

CORPORATE GOVERNANCE REPORT**1. Brief Statement on Company's Philosophy on Code of Governance:**

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

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

2 Board of Directors

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

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

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

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

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

3 Audit Committee

(a) Composition:

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

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

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

(b) Terms of Reference:-

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

4. NOMINATION AND REMUNERATION COMMITTEE

(a) Composition of the Committee:

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

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

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

(b) Terms of Reference:

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

(c) Remuneration Policy:

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

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

5. Share Transfer & Investors Grievance Committee

The erstwhile Share Transfer and Investors Grievance Committee was renamed and reconstituted as Stakeholders' Relationship Committee of the Board of Directors as on 30.05.2014. The Committee comprises of two Independent Directors. The Committee deals with matters relating to approval of Share Transfer, Transmissions and Transposition, Folio Consolidation, Issue of Duplicate Share Certificates, Replacement of Share Certificates, Split and Consolidation of Certificates, Dematerialization and Rematerialization requests, monitoring of shareholder complaints/requests, and also to resolve other grievances of security holders of the Company. The Committee comprises of:

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

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

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

6. General Body Meetings:

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

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

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

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

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

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

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

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

7. DISCLOSURES

- a. No related party transactions i.e. transactions of the Company of material nature, with its promoters, the directors or the management, their subsidiaries or relatives etc. that may have potential conflict with the interest of the Company at large were held during the year.
- 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 Company has complied with all the mandatory requirements of Clause 49 of the Listing Agreement. As regard to non-mandatory requirements under Clause 49, the Company has complied with the requirements of Remuneration Committee.

8. MEANS OF COMMUNICATIONS

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

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

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

9. GENERAL SHAREHOLDERS INFORMATION

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

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

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

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

There is no platform for trading of equity shares in the Jaipur Stock Exchange Limited.

- **Share Transfer System:** The Company's shares are in compulsory demat mode. The shares received for transfer in physical mode are registered and returned within a period of 15 days from the date of receipt, if the documents are complete in all respects. Shares under objection are returned within two weeks. 60750 equity shares were transferred during the financial year ended 31st March, 2014.
- **Dedicated email ID for Investors.** For the convenience of our investors, the Company has designated an exclusive email ID for investors i.e. **kwalitycredit50@yahoo.com**
- **Registrar & Share Transfer Agent :**

M/s. C. B. Management Services (P) Ltd.
P-22, Bondel Road, Kolkata 700 019,
Phone Nos. (033) 2280 6692/93/94/2486, 40116700, (033) 2287 0263
E- mail: rta@cbmsl.com

- Dematerialization of Shares and Liquidity:

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

- Distribution of shareholding & shareholding pattern :

Distribution of shareholding as on 31/03/2014

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

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

Shareholding Pattern as on 31/03/2014

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

- Outstanding ADRs/GDRs : Not Applicable
- Address for matters related to shares, any correspondence:
 - M/s. C.B. Management Services (P) Ltd.
 - P-22, Bondel Road, Kolkata 700 019,
 - Phone Nos. (033)22806692 / 93 / 94 / 2486,40116700, (33)-22870263
 - E- mail: rta@cbmsl.com

- Address for any kind of assistance/clarification :

Mr. Bhagwan Das Soni, Compliance Officer
C/o. Kwaliti Credit & Leasing Limited.
27, Weston Street, 5th Floor, Room No - 526,
Kolkata-700 012

10. Subsidiary Companies Monitoring Framework

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

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

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

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

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

10. CODE OF CONDUCT

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

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

12. DECLARATION

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

Place : Kolkata
Dated : 29.05.2014

For and on behalf of the Board of Directors

Amu Thapa
Chairman
DIN: 00674928