

21ST ANNUAL REPORT

OF

KWALITY CREDIT & LEASING LIMITED



Kwaliti Credit & Leasing Limited

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

Phone : 033-3262 4539

E-mail : kwalitiycredit50@yahoo.com, Website : www.kwalitiycredit.com

NOTICE

NOTICE is hereby given that the 21st Annual General Meeting of the Members of the Company will be held on 30th day of September, 2013 at the Registered Office of the Company at 27, Weston Street, 5th Floor, Room No- 526, Kolkata – 700 012 at 10.00 a.m. to transact the following business :

Ordinary Business:

1. To receive, consider and adopt the Audited Profit and Loss Account for the year ended 31st March, 2013, the Audited Balance Sheet as on that date and the Reports of the Auditors and Directors thereon.
2. To appoint a Director in place of Mr. Amu Thapa who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint Auditor to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting and to authorize the Board to fix their remuneration.

M/s Pachisia & Associates, (FRN 327542E), Chartered Accountants of 454, Dum Dum Park, Kolkata-700 055 retire from the office of the Auditors and being eligible offer themselves for re-appointment.

Special Business:

4. To appoint Mr. Bhagwan Das Soni as Managing Director of the Company

To consider and if thought fit to pass with or without modification(s), the following resolution as a Special Resolution.

“RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309, 310 read with Schedule XIII and other applicable provisions, if any of the Companies Act, 1956 (as amended from time to time) to the said Act and as per Article 81 of the Article of Association of the Company and in terms of the recommendation of Remuneration Committee and as approved by the Board, approval of the members of the Company be and is hereby accorded to the appointment of Mr. Bhagwan Das Soni as Managing Director of the Company w.e.f. 01.01.2013 for the period of 5 years on the following terms and conditions :

1. Period of Appointment: 5 years with effect from 1st January, 2013 to 31st December, 2017.
2. Mr. Bhagwan Das Soni shall carry out such duties and exercise such powers as may be entrusted to him from time to time by the Board.
3. Remuneration:

A. SALARY

Rs. 12,500/- (Rupees Twelve Thousand Five Hundred Only) per month.

Annual increase will be effective 1st April every year and quantum will be decided by the Board of Directors.

B. PERQUISITES & ALLOWANCES: As detailed below:

Allowances, perquisites, benefits and amenities as may be provided by the Company subject however that total remuneration including perquisites shall be within the ceiling laid down in sections 198, 309 and all other applicable provisions of the Companies Act, 1956 as may be amended from time to time.

Perquisites will be evaluated as per Income Tax Rules, wherever applicable. In the absence of any such rule, perquisite shall be evaluated at actual cost.

The said terms of appointment are within the guidelines in Schedule XIII of the Companies Act, 1956 and require your approval."

Bhagwan Das Soni Managing Director shall also be entitled for reimbursement of actual entertainment, traveling, boarding and lodging expenses incurred in connection with the company's business and such other benefits/amenities, perquisites and other privileges, as may from time to time, be available to other Senior Executives of the Company.

Regd. Office:
27, Weston Street,
Ltd.
5th Floor, Room No – 526,
Kolkata- 700 012

BY ORDER OF THE BOARD
For Kwality Credit & Leasing

Sujain

Dated : 30th Day of May, 2013

Director

NOTES:

1. A Member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and such proxy need not be a member of the Company. Proxies in order to be effective must be received by the Company not less than 48 hours before the meeting.
2. Members holding share in dematerialized form are requested to bring their Depository Account No. and Client I. D. No. for identification.
3. The Register of Members and Share Transfer Books of the Company in respect of Equity Shares shall remain closed from 23rd day of September, 2013 to 30th day of September, 2013. (Both days inclusive).
4. Electronic Clearing Services (ECS) Facility :-
 - a. To avoid loss of dividend warrants in transit and undue delay in respect of receipt thereof, the Company provides ECS facility to the members. The ECS facility is available at locations identified by the Reserve Bank of India, from time to time and covers most of the cities and towns.
 - b. Members holding shares in the physical form may furnish their details in the prescribed form, which can be obtained from the Registrars & Share Transfer Agents of the Company.
 - c. Members holding shares in the electronic form may furnish their details in the prescribed form, which can be obtained from their respective Depository Participants.

Members are requested to notify to the Company, change of address, if any, with pin code quoting reference of their folio number/DP ID and Client ID to our Registrar & Share Transfer Agent i.e. C.B. Management Services (P) Limited., P – 22, Bondel Road, Kolkata 700 019, Phone Nos. 2280-6692/93/94/2486, 40116700, 2287 0263.

5. In case, the mailing address mentioned in this Annual Report is without the PIN CODE, members are requested to kindly inform their PIN CODE immediately.
6. Non- Resident Indian Shareholders are requested to inform the Company immediately:
 - a. the change in residential status on return to India for permanent settlement.
 - b. the particulars of NRE Bank Account maintained in India with complete name and address of the Bank, if not furnished earlier.
7. As per the provisions of the Companies Act, 1956, facility for making nominations is available to the members in respect of shares held by them. Members holding shares in physical form may furnish their details in the prescribed form, which can be obtained from the Company/ Registrar and Share Transfer Agent. Members holding shares in electronic form may furnish their details in the prescribed form which can be obtained from the respective depository participant.
8. Members who are holding shares in identical order or names in more than one folio are requested to send the Company/Registrar and Share Transfer Agent, the details of such folios together with the Share Certificates for consolidating their holdings in one such folio.
9. Members are requested to quote their Folio number/DP I.D. and Client I.D. in all correspondence.
10. A Member or his Proxy is requested to produce at the entrance of the Meeting Hall, attendance Slip forwarded to the member duly completed and signed by the member.
11. Members are requested to note that trading in securities of the Company are compulsorily in dematerialised form only. Hence members who are yet to dematerialise their shares are advised to do so. The Company has entered into agreements with National Securities Depositories Ltd. (NSDL) and Central Depositories Services (I) Ltd. (CDSL) for Demat facilities.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173 OF COMPANIES ACT 1956

ITEM NO. 5

Subject to necessary approval by the Members in the General Meeting, the Board of Directors of the Company in its Meeting held on January 1, 2013, appointed Mr. Bhagwan Das Soni as Managing Director of the Company for a period of five years with effect from January 1, 2013 to December 31, 2017.

Mr. Bhagwan Das Soni is a commerce graduate and he has more than 15 years of experience in the field of pharma as well as finance industry.

Taking into account the present effective capital of the Company as per Schedule XIII of the Companies Act, 1956, the company can pay remuneration of Rs. 12,500/- per month to the executive directors, subject to the approval of the members in the ensuing Annual General Meeting. As such the proposed remuneration shall be within the limit provided under the above schedule. The company solicits the consent of share holders by way of special resolution within limit provided under schedule XIII of the Companies Act, 1956

The Board of Directors of the Company has subject to provisions of Sections 198, 269, 309, and other applicable provisions if any, of the Companies Act, 1956, read with Schedule XIII of the said Act and as per Article 81 of the Article of Association of the Company, appointed Mr. Bhagwan Das Soni as Managing Director for a period of five years with effect from January 1, 2013, on the terms and conditions detailed hereunder.

1. Period of Appointment: 5 years with effect from 1st January, 2013 to December 31, 2017.
2. Mr. Bhagwan Das Soni shall carry out such duties and exercise such powers as may be entrusted to him from time to time by the Board.
3. Remuneration

A. SALARY

Rs. 12,500/- (Rupees Twelve Thousand Five Hundred Only) per month.

Annual increase will be effective 1st April every year and quantum will be decided by the Board of Directors.

B. PERQUISITES & ALLOWANCES: As detailed below:

Allowances, perquisites, benefits and amenities as may be provided by the Company subject however that total remuneration including perquisites shall be within the ceiling laid down in sections 198, 309 and all other applicable provisions of the Companies Act, 1956 as may be amended from time to time.

Perquisites will be evaluated as per Income Tax Rules, wherever applicable. In the absence of any such rule, perquisite shall be evaluated at actual cost.

None of the Directors of the Company except Mr. Bhagwan Das Soni are, in any way, concerned or interested in the resolution.

The Directors recommend the resolution for approval of members.

Regd. Office:
27, Weston Street,
5th Floor, Room No – 526,
Kolkata- 700 012

Dated : 30th Day of May, 2013

BY ORDER OF THE BOARD
For Kwality Credit & Leasing Ltd.



Director



Kwalitiy Credit & Leasing Limited

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

Phone : 033-3262 4539

E-mail : kwalitiycredit50@yahoo.com, Website : www.kwalitiycredit.com

DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in presenting the 21st Annual Report of the Company together with Audited Accounts for the year ended 31st March, 2013.

