANCE SHEET

	As at	
	31.03.2010	31.03.2009
	Rs. 000's	Rs. 000's
SCHEDULE - 1		
SHARE CAPITAL		
AUTHORISED		
7,00,00,000 Equity shares of Rs.10/- each	700,000	700,000
3,00,00,000 Redeemable preference shares of Rs. 10/- each.	300,000	300,000
	<u>1,000,000</u>	<u>1,000,000</u>
ISSUED, SUBSCRIBED AND PAID - UP		
3,98,81,700 Equity Shares of Rs.10/- each fully paid	398,817	398,817
	<u>398,817</u>	<u>398,817</u>
36,70,000 10% Redeemable Preference Shares of Rs.10/- each fully paid. (See Note below)	-	36,700
8,20,700 14.5% Redeemable Preference Shares of Rs. 10/- each fully paid. (See Note below)	-	8,207
44,90,700 1% Redeemable Preference Shares of Rs.10/- each fully paid. (See Note below)	44,907	-
TOTAL	<u>443,724</u>	<u>443,724</u>

NOTE:

44,90,700 1% Redeemable Preference Shares of Rs 10 each have been issued during the year on redemption of the earlier 36,70,000 10% Redeemable Preference Shares of 97 Series and 8,20,700 14.50% Redeemable Preference shares of 2000 Series

SCHEDULE - 2		
RESERVES AND SURPLUS		
SHARE PREMIUM ACCOUNT		
As per last Balance Sheet	562,616	562,616
TOTAL	<u>562,616</u>	<u>562,616</u>

SCHEDULE : 5										
FIXED ASSETS										
Particulars	GROSS BLOCK (At Cost)				DEPRECIATION				NET BLOCK	
	As at 01.04.2009	Additions	Deletion	As at 31.03.2010	As at 01.04.2009	For the Year	Deletions	As at 31.03.2010	As at 31.03.2010	As at 31.03.2009
BUILDINGS	521	-	-	521	115	9	-	124	397	406
COMPUTERS	116	51	-	167	48	23	-	71	96	68
OFFICE EQUIPMENTS	93	84	7	170	12	6	1	17	153	81
FURNITURES	-	10	-	10	-	1	-	1	9	-
TOTAL	730	145	7	868	175	39	1	213	655	555
PREVIOUS YEAR	675	55	-	730	144	31	-	175	555	-

SCHEDULE 6			
INVESTMENTS AT COST (LONG TERM INVESTMENTS)			
A GOVERNMENT SECURITIES			
(a) National Saving Certificate (Lodged with Government Authorities)	-		13
			<u>13</u>
B 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
			<u>100,000</u>

SCHEDULE - 3			
SECURED LOANS			
A. Debentures			
1. 17% Non-Convertible Debentures A Series Liability reduced as per Scheme of Compromise. (Refer Note No. 5 of Schedule No. 17 II)	-		4,200
			<u>4,200</u>
2 a. 54, 14.5% Non-Convertible Debenture C4 Series of Rs. 1000 each interest payable on Cumulative basis. (Redeemable on 01.09.1999)	54		54
b. Deep Discount Non-Convertible Debentures of T Series Liability reduced as per Scheme of Compromise net of payments made till 31st March, 2010 (Refer Note No. 5 of Schedule No. 17 II)	126		126
			<u>180</u>
B. From Banks			
Cash Credit (Refer Note No. 5 of Schedule No. 17 II) Over Draft (Secured against pledge of Fixed Deposits)	-		6,000
			<u>828</u>
C. Term Loan From Financial Institutions (Refer Note No. 5 of Schedule No. 17 II)			180
			<u>6,000</u>
TOTAL	<u>1,008</u>		<u>15,680</u>

SCHEDULE - 4			
UNSECURED LOANS			
1. Fixed Deposits		711	782
2. Security Deposits from lessees and others etc.		126	126
(Refer Note No. 5 of Schedule No.17 II)			
TOTAL		<u>837</u>	<u>908</u>

SCHEDULE 7			
OTHER INVESTMENTS			
I. IN FULLY PAID EQUITY SHARES-QUOTED			
24750 shares of Rs.10 each in L.D.Textiles Industries Ltd.	3,106		3,106
2500 shares of Rs.10 each in Onida Saka Ltd.	68		68
Nil (Previous Year 3000) shares of Rs.10 each in Raymond Ltd.	-		687
146700 shares of Rs.10 each in Suprapti Plastics Ltd.	1,467		1,467
5750 shares of Rs.10 each in Via Media Ltd.	57		57
	<u>4,698</u>		<u>5,385</u>
Less : Provision for Diminution in Value	<u>4,698</u>		<u>5,156</u>
			<u>229</u>

Annual Report 2009-2010

	As at		As at			As at		As at	
	Rs. 000's	Rs. 000's	Rs. 000's	Rs. 000's		Rs. 000's	Rs. 000's	Rs. 000's	Rs. 000's
II. IN FULLY PAID EQUITY					SCHEDULE - 7				
SHARES-UNQUOTED WITH ASSOCIATED COMPANIES					CURRENT ASSETS				
3000 shares of Rs.10 each in Mafatal Trustee Company Ltd.	29		29		1. Sundry Debtors (Unsecured)				
900000 shares of Rs.10 each in Sunanda Capital Services Ltd	6,000		6,000		a) Debts outstanding for a period exceeding six months				
930000 shares of Rs.10 each in Sushmita Engineering and Trading Ltd.	930		930		(i) Considered Good	-		-	
245000 shares of Rs.10 each in Hybrid Systems Ltd	245		245		(ii) Considered Doubtful	71,049		77,122	
	<u>7,204</u>		<u>7,204</u>			<u>71,049</u>		<u>77,122</u>	
Less: Provision for Diminution in Value	<u>7,204</u>		<u>7,204</u>		b) Others (Considered good)	1,015		-	
						<u>72,064</u>		<u>77,122</u>	
					Less: Provision for doubtful debts (Refer Note No.9 of Schedule.No.17 II)	<u>71,049</u>	1,015	<u>77,122</u>	
III. IN FULLY PAID EQUITY SHARES UNQUOTED WITH OTHERS					2. Cash and Bank Balances				
16000 shares of Rs.10 each in Amitabh Bachan Corporation Ltd.	1,280		1,280		- Cash on hand	9		14	
63200 shares of Rs. 10 each in Dada Chemicals Ltd. (Rs. 1/-)					- Balances with Scheduled Banks				
300000 shares of Rs.10 each in Leisure Hotel Ltd.	3,000		3,000		a) In Current Accounts (net)	8,728		8,648	
49000 shares of Rs.10 each in Mafatal Medical Devices Ltd.	490		490		[Refer Note No.7 of Schedule No. 17 II]				
49000 shares of Rs.10 each in Repos Trading Company Ltd.	490		490		b) In Deposit Accounts	<u>7,741</u>		<u>8,785</u>	
	<u>5,260</u>		<u>5,260</u>				16,478	<u>17,447</u>	
Less: Provision for Diminution in Value	<u>5,260</u>		<u>5,260</u>		3. Other Current Assets				
					Interest accrued on Government Securities, Bonds and Bank Deposits	17		665	
IV. IN FULLY PAID PREFERENCE SHARES					Assets acquired in satisfaction of claims (Commercial Premises)	5,977		5,977	
52255 shares of Rs.10 each in Pasupati Fabrics Ltd	523		523		Investments acquired in satisfaction of claims	<u>5,640</u>		-	
Less: Provision for Diminution in Value	<u>523</u>		<u>523</u>		(Refer Note No.8 of Schedule.No.17 II)		11,634	6,642	
					TOTAL		<u>29,127</u>	<u>24,089</u>	
V. IN FULLY PAID DEBENTURES					SCHEDULE - 8				
375 12.5 % Non- convertible Debentures (Part B) of Rs. 200 each of Atlas Cycle Industries Ltd.	-		75		LOANS AND ADVANCES				
			75		(Unsecured unless otherwise stated)				
VI. IN FULLY PAID UNITS OF MUTUAL FUNDS UNQUOTED					1. Loans to Subsidiary (Considered good)		543	88	
100 units of Rs.10 each in UTI Master Gain '92	1		1		2. Loans to Companies, Firms and others				
	<u>1</u>		<u>1</u>		(i) Considered Good	17		-	
Less: Provision for Diminution in Value	<u>1</u>		<u>1</u>		(ii) Considered Doubtful	<u>56,949</u>		<u>62,197</u>	
						<u>56,966</u>		<u>62,197</u>	
VII. OTHERS					Less: Provision for doubtful loans	<u>56,949</u>		<u>62,197</u>	
(a) 333 shares of Rs.30 each in Bombay Mercantile Co-operative Bank Ltd.	10		10				17	-	
(b) 1000 shares of Rs.10 each in Saraswat Co-operative Bank Ltd	10		10		3. Advances recoverable in cash or in kind or for value to be received				
					(i) Considered Good	4,779		5,277	
					(ii) Considered Doubtful	<u>3,329</u>		<u>3,329</u>	
						<u>8,108</u>		<u>8,606</u>	
					Less: Provision for doubtful advances	<u>3,329</u>		<u>3,329</u>	
							4,779	5,277	
TOTAL - LONG TERM INVESTMENTS	<u>100,020</u>		<u>100,337</u>		4. Advance payment of Income Tax and Tax Deducted at Source (Net)		4,787	3,611	
NOTES:					5. Deposit with others				
		Cost Rupees	Market Value Rupees		(i) Considered Good	3,424		2,672	
1 a) Aggregate of Quoted Investments		-	-		(ii) Considered Doubtful	<u>13,583</u>		<u>13,909</u>	
Previous year		229	8,385			<u>17,007</u>		<u>16,581</u>	
b) Aggregate of Unquoted Investments		100,020	-		Less: Provision for doubtful deposit	<u>13,583</u>		<u>13,909</u>	
Previous year		100,108	-				3,424	2,672	
TOTAL		<u>100,020</u>	-		TOTAL		<u>13,550</u>	<u>11,648</u>	
Previous year		100,337	-						

	As at		As at	
	Rs. 000's	Rs. 000's	Rs. 000's	Rs. 000's
		31.03.2010	31.03.2009	
SCHEDULE-9				
CURRENT LIABILITIES AND PROVISIONS				
A. CURRENT LIABILITIES				
1. Dues to Micro, Small and Medium Enterprises (Refer Note No.10 of Schedule No.17 II)	-	-	-	-
2. Dues to Creditors other than Micro, Small and Medium Enterprises	35,602	36,107	36,107	36,107
		35,602	36,107	
B. PROVISIONS				
For Taxation				
- Current Tax (Net)	21	21	21	21
- Fringe Benefit Tax (Net)	-	18	18	18
For Leave Encashment	3,724	3,364	3,364	3,364
For Contingencies [Refer Note. 1(h) of Schedule No.17 II]	30,000	30,000	30,000	30,000
		33,745	33,403	
TOTAL		69,347	69,510	

**SCHEDULES 10 TO 16 FORMING PART OF
PROFIT AND LOSS ACCOUNT**

	Current Year		Previous Year	
	Rs. 000's	Rs. 000's	Rs. 000's	Rs. 000's
SCHEDULE 10				
INTEREST				
1. Interest on Fixed Deposits with Banks [Tax deducted at source Rs.79,178/- (previous year Rs.2,61,651/-)]		447	1,813	
2. Other Interest		25	12	
TOTAL		472	1,825	
SCHEDULE 11				
OTHER INCOME				
1. Dividend on Long Term Investments		5,002	10,037	
2. Sundry Credit balances written back		231	344	
3. Bad Debts Written Off Re-credited to the Profit & Loss A/C		8,315	5,193	
4. Provision for Doubtful Debts/Advances written Back		10,284	7,250	
5. Provision for Diminution in Value of Long Term Investment no longer required		457	4,622	
6. Others. [Tax deducted at Source Rs.3,21,306/- (Previous year Rs.4,99,785/-)]		14,536	17,778	
TOTAL		38,825	45,224	
SCHEDULE 12				
EMPLOYEE COST				
1. Salaries & Other Allowances		8,464	7,748	
2. Contribution to Provident, Gratuity and Superannuation Funds		1,136	1,098	
3. Leave Encashment		482	865	
TOTAL		10,082	9,711	
SCHEDULE 13				
ADMINISTRATIVE AND OTHER EXPENSES				
1. Advertisement & Business Promotion Expenses		59	64	
2. Audit Fees and Other Services		269	265	
3. Professional Fees & Service Charges		7,817	4,651	
4. Rates and Taxes		85	633	
5. Rent and Office Premises Compensation		694	338	
6. Insurance		4	33	
7. Repairs and Office Maintenance		160	128	
8. Motor Car Expenses		271	216	
9. Travelling Expenses		427	397	
10. Conveyance Expenses		352	355	

	Current Year		Previous Year	
	Rs. 000's	Rs. 000's	Rs. 000's	Rs. 000's
11. Printing and Stationery		420	427	
12. Postage Expenses		625	775	
13. Telephone Expenses		662	234	
14. Electricity Expenses		57	97	
15. Loss on Scrapped Assets		6	-	
16. Miscellaneous Expenses		3,420	1,217	
TOTAL		15,328	9,830	

SCHEDULE 14				
INTEREST AND OTHER FINANCE CHARGES				
1. Interest on Fixed Deposit		19	18	
2. Interest on Bank Cash Credit Account / Over Draft		32	2,900	
3. Bank charges and commission		58	45	
4. Interest on Term Loans		-	2,000	
5. Interest on Debentures		1,400	400	
6. Other Interest		76	111	
TOTAL		1,585	5,474	

SCHEDULE 15				
PROVISIONS & WRITE-OFFS				
1. Bad Debts/Repossessed Stock / Investments written off		1,420	77,861	
Less : Adjusted against provisions		1,362	77,685	
			58	176
2. Provision for Non Performing Assets-Investments		-	226	
3. Provision for Contingencies		-	18,000	
TOTAL		58	18,402	

SCHEDULE 16				
EXCEPTIONAL ITEMS				
Excess interest provided on Cash Credit from Banks and Term Loan from Bank / Financial Institution Written Back		-	27,154	
TOTAL		-	27,154	

SCHEDULE 17
SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

- I. SIGNIFICANT ACCOUNTING POLICIES:**
- BASIS OF PREPARATION OF FINANCIAL STATEMENTS:**
The financial statements are prepared on the historical cost basis in accordance with the generally accepted accounting principles in India and the provisions of the Companies Act, 1956.
 - 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.
 - FIXED ASSETS:**
All the Fixed Assets including assets given on lease have been stated at cost. Assets on lease are further adjusted for balance in lease terminal adjustment account.
 - INTANGIBLE ASSETS:**
Intangible assets are stated at cost of acquisition less accumulated amortization.

