

# HYBRID FINANCIAL SERVICES

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

24TH

A  
N  
N  
U  
A  
L  
  
R  
E  
P  
O  
R  
T

2  
0  
1  
0  
-  
2  
0  
1  
1

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

### **BOARD OF DIRECTORS**

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

### **MANAGEMENT TEAM**

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

### **AUDITORS**

S. RAMANAND AIYAR & CO  
Chartered Accountants  
Mumbai

### **REGISTERED OFFICE**

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

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

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

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

### **BOARD OF DIRECTORS**

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

### **AUDITORS**

S. RAMANAND AIYAR & CO  
Chartered Accountants  
Mumbai

### **REGISTERED OFFICE**

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

# Annual Report 2010-2011

## NOTICE

Notice is hereby given that the TWENTY FOURTH ANNUAL GENERAL MEETING of the Members of HYBRID FINANCIAL SERVICES LIMITED (FORMERLY KNOWN AS 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, 8<sup>th</sup> day of July 2011 at 11:00 am to transact the following BUSINESS:

### ORDINARY BUSINESS

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

### SPECIAL RESOLUTION

#### 5. SHIFTING REGISTERED OFFICE :

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

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

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

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

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

#### 7. SPECIAL BUSINESS

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

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

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

By Order of the Board

For HYBRID FINANCIAL SERVICES LIMITED

K.CHANDRAMOULI  
Wholotime Director

#### Registered Office :

Flat No. K – ¼, Second Floor,  
Shopping Centre, Sector 15/16,  
Vashi, Navi Mumbai 400 703  
Date: 24<sup>th</sup> May 2011

#### NOTES:

- a) A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THAT A PROXY NEED NOT BE A MEMBER.
- b) The proxy form duly completed and signed by the shareholder should be deposited at the registered office of the company atleast 48 hours before the commencement of the meeting.
- c) The Register of Members and the Share Transfer Books of the Company will remain closed from Monday , 4<sup>th</sup> July 2011 to Thursday, 7<sup>th</sup> July 2011 (both days inclusive).
- d) Members are requested to notify any change in their address to the Company's Registrars & Share Transfer Agents, M/s. Big Share Services Pvt. Ltd., E-2 Ansa Industrial Estate, 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 : Tanveer Shaikh  
Age : 35 Years  
Qualifications : BA PG MBA  
Experience : Over Twelve Years in the field of Management Consulting

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

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

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

By Order of the Board  
For HYBRID FINANCIAL SERVICES LIMITED

#### Registered Office :

Flat No. K – ¾, Second Floor,  
Shopping Centre,  
Sector 15/16, Vashi, Navi Mumbai - 400 703.  
Date: 24<sup>th</sup> May 2011

K.CHANDRAMOULI  
Wholotime Director

## EXPLANATORY STATEMENT

### In respect of Item No. 5:

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

### In respect of Item No. 6:

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

### In respect of Item No. 7:

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

The Material terms of his remuneration are as under:

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

Other information as required under the act is as follows :

### I. GENERAL INFORMATION

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

### II. INFORMATION ABOUT THE APPOINTEE

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

### III. OTHER INFORMATION

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

## DIRECTORS' REPORT

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

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

### 1. FINANCIAL RESULTS

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

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

### 2. OPERATIONS

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

### 3. OUTLOOK

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

### 4. DIVIDEND

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

### 5. PUBLIC FIXED DEPOSITS

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

### 6. LISTING OF SHARES

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

### 7. REDUCTION OF CAPITAL

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

## Annual Report 2010-2011

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

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

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

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

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

Foreign exchange earnings	:	Nil
Foreign exchange outgoings	:	Nil

### 10. DIRECTORATE

Mr.Tanveer Shaikh is retiring at the ensuing Twenty Fourth Annual General Meeting and eligible, offers himself for re-appointment.

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

### 11. DEPOSITORIES

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

### 12. PARTICULARS OF EMPLOYEES

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

### 13. DIRECTOR'S RESPONSIBILITY STATEMENT

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

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

### 14. CORPORATE GOVERNANCE

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

### 15. AUDITORS

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

### 16. ACKNOWLEDGEMENTS

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

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

FOR AND ON BEHALF OF THE BOARD

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

K.CHANDRAMOULI  
Wholtime Director

## MANAGEMENT DISCUSSION AND ANALYSIS

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

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

### FINANCIAL REVIEW

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

### BUSINESS ANALYSIS OUTLOOK

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

### RISK AND CONCERNS

The company faces the following challenges and risks:

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

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

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

### INTERNAL CONTROL AND THEIR ADEQUACY

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

### INDUSTRIAL RELATIONS

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

### CAUTIONARY STATEMENTS

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

## CORPORATE GOVERNANCE REPORT

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

### I. MANDATORY REQUIREMENTS

#### 1. CORPORATE GOVERNANCE PHILOSOPHY

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

#### 2. BOARD OF DIRECTORS

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

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

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

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

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

\* Ceased to be Director

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

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

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

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

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

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

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

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

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

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

### 3. AUDIT

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

## Annual Report 2010-2011

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

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

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

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

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

#### 4. REMUNERATION COMMITTEE

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

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

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

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

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

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

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

Complaint Status: 01.04.2010 to 31.03.2011

Number of Equity Shareholders / Debenture holders / } : 22

Preference Shareholders complaints pending as on 01.04.2010 }

Number of complaints received during the year : 46

Number of complaints solved during the year : 61

Number of complaints pending as on 31.03.2011 : 07

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

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

**6. DIRECTORS**

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

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

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

**7. GENERAL BODY MEETINGS**

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

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

**8. SUBSIDIARY COMPANY:**

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

**9. DISCLOSURES**

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

**10. WHOLETEIME DIRECTORS CERTIFICATION:**

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

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



## Annual Report 2010-2011

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

### 11. MEANS OF COMMUNICATION

a)	Half-yearly Report sent to each household of shareholders.	:	No
b)	Quarterly Results	:	Quarterly results are taken on record by the Board of Directors and submitted to the Stock Exchanges as per the requirements of the Listing Agreement, which enables the Exchanges to put the same in their websites.
	<ul style="list-style-type: none"> <li>• In which newspapers normally published in</li> <li>• Websites where displayed</li> <li>• Whether it also displays official news releases and presentations made to institutional investors/analysis.</li> </ul>	:	Navshakti and Free Press Journal www.hybridfinance.co.in
c)	Whether Management Discussions and Analysis is a part of the Annual Report	:	No
		:	Yes

### 12. GENERAL SHAREHOLDER INFORMATION

#### 12.1 Annual General Meeting

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

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

##### Quarterly Results :

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

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

12.4 Dividend payment date(s) : Not applicable

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

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

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

#### 12.6 Stock Code

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

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

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

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

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

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

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

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

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

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

## Annual Report 2010-2011

### II. NON-MANDATORY REQUIREMENTS

**1. Office of the Chairman of the Board and re-imburement 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 31<sup>st</sup> March 2011

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

**K.CHANDRAMOULI**

Wholetime Director and  
Company Secretary

### 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 31<sup>st</sup> March 2011 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

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

**BINOD C. MAHARANA**  
Partner  
Membership No. 56373

**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 2011**, 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. 16 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 2011 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March 2011, 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, 2011;
  - (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: 24<sup>th</sup> May 2011

## Annual Report 2010-2011

### 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 31<sup>st</sup> March 2011.)

- 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) a) In respect of statutory dues; The Company has been generally regular in depositing undisputed statutory dues, including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales-tax, Wealth Tax, Service Tax, cess and any other material statutory dues applicable to it with the appropriate authorities during the year. *According to the information and explanations given to us, no undisputed amounts payable in respect of Investor Education and Protection Fund, Income-tax, Sales-tax, Wealth Tax, Service Tax and cess were in arrears, as at 31<sup>st</sup> March 2011 for a period of more than six months from the date they became payable, except for the following:*

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

- b) *According to the information and explanations given to us, details of disputed sales tax, income tax, customs duty, wealth tax, service tax, excise duty and cess which have not been deposited as on 31<sup>st</sup> March, 2011 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 13<sup>th</sup> July 2007 or has agreed with the Banks / Financial Institutions.*
- 11) *The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures or other securities.*
- 12) *Based on our examination of the records and evaluation of the related internal controls, the Company has maintained proper records of transactions and contracts in respect of its dealing in shares, securities, debentures and other investments and timely entries have been made therein. The Company has held the aforesaid investments in its own name.*
- 13) *According to the information and explanation given to us the company has not given guarantees for loans taken by others from banks and financial institutions. Accordingly, the provisions of clause 4(xv) of the Companies (Auditor's Report) Order, 2003, are not applicable.*
- 14) *To the best of our knowledge and belief and according to the information and explanations given to us, in our opinion, the Company has not availed any term loans from Banks or financial institutions during the year.*
- 15) *According to the information and explanations given to us, and on an overall examination of the balance sheet of the Company, there were no funds raised on short term basis that have, prima facie, been used during the year for long term investment.*
- 16) *According to the information and explanations given to us, the Company has not made any preferential allotment of shares. Accordingly, the provisions of clause 4(xviii) of the Companies (Auditor's Report) Order, 2003, are not applicable.*
- 17) *According to the information and explanations given to us and the records examined by us, securities have been created in respect of the debentures issued.*
- 18) *The Company has not raised monies by public issues during the year. Accordingly, the provisions of clause 4(xx) of the Companies (Auditor's Report) Order, 2003, are not applicable.*
- 19) *To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the Company was noticed or reported during the year.*  
*Other clauses of the order are not applicable to the company for the year.*

