

# Khoolmat Limited



32<sup>nd</sup> Annual Report 2013-2014

**PROFIT**



**Board of Directors**

Goutam Bose

Nand Kishore Fogla

Mangelal Joshi

Purushottam Khandelwal

Executive Director

Non-Executive Director

Independent Director

Independent Director

**Registered Office**

1, R. N. Mukherjee Road

Mezzanine Floor, Room No. 12

Kolkata-700 001

**Corporate Identification No.**

L23209WB1982PLC034793

**Compliance Officer**

Mr. Rajeev Kr. Ghosh

**Bankers**

ICICI Bank Ltd.

**Auditors****Mukesh Choudhary & Associates**

Chartered Accountants

**Registrar & Share Transfer Agent****ABS Consultants Pvt. Ltd.**99, Stephen House, 6<sup>th</sup> Floor

4, B.B.D. Bag (East), Kolkata-700 001

**Annual General Meeting**Date : 25<sup>th</sup> September, 2014

Time : 10.00 A.M.

Venue : Shyamal Smriti Parishad,  
30, Dr. Nagen Ghosh Road,  
Kolkata-700 031**C O N T E N T S**

Notice

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**Members are requested to bring their copy of Annual Report at the time of Meeting**



## NOTICE

Notice is hereby given that the 32<sup>nd</sup> Annual General Meeting of the members of **Khoobsurat Limited** will be held on Thursday, the 25<sup>th</sup> day of September, 2014 at 10.00 A.M. at Shyamal Smriti Parishad, 30, Dr. Nagen Ghosh Road, Kolkata-700 031 to transact the following businesses as :

### ORDINARY BUSINESS :

1. To receive, consider and adopt the Directors' Report and Audited Statement of Accounts for the year ended 31st March 2014.
2. To appoint Director in place of Mr. Nand Kishore Fogla (DIN : 00465112), who retires by rotation and being eligible offers himself for re-appointment.

### SPECIAL BUSINESS :

3. To consider and thought fit, to pass, with or without modification(s), the following Resolution, as a Special Resolution:

**"RESOLVED THAT** pursuant to the provisions of Section 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 and their corresponding rules and based on the recommendations of the Audit Committee, M/s. Bharat Sarawgee & Co. Chartered Accountants, Kolkata (FRN - 326264E), who have offered themselves for appointment as Auditors to the Company and have confirmed their eligibility in terms of the provisions of Section 141 of the Companies Act, 2013 and Rule 4 of Companies (Audit and Auditors) Rules, 2014, be and are hereby appointed as Statutory Auditors of the Company in place of retiring Auditors M/s. Mukesh Choudhary & Associates, to hold office from the conclusion of the 32nd Annual General Meeting up to the conclusion of the 37th consecutive Annual General Meeting (subject to ratification by the members at every subsequent AGM) at a remuneration as may be decided by the Board of Directors of the Company."

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

**"RESOLVED THAT** Pursuant to the provisions of Section 149 and 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013, Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Mr. Mangelal Joshi (DIN: 02429795) as an Independent Director and in respect of whom the Company has received notice under Section 160 of the Companies Act, 2013, from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company, not liable to retire by rotation, to hold office for a term of 5 (five) consecutive years commencing from 1st April 2014 up to 31st March 2019"

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

**"RESOLVED THAT** Pursuant to the provisions of Section 149 and 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013, Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Mr. Purushottam Khandelwal (DIN: 00319202) as an Independent Director and in respect of whom the Company has received notice under Section 160 of the Companies Act, 2013, from

a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company, not liable to retire by rotation, to hold office for a term of 5 (five) consecutive years commencing from 1st April 2014 up to 31st March 2019."

**Notes :**

1. The Statement pursuant to Section 102 of the Companies Act, 2013 with respect to the Special Business set out in the Notice is annexed.
2. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.
3. Proxies, in order to be effective, must be received at the Registered Office of the Company, not less than 48 hours before the commencement of the Annual General Meeting.
4. The Register of Member and the Share Transfer Books of the Company will remain closed from 18<sup>th</sup> September 2014 to 25<sup>th</sup> September 2014 (both days inclusive).
5. The Register of Directors and key Managerial Personnel and their shareholding, maintained under Section 170 of the Companies Act, 2013 will be available for inspection by the Members at the Annual General Meeting.
6. A detail of Director seeking re-appointment in this Annual General Meeting is attached separately to the notice.
7. Shareholders/Investors are advised to send their queries/complaints through the dedicated e-mail Id [khoobsurat.kolkata@gmail.com](mailto:khoobsurat.kolkata@gmail.com) for quick and prompt redressal of their grievances.
8. The Shares of the Company are mandated by the Securities & Exchange Board of India (SEBI) for trading in dematerialized form by all investors.
9. The identity/signature of Members holding shares in electronic/demat form is liable for verification with the specimen signatures furnished by NSDL/CDSL. Such Members are advised to bring the relevant identity card issued by the competent authorities to the Annual General Meeting.
10. Members desirous of getting any information about the accounts of the Company, are requested to send their queries so as to reach at-least ten days before the meeting at the Registered Office of the Company, so that the information required can be made readily available at the meeting.
11. Members holding shares in the same set of names under different folios are requested to apply for consolidation of such folio along with relevant Share Certificates to M/s ABS Consultants Pvt. Ltd., Registrar and Share Transfer Agents of the Company, at their address given above.
12. Members holding shares in physical form in the same set of names under different folios are requested to apply for consolidation of such folios along with relevant Share Certificates to M/s ABS Consultants Pvt. Ltd., Registrar and Share Transfer Agents of the Company, at their address given above.
13. Pursuant to SEBI Circular, the Shareholders holding shares in physical form are requested to submit self attested copy of PAN at the time of sending their request for share transfer/transmission of name/transposition of name.

14. Members holding shares in physical form and desirous of making a nomination in respect of their shareholdings in the Company, as permitted under Section 72 of the Companies Act, 2013 read with Rule 19 of Companies (Share Capital and Debentures) Rules, 2014, may fill SH-13 and send the same to the office of RTA of the Company. In case of shares held in dematerialized form, the nomination/change in nomination should be lodged with their DPs.
15. The Company is concerned about the environment and utilizes natural resources in a sustainable way. We request you to update your email address with your Depository Participants to enable us to send you're the quarterly reports and other communication via email.
16. Copies of Annual Report 2014 are being sent by electronic mode only to all the members whose email address are registered with the Company's Depository Participant(s) for communication purposes unless any member has requested for a hard copy of the Annual Report. The Members who have not registered their email address, physical copies of Annual Report 2014 are being sent by the permitted mode.
17. The Notice for the 32<sup>nd</sup> AGM and instructions for e-voting, along with Attendance Slip and Proxy Form, is being sent by electronic mode to all members whose email addresses are registered with the Company / Depository Participant(s) unless a member has requested for a hard copy of the same. Members are requested to bring copies of Annual Report to the Annual General Meeting. For members who have not registered their email address, physical copies of aforesaid documents are being sent by the permitted mode.
18. Members can opt for one mode of voting i.e. either by physical ballot or through e-voting. If Members opt for e-voting then do not vote by Physical Ballot or vice-a-versa. However, in case Members cast their vote both by Physical Ballot and e-voting, then voting done through e-voting shall prevail and voting done by Physical Ballot will be treated as invalid.
19. In terms of the provisions of Section 107 of the Companies Act, 2013, since the resolutions as set out in this Notice are being conducted through e-voting or physical Ballot, the said resolutions will not be decided on a show of hands at the AGM. **The voting right of all shareholders shall be in proportion to their share in the paid up equity share capital of the Company as on the cut-off date i.e. August 29, 2014.**
20. In compliance with the provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company is pleased to provide to the members facility to exercise their votes at the 32<sup>nd</sup> AGM by electronic means and the business may be transacted through e-voting as per details below:-
  - a) Date and time of commencement of voting through electronic means: **Wednesday, September 17, 2014 at 9.30 a. m.**
  - b) Date and time of end of voting through electronic means beyond which voting will not be allowed : **Friday, September 19, 2014 at 5.30 p. m.**
  - c) During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date **August 29, 2014**, may cast their vote electronically irrespective of mode of receipt of notice by the shareholder. **The e-voting module shall be disabled by CDSL for voting thereafter.**
  - d) Details of Website: [www.evotingindia.com](http://www.evotingindia.com)

- e) **Details of Scrutinizer:** Mr. Pawan Gattani, Practising Chartered Accountant (Membership No. 144734), 10-11, Third Floor, Esplanade Building, 3, A. K. Naik Marg (Bestian Road), Next to New Empire Cinema, Fort, Mumbai- 400 001. E-mail: [pawan@maheshwariandco.in](mailto:pawan@maheshwariandco.in)
- f) **Once the vote on a resolution is cast by the shareholder, the shareholder shall not be allowed to change/modify the vote subsequently.**

**21. The instructions for Members for e-voting are as under:**

Applicable in all cases whether NOTICE is received by e-mail or in physical form:

- i Log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com) during the voting period
- ii Click on "Shareholders" tab
- iii Now, select Electronic Voting Sequence No. as mentioned in the Attendance Slip along with "KHOOBSURAT LIMITED" from the drop down menu and click on "SUBMIT".
  - a. For CDSL: 16 digits beneficiary ID,
  - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
  - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- iv Next enter the Image Verification as displayed and Click on Login.
- v If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any company, then your existing password is to be used.
- vi If you are a first time user please use the e-Voting particular provided in the Attendance Slip and fill up the same in the appropriate boxes.
- vii After entering these details appropriately, click on "SUBMIT" tab.
- viii. Members holding shares in physical form will then reach directly the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field.

Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- ix For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- x Click on the EVSN for KHOOBSURAT LIMITED on which you choose to vote.
- xi On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.

- xii Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- xiii After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- xiv Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- xv You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.
- xvi If Demat account holder has forgotten the changed password then enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
  - Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) are required to log on to <https://www.evotingindia.com> and register themselves as Corporate.
  - They should submit a scanned copy of the Registration Form bearing the stamp and sign of the entity to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
  - After receiving the login details they have to create a user who would be able to link the account(s) which they wish to vote on.
  - The list of accounts should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
  - They should upload a scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, in PDF format in the system for the scrutinizer to verify the same.

**In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com) under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).**

- 22. In terms of Clause 35B of the Listing Agreement, in order to enable its members, who do not have access to e-voting facility, to send their assent or dissent in writing in respect of the resolutions as set out in this Notice, a Proxy cum Ballot Form is attached. Members desiring to exercise vote by Ballot are requested to carefully read the instructions printed in the form, to complete the Ballot Form with assent (for) or dissent (against) and send it to Mr. Pawan Gattani, Scrutinizer, C/o ABS Consultants Private Limited, Unit: Khoobsurat Limited, 99, Stephen House, 6<sup>th</sup> Floor, 4, B.B.D. Bag (East), Kolkata-700 001, Tel. No: +91 33-2220 1043, Fax No : +91 33- 2243 0153, E-mail : [absconsultant@vsnl.net](mailto:absconsultant@vsnl.net) so as to reach him on or before September 22, 2014 by 5.30 p.m. Any Ballot Form received after the said date shall be treated as if the reply from the Members has not been received.
- 23. In light of the recent judgment of the Bombay High Court, until clarity is available members who have not voted electronically or through ballot, will be permitted to deposit the filled in Ballot Forms, physically at the AGM to enable them to exercise their vote.

24. (i) Members who have registered their e-mail addresses with the depositories or with the Company's RTA are being sent Notice of ballot by e-mail and members who have not registered their e-mail addresses will receive Ballot Form along with the Notice through Courier/Post.
- (ii) Members can request for a Ballot Form at ABS Consultants Private Limited, Unit: Khoobsurat Limited, 99, Stephen House, 6<sup>th</sup> Floor, 4, B.B.D. Bag (East), Kolkata-700 001 or they may also address their request through e-mail to: [absconsultant@vsnl.net](mailto:absconsultant@vsnl.net). Contact no +9133-22201043.
- (iii) In case of voting by physical ballot, the institutional members (i. e. other than individuals, HUF, NRI, etc.) are required to send a copy of the relevant Board Resolution/ Authority Letter etc. together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer along with the Ballot Form so as to reach the Scrutinizer on or before 5.30 p.m. on Monday, September 22, 2014.
- (iv) The Scrutinizer will scrutinize the voting process (both e-voting and voting by physical ballot) in a fair and transparent manner. The Scrutinizer shall within a period not exceeding three (3) working days from the conclusion of the e-voting period unblock the votes in the presence of at least two (2) witnesses not in the employment of the Company and make a Scrutinizer's Report of the votes cast in favor or against, if any, forthwith to the Chairman of the Company. The results shall be declared on or after the AGM of the Company. The results declared along with the Scrutinizer's Report shall be available on the Company's website within two (2) days of passing of the resolution at the AGM of the Company and communicated to the stock exchange.
25. The shareholders can also access the Annual Report 2013-14 of the Company circulated to the Members of the Company and other information about the Company on Company's website, i.e., [www.khoobsuratltd.com](http://www.khoobsuratltd.com) or on Stock Exchange websites, which is [www.bseindia.com](http://www.bseindia.com).
26. Additional Information pursuant to Clause 49 of Listing Agreement with Stock Exchanges in respect of the Directors seeking appointments at the AGM, are furnished and forms a part of Notice. The Directors have furnished the requisite consents / declarations for their appointment.
27. Members/Proxies should bring the attendance slip duly filed in and signed for attending the meeting.
28. Members are requested to quote Folio Number/DP ID & Client ID in their correspondence.
29. The Equity shares of the Company are listed on BSE Limited (BSE), Calcutta Stock Exchange Association Ltd. (CSE), MCX Stock Exchange (MCX SX) and Uttar Pradesh Stock Exchange (UPSE) and Listing Fees for the financial year 2014-2015 have been paid to all the Exchanges.



