

22nd Annual Report

&

Accounts

2013 - 2014

KWALITY CREDIT & LEASING LIMITED

KWALITY CREDIT & LEASING LIMITED

Corporate Identity No.: L65921WB1992PLC056686

Board of Directors :

Mr. Bhagwan Das Soni	Managing Director
Mr. Amu Thapa	Independent Director
Mr. Suresh Kumar Jain	Independent Director

Audit Committee :

Mr. Suresh Kumar Jain	Chairman
Mr. Amu Thapa	Independent Director
Mr. Bhagwan Das Soni	Managing Director

Nomination And Remuneration Committee:

Mr. Amu Thapa	Chairman
Mr. Suresh Kumar Jain	Independent Director
Mr. Bhagwan Das Soni	Managing Director

Stakeholder's Relationship Committee :

Mr. Amu Thapa	Chairman
Mr. Suresh Kumar Jain	Independent Director

Chief Financial Officer :

Ms. Namrata Chakraborty

Registered Office :

27, Weston Street,
5th floor, Room No. 526,
Kolkata – 700 012
Ph. : 033 3262 4539
Email ID : kqualitycredit50@yahoo.com
Website : www.kqualitycredit.com

Registrar and Transfer Agent :

C B Management Services (P) Ltd.
P-22, Bondel Road,
Kolkata – 700 019

Bankers :

Corporation Bank

Auditors :

M/s. Pachisia & Associates
Chartered Accountants
454, Dum – Dum Park, Kolkata – 700 055

=====**KWALITY CREDIT & LEASING LIMITED**=====

CIN :- L65921WB1992PLC056686

27, Weston Street, 5th Floor, Room No – 526, Kolkata – 700 012

Ph. : 033-3262 4539, E-mail : kqualitycredit50@yahoo.com, Website : www.kqualitycredit.com

NOTICE

NOTICE is hereby given that the 22nd Annual General Meeting (AGM) of the Members of the Company will be held on Monday, the 29th day of September, 2014 at the Registered Office of the Company at 27, Weston Street, 5th Floor, Room No. 526, Kolkata - 700 012, at 11.00 a.m., to transact the following business:

Ordinary Business:

1. To receive, consider and adopt the Audited Statement of Profit and Loss for the financial year ended 31st March, 2014, the Audited Balance Sheet as on that date and the Reports of the Auditors and Directors thereon.
2. To appoint a Director in place of Mr. Bhagwan Das Soni (holding DIN 02308414) who retires by rotation and being eligible, seeks re-appointment.
3. To appoint Statutory Auditors to hold office from the conclusion of the 22nd AGM till the conclusion of the 27th AGM and to authorize the Board to fix their remuneration.

“**RESOLVED** that pursuant to the provision of Section 139 of the Companies Act, 2013 and Rules made thereunder, including any statutory modification(s) or re-enactment thereof for the time being in force, and pursuant to the recommendations of Audit Committee of the Board of Directors, M/s. Pachisia & Associates, Chartered Accountants (Firm Registration No. 327542E) of 454, Dum Dum Park, Kolkata – 700 055, be and are hereby appointed as Statutory Auditors of the Company, to hold the office of Statutory Auditors from the conclusion of the 22nd AGM till the conclusion of the 27th AGM (subject to ratification of appointment by the members at every AGM held after the 22nd AGM) and that the Board of Directors of the Company be and are hereby authorized to fix the remuneration as may be recommended by the Audit Committee.”

Special Business :

4. Appointment of Mr. Amu Thapa (holding DIN 00674928) as an Independent Director

To consider and if thought fit to pass with or without modification(s), the following resolution as an Ordinary Resolution:

“**RESOLVED** that pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder, including any statutory modification(s) or re-enactment thereof for the time being in force, read with Schedule IV to the Companies Act, 2013, Mr. Amu Thapa (holding DIN 00674928), an Independent Director of the Company and in respect of whom the Company has received a notice under Section 160 of the Companies Act, 2013, from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for a period of five consecutive years from the conclusion of the 22nd AGM till the conclusion of 27th AGM or till such earlier date to conform with the policy on retirement and as may be determined by any applicable statutes, rules, regulations or guidelines and who shall not be liable to retire by rotation.”

5. Appointment of Mr. Suresh Kumar Jain (holding DIN No. 00705828) as an Independent Director

To consider and if thought fit to pass with or without modification(s), the following resolution as an Ordinary Resolution:

=====**KWALITY CREDIT & LEASING LIMITED**=====

“**RESOLVED that** pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder, including any statutory modification(s) or re-enactment thereof for the time being in force, read with Schedule IV to the Companies Act, 2013, Mr. Suresh Kumar Jain (holding DIN No. 00705828), an Independent Director of the Company and in respect of whom the Company has received a notice under Section 160 of the Companies Act, 2013, from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for a period of five consecutive years from the conclusion of the 22nd AGM till the conclusion of 27th AGM or till such earlier date to conform with the policy on retirement and as may be determined by any applicable statutes, rules, regulations or guidelines and who shall not be liable to retire by rotation.”

6. Variation in terms of appointment of Mr. Bhagwan Das Soni (holding DIN 02308414) Managing Director

To consider and if thought fit to pass with or without modification(s), the following resolution as an Ordinary Resolution:

“**RESOLVED that** pursuant to the provisions of Section 152 of the Companies Act, 2013 read with Schedule V of the Companies Act, 2013, the approval of the Company be and is hereby accorded to vary the terms of appointment of Mr. Bhagwan Das Soni (holding DIN 02308414), Managing Director, by making his office liable to retire by rotation.

RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorized to vary the terms and condition of his appointment including remuneration as they may deem fit.

RESOLVED FURTHER THAT in the event of any loss or inadequacy of profits in any financial year during his tenure, the Company shall pay Mr. Bhagwan Das Soni, the remuneration by way of salary, perquisites, commission or any other allowances in accordance with the limits specified under Schedule V of the Companies Act, 2013 or such other limits as may be prescribed by the Government from time to time in this regard, as minimum remuneration.”

Place : Kolkata
Date : 29.05.2014

**By Order of the Board
For Kwality Credit & Leasing Ltd.**

**Sd/-
Amu Thapa
Director
DIN-00674928**

NOTES:

1. The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, in respect of the Special Business, set out in the Notice is annexed hereto.
2. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY/ PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF. SUCH A PROXY/ PROXIES NEED NOT BE A MEMBER OF THE COMPANY.**

A person can act as proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than ten percent of the total share capital of the Company. Proxies in order to

=====**KWALITY CREDIT & LEASING LIMITED**=====

be effective must be received by the Company not less than 48 hours before the meeting. A Proxy form is sent herewith. Proxies submitted on behalf of the companies, societies etc., must be supported by an appropriate resolution/authority, as applicable.

3. The Register of Members and Share Transfer Books of the Company will remain closed from 22nd September, 2014 to 27th September, 2014. (Both days inclusive).
 - . Additional details pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges in respect of the Directors seeking appointment/re-appointment at the Annual General Meeting, are annexed hereto. The Directors seeking appointment/re-appointment have furnished the requisite consent and/or declaration for their appointment/re-appointment.
5. Members holding share in dematerialized form are requested to bring their Depository Account No. and Client I. D. No. for identification.
6. Members are requested to notify any change of address/residential status/email-id, bank details etc.:
 - a. To their Depository Participants (DP) in respect of shares held in dematerialized form, and
 - b. To Registrar & Share Transfer Agent of the Company - CB Managements Services Pvt. Ltd., P-22, Bondel Road, Kolkata-700 019, Phone No.033-2280/6692/93/94/2486, 4011-6700/6711/6717/6723, E-Mail ID: rta@cbmsl.com, Fax-033-40116739, in respect of shares in physical form, under their signatures and quoting respective folio number.
7. In case, the mailing address mentioned in this Annual Report is without the PIN CODE, members are requested to kindly inform their PIN CODE immediately.
8. Non- Resident Indian Shareholders are requested to inform the Company immediately:
 - a. the change in residential status on return to India for permanent settlement.
 - b. the particulars of NRE Bank Account maintained in India with complete name and address of the Bank, if not furnished earlier.
9. Members who are holding shares in identical order or names in more than one folio are requested to send the Company/Registrar and Share Transfer Agent, the details of such folios together with the Share Certificates for consolidating their holdings in one such folio.
10. Members are requested to quote their Folio number/DP I.D. and Client I.D. in all correspondence.
11. A Member or his Proxy is requested to produce at the entrance of the Meeting Hall, attendance Slip forwarded to the member duly completed and signed by the member.
12. Members are requested to note that trading in securities of the Company are compulsorily in dematerialised form only. Hence members who are yet to dematerialise their shares are advised to do so.
13. Electronic copy of the Annual Report for 2014 is being sent to all the members whose email IDs are registered with the Company/Depository Participant(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the Annual Report for 2014 is being sent in the permitted mode.
14. Members may also note that the Notice of the 22nd Annual General Meeting and the Annual Report 2014 will also be available on the Company's website www.kwalitycredit.com. The physical copies of the aforesaid documents will also be available at the Company's Registered Office in Kolkata for

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inspection during normal business hours on working days. For any communication, the shareholders may also send requests to the Company's investor email id: kwalitycredit50@yahoo.com

15. 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.
16. The Register of Directors and Key Managerial Personnel and their shareholding maintained under Section 170 of the Companies Act, 2013, will be available for inspection by the Members at the AGM.
17. The Register of Contracts or Arrangements in which Directors are interested maintained under Section 189 of the Companies Act, 2013, will be available for inspection by the Members at the AGM.
18. Voting through electronic means:

The instructions for voting electronically are as follows:

Instructions for Voting through electronic means:

Pursuant to Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company is pleased to provide its members the facility to exercise their right to vote at the 22nd Annual General Meeting (AGM) by electronic means. Voting rights shall be reckoned on the number of shares registered in the names of the shareholders as on 15th August, 2014. The Company has engaged the services of Central Depository Services (India) Limited (CDSL) to provide the e-voting facilities. The e-voting procedures are given hereunder:

- (i) Log on to the e-voting website www.evotingindia.com
- (ii) Click on "Shareholders" tab.
- (iii) Now, select the Electronic Voting Sequence Number ' 140820071' along with "KWALITY CREDIT & LEASING LTD." 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 Captcha Code as displayed and click on Login.
- (v) 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.

KWALITY CREDIT & LEASING LIMITED

(vi) If you are a first time user fill up the following details in the appropriate boxes and follow the steps given below :

PAN*	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (applicable for both demat shareholders as well as physical shareholders).
DOB#	Enter the Date of Birth as recorded in your demat account or in the Company records for the said demat account or folio in 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 can enter in the PAN field the 10 characters as First 2 Alphabets of the First Holder Name followed by:

- a) For shareholders holding in physical form - 8 characters consisting of Folio Number prefix by "00" No special characters will be taken from the name and folio number. Example: **Mr. AJAY SRIVASTAVA and folio number is A00640, the PAN to be entered will be AJ00A00640.**
 - b) For shareholders holding shares in dematerialized form: 8 characters from right of CLIENT ID Number. No special characters will be taken from the name and Client Id. Example: Mr. AJAY SRIVASTAVA and Client id is 45436217 the PAN to be entered will be AJ45436217.
- # 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 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 EVSN 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.
 - (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 'KWALITY CREDIT & LEASING LTD.' 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 implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
 - (xii) Click on the "Resolutions File Link" if you wish to view the 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 changed password then enter the User ID and image

KWALITY CREDIT & LEASING LIMITED

Captcha Code on Forgot Password & enter the details as prompted by the system.

- (xvii) The e-voting shall commence at **10.00 a.m. on 23rd Day of September, 2014 and shall close at 6.00 p.m. on 25th Day of September, 2014**. You can log in any number of times till you have voted on the resolution(s) or till the end of the voting period (i.e. 25th Day of September, 2014) whichever is later.
- (xviii) Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) are required to log on to <https://www.evotingindia.com> and register themselves as Corporate. 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 (PDF/JPG format) of the relevant Board Resolution/Authority letter etc. together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the **Scrutinizer's email at csniazahmed@gmail.com** copy marked to helpdesk.evoting@cdslindia.com **before 25th September, 2014** without which the voting shall not be treated as valid.
- (xix) **Mr. Niaz Ahmed, Practicing Company Secretary (Membership No. ACS 15555 CP No. 5965) of 1/2A, Noor Ali Lane, Kolkata – 700 014** has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner whose email id is csniazahmed@gmail.com. In case you have any queries or issues regarding E-voting, please contact at helpdesk.evoting@cdslindia.com.
- (xx) The results declared along with the Scrutinizer's Report shall be placed on the Company's website www.kwalitycredit.com and on the website of CDSL within two days of the passing of the resolutions at the 22nd Annual General Meeting of the Company on 29th September, 2014 and shall be communicated to the BSE Limited, Calcutta Stock Exchange Limited and Jaipur Stock Exchange Ltd. where the shares of the Company are listed.
- (xxi) The Scrutinizer shall within a period not exceeding (3) working days from the conclusion of the e-voting period unlock the votes in the presence of at least two witnesses not in the employment of the Company and make a Scrutinizer's Report on the votes cast in favour or against, if any forthwith to the Chairman of the Company.
- (xxii) 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.

Members who have already voted through e-voting mechanism shall not be debarred from participation in the AGM. Such members shall however not be able to vote again and his earlier vote (cast through e-means) shall be treated as final.

Relevant documents referred to in the accompanying notice or the statutory registers, as applicable to the Company, are open for inspection at the Registered Office of the Company on all working days (barring Saturday and Sunday) between 10.00 a.m. to 6.00 p.m. prior to the date of the AGM.

Place: Kolkata
Date : 29.05.2014

By Order of the Board
For Kwality Credit & Leasing Ltd.

Sd/-
Amu Thapa
Director
DIN-00674928

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EXPLANATORY STATEMENT IN RESPECT OF THE SPECIAL BUSSINESS PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

Item Nos. 4 & 5

Mr. Amu Thapa & Mr. Suresh Kumar Jain were appointed as Directors of the Company on July 9, 2012. Mr. Amu Thapa & Mr. Suresh Kumar Jain, were holding office as Independent Directors of the Company and they were liable to retire by rotation as per the provisions of the Companies Act, 1956.

As per the Companies Act, 2013, the Company is required to appoint Independent Directors, including existing independent directors, for a fixed term and their office shall not be liable to be determined by retirement of directors by rotation. Accordingly, in compliance of Section 149, 150, 152 read with Schedule IV of the Companies Act, 2013, Mr. Amu Thapa & Mr. Suresh Kumar Jain, Directors, are proposed to be appointed as Independent Directors of the Company to hold the office till the conclusion of 27th AGM. Separate notices have been received from members proposing candidatures of Mr. Amu Thapa & Mr. Suresh Kumar Jain for the office of Independent Directors of the Company.

Accordingly, it is proposed to appoint Mr. Amu Thapa & Mr. Suresh Kumar Jain as Independent Directors of the Company in accordance with Section 149 of the Companies Act, 2013, not liable to retire by rotation and to hold office till the conclusion of 27th AGM or till such earlier date to conform with the policy on retirement and as may be determined by any applicable statutes, rules, regulations or guidelines.

The Company has received from Mr. Amu Thapa & Mr. Suresh Kumar Jain, individually, (i) consent in writing to act as Director in prescribed Form DIR-2 pursuant to Rule 8 of the Companies (Appointment & Qualification of Directors) Rules, 2014; (ii) intimation in Form DIR-8 pursuant to Rule 14 of the Companies (Appointment & Qualification of Directors) Rules, 2014, to the effect that he is not disqualified under sub-section (2) of Section 164 of the Companies Act, 2013 and (iii) declaration that he meets the criteria of independence as provided in Section 149(6) of the Companies Act, 2013.

