



J. K. COTTON LIMITED

CIN :U17111UP1924PLC000275

Registered Office :Kamla Tower,Kanpur-208001,Uttar Pradesh, India

Telephone: (0512)2371478-481 Fax: (0512) 2332665

E-mail :harshit@jk cotton.com Web : www.jkcotton.com

POSTAL BALLOT NOTICE

Dear Member(s),

NOTICE IS HEREBY GIVEN that pursuant to the provisions of Section 110 read with Section 108 of the Companies Act, 2013 ("the Act") and with Rule 22 of the Companies (Management and Administration Rules), 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), and any other applicable laws and regulations, the resolutions appended below are proposed to be passed by the Members by way of Postal Ballot / electronic voting (e-voting).

The proposed resolutions along with the explanatory statement setting out the material facts and reasons thereto are given hereunder for your consideration. A Postal Ballot Form is also annexed hereto for your action.

The Board of Directors of the Company has appointed Shri S. K. Gupta and Ms. Divya Saxena, Practicing Company Secretaries as Scrutinizer and Alternate Scrutinizer for conducting this Postal Ballot (physical & e-voting) process in a fair and transparent manner.

The Members are requested to carefully read the instructions printed in this Notice and on the Postal Ballot Form (annexed hereto) and follow the same for voting. Members opting to vote through physical mode i.e., dispatching the Postal Ballot Form duly signed by post, are requested to carefully read the instructions printed on the Form enclosed herewith and return the same duly completed and signed in the enclosed self-addressed pre-paid business reply envelope, so as to reach the Scrutinizer on or before Saturday, December 30, 2017, being the last date for receipt of Postal Ballot Forms. Please note that any Postal Ballot Form(s) received thereafter will be treated as not having been received.

Special Business

1. Approval for entering into Related Party Transaction with Yadu International Limited

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 188 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Meetings of Board and its Powers) Rules, 2014, (including any statutory modification(s) or re-enactment thereof, for the time being in force) and subject to such other approvals, consents, permissions and sanction as may be necessary, consent of the Members of the Company be and is hereby accorded to the Board of Directors of the Company to enter into a transaction with Yadu International Limited, a related party for Sale / Transfer of 112 Plots of land total admeasuring 22,613.65 Sq. Mtr. in Company's Real Estate Project 'Emerald Gulistan' at Jajmau, Kanpur at the current market price, but not less than circle rate fixed by the State Government against discharge of liability on account of principal amount of Loan of Rs. 50 Crores extended to the Company by Yadu International Limited provided however that such transactions shall at all times be entered on arm's length basis."

"FURTHER RESOLVED THAT the Board of Directors of the Company be and is hereby authorized, to finalize the terms and conditions including the period of transactions and all other matters arising out of or incidental to the proposed transaction and to execute all documents, agreements and writings as may be necessary and generally to do all acts, deeds and things that may be necessary proper, desirable or expedient to give effect to this resolution."

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to delegate all or any of the powers conferred on it by or under this Resolution to any Committee of Directors of the Company or to any one or more Directors or Key Managerial Personnel of the Company as it may consider appropriate in order to give effect to this Resolution."

2. Approval for Increase of Authorised Share Capital of the Company

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 13, 61 and other applicable provisions, if any, of the Companies Act, 2013 and the Rules made thereunder (including any statutory modification(s) or reenactment thereof for the time being in force), read with Articles of Association of the Company, the existing Authorised Share Capital of the Company amounting to Rs. 25,00,00,000/- divided into 2,45,00,000, Equity Shares of Rs. 10/- each, 25,000, 6% Non-Cumulative Redeemable Preference Shares of Rs. 100/- each and 25,000, 8.5% Non-Cumulative Redeemable Preference Shares of Rs. 100/- each be and is hereby increased to Rs. 70,00,00,000/- divided into 2,45,00,000, Equity Shares of Rs. 10/- each, 45,25,000, 6% Non-Cumulative Redeemable Preference Shares of Rs. 100/- each and 25,000, 8.5% Non-Cumulative Redeemable Preference Shares of Rs. 100/- each by creation of 45,00,000, 6% Non-Cumulative Redeemable Preference Shares of Rs. 100/- each."