**Statement pursuant to Section 102 of the Companies Act 2013****ITEM NO. 3**

Mukesh Choudhary & Associates, Chartered Accountants (ICAI Firm Registration No. : 0325258E), were appointed as the Statutory Auditors of the Company at the Annual General Meeting of the Company held on September 30, 2013 to hold office upto the conclusion of this Annual General Meeting.

M/s. Mukesh Choudhary & Associates, Chartered Accountants (ICAI Firm Registration No. : 0325258E), were the Statutory Auditors of the Company up to the next Annual General Meeting and have informed us that they are not willing to re-appoint themselves as Auditors of the Company.

In view of the resignation of existing Auditors of the Company and in compliance with the provisions of Section 139 and all other applicable provisions, if any, of the Companies Act, 2013 and rules framed there under and based on recommendation of the Audit Committee, the Board of Directors at its meeting held on May 27, 2014, recommended the appointment of Bharat D. Sarawgee & Co., Chartered Accountant (ICAI Firm Registration No. : 326264E), as the Statutory Auditors for a term of five years, subject to the approval of Members in upcoming Annual General Meeting, from the conclusion of the 32nd Annual General Meeting up to the conclusion of the 37th consecutive Annual General Meeting of the Company (subject to ratification by the Members at every Annual General Meeting).

Bharat D. Sarawgee & Co., Chartered Accountant have provided their consent, certificates and declarations as required under Section 139 of the Companies Act, 2013 and Companies (Audit and Auditors) Rules, 2014.

The Company has received a declaration from Bharat D. Sarawgee & Co., Chartered Accountant confirming that there are no pending proceedings or orders relating to professional matters of conduct against them before the ICAI or any competent authority or any Court.

The Board of Directors have been authorised to fix the remuneration of M/s. Bharat D. Sarawgee & Co., Chartered Accountant.

None of the Directors and/or Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise, in the resolution set out at Item No. 3.

The Board recommends the resolution set forth in Item No. 3 for the approval of Members as a Special Resolution.

**Item No. 4 & 5**

The Board has appointed Mr. Mangelal Joshi (DIN : 02429795) and Mr. Purushottam Khandelwal (DIN: 00319202) as Independent Directors of the Company pursuant to Clause 49 of the Listing Agreement.

In accordance with Section 149 and 152 read with Schedule IV of the Companies Act, 2013 that have come into effect from 1 April 2014 and subsequent notification by the Ministry of Corporate Affairs vide its General circular no.14/2014 dated 9 June 2014, the Company is required to appoint its Independent Directors, including its existing Independent Directors in accordance with the provisions of the Companies Act, 2013 before 31<sup>st</sup> March 2015. Further, pursuant to the above provisions, the term of such Independent Directors is not liable to determination by rotation.

Accordingly, it is proposed to appoint Mr. Mangelal Joshi and Mr. Purushottam Khandelwal as Independent Directors of the Company in accordance with Section 149 of the Companies Act, 2013, not liable to retire by rotation and to hold office as under:

NAME	NO. OF YEARS	TERM
Mr. Mangelal Joshi	5 Years	Effective from 1st April 2014 to 31st March 2019
Mr. Purushottam Khandelwal	5 Years	Effective from 1st April 2014 to 31st March 2019

These Appointments may be terminated by either party by giving one month notice in writing of such termination or as may be mutually agreed between the parties.

The Company has received from Mr. Mangelal Joshi and Mr. Purushottam Khandelwal –

- Consent in writing to act as Director in Form DIR-2 pursuant to Rule 8 of the Companies (Appointment & Qualification of Directors) Rules, 2014 and;
- Intimation in Form DIR-8 in terms of Companies Appointment & Qualification of Directors) Rules, 2014, to effect that he is not disqualified under sub-section (2) of Section 164 of the Companies Act, 2013.

The Company has also received notices from members along with the deposit of requisite amount under Section 160 of the Act proposing the candidatures of each of the above Director for the office of Directors of the Company.

In the opinion of the Board, Mr. Mangelal Joshi and Mr. Purushottam Khandelwal fulfill the conditions for their appointment as Independent Directors as specified in the Companies Act, 2013 and the Listing Agreement and are independent of the management.

A copy of the draft letter of appointment setting out the terms and conditions of appointment of Mr. Mangelal Joshi and Mr. Purushottam Khandelwal is available for inspection, without any fee, by the members at the Company's registered office during normal hours on working days up to the date of the AGM.

Mr. Mangelal Joshi and Mr. Purushottam Khandelwal are interested in the resolutions set out respectively at Item Nos. 4 & 5 of the Notice with regard to their respective appointment.

The relatives of Mr. Mangelal Joshi and Mr. Purushottam Khandelwal may be deemed to be interested in the resolutions set out respectively at Item Nos. 4 & 5 of the Notice, to the extent of their shareholding interest, if any, in the Company.

Save and except the above, none of the other Directors/Key Managerial Personnel of the Company/their relatives are, in any way, concerned or interested, financially or otherwise, in these resolutions.

The Board recommends the resolutions set forth in the Item Nos. 4 & 5 of the Notice for approval of the members.

**Details of Director seeking Appointment / Re-appointment in the 32<sup>nd</sup> Annual General Meeting on 25<sup>th</sup> September 2014 (in term of Clause 49 of the Listing Agreement)**

<b>Nand Kishore Fogla</b>	
Fathers' Name	Late Shyamlal Fogla
Date of Birth	20th February 1964
Date of Appointment	5th February 2008
Expertise in specific functional areas	Having thorough knowledge of Accounting and Taxation Matters. He is in business of Textile Products since last 20 Years
Years of Experience	26 Years
Qualifications	B. Com.
List of outside Directorship held in other Public Ltd. Cos.	<ol style="list-style-type: none"> <li>1. Jackson Investments Ltd.</li> <li>2. Olympia Tradein Ltd.</li> <li>3. Sidhivinayak Broking Ltd.</li> </ol>
Member of Committee on the Board	Member - Share Transfer Committee & Member – Investor Grievance Committee
Member/Chairman of Committee in other Companies	Jackson Investments Ltd. – Member, Audit Committee
No. of Shares held in own name or in the name of Relatives	Nil

Kolkata, May 27, 2014

By order of the Board  
For KHOOBSURAT LIMITED

**Registered Office :**

1, R. N. Mukherjee Road,  
Mezzanine Floor, Room No. 12,  
Kolkata-700 001.

**GOUTAM BOSE**  
(DIN : 02504803)  
Managing Director

## Directors' Report

To The Members,

Your Directors have pleasure in presenting the 32nd Annual Report of your Company together with the Audited Statements of Accounts for the financial year ended March 31, 2014.

(₹ in Lac)

Financial Results	Year Ended 31.03.2014	Year Ended 31.03.2013
Sales / Revenue for the Year	1471.00	2014.33
Profit before Tax & Extraordinary Items	26.13	71.14
Less : Provision for Taxation (including Differed Tax)	8.07	21.98
Profit after Tax	18.06	49.16
Add : Profit brought forward from Previous Year	126.08	81.93
Profit available for appropriation	144.14	131.08
Transfer to General Reserve	5.00	5.00
Balance carried forward to Next Year	139.14	126.08

### OVERVIEW OF ECONOMY

As per median estimates, based on the Survey of Professional Forecasters conducted by RBI, the Indian economy is likely to post a moderate recovery in 2014-15. GDP growth is estimated to improve to around 5.5% supported by an anticipated pick up in investment activity in view of the part resolution of stalled projects, improved business and consumer confidence and expectation of lower inflation. External demand is expected to improve further during 2014-15 stemming from encouraging growth prospects in Advanced Economies. Tighter global financial and monetary conditions, risks to agricultural growth due to the likelihood of sub-normal monsoons given the impending El Nino weather conditions, possibility of a reversal in capital flows with the interest rate cycle picking up in Advanced Economies represent some of the key downside risks going forward. A stable government at the Centre, greater clarity and certainty in policies and fast track clearances of large projects would go a long way in engendering a much needed boost to investor sentiment and reviving the private investment cycle in particular.

In the face of growing uncertainties in global financial conditions, monetary easing was paused in June 2013. However, there has been significant improvement in the external situation. With acceleration in the growth of exports and decline in imports, the trade deficit for 2013-14 (April-December) has narrowed considerably. Reduction in the trade deficit, complemented by a rise in net invisibles receipts, resulted in significant reduction in the current account deficit (CAD) in the first half (H1) of 2013-14. In response to these developments, and due to steps undertaken to moderate the CAD, the exchange rate, that breached the level of 68 per US\$ in August 2013, recovered to 61.16 per US\$ on October 11, 2013. The exchange rate of the rupee averaged 61.91 per US\$ in December 2013.

The World Bank has projected an economic growth rate of 5.7 per cent in FY15 for India, due to a more competitive exchange rate and several significant investments going forward.

India is the third biggest economy in the world in terms of purchasing power parity (PPP), according to a World Bank report. The country was ranked 10th in the previous survey conducted in 2005.

### **OVERALL PERFORMANCE & OUTLOOK**

The Business environment continues to remain extremely challenging and the recessionary economic conditions leading to slowdown in demand and inflation pushed scale up of input costs left its adverse imprint on overall performance for 2013-2014. Directors are pleased to inform that in spite of difficult times, your Company, based on its intrinsic strength, has somehow maintained its performance. The Company has registered a Gross Sales / Revenue of ₹ 1471.59 Lac for the year in comparison to last years' Sale of ₹ 2014.33 Lac.

The Company is into the Business of Trading in Textile Products, Software Products and deploying the surplus funds in treasury operations.

The outlook for the current year is expected to be challenging mainly due to sluggish economy. However, your Company expects to grow despite the adverse environment due to its commitment to clients of the Company.

### **DIVIDEND**

Due to inadequate profit and with a view to conserve resources to face future challenges, your Directors do not recommends any dividend for the year under review.

### **LISTING OF EQUITY SHARES ON BSE AND MCX-SX**

During the Year, the Equity Shares of the Company have been listed on BSE and on MCX-SX to provide liquidity to its Members to invest in the Equity Shares of the Company or to provide easy exit route vise-a-versa.

### **SUBSIDIARY COMPANY**

The Company does not have subsidiary.

### **MANAGEMENT DISCUSSION & ANALYSIS**

As required by Clause 49 of Listing Agreement, the Management Discussion and Analysis is annexed and forms part of the Directors' Report.

### **MANAGEMENT**

There is no Change in Management of the Company during the year under review.

### **DIRECTORS**

There is no change in composition of Board during the Financial Year under review.

During the year, Mr. Alok Kr. Das, Independent Director of the Company, has resigned from the Board on 7<sup>th</sup> September 2013 due to his personal commitments. Your Directors wish to place on record their appreciation for the guidance and inputs provided by Mr. Alok Kr. Das during his tenure as Director of your Company.

In accordance with the provisions of Act and Articles of Association of your Company Mr. Nand Kishore Fogla, Non-Executive Director of your Company, retires by rotation and is due for election at the ensuing Annual General Meeting. Mr. Nand Kishore Fogla, being eligible, offers himself for re-appointment.



The Board recommends the appointment of Mr. Nand Kishore Fogla pursuant to the applicable provisions of the Act. The resolutions seeking your approval on this item along with the requisite disclosures/explanatory statement are included in the Notice for convening the Annual General Meeting.

Further, none of the Directors of the Company are disqualified under sub-section (2) of Section 164 of the Companies Act, 2013.

### **INDEPENDENT DIRECTORS**

As per provisions of Section 149 of the 2013 Act, independent directors shall hold office for a term up to five consecutive years on the board of a company, but shall be eligible for re-appointment for another term up to five years on passing of a special resolution by the company and disclosure of such appointment in Board's Report. Further Section 152 of the Act provides that the independent directors shall not be liable to retire by rotation in the Annual General Meeting ('AGM') of the Company.

As per Revised Clause 49 of the Listing Agreement (applicable from October 1, 2014), any person who has already served as independent director for five years or more in a company as on October 1, 2014 shall be eligible for appointment, on completion of the present term, for one more term of up to 5 (five) years only.

### **DIRECTORS RESPONSIBILITY STATEMENT**

Pursuant to Section 217 (2AA) of the Companies (Amendment) Act, 2000 the Directors confirm that:

1. In the preparation of the annual accounts, for the year ended 31st March 2014, all the applicable accounting standards prescribed by the Institute of Chartered Accountants of India have been followed;
2. The Directors had adopted such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for the year;
3. The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
4. The Directors had prepared the annual accounts on a going concern basis.

### **STATUTORY INFORMATION**

The Company being basically in the Trading of Textile & Software as well as an Investor in Capital & Money Market, requirements regarding disclosure of particulars of Conservation of Energy and Technology Absorption prescribed by the rule is not applicable to us.

### **INFORMATION TECHNOLOGY**

Your Company believes that in addition to progressive thought, it is imperative to invest in Information Technology to ascertain future exposure and prepare for challenges. In its endeavor to obtain and deliver the best, your Company has entered into alliances/tie-ups with an IT solution Company to harness and tap the latest and the best of technology in the world and deploy/absorb technology wherever feasible, relevant and appropriate.

**RESEARCH & DEVELOPMENT**

The Company believes that technological obsolescence is a reality. Only progressive research and development will help us to measure up to future challenges and opportunities. We invest in and encourage continuous innovation. During the year under review, expenditure on research and development is not significant in relation to the nature size of operations of your Company.

**AUDITORS**

Existing Auditors M/s Mukesh Choudhary & Associates, Chartered Accountants, Kolkata who are retiring in ensuring Annual General Meeting have expressed their un-willingness to re-appoint themselves as Auditors of the Company

In place of existing Auditors, the Audit Committee recommended M/s Bharat D. Sarawgee & Co. (FRN 326264E), Chartered Accountants, Kolkata for appointment to audit the accounts of the Company from the conclusion of the 32nd Annual General Meeting up to the conclusion of the 37th consecutive Annual General Meeting (subject to ratification by the members at every subsequent AGM). As required under the provisions of Section 139 & 142 of the Companies Act, 2013 the Company has obtained written confirmation under Rule 4 of the Companies (Audit and Auditors) Rules, 2014 from M/s. Bharat D. Sarawgee & Co.; that they are eligible for appointment as auditors, and are not disqualified for appointment under the Companies Act, 2013, the Chartered Accountants Act, 1949, or the rules and regulations made there-under.

