

## NOTICE

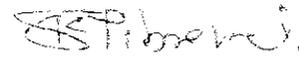
**NOTICE** is hereby given that the Seventeen Annual General Meeting of the members of **KWALITY CREDIT & LEASING LIMITED** will be held at the Registered Office of the Company at 8/1, Lalbazar Street, 2<sup>nd</sup> Floor, Suit No.2D, Kolkata- 700 001 on Wednesday, the day of 30<sup>th</sup> September, 2009 at 3.00 p.m. to transact the following business:

### A. Ordinary Business :

1. To receive, consider and adopt the Audited Balance Sheet as at 31<sup>st</sup> March, 2009 and Profit & Loss Account for the year ended as on that date and reports of Directors & Auditors thereon.
2. To appoint a Director in place of Mr. P.K.Jhunhunwala who retires by rotation and being eligible offers himself for reappointment.
3. To appoint Auditors of the Company and to fix their remuneration.

Registered Office:  
8/1, Lalbazar Street, 2<sup>nd</sup> Floor  
Suit No.2D, Kolkata- 700 001

By Order of the Board



S K Tibrewal  
Director

Dated 20<sup>th</sup> day of August, 2009

### Notes:

1. A member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote instead of himself / herself and the proxy need not be member of the Company.
2. Proxies in order to be effective must be received at the Registered office of the Company not less than forty-eight hours before the time fixed for the meeting.
3. The Register of members and the Share Transfer Register of the Company shall remain closed from 22<sup>nd</sup> September, 2009 to 30<sup>th</sup> September, 2009 (both days inclusive).
4. Members are requested to bring their copies of the Annual Report to the meeting.
5. Shareholders desiring of any information as regards the accounts are requested to write to the Company at an early date as to enable the management to keep the information ready.

**INFORMATION REQUIRED TO BE FURNISHED UNDER THE LISTING AGREEMENT PURSUANT TO CLAUSE 49 VI (A)(C)**

As required under the listing Agreement, the particulars of the Directors who are proposed to be appointed/re-appointed are given below:

Name : Mr. Prahlad Kumar Jhunjhunwala

Age : 53 Years

Qualification : B Com

Expertise : Industrialist

Other Directorships : N.A.

## DIRECTORS REPORT

### TO THE MEMBERS

Your Directors have pleasure in presenting the 17<sup>th</sup> Annual report of the Company with the audited statement of Accounts for the year ended 31<sup>st</sup> March, 2009.

### FINANCIAL RESULTS

	<b>Year Ended 31.03.2009 (Rs. in lakhs)</b>	Year Ended 31.03.2008 (Rs. in lakhs)
Gross Profit before Depreciation and Taxes	<b>1.44</b>	1.31
Depreciation	<b>0.96</b>	0.96
Provisions for Taxation & FBT	<b>0.48</b>	0.30
Tax Adjustment of Earlier year	--	--
Net Profit/ (Loss)	<b>.11</b>	.05
Proposed Equity Dividend	-	-
%	-	-
Reserve excluding revaluation reserves	<b>(14.67)</b>	(14.78)

### DIVIDEND

In view of inadequate profit during the year, directors do not recommend any dividend for the year 2008-09

### FUTURE PROJECTIONS

Your Company is considering various proposals in Financial Sector and is hopeful to perform well in the future. In this booming macro scenario your Company has been able to maintain its growth.

### DIRECTORS

Mr. P K Jhunjhunwala retires by rotation and being eligible offers himself for reappointment. Mr V Padhmanabhan resigned from the Board of Directors on 25.09.2008 and in his place Mr Somnath Gupta was appointed on 03.11.2008. The Board of Directors conveyed their sincere appreciation to Mr V Padhmanabhan for the services as rendered by him during the period of his directorship to the Company.

## **DIRECTORS RESPONSIBILITY STATEMENT :**

Pursuant to the requirement under section 217(2AA) of the Companies Act,1956 it is hereby confirmed that:

- (i) that in the preparation of the annual accounts for the financial year ended 31<sup>st</sup> March, 2009 the applicable accounting standards is followed along with proper explanations relating to material departures,
- (ii) the Directors have selected appropriate accounting policies and applied them consistently and made judgements and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31<sup>st</sup> march, 2009 of the profit/ loss of the Company for the said period,
- (iii) proper and sufficient care has been taken for the maintenance of accounting records in accordance with the provisions of the Companies Act,1956 for safeguarding the assets of the Company and for presenting and detecting fraud and other irregularities, and
- (iv) the directors have prepared the accounts for the financial year ended 31<sup>st</sup> March, 2009 on a 'going concern' basis.

## **AUDITORS**

M/s. K.S.Bothra & Co., Chartered Accountants, Auditors of the Company, retire at the conclusion of the ensuing Annual General Meeting and on being eligible u/s. 224(1B) of the Companies Act, 1956 offer themselves for reappointment.

## **Corporate Governance**

A separate section on Corporate Governance together with a report on Management Discussion Analysis is included in the Annual Report and the Certificate from the Companies Auditors confirming the compliance of Condition on Corporate Governance.

## **PARTICULARS OF EMPLOYEES**

As the requirements of Section 217(2A) of the Companies Act,1956, None of the Employees were in receipts of remuneration in aggregate of Rs.24 Lacs for the year or Rs. 1 Lacs per month for the year under review.

## **FIXED DEPOSITS**

The Company has not accepted any fixed deposits during the year.

## STATUTORY INFORMATION

Particulars required to be furnished by the Companies (disclosures of the particulars in the report of the Board of Directors) rules 1988:

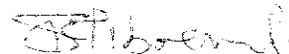
- (1) Part A & B pertaining to Conservation of Energy and Technology  
Absorption of the Company are not applicable to the Company.
- (2) Foreign Exchange earnings and outgo was NIL during the year.

## ACKNOWLEDGEMENTS

Your Directors would like to express their grateful appreciation for the assistance and cooperation received from the Shareholders, Customers, Bankers and the employees at all levels for the success, growth and development of the Company.

Place: Kolkata  
Dated : 20<sup>th</sup> day of August, 2009

For and on behalf of the Board



S K Tibrewal  
Director

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **Overview**

The Indian economy continued to perform well in the current year. The modernization growth occurred in all three sectors, viz., agriculture and allied activities, industry and services. During the financial year foreign investment of various components in India recorded increased inflows. Headline inflation firmed up in major economies of the world during the year, reflecting the combined impact of higher food and fuel prices as well as strong demand conditions, especially in emerging markets. The NBFC sector in India has been passing through a growing phase.

### **Operational Review**

The source of the NBFC business depends upon generation of fund at a low rate of interest and profitable deployment of the same. The Company offers cross-sell opportunities, addresses customer needs and helps enhancing its service offerings to the customer as a one stop solution provider in financing industry. RBI tightening monetary policy has resulted in a higher interest rate regime. As with other NBFCs and banks, the Company too was forced to increase its lending rates during the year to protect its interest rate margins. With delinquency levels closely linked to higher interest rates, management has been placing thrust on not only stringent credit evaluation, but also on timely monitoring and recovery of dues from the customers.

The financing activity has done reasonably well this year even in the phase of regular declining interest rates. Share trading business too has done well in the year.

### **Opportunities and Threats**

The political stability and speculation towards Government policies has always created a pressure over the market. Since the economy is moving towards globalisation of business and trade, management is of the view that the day speculations of adverse impact of policies formulated by the newly formed government are discussed and resolved, the market will regain its potential value. Efficient portfolio management and keeping delinquency within acceptable levels require monitoring and corrective action.

### **Outlook**

The company is in belief of positive growth and further rationalization of capital market, which will lead to more investment, better production, value creation, capitalization and thus the additional wealth for the investors and thus see better prospect in near future in it. This will place the company in good place this year.

### **RISKS AND CONCERNS :**

Risk to a varying degree, is inevitable in all business transactions in an organization which is in financial services industry and forms an integral part of the business of such organization.

Over the years, the company has strengthened its understanding of these diverse risks and put in place effective strategies and mechanism for risk mitigation wherever possible.

