

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

**&**

**Accounts**

**2015 - 2016**

**KWALITY CREDIT & LEASING CO. LTD.**



# **KWALITY CREDIT & LEASING LIMITED**

**Corporate Identity No.: L65921WB1992PLC056686**

## **Board of Directors :**

Mr. Bhagwan Das Soni	Managing Director
Mr. Amu Thapa	Independent Director
Mr. Suresh Kumar Jain	Independent Director
Ms. Namrata Chakraborty	Independent Director

## **Audit Committee :**

Mr. Suresh Kumar Jain	Chairperson
Mr. Amu Thapa	Independent Director
Mr. Bhagwan Das Soni	Managing Director
Ms. Namrata Chakraborty	Independent Director

## **Nomination And Remuneration Committee:**

Mr. Suresh Kumar Jain	Chairperson
Mr. Amu Thapa	Independent Director
Mr. Bhagwan Das Soni	Managing Director
Ms. Namrata Chakraborty	Independent Director

## **Stakeholder's Relationship Committee :**

Mr. Amu Thapa	Chairperson
Mr. Suresh Kumar Jain	Independent Director
Ms. Namrata Chakraborty	Independent Director

## **Risk Management Committee :**

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

## **Chief Financial Officer :**

Mr. Subrata Dutta

## **Registered Office :**

27, Weston Street,  
5<sup>th</sup> floor, Room No. 526,  
Kolkata – 700 012  
Ph. : 9681634539  
Email ID : kqualitycredit50@yahoo.com  
Website : www.kqualitycredit.com

## **Registrar and Transfer Agent :**

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

## **Bankers :**

Corporation Bank

## **Auditors :**

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



# KWALITY CREDIT & LEASING LIMITED

## DIRECTORS' REPORT

Dear Members,

The Directors have pleasure in presenting the 24<sup>th</sup> Annual Report of the Company together with Audited Accounts for the year ended 31<sup>st</sup> March, 2016.

### 1) Financial Summary or Highlights.

(in `)

Particulars	Standalone		Consolidated	
	2015-16	2014-15	2015-16	2014-15
Total Revenue	78,76,894	90,38,425	78,76,894	90,38,425
(Less): Total Expenditure	69,04,684	1,18,07,201	76,61,048	1,18,20,637
Profit before Exceptional & Extraordinary Items	9,72,210	(27,68,776)	2,15,846	(27,82,212)
Add/(Less): Exceptional Items	-	-	-	-
Add/(Less): Extraordinary Items (Loss on Sale of Fixed Assets)	-	(22,306)	-	(22,306)
Profit Before Tax	9,72,210	(27,91,082)	2,15,846	(28,04,518)
(Less): Provision for Tax	(3,17,689)	-	(3,17,689)	-
Add/(Less): Contingent provision for Standard Assets	70,342	(14,862)	70,342	(14,862)
Net Profit/(Loss) after Tax	7,24,863	(28,05,944)	(31,501)	(28,19,380)
(Less): Transfer to Statutory Reserve	(1,57,042)	-	(1,57,042)	-
Add/(Less): Brought forward from previous year	(40,30,360)	(12,24,416)	(40,88,166)	(12,68,786)
Balance carried to Balance Sheet	(34,62,539)	(40,30,360)	(42,76,709)	(40,88,166)

## 2. Performance

### (a) Annual Consolidated Results

Section 129(3) of the Companies Act, 2013 (hereinafter referred to as "the Act"), read with the Rule 6 of the Companies (Accounts) Rules, 2014, mandates every Company having subsidiary (including associate Company and joint venture) to prepare Consolidated Financial Statements. Accordingly, the audited consolidated financial statement is provided in the Annual Report and is also displayed on the Company's Website [www.kwalitycredit.com](http://www.kwalitycredit.com).

The total income of the Company during the Financial Year 2015-16 on a consolidated basis was Rs. 78,76,894/- as compared to Rs. 90,38,425/- for the previous financial year. The total expenses for the year reduced to Rs. 76,61,048/- as compared to Rs. 1,18,20,637/- in previous year. In view of the same, Rs. 2,15,846/- profit before tax was recorded by the Company in the reporting year.

### (b) Performance and financial position of the subsidiaries and associates Companies.

Pursuant to Rule 5 (1) of the Companies (Accounts) Rules 2014, the performance and financial position of the subsidiaries companies for the financial year ended 31<sup>st</sup> March, 2016, has been described by portraying the salient features of the financial statements of the subsidiaries in Form AOC-1, which is appended to the Directors' Report in **Annexure-I**.

Further, in terms of Section 136 of the Act read with the Rules framed thereunder, the audited financial statements, including the consolidated financial statements and related information of the Company and audited accounts of each of the subsidiaries, are displayed on the website of the Company



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www.kwalitycredit.com and shall be available for inspection during business hours on working days at the Company's Registered Office at Kolkata. Any Member interested in obtaining such information may write to Mr. Bhagwan Das Soni, Managing Director, at the Registered Office and the same will be furnished on request. Alternatively, the request may also be e-mailed at the Id: kwalitycredit50@yahoo.com.

At the beginning of the Financial Year under review, the Company had 22 subsidiaries and no associate Companies. As on 31<sup>st</sup> March, 2016, the Company has 22 subsidiaries and no associate Companies.

**(i) The names of subsidiaries as on 31<sup>st</sup> March, 2016, is as follows:**

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

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

☆ **The names of companies which have become its subsidiaries.**

There was no such instance during the Financial Year under review.



