

40th Annual Report

&

Accounts

2019-2020

QUEST FINANCIAL SERVICES LIMITED

Quest Financial Services Limited
Corporate Identity No.: L65993WB1980PLC033060

Board of Directors:

Mr. Bijay Kumar Agarwal
Mr. Rabindra Kumar Hisaria
Mrs. Jyoti Lohia
Mr. Tarun Laha

Non-Executive-Independent-Chairperson
Executive- Non Independent-Director
Non Executive-Independent Director
Non Executive-Independent Director

Audit Committee:

Mr. Bijay Kumar Agarwal
Mrs. Jyoti Lohia
Mr. Rabindra Kumar Hisaria

Non-Executive-Independent-Chairperson
Non-Executive-Independent
Executive-Non Independent

Nomination And Remuneration Committee:

Mrs. Jyoti Lohia
Mr. Bijay Kumar Agarwal
Mr. Tarun Laha

Non-Executive-Independent-Chairperson
Non-Executive-Independent
Non-Executive-Independent

Stakeholder's Relationship Committee:

Mr. Bijay Kumar Agarwal
Mrs. Jyoti Lohia
Mr. Tarun Laha

Non-Executive-Independent-Chairperson
Non-Executive-Independent
Non-Executive-Independent

Risk Management Committee:

Mr. Bijay Kumar Agarwal
Mrs. Jyoti Lohia
Mr. Tarun Laha

Non-Executive-Independent-Chairperson
Non-Executive-Independent
Non-Executive-Independent

Fair Practice Code Committee:

Mrs. Jyoti Lohia
Mr. Bijay Kumar Agarwal
Mr. Tarun Laha

Non-Executive-Independent-Chairperson
Non-Executive-Independent
Non-Executive-Independent

Chief Financial Officer:

Mr. Rabindra Kumar Hisaria

Registered Office:

"Centre Point", 21, Hemanta Basu Sarani
2nd Floor, Room No. 230, Kolkata – 700 001
Phone No.: (033) 3028 7790
E-Mail Id: investorsquestfinancial@yahoo.co.in
Website: www.questfinancial.in

Registrar and Transfer Agent:

Niche Technologies Pvt. Ltd.
3A, Auckland Place 7th Floor,
Room No. 7A & 7B ,
Kolkata-700 017
Phone Nos. (033) 2280 6616 / 17 /18,
E-Mail Id:- nichetechpl@nichetechpl.com

Bankers:

Canara Bank

Auditors:

M/s. Arun Jain & Associates
Chartered Accountants
2B Grant Lane,
2nd Floor, Room No.74
Kolkata – 700 012

QUEST FINANCIAL SERVICES LTD

"Centre Point", 21, Hemanta Basu Sarani, Room No: - 230, 2nd Floor, Kolkata-700
001 Phone No. +919831526324, E-Mail ID - investorsquestfinancial@yahoo.co.in,
Website-www.questfinancial.in, CIN-L65993WB1980PLC033060

DIRECTORS' REPORT

Dear Members,

The Directors of the Company have pleasure in presenting the 40th Annual Report of the Company together with Audited Accounts for the year ended March 31, 2020.

1. Financial Summary and Highlights

The highlights of the financial performance of the Company for the financial year ended March 31, 2020 as compared to the previous financial year are as under:-

Particulars	(Rs. in lacs)	
	Standalone	
	2019-20	2018-19
Total Revenue	15.76	18.95
(Less): Total Expenditure	(64.21)	(280.42)
Profit/(Loss) before Exceptional & Extraordinary Items	(48.45)	(261.47)
Profit/(Loss) Before Tax	(48.45)	(261.47)
(Less): Item that will not be reclassified to profit or loss	(17.90)	-
(Less): Provision for Current Tax	-	-
(Less): Contingent provision for Standard Assets	-	-
Net Profit/(Loss) after Tax	(66.35)	(261.47)
(Less): Transfer to Statutory Reserve	-	-
Add/(Less): Brought forward from previous year	(7,932.15)	(7,670.68)
Balance carried to Balance Sheet	(7,998.50)	(7,932.15)

2. Dividend.

Company has registered loss of ₹ 48.45 lakhs before taxes during the financial year under review as against loss of ₹ 261.47 lakhs during the previous financial year. Therefore, the Board of Directors (hereinafter referred to as "the Board") has request for their inability to declare dividend for the financial year under review.

