



SPS FINQUEST LIMITED

CIN : U67120MH1996PLC098051

19th Annual Report

ANNUAL REPORT**2014-2015**

| | | |
|---|---|--|
| Directors | : | Mr. Pramod P. Shah, Executive Chairman Mr. Girish T. Jajoo, Managing Director Mr. Sandeep P. Shah Mr. Priyesh Jhaveri Mr. Hitesh S. Shah Ms. Ankita M. Shah |
| Company Secretary | : | Mrs. Pinal R. Darji |
| Bankers | : | Indusind Bank Bank of India |
| Auditors | : | Kochar & Associates |
| Registered Office | : | R-514, 5 th Floor, Rotunda Building, B.S.Marg, Fort, Mumbai- 400 001. |
| Registrar & Share Transfer Agent | : | Universal Capital Securities Pvt.td. (Formerly known as M/s.Mondkar Computers Pvt.Ltd.) 21, Shakil Niwas, Mahakali Caves Road Andheri (East), Mumbai 400 093 Tel: 022-2836 66 20, 28207203-05 Fax: 022-2836 9704, 28207207 |

CONTENTS

| Particulars | Page No. |
|--|-----------------|
| Notice | 3 |
| Directors' Report | 7 |
| Annexure to Directors' Report | 12 |
| Corporate Governance | 23 |
| Independent Auditors Report | 32 |
| Balance Sheet as at 31st March 2015 | 36 |
| Profit & Loss Account for the year ended 31st March 2015 | 37 |
| Cash Flow statement for the year ended 31st March 2015 | 38 |
| Schedules to the Accounts | 39 |

[NOTICE]

NOTICE is hereby given that the Nineteenth **Annual General Meeting** of the Members of SPS Finquest **Limited** will be held at **4.00 p.m. on Monday, the 28th September, 2015** at Room No.514, Rotunda Building, 5th floor, B.S. Marg, Fort, Mumbai 400 001, to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as on 31st March, 2015 and Statement of Profit & Loss Account for the year ended on that date along with Directors' Report and Auditors' Report thereon.
2. To appoint a Director in place of Mr. Pramod P. Shah (DIN- 00685016), who retires by rotation and being eligible offers himself for re-appointment.
3. To consider and if though fit, to pass with our without modification(s), the following resolution:

“RESOLVED THAT M/s. Kochar & Associates, Chartered Accountants, having ICAI registration No. 105256W, be and are hereby appointed as Statutory Auditors of the Company for the period from conclusion of 19th Annual General Meeting to the conclusion of the next Annual General Meeting at such remuneration as may be fixed by the Board of Directors as per the provisions of Section 139 and other applicable provisions of the Companies Act,2013.”

On behalf of the Board of Directors
FOR SPS FINQUEST LTD.

PRAMOD P. SHAH
(CHAIRMAN)
(DIN: 00685016)

Registered Office:

Room No.514, Rotunda Building
B.S. Marg, Fort,
Mumbai 400 020
Date: May 26, 2015

NOTES:

1. **A Member entitled to attend and vote is entitled to appoint one or more proxy (ies) to attend and vote instead of himself and the proxy (ies) need not be a member.**
2. The proxy to be effective should be deposited at the registered office of the Company not less than forty eight hours before the commencement of the Meeting.
3. An Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 is annexed.
4. The Register of Members and the Share Transfer Books will remain closed from 25/09/2015 to 28/09/2015 (both days inclusive).
5. As required under Clause 52 of the Listing Agreement, profile of Directors seeking appointment/ re-appointments at the Annual General Meeting is provided in Corporate Governance Report, forming part of the Annual Report.
6. Members desiring any information as regards accounts or operations of the Company are requested to send their queries in writing at least seven days in advance of the date of the meeting so as to enable the management to keep the information ready.
7. The members who hold shares in electronic form are requested to write their client ID and DP ID and those who hold shares in physical form, are requested to write their Folio number in the attendance slip for attending the meeting.
8. Corporate member, intending to send their authorized representatives to attend the meeting, are requested to send a duly certified copy of the Board resolution, authorizing their representatives to attend and vote at the meeting.
9. The shareholders, who still hold share certificates in physical form, are advised to dematerialize their shareholding to avail the benefits of dematerialization, which includes easy liquidity since the trading is permitted in dematerialized form only, electronic transfer, savings in stamp duty and elimination of possibility of loss of documents and bad deliveries.
10. The Securities and Exchange Board of India (SEBI) has mandated the submission of permanent account number (PAN) by every participant in securities market. Members holding shares in electronic form are therefore requested to submit the PAN to their depository participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Company/Share Transfer Agents.
11. Electronic copy of the Annual Report for 2015 is being sent to all the members, whose e-mail IDs are registered with the Company/depository participants for communication purposes unless any member has requested for a hard copy of the same. For the members who have not registered their e-mail address, physical copies of the Annual Report for 2015 is being sent in a permitted mode. Rules 18(3)(i) of the Companies (Management & Administration) Rules, 2014 requires a company to provide advance opportunity at least once in a financial year to the member to register his e-mail address and any change therein. In compliance with the same, we request the members who do not have their e-mail ID registered with the Company, to get the same registered with the Company. Members are also requested to intimate to the Company the changes if any, in their e-mail address.
12. In compliance with the provisions of Section 108 of the Companies Act, 2013 read with the Rule 20 of the Companies (Management & Administration) Rules, 2014, the members are informed that the Company is pleased to offer e-voting facilities as an alternative mode to voting at the meeting. Necessary arrangements have been made by the Company with the Central Depository Services Ltd. (CDSL) to facilitate e-voting. The instructions for e-voting are as under:
 - i) Log on to the e-voting website www.evotingindia.com
 - ii) Click on 'Shareholders' tab.
 - iii) Now, select 'SPS FINQUEST LIMITED' from the drop down menu and click on 'SUBMIT'.
 - iv) Now, enter your User ID : For CDSL – 16 digits beneficiary ID, for NSDL – 8 character DP ID followed by 8 Digits Client ID. Members holding shares in Physical Form should enter Folio Number registered with the Company and then enter the Image Verification as displayed and Click on Login.
 - v) If you are holding shares in Demat form and had logged on www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used. If you are a first time user follow the steps given below.
 - vi) Now, fill up the following details in the appropriate boxes:

| | |
|------------------------|---|
| | For Members holding shares in Demat Form and for Members holding shares in Physical Form |
| PAN* | Enter your 10 digit alpha-numeric *PAN issued by the Income Tax Department |
| DOB# | Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio id dd/mm/yyyy format. |
| Dividend Bank Details# | Enter the Dividend Bank details as recorded in your demat account or in the company records for the said demat account or folio. |

* Members, who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN field.

Please enter any one of the details in order to login. In case both the details are not recorded with the depository or company, please enter the 16 digit member id/folio number in the Dividend Bank details field.

- vii) After entering these details appropriately, click on 'SUBMIT' tab.
- viii) Members holding shares in physical form will then reach directly the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is also to be used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- ix) For members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- x) Click on the EVSN for the relevant SPS FINQUEST LIMITED on which you choose to vote.
- xi) On the voting page, you will see Resolution Description and against the same the option 'YES/NO' for voting. Select the option YES or NO as desired. The option YES implied that you assent to the Resolution and option NO implied that you dissent to the Resolution.
- xii) Click on the 'Resolution File Link' if you wish to view the entire Resolutions.
- xiii) After selecting the resolution, you have decided to vote on, 'Click on 'SUBMIT'. A confirmation box will be displayed. If you wish to confirm your vote, click on 'OK', else to change your vote, click on 'CANCEL' and accordingly modify your vote.
- xiv) Once you 'CONFIRM' your vote on the resolution, you will not be allowed to modify your vote.
- xv) You can also take out print of the voting done by you by clicking on 'Click here to print' option on the voting page.
- xvi) If demat account holder has forgotten the login password then enter the User ID and Image Verification Code click on Forgot Password and enter the details as prompted by the system.

