

**23<sup>rd</sup> Annual Report**

**&**

**Accounts**

**2014 - 2015**

**KWALITY CREDIT & LEASING LIMITED**

# Kwality Credit & Leasing Ltd.

**Corporate Identity No. : L65921WB1992PLC056686**

**Board of Directors :**

|                         |                      |
|-------------------------|----------------------|
| Mr. Bhagwan Das Soni    | Managing Director    |
| Mr. Amu Thapa           | Independent Director |
| Mr. Suresh Kumar Jain   | Independent Director |
| Ms. Namrata Chakraborty | Independent Director |

**Audit Committee :**

|                         |                      |
|-------------------------|----------------------|
| Mr. Suresh Kumar Jain   | Chairman             |
| Mr. Amu Thapa           | Independent Director |
| Mr. Bhagwan Das Soni    | Managing Director    |
| Ms. Namrata Chakraborty | Independent Director |

**Nomination And Remuneration Committee :**

|                         |                      |
|-------------------------|----------------------|
| Mr. Amu Thapa           | Chairman             |
| Mr. Suresh Kumar Jain   | Independent Director |
| Mr. Bhagwan Das Soni    | Managing Director    |
| Ms. Namrata Chakraborty | Independent Director |

**Stakeholder's Relationship Committee :**

|                         |                      |
|-------------------------|----------------------|
| Mr. Amu Thapa           | Chairman             |
| Mr. Suresh Kumar Jain   | Independent Director |
| Ms. Namrata Chakraborty | Independent Director |

**Risk Management Committee :**

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

**Chief Financial Officer :**

Mr. Subrata Dutta

**Registered Office:**

27, Weston Street,  
5<sup>th</sup> floor, Room No. 526,  
Kolkata – 700 012  
Ph. No. 033 3253 4539  
Email – [kwalitycredit50@yahoo.com](mailto:kwalitycredit50@yahoo.com)  
Website – [www.kwalitycredit.com](http://www.kwalitycredit.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

## **DIRECTORS' REPORT**

Dear Members,

Your Directors have pleasure in presenting before you 23<sup>rd</sup> Annual Report of the Company together with Audited Accounts for the year ended 31<sup>st</sup> March, 2015.

### **1. Financial Summary or Highlights.**

(in ₹)

| Particulars  | Standalone         |             | Consolidated       |             |
|--|--------------------|-------------|--------------------|-------------|
|  | 2014-15            | 2013-14     | 2014-15            | 2013-14     |
| Total Revenue  | <b>90,38,425</b>   | 2,20,95,234 | <b>90,38,425</b>   | 2,20,95,234 |
| (Less): Total Expenditure                                      | <b>1,18,07,201</b> | 2,17,31,441 | <b>1,18,20,637</b> | 2,17,75,811 |
| Profit before Exceptional & Extraordinary Items                | <b>(27,68,776)</b> | 3,63,793    | <b>(27,82,212)</b> | 3,19,423    |
| Add/(Less): Exceptional Items                                  | -                  | -           | -                  | -           |
| Add/(Less): Extraordinary Items (Loss on Sale of Fixed Assets) | <b>(22,306)</b>    | -           | <b>(22,306)</b>    | -           |
| Profit Before Tax  | <b>(27,91,028)</b> | 3,63,793    | <b>(28,04,518)</b> | 3,19,423    |
| (Less): Provision for Current Tax                              | -                  | (1,12,412)  | -                  | (1,12,412)  |
| (Less): Contingent provision for Standard Assets               | <b>(14,862)</b>    | (1,17,383)  | <b>(14,862)</b>    | (1,17,383)  |
| Net Profit after Tax   | <b>(28,05,944)</b> | 1,33,998    | <b>(28,19,380)</b> | 89,628      |
| (Less): Transfer to Statutory Reserve                          | -                  | (26,800)    | -                  | (26,800)    |
| Add/(Less): Brought forward from previous year                 | <b>(12,24,416)</b> | (13,31,614) | <b>(12,68,786)</b> | (13,31,614) |
| Balance carried to Balance Sheet                               | <b>(40,30,360)</b> | (12,24,416) | <b>(40,88,166)</b> | (12,68,786) |

### **2. Consolidated Financial Statements.**

In accordance with the Companies Act, 2013 (hereinafter referred to as "the Act") and Accounting Standard (AS) – 21 on Consolidated Financial Statements read with AS – 23 on Accounting for Investments in Associates the audited consolidated financial statement is provided in the Annual Report.

### **3. Change in Share Capital.**

During the year under review, there has been no change in the Authorised or Paid-up Share Capital. The Authorised Share Capital of the Company stands at Rs.4,70,00,000/- divided into 47,00,000 Equity Shares of Rs.10 each. The Paid-up Share Capital of the Company is Rs.4,22,27,030 divided into 42,22,703 Equity Shares of Rs.10/- each.

### **4. Corporate Governance.**

Pursuant to SEBI Circular No. CIR/CFD/POLICY CELL/7/2014 dated 15<sup>th</sup> September, 2014 Clause 49 of the Equity Listing Agreement is not applicable to the Company. However, on a voluntary basis the Company has complied with the provisions of Clause 49 to the extent feasible for the Company.

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.

### **5. Extract of Annual Return**

The Extract of the Annual Return as on the financial year ended on 31<sup>st</sup> March, 2015, in Form MGT-9 pursuant to section 92(3) of the Act and Rule 12(1) of the Companies (Management and Administration) Rules, 2014 is appended to the Directors' Report in **Annexure - 1**.

**6. Number of Meetings of the Board.**

The Board of Directors of the Company met six (6) times during the Financial Year under review, i.e. on 30/04/2014, 29/05/2014, 01/08/2014, 14/11/2014, 06/02/2015 and 30/03/2015.

Further, one exclusive meeting of the Independent Directors, pursuant to Schedule IV of the Act and Clause 49(II)(B)(6) of the Listing Agreement was held on 31<sup>st</sup> March, 2015.

All the meetings were held in accordance with the provisions of the Act and the Listing Agreement.

The Details of the above meetings are given in Corporate Governance Report which is annexed in the Annual Report.

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

Pursuant to section 177(8) of the Act disclosure of the Composition of Audit Committee is given below:-

The Audit Committee of the Company comprises of three Non-Executive Independent Directors and one Executive Director as on 31<sup>st</sup> March, 2015 and is chaired by Mr. Suresh Kumar Jain (having DIN: 00705828), non-executive Independent Director. The details of the same is morefully provided in the Corporate Governance Report.

During the Financial Year under review, the Committee met four (4) times and all such meetings were held in accordance with the provisions of the Act and the Listing Agreement.

Further, the Board of Directors has accepted all the recommendations of the Audit Committee in the Financial Year 2014-15.

**8. Composition of the Nomination and Remuneration Committee.**

Pursuant to the requirements of Section 178 of the Act, the Nomination and Remuneration Committee of the Company comprises of three Non Executive Independent Directors and one Executive Director.

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

**9. Composition of the Stakeholders Relationship Committee.**

Pursuant to the requirements of Section 178 of the Act, the Stakeholders Relationship Committee of the Company consists of three Non Executive Independent Directors as on 31<sup>st</sup> March, 2015.

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

**10. Directors' Responsibility Statement.**

Pursuant to Section 134(3)(c) read with section 134 (5) of the Act, to the best of their knowledge and belief and according to the information and explanations obtained by them, the Directors of the Company hereby make the following statements:

- a. In the preparation of Annual Accounts, the applicable Accounting Standards have been followed along with the proper explanation relating to material departures, if any.
- b. The Directors have selected such accounting policies and have applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as on the Financial Year ended on 31<sup>st</sup> March, 2015 and of the profit of the company for the year under review.
- c. The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- d. The Directors have prepared the annual accounts on a going concern basis.
- e. The Directors have laid down internal financial controls to be followed by the Company and such internal financial controls are adequate and were operating effectively.
- f. The Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

**11. Declaration by the Independent Directors.**

Pursuant to Section 149(7) of the Act, all the independent directors have submitted the statement at their first Board Meeting of the financial year under review that they meet the criteria of independence as laid down under section 149(6) of the Act, read with clause 49 of listing agreement.

**12. Policy on Directors' Appointment & Remuneration.**

Pursuant to the provisions of Section 178(4) of the Act read with the Rules made thereunder and Clause 49 of the Listing Agreement, the Nomination and Remuneration Committee has formulated the criteria for determining qualifications, positive attributes and independence of a director and has further formulated a policy relating to the remuneration for directors, key managerial personnel and other employees, which has been duly approved by the Board of Directors.

While formulating the Policy, the Nomination and Remuneration Committee has assured that:

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

The details of the same have been provided in the Corporate Governance Report for the Financial Year 2014-15.The shareholders may also visit the Company's website, viz; [www.kwalitycredit.com](http://www.kwalitycredit.com) for the detailed Nomination and Remuneration Policy of the Company on Directors appointment and remuneration.

**13. Auditors & Auditors' Report.****A. Statutory Auditors**

M/s. Pachisia & Associates, Chartered Accountants (Firm Registration No. 327542E) of 454, Dumdum Park, Kolkata – 700 055, was appointed as the Statutory Auditor of the Company for a period of five years from the conclusion of the 22<sup>nd</sup> Annual General Meeting, held on 29<sup>th</sup> September, 2014, till the conclusion of the 27<sup>th</sup> Annual General Meeting, subject to ratification by members at every subsequent Annual General Meeting. Therefore, ratification of appointment of Statutory Auditors is being sought from the members of the Company at the ensuing Annual General Meeting.

**B. Independent Auditors' Report**

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

**C. Secretarial Auditors**

Pursuant to the provisions of Section 204 of the Act read with the Rules made thereunder, Mr. Praveen Sharma (C.P. No. 14501, Membership No. A30365), Company Secretary in whole-time Practice, was appointed for the issuance of the Secretarial Audit Report for the Financial Year 2014-15.

**D. Secretarial Audit Report**

The Secretarial Audit Report does not contain any adverse remark. The Secretarial Audit Report is annexed herewith as **Annexure - 2**.

**14. Particulars of Loans, Guarantees or Investments under Section 186 of the Act.**

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

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

All related party transactions, contracts or arrangements that were entered into, during the financial year under review, were on an arms-length basis and in the ordinary course of business.

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

During the year under review, the Company has not entered into any material related party transaction as defined in Clause 49 of the Listing Agreement. All Related Party Transactions were placed before the Audit Committee and the Board for approval. Accordingly, no transactions are being reported in Form No. AOC-2 in terms of Section 134 of the Act read with the Rules made thereunder.

**16. State of Company Affairs & Future Outlook.**

During the Financial year under review, the Company has recorded a total income of Rs.90,38,425/- (standalone) for the current financial year as compared to Rs.2,20,92,234/-, for the previous financial year.

The Loss After Tax on a standalone basis amounted to Rs.(28,05,944/-) as against profit of Rs.1,33,998/- in the previous year.

**17. The amount proposed to be carried to reserves.**

The detail of the amounts apportioned to the reserves has been provided under the category "Financial Summary or Highlights" in this Directors Report.

**18. Dividend**

Due to loss, your Directors do not recommend any dividend for the financial year under review.

**19. Material changes and commitments affecting the financial position of the company between the end of the financial year and the date of the Report.**

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

**20. Disclosure pertaining to the effect on the financial results of material changes in the composition of the Company, if any, pursuant to Clause 41(iv)(m) of the Listing Agreement.**

There has not been any material change in the composition of the Company and therefore the Disclosure of Clause 41(IV)(m) of the Listing Agreement pertaining to material changes in the composition of the Company, is not applicable upon the Company.

**21. Conservation of Energy, Technology absorption, Foreign exchange earnings and outgo.**

In terms of Section 134 (3) (m) of the Act read with the Rules made there under, the Company has no activity relating to Conservation of Energy, Technology Absorption and Foreign Exchange earnings and outgo during the financial year under review.

**22. Risk Management Policy**

During the year, the Company constituted a Risk Management Committee in accordance with Clause 49 of the Listing Agreement which has been entrusted with the responsibility of:

- a) Overseeing and approving the Company's enterprise wide risk management framework; and

- b) Overseeing that all the risks that the organization faces.

Accordingly, the Company has in place a Risk Management Policy in accordance with Clause 49 of the Listing Agreement provisions and in compliance with Section 134(3)(n) of the Act. The Policy provides for the identification therein of elements of risk, which in the opinion of the Board may threaten the existence of the Company.

The main objective of this policy is to ensure sustainable business growth with stability and to promote a pro-active approach in reporting, evaluating and resolving risks associated with the business.

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

Further, in compliance with Clause 49(I)(D)(2)(a) of the Listing Agreement, the Board of Directors have also been reviewing on a periodical basis the Risk Management Policy of the Company to make it at par with the Company's objectives.

### **23. Policy on Corporate Social Responsibility (CSR) Initiatives.**

Pursuant to provisions of Section 135 of the Act, the Company is not required to constitute a Corporate Social Responsibility Committee or to undertake any CSR activities.

Therefore, the Company is not required to make any disclosure as specified in Section 134(3) (o) of the Act.

### **24. Manner of Formal Annual Performance Evaluation of the Board, Individual Directors and Committees.**

Pursuant to Section 134(3)(p) of the Act read with Rule 8(4) of the Companies (Accounts) Rules, 2014, other applicable provisions of the Act, and various applicable clauses of the Listing Agreement, the manner in which annual performance of individual directors and the committees were evaluated in the reported year, is described hereunder:-

- a. Pursuant to Clause 49(IV)(B)(1), the Nomination & Remuneration Committee has formulated criteria for determining qualifications, positive attributes and independence of a director and recommended to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees. The details of the same are described in the Corporate Governance Report.
- b. The Nomination & Remuneration Committee also identifies persons qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommends to the Board their appointment and removal and carries out the evaluation of every director's performance in accordance with Section 178(2) of the Act read with the Rules framed thereunder and Clause 49(IV)(B)(4) of the Listing Agreement.
- c. The performance evaluation criteria of the Board and Independent Directors has been formulated by the Nomination and Remuneration Committee Pursuant to Clause 49(IV)(B)(2) of the Listing Agreement.
- d. Pursuant to section 178(2) of the Act, the Nomination and Remuneration Committee of the Company carries out the performance evaluation of the individual directors.
- e. Further, the Committee has also devised a Policy on Board Diversity as provided in Clause 49(IV)(B)(3) of the Listing Agreement.
- f. Pursuant to Clause VIII of Schedule IV to the Act and Clause 49(II)(B)(5) of the Listing Agreement, the performance evaluation of the Independent Directors is pursued by the entire Board of Directors, excluding the director being evaluated. On the basis of the report of performance evaluation, the extension of the term of appointment or its continuance in respect of the independent directors is considered.
- g. Pursuant to Clause VII of Schedule IV to the Act and Clause 49(II)(B)(6) of the Listing Agreement, a separate meeting of the Independent Directors of the Company was held on 31<sup>st</sup> March, 2015 to Review of the performance of the non-independent directors and the Board as a whole and that of the Chairman of the company, taking into account the views of the executive directors and non-executive directors. The parameters of evaluation was as per the criteria formulated by the Nomination and Remuneration Committee.
- h. Further, the board monitors and reviews the board evaluation framework in compliance with Clause 49 (I)(D)(2)(i) of the Listing Agreement and evaluates the performance of all the Committees.

**25. Nomination and Remuneration Policy.**

Section 178 of the Act, read with Rules made thereunder and Clause 49(IV)(B) of the Listing Agreement, defines the role of the Nomination and Remuneration Committee to include, inter alia amongst others, the following:

- a. To formulate the criteria for determining qualifications, positive attributes and independence of a director and to recommend to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees.
- b. To identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal.

The shareholders may also visit the Company's website [www.kwalitycredit.com](http://www.kwalitycredit.com) for the detailed Nomination and Remuneration Policy of the Company on Directors appointment and remuneration.

**26. Change in the nature of business.**

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

**27. Directors and Key Managerial Personnel.****a. Non-Executive, Independent & Executive Directors**

Mr. Bhagwan Das Soni (DIN- 02308414), being Executive Director of the Company, retires at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment as the Managing Director without any variation in the terms of his appointment.

Pursuant to Section 149 of the Act read with the Rules made thereunder, the Independent Directors shall hold office for a period of up to 5 consecutive years and shall not be liable to retire by rotation. They may be appointed for a maximum of two consecutive terms of up to 5 years each. In terms of revised clause 49 of the listing agreement applicable from 1<sup>st</sup> October, 2014, in case the Independent Director has already served for 5 or more years, he can be appointed for only one term of 5 years.

In this connection, all the Independent Directors of the Company, viz: Mr. Amu Thapa and Mr. Suresh Kumar Jain were appointed for a term of five consecutive years commencing from the conclusion of 22<sup>nd</sup> Annual General Meeting of the Company, keeping in view their educational / professional qualifications, working experience, expertise in line with Company's business, positive attributes, already being on the Board of the Company and benefits that the Company will derive with their appointment.

Further, the Board of Directors of the Company has appointed Ms. Namrata Chakraborty (DIN-06937620) as an Additional Director of the Company with effect from 30<sup>th</sup> March, 2015. She is holding office as an Independent Director of the Company and is entitled to hold office as additional director up to the date of ensuing Annual General Meeting. Accordingly, it is proposed to appoint Ms. Namrata Chakraborty as a non-retiring Independent Director of the Company in accordance with Section 149 of the Act, to hold office till the conclusion of 28<sup>th</sup> AGM, i.e. for a tenure of 5 years.

**b. Chief Financial Officer**

Mr. Subrata Dutta is the Chief Financial Officer of the Company.

**28. Names of Companies which have become or ceased to be the Company's Subsidiaries, Joint Ventures or Associate Companies during the year under review.**

Name of the Companies which became subsidiaries in the financial year under review are as follows:

- i. KCL Energy Limited
- ii. KCL Enclave Limited
- iii. KCL Impex Limited
- iv. KCL Jewellers Limited



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## KWALITY CREDIT & LEASING LIMITED

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- v. KCL Resorts Limited
- vi. KCL Warehousing Limited
- vii. KCL Agri Products Limited
- viii. KCL Machinery Traders Limited
- ix. KCL fashion Limited
- x. KCL Media Limited
- xi. Tropicana Housing Limited
- xii. Tropicana Heights Limited
- xiii. Tropicana Residency Limited
- xiv. Tropicana Real Estates Limited
- xv. Tropicana Consultants Limited
- xvi. Maxwell Residency Limited
- xvii. Maxwell Real Estates Limited
- xviii. Maxwell Heights Limited
- xix. Maxwell Housing Limited
- xx. Maxwell Homes Limited

Further, the business of above mentioned companies have not commenced and during the year under review, no subsidiary of the Company ceased to be subsidiary of the Company.

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

### **29. Annual Accounts of the Subsidiaries.**

In accordance with Section 129(3) of the Act, and rules thereunder, the Consolidated Financial Statement is presented in the Annual Report 2014-15. The audited financial statements together with the Consolidated Financial Statements and related information of the Company and audited accounts of each subsidiary company are available on the Company's Website [www.kwalitycredit.com](http://www.kwalitycredit.com). It shall also lay down the Separate Financial Statements of the Subsidiaries with the Financial Statement of the Company in its Annual General Meeting.

Having regards to the first proviso to Section 136 of the Act read with the Rules made thereunder, a separate statement containing the salient features of the financial statement i.e., Form AOC-1 is disclosed in **Annexure-3**. The Company will provide a copy of the annual accounts in respect of each Subsidiary to the shareholders on request and the said annual accounts will also be kept open for inspection at the Registered Office of the Company and the respective Subsidiary Companies. Any member interested in obtaining the said information may write to Mr. Bhagwan Das Soni, Managing Director at 27, Weston Street, 5<sup>th</sup> Floor, Room No.526, Kolkata-700 012, E-Mail ID: [kwalitycredit50@yahoo.com](mailto:kwalitycredit50@yahoo.com) and the same shall be furnished on request.

As per Listing Agreement, a policy on material subsidiaries as approved by the board may be assessed on the Company's Website [www.kwalitycredit.com](http://www.kwalitycredit.com).

### **30. Details relating to deposits covered under Chapter V of the Act.**

The Company has not accepted any deposits during the financial year under review. No public deposits are outstanding or held by the Company as on 31<sup>st</sup> March, 2015.

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### **31. Details of deposits which are not in compliance with the requirements of Chapter V of the Act.**

Since the Company has neither accepted any deposits during the financial year under review nor has any outstanding deposits as on 31<sup>st</sup> March, 2015, therefore there are no disclosures as specified in Rule 8(5)(vi) of the Companies (Accounts) Rules, 2014, for non-compliance with the requirements of Chapter V of the Act.

### **32. Details of significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and the Company's future operations.**

There were no significant material orders passed by the Regulators / Courts which would impact the going concern status of the Company and its future operations in the concerned financial year.

### **33. Details in respect of adequacy of internal financial controls with reference to the Financial Statements.**

The Company has adequate system of internal control to safeguard and protect from loss, unauthorized use or disposition of its assets. All the transactions are properly authorized, recorded and reported to the Management. The Company is following all the applicable Accounting Standards for properly maintaining the books of accounts and reporting financial statements.

Pursuant to the section 177(4)(vii) of the Act and the SEBI Circular No. CIR/CFD/POLICY CELL/2/2014, dated 17<sup>th</sup> April, 2014 regarding the amendment of Clause 49 of the Listing Agreement, applicable with effect from 1<sup>st</sup> October, 2014, the Audit Committee has been empowered by the Board in its meeting to review the adequacy of internal financial controls and the risk management systems of the Company.

