27th Annual Report

&

Accounts

2018 - 2019

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

Risk Management Committee

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

Chief Financial Officer:

Mr. Subrata Dutta

Registered Office:

7,Lyons Range,
3rd Floor, Room No. 9 & 10,
Kolkata – 700 001
Ph. No. 9681634539
Email – kwalitycredit50@yahoo.com
Website – www.kwalitycredit.com

Registrar and Transfer Agent:

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

Bankers:

Corporation Bank

Auditors:

M/s. Pachisia & Associates
Chartered Accountants
Urbana Flat No. 1302, Tower No. 7,
783, Anandpur,
Kolkata – 700 107

KWALITY CREDIT & LEASING LTD.

Regd. Office:- 7, lyons Range, 3rd Floor, Room No.9 & 10, Kolkata-700 001
Phone- 9681634539, E-Mail Id - kwalitycredit50@yahoo.com, Website www.kwalitycredit.com
CIN-L65921WB1992PLC056686

DIRECTORS' REPORT

Dear Members,

The Directors have pleasure in presenting the 27th Annual Report of the Company together with Audited Accounts for the year ended March 31, 2019.

1. Financial Summary or Highlights

Particulars	Standalone	
	2018-19 `	2017-18 `
Total Revenue	**61,79,444**	67,81,919
(Less):Total Expenditure	**60,54,035**	61,28,368
Profit before Exceptional & Extraordinary Items	**1,25,409**	6,53,551
Add/(Less): Exceptional Items	**-**	-
Add/(Less): Extraordinary Items (Loss on Sale of Fixed Assets)	**-**	-
Profit Before Tax	**1,25,409**	6,53,551
(Less): Provision for Tax	**(32,293)**	(1,68,290)
Add/(Less):Contingent provision for Standard Assets	**(8,685)**	-
Net Profit/(Loss) after Tax	**84,431**	4,85,261
Income Tax Adjustments of Earlier Years	**-**	-
Surplus balance carried to Balance Sheet	**84,431**	4,85,261
(Less): Transfer to Statutory Reserve	**(16,886)**	(97,052)
Add/(Less): Brought forward from previous year	**(31,55,694)**	(35,43,903)
Balance carried to Balance Sheet	**(30,88,150)**	(31,55,694)

2. Performance

(a) Annual Financial Results

The total income of the Company during the Financial Year 2018-19 on a standalone basis is `. 61,79,444 as compared to ` 67,81,919 in the previous financial year. The total expense for the year under review is ` 60,54,035/- as compared to ` 61,28,368/- in previous year.

(b) Annual Consolidated Financial Results

During the Year under review, the Company does not have any subsidiaries, joint ventures and associate Companies, therefore Consolidated Financial Statement is not required to be presented in the Annual Report 2018-19.

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

As on March 31, 2019, the Company does not have any subsidiaries, joint ventures and associate Companies.

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

- **The names of companies which have become its subsidiaries during the period under review**

None of the Companies have become Subsidiaries during the period under review.

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

Sl. No.	Name of the Company
1.	Curlew Agriculture Ltd.
2.	Curlew Floriculture Ltd.
3.	Curlew Riverview Ltd.
4.	Curlew Sunshine Ltd.
5.	Curlew Highrise Ltd.
6.	Curlew Projects Ltd.
7.	Curlew Seaview Ltd.
8.	Curlew Horticulture Ltd.
9.	Curlew Moonview Ltd.
10.	Curlew Builders Ltd.
11.	Selvan Highrise Ltd.
12.	Selvan Riverview Ltd.
13.	Selvan Seaview Ltd.
14.	Selvan Skyrise Ltd.
15.	Selvan Sunshines Ltd.
16.	Mdue Fashion Ltd.
17.	Mdue infracon Ltd.
18.	Mdue Industries Ltd.
19.	Mdue Retail India Ltd.
20.	Mdue Enterprises Ltd.

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

The Company proposes to transfer ` 16,886 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 ` 4,70,00,000/- divided into 47,00,000 Equity Shares of ` 10 each. The Paid-up Share Capital of the Company is ` 4,22,27,030/- divided into 42,22,703 Equity Shares of ` 10/- each.

6. Listing

The equity shares of the Company listed on The Calcutta Stock Exchange Ltd. and BSE Ltd.

7. Corporate Governance Report

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

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

8. Extract of the Annual Return

The Extract of the Annual Return as on the financial year ended on March 31, 2019, 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-I.***

Further, the Annual Return in Form MGT-7 for the F.Y. ended 31st March, 2019 will be uploaded on the website of the Company i.e. http://www.kwalitycredit.com after the same is filed with the Registrar of Companies.

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: 23/04/2018, 29/05/2018, 15/06/2018, 13/08/2018, 14/11/2018 and 11/02/2019.

Further, one exclusive meeting of the Independent Directors, pursuant to Schedule IV of the Companies Act, 2013 and sub-regulation 3 of Regulation 25 of the of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as “the Listing Regulations”) was held on 18/02/2019.

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 2018-19 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, 2019.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 four (4) times i.e. 29/05/2018, 13/08/2018, 14/11/2018 and 11/02/2019 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 2018-19.

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, 2019.

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, 2019 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.

(f) The Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

14. Declaration by the Independent Directors

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

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

15. Policy on Directors' Appointment & Remuneration

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

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

(a) The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the Company successfully;

(b) The relationship of remuneration to performance is clear and meets appropriate benchmarks; and

(c) The remuneration to Directors, Key Managerial Personnel and senior management involves a balance between fixed and incentive pay, reflecting short and long-term performance objectives appropriate to the working of the Company and its goals.

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

16. Auditors & Auditors' report

(a) Statutory Auditors

Members of the Company at the 22nd Annual General Meeting (AGM) held on 29th September, 2014, approved the appointment of M/s Pachisia & Associates (Firm Registration No. 327542E), Chartered Accountant of 783, Anandpur, Kolkata-700107, as the Statutory Auditor of the Company for a term of five years from the conclusion of the 22nd Annual General Meeting till the Conclusion of the 27th Annual General Meeting to be held in the Calendar year 2019.

Further, the term of five years of M/s Pachisia & Associates (Firm Registration No. 327542E), shall be completed at the ensuing 27th Annual General Meeting. Therefore it is necessary to re-appoint them as Statutory Auditor of the Company for further period of two years, from the conclusion of 27th Annual General Meeting till the conclusion of 29th Annual General Meeting to be held in the Calendar year 2021.

Further M/s Pachisia & Associates., shown their willingness to act as statutory Auditor of the Company for further two years, subject to the approval of members in the ensuing Annual General Meeting.

The Company has received confirmation from M/s Pachisia & Associates 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 it's 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. Amit Jajodia, Company Secretary in Practice (Certificate of Practice Number 14303, Membership No. 37613), Company Secretary in Whole-time Practice, to undertake the Secretarial Audit of the Company for Financial Year 2018-19.

(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. ***In terms of Rule 25A of The Companies (Incorporation) Rules, 2014, every company is required to file e-form INC- 22A Active (Active Company Tagging Identities and Verification). Hence, the Company has not filed said form.***
3. ***BSE has imposed penalty for non compliance of Regulation 6(1) of the SEBI(LODR) Regulations, 2015 pertaining to appointment of Company Secretary.***

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 (Active Company Tagging Identities and Verification) will be filed.

3. The Company will 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 2018-19 on a standalone basis is ` 61,79,444 as compared to ` 67,81,919 in the previous financial year. The total expense for the year under review is ` 60,54,035/- as compared to ` 61,28,368/- in previous year.

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

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

21. 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 18/02/2019, 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.