



Kwality Credit & Leasing Limited

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

Phone : 919681634539

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

CIN-L65921WB1992PLC056686

September 26, 2017

To,
The Dept. of Corporate Services,
BSE Ltd.,
Floor 25, P. J. Towers,
Dalal Street,
Mumbai - 400 001
Scrip Code: 531206

To,
The Secretary,
The Calcutta Stock Exchange Ltd.,
7, Lyons Range,
Kolkata-700 001
Scrip Code: 021082

Sir,

Sub. :- Submission of the 25th Annual Report 2016-17

This is to inform that the members at the 25th Annual General Meeting of the Company held on Monday, the 25th day of September, 2017, at 10.00 a.m. at Milan Deep Hall, Sher Khan Complex, J-142, Paharpur Road, Garden Reach, Near S.K. Foundation School, Kolkata-700 024, have approved and adopted the Annual Report 2016-17.

In terms of Regulation 34 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, enclosed please find herewith the 25th Annual Report 2016-17.

Thanking you,

Yours faithfully
For Kwality Credit & Leasing Ltd.


Bhagwan Das Soni
Managing Director
DIN: 02308414

Encl. As above

25th Annual Report

&

Accounts

2016 - 2017

KWALITY CREDIT & LEASING LTD.

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Corporate Identity No.: L65921WB1992PLC056686

Board of Directors :

| | |
|-----------------------|---|
| Mr. Bhagwan Das Soni | Managing Director |
| Mr. Amu Thapa | Non-Executive Independent Director |
| Mr. Suresh Kumar Jain | Non-Executive Independent Director |
| Ms. Babita Shah | Additional Non-Executive Independent Director |

Audit Committee :

| | |
|-----------------------|--|
| Mr. Suresh Kumar Jain | Chairperson-Non Executive Independent Director |
| Mr. Amu Thapa | Non-Executive Independent Director |
| Mr. Bhagwan Das Soni | Executive Non- Independent - Managing Director |

Nomination And Remuneration Committee:

| | |
|-----------------------|--|
| Mr. Suresh Kumar Jain | Chairperson-Non Executive Independent Director |
| Mr. Amu Thapa | Non Executive Independent Director |
| Ms. Babita Shah | Non Executive Independent Director |

Stakeholder's Relationship Committee :

| | |
|-----------------------|--|
| Mr. Amu Thapa | Chairperson-Non Executive Independent Director |
| Mr. Suresh Kumar Jain | Non Executive Independent Director |
| Mr. Bhagwan Das Soni | Executive Non- Independent - Managing Director |

Risk Management Committee :

| | |
|-----------------------|--|
| Mr. Amu Thapa | Chairperson-Non Executive Independent Director |
| Mr. Suresh Kumar Jain | Non Executive Independent Director |
| Mr. Bhagwan Das Soni | Executive Non- Independent - Managing Director |

Chief Financial Officer :

Mr. Subrata Dutta

Registered Office :

27, Weston Street,
5th floor, Room No. 526,
Kolkata – 700 012
Ph. : 9681634539
Email ID : kwalitycredit50@yahoo.com
Website : www.kwalitycredit.com

Registrar and Transfer Agent :

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

Bankers :

Corporation Bank

Auditors :

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

KWALITY CREDIT & LEASING LIMITED

DIRECTORS' REPORT

Dear Members,

The Directors have pleasure in presenting the 25th Annual Report of the Company together with Audited Accounts for the year ended March 31, 2017.

1) Financial Summary or Highlights.

(in `)

| Particulars | 2016-17 | 2015-16 |
|--|--------------------|-------------|
| Total Revenue | 62,65,877 | 78,76,894 |
| (Less): Total Expenditure | 63,54,077 | 69,04,684 |
| Profit before Exceptional & Extraordinary Items | (88,200) | 9,72,210 |
| Add/(Less): Exceptional Items | - | - |
| Add/(Less): Extraordinary Items (Loss on Sale of Fixed Assets) | - | - |
| Profit Before Tax | (88,200) | 9,72,210 |
| (Less): Provision for Tax | - | (3,17,689) |
| Add/(Less): Contingent provision for Standard Assets | - | 70,342 |
| Net Profit/(Loss) after Tax | (88,200) | 7,24,863 |
| Income Tax Adjustments of Earlier Years | 6835 | - |
| Surplus balance carried to Balance Sheet | (81,365) | 7,24,863 |
| (Less): Transfer to Statutory Reserve | - | (1,57,042) |
| Add/(Less): Brought forward from previous year | (34,62,538) | (40,30,360) |
| Balance carried to Balance Sheet | (35,43,903) | (34,62,538) |

2. Performance

(a) Annual Financial Results

The total income of the Company during the Financial Year 2016-17 on a standalone basis showed a downfall from Rs. 78,76,894/- in the previous financial year as compared to Rs. 62,65,877/- in the reporting year. The total expenses for the year also reduced to Rs. 63,54,077/- as compared to Rs. 69,04,684/- in previous year.

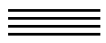
(b) Names of companies which have become or ceased to be its subsidiaries, joint ventures or associate companies during the year

At the beginning of the Financial Year under review, the Company had 22 subsidiaries and no joint ventures and associate Companies. As on March 31, 2017, the Company has 20 subsidiaries whose business did not commence in the period under review and has no joint ventures or associate Companies.

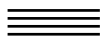
The details of the same has been provided in Form AOC-1, which is appended to the Directors' Report in **Annexure-I**.

Further, In terms of Rule 8(5)(iv) of the Companies (Accounts) Rules 2014, the disclosure on subsidiaries companies is made hereunder:

- **The names of companies which have become its subsidiaries during the period under review**
 - i. Curlew Agriculture Ltd.
 - ii. Curlew Floriculture Ltd.
 - iii. Curlew Riverview Ltd.



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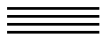


- iv. Curlew Sunshine Ltd.
- v. Curlew Highrise Ltd.
- vi. Curlew Projects Ltd.
- vii. Curlew Seaview Ltd.
- viii. Curlew Horticulture Ltd.
- ix. Curlew Moonview Ltd.
- x. Curlew Builders Ltd.
- xi. Selvan Highrise Ltd.
- xii. Selvan Riverview Ltd.
- xiii. Selvan Seaview Ltd.
- xiv. Selvan Skyrise Ltd.
- xv. Selvan Sunshines Ltd.
- xvi. Mdue Fashion Ltd.
- xvii. Mdue Infracon Ltd.
- xviii. Mdue Industries Ltd.
- xix. Mdue Retail India Ltd.
- xx. Mdue Enterprises Ltd.

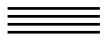
The business of above mentioned companies have not commenced during the year under review.

➤ **The names of companies which have ceased to be its subsidiaries during the period under review**

- i. KCL Agro Products Limited
- ii. KCL Chemical Limited
- iii. KCL Enclave Limited
- iv. KCL Energy Limited
- v. KCL Impex Limited
- vi. KCL Jewellers Limited
- vii. KCL Resorts Limited
- viii. KCL Warehousing Limited
- ix. KCL Iron & Steels Limited
- x. KCL Machinery Dealers Limited
- xi. KCL Fashion Limited
- xii. KCL Media Limited
- xiii. Tropicana Housing Limited
- xiv. Tropicana Heights Limited
- xv. Tropicana Residency Limited



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- xvi. Tropicana Real Estates Limited
- xvii. Tropicana Consultants Limited
- xviii. Maxwell Residency Limited
- xix. Maxwell Real Estates Limited
- xx. Maxwell Heights Limited
- xxi. Maxwell Housing Limited
- xxii. Maxwell Homes Limited

3. Dividend

During the year under review, the Company has incurred losses. Thus, the Board of Directors request for their inability to declare dividend.

4. The amount proposed to be carried to reserves

During the year, considering the operating performance of the Company, it has not transferred any amount in any reserves.

5. Change in Share Capital

During the year under review, there has been no change in the Authorised or Paid-up Share Capital.

The Authorised Share Capital of the Company stands at Rs. 4,70,00,000/- divided into 47,00,000 Equity Shares of Rs. 10 each. The Paid-up Share Capital of the Company is Rs. 4,22,27,030/- divided into 42,22,703 Equity Shares of Rs. 10/- each.

6. Listing

The Company's shares are listed on the Calcutta Stock Exchange Limited and BSE Ltd.

Further, Securities and Exchange Board of India (SEBI) vide its Order No.WTM/RKA/MCR/20/2015 dated March 23, 2015 allowed the Jaipur Stock Exchange Limited (JSEL) to exit through voluntary surrender of recognition.

7. Corporate Governance Report

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

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

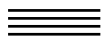
8. Extract of the Annual Return

The Extract of the Annual Return as on the financial year ended on March 31, 2017, in Form MGT-9 pursuant to section 92(3) of the Companies Act, 2013 (hereinafter referred to as "the act") and Rule 12(1) of the Companies (Management and Administration) Rules, 2014 is appended to the Directors' Report in **Annexure-II**.

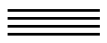
9. Number of Meetings of the Board

The Board of Directors of the Company met seven (7) times during the Financial Year under review, i.e. on: 29/04/2016, 30/05/2016, 13/08/2016, 14/11/2016, 27/01/2017, 03/03/2017 and 31/03/2017.

Further, one exclusive meeting of the Independent Directors, pursuant to Schedule IV of the Companies Act, 2013 and sub-regulation 3 of Regulation 25 of the of the Securities and Exchange Board of India (Listing



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Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as “the Listing Regulations”) was held on 31/03/2017.

The Meetings were held in accordance with the provisions of the Act and the Listing Regulations.

The details of the Meetings of the Board of Directors during the Financial Year 2016-17 is encompassed in the Corporate Governance Report which is annexed to the said Report.

10. Disclosure pursuant to Section 177(8) of the Companies Act, 2013-Composition of the Audit Committee

The Audit Committee of the Company comprises of two Non-Executive Independent Director and one Executive Non Independent Director as on March 31, 2017. The Committee is chaired by a Non-Executive Independent Director, Mr. Suresh Kumar Jain (DIN- 00705828).

The details of the same are morefully provided in the Corporate Governance Report.

During the Financial Year under review, the Committee met five (5) times and all such meetings were held in accordance with the provisions of the Act and the Listing Regulations.

Further, the Board of Directors has accepted all the recommendations of the Audit Committee in the Financial Year 2016-17.

11. Composition of the Nomination and Remuneration Committee

The Nomination and Remuneration Committee of the Company comprises of two Non-Executive Independent Directors and one Executive Non-Independent Director as on March 31, 2017.

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

12. Composition of the Stakeholders Relationship Committee

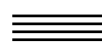
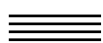
The Share Transfer and Investors Grievance Committee consist of two Non-Executive Independent Director and one Executive Independent Director.

The detail of the Committee is provided in the Corporate Governance Report.

13. Directors' Responsibility Statement

Pursuant to the provisions of Section 134 (3) (c) read with section 134 (5) of the Act, the Directors hereby confirm and state that:

- (a) In the preparation of Annual Accounts, the applicable Accounting Standards have been followed along with the proper explanation relating to material departures, if any.
- (b) The Directors have selected such accounting policies and have applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as on the Financial Year ended on March 31, 2017 and of the loss of the company for the year under review.
- (c) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- (d) The Directors have prepared the annual accounts on a going concern basis.
- (e) The Directors have laid down internal financial controls to be followed by the Company and such internal financial controls are adequate and were operating effectively.
- (f) The Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.



14. Declaration by the Independent Directors

Section 149(7) of the Act requires that every Independent Director to give a declaration that he/she meets the criteria of Independence, at the first Board Meeting of every financial year.

Accordingly, the Company has taken on record, the Statement of Declaration of Independence, as submitted by all the Independent Directors.

15. Policy on Directors' Appointment & Remuneration

Pursuant to the provisions of Section 178(4) of the Act read with the Rules made thereunder and Listing Regulation 2015, the Nomination and Remuneration Committee has formulated the criteria for determining qualifications, positive attributes and independence of a director and has further formulated a policy relating to the remuneration for Directors, Key Managerial Personnel and other employees, which has been duly approved by the Board of Directors.

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

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

The Nomination and Remuneration Policy is available on the website of the Company at <http://www.kwalitycredit.com/nomination-&-remuneration-Policy.html>. Further, it is also appended to the Directors' Report in **Annexure-III**.

16. Auditors & Auditors' report

(a) Statutory Auditors

The appointment of M/s Pachisia & Associates (Firm Registration No. 327542E), Chartered Accountants of 783, Anandpur, Kolkata-700107, is subject to ratification by the members at the ensuing Annual General Meeting.

In this connection, M/s Pachisia & Associates have furnished a Certificate of Eligibility pursuant to Section 141 of the Act read with the Rules framed thereunder.

Based on the recommendation of the Audit Committee, the Board of Directors recommends their ratification to the shareholders.

(b) Independent Auditors' Report

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

(c) Secretarial Auditor

Pursuant to the provisions of Section 204 of the Act and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Board of Directors has appointed Mr. Shakeel Ahmed (C.P. No. 18794, Membership No. A46966), Company Secretary in Whole-time Practice, to undertake the Secretarial Audit of the Company for Financial Year 2016-17.

(d) Secretarial Audit Report

The Secretarial Audit Report is appended to the Directors' Report in **Annexure-IV**. The Report of the Secretarial Audit Report does not contain any adverse remark except the following:-

1. In terms of Section 203 of the Act read with the Rules made thereunder, the Company is required to appoint a whole-time Company Secretary. Although the Company has not appointed any Company

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Secretary. The Management has informed that the Company is in the process of appointing a whole-time Company Secretary.

2. As per Section 138 read with Rule 13 of the Companies (Accounts) Rules, 2014, the Company has not filed MGT-14 regarding appointment of Internal Auditor.

Board of Directors' Comment:-

1. The Company had advertised in the newspaper to appoint a Company Secretary but have not received any positive response for the same.
2. The Company has inadvertently not filed the form regarding the appointment of internal auditor.

17. Particulars of Loans, guarantees or investments under section 186

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

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

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

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

Further, during the year, the Company had not entered into any contract/ arrangement / transaction with related parties which could be considered material in accordance with the policy of the Company on materiality of related party transactions.

19. State of Company Affairs & Future Outlook

The total income of the Company during the Financial Year 2016-17 on a standalone basis showed a downfall from Rs. 78,76,894/- in the previous financial year as compared to Rs. 62,65,877/- in the reporting year. The total expenses for the year also reduced to Rs. 63,54,077/- as compared to Rs. 69,04,684/- in previous year.

20. Material Changes and commitments, if any, affecting the financial position of the Company, which have occurred between the end of the financial year of the company to which the financial statements relate and the date of the report

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

21. Open Offer to Shareholders by Dharmendra Kothari, Hemant Kothari, Rajesh Kothari, Sunita Kothari and Ichraj Devi Kothari

During the year under review, Dharmendra Kothari, Hemant Kothari, Rajesh Kothari, Sunita Kothari and Ichraj Devi Kothari made an open offer of 8,44,541 equity shares of the Company, to the shareholders of the Company in compliance with the Order issue by SEBI (Ref. No. WTM/RKA/ERO/13-14/2015 dated 04.03.2015). They issued a Corrigendum to public announcement dated September 02, 2016 on 12th April, 2017 to make an open offer to the equity shareholders of the Company. After the receipt of SEBI's nod, the offer opened on 24th April, 2017 and closed on 13th May, 2017. They acquired 79,000 number of equity shares under the open offer. Subsequent to this acquisition, they now hold 8.39% of the equity capital of the Company.

22. Disclosure in terms of Rule 8(3) of the Companies (Accounts) Rules, 2014 regarding Conservation of Energy, Technology Absorption, Foreign Exchange Earnings And Outgo

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In terms of Section 134(3)(m) of the Act read with the Rules made there under, the Company has no activity relating to Conservation of Energy, Technology Absorption.

Further, during the year there was no Foreign Exchange Earnings and Outgo.

Therefore, the Company is not required to make any disclosure as specified in Section 134 (3) (m) of the Act read with Rule 8(3) of the Companies (Accounts) Rules, 2014.

23. Risk Management Policy

In terms of compliance with Section 134(3)(n) of the Act, the Company has a Risk Management Policy which provides for the identification therein of elements of risk, which in the opinion of the Board may threaten the existence of the Company.

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

Further, in terms of Regulation 17(9)(b) of Listing Regulations, the Board of Directors is responsible for framing, implementing and monitoring the Risk Management Plan of the Company, and has have delegated the power of monitoring and reviewing of the risk management plan to the Risk Management Committee.

The Risk Management Committee is responsible for laying down procedures to inform Board members about the risk assessment and minimization procedures. This is described morefully in the Corporate Governance Report.