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

**BINOD C. MAHARANA**  
Partner  
Membership No. 56373

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

## Annual Report 2010-2011

### BALANCE SHEET AS AT 31ST MARCH, 2011

	Schedule No.	Rs. 000's	AS AT 31.03.2011 Rs. 000's	AS AT 31.03.2010 Rs. 000's
<b>A. SOURCES OF FUNDS</b>				
<b>1. Shareholders' Funds :</b>				
a. Capital	1	443,724		443,724
b. Reserves and Surplus	2	566,941		562,616
			1,010,665	1,006,340
<b>2. Loan Funds</b>				
a. Secured Loans	3	935		954
b. Unsecured Loans	4	782		837
			1,717	1,791
<b>TOTAL</b>			<b>1,012,382</b>	<b>1,008,131</b>
<b>B. APPLICATION OF FUNDS</b>				
<b>1. Fixed Assets</b>				
a. Gross Block	5	1,336		868
b. Less: Depreciation		299		213
c. Net Block			1,037	655
<b>2. Investments</b>				
	6		100,020	100,020
<b>3. Current Assets, Loans and Advances</b>				
a. Current Assets :	7			
(i) Sundry Debtors		151		1,015
(ii) Cash and Bank Balances		14,868		16,478
(iii) Other Current Assets		6,042		11,634
		21,061		29,127
b. Loans and Advances	8	10,391		13,550
		31,452		42,677
Less : Current Liabilities and Provisions	9			
a. Liabilities		12,460		35,656
b. Provisions		34,778		33,745
		47,238		69,401
Net Current Assets			(15,786)	(26,724)
<b>Balance Carried from Profit &amp; Loss A/c</b>		927,111		934,280
Adjustment made as per Scheme of Compromise (Refer Note No. 5 of Schedule No. 16 II)		-		100
			927,111	934,180
<b>TOTAL</b>			<b>1,012,382</b>	<b>1,008,131</b>
<b>Notes to Accounts and Significant Accounting Policies.</b>	16			

As per our attached report of even date

**For S. RAMANAND AIYAR & CO**  
Chartered Accountants

**BINOD C. MAHARANA**  
Partner

Mumbai, Dated : 24th May 2011

**N. R. DIVATE**  
Wholetime Director

**K. CHANDRAMOULI**  
Wholetime Director & Company Secretary

**JAYESH R.TALPADE**  
Director

**TANVEER SHAIKH**  
Director

Navi Mumbai, Dated : 24th May 2011

**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011**

	Schedule No.	Rs. 000's	Current Year Rs. 000's	Previous Year Rs. 000's
<b>INCOME</b>				
Service Charges			7,800	8,425
[Tax deducted at source Rs. 7,91,208/- (Previous Year Rs. 7,28,938/-)]				
Interest	10		471	472
Profit on sale of Investments (Net)			-	899
Other Income	11		31,485	38,825
			<b>39,756</b>	<b>48,621</b>
<b>EXPENDITURE</b>				
Employee Cost	12		10,632	10,082
Administrative & Other Expenses	13		15,274	15,328
Interest & Finance Charges	14		725	1,585
Provisions & Write Offs	15		747	58
Depreciation / Amortisation			86	39
			<b>27,464</b>	<b>27,092</b>
<b>PROFIT BEFORE TAX</b>			<b>12,292</b>	<b>21,529</b>
Provision for Tax			-	-
<b>PROFIT AFTER TAX</b>			<b>12,292</b>	<b>21,529</b>
<b>Appropriation For:</b>				
Proposed Dividend on Preference Shares including arrears for Previous Year		898		-
Capital Redemption Reserve Account for Redemption of 432500 1% Redeemable Cumulative Preference Shares of Rs. 10/- each		4,325		-
			<b>5,223</b>	-
			<b>7,069</b>	<b>21,529</b>
Balance Brought Forward from previous year			<b>(934,180)</b>	<b>(955,809)</b>
<b>BALANCE CARRIED TO BALANCE SHEET</b>			<b>(927,111)</b>	<b>(934,280)</b>
<b>Basic EPS in Rs.</b>			<b>0.29</b>	<b>0.53</b>
<b>Diluted EPS in Rs.</b>			<b>0.29</b>	<b>0.53</b>
<b>(Face Value Rs. 10/- per Share)</b>				
(Refer Note No. 15 of Schedule 16 II)				
Notes to Accounts and Significant Accounting Policies	16			

As per our attached report of even date

**For S. RAMANAND AIYAR & CO**  
Chartered Accountants

**BINOD C. MAHARANA**  
Partner

Mumbai, Dated : 24th May 2011

**N. R. DIVATE**

Wholetime Director

**K. CHANDRAMOULI**

Wholetime Director & Company Secretary

**JAYESH R. TALPADE**

Director

**TANVEER SHAIKH**

Director

Navi Mumbai, Dated : 24th May 2011



## Annual Report 2010-2011

### CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2011

	Rs.'000s 2010-2011	Rs.'000s 2009-2010
<b>A. Cash Flow from Operating Activities</b>		
Net Profit before Interest and Tax	13,017	23,114
Less: Interest	725	1,585
Profit before Tax	12,292	21,529
Adjustment for :		
Sundry Credit Balances Written Back	(4,341)	(231)
Provision for Doubtful Debts Written Back	(13,519)	(10,284)
Investments Acquired in Satisfaction of Claim	(653)	(5,640)
Provisions for Diminution in Value of Long Term Investment no longer required written back	-	(457)
Depreciation	86	39
(Profit) / Loss on Sale of Investments	-	(899)
Loss on Scrapped Assets	-	6
Interest / Dividend on Investments	(5,507)	(5,449)
Provisions for Leave Encashment	422	481
Provisions & Write offs	747	58
	(22,765)	(22,376)
<b>Operating Profit / (Loss) before Working Capital Changes</b>	(10,473)	(847)
Adjustment for increase / decrease in :-		
Trade Receivables	7,157	3,835
Loans and Advances	16,708	4,708
Trade Payables	(18,889)	(395)
<b>Cash Generated from / (used in) Operations</b>	(5,497)	7,301
Direct Taxes - (Paid) / Received	(1,030)	(1,194)
<b>Net Cash From / (used in) Operating Activities (A)</b>	(6,527)	6,107
<b>B. Cash Flow from Investing Activities</b>		
Purchase of Fixed Assets	(468)	(145)
Sale of Investments	-	1,615
Interest/Dividend Received	5,459	6,097
<b>Net Cash From Investing Activities (B)</b>	4,991	7,567
<b>C. Cash Flow from Financing Activities</b>		
Long Term Borrowings	(74)	(14,643)
<b>Net Cash Used In Financing Activities (C)</b>	(74)	(14,643)
<b>Net (Decrease) / Increase in Cash and Cash Equivalents (A+B+C)</b>	(1,610)	(969)
<b>Cash and Cash Equivalents as at the commencement of the year</b>	16,478	17,447
<b>Cash and Cash Equivalents as at the end of the year</b>	14,868	16,478
<b>Net (Decrease) / Increase as Disclosed above (See Notes attached)</b>	(1,610)	(969)

NOTES TO THE CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2011		2010-2011 Rs. '000	2009-2010 Rs. '000
1	Cash and cash equivalents include :		
	Cash on hand	1	9
	Bank Balances	14,867	16,469
	<b>TOTAL</b>	<b>14,868</b>	<b>16,478</b>

- 2 Bank Balances include Rs 10,30 ('000) [Previous Year Rs. 10,36 ('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 : 24th May 2011

**N. R. DIVATE**

Wholetime Director

**K. CHANDRAMOULI**

Wholetime Director & Company Secretary

**JAYESH R.TALPADE**

Director

**TANVEER SHAIKH**

Director

Navi Mumbai, Dated : 24th May 2011

**SCHEDULES 1 TO 9 FORMING PART OF THE BALANCE SHEET**

	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
<b>SCHEDULE - 1</b>					<b>Schedule - 2</b>				
<b>SHARE CAPITAL</b>					<b>RESERVES AND SURPLUS</b>				
<b>AUTHORISED</b>					SHARE PREMIUM ACCOUNT				
7,00,00,000 Equity Shares of Rs.10/- each		700,000		700,000	As per last Balance Sheet				
(Will stand reduced to Rs. 5/- each					562,616				
See Note No.2 below)					CAPITAL REDEMPTION RESERVE ACCOUNT				
3,00,00,000 Redeemable Cumulative Preference					Capital Redemption Reserve Account for				
Shares of Rs. 10/- each.		300,000		300,000	Redemption of 432500 1% Redeemable				
					Cumulative Preference Shares of Rs. 10/- each				
		<u>300,000</u>		<u>300,000</u>	4,325				
		<u>1,000,000</u>		<u>1,000,000</u>	TOTAL				
					<u>566,941</u>				
					<u>562,616</u>				
<b>ISSUED, SUBSCRIBED AND PAID - UP</b>					<b>SCHEDULE - 3</b>				
3,98,81,700 Equity Shares of Rs.10/- each					<b>SECURED LOANS</b>				
fully paid		398,817		398,817	<b>A. Debentures</b>				
		<u>398,817</u>		<u>398,817</u>	Deep Discount Non-Convertible				
					Debentures of T Series Liability reduced				
44,90,700 1% Redeemable Cumulative Preference					as per Scheme of Compromise				
Shares of Rs.10/- each fully paid.					Compromise net of payments made				
(See Note No. 1below)					till 31st March 2011				
		44,907		44,907	124				
		<u>443,724</u>		<u>443,724</u>	(Refer Note No. 5 of Schedule No. 16 II)				
					<b>B. From Banks</b>				
					Over Draft				
					(Secured against pledge of				
					Fixed Deposits)				
					811				
					828				
					TOTAL				
					<u>935</u>				
					<u>954</u>				

**Notes:**

- 44,90,700 1% Redeemable Cumulative Preference Shares of Rs 10 each have been issued during the previous year on redemption of the earlier 36,70,000 10% Redeemable Cumulative Preference Shares of 97 Series and 8,20,700 14.50% Redeemable Cumulative Preference Shares of 2000 Series. These Preference Shares were to be redeemed in Five Equal installments from 30th September 2010. The Company has defaulted in the payment of First Installment. However the Company is redeeming 4,32,500 Preference Shares of Rs. 10/- each held by the Non Promoters amounting to Rs.43,25,000/-
- The Company's Scheme of Reduction of Equity Share Capital as per resolution passed in the previous year has been confirmed by the Hon'ble Bombay High Court on 8th April 2011. Consequent upon and giving effect to the same, the Company's Equity Share Capital would stand reduced to Rs.14,01,81,375 consisting of 2,80,36,275 Equity Shares of Rs. 5/- each.

