

**35TH
ANNUAL REPORT
2016 - 2017**

KHUBSURAT LIMITED

Khoobsurat Limited

BOARD OF DIRECTORS

Goutam Bose	Managing Director
Mangal Joshi	Independent Director
Raj Kumar Chhakra	Independent Director
Puspa Devi Saraswat	Independent Director

REGISTERED OFFICE

7-A, Bentinck Street, 3rd Floor
Kolkata-700 001

CORPORATE IDENTIFICATION NO.

L23209WB1982PLC034793

COMPANY SECRETARY & COMPLIANCE OFFICER

Ms. Rajni Dokania

BANKERS

ICICI Bank Ltd.
Yes Bank Ltd.
Indian Overseas Bank

AUDITORS

Bharat D. Sarawgee & Co.
Chartered Accountants, Kolkata

REGISTRAR & SHARE TRANSFER AGENT

ABS Consultants Pvt. Ltd.
99, Stephen House, 6th Floor
4, B.B.D. Bag (East)
Kolkata-700 001

ANNUAL GENERAL MEETING

Date : 21st September, 2017
Time : 10.00 A.M.
Venue : Shyamal Smriti Parishad,
30, Dr. Nagen Ghosh Road
Kolkata-700 031

35th ANNUAL REPORT 2016 - 2017

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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 35th Annual General Meeting of the members of Khoobsurat Limited will be held on Thursday, the 21st day of September, 2017 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 2017.
2. To consider and if thought fit, to pass, with or without modification(s), the following Resolution, as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Section 139 read with the Companies (Audit and Auditor) Rules, 2014, 142, 143 and other applicable provisions, if any, of the Companies Act, 2013 as amended from time to time or any other law for the time being in force (including any statutory modification or amendment thereto or re-enactment thereof for the time being in force), and based on the recommendations of the Audit Committee, M/s. K. Ray & Co., Chartered Accountants, Kolkata (FRN - 312142E), 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 and to hold office from the conclusion of the 35th Annual General Meeting up to the conclusion of the 40th consecutive Annual General Meeting (subject to ratification by the members at every subsequent AGM) at a remuneration as may be mutually agreed upon between the Board of Directors of the Company and the Auditors."

SPECIAL BUSINESS :

3. 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 Sections 2 (54), 196, 197, 203 read with Schedule V to the Act, and all other applicable provisions, if any, of the Companies Act, 2013 (the Act) the Company hereby approves appointment of Mr. Goutam Bose (DIN : 02504803) as Chairman & Managing Director of the Company, for a period of 5 years commencing from 30th September 2017 up to 29th September 2022 upon the terms and conditions as set out in the Explanatory Statement and the Agreement submitted to this meeting, which Agreement is hereby specifically sanctioned with liberty to the Board of Directors (hereinafter referred to as "the Board" which term shall deemed to include any Committee of Directors for the time being authorized by the Board of Directors) to alter and vary the terms and conditions of the said appointment and/or Agreement in such manner as may be agreed to between the Board and Mr. Goutam Bose."

"RESOLVED FURTHER THAT the Board be and is hereby authorized to do all such acts, deeds and things as may be necessary to give effect to this resolution."

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/HERSELF AND A PROXY NEED NOT BE

A MEMBER OF THE COMPANY. The instrument of Proxy, in order to be effective, must be received at the Company's Registered Office not less than forty-eight hours before the Meeting.

Pursuant to Section 105 of Companies Act, 2013, a person can act as a proxy on behalf of the members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than ten percent of the total Share capital of those carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any person or shareholder.

3. The Register of Member and the Share Transfer Books of the Company will remain closed from 15th September 2017 to 21st September 2017 (both days inclusive).
4. 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.
5. A detail of Director seeking re-appointment in this Annual General Meeting is attached separately to the notice.
6. Corporate Members intending to send their authorized representatives to attend the meeting pursuant to Section 113 of Companies Act, 2013 are requested to send to the Company a certified copy of relevant Board Resolution together with their respective specimen signatures authorizing their representative(s) to attend and vote on their behalf at the meeting.
7. Relevant documents referred to in the accompanying Notice and in the Explanatory Statements are open for inspection by the Members at the Company's Registered Office on all working days (except Saturdays, Sundays and Public Holidays) between 11.00 A.M. to 1.00 P.M. up to the date of this Annual General Meeting.
8. Shareholders/Investors are advised to send their queries/complaints through the dedicated e-mail Id khoobsurat.kolkata@gmail.com for quick and prompt redressal of their grievances.
9. The Shares of the Company are mandated by the Securities & Exchange Board of India (SEBI) for trading in dematerialized form by all investors.
10. 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.
12. 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.
12. 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.
13. Members are requested to intimate change in their address immediately to ABS Consultants Pvt. Ltd., the Company's Registrar and Share Transfer Agents, at their office at 99, Stephen House, 6th Floor, 4, B.B.D. Bag (East), Kolkata-700 001.
14. 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.

15. The Securities and Exchange Board of India (SEBI) vide Circular ref. No. MRD/DOP/CIR- 05/2007 dated April 27, 2007 made PAN mandatory for all securities market transactions and off market/private transaction involving transfer of shares in physical form of listed Companies, it shall be mandatory for the transferee (s) to furnish copy of PAN Card to the Company/RTAs for the registration of such transfer of shares.

SEBI further clarified that it shall be mandatory to furnish a copy of PAN in the following cases:

- a) Deletion of name of the deceased shareholder (s), where the shares are held in the name of two / more shareholders.
- b) Transmission of shares to the legal heir(s), where deceased shareholder was the sole holder of shares.
- c) Transposition of shares – when there is a change in the order of names in which physical shares are held jointly in the name of two or more shareholders.

16. 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.

17. 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 the quarterly reports and other communication via email.

18. Copies of Annual Report 2017 are being sent by electronic mode only to those 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 2017 are being sent by the permitted mode.

19. The Notice for the 35th 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.

20. Members may also note that the Notice of the 35th AGM and the Annual Report for 2016- 2017 will also be available on the Company's website www.khoobsuratltd.com for their download. The physical copies of the aforesaid documents will also be available at the Company's Registered Office for inspection during all working days (except Saturday, Sunday and public holidays) between 11.00 AM to 1.00 PM up to the date of this AGM. Even after registering for e-communication, members are entitled to receive such in physical form, upon making a request for the same by post or email. For any communication, the Shareholders may also send requests to the Company's email id : khoobsurat.kolkata@gmail.com

21. A route map showing directions to reach the venue of the 35th Annual General Meeting is given at the end of the Report.

22. 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.

23. 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. September 14, 2017.
24. 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. Sumit Verma, Scrutinizer, C/o ABS Consultants Private Limited, Unit: Khoobsurat Limited, 99, Stephen House, 6th Floor, 4, B.B.D. Bag (East), Kolkata-700 001, Tel. No: +91 33-2230 1043, Fax No: +91 33- 2243 0153, E-mail : absconsultant@vsnl.net so as to reach him on or before September 19, 2017 by 5.00 p.m. Any Ballot Form received after the said date shall be treated as invalid.
25. In compliance with the provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended from time to time, the Company is pleased to provide to the members facility of "remote e-voting" (e- voting from place other than venue of the AGM) to exercise their votes at the 35th AGM by electronic means and the business may be transacted through e-voting services rendered by Central Depository Services (India) Limited (CDSL).
26. The facility of voting, either through electronic voting system or through ballot/polling paper shall also be made available at the venue of the 35th AGM. The Members attending the AGM, who have not casted their vote through remote e-voting, shall be able to exercise their voting rights at the AGM. The Members who have already casted their vote through remote e-voting may attend the AGM but shall not be entitled to cast their vote again at the AGM.
27. The results declared along with the Scrutinizer's Report shall be placed on the Company's website www.khoobsuratltd.com within two days of the passing of the Resolutions at the Annual General Meeting of the Company and will also be communicated to BSE Limited and Calcutta Stock Exchange Association Ltd., where the shares of the Company are listed.
28. Members/Proxies should bring the attendance slip duly filed in and signed for attending the meeting.
29. The details for voting electronically are as under -
 - a) Date and time of commencement of voting through electronic means: Monday, September 18, 2017 at 9.00 a. m.
 - b) Date and time of end of voting through electronic means beyond which voting will not be allowed : Wednesday, September 20, 2017 at 5.00 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 September 14, 2017, 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
 - e) Details of Scrutinizer: CA Sumit Kumar Verma, Practicing Chartered Accountant (Membership No. 302320), 86, Sharat Chatterjee Road, Kolkata-700 089. E-mail: sumitvermaca@yahoo.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.

30. 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 during the voting period
- ii Click on "Shareholders" tab
- iii Now, select the Voting Sequence No. as mentioned in the Attendance Slip along with "KHOBSURAT LIMITED" from the drop down menu and click on "SUBMIT".
- iv Now Enter your User ID (as mentioned in the Attendance Slip)
 - 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.
- v Next enter the Image Verification as displayed and Click on Login.
- vi If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.
- vii 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.
- viii After entering these details appropriately, click on "SUBMIT" tab.
- ix Members holding shares in physical form will then directly reach to 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.
- x For Members holding shares in physical form, the details in Attendance Slip can be used only for e-voting on the resolutions contained in this Notice.
- xi Click on the EVSN for KHOBSURAT LIMITED on which you choose to vote.
- xii 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.
- xiii Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- xiv 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.
- xv Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.

- xvi You can also take out the print of the voting done by you by clicking on “Click here to print” option on the Voting page.
- xvii 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.
- xviii Shareholders can also cast their vote using CDSL’s mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. Apple and Windows phone users can download the app from the App Store and the Windows Phone Store respectively. Please follow the instructions as prompted by the mobile app while voting on your mobile.
- xix For Institutional Shareholders and Custodians :
- Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodians are required to log on to www.evotingindia.com and register themselves as Corporate.
 - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
 - After receiving the login details a Compliance user should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
 - The list of accounts linked in the login should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
 - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- xx 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 under help section or write an email to helpdesk.evoting@cdslindia.com.
31. Institutional Members / Bodies Corporate (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution / Authority letter etc. together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote through e-mail at khoobsurat.kolkata@gmail.com with a copy marked to helpdesk.evoting@cdslindia.com, evoting@cdslindia.com on or before 20th September, 2017 up to 5:00 pm without which the vote shall not be treated as valid.
32. The voting rights of shareholders shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date i.e., 14th September, 2017.

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

Appointment of Mr. Goutam Bose (DIN : 02504803) as Chairman & Managing Director

The Board at its meeting held on 10th May 2017, the Board has appointed Mr. Goutam Bose as Managing Director of the Company for the period of 5 years commencing from 30th September 2017.

Mr. Goutam Bose is Graduate in Science. He is contributing to the success of the Company by his rich experience in the field of Textile Products; IT Software development, Capital Market related activities Business strategy, Corporate Restructuring, Financial and Tax Planning etc.

In regard to remuneration and perquisites, to be determined and paid, will be decided by the Nomination & Remuneration Committee and will be within the limits prescribed in the Act.

Mr. Goutam Bose is interested in the resolutions set out respectively at Item No. 3 of the Notice with regard to his respective appointment.

The relatives of Mr. Goutam Bose may deemed to be interested in the resolutions set out respectively at Item No. 3 of the Notice, to the extent of his 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 No. 3 of the Notice for approval of the members.

Details of Director seeking Re-appointment in the 35th Annual General Meeting on 21st September 2017

Name of Director	Mr. Goutam Bose
Directors' Identification No. (DIN)	02504803
Date of Birth	25th March 1981
Date of Appointment on Board	25th March 2010
Qualification	B. Sc., Graduate
Experience	Rich experience in the field of Textile Products; IT Software development, Capital Market related activities Business strategy, Corporate Restructuring, Financial and Tax Planning etc.
Terms & Conditions of Appointment / Re-appointment	5 Years commencing from 30th September 2017
Remuneration details	Up to Rs 25,000/- per month
Shareholding in Company	Nil
Relationship with the Company	Part of KMP
No. of Board Meeting attended during the year	12 (Twelve)
List of Directorships held in other Companies (excluding foreign, private and Section 8 Companies)	NCL Research & Financial Services Ltd.
Memberships / Chairmanships of Audit and Stakeholders' relationship Committees across Public Companies	Committee Chairmanship – 2 Committee Membership – 2

Registered Office :
7-A, Bentinck Street, 3rd Floor
Kolkata-700 001
Kolkata, August 26, 2017

By order of the Board
For **Khoobsurat Limited**
Sd/- **Goutam Bose**
(DIN : 02504803)
Managing Director

DIRECTORS' REPORT

To

The Members,

Your Directors have pleasure in presenting the 35th Annual Report of your Company together with the Audited Statements of Accounts for the financial year ended March 31, 2017.

Financial Results	Rs in Lac	
	Year Ended 31.03.2017	Year Ended 31.03.2016
Sales / Revenue for the Year	284.32	364.85
Profit before Tax & Extraordinary Items	(0.11)	5.37
Less : Provision for Taxation (including Deferred Tax)	(0.36)	0.55
Less : Taxes for earlier years	-	0.85
Profit after Tax	0.25	3.97
Add : Profit brought forward from Previous Year	148.13	144.16
Profit available for appropriation	148.38	148.13
Transfer to Special Reserves	-	-
Balance carried forward to Next Year	148.38	148.13

OVERVIEW OF ECONOMY

The lingering impact of demonetization and a statistical base effect caused growth to plunge in the final quarter of FY 2017. A deceleration was seen across almost all components of GDP, with investment being a particular weak spot and contracting for the first time in two years as the stressed banking sector hurt activity. Early data for FY 2017 points to lackluster momentum: industrial production growth lost steam in April and the PMIs pointed in different directions in May. However, household consumption is on the mend as the impact of demonetization fades and a healthy monsoon is seen supporting rural spending. On the political front, despite speculation that the overhaul could be delayed, the sweeping GST reform appears set to be rolled out on 1 July, simplifying India's array of indirect taxes to four rates - 5%, 12%, 18% and 28%. While the reform is seen largely as positive in the long-run, it is uncertain if many firms in the country are prepared for the transition and the implementation could disrupt activity temporarily.

