

20th Annual Report

&

Accounts

2011-2012

KWALITY CREDIT & LEASING LIMITED



Kwalitiy Credit & Leasing Limited

Registered Office : 18, Deshapriya Park Road, 3rd. Floor, Room No. 303, Kolkata - 700 026
Phone : (033) 3221 3306, E-mail : cosec@kwalitiycredit.com

NOTICE

Notice is hereby given that the 20th Annual General Meeting of the Members of the Company will be held on Saturday, the 29th day of September, 2012, at Transit House, 11A, Raja Basant Roy Road, Kolkata – 700026 at 9.00 A.M. to transaction of the following businesses:

A. ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Balance Sheet of the Company for the year ended 31st March, 2012, the Profit and Loss Account as on that date and the reports of the Board of Directors and Auditors thereon.
2. To appoint auditors to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting and to authorize the Board to fix their remuneration.

B. SPECIAL BUSINESS:

3. To consider and if thought fit to pass with or without modifications, the following resolution as an Ordinary Resolution:

“Resolved That Mr. Bhagwan Das Soni, who had been appointed as an Additional Director of the Company at the meeting of the Board of Directors held on 09th July, 2012 and who, in terms of section 260 of the Companies Act, 1956, holds office of the directorship up to the date of the ensuing Annual General Meeting and in respect of whom the Company has received a notice in writing under section 257 of the Companies Act, 1956, from a member proposing his candidature for the office of Director be and is hereby appointed as a Director of the Company, liable to retire by rotation.”

4. To consider and if thought fit to pass with or without modifications, the following resolution as an Ordinary Resolution:

“Resolved That Mr. Amu Thapa, who had been appointed as an Additional Director of the Company at the meeting of the Board of Directors held on 09th July, 2012 and who, in terms of section 260 of the Companies Act, 1956, holds office of the directorship up to the date of the ensuing Annual General Meeting and in respect of whom the Company has received a notice in writing under section 257 of the Companies Act, 1956, from a member proposing his candidature for the office of Director be and is hereby appointed as a Director of the Company, liable to retire by rotation.”

5. To consider and if thought fit to pass with or without modifications, the following resolution as an Ordinary Resolution:

“Resolved That Mr. Suresh Kumar Jain, who had been appointed as an Additional Director of the Company at the meeting of the Board of Directors held on 09th July, 2012 and who, in terms of section 260 of the Companies Act, 1956, holds office of the directorship up to the date of the ensuing Annual General Meeting and in respect of whom the Company has received a notice in writing under section



Kwaliti Credit & Leasing Limited

Registered Office : 18, Deshapriya Park Road, 3rd. Floor, Room No. 303, Kolkata - 700 026
Phone : (033) 3221 3306, E-mail : cosec@kwalitcredit.com

257 of the Companies Act, 1956, from a member proposing his candidature for the office of Director be and is hereby appointed as a Director of the Company, liable to retire by rotation."

Date: 03.09.2012
Place: Kolkata

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


Director

Notes:

1. A Member entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote of himself and such proxy need not be a member of the Company. Proxies in order to be effective must be received by the Company not less than 48 hours before the meeting.
2. Members holding shares in dematerialized form are requested to bring their Depository Account No. and Client I.D. No. for identification
3. The Register of Members and Share Transfer Books of the Company in respect of Equity Shares shall remain closed from 20th September 2012 to 28th day of September 2012 (both days inclusive).
4. Corporate Members are requested to send to the Company, a duly certified copy of the Board Resolution / Power of Attorney, authorizing their representatives to attend and vote at the Annual General Meeting.
5. In all correspondences with the Company/ Registrar & Share Transfer Agents, members are requested to quote their folio number and in case their shares are held in the dematerialized form, they must quote their DP ID and Client ID number.
6. Members are requested to note that trading in securities of the Company is compulsorily in dematerialized form only. Hence Shareholders, who have not dematerialized their shares as yet, are advised to have their shares dematerialized to avail the benefit of paperless trading.
7. Members are requested to notify immediately change in their address if any, with pin code to the Depository Participants in respect of electronic share accounts and to the Registrars and Transfer Agents, CB Managements Services Pvt. Ltd., P-22, Bondel Road, Kolkata-700019 in respect of physical share accounts.
8. In case the mailing address mentioned in the Annual Report is without the Pin Code, members are requested to inform their Pin Code immediately.
9. Members can avail the nomination facilities as per the provisions of the Companies Act, 1956 by filing the prescribed form which can be obtained from the Registrars and Transfer Agents (in the case of physical shares) or from the Depository Participants (in the case of dematerialized shares).
10. Members or his proxies are requested to produce at the entrance of the meeting Hall the attendance slip duly completed and signed for admission to the meeting hall. Members are requested to bring their copy of the Annual Report to the Annual General Meeting.
11. In case of joint holders attending the meeting, only such joint holder who is higher in the order of names will be entitled to vote.



Kwaliti Credit & Leasing Limited

Registered Office : 18, Deshapriya Park Road, 3rd. Floor, Room No. 303, Kolkata - 700 026
Phone : (033) 3221 3306, E-mail : cosec@kwalitiCredit.com

Explanatory Statement Pursuant to the Provisions of Section 173(2) of the Companies Act, 1956:

Item No. 4

Mr. Bhagwan Das Soni was appointed as an additional Director of the company, pursuant to Section 260 of the Companies Act, 1956, w. e. f. 09th July, 2012 by the Board of Directors of the Company. Mr. Soni's term of office as Director expires at this Annual General Meeting. A notice under Section 257 of the Companies Act, 1956, proposing Mr. Soni's candidature for directorship, has been received from a member of the Company.

It will be in the interest of the Company to avail of Mr. Soni's experience and his continuance will be of benefit to the Company. Your Directors therefore recommend this resolution for your approval. No other Director of the Company is concerned or interested in this resolution except Mr. Soni.

Item No. 5

Mr. Amu Thapa was appointed as an additional Director of the company, pursuant to Section 260 of the Companies Act, 1956, w. e. f. 09th July, 2012 by the Board of Directors of the Company. Mr. Thapa's term of office as Director expires at this Annual General Meeting. A notice under Section 257 of the Companies Act, 1956, proposing Mr. Thapa's candidature for directorship, has been received from a member of the Company.

It will be in the interest of the Company to avail of Mr. Thapa's experience and his continuance will be of benefit to the Company. Your Directors therefore recommend this resolution for your approval. No other Director of the Company is concerned or interested in this resolution except Mr. Thapa.

Item No. 6

Mr. Suresh Kumar Jain was appointed as an additional Director of the company, pursuant to Section 260 of the Companies Act, 1956, w. e. f. 09th July, 2012 by the Board of Directors of the Company. Mr. Jain's term of office as Director expires at this Annual General Meeting. A notice under Section 257 of the Companies Act, 1956, proposing Mr. Soni's candidature for directorship, has been received from a member of the Company.

It will be in the interest of the Company to avail of Mr. Jain's experience and his continuance will be of benefit to the Company. Your Directors therefore recommend this resolution for your approval. No other Director of the Company is concerned or interested in this resolution except Mr. Jain.

Date: 03.09.2012
Place: Kolkata

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

Director



Kwality Credit & Leasing Limited

Registered Office : 18, Deshapriya Park Road, 3rd. Floor, Room No. 303, Kolkata - 700 026
Phone : (033) 3221 3306, E-mail : cosec@kwalitycredit.com

DIRECTORS REPORT - 2011 - 12

To,
The Members of
Kwality Credit & Leasing Ltd.

Your Directors have great pleasure in presenting the 20th Annual Report together with the Audited Accounts of the Company for the Financial Year ended 31st March 2012.

FINANCIAL HIGHLIGHTS

The highlights of the financial results of the Company for the financial year ended March 31, 2012 are as under:

Particulars	Year ended March 31, 2012	Year ended March 31, 2011
Profit before Depreciation	246193.00	85147.00
Less: Depreciation	63110.00	71463.00
Profit before Tax	183083.00	13684.00
Less: Provision for Tax	137186.00	5000.00
Profit after tax	45897.00	8684.00
Less: Transferred to Statutory Reserve	22000.00	3000.00
Add: brought forward balance	(1453342.00)	(1459026.00)
Balance carried to Balance Sheet	(1429445.00)	(1453342.00)

DIVIDEND

Your Directors do not recommend any dividend for the year under review.

DIRECTORS

Pursuant to the applicable provisions of the Companies Act, 1956, Mr. Asish Ray, Mr. Rohit Modi and Mr. Devang Vyas have been appointed as the Additional Directors of the Company w. e. f. 04.02.2012 and Mr. Bhagwan Das Soni, Mr. Suresh Kumar Jain and Mr. Amu Thapa have been appointed as the Additional Directors of the Company w. e. f. 09.07.2012.

Mr. Bhagwan Das Soni, Mr. Suresh Kumar Jain and Mr. Amu Thapa were appointed as additional Directors w. e. f. 09.07.2012. Pursuant to the provisions of Section 260 of the Companies Act, 1956; they shall hold office till the ensuing Annual General Meeting of the Company. In view of the same, it is proposed to appoint them as the Directors of the Company in the forthcoming Annual General Meeting.