24. Policy on Corporate Social Responsibility (CSR) Initiatives

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

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

25. Manner of formal annual evaluation by the Board of its own performance and that of its committees and individual directors

Pursuant to Section 134(3)(p) of the Act read with Rule 8(4) of the Companies (Accounts) Rules, 2014, other applicable provisions of the Act, and various applicable clauses of the Listing Regulations, the disclosure regarding the manner of formal annual evaluation by the Board of its own performance and that of its various committees and individual directors is provided hereto:

(a) Evaluation Criteria

Pursuant to Part D of Schedule II of the Listing Regulations, the Nomination and Remuneration Committee has formulated the criteria for evaluation of the performance of the Independent Directors and the Board. The Nomination and Remuneration Committee also identifies persons qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommends to the Board their appointment and removal and carries out the evaluation of every director's performance in accordance with Section 178(2) of the Act read with the Rules framed there under and Part D of Schedule II of the Listing Regulations.

The Board shall monitor & review the Board Evaluation Framework and evaluate the performance of all the Board Committees.

Further, the Nomination and Remuneration Committee has formulated criteria for determining qualifications, positive attributes and independence of a director and recommended to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees. The details of the same are morefully described in the Corporate Governance Report.

Further, the Nomination and Remuneration Committee has also devised a Policy on Board Diversity in accordance with Regulation 19(4) of the Listing Regulations.

(b) Performance Evaluation of the individual directors

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Pursuant to section 178(2) of the Act, the Nomination and Remuneration Committee of the Company carries out the performance evaluation of the individual directors.

(c) Board of Directors

A separate meeting of the Independent Directors of the Company was held on 31/03/2017, pursuant to Clause VII of Schedule IV to the Act and Regulation 25 of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015 (hereinafter "Listing Regulation(s)"), for transacting the following businesses as set forth in the Agenda:

1. Review the performance of the non-independent directors and the Board as a whole.
2. Review the performance of the Chairman of the Company, taking into account the views of the executive directors and non-executive directors.
3. Assessment of the quality, quantity and timeliness of flow of information between the company management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

The same was perused in accordance with the Evaluation criteria determined by the Nomination and Remuneration Committee.

The Independent Directors of the Company in fulfilling their role and functions as specified in Clause II of Schedule IV to the Act, help in bringing an objective view in the evaluation of the performance of the Board and management.

The Independent Directors expressed satisfaction over the performance of all the non-independent Directors and the Chairman.

(d) Performance Evaluation of the Independent Directors

Pursuant to Clause VIII of Schedule IV to the Act and Regulation 19 of the Listing Regulations, read with Part D of Schedule II thereto the performance evaluation of the Independent Directors is perused by the entire Board of Directors, excluding the director being evaluated.

On the basis of the report of performance evaluation, the extension of the term of appointment or its continuance in respect of the independent directors is being considered.

(e) Performance Evaluation of the Committee

The Board of Directors evaluates the performance of all the Board Committees, based on the Company's Performance Evaluation Policy.

26. Nomination and Remuneration Policy

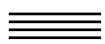
Based on the recommendation of the Nomination and Remuneration Committee, the Board of Directors have adopted a Nomination and Remuneration Policy in terms of Section 178 of the Act, read with Rules made thereunder and read with Part D of Schedule II of the Listing Obligations, as amended from time to time.

The Nomination and Remuneration Policy is available on the website of the Company at <http://www.kwalitycredit.com/nomination-&-remuneration-Policy.html>.

27. Board Diversity policy

The Company acknowledges and embraces the benefits of having a diverse board for effective decision making, and views diversity at the board level as an important element in strong corporate governance. Diversity encompasses diversity of perspective, experience, background, gender, age, ethnicity and geographic background, psychological type and personal attributes. Appointments to the Board are made in the context of complementing and expanding the skills, knowledge and experience of the Board as a whole.

The Board has adopted the Board Diversity Policy which sets out the approach to diversity of Board of Directors.



The Board Diversity Policy is available on the website of the Company at <http://www.kwalitycredit.com/board-diversity-policy.html>.

28. Change in the nature of business

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

29. Directors & Key Managerial Personnel

(a) Non-Executive & Executive Directors - Non-Independent

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

(b) Independent Directors

The Independent Directors of the Company, viz: Mr. Amu Thapa and Mr. Suresh Kumar Jain were appointed for a term of five consecutive years commencing from the conclusion of 22nd Annual General Meeting of the Company, keeping in view their educational / professional qualifications, working experience, expertise in line with Company's business, positive attributes, already being on the Board of the Company and benefits that the Company will derive with their appointment. Furthermore, Ms. Namrata Chakraborty resigned from the directorship w.e.f. January 25, 2017.

The Board of Directors, based on the recommendation of Nomination and Remuneration Committee, appointed Ms. Babita Shah (having DIN-07771685) as an Additional Director – Independent w.e.f. April 7, 2017 up to the date of ensuing Annual General Meeting.

Accordingly, it is proposed to appoint Ms. Babita Shah as non-retiring Independent Director of the Company in accordance with Section 149 of the Companies Act, 2013 and applicable regulation of the Listing Regulations, to hold office upto April 6, 2022, i.e. for the tenure of 5 years.

(c) Chief Financial Officer

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

(d) Compliance Officer

Mr. Bhagwan Das Soni is the Compliance Officer of the Company.

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

The Company has neither accepted any deposits during the financial year under review, nor has any outstanding deposits as on March 31, 2017.

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

No significant and material orders have been passed by the regulators or courts or tribunals impacting the going concern status and the Company's future operations.

32. Details in respect of adequacy of internal financial controls with reference to the Financial Statements

The Audit Committee of the Company ensures that there is a direct relationship between the Company's objectives and the internal financial controls it implements to provide reasonable assurance about their achievement.

In this connection, the Audit Committee in coordination with the Internal Audit Department periodically reviews the following:

- (a) Transactions are executed in accordance with the management's general or specific authorization;

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- (b) All transactions are promptly recorded in the correct amount in the appropriate accounts and in the accounting period in which they are executed so as to permit preparation of financial information within a framework of recognized accounting policies and practices and relevant statutory requirements, if any;
- (c) Accountability of assets is adequately maintained and assets are safeguarded from unauthorized access, use or disposition.

There is a proper allocation of functional responsibilities within the Company and it is ensured that the quality of personnel commensurate with their responsibilities and duties. Further, proper accounting and operating procedures are followed to confirm the accuracy and reliability of accounting data, efficiency in operation and safety of the assets. The regular review of work of one individual by another minimizes the possibility of fraud or error in the absence of collusion.

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

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

The disclosure pursuant to Rule 5(1) of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is provided herein below:

In computing the various parameters, Gross Salary has been considered. Gross Salary of the employees primarily encompasses Salary, allowances and perquisites.

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

| Directors | Ratio of Remuneration to Median Remuneration |
|---|---|
| Mr. Bhagwan Das Soni - Executive Non-independent Managing Director. | 1.71 |
| Mr. Amu Thapa - Non-Executive Independent Director. | -No remuneration or sitting fees was paid |
| Mr. Suresh Kumar Jain - Non executive Independent Director. | -No remuneration or sitting fees was paid |
| Ms.Namrata Chakraborty - Non-Executive Independent Director. | -No remuneration or sitting fees was paid. Further, she resigned from the directorship w.e.f January 25, 2017 |

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

| Directors, Chief Executive Officer, Chief Financial Officer and Company Secretary | % increase in remuneration in the Financial Year |
|---|--|
| Mr. Bhagwan Das Soni - Executive Non-independent Managing Director. | 100% |
| Mr. Amu Thapa - Non-Executive Independent Director. | -No remuneration or sitting fees was paid |
| Mr. Suresh Kumar Jain - Non executive Independent Director. | -No remuneration or sitting fees was paid |

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| | |
|--|---|
| Ms. Namrata Chakraborty - Non-Executive Independent Director. | -No remuneration or sitting fees was paid |
| Mr. Subrata Dutta – Chief Financial Officer | - No increase in remuneration |

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

There was 176.44% increase in the median remuneration of the employees in the reporting financial year.

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

As on March 31, 2017, there are 9 Employees on the rolls of the Company.

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

In order to ensure that remuneration reflects Company performance, the performance pay is also linked to organization performance, apart from an individual's performance.

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

| Comparative Parameter | Amount (in Rs.) |
|---|------------------|
| Aggregate remuneration of Key Managerial Personnel (KMP) in the Financial Year 2016-17. | 3,03,000 |
| Total Revenue | 62,65,877 |
| Remuneration of KMP's as a percentage of Total Revenue | 4.84% |
| Profit before tax | (88,200) |
| Remuneration of KMP's as a percentage of Profit before Tax | -343.54% |
| Profit after tax | (88,200) |
| Remuneration of KMP's as a percentage of Profit/Loss after Tax | -343.54% |

VII. VARIATIONS IN :

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

| Particulars | 31 st March, 2017 | 31 st March, 2016 | % Change |
|-----------------------|--|--|----------|
| Market Capitalisation | ₹ 5,47,26,230.88 (Equity Shares are not traded in CSE Platform. Thus Market Cap. is calculated on the basis of the last traded price of the BSE Platform) | ₹ 5,61,61,949.90 (Equity Shares are not traded in CSE Platform. Thus Market Cap. is calculated on the basis of the last traded price of the BSE Platform) | -2.56 |
| Price Earnings Ratio | (648) | 78.24 | 728.22 |

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

| Particulars | 31 st March, 2017 | IPO | % Change |
|--------------|------------------------------|--|----------|
| Market Price | 12.96 | The Company has not made any Public Issue or Rights issue of securities in the last 15 years, so comparison have not been made of current share price with public offer price. | N.A. |

VIII A. Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year.

There was 255.56% increase already made in the salaries of employees other than the managerial personnel in the last financial year

B. Whether there are any exceptional circumstances for increase in the managerial remuneration.

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

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

(in `)

| Comparative Parameter | Bhagwan Das Soni -Executive Non-Independent Managing Director | Subrata Dutta - Chief Financial Officer w.e.f. 30.05.2015 |
|---|---|---|
| Remuneration of the Key Managerial Personnel (KMP) in the Financial Year 2016-17. | 2,25,000 | 78,000 |
| Total Revenue | 62,65,877 | 62,65,877 |
| Remuneration of KMP's as a percentage of Total Revenue | 3.59% | 1.25% |
| Profit before tax | (88,200) | (88,200) |
| Remuneration of KMP's as a percentage of Profit before Tax | -255.10% | -88.44% |
| Profit after tax | (88,200) | (88,200) |
| Remuneration of KMP's as a percentage of Profit after Tax | -255.10% | -88.44% |

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

The Variable Components of Remuneration broadly comprises of - Performance based promotion and bonus.

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The same shall also depend upon various factors including: their grade, industry bench mark, overall business performance.

Further, in determining the director's remuneration, their performance evaluation as duly carried out by the Board and/or Independent Directors, shall also be given due weightage.

Any annual increase in the remuneration of the Directors, Key Managerial Personnel and Senior Management Personnel shall be at the sole discretion of the Board, based on the recommendation of the Nomination and Remuneration Committee and subject to such statutory approvals, if any.

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

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

F. Affirmation that the remuneration is as per the remuneration policy of the company.

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

34. Vigil Mechanism/Whistle Blower Policy

The Vigil Mechanism/Whistle Blower Policy of the Company is aimed to provide a vigilance mechanism for the directors and employees of the Company to raise concern of any violations of legal or regulatory requirements, incorrect or misrepresentation of any financial statements and reports, etc. The purpose of this Policy is to encourage the Company's directors and employees who have concerns about suspected misconduct to come forward and express these concerns without fear of punishment or unfair treatment.

No personnel have been denied access to the Audit Committee. There were no instances of reporting under the Whistle Blower Policy.

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

35. Insider Trading

The Company has put in place following Codes pursuant to the SEBI (Prohibition of Insider Trading) Regulations, 2015:

- (a) Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information.
- (b) Code of Conduct to Regulate, Monitor and Report Trading.

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

36. Transfer of amount to Investor Education and Protection Fund (IEPF)

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

37. Prudential Norms for NBFC'S

The Company has been complying with all the requisite norms prescribed by the Reserve Bank of

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India for income recognition, accounting standards, capital adequacy, credit rating, provisioning and all other requirements applicable for Non-Deposit Taking Non-Systematically Important NBFCs.

38. Green Initiative

To support the 'Green Initiative' in the Corporate Governance taken by the Ministry of Corporate Affairs, to contribute towards greener environment and to receive all documents, notices, including Annual Reports and other communications of the Company, investors should register their e-mail addresses with M/s. C B Management Services (P) Ltd., if shares are held in physical mode or with their DP, if the holding is in electronic mode.

Electronic Copies of the Annual Report and Notice of the Annual General Meeting are sent to all members whose e-mail addresses are registered with the Company/Depository Participant(s). For members who have not registered their email address, physical copies of the Annual Report and Notice of the Annual General Meeting are sent in the permitted mode. Members requiring physical copies can send their request to Mr. Bhagwan Das Soni, Executive Non-independent Managing Director (DIN: 02308414).

The Company is providing remote e-voting facility to all the members to enable them to cast their votes electronically on all the resolutions set forth in the Notice pursuant to Section 108 of the Act read with Rule 20 of the Company's (Management and Administration) Rules 2014 and the applicable provision(s) of the Listing Regulations.

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

The Company is committed to the protection of women against sexual harassment. The right to work with dignity is universally recognized human rights by international conventions and instruments such as Convention on the Elimination of all Forms of Discrimination against Women.

In adherence to the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition, and Redressal) Act, 2013 read with the Sexual Harassment of Women at Workplace (Prevention, Prohibition, and Redressal) Rules, 2013, the Company has constituted an Internal Complaints Committee to look into the matters relating to sexual harassment at workplace.

Ms. Babita Shah (DIN- 07771685), Non-Executive Independent Woman Director, is the Presiding Officer of the Committee.

In the event of any sexual harassment at workplace, any woman employee of the Company may lodge complaint to Ms. Babita Shah (DIN- 07771685) in writing or electronically through e-mail at: kwalitycredit50@yahoo.com.

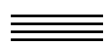
During the period under review, no complaints were received by the Company in terms of the aforesaid act.

40. Management's Discussion and Analysis Report

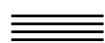
In accordance with the provision of Regulation 34 of Listing Regulations, the Management's Discussion and Analysis Report forms part of this Annual Report.

41. Acknowledgement

The Directors wish to place on record their gratitude for the valuable guidance and support



KWALITY CREDIT & LEASING LIMITED



rendered by the Government of India, various State Government departments, Financial Institutions, Banks and stakeholders, including, but not limited to, shareholders, customers and suppliers, among others. We place on record, our appreciation of the contribution made by our employees at all levels.

The Directors look forward to the continued support of all the stakeholders in the future and appreciate and value the contribution made by every member of the Company.

Place : Kolkata
Dated : 31.07.2017

On Behalf of the Board of Directors
For Kwaliti Credit & Leasing Ltd.

Amu Thapa
Chairman
DIN: 00674928

Form AOC-I

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

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

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

| Sl. No. | Name of the Subsidiary | Share Capital (Rs.) | Reserves & Surplus (Rs.) | Total Assets (Rs.) | Total Liabilities (Rs.) | Investments (Rs.) | Turn-over (Rs.) | Profit before taxation (Rs.) | Provision for taxation (Rs.) | Profit after taxation (Rs.) | Proposed Dividend (Rs.) | % of Share holding |
|---------|------------------------|---------------------|--------------------------|--------------------|-------------------------|-------------------|-----------------|------------------------------|------------------------------|-----------------------------|-------------------------|--------------------|
| NIL | | | | | | | | | | | | |

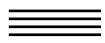
Notes:

1. Name of Subsidiaries which are yet to commence operations:

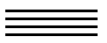
- i. Curlew Agriculture Ltd.
- ii. Curlew Floriculture Ltd.
- iii. Curlew Riverview Ltd.
- iv. Curlew Sunshine Ltd.
- v. Curlew Highrise Ltd.
- vi. Curlew Projects Ltd.
- vii. Curlew Seaview Ltd.
- viii. Curlew Horticulture Ltd.
- ix. Curlew Moonview Ltd.
- x. Curlew Builders Ltd.
- xi. Selvan Highrise Ltd.
- xii. Selvan Riverview Ltd.
- xiii. Selvan Seaview Ltd.
- xiv. Selvan Skyrise Ltd.
- xv. Selvan Sunshines Ltd.
- xvi. Mdue Fashion Ltd.
- xvii. Mdue Infracon Ltd.
- xviii. Mdue Industries Ltd.
- xix. Mdue Retail India Ltd.
- xx. Mdue Enterprises Ltd.