The proposed appointment is as per the term and within the limits laid down by or under the authority of the Companies Act, 2013 and that there are no proceedings pending against them or any of their partners with respect to professional conduct.

**COMMENTS ON AUDITOR'S REPORT :**

The notes referred to in the Auditor's Report are self explanatory and as such they do not call for any further explanation as required under section 217(3) of the Companies Act, 1956.

**PARTICULARS OF EMPLOYEES**

The information as required by provisions of section 217(2A) of the Companies Act, 1956 read with the companies (Particular of employees) amendments rules, 1975 is reported to be NIL.

**PARTICULARS UNDER SECTION 217(1)(e) OF THE COMPANIES ACT, 1956**

The Company is engaged in the business of Finance Sector and trading in Textile Goods apart from finance and Investment activities, hence the information regarding conservation of energy, Technology Absorption, Adoption and innovation, the information required under section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of particulars in the Report of Board of Directors) Rules 1988, is reported to be NIL.

**FOREIGN EXCHANGE EARNINGS AND OUTGO**

The Company has not earned or used foreign exchange earnings/outgoings during the year under review.

**PUBLIC DEPOSITS**

During the year under review, your Company has not accepted any deposits from the public within the meaning of section 58A of the Companies Act 1956 and the rules there under.

**REPORT ON CORPORATE GOVERNANCE**

The Company conforms to the norms of Corporate Governance as envisaged in the Companies Act, 1956 and the Listing Agreement with the Bombay Stock Exchange Limited. Pursuant to Clause 49 of the Listing Agreement, a Report on the Corporate Governance and the Auditors Certificate on Corporate Governance are annexed to this report.

**APPRECIATION**

Your Directors wish to place on record their appreciation towards the contribution of all the employees of the Company and their gratitude to the Company's valued customers, bankers, vendors and members for their continued support and confidence in the Company.

Kolkata, May 27, 2014

By order of the Board  
**For KHOOBSURAT LIMITED**

**Registered Office :**

1, R. N. Mukherjee Road,  
Mezzanine Floor, Room No. 12,  
Kolkata-700 001.

**GOUTAM BOSE**  
(DIN : 02504803)  
Managing Director

## Management Discussion & Analysis

### MACRO ECONOMIC ENVIRONMENT

The Indian economy witnessed a rather challenging year with GDP growth slowing down to sub-5% for the second year in succession. The slowdown in the pace of growth is largely attributable to weakness in Industry which grew by only 0.7% during the year. as per Advance Estimates released by the Ministry of Statistics and Programme Implementation.

The slowdown manifested in the decline in the growth of Gross Domestic Product (at factor cost at constant 2004-05 prices) from 8.9 per cent in 2010-11 to 6.7 per cent in 2011-12 and 4.5 per cent in 2012-13. With the economy projected to have registered a growth rate of 4.9 per cent in 2013-14, the declining trend in growth seems to have reversed. The growth slowdown in India is broadly in sync with trends in similar emerging economies. The sharp downturn in growth owes to the interface of domestic factors with the global economic environment of uncertainties and slow growth in many advanced economies. The growth of real GDP has generally shown a declining trend since the first quarter (Q1) of 2011-12, and is characterized by a moderation in services growth and a protracted slowdown in industry.

While India remains one of the fastest growing major economies in the world, the slowdown in economic growth in the last 2 years is a cause of concern, being far below the desired levels and the country's potential. Given the low levels of per capita income and the fact that a significant proportion of our population lives in poverty, it is imperative that the economy reverts to its 8% to 9% growth trajectory sooner than later.

The monetary policy stance of the Reserve Bank of India has been driven by the imperatives of keeping inflation in check and supporting growth revival while managing a complex external economic situation. With moderation in overall headline inflation, as per the Wholesale Price Index (WPI), during 2012-13 and during the first two quarters of 2013-14, there was a reduction in the repo rate by 25 basis points in May 2013. Headline WPI inflation averaged 6.16 per cent during 2013-14 (April-December) as compared to 7.56 per cent in the corresponding period of the previous year. Despite easing, the level of inflation is high, especially in terms of consumer price indices.

There was good news on the 'twin deficit' front. As per Revised Budget Estimates, Fiscal Deficit for the year was contained within target at 4.6% of GDP. Such fiscal consolidation was, in large measure, driven by a significant compression in Government expenditure rather than buoyancy in revenue collection given the slowdown in economic activity. The quality of fiscal consolidation leaves room for improvement with further curtailment of non-essential subsidies and better targeting of major subsidies being the key imperatives. The Current Account Deficit recorded significant improvement during the year, narrowing to an estimated 2.0% of GDP as compared to 4.7% in the previous year. Regulatory curbs on gold imports, higher exports on the back of a weak Rupee and import compression aided such improvement. Measures announced by the Ministry of Finance and the RBI during the year to attract capital flows, particularly from non-resident Indians, helped shoring up foreign exchange reserves and arresting the sharp depreciation of the Rupee Vs. the US Dollar witnessed during the period May '13 to August '13, and restoring stability in the currency markets.

On the fiscal front, the slowdown in growth affected tax collections and receipts from disinvestment of Public Sector Undertakings. However, the Government is on track to achieve the fiscal deficit to GDP target envisaged for 2013-14

## REVIEW OF OPERATIONS

The Company's revenue has been declined almost by 27% during the year in comparison to the previous financial year. This was due to continuous increase in Inflation, lack of significant policies by Government, lack of demand by consumers in Textile sector, increase in input cost, bad capital market condition, falling liquidity or liquidity crises in Equity Market, lack of demand in case of software activities, fear of bad loan in Money market etc.

The Company registered a gross income of ₹ 1471.00 Lac as compared to ₹ 2014.33 Lac in previous financial year. PBIT Margin during the year remains ₹ 26.13 Lac in comparison to last years' figure of ₹ 71.14 Lac whereas Net Profit remains at ₹ 18.06 Lac in comparison to last years' figure of ₹ 49.16 Lac.

In term of Segment wise performance, your Company has achieved a Gross Sales of ₹ 325.62 Lac in Textile Segment and Gross Revenue of ₹ 1000.21 Lac in Investment & Financial Services Activities. In term of Net Profit (PBT) for the year, the Company has registered a Net Profit of ₹ 5.74 Lac in Textile Segment and ₹ 20.39 Lac in Investment & Financial Services Activities.

## BUSINESS SEGMENT

During the year, the Company was operating into following Business segments -

- Trading of Grey & Synthetic Fabric
- Investment in Shares & Securities
- Deploying surplus funds into Treasury Operations

## OPPORTUNITIES

### Textile Industry

The Indian textiles industry is set for strong growth, buoyed by strong domestic consumption as well as export demand.

The most significant change in the Indian textiles industry has been the advent of man-made fibres (MMF). India has successfully placed its innovative range of MMF textiles in almost all the countries across the globe. MMF production recorded an increase of 10 per cent and filament yarn production grew by 6 per cent in the month of February 2014. MMF production has been increased by about 4 per cent during the period April 2013–February 2014.

Cotton yarn production was increased by about 10 per cent during April 2013–February 2014. Blended and 100 per cent non-cotton yarn production increased by 6 per cent during February 2014 and by 8 per cent during the period April 2013–February 2014.

Cloth production by mill sector registered a growth of 9 per cent in the month of February 2014 and of 6 per cent during April 2013–February 2014.

Textiles exports stood at US\$ 28.53 billion during April 2013–January 2014 as compared to US\$ 24.90 billion during the corresponding period of the previous year, registering a growth of 14.58 per cent. Garment exports from India is expected to touch US\$ 60 billion over the next three years, with the help of government support, said Dr A Sakthivel, Chairman, Apparel Export Promotion Council (AEPC).

### Financial Activities

The Indian money market is "a market for short-term and Long term funds with maturity ranging from overnight to one year and includes financial instruments that are deemed to be close



substitutes of money. It is diversified and has evolved through many stages, from the conventional platform of treasury bills and call money to commercial paper, certificates of deposit, repos, FRAs and IRS more recently.

The Indian money market consists of diverse sub-markets, each dealing in a particular type of short-term credit. The money market fulfills the borrowing and investment requirements of providers and users of short-term funds, and balances the demand for and supply of short-term funds by providing an equilibrium mechanism.

Despite the recent headwinds India has faced, its fundamentals remain solid. The economy is slowly regaining momentum, with both domestic and external conditions starting to improve. Favorable demographics and recent government reforms are expected to accelerate expansion over the medium term, making India the world's fifth-fastest growing economy by 2015. Recent reforms in support of growth include the raised FDI ceilings for the retail, airline, telecoms, financial and defense sectors. To support future growth, the Government should focus on infrastructure investment and increased efficiency in delivery mechanisms. The monetary policy might remain tight in the near future, triggered by the US Federal Reserve's remarks in May about potentially scaling back its quantitative easing program. Consequently, to support the rupee, the Central Bank has announced a window in which foreign currency non-resident US dollar fund swaps will be allowed, enabling banks to convert US dollar deposits by Indians abroad. India saw tepid GDP growth in 2012, as it grappled with a challenging investment climate. Recently, the economy has been hampered by high fiscal deficit and low investment growth. The Government aims to bring down the fiscal deficit from 4.9% in 2012–13, to 3% by 2016–17.

### **Capital Market Activities**

In Stock Market or Capital Market, the first and foremost thing of strength is its ability to provide high return. SEBI is a regulatory body of Indian stock market which protects the interest of the investors which is an added benefit of Stock Market. Large number of securities which provides medium for investment and thus people can make money by way of investing wisely in Stock Market. Large numbers of Brokers are there in Market who plays a role of facilitator for investment.

### **THREATS & CONCERNS**

Many developing countries including India have reaped handsome rewards from surging capital inflows in recent years. This is widely regarded as a very welcome phenomenon, raising levels of investment and encouraging economic growth. But surging capital inflows can also be something of a double-edged sword, inflicting rather less welcome and destabilizing side effects, including a tendency for the local currency to gain in value, undermining the competitiveness of export industries, and potentially giving rise to inflation. Why inflation? Capital inflows result in a buildup of foreign exchange reserves. As these reserves are used to buy domestic currency, the domestic monetary base expands without a corresponding increase in production: too much money begins to chase too few goods and services.

To ease the threat of currency appreciation or inflation, central banks often attempt what is known as the "sterilization" of capital flows. In a successful sterilization operation, the domestic component of the monetary base (bank reserves plus currency) is reduced to offset the reserve inflow, at least temporarily. In theory, this can be achieved in several ways, such as by encouraging private investment overseas, or allowing foreigners to borrow from the local market. The classical form of sterilization, however, has been through the use of open market operations, that is, selling Treasury bills and other instruments to reduce the domestic component of the monetary base. The

problem is that, in practice, such sterilization can be difficult to execute and sometimes even self-defeating, as an apparently successful operation may raise domestic interest rates and stimulate even greater capital inflows. Unfortunately, many developing countries also lack the tools available to run a classical sterilization policy, or find it simply too costly to do so. This is often the case wherever the financial system is not fully liberalized.

### **RISK MANAGEMENT**

The Company has aligned its policy on risk assessment in line with global approach and risk assessment reports are reviewed on regular intervals. The Company has adopted a focused approach towards risk management in the form of a corporate insurance program which has the goal of optimizing the financing of insurable risks by using a combination of risk retention and risk transfer. The program covers all potential risks relating to business operations of the Company.

The Company's business critical software is operated on a server with regular maintenance and back-up of data. The system's parallel architecture overcomes failures and breakdowns. Reliable and permanently updated tools guard against virus attacks. Updated tools are regularly loaded to ensure a virus free environment.

### **INTERNAL CONTROL SYSTEMS AND ADEQUACY**

The Company has implemented a comprehensive system of internal controls and risk management systems for achieving operational efficiency, optimal utilisation of resources, credible financial reporting and compliance with local laws. These controls are regularly reviewed by both internal and external agencies for its efficiency and effectiveness. Management information and reporting system for key operational activities form part of overall control mechanism.

The Company has retained the services of independent firms of professionals to function as internal auditors and provide reports on various activities covering observations on adequacy of internal controls and their recommendations. Findings of internal audit reports and effectiveness of internal control measures are reviewed by top management and audit committee of the Board. During the year, internal audit team of Company performed audits of major operational areas of the Company and carried out elaborate checks and verification and shared their findings with top management for remediation of minor gaps wherever required.

### **HUMAN RESOURCES**

Human resources development is given high weightage and Company employs the best HR practices to ensure a healthy and motivating work environment for its employees. Employee skills are constantly upgraded and honed by providing training suiting to individual requirements. Besides, in-house lectures and workshops are also conducted on a regular basis to stimulate healthy exchange of ideas.

### **CORPORATE SUSTAINABILITY AND SOCIAL RESPONSIBILITY**

The Company constantly strives to meet and exceed expectations in terms of the quality of its business and services. The Company commits itself to ethical and sustainable operation and development of all business activities according to responsible care and its own code of conduct. Corporate Social Responsibility is an integral part of the Company's philosophy and participates in activities in the area of education and health.

**CAUTIONARY STATEMENT**

Certain statements under “Management Discussion & Analysis” describing the Company's objectives, projections, estimates, expectations or predictions may be forward looking statement within the meaning of applicable securities laws and regulations. Although the expectations are based on reasonable assumptions, the actual results could materially differ from those expressed or implied, since the Company's operations are influenced by many external and internal factors beyond the control of the Company. The Company assumes no responsibility to publicly amend, modify or revise any forward looking statements, on the basis of any subsequent developments, information or events.