OVERALL PERFORMANCE & OUTLOOK

Gross Revenue from operations for the year stood at Rs 284.32 lakh in comparison to last year revenue of Rs 364.85 lakh. PBT Margin for the year stood at Rs (0.11) lakh in comparison to last years' profit of Rs 5.37 lakh whereas Profit after Tax and Extra-Ordinary items stood at Rs 0.25 lakh in comparison to last years' figure of Rs 3.97 lakh.

The Company is into the business of trading in textile products, investments in shares & securities and deploying its surplus fund in to treasury operations.

The business of the Company has shown slowing growth due to impact of reducing demand and lower interest rates. The Company has registered low revenue earnings in both the segments during

the year under review.

In regard to the capital market activities, high volatility and lack of retail participation as well as tightening norms for market participation have broadly affected the activities of the Company.

DIVIDEND AND RESERVES

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

During the year under review, sum of Rs Nil were transferred to Special (General) Reserves.

SHARE CAPITAL

The paid up Equity Share Capital as on March 31, 2017 was Rs 1328.4474 lakh. During the year under review, the Company has not issued shares with differential voting rights nor granted stock options nor sweat equity. As on March 31, 2017, none of the Directors of the Company hold shares or convertible instruments of the Company.

FINANCE AND ACCOUNTS

Your Company prepares its financial statements in compliance with the requirements the Companies Act, 2013 and the Generally Accepted Accounting Principles (GAAP) in India. The financial statements have been prepared on historical cost basis. The estimates and judgments relating to the financial statements are made on a prudent basis, so as to reflect in a true and fair manner, the form and substance of transactions and reasonably present the Company's state of affairs, profits/(loss) and cash flows for the year ended 31st March 2017.

The Company continues to focus on judicious management of its working capital. Receivables, inventories and other working capital parameters were kept under strict check through continuous monitoring.

There is no audit qualification in the standalone financial statements by the statutory auditors for the year under review.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

Details of Loans, Guarantees and Investments, if any, covered under the provisions of Section 186 of the Companies Act, 2013 are given in the notes to the Financial Statements.

SUBSIDIARY COMPANY

The Company does not have any material subsidiary whose net worth exceeds 20% of the consolidated net worth of the holding company in the immediately preceding accounting year or has generated 20% of the consolidated income of the Company during the previous financial year. Accordingly, a policy on material subsidiaries has not been formulated.

RELATED PARTY TRANSACTIONS

All transactions entered into with Related Parties as defined under the Companies Act, 2013 and Regulation 23 of Listing Regulations; during the financial year were in the ordinary course of business and on an arm's length pricing basis and do not attract the provisions of Section 188 of the Companies Act, 2013 and the Rules made thereunder are not attracted and thus disclosure in term of Section 134(3)(h) r/w Rule 8 (2) of the Companies (Accounts) Rules, 2014 and under Regulation 34(3) & 53(f), Para A of Schedule V of SEBI(LODR) Regulations, 2015 is attached as Annexure I. Further, there are no materially significant transactions with related parties during the financial year which were in conflict with the interest of the Company. Suitable disclosure as required by the Accounting Standards (AS18) has been made in the notes to the Financial Statements. The policy on Related Party Transactions as approved by the Board is uploaded on the Company's website.

MANAGEMENT DISCUSSION & ANALYSIS

The Management Discussion and Analysis on the operations of the Company as prescribed under Part B of Schedule V read with regulation 34 (3) of the Listing Regulations, 2015 is provided in a separate section and forms part of the Directors' Report.

CHANGE IN NATURE OF BUSINESS, IF ANY.

There are no changes in the nature of business in the financial year 2016-17.

BOARD EVALUATION

The Board of Directors have laid down the manner for carrying out an annual evaluation of its own performance, its various Committees and individual directors pursuant to the provisions of the Act and relevant Rules and the Corporate Governance requirements are in compliance with Regulation 17 of Listing Regulations, 2015. The performance of the Board was evaluated by the Board after seeking inputs from all the Directors on the basis of various criteria such as Board Composition, process, dynamics, quality of deliberations, strategic discussions, effective reviews, committee participation, governance reviews etc. The performance of the Committees was evaluated by the Board after seeking inputs from the Committee members on the basis of criteria such as Committee composition, process, dynamics, deliberation, strategic discussions, effective reviews etc. The Nomination and Remuneration Committee reviewed the performance of the individual Directors on the basis of the criteria such as transparency, analytical capabilities, performance, leadership, ethics and ability to take balanced decisions regarding stakeholders etc.

NUMBER OF MEETINGS OF THE BOARD

The details of the Board Meetings and other Committee Meetings held during the financial year 2016-17 are given in the separate section of Corporate Governance Report.

BOARD COMMITTEES

All Committees of the Board of Directors are constituted in line with the provisions of the Companies Act, 2013 and applicable regulations of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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 FY 2016-17.

All Independent Directors have given declarations that they meet the criteria of independence as laid down under Section 149(6) of the Companies Act, 2013 and Regulation 16 (b) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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 requirements of Regulation 25 of SEBI LODR Regulations, 2015, a person shall not serve as

an independent director in more than seven listed entities: provided that any person who is serving as a whole time director in any listed entity shall serve as an independent director in not more than three listed entities. Further, independent directors of the listed entity shall hold at least one meeting in a year, without the presence of non-independent directors and members of the management and all the independent directors shall strive to be present at such meeting.

DETAILS OF DIRECTORS / KMP APPOINTED AND RESIGNED DURING THE YEAR

Sl. No.	Name	Designation	Date of Appointment	Date of Resignation
1.	Ms. Minu Jhunjunwala	Company Secretary	-	10th June 2016
2.	Ms. Priti Bansal	Company Secretary	10th June 2016	1st January 2017
3.	Ms. Rajni Dokania	Company Secretary	6th March 2017	-
4.	Raj Kumar Mishra	Chief Financial Officer	-	1st April 2016
5.	Mr. Babu Mallesh Gollar	Chief Financial Officer	21st July 2016	-

SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS, TRIBUNALS OR COURTS

There are no significant and material orders passed by the Regulators/Courts that would impact the going concern status of the Company and its future operations.

MATERIAL CHANGES AND COMMITMENTS AFFECTING FINANCIAL POSITION BETWEEN THE END OF THE FINANCIAL YEAR AND DATE OF REPORT

There have been no material changes and commitments affecting the financial position of the Company between the end of Financial Year and date of the report.

CHANGE IN SITUATION OF REGISTERED OFFICE

During the year, the Company has changed the situation of Registered Office within the City limit of Kolkata.

DIRECTORS RESPONSIBILITY STATEMENT

To the best of knowledge and belief and according to the information and explanations obtained, your Directors make the following statement in terms of Section 134(3)(c) of the Companies Act, 2013:

1. that in the preparation of the Annual Accounts for the year ended March 31, 2017, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
2. the directors had selected 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 as at March 31, 2017 and of the profit/(loss) of the Company for the year ended on that date;
3. that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
4. the annual accounts have been prepared on a going concern basis;
5. that the Directors had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and
6. that the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

INFORMATION TECHNOLOGY

Innovation and Technology are synonymous with the Company. The investment in technology acts as a catalyst and enables the Company to be innovative.

BUSINESS RISK MANAGEMENT

Risk management is embedded in your Company's operating framework. Your Company believes that managing risks helps in maximizing returns. The Company's approach to addressing business risks is comprehensive and includes periodic review of such risks and a framework for mitigating controls and reporting mechanism of such risks. The risk management framework is reviewed periodically by the Board and the Audit Committee.

However, provision of Regulation 21 of SEBI LODR Regulations, 2015 for constitution of Risk Management Committee is not applicable to the Company.

INTERNAL AUDIT AND INTERNAL FINANCIAL CONTROL AND ITS ADEQUACY

Your Company has an Internal Control System, which is commensurate with the size, scale, scope and complexity of its operations. To maintain its objectivity and independence, an independent firm of Chartered accountants has been appointed as the Internal Auditors, who report to the Chairman of the Audit Committee of the Board.

The Internal Auditors monitor and evaluate the efficacy and adequacy of internal control system in your Company, its compliance with operating systems, accounting procedures and policies of your Company. Based on the report of the Internal Auditors placed before the Audit Committee, process owners undertake corrective action in their respective areas and thereby strengthen the controls. The internal controls have been reported by the Auditors to be adequate and effective during the year.

VIGIL MECHANISM / WHISTLE BLOWER POLICY

The Company has a Whistle Blower Policy to report genuine concerns or grievances. The Whistle Blower Policy has been posted on the website of the Company i.e. www.khoobsuratltd.com

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.

Statutory Auditors

Existing Auditors M/s Bharat D. Sarawgee & Co., Chartered Accountants, Kolkata who 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 K. Ray & Co. (FRN 312142E), Chartered Accountants, Kolkata for appointment to audit the accounts of the Company from the conclusion of the 35th Annual General Meeting up to the conclusion of the 40th consecutive Annual General Meeting (subject to ratification by the members at every subsequent AGM). As required under the provisions of Section 139, 142 & 143 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. K. Ray & 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.

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed Ms. Priti Agarwal, (C. P. No. 9937) Company Secretaries in Practice to undertake the Secretarial Audit of the Company. The Report of the Secretarial Audit Report is annexed as MR-3 in this Annual Report as Annexure II.

Internal Auditors

The Company has appointed M/s. Supratim Roy Chowdhury & Co., Chartered Accountants (FRN - 326636E) as Internal Auditors of the Company.

EXTRACT OF ANNUAL RETURN

Pursuant to the provisions of Section 134(3)(a) of the Companies Act, 2013, extract of the Annual Return for the financial year ended 31st March, 2017 made under the provisions of Section 92(3) of the Act is attached as Annexure III to this report.

PARTICULARS OF EMPLOYEES

In terms of the provisions of Section 197(12) of the Act read with Rules 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the same is not applicable to the Company as none of employee is drawing remuneration in excess of the limits set out in the said rules and thus no disclosure has been provided in this Annual Report.

Disclosures pertaining to remuneration and other details as required under Section 197(12) of the Act read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 by way of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2016 dated June 30, 2016 ("Amended Managerial Remuneration Rules, 2016"), the report is not applicable to the Company.

DISCLOSURES UNDER SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION & REDRESSAL) ACT 2013 READ WITH RULES

Pursuant to the requirements of Section 22 of Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act 2013 read with Rules thereunder, the Company has not received any complaint of sexual harassment during the year under review.

PARTICULARS UNDER SECTION 134(3)(m) OF THE COMPANIES ACT, 2013

Since the Company is into the business trading in textile products, of financing and into the investment activities in Shares and Securities; the information regarding Conservation of Energy, Technology Absorption, Adoption and Innovation, as defined under section 134(3)(m) of the Companies Act, 2013 read with Rule, 8(3) of the Companies (Accounts) Rules, 2014, is reported to be NIL.

FOREIGN EXCHANGE EARNINGS AND OUTGO

The Company earned \$ 63,954/- i.e. equivalents to Rs 42,84,918/- during the year but has not used any foreign exchange during the year under review.

PUBLIC DEPOSITS

During the year under review, your Company has not accepted any deposit from the public falling within the ambit of Section 73 of the Companies Act, 2013 and The Companies (Acceptance of Deposits) Rules, 2014.

REPORT ON CORPORATE GOVERNANCE

As per Regulation 34(3) read with Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a separate section on corporate governance practices followed

by the Company, together with a certificate from the Company's Auditors confirming compliance forms an integral part of this Report.

CAUTIONARY STATEMENT

Statements in this Directors' Report and Management Discussion and Analysis describing the Company's objectives, projections, estimates, expectations or predictions may be "forward-looking statements" within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied.

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.

Registered Office :
7-A, Bentinck Street, 3rd Floor
Kolkata-700 001
Kolkata, August 26, 2017

By order of the Board
For **Khoobsurat Limited**
Sd/- **Goutam Bose**
(DIN : 02504803)
Managing Director

MANAGEMENT DISCUSSIONS & ANALYSIS

MACRO ECONOMIC ENVIRONMENT

The Indian Economy has sustained a macro-economic environment of relatively lower inflation, fiscal discipline and moderate current account deficit coupled with broadly stable rupee-dollar exchange rate. The Economic Survey 2016-17 presented in the Parliament by the Union Finance Minister Arun Jaitley states that such a sustenance is despite continuing global sluggishness. It says :

As per the advance estimates released by the Central Statistics Office, the growth rate of GDP at constant market prices for the year 2016-17 is placed at 7.1%, as against 7.6% in 2015-16. This estimate is based mainly on information for the first seven to eight months of the financial year. Government final consumption expenditure is the major driver of GDP growth in the current year.

For 2017-18, it is expected that the growth would return to normal as the new currency notes in required quantities come back into circulation and as follow-up actions to demonetisation are taken. On balance, there is a likelihood that Indian economy may recover back to 6 ¾% to 7 ½% in 2017-18.

REVIEW OF OPERATIONS

Gross Revenue from operations for the year stood at Rs 284.32 lakh in comparison to last year revenue of Rs 364.85 lakh. PBT Margin for the year stood at Rs (0.11) lakh in comparison to last years' profit of Rs 5.37 lakh whereas Profit after Tax and Extra-Ordinary items stood at Rs 0.25 lakh in comparison to last years' figure of Rs 3.97 lakh.

In term of Segment wise performance, your Company has registered gross revenue of Rs 160.08 lakh from textile segment and gross revenue of Rs 117.31 lakh from investment & financial services activities and Rs 6.94 lakh from other activities. In term of Net Profit (PBT) for the year, the Company has earned a profit of Rs 1.15 lakh from textile segment, incurred a loss of Rs 8.20 lakh from investment & financing activities and earned a profit of Rs 6.94 lakh from other activities.

BUSINESS SEGMENT

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

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

OPPORTUNITIES

Textile Industry

The Indian textile sector considers the Union Budget 2017-18 to be growth oriented as it will enable the manufacturing sectors to grow at a faster rate. The budget's focus on areas like infrastructure development and youth skills development, and tax reduction for MSME industrial units will boost the local economy and create additional jobs.

"The main demand of the association of continuing the existing tax structure including the service tax and optional Cenvat route extended for textile industry till the GST is implemented has been considered in the budget," said M Senthilkumar, chairman, The Southern India Mills' Association (SIMA).

