

**29<sup>th</sup> Annual Report**

**&**

**Accounts**

**2020 - 2021**

**KWALITY CREDIT & LEASING LIMITED**

# KWALITY CREDIT & LEASING LIMITED

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	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. Suresh Kumar Jain	Non Executive Independent Director
Mr. Amu Thapa	Chairperson-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

## **Fair Practice Code Committee**

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

## **Chief Financial Officer:**

Mr. Subrata Dutta

## **Registered Office:**

7, Lyons Range,  
3<sup>rd</sup> Floor, Room No. 9 & 10,  
Kolkata – 700 001  
Ph. No. 9681634539  
Email – [kwalitycredit50@yahoo.com](mailto:kwalitycredit50@yahoo.com)  
Website – [www.kwalitycredit.com](http://www.kwalitycredit.com)

## **Registrar and Transfer Agent:**

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

## **Bankers:**

Corporation Bank

## **Auditors:**

M/s. Arun Jain & Associates  
Chartered Accountants  
2B, Grant Lane, 2<sup>nd</sup> Floor  
Room No. 74,  
Kolkata – 700 012



# KWALITY CREDIT & LEASING LTD.

Regd. Office:- 7, Lyons Range, 3<sup>rd</sup> Floor, Room No.9 & 10, Kolkata-700 001  
Phone- 9681634539, E-Mail Id - kqualitycredit50@yahoo.com, Website www.kqualitycredit.com  
CIN-L65921WB1992PLC056686

## DIRECTORS' REPORT

Dear Members,

The Directors have pleasure in presenting the 29<sup>th</sup> Annual Report of the Company together with Audited Accounts for the year ended March 31, 2021.

### 1. Financial Summary or Highlights

Particulars	Standalone	
	2020-21	2019-20
Total Revenue	25,06,786	30,44,552
(Less): Total Expenditure	(72,82,009)	(60,78,445)
Profit(Loss) before Exceptional & Extraordinary Items	(47,75,223)	(30,33,893)
Profit/(Loss) Before Tax	(47,75,223)	(30,33,893)
(Less): Provision for Tax	-	-
Add/(Less): Contingent provision for Standard Assets	-	-
Net Profit/(Loss) after Tax	(47,75,223)	(30,33,893)
Income Tax Adjustments of Earlier Years	(1,48,548)	-
Surplus balance carried to Balance Sheet	(49,23,771)	(30,33,893)
(Less): Transfer to Statutory Reserve	-	-
Add/(Less): Brought forward from previous year	(61,22,042)	(30,88,149)
Balance carried to Balance Sheet	(1,10,45,812)	(61,22,042)

### 2. Performance

The total income of the Company during the Financial Year 2020-21 on a standalone basis is Rs.25,06,786/- as compared to Rs. 30,44,552/- in the previous financial year. The total expense for the year under review is Rs.74,30,557/- as compared to Rs. 60,78,445/- in previous year.

### 3. Dividend

During the year under review, the Company has not recommended any dividend to the shareholders.

### 4. The amount proposed to be carried to reserves

Since there is loss therefore no amount will be transferred to the Statutory Reserve maintained under section 45 IA of the Reserve Bank of India Act, 1934.

### 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. The Company has been suspended from trading due to non-payment of Annual Listing Fees.

### 7. Corporate Governance Report

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

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

#### **8. Extract of the Annual Return**

In accordance with the Companies Act, 2013 ("the Act"), the Annual Return in the prescribed format is uploaded on the website of the Company and can be viewed via the link: [www.kwalitycredit.com](http://www.kwalitycredit.com)

#### **9. Number of Meetings of the Board**

The Board of Directors of the Company met six (6) times during the Financial Year under review, i.e. on: 23/05/2020, 30/07/2020, 01/09/2020, 14/09/2020, 10/11/2020 and 12/02/2021.

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 Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as "the Listing Regulations") was held on 15/02/2021.

The Meetings were held in accordance with the provisions of the Act, the Listing Regulations and Secretarial Standards issued by the ICSI.

The details of the Meetings of the Board of Directors during the Financial Year 2020-21 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, 2021. 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 Six (6) times i.e. 23/05/2020, 30/07/2020, 01/09/2020, 14/09/2020, 10/11/2020 and 12/02/2021 and all such meetings were held in accordance with the provisions of the Act and the Listing Regulations and Secretarial Standards issued by the ICSI.

Further, the Board of Directors has accepted all the recommendations of the Audit Committee in the Financial Year 2020-21.

#### **11. Composition of the Nomination and Remuneration Committee**

The Nomination and Remuneration Committee of the Company comprises of Three Non-Executive Independent Directors as on March 31, 2021.

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 Non-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, 2021 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.kqualitycredit.com/nomination-&-remuneration-Policy.html>.

#### **16. Auditors & Auditors' report**

##### **(a) Statutory Auditors**

The Company has received confirmation from M/s. Arun Jain & Associates, Chartered Accountants (FRN: 325867E) of 2B, Grant Lane, 2<sup>nd</sup> Floor, Room No.74, Kolkata – 700 012, Statutory Auditor of the Company, that in terms of section 139 of the Act, to the effect that it continues to satisfy the criteria provided in section 141 of the Companies Act, 2013 and that its appointment is within the limits prescribed in the said section.

##### **(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. CS Amit Jajodia (C.P. No. 37613, Membership No. 14303), Company Secretary in Whole-time Practice, to undertake the Secretarial Audit of the Company for Financial Year 2020-21.

**(d) Secretarial Audit Report**

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

1. *Company has not appointed Company Secretary as per the provision of section 203 of the Companies Act, 2013*
2. *The Company has not complied with Rule 25A of the Companies (Incorporation) Rules, 2014 regarding Active Company Tagging Identities and Verification.*
3. *Company's Shares were suspended from trading for non payment of Annual Listing Fees and for penal reasons.*

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. After the appointment of Company Secretary, e Form INC-22A-Active will be filed.
3. The Company will make the payment as soon as the financial condition improve and also request the BSE Ltd. for waiving of the penalty.

**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 2020-21 on a standalone basis is Rs. 25,06,786 /- as compared to Rs. 30,44,552/- in the previous financial year. The total expense for the year under review is Rs. 74,30,557/- as compared to Rs. 60,78,445/- in previous year. As the recovery process of the global economy against the backdrop of the COVID-19 pandemic has already begun, the Company expects increase in growth prospects in the coming years.

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

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

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.

## **22. 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.

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

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

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

## **24. Manner of formal annual 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**

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 15/02/2021, 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.

## **25. 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>.

## **26. 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>.

## **27. 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.

## **28. 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 (DIN- 00674928) and Mr. Suresh Kumar Jain (DIN- 00705828) were re-appointed for a term of five consecutive years commencing from the conclusion of the 27<sup>th</sup> Annual General Meeting (AGM) till the conclusion of 32<sup>nd</sup> AGM.

Further, Ms. Babita Shah, was appointed as a non-retiring Independent Director of the Company to hold office for a period of five consecutive years from the conclusion of the 25<sup>th</sup> AGM till the conclusion of 30<sup>th</sup> Annual General Meeting or till such earlier date to conform with the policy on retirement and as may be determined by any applicable statutes, rules, regulations or guidelines.

### ***(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.

## **29. 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, 2021.

## **30. 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.

## **31. 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;
- (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.

**32. 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.**

<b>Directors</b>	<b>Ratio of Remuneration to Median Remuneration</b>
Mr. Bhagwan Das Soni - Executive Non-independent Managing Director.	1.50
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. Babita Shah - Non-Executive Independent Director.	No remuneration or sitting fees was paid.

**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.**

<b>Directors, Chief Executive Officer, Chief Financial Officer and Company Secretary</b>	<b>% increase in remuneration in the Financial Year</b>
Mr. Bhagwan Das Soni - Executive Non-Independent Managing Director.	No increase in remuneration
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. Babita Shah - 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 no 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, 2021, there are 9 Employees on the rolls of the Company.

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

4.13% average percentile increase 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. Its comparison with the percentile increase in the managerial remuneration and justification thereof.**

The managerial remuneration has not been changed.

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

The managerial remuneration has not been changed.

**VI. 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.

**G. The disclosure pursuant to Rule 5(2) & 5 (3) of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is provided herein below**

Details of the top employee in terms of remuneration drawn:

Name of the Employees	Designation	Remuneration per annum	Nature of Employment	Qualification	Age of the employee	% of equity shares held by the employees in the Company within the meaning of Rule 5 (2)(iii) of the Companies (Appointment and Remuneration Of Managerial Personnel) Rules, 2014
Bhagwan Das Soni	Managing Director	3,60,000	Accounts	Graduate	56	-
Subrata Dutta	CFO	96,000	Accounts	Graduate	28	-

**33. 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.

**34. 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.

### **35. Transfer of amount to Investor Education and Protection Fund (IEPF)**

The Company has not declared any dividend in any of the previous years.

Further, question of transferring the unclaimed dividend amounts to the Investor Education and Protection Fund (IEPF) does not arise.

There is no amount pending for transfer to the Investor Education and Protection Fund, in accordance to the provisions of Section 125 of the Companies Act, 2013 and 205A(5) and 205C of the erstwhile Companies Act, 1956.

### **36. Prudential Norms for NBFC'S**

The Company has been complying with all the requisite norms prescribed by the Reserve Bank of India for income recognition, accounting standards, capital adequacy, credit rating, provisioning and all other requirements applicable for Non-Deposit Taking Non-Systematically Important NBFCs.

### **37. Frauds reported by auditors under sub-section (12) of section 143 other than those which are reportable to the Central Government**

Pursuant to the provisions of the Act, no fraud was reported by auditors of the Company during the financial year ended 31<sup>st</sup> March, 2021

### **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. CB 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](mailto:kwalitycredit50@yahoo.com).