**COMPLIANCE**

The Compliance function of the Company is responsible for independently ensuring that operating and business units comply with regulatory and internal guidelines. The Compliance Department of the Company is continued to play a pivotal role in ensuring implementation of compliance functions in accordance with the directives issued by regulators, the Company's Board of Directors and the Company's Compliance Policy. The Audit Committee of the Board reviews the performance of the Compliance Department and the status of compliance with regulatory/internal guidelines on a periodic basis.

New Instructions/Guidelines issued by the regulatory authorities were disseminated across the Company to ensure that the business and functional units operate within the boundaries set by regulators and that compliance risks are suitably monitored and mitigated in course of their activities and processes. New products and process launched during the year were subjected to scrutiny from the Compliance Standpoint and proposals of financial services were screened from risk control prospective.

The Company has complied with all requirements of regulatory authorities. No penalties/strictures were imposed on the Company by stock exchanges or SEBI or any statutory authority on any matter related to capital market during the last three years.

Kolkata, May 27, 2014

By order of the Board  
**For KHOOBSURAT LIMITED**

**Registered Office :**

1, R. N. Mukherjee Road,  
Mezzanine Floor, Room No. 12,  
Kolkata-700 001.

**GOUTAM BOSE**  
(DIN : 02504803)  
Managing Director

## Annexure to the Directors' Report

Pursuant to Clause 49 of the Listing Agreement with the Stock Exchange, Compliance with the requirements of Corporate Governance is set out below :-

### COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

Corporate Governance for the Company means achieving high level of accountability, efficiency, responsibility and fairness in all areas of operation. Our Employees are committed towards the protection of the interest of the Stakeholders viz. Shareholders, creditors, investors, clients etc. Our policies consistently undergo improvements keeping in mind our goal i.e. maximization of value of all the stakeholders.

#### The goal is achieved through –

- Infusion of best expertise in the Board;
- Consistent monitoring and improvement of the human and physical resources;
- Board/Committee meetings at regular intervals to keep the Board informed of the recent happenings.

### GOVERNANCE STRUCTURE

The Corporate Governance Structure at Khoobsurat Ltd. is as under :-

1. **Board of Directors** : The Board is entrusted with the ultimate responsibility of the management, directions and performance of the Company. As its primary role is fiduciary in nature, the Board provides leadership, strategic guidance, objective and independent view to the Company's management while discharging its responsibilities, thus ensuring that the management adheres to ethics, transparency and disclosure.
2. **Committees of the Board** : The Board has constituted the following committees viz. Audit Committee, Share Transfer Committee and Investors' Grievance Committee. Each of said Committee has been managed to operate within a given framework.

### BOARD OF DIRECTORS

#### Composition of Directors

The Board has four members with an executive Chairman. The Independent Directors on the Board are competent and highly respected professionals from their respective fields and have vast experience in general corporate management, finance, taxation and other allied fields which enable them to contribute effectively to the Company in their capacity as members of the Board. The day to day management of the Company is conducted by Executive Directors subject to supervisions and control of the Board.

None of the non-executive directors has any material pecuniary relationships or transactions with the company, its promoters, directors and associates which in their judgment would affect their independence. None of the directors are inter-se related to each other.

The Board of Directors met 6 times on 30<sup>th</sup> May, 14<sup>th</sup> August, 7<sup>th</sup> September and 8<sup>th</sup> November in year 2013 and on 12<sup>th</sup> February and 22<sup>nd</sup> February in the year 2014 during the financial year 2013-2014.

The composition and category of the Board of Directors as at March 31, 2014, the number of other Directorships/Committee memberships held by them and also the attendance of the Directors at the Board meetings of the Company are as under:

Name	Designation	DIN	Date of Joining	Board Meetings Attended	Whether AGM Attended	Committee Membership in other Public Ltd. Cos.	Committee Chairman-ship in other Public Ltd. Cos.	No. of Directorship in other Public Ltd. Cos.
Goutam Bose	Managing Director	02504803	25th March 2010	6	Yes	2	1	1
Nand Kishore Fogla	Non- Executive Director	00465112	5th Feb. 2008	6	Yes	1	2	1
Mangelal Joshi	Independent Director	02429795	10th Dec. 2010	6	Yes	Nil	Nil	Nil
Purushottam Khandelwal	Independent Director	00319202	10th Dec. 2010	6	Yes	1	2	1

\*Chairman of the Board

## AUDIT COMMITTEE

The Audit Committee of the Board consists of three Directors out of which two are independent. The Chairman is an Independent and Non-executive Director. All members of the Audit Committee are financially literate and they have accounting or related financial management expertise.

The primary purpose of the Audit Committee is to assist the Board of Directors (the "Board") of Khoobsurat Limited, (the "Company") in fulfilling its oversight responsibilities with respect to (a) the accounting and financial reporting processes of the Company, including the integrity of the audited financial results and other financial information provided by the Company to its stockholders, the public, any stock exchange and others, (b) the Company's compliances with legal and regulatory requirements, (c) the Company's independent auditors' qualification and independence, (d) the audit of the Company's Financial statements, and the performance of the Company's internal audit function and its Independent Auditors.

### Terms of Reference

The Audit Committee inter alia performs the functions of approving Annual Internal Audit Plan, review of financial reporting System, internal control system, discussion on quarterly, half-yearly and annual financial results, interaction with Statutory & Internal Auditors, one-on-one meeting with Statutory and Internal Auditors, recommendation for the appointment of Statutory and fixing their remuneration, appointment and remuneration of Internal Auditors, Review of Business Risk Management Plan, Management Discussions & Analysis, Review of Internal Audit Reports, significant related party transactions. The Company has framed the Audit Committee Charter for the purpose of effective compliance of Clause 49 of the Listing Agreement. In fulfilling the above role, the Audit Committee has powers to investigate any activity within its terms of reference, to seek information from employees and to obtain outside legal and professional advice.

Additionally, the following terms of reference were issued to the Audit Committee by the Board of Directors:

- to consider and recommend to the Board the investment guidelines for Capital and Money Market operations;
- to review the Annual Budget;
- to take note of the significant decisions taken or important developments considered at the Management
- Committee/Working Board Meetings; and



- e) to carry out any other duties that may be delegated to the Audit Committee by the Board of Directors from time-to-time.

### **Authority and Responsibilities**

The Audit Committee has power to investigate any activity within its terms of reference, call upon any of the Employees of the Company, to obtain outside legal or other professional advice as and when the same is being required and to secure attendance of outsiders with relevant expertise, if it considers necessary.

Following are the Role of Audit Committee –

1. Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
2. Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees.
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
4. Reviewing, with the management, the annual financial statements before submission to the board for approval, with particular reference to:
  - a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (2AA) of section 217 of the Companies Act, 1956
  - b. Changes, if any, in accounting policies and practices and reasons for the same
  - c. Major accounting entries involving estimates based on the exercise of judgment by management
  - d. Significant adjustments made in the financial statements arising out of audit findings
  - e. Compliance with listing and other legal requirements relating to financial statements
  - f. Disclosure of any related party transactions
  - g. Qualifications in the draft audit report.
5. Reviewing, with the management, the quarterly financial statements before submission to the board for approval
6. Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter.
7. Review and monitor the auditor's independence and performance, and effectiveness of audit process;
8. Approval or any subsequent modification of transactions of the company with related parties;
9. Scrutiny of inter-corporate loans and investments;
10. Valuation of undertakings or assets of the company, wherever it is necessary;

11. Evaluation of internal financial controls and risk management systems;
12. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
13. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
14. Discussion with internal auditors of any significant findings and follow up there on;
15. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;
16. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
17. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
18. To review the functioning of the Whistle Blower mechanism;
19. Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate;
20. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

In addition to the above, Audit Committee reviews the followings :

- i Management discussion and analysis of financial condition and results of operations;
- ii Statement of significant related party transactions submitted by management;
- iii Management letters / letters of internal control weaknesses issued by the statutory auditors and qualification in draft audit report;
- iv Internal audit reports relating to internal control weaknesses;
- v The appointment, removal and terms of remuneration of the Chief internal auditor shall be subject to review by the Audit Committee.

The members of Audit Committee have met four times on – 30<sup>th</sup> May, 14<sup>th</sup> August and 8<sup>th</sup> November in year 2013 and on 12<sup>th</sup> February in the year 2014 during the financial year 2013-2014.

Name	Number of Meetings Held	Meetings Attended
Goutam Bose	4	4
Mangelal Joshi*	4	4
Purushottam Khandelwal	4	4

**\*Chairman of Committee**

## REMUNERATION COMMITTEE

Since the Company does not have remuneration Committee (constitution of which is a non-mandatory requirement), the details pertaining to the same are not provided.

**Details of Remuneration paid to Directors**

The payment of salary to Directors was Nil during the financial year 2013-2014.

No Stock option has been allotted to any of the Directors during the financial year 2013-2014.

None of the Independent Directors holds any shares in their name or in the name of their relatives.

**SHARETRANSFERCOMMITTEE**

The Board of Directors has constituted Share Transfer Committee under the Chairmanship of Mr. Nand Kishore Fogla; Executive Director with Independent Directors namely Mr. Mangelal Joshi & Mr. Purushottam Khandelwal.

The members of Share Transfer Committee met 11 times on – 17<sup>th</sup> April, 26<sup>th</sup> July, 16<sup>th</sup> September, 7<sup>th</sup> October and 2<sup>nd</sup> December in year 2013 and on 10<sup>th</sup> January, 27<sup>th</sup> January, 3<sup>rd</sup> February, 12<sup>th</sup> February, 11<sup>th</sup> March and 26<sup>th</sup> March in the year 2014 during the financial year 2013-2014.

Name	Number of Meetings Held	Meetings Attended
Mr. Mangelal Joshi	11	11
Mr. Purushottam Khandelwal	11	11
Mr. Nand Kishore Fogla*	11	11

\*Chairman of Committee

**INVESTORGRIEVANCECOMMITTEE**

The Board of Khoobsurat Limited has constituted a Committee of Directors, which inter-alia also functions as “Shareholders/Investors” Grievance Committee, consisting of three members, chaired by a Non-Executive, Independent Director. The Committee meets once a month and inter-alia, deals with various matter relating to:

- Transfer/transmission/transposition of shares;
- Consolidation/splitting of shares/folios;
- Issue of Share Certificates for lost, sub-divided, consolidated, rematerialize, defaced etc;
- Review of Shares dematerialized and all other related matters; and
- Investors' grievances and redressal mechanism and recommend measures to improve the level of Investor Services.

The Share Department of the Company and the Registrar and Share Transfer Agent, ABS Consultants Pvt. Ltd. attend to all grievances of the shareholders and investors received directly or through SEBI, Stock Exchanges and Registrar of Companies etc.

The Minutes of Shareholders'/Grievances Committee are noted by the Board of Directors at the Board Meetings.

Continuous efforts are made to ensure that grievances are more expeditiously redressed to the complete satisfaction of the investors. Shareholders are requested to furnish their telephone numbers and email addresses to facilitate prompt action.

**COMPLIANCE OFFICER**

The Company has appointed Mr. Rajeev Kr. Ghosh, Company Secretary, as a Compliance Officer within the meaning of Listing Agreement.

### Composition of Committee and Meetings attended

During the year, twelve meetings of the Committee of Directors were held on April 2, May 2, June 4, July 2, August 1, September 3, October 1, November 1 and December 3 in year 2013 and on January 2, February 1 and March 1 in year 2014.

**Brief Details of Names, Position, Category and meeting attended by Members of Committee is as follows:**

Name	Position	Category	Meetings Attended
Mr. Mangal Joshi*	Chairman	Independent, Non-Executive	12
Mr. Nand Kishore Fogla	Member	Non-Independent, Non-Executive	12
Mr. Purushottam Khandelwal	Member	Independent, Non-Executive	12

#### \*Chairman of Committee

### Details of Shareholders' Complaints

At the beginning of year, there was Nil unresolved Complaint and during the year the Company did not receive any compliant from its Members; and thus there was no pending complaint at the end of the financial year.

Further, as required under Clause 47C of the Listing Agreement, a Certificate on half-yearly basis confirming due compliance of share transfer formalities by the Company from Practicing Company Secretary has been submitted to the Stock Exchanges within stipulated time.

The Company has designated email ID under Clause 47(f) of Listing Agreement and the same is [khoobsurat.kolkata@gmail.com](mailto:khoobsurat.kolkata@gmail.com) to lodge Investor complaints. Apart from this, the SEBI has also facilitated Investors to lodge complaints directly on SCORES section on SEBI website for faster addressing and resolutions of Investor Complaints.

### GENERAL BODY MEETINGS

Location & time for the last three Annual General Meetings :

Annual General Meeting	Date & Time	Venue
31st Annual General Meeting	25th September 2013, 10.00 AM	1, R. N. Mukherjee Road Mezzanine Floor, Room No.12, Kolkata-700 001
30th Annual General Meeting	27th September 2013, 11.00 AM	1, R. N. Mukherjee Road Mezzanine Floor, Room No.12, Kolkata-700 001
29th Annual General Meeting	16th September 2013, 11.00 AM	1, R. N. Mukherjee Road Mezzanine Floor, Room No.12, Kolkata-700 001

**SPECIAL RESOLUTION PASSED AT LAST THREE ANNUAL GENERAL MEETINGS:**

No Special Resolutions have been proposed and passed during last three Annual General Meetings.

**PASSING OF RESOLUTION BY POSTAL BALLOT:**

During Financial Year 2012-13 Special Resolution has been proposed and/or passed for increase in Authorized Capital from ₹ 4.45 Crore to ₹ 15.00 Crore. Also a Special Resolution has been passed to approve allotment of Bonus Equity Shares at the ratio of 2 (two) Bonus Equity Shares of ₹ 10/- each credited as fully paid up Equity Shares of every 1 (One) fully paid Equity Shares of ₹ 10/- each held by the members.

At the forthcoming Annual General Meeting, there is no item on the agenda that needs approval by Postal Ballot.