**SCHEDULE : 5**
**FIXED ASSETS**

Particulars	GROSS BLOCK (At Cost)				DEPRECIATION / AMORTISATION				NET BLOCK	
	As at 01.04.2010	Additions	Deletions	As at 31.03.2011	As at 01.04.2010	For the Year	Deletions	As at 31.03.2011	As at 31.03.2011	As at 31.03.2010
<b>TANGIBLE ASSETS :</b>										
BUILDINGS	521	-	-	521	124	9	-	133	388	397
COMPUTERS	167	252	-	419	71	31	-	102	317	96
OFFICE EQUIPMENTS	170	91	-	261	17	11	-	28	233	153
FURNITURES	10	25	-	35	1	2	-	3	32	9
<b>INTANGIBLE ASSETS :</b>										
COMPUTER SOFTWARE	-	100	-	100	-	33	-	33	67	-
<b>TOTAL</b>	<b>868</b>	<b>468</b>	<b>-</b>	<b>1,336</b>	<b>213</b>	<b>86</b>	<b>-</b>	<b>299</b>	<b>1,037</b>	<b>655</b>
PREVIOUS YEAR	730	145	7	868	175	39	1	213	655	

**SCHEDULE 6**
**INVESTMENTS AT COST (LONG TERM INVESTMENTS)**
**A IN FULLY PAID EQUITY SHARES OF SUBSIDIARY COMPANIES**

1,00,00,000 Shares of Rs.10 each in Maximus Securities Ltd.		100,000		100,000	Nil (Previous year 2500) shares of Rs.10 each in Onida Saka Ltd.						68
			100,000	100,000	Nil (Previous Year 146700) shares of Rs.10 each in Suprapti Plastics Ltd.						1,467
					Nil (Previous Year 5750) shares of Rs.10 each in Via Media Ltd.						57
											4,698

**B OTHER INVESTMENTS**

I. IN FULLY PAID EQUITY SHARES-QUOTED Nil (Previous Year 24750) shares of Rs.10 each in L.D.Textiles Industries Ltd.				3,106	Less : Provision for Diminution in Value						4,698
											-

## Annual Report 2010-2011

	As at 31.03.2011		As at 31.03.2010			As at 31.03.2011		As at 31.03.2010	
	Rs. 000's	Rs. 000's	Rs. 000's	Rs. 000's		Rs. 000's	Rs. 000's	Rs. 000's	Rs. 000's
<b>II. IN FULLY PAID EQUITY</b>					<b>SCHEDULE - 7</b>				
<b>SHARES-UNQUOTED WITH ASSOCIATED COMPANIES</b>					<b>CURRENT ASSETS</b>				
Nil (Previous Year 3000) shares of Rs.10 each in Mafatlal Trustee Company Ltd.	-		29		<b>1. Sundry Debtors (Unsecured)</b>				
Nil (Previous Year 900000) shares of Rs.10 each in Sunanda Capital Services Ltd	-		6,000		a) Debts outstanding for a period exceeding six months				
Nil (Previous Year 93000) shares of Rs.10 each in Sushmita Engineering and Trading Ltd.	-		930		(i) Considered Good	-		-	
24500 shares of Rs.10 each in Hybrid Systems Ltd	245		245		(ii) Considered Doubtful	71,049		71,049	
	245		7,204			71,049		71,049	
<b>Less</b> : Provision for Diminution in Value	245		-		b) Others ( Considered good )	151		1,015	
			7,204			71,200		72,064	
			-		<b>Less</b> : Provision for doubtful debts (Refer Note No.9 of Schedule.No.16 II)	71,049		71,049	
			-				151	1,015	
<b>III. IN FULLY PAID EQUITY SHARES UNQUOTED WITH OTHERS</b>					<b>2. Cash and Bank Balances</b>				
16000 shares of Rs.10 each in Amitabh Bachan Corporation Ltd.	1,280		1,280		- Cash on hand	1		9	
Nil (Previous Year 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)	8,688		8,728	
Nil (Previous Year 49000) shares of Rs.10 each in Mafatlal Medical Devices Ltd.	-		490		[Refer Note No.7 of Schedule No. 16 II]				
Nil (Previous Year 49000) shares of Rs.10 each in Repos Trading Company Ltd.	-		490		b) In Deposit Accounts	6,179		7,741	
	4,280		5,260			14,868		16,478	
<b>Less</b> : Provision for Diminution in Value	4,280		5,260		<b>3. Other Current Assets</b>				
			-		Interest accrued on Government Securities, Bonds and Bank Deposits	65		17	
			-		Assets acquired in satisfaction of claims (Refer Note No.8 of Schedule.No.16 II)	5,977		11,617	
<b>IV. IN FULLY PAID PREFERENCE SHARES</b>							6,042	11,634	
52255 shares of Rs.10 each in Pasupati Fabrics Ltd	523		523		<b>TOTAL</b>		21,061	29,127	
<b>Less</b> : Provision for Diminution in Value	523		523						
			-		<b>SCHEDULE - 8</b>				
<b>V. IN FULLY PAID UNITS OF MUTUAL FUNDS UNQUOTED</b>					<b>LOANS AND ADVANCES</b>				
Nil (Previous Year 100) units of Rs.10 each in UTI Master Gain '92	-		1		(Unsecured unless otherwise stated)				
	-		1		1. Loans to Subsidiary (Considered good)		89	543	
<b>Less</b> : Provision for Diminution in Value	-		1		2. Loans to Companies, Firms and others				
			-		(i) Considered Good	17		17	
			-		(ii) Considered Doubtful	39,397		56,949	
			-			39,414		56,966	
			-		<b>Less</b> : Provision for doubtful loans	39,397		56,949	
<b>VI. OTHERS</b>							17	17	
(a) 333 shares of Rs.30 each in Bombay Mercantile Co-operative Bank Ltd.	10		10		3. Advances recoverable in cash or in kind or for value to be received				
(b) 1000 shares of Rs.10 each in Saraswat Co-operative Bank Ltd	10		10		(i) Considered Good	2,994		4,779	
			20		(ii) Considered Doubtful	-		3,329	
			20			2,994		8,108	
<b>TOTAL - LONG TERM INVESTMENTS</b>	<b>100,020</b>		<b>100,020</b>		<b>Less</b> : Provision for doubtful advances	-		3,329	
							2,994	4,779	
<b>NOTES:</b>		<b>Cost Rupees</b>	<b>Market Value Rupees</b>		4. Advance payment of Income Tax and Tax Deducted at Source (Net)		5,817	4,787	
1 a) Aggregate of Quoted Investments Previous year		-	-		5. Deposit with others				
b) Aggregate of Unquoted Investments Previous year		100,020	-		(i) Considered Good	1,474		3,424	
<b>TOTAL</b>		100,020	-		(ii) Considered Doubtful	8,000		13,583	
Previous year		100,020	-			9,474		17,007	
					<b>Less</b> : Provision for doubtful deposit	8,000		13,583	
							1,474	3,424	
					<b>TOTAL</b>		10,391	13,550	

	As at 31.03.2011		As at 31.03.2010	
	Rs. 000's	Rs. 000's	Rs. 000's	Rs. 000's
<b>SCHEDULE- 9</b>				
<b>CURRENT LIABILITIES AND PROVISIONS</b>				
<b>A. CURRENT LIABILITIES</b>				
1. Dues to Micro, Small and Medium Enterprises (Refer Note No.10 of Schedule No.16 II)	-	-	-	-
2. Dues to Creditors other than Micro, Small and Medium Enterprises	12,460		35,656	
		12,460	35,656	
<b>B. PROVISIONS</b>				
For Taxation				
- Current Tax (Net)	21		21	
For Proposed Dividend on Preference Shares	898		-	
For Leave Encashment	3,859		3,724	
For Contingencies [Refer Note. 1(4) of Schedule No.16 II]	30,000		30,000	
		34,778	33,745	
<b>TOTAL</b>		<b>47,238</b>	<b>69,401</b>	

