

## NOTICE

**NOTICE** is hereby given that the Annual General Meeting of the Members of the Company will be held on Monday, the 30<sup>th</sup> day of September, 2013 at the Registered Office of the Company at "Centre Point", 21, Hemanta Basu Sarani, Room No.230, 2<sup>nd</sup> Floor, Kolkata-700 001 at 11.30 a.m. to transact the following business:

### Ordinary Business:

1. To receive, consider and adopt the Audited Profit and Loss Account for the year ended 31<sup>st</sup> March, 2013, the Audited Balance Sheet as on that date and the Reports of the Auditors and Directors thereon.
2. To appoint a Director in place of Mr. Bijay Kumar Agarwal who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. Amit Jajodia who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Auditor to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting and to authorize the Board to fix their remuneration.

M/s. Arun Jain & Associates, Chartered Accountants of 2B, Grant Lane, 2<sup>nd</sup> Floor, Room No-74, Kolkata - 700 012 retire from the office of the Auditors and being eligible offer themselves for re-appointment.

### Special Business:

5. To appoint Mr. Prakash Kumar Jajodia as a Whole time Director of the Company

To consider and if thought fit to pass with or without modification(s), the following resolution as a Special Resolution.

**"RESOLVED THAT** pursuant to the provisions of Sections 198, 269, 309, 310 read with Schedule XIII and other applicable provisions, if any of the Companies Act, 1956 (as amended from time to time) to the said Act and as per Article of Association of the Company and in terms of the recommendation of Remuneration Committee and as approved by the Board, approval of the members of the Company be and is hereby accorded to the appointment of Mr. Prakash Kumar Jajodia as a Whole time Director of the Company w.e.f. 01.10.2013 for the period of 5 years.

**RESOLVED FURTHER** that the remuneration and perquisites as set out in the Explanatory Statement annexed to the Notice convening this meeting with liberty to the Board of Directors to make the terms and conditions and remuneration, subject to the same not exceeding the limits specified under Schedule XIII to the Companies Act, 1956 or any statutory modification(s) or re-enactment thereof be and is hereby approved.

**RESOLVED FURTHER THAT** the Board be and is hereby authorized to take all such steps as may be necessary, proper or expedient to give effect to this resolution."

Regd. Office:

Centre Point,  
21, Hemanta Basu Sarani,  
2<sup>nd</sup> Floor, Room No - 230,  
Kolkata-700 001

Dated : 30<sup>th</sup> May, 2013

By Order of the Board  
For Quest Financial Services Ltd.

*Bijay Agarwal*

Director

## NOTES:

1. A Member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and such proxy need not be a member of the Company. Proxies in order to be effective must be received by the Company not less than 48 hours before the meeting.
2. Members holding share in dematerialized form are requested to bring their Depository Account No. and Client I. D. No. for identification.
3. The Register of Members and Share Transfer Books of the Company in respect of Equity Shares shall remain closed from 21<sup>st</sup> September, 2013 to 30<sup>th</sup> September, 2013. (Both days inclusive).
4. Electronic Clearing Services (ECS) Facility :-
  - a. To avoid loss of dividend warrants in transit and undue delay in respect of receipt thereof, the Company provides ECS facility to the members. The ECS facility is available at locations identified by the Reserve Bank of India, from time to time and covers most of the cities and towns.
  - b. Members holding shares in the physical form may furnish their details in the prescribed form, which can be obtained from the Registrars & Share Transfer Agents of the Company.
  - c. Members holding shares in the electronic form may furnish their details in the prescribed form, which can be obtained from their respective Depository Participants.

Members are requested to notify to the Company, change of address, if any, with pin code quoting reference of their folio number/DP ID and Client ID to our Registrar & Share Transfer Agent i.e. Niche Technologies Pvt. Ltd., D-511, Bagree Market, 71, B.R.B. Basu Road, Kolkata 700 001. Phone Nos. 033-2235-7271/70.