In the opinion of the Board, Mr. Amu Thapa & Mr. Suresh Kumar Jain fulfill the criteria of independence for their respective appointment as Independent Directors as specified in the Companies Act, 2013 and the Listing Agreement. Mr. Amu Thapa & Mr. Suresh Kumar Jain are independent of the management.

Copy of the draft letters of appointment setting out the terms and conditions of appointment of Mr. Amu Thapa & Mr. Suresh Kumar Jain are available for inspection, without any fee, by the members at the Company's registered office during normal hours on working days up to the date of AGM.

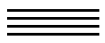
Mr. Amu Thapa & Mr. Suresh Kumar Jain are interested in the resolutions set out respectively at Item Nos. 4 & 5 of the Notice with regard to their respective appointments.

Save and except as mentioned above, none of the other Directors, Key Managerial Personnel of the Company or their relatives are, in any way, concerned or interested, financially or otherwise, in resolutions set out respectively at Item Nos. 4 & 5 of the Notice.

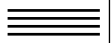
The Board recommends the resolutions set forth in the Item Nos. 4 & 5 of the Notice for approval of the members.

Item No. 6

Mr. Bhagwan Das Soni, was appointed as a Managing Director of the Company at the Board Meeting



KWALITY CREDIT & LEASING LIMITED



of the Company held on January 1, 2013, with effect from 1st January, 2013 for a period of 5 (five) years ending on 31st December, 2017 and as per the terms of his appointment, he is not liable to retire by rotation. His appointment was approved by the members at their Annual General Meeting held on 30th September, 2013.

As per the provisions of the Section 152(6) of the Companies Act, 2013, the period of office of at least two-third Directors, other than Independent Directors, of the Company shall liable to be determined by retirement of directors by rotation. However, Managing Directors who were earlier not liable to retire by rotation as per the provisions of the Companies Act, 1956, are now liable to retire by rotation as per the provisions of Section 152(6) of the Companies Act, 2013. Accordingly, it is proposed that the terms of appointment of Mr. Bhagwan Das Soni be amended to provide that he shall be liable to retire by rotation as per the provisions of Section 152(6) of the Companies Act, 2013. The other terms and conditions of his appointment including remuneration approved by the members of the Company at their meeting held on 30th September, 2013 shall remain unchanged. Further, it is proposed that the Board of Directors of the Company be authorized to vary the terms and conditions, including remuneration, of his appointment as per the provisions of the Companies Act, 2013 and the Rules made thereunder from time to time as they may deem fit.

Mr. Bhagwan Das Soni is interested in the resolution set out at Item No. 6 of the Notice with regard to variation in the terms of his appointment.

Save and except as mentioned above, none of the other Directors, Key Managerial Personnel of the Company or their relatives are, in any way, concerned or interested, financially or otherwise, in these resolutions.

The Board recommends the resolution set forth in the Item No. 6 of the Notice for approval of the members.

Regd. Office:

27, Weston Street,
5th Floor, Room No. 526,
Kolkata - 700 012

Dated : 29th May, 2014

By Order of the Board

For Kwaliti Credit & Leasing Ltd.

Sd/-
Amu Thapa
Director
DIN-00674928



KWALITY CREDIT & LEASING LIMITED



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

Name of Director	Date of Birth	Date of Appointment	Expertise in specific functional areas	Qualifications	Directorship in other Companies	Membership of Committee in other Companies	No. of Shares Held in the Company	Nature of Directorship	Remarks
Mr. Bhagwan Das Soni	14.11.1965	09.07.2012	14 years of experience in the field of Finance & Medicine.	B.Com.	1. Jaguar Infra Developers Ltd. 2. Appu Marketing and Manufacturing Ltd. 3. AMM Housing Ltd. 4. AMM Textiles Ltd. 5. AMM Irons Ltd. 6. AMM Commercial Ltd. 7. KCL Chemicals Ltd. 8. KCL Iron & Steels Ltd. 9. Triumph Trexim Pvt. Ltd. 10. Infinity Tradeinks Pvt. Ltd. 11. Anumati Stock Broking Pvt. Ltd. 12. Wonderland Paper Suppliers Pvt. Ltd. 13. Sunbright Agrotech Pvt. Ltd. 14. Risewell Machinery Traders Pvt. Ltd. 15. Shreyans Embroidery Machine Pvt. Ltd. 16. Zonal Commercial Pvt. Ltd. 17. Hulbert Tracom Pvt. Ltd. 18. Rudramala Commoddeal Pvt. Ltd. 19. Oversea Retailis Pvt. Ltd.	3	Nil	Managing Director	Retire by rotation at the forthcoming Annual General Meeting and being eligible, seeks re-appointment, and variation in terms of his appointment as per section 152 of the Companies Act, 2013.
Mr. Anu Thapa	05.06.1976	09.07.2012	8 years of experience in the securities market and Finance.	H.S.	1. KCL Iron & Steels Ltd. 2. KCL Chemicals Ltd. 3. B.D.M Securities Pvt. Ltd. 4. Mascot Iron Traders Pvt. Ltd. 5. Rapid Cloth Merchants Pvt. Ltd. 6. Viewlink Infrastructure Pvt. Ltd. 7. Sheilputri Tracom Pvt. Ltd. 8. Rudramala Commoddeal Pvt. Ltd. 9. Moonrise Tracom Pvt. Ltd. 10. Lookline Tracom Pvt. Ltd. 11. Glorious Vincom Pvt. Ltd. 12. Highgrowth Vincom Pvt. Ltd.	Nil	Nil	Independent Director	Appointment as an Independent Director as per provisions of the Companies Act, 2013.
Mr. Suresh Kumar Jain	12.09.1954	09.07.2012	20 years of experience in the Accounts & Finance.	B.Com.	1. Narottam Investments & Trading Co Ltd. 2. Econo Trade (India) Ltd. 3. KCL Iron & Steels Ltd. 4. KCL Chemicals Ltd. 5. Platinum Plywood Pvt. Ltd.	Nil	Nil	Independent Director	Appointment as an Independent Director as per provisions of the Companies Act, 2013.

KWALITY CREDIT & LEASING LIMITED

DIRECTORS' REPORT

Dear Members,

Your Company's Directors are pleased to present the 22nd Annual Report of the Company for the financial year ended 31st March, 2014.

FINANCIAL RESULTS :

Particulars	Standalone		Consolidated
	2013-2014	2012-2013	2013-2014
Total Income	22,095,234	16,15,702	2,20,95,234
Total Expenditure	21,731,441	12,73,833	2,17,74,675
Profit before Exceptional & Extraordinary Items	3,63,793	3,41,869	3,20,559
(Add) : Extraordinary Items	-	680	-
Profit Before Tax	3,63,793	3,42,549	3,20,559
(Less) : Provision for Current Tax	(1,12,412)	(1,17,000)	(1,12,412)
(Less) : Contingent Provision for Standard Assets	(1,17,383)	(1,02,697)	(1,17,383)
Income tax for prior year	-	(21)	(3136)
Net Profit after tax	1,13,998	1,22,831	87,628
(Less) : Transfer to Statutory Reserve	(26,800)	(25,000)	(26,800)
Add : Brought forward from previous year	(13,31,614)	(14,29,445)	(13,31,614)
Balance carried to Balance Sheet	(12,24,416)	(13,31,614)	(12,70,786)

FINANCIAL AND OPERATIONAL PERFORMANCE

Our Company has recorded a total income of ` 2,20,95,234/- for the current financial year as compared to ` 16,15,702/-, for the previous financial registering a significant growth of 1267.53%.

The Profit Before Tax on a standalone basis amounted to ` 3,63,793/- as against ` 3,42,549 in the previous year.

The Profit After Tax on a standalone basis amounted to ` 1,13,998/- as against ` 1,22,831 in the previous year. The decrease in profit of the Company is mainly on account of steps taken for diversification of business activities of the Company

During the year, we have made investments in two newly owned subsidiary companies. We expect that the company will be benefited by the investments in subsidiaries in long run, which will be seen from the forthcoming financial quarters.

The core financial activities of the Company which comprises of providing of business loan to corporate and individuals have witness a tough time in the past. However, the Company has diversified its financial business portfolio to stay competitive and focusing on the untapped financial needs of rural population. The Company has outperformed during the financial year 2013-14 and registered a significant growth in revenue.

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DIVIDEND

Considering the future prospects and for strengthening the financial position of the Company, your Directors do not recommend any dividend for the financial year under review.

DIRECTORS

In accordance with the provisions of the Companies Act, 2013, Mr. Bhagwan Das Soni, Executive Director of the Company, will retire by rotation at the ensuing 22nd Annual General Meeting and being eligible, seeks reappointment. The Board of Directors recommends his re-appointment.

As per the Companies Act, 2013, the Company is required to appoint Independent Directors, including existing independent directors, for a fixed term and their office shall not be liable to be determined by retirement of directors by rotation. Our Independent Directors Mr. Amu Thapa and Mr. Suresh Kumar Jain are liable to retire by rotation under the erstwhile Companies Act, 1956.

Accordingly, in compliance of Section 149, 150, 152 read with Schedule IV of the Companies Act, 2013, Mr. Amu Thapa and Mr. Suresh Kumar Jain, Directors of the Company, are proposed to be appointed as Independent Directors of the Company for a period of five consecutive years to hold the office till the conclusion of 39th AGM and their offices shall not be liable to retire by rotation of directors.

Separate notices have been received from members proposing candidatures of Mr. Amu Thapa and Mr. Suresh Kumar Jain for their respective appointments.

Based on the confirmations received, none of the Directors proposed to be appointed are disqualified for appointment under the Companies Act, 2013. Further, the Company has received declarations from all the Independent Directors of the Company confirming that they meet with the criteria of independence as prescribed under Section 149(6) of the Companies Act, 2013 read with Clause 49 of the Listing Agreement with the stock exchange.

Further, Mr. Bhagwan Das Soni, was appointed as a Managing Director of the Company at the Board Meeting of the Company held on January 1, 2013, with effect from 1st January, 2013 for a period of 5 years ending on 31st December, 2017 and as per the terms of his appointment, he is not liable to retire by rotation. However, Managing directors who were earlier not liable to retire by rotation as per the provisions of the Companies Act, 1956, are now liable to retire by rotation as per the provisions of Section 152(6) of the Companies Act, 2013. Accordingly, it is proposed that the terms of appointment of Mr. Bhagwan Das Soni be amended to provide that he shall be liable to retire by rotation as per the provisions of Section 152(6) of the Companies Act, 2013. The other terms and conditions of his appointment including remuneration approved by the members of the Company shall remain unchanged.

AUDITORS

M/s. Pachisia & Associates, Chartered Accountants (Firm Registration No. 327542E) of 454, Dumdum Park, Kolkata – 700 055, Statutory Auditor of the Company, retire at the conclusion of the ensuing Annual general Meeting and being eligible for re-appointment. Pursuant to the provisions of section 139 of the Companies Act, 2013 and the Rules framed thereunder, it is proposed to appoint M/s. Pachisia & Associates, Chartered Accountants as Statutory Auditors of the Company from the conclusion of the forthcoming AGM till the conclusion of the 27th AGM, subject to ratification of their appointment at every AGM.

The Company has received letter from them to the effect that their re-appointment, if made, would be within the prescribed limits under Section 141(3)(g) of the Companies Act, 2013 and that they are not disqualified for re-appointment.

≡≡≡ KWALITY CREDIT & LEASING LIMITED ≡≡≡

INDEPENDENT AUDITORS' REPORT

The Financial Statement, as referred to in the Independent Auditor's Report are self-explanatory and hence does not require any further explanations.

DIRECTORS' RESPONSIBILITY STATEMENT

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

- (i) in the preparation of the annual accounts for the financial year 2013-14, the applicable accounting standards have been followed and there are no material departures;
- (ii) they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for the financial year;
- (iii) they have taken proper and sufficient care to the best of their knowledge and ability for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956. They confirm that there are adequate systems and controls for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) they have prepared the annual accounts on a going concern basis

CORPORATE GOVERNANCE

Your Company has been complying with all the requirements of the Corporate Governance norm as stipulated in Clause 49 of the Listing Agreement, as amended from time to time.

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

PUBLIC DEPOSIT

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

PRUDENTIAL NORMS FOR NBFC'S

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

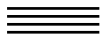
CONSOLIDATED FINANCIAL STATEMENT

In accordance with the Accounting Standard (AS) – 21 on Consolidated Financial Statements, the Audited Consolidated Financial Statements forms part of the Annual Report 2014.

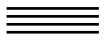
SUBSIDIARIES

The Company has two subsidiaries as on March 31, 2014, namely KCL Chemicals Ltd. and KCL Iron & Steel Ltd. Both the subsidiaries were incorporated in March, 2014. A Statement pursuant to Section 212 of the Companies Act, 1956, relating to Subsidiary Companies, is attached to the Accounts.

In accordance with the General Exemption under Section 212(8) of the Companies Act, 1956, granted by the Ministry of Corporate Affairs, Government of India vide its Circular no. 02/2011 dated 8th February, 2011, the Balance Sheet, Statement of Profit and Loss and other documents of the Subsidiary Companies are not being attached with Balance Sheet of the Company. However, the Consolidated Financial Statement is presented in the Annual Report 2014 in compliance with the said circular.



KWALITY CREDIT & LEASING LIMITED



The Company will provide a copy of the annual accounts in respect of each Subsidiary to the shareholder of the Company who asks for it and the said annual accounts will also be kept open for inspection at the Registered Office of the Company and that of the respective Subsidiary Companies.

REGISTER E-MAIL ADDRESS

To support the 'Green Initiative' in the Corporate Governance taken by the Ministry of Corporate Affairs, to contribute towards greener environment and to receive all documents, notices, including Annual Reports and other communications of the Company, investors should register their e-mail addresses with M/s. C B Management Pvt. Ltd., P – 22, Bondel Road, Kolkata - 700 019 E- mail: rta@cbmsl.com, if shares are held in physical mode or with their DP if the holding is in electronic mode.

MANAGEMENT'S DISCUSSION AND ANALYSIS

In accordance with the listing requirement, the Management's Discussion and Analysis is presented in a separate section and forms part of the Annual Report 2014.

PUBLIC DEPOSIT

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

PARTICULARS OF EMPLOYEES

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

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

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

LISTING FEES

The Company's shares are listed in the BSE Ltd., Calcutta Stock Exchange Limited and the Jaipur Stock Exchange Ltd. The listing fees payable to the said stock exchanges have been paid up-to-date.

ACKNOWLEDGEMENT

Your Directors place their deep appreciation to the employees for their hard work, dedication and total commitment towards their work. The Directors also take this opportunity to thank all Investors, Clients, Vendors, Banks, Government and Regulatory Authorities and Stock Exchanges, for their continued support.

Place : Kolkata
Dated : 29.05.2014

ON BEHALF OF THE BOARD OF DIRECTORS
For Kwality Credit & Leasing Ltd.

Sd/-
Amu Thapa
Chairman
DIN: 00674928

KWALITY CREDIT & LEASING LIMITED

MANAGEMENT DISCUSSION AND ANALYSIS

ECONOMIC AND INDUSTRY OVERVIEW

The economy of India is the tenth-largest in the world by nominal GDP and the third-largest by purchasing power parity (PPP). India's economic growth slowed to 4.7% for the 2013–14 fiscal year, in contrast to higher economic growth rates in 2000s. Its manufacturing industry has held a constant share of its economic contribution, while the fastest growing part of the economy has been its services sector, which includes banking and financial service sector. The global economy has witnessed a sluggish growth and low investment activity.

To overcome the financial crises, the RBI and the Government have taken notable steps in FY 2013-14. The year ahead will be challenging on the interest rate and credit quality front. However, a stable Government in India is expected to provide the economy back on the growth path.