Pursuant to the applicable provisions of the Companies Act, 1956, Mr. Somnath Gupta, Mr. Amit Jajodia and Mr. Bhagwan Das Soni tendered their resignations to the board and the same were accepted by the board of directors at the meeting dated 12.03.2012 and Mr. Asish Ray tendered his resignation to the board and the same was accepted by the board of directors at the meeting dated 09.07.2012. Mr. Rohit Modi also tendered his resignation to the board and the same was accepted by the board of directors at the meeting dated 03.09.2012

CHANGE IN THE REGISTERED OFFICE ADDRESS OF THE COMPANY

Board of Directors of the Company is pleased to inform you that during the year the registered office of the Company has been shifted to Room No. 303, 3rd Floor, 18, Deshapriya Park Road, Kolkata - 700 026 within local limit of the State of West Bengal, with effect from 31st January 2012.



Kwality Credit & Leasing Limited

Registered Office : 18, Deshapriya Park Road, 3rd. Floor, Room No. 303, Kolkata - 700 026
Phone : (033) 3221 3306, E-mail : cosec@kwalitycredit.com

SECRETARIAL COMPLIANCE CERTIFICATE

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

DIRECTORS RESPONSIBILITY STATEMENT

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

- (i) In the preparation of the Annual Accounts for the year ended 31st March, 2012, the applicable accounting standards have been followed.
- (ii) They have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2012.
- (iii) They have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- (iv) They have prepared the annual accounts on a going concern basis.

CORPORATE GOVERNANCE REPORT

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

A separate report on Corporate Governance is furnished as a part of the Director's Report and the certificate from the Auditors regarding the compliance of condition of Corporate Governance is annexed to the said Report.

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

PUBLIC DEPOSIT

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

PRUDENTIAL NORMS FOR NBFC'S

Your Company has been complying with all the requisite norms prescribed by the Reserve Bank of India for Income Recognition, Accounting Standards, Capital Adequacy, Provisioning & all other requirements.

LISTING FEES

The Company's Shares are listed in the following Stock Exchanges and listing fees has been paid up-to-date:

1. Calcutta Stock Exchange Association Ltd.
2. Bombay Stock Exchange Ltd.
3. Jaipur Stock Exchange Ltd.



Kwality Credit & Leasing Limited

Registered Office : 18, Deshapriya Park Road, 3rd. Floor, Room No. 303, Kolkata - 700 026
Phone : (033) 3221 3306, E-mail : cosec@kwalitycredit.com

CASH FLOW STATEMENT

The Cash Flow Statement for the year ended 31st March, 2012, pursuant to clause 32 of the Listing Agreement with the Stock Exchange is annexed herewith.

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

Your Company has no activity relating to conservation of energy and technical absorption. The company has not earned any foreign exchange for the year under review.

PARTICULARS OF EMPLOYEES

In terms of Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, no disclosure is required to be made, as your Company has no such employee.

AUDITORS

Pursuant to section 224 (6) of the Companies Act, 1956 M/s. Pachisia & Associates, Chartered Accounts, were appointed as the Statutory Auditors of the Company in place of M/s. Santosh Jain & Co., the existing Auditors of the Company, by the Board Resolution dated 28.03.2012, due to the change in the status of the auditor and therefore creating a casual vacancy in the office of Auditors and will retire at the conclusion of the ensuing Annual General Meeting and being eligible offer themselves for reappointment, if made would be in accordance with the limits specified under Section 224 (1B) of the Companies Act, 1956. The Board recommends their reappointment.

AUDITORS REPORT

Auditors' Report is self explanatory and hence does not require any further explanations

ACKNOWLEDGEMENT

Your Directors take this opportunity to express their sincere appreciation and gratitude for the assistance, co-operation and contributions rendered by the banks, government authorities, vendors, members, business associates, employees and other persons who are closely associated with the Company.

Date: 03.09.2012

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


Bhagwan Das Soni
Chairman


Amu Thapa
Director



ARANI GUHA, B.Com(H), ACS

COMPANY SECRETARY IN WHOLE-TIME PRACTICE

COMPLIANCE CERTIFICATE

CIN : L65921WB1992PLC056686
Nominal Capital : Rs. 4,00,00,000.00

The Members
Kwality Credit & Leasing Limited
18, Deshapriya Park Road
3rd Floor, Room No. 303
Kolkata – 700 026

I have examined the registers, records, books and papers of Kwality Credit & Leasing Limited having its registered office at 18, Deshapriya Park Road, 3rd Floor, Room No. 303, Kolkata – 700 026, as required to be maintained under the Companies Act, 1956, (the Act) and the rules made there under and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on 31st March, 2012. In my opinion and to the best of my information and according to the examinations carried out by me and explanations furnished to me by the Company, its officers and agents, I certify that in respect of the aforesaid financial year:

1. The Company has kept and maintained all registers as stated in Annexure (A) to this certificate, as per the provisions of the Act and the rules made there under and all entries therein have been duly recorded.
2. The Company has duly filed the forms and returns as stated in Annexure (B) to this certificate, with the Registrar of Companies as described in the said annexure.
3. The Company being a limited Company has the minimum prescribed paid-up capital.
4. The Board of Directors duly met 9 (nine) times respectively on 29th April 2011, 30th May 2011, 13th August 2011, 11th September 2011, 28th December, 2011, 31st January 2012, 4th February 2012, 12th March 2012, 28th March, 2012 in respect of which meetings proper notices were given and the proceedings were properly recorded and signed in the Minutes Book maintained for the purpose.
5. The Company had closed its Register of Members during the financial year from 26.09.2011 to 30.09.2011, as per section 154 of the Act.



Contd...2

Address: Commerce House, 4th Floor, R. N. Tagore Road, 2A, Garden Chandra Avenue, Kolkata-700 013,

☎ : (O) (033) 30288956, (M) (09830029555), ✉ : araniguha@gmail.com



ARANI GUHA, B.Com(H), ACS
COMPANY SECRETARY JN WHOLE-TIME PRACTICE

Kwality Credit & Leasing Ltd.....11-12

6. The annual general meeting for the financial year ended 31st March, 2011 was held on 30th September, 2011 after giving due notice to the members of the Company and the resolutions passed thereat were duly recorded in Minutes Book maintained for the purpose.
7. No extraordinary general meeting was held during the year.
8. No loans of the nature mentioned in section 295 of the Companies Act have been given by the company; therefore no comments are required on the compliance of the provisions of the said section.
9. The Company has not entered into any contract falling within the purview of section 297 of the Act.
10. The Company has made the necessary entries under the provisions of section 301(3) of the Companies Act, 1956.
11. As there were no instances falling within the purview of section 314 of the Act, the Company has not obtained any approvals from the Board of Directors, members of the Company or of the Central Government.
12. There is no issue of duplicate share certificate during the financial year under review.
13. The Company has:
 - i) not received any cases for transfer of shares during the said year.
 - ii) not declared dividend during the relevant year.
 - iii) duly complied with the requirements of section 217 of the Act.
14. The Board of Directors of the Company is duly constituted. There has been an appointment of Mr. Devang Vyas, Mr. Asish Ray and Mr. Rohit Modi as Additional Directors on 4th February, 2012 and resignation of Mr. Somnath Gupta, Mr. Amit Jajodia and Mr. Bhagwan Das Soni on 12th March, 2012.



Contd...3



ARANI GUHA, B.Com(H), ACS
COMPANY SECRETARY JN WHOLE-TIME PRACTICE

Kwality Credit & Leasing Ltd.....11-12

- No new appointment of Alternate Directors or Directors to fill casual vacancy has been made in the financial year under consideration.
15. The Company was not required to appoint a Managing Director/ Whole-time Director/ Manager during the year under consideration.
 16. The Company has not appointed any sole selling agents during the financial year.
 17. The Company was not required to obtain any approvals of the Central Government, Company Law Board, Regional Director, Registrar or such other authorities as may be prescribed under the various provisions of the Act.
 18. The Directors have disclosed their interest in other firms/companies to the Board of Directors pursuant to the provisions of the Act and rules made there under.
 19. The Company has neither issued nor allotted any equity shares during the financial year under review in due compliance with the provisions of the Act.
 20. The Company has not bought back any shares during the financial year.
 21. As the Company has not issued any preference shares or debentures the question of redemption does not arise.
 22. There were no transactions necessitating the Company to keep in abeyance the rights to dividend, rights shares and bonus shares pending registration of transfer of shares.
 23. The Company has not invited/ accepted any deposits including any unsecured loans falling within the purview of section 58A during the financial year.
 24. The Company has not made any borrowings during the period. Therefore, the provisions of section 293(1)(d) of the Act are not applicable to the Company.
 25. The Company is exempt from the provisions of section 372A of the Act as per the provisions of section 372A(8).



Contd...4



ARANI GUHA, B.Com(H), ACS
COMPANY SECRETARY IN WHOLE-TIME PRACTICE

Kwality Credit & Leasing Ltd.....11-12

26. The Company has not altered the provisions of the Memorandum with respect to the situation of the Company's registered office from one state to another during the year under scrutiny.
27. The Company has not altered the provisions of the Memorandum with respect to objects of the Company during the year under scrutiny.
28. The Company has not altered the provisions of the Memorandum with respect to name of the Company during the year under scrutiny.
29. The Company has not altered the provisions of the Memorandum with respect to share capital of the Company during the year under scrutiny.
30. The Company has not altered its Articles of Association during the financial year.
31. There was no prosecution initiated against or show cause notices received by the Company and no fines or penalties or any other punishment was imposed on the Company during the financial year, for offences under the Act.
32. The Company has not received any money as security from its employees during the financial year.
33. The provisions of section 418 of the Act are not applicable to the Company.