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

- i. KCL Agro Products Limited
- ii. KCL Chemical Limited
- iii. KCL Enclave Limited
- iv. KCL Energy Limited
- v. KCL Impex Limited
- vi. KCL Jewellers Limited
- vii. KCL Resorts Limited
- viii. KCL Warehousing Limited
- ix. KCL Iron & Steels Limited
- x. KCL Machinery Dealers Limited
- xi. KCL Fashion Limited
- xii. KCL Media Limited
- xiii. Tropicana Housing Limited
- xiv. Tropicana Heights Limited
- xv. Tropicana Residency Limited
- xvi. Tropicana Real Estates Limited
- xvii. Tropicana Consultants Limited
- xviii. Maxwell Residency Limited
- xix. Maxwell Real Estates Limited
- xx. Maxwell Heights Limited
- xxi. Maxwell Housing Limited
- xxii. Maxwell Homes Limited



KWALITY CREDIT & LEASING LIMITED



PART-“B”: Associates and Joint Ventures

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

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

For and on Behalf of the Board of Directors

Date : 31.07.2017
Place : Kolkata

Bhagwan Das Soni
Managing Director
DIN: 02308414

Amu Thapa
Director
DIN: 00674928

Subrata Dutta
CFO

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Annexure - II the Director Report

Form No. MGT-9
EXTRACT OF ANNUAL RETURN
as on the financial year ended on 31st March, 2017

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

I. REGISTRATION AND OTHER DETAILS:

| | | |
|------|---|---|
| i. | CIN | L65921WB1992PLC056686 |
| ii. | Registration Date | 25/09/1992 |
| iii. | Name of the Company | Kwality Credit & Leasing Limited |
| iv. | Category/Sub-Category of the Company | Company Limited by Shares, Non-Govt Company |
| v. | Address of the Registered office and contact details | 27, Weston Street, 5 th Floor, Room No. 526, Kolkata – 700 012, Contact No.: 9681634539 |
| vi. | Whether listed company | Yes |
| vii. | Name, Address and Contact details of Registrar and Transfer Agent, if any | C B Management Services (P) Ltd. P-22, Bondel Road, Kolkata – 700 019, Contact No.: (033) 4011 6700, 2280, 6692/93/94/2486 |

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

| Sl. No. | Name and Description of main products/ services | NIC Code of the Product/ service | % to total turnover of the company |
|---------|---|----------------------------------|------------------------------------|
| 1 | Interest Received on Loan | 64990 | 100 % |

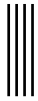
KWALITY CREDIT & LEASING LIMITED

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

| Sl. No. | Name And Address Of The Company | CIN/GLN | Holding/ Subsidiary /Associate | % of shares held | Applicable Section (Companies Act, 2013) |
|---------|---------------------------------|-----------------------|--------------------------------------|------------------------|---|
| 1 | Curlew Agriculture Ltd. | U01100WB2017PLC220023 | Subsidiary | 51% | 2(87)(ii) |
| 2 | Curlew Floriculture Ltd. | U01110WB2017PLC220018 | Subsidiary | 51% | 2(87)(ii) |
| 3 | Curlew Riverview Ltd. | U70109WB2017PLC220021 | Subsidiary | 51% | 2(87)(ii) |
| 4 | Curlew Sunshine Ltd. | U70109WB2017PLC220022 | Subsidiary | 51% | 2(87)(ii) |
| 5 | Curlew Highrise Ltd. | U70109WB2017PLC220037 | Subsidiary | 51% | 2(87)(ii) |
| 6 | Curlew Projects Ltd. | U70200WB2017PLC220061 | Subsidiary | 51% | 2(87)(ii) |
| 7 | Curlew Seaview Ltd. | U70109WB2017PLC220039 | Subsidiary | 51% | 2(87)(ii) |
| 8 | Curlew Horticulture Ltd. | U01100WB2017PLC220099 | Subsidiary | 51% | 2(87)(ii) |
| 9 | Curlew Moonview Ltd. | U70100WB2017PLC220103 | Subsidiary | 51% | 2(87)(ii) |
| 10 | Curlew Builders Ltd. | U70100WB2017PLC220180 | Subsidiary | 51% | 2(87)(ii) |
| 11 | Selvan Highrise Ltd. | U70109WB2017PLC220295 | Subsidiary | 51% | 2(87)(ii) |
| 12 | Selvan Riverview Ltd. | U70109WB2017PLC220294 | Subsidiary | 51% | 2(87)(ii) |
| 13 | Selvan Seaview Ltd. | U70109WB2017PLC220326 | Subsidiary | 51% | 2(87)(ii) |
| 14 | Selvan Skyrise Ltd. | U70109WB2017PLC220297 | Subsidiary | 51% | 2(87)(ii) |
| 15 | Selvan Sunshines Ltd. | U70200WB2017PLC220384 | Subsidiary | 51% | 2(87)(ii) |
| 16 | Mdue Fashion Ltd. | U74999WB2017PLC220176 | Subsidiary | 51% | 2(87)(ii) |
| 17 | Mdue Infracon Ltd. | U74999WB2017PLC220178 | Subsidiary | 51% | 2(87)(ii) |
| 18 | Mdue Industries Ltd. | U74999WB2017PLC220177 | Subsidiary | 51% | 2(87)(ii) |
| 19 | Mdue Retail India Ltd. | U74999WB2017PLC220179 | Subsidiary | 51% | 2(87)(ii) |
| 20 | Mdue Enterprises Ltd. | U74999WB2017PLC220181 | Subsidiary | 51% | 2(87)(ii) |



KWALITY CREDIT & LEASING LIMITED



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

i. Category-wise Share Holding

| Category of Shareholders | No. of Shares held at the beginning of the year | | | | No. of Shares held at the end of the year | | | | % Change during The year |
|---|---|----------|----------|-------------------|---|----------|----------|-------------------|--------------------------|
| | Demat | Physical | Total | % of Total Shares | Demat | Physical | Total | % of Total Shares | |
| A. Promoter | | | | | | | | | |
| 1) Indian | | | | | | | | | |
| a) Individual/ HUF | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| b) Central Govt | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| c) State Govt(s) | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| d) Bodies Corp | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| e) Banks / FI | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| f) Any Other | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| Sub-total (A)(1):- | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| 2) Foreign | | | | | | | | | |
| a) NRIs-Individuals | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| b) Other-Individuals | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| c) Bodies Corp. | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| d) Banks / FI | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| e) Any Other | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| Sub-total(A)(2):- | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| Total Shareholding of Promoter and Promoter Group [A=(A)(1)+ (A)(2)] | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| B. Public | | | | | | | | | |
| Shareholding | | | | | | | | | |
| 1. Institutions | | | | | | | | | |
| a) Mutual Funds | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| b) Banks / FI | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| c) Central Govt | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| d) State Govt(s) | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| e) Venture Capital Funds | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |

| | | | | | | | | | | | | |
|---|----------------|--------------|----------------|---------------|----------------|--------------|----------------|---------------|-------------|---|------|------|
| f) Insurance Companies | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0 | 0 | 0.00 | 0.00 |
| g) FIs | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0 | 0 | 0.00 | 0.00 |
| h) Foreign Venture Capital Funds | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0 | 0 | 0.00 | 0.00 |
| i) Others (specify) | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0 | 0 | 0.00 | 0.00 |
| Sub-tota(B)(1) | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0 | 0 | 0.00 | 0.00 |
| 2. Non Institutions | | | | | | | | | | | | |
| a) Bodies Corp. | | | | | | | | | | | | |
| (i) Indian | 819012 | 36150 | 855162 | 20.25 | 953888 | 36150 | 990038 | 23.45 | 3.20 | | | |
| (ii) Overseas | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 | | | |
| b) Individuals | | | | | | | | | | | | |
| (i) Individual shareholders holding nominal share capital upto Rs. 1 lakh | 1740598 | 25723 | 1766321 | 41.83 | 1731218 | 257230 | 1756941 | 41.60 | (0.23) | | | |
| (ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh | 1600865 | 0 | 1600865 | 37.91 | 1475369 | 0 | 1475369 | 34.94 | (2.97) | | | |
| c) Qualified Foreign Investor | | | | | | | | | | | | |
| d) Others(Specify) | | | | | | | | | | | | |
| (i) Trust & Foundation | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 | | | |
| (ii) NRI | 355 | 0 | 355 | 0.01 | 355 | 0 | 355 | 0.01 | 0.00 | | | |
| Sub-tota(B)(2) | 4160830 | 61873 | 4222703 | 100.00 | 4160830 | 61873 | 4222703 | 100.00 | 0.00 | | | |
| Total Public Shareholding (B)=(B)(1)+ (B)(2) | 4160830 | 61873 | 4222703 | 100.00 | 4160830 | 61873 | 4222703 | 100.00 | 0.00 | | | |
| C. Shares held by | | | | | | | | | | | | |
| | - | - | - | - | - | - | - | - | - | - | - | - |

| | | | | | | | |
|---------------------------|---------|-------|---------|--------|---------|-------|---------|
| Custodian for GDRs & ADRs | | | | | | | |
| Grand Total (A+B+C) | 4160530 | 61873 | 4222703 | 100.00 | 4160830 | 61873 | 4222703 |
| | | | | | | | 100.00 |
| | | | | | | | 0.00 |

ii. Shareholding of Promoters

| Sl. No | Shareholder's Name | Shareholding at the beginning of the year | | | | Shareholding at the end of the year | | | | % change in share holding during the year |
|--------|--------------------|---|----------------------------------|--|---------------|-------------------------------------|--|---------------|-----|---|
| | | No. of Shares | % of total Shares of the company | % of Shares Pledged / encumbered to total shares | No. of Shares | % of total Shares of the company | % of Shares Pledged / encumbered to total shares | No. of Shares | | |
| | | NIL | NIL | NIL | NIL | NIL | NIL | NIL | NIL | NIL |
| | Total | NIL | NIL | NIL | NIL | NIL | NIL | NIL | NIL | NIL |

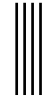
iii. Change in Promoters' Shareholding (please specify, if there is no change)

| Sl. no | Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc): | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|--------|--|---|----------------------------------|---|----------------------------------|
| | | No. of shares | % of total shares of the company | No. of shares | % of total shares of the company |
| | At the beginning of the year | Nil | NIL | - | - |
| | | Nil | NIL | Nil | NIL |
| | At the End of the year | - | - | Nil | NIL |

KWALITY CREDIT & LEASING LIMITED

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

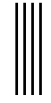
| Sl. no | Name | For Each of the Top 10 Shareholders | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|--------|----------------------------------|---|---|----------------------------------|---|----------------------------------|
| | | | No. of shares | % of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



KWALITY CREDIT & LEASING LIMITED



| | | | | | | |
|---|--|--|-------|------|-------|------|
| | | Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc): | - | - | - | - |
| | | At the End of the year (or on the date of separation, if separated during the year) | - | - | 68153 | 1.61 |
| 5 | Anurodh Infrastructure Private Limited | At the beginning of the year | 64362 | 1.52 | - | - |
| | | Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc): | - | - | - | 1.52 |
| | | At the End of the year (or on the date of separation, if separated during the year) | - | - | 64362 | 1.52 |
| 6 | Varsha Dudheria | At the beginning of the year | 63400 | 1.50 | - | - |
| | | Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc): | - | - | - | - |
| | | At the End of the year (or on the date of separation, if separated during the year) | - | - | 63400 | 1.50 |
| 7 | Ichraj Devi Kothari | At the beginning of the year | 42900 | 1.02 | - | - |
| | | Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase/ decrease (e.g. allotment / transfer / bonus/ sweat equity etc): | - | - | - | - |
| | | At the End of the year (or on the date of separation, if separated during the year) | - | - | 42900 | 1.02 |



KWALITY CREDIT & LEASING LIMITED



| | | | | | | |
|----|----------------------------|--|-------|------|-------|------|
| 8 | R K Stockholding Pvt. Ltd. | At the beginning of the year | 41450 | 0.98 | - | - |
| | | Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase/ decrease (e.g. allotment / transfer / bonus/ sweat equity etc): | - | - | - | - |
| | | At the End of the year (or on the date of separation, if separated during the year) | - | - | 41450 | 0.98 |
| 9 | Mohammad Arbab Shamsi | At the beginning of the year | 40000 | 0.95 | - | - |
| | | Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc): | - | - | - | - |
| | | At the End of the year (or on the date of separation, if separated during the year) | - | - | 40000 | 0.95 |
| 10 | Hadia Ijjal Shamsi | At the beginning of the year | 40000 | 0.95 | - | - |
| | | Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc): | - | - | - | - |
| | | At the End of the year (or on the date of separation, if separated during the year) | - | - | 40000 | 0.95 |

v. Shareholding of Directors and Key Managerial Personnel

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

KWALITY CREDIT & LEASING LIMITED

| | | | | | |
|---|--|-----|---|-----|---|
| | At the End of the year | Nil | - | Nil | - |
| 4. Ms. Namrata Chakraborty* (Director) | At the beginning of the year | Nil | - | Nil | - |
| | Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc): | - | - | - | - |
| | At the End of the year | Nil | - | Nil | - |
| 5. Mr. Subrata Dutta (Chief Financial officer) | At the beginning of the year | - | - | - | - |
| | Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc): | - | - | - | - |
| | At the End of the year | Nil | - | Nil | - |
| 6. Ms. Babita Shah (Director)** | At the beginning of the year | - | - | - | - |
| | Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc): | - | - | - | - |
| | At the End of the year | Nil | - | Nil | - |

* Ms. Namrata Chakraborty resigned from the Directorship w.e.f. January 25, 2017.

** Ms. Babita Shah was appointed as an Additional Director w.e.f.7th April, 2017 in the category of Non-Executive Independent Director.

≡≡≡ KWALITY CREDIT & LEASING LIMITED ≡≡≡

V. INDEBTEDNESS

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

In ₹

| | Secured Loans excluding deposits | Unsecured Loans | Deposits | Total Indebtedness |
|--|--|--------------------|----------|-----------------------|
| Indebtedness at the beginning of the financial year | | | | |
| i) Principal Amount | - | 58,37,905 | - | 58,37,905 |
| ii) Interest due but not paid | - | - | - | - |
| iii) Interest accrued but not due | - | - | - | - |
| Total(i+ii+iii) | - | - | - | - |
| Change in Indebtedness during the financial year | | | | |
| - Addition | - | - | - | - |
| - Reduction | - | 58,37,905 | - | 58,37,905 |
| Net Change | - | 58,37,905 | - | 58,37,905 |
| Indebtedness at the end of the financial year | | | | |
| i) Principal Amount | - | - | - | - |
| ii) Interest due but not paid | - | - | - | - |
| iii) Interest accrued but not due | - | - | - | - |
| Total (i+ii+iii) | - | - | - | - |

KWALITY CREDIT & LEASING LIMITED

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

In ₹

| Sl. No. | Particulars of Remuneration | Name of MD/WTD/ Manager | Total Amount |
|---------|---|---|--------------|
| | | Bhagwan Das Soni (Managing Director) | |
| 1. | Gross salary | | |
| | (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | 2,25,000 | 2,25,000 |
| | (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 | Nil | Nil |
| | (c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961 | Nil | Nil |
| 2. | Stock Option | Nil | Nil |
| 3. | Sweat Equity | Nil | Nil |
| 4. | Commission - as % of profit - others, specify... | Nil | Nil |
| 5. | Others please specify | Nil | Nil |
| 6. | Total (A) | 2,25,000 | 2,25,000 |
| | Ceiling as per the Act | | 84 Lakhs |

KWALITY CREDIT & LEASING LIMITED

B. Remuneration to other directors:

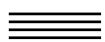
In `

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

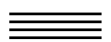
C. Remuneration to Key Managerial Personnel Other Than MD/Manager/WTD

In `

| Sl. no. | Particulars of Remuneration | Key Managerial Personnel | | | |
|---------|---|--------------------------|-------------------|---------------|---------------|
| | | CEO | Company Secretary | CFO | Total |
| 1. | Gross salary | | | | |
| | (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | Nil | Nil | 78,000 | 78,000 |
| | (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 | Nil | Nil | Nil | Nil |
| | (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961 | Nil | Nil | Nil | Nil |
| 2. | Stock Option | Nil | Nil | Nil | Nil |
| 3. | Sweat Equity | Nil | Nil | Nil | Nil |
| 4. | Commission - as % of profit -others, specify... | Nil | Nil | Nil | Nil |
| 5. | Others, please specify | Nil | Nil | Nil | Nil |
| 6. | Total | Nil | Nil | 78,000 | 78,000 |



KWALITY CREDIT & LEASING LIMITED



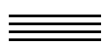
VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES:

| Type | Section of the companies Act | Brief description | Details of Penalty/ Punishment/Compounding fees imposed | Authority[RD /NCLT/Court] | Appeal made. If any(give details) |
|------------------------------------|------------------------------|-------------------|---|---------------------------|-----------------------------------|
| A. Company | | | NONE | | |
| Penalty | | | | | |
| Punishment | | | | | |
| Compounding | | | | | |
| B. Director | | | | | |
| Penalty | | | | | |
| Punishment | | | | | |
| Compounding | | | | | |
| C. Other Officer in default | | | | | |
| Penalty | | | | | |
| Punishment | | | | | |
| Compounding | | | | | |

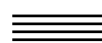
For and on Behalf of the Board of Directors
For Kwality Credit & Leasing Ltd.