"The budget's strong focus on human development and youth skills development will directly improve the manufacturing sector," said BK Goenka, Chairman, Welspun Group.

Financing & Capital Market activities

The country's financial services sector consists of the capital markets, insurance sector and non-banking financial companies (NBFCs). India's gross domestic savings (GDS) as a percentage of Gross Domestic Product (GDP) has remained above 30 per cent since 2004. It is projected that national savings in India will reach US\$ 1,272 billion by 2019. Over 95 per cent of household savings in India are invested in bank deposits and only 5 per cent in other financial asset classes.

The asset management industry in India is among the fastest growing in the world. Corporate investors accounted for around 45.9 per cent of total AUM in India, while High Net-worth Individuals (HNWI) and retail investors account for 28.6 per cent and 22.9 per cent, respectively. In the Asia-Pacific, India is among the top five countries in terms of HNWIs

India's equity market turnover has increased significantly in recent years. The annual turnover value in the National Stock Exchange (NSE) witnessed a CAGR of 20.7 per cent between FY96 and FY15 to reach US\$ 718 billion. During the month of October 2016, the mutual fund equity schemes attracted a net inflow of US\$ 1.40 billion

The Government of India has taken various steps to deepen the reforms in the capital markets, including simplification of the Initial Public Offer (IPO) process which allows qualified foreign investors (QFIs) to access the Indian bond markets.

THREATS & CONCERNS**Textile Segment**

The Goods and Service Tax (GST) will bring a paradigm shift in indirect taxation regime thereby auguring an era where transparency in tax compliance will lead to the improved revenue to the Exchequer leading to overall growth of the economy. Indian textile Industry the second largest industrial sector after Agriculture in terms of employment generation and is a priority sector identified by our Hon'ble Prime Minister since textile industry plays a very important role in the development of Indian economy with respect to GDP. On one side its organized sector consists of large scale Fibre Yarns. In apparel and garment manufacturers which implement modern state of art machinery and techniques on the other side its unorganized or decentralized sector representing about 76% of textile production consists of smaller units. Apart from this hundreds of thousands of textile traders spread across the country. To bring this gigantic number of units made up of production units and traders into making them tax compliant is a mammoth task. In case it is not successful it could prove to be detrimental to the organized sector which has invested huge amounts of money and could bring additional flow of investment to a halt. It may be recalled that the textile industry which was flourishing till 1980s was brought to its knees by the unorganized sector which is due to the nature of small composition of units. They do not come under the ambit of labour laws like Provide Fund and Employees State Insurance Schemes meant for the benefit of the employees and also evade taxes. As a result hundreds of composite mills closed down in 1980s as most of the unorganized sector was concentrated in power loom and fabric finishing sector who by their very nature of being small in size could get away without being tax compliant. Another big challenge is the long-value chain of the textile industry of which about 90% is in the unorganized sector. This could prove to be the biggest challenge as most of the small weaving units may have a turnover below the threshold limit and there is a serious possibility of the VAT chain being broken. The absence of fibre-neutrality in India is also posing a threat to Indian synthetic textile industry.

Financing & Capital Market Segment

One of the daunting challenges before the Indian capital markets is expanding the investor base and provides them access to high quality financial services. With a population of more than a billion, a mere 1% of the population participates in capital markets, and of that only a fraction is active. Trading volumes in Indian Capital Markets are lower as compared to other markets such as United States, the United Kingdom, Germany, China etc.

Similarly, Indian households invest much less in equity markets than do their developed market counterparts, particularly in the United States and the United Kingdom. As a result, retail equity ownership (non-promoter) amounts to only around 10 percent of total equity ownership, and has come down by 3 per cent over the last seven years. While corporates see markets to raise low cost risk capital, investors see liquid secondary markets for exit options. The regulated markets have grown significantly, but the markets need greater depth and liquidity.

Another challenge faced by the investors is the costs involved in trading (brokerage, commission, taxes etc.), which are comparatively higher in India than in developed markets. The investor participation is fairly shallow considering the size of the economy

HUMAN RESOURCES

The Company recognizes that its success is deeply embedded in the success of its human capital. During 2016-2017, the Company continued to strengthen its HR processes in line with its objective of creating an inspired workforce. The employee engagement initiatives included placing greater emphasis on learning and development, launching leadership development programme, introducing internal communication, providing opportunities to staff to seek inspirational roles through internal job postings, streamlining the Performance Management System, making the compensation structure more competitive and streamlining the performance-link rewards and incentives.

CORPORATE SOCIAL RESPONSIBILITY INITIATIVES

The provision of the Section 135 and Schedule VII of the Companies Act, 2013 as well as the provisions of the Companies (Corporate Social Responsibility Policy) Rules, 2014 effective from April 1, 2014 relating to CSR Initiatives are not applicable to the Company.

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.

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.

Registered Office :
7-A, Bentinck Street, 3rd Floor
Kolkata-700 001
Kolkata, August 26, 2017

By order of the Board
For **Khoobsurat Limited**
Sd/- **Goutam Bose**
(DIN : 02504803)
Managing Director

DETAILS OF RELATED PARTY TRANSACTIONS

\DETAILS OF RELATED PARTY TRANSACTIONS

- A. (Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

All related party transactions entered during the year were in ordinary course of business and on arm's length basis and the same have been disclosed under Note No. 45 of the Notes to Financial Statements.

No material related party transactions arising from contracts/ arrangements with related parties referred to in the Section 188(1) of the Companies Act, 2013 were entered during the year by the Company. Accordingly, the disclosure of related party transactions as required under Section 134(3)(h) of the Companies Act, 2013 in Form AOC-2 is not applicable.

- B. Disclosures pursuant to Regulation 34(3) & 53(f) and Para A of Schedule V of SEBI (LODR) Regulations, 2015

Sl. No.	In the Account of	Disclosures of amount at the year end and the maximum amount of loans/advances/Investments outstanding during the year.	
1.	Holding Company	o Loans and advances in the nature of loans to subsidiaries by name and amount	Not Applicable
		o Loans and advances in the nature of loans to associates by name and amount	
		o Loans and advances in the nature of loans to Firms/Companies in which directors are interested by name and amount	
2.	Subsidiary	o Loans and advances in the nature of loans to subsidiaries by name and amount	
		o Loans and advances in the nature of loans to associates by name and amount	
		o Loans and advances in the nature of loans to Firms/Companies in which directors are interested by name and amount	
3.	Holding Company	o Investment by the loanee in the shares of parent Company and subsidiary Company has made a loan or advance in the nature of loan.	

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Kolkata, August 26, 2017

By order of the Board
For **Khoobsurat Limited**
Sd/- **Goutam Bose**
(DIN : 02504803)
Managing Director

SECRETARIAL AUDIT REPORT
FORM NO. MR-3

FOR THE FINANCIAL YEAR ENDED ON 31ST MARCH 2017

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

The Members,
M/s. Khoobsurat Limited

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by M/s. Khoobsurat Limited (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided to us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of M/s. Khoobsurat Limited's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended March 31, 2017, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2017 according to the provisions of:

1. The Companies Act, 2013 (the Act) and the rules made there under;
2. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;
3. The Depositories Act, 1996 and the Regulations and bye-laws framed there under;
4. Foreign Exchange Management Act, 1999 and the rules and regulations made there under;
5. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2013;
 - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
 - d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
 - e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
 - f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer

- Agents) Regulations, 1993, regarding the Companies Act and dealing with client;
- g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
 - h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;
6. Other laws applicable specifically to the company namely:
- a) Secretarial Standards issued by The Institute of Company Secretaries of India.
 - b) Reserve Bank of India Act, 1934 and the rules made there under to the extent of provisions applicable to Non-Banking Financial Companies and Regulations made thereunder;
 - c) Provident Fund Act 1952;
 - d) The West Bengal Shops and Establishments Act, 1963.
 - e) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015; (with effect from December 1, 2015).

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

We further report that the Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period, there were no instances of:

- a) Public / Rights / Preferential issue of shares / debentures / sweat equity.
- b) Redemption / buy-back of securities.
- c) Major decisions taken by the Members in pursuance to Section 180 of the Companies Act, 2013.
- d) Merger / amalgamation / reconstruction etc.
- e) Foreign technical collaborations.

For **A. L. Associates**
Practicing Company Secretaries
CS Priti Lakhota
Partner

Place : Kolkata
Date : May 10, 2017

Membership No. 26513, C. P. No. 9937

Annexure A to the Secretarial Audit Report

The Members,
M/s. Khoobsurat Limited Kolkata

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

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

For **A. L. Associates**
Practicing Company Secretaries
CS Priti Lakhota

Place : Kolkata
Date : May 10, 2017

Partner
Membership No. 26513, C. P. No. 9937

EXTRACT OF ANNUAL RETURN

As on the financial year ended on 31st March, 2017

[Pursuant to Section 92(3) of the Companies Act, 2013 and rule 12(1)
of the Companies (Management and Administration) Rules, 2014]**FORM NO. MGT-9**

I. REGISTRATION AND OTHER DETAILS	
CIN	L23209WB1982PLC034793
Registration Date	17/04/1982
Name of the Company	Khoobsurat Limited
Category / Sub-Category of the Company	Category : Company having Share Capital Sub-Category : Indian Non-Government Company
Address of the Registered Office and contact details	7-A, Bentinck Street, 3rd Floor, Kolkata-700 001 Tel : +91 33 4061 7068 Email : khoobsurat.kolkata@gmail.com Website : www.khoobsuratltd.com
Whether listed company	Listed Company
Name, address and contact details of Registrar and Transfer Agent, if any	ABS Consultants Pvt. Ltd. 99, Stephen House, 6th Floor, 4 B.B.D. Bag (East) Kolkata - 700001 Tel : +91 33-2220 1043

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY		
All the business activities contributing 10% or more of the total turnover of the Company shall be started		
Name and Description of main Businesses	NIC Code of Business	% of Total Turnover of the Company
Trading in Textile Goods	46101	56.30%
Finance & Trading / Investment in Shares & Securities	66110	41.26%

III. DETAILS OF SUBSIDIARY / ASSOCIATE / HOLDING COMPANIES				
Name & Address of Company	CIN / GLN	Holding / Subsidiary / Associate	% of Shares Held	Applicable Section
Not Any	Not Applicable	Not Applicable	Not Applicable	Not Applicable

IV) SHARE HOLDING PATTERN (Equity Share Capital Breakup as % of Total Equity)

Category-wise Share Holding

Category of Shareholders	No of Shares held at the beginning of the year				No of Shares held at the end of the year				%change during the Year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual / HUF	60000	-	60000	0.45	600000	-	600000	0.45	-
b) Central Govt. (s)	-	-	-	-	-	-	-	-	-
c) State Govt. (s)	-	-	-	-	-	-	-	-	-
d) Bodies Corporate	1168650	-	1168650	8.80	11686500	-	11686500	8.80	-
e) Banks / FIs	-	-	-	-	-	-	-	-	-
f) Any Other	-	-	-	-	-	-	-	-	-
Sub Total A(1)	1228650	-	1228650	9.25	12286500	-	12286500	9.25	-
(2) Foreign									
a) NRIs - Individuals	-	-	-	-	-	-	-	-	-
b) Other - Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corporate	-	-	-	-	-	-	-	-	-
d) Banks / FIs	-	-	-	-	-	-	-	-	-
e) Any Other	-	-	-	-	-	-	-	-	-
Sub Total A(2)	-	-	-	-	-	-	-	-	-
Total Shareholding of Promoters (A1) + (A2)	1228650	-	1228650	9.25	12286500	-	12286500	9.25	-
B. Public Shareholding									
(1) Institutions									
a) Mutual Funds / UTI	-	-	-	-	-	-	-	-	-
b) Banks / FI	-	-	-	-	-	-	-	-	-
c) Central Govt. (s)	-	-	-	-	-	-	-	-	-
d) State Govt. (s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIs	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (Specify)	-	-	-	-	-	-	-	-	-
Sub Total B(1)	-	-	-	-	-	-	-	-	-
(2) Non-Institutions									
a) Bodies Corporate									
i. Indians	49657972	1612900	51270872	38.59	43087829	1612900	44700729	33.65	4.94
ii. Overseas	-	-	-	-	-	-	-	-	-
b) Individuals									
i. Individual Shareholders holding nominal share capital up to ` 2 lakh	46680608	8209900	54890508	41.32	46459601	8209900	54669501	41.15	0.17
ii. Individual Shareholders holding nominal share capital in excess of Rs 2 lakh	13416200	979160	14395360	10.84	20196650	979160	21175810	15.94	5.10
c) Others (Specify)									
i. NRI	1500	-	1500	0.00	12200	-	12200	0.01	0.01
Sub Total B(2)	109756280	10801960	120558240	90.75	109756280	10801960	120558240	90.75	-
Total Public Shareholding B = B(1) + B(2)	109756280	10801960	120558240	90.75	109756280	10801960	120558240	90.75	-
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	122042780	10801960	132844740	100.00	122042780	10801960	132844740	100.00	

ii) Shareholding of Promoters

Shareholders Name	Shareholding at the beginning of year			Shareholding during and at the end of the year			% change in Share holding during the year
	No. of Shares	% of total shares of the Company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total shares of the Company	% of Shares Pledged / encumbered to total shares	
Alok Kr. Das	600,000	0.45%	Nil	600,000	0.45%	Nil	N.A.
Globe Stocks & Securities Ltd.	4,266,000	3.21%	Nil	4,266,000	3.21%	Nil	N.A.
Anant Properties Pvt. Ltd.	2,997,000	2.26%	Nil	2,997,000	2.26%	Nil	N.A.
Bhawani Freight & Forwarder Pvt. Ltd.	2,593,500	1.95%	Nil	2,593,500	1.95%	Nil	N.A.
Karikish Vyapar Pvt. Ltd.	1,830,000	1.38%	Nil	1,830,000	1.38%	Nil	N.A.

iii) Change in Promoters' Shareholding (Please specify, if there is no change)

Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year		Date of Changes	Reason for Changes
	No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company		
At the beginning of the year	12286500	9.25	12286500	9.25	No Change	
At the end of the Year	12286500	9.25	12286500	9.25		

iv) Shareholding of Top Ten Shareholders (Other than Directors, Promoters and Holders of GDRs & ADRs)