**EXTRA-ORDINARY GENERAL MEETING**

No Extra-Ordinary General Meeting was held by the Company during the financial year ended on 31<sup>st</sup> March 2014.

**BOARD DISCLOSURES****Compliance with Governance Framework**

The Company is in compliance with all mandatory requirements of Clause 49 of Listing Agreement. In addition, the Company has also adopted the non-mandatory requirements of constitution of Remuneration and Nomination Committee and tenure of office of Independent Directors in current financial year 2014-2015.

**Disclosure on materially significant related parties transactions that may have potential conflict of interests of the Company at large**

There are no materially significant related party transactions made by the Company with its Promoters, their subsidiaries, Directors, Senior Management or relatives etc., which may have potential conflict with the interest of the Company at large.

**Disclosure of Accounting Treatment**

In the preparation of financial statements, the Company has followed the Accounting Standards referred to in Section 211(3)(c) of the Companies Act, 1956. The Significant Accounting Policies which are consistently applied are set out in the Notes to the Financial Statements.

**RISK MANAGEMENT**

The Company has a Risk Management Policy which has been adopted by the Board of Directors, currently, the Company's risk management approach comprises of the following :-

- Governance of Risk
- Identification of Risk
- Assessment of Control of Risk

The risks have been prioritized through a companywide exercise. Members of Senior Management have undertaken the ownership and are working on mitigating the same through co-ordination among the various departments, insurance coverage, security policy and personal accident coverage for lives of all employees.

The Company has appointed a Risk Officer and also put in place the risk management framework, which helps to identify various risks cutting across its business lines. The risks are identified and are discussed by the representatives from various functions.



Risk Officer will make a presentation periodically on risk management to the Board of Directors and the Audit Committee. The Board and the Audit Committee provide oversight and review the risk management policy periodically.

### INSIDER TRADING

The Securities and Exchange Board of India (SEBI) has over the years introduced various amendments to the Insider Trading Regulations of 1992 which ordain new action steps by corporate and other market intermediaries for the purposes of prevention of Insider Trading.

Pursuant to the above requirements of SEBI (Prohibition of Insider Trading) Regulations, 1992 as amended, the Company has adopted a 'Code of Conduct' for Prevention of Insider Trading (The Code) with effect from October 1, 2002. The Code is applicable to all Directors and such Designated Employees who are expected to have access to unpublished price sensitive information relating to the Company. The Compliance Officer has been appointed for monitoring adherence to the said Regulations.

### DISCLOSURES

- (a) There are no transactions with related party i.e. with Promoters, Directors, Management, Subsidiaries or Relatives that may have potential conflict of interest with the Company at large.
- (b) There has been no instance of non-compliance by the Company on any matter related to Capital Markets and hence the question of penalties or strictures being imposed on the Company by the Stock Exchange or SEBI or any Statutory Authority does not arise.
- (c) In Compliance with the Securities & Exchange Board of India (Prohibition of Insider Trading Regulations, 1992) as amended till date, on Prohibition of Insider Trading, the Company has a comprehensive Code of Conduct and the same is being strictly adhered to by its management, staff and relevant business associates. The code expressly lays down the guidelines and the procedure to be followed and disclosures to be made, while dealing with shares of the Company and cautioning them on the consequences of non-compliance thereof. However whistle blower policy has not been formed during the year under review. Further, we affirm that no personnel have been denied access to the Audit Committee.
- (d) **Reconciliation of Share Capital** (Previously known as Secretarial Audit) :- A qualified Practicing Company Secretary carried out Secretarial Audit on quarterly basis to reconcile the total admitted capital with Central Depository Services (India) Ltd. (CDSL) and National Securities Depository Ltd. (NSDL) and the total issued and listed capital. The secretarial audit report confirms that the total issued / paid-up capital is in agreement with the total number of shares in physical form and the total number of dematerialized shares held with NSDL and CDSL.

### CODE OF BUSINESS CONDUCT & ETHICS

The Company has adopted Code of Business Conduct and Ethics ("the Code") which is applicable to the Board of Directors and Senior Management Team (one level below the Board of Directors) of the Company. The Board of Directors and the members of Senior Management Team are required to affirm semi-annual compliance of this Code. The Code requires Directors and Employees to act honestly, fairly, ethically and with integrity, conduct themselves in professional, courteous and respectful manner. The Code is displayed on the Company website.

**CONFLICT OF INTEREST**

Each Director informs the Company on an annual basis about the Board and the Committee positions he occupies in other companies including Chairmanships and notifies changes during the year. Members of Board while discharging their duties, avoid conflict of interest in the decision making process. The members of Board restrict themselves from any discussions and voting in transactions that they have concern or interest.

**DISCLOSURES ON NON-MANDATORY REQUIREMENTS**

The Company has adopted/complied with the following non-mandatory requirements as prescribed in Annexure I D to Clause 49 of Listing Agreement with the Stock Exchange :-

- a) None of the Independent Directors on the Board of the Company has served for the tenure of exceeding nine years. The Company has ensured that the person who is being appointed as an Independent Director has the requisite qualifications and experience which would be of use to the Company and which in the opinion of the Company would enable him to contribute effectively to the Company in his capacity as an Independent Director.
- b) There were no other related party transactions of material nature with the promoters, directors, the management or their subsidiaries or relatives during the year that may have potential conflict with the interest of the company at large.
- c) The Company has generally complied with all the requirements of regulatory authorities on Capital Markets.
- d) The Board of Directors of the Company has adopted the Whistle Blower Policy for establishing the mechanism of employees to report to management concerns about unethical behavior, actual or suspected fraud or violation of the company's code of conduct or ethics policy. The Company affirms that no employee has been denied access to the Audit Committee.
- e) The Company follows Accounting Standards issued by Institute of Chartered Accountants of India and during the year under review, there were no qualification in the company's financial statements.
- f) The Company has complied with all mandatory requirement as stated in clause 49 of Listing Agreement and the non-mandatory requirement have been complied with to the extent feasible.
- g) The Company is committed to conducting its Business in conformity with ethical standards and applicable Laws and Regulations. This commitment stands evidenced by model code of conduct adopted by Board of Directors at their meeting which is applicable to each member of the Board of Director and senior management of the Company.

**MEANS OF COMMUNICATIONS**

- The Company regularly provides information to the Stock Exchanges as per the requirements of the listing Agreement.
- The Quarterly/Half Yearly/Nine Months & Annual Results have been submitted to all the Exchanges and published in the leading English Newspapers i.e. Financial Express and in vernacular language Newspaper i.e. dainik lipi.
- Company posts its Quarterly Results/Half Yearly/Nine Months & Annual Results on its website [www.khoobsuratltd.com](http://www.khoobsuratltd.com).

- Official News releases have been posted on its website [www.khoobsuratltd.com](http://www.khoobsuratltd.com).
- No formal representations were made to Institutional Investors or Analysts during the year under review.
- Management Discussion and Analysis forms part of the Annual Report is available on its website [www.khoobsuratltd.com](http://www.khoobsuratltd.com) and also on BSE website [www.bseindia.com](http://www.bseindia.com). Further, Annual Report can be obtained from its Registrar & Share Transfer Agent M/s. ABS Consultants Pvt. Ltd. by way of sending request either in physical or by email on its given address.

## GENERAL SHAREHOLDER INFORMATION

Detailed information in this regard is provided in section "Shareholders Information" which forms part of this Annual Report.

### SHAREHOLDERS' INFORMATION

#### a. Next Annual General Meeting

The information regarding 32<sup>nd</sup> Annual General Meeting for the financial year ended on 31<sup>st</sup> March 2014 is as follows :-

Date : 25<sup>th</sup> September, 2014 (Thursday)  
 Time : 10.00 A.M.  
 Venue : Shyamal Smriti Parishad,  
 30, Dr. Nagen Ghosh Road, Kolkata-700 031

#### b. Financial Calendar : 1st April to 31st March.

#### c. Future Calendar :

Subject Matter	Date
<b>Financial Reporting of 1st Quarter ended on 30th June 2014</b>	<b>Mid of August, 2014</b>
<b>Financial Reporting of 2nd Quarter ended on 30th September 2014</b>	<b>Mid of November, 2014</b>
<b>Financial Reporting of 3rd Quarter ended on 31st December 2014</b>	<b>Mid of February 2015</b>
<b>Financial Reporting of 4th Quarter ended on 31st March 2015</b>	<b>During May 2015</b>
<b>Date of Annual General Meeting</b>	<b>During September 2015</b>

- d. **Date of Book Closure** : September 18, 2014 to September 25, 2014. (Both days inclusive)
- e. **Dividend Payment** : No Dividend has been recommended for the year.
- f. **Dividend History** : The Company has not paid any Dividend during last 10 years.
- g. **Listing of Shares** : BSE Limited (BSE)  
 Calcutta Stock Exchange Association Ltd. (CSE).  
 Uttar Pradesh Stock Exchange (UPSE)  
 MCX Stock Exchange (MSX-SX)

- h. **Custody Charges & Listing Fees** : Annual Custody Charges to NSDL & CDSL and Annual Listing Fees for Financial year 2014-2015 have been paid.
- i. **Stock Code & ISIN Code** : 535730onBSE; 21144onCSE; KHOOBSURAT on MCX-SX  
: INE731Go1019 on both CDSL & NSDL
- j. **Market Price Data** : For the period from July 2013 (since its listing on BSE)

Month	Price on BSE (₹) & Volume			BSE SENSITIVE INDEX	
	High	Low	Volume	High	Low
July 2013	23.10	19.25	1,948	20351.06	19126.82
August 2013	27.70	27.70	27	19569.20	17448.71
September 2013	52.90	33.20	1,452	20739.69	18166.17
October 2013	58.15	119.15	3,022,128	21205.44	19264.72
November 2013	141.20	105.50	1,630,233	21321.53	20137.67
December 2013	193.35	138.40	31,247,028	21483.74	20568.70
January 2014	315.00	181.00	9,753,327	21409.66	20343.78
February 2014	172.00	134.95	10,651,567	21140.51	19963.12
March 2014	215.75	100.40	7,933,951	22467.21	20920.98

k. **Registrar & Share Transfer Agent.**

M/s. ABS Consultants Pvt. Ltd. has been appointed as Registrar & Share Transfer Agent for all work relating to share registry in terms of both physical and electronic mode. All transfer, transmission, request related to correspondence/queries, intimation of change of address etc. should be addressed to our RTA directly at the following Address:

**M/s. ABS Consultants Pvt. Ltd.**

99, Stephen House, 6<sup>th</sup> Floor

4, B.B.D. Bag (East), Kolkata-700 001

Phone - 033-22430153 / 033-22201043, Fax 033-22430153, E-Mail: absconsultant@vsnl.net

l. **Share Transfer Systems**

The Share transfer is processed by the Registrar & Share Transfer Agent, **ABS Consultants Pvt. Ltd.** and approved by Share Transfer Committee, if the documents are complete in all respects, within 21 days from the date of lodgment.

m. **Shareholding Pattern as on 31st March 2014**

Categories	No. of Shares	% of Share Holding
Promoters, Directors & Relatives & Person acting in concert	1228650	9.25
Indian Bank / Mutual Funds	0	0.00
NRI/OCBS	500	0.00
Private Corporate Bodies	6894828	51.90
Indian Public	5160496	38.85
<b>Total .....</b>	<b>13284474</b>	<b>100.00</b>

**n. Distribution of Shareholding as on 31st March 2014.**

No. of Equity Shares	No. of Share Holders	% of Share Holders	Total No. of Shares Held	% of Share Holding
1-500	170	15.40	23479	0.18
501-1000	62	5.62	46576	0.35
1001-2000	186	16.85	310541	2.34
2001-3000	101	9.15	285538	2.15
3001-4000	235	21.29	916052	6.90
4001-5000	93	8.42	451110	3.40
5001-10000	134	12.14	1004402	7.56
10001 and Above	123	11.14	10246776	77.13
<b>Total....</b>	<b>1104</b>	<b>100.00</b>	<b>13284474</b>	<b>100.00</b>

**o. Details of Shareholders holding more than 5% holding under Public Category**

Following persons/entities are holding more than 5% of Paid-up Equity Share Capital of the Company as on 31st March 2014 –

Name of Shareholder	No. of Shares Held	% of Share Holding
Ella Finetex Co. Pvt. Ltd.	10,62,975	8.00%
Global Capital Market & Infrastructures Ltd.	8,65,500	6.52%

**p. Dematerialization of Shares & Liquidity**

The Company's Equity Shares are in Demat trading segment and the Company had established connectivity with both NSDL & CDSL by signing the necessary agreements.

**Procedures for dematerialization / rematerialization of Equity Shares:-**

Shareholders seeking demat / remat of their shares need to approach their Depository Participants (DP) with whom they maintain a demat account. The DP will generate an electronic request and will send the physical share certificates to Registrar and Share Transfer Agents of the Company. Upon receipt of the request and share certificates, the Registrar will verify the same. Upon verification, the Registrar will request NSDL/CDSL to confirm the demat request. The demat account of the respective share holder will be credited with equivalent number of shares. In case of rejection of the request, the same shall be communicated to the shareholder.

In case of remat, upon receipt of the request from the shareholder, the DP generates a request and verification of the same is done by the Registrar. The Registrar then requests NSDL or CDSL to confirm the same. Approval of the Company is being sought and equivalent numbers of shares are issued in physical form to the shareholder. The share certificates are dispatched within 21 days from the date of issue of Shares.

The Shares of Company are traded on BSE & CSE. 72.71% of the Company's Equity Share Capital held under Public category has been dematerialized up to 31st March 2014.

**q. Nomination**

Individual Shareholders holding shares singly or jointly in physical form can nominate a person in whose name the shares shall be transferable in case of death of the registered shareholder(s). Nomination facility in respect of shares held in electronic form is also available with the depository participants as per the bye-laws and business rules applicable to NSDL and CDSL. Nomination form SH-13 ([Pursuant to section 72 of the Companies Act, 2013 and rule 19(1) of the Companies (Share Capital and Debentures) Rules 2014] can be obtained from the Company's Registrar and Share Transfer Agent. It is also available on Public domain.