Place: Kolkata
Date: 03.09.2012

Signature: 
Name of the Company Secretary: Arani Guha
C.P.No.: 9573

ARANI GUHA
COMPANY SECRETARY IN WHOLE-TIME PRACTICE
C. P. No. 9573
#6, 4th Floor, 2A, G.C. Avenue
Kolkata - 700 013
Ph. : 9007201535

Contd...5



ARANI GUHA, B.Com(H), ACS
COMPANY SECRETARY IN WHOLE-TIME PRACTICE

Kwality Credit & Leasing Ltd.....11-12

Annexure 'A'

Registers as maintained by the Company

Statutory Registers:

a) Register of Charges	u/s 143
b) Register of Members	u/s 150
c) Minutes Book of Meeting of Directors	u/s 193
d) Minutes Book of Proceedings of General Meeting	u/s 193
e) Books of Accounts	u/s 209
f) Register of Directors, etc.	u/s 303
g) Register of Directors Shareholdings	u/s 307
h) Register of Disclosure	u/s 299 read with section 301

Annexure 'B'

Forms and returns as filed by the Company with the Registrar of Companies during the financial year ended 31st March, 2012

1. Balance Sheet for the year ended 31.03.2011 u/s 220(1) of the Act, filed under the cover of Form 23AC and 23ACA on 21.12.2011 vide SRN P83466979 with additional fees.
2. Annual Return u/s 159 drawn as on the AGM dated 30.09.2011 filed under the cover of Form 20B submitted on 22.11.2011 vide SRN P79936886.
3. Compliance Certificate for the financial year 2011-2012 u/s 383A(1) of the Act, filed under the cover of Form no. 66 on 31.10.2011 vide SRN P77649366.
4. Form 32 u/s 303 dated 04.02.2012 submitted vide SRN B31517204 on 09.02.2012 for appointment of Mr. Devang Vyas, Mr. Asish Ray and Mr. Rohit Modi as Additional Directors.
5. Form 32 u/s 303 dated 12.03.2012 submitted vide SRN B34255844 on 13.03.2012 for cessation of Mr. Somnath Gupta, Mr. Amit Jajodia and Mr. Bhagwan Das Soni.
6. Form 18 u/s 146 dated 31.01.2012 submitted vide SRN B30851075 on 01.02.2012 for change in registered office within the local limits of city.

Address: Commerce House, 4th Floor, R. No. 6, 2A, Ganesh Chandra Avenue, Kolkata-700 013,

☎ : (O) (033) 30288955, (M) (0)9007201535, ✉ : araniguha@gmail.com





Kwality Credit & Leasing Limited

Registered Office : 18, Deshapriya Park Road, 3rd. Floor, Room No. 303, Kolkata - 700 026
Phone : (033) 3221 3306, E-mail : cosec@kwalitycredit.com

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

INDUSTRY STRUCTURE AND DEVELOPMENT

Non Banking Financial Company (NBFC) can be broadly classified into Hire Purchase Finance or Equipment Leasing Company, Investment Company and Loan Company. The classification could be from Reserve Bank of India's monitoring point of view i.e. NBFC accepting Public Deposits and NBFC without accepting Public Deposits. NBFC has become an integrated part of India's financial system. In recent times NBFC are playing pivotal in catering to the needs of small and medium enterprises in rural and semi urban areas.

They are backbone to lending against securities, retail loans, auto loans and micro finance. In terms of relative importance of various activities financed by NBFC, HP is the largest activities followed by loans and ICDS and investments.

REGULATORY

Reserve Bank of India has issued several new guidelines to stringent the performance of the NBFC's and your Company has initiated necessary steps to adhere to the new guidelines.

DEBT STRUCTURE

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

SEGMENT-WISE OR PRODUCT - WISE PERFORMANCE

Company being a single segment Company, no separate information has been given segment-wise or product-wise.

OPPORTUNITIES AND THREATS

The NBFC industry holds immense potential and the recent steps taken by the Government of India to create infrastructure, providing banking licenses and to take part in insurance agency business on a fee basis have brought new scope for NBFCs

Unfortunately, the RBI removed the priority sector tag for loan given by the Banks to NBFC which has pushed up the cost of funds for NBFCs and put pressure on their operations margins. Further, the rising of bad loans has put the microfinance under fire. The increased competitions from local and multinational players have led tough competition in the industry.

RISKS AND CONCERNS

Risk to a varying degree, is inevitable in all business transactions in an organization which is in financial services industry. During the past years, the board had adopted a Risk Management Policy and the board periodically reviews the risks faced by the company and the practices to manage them.

The dominant risk affecting the company in the past year is the regulatory uncertainty. Some of the other major risks faced by the company are Credit Risk, Operational Risk and Market Risk

Over the years, the company has strengthened its understanding of these diverse risks and put in place effective strategies and mechanism for risk mitigation wherever possible.



Kwality Credit & Leasing Limited

Registered Office : 18, Deshapriya Park Road, 3rd. Floor, Room No. 303, Kolkata - 700 026
Phone : (033) 3221 3306, E-mail : cosec@kwalitycredit.com

OPERATIONAL & FINANCIAL PERFORMANCE

Notwithstanding difficult Financial Market conditions, your Company concluded yet another year of growth in its business. The financial performance for the year ended 31st March 2012 is satisfying as it has been achieved in the wake of several challenges confronting your Company's businesses.

During the year under review your Company has recorded a satisfying growth in its performance. The total income of the Company is Rs. 970641/-, registering a growth in profit in compare to the previous year's income of Rs. 622065/-. The profit before tax during the year was Rs. 183083/- as compared to the profit of Rs. 13684/- in the previous year and Profit after Tax has been improved to Rs 45897/- in the current year compared to profit of Rs. 8684/- in the previous year.

OUTLOOK

The overall performance for the year under review was better than previous year. The Company is trying to explore new areas which can be developed and marketed to leverage its performance. The Company remains bullish on the future prospects and is in belief of positive growth and further rationalization of capital market, which will lead to more investment, better production, value creation, capitalization and thus the additional wealth for the investors and thus see better prospect in near future in it. This will place the company in good place this year.

The outlook for the company is bright in future based on the performance of security market. Barring unforeseen circumstances, board expects the company to achieve good results in the coming years.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company has adequate internal control and audit systems to ensure that all transactions adhere to procedure and meet statutory requirements. The internal control system consists of regular operative performance evaluation and devising corrective measures thereof. The company has prominent and eligible members in audit committee to act and look after the internal control measures. The audit observations are periodically reviewed by the Audit Committee and necessary directions are issued wherever required.

HUMAN RESOURCE DEVELOPMENT

Employees at various levels understand the impact of the external factors and are striving to meet the prime objective of growth and value creation. Employee's relations continued to be harmonious throughout the year with the management.

CAUTIONARY STATEMENT

Statements in this Management Discussion and Analysis report describing the Company's objectives, expectations or predictions may be "forward looking statement" within the meaning of the applicable laws and regulations. The actual performance may differ materially from those expressed or implicit in this statement.

For Kwality Credit & Leasing Ltd.



Director



ARANI GUHA, B.Com(H), ACS
COMPANY SECRETARY IN WHOLE-TIME PRACTICE

CERTIFICATE ON CORPORATE GOVERNANCE


To
The Members
Kwality Credit & Leasing Limited

We have examined the compliance of conditions of Corporate Governance by Kwality Credit & Leasing Limited for the year ended 31st March, 2012 as stipulated in Clause 49 of the Listing Agreement with the Stock Exchanges and the relevant records and documents maintained and also furnished to us by the Company.

The Compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the company.

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

On the basis of our review and according to the information and explanation given to us, we certify that the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement with the Stock Exchanges have been complied with by the Company.


Arani Guha
Company Secretary in Practice
C.P. No.9573

ARANI GUHA
COMPANY SECRETARY IN WHOLE-TIME PRACTICE
C. P. No. 9573
#6, 4th Floor, 2A, G.C. Avenue
Kolkata - 700 013
Ph. : 9007201535



Kwality Credit & Leasing Limited

Registered Office : 18, Deshapriya Park Road, 3rd. Floor, Room No. 303, Kolkata - 700 026
Phone : (033) 3221 3306, E-mail : cosec@kwalitycredit.com

REPORT ON CORPORATE GOVERNANCE (AS PER CLAUSE 49 OF THE LISTING AGREEMENT WITH STOCK EXCHANGES)

1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

Corporate Governance involves a set of relationships between the Company's management, its Board, its shareholders and other stakeholders and is a set of systems and practices aiding accountability, transparency, fairness in its transactions and meeting stakeholders' aspirations and societal expectations.

The Company pursues its long term corporate goals on the bedrock of financial discipline, high ethical standards, transparency and trust. The Company strongly believes in and is continuously following good Corporate Governance in order to improve corporate image in the Finance industry and to enhance shareholders' value and as well as to promote national interest. Every effort is made to follow the best practices in all the functional areas and in discipline the Company's responsibilities towards all stakeholders and the community at large.