For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Date wise increase/ decrease in Shareholding	Shareholding during and at the end of the year	
	No. of Shares	% of total shares of the Company		No. of Shares	% of total shares of the Company
EIElla Finetex Co. Pvt. Ltd.	1,06,29,750	8.00	No Change	1,06,29,750	8.00
Anushri Mandar Khanvilkar	0	0.00	Refer Note 1 below	60,07,200	4.52
Headfirst Vinimay Pvt. Ltd.	8,64,740	0.65	Refer Note 1 below	27,89,740	2.10
Global Capital Markets Ltd.	86,55,000	6.52	Refer Note 1 below	22,96,009	1.73
Remac Fabrics Pvt. Ltd.	22,90,000	1.72	No Change	22,90,000	1.72
Raj Kumar Saraswat	22,80,000	1.72	No Change	22,80,000	1.72
Sidhivinayak Broking Limited	24,80,000	1.87	Refer Note 1 below	22,32,000	1.68
Goldensight Commotrade Pvt. Ltd.	7,22,413	0.54	Refer Note 1 below	20,27,338	1.53
Khushi Tradelink Pvt. Ltd.	17,11,080	1.29	No Change	17,11,080	1.29
Jackson Investments Limited	23,70,500	1.78	Refer Note 1 below	15,82,500	1.19

Note 1 : The Company does not procure Beneficiary Positions (BENPOS) on daily basis from Depositories and due to this reason the Company is unable to provide details of date wise change in Shareholding of top 10 shareholders during the current financial year.

v) Shareholding of Directors and Key Managerial Personnel

For Each of Directors & KMP	Shareholding at the beginning of the year		Shareholding during and at the end of the year	
	No. of Shares	% of total shares of the Company	No. of Shares of the Company	% of total shares
At the beginning of the year	No Director or KMP is holding any share against his/her name			
Date wise Increase/Decrease in shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc.):	Not Any			

v) INDEBTEDNESS

In Indebtedness of the Company including interest outstanding/accrued but not due for payment

	Secured Loans Excluding deposits Rs in Lac	Unsecured Loans Rs in Lac	Deposits Rs in Lac	Total Indebtedness Rs in Lac
Indebtedness at the beginning of the financial year				
i. Principal Amount	Nil	Nil	Nil	Nil
ii. Interest due but not Paid	Nil	Nil	Nil	Nil
iii. Interest Accrued but not due	Nil	Nil	Nil	Nil
Change in Indebtedness during the financial year				
• Addition	Nil	Nil	Nil	Nil
• Reduction	Nil	Nil	Nil	Nil
Indebtedness at the end of the financial year				
i. Principal Amount	Nil	Nil	Nil	Nil
ii. Interest due but not Paid	Nil	Nil	Nil	Nil
iii. Interest Accrued but not due	Nil	Nil	Nil	Nil
Total (i+ii+iii)	Nil	Nil	Nil	Nil

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

Sr. No.	Particulars of Remuneration	Goutam Bose (MD)	Rajkumar Mishra (CFO)	Minu Jhunjhunwala (CS)	Priti Bansal (CS)	Rajni Dokania (CS)	Babu Mallesh Gollar (CFO)
1.	Gross Salary	Rs 74,967/-	Nil	Rs 43,000/-	Rs 1,50,500/-	Rs 64,500/-	Rs 2,94,000/-
2.	Value of Perquisites	Nil	Nil	Nil	Nil	Nil	Nil
3.	Stock Options	Nil	Nil	Nil	Nil	Nil	Nil
4.	Sweat Equity	Nil	Nil	Nil	Nil	Nil	Nil
5.	Commission	Nil	Nil	Nil	Nil	Nil	Nil
6.	Others (Please specify)	Nil	Nil	Nil	Nil	Nil	Nil

VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment / Compounding fees imposed	Authority [RD / NCLT / COURT]	Appeal made, if any (give details)
A. Company					
Penalty Punishment Compounding			No Instance		
B. Directors					
Penalty Punishment Compounding			No Instance		
C. Other Officers in Default					
Penalty Punishment Compounding			No Instance		

Annexure to the Directors' Report

Corporate Governance

Pursuant to Regulation 34(3) read with Schedule V of SEBI LODR Regulations, 2015 (hereinafter referred as "Listing Regulations") along with other requirements as specified in Schedule V of these Regulations, Compliance with the requirements of Corporate Governance is set out below.

Company's philosophy on Code of Corporate Governance

The Company's governance philosophy is based on trusteeship, transparency and accountability. As a corporate citizen, our business fosters a culture of ethical behavior and disclosures aimed at building trust of our stakeholders. The Company's Code of Business Conduct and Ethics, Internal Code of Conduct for Regulating, Monitoring and Reporting of Trades by Insiders and the Charter-Business for Peace are an extension of our values and reflect our commitment to ethical business practices, integrity and regulatory compliances.

The Company's governance framework is based on the following principles:

- 3 Appropriate composition and size of the Board, with each member bringing in expertise in their respective domains;
- 3 Timely disclosure of material operational and financial information to the stakeholders;
- 3 Availability of Information to the members of the Board and Board Committees to enable them to discharge their fiduciary duties;
- 3 Systems and processes in place for internal control; and
- 3 Proper business conduct by the Board, Senior Management and Employees.

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, Nomination & Remuneration Committee and Stakeholders' Relationship Committee. Each of said Committees have 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, banking 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 Chairman subject to supervisions and control of the Board.

The composition and category of the Board of Directors as at March 31, 2017, 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	Date of Resignation (If applicable)	Committee Membership in other Listed Cos	Committee Chairmanship in other Listed Cos	No. of Directorship in other Listed Cos
Goutam Bose*	Managing Director	02504803	25th March 2010	N.A.	1	1	1
Mangelal Joshi	Independent Director	02429795	10th Dec. 2010	N.A.	Nil	Nil	Nil
Raj Kumar Chhakra	Independent Director	00465157	10th Jan 2015	N.A.	Nil	Nil	Nil
Puspa Devi Saraswat	Independent Director	05165143	28th March 2015	N.A.	Nil	Nil	1

*Chairman of the Board

NOTES:

1. Directorships exclude Private Limited Companies, Foreign Companies and Section 8 Companies.
2. Chairmanship/Membership of Committee only includes Audit Committee and Stakeholders' Relationships Committee in Indian Public Limited companies other than M/s. Khoobsurat Limited.
3. Members of the Board of the Company do not have membership of more than ten Board-level Committees or Chairperson of more than five such Committees.
4. No Directors are related with each other.

BOARD INDEPENDENCE

The Non-Executive Independent Directors fulfill the conditions of independence as specified in Section 149 of Companies Act, 2013 and Rules made there under and to meet with requirements of Regulation 16(b) of Listing Regulations. Further, none of the Independent Director is serving more than seven listed companies. A formal letter of appointment to Independent Director as provided in Companies Act, 2013 and the Listing Regulations has been issued and draft of the same has been disclosed on website of the Company.

BOARD MEETINGS

The Board meets at regular intervals to discuss and decide on business strategies/policies and review the financial performance of the Company and its subsidiaries. The Board Meetings are pre-scheduled and a tentative annual calendar of the Board is circulated to the Directors well in advance to facilitate the Directors to plan their schedules. In case of business exigencies, the Board's calls the meeting as pre requirements of prevailing Act.

The notice and detailed agenda along with the relevant notes and other material information are sent in advance separately to each Director and in exceptional cases tabled at the Meeting with the approval of the Board. This ensures timely and informed decisions by the Board. The Board reviews the performance of the Company.

INFORMATION PLACED BEFORE THE BOARD

The Company provides the information as set out in Regulation 17 read with Part A of Schedule II of

Listing Regulations to the Board and the Board Committees to the extent it is applicable and relevant. Such information is submitted either as part of the agenda papers in advance of the respective meetings or by way of presentations and discussions during the meeting.

POST MEETING MECHANISM

The important decisions taken at the Board / Board Committee meetings are communicated to the concerned department/s and/or division.

BOARD SUPPORT

The Company Secretary attends the Board meetings and advises the Board on Compliances with applicable laws and governance.

FAMILIARIZATION PROGRAMME FOR DIRECTORS

At the time of appointing Director, a formal letter of appointment is given to him/her, which inter alia explains the role, function, duties and responsibilities expected of him/her as a Director of the Company. The Director is also explained in detail the Compliance required from him/her under the Companies Act, 2013, requirements of Listing Regulations, 2015 and other relevant regulations and affirmation taken with respect to the same. The Chairman & Managing Director also has one to one discussion with the newly appointed Director to familiarize him/her with the Company's operations. Further, the Company has put in place a system to familiarize the Independent Directors about the Company, its services, business and the on-going events relating to the Company.

Further, at the time of appointment of Independent Director, the Company issues a formal letter of appointment outlining his/her role, function, duties and responsibilities as a Director. The format of the letter of appointment is available on Company website.

DETAILS OF BOARD MEETINGS

The Board of Directors met 12 times on 2nd April, 30th May, 10th June, 21st July, 12th August, 30th September, 11th November, 15th November, and 10th December in year 2016 and on 24th January, 12th February and 6th March in the year 2017 during the financial year 2016-2017.

Current Board structure and attendance of Board of Directors at the Board Meeting and at the last Annual General Meeting :

Name	Designation	Attendance at the AGM	Meetings Attended
Goutam Bose*	Managing Director	Yes	12
Mangelal Joshi	Independent Director	Yes	12
Raj Kumar Chhakra	Independent Director	Yes	12
Puspa Devi Saraswat	Independent Director	Yes	12

*Chairman of the Board

AUDIT COMMITTEE

Audit Committee of the Board of Directors ("the Audit Committee") is entrusted with the responsibility to supervise the Company's internal controls and financial reporting process. The composition, quorum, powers, role and scope are in accordance with Section 177 of the Companies Act, 2013 and the provisions of Regulation 18 of the Listing Regulations. All members of the Audit Committee are financially literate and bring in expertise in the fields of Finance, Taxation, Economics, Risk and

International Finance. It functions in accordance with its terms of reference that defines its authority, responsibility and reporting function.

TERMS OF REFERENCE

The Audit Committee inter alia performs the functions of approving Annual Internal Audit Plan, review of financial reporting system, internal controls system, discussion on financial results, interaction with Statutory and Internal Auditors, one-on-one meeting with Statutory and Internal Auditors, recommendation for the appointment of Statutory Auditors and their remuneration, recommendation for the appointment and remuneration of Internal Auditors, Review of Business Risk Management Plan, Management Discussions and 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 provisions of section 177 of the Companies Act, 2013 and Regulation 18 of the Listing Regulations. 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.

FUNCTIONS OF AUDIT COMMITTEE

The Audit Committee, while reviewing the Annual Financial Statements also reviews the applicability of various Accounting Standards (AS) referred to in Section 133 of the Companies Act, 2013. Compliance of the Accounting Standards as applicable to the Company has been ensured in the preparation of the Financial Statements for the year ended March 31, 2017.

The Audit Committee bridges the gap between the Internal Auditors and the Statutory Auditors. To ensure good Governance, the Company has been rotating Partners of Statutory Auditors. The Statutory Auditors are responsible for performing Independent audit of the Company's financial statements in accordance with the generally accepted auditing practices and issuing reports based on such audits, while the Internal Auditors are responsible for the internal risk controls.

Besides the above, Chairman and Managing Director, Chief Financial Officer, the representatives of the Statutory Auditors and the Internal Auditors are permanent invitees to the Audit Committee Meetings. The Company Secretary acts as a Secretary to the Committee as required by Regulation 18(1)(e) of the Listing Regulations.

The Company follows best practices in financial reporting. The Company has been reporting on quarterly basis, the Un-audited Financial Results as required by the Regulation 33 of the Listing Regulations. The Company's quarterly Un-audited Standalone Financial Results are made available on the web-site www.khoobsuratltd.com and are also sent to the Stock Exchanges where the Company's equity shares are listed for display at their respective websites.

The Audit Committee also oversees and reviews the functioning of a vigil mechanism (implemented in the Company as a Whistle Blower Policy) and reviews the finding of investigation into cases of material nature and the actions taken in respect thereof.

INTERNAL CONTROLS AND GOVERNANCE PROCESSES

The Company continuously invests in strengthening its internal control and processes. The Audit Committee along with the CFO formulates a detailed plan to the Internal Auditors for the year, which is reviewed at the Audit Committee Meetings. The Internal Auditors attend the meetings of Audit Committee at regular intervals and submit their recommendations to the Audit Committee and provide a road map for the future.

Constitution and Meetings of Audit Committee

The members of Audit Committee met six times on 30th May, 21st July, 12th August, 30th September, 11th November and 10th December in year 2016 and on 14th February in year 2017 during the financial year ended on 31st March 2017.

Name	Number of Meetings Held	Meetings Attended
Goutam Bose	7	7
Mangelal Joshi*	7	7
Raj Kumar Chhakra	7	7

* Chairman of the Committee

NOMINATION AND REMUNERATION COMMITTEE

The Nomination and Remuneration Committee consists of three Non-executive, Independent Directors. All members of the Nomination & Remuneration Committee are financially literate and they have accounting or related financial management expertise.

TERMS OF REFERENCE

The Board has framed the Remuneration and Nomination Committee Charter which ensure effective Compliance of Section 178 of the Companies Act, 2013 and Regulation 19 of Listing Regulations, which are as follows:

- Reviewing the overall compensation policy, service agreements and other employment conditions of Managing/Whole-time Director(s) and Senior Management (one level below the Board);
- to help in determining the appropriate size, diversity and composition of the Board;
- to recommend to the Board appointment/reappointment and removal of Directors;
- to frame criteria for determining qualifications, positive attributes and independence of Directors;
- to recommend to the Board remuneration payable to the Directors (while fixing the remuneration to Executive Directors the restrictions contained in the Companies Act, 2013 is to be considered);
- to create an evaluation framework for Independent Directors and the Board;
- to provide necessary reports to the Chairman after the evaluation process is completed by the Directors;
- to assist in developing a succession plan for the Board;
- to assist the Board in fulfilling responsibilities entrusted from time-to-time;
- Delegation of any of its powers to any Member of the Committee or the Compliance Officer.