During the period under review, no complaints pertaining to sexual harassment of women at workplace were received by the Company. Accordingly, in terms of section 22 of the Sexual Harassment of Women at Workplace (Prevention, Prohibition, and Redressal) Act, 2013, a summary thereof is as under:

Particulars	No. of Complaints
Number of complaints pending at the beginning of the year	Nil
Number of complaints received during the year	Nil
Number of complaints disposed off during the year	Nil
Number of cases pending at end of the year	Nil

#### **40. Mandatory update of PAN and Bank details against shareholding and transfer of shares compulsorily in Demat mode w.e.f. 5<sup>th</sup> December, 2018**

SEBI has issued circular SEBI/HO/MIRSD/DOP1/CIR/ P/2018/73 dated 20<sup>th</sup> April, 2018, whereby, shareholders whose ledger folios do not have details or have incomplete details with respect to PAN and Bank Account particulars are mandatorily required to furnish these details to the Issuer Company/Registrar and Share Transfer Agent (RTA) for registration in the folio. Further, as per amended Regulation 40(1) of the Listing Regulations, amended vide SEBI Notification No. SEBI/LAD-NRO/GN/2018/24 dated June 8, 2018, effective from December 5, 2018; securities of the listed companies can be transferred (except in case of transmission or transposition) only in the dematerialized form. All shareholders holding shares in physical form have been duly notified of the same by Postal mode of communication and have been provided with the requisite form for furnishing PAN and Bank details.

#### **41. 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.

#### **42. Maintenance of Cost Records**

During the financial year under review, the maintenance of cost records as well the requirement of Cost Audit was not applicable to the Company.

#### **43. General.**

No disclosure or reporting is required in respect of the following items as there were no transactions on these items during the year under review:

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

The Company is not required to constitute a Corporate Social Responsibility Committee or to undertake any CSR activities in terms of the provisions of Section 135 of the Act and accordingly, the requisite disclosure requirement as is specified in Section 134(3) (o) of the Act, is not applicable on the Company.

##### **b. Details of shares as per Employees Stock Option Scheme/Sweat Equity shares / Equity shares with differential voting rights.**

The Company has not issued any shares as per Employees Stock Option Scheme/Sweat Equity shares / Equity shares with differential voting rights.

**c. The details of application made or any proceeding pending under the Insolvency and Bankruptcy Code, 2016 during the year alongwith their status as at the end of the financial year in terms of Rule 8(5) (xi) of the Companies (Accounts) Rules, 2014.**

There were no such instances during the financial year under review.

**d. The details of difference between amount of the valuation done at the time of one time settlement and the valuation done while taking loan from the Banks or Financial Institutions along with the reasons thereto in terms of Rule 8(5) (xii) of the Companies (Accounts) Rules, 2014.**

Not Applicable.

**44. Opinion of the Board with regard to integrity, expertise and experience (including proficiency) of the Independent Directors appointed during the year.**

In terms of Rule 8(5) (iiia) of the Companies (Accounts) Rules, 2014, the Board hereby declares that: In the opinion of the Board of Directors, the integrity, expertise and experience of the Independent Directors of the Company is adequate and commensurate with the size, structure, and business requirement of the Company. Further, the Independent Directors have registered their names in the Independent Directors' databank.

**45. Declaration by the Independent Directors and statement on compliance of Code of Conduct.**

All the Independent Directors have furnished the Statement on Declaration of Independence under section 149 (6) of the Act and Regulation 16 of the Listing Regulations. Further, the Independent Directors have complied with the Code of Independent Directors prescribed in Schedule IV to the Act.

**46. Statement on compliance of Code of Conduct for Directors and senior management personnel.**

The Declaration on compliance to the Code of Conduct by the Directors and Senior Management Personnel of the Company.

**47. Details in respect of frauds reported by auditors under sub-section (12) of section 143 other than those which are reportable to the Central Government.**

No fraud was detected during the financial year under review.

**48. Acknowledgement**

The Directors wish to place on record their gratitude for the valuable guidance and support 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 : 04.09.2021

On Behalf of the Board of Directors  
**For Kwaliti Credit & Leasing Ltd.**  
**Amu Thapa**  
**Chairperson**  
**DIN: 00674928**

**Form No. MR-3**

SECRETARIAL AUDIT REPORT  
FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH, 2021

[Pursuant to section 204(1) of the Companies Act, 2013 and rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,  
The Members  
**Kwality Credit & Leasing Ltd.**  
7, Lyons Range, 3<sup>rd</sup> Floor,  
Room No. 9 & 10  
Kolkata-700001

I have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Kwality Credit & Leasing Ltd.** (hereinafter referred as '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 31<sup>st</sup> March 2021 ('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 31<sup>st</sup> March 2021, according to the provisions of:

- (i) The Companies Act, 2013, 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 - **Not applicable to the Company during the Audit Period;**
- (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) Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
- (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 - **Not applicable to the Company during the Audit Period;**
- (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 - **Not applicable as the listed entity has not offered any shares or granted any options pursuant to any employee benefit scheme during the Audit Period;**
- (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008- **Not applicable to the Company during the Audit Period;**
- (f) Securities and Exchange Board of India (Issue and Listing of Non-Convertible and Redeemable Preference Shares) Regulations, 2013; **Not applicable as the listed entity has not issued and listed any preference shares during the Audit Period;**
- (g) 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;
- (h) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 - **Not applicable to the Company during the Audit Period;** and
- (i) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 - **Not applicable as the listed entity has not bought back or proposed to buy-back any of its securities during the Audit Period;**
- (j) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015

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

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India.
- (ii) The Listing Agreements entered into by the Company with the Stock Exchanges.

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.

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:*

*Company has not appointed Company Secretary as per the provision of section 203 of the Companies Act, 2013*

*The Company has not complied with Rule 25A of the Companies (Incorporation) Rules, 2014 regarding Active Company Tagging Identities and Verification.*

*Company's Shares were suspended due to non payment of listing fee and for penal reasons.*

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.

All decisions at Board Meetings and Committee Meetings are carried out unanimously as recorded in the minutes of the meetings of the Board of Directors or Committee of the Board, as the case may be.

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.

Place: Kolkata  
Date : 01.09.2021

**Sd/-**  
**CS Amit Jajodia**  
**Company Secretary in Practice**  
**Membership No. 37613**  
**C.P. No. 14303**  
**UDIN-A037613C000875362**

**Note:** This report is to be read with our letter of even date which is annexed as Annexure A and forms an integral part of this report.

**‘ANNEXURE A’**

To,  
The Members  
**Kwality Credit & Leasing Ltd.**  
7, Lyons Range, 3<sup>rd</sup> Floor,  
Room No. 9 & 10  
Kolkata-700001

My report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the company. My responsibility is to express an opinion on these secretarial records based on my audit.
2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. I believe that the processes and practices, I followed provide a reasonable basis for our opinion.
3. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
4. Where ever required, I have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. My examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

Place: Kolkata  
Date : 01.09.2021

**Sd/-**  
**CS Amit Jajodia**  
**Company Secretary in Practice**  
**Membership No. 37613**  
**C.P. No. 14303**  
**UDIN-A037613C000875362**

# KWALITY CREDIT & LEASING LTD.

Regd. Office:- 7, Lyons Range, 3<sup>rd</sup> Floor, Room No. 9 & 10, Kolkata-700 001  
Phone- 9681634539, E-Mail [ld - kwalitycredit50@yahoo.com](mailto:ld-kwalitycredit50@yahoo.com), Website [www.kwalitycredit.com](http://www.kwalitycredit.com)  
CIN-L65921WB1992PLC056686

## 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

- The Company's Board of Directors as on March 31, 2021 comprises of one Executive Director and three Non-Executive Independent Directors including the Chairperson.
- 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, 2021 are given below :-

Name of Director	Category of Directors	No. of Board Meetings attended	No. of other Directorship in other companies		No. of other Committee(s) Membership/Chairpersonship held in other Companies		No. of Equity Shares held as on March 31, 2021
			Public	Private	Membership	Chairpersonship	
Mr. Bhagwan Das Soni	Executive Non-Independent- Managing Director	6	4	4	-	-	-
Mr. Amu Thapa	Non-Executive Independent Director	6	1	-	-	-	-
Mr. Suresh Kumar Jain	Non-Executive Independent Director	6	1	1	2	-	-
Ms. Babita Shah	Non-Executive Independent Director	6	-	-	-	-	-

- 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.
- Six (6) Meetings of the Board of Directors of the Company were held at the Registered Office of the Company during the financial year 2020-21 i.e. on 23/05/2020, 30/07/2020, 01/09/2020, 14/09/2020, 10/11/2020 and 12/02/2021. As is evident, the maximum time gap between any two Board Meetings was not more than four months.

- e) None of the Directors of the Company are inter-se related.
- f) Mr. Amu Thapa (DIN - 00674928), Non-Executive Independent Director is the Chairman of the Board.
- g) All the Directors of the Company attended the last Annual General Meeting held on December 30, 2020.
- h) 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. It be noted that for the purpose of determination of limit Chairpersonship of the Audit Committee and the Stakeholders Relationship Committee alone, have been considered.
- i) 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>

- j) 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 15/02/2021, 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, 2021. The Committee is chaired by a Non-Executive Independent Director, Mr. Suresh Kumar Jain.

The Committee met 6 (Six) times during the year i.e. on 23/05/2020, 30/07/2020, 01/09/2020, 14/09/2020, 10/11/2020 and 12/02/2021. The attendances of the members were as follows:-

Sl. No.	Name	Status	No. of Meetings Attended
1.	Mr. Suresh Kumar Jain	Non-Executive Independent Director - Chairperson of the Committee	6
2.	Mr. Amu Thapa	Non-Executive Independent Director	6
3.	Mr. Bhagwan Das Soni	Executive Non-Independent - Managing Director	6

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 Three Non-Executive Independent Directors as on March 31, 2021. The Committee is chaired by a Non-Executive Independent Director, Mr. Suresh Kumar Jain.

The Committee met once during the year i.e. on 30/07/2020. The attendances of the members were as follows

<b>Sl. No.</b>	<b>Name</b>	<b>Status</b>	<b>No. of Meetings Attended</b>
1.	Mr. Suresh Kumar Jain	Non-Executive Independent Director - Chairperson of the Committee	1
2.	Mr. Amu Thapa	Non-Executive Independent Director-Member	1
3.	Ms. Babita Shah	Non-Executive Independent Director	1

##### **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.

###### **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. 2020-21 are given below:

<b>Name</b>	<b>Designation</b>	<b>Salary Rs.</b>	<b>Perquisite &amp; Allowances Rs.</b>	<b>Sitting Fees Rs.</b>	<b>Total Rs.</b>
Mr. Bhagwan Das Soni	Managing Director	3,60,000/-	-	-	3,60,000/-
Mr. Subrata Dutta	CFO	78,000/-	-	-	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:

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

#### **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 Stakeholders' Relationship Committee of the Company comprises of two Non-Executive Independent Director and one Executive Non-Independent Director.