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to take such steps and to do all such other acts, deeds, matters and things and to settle any question, difficulty or doubt that may arise in regard to the said resolution and to give such directions as may be deemed necessary or expedient to give effect to the above resolution."

3. Approval for Alteration in Capital Clause of Memorandum of Association of the Company

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

“RESOLVED THAT pursuant to Section 13 and all other applicable provisions, if any, of the Companies Act, 2013 and the Rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) the existing clause 5 of the Memorandum of Association of the Company be and is hereby altered by deleting the same and substituting in its place and stead the following new clause:

5. The Authorised Share Capital of the Company is Rs. 70,00,00,000/- (Rupees Seventy Crores only) divided into 2,45,00,000 (Two Crores Forty Five Lacs) Equity Shares of Rs. 10/- (Rupees Ten only) each, 45,25,000 (Forty Five Lacs Twenty Five Thousand), 6% Non-Cumulative Redeemable Preference Shares of Rs. 100/- (Rupees One Hundred only) each and 25,000 (Twenty Five Thousand), 8.5% Non-Cumulative Redeemable Preference Shares of Rs. 100/- (Rupees One Hundred only) each with the power to increase or reduce the Capital of the Company and to divide the share in the capital for the time being into several classes and to attach thereto respectively such preferential, deferred, qualified or special rights, privileges or conditions as may be determined by or in accordance with the regulations of the Company and to vary, modify or abrogate any such rights, privileges or conditions in such manner as may for the time being be provided by the regulations of the Company and permitted by the Act.

“RESOLVED FURTHER THAT the Board of the Company be and is hereby authorised to take such steps and to do all such other acts, deeds, matters and things and to settle any question, difficulty or doubt that may arise in regard to the said resolution and to give such directions as may be deemed necessary or expedient to give effect to the above resolution.”

4. **Approval for Issue of 43,66,000 6% Non-Convertible Non-Cumulative Redeemable Preference Shares of Rs. 100/- each**

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

“RESOLVED THAT pursuant to the provisions of Section 55 and all other applicable provisions of the Companies Act, 2013 (hereinafter referred to as ‘Act’) read with the Companies (Share Capital and Debentures) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force) and the enabling provisions of the Memorandum and Articles of Association of the Company and any other applicable laws for the time being in force and subject to all necessary approvals, permissions and sanctions as may be required from any Governmental or Regulatory Authority and subject to such condition(s) and modification(s) as may be prescribed or imposed by any of them while granting such approvals, permissions and sanctions which may be agreed to by the Board of Directors of the Company (hereinafter referred to as ‘the Board’ which term shall be deemed to include any ‘Committee’ which the Board may constitute to exercise the powers conferred by this resolution), the consent and approval of the Company be and is hereby accorded to the Board to create, offer, issue and allot in one or more tranche(s) 43,66,000, 6%, Non-Convertible Non-Cumulative Redeemable Preference Shares (hereinafter referred to as the ‘Preference Shares’) of the face value of Rs. 100/- each with aggregate nominal value of Rs. 43,66,00,000/- (Rupees Forty Three Crores Sixty Six Lacs only) against discharge of liability of Interest and Finance Charges on such terms and conditions as may be decided by the Board and subject to the following rights:

- (i) **CONVERSION INTO EQUITY SHARES:** Preference Shares shall be Non-Convertible and have no right of conversion in to Equity shares of the Company.
- (ii) **PRIORITY WITH RESPECT TO PAYMENT OF DIVIDEND:** Preference Shares shall be Non-Cumulative and carry fixed rate of preference dividend @ 6% per annum on the Capital for the time being paid-up thereon and shall rank for dividend in priority to the Equity Shares for the time being of the Company.
- (iii) **PARTICIPATION IN SURPLUS ASSETS AND PROFITS ON WINDING UP:** Preference Shares shall in the event of winding up of the Company be entitled to rank, as regards repayment of Capital and dividend, in priority to the Equity shares but shall not be entitled to any further participation in profits or assets or surplus fund.
- (iv) **VOTING RIGHTS:** The voting rights of the persons holding the said Preference Shares shall be in accordance with the provisions of Section 47 of the Act (including any statutory modification(s) or re-enactment thereof for the time being in force).
- (v) **REDEMPTION:** Preference Shares shall be redeemable at the option of Board at any time not later than twenty years from the date of allotment and such redemption shall be in accordance with the provisions of the Act.

“RESOLVED FURTHER THAT the Board be and is hereby authorized to delegate all or any of the powers herein conferred by this resolution to any Director(s) or Committee of Directors or any other Officer(s) of the Company to give effect to the above resolution including without limitation to execution of any document on behalf of the Company and to represent the Company before any Governmental or Regulatory Authority.”

“RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board be and is hereby authorized to do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary, proper or desirable and to settle any question, difficulty or doubt that may arise in regard to the offer, issue, allotment of the Preference Shares and all matters incidental, consequential and connected therewith.”

5. **Approval for Sale of Plant and Machinery constituting substantially the whole of undertaking of textile division**

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

“RESOLVED THAT pursuant to Section 180(1)(a) and all other applicable provisions, if any of the Companies Act, 2013 (the Act) and rules framed thereunder (including any statutory modification or re-enactment thereof, for the time being in force) and subject to any other law for the time being in force and permissions and sanctions, as may be necessary in this behalf, consent of the members of the company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as “the Board” which term shall deem to include any Committee thereof), to sell, transfer, and/or otherwise dispose of the whole or substantially the whole of plant and machinery of Textile Division of the Company situated at 84/50, Kalpi Road, Kanpur including all licenses, permits, consents and approvals whatsoever to any suitable person/party(ies) in one or more tranches at such consideration and on such terms and conditions as the Board may deem fit in the interest of the Company;

RESOLVED FURTHER THAT the Board of Directors including any Committee so constituted by it be and is hereby authorized to finalize the terms and conditions of sale, transfer or disposal of the said plant and machinery and to execute all the required documents including agreements, deeds and any other documents with such modifications as may be required from time to time and to do all such acts, deeds, matters and things as may be deemed necessary, expedient or proper for completion of the transaction as aforesaid and the matters incidental, consequential and connected therewith.”