Note for Non-Individual Shareholders and Custodians

- xvii) Non Individual shareholders (i.e. other than Individuals, HUF, NRI, etc.) and custodian are required to log on to <https://www.evotingindia.co.in> and register themselves as Corporate. They should submit a scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com. After receiving the login details, they have to link the account(s) which they wish to vote on and then cast their vote. They should upload a scanned copy of the Board Resolution and power of Attorney (POA) which they have issued in favour of the Custodian, if any, in PDF Format in the system for the scrutinizer to verify the same.

- xviii) The voting period begins on 25.09.2015 (9.00 a.m.) and end on 27.09.2015 (5.00 p.m.) During this period shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of 22.09.2015 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- xix) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions (FAQ) and e-voting manual available at www.evotingindia.co.in under help section or write an email to helpdesk.evoting@cdslindia.com

Other Instructions:

- a) The voting rights of Members shall be in proportion to their shares of the paid up equity share capital of the Company as on 22.09.2015.
- b) Mr. Upendra Shukla, Practicing Company Secretary, have been appointed as the Scrutinizer to scrutinize the e-voting process (including the Ballot Form received from the members, who do not have access to the e-voting process) in a fair and transparent manner.
- c) The Scrutinizer shall, within a period not exceeding three working days from the conclusion of the e-voting period, unblock the votes in the presence of at least two witnesses not in the employment of the Company and make a Scrutinizer's Report of the votes cast in favour or against if any, forthwith to the Chairman of the Company.
- d) A member can opt for only one mode of voting i.e. either through e-voting or by Ballot. If a member casts votes by both modes, then voting done through e-voting shall prevail and physical ballot shall be treated as invalid.
- e) The results declared along with the Scrutinizer's Report shall be placed on the Company's website www.spsfinquest.co.in and on the website of the CDSL within two days of the passing of the resolutions at the 19th AGM and communicated to BSE Ltd., where the shares of the Company are listed.

DIRECTORS' REPORT

The Members,

Your Directors are pleased to present their Nineteenth Annual Report on the working of the Company together with the Audited Statements of Accounts for the year ended 31st March, 2015.

Financial Results:

| | Current Year | Previous Year |
|---------------------------------------|----------------|----------------|
| | March 31, 2015 | March 31, 2014 |
| Profit before Interest & Depreciation | 2,64,94,638 | 7,31,66,288 |
| Financial cost | 1,97,19,552 | 6,30,29,551 |
| Profit before Depreciation | 67,75,086 | 1,01,36,737 |
| Depreciation | 49,874 | 25,202 |
| Profit before Tax | 67,25,212 | 1,01,11,535 |
| Taxation : | | |
| Current Tax | 80,50,000 | 32,00,000 |
| Deferred Tax | (5,27,245) | (25,305) |
| Profit (Loss) after Tax | (7,97,543) | 69,36,840 |

Dividend

Directors have not recommended any dividend.

Directors' Responsibility Statement:

Pursuant to Section 134(5) of the Companies Act, 2013, the Board of Directors, to be best of their knowledge, confirm that –

- in the preparation of the accounts the applicable accounting standards have been followed along with proper explanations relating to material departure;
- appropriate accounting policies have been selected and applied consistently and have 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;
- proper and sufficient care has been taken 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;
- the annual accounts have been prepared on a going concern basis;
- they have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively;
- they have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

MANAGEMENT DISCUSSION AND ANALYSIS FOR 2014-2015

To avoid duplication of certain information in Directors' Report and Management Discussion & Analysis, the Board of Directors of your Company has presented the composite summary of performance and functions of the Company.

Industry Structure and Development

Your Company is a Non-banking Finance Company mainly engaged in the stock financing and providing inter-corporate loans. NBFCs are strictly regulated by Reserve Bank of India by its guidelines and notifications.

During the financial year 2014-15, the global economy remained sluggish. US economy did well in terms of growth compared to rest of the world. Overall macro-economic scenario make India a preferred investment destination in emerging markets. The key macro-economic factors that impacted the Indian economy during 2014-15 are – sharp decline in crude oil prices, moderation in inflation numbers, improvement in fiscal situation, improvement in current account deficit and shoring up of foreign exchange reserves.

Mirroring the improvement in various macro-indicators and the euphoria of a newly elected reform oriented Central Government, equity market touched an all time high during the financial year 2014-15. The BSE and Nifty Sensex scaled to a peak of 30,000 and 9,000 respectively in March, 2015.