We give hereunder our report on the prevailing practices in your Company:

A) Board of Directors

The composition of the Board of Directors of the company is in conformity with the Code of Corporate Governance under the listing Agreement with the Indian Stock Exchanges. The Board of Directors consists of optimum combination of Executive and Non-Executive Directors. The Details of the Board of Directors and their Directorships/Memberships in Committees of other Companies are as under.

Name of the Directors	Category	FY 2011-12 Attendance at		No. of Directorships in other public Companies		No. of Committee positions held in other public Companies*
		BM	Last AGM	Chairman	Member	Chairman
Mr. Somnath Gupta**	Independent Non-Executive	6	Yes	-	-	-
Mr. Amit Jajodia**	Non-Executive	6	Yes	-	-	-
Mr. Bhagwan Das Soni**	Independent Non-Executive	6	Yes	-	-	-
Mr. Asish Ray**	Independent Non-Executive	2	No	-	-	-
Mr. Devang Vyas**	Non-Independent Executive	2	No	-	-	-
Mr. Rohit Modi**	Independent Non-Executive	2	No	-	-	-

* Represents Membership/Chairmanship of Audit Committee, Investor Grievance Committee and Remuneration Committee.

** were for part of the year.



Kwaliti Credit & Leasing Limited

Registered Office : 18, Deshapriya Park Road, 3rd. Floor, Room No. 303, Kolkata - 700 026
Phone : (033) 3221 3306, E-mail : cosec@kwaliticrodit.com

Board Procedure

The members of the Board are provided with all the information and documents as per Annexure IA of Clause 49 pertaining to the matters to be considered at each board and committee meetings, to enable the Board to discharge its responsibilities effectively and the Chairman reviews the overall performance of the Company.

Number of Board Meeting held and the dates on which held

Eight Board Meetings were held during the year 2011-12. The dates on which the meetings were held are 29.04.2011, 30.05.2011, 13.08.2011, 11.09.2011, 31.01.2012, 04.02.2012, 12.03.2012 and 28.03.2012

The company has adopted the Code of Conduct for the Executive Directors, senior management Personnel and other executives of the Company. The Company has received confirmation from the Executive Directors and the senior persons in regard the compliance of the Code of Conduct.

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

B) Audit Committee

The Audit Committee of Directors was reconstituted on 12.03.2012 and it comprises as its members Mr. Rohit Modi, Mr. Asish Ray and Mr. Devang Vyas. The scope the Committee includes:-

- Review internal control systems, nature and scope of audit as well as post audit discussions.
- Review quarterly, half-yearly and annual statements.
- Reviewing with the management, external and internal auditors and the adequacy of internal control systems.
- Reviewing the adequacy of internal audit function.
- Discuss with internal auditor any significant findings and follow-up thereon.
- Recommend to Board on any matter relating to Financial Management including audit report.
- Overseas Company's financial reporting process and disclosure of financial information.

The composition of the Audit Committee and the details of meetings attended by the Directors are given below:

Name of Members	Category	No. of Meetings attended during the year 2011-2012
Mr. Somnath Gupta** (Chairman) Resigned w.e.f. 12.03.2012	Independent Non-Executive	4
Mr. Amit Jajodia** Resigned w.e.f. 12.03.2012	Non-Executive	4



Kwality Credit & Leasing Limited

Registered Office : 18, Deshapriya Park Road, 3rd. Floor, Room No. 303, Kolkata - 700 026
Phone : (033) 3221 3306, E-mail : cosec@kwalitycredit.com

Mr. Bhagwan Das Soni** Resigned w.e.f. 12.03.2012	Independent Non-Executive	4
Mr. Asish Ray** Appointed on 04.02.2012	Independent Non-Executive	0
Mr. Devang Vyas** Appointed on 04.02.2012	Non- Independent Executive	0
Mr. Rohit Modi** Appointed on 04.02.2012	Independent Non-Executive	0

** were for part of the year

The Committee met four times on 30.05.2011, 13.08.2011, 11.11.2011 and 31.01.2012 during the year 2011-12. The Statutory Auditor and Executive Directors/ other persons are invited to the meeting as and when required. Then the Chairman of the Audit Committee was also present at the last Annual General Meeting of the Company.

C) Shareholders' Committee

a) Shareholders'/Investors' Grievance Committee

Shareholders Grievance Committee has been for redressal of Investors complaints like transfer of Shares, Non-Receipts of Annual Report, Non-Receipts of declared Dividend, Issue of Duplicate Certificates, Transfer & Transmission (with or without legal representation) of shares & allied transactions.

Shareholders' complaints/grievance are redressed by Registrar and Transfer Agent. The Board also reconstituted the shareholders'/Investors' Grievance Committee and the members of the same are Mr. Rohit Modi, Mr. Asish Ray and Mr. Devang Vyas.

Name of Members	Category	No. of Meetings attended during the year 2011-2012
Mr. Somnath Gupta** (Chairman) Resigned w.e.f. 12.03.2012	Independent Non-Executive	4
Mr. Amit Jajodia** Resigned w.e.f. 12.03.2012	Non-Executive	4
Mr. Bhagwan Das Soni** Resigned w.e.f. 12.03.2012	Independent Non-Executive	4
Mr. Asish Ray** Appointed on 04.02.2012	Independent Non-Executive	0
Mr. Devang Vyas** Appointed on 04.02.2012	Non- Independent Executive	0
Mr. Rohit Modi** Appointed on 04.02.2012	Independent Non-Executive	0

** were for part of the year



Kwality Credit & Leasing Limited

Registered Office : 18, Deshapriya Park Road, 3rd. Floor, Room No. 303, Kolkata - 700 026
Phone : (033) 3221 3306, E-mail : cosec@kwalitycredit.com

Two meeting were held during the year on 30.07.2011 and 31.01.2012 and was attended by all the three members of the Committee and reviewed the grievance / complaints received from shareholders and the proper action were taken on.

Mr. Rohit Modi, Director, acts as the Compliance Officer.

Sr. No.	Particulars	Status
1	No. of Complaints Pending as on 01.04.2011	NIL
2	No. of Complaints received during the year ended 31.03.2012	NIL
3	No. of Complaints disposed off during the year ended 31.03.2012	NIL
4	No. of Complaints Pending as on 31.03.2012	NIL
5	No. of Pending Share Transfer as on 31.03.2012 (Lodged in last 2 weeks)	NIL

b) Share Transfer Committee

To expedite the process of share transfer, the Board has delegated the powers of share transfers to a committee comprising of Chairman cum Director and two Directors. The Share Transfer Committee attends to the share transfer formalities at least once in a fortnight. The business transacted at the Share Transfer Committee meetings is placed before the Board & Shareholders' Grievance Committee.

All valid share transfers during the year ended 31.3.2012 have been acted upon and the number of pending share transfers as on 31.3.2012 were NIL.

General Body Meeting

a) The details of the Last Three Annual General Meetings were held as below:

Financial Year	Date of AGM/EGM	Venue	Time
2010-2011	30-09-2011 AGM	13A, Decres Lane, 5 th Floor, Room No. 502, Kolkata - 700069	9.00 A.M.
2009-2010	30-09-2010 AGM	13A, Decres Lane, 5 th Floor, Room No. 502, Kolkata - 700069	10.00 A.M.
2008-2009	30-09-2009 AGM	8/1, Lal Bazar Street, 2 nd Floor, Suite No. 2D, Kolkata - 700001	3.00 P.M.

No special resolution has been passed in the last three years. The resolutions at the above Annual General Meetings were passed by the requisite majority/ unanimously.

No Special Resolutions were required to be put through postal Ballot at the previous AGM's. No Special resolution in regard to has been proposed to be passed through postal Ballot in the ensuing Annual General Meeting.

D) Disclosures

a. Disclosures on materially significant related party transactions i.e. transactions of the company of material nature, with its promoters, the directors or the management, their subsidiaries or relatives etc. that



Kwalitiy Credit & Leasing Limited

Registered Office : 18, Deshapriya Park Road, 3rd. Floor, Room No. 303, Kolkata - 700 026
Phone : (033) 3221 3306, E-mail : cosec@kwalitiycredit.com

may have potential conflict with the interests of the company at large : There were no such transactions during the year.

b. Details of non-compliance by the company, penalties and strictures imposed on the company by stock exchanges or SEBI or any statutory authorities on any matter related to Capital markets during the last three years: None

c. Mandatory and non-mandatory requirements: The Company complied with the mandatory requirements and adoption of non-mandatory requirements under Clause 49 of the Listing Agreement which are reviewed by the management from time to time.

d. Shareholding of Non-Executive Director: As on 31st March 2012, Non-Executive Directors were holding NIL Equity Shares in the Company

CEO/CFO Certification

The Chief Executive Officer and Chief Financial Officer of the Company have given a certificate to the Board of Directors as prescribed under clause 49 of the Listing Agreement for the year ended 31st March, 2012.

Secretarial Audit

A qualified Company Secretary carried out Secretarial Audit under Clause 55 and Shares Transfer Audit under Clause 47 of the Listing Agreement and that the same are being filed to the Stock Exchanges quarterly and bi-annually, respectively, after being duly audited and certified.