The Committee under the Chairpersonship of Mr. Suresh Kumar Jain, 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:-

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

During the year, the Stakeholders' Relationship Committee was held on 30.07.2020.

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:

<b>Sl. No.</b>	<b>Name</b>	<b>Status</b>
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. Fair Practice Code Committee**

The Fair Practice Code Committee constituted to look after the customer grievances and to ensure compliance with legal norms in matters relating to recovery of loans.

The composition of the committee members is as under:-

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

During the year, no meeting of the Fair Practice Code Committee was held.

## **8. 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



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.

## 9. 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 15<sup>th</sup> 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: <https://www.kwalitycredit.com/code-of-conduct.html>

## 10. General Body Meetings:

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

Financial Year	Date of AGM	Venue	Time
2019-20	30.12.2020	7, Lyons Range, 3 <sup>rd</sup> Floor, Room No. 9 & 10, Kolkata - 700 001	12.30 P.M.
2018-19	28.09.2019	7, Lyons Range, 3 <sup>rd</sup> Floor, Room No. 9 & 10, Kolkata - 700 001	03.00 P.M.
2017-18	28.09.2018	Alam Mahel, N-163/A, Rameshwarpur Road, Ballam Talab More, Garden Reach, Near 01 No. Burial Ground, Kolkata-700 024	10.00 A.M.

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

At the 28<sup>th</sup> Annual General Meeting held on 30/12/2020 : Nil

At the 27<sup>th</sup> Annual General Meeting held on 28/09/2019 : Two viz.  
1. Re-appointment of Ms. Amu Thapa as Independent Director for the period of 5 Years and

2. Re-appointment of Mr. Suresh Kumar Jain as Independent Director for the period of 5 Years

**At the 26<sup>th</sup> Annual General Meeting held on 28/09/2018**

: One  
-Charging fees from members for delivery of documents

### **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.

### **11. 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 Financial Express (English Daily), Sukhabar (Bengali Daily) and the aforesaid results are also available on the Company's website i.e. <https://www.kwalitycredit.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.

### **12. General Shareholders Information**

#### **a) Annual General Meeting:**

- i) Date : 30<sup>th</sup> day of September, 2021**
- ii) Time : 11.00 a.m.**
- iii) Venue : 7, Lyons Range, 3<sup>rd</sup> Floor, Room No. 9 & 10, Kolkata - 700 001**

#### **b) Financial Calendar : (Tentative)**

<b>Financial Year – April 1, 2021 to March 31, 2022</b>	<b>Relevant Dates</b>
Board Meeting for consideration of accounts	30 <sup>th</sup> June, 2021
Book closure dates	25 <sup>th</sup> September, 2021 to 30 <sup>th</sup> September, 2021
Unaudited results for the quarter ended on June 30, 2021	On or before 14 <sup>th</sup> September, 2021
Unaudited results for the quarter ended on September 30, 2021	On or before 14 <sup>th</sup> November, 2021
Unaudited results for the quarter ended on December 31, 2021	On or before 14 <sup>th</sup> February, 2022
Unaudited results for the quarter ended on March, 31, 2022	On or before 30 <sup>th</sup> May, 2022

**c) Listing on Stock Exchanges at:**

- 1) BSE Limited (Stock code: 531206)  
1<sup>st</sup> Floor, New Trade Ring,  
P. J. Towers, Dalal Street,  
Fort, Mumbai - 400 001
- 2) Calcutta Stock Exchange Limited (Stock code: 10021082)  
7, Lyons Range,  
Kolkata - 700 001

**d) Stock Market Price for the Financial Year 2020-21:**

Month	Quotation of BSE Ltd.			Quotation of Calcutta Stock Exchange Ltd.		
	High (Rs.)	Low (Rs.)	Volume (Nos.)	High (Rs.)	Low (Rs.)	Volume (Nos.)
April, 2020	Not Traded	Not Traded	Not Traded	Not Traded	Not Traded	Not Traded
May, 2020	Not Traded	Not Traded	Not Traded	Not Traded	Not Traded	Not Traded
June, 2020	Not Traded	Not Traded	Not Traded	Not Traded	Not Traded	Not Traded
July, 2020	Not Traded	Not Traded	Not Traded	Not Traded	Not Traded	Not Traded
August, 2020	Not Traded	Not Traded	Not Traded	Not Traded	Not Traded	Not Traded
September, 2020	Not Traded	Not Traded	Not Traded	Not Traded	Not Traded	Not Traded
October, 2020	Not Traded	Not Traded	Not Traded	Not Traded	Not Traded	Not Traded
November, 2020	Not Traded	Not Traded	Not Traded	Not Traded	Not Traded	Not Traded
December, 2020	Not Traded	Not Traded	Not Traded	Not Traded	Not Traded	Not Traded
January, 2021	Not Traded	Not Traded	Not Traded	Not Traded	Not Traded	Not Traded
February, 2021	Not Traded	Not Traded	Not Traded	Not Traded	Not Traded	Not Traded
March, 2021	Not Traded	Not Traded	Not Traded	Not Traded	Not Traded	Not Traded

**e) Listing Fees:-**

The Company has not paid the listing fee to the Stock Exchanges for the financial year 2019-20 and 2020-21 respectively.

**f) Share Transfer System:-**

The Company's shares are in compulsory demat mode. No physical shares were transferred during the year ended March 31, 2021.

**g) 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**

**h) 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

**i) 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. 98.54% (Approx.) of total equity shares are in dematerialized form as on March 31, 2021.

**j) Distribution of shareholding & shareholding pattern :**

**Distribution of shareholding as on March 31, 2021**

Ordinary Shares held	Number of shareholders	% of shareholders	Number of shares held	% of shares held
Upto 500	889	57.88	1,03,322	2.45
501-1000	155	10.09	1,37,831	3.26
1001-2000	136	8.85	2,29,695	5.44
2001-3000	53	3.45	1,38,506	3.28
3001-4000	44	2.87	1,64,266	3.89
4001-5000	67	4.36	3,24,771	7.69
5001-10000	103	6.71	7,65,712	18.13
10001-50000	81	5.27	15,50,581	36.72
50001-100000	6	0.39	4,21,816	9.99
And above	2	0.13	3,86,203	9.15
<b>Total</b>	<b>1,536</b>	<b>100.00</b>	<b>42,22,703</b>	<b>100.00</b>

**Shareholding Pattern as on March 31, 2021**

Sl. No.	Category	No. of shares held	% of shareholding
1	Promoters & Promoter Group	-	-
2	Public - Bodies Corporate	8,34,144	19.75
3	Public – Resident Individual	33,85,704	80.18
4.	Public – NRI	355	0.01
5.	Central Government/State Government(s)/ President of India	2,500	0.06
	<b>TOTAL</b>	<b>42,22,703</b>	<b>100.00</b>

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

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

M/s. CB. Management Services (P) Ltd.  
P-22, Bondel Road, Kolkata 700 019,  
Phone Nos. (033)2280 6692 / 93 / 94 / 2486, 40116700, (33)-2287 0263  
E- mail: [ra@cbmsl.com](mailto:ra@cbmsl.com)

**m) Address for any kind of assistance/clarification :**

Mr. Bhagwan Das Soni, Compliance Officer  
C/o. Kwalitiy Credit & Leasing Limited  
7, Lyons Range, 3<sup>rd</sup> Floor, Room No – 9& 10,  
Kolkata-700 001  
Email: [kwalitiycredit50@yahoo.com](mailto:kwalitiycredit50@yahoo.com)

**n) Anti-Sexual harassment Policy:**

The Company has in place a Sexual Harassment Policy in line with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 readwith the Sexual Harassment of Women at Workplace (Prevention, Prohibition, and Redressal) Rules, 2013. An Internal Complaints Committee has been set up to redress Complaints received on sexual harassment. No complaint on sexual harassment was received during the Financial Year 2020-21. The details are given below:-

Particulars	No. of Complaints
Number of complaints filed during the financial year.	Nil
Number of complaints disposed off during the financial year	Nil
Number of cases pending as on end of the financial year	Nil

### **o) Fees paid to the Statutory Auditor for the FY 2020-21:-**

During the financial year under review, the company has paid a total fees of `26548/- to the Statutory Auditor in respect of various services rendered:

Particulars	Amount (in `)
For Statutory Audit	26548
For Other Services	-
Total	26548

### **13. 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>.

### **14. Subsidiary Companies**

The Company does not have any subsidiary companies. Further, no new subsidiary has been incorporated.

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 at the end of the Financial year.

Pursuant to the 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-partytransaction-policy.html>

### **15. 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.

### **16. 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](http://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](http://www.kwalitycredit.com) and reports 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 and Mr. Subrata Dutta (PAN- CILPD5332B) is Chief Executive Officer.

**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.

**17. 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 regulations with the Stock Exchanges 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 behavior 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.

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.

**18. Certificate from a company secretary in practice that none of the directors on the Board of the company have been debarred or disqualified from being appointed or continuing as directors of companies by the Board/Ministry of Corporate Affairs or any such statutory authority.**

In terms of Schedule V of the Listing Regulations, the Practicing Company Secretary's Certificate stating the Directors on the Board of the Company have not been debarred or disqualified from being appointed or continuing as directors of companies by the Board/Ministry of Corporate Affairs or any such statutory authority, forms part of the Annual Report.

**19. 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, 2021.

Place : Kolkata  
Dated : 04.09.2021

**For and on behalf of the Board of Directors  
Kwality Credit & Leasing Ltd.  
Amu Thapa  
Chairman  
DIN-0067492**

# KWALITY CREDIT & LEASING LTD.

Regd. Office:- 7, Lyons Range, 3<sup>rd</sup> Floor, Room No.9 & 10, Kolkata-700 001  
Phone- 9681634539, E-Mail [Id - kqualitycredit50@yahoo.com](mailto:Id - kqualitycredit50@yahoo.com), Website [www.kqualitycredit.com](http://www.kqualitycredit.com)  
CIN-L65921WB1992PLC056686

## **MANAGEMENT DISCUSSION AND ANALYSIS**

This Management Discussion and Analysis Report contain forward-looking statements which are based on certain assumptions, risks, uncertainties and expectations of future events. All statements that address expectations or projections about the future are forward-looking statements. The actual results, performance or achievements can thus differ materially from those projected in any such statements depending on various factors including: the demand supply conditions, change in government regulations, tax regimes, economic development within the country and abroad and such other incidental factors over which, the Company does not have any direct control.