Date : 31.07.2017
Place : Kolkata

Amu Thapa
Director
DIN: 00674928



KWALITY CREDIT & LEASING LIMITED



Annexure III to the Director Report

NOMINATION AND REMUNERATION POLICY

Preface

This amended Nomination and Remuneration Policy is being formulated in compliance with Section 178 of the Companies Act, 2013 read along with the applicable rules thereto and read with Part D of Schedule II of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time. This policy on nomination and remuneration of Directors, Key Managerial Personnel and Senior Management has been formulated by the Nomination and Remuneration Committee (NRC or the Committee) and has been approved by the Board of Directors. This policy shall act as a guideline for determining, inter-alia, qualification, positive attributes, independence of a Director, matters relating to the remuneration, appointment, removal and evaluation of performance of the Directors, Key Managerial Personnel, Senior Management and other employees.

This policy shall be applicable upon all the Directors, Key managerial Personnel, Senior Management Personnel and other employees of the Company as prescribed.

This amended policy shall be effective from 1st December, 2015.

Definition

'Act' means Companies Act, 2013 and Rules framed there under, as amended from time to time.

'SEBI LODR'/ 'LODR' means Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

'Board of Directors' or **'Board'**, in relation to the Company, means the collective body of the directors of the Company.

'Committee' means Nomination and Remuneration Committee of the Company as constituted or reconstituted by the Board.

'Company' means Kwaliti Credit & Leasing Limited.

'Independent Director' means a director referred to in Section 149 (6) of the Companies Act, 2013 and the Rules framed thereunder and as provided in applicable Regulations of SEBI LODR, as amended from time to time.

'Key Managerial Personnel' (KMP) means:

- a) Chief Executive Officer and / or Managing Director
- b) Whole-time Director
- c) Chief Financial Officer
- d) Company Secretary
- e) Such other officer as may be prescribed

'Senior Management' means Senior Management means personnel of the company who are members of its core management team excluding the Board of Directors including Functional Heads.

'Other employees' means all the employees other than the Directors, KMPs and the Senior Management Personnel.

Objective of the Committee

The Key Objectives of the Committee would be:

- a) to guide the Board in relation to appointment and removal of Directors, Key Managerial Personnel and Senior Management.

- b) to evaluate the performance of the members of the Board and provide necessary report to the Board for further evaluation of the Board.
- c) to recommend to the Board on Remuneration payable to the Directors, Key Managerial Personnel Senior Management and other employees.
- d) to formulate criteria for determining qualifications, positive attributes and independence of a Director.
- e) to formulate criteria for evaluation of Independent Directors and the Board.
- f) to recommend to the Board policy relating to remuneration for Directors, Key Managerial Personnel and Senior Management.

Appointment and Removal of Director, Key Managerial Personnel and Senior Management

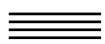
Appointment criteria and qualifications

- a) The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director, KMP or at Senior Management level and recommend his / her appointment, as per Company's Policy.
- b) A person should possess adequate qualification, expertise and experience for the position he / she is considered for appointment. The Committee has authority to decide whether qualification, expertise and experience possessed by a person is sufficient / satisfactory for the position.
- c) The Company shall not appoint or continue the employment of any person as Whole-time Director who has attained the age of seventy years. Provided that the term of the person holding this position may be extended beyond the age of seventy years with the approval of shareholders by passing a special resolution.

Additional Criteria for Appointment and qualifications of Independent Directors

As provided under applicable Regulations of SEBI LODR, as amended from time to time, and/or under the Companies Act, 2013 with Companies (Appointment and Qualification of Directors) Rules, 2014 and Schedule IV of the Companies Act, 2013, 'Independent director' shall mean a non-executive director, other than a nominee director of the company

- a) who, in the opinion of the Board, is a person of integrity and possesses relevant expertise and experience;
- b) (i) who is or was not a promoter of the company or its holding, subsidiary or associate company;
(ii) who is not related to promoters or directors in the company, its holding, subsidiary or associate company;
- c) apart from receiving director's remuneration, has or had no pecuniary relationship with the company, its holding, subsidiary or associate company, or their promoters, or directors, during the two immediately preceding financial years or during the current financial year;
- d) none of whose relatives has or had pecuniary relationship or transaction with the company, its holding, subsidiary or associate company, or their promoters, or directors, amounting to two per cent. or more of its gross turnover or total income or fifty lakh rupees or such higher amount as may be prescribed, whichever is lower, during the two immediately preceding financial years or during the current financial year;
- e) who, neither himself nor any of his relatives —
 - i. holds or has held the position of a key managerial personnel or is or has been employee of the company or its holding, subsidiary or associate company in any of the three financial years



KWALITY CREDIT & LEASING LIMITED



immediately preceding the financial year in which he is proposed to be appointed;

ii. is or has been an employee or proprietor or a partner, in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed, of—

- (A) a firm of auditors or company secretaries in practice or cost auditors of the company or its holding, subsidiary or associate company; or
- (B) any legal or a consulting firm that has or had any transaction with the company, its holding, subsidiary or associate company amounting to ten per cent or more of the gross turnover of such firm;
- (C) holds together with his relatives two per cent or more of the total voting power of the company; or
 - iii. is a Chief Executive or director, by whatever name called, of any non-profit organisation that receives twenty-five per cent or more of its receipts from the company, any of its promoters, directors or its holding, subsidiary or associate company or that holds two per cent or more of the total voting power of the company;
 - iv. is a material supplier, service provider or customer or a lessor or lessee of the company;
- f) who is not less than 21 years of age.

Additional Criteria for Appointment as a member of Audit Committee

A director proposed to be appointed as a member of Audit committee should possess the additional qualifications, in lieu of requirements of section 177 of the Act read with rules made thereunder and relevant Regulations of SEBI LODR, as amended from time to time.

Additional Criteria for Appointment of Managing Director, Manager or Whole-Time Director

In addition to the general criteria, the Company shall consider the requirements of section 196 of the Act read with rules made thereunder and Schedule V of the Act and relevant Regulations of SEBI LODR, as amended from time to time.

Letters of Appointment

Each Director/KMP/Senior Officials is required to sign the letter of appointment with the Company containing the terms of appointment and the role assigned in the Company.

Evaluation

The Committee shall carry out evaluation of performance of Director, KMP and Senior Management Personnel yearly or at such intervals as may be considered necessary.

The Committee shall identify evaluation criteria which will evaluate Directors based on knowledge to perform the role, time and level of participation, performance of duties, level of oversight, professional conduct and independence. The appointment / re-appointment / continuation of Directors on the Board shall be subject to the outcome of the yearly evaluation process.

Removal

Due to reasons for any disqualification mentioned in the Companies Act, 2013, rules made thereunder or under any other applicable Act, rules and regulations, the Committee may recommend, to the Board with reasons recorded in writing, removal of a Director, KMP or Senior Management subject to the provisions and compliance of the said Act, rules and regulations.

Retirement

The Director, KMP and Senior Management Personnel shall retire as per the applicable provisions of the Act and the prevailing policy of the Company. The Board will have the discretion to retain the Director, KMP, Senior Management Personnel in the same position/ remuneration or otherwise even after attaining the retirement age, for the benefit of the Company.

Term/Tenure

a) Managing Director/Whole-time Director :

The Company shall appoint or re-appoint any person as its Executive Chairman, Managing Director or Executive Director for a term not exceeding five years at a time. No re-appointment shall be made earlier than one year before the expiry of term.

b) Independent Director:

An Independent Director shall hold office for a term up to five consecutive years on the Board of the Company and will be eligible for re-appointment on passing of a special resolution by the Company and disclosure of such appointment in the Board's report.

No Independent Director shall hold office for more than two consecutive terms of upto maximum of 5 years each, but such Independent Director shall be eligible for appointment after expiry of three years of ceasing to become an Independent Director.

Provided that an Independent Director shall not, during the said period of three years, be appointed in or be associated with the Company in any other capacity, either directly or indirectly.

At the time of appointment of Independent Director it should be ensured that number of Boards on which such Independent Director serves is restricted to seven listed companies as an Independent Director and three listed companies as an Independent Director in case such person is serving as a Whole-time Director of a listed company or such other number as may be prescribed under the Act.

Policy for Remuneration to Directors/KMP/Senior Management Personnel

1) Remuneration to Managing Director / Whole-time Directors

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

2) Remuneration to Non- Executive / Independent Directors

- a) The Non-Executive / Independent Directors may receive sitting fees and such other remuneration as permissible under the provisions of Companies Act, 2013. The amount of sitting fees shall be such as may be recommended by the Nomination and Remuneration Committee and approved by the Board of Directors.
- b) All the remuneration of the Non- Executive / Independent Directors (excluding remuneration for attending meetings as prescribed under Section 197 (5) of the Companies Act, 2013) shall be subject to ceiling/ limits as provided under Companies Act, 2013 and rules made there under or any other enactment for the time being in force. The amount of such remuneration shall be such as may be recommended by the Nomination and Remuneration Committee and approved by the Board of Directors or shareholders, as the case may be.

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- c) An Independent Director shall not be eligible to get Stock Options and also shall not be eligible to participate in any share based payment schemes of the Company.
- d) Any remuneration paid to Non- Executive / Independent Directors for services rendered which are of professional in nature shall not be considered as part of the remuneration for the purposes of clause (b) above if the following conditions are satisfied:
 - I. The Services are rendered by such Director in his capacity as the professional; and
 - II. In the opinion of the Committee, the director possesses the requisite qualification for the practice of that profession.
- e) Remuneration /Commission may be paid within the monetary limit approved by shareholders, subject to the limit not exceeding 1% of the net profits of the Company computed as per the applicable provisions of the Companies Act, 2013.

3) Remuneration to Key Managerial Personnel and Senior Management

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

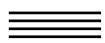
4) Remuneration of employees largely consists of basic remuneration, perquisites, allowances and performance incentives. The components of remuneration vary for different employee grades and are governed by company patterns, qualifications and experience of the employee, responsibilities handled by him,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

Review and Amendment to the Policy

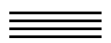
- I. The NRC or the Board may review the Policy as and when it deems necessary.
- II. The Board of Directors on its own and / or as per the recommendations of Nomination and Remuneration Committee can amend this Policy, as and when deemed fit. In case of any amendment(s), clarification(s), circular(s) etc. issued by the relevant authorities, not being consistent with the provisions laid down under this Policy, then such amendment(s), clarification(s), circular(s) etc. shall prevail upon the provisions hereunder and this Policy shall stand amended accordingly from the effective date as laid down under such amendment(s), Clarification, circular(s) etc.

Disclosure

- I. The details of this Policy and the evaluation criteria as applicable shall be disclosed in the Annual Report as part of Board's Report therein.
- II. It also may be put up on the Company's website and reference drawn thereto in the Annual Report.



KWALITY CREDIT & LEASING LIMITED



Annexure-IV to the Director Report

Form No. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2017.

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

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2017.

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

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

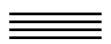
Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on 31st March, 2017 ("Audit Period") complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2017 according to the applicable provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) The Reserve Bank of India Act, 1934,
- (v) Foreign Exchange Management Act, 1999, and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings were not attracted to the Company under the financial year under report;
- (vi) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;



KWALITY CREDIT & LEASING LIMITED



- (c) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;

Provisions of the following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') were not attracted to the Company under the financial year under report:-

- (a) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
- (b) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
- (c) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
- (d) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
- (e) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
- (f) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;

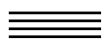
I have relied on the representation made by the Company and its Officers for systems and mechanism formed by the Company for compliances under other applicable Acts, Laws and Regulations to the Company.

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

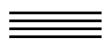
- (i) Secretarial Standards with regard to Meeting of Board of Directors (SS-1) and General Meetings (SS-2) issued by The Institute of Company Secretaries of India.
- (ii) The Listing Agreements entered into by the Company with Stock Exchanges and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above except to the extent as mentioned herein below:

1. *In terms of Section 203 of the Act read with the Rules made thereunder, the Company is required to appoint a whole-time Company Secretary. Although the Company has not appointed any Company Secretary. The Management has informed that the Company is in the process of appointing a whole-time Company Secretary.*
2. *As per Section 138 read with Rule 13 of the Companies (Accounts) Rules, 2014, the Company has not filed MGT-14 regarding appointment of Internal Auditor.*



KWALITY CREDIT & LEASING LIMITED



I further report that

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

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

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

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

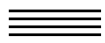
During the audit period under review, there were no instances of:

- I. Public/Right/Preferential issue of shares / debentures/sweat equity, etc.
- II. Redemption / buy-back of securities.
- III. Merger / amalgamation / reconstruction, etc.
- IV. Foreign technical collaborations.

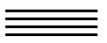
Note: This Report is to be read with the Auditor's Note on the Maintenance of Secretarial Records of the Company as provided in **ANNEXURE A** and which forms an integral part of this Secretarial Audit Report.

Place : Kolkata
Date : 31.07.2017

CS SHAKEEL AHMED
Practising Company Secretary
M. No. 46966
C P No. 18794



KWALITY CREDIT & LEASING LIMITED



'ANNEXURE A'

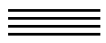
Auditor's Note on the Maintenance of Secretarial Records of the Company

To,
The Members,
Kwality Credit & Leasing Limited
27, Weston Street, 5th Floor,
Room No – 526, Kolkata - 700 012

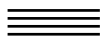
1. The Company's Management is responsible for the maintenance of Secretarial Records in a manner to ensure compliance by the Company of applicable laws and to take adequate steps for the existence of proper and adequate systems and processes in this regard.
2. Secretarial Audit postulates verification on a test basis of records, books, papers and documents to check compliance with the provisions of various statutes, laws and rules & regulations. I have applied the following general techniques of auditing:
 - a. Sample checking;
 - b. Test checking;
 - c. Random checking; and
 - d. Trial and error checking.
3. I have relied on the representation made by the Company and its Officers for systems and mechanism formed by the Company for compliances under other applicable Acts, Laws and Regulations to the Company.
4. In case of Financial Laws, I have relied on the Report of the Statutory Auditor and have not verified the financial records and Books of Accounts of the Company.
5. This Secretarial Audit Report is not an assurance of the effectiveness with which the Management has conducted the affairs of the Company.

Place : Kolkata
Date : 31.07.2017

CS SHAKEELAHMED
Practising Company Secretary
M. No. 46966
C P No. 18794



KWALITY CREDIT & LEASING LIMITED



MANAGEMENT DISCUSSION AND ANALYSIS

a) INDUSTRY STRUCTURE AND DEVELOPMENTS

In Financial Year 2017, India has pegged its GDP growth at 7.1% as compared to last year GDP growth rate at 7.9%. There were expectations of India achieving similar growth rate as compared to last year. However it failed to meet the expectations.

The Country also witnessed historic changes in terms of Goods and Services Tax and demonetization which altered the landscape of the industry and outlook of the economy.

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

NBFCs still do not enjoy a level playing field. This needs to be addressed to help NBFCs realise their full potential and thereby perform their duties with greater efficiency. Regulation of NBFC sector over a last decade and a half has been incremental

b) BUSINESS OVERVIEW

The core financial activities of the Company comprises of providing of business loan to corporate and individuals and investment in bodies corporate. The Company has been constantly focused on improving its revenue and maintaining a sustainable growth.

c) OPPORTUNITIES, THREATS RISKS & CONCERNS

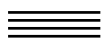
In today's challenging and competitive environment, strategies for mitigating inherent risks in accomplishing the growth plans of the Company are imperative. The common risks inter alia are: Regulations, competition, Business risk, Technology obsolescence, Investments, retention of talent and expansion of facilities. Business risk, inter-alia, further includes financial risk, political risk, fidelity risk, legal risk. As a matter of policy, these risks are assessed and steps as appropriate are taken to mitigate the same. Non-Banking Finance Companies (NBFCs) continue to play a critical role in making financial Services accessible to a wider set of India's population and are emerging as strong intermediaries in the retail finance space.