E) Means of Communication

- | | |
|--|--|
| a. Half-yearly report sent to each household of shareholders | : No |
| b. Quarterly results:-
News Paper Published in | : The Financial Express,
Times of India & Dainik Lipi |
| c. Whether the website also displays official news released and presentations to the media, analysts, institutional investors etc. | : www.kwalitiycredit.com |
| d. Audited financial results | : The Financial Express,
Times of India & Dainik Lipi |
| e. Whether MD&A (Management Discussion & Analysis) is a part of Annual Report? | : Yes |

F) Shareholders' Information

- | | |
|---------------------------|--|
| a. Annual General Meeting | |
| - Date | : 29 th September 2012 |
| - Time | : 9 A.M. |
| - Venue | : 18, Deshapriya Park Road, 3 rd Floor, Room No. 303,
Kolkata - 700026 |



Kwality Credit & Leasing Limited

Registered Office : 18, Deshapriya Park Road, 3rd. Floor, Room No. 303, Kolkata - 700 026
Phone : (033) 3221 3306, E-mail : cosec@kwalitycredit.com

- b. Financial Year Calendar :
(2012-2013) (Tentative)
Results for Quarter ending June 30, 2012 : Second week of August, 2012
Results for Quarter ending September 30, 2012 : Second week of November, 2012
Results for Quarter ending December 31, 2012 : Second week of February, 2013
Results for Quarter ending March 31, 2013 : Second week of May, 2013
- c. Book Closure Date : 20th September 2012 to 28th September 2012.
d. Dividend payment : Not applicable
e. Listing of Equity Shares on
(i) Stock Exchanges
- 1) The Calcutta Stock Exchange Association Limited.
7, Lyons Range Calcutta – 700 001
 - 2) The Stock Exchange, Mumbai
Phiroza Jeejeebhoy Towers
25th Floor, Dalal Street, Mumbai 400001.
 - 3) Jaipur Stock Exchange Limited
Indra Place, J.L.N. Marg,
Malviya Nagar, Jaipur-302 017.

Listing Fees of all the Stock Exchanges have been paid for 2012-2013

- (ii) Depositories
- 1) National Securities Depository Ltd.
Trade World, 4th Floor,
Kamala Mills Compound,
Senapati Bapat Marg,
Lower Parel, Mumbai –400 013.
 - 2) Central Depository Service (India) Limited
Phiroza Jeejeebhoy Towers
28th Floor, Dalal Street, Mumbai 400023.

G) Stock Code

- : The Stock Exchange, Mumbai
Stock Code 31206
Equity ISIN INE 577C01015
The Calcutta Stock Exchange Association Ltd.
Stock Code 10021082

H) Market Price Data

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

Monthly high and low quotations and volume of shares traded on Bombay Stock Exchange and Calcutta Stock Exchange during the year ended 31st March, 2012:



Kwalitiy Credit & Leasing Limited

Registered Office : 18, Deshapriya Park Road, 3rd. Floor, Room No. 303, Kolkata - 700 026
Phone : (033) 3221 3306, E-mail : cosec@kwalitiycredit.com

Month	Quotation of Bombay Stock Exchange (in Rs.)			Quotation of Calcutta Stock Exchange (in Rs.)		
	HIGH (in Rs.)	LOW (in Rs.)	Volume (Nos)	HIGH (in Rs.)	LOW (in Rs.)	Volume (Nos)
APR- 2011	Not Traded	Not Traded	Not Traded	Not Traded	Not Traded	Not Traded
MAY-2011	Not Traded	Not Traded	Not Traded	Not Traded	Not Traded	Not Traded
JUNE-2011	Not Traded	Not Traded	Not Traded	Not Traded	Not Traded	Not Traded
JULY-2011	Not Traded	Not Traded	Not Traded	Not Traded	Not Traded	Not Traded
AUG-2011	Not Traded	Not Traded	Not Traded	Not Traded	Not Traded	Not Traded
SEP- 2011	Not Traded	Not Traded	Not Traded	170.75	170.75	39700
OCT- 2011	50.00	20.00	163041	Not Traded	Not Traded	Not Traded
NOV-2011	26.50	15.50	238482	Not Traded	Not Traded	Not Traded
DEC- 2011	38.40	18.50	443267	Not Traded	Not Traded	Not Traded
JAN- 2012	40.05	32.40	178052	Not Traded	Not Traded	Not Traded
FEB- 2012	37.20	33.10	111022	Not Traded	Not Traded	Not Traded
MAR-2012	41.85	30.10	152045	Not Traded	Not Traded	Not Traded

I) Registrar and Share Transfer Agents

: C. B. Management Services Pvt. Ltd.
P-22, Bondel Road, Kolkata – 700019
Phone: 033 22870263

J) Share Transfer System

: The shares of the company being in the compulsory demat list, are transferable through the depository system. Shares in physical form are processed by C. B. Management Services Pvt. Ltd., Kolkata, Registrar & Transfer Agent of the company and approved by the Share Transfer committee. All transfers received are processed and approved by the transfer committee which normally meets twice in a month. Shares under objection are returned within two weeks.

K) Distribution of Shareholding as on 31st March, 2012

The shareholding distribution of equity shares as on 31st March, 2012 is given below:

Range of Ordinary Shares	Number of Shareholders	% of Shareholders	Number of Shares	% of Shares
1 - 500	270	59.7345	39471	1.1277
501 - 1000	24	5.3097	19127	0.5465
1001 - 2000	20	4.4248	34872	0.9963
2001 - 3000	14	3.0973	36569	1.0448
3001 - 4000	14	3.0973	49930	1.4266
4001 - 5000	14	3.0973	67950	1.9414



Kwalitiy Credit & Leasing Limited

Registered Office : 18, Deshapriya Park Road, 3rd. Floor, Room No. 303, Kolkata - 700 026
Phone : (033) 3221 3306, E-mail : cosec@kwalitiycredit.com

5001 -10000	37	8.1858	270443	7.7269
10001 -50000	38	8.4071	832294	23.7798
50001-100000	12	2.6549	910282	26.0081
And above	9	1.9912	1239062	35.4018
Total	452	100.0000	3500000	100.0000

L) Shareholding Pattern as on 31st March 2012

Sr. No.	Category	No. of Shares Held	% of Shareholding
a	Promoters	129350	3.70
b	Individuals	2348895	67.11
c	Bodies Corporate	1021755	29.19
	Total	3500000	100.00

M) Dematerialisation of shares and Liquidity

: 77.88 % of the paid up Share Capital of the Company consisting of 2725792 shares are in Dematerialize form in NSDL and 18.33 % of paid-up share capital consisting of 641385 shares is in CDSL as on 31st March, 2012

N) Outstanding GDRs/ADRs/Warrants or any Convertible instruments, conversion date and likely impact on equity

: Not Applicable.

O) Plant location

: Not Applicable.

P) Address of the correspondence Investors correspondence for transfer/Dematerialization of shares, payment of dividend on shares, and any other query relating to the shares of the Co., Any query on Annual Report

: C. B. Management Services Pvt. Ltd.,
P-22, Bondel Road, Kolkata – 700019

Green Initiative – Corporate Governance

The Ministry of Corporate Affairs (MCA) has introduced a "Green Initiative in Corporate Governance" by allowing paperless compliance by companies and has issued circulars No.17/ 2011 dated 21 April 2011 stating that the service of documents by a Company to its' members can now be made through electronic mode in compliance of Section 53 of the Companies Act, 1956. Therefore, with a view to participate in the initiative, we request the members to provide e-mail address, if they wish to receive the documents / notices etc., of our Company through electronic mode. You may send your e-mail address to our Registrar & Share Transfer Agents, M/s. C. B. Management Services Pvt. Ltd., at their following e-mail address mentioning your folio No/ DP-ID/ CL-ID: rt@cbmsl.com



Kwaliti Credit & Leasing Limited

Registered Office : 18, Deshapriya Park Road, 3rd. Floor, Room No. 303, Kolkata - 700 026
Phone : (033) 3221 3306, E-mail : cosec@kwalitiycredit.com

CEO/CFO CERTIFICATION

The
The Board of Directors,
Kwaliti Credit & Leasing Limited
18, Deshapriya Park Road
3rd Floor, Room No. 303
Kolkata - 700026

Re: CEO/CFO certification in terms of Clause 49(v) of the Listing Agreement

We, Bhagwan Das Soni, Chairman and Amu Thapa, Director & CFO, in our respective capacities, certify that:

- (a) We have reviewed financial statements and the cash flow statement for the year 2011-12 and that to the best of our knowledge and belief :
 - i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year 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 that 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 the steps we have taken or propose to take to rectify these deficiencies.
- (d) We have indicated to the auditors and the Audit Committee:
 - i) Significant changes in internal control over financial reporting during the year;
 - ii) Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - iii) Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

Place: Kolkata
Date: 03.09.2012


Bhagwan Das Soni
Chairman

Amu Thapa
Director & CFO



Kwaliti Credit & Leasing Limited

Registered Office : 18, Deshapriya Park Road, 3rd. Floor, Room No. 303, Kolkata - 700 026
Phone : (033) 3221 3306, E-mail : cosec@kwalitiycredit.com

DECLARATION – COMPLIANCE WITH THE CODE OF CONDUCT

To
The Members,
Kwaliti Credit & Leasing Limited

Sub: Declaration under Clause 49 of the Listing Agreement

The Board of Directors has laid down a Code of Conduct for its Board of Directors and the senior managerial personnel of the Company. All the Directors and senior managerial personnel of the Company have affirmed compliance with the Code of Conduct of the Company, as envisaged in Clause 49 of the Listing Agreement with the stock exchange for the financial year ended 31st March, 2012.