FINANCIAL RESULTS:

Particulars	2012-2013 ₹	2011-2012 ₹
Gross Profit before depreciation	301651.00	246193.00
(Less) : Depreciation	(61799.00)	(63110.00)
Gross Profit before Tax	239852.00	183083.00
(Less) : Provision for Current Tax	(117021.00)	(137186.00)
Net Profit after tax	122831.00	45897.00
(Less) : Transferred to Statutory Reserve	(25000.00)	(22000.00)
Add : Brought forward from previous year	(1429445.00)	(1453342.00)
Balance carried to Balance Sheet	(1331614.00)	(1429445.00)

OPERATIONS

The Company has made a net profit of ₹ 1,22,831/- against ₹45,897/- registered in the previous year. Such increase is by & large attributable to increase in gross income from financing operation.

DIVIDEND

Keeping in view the low profit, the Directors are unable to recommend any dividend in respect of the financial year under review.

DIRECTORS

In the Board Meeting of the Company held on January 1, 2013, the Board of Directors approved appointment of Mr. Bhagwan Das Soni as the Managing Director of the Company for a period of five years with effect from January 1, 2013 to December 31, 2017, subject to the approval of the members of the Company.

Mr. Amu Thapa, Director of the Company retire by rotation at the forthcoming Annual General Meeting and offer himself for re-appointment.

AUDITORS

M/s Pachisia & Associates, Chartered Accountants of 454, Dum – Dum Park, Kolkata-700 055 retire from the office of the Auditors and being eligible offer themselves for re-appointment.

INDEPENDENT AUDITORS' REPORT

Independent Auditor's Report is self explanatory and hence does not require any further explanations.

CHANGE IN THE REGISTERED OFFICE ADDRESS OF THE COMPANY

During the year the registered office address of the Company has been shifted to 27, Weston Street, Room No – 526, Kolkata – 700 012 within local limit in the State of West Bengal with effect from 12th November, 2012.

ISSUE OF 7,22,703 EQUITY SHARES ON PREFERENTIAL BASIS TO NON-PROMOTERS

The Company has issued 7,22,703 equity shares on preferential basis to non-promoters during the financial year.

SECRETARIAL COMPLIANCE CERTIFICATE

Your Company has obtained Compliance Certificate from Mr. Niaz Ahmed, Company Secretary in whole time practice, in view of the proviso of section 383A(1) of the Companies Act, 1956 read with Rule 3 of the Companies (Compliance Certificate) Rules 2001. Compliance certificate is self explanatory and hence does not require any further explanation.

DIRECTORS' RESPONSIBILITY STATEMENT

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

- i. that in the preparation of the Company's Annual Accounts for the period ended March, 31, 2013, the applicable Accounting Standards have been followed and there are no material departures;
- ii. that the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;
- iii. that the directors had 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;
- iv. that the directors had prepared the annual accounts on a going concern basis.

CORPORATE GOVERNANCE REPORT

Your Company has been complying with all the requirements of the code of Corporate Governance, as specified by SEBI.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

In accordance with the listing requirement, the Management's Discussion and Analysis forms part of this Report.

PUBLIC DEPOSIT

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

PRUDENTIAL NORMS FOR NBFC'S

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

PARTICULARS OF EMPLOYEES

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

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

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

ACKNOWLEDGEMENT

Your Directors take this opportunity to place on record their deep sense of gratitude to the banks, customers and business associates for their continued co-operation and support. Your directors express their deep sense of appreciation for the total commitment, dedication and hard work put in by the employees of the Company. Lastly, your directors are deeply grateful for the confidence and faith shown by the members of the Company.

Place : Kolkata
Dated : 30.05.2013

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

Amu Thapa

**Amu Thapa
Chairman**

Compliance Certificate

CIN :- L65921WB1992PLC056686
Nominal Capital: Rs. 4,70,00,000/-

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

I have examined the registers, records, books and papers of **M/s. Kwality Credit and Leasing Ltd.** (the Company) as required to be maintained under the Companies Act, 1956, (the Act) and the rules made thereunder and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on **31st March, 2013** (financial year). In my opinion and to the best of my information and according to the examinations carried out by me and explanations furnished to me by the Company, its officers and agents, I certify that in respect of the aforesaid financial year:

1. The Company has kept and maintained all registers as stated in Annexure 'A' to this Certificate, as per the provisions and rules made thereunder and all entries therein have been duly recorded.
2. The Company has duly filed the forms and returns as stated in Annexure 'B' to this certificate, with the office of the Registrar of Companies, within the time prescribed under the Act and Rules made thereunder **except serial nos. 1, 7, 8, 9 & 10** of the said Annexure. There were no forms and returns to be filed with the Regional Director, Central Government, Company Law Board or other authorities.
3. The Company has the minimum prescribed capital and as the Company is a public limited company, comments regarding maximum number of members etc. are not required.
4. The Board of Directors of the Company duly met **12 (twelve)** times respectively on **09.04.2012, 14.05.2012, 02.07.2012, 09.07.2012, 25.07.2012, 14.08.2012, 03.09.2012, 25.10.2012, 12.11.2012, 01.01.2013, 17.01.2013** and **08.08.2013** in respect of which meetings proper notices were given and the proceedings were properly recorded and signed in the Minutes Book maintained for the purpose. No circular resolutions were passed.
5. The Company closed its Register of Members from **20.09.2012 to 28.09.2012** and necessary compliance of section 154 of the Act has been made.
6. The Annual General Meeting of the Company for the financial year ended on **31st March, 2012** was held on **28.09.2012** after giving due notice to the members of the Company and the resolutions passed thereat were duly recorded in Minutes Book maintained for the purpose.
7. One Extra – Ordinary General Meetings was held during the financial year after giving due notice to the members of the Company and the resolutions passed thereat were duly recorded in Minutes Book maintained for the purpose.
8. The Company has not advanced any loan to its directors or persons or firms or companies referred in the Section 295 of the Act.
9. The Company has not entered into any contracts specified in section 297 of the Act during the financial year.





10. The Company has made the necessary entries under the provision of section 301(3) of the Companies Act, 1956.
11. As there were no instances falling within the purview of section 314 of the Act, the Company has not obtained any approvals from the Board of Directors, Members or Central Government.
12. The Company has not issued any duplicate share certificates during the financial year.
13. The Company has:
- delivered all the certificates on allotment of securities in accordance with the provision of the Act and no shares has been lodged for transfer / transmission or any other purpose during the financial year;
 - not deposited any amount in a separate bank account, as no dividend was declared during the financial year;
 - not paid/posted warrants for dividends to any member of the Company as no dividend was declared during the financial year;
 - not transferred any amount to Investor Education and Protection Fund, during the financial year, since it was not required to do so;
 - duly complied with the requirements of section 217 of the Act.
14. The Board of Directors of the Company is duly constituted. Mr. Asish Ray has resigned on 02.07.2012. Mr. Bhagwan Das Soni, Mr. Amu Thapa and Mr. Suresh Kumar Jain have been appointed as Additional Director on 09.07.2012. Mr. Rohit Modi and Mr. Devang Vyas have resigned w.e.f. 25.10.2012. Mr. Bhagwan Das Soni was appointed as Managing Director of the Company w.e.f. 01.01.2013. There was no appointment of alternate directors and directors to fill casual vacancy during the financial year.
15. The appointment of Mr. Bhagwan Das Soni as Managing Director of the Company on 01.01.2013 has been made in compliance with the provisions of section 269 read with schedule XIII to the Act.
16. The Company has not appointed any sole-selling agent(s) during the financial year.
17. The Company was not required to obtain any approval of the Central Government, Company Law Board, Regional Director, Registrar and/or other authorities as prescribed under the various provisions of the Act.
18. The directors have disclosed their interest in other firms/companies to the Board of Directors pursuant to the provisions of the Act and the rules made thereunder.
19. The Company has issued 7,22,703 equity shares on preferential basis to non-promoters during the financial year and complied with the provisions of the Act.
20. The Company has not bought back any shares during the financial year.
21. There was no redemption of preference shares and debentures during the financial year.
22. There were no cases or transactions necessitating the Company to keep in abeyance rights to dividend, right to shares and bonus shares pending registration of transfer of shares.
23. The Company has not invited/accepted any deposit including unsecured loans falling within the purview of section 58A of the Act during the financial year.
24. The Company has not made any borrowings during the financial year.
25. The Company has made investments to other bodies corporate in compliance with the provisions of the Act and has made necessary entries in the register kept for the purpose.



