

## REPORT ON CORPORATE GOVERNANCE

In compliance with the requirements of clause 49 of the Listing Agreement with the Stock Exchanges, your Company submits the Annual Report on Corporate Governance.

### 1. Company philosophy on code of Governance

We view Corporate Governance in its widest sense, almost like trusteeship. Corporate Governance is not merely compliance and not simply creating checks and balances, it is an ongoing measure of superior delivery of Company's object with a view to translate opportunities into reality.

Your Company continues to follow procedures and practice in conformity with the Code of Corporate Governance as outlined in clause 49 of the Listing Agreement.

The Company's philosophy on Corporate Governance is to:

- I. Ensure that the decision making process is transparent;
- II. Ensure that the Board and the Employees are fully committed to maximizing long-term value to the Members and the Company;
- III. Ensure protection of the Company's core values;
- IV. Ensure that the Company follows the best operating practices.
- V. Ensure that the quantity, quality and frequency of information, fully places the Board members in control of the Company's affairs;
- VI. Ensure that the Board exercises its responsibilities towards Shareholders and Creditors;
- VII. Ensure that the information is disclosed to investors to the maximum extent;

### Governance Structure

Company's Governance structure broadly comprises of the Board at the apex level and the Management structure at the operational level. This layered structure brings about a harmonious blend in governance as the Board sets the overall corporate objectives and gives direction and freedom to the Management to achieve these corporate objectives within a given framework, thereby bringing about an enabling environment for value creation through sustainable profitable growth.

### Board of Directors

The Board plays a pivotal role in ensuring that the Company runs on sound principles and that its resources are utilized for creating sustainable growth and societal wealth. The Board operates within the framework of a well-defined responsibility matrix which enables it to discharge its fiduciary duties of safeguarding the interest of the Company, ensuring fairness in the decision making process, integrity and transparency in the Company's dealing with its Members and other Stakeholders.

### Committee of Directors

With a view to have a more focused attention on various facets of business and for better accountability, the Board has constituted the committees viz. Audit committee, Nomination and Remuneration Committee, Risk Management Committee and Stakeholders' Relationship Committee. Each of these committees has been mandated to operate within a given framework.

### Management Structure

Management Structure for running the business of the Company as a whole is in place with appropriate delegation of powers and responsibilities. The Chairman and Managing Director is in overall control and responsible for the day-to-day working of the Company. He gives strategic directions, lays down policy guidelines and ensures implementation of the decisions of the Board and its various Committees.

### 2. Board of Directors

#### (a) Composition/Category

The strength of the Board of Directors as on 31st March, 2015 is 10 (Ten). The composition is given below:-

- One Promoter, Executive, Non-independent Director
- One Promoter, Non-Executive, Non-independent Directors
- Two Non-Executive, Non-independent Directors
- Six Non Executive, Independent Directors

The composition of the Board of Directors, the number of Directorship on the Board and Board Committees of other companies, of which the Directors are Members/Chairman under report is given as under :-

Sl. No.	Name of Director	Category	Inter-se Relationships between Directors		No. of other Directorships@	No. of Board Committees (Other than J.K. Cotton) in which\$	
			Director with whom related	Relation		Chairman	Member
1.	Dr. Gaur Hari Singhania <i>Former Chairman &amp; Managing Director (Deceased on 04th February, 2015)</i>	Promoter, Executive, Non Independent	Shri Govind Hari Singhania Shri Yadupati Singhania	Brother Son	5	–	–
2.	Shri Yadupati Singhania <i>Former Vice Chairman</i>	Promoter, Executive, Non Independent	Dr. Gaur Hari Singhania	Father	9	–	–
3.	Shri Govind Hari Singhania <i>(Deceased on 2nd October, 2014)</i>	Promoter, Non-Executive, Non Independent	Dr. Gaur Hari Singhania	Brother	2	–	–

