

JUGGILAL KAMPLAT COTTON SPINNING & WEAVING MILLS CO. LTD.

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

At J.K. Cotton, 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 opportunity into reality.

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

2. Board of Directors

(a) Composition/Category

The present strength of the Board of Directors is 12 (Twelve). The composition is given below :-

- One Promoter, Executive, Non-independent Director
- Three Promoters, Non-Executive, Non-independent Directors
- Two Non-Executive, Non-independent Directors
- Six Independent, Non-Executive 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 Director-ships#	No. of Board Committees (Other than J.K. Cotton Ltd.) in which	
			Director with whom related	Relation		Chairman	Member
1	Dr. Gaur Hari Singhania <i>Chairman, Managing Director and CEO-@</i>	Promoter, Executive, Non Independent	Shri Govind Hari Shri Yadupati	Brother Son	5	-	-
3	Shri Yadupati Singhania <i>Vice Chairman</i>	Promoter, Non Executive, Non Independent	Dr. Gaur Hari	Father	9	-	-
3	Shri Govind Hari Singhania	Promoter, Non-Executive, Non Independent	Dr. Gaur Hari	Brother	1	-	-
4	Shri Nidhipati Singhania	Promoter, Non-Executive, Non Independent	-	-	-	-	-
5	Dr. P.K. Saraf	Non-Executive, Non-Independent	-	-	-	-	-
6	Shri Lalit Mohan Agarwal	Non-Executive, Non-Independent	-	-	-	-	-
7	Shri D.K. Kapila Nominee of BIFR	Non-Executive, Independent	-	-	4	1	1
8	Shri R. P. Singh Nominee of IFCI	Non-Executive, Independent	-	-	4	-	-
9	Shri R.R. Mansingh	Non-Executive, Independent	-	-	1	-	-
10	Dr. J. N. Gupta	Non-Executive, Independent	-	-	1	-	1
11	Shri R.K. Saxena	Non-Executive, Independent	-	-	-	-	-
12	Shri Ganesh Chaudhary* Nominee of AFL	Non-Executive, Independent	-	-	-	-	-
13	Shri V. K. Joel** Nominee of PNB	Non-Executive, Independent	-	-	-	-	-

Excluding Private Limited Companies and Companies registered under section 25 of the Companies Act, 1956

@ Appointed as Managing Director and CEO without any remuneration and perquisite w.e.f. 30.10.2007

* Appointed as Director w.e.f. 28th January, 2008

** Ceased to be Director w.e.f. 9th August, 2007

(b) Attendance of each director at the Board Meeting and at the last Annual General Meeting

During the financial year ended 31st March, 2008, Five Board Meetings were held on the following dates :-

- 15th May, 2007
- 9th July, 2007
- 26th July, 2007
- 30th October, 2007
- 28th January, 2008

Attendance of each director at the Board Meeting 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 26.06.07
1	Dr. Gaur Hari Singhania	5	YES
2	Shri Yadupati Singhania	3	NO
3	Shri Govind Hari Singhania	2	NO
4	Shri Nidhipati Singhania	1	NO
5	Shri P.K.Saraf	5	YES
6	Shri Lalit Mohan Agarwal	5	YES
7	Shri D.K.Kapila	4	NO
8	Shri R.P.Singh	1	NO
9	Shri R.R.Mansingh	5	NO
10	Dr. J.N.Gupta	5	NO
11	Shri R.K.Saxena	2	NO
12	Shri Ganesh Chaudhary#	-	NO
13	Shri V.K.Joel*	1	NO

Appointed as director w.e.f. 28th January, 2008

* Ceased to be director w.e.f. 9th August, 2007

c) 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 Yadupati Singhania	4075000
2	Shri Govind Hari Singhania	12326
3	Shri Nidhipati Singhania	-
4	Shri P.K.Saraf	300
5	Shri Lalit Mohan Agarwal	-
6	Shri D.K.Kapila	-
7	Shri R.P.Singh	-
8	Shri R.R.Mansingh	-
9	Dr. J.N.Gupta	-
10	Shri R.K.Saxena	-
11	Shri Ganesh Chaudhary #	-
12	Shri V.K.Joel*	-

Appointed as director w.e.f. 28th January, 2008

* Ceased to be director w.e.f. 9th August, 2007

3. Audit Committee

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

The Audit Committee of the Company comprises of following Directors :

Shri R.R. Mansingh (Chairman)	: Independent, Non-Executive Director
Shri R.K.Saxena	: Independent, Non-Executive Director
Shri P.K.Saraf	: Non-Independent, Non-Executive Director

All these Directors possess knowledge of Corporate Finance / Accounts/ Company law / Industry. The Secretary of the Company is Secretary for Audit Committee.

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 292 A of the Companies Act, 1956.

(b) Meetings/Attendance

The Audit Committee was constituted on 30th October, 2007. The First meeting of Audit Committee was held on 28th January, 2008. All the members of the Committee were present in the meeting. The Statutory Auditors and GM (Fin. & A/cs) & CFO attended the meeting of Audit Committee.

4. Remuneration Committee

The Company is not paying any remuneration to Executive and Non-Executive Directors except sitting fees to Non-Executive Directors. Hence, the Company has not constituted any Remuneration Committee, which is also optional as per the provision of the Clause 49 of the Listing Agreement with Stock Exchanges.