**r. Electronic Clearing Service**

The Securities and Exchange Board of India (SEBI) has made it mandatory for all companies to use the bank account details furnished by the Depositories for depositing dividends. Dividend will be credited to the Members' bank account through NECS wherever complete core banking details are available with the Company. In case where the core banking details are not available, dividend warrants will be issued to the Members with bank details printed thereon as available in the Company's records. This ensures that the dividend warrants, even if lost or stolen, cannot be used for any purpose other than for depositing the money in the accounts specified on the dividend warrants and ensures safety for the investors. The Company complies with the SEBI requirement.

**s. Service of Documents through Electronic Mode**

As a part of Green Initiatives, the members who wish to receive the notice/documents through e-mail, may kindly intimate their e-mail address to the Company's Registrar and Share Transfer Agent, ABS Consultants Pvt. Ltd. to their dedicated e-mail id i.e., "absconsultant@vsnl.net."

**t. Listing Fees & Annual Custodial Fees**

The Company has paid the Annual Listing Fees for year 2014-2015 to all the Exchanges where shares of Company are listed. Annual Custodial Fees to both the Depositories for the year 2014-2015 have also been paid.

**u. Requirement of PAN Card in case of Transfer of Shares in Physical Form**

Pursuant to SEBI Circular, the shareholders holding shares in physical form are requested to submit self certified copy of PAN at the time of sending their request for share transfer/transmission of name/transposition of name.

**v. For the Attention of Shareholders holding shares in electronic form**

Shareholders holding shares in electronic mode should address all their correspondence to their respective Depository Participants (DPs).

**w. Details on use of Public Funds Obtained in the last three years :**

No Fund has been raised during last three financial years.

**x. Investors Correspondence**

Shareholders can contact the following Officials for secretarial matters of the Company :-

Mr. Rajeev Kr. Ghosh

-

khoobsurat.kolkata@gmail.com

**y. Outstanding GDRs./ADRs/Warrants or any convertible instruments, conversion data likely impact on Equity :**

Not Any.

**z. Code of Conduct**

The Board of Directors of the Company has laid down Code of Conduct for Directors and for Senior Management & Employees. All Board Members and Senior Management have affirmed compliance with the Code of Conduct for the year under review. Declaration to this effect signed by the Wholetime Director & Chief Executive Officer is annexed to this report.

**aa. Green initiatives in Corporate Governance to receive documents through email by registering your email address :**

The Ministry of Corporate Affairs (MCA) has taken a "Green initiative in the Corporate Governance" by providing an opportunity to the shareholders to register their email address with Company and changes therein from time to time.

The Company is sending notices/documents such as Annual Reports and notices by email to the shareholders who have registered their email address with DP/RTA. To support this laudable move of the Government, the members who have not registered their email address, so far, are requested to do so at the earliest, in respect of demat holding, through the respective Depository Participant (DP) and in respect of physical holding, through the Registrar and Share Transfer Agent (RTA) M/s. ABS Consultants Pvt. Ltd.

While every notice/document will be sent through email address registered with the Company/RTA/DP, in case you desire to receive any notice/document in physical form, please intimate by email and the same shall be sent to your address registered with the Company/DP.

We solicit your patronage and support in joining hands with the Company to implement the e-governance initiative.

**bb. Plant Location**

Not Any

**cc. Address for Correspondence**

1, R. N. Mukherjee Road, Mezzanine Floor, Room No. 12, Kolkata-700 001

Tel. : 033 40661067 Fax. : 033 30285807, Email : khoobsurat.kolkata@gmail.com



**Chairman & Managing Director's Declaration on Code of Conduct**

**As required by Clause 49 of Listing Agreement, the CEO's Declaration for Code of Conduct is given below:**

**The Members of Khoobsurat Limited**

- (a) We have reviewed financial statements and the cash flow statement for the year and that to the best of their knowledge and belief, we certify that:
  - (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - (ii) these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (b) There are, to the best of our knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violative of the company's code of conduct.
- (c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- (d) We have indicated to the auditors and the Audit committee
  - (i) significant changes in internal control over financial reporting during the year;
  - (ii) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
  - (iii) instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system over financial reporting.
- (e) We further declare that all Board Members and Senior Managerial Personnel have affirmed compliance with the Code of Conduct for the current Financial Year.

**For KHOOBSURAT LIMITED**

Sd/-

**GOUTAM BOSE**

(DIN : 02504803)

Managing Director

Kolkata, May 27, 2014

**Annexure I**

**Declaration by the Managing Director under Clause 49 of the Listing Agreement**

**The Members of Khoobsurat Limited**

In accordance with Clause 49 sub clause I(D) of the Listing Agreement with the Stock Exchanges, I, **Goutam Bose**, Managing Director of Khoobsurat Limited hereby confirm that all the Members of the Board of Directors and Senior Management Personnel have affirmed compliance with the Code of Conducts.

Sd/-

**GOUTAM BOSE**

(DIN : 02504803)

Managing Director

Kolkata, May 27, 2014

## Secretarial Compliance Report for the Year ended 31<sup>st</sup> March 2014

The Board of Directors,  
**Khoobsurat Limited**  
Kolkata-700 001

We have examined the registers, records, books and papers of M/s. Khoobsurat Limited as required to be maintained under the Companies Act, 1956, (hereinafter referred to as "The Act"), the rules made there under the Act and amended thereto from time to time and includes Companies Act, 2013 as applicable (hereinafter referred to as 2013 Act) and also the provisions contained in the Memorandum of Association and Articles of Association of the Company for the year ended 31st March 2014. In our opinion and to the best of our information and according to the examinations carried out by and explanations furnished to us by the company, its officers and agents, we certify that in respect of the aforesaid financial year -

1. The Company has kept and maintained all registers and records as per Annexure "A" to this certificate, as per the provisions of the Companies Act 1956 (the Act) and the rules made there under and all entries therein have been duly recorded during the year.
2. The Company has filed the forms and return as stated in Annexure "B" to this certificate, with the Registrar of Companies or other authorities within the time prescribed under the Act and the rules made there under.
3. The Company has given proper notice along with the agenda for convening of Board Meeting, Committee Meetings and Annual General Meetings during the year.
4. The proceedings of the Meetings were properly recorded in the Minutes Books during the year.
5. The Board of Directors of the Company is duly constituted during the year.
6. The Company has obtained all the necessary approvals from the Board and Shareholders as required by the Act during the year.
7. The Company has not accepted any Deposit in terms of Section 58A of the Act read with Companies (Acceptance of Deposit) Rules, 1975 during the year.
8. The Company has not paid remuneration to the Executive Director of the Company during the year in terms of section 198, 269, 309 read with Schedule XIII of the Act.
9. The Company has not appointed any sole selling agent in terms of section 294 of the Act during the year.
10. The Company has not advanced any loans to its Directors or persons or firms or Companies referred to under section 295 of the Act during the year.
11. The Company has not entered into any transactions, which falls under section 297 of the Act during the year.
12. The Directors have disclosed their interest in other firms / Companies to the Board of Directors pursuant to the provisions section 184 of the Act.
13. The Company has not appointed any person as a place of profit in terms of section 188 of the Act during the year.
14. The Company has not issued any duplicate share certificate during the financial year.
15. The Company has complied with the provisions of section 186 of the Act.
16. The Company :

- a) Has delivered all the Share Certificates on lodgment thereof for transfer/transmission or any other purpose in accordance with the provisions of the Act;
  - b) Was not required to open separate bank account as no dividend was declared by Company.
  - c) Was not required to post Dividend warrants to members of the Company as no Dividend was declared by the Company.
  - d) Was not required to transfer any amount to Investor Education and Protection Fund.
  - e) Has duly complied with the requirement of section 134 of the Act.
17. The Board of Directors of the Company is duly constituted and there was no appointment of Additional Director/s alternate Director/s and Directors to fill the casual vacancy during the financial year. However, the Company has appointed Additional Director during the year to broad-base Board of Directors of the Company.
18. The Company was not required to obtain approvals of the Central Government, Company Law Board, Regional Director, Registrar or such other authorities as prescribed under the various provisions of the Act.
19. The Company has not issued any Shares, Debentures or other Securities during the financial year.
20. The Company has not bought back any share during the financial year.
21. There was no redemption of preference shares or debentures during the financial year.
22. There were no transactions necessitating the Company to keep in abeyance the rights to dividend, rights shares and bonus shares pending registration of transfer of shares.
23. As per the information and explanation given, the Company has not invited / accepted any deposits including any unsecured loans falling within the purview of Section 15A during the financial year.
24. The Company has not borrowed fund from its Directors, members, public, financial institutions, banks and others during the financial year ending on 31st March 2014.
25. The Company has not altered the provisions of the Memorandum with respect to situation of the Company's Registered Office from one state to another during the year under scrutiny
26. The Company has not altered the provisions of the Memorandum with respect to the objects of the Company during the year under scrutiny.
27. The Company has not altered the provisions of the Memorandum with respect to the name of the Company during the year under scrutiny.
28. The Company has not altered its Memorandum of Association and Articles of Association with respect to the Share Capital of the Company.
29. There was no prosecution initiated against the Company, or Show Cause Notices received by the Company, for offences under the Act.
30. The Company has not received any money as security from its employees during the financial year 2013-2014. Act during the year.

For **G. S. Bhide & Associates**  
Company Secretaries

Place : Mumbai  
Date : May 27, 2014

**Gayatri S. Bhide**  
Proprietor  
C. P. No. 11816

## Annexure A

Name of the Company : Khoobsurat Limited  
 CIN : L23209WB1982PLC034793  
 Financial Year ended : 31<sup>st</sup> March, 2014  
 Register as maintained by the Company :-

## Statutory Registers :

Sl. No.	Section under the Companies Act, 2013	Name of the Register
1.	88	Register of Members
2.	94	Copies of Annual Returns
3.	118	Minutes Books for Board / General Meetings
4.	189	Register of contracts, companies and firms in which directors are interested
5.	170	Register of Directors
6.	170	Register of Directors' Shareholding

## Annexure "B"

Forms and Returns as filed by the Company with the Registrar of Companies, Regional Director, Central Government or other Authorities during the financial year ending on 31st March 2014.

Sr. No.	Form N. / Return	Filed u/s	For	Whether filed within prescribed time Yes / No	If delay in filing whether requisite additional Fees paid Yes/No
1.	Form 23AC and ACA for the Financial Year ended on 31st March 2013	220	Annual Requirement	Yes	N. A.
2.	Form 20B for the Financial Year ended 31st March 2013	159	Annual Requirement	No	Form yet to be filed
3.	Form 32	303(2) and 264(2)	Appointment & Resignation of Directors	Yes	N. A.

b) Forms and Returns filed with Regional Director : Nil

c) Forms and Returns filed with Central Government or other Authorities : Nil

For **G. S. Bhide & Associates**  
 Company Secretaries

Place : Mumbai  
 Date : May 27, 2014

**Gayatri S. Bhide**  
 Proprietor  
 C. P. No. 11816

## Auditors' Certificate on Corporate Governance

To the Members of **Khoobsurat Limited**

We have examined the compliance of the conditions of Corporate Governance by **Khoobsurat Limited** (The Company) for the year ended 31st March 2014 as stipulated in Clause 49 of the Listing Agreement of the said Company with all stock exchanges where the Shares of Company are listed.

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

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Agreement.

We state that no investor grievances are pending for a period exceeding one month against the Company as per the records maintained by the Shareholders/Investors Grievances Committee.

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

For **Mukesh Choudhary & Associates**  
Chartered Accountants  
ICAI Regn No. 325258E

Place : Kolkata  
Date : May 27, 2014

**Ranjit Kr. Modi**  
Partner  
M. No. 062254

## Independent Auditors' Report

To  
The Members of Khoobsurat Limited

### Report on the Financial Statements

We have audited the accompanying financial statements of M/s. Khoobsurat Limited, which comprise the Balance Sheet as at 31st March, 2014, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

The Company's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards notified under the Companies Act, 1956 (the Act) read with the General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013 and in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control 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.

### Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with the ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the 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:

- a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2014;
- b) in the case of the Statement of Profit and Loss, of the profit of the Company for the year ended on that date, and
- c) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

#### **Report on Other Legal and Regulatory Requirements**

- 1. As required by the Companies (Auditor's Report) Order, 2003("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
- 2. As required by Section 227(3) of the Act, we report that:
  - (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - (c) The Balance Sheet, Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - (d) In our opinion, the Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement comply with Accounting Standards notified under the Act read with the General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013.
  - (e) On the basis of the written representations received from the directors as on 31st March, 2014 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2014 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Act.