## J. K. Cotton Ltd.

4.	Shri Nidhipati Singhania	Promoter, Non-Executive, Non Independent	-	-	-	-	-
5.	Smt. Varsha Singhania (appointed as Woman Director w.e.f 12th August, 2014)	Non-Executive Non Independent	-	-	1	-	-
6.	Shri Sharad Pat Singhania (appointed as Additional Director w.e.f 30th September, 2014)	Non- Executive, Independent	-	-	2	-	-
7.	Shri K.C. Aggarwal Nominee of Ayodhya Finlease Ltd. (Resigned w.e.f 23rd March, 2015)	Non-Executive, Independent	-	-	1	-	-
8.	Dr. Anil Gupta Nominee of BIFR (Resigned w.e.f 21st March, 2015)	Non-Executive, Independent	-	-	4	-	2
9.	Shri Jagendra Swarup (deceased on 30th July, 2014)	Non- Executive, Independent	-	-	3	-	3
10.	Shri Ashok Gupta	Non- Executive, Non- Independent	-	-	3	-	-
11.	Shri Ravindra Kumar Tandon (appointed as Additional Director w.e.f 30th September, 2014)	Non- Executive, Independent	-	-	2	-	1
12.	Shri Krishna Das Gupta (appointed as Additional Director w.e.f 30th September, 2014)	Non- Executive, Independent	-	-	3	1	4
13.	Dr. Jagannath Gupta	Non- Executive, Independent	-	-	3	-	-
14.	Shri Padam Kumar Jain (appointed as Additional Director w.e.f 30th September, 2014)	Non- Executive, Independent	-	-	2	-	-
15.	Dr. Krishna Behari Agarwal	Non- Executive, Independent	-	-	3	4	1

© Excluding Private Limited Companies, foreign companies and Companies registered under section 8 of the Companies Act, 2013

\$ Chairman/Membership of Audit Committee and the Stakeholder's Relationship Committee alone has been considered,

**(b) Attendance of each Director at the Board Meetings and at the last Annual General Meeting**

During the financial year ended 31st March, 2015, Six Board Meetings were held on the following dates :-

- 29th May, 2014
- 12th August, 2014
- 30th September, 2014
- 13th November, 2014
- 12th February, 2015
- 30th March, 2015

# J. K. Cotton Ltd.

Attendance of each Director at the Board Meetings and at the last Annual General Meeting was as under :

Sl. No.	Name of Director	No. of Board Meetings attended	Attendance at the Last AGM held on 12.08.14
1.	Dr. Gaur Hari Singhania Former Chairman & Managing Director (deceased on 04th February, 2015)	3	No
2.	Shri Yadupati Singhania Former Vice Chairman	3	No
3.	Shri Govind Hari Singhania (deceased on 2nd October, 2014)	1	Yes
4.	Shri Nidhipati Singhania	2	Yes
5.	Smt. Varsha Singhania (appointed as Woman Director w.e.f 12th August, 2014)	1	No
6.	Shri Sharad Pat Singhania (appointed as Additional Director w.e.f 30th September, 2014)	3	No
7.	Shri K.C. Aggarwal Nominee of Ayodhya Finlease Ltd. (Resigned w.e.f 23rd March, 2015)	–	No
8.	Dr. Anil Gupta Nominee of BIFR (Resigned w.e.f 21st March, 2015)	5	Yes
9.	Shri Jagendra Swarup (deceased on 30th July, 2014)	–	No
10.	Shri Ashok Gupta	6	Yes
11.	Shri Ravindra Kumar Tandon (appointed as Additional Director w.e.f 30th September, 2014)	4	No
12.	Shri Krishna Das Gupta (appointed as Additional Director w.e.f 30th September, 2014)	2	No
13.	Dr. Jagannath Gupta	6	Yes
14.	Shri Padam Kumar Jain (appointed as Additional Director w.e.f 30th September, 2014)	3	No
15.	Dr. Krishna Behari Agarwal	6	Yes

## c) Non-Executive Directors

### Compensation and disclosures

Apart from sitting fees paid to Non-Executive Directors for attending Board/Committee meetings, no transaction has been made with Non-Executive Directors vis-à-vis your Company.

**The details of number of Equity Shares of the Company held by Non-Executive Directors are as under:**

Sl.No.	Name of Director	No. of Equity Shares held
1.	Shri Govind Hari Singhania	12326
2.	Dr. K.B. Agarwal	5
3.	Shri Padam Kumar Jain	30

## d) Independent Directors:

The Company has complied with the definition of Independence as per Clause 49 of the Listing Agreement and according to the Provisions of section 149(6) of Companies Act, 2013. The Company has also obtained declarations from all the Independent Directors pursuant to section 149(7) of the Companies Act, 2013.