The biggest challenges before NBFCs are that they are facing stiff competition from banks and financial institutions, due to their ability to raise low cost funds which enables them to provide funds at much cheaper rate. More stringent capital adequacy norms have been stipulated by RBI for NBFCs which is making difficult for them to give cheaper finance. Ever-increasing competition from commercial counterparts whose capacity to absorb losses is higher, counter-party failures, recommendations being made to increase the purview of monitoring by regulatory authorities increase the threat of losing the essence of Non-banking Finance Companies which are specifically designed to reach out and finance certain target groups.

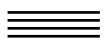
Company has constituted a Risk Management Committee to ensure sustainable business growth with stability and to promote a pro-active approach in reporting, evaluating and resolving risks associated with the business. The committee has formulated a Risk Management policy to achieve their objective.

d) OUTLOOK

The sound financial System is essential for country's overall economic growth. The focus for the forthcoming financial year for the Company will be delivery in progressing mode and inculcate a high performance. NBFCs have proven their mettle in many other specialized financial services such as factoring, lease finance, venture capital finance, financing road transport and also in the business of securities-based lending such as Loan against Shares, Margin Funding, IPO Financing, Promoter Funding etc.



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The Company will strengthen its position in current business and will try to grab new opportunities beneficial for the Company as well as try to overcome all the hindrances and challenges blocking the performance of the Company.

e) RISK MANAGEMENT

The Company has adopted a Risk Management Policy in accordance with the provisions of the Companies Act, 2013 and Regulation 17 (9) of the Listing Regulations. It establishes various levels of risks with its varying levels of probability, the likely impact on the business and its mitigation measures. Further, the Company has voluntarily constituted Risk Management Committee which oversees the Risk Management and reports to the Audit Committee as well as the Board of Directors about risk assessment and management procedures and status from time to time.

f) INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

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

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

Internal Control and Audit is an important procedure and the Audit Committee of your Company reviews all the control measures on a periodic basis and recommends improvements, wherever appropriate. The internal control is exercised through documented policies, guidelines and procedures. The system also meticulously records all transaction details and ensures regulatory compliance. The reports are reviewed by the Audit Committee of the Board.

g) DISCUSSION ON FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE

The financial statements of Kwaliti Credit & Leasing Limited is prepared in compliance with the Companies Act, 2013 and generally accepted accounting principles in India (GAAP). The discussions herein below relate to Standalone statement of profit and loss for the year ended March 31, 2017. Significant accounting policies used for the preparation of the financial statements are disclosed in the notes to the financial statements

● STANDALONE FINANCIAL RESULT

During the year under review, the Company's revenue on standalone was ` 62,65,877/- as against revenue of ` 78,76,894/- in the preceding financial year. The Loss Before Tax on a standalone basis amounted to ` 88,200/- as against Profit of ` 9,72,210/- in the previous year.

h) HUMAN RESOURCE DEVELOPMENT

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

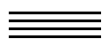
HR is the core of the Company, influencing change, building culture and capabilities. The HR processes are continuously evolving and aligning with the changing business requirements. HR is structured into the specialised business units to enable them respond better to the needs of their customers and get more strategic advantage. Number of employees on roll at the end of the financial year is 9 (Nine).

i) DISCLOSURE OF ACCOUNTING TREATMENT:

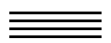
There was no change in the treatment of accounting. The company follows the same method of Accounting for preparation of financial statements of the company for the financial year 2016-17.

j) CAUTIONARY STATEMENT

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



KWALITY CREDIT & LEASING LIMITED



CERTIFICATE ON CORPORATE GOVERNANCE

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 **March 31, 2017** as stipulated in Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") of the Stock Exchanges with relevant records and documents maintained by the company and furnished to me.

The compliance of conditions of Corporate Governance is the responsibility of the management. My examination was limited to review the procedures and implementations thereof adopted by the Company for ensuring compliance with the conditions of the Corporate Governance as stipulated above. 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 the above mentioned Listing Regulations.

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 : 31.07.2017

Amit Jajodia
Company Secretary in Practice
M. No. 14303, C.P.No. 37613

KWALITY CREDIT & LEASING LIMITED

CORPORATE GOVERNANCE REPORT

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

In terms of Proviso to Regulation 15(2) of Chapter IV of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as Regulation), the provisions specified from Regulation 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, and clauses (b) to (i) of sub-regulation (2) of regulation 46 and para C, D and E of Schedule V are not applicable for Company. Nevertheless, the Company has voluntarily complied with the Corporate Governance provisions as specified in the Regulations.

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

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

2. Board of Directors

- a) The Company's Board of Directors as on **March 31, 2017** comprises of one Executive Director and three Non-Executive Directors including the Chairman.
- b) The category of each Director, together with his attendance at Board Meetings, the number of his Directorships and memberships of Board and Committees of other companies as well as his holding in the Company, as on March 31, 2017 are given below :-

| Name of Director | Category of Directors | No. of Board Meetings attended | No. of other Directorship | | No. of other Committee(s) Membership/Chairpersonship | | No. of Equity Shares held as on March 31, 2017 |
|--------------------------|--|--------------------------------|---------------------------|---------|--|-----------------|--|
| | | | Public | Private | Membership | Chairpersonship | |
| Mr. Bhagwan Das Soni | Executive-Non Independent- Managing Director | 7 | 8 | 10 | 2 | 2 | - |
| Mr. Arun Thapa | Non-Executive-Independent Director | 7 | 1 | 10 | - | - | - |
| Mr. Suresh Kumar Jain | Non-Executive-Independent Director | 7 | 2 | 1 | 5 | 3 | - |
| Ms. Namrata Chakraborty* | Non-Executive-Independent Director | 4 | - | 2 | N.A. | N.A. | - |

* Ms. Namrata Chakraborty resigned from the Directorship w.e.f. January 25, 2017.

- c) Ms. Babita Shah was appointed as an Additional Director w.e.f. April 7, 2017 in the category of Non Executive Independent Director
- d) The Companies Act, 2013 (hereinafter 'Act') read with relevant Rules made there under, facilitates the participation of the Director in the Board/ Committee meetings through video conferencing or other audio mode. However none of the Directors have availed such a facility.

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- e) Seven (7) Meetings of the Board of Directors of the Company were held at the Registered Office of the Company during the financial year 2016-17 i.e. on 29/04/2016, 30/05/2016, 13/08/2016, 14/11/2016, 27/01/2017, 03/03/2017 and 31/03/2017. As is evident, the maximum time gap between any two Board Meetings was not more than four months.
- f) None of the Directors of the Company are inter-se related.
- g) Mr. Amu Thapa (DIN - 00674928), Non-Executive Independent Director is the Chairman of the Board.
- h) All the Directors of the Company attended the last Annual General Meeting held on September 30, 2016.
- i) Each Director informs the Company on an annual basis about the Board and Board Committee positions he/she occupies in other companies including Chairpersonships and notifies changes periodically and regularly during the term of their directorship in the Company. None of the Directors on the Board are Members of more than ten Committees or Chairman of more than five Committees across all the public companies in which they are Directors.
- j) The Company has an ongoing familiarization programme for its Independent Directors, with the objective of familiarizing them with the Company, its operations and business model, nature of the industry and environment in which it operates, the regulatory environment applicable to it and also the roles, rights and responsibilities of Independent Directors.

The web link where details of familiarisation programmes imparted to Independent directors as disclosed in the website of the Company is: <http://www.kwalitycredit.com/familiarisation-programme-for-Independent-directors.html>

- k) Independent Directors' Meeting:
One exclusive meeting of the Independent Directors, pursuant to Schedule IV of the Companies Act, 2013 and sub-regulation 3 of Regulation 25 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as "the Listing Regulations") was held on 31/03/2017, inter alia to discuss the following:
 - i. review the performance of non-independent directors and the Board as a whole;
 - ii. review the performance of the Chairperson of the company, taking into account the views of executive directors and non-executive directors;
 - iii. assess the quality, quantity and timeliness of flow of information between the company management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

3. Audit Committee

a) Composition

The Company has set up an Audit Committee in accordance with Section 177 of Companies Act, 2013 and Regulation 18 of the SEBI (Listing Obligation & Disclosure Requirements) Regulation, 2015. The Audit Committee of the Company comprises of two Non-Executive Independent Directors and one Executive Non Independent Director as on March 31, 2017. The Committee is chaired by a Non-Executive Independent Director, Mr. Suresh Kumar Jain.

The Committee met 5 (Five) times during the year i.e. on 30/05/2016, 13/08/2016, 14/11/2016, 27/01/2017 and 03/03/2017. The attendances of the members were as follows:-

| Sl. No. | Name | Status | No. of Meetings |
|---------|--------------------------|---|-----------------|
| 1. | Mr. Suresh Kumar Jain | Non-Executive Independent Director - Chairperson of the Committee | 5 |
| 2. | Mr. Amu Thapa | Non-Executive Independent Director | 5 |
| 3. | Mr. Bhagwan Das Soni | Executive Non-Independent - Managing Director | 5 |
| 4. | Ms. Namrata Chakraborty* | Non-Executive Independent Director | 3 |

≡≡≡ KWALITY CREDIT & LEASING LIMITED ≡≡≡

* Ms. Namrata Chakraborty resigned from the Directorship w.e.f. January 25, 2017, consequently ceased to be the Member of the Audit Committee.

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

b) Terms of Reference

The Audit Committee has been constituted in compliance with (i) Section 177 of the Act (ii) Regulation 18 of the Listing Regulations as mandated by the Stock Exchanges and (iii) the Reserve Bank of India Non-Banking Financial Companies Guidelines.

4. Nomination And Remuneration Committee (NRC)

a) Composition

The Nomination and Remuneration Committee of the Company comprises of two Non-Executive Independent Directors and one Executive Non Independent Director as on March 31, 2017. The Committee is chaired by a Non-Executive Independent Director, Mr. Suresh Kumar Jain.

The Committee met 2 (Two) times during the year i.e. on 30/05/2016 and 27/01/2017. The attendances of the members were as follows:-

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

* Ms. Namrata Chakraborty resigned from the Directorship w.e.f. January 25, 2017, consequently ceased to be the Member of the Nomination and Remuneration Committee.

b) Terms of Reference

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

c) Remuneration Policy & and Criteria of Making Payments to Directors, Senior Management and Key Managerial Personnel

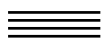
Remuneration to Non-Executive / Independent Directors

Remuneration / Commission: The remuneration / commission shall be in accordance with the statutory provisions of the Companies Act, 2013, and the rules made thereunder for the time being in force.

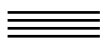
Sitting Fees: The Non- Executive / Independent Director may receive remuneration by way of fees for attending meetings of Board or Committee thereof only by the approval of Board for the same, provided that the amount of such fees shall not exceed the maximum amount as provided in the Companies Act, 2013 and rules made thereunder, per meeting of the Board or Committee.

At present the Directors are not receiving any Sitting Fees for attending the Board Meeting or any Committee Meeting.

Stock Options: An Independent Director shall not be entitled to any stock option of the Company.



KWALITY CREDIT & LEASING LIMITED



Remuneration to Managing/Whole-time / Executive / KMP, Senior Management Personnel and Other Employees:

The Remuneration/ Compensation/ Commission etc. to be paid to Managing Directors and KMP shall be governed as per provisions of the Companies Act, 2013 and rules made there under or any other enactment for the time being in force.

The Remuneration shall be broadly divided into the following components:

- The Fixed Components: Salary, allowances, perquisites, etc.
- The Variable Components: Performance based promotion and bonus.

Further, in determining remuneration of other Executive Directors, Senior Management and Other Employees will comprise of above two components and other factors as deemed fit by the Board, based on the recommendation of the Committee and subject to statutory approvals, if any. In determining the Director's remuneration their performance evaluation as duly carried out by the Board and/or Independent Directors, shall also be given due weightage.

Further, The Nomination and Remuneration Policy is available on the website of the Company at <http://www.kwalitycredit.com/nomination-&-remuneration-Policy.html>.

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

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

Further, the details of remuneration paid to the Key Managerial Personnel of the Company during the F.Y. 2016-17 are given below:

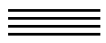
| Name | Designation | SalaryRs. | Perquisite & Allowances Rs. | Sitting FeesRs. | TotalRs. |
|----------------------|-------------------|------------|-----------------------------|-----------------|------------|
| Mr. Bhagwan Das Soni | Managing Director | 2,25,000/- | 0.00 | 0.00 | 2,25,000/- |
| Mr. Subrata Dutta | CFO | 78,000/- | 0.00 | 0.00 | 78,000/- |

e) Performance evaluation criteria for the Independent Directors

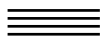
The evaluation of performance of the Independent Directors (IDs) shall be carried out by the entire Board of Directors excluding the Director being evaluated in the same way as it is for the Executive Directors of the Company except the Director getting evaluated. Evaluation performance should be carried out at least once in a year.

While evaluating the performance of the Independent Directors, the following parameters shall be considered:

- (a) Attendance at meetings of the Board and Committees thereof,
- (b) Participation in Board Meetings or Committee thereof,
- (c) Raising of concerns to the Board
- (d) Safeguard of confidential information,
- (d) Rendering Independent, unbiased opinion and resolution of issues at meeting,
- (e) Safeguarding interest of whistle blowers under vigil mechanism
- (f) Timely inputs on the minutes of the meetings of the Board and Committee's if any.



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5. Stakeholders' Relationship Committee

In compliance with Section 178 of Act and Regulation 20 of the Listing Regulations, the Stakeholders' Relationship Committee has been constituted.

The Committee under the Chairpersonship of Mr. Amu Thapa, approves / monitors transfers, transmissions, consolidation, issue of duplicate certificate, monitors the shareholding pattern as well as the redressal of complaints from shareholders by the Share Registrars, oversee overall improvement of the quality of Investor services, performance of Registrar and Share Transfer Agent, oversee compliance relating to dividend payment, transfer of unclaimed amount to IEPF, implementation of the Code of Conduct for prevention of Insider Trading.

Mr. Bhagwan Das Soni, Managing Director is also the Compliance Officer.

The composition of the committee members is as under:-

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

*Ms. Namrata Chakraborty resigned from the Directorship w.e.f. January 25, 2017, consequently ceased to be the Member of the Stakeholders' Committee.

During the year, one meeting of the Stakeholders' Relationship Committee was held on 13/08/2016.

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

6. Risk Management Committee

The Risk Management Committee of the Company monitors and reviews the risk management plan of the Company. It is responsible for laying down procedures to inform Board members about the risk assessment and minimization procedures. The Board shall be responsible for framing, implementing and monitoring the risk management plan for the Company.

All the members of the Committee are Board members.

The details are as follows:

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

7. Board Evaluation

Pursuant to the requirement of the Act and the Listing Regulations, the Board has carried out an annual evaluation of its own performance, performance of the Directors as well as the evaluation of the working of its Committees.

The Board Evaluation was done to improve the effectiveness of the Board and its Committees, as well as that of each individual director. The Board's functioning was evaluated on various aspects, including inter alia structure of the Board, including qualifications, experience and competency of Directors, diversity in

≡≡≡ KWALITY CREDIT & LEASING LIMITED ≡≡≡

Board and process of appointment; Meetings of the Board, including regularity and frequency, agenda, recording of minutes and dissemination of information; functions of the Board, including strategy and performance evaluation, corporate culture and values, governance and compliance, evaluation of risks, grievance redressal for investors, stakeholder value and responsibility, review of Board evaluation and facilitating Independent Directors to perform their role effectively; evaluation of management's performance and feedback, independence of management from the Board. Areas on which the Committees of the Board were assessed included mandate and composition; effectiveness of the Committee; structure of the Committee; regularity and frequency of meetings, agenda, recording of minutes and dissemination of information; independence of the Committee from the Board; contribution to decisions of the Board; effectiveness of meetings and quality of relationship of the Committee with the Board and management.

Directors were evaluated on aspects such as professional qualifications, prior experience, knowledge and competency, ability to function as a team, initiative, availability and attendance, commitment, contribution, integrity. The Chairman was also evaluated on key aspects of his role, including effectiveness of leadership and ability to steer meetings, impartiality, ability to keep shareholders' interests in mind and effectiveness as Chairman. The performance evaluation of the Independent Directors was carried out by the entire Board, excluding the Director being evaluated. The performance evaluation of the Chairman and the Non Independent Directors was carried out by the Independent Directors, who also reviewed the performance of the Board as a whole. The NRC also reviewed the performance of the Board, its Committees and of the Directors. Further, the Chairman of the Board provided feedback to the Directors on an individual basis, as appropriate.

8. Code of Conduct

The Board has laid down a code of conduct for all Board Members and Senior Management of the Company and separate Code of Conduct has also been incorporated for assigning the duties of Independent Directors.