Regulations

The Capital Market is regulated by stringent rules and regulations of the Securities & Exchange Board of India (SEBI) and the Stock Exchanges. As also, the Company being registered with the Reserve Bank of India as Non-Banking Finance Company (NBFC), is also subjected to strict rules and guidelines notified by the Reserve Bank of India from time to time. This helps in reviving the trust of investors in Indian market in time of crisis.

Performance of the Company

Total revenue for the financial year ended 31st March, 2015 was Rs.478.75 lacs, 36.8% lower compared to the last year (Rs.757.61 lacs in the year 2013-14). Other income was Rs.41.36 lacs as against Rs.1.87 lacs in the previous years, shows a steep increase.

Earning before interest, tax, depreciation and amortization (EBITDA) was Rs.264.95 lacs as against Rs.731.66 lacs a year ago. Pre-tax profit for the year was Rs.67.25 lacs as against Rs.101.12 lacs in the previous year, a fall of about 33%. After providing for tax and adjustment of deferred tax assets, the Company incurred a loss of Rs.7.98 lacs as against a profit of Rs.69.37.

It is proposed to carry forward the loss of Rs.7.98 lacs in the Profit & Loss account.

Loans, Guarantees and investments

As your Company is a Non-Banking Finance Company registered with the Reserve Bank of India under Chapter IIIB of the RBI Act, 1934 and its principal business is of acquiring shares and securities and lending (stock financing), as provided under Section 186 (11) of the Companies Act, 2013 details of loans, guarantees and investments covered under Section 186 of the Act are not given.

Opportunity and threats

With the newly elected reform oriented Central Government, investment sentiments are positive. As stated above, the BSE Sensex had scaled to 30,000 and Nifty to 9,000 in March, 2015. Further, considering the Indian macro-economic factors are in much better shape compared to those two years ago, the capital market would remain buoyant in the years to come. The market regulators are also concerned in regaining the confidence of investors, which is adversely effected due to economic slowdown and scams.

The worrying factors include the uncertainties regarding the monsoon as also the ability of scheduled commercial banks to extend credit against the backdrop of huge NPAs. Changing expectations around the US Federal Reserves, uncertainties in Euro zone and sharp movements in crude prices will also impact the Indian economy.

Future Outlook

Your Directors are of the opinion that new government's agenda of development and creating jobs for young generation will stimulate the growth. Considering the huge population and change in consumers' spending pattern, Indian economy is bound to grow in coming years.

Conservation of Energy etc.

Since the Company is not engaged in any manufacturing activity, information as required under the provisions of Section 134 (3) (m) of the Act is not furnished. During the year under consideration, there was no foreign exchange earning or outgo.

Corporate Governance

In line with the requirement of the Companies Act, 2013 as also Clause 52 of the Listing Agreement, the Board of Directors has constituted new committees. Details of these committees along with their terms of reference, composition and meetings held during the year, are provided in the Corporate Governance Report. During the year the Company has also amended the existing policies and adopted new policies such as Nomination & Remuneration Policy, Related Party Transaction Policy, Risk Management Policy and Whistle Blower Policy.

A separate report on Corporate Governance is annexed, which forms part of this report. A certificate of CEO and CFO of the Company confirming the correctness of the financial and cash flow statements, adequacy of the internal control measures and reporting of matters to the Audit Committee is also annexed and forms part this Directors' Report.

Transactions with related parties

None of the transactions with related parties falls under the scope of Section 188(1) of the Companies Act, 2013. Information on transactions with related parties pursuant to Section 134 (3)(h) of the Act read with rule 8(2) of the Companies (Accounts) Rules, 2014 are given in Annexure I in Form AOC-2 and the same forms part of this report. The Company does not have any subsidiary.

Directors and key managerial personnel

Pursuant to the provisions of Section 149 of the Companies Act, 2013, which came into effect from 1st April, 2014, the Directors had reviewed the composition of its Board and accordingly Mr. Hitesh Shah, Mrs. Ankita Shah and Mr. Priyesh Jhaveri were appointed as Independent Directors.