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## ☆ The names of companies which have ceased to be its subsidiaries.

There was no such instance during the Financial Year under review.

### (c) Standalone Results

The total income of the Company during the Financial Year 2015-16 on a standalone basis was Rs. 78,76,894/- as compared to Rs. 90,38,425/- for the previous financial year. The total expenses for the year reduced to Rs. 69,04,684/- as compared to Rs. 1,18,07,201/- in previous year. In view of the same, Rs. 9,72,210/- Profit before tax was recorded by the Company in the reporting year.

### 3. Dividend

Your Directors have after detailed deliberations on the performance of the Company, concluded that, considering the future prospects and for strengthening the financial position of the Company, it is prudent not to recommend any Dividend in respect of the Financial Year 2015-16.

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

From the profits of the year under review Rs. 1,57,042/- transferred to the Statutory Reserve.

### 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, BSE Ltd. and Jaipur Stock Exchnage Ltd.

### 7. Corporate Governance Report

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

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

### 8. Extract of the Annual Return

The Extract of the Annual Return as on the financial year ended on 31<sup>st</sup> March, 2016, in Form MGT-9 pursuant to section 92(3) of the Companies Act, 2013 (hereinafter referred to as the "Act") and Rule 12(1) of the Companies (Management and Administration) Rules, 2014 is appended to the Directors' Report in **Annexure-II**.

### 9. Number of Meetings of the Board

The Board of Directors of the Company met six (6) times during the Financial Year under review, i.e. on: 30/04/2015, 30/05/2015, 13/08/2015, 09/11/2015, 11/02/2016 and 28/03/2016.

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 28/03/2016.



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The Meetings were held in accordance with the provisions of the Act and the Listing Regulations, 2015.

The details of the Meetings of the Board of Directors during the Financial Year 2015-16 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 three Non-Executive Independent Director, and one Executive Non Independent Director as on 31<sup>st</sup> March, 2016. The Committee is chaired by a Non-Executive Independent Director, Mr. Suresh Kumar Jain (DIN- 00705828).

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

During the Financial Year under review, the Committee met five (5) times and all such meetings were held in accordance with the provisions of the Act, Clause 49 of the erstwhile Listing Agreement and the Listing Regulations.

Further, the Board of Directors has accepted all the recommendations of the Audit Committee in the Financial Year 2015-16.

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

The Nomination and Remuneration Committee of the Company comprises of three Non-Executive Independent Directors and one Executive Non-Independent Director as on 31<sup>st</sup> March, 2016.

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 three Non-Executive Independent Director and one Non-Executive independent Woman 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 31<sup>st</sup> March, 2016 and of the profit 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.



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- 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 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 Clause 49 of the erstwhile Listing Agreement 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 details of the same have been provided in the Corporate Governance Report for the Financial Year 2015-16.

The Nomination and Remuneration Policy is reproduced in **Annexure-III**.

## 16. Auditors & Auditors' report

### A. Statutory Auditors

The appointment of M/s Pachisia & Associates (Firm Registration No. 327542E), Chartered Accountants of 454, Dum Dum Park, Kolkata – 700055, is subject to ratification by the members at the ensuing Annual General Meeting.

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

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

### B. Independent Auditors' Report

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

### C. Secretarial Auditor

Pursuant to the provisions of Section 204 of the Act and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Board of Directors has appointed



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Ms. Puja Agarwal (C.P. No. 14637, Membership No. A36736) Company Secretary in whole-time Practice, to undertake the Secretarial Audit of the Company for Financial Year 2015-16.

## **D. Secretarial Audit Report**

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

(I) There was a delay in filing e-form DIR-12 regarding appointment of Chief Financial Officer.

## **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.

During the year under review, the Company has entered into a number of related party transaction, placed before the Audit Committee and the Board for approval. Accordingly, all such transactions are being reported in Form No. AOC-2 in terms of Section 134 of the Act read with the Rules made thereunder. Further, Form No. AOC-2 is appended to the Directors Report in **Annexure-V**.

## **19. State of Company Affairs & Future Outlook**

The Company, a Non-Banking Financial (Non-Deposit Accepting or Holding) Company, does not have any public deposits as on 31<sup>st</sup> March, 2016.

The total income of the Company during the Financial Year 2015-16 on a standalone basis was Rs. 78,76,894 as compared to Rs. 90,38,425/- for the previous financial year. The total expenses for the year reduced to Rs. 69,04,684/- as compared to Rs. 1,18,07,201/- in previous year. In view of the same, Rs. 9,72,210/- profit before tax was recorded by the Company in the reporting year.

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

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

## **21. 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 is 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 Clause 49 of the erstwhile Listing Agreement, and in 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, and Clause (49)(I)(D)(2)(a) of the erstwhile Listing Agreement, the Board of Directors is responsible for framing, implementing and monitoring the Risk Management Plan of the Company, and 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, and the erstwhile Listing Agreement, 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, pursuant to Clause 49(IV)(B)(1) of the erstwhile Listing Agreement, 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 as provided in Clause 49(IV)(B)(3) of the erstwhile Listing Agreement.



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## **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 28/03/2016, pursuant to Clause VII of Schedule IV to the Act and Regulation 25 of the Listing Regulations, 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 Clause 49(IV)(B) of the erstwhile Listing Agreement.

The Nomination and Remuneration Policy is reproduced in **Annexure-III**.

## **26. 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.

## **27. Directors & Key Managerial Personnel**

### **a. Non-Executive & Executive Directors - Non-independent.**