#### **FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE :**

Sales of Shares amounted to Rs. 37.16 Lacs as compared to Rs. 23.67 lacs for the last financial year. During the year under review which ended on 31/03/2009 the PBDT margin was Rs. 1.44 lacs as compared to Rs 1.31 lacs with the last year. The Profit (Loss) after tax amounted to Rs. 0.12 lacs during the year as compared to Rs. 0.05 lacs for the last financial year.

#### **Internal Control System**

The internal control system and actual performance is closely reviewed on quarterly and yearly basis. The company has prominent and eligible members in audit committee to act and look after the internal control measures and their adherence at regular interval.

#### **Human Resources**

Employees at various levels understand the impact of the external factors and are striving to meet the prime objective of growth and value creation. The company has the transparent delegation structure, which help in smooth business operations.

#### **CAUTIONARY STATEMENT :**

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

**REPORT ON CORPORATE GOVERNANCE**  
(AS PER CLAUSE 49 OF THE LISTING AGREEMENT WITH STOCK EXCHANGE)

**COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE :**

The Company pursues its long term corporate goals on the bedrock of financial discipline, high ethical standards, transparency and trust. The Company strongly believes in and is continuously following good Corporate Governance in order to improve corporate image in the Finance industry and to enhance shareholders' value and as well as to promote national interest. Every effort is made to follow the best practices in all the functional areas and in discipline the Company's responsibilities towards all stakeholders and the community at large.

**A) Board of Directors**

The composition of the Board of Directors of the company is in conformity with the Code of Corporate Governance under the listing Agreement with the Indian Stock Exchanges. The Board of Directors consists of optimum combination of Executive and Non-Executive Directors. The Details of the Board of Directors and their Directorships/Memberships in Committees of other Companies are as under

Name of the Directors	Category	FY 2008-09 Attendance at		No. of Directorships in other public Companies		No. of Committee positions held in other public Companies*
		BM	Last AGM	Chairman	Member	Chairman
Mr. P.K.Jhunjunwala (Chairman)	Promoter Non-Executive Non Independent	11	Yes	-	-	-
Mr. A.K.Agarwal (Director)	Non-Executive Independent	12	Yes	-	-	-
Mr. V. Padhmanabhan** (Director)	Non-Executive Independent	3	No	-	-	-
Mr. S.K.Tibrewal (Director)	Non-Executive Non Independent	12	Yes	-	-	-
Mr. Somnath Gupta** (Director) Appointed on 03.11.2008	Non-Executive Independent	2	No	-	-	-

\* Represents Membership/Chairmanship of Audit Committee, Investor Grievance Committee and Remuneration Committee.

\*\* were for part of the year.

Shri P K Jhunjunwala is liable to retire by rotation and being eligible, offer himself for re- appointment. Information as required under clause 49(VI) of the Listing Agreement is annexed to the Notice of the Annual General Meeting.

**Number of Board Meeting held and the dates on which held**

Twelve Board Meetings were held during the year 2008-09. The dates on which the meetings were held are given below:-

30.04.2008, 30.07.2008, 16.08.2008, 26.08.2008, 08.0.2008, 15.09.208, 25.09.2008, 31.10.2008, 27.10.2008, 03.11.2008, 30.01.2009 and 10.02.2009

The company has adopted the Code of Conduct for the Executive Directors, Senior management Personnel and other executives of the Company. The Company has received confirmation from the Executive Directors and the seniors persons in regard the compliance of the Code of Conduct.

### **B) Audit Committee**

The Audit Committee of Directors comprises of Shri P. K. Jhunjhunwala, Shri S.K.Tibrewal, Shri Somnath Gupta and Shri A.K.Agarwal (Chairman). The scope the Committee includes:-

- a) Review internal control systems, nature and scope of audit as well as post audit discussions.
- b) Review quarterly, half-yearly and annual statements.
- c) Reviewing with the management, external and internal auditors, the adequacy of internal control systems.
- d) Reviewing the adequacy of internal audit function.
- e) Discuss with internal auditor any significant findings and follow-up thereon.
- f) Recommend to Board on any matter relating to Financial Management including audit report.
- g) Overseas Company's financial reporting process and disclosure of financial information.

The composition of the Audit Committee and the details of meetings attended by the Directors are given below:

Name of Members	Category	No. of Meetings attended during the year 2008-2009
Mr. P.K.Jhunjhunwala	Promoter Non-Executive Non Independent	4
Mr. A.K.Agarwal ( Chairman)	Non-Executive Independent	5
Mr. V. Padhmanabhan*	Non-Executive Independent	3
Mr. S.K.Tibrewal	Non-Executive Non Independent	1
Mr. Somnath Gupta*	Non-Executive Independent	1

\* were for part of the year.

The Committee met five times on 30.04.2008, 30.07.2008, 16.08.2008, 31.10.2008 and 30.01.2009 during the year 2008-09. The Statutory Auditor and Executive Directors/ other persons are invited to the meeting as and when required. The Chairman of the Audit Committee was also present at the last Annual General Meeting of the Company.

## C) Shareholders' Committee

### a) Shareholders'/ Investors' Grievance Committee

Shareholders Grievance Committee has been for redressal of Investors complaints like transfer of Shares, Non-Receipts of Annual Report, Non-Receipts of declared Dividend, Issue of Duplicate Certificates, Transfer & Transmission (with or without legal representation) of shares & allied transactions.

Shareholders' complaints/ grievance are redressed by Registrar and Transfer Agent M/s. MCS Ltd. The Board also constituted the shareholders'/ Investors' Grievance Committee. The following three non-executive Directors are the members of the shareholders'/ Investor's Grievances Committee and is headed by Shri P. K. Jhunjhunwala, Shri S.K.Tibrewal and Shri A.K.Agarwal

Two meeting were held during the year on 30.07.2008 and 30.01.2009 and was attended by all the three members of the Committee and reviewed the grievance / complaints received from shareholders and the proper action were taken on.

Shri S.K.Tibrewal, Director, acts as the Compliance Officer.

No complaints were received during the year and no case is pending for share transfer (lodged in last two week of March 09.)

### b) Share Transfer Committee

To expedite the process of share transfer, the Board has delegated the powers of share transfers to a committee comprising of Chairman cum Director and two Director. The Share Transfer Committee attends to the share transfer formalities at least once in a fortnight. The business transacted at the Share Transfer Committee meetings is placed before the Board & Shareholders' Grievance Committee.

All valid share transfers during the year ended 31.3.2009 have been acted upon and the number of pending share transfers as on 31.3.2009 were NIL.

### General Body Meeting

a. The Details of the Last three Annual General Meeting were held as below:

Year	Location	Date	Time
2006	Registered office	30.09.2006	3 PM
2007	Registered office	28.09.2006	3 PM
2008	Registered office	26.09.2008	3 PM

The resolutions at the above Annual General Meetings were passed by the requisite majority/ unanimously.

No Special Resolutions were required to be put through postal Ballot at the previous AGM's. No Special resolution in regard to has been proposed to be passed through postal Ballot in the ensuing Annual General Meeting.

#### **D) Disclosures**

- a. Disclosures on materially significant related party transactions i.e. transactions of the company of material nature, with its promoters, the directors or the management, their subsidiaries or relatives etc. that may have potential conflict with the interests of the company at large :  
There were no such transactions during the year.
- b. Details of non-compliance by the company, penalties, strictures imposed on the company by stock exchanges or SEBI or any statutory authorities on any matter related to Capital markets during the last three years. :  
None

#### **CEO/CFO Certification**

The Chief Executive Officer and Chief Financial Officer of the Company have given a certificate to the Board of Directors as prescribed under clause 49 of the Listing Agreement for the year ended 31<sup>st</sup> March, 2009.