This Report is framed in compliance with the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”).

### **a) INDUSTRY STRUCTURE AND DEVELOPMENTS**

Economic growth and social development go hand-in-hand in today’s New India. Being primarily a Non-Banking Financial Company (NBFC), we are an important medium of meeting the financial requirements of the bottom of the pyramid population and thereby, play a significant role in taking forward the Financial Inclusion agenda of the country –thus contributing to the building of “Aatmanirbhar Bharat”.

The unprecedented COVID-19 outbreak has significantly impacted economies across the globe and India is no exception. With the strict lockdown imposed at the beginning of the Financial Year 2020-21, demand and supply were disrupted in India. However, the impact of the lockdown and economic disruption was different in different sectors.

In the COVID-led Financial Year 2020-21, Central Statistical Organization (CSO), in its third advanced estimates, projects India’s annual Gross Domestic Product (GDP) to contract by 7.3%. Considering the sector-wise growth, while the output for all the sectors declined over the previous year (except agriculture), construction and trade/hotels have been more severely hit and have seen a sharper decline in output.

In the first half of the Financial Year 2020-21, demand was lower across sectors due to lockdown and the supply of goods and services was disrupted mainly due to the non-availability of labour and logistics constraints. However, the gradual opening of the economy from October 2020, resulted in a faster than-expected recovery in the second half of the Financial Year 2020-21. Leading indicators of pick-up in economic activity such as power consumption, GST (Goods and Services Tax) collections, PMI (Purchasing Manufacturing Index) were either similar or higher than the pre-COVID levels in the second half of the year. Multiple measures and much-needed financial support provided by the Government under the Atmanirbhar Bharat Mission also cushioned economic growth. Further, India continued to be a preferred destination for investments by global investors and was one of the few countries to receive high inflows in the Financial Year 2020-21.

In the recent past, NBFCs have played increasingly important role in resource mobilisation and credit intermediation. NBFCs will continue to play a significant role in economic growth and financial inclusion and in particular in meeting the country’s goal of “Aatmanirbhar Bharat” as NBFCs are vital in meeting the financial needs of the unbanked segment of the population.

The COVID-19 phenomenon has brought about a series of challenges for the NBFC sector and the Reserve Bank of India (RBI) and the Government undertook various liquidity augmenting measures to tackle COVID-19 disruptions: including, extension of moratorium on loans to temporarily mitigate the hardship of the borrowers, which facilitated favourable market conditions and boosted the loan recovery. It is expected that, NBFCs with proper planning can overcome the impact of the COVID-19 disruption, and continue its successful growth trajectory.

### **b) BUSINESS OVERVIEW**

The core financial activities of the Company comprises of providing business loan to corporate and individuals. However, the Company has diversified its financial business portfolio to stay competitive.

The Company has been constantly focused on improving its revenue and maintaining a sustainable growth. The financial performance for the year ended 31<sup>st</sup> March, 2021 was satisfactory.

**c) OPPORTUNITIES, THREATS RISKS & CONCERNS**

The competition in the NBFC Sector is intense on account of large number of players.

However, regulations relating to governing non-banking financial companies (NBFCs) are being increasingly harmonized with those of banks to forge the right balance for financial stability while encouraging them to focus on specialized areas. Yet, adverse interest rates can significantly hit the cost of borrowing for NBFCs.

Being primarily a NBFC, our collections from customers has been deferred on account of the COVID-19 pandemic as the same has been adversely impacted due to restrictions on the movement of people, as a result of which, our employees have not been able to make on-field visits at the customer's place. Further, various customers are facing financial crunch due to the lockdown and this has also impacted our business. In this connection, we are providing moratorium support to our customers/borrowers on specific requests raised by them after assessing the merit of their requests and their loan repayment track record and in line with the RBI directives.

**d) OUTLOOK**

The sound financial System is essential for country's overall economic growth. The overall performance of the Company for the financial year under review was better than performance of the previous corresponding year. The focus for the forthcoming financial year for the Company will be continued 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. 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. The Company is trying to explore new areas which can be developed and marketed to leverage its performance and growth.

**e) RISK MANAGEMENT**

The risk management plan of the Company is monitored by the Risk Management Committee in accordance with the Risk Management Policy of the Company.

NBFCs success largely depends on correctly judging the creditworthiness of the customer. Your Company believes that, the success of NBFCs can be attributed to lower cost, wider and effective reach, strong risk management capabilities to check and control bad debts, and better understanding of their customer segments. In this manner, the Company strives to achieve success not only in its traditional segment of financing – i.e.: business loan to corporate and individuals. The Company manages credit risks through stringent credit norms to verify the identity of an individual, corporate and determine their intent and ability to repay a loan.

Further, NBFC's on the one hand, are also exposed to Interest Rate Risk (resulting from changes in market interest rates may have adverse impact on NBFC's earnings by changing its Net Interest Income) and liquidity risk (which poses a threat to the ability to meet short term financial demands). In this connection, Interest Risks and Liquidity Risks are managed through regular monitoring of maturity profile. Besides, operational risks in the form of risks of incurring losses due to manual errors, fraud or system failure, can be monitored through an effective internal control system management and its periodic assessment.

**f) INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY**

The Company strives to continuously upgrade its Internal Control System in line with the best available practices to commensurate with its size and the nature of its operations.

The Company's Internal Control Systems are thus adequate. Further, checks and controls have been exercised through remote access to systems by working from home during the shutdown period.

The Audit Committee in coordination with the Internal Audit team regularly reviews the adequacy and effectiveness of internal control systems, in view of the ever changing business environments.



**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, 2021. 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 ` 25.07 lacs as against revenue of ` 30.45 lacs in the preceding financial year. The Loss on a standalone basis amounted to ` 49.24 lacs as against loss of ` 30.34 lacs in the previous year.

**h) HUMAN RESOURCE DEVELOPMENT**

The Company always considers its human resources as a valuable asset and is committed towards their development for continuous growth. Focus on training to enhance the skill-sets of employees in line with the business and market requirements continued throughout the year and it confers rewards and recognition based on merit. Human resources play a key role in helping the Company deal with the fast-changing competitive environment. So, the company endeavours to provide individual development and growth to the employees that motivate them to give high performance helping the Company to achieve its goals. There were 9 number of employees on roll at the end of the financial year under review.

**i) DISCLOSURE OF ACCOUNTING TREATMENT:**

They were no change in the treatment of accounting. The company follows IND-AS method of Accounting for preparation of financial statements of the company for the financial year 2020-2021.

**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 LTD.

Regd. Office:- 7, Lyons Range, 3<sup>rd</sup> Floor, Room No.9 & 10, Kolkata-700 001  
Phone- 9681634539, E-Mail [ld - kwalkitycredit50@yahoo.com](mailto:ld - kwalkitycredit50@yahoo.com), Website [www.kwalkitycredit.com](http://www.kwalkitycredit.com)  
CIN-L65921WB1992PLC056686

## CEO & CFO COMPLIANCE CERTIFICATE

To  
The Board of Directors,  
Kwalkity Credit & Leasing Ltd.  
7, Lyons Range,  
3<sup>rd</sup> Floor, Room No. 9 & 10,  
Kolkata – 700 001

**Re: CEO and CFO Compliance Certificate on Financial Statements for the year ended on March 31, 2021**

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, 2021 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, 2021 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.

**Mr. Bhagwan Das Soni**  
**Managing Director**  
**DIN: 002308414**

**Mr. Subrata Dutta**  
**CFO**

**Place : Kolkata**  
**Date : 04.09.2021**

# **KWALITY CREDIT & LEASING LTD.**

Regd. Office:- 7, Lyons Range, 3<sup>rd</sup> Floor, Room No. 9 & 10, Kolkata-700 001  
Phone- 9681634539, E-Mail [kd - kwalitycredit50@yahoo.com](mailto:kd - kwalitycredit50@yahoo.com), Website [www.kwalitycredit.com](http://www.kwalitycredit.com)  
CIN-L65921WB1992PLC056686

## **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, 2021, 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, 2021.

Place : Kolkata  
Date : 04.09.2021

**Sd/-**  
**Bhagwan Das Soni**  
**Managing Director**  
**DIN-002308414**

## **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, 2021 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 :**           **04.09.2021**

**Arun Kumar Jain**  
**Arun Jain & Associates**  
**Chartered Accountant**  
**FRN-325867E**  
**Membership No.053693**  
**UDIN:21053693AAAAGL3276**

**CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS**

(Pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI  
(Listing Obligations and Disclosure Requirements) Regulations, 2015)

To,  
The Members  
**Kwality Credit & Leasing Ltd.**  
7, Lyons Range, 3<sup>rd</sup> Floor,  
Room No. 9 & 10  
Kolkata-700 001

I have examined the relevant registers, records, forms, returns and disclosures received from the Directors of Kwality Credit & Leasing Ltd. having CIN-L65921WB1992PLC056686 and having registered office at 7, Lyons Range, 3<sup>rd</sup> Floor, Room No. 9 & 10, Kolkata-700 001, (hereinafter referred to as 'the Company'), produced before me by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In my opinion and to the best of my information and according to the verifications (including Directors Identification Number (DIN) status at the portal [www.mca.gov.in](http://www.mca.gov.in)) as considered necessary and explanations furnished to me by the Company & its officers, I hereby certify that except **Mr. Amu Thapa and Ms. Babita Shah whose DIN is de-activated due to non-filing of DIR-3KYC** none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31<sup>st</sup> March, 2021 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such other Statutory Authority:

Sr. No.	Name of Director	DIN	Date of appointment in Company
1	Amu Thapa	00674928	09/07/2012
2	Suresh Kumar Jain	00705828	09/07/2012
3	Bhagwan Das Soni	02308414	01/01/2013
4	Babita Shah	07771685	07/04/2017

Ensuring the eligibility for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. My responsibility is to express an opinion on these based on my verification. This certificate is neither an assurance as to the 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 :01.09.2021

Sd/-  
CS Amit Jajodia  
Company Secretary in Practice  
M. No. 37613  
C.P. No. 14303  
UDIN-A037613C000875351

**Independent Auditors' Report**

To,  
The Members of  
**KWALITY CREDIT & LEASING. LTD**

**Report on the Audit of the Ind AS Financial Statements****Opinion**

We have audited the accompanying Ind AS financial statements of "KWALITY CREDIT & LEASING. LTD" ("the Company"), which comprise the Balance Sheet as at 31st March 2021, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the Ind AS financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS 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, 2021, and their profit, total comprehensive income, their cash flows and statement of changes in equity for the year ended on that date.