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

### **34. Disclosure pursuant to Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.**

The Company has no employee whose remuneration exceeds the limit prescribed under section 197 read with Rule 5(2) of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

Further, Various disclosures pursuant to the section 197 read with Rule 5(1) of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are provided herein below:

#### **I. Ratio of Remuneration of each director to the median remuneration of the employees of the company for the financial year.**

| <b>Directors</b>   | <b>Ratio of Remuneration to Median Remuneration</b>   |
|--|---|
| Mr. Bhagwan Das Soni - Managing Director                             | 3.57  |
| Mr. Amu Thapa- Non-executive Director                                | - No remuneration or sitting fees was paid  |
| Mr. Suresh Kumar Jain - Non-executive Director                       | - No remuneration or sitting fees was paid  |
| Ms. Namrata Chakraborty- Non-executive Director<br>w.e.f. 30.03.2015 | Since this information is for part of the year, the same is not comparable. It be further noted that no remuneration or sitting fees was paid to her. |

## KWALITY CREDIT & LEASING LIMITED

**II. The percentage increase in the remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year.**

| Directors, Chief Executive Officer, Chief Financial Officer and Company Secretary | % increase in remuneration in the Financial Year  |
|---|---|
| Mr. Bhagwan Das Soni- Managing Director   | - No increase in remuneration   |
| Mr. Subrata Dutta - Chief Financial Officer                                       | -Since this information is for part of the year, the same is not comparable. It would be further noted that no remuneration was paid to him.                |
| Mr. Amu Thapa - Non-executive Director  | - No remuneration or sitting fees was paid  |
| Mr. Suresh Kumar Jain- Non-executive Director                                     | - No remuneration or sitting fees was paid  |
| Ms. Namrata Chakraborty- Non-executive Director<br>w.e.f. 30.03.2015              | Since this information is for part of the year, the same is not comparable. It would be further noted that no remuneration or sitting fees was paid to her. |

**III. The percentage increase in the median remuneration of the employees in the financial year.**

There has been no increase or decrease in the median remuneration of the employees during the financial year under review.

**IV. The number of permanent employees on the rolls of the company.**

As on 31<sup>st</sup> March, 2015, there are 5 employees on the roll of the Company.

**V. The explanation on the relationship between average increase in remuneration and company performance.**

There has been no increase in remuneration of any of the Directors or employees.

**VI. Comparison of the remuneration of the Key Managerial Personnel against the performance of the company.**

| Comparative Parameter   | Amount (in ₹ ) |
|---|----------------|
| Aggregate remuneration of Key Managerial Personnel (KMP) in the Financial Year 2014-15. | 1,50,000       |
| Total Revenue   | 90,38,425      |
| Remuneration of KMP's as a percentage of Total Revenue                                  | 1.66%          |
| Profit before tax   | (27,91,082)    |
| Remuneration of KMP's as a percentage of Profit before Tax                              | -5.37%         |
| Profit after tax  | (28,05,944)    |
| Remuneration of KMP's as a percentage of Profit after Tax                               | -5.35%         |

## KWALITY CREDIT & LEASING LIMITED

### VII. Variations in:

#### A. The market capitalisation of the Company, price earnings ratio as at the closing date of the current financial year and previous financial year

| Particulars           | 31 <sup>st</sup> March 2015  | 31 <sup>st</sup> March, 2014  | % Change |
|-----------------------|--|---|----------|
| Market Capitalisation | ₹ 9,24,77,195.70<br>(Equity Shares are not traded in CSE Platform. Thus Market Cap. is calculated on the basis of the last traded price of the BSE Platform) | ₹ 44,33,83,815.00<br>(Equity Shares are not traded in CSE Platform. Thus Market Cap. is calculated on the basis of the last traded price of the BSE Platform) | -79.14   |
| Price Earnings Ratio  | 0.00   | 3500  | -100.00  |

#### B. Percentage increase over decrease in the market quotations of the shares of the company in comparison to the rate at which the Company came out with the last public offer

| Particulars  | 31 <sup>st</sup> March, 2015 | (IPO)  | % Change |
|--------------|------------------------------|--|----------|
| Market Price | 21.90                        | The Company has not made any Public Issue or Rights issue of securities in the last 15 years, so comparison have not been made of current share price with public offer price. | 0.00     |

### VIII. Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof.

There were no exceptional circumstances or increase for managerial personnel in the last financial year. The percentile increase process and policy was same for the managerial personnel and all the other employees.

### IX. Comparison of the each remuneration of the Key Managerial Personnel against the performance of the company.

**Mr. Bhagwan Das Soni – Managing Director**

| Comparitive Parameter   | Amount (in ₹) |
|---|---------------|
| Aggregate remuneration of Key Managerial Personnel (KMP) in the Financial Year 2014-15. | 1,50,000      |
| Total Revenue   | 90,38,425     |
| Remuneration of KMP's as a percentage of Total Revenue                                  | 1.66%         |
| Profit before tax   | (27,91,082)   |
| Remuneration of KMP's as a percentage of Profit before Tax                              | -5.37%        |
| Profit after tax  | (28,05,944)   |
| Remuneration of KMP's as a percentage of Profit after Tax                               | -5.35%        |

**X. The key parameters for any variable component of remuneration availed by the directors.**

Any variable component of remuneration payable to the Directors is based on the parameters, as approved by the Board of Directors, on the basis of the recommendation of the Nomination and Remuneration Committee. The said parameters are set considering the provisions of applicable regulations and Nomination & remuneration Policy of the Company.

**XI. The ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year.**

None of the employees' remuneration is more than that of the highest paid director for the Financial Year under review.

**XII. Affirmation that the remuneration is as per the remuneration policy of the company.**

The Board of Directors hereby affirm that the remuneration paid to all directors, Key Managerial Personnel is in accordance with the Nomination and Remuneration Policy of the Company.

**35. Vigil Mechanism / Whistle Blower Policy.**

Pursuant to the provisions of Section 177(9) and 177(10) of the Act read with the Companies (Meetings of Board and its Powers) Rules, 2014 and Clause 49 of Equity Listing Agreement (as amended by the Securities and Exchange Board of India (SEBI) vide Circular nos. CIR/CFD/POLICY CELL/2/2014, dated 17<sup>th</sup> April, 2014 and CIR/CFD/POLICY CELL/7/2014, dated 15<sup>th</sup> September, 2014), a Vigil Mechanism for directors and employees to report genuine concerns has been established.

The details of the Vigil Mechanism/Whistle Blower Policy is explained in the Corporate Governance Report and also disclosed on the website of the Company.

**36. Insider Trading.**

The Company has put in place a prevention of Insider Trading Code based on SEBI (Prohibition of Insider Trading) Regulations, 1992. This code was applicable to all Directors and select employees. The code ensured prevention of dealing in shares by persons having access to unpublished price sensitive information.

The aforesaid Code was effective till 14<sup>th</sup> May, 2015 & thereafter repealed with the "Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information" and "Code of Conduct to Regulate, Monitor and Report Trading", pursuant to the SEBI (Prohibition of Insider Trading) Regulations, 2015, effective from 15<sup>th</sup> May, 2015.

The aforesaid Codes have been disclosed on the website of the Company.

**37. Transfer of amount to The Investor Education And Protection Fund.**

There is no amount pending for transfer to the Investor Education and Protection Fund, in accordance to the provisions of Section 205A(5) and 205C of the Companies Act, 1956.

**38. Listing**

The Company's shares are listed on the Calcutta Stock Exchange Limited, BSE Ltd. and Jaipur Stock Exchange Ltd. The Company has paid the annual listing fee for the financial year 2015-16 to the Stock Exchanges.

**39. Prudential Norms for NBFC's.**

The 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.

**40. Green Initiative.**

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

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## KWALITY CREDIT & LEASING LIMITED

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the Company, investors should register their e-mail with M/s. C.B. Management Services (P) 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.

Electronic Copies of the Annual Report and Notice of the Annual General Meeting are sent to all members whose e-mail addresses are registered with the Company/Depository Participant(s). Physical copies of Annual Report and Notice of the Annual General Meeting are sent in the permitted mode to the members who have not registered their email address.

Pursuant to Section 108 of the Act read with the Rules made thereunder, the Company is providing e-voting facility to all the members to enable them to cast their votes electronically on all the resolutions set forth in the Notice.

**41. Compliance to the Sexual Harassment of Women at Workplace (Prevention, Prohibition, and Redressal) Act, 2013 read with the Sexual Harassment of Women at Workplace (Prevention, Prohibition, and Redressal) Rules, 2013.**

The Company believes in creating a safe environment for the employees which is free from any discrimination. Pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition, and Redressal) Act, 2013 read with the Sexual Harassment of Women at Workplace (Prevention, Prohibition, and Redressal) Rules, 2013, the Company has formed an Internal Complaints Committee where employees can register their complaints against sexual harassment. Ms. Namrata Chakraborty is the Presiding Officer to the Committee.

The Directors of the Company state that during the year under review, there were no cases filed pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition, and Redressal) Act, 2013

**42. 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 2014-15.

**43. Acknowledgement**

The Directors of the Company would like to express their appreciation for the continued co-operation and support by the banks, customers and business associates. The Board takes this opportunity to place on record its deep sense of appreciation for the total commitment, dedication and hard work put in by the employees of the Company. Lastly, the Board of Directors is deeply grateful for the continuous confidence and faith shown by the members of the Company.

Place : Kolkata  
Dated : 30.05.2015

**On Behalf of the Board of Directors  
For Kwaliti Credit & Leasing Limited**

**Amu Thapa  
Chairman  
DIN - 00674928**

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **ECONOMIC AND INDUSTRY OVERVIEW**

The Indian economy posted 7.4% growth in the financial year 2014-15 as against 6.9% in the financial year 2013-14. The global economy is still under stress for gaining momentum as many high-income countries continue to grapple with the past impacts of the global financial crisis. Emerging economies continue to remain as less vibrant than in the past. The Indian economy has the potential to become the world's 3<sup>rd</sup> largest Economy by next decade and one of the largest economies by mid-century. The long-term growth prospective of the Indian economy is moderately positive due to its young population, corresponding low dependency ratio, healthy savings and investment rates, and increasing integration into the global economy.

Non-Banking Finance Companies (NBFCs) act as conduits and have furthered the Government's agenda on Financial Inclusion NBFCs are today passing through a very crucial phase where RBI has issued a revised regulatory framework with the objective to harmonize it with banks and Financial Institutions and address regulatory gaps and arbitrage. While the regulations, specially, asset classification norms have been made more stringent so as to be at par with banks.

NBFCs are emerging as an alternative to mainstream banking. Besides, they are also emerging as an integral part of Indian Financial System and have commendable contributions towards Government's agenda of financial Inclusion. They have been to some extent successful in filling the gap in offering credit to retail customers in underserved and unbanked areas.

### **FINANCIAL PERFORMANCE**

The financial statements of Kwality Credit & Leasing Limited and its subsidiaries (collectively referred to as "KCLL" or the Company) are prepared in compliance with the Companies Act, 2013 and generally accepted accounting principles in India (Indian GAAP). The discussions herein below relate to Standalone/Consolidated statement of profit and loss for the year ended March 31, 2015. The consolidated results are more relevant for understanding the performance of KCLL. Significant accounting policies used for the preparation of the financial statements are disclosed in the notes to the consolidated financial statements

#### **· STANDALONE FINANCIAL RESULT**

During the year under review, the Company' revenue on standalone was ₹ 90,38,425/- as against revenue of ₹ 2,20,95,234/- in the preceding financial year. The Loss Before Tax on a standalone basis amounted to ₹ (27,91,082)/- as against profit of ₹ 3,63,793/- in the previous year. The Loss After Tax on a standalone basis amounted to ₹ (28,05,944)/- as against profit of ₹ 1,33,998/- in the previous year.

#### **· CONSOLIDATED FINANCIAL RESULT**

During the year under review, the Company' revenue on consolidated was ₹ 90,38,425/- as against revenue of ₹ 2,20,95,234/- in the preceding financial year. The Loss Before Tax on a consolidated basis amounted to ₹ (28,04,518)/- as against profit of ₹ 3,19,423 in the previous year. The LossAfter Tax on a consolidated basis amounted to ₹ (28,19,380)/- as against profit of ₹ 89,628/- in the previous year.

### **OPPORTUNITIES AND THREATS**

To survive and sustain our self in the present recessionary global scenario has been a very challenging task. Appropriate changes are done to face these challenges. Company is trying to grab all the opportunities on its way which would enhance the company's performance.

The biggest challenges before NBFCs are that they are facing stiff competition from banks and financial institutions, due to their ability to raise low cost funds which enables them to provide funds at much cheaper rate. More stringent capital adequacy norms have been stipulated by RBI for NBFCs which is making difficult for them to give cheaper finance.

**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 2015-16.

**RISK MANAGEMENT**

In 2015-16, risk management shall continue to play a key role in achievement of organizational objectives. The following areas of focus have been identified for the year ahead:

- Strategic Risks
- Operational Risk Management
- Emerging business risk
- Data Privacy and Information Security
- Credit 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.

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.

**RISK AS OPPORTUNITIES AND UNCERTAINTIES**

The interpretation of the word 'risk' will determine the approach to risk management. The word 'risk' is interpreted in two distinct senses namely risk as opportunity and risk as uncertainty.

Risk as an opportunity means taking risks and earning adequate returns on them. This implies the trade-off between risk and return. Here risk management, becomes risk optimization meaning maximizing the upside potential and minimizing the downside. Here capacity and ability to manage risk is used to increase shareholders' value and achieve a competitive advantage.

Risk, as uncertainty is basically a statistical concept, which assumes a normal distribution for future outcomes. Here risk management means narrowing the difference between the expected outcomes and actual results. Company need to manage the risk inherent in the entire portfolio as well as the risk in individual credits or transactions. The effective management of risk is a critical component of a comprehensive approach to risk management and essential to the long-term success.

**INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY**

In order to ensure that the policies and procedures adopted by KCLL for conducting its business orderly and efficiently. Given the nature of business and size of operations, The Company's Internal Control System has been designed to provide for:

- Accurate recording of transactions with internal checks and prompt reporting.
- Adherence to applicable Accounting Standards and Policies.
- Compliance with applicable statutes, policies and management policies and procedures.
- Effective use of resources and safeguarding of assets.



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 exercised through documented policies, guidelines and procedures. 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**

The Company's HR philosophy is to establish and build a high performing organization, where each individual is motivated to perform to the fullest capacity: to contribute to developing and achieving individual excellence and departmental objectives and continuously improve performance to realize the full potential of our personnel. Human resources play a key role in helping the Company to deal with the fast-changing competitive environment.

HR is the core of the Company, influencing change, building culture and capabilities. The HR processes are continuously evolving and aligning with the changing business requirements. HR is structured into the specialised business units to enable them respond better to the needs of their customers and get more strategic advantage. Number of employees on roll at the end of the financial year was 5 (Five).

**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.

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**KWALITY CREDIT & LEASING LIMITED**

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**Annexure - I**

**Form No. MGT-9**

**EXTRACT OF ANNUAL RETURN**

as on the financial year ended on 31st March, 2015

[Pursuant to Section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

**I. REGISTRATION AND OTHER DETAILS:**

|      |  |   |
|------|--|---|
| I.   | CIN  | L65921WB1992PLC056686   |
| II.  | Registration Date  | 25/09/1992  |
| III. | Name of the Company  | Kwality Credit & Leasing Limited  |
| IV.  | Category / Sub-Category of the Company                                   | Public Company / Non Banking Financial Company, Limited by shares           |
| V.   | Address of the Registered Office and contact details                     | 27, Weston Street. 5th Floor, Room No. 526, Kolkata – 700 012               |
| VI.  | Whether listed company   | Yes/No  |
| VII. | Name, Address and contact details of Registrar & Transfer Agents, if any | C B Management Services (P) Ltd.<br>P-22, Bondel Road,<br>Kolkata – 700 019 |

**II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY**

All the business activities contributing 10% or more of the total turnover of the company shall be stated:-

| Sl. No. | Name and Description of main products /services | NIC Code of the Product/ service | % to total turnover of the company |
|---------|---|----------------------------------|------------------------------------|
| 1       | Trading in Shares                               | 6599                             | 14.86%                             |
| 2       | Interest Received on Loan                       | 65923                            | 85.14%                             |

## KWALITY CREDIT & LEASING LIMITED

### III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES -

| NAME AND ADDRESS OF THE COMPANY | CIN/GLN               | HOLDING/<br>SUBSIDIARY/<br>ASSOCIATE | % of<br>shares<br>held | Applicable<br>Section<br>(Companies<br>Act, 2013) |
|---------------------------------|-----------------------|--------------------------------------|------------------------|---|
| KCL Chemicals Ltd.*             | U51909WB2014PLC201278 | Subsidiary                           | 100%                   | 2(87)(ii)   |
| KCL Iron & Steels Ltd.*         | U51909WB2014PLC201279 | Subsidiary                           | 100%                   | 2(87)(ii)   |
| KCL Energy Ltd.***              | U74900WB2015PLC205647 | Subsidiary                           | 100%                   | 2(87)(ii)   |
| KCL Enclave Ltd.**              | U70102WB2015PLC205641 | Subsidiary                           | 100%                   | 2(87)(ii)   |
| KCL Impex Ltd.***               | U51909WB2015PLC205662 | Subsidiary                           | 100%                   | 2(87)(ii)   |
| KCL Jewellers Ltd.***           | U74900WB2015PLC205661 | Subsidiary                           | 100%                   | 2(87)(ii)   |
| KCL Resorts Ltd.***             | U55101WB2015PLC205669 | Subsidiary                           | 100%                   | 2(87)(ii)   |
| KCL Warehousing Ltd.***         | U74900WB2015PLC205670 | Subsidiary                           | 100%                   | 2(87)(ii)   |
| KCL Agri Products Ltd.**        | U01403WB2015PLC205640 | Subsidiary                           | 100%                   | 2(87)(ii)   |
| KCL Machinery Traders Ltd.***   | U74900WB2015PLC205663 | Subsidiary                           | 100%                   | 2(87)(ii)   |
| KCL Fashion Ltd.***             | U17291WB2015PLC205649 | Subsidiary                           | 100%                   | 2(87)(ii)   |
| KCL Media Ltd.***               | U22219WB2015PLC205667 | Subsidiary                           | 100%                   | 2(87)(ii)   |
| Tropicana Housing Ltd.****      | U70102WB2015PLC205806 | Subsidiary                           | 100%                   | 2(87)(ii)   |
| Tropicana Heights Ltd.****      | U70102WB2015PLC205805 | Subsidiary                           | 100%                   | 2(87)(ii)   |
| Tropicana Residency Ltd.****    | U70102WB2015PLC205808 | Subsidiary                           | 100%                   | 2(87)(ii)   |
| Tropicana Real Estates Ltd.**** | U70102WB2015PLC205807 | Subsidiary                           | 100%                   | 2(87)(ii)   |
| Tropicana Consultants Ltd.****  | U74900WB2015PLC205804 | Subsidiary                           | 100%                   | 2(87)(ii)   |
| Maxwell Residency Ltd.****      | U70102WB2015PLC205803 | Subsidiary                           | 100%                   | 2(87)(ii)   |
| Maxwell Real Estates Ltd.****   | U70102WB2015PLC205802 | Subsidiary                           | 100%                   | 2(87)(ii)   |
| Maxwell Heights Ltd.****        | U70102WB2015PLC205799 | Subsidiary                           | 100%                   | 2(87)(ii)   |
| Maxwell Housing Ltd.****        | U70102WB2015PLC205801 | Subsidiary                           | 100%                   | 2(87)(ii)   |
| Maxwell Homes Ltd.****          | U70102WB2015PLC205800 | Subsidiary                           | 100%                   | 2(87)(ii)   |

\*Incorporated on 24<sup>th</sup> March, 2014

\*\*Incorporated on 16<sup>th</sup> March, 2015

\*\*\*Incorporated on 17<sup>th</sup> March, 2015

\*\*\*\*Incorporated on 25<sup>th</sup> March, 2015

## KWALITY CREDIT & LEASING LIMITED

### IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

#### (i) Category-wise Share Holding

| Category of Shareholders                                  | No. of Shares held at the beginning of the year |          |       |                   | No. of Shares held at the end of the year |          |       |                   | %Change during the year |
|---|---|----------|-------|-------------------|---|----------|-------|-------------------|-------------------------|
|   | Demat   | Physical | Total | % of Total Shares | Demat                                     | Physical | Total | % of Total Shares |                         |
| <b>A. Promoters</b>                                       |   |          |       |                   |   |          |       |                   |                         |
| <b>(1) Indian</b>   |   |          |       |                   |   |          |       |                   |                         |
| (a) Individual/HUF  | 42000   | -        | 42000 | 0.99              | -   | -        | -     | -                 | (0.99)                  |
| (b) Central Govt  | -   | -        | -     | -                 | -   | -        | -     | -                 | -                       |
| (c) State Govt (s)  | -   | -        | -     | -                 | -   | -        | -     | -                 | -                       |
| (d) Bodies Corp.  | -   | -        | -     | -                 | -   | -        | -     | -                 | -                       |
| (e) Banks / FI  | -   | -        | -     | -                 | -   | -        | -     | -                 | -                       |
| (f) Any Other   | -   | -        | -     | -                 | -   | -        | -     | -                 | -                       |
| <b>Sub-total</b>  |   |          |       |                   |   |          |       |                   |                         |
| <b>(A) (1):-</b>  | 42000   | -        | 42000 | 0.99              | -   | -        | -     | -                 | (0.99)                  |
| <b>(2) Foreign</b>  |   |          |       |                   |   |          |       |                   |                         |
| (a) NRIs - Individuals                                    | -   | -        | -     | -                 | -   | -        | -     | -                 | -                       |
| (b) Other – Individuals                                   | -   | -        | -     | -                 | -   | -        | -     | -                 | -                       |
| (c) Bodies Corp.  | -   | -        | -     | -                 | -   | -        | -     | -                 | -                       |
| (d) Banks / FI  | -   | -        | -     | -                 | -   | -        | -     | -                 | -                       |
| (e) Any Other   | -   | -        | -     | -                 | -   | -        | -     | -                 | -                       |
| <b>Sub-total (A)(2):-</b>                                 | -   | -        | -     | -                 | -   | -        | -     | -                 | -                       |
| <b>Total shareholding of Promoter (A) = (A)(1)+(A)(2)</b> | 42000   | -        | 42000 | 0.99              | -   | -        | -     | -                 | (0.99)                  |
| <b>B. Public Shareholding</b>                             |   |          |       |                   |   |          |       |                   |                         |
| <b>1. Institutions</b>                                    |   |          |       |                   |   |          |       |                   |                         |
| (a) Mutual Funds  | -   | -        | -     | -                 | -   | -        | -     | -                 | -                       |
| (b) Banks / FI  | -   | -        | -     | -                 | -   | -        | -     | -                 | -                       |
| (c) Central Govt  | -   | -        | -     | -                 | -   | -        | -     | -                 | -                       |
| (d) State Govt(s)   | -   | -        | -     | -                 | -   | -        | -     | -                 | -                       |
| (e) Venture Capital Funds                                 | -   | -        | -     | -                 | -   | -        | -     | -                 | -                       |
| (f) Insurance Companies                                   | -   | -        | -     | -                 | -   | -        | -     | -                 | -                       |
| (g) FIs   | -   | -        | -     | -                 | -   | -        | -     | -                 | -                       |
| (h) Foreign Venture Capital Funds                         | -   | -        | -     | -                 | -   | -        | -     | -                 | -                       |
| (i) Others (specify)                                      | -   | -        | -     | -                 | -   | -        | -     | -                 | -                       |
| <b>Sub-total (B)(1):-</b>                                 | -   | -        | -     | -                 | -   | -        | -     | -                 | -                       |