#### **Secretarial Audit**

A qualified Company Secretary carried out Secretarial Audit under Clause 55 and Shares Transfer Audit under Clause 47 of the Listing Agreement and that the same are being filed to the Stock Exchanges quarterly and bi-annually, respectively, after being duly audited and certified

#### **E) Means of Communication**

- a. Half-yearly report sent to each household of shareholders : No
- b. Quarterly results:-  
News Paper Published in : The Financial Express  
Kalantar or Pratidin
- c. Whether the website also displays official news released and presentations to the media, analysts, institutional investors etc. : No
- d. Audited financial results : The FinancialExpress  
Kalantar or Pratidin
- e. Whether MD&A (Management Discussion & Analysis) is a part of Annual Report? : Yes

## F) SHAREHOLDERS' INFORMATION

### a. Annual General Meeting

- Date and time : 30<sup>th</sup> September 2009 3 P.M

- Venue : 8/1, Lalbazar Street  
Kolkata – 700 001

### b. Financial Year Calender :

(2009-2009) (Tentative)

Results for Quarter ending June 30' 2009	Fourth week of July 2009
Results for Quarter ending September 30,2009	Fourth week of October 2009
Results for Quarter ending December 31' 2009	Fourth week of January 2010
Results for Quarter ending March 31' 2010	Fourth week of April 2010

c. **Book Closure Date** : 22<sup>nd</sup> September 2009 to 30<sup>th</sup> September 2009.

d. **Dividend payment** : Not applicable

### e. Listing of Equity Shares on

- (i) **Stock Exchanges**
- 1) The Calcutta Stock Exchange Association Limited.  
7, Lyons Range Calcutta – 700 001
  - 2) The Stock Exchange, Mumbai  
Phiroza Jeejeebhoy Towers  
25<sup>th</sup> Floor, Dalal Street, Mumbai 400001.
  - 3) Jaipur Stock Exchange Limited  
Indra Place, J.L.N. Marg.  
Malviya Nagar  
Jaipur-302 017.

Listing Fees of all the Stock Exchanges have been paid

- (ii) **Depositories**
- 1) National Securities Depository Ltd.  
Trade World, 4<sup>th</sup> Floor,  
Kamala Mills Compound,  
Senapati Bapat Marg,  
Lower Parel, Mumbai –400 013.
  - 2) Central Depository Service (India)  
Limited  
Phiroza Jeejeebhoy Towers  
28<sup>th</sup> Floor, Dalal Street, Mumbai 400023.

**G) Stock Code** :

The Stock Exchange, Mumbai  
Stock Code 31206  
Equity ISIN INE 577C01015

The Calcutta Stock Exchange Association Ltd.  
Stock Code 10021082

**H) Market Price, Date :**

The Equity Shares of the Company are not frequently traded in the Stock markets, therefore the Market Price Quotation for the Financial year are not available.

**I) Registrar and Transfer Agent:** MCS Ltd.  
77/2A, Hazra Road, Kolkata – 700 029  
Phone No. 033 – 2476 7350/1/2

**J) Share Transfer System :** The shares of the company being in the compulsory demat list, are transferable through the depository system. Shares in physical form are processed by MCS Ltd., Kolkata, Registrar & Transfer Agent of the company and approved by the Share Transfer committee. All transfers received are processed and approved by the transfer committee which normally meets twice in a month. Shares under objection are returned within two weeks.

**K) Distribution of Shareholding as on 31<sup>st</sup> March, 2009**

Range of Ordinary Shares	No. of Shares	% to Capital	No. of Holders	% of Holders
1 to 500	24,409	0.70	130	42.35
501 to 1000	10,221	0.29	13	4.23
1001 to 10000	4,41,899	12.61	96	31.27
Above 10000	30,23,471	86.40	68	22.15
<b>Total</b>	<b>35,00,000</b>	<b>100.00</b>	<b>307</b>	<b>100.00</b>

**l) Shareholding pattern as on 31<sup>st</sup> March, 2009**

Name of the Shareholder	No. of Shares Held	% Holding
Individuals	1115442	31.87
Bodies Corporate	2384558	68.13
FI's	NIL	NIL
Nationalised Banks	NIL	NIL
Mutual Funds	NIL	NIL
FII's	NIL	NIL
NRI and OBC	NIL	NIL
<b>Total</b>	<b>3500000</b>	<b>100.00</b>

**M) Dematerialisation of shares and Liquidity :** 92.95 % of the paid up Share Capital of the Company consisting of 3251918

shares are in Dematerialize form in NSDL and 3.29 % of paid-up share capital consisting of 115259 shares are in CDSL as on 31<sup>st</sup>March, 2009

**N). Outstanding GDRs/ADRs/Warrants or any Convertible instruments, conversion date and likely impact on equity** : Not Applicable.

**O) Plant location** : Not Applicable.

**P) Address of the correspondence**

Investors correspondence for transfer/  
Dematerialization of shares, payment  
of dividend on shares, and any other  
query relating to the shares of the Co.,  
Any query on Annual Report

MCS Limited  
77/2A, Hazra Road,  
Kolkata- 29

**CERTIFICATE**

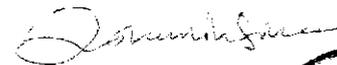
**To the Members of**

**Kwality Credit & Leasing Limited**

1. We have examined the compliance of conditions of Corporate Governance by Kwality Credit & Leasing Limited, for the year ended 31.03.2009, as stipulated in clause 49 of the Listing Agreement of the said company with Stock Exchange (s).
2. The Compliance of conditions of Corporate Governance is the responsibility of the Company's Management. Our Examination was limited to procedure and implementation thereof, adopted by the company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the company.
3. In our opinion and to the best of our information and according to the explanations given to us, we certify that the company has complied with the conditions of the Corporate Governance as stipulated in the above mentioned Listing Agreement.
4. We further state that such compliance is neither an assurance as to the future viability of the company nor the efficiency or effectiveness with which the management has conducted the affairs of the company.
5. As required by the Guidance Note issued by the Institute of Chartered Accountants of India, we have to state that the Registrar of the Company have certified that as on 31<sup>st</sup> March, 2009, there were no investor grievances remaining unattended/pending for more than 30 days against this Company except in cases which are constrained by disputes and legal impediments.

Place : Kolkata  
Date : 20.08.2009

For MR & Associates  
Company Secretaries



Mohan Ram Goenka  
Partner  
C P No.: 2551



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**Declaration regarding compliance by Board Members and Senior Management personnel with the Company's code of conduct.**

This is confirm that Company has adopted a Code of Conduct for its employees including the Managing Director. In addition, the Company has adopted a Code of Conduct for its Non-Executive Directors.

I confirm that the Company has in respect of the financial year ended March 31<sup>st</sup>, 2009, received from the Senior Management Team of the Company and the Members of the Board a declaration of compliance with the Code of Conduct as applicable to them. I further confirm that the rules of inside Trading Regulation has been duly complied with.

For the purpose of this declaration, Senior Management Team means the Chief Financial Officer, employees in the Executive Vice President cadre as on 31<sup>st</sup> March, 2009.

Place: Kolkata  
Date : 20.08.2009



S.K. Tibrewal  
Director

## CEO AND CFO CERTIFICATION

### CHIEF EXECUTIVE OFFICER (CEO) AND CHIEF FINANCIAL OFFICER (CFO) CERTIFICATION.

We, P.K.Jhunjhunwala, Director cum C.E.O and S.K.Tibrewal, Director cum C.F.O of Kwality Credit & Leasing Ltd. to the best of our knowledge and belief, certify that:

1. We have reviewed Audited financial results for the year ended 31.03.2009;
2. Based on our knowledge and information, these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
3. Based on our knowledge and information, the financial statements, and other financial information included in this report, present in all material respects, a true and fair view of the company's affairs, and are in compliance with the existing accounting standards and/or applicable laws and regulations;
4. To the best of our knowledge and belief, no transactions entered into by the company during the quarter are fraudulent, illegal or violative of the company's code of conduct;
5. We are responsible for establishing and maintaining internal controls, and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
6. We have disclosed based on our most recent evaluation, wherever applicable, to the company's auditors and the audit committee of the company's Board of Directors:
  - a) significant changes in internal controls during the quarter,
  - b) significant changes in accounting policies during the quarter and that the same have been disclosed in the notes to the financial statements; and
  - c) instances of significant fraud of which we are aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal controls system.