26. The Company has not altered the provisions of the Memorandum of Association with respect to situation of the Company's Registered Office from one state to another during the year under scrutiny.
27. The Company has not altered the provisions of the Memorandum of Association with respect to the objects of the Company during the year under scrutiny and complied with provisions of the Act.
28. The Company has not altered the provisions of the Memorandum of Association with respect to name of the Company during the year under scrutiny.
29. The Company has altered the provisions of the Memorandum of Association with respect to share capital of the Company during the year under scrutiny and complied with provisions of the Act.
30. The Company has altered its Articles of Association after obtaining approval of the members in the General Meeting held on 14th February, 2013 and amendments to the Articles of Association have been duly filed with the Registrar of Companies, West Bengal during the financial year.
31. As per the information furnished and explanation given to me there was/ were no prosecution initiated against or show cause notices received by the Company and no fines or penalties or any other punishment was imposed on the Company, for offences under the Act.
32. The Company has not received any money as security from its employees during the financial year.
33. The provisions of Section 418 of the Act are not applicable to the Company.

Place : Kolkata
Date : 30.05.2013


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



Annexure 'A'

Registers and Records as maintained by the Company

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

Annexure 'B'

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

Sl. No	Form Return	No./	Filed under Section	For	Date of filing & SRN / Challan Nos.	Whether filed within prescribed time Yes/No	If delay in filing whether requisite additional fee paid Yes/No
1.	66		Proviso to Section 383A(1)	For the financial year ended on 31.03.2012.	31.10.2012 P93442747	No	Yes
2.	23AC & 23ACA	220		For the financial year ended on 31.03.2012.	20.11.2012 P97405492	Yes	N.A.
3.	20B	159		For the Annual General Meeting held on 29.09.2012.	28.11.2012 Q03379930	Yes	N.A.
4.	32	303(2)		Appointment of Mr. Bhagwan Das Soni as Additional Director on 09.07.2012.	11.07.2012 B42982645	Yes	N.A.
5.	32	303(2)		Appointment of Mr. Amu Thapa and Mr. Suresh Kumar Jain as Additional Director on 09.07.2012.	25.07.2012 B44059145	Yes	N.A.
6.	32	303(2)		Resignation of Mr. Asish Ray on 02.07.2012.	20.07.2012 B43718196	Yes	N.A.
7.	32	303(2)		Cessation of Mr. Rohit Modi and Mr. Devang Vyas on 25.10.2012	29.12.2012 B64866775	No	Yes
8.	32	303(2)		Appointment of Mr. Bhagwan Das Soni as Managing Director on 01.01.2013.	Not Filed	N.A.	N.A.
9.	25C	269(2) & Sch. XIII		Appointment of Mr. Bhagwan Das Soni as Managing Director on 01.01.2013.	Not Filed	N.A.	N.A.
10.	23	192		Appointment of Mr. Bhagwan Das Soni as Managing Director on 01.01.2013.	Not Filed	N.A.	N.A.



11.	23	192	Increased in Authorized Capital, subsequent changes in the memorandum of Association and Issue of equity shares on preferential basis on 14.02.2013.	26.02.2013 B68942820	Yes	N.A.
12.	5	95/97	Notice of consolidation, division, etc. and increase in Authorized Capital from Rs. 4 Crores to Rs. 4.7 Crores on 14.02.2013.	27.02.2013 B68942861	Yes	N.A.
13.	2	75(1)	Allotment of 7,22,703 equity shares on 08.03.2013.	03.04.2013 S20731188	Yes	N.A.
14.	18	146	Change in registered office of the Company from 18, Deshapriya Park Road, 3 rd Floor, Room No- 303, Kolkata - 700 026 to 27, Weston Street, 5 th Floor, Room No - 526, Kolkata - 700 012 w.e.f. 12.11.2012.	08.12.2012 B63363840	Yes	N.A.



CERTIFICATE ON COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE AS STIPULATED IN CLAUSE 49 OF THE LISTING AGREEMENT

To
The Members of
Kwality Credit & Leasing Limited

I have examined the compliance of conditions of Corporate Governance by **Kwality Credit & Leasing Limited** for the year ended on **31st March, 2013** as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchange, with relevant records and documents maintained by the Company and furnished to me.


The compliance of conditions of Corporate Governance is the responsibility of the management. My examination has been limited to a review of 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 my information and according to the explanations given to me and the representations made by the Directors and the management, I certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreement.

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

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

Place : Kolkata
Dated : 30.05.2013


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



Kwality Credit & Leasing Limited

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

Phone : 033-3262 4539

E-mail : kwalitycredit50@yahoo.com, Website : www.kwalitycredit.com

CORPORATE GOVERNANCE REPORT

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

Corporate Governance envisages commitment of the Company towards the attainment of high levels of transparency, accountability and equity with the ultimate objective of increasing long-term shareholders value, keeping in view the needs and interests of all other stakeholders.

Your Company also believes that good Corporate Governance makes good business sense and build up a good Corporate Image. As such your Company not only complies with all requirements of Corporate Governance laid by various bodies, but follows it in spirit also.

2 Board of Directors

The Company's Board of Directors as on 31st March, 2013 comprises of one Managing Director and two Non Executive Directors including the Chairman.

Twelve Meetings of the Board were held during the financial year 2012-2013 i.e. on 09/04/2012, 14/05/2012, 02/07/2012, 09/07/2012, 25/07/2012, 14/08/2012, 03/09/2012, 25/10/2012, 12/11/2012, 01/01/2013, 17/01/2013 and 08/03/2013.

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

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.

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**	Executive Director	9	No	3	14	3	1
Mr. Devang Vyas***	Executive Director	8	Yes	0	1	...	...
Mr. Amu Thapa**	Independent Non-Executive Director	9	No	0	10	...	...
Mr. Suresh Kumar Jain **	Independent Non-Executive Director	9	No	0	2	...	...
Mr. Rohit Modi***	Independent Non-Executive Director	8	Yes	...	...	...	...
Mr. Asish Ray*	Independent Non-Executive Director	3	Yes	2	5	...	...

*Mr. Asish Ray resigned from the directorship of the company with effect from 2nd July, 2012.

**Mr. Bhagwan Das Soni, Mr. Amu Thapa and Mr. Suresh Jain appointed as Additional Directors w.e.f. 9th July, 2012.

***Mr. Rohit Modi and Mr. Devang Vyas resigned from the directorship of the company with effect from 25th October 2012.

3 Audit Committee

(a) Composition :

The Audit Committee initially comprised of two non-executive independent directors and one non independent executive director till 02.07.2012 and afterwards it is reconstituted and comprises of two non-executive independent directors and one executive non independent director as on March, 31st, 2013. The Committee met 5 (Five) times during the year i.e. on 14/05/2012, 14/08/2012, 03/09/2012, 12/11/2012 and 17/01/2013.

The attendances of the members were as follows:

Sl. No.	Name	Status	No. of Meetings Attended
1	Mr. Bhagwan Das Soni**	Executive Director	4
2	Mr. Devang Vyas***	Executive Director	3
3	Mr. Suresh Kumar Jain**	Independent Non- Executive Director (Chairman of the Committee)	4
4	Mr. Amu Thapa**	Independent Non- Executive Director	4
5	Mr. Asish Ray*	Independent Non- Executive Director	1
6	Mr. Rohit Modi***	Independent Non- Executive Director	3

*Mr. Asish Ray resigned from the directorship of the company with effect from 2nd July, 2012.

**Mr. Bhagwan Das Soni, Mr. Amu Thapa and Mr. Suresh Jain appointed as additional directors w.e.f. 9th July, 2012.

***Mr. Rohit Modi and Mr. Devang Vyas resigned from the directorship of the company with effect from 25th October 2012.

Mr. Suresh Jain, Chairman of the Committee was present at the 20th Annual General Meeting of the Company held on 29th day of September, 2012.

(b) Terms of Reference:-

The terms of reference of the Committee is in accordance with that specified in clause 49 of the Listing Agreement with the Stock Exchange and also confirms to the requirements of Section 292A of the Companies Act, 1956.

4. REMUNERATION COMMITTEE

(a) Composition of the Committee:

The Remuneration Committee of the Company comprised of two Independent Non-Executive Directors and one Non Independent Executive Director till 02.07.2012 and afterwards it is reconstituted and comprises of two Independent Non-Executive Directors and one Non-Independent Executive Director. The details are as follows:

Sl. No.	Name	Status
1	**Mr. Bhagwan Das Soni	Executive Director
2	***Mr. Devang Vyas	Executive Director
3	**Mr. Amu Thapa	Independent Non- Executive Director (Chairman of the Committee)
4	**Mr. Suresh Kumar Jain	Independent Non- Executive Director
5	*Mr. Asish Ray	Independent Non- Executive Director
6	***Mr. Rohit Modi	Independent Non- Executive Director

*Mr. Asish Ray resigned from the directorship of the company with effect from 2nd July, 2012.