Expectations of healthy growth in coming years and likely higher industrial growth provide opportunity to NBFCs. Sustained growth will lead to increase the industrial as well consumption activities in the country. Improvement in macro indicators and business environment is expected to improve asset quality and profitability as well.

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

Over the period, NBFCs have emerged as an important constituent of the Indian Financial System. NBFCs are now being recognized as complementary to the banks. However, Retail credit growth for NBFCs has been slow downed considerably in financial year 2013-14 with the sluggish economy and high interest rates adversely affecting the demand for credit.

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

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

BUSINESS OVERVIEW

The core financial activities of the Company which comprises of providing of business loan to corporate and individuals have witness a tough time in the past. However, the Company has diversified its financial business portfolio to stay competitive and focusing on the untapped financial needs of rural population. Your Company has been constantly focused on improving its revenue and maintaining a sustainable growth. Notwithstanding difficult Financial Market conditions, your Company concluded yet another year of growth in business. The financial performance for the year ended 31st March, 2014 was satisfactory. The Company has also diversified its business by incorporating two wholly owned subsidiary Companies.

FINANCIAL PERFORMANCE

Notwithstanding difficult financial market conditions, your Company has concluded an another year of growth in business. The financial performance of the Company for the financial year ended 31st March, 2014 was satisfactory as it has been achieved in the wake of several challenges confronting your Company's business.

During the year under review, the Company' revenue on standalone was ` 2,20,95,234/- as against revenue of ` 16,15,702/- in the preceding financial year. The Profit Before Tax on a standalone basis amounted to ` 3,63,793/- as against ` 3,42,549 in the previous year. The Profit After Tax on a standalone basis amounted to ` 1,13,998/- as against ` 1,22,831/- in the previous year. There is a The decrease in profit of the Company mainly

=====**KWALITY CREDIT & LEASING LIMITED**=====

on account diversification of business activities of the Company i.e. investment in two newly incorporated subsidiary companies. The Company will be benefited by this investment in long run which will be seen in the upcoming quarters.

DEBT STRUCTURE

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

OUTLOOK

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

The markets will continue to grow and mature leading to differentiation of products and services. Each financial intermediary will have to find its niche in order to add value to consumers. The Company is cautiously optimistic regarding outlook for the year 2014-15.

RISK MANAGEMENT

NBFCs are exposed to credit and market risks in view of Asset Liability transformation. Intense competition for business involving both the assets and liabilities has brought pressure on the management of NBFCs to maintain a good balance among spreads, profitability and long term viability. NBFCs are exposed to major risks in the course of their business viz; credit risk, interest rate risk, liquidity risk and operational risk. The Company is guarding itself against these risks by laying down appropriate strategy for product positioning which is supplemented by business plans, review mechanism and action plans.

The Risk Management policies of the Company aim to identify, analyze and manage the risk faced by the Company, to set appropriate risk limits & controls, and to continuously monitor risk levels and adherence to limits.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

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

The Company has put in place an adequate internal Control System to safeguard all assets and ensure operational excellence. The system also meticulously records all transaction details and ensures regulatory compliance. The reports are reviewed by the Audit Committee of the Board. Wherever deemed necessary, internal control system are strengthened and corrective actions initiated.

HUMAN RESOURCE DEVELOPMENT

Human resources play a key role in helping the Company to deal with the fast-changing competitive environment. Employees' relations with the management continued to be harmonious throughout the year.

The Company has been working towards institutionalizing a Performance Oriented Culture. The Entire HR system including recruitment, performance management system, reward and recognition has been aligned with the business objectives. The total employees' strength of the Company was 3 as on March 31, 2014.

CAUTIONARY STATEMENT

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

KWALITY CREDIT & LEASING LIMITED

Compliance Certificate

CIN :- L65921WB1992PLC056686

Nominal Capital: Rs. 4,70,00,000/-

To,
The Members of
M/s. Kwaliti Credit and Leasing Ltd.
27, Weston Street, 5th Floor,
Room No – 526,
Kolkata – 700 012

I have examined the registers, records, books and papers of **M/s. Kwaliti Credit and Leasing Ltd.** (the Company) as required to be maintained under the Companies Act, 1956, (the Act) and the rules made thereunder and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on 31st March, 2014 (financial year). In my opinion and to the best of my information and according to the examinations carried out by me and explanations furnished to me by the Company, its officers and agents, I certify that in respect of the aforesaid financial year:

1. The Company has kept and maintained all registers as stated in Annexure 'A' to this Certificate, as per the provisions and rules made thereunder and all entries therein have been duly recorded.
2. The Company has duly filed the forms and returns as stated in Annexure 'B' to this certificate, with the office of the Registrar of Companies, within the time prescribed under the Act and Rules made thereunder *except serial nos. 4, 5, 6 & 7* of the said Annexure. There were no forms and returns to be filed with the Regional Director, Central Government, Company Law Board or other authorities.
3. The Company has the minimum prescribed capital and as the Company is a public limited company, comments regarding maximum number of members etc. are not required.
4. The Board of Directors of the Company duly met **7 (seven)** times respectively on **29/04/2013, 30/05/2013, 03/08/2013, 14/11/2013, 27/01/2014, 30/01/2014 and 10/02/2014** in respect of which meetings proper notices were given and the proceedings were properly recorded and signed in the Minutes Book maintained for the purpose. No circular resolutions were passed.
5. The Company closed its Register of Members from **23.09.2013 to 30.09.2013** and necessary compliance of section 154 of the Act has been made.
6. The Annual General Meeting of the Company for the financial year ended on **31st March, 2013** was held on **30.09.2013** after giving due notice to the members of the Company and the resolutions passed thereat were duly recorded in Minutes Book maintained for the purpose.
7. No Extra – Ordinary General Meeting was held during the financial year after giving due notice to the members of the Company and the resolutions passed thereat were duly recorded in Minutes Book maintained for the purpose.
8. The Company has not advanced any loan to its directors or persons or firms or companies referred in the Section 295 of the Act.

KWALITY CREDIT & LEASING LIMITED

9. The Company has not entered into any contracts specified in section 297 of the Act during the financial year.
10. The Company has made the necessary entries under the provision of section 301(3) of the Companies Act, 1956.
11. As there were no instances falling within the purview of section 314 of the Act, the Company has not obtained any approvals from the Board of Directors, Members or Central Government.
12. The Company has not issued any duplicate share certificates during the financial year.
13. The Company has:
 - I. not allotted any shares during the financial year and no shares has been lodged for transfer / transmission or any other purpose during the financial year;
 - ii. not deposited any amount in a separate bank account, as no dividend was declared during the financial year;
 - iii. not paid/posted warrants for dividends to any member of the Company as no dividend was declared during the financial year;
 - iv. not transferred any amount to Investor Education and Protection Fund, during the financial year, since it was not required to do so;
 - v. duly complied with the requirements of section 217 of the Act.
14. The Board of Directors of the Company is duly constituted. There was no appointment of additional directors, alternate directors and directors to fill casual vacancy during the financial year.
15. The Company has not appointed any sole-selling agent(s) during the financial year.
16. The Company was not required to obtain any approval of the Central Government, Company Law Board, Regional Director, Registrar and/or other authorities as prescribed under the various provisions of the Act.
17. The directors have disclosed their interest in other firms/companies to the Board of Directors pursuant to the provisions of the Act and the rules made thereunder.
19. The Company has not issued any equity shares during the financial year.
20. The Company has not bought back any shares during the financial year.
21. There was no redemption of preference shares and debentures during the financial year.
22. There were no cases or transactions necessitating the Company to keep in abeyance rights to dividend, right to shares and bonus shares pending registration of transfer of shares.
23. The Company has not invited/accepted any deposit including unsecured loans falling within the purview of section 58A of the Act during the financial year.
24. The Company has not made any borrowings during the financial year.
25. The Company has made investments to other bodies corporate in compliance with the provisions of the Act and has made necessary entries in the register kept for the purpose.
26. The Company has not altered the provisions of the Memorandum of Association with respect to situation of the Company's Registered Office from one state to another during the year under scrutiny.

≡≡≡ KWALITY CREDIT & LEASING LIMITED ≡≡≡

27. The Company has not altered the provisions of the Memorandum of Association with respect to the objects of the Company during the year under scrutiny and complied with provisions of the Act.
28. The Company has not altered the provisions of the Memorandum of Association with respect to name of the Company during the year under scrutiny.
29. The Company has not altered the provisions of the Memorandum of Association with respect to share capital of the Company during the year under scrutiny.
30. The Company has not altered its Articles of Association during the financial year.
31. As per the information furnished and explanation given to me there was/ were no prosecution initiated against or show cause notices received by the Company and no fines or penalties or any other punishment was imposed on the Company, for offences under the Act.
32. The Company has not received any money as security from its employees during the financial year.
33. The provisions of Section 418 of the Act are not applicable to the Company.

Place : Kolkata
Date : 29.05.2014

Sd/-
Niaz Ahmed
Company Secretary In Practice
M. No.15555, C.P.No.5965

Registers and Records as maintained by the Company

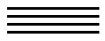
1. Register of Members under Section 150.
2. Register of Transfers.
3. Minutes Book of Board Meetings under Section 193.
4. Minutes Book of General Meetings under Section 193.
5. Registers and Returns under Section 163.
6. Books of Accounts under Section 209.
7. Register of particulars of contracts in which directors are interested under Section 301.
8. Register of directors, managing director, manager and secretary under Section 303.
9. Register of director's shareholding under Section 307.
10. Register of director's attendance.
11. Register of investments or loans made, guarantee given or security provided under Section 372A.

KWALITY CREDIT & LEASING LIMITED

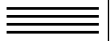
Annexure 'B'

Forms and Returns as filed by the Company with the Registrar of Companies, during the financial year ended on 31st March 2013.

Sl. No	Form Return No./	Filed under Section	For	Date of filing & SRN / Challan Nos.	Whether filed within prescribed time Yes/No	If delay in filing whether requisite additional fee paid Yes/No
1.	66	Proviso to Section 383A(1)	For the financial year ended on 31.03.2013.	29.10.2013 Q20145249	Yes	N.A.
2.	23AC & 23ACA	220	For the financial year ended on 31.03.2013.	30.10.2013 Q21723275	Yes	N.A.
3.	20B	159	For the Annual General Meeting held on 30.09.2013.	28.11.2013 Q25680281	Yes	N.A.
4.	32	303(2)	Change in designation of Mr. Amu Thapa & Mr. Suresh Kumar Jain from Additional Directors to Directors as on 29.09.2012	28.11.2013 B90148388	No	Yes
5.	32	303(2)	Appointment of Mr. Bhagwan Das Soni as Managing Director as on 01.01.2013	03.07.2013 B78518065	No	Yes
6.	25C	269(2) & Sch. XIII	Appointment of Mr. Bhagwan Das Soni as Managing Director as on 01.01.2013	03.07.2013 B78518057	No	Yes
7.	23	192	Appointment of Mr. Bhagwan Das Soni as Managing Director on 01.01.2013.	03.07.2013 B78518032	No	Yes



KWALITY CREDIT & LEASING LIMITED



CERTIFICATE BY PRACTICING COMPANY SECRETARY ON CORPORATE GOVERNANCE PURSUANT TO CLAUSE 49 OF THE LISTING AGREEMENT

To
The Members of,
Kwality Credit & Leasing Limited

I have examined the compliance of conditions of Corporate Governance by Kwality Credit & Leasing Limited for the year ended on 31st March, 2014 as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchange, with relevant records and documents maintained by the Company and furnished to me.

The compliance of conditions of Corporate Governance is the responsibility of the management. My examination was limited to review the procedures and implementations thereof adopted by the Company for ensuring compliance with the conditions of the Corporate Governance as stipulated in the said clause. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In my opinion and to the best of our information and according to the explanations given to me and the representations made by the Directors and the management, I certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreement.

I state that no investor grievance is pending for a period exceeding one month against the company as per the records maintained and certified by the Company.

I further state that such compliance is neither an assurance as to future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Place : Kolkata
Dated : 29.05.2014

Sd/-
Niaz Ahmed
Company Secretary in Practice
M. No. 15555, C.P.No.5965

KWALITY CREDIT & LEASING LIMITED

CORPORATE GOVERNANCE REPORT

1. Brief Statement on Company's Philosophy on Code of Governance:

Corporate Governance is a systematic process by which companies are directed and controlled. It creates a mechanism of checks and balances to ensure that the decision making powers vested to the executive is used with care and responsibility to meet stakeholders' expectation.

At Kwaliti Credit & Leasing Ltd., Corporate Governance practices are based on the principles of adoption of transparent procedures and practices and complete and timely disclosures of corporate, financial and operational information to its stakeholders.

2 Board of Directors

The Company's Board of Directors as on 31st March, 2014 comprises of one Executive Director and two Non-Executive Directors including the Chairman.

Seven Meetings of the Board of Directors of the Company were held during the financial year 2013-14 i.e. on 29/04/2013, 30/05/2013, 03/08/2013, 14/11/2013, 27/01/2014, 30/01/2014 and 10/02/2014.

As is evident, the maximum time gap between any two Board Meetings was not more than four months.

The composition of the Board of Directors and their attendance at the Board Meetings during the year and at the last Annual General Meeting and also the number of Directorship and Committee Membership /Chairmanship held by them in other companies are given below:

Name of Director	Category	No. of Board Meetings Attended	Whether last AGM Attended	No. of other Directorship		No. of other Committee(s) Membership/ Chairmanship	
				Public	Private	Member	Chairman
Mr. Bhagwan Das Soni	Managing Director	7	Yes	8	11	3	2
Mr. Amu Thapa	Independent Director	7	Yes	2	10	...	
Mr. Suresh Kumar Jain	Independent Director	7	Yes	4	1	...	

3 Audit Committee

(a) Composition:

The Audit Committee comprised of two Independent Directors and one Executive Director as on 31st March, 2014. The Committee met 4 (Four) times during the year i.e. on 30/05/2013, 03/08/2013, 14/11/2013 and 10/02/2014.

The composition of the Committee and the attendances of the members at the Committee meetings held during the financial year 2013-14 are as follows:

KWALITY CREDIT & LEASING LIMITED

Sl. No.	Name	Status	No. of Meetings
1	Mr. Suresh Kumar Jain	Independent Director - Chairman of the Committee	4
2	Mr. Amu Thapa	Independent Director	4
3	Mr. Bhagwan Das Soni.	Managing Director	4

(b) Terms of Reference:-

The terms of reference of the Committee are in accordance with that specified in clause 49 of the Listing Agreement with the stock exchange and also confirms to the requirements of Section 177 of the Companies Act, 2013.

4. NOMINATION AND REMUNERATION COMMITTEE

(a) Composition of the Committee:

The erstwhile Remuneration Committee of the Company was renamed and reconstituted as Nomination and Remuneration Committee as on 30.05.2014. The Committee comprises of:

Sl. No.	Name	Status
1	Mr. Amu Thapa	Independent Director - Chairman of the Committee
2	Mr. Suresh Kumar Jain	Independent Director
3	Mr. Bhagwan Das Soni	Managing Director

During the Financial Year 2013-2014, one meeting of the erstwhile Remuneration Committee was held on 30.05.2013.

(b) Terms of Reference:

The terms of reference and the scope of Nomination and Remuneration Committee of the Board of Directors are in accordance with the provisions of the Companies Act, 2013, the Rules made thereunder and Clause 49 of the Listing Agreement.

(c) Remuneration Policy:

The Non-Executive Directors of the Company were not paid any sitting fee or any other remuneration or commission.

During the financial year 2013-14, Mr. Bhagwan Das Soni, Managing Director of the Company, has been paid Rs.1,50,000 as remuneration.