### Training of Independent Directors

Whenever new Non-Executive and Independent Directors are inducted in the Board, they are introduced to our Company's culture through appropriate orientation session and they are also introduced to our organization structure, our business, constitution, board procedures, our major risks and management strategy.

The appointment letters of Independent Directors & journalization programme for Independent Directors have been placed on the Company's website at [www.jkcotton.com](http://www.jkcotton.com).

The Board evaluates the performance of Non-executive and Independent Directors every year. All the Non-executive and Independent Directors are eminent personalities having wide experience in the field of business, industry and administration.

Their presence on the Board is advantageous and fruitful in taking business decisions.

## 3. Audit Committee

### (a) Composition of the Committee and Broad Terms of Reference

The Audit Committee of the Company comprises of the following Directors:

1. Dr. Jagannath Gupta (Chairman) : Independent, Non-Executive Director
2. Dr. Krishna Behari Agarwal : Independent, Non-Executive Director
3. Shri Padam Kumar Jain : Independent, Non-Executive Director
4. Shri Ravindra Kumar Tandon : Independent, Non-Executive Director
5. Dr. Anil Gupta (Resigned from directorship w.e.f 21st March, 2015.) : Independent, Non-Executive Director

# J. K. Cotton Ltd.

All these Directors possess knowledge of Corporate Finance / Accounts/ Company law / Industry. The Company Secretary of the Company is acting as Secretary for Audit Committee. The Committee reviews reports of the internal auditor, meet statutory auditors and discuss their findings, suggestions and other related matters. It also views major accounting policies followed by the Company.

The terms of reference of Audit Committee cover the matters specified for Audit Committee under clause 49 of the Listing Agreement as well as in Section 177 of Companies Act, 2013.

## (b) Meetings/Attendance

During the financial year ended 31st March, 2015, four meetings were held on 29nd May, 2014, 12th August, 2014, 13th November, 2014 and 12th February, 2015.

The attendance at the Committee Meetings was as under :

Name of Director	No. of Meetings attended
1. Dr. Jagannath Gupta	4
2. Dr. Krishna Behari Agarwal	4
3. Dr. Anil Gupta	2
4. Shri Padam Kumar Jain	2
5. Shri Ravindra Kumar Tandon	2

## 4. Nomination and Remuneration Committee

(a) The terms of reference of the committee are as follows:-

1. Formulation of the criteria for determining qualification, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees;
2. Formulation of criteria for evaluation of Independent Directors and the Board;
3. Devising a policy on Board Diversity;
4. Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the board their appointment and removal.

The remuneration policy envisages payment of remuneration according to the qualification, experience and performance.

## (b) Composition

The Committee comprises of the following Directors:

1. Dr. Krishna Behari Agarwal : Independent,  
(Chairman) Non Executive Director
2. Shri Sharad Pat Singhania : Independent,  
Non Executive Director
3. Shri Krishna Das Gupta : Independent,  
Non Executive Director
4. Shri Nidhipati Singhania : Non Independent,  
Non Executive Director

The Company Secretary of the Company is acting as Secretary for the Committee

## (c) Meetings/ Attendance

The Company is not paying any remuneration to Executive and Non-Executive Directors except sitting fees to Non-Executive Directors. The Company has conducted no meeting during the financial year 2014-15.