**SCHEDULES 10 TO 15 FORMING PART OF  
PROFIT AND LOSS ACCOUNT**

	Current Year Rs. 000's	Previous Year Rs. 000's
<b>SCHEDULE 10</b>		
<b>INTEREST</b>		
1. Interest on Fixed Deposits with Banks [Tax deducted at source Rs.39,231/- (previous year Rs.79,178/-)]	464	447
2. Other Interest	7	25
<b>TOTAL</b>	<b>471</b>	<b>472</b>
<b>SCHEDULE 11</b>		
<b>OTHER INCOME</b>		
1. Dividend on Long Term Investments	5,043	5,002
2. Sundry Credit balances written back	4,341	231
3. Bad Debts Written Off Re-credited to the Profit & Loss A/C	4,111	8,315
4. Provision for Doubtful Debts/Advances written Back	13,519	10,284
5. Provision for Diminution in Value of Long Term Investment no longer required	-	457
6. Others [Tax deducted at Source Rs.1,98,540/- (Previous year Rs.3,21,306/-)]	4,471	14,536
<b>TOTAL</b>	<b>31,485</b>	<b>38,825</b>
<b>SCHEDULE 12</b>		
<b>EMPLOYEE COST</b>		
1. Salaries & Other Allowances	8,811	8,464
2. Contribution to Provident, Gratuity and Superannuation Funds	1,399	1,136
3. Leave Encashment	422	482
<b>TOTAL</b>	<b>10,632</b>	<b>10,082</b>
<b>Schedule 13</b>		
<b>ADMINISTRATIVE AND OTHER EXPENSES</b>		
1. Advertisement & Business Promotion Expenses	97	59
2. Audit Fees and Other Services	249	269
3. Professional Fees & Service Charges	8,157	7,817
4. Rates and Taxes	75	85
5. Rent and Office Premises Compensation	792	694
6. Insurance	14	4
7. Repairs and Office Maintenance	147	160
8. Motor Car Expenses	282	271
9. Travelling Expenses	220	427
10. Conveyance Expenses	260	352

	Current Year Rs. 000's	Previous Year Rs. 000's
11. Printing and Stationery	404	420
12. Postage Expenses	585	625
13. Telephone Expenses	771	662
14. Electricity Expenses	247	57
15. Loss on Scrapped Assets	-	6
16. Miscellaneous Expenses	2,974	3,420
<b>TOTAL</b>	<b>15,274</b>	<b>15,328</b>
<b>SCHEDULE 14</b>		
<b>INTEREST AND OTHER FINANCE CHARGES</b>		
1. Interest on Fixed Deposit	14	19
2. Interest on Bank Cash Credit Account / Over Draft	38	32
3. Bank charges and commission	636	58
4. Interest on Debentures	-	1,400
5. Other Interest	37	76
<b>TOTAL</b>	<b>725</b>	<b>1,585</b>
<b>SCHEDULE 15</b>		
<b>PROVISIONS &amp; WRITE-OFFS</b>		
Bad Debts/Investments written off	26,330	1,420
Less : Adjusted against provisions	25,583	1,362
	747	58
<b>TOTAL</b>	<b>747</b>	<b>58</b>

**SCHEDULE 16**  
**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. FIXED ASSETS:**

All the Fixed Assets have been stated at cost.

**d. INTANGIBLE ASSETS:**

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

**e. ASSETS ACQUIRED IN SATISFACTION OF CLAIMS:**

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

**f. DEPRECIATION:**

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

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

## Annual Report 2010-2011

### AMORTISATION

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

#### g. IMPAIRMENT OF ASSETS:

An asset is impaired when the carrying amount of the asset exceeds its recoverable amount. An impairment loss is charged to the 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:

##### (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. 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.

#### l. RETIREMENT BENEFITS:

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

#### m. LEAVE ENCASHMENT:

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

#### n. TAXES ON INCOME:

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

## II. NOTES TO ACCOUNTS:

### 1. Contingent Liabilities :

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

### 2. Managerial Remuneration under Section 198 of the Companies Act, 1956:

	Current Year Rs. '000s	Previous Year Rs. '000s
1) Salary	3142	3142
2) Contribution to Provident & other funds	954	954
3) Perquisites in cash or in kind	1358	1358
<b>Total</b>	<b>5454</b>	<b>5454</b>

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

	Current Year Rs. '000s	Previous Year Rs. '000s
Statutory Audit Fee	132	132
Tax Audit Fees	33	33
Limited Review and Other Certification Work	75	82
Out of Pocket Expenses	9	13
Service Tax	8	8
<b>Total</b>	<b>257</b>	<b>268</b>

**4 DEBENTURES**

Bank of India has filed a case against the company with Mumbai High court for Rs. 166,34,72,817/- in the capacity of trustee for all series of Debentures and is in appeal.

**5. SCHEME OF COMPROMISE AND ARRANGEMENTS**

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

**6. EQUITY SHARE CAPITAL**

The Hon'ble Bombay High Court vide their order dated 8<sup>th</sup> April 2011 has confirmed the reduction of Capital of the Company by cancellation of 1,18,45,425 Equity Shares and the reduction of the paid up and face value per Equity Share from Rs.10 to Rs.5. The Revised Authorised Capital of the Company will be 7,00,00,000 Equity Shares of Rs. 5/- each and Paid up Capital of the Company would be 2,80,36,275 shares of Rs.5 each aggregating to Rs.14,01,81,375/- The Share Premium Account would be Nil. This process would be completed after the receipt of Registration of the Court Order from The Registrar of Companies, Mumbai

**7. NON CONFIRMATIONS AND RECONCILIATIONS OF BANKS**

In respect of Current Accounts with banks amounting to Rs.77,01,461/- (net) [previous year Rs.77,01,461/- (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.

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 property, completion of documentation is pending.

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 Mafatlat Securities Limited)

**B. Associate Companies**

Garron Shares and Stock Brokers Private Limited  
Garron Trading Company Private Limited  
Hybrid Systems Limited  
(formerly known as Mafatlat Systems Limited)  
Mafatlat 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	
		2010-11	2009-10	2010-11	2009-10	2010-11	2009-10
		Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
(a)	Outstanding Receivables	88,993	5,43,221	3,93,98,808	5,24,98,677	-	-
(b)	Provision made as on date for doubtful debts	Nil	Nil	3,93,98,808	5,24,98,677	-	-
(c)	Margin Deposit given outstanding as on 31.03.2010	5,00,000	5,00,000	-	-	-	-
(d)	Outstanding Payable	-	-	11,42,246	1,31,74,480	-	-
(e)	Investment in Subsidiary	10,00,00,000	10,00,00,000	-	-	-	-
(f)	Rental Income	18,00,000	18,00,000	-	-	-	-
(g)	Reimbursement of Employee Cost charged to them	23,37,053	22,34,611	-	-	-	-
(h)	Service Charges charged to them	40,62,947	38,24,106	-	-	-	-
(i)	Service Charges charged by them	Nil	Nil	71,68,668	69,19,685	-	-
(j)	Other Expenses Charged to them	Nil	15,00,000	Nil	Nil	-	-
(k)	Other Expenses Charged by them	5,175	3,340	9,40,363	13,27,010	-	-
(l)	Brokerage Paid	80,993	10,818	-	-	-	-
(m)	Managerial Remuneration	-	-	-	-	54,54,238	54,54,234

## Annual Report 2010-2011

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. 7,92,540/- (Previous Year Rs. 6,94,080/-) was paid during the year has been debited to Profit and Loss account. The future minimum lease payment is as under:

	2010-2011 Rs.	2009-2010 Rs.
Not later than 1 year	6,06,000	6,31,640
Later than 1 year and Not later than 5 years	5,62,500	Nil
Later than 5 years	Nil	Nil
<b>Total</b>	<b>11,68,500</b>	<b>6,31,640</b>

### 15. Earning per Share:

	Current Year Rs. '000s	Previous Year Rs. '000s
<b>I) Basic Earning per share</b>		
Profit / (Loss) for the year as per Profit & Loss Account	122,92	215,29
<b>Less:</b> Preference Dividend	8,98	4,49
	113,94	210,80
Weighted average number of Equity Shares of Rs.10 each outstanding during the year.	3,98,81,700	3,98,81,700
<b>Basic Earning per Share (Rupees)</b>	<b>0.29</b>	<b>0.53</b>
<b>II) Diluted Earning per share</b>		
Profit / (Loss) for the year as per Profit & Loss Account	122,92	215,29
<b>Less:</b> Preference Dividend	8,98	4,49
<b>Add:</b> Interest forgone on account of Potential Equity shares	-	-
	113,94	210,80
Weighted average number of Equity Shares of Rs.10 each outstanding during the year.	3,98,81,700	3,98,81,700
<b>Add:</b> 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
<b>Diluted Earning per Share. (Rupees)</b>	<b>0.29</b>	<b>0.53</b>
<b>Nominal value of shares (Rupees)</b>	<b>10.00</b>	<b>10.00</b>

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

Loans and Advances	Amount outstanding as at 31.03.2011	Maximum Amount outstanding during the year
<b>(A) To Subsidiaries</b>		
Maximus Securities Limited (Formerly known as Mafatlal Securities Ltd.)	0.89	5.43
<b>(B) To Associate</b>		
Hybrid Systems Ltd. (Formerly known as Mafatlal Systems Ltd.)	2.36	24.38
Mafatlal Trustee Company Ltd.	Nil	Nil
Sunanda Capital Services Ltd.	Nil	5.29
Sushmita Engineering & Trading Ltd.	Nil	0.82
<b>(C) To Firms / Companies in which directors are interested other than (A) and (B) above.</b>		
Garron Shares and Stock Brokers Private Ltd.	0.02	0.02
Sunanda Services and Trading Ltd.	393.97	520.47
<b>(D) Where there is :</b>		
no repayment schedule	393.97	520.47
repayment beyond seven years (representing housing loans to staff)	-	-
Interest below the rate as specified in Section 372A of the Companies Act, 1956	393.97	520.47

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 16

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 : 24th May 2011

Navi Mumbai, Dated 24th May, 2011

**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           
Secured Loans

Reserves and Surplus           
Unsecured Loans

**APPLICATION OF FUNDS**

Net Fixed Assets           
Net Current Assets           
Accumulated Losses

Investments           
Misc. Expenditure

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

Turnover           
Profit Before Tax           
Earning Per Share (Rs.)

Total Expenditure           
Profit After Tax           
Dividend Rate %

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

N.A.