## KWALITY CREDIT & LEASING LIMITED

| Category of Shareholders   | No. of Shares held at the beginning of the year |               |                  |                   | No. of Shares held at the end of the year |               |                  |                   | %Change during the year |
|--|---|---------------|------------------|-------------------|---|---------------|------------------|-------------------|-------------------------|
|  | Demat   | Physical      | Total            | % of Total Shares | Demat                                     | Physical      | Total            | % of Total Shares |                         |
| <b>2. Non-Institutions</b>   |   |               |                  |                   |   |               |                  |                   |                         |
| (a) Bodies Corp.   |   |               |                  |                   |   |               |                  |                   |                         |
| (i) Indian   | 324193  | 39650         | 663843           | 15.72             | 759714                                    | 36150         | 795864           | 18.85             | 3.13                    |
| (ii) Overseas  | -   | -             | -                | -                 | -   | -             | -                | -                 | -                       |
| (b) Individuals  |   |               |                  |                   |   |               |                  |                   |                         |
| (i) Individual shareholders holding nominal share capital upto Rs. 1 lakh          | 1706886   | 26223         | 1733109          | 41.05             | 1766093                                   | 26023         | 1792116          | 42.44             | 1.39                    |
| (ii) Individual shareholders holding nominal share capital in excess of Rs. 1 lakh | 1783751   | -             | 1783751          | 42.24             | 1634716                                   | -             | 1634716          | 38.71             | (3.53)                  |
| (C) Qualified Foreign Investor   | -   | -             | -                | -                 | -   | -             | -                | -                 | -                       |
| (c) Others (specify)   |   |               |                  |                   |   |               |                  |                   |                         |
| (i) Trust & Foundation   | -   | -             | -                | -                 | -   | -             | -                | -                 | -                       |
| (ii) NRI   | -   | -             | -                | -                 | 7   | -             | 7                | 0.002             | 0.002                   |
| <b>Sub-total (B)(2):- Total Public Shareholding</b>                                | <b>41,14,830</b>                                | <b>65,873</b> | <b>41,80,703</b> | <b>99.01</b>      | <b>41,60,530</b>                          | <b>62,173</b> | <b>42,22,703</b> | <b>100.00</b>     | <b>0.99</b>             |
| <b>(B)=(B)(1)+(B)(2)</b>   | <b>41,14,830</b>                                | <b>65,873</b> | <b>41,80,703</b> | <b>99.01</b>      | <b>41,60,530</b>                          | <b>62,173</b> | <b>42,22,703</b> | <b>100.00</b>     | <b>0.99</b>             |
| <b>C. Shares held by Custodian for GDRs &amp; ADRs</b>                             | -   | -             | -                | -                 | -   | -             | -                | -                 | -                       |
| <b>Grand Total (A+B+C)</b>   | <b>41,56,830</b>                                | <b>65,873</b> | <b>42,22,703</b> | <b>100.00</b>     | <b>41,60,530</b>                          | <b>62,173</b> | <b>42,22,703</b> | <b>100.00</b>     | <b>-</b>                |

## KWALITY CREDIT & LEASING LIMITED

**(ii) Shareholding of Promoters**

| SI No. | Shareholder's Name         | Shareholding at the beginning of the year |                                  |  | Shareholding at the end of the year |                                  |  | % change in share holding during the year |
|--------|----------------------------|---|----------------------------------|--|-------------------------------------|----------------------------------|--|---|
|        |                            | No. of Shares                             | % of total Shares of the company | % of Shares Pledged / encumbered to total shares | No. of Shares                       | % of total Shares of the company | % of Shares Pledged / encumbered to total shares |   |
| 1.     | Prahlad Kumar Jhunjhunwala | 42000                                     | 0.99                             | -  | -                                   | -                                | -  | (0.99)                                    |
|        | <b>Total</b>               | <b>42,000</b>                             | <b>0.99</b>                      | <b>-</b>   | <b>-</b>                            | <b>-</b>                         | <b>-</b>   | <b>(0.99)</b>                             |

**(iii) Change in Promoters' Shareholding (please specify, if there is no change)**

| SI. No. |  | Shareholding at the beginning of the year |                                  | Cumulative Shareholding during the year |                                  |
|---------|--|---|----------------------------------|---|----------------------------------|
|         |  | No. of shares                             | % of total shares of the company | No. of shares                           | % of total shares of the company |
|         | At the beginning of the year                                     | 42000                                     | 0.99                             |   |                                  |
|         | Decrease in shares on 07/11/2014 (Sale of shares in Open Market) | 10000                                     | 0.24                             | 32000                                   | 0.76                             |
|         | Decrease in shares on 14/11/2014 (Sale of shares in Open Market) | 17000                                     | 0.40                             | 15000                                   | 0.36                             |
|         | Decrease in shares on 14/11/2014 (Sale of shares in Open Market) | 15000                                     | 0.36                             | 0                                       | 0.00                             |
|         | <b>At the End of the year</b>                                    |   |                                  | 0                                       | 0.00                             |

## KWALITY CREDIT & LEASING LIMITED

**(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):**

| Sl. No.   | For Each of the Top 10 Shareholders  | Shareholding at the beginning of the year |                                  | Cumulative shareholding during the year |                                  |
|-----------|--|---|----------------------------------|---|----------------------------------|
|           |  | No. of shares                             | % of total shares of the company | No. of shares                           | % of total shares of the company |
| <b>1.</b> | <b>Sunita Kothari</b>  |   |                                  |   |                                  |
|           | At the beginning of the year   | 159103                                    | 3.77                             | -                                       | -                                |
|           | Date wise Increase /Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc): | -   | -                                | -                                       | -                                |
|           | At the End of the year ( or on the date of separation, if separated during the year)   | -   | -                                | <b>159103</b>                           | <b>3.77</b>                      |
| <b>2.</b> | <b>Rekha D. Shah</b>   |   |                                  |   |                                  |
|           | At the beginning of the year   | 75000                                     | 1.78                             | -                                       | -                                |
|           | Date wise Increase /Decrease in Share holding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus / sweat equity etc):  | -   | -                                | -                                       | -                                |
|           | At the End of the year ( or on the date of separation, if separated during the year)   | -   | -                                | <b>75000</b>                            | <b>1.78</b>                      |
| <b>3.</b> | <b>Dharmendra Kothari</b>  |   |                                  |   |                                  |
|           | At the beginning of the year   | 73376                                     | 1.74                             | -                                       | -                                |
|           | Date wise Increase /Decrease in Share holding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus / sweat equity etc):  | -   | -                                | -                                       | -                                |
|           | At the End of the year ( or on the date of separation, if separated during the year)   | -   | -                                | <b>73376</b>                            | <b>1.74</b>                      |
| <b>4.</b> | <b>Wellman Commerce Pvt. Ltd.</b>  |   |                                  |   |                                  |
|           | At the beginning of the year   | 68153                                     | 1.61                             | -                                       | -                                |

## KWALITY CREDIT & LEASING LIMITED

| Sl. No.   |   | Shareholding at the beginning of the year |                                  | Cumulative shareholding during the year |                                  |
|-----------|---|---|----------------------------------|---|----------------------------------|
|           |   | No. of shares                             | % of total shares of the company | No. of shares                           | % of total shares of the company |
|           | For Each of the Top 10 Shareholders   |   |                                  |   |                                  |
|           | Date wise Increase /Decrease in Share holding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus / sweat equity etc): | -   | -                                | -                                       | -                                |
|           | At the End of the year ( or on the date of separation, if separated during the year)  | -   | -                                | <b>68153</b>                            | <b>1.61</b>                      |
| <b>5.</b> | <b>Varsha Dudheria</b>  |   |                                  |   |                                  |
|           | At the beginning of the year  | 63400                                     | 1.50                             | -                                       | -                                |
|           | Date wise Increase /Decrease in Share holding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus / sweat equity etc): | -   | -                                | -                                       | -                                |
|           | At the End of the year ( or on the date of separation, if separated during the year)  | -   | -                                | <b>63400</b>                            | <b>1.50</b>                      |
| <b>6.</b> | <b>Anumati Stock Broking private Ltd.</b>   |   |                                  |   |                                  |
|           | At the beginning of the year  | 59857                                     | 1.42                             | -                                       | -                                |
|           | Increase in shares on 04/04/2014 (Purchase of shares in Open Market)  | 353                                       | 0.01                             | 60210                                   | 1.43                             |
|           | Increase in shares on 25/04/2014 (Purchase of shares in Open Market)  | 297                                       | 0.01                             | 60507                                   | 1.43                             |
|           | Decrease in shares on 02/05/2014 (Sale of shares in Open Market)  | 120                                       | 0.00                             | 60387                                   | 1.43                             |
|           | Increase in shares on 16/05/2014 (Purchase of shares in Open Market)  | 900                                       | 0.02                             | 61287                                   | 1.45                             |
|           | Increase in shares on 30/05/2014 (Purchase of shares in Open Market)  | 4900                                      | 0.12                             | 66187                                   | 1.57                             |
|           | Increase in shares on 20/06/2014 (Purchase of shares in Open Market)  | 200                                       | 0.00                             | 66387                                   | 1.57                             |
|           | Increase in shares on 11/07/2014 (Purchase of shares in Open Market)  | 5500                                      | 0.13                             | 71887                                   | 1.70                             |
|           | Increase in shares on 18/07/2014 (Purchase of shares in Open Market)  | 610                                       | 0.01                             | 72497                                   | 1.72                             |



## KWALITY CREDIT & LEASING LIMITED

| Sl. No. | For Each of the Top 10 Shareholders                                     | Shareholding at the beginning of the year |                                  | Cumulative shareholding during the year |                                  |
|---------|---|---|----------------------------------|---|----------------------------------|
|         |   | No. of shares                             | % of total shares of the company | No. of shares                           | % of total shares of the company |
|         | Decrease in shares on 25/07/2014<br>(Sale of shares in Open Market)     | 2300                                      | 0.05                             | 70197                                   | 1.66                             |
|         | Decrease in shares on 01/08/2014<br>(Sale of shares in Open Market)     | 1595                                      | 0.04                             | 68602                                   | 1.62                             |
|         | Increase in shares on 08/08/2014<br>(Purchase of shares in Open Market) | 1250                                      | 0.03                             | 69852                                   | 1.65                             |
|         | Increase in shares on 22/08/2014<br>(Purchase of shares in Open Market) | 636                                       | 0.02                             | 70488                                   | 1.67                             |
|         | Increase in shares on 29/08/2014<br>(Purchase of shares in Open Market) | 455                                       | 0.01                             | 70943                                   | 1.68                             |
|         | Increase in shares on 05/09/2014<br>(Purchase of shares in Open Market) | 115                                       | 0.00                             | 71058                                   | 1.68                             |
|         | Increase in shares on 12/09/2014<br>(Purchase of shares in Open Market) | 2600                                      | 0.06                             | 73658                                   | 1.74                             |
|         | Increase in shares on 19/09/2014<br>(Purchase of shares in Open Market) | 1210                                      | 0.03                             | 74868                                   | 1.77                             |
|         | Decrease in shares on 30/09/2014<br>(Sale of shares in Open Market)     | 32495                                     | 0.77                             | 42373                                   | 1.00                             |
|         | Increase in shares on 03/10/2014<br>(Purchase of shares in Open Market) | 32500                                     | 0.77                             | 74873                                   | 1.77                             |
|         | Decrease in shares on 10/10/2014<br>(Sale of shares in Open Market)     | 10500                                     | 0.25                             | 64373                                   | 1.52                             |
|         | Increase in shares on 17/10/2014<br>(Purchase of shares in Open Market) | 12500                                     | 0.30                             | 76873                                   | 1.82                             |
|         | Decrease in shares on 24/10/2014<br>(Sale of shares in Open Market)     | 19469                                     | 0.46                             | 57404                                   | 1.36                             |
|         | Increase in shares on 31/10/2014<br>(Purchase of shares in Open Market) | 14525                                     | 0.34                             | 71929                                   | 1.70                             |
|         | Increase in shares on 07/11/2014<br>(Purchase of shares in Open Market) | 3553                                      | 0.08                             | 75482                                   | 1.79                             |
|         | Increase in shares on 31/12/2014<br>(Purchase of shares in Open Market) | 215                                       | 0.01                             | 75697                                   | 1.79                             |
|         | Increase in shares on 16/01/2015<br>(Purchase of shares in Open Market) | 2102                                      | 0.05                             | 77799                                   | 1.84                             |
|         | Decrease in shares on 23/01/2015<br>(Sale of shares in Open Market)     | 2102                                      | 0.05                             | 75697                                   | 1.79                             |

## KWALITY CREDIT & LEASING LIMITED

| Sl. No.  |  | Shareholding at the beginning of the year |                      | Cumulative shareholding during the year |                                  |
|----------|--|---|----------------------|---|----------------------------------|
|          |  | No. of shares                             | % of total shares of | No. of shares                           | % of total shares of the company |
|          | For Each of the Top 10 Shareholders  |   |                      |   |                                  |
|          | Decrease in shares on 13/03/2015 (Sale of shares in Open Market)                     | 20000                                     | 0.47                 | 55697                                   | 1.32                             |
|          | Decrease in shares on 31/03/2015 (Sale of shares in Open Market)                     | 16900                                     | 0.40                 | 38797                                   | 0.92                             |
|          | At the End of the year ( or on the date of separation, if separated during the year) | -   | -                    | <b>38797</b>                            | <b>0.92</b>                      |
| <b>7</b> | <b>Faithful Cloth Merchants Pvt. Ltd.</b>  |   |                      |   |                                  |
|          | At the begining of the year  | 53175                                     | 1.26                 | -                                       | -                                |
|          | Decrease in shares on 1/08/2014 (Sale of shares in Open Market)                      | 1505                                      | 0.04                 | 51670                                   | 1.22                             |
|          | Decrease in shares on 30/09/2014 (Sale of shares in Open Market)                     | 10300                                     | 0.24                 | 41370                                   | 0.98                             |
|          | Decrease in shares on 10/10/2014 (Sale of shares in Open Market)                     | 26000                                     | 0.62                 | 15370                                   | 0.36                             |
|          | Decrease in shares on 17/10/2014 (Sale of shares in Open Market)                     | 8500                                      | 0.20                 | 6870                                    | 0.16                             |
|          | At the End of the year ( or on the date of separation, if separated during the year) | -   | -                    | <b>6870</b>                             | <b>0.16</b>                      |
| <b>8</b> | <b>Wellman Commerce Pvt. Ltd.</b>  |   |                      |   |                                  |
|          | At the begining of the year  | 45009                                     | 1.07                 | -                                       | -                                |
|          | Decrease in shares on 08/08/2014 (Sale of shares in Open Market)                     | 3500                                      | 0.08                 | 41509                                   | 0.98                             |
|          | Decrease in shares on 15/08/2014 (Sale of shares in Open Market)                     | 600                                       | 0.01                 | 40909                                   | 0.97                             |
|          | Decrease in shares on 22/08/2014 (Sale of shares in Open Market)                     | 9700                                      | 0.23                 | 31209                                   | 0.74                             |
|          | At the End of the year ( or on the date of separation, if separated during the year) | -   | -                    | <b>31209</b>                            | <b>0.74</b>                      |

## KWALITY CREDIT & LEASING LIMITED

| Sl. No. |   | Shareholding at the beginning of the year |                      | Cumulative shareholding during the year |                                  |
|---------|---|---|----------------------|---|----------------------------------|
|         |   | No. of shares                             | % of total shares of | No. of shares                           | % of total shares of the company |
| 9       | <b>Ichraj Devi Kothari</b>  |   |                      |   |                                  |
|         | At the beginning of the year  | 42900                                     | 1.02                 | -                                       | -                                |
|         | Date wise Increase /Decrease in Share holding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus / sweat equity etc): | -   | -                    | -                                       | -                                |
|         | At the End of the year ( or on the date of separation, if separated during the year)  | -   | -                    | <b>42900</b>                            | <b>1.02</b>                      |
| 10      | <b>Multiplex Capital Ltd.</b>   |   |                      |   |                                  |
|         | At the beginning of the year  | 40000                                     | 0.95                 | -                                       | -                                |
|         | Decrease in shares on 10/10/2014 (Sale of shares in Open Market)  | 20000                                     | 0.47                 | 20000                                   | 0.47                             |
|         | Decrease in shares on 07/11/2014 (Sale of shares in Open Market)  | 12000                                     | 0.28                 | 8000                                    | 0.19                             |
|         | Decrease in shares on 14/11/2014 (Sale of shares in Open Market)  | 1000                                      | 0.02                 | 7000                                    | 0.17                             |
|         | Increase in shares on 12/12/2014 (Purchase of shares in Open Market)  | 2000                                      | 0.05                 | 9000                                    | 0.21                             |
|         | Decrease in shares on 02/01/2015 (Sale of shares in Open Market)  | 9000                                      | 0.21                 | -                                       | -                                |
|         | At the End of the year ( or on the date of separation, if separated during the year)  | -   | -                    | -                                       | -                                |
| 11      | <b>Anurodh Infrastructure Pvt. Ltd.</b>   |   |                      |   |                                  |
|         | At the beginning of the year  | -   | -                    | -                                       | -                                |
|         | Increase in shares on 05/12/2014 (Purchase of shares in Open Market)  | 10000                                     | 0.24                 | 10000                                   | 0.24                             |
|         | Increase in shares on 31/03/2015 (Purchase of shares in Open Market)  | 52362                                     | 1.24                 | 62362                                   | 1.48                             |
|         | At the End of the year ( or on the date of separation, if separated during the year)  | -   | -                    | 62362                                   | 1.48                             |

## KWALITY CREDIT & LEASING LIMITED

| Sl. No. | For Each of the Top 10 Shareholders  | Shareholding at the beginning of the year |                      | Cumulative shareholding during the year |                                  |
|---------|--|---|----------------------|---|----------------------------------|
|         |  | No. of shares                             | % of total shares of | No. of shares                           | % of total shares of the company |
| 12      | R K Stockholding Pvt. Ltd.   |   |                      |   |                                  |
|         | At the beginning of the year   | -   | -                    | -                                       | -                                |
|         | Increase in shares on 06/06/2014<br>(Purchase of shares in Open Market)              | 110                                       | 0.00                 | 110                                     | 0.00                             |
|         | Increase in shares on 13/06/2014<br>(Purchase of shares in Open Market)              | 100                                       | 0.00                 | 210                                     | 0.00                             |
|         | Increase in shares on 19/09/2014<br>(Purchase of shares in Open Market)              | 10  | 0.00                 | 220                                     | 0.01                             |
|         | Decrease in shares on 17/10/2014<br>(Sale of shares in Open Market)                  | 20  | 0.00                 | 200                                     | 0.00                             |
|         | Decrease in shares on 07/11/2014<br>(Sale of shares in Open Market)                  | 100                                       | 0.00                 | 100                                     | 0.00                             |
|         | Decrease in shares on 21/11/2014<br>(Sale of shares in Open Market)                  | 31  | 0.00                 | 69                                      | 0.00                             |
|         | Increase in shares on 09/01/2015<br>(Purchase of shares in Open Market)              | 28731                                     | 0.68                 | 28800                                   | 0.68                             |
|         | Increase in shares on 23/01/2015<br>(Purchase of shares in Open Market)              | 7200                                      | 0.17                 | 36000                                   | 0.85                             |
|         | Increase in shares on 13/02/2015<br>(Purchase of shares in Open Market)              | 5500                                      | 0.13                 | 41500                                   | 0.98                             |
|         | At the End of the year ( or on the date of separation, if separated during the year) | -   | -                    | 41500                                   | 0.98                             |

