



SPS FINQUEST LIMITED

CIN : L67120MH1996PLC098051

21st Annual Report

ANNUAL REPORT

2016-2017

Directors	:	Mr. Pramod P. Shah, Chairman Mr. Girish T. Jajoo, Managing Director Mr. Sandeep P. Shah Mr. Priyesh Jhaveri Mrs. Payal N. Shah (w.e.f. 26/05/2017) Mr. Hitesh Shah (upto 20/02/2017) 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. PhoneNo.022-22722488 Website : www.spsfinquest.co.in Email : info@spsfinquest.co.in CIN : L67120MH1996PLC0098051
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	8
Annexure to Directors' Report	14
Independent Auditors Report	29
Balance Sheet as at 31st March 2016	35
Profit & Loss Account for the year ended 31st March 2016	36
Cash Flow statement for the year ended 31st March 2016	37
Schedules to the Accounts	38

[NOTICE]

NOTICE is hereby given that the Twenty-First Annual General Meeting of the Members of SPS Finquest Limited will be held at 4.00 p.m. on Tuesday, the 26th September, 2017 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, 2017 and Statement of Profit & Loss 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 thought fit, to pass with or without modifications the following as an Ordinary Resolution:

“RESOLVED THAT pursuant to the provisions of Section 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), M/s. Kochar & Associates, Chartered Accountants (Registration No.105256W), be and are hereby appointed as Statutory Auditors of the Company for a term of consecutive 5 (five) years from the conclusion of this Annual General Meeting till the conclusion of the 26th Annual General Meeting of the Company, subject to ratification by members at every year as applicable, at such remuneration as may be mutually agreed upon between the Board of Directors of the Company and the Auditors.”

SPECIAL BUSINESS:

4. To consider and, if thought fit, to pass with or without modifications the following as a Special Resolution:

“RESOLVED THAT pursuant to the provisions of Section 149, 152 read with Schedule IV and other applicable provisions of the Companies Act, 2013 and the Rules made thereunder, Mrs. Payal N. Shah (DIN: 07761751), who was appointed as Additional Director (Independent) by the Board of Directors on 26th May, 2017 and who will be vacating the office as Director at the forthcoming Annual General Meeting and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Companies Act, 2013 signifying his intention to propose Mrs. Payal N. Shah as a candidate for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office up to May 25, 2022.”

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 400001
Date : May 26,2017

NOTES:

1. **A Member entitled to attend the meeting and vote thereat 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 20/09/2017 to 26/09/2017 (both days inclusive).
5. As required under Regulation 36(3) of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, profile of Directors seeking appointment/ re-appointment at the Annual General Meeting is provided separately in this notice.
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 2016-17 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 2016-17 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) Shareholders who have already voted prior to the meeting date would not be entitled to vote at the meeting venue.
 - (ii) The shareholders should log on to the e-voting website www.evotingindia.com.
 - (iii) Click on Shareholders.
 - (iv) Now Enter your User ID
 - a. For CDSL: 16 digits beneficiary ID,
 - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
 - (v) Next enter the Image Verification as displayed and Click on Login.
 - (vi) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.
 - (vii) If you are a first time user follow the steps given below:

	For Members holding shares in Demat Form and Physical Form
PAN	<p>Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <ul style="list-style-type: none"> 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 which is mentioned in address label as sr no affixed on Annual Report, in the PAN field. In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.
Dividend Bank Details	Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login.
OR Date of Birth (DOB)	<ul style="list-style-type: none"> If both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (iv).