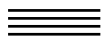
The Company's Code of Conduct has been complied with by all the members of the Board and select employees of the Company.

The "Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information", made effective from 15th May, 2015 pursuant to the SEBI (Prohibition of Insider Trading) Regulations, 2015. The Code has been disclosed on the website of the Company via the link: www.kwalitycredit.com/code-of-conduct.html

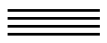
9. Profile of the Directors appointed/Re-appointed

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

| Name of Director | Category | Work experience | Date of Appointment | No of Shares held & % of shareholding in the Co. | Qualificatio |
|----------------------|---|--|---------------------|--|--------------|
| Mr. Bhagwan Das Soni | Executive Non Independent Managing Director | 17 years of experience in the field of Finance and Pharma | 01.01.2013 | Nil | B.Com |
| Mrs. Babita Shah | Non-Executive Independent Director | 5 years of experience in the field of Marketing & Administration | 07.04.2017 | Nil | H.S. |



KWALITY CREDIT & LEASING LIMITED



9. General Body Meetings:

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

| Financial Year | Date of AGM | Venue | Time |
|----------------|-------------|--|------------|
| 2015-16 | 30.09.2016 | Milan Deep Hall, Sher Khan Complex, J-142, Paharpur Road, Garden Reach, Near S.K. Foundation School, Kolkata-700 024 | 10.00 A.M. |
| 2014-2015 | 30.09.2015 | Shahid Ashfaqulla Community Hall, 59, Sudhir Basu Road, Kolkata – 700 023 | 10.30 A.M. |
| 2013-2014 | 29.09.2014 | 27, Weston Street, 5th Floor, Room No. 526, Kolkata – 700 012 | 11.00 A.M. |

B. Special Resolutions at the Last Three Annual General Meetings:

- At the 24th Annual General Meeting held on 30/09/2016 : One (Revision in the remuneration of Managing Director of the Company)
- At the 23rd Annual General Meeting held on 30/09/2015 : Nil
- At the 22nd Annual General Meeting held on 29/09/2014 : Nil

C. Special Resolutions by Postal Ballot Last Year :

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

D. Whether any Special Resolution Proposed to be Conducted through Postal Ballot:

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

10. Means of Communications

Quarterly unaudited financial results and annual financial result of the Company were published in accordance with the Listing Regulations with stock exchanges in the Business Standard (English Daily), Sukhabar (Bengali Daily) and the aforesaid results are also available on the Company's website i.e. www.kwalitycredit.com.com/financial-results.html

The quarterly and the annual results of the Company are submitted to the Calcutta Stock Exchange Limited and BSE Limited. The Annual Reports are e-mailed to every shareholders having their e-mail id registered with DPs and are posted to every shareholder of the Company at their registered address whose e-mail id is not registered.

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

11. General Shareholders Information

a) Annual General Meeting :

- i) Date : 25th day of September, 2017.
- ii) Time : 10.00 a.m.
- iii) Venue : Milan Deep Hall, Sher Khan Complex, J-142, Paharpur Road, Garden Reach, Near S.K. Foundation School, Kolkata – 700 024.

KWALITY CREDIT & LEASING LIMITED

b) Financial Calendar : (Tentative)

| Financial Year – 1 st April, 2017 to 31 st March, 2018 | Relevant Dates |
|--|--|
| Board Meeting for consideration of accounts | 30 th May, 2017 |
| Book closure dates | 19 th September, 2016 to 25 th September, 2017 |
| Unaudited results for the quarter ended on June 30, 2017 | On or before 14 th August, 2017 |
| Unaudited results for the quarter ended on September 30, 2017 | On or before 14 th November, 2017 |
| Unaudited results for the quarter ended on December 31, 2017 | On or before 14 th February, 2018 |
| Unaudited results for the quarter ended on March, 31, 2018 | On or before 30 th May, 2018 |

c) Listing on Stock Exchanges at:

- 1) BSE Limited. (Stock code: 531206)
1st Floor, New Trade Ring,
P. J. Towers, Dalal Street,
Fort, Mumbai - 400 001
- 2) Calcutta Stock Exchange Limited (Stock code: 10021082)
7, Lyons Range,
Kolkata - 700 001
- 3) Securities and Exchange Board of India (SEBI) vide its Order No.WTM/RKA/MCR/20/2015 dated March 23, 2015 allowed the Jaipur Stock Exchange Limited (JSEL) to exit through voluntary surrender of recognition.

d) Stock Market Price for the Financial Year 2016-2017:

| Month | Quotation of BSE (in `) | | | Quotation of Calcutta Stock Exchange (in `) | | |
|-----------------|-----------------------------|------------|------------------|---|------------|------------------|
| | High (Rs.) | Low (Rs.) | Volume (Nos.) | High (Rs.) | Low (Rs.) | Volume (Nos.) |
| April, 2016 | Not Traded | Not Traded | Not Traded | Not Traded | Not Traded | Not Traded |
| May, 2016 | 13.04 | 12.77 | 975 | Not Traded | Not Traded | Not Traded |
| June, 2016 | 13.30 | 13.00 | 302 | Not Traded | Not Traded | Not Traded |
| July, 2016 | 13.50 | 13.30 | 1447 | Not Traded | Not Traded | Not Traded |
| August, 2016 | 13.80 | 13.53 | 2406 | Not Traded | Not Traded | Not Traded |
| September, 2016 | 14.26 | 13.80 | 1736 | Not Traded | Not Traded | Not Traded |
| October, 2016 | 13.63 | 12.84 | 905 | Not Traded | Not Traded | Not Traded |
| November, 2016 | Not Traded | Not Traded | Not Traded | Not Traded | Not Traded | Not Traded |
| December, 2016 | 12.59 | 12.59 | 149 | Not Traded | Not Traded | Not Traded |
| January, 2017 | 13.09 | 12.84 | 103 | Not Traded | Not Traded | Not Traded |
| February, 2017 | 13.50 | 13.35 | 520 | Not Traded | Not Traded | Not Traded |
| March, 2017 | 13.50 | 12.96 | 12837 | Not Traded | Not Traded | Not Traded |

KWALITY CREDIT & LEASING LIMITED

e) Share Transfer System:-

The Company's shares are in compulsory demat mode. No physical shares were transferred during the year ended March 31, 2017.

f) 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

g) 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

h) Dematerialisation 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 INE577C01015. 98.53% (Approx.) of total equity shares are in dematerialized form as on March 31, 2017.

i) Distribution of shareholding & shareholding pattern :

Distribution of shareholding as on March 31, 2017

| Ordinary Shares held | Number of shareholders | % of shareholders | Number of shares held | % of shares held |
|----------------------|------------------------|-------------------|-----------------------|------------------|
| Upto 500 | 766 | 52.68 | 1,03,119 | 2.44 |
| 501-1000 | 162 | 11.14 | 1,44,981 | 3.43 |
| 1001-2000 | 148 | 10.18 | 2,58,246 | 6.12 |
| 2001-3000 | 54 | 3.71 | 1,41,759 | 3.36 |
| 3001-4000 | 54 | 3.71 | 2,05,296 | 4.86 |
| 4001-5000 | 70 | 4.81 | 3,40,695 | 8.07 |
| 5001-10000 | 110 | 7.57 | 8,06,616 | 19.10 |
| 10001-50000 | 83 | 5.71 | 15,59,156 | 36.92 |
| 50001-100000 | 5 | 0.35 | 3,44,291 | 8.15 |
| And above | 2 | 0.14 | 3,18,544 | 7.55 |
| Total | 1,454 | 100.00 | 42,22,703 | 100.00 |

Shareholding Pattern as on March 31, 2017

| Sl. No. | Category | No. of share held | % of shares held |
|---------|------------------------------|-------------------|------------------|
| 1 | Promoters & Promoter Group | - | - |
| 2 | Public - Bodies Corporate | 9,90,038 | 23.45 |
| 3 | Public – Resident Individual | 32,32,310 | 76.54 |
| 4. | Public – NRI | 355 | 0.01 |
| | TOTAL | 42,22,703 | 100.00 |

≡≡≡ KWALITY CREDIT & LEASING LIMITED ≡≡≡

j) **Outstanding ADRs/GDRs** : Not Applicable

k) **Address for matters related to shares, any correspondence:**

M/s. C.B. Management Services (P) Ltd.
P-22, Bondel Road, Kolkata 700 019,
Phone Nos. (033)22806692 / 93 / 94 / 2486,40116700, (33)-22870263
E- mail: rta@cbmsl.com

l) **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
E-mail : kwalitycredit50@yahoo.com

12. **Disclosure of Materially Significant Related Party Transactions**

All related party transactions that were entered into during the financial year were at an arm's length basis and were in the ordinary course of business. There are no materially significant related party transactions made by the Company with Promoters, Directors, Key Managerial Personnel or other designated persons which may have a potential conflict with the interest of the Company at large.

As required under regulation 23 of Listing Regulations, the Company has adopted a policy on Related Party Transactions. The policy on Related Party Transactions is available on the Company's website at <http://www.kwalitycredit.com/subsidiary&related-party-transaction-policy.html>.

13. **Subsidiary Companies**

The Company had twenty-two subsidiaries which ceased to be its subsidiary during the year. Further, the Company had incorporated twenty subsidiaries during the year, which is yet to commence its business.

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

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

Further, the Company does not have any material subsidiary whose net worth exceeds 20% of the consolidated net worth of the holding Company in the immediately preceding accounting year or which has generated 20% of the consolidated income of the Company during the previous financial year.

Pursuant to the Listing Agreement / Listing Regulations, the Audit Committee recommended a Policy for Determining Material Subsidiaries to the Board of Directors. The same was subsequently approved and disclosed in the Company's website and the link is as follows:



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

14. **CEO and CFO Certification**

The Managing Director and the Chief Financial Officer of the Company provided the annual certification on financial reporting and internal controls to the Board in terms of Part B of Schedule II of Listing Regulations. The annual compliance certificate given by the Managing Director and the Chief Financial Officer is part of the Annual Report.

15. **Compliance Report on Non-mandatory requirements under Listing Regulation 27(1)**

a) **The Board- Non-Executive Chairman's Office:**

As per para A of Part E of Schedule II of the Listing Regulations, the Board of Directors is chaired by Mr. Amu Thapa (DIN- 00674928), a Non-Executive Independent Director.

b) **Shareholders rights:**

The Company display quarterly and half yearly results on its web site www.kwalitycredit.com and also publishes the results in widely circulated newspapers. The Company also publishes the voting results of shareholders meetings and makes it available on its website www.kwalitycredit.com and report the same to Stock Exchanges in terms of Regulation 44 of the Listing Regulations.

c) **Modified opinion(s) in audit report:**

The Auditors have issued an un-qualified opinion on the financial statements of the Company.

d) **Separate posts of Chairperson and Chief Executive Officer:**

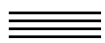
The Board of Directors is chaired by Mr. Amu Thapa (DIN- 00674928), a Non-executive Independent Director, Mr. Bhagwan Das Soni (DIN- 02308414) is Managing Director of the Company.

e) **Reporting of Internal Auditor:**

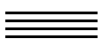
Reporting of Head of Internal Audit is to the Chairman of the Audit Committee and administratively to the Managing Director of the Company.

16. **Other Disclosures**

- a) There are no materially significant related party transactions that may have potential conflict with the interest of the Company at large were held during the reported year.
- b) The Company has complied with all the requirements of the listing agreement/ listing regulations 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 or any statutory authority on any matters related to Capital Market so far.
- c) The Company promotes ethical behaviour in all its business activities and has put in place a mechanism for reporting illegal or unethical behavior. Company has established Vigil Mechanism and formulated a policy for the same under which the employees are free to report violations of applicable laws and regulations and the Code of Conduct. The reportable matters may be disclosed to the Vigilance Officer who operates under the supervision of the Audit Committee. Employees may also report to the Chairman of the Audit Committee.



KWALITY CREDIT & LEASING LIMITED



Further, during the year under review, no employee was denied access to the Audit Committee. No personnel have been denied access to the Audit Committee.

- d) The Company has complied with all the mandatory corporate governance requirements under the Listing Regulations. Specifically, the Company confirms compliance with corporate governance requirements specified in regulation 17 to 27 and clauses (b) to (i) of sub-regulation (2) of regulation 46 of the Listing Regulations.

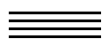
17. Declaration

All Directors and senior management personnel of the Company have affirmed compliance with the Company's Code of Conduct for the financial year ended March 31, 2017.

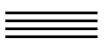
Place : Kolkata
Dated : 31.07.2017

On Behalf of the Board of Directors
For Kwaliti Credit & Leasing Ltd.

Amu Thapa
Chairman
DIN: 00674928



KWALITY CREDIT & LEASING LIMITED



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

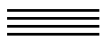
This is to confirm that the Company has adopted Code of Conduct for its Members of the Board of Directors and Senior Management Employees including the Managing Director. The Company has also adopted the Code of Conduct for Non-Executive Directors. Both these Codes are posted on the Company's website.

I confirm that the Company has for the financial year ended March 31, 2017, received from its Members of the Board of Directors and Senior Management Employees a declaration of compliance with the Code of Conduct as applicable to them.

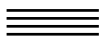
For the purpose of this declaration, Senior Management Employees means the Members of the Management one level below the Managing Director as on March 31, 2017.

Place : Kolkata
Date : 31.07.2017

Bhagwan Das Soni
Managing Director
DIN-02308414



KWALITY CREDIT & LEASING LIMITED



CEO & CFO COMPLIANCE CERTIFICATE

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

Re: CEO and CFO Compliance Certificate on Financial Statements for the year ended on March 31, 2017

We, Mr. Bhagwan Das Soni, Managing Director & Mr. Subrata Dutta, CFO, certify that:

- A. We have reviewed financial statements and the cash flow statement for the financial year ended on March 31, 2017 and that to the best of our knowledge and belief :
1. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 2. these statements together present a true and fair view of the listed entity's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- B. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year ending on March 31, 2017 which are fraudulent, illegal or violative of the Company's code of conduct.
- C. 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, deficiencies in the design or operation of such internal controls, if any, of which we are aware and steps have been taken to rectify these deficiencies.
- D. We further certify that:
1. There have been no significant changes in the internal control over financial reporting during this year;
 2. There have been no significant changes in accounting policies during this year and requiring disclosures in the notes to the financial statements; and
 3. We are not aware of any instance during the year of significant fraud with involvement therein of the management or any employee having a significant role in the Company's internal control system over financial reporting.

Bhagwan Das Soni
Managing Director
DIN-02308414

Subrata Dutta
CFO

Place : Kolkata
Date : 31.07.2017



INDEPENDENT AUDITOR'S REPORT

To the Members of
KWALITY CREDIT & LEASING LIMITED

Report on the Financial Statements

We have audited the accompanying standalone financial statements of **KWALITY CREDIT & LEASING LIMITED** ("the company"), which comprise the Balance Sheet as at 31st March 2017, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation and presentation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended). This responsibility also includes 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 frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

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

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March 2017, and its Profit and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements



1. As required by Section 143 (3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended).
 - (e) On the basis of the written representations received from the directors as on 31st March, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2017 from being appointed as a director in terms of Section 164 (2) of the Act.
 - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure A"; and our report expresses an unmodified opinion on the internal financial controls over financial reporting of the Company.
 - (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has no pending litigations which would impact on its financial position.
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the company at the end of the year.
 - iv. The company has provided requisite disclosures in its financials statements as to holdings as well as dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016 and these are in accordance with the book of account maintained by the company. Refer Notes to the "m" financials statements
2. As required by the companies (Auditor's Report) Order 2016 ("The Order") issued by the Central Government of India in terms of sub-section (11) of the section 143 of the Act, we give in the Annexure B, a statement on the matter specified in paragraph 3 and 4 of the Order, to the extent applicable.