POLICY FOR SELECTION AND APPOINTMENT OF DIRECTORS AND THEIR REMUNERATION

The Nomination and Remuneration (N&R) Committee has adopted a Charter which, inter alia, deals with the manner of selection of Board of Directors and CEO & Managing Director and their remuneration. This Policy is accordingly derived from the said Charter.

Criteria of selection of Non-Executive Directors

- The Non-Executive Directors shall be of high integrity with relevant expertise and experience so as to have a diverse Board with Directors having expertise in the fields of accounting, finance, taxation, law etc. However Women Director is exempted from said criteria.

- In case of appointment of Independent Directors, the N&R Committee shall satisfy itself with regard to the independent nature of the Directors vis-à-vis the Company so as to enable the Board to discharge its function and duties effectively.
- The N&R Committee shall ensure that the candidate identified for appointment as a Director is not disqualified for appointment under Section 164 of the Companies Act, 2013.
- The N&R Committee shall consider the following attributes / criteria, whilst recommending to the Board the candidature for appointment as Director –
 - a. Qualification, expertise and experience of the Directors in their respective fields;
 - b. Personal, Professional or business standing;
 - c. Diversity of the Board.
- In case of re-appointment of Non-Executive Directors, the Board shall take into consideration the performance evaluation of the Director and his engagement level.

REMUNERATION

The Non-Executive Directors shall be entitled to receive remuneration by way of sitting fees, reimbursement of expenses for participation in the Board / Committee meetings. A Non-Executive Director shall be entitled to receive sitting fees for each meeting of the Board or Committee of the Board attended by him, of such sum as may be approved by the Board of Directors within the overall limits prescribed under the Companies Act, 2013 and The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

CEO & Managing Director – Criteria for selection / appointment

For the purpose of selection of the CEO & MD, the N&R Committee shall identify persons of integrity who possess relevant expertise, experience and leadership qualities required for the position and shall take into consideration recommendation, if any, received from any member of the Board.

The Committee will also ensure that the incumbent fulfills such other criteria with regard to age and other qualifications as laid down under the Companies Act, 2013 or other applicable laws.

Remuneration for the CEO & Managing Director

- At the time of appointment or re-appointment, the CEO & Managing Director shall be paid such remuneration as may be mutually agreed between the Company (which includes the N&R Committee and the Board of Directors) and the CEO & Managing Director within the overall limits prescribed under the Companies Act, 2013.
- The remuneration shall be subject to the approval of the Members of the Company in General Meeting.
- The remuneration of the CEO & Managing Director is paid by way of salary, allowances, perquisites, amenities and retirement benefits.

PERFORMANCE EVALUATION

Pursuant to the provisions of the Companies Act, 2013 and Regulation 17 of the Listing Regulations, the Board has carried out the annual evaluation of its own performance, its Committees and Directors individually. A structured questionnaire was prepared after circulating the draft forms, covering various aspects of the Board's functioning such as adequacy of the composition of the Board and its Committees, Board culture, execution and performance of specific duties, obligations and governance.

The performance evaluation of the Chairman and Managing Director and the Non Independent Directors was carried out by the Independent Directors. Directors express their satisfaction with the evaluation process.

Constitution and Meetings of Nomination & Remuneration Committee

The members of Nomination & Remuneration Committee met four times on 10th June, 21st July and 10th December in year 2016 and on 6th March in year 2017 during the financial year ended on 31st March 2017

Name	Number of Meetings Held	Meetings Attended
Puspa Devi Saraswat	4	4
Mangelal Joshi	4	4
Raj Kumar Chhakra*	4	4

* Chairman of the Committee

STAKEHOLDERS' RELATIONSHIP COMMITTEE

The Stakeholder's Relationship Committee is constituted in line with the provisions of Regulation 20 of the SEBI LODR Regulations 2015, read with Section 178 of the Act and rules made thereunder.

The terms of reference of the Committee are:

- 1 approval of transfer of shares/debentures and issue of duplicate/split/consolidation/sub-division of share/ debenture certificates;
- 1 opening/modification of operation and closing of bank accounts;
- 1 grant of special/general Power of Attorney in favour of employees of the Company from time to time in connection with the conduct of the business of the Company particularly with Government and Quasi- Government Institutions; to fix record date/book closure of share/debenture transfer book of the Company from time to time;
- 1 to appoint representatives to attend the General Meeting of other companies in which the Company is holding shares;
- 1 to change the signatories for availing various facility from Banks/Financial Institutions;
- 1 to carry out any other duties that may be delegated to the Committee by the Board of Directors from time-to-time.

The Secretarial Department of the Company and the Registrar and Share Transfer Agent, ABS Consultants Private Limited attend to all grievances of the shareholders received directly or through SEBI, Stock Exchanges, Ministry of Corporate Affairs, Registrar of Companies, etc. The Minutes of the Stakeholders' Relationship Committee Meetings are circulated to the Board and 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 updated telephone numbers and e-mail addresses to facilitate prompt action.

Compliance Officer

The Company has appointed Ms. Rajni Dokania, Company Secretary, as a Compliance Officer within the meaning of Regulation 6 of Listing Regulations.

Composition of Committee and Meetings attended

During the year, four meetings of the Stakeholders' Relationship Committee were held on 30th May, 12th August, and 11th November in year 2016 and on 14th February in year 2017 during the financial year 2016- 2017.

A brief detail of Names, Position, Category and meeting attended by Members of Committee is as follows:

Name	Position	Category	Meetings Attended
Mr. Mangelal Joshi*	Chairman	Independent, Non-Executive	4
Mr. Goutam Bose	Member	Executive Director	4
Mr. Raj Kumar Chhakra	Member	Independent, Non-Executive	4

DETAILS OF SHAREHOLDERS' COMPLAINTS

There was Nil Complaint pending at the beginning of the Financial Year. During the year the Company did not receive any complaint from any of the shareholders. Further, there was no pending complaint at the close of the financial year.

As required under Regulation 40(9) of Listing Regulations, 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 khoobsurat.kolkata@gmail.com to lodge Investor complaints. Apart from this, the SEBI has also facilitated Investors to lodge complaints directly on SCORES on SEBI website for faster addressing and resolutions of Investor Complaints.

Independent Directors' Meeting

During the year under review, the Independent Directors met on March 28, 2017, inter alia, to discuss:

- Evaluation of the Performance of Non-Independent Directors and the Board of Directors as a whole;
- Evaluation of the Performance of Chairman of the Company; taking into account the views of the Executive and Non Executive Directors.
- Evaluation of the quality, content and timelines of flow of information between the Management and the Board that is necessary for the Board to effectively and reasonably perform its duties.

All the Independent Directors were present at the Meeting.

GENERAL BODY MEETINGS

Location & time for the last three Annual General Meetings :

Annual General Meeting	Date & Time	Venue
34th Annual General Meeting	28th September 2016, 10.00 AM	Shyamal Smriti Parishad, 30, Dr. Nagen Ghosh Road, Kolkata-700 031
33rd Annual General Meeting	28th September 2015, 10.00 AM	Shyamal Smriti Parishad, 30, Dr. Nagen Ghosh Road, Kolkata-700 031
32nd Annual General Meeting	25th September 2014, 10.00 AM	Shyamal Smriti Parishad, 30, Dr. Nagen Ghosh Road, Kolkata-700 031

SPECIAL RESOLUTION PASSED AT LAST THREE ANNUAL GENERAL MEETINGS:

Company has passed following Special Resolution in pursuance of the prevailing Laws, Rules, Regulations, Guidelines, Standards, etc. in the 33rd Annual General Meeting -

- Adoption of new set of Articles of Association of the Company as per Section 14 of the Companies Act, 2013

Apart from the above, no special resolution has been passed in remaining two out of last three Annual General Meetings.

PASSING OF RESOLUTION BY POSTAL BALLOT:

During Financial Year 2015-16, Special Resolution has been passed for sub-division in face value of Equity Shares i.e. from Rs 10/- to Re 1/- and to amend Capital Clause of Memorandum of Association accordingly.

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 31st March 2017.

BOARD DISCLOSURES

Compliance with Governance Framework

The Company is in compliance with all mandatory requirements under Listing Regulations, 2015.

STRICTURES AND PENALTIES

No strictures or penalties have been imposed on the Company by the Stock Exchanges or by the Securities and Exchange Board of India (SEBI) or by any statutory authority on any matters related to capital markets activities during the last three years.

DISCLOSURE OF ACCOUNTING TREATMENT

In the preparation of the financial statements, the Company has followed the Accounting Standards referred to in Section 133 of the Companies Act, 2013. The significant accounting policies which are consistently applied have been set out in the Notes to the Financial Statements.

RISK MANAGEMENT

Risk management is embedded in your Company's operating framework. Your Company believes that managing risks helps in maximizing returns. The Company's approach to addressing business risks is comprehensive and includes periodic review of such risks and a framework for mitigating controls and reporting mechanism of such risks. The risk management framework is reviewed periodically by the Board and the Audit Committee.

SEBI / STOCK EXCHANGE COMPLIANCE

The Company has complied with all requirements of the Listing Agreement entered into with Stock Exchanges and also SEBI Listing Regulations (effective from 1st December 2015). Consequently there were no strictures or penalties imposed either by SEBI or Stock Exchange or any Statutory Authority for non-compliance of any matter related to the Capital Markets during the last three years.

PREVENTION OF INSIDER TRADING

The Company has adopted a Code of Conduct for prevention of Insider Trading with a view to regulate trading in securities by the Directors and designated employees of the Company. The Code requires pre- clearance for dealing in the Company's shares and prohibits the purchase or sale of company shares by the Directors and the designated employees while in possession of unpublished price sensitive information in relation to the company and during the period when the trading window is closed. The Company Secretary & Head Compliance is responsible for implementation of the Code.

All Board Directors and the designated employees have confirmed compliance with the Code.

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, 2015) 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. Further, we affirm that no personnel have been denied access to the Audit Committee.
- d) Reconciliation of Share Capital : As stipulated by SEBI, a qualified Practicing Company Secretary carries out Secretarial Audit to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed capital. This audit is carried out every quarter and the report thereon is submitted to the Stock Exchanges where the company's shares are Listed the audit confirms that the total Listed and Paid-up Capital is in agreement with the aggregate of the total number of shares in dematerialized form (held with NSDL and CDSL) and total number of shares in physical form.

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.

VIGIL MECHANISM / WHISTLE BLOWER POLICY

Pursuant to Section 177(9) and (10) of the Companies Act, 2013, and Regulation 22 of the Listing Regulations, the Company has formulated Whistle Blower Policy for vigil mechanism of Directors and employees to report to the management about the unethical behavior, fraud or violation of Company's Code of Conduct. The mechanism provides for adequate safeguards against victimization of employees and Directors who use such mechanism and makes provision for direct access to the chairperson of the Audit Committee in exceptional cases. None of the personnel of the Company has been denied access to the Audit Committee. The Whistle Blower Policy is displayed on the Company's website viz. www.khoobsuratltd.com.

COMMUNICATION WITH THE MEMBERS/SHAREHOLDERS

- The unaudited quarterly / half yearly results are announced within forty-five days of the close of the quarter. The audited annual results are announced within sixty days from the close of the financial year as per the requirements of the Listing Regulations.
- The approved financial results are forthwith sent to the Stock Exchanges and are published in a national English newspaper and in local language (Bengali) newspaper, within forty-eight hours of approval thereof. Presently the same are not sent to the shareholders separately.
- The Company's financial results and official press releases are displayed on the Company's Website- www.khoobsuratltd.com
- Any presentation made to the institutional investors or/and analysts are also posted on the Company's website.
- Management Discussion and Analysis forms part of the Annual Report, which is sent to the shareholders of the Company.
- The Company also informs by way of intimation to BSE, MCX-SX & CSE, all price sensitive matters or such other matters, which in its opinion are material and of relevance to the members.
- In compliance with Listing Regulations, the quarterly results, shareholding pattern, quarterly compliances and all other corporate communication to the Stock Exchanges viz. BSE are filed electronically on BSE's and MCX-SX's online portal. The Company has complied with filing submissions through BSE's BSE Online Portal and MCX-SX's Online Portal. In case of CSE the same are filed by email.
- A separate dedicated section under 'Investors' on the Company's website gives information on unclaimed dividends (if any), notices to the Board Meetings, quarterly compliance reports / communications with the Stock Exchanges and other relevant information of interest to the investors / public.

DISCLOSURES ON NON-MANDATORY REQUIREMENTS

Adoption of non-mandatory requirements of Listing Regulations is being reviewed by the Board from time-to-time.

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 35th Annual General Meeting for the financial year ended on 31st March 2017 is as follows :-

Date : 21st September, 2017 (Thursday)

Time : 10.00A.M.

Venue : Shyamal Smriti Parishad, 30, Dr. Nagen Ghosh Road, Kolkata-31

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

c. Future Calendar for financial year ending 31st March 2017 :

Subject Matter	Tentative Date
Financial Reporting of 1st Quarter ended on 30th June 2017	Mid of August, 2017
Financial Reporting of 2nd Quarter ended on 30th September 2017	Mid of November, 2017
Financial Reporting of 3rd Quarter ended on 31st December 2017	Mid of February 2018
Financial Reporting of 4th Quarter ended on 31st March 2018	During May 2018
Date of Annual General Meeting	During September 2018

d. Date of Book Closure : September 15 to September 21, 2017. (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. Unclaimed Dividend / Share Certificates

Pursuant to the provisions of Section 124(5) of the Companies Act, 2013, if the dividend transferred to the Unpaid Dividend Account of the Company remains unpaid or unclaimed for a period of seven years from the date of such transfer then such unclaimed or unpaid dividend shall be transferred by the company along with interest accrued, if any to the Investor Education and Protection Fund ('the IEPF'), a fund established under sub-section (1) of section 125. The details of unclaimed/unpaid dividend are available on the website of the Company viz. www.khoobsuratltd.com

Section 124(6) of the Companies Act, 2013 mandates transfer of all those shares, in respect of which Unpaid or Unclaimed dividend has been transferred by the Company to the IEPF.

Details of Unclaimed Dividend and Due Dates for transfer are as follows as on March 31, 2017:

Sr. No.	Year of Declaration of Dividend	Date of Declaration of Dividend	Unclaimed Amount	Due Date for transfer to IEPF Account
1.	Not Any	Not Any	Nil	N.A.