P. K. Jhunjhunwala  
Director (CEO)



S. K. Tibrewal  
Director (CFO)

Place: Kolkata  
Date: 20.08.2009

# K. S. BOTHRA & CO.

CHARTERED ACCOUNTANTS



9/12, LALL BAZAR STREET, 'E' BLOCK, 1st FLOOR, MERCANTILE BUILDINGS, KOLKATA 700 001

K. S. KOCHAR M.COM., F.C.A.  
M. K. BOTHRA LL.B., F.C.A.  
S. L. SETH F.C.S., F.C.A.  
SANDEEP KOCHAR B.COM., F.C.A.

DHARMENDRA KUMAR B.COM., F.C.A.  
VIJAY KUMAR B.COM., F.C.A.  
AJIT VERMA B.COM., F.C.A.

PHONES : 2230 6733, 2248 5534  
2243 0682  
FAX : 2210 2003  
E-mail : ksbnc@ksbothraco.com

## AUDITORS' REPORT

### TO THE MEMBERS

01. We have audited the attached Balance Sheet of **KWALITY CREDIT & LEASING LIMITED** of **8/1 Lall Bazar Street Kolkata 700 001** as at 31<sup>st</sup> March 2009, the annexed Profit & Loss Account and also the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
02. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
03. As required by the Companies (Auditors' Report) Order, 2003 (as amended) issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956 (as amended), we enclose in the Annexure a statement on the matters specified in Paragraphs 4 & 5 of the said order.
04. Further to our comments in the annexure referred to 03 above, we report that:
  - i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - ii) In our opinion, proper Books of Account as required by Law have been kept by the Company so far as appears from our examination of those books.
  - iii) The Balance Sheet, Profit & Loss Account and Cash Flows dealt with by this report are in agreement with the Books of Account.
  - iv) In our opinion the Balance Sheet, Profit & Loss Account and the Cash Flows dealt with by this report comply with the Accounting Standards referred to in Sub-section (3C) of Section 211 of the Companies Act, 1956.
  - v) On the basis of written representations received from the Directors, as on 31<sup>st</sup> March 2009, and taken on records by the Board of Directors, we report that none of the Directors are disqualified as on 31<sup>st</sup> March 2009 from being appointed as a Director in terms of Clause (g) of Sub-section (1) of Section 274 of the Companies Act, 1956.

- vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read togetherwith the Notes, Schedules and Statement of accounting policies attached thereto give the information as required by the Companies Act, 1956 in the manner so required and **subject to Note No.2 regarding accounting of Rates & Taxes on cash basis** give a true and fair view in conformity with the accounting principles generally accepted in India :
- a) in the case of Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March 2009, and
  - b) in the case of the Profit & Loss Account, of the Profit of the Company for the year ended on that date, and
  - c) in the case of Cash Flow Statements, of the Cash flows for the year ended on that date.

For K. S. BOTHRA & CO.,  
CHARTERED ACCOUNTANTS

  
S.L. SETH  
PARTNER

Membership No.53261  
Kolkata, the 20<sup>th</sup> day of August 2009  
das.

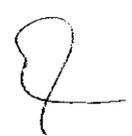


**KWALITY CREDIT & LEASING LIMITED**

**ANNEXURE TO THE AUDITORS' REPORT TO THE MEMBERS OF KWALITY CREDIT & LEASING LIMITED REFERRED TO IN OUR REPORT OF EVEN DATE**

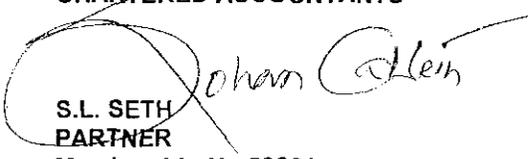
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- i) a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.  
b) The fixed assets have been physically verified by the management in a phased periodical manner at regular intervals, which in our opinion is reasonable having regard to the size of the company and nature of it's assets. As informed to us no material discrepancies were noticed on such physical verification/ As informed to us the material discrepancies which have been observed during such physical verification have been properly dealt within the accounts.  
c) The Company has not disposed off any substantial part of fixed assets during the year which affects the going concern status of the Company.
- ii) a) The Stock have been physically verified during the year by the management at reasonable intervals. In our opinion the frequency of verification is reasonable.  
b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and nature of its business.  
c) The Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification.
- iii) a) The Company has not granted any loan, secured or unsecured, to companies/firms and other parties covered in the register maintained under section 301 of the Companies Act 1956.  
b) The Company has not taken any loan secured or unsecured from companies/firms or other parties listed in register maintained under Sec. 301 of the Companies Act 1956.
- iv) In our opinion and according to the information and explanations given to us during the course of audit, there are adequate internal control procedures commensurate with the size of the Company and nature of its business for the purchase of inventory, fixed assets and. During the course of audit we have not observed any major weakness in Internal Control Systems.
- v) a) According to the information and explanation given to us there is no transaction that need to be entered into the register maintained U/s.301.  
b) According to the information and explanation given to us there are no transaction aggregating to Rs. 500000/- or more during the year in respect of a single party, which need to be entered in the register maintained under section 301 of the Companies Act,1956.
- vi) In our opinion and according to the information and explanations given to us the company has not accepted any deposits from the public and therefore the provisions of Sec 58A, 58AA and other relevant provisions of the Companies Act 1956 and rules thereunder are not applicable to the company.
- vii) In our opinion, the coverage of internal audit carried out by a firm of Chartered Accountants appointed by the management, is commensurate with the size of the Company and the nature of its business.



- viii) The maintenance of cost records has not been prescribed by the Central Govt. under Section 209(1)(d) of the Companies Act, 1956.
- ix) a) According to the information and explanation given to us the Company has been regular in depositing Provident Fund, Investor Education & Protection Fund, Employees' State Insurance, Income-tax, Sales-tax, Wealth-tax, Service-tax, Custom Duty, Excise Duty, Cess and other statutory dues, as applicable, with the appropriate authorities.
- x) The Company has accumulated loss to the tune of Rs. 1503212/- at the end of the year and it has not incurred any Cash losses during the financial year covered by our audit and the immediately preceding financial year. However the accumulated losses of the Company are not more than fifty percent of its net worth.
- xi) The Company has no dues to any financial institution, banks and debenture holders.
- xii) According to the information and explanations given to us, the Company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii) Clause (XIII) of the Order is not applicable to the Company as the Company is not a Chit Fund or a nidhi / mutual benefit fund/society.
- xiv) Based on the records examined by us and according to the information and explanation given to us we are of the opinion that the company is maintaining proper record of the transaction and contracts of dealing in shares and securities and that timely entries have been made in their records. All shares, debentures and other investments have been held by the company in its own name.
- xv) The company has not given any guarantee for loans taken by others from bank or financial institutions.
- xvi) The Company has not obtained any term loan during the year.
- xvii) According to the information and explanation given to us and on an overall examination of the Balance Sheet of the Company, we report that funds raised on short term basis have prima facie not been used during the year for long term investment.
- xviii) The Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under section 301 of the Companies Act, 1956 during the year.
- xix) The company has not issued any debenture during the year.
- xx) The company has not raised any money by way of public issue during the year.
- xxi) To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the company was noticed or reported during the year that causes the financial statements to be materially misstated.

**For K. S. BOTHRA & CO.,  
CHARTERED ACCOUNTANTS**

  
**S.L. SETH  
PARTNER**

**Membership No.53261  
Kolkata, the 20<sup>th</sup> day of August 2009  
das.**

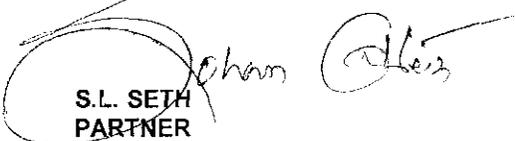


**AUDITORS' REPORT TO THE BOARD OF DIRECTORS OF KWALITY CREDIT & LEASING LIMITED FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2009**

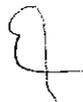
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01. The Company is engaged in the business of non banking financial institution and the company has obtained a certificate of Registration (COR) from R.B.I as a Non Deposit taking Company.
02. The Company is entitled to continue to hold such Certificate (COR) for the year ended 31<sup>st</sup> March 2009. Since the Company is carrying on Financial activities and more than 50% of the assets of the Company are financial assets.
03. The Company is not an Assets Finance Company (AFC) as per circular No DNBS.PD CC No. 85/03.02.89.
04. The Board of Directors of the Company has passed a Resolution for the non-acceptance of Public Deposits by the Company during the year ended on 31<sup>st</sup> March, 2009.
05. The Company has not accepted any Public Deposits during the accounting year ended 31<sup>st</sup> March, 2009.
06. The Company has complied with the prudential norms relating to income recognition, accounting standards, assets classification and provisioning for Bad & Doubtful debts etc. as applicable to it.
07. The Company is not a Systemically important Non- Deposit taking NBFC.