By Order of the Board
For **J.K. Cotton Limited**

HARSHIT GUNANI
Company Secretary

Date : 13th November, 2017

Place : Kanpur

Notes :-

1. The Explanatory Statement pursuant to Section 102 read with Section 110 of the Companies Act, 2013 setting out the material facts and reasons for the proposals is annexed herewith.
2. This Postal Ballot Notice is being sent to the shareholders, whose names appear in the Register of Members/ List of beneficial owners as received from the Depository i.e. National Securities Depository Limited (“NSDL”) as on the close of business hours on Friday, the 17th November, 2017 i.e. Cut-Off Date.
3. Shareholders who have registered their email IDs for receipt of documents in electronic form under the Green Initiative of the Ministry of Corporate Affairs are being sent the Postal Ballot Notice by e-mail to their email addresses registered with their Depository Participants / the Company's Registrar and Transfer Agent. Shareholders who receive the Postal Ballot Notice by e-mail and who wish to vote through Postal Ballot Form can download the same from the website of the Company (www.jkcotton.com) Members who have not registered their e-mail address will receive this Notice of Postal Ballot along with the Postal Ballot Form through other permitted mode.
4. Shareholders can opt for only one mode of voting, i.e. either by physical ballot or e-voting. In cases where shareholders cast their votes through both modes, voting cast through e-voting shall be treated as valid and votes cast through the physical Postal Ballot Forms will be treated as invalid.
5. In cases where a shareholder wishes to obtain a printed Postal Ballot Form or a duplicate, he or she may send an email to investorservices@jkcement.com. The registrar and share transfer agent/ Company shall forward the same along with postage-prepaid self-addressed Business Reply Envelope to the shareholder.
6. The voting rights for the Equity Shares of the Company are one vote per equity share, registered in the name of the shareholder. The voting rights of the shareholders shall be in proportion to the percentage of paid-up share capital of the Company held by them, which will be determined on the basis of the paid-up value of shares registered in the name of each shareholder as on Friday, the 17th November, 2017 i.e. Cut-Off Date. The Postal Ballot commences on Friday, the 1st December, 2017 at 9.00 A.M. and ends on Saturday, the 30th December, 2017 at 5.00 P.M.
7. In compliance with the provisions of Section 108 and 110 of the Act and rules made thereunder, the Company has provided the facility to shareholders to exercise votes electronically and to vote on all resolutions through remote e-voting services provided by CDSL. The instructions for electronic voting are annexed to this Postal Ballot Notice under the section “ e-voting procedure”. Shareholders cannot exercise votes by proxy, though corporate and institutional shareholders shall be entitled to vote through their authorized representatives with proof of their authorization.
8. Shareholders wishing to exercise their vote by physical postal ballot are requested to carefully read the instructions printed on the Postal Ballot Form and return the Postal Ballot Form duly completed and signed, in the enclosed self-addressed Business Reply Envelope to the Scrutinizer, so that it reaches the Scrutinizer not later than 5.00 P.M. on Saturday, the 30th December, 2017. The Postal Ballot Form should be completed and signed by the shareholder. The Scrutinizer's decision on the validity of the Postal Ballot shall be final. As mentioned above, the postage will be borne by the Company. However, envelopes containing postal ballots, if sent by courier or registered/speed post at the expense of the shareholders, will also be accepted. Postal Ballot Forms received after 5.00 PM on Saturday, the 30th December, 2017 shall be deemed invalid. Voting by Postal Ballot, in the physical form or e-voting, can be exercised only by the shareholders or his/her duly constituted attorney or in case of bodies corporate, the duly authorized person
9. The Scrutinizer shall: after scrutinizing the Ballot Forms and after the conclusion of voting unblock the votes cast through remote e-voting in the presence of at least two witnesses not in employment of the Company; make a Consolidated Scrutinizer's Report of the total votes cast in favour or against, if any, by Saturday, the 30th December, 2017 before 5.00 P.M., to the Chairman or any other Director or the Company Secretary of the Company as authorized by the Chairman, who shall countersign the same. The results of the Postal Ballot will be announced by the Chairman of the Company or any other Director or Company Secretary authorized by the Chairman on or before 3rd January, 2018 by 5.00 P.M. at the Registered Office of the Company and shall also be displayed on the Notice Board of the Company's Registered Office. The results declared along with the Scrutinizer's Report shall also be placed on the Company's website www.jkcotton.com and on the website of CDSL www.evotingindia.com.
10. The Company has appointed Shri S.K. Gupta and Ms. Divya Saxena, Practicing Company Secretaries of Kanpur as the Scrutinizer and Alternate Scrutinizer for conducting the postal ballot (physical and e-voting) process in fair and transparent manner. The Scrutinizer will submit his report to the Chairman or any other person authorized by the Chairman after the completion of scrutiny, and the result of the voting by the Postal Ballot will be announced by the Chairman or any other director of the Company duly authorized, on or before Wednesday, 3rd January, 2018 at 5.00 P.M. and will also be displayed on Company's website (www.jkcotton.com) and on the website of CDSL (www.evotingindia.com), and communicated to the registrar and share transfer agent on the said date.