Annual Report 2009-2010

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.

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 Profit and Loss Account 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. STOCK-IN-TRADE:

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

j. REVENUE RECOGNITION:

Revenue is recognised when there is reasonable certainty of its ultimate realisation/ collection. Prudential norms prescribed by Reserve Bank of India for revenue recognition and provisioning are followed:

(i) Profit on Sale of Investments

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

(ii) Other Income

Other Income is accounted on accrual basis.

k. Premium payable on the redemption of Non Convertible Debentures will be accounted as and when paid.

l. 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.

m. RETIREMENT BENEFITS:

The Company has various retirement benefits such as Provident Fund recognised by Income Tax Authorities and Gratuity Funds and Superannuation Fund covered by the scheme with Life Insurance Corporation of India. The Provident, Superannuation & Gratuity Funds are administered

through trustees and company's contribution for the year is charged against revenue.

n. LEAVE ENCASHMENT:

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

o. TAXES ON INCOME:

Current tax is determined as the amount of tax payable in respect of taxable income for the period. Deferred Tax is recognised, subject to the consideration of prudence in respect of deferred tax assets, on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent period. Deferred Tax asset and liability are measured using the tax rates that have been enacted or substantively enacted at the Balance Sheet date.

p. BORROWING COST:

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. All other borrowing costs are charged to revenue.

II. NOTES TO ACCOUNTS:

1. Contingent Liability in respect of:

- a) Arrears of Dividend on 1% Redeemable Cumulative Preference Shares issued during the year is Rs. 4,49,070/- (Previous Year Nil)
- b) The Commissioner (Appeals) vide his order dated 15th June 2009 confirmed the Income Tax demand of Rs. 8,14,51,511/- as per the exparte assessment order treating the lease transaction as finance transactions for the Assessment Years 1993-1994 to 1998-1999. The Company has filed an appeal before the Income Tax Appellate Tribunal against this order.
- c) Interest Tax on interest earned on Debentures, Bonds and Government Securities is not exigible to interest tax as per the order of ITAT -83 /M/01 dated 30th September 2004 for the assessment year 1998-99. The department filed an appeal against this order in the Honourable Bombay High Court and accordingly the liability arising out of the said appeal inclusive of interest would be Rs. 21,07,307/- if won by the department.
- d) Suit filed by employee in Labour Court at New Delhi - Amount Rs.3,15,205/- (Previous Year Rs. 3,15,205/-)
- e) Five cases filed against the company in various civil courts for the recovery for an aggregate sum of Rs.2,56,000/- [Previous Year Rs. 2,56,000/-] towards refund of security deposit, non-repayment of debentures etc.
- f) The shares of the company have been suspended for trading on the NSE since September 2001 and on BSE since December 2002 on account of non-redressal of investor grievances relating to non-payment to the debenture holders. SEBI is empowered to impose a penalty of Rs. 1 lac for each day or Rs 100 lac, whichever is less on companies who fail to redress investor grievances after having being called upon to do so.

- g) Criminal case has been filed by debenture holders in the court of the first class Judicial Magistrate at Patna and Ranchi against the Company and its erstwhile directors under section 409, 420 and 120B of the Indian penal code for non- repayment of the debentures. The complainants are since paid the amount due as per the resolutions passed in the Debenture holders meeting. The total face value of debentures covered under the above cases is Rs. 1,16,000/- (Previous Year Rs.1,16,000/-).
- h) There is a penalty of Rs. 6,07,40,000/- (Previous Year Rs.6,07,40,000/-) levied by Directorate of Enforcement under Foreign Exchange Management Act (FEMA), Mumbai in the year 2003-2004, for non-submission of Bill of Entry in case of imported machineries, which were leased to customers. The Company has filed an appeal against this order before the Appellate Tribunal for Foreign Exchange, New Delhi. Based on the orders of the Appellate Tribunal, the case has been remanded back to the Enforcement Directorate. The Company has however provided Rs. 3,00,00,000/- as Contingent Provision out of abundant precaution.
- i) Thirty-Six cases have been filed against the Company in various Consumer Forums and the total demand is aggregating to Rs.23,45,000/- (Previous Year Rs. 23,45,000/-) approximately.
- j) Disputed Sales Tax demand aggregating to Rs. 5,92,105/- (Previous Year Rs.5,39,392/-).
2. a) **Managerial Remuneration under Section 198 of the Companies Act, 1956:**

	Current Year Rs. '000s	Previous Year Rs. '000s
1) Salary	3142	2318
2) Contribution to Provident & other funds	954	765
3) Perquisites in cash or in kind	1358	970
Total	5454	4053

- b) The Company has received the approval from Central Government in respect of appointments of Shri. N. R. Divate and Mr. K. Chandramouli.
3. **Payment to Auditors (inclusive of service tax where applicable)**

	Current Year Rs. '000s	Previous Year Rs. '000s
As auditors	132	132
As advisor or in any other capacity in Respect of -certification matters (Limited Review/ Corporate Governance etc);	90	89
Out of Pocket Expenses	13	11
Tax audit fees	33	33
Total	268	265

4 DEBENTURES

Bank of India had filed a case against the company with Mumbai High court for Rs. 166,34,72,817/- in capacity of trustee for all series of Debentures. Order was passed on 13th April 2003 and company was directed not to deal further in investments in National Savings Certificates and to deposit the accruals there on, dividend and other accruals on equity shareholding as detailed in Schedule 6 of the Balance Sheet as at 31st March 2001.

The Company has passed appropriate resolution as per the order of the Hon'ble Bombay High Court in the above suit and revised the terms of Debentures.

The Company has filed a notice of motion in the Hon'ble Bombay High Court for discharge of the suit but the same is kept in abeyance till discharge by payment of all the debenture holders.

5. SCHEME OF COMPROMISE AND ARRANGEMENTS

The Company on 22nd May, 2006 had filed a Petition under Sections 391 and 394 of The Companies Act, 1956 for Compromise, in the Hon'ble Bombay High Court with the residual banks, debenture holders and unsecured lenders. As per the directions of the Hon'ble Bombay High Court the Meetings of the Secured and Unsecured Creditors had been convened on 31 August 2006. The secured and unsecured creditors have passed the resolution for the scheme of settlement / compromise with requisite majority. Thereafter the scheme has been sanctioned by the Hon'ble Bombay High Court vide its order dated 13th July, 2007, and is effective from 22nd August, 2007.

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.

6. SHARES ALLOTTED TO ICICI BANKING CORPORATION LIMITED

The Board of Directors of the Company have cancelled the allotment of 25,00,000 Shares allotted to ICICI Banking Corporation Limited in view of the settlement reached. The Company would be completing the process of reduction of capital along with the approval for reduction of capital by court under sections 100-104 of the Companies Act, 1956.

7. NON CONFIRMATIONS AND RECONCILIATIONS OF BANKS

In respect of Current Accounts with banks amounting to Rs.77,01,461/- (net) [previous year Rs.80,24,818/- (net)] which includes book debit balance of Rs. 78,78,299/- and book credit balance of Rs. 1,76,838/-, statements of account were not being received; including from 2000-2001 in some cases. During the previous year and current year the company followed up in sending requisition letters for confirmation/closure of most of these inoperative accounts and awaiting for reply in most of the cases. Barring a few cases including where request for confirmation/ statement of account could not be sent as addresses were not available.

8. 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 vacant property, completion of documentation is pending. During the current year the company has accounted for the investments acquired in satisfaction of claims valued at Rs.56,40,000/-.

Annual Report 2009-2010

9. 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.
10. 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.
11. 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.
12. 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
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	
		2009-10	2008-09	2009-10	2008-09	2009-10	2008-09
		Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
(a)	Outstanding Receivables	5,43,221	87,848	5,24,98,677	5,77,28,807	-	-
(b)	Provision made as on date for doubtful debts	Nil	Nil	5,24,98,677	5,77,28,807	-	-
(c)	Margin Deposit given outstanding as on 31.03.2010	5,00,000	5,00,000	-	-	-	-
(d)	Settlement of Bank Loans on our behalf	-	-	-	3,36,80,000	-	-
(e)	Outstanding Payable	-	-	1,31,74,480	1,40,05,390	-	-
(f)	Investment in Subsidiary	10,00,00,000	10,00,00,000	-	-	-	-
(g)	Rental Income	18,00,000	9,36,000	-	-	-	-
(h)	Reimbursement of Employee Cost charged to them	22,34,611	21,22,628	-	-	-	-
(i)	Service Charges charged to them	38,24,106	38,77,372	-	-	-	-
(j)	Service Charges charged by them	Nil	Nil	69,19,685	36,00,000	-	-
(k)	Other Expenses Charged to them	15,00,000	Nil	Nil	Nil	-	-
(l)	Other Expenses Charged by them	3,340	6,873	13,27,010	4,48,444	-	-
(m)	Brokerage Paid	10,818	1,27,171	-	-	-	-
(n)	Managerial Remuneration	-	-	-	-	54,54,234	40,52,765

13. 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.
14. The company has taken Office premises on Operating Lease and Lease Rent amounting to Rs. 6,94,080/- (Previous Year Rs. 3,37,396/-) was paid during the year has been debited to Profit and Loss account. The future minimum lease payment is as under:

	2009-2010 Rs.	2008-2009 Rs.
Not later than 1 year	6,31,640	6,34,080
Later than 1 year and Not later than 5 years	Nil	3,12,200
Later than 5 years	Nil	Nil
Total	6,31,640	9,46,280

15. Earning per Share:

	Current Year Rs. '000s	Previous Year Rs. '000s
I) Basic Earning per share		
Profit / (Loss) for the year as per Profit & Loss Account	215,29	347,30
Less: Preference Dividend	4,49	–
	210,80	347,30
Weighted average number of Equity Shares of Rs.10 each outstanding during the year.	398,81,700	398,81,700
Basic Earning per Share (Rupees)	0.53	0.87
II) Diluted Earning per share		
Profit / (Loss) for the year as per Profit & Loss Account	215,29	347,30
Less: Preference Dividend	4,49	–
Add: Interest forgone on account of Potential Equity shares	–	–
	210,80	347,30
Weighted average number of Equity Shares of Rs.10 each outstanding during the year.	398,81,700	398,81,700
Add: Shares issuable under Loan Contract upon default of payment of principal and interest	–	–
Total Weighted average number of Equity Shares.	3,98,81,700	3,98,81,700
Diluted Earning per Share. (Rupees)	0.53	0.87
Nominal value of shares (Rupees)	10.00	10.00

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

Loans and Advances	Amount outstanding as at 31.03.2010	Maximum Amount outstanding during the year
(A) To Subsidiaries		
Maximus Securities Limited (Formerly known as Mafatlal Securities Ltd.)	5.43	20.63
(B) To Associate		
Hybrid Systems Ltd. (Formerly known as Mafatlal Systems Ltd.)	2.69	0.15
Mafatlal Trustee Company Ltd.	Nil	Nil
Sunanda Capital Services Ltd.	5.29	5.29
Sushmita Engineering & Trading Ltd.	0.75	0.75
(C) To Firms / Companies in which directors are interested other than (A) and (B) above.		
Garron Shares and Stock Brokers Private Ltd.	Nil	0.07
Sunanda Services and Trading Ltd.	518.94	571.39
(D) Where there is		
no repayment schedule	518.94	571.39
repayment beyond seven years (representing housing loans to staff)	–	–
Interest below the rate as specified in Section 372A of the Companies Act, 1956	518.94	571.39

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

17. 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.
18. Figures have been rounded off to the nearest rupee and expressed in thousands.

Signatures to Schedules 1 to 17

As per our attached report of even date

For S. RAMANAND AIYAR & CO
Chartered Accountants
BINOD C. MAHARANA
Partner

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

JAYESH R.TALPADE
Director
TANVEER SHAIKH
Director

Mumbai, Dated : 19th May 2010

Navi Mumbai, Dated 19th May, 2010

Annual Report 2009-2010

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

Rights Issue

Bonus Issue

Private Placement

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

Total Liabilities Total Assets

SOURCES OF FUNDS

Paid-up Capital Reserves and Surplus

Secured Loans Unsecured Loans

APPLICATION OF FUNDS

Net Fixed Assets Investments

Net Current Assets Misc. Expenditure

Accumulated Losses

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

Turnover Total 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
Wholtime Director

JAYESH R.TALPADE
Director

K. CHANDRAMOULI
Wholtime Director
and Company Secretary

TANVEER SHAIKH
Director

Navi Mumbai, Dated : 19th May 2010

**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, 2010
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, 2010. 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) Profit for the year ended on 31st March, 2010 of the subsidiary b) Profits for the previous financial years of the subsidiary since it became subsidiary of Hybrid Financial Services Limited	Rs. 59,42,870 Rs. 5,18,02,459
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, 2010. 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

JAYESH R.TALPADE
Director

K. CHANDRAMOULI
Wholetime Director
and Company Secretary

TANVEER SHAIKH
Director

Navi Mumbai, Dated : 19th May 2010

Annual Report 2009-2010

DIRECTOR'S REPORT

To,
The Members
Maximus Securities Limited

(Formerly known as Mafatlat Securities Limited)

Your Directors present the Sixteenth Annual Report with the Audited Statement of Accounts of the Company for the year ended 31st March, 2010.