## Details of Remuneration to the Directors for the year ended 31st March, 2015

Sl. No.	Name of Director	Salary	Benefits	Sitting Fee	Total
1.	Dr. Gaur Hari Singhania Former Chairman & Managing Director (deceased on 04th February, 2015)*	-	-	-	-
2.	Shri Yadupati Singhania Former Vice Chairman	-	-	29100	29100
3.	Shri Govind Hari Singhania (deceased on 2nd October, 2014)	-	-	5000	5000
4.	Shri Nidhipati Singhania	-	-	10000	10000
5.	Smt. Varsha Singhania (appointed as Woman Director w.e.f 12th August, 2014)	-	-	5000	5000
6.	Shri Sharad Pat Singhania (appointed as Additional Director w.e.f 30th September, 2014)	-	-	15000	15000
7.	Dr. Anil Gupta Nominee of BIFR (Resigned w.e.f 21st March, 2015)	-	-	50000	50000
8.	Shri Ashok Gupta	-	-	49100	49100
9.	Shri Ravindra Kumar Tandon (appointed as Additional Director w.e.f 30th September, 2014)	-	-	35000	35000
10.	Shri Krishna Das Gupta (appointed as Additional Director w.e.f 30th September, 2014)	-	-	10000	10000

# J. K. Cotton Ltd.

11.	Dr. Jagannath Gupta	–	–	61000	61000
12.	Shri Padam Kumar Jain (appointed as Additional Director w.e.f 30th September, 2014)	–	–	28000	28000
13.	Dr. Krishna Behari Agarwal	–	–	79100	79100

\* No Sitting fees was payable w.e.f. 30.10.2007 on appointment as Managing Director

## (d) Nomination and Remuneration Policy :

The Company's Remuneration policy is based on the principles of (i) pay for responsibility (ii) pay for potential and (iii) pay for growth. Keeping in view the above, the Nomination and Remuneration Committee is vested with all the necessary powers and authorities to ensure appropriate disclosure on remuneration to the Managing Director including details of fixed components and performance linked incentives.

As for the Non-executive Directors, their appointments on the Board is for the benefit of the Company due to their vast professional expertise in their professional capacity. The Company suitably remunerates them by paying sitting fee for attending the meetings of the Board and various committees of the Board.

## 5. Stakeholders' Grievance Committee

### (a) Composition

The Committee comprises of following Directors :

1. Dr. Jagannath Gupta : Independent,  
(Chairman) Non-Executive Director
2. Smt. Varsha Singhania : Non-Independent,  
Non-Executive Director
3. Dr. Krishna Behari : Independent,  
Agarwal Non-Executive Director
4. Shri Ashok Gupta : Non-Independent,  
Non-Executive Director

The Company Secretary of the Company is acting as Secretary for the Committee

### (b) Functions

To review the status of shareholders'/ Investors' grievances, redressal mechanism and recommend measures to improve the level of investors' services. The Company had received only one complaint during the Financial Year 2014–15 and the same has been resolved and no complaint was pending as at the beginning and at the end of the Financial Year 2014–15.

### (c) Meetings/Attendance

During the financial year ended 31st March, 2015, four meetings were held on 29th May, 2014, 12th

August, 2014, 13th November, 2014 and 12th February, 2015.

Name of Director	No. of Meetings attended
1. Dr. Jagannath Gupta	4
2. Smt. Varsha Singhania	–
3. Shri Ashok Gupta	4
4. Dr. Krishna Behari Agarwal	2

## 6. Risk Management Committee

### (a) Composition

The Committee comprises of following Directors:

1. Dr Krishna Behari Agarwal: Independent,  
(Chairman) Non Executive Director
2. Shri Padam Kumar Jain : Independent,  
Non Executive Director
3. Shri K. C. Aggarwal : Independent,  
Non Executive Director  
(Resigned from Directorship  
w.e.f 23rd March, 2015)
4. Shri Nidhipati Singhania : Non – Independent,  
Non Executive Director

### (b) Functions

To identify the risk impacting the company's business and document the process of risk identification, risk minimization, risk optimization as a part of risk management policy or strategy.

### (c) Meetings/ Attendance

During the financial year ended 31st March, 2015, one meeting was held on 12th November, 2014.