5. Share Transfer & Investors Grievance Committee

The erstwhile Share Transfer and Investors Grievance Committee was renamed and reconstituted as Stakeholders' Relationship Committee of the Board of Directors as on 30.05.2014. The Committee

KWALITY CREDIT & LEASING LIMITED

comprises of two Independent Directors. The Committee deals with matters relating to approval of Share Transfer, Transmissions and Transposition, Folio Consolidation, Issue of Duplicate Share Certificates, Replacement of Share Certificates, Split and Consolidation of Certificates, Dematerialization and Rematerialization requests, monitoring of shareholder complaints/requests, and also to resolve other grievances of security holders of the Company. The Committee comprises of:

Sl. No.	Name	Status
1.	Mr. Amu Thapa	Independent Director - Chairman of the Committee
2.	Mr. Suresh Kumar Jain	Independent Director

During the Financial Year 2013-2014, two Share Transfer & Investors Grievance Committee meeting were held.

During the year under review, the Company had not received any requests/complaints from the shareholders.

6. General Body Meetings:

A. Location and time for last three Annual General Meetings were:

Financial Year	Date of AGM	Venue	Time
2012-2013	30.09.2013	27, Weston Street, 5 th Floor, Room No. 526, Kolkata – 700 012	10.00 A.M.
2011-2012	28-09-2012	Transit House, 11A, Raja Basant Roy Road, Kolkata – 700 026.	9.00 A.M.
2010-2011	30-09-2011	13A, Decres Lane, 5 th Floor, Room No-502, Kolkata – 700 069.	9.00 A.M.

B. SPECIAL RESOLUTIONS AT THE LAST THREE ANNUAL GENERAL MEETINGS:

At the 21st Annual General Meeting held on 30/09/2013 : One (Appointment of Managing Director)

At the 20th Annual General Meeting held on 28/09/2012 : Nil

At the 19th Annual General Meeting held on 30/09/2011 : Nil

C. WHETHER ANY SPECIAL RESOLUTION PROPOSED TO BE CONDUCTED THROUGH POSTAL BALLOT

No resolution is proposed to be conducted through postal ballot in the forthcoming Annual General Meeting.

7. DISCLOSURES

- a. No 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 interest of the Company at large were held during the year.

KWALITY CREDIT & LEASING LIMITED

- b. The Company has complied with all the requirements of the listing agreement with the Stock Exchange(s) as well as regulations and guidelines of SEBI. No penalty has been imposed or strictures have been issued by SEBI or any other Stock Exchange(s) on matters related to Capital Market so far.
- a. Certificate as stipulated in Clause 49 of the listing Agreement was obtained and placed before the Board.
- b. The Company has complied with all the mandatory requirements of Clause 49 of the Listing Agreement. As regard to non-mandatory requirements under Clause 49, the Company has complied with the requirements of Remuneration Committee.

8. MEANS OF COMMUNICATIONS

Quarterly unaudited results of the Company were published in accordance with the Listing Agreement with the Stock Exchange in The Financial Express/Business Standard (English - Kolkata and Mumbai Edition), Arthik Lipi (Bengali - Kolkata edition) and Economic Times (English - Jaipur Edition).

The quarterly and the annual results of the Company are submitted to the BSE Limited, Calcutta Stock Exchange Limited and Jaipur Stock Exchange Limited. The Annual Reports are posted to every shareholder of the Company at their registered address.

Section on Management Discussion and Analysis forms part of this Annual Report.

9. GENERAL SHAREHOLDERS INFORMATION

- **Annual General Meeting:**
- **Date** : **29th day of September, 2014.**
- **Time** : **11.00 a.m.**
- **Venue** : **27, Weston Street, 5th Floor, Room No-526, Kolkata – 700 012.**
- **Financial Calendar** : **(Tentative)**

Financial Year – 1st April, 2014 to 31st March, 2015	Relevant Dates
Board Meeting for consideration of accounts	30 th May, 2014
Book closure dates	22 nd September, 2014 to 27 th September, 2014
Unaudited results for the quarter ended on June 30, 2013	On or before 14 th August, 2014
Unaudited results for the quarter ended on September 30, 2013	On or before 14 th November, 2014
Unaudited results for the quarter ended on December 31, 2013	On or before 14 th February, 2015
Unaudited results for the quarter ended on March, 31, 2014	On or before 15 th May, 2015

KWALITY CREDIT & LEASING LIMITED

- Listing on Stock Exchanges at:
 1. BSE Limited. (Stock code: 531206)
1st Floor, New Trade Ring,
P. J. Towers, Dalal Street,
Fort, Mumbai - 400 001
 2. Calcutta Stock Exchange Limited (Stock code: 10021082)
7, Lyons Range,
Kolkata - 700 001
 3. Jaipur Stock Exchange Ltd.,
Indira Palace, J.L.N.Marg,
Malviya Nagar, Jaipur – 302 017.
- The Company has paid the listing fee to the BSE Limited, Calcutta Stock Exchange Limited and Jaipur Stock Exchange Ltd for the year 2013-2014.
- Stock Market Price for the Financial Year 2013-2014:

Month	Quotation of BSE (in `)			Quotation of Calcutta Stock Exchange (in Rs.)		
	High (Rs.)	Low (Rs.)	Volume (Nos.)	High (Rs.)	Low (Rs.)	Volume (Nos.)
April, 2013	65.80	48.60	425586	Not Traded	Not Traded	Not Traded
May, 2013	64.35	50.00	212511	Not Traded	Not Traded	Not Traded
June, 2013	64.40	42.50	179153	Not Traded	Not Traded	Not Traded
July, 2013	75.05	39.10	72000	Not Traded	Not Traded	Not Traded
August, 2013	63.00	43.00	40877	Not Traded	Not Traded	Not Traded
September, 2013	69.90	51.95	61700	Not Traded	Not Traded	Not Traded
October, 2013	75.50	62.25	41800	Not Traded	Not Traded	Not Traded
November, 2013	72.00	51.55	30560	Not Traded	Not Traded	Not Traded
December, 2013	66.15	54.60	61087	Not Traded	Not Traded	Not Traded
January, 2014	65.00	55.60	163197	Not Traded	Not Traded	Not Traded
February, 2014	124.70	59.95	56851	Not Traded	Not Traded	Not Traded
March, 2014	140.15	105.00	85521	Not Traded	Not Traded	Not Traded

- There is no platform for trading of equity shares in the Jaipur Stock Exchange Limited.
- Share Transfer System: The Company's shares are in compulsory demat mode. The shares received for transfer in physical mode are registered and returned within a period of 15 days from the date of receipt, if the documents are complete in all respects. Shares under objection are returned within two weeks. 60750 equity shares were transferred during the financial year ended 31st March, 2014.
- **Dedicated email ID for Investors.** For the convenience of our investors, the Company has designated an exclusive email ID for investors i.e. **kwalitycredit50@yahoo.com**

KWALITY CREDIT & LEASING LIMITED

- Registrar & Share Transfer Agent :

M/s. C. B. Management Services (P) Ltd.

P-22, Bondel Road, Kolkata 700 019,

Phone Nos. (033) 2280 6692/93/94/2486, 40116700, (033) 2287 0263

E- mail: rta@cbmsl.com

- Dematerialization of Shares and Liquidity:

The Company's equity shares are compulsorily traded in electronic form. Equity Shares of the Company are available for trading in the depository systems of both National Securities Depositories Ltd. (NSDL) and Central Depository Services (India) Ltd. (CDSL). The International Securities Identification Number (ISIN) of the Company as allotted by NSDL and CDSL is INE577C01015. Approx. 98.44% of total equity shares have been dematerialized as on 31.03.2014.

- Distribution of shareholding & shareholding pattern :

- Distribution of shareholding as on 31/03/2014

Ordinary Shares held	Number of shareholders	% of shareholders	Number of shares held	% of shares held
Upto 500	578	45.69	94,476	2.24
501-1000	175	13.83	1,57,164	3.72
1001-5000	304	24.03	8,93,012	21.15
5001-10000	105	8.30	7,83,080	18.54
10001-50000	96	7.60	17,42,907	41.27
50001-100000	6	0.47	3,92,961	9.31
100001 and above	1	0.08	1,59,103	3.77
Total	1,265	100.00	42,22,703	100.00

During the year under review, 7,22,703 Equity Shares were allotted on Preferential Basis to persons/entities belong to the non promoters group on 08.03.2013. The BSE Limited has given the approval of trading of 7,22,703 shares on 4th June, 2013 & The Calcuta Stock Exchange Limited and the Jaipur Stock Exchange Ltd. have given the Final Listing Approval on 30th December, 2013 and 30th June, 2014 respectively..

Shareholding Pattern as on 31/03/2014

Sl. No.	Category	No. of share held	% of shares held
1	Promoters & Promoter Group	42,000	0.99
2	Public - Bodies Corporate	663843	15.72
3	Public – Individual	3516860	83.29
	TOTAL	42,22,703	100.00

KWALITY CREDIT & LEASING LIMITED

- Outstanding ADRs/GDRs : Not Applicable
- Address for matters related to shares, any correspondence:
M/s. C.B. Management Services (P) Ltd.
P-22, Bondel Road, Kolkata 700 019,
Phone Nos. (033)22806692 / 93 / 94 / 2486,40116700, (33)-22870263
E- mail: rta@cbmsl.com
- Address for any kind of assistance/clarification :
Mr. Bhagwan Das Soni, Compliance Officer
C/o. Kwaliti Credit & Leasing Limited.
27, Weston Street, 5th Floor, Room No - 526,
Kolkata-700 012

10. Subsidiary Companies Monitoring Framework

The Company has two subsidiaries and none of the subsidiaries is a "material non-listed Indian subsidiary" as defined in the Clause 49 of the Listing Agreement. All subsidiaries companies of your the Company are managed by their respective Board of Directors in the best interest of their stake holders.

The Company monitors the performance of its subsidiary companies using, inter alia, the following means:

- a) Financial Statement, in particular the investment made by the unlisted subsidiaries companies are reviewed by the Audit Committee of the Company.
- b) Minutes of the Board Meeting of all subsidiary companies are placed before the Board of Directors of the Company at their Meetings.
- c) A statement containing all the significant transactions and arrangements entered into by the unlisted subsidiary companies is placed before the Board of Directors of the Company at their meetings.

The As per revised Clause 49 of the Listing Agreement, a "material non-listed Indian subsidiary" as an unlisted subsidiary, incorporated in India, whose turn-over or net worth (i.e. paid up capital and free reserves) exceeds 20% of the consolidated turnover or net worth respectively, of the listed holding company and its subsidiaries in the immediately preceding accounting year.

Under this definition, the Company does not have a "material non-listed Indian subsidiary".

10. CODE OF CONDUCT

The Company's Code of Conduct has been complied with by all the members of the Board and senior management employees of the Company.

The Company has put in place a code for prevention of Insider Trading based on SEBI (Insider Trading) Regulations, 1992. This code is applicable to all Directors and senior management employees. The code ensures prevention of dealing in shares by persons having access to unpublished price sensitive information.

12. DECLARATION

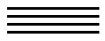
As provided under Clause 49 of the Listing Agreement with the stock exchange, the Board of Directors and select Employees have confirmed Compliance with the code of conduct.

Place : Kolkata

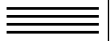
Dated : 29.05.2014

For and on behalf of the Board of Directors

Sd/-
Amu Thapa
Chairman
DIN: 00674928



KWALITY CREDIT & LEASING LIMITED



Declaration Regarding Compliance by Board Members and Senior Management Personnel with the Code of Conduct

This is to confirm that the Company has adopted Code of Conduct for its Directors and senior management employees including the Managing Director. In addition, the Company has adopted the Code of Conduct for Non-Executive Directors. Both these Codes are posted on the Company's website.

I confirm that the Company has for the financial year ended 31st March, 2014, received from the senior management employees of the Company and the Members of the Board a declaration of compliance with the Code of Conduct as applicable to them.

For the purpose of this declaration, Senior Management Employees means the Members of the Management one level below the Managing Director as on 31st March, 2014.

Place : Kolkata
Date : 29.05.2014

sd/-
Bhagwan Das Soni
Managing Director
DIN-02308414

KWALITY CREDIT & LEASING LIMITED

CEO & CFO CERTIFICATION

To
The Board of Directors
Kwality Credit & Leasing Limited
27, Weston Street,
5th Floor, Room No – 526,
Kolkata – 700 012.

Re.- CEO & CFO Certification on Financial Statements for the year ended on 31st March, 2014

We, Mr. Bhagwan Das Soni, Managing Director & Ms. Namrata Chakraborty, CFO, on the basis of the review of the financial statements including cash flow statements for the Financial year ending on 31st March, 2014 and to the best of our knowledge and belief, thereby certify that:-

1. The aforesaid statements do not contain any materially untrue statements or omit any material fact or contain statements that might be misleading.
2. These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
3. There are, to the best of our knowledge and belief, no transaction entered into by the company during the year ended on 31st March, 2014, which are fraudulent, illegal or violative of the Company's code of conduct.
4. We accept responsibility for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee those deficiencies, of which we are aware, in the design or operation of the internal control systems and we have taken the required steps to rectify these deficiencies.
- 5. We further certify that:**
 - (a) There have been no significant changes in the internal control over financial reporting during this year.
 - (b) There have been no significant changes in accounting policies during this year and that the same have been disclosed in the notes to the financial statements.
 - (c) There have been no instances of significant fraud of which we have become aware and the involvement therein, of management or an employee having significant role in the Company's internal control system over financial reporting.

sd/-
Bhagwan Das Soni
Managing Director
DIN-02308414

sd/-
Namrata Chakraborty
CFO

Place : Kolkata
Date : 29.05.2014



INDEPENDENT AUDITOR'S REPORT

**To the Members of
KWALITY CREDIT & LEASING LIMITED
Report on the Financial Statements**

We have audited the accompanying financial statements of **KWALITY CREDIT & LEASING LIMITED** ("the Company"), which comprise the Balance Sheet as at March 31, 2014, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India including accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act") read with the General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required, and give a true and fair view in conformity with the accounting principles generally accepted in India:

- i. in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014;
- ii. in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
- iii. in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.



Report on Other Legal and Regulatory Requirements

- As required by the Companies (Auditor's Report) Order 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
- As required under provisions of section 227(3) of the Companies Act, 1956, we report that:
 - a. 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;
 - b. 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;
 - c. the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - d. in our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement comply with the accounting standards referred to in sub-section (3C) of section 211 of the Act read with the General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013;
 - e. On the basis of written representations received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Act.

For PACHISIA & ASSOCIATES
(FRN NO. 327542E)
(Chartered Accountants)

(Satya Prakash Pachisia)
(Proprietor)
(M.No.055040)

454, Dumdum Park,
Kolkata -700055 , The 29th day of May, 2014



Annexure referred to in paragraph 1 under the heading “Report on other legal and regulatory requirements” of our report of even date

(i) In respect of its Fixed Assets :

- a) The Company has maintained proper records showing full particulars including quantitative details and situation of Fixed Assets on the basis of available information.
- b) As explained to us, the Fixed Assets have been physically verified by the management during the year, which in our opinion is reasonable having regard to size of the Company and nature of its assets. No material discrepancies were noticed on such physical verification.
- c) No Fixed Assets has been disposed during the year.

(ii) In respect of its Inventories :

- a) The Inventories have been physically verified during the year by the management. 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 the nature of its business.
- c) The Company has maintained proper records of inventories. As explained to us, there were no material discrepancies noticed on physical verification of inventory as compared to the book records.