**For K. S. BOTHRA & CO.,  
CHARTERED ACCOUNTANTS**

  
**S.L. SETH  
PARTNER**

**Membership No.53261  
Kolkata, the 20<sup>th</sup> day of August 2009  
das.**



**KWALITY CREDIT & LEASING LIMITED**

8/1 Lall Bazar Street, Kolkata 700001

**BALANCE SHEET AS AT 31.03.2009**

	<u>SCHEDULE</u>	<u>31.03.2009</u> Rs. P.	<u>31.03.2008</u> Rs. P.
<b>SOURCES OF FUNDS :</b>			
<b>SHAREHOLDERS FUNDS :</b>			
Share Capital.	1	35000000.00	35000000.00
Reserve & Surplus.	2	36900.00	36900.00
<b>TOTAL :</b>		<b><u>35036900.00</u></b>	<b><u>35036900.00</u></b>
<b>APPLICATION OF FUNDS :</b>			
<b>FIXED ASSETS:</b>			
Gross Block.	3	1503143.60	1503143.60
Less: Depreciation.		986988.60	890466.60
<b>NET BLOCK.</b>		<b><u>516155.00</u></b>	<b><u>612677.00</u></b>
<b>CURRENT ASSETS, LOANS &amp; ADVANCES :</b>			
Inventories.	4	1769869.95	4086541.75
Cash & Bank Balances.	5	484711.61	1098689.30
Loans & Advances.	6	30973043.00	30069188.00
<b>{ A }</b>		<b><u>33227624.56</u></b>	<b><u>35254419.05</u></b>
<b>LESS : CURRENT LIABILITIES &amp; PROVISIONS :</b>			
Liabilities.	7	147053.85	2293470.73
Provisions.	8	63038.00	51870.00
<b>{ B }</b>		<b><u>210091.85</u></b>	<b><u>2345340.73</u></b>
<b>NET CURRENT ASSETS.</b>	<b>[ A - B ]</b>	<b>33017532.71</b>	<b>32909078.32</b>
Profit & Loss Account. (As per annexed account)		1503212.29	1515144.68
<b>TOTAL :</b>		<b><u>35036900.00</u></b>	<b><u>35036900.00</u></b>

**NOTES ON ACCOUNTS.**

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Schedules 1 to 12 form an integral part of the Accounts.

This is the Balance Sheet referred to in our Report of even date.

**For K. S. BOTHRA & CO.**  
**CHARTERED ACCOUNTANTS**

**S.L. SETH**  
**PARTNER**

Membership No. 53261

**Kolkata the 20th day of August, 2009**

das.

*Kwality Credit & Leasing Ltd.*

*Director*

*Kwality Credit & Leasing Ltd.*

*2*

**KWALITY CREDIT & LEASING LIMITED**

8/1 Lall Bazar Street, Kolkata 700001

**SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT  
31.03.2009 AND PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED ON THAT DATE.**

	<u>31.03.2009</u>	<u>31.03.2008</u>
	Rs. P.	Rs. P.
<b><u>SCHEDULE - 1 :</u></b>		
<b><u>SHARE CAPITAL :</u></b>		
Authorised :		
4000000 Equity Shares of Rs.10/- each.	40000000.00	40000000.00
Issued, Subscribed & Paid up :		
3500000 Equity Shares of Rs.10/- each	35000000.00	35000000.00
fully paid up in Cash.	<u>35000000.00</u>	<u>35000000.00</u>
<b><u>SCHEDULE - 2 :</u></b>		
<b><u>RESERVE &amp; SURPLUS :</u></b>		
General Reserve.	36900.00	36900.00
(As per Last Balance Sheet)	<u>36900.00</u>	<u>36900.00</u>
<b><u>SCHEDULE - 4 :</u></b>		
<b><u>INVENTORIES :</u></b>		
(At Cost - as per inventories taken, valued and certified by the management)		
Shares & Securities	1769869.95	4086541.75
	<u>1769869.95</u>	<u>4086541.75</u>
<b><u>SCHEDULE - 5 :</u></b>		
<b><u>CASH &amp; BANK BALANCES :</u></b>		
Cash on hand. (As certified)	3289.41	409706.41
Balance with a Scheduled Bank :		
In a Current Account.	481422.20	197287.89
Cheques-in-hand.	0.00	491695.00
	<u>484711.61</u>	<u>1098689.30</u>
<b><u>SCHEDULE - 6:</u></b>		
<b><u>LOANS &amp; ADVANCES :</u></b>		
(Unsecured, considered good)		
Loans.	20873517.00	28607331.00
Advances: (Recoverable in cash or in kind or for value to be received pending adjustments)	9001447.00	3933.00
Fringe Benefit Tax.	12400.00	13395.00
Tax Deducted at Source.	1079679.00	1391499.00
Income-tax Refundable	0.00	47030.00
Security Deposits.	6000.00	6000.00
	<u>30973043.00</u>	<u>30069188.00</u>

**KWALITY CREDIT & LEASING LIMITED**  
8/1 Lall Bazar Street, Kolkata 700001

**SCHEDULES TO THE ACCOUNTS (CONTD..)**

**SCHEDULE - 3 :**  
**FIXED ASSETS :**

Particulars	GROSS BLOCK		DEPRECIATION			NET BLOCK	
	As at 01.04.2008	As at 31.03.2009	Up to 31.03.2008	For the year.	Upto 31.03.2009	As at 31.03.2009	As at 31.03.2008
	Rs. P.	Rs. P.	Rs. P.	Rs. P.	Rs. P.	Rs. P.	Rs. P.
Furniture & Fixture.	430685.10	430685.10	355449.10	27262.00	382711.10	47974.00	75236.00
Electrical Installation.	73807.00	73807.00	45730.00	3506.00	49236.00	24571.00	28077.00
Air Conditioner.	154000.00	154000.00	95596.00	7315.00	102911.00	51089.00	58404.00
Computer.	227454.00	227454.00	200720.00	5245.00	205965.00	21489.00	26734.00
Mobile Phone.	58840.00	58840.00	26031.00	2795.00	28826.00	30014.00	32809.00
EPABX.	35532.50	35532.50	21388.50	1688.00	23076.50	12456.00	14144.00
Television.	20150.00	20150.00	9355.00	957.00	10312.00	9838.00	10795.00
Motor Car.	502675.00	502675.00	136197.00	47754.00	183951.00	318724.00	366478.00
<b>TOTAL :</b>	<b>1503143.60</b>	<b>1503143.60</b>	<b>890466.60</b>	<b>96522.00</b>	<b>986988.60</b>	<b>516155.00</b>	<b>612677.00</b>
Previous year's figures.	1503143.60	1503143.60	793944.60	96522.00	890466.60	612677.00	