## KWALITY CREDIT & LEASING LIMITED

**(v) Shareholding of Directors and Key Managerial Personnel:**

| Sl. No.   | For Each of the Directors and KMP  | Shareholding at the beginning of the year |                                  | Cumulative Shareholding during the year |                                  |
|-----------|--|---|----------------------------------|---|----------------------------------|
|           |  | No. of shares                             | % of total shares of the company | No. of shares                           | % of total shares of the Company |
| <b>1.</b> | <b>Mr. Bhagwan Das Soni (Managing Director)</b>  |   |                                  |   |                                  |
|           | At the beginning of the year   | Nil                                       | -                                | Nil                                     | -                                |
|           | Date wise Increase /Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment /transfer / bonus/ sweat equity etc): | -   | -                                | -                                       | -                                |
|           | At the end of the year   | Nil                                       | -                                | Nil                                     | -                                |
| <b>2.</b> | <b>Mr. Amu Thapa (Director)</b>  |   |                                  |   |                                  |
|           | At the beginning of the year   | Nil                                       | -                                | Nil                                     | -                                |
|           | Date wise Increase /Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment /transfer / bonus/ sweat equity etc): | -   | -                                | -                                       | -                                |
|           | At the end of the year   | Nil                                       | -                                | Nil                                     | -                                |
| <b>3.</b> | <b>Mr. Suresh Kumar Jain (Director)</b>  |   |                                  |   |                                  |
|           | At the beginning of the year   | Nil                                       | -                                | Nil                                     | -                                |
|           | Date wise Increase /Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment /transfer / bonus/ sweat equity etc): | -   | -                                | -                                       | -                                |
|           | At the end of the year   | Nil                                       | -                                | Nil                                     | -                                |
| <b>4.</b> | <b>Ms. Namrata Chakraborty (Director)</b>  |   |                                  |   |                                  |
|           | At the beginning of the year   | Nil                                       | -                                | Nil                                     | -                                |
|           | Date wise Increase /Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment /transfer / bonus/ sweat equity etc): | -   | -                                | -                                       | -                                |
|           | At the end of the year   | -   | -                                | -                                       | -                                |

## KWALITY CREDIT & LEASING LIMITED

### V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

|  | Secured Loans<br>excluding<br>deposits | Unsecured<br>Loans | Deposits   | Total<br>Indebtedness |
|--|--|--------------------|------------|-----------------------|
| <b>Indebtedness at the beginning of the financial year</b> | <b>Nil</b>                             | <b>Nil</b>         | <b>Nil</b> | <b>Nil</b>            |
| i) Principal Amount  | -                                      | -                  | -          | -                     |
| ii) Interest due but not paid                              | -                                      | -                  | -          | -                     |
| iii) Interest accrued but not due                          | -                                      | -                  | -          | -                     |
| <b>Total (i+ii+iii)</b>                                    | <b>-</b>                               | <b>-</b>           | <b>-</b>   | <b>-</b>              |
| <b>Change in Indebtedness during the financial year</b>    |  |                    |            |                       |
| • Addition   | -                                      | -                  | -          | -                     |
| • Reduction  | -                                      | -                  | -          | -                     |
| <b>Net Change</b>  | <b>-</b>                               | <b>-</b>           | <b>-</b>   | <b>-</b>              |
| <b>Indebtedness at the end of the financial year</b>       | <b>Nil</b>                             | <b>Nil</b>         | <b>Nil</b> | <b>Nil</b>            |
| i) Principal Amount  | -                                      | -                  | -          | -                     |
| ii) Interest due but not paid                              | -                                      | -                  | -          | -                     |
| iii) Interest accrued but not due                          | -                                      | -                  | -          | -                     |
| <b>Total (i+ii+iii)</b>                                    | <b>-</b>                               | <b>-</b>           | <b>-</b>   | <b>-</b>              |

### VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

#### A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

(in Rs.)

| Sl. No. | Particulars of Remuneration   | Name of MD/WTD/Manager  | Total Amount |
|---------|---|-------------------------|--------------|
|         |   | MD<br>-Bhagwan Das Soni |              |
| 1.      | Gross salary  |                         |              |
|         | (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | 1,50,000                | 1,50,000     |
|         | (b) Value of perquisites u/s 17(2) Income-tax Act, 1961                             | -                       | -            |
|         | (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961.             | -                       | -            |
| 2.      | Stock Option  | -                       | -            |
| 3.      | Sweat Equity  | -                       | -            |
| 4.      | Commission  |                         |              |
|         | - as % of profit  | -                       | -            |
|         | - others, specify...  | -                       | -            |
| 5.      | Others, please specify  | -                       | -            |
|         | Total (A)   | 1,50,000                | 1,50,000     |
|         | Ceiling as per the Act  |                         | 30,00,000    |

## KWALITY CREDIT & LEASING LIMITED

### B. Remuneration to other directors:

| Sl. No. | Particulars of Remuneration                    | Name of Directors |                   |                     | Total Amount |
|---------|--|-------------------|-------------------|---------------------|--------------|
|         |  | Amu Thapa         | Suresh Kumar Jain | Namrata Chakraborty |              |
|         | 3. Independent Directors                       |                   |                   |                     |              |
|         | • Fee for attending board / committee meetings | -                 | -                 | -                   | -            |
|         | • Commission                                   | -                 | -                 | -                   | -            |
|         | • Others, please specify                       | -                 | -                 | -                   | -            |
|         | <b>Total (1)</b>                               | -                 | -                 | -                   | -            |
|         | 4. Other Non-Executive Directors               |                   |                   |                     |              |
|         | • Fee for attending board /committee meetings  | -                 | -                 | -                   | -            |
|         | • Commission                                   | -                 | -                 | -                   | -            |
|         | • Others, please specify                       | -                 | -                 | -                   | -            |
|         | Total (2)                                      | -                 | -                 | -                   | -            |
|         | <b>Total (B)=(1+2)</b>                         | -                 | -                 | -                   | -            |
|         | Total Managerial Remuneration                  |                   |                   |                     | -            |
|         | Overall Ceiling as per the Act                 | -                 | -                 | -                   | -            |

### C. Remuneration to Key Managerial Personnel other than MD/Manager/ WTD

| Sl.No. | Particulars of Remuneration  | Key Managerial Personnel |                    |     | Total Amount |
|--------|--|--------------------------|--------------------|-----|--------------|
|        |  | CEO                      | *Company Secretary | CFO |              |
| 1      | Gross salary   |                          |                    |     |              |
|        | (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961. | -                        | -                  | -   | -            |
|        | b) Value of perquisites u/s 17(2) Income-tax Act, 1961.                              | -                        | -                  | -   | -            |
|        | (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961.              | -                        | -                  | -   | -            |
| 2      | Stock Option   | -                        | -                  | -   | -            |
| 3      | Sweat Equity   | -                        | -                  | -   | -            |
| 4      | Commission   |                          |                    |     |              |
|        | - as % of profit   | -                        | -                  | -   | -            |
|        | - others, specify...   | -                        | -                  | -   | -            |
| 5      | Others, please specify   | -                        | -                  | -   | -            |
| 6      | <b>Total</b>   | -                        | -                  | -   | -            |

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## KWALITY CREDIT & LEASING LIMITED

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**VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:**

| Type                                | Section of the Companies Act | Brief Description | Details of Penalty / Punishment/ Compounding fees imposed | Authority [RD/ NCLT/ COURT] | Appeal made, if any (give Details) |
|-------------------------------------|------------------------------|-------------------|---|-----------------------------|------------------------------------|
| <b>A. COMPANY</b>                   |                              |                   |   |                             |                                    |
| Penalty                             |                              |                   | <b>NONE</b>   |                             |                                    |
| Punishment                          |                              |                   |   |                             |                                    |
| Compounding                         |                              |                   |   |                             |                                    |
| <b>B. DIRECTORS</b>                 |                              |                   |   |                             |                                    |
| Penalty                             |                              |                   | <b>NONE</b>   |                             |                                    |
| Punishment                          |                              |                   |   |                             |                                    |
| Compounding                         |                              |                   |   |                             |                                    |
| <b>C. OTHER OFFICERS IN DEFAULT</b> |                              |                   |   |                             |                                    |
| Penalty                             |                              |                   | <b>NONE</b>   |                             |                                    |
| Punishment                          |                              |                   |   |                             |                                    |
| Compounding                         |                              |                   |   |                             |                                    |



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# KWALITY CREDIT & LEASING LIMITED

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**Annexure - 2**

**Form No. MR-3  
SECRETARIAL AUDIT REPORT  
FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH, 2015.**

*[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]*

**SECRETARIAL AUDIT REPORT  
FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH, 2015.**

To,  
The Members,  
**Kwality Credit & Leasing Limited**  
27, Weston Street, 5<sup>th</sup> Floor,  
Room no – 526,  
Kolkata - 700 012

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Kwality Credit & Leasing Limited** Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on 31st March, 2015 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by **Kwality Credit & Leasing Limited** ("the Company") for the financial year ended on 31<sup>st</sup> March, 2015 according to the provisions of:

- (i) The Companies Act, 1956 (the Old Act) and the rules made thereunder
- (ii) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (iii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iv) The Reserve Bank of India Act, 1934,
- (v) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (vi) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;

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## KWALITY CREDIT & LEASING LIMITED

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I have relied on the representation made by the Company and its Officers for systems and mechanism formed by the Company for compliances under other applicable Acts, Laws and Regulations to the Company.

I have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India. [Not Notified during the course of Audit]
- (ii) The Listing Agreements entered into by the Company with Calcutta Stock Exchange Ltd., BSE Ltd. and Jaipur Stock Exchange Ltd.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

I further report that

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

**I further report that** there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

**I further report that** during the audit period the Company has undertaken event / action having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc. referred to above viz.:

During the audit period under review, there were no instances of:

- (i) Public / Right / Preferential issue of shares / debentures / sweat equity, etc.
- (ii) Redemption / buy-back of securities.
- (i) Merger / amalgamation / reconstruction, etc.
- (ii) Foreign technical collaborations.

*This Report is to be read with the Auditor's Note on the Maintenance of Secretarial Records of the Company as provided in ANNEXURE I & which forms an integral part of this Secretarial Audit Report.*

Place : Kolkata  
Date : 30.05.2015

Signature:  
CS Praveen Sharma  
Practising Company Secretary  
M. No. A30365  
C. P. No. : 14501

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# KWALITY CREDIT & LEASING LIMITED

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## ANNEXURE – I

*[Auditor's Note on the Maintenance of Secretarial Records of the Kwality Credit & Leasing Limited  
for the financial year ended 31st March' 2015]*

To,  
The members,  
**Kwality Credit & Leasing Ltd.**  
27, Weston Street,  
Room No. 526, 5<sup>th</sup> Floor,  
Kolkata – 700 012

My Report of even date is to be read alongwith this letter.

1. The Company's Management is responsible for the maintenance of Secretarial Records in a manner to ensure compliance by the Company of applicable laws and to take adequate steps for the existence of proper and adequate systems and processes in this regard. Our responsibility is to express an opinion on such secretarial records based on our audit.
2. I have the Audit Practices and processes as where appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in Secretarial Records. I believe that the process and practices, I followed a reasonable basis for my opinion.
3. I have relied on the representation made by the Company and its Officers for systems and mechanism formed by the Company for compliances under other applicable Acts, Laws and Regulations to the Company.
4. I have not verified the correctness and appropriateness of the financial records and Books of Accounts of the Company.
5. The compliance of the provisions of corporate and other applicable laws, rules and regulations is the responsibility of the management. This Secretarial Audit Report is not an assurance of the effectiveness with which the Management has conducted the affairs of the Company.
6. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Place : Kolkata  
Date : 30.05.2015

Signature:  
CS Praveen Sharma  
Practising Company Secretary  
M. No. A30365  
C. P. No. : 14501

**Form AOC-I**

*(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)*

**Statement containing salient features of the Financial Statement of Subsidiaries****PART-"A": Subsidiaries**

(Information in respect of each subsidiary to be presented with amounts in Rs. )

|  |                         |
|--|-------------------------|
| 1. Sl. No.   | : i.                    |
| 2. Name of the Subsidiary  | : KCL Chemicals Limited |
| 3. Reporting period for the subsidiary concerned,<br>If different from the holding company's<br>reporting period                     | : Not Applicable        |
| 4. Reporting currency and Exchange rate as on the<br>last date of the relevant Financial year in the<br>case of foreign subsidiaries | : Not Applicable        |
| 5. Share capital   | : ₹ 5,00,000/-          |
| 6. Reserves & surplus  | : ₹ (28,903)/-          |
| 7. Total assets  | : ₹ 25,36,715/-         |
| 8. Total Liabilities   | : ₹ 20,65,618/-         |
| 9. Investments   | : ₹ 20,60,000           |
| 10. Turnover   | : NIL                   |
| 11. Profit before taxation   | : ₹ (6718)              |
| 12. Provision for taxation   | : NIL                   |
| 13. Profit after taxation  | : ₹ (6718)              |
| 14. Proposed Dividend  | : NIL                   |
| 15. % of shareholding  | : 100%                  |

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## KWALITY CREDIT & LEASING LIMITED

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|--|-----------------------------|
| 1. Sl. No.   | : ii.                       |
| 2. Name of the Subsidiary  | : KCL Iron & Steels Limited |
| 3. Reporting period for the subsidiary concerned,<br>If different from the holding company's<br>reporting period                     | : Not Applicable            |
| 4. Reporting currency and Exchange rate as on the<br>last date of the relevant Financial year in the<br>case of foreign subsidiaries | : Not Applicable            |
| 5. Share capital   | : ₹ 5,00,000/-              |
| 6. Reserves & surplus  | : ₹ (28,903)                |
| 7. Total assets  | : ₹ 43,21,715/-             |
| 8. Total Liabilities   | : ₹ 38,50,618/-             |
| 9. Investments   | : ₹ 38,45,000/-             |
| 10. Turnover   | : NIL                       |
| 11. Profit before taxation   | : ₹ (6718)/-                |
| 12. Provision for taxation   | : NIL                       |
| 13. Profit after taxation  | : ₹ (6718)/-                |
| 14. Proposed Dividend  | : NIL                       |
| 15. % of shareholding  | : 100%                      |

**Notes:**

1. Name of Subsidiaries which are yet to commence operations:
  - i. KCL Energy Limited
  - ii. KCL Enclave Limited
  - iii. KCL Impex Limited
  - iv. KCL Jewellers Limited
  - v. KCL Resorts Limited
  - vi. KCL Warehousing Limited
  - vii. KCL Agri Products Limited
  - viii. KCL Machinery Traders Limited
  - ix. KCL fashion Limited
  - x. KCL Media Limited
  - xi. Tropicana Housing Limited
  - xii. Tropicana Heights Limited
  - xiii. Tropicana Residency Limited
  - xiv. Tropicana Real Estates Limited
  - xv. Tropicana Consultants Limited

## KWALITY CREDIT & LEASING LIMITED

- xvi. Maxwell Residency Limited
- xvii. Maxwell Real Estates Limited
- xviii. Maxwell Heights Limited
- xix. Maxwell Housing Limited
- xx. Maxwell Homes Limited

2. Name of Subsidiaries which have been liquidated or sold during the year: Nil

### PART-"B": Associates and Joint Ventures

Statement pursuant to Section 129(3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures

| Name of Associates/Joint Ventures  | Nil |
|--|-----|
| <b>1.Latest Audited Balance Sheet Date</b>   |     |
| <b>2.Shares of Associate/Joint Ventures held by the Company on the year end</b>    |     |
| No.  |     |
| Amount of Investment in Associates/Joint Venture                                   |     |
| Extend of Holding %  |     |
| <b>3.Description of how there is significant influence</b>                         |     |
| <b>4.Reason why the associate/joint venture is not consolidated</b>                |     |
| <b>5.Networth attributable to Shareholding as per latest audited Balance Sheet</b> |     |
| <b>6.Profit/Loss for the year</b>  |     |
| (i) Considered in Consolidation  |     |
| (ii) Not Considered in Consolidation   |     |

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**KWALITY CREDIT & LEASING LIMITED**

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**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 **31<sup>st</sup> March, 2015** as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges, 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 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 : 30.05.2015

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

Pursuant to SEBI Circular No. CIR/CFD/POLICY CELL/7/2014 dated 15<sup>th</sup> September, 2014 Clause 49 of the Equity Listing Agreement is not applicable to the Company. However, on a voluntary basis the Company has complied with the provisions of Clause 49 to the extent feasible for the Company.

The company's aims at not only its own growth but also maximization of benefits to the shareholders, employees, customers, government and also the general public at large. For this purpose the company continuously strives to improve its level of overall efficiency through good corporate governance, which envisages transparency, professionalism and accountability in all its operations.

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 31<sup>st</sup> March, 2015 comprises of one Executive Director and three Non-Executive Directors including the Chairman.

Six Meetings of the Board of Directors of the Company were held during the financial year 2014-15 i.e. on 30/04/2014, 29/05/2014, 01/08/2014, 14/11/2014, 06/02/2015 and 30/03/2015.

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 Directors        | Category                               | No. of Board Meetings | Whether last AGM Attended | No. of other Directorship |         | No. of other committee(s) Membership/ Chairmanship |          |
|--------------------------|--|-----------------------|---------------------------|---------------------------|---------|--|----------|
|                          |  |                       |                           | Public                    | Private | Member   | Chairman |
| Mr. Bhagwan Das Soni     | Executive Director - Managing Director | 6                     | Yes                       | 8                         | 11      | 3  | 1        |
| Mr. Amu Thapa            | Non-Executive Independent Director     | 6                     | Yes                       | 2                         | 10      | 0  | 0        |
| Mr. Suresh Kumar Jain    | Non-Executive Independent Director     | 6                     | Yes                       | 2                         | 1       | 0  | 0        |
| Ms. Namrata Chakraborty* | Non-Executive Independent Director     | 0                     | No                        | 3                         | 0       | 2  | 0        |

\*Ms. Namrata Chakraborty ( DIN-06937620) was appointed as an Additional and Independent Director w.e.f. 30<sup>th</sup> March, 2015.

None of the Directors on the Board is a member of more than 10 Committees & Chairman of more than 5 Committees across all the Companies in which he is a Director.

Mr. Amu Thapa (DIN- 00674928), Non-Executive Independent Director is the Chairman of the Board.



### **2.1 Independent Director**

According to section 2(47), 149(6) and the Rules thereunder, and as stipulated under Clause 49 of the Listing Agreement, the Independent Directors shall meet the criteria of 'Independence'. Your Company appointed Independent Directors who are renowned people having expertise/experience in their respective field/profession. None of the Independent Directors are Promoters or related to Promoters. They do not have pecuniary relationship with the Company and further do not hold two percent or more of the total voting power of the Company.

### **2.2 Separate meetings of the Independent Directors**

The Company's Independent Directors meet at least once in every financial year without the presence of Executive Directors or management personnel pursuant to Schedule IV of the Companies Act, 2013 and Clause 49(II)(B)(6) of the Listing Agreement. One such exclusive Meeting was held on 31<sup>st</sup> March, 2015 for the year under review. Such meetings are conducted informally to enable Independent Directors to discuss matters pertaining to the Company's affairs, to review the performance of the Board as a whole on parameters of effectiveness and to assess the quality, quantity and timeliness of flow of information between the management and the Board.

### **2.3 Tenure & Formal Letter of appointment to Independent Directors**

All the Independent Directors of the Company were re-appointed for a term of five years at the 22<sup>nd</sup> Annual General Meeting of the Company with effect from 29<sup>th</sup> September, 2014 & were issued Appointment Letters in this regard. Further, Ms. Namrata Chakraborty (holding DIN-06937620) was appointed as an Additional and Independent Director w.e.f. 30<sup>th</sup> March, 2015 till the date of the ensuing Annual General Meeting

The appointment letters containing the terms and conditions of appointment have been disclosed on the website of the Company.

### **2.4 Familiarisation Programme for Independent Directors**

The Company follows a familiarisation programme pursuant to Clause 49(II)(B)(7) of the Listing Agreement effective from 1<sup>st</sup> October, 2014, for all the Directors (Non-Executive and Independent Directors) with a view to update them on the Company's policies and procedures on a regular basis with their roles, rights, responsibilities in the company, nature of the industry in which the company operates, business model of the company, etc., through various programmes.

The details of familiarisation programme have been posted in the website of the Company viz: [www.kwalitycredit.com](http://www.kwalitycredit.com) under the following web link:

<http://www.kwalitycredit.com/familiarisation-programme-for-Independent-directors.html>

### **2.5 Performance Evaluation Criteria of the Board of Directors & the Committees**

The Nomination and Remuneration Committee of the Board laid down the criteria for performance evaluation of all Directors. The Board shall evaluate the performance Pursuant to the provisions of Section 134 of the Companies Act, 2013 and Clause 49 of the Listing Agreement of individual Directors and of the Committee on annual basis. The performance evaluation has been done by the entire Board of Directors and the Committee, except the Director concerned being evaluated. The criteria for performance evaluation are divided as per following points:

- a) Role & Accountability
- b) Objectivity
- c) Leadership & Initiative
- d) Personal Attributes

## KWALITY CREDIT & LEASING LIMITED

The performance of the non-independent directors and the Board as a whole was evaluated in a separate meeting of the Independent Directors. Further, in the same meeting, the performance evaluation of the Chairman was perused, taking into account the views of the executive directors and non-executive directors. The Board evaluates the performance of Non-executive and Independent Directors every year.

### 2.6 Profile of the Directors appointed/Re-appointed:

Profile of the Directors appointed/Re-appointed alongwith the shareholding in the Company is provided below:

| Name of the Director    | Category                           | Work experience   | Date of Appointment | No. of shares held & % of shareholding in the Co. | Qualification |
|-------------------------|------------------------------------|---|---------------------|---|---------------|
| Mr. Bhagwan Das Soni    | Managing Director                  | 15 years of experience in the field of Finance & Medicine | 09.07.2012          | Nil   | B.Com         |
| Ms. Namrata Chakroborty | Non-Executive Independent Director | 5 years experience in the field of Marketing              | 30.03.2015          | Nil   | B.A           |

### 2.7 Code of Conduct

The Company has adopted a Code of Conduct for members of the Board (incorporating duties of Independent Directors) and the Senior Management. The Company's Code of Conduct has been complied with by all the members of the Board and select employees of the Company. The code of conduct shall be posted on the website of the company.