3. The amount proposed to be carried to reserves.

During the year, considering the operating performance of the Company, it has not transferred any amount in any reserves.

4. Change in Share Capital

During the year under review, there has been no change in the Authorised or Paid-up Share Capital.

The Authorised Share Capital of the Company stands at Rs. 1,23,34,00,000/- divided into 12,33,40,000 Equity Shares of Rs. 10 each. The Paid-up Share Capital of the Company is Rs.

1,23,31,65,000/- divided into 12,33,16,500 Equity Shares of Rs. 10/- each.

5. Listing.

The equity shares of the Company are listed on the Calcutta Stock Exchange Limited and BSE Limited.

Further, the annual listing fees was not paid for the financial year 2019-20 to the BSE Limited and the Calcutta Stock Exchange Limited. Presently, trading in the securities of the Company has been suspended by the BSE Ltd. due to non-payment of listing fees and penal reasons.

6. 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.

In terms of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), Certificate issued by a Chartered Accountant in practice regarding compliance of condition of Corporate Governance is annexed to the Directors' Report.

7. Extract of the Annual Return

The Extract of the Annual Return as on the financial year ended on March 31, 2020, in Form MGT-9 pursuant to section 92(3) of the Companies Act, 2013 (hereinafter referred to as the "Act") and Rule 12(1) of the Companies (Management and Administration) Rules, 2014 is appended to the Directors' Report in **Annexure-I**

Further, the Annual Return in Form MGT-7 for the financial year ended 31.03.2020 will be uploaded on the website of the Company Via the link: <https://www.questfinancial.in>

8. Directors & Key Managerial Personnel.

a. Board of Directors

As on 31st March, 2020, the composition of the Board is as under:

- a) Mr. Bijay Kumar Agarwal (DIN-00634259) – Chairperson (Non-Executive Independent);
- b) Mr. Rabindra Kumar Hisaria (DIN-05170751) – Non-Independent Executive Director;
- c) Mrs. Jyoti Lohia (DIN-07113757) – Independent Non-Executive Director;
- d) Mr. Tarun Laha (DIN-07477757) – Independent Non-Executive Director;

Mr. Kishan Kumar Jajodia (DIN-00674858) resigned from the Board as–Non-Executive Non-Independent Director with effect from 29th January, 2020, on account of pre-occupation.

Mr. Tarun Laha (DIN-07477757) was appointed as an Additional Director with effect from February 12, 2019 in the category of Non-Executive Independent Director. Accordingly his tenure expired at the conclusion of the 39th Annual General Meeting (AGM) held on 30th day of September, 2019 where he has been appointed for a period of five consecutive years from the conclusion of the 39th AGM till the conclusion of 44th AGM or till such earlier date to conform with the policy on retirement and as may be determined by any applicable statutes, rules, regulations or guidelines and who shall not be liable to retire by rotation. Considering his vast work experience, his appointment was considered prudent.

Mr. Bijay Kumar Agarwal (DIN-00634259) Independent Directors, re-appointed to hold office for a

period of five consecutive years from the conclusion of the 39th AGM till the conclusion of 44th Annual General Meeting or till such earlier date to conform with the policy on retirement and as may be determined by any applicable statutes, rules, regulations or guidelines. The Board is of the view that, the continued association of Bijay Kumar Agarwal (DIN-00634259) and Mr. Rabindra Kumar Hisaria (DIN-05170751) will benefit the Company, given their knowledge, experience and contribution to Board processes.

Further, Mrs. Jyoti Lohia (DIN-07113757) was appointed as a non-retiring Independent Director of the Company to hold office for a period of five consecutive years from the conclusion of the 35th AGM till the conclusion of 40th Annual General Meeting. The Board is of the view that, the continued association of Mrs. Jyoti Lohia (DIN-07113757) will benefit the Company, given their knowledge, experience and contribution to Board processes. Therefore, the Board recommended the re-appointment of Mrs. Jyoti Lohia (DIN-07113757) as a non-retiring Independent Director from the conclusion of 40th Annual General Meeting.

b. Company Secretary.

Company has not appointed Company Secretary as per the provision of section 203 of the Companies Act, 2013.

c. Chief Financial Officer.