- (viii) After entering these details appropriately, click on “SUBMIT” tab.
- (ix) Members holding shares in physical form will then directly reach 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 to be also 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.
- (x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xi) Click on the EVSN for the relevant <SPS FINQUEST LIMITED> on which you choose to vote.
- (xii) 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 implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xiii) Click on the “RESOLUTIONS FILE LINK” if you wish to view the entire Resolution details.
- (xiv) 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.
- (xv) Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.
- (xvi) You can also take a print of the votes cast by clicking on “Click here to print” option on the Voting page.
- (xvii) If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xviii) **Shareholders can also cast their vote using CDSL’s mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. iPhone and Windows phone users can download the app from the App Store and the Windows Phone Store respectively. Please follow the instructions as prompted by the mobile app while voting on your mobile.**
- (xix) **Note for Non – Individual Shareholders and Custodians**
- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com and register themselves as Corporates.
 - 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 a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
 - The list of accounts linked in the login should be emailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.

- A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- (xx) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions (“FAQs”) and e-voting manual available at www.evotingindia.com under help section or write an email to helpdesk.evoting@cdslindia.com.
- (xxi) The voting period begins on 23.09.2017 (9.00 a.m.) and end on 25.09.2017 (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 19.09.2017 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.

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 19.09.2017.

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 21st AGM and communicated to BSE Ltd., where the shares of the Company are listed.

Details of Directors seeking appointment/ re-appointment at the 21st Annual General Meeting as required under Regulation 36(3) of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 are given hereunder:

Name of the Director	Mr. Promod P. Shah	Mrs. Payal N. Shah
Date of Birth	21/05/1945	24/12/1978
Date of Appointment	20/05/2010	26/05/2017
Qualification	Upto S.S.C.	B.A.
Brief Profile	Mr. Pramod P. Shah has four decades’ vast experience in capital & money market. Under his leadership, SPS has achieved success because of his passion & long term vision alongwith strong persistence	Mrs. Payal N. Shah has 10 years experience of Teaching. Also having 4 years Capital market experience.
Directorship held in other Public Companies (excluding Section 25 and foreign Companies)	NIL	NIL

Memberships/ Chairmanship of committees of other companies (includes only Audit & Shareholders/ Investors Grievance/ Stakeholders Relationship Committee)	NIL	NIL
Shareholding in the Company (Equity)	12,27,000	NIL

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

ITEM NO: 4

Mrs. Payal N. Shah is Arts Graduate (B.A.) from University of Mumbai. She has about 10 years experience in teaching experience and 4 years experience in Capital market experience.

The Board of Directors is of the view that associating Mrs. Payal N. Shah as Director, the Company would benefit immensely. Hence, in compliance with the provisions of Section 149 of the Companies Act, 2013 and Clause 17 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, it is proposed to appoint Mrs. Payal N. Shah as an Independent Director of the Company to hold office for a consecutive term of five years commencing from 26th May, 2017 to 25th May, 2022.

The Company has received a notice in writing under the provisions of Section 160 of the Companies Act, 2013 from a member along with a deposits of the prescribed amount proposing the candidature of Mrs. Payal N. Shah for the office of Independent Directors.

The Company has received from Mrs. Payal N. Shah (i) consent in writing to act as director in Form DIR-2 pursuant to Rule 8 of the Companies (Appointment & Qualification of Directors) Rules, 2014; (ii) intimation in Form DIR-8 in terms of Companies (Appointment & Qualification of Directors) Rules, 2014 to the effect that she is not disqualified under Sub-Section (2) of Sec. 164 of the Companies Act, 2013; and (iii) a declaration to the effect that she meets the criteria of independence as provided in sub-Section 6 of Sec. 149 of the Companies Act, 2013.

In the opinion of the Board of Directors, Mrs. Payal Shah, proposed to be appointed as an Independent Director, fulfills the conditions specified in the Act and the Rules made thereunder and she is independent of the Management. A copy of the draft letter of appointment proposed to be issued to Mrs. Payal N. Shah on her appointment as an Independent Director, setting out the terms and conditions is available for inspection at the Company's Registered Office during the normal business hours on working days upto the date of the Annual General Meeting.

Brief resume of Mrs. Payal N. Shah, nature of her experience in specific functional areas and names of companies in which she holds directorships and memberships/chairmanships of Board Committees, shareholding and relationships between director inter-se as stipulated under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 are provided in the annexure to the notice.