Place: Kolkata
Date: 03.09.2012


Bhagwan Das Soni
Chairman

Amu Thapa
Director & CFO



AUDITORS' REPORT
TO
THE SHARE HOLDERS

OF
KWALITY CREDIT & LEASING LIMITED

We have audited the attached Balance Sheet of KWALITY CREDIT & LEASING LIMITED as at 31ST March 2012, and also the annexed Profit & Loss Account of the company for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amount and disclosure in the financial statements. An audit also includes assessing the Accounting principle used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis of for our opinion.

Further to our comments referred to above, we report that:

- a) We have obtained all the information and explanation, which to the best of our knowledge and belief were necessary for the purpose of our audit.
- b) In our opinion, the company as required by law, has kept proper books of accounts so far as appears from our examination of such books.
- c) The Balance Sheet, Profit & Loss Account & Cash Flow Statement dealt with by this report are in agreement with the books of accounts.
- d) In our opinion, the Balance Sheet, Profit & Loss Account & Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub – section (3C) of section 211 of the companies Act, 1956.
- e) On the basis of the written representations received from the Directors as on March 31st 2012, and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on March 31st 2012, from being appointed as a Director in term of Clause (g) of sub- section (1) of section 274 of the Company's Act, 1956.
- f) In our opinion and to the best of our information and according to the explanation given to us, the said accounts read with notes thereon, give the information required by the companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:





(2)

1. In the case of the Balance Sheet, of the state of affairs of the company as at 31st March 2012,
2. In the case of the Profit & Loss Account, of the Profit, of the company for the year ended on that date.

AND

3. In the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

As required by the Company's (Auditors' Report) Order, 2003 issued by the central government of India in terms of sub section (4A) of section 227 of the companies act, 1956, and on the basis such checks of the books and records of the company as we considered appropriate and the information and explanation given to us, during the course of the audit, we state in our opinion:

- a) The Company has maintained proper records to show full particulars including the quantitative details and situation of Fixed Assets. The management during the year has physically verified the Fixed Assets of the Company wherever practicable and the management has noticed no serious discrepancies.
- b) No Fixed Assets has been disposed during the year.
- c) In our opinion procedure of the physical verification of stocks followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- d) The discrepancies noticed on verification between the physical stock and the books records were not material.
- e) The company has not taken unsecured loan from companies, firms, or other parties listed in the register maintained under section 301 of the companies Act, 1956
- f) The company has not granted unsecured loan to companies, firms, or other parties listed in the register maintained under section 301 of the companies Act, 1956. In our opinion and according to the explanation given to us, the rate of interest and other terms and conditions on which the company has granted loans to other parties listed in the register maintained under section 301 of the companies Act, 1956 are prima facie not prejudicial to the interest of the company. The said parties are repaying the principle together with interest as per stipulation.



(3)



- g) In our opinion and according to the explanation given to us, during the course of the audit, there is adequate internal control procedure commensurate with the size of the Company and the nature of its business with regard of trading activities. We have not noted any continuing failure to correct major weakness in the internal controls during the course of audit.
- h) In our opinion and according to the information and explanation given to us, No transaction made in pursuance of contracts that need to be entered into a register maintained under section 301 of the companies Act, 1956 exceeding the value of Rs. 500000/-
- i) According to the information and explanation given to us, the company has not accepted any deposit from the public and consequently, the directives issued by the Reserve Bank of India, the Provision of section 58A & 58AA of the Company's Act, 1956 and ruled framed there under in respect of deposits is not applicable. To the best of our knowledge and according to information and explanation given to us, no order on the company under the aforesaid section has been passed by the company law Board.
- j) In our opinion, the company has an internal audit system commensurate with its size and nature of its business.
- k) According to the information and explanation given to us, the central government has not prescribed the maintenance of cost records under clause (d) of sub- section(1) of section 209 of the companies Act, 1956.
- l) According to the information and explanation given to us, and on the basis our examination of the books of accounts and records of the company, the company is regular in depositing with the appropriate authorities undisputed statutory dues including Income tax and any other material statutory dues applicable to it.
- m) According to the information and explanation given to us, no undisputed amount payable in respect of Income tax & cess were outstanding as at 31st March 2012 for a period of more than six month from the day they become payable.
- n) According to the information and explanation given to us, there are no dues in respect of Income tax, Wealth Tax , Sales Tax , Excise duty ,custom duty & cess that were not been deposited with the appropriate authorities on account of any dispute.
- o) As at 31st March, 2012 the accumulated losses of the company are not more than fifty percent of its net worth and has not incurred cash losses in the financial year and in the financial year immediately preceding such financial year.






(4)

- p) The company has neither taken any loans from bank or Financial Institution, nor issued any debentures Accordingly, clause 4(xi) of the order is not applicable.
- q) The company has not granted loans and advances on the basis of security by way of pledge of shares, debentures. Accordingly, clause 4 (xii) of the order is not applicable
- r) The company is not a chit fund, Nidhi, Mutual benefit fund or a society. Accordingly, clause 4(xiii) of the order is not applicable.
- s) The Company has maintained proper records of transactions and contracts in respect of trading in securities, debentures and others investment and timely entries have been made therein. All shares, debentures and other investment have been held by the Company in its own name.
- t) The company has not obtained any term loan. Accordingly, clause 4 (xvi) of the order is not applicable.
- u) According to the information and explanation given to us, the company has not raised any fund on short –term basis. All assets have been funded by the share holders' fund.
- v) The company has not made any preferential allotment of shares to companies and parties listed in the register maintained under section 301 of the companies Act, 1956 Accordingly, clause 4 (xviii) of the order is not applicable.
- w) The company has not issued any Debenture during the year Accordingly; clause (xix) of the order is not applicable
- x) The company has not raised any money by public issue during the year accordingly; clause (xx) of the order is not applicable.
- y) According to the information and explanation given to us, no fraud on or by the company has been noticed or reported during the year.

454, Dum Dum Park,
Kolkata -700055 , The 03rd day of September, 2012

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


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



KWALITY CREDIT & LEASING LIMITED
BALANCE SHEET AS AT 31ST MARCH, 2012

(₹)

Particulars		Note No.	As At 31 March, 2012	As At 31 March, 2011
A	<u>EQUITY AND LIABILITIES</u>			
1	Shareholder's Funds			
	(a) Share Capital	2	3,50,00,000	3,50,00,000
	(b) Reserves and Surplus	3	(13,27,545)	(13,73,442)
2	Current Liabilities			
	(a) Other current liabilities	4	75,86,181	24,45,082
	(b) Short-term provisions	5	26,350	33,458
	TOTAL		4,12,84,986	3,61,05,098
B	<u>ASSETS</u>			
1	Non-current assets			
	(a) Fixed assets			
	(i) Tangible assets	6	2,31,987	2,95,097
	(b) Non-current investments	7	91,00,000	98,54,000
	(c) Long term loans and advances	8	1,80,46,000	1,13,88,992
2	Current assets			
	(a) Inventories	9	1,36,41,715	1,36,41,715
	(b) Trade receivables	10	-	6,22,232
	(c) Cash and cash equivalents	11	2,65,263	1,75,847
	(d) Short-term loans and advances	12	21	1,27,215
	TOTAL		4,12,84,986	3,61,05,098
	Refer accompanying notes forming part of the financial statements	1-19		

In terms of our report attached.

For PACHISIA & ASSOCIATES

(FRN NO. 327542E)

(Chartered Accountants)

S.P. Pachisia

(Satya Prakash Pachisia)

(Proprietor)

(M.No.055040)

For and on behalf of the Board of Directors

Kwality Credit & Leasing Ltd.

[Signature]
Director

Kwality Credit & Leasing Ltd.

[Signature]
Director

Place : 454, Dumdum Park, Kolkata-55

Date : 30 Sept, 2012



KWALITY CREDIT & LEASING LIMITED
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH, 2012

(₹)

Particulars		Note No.	For the year ended 31 March, 2012	For the year ended 31 March, 2011
1	Revenue from operations	13	6,00,000	4,890
2	Other income	14	3,70,641	6,17,175
3	Total Revenue (1+2)		9,70,641	6,22,065
4	Expenses:			
	(a) Changes in inventories of finished goods	15	-	4,890
	(b) Depreciation	7	63,110	71,463
	(c) Employee benefits expense	16	1,44,625	1,29,710
	(d) Other expenses	17	5,79,823	4,02,318
	Total Expenses		7,87,558	6,08,381
5	Profit / (Loss) before exceptional and extraordinary items and tax (3 - 4)		1,83,083	13,684
6	Exceptional Items		-	-
7	Profit / (Loss) before extraordinary items and tax (5 ± 6)		1,83,083	13,684
8	Extraordinary Items		-	-
9	Profit / (Loss) before tax (7 ± 8)		1,83,083	13,684
10	Tax expense:			
	(1) Current tax		60,000	5,000
	(2) Current tax expense relating to prior years		77,186	0
11	Profit / (Loss) for the year (9 ± 10)		45,897	8,684
12	Earning per equity share:			
	(1) Basic		0.01	0.002
	(2) Diluted		0.01	0.002
	Refer accompanying notes forming part of the financial statements	1-19		

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

For and on behalf of the Board of Directors

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

Place : 454, Dum Dum Park, Kolkata-55
Date : 30 Sept, 2012

Kwality Credit & Leasing Ltd.