Mr. Rabindra Kumar Hisaria is the Chief Financial Officer of the Company.

9. Number of Meetings of the Board

The Board met six (6) times during the Financial Year under review. The details thereof, including the attendance of the Directors, is provided in the Corporate Governance Report which is annexed to this Report.

Further, one exclusive meeting of the Independent Directors, pursuant to Schedule IV of the Companies Act, 2013 and sub-regulation 3 of Regulation 25 of the Listing Regulations was held on 14/02/2020.

The Meetings were held in accordance with the provisions of the Act, the Listing Regulations and Secretarial Standards – I issued by the ICSI.

The details of the Meetings of the Board of Directors during the Financial Year 2019-20 is encompassed in the Corporate Governance Report which is annexed to the said Report.

10. Disclosure pursuant to Section 177(8) of the Act - Composition of the Audit Committee.

The Audit Committee of the Company comprises of two (2) Non-Executive Independent Directors and one (1) Non-Executive non Independent Director as on March 31, 2020. The Committee is chaired by a Non-Executive Independent Director, Mr. Bijay Kumar Agarwal (DIN- 00634259).

The details of the same are morefully provided in the Corporate Governance Report.

During the Financial Year under review, the Committee met five (5) times and all such meetings were held in accordance with the provisions of the Act, and the Listing Regulations and Secretarial Standards

– I issued by the ICSI.

Further, the Board of Directors has accepted all the recommendations of the Audit Committee in the Financial Year 2019-20.

11. Composition of the Nomination and Remuneration Committee.

The Nomination and Remuneration Committee of the Company comprises of three (3) Non-Executive Independent Directors as on March 31, 2020.

The detail of the Committee, including the meeting dates and the attendance of the Committee members, is provided in the Corporate Governance Report.

12. Composition of the Stakeholders Relationship Committee.

The Stakeholders Relationship Committee consists of three (3) Non-Executive Independent Director.

The details of the Committee are provided in the Corporate Governance Report.

13. Directors' Responsibility Statement

Pursuant to the provisions of Section 134(3)(c) read with section 134(5) of the Act, the Directors hereby confirm and state that:

- a. In the preparation of Annual Accounts, the applicable Accounting Standards have been followed along with the proper explanation relating to material departures, if any.
- b. The Directors have selected such accounting policies and have 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 as on the Financial Year ended on March 31, 2020 and of the loss of the company for the year under review.
- c. The Directors have 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.
- d. The Directors have prepared the annual accounts on a going concern basis.
- e. The Directors have laid down internal financial controls to be followed by the Company and such internal financial controls are adequate and were operating effectively.
- f. The Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

14. Details in respect of frauds reported by auditors under sub-section (12) of section 143 other than those which are reportable to the Central Government.

No fraud was detected during the financial year under review.

15. Declaration by the Independent Directors and statement on compliance of Code of Conduct.

All the Independent Directors have furnished the Statement on Declaration of Independence under section 149 (6) of the Act and Regulation 16 of the Listing Regulations. Further, the Independent Directors have complied with the Code of Independent Directors prescribed in Schedule IV to the Act.

16. Statement on compliance of Code of Conduct for Directors and senior management personnel.

The Corporate Governance Report contains a Declaration on compliance to the Code of Conduct by the Directors and Senior Management Personnel of the Company.

17. Policy on Directors' Appointment & Remuneration.

The Company's Nomination and Remuneration Policy contains inter-alia, policy on directors' appointment and remuneration including criteria for determining qualifications, positive attributes, independence of a director and other matters provided under sub-section (3) of section 178 of the Act and the Listing Regulations.

SEBI vide notification dated 9th May, 2018, has introduced the SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018, vide which, it has inter-alia, enhanced the role of the Nomination and Remuneration Committee with effect from 1st April, 2019. In terms of the said amendment, the Nomination and Remuneration Committee will be required to recommend to the Board, all remuneration, in whatever form, payable to senior management (Part D, Para A(6) of Schedule II of the Listing Regulations). The said amendment has revised the definition of senior management to also include: "chief executive officer/managing director/whole time director/manager (including chief executive officer/manager, in case they are not part of the board) and shall specifically include company secretary and chief financial officer".