The Board considers that the continued association of Mrs. Payal Shah would be of immense benefit to the Company and it is desirable to continue to avail her services as Independent Directors.

Mrs. Payal N. Shah and her relatives may be deemed to be interested to the extent of her appointment as an Independent Director and their shareholding interest if any, in the Company. Save and except, none of the Directors or Key Managerial Personnel of the Company including their relatives is, in any way concerned or interested financially or otherwise in the proposed Resolutions.

DIRECTORS' REPORT

To,

The Members,

Your Directors are pleased to present their 21st Annual Report on the business and operations of the Company together with the audited Statements of the accounts for the year ended on March 31, 2017.

SUMMARY OF FINANCIAL PERFORMANCE:

(Amount in Rs. Lakhs)

	Year Ended 31-03-17	Year Ended 31-03-16
Total Revenue	730.52	274.76
Less: Expenses	71.41	30.94
Profit before Depreciation, Amortisation and Tax	659.11	243.82
Less : Depreciation, Amortisation	0.63	0.76
Profit Before tax	658.47	243.06
Less : Current Tax	183.43	49.50
Less : Deffered Tax	(0.93)	1.53
Short/(Excess) Provision for tax for earlier years	(0.56)	0
Profit After Tax	476.53	192.03

DIVIDEND:

Considering the exigencies of funds for increasing financing activities, your Directors have not recommended any dividend.

DIRECTORS' RESPONSIBILITY STATEMENT:

Pursuant to Section 134(5) of the Companies Act, 2013, the Directors, to the 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 Companies Act, 2013 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; and
- 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

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 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.

India's macro-economic performance remained stable during the financial year 2016-17. As per the Economy Survey 2016-17 tabled in Parliament by our Finance Minister, Mr. Arun Jaitley, there is an expected growth rate of 6.5 percent in financial year 2017. India's real GDP growth is expected to be 6.5% in financial year 2016-17. Demonetization has had short term costs in form of slow growth but holds the potential for long term benefits including reduced corruption, increase flow of financial savings and greater formalization of the economy. Your Company being a finance Company supports this initiative.

REGULATIONS

The Capital Market is regulated by stringent rules and regulations of the Securities & Exchange Board of India (SEBI) and the stock exchanges. 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.

PERFORMANCE

Total revenue including other operating income for the financial year ended 31st March, 2017 was Rs.7,30,51,879/- as against Rs.2,74,76,398/- in the previous year due to substantially higher other income. Revenue from operation was Rs.3,51,93,088/- as against Rs.2,90,42,888/- in the previous year, an increase of 21%. The Company earned a higher pre-tax profit of Rs.6,58,47,397/- as against Rs.2,43,07,263/- in the last year. After providing for income-tax liability, the Company recorded a net profit of Rs.4,76,53,047/- as against a profit of Rs.1,92,03,785/- a year ago.

A sum of Rs.95,30,609/- was transferred to Reserve Fund in terms of Section 45 IC(1) of RBI Act, 1934 out of the Statement of Profit & Loss.

MATERIAL CHANGES AND COMMITMENT

There have been no material change and commitment affecting the financial position of the Company between the end of the financial year to which the financial statements relate and the date of this report.

OPPORTUNITY AND THREATS

Considering the various stimulus provided by both central and state government for infrastructure and industrial growth and investment savy policies as also considering the Indian macro-economic factors are in much better shape, the capital market is expected to remain buoyant in the years to come. The market regulators are also concerned in regaining the confidence of investors. The Goods and Service Tax (GST) is one of the most important tax reform in post-independence era, which could prove to be a significant factor to economic activity in 2017-18.

The most worrying factors your Board feels are the ability of scheduled commercial banks to extend credit against the backdrop of huge NPAs, uncertainties in Euro zone and Brexit and uncertainty surrounding the policy of U.S. administration and its global ramification.