Details of Remuneration to the Directors for the year ended 31st March, 2008

Sl. No.	Name of Director	Salary	Benefits	Sitting Fee	Total
1	Dr. Gaur Hari Singhania @	-	-	15300	15300
2	Shri Yadupati Singhania	-	-	16200	16200
3	Shri Govind Hari Singhania	-	-	10000	10000
4	Shri Nidhipati Singhania	-	-	5000	5000
5	Shri P.K.Saraf	-	-	28400	28400
6	Shri Lalit Mohan Agarwal	-	-	26000	26000
7	Shri D.K.Kapila	-	-	22200	22200
8	Shri R.P.Singh	-	-	5000	5000
9	Shri R.R.Mansingh	-	-	27000	27000
10	Dr. J.N.Gupta	-	-	25000	25000
11	Shri R.K.Saxena	-	-	11000	11000
12	Shri Ganesh Chaudhary#	-	-	-	-
13	Shri V.K.Joel*	-	-	5000	5000

@ No Sitting Fees is payable w.e.f 30.10.2007 on appointment as Managing Director

Appointed as Director w.e.f. 28.01. 2008

* Ceased to be Director w.e.f 9.08.2007

JUGGILAL KAMLAPAT COTTON SPINNING & WEAVING MILLS CO. LTD.

5. Shareholders' Grievance Committee

(a) Composition

The Committee comprises of following Directors :

Shri P.K.Saraf (Chairman)	: Non-Independent, Non-Executive Director
Shri R. R. Mansingh	: Independent, Non-Executive Director
Shri Lalit Mohan Agarwal	: Non-Independent, Non-Executive Director

Shri S.K. Kedia, the Secretary of the Company is compliance officer of 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 received 7 complaints during the Financial Year 2007-08 and all the 7 complaints were redressed and there was no complaint pending as at 31.03.2008.

(c) Meetings/Attendance

The Shareholders Grievance Committee was constituted on 30th October, 2007. The First meeting of the Committee was held on 28th January, 2008. All members of the committee were present in the meeting.

6. General Body Meetings

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

Financial Year	Date	Time	Place
2004-05	29th Sept. 2005	12.30 pm	Merchants' Chamber of Uttar Pradesh, 14/76, Civil Lines, Kanpur
2005-06	28th Aug., 2006	12.30 pm	Registered Office, Kamia Tower, Kanpur
2006-07	26th June, 2007	2.30 pm	Registered Office, Kamia Tower, Kanpur

Special Resolution passed at the last three AGM

Date	Short particulars of Special Resolution passed at the AGM
29th Sept. 2005	No Special Resolution was passed
28th Aug., 2006	No Special Resolution was passed
26th June, 2007	1. Alteration of Capital Clause of Articles of Association 2. Conversion of Promoters' Contribution into Equity.

Further, no Special Resolution was put through postal ballot as required under the provisions of Section 192A of the Companies Act, 1956 last year nor it is proposed this year.

7. Disclosures

- (i) There was no significant transactions of material nature with the related parties viz. Promoters, Directors or the Management or their subsidiaries or relatives during the year that have potential conflict with the interest of the Company. Suitable disclosures

as required by the Accounting Standard (AS18) have been made in the Annual Report.

- (ii) There are no pecuniary relationship or transactions of non-executive directors vis-à-vis the Company that have potential conflict with the interest of the Company at large.
- (iii) 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 market during the last three years.
- (iv) The Company has complied with the non-mandatory requirements of Clause 49 of the Listing Agreement as far as possible.
- (v) Disclosures regarding appointment or reappointment of Directors :

According to the Articles of Association of the Company, two directors viz. Shri P. K. Saraf and Dr. J. N. Gupta will retire by rotation at the ensuing Annual General Meeting of the Company and being eligible offer themselves for re-appointment. Pursuant to clause 49 of the Listing Agreement relating to the Code of Corporate Governance, the particulars of the aforesaid Directors are given below :

- (a) Shri P.K. Saraf is B.Com. (Hon.), CA & LLB. He has experience in Finance and Company matters.
- (b) Dr J.N.Gupta is M.Com., PhD, C.A.I.I.B, D.I.F. He has vast experience in Finance, Banking and Capital Market. He is member of the Board of Directors and Audit Committee of Kanpur Plastipack Ltd.

8. 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.jkcolton.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 & CEO in this regard is given below :

"I, Dr. Gaur Hari Singhania, Chairman, Managing Director & CEO of Juggilal Kamlapat 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 financial year 2007-08."

Dr. Gaur Hari Singhania
(Chairman, Managing Director & CEO)

9. 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 Company's website www.jk cotton.com.

10. CEO/CFO Certification

A Certificate in accordance with provision of Clause 49(V) of the Listing Agreement in respect of the Financial Year 2007-08 duly signed by the CEO and CFO has been placed before the Board in the meeting held on 27th May, 2008.

11. General Shareholders Information

a) Annual General Meeting

Date /Time : Friday, 8th August, 2008 / 1.00 P.M.

Venue : At the Registered Office of the Company, Kamla Tower, Kanpur

b) Financial Calendar

- (1) First Quarter Results - End of July 2008
- (2) Second Quarter Results - End of October 2008
- (3) Third Quarter Results - End of January 2009
- (4) Results of the year ending - End of June 2009
31st March 2009

c) Date of Book Closure

1st August, 2008 to 8th August, 2008

(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 Exchange is given below :

Sl. No.	Name of Stock Exchange	Listing Fee paid upto	Stock Code No.
1	The U.P. Stock Exchange Association Ltd.	2008-09	JKCO

Note: The Company's application for delisting from the Delhi Stock Exchange Association