FINANCIAL RESULTS

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

	Year ended 31.03.2010 (Rs. in lacs)	Year ended 31.03.2009 (Rs. in lacs)
Operations & Other Income	353.96	325.31
Interest, Depreciation and Other Expenses	286.86	282.37
Profit before Tax	67.10	42.94
Profit after Tax	59.43	40.36
Add : Amount brought forward from previous year	518.03	653.17
Dividend Paid / Proposed Dividend including		
Dividend Distribution Tax	58.31	175.50
Profit carried forward to Balance Sheet	519.15	518.03

DIVIDEND

The Directors are pleased to recommend a Dividend of 5% for the Financial Year Ended 31st March 2010 which will be paid after your approval at the ensuing Annual General Meeting. The Dividend will absorb an amount of Rs. 58.31 lacs (including Rs. 8.31 lacs of Dividend Distribution Tax).

OPERATION

The Company had earned brokerage income of Rs.129.43 lacs as compared to Rs. 96.86 lacs during the previous year. The income from depository segment was Rs.26.43 lacs as compared to Rs. 25.49 lacs during the previous year. The Company had also earned a profit of Rs. 73.05 lacs on sale of Shares during the year. The Company ended the financial year with a pretax profit of Rs. 67.10 lacs as compared to Rs. 42.94 lacs during the previous year.

HOLDING COMPANY

The entire share capital of the Company is held by Hybrid Financial Services Limited (Formerly known as Mafatlat Finance Company Ltd) the holding company.

COMMENTS ON AUDITOR'S QUALIFICATIONS AND MANAGEMENT'S RESPONSES:

Regarding non appointment of Company Secretary. [Relates to Item No.4 (f i)]

We are in the process of recruiting Company Secretary and are waiting for a suitable candidate. We have sought the help of "The Institute of Company Secretaries of India" and also a placement agency for selection of a candidate. We have also obtained a compliance certificate from a practicing Company Secretary.

Regarding compliance of the requirement of Section 269 read with Schedule XIII of the Companies Act, 1956. 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. [Relates to Item No.4 f ii]

The Company has obtained a legal opinion confirming that the constitution of the Remuneration Committee and the appointment of the Whole Time Directors are in conformity with the provisions of the Section 269 read with Schedule XIII of The Companies Act, 1956.

PUBLIC FIXED DEPOSITS

The Company has not accepted any deposits from the public as on 31st March, 2010 and therefore particulars stipulated in respect thereof are nil.

OUTLOOK

The performance of the Company for the year ended 31st March 2010 was better than the previous year due to the improved sentiments in the Capital Market in India as well as Globally.

The Outlook for the Current Year is blurred on account of the shadow of the European Economic Crisis. We are hopeful that stability will return to world markets by the end of the Current Calendar Year.

DIRECTORATE

The Board regrets the untimely demise of Mr.P.Karunakar Rao, the Wholtime Director of the Company. The Board would like to place on record his contribution to the Company during his tenure.

PARTICULARS OF EMPLOYEES

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

DIRECTOR'S RESPONSIBILITY STATEMENT

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

- in the preparation of the annual accounts, the applicable accounting standards had been following alongwith proper explanation relating to material departures ;
- the Directors had selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of state of affairs of the Company at the end of the financial year and of the profit of the Company for the year ;

- iii. the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities ;
- iv. the Directors had prepared the annual accounts on a going concern basis.

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.

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

ACKNOWLEDGEMENTS

Your Directors wish to thank and place on record their appreciation of the valuable support given by Clients, Financial institutions, FIs, Banks and Mutual Funds. Your Directors also record the appreciation for the services rendered by the employees of the Company.

For and on behalf of the Board

Place : Mumbai
Dated : 18th May, 2010

N. R. DIVATE
Director

Annual Report 2009-2010

AUDITORS' REPORT

To,
The Members,

MAXIMUS SECURITIES LIMITED
(formerly known as MAFATLAL SECURITIES LIMITED)

1. We have audited the attached balance sheet of **MAXIMUS SECURITIES LIMITED (formerly known as MAFATLAL SECURITIES LIMITED)**, as at 31st March 2010, and also the Profit and Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are responsibility of the Company's management. Our responsibility is to express our opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards accepted in India. Those standards required that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement. An audit includes examining, on a test check 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 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 of India in terms of sub-section (4A) of Section 227 of the Companies Act 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 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 explanation, which to the best of our knowledge and belief were necessary for the purpose of the audit;
 - b. In our opinion, proper books of accounts as required by law have been kept by the Company so far, as appears from our examination of those books;
 - c. The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - d. The Balance Sheet, Profit and Loss Account 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 confirmation received from the directors of the company as on 31st March 2010 and taken on record by the Board of Directors we report that none of the directors is disqualified as on 31st March 2010 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act 1956;
- f. Attention is invited to the following notes in Schedule No. 15:
 - i) **Note No. 6 regarding non appointment of Company Secretary.**
 - ii) **Note No. 8 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 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.**
 - iii) **The effect of the items mentioned in paragraph f (i) and (ii) above, could not be determined.**
5. Subject to the foregoing, in our opinion and to the best of our information and according to explanations given to us, the said accounts, read together with other notes thereon, give the information required by the Companies Act, 1956 in the manner so required and present a true and fair view in conformity with accounting principles generally accepted in India:
 - a. In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2010,
 - b. In the case of the Profit and Loss Account of the Profit for the year ended on that date; and
 - c. 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 : 18th May 2010

ANNEXURE TO THE AUDITOR'S REPORT

(Referred to in Paragraph 3 of our report of even date on the accounts of **MAXIMUS SECURITIES LIMITED** (formerly known as **MAFATAL SECURITIES LIMITED**) for the year ended 31st March 2010.

- 1) The nature of the Company's activities during the year is such that the requirements of Clause (ii), (vi), (viii) and (xiii) of paragraph 4 of the order are not applicable to the Company.
- 2) (a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
(b) According to the information and explanation given to us, the fixed assets were physically verified on sample basis during the year by the management.
(c) During the year the company has not disposed off major part of the fixed assets. Accordingly the provisions of sub-clause [c] of Clause 4 [1] of Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- 3) According to information and explanation given to us, the company has neither granted / nor taken any loan to / from Companies, firms or other parties referred to in Section 301 of the Companies Act 1956. Accordingly the provisions of Clause 4 (iii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- 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 for the sale of services. We have not observed any continuing failure to correct major weakness in internal control system. There is no purchase of inventory and sale of goods.
- 5) In our opinion and according to the information and explanations given to us, the transaction in pursuance of contracts or arrangements referred to in section 301 of the Companies Act 1956 required to be entered in the register maintained under section 301 have been so entered. Considering the nature of services, the price paid appears prima facie reasonable, there are no comparative quotations available with the company.
- 6) In our opinion, the Company has an internal audit system commensurate with the size of the Company and the nature of its business.
- 7) In respect of Statutory dues:
 - (a) According to the information and explanations given to us, the Company has been generally regular in depositing undisputed statutory dues, including Provident Fund, Investor Education Protection Fund, Custom duty, Excise duty, 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.
 - (b) According to the information and explanations given to us, no undisputed dues of Sales-tax, Income-tax, Wealth Tax, Service Tax, Customs duty, Excise duty and Cess were in arrears as at 31st March 2010 for a period of more than six months from the date they became payable.
 - (c) According to the information and explanations given to us, there are no disputed Sales Tax, Income Tax, Customs Duty, Wealth Tax, Service Tax, Excise Duty and Cess which have not been deposited as on 31st March, 2010 on account of any dispute.
- 8) The company does not have accumulated losses as at the end of the year. The Company has not incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year.
- 9) As the company has no dues to banks, financial institutions and debenture holders the question of default in repayment of dues does not arise.
- 10) In our opinion and according to the information and explanations given to us, the company has not granted loans and advances on the basis of pledge of shares, debentures and other securities. Accordingly the provisions of Clause 4 (xii) of Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- 11) Based on our examination of the records and evaluation of the related internal control system, 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 securities in its own name.
- 12) In our opinion and according to the information and explanation given to us, the Company has not given any guarantee for loan taken by others from banks and financial institutions. Accordingly the provisions of Clause 4 (xv) of Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- 13) To the best of our knowledge and belief and according to the information and explanations given to us, there were no borrowings by way of term loans. Accordingly the provisions of Clause 4 (xvi) of Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- 14) According to the information and explanations given to us, and on an overall examination of the balance sheet of the company, we report that no funds raised on short-term basis have been used during the year for long-term investment.
- 15) According to the information and explanations given to us, the Company has not made any preferential allotment of shares to parties referred to in section 301 of the Companies Act 1956. Accordingly the provisions of Clause 4 (xviii) of Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- 16) According to the information and explanations given to us, the Company has not issued any debentures. Accordingly the provisions of Clause 4 (xix) of Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- 17) According to the information and explanations given to us, the Company has not raised money through public issues. Accordingly the provisions of Clause 4 (xx) of Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- 18) 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.

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

BINOD C. MAHARANA
Partner
Membership No. 56373

Place : Mumbai
Date : 18th May 2010

Annual Report 2009-2010

BALANCE SHEET AS AT 31ST MARCH, 2010

	Schedule No.	Rs. 000's	AS AT 31.03.2010 Rs. 000's	AS AT 31.03.2009 Rs. 000's
I. SOURCES OF FUNDS				
1. Shareholders' Funds				
Capital	1	100,000		100,000
Reserves and Surplus	2	<u>51,915</u>		<u>51,803</u>
			151,915	151,803
2. Loan Funds				
Secured Loans	3	17,681		—
Unsecured Loans	4	<u>543</u>		<u>88</u>
			18,224	88
TOTAL			<u>170,139</u>	<u>151,891</u>
II. APPLICATION OF FUNDS				
1. Fixed Assets				
a. Gross Block	5	10,278		10,227
b. <u>Less:</u> Depreciation / Impairment		<u>5,570</u>		<u>6,556</u>
c. Net Block		4,708		3,671
d. <u>Add:</u> Capital Work in Progress		<u>—</u>		<u>545</u>
			4,708	4,216
2. Investments	6		46,810	27,892
3. Net Deferred Tax Asset			896	762
4. Current Assets, Loans and Advances				
a. Current Assets	7	130,941		136,956
b. Loans and Advances	8	<u>27,685</u>		<u>25,927</u>
		<u>158,626</u>		<u>162,883</u>
Less: Current Liabilities and Provisions				
a. Current Liabilities	9	33,641		36,391
b. Provisions		<u>7,260</u>		<u>7,471</u>
		<u>40,901</u>		<u>43,862</u>
Net Current Assets			117,725	119,021
TOTAL			<u>170,139</u>	<u>151,891</u>
Notes to Accounts and Significant Accounting Policies				
	15			

As per our attached report of even date

For S. RAMANAND AIYAR & CO
Chartered Accountants

N.R. DIVATE
Director

JAYESH R.TALPADE
Director

BINOD C. MAHARANA
Partner

MEGHA J. VAZKAR
Wholetime Director

Mumbai, Dated : 18th May 2010

Mumbai, Dated : 18th May 2010

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010

	Schedule No.	Rupees '000	Current Year Rupees '000	Previous Year Rupees '000
INCOME				
Brokerage Income			12,943	9,686
Interest Income	10		10,456	12,831
Dividend :				
Long term Investments		695		570
Stock in Trade		1		2
			696	572
Income from Depository Services			2,643	2,549
Profit on Sale of Investments (Net)			7,305	5,200
Financial Products Marketing Fees			1,037	1,009
Income from Trading in Securities	11		15	38
Other Income	12		301	347
			35,396	32,232
EXPENDITURE				
Administrative and other expenses	13		26,097	24,018
Interest and Finance charges	14		796	50
Depreciation/Amortisation			1,793	4,169
			28,686	28,237
Profit before taxes			6,710	3,995
Tax Expense :				
(i) Current Tax		900		1,165
(ii) Deferred Tax		(133)		(1,153)
(iii) Fringe Benefit Tax - Current Year		-		235
- Earlier Years		-	767	11
			767	258
Profit for the year after taxes			5,943	3,737
Excess Provision of Taxation of earlier Years written Back			-	299
			5,943	4,036
Profit brought forward from previous year			51,803	65,317
			57,746	69,353
Dividend for the Previous Year		-		10,000
Dividend Distribution Tax on the above		-		1,700
Proposed Dividend		5,000		5,000
Dividend Distribution Tax on the Proposed Dividend		831		850
			5,831	17,550
Profit carried to Balance Sheet			51,915	1,803
Basic / Diluted EPS			0.59	0.40
(Face value of equity share of Rs. 10/- each) (in Rs.)				
Notes to Accounts and Significant Accounting Policies				
	15			

As per our attached report of even date

For S. RAMANAND AIYAR & CO
Chartered Accountants

N.R. DIVATE
Director

JAYESH R.TALPADE
Director

BINOD C. MAHARANA
Partner

MEGHA J. VAZKAR
Wholetime Director

Mumbai, Dated : 18th May 2010

Mumbai, Dated : 18th May 2010

Annual Report 2009-2010

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2010

	Rs.'000s 2009-2010	Rs.'000s 2008-2009
A. Cash Flow from Operating Activities		
Net Profit Before Tax	6,710	3,995
Adjustment for:		
Depreciation / Amortisation / Impairment	1,793	4,169
Excess Provision / Credit Balances Written Back	(270)	(245)
Loss/(Profit) on sale of Investments	(7,305)	(5,200)
Dividend on Long Term Investments	(696)	(572)
Bad Debts Written Off	-	30
Provision for Gratuity	65	60
Provision for Leave Encashment	14	10
Interest and Finance Charges	796	50
	<u>(5,603)</u>	<u>(1,698)</u>
Operating Profit before Working Capital Changes	1,107	2,297
Adjustment for:		
Trade and Other Receivables	(1,924)	(3,259)
Trade Payables	(2,751)	1,037
Cash Generated from Operations	(3,568)	75
Leave Encashment Paid	-	(15)
Direct Taxes Paid	(1,253)	(3,603)
Fringe Benefit Tax Paid	(51)	(242)
Dividend Paid to Holding Company	(5,000)	(10,000)
Dividend Distribution Tax on the above	(850)	(1,700)
Net Cash (Used in) / From Operating Activities (A)	<u>(10,722)</u>	<u>(15,485)</u>
B. Cash Flow from Investing Activities		
Purchase of Fixed Assets	(2,285)	(797)
Purchase of Investments	(33,716)	(14,630)
Sale of Investments	22,103	8,000
Dividend Received on Long Term Investment	696	572
Net Cash (Used in) / From Investing Activities (B)	<u>(13,202)</u>	<u>(6,855)</u>
C. Cash Flow from Financing Activities		
Short Term Borrowings	18,136	(2,652)
Interest and Finance Charges	(796)	(50)
Net Cash (Used in) / From Financing Activities (C)	<u>17,340</u>	<u>(2,702)</u>
Net (Decrease) / Increase in Cash and Cash Equivalents (A+B+C)	<u>(6,584)</u>	<u>(25,042)</u>
Cash and Cash Equivalents as at the commencement of the year	128,043	153,085
Cash and Cash Equivalents as at the end of the year	121,459	128,043
Net (Decrease) / Increase as Disclosed above (See Notes attached)	<u>(6,584)</u>	<u>(25,042)</u>