**Basis for Opinion**

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Ind AS Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India, and we have fulfilled our ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



**Arun Jain & Associates**

CHARTERED ACCOUNTANTS

2B, GRANT LANE

2<sup>nd</sup> FLOOR, ROOM NO. 74

KOLKATA - 700 012

**Management's Responsibility for the Ind AS Financial Statements**

The Company's Board of Directors is responsible for the preparation of these Ind AS financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and statement of changes in equity of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the 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, which have been used for the purpose of preparation of the Ind AS financial statements by the Directors of the Company, as aforesaid.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these Ind AS financial statements based on our audit. In conducting our audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS 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 consolidated Ind AS 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 Board of Directors, as well as evaluating the overall presentation of the Ind AS financial statements.

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



**Report on Other Legal and Regulatory Requirements**

1. 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 Section 143 of the Act, based on our audit we give in the "Annexure A" a statement on the matters specified in paragraph 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, based on our audit, we report, to the extent applicable, that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid Ind AS financial statements.
  - (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid Ind AS financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.
  - (c) The Balance Sheet, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the Ind AS financial statements.
  - (d) In our opinion, the aforesaid Ind AS financial statements comply with the Indian Accounting Standards prescribed under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended.
  - (e) On the basis of the written representations received from the directors as on 31st March, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2021 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 and the operating effectiveness of such controls; refer to our separate Report in "Annexure B", to this report.





# Arun Jain & Associates

CHARTERED ACCOUNTANTS

2B, GRANT LANE

2<sup>nd</sup> FLOOR, ROOM NO. 74

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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 Auditor's) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:

i) The Ind AS financial statements disclose the impact of pending litigations on the financial position of the Company in accordance with the generally accepted accounting practice.

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.

For Arun Jain & Associates

Chartered Accountants

ICAI Firm Registration No.: 325867E



*Arun*  
(CA Arun Kumar Jain)

(Proprietor)

Membership No.: 053693

Date: 30.06.2021

Kolkata,

UDIN : 21053693AAAAFC7832

**Arun Jain & Associates**

CHARTERED ACCOUNTANTS

2B, GRANT LANE

2<sup>nd</sup> FLOOR, ROOM NO. 74

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**Annexure- A****ANNEXURE – A referred to in paragraph 1 under the section, 'Report on Other Legal and Regulatory Requirements' of our report of even date:**

On the basis of such checks as we considered appropriate and according to the information and explanation given to us during the course of our audit, we report that:

- (i) The Company has fixed assets and proper records showing full particulars including quantitative details and situation of fixed assets is maintained by the company.
- (ii) The Company does not have any Inventory, and hence not commented upon.
- (iii) The Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability partnerships or other parties covered in the Register maintained under section 189 of the Act. Accordingly, the provisions of clause 3 (iii) (a) to (c) of the Order are not applicable to the Company and hence not commented upon.
- (iv) In our opinion and according to the information and explanations given to us, the company has complied with the provisions of section 185 and 186 of the Companies Act, 2013 In respect of loans, investments, guarantees, and security.
- (v) The Company has not accepted any deposits from the public and hence the directives issued by the Reserve Bank of India and the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the Companies (Acceptance of Deposit) Rules, 2015 with regard to the deposits accepted from the public are not applicable.
- (vi) As informed to us, the maintenance of Cost Records has not been specified by the Central Government under sub-section (1) of Section 148 of the Act, in respect of the activities carried on by the company.
- (vii) According to the information and explanations given to us and records examined by us, the company is generally depositing with appropriate authorities undisputed statutory dues including provident fund, investors education and protection fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, custom duty, excise duty, cess, Goods & service Tax and any other statutory dues with the appropriate authorities.
- (viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to banks. The Company has not taken any loan either from financial institutions or from the government and has not issued any debentures.
- (ix) Based upon the audit procedures performed and the information and explanations given by the management, the company has not raised moneys by way of initial public offer or further public offer including debt instruments and term Loans. Accordingly, the provisions of clause 3 (ix) of the Order are not applicable to the Company and hence not commented upon.
- (x) Based upon the audit procedures performed by us for expressing our opinion on these financial statements and information and explanations given by the management, we report that no fraud on or by the company has been noticed or reported during course of our audit.
- (xi) Based upon the audit procedures performed and the information and explanations given by the management, the managerial remuneration has been paid or provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act 2013.
- (xii) The Paragraph 3(xii) of the order is not applicable since the Company is not the Nidhi Company.



**Arun Jain & Associates**

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- (xiii) According to the information and explanations given by the management, transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.
- (xiv) Based on the information and explanations given to us by the management, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of clause 3 (xiv) of the Order are not applicable to the Company and hence not commented upon.
- (xv) Based upon the audit procedures performed and the information and explanations given by the management, the company has not entered into any non-cash transactions with directors or persons connected with him as referred to in section 192 of Companies Act, 2013.
- (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 Arun Jain & Associates.**

Chartered Accountants

ICAI Firm Registration No.: 0325867E

**(CA Arun Kumar Jain)**

(Proprietor)

Membership No.: 053693

Date: 30.06.2021

Kolkata,

UDIN : 21053693AAAAFC7832

**Arun Jain & Associates**

CHARTERED ACCOUNTANTS

2B, GRANT LANE

2<sup>ND</sup> FLOOR, ROOM NO. 74

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**ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT****Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

In conjunction with our audit of the Ind AS financial statements of the Company as of and for the year ended 31st March, 2021, we have audited the internal financial controls over financial reporting of **M/s. Kwaliti Credit & Leasing Limited** (hereinafter referred to as "the Company"), which is company incorporated in India, as of 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 the respective 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 internal financial controls over financial reporting of the Company, 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 prescribed under section 143(10) of the Companies Act, 2013, to the extent 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 judgement, 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 internal financial controls system over financial reporting with reference to these financial statements.



**Arun Jain & Associates**

CHARTERED ACCOUNTANTS

2B, GRANT LANE  
2<sup>ND</sup> FLOOR, ROOM NO. 74  
KOLKATA - 700 012

**Meaning of Internal Financial Controls Over Financial Reporting With Reference to these Financial Statements**

A company's internal financial control over financial reporting with reference to these financial statements 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 with reference to these financial statements 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 authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized 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 With Reference to these Financial Statements**

Because of the inherent limitations of internal financial controls over financial reporting with reference to these financial statements, 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 with reference to these financial statements to future periods are subject to the risk that the internal financial control over financial reporting with reference to these financial statements 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 to the best of our information and according to the explanations given to us, has, in all material respects, an adequate internal financial controls system over financial reporting with reference to these financial statements and such internal financial controls over financial reporting with reference to these financial statements were operating effectively as at 31st March, 2021, 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 Arun Jain & Associates**

Chartered Accountants

ICAI Firm Registration No.: 325867E



(CA Arun Kumar Jain)

(Proprietor)

Membership No.: 053693

Date: 30.06.2021

Kolkata,

UDIN : 21053693AAAAFC7832

# KWALITY CREDIT & LEASING LTD.

Regd. Office:- 7, Lyons Range, 3<sup>rd</sup> Floor, Room No. 9 & 10, Kolkata - 700 001

Phone- 9681634539, E-Mail Id - [kwalitycredit50@yahoo.com](mailto:kwalitycredit50@yahoo.com),

Website [www.kwalitycredit.com](http://www.kwalitycredit.com), CIN-L65921WB1992PLC056686

## Notes to the Financial Statements

### 1. Corporate information

Kwality Credit & Leasing Limited ("The Company") having CIN No. - L65921WB1992PLC056686 and its registered office at 7, Lyons Range, 3<sup>rd</sup> Floor, Room No 9 & 10, Hare Street, Kolkata – 700 001 IN, India is a public limited Company incorporated and domiciled in India.

### 2.1 Basis of preparation

These financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015(the Rules).

For all periods up to and including the year ended 31<sup>st</sup> March, 2018, the Company prepared its financial statements in accordance with accounting standards notified under the section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP)

These financial statements for the year ended 31<sup>st</sup> March, 2020 are the first time the Company has prepared in accordance with Indian Accounting Standards ("Ind-AS") consequent to the notification of the Rules issued by the MCA. Further, in accordance with the Rules, the Company has restarted its Balance Sheet as at 1<sup>st</sup> April, 2018 and financial statements for the year ended and as at 31<sup>st</sup> March, 2019 also as per Ind\_AS. For preparation of opening balance sheet under Ind-AS as at 1<sup>st</sup> April, 2018, the Company has availed exemptions and first time adoption policies in accordance with Ind-AS 101 "First-time Adoption of Indian Accounting Standards", the details of which have been explained thereof in the "Footness to Reconciliation of Equity".

### Estimates

The estimates at 1st April 2018 and at 31st March, 2019 are consistent with those made for the same dates in accordance with Indian GAAP (after adjustments to reflect any differences in accounting policies). Consequent to Company's transition to Ind-AS as explained in basis of preparation paragraph above, following are accounted for the first time in these financial statements and hence estimates for these items are based on conditions existing on the respective Balance Sheet dates:

The Company has exercised the option to measure investment in equity instruments, not held for trading at FVTOCI in accordance with Ind AS 109. It has exercised this irrevocable option for its class of unquoted equity shares. The option renders the equity instruments elected to be measured at FVTOCI non recyclable to Statement of Profit & Loss.

The estimates used by the Company to present these amounts in accordance with Ind-AS reflect conditions at 1<sup>st</sup> April, 2018. The date to transition to Ind-AS and as of 31<sup>st</sup> March, 2019.



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## 2.2 Summary of Significant Accounting Policies

### Basis of classification of Current and non-current

Assets and liabilities in the Balance Sheet have been classified as either current or non-current based upon the requirements of Schedule III to the Companies Act, 2013.

An asset has been classified as current if (a) it is expected to be realized in, or is intended for sale or consumption in the Company's normal operating cycle; or (b) it is held primarily for the purpose of being traded; or (c) it is expected to be realized within twelve months after the reporting date; or (d) it is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date. All other assets have been classified as non-current.

A liability has been classified as current when (a) it is expected to be settled in the Company's normal operating cycle; or (b) it is held primarily for the purpose of being traded; or (c) it is due to be settled within twelve months after the reporting date; or (d) the Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting date. All other liabilities have been classified as non-current.