For **Mukesh Choudhary & Associates**

Chartered Accountants

ICAI Regn No. 325258E

Place : Kolkata

Date : May 27, 2014

**Ranjit Kr. Modi**

Partner

M. No. 062254



## Annexure to the Auditors' Report

Referred to in paragraph 1 of our report of even date

1. The Company has maintained proper records showing full particulars including quantitative details and situations of fixed assets. We are informed that all the fixed assets have been physically verified by the management during the year and no material discrepancies have been noticed on such verification. No disposal of a substantial part of the fixed assets of the Company has taken place during the year.
2. The Stock-in-trade has been physically verified by the management at reasonable intervals during the year. The procedure of physical verification of stock of shares followed by the management is reasonable and adequate in relation to the size of the company and nature of business. The Company is maintaining proper records of inventory. No discrepancies were noticed on physical verification of stock of shares as compared to book records.
3. The Company has not taken any unsecured loan from Companies, firms or other parties listed in the Register Maintained under Section 301 of the Companies Act, 1956 and the Company has not granted any unsecured loans to Companies, firms or other parties listed in the Register Maintained under Section 301 of the Companies Act, 1956. The rate of interest and other terms and conditions on which the unsecured loans was given by the Company, were prima facie not prejudicial to the interests of the Company or its members. The payment of the principal amount and interest was as stipulated.
4. The Company has adequate internal control procedures commensurate with the size of the Company and nature of its business. We have not come across any weaknesses in internal control.
5. The transactions that are required to be entered into the Register in pursuance of Section 301 of the Companies Act 1956 have been so entered.
6. According to the information and explanations given to us, the Company has not accepted any deposits from the public. Hence the provisions of Section 58A and 58AA of the Companies Act, 1956, Companies (Acceptance of Deposits) Rules, 1975 and directives issued by the Reserve Bank of India in this respect, are not applicable.
7. In our opinion and according to the explanation given to us, the Company has adequate internal audit system commensurate with its size and nature of its business.
8. The Company is regular in depositing undisputed statutory dues including provident Fund, Investor Education Protection Fund, Employees State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and other statutory dues with the appropriate authorities. According to the information and explanations given to us, no undisputed amount payable in respect of income tax, wealth tax, service tax, sales tax, custom duty, excise duty and cess were in arrears, as at 31st march, 2014 for a period of more than six months from the date they became payable.

According to the information and explanations given to us, there are no dues outstanding of income tax, wealth tax, service tax, sales tax, custom duty, excise duty and cess on account of dispute.

9. The Company does not have any accumulated losses in the current and immediately preceding Financial Year and has not incurred cash losses in the Current Year as well as in the immediately preceding financial year.
10. The Company is not required to maintain any cost records under section 209(1)(d) of the Companies Act, 1956.
11. The Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
12. Proper records have been maintained of the transactions and contracts and timely entries have been made therein. The shares and securities and other investments are held by the company in its own name.
13. In our opinion and according to the information and explanations given to us, the nature and activities of the company does not attract any special statute applicable to chit fund and nidhi / mutual benefit fund / societies.
14. The Company has not given any guarantee for loans taken by others from Banks or Financial Institutions.
15. The company has not raised any term loans, so the provisions are not applicable to the Company.
16. According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we report that no fund raised on short term basis have been used for long term investments. No long term funds have been used to finance short term requirement
17. During the year, the Company has not issued and allotted any Equity shares to parties and companies covered in the register maintained under section 301 of the Act.
18. The Company has not raised any money during the reporting year through any public issue.
19. No fraud on or by the Company has been noticed or reported during the course of our audit.
20. The other provisions of the Order do not appear to be applicable for the year under report.

For **Mukesh Choudhary & Associates**  
Chartered Accountants  
ICAI Regn No. 325258E

Place : Kolkata

Date : May 27, 2014

**Ranjit Kr. Modi**  
Partner  
M. No. 062254

## BALANCE SHEET AS AT 31st MARCH, 2014

PARTICULARS	Note No.	31.03.2014 ₹	31.03.2013 ₹
<b>EQUITY AND LIABILITIES</b>			
Shareholders' Funds			
a) Share Capital	2.1	132,844,740	132,844,740
b) Reserves & Surplus	2.2	115,770,715	113,965,068
		<u>248,615,455</u>	<u>246,809,808</u>
<b>NON CURRENT LIABILITIES</b>			
Deferred Tax Liabilities (Net)	2.3	287,812	455,770
<b>CURRENT LIABILITIES</b>			
Other Current liabilities	2.4	27,356,959	167,138,502
Short Term Provision	2.5	7,604,836	6,629,434
		<u>35,249,607</u>	<u>174,223,706</u>
<b>TOTAL</b>		<u>283,865,063</u>	<u>421,033,514</u>
<b>ASSETS</b>			
<b>Non-Current assets</b>			
Fixed Assets			
Tangible assets	2.6	1,767,829	2,741,950
Non-Current Investments	2.7	-	32,165,049
<b>CURRENT ASSETS</b>			
Stock-in-trade	2.8	1,313,000	13,069,920
Cash and cash equivalent	2.9	1,465,282	5,069,974
Short term loans and advances	2.10	279,318,952	367,986,621
<b>TOTAL</b>		<u>283,865,063</u>	<u>421,033,514</u>
Significant accounting policies and notes on Accounts	1		

## AS PER OUR REPORT OF EVEN DATE

For Mukesh Choudhary &amp; Associates

Chartered Accountants

Ranjit Kumar Modi

Partner

M. No. 062254

ICAI Regn. No. 325258E

Kolkata, 27th May 2014

## FOR AND ON BEHALF OF THE BOARD

N. K. Fogla

(DIN : 00465112)

Director

Goutam Bose

(DIN: 02504803)

Director

## STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31st MARCH, 2014

PARTICULARS	Note No.	Year Ended 31st March 2014 ₹	Year Ended 31st March 2013 ₹
<b>REVENUE</b>			
REVENUE FROM OPERATIONS	2.11	132,583,400	177,254,641
OTHER INCOME	2.12	14,517,050	24,178,520
<b>TOTAL REVENUES(I+II)</b>		<b>147,100,450</b>	<b>201,433,161</b>
<b>EXPENDITURE</b>			
Changes in Inventories of Stock-In-Trade		11,756,920	(4,316,693)
Cost of Material Purchases	2.13	126,372,091	190,332,904
Employee benefits expense	2.14	3,032,400	2,921,575
Depreciation & amortisation Exps.	2.15	974,122	1,578,357
Other Expenses	2.16	2,351,825	3,803,392
<b>TOTAL EXPENDITURE</b>		<b>144,487,358</b>	<b>194,319,535</b>
<b>PROFIT /(LOSS) BEFORE TAX</b>		<b>2,613,092</b>	<b>7,113,626</b>
Provision for Tax			
Current		975,403	2,382,234
Deferred		(167,958)	(184,125)
		<b>807,444</b>	<b>2,198,109</b>
Profit / (Loss) for the year		<b>1,805,647</b>	<b>4,915,517</b>
Earning per Equity Share - Par Value of ₹10/- Basic & Diluted	2.17	<b>0.14</b>	<b>0.37</b>
Significant Accounting Policies and notes on Accounts-I			

## AS PER OUR REPORT OF EVEN DATE

**For Mukesh Choudhary & Associates**  
Chartered Accountants

**Ranjit Kumar Modi**  
Partner  
M. No. 062254  
ICAI Regn. No. 325258E  
Kolkata, 27th May 2014

## FOR AND ON BEHALF OF THE BOARD

**N. K. Fogla**  
(DIN : 00465112)  
Director

**Goutam Bose**  
(DIN: 02504803)  
Director

## Statement of Cash Flow Annexed to the Balance Sheet as at 31st March, 2014

(In ₹)

	For the Year Ended 31st March 2014	For the Year Ended 31st March 2013
<b>A CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit before Tax & Extraordinary items	2,613,092	7,113,626
Adjustments for:		
Add:		
Depreciation	974,122	1,578,357
Operating Profit before working Capital Changes	3,587,214	8,691,983
Adjustments for Capital Changes:		
Trade and other Receivable	(1,969,452)	9,544,497
Loans & Advances	90,637,121	(23,799,177)
Stock-in-trade	11,756,920	(4,316,693)
Trade Payable & Other Liabilities	(139,781,543)	4,916,631
Cash Generated from Operations	(35,769,741)	(4,962,759)
Income Tax Paid for the Year	-	(2,382,234)
Net Cash From Operating Activities	(35,769,741)	(7,344,993)
<b>B CASH FLOW FROM INVESTING ACTIVITIES</b>		
(Increase)/decrease in Investment	32,165,049	11,300,000
(Increase)/decrease in Fixed Assets	-	-
Net Cash From Investing Activities	32,165,049	11,300,000
<b>C CASH FLOW FROM FINANCING ACTIVITIES</b>		
Miscellaneous Expenditure	-	-
Net Cash From Financing Activities	-	-
Net Increase/(Decrease) in cash and cash Equivalents (A+B+C)	(3,604,692)	3,955,007
Cash & Cash Equivalents (Opening Balance)	5,069,974	1,114,967
Closing Cash & Cash Equivalents (Closing Balance)	1,465,282	5,069,974

## AS PER OUR REPORT OF EVEN DATE ANNEXED

For Mukesh Choudhary &amp; Associates

Chartered Accountants

Ranjit Kumar Modi

Partner

M. No. 062254

ICAI Regn. No. 325258E

Kolkata, 27th May 2014

## FOR AND ON BEHALF OF THE BOARD

N. K. Fogla

(DIN : 00465112)

Director

Goutam Bose

(DIN : 02504803)

Director

## Notes to Financial Statement for the year ended 31st March 2014

### Note 1

#### 1. ACCOUNTING POLICIES & NOTES FORMING PART OF THE ACCOUNTS

##### Significant Accounting Policies General

##### 1.1 Basis of Preparation of Financial Statements

The Financial Statements have been prepared under the historical cost convention and in accordance with the provisions of the Companies Act, 1956. Accounting policies not referred to otherwise are consistent and are in consonance with the generally accepted accounting principles in India.

##### 1.2 Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognized in the period in which the results are known to be materialized.

##### 1.3 Recognition of Income & Expenses

Items of Income and Expenditure are recognized and accounted for on Accrual basis except dividend.

##### 1.4 Method of Valuation

Quoted Inventories/Stock-in-trade has been valued at cost or Market Price whichever is lower. Unquoted Shares are valued at cost.

##### 1.5 Fixed Assets

Fixed Assets are stated at cost net of recoverable taxes, less accumulated depreciation and impairment loss, if any. Depreciation on assets is provided on written down value method as per rates prescribed in Schedule XIV to the Companies Act 1956.

##### 1.6 Depreciation

- a. Depreciation on Fixed Assets is provided to the extent of depreciable amount on written down value (WDV) at the rates specified in schedule XIV of the Companies Act 1956 over their useful life.
- b. Depreciation on additions/ deletions is calculated on pro-rata with respect to date of addition/ deletions.

##### 1.7 Current Assets & Liabilities

In the opinion of the Board, all the assets (there is no Fixed Assets & Non-current Investment) are at least approximately of the value stated in the accounts, if realized in the ordinary course of business, unless otherwise stated. The provisions of all known liabilities are adequate and are not in excess of the amount considerably necessary by the management.

##### 1.8 Provisions, Contingent Liabilities and Contingent Assets

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent liabilities are not recognized but are disclosed in the notes. Contingent assets are neither recognized nor disclosed in the financial statements.

Contingent Liability, if any are disclosed by way of notes.

**1.9 Provision for Gratuity**

Provision for Gratuity is made when there is a reasonable certainty of staff continuing the service for minimum eligible period or has completed such period. However, it has not been made in the accounts for the year as there is no such reasonable certainty of completion.

**1.10 Provision for Taxation**

Provision for Income Tax is made on the basis of estimated taxable income for the period at current rates.

**1.11 Provision for Deferred Tax**

The Company recognizes deferred tax assets and liabilities in terms with Accounting standard 22 issued by the Institute of Chartered Accountants of India on "Accounting for Taxes on Income". Provision for Income Tax is made on the basis of estimated taxable income for the period at current rates. Tax expense comprises both Current Tax and Deferred Tax at the applicable enacted or substantively enacted rates. Current Tax represents the amount of Income Tax payable/ recoverable in respect of taxable income/ loss for the reporting period. Deferred Tax represents the effect of timing difference between taxable income and accounting income for the reporting period that originates in one year and are capable of reversal in one or more subsequent years.

**1.12 Other Notes on Financial Statements**

Figures of previous year has been regrouped / rearranged re-casted whenever necessary.

**1.13 Computation of Basic and Diluted Earnings Per Share (EPS)**

Figures in ₹

Particulars	31st March 2014	31st March 2013
Profit after Tax (Weighted Average)	18,05,647	49,15,517
No. of Equity Shares outstanding during the year (Face Value of ₹ 10/- each)	1,32,84,474	1,32,84,474
Earnings Per Share IN ₹ (Basic & Diluted)	0.14	0.37

**1.14 Related Party Disclosures (AS 18)****Relationship**

- a. Wholly owned Subsidiary - None
- b. Associate Company - None
- c. Company under Common Control of Promoter - None
- d. Key Management Personnel
  - 1. Mr. Nand Kishore Fogla
  - 2. Mr. Goutam Bose

**Transactions**

There have been no related party transactions during the year under review.



**1.15 Segment Reporting (Accounting Standard 17)****Primary Segments**

Based on guiding principle given in the Accounting Standard –17 "Segment Reporting" issued by the "Institute of Chartered Accountants of India" the Company's Segments are -

1. Textile Activities
2. Software Activities
3. Investments & Treasury Operation Activities

The accounting policies adopted or the segment reporting is in line with the accounting policies of the Company with the following additional policies for the segment reporting:

- a) Expenses have been included to the Segments on the basis of their relationships to the Accounting activities of the Segment. Expenses which relate to the enterprises as a whole and are not applicable to the segments on a reasonable basis have been included under "Unallocated Expenses".
- b) Segment assets include all operating assets used by a segment and consist principally of debtors, stocks, loans & advances.
- c) Segment liabilities consist principally of creditors.