NOTES TO THE CASH FLOW STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2010

	2009-2010 Rs.000's	2008-2009 Rs.000's
1 Cash and cash equivalents include :		
Cash on hand	17	14
Bank Balances including Fixed Deposit Pledged with Banks amounting to Rs. 76,200 ('000) [Previous Year Rs. 33,500 ('000)]	121,442	128,029
TOTAL	<u>121,459</u>	<u>128,043</u>

2 All figures in brackets are outflows.

3 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 : 18th May 2010

N.R. DIVATE
Director

MEGHA J. VAZKAR
Wholetime Director

JAYESH R.TALPADE
Director

Mumbai, Dated : 18th May 2010

**SCHEDULES 1 TO 15 FORMING PART OF THE BALANCE SHEET
AND PROFIT AND LOSS ACCOUNT**

	As at 31.03.2010 Rs. 000's	As at 31.03.2009 Rs. 000's		As at 31.03.2010 Rs. 000's	As at 31.03.2009 Rs. 000's
SCHEDULE 1					
SHARE CAPITAL					
AUTHORISED					
1,00,00,000 Equity Shares of Rs.10/- each	100,000	100,000			
ISSUED , SUBSCRIBED AND PAID UP					
1,00,00,000 Equity shares of Rs.10/- each fully paid-up	100,000	100,000			
(All the above shares are held by Hybrid Financial Services Limited, the holding Company with its nominees)					
TOTAL	100,000	100,000			
SCHEDULE 2					
RESERVES AND SURPLUS					
Profit carried from Profit and Loss Account			51,915	51,803	
TOTAL			51,915	51,803	
SCHEDULE 3					
SECURED LOANS					
Bank Overdraft (Secured against pledge of Fixed deposits)			17,681	-	
TOTAL			17,681	-	
SCHEDULE 4					
UNSECURED LOANS					
Short Term Loan from Holding Company			543	88	
TOTAL			543	88	

SCHEDULE : 5

FIXED ASSETS

PARTICULARS	GROSS BLOCK (AT COST)			DEPRECIATION/AMORTISATION			IMPAIRMENT	NET BLOCK			
	As at 01.04.2009	Additions	Deletion/ Adjustments	As at 31.03.2010	Up to 01.04.2009	Deletions/ Adjustments		As at 31.03.2010	Upto 31.03.2010	As at 31.03.2010	As at 31.03.2009
Tangible Assets											
Computers	1,933	354	-	2,287	1,345	236	-	1,581	-	706	588
Furnitures	2,779	947	2,779	947	1,845	998	2,779	64	-	883	934
Motor Vehicles	2,006	1,008	-	3,014	1,088	276	-	1,364	-	1,650	918
Office Equipments	2,715	135	-	2,850	1,282	130	-	1,412	226	1,212	1,207
Intangible Assets											
Computer Software	794	386	-	1,180	770	153	-	923	-	257	24
TOTAL	10,227	2,830	2,779	10,278	6,330	1,793	2,779	5,344	226	4,708	3,671
PREVIOUS YEAR	18,310	252	8,335	10,227	10,496	4,169	8,335	6,330	226	3,671	

SCHEDULE 6

INVESTMENTS (At Cost)-Long Term Investments

IN FULLY PAID UP EQUITY SHARES (QUOTED)

Nil (Previous Year 99,600) Shares of Rs.10 each in Associated Transrail Structures Ltd	-	1,394			
1800 (Previous Year Nil) Shares of Rs.10 each in Bharat Heavy Electricals Ltd	4,190				
1000 (Previous Year Nil) Shares of Rs.2 each in Gujarat Mineral Development Corporation Ltd	181				
10000 (Previous Year Nil) Shares of Rs.10 each in Indiabulls Power Ltd	326				
22000 (Previous Year Nil) Shares of Rs.2 each in Jaiprakash Associates Ltd	3,424				
3200 (Previous Year Nil) Shares of Rs.1 each in Jindal Steel & Power Ltd	2,004				
1000 (Previous Year Nil) Shares of Rs.10 each in J.K.Paper Ltd	52				
1500 (Previous Year Nil) Shares of Rs.2 each in Larsen & Toubro Ltd	2,296				
20000 (Previous Year Nil) Shares of Rs.1 each in National Mineral Development Corporation Ltd	6,000				
1000 (Previous Year Nil) Shares of Rs.10 each in Reliance Industries Ltd	1,076				
1000 (Previous Year Nil) Shares of Rs.1 each in Sterling Biotech Ltd	108				
2000 (Previous Year Nil) Shares of Rs.2 each in Sterlite Industries (India) Ltd	1,514				
65000 (Previous Year Nil) Shares of Rs.10 each in Whirlpool of India Ltd	7,445				
Nil (Previous Year 507) Shares of Rs. 10 each in Oil & Natural Gas Corporation Ltd	-	254			

Nil (Previous Year 20000) Shares of Rs.2 each in Uniphos Enterprises Ltd

- 149
28,616 1,797

IN FULLY PAID UNITS OF MUTUAL FUNDS (QUOTED)

5213 Units of Rs. 100 each in Gold Exchange Traded Fund of Unit Trust of India

7,099 5,000
7,099 5,000
35,715 6,797

IN FULLY PAID UP EQUITY SHARES (UNQUOTED)

11,401 Shares of Rs. 1 each in Bombay Stock Exchange Ltd.
3,08,167 shares of Rs. 10 each in Phthalo Colours & Chemicals (India) Ltd.

2,283 2,283
4,630 4,630
6,913 6,913

IN FULLY PAID UNITS OF MUTUAL FUNDS (UNQUOTED)

90,090.09 units of Rs. 10 each in Growth Sector Fund - Petro of Unit Trust of India
318,407.96 units of Rs. 10 each in Dividend Yield Fund of Unit Trust of India
Nil (Previous Year 1000000) units of Rs. 10 each in Birla Sunlife FTP - INSTL - Series AZ - Growth

982 982
3,200 3,200
- 10,000
4,182 14,182
46,810 27,892

TOTAL

NOTES :

1. Aggregate of Quoted Investments Previous Year

Cost Market
Rupees Value
Rupees
35,715 40,373
6,797 10,278

Annual Report 2009-2010

	As at 31.03.2010		As at 31.03.2009	
	Rs. 000's	Rs. 000's	Rs. 000's	Rs. 000's
SCHEDULE 7				
CURRENT ASSETS				
Interest Accrued on Investments		6,054	6,831	
Stock- in- trade				
EQUITY SHARES (Quoted)				
(At Cost or Net Realisable Value whichever is lower)				
40 Shares of Agri-Tech India Ltd of Rs. 10 each fully paid-up		1	1	
Nil (Previous Year 50) Shares of GMR Infrastructures Ltd. Of Rs .2 each fully paid-up		-	11	
Nil (Previous Year 1000) Shares of JP Hydropower Ltd of Rs .10 each fully paid-up		-	89	
44 Shares of Nath Bio-Genes (India) Ltd of Rs. 10 each fully paid-up		1	1	
116 Shares of Nath Seeds Ltd of Rs. 10 each fully paid-up		2	2	
10 Shares of NEPC Agro Foods Ltd of Rs .10 each fully paid-up		1	1	
45 Shares of Oswal Agro Mills Ltd of Rs .10 each fully paid-up		1	1	
200 Shares of Roofit Industries Ltd of Rs. 10 each fully paid-up		34	34	
15 Shares of S & S Power Switchgear Ltd of Rs .10 each fully paid-up		1	1	
IN FULLY PAID GOVERNMENT SECURITIES (Quoted)				
10 11.50% Government of India Loan		1	1	
Rs. 100 each fully paid-up		42	142	
Less: Fall in Market Value		40	106	
		2	36	
Sundry Debtors (Unsecured)				
Debtors outstanding for a period exceeding six months :				
- Considered Good		1,441	1,153	
- Considered Doubtful		227	227	
		1,668	1,380	
Other Debtors - Considered Good		1,985	893	
		3,653	2,273	
Less: Provision for Doubtful Debtors		227	227	
		3,426	2,046	
Cash on hand		17	14	
Balances with Scheduled Banks				
In Fixed Deposit Accounts		115,348	121,888	
In Current Accounts		6,094	6,141	
		121,442	128,029	
TOTAL		130,941	136,956	
SCHEDULE 8				
LOANS AND ADVANCES (Unsecured and considered good)				
Deposits with Stock Exchanges and Others		23,322	21,816	
Advances recoverable in cash or in kind or for value to be received		1,077	1,228	
Advance Payment of Taxes (Net of Provision for Tax)		3,286	2,883	
TOTAL		27,685	25,927	
SCHEDULE 9				
CURRENT LIABILITIES AND PROVISIONS				
A. CURRENT LIABILITIES				
Sundry Creditors - Other than Small Scale Industries		27,666	31,031	
(Refer Note No.16 on SME of Schedule 15)				
Client Deposits towards Margin		5,975	5,360	
		33,641	36,391	
B. PROVISIONS				
For Taxation - Current Tax (Net of Advance Tax)		678	678	
- Fringe Benefit Tax (Net of Advance Tax)		-	1	
For Proposed Dividend including Dividend Distribution Tax		5,831	5,850	
For Gratuity		516	451	
For Leave Encashment		235	491	
		7,260	7,471	
TOTAL		40,901	43,862	
		Current Year	Previous Year	
		Rs. 000's	Rs. 000's	
SCHEDULE 10				
INTEREST INCOME				
Interest on Deposits with Banks (Gross)		10,442	12,830	
(Tax Deducted at source Rs. 12,54,600/- (Previous Year Rs. 26,44,604/-))				
Interest Others		14	1	
TOTAL		10,456	12,831	
SCHEDULE 11				
INCOME / (LOSS) FROM TRADING IN SECURITIES				
Sales		8,496	11,927	
Less: Cost of Sales				
Opening Stock at Cost		35	73	
Add: Purchases		8,448	11,852	
		8,483	11,925	
Less: Closing Stock		2	36	
Sub-Total		8,481	11,889	
Income / (Loss)		15	38	
SCHEDULE 12				
OTHER INCOME				
Credit Balances no longer payable written back		270	245	
Service Tax input credit of earlier year		26	53	
Others		5	49	
TOTAL		301	347	
SCHEDULE 13				
ADMINISTRATIVE AND OTHER EXPENSES				
1. Salaries and Allowances :				
a. Salaries & other allowances		3,364	2,708	
b. Contribution to Provident and Superannuation Funds		324	306	
c. Gratuity		65	60	
d. Leave Encashment		14	12	
e. Staff Welfare Expenses		267	593	
f. Reimbursement of Salaries		4,479	4,012	
		8,513	7,691	
2. Audit Fees and Other Services		235	249	
3. Membership and Subscription		230	231	
4. Rent		2,027	1,305	
5. Legal and Professional Fees		270	289	
6. Stamp Duty Charges		628	562	
7. Travelling Expenses		291	386	
8. Conveyance Expenses		232	376	

	Current Year Rs. 000's	Previous Year Rs. 000's
9 Printing and Stationery	334	455
10. Telephone Expenses	1,083	828
11. Electricity Expenses	278	912
12. Insurance Expenses	339	385
13. Shared Service Expenses	5,901	4,673
14. Service Tax	555	567
15. Office Maintenance	198	452
16. SEBI Registration and Turnover Fees	91	90
17. Motor Car Expenses	442	490
18. Newspaper, Books and Periodicals	20	30
19. Computer Maintenance	246	174
20. Transaction Charges	233	206
21. Business Development and Entertainment Expenses	766	437
22. Postage and Courier Charges	188	204
23. Expenses on Depository Services	340	299
24. Clearing House Expenses	247	197
25. Compliance Expenses	2,100	2,230
26. OTCEI Admission Fee and Other Charges	-	5
27. Bad Debts Written Off	-	30
28. Vsat Charges	246	242
29. Miscellaneous Expenses	64	23
TOTAL	26,097	24,018

SCHEDULE 14
INTEREST AND OTHER FINANCE CHARGES

Bank Charges and commission	30	20
Interest on Bank Overdraft	472	18
Other Interest Paid	294	12
TOTAL	796	50

SCHEDULE 15
NOTES ON ACCOUNTS AND SIGNIFICANT ACCOUNTING POLICIES
1) SIGNIFICANT ACCOUNTING POLICIES
a. BASIS OF PREPARATION OF FINANCIAL STATEMENTS:

Financial Statements have been prepared using the historical cost convention in accordance with generally accepted accounting principles and the provisions of the Companies Act, 1956 as adopted consistently by the company.

b. USE OF ESTIMATES:

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

c. FIXED ASSETS:
I) Tangible Assets

Assets are stated at historical cost less accumulated depreciation and impairment loss, if any.

II) Intangible Assets (non internally generated)

Assets are stated at cost of acquisition less accumulated amortization and impairment loss, if any.

d. DEPRECIATION/AMORTISATION ON FIXED ASSETS:

Depreciation on Fixed Assets is provided on straight-line

method in accordance with Section 205[2] (b) of the Companies Act, 1956 as per the rates specified in Schedule XIV to the Companies Act, 1956.

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.