An operating cycle is the time between the acquisition of assets for processing and their realization in cash or cash equivalents. The Company does not consider its operating cycle to be 12 months.

### Fair value measurement

The Company measures certain financial instruments at fair value at each reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use.

For the purpose of fair value disclosures, the company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.



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## Revenue Recognition

Revenue, if any, from sale of goods will be recognized upon passage of title to the customers which would generally coincide with delivery thereof. Claims, due to uncertainty in realization, are accounted for on acceptance/cash basis.

Interest income, if any, will be recognized on a time proportion basis taking into account the amount outstanding and rate applicable. Dividend income is recognised in the Statement of Profit and Loss when the right to receive dividend is established.

Profit on sale of investments is recorded on transfer of title from the Company and is determined as the difference between sale price, carrying value of Investment and other incidental expenses.

## Retirement Benefits and other employee benefits

Retirement benefit in the form of Gratuity is a defined contribution scheme and the contributions are charged to the Statement of Profit and Loss of the year when an employee renders the related service. There are no obligations other than the contributions payable to the respective trusts/funds.

Short term Employee Benefits are recognised at the undiscounted amount as expense for the year in which the related service is rendered.

## Borrowing Costs

Borrowing Costs (including other ancillary borrowing cost) directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

## Taxation

Provision for current Income Tax is made on the taxable income using the applicable tax rules and tax laws. Deferred Tax, if any, arising on account of timing difference and which are capable of reversal in one or more subsequent period is recognized using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets, if any, subject to consideration of prudence are recognized and carried forward 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.





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## Earning Per Share

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

## Property, Plant & Equipment

Property, plant and equipment are stated at cost of acquisition or construction less accumulated depreciation and impairment, if any. Cost comprises of purchase price and any attributable cost of bringing the asset to its working condition for its intended use. When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives.

Under the previous GAAP (Indian GAAP), property, plant and equipment were carried in the balance sheet on cost. The Company has elected to regard those values as deemed cost at the date of transition.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognised.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

## Depreciation on Tangible Fixed Assets

Depreciation on Fixed Assets is provided on basis over the useful life of respective assets as prescribed in Schedule II of the Companies Act, 2013.

## Impairment of non-financial assets

The company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating units (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or Company's assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered as impaired and is written down to its recoverable amount.

Impairment losses are recognised in the statement of profit and loss.



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## Provisions

Provisions are recognised when, as a result of a past event, the Company has a legal or constructive obligation; it is probable that an outflow of resources will be required to settle the obligation; and the amount can be reliably estimated. The amount so recognised is a best estimate of the consideration required to settle the obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. In an event when the time value of money is material, the provision is carried at the present value of the cash flows estimated to settle the obligation.

## Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

## Financial assets

### Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

### Subsequent measurement

For purpose of subsequent measurement, financial assets are classified in three categories:

- (a) Debt instruments at amortised cost
- (b) Debt instruments, derivatives, equity instruments and mutual fund investments at fair value through profit or loss (FVTPL)
- (c) Equity instruments measured at fair value through other comprehensive income (FVTOCI)

### Debt instruments at amortised cost

A 'debt instrument' is measured at the amortised cost if both the following conditions are met:

- (a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- (b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in interest income in the profit or loss.

### Debt instruments, derivatives, equity instruments and mutual fund investments at fair value through profit or loss (FVTPL)

All derivatives and mutual fund investments in scope of IND AS 109 are measured at fair value. Equity instruments which are held for trading are classified as at FVTPL. Equity instruments included within FVTPL category are measured at fair value with all changes recognized in the Statement of Profit & Loss.



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## **Equity instruments measured at fair value through the comprehensive income (FVTOCI)**

For all equity instruments other than the ones classified as at FVTPL, the Company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instruments, excluding dividends, are recognised in the OCI. There is no recycling of the amounts from OCI to Profit & Loss, even on sale of investment. However, the Company may transfer the cumulative gain or loss within equity.

## **Derecognition**

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the balance sheet) when the rights to receive cash flows from the asset have expired.

## **Impairment of Financial assets**

The company measures the expected credit loss associated with its assets based on historical trend, industry practices and the business environment in which the entity operates or any other appropriate basis. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

## **Financial Liabilities**

### **Initial recognition and measurement**

Financial liabilities are reclassified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, financial guarantee contract payables, or derivative instruments.

All financial liabilities are recognised initially at fair value end, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

### **Subsequent measurement**

The measurement of financial liabilities depends on their classification, as described below:

#### **Financial liabilities at fair value through profit or loss**

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term.

Gains or losses on financial held for trading are recognised in the statement of profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition and only if the criteria in IND AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/losses attributable to changes in own credit risks are recognised in OCI. These gains/loss are not subsequently transferred to P&L. However, the Company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the statement of profit or loss. The Company has not designated any financial liability as at fair value through profit and loss.



# KWALITY CREDIT & LEASING LTD.

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Phone- 9681634539, E-Mail Id - [kwalitycredit50@yahoo.com](mailto:kwalitycredit50@yahoo.com),

Website [www.kwalitycredit.com](http://www.kwalitycredit.com), CIN-L65921WB1992PLC056686

## Loans & Borrowings

This is the category most relevant to the Company. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

## Cash and Cash equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

## 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. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

- 3 In the opinion of the Board the current assets, loans and advances are not less than the stated value if realised in ordinary course of business. The provisions for all known liabilities are adequate. There are no contingent liabilities, as informed by the management.
- 4 The Business of the company falls under a single segment i.e. Financial Activities. In view of the general classification notified by Central Government in exercise of powers conferred u/s 129 of Companies Act, 2013 for companies operating in single segment, the disclosure requirement as per Accounting Standard - 17 on "Segment Reporting" are not applicable to the company. The company's business is mainly concentrated in similar geographical, political and economical conditions; hence disclosure for geographical segment is also not required.

## 5 Earnings Per Share in accordance with AS-20:-

Earnings per share is computed as under:-		2019-20	2018-19
Profit /(Loss)after tax available for equity shareholders	(A) (')	(30,33,893))	(2,82,976)
Weighted average number of equity shares outstanding	(B)	77,93,700	77,93,700
Face value per equity share		10	10
Earnings per share - Basic & Diluted	(A/B)	(0.10)	(0.04)



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6 **Related party disclosures:-**

(A) Key Management Personnel and their relatives:-

Sl.No.	Name	Designation /Relationship
1.	Bhagwan Das Soni	Managing Director
2.	Subrata Dutta	Chief Financial Officer
3.	Rajesh Kurmi	Director
4.	Suresh Kumar Jain	Director
5.	Amu Thapa	Director

(B) Enterprises where control exists:-

Sl. No.	Name Of Enterprise
1	NIL

**Disclosure of transactions with enterprises where control exists:-**

(Amount in `)

Nature of Transaction	As at 31.03.2021 Rs.	As at 31.03.2020 Rs.
Opening Balance (inclusive of interest)	NIL	NIL
Amount Received during the year		
Amount Paid during the year		
TDS		
Interest for the year		
Closing Balance (including interest)		

7. None of the sundry creditors are Micro and Small Enterprises under "Micro, Small and Medium Enterprises Development Act, 2006". Hence, disclosures related to amount unpaid etc., are not applicable.
8. There is no amount to be credited to Investors Education and Protection Fund as on 31<sup>st</sup> March 2020.
9. The figures of previous year have been reclassified and regrouped wherever considered necessary.



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## 10 CAPITAL RISK MANAGEMENT

The Company aim to manage its capital efficiently so as to safeguard its ability to continue as a going concern and to optimize returns to our shareholders.

The capital structure of the Company is based on management's judgement of the appropriate balance of key elements in order to meet its strategic and day-to-day needs. We consider the amount of capital in proportion to risk and manage the capital structure in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares.

The Company's policy is to maintain a stable and strong capital structure with a focus on total equity so as to maintain investor, creditors and market confidence and to sustain future development and growth of its business. The Company will take appropriate steps in order to maintain, or if necessary adjust, its capital structure.

## 11 FINANCIAL RISK MANAGEMENT

### Financial risk management objectives and policies

The Company's financial risk management is an integral part of how to plan and execute its business strategies. The Company's financial risk management policy is set by the Board OF Directors.

Market risk is the risk of loss of future earnings, fair values or future cash flows that may result from a change in the price of a financial instrument. The value of a financial instrument may change as a result of changes in the interest rates, equity prices and other market changes that affect market risk sensitive instruments. The Company's market risk is managed by its management, which evaluates and exercises independent control over the entire process of market risk management.

### Market Risk- Interest Rate Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises risk such as : interest rate risk, equity price risk. Financial instruments affected by market risk include loans and borrowing, and investments.

#### a. Interest Rate Risk and Sensitivity

The Company's exposure to the risk of changes in market interest rates relates primarily to the long term debt obligations.

#### b. Equity price risks

The Company's listed equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Company manages the equity price risk through diversification and by placing limits on individual and total equity instruments.

### Credit risk

Credit risk is the risk that the counter party will not meet its obligation under a financial instruments or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities.

The Company extends credit to customers in normal course of business. The Company considers factors such as credit track record in the market and past dealings for extension of credit to customers. The Company monitors the payment track record of the customers.



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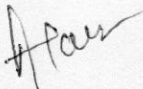
## Liquidity Risk

Liquidity Risk is the risk that the company may not be able to meet its present and future cash obligations without incurring unacceptable losses. The Company monitors its risk to a shortage of funds by managing own sources of fund and short term loans from Holding Company.