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

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

Place : 783, Anandpur, Kolkata-700107
Date : The 30th day of May, 2017



Annexure - A to the Auditors' Report

(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' of our report on even date)

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of **KWALITY CREDIT & LEASING LIMITED** ("the Company") as of 31st March 2017 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and



dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

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

Place : 783, Anandpur, Kolkata-700107

Date : The 30th day of May, 2017



Annexure - B to the Auditors' Report

The Annexure referred to in Independent Auditor's Report to the members of the Company on the standalone financial statements for the year ended 31st March 2017, we report that:

- 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) The company does not have any immoveable property.
- (ii) The Company did not carry any inventory during the year and as such question of physical verification comments on reasonableness of procedure adopted for the same or maintenance of any records for such inventory or discrepancy on such physical verification therein do not arise at all
- (iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to companies, firms, or other parties covered in the register maintained under Section 189 of the Companies Act, 2013. Accordingly paragraph 3 (iii) (a) and (b) of the order is not applicable.
- (iv) As it is a NBFC company, With respect to loans, investments, guarantees and securities, provisions of Sec. 185 & 186 of Companies Act, 2013 is not applicable to Company,
- (v) The Company has not accepted deposits from the public within the meaning of Section 73 or any other relevant provisions of the Companies Act, 2013. Accordingly, paragraph 3 (v) of the order is not applicable.
- (vi) It has been explained to us that the maintenance of cost records has not been prescribed under section 148(1) of the Act.
- (vii) (a) The Company has generally been regular in depositing undisputed statutory dues including Provident Fund, Employees' State Insurance, Income tax, Sales-tax/ Value Added Tax, Service tax, Customs duty, Excise Duty, Cess and other applicable statutory dues with the appropriate authorities. No undisputed amounts payable in respect of aforesaid dues are there at the year end for a period of more than six months from the date they became payable.
- (b) According to the records of the Company and 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.
- (viii) The Company does not have any loans or borrowings from any financial institution, banks, government or debenture holders during the year. Accordingly, paragraph 3(viii) of the Order is not applicable.
- (ix) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, paragraph 3 (ix) of the Order is not applicable.



- (x) According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.
- (xi) According to the information and explanations give to us and based on our examination of the records of the Company, the Company has paid/provided for managerial remuneration in accordance with the provisions of section 197 read with Schedule V to the Act.
- (xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, paragraph 3(xii) of the order is not applicable.
- (xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- (xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
- (xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.
- (xvi) The company is a Non-Banking Financial Institution without accepting Public Deposits registered under section 45 IA of the Reserve Bank of India Act, 1934 having valid Certificate of Registration.

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

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

Place : 783, Anandpur, Kolkata-700107

Date : The 30th day of May, 2017

≡≡≡ KWALITY CREDIT & LEASING LIMITED ≡≡≡

BALANCE SHEET AS AT 31ST MARCH, 2017

| Particulars | Note No. | As AT | |
|--|----------|--------------------|---------------------|
| | | 31st March 2017 | 31st March 2016 |
| A EQUITY AND LIABILITIES | | | |
| 1 Shareholder's Funds | | | |
| Share Capital | 2 | 42,227,030 | 4,22,27,030 |
| Reserves and Surplus | 3 | 69,037,139 | 6,91,18,504 |
| 2 Current Liabilities | | | |
| Short-term borrowings | 4 | - | 58,37,905 |
| Trade payables | 5 | 1,172,270 | 11,72,270 |
| Other current liabilities | 6 | 55,271 | 68,878 |
| Short-term provisions | 7 | 190,950 | 1,90,950 |
| TOTAL | | 112,682,660 | 11,86,15,537 |
| B ASSETS | | | |
| 1 Non-current assets | | | |
| Fixed assets | | | |
| (i) Tangible assets | 8 | 33,000 | 61,472 |
| Non-current investments | 9 | 1,020,000 | 1,10,00,000 |
| Long term loans and advances | 10 | 87,088,797 | 1,71,40,929 |
| 2 Current assets | | | |
| Trade receivables | 11 | 13,916,000 | 1,23,80,000 |
| Cash and cash equivalents | 12 | 8,579,042 | 7,52,881 |
| Short-term loans and advances | 13 | 2,045,821 | 7,72,80,255 |
| TOTAL | | 112,682,660 | 11,86,15,537 |
| Refer accompanying notes forming part of the financial statements | 1-21 | | |

In terms of our report attached.

For PACHISIA & ASSOCIATES

(FRN NO. 327542E)

(Chartered Accountants)

(Satya Prakash Pachisia)

(Proprietor)

(M.No.055040)

For and on behalf of the Board of Directors

Bhagwan Das Soni

Managing Director

DIN-02308414

Amu Thapa

Director

DIN: 00674928

Place : 783, Anandpur, Kolkata - 700 107

Date : The 30th day of May, 2017

Subrata Dutta

CFO

KWALITY CREDIT & LEASING LIMITED

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH, 2017

| | Particulars | Note No. | Year ended | |
|----|--|----------|------------------|------------------|
| | | | 31st March 2017 | 31st March 2016 |
| 1 | Revenue from operations | 14 | 62,46,973 | 78,76,894 |
| | Other Income | 15 | 18,904 | 0 |
| 2 | Total Revenue | | 62,65,877 | 78,76,894 |
| 3 | Expenses: | | | |
| | Employee benefits expenses | 16 | 13,77,000 | 4,74,000 |
| | Finance costs | 17 | 4,79,983 | 3,77,943 |
| | Depreciation and amortisation expenses | 18 | 28,472 | 21,557 |
| | Other expenses | 19 | 44,68,622 | 60,31,184 |
| | Total Expenses | | 63,54,077 | 69,04,684 |
| 4 | Profit / (Loss) before exceptional and extraordinary items and tax (2 -3) | | (88,200) | 9,72,210 |
| 5 | Exceptional Items | | 0 | 0 |
| 6 | Profit / (Loss) before extraordinary items and tax (4 ± 5) | | (88,200) | 9,72,210 |
| 7 | Extraordinary Items | | | |
| | Loss on Sale of Fixed Assets | | 0 | 0 |
| 8 | Profit / (Loss) before tax (6 ± 7) | | (88,200) | 9,72,210 |
| 9 | Tax expense: | | | |
| | (1) Current tax | | 0 | 1,87,000 |
| | (2) Current tax expense relating to Ealier years | | (6,835) | 1,30,689 |
| | (3) Contingent Provision for Standard Assets Written Back | | 0 | (70,342) |
| 10 | Profit /(Loss) for the year (8 ± 9) | | (81,365) | 7,24,863 |
| 11 | Earning per equity share: | | | |
| | (1) Basic | | (0.02) | 0.17 |
| | (2) Diluted | | (0.02) | 0.17 |
| | Refer accompanying notes forming part of the financial statements | 1-21 | | |

In terms of our report attached.

For PACHISIA & ASSOCIATES

(FRN NO. 327542E)

(Chartered Accountants)

(Satya Prakash Pachisia)

(Proprietor)

(M.No.055040)

Place : 783, Anandpur, Kolkata - 700 107

Date : The 30th day of May, 2017

For and on behalf of the Board of Directors

Bhagwan Das Soni
Managing Director
DIN-02308414

Amu Thapa
Director
DIN: 00674928

Subrata Dutta
CFO

KWALITY CREDIT & LEASING LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2017

| PARTICULARS | Year ended | |
|--|--------------------|----------------------|
| | 31st March 2017 | 31st March 2016 |
| I. Cash flow from Operating Activities | | |
| Net Profit / (Loss) before extraordinary items and tax | (88,200) | 9,72,210 |
| Add: Adjustments for: | | |
| Interest on Income Tax Refund | (8,904) | 0 |
| Profit on sale of Investments | (10,000) | 0 |
| Depreciation | 28,472 | 21,557 |
| Cash flow before working capital changes | (68,632) | 9,93,767 |
| Adjustment for Working capital Changes: | | |
| Trade receivables | (15,36,000) | 8,20,000 |
| Long-term loans and advances | (6,99,47,868) | (86,31,119) |
| Short-term loans and advances | 7,53,67,137 | 2,10,60,817 |
| Short-term borrowings | (58,37,905) | 58,37,905 |
| Trade payables | 0 | (90,27,730) |
| Other current liabilities | (13,607) | (2,83,272) |
| Cash flow from operating activities before taxes paid | (20,36,874) | 1,07,70,368 |
| Less: Taxes Paid | (4,22,754) | (4,77,051) |
| Add: Income Tax Refund | 3,05,790 | 2,77,837 |
| Cash flow from Operating Activities | (21,53,839) | 1,05,71,154 |
| II. Cash flow from Investing Activities | | |
| Purchase of Investment | (10,20,000) | (2,71,08,750) |
| Purchase of Fixed Assets | 0 | (39,860) |
| Proceeds from sale of Investment | 1,10,10,000 | 1,71,08,750 |
| Cash flow from Investing Activities | 99,80,000 | (1,00,39,860) |
| III. Cash flow from Financing Activities | | |
| Proceeds from issue of equity shares Premium including shares premium | 0 | |
| Cash flow from Financing Activities | 0 | 0 |
| Net Increase / (Decrease) in Cash flow (I + II + III) | 78,26,161 | 5,31,294 |
| Opening Cash / Cash Equivalents | 7,52,881 | 2,21,587 |
| Closing Cash / Cash Equivalents | 85,79,042 | 7,52,881 |
| Refer accompanying notes forming part of the financial statements | 1-21 | 1-21 |

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

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

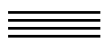
Place : 783, Anandpur, Kolkata - 700 107
Date : The 30th day of May, 2017

For and on behalf of the Board of Directors

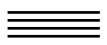
Bhagwan Das Soni
Managing Director
DIN-02308414

Amu Thapa
Director
DIN: 00674928

Subrata Dutta
CFO



KWALITY CREDIT & LEASING LIMITED



NOTES TO BALANCE SHEET AS AT 31ST MARCH, 2017

NOTE NO. 1: SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation: - The financial statements have been prepared in accordance with the generally accepted accounting principles in India (Indian GAAP). The company has prepared these financial statements to comply in all material respects with the standards notified under Section 133 of the Companies Act, 2013 read together with Rule 7 of the Companies (Accounts) Rules 2014. and along with guidelines issued by the Securities and Exchange Board of India (SEBI). The financial statements have been prepared on an accrual basis under historical cost convention. The accounting policies adopted in the preparation of financial statements are consistent with those of previous year.

- (a) **Use of estimates:** - The preparation of financial statements in conformity with Indian GAAP requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting year. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future years.
- (b) **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.
- (c) **Investments:** - Investment have been treated as long term and carried at cost. Cost includes purchase cost and attributable expenses.
- (d) **Inventories:** - Trading Goods are valued at cost.
- (e) **Revenue recognition:** - Revenue is recognized to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized:

Sale of goods

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

Interest

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

Dividends

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

Other Income

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

- (f) **Foreign currency translation:** - No Foreign Currency Transactions has been made by the Company in the Financial Year 2016-17
- (g) **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.

KWALITY CREDIT & LEASING LIMITED

- (h) **Income taxes:** - Tax expense comprises of current tax. Current income-tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961 enacted in India. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.
- (i) **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.
- (j) **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.
- (k) **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.
- (l) **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.
- (m) **Disclosure on Specified Bank Notes(SBNs)**
During the year, the LLP had specified bank notes or other denomination notes as defined in the MCA notification G.S.R.308(E) dated March 31, 2017 on the details of specified bank notes (SBNs) held and transacted during the period from November 8, 2016 to December 30, 2016, the denomination wise SBNs and others notes as per the notification is given below:-

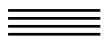
| PARTICULARS | SBN | OTHER DENOMINATION NOTES | TOTAL |
|------------------------------------|-----|--------------------------|---------|
| Closing Cash in Hand on 08.11.2016 | - | 2306129 | 2306129 |
| Add : Amount withdrawn from banks | - | 60000 | 60000 |
| Add : Permitted receipts | - | 0 | 0 |
| Less : Permitted payments | - | 111946 | 111946 |
| Less : Amount deposited in Banks | - | 0 | 0 |
| Closing Cash in Hand on 30.12.2016 | - | 2254183 | 2254183 |

* For the purposes of this clause, the term 'Specified Bank Notes' shall have the same meaning provided in the notification of the Government of India, in the Ministry of Finance, Department of Economic affairs number S.O 3407(E), dated the 8th November, 2016.

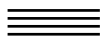
- (n) Balance in respect of Trade Payable, Trade Receivable and Loans & Advances are subject to confirmation.
- (o) **Cash Flow Statement:** - Cash flows are reported using the indirect method and cash flows from operating, investing and financing activities of the Company are segregated.

≡≡≡ KWALITY CREDIT & LEASING LIMITED ≡≡≡

- (p) **MSMED Act, 2006:** - The Government of India has promulgated an act namely The Micro, Small and Medium Enterprises Development Act, 2006, which comes into force with effect from October 2, 2006. As per the act, the Company is required to identify the Micro, Small and Medium suppliers and pay them interest on over dues beyond the specified period irrespective of the terms agreed with the suppliers. The Company does not have any dues to any entity covered under the said act.
- (q) **Prudential Norms:** - The Company has followed the prudential norms issued by Reserve Bank of India, as applicable, and revenue / assets have been represented (considering adjustments / write-off / net-off, as applicable) keeping in line therewith and management prudence.
- (r) **Contingent Provision against Standard Assets:** Contingent Provision @0.25% against Standard Loans is made as per R.B.I. requirement for NBFC appropriating surplus of the Statement of Profit & Loss.
- (s) Previous year's figures have been regrouped/rearranged whenever considered necessary to confirm to current year's grouping and classification.



KWALITY CREDIT & LEASING LIMITED



NOTES TO BALANCE SHEET AS AT 31ST MARCH, 2017

| | As At 31 March, 2017 | As At 31 March, 2016 |
|---|---------------------------|-------------------------|
| NOTE NO. 2 Share Capital | | |
| Authorised- | | |
| 47,00,000 Equity Shares of Rs 10/- each | 4,70,00,000 | 4,70,00,000 |
| Issued, Subscribed & Paid-Up | | |
| 42,22,703 Equity Shares of Rs. 10/- | | |
| each Fully paid up in cash. | <u>4,22,27,030</u> | <u>4,22,27,030</u> |
| | <u>4,22,27,030</u> | <u>4,22,27,030</u> |

Disclosure :

- There has been no change/ movements in number of shares outstanding at the beginning and at the end of the Year.
- The company has only one class of issued shares i.e Ordinary Shares having par value of ` 10/- per share. Each holder of Ordinary Shares is entitled to One vote per share and equal right for dividend. In the event of liquidation , the ordinary shareholders are eligible to receive the remaining assets of the Company after payment of all preferential amounts, in proportion to their Shareholding.
- The Company does not have any Holding Company/ ultimate Holding Company .
- Details of Shareholders holding more than 5% Shares:

| Ordinary Shares of ` 10/- each fully paid | As On 31.03.2017 | As On 31.03.2016 |
|---|-------------------|---------------------------------|
| No. of Shares | % of Shareholding | No. of Shares % of Shareholding |
| Nil | Nil | Nil Nil |

- No Ordinary Shares have been reserved for issue under option and contracts/ commitments for the sale of shares/ disinvestment as at the Balance Sheet date.
- No Shares has been bought back by the company during the period of 5 years preceeding the date at which the balance sheet is prepared
- No Securities convertible into Equity/ Preference Shares issued by the company during the year.
- No calls are unpaid by any director or officer of the company during the year.
- As per records of the Company, including its register of shareholder/members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownerships of shares.