5. In case, the mailing address mentioned in this Annual Report is without the PIN CODE, members are requested to kindly inform their PIN CODE immediately.
6. Non- Resident Indian Shareholders are requested to inform the Company immediately:
  - a. the change in residential status on return to India for permanent settlement.
  - b. the particulars of NRE Bank Account maintained in India with complete name and address of the Bank, if not furnished earlier.
7. As per the provisions of the Companies Act, 1956, facility for making nominations is available to the members in respect of shares held by them. Members holding shares in physical form may furnish their details in the prescribed form, which can be obtained from the Company/ Registrar and Share Transfer Agent. Members holding shares in electronic form may furnish their details in the prescribed form which can be obtained from the respective depository participant.
8. Members who are holding shares in identical order or names in more than one folio are requested to send the Company/Registrar and Share Transfer Agent, the details of such folios together with the Share Certificates for consolidating their holdings in one such folio.
9. Members are requested to quote their Folio number/DP I.D. and Client I.D. in all correspondence.
10. A Member or his Proxy is requested to produce at the entrance of the Meeting Hall, attendance Slip forwarded to the member duly completed and signed by the member.
11. Members are requested to note that trading in securities of the Company are compulsorily in dematerialised form only. Hence members who are yet to dematerialise their shares are advised to do so. The Company has entered into agreements with National Securities Depositories Ltd. (NSDL) and Central Depositories Services (I) Ltd. (CDSL) for Demat facilities.
12. In case of joint holders attending the meeting, only such joint holder who is higher in the order of the name will be entitled to vote.

## EXPLANATORY STATEMENT PURSUANT TO SECTION 173 OF COMPANIES ACT 1956

Subject to necessary approval by the Members in the General Meeting, the Board of Directors of the Company in its Meeting held on 30<sup>th</sup> May, 2013, recommended appointment of Mr. Prakash Kumar Jajodia as a Whole time Director of the Company for a period of five years with effect from October 1, 2013 to September 30, 2018.

Mr. Prakash Kumar Jajodia is an intermediate in commerce and he has more than 17 years of experience in the field of finance, Stock-broking, embroidery, textiles and garments.

Taking into account the present effective capital of the Company as per Schedule XIII of the Companies Act, 1956, the company can pay remuneration of Rs. 15,000/- per month to the executive directors, subject to the approval of the members in the ensuing Annual General Meeting. As such the proposed remuneration shall be within the limit provided under the above schedule. The company solicits the consent of share holders by way of special resolution within limit provided under schedule XIII of the Companies Act, 1956.

The Board of Directors of the Company has subject to the provisions of Sections 198, 269, 309, and other applicable provisions if any, of the Companies Act, 1956, read with Schedule XIII of the said Act and as per Article of Association of the Company, appointment of Mr. Prakash Kumar Jajodia as Whole time Director for a period of five years with effect from October 1, 2013, on the terms and conditions detailed hereunder.

Period of Appointment: 5 years with effect from 1<sup>st</sup> October, 2013.

2. Mr. Prakash Kumar Jajodia shall carry out such duties and exercise such powers as may be entrusted to him from time to time by the Board.

3. Remuneration:

A. SALARY

Rs. 15, 000/- (Rupees Fifteen Thousand Only) per month.

Annual increase will be effective 1<sup>st</sup> April every year and quantum will be decided by the Board of Directors.

B. PERQUISITES & ALLOWANCES: As detailed below:

2. Medical reimbursement

- i. The expenses incurred for self and family including Premium payable for Medichaim Insurance.
- ii. Major hospitalization expenses for him and his family which are not payable under Medichaim Insurance Policies.
- iii. Expenses incurred for self medical treatment or for any member of his family outside India. The expenditure incurred for the travel and stay abroad including for one attendant, subject to the condition that the expenditure on medical treatment and stay abroad will be allowed only to the extent permitted by the Reserve Bank of India and also subject to the permission, if any required, of any Authority under Companies Act, 1956 or any other Act, 1956.