BP
Director

Kwality Credit & Leasing Ltd.

Prasanna
Director



KWALITY CREDIT & LEASING LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2012

(₹)

	As At 31 March, 2012	As At 31 March, 2011
I. Cash flow from Operating Activities		
Net Profit / (Loss) before Tax	1,83,083	13,684
<u>Add: Adjustments for:</u>		
Profit on Sale of Investment	(46,000)	-
Contingent Provision against Standard Assets	(2,108)	28,458
Depreciation	63,110	71,463
Disposal of fixed assets	-	53,073
Cash flow before working capital changes	1,98,085	1,66,678
<u>Adjustment for Working capital Changes:</u>		
Inventories	-	4,890
Trade receivables	6,22,232	(6,22,232)
Long-term loans and advances	(66,57,007)	(95,21,949)
Short-term loans and advances	868	-
Other current liabilities	51,41,099	(2,29,687)
Cash flow from operating activities before taxes paid	(6,94,723)	(1,02,02,300)
Less: Taxes Paid	(65,021)	-
Add: Income Tax Refund	49,161	-
Cash flow from Operating Activities	(7,10,583)	(1,02,02,300)
II. Cash flow from Investing Activities		
Proceeds from sale of Investment	8,00,000	1,03,46,000
Cash flow from Investing Activities	8,00,000	1,03,46,000
III. Cash flow from Financing Activities		
Finance costs	-	-
Cash flow from Financing Activities	-	-
Net Increase / (Decrease) in Cash flow (I + II + III)	89,417	1,43,700
Opening Cash / Cash Equivalents	1,75,846	32,146
Closing Cash / Cash Equivalents	2,65,263	1,75,846
Refer accompanying notes forming part of the financial statements	1-19	1-19

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

For and on behalf of the Board of Directors

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

Place : 454, Dum Dum Park, Kolkata-55
Date : 30 September, 2012

Kwality Credit & Leasing Ltd

Director

Kwality Credit & Leasing Ltd

Director



KWALITY CREDIT & LEASING LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

NOTE NO. 1: SIGNIFICANT ACCOUNTING POLICIES

a) Basis of Preparation

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

b) Use of estimates

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

c) Tangible fixed assets

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

d) Depreciation on tangible fixed assets

Depreciation on fixed assets is calculated on WDV basis using the rates as prescribed under the Schedule XIV to the Companies Act, 1956.

e) Borrowing costs

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

Kwality Credit & Leasing Ltd.


Director

Kwality Credit & Leasing Ltd.


Director



f) Investments

Investments, which are readily realizable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as long-term investments.

On initial recognition, all investments are measured at cost. The cost comprises purchase price and directly attributable acquisition charges such as brokerage, fees and duties. If an investment is acquired, or partly acquired, by the issue of shares or other securities, the acquisition cost is the fair value of the securities issued.

Current investments are carried in the financial statements at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of the investments.

On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the statement of profit and loss.

g) Inventories

Trading Goods are valued at cost.

h) Revenue recognition

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

Sale of goods

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

Interest

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

Dividends

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

Kwality Credit & Leasing Ltd.

BP
Director

Kwality Credit & Leasing Ltd.

Arnu Gupta
Director



i) Foreign currency translation

Foreign currency transactions and balances

Initial recognition

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

Conversion

Foreign currency monetary items are retranslated using the exchange rate prevailing at the reporting date.

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

Exchange differences

From accounting years commencing on or after 7 December 2006, the company accounts for exchange differences arising on translation/settlement of foreign currency monetary items as below:

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

j) Retirement and other employee benefits

Retirement benefit in the form of provident fund is a defined contribution scheme. The contributions to the provident fund are charged to the statement of profit and loss for the year when the contributions are due. The company has no obligation, other than the contribution payable to the provident fund.

Accumulated leave, which is expected to be utilized within the next 12 months, is treated as short-term employee benefit. The company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end. Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred. The company presents the entire leaves a current liability in the balance sheet, since it does not have an unconditional right to defer its settlement for 12 months after the reporting date.

Expenses incurred towards voluntary retirement scheme are charged to the statement of profit and loss immediately.

Quality Credit & Leasing Ltd


Director

Quality Credit & Leasing Ltd


Director



k) Income taxes

Tax expense comprises current and deferred tax. Current income-tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961 enacted in India. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

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

Deferred tax liabilities are recognized for all taxable timing differences. Deferred tax assets are recognized for deductible timing differences only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. In situations where the company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits.

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

Minimum alternate tax (MAT) paid in a year is charged to the statement of profit and loss as current tax. The company recognizes MAT credit available as an asset only to the extent that there is convincing evidence that the company will pay normal income tax during the specified year, i.e., the year for which MAT credit is allowed to be carried forward. In the year in which the company recognizes MAT credit as an asset in accordance with the Guidance Note on Accounting for Credit Available in respect of Minimum Alternative Tax under the Income-tax Act, 1961, the said asset is created by way of credit to the statement of profit and loss and shown as "MAT Credit Entitlement." The company reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent the company does not have convincing evidence that it will pay normal tax during the specified year.

l) Segment reporting

The Company is engaged mainly in Financing. Since all activities are related to the main activity, there are no reportable segment as per Accounting Standard on Segment Reporting (AS-17)

m) Earnings Per Share

Basic earnings per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the year. Partly paid equity shares are treated as a fraction of an equity share to the extent that they are entitled to participate in dividends relative to a fully paid equity share during the reporting year. The weighted average number of equity shares outstanding during the year is adjusted for events such as bonus issue, bonus element in a rights issue, share split, and reverse share split (consolidation of shares) that have changed the number of equity shares outstanding, without a corresponding change in resources.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

Kwality Credit & Leasing Ltd.

BP
Director

Kwality Credit & Leasing Ltd.

P. Prmu
Director



n) Provisions

A provision is recognized when the company has a present obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

Where the company expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of profit and loss net of any reimbursement.

o) Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. The company does not recognize a contingent liability but discloses its existence in the financial statements.

p) Cash and cash equivalents

Cash and cash equivalents for the purposes of cash flow statement comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

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

r) Raw Material Consumption	NIL
s) Expenditure in Foreign Currency	NIL
t) Earnings in Foreign Currency	NIL
u) CIF Value of Imports	NIL

Kwality Credit & Leasing Ltd.

BD
Director

Kwality Credit & Leasing Ltd.

Pranab Chakraborty
Director



KWALITY CREDIT & LEASING LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

<u>NOTE NO. 2: SHARE CAPITAL</u>	As At 31-03-12 (₹)	As At 31-03-11 (₹)
<u>Authorised-</u> 40,00,000 Equity Shares of ₹ 10/- each	4,00,00,000	4,00,00,000
<u>Issued, Subscribed & Paid-Up</u> 35,00,000 Equity Shares of ₹ 10/- each Fully paid up in cash.	3,50,00,000 <u>3,50,00,000</u>	3,50,00,000 <u>3,50,00,000</u>

Disclosure:

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

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

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

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

NOTE NO. 3: RESERVES AND SURPLUS

<u>(a) General reserve</u>		
Opening balance	36,900	36,900
Closing balance	36,900	36,900
<u>(b) Statutory reserve</u>		
Opening balance	43,000	40,000
Add: Transferred from surplus in Statement of Profit and Loss	22,000	3,000
Closing balance	65,000	43,000
<u>(c) Surplus / (Deficit) in Statement of Profit and Loss</u>		
Balance brought forward from previous year	(14,53,342)	(14,59,026)
Add: Transfer from Statement of Profit and Loss for the year	45,897	8,684
Less: Transferred to Statutory reserve	(22,000)	(3,000)
Closing balance	(14,29,445)	(14,53,342)
Total	(13,27,545)	(13,73,442)

NOTE NO. 4: OTHER CURRENT LIABILITIES

<u>Other Payables</u>		
Advances against Property	75,00,000	-
Others	86,181	24,45,082
	75,86,181	24,45,082

NOTE NO. 5: SHORT TERM PROVISIONS

<u>Provision for:</u>		
Income Tax	-	5,000
Contingent of Standard Assets	26,350	28,458
	26,350	33,458

Kwality Credit & Leasing Ltd

BP
Director

Kwality Credit & Leasing Ltd

Arnu Hube
Director



KWALITY CREDIT & LEASING LIMITED

NOTE NO. 6: FIXED ASSETS

DESCRIPTION	GROSS BLOCK		DEPRECIATION				NET BLOCK			
	Cost As On 01.04.2011 (₹)	Additions during the year (₹)	Deductions during the year (₹)	Total Cost As On 31.03.2012 (₹)	UP TO 01.04.2011 (₹)	For the year (₹)	Deductions during the year (₹)	Up To 31.03.2012 (₹)	As on 31.03.2012 (₹)	As on 31.03.2011 (₹)
Computer	2,27,454	-	-	2,27,454	2,16,455	5,245	-	2,21,700	5,754	10,999
Motor Car	5,02,675	-	-	5,02,675	2,79,459	47,754	-	3,27,213	1,75,462	2,23,216
Air Conditioner	1,54,000	-	-	1,54,000	1,17,542	7,316	-	1,24,858	29,142	36,458
Mobile Phones	58,840	-	-	58,840	34,416	2,795	-	37,211	21,629	24,424
Total	9,42,969	-	-	9,42,969	6,47,872	63,110	-	7,10,982	2,31,987	2,95,097
Previous Year	15,03,144	-	5,60,175	9,42,969	10,83,511	71,463	5,07,102	6,47,872	2,95,097	-

Kwality Credit & Leasing Ltd.