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

AMORTISATION

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

e. IMPAIRMENT OF ASSETS:

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

f. INVESTMENT:

Long-term investments are stated at the cost of acquisition. Permanent diminutions in value of investments are provided for. Current investments are valued at lower of the cost and fair value.

g. STOCK IN TRADE / SECURITIES FOR SALE:

Stock in trade is valued at weighted average cost or net realisable value whichever is lower.

h. REVENUE RECOGNITION:

Revenue is recognized when there is reasonable certainty of its ultimate realization / collection. Revenue is net of service tax where recovered.

(i) Profits on Sale of Investments

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

(ii) Brokerage Income

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.

i. BORROWING COST:

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. All other borrowing costs are charged to revenue.

j. RETIREMENT BENEFITS:

The Company's Annual Contributions to Provident Fund which is administered through Trustees and Super Annuation Fund 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.

Annual Report 2009-2010

k. LEAVE ENCASHMENT:

Provision is made for Leave Encashment on the basis of actual leave to the credit of the employee.

l. TAXES ON INCOME:

Current tax is determined on the basis of the amount of tax payable in respect of taxable income for the year.

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.

m. PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS:

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent liabilities are not recognized but are disclosed in the notes. Contingent assets are neither recognized nor disclosed in the financial statements.

n. LEASED ASSETS:

Rentals in respect of assets taken on operating lease by the company are expensed with reference to the lease and other considerations.

2) DEFERRED TAXES

Particulars	2009-2010 Rs. In 000s	2008-2009 Rs. In 000s
Deferred Tax Assets		
Timing Difference on account of Provision for Gratuity, Leave Encashment and Doubtful Debts.	381	440
Deferred Tax Liabilities		
Timing Difference on account of Accumulated Depreciation of Fixed Assets	515	322
Net Deferred Tax Asset / [Liability]	896	762

3) Fixed Deposit with Bank of Rs.7,62,00,000/- (Previous year Rs.3,35,00,000/-) is pledged for overdraft facility, base capital and guarantees given to National Securities Clearing Corporation Ltd. / Bombay Stock Exchange Limited.

4) The Company is holding some securities not claimed by the clients of Rs. 25,48,331/- (Previous Year Rs.10,80,796/-) in the company's beneficiary depository account. The reconciliation of this beneficiary account is complete till 31.03.2010 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.

5) Contingent Liabilities:

Income Tax pertaining to Assessment Year 2005 – 2006 amounting to Rs.2,74,204/- [Previous Year Rs.1,89,598/-], Assessment Year 2003 – 2004 amounting to Rs.1,08,288/- [Previous Year Rs.4,96,768/-] and Assessment Year 2002 – 2003 amounting to Rs.5,57,618/- [Previous Year Rs.7,92,055/-] are under dispute as the Company has filed appeals against these orders to the appellate authorities. However, the Company has paid these disputed liabilities under protest.

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

7) The 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.

8) (a) Managerial Remuneration under Section 198 of the Companies Act. 1956.

Particulars	Current Year Rs. in 000s	Previous Year Rs. in 000s
a. Remuneration	1389	1638
b. Contribution to Provident & Other funds	326	326
c. Perquisites in cash or in kind	471	662
TOTAL	2186	2626

(b) The Managerial Remuneration has been approved by a resolution passed by the remuneration committee; the Company is of the view based on legal advice obtained by it that the requirement of Section 269 read with Schedule XIII of the Companies Act, 1956 is complied with.

9) RELATED PARTY DISCLOSURES

Name of the Related Party and its relationship

- (i) **100% Holding Company**
Hybrid Financial Services Limited
(Formerly known as Mafatlal Finance Company Limited)
- (ii) **Associate**
Garron Trading Company Private Limited
Sunanda Services & Trading Limited
- (iii) **Key personnel**
Mr. P. Karunakar Rao and Mrs. Megha J.Vazkar
(Whole time Directors)

Transactions with Related Parties:

Sr. No	Nature of Transactions	With Holding Company (Rs. in 000s)	With Associate Companies (Rs. in 000s)	With Key personnel (Rs. in 000s)
1.	Brokerage Charged to them (Previous Year)	11 (127)	– –	2 (-)
2.	Margin Deposit received outstanding as on 31.03.2010 (Previous Year)	500 (500)	– –	– –
3.	Providing of Services by them (Previous Year)	7,559 (6,000)	4,702 (4,586)	– –
4.	Rent paid to them (Previous Year)	1,800 (936)	– –	– –
5.	Other Expenses Charged by them (Previous Year)	Nil (Nil)	– –	– –
6.	Other Expenses Charged to them (Previous Year)	3 (7)	– –	– –
7.	Shares Sold to them at Sale Value (Previous Year)	– –	4,000 (8,000)	– –
8.	Outstanding payable as on 31.03.2010 (Previous Year)	543 (88)	1,478 (3,701)	– (-)
9.	Remuneration and perquisites (Previous Year)	– –	– –	2,186 (2,626)

10. The company has taken Office premises on Operating Lease and Lease Rent amounting to Rs. 20,26,666/- (Previous Year Rs. 13,04,826/-) was paid during the year has been debited to Profit and Loss account. The future minimum lease payment is as under:

	2009-2010 Rs.	2008-2009 Rs.
Not later than 1 year	2,33,334	70,000
Later than 1 year and Not later than 5 years	2,95,000	Nil
Later than 5 years	90,00,000	90,00,000
Total	95,28,334	90,70,000

11) EARNING PER SHARE

	Current Year	Previous Year
a) Weighted average number of shares at the end of the year.	100,00,000	100,00,000
b) Net profit after tax available for Equity shareholders (Rs.' 000)	5,943	3,737
c) Basic and diluted EPS (Rs.)	0.59	0.37

12) PAYMENT TO AUDITORS

Particulars	Current Year Rs. in 000s	Previous Year in 000s
As Statutory Auditor	150	150
Tax Audit fees	50	50
Taxation and Company Law Matters	-	-
Other Services including Statutory Certification etc.	12	24
Out of Pocket Expenses	3	4
Service Tax	22	24
TOTAL	237	252

13) Particulars in respect of Opening Stock, Purchases, Sales & Closing Stock:

Particulars of Shares	Current year		Previous year	
	Qty No.	Value in 000	Qty No.	Value in 000
Opening Stock	1,530	36	1,875	73
Purchases	32,158	8,448	44,444	11,852
Sales / Adjustments	33,208	8,496	44,789	11,927
Closing Stock	480	1	1,530	36

14) Annexure to Schedule 7

During the year the following Shares and Securities were Acquired and Sold:

Sr. No.	Name of the Securities	Face Value	Qty	Purchase Value in Rs.'000	Sale Value in Rs.'000
1	3I Infotech Limited	10	100	10	8
2	Adani Power Limited	10	100	11	11
3	Ahluwalia Contracts (India) Limited	2	200	22	21
4	Ambuja Cements Limited	2	275	31	31
5	Appollo Tyres Limited	1	1100	52	52
6	Axis Bank Limited	10	250	138	138
7	Ballarpur Industries Ltd.	2	1100	28	28

Sr. No.	Name of the Securities	Face Value	Qty	Purchase Value in Rs.'000	Sale Value in Rs.'000
8	Bank of Rajasthan Ltd.	10	225	18	18
9	Bharat Heavy Electricals Ltd	10	10	23	23
10	Bihar Sponge Iron Ltd	10	1000	7	7
11	Brandhouse Retails Ltd	10	513	18	18
12	Core Projects & Technologies Ltd	2	101	18	18
13	Dabur India Ltd	1	100	14	14
14	Deepak Nitrite Ltd	10	2	1	1
15	Dish TV India Ltd	1	100	3	3
16	Divi's Laboratories Ltd	2	5	3	3
17	Essar Oil Ltd	10	100	14	14
18	Geodesic Ltd	2	1100	164	164
19	GIC Housing Finance Ltd	10	101	10	9
20	Goodyear India Ltd	10	500	60	60
21	Great Offshore Ltd	10	50	14	14
22	Gulf Oil Corporation Ltd	2	25	2	2
23	GVK Power & Infrastructure Ltd	1	200	10	9
24	Hero Honda Motors Ltd	2	3	4	4
25	Himatsingka Seide Ltd	5	100	5	4
26	Hindustan Unilever Ltd	1	100	26	28
27	Hindustan Oil Exploration Co Ltd	10	100	14	14
28	Hindalco Industries Ltd	1	500	40	40
29	Housing Development & Infrastructure Ltd	10	50	17	17
30	Hyderabad Industries Ltd	10	266	101	101
31	ICICI Bank Ltd	10	10	9	9
32	IDBI Bank Ltd	10	20	2	2
33	IKF Finance Ltd	10	500	5	4
34	Indian Hotels Co Ltd	1	25	3	3
35	Indian Overseas Bank	10	50	6	6
36	Indraprastha Gas Ltd	10	200	27	27
37	Infrastructure Development Finance Company Ltd	10	120	19	19
38	ING Vysya Bank Ltd	10	1	1	1
39	ITI Limited	10	2803	96	97
40	Jindal Drilling & Industries Ltd	5	50	31	30
41	Jindal South West Holdings Ltd	10	2453	4815	4805
42	Jindal Steel & Power Ltd	1	35	24	24
43	Jaiprakash Power Ventures Ltd	10	3051	255	229
44	JSW Steel Ltd	10	20	21	21
45	Kingfisher Airlines Ltd	10	200	11	11
46	Mahanagar Telephone Nigam Ltd	10	150	12	12
47	Maruti Suzuki India Ltd	5	5	4	4
48	Mercator Lines Ltd	1	600	37	37
49	Mphasis Limited	10	200	133	132
50	Nagarjuna Fertilizers & Chemicals Ltd	10	1000	31	31
51	Nava Bharat Ventures Ltd	2	50	17	17
52	NHPC Ltd	10	300	10	10

Annual Report 2009-2010

Sr. No.	Name of the Securities	Face Value	Qty	Purchase Value in Rs.'000	Sale Value in Rs.'000
53	NOCIL Ltd	10	2000	55	55
54	Noida Toll Bridge Company Ltd	10	50	2	2
55	Patni Computer Systems Ltd	2	10	5	5
56	Phoenix Mills Ltd	2	550	89	88
57	Pidilite Industries Ltd	1	230	44	44
58	Power Grid Corporation of India Ltd	10	75	8	8
59	Provogue (India) Ltd	2	100	5	5
60	PTC India Ltd	10	1	1	1
61	Punj Lloyd Ltd	2	70	17	17
62	Rajesh Exports Ltd	1	500	27	26
63	Raj Oil Mills Ltd	10	100	9	9
64	Reliance Communications Ltd	5	200	34	34
65	Reliance Infrastructure Ltd	10	30	36	36
66	Reliance Petroleum Limited	10	144	19	19
67	Reliance Industries Ltd	10	101	177	174
68	Reliance Natural Resources Ltd	5	50	3	3
69	Satyam Computer Services Ltd	2	385	39	37
70	Savita Oil Technologies Ltd	10	29	8	8
71	Shiv-Vani Oil & Gas Exploration Services Ltd	10	25	9	9
72	State Bank of India	10	10	24	24
73	Steel Authority of India Ltd	10	50	11	11
74	Sunflag Iron & Steel Co Ltd	10	300	7	7
75	Sunil Hitech Engineers Ltd	10	900	188	178
76	Suven Life Sciences Ltd	1	250	8	8
77	Suzlon Energy Ltd	2	2050	141	140
78	Swan Mills Ltd	2	299	47	47
79	Tata Motors Ltd	10	90	60	60
80	Tata Steel Ltd	10	405	217	223
81	Tata Communications Ltd	10	50	25	25
82	Tech Mahindra Ltd	10	10	9	9
83	Titan Industries Ltd	10	100	120	118
84	Trigyn Technologies Ltd	10	10	1	1
85	TVS Motor Company Ltd	1	500	27	27
86	TTK Healthcare Limited	10	265	50	50
87	Unitech Ltd	2	400	38	36
88	United Phosphorus Ltd	2	4500	718	717
89	Videocon Industries Ltd	10	225	44	44
90	Welspun Gujarat Stahl Rohren Ltd	5	25	7	7

- 15) The company is operating in a single business segment viz share broking & allied activities and in one geographical segment; accordingly no segment reporting is required in accordance with the Accounting Standard (AS) 17 on segment reporting, issued by The Institute of Chartered Accountants of India.
- 16) The Company has not received any intimation from its vendors regarding their status under Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosures, if any, required under the said Act have not been made.
- 17) 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.
- 18) Figures have been rounded off to the nearest rupees and expressed in thousands.

Signature to Schedules 1 to 15

As per our attached report of even date

For S. RAMANAND AIYAR & CO
Chartered Accountants

N.R. DIVATE
Director

JAYESH R. TALPADE
Director

BINOD C. MAHARANA
Partner

MEGHA J. VAZKAR
Wholetime Director

Mumbai, Dated : 18th May 2010

Mumbai, Dated : 18th May 2010

**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.
 Balance Sheet
 Date Month Year State Code

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

Public Issue
 Rights Issue
 Bonus Issue
 Private Placement

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

Total Liabilities
 SOURCES OF FUNDS Total Assets

Paid-up Capital
 Secured Loans
 Deferred Tax Liability (Net)
 Reserves and Surplus
 Unsecured Loans

APPLICATION OF FUNDS

Net Fixed Assets
 Net Current Assets
 Accumulated Losses
 Investments
 Misc. Expenditure
 Deferred Tax Asset (Net)

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

Turnover
 Profit Before Tax
 Earning Per Share (Rs.)
 Total Expenditure
 Profit After Tax
 Proposed Dividend Rate %

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

N.A.