Explanation: "Family means the spouse, dependent children and dependent parents of the appointee."

4. Entertainment Expenses

The Whole time Director shall be reimbursed actual entertainment expenses incurred on the Company's business including fees of credit cards.

5. Children's Education Allowance

For children studying in or outside India, an allowance limited to a maximum of Rs. 5,000/- per month per child or actual expenses incurred, whichever is less. Such allowance shall be admissible for a maximum of two children.

6. Personal Accident Insurance

Personal Accident Insurance for self and family.

7. Provision of chauffeur driven Company's cars.

8. Provision of telephone(s) at the residence of the Director.

9. Such other allowances, perquisites, benefits and amenities as may be provided by the Company subject however that total remuneration including perquisites shall be within the ceiling laid down in sections 198, 309 and all other applicable provisions of the Companies Act, 1956 as may be amended from time to time.

Perquisites will be evaluated as per Income Tax Rules, wherever applicable. In the absence of any such rule, perquisite shall be evaluated at actual cost.

Mr. Prakash Kumar Jajodia being appointee and Mr. Kishan Kumar Jajodia and Mr. Amit Jajodia being relatives of Mr. Prakash Kumar Jajodia are deemed to be concerned or interested in the resolution.

None of the other Directors of the Company are concerned or interested in the resolution.

The Directors recommend the resolution for approval of members.

Regd. Office:  
Centre Point,  
21, Hemanta Basu Sarani,  
2<sup>nd</sup> Floor, Room No – 230,  
Kolkata-700 001

Dated : 30<sup>th</sup> May, 2013

By Order of the Board

For Quest Financial Services Ltd.

*Bijay Agarna*

Director

## **DIRECTORS' REPORT**

Dear Members,

Your Directors have pleasure in presenting the Annual Report of the Company together with Audited Accounts for the year ended 31<sup>st</sup> March, 2013.

## **FINANCIAL RESULTS:**

Particulars	2012-2013 ₹	2011-2012 ₹
Gross Profit before Tax	36,39,728.00	6,44,616.00
(Less) : Provision for Current Tax	(11,24,676.00)	(1,82,000.00)
Net Profit after tax	25,15,052.00	4,62,616.00
Add : Brought forward from previous year	1,49,393.00	39,98,146.00
(Less) : Balance transferred to Amalgamation Reserve	0.00	(39,98,146.00)
(Less) : Adjustment with Provision for income tax	0.00	(3,13,223.00)
(Less) : Transferred to Special Reserve	(5,03,010.00)	0.00
Balance carried to Balance Sheet	21,61,435.00	1,49,393.00

## **OPERATIONS**

The Company has made a net profit of ₹ 25,15,052/- as against ₹ 462,616/- registered in the previous year. Such increase is by & large attributable to increase in gross income from financing operation.

## **DIVIDEND**

Yours Directors do not consider it prudent to recommend any dividend for the year under review.

## **DIRECTORS**

In the Board Meeting of the Company held on 30<sup>th</sup> May, 2013, the Board of Directors approved appointment of Mr. Prakash Kumar Jajodia as the Whole time Director of the Company for a period of five years with effect from 1<sup>st</sup> October, 2013 to 30<sup>th</sup> September 2018, subject to the approval of the members of the Company.

Mr. Bijay Kumar Agarwal and Mr. Amit Jajodia, Directors of the Company retires by rotation at the ensuing Annual General meeting and being eligible offer themselves for re-appointment.

## **AUDITORS**

M/s Arun Jain & Associates, Chartered Accountants of 2B, Grant Lane, 2<sup>nd</sup> Floor, Room No – 74, Kolkata-700 055 retire from the office of the Auditors and being eligible offer themselves for re-appointment.

## **INDEPENDENT AUDITORS' REPORT**

Independent Auditor's Report is self explanatory and hence does not require any further explanations.