Pursuant to Clause 49(II)(E) of the Listing Agreement, the Chief Executive Officer(CEO) of the Company confirmed compliance with the Code by all members of the Board and the Senior Management. The Annual Report of the company shall contain a declaration to this effect signed by the CEO.

Further, the Company has adopted a Code of Conduct as per Securities and Exchange Board of India (SEBI) (Prohibition of Insider Trading) Regulations, 1992. All Directors, Designated Employees who could have access to the Unpublished Price Sensitive Information of the Company are governed by the code.

The aforesaid Code was effective till 14<sup>th</sup> May, 2015 & thereafter repealed with the "Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information", made effective from 15<sup>th</sup> May, 2015 pursuant to the SEBI (Prohibition of Insider Trading) Regulations, 2015. This Code has been disclosed on the website of the Company via the link:

<http://www.kwalitycredit.com/code-of-conduct.html>

### 2.8 Whistle Blower Policy

The Company has established a Vigil Mechanism/ Whistle Blower Policy to enable stakeholders (including Directors and employees) to report unethical behavior, actual or suspected fraud or violation of the Company's Code of Conduct. The Policy provides adequate safeguards against victimisation of Director(s)/ employee(s) and direct access to the Chairman of the Audit Committee in exceptional cases. The Protected Disclosures, if any reported under this Policy will be appropriately and expeditiously investigated by the Chairman.

## KWALITY CREDIT & LEASING LIMITED

The Directors and senior management are to maintain confidentiality of such reporting and ensure that the whistle blowers are not subjected to any discriminatory practice. The Whistle Blower Policy has been disclosed on the Company's website under the web link:

<http://www.kwalitycredit.com/vigil-mechanism.html>

### 3. AUDIT COMMITTEE

#### (a) Composition:

The Audit Committee comprised of three Independent Directors and one Executive Director as on 31<sup>st</sup> March, 2015. The Committee met 4 (Four) times during the year i.e. on 29/05/2014, 01/08/2014, 14/11/2014 and 06/02/2015.

The composition of the Committee and the attendances of the members at the Committee meetings held during the financial year 2014-15 are as follows:

| Sl. No. | Name                     | Status   | No. of Meetings Attended |
|---------|--------------------------|--|--------------------------|
| 1       | Mr. Suresh Kumar Jain    | Non-Executive Independent Director - Chairman of the Committee | 4                        |
| 2       | Mr. Amu Thapa            | Non-Executive Independent Director                             | 4                        |
| 3       | Mr. Bhagwan Das Soni     | Managing Director – Executive Director                         | 4                        |
| 4       | Ms. Namrata Chakraborty* | Non-Executive Independent Director                             | -                        |

\*Ms. Namrata Chakraborty (holding DIN-06937620) became member w.e.f. 30.03.2015.

The Chairman of the Audit Committee was present at the last Annual General Meeting.

#### (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 exchanges 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 Committee comprises of:

| Sl. No. | Name                     | Status   |
|---------|--------------------------|--|
| 1       | Mr. Amu Thapa            | Non-Executive Independent Director – Chairman of the Committee |
| 2       | Mr. Suresh Kumar Jain    | Non-Executive Independent Director                             |
| 3       | Mr. Bhagwan Das Soni     | Managing Director – Executive                                  |
| 4       | Ms. Namrata Chakraborty* | Non-Executive Independent Director                             |

\*Ms. Namrata Chakraborty (DIN-06937620) became member w.e.f. 30.03.2015.

During the Financial Year 2014-2015, three meeting of the Committee was held on 29/05/2014, 01/08/2014 and 30/03/2015.

**(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 as follows:

- Formulate Policy on Board Diversity Pursuant to Clause 49(IV)(B)(3) of the Listing Agreement.
- Formulate Remuneration policy and for detailed information the shareholders may visit the Company's website.
- Formulate criteria for evaluation of Directors and the Board.
- To ensure that the Remuneration Policy shall also include the criteria for determining qualifications, positive attributes and independence of a Director and recommend to the Board a policy, relating to the remuneration for the Directors, Key Managerial Personnel and other employees.
- To ensure that the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors of the quality required to run the Company successfully.

**(c) Remuneration Policy:****1) Remuneration to Managing Director / Whole-time Directors**

- a) The Remuneration/ Commission etc. to be paid to Managing Director / Whole-time Directors, etc. shall be governed as per provisions of the Companies Act, 2013 and rules made there under or any other enactment for the time being in force and the approvals obtained from the Members of the Company.
- b) The Nomination and Remuneration Committee shall make such recommendations to the Board of Directors, as it may consider appropriate with regard to remuneration to Managing Director / Whole-time Directors.

**2) Remuneration to Non- Executive / Independent Directors**

- a) The Non-Executive / Independent Directors may receive sitting fees and such other remuneration as permissible under the provisions of Companies Act, 2013. The amount of sitting fees shall be such as may be recommended by the Nomination and Remuneration Committee and approved by the Board of Directors.
- b) All the remuneration of the Non- Executive / Independent Directors (excluding remuneration for attending meetings as prescribed under Section 197 (5) of the Companies Act, 2013) shall be subject to ceiling/ limits as provided under Companies Act, 2013 and rules made there under or any other enactment for the time being in force. The amount of such remuneration shall be such as may be recommended by the Nomination and Remuneration Committee and approved by the Board of Directors or shareholders, as the case may be.
- c) An Independent Director shall not be eligible to get Stock Options and also shall not be eligible to participate in any share based payment schemes of the Company.
- d) Any remuneration paid to Non- Executive / Independent Directors for services rendered which are of professional in nature shall not be considered as part of the remuneration for the purposes of clause (b) above if the following conditions are satisfied:
  - I. The Services are rendered by such Director in his capacity as the professional; and
  - II. In the opinion of the Committee, the director possesses the requisite qualification for the practice of that profession.
- e) Remuneration /Commission may be paid within the monetary limit approved by shareholders, subject to the limit not exceeding 1% of the net profits of the Company computed as per the applicable provisions of the Companies Act, 2013.

**3) Remuneration to Key Managerial Personnel and Senior Management**

- a) The remuneration to Key Managerial Personnel and Senior Management shall consist of fixed pay and incentive pay, in compliance with the provisions of the Companies Act, 2013 and in accordance with the Company's Policy.
- b) The Fixed pay shall include monthly remuneration, employer's contribution to Provident Fund, contribution to pension fund, pension schemes, etc. as decided from time to time.
- c) The Incentive pay shall be decided based on the balance between performance of the Company and performance of the Key Managerial Personnel and Senior Management, to be decided annually or at such intervals as may be considered appropriate.

**4) Remuneration of employees** largely consists of basic remuneration, perquisites, allowances and performance incentives. The components of remuneration vary for different employee grades and are governed by company patterns, qualifications and experience of the employee, responsibilities handled by him, his individual performances etc.

**d) Policy on Appointment of Directors**

The Nomination and remuneration Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director, KMP or at Senior Management level and recommend his / her appointment, as per Company's Policy. The Committee has authority to decide whether qualification, expertise and experience possessed by a person is sufficient / satisfactory for the position.

The shareholders may also visit the Company's website for the detailed Nomination and Remuneration Policy of the Company on Directors appointment of the Company.

**e) Details of Remuneration paid to the Directors and Key Managerial Personnel**

During the reported financial year, the Non-Executive and Independent Directors of the Company were not paid any sitting fee or any other remuneration or commission.

During the financial year 2014-15, Mr. Bhagwan Das Soni, Managing Director of the Company, has been paid Rs.1,50,000 as remuneration.

**f) Board Diversity Policy**

Pursuant to Clause 49(IV)(B)(3) of the Listing Agreement, the Nomination and Remuneration Committee has formulated a Policy on Board Diversity , which sets out the approach to attain and maintain optimum diversity on the Board. This Policy shall be reviewed and amended by the Committee as and when required, subject to the approval of the Board of Directors.

**5. STAKEHOLDERS' RELATIONSHIP COMMITTEE**

The Committee comprises of three 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 details of composition of committee are given below:

| Sl. No. | Name                     | Status   |
|---------|--------------------------|--|
| 1.      | Mr. Amu Thapa            | Non-Executive Independent Director - Chairman of the Committee |
| 2.      | Mr. Suresh Kumar Jain    | Non-Executive Independent Director                             |
| 3.      | Ms. Namrata Chakraborty* | Non-Executive Independent Director                             |

\*Ms. Namrata Chakraborty ( DIN-06937620) became member w.e.f. 30.03.2015.

During the Financial Year 2014-2015, one such Committee meeting was held.

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

#### **6. RISK MANAGEMENT COMMITTEE**

The Board of Directors of the Company has formed a risk management committee to frame, implement and monitor the risk management plan for the Company. The committee is responsible for reviewing the risk management plan and ensuring its effectiveness. The audit committee has additional oversight in the area of financial risks and controls. Major risks identified by the businesses and functions are systematically addressed through mitigating actions on a continuing basis. A Risk Management status report is provided to the Audit Committee for its information on a regular basis.

The risk management committee comprises of one executive director and two non-executive directors:

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

#### **7. 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 the subsidiary companies of the Company are managed by their respective Board of Directors in the best interest of their stake holders.

Further, during the year under review, 20 subsidiary companies were formed but the company has not invested in the share capital during the Financial Year. Moreover, the subsidiary companies have not commenced their business during the Financial Year 2014-15.

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 subsidiary 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.

As per revised Clause 49 of the Listing Agreement, a “material non-listed Indian subsidiary” is 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.

The Audit Committee recommended a Policy on Material Subsidiary as required under Clause 49(V)(D) and the policy is hosted on the website of the Company. The Company does not have any material non-listed Indian subsidiary companies.

#### **8. RELATED PARTY TRANSACTIONS**

The Company has formulated a Policy on materiality of Related Party Transactions and also dealing with Related Party Transactions. The company entered into transactions with related parties defined under the Companies Act, 2013 and Clause 49 of the Listing Agreement and were done on arm's length basis and in the ordinary course of business for the financial year 2014-15 and the same was reviewed/cleared at regular intervals.

## KWALITY CREDIT & LEASING LIMITED

The necessary disclosures and information regarding the transactions with related parties are given in the Notes to the financial statements and annexed to the Board's Report. The board has approved a policy for related party transactions which has been uploaded on the Company's website at the following link-

<http://www.kwalitycredit.com/subsidiary&related-party-transactions-policy.html>

### 9. GENERAL BODY MEETINGS

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

| Financial Year | Date of AGM | Venue   | Time       |
|----------------|-------------|---|------------|
| 2013-2014      | 29.09.2014  | 27, Weston Street, 5 <sup>th</sup> Floor, Room No. 526, Kolkata – 700 012 | 11.00 A.M. |
| 2012-2013      | 30.09.2013  | 27, Weston Street, 5 <sup>th</sup> Floor, Room No. 526, Kolkata – 700 012 | 10.00 A.M. |
| 2011-2012      | 29.09.2012  | Transit House, 11A, Raja Basant Roy Road, Kolkata – 700 026.              | 9.00 A.M.  |

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

- At the 22<sup>nd</sup> Annual General Meeting held on 29/09/2014** : Nil
- At the 21<sup>st</sup> Annual General Meeting held on 30/09/2013** : One (Appointment of Managing Director)
- At the 20<sup>th</sup> Annual General Meeting held on 29/09/2012** : Nil

#### C. SPECIAL RESOLUTIONS BY POSTAL BALLOT LAST YEAR:

No Special resolution has been put through by postal ballot so far by the Company.

#### D. 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.

### 10. DISCLOSURES

- a. There are no materially significant transactions 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.
- 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.
- c. Certificate as stipulated in Clause 49 of the listing Agreement was obtained and placed before the Board.
- d. The details relating to appointment and re-appointment of Directors as required under Clause 49(VIII)(E) of the Listing Agreement is provided in the Notice to the Annual general Meeting.
- e. Management Discussion and Analysis Report comprising of all information as prescribed under Clause 49 (VIII)(D) of the Listing Agreement is attached to the Annual Report.
- f. Company has established Vigil Mechanism and formulated a policy for the same under which the employees are free to report violations of applicable laws and regulations and the Code of Conduct. The detail of the Policy is provided in **Point No. 2.8** of this Report.

g. The Company has placed a Risk Management Committee and which lays down the procedures for risk management and minimization monitors and reviews the risk management plan of the Company. The detail of the Committee is provided in **Point No. 6** of this Report. Company has also formulated Risk Management Policy and the same is disclosed on the website of the Company.

h. 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 the requirements of the following:

**i) The Board**

The Board of Directors is chaired by Mr. Amu Thapa (DIN: 00674928), who is a Non-executive Independent Director;

**ii) Audit Qualifications**

The financial statements of the company are unqualified.

### **11. CEO AND CFO CERTIFICATION**

The Managing Director and the Chief Financial Officer of the Company give annual certification on financial reporting and internal controls to the Board in terms of Clause 49 of the Listing Agreement. The annual certificate given by the Managing Director and the Chief Financial Officer is published in the Annual Report.

### **12. MEANS OF COMMUNICATIONS**

Quarterly unaudited results and annual financial result of the Company were published in accordance with the Listing Agreement with the Stock Exchanges 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 and are displayed on the Company's website i.e. [www.kwalitycredit.com](http://www.kwalitycredit.com).

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

### **13. GENERAL SHAREHOLDERS INFORMATION**

☆ **Annual General Meeting:**

☆ **Date :** 30<sup>th</sup> day of September, 2015.

☆ **Time :** 10.30 a.m.

☆ **Venue :** Shahid Ashfaqulla Community Hall, 59, Sudhir Basu Road, Kolkata – 700 023.

☆ **Financial Calendar : (Tentative)**



## KWALITY CREDIT & LEASING LIMITED

| Financial Year – 1 <sup>st</sup> April, 2015 to 31 <sup>st</sup> March, 2016 | Relevant Dates   |
|--|--|
| Board Meeting for consideration of accounts                                  | 30 <sup>th</sup> May, 2015   |
| Book closure dates   | 24 <sup>th</sup> September, 2015 to 30 <sup>th</sup> September, 2015 |
| Unaudited results for the quarter ended on June 30, 2015                     | On or before 14 <sup>th</sup> August, 2015                           |
| Unaudited results for the quarter ended on September 30, 2015                | On or before 14 <sup>th</sup> November, 2015                         |
| Unaudited results for the quarter ended on December 31, 2015                 | On or before 14 <sup>th</sup> February, 2016                         |
| Unaudited results for the quarter ended on March, 31, 2016                   | On or before 30 <sup>th</sup> May, 2016                              |

☆ **Listing on Stock Exchanges at:**

1. BSE Limited. (Stock code: 531206)  
1<sup>st</sup> 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 2015-2016.

☆ **Stock Market Price for the Financial Year 2014-2015:**

| Month           | Quotation of BSE |           |               | Quotation of Calcutta Stock Exchange |            |               |
|-----------------|------------------|-----------|---------------|--------------------------------------|------------|---------------|
|                 | High (Rs.)       | Low (Rs.) | Volume (Nos.) | High (Rs.)                           | Low (Rs.)  | Volume (Nos.) |
| April, 2014     | 102.95           | 81.00     | 28663         | Not Traded                           | Not Traded | Not Traded    |
| May, 2014       | 83.00            | 70.00     | 11280         | Not Traded                           | Not Traded | Not Traded    |
| June, 2014      | 98.00            | 75.55     | 13122         | Not Traded                           | Not Traded | Not Traded    |
| July, 2014      | 82.35            | 62.35     | 42847         | Not Traded                           | Not Traded | Not Traded    |
| August, 2014    | 69.00            | 51.00     | 33299         | Not Traded                           | Not Traded | Not Traded    |
| September, 2014 | 89.95            | 60.45     | 36649         | Not Traded                           | Not Traded | Not Traded    |
| October, 2014   | 97.25            | 65.20     | 103849        | Not Traded                           | Not Traded | Not Traded    |
| November, 2014  | 89.50            | 70.00     | 130424        | Not Traded                           | Not Traded | Not Traded    |
| December, 2014  | 82.50            | 53.00     | 163531        | Not Traded                           | Not Traded | Not Traded    |
| January, 2015   | 82.50            | 45.25     | 137275        | Not Traded                           | Not Traded | Not Traded    |
| February, 2015  | 58.00            | 44.50     | 44512         | Not Traded                           | Not Traded | Not Traded    |
| March, 2015     | 55.35            | 19.90     | 133436        | Not Traded                           | Not Traded | Not Traded    |

## KWALITY CREDIT & LEASING LIMITED

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. 3500 equity shares were transferred during the financial year ended 31<sup>st</sup> March, 2015.

☆ **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**

☆ **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. 98.53% of total equity shares have been dematerialized as on 31.03.2015.

☆ **Distribution of shareholding & shareholding pattern :**

Distribution of shareholding as on 31/03/2015

| Ordinary Shares | Number of shareholders | % of shareholders | Number of Shares held | % of Shares held |
|-----------------|------------------------|-------------------|-----------------------|------------------|
| Upto 500        | 734                    | 50.73             | 1,02,153              | 2.42             |
| 501-1000        | 161                    | 11.13             | 1,44,221              | 3.41             |
| 1001-2000       | 153                    | 10.57             | 2,67,571              | 6.34             |
| 2001-3000       | 57                     | 3.94              | 1,50,274              | 3.56             |
| 3001-4000       | 59                     | 4.08              | 2,20,443              | 5.22             |
| 4001-5000       | 78                     | 5.39              | 3,78,351              | 8.96             |
| 5001-10000      | 107                    | 7.39              | 7,96,252              | 18.85            |
| 10001-50000     | 92                     | 6.36              | 16,62,044             | 39.36            |
| 50001-100000    | 5                      | 0.34              | 3,42,291              | 8.11             |
| And above       | 1                      | 0.07              | 1,59,103              | 3.77             |
| <b>Total</b>    | <b>1,447</b>           | <b>100.00</b>     | <b>42,22,703</b>      | <b>100.00</b>    |

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## KWALITY CREDIT & LEASING LIMITED

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### Shareholding Pattern as on 31/03/2015

| Sl. No. | Category                   | No. of shares held | % of shareholding |
|---------|----------------------------|--------------------|-------------------|
| 1       | Promoters & Promoter Group | -                  | -                 |
| 2       | Public - Bodies Corporate  | 795864             | 18.85             |
| 3       | Public – Individual        | 3426839            | 81.15             |
|         | <b>TOTAL</b>               | <b>42,22,703</b>   | <b>100.00</b>     |

☆ 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](mailto: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, 5<sup>th</sup> Floor, Room No - 526,  
Kolkata-700 012

#### 14. DECLARATION

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

Place : Kolkata  
Dated : 30.05.2015

**For and on behalf of the Board of Directors**

**Amu Thapa  
Chairman  
DIN: 00674928**

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# KWALITY CREDIT & LEASING LIMITED

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## CEO & CFO CERTIFICATION

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

**Re. - CEO & CFO Certification on Financial Statements for the year ended on 31<sup>st</sup> March, 2015**

We, Mr. Bhagwan Das Soni, Managing Director & Mr. Subrata Dutta, CFO, on the basis of the review of the financial statements including cash flow statements for the Financial year ending on 31<sup>st</sup> March, 2015 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 31<sup>st</sup> March, 2015, 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.

**Bhagwan Das Soni**  
**Managing Director**  
**DIN-02308414**

**Subrata Dutta**  
**CFO**

Place : Kolkata  
Date : 30.05.2015

**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. The Company has also 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 31<sup>st</sup> March, 2015, 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 31<sup>st</sup> March, 2015.

Place : Kolkata  
Date : 30.05.2015

**Bhagwan Das Soni**  
**Managing Director**  
**DIN-02308414**

**INDEPENDENT AUDITORS' REPORT****TO THE MEMBERS OF KWALITY CREDIT & LEASING LIMITED****Report on the Standalone Financial Statements**

We have audited the accompanying standalone financial statements of KWALITY CREDIT & LEASING LIMITED ("the Company"), which comprise the balance sheet as at 31 March 2015, the statement of profit and loss and the cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

**Management's Responsibility for the Standalone Financial Statements**

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation and presentation of these standalone 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 the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes the maintenance of adequate accounting records in accordance with the provision of the Act for safeguarding of the assets of the Company and for preventing and detecting the frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial control, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and 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 standalone financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. 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 standalone 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 financial control relevant to the Company's preparation of the standalone financial statements that give 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 whether the Company has in place an adequate internal financial controls system over financial reporting and operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Company's Directors, 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 on the standalone financial statements.

**Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone 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 of the state of affairs of the Company as at 31st March 2015, its Loss and its cash flows for the year ended on that date.

**Report on other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2015("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure a statement on the matters Specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by section 143(3) of the Act, we report that:
  - a) We have sought and 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 it appears from our examination of those books.
  - c) The Balance Sheet, the 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 aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - e) On the basis of written representations received from the directors as on 31 March, 2015, taken on record by the Board of Directors, none of the directors is disqualified as on 31 March, 2015, from being appointed as a director in terms of Section 164(2) of the Act.
  - f) In our opinion and to the best of our information and according to the explanations given to us, we report as under with respect to other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014:
    - i.) The Company does not have any pending litigations which would impact its financial position
    - ii. The Company did not have any long-term contracts including derivatives contracts for which there were any material foreseeable losses
    - iii. There were no amounts which required to be transferred by the Company to the Investor Education and Protection Fund.