Accordingly, the Company's Nomination and Remuneration Policy has been revised to incorporate the above amendment.

The Policy defines the basic principles and procedure of nomination and determination of remuneration of all the Directors, Key Managerial Personnel and the senior management. It is further intended to ensure that the Company is able to attract, develop and retain high-performing Directors, Key Managerial Personnel and other employees and that their remuneration is aligned with the Company's business strategies, values and goals. The policy is based on the following pillars:

- a. The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the Company successfully;
- b. The relationship of remuneration to performance is clear and meets appropriate benchmarks; and
- c. The remuneration to directors, key managerial personnel and senior management involves a balance between fixed and incentive pay, reflecting short and long-term performance objectives appropriate to the working of the Company and its goals.

The Policy is available on the website of the Company via the link:

<https://www.questfinancial.in/nomination-and-remuneration-policy.html>

18. Auditors & Auditors' Report

a. Statutory Auditors

The tenure of M/s. Arun Jain & Associates (Firm Registration No. 325867E), Chartered Accountants of 2B, Grant Lane, 2nd Floor, Room No. 74, Kolkata – 700 012 will be completed at the conclusion of the ensuing Annual General Meeting.

Further, the Board has received the consent letter alongwith a certificate of eligibility in terms of section 139 readwith section 141 of the Act and the rules framed thereunder from M/s. Verma S & Associates, Chartered Accountants (FRN: 328962E) of 22/3, S K Deb Road, 1st Bye Lane, Ground

Floor, Near Tetultala Bus Stop, Kolkata – 700 048 regarding their appointment from the conclusion of the ensuing Annual General Meeting.

b. Independent Auditors' Report

The Self Explanatory Independent Auditors' Report does not contain any adverse remarks or qualification.

c. Secretarial Auditor

Mr. Abbas Vithorawala (C.P. No. 8827, Membership No. 23671), Company Secretary in whole-time Practice, who was appointed pursuant to the provisions of Section 204 of the Act read with the Rules made thereunder to issue the Secretarial Audit Report for the Financial Year ended 31st March, 2020, has been further re-appointed to issue the Secretarial Audit Report for the Financial Year ended 31st March, 2021.

d. Secretarial Audit Report

The Secretarial Audit Report is appended to the Directors' Report in **Annexure-II**. The Report of the Secretarial Audit Report does not contain any adverse remark except :-

1. *In terms of section 203 of the Companies Act, 2013 read with the Rules made thereunder, is required to appoint a Whole Time Company Secretary. Company has not appointed the Company Secretary.*
2. *Every company incorporated on or before 31st December, 2017 shall file the particulars of the company and its registered office, in e-Form ACTIVE (Active Company Tagging Identities and Verification) with in prescribed time, as per Companies (Incorporation) Amendment Rules, 2019- Hence, Company has not filed e-form Active with in prescribed time, therefore Company is marked as "Active – Non-Compliant" in the MCA Master data.*
3. *BSE Ltd. has imposed penalty for non compliance of Regulation 6(1) of the SEBI (LODR) Regulations, 2015 pertaining to appointment of Company Secretary. Further, the Company has not paid the fine and hence BSE Ltd. has frozen the promoters demat accounts.*

Board of Directors' Comment:-

1. The Company had advertised in the newspaper to appoint a Company Secretary but have not received any positive response for the same.
2. The Company has not appointed Company secretary, therefore e-Form ACTIVE (Active Company Tagging Identities and Verification) will be filed after appointment.
3. The Company will request the BSE Ltd. for waiving of the fines imposed.

e. Internal Auditor

Mr. Amit Jajodia (C.P. No. 14303, Membership No. 37613), Company Secretary in whole-time Practice is the Internal Auditor of the Company. He has been re-appointed at the meeting of the Board held on 29th May, 2019.

f. Internal Audit Report

The Internal Audit Report does not contain any adverse remarks.

19. Maintenance of Cost Records.

The maintenance of cost records as specified by the Central Government under sub-section (1) of section 148 of the Companies Act, 2013, is required by the Company and accordingly such accounts and records are made and maintained.

20. Particulars of Loans, guarantees or investments under Section 186 of the Act.

The provisions of section 186 of the Act are not applicable upon a Non-Banking Financial Company. Therefore, the Company is not required to provide any disclosure pursuant to Section 134(3)(g) of the Act.