(iii) In respect of the loans, secured or unsecured, granted or taken by the Company to /from companies, firm or other parties covered in the register maintained under Section 301 of the Companies Act, 1956 :

- a) The Company has given interest free loan to two subsidiaries. In respect of the said loans, the maximum amount outstanding at any time during the year was Rs. 64120/- and the year-end balance is Rs. 64120/-
- b) In our opinion and according to the information and explanations given to us, the other terms and conditions of the said loan given by the Company are not prima facie prejudicial to the interest of the Company.
- c) The Company has not taken any loan during the year from the companies, firm or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Consequently, the requirements of clause 4 (iii) (f) and clause (iii) (g) of the Order are not applicable.
- (iv) In our opinion and according to the explanation given to us, during the course of the audit, there is adequate internal control procedure commensurate with the size of the Company and the nature of its business with regard of trading activities. We have not noted any continuing failure to correct major weakness in the internal controls during the course of audit.
- (v) In our opinion and according to the information and explanations given to us, there are no contracts or arrangements that need to be entered in the register maintained under Section 301



of the Companies Act, 1956. Therefore, the provisions of clause 4 (v)(b) of the Order are not applicable to the Company.

- (vi) The Company has not accepted any deposit from the public. Therefore, the provisions of clause 4 (vi) of the Order are not applicable to the Company.
- (vii) In our opinion the Company has an internal audit system commensurate with the size and nature of its business.
- (viii) According to the information and explanation given to us, the central government has not prescribed the maintenance of cost records under clause (d) of sub-section(1) of section 209 of the companies Act, 1956.

(ix) In respect of Statutory dues :

- a) According to the information and explanation given to us, and on the basis our examination of the books of accounts and records of the company, the company is regular in depositing with the appropriate authorities undisputed statutory dues including Income tax, Wealth Tax , Sales Tax , Excise duty ,custom duty & cess and any other material statutory dues applicable to it.
 - b) According to the information and explanation given to us, no undisputed amount payable in respect of Income tax, Wealth Tax , Sales Tax , Excise duty ,custom duty & cess were outstanding as at 31st March 2014 for a period of more than six month from the day they become payable.
 - c) According to the information and explanation given to us, there are no dues in respect of Income tax, Wealth Tax , Sales Tax , Excise duty ,custom duty & cess that were not been deposited with the appropriate authorities on account of any dispute.
- (x) Accumulated losses incurred by the company at the end of the financial year do not exceed 50% of the net worth of the company. However the Company has not incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year.
 - (xi) The company has not raised loans from Financial Institutions or Banks or by issue of debentures and hence provision of Clause 4 (xi) of the Order requiring comment on repayment of the dues is not applicable to the company.
 - (xii) In our opinion and according to the information and explanations given to us, no loans and advances have been granted by the Company on the basis of security by way of pledge of shares, debentures and other securities.
 - (xiii) In our opinion, the Company is not a chit fund / nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Order are not applicable to the Company.
 - (xiv) The Company has maintained proper records of transactions and contracts in respect of dealing in or trading in shares, securities, debentures and other investments and timely (i) entries have been made therein. All shares, securities, debentures and other investments have been held by the Company in its own name.
 - (xv) In our opinion and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial Institutions during the year. Therefore, the provisions of clause 4(xv) of the Order are not applicable to the Company.



- (xvi) The Company has not raised any term loan during the year. Therefore, the provisions of clause 4(xvi) of the Order are not applicable to the Company.
- (xvii) According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we are of the opinion that there are no funds raised on short term basis that have been used 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.
- (xix) The Company has not raised any monies by way of issue of debentures during the year. Therefore, the provisions of clause 4(xix) of the Order are not applicable to the Company.
- (xx) The Company has not raised any money by public issue during the year.
- (xxi) Based on the audit procedures performed and the information and explanations given to us, we report that no fraud on or by the Company has been noticed or reported during the year, nor have we been informed of such case by the management.

For PACHISIA & ASSOCIATES
(FRN NO. 327542E)
(Chartered Accountants)

(Satya Prakash Pachisia)
(Proprietor)
(M.No.055040)

454, Dumdum Park,
Kolkata -700055, The 29th day of May, 2014

KWALITY CREDIT & LEASING LIMITED

BALANCE SHEET AS AT 31ST MARCH, 2014

Particulars	Note No.	As At 31 March, 2014	As At 31 March, 2013
A EQUITY AND LIABILITIES			
1 Shareholder's Funds			
Share Capital	2	4,22,27,030	4,22,27,030
Reserves and Surplus	3	7,11,99,584	7,10,65,586
2 Current Liabilities			
Short - Term borrowings	4	67,200,000	0
Trade payables	5	0	73,27,889
Other current liabilities	6	22,472	71,42,986
Short-term provisions	7	2,46,430	1,47,681
TOTAL		18,08,95,516	12,79,11,172
B ASSETS			
1 Non-current assets			
Fixed assets			
(i) Tangible assets	8	1,10,504	1,68,368
Non-current investments	9	78,699,980	1,10,99,980
Long term loans and advances	10	1,10,44,810	1,80,46,000
2 Current assets			
Inventories	11	13,76,675	1,51,48,490
Cash and cash equivalents	12	16,63,076	12,90,858
Short-term loans and advances	13	88,000,471	8,21,57,476
TOTAL		18,08,95,516	12,79,11,172
Refer accompanying notes forming part of the financial statements	1-20		

In terms of our report attached.

For PACHISIA & ASSOCIATES

(FRN NO. 327542E)

(Chartered Accountants)

(Satya Prakash Pachisia)

(Proprietor)

(M.No.055040)

For and on behalf of the Board of Directors

sd/-
Bhagwan Das Soni
Managing Director
DIN-02308414

sd/-
Amu Thapa
Director
DIN-00674928

Place : 454, Dum Dum Park,
Kolkata-700055, Date : The 29th day of May, 2014

KWALITY CREDIT & LEASING LIMITED

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH, 2014

	Particulars	Note No.	Year ended 31 March, 2014	Year ended 31 March, 2013
1	Revenue from operations	14	2,20,95,234	16,15,702
2	Total Revenue (1+2)		2,20,95,234	16,15,702
3	Expenses:			
	Purchases of Trading goods	15	0	17,71,754
	Changes in inventories of Trading goods	16	1,37,71,815	(15,06,775)
	Employee benefits expenses	17	3,93,134	1,91,193
	Depreciation and amortisation expenses	18	57,864	61,799
	Other expenses	19	75,08,628	7,55,862
	Total Expenses		21,731,441	12,73,833
4	Profit / (Loss) before exceptional and extraordinary items and tax (3 - 4)		3,63,793	3,41,869
5	Exceptional Items		0	0
6	Profit / (Loss) before extraordinary items and tax (5 ± 6)		3,63,793	3,41,869
7	Extraordinary Items		0	680
8	Profit / (Loss) before tax (7 ± 8)		3,63,793	3,42,549
9	Tax expense:			
	(1) Current tax		1,12,412	1,17,000
	(2) Current tax expense relating to Ealier years		0	21
	(3) Contingent Provision for Standard Assets		1,17,383	1,02,697
10	Profit /(Loss) for the year (9 ± 10)		1,33,998	1,22,831
11	Earning per equity share:			
	(1) Basic		0.03	0.03
	(2) Diluted		0.03	0.03
	Refer accompanying notes forming part of the financial statements	1-20		

In terms of our report attached.

For PACHISIA & ASSOCIATES

(FRN NO. 327542E)

(Chartered Accountants)

(Satya Prakash Pachisia)

(Proprietor)

(M.No.055040)

Place : 454, Dumdum Park,

Kolkata-700055, Date : The 29th day of May, 2014

For and on behalf of the Board of Directors

sd/-
Bhagwan Das Soni
Managing Director
DIN-02308414

sd/-
Amu Thapa
Director
DIN-00674928

NOTE NO. 1: SIGNIFICANT ACCOUNTING POLICIES

- (a) **Basis of Preparation:** - The financial statements of the company have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The company has prepared these financial statements to comply in all material respects with the accounting standards notified under the Companies (Accounting Standards) Rules, 2006, (as amended), the relevant provisions of the Companies Act, 1956 (to the extent applicable) and the Companies Act, 2013 (to the extent notified). The financial statements have been prepared on an accrual basis and under the historical cost convention. The accounting policies adopted in the preparation of financial statements are consistent with those of previous year.
- (b) **Use of estimates:** - The preparation of financial statements in conformity with Indian GAAP requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting year. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future years.
- (c) **Tangible fixed assets:** - Fixed assets are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price, borrowing costs if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discounts and rebates are deducted in arriving at the purchase price.
- (d) **Depreciation on tangible fixed assets:** - Depreciation on fixed assets is calculated on Straight Line basis using the rates as prescribed under the Schedule XIV to the Companies Act, 1956.
- (e) **Borrowing costs:** - Borrowing cost includes interest, amortization of ancillary costs incurred in connection with the arrangement of borrowings and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.
- (f) **Investments:** - Investment have been treated as long term and carried at cost. Cost includes purchase cost and attributable expenses.
- (g) **Inventories:** - Trading Goods are valued at cost.
- (h) **Revenue recognition:** - Revenue is recognized to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized:

Sale of goods

Revenue from sale of goods is recognized when all the significant risks and rewards of ownership of the goods have been passed to the buyer, usually on delivery of the goods.

Interest

Interest Income is recognized on a time proportion basis taking into account the amount outstanding and the applicable interest rate. Interest income is included under the head "Revenue from operations" in the statement of profit and loss.

Dividends

Dividend income is recognized when the company's right to receive dividend is established by the reporting date.

KWALITY CREDIT & LEASING LIMITED

Other Income

The amounts receivable from various agencies are accounted on accrual basis to the extent it is possible to ascertain the income with reasonable accuracy.

- (i) **Foreign currency translation:** - No Foreign Currency Transactions has been made by the Company in the Financial Year 2013-14.
- (j) **Retirement and other employee benefits:** - No liability in respect of retirement benefits has been provided for since, none of its employee are eligible for entitlement of retirement benefit for non attainment of duration of services.
- (k) **Income taxes:** - Tax expense comprises of current tax. Current income-tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961 enacted in India. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.
- (l) **Segment reporting:** - The Company is a Non-banking Financial Company and as such additional disclosure required under Accounting Standard - 17 "Segment Reporting" is not applicable.
- (m) **Earnings Per Share:** - Basic Earnings per share is calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.
- (n) **Provisions, Contingent Liabilities and Contingent Assets:** - A provision is recognized when the Company has a present obligation as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the Balance Sheet date.

A disclosure of contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require and outflow of resources. Where there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

Contingent assets are neither recognized nor disclosed in the financial statements.

- (o) **Cash and cash equivalents:** - Cash and cash equivalents for the purposes of cash flow statement comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.
- (p) Balance in respect of Trade Payable, Trade Receivable and Loans & Advances are subject to confirmation.
- (q) **Cash Flow Statement:** - Cash flows are reported using the indirect method and cash flows from operating, investing and financing activities of the Company are segregated.
- (r) **MSMED Act, 2006:** - The Government of India has promulgated an act namely The Micro, Small and Medium Enterprises Development Act, 2006, which comes into force with effect from October 2, 2006. As per the act, the Company is required to identify the Micro, Small and Medium suppliers and pay them interest on over dues beyond the specified period irrespective of the terms agreed with the suppliers. The Company does not have any dues to any entity covered under the said act.

KWALITY CREDIT & LEASING LIMITED

- (s) **Prudential Norms:** - The Company has followed the prudential norms issued by Reserve Bank of India, as applicable, and revenue / assets have been represented (considering adjustments / write-off / net-off, as applicable) keeping in line therewith and management prudence.
- (t) **NBFC Requirement regarding transfer of profit to reserve :** 20% of profit after tax (rounded off to next hundred) for the current year have been transferred to Statutory Reserve Fund appropriating the Statement of Profit & Loss as per requirement of the R.B.I. Act.
- (u) **Contingent Provision against Standard Assets :** Contingent Provision @0.25% against Standard Loans is made as per R.B.I. requirement for NBFC appropriating surplus of the Statement of Profit & Loss.

ADDITIONAL NOTES

I. RELATED PARTIES DISCLOSURE AS PER ACCOUNTING STANDARD 18

A. List of Related Parties: -

<u>Party</u>	<u>Relationship</u>
Bhagwan Das Soni	Managing Director
Amu Thapa	Director
Suresh Kumar Jain	Director
KCL Chemical Limited	Wholly owned Subsidiary Companies
KCL Iron & Steels Limited	Wholly owned Subsidiary Companies

B. Related Party Transaction:

<u>Director's Remuneration</u>	31.03.2014	31.03.2013
Bhagwan Das Soni	1,50,000	37,500
<u>Investment In Wholly owned Subsidiary Companies</u>		
KCL Chemical Limited	5, 00,000.00	NIL
KCL Iron & Steels Limited	5, 00,000.00	NIL
<u>Loan Given to Wholly owned Subsidiary Companies</u>		
KCL Chemical Limited	32060.00	NIL
KCL Iron & Steels Limited	32060.00	NIL

- II. Previous year's figures have been regrouped/rearranged whenever considered necessary to confirm to current year's grouping and classification.

KWALITY CREDIT & LEASING LIMITED

As At
31 March, 2014

As At
31 March, 2013

NOTE NO. 2 Share Capital

Authorised-

47,00,000 Equity Shares of Rs 10/- each	4,70,00,000	4,70,00,000
---	-------------	-------------

Issued, Subscribed & Paid-Up

42,22,703 Equity Shares of Rs. 10/- each Fully paid up in cash.	4,22,27,030	4,22,27,030
	4,22,27,030	4,22,27,030

Disclosure:

1. There has been no change/ movements in number of shares outstanding at the beginning and at the end of the year.
2. The company has only one class of issued shares i.e Ordinary Shares having par value of ` 10/- per share. Each holder of Ordinary Shares is entitled to One vote per share and equal right for dividend. The dividend proposed by the Board of Directors is subject to the approval of shareholders in ensuing Annual General Meeting , except in case of interim dividend. In the event of liquidation , the ordinary shareholders are eligible to receive the remaining assets of the Company after payment of all preferential amounts, in proportion to their Shareholding.

3. The Company does not have any Holding Company/ ultimate Holding Company .

4. Details of Shareholders holding more than 5% Shares:

Ordinary Shares of ` 10/- each fully paid

As On 31.03.2014		As On 31.03.2013	
No. of Shares	% of Shareholding	No. of Shares	% of Shareholding
Nil	Nil	Nil	Nil

5.No Ordinary Shares have been reserved for issue under option and contracts/ commitments for the sale of shares/ disinvestment as at the Balance Sheet date.

6.No Shares has been bought back by the company during the period of 5 years preceeding the date at which the balance sheet is prepared

7.No Securities convertible into Equity/ Prefrence Shares issued by the company during the year.

8.No calls are unpaid by any director or officer of the company during the year.

9.As per records of the Company, including its register of shareholder/members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownerships of shares.

