



AUDITORS' REPORT
TO
THE SHARE HOLDERS

OF
KWALITY CREDIT & LEASING LIMITED

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

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

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

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





(2)

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

AND

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

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

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



(3)



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





(4)

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

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

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

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