21. Particulars of contracts or arrangements with related parties referred to in sub-section (1) of Section 188 of the Act in the prescribed form.

All related party transactions, contracts or arrangements that were entered into, during the financial year under review, were on an arms-length basis and in the ordinary course of business. The Company has adhered to its "Policy on Related Party Transactions and Materiality of Related Party Transactions" while pursuing all Related Party transactions.

The Company has adhered to its "Policy on Related Party Transactions and Materiality of Related Party Transactions" while pursuing all Related Party transactions. The policy on Related Party Transactions as approved by the Board is uploaded on the Company's website.

Further, during the year, the Company had not entered into any contract/ arrangement / transaction with related parties which could be considered material in accordance with the policy of the Company on materiality of related party transactions.

22. State of Company Affairs & Future Outlook.

As on 31st March, 2020, the Company, a Non-Systemically Important Non-Banking Financial (Non-Deposit Accepting or Holding) Company, does not have any outstanding public deposits and the Company shall not accept in the Financial Year 2020-2021 and thereafter, any public deposit without obtaining the prior approval in writing of the Reserve Bank of India

23. Material Changes and commitments, if any, affecting the financial position of the Company, which have occurred between the end of the financial year of the company to which the financial statements relate and the date of the report

No Material Changes and commitments affecting the financial position of the Company, have occurred between the end of the financial year of the company to which the financial statements relate and the date of this Directors' Report.

24. Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo.

Disclosure in terms of Rule 8(3) of the Companies (Accounts) Rules, 2014:

a. Conservation of Energy.

The Company has no activity relating to conservation of energy.

b. Technology Absorption.

The Company has no activity relating to Technology Absorption. Further, the Company has not entered into any technology transfer agreement.

c. Foreign Exchange earnings and outgo.

The Company does not have any Foreign Exchange earnings and outgo during the financial year under review.

25. Risk Management Policy.

The Company has a Risk Management Policy which provides for the identification therein of elements of risk, which in the opinion of the Board may threaten the existence of the Company. The details pertaining to various types of risks are described in the Management Discussion and Analysis report which is annexed to the Directors' Report.

Pursuant to Schedule IV (II) (4) of the Act, the Independent Directors, inter-alia amongst others, review the system from time to time to ensure that Risk Management is robust and satisfactory.

The Company is not required to have a Risk Management Committee and has voluntarily complied with the constitution of the Risk Management Committee in terms of the Listing Regulations. Further, in terms of Regulation 17(9)(b) of the Listing Regulations, the Board of Directors is responsible for framing, implementing and monitoring the Risk Management Plan of the Company and has delegated the power of monitoring and reviewing of the risk management plan to the Risk Management Committee.

The Risk Management Committee is responsible for laying down procedures to inform Board members about the risk assessment and minimization procedures.

26. Manner of formal annual evaluation of the performance of the Board, its Committees and that of its individual directors.

The manner of formal annual evaluation of the performance of the Board, its committees and that of the individual directors is more fully described in the Corporate Governance Report which is annexed to the Directors' Report. The evaluation is perused on the basis of the Company's performance evaluation policy.

27. Change in the nature of business.

There has been no change in the nature of business of the Company in the Financial Year under review.

28. Disclosures relating to Subsidiaries, Associates and Joint ventures.

The Company does not have any Subsidiary or associate companies (as defined in Section 2(6) of the Act) nor is associated with any joint ventures and therefore the disclosure requirement pursuant to Rule 8 of the Companies (Accounts) Rules, 2014 is not applicable for the Company.

29. Details in respect of adequacy of internal financial controls with reference to the Financial Statements.

The Audit Committee of the Company ensures that there is a direct relationship between the Company's objectives and the internal financial controls it implements, to provide reasonable assurance about their achievement.

In this connection, the Audit Committee in coordination with the Internal Audit Department periodically reviews the following:

- a. Transactions are executed in accordance with the management's general or specific authorization;
- b. All transactions are promptly recorded in the correct amount in the appropriate accounts and in the accounting period in which they are executed so as to permit preparation of financial information within a framework of recognized accounting policies and practices and relevant statutory requirements, if any;
- c. Accountability of assets is adequately maintained and assets are safeguarded from unauthorized access, use or disposition.