**Mr. Bhagwan Das Soni, Mr. Amu Thapa and Mr. Suresh Jain appointed as additional directors w.e.f. 9th July, 2012.

***Mr. Rohit Modi and Mr. Devang Vyas resigned from the directorship of the company with effect from 25th October 2012.

During the Financial Year 2012-2013 the members of the Remuneration Committee met only once on 1st January, 2013 and all the members were present in it.

(b) Terms of Reference:

The Remuneration Committee of the Company was constituted in accordance with Schedule XIII of the Companies Act, 1956 to carry out functions as envisaged under the said schedule.

(c) Remuneration Policy:

The remuneration of the Managing Director is determined by the Board of Directors within the statutory limits subject to shareholder's approval. No fees has been paid to the non-executive directors for attending Board Meeting and any other Committee meeting. The details of remuneration paid to the director during the year ended 31st March, 2013 are given below:

Name	Salary Rs.	Perquisite & Allowances Rs.	Sitting Fees Rs.	Total Rs.
Mr. Bhagwan Das Soni	37500/-	...	...	37,500/-

5. Share Transfer & Investors Grievance Committee

The Company has a Share Transfer and Investors Grievance Committee. The Committee consists of two Independent Non-Executive Director, Mr. Amu Thapa who is a Chairman of the Committee as on 31st March, 2013 and another Independent Non-Executive Director, Mr. Suresh Jain. Mr. Bhagwan Das Soni, Managing Director is the Compliance Officer. 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 Rematerialisation requests, monitoring of shareholder complaints /requests.

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

6. General Body Meetings:

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

Financial Year	Date of AGM	Venue	Time
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.
2009-2010	30-09-2010	13A, Decres Lane, 5 th Floor, Room No-502, Kolkata – 700 069.	10.00 A.M.

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

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

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

At the 18th Annual General Meeting held on 30/09/2010 : Nil

C. One Extra Ordinary General Meeting was held on 14th February, 2013 at the registered office of the Company at 27, Weston Street, 5th Floor, Room No- 526, Kolkata – 700 012 at 10.30 a.m. in which the following resolutions were passed:-

- I. Ordinary Resolution - Increase in Authorized Capital of the Company.
- II. Special Resolution - Alteration of Article of Association of the Company.
- III. Special Resolution - Issue of Equity shares on preferential basis to Non-promoters.

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.

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 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 on matters related to Capital Market so far.

c. Certificate as stipulated in Clause 49 of the Listing Agreement from Managing Director in his capacity as Chief Executive Officer (CEO) was obtained and placed before the Board.

d. The Company has complied with all the mandatory requirements of Clause 49 of the Listing Agreement but has not adopted the non-mandatory requirements so far save and except the requirements under Remuneration Committee.

8. MEANS OF COMMUNICATIONS

Quarterly unaudited results of the Company were published in accordance with the Stock Exchange Listing Agreement 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 faxed to the BSE Limited, Calcutta Stock Exchange Association Limited and Jaipur Stock Exchange Limited immediately on closure of meeting of Board of Directors. The Annual Reports are posted to every shareholder of the Company.

The results made by the Company are also posted on the website of the Company, viz. www.kwalitycredit.com

Management Discussion and Analysis forms part of the Annual Report.

9. GENERAL SHAREHOLDERS INFORMATION

- **Annual General Meeting:**
- **Date :** 30th day of September, 2013.
- **Time :** 10.00 a.m.
- **Venue :** 27, Weston Street, 5th Floor, Room No-526, Kolkata – 700 012.

- **Financial Calendar : (Tentative)**

Financial Year – 1 st April, 2013 to 31 st March, 2014	Relevant Dates
Board Meeting for consideration of accounts	30 th May, 2013
Posting of Annual Report along with notice of AGM	6 th September, 2013
Book closure dates	23 rd September, 2013 to 30 th September, 2013
Last date for receipts of proxy forms	28 th September, 2013
Unaudited results for the quarter ended on June 30, 2013	On or before 14 th August, 2013
Unaudited results for the quarter ended on September 30, 2013	On or before 14 th November, 2013
Unaudited results for the quarter ended on December 31, 2013	On or before 14 th February, 2014
Unaudited results for the quarter ended on March, 31, 2014	On or before 15 th May, 2014

- 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 Association 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 Bombay Stock Exchange Limited, Calcutta Stock Exchange Association Limited and Jaipur Stock Exchange Ltd for the year 2013-2014.
 - Stock Market Price for the Financial Year 2012-2013:

Month	Quotation of Bombay Stock Exchange (in `)			Quotation of Calcutta Stock Exchange (in Rs.)		
	High (₹)	Low (₹)	Volume (Nos.)	High (₹)	Low (₹)	Volume (Nos.)
April, 2012	30.45	27.00	34156	Not Traded	Not Traded	Not Traded
May, 2012	34.85	24.75	42968	Not Traded	Not Traded	Not Traded
June, 2012	57.55	36.55	228874	Not Traded	Not Traded	Not Traded
July, 2012	71.95	51.00	251316	Not Traded	Not Traded	Not Traded
August, 2012	106.25	73.35	9040	Not Traded	Not Traded	Not Traded
September, 2012	116.40	101.50	79389	Not Traded	Not Traded	Not Traded
October, 2012	123.20	106.15	140898	Not Traded	Not Traded	Not Traded
November, 2012	151.55	107.90	50765	Not Traded	Not Traded	Not Traded
December, 2012	148.00	94.20	143313	Not Traded	Not Traded	Not Traded
January, 2013	104.45	90.50	590141	Not Traded	Not Traded	Not Traded
February, 2013	104.70	57.65	279091	Not Traded	Not Traded	Not Traded
March, 2013	61.40	47.70	1115837	51.85	51.85	11000

There was no platform for trading in the Jaipur Stock Exchange Limited.

- **Share Transfer System:** The Company's shares are in compulsory demat mode, are transferable through the depository system. Shares in physical mode are processed by C.B. Management Services Pvt. Ltd. Kolkata, Registrar & Transfer Agent of the Company and approved by the share transfer committee. All transfers received are processed and approved by the transfer committee. Shares under objection are returned within two weeks.

- **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 shares are tradable compulsorily in electronic form and 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 INE446D01011. Nearly 96.87% of total equity shares have been dematerialized as on 31.03.2013.

- **Distribution of shareholding & shareholding pattern :**

Distribution of shareholding as on 31/03/2013

Ordinary Shares held	Number of shareholders	% of shareholders	Number of shares held	% of shares held
Upto 500	343	45.67	57837	1.37
501-1000	68	9.05	56604	1.34
1001-5000	149	19.84	433562	10.27
5001-10000	69	9.19	510001	12.08
10001-50000*	110	14.65	2022419	47.89
50001-100000	9	1.20	707301	16.75
100001 and above	3	0.40	434979	10.30
Total	751	100.00	4222703	100.00

*722703 Equity Shares allotted on Preferential Basis to Non-Promoters on 08.03.2013, The Bombay Stock Exchange Limited has given the approval of trading of 7,22,703 shares on 4th June, 2013. The Company has received in-Principal approval from the Calcutta Stock Exchange Association Limited and Jaipur Stock Exchange Limited.

Shareholding Pattern as on 31/03/2013

Sl. No.	Category	No. of shares held	% of shareholding
1	Promoters/Directors & their relatives including Associate Companies	92,000	2.18
3	Non-Resident Indians/ Overseas Corporate Bodies	4	0
4	Other bodies Corporate	10,35,450	24.52
5	Indian public	30,95,249	73.30
	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) 2235-7270/7271 , 2234-3576
 - E- mail: rtac@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. CODE OF CONDUCT

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

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

11. 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 : 30.05.2013

For and on behalf of the Board of Directors

Amu Thapa
Director

Amu Thapa

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

Name of Director	Date of Birth	Date of Appointment	Expertise in specific functional areas	Qualifications	Directorship in other Companies		Membership of Committee in other Companies	Nature of Directorship	Remarks
					Public	Private			
Mr. Bhagwan Das Soni	14.11.1965	09.07.2012	13 years working experience in the field of Finance & Medicine.	B.Com.	3	14	Nil	Non Independent Executive Director	Appointed as a Managing Director of the Company at the Board Meeting held on 01.01.2013 subject to the approval of the members of the Company at the General Meeting.
Mr. Amu Thapa	05.06.1976	09.07.2012	7 years working experience in the securities market and Finance.	H.S.	0	10	Nil	Independent Non Executive Director	Retiring by rotation at the forthcoming Annual General Meeting and offer himself for re-appointment.