11. Contact details of the person responsible to address the queries/grievances connected with the voting by Postal Ballot including voting by electronic means are as under:-
- The Company Secretary, J.K.Cotton Ltd., Kamla Tower, 29/1, Dwarika Dhish Road, Kanpur – 208001, U.P., Tel: (0512) 2371478-481 (Extn. 18271); Email: harshit@jkcotton.com.
 - Registrar & Share Transfer Agent, M/s. Jaykay Enterprises Ltd., Kamla Tower, 29/1, Dwarika Dhish Road, Kanpur – 208001, U.P., Tel: (0512) 2371478-81 (Extn:18322); Email: rc.srivastava@jkcement.com.
12. This Postal Ballot Notice is also placed on the website of the Company (www.jkcotton.com) and on the website of CDSL (www.evotingindia.com).
13. The last date of receipt of the Postal Ballot Forms/e-voting i.e. Saturday, the 30th December, 2017 at 5.00 P.M., shall be the date on which the resolutions would be deemed to have been passed, if approved by the requisite majority.
14. All the material documents referred to in the explanatory statement will be available for inspection at the registered office of the Company between 2.00 P.M. to 5.00 P.M. on all working days from the date of dispatch until the last date for receipt of votes by Postal Ballot / e-voting.

15. E-Voting procedure :

- The voting period begins on Friday, the 1st December, 2017 at 9.00 A.M. and ends on Saturday, the 30th December, 2017 at 5.00 P.M. During this period shareholders of the Company, holding shares either in physical form or in dematerialised form, as on the cut-off date, Friday, the 17th November, 2017 i.e. Record Date may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- Shareholders who have already voted prior to the meeting date would not be entitled to vote at the meeting venue.
- The shareholders should log on to the e-voting website www.evotingindia.com.
- Click on Shareholders.
- Now Enter your User ID
 - For CDSL: 16 digits beneficiary ID,
 - For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - Members holding shares in Physical Form should enter Folio Number registered with the Company.
- Next enter the Image Verification as displayed and Click on Login.
- 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.
- If you are a first time user follow the steps given below:

For Members holding shares in Demat Form and Physical Form	
PAN	Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)
	Members who have not updated their PAN with the Company/Depository Participant are requested to use in the PAN field the first two characters of their name in CAPITAL letters e.g. If your name is Ramesh Kumar then enter RA followed by the Sr. No. given on postal ballot form.
Dividend Bank Details OR Date of Birth (DOB)	Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login.
	If both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (iv).

- After entering these details appropriately, click on "SUBMIT" tab.
- Members holding shares in physical form will then directly reach 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.
- For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- Click on the EVSN for the relevant <Company Name> on which you choose to vote.
- 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.
- Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- 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 a print of the votes cast by clicking on "Click here to print" option on the Voting page.
- (xvii) If a demat account holder has forgotten the login/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.
- (xix) Note for Non – Individual Shareholders and Custodians
- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com and register themselves as Corporates.
 - 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 should be emailed 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.

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 (1) OF THE COMPANIES ACT 2013

The following explanatory statement as required under section 102(1) of the Companies Act, 2013 set out all material facts relating to business mentioned in the Notice of the Postal Ballot dated 13th November, 2017.

ITEM NO. 1:

The Company earlier being a 'Sick Company' was unable to arrange funds from Banks and had approached Yadu International Limited, a Promoter Group Company to arrange the Security and Term Loan of Rs. 50 Crores from Banks to rehabilitate its operations. At the request of the Company, Yadu International Limited got sanctioned a Term Loan of Rs. 50 Crores from Dena Bank and the said amount was onward disbursed to the Company as per the Memorandum of Understanding dated 8th February, 2012 and 29th August, 2012 entered into between the Company and Yadu International Limited as Lender / Arranger and other terms and conditions as set out in the Memorandum of Understanding. In view of the negative cash flow from the Textile business, the Company was not able to repay the said Loan as per the agreed terms and conditions and did not foresee the possibility of such repayment in near future and as on date, it owed an amount of Rs 80,69,00,000/- consisting of Rs. 50,00,00,000/- as principal and Rs. 30,69,00,000 towards interest and financial charges accrued thereon. As per the settlement with Yadu International Limited, it has been mutually agreed to discharge the liability of Principal amount of loan in the form of transfer of 112 plots of land total admeasuring 22,613.65 Sq. Mtr. in Company's Real Estate Project 'Emerald Gulistan' at Jajmau, Kanpur at the current market price, but not less than circle rate fixed by the State Government and to allotment of 30,69,000, 6% Non-Convertible Non- Cumulative Redeemable Preference Shares of Rs. 100/- each of the Company at par value against discharge of liability of outstanding interest and financial charges. As per the Memorandum of Settlement, it is now proposed to effectuate the transaction for transfer of the said piece of land to Yadu International Limited, a related party. Even though such transaction is proposed to be entered into at arm's length basis and in the ordinary course of business, as a matter of abundant precaution and measure good Corporate Governance, it has been considered prudent to obtain approval from shareholders in terms of the provisions of Section 188 read with Rule 15 of the Companies (Meetings of the Board and its Powers) Rules, 2014 for entering in to such transactions as detailed in the Special resolution proposed at Item No. 1 of the Notice. The relevant information pursuant to sub-rule (3) of Rule 15 of the Companies (Meetings of the Board and its Powers) Rules, 2014 is set out as under:

Sl.No.	Name of Related party	Nature of Interest	Nature of Transaction	Material terms and conditions
1.	Yadu International Limited	Shri Yadupati Singhania, Chairman and Managing Director of the Company is Promoter, Director and Shareholder of Yadu International Limited.	Sale / Transfer of 112 plots of land admeasuring 22,613.65 Sq. Mtr. in Company's Real Estate Project 'Emerald Gulistan' at Jajmau, Kanpur at the current market price, but not less than circle rate fixed by State Government against discharge of liability on account of principal amount of Loan of Rs. 50 Crores extended to the Company by Yadu International Limited.	The transfer of land will take place at the circle rate fixed by the State Government in the ordinary course of business and on arm's length basis.

The Board recommends the proposed resolution as placed at Item No. 1 of the Notice for approval of Members as a Special Resolution. In terms of the provisions of Section 188 of the Companies Act, 2013 all related parties shall abstain from voting on the resolution.

Except Shri Yadupati Singhania, Chairman and Managing Director and his relatives (to the extent of their shareholding interest in the Company), no other Director or Key Managerial Personnel or their relatives, is concerned or interested, financially or otherwise, in passing of this resolution.

ITEM NOS. 2 & 3:

The present status of the Authorised, Issued, Subscribed and Paid up Share Capital of the Company is as under:

Particulars	Equity Share Capital	Preference Share Capital
Authorised Capital	2,45,00,000 Equity Shares of Rs. 10/- each amounting to Rs. 24,50,00,000/-.	25,000, 6% Non Cumulative Redeemable Preference Shares of Rs. 100/- each amounting to Rs. 25,00,000/- and 25,000, 8.5% Non Cumulative Redeemable Preference Shares of Rs. 100/- each amounting to Rs. 25,00,000/-.
Issued, Subscribed and Paid up Capital	2,35,77,750 Equity Shares of Rs. 10/- each amounting to Rs. 23,57,77,500/-.	15,720, 6% Non Cumulative Redeemable Preference Shares of Rs. 100/- each amounting to Rs. 15,72,000/-.