NOTE NO. 3 Reserves and Surplus

General reserve

Opening balance	36,900	36,900
Add: Transferred from surplus in Statement of Profit and Loss	0	0
Closing balance	36,900	36,900

Statutory reserve

Opening balance	90,000	65,000
Add: Transferred from surplus in Statement of Profit and Loss	26,800	25,000
Closing balance	1,16,800	90,000

KWALITY CREDIT & LEASING LIMITED

	As At 31 March, 2014	As At 31 March, 2013
<u>Share Premium</u>		
Opening balance	7,22,70,300	0
Add : Premium on shares issued during the year	0	7,22,70,300
Closing balance	<u>7,22,70,300</u>	<u>7,22,70,300</u>
<u>Surplus / (Deficit) in Statement of Profit and Loss</u>		
Balance brought forward from previous year	(13,31,614)	(14,29,445)
Add: Transfer from Statement of Profit and Loss for the year	1,31,998	1,22,831
Less: Transferred to Statutory reserve	(26,800)	(25,000)
Closing balance	<u>(12,24,416)</u>	<u>(13,31,614)</u>
Total	<u><u>7,11,99,584</u></u>	<u><u>7,10,65,586</u></u>
NOTE NO. 4 Short - term borrowings		
Loans and advances from others	<u>67,200,000</u>	0
	<u><u>67,200,000</u></u>	<u><u>0</u></u>
NOTE NO. 5 Trade payables		
Other than Acceptances	0	73,27,889
	<u>0</u>	<u>73,27,889</u>
NOTE NO. 6 Other current liabilities		
<u>Other Payables</u>		
Statutory remittances - Tax Deducted at Sources	0	600
Advances against Property / Customer	0	71,00,000
Others	22,472	42,386
	<u>6,72,22,472</u>	<u>71,42,986</u>
NOTE NO. 7 Short-term provisions		
<u>Provision for :</u>		
Income Tax	0	18,634
Contingent of Standard Assets	2,46,430	1,29,047
	<u>2,46,430</u>	<u>1,47,681</u>

NOTES TO BALANCE SHEET AS AT 31ST MARCH 2014

NOTE NO. 8 : FIXED ASSETS

DESCRIPTION	GROSS BLOCK			DEPRECIATION			NET BLOCK			
	Cost As On 31.03.2013	Additions during the year	Deductions during the year	Total Cost As On 31.03.2014	Up To 31.03.2013	For the year	Deductions during the year	Up To 31.03.2014	As on 31.03.2014	As on 31.03.2013
Motor Car	5,02,675	0	0	5,02,675	3,74,967	47,752	0	4,22,719	79,956	1,27,708
Air Conditioner	1,54,000	0	0	1,54,000	1,32,174	7,316	0	1,39,490	14,510	21,826
Mobile Phones	58,840	0	0	58,840	40,006	2,796	0	42,802	16,038	18,834
Total	7,15,515	0	0	7,15,515	5,47,147	57,864	0	6,05,011	1,10,504	1,68,368
Previous Year	9,42,969	0	2,27,454	7,15,515	7,10,982	61,799	2,25,634	5,47,147	1,68,368	

KWALITY CREDIT & LEASING LIMITED

	As At 31 March, 2014		As At 31 March, 2013
NOTE NO. 9 Non-current investments			
<u>Other investments (Unquoted, at cost)</u>			
<u>Investment in equity instruments of subsidiaries Companies,</u>			
<u>Equity Shares of Rs 10/- each</u> No. of Shares			
KCL Chemical Limited 50,000	5,00,000	0	0
KCL Iron & Steels Limited 50,000	5,00,000	0	0
Investment in equity instruments of other entities			
<u>Equity Shares of Rs 10/- each</u> No. of Shares		No. of Shares	
Ritman Concrete Private Limited 22,222	19,99,980	22,222	19,99,980
Burnpur Power Private Limited 4,85,000	48,50,000	0	0
Domsons Metal Private Limited 40,000	6,00,00,000	0	0
Multifold Plastic Marketing Private Limited 3,80,000	38,00,000	0	0
Pears Mercantiles Private Limited 4,55,000	45,50,000	0	0
Sidhimangal Nirman Private Limited 2,50,000	25,00,000	0	0
Navyug Tradelink Private Limited 0	0	4,000	8,00,000
Risewell Credit Private Limited 0	0	50,000	50,00,000
<u>Equity Shares of Rs 100/- each</u>			
Guiness Finance & Leasing Private Limited 0	0	3,000	33,00,000
	7,86,99,980		1,10,99,980
NOTE NO. 10 Long term loans and advances			
<u>Unsecured, considered good</u>			
Loans	1,10,38,810		1,05,40,000
Advances against Property	0		75,00,000
Security deposits	6,000		6,000
	1,10,44,810		1,80,46,000
NOTE NO. 11 Inventories			
(As inventories taken, valued & certified by the Management)			
Trading Goods (at cost)	13,76,675		1,51,48,490
	13,76,675		1,51,48,490
NOTE NO. 12 Cash and cash equivalents			
Cash on Hand (As certified)	6,33,179		3,83,874
Balances with banks In current accounts	10,29,897		9,06,984
	16,63,076		12,90,858
NOTE NO. 13 Short-term Loans and Advances			
Unsecured, considered good			
Loans	8,75,97,600		8,21,57,456
Share Application Money Refundable	20		20
<u>Balances with government authorities</u>			
Income Tax Payment	2000		0
Income Tax Refundable F. Y 2013-14	4,00,851		0
	8,80,00,471		8,21,57,476

KWALITY CREDIT & LEASING LIMITED

NOTES TO STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31 MARCH 2014

	Year ended 31 March, 2014	Year ended 31 March, 2013
NOTE NO. 14 Revenue from operations		
Sale of products	1,38,75,000	3,00,000
<u>Interest income</u>		
Interest on loans (TDS Rs 513264/- Previous Year Rs.98366/-)	82,20,234	13,15,702
	<u>2,20,95,234</u>	<u>16,15,702</u>
NOTE NO. 15 Purchases of Traded Goods		
Traded good	0	17,71,754
	<u>0</u>	<u>17,71,754</u>
NOTE NO. 16 Changes in inventories of Traded goods		
Inventories at the end of the year: Traded goods	13,76,675	1,51,48,490
Inventories at the beginning of the year: Traded goods	1,51,48,490	1,36,41,715
Net (increase) / decrease	<u>1,37,71,815</u>	<u>(15,06,775)</u>
NOTE NO. 17 Employee benefits expenses		
Salary Bonus & Other Allowance	3,70,500	1,73,996
Staff Refereshment expenses	22,634	17,197
	<u>3,93,134</u>	<u>1,91,193</u>
(Salary includes Directors' Remuneration Rs. 150000 , P.Y. 37500)		
NOTE NO. 18 Depreciation and amortisation expenses		
Depreciation on Tangible Assets	57,864	61,799
	<u>57,864</u>	<u>61,799</u>
NOTE NO. 19 Other expenses		
Rates & Taxes	1,136	2,095
Accounting Charges	1,08,000	0
Travelling & Conveyance	10,204	25,158
Printing & Stationery	6,757	20,187
Postage & Telegram	16,397	0
Motor Car Expenses	13,408	12,837
Telephone Charges	0	23,206
Legal & Consultancy Charges	0	31,557
Books & Periodicals	1,500	0
Filing Fees	22,500	44,230
Amalgamation Processing Fees	2,24,720	0
Registrar & Transfer Agent Expenses	27,798	7,865
Listing Fees	35,730	2,09,672
Depository Charges	412	27,110
Bank Charges & Commissions	6,034	5,562
Advertisement & Business promotion expenses	68,805	63,403
Website Charges	5,056	7,303
Derivative Loss on Currency Transactions (Net)	69,23,654	2,53,205
Auditors' Remuneration		
For Statutory Audit	22472	22472
For Other Services	14045	0
	<u>36,517</u>	<u>22,472</u>
	<u>75,08,628</u>	<u>7,55,862</u>
NOTE NO. 20 CONTINGENT LIABILITIES	NIL	NIL

KWALITY CREDIT & LEASING LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2014

	Year ended 31 March, 2014	Year ended 31 March, 2013
I. Cash flow from Operating Activities		
Net Profit / (Loss) before extraordinary items and tax	3,63,793	3,41,869
<u>Add: Adjustments for:</u>		
Profit on Sale of Investment	0	0
Depreciation	57,864	61,799
Cash flow before working capital changes	4,21,657	4,03,668
<u>Adjustment for Working capital Changes:</u>		
Inventories	1,37,71,815	(15,06,775)
Trade receivables	0	0
Long-term loans and advances	70,01,190	0
Short-term loans and advances	(54,40,144)	(8,21,57,476)
Short-term borrowings	67,200,000	0
Trade payables	(73,27,889)	73,27,889
Other current liabilities	7,120,514	(4,43,195)
Cash flow from operating activities before taxes paid	68,506,115	(7,63,75,889)
Less: Taxes Paid	(5,33,897)	(98,366)
Add: Income Tax Refund	0	0
Cash flow from Operating Activities	67,972,218	(7,64,74,255)
II. Cash flow from Investing Activities		
Purchase of Investment	(7,67,00,000)	(19,99,980)
Proceeds from sale of Fixed Assets	0	2,500
Proceeds from sale of Investment	91,00,000	0
Cash flow from Investing Activities	(6,76,00,000)	(19,97,480)
III. Cash flow from Financing Activities		
Proceeds from issue of equity shares Premium including shares premium	0	7,94,97,330
Cash flow from Financing Activities	0	7,94,97,330
Net Increase / (Decrease) in Cash flow (I + II + III)	3,72,218	10,25,595
Opening Cash / Cash Equivalents	12,90,858	2,65,263
Closing Cash / Cash Equivalents	16,63,076	12,90,858
Refer accompanying notes forming part of the financial statements	1-20	1-20

In terms of our report attached.

For PACHISIA & ASSOCIATES

(FRN NO. 327542E)

(Chartered Accountants)

(Satya Prakash Pachisia)

(Proprietor)

(M.No.055040)

For and on behalf of the Board of Directors

sd/-

Bhagwan Das Soni

Managing Director

DIN-02308414

sd/-

Amu Thapa

Director

DIN-00674928

Place : 454, Dumdum Park,

Kolkata-700055, Date : The 29th day of May, 2014

KWALITY CREDIT & LEASING LIMITED

Statement Pursuant to Section 212 of the Companies Act, 1956 relating to Subsidiary Companies

1	Name of the Subsidiary	KCL Chemicals Limited	KCL Iron & Steel Limited
2	Financial Year of the Subsidiary ended on	31.03.2014	31.03.2014
3	Shares of the Subsidiary held by the Company on the above date		
	a) Number & Face Value	50000 Equity Shares of Rs.10/- each fully paid	50000 Equity Shares of Rs.10/- each fully paid
	b) Extent of holding	100%	100%
4	Net aggregate amount of profits/(losses) of the subsidiary for the above financial year of the subsidiary, so far as they concern members of the Company		
	a) dealt with in the accounts of the Company for the year ended 31st March, 2014	Nil	Nil
	b) not dealt with in the accounts of the Company for the year ended 31st March, 2014	Rs.22185/-	Rs.22185/-
5	Net aggregate amount of profits/(losses) for previous financial years of the subsidiary, since it became a subsidiary so far as they concern members of the		
	a) dealt with in the accounts of the Company for the year ended 31st March, 2014	N.A.	N.A.
	b) not dealt with in the accounts of the Company for the year ended 31st March, 2014	N.A.	N.A.
6	Changes in the interest of the Company between the end of the last Financial Year and 31 st March, 2014	N.A.	N.A.
7	Material changes between the end of the last Financial Year and 31 st March, 2014	N.A.	N.A.

Financial Information of Subsidiary Companies

Sr. No.	Name of Subsidiary Company	Capital	Reserves	Total Assets	Total Liabilities	Investments	Turnover / Total Income	Profit Before Tax	Provision for Tax	Profit After Tax	Proposed Dividend	Country
1	KCL Chemicals Limited	500000	-22185	5,09,275	5,09,275	0	-	-22185	0	-22185	0	India
2	KCL Iron & Steel Limited	500000	-22185	5,09,275	5,09,275	0	-	-22185	0	-22185	0	India

Amount in `

KWALITY CREDIT & LEASING LIMITED

DETAIL SHEET OF BALANCE SHEET AS AT 31ST MARCH, 2014

LIABILITIES SIDE

Loans and advance from others

Fastner Machinery Dealers Pvt Ltd	1,00,00,000
Ideal Plywood Traders Pvt Ltd	25,00,000
Multifold Plastic Marketing Pvt Ltd	23,550,000
Pears Mercantiles Pvt Ltd	26,100,000
Primary Iron Traders Pvt Ltd	50,50,000
	<u>6,72,00,000</u>

Other Current Liabilities - Others

Pachisia & Associates	22,472
	<u>22,472</u>

ASSETS SIDE

Long - Term Loans

Anil Kumar Bothra	1,10,38,810
	<u>1,10,38,810</u>

Short - Term Loans

Abad Projects Pvt Ltd	35,34,176
Aishwariya Sales Promotion Pvt. Ltd.	65,36,986
Amrapali Builders	29,19,470
Anju Devi	10,93,723
Arvind Kr Pareek	5,11,712
Ashok Kr Chhajer	32,70,000
Bajoria Entertainment Pvt Ltd	5,63,972
Bhanwari Devi Manikchand Daga	4,15,063
Bindiya Ashok Khurana	27,55,237
Epitome Life Science-Prop Ashok Kr Agarwal	10,00,000
Geotex Textile Pvt Ltd	75,67,000
Gujrat Raffia Industries Ltd	21,13,614
Jugal Kishor Jhawar	38,19,202
Kantibhai Virjbhai Gongani	1,19,047
Keena Jain	5,07,521
Madhav Power Pvt Ltd	27,02,644
Mahavir Tools Corporation-Prp Prakash Saha	26,46,466
Nandlal Kamal Kishore Vyapaar Pvt Ltd	48,66,017

KWALITY CREDIT & LEASING LIMITED

Narayan Dyestuff Pvt Ltd	13,51,331
Nikita Jhawar	60,00,245
Parmesthi Estates Pvt Ltd	63,95,757
Pashupati Trade Feb Pvt Ltd	11,51,274
Rishab Ashok Chhajer	16,35,000
Ruchika Jhawar	43,64,415
Sarita Devi Jhawar	38,18,864
Shalini Devi Agarwal	11,04,783
Shree Sidh Stones Pvt Ltd	40,00,000
S J Agarwal Huf	20,00,000
Sonia Surana	9,85,166
Star Tex	54,10,332
Toshniwal Enterprises Controls Pvt Ltd	3,10,982
Vintage Fund Manager Ltd	10,63,481
Zubit Life Care-Prp Shalini Ravi Agarwal	10,00,000
KCL Chemical Limited	32,060
KCL Iron & Steels Limited	32,060
	8,75,97,600

Balances with banks In current accounts

Bank Of Baroda	2,692
Corporation Bank	10,21,302
Tamilnadu Mercantile Bank Limited	5,903
	10,29,897

Share Application Money Refundable

Ritman Concrete Private Limited	20
	20
Income Tax Refundable F. Y 2013-14	
Tax Deducted At Source F.Y 2013-14	5,13,263
Less: Provision made During The Year	(1,12,412)
	4,00,851

KWALITY CREDIT & LEASING LIMITED

DETAIL SHEET OF STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31ST MARCH, 2014

EXPENSES

<u>Salary, Bonus & Other Allowance</u>	2,20,500
Salary	1,50,000
Directors' Remuneration	<u>3,70,500</u>
<u>Registrar & Transfer Agent Expenses</u>	
N.S.D.L	6,741
Share Holder Maintenance Charge	14,316
The C.D.S.L	6,741
	<u>27,798</u>

DETAIL OF CLOSING STOCK AS AT 31ST MARCH, 2014

Name Of Company	No. of Shares	Rate	AMOUNT
Quest Financial Services Limited	16,000	86.04	13,76,675
			<u>13,76,675</u>



**Auditors' Report In Terms of Non – Banking Financial Companies Auditor's Report
(Reserve Bank) Directions. 2008 For the Year Ended 31.03.2014.**

The Board of Directors

KWALITY CREDIT & LEASING LIMITED

27, Weston Street, 5th Floor,
Room No. 526, Kolkata – 700 012

- A.** In the case of all non banking financial companies:
- i)** The Company is engaged in the business of a non – banking financial institution and has duly obtained a Certificate of Registration (COR) from the Bank.
 - ii)** The Company in holding COR issued by the Bank. It has more than 50% of its Total Assets in Loans & Advances and Investments. It has earned more than 50% of its total income by way Sale and Income from Investment and Interest on loans. Based on the above, we are of the opinion that the company is entitled to hold such Certificate of registration (COR) as on 31st March, 2014.
 - iii)** The Company is primarily engaged as Loan and Investment Company and is not an Asset Financing Company (AFC). Accordingly, para 3(A)(III) of the Directions is not applicable.
- B.** The Company has not accepted Public deposit hence information under various sub – clause is not applicable to the company.
- C.** In the case of a non – banking financial company not accepting / holding public deposits:
- i)** The Board of Directors have duly passed a resolution for the non – acceptance of the “Public Deposit” for the financial year ended 31st March, 2014.
 - ii)** The Company has not accepted any “Public Deposits” during the financial year ended 31st March, 2014.
 - iii)** The company has complied with the prudential norms relating to the Income Recognition and Accounting standards, Assets Classification and Provisioning for the Bad & Doubtful Debts as were applicable in the case of the company in terms of the Non – Banking Financial (Non – Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007.
 - iv)** The company is not Systematically Important Non – Deposit Taking NBFC as defined in paragraph 2 (1)(xix) of the Non – Banking Financial (Non – Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007 and accordingly para 3 (c) (iv) of the direction is not applicable.