Further, as required to be disclosed under Regulation 34(3) read with Schedule V of Listing Regulations, Nil Shares are lying at the beginning or at the close of financial year in the Suspense Account. Further the Company did not moved in/out any Equity Share in said Suspense Account during the current financial year.

- h. Listing of Shares** : BSE Limited (BSE)
Calcutta Stock Exchange Association Ltd. (CSE)
Metropolitan Stock Exchange of India Ltd. (MSEIL)
- i. Listing Fees** : Annual Listing Fees for FY 2016-2017 have been paid to both BSE and MSEIL Listing Fees is yet to be paid to CSE.
- j. Stock Code & ISIN Code** : 535730 on BSE; 21144 on CSE, MSEIL - KHOBSURAT
: INE731G01019 on both CDSL & NSDL
- k. Market Price Data** :

Month	Price on BSE (Rs) & Volume			S&P BSE Sensex	
	High	Low	Volume	High	Low
April 2016	2.90	2.17	13,038	26,100.54	24,523.20
May 2016	2.17	1.85	2,27,486	26,837.20	25,057.93
June 2016	2.00	1.90	2,67,192	27,105.41	25,911.33
July 2016	2.10	1.81	1,57,402	28,240.20	27,034.14
August 2016	2.05	1.42	61,765	28,532.25	27,627.97
September 2016	1.69	1.56	1,791	29,077.28	27,716.78
October 2016	1.57	1.43	5,863	28,477.65	27,488.30
November 2016	1.57	1.09	72,556	28,029.80	25,717.93
December 2016	1.04	0.63	1,92,823	26,803.76	25,753.74
January 2017	0.75	0.51	1,14,529	27,980.39	26,447.06
February 2017	0.49	0.41	34,65,917	29,065.31	27,590.10
March 2017	0.41	0.41	30,74,874	29,824.62	28,716.21

However, Shares of the Company have not been traded either on CSE or on MSEIL during the financial year under review.

l. 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, 6th Floor
4, B.B.D. Bag (East), Kolkata-700 001
Phone - 033-22430153 / 033-22201043, Fax 033-22430153, E-Mail: absconsultant@vsnl.net

m. Share Transfer Systems

The Share transfer is processed by the Registrar & Share Transfer Agent, ABS Consultants Pvt. Ltd. and approved by Stakeholders' Relationship Committee, if the documents are complete in all respects, within 15 days from the date of lodgment.

n. Shareholding Pattern as on 31st March 2017

Categories	No. of Shares	% of Shareholding
Promoters, Directors & Relatives & Person acting in concert	12286500	9.25
Indian Bank / Mutual Funds	00	0.00
NRI/OCBS	12200	0.01
Private Corporate Bodies	44700729	33.65
Indian Public	75845311	57.09
Total	132844740	100.00

o. Distribution of Shareholding as on 31st March 2017

No. of Equity Shares	No. of Share Holders	% of Share Holders	Total No. of Shares Held	% of Share Holding
1-500	284	15.02	36291	0.03
501-1000	77	4.07	68674	0.05
1001-2000	62	3.28	105419	0.08
2001-3000	33	1.75	88832	0.07
3001-4000	22	1.16	80670	0.06
4001-5000	35	1.85	168531	0.13
5001-10000	95	5.02	720796	0.54
10001 and Above	1283	67.85	131575527	99.04
Total....	1891	100.00	132844740	100.00

p. 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 2017 –

Name of Shareholder	No. of Shares Held	% of Shareholding
Ella Finetex Co. Pvt. Ltd.	10,62,975	8.00%

q. 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 15 days from the date of issue of Shares.

The Shares of Company are traded on BSE, MSEIL & CSE. 91.04% of the Company's Equity Share Capital held under Public category has been dematerialized up to 31st March 2017.

r. 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.

s. 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.

t. 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."

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 :-
Ms. Rajni Dokania - 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. Plant Location

Not Any

bb. Address for Correspondence

Khoobsurat Limited

7-A, Bentinck Street, 3rd Floor, Kolkata-700 001

Tel : +91 33 40661067 Fax : +91 33 30285807, Email : khoobsurat.kolkata@gmail.com

CEO / CFO CERTIFICATION

I the undersigned, in our respective capacities as Managing Director of M/s. Khoobsurat Limited (“the Company”) to the best of our knowledge and belief certify that:

- (a) We have reviewed financial statements and the cash flow statement for the year and that to the best of our knowledge and belief:
 - (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) We further state that 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, if any, in internal control over financial reporting during the year;
 - (ii) significant changes, if any, 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.

Kolkata, May 10, 2017

For **Khoobsurat Limited**
Sd/- **Goutam Bose**
(DIN : 02504803)
Managing Director

ANNUAL CERTIFICATE UNDER REGULATION 26 (3) OF THE SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015

As provided under Regulation 26 (3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, all Board Members and Senior Management Personnel have affirmed compliance with M/s. Khoobsurat Limited, of Code of Business Conduct and Ethics for the year ended March 31, 2017.

Kolkata, May 10, 2017
For **Khoobsurat Limited**
Sd/- **Babu Mallesh Gollar**
Chief Financial Officer

For **Khoobsurat Limited**
Sd/- **Goutam Bose**
(DIN : 02504803)
Managing Director

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To the Members of Khoobsurat Limited

We have examined the compliance of conditions of Corporate Governance by M/s. Khoobsurat Limited (The Company), for the year ended March 31, 2017 as stipulated in Regulations 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27 and clauses (b) to (i) of sub-regulation (2) of regulation 46 and para C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (collectively referred to as "SEBI Listing Regulations, 2015).

The compliance of conditions of Corporate Governance is the responsibility of the Company's management. Our examination was carried out in accordance with the Guidance Note on Certification of Corporate Governance, issued by the Institute of Chartered Accountants of India and was limited to 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 opinion on the financial statements 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 SEBI Listing Regulations, 2015.

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

For **Bharat D. Sarawgee & Co.**

Chartered Accountants

FRN: 326264E

Sd/-

Bharat D. Sarawgee

Partner

Membership No. 061505

Place : Kolkata

Date : May 10, 2017

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 March 31, 2017, the Statement of Profit and Loss and the Cash Flow Statement for the year ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements to give a true and fair view of the financial position, financial performance and the cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provision of the Act for safeguarding of the assets of the Company and for preventing and detecting the frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial control, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act and the Rules made thereunder, including the accounting standards and matters which are required to be included in the audit report.

We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those Standards and pronouncements require that we comply with 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 financial control relevant to the Company's preparation of the financial statements that give true and fair view, in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, 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 on the financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the

state of affairs of the Company as at 31st March 2017, and its Profit and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act(hereinafter referred to as the "Order"),and on the basis of such checks of the books and records of the company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure A statement on the matters Specified in paragraphs 3 and 4 of the Order.
2. As required by section 143(3) of the Act, we report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - 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, the 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 aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - e) On the basis of written representations received from the directors as on 31st March, 2017, taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2017, from being appointed as a director in terms of Section 164(2) of the Act.
 - f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in Annexure B.
 - g) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our knowledge and belief and according to the information and explanations given to us:
 - i The Company does not have any pending litigations as at March 31, 2017 which would impact its financial position in its financial statements.
 - ii The Company did not have any long-term contracts including derivatives contracts for which there were any material foreseeable losses during the year ended March 31, 2017.
 - iii There were no amounts which required to be transferred by the Company to the Investor Education and Protection Fund during the year ended March 31, 2017.
 - iv The Company has provided requisite disclosures in its financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8 November, 2016 to 30 December, 2016 and these are in accordance with the books of accounts maintained by the Company. Refer Note 2.28 to the financial statements

For **Bharat D. Sarawgee & Co.**
Chartered Accountants
Firm Registration No. : 326264E
Bharat D. Sarawgee
Partner
Membership No.:061505

Place: Kolkata
Date: May 10, 2017

ANNEXURE A TO INDEPENDENT AUDITORS' REPORT

The auditor's report on the accounts of a company to which this Order applies shall include a statement on the following matters, namely:-

- (i) (a) The company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets;
 (b) These fixed assets have been physically verified by the management at reasonable intervals; No material discrepancies were noticed on such verification.
 (c) There are no immovable properties held in the name of the company.
- (ii) The Company is maintaining proper records of inventory and there is no any material discrepancy noticed.
- (iii) The company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, the provisions of Clause 3(iii) of the Order are not applicable to the Company.
- (iv) In our opinion, and according to the information and explanations given to us, the Company has complied with the provisions of Section 185 and 186 of the Companies Act, 2013 in respect of the loans and investments made, and guarantees and security provided by it.
- (v) The Company has not accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and the Rules framed there under to the extent notified. Accordingly, the provisions of Clause 3(v) of the Order are not applicable to the Company
- (vi) Maintenance of cost records has not been specified by the Central Government under sub-section (1) of section 148 of the Companies Act, 2013 and no such accounts and records have been so made and maintained. Accordingly, the provisions of Clause 3(vi) of the Order are not applicable to the Company.
- (vii) (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is generally regular in depositing the undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues to the appropriate authorities;
 (b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of income tax or sales tax or service tax or duty of customs or duty of excise or value added tax -tax, which have not been deposited on account of any dispute except the following:

Period to which the amount Relate	Amount	Forum on which it is pending
2008-09	9,73,900/-	Appeal filed by the company and pending before CIT (Appeals) 10

- (viii) According to the records of the Company examined by us and the information and explanation given to us, the Company has not defaulted in repayment of loans or borrowings to any financial institution or bank or Government or dues to debentureholders as at the balance sheet date
- (ix) In our opinion, and according to the information and explanations given to us, there was no money raised by way of Initial public offer or any term loan, accordingly, the provisions of Clause 3(ix) of the Order are not applicable to the Company
- (x) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the Management.

- xi During the course of our examination of the books and records of the Company and according to the information and explanations given to us, the company has paid managerial remuneration within the limits specified under Section 197 of Companies Act, 2013.
- xii As the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it, the provisions of Clause 3(xii) of the Order are not applicable to the Company.
- xiii The Company has not entered into transactions with related parties in compliance with the provisions of Sections 177 and 188 of the Act. Accordingly, the provisions of Clause 3(xiii) of the Order are not applicable to the Company.
- xiv The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of Clause 3(xiv) of the Order are not applicable to the Company.
- xv The Company has not entered into any non-cash transactions with its directors or persons connected with him. Accordingly, the provisions of Clause 3(xv) of the Order are not applicable to the Company.
- xvi The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Accordingly the provisions of the clause 3(xvi) of the said order are not applicable to the Company.

Place: Kolkata
Date: May 10, 2017

For **Bharat D. Sarawgee & Co.**
Chartered Accountants
Firm Registration No. : 326264E
Bharat D. Sarawgee
Partner
Membership No.:061505

ANNEXURE B TO INDEPENDENT AUDITORS' REPORT

Referred to in paragraph 2(f) of the Independent Auditors' Report of even date to the members of Khoobsurat Limited on the financial statements for the year ended March 31, 2017

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Act

We have audited the internal financial controls over financial reporting of Khoobsurat Limited ("the Company") as of March 31, 2017 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing deemed to be prescribed under section 143(10) of the Act to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that

- (1) Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and
- (3) Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Place: Kolkata
Date: May 10, 2017

For **Bharat D. Sarawgee & Co.**
Chartered Accountants
Firm Registration No. : 326264E
Bharat D. Sarawgee
Partner
Membership No.:061505

Balance Sheet as at 31 March, 2017

(All amounts in Rupees, except share data and unless otherwise stated)

Particulars	Note	As at 31st March, 2017	As at 31st March, 2016
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	2.1	13,28,44,740	13,28,44,740
Reserves and surplus	2.2	11,71,94,955	11,71,70,128
		<u>25,00,39,695</u>	<u>25,00,14,868</u>
NON-CURRENT LIABILITIES			
Deferred tax liabilities (Net)	2.3	1,42,117	1,78,058
		<u>1,42,117</u>	<u>1,78,058</u>
CURRENT LIABILITIES			
Trade Payable	2.4	3,94,80,505	3,87,67,290
Other current liabilities	2.5	1,12,077	5,59,694
Short-term provisions	2.6	34,09,795	51,66,399
		<u>4,31,44,494</u>	<u>4,46,71,441</u>
TOTAL		<u>29,31,84,189</u>	<u>29,46,86,309</u>
ASSETS			
Non-current assets			
Fixed assets			
Tangible assets	2.7	6,36,735	7,01,954
		<u>6,36,735</u>	<u>7,01,954</u>
CURRENT ASSETS			
Current Investment	2.8	8,31,20,100	3,34,58,700
Stock-in Trade	2.9	5,35,800	86,31,000
Trade Receivable	2.10	2,33,62,460	1,90,21,337
Cash and Cash Equivalents	2.11	23,13,422	1,43,61,155
Short-term loans and advances	2.12	18,32,15,672	21,85,12,164
TOTAL		<u>29,31,84,189</u>	<u>29,46,86,309</u>

Significant accounting policies and notes on accounts 1

As per report of even date
For BHARAT D. SARAWGEE & CO.
Chartered Accountants

For and on behalf of the Board

BHARAT D. SARAWGEE
Partner

GOUTAM BOSE
Managing Director
02504803

MANGELAL JOSHI
Director
02429795

Regn. No.326264E
Membership No.F61505
Kolkata, 10th May, 2017

BABU MALLESH GOLLAR
CFO
ARRPG5940K

RAJINI DOKANIA
Company Secretary
BCBPP0574Q

Statement of Profit and loss for the year ended 31 March 2017**(All amounts in Rupees, except share data and unless otherwise stated)**