In order to accommodate the proposed issue of Preference Shares as proposed under Item No.4 of the Notice, it is proposed to increase the Authorised Share Capital of the Company from Rs. 25,00,00,000/- (Rupees Twenty Five Crores Only) divided into 2,45,00,000, Equity shares of Rs. 10/- each, 25,000, 6% Non Cumulative Redeemable Preference Shares of Rs. 100/- each and 25,000, 8.5% Non Cumulative Redeemable Preference Shares of Rs. 100/- each to Rs. 70,00,00,000/- (Rupees Seventy Crores) divided into 2,45,00,000, Equity shares of Rs. 10/- each, 45,25,000, 6% Non Cumulative Redeemable Preference Shares of Rs. 100/- each and 25,000, 8.5% Non Cumulative Redeemable Preference Shares of Rs. 100/- each by creation of 45,00,000 6% Non Cumulative Redeemable Preference Shares of Rs. 100/- each as provided in resolution placed at Item No. 2 of the Notice. As a result of the above, the relevant capital clause of the Memorandum of Association of the Company is required to be altered which is sought to be effected by passing of Resolution at Item No. 3 of the Notice.

None of the Directors / Key Managerial Personnel of the Company is concerned or interested in the proposed resolution except to the extent the securities that may be offered and allotted to them, their relatives and concerns in which they are directly or indirectly interested.

A Copy of the Memorandum of Association of the Company together with the proposed changes is available for inspection of Members at the Registered Office of the Company from 2.00 P.M. to 5.00 P.M. on all working days (except Saturday) until the last date of receipt of votes by postal ballot/e-voting.

ITEM NO. 4

In terms of the Memorandum of Settlement entered in to with Yadu International Limited, Ujala Merchants and Traders Limited and Sarvashaktiman Traders Private Limited respectively, it is proposed to discharge the liability of outstanding interest and financial charges by allotment of 43,66,000, 6% Non-Convertible Non- Cumulative Redeemable Preference Shares of Rs. 100/- each of the Company. The Special Resolution set out at item No. 4 of the Notice is intended to seek Members' approval empowering the Board of Directors of the Company to issue the said Preference Shares to the aforesaid companies. The disclosure of relevant information as required under Rule 9 (3) of the Companies (Share Capital and Debentures) Rules, 2014 and the terms of issue of Preference shares are as under:

a) The size of the issue and number of Preference Shares to be issued and nominal value of each share	:	43,66,000, 6% Non-Convertible, Non-Cumulative Redeemable Preference Shares of the Nominal value of Rs. 100/- each aggregating to Rs. 43,66,00,000/- (Rupees Forty Three Crores Sixty Six Lacs) only.
b) The nature of such shares i.e. cumulative or non-cumulative, participating or non-participating, convertible or non-convertible.	:	Non-Cumulative, Non-participating and Non-Convertible.
c) The objectives of the issue	:	To discharge the outstanding liability of interest and financial charges in respect of loan availed
d) The manner of issue of shares	:	Preference Shares will be issued and offered in one or more tranche(s).
e) The price at which such shares are proposed to be issued	:	Preference Shares will be issued at par value of Rs. 100/- each.
f) The basis on which the price has been arrived at	:	Issue and redemption of Preference Shares will be made at par value.
g) The terms of issue and rate of dividend on each share, etc.	:	The Preference shares shall be Non-Convertible, Non-Cumulative and carry dividend @ 6% per annum on the paid up value of Preference Shares, if declared, which would be payable on pro rata basis from the date of allotment.
h) The terms of redemption, including the tenure of redemption, redemption of shares at premium and if the preference shares are convertible, the terms of conversion.	:	Preference shares shall be redeemed at par value at the expiry of 20 years from the date of allotment or at such earlier date at the option of Board and such redemption shall be in accordance with the provisions of the Act.
i) The manner and modes of redemption	:	Preference Shares will be redeemed out of profits available for distribution as dividend and/or proceeds of fresh issue of shares made for the purpose of redemption as prescribed in the Act.
j) The current Shareholding Pattern of the Company	:	Pre and post issue Shareholding Pattern of the Company in respect of Equity and Preference Share Capital is provided hereinafter.
k) Expected dilution in Equity Share Capital upon conversion	:	No dilution in Equity Share Capital is envisaged as Preference Shares proposed to be issued are Non- convertible.