**Information about Segment Business****₹ in Thousand**

Particulars	Textile Activities		Software Activities		Investments & Financial Activities		Total	Total
	2013-2014	2012-2013	2013-2014	2012-2013	2013-2014	2012-2013	2013-2014	2012-2013
Segment Revenue	32562	39298	-	6694	100021	10096	132583	56088
Un-allocated Revenue	14517	0			0	0	14517	0
Total Revenue	47079	39298	-	6694	100021	10096	147100	56088
Segment Result	574	1225		4097	2039	1793	2613	7115
Un-allocated Expenses	0	0			0	0	0	0
Net Profit	574	1225			2039	1793	2613	7115
Segment Assets	102000	287963		12305	3627	80896	105627	381164
Common Assets					178238	39870	178238	39870
Total Assets	102000	287963		12305	181865	120766	283865	421034
Segment Liabilities	0	128796		1658	10011	39483	10011	169937
Common Liabilities	0	0		0	24950	3831	24950	3831
<b>Total Liabilities</b>	<b>0</b>	<b>128796</b>		<b>10647</b>	<b>34961</b>	<b>43314</b>	<b>34961</b>	<b>173768</b>

**1.16 Additional Information**

Pursuant to the provision of Paragraph "5" of part II of Schedule VI to the Companies Act, 1956

a.	Details of items of Exceptional and Extra Ordinary Nature	Nil
b.	Prior period Items	Nil
c.	Aggregate of the amounts set aside or proposed to be set aside to Reserves or Provisions or withdrawn from such Reserves or Provisions	Nil
d.	Value of Imports on C.I.F. basis, Expenditure in Foreign Currency on account of Royalty, Know How, Fees, Interest and other matters and remittance on account of dividend in Foreign currency	Nil
e.	Earning in Foreign Exchange on Export, Royalty, Know-how, Fees, Interest, Dividend or others	Nil

For **Mukesh Choudhary & Associates**  
Chartered Accountants  
ICAI Regn No. 325258E

Place : Kolkata  
Date : May 27, 2014

**Ranjit Kumar Modi**  
Partner  
M. No. 062254

## Notes forming part of the Financial Statements for the year ended March 31, 2014

### 2.1 SHARE CAPITAL

Particulars	As at 31.03.2014 ₹	As at 31.03.2013 ₹
<b>Authorised</b> 1,50,00,000 equity shares of Rs. 10/- each (last year: 1,50,00,000 Equity Shares)	150,000,000	150,000,000
<b>Issued, subscribed and paid-up capital</b> 1,32,84,474 equity shares of Rs. 10/- each fully paid-up (last year: 1,32,84,474 Equity Shares)	132,844,740	132,844,740
<b>Notes:</b> number of Equity Shares held is as given below:		
<b>Name of the shareholder</b>		
Ella Fintex Pvt Ltd	1,062,975 8.00%	1,062,975 8.00%
Global Capital Market & Infrastructures Ltd	865,500 6.52%	865,500 6.52%
The Company has only one class of shares referred to as equity shares having a par value of ₹10/- each		

### 2.2 RESERVES AND SURPLUS

Particulars	As at 31.03.2014 ₹	As at 31.03.2013 ₹
<b>Special Reserve</b>		
Balance at the beginning of the year	2,000,000	1,500,000
Add: Transfer from Surplus	500,000	500,000
	2,500,000	2,000,000
<b>General Reserve</b>		
Balance at the beginning of the year	99,356,857	187,920,017
Less: utilized towards allotment of bonus shares	-	88,563,160
	99,356,857	99,356,857
	101,856,857	101,356,857
<b>Surplus</b>		
Opening balance	12,608,211	8,192,694
Add: Net profit for the current year	1,805,647	4,915,517
	14,413,858	13,108,211
<b>Amount available for appropriation</b>		
Appropriations:	-	-
Transfer to Special Reserve	500,000	500,000
Closing Balance	13,913,858	12,608,211
<b>TOTAL</b>	<b>115,770,715</b>	<b>113,965,068</b>

Notes forming part of the Financial Statements for the year  
ended March 31, 2014 (contd.)

Particulars	As at 31.03.2014 ₹	As at 31.03.2013 ₹
Note 2.3		
<b>Deferred Tax Liabilities(Net)</b>	<b>287,213</b>	455,770
	<b>287,213</b>	455,770
NOTE 2.4		
<b>OTHER CURRENT LIABILITIES</b>		
Trade Payable	26,944,635	166,583,632
Other Current Liabilities	412,324	554,870
	<b>27,356,959</b>	167,138,502
NOTE 2.5		
<b>SHORT TERM PROVISION</b>		
Provision for Taxation (net)	7,604,836	6,629,434
	<b>7,604,836</b>	6,629,434

## Notes forming part of the Financial Statements for the year ended March 31, 2014

## 2.6. TANGIBLE ASSETS

Tangible Assets	GROSS BLOCK(AT COST)			DEPRECIATION			NET BLOCK	
	As on 01-04-2013 Rs.	Additions during the year Rs.	Sales/ Adjustment Rs.	As on 01-04-2013 Rs.	For the Year Rs.	On Sales Adjustment Rs.	As on 31-03-2014 Rs.	As on 31-03-2013 Rs.
1 Computer & Accessories	8,999,021	-	-	6,817,155	872,746	-	1,309,120	2,181,866
2 Furnitures	834,999	-	-	274,914	101,375	-	458,710	560,085
<b>TOTAL</b>	<b>9,834,020</b>	<b>-</b>	<b>-</b>	<b>7,092,069</b>	<b>974,122</b>	<b>-</b>	<b>1,767,829</b>	<b>2,741,951</b>
<b>Previous Year</b>	9,834,020	-	-	5,513,713	1,578,357	-	2,741,950	4,320,307

**Notes forming part of the Financial Statements for the year ended March 31, 2014 (contd.)**

Particulars	As on 31.03.2014		As on 31.03.2013	
	No. of Shares	Value Amount	No. of Shares	Value Amount
NOTE 2.7 <b>Non-current Investments</b> Long term at cost, unless otherwise specified Non-Trade <b>Investment in Equity Instruments (Fully paid up)</b> Tuni Textile Mills Limited	-	-	1,515,810	32,165,049
<b>TOTAL</b>	-	-	1,515,810	32,165,049

Market Value of Quoted Investment as on 31st March 2014 is ₹ 307.71 Lac

Name of the Scrips	Closing Stock As at 31.03.2014		Closing Stock As at 31.03.2013	
	Qty.	Value ₹	Qty.	Value ₹
NOTE 2.8 <b>DETAIL OF VALUES OF CLOSING STOCK</b> EASUN CAPITAL MARKETS LIMITED	29,000	203,000	29,000	203,000
GLOBAL CAPITAL MARKET & INFRA. LTD.	-	-	101,580	11,956,920
GCM CAPITAL ADVISORS LTD.	10,000	200,000	-	-
BLUE CIRCLE LTD	100,000	910,000	100,000	910,000
<b>TOTAL</b>	139,000	1,313,000	230,580	13,069,920
Market Value of Quoted Inventory		1,477,000		13,069,920

Particulars	As at 31.03.2014 ₹	As at 31.03.2013 ₹
NOTE 2.9 <b>CASH AND CASH EQUIVALENT</b> Cash in hand	92,423	360,893
Balances with Scheduled Banks:	1,372,859	4,709,081
<b>TOTAL</b>	1,465,282	5,069,974

**Notes forming part of the Financial Statements for the year ended March 31, 2014 (contd.)**

Particulars	As at 31.03.2014 ₹	As at 31.03.2013 ₹
Note 2.10 <b>SHORT TERM LOANS &amp; ADVANCES</b>		
Short term Loans & Advances	-	-
Trade Receivable	4,314,109	2,344,657
	4,314,109	2,344,657
<b>UNSECURED, CONSIDERED GOOD</b>		
Other Loans & Advances		
Unsecured Loans considered good(Temporary Business Accomodation)	154,392,468	287,358,488
Unsecured advances considered good	120,612,375	78,283,476
	275,004,843	365,641,964
<b>TOTAL LOANS AND ADVANCES</b>	279,318,952	367,986,621
Note 2.11 <b>REVENUE FROM OPERATION</b>		
TEXTILE BUSINESS	32,562,470	39,298,126
SOFTWARE BUSINESS	-	6,693,840
SALE OF SHARES	100,020,930	131,262,675
	132,583,400	177,254,641
Note 2.12 <b>OTHER INCOME</b>		
Interest on Loan	14,517,050	24,178,520
	14,517,050	24,178,520
Note 2.13 <b>Cost of Material Purchases</b>		
Textile	31,988,076	38,073,437
Shares	94,384,015	149,662,263
Software	-	2,597,204
	126,372,091	190,332,904
Note 2.14 <b>EMPLOYEES BENEFIT EXPENSES</b>		
Salary, Bonus & Allowance	2,855,000	2,730,850
Staff Welfare	177,400	190,725
	3,032,400	2,921,575
The Payment of Gratuity Act, 1972 is not applicable to the Company as the no. of employees of the company is below the threshold minimum. Therefore, the company has no liability on account of retirement benefits in lieu of Accounting Standard 15 (Revised) on Employees Benefit.		



**Notes forming part of the Financial Statements for the year ended March 31, 2014 (contd.)**

Particulars	As at 31.03.2014 ₹	As at 31.03.2013 ₹
<b>Note 2.15</b>		
<b>DEPRECIATION AND AMORTISATION</b>		
Depreciation	974,122	1,578,357
	974,122	1,578,357
<b>Note 2.16</b>		
<b>OTHER EXPENSES</b>		
Advertisement	33,477	37,197
<b>Auditors Remuneration -</b>		
Statutory Audit Fees	5,000	5,000
Other Services	5,000	5,000
Bank Charges	15,774	2,817
Depository & Registrar charges	182,583	140,451
Director's Meeting Fees	30,000	30,000
Filing Fees	11,000	532,750
General Charges	370,225	716,035
Interest on Service Tax	-	50,132
Service Tax Paid	12,360	-
Listing Fees	259,819	148,587
Miscellaneous Charges	384,074	802,880
Rent Expenses	-	140,000
Postage & Courier charges	110,379	184,265
Printing & Stationaries	227,474	305,728
Professional & Advisory Charges	100,000	-
Repairs & Maintenance	99,661	153,800
Telephone & Mobile charges	81,133	97,500
Transport Charges	41,000	42,000
Travelling & Conveyance Expenses	382,866	409,250
	2,351,825	3,803,392
<b>Note 2.17</b>		
<b>Computation of Basic and Diluted Earning per Share</b>		
<b>Earnings:</b> Profit after tax (₹)	1,805,647	4,915,517
Weighted Average	13,284,474	13,284,474
No. of Equity Share Outstanding during the year (Face Value of ₹10/- each)		
Earning Per Share - Basic & Diluted	0.14	0.37

# Khoobsurat Limited

CIN : L23209WB1982PLC034793

Regd. Office : 1, R. N. Mukherjee Road, Mezzanine Floor, Room No. 12, Kolkata-700 001

Email : khoobsurat.kolkata@gmail.com; Website : www.khoobsuratltd.com

## Form No. MGT - 11, PROXY FORM / BALLOT FORM

(Pursuant to the section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration), 2014)

Name of the Member \_\_\_\_\_

Registered Address \_\_\_\_\_

Folio No. / DP/Client ID \_\_\_\_\_

I/We being the members of \_\_\_\_\_ Shares of Khoobsurat Limited, hereby appoint -

1. \_\_\_\_\_ having email Id \_\_\_\_\_ Signature \_\_\_\_\_ or failing him

2. \_\_\_\_\_ having email Id \_\_\_\_\_ Signature \_\_\_\_\_ or failing him

3. \_\_\_\_\_ having email Id \_\_\_\_\_ Signature \_\_\_\_\_

As my/our Proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 32nd Annual General Meeting of the Company, to be held on Thursday, 25th September 2014 at 10.00 AM and at any adjournment thereof in respect of such resolution(s) as are indicated below :

Ordinary Business :		For	Against
1.	Adoption of Financial Statements for the year ended March 31, 2014		
2.	Retirement of Mr. Nand Kishore Fogla, Director, by rotation, eligible for re-appointment		
Special Business :			
3.	Appointment of M/s. Bharat D. Sarawgee, Chartered Accountants, as Statutory Auditors and to fix their remuneration.		
4.	Appointment of Mr. Mangal Joshi as Independent Director for a term of 5 Years.		
5.	Appointment of Mr. Purushottam Khandelwal as Independent Director for a term of 5 Years.		

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2014

Signature of Shareholder \_\_\_\_\_ Signature of Proxy \_\_\_\_\_

Affix  
Revenue  
Stamp  
₹ 1/-



# Khoobsurat Limited

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Email : khoobsurat.kolkata@gmail.com; Website : www.khoobsuratltd.com

## ATTENDANCE SLIP

Registered Folio No./DP ID/Client Id \_\_\_\_\_

Name & Address of Share Holder \_\_\_\_\_

I/We hereby record my/our presence at the 32nd Annual General Meeting of the Company at Shyamal Smriti Parishad, 30, Dr. Nagen Ghosh Road, Kolkata-700 031 on Thursday, 25th September 2014 at 10.00 A.M.

Members' Folio/DPID/Client Id

Member/Proxy's Name in Capital

Member/Proxy's Signature

Please complete the Folio/DP Id/Client Id and Name, sign this Attendance Slip and hand it over at the Attendance verification counter at the Entrance of the Meeting Place.







## BOOK-POST



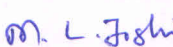

*If undelivered, please return to :*

**Khoobsurat Limited**

1, R. N. Mukherjee Road, Mezzanine Floor, Room No.12, Kolkata-700 001

## Form A

**As per the Format of covering letter of the annual audit report to be filed with the stock Exchanges  
(Pursuant to Clause 31(a) of the Listing Agreement)**

1.	- Name of the Company:	Khoobsurat Limited
2.	- Annual financial statements for the year ended	31 <sup>st</sup> March, 2014
3.	- Type of Audit observation	No Qualification of matter of emphasis has been included in the Audit Report
4.	- Frequency of observation	Not Applicable in view of Comments in (3) above
5.	- To be signed by-	
	- Managing director – Shri Goutam Bose	
	- CFO – Goutam Bose	
	- Audit committee chairman – Shri Mangelal Joshi	
	- Auditor of the company – Mukesh Choudhary & Associates - Mr. Ranjit Kumar Modi	<p>Refer our Audit Report dated May 27, 2014 on the Standalone Financial Statements of the Company</p> <p>For Mukesh Choudhary &amp; Associates. Chartered Accountants FRN : 325258E</p> <p></p> <p>CA Ranjit Kumar Modi Partner Membership No. 062254</p> <p>Place : Kolkata Date : May 27, 2014</p>