Particulars	Note	2016-17	2015-16
REVENUE			
Revenue from Operation	2.13	2,05,84,474	2,47,81,714
Other Income	2.14	78,47,601	1,17,03,606
Total Revenue		2,84,32,075	3,64,85,320
EXPENSES			
Changes in Inventories of Stock-In-Trade		80,95,200	(79,38,000)
Purchases of stock-In-Trade	2.15	1,16,23,490	3,40,62,161
Employee benefits expense	2.16	22,91,654	32,29,785
Depreciation & amortisation Exps.	2.7	65,219	87,991
Other Expenses	2.17	63,67,627	65,06,271
TOTAL EXPENSES		2,84,43,190	3,59,48,208
PROFIT/(LOSS) BEFORE TAX		(11,115)	5,37,112
Provision for Tax			
Current		-	1,38,000
Earlier Year		-	84,570
Deferred		(35,941)	(82,770)
Profit / (Loss) for the year		24,826	3,97,312
Earning per Equity Share - Par Value of Rs.10/- - Basic & Diluted	2.18	0.01	0.03

As per report of even date
For BHARAT D. SARAWGEE & CO.
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Company Secretary
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Cash Flow Statement for the year ended 31 March 2017

(All amounts in Rupees except share data and unless otherwise stated)

Particulars	Year ended 31st March, 2017 Amount (Rs.)	Year ended 31st March, 2016 Amount (Rs.)
A. Cash Flow from Operating Activities		
Net Profit before Tax & Extraordinary items	(11,115)	5,37,112
Adjustments for:		
Add: Depreciation	65,219	87,991
Operating Profit before working Capital Changes	<u>54,104</u>	<u>6,25,103</u>
Adjustments for Working Capital Changes:		
Trade and other Receivable	(43,41,123)	(1,34,12,270)
Loans & Advances	3,52,96,492	6,27,29,204
Stock-in-trade	80,95,200	(79,38,000)
Trade Payable & Other Liabilities	2,65,598	86,32,440
Cash Generated from Operations	<u>3,93,70,271</u>	<u>5,06,36,477</u>
Provision for Income Tax	(17,56,604)	(32,19,637)
Income Tax paid	-	(2,22,570)
Net Cash From Operating Activities	<u>3,76,13,667</u>	<u>4,71,94,270</u>
B. Cash Flow from Investing Activities		
(Increase)/decrease in Investment	(4,96,61,400)	(3,34,58,700)
(Increase)/decrease in Fixed Assets	-	-
Net Cash From Investing Activities	<u>(4,96,61,400)</u>	<u>(3,34,58,700)</u>
C. Cash Flow from Financing Activities		
Net Cash From Financing Activities	-	-
Net Increase/(Decrease) in cash and cash Equivalents (A+B+C)	(1,20,47,733)	1,37,35,570
Cash & Cash Equivalents (Opening Balance)	<u>1,43,61,155</u>	<u>6,25,584</u>
Closing Cash & Cash Equivalents (Closing Balance)	<u>23,13,422</u>	<u>1,43,61,154</u>

NOTES:

(1) Figures in bracket represent outflows.

(2) Previous years figures have been regrouped / reclassified wherever applicable.

As per report of even date
For BHARAT D. SARAWGEE & CO.
Chartered Accountants

For and on behalf of the Board

BHARAT D. SARAWGEE
Partner

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Kolkata, 10th May, 2017

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CFO
ARRPG5940K

RAJINI DOKANIA
Company Secretary
BCBPP0574Q

Notes on Financial Statements for the Period ended 31st March 2017

(All amounts in Rs, except share data and unless otherwise stated)

Note 1

Company Information & Accounting Policies

Company Information

The company is incorporated on 17th April, 1982 at Calcutta, West Bengal, India. It is a Public limited company by its shares. The company operates in Textiles. The activities of the company include trading in textiles, investing in shares & other securities and other related activities.

Accounting Policies

Basis of Preparation of Financial Statements

These financial statements have been prepared to comply in all material aspects with Generally Accepted Accounting Principles in India (Indian GAAP), the applicable Accounting Standards prescribed under Section 133 of the Companies Act, 2013 ('Act') read with Rule 7 of the Companies (Accounts) Rules, 2014, the provisions of the Act (to the extent notified) and other accounting principles generally accepted in India, to the extent applicable.

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013. Based on the nature of products and the time between acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current/non-current classification of assets and liabilities.

Use of Estimates

The preparation of the financial statements in conformity with the generally accepted principles requires the management to make estimates and assumptions that effect the reported amount of assets, liabilities, revenues and expenses and disclosure of contingent assets and liabilities. The estimates and assumptions used in the accompanying financial statements are based upon management's evaluation of the relevant facts and circumstances as of the date of the financial statements. Actual results may differ from that estimates and assumptions used in preparing the accompanying financial statements. Any differences of actual results to such estimates are recognized in the period in which the results are known / materialized.

Cash Flow Statement

Cash flow statement has been prepared in accordance with the "indirect method" as explained in the AS-3 issued by the Institute of Chartered Accountants of India.

Fixed Assets & Depreciation Tangible Assets

Tangible assets are stated at acquisition cost, net of accumulated depreciation and accumulated impairment losses, if any. Subsequent expenditures related to an item of tangible asset are added to its book value only if they increase the future benefits from the existing asset beyond its previously assessed standard of performance.

Items of fixed assets that have been retired from active use and are held for disposal are stated at the lower of their book value or net realisable value and are shown separately in the financial statements under Other Current Assets. Losses arising from the retirement of, and gains or losses arising from disposal of fixed assets which are carried at cost are recognised in the profit and loss account.

"Depreciation is provided on a pro-rata basis on the Written Down Value Method at the rates prescribed under Schedule II to the Companies Act, 2013 with the exception of the following:"- assets costing Rs.

5,000 or less are fully depreciated in the year of purchase.”

Intangible Assets & Amortisation

Intangibles assets are stated at cost less accumulated amortisation. These are being amortised over the estimated useful life, as determined by the management. Leasehold land is amortised over the primary period of the lease.

Revenue Recognition

Revenue is recognized to the extent it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized.

- a) Income is recognized on accrual basis as sale takes place.

Other Income Recognition

“Interest on investments is booked on a time proportion basis taking into account the amounts invested and the rate of interest.”“Dividend income on investments is accounted for when the right to receive the payment is established.”

Purchase

Purchase is recognized on passing of ownership.

Expenditure

Expenses are accounted for on accrual basis and provision is made for all known losses and liabilities.

Investments

“Current investments are stated at the lower of cost and fair value. Long-term investments are stated at cost. A provision for diminution is made to recognise a decline, other than temporary, in the value of long-term investments. Investments are classified into current and long-term investments.”“Investments that are readily realisable and are intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as non current investments.”

Cash & Cash Equivalents

The Company considers all highly liquid financial instruments, which are readily convertible into cash and have original maturities of three months or less from the date of purchase, to be cash equivalents.

Impairment of Assets

An asset is treated as impaired when the carrying cost of assets exceeds its recoverable value. An impairment loss is charged to Statement of Profit and Loss in the year in which an asset is identified as impaired. The impairment loss recognized in prior accounting period is reversed if there is a change in the estimated recoverable value.

Taxation

Provision for current Income Tax is made on the taxable income using the applicable tax rates and tax laws. Deferred tax assets or liabilities arising on account of timing differences between book and tax profits, which are capable of reversal in one or more subsequent years is recognized using tax rate and tax laws that have been enacted or subsequently enacted. Deferred tax asset in respect of unabsorbed depreciation and carry forward losses are not recognized unless there is sufficient assurance that there will be sufficient future taxable income available to realize such

losses.

Earnings per Share

"Basic earning per share is calculated by dividing the net profit for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period." "The weighted average number of equity shares outstanding during the period and for all periods" presented is adjusted for events, such as bonus shares, other than the conversion of potential equity shares, that have changed the number of equity shares outstanding, without a corresponding change in resources. For the purpose of calculating diluted earnings per share, the net profit for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period is adjusted for the effects of all dilutive potential equity shares."

Stock in Trade

"Stocks are valued at cost or market value, whichever is lower. The comparison of Cost and Market value is done separately for each category of stock."

Contingent Liabilities & Provisions

"A provision is recognised when there is a present obligation as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation and in respect of which reliable estimate can be made. Provision is not discounted to its present value and is determined based on the best estimate required to settle the obligation at the year end date." "These are reviewed at each year end date and adjusted to reflect the best current estimate." "Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made."

Other Notes and Additional Information forming part of Financial Statements

- i) In the opinion of the management, current assets, loans and advances and other receivables have realizable value of at least the amounts at which they are stated in the accounts

Notes on Financial Statements for the year ended 31st March, 2017

(All amounts in Rupees, except share data and unless otherwise stated)

	As at March 31, 2017	As at March 31, 2016
NOTE : 2.1		
Authorised :		
150,000,000 equity shares of Re.1/- each (last year: 1,50,00,000 Equity Shares of Rs.10/- each)	15,00,00,000	15,00,00,000
Issued, subscribed and paid-up capital		
132,844,740 equity shares of Re. 1/- each fully paid-up (last year: 1,32,84,474 Equity Shares of Rs.10/- each)	13,28,44,740	13,28,44,740
Notes:		
Number of Equity Shares held is as given below:	March 31, 2017	March 31, 2016
Name of the shareholder		
Ella Fintex Pvt Ltd	1,06,29,750 8.00%	1,06,29,750 8.00%
Global Capital Market & Infrastructures Ltd	-	86,55,000
	0.00%	6.52%
The Company has only one class of shares referred to as equity shares having a par value of Rs.10/- each		
	As at March 31, 2017	As at March 31, 2016
NOTE : 2.2		
RESERVES AND SURPLUS		
Special Reserve		
Balance at the beginning of the year	30,00,000	30,00,000
Add: Transfer from Surplus	-	-
	30,00,000	30,00,000
General Reserve		
Balance at the beginning of the year	9,93,56,857	9,93,56,857
	9,93,56,857	9,93,56,857
Surplus		
Opening balance		
Add: Net profit for the current year	24,826	3,97,312
Amount available for appropriation	1,48,38,098	1,48,13,272
Less: Transfer to special reserve		
Depreciation for earlier years	-	-
Closing balance	1,48,38,098	1,48,13,272
TOTAL	11,71,94,955	11,71,70,129

	As at March 31, 2017	As at March 31, 2016
NOTE : 2.3		
Deferred Tax Liabilities (Net)	1,42,117	1,78,058
	<u>1,42,117</u>	<u>1,78,058</u>

	As at March 31, 2017	As at March 31, 2016
NOTE : 2.4		
TRADE PAYABLE		
More than six months	26,98,499	1,98,35,377
Others	3,67,82,006	1,89,31,913
	<u>3,94,80,505</u>	<u>3,87,67,290</u>

	As at March 31, 2017	As at March 31, 2016
NOTE : 2.5		
OTHER CURRENT LIABILITIES		
Other Current Liabilities	1,12,077	5,59,694
	<u>1,12,077</u>	<u>5,59,694</u>

	As at March 31, 2017	As at March 31, 2016
NOTE : 2.6		
SHORT TERM PROVISION		
Provision for Taxation (net)	34,09,795	51,66,399
	<u>34,09,795</u>	<u>51,66,399</u>

NOTE 2.7**FIXED ASSETS**

	GROSS BLOCK(AT COST)				DEPRECIATION				NET BLOCK		
	As on 01.04.2016 Rs.	Additions during the year Rs.	Sales/ Adjustment Rs.	As on 31.03.2017 Rs.	As on 01.04.2016 Rs.	For the Year Rs.	On Sales Adjustment Rs.	Charged to Retained earnings Rs.	Upto 31.03.2017 Rs.	As on 31.03.2017 Rs.	As on 31.03.2016 Rs.
Tangible Assets											
1 Data Processing Equipments	89,99,021	-	-	89,99,021	85,49,072	-	-	-	85,49,072	4,49,949	4,49,949
2 Furnitures	8,34,999	-	-	8,34,999	5,82,994	65,219	-	-	6,48,213	1,86,786	2,52,005
TOTAL	98,34,020	-	-	98,34,020	91,32,066	65,219	-	-	91,97,285	6,36,735	7,01,954
Previous Year	98,34,020	-	-	98,34,020	90,44,075	87,991	-	-	91,32,066	7,01,954	7,89,945

NOTE : 2.8**DETAIL OF VALUES OF CURRENT INVESTMENT**

Name of The Scrip	CLOSING As on 31st March 2017		OPENING As on 31st March 2016	
	QNTY	VALUE	QNTY	VALUE
Agradooti Vanijya Private Limited	1,492	1,49,200	74,452	74,45,200
Access Vyapar Pvt Ltd	91,844	91,84,400		
Alcoa Trading Pvt Ltd	10,000	50,00,000		
Anuska Vanijya Pvt Ltd	10,000	50,00,000		
Beau Mont Tradecom Pvt Ltd	30,766	1,53,83,000	7,320	36,60,000
Blue Lagoon Vanijya Pvt Ltd	1,08,980	1,08,98,000	89,980	89,98,000
Chello Commotrade Pvt Ltd	10,000	50,00,000		
Jayguru Commotrade Pvt Ltd	9,300	46,50,000		
Jubilant Fin Tex Pvt Ltd	1,000	1,00,000	1,000	1,00,000
Kathakali Vincom Pvt Ltd	10,000	50,00,000		
Larica Trading Pvt Ltd	23,400	1,17,00,000	13,400	67,00,000
Matarani Commotrade Pvt Ltd	4,000	20,00,000	4,000	20,00,000
Sadgati Trading Pvt Ltd	690	3,45,000	690	3,45,000
Sudarshan Builders Pvt Ltd	75	7,500	75	7,500
Viacom Trade & Finance Pvt Ltd	17,406	87,03,000	8,406	42,03,000
TOTAL	3,28,953	8,31,20,100	1,99,323	3,34,58,700

NOTE : 2.9**DETAIL OF VALUES OF CLOSING STOCK**

Name of The Scrip	CLOSING As on 31st March 2017		OPENING As on 31st March 2016	
	QNTY	VALUE	QNTY	VALUE
Easun Capital Markets Limited	29,000	2,03,000	29,000	2,03,000
Gcm Capital Advisors Ltd.	10,000	42,800	10,000	2,00,000
Blue Circle Ltd	1,00,000	2,90,000	1,00,000	2,90,000
Toyam Industries Ltd (Formerly Ojas Assets Construction)	-	-	3,60,000	79,38,000
TOTAL	1,39,000	5,35,800	4,99,000	86,31,000