Kwaliti Credit & Leasing Limited

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

Phone : 033-3262 4539

E-mail : kwalitiycredit50@yahoo.com, Website : www.kwalitiycredit.com

MANAGEMENT DISCUSSION AND ANALYSIS

ECONOMIC AND INDUSTRY OVERVIEW

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

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

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

OPERATING & FINANCIAL PERFORMANCE

Notwithstanding difficult Financial Market conditions, your Company concluded yet another year of growth in its business. The financial performance for the year ended 31st March, 2013 is satisfying as it has been achieved in the wake of several challenges confronting your Company's business.

During the year under review your Company has recorded a satisfying growth in its performance. The total income of the Company is Rs. 1615702/-, registering a growth in profit in compare to the previous year's income of Rs. 970641/-. The profit before tax during the year is Rs. 239852/- as compared to the profit of Rs. 183083/- in the previous year and profit after tax has been improved to Rs. 122831/- in the current year compared to profit of Rs.45897/- in the previous year.

DEBT STRUCTURE

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

OUTLOOK

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

RISK MANAGEMENT

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

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

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

HUMAN RESOURCE DEVELOPMENT

Employees' relations continued to be harmonious throughout the year with the management.

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.

FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR

2012-2013

OF

KWALITY CREDIT & LEASING LIMITED

**27, WESTON STREET, 5TH FLOOR, ROOM No. 526
KOLKATA-700012**

AUDITED BY-
PACHISIA & ASSOCIATES
454, DUM - DUM PARK
KOLKATA-700055
MB NO. - 9903225333



INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of **KQUALITY CREDIT & LEASING LIMITED** ("the Company"), which comprise the Balance Sheet as at March 31, 2013, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

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

- (i) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
- (ii) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
- (iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required under provisions of section 227(3) of the Companies Act, 1956, we report that:






PACHISIA & ASSOCIATES
(Chartered Accountants)

- a. we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
- b. in our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
- c. the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account;
- d. in our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement comply with the accounting standards referred to in sub-section (3C) of section 211 of the Act;
- e. On the basis of written representations received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Act.

454, Dumdum Park,
Kolkata -700055 , The 30th day of May, 2013

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


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





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

(i) In respect of its Fixed Assets :

- a) The Company has maintained proper records showing full particulars including quantitative details and situation of Fixed Assets on the basis of available information.
- b) As explained to us, the Fixed Assets have been physically verified by the management during the year, which in our opinion is reasonable having regard to size of the Company and nature of its assets. No material discrepancies were noticed on such physical verification.
- c) In our opinion, the Company has not disposed off substantial part of its fixed assets during the year and the going concern status of the Company is not affected.

(ii) In respect of its Inventories :

- a) The Inventories have been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
- b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- c) The Company has maintained proper records of inventories. As explained to us, there were no material discrepancies noticed on physical verification of inventory as compared to the book records.

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

- a) The company has not granted unsecured loan to companies, firms, or other parties listed in the register maintained under section 301 of the companies Act, 1956.
- b) In our opinion and according to the information and explanations given to us, the rate of interest and the other terms and conditions of the said loan given by the Company are not prima facie prejudicial to the interest of the Company.
- c) The principal amount, are repayable over a period of three to five years, while the interest is payable annually at the discretion of the company.
- d) In respect of said loan and interest thereon, there are no overdue amounts.
- e) The Company has not taken any loan during the year from the companies, firm or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Consequently, the requirements of clause 4 (iii) (f) and clause (iii)(g) of the Order are not applicable.

(iv) In our opinion and according to the explanation given to us, during the course of the audit, there is adequate internal control procedure commensurate with the size of the Company and the nature of its business with regard of trading activities. We have not noted any continuing failure to correct major weakness in the internal controls during the course of audit.

(v) In our opinion and according to the information and explanations given to us, there are no contracts or arrangements that need to be entered in the register maintained under Section 301 of the Companies Act, 1956. Therefore, the provisions of clause 4 (v)(b) of the Order are not applicable to the Company.





- (vi) The Company has not accepted any deposit from the public. Therefore, the provisions of clause 4 (vi) of the Order are not applicable to the Company.
- (vii) In our opinion the Company has an internal audit system commensurate with the size and nature of its business.
- (viii) According to the information and explanation given to us, the central government has not prescribed the maintenance of cost records under clause (d) of sub-section(1) of section 209 of the companies Act, 1956.
- (ix) In respect of Statutory dues :**
- a) According to the information and explanation given to us, and on the basis our examination of the books of accounts and records of the company, the company is regular in depositing with the appropriate authorities undisputed statutory dues including Income tax and any other material statutory dues applicable to it.
 - b) According to the information and explanation given to us, no undisputed amount payable in respect of Income tax & cess were outstanding as at 31st March 2013 for a period of more than six month from the day they become payable.
 - c) According to the information and explanation given to us, there are no dues in respect of Income tax, Wealth Tax , Sales Tax , Excise duty ,custom duty & cess that were not been deposited with the appropriate authorities on account of any dispute.
- (x) The Company does not have accumulated losses at the end of the financial year. The Company has not incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year.
- (xi) The company has not raised loans from Financial Institutions or Banks or by issue of debentures and hence provision of Clause 4 (xi) of the Order requiring comment on repayment of the dues is not applicable to the company.
- (xii) In our opinion and according to the information and explanations given to us, no loans and advances have been granted by the Company on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the Company is not a chit fund / nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Order are not applicable to the Company.
- (xiv) The Company has maintained proper records of transactions and contracts in respect of dealing in or trading in shares, securities, debentures and other investments and timely entries have been made therein. All shares, securities, debentures and other investments have been held by the Company in its own name.
- (xv) In our opinion and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial Institutions during the year. Therefore, the provisions of clause 4(xv) of the Order are not applicable to the Company.
- (xvi) The Company has not raised any term loan during the year. Therefore, the provisions of clause 4(xvi) of the Order are not applicable to the Company.





- (xvii) According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we are of the opinion that there are no funds raised on short term basis that have been used for long term investment.
- (xviii) The Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Companies Act, 1956.
- (xix) The Company has not raised any monies by way of issue of debentures during the year. Therefore, the provisions of clause 4(xix) of the Order are not applicable to the Company.
- (xx) The Company has raised a sum of ₹ 7,94,97,330 including share premium on 8th March, 2013. The object of the issue is to fulfill the additional requirements for capital expenditure including acquisition of companies/ business, funding long term working capital requirements, marketing and for other approved corporate purposes. As the financial year end after 23 days and same has been used for giving short – term loan to various parties.
- (xxi) In our opinion and according to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year.

454, Dumdum Park,
Kolkata -700055 , The 30th day of May, 2013

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



KWALITY CREDIT & LEASING LIMITED
BALANCE SHEET AS AT 31ST MARCH, 2013

Particulars		Note No.	As At 31 March, 2013	As At 31 March, 2012
			Rs	Rs
A	<u>EQUITY AND LIABILITIES</u>			
1	Shareholder's Funds			
	Share Capital	2	42,227,030	35,000,000
	Reserves and Surplus	3	71,065,586	(1,327,545)
2	Current Liabilities			
	Trade payables	4	7,327,889	0
	Other current liabilities	5	7,142,986	7,586,181
	Short-term provisions	6	147,681	26,350
	TOTAL		127,911,172	41,284,986
B	<u>ASSETS</u>			
1	Non-current assets			
	Fixed assets			
	(i) Tangible assets	7	168,368	231,987
	Non-current investments	8	11,099,980	9,100,000
	Long term loans and advances	9	18,046,000	18,046,000
2	Current assets			
	Inventories	10	15,148,490	13,641,715
	Cash and cash equivalents	11	1,290,858	265,263
	Short-term loans and advances	12	82,157,476	21
	TOTAL		127,911,172	41,284,986
	Refer accompanying notes forming part of the financial statements	1-20		

in terms of our report attached.