**N. R. DIVATE**  
Wholetime Director

**K. CHANDRAMOULI**  
Wholetime Director  
and Company Secretary

**JAYESH R.TALPADE**  
Director

**TANVEER SHAIKH**  
Director

Navi Mumbai, Dated : 24th May 2011



## Annual Report 2010-2011

### 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, 2011
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, 2011. 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, 2011 of the subsidiary b) Profits for the previous financial years of the subsidiary since it became subsidiary of Hybrid Financial Services Limited	Rs. 59,10,170  Rs. 5,19,14,891
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, 2011. b) For its previous year's since it became the subsidiary of Hybrid Financial Services Limited	Not Applicable  Not Applicable

**N. R. DIVATE**  
Wholetime Director

**K. CHANDRAMOULI**  
Wholetime Director  
and Company Secretary

Navi Mumbai, Dated : 24th May 2011

**JAYESH R.TALPADE**  
Director

**TANVEER SHAIKH**  
Director

**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 2011**, 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. During the year the Company has written off investments in associates amounting to Rs. 69,59,000/- which was fully provided in the previous year. The carrying value of the current investments in associate is amounting to Rs. 2,45,000/- which has been fully provided for. Hence the financial statement of associates have not been considered in the consolidated financial statements. This had also caused to us to qualify our audit opinion on the financial statements for the previous year.
4. We report that the consolidated financial statements have been prepared by the Hybrid Financial Services Limited's management in accordance with the requirements of Accounting Standard 21 "Consolidated Financial Statements" and Accounting Standard 23 "Accounting for Investments in Associates in Consolidated Financial Statements" issued by The Institute of Chartered Accountants of India.
5. **Attention is invited to the following notes in Schedule No. 17 II:**
  - i. *Note No.2 (b) 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, 2011;
  - (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: 24<sup>th</sup> May 2011

## Annual Report 2010-2011

### CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2011

	Schedule No.	Rs. 000's	AS AT	AS AT
			31.03.2011 Rs. 000's	31.03.2010 Rs. 000's
<b>A. SOURCES OF FUNDS</b>				
<b>1. Shareholders' Funds</b>				
a. Capital	1	443,724		443,724
b. Reserves and Surplus	2	566,941		562,616
			1,010,665	1,006,340
<b>2. Loan Funds</b>				
a. Secured Loans	3	30,854		18,635
b. Unsecured Loans	4	782		837
			31,636	19,472
<b>TOTAL</b>			<b>1,042,301</b>	<b>1,025,812</b>
<b>B. APPLICATION OF FUNDS</b>				
<b>1. Fixed Assets</b>	5			
a. Gross Block		22,323		11,146
b. Less: Depreciation		5,859		5,783
c. Net Block			16,464	5,363
<b>2. Investments</b>	6		54,587	46,830
<b>3. Net Deferred Tax Asset</b>			475	896
<b>4. Current Assets, Loans and Advances</b>				
a. Current Assets :	7			
(i) Stock in Trade		144		2
(ii) Sundry Debtors		12,833		4,441
(iii) Cash and Bank Balances		114,008		137,937
(iv) Other Current Assets		12,012		17,688
		138,997		160,068
b. Loans and Advances	8	47,214		40,692
		186,211		200,760
Less : Current Liabilities and Provisions	9			
a. Liabilities		48,214		69,297
b. Provisions		36,508		35,174
		84,722		104,471
Net Current Assets			101,489	96,289
Profit and Loss Account		869,286		876,534
Adjustment made as per Scheme of Compromise (Refer Note No. 4 of Schedule No. 17 II)		-		100
			869,286	876,434
<b>TOTAL</b>			<b>1,042,301</b>	<b>1,025,812</b>
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 : 24th May 2011

**N. R. DIVATE**

Wholetime Director

**K. CHANDRAMOULI**

Wholetime Director & Company Secretary

**JAYESH R.TALPADE**

Director

**TANVEER SHAIKH**

Director

Navi Mumbai, Dated : 24th May 2011

**CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011**

	Schedule No.	Rs. 000's	Current Year Rs. 000's	Previous Year Rs. 000's
<b>INCOME</b>				
Service Charges			3,737	4,601
[Tax deducted at source Rs. 3,43,062/- (Previous Year Rs.2,70,067/-)]				
Interest	10		8,150	10,928
Brokerage Income (Net)			16,064	12,932
Income from Trading in Shares	11		-	15
Profit on Sale of Investments (Net)			2,198	8,215
Other Income	12		31,249	32,964
			<u>61,398</u>	<u>69,655</u>
<b>EXPENDITURE</b>				
Employee Cost	13		18,248	16,360
Administrative & Other Expenses	14		24,953	25,785
Interest & Finance Charges	15		2,254	2,381
Loss from Trading in Securities	11		60	-
Provisions & Write Offs	16		747	58
Depreciation / Amortisation			953	1,832
			<u>47,215</u>	<u>46,416</u>
<b>PROFIT BEFORE TAX</b>			<b>14,183</b>	<b>23,239</b>
<b>Tax Expense :</b>				
[i] Current Tax		1,200		900
[ii] Deferred Tax		421		(133)
			<u>1,621</u>	<u>767</u>
<b>PROFIT FOR THE YEAR AFTER TAXES</b>			<b>12,562</b>	<b>22,472</b>
Provision for tax of earlier years written back			640	-
<b>PROFIT FOR THE YEAR</b>			<b>13,202</b>	<b>22,472</b>
<b>Appropriation For:</b>				
Proposed Dividend on Preference Shares including arrears for Previous Year		898		-
Capital Redemption Reserve Account for Redemption of 432500 1% Redeemable Cumulative Preference Shares of Rs. 10/- each		4,325		-
			<u>5,223</u>	<u>-</u>
			7,979	22,472
Consolidated Loss brought forward from earlier years			(876,434)	(898,156)
			<u>(868,455)</u>	<u>(875,684)</u>
Dividend Distribution Tax on the Dividend paid by the Subsidiary Company to the Parent Company for the Previous Year			831	850
<b>BALANCE CARRIED TO BALANCE SHEET</b>			<b>(869,286)</b>	<b>(876,534)</b>
<b>Basic EPS</b>			<b>0.31</b>	<b>0.55</b>
<b>Diluted EPS</b>			<b>0.31</b>	<b>0.55</b>
(Face Value Rs. 10/- per Share)				
(Refer Note No. 20 of Schedule No. 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

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

**JAYESH R.TALPADE**  
Director

**TANVEER SHAIKH**  
Director

Mumbai, Dated : 24th May 2011

Navi Mumbai, Dated : 24th May 2011

## Annual Report 2010-2011

### CONSOLIDATED CASH FLOW FOR THE YEAR ENDED 31ST MARCH, 2011

	Rs.'000s 2010-2011	Rs.'000s 2009-2010
<b>A. Cash Flow from Operating Activities</b>		
Net Profit before Interest and Tax	17,077	25,620
<b>Less :</b> Interest	<u>2,254</u>	<u>2,381</u>
Profit before Tax	14,823	23,239
Adjustment for:		
Sundry Credit Balances Written Back	(5,562)	(501)
Bad Debts/Provision for Doubtful Debts Written Back	(13,519)	(10,284)
Investments Acquired in Satisfaction of Claim	(653)	(5,640)
Provisions for Diminution in Value of Long Term Investment no longer required	-	(457)
Depreciation	953	1,832
Profit on Sale of Investments	(2,198)	(8,215)
Loss on Sale of Fixed Assets	161	-
Loss on Sale of Scrapped Assets	-	6
Interest/Dividend on Investments	(8,425)	(11,587)
Provision for Gratuity	78	65
Provision for Leave Encashment	627	495
Provisions & Write Offs	747	58
Excess Provision for Taxation Written Back	<u>(640)</u>	<u>-</u>
<b>Operating (Loss) / Profit before Working Capital Changes</b>	<b>(28,431)</b>	<b>(34,228)</b>
Adjustment for increase / decrease in :	<b>(13,608)</b>	<b>(10,989)</b>
Current Assets and Trade Receivables	<b>(2,241)</b>	<b>2,489</b>
Loans and Advances	<b>9,822</b>	<b>3,808</b>
Trade Payables	<b>(15,556)</b>	<b>(3,048)</b>
<b>Cash Generated from Operations</b>	<b>(21,583)</b>	<b>(7,740)</b>
Gratuity Paid	(416)	-
Leave Encashment Paid	(269)	(97)
Direct Taxes Refund Received / (Tax Paid)	(3,671)	(2,498)
Dividend Distribution Tax Paid	(831)	(850)
<b>Net Cash From / (Used in) Operating Activities (A)</b>	<b>(26,770)</b>	<b>(11,185)</b>
<b>B. Cash Flow from Investing Activities</b>		
Purchase of Fixed Assets	(12,695)	(2,430)
Sale of Fixed Assets	480	-
Purchase of Investments	(14,856)	(33,717)
Sales of Investments	9,297	23,729
Interest/Dividend Received	8,461	13,012
<b>Net Cash From Investing Activities (B)</b>	<b>(9,313)</b>	<b>594</b>
<b>C. Cash Flow from Financing Activities</b>		
Long Term Borrowings	12,154	3,038
<b>Net Cash Used In Financing Activities (C)</b>	<b>(12,154)</b>	<b>(3,038)</b>
<b>Net (Decrease) / Increase in Cash and Cash Equivalents (A+B+C)</b>	<b>(23,929)</b>	<b>(7,553)</b>
<b>Cash and Cash Equivalents as at the commencement of the year</b>	<b>137,937</b>	<b>145,490</b>
<b>Cash and Cash Equivalents as at the end of the year</b>	<b>114,008</b>	<b>137,937</b>
<b>Net (Decrease) / Increase as Disclosed above</b>	<b>(23,929)</b>	<b>(7,553)</b>
(See Notes attached)		

#### NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2011

1	Cash and cash equivalents include :	2010-2011	2009-2010
	Cash on hand	19	26
	Bank Balances including Fixed Deposit Pledged with Banks amounting to Rs. 76,200 ('000) [Previous Year Rs. 76,200 ('000) ]	113,989	137,911
	<b>TOTAL</b>	<b>114,008</b>	<b>137,937</b>
2	Bank Balances include Rs 10,30 ('000) [Previous Year Rs. 10,36 ('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 : 24th May 2011

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

**JAYESH R.TALPADE**  
Director  
**TANVEER SHAIKH**  
Director

Navi Mumbai, Dated : 24th May 2011

**SCHEDULES 1 TO 9 FORMING PART OF THE CONSOLIDATED BALANCE SHEET**

	As at		As at	
	Rs. 000's	31.03.2011	Rs. 000's	31.03.2010
<b>SCHEDULE - 1</b>				
<b>SHARE CAPITAL</b>				
<b>AUTHORISED</b>				
7,00,00,000 Equity shares of Rs.10/- each (will stand reduced to Rs.5/- each See Note No.2 below)		700,000		700,000
3,00,00,000 Redeemable Cumulative Preference Shares of Rs. 10/- each		<u>300,000</u>		<u>300,000</u>
		<u>1,000,000</u>		<u>1,000,000</u>
<b>ISSUED, SUBSCRIBED AND PAID - UP</b>				
3,98,81,700 Equity Shares of Rs.10/- each fully paid		<u>398,817</u>		<u>398,817</u>
		<u>398,817</u>		<u>398,817</u>
44,90,700 1% Redeemable Cumulative Preference Shares of Rs.10/- each fully paid. (See Note No.1 below)		<u>44,907</u>		<u>44,907</u>
<b>TOTAL</b>		<u><u>443,724</u></u>		<u><u>443,724</u></u>

**Notes:**

- 44,90,700 1% Redeemable Cumulative Preference Shares of Rs 10 each have been issued during the previous year on redemption of the earlier 36,70,000 10% Redeemable Cumulative Preference Shares of 97 Series and 8,20,700 14.50% Redeemable Cumulative Preference Shares of 2000 Series. These Preference Shares were to be redeemed in Five Equal installments from 30th September 2010. The Company has defaulted in the payment of First Installment. However the Company is redeeming 4,32,500 Preference Shares of Rs. 10/- each held by the Non Promoters amounting to Rs.43,25,000/-
- The Company's Scheme of Reduction of Equity Share Capital as per resolution passed in the previous year has been confirmed by the Hon'ble Bombay High Court on 8th April 2011. Consequent upon and giving effect to the same, the Company's Equity Share Capital would stand reduced to Rs.14,01,81,375 consisting of 2,80,36,275 Equity Shares of Rs. 5/- each.

**SCHEDULE : 5  
FIXED ASSETS**
**(RS.' 000S)**

Particulars	GROSS BLOCK (At Cost)				DEPRECIATION / AMORTISATION				IMPAIRMENT	NET BLOCK	
	As at 01.04.2010	Additions	Deletions	As at 31.03.2011	As at 01.04.2010	For the Year	Deletions	As at 31.03.2011	Up to 31.03.2011	As at 31.03.2011	As at 31.03.2010
<b>TANGIBLE ASSETS</b>											
BUILDINGS	521	9,569	-	10,090	124	10	-	134	-	9,956	397
COMPUTERS	2,454	503	-	2,957	1,652	277	-	1,929	-	1,028	802
MOTOR VEHICLES	3,014	2,215	1,518	3,711	1,364	198	877	685	-	3,026	1,650
FURNITURE & FIXTURES	957	25	-	982	65	103	-	168	-	814	892
OFFICE EQUIPMENTS	3,020	105	-	3,125	1,429	144	1	1,573	226	1,326	1,365
<b>INTANGIBLE ASSETS</b>											
COMPUTER SOFTWARE	1,180	278	-	1,458	923	221	-	1,144	-	314	257
<b>TOTAL</b>	<b>11,146</b>	<b>12,695</b>	<b>1,518</b>	<b>22,323</b>	<b>5,557</b>	<b>953</b>	<b>877</b>	<b>5,633</b>	<b>226</b>	<b>16,464</b>	<b>5,363</b>
PREVIOUS YEAR	10,957	2,975	2,786	11,146	6,505	1,832	2,780	5,557	226	5,363	

**SCHEDULE 6**
**INVESTMENTS AT COST**
**LONG TERM INVESTMENTS**
**A OTHER INVESTMENTS**
**I IN FULLY PAID EQUITY SHARES - QUOTED**

	As at 31.03.2011 Rs. 000's	As at 31.03.2010 Rs. 000's
1000 (Previous Year Nil) Shares of Rs.10 each in Hindusthan Composites Ltd.	470	-
10000 Shares of Rs.10 each in India Bulls Power Ltd.	326	326
22000 Shares of Rs.2 each in Jaiprakash Associates Ltd.	3,424	3,424
3200 Shares of Rs.1 each in Jindal Steel & Power Ltd.	2,004	2,004
1000 Shares of Rs.10 each in JK Paper Ltd	52	52
1000 Shares of Rs.2 each in Gujarat Mineral Development Corporation Ltd	181	181
2000 (Previous Year 1500) Shares of Rs.2 each in Larsen & Toubro Ltd.	3,110	2,296

# Annual Report 2010-2011

	As at		As at			As at		As at	
	Rs. 000's	31.03.2011	Rs. 000's	31.03.2010		Rs. 000's	31.03.2011	Rs. 000's	31.03.2010
Nil (Previous Year 24750) shares of Rs.10 each in L.D.Textiles Industries Ltd.	-		3,106		<b>VI</b>	<b>IN FULLY PAID UNITS OF MUTUAL FUNDS- UNQUOTED</b>			
20000 Shares of Rs.1 each in NMDC Ltd.	6,000		6,000		(a)	Nil (Previous Year 100) units of Rs.10 each in UTI Master Gain '92			
Nil (Previous Year 2500) Shares of Rs. 10 each in Onida Saka Ltd.	-		68		(b)	90090.90 units of Rs. 10 each in Growth Sector Fund - Petro of Unit Trust of India			
2000 (Previous Year 1000) Shares of Rs. 10 each in Reliance Industries Ltd.	2,102		1,076		(c)	318,407.96 units of Rs. 10 each in Dividend Yield Fund of Unit Trust of India			
1000 Shares of Rs.1 each in Sterling Biotech Ltd.	108		108			982		982	
28000 (Previous Year 8000) Shares of Rs.2 each in Sterlite Industries (India) Ltd.	4,872		1,514			3,200		3,200	
20000 Shares of Rs.10 each in Supreme Infrastructure India Ltd.	4,748		-			4,182		4,183	
100 (Previous Year Nil) Shares of Rs.10 each in Titan Industries Ltd.	384		-			-		1	
20000 (Previous Year Nil) Shares of Rs.10 each in Viceroy Hotels Ltd.	725		-						
Nil (Previous Year 146700) Shares of Rs.10 each in Suprapti Plastics Ltd.	-		1,467						
Nil (Previous Year 5750) shares of Rs.10 in Via Media Ltd.	-		57						
70000 (Previous Year 65000) Shares of Rs.10 each in Whirlpool of India Ltd.	8,947		7,445						
	43,472		33,314						
<b>Less:</b> Provision for Diminution in Value	-		4,698						
			43,472			4,182		4,182	
<b>II</b>	<b>IN FULLY PAID UNITS OF MUTUAL FUNDS - QUOTED</b>				<b>VII</b>	<b>OTHERS</b>			
Nil (Previous Year 5213) Units of Rs. 100 Gold exchange Traded Fund of Unit Trust of India	-		7,099		(a)	333 shares of Rs.30 each in Bombay Mercantile Co-operative Bank Ltd.			
			7,099		(b)	1000 shares of Rs.30 each in Saraswat Co-operative Bank Ltd			
<b>III</b>	<b>IN FULLY PAID EQUITY SHARES - UNQUOTED WITH ASSOCIATED COMPANIES</b>					10		10	
Nil (Previous Year 3000) shares of Rs.10 each in Mafatal Trustee Company Limited	-		29						
Nil (Previous Year 900000) shares of Rs.10 each in Sunanda Capital Services Ltd	-		6,000			10		10	
Nil (Previous Year 93000) shares of Rs.10 each in Sushmita Engineering and Trading Limited	-		930						
24500 shares of Rs.10 each in Hybrid Systems Ltd.	245		245			20		20	
	245		7,204			54,587		46,830	
<b>Less:</b> Provision for Diminution in Value	245		7,204						
			-						
<b>IV</b>	<b>IN FULLY PAID EQUITY SHARES - UNQUOTED WITH OTHERS</b>				<b>NOTES:</b>		<b>Cost</b>	<b>Market</b>	
16000 shares of Rs.10 each in Amitabh Bachan Corporation Ltd.	1,280		1,280		a)	Rs. 000's	Value		
11,401 Shares of Rs. 1 each in Bombay Stock Exchange Ltd.	2,283		2,283				Rs. 000's		
Nil (Previous Year 63200) shares of Rs. 10 each in Dada Chemicals Ltd. (Rs. 1/-)	-		-						
300000 shares of Rs.10 each in Leisure Hotel Ltd	3,000		3,000						
Nil (Previous Year 49000) shares of Rs.10 each in Mafatal Medical Devices Limited	-		490						
308167 shares of Rs.10 each in Pthalo Colour & Chemicals Ltd	4,630		4,630						
Nil (Previous Year 49000) shares of Rs.10 each in Repos Trading Company Ltd.	-		490						
	11,193		12,173						
<b>Less:</b> Provision for Diminution in Value	4,280		5,260						
			6,913						
<b>V</b>	<b>IN FULLY PAID PREFERENCE SHARES</b>								
52255 shares of Rs.10 each in Pasupati Fabrics Ltd	523		523						
<b>Less:</b> Provision for Diminution in Value	523		523						
			-						