*Kwality Credit & Leasing Ltd.*

*Director*

*Kwality Credit & Leasing Ltd.*

*Director*

2

**Kwality Credit & Leasing Limited**  
8/1 Lall Bazar Street, Kolkata 700001  
**Schedule to the Accounts (Contd...)**

	<u>31.03.2009</u>	<u>31.03.2008</u>
	Rs. P.	Rs. P.
<b><u>SCHEDULE - 7:</u></b>		
<b><u>LIABILITIES :</u></b>		
Sundry Creditors:		
Micro, Small & Medium Enterprises	0.00	0.00
Other Creditors	147053.85	2293470.73
	<u>147053.85</u>	<u>2293470.73</u>
<b><u>SCHEDULE - 8:</u></b>		
<b><u>PROVISIONS :</u></b>		
For Income-tax.	42769.00	28858.00
For Fringe Benefit Tax	20269.00	23012.00
	<u>63038.00</u>	<u>51870.00</u>
<b><u>SCHEDULE - 9:</u></b>		
<b><u>INTEREST RECEIVED (Gross) :</u></b>		
On Loans.(TDS Rs.478051/- ; P.Y. Rs.601628/-)	3066547.00	3409064.26
On Income Tax Refund.	60603.00	45253.00
	<u>3127150.00</u>	<u>3454317.26</u>
<b><u>SCHEDULE - 10:</u></b>		
<b><u>COST OF SHARES SOLD :</u></b>		
Opening Stock.	4086541.75	2396367.06
Purchases.	1682875.00	6772424.00
	5769416.75	9168791.06
Less: Closing Stock.	1769869.95	4086541.75
	<u>3999546.80</u>	<u>5082249.31</u>
<b><u>SCHEDULE - 11:</u></b>		
<b><u>ADMINISTRATIVE &amp; OTHER EXPENSES :</u></b>		
Rent.	20184.00	19860.00
Printing & Stationery.	14084.95	3989.50
Conveyance Expenses.	13504.00	12266.00
Postage & Telegram.	1699.19	1467.40
Rates & Taxes.	13200.00	0.00
Auditors' Remuneration :		
For Audit.	9927.00	10112.00
For Tax Audit.	3419.00	3483.00
For Internal Audit.	2000.00	2000.00
For Taxation Matters.	5617.00	3933.00
Advertisement Expenses.	469.00	4874.00
Bank Charges.	1138.00	1279.00
Repairs & Maintenance.	4500.00	18515.00
Professional Fee.	33880.84	0.00
Electric Expenses.	53737.81	84522.19
Demat Charges.	283.02	775.50
Share Holders Maintenance Charges.	29975.00	29759.00
Motor Car Expenses	49198.86	62530.31
Telephone Expenses.	22642.55	27111.05

Director

**KWALITY CREDIT & LEASING LIMITED**  
8/1 Lall Bazar Street, Kolkata 700001

**SCHEDULE '12' OF NOTES ON ACCOUNTS**

(ANNEXED TO AND FORMING PART OF BALANCE SHEET AS AT 31<sup>ST</sup> MARCH 2009  
AND PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED ON THAT DATE.)

01. **SIGNIFICANT ACCOUNTING POLICIES:**

- a) General: These accounts are prepared on the historical cost convention and in accordance with applicable accounting standards unless otherwise stated.
- b) Revenue Recognition: The Company follows the mercantile system of accounting and recognises Income & Expenditure on accrual basis except Rates & Taxes on cash basis.
- c) Fixed Assets: Fixed Assets are stated at cost of acquisition inclusive of freight, duties, taxes and incidental expenses relating to acquisition / installation.
- d) Depreciation: The Company has provided depreciation on straight line method as per Schedule XIV of the Companies Act, 1956 (as amended).
- e) Inventories: Stock of Shares/Securities are valued at Cost.
- f) Contingent Liability: Contingent Liabilities are not provided for in Books of Account but are shown by way of Notes in Notes on Account.
- g) Retirement Benefits: The Company will provide for Gratuity Liability as and when the same will be applicable to the company.
02. Rates & Taxes are accounted for on cash basis.

	<u>31-03-2009</u>	<u>31-03-2008</u>
03. Expenditure in Foreign Currency	-	Nil
04. Earnings in Foreign Currency	-	Nil
05. Contingent Liability	-	Nil

06. As informed by the Management The Payment of Gratuity Act, 1972 is not applicable to the Company as the number of Staffs is less than the minimum number specified under the Act.

07. **QUANTITATIVE DETAILS OF ITEMS DEALT IN:**

SHARES	Nos.	Amount Rs.
Opening Stock.	89050 (74587)	4086542 (2396367)
Purchases.	12500 (66300)	1682875 (6772424)
Sales.	62850 (51837)	3716820 (2367202)
Closing Stock.	38700 (89050)	1769870 (4086542)

(Previous year figures are in brackets.)

**Kwality Credit & Leasing Ltd**

**Director**



08. The Directors of the Company are of the opinion that there is no deferred tax assets / liabilities for the year ended 31<sup>st</sup> March, 2009 as per Accounting Standard AS-22 as prescribed by ICAI.
09. The Directors of the Company are of the opinion that the realizable value of the fixed assets as on 31<sup>st</sup> March 2009 are more than the value stated as on the date of Balance Sheet, hence Impairment of Fixed Assets as per AS-28 prescribed by ICAI is not applicable for the year under review.
10. Segment Reporting: The Company is mainly in the business of Non-Banking Financial activities, hence segment reporting is not required.
11. During the year, the Company has not entered into any transactions with related parties, hence no disclosure is required.
12. As required by the Non-Banking Financial Companies Prudential Norms (Reserve Bank) Directors, 1998 a schedule to the Balance Sheet containing additional particulars as per format prescribed by the Bank has been attached separately.
13. The Balances of Sundry Creditors, Deposit & Loans & Advances are subject to confirmation from parties and subsequent adjustment, if any, on reconciliation.
14. The Company has not received any information from the suppliers claiming their status as Micro Small or Medium Enterprise. Consequently the amount paid or payable to the parties during the year is Nil.
15. **ADDITIONAL INFORMATION AS REQUIRED UNDER PART IV OF SCHEDULE VI TO THE COMPANIES ACT, 1956.**

**BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE:**

I)	Registration No.	:	56686
	State Code.	:	21
	Balance Sheet Date.	:	31.03.2009.
II)	Capital Raised during the year :		
	Public Issue.	:	NIL
	Bonus Issue.	:	NIL
	Right Issue.	:	NIL
	Private Placement.	:	NIL
III)	Position of mobilisation & deployment of funds : (Amount in Rs.)		
	Total Liabilities.	:	35246992
	Total Assets.	:	35246992
	Sources of Funds :		
	Paid Up Capital.	:	35000000
	Reserve & Surplus.	:	36900
	Application of Funds :		
	Net Fixed Assets.	:	516155
	Net Current Assets.	:	33017532
	Profit & Loss Account (Debit Balance)	:	1503212
IV)	Performance of Company :		

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	Total Turnover	:	3716820
	Other Income	:	3128094
	Total Expenditure.	:	6699967
	Profit before tax.	:	144947
	Profit after tax.	:	11932
	Earnings per share.	:	-
	Dividend Rate.	:	-
V)	Generic name of principal product of the Company. (As per Monetary Terms)		
	Item Code No.	:	Not Applicable
	Product Description.	:	Financing Activities / Dealing in Shares & Securities.

16. Previous year figures have been regrouped and rearranged wherever considered necessary in order to make them comparable with those of the current year figures.

**FOR K. S. BOTHRA & CO.**  
**CHARTERED ACCOUNTANTS.**



**S.L. SETH**  
**PARTNER**  
Membership No.53261  
Kolkata the 20<sup>th</sup> day of August, 2009  
das.

**Quality Credit & Leasing Ltd.**

**Director**

**Quality Credit & Leasing Ltd.**

**Director**

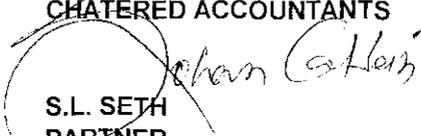
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# KWALITY CREDIT & LEASING LIMITED

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2009

	<u>31.03.2009</u>	<u>31.03.2008</u>
	Rs. P.	Rs. P.
<b><u>A. CASH FLOW FROM OPERATING ACTIVITIES :</u></b>		
Net Profit before tax and extra ordinary items.	48425.39	34673.83
Interest on Income-tax Refund	(60603.00)	(45253.00)
Adjustment for : Depreciation.	96522.00	96522.00
Income-tax Paid	(490451.00)	(615023.00)
Income-tax Refund	<u>865120.00</u>	<u>607849.00</u>
Operating Profit before change in Working Capital.	459013.39	78768.83
Change in Working Capital:		
Decrease in Inventory	2316671.80	(1690174.69)
(Increase)/Decrease in Loans & Advances.	(1243246.00)	(579193.00)
Increase/(Decrease) in Sundry Creditors	<u>(2146416.88)</u>	<u>1871760.08</u>
	<u>(613977.69)</u>	<u>(318838.78)</u>
Net Cash Flow from Operating Activities	(613977.69)	(318838.78)
Opening Cash & Cash equivalent as on 01-04-2008 :		
Cash in hand	409706.41	
Bank Balance	197287.89	
Cheques in hand	<u>491695.00</u>	1417528.08
Closing Cash & Cash equivalent as on 31-03-2009 :		
Cash in hand	3289.41	
Bank Balance	481422.2	
Cheque in hand	<u>0.00</u>	<u>1098689.30</u>

For K.S.BOTHRA & CO.  
CHARTERED ACCOUNTANTS

  
S.L. SETH  
PARTNER

Membership No.53261  
Kolkata the 20th day of August, 2009  
das.