For PACHISIA & ASSOCIATES

(FRN NO. 327542E)

(Chartered Accountants)

S.P. Pachisia
(Satya Prakash Pachisia)

(Proprietor)

(M.No.055040)

For and on behalf of the Board of Directors

Kwality Credit & Leasing Limited

[Signature]
Managing Director

KWALITY CREDIT & LEASING LIMITED

[Signature]
Director

Place : 454, Dumdum Park, Kolkata-55

Date : The 30th day of May, 2013



KWALITY CREDIT & LEASING LIMITED
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH, 2013

Particulars		Note No.	Year ended	Year ended
			31 March, 2013	31 March, 2012
			Rs	Rs
1	Revenue from operations	13	1,615,702	600,000
2	Other income	14	0	370,641
3	Total Revenue (1+2)		1,615,702	970,641
4	Expenses:			
	Purchases of stock-in-trade	15	1,771,754	0
	Changes in inventories of Traded goods	16	(1,506,775)	0
	Employee benefits expenses	17	191,193	144,625
	Depreciation and amortisation expenses	18	61,799	63,110
	Other expenses	19	755,862	581,931
	Total Expenses		1,273,833	789,666
5	Profit / (Loss) before exceptional and extraordinary items and tax (3 - 4)		341,869	180,975
6	Exceptional Items		0	0
7	Profit / (Loss) before extraordinary items and tax (5 ± 6)		341,869	180,975
8	Extraordinary Items		680	0
9	Profit / (Loss) before tax (7 ± 8)		342,549	180,975
10	Tax expense:			
	(1) Current tax		117,000	60,000
	(2) Current tax expense relating to prior years		21	77,186
	(3) Contingent Provision for Standard Assets		102,697	(2,108)
11	Profit / (Loss) for the year (9 ± 10)		122,831	45,897
12	Earning per equity share:			
	(1) Basic		0.03	0.01
	(2) Diluted		0.03	0.01
Refer accompanying notes forming part of the financial statements		1-20		

In terms of our report attached.
For PACHISIA & ASSOCIATES
(FRN NO. 327542E)
(Chartered Accountants)

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

Place: 454, Dum Dum Park, Kolkata-55
Date: The 30th day of May, 2013



For and on behalf of the Board of Directors

Kwality Credit & Leasing Limited

[Signature]
Managing Director

KWALITY CREDIT & LEASING LIMITED

[Signature]
Director

KWALITY CREDIT & LEASING LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2013

	Year ended 31 March, 2013	Year ended 31 March, 2012
I. Cash flow from Operating Activities		
Net Profit / (Loss) before extraordinary items and tax	341,869	180,975
<u>Add: Adjustments for:</u>		
Profit on Sale of Investment	0	(46,000)
Depreciation	61,799	63,110
Cash flow before working capital changes	403,668	198,085
<u>Adjustment for Working capital Changes:</u>		
Inventories	(1,506,775)	0
Trade receivables	0	622,232
Long-term loans and advances	0	(6,657,008)
Short-term loans and advances	(82,157,476)	868
Trade payables	7,327,889	0
Other current liabilities	(443,195)	5,141,099
Cash flow from operating activities before taxes paid	(76,375,889)	(694,724)
Less: Taxes Paid	(98,366)	(65,021)
Add: Income Tax Refund	0	49,161
Cash flow from Operating Activities	(76,474,255)	(710,584)
II. Cash flow from Investing Activities		
Purchase of Investment	(1,999,980)	0
Proceeds from sale of Fixed Assets	2,500	0
Proceeds from sale of Investment	0	800,000
Cash flow from Investing Activities	(1,997,480)	800,000
III. Cash flow from Financing Activities		
Proceeds from issue of equity shares including premium	79,497,330	0
Cash flow from Financing Activities	79,497,330	0
Net Increase / (Decrease) in Cash flow (I + II + III)	1,025,595	89,416
Opening Cash / Cash Equivalents	265,263	175,847
Closing Cash / Cash Equivalents	1,290,858	265,263
Refer accompanying notes forming part of the financial statements	1-20	1-20

In terms of our report attached.
For PACHISIA & ASSOCIATES
(FRN NO. 327542E)
(Chartered Accountants)

For and on behalf of the Board of Directors

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

Kwality Credit & Leasing Limited

Managing Director

KWALITY CREDIT & LEASING LIMITED

Director

Place : 454, Dumdum Park, Kolkata-55
Date : The 30th day of May, 2013



KWALITY CREDIT & LEASING LIMITED

NOTE NO. 1: SIGNIFICANT ACCOUNTING POLICIES

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

(b) **Use of estimates** :- The preparation of financial statements in conformity with Indian GAAP requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting year. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future years.

(c) **Tangible fixed assets** :- Fixed assets are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price, borrowing costs if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discounts and rebates are deducted in arriving at the purchase price.

(d) **Depreciation on tangible fixed assets** :- Depreciation on fixed assets is calculated on Straight Line basis using the rates as prescribed under the Schedule XIV to the Companies Act, 1956.

(e) **Borrowing costs** :- Borrowing cost includes interest, amortization of ancillary costs incurred in connection with the arrangement of borrowings and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

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

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

(h) **Revenue recognition** :- Revenue is recognized to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized:

Sale of goods

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

Interest

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

Dividends



KWALITY CREDIT & LEASING LIMITED

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

(i) **Foreign currency translation :-**

Foreign currency transactions and balances

Initial recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

Conversion

Foreign currency monetary items are retranslated using the exchange rate prevailing at the reporting date. Non-monetary items, which are measured in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of the transaction. Non-monetary items, which are measured at fair value or other similar valuation denominated in a foreign currency, are translated using the exchange rate at the date when such value was determined.

1. Exchange differences arising on a monetary item that, in substance, forms part of the company's net investment in a non-integral foreign operation is accumulated in the foreign currency translation reserve until the disposal of the net investment. On the disposal of such net investment, the cumulative amount of the exchange differences which have been deferred and which relate to that investment is recognized as income or as expenses in the same year in which the gain or loss on disposal is recognized.
2. Exchange differences arising on long-term foreign currency monetary items related to acquisition of affixed asset are capitalized and depreciated over the remaining useful life of the asset. For this purpose, the company treats a foreign monetary item as "long-term foreign currency monetary item", if it has a term of 12 months or more at the date of its origination.
3. Exchange differences arising on other long-term foreign currency monetary items are accumulated in the "Foreign Currency Monetary Item Translation Difference Account" and amortized over the remaining life of the concerned monetary item.
4. All other exchange differences are recognized as income or as expenses in the year in which they arise.

(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 current and deferred 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.

Deferred income taxes reflect the impact of timing differences between taxable income and accounting income originating during the current year and reversal of timing differences for the earlier years. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted at the reporting date.



KWALITY CREDIT & LEASING LIMITED

Deferred tax liabilities are not recognized for all taxable timing differences in view of volume & materiality concept. Deferred tax assets are recognized for deductible timing differences only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. In situations where the company has no unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits.

The carrying amount of deferred tax assets are reviewed at each reporting date. The company writes-down the carrying amount of deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realized. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

- (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) The previous Year figures have been regrouped/rearranged, whenever considered necessary to conform to the current year presentation.



KWALITY CREDIT & LEASING LIMITED
NOTES TO BALANCE SHEET AS AT 31ST MARCH 2013

	As At 31 March, 2013 Rs	As At 31 March, 2012 Rs
NOTE NO. 2 SHARE CAPITAL		
<u>Authorised-</u> 47,00,000 (P. Y 40,00,000) Equity Shares of Rs 10/- each	<u>47,000,000</u>	<u>40,000,000</u>
<u>Issued, Subscribed & Paid-Up</u> 42,22,703 (P. Y. 35,00,000) Equity Shares of Rs. 10/- each Fully paid up in cash.	<u>42,227,030</u> <u>42,227,030</u>	<u>35,000,000</u> <u>35,000,000</u>

Disclosure:

1. The company has only one class of shares having a par value of 10/- per share. Each holder of equity shares is entitled to one vote per share.

2. In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential allotments. The distribution will be in proportion to the number of equity shares held by the shareholders.