454, Dumdum Park,
Kolkata -700055 , The 29th day of May, 2014

For **PACHISIA & ASSOCIATES**
(FRN NO. 327542E)
(Chartered Accountants)

(Satya Prakash Pachisia)
(Proprietor)
(M.No.055040)

KWALITY CREDIT & LEASING LIMITED

Disclosure of details as required by Para 13 of Non Banking Financial (Non-Deposit Accepting or Holding)
Companies Prudential Norms (Reserve Bank) Directions, 1998

(Amount in Rs.)

Particulars	Amount Outstanding	Amount Overdue
Liabilities Side :		
(1) Loans and Advances availed by the NBFCs inclusive of interest accrued thereon but not paid		
(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) Other Loans (Specify Nature)	-	-
Particulars		
Assets Side :		
(2) Break up of Loans and Advances including billis receivables [other than those included in (4) below]		
(a) Secured		-
(b) Unsecured		9,86,36,410
(3) Break up of Leased Assets and Stock on Hire and other assets counting towards AFC activities		
(i) Lease assets including lease rentals under sundry debtors:		
(a) Financial Lease		-
(b) Operating Lease		-
(ii) Stock on hire including hire charges under sundry debtors:		
(a) Assets on hire		-
(b) Repossessed Assets		-
(iii) Other loans counting towards AFC activities		
(a) Loans where assets have been repossessed		-
(b) Loans other than (a) above		-
(4) Break up of Investments		
Current Investments		
1 Quoted:		
(i) Shares :(a) Equity		-
(b) Preference		-
(ii) Debentures and Bonds		-
(iii) Units of mutual funds		-
(iv) Government Securities		-
(v) Others (Please Specify)		-

KWALITY CREDIT & LEASING LIMITED

	2 Unquoted: (i) Shares :(a) Equity (b) Preference (ii) Debentures and Bonds (iii) Units of mutual funds (iv) Government Securities (v) Others (Please Specify)	- - - - - -		
	Long term investments (I) Quoted: (i) Shares :(a) Equity (b) Preference (ii) Debentures and Bonds (iii) Units of mutual funds (iv) Government Securities (v) Others (Please Specify) (II) Unquoted: (i) Shares :(a) Equity (b) Preference (ii) Debentures and Bonds (iii) Units of mutual funds (iv) Government Securities (v) Others (Please Specify)	- - - - - - 7,86,99,980 0 - - -		
(5)	Borrower group-wise classification of assets financed as in (2) and (3) above :			
	Category	Amount net of provisions		
		Secured	Unsecured	Total
	1 Related Parties**			
	(a) Subsidiaries	-	64,120	64,120
	(b) Companies in the same group	-	-	-
	(c) Other related Parties	-	-	-
	2 Other than related parties	-	9,85,72,290	9,85,72,290
	Total	-	9,86,36,410	9,86,36,410
(6)	Investor group wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted):			
	Category	Market Value/Break up of Fair value or NAV	Book value (Net of Provisions)	
	1 Related Parties**			
	(a) Subsidiaries	10,00,000	10,00,000	
	(b) Companies in the same group	-	-	
	(c) Other related Parties	-	-	
	2 Other than related parties	7,76,99,980	7,76,99,980	
	Total	7,86,99,980	7,86,99,980	
(7)	Other Information:			
	Particulars	Amount		
	(i) Gross Non- Performing Assets			
	(a) Related Parties	-		
	(b) Other than related parties	-		
	(ii) Net Non Performing Assets			
	(a) Related Parties	-		
	(b) Other than related parties	-		
	(iii) Assets acquired in satisfaction of debt	-		



Independent Auditors' Report

TO THE BOARD OF DIRECTORS OF KQUALITY CREDIT & LEASING LIMITED

REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

We have audited the accompanying consolidated financial statements of KQUALITY CREDIT & LEASING LIMITED (the Company), its subsidiaries, which comprise the Consolidated Balance Sheet as at March 31, 2014, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the Accounting Standards notified under the Companies Act, 1956 (the Act) (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 in terms of General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Group's preparation and presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



OPINION

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors on the financial statements / consolidated financial statements of the subsidiaries and associates as noted below, the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at March 31, 2014;
- b) in the case of the Consolidated Statement of Profit and Loss, of the profit of the Group for the year ended on that date and
- c) in the case of the Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

Report on Other Legal and Regulatory Requirements

- d) As required by the Companies (Auditor's Report) Order 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
- e) As required under provisions of section 227(3) of the Companies Act, 1956, we report that:
- f) 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;
- g) 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;
- h) the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account;
- i) in our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement comply with the accounting standards referred to in sub-section (3C) of section 211 of the Act read with the General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013;
- j) On the basis of written representations received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Act.

For PACHISIA & ASSOCIATES
(FRN NO. 327542E)
(Chartered Accountants)

(Satya Prakash Pachisia)
(Proprietor)
(M.No.055040)

454, Dumdum Park,
Kolkata -700055 , The 29th day of May, 2014



Annexure referred to in paragraph 1 under the heading “Report on other legal and regulatory requirements” of our report of even date

(i) In respect of its Fixed Assets :

- a) The Company has maintained proper records showing full particulars including quantitative details and situation of Fixed Assets on the basis of available information.
- b) As explained to us, the Fixed Assets have been physically verified by the management during the year, which in our opinion is reasonable having regard to size of the Company and nature of its assets. No material discrepancies were noticed on such physical verification.
- c) No Fixed Assets has been disposed during the year.

(ii) In respect of its Inventories :

- a) The Inventories have been physically verified during the year by the management. 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 the nature of its business.
- c) The Company has maintained proper records of inventories. As explained to us, there were no material discrepancies noticed on physical verification of inventory as compared to the book records.

(iii) In respect of the loans, secured or unsecured, granted or taken by the Company to / from companies, firm or other parties covered in the register maintained under Section 301 of the Companies Act, 1956 :

- a) The Company has not taken any loan during the year from the companies, firm or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Consequently, the requirements of clause 4 (iii) (f) and clause (iii) (g) of the Order are not applicable.
- b) The Company has not given any loan during the year from the companies, firm or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Consequently, the requirements of clause 4 (iii) (f) and clause (iii)(g) of the Order are applicable.
- (iv) In our opinion and according to the explanation given to us, during the course of the audit, there is adequate internal control procedure commensurate with the size of the Company and the nature of its business with regard of trading activities. We have not noted any continuing failure to correct major weakness in the internal controls during the course of audit.
- (v) In our opinion and according to the information and explanations given to us, there are no contracts or arrangements that need to be entered in the register maintained under Section 301 of the Companies Act, 1956. Therefore, the provisions of clause 4 (v)(b) of the Order are not applicable to the Company.
- (vi) The Company has not accepted any deposit from the public. Therefore, the provisions of clause 4 (vi) of the Order are not applicable to the Company.



- (vii) In our opinion the Company has an internal audit system commensurate with the size and nature of its business.
- (viii) According to the information and explanation given to us, the central government has not prescribed the maintenance of cost records under clause (d) of sub-section(1) of section 209 of the companies Act, 1956.
- (ix) In respect of Statutory dues :**
- a) According to the information and explanation given to us, and on the basis our examination of the books of accounts and records of the company, the company is regular in depositing with the appropriate authorities undisputed statutory dues including Income tax, Wealth Tax , Sales Tax , Excise duty ,custom duty & cess and any other material statutory dues applicable to it.
- b) According to the information and explanation given to us, no undisputed amount payable in respect of Income tax, Wealth Tax , Sales Tax , Excise duty ,custom duty & cess were outstanding as at 31st March 2014 for a period of more than six month from the day they become payable.
- c) According to the information and explanation given to us, there are no dues in respect of Income tax, Wealth Tax , Sales Tax , Excise duty ,custom duty & cess that were not been deposited with the appropriate authorities on account of any dispute.
- (x) Accumulated losses incurred by the company at the end of the financial year do not exceed 50% of the net worth of the company. However the Company has not incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year.
- (xi) The company has not raised loans from Financial Institutions or Banks or by issue of debentures and hence provision of Clause 4 (xi) of the Order requiring comment on repayment of the dues is not applicable to the company.
- (xii) In our opinion and according to the information and explanations given to us, no loans and advances have been granted by the Company on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the Company is not a chit fund / nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Order are not applicable to the Company.
- (xiv) The Company has maintained proper records of transactions and contracts in respect of dealing in or trading in shares, securities, debentures and other investments and timely entries have been made therein. All shares, securities, debentures and other investments have been held by the Company in its own name.
- (xv) In our opinion and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or Financial Institutions during the year. Therefore, the provisions of clause 4(xv) of the Order are not applicable to the Company.
- (xvi) The Company has not raised any term loan during the year. Therefore, the provisions of clause 4(xvi) of the Order are not applicable to the Company.
- (xvii) According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we are of the opinion that there are no funds raised on short term basis that have been used 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.
- (xix) The Company has not raised any monies by way of issue of debentures during the year. Therefore, the provisions of clause 4(xix) of the Order are not applicable to the Company.
- (xx) The Company has not raised any money by public issue during the year.
- (xxi) Based on the audit procedures performed and the information and explanations given to us, we report that no fraud on or by the Company has been noticed or reported during the year, nor have we been informed of such case by the management.

For PACHISIA & ASSOCIATES
(FRN NO. 327542E)
(Chartered Accountants)

(Satya Prakash Pachisia)
(Proprietor)
(M.No.055040)

454, Dumdum Park,
Kolkata -700055 , The 29th day of May, 2014

KWALITY CREDIT & LEASING LIMITED

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH 2014

Particulars	Note No.	As At 31 st March, 2014
A EQUITY AND LIABILITIES		
1 Shareholder's Funds		
Share Capital	2	4,22,27,030
Reserves and Surplus	3	7,11,55,214
2 Current Liabilities		
Short-term borrowings	4	67,200,000
Other current liabilities	5	22,472
Short-term provisions	6	2,46,430
TOTAL		18,08,51,146
B ASSETS		
1 Non-current assets		
Fixed assets		
(i) Tangible assets	7	1,10,504
Non-current investments	8	7,76,99,980
Long term loans and advances	9	1,10,44,810
2 Current assets		
Inventories	10	13,76,675
Cash and cash equivalents	11	26,82,826
Short-term loans and advances	12	87,936,351
TOTAL		18,08,51,146
Refer accompanying notes forming part of the financial statements	1-19	

Note : All the subsidiaries are incorporated in the F.Y. 2013-14. Hence, Comparative figure pertaining to the previous year is not applicable.

In terms of our report attached.

For PACHISIA & ASSOCIATES

(FRN NO. 327542E)

(Chartered Accountants)

(Satya Prakash Pachisia)

(Proprietor)

(M.No.055040)

Place : 454, Dum Dum Park,

Kolkata-700055, Date : The 29th day of May, 2014

For and on behalf of the Board of Directors

sd/-

Bhagwan Das Soni

Managing Director

DIN-02308414

sd/-

Amu Thapa

Director

DIN-00674928

KWALITY CREDIT & LEASING LIMITED

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2014

	Particulars	Note No.	Year ended 31 st March, 2014
1	Revenue from operations	13	2,20,95,234
2	Total Revenue (1+2)		2,20,95,234
3	Expenses:		
	Changes in inventories of Trading goods	14	1,37,71,815
	Employee benefits expenses	15	3,93,134
	Depreciation and amortisation expenses	16	1,01,984
	Other expenses	17	75,08,878
	Total Expenses		2,17,75,811
4	Profit / (Loss) before exceptional and extraordinary items and tax (3 - 4)		3,19,423
5	Exceptional Items		0
6	Profit / (Loss) before extraordinary items and tax (5 ± 6)		3,19,423
7	Extraordinary Items		0
8	Profit / (Loss) before tax (7 ± 8)		3,19,423
9	Tax expense:		
	(1) Current tax		1,12,412
	(2) Current tax expense relating to Earlier years		0
	(3) Contingent Provision for Standard Assets		1,17,383
10	Profit / (Loss) for the year (9 ± 10)		89,628
11	Earning per equity share:		
	(1) Basic		0.02
	(2) Diluted		0.02
	Refer accompanying notes forming part of the financial statements	1-18	

Note : All the subsidiaries are incorporated in the F.Y. 2013-14. Hence, Comparative figure pertaining to the previous year is not applicable.

In terms of our report attached.

For PACHISIA & ASSOCIATES

(FRN NO. 327542E)

(Chartered Accountants)

(Satya Prakash Pachisia)

(Proprietor)

(M.No.055040)

Place : 454, Dumdum Park,

Kolkata-700055, Date : The 29th day of May, 2014

For and on behalf of the Board of Directors

sd/-

Bhagwan Das Soni

Managing Director

DIN-02308414

sd/-

Amu Thapa

Director

DIN-00674928

KWALITY CREDIT & LEASING LIMITED

NOTES TO CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH 2014

NOTE NO. 1: SIGNIFICANT ACCOUNTING POLICIES

- (a) **Basis of Preparation:** - The financial statements of the company have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The company has prepared these financial statements to comply in all material respects with the accounting standards notified under the Companies (Accounting Standards) Rules, 2006, (as amended), the relevant provisions of the Companies Act, 1956 (to the extent applicable) and the Companies Act, 2013 (to the extent notified). The financial statements have been prepared on an accrual basis and under the historical cost convention. The accounting policies adopted in the preparation of financial statements are consistent with those of previous year.

The financial statements are prepared in accordance with the principles and procedures required for the preparation and presentation of consolidated financial statements as laid down under the Accounting Standard (AS) 21, 'Consolidated Financial Statements'. The financial statements of the Company and its Wholly-Owned Subsidiaries have been combined on a line-by-line basis by adding together book values of like items of assets, liabilities, income and expenses after fully eliminating intra-group balances and intra-group transactions. The consolidated financial statements are prepared by applying uniform accounting policies in use by the company.