The attendance at the Committee Meeting was as under:

Name of Director	No. of Meetings attended
1. Shri Nidhipati Singhania	–
2. Shri K.C. Agarwal	–
3. Dr Krishna Behari Agarwal	1
4. Shri Padam Kumar Jain	1

## 7. General Body Meetings

Dates and time of last four General Meetings held are given below :

Date	Financial Year	Type	Time	Place
13th August, 2012	2011–12	AGM	12.30 pm	Registered Office, Kamla Tower, Kanpur
13th August, 2013	2012–13	AGM	12.00 noon	Registered Office, Kamla Tower, Kanpur
12th August, 2014	2013–14	AGM	12.00 noon	Registered Office, Kamla Tower, Kanpur
30th December, 2014		EGM	12.30 pm	Registered Office, Kamla Tower, Kanpur

# J. K. Cotton Ltd.

## Special Resolution passed at the last four General Meetings

Date	Short particulars of Special Resolution passed at the General Meeting
13th August, 2012	No Special Resolution was passed
13th August, 2013	Special Resolution was passed a) Change of name of the Company
12th August, 2014	Special Resolution was passed a) Re-appointment of Directors as an Independent Director. b) To borrow money up to ₹ 500 Crores. c) To create mortgages/ charges/ hypothecation d) To approve/ adopt new Articles of Association/ Regulation in substitution of existing Articles of Association of the Company.
30th December, 2014	Special Resolution was passed a) re-classified of Cumulative Redeemable Preference Shares. b) to alter the Memorandum of Association of the Company. c) to issue and allot Cumulative Redeemable Preference Shares.

## 8. Disclosure

- There are no materially significant transactions with the related parties viz. Promoter, Directors or the Management, their Subsidiaries/ Associates or relatives conflicting with Company's interest. Suitable disclosure as required by the Accounting Standard (AS 18) has been made in the Annual Report.
- There are no pecuniary relationship or transactions of non-executive directors vis-à-vis the Company that have potential conflict with the interest of Company at large.
- No penalties or strictures have been imposed on the Company by Stock Exchange or SEBI or any statutory authority on any matter related to capital markets during the last three years.
- The Company has complied with the mandatory requirements of Clause 49 of the Listing Agreement.

## 9. Code of Conduct

The Board of Directors has already adopted the Code of Ethics & Business Conduct for the Directors and Senior Management Personnel. This Code is a comprehensive code applicable to all Directors and members of the Senior Management.

A copy of the Code of Conduct has been put on the Company's website [www.jkcotton.com](http://www.jkcotton.com).

The Code of Conduct has been circulated to all the members of the Board and Senior Management personnel and compliance of the same has been affirmed by them. A declaration signed by the Chairman & Managing Director in this regard is given below:

"I, Shri Yadupati Singhania, Chairman and Managing Director of J.K. Cotton Limited (Formerly Juggilal Kamlat Cotton Spg. & Wvg. Mills Co. Ltd.) hereby confirm that the Company has obtained from all the members of the Board and Senior Management Personnel of the Company, affirmation that they have complied with Code of Ethics

and Business Conduct framed for Directors and Senior Management Personnel in respect of the Financial Year 2014-15."

Shri Yadupati Singhania  
(Chairman & Managing Director)

## 10. Means of Communications

The Annual, Half Yearly and Quarterly results are submitted to the Stock Exchanges in accordance with Listing Agreement and the same are published regularly in the newspapers. All vital information relating to the Company and its performance, including quarterly results etc. are also posted on the Company's website [www.jkcotton.com](http://www.jkcotton.com).

## 11. CEO/CFO Certification

A Certificate in accordance with provision of Clause 49(IX) of the Listing Agreement in respect of the Financial Year 2014-15 duly signed by the CEO and CFO has been placed before the Board in its meeting held on 26th May, 2015.

## 12. General Shareholders Information

### a) Annual General Meeting

Date /Time : Monday, 10th August, 2015 at 11.30 AM  
Venue : At the Registered Office of the Company,  
Kamla Tower, Kanpur

### b) Financial Calendar

- |  |                                       |
|--|---------------------------------------|
| (1) First Quarter Results                          | - On or before<br>14th August, 2015   |
| (2) Second Quarter Results                         | - On or before<br>14th November, 2015 |
| (3) Third Quarter Results                          | - On or before<br>14th February, 2016 |
| (4) Results of the year ending<br>31st March, 2016 | - On or before<br>30th May, 2016      |

### c) Date of Book Closure : 3rd August, 2015 to 10th August, 2015 (Both Days Inclusive)

### d) Dividend payment date : Not applicable (No dividend is proposed)

### e) Listing Information

The details regarding payment of listing fee to the Stock Exchanges is given below:

Sl.No.	Name of Stock Exchange	Listing Fee paid upto	Stock Code No.
1.	U.P. Stock Exchange Ltd.	2014-15	J00011
2.	Delhi Stock Exchange Ltd.	2014-15	3114

### f) Share Market Data

SEBI has categorized the Company's securities under compulsory demat trading on rolling basis. However, NSDL/CDSL have declined the Company's request for dematerialisation of its shares on the ground that its net worth was negative. Hence, there has not been any trading in Stock Exchange in the shares of the Company during the year.