SHAREHOLDING PATTERN – EQUITY SHARE CAPITAL

Sl. No.	Category	Pre-Issue		Post Issue	
		No. of Shares held	% of Shareholding	No. of Shares held	% of Shares held
A.	Promoters' Holding				
1.	Indian :				
	Individual	11002511	46.66	11002511	46.66
	Bodies Corporate	11416228	48.42	11416228	48.42
	Any other (Person acting in concert)	2063	0.01	2063	0.01
	Sub-Total	22420802	95.09	22420802	95.09
2.	Foreign Promoters –	–	–	–	–
	Sub-Total (A)	22420802	95.09	22420802	95.09
B.	Non-Promoters' holding				
1.	Institutional Investors	105381	0.45	105381	0.45
2.	Non-Institution:				
	Bodies Corporate	74526	0.32	74526	0.32
	Directors and Relatives	35	0.00	35	0.00
	Indian Public 932331	3.95	932331	3.95	
	Others(Individuals, trusts& Societies)	44710	0.19	44710	0.19
	Sub-Total (B)	1156948	4.91	1156948	4.91
	GRAND TOTAL (A+B)	23577750	100.00	23577750	100.00

SHAREHOLDING PATTERN- PREFERENCE SHARE CAPITAL (Comprising of All Series)

Sl. No.	Category	Pre-Issue		Post Issue	
		No. of Shares held	% of Shareholding	No. of Shares held	% of Shares held
A.	Promoters' Holding				
1.	Indian :				
	Individual	15720	100.00	15720	0.36
	Bodies Corporate	–	–	3069000	70.04
	Sub-Total	15720	100.00	3084720	70.40
2.	Foreign Promoters	–	–	–	–
	Sub-Total (A)	15720	100.00	3084720	70.40
B.	Non-Promoters' holding				
1.	Institutional Investors	–	–	–	–
2.	Non-Institution:				
	Bodies Corporate	–	–	1297000	29.60
	Directors and Relatives	–	–	–	–
	Indian Public –	–	–	–	–
	Others(Individuals, trusts& Societies)	–	–	–	–
	Sub-Total (B)	–	–	1297000	29.60
	GRAND TOTAL(A+B)	15720	100.00	4381720	100.00

The Board recommends the Special Resolution as set out at item No. 4 of the Notice for approval by members of the Company.

None of the Directors of the Company except Shri Yadupati Singhania, being Director of allottee Company or any Key Managerial Personnel of the Company and their relatives may be deemed to be concerned financially or otherwise, in the resolution.

ITEM NO. 5

Pursuant to the provisions of Section 180(1)(a) of the Companies Act, 2013 (the Act), to sell, lease or otherwise dispose of in any manner the whole or substantially the whole of the undertaking of the Company, the Company requires the approval of the Members.

Due to continued losses and with no improvement in the operations, it is not viable to run the Textile Division of the Company situated at 84/50, Kalpi Road, Kanpur. Hence, it has been considered necessary to sell, transfer and/or otherwise dispose of the whole or substantially the whole of plant and machinery of the said division including all licenses, permits, consents and approvals whatsoever to any suitable party/parties in one or more tranches at such consideration and on such terms and conditions as the Board may deem fit in the interest of the Company;

Further, as per the provisions of Section 110 of the Act read with Rule 22 of the Companies (Management and Administration) Rules, 2014, the said approval pursuant to Section 180(1)(a) of the Act is to be obtained by way of Postal Ballot. Accordingly, the resolution is being proposed to seek your consent, by way of Postal Ballot as per the requirement of the Act.

The Board of Directors, therefore, recommends the Special Resolution as set out in the Notice for your approval through Postal Ballot including e-voting.

None of the Directors, Key Managerial Personnel or their relatives is in any way concerned or interested, financially or otherwise in this resolution.

By Order of the Board
For **J.K. Cotton Limited**

HARSHIT GUNANI
Company Secretary

Date : 13th November, 2017

Place : Kanpur