## **DIRECTORS' RESPONSIBILITY STATEMENT**

Pursuant to Section 217(2AA) of the Companies Act, 1956, the Board of Directors confirm:-

- i. that in the preparation of the Company's Annual Accounts for the period ended March, 31, 2013, the applicable Accounting Standards have been followed and there are no material departures;
- ii. that the Directors have 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 that period;
- iii. that the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv. that the directors had prepared the annual accounts on a going concern basis.

## **CORPORATE GOVERNANCE REPORT**

Your Company has been complying with all the requirements of the code of Corporate Governance, as specified by SEBI.

A separate report on Corporate Governance is furnished as a part of the Directors' Report and the certificate from the Statutory Auditor regarding compliance of condition of Corporate Governance is annexed to the said Report.

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

In accordance with the listing requirement, the Management's Discussion and Analysis forms part of this Report.

## **PUBLIC DEPOSIT**

The Company has neither accepted during the year nor held at the end of the year any Public Deposit.

#### **PRUDENTIAL NORMS FOR NBFC'S**

Your Company has been complying with all the requisite norms prescribed by the Reserve Bank of India for income recognition, accounting standards, capital adequacy, credit rating, provisioning & all other requirements.

#### **PARTICULARS OF EMPLOYEES**

The Company does not have any employee of the category indicated under Section 217 (2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975 as amended from time to time.

#### **CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO**

Your Company has no activity relating to conservation of energy and technical absorption. The Company has no foreign exchange earnings and outgo during the year.

#### **LISTING FEES**

The Company's shares are listed in the Calcutta Stock Exchange Association Limited and the listing fees have been paid up-to-date.

#### **CASH FLOW STATEMENT**

The Cash Flow Statement for the year ended 31<sup>st</sup> March, 2013 pursuant to Clause 32 of the Listing Agreement with the Stock Exchange is annexed herewith.

#### **ACKNOWLEDGEMENT**

Your Directors take this opportunity to place on record their deep sense of gratitude to the banks, customers and business associates for their continued co-operation and support. Your directors express their deep sense of appreciation for the total commitment, dedication and hard work put in by the employees of the Company. Lastly, your directors are deeply grateful for the confidence and faith shown by the members of the Company.

Place : Kolkata  
Dated : 30.05.2013

ON BEHALF OF THE BOARD OF DIRECTORS  
For Quest Financial Services Ltd.

*Bijay Aggarwal*

Chairman



## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **ECONOMIC AND INDUSTRY OVERVIEW**

In the past few years, the increased competition from banks in the retail finance segment has led to excess diversification by NBFCs from their core business activities. The sector has witnessed introduction of various innovative products such as used vehicles financing, small personal loans, three-wheeler financing, IPO financing, finance for tyres & fuel, asset management, mutual fund distribution and insurance advisory, etc. Besides, NBFCs are aspiring to emerge as a one-stop shop for all financial services.

Given the significant slowdown in the Indian economy, NBFCs were encountering structural challenges such as increased refinancing risk, short-term asset-liability mismatch leading to decelerating growth and declining margins. This is expected to have a bearing on the profitability of NBFCs in the medium term.

Credit requirements of rural population are primarily met by banks from organized sector or local money lenders. Though, in recent years there has been some penetration of NBFCs in this segment, the market still remains largely untapped. There is a large section of rural population which does not have access to credit either because of their inability to meet the lending covenants of banks or due to high interest rates of local money lenders. This provides a huge opportunity for NBFC sector to spread their business in the rural & semi-urban markets.

### **OPERATING & FINANCIAL PERFORMANCE**

Notwithstanding difficult Financial Market conditions, your Company concluded yet another year of growth in its business. The financial performance for the year ended 31<sup>st</sup> March, 2013 is satisfying as it has been achieved in the wake of several challenges confronting your Company's business.