454, Dumdum Park,  
Kolkata-700055, Date : The 30th day of May, 2015

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

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

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## KWALITY CREDIT & LEASING LIMITED

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The Annexure referred to in our Independent Auditors' Report to the members of the Company on the standalone financial statements for the year ended 31 March 2015,

we report that :

**(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

**(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 loans, secured or unsecured, granted to the parties covered in register maintained under section 189 of the Companies Act 2013:**

- (a)** According to the information and explanations given to us, the Company has not granted any loans to companies, firms or other parties covered in the Register maintained under Section 189 of the Companies Act, 2013; and therefore paragraph 3(iii) of the Order is not applicable.

**(iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business for the purchase of inventory, fixed assets and for the sale of goods and services. During the course of our Audit, we have not observed any continuing failure to correct major weaknesses in internal control**

**(v) The Company has not accepted any deposits from the public.**

**(vi) As informed to us, the Central Government has not prescribed maintenance of cost records under sub-section (1) of Section 148 of the Act, in respect of the activities carried on by the Company.**

**(vii) In respect of statutory dues:**

- (a)** According to the records of the company and information and explanations given to us, the Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, employees state insurance (ESI), Investor Education and Protection Fund, Income-tax, Tax deducted at sources, Tax collected at source, Professional Tax, Sales Tax, value added tax (VAT), Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and other material statutory dues applicable to it, with the appropriate authorities.
- (b)** According to the information and explanations given to us, there were no undisputed amounts payable in respect of Income-tax, Wealth Tax, Custom Duty, Excise Duty, sales tax, VAT, Cess and other material statutory dues in arrears /were outstanding as at 31 March, 2015 for a period of more than six months from the date they became payable.



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## KWALITY CREDIT & LEASING LIMITED

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- (c) According to the information and explanations given to us, the amount required to be transferred to investor education and protection fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and rules made thereunder has been transferred to such fund within time by the company.
- (viii) The accumulated losses of the company are not more than 50% of its Net Worth. The company has incurred Cash loss of Rs 2,722,872.during the financial year covered by our Audit. However there were no cash loss incurred in the immediately preceding financial year.
- (ix) The Company did not have any outstanding dues to financial institutions, banks or debenture holders during the year.
- (x) In our opinion and according to the information and the explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
- (xi) The Company did not have any term loans outstanding during the year.
- (xii) According to the information and explanations given to us, no material fraud on or by the Company has been noticed or reported during the course of our audit.

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

454, Dumdum Park,  
Kolkata-700055, Date : The 30th day of May, 2015

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

# KWALITY CREDIT & LEASING LIMITED

## BALANCE SHEET AS AT 31ST MARCH, 2015

| Particulars  | Note No. | As At 31 March, 2015<br>₹ | As At 31 March, 2014<br>₹ |
|--|----------|---------------------------|---------------------------|
| <b>A EQUITY AND LIABILITIES</b>  |          |                           |                           |
| <b>1 Shareholder's Funds</b>   |          |                           |                           |
| Share Capital  | 2        | 42,227,030                | 42,227,030                |
| Reserves and Surplus   | 3        | 68,393,640                | 71,199,584                |
| <b>2 Current Liabilities</b>   |          |                           |                           |
| Short-term borrowings  | 4        | 0                         | 67,200,000                |
| Trade payables   | 5        | 10,200,000                | 0                         |
| Other current liabilities  | 6        | 352,150                   | 22,472                    |
| Short-term provisions  | 7        | 261,292                   | 246,430                   |
| <b>TOTAL</b>   |          | <b>121,434,112</b>        | <b>180,895,516</b>        |
| <b>B ASSETS</b>  |          |                           |                           |
| <b>1 Non-current assets</b>  |          |                           |                           |
| Fixed assets   |          |                           |                           |
| (i) Tangible assets  | 8        | 43,169                    | 110,504                   |
| Non-current investments  | 9        | 1,000,000                 | 78,699,980                |
| Long term loans and advances   | 10       | 8,509,810                 | 11,044,810                |
| <b>2 Current assets</b>  |          |                           |                           |
| Inventories  | 11       | 0                         | 1,376,675                 |
| Trade receivables  | 12       | 13,200,000                | 0                         |
| Cash and cash equivalents  | 13       | 221,587                   | 1,663,076                 |
| Short-term loans and advances  | 14       | 98,459,546                | 88,000,471                |
| <b>TOTAL</b>   |          | <b>121,434,112</b>        | <b>180,895,516</b>        |
| <b>Refer accompanying notes forming part of the financial statements</b> | 1-21     |                           |                           |

In terms of our report attached.

For and on behalf of the Board of Directors

**For PACHISIA & ASSOCIATES**  
(FRN NO. 327542E)  
(Chartered Accountants)  
**(Satya Prakash Pachisia)**  
(Proprietor)  
(M.No.055040)

**Bhagwan Das Soni**      **Amu Thapa**  
Managing Director      Director  
**Subrata Dutta**  
C.F.O.

Place : 454, Dumdum Park,  
Kolkata-700055, Date : The 30th day of May, 2015

# KWALITY CREDIT & LEASING LIMITED

## STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH, 2015

| Particulars   | Note No.    | Year ended 31 March, 2015<br>₹ | Year ended 31 March, 2014<br>₹ |
|---|-------------|--------------------------------|--------------------------------|
| 1 Revenue from operations   | 15          | 9,038,425                      | 22,095,234                     |
| <b>Total Revenue</b>  |             | <b>9,038,425</b>               | <b>22,095,234</b>              |
| <b>3 Expenses:</b>  |             |                                |                                |
| Changes in inventories of Trading goods   | 16          | 1,376,675                      | 13,771,815                     |
| Employee benefits expenses  | 17          | 282,000                        | 393,134                        |
| Finance costs   | 18          | 3,801,262                      | 0                              |
| Depreciation and amortisation expenses  | 19          | 45,904                         | 57,864                         |
| Other expenses  | 20          | 6,301,360                      | 7,508,628                      |
| <b>Total Expenses</b>   |             | <b>11,807,201</b>              | <b>21,731,441</b>              |
| <b>4 Profit / (Loss) before exceptional and extraordinary items and tax (2 - 3)</b> |             | <b>(2,768,776)</b>             | <b>363,793</b>                 |
| 5 Exceptional Items   |             | 0                              | 0                              |
| <b>6 Profit / (Loss) before extraordinary items and tax (5 ± 6)</b>                 |             | <b>(2,768,776)</b>             | <b>363,793</b>                 |
| <b>7 Extraordinary Items</b>  |             |                                |                                |
| Loss on Sale of Fixed Assets  |             | 22,306                         | 0                              |
| <b>8 Profit / (Loss) before tax (7 ± 8)</b>   |             | <b>(2,791,082)</b>             | <b>363,793</b>                 |
| <b>9 Tax expense:</b>   |             |                                |                                |
| (1) Current tax   |             | 0                              | 112,412                        |
| (2) Current tax expense relating to Earlier years                                   |             | 0                              | 0                              |
| (3) Contingent Provision for Standard Assets  |             | 14,862                         | 117,383                        |
| <b>10 Profit / (Loss) for the year (9 ± 10)</b>                                     |             | <b>(2,805,944)</b>             | <b>133,998</b>                 |
| <b>11 Earning per equity share:</b>   |             |                                |                                |
| (1) Basic   |             | 0.00                           | 0.03                           |
| (2) Diluted   |             | 0.00                           | 0.03                           |
| <b>Refer accompanying notes forming part of the financial statements</b>            | <b>1-21</b> |                                |                                |

In terms of our report attached.

For and on behalf of the Board of Directors

**For PACHISIA & ASSOCIATES**  
(FRN NO. 327542E)  
(Chartered Accountants)  
**(Satya Prakash Pachisia)**  
(Proprietor)  
(M.No.055040)

**Bhagwan Das Soni**      **Amu Thapa**  
Managing Director      Director  
**Subrata Dutta**  
C.F.O.

Place : 454, Dumdum Park,  
Kolkata-700055, Date : The 30th day of May, 2015

**NOTE NO. 1: SIGNIFICANT ACCOUNTING POLICIES**

**a. Basis of Preparation:** - These financial statements are prepared in accordance with Indian Generally Accepted Accounting Principles (GAAP) under the historical cost convention on the accrual basis except for certain financial instruments which are measured at fair values. GAAP comprises mandatory accounting standards as prescribed under Section 133 of the Companies Act, 2013 ("the Act") read with Rule 7 of the Companies (Accounts) Rules, 2014, the provisions of the Act (to the extent notified) and guidelines issued by the Securities and Exchange Board of India (SEBI). Accounting policies have been consistently applied except where a newly-issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use..

**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 tangible assets is provided on the straight-line Method over the useful lives of assets as prescribed by schedule II of the Companies Act, 2013. Depreciation for assets purchased / sold during a period is proportionately charged.

**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.

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 2014-15.

**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.

**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. 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.

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## KWALITY CREDIT & LEASING LIMITED

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### **ADDITIONAL NOTES**

#### **I. RELATED PARTIES DISCLOSURE AS PER ACCOUNTING STANDARD 18**

##### **A. List of Related Parties: -**

| <b><u>Party</u></b>       | <b><u>Relationship</u></b>        |
|---------------------------|-----------------------------------|
| 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:**

| <b><u>Director's Remuneration</u></b>                         | <b>31.03.2015</b> | <b>31.03.2014</b> |
|---|-------------------|-------------------|
| Bhagwan Das Soni  | 1,50,000          | 1,50,000          |
| <b><u>Investment In Wholly owned Subsidiary Companies</u></b> |                   |                   |
| KCL Chemical Limited  | Nil               | 5, 00,000.        |
| KCL Iron & Steels Limited                                     | Nil               | 5, 00,000.        |
| <b><u>Loan Given to Wholly owned Subsidiary Companies</u></b> |                   |                   |
| KCL Chemical Limited  | Nil               | 32,060            |
| KCL Iron & Steels Limited                                     | Nil               | 32,060            |
| <b><u>Investment Sold</u></b>                                 |                   |                   |
| KCL Iron & Steels Limited                                     | 38,00,000         | 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

## NOTES TO BALANCE SHEET AS AT 31ST MARCH, 2015

|   | As At 31 March, 2015<br>₹ | As At 31 March, 2014<br>₹ |
|---|---------------------------|---------------------------|
| <b>NOTE NO. 2 Share Capital</b>                                 |                           |                           |
| <u>Authorised-</u>  |                           |                           |
| 47,00,000 Equity Shares of Rs 10/- each                         | 47,000,000                | 47,000,000                |
| <u>Issued, Subscribed &amp; Paid-Up</u>                         |                           |                           |
| 42,22,703 Equity Shares of Rs. 10/- each Fully paid up in cash. | 42,227,030                | 42,227,030                |
|   | <b>42,227,030</b>         | <b>42,227,030</b>         |
|   | <b>42,227,030</b>         | <b>42,227,030</b>         |

**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. 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 31.03.2015 |                   | As On 31.03.2014 |                   |
|--|------------------|-------------------|------------------|-------------------|
|  | 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/ Preference 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.

## KWALITY CREDIT & LEASING LIMITED

|   | As at<br>31 March, 2015<br>₹ | As At<br>31 March, 2014<br>₹ |
|---|------------------------------|------------------------------|
| <b>NOTE NO. 3 Reserves and Surplus</b>                        |                              |                              |
| <u>General reserve</u>  |                              |                              |
| Opening balance   | 36,900                       | 36,900                       |
| Add: Transferred from surplus in Statement of Profit and Loss | 0                            | 0                            |
| Closing balance   | <u>36,900</u>                | <u>36,900</u>                |
| <u>Statutory reserve</u>                                      |                              |                              |
| Opening balance   | 116,800                      | 90,000                       |
| Add: Transferred from surplus in Statement of Profit and Loss | 0                            | 26,800                       |
| Closing balance   | <u>116,800</u>               | <u>116,800</u>               |
| <u>Share Premium</u>  |                              |                              |
| Opening balance   | 72,270,300                   | 72,270,300                   |
| Add : Premium on shares issued during the year                | 0                            | 0                            |
| Closing balance   | <u>72,270,300</u>            | <u>72,270,300</u>            |
| <u>Surplus / (Deficit) in Statement of Profit and Loss</u>    |                              |                              |
| Balance brought forward from previous year                    | (1,224,416)                  | (1,331,614)                  |
| Add: Transfer from Statement of Profit and Loss for the year  | (2,805,944)                  | 133,998                      |
| Less: Transferred to Statutory reserve                        | 0                            | (26,800)                     |
| Closing balance   | <u>(4,030,360)</u>           | <u>(1,224,416)</u>           |
| <b>Total</b>  | <u><b>68,393,640</b></u>     | <u><b>71,199,584</b></u>     |
| <b>NOTE NO. 4 Short-Term Borrowings</b>                       |                              |                              |
| Loans and advances from Others                                | 0                            | 67,200,000                   |
|   | <u>0</u>                     | <u>67,200,000</u>            |
| <b>NOTE NO. 5 Trade Payables</b>                              |                              |                              |
| Other than Acceptances  | 10,200,000                   | 0                            |
|   | <u>10,200,000</u>            | <u>0</u>                     |
| <b>NOTE NO. 6 Other Current Liabilities</b>                   |                              |                              |
| <u>Other Payables</u>   |                              |                              |
| Statutory remittances - Tax Deducted at Sources               | 89,978                       | 0                            |
| Others  | 262,172                      | 22,472                       |
|   | <u>352,150</u>               | <u>22,472</u>                |
| <b>NOTE NO. 7 Short-Term Provisions</b>                       |                              |                              |
| <u>Provision for :</u>  |                              |                              |
| Contingent of Standard Assets                                 | 261,292                      | 246,430                      |
|   | <u>261,292</u>               | <u>246,430</u>               |



**NOTE NO. 8: FIXED ASSETS**

| DESCRIPTION     | GROSS BLOCK           |                           |                            | DEPRECIATION                |                  |               | NET BLOCK                  |                  |                  |                  |
|-----------------|-----------------------|---------------------------|----------------------------|-----------------------------|------------------|---------------|----------------------------|------------------|------------------|------------------|
|                 | Cost As On 31.03.2014 | Additions during the year | Deductions during the year | Total Cost As On 31.03.2015 | Up To 31.03.2014 | For the year  | Deductions during the year | Up To 31.03.2015 | As on 31.03.2015 | As on 31.03.2014 |
|                 | ₹                     | ₹                         | ₹                          | ₹                           | ₹                | ₹             | ₹                          | ₹                | ₹                | ₹                |
| Motor Car       | 502,675               | 0                         | 502,675                    | 0                           | 422,719          | 35,814        | 458,533                    | 0                | 0                | 79,956           |
| Air Conditioner | 154,000               | 0                         | 154,000                    | 0                           | 139,490          | 5,487         | 144,977                    | 0                | 0                | 14,510           |
| Mobile Phones   | 58,840                | 0                         | 58,840                     | 0                           | 42,802           | 2,097         | 44,899                     | 0                | 0                | 16,038           |
| Computer        | 0                     | 45,675                    | 0                          | 45,675                      | 0                | 2,506         | 0                          | 2,506            | 43,169           | 0                |
| <b>Total</b>    | <b>715,515</b>        | <b>45,675</b>             | <b>715,515</b>             | <b>45,675</b>               | <b>605,011</b>   | <b>45,904</b> | <b>648,409</b>             | <b>2,506</b>     | <b>43,169</b>    | <b>110,504</b>   |
| Previous Year   | 715,515               | 0                         | 0                          | 715,515                     | 547,147          | 57,864        | 0                          | 605,011          | 110,504          |                  |

Computer

Addition 31.01.2015 45,675

## KWALITY CREDIT & LEASING LIMITED

| <b>NOTE NO. 9 Non-Current Investments</b>                     | <b>No. of Shares</b> | <b>As at<br/>31 March, 2015<br/>₹</b> | <b>No. of Shares</b> | <b>As At<br/>31 March, 2014<br/>₹</b> |
|---|----------------------|---------------------------------------|----------------------|---------------------------------------|
| <u>Other investments (Unquoted, at cost)</u>                  |                      |                                       |                      |                                       |
| Investment in equity instruments of subsidiaries Companies    |                      |                                       |                      |                                       |
| Equity Shares of Rs 10/- each                                 |                      |                                       |                      |                                       |
| KCL Chemical Limited  | 50,000               | 500,000                               | 50,000               | 500,000                               |
| KCL Iron & Steel Limited                                      | 50,000               | 500,000                               | 50,000               | 500,000                               |
| Investment in equity instruments of other entities            |                      |                                       |                      |                                       |
| <u>Equity Shares of Rs 10/- each</u>                          |                      |                                       |                      |                                       |
| Ritman Concrete Private Limited                               | 0                    | 0                                     | 22,222               | 1,999,980                             |
| Burnpur Power Private Limited                                 | 0                    | 0                                     | 485,000              | 4,850,000                             |
| Domsons Metal Private Limited                                 | 0                    | 0                                     | 40,000               | 60,000,000                            |
| Multifold Plastic Marketing Private Limited                   | 0                    | 0                                     | 380,000              | 3,800,000                             |
| Pears Mercantiles Private Limited                             | 0                    | 0                                     | 455,000              | 4,550,000                             |
| Sidhimangal Nirman Private Limited                            | 0                    | 0                                     | 250,000              | 2,500,000                             |
|   |                      | <u>1,000,000</u>                      |                      | <u>78,699,980</u>                     |
| <b>NOTE NO. 10 Long Term Loans and Advances</b>               |                      |                                       |                      |                                       |
| <u>Unsecured, considered good</u>                             |                      |                                       |                      |                                       |
| Loan- Others  |                      | 8,503,810                             |                      | 11,038,810                            |
| Security deposits   |                      | 6,000                                 |                      | 6,000                                 |
|   |                      | <u>8,509,810</u>                      |                      | <u>11,044,810</u>                     |
| <b>NOTE NO. 11 Inventories</b>                                |                      |                                       |                      |                                       |
| (As inventories taken , valued & certified by the Management) |                      |                                       |                      |                                       |
| Trading Goods ( at cost )                                     |                      | 0                                     |                      | 1,376,675                             |
|   |                      | <u>0</u>                              |                      | <u>1,376,675</u>                      |
| <b>NOTE NO. 12 Trade Receivables</b>                          |                      |                                       |                      |                                       |
| <u>Unsecured, considered good</u>                             |                      |                                       |                      |                                       |
| Outstanding for more than six months                          |                      | 13,200,000                            |                      | 0                                     |
|   |                      | <u>13,200,000</u>                     |                      | <u>0</u>                              |
| <b>NOTE NO. 13 Cash and Cash equivalents</b>                  |                      |                                       |                      |                                       |
| Cash on Hand (As certified )                                  |                      | 53,405                                |                      | 633,179                               |
| Balances with banks In current accounts                       |                      | 168,182                               |                      | 1,029,897                             |
|   |                      | <u>221,587</u>                        |                      | <u>1,663,076</u>                      |
| <b>NOTE NO. 14 Short-term Loans and Advances</b>              |                      |                                       |                      |                                       |
| <u>Unsecured, considered good</u>                             |                      |                                       |                      |                                       |
| Loans- Others   |                      | 96,012,425                            |                      | 87,597,600                            |
| Advance to Subsidiaries                                       |                      | 589,400                               |                      | 0                                     |
| Margin Money  |                      | 1,000,000                             |                      | 0                                     |
| Share Application Money Refundable                            |                      | 0                                     |                      | 20                                    |
| <u>Balances with government authorities</u>                   |                      |                                       |                      |                                       |
| Income Tax Payment  |                      | 2,000                                 |                      | 2,000                                 |
| Income Tax Refundable   |                      | 855,721                               |                      | 400,851                               |
|   |                      | <u>98,459,546</u>                     |                      | <u>88,000,471</u>                     |

# KWALITY CREDIT & LEASING LIMITED

## NOTES TO STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH, 2015

|  | Year ended<br>31 March, 2015<br>₹ | Year ended<br>31 March, 2014<br>₹ |
|--|-----------------------------------|-----------------------------------|
| <b>NOTE NO. 15 Revenue from operations</b>                             |                                   |                                   |
| Sale of products   | 1,343,320                         | 13,875,000                        |
| <u>Interest income</u>   |                                   |                                   |
| Interest on loans<br>(TDS Rs 454870 /- Previous Year Rs.513264/- )     | 7,695,105                         | 8,220,234                         |
|  | <u>9,038,425</u>                  | <u>22,095,234</u>                 |
| <b>NOTE NO. 16 Changes in Inventories of Trading goods</b>             |                                   |                                   |
| Inventories at the end of the year: Traded good                        | 0                                 | 1,376,675                         |
| Inventories at the beginning of the year: Traded good                  | 1,376,675                         | 15,148,490                        |
| Net increase / (decrease)  | <u>1,376,675</u>                  | <u>13,771,815</u>                 |
| <b>NOTE NO. 17 Employee benefits expenses</b>                          |                                   |                                   |
| Salary Bonus & Other Allowance   | 282,000                           | 370,500                           |
| Staff Refereshment expenses  | 0                                 | 22,634                            |
|  | <u>282,000</u>                    | <u>393,134</u>                    |
| (Salary includes Directors' Remuneration Rs. 150000 /-, P.Y. 150000/-) |                                   |                                   |
| <b>NOTE NO. 18 Finance costs</b>                                       |                                   |                                   |
| Interest expenses on :-  |                                   |                                   |
| On Unsecured Loan  | 3,798,362                         | 0                                 |
| On Others  | 2,900                             | 0                                 |
|  | <u>3,801,262</u>                  | <u>0</u>                          |
| <b>NOTE NO. 19 Depreciation and amortisation expenses</b>              |                                   |                                   |
| Depreciation on Tangible Assets  | 45,904                            | 57,864                            |
|  | <u>45,904</u>                     | <u>101,984</u>                    |
| <b>NOTE NO. 20 Other Expenses</b>                                      |                                   |                                   |
| Rates & Taxes  | 28,695                            | 1,136                             |
| Accounting Charges   | 0                                 | 108,000                           |
| Travelling & Conveyance  | 17,180                            | 10,204                            |
| Printing & Stationery  | 24,788                            | 6,757                             |
| Postage & Telegram   | 47,652                            | 16,397                            |
| Motor Car Expenses   | 27,500                            | 13,408                            |
| Legal & Consultancy Charges  | 112,360                           | 0                                 |
| Books & Periodicals  | 965                               | 1,500                             |
| Filing Fees  | 21,000                            | 22,500                            |
| Amalgamation Processing Fees   | 0                                 | 224,720                           |
| Registrar & Transfer Agent Expenses                                    | 32,587                            | 27,798                            |
| Listing Fees   | 131,237                           | 35,730                            |
| Depository Charges   | 917                               | 412                               |
| Bank Charges & Commissions   | 2,045                             | 6,034                             |
| Advertisement & Business promotion expenses                            | 111,319                           | 68,805                            |
| Website Charges  | 5,058                             | 5,056                             |
| Derivative Loss on Currency Transactions (Net)                         | 5,701,540                         | 6,923,654                         |

|  |   |  |
|--|---|--|
|  | <b>KWALITY CREDIT &amp; LEASING LIMITED</b> |  |
|--|---|--|

**NOTES TO STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH, 2015**

|   | Year ended<br>31 March, 2015<br>₹ | Year ended<br>31 March, 2014<br>₹ |
|---|-----------------------------------|-----------------------------------|
| Auditors' Remuneration                    |                                   |                                   |
| For Statutory Audit                       | 22,472                            | 22,472                            |
| For Other Services                        | <u>14,045</u>                     | <u>14,045</u>                     |
|   | <u>6,314,796</u>                  | <u>7,508,878</u>                  |
| <b>NOTE NO. 21 Contingent Liabilities</b> | <b>NIL</b>                        | <b>NIL</b>                        |