N.R. DIVATE
Director

JAYESH R.TALPADE
Director

MEGHA J. VAZKAR
Wholtime Director

Mumbai, Dated : 18th May 2010

Annual Report 2009-2010

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 2010, and also the Consolidated Profit and Loss Account 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. The carrying value of the investments in these associates is amounting to Rs.72,04,000/- 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 notes in Schedule No. 18 II:**
 - i. *Note No.2 (c) 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.12 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) 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, 2010;
 - (ii) In the case of the Profit and Loss Account, 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: 19th May 2010

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2010

	Schedule No.	Rs. 000's	AS AT 31.03.2010 Rs. 000's	AS AT 31.03.2009 Rs. 000's
A SOURCES OF FUNDS				
1. Shareholders' Funds				
a. Capital	1	443,724		443,724
b. Reserves and Surplus	2	562,616		562,616
			1,006,340	1,006,340
2. Loan Funds				
a. Secured Loans	3	18,689		15,680
b. Unsecured Loans	4	837		908
			19,526	16,588
TOTAL			1,025,866	1,022,928
B APPLICATION OF FUNDS				
1. Fixed Assets	5			
a. Gross Block		11,146		10,957
b. Less: Depreciation		5,783		6,731
c. Net Block		5,363		4,226
d. Add: Capital Work in Progress		-		545
			5,363	4,771
2. Investments	6		46,830	28,229
3. Net Deferred Tax Asset			896	762
4. Current Assets, Loans and Advances				
a. Current Assets :	7			
(i) Stock In Trade		2		36
(ii) Sundry Debtors		4,441		2,046
(iii) Cash and Bank Balances		137,937		145,490
(iv) Other Current Assets		17,688		13,473
		160,068		161,045
b. Loans and Advances	8	40,692		37,487
		200,760		198,532
Less: Current Liabilities and Provisions	9			
a. Liabilities		69,243		72,498
b. Provision		35,174		35,024
		104,417		107,522
Net Current Assets			96,343	91,010
Profit and Loss Account		876,534		1,038,266
Adjustment made as per Scheme of Compromise (Refer Note No. 4 of Schedule No. 18 II)		100		140,110
TOTAL			876,434	898,156
			1,025,866	1,022,928
Notes to Accounts and Significant Accounting Policies	18			

As per our attached report of even date

For S. RAMANAND AIYAR & CO
Chartered Accountants

BINOD C. MAHARANA
Partner

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

JAYESH R. TALPADE
Director

TANVEER SHAIKH
Director

Mumbai, Dated : 19th May 2010

Navi Mumbai, Dated : 19th May 2010

Annual Report 2009-2010

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010

	Schedule No.	Rs. 000's	Current Year Rs. 000's	Previous Year Rs. 000's
INCOME				
Service Charges (Tax deducted at source Rs. 2,70,067/- Previous Year Rs. Nil)			4,601	19
Interest	10		10,928	14,656
Brokerage Income (Net)			12,932	9,559
Income from Trading in Shares	11		15	38
Profit on Sale of Investments (Net)			8,215	5,578
Other Income.	12		32,964	36,635
			69,655	66,485
EXPENDITURE				
Employee Cost	13		16,360	15,279
Administrative & Other Expenses	14		25,785	21,307
Interest & Finance Charges	15		2,381	5,524
Provisions & Write Offs	16		58	18,432
Depreciation			1,832	4,200
			46,416	64,742
PROFIT BEFORE EXCEPTIONAL ITEMS			23,239	1,743
Exceptional items	17		-	27,154
PROFIT AFTER EXCEPTIONAL ITEMS AND BEFORE PROVISION FOR TAX			23,239	28,897
Tax Expense :				
[i] Current Tax		900		1,165
[ii] Deferred Tax		(133)		(1,153)
[iii] Fringe Benefit Tax - Current Year		-		407
- Earlier Years		-		11
			767	430
PROFIT FOR THE YEAR AFTER TAXES			22,472	28,467
Provision for tax of earlier years written back			-	299
PROFIT FOR THE YEAR			22,472	28,766
Consolidated Loss brought forward from earlier years			(898,156)	(1,065,332)
			(875,684)	(1,036,566)
Dividend Distribution Tax on the Dividend paid by the Subsidiary Company to the Parent Company for the Previous Year			850	1,700
BALANCE CARRIED TO BALANCE SHEET			(876,534)	(1,038,266)
Basic EPS			0.55	0.72
Diluted EPS			0.55	0.72
(Face Value Rs. 10/- per Share)				
(Refer Note No. 20 of Schedule No. 18 II)				
Notes to Accounts and Significant Accounting Policies	18			

As per our attached report of even date

For S. RAMANAND AIYAR & CO
Chartered Accountants

BINOD C. MAHARANA
Partner

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

JAYESH R.TALPADE
Director

TANVEER SHAIKH
Director

Mumbai, Dated : 19th May 2010

Navi Mumbai, Dated : 19th May 2010

CONSOLIDATED CASH FLOW FOR THE YEAR ENDED 31ST MARCH, 2010

	Rs.'000s 2009-2010	Rs.'000s 2008-2009
A. Cash Flow from Operating Activities		
Net Profit before Interest and Tax	25,620	34,720
Less: Interest	2,381	5,524
Profit before Tax	23,239	29,196
Adjustment for:		
Sundry Credit Balances Written Back	(501)	(589)
Bad Debts / Provision for Doubtful Debts Written Back	(10,284)	(7,250)
Investments Acquired in Satisfaction of Claim	(5,640)	
Provisions for Diminution in Value of Long Term Investment no longer required	(457)	(4,622)
Depreciation	1,832	4,200
Profit on sale of Investments	(8,215)	(5,578)
Loss on Scraped Assets	6	-
Interest/Dividend on Investments	(11,587)	(15,252)
Unpaid Interest	-	2,100
Provision for Gratuity	65	60
Provision for Leave Encashment	495	875
Provisions & Write Offs	58	18,432
Excess Provision for Taxation Written Back	-	(299)
Excess Provision for interest written back - Exceptional Items	-	(27,154)
	(34,228)	(35,077)
Operating (Loss) / Profit before Working Capital Changes	(10,989)	(5,881)
Adjustment for increase / decrease in :		
Current Assets and Trade Receivables	2,489	6,105
Loans and Advances	3,808	32,662
Trade Payables	(3,048)	13,233
Cash Generated from Operations	(7,740)	46,119
Leave Encashment Paid	(97)	(66)
Direct Taxes - Refund Received / (Paid)	(2,498)	(5,279)
Dividend Distribution Tax Paid	(850)	(1,700)
Net Cash From / (Used in) Operating Activities (A)	(11,185)	39,074
B. Cash Flow from Investing Activities		
Purchase of Fixed Assets	(2,430)	(852)
Purchase of Investments	(33,717)	(69,373)
Sale of Investments	23,729	85,074
Interest/Dividend Received	13,012	13,135
Net Cash From Investing Activities (B)	594	27,984
C. Cash Flow from Financing Activities		
Long Term Borrowings	3,038	(136,184)
Net Cash Used In Financing Activities (C)	3,038	(136,184)
Net (Decrease) / Increase in Cash and Cash Equivalents (A+B+C)	(7,553)	(69,126)
Cash and Cash Equivalents as at the commencement of the year	145,490	214,616
Cash and Cash Equivalents as at the end of the year	137,937	145,490
Net (Decrease) / Increase as Disclosed above	(7,553)	(69,126)
(See Notes attached)		

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2010

1	Cash and cash equivalents include :		
	Cash on hand	26	28
	Bank Balances including Fixed Deposit Pledged with Banks amounting to Rs. 76,200 ('000) [Previous Year Rs. 33,500 ('000)]	137,911	145,462
	TOTAL	137,937	145,490
2	Bank Balances include Rs 10,36 ('000) [Previous Year Rs. 10,46 ('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

BINOD C. MAHARANA

Partner

Mumbai, Dated : 19th May 2010

N. R. DIVATE

Wholetime Director

K. CHANDRAMOULI

Wholetime Director
and Company Secretary

JAYESH R.TALPADE

Director

TANVEER SHAIKH

Director

Navi Mumbai, Dated : 19th May 2010

Annual Report 2009-2010

SCHEDULES 1 TO 9 FORMING PART OF THE CONSOLIDATED BALANCE SHEET

	As at		As at		As at		As at				
	Rs. 000's	31.03.2010	Rs. 000's	31.03.2009	Rs. 000's	31.03.2010	Rs. 000's	31.03.2009			
SCHEDULE - 1											
SHARE CAPITAL											
AUTHORISED											
7,00,00,000 Equity shares of Rs.10/- each		700,000		700,000							
3,00,00,000 Redeemable preference shares of Rs. 10/- each		300,000		300,000							
		<u>1,000,000</u>		<u>1,000,000</u>							
ISSUED, SUBSCRIBED AND PAID - UP											
3,98,81,700 Equity Shares of Rs.10/- each fully paid		398,817		398,817							
		<u>398,817</u>		<u>398,817</u>							
36,70,000 10% Redeemable Preference Shares of Rs.10/- each fully paid. (See Note below)		-		36,700							
8,20,700 14.5% Redeemable Preference Shares of Rs.10/- each fully paid. (See Note below)		-		8,207							
44,90,700 1% Redeemable Preference Shares of Rs.10/- each fully paid. (See Note below)		44,907		-							
TOTAL		<u>443,724</u>		<u>443,724</u>							
Note:											
44,90,700 1% Redeemable Preference Shares of Rs 10 each have been issued during the year on redemption of the earlier 36,70,000 10% Redeemable Preference Shares of 97 Series and 8,20,700 14.50% Redeemable Preference shares of 2000 Series.											
SCHEDULE - 2											
RESERVES AND SURPLUS											
SHARE PREMIUM ACCOUNT											
As per last Balance Sheet		562,616		562,616							
TOTAL		<u>562,616</u>		<u>562,616</u>							
SCHEDULE - 3											
SECURED LOANS											
A. Debentures											
1. 17% Non-Convertible Debentures A Series Liability reduced as per Scheme of Compromise (Refer Note No. 4 of Schedule No. 18 II)		-		4,200				4,200			
				<u>4,200</u>							
SCHEDULE - 4											
UNSECURED LOANS											
1. Fixed Deposits							711	782			
2. Security Deposits from lessees and others etc. (Refer Note No. 4 of Schedule No.18 II)							126	126			
TOTAL							<u>837</u>	<u>908</u>			
SCHEDULE : 5											
FIXED ASSETS (RS.' 000S)											
Particulars	GROSS BLOCK (At Cost)			DEPRECIATION			IMPAIRMENT		NET BLOCK		
	As at 01.04.2009	Additions	Deletions	As at 31.03.2010	As at 01.04.2009	For the Year	Deletions	As at 31.03.2010	Upto 31.03.2010	As at 31.03.2010	As at 31.03.2009
TANGIBLE ASSETS											
BUILDINGS	521	-	-	521	115	9	-	124	-	397	406
COMPUTERS	2,049	405	-	2,454	1,393	259	-	1,652	-	802	656
MOTOR VEHICLES	2,006	1,008	-	3,014	1,088	276	-	1,364	-	1,650	918
FURNITURE & FIXTURES	2,779	957	2,779	957	1,845	999	2,779	65	-	892	934
OFFICE EQUIPMENTS	2,808	219	7	3,020	1,294	136	1	1,429	226	1,365	1,288
INTANGIBLE ASSETS											
COMPUTER SOFTWARE	794	386	-	1,180	770	153	-	923	-	257	24
TOTAL	10,957	2,975	2,786	11,146	6,505	1,832	2,780	5,557	226	5,363	4,226
PREVIOUS YEAR	18,985	307	8,335	10,957	10,640	4,200	8,335	6,505	226	4,226	
SCHEDULE 6											
INVESTMENTS AT COST											
LONG TERM INVESTMENTS											
A GOVERNMENT SECURITIES											
(a) National Saving Certificate (Lodged with Government Authorities)		-		13							
				<u>13</u>							
B OTHER INVESTMENTS											
I IN FULLY PAID EQUITY SHARES - QUOTED											
Nil (Previous Year 99600) shares of Rs. 10 each in Associated Transrail Structures Ltd.		-		1,394							
1800 (Previous Year Nil) Shares of Rs.10 each in Bharat Heavy Electricals Ltd.									4,190		
1000 (Previous Year Nil) Shares of Rs.2 each in Gujarat Mineral Development Corporation Ltd									181		
10000 (Previous Year Nil) Shares of Rs.10 each in India Bulls Power Ltd.									326		
22000 (Previous Year Nil) Shares of Rs.2 each in Jaiprakash Associates Ltd.									3,424		
3200 (Previous Year Nil) Shares of Rs.1 each in Jindal Steel & Power Ltd.									2,004		