For Arun Jain & Associates

Chartered Accountants

Firm registration No. 0325867E



(CA Arun Kumar Jain)



Proprietor

Mem No : 053693

Dated : 30.06.2021

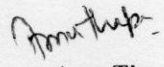
Place:Kolkata

UDIN : 21053693AAAAFC7832

For and on behalf of the Board  
For Kwality Credit & Leasing  
Ltd



Bhagwan Das Soni  
Managing Director  
DIN : 02308414



Amu Thapa  
Director  
DIN : 00674928

For Kwality Credit & Leasing  
Ltd

Subrata Dutta  
CFO

# KWALITY CREDIT AND LEASING LIMITED

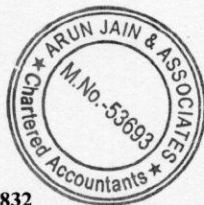
Balance Sheet as at 31st March, 2021

Particulars	Note No.	AS AT MARCH 31, 2021	AS AT MARCH 31, 2020
<b>I. ASSETS</b>		□	□
<b>Financial Assets</b>			
(a) Cash and cash equivalents	1	729,237.00	1,203,841.00
(b) Trade Receivables - Others	2	9,459,000.00	9,459,000.00
(c) Loans & Advances	3	94,221,134.00	79,645,698.00
(d) Investments	4	-	18,500,000.00
<b>Total Non Current Assets</b>		104,409,371.00	108,808,539.00
<b>Non - Financial Assets</b>			
(a) Property Plant and Equipment	5	2,520.00	3,524.00
(b) Loans and Advances	6	6,000.00	6,000.00
(c) Current Tax Assets (Net)	7	561,220.00	1,092,944.00
<b>Total Current Assets</b>		569,740.00	1,102,468.00
<b>TOTAL ASSETS</b>		<b>104,979,111.00</b>	<b>109,911,007.00</b>
<b>I. LIABILITIES AND EQUITY</b>			
<b>LIABILITIES</b>			
<b>Financial Liabilities</b>			
(a) Payables			
(i) Trade Payables	8	-	-
(ii) Other Payables	9	-	-
(b) Other Financial Liabilities	10	867,763.00	911,404.00
<b>Non Financial Liabilities</b>			
(a) Current Tax Laibilities (Net)	11	-	-
(b) Provisions	12	235,150.00	199,635.00
(c) Other Non Financial Liabilities	13	-	-
<b>EQUITY</b>			
(a) Equity Share Capital	14	42,227,030.00	42,227,030.00
(b) Other Equity	15	61,649,168.00	66,572,938.00
<b>Total Equity &amp; Liabilities</b>		<b>104,979,111.00</b>	<b>109,911,007.00</b>

The accompanying notes are integral part of Financial Statements

For Arun Jain & Associates  
Chartered Accountants  
Registration No : 325867E

*Arun*  
Arun Kumar Jain  
Proprietor  
Membership no : 053693  
UDIN:- 21053693AAAAAFC7832  
Place Kolkata  
Dated : 30.06.2021



For and on behalf of the Board  
For Kwality Credit & Leasing Ltd

*B.S.*  
Bhagwan Das Soni  
Managing Director  
DIN : 02308414

*Amu Thapa*  
Amu Thapa  
Director  
DIN : 00674928

For Kwality Credit & Leasing Ltd

Subrata Dutta  
CFO



# KWALITY CREDIT AND LEASING LIMITED

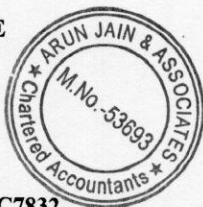
Profit and Loss Account for the Year ended 31st March 2021

Sr. No	Particulars	Note No.	For the year ended March 31,2021	For the year ended March 31,2020
I	Revenue from Operations	16	2,506,786.00	2,998,753.00
	Other Income	17	-	45,799.00
II	<b>II. Total Revenue</b>		<b>2,506,786.00</b>	<b>3,044,552.00</b>
III	<u>Expenses:</u>			
	Employee Benefit Expense	18	2,350,690.00	2,197,383.00
	Finance Cost	19	196,496.40	30,852.00
	Depreciation and Amortisation	20	1,004.00	1,004.00
	Other Administrative Expenses	21	3,244,431.00	3,849,206.00
	Provisions & Contingencies	22	1,489,388.00	
	<b>Total Expenses (IV)</b>		<b>7,282,009.40</b>	<b>6,078,445.00</b>
IV	Profit before tax		<b>4,775,223.40</b>	<b>3,033,893.00</b>
V	<u>Tax expense:</u>			
	(1) Current tax		-	-
	(2) Contingent Provisions for standard Assets written back		-	-
	(3) Income Tax for Earlier years		148,548.00	-
VI	Profit(Loss) for the period	(VIII-IX)	<b>(4,923,771.40)</b>	<b>3,033,893.00</b>
	Other Comprehensive Income		-	-
	Items that will not be reclassified subsequently to profit or loss		-	-
	Items that will be reclassified subsequently to profit or loss		-	-
	Total Comprehensive Income net of tax		(4,923,771.40) -	3,033,893.00
	Total Comprehensive Income for the period		(4,923,771.40) -	3,033,893.00
VII	Earning per equity share:			
	(1) Basic	23	(1.17) -	0.72
	(2) Diluted		(1.17) -	0.72

The accompanying notes are integral part of Financial Statements

Chartered Accountants  
Registration No : 325867E

*Arun*  
Arun Kumar Jain  
Proprietor  
Membership no : 053693  
UDIN:- 21053693AAAAFC7832  
Place Kolkata  
Dated : 30.06.2021



For and on behalf of the Board  
For Kwaliti Credit & Leasing Ltd

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

*Amu Thapa*  
Amu Thapa  
Director  
DIN : 00674928

For Kwaliti Credit & Leasing Ltd

Subrata Dutta  
CFO

# KWALITY CREDIT AND LEASING LIMITED

Cash Flow Statement for the Year Ended 31st March 2021

	PARTICULARS	Amount	As at 31.03.2021	As at 31.03.2020
<b>A</b>	<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
	Net Profit Before Tax		-4,775,223.40	-3,033,893.00
	Adjustments for:			
	Depreciation	1,004.00		1,004.00
	Provisions	-113,033.00		-
	<b>Operating Profit before Working Capital Changes</b>		-112,029.00	-
	<b>Adjustments for:</b>		-4,887,252.40	-3,032,889.00
	(a) Trade Receivables - Others	-		-
	(b) Loans & Advances	-14,575,436.00		4,730,829.00
	(c) Loans and Advances- Non Financial	-		-
	(d) Current Tax Assets	-		-
	(e) Other Financial Liabilities	-		-
	(f) Trade Payables	-43,641.00		470,550.00
	(g) Other Non Financial Liabilities	-		-
	<b>Cash generated from operations</b>		-19,506,329.40	2,164,950.00
	Income Tax paid		-531,724.00	66,534.00
	<b>Net Cash flow from Operating activities</b>		-18,974,605.40	2,098,416.00
<b>B</b>	<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
	Investments		18,500,000.00	-2,000,000.00
	<b>Net Cash used in Investing activities</b>		18,500,000.00	-2,000,000.00
<b>C</b>	<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
	Proceeds from Issue of Equity Share	-		-
	Expense for Increase in Authorised Capital	-		-
	<b>Net Cash used in financing activities</b>		-	-
	Net increase in cash & Cash Equivalents		-474,605.40	98,416.00
	Opening Cash and Cash equivalents		1,203,841.00	1,105,425.00
	Closing Cash and Cash equivalents		729,237.00	1,203,841.00
	<b>Cash &amp; Cash Equivalents</b>			
	Cash in Hand		489,619.00	1,202,577.00
	Cash at Bank		239,618.00	1,264.00
	<b>Cash &amp; Cash equivalents as stated</b>		729,237.00	1,203,841.00

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For Arun Jain & Associates  
Chartered Accountants  
Registration No : 325867E

*Arun*  
Arun Kumar Jain  
Proprietor  
Membership no : 053693



For and on behalf of the Board  
For Kwality Credit & Leasing Ltd

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

*Amu Thapa*  
Amu Thapa  
Director  
DIN : 00674928

For Kwality Credit & Leasing Ltd

UDIN:- 21053693AAAAFC7832  
Place Kolkata

Dated : 30.06.2021

Subrata Dutta  
CFO

# KWALITY CREDIT AND LEASING LIMITED

Notes Forming Integral Part of financial Statements

## 1. Cash & Cash Equivalent

Sr. No.	Particulars	AS AT MARCH 31, 2021		AS AT MARCH 31, 2020	
1	<b>Cash-in-Hand</b>				
	Cash Balance		489,619.00		1,202,577.00
	Sub Total (A)		489,619.00		1,202,577.00
2	<b>Bank Balance</b>				
	Balance with Banks in Current Accounts		239,618.00		1,264.00
	Sub Total (B)		239,618.00		1,264.00
	<b>Total [ A + B ]</b>		<b>729,237.00</b>		<b>1,203,841.00</b>

## 2. Trade Receivables

Sr. No.	Particulars	AS AT MARCH 31, 2021		AS AT MARCH 31, 2020	
	Outstanding for more than Six months considered Good		9,459,000.00		9,459,000.00
	Others				
	<b>Total</b>		<b>9,459,000.00</b>		<b>9,459,000.00</b>

## 3. Loans and Advances

Sr. No.	Particulars	AS AT MARCH 31, 2021		AS AT MARCH 31, 2020	
1	Loans - Others		94,060,134.00		79,484,698.00
2	Loans - substandards				
3	Advance - Others		161,000.00		161,000.00
4	Advance to Other Parties				
	<b>Total</b>		<b>94,221,134.00</b>		<b>79,645,698.00</b>

## 4. Investment

Sr. No.	Particulars	AS AT MARCH 31, 2021		AS AT MARCH 31, 2020	
		Nos.	Value	Nos.	Value
	<b>UNQUOTED Investment in Equity</b>				
	Original Fashion Traders Private Limited				18,500,000.00
	<b>Total</b>		-		<b>18,500,000.00</b>

## 6. Loans and Advances

Sr. No.	Particulars	AS AT MARCH 31, 2021		AS AT MARCH 31, 2020	
	Security Deposits		6,000.00		6,000.00
	<b>Total</b>		<b>6,000.00</b>		<b>6,000.00</b>

## 7. Current Tax Assets (Net)

Sr. No.	Particulars	AS AT MARCH 31, 2021		AS AT MARCH 31, 2020	
	Incometax Refundable		561,220.00		1,092,944.00
	<b>Total</b>		<b>561,220.00</b>		<b>1,092,944.00</b>