# KWALITY CREDIT & LEASING LIMITED

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2015

|  | Year ended<br>31 March, 2015<br>₹ | Year ended<br>31 March, 2014<br>₹ |
|--|-----------------------------------|-----------------------------------|
| <b><u>I. Cash flow from Operating Activities</u></b>                     |                                   |                                   |
| Net Profit / (Loss) before extraordinary items and tax                   | (2,768,776)                       | 363,793                           |
| <u>Add: Adjustments for:</u>   |                                   |                                   |
| Depreciation   | 45,904                            | 57,864                            |
| Cash flow before working capital changes                                 | (2,722,872)                       | 421,657                           |
| <u>Adjustment for Working capital Changes:</u>                           |                                   |                                   |
| Inventories  | 1,376,675                         | 13,771,815                        |
| Trade receivables  | (13,200,000)                      | 0                                 |
| Long-term loans and advances   | 2,535,000                         | 7,001,190                         |
| Short-term loans and advances  | (10,004,205)                      | (5,440,144)                       |
| Short-term borrowings  | (67,200,000)                      | 67,200,000                        |
| Trade payables   | 10,200,000                        | (7,327,889)                       |
| Other current liabilities  | 329,678                           | (7,120,514)                       |
| Cash flow from operating activities before taxes paid                    | (78,685,724)                      | 68,506,115                        |
| Less: Taxes Paid   | (454,870)                         | (533,897)                         |
| Add: Income Tax Refund   | 0                                 | 0                                 |
| <b>Cash flow from Operating Activities</b>                               | <b>(79,140,594)</b>               | <b>67,972,218</b>                 |
| <b><u>II. Cash flow from Investing Activities</u></b>                    |                                   |                                   |
| Purchase of Investment   | 0                                 | (76,700,000)                      |
| Purchase of Fixed Assets   | (45,675)                          | 0                                 |
| Proceeds from sale of Fixed Assets                                       | 44,800                            | 0                                 |
| Proceeds from sale of Investment   | 77,699,980                        | 9,100,000                         |
| <b>Cash flow from Investing Activities</b>                               | <b>77,699,105</b>                 | <b>(67,600,000)</b>               |
| <b><u>III. Cash flow from Financing Activities</u></b>                   |                                   |                                   |
| Proceeds from issue of equity shares Premium including shares premium    | 0                                 | 0                                 |
| <b>Cash flow from Financing Activities</b>                               | <b>0</b>                          | <b>0</b>                          |
| <b>Net Increase / (Decrease) in Cash flow (I + II + III)</b>             | <b>(1,441,489)</b>                | <b>372,218</b>                    |
| Opening Cash / Cash Equivalents  | 1,663,076                         | 1,290,858                         |
| <b>Closing Cash / Cash Equivalents</b>                                   | <b>221,587</b>                    | <b>1,663,076</b>                  |
| <b>Refer accompanying notes forming part of the financial statements</b> |                                   |                                   |

In terms of our report attached.

For and on behalf of the Board of Directors

**For PACHISIA & ASSOCIATES**  
(FRN NO. 327542E)  
(Chartered Accountants)  
**(Satya Prakash Pachisia)**  
(Proprietor)  
(M.No.055040)

**Bhagwan Das Soni**      **Amu Thapa**  
Managing Director      Director  
**Subrata Dutta**  
C.F.O.

Place : 454, Dum Dum Park,  
Kolkata-700055, Date : The 30th day of May, 2015

# KWALITY CREDIT & LEASING LIMITED

## DETAIL SHEET OF BALANCE SHEET AS AT 31ST MARCH, 2015

### LIABILITIES SIDE

#### Trade payables

Original Fashion Traders Pvt Ltd

10,200,000

10,200,000

#### Other Current Liabilities - Others

V.K.Surana

239,700

Pachisia & Associates

22,472

262,172

### ASSETS SIDE

#### Long - Term Loans

Anil Kumar Bothra

8,503,810

8,503,810

#### Trade Receivable - Outstanding for more than six months

JDL Real Estate Ltd

4,550,000

Kcl Iron & Steels Ltd

3,800,000

SNCL Iron & Steel Ltd

4,850,000

13,200,000

#### Balances with banks In current accounts

Bank Of Baroda

2,580

Corporation Bank

159,732

Tamilnadu Mercantile Bank Limited

5,870

168,182

#### Short - Term Loans

Addarsh Management Pvt. Ltd.

20,091,874

Aishwariya Sales Promotion Pvt. Ltd.

6,500,000

Anju Devi

1,192,158

Ashok Kr Chhajer

3,563,492

Bhanwari Devi Manikchand Daga

432,043

Bindiya Ashok Khurana

2,740,293

Epitome Life Science-Prop Ashok Kr Askaran Das

1,000,000

Geotex Textile Pvt Ltd

8,179,927

Gujrat Raffia Industries Ltd

2,227,749

Infinity Infra Build Pvt. Ltd.

2,145,990

Jugal Kishor Jhawar

4,162,930

Kantibhai Virjibhai Gongani

119,047

Lancing Gym & Fitting Pvt. LTd.

2,500,000

Madhav Power Pvt Ltd

2,706,322

Nandlal Kamal Kishore Vyapaar Pvt Ltd

5,352,017

Narayan Dyestuff Pvt Ltd

1,352,712

Nikita Jhawar

6,540,267

Parmesthi Estates Pvt Ltd

4,056,274

Rishab Ashok Chhajer

1,782,152

Ruchika Jhawar

4,757,212

Sarita Devi Jhawar

4,162,562

Shalini Devi Agarwal

1,204,213

Sonia Surana

1,026,950

Star Tex

5,848,569

Trade India Corporation

218,049

Vintage Fund Manager Ltd

1,149,623

Zubit Life Care

1,000,000

96,012,425

## KWALITY CREDIT & LEASING LIMITED

### **ASSETS SIDE**

|   | ₹         |
|---|-----------|
| <u>Short-term - Advance to Subsidiaries</u> |           |
| Kcl Agri Products Ltd.                      | 34,970    |
| Kcl Enclave Ltd.                            | 34,970    |
| Kcl Energy Ltd                              | 34,970    |
| Kcl Fashion Ltd.                            | 34,970    |
| Kcl Impex Ltd.                              | 34,970    |
| Kcl Jewellers Ltd.                          | 34,970    |
| Kcl Machinery Dealers Ltd.                  | 34,970    |
| Kcl Media Ltd.                              | 34,970    |
| Kcl Resorts Ltd                             | 34,970    |
| Kcl Warehousing Ltd.                        | 34,970    |
| Maxwell Heights Ltd.                        | 23,970    |
| Maxwell Homes Ltd                           | 23,970    |
| Maxwell Housing Ltd.                        | 23,970    |
| Maxwell Real Estates Ltd                    | 23,970    |
| Maxwell Residency Ltd.                      | 23,970    |
| Tropicana Consultants Ltd.                  | 23,970    |
| Tropicana Heights Ltd                       | 23,970    |
| Tropicana Housing Ltd.                      | 23,970    |
| Tropicana Real Estates Ltd                  | 23,970    |
| Tropicana Residency Ltd.                    | 23,970    |
|   | 589,400   |
| <u>Margin Money</u>                         |           |
| Giriraj Stock Broking Private Limited       | 1,000,000 |
|   | 1,000,000 |
| Tax Deducted At Source F.Y 2013-14          | 513,263   |
| Less: Provision made During The Year        | (112,412) |
| Tax Deducted At Source F.Y 2014-15          | 454,870   |
|   | 855,721   |

### **DETAIL SHEET OF STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31ST MARCH, 2015**

#### **EXPENSES**

|  |         |
|--|---------|
| <u>Salary, Bonus &amp; Other Allowance</u>     |         |
| Directors' Remuneration                        | 150,000 |
| Salary   | 132,000 |
|  | 282,000 |
| <u>Rates &amp; Taxes</u>                       |         |
| Sebi Charges                                   | 34      |
| Service Tax                                    | 3,170   |
| Tot  | 25,491  |
|  | 28,695  |
| <u>Postage &amp; Telegram</u>                  |         |
| Bulk E-Mail Expenses                           | 1,685   |
| E-Voting Processing Charges                    | 5,618   |
| Postage & Telegram                             | 40,349  |
|  | 47,652  |
| <u>Registrar &amp; Transfer Agent Expenses</u> |         |
| N.S.D.L  | 6,741   |
| Share holder maintainance charge               | 13,484  |
| The C.D.S.L                                    | 12,362  |
|  | 32,587  |

## KWALITY CREDIT & LEASING LIMITED

### Statement of Net Assets and Profit or Loss

| Name of the entity in the                     | Net Assets, <i>i.e.</i> , total assets<br>minus total liabilities |                    | Share in profit<br>or loss                |                    |
|---|---|--------------------|---|--------------------|
|   | As % of<br>consolidated<br>net assets                             | Amount             | As % of<br>consolidated<br>profit or loss | Amount             |
| 1   | 2   | 3                  | 4   | 5                  |
| <b>Parent Company</b>                         |   |                    |   |                    |
| Kwality Credit & Leasing Ltd.                 | (114.70)  | 2,651,314          | 99.52                                     | (2,805,944)        |
| <b>Indian Subsidiaries</b>                    |   |                    |   |                    |
| KCL Chemicals Ltd.                            | 68.74   | (1,588,903)        | 0.24                                      | (6,718)            |
| KCL Iron & Steel Ltd.                         | 145.96  | (3,373,903)        | 0.24                                      | (6,718)            |
| <b>Foreign Subsidiaries</b>                   | Nil   | Nil                | Nil                                       | Nil                |
| <b>Minority Interests in all subsidiaries</b> | Nil   | Nil                | Nil                                       | Nil                |
| <b>Associates</b>                             | Nil   | Nil                | Nil                                       | Nil                |
| <b>Joint Ventures</b>                         | Nil   | Nil                | Nil                                       | Nil                |
| <b>Total</b>                                  | <b>100</b>  | <b>(2,311,492)</b> | <b>100</b>                                | <b>(2,819,380)</b> |



## 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, 2007

(Amount in Rs.)

| Particulars  | Amount Outstanding        | Amount Overdue |
|--|---------------------------|----------------|
| <b>Liabilities Side :</b>  |                           |                |
| <b>(1) Loans and Advances availed by the NBFCs inclusive of interest accrued thereon but not paid</b>          |                           |                |
| (a) Debentures: Secured  | -                         | -              |
| Unsecured<br>(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)   | -                         | -              |
| <b>Particulars</b>   | <b>Amount Outstanding</b> |                |
| <b>Assets Side :</b>   |                           |                |
| <b>(2) Break up of Loans and Advances including bills receivables [other than those included in (4) below]</b> |                           |                |
| (a) Secured  | -                         |                |
| (b) Unsecured  | 10,61,05,635              |                |
| <b>(3) Break up of Leased Assets and Stock on Hire and other assets counting towards AFC activities</b>        |                           |                |
| (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   | -                         |                |

## KWALITY CREDIT & LEASING LIMITED

| <b>(4) Break up of Investments</b><br><b>Current Investments</b><br><b>1 Quoted:</b><br>(i) Shares : (a) Equity -<br>(b)Preference -<br>(ii) Debentures and Bonds -<br>(iii) Units of mutual funds -<br>(iv) Government Securities -<br>(v) Others (Please Specify) -<br><br><b>2 Unquoted:</b><br>(i) Shares : (a) Equity -<br>(b) Preference -<br>(ii) Debentures and Bonds -<br>(iii) Units of mutual funds -<br>(iv) Government Securities -<br>(v) Others (Please Specify) -<br><br><b>Long term investments</b><br><b>(I) Quoted:</b><br>(i) Shares : (a) Equity -<br>(b) Preference -<br>(ii) Debentures and Bonds -<br>(iii) Units of mutual funds -<br>(iv) Government Securities -<br>(v) Others (Please Specify) -<br><br><b>(II) Unquoted:</b><br>(i) Shares : (a) Equity 10,00,000<br>(b) Preference -<br>(ii) Debentures and Bonds -<br>(iii) Units of mutual funds -<br>(iv) Government Securities -<br>(v) Others (Please Specify) - |                                 |                          |              |              |
|--|---------------------------------|--------------------------|--------------|--------------|
| <b>(5) Borrower group-wise classification of assets financed as in (2) and (3) above :</b>   |                                 |                          |              |              |
| Category   |                                 | Amount net of provisions |              |              |
|  |                                 | Secured                  | Unsecured    |              |
| 1  | Related Parties**               |                          |              |              |
|  | (a) Subsidiaries                | -                        | 5,89,400     | 5,89,400     |
|  | (b) Companies in the same group | -                        | -            | -            |
|  | (c) Other related Parties       | -                        | -            | -            |
| 2  | Other than related parties      | -                        | 10,55,16,235 | 10,55,16,235 |
|  | Total                           | -                        | 10,61,05,635 | 10,61,05,635 |

|  |   |  |
|--|---|--|
|  | <b>KWALITY CREDIT &amp; LEASING LIMITED</b> |  |
|--|---|--|

**(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                | 1,000,000                                  | 1000000                        |
| (b) Companies in the same group | -  | -                              |
| (c) Other related Parties       | -  | -                              |
| 2 Other than related parties    | -  | -                              |
| <b>Total</b>                    | <b>10,00,000</b>                           | <b>10,00,000</b>               |

**(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 MEMBERS OF KWALITY CREDIT & LEASING LIMITED****Report on the Consolidated Financial Statements**

We have audited the accompanying consolidated financial statements of **KWALITY CREDIT & LEASING LIMITED** (hereinafter referred to as "the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") comprising of the Consolidated Balance Sheet as at 31st March 2015, the statement of profit and loss and the cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

**Management's Responsibility for the Consolidated Financial Statements**

The Holding Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation and presentation of these consolidated 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 the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes the maintenance of adequate accounting records in accordance with the provision of the Act for safeguarding of the assets of the Company and for preventing and detecting the frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial control, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and 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 consolidated financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. 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 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 financial control relevant to the holding Company's preparation of the consolidated financial statements that give 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 whether the Company has in place an adequate internal financial controls system over financial reporting and operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Company's Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in sub-paragraph (a) of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

**Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated 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 of the consolidated state of affairs of the group as at

31st March 2015, their consolidated Loss and their consolidated cash flows for the year ended on that date.

#### **Other Matters**

We did not audit the financial statements / financial information of two subsidiaries, whose financial statements / financial information reflect total assets of Rs.68,58,430 as at 31st March, 2015 total revenues Nil and net cash flows amounting to Rs. 9,53,430 for the year ended on that date, as considered in the consolidated financial statements. The consolidated financial statements also include the Group's share of net loss of Rs. 13,436. for the year ended 31st March, 2015, as considered in the consolidated financial statements whose financial statements / financial information have not been audited by us. These financial statements / financial information have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, and our report in terms of sub-sections (3) and (11) of Section 143 of the Act, insofar as it relates to the aforesaid subsidiaries, is based solely on the reports of the other auditors. Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements / financial information certified by the Management.

#### **Report on other Legal and Regulatory Requirements**

- (1) As required by the Companies (Auditor's Report) Order, 2015("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act based on the comments in the auditors' reports of the Holding company, subsidiary companies, incorporated in India, we give in the Annexure a statement on the matters Specified in paragraphs 3 and 4 of the Order, to the extent applicable.
- (2) As required by section 143(3) of the Act, we report that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements
  - b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.
  - c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
  - d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - e) On the basis of the written representations received from the directors of the Holding Company as on 31st March, 2015 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies, incorporated in India, none of the directors of the Group companies incorporated in India is disqualified as on 31st March, 2015 from being appointed as a director in terms of Section 164 (2) of the Act.
  - f) In our opinion and to the best of our information and according to the explanations given to us, we report as under with respect to other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014:
    - i.) The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group, its subsidiary
    - ii.) The Group, its subsidiary did not have any material foreseeable losses on long-term contracts including derivative contracts

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## KWALITY CREDIT & LEASING LIMITED

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- iii.) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company, and its subsidiary companies, incorporated in India.

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

454, Dumdum Park,  
Kolkata -700055 , The 30<sup>th</sup> day of May, 2015

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

### **The Annexure referred to in our Independent Auditors' Report to the members of the Company on the consolidated financial statements for the year ended 31 March 2015,**

we report that :

**(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

**(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 loans, secured or unsecured, granted to the parties covered in register maintained under section 189 of the Companies Act 2013:**

- a) According to the information and explanations given to us, the Company has not granted any loans to companies, firms or other parties covered in the Register maintained under Section 189 of the Companies Act, 2013; and therefore paragraph 3(iii) of the Order is not applicable.

**(iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business for the purchase of inventory, fixed assets and for the sale of goods and services. During the course of our Audit, we have not observed any continuing failure to correct major weaknesses in internal control**

**(v) The Company has not accepted any deposits from the public.**

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## KWALITY CREDIT & LEASING LIMITED

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- (vi) As informed to us, the Central Government has not prescribed maintenance of cost records under sub-section (1) of Section 148 of the Act, in respect of the activities carried on by the Company.
- (vii) In respect of statutory dues:
- (a) According to the records of the company and information and explanations given to us, the Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, employees state insurance (ESI), Investor Education and Protection Fund, Income-tax, Tax deducted at sources, Tax collected at source, Professional Tax, Sales Tax, value added tax (VAT), Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and other material statutory dues applicable to it, with the appropriate authorities.
  - (b) According to the information and explanations given to us, there were no undisputed amounts payable in respect of Income-tax, Wealth Tax, Custom Duty, Excise Duty, sales tax, VAT, Cess and other material statutory dues in arrears /were outstanding as at 31 March, 2015 for a period of more than six months from the date they became payable.
  - (c) According to the information and explanations given to us, the amount required to be transferred to investor education and protection fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and rules made thereunder has been transferred to such fund within time by the company.
- (viii) The accumulated losses of the Holding Company, and its subsidiary companies, incorporated in India are not more than 50% of its Net Worth. The company has incurred Cash loss of Rs 2,736,308 during the financial year covered by our Audit. However there were no cash loss incurred in the immediately preceding financial year.
- (ix) The Company did not have any outstanding dues to financial institutions, banks or debenture holders during the year.
- (x) In our opinion and according to the information and the explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
- (xi) The Company did not have any term loans outstanding during the year.
- (xii) According to the information and explanations given to us, no material fraud on or by the Company has been noticed or reported during the course of our audit.

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

454, Dum Dum Park,  
Kolkata -700055 , The 30<sup>th</sup> day of May, 2015

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

# KWALITY CREDIT & LEASING LIMITED

## CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2015

| Particulars  | Note No. | As At 31 March, 2015 | As At 31 March, 2014 |
|--|----------|----------------------|----------------------|
| <b>A EQUITY AND LIABILITIES</b>  |          | ₹                    | ₹                    |
| <b>1 Shareholder's Funds</b>   |          |                      |                      |
| Share Capital  | 2        | 42,227,030           | 42,227,030           |
| Reserves and Surplus   | 3        | 68,335,834           | 71,155,214           |
| <b>2 Current Liabilities</b>   |          |                      |                      |
| Short-term borrowings  | 4        | 0                    | 67,200,000           |
| Trade payables   | 5        | 10,200,000           | 0                    |
| Other current liabilities  | 6        | 2,468,386            | 22,472               |
| Short-term provisions  | 7        | 261,292              | 246,430              |
| <b>TOTAL</b>   |          | <b>123,492,542</b>   | <b>180,851,146</b>   |
| <b>B ASSETS</b>  |          |                      |                      |
| <b>1 Non-current assets</b>  |          |                      |                      |
| Fixed assets   |          |                      |                      |
| (i) Tangible assets  | 8        | 43,169               | 110,504              |
| Non-current investments  | 9        | 5,905,000            | 77,699,980           |
| Long term loans and advances   | 10       | 8,509,810            | 11,044,810           |
| <b>2 Current assets</b>  |          |                      |                      |
| Inventories  | 11       | 0                    | 1,376,675            |
| Trade receivables  | 12       | 9,400,000            | 0                    |
| Cash and cash equivalents  | 13       | 1,175,017            | 2,682,826            |
| Short-term loans and advances  | 14       | 98,459,546           | 87,936,351           |
| <b>TOTAL</b>   |          | <b>123,492,542</b>   | <b>180,851,146</b>   |
| <b>Refer accompanying notes forming part of the financial statements</b> | 1-21     |                      |                      |

In terms of our report attached.