For and on behalf of the Board.

  
DIRECTOR 

  
DIRECTOR



**KWALITY CREDIT & LEASING LTD.**  
**Schedule to the**  
**Balance Sheet of a Non-Banking Financial Company**  
[as required in terms of Paragraph 9BB of  
Non-Banking Financial Companies Prudential Norms (Reserve Bank)  
Directions, 1998]

( Rs. in lakhs )

Particulars			
<b>Liabilities side :</b>			
(1)	<b><u>Loans and advances availed by the NBFCs inclusive of interest accrued thereon but not paid :</u></b>	Amount outstanding	Amount overdue
	a) Debentures : Secured Unsecured (Other than falling within the meaning of public deposits*) b) Deferred Credits c) Term Loans d) Inter-corporate loans and borrowing e) Commercial Paper f) Public Deposits* g) Other Loans (specify nature)	Nil	Nil
	* Please see Note 1 below		
(2)	<b><u>Break-up of (1)(f) above (Outstanding public deposits inclusive of interest accrued thereon but not paid) :</u></b>		
	a) In the form of Unsecured debentures b) In the form of party secured debentures i.e. debentures where there is a shortfall in the value of security c) Other public deposits	Nil	Nil
	* Please see Note 1 below		
<b>Assets side :</b>			
		Amount outstanding	
(3)	<b><u>Break-up of Loans and Advances including bills receivable [ other than those included in (4) below ] :</u></b>		
	a) Secured		Nil
	b) Unsecured		208.74

Director

Mr. K. S. V.



(4)	<b>Break up of Leased Assets and stock on hire and hypothecation loans counting towards EL/HP activities</b>	
	<p>i) Lease assets including lease rentals under sundry debtors :</p> <p>    a) Financial lease     b) Operating lease</p> <p>ii) Stock on hire including hire charges under sundry debtors :</p> <p>    a) Assets on hire     b) Repossessed Assets</p> <p>iii) Hypothecation loans counting towards EL/HP activities</p> <p>    a) Loans where assets have been repossessed.     b) Loans other than (a) above</p>	Nil
(5)	<p>Break-up of Investments :</p> <p>Current Investments :</p> <p>1. Quoted :</p> <p>    i) Shares : a) Equity                   b) Preference</p> <p>    ii) Debentures and Bonds</p> <p>    iii) Units of mutual funds</p> <p>    iv) Government Securities</p> <p>    v) Others (please specify)</p> <p>2. Unquoted :</p> <p>    i) Shares : a) Equity                   b) Preference</p> <p>    ii) Debentures and Bonds</p> <p>    iii) Units of mutual funds</p> <p>    iv) Government Securities</p> <p>    v) Others (please specify)</p> <p>Long Term investments :</p> <p>1. Quoted :</p> <p>    i) Share : a) Equity                   b) Preference</p>	<p>NIL</p> <p>-</p> <p>-</p> <p>-</p> <p>-</p> <p>-</p> <p>-</p> <p>-</p> <p>-</p> <p>-</p>

**Director**

**Director**

	ii) Debentures and Bonds iii) Units of mutual funds iv) Government Securities v) Others (please specify)		
	2. Unquoted :  i) Shares : a) Equity b) Preference ii) Debentures and Bonds iii) Units of mutual funds iv) Government Securities v) Others (please specify)	-	-
		-	-
		-	-
		-	-
		-	-
(6)	<b>Borrower group-wise classification of all leased assets, stock-on-hire and loans and advances.</b> <b>Please see Note 2 below</b>		
	Category	Amount net of provisions	
		Secured	Unsecured
			Total
	1. Related Parties **		
	a) Subsidiaries	-	-
	b) Companies in the same group	-	-
	c) Other related parties	-	-
	2. Other than related parties	-	208.74
	Total	-	208.74
(7)	<b>Investor group-wise classification of all investments (current and long term in shares and securities (both quoted and unquoted)) :</b> <b>Please see note 3 below</b>		
	Category	NAV	Book Value (Net of Provisions)
	1. Related Parties **		
	a) Subsidiaries	-	-
	b) Companies in the same group	-	-
	c) Other related parties	-	-
	2. Other than related parties	-	-
	Total	-	-

\*\* As per Accounting Standard of ICAI (Please see Note 3)

*[Faint, illegible text and signatures]*

*[Handwritten signature]*

(8)	<b>Other information</b>		
	Particulars		
	i)	Gross Non-Performing Assets	Nil
		a) Related parties	Nil
		b) Other than related parties	Nil
	ii)	Net Non-Performing Assets	Nil
		a) Related parties	Nil
		b) Other than related parties	Nil
	iii)	Assets acquired in satisfaction of debt	Nil

**Equity Credit & Leasing Co.**

**Director**



Equity Credit & Leasing Co.

Director

2020/2021

**KWALITY CREDIT & LEASING LIMITED**  
8/1 Lall Bazar Street, Kolkata 700001

**PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31.03.2008**

	<u>SCHEDULE</u>	<u>31.03.2009</u> Rs. P.	<u>31.03.2008</u> Rs. P.
<b>INCOME :</b>			
Sales of Shares.		3716820.08	2367201.67
Interest Received.	9	3127150.00	3454317.26
Dividend Received.		944.00	2565.00
Profit on Share Dealing		0.00	1553.00
<b>TOTAL :</b>		<u><b>6844914.08</b></u>	<u><b>5825636.93</b></u>
<b>EXPENDITURE :</b>			
Cost of Shares Sold.	10	3999546.80	5082249.31
Salaries & Other Benefits.		271200.00	204300.00
Loss in Future & Options.		1994974.00	4130.00
Administrative & Other Expenses.	11	434074.22	398021.95
Interest on Car Loan.		171.67	5739.84
<b>TOTAL :</b>		<u><b>6699966.69</b></u>	<u><b>5694441.10</b></u>
Profit before Depreciation & Tax.		144947.39	131195.83
Less: Depreciation.		96522.00	96522.00
Profit before tax.		48425.39	34673.83
Less: Provision for Taxation.		25598.00	17171.00
Less: Provision for Fringe benefit Tax		9093.00	11176.00
Less: Income-tax Adjustment		1802.00	1746.00
Profit after tax.		11932.39	4580.83
Less: Debit Balance Brought Forward from Previous Year.		1515144.68	1519725.51
<b>Deficit Carried to Balance Sheet.</b>		<u><b>1503212.29</b></u>	<u><b>1515144.68</b></u>
Basic & Diluted Earnings Per Share.		0.00	0.00

**NOTES ON ACCOUNTS.**

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Schedules 1 to 12 form an integral part of the Accounts.

This is the Profit & Loss Account referred to in our Report of even date.

**For K. S. BOTHRA & CO.**  
**CHARTERED ACCOUNTANTS**

**S.L. SETH**  
**PARTNER**

Membership No. 53261  
**Kolkata the 20th day of August, 2009**  
das.