NOTE NO. 3 Reserves and Surplus

| | | |
|----------------------------|---------------------------|--------------------|
| Securities Premium Reserve | | |
| Opening balance | <u>7,22,70,300</u> | <u>7,22,70,300</u> |
| Closing balance | <u>7,22,70,300</u> | <u>7,22,70,300</u> |
| General reserve | | |
| Opening balance | <u>36,900</u> | <u>36,900</u> |
| Closing balance | <u>36,900</u> | <u>36,900</u> |
| Statutory reserve | | |

KWALITY CREDIT & LEASING LIMITED

| | | |
|---|---------------------------|---------------------------|
| Opening balance | 2,73,842 | 1,16,800 |
| Add: Transferred from surplus in Statement of Profit and Loss | <u>0</u> | <u>1,57,042</u> |
| Closing balance | <u>2,73,842</u> | <u>2,73,842</u> |
| Surplus / (Deficit) in Statement of Profit and Loss | | |
| Balance brought forward from previous year | (34,62,538) | (40,30,360) |
| Add: Transfer from Statement of Profit and Loss for the year | (81,365) | 7,24,863 |
| Less: Transferred to Statutory reserve | <u>0</u> | <u>(1,57,042)</u> |
| Closing balance | <u>(35,43,903)</u> | <u>(34,62,538)</u> |
| Total | <u>6,90,37,139</u> | <u>6,91,18,504</u> |

| | | |
|--|----------|------------------|
| NOTE NO.4 Short-term borrowings | 0 | 58,37,905 |
| Loans and advances from Others | 0 | 58,37,905 |

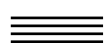
| | | |
|---------------------------------|-------------------------|-------------------------|
| NOTE NO.5 Trade payables | | |
| Other than Acceptances | <u>11,72,270</u> | <u>11,72,270</u> |
| | <u>11,72,270</u> | <u>11,72,270</u> |

| | | |
|--|----------------------|----------------------|
| NOTE NO.6 Other current liabilities | | |
| Other Payables | | |
| Statutory remittances | 9,358 | 12,515 |
| Others | <u>45,913</u> | <u>56,363</u> |
| | <u>55,271</u> | <u>68,878</u> |

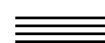
| | | |
|--|------------------------|------------------------|
| NOTE NO.7 Short-term provisions | | |
| Provision for : | | |
| Contingent of Standard Assets | <u>1,90,950</u> | <u>1,90,950</u> |
| | <u>1,90,950</u> | <u>1,90,950</u> |

NOTE NO.9 Non-current investments
 Other investments (Unquoted, at cost)
 Investment in equity instruments of subsidiaries Companies,
 Equity Shares of Rs 10/- each

| | No. of Shares | | No. of Shares | |
|--------------------------------|---------------|---|---------------|----------|
| KCL Chemical Limited | 0 | 0 | 50,000 | 5,00,000 |
| KCL Iron & Steels Limited | 0 | 0 | 50,000 | 5,00,000 |
| Kcl Agri Products Limited | 0 | 0 | 50,000 | 5,00,000 |
| Kcl Enclave Limited | 0 | 0 | 50,000 | 5,00,000 |
| Kcl Energy Limited | 0 | 0 | 50,000 | 5,00,000 |
| Kcl Fashion Limited | 0 | 0 | 50,000 | 5,00,000 |
| Kcl Impex Limited | 0 | 0 | 50,000 | 5,00,000 |
| Kcl Jewellers Limited | 0 | 0 | 50,000 | 5,00,000 |
| Kcl Machinery Dealers Limited | 0 | 0 | 50,000 | 5,00,000 |
| Kcl Media Limitd | 0 | 0 | 50,000 | 5,00,000 |
| Kcl Resorts Limited | 0 | 0 | 50,000 | 5,00,000 |
| Kcl Warehousing Limited | 0 | 0 | 50,000 | 5,00,000 |
| Maxwell Heights Limited | 0 | 0 | 50,000 | 5,00,000 |
| Maxwell Homes Limited | 0 | 0 | 50,000 | 5,00,000 |
| Maxwell Housing Limited | 0 | 0 | 50,000 | 5,00,000 |
| Maxwell Real Estates Limited | 0 | 0 | 50,000 | 5,00,000 |
| Maxwell Residency Limited | 0 | 0 | 50,000 | 5,00,000 |
| Tropicana Consultants Limited | 0 | 0 | 50,000 | 5,00,000 |
| Tropicana Heights Limited | 0 | 0 | 50,000 | 5,00,000 |
| Tropicana Housing Limited | 0 | 0 | 50,000 | 5,00,000 |
| Tropicana Real Estates Limited | 0 | 0 | 50,000 | 5,00,000 |
| Tropicana Residency Limited | 0 | 0 | 50,000 | 5,00,000 |



KWALITY CREDIT & LEASING LIMITED



| | | | | |
|-----------------------------|-----------------|------------------|-----------|-------------|
| Curlew Agriculture Limited | 5,100 | 51,000 | 0 | 0 |
| Curlew Builders Limited | 5,100 | 51,000 | 0 | 0 |
| Curlew Floriculture Limited | 5,100 | 51,000 | 0 | 0 |
| Curlew Highrise Limited | 5,100 | 51,000 | 0 | 0 |
| Curlew Horticulture Limited | 5,100 | 51,000 | 0 | 0 |
| Curlew Moonview Limited | 5,100 | 51,000 | 0 | 0 |
| Curlew Projects Limited | 5,100 | 51,000 | 0 | 0 |
| Curlew Riverview Limited | 5,100 | 51,000 | 0 | 0 |
| Curlew Seaview Limited | 5,100 | 51,000 | 0 | 0 |
| Curlew Sunshine Limited | 5,100 | 51,000 | 0 | 0 |
| Mdue Enterprises Limited | 5,100 | 51,000 | 0 | 0 |
| Mdue Fashion Limited | 5,100 | 51,000 | 0 | 0 |
| Mdue Industries Limited | 5,100 | 51,000 | 0 | 0 |
| Mdue Infracon Limited | 5,100 | 51,000 | 0 | 0 |
| Mdue Retail India Limited | 5,100 | 51,000 | 0 | 0 |
| Selvan Highrise Limited | 5,100 | 51,000 | 0 | 0 |
| Selvan Riverview Limited | 5,100 | 51,000 | 0 | 0 |
| Selvan Seaview Limited | 5,100 | 51,000 | 0 | 0 |
| Selvan Skyrise Limited | 5,100 | 51,000 | 0 | 0 |
| Selvan Sunshines Limited | 5,100 | 51,000 | 0 | 0 |
| | <u>1,02,000</u> | <u>10,20,000</u> | 11,00,000 | 1,10,00,000 |

As At
31 March, 2017

As At
31 March, 2016

NOTE NO. 10 Long term loans and advances

Unsecured, considered good

Loans-Others

73,755,632

0

Loans-Substandard

13,327,165

1,71,34,929

Security deposits

6,000

6,000

67,088,797

1,71,40,929

NOTE NO. 11 Trade receivables

Unsecured, considered good

Outstanding for more than six months

8,061,000

38,00,000

Other debts

5,855,000

85,80,000

13,916,000

1,23,80,000

NOTE NO. 12 Cash and cash equivalents

Cash on Hand (As certified)

359,902

4,93,100

Balances with banks In current accounts

8,219,140

2,59,781

8,579,042

7,52,881

NOTE NO. 13 Short-term Loans and Advances

Unsecured, considered good

Loans- Others

1,012,871

7,63,80,008

Advance to Subsidiaries

0

1,61,000

Advance - others

161,000

0

Balances with government authorities

Income Tax Refundable

871,950

7,39,247

2,045,821

7,72,80,255

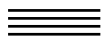
NOTE NO. 8: FIXED ASSETS

| DESCRIPTION | GROSS BLOCK | | | DEPRECIATION | | | NET BLOCK | | | |
|---------------|----------------------------|--------------------------------|---------------------------------|----------------------------------|-----------------------|-------------------|---------------------------------|-----------------------|-----------------------|-----------------------|
| | Cost As On 31.03.2016 ₹ | Additions during the year ₹ | Deductions during the year ₹ | Total Cost As On 31.03.2017 ₹ | Up To 31.03.2016 ₹ | For the year ₹ | Deductions during the year ₹ | Up To 31.03.2017 ₹ | As on 31.03.2017 ₹ | As on 31.03.2016 ₹ |
| Computer | 85,535 | 0 | 0 | 85,535 | 24,063 | 28,472 | 0 | 52,535 | 33,000 | 61,472 |
| Total | 85,535 | 0 | 0 | 85,535 | 24,063 | 28,472 | 0 | 52,535 | 33,000 | 61,472 |
| Previous Year | 45,675 | 39,860 | 0 | 85,535 | 2,506 | 21,557 | 0 | 24,063 | 61,472 | |

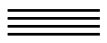
KWALITY CREDIT & LEASING LIMITED

NOTES TO STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31 MARCH 2017

| | As At 31 March, 2017 | As At 31 March, 2016 |
|---|-------------------------|-------------------------|
| NOTE NO. 14 Revenue from operations | | |
| Interest income | | |
| Interest on loans | | |
| (TDS Rs 422754 /- Previous Year Rs 477051 /-) | <u>62,46,973</u> | <u>78,76,894</u> |
| | <u>62,46,973</u> | <u>78,76,894</u> |
| NOTE NO. 15 Other Income | | |
| Profit on sale of Investments | 10,000 | 0 |
| Interest on Income Tax Refund | <u>8,904</u> | <u>0</u> |
| | <u>18,904</u> | <u>0</u> |
| NOTE NO. 16 Employee benefits expenses | | |
| Salary Bonus & Other Allowance | <u>13,77,000</u> | <u>4,74,000</u> |
| | <u>13,77,000</u> | <u>4,74,000</u> |
| (Salary includes Directors' Remuneration Rs.225000/- , P.Y. 150000/-) | | |
| NOTE NO. 17 Finance costs | | |
| Interest expenses on :- | | |
| On Unsecured Loan | 4,64,825 | 3,75,720 |
| On Others | <u>10,811</u> | <u>0</u> |
| Bank Charges & Commissions | 4,75,636 | 3,75,720 |
| | <u>4,347</u> | <u>2,223</u> |
| | <u>4,79,983</u> | <u>3,77,943</u> |
| NOTE NO. 18 Depreciation and amortisation expenses | | |
| Depreciation on Tangible Assets | <u>28,472</u> | <u>21,557</u> |
| | <u>28,472</u> | <u>21,557</u> |
| NOTE NO. 19 Other expenses | | |
| Rates & Taxes | 0 | 748 |
| Office Rent | 1,20,000 | 84,000 |
| Travelling & Conveyance | 55,807 | 48,822 |
| Printing & Stationery | 22,905 | 28,279 |
| Postage & Telegram | 29,249 | 53,737 |
| Telephone Expenses | 7,133 | 8,603 |
| Miscellaneous Expenses | 35,765 | 0 |
| Software Maintenance Charges | 5,025 | 0 |
| Legal & Consultancy Charges | 18,025 | 73,775 |
| Filing Fees | 4,800 | 24,600 |
| Interest Not Collected on Loan Given | 0 | 23,98,022 |
| Loan Written Off- Substandard & Doubtful Assets | 38,07,764 | 19,03,881 |
| Registrar & Transfer Agent Expenses | 41,673 | 38,039 |
| Listing Fees | 2,50,038 | 2,36,518 |
| Demat Charges | 685 | 453 |
| Advertisement & Business promotion expenses | 38,128 | 89,925 |
| Website Charges | 5,750 | 5,619 |
| Derivative Loss on Currency Transactions (Net) | 0 | 10,10,414 |
| Auditors' Remuneration | | |
| For Statutory Audit | 23,000 | 22,900 |
| For Other Services | <u>2,875</u> | <u>2,850</u> |
| | <u>44,68,622</u> | <u>60,31,184</u> |



KWALITY CREDIT & LEASING LIMITED



NOTE NO.20 RELATED PARTY DISCLOSURES

Names of related parties and related parties relationship Related parties where control exists

| | |
|------------------|--------------------------|
| Bhagwan Das Soni | Key Management Personnel |
| Subrata Dutta | CFO |

Related Party Transactions

The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial year :

| | Year ended 31 March, 2017 | Year ended 31 March, 2017 | Year ended 31 March, 2016 | Year ended 31 March, 2016 |
|------------------|------------------------------|------------------------------|------------------------------|------------------------------|
| Bhagwan Das Soni | | 2,25,000 | | 1,50,000 |
| Subrata Dutta | | 78,000 | | 65,000 |

Investment in subsidiary companies

| | | |
|-----------------------------|-------|--------|
| Curlew Agriculture Limited | 5,100 | 51,000 |
| Curlew Builders Limited | 5,100 | 51,000 |
| Curlew Floriculture Limited | 5,100 | 51,000 |
| Curlew Highrise Limited | 5,100 | 51,000 |
| Curlew Horticulture Limited | 5,100 | 51,000 |
| Curlew Moonview Limited | 5,100 | 51,000 |
| Curlew Projects Limited | 5,100 | 51,000 |
| Curlew Riverview Limited | 5,100 | 51,000 |
| Curlew Seaview Limited | 5,100 | 51,000 |
| Curlew Sunshine Limited | 5,100 | 51,000 |
| Mdue Enterprises Limited | 5,100 | 51,000 |
| Mdue Fashion Limited | 5,100 | 51,000 |
| Mdue Industries Limited | 5,100 | 51,000 |
| Mdue Infracon Limited | 5,100 | 51,000 |
| Mdue Retail India Limited | 5,100 | 51,000 |
| Selvan Highrise Limited | 5,100 | 51,000 |
| Selvan Riverview Limited | 5,100 | 51,000 |
| Selvan Seaview Limited | 5,100 | 51,000 |
| Selvan Skyrise Limited | 5,100 | 51,000 |
| Selvan Sunshines Limited | 5,100 | 51,000 |

NOTE NO.21 Contingent Liabilities

NIL

NIL

KWALITY CREDIT & LEASING LIMITED

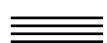
[As required in terms of Para 13 of Non Systematically Important Non - Banking Financial (Non Deposit Accepting or Holding) Companies, Prudential Norms (Reserve Bank), Directions, 2015]

(Amount in Rs.)

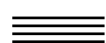
| | Particulars | Amount Outstanding | Amount Overdue |
|---------------------------|---|---------------------------|-------------------|
| Liabilities Side : | | | |
| (1) | Loans and Advances availed by the NBFCs inclusive of interest accrued thereon but not paid | | |
| | (a) Debentures: Secured | - | - |
| | Unsecured (other than falling within the meaning of public deposits*) | - | - |
| | (b) Deferred Credits | - | - |
| | (c) Term Loans | - | - |
| | (d) Inter- corporate loans and borrowing | - | - |
| | (e) Commercial Paper | - | - |
| | (f) Other Loans (Specify Nature) | - | - |
| Particulars | | Amount Outstanding | |
| Assets Side : | | | |
| (2) | Break up of Loans and Advances including bills receivables [other than those included in (4) below] | | |
| | (a) Secured | - | |
| | (b) Unsecured | 102,172,668 | |
| (3) | Break up of Leased Assets and Stock on Hire and other assets counting towards AFC activities | | |
| | (i) Lease assets including lease rentals under sundry debtors: | | |
| | (a) Financial Lease | - | |
| | (b) Operating Lease | - | |
| | (ii) Stock on hire including hire charges under sundry debtors: | | |
| | (a) Assets on hire | - | |
| | (b) Repossessed Assets | - | |
| | (iii) Other loans counting towards AFC activities | | |
| | (a) Loans where assets have been repossessed | - | |
| | (b) Loans other than (a) above | - | |

KWALITY CREDIT & LEASING LIMITED

| Particulars | | Amount Outsatnding | | |
|-------------|--|--------------------------|-------------|-------------|
| (4) | Break up of Investments Current Investments | | | |
| | 1 Quoted: | | | |
| | (i) Shares :(a) Equity | - | | |
| | (b) Preference | - | | |
| | (ii) Debentures and Bonds | - | | |
| | (iii) Units of mutual funds | - | | |
| | (iv) Government Securities | - | | |
| | (v) Others (Please Specify) | - | | |
| | 2 Unquoted: | | | |
| | (i) Shares :(a) Equity | - | | |
| | (b) Preference | - | | |
| | (ii) Debentures and Bonds | - | | |
| | (iii) Units of mutual funds | - | | |
| | (iv) Government Securities | - | | |
| | (v) Others (Please Specify) | - | | |
| | Long term investments | | | |
| | (I) Quoted: | | | |
| | (i) Shares :(a) Equity | - | | |
| | (b) Preference | - | | |
| | (ii) Debentures and Bonds | - | | |
| | (iii) Units of mutual funds | - | | |
| | (iv) Government Securities | - | | |
| | (v) Others (Please Specify) | - | | |
| | (II) Unquoted: | | | |
| | (i) Shares :(a) Equity | 1,020,000 | | |
| | (b) Preference | - | | |
| | (ii) Debentures and Bonds | - | | |
| | (iii) Units of mutual funds | - | | |
| | (iv) Government Securities | - | | |
| | (v) Others (Please Specify) | - | | |
| (5) | Borrower group wise classification of assets financed as in (2) and (3) above : | | | |
| | Category | Amount net of provisions | | |
| | | Secured | Unsecured | Total |
| | 1 Related Parties** | | | |
| | (a) Subsidiaries | - | - | - |
| | (b) Companies in the same group | - | - | - |
| | (c) Other related Parties | - | - | - |
| | 2 Other than related parties | - | 102,172,668 | 102,172,668 |
| | Total | - | 102,172,668 | 102,172,668 |



KWALITY CREDIT & LEASING LIMITED



| (6) Investor group wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted) | | |
|--|---|---------------------------------------|
| Category | Market Value/Break up of Fair value or NAV | Book Value (Net of Provisions) |
| 1 Related Parties** | | |
| (a) Subsidiaries | 1,020,000 | 1,020,000 |
| (b) Companies in the same group | - | - |
| (c) Other related Parties | - | - |
| 2 Other than related parties | - | - |
| Total | 1,020,000 | 1,020,000 |
| (7) Other Information | | |
| Particulars | Ammount | |
| (i) Gross Non- Performing Assets | | |
| (a) Related Parties | | - |
| (b) Other than related parties | | - |
| (ii) Net Non Performing Assets | | |
| (a) Related Parties | | - |
| (b) Other than related parties | | - |
| (iii) Assets acquired in satisfaction of debt | | - |