Market Value of Quoted Inventory - -

	As at March 31, 2017	As at March 31, 2016
NOTE : 2.10		
TRADE RECEIVABLE		
(Unsecured, considered good)		
Outstanding for a period exceeding six months from the date they are due for payment	46,21,052	1,30,931
Others	<u>1,87,41,408</u>	<u>1,88,90,406</u>
TOTAL	<u>2,33,62,460</u>	<u>1,90,21,337</u>

	As at March 31, 2017	As at March 31, 2016
NOTE : 2.11		
CASH AND CASH EQUIVALENT		
Cash in hand (As certified by Management)	20,20,234	1,20,747
Balances with Scheduled Banks:	<u>2,93,188</u>	<u>1,42,40,408</u>
TOTAL	<u>23,13,422</u>	<u>1,43,61,156</u>

	As at March 31, 2017	As at March 31, 2016
NOTE : 2.12		
SHORT TERM LOANS & ADVANCES		
UNSECURED, CONSIDERED GOOD		
Other loans & advances		
Unsecured Loans considered good (Temporary Business Accomodation)	7,71,08,868	14,15,64,772
Unsecured advances considered good	<u>10,61,06,804</u>	<u>7,69,47,392</u>
	<u>18,32,15,672</u>	<u>21,85,12,164</u>
TOTAL LOANS AND ADVANCES	<u>18,32,15,672</u>	<u>21,85,12,164</u>

	2016-2017	2015-2016
NOTE : 2.13		
REVENUE FROM OPERATION		
Textile Sales	1,60,07,948	1,90,93,714
Sale of Equity Shares	<u>45,76,526</u>	<u>56,88,000</u>
	<u>2,05,84,474</u>	<u>2,47,81,714</u>

	2016-2017	2015-2016
NOTE : 2.14		
OTHER INCOME		
Interest on Loan (TDS .Rs.4,72,141 /-) (P.Y. Rs.9,70,306/-)	71,53,247	1,13,57,954
Custom Drawback	6,69,327	3,14,163
Discount	5,397	5,286
Interest on I.T. Refund	19,630	26,203
	<u>78,47,601</u>	<u>1,17,03,606</u>

	2016-2017	2015-2016
NOTE : 2.15		
PURCHASES OF STOCK-IN-TRADE		
Textile	1,16,23,490	1,41,89,186
Shares	–	1,98,72,975
	<u>1,16,23,490</u>	<u>3,40,62,161</u>

	2016-2017	2015-2016
NOTE : 2.16		
EMPLOYEES BENEFIT EXPENSES		
Salary ,Bonus & Allowance	21,37,352	29,70,785
Staff Welfare	1,54,302	2,59,000
	<u>22,91,654</u>	<u>32,29,785</u>

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.

	As on March 31, 2017	As on March 31, 2016
NOTE : 2.17		
OTHER EXPENSES		
Advertisement	14,101	35,198
Auditors Remuneration		
Statutory Audit Fees	28,625	28,625
-Other Services	29,038	30,804
Accessory	33,971	63,678
Bank Charges	3,644	6,454
Clearing Charges	17,723	90,520
Colouring Charges	11,547	3,043
Computer Maintenance	5,675	53,000
Cutting, Making & Finishing charges	1,34,590	19,73,376
Depository & Registrar charges	2,36,641	1,85,147
Director's Meeting Fees	30,000	30,000
Donation	1,00,000	-
Dyeing Charges	-	9,98,003
Electricity Charges	38,573	17,670
Fabric and Yarn Purchase	33,63,631	
Filing Fees	7,800	25,200
Foreign Exchange Loss	1,60,515	-
General Charges	1,66,827	2,63,893
Hanger Charges	-	3,61,390
Interest on Service Tax	54	
Knitting Charges	36,772	3,63,737
Leave & License Fees	2,40,000	2,42,000
Listing Fees	3,18,000	3,23,249
Loading charges	33,967	19,500
M.D. Salary	74,967	
Miscellaneous Charges	-	68,025
Packing Material	1,84,752	2,17,007
Postage & Courier charges	90,793	1,25,011
Printing & Stationaries	1,07,275	1,88,423
Professional & Advisory Charges	63,900	8,000
Repairs & Maintenance	89,791	1,48,163
Reverse Service Tax	4,500	4,458
Sample Exps.	13,000	11,430
Telephone & Mobile charges	90,941	1,33,105
Transport Charges	2,11,385	1,15,214
Travelling & Conveyance Expenses	4,24,629	3,72,948
	63,67,627	65,06,271

	As on March 31, 2017	As on March 31, 2016
NOTE : 2.18		
Computation of Basic and Diluted Earning per Share		
Earnings: Profit after tax(Rs.)	24,826	3,97,312
Weighted Average	1,32,84,474	1,32,84,474
No. of Equity Share Outstanding during the year (Face Value of Rs.10/- each)		
Earning Per Share - Basic & Diluted	0.01	0.03

NOTE : 2.19**RELATED PARTY DISCLOSURE (ACCOUNTING STANDARD 18)****1) Relationships**

- A. Wholly owned Subsidiary - None
- B. Associate Company - None
- C. Companies under the common control of promoters - None
- D. Key Management Personnel
 - 1. Goutam Bose
 - 2. Mangelal Joshi

2) Transactions

There has been no related party transactions during the year.

NOTE : 2.20**SEGMENT REPORTING (ACCOUNTING STANDARD 17)**

a) The company has Three primary business segments viz:

- i) Textile Business
- ii) Investment Business

	Textile	Investment	Other
Gross Segment Revenue	1,60,07,948	71,53,247	45,76,526
Previous Year	1,90,93,714	1,13,57,954	56,88,000

b) Secondary Segments

The Company Operates predominantly within the geographical limits of India. It has no secondary segments revenue.

NOTE : 2.21

The Company has not received any intimation from suppliers regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosure, if any, relating to amount unpaid as at the year end together with interest paid/payable as required under the said act, have not been given.

NOTE : 2.22

In accordance with the requirement under the Accounting Standard - 22 "Accounting for taxes on Income" the company has accounted for deferred Tax during the year. Consequently the reversal of deferred tax Liability of Rs. 26985/- during the year arising due to timing difference in depreciation & related items has been charged to Profit & Loss account.

NOTE : 2.23

IMPAIRMENT OF ASSETS

The management of the company has during the year carried out technological evaluation for identification of assets, if any, in accordance with Accounting Standard 28. Based on the judgement of the management and as certified by the directors, no provision for impairment is found to be necessary in respect of any assets.

NOTE 2.24

EVENTS OCCURRING AFTER BALANCE SHEET DATE

No significant events which could effect the financial position as on March 31, 2017, to a material extent have been reported by the management, after the balance sheet date till the signing of the report.

NOTE : 2.25

Details of Loans given, Investments made, guarantees given covered under section 186(4) of The Companies Act, 2013

Details of investment made during the year are disclosed by way of separate sheet. Further no guarantee and no new loans and advances given by the company during the year under review.

NOTE : 2.26

The Company has made a export textile sale in foreign currency of \$ 63,954/- (previous year : \$1,35,729/-) equivalent to Rs.42,84,918/- for the year ended 31st March, 2017. (Previous Year :Rs.89,58,129/-)

However, the company has not incurred any expenditure in foreign currency. The company has also booked a loss of Rs.1,60,151/- due to fluctuation in foreign currency during the year.

NOTE 2.27

Previous Year figures have been rearranged and regrouped wherever considered necessary.

NOTE : 2.28

Details of Specified Bank Notes (SBN) held and transacted during the period from 8th November, 2016 to 30th December, 2016:

	SBNs	Other denomination notes	Total
Closing cash in hand as on 08.11.2016	20,85,000	15,61,353	36,46,353
(+) Permitted receipts	-	5,00,000	5,00,000
(-) Permitted payments	-	76,838	76,838
(-) Amount deposited in Banks	20,85,000	10,000	20,95,000
Closing cash in hand as on 30.12.2016	-		19,74,515

NOTE: permitted receipt includes Rs.500,000/- cash withdrawal

As per report of even date
For BHARAT D. SARAWGEE & CO.
Chartered Accountants

For and on behalf of the Board

BHARAT D. SARAWGEE
Partner

GOUTAM BOSE
Managing Director
02504803

MANGELAL JOSHI
Director
02429795

Regn. No.326264E
Membership No.F61505
Kolkata, 10th May, 2017

BABU MALLESH GOLLAR
CFO
ARRPG5940K

RAJINI DOKANIA
Company Secretary
BCBPP0574Q

Khoobsurat Limited

CIN : L23209WB1982PLC034793

Regd. Office : 7-A, Bentinck Street, 3rd Floor, Kolkata-700 001

Tel : +91 33 4061 7068, Email : khoobsurat.kolkata@gmail.com; Website : www.khoobsuratltd.com

ATTENDANCE SLIP

Regd. Folio / DP ID & Client ID		
Name and Address of the Shareholder		

1. I hereby record my presence at the 35th Annual General Meeting of the Company, to be held on Thursday, 21st September 2017 at 10.00 A.M. at Shyamal Smriti Parishad, 30, Dr. Nagen Ghosh Road, Kolkata-700 031 and at any adjournment thereof.
2. Signature of the Shareholder/Proxy Present
3. Shareholder / Proxy holder wishing to attend the meeting must bring the Attendance Slip to the meeting and handover the same at the entrance duly signed.
4. Shareholder / Proxy holder desiring to attend the meeting may bring his / her copy of the Annual Report for reference at the meeting.

Please hand it over at the Attendance Verification Counter at the Entrance of the Meeting Venue

PLEASE CUT HERE AND BRING THE ABOVE ATTENDANCE SLIP TO THE MEETING

ELECTRONIC VOTING PARTICULARS

(1) EVS (E-Voting Sequence No.)	(2) USER ID.	(3) PAN or Relevant No. as under under	(4) Bank Account No.
			(See Note No.1)

Notes:

1. Where Bank Account Number is not registered with the Depositories or Company, please enter your User Id as mentioned in column (2) above.
2. Please read the Instructions printed under the Item No. 29 to the Notice dated 26th Aug. 2017 of the 35th Annual General Meeting. The e-Voting period starts from 9.00 A.M. on 18.09.2017 and ends at 5.00 P.M. on 20.09.2017, the e-voting module shall be disabled by CDSL for voting thereafter.

No gift of any nature will be distributed at the Annual General Meeting

Khoobsurat Limited

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Form No. MGT – 11. PROXY FORM / BALLOT FORM

(Pursuant to 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 _____ Email Id _____

I/We being the members of _____ Shares of Khoobsurat Ltd., 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 35th Annual General Meeting of the Company, to be held on Thursday, 21st September 2017 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, 2017		
2.	Appointment of M/s. K. Ray & Co., Chartered Accountants, Kolkata (FRN - 312142E) as Statutory Auditors of the Company for the term of 5 years.		
Special Business :			
3.	Appointment of Mr. Goutam Bose as Managing Director of the Company for the period of 5 years		

Signed this _____ day of _____ 2017

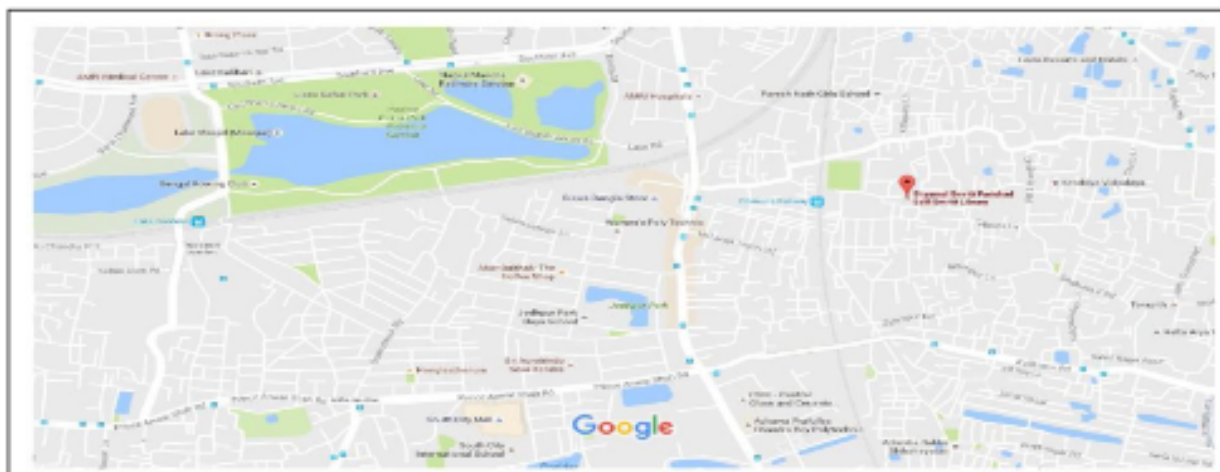
Sign. of Shareholder _____ Sign. of Proxy _____

Affix
Revenue
Stamp
1/-

Notes :

1. This Form of Proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Annual General Meeting.
2. For the Resolutions, Explanatory Statement and Notes, please refer to the Notice of the 35th Annual General Meeting.

Location Plan of Venue of AGM of M/s. Khoobsurat Limited



Khoobsurat Limited

CIN : L23209WB1982PLC034793

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ATTENDANCE SLIP

Dear Shareholder(s),

This is to inform you that the company is in process of updation of records of the shareholders in order to reduce the physical documentation as far as possible.

With new BSE, MCX-SX & CSE listing agreement, it is mandatory for all the investors including transferors to complete their KYC information. Hence, we have to update your PAN No., Phone no. and E-mail id in our records. We would also like to update your current signature records in our system to have better services in future.

To achieve this we solicit your co-operation in providing the following details to us :

1. If you are holding the shares in dematerialized form you may update all your records with your Depository Participant (DP).
2. If you are holding shares in physical form, you may provide the following :

Folio No.	:		
PAN No.	:		
E-mail ID	:		
Telephone Nos. with STD Code	:	+91	
Name and Signatures	:	1.	
		2.	
		3.	

Thanking you,

By order of the Board

For **Khoobsurat Limited**

S/d-

Goutam Bose

(DIN : 02504803)

Managing Director

BOOK POST

DATA PROCESS – 033 2257 3234

If undelivered, please return to :

Khoobsurat Limited

7-A, Bentinck Street, 3rd Floor, Kolkata-700 001