*Kwality Credit & Leasing Ltd.*

*Directors*

*Kwality Credit & Leasing Ltd.*

*Directors*

*2*

**Kwality Credit & Leasing Limited**  
8/1 Lall Bazar Street, Kolkata 700001  
**Schedule to the Accounts (Contd...)**

	<u>31.03.2009</u>	<u>31.03.2008</u>
	Rs. P.	Rs. P.
<b><u>SCHEDULE - 7:</u></b>		
<b><u>LIABILITIES :</u></b>		
Sundry Creditors:		
Micro, Small & Medium Enterprises	0.00	0.00
Other Creditors	147053.85	2293470.73
	<u>147053.85</u>	<u>2293470.73</u>
<b><u>SCHEDULE - 8:</u></b>		
<b><u>PROVISIONS :</u></b>		
For Income-tax.	42769.00	28858.00
For Fringe Benefit Tax	20269.00	23012.00
	<u>63038.00</u>	<u>51870.00</u>
<b><u>SCHEDULE - 9:</u></b>		
<b><u>INTEREST RECEIVED (Gross) :</u></b>		
On Loans.(TDS Rs.478051/- ; P.Y. Rs.601628/-)	3066547.00	3409064.26
On Income Tax Refund.	60603.00	45253.00
	<u>3127150.00</u>	<u>3454317.26</u>
<b><u>SCHEDULE - 10:</u></b>		
<b><u>COST OF SHARES SOLD :</u></b>		
Opening Stock.	4086541.75	2396367.06
Purchases.	1682875.00	6772424.00
	5769416.75	9168791.06
Less: Closing Stock.	1769869.95	4086541.75
	<u>3999546.80</u>	<u>5082249.31</u>
<b><u>SCHEDULE - 11:</u></b>		
<b><u>ADMINISTRATIVE &amp; OTHER EXPENSES :</u></b>		
Rent.	20184.00	19860.00
Printing & Stationery.	14084.95	3989.50
Conveyance Expenses.	13504.00	12266.00
Postage & Telegram.	1699.19	1467.40
Rates & Taxes.	13200.00	0.00
Auditors' Remuneration :		
For Audit.	9927.00	10112.00
For Tax Audit.	3419.00	3483.00
For Internal Audit.	2000.00	2000.00
For Taxation Matters.	5617.00	3933.00
Advertisement Expenses.	469.00	4874.00
Bank Charges.	1138.00	1279.00
Repairs & Maintenance.	4500.00	18515.00
Professional Fee.	33880.84	0.00
Electric Expenses.	53737.81	84522.19
Demat Charges.	283.02	775.50
Share Holders Maintenance Charges.	29975.00	29759.00
Motor Car Expenses	49198.86	62530.31
Telephone Expenses.	22642.55	27111.05

Director

Director

Filing Fees	19500.00	0.00
Miscellaneous Expenses.	21304.00	18260.00
Listing Fees.	28984.00	27700.00
Staff Refreshment Expenses.	75125.00	55684.00
Insurance.	9701.00	9901.00
	<u>434074.22</u>	<u>398021.95</u>

For K. S. BOTHRA & CO.  
CHARTERED ACCOUNTANTS

*S.L. Seth*

S.L. SETH  
PARTNER

Membership No. 53261

Kolkata the 20th day of August, 2009

das.

*Quality Credit & Leasing Ltd.*      *Quality Credit & Leasing Ltd.*  
*Director*      *Director*

*Q*

**KWALITY CREDIT & LEASING LIMITED**  
8/1 Lall Bazar Street, Kolkata 700001

**SCHEDULE '12' OF NOTES ON ACCOUNTS**

(ANNEXED TO AND FORMING PART OF BALANCE SHEET AS AT 31<sup>ST</sup> MARCH 2009  
AND PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED ON THAT DATE.)

**01. SIGNIFICANT ACCOUNTING POLICIES:**

- a) General: These accounts are prepared on the historical cost convention and in accordance with applicable accounting standards unless otherwise stated.
  - b) Revenue Recognition: The Company follows the mercantile system of accounting and recognises Income & Expenditure on accrual basis except Rates & Taxes on cash basis.
  - c) Fixed Assets: Fixed Assets are stated at cost of acquisition inclusive of freight, duties, taxes and incidental expenses relating to acquisition / installation.
  - d) Depreciation: The Company has provided depreciation on straight line method as per Schedule XIV of the Companies Act, 1956 (as amended).
  - e) Inventories: Stock of Shares/Securities are valued at Cost.
  - f) Contingent Liability: Contingent Liabilities are not provided for in Books of Account but are shown by way of Notes in Notes on Account.
  - g) Retirement Benefits: The Company will provide for Gratuity Liability as and when the same will be applicable to the company.
02. Rates & Taxes are accounted for on cash basis.

	<u>31-03-2009</u>	<u>31-03-2008</u>
03. Expenditure in Foreign Currency	-	Nil
04. Earnings in Foreign Currency	-	Nil
05. Contingent Liability	-	Nil

06. As informed by the Management The Payment of Gratuity Act, 1972 is not applicable to the Company as the number of Staffs is less than the minimum number specified under the Act.

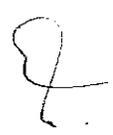
**07. QUANTITATIVE DETAILS OF ITEMS DEALT IN:**

SHARES	Nos.	Amount Rs.
Opening Stock.	89050 (74587)	4086542 (2396367)
Purchases.	12500 (66300)	1682875 (6772424)
Sales.	62850 (51837)	3716820 (2367202)
Closing Stock.	38700 (89050)	1769870 (4086542)

(Previous year figures are in brackets.)

**Kwality Credit & Leasing Ltd.**

**Director**



08. The Directors of the Company are of the opinion that there is no deferred tax assets / liabilities for the year ended 31<sup>st</sup> March, 2009 as per Accounting Standard AS-22 as prescribed by ICAI.
09. The Directors of the Company are of the opinion that the realizable value of the fixed assets as on 31<sup>st</sup> March 2009 are more than the value stated as on the date of Balance Sheet, hence Impairment of Fixed Assets as per AS-28 prescribed by ICAI is not applicable for the year under review.
10. Segment Reporting: The Company is mainly in the business of Non-Banking Financial activities, hence segment reporting is not required.
11. During the year, the Company has not entered into any transactions with related parties, hence no disclosure is required.
12. As required by the Non-Banking Financial Companies Prudential Norms (Reserve Bank) Directors, 1998 a schedule to the Balance Sheet containing additional particulars as per format prescribed by the Bank has been attached separately.
13. The Balances of Sundry Creditors, Deposit & Loans & Advances are subject to confirmation from parties and subsequent adjustment, if any, on reconciliation.
14. The Company has not received any information from the suppliers claiming their status as Micro Small or Medium Enterprise. Consequently the amount paid or payable to the parties during the year is Nil.
15. **ADDITIONAL INFORMATION AS REQUIRED UNDER PART IV OF SCHEDULE VI TO THE COMPANIES ACT, 1956.**

**BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE:**

I)	Registration No.	:	56686
	State Code.	:	21
	Balance Sheet Date.	:	31.03.2009
II)	<b>Capital Raised during the year :</b>		
	Public Issue.	:	NIL
	Bonus Issue.	:	NIL
	Right Issue.	:	NIL
	Private Placement.	:	NIL
III)	<b>Position of mobilisation &amp; deployment of funds : (Amount in Rs.)</b>		
	Total Liabilities.	:	35246992
	Total Assets.	:	35246992
	<b>Sources of Funds :</b>		
	Paid Up Capital.	:	35000000
	Reserve & Surplus.	:	36900
	<b>Application of Funds :</b>		
	Net Fixed Assets.	:	516155
	Net Current Assets.	:	33017532
	Profit & Loss Account (Debit Balance)	:	1503212
IV)	<b>Performance of Company :</b>		

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	Total Turnover	:	3716820
	Other Income	:	3128094
	Total Expenditure.	:	6699967
	Profit before tax.	:	144947
	Profit after tax.	:	11932
	Earnings per share.	:	-
	Dividend Rate.	:	-
V)	Generic name of principal product of the Company. (As per Monetary Terms)		
	Item Code No.	:	Not Applicable
	Product Description.	:	Financing Activities / Dealing in Shares & Securities.

16. Previous year figures have been regrouped and rearranged wherever considered necessary in order to make them comparable with those of the current year figures.

FOR K. S. BOTHRA & CO.  
CHARTERED ACCOUNTANTS.



**S.L. SETH**  
**PARTNER**  
Membership No.53261  
Kolkata the 20<sup>th</sup> day of August, 2009  
das.

~~Quality Credit & Leasing Ltd~~

~~Director~~

~~Quality Credit & Leasing Ltd~~

~~Director~~

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