For and on behalf of the Board of Directors

**For PACHISIA & ASSOCIATES**

(FRN NO. 327542E)

(Chartered Accountants)

**(Satya Prakash Pachisia)**

(Proprietor)

(M.No.055040)

Place : 454, Dumdum Park,

Kolkata-700055, Date : The 30th day of May, 2015

**Bhagwan Das Soni**

Managing Director

**Amu Thapa**

Director

**Subrata Dutta**

C.F.O.



# KWALITY CREDIT & LEASING LIMITED

## CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH, 2015

| Particulars   | Note No. | Year ended 31 March, 2015<br>₹ | Year ended 31 March, 2014<br>₹ |
|---|----------|--------------------------------|--------------------------------|
| 1 Revenue from operations   | 15       | 9,038,425                      | 22,095,234                     |
| 2 <b>Total Revenue (1+2)</b>  |          | <b>9,038,425</b>               | 22,095,234                     |
| 3 <b>Expenses:</b>  |          |                                |                                |
| Changes in inventories of Trading goods   | 16       | 1,376,675                      | 13,771,815                     |
| Employee benefits expenses  | 17       | 282,000                        | 393,134                        |
| Finance costs   | 18       | 3,801,262                      | 0                              |
| Depreciation and amortisation expenses  | 19       | 45,904                         | 101,984                        |
| Other expenses  | 20       | 6,314,796                      | 7,508,878                      |
| <b>Total Expenses</b>   |          | <b>11,820,637</b>              | 21,775,811                     |
| 4 <b>Profit / (Loss) before exceptional and extraordinary items and tax (3 - 4)</b> |          | <b>(2,782,212)</b>             | 319,423                        |
| 5 Exceptional Items   |          | 0                              | 0                              |
| 6 <b>Profit / (Loss) before extraordinary items and tax (5 ± 6)</b>                 |          | <b>(2,782,212)</b>             | 319,423                        |
| 7 <b>Extraordinary Items</b>  |          |                                |                                |
| Loss on Sale of Fixed Assets  |          | 22,306                         | 0                              |
| 8 <b>Profit / (Loss) before tax (7 ± 8)</b>   |          | <b>(2,804,518)</b>             | 319,423                        |
| 9 <b>Tax expense:</b>   |          |                                |                                |
| (1) Current tax   |          | 0                              | 112,412                        |
| (2) Current tax expense relating to Earlier years                                   |          | 0                              | 0                              |
| (3) Contingent Provision for Standard Assets  |          | 14,862                         | 117,383                        |
| 10 <b>Profit /(Loss) for the year (9 ± 10)</b>                                      |          | <b>(2,819,380)</b>             | 89,628                         |
| 11 <b>Earning per equity share:</b>   |          |                                |                                |
| (1) Basic   |          | 0.00                           | 0.02                           |
| (2) Diluted   |          | 0.00                           | 0.02                           |
| <b>Refer accompanying notes forming part of the financial statements</b>            | 1-21     |                                |                                |

In terms of our report attached.

For and on behalf of the Board of Directors

**For PACHISIA & ASSOCIATES**  
(FRN NO. 327542E)  
(Chartered Accountants)  
**(Satya Prakash Pachisia)**  
(Proprietor)  
(M.No.055040)

**Bhagwan Das Soni**      **Amu Thapa**  
Managing Director      Director  
**Subrata Dutta**  
C.F.O.

Place : 454, Dumdum Park,  
Kolkata-700055, Date : The 30th day of May, 2015

**NOTE NO. 1: SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Preparation:** - These financial statements are prepared in accordance with Indian Generally Accepted Accounting Principles (GAAP) under the historical cost convention on the accrual basis except for certain financial instruments which are measured at fair values. GAAP comprises mandatory accounting standards as prescribed under Section 133 of the Companies Act, 2013 ("the Act") read with Rule 7 of the Companies (Accounts) Rules, 2014, the provisions of the Act (to the extent notified) and guidelines issued by the Securities and Exchange Board of India (SEBI). Accounting policies have been consistently applied except where a newly-issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

**(a) 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.

**(b) 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.

**(c) Depreciation on tangible fixed assets:** - Depreciation on tangible assets is provided on the straight-line Method over the useful lives of assets as prescribed by schedule II of the Companies Act, 2013. Depreciation for assets purchased / sold during a period is proportionately charged.

**(d) 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.

**(e) Investments:** - Investment have been treated as long term and carried at cost. Cost includes purchase cost and attributable expenses.

**(f) Inventories:** - Trading Goods are valued at cost.

**(g) 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.

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.

(h) **Foreign currency translation:** - No Foreign Currency Transactions has been made by the Company in the Financial Year 2014-15.

(i) **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.

(j) **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.

(k) **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.

(l) **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.

(m) **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 an 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.

(n) **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.

(o) Balance in respect of Trade Payable, Trade Receivable and Loans & Advances are subject to confirmation.

(p) **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.

(q) **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.

(r) **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.

(s) **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.

(t) Previous year's figures have been regrouped/rearranged whenever considered necessary to conform to current year's grouping and classification.

# KWALITY CREDIT & LEASING LIMITED

## NOTES TO CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2015

|  | As At 31 March, 2015<br>₹ | As At 31 March, 2014<br>₹ |
|--|---------------------------|---------------------------|
| <b>NOTE NO. 2 Share Capital</b>                                    |                           |                           |
| <u>Authorised-</u>   |                           |                           |
| 47,00,000 Equity Shares of Rs 10/- each                            | 47,000,000                | 47,000,000                |
| <u>Issued, Subscribed &amp; Paid-Up</u>                            |                           |                           |
| 42,22,703 Equity Shares of Rs. 10/-<br>each Fully paid up in cash. | 42,227,030                | 42,227,030                |
|  | <u>42,227,030</u>         | <u>42,227,030</u>         |

**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. 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 31.03.2015 |                   | As On 31.03.2014 |                   |
|--|------------------|-------------------|------------------|-------------------|
|  | 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.

## KWALITY CREDIT & LEASING LIMITED

|   | As at<br>31 March, 2015<br>₹ | As At<br>31 March, 2014<br>₹ |
|---|------------------------------|------------------------------|
| <b>NOTE NO. 3 Reserves and Surplus</b>                        |                              |                              |
| <u>General reserve</u>  |                              |                              |
| Opening balance   | 36,900                       | 36,900                       |
| Add: Transferred from surplus in Statement of Profit and Loss | 0                            | 0                            |
| Closing balance   | <u>36,900</u>                | <u>36,900</u>                |
| <u>Statutory reserve</u>                                      |                              |                              |
| Opening balance   | 116,800                      | 90,000                       |
| Add: Transferred from surplus in Statement of Profit and Loss | 0                            | 26,800                       |
| Closing balance   | <u>116,800</u>               | <u>116,800</u>               |
| <u>Share Premium</u>  |                              |                              |
| Opening balance   | 72,270,300                   | 72,270,300                   |
| Add : Premium on shares issued during the year                | 0                            | 0                            |
| Closing balance   | <u>72,270,300</u>            | <u>72,270,300</u>            |
| <u>Surplus / (Deficit) in Statement of Profit and Loss</u>    |                              |                              |
| Balance brought forward from previous year                    | (1,268,786)                  | (1,331,614)                  |
| Add: Transfer from Statement of Profit and Loss for the year  | (2,819,380)                  | 89,628                       |
| Less: Transferred to Statutory reserve                        | 0                            | (26,800)                     |
| Closing balance   | <u>(4,088,166)</u>           | <u>(1,268,786)</u>           |
| <b>Total</b>  | <u><b>68,335,834</b></u>     | <u><b>71,155,214</b></u>     |
| <b>NOTE NO. 4 Short-Term Borrowings</b>                       |                              |                              |
| Loans and advances from Others                                | 0                            | 67,200,000                   |
|   | <u>0</u>                     | <u>67,200,000</u>            |
| <b>NOTE NO. 5 Trade Payables</b>                              |                              |                              |
| Other than Acceptances  | 10,200,000                   | 0                            |
|   | <u>10,200,000</u>            | <u>0</u>                     |
| <b>NOTE NO. 6 Other Current Liabilities</b>                   |                              |                              |
| <u>Other Payables</u>   |                              |                              |
| Statutory remittances - Tax Deducted at Sources               | 89,978                       | 0                            |
| Others  | 2,378,408                    | 22,472                       |
|   | <u>2,468,386</u>             | <u>22,472</u>                |
| <b>NOTE NO. 7 Short-Term Provisions</b>                       |                              |                              |
| <u>Provision for :</u>  |                              |                              |
| Contingent of Standard Assets                                 | 261,292                      | 246,430                      |
|   | <u>261,292</u>               | <u>246,430</u>               |

## KWALITY CREDIT & LEASING LIMITED

### NOTE NO. 8: FIXED ASSETS

| DESCRIPTION     | GROSS BLOCK           |                           |                            | DEPRECIATION                |                  |               | NET BLOCK                  |                  |                  |                  |
|-----------------|-----------------------|---------------------------|----------------------------|-----------------------------|------------------|---------------|----------------------------|------------------|------------------|------------------|
|                 | Cost As On 31.03.2014 | Additions during the year | Deductions during the year | Total Cost As On 31.03.2015 | Up To 31.03.2014 | For the year  | Deductions during the year | Up To 31.03.2015 | As on 31.03.2015 | As on 31.03.2014 |
|                 | ₹                     | ₹                         | ₹                          | ₹                           | ₹                | ₹             | ₹                          | ₹                | ₹                | ₹                |
| Motor Car       | 502,675               | 0                         | 502,675                    | 0                           | 422,719          | 35,814        | 458,533                    | 0                | 0                | 79,956           |
| Air Conditioner | 154,000               | 0                         | 154,000                    | 0                           | 139,490          | 5,487         | 144,977                    | 0                | 0                | 14,510           |
| Mobile Phones   | 58,840                | 0                         | 58,840                     | 0                           | 42,802           | 2,097         | 44,899                     | 0                | 0                | 16,038           |
| Computer        | 0                     | 45,675                    | 0                          | 45,675                      | 0                | 2,506         | 0                          | 2,506            | 43,169           | 0                |
| <b>Total</b>    | <b>715,515</b>        | <b>45,675</b>             | <b>715,515</b>             | <b>45,675</b>               | <b>605,011</b>   | <b>45,904</b> | <b>648,409</b>             | <b>2,506</b>     | <b>43,169</b>    | <b>110,504</b>   |
| Previous Year   | 715,515               | 0                         | 0                          | 715,515                     | 547,147          | 57,864        | 0                          | 605,011          | 110,504          |                  |

Computer Addition 31.01.2015 45,675

# KWALITY CREDIT & LEASING LIMITED

|   | As at<br>31 March, 2015<br>₹ | As At<br>31 March, 2014<br>₹ |
|---|------------------------------|------------------------------|
| <b>NOTE NO. 9 Non-Current Investments</b>                     |                              |                              |
| <u>Other investments (Unquoted, at cost)</u>                  |                              |                              |
| Investment in equity instruments of other entities            |                              |                              |
| <u>Equity Shares of Rs 10/- each</u>                          | <b>No. of Shares</b>         | <b>No. of Shares</b>         |
| Ritman Concrete Private Limited                               | 0                            | 22,222                       |
| Burnpur Power Private Limited                                 | 0                            | 485,000                      |
| Domsons Metal Private Limited                                 | 0                            | 40,000                       |
| Multifold Plastic Marketing Private Limited                   | 384,500                      | 380,000                      |
| Pears Mercantiles Private Limited                             | 0                            | 455,000                      |
| Sidhimangal Nirman Private Limited                            | 0                            | 250,000                      |
| Jagriti Commodities Pvt Ltd                                   | 206,000                      | 0                            |
|   | <u>2,060,000</u>             | <u>0</u>                     |
|   | <u>5,905,000</u>             | <u>77,699,980</u>            |
| <b>NOTE NO. 10 Long Term Loans and Advances</b>               |                              |                              |
| <u>Unsecured, considered good</u>                             |                              |                              |
| Loan- Others  | 8,503,810                    | 11,038,810                   |
| Security deposits   | 6,000                        | 6,000                        |
|   | <u>8,509,810</u>             | <u>11,044,810</u>            |
| <b>NOTE NO. 11 Inventories</b>                                |                              |                              |
| (As inventories taken , valued & certified by the Management) |                              |                              |
| Trading Goods ( at cost )                                     | 0                            | 1,376,675                    |
|   | <u>0</u>                     | <u>1,376,675</u>             |
| <b>NOTE NO. 12 Trade Receivables</b>                          |                              |                              |
| <u>Unsecured, considered good</u>                             |                              |                              |
| Outstanding for more than six months                          | 9,400,000                    | 0                            |
|   | <u>9,400,000</u>             | <u>0</u>                     |
| <b>NOTE NO. 13 Cash and Cash equivalents</b>                  |                              |                              |
| Cash on Hand (As certified )                                  | 968,885                      | 634,379                      |
| Balances with banks In current accounts                       | 206,132                      | 2,048,447                    |
|   | <u>1,175,017</u>             | <u>2,682,826</u>             |
| <b>NOTE NO. 14 Short-term Loans and Advances</b>              |                              |                              |
| <u>Unsecured, considered good</u>                             |                              |                              |
| Loans- Others   | 96,012,425                   | 87,533,480                   |
| Advance to Subsidiaries                                       | 589,400                      | 0                            |
| Margin Money  | 1,000,000                    | 0                            |
| Share Application Money Refundable                            | 0                            | 20                           |
| <u>Balances with government authorities</u>                   |                              |                              |
| Income Tax Payment  | 2,000                        | 2,000                        |
| Income Tax Refundable   | 855,721                      | 400,851                      |
|   | <u>98,459,546</u>            | <u>87,936,351</u>            |

# KWALITY CREDIT & LEASING LIMITED

## NOTES TO CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH, 2015

|  | <u>Year ended</u><br><u>31 March, 2015</u> | <u>Year ended</u><br><u>31 March, 2014</u> |
|--|--|--|
|  | ₹  | ₹  |
| <b>NOTE NO. 15 Revenue from operations</b>                         |  |  |
| Sale of products   | 1,343,320                                  | 13,875,000                                 |
| <u>Interest income</u>   |  |  |
| Interest on loans<br>(TDS Rs 454870 /- Previous Year Rs.513264/- ) | <u>7,695,105</u>                           | <u>8,220,234</u>                           |
|  | <u><b>9,038,425</b></u>                    | <u><b>22,095,234</b></u>                   |
| <b>NOTE NO. 16 Changes in Inventories of Trading goods</b>         |  |  |
| Inventories at the end of the year: Traded good                    | <u>0</u>                                   | <u>1,376,675</u>                           |
| Inventories at the beginning of the year: Traded good              | <u>1,376,675</u>                           | <u>15,148,490</u>                          |
| Net increase / (decrease)  | <u><b>1,376,675</b></u>                    | <u><b>13,771,815</b></u>                   |
| <b>NOTE NO. 17 Employee benefits expenses</b>                      |  |  |
| Salary Bonus & Other Allowance                                     | <u>282,000</u>                             | <u>370,500</u>                             |
| Staff Refereshment expenses  | <u>0</u>                                   | <u>22,634</u>                              |
|  | <u><b>282,000</b></u>                      | <u><b>393,134</b></u>                      |
| (Salary includes Directors' Remuneration Rs. 150000 /-)            |  |  |
| <b>NOTE NO. 18 Finance costs</b>                                   |  |  |
| Interest expenses on :-  |  |  |
| On Unsecured Loan  | <u>3,798,362</u>                           | <u>0</u>                                   |
| On Others  | <u>2,900</u>                               | <u>0</u>                                   |
|  | <u><b>3,801,262</b></u>                    | <u><b>0</b></u>                            |
| <b>NOTE NO. 19 Depreciation and amortisation expenses</b>          |  |  |
| Depreciation on Tangible Assets                                    | <u>45,904</u>                              | <u>57,864</u>                              |
| Preliminary Expenses Written off                                   | <u>0</u>                                   | <u>44,120</u>                              |
|  | <u><b>45,904</b></u>                       | <u><b>101,984</b></u>                      |
| <b>NOTE NO. 20 Other Expenses</b>                                  |  |  |
| Rates & Taxes  | 28,695                                     | 1,136                                      |
| Accounting Charges   | 0  | 108,000                                    |
| Travelling & Conveyance  | 17,180                                     | 10,204                                     |
| Printing & Stationery  | 24,788                                     | 6,757                                      |
| Postage & Telegram   | 47,652                                     | 16,397                                     |
| Motor Car Expenses   | 27,500                                     | 13,408                                     |
| Legal & Consultancy Charges  | 112,360                                    | 0  |
| Books & Periodicals  | 965  | 1,500                                      |
| Filing Fees  | 22,600                                     | 22,500                                     |
| Amalgamation Processing Fees                                       | 0  | 224,720                                    |
| Registrar & Transfer Agent Expenses                                | 32,587                                     | 27,798                                     |
| Listing Fees   | 131,237                                    | 35,730                                     |
| Depository Charges   | 917  | 412  |
| Bank Charges & Commissions   | 2,645                                      | 6,284                                      |
| Advertisement & Business promotion expenses                        | 111,319                                    | 68,805                                     |
| Website Charges  | 5,058                                      | 5,056                                      |
| Derivative Loss on Currency Transactions (Net)                     | 5,701,540                                  | 6,923,654                                  |



# KWALITY CREDIT & LEASING LIMITED

## NOTES TO CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH, 2015

|   |               | <u>Year ended</u><br><u>31 March, 2015</u><br>₹ |        | Year ended<br>31 March, 2014<br>₹ |
|---|---------------|---|--------|-----------------------------------|
| Auditors' Remuneration                    |               |   |        |                                   |
| For Statutory Audit                       | <b>33,708</b> | 22,   |        | 472                               |
| For Other Services                        | <b>14,045</b> | <b>47,753</b>                                   | 14,045 | 36,517                            |
|   |               | <u><b>6,314,796</b></u>                         |        | <u>7,508,878</u>                  |
| <b>NOTE NO. 21 Contingent Liabilities</b> |               | <b>NIL</b>                                      |        | <b>NIL</b>                        |

# KWALITY CREDIT & LEASING LIMITED

## CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2015

|  | Year ended<br>31 March, 2015<br>₹ | Year ended<br>31 March, 2014<br>₹ |
|--|-----------------------------------|-----------------------------------|
| <b>I. Cash flow from Operating Activities</b>                            |                                   |                                   |
| Net Profit / (Loss) before extraordinary items and tax                   | (2,782,212)                       | 319,423                           |
| <u>Add: Adjustments for:</u>   |                                   |                                   |
| Depreciation   | 45,904                            | 101,984                           |
| Cash flow before working capital changes                                 | (2,736,308)                       | 421,407                           |
| <u>Adjustment for Working capital Changes:</u>                           |                                   |                                   |
| Inventories  | 1,376,675                         | 13,771,815                        |
| Trade receivables  | (9,400,000)                       | 0                                 |
| Long-term loans and advances   | 2,535,000                         | 7,001,190                         |
| Short-term loans and advances  | (10,068,325)                      | (5,376,024)                       |
| Short-term borrowings  | (67,200,000)                      | 67,200,000                        |
| Trade payables   | 10,200,000                        | (7,327,889)                       |
| Other current liabilities  | 2,445,914                         | (7,120,514)                       |
| Cash flow from operating activities before taxes paid                    | (72,847,044)                      | 68,569,985                        |
| Less: Taxes Paid   | (454,870)                         | (533,898)                         |
| <b>Cash flow from Operating Activities</b>                               | <b>(73,301,914)</b>               | <b>68,036,087</b>                 |
| <b>II. Cash flow from Investing Activities</b>                           |                                   |                                   |
| Purchase of Fixed Assets   | (45,675)                          | 0                                 |
| Proceeds from sale of Fixed Assets                                       | 44,800                            | 0                                 |
| Purchase of Investment   | (5,905,000)                       | (75,700,000)                      |
| Proceeds from sale of Investment   | 77,699,980                        | 9,100,000                         |
| <b>Cash flow from Investing Activities</b>                               | <b>71,794,105</b>                 | <b>(66,600,000)</b>               |
| <b>III. Cash flow from Financing Activities</b>                          |                                   |                                   |
| Preliminary Expenses incurred For Formation of Subsidiary Companies      | 0                                 | (44,120)                          |
| <b>Cash flow from Financing Activities</b>                               | <b>0</b>                          | <b>(44,120)</b>                   |
| <b>Net Increase / (Decrease) in Cash flow (I + II + III)</b>             | <b>(1,507,809)</b>                | <b>1,391,967</b>                  |
| Opening Cash / Cash Equivalents  | 2,682,826                         | 1,290,858                         |
| <b>Closing Cash / Cash Equivalents</b>                                   | <b>1,175,017</b>                  | <b>2,682,826</b>                  |
| <b>Refer accompanying notes forming part of the financial statements</b> | <b>1-21</b>                       | <b>1-21</b>                       |

In terms of our report attached.

For and on behalf of the Board of Directors

**For PACHISIA & ASSOCIATES**  
(FRN NO. 327542E)  
(Chartered Accountants)  
**(Satya Prakash Pachisia)**  
(Proprietor)  
(M.No.055040)

**Bhagwan Das Soni**      **Amu Thapa**  
Managing Director      Director  
**Subrata Dutta**  
C.F.O.

Place : 454, Dumdum Park,  
Kolkata-700055, Date : The 30th day of May, 2015