	As at		As at	
	Rs. 000's	31.03.2011	Rs. 000's	31.03.2010
40 (Previous Year Nil) Shares of Reliance Industries Ltd. of Rs. 10 each fully paid-up	44	-	-	-
60 (Previous Year Nil) Shares of Reliance Power Ltd. of Rs. 10 each fully paid-up	10	-	-	-
200 Shares of Roofit Industries Ltd of Rs. 10 each fully paid-up	34	34	-	-
200 (Previous Year Nil) Shares of Shree Ashtavinayak Cine Vision Ltd. of Rs.1 each fully paid-up	10	-	-	-
15 Shares of S & S Power Switchgear Ltd of Rs. 10 each fully paid-up	1	1	-	-
15 (Previous Year Nil) Shares of Tata Steel Ltd. of Rs.10 each fully paid-up	9	-	-	-
IN FULLY PAID GOVERNMENT SECURITIES (Quoted)				
10 11.50% Government of India				
Loan of Rs 100 each fully paid up	1	1	-	-
	214	42	-	-
Less : Fall in Market Value	70	40	-	-
	144	2	-	-
<b>2 Sundry Debtors (Unsecured)</b>				
a) Debts outstanding for a period exceeding six months				
(i) Considered Good	1,820	1,441	-	-
(ii) Considered Doubtful	71,276	71,276	-	-
	73,096	72,717	-	-
b) Others ( Considered good )	11,013	3,000	-	-
	84,109	75,717	-	-
Less : Provision for doubtful debts (Refer Note No. 8 of Schedule.17 II)	71,276	71,276	-	-
	12,833	4,441	-	-
<b>3 Cash and Bank Balances</b>				
- Cash on hand	19	26	-	-
- Balances with Scheduled Banks				
a) In Current Accounts (net)				
[Refer Note No. 6 of Schedule No.17 II]	17,362	14,822	-	-
b) In Deposit Accounts				
(Refer Note No. 10 of Schedule No.17 II)	96,627	123,089	-	-
	114,008	137,937	-	-
<b>4 Other Current assets</b>				
Interest accrued on Government Securities, Bonds and Bank Deposits	6,035	6,071	-	-
Assets acquired in satisfaction of claims (Refer Note No.7 of Schedule.No.17 II)	5,977	11,617	-	-
	12,012	17,688	-	-
<b>TOTAL</b>	<b>138,997</b>	<b>160,068</b>		
<b>SCHEDULE - 8</b>				
<b>LOANS AND ADVANCES</b>				
(Unsecured unless otherwise stated)				
1. Loans to Companies, Firms and others				
(i) Considered Good	17	17	-	-
(ii) Considered Doubtful	39,397	56,949	-	-
	39,414	56,966	-	-
Less: Provision for doubtful loans	39,397	56,949	-	-
	17	17	-	-
2. Advances recoverable in cash or in kind or for value to be received				
(i) Considered Good	4,269	5,856	-	-
(ii) Considered Doubtful	-	3,329	-	-
	4,269	9,185	-	-
Less: Provision for doubtful advances	-	3,329	-	-
	4,269	5,856	-	-
3. Advance payment of Income Tax and Tax Deducted at Source (Net)	11,645	8,073	-	-
4. Deposit with others				
(i) Considered Good	31,283	26,746	-	-
(ii) Considered Doubtful	8,000	13,583	-	-
	39,283	40,329	-	-
Less: Provision for doubtful deposits	8,000	13,583	-	-
	31,283	26,746	-	-
<b>TOTAL</b>	<b>47,214</b>	<b>40,692</b>		
<b>SCHEDULE - 9</b>				
<b>CURRENT LIABILITIES AND PROVISIONS</b>				
<b>A. CURRENT LIABILITIES</b>				
1. Dues to Micro, Small and Medium Enterprises	-	-	-	-
(Refer Note No.9 of Schedule No.17 II)				
2. Dues to Creditors other than Micro, Small and Medium Enterprises	33,425	63,322	-	-
3. Client Deposits	14,789	5,975	-	-
	48,214	69,297	-	-
<b>B. PROVISIONS</b>				
For Taxation				
- Current Tax (Net)	1,160	699	-	-
For Proposed Dividend Preference	898	-	-	-
For Gratuity	158	516	-	-
For Leave Encashment	4,292	3,959	-	-
For Contingencies				
[Refer Note. 1 (5) of Schedule 17 II]	30,000	30,000	-	-
<b>TOTAL</b>	<b>84,722</b>	<b>104,471</b>		
<b>SCHEDULES 10 TO 16 FORMING PART OF THE CONSOLIDATED PROFIT AND LOSS ACCOUNT</b>				
			Current Year	Previous Year
	Rs. 000's	Rs. 000's	Rs. 000's	Rs. 000's
<b>SCHEDULE 10</b>				
<b>INTEREST</b>				
1. Interest on Fixed Deposits with Banks {Tax deducted at source Rs.13,33,778/- (Previous year Rs.29,06,255/-)}		7,736	10,889	
2. Other Interest		414	39	
<b>TOTAL</b>		<b>8,150</b>	<b>10,928</b>	
<b>SCHEDULE 11</b>				
<b>INCOME / (LOSS) FROM TRADING IN SECURITIES</b>				
Sales		4,226	8,496	
Less: Cost of Sales		-	-	
Opening Stock at Cost		2	35	
Add: Purchases		4,428	8,448	
		4,430	8,483	
Less: Closing Stock		144	2	
Sub-Total		4,286	8,481	
<b>Income / (Loss)</b>		<b>(60)</b>	<b>15</b>	
<b>Schedule 12</b>				
<b>OTHER INCOME</b>				
1. Dividend on Investments :				
- Long term Investments	688	697		
- Stock in Trade	1	1		
		689	698	
2. Income from Depository Services	2,495	2,640		
3. Financial Products Marketing Fees	893	1,037		
4. Sundry Credit Balances /Excess Provision written back		5,562	501	
5. Bad Debts Written Off Re-credited to the Profit & Loss A/C		4,192	8,315	



## Annual Report 2010-2011

	Current Year Rs. 000's	Previous Year Rs. 000's
6. Provisions for Doubtful Debts/ Advances written Back	13,519	10,284
7. Provisions for Diminution in Value of Investment no longer required	-	457
8. Service Tax input credit of earlier year	164	153
9. Others	3,735	8,879
<b>TOTAL</b>	<b>31,249</b>	<b>32,964</b>

### SCHEDULE 13

#### EMPLOYEE COST

1. Salaries & other allowances	12,819	11,828
2. Contribution to Provident, Gratuity and Superannuation Funds	1,693	1,525
3. Staff Welfare Expenses	170	267
4. Leave Encashment	638	496
5. Reimbursement of Salaries	2,928	2,244
<b>TOTAL</b>	<b>18,248</b>	<b>16,360</b>

### SCHEDULE 14

#### ADMINISTRATIVE AND OTHER EXPENSES

1. Advertisement & Business promotion expenses	834	825
2. Audit Fees and Other Services	493	504
3. Clearing House Expenses	195	247
4. Electricity Expenses	546	335
5. Expenses on Depository Services	271	340
6. Membership & Subscription Fees	239	230
7. Professional Fees & Service charges	8,423	8,087
8. Shared Service Expenses	1,062	577
9. Rates and Taxes	120	96
10. Rent and Office Premises Compensation	1,128	921
11. Insurance	321	343
12. Repairs and Office Maintenance	545	358
13. Motor Car Expenses	697	713
14. Service Tax	730	555
15. SEBI Registration & Turnover Fees	314	91
16. Stamp Duty Charges	598	628
17. Telephone Expenses	1,826	1,745
18. Transaction Charges	211	233
19. Travelling & Conveyance Expenses	888	1,302
20. Postage and Courier Expenses	802	813
21. Printing & Stationery	781	754
22. Compliance Expenses	500	2,100
23. Vsat Expenses	-	246
24. Loss on Fixed Assets (Net)	161	-
25. Loss on Scrapped Assets (Net)	-	6
26. Miscellaneous Expenses	3,268	3,736
<b>TOTAL</b>	<b>24,953</b>	<b>25,785</b>

### SCHEDULE 15

#### INTEREST AND OTHER FINANCE CHARGES

1. Interest on Fixed Deposits	14	19
2. Interest on Bank Cash Credit Account / Over Draft Account etc	1,548	504
3. Bank Charges and Commission	653	88
4. Interest on Debentures	-	1,400
5. Other Interest	39	370
<b>TOTAL</b>	<b>2,254</b>	<b>2,381</b>

### SCHEDULE 16

#### PROVISIONS & WRITE-OFFS

Bad Debts/Investments written off	26,330	1,420
<b>Less : Adjusted against provisions</b>	<b>25,583</b>	<b>1,362</b>
	<b>747</b>	<b>58</b>
<b>TOTAL</b>	<b>747</b>	<b>58</b>

### SCHEDULE 17

#### 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.

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 have been stated at cost.

**e. INTANGIBLE ASSETS:**

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

**f. ASSETS ACQUIRED IN SATISFACTION OF CLAIMS:**

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

**g. DEPRECIATION:**

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

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

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

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

**h. AMORTISATION:**

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

**i. IMPAIRMENT OF ASSETS:**

An asset is impaired when the carrying amount of the asset exceeds its recoverable amount. An impairment loss is charged to the 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.

**(i) Profit on Sale of Investments**

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

**(ii) Brokerage Income**

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

**(iii) Other Income:**

Other Income is accounted on accrual basis.

**m. PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS:**

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

**n. RETIREMENT BENEFITS:**

The 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.