	As at		As at			As at		As at	
	Rs. 000's	Rs. 000's	Rs. 000's	Rs. 000's		Rs. 000's	Rs. 000's	Rs. 000's	Rs. 000's
1000 (Previous Year Nil) Shares of Rs.10 each in JK Paper Ltd	52				49000 shares of Rs.10 each in Repos Trading Company Ltd.	490		490	
1500 (Previous Year Nil) Shares of Rs.2 each in Larsen & Toubro Ltd.	2,296					12,173		12,173	
24750 shares of Rs.10 each in L.D. Textiles Industries Ltd.	3,106		3,106		Less: Provision for Diminution in Value	5,260		5,260	
20000 (Previous Year Nil) Shares of Rs.1 each in National Mineral Development Corporation Ltd	6,000						6,913	6,913	
Nil (Previous Year 507) Shares of Rs. 10 each in Oil & Natural Gas Corporation Ltd.				254	V IN FULLY PAID PREFERENCE SHARES				
2500 shares of Rs.10 each in Onida Saka Ltd.	68		68		52255 shares of Rs.10 each in Pasupati Fabrics Ltd	523		523	
Nil (Previous Year 3000) shares of Rs.10 each in Raymond Woollen Mills Ltd.				687	Less: Provision for Diminution in Value	523		523	
1000 (Previous Year Nil) Shares of Rs.10 each in Reliance Industries Ltd.	1,076				VI IN FULLY PAID DEBENTURES				
1000 (Previous Year Nil) Shares of Rs.1 each in Sterling Biotech Ltd.	108				375 12.5 % Non - Convertible Debentures (Part B) of Rs. 100 each of Atlas Cycle Industries Ltd.				75
2000 (Previous Year Nil) Shares of Rs.2 each in Sterlite Industries (India) Ltd.	1,514								75
146700 shares of Rs.10 each in Suprapti Plastics Ltd.	1,467		1,467		VII IN FULLY PAID UNITS OF MUTUAL FUNDS- UNQUOTED				
Nil (Previous Year 20000) shares of Rs.2 each in Uniphos Enterprises Ltd.				149	(a) 100 units of Rs.10 each in UTI Master Gain '92	1		1	
5750 shares of Rs.10 each in Via Media Ltd.	57		57		(b) 90090.90 units of Rs. 10 each in Growth Sector Fund - Petro of Unit Trust of India	982		982	
65000 (Previous Year Nil) Shares of Rs.10 each in Whirlpool of India Ltd.	7,445				(c) 318,407.96 units of Rs. 10 each in Dividend Yield Fund of Unit Trust of India	3,200		3,200	
Less: Provision for Diminution in Value	4,698				(d) Nil (Previous Year 100000) units of Rs. 10 each in Birla Sunlife FTP - INSTL - Series AZ - Growth				10,000
	28,616		2,026		Less: Provision for Diminution in Value	1		1	14,183
II IN FULLY PAID UNITS OF MUTUAL FUNDS - QUOTED						4,183		4,182	14,182
5213 Units of Rs. 100 each in Gold exchange Traded Fund of Unit Trust of India	7,099		5,000		VIII OTHERS				
			7,099	5,000	(a) 333 shares of Rs.30 each in Bombay Mercantile Co-operative Bank Ltd.	10		10	
III IN FULLY PAID EQUITY SHARES - UNQUOTED WITH ASSOCIATED COMPANIES					(b) 1000 shares of Rs.30 each in Saraswat Co-operative Bank Ltd	10		10	
3000 shares of Rs.10 each in Mafatlal Trustee Company Limited	29		29				20	20	
900000 shares of Rs.10 each in Sunanda Capital Services Ltd	6,000		6,000		TOTAL - LONG TERM INVESTMENTS		46,830	28,229	
93000 shares of Rs.10 each in Sushmita Engineering and Trading Limited	930		930						
24500 shares of Rs.10 each in Hybrid Systems Ltd.	245		245		NOTES:				
Less: Provision for Diminution in Value	7,204		7,204		(a) Aggregate of Quoted Investments	35,715		40,373	
	7,204				Previous year	7,026		18,663	
IV IN FULLY PAID EQUITY SHARES - UNQUOTED WITH OTHERS					(b) Aggregate of Unquoted Investments	11,115			
11,401 Shares of Rs. 1 each in Bombay Stock Exchange Ltd.	2,283		2,283		Previous year	21,203			
300000 shares of Rs.10 each in Leisure Hotel Ltd	3,000		3,000		TOTAL	46,830			
49000 shares of Rs.10 each in Mafatlal Medical Devices Limited	490		490		Previous year	28,229			
16000 shares of Rs.10 each in Amitabh Bachan Corporation Ltd.	1,280		1,280		SCHEDULE - 7				
308167 shares of Rs.10 each in Pthalo Colour & Chemicals Ltd	4,630		4,630		CURRENT ASSETS				
					1 Stock-in-trade				
					EQUITY SHARES (Quoted)				
					(At Cost or Market Value whichever is lower)				
					40 Shares of Agri-Tech India Ltd of Rs. 10 each fully paid-up	1		1	
					Nil (Previous Year 50) Shares of GMR Infrastructures Ltd. Of Rs .2 each fully paid-up			11	
					Nil (Previous Year 1000) Shares of JP Hydropower Ltd of Rs .10 each fully paid-up			89	
					44 Shares of Nath Bio-Genes (India) Ltd of Rs. 10 each fully paid-up	1		1	
					116 Shares of Nath Seeds Ltd of Rs. 10 each fully paid-up	2		2	
					10 Shares of NEPC Agro Foods Ltd of Rs. 10 each fully paid-up	1		1	
					45 Shares of Oswal Agro Mills Ltd of Rs. 10 each fully paid-up	1		1	

Annual Report 2009-2010

	As at		As at	
	Rs. 000's	31.03.2010 Rs. 000's	31.03.2009 Rs. 000's	Rs. 000's
200 Shares of Roofit Industries Ltd of Rs.10 each fully paid-up		34	34	
15 Shares of S & S Power Switchgear Ltd of Rs.10 each fully paid-up		1	1	
IN FULLY PAID GOVERNMENT SECURITIES (Quoted) 10 11.50% Government of India Loan of Rs 100 each fully paid up		1	1	
		<u>42</u>	<u>142</u>	
Less : Fall in Market Value		<u>40</u>	<u>106</u>	
		<u>2</u>	<u>36</u>	
2 Sundry Debtors (Unsecured)				
a) Debts outstanding for a period exceeding six months				
(i) Considered Good	1,441		1,153	
(ii) Considered Doubtful	<u>71,276</u>		<u>77,349</u>	
		<u>72,717</u>	<u>78,502</u>	
b) Others (Considered good)	<u>3,000</u>		<u>893</u>	
		<u>75,717</u>	<u>79,395</u>	
Less : Provision for doubtful debts (Refer Note No. 8 of Schedule.18 II)		<u>71,276</u>	<u>77,349</u>	
		<u>4,441</u>	<u>2,046</u>	
3 Cash and Bank Balances				
- Cash on hand	26		28	
- Balances with Scheduled Banks				
a) In Current Accounts (net) [Refer Note No. 6 of Schedule No.18 II]	14,822		14,789	
b) In Deposit Accounts (Refer Note No. 10 of Schedule No.18 II)	<u>123,089</u>		<u>130,673</u>	
		<u>137,937</u>	<u>145,490</u>	
4 Other Current assets				
Interest accrued on Government Securities, Bonds and Bank Deposits	6,071		7,496	
Assets acquired in satisfaction of claims (Commercial Premises) (Refer Note No.7 of Schedule.No.18 II)	5,977		5,977	
Investments acquired in satisfaction of claims (Refer Note No. 7 of Schedule.No.18 II)	<u>5,640</u>		<u>-</u>	
		<u>17,688</u>	<u>13,473</u>	
TOTAL		<u>160,068</u>	<u>161,045</u>	
SCHEDULE - 8				
LOANS AND ADVANCES				
(Unsecured unless otherwise stated)				
1. Loans to Companies, Firms and others				
(i) Considered Good	17		-	
(ii) Considered Doubtful	<u>56,949</u>		<u>62,197</u>	
		<u>56,966</u>	<u>62,197</u>	
Less: Provision for doubtful loans		<u>56,949</u>	<u>62,197</u>	
		<u>17</u>	<u>-</u>	
2. Advances recoverable in cash or in kind or for value to be received				
(i) Considered Good	5,856		6,505	
(ii) Considered Doubtful	<u>3,329</u>		<u>3,329</u>	
		<u>9,185</u>	<u>9,834</u>	
Less: Provision for doubtful advances		<u>3,329</u>	<u>3,329</u>	
		<u>5,856</u>	<u>6,505</u>	
3. Advance payment of Income Tax and Tax Deducted at Source (Net)	8,073		6,494	
4. Deposit with others				
(i) Considered Good	26,746		24,488	
(ii) Considered Doubtful	<u>13,583</u>		<u>13,909</u>	
		<u>40,329</u>	<u>38,397</u>	
Less: Provision for doubtful deposits		<u>13,583</u>	<u>13,909</u>	
		<u>26,746</u>	<u>24,488</u>	
TOTAL		<u>40,692</u>	<u>37,487</u>	

	As at		As at	
	Rs. 000's	31.03.2010 Rs. 000's	31.03.2009 Rs. 000's	Rs. 000's
SCHEDULE - 9				
CURRENT LIABILITIES AND PROVISIONS				
A. CURRENT LIABILITIES				
1. Dues to Micro, Small and Medium Enterprises (Refer Note No.9 of Schedule No.18 II)				
2. Dues to Creditors other than Micro, Small and Medium Enterprises	63,268		67,138	
3. Client Deposits	<u>5,975</u>		<u>5,360</u>	
		<u>69,243</u>	<u>72,498</u>	
B. PROVISIONS				
For Taxation				
- Current Tax (Net)	699		699	
- Fringe Benefit Tax (Net)	-		19	
For Gratuity	516		451	
For Leave Encashment	3,959		3,855	
For Contingencies [Refer Note. 1 (h) of Schedule 18 II]	<u>30,000</u>		<u>30,000</u>	
		<u>35,174</u>	<u>5,360</u>	
TOTAL		<u>104,417</u>	<u>107,522</u>	

SCHEDULES 10 TO 17 FORMING PART OF THE CONSOLIDATED PROFIT AND LOSS ACCOUNT

	Current Year		Previous Year	
	Rs. 000's	Rs. 000's	Rs. 000's	Rs. 000's
SCHEDULE 10				
INTEREST				
1. Interest on Fixed Deposits with Banks {Tax deducted at source Rs.13,33,778/- (Previous year Rs.29,06,255/-)}		10,889	14,643	
2. Other Interest		<u>39</u>	<u>13</u>	
TOTAL		<u>10,928</u>	<u>14,656</u>	
SCHEDULE 11				
INCOME / (LOSS) FROM TRADING IN SECURITIES				
Sales		8,496	11,927	
Less: Cost of Sales				
Opening Stock at Cost		35	73	
Add: Purchases		<u>8,448</u>	<u>11,852</u>	
		<u>8,483</u>	<u>11,925</u>	
Less: Closing Stock		<u>2</u>	<u>36</u>	
Sub-Total		<u>8,481</u>	<u>11,889</u>	
Income / (Loss)		<u>15</u>	<u>38</u>	
SCHEDULE 12				
OTHER INCOME				
1. Dividend on Investments :				
- Long term Investments	697		607	
- Stock in Trade	<u>1</u>		<u>2</u>	
		<u>698</u>	<u>609</u>	
2. Income from Depository Services		2,640	2,542	
3. Financial Products Marketing Fees		1,037	1,009	
4. Sundry Credit Balances /Excess Provision written back		<u>501</u>	<u>589</u>	
5. Bad Debts Written Off Re-credited to the Profit & Loss A/C		<u>8,315</u>	<u>5,193</u>	

	Current Year Rs. 000's	Previous Year Rs. 000's
6. Provisions for Doubtful Debts/ Advances written Back	10,284	7,250
7. Provisions for Diminution in Value of Investment no longer required	457	4,622
8. Service Tax input credit of earlier year	153	53
9. Others.	8,879	14,768
TOTAL	32,964	36,635

SCHEDULE 13
EMPLOYEE COST

1. Salaries & other allowances	11,828	10,456
2. Contribution to Provident, Gratuity and Superannuation Funds.	1,525	1,464
3. Staff Welfare Expenses	267	593
4. Leave Encashment	496	877
5. Reimbursement of Salaries	2,244	1,889
TOTAL	16,360	15,279

SCHEDULE 14
ADMINISTRATIVE AND OTHER EXPENSES

1. Advertisement & Business promotion expenses	825	501
2. Audit Fees and Other Services	504	514
3. Clearing House Expenses	247	197
4. Electricity Expenses	335	1,009
5. Expenses on Depository Services	340	299
6. Membership & Subscription Fees	230	231
7. Professional Fees & Service charges	8,087	4,940
8. Shared Service Expenses	577	796
9. Rates and Taxes	96	633
10. Rent and Office Premises Compensation	921	707
11. Insurance	343	418
12. Repairs and Office Maintenance	358	580
13. Motor Car Expenses	713	706
14. Service Tax	555	567
15. SEBI Registration & Turnover Fees	91	90
16. Stamp Duty Charges	628	562
17. Telephone Expenses	1,745	1,062
18. Transaction Charges	233	206
19. Travelling & Conveyance Expenses	1,302	1,514
20. Postage and Courier Expenses	813	979
21. Printing & Stationery	754	882
22. Compliance Expenses	2,100	2,230
23. OTCEI Admission Fee and Other Charges	-	5
24. Vsat Expenses	246	242
25. Loss on Scrapped Assets (Net)	6	-
26. Miscellaneous Expenses	3,736	1,437
TOTAL	25,785	21,307

SCHEDULE 15
INTEREST AND OTHER FINANCE CHARGES

1. Interest on Fixed Deposits	19	18
2. Interest on Bank Cash Credit Account / Over Draft Account etc	504	2,918
3. Bank Charges and Commission	88	65
4. Interest on Term Loans	-	2,000
5. Interest on Debentures	1,400	400
6. Other Interest	370	123
TOTAL	2,381	5,524

SCHEDULE 16
PROVISIONS & WRITE-OFFS

1. Bad Debts/Investments written off	1,420	77,891
Less : Adjusted against provisions	1,362	77,685
		58
2. Provision for Diminution in value of Investments	-	226
3. Provision for Contingencies	-	18,000
TOTAL	58	18,432

SCHEDULE 17
EXCEPTIONAL ITEMS

Excess interest provided on Cash Credit from Banks and Term Loan from Bank / Financial Institution Written Back	-	27,154
TOTAL	-	27,154

SCHEDULE 18
SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS
I. SIGNIFICANT ACCOUNTING POLICIES:
a. BASIS OF PREPARATION OF FINANCIAL STATEMENTS:

The financial statements are prepared on the historical cost basis in accordance with the generally accepted accounting principles in India and the provisions of the Companies Act, 1956.

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 its 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.

Annual Report 2009-2010

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. Assets on lease are further adjusted for balance in lease terminal adjustment account.

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 Profit and Loss Account 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. Prudential norms prescribed by Reserve Bank of India for revenue recognition and provisioning are followed in case of the holding company:

(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. Premium payable on the redemption of Non Convertible Debentures will be accounted as and when paid

n. 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 past 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.

o. RETIREMENT BENEFITS:

The Company has various retirement benefits such as Provident Fund recognised by Income Tax Authorities and Gratuity Funds and Superannuation Fund covered by the scheme with Life Insurance Corporation of India. The Provident, Superannuation & Gratuity Funds are administered through trustees and company's contribution for the year is charged against revenue.

In case of the subsidiary company, the gratuity is provided on the basis of half month's salary for each completed year of service.

p. LEAVE ENCASHMENT:

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

q. TAXES ON INCOME:

Current tax is determined as the amount of tax payable in respect of taxable income for the period.