During the year under review your Company has recorded a satisfying growth in its performance. The total income of the Company is ₹ 11,93,26,390/-, registering a growth in profit in compare to the previous year's income of ₹ 65,36,13,947/-. The profit before tax during the year is ₹ 36,39,728/- as compared to the profit of ₹ 6,44,616/- in the previous year and profit after tax has been improved to ₹ 25,15,052/- in the current year compared to profit of ₹ 4,62,616/- in the previous year.

### **DEBT STRUCTURE**

During the year under review your Company has not raised any amount.

### **OUTLOOK**

The overall performance for the year under review was better than previous year. Company is now focusing on financing conservatively to the customers after closely assessing their profile. The Company is trying to explore new areas which can be developed and marketed to leverage its performance.

### **RISK MANAGEMENT**

NBFCs are exposed to credit and market risks in view of Asset Liability transformation. Intense competition for business involving both the assets and liabilities has brought pressure on the management of NBFCs to maintain a good balance among spreads, profitability and long term viability. NBFCs are exposed to major risks in the course of their business viz; credit risk, interest rate risk, liquidity risk and operational risk. The Company is guarding itself



against these risks by laying down appropriate strategy for product positioning which is supplemented by business plans, review mechanism and action plans.

#### **INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY**

Internal Control and Audit is an important procedure and the Audit Committee of your Company reviews all the control measures on a periodic basis and recommends improvements, wherever appropriate. The internal control is designed to ensure that the financial and other records are reliable for preparing financial statements and other data and for maintaining accountability of assets.

#### **HUMAN RESOURCE DEVELOPMENT**

Employees' relations continued to be harmonious throughout the year with the management.

#### **CAUTIONARY STATEMENT**

Statement in the Management Discussion and Analysis Report describing company's objectives, expectations or predictions may be 'forward looking statements' within the meaning of applicable securities laws and regulations. Actual results may differ materially from those expressed or implied. Important factors that would make a difference to the Company's operation include demand supply conditions, change in government regulations, tax regimes, economic development within the country and abroad and such other factors over which Company does not have any direct control.

**INFORMATION ON DIRECTORS SEEKING APPOINTMENT/RE-APPOINTMENT AT THE FORTHCOMING ANNUAL GENERAL MEETING  
(PURSUANT TO CLAUSE 49(VI)(A) OF THE LISTING AGREEMENT)**

Name of Director	Date of Birth	Date of Appointment	Expertise in specific functional areas	Qualifications	Directorship in other Companies	Membership of	Nature of Directorship	Remarks
						Committees in other Companies		
Mr. Bijay Kumar Agarwal	02.03.1974	31.01.2007	17 Years of Working Experience in the field of Iron & Steel Trading	B.Com.	1. Mahashakti Tracom Private Limited 2. Vivek Ply And Veneers Private Limited 3. Twinkle Tradelink Private Limited	-----	Non-Executive Independent Director	Retiring by rotation at the forthcoming Annual General meeting & offers himself for re-appointment
Mr. Prakash Kumar Jajodia	02.03.1974	30.11.2010	17 Years of Working Experience in the field of Finance, stock broking, embroidery, textiles, garments etc.	H.S.	1. Nova Merchants Private Limited 2. Silvergrove Merchandise Private Limited 3. Concord Vinimay Private Limited 4. Burnpur Power Private Limited 5. Jaisukh Dealer Private Limited	-----	Non-Executive Independent Director	Appointed as a Whole time Director of the Company w.e.f. 1st October, 2013 at the Board meeting held on 5th August, 2013 subject to approval of shareholders in the Company at the General Meeting.
Mr. Amit Jajodia	27.09.1987	30.11.2010	5 Years of Working Experience in the field of Finance, stock broking, commodities & currency marketing.	B.Com. (Hons.)	1. Concord Vinimay Private Limited 2. Lokseva Texttrade Private Limited 3. Kvaliti Credit & Leasing Limited	-----	Non-Executive Independent Director	Retiring by rotation at the forthcoming Annual General meeting & offers himself for re-appointment

For Queen Financial Services Ltd.

*Bijay Agarwal*  
Director