**o. LEAVE ENCASHMENT:**

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

**p. TAXES ON INCOME:**

Current tax is determined as 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.

## Annual Report 2010-2011

### II. NOTES TO ACCOUNTS:

#### 1 Contingent Liability in respect of :

Sl. No.	Particulars	Current Year (Rs.)	Previous Year (Rs.)	Current Status
1	Disputed Income Tax Demands	8,14,51,511/-	8,14,51,511/-	Under Appeal before Tribunal
2	Disputed Income Tax Demands in respect of Subsidiary Company	66,20,790/-	Nil	Under Appeal before the Commissioner (Appeals). On payment of the part amount of Rs.33,71,800/- against this demand, the company has obtained a stay from the Commissioner of income-tax, Mumbai until December 2011 or disposal of appeal whichever is earlier.
3	Interest Tax	21,07,307/-	21,07,307/-	Under Appeal by Income Tax Department in High Court
4	Labour Court and Civil Court	29,16,205/-	29,16,205/-	Under Appeal before the Respective Authorities
5	Foreign Exchange Management Act	6,07,40,000/-	6,07,40,000/-	Under Appeal before the Appellate Tribunal for Foreign Exchange, New Delhi. The Company has however provided Rs.3,00,00,000/- as Contingent Provision out of abundant precaution.
6	Disputed Sales Tax Demands	5,92,105/-	5,92,105/-	Under Appeal before the respective authorities

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

		Current Year Rs. '000s	Previous Year Rs. '000s
1)	Salary	4463	4531
2)	Contribution to Provident & other funds	1165	1280
3)	Perquisites in cash or in kind	1624	1829
	<b>Total</b>	<b>7252</b>	<b>7640</b>

b) 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 advice 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 and is in appeal.

#### 4. SCHEME OF COMPROMISE AND ARRANGEMENTS

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

#### 5. EQUITY SHARE CAPITAL

The Hon'ble Bombay High Court vide their order dated 8<sup>th</sup> April 2011 has confirmed the reduction of Capital of the Company by cancellation of 1,18,45,425 Equity Shares and the reduction of the paid up and face value per Equity Share from Rs.10 to Rs.5. The Revised Authorised Capital of the Company will be 7,00,00,000 Equity Shares of Rs. 5/- each and Paid up Capital of the Company would be 2,80,36,275 shares of Rs.5 each aggregating to Rs.14,01,81,375/-. The Share Premium Account would be Nil. This process would be completed after the receipt of Registration of the Court Order from The Registrar of Companies, Mumbai.

#### 6. NON CONFIRMATIONS AND RECONCILIATIONS OF BANKS.

In respect of Current Accounts with banks amounting to Rs.77,01,461/- (net) [previous year Rs.77,01,461/- (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 year 2004-05 the company has accounted for the immovable properties acquired in satisfaction of claims valued at Rs. 59,76,429/- Though the company is in possession of the property, completion of documentation is pending.
- 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.
- 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.
- Fixed Deposit with Bank of Rs.7,62,00,000/- (Previous year Rs.7,62,00,000/-) is pledged by subsidiary company for overdraft facility, base capital and guarantees given to National Securities Clearing Corporation Ltd. / Bombay Stock Exchange Limited.
- The Subsidiary Company is holding some securities not claimed by the clients of Rs.26,71,729/- (Previous Year Rs.25,48,331/-) in the company's beneficiary depository account. The reconciliation of this beneficiary account is complete till 31.03.2011 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.
- The Subsidiary Company has not appointed a Company Secretary as required under Section 383A of the Companies Act, 1956.
- 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	480	2	1,530	35
Purchases	19,853	4,428	32,158	8,448
Sales / Adjustments	18,642	4,226	33,208	8,496
Closing Stock	1,691	144	480	2

**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 Mafatlal Systems Limited)  
Mafatlal 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 (till 20<sup>th</sup> April 2010)  
Mrs. Megha J.Vazkar and  
Mr. K.Suryanarayanan (with effect from 1st August, 2010)

**C. Transactions with Related Parties:**

Particulars	Associate Companies		Key Management Personnel	
	2010-11 Rs.	2009-10 Rs.	2010-11 Rs.	2009-10 Rs.
(a) Outstanding Receivables	3,93,98,808	5,24,98,677	-	-
(b) Provision made as on date for doubtful debts	3,93,98,808	5,24,98,677	-	-
(c) Outstanding Payable	29,74,404	1,31,74,480	-	-
(d) Service Charges charged by them	1,08,96,498	69,19,685	-	-
(e) Shares sold to them	Nil	40,00,000	-	-
(f) Other Expenses Charged by them	9,40,363	13,27,010	-	-
(g) Managerial Remuneration	-	-	72,52,855	76,40,825

**16. Consolidated Segment Information for the year ended 31<sup>st</sup> March 2011**
**(Rs.000')**

Particulars	Financial Services		Broking / Income from Capital Market Operations		Consolidated Total	
	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10
<b>REVENUE</b>						
External	3,97,56	4,86,21	34,847	3,53,96	7,46,03	8,40,17
Inter Segment Revenue	(1,31,19)	(1,43,48)	(86)	(14)	(1,32,05)	(1,43,62)
Net Revenue	2,66,37	3,42,73	3,47,61	3,53,82	6,13,98	6,96,55
<b>RESULTS</b>						
Segment Results	9,78	1,04,84	1,32,05	1,27,55	1,41,83	2,32,39
Income Tax					(16,21)	(7,67)
<b>Net Profit/(Loss) after Tax</b>					1,25,62	2,24,72
Segment Assets	2,66,03	3,80,22	21,90,14	20,68,58	24,56,17	24,48,80
Unallocated Assets					1,21,20	89,69
<b>TOTAL ASSETS</b>					25,77,37	25,38,49
Segment Liabilities	4,89,34	7,11,71	6,62,64	5,20,73	11,51,98	12,32,44
Unallocated Liabilities					11,60	6,99
<b>TOTAL LIABILITIES</b>					11,63,58	12,39,43
Capital Expenditure	468	145	1,22,27	28,30	1,26,95	29,75
Depreciation	86	39	8,67	17,93	9,53	18,32
Other Non Cash Expenditure	7,47	58	Nil	Nil	7,47	58

## Annual Report 2010-2011

### 17. Listing of Subsidiary and Associates:

A) Subsidiary Name	Proportion of Ownership Interest and Voting Power	
	As at 31.03.2011	As at 31.03.2010
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 31.03.2011	As at 31.03.2010
Mafatlal Trustee Company Limited	29%	29%
Sunanda Capital Services Limited	45%	45%
Sushmita Engineering and 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 31<sup>st</sup> March 2011 is as under :

Particulars	2010-2011 Rs. In 000s	2009-2010 Rs. In 000s
<b>Deferred Tax Assets</b>		
Timing Difference on account of Provision for Gratuity, Leave Encashment and Doubtful Debts.	253	381
<b>Deferred Tax Liabilities</b>		
Timing Difference on account of Accumulated Depreciation of Fixed Assets	222	515
<b>Net Deferred Tax Asset / [Liability]</b>	<b>475</b>	<b>896</b>

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

### 19. The company has taken Office premises on Operating Lease and Lease Rent amounting to Rs. 11,28,040/- (Previous Year Rs. 9,20,746/-) has been debited to Profit and Loss account. The future minimum lease payment is as under:

	2010-2011 Rs.	2009-2010 Rs.
Not later than 1 year	8,41,000	8,64,974
Later than 1 year and Not later than 5 years	6,47,500	2,95,000
Later than 5 years	Nil	Nil
<b>Total</b>	<b>14,88,500</b>	<b>11,59,974</b>

### 20. Earning per Share:

	Current Year Rs. '000s	Previous Year Rs. '000s
<b>I) Basic Earning per share</b>		
Profit / (Loss) for the year as per Profit & Loss Account	132,02	224,72
Less: Preference Dividend	8,98	4,49
	123,04	220,23
Weighted average number of Equity Shares of Rs.10 each outstanding during the year.	3,98,81,700	398,81,700
Basic Earning per Share (Rupees)	0.31	0.55
<b>II) Diluted Earning per share</b>		
Profit / (Loss) for the year as per Profit & Loss Account	132,02	224,72
Less: Preference Dividend	8,98	4,49
Add: Interest forgone on account of Potential Equity shares	-	-
	123,04	220,23
Weighted average number of Equity Shares of Rs.10 each outstanding during the year.	3,98,81,700	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)	0.31	0.55
<b>Nominal value of shares (Rupees)</b>	<b>10.00</b>	<b>10.00</b>

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.

Signature of Schedules 1 to 17

As per our attached report of even date  
For S. RAMANAND AIYAR & CO  
Chartered Accountants  
BINOD C. MAHARANA  
Partner  
Mumbai, Dated : 24th May 2011

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

JAYESH R. TALPADE  
Director  
TANVEER SHAIKH  
Director  
Navi Mumbai, Dated : 24th May 2011

## 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 FOURTH ANNUAL GENERAL MEETING** of the Company to be held at 11.00 a.m. on FRIDAY the 8<sup>th</sup> July, 2011 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 ..... 2011.

Membership Folio No. : .....

No. of Shares held : .....

**Important :**

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

Affix 1  
Rupee  
Revenue  
Stamp

## HYBRID FINANCIAL SERVICES LIMITED

(FORMERLY KNOWN AS MAFATLAL FINANCE COMPANY LIMITED)

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

### ATTENDANCE SLIP

<b>Name of the attending Member (in Block Letters)</b>	<b>Membership Folio Number</b>
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 FOURTH ANNUAL GENERAL MEETING** of the Company to be held at 11.00 a.m. on FRIDAY the 8<sup>th</sup> July, 2011 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.