Deferred tax is recognised, subject to the consideration of prudence in respect of deferred tax assets, on timing differences, being the difference between taxable incomes and accounting income that originate in one period and are capable of reversal in one or more subsequent period. Deferred Tax asset and liability are measured using the tax rates that have been enacted or substantively enacted at the Balance Sheet date. 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.

r. BORROWING COST:

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. All other borrowing costs are charged to revenue.

II. NOTES TO ACCOUNTS:

1 Contingent Liability in respect of :

- a) Arrears of Dividend on 1% Redeemable Cumulative Preference Shares issued during the year is Rs. 4,49,070/- (Previous Year Nil)
- b) The Commissioner (Appeals) vide his order dated 15th June 2009 confirmed the Income Tax demand of Rs. 8,14,51,511/- as per the exparte assessment order treating the lease transaction as finance transactions for the Assessment Years 1993-1994 to 1998-1999. The Company has filed an appeal before the Income Tax Appellate Tribunal against this order.
- c) Interest Tax on interest earned on Debentures, Bonds and Government Securities is not exigible to interest tax as per the order of ITAT -83 /M/01 dated 30th September 2004 for the assessment year 1998-99. The department filed an appeal against this order in the Honourable Bombay High Court and accordingly the liability arising out of the said appeal inclusive of interest would be Rs. 21,07,307/- if won by the department.
- d) Suit filed by employee in Labour Court at New Delhi – Amount Rs. 3,15,205/- (Previous Year Rs. 3,15,205/-)
- e) Five cases filed against the company in various civil courts for the recovery for an aggregate sum of Rs.2,56,000/- (Previous Year Rs. 2,56,000/-) towards refund of security deposit, non-repayment of debentures etc.
- f) The shares of the company have been suspended for trading on the NSE since September 2001 and on BSE since December 2002 on account of non-redressal of investor grievances relating to non-payment to the debenture holders. SEBI is empowered to impose a penalty of Rs. 1 lac for each day or Rs 100 lac, whichever is less on companies who fail to redress investor grievances after having being called upon to do so.
- g) Criminal case has been filed by debenture holders in the court of the first class Judicial Magistrate at Patna and Ranchi against the Company and its erstwhile directors under section 409, 420 and 120B of the Indian penal code for non- repayment of the debentures. The complainants are since paid the amount due as per the resolutions passed in the Debenture holders meeting. The total face value of debentures covered under the above cases is Rs.1,16,000/- (Previous Year Rs.1,16,000/-).
- h) There is a penalty of Rs. 6,07,40,000/- (Previous Year Rs.6,07,40,000/-) levied by Directorate of Enforcement under Foreign Exchange Management Act (FEMA), Mumbai in the year 2003-2004, for non-submission of

Bill of Entry in case of imported machineries, which were leased to customers. The Company has filed an appeal against this order before the Appellate Tribunal for Foreign Exchange, New Delhi. Based on the orders of the Appellate Tribunal, the case has been remanded back to the Enforcement Directorate. The Company has however provided Rs. 3,00,00,000/- as Contingent Provision out of abundant precaution.

- i) Thirty-Six cases have been filed against the Company in various Consumer Forums and the total demand is aggregating to Rs.23,45,000/- (Previous Year Rs. 23,45,000/-) approximately.
- j) Disputed Sales Tax demand aggregating to Rs.5,92,105/- (Previous Year Rs.5,39,392/-).
- k) In case of Subsidiary Company Income Tax pertaining to Assessment Year 2005 – 2006 amounting to Rs.2,74,204/- [Previous Year Rs. 1,89,598/-], Assessment Year 2003 – 2004 amounting to Rs. 1,08,288/- [Previous Year Rs.4,96,768/-] and Assessment Year 2002 – 2003 amounting to Rs.5,57,618/- [Previous Year Rs.7,92,055/-] are under dispute as the Company has gone for an appeal against these orders of the authorities. However, the Company has paid these disputed liabilities under protest.

2 a) Managerial Remuneration under Section 198 of the Companies Act, 1956:

	Current Year Rs. '000s	Previous Year Rs. '000s
1) Salary	4531	3956
2) Contribution to Provident & other funds	1280	1091
3) Perquisites in cash or in kind	1829	1632
Total	7640	6679

- b) The Company has received the approval from Central Government in respect of appointment of Shri.N.R.Divave and Shri.K.Chandramouli.
- c) In case of Subsidiary Company, The Managerial Remuneration has been approved by a resolution passed by the remuneration committee; the Company is of the view based on legal advise obtained by it that the requirement of Section 269 read with Schedule XIII of the Companies Act, 1956 is complied with.

3. DEBENTURES

Bank of India had filed a case against the company with Mumbai High court for Rs. 166,34,72,817/- in capacity of trustee for all series of Debentures. Order was passed on 13th April 2003 and company was directed not to deal further in investments in National Savings Certificates and to deposit the accruals there on, dividend and other accruals on equity shareholding as detailed in Schedule 6 of the Balance Sheet as at 31st March 2001.

Annual Report 2009-2010

The Company has passed appropriate resolution as per the order of the Honourable Bombay High Court in the above suit and revised the terms of Debentures.

The Company has filed a notice of motion in the Hon'ble Bombay High Court for discharge of the suit but the same is kept in abeyance till discharge by payment of all the debenture holders.

4. SCHEME OF COMPROMISE AND ARRANGEMENTS

The Company on 22nd May, 2006 had filed a Petition under Sections 391 and 394 of The Companies Act, 1956 for Compromise, in the Hon'ble Bombay High Court with the residual banks, debenture holders and unsecured lenders. As per the directions of the Hon'ble Bombay High Court the Meetings of the Secured and Unsecured Creditors had been convened on 31 August 2006. The secured and unsecured creditors have passed the resolution for the scheme of settlement / compromise with requisite majority. Thereafter the scheme has been sanctioned by the Hon'ble Bombay High Court vide its order dated 13th July, 2007, and is effective from 22nd August, 2007.

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. SHARES ALLOTTED TO ICICI BANKING CORPORATION LIMITED

The Board of Directors of the Company have cancelled the allotment of 25,00,000 Shares allotted to ICICI Banking Corporation Limited in view of the settlement reached. The Company would be completing the process of reduction of capital along with the approval for reduction of capital by court under sections 100-104 of the Companies Act, 1956.

6. NON CONFIRMATIONS AND RECONCILIATIONS OF BANKS.

In respect of Current Accounts with banks amounting to Rs. 77,01,461/- (net) (previous year Rs.80,24,818/-) which includes book debit balance of Rs. 78,78,299/- and book credit balance of Rs. 1,76,838/-, statements of account were not being received; including from 2000-2001 in some cases. During the current year the company followed up in sending requisition letters for confirmation/closure of most of these inoperative accounts and awaiting for reply in most of the cases. Barring a few cases including where request for confirmation/ statement of account could not be sent as addresses were not available.

7. 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 vacant property, completion of documentation is pending. During the current year the company has accounted for the investments acquired in satisfaction of claims valued at Rs.56,40,000/-.

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. Fixed Deposit with Bank of Rs.7,62,00,000/- (Previous year Rs.3,35,00,000/-) is pledged by subsidiary company for overdraft facility, base capital and guarantees given to National Securities Clearing Corporation Ltd. / Bombay Stock Exchange Limited.

11. The Subsidiary Company is holding some securities not claimed by the clients of Rs.25,48,331/- (Previous Year Rs.10,80,796/-) in the company's beneficiary depository account. The reconciliation of this beneficiary account is complete till 31.03.2010 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.

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

13. 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

14. Particulars in respect of Opening Stock, Purchases, Sales & Closing Stock:

Particulars of Shares	Current Year		Previous Year	
	Qty No.	Value in 000	Qty No.	Value in 000
Opening Stock	1,530	36	1,875	73
Purchases	32,158	8,448	44,444	11,852
Sales / Adjustments	33,208	8,496	44,789	11,927
Closing Stock	480	1	1,530	36

15. 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 Mafatal Systems Limited)
Mafatal Trustee Company Limited
Sunanda Capital Services Limited
Sunanda Service and Trading Limited
Sushmita Engineering & Trading Limited

B. Key Management Personnel

Mr. N R Divate
Mr. K.Chandramouli
Mr. P Karunakar Rao
Mrs. Megha J.Vazkar

C. Transactions with Related Parties:

Particulars	Associate Companies		Key Management Personnel	
	2009-10 Rs.	2008-09 Rs.	2009-10 Rs.	2008-09 Rs.
(a) Outstanding Receivables	5,24,98,677	5,77,28,807	-	-
(b) Provision made as on date for doubtful debts	5,24,98,677	5,77,28,807	-	-
(c) Settlement of Bank Loans on our behalf	Nil	3,36,80,000	-	-
(d) Outstanding Payable	1,31,74,480	1,40,05,390	-	-
(e) Service Charges charged by them	69,19,685	36,00,000	-	-
(f) Shares sold to them	40,00,000	80,00,000	-	-
(g) Other Expenses Charged to them	Nil	Nil	-	-
(h) Other Expenses Charged by them	13,27,010	4,48,444	-	-
(i) Managerial Remuneration	-	-	76,40,825	66,78,937

16. Consolidated Segment Information for the year ended 31st March 2010

(Rs.000')

Particulars	Financial Services		Broking / Income from Capital Market Operations		Consolidated Total	
	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09
REVENUE						
External	4,86,21	5,11,96	3,53,96	3,22,32	8,40,17	8,34,28
Inter Segment Revenue	(1,43,48)	(1,68,09)	(14)	(1,34)	(1,43,62)	(1,69,43)
Net Revenue	3,42,73	3,43,87	3,53,82	3,20,98	6,96,55	6,64,85
RESULTS						
Segment Results	1,04,84	1,81,00	1,27,55	1,07,97	2,32,39	2,88,97
Income Tax					(7,67)	(4,30)
Net Profit/(Loss) after Tax					2,24,72	2,84,67
Other Information						
Segment Assets	3,80,22	3,29,30	20,68,58	19,21,08	24,48,80	22,50,38
Unallocated Assets					89,69	72,56
TOTAL ASSETS					25,38,49	23,22,94
Segment Liabilities	7,11,71	8,60,59	5,20,73	3,73,33	12,32,44	12,33,92
Unallocated Liabilities					6,99	7,18
TOTAL LIABILITIES					12,39,43	12,41,10
Capital Expenditure	145	55	28,30	7,97	29,75	8,52
Depreciation	39	31	17,93	41,69	18,32	42,00
Other Non Cash Expenditure	58	1,84,02	Nil	30	58	184,32

17. Listing of Subsidiary and Associates:

A) Subsidiary Name	Proportion of Ownership Interest and Voting Power	
	As at 31.03.2010	As at 31.03.2009
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 31.03.2010	As at 31.03.2009
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%

18. Break up of Deferred Tax Assets / Liabilities for subsidiary company as at 31st March 2010 is as under :

Particulars	2009-2010 Rs. In 000s	2008-2009 Rs. In 000s
Deferred Tax Assets		
Timing Difference on account of Provision for Gratuity, Leave Encashment and Doubtful Debts.	381	440
Deferred Tax Liabilities		
Timing Difference on account of Accumulated Depreciation of Fixed Assets	515	322
Net Deferred Tax Asset / [Liability]	896	762

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

Annual Report 2009-2010

19. The company has taken Office premises on Operating Lease and Lease Rent amounting to Rs. 9,20,746/- (Previous Year Rs. 7,06,222/-) has been debited to Profit and Loss account. The future minimum lease payment is as under:

	2008-2009 Rs.	2008-2009 Rs.
Not later than 1 year	8,64,974	7,04,080
Later than 1 year and Not later than 5 years	2,95,000	3,12,200
Later than 5 years	Nil	Nil
Total	11,59,974	10,16,280

20. Earning per Share:

	Current Year Rs. '000s	Previous Year Rs. '000s
I) Basic Earning per share		
Profit / (Loss) for the year as per Profit & Loss Account	224,72	287,66
Less: Preference Dividend	4,49	-
	220,23	287,66
Weighted average number of Equity Shares of Rs.10 each outstanding during the year.	398,81,700	398,81,700
Basic Earning per Share (Rupees)	0.55	0.72
II) Diluted Earning per share		
Profit/ (Loss) for the year as per Profit & Loss Account	224,72	287,66
Less: Preference Dividend	4,49	-
Add: Interest forgone on account of Potential Equity shares	-	-
	220,23	287,66
Weighted average number of Equity Shares of Rs.10 each outstanding during the year.	398,81,700	398,81,700
Add: Shares issuable under Loan Contract upon default of payment of principal and interest	-	-
Total Weighted average number of Equity Shares.	3,98,81,700	3,98,81,700
Diluted Earning per Share. (Rupees)	0.55	0.72
Nominal value of shares (Rupees)	10.00	10.00

21. 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.

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

Signatures to Schedules 1 to 18

As per our attached report of even date

For S. RAMANAND AIYAR & CO
Chartered Accountants

N. R. DIVATE
Wholetime Director

JAYESH R.TALPADE
Director

BINOD C. MAHARANA
Partner

K. CHANDRAMOULI
Wholetime Director
and Company Secretary

TANVEER SHAIKH
Director

Mumbai, Dated : 19th May 2010

Navi Mumbai, Dated 19th May, 2010

HYBRID FINANCIAL SERVICES LIMITED

(FORMERLY KNOWN AS MAFATLAL FINANCE COMPANY LIMITED)

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

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 THIRD ANNUAL GENERAL MEETING** of the Company to be held at 11.00 a.m. on FRIDAY the 30th July, 2010 at Indian Women Scientists Association, Plot No. 20, Sector 10-A, Opp. Balaji Temple, Near Sainath High School, Vashi, Navi Mumbai - 400 703 and at any adjournment thereof.

Signed at (place) this day of 2009.

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

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 THIRD ANNUAL GENERAL MEETING** of the Company to be held at 11.00 a.m. on FRIDAY the 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 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 :

BIG SHARE SERVICES PRIVATE LTD.
Unit : Hybrid Financial Services Ltd.
E-2, Ansa, Industrial Estate,
Saki Vihar Road, Saki Naka,
Andheri (East), Mumbai - 400 072.