[Signature]
Director

Kwality Credit & Leasing Ltd.

[Signature]
Director



KWALITY CREDIT & LEASING LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

	As At 31-03-12 (₹)		As At 31-03-11 (₹)	
<u>NOTE NO. 7: NON CURRENT INVESTMENTS</u>				
<u>Other investments (Unquoted, at cost)</u>				
Investment in equity instruments of other entities				
<u>Equity Shares of ₹ 10/- each</u>	No.	(₹)	No.	(₹)
Ashirwad Suppliers Pvt. Ltd.	-	-	7,500	15,00,000
Giriraj Agencies Pvt. Ltd.	-	-	1,770	3,54,000
Navyug Tradelink Pvt. Ltd.	4,000	8,00,000	15,000	30,00,000
Risewell Credit Pvt. Ltd.	50,000	50,00,000	50,000	50,00,000
<u>Equity Shares of ₹ 100/- each</u>				
Guiness Finance & Leasing Pvt. Ltd.	3,000	33,00,000		-
		<u>91,00,000</u>		<u>98,54,000</u>

NOTE NO. 8: LONG TERM LOANS & ADVANCES

<u>Unsecured, considered good</u>			
(a) Loans	1,05,40,000		1,00,00,000
(b) Advances	-		13,82,992
(c) Advances against Property	75,00,000		-
(d) Security deposits	6,000		6,000
	<u>1,80,46,000</u>		<u>1,13,88,992</u>

NOTE NO. 9: INVENTORIES

Stock-in-trade	<u>1,36,41,715</u>	<u>1,36,41,715</u>
	<u>1,36,41,715</u>	<u>1,36,41,715</u>

NOTE NO. 10: TRADE RECEIVABLES

<u>Unsecured, considered good</u>		
Other debts	-	6,22,232
	-	<u>6,22,232</u>

NOTE NO. 11: CASH AND CASH EQUIVALENTS

Cash on Hand(As certified)	2,50,775	1,65,041
Balances with banks		
In current accounts	14,488	10,806
	<u>2,65,263</u>	<u>1,75,847</u>

NOTE NO.12: SHORT-TERM LOANS AND ADVANCES

(a) Prepaid expenses - Telephone	-	868
<u>(b) Balances with government authorities</u>		
Unsecured, considered good		
Fringe Benefit Tax	-	21,263
Tax Deducted At Source	-	87,913
Income Tax Payment	21	17,171
	<u>21</u>	<u>1,27,215</u>

Kwality Credit & Leasing Ltd.

[Signature]
Director

Kwality Credit & Leasing Ltd.

[Signature]
Director



KWALITY CREDIT & LEASING LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

	For the year ended 31 March, 2012	For the year ended 31 March, 2011
	(₹)	(₹)
<u>NOTE NO. 13: REVENUE FROM OPERATIONS</u>		
Sale of products	-	4,890
<u>(a) Interest income</u>		
Interest on loans and advances (TDS ₹ 60000/- Previous Year ₹ NIL)	6,00,000	-
	<u>6,00,000</u>	<u>4,890</u>
<u>NOTE NO. 14: CHANGES IN INVENTORIES OF FINISHED GOODS</u>		
Inventories at the end of the year: Finished goods	<u>1,36,41,715</u>	<u>1,36,41,715</u>
Inventories at the beginning of the year: Finished goods	<u>1,36,41,715</u>	<u>1,36,46,605</u>
Net (increase) / decrease	<u>-</u>	<u>4,890</u>
<u>NOTE NO. 15: OTHER INCOME</u>		
<u>(a) Interest income</u>		
Interest on Income Tax Refund	2,209	-
Profit on Sale of investment	46,000	-
<u>(b) Other non-operating income</u>		
Income from Derivative Profit	3,22,432	6,17,175
	<u>3,70,641</u>	<u>6,17,175</u>
<u>NOTE NO. 16: EMPLOYEE BENEFITS EXPENSE</u>		
Salary Bonus & Other Allowance	1,20,000	1,08,000
Staff Refreshment expenses	24,625	21,710
	<u>1,44,625</u>	<u>1,29,710</u>
<u>NOTE NO. 17: OTHER EXPENSES</u>		
Auditors' Remuneration	22,472	21,963
Filing Fees	15,000	5,500
Legal & Consultancy Charges	24,000	1,11,000
Listing Fees	3,65,831	29,983
Contingent Provision against Standard Assets	(2,108)	28,458
Miscellaneous expenses	1,54,628	2,05,414
	<u>5,79,823</u>	<u>4,02,318</u>
<u>NOTE NO. 18: CONTINGENT LIABILITIES</u>		
	NIL	NIL
<u>NOTE NO. 19: PREVIOUS YEAR FIGURES</u>		

Till the year ended 31 March 2011, the company was using pre-revised Schedule VI to the Companies Act 1956, for preparation and presentation of its financial statements. During the year ended 31 March 2012, the revised Schedule VI notified under the Companies Act 1956, has become applicable to the company. The company has reclassified previous year figures to conform to this year's classification.

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

For and on behalf of the Board of Directors

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

Place : 454, Dumdum Park, Kolkata-55

Date : *30 September, 2012*

Kwality Credit & Leasing Ltd.

[Signature]
Director

Kwality Credit & Leasing Ltd.

[Signature]
Director



KWALITY CREDIT & LEASING LIMITED

SCHEDULE, Rule 5BB of RBI

(Disclosure of detail as required in terms of Paragraph 13 of Non-Banking Financial Companies (Non-Deposit or Holding) Prudential Norms (Reserve Bank) Directions, 2007)

PARTICULARS	Amount (₹)	Amount (₹)
	Outstanding	Overdue
LIABILITIES SIDE		
1) Loan and Advances availed of by the NBFC inclusive of interest accrued thereon but not paid		
(A) Loan from Shareholders		
(B) Loan from Body Corporates		
	Amount Outstanding	
ASSETS SIDE		
3) Break-up of Loans and Advances including bills receivables (other than those included in (4) below)		
a. Secured	NIL	
b. Unsecured	1,05,40,000.00	
4) Break-up of Lease Assets and Stock on hire and hypothecation loans counting towards EL/HP activities	NIL	
5) Break-up of Investments:		
Current Investments		
1. Quoted:		
i) Shares (a) Equity	NIL	
(b) Preference	NIL	
ii) Debentures and Bonds	NIL	
iii) Units of Mutual Funds	NIL	
iv) Government Securities	NIL	
v) Others (Please specify)	NIL	
2. Unquoted		
i) Shares (a) Equity	NIL	
(b) Preference	NIL	
ii) Debentures and Bonds	NIL	
iii) Units of Mutual Funds	NIL	
iv) Government Securities	NIL	
v) Others (Please specify)	NIL	
Long Term Investments		
1. Quoted		
i) Shares (a) Equity	NIL	
(b) Preference	NIL	
ii) Debentures and Bonds	NIL	
iii) Units of Mutual Funds	NIL	
iv) Government Securities	NIL	
v) Others (Please Specify)	NIL	
2. Unquoted		
i) Shares (a) Equity	91,00,000.00	
(b) Preference	NIL	
ii) Debentures and Bonds	NIL	
iii) Units of Mutual Funds	NIL	
iv) Government Securities	NIL	
v) Others (please Specify)	NIL	

Kwality Credit & Leasing Ltd

BP
Director



Kwality Credit & Leasing Ltd

Amu Gupta
Director

KWALITY CREDIT & LEASING LIMITED

6) Borrower group-wise classification of all leased assets, Stock on hire and loans and advances:

Category	Amount net of Provisions		Total
	Secured	Unsecured	
1 Related Parties			
(a) Subsidiaries	-	-	-
(b) Companies in the same group	-	-	-
(c) Other related parties	-	-	-
2 Other than related parties		1,05,40,000.00	1,05,40,000.00
Total	-	1,05,40,000.00	1,05,40,000.00

7) Investor group-wise classification of all investments (Current and Long Term) in shares and Securities(both quoted and unquoted)

Category	Market value/Break-up or fair value or NAV	Book Value (Net of Provisions)
1 Related Parties		
(a) Subsidiaries	N.A.	N.A.
(b) Companies in the same group	N.A.	N.A.
(c) Other related parties	N.A.	N.A.
2 Other than related parties	91,00,000.00	91,00,000.00
Total	91,00,000.00	91,00,000.00

8) Other information:

Particulars	Amount
i) Gross Non-Performing Assets	NIL
ii) Net Non-Performing Assets	NIL
iii) Assets acquired in satisfaction of debt	NIL

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

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

Place: 454, Dum Dum Park, Kolkata-66
Date: 03/05/2012

For and on behalf of the Board of Directors

Kwality Credit & Leasing Ltd.

[Signature]
Director

Kwality Credit & Leasing Ltd.

[Signature]
Director