3. Details of Shareholders holding more than 5% Shares: NIL NIL
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.

4. Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting year:

	2012-13		2011-12	
	No. of Shares	Rs	No. of Shares	Rs
<u>Equity Shares of Rs. 10/- each.</u>				
Opening Balance	3,500,000	35,000,000	3,500,000	35,000,000
Received during the year	722,703	7,227,030	0	0
Closing balance	<u>4,222,703</u>	<u>42,227,030</u>	<u>3,500,000</u>	<u>35,000,000</u>

NOTE NO. 3 RESERVES AND SURPLUS

<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	65,000		43,000
Add: Transferred from surplus in Statement of Profit and Loss	25,000		22,000
Closing balance	<u>90,000</u>		<u>65,000</u>
<u>Share Premium</u>			
Opening balance	0		0
Add : Premium on shares issued during the year	72,270,300		0
Closing balance	<u>72,270,300</u>		<u>0</u>
<u>Surplus / (Deficit) in Statement of Profit and Loss</u>			
Balance brought forward from previous year	(1,429,445)		(1,453,342)
Add: Transfer from Statement of Profit and Loss for the year	122,831		45,897
Less: Transferred to Statutory reserve	(25,000)		(22,000)
Closing balance	<u>(1,331,614)</u>		<u>(1,429,445)</u>
Total	<u>71,065,586</u>		<u>(1,327,545)</u>



KWALITY CREDIT & LEASING LIMITED
NOTES TO BALANCE SHEET AS AT 31ST MARCH 2013

	As At 31 March, 2013 Rs	As At 31 March, 2012 Rs
NOTE NO. 4 TRADE PAYABLES		
Other than Acceptances	7,327,889	0
	7,327,889	0
NOTE NO. 5 OTHER CURRENT LIABILITIES		
<u>Other Payables</u>		
Advances against Property	7,100,000	7,500,000
Statutory remittances - Tax Deducted at Sources	600	0
Others	42,386	86,181
	7,142,986	7,586,181
NOTE NO. 6 SHORT TERM PROVISIONS		
<u>Provision for :</u>		
Income Tax	18,634	0
Contingent of Standard Assets	129,047	26,350
	147,681	26,350



KWALITY CREDIT & LEASING LIMITED
NOTES TO BALANCE SHEET AS AT 31ST MARCH 2013

NOTE NO. 7: FIXED ASSETS

DESCRIPTION	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	Cost As On 01.04.2012	Additions during the year	Deductions during the year	Total Cost As On 31.03.2013	Up To 01.04.2012	For the year	Deductions during the year	Up To 31.03.2013	As on 31.03.2013	As on 31.03.2012
	Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs
Computer	227,454	0	227,454	0	221,700	3,934	225,634	0	0	5,754
Motor Car	502,675	0	0	502,675	327,213	47,754	0	374,967	127,708	175,462
Air Conditioner	154,000	0	0	154,000	124,858	7,316	0	132,174	21,826	29,142
Mobile Phones	58,840	0	0	58,840	37,211	2,795	0	40,006	18,834	21,629
Total	942,969	0	227,454	715,515	710,982	61,799	225,634	547,147	168,368	231,987
Previous Year	942,969	0	0	942,969	647,872	63,110	0	710,982	231,987	-



KWALITY CREDIT & LEASING LIMITED
NOTES TO BALANCE SHEET AS AT 31ST MARCH 2013

		As At 31 March, 2013 Rs		As At 31 March, 2012 Rs
NOTE NO. 8 NON CURRENT INVESTMENTS				
<u>Other investments (Unquoted, at cost)</u>				
Investment in equity instruments of other entities				
<u>Equity Shares of Rs 10/- each</u>	No. of Shares		No. of Shares	
Ritman Concrete Private Limited	22,222	1,999,980	0	0
Navyug Tradelink Private Limited	4,000	800,000	4,000	800,000
Risewell Credit Private Limited	50,000	5,000,000	50,000	5,000,000
<u>Equity Shares of Rs 100/- each</u>				
Guinness Finance & Leasing Private Limited	3,000	3,300,000	3,000	3,300,000
		11,099,980		9,100,000
NOTE NO. 9 LONG TERM LOANS & ADVANCES				
<u>Unsecured, considered good</u>				
Loans		10,540,000		10,540,000
Advances against Property		7,500,000		7,500,000
Security deposits		6,000		6,000
		18,046,000		18,046,000
NOTE NO. 10 INVENTORIES				
(As inventories taken, valued & certified by the Management)				
Trading Goods (at cost)		15,148,490		13,641,715
		15,148,490		13,641,715
NOTE NO. 11 CASH AND CASH EQUIVALENTS				
Cash on Hand (As certified)		383,874		250,775
Balances with banks In current accounts		906,984		14,488
		1,290,858		265,263
NOTE NO. 12 SHORT-TERM LOANS AND ADVANCES				
<u>Unsecured, considered good</u>				
Loans		82,157,456		0
Share Application Money Refundable		20		0
<u>Balances with government authorities</u>				
Income Tax Payment		0		21
		82,157,476		21



KWALITY CREDIT & LEASING LIMITED
NOTES TO STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31 MARCH 2013

	Year ended 31 March, 2013 Rs	Year ended 31 March, 2012 Rs
NOTE NO. 13 REVENUE FROM OPERATIONS		
Sale of products	300,000	0
<u>Interest income</u>		
Interest on loans (TDS Rs 98366/- Previous Year Rs.60000/-)	1,315,702	600,000
	<u>1,615,702</u>	<u>600,000</u>
NOTE NO. 14 OTHER INCOME		
<u>Interest income</u>		
Interest on Income Tax Refund	0	2,209
Profit on Sale of Investment	0	46,000
<u>Other non-operating income</u>		
Derivative Profit in Future Contract (Net)	0	322,432
	<u>0</u>	<u>370,641</u>
NOTE NO. 15 PURCHASE OF STOCK-IN-TRADE		
Traded good	1,771,754	0
	<u>1,771,754</u>	<u>0</u>
NOTE NO. 16 CHANGES IN INVENTORIES OF TRADED GOODS		
Inventories at the end of the year: Traded goods	15,148,490	13,641,715
Inventories at the beginning of the year: Traded goods	13,641,715	13,641,715
Net (increase) / decrease	<u>(1,506,775)</u>	<u>0</u>
NOTE NO. 17 EMPLOYEE BENEFITS EXPENSE		
Salary Bonus & Other Allowance	173,996	120,000
Staff Refreshment expenses	17,197	24,625
	<u>191,193</u>	<u>144,625</u>
(Salary includes Directors' Remuneration Rs. 37500 , P.Y. NIL)		
NOTE NO. 18 DEPRECIATION & AMORTISATION EXPENSES		
Depreciation on Tangible Assets	61,799	63,110
	<u>61,799</u>	<u>63,110</u>



KWALITY CREDIT & LEASING LIMITED
NOTES TO STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31 MARCH 2013

	Year ended 31 March, 2013 Rs	Year ended 31 March, 2012 Rs
NOTE NO. 19 OTHER EXPENSES		
Rates & Taxes	2,095	0
Accounting Charges	0	30,000
Derivative Loss on Currency Transactions (Net)	253,205	0
Travelling & Conveyance	25,158	22,742
Printing & Stationery	20,187	7,910
Motor Car Expenses	12,837	0
Telephone Charges	23,206	2,756
Legal & Consultancy Charges	31,557	24,000
Filing Fees	44,230	15,000
Registrar & Transfer Agent Expenses	7,865	10,480
Listing Fees	209,672	365,831
Depository Charges	27,110	15,679
Bank Charges & Commissions	5,562	2,771
Advertisement & Business promotion expenses	63,403	54,346
Website Charges	7,303	7,944
Auditors' Remuneration	22,472	22,472
	<u>755,862</u>	<u>581,931</u>

NOTE NO. 20 CONTINGENT LIABILITIES

NIL

NIL



KWALITY CREDIT & LEASING LIMITED
DETAIL OF CLOSING STOCK AS AT 31ST MARCH, 2013

Name Of Company	No. of Shares	Rate	AMOUNT
Brilliant Merchants Private Limited	15,000	100.00	1,500,000
Konark Commercial Limited	4,000	98.77	395,079
Minolta Finance Limited	16,100	279.54	4,500,580
Oasis Cine Chem Limited	25,060	294.34	7,376,155
Questfin Financial Services Limited	16,000	86.04	1,376,676
			<u>15,148,490</u>