# KWALITY CREDIT AND LEASING LIMITED

Notes Forming Integral Part of financial Statements

## 14. Equity Share Capital

Sr. No	Particulars	AS AT MARCH 31, 2021		AS AT MARCH 31, 2020	
		Nos.	Amount	Nos.	Amount
1	<b>AUTHORIZED CAPITAL</b> Equity Shares of Rs. 10/- each.	47,000,000	470,000,000.00	47,000,000	470,000,000.00
		<b>47,000,000</b>	<b>470,000,000.00</b>	<b>47,000,000</b>	<b>470,000,000.00</b>
2	<b>ISSUED, SUBSCRIBED &amp; PAID UP CAPITAL</b> Equity Shares of Rs. 10/- each, Fully Paid up Share capital by allotment	4,222,703	42,227,030.00	4,222,703	42,227,030.00
		<b>4,222,703</b>	<b>42,227,030.00</b>	<b>4,222,703</b>	<b>42,227,030.00</b>
<b>Total Issued, Subscribed &amp; Paid Up Capital</b>		<b>4,222,703</b>	<b>42,227,030.00</b>	<b>4,222,703</b>	<b>42,227,030.00</b>

### (a) Details of shares held by shareholders holding more than 5% of the aggregate shares in the Company

Sr. No	Name of the Shareholder	No. of Shares	% Held	No. of Shares	% Held

### (b) Reconciliation of the Number of Shares and Amount Outstanding as at the Beginning and at the End of the Year

Sr. No	Equity shares	Number	Amount	Number	Amount
1	Outstanding at the Beginning	4,222,703	42,227,030.00	4,222,703	42,227,030.00
2	Issued During the Year	-	-	-	-
3	Outstanding at the End of the Year	4,222,703	42,227,030.00	4,222,703	42,227,030.00

### (c) Terms/Rights Attached to Equity Shares

The Company has only one class of equity shares having a par value of Rs. 10 per share. Each holder of equity shares is entitled to one Vote per share and ranks Pari Passu. Dividend are paid in Indian Rupees. Dividend Proposed by the Directors, if any, as subject to approval of shareholders at the Annual General Meeting except in case of Interim Dividend.

## 15. Other Equity

Sr. No	Particulars	AS AT MARCH 31, 2021		AS AT MARCH 31, 2020	
1	<b>Securities Premium</b> Opening Balance	72,270,300.00	-	72,270,300.00	-
		Add:- Addition During the year	-	-	-
	Closing Balance		<b>72,270,300.00</b>		<b>72,270,300.00</b>
2	<b>General Reserve:</b> Opening Balance	36,900.00	-	36,900.00	-
		Add: Addition during the Year	-	-	-
	Closing balance		<b>36,900.00</b>		<b>36,900.00</b>
3	<b>Surplus (Profit &amp; Loss Account):</b> Opening Balance	6,122,042.00	-	3,088,149.00	-
		Add: Surplus in the Statement of Profit and Loss Account	4,923,770.00	11,045,812.00	(3,033,893.00)
	Transfer to RBI Reserve Fund	-	-	-	-
	Closing balance		<b>11,045,812.00</b>		<b>6,122,042.00</b>
4	<b>Reserve Fund (RBI):</b> Opening Balance	387,780.00	-	387,780.00	-
		Add: Addition during the Year	-	-	-
	Closing balance		<b>387,780.00</b>		<b>387,780.00</b>
<b>Total</b>			<b>61,649,168.00</b>		<b>66,572,938.00</b>

## 8. Trade Payables

Sr. No	Particulars	AS AT MARCH 31, 2021	AS AT MARCH 31, 2020
	Total Outstanding Dues to Micro Enterprises and Small Enterprises		
	Total Outstanding Dues of Creditors Other than Micro Enterprises and Small Enterprises		
	<b>Total</b>		

## 9. Other Payables

Sr. No	Particulars	AS AT MARCH 31, 2021	AS AT MARCH 31, 2020
	Total Outstanding Dues to Micro Enterprises and Small Enterprises		
	Total Outstanding Dues of Creditors Other than Micro Enterprises and Small Enterprises		
	<b>Total</b>		

## 10. Other Financial Liabilities

Sr. No	Particulars	AS AT MARCH 31, 2021	AS AT MARCH 31, 2020
	Liabilities for Expenses	867,763.00	911,404.00
	<b>Total</b>	<b>867,763.00</b>	<b>911,404.00</b>

## 11 Current Tax Liabilities (Net)

Sr. No	Particulars	AS AT MARCH 31, 2021	AS AT MARCH 31, 2020
	<b>Total</b>		

## 12. Provisions

Sr. No	Particulars	AS AT MARCH 31, 2021	AS AT MARCH 31, 2020
	Provision for standard Assets	235,150.00	199,635.00
	<b>Total</b>	<b>235,150.00</b>	<b>199,635.00</b>

## 13. Other Non Financial Liabilities

Sr. No	Particulars	AS AT MARCH 31, 2021	AS AT MARCH 31, 2020
	Duties and Taxes Payable		
	<b>Total</b>		



# KWALITY CREDIT AND LEASING LIMITED

Notes forming integral part of financial statements

## 16. Revenue from Operations

Sr. No.	Particulars	For the Year ended 31st March 2021	For the Year ended 31st March 2020
1	Interest Received	1,690,786.00	2,998,753.00
2	Profit on sale of investments	816,000.00	-
3	Interest On Income Tax Refund	-	-
<b>Total</b>		<b>2,506,786.00</b>	<b>2,998,753.00</b>

## 17. Other Income

Sr. No.	Administrative Expenses:	For the Year ended 31st March 2021	For the Year ended 31st March 2020
1	Bad Debt Recovery	-	45,799.00
2	Interest On Income Tax Refund	-	-
<b>Total</b>		<b>-</b>	<b>45,799.00</b>

## 18. Employment Benefit Expenses

Sr. No.	Particulars	For the Year ended 31st March 2021	For the Year ended 31st March 2020
1	Salary Bonus and Other Allowance	1,800,000.00	2,067,000.00
2	Staff Welfare Expenses	190,690.00	130,383.00
3	Director's remuneration	360,000.00	-
<b>Total</b>		<b>2,350,690.00</b>	<b>2,197,383.00</b>

## 19. Finance Cost

Sr. No.	Particulars	For the Year ended 31st March 2021	For the Year ended 31st March 2020
1	Bank charges	18,797.40	-
2	Interest Expenses on:-		
	On Others	6,793.00	53.00
	Bank Charges and Commission	-	826.00
	Prior Period Interest	170,906.00	29,973.00
<b>Total</b>		<b>196,496.40</b>	<b>30,852.00</b>

## 20. Depreciation and Amortisation

Sr. No.	Particulars	For the Year ended 31st March 2021	For the Year ended 31st March 2020
	Depreciation and Amortisation	1,004.00	1,004.00
<b>Total</b>		<b>1,004.00</b>	<b>1,004.00</b>

## 21. Other Expenses

Sr. No.	Particulars	For the Year ended 31st March 2021	For the Year ended 31st March 2020
<b>a</b>	<b>Administrative Expenses:</b>		
1	Office Rent	180,000.00	180,000.00
2	Printing & Stationery	-	63,855.00
3	Postage and Telegram and Email Exp	104,835.00	120,880.00
4	Telephone Expenses	74,955.00	40,568.00
5	Miscellaneous Expenses	-	2,360.00
6	Advertisement Publicity and Sales Promotion	23,461.00	33,516.00
7	Listing Fees	-	354,000.00
8	Travelling & Conveyance	260,120.00	67,963.00
9	Legal and Consultancy Charges	-	-
10	Filing Fees	-	-
11	Registrar and Transfer Agent Expenses	18,220.00	13,876.00
12	Website Expenses	6,785.00	6,785.00
13	Rebare Remission and Other Deduction	-	-
14	Loan Written Off Standard and Doubtful Assets	-	2,907,764.00
15	Loss on sale of Investment	-	-
16	Depository Expenses	37,707.00	13,391.00
17	Membership Fees	-	5,900.00
18	Monitoring foreign Investment Limit Charges	11,800.00	11,800.00
19	Donation	2,500,000.00	-
<b>b</b>	<b>Payment to Auditors:</b>		
	Statutory Audit Fees	26,548.00	26,548.00
	Other Services	-	-
<b>Total</b>		<b>3,244,431.00</b>	<b>3,849,206.00</b>



# KWALITY CREDIT AND LEASING LIMITED

Notes forming integral part of financial statements

## 22. Provisions & Contingencies

Sr. No	Particulars	For the Year ended 31st March 2021	For the Year ended 31st March 2020
1	Provision against Standard Assets	1,489,388.00	2,907,764.00
		<b>1,489,388.00</b>	<b>2,907,764.00</b>

## 23. Earning Per Share

Sr. No	Particulars	For the Year ended 31st March 2021	For the Year ended 31st March 2020
	Profit after Tax	(4,923,771.40)	(3,033,893.00)
	Weighted Average No. of Shares	4,222,703.00	42,227,030.00
	Face Value Per Equity Shares	Rs. 10/-	Rs. 10/-
	<b>Earning Per Share</b>	<b>(1.17)</b>	<b>(0.07)</b>

24. Contingent Liabilities:-

Nil

Nil

25. Earning in Foreign Exchange:- Nil

Nil

Nil

26. Expenditure in Foreign Exchange:- Nil

Nil

Nil

27. No provision has been made on account of leave salary as there are no leave to the credit of employees at the end of that Year.

28. The Figures of Previous Year have been regrouped and/or re-arranged wherever necessary.

29. The Company is engaged in the Business of Non Banking Financial Companies and there is no Separate reportable segment as per Accounting Standard 17- "Segment Reporting" Notified by the Companies Accounting Standard Rules, 2006.

30. Particulars required to be furnished as per Paragraph 13 of Non Banking Financial ( Non Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007 issued by the RBI are given as per Annexure Attached hereto.

31. Employee Benefits: The company has not accounted for gratuity and other Long Term and Short Term retirement benefits payable to the employees



Kwality Credit & Leasing Limited  
Schedules Annexed to and Forming Part of the Accounts continued.....

5. PROPERTY, PLANT AND EQUIPMENT

PARTICULARS	GROSS BLOCK			DEPRECIATION			NET BLOCK	
	AS ON 31st March 2020	ADDITION DURING THE Year	TOTAL AS ON 31-Mar-21	AS ON 31st March 2020	FOR THE Year	TOTAL AS ON 31-Mar-21	AS ON 31-Mar-21	AS ON 31-Mar-20
Tangible assets Owned Assets Computer	85,535	-	85,535	82,011	1,004	83,015	2,520	3,524
<b>Total A</b>	<b>85,535</b>	<b>-</b>	<b>85,535</b>	<b>82,011</b>	<b>1,004</b>	<b>83,015</b>	<b>2,520</b>	<b>3,524</b>
Previous Year	85,535	-	85,535	81,007	-	81,007	4,528	4,528