# J. K. Cotton Ltd.

## g) Registrar/Transfer Agent

M/s Jaykay Enterprises Ltd. having Registered Office at Kamla Tower, Kanpur is Registrar/Transfer Agent of the Company, who provides all services for Share registry in physical segment.

## h) Share Transfer System

Share Transfer work of physical segment is attended to by the Company's Registrar & Transfer Agents within the prescribed period under law and the Listing Agreements with Stock Exchanges. All share transfer etc. are approved by a Committee of Directors, which meets periodically.

## i) Distribution of Shareholding as on 31st March, 2015

No. of Equity Shares held	No. of Share holders	% of Share holders	No. of Shares held	% of Share holding
Upto 500	7774	96.32	749253	3.18
501 to 1000	178	2.20	136984	0.58
1001 to 2000	49	0.61	68662	0.29
2001 to 3000	20	0.25	48864	0.21
3001 to 4000	10	0.12	35268	0.15
4001 to 5000	3	0.04	13550	0.06
5001 to 10000	11	0.14	74919	0.32
10001 and above	26	0.32	22450250	95.21
Total	8071	100.00	23577750	100.00

## j) Category wise Shareholding-Equity as on 31st March, 2015

Category	No. of Share-holders	% of Share-holders	No. of Shares held	% of Share-holding
Promoters and Promoter Group	16	0.20	21725410	92.14
Mutual Funds/UTI	-	-	-	-
Financial Institutions/Banks	18	0.22	6239	0.03
Insurance Companies	4	0.05	99142	0.42
FIs	-	-	-	-
Bodies Corporate	93	1.16	440145	1.86
Individuals	7934	98.30	1105814	4.70
Others	6	0.07	201000	0.85
Total	8071	100.00	23577750	100.00

## k) Plant Location

Cotton Textile Unit of the Company is situated at 84/50, Kalpi Road, Kanpur and some of the machines are installed at Company premises at 84/29, Kalpi Road, Kanpur.

## l) Address for Correspondence

J.K. Cotton Limited  
(Formerly J. K. Cotton Spg. & Wvg. Mills Co. Ltd.)  
Kamla Tower, Kanpur-208001  
Tele. No. (0512) 2371478-481  
Fax. (0512) 2332665  
Email: harshit@jkcotton.com

## CHAIRMAN & MANAGING DIRECTOR/ CHIEF FINANCIAL OFFICER CERTIFICATION

As required by sub-clause IX of Clause 49 of the Listing Agreement with the Stock Exchanges, we have certified to the Board that for the financial year ended 31st March, 2015, the Company has complied with the requirements of the said sub-clause.

For J.K. Cotton Limited

Place : Kanpur  
Dated : 26th May, 2015

Yadupati Singhania  
Chairman & Managing Director

Sonali Agarwal  
Chief Financial Officer

## AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE

To, The Members of  
J. K. COTTON LIMITED  
(Formerly Juggilal Kamlapat Cotton Spinning & Weaving Mills Co. Ltd.)

We have examined the compliance of conditions of Corporate Governance by J. K. COTTON LIMITED for the year ended 31st March, 2015, as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchange(s).

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination has been limited to a review of the procedures and implementations thereof, adopted by the Company for ensuring the compliance with the conditions of the Corporate Governance as stipulated in the said clause. 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 and based on the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the clause 49 of the above mentioned Listing Agreement.

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

For P.L. TANDON & CO.,  
Chartered Accountants  
Firm Reg. No. 000186C  
GIRISH KUMAR MITTAL  
Partner  
Membership No. 511729

Place : Kanpur  
Date : 26.05.2015