KWALITY CREDIT & LEASING LIMITED
DETAIL SHEET OF BALANCE SHEET AS AT 31ST MARCH, 2013

Rs

LIABILITIES SIDE

Trade payables

Giriraj Stock Broking Private Limited

7,327,889

7,327,889

Other Current Liabilities - Others

Pachisia & Associates

22,472

Zeal Advertising Private Limited

19,914

42,386

ASSETS SIDE

Long - Term Loans

Anil Kumar Bothra

10,540,000

10,540,000

Advances against Property

Rahul Sharma

6,000,000

Rahul Sharma Huf

1,500,000

7,500,000

Balances with banks In current accounts

Bank Of Baroda

2,692

Corporation Bank

898,388

Tamilnadu Mercantile Bank Limited

5,904

906,984



KWALITY CREDIT & LEASING LIMITED
DETAIL SHEET OF BALANCE SHEET AS AT 31ST MARCH, 2013

Rs

Short - Term Loans

Amrapali Builders	2,717,865
Anju Devi	1,012,723
Arvind Kr Pareek	505,671
Ashok Kr Chhajer	3,000,000
Sajoria Entertainment Private Limited	509,000
Bhanwari Devi Manikchand Daga	5,027,740
Bindiya Ashok Khurana	2,527,740
Elegant Sales Corporation	7,013,414
Epitome Life Science	1,000,000
Geotex Textile Private Limited	7,062,914
Gujrat Raffia Industries Limited	2,005,326
Jugal Kishor Jhawar	3,547,466
Kantibhai Virjibhai Gongani	1,508,137
Madhav Power Private Limited	2,504,000
Mangala Supply & Agencies Private Limited	1,500,000
M.I.Packaging Private Limited	1,513,648
Narayan Dye Stuff Private Limited	1,256,657
Nikita Jhawar	5,571,137
Parmesthi Estates Private Limited	3,517,606
Pashupati Trade Feb Private Limited	1,016,274
Rishab Ashok Chhajer	1,500,000
Ruchika Jhawar	4,050,301
Sarita Devi Jhawar	3,544,014
Shalini Devi Agarwal	1,013,562
Shree Sidh Stones Private Limited	2,400,000
S J Agarwal Huf	2,024,329
Star Tex	5,004,932
Toshniwal Enterprises	803,000
Toshniwal Enterprises Controls Private Limited	6,500,000
Zubit Life Care	1,000,000
	<u>82,157,456</u>

Share Application Money Refundable

Ritman Concrete Private Limited	20
	<u>20</u>



KWALITY CREDIT & LEASING LIMITED

DETAIL SHEET OF STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31ST MARCH, 2013

Rs

EXPENSES

Salary, Bonus & Other Allowance

136,496

Salary

37,500

Directors' Remuneration

173,996

Rates & Taxes

Service Tax

44

Security Transaction Tax

1,772

Stamp Charges

179

Turnover Tax

100

2,095





Kwaliti Credit & Leasing Limited

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

Phone : 033-3262 4539

E-mail : kwaliti50@yahoo.com, Website : www.kwaliti50.com

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 employees including the Managing Director. In addition, the Company has adopted the Code of Conduct for Non-Executive Directors.

I confirm that the Company has in respect of the financial year ended 31st March, 2013, received from the senior management team of the Company and the Members of the Board a declaration of compliance with the Code of Conduct as applicable to them.

For the purpose of this declaration, Senior Management Team means the Members of the Management and Key Managerial Personnel as on 31st March, 2013.

Place : Kolkata
Date : 30.05.2013

Bhagwan Das Soni
Managing Director



Kwalitiy Credit & Leasing Limited

27, Weston Street, 5th Floor, Room No. 526, Kolkata - 700 012
Phone : 033-3262 4539

E-mail : kwalitiycredit50@yahoo.com, Website : www.kwalitiycredit.com

CEO & CFO CERTIFICATION

To

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

Re-Financial Statements for the year ended on 31st March, 2013 Certification

We, Mr. Bhagwan Das Soni, Managing Director & Mr. Amu Thapa, Director & CFO, on the basis of the review of the financial statements and the cash flow statements for the Financial year ending on 31st March, 2013 and to the best of our knowledge and belief, thereby certify that:-

1. The aforesaid statements do not contain any materially untrue statements or omit any material fact or contain statements that might be misleading.
2. These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
3. There are, to the best of our knowledge and belief, no transaction entered into by the company during the year ended on 31st March, 2013 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

Amu Thapa
Director & CFO

Place : Kolkata
Date : 30.05.2013

Dear Shareholder,

Ref. :- Green Initiative by Ministry of Corporate Affairs

As you are aware, the Ministry of Corporate Affairs (MCA), vide its Circular Nos. 17/2011 & 18/2011 dated 21.04.2011 & 29.04.2011 respectively has taken a "Green Initiative" by allowing paperless compliances by Companies for service of documents to its Members through electronic mode in compliance with Section 53 of the Companies Act, 1956.

With a view to encourage the Green initiative, we propose to send all documents and communications as required to be sent to our Members, inclusive of Notices, Annual Reports with Balance Sheet, Profit & Loss Accounts and the necessary attachments herewith etc. in electronic form to your e-mail addresses as required by you.

In view of this, we request you to kindly register your e-mail address with us by returning the reply portion duly completed and signed to enable us to send all future communication including Notices, Annual Reports with Balance Sheet, Profit & Loss Accounts and the necessary attachments herewith etc. to you in electronic form.

Register your e-mail address with the Company or its Registrar & Share Transfer Agents i.e. M/s. C.B. Management Services (P) Limited (Registrar & Transfer Agents), P - 22, Bondel Road, Kolkata-700 019, by either of the following means:

- Returning the attached Registration Form duly filled and signed to the Company or Registrar & Share Transfer Agents by hand/post/courier OR
- Returning the scanned copy of the said form duly filled and signed through e-mail to kwalitycredit50@yahoo.com

We look forward for your support and co-operation in this regard..

Thanking you,

Yours truly,

For Kwality Credit & Leasing Limited

Sd/-

Bhagwan Das Soni

Managing Director

M/s.

Unit : Kwality Credit & Leasing Limited,

P - 22, Bondel Road,

Kolkata-700 019

In View of the Green initiative, taken by the Ministry of Corporate Affairs (MCA) Circular Nos. 17/2011 dated 21.04.11 and 18/2011 dated 29.04.2011:

I.....son/daughter/wife of
Sri.....holding.....equity shares of Kwality Credit &
Leasing Limited.,
under Folio No. DP Id Client Id.....do hereby
register my e-mail address and convey that I wish to receive all future documents and communication as required
to be sent to me at my following e-mail address.

E-mail address

Thanking you,

Yours faithfully,

Signature (1st/Sole holder)

Signature (2nd holder)

Signature (3rd holder)

Name

Name

Name

KWALITY CREDIT & LEASING LIMITED
27, Weston Street, 5th Floor, Room No.526, Kolkata-700 012

PROXY FORM

DP Id		Client Id	
Regd. Folio No.		No. of Shares	

I/We _____ of _____ being a Member/Members of M/s. **Kwality Credit & Leasing Ltd.**, hereby appoint _____ of _____ or failing him / her _____ of _____ as my/our Proxy to attend and vote for me/us on my/our behalf at the 21st Annual General Meeting of the Company being held on Monday, 30th September, 2013 at 10.00 a.m. at 27, Weston Street, 5th Floor, Room No-526, Kolkata-700 012 or /and at any adjournment thereof.

Affix Re.1 /- Revenue Stamp

Dated: _____

Signature of the Shareholder / Proxy

Notes:

- (1) The Proxy form duly completed and signed should be received at the Registered Office of the Company situated at (Address) not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.
- (2) A member of the Company entitled to attend and vote at the above meeting is entitled to appoint one or more proxies to attend and, on a poll, to vote instead of him. The proxy need not be a member of the Company but must attend the Meeting in person to represent you.
- (3) In the case of a body corporate this form must be executed either under its common seal or under the hand of an officer or attorney duly authorised. A copy of the authorisation of such officer or attorney must be lodged with the form of proxy.
- (4) Any alterations made in this form of proxy must be initialled by the person who signs it.

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ATTENDANCE SLIP

DP Id		Client Id	
Regd. Folio No.		No. of Shares	

Name(s) and address of the shareholder in full _____.




I/we hereby record my/our presence at 21st Annual General Meeting of the Company being held on Monday, 30th September, 2013 at 10.00 a.m. at 27, Weston Street, 5th Floor, Room No-526, Kolkata- 700 012.

Signature of Shareholder / Proxy

Members or their proxies are requested to present this form for admission, duly signed in accordance with their specimen signatures registered with the Company.

FORM-A

DETAILS OF ANNUAL AUDIT REPORT AS PER REQUIREMENTS OF CLAUSE 31 (a) OF THE LISTING AGREEMENT

Sl. No.	Description	Particulars	Signature
1	Name of the Company	Kwality Credit & Leasing Limited	
2	Annual Financial Statements for the year ended	31st March, 2013	
3	Type of Audit Observation	Unqualified Audit Report	
4	Frequency of Observation	Not Applicable	
5	Duly signed by the following :		
	Designation	Name	Signature
i)	Managing Director	Mr. Bhagwan Das Soni	
ii)	Chief Financial Officer	Amu Thapa	
iii)	Auditor of the Company	Satya Prakash Pachisia, Proprietor (Membership No.055040) Pachisia & Associates 327542E	M/s. (Reg. No. 
iv)	Audit Committee Chairman	Mr. Suresh Kumar Jain	