- (b) As far as possible, the consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented in the same manner as the Company's separate financial statements.
- (c) **Use of estimates:** - The preparation of financial statements in conformity with Indian GAAP requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting year. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future years.
- (d) **Tangible fixed assets:** - Fixed assets are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price, borrowing costs if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discounts and rebates are deducted in arriving at the purchase price.
- (e) **Depreciation on tangible fixed assets:** - Depreciation on fixed assets is calculated on Straight Line basis using the rates as prescribed under the Schedule XIV to the Companies Act, 1956.
- (f) **Borrowing costs:** - Borrowing cost includes interest, amortization of ancillary costs incurred in connection with the arrangement of borrowings and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.
- (g) **Investments:** - Investment have been treated as long term and carried at cost. Cost includes purchase cost and attributable expenses.
- (h) **Inventories:** - Trading Goods are valued at cost.
- (i) **Revenue recognition:** - Revenue is recognized to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. The

KWALITY CREDIT & LEASING LIMITED

following specific recognition criteria must also be met before revenue is recognized:

Sale of goods

Revenue from sale of goods is recognized when all the significant risks and rewards of ownership of the goods have been passed to the buyer, usually on delivery of the goods.

Interest

Interest Income is recognized on a time proportion basis taking into account the amount outstanding and the applicable interest rate. Interest income is included under the head "Revenue from operations" in the statement of profit and loss.

Dividends

Dividend income is recognized when the company's right to receive dividend is established by the reporting date.

Other Income

The amounts receivable from various agencies are accounted on accrual basis to the extent it is possible to ascertain the income with reasonable accuracy.

- (j) **Foreign currency translation:** - No Foreign Currency Transactions has been made by the Company in the Financial Year 2013-14.
- (k) **Retirement and other employee benefits:** - No liability in respect of retirement benefits has been provided for since, none of its employee are eligible for entitlement of retirement benefit for non attainment of duration of services.
- (l) **Income taxes:** - Tax expense comprises of current tax. Current income-tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961 enacted in India. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.
- (m) **Segment reporting:** - The Company is a Non-banking Financial Company and as such additional disclosure required under Accounting Standard - 17 "Segment Reporting" is not applicable.
- (n) **Earnings Per Share:** - Basic Earnings per share is calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.
- (o) **Provisions, Contingent Liabilities and Contingent Assets:** - A provision is recognized when the Company has a present obligation as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the Balance Sheet date.

A disclosure of contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require and outflow of resources. Where there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

Contingent assets are neither recognized nor disclosed in the financial statements.

KWALITY CREDIT & LEASING LIMITED

- (p) **Cash and cash equivalents:** - Cash and cash equivalents for the purposes of cash flow statement comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.
- (q) Balance in respect of Trade Payable, Trade Receivable and Loans & Advances are subject to confirmation.
- (r) **Cash Flow Statement:** - Cash flows are reported using the indirect method and cash flows from operating, investing and financing activities of the Company are segregated.
- (s) **MSMED Act, 2006:** - The Government of India has promulgated an act namely The Micro, Small and Medium Enterprises Development Act, 2006, which comes into force with effect from October 2, 2006. As per the act, the Company is required to identify the Micro, Small and Medium suppliers and pay them interest on over dues beyond the specified period irrespective of the terms agreed with the suppliers. The Company does not have any dues to any entity covered under the said act.

ADDITIONAL NOTES

I. RELATED PARTIES DISCLOSURE AS PER ACCOUNTING STANDARD 18

A. List of Related Parties: -

<u>Party</u>	<u>Relationship</u>
Bhagwan Das Soni	Managing Director
Amu Thapa	Director
Suresh Kumar Jain	Director

B. Related Party Transaction: -

Director's Remuneration

Bhagwan Das Soni

31.03.2014

1,50,000

- II. Figure for the previous year is not given since this is the first accounting year after acquiring two wholly owned Subsidiary companies.

KWALITY CREDIT & LEASING LIMITED

CONSOLIDATED NOTES

As At
31 March, 2014

NOTE NO. 2 Share Capital

Authorised-

47,00,000 Equity Shares of Rs 10/- each

4,70,00,000

Issued, Subscribed & Paid-Up

42,22,703 Equity Shares of Rs. 10/-
each Fully paid up in cash.

4,22,27,030

4,22,27,030

Disclosure:

- There has been no change/ movements in number of shares outstanding at the beginning and at the end of the year.
- The company has only one class of issued shares i.e Ordinary Shares having par value of ` 10/- per share. Each holder of Ordinary Shares is entitled to One vote per share and equal right for dividend. The dividend proposed by the Board of Directors is subject to the approval of shareholders in ensuing Annual General Meeting , except in case of interim dividend. In the event of liquidation , the ordinary shareholders are eligible to receive the remaining assets of the Company after payment of all preferential amounts, in proportion to their Shareholding.

3. The Company does not have any Holding Company/ ultimate Holding Company .

4. Details of Shareholders holding more than 5% Shares:

Ordinary Shares of ` 10/- each fully paid

As On 31.03.2014

No. of Shares	% of Shareholding
Nil	Nil

5. No Ordinary Shares have been reserved for issue under option and contracts/ commitments for the sale of shares/ disinvestment as at the Balance Sheet date.

6.No Shares has been bought back by the company during the period of 5 years preceeding the date at which the balance sheet is prepared

7. No Securities convertible into Equity/ Prefrence Shares issued by the company during the year.

8. No calls are unpaid by any director or officer of the company during the year.

9. As per records of the Company, including its register of shareholder/members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownerships of shares.

NOTE NO. 3 Reserves and Surplus

General reserve

Opening balance

36,900

Add: Transferred from surplus in Statement of Profit and Loss

0

Closing balance

36,900

Statutory reserve

Opening balance

90,000

Add: Transferred from surplus in Statement of Profit and Loss

26,800

Closing balance

1,16,800

Share Premium

Opening balance

7,22,70,300

Add : Premium on shares issued during the year

0

Closing balance

7,22,70,300

KWALITY CREDIT & LEASING LIMITED

Surplus / (Deficit) in Statement of Profit and Loss

Balance brought forward from previous year	(13,31,614)
Add: Transfer from Statement of Profit and Loss for the year	89,628
Less: Transferred to Statutory reserve	(26,800)
Closing balance	(1,268,786)
Total	7,11,55,214

NOTE NO. 4 Short-term borrowings

Loans and Advances from others	67,200,000
	67,200,000

NOTE NO. 5 Other current liabilities

Other Payables

Others	22,472
	22,472

NOTE NO. 6 Short-term provisions

Provision for :

Income Tax	0
Contingent of Standard Assets	2,46,430
	2,46,430

NOTE NO. 8 Non-current investments

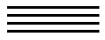
Other investments (Unquoted, at cost)

Investment in equity instruments of other entities

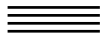
<u>Equity Shares of Rs 10/- each</u>	No. of Shares	
Ritman Concrete Private Limited	22,222	19,99,980
Burnpur Power Private Limited	4,85,000	48,50,000
Domsons Metal Private Limited	40,000	6,00,00,000
Multifold Plastic Marketing Private Limited	3,80,000	38,00,000
Pears Mercantiles Private Limited	4,55,000	45,50,000
Sidhimangal Nirman Private Limited	2,50,000	25,00,000
		7,76,99,980

NOTE NO. 7: FIXED ASSETS

DESCRIPTION	GROSS BLOCK			DEPRECIATION			NET BLOCK			
	Cost As On 31.03.2013 ₹	Additions during the year ₹	Deductions during the year ₹	Total Cost As On 31.03.2014 ₹	Up To 31.03.2013 ₹	For the year ₹	Deductions during the year ₹	Up To 31.03.2014 ₹	As on 31.03.2014 ₹	As on 31.03.2013 ₹
Motor Car	5,02,675	0	0	5,02,675	3,74,967	47,752	0	4,22,719	79,956	1,27,708
Air Conditioner	1,54,000	0	0	1,54,000	1,32,174	7,316	0	1,39,490	14,510	21,826
Mobile Phones	58,840	0	0	58,840	40,006	2,796	0	42,802	16,038	18,834
Total	7,15,515	0	0	7,15,515	5,47,147	57,864	0	6,05,011	1,10,504	1,68,368



KWALITY CREDIT & LEASING LIMITED



NOTE NO. 9 Long term loans and advances

Unsecured, considered good

Loans	1,10,38,810
Security deposits	6,000
	<u>1,10,44,810</u>

NOTE NO. 10 Inventories

(As inventories taken , valued & certified by the Management)

Trading Goods (at cost)	13,76,675
	<u>13,76,675</u>

NOTE NO. 11 Cash and cash equivalents

Cash on Hand (As certified)	6,34,379
Balances with banks In current accounts	20,48,447
	<u>26,82,826</u>

NOTE NO. 12 Short-term Loans and Advances

Unsecured, considered good

Loans	8,75,33,480
Share Application Money Refundable	20
<u>Balances with government authorities</u>	
Income Tax Payment	2,000
Income Tax Refundable F. Y 2013-14	4,00,851
	<u>87,936,351</u>

KWALITY CREDIT & LEASING LIMITED

NOTES TO CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2014

Year ended
31st March, 2014
₹

NOTE NO. 13 Revenue from operations

Sale of products	1,38,75,000
<u>Interest income</u>	
Interest on loans (TDS Rs 513264/-)	82,20,234
	<u>2,20,95,234</u>

NOTE NO. 14 Changes in Inventories of Trading goods

Inventories at the end of the year: Traded goods	13,76,675
Inventories at the beginning of the year: Traded goods	1,51,48,490
	<u>1,37,71,815</u>

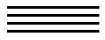
NOTE NO. 15 Employee benefits expenses

Salary Bonus & Other Allowance	3,70,500
Staff Refereshment expenses	22,634
	<u>3,93,134</u>

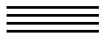
(Salary includes Directors' Remuneration Rs. 1,50,000)

NOTE NO. 16 Depreciation and amortisation expenses

Depreciation on Tangible Assets	57,864
Preliminary Expenses Written off	44,120
	<u>101,984</u>



KWALITY CREDIT & LEASING LIMITED



NOTE NO. 17 Other Expenses

Rates & Taxes		1,136
Accounting Charges		1,08,000
Travelling & Conveyance		10,204
Printing & Stationery		6,757
Postage & Telegram		16,397
Motor Car Expenses		13,408
Books & Periodicals		1,500
Filing Fees		22,500
Amalgamation Processing Fees		2,24,720
Registrar & Transfer Agent Expenses		27,798
Listing Fees		35,730
Depository Charges		412
Bank Charges & Commissions		6,284
Advertisement & Business promotion expenses		68,805
Website Charges		5,056
Derivative Loss on Currency Transactions (Net)		69,23,654
Auditors' Remuneration		
For Statutory Audit	22472	
For Other Services	14045	36,517
		<u>75,08,878</u>

NOTE NO. 18 Contingent Liabilities

NIL

KWALITY CREDIT & LEASING LIMITED

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2014

	Year ended 31 March, 2014
<u>I. Cash flow from Operating Activities</u>	
Net Profit / (Loss) before extraordinary items and tax	3,19,423
<u>Add: Adjustments for:</u>	
Depreciation	1,01,984
Cash flow before working capital changes	4,21,407
<u>Adjustment for Working capital Changes:</u>	
Inventories	1,37,71,815
Long-term loans and advances	70,01,190
Short-term loans and advances	(53,76,024)
Short-term borrowings	6,72,00,000
Trade payables	(73,27,889)
Other current liabilities	(71,20,514)
Cash flow from operating activities before taxes paid	6,85,69,985
Less: Taxes Paid	(5,33,898)
Cash flow from Operating Activities	6,80,36,087
<u>II. Cash flow from Investing Activities</u>	
Purchase of Investment	(7,57,00,000)
Proceeds from sale of Investment	91,00,000
Cash flow from Investing Activities	(6,66,00,000)
<u>III. Cash flow from Financing Activities</u>	
Preliminary Expenses incurred For Formation of Subsidiary Companies	(44,120)
Cash flow from Financing Activities	(44,120)
Net Increase / (Decrease) in Cash flow (I + II + III)	13,91,967
Opening Cash / Cash Equivalents	12,90,858
Closing Cash / Cash Equivalents	26,82,826
Refer accompanying notes forming part of the financial statements	1-19

Note : All the subsidiaries are incorporated in the F.Y. 2013-14. Hence, Comparative figure pertaining to the previous year is not applicable.

In terms of our report attached.

For PACHISIA & ASSOCIATES

(FRN NO. 327542E)

(Chartered Accountants)

(Satya Prakash Pachisia)

(Proprietor)

(M.No.055040)

Place : 454, Dum Dum Park,

Kolkata-700055, Date : The 29th day of May, 2014

For and on behalf of the Board of Directors

sd/-

Bhagwan Das Soni

Managing Director

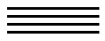
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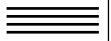
Amu Thapa

Director

DIN-00674928



KWALITY CREDIT & LEASING LIMITED



CIN :- L65921WB1992PLC056686

27, Weston Street, 5th Floor, Room No – 526, Kolkata – 700 012

Ph. : 033-3262 4539, E-mail : kqualitycredit50@yahoo.com, Website : www.kqualitycredit.com

(To be handed over at the entrance of the Meeting Hall)

ATTENDANCE SLIP

Folio No.: _____ **DP ID No.:** _____ **Client ID No.:** _____

Name of Member(s): _____

Name of the Proxyholder: _____

Registered Address: _____

Number of Shares Held: _____

I hereby record my presence of the 22nd ANNUAL GENERAL MEETING (AGM) of the Company held on Monday, the 29th day of September, 2014 at 11.00 a.m. at the registered office of the Company at Company at 27, Weston Street, 5th Floor, Room No. 526, Kolkata - 700 012

SIGNATURE OF THE MEMBER/REPRESENTATIVE/PROXY*

***Strike out whichever is not applicable**

KWALITY CREDIT & LEASING LIMITED

CIN :- L65921WB1992PLC056686

27, Weston Street, 5th Floor, Room No – 526, Kolkata – 700 012

Ph. : 033-3262 4539, E-mail : kwalitycredit50@yahoo.com, Website : www.kwalitycredit.com

PROXY FORM

Name of the member (s):

Registered address:

E-mail Id:

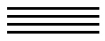
Folio / DP ID-Client ID No.

I/We being the member(s) ofshares of the above named Company hereby appoint:

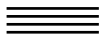
- (1) Name:.....Address.....
 E-mail Id:.....Signature.....or failing him;
- (2) Name:.....Address.....
 E-mail Id:.....Signature.....or failing him;
- (3) Name:.....Address.....
 E-mail Id:.....Signature.....

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 22nd Annual General Meeting (AGM) of the Company, to be held on Monday, the 29th day of September, 2014 at the registered office of the Company at 27, Weston Street, 5th Floor, Room No. 526, Kolkata - 700 012 at 11.00 a.m. and at any adjournment thereof of such resolutions as are indicated below:

Resolution No.	RESOLUTIONS	Optional*	
Ordinary Business		For	Against
1.	Adoption of Financial Statements for the year ended 31 st March, 2014.		
2.	Re-appointment of Mr. Bhagwan Das Soni, who retires by rotation and being eligible, seeks re-appointment.		
3.	Appointment of M/s. Pachisia & Associates, Chartered Accountants (Firm Registration No. 327542E) as an Auditor of the Company and fix their remuneration.		
Special Business			
4.	Appointment of Mr. Amu Thapa as an Independent Director.		
5.	Appointment of Mr. Suresh Kumar Jain as an Independent Director.		
6.	Variation in terms of appointment of Mr. Bhagwan Das Soni, Managing Director.		



KWALITY CREDIT & LEASING LIMITED



Signed this.....day of.....2014

Signature of shareholder.....

Signature of Proxy holder(s).....

Affix
Revenue
Stamp not
less than
Re.1/-

Note:

1. This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.
2. For the resolutions, Explanatory Statement and Notes, please refer to the Notice of the 22nd Annual General meeting.
3. It is optional to put a 'X' in the appropriate column against the Resolutions indicated in the Box. If you leave the 'For' or 'Against' column blank against any or all resolutions, your Proxy will be entitled to vote in the manner as he/she thinks appropriate. *
4. Please complete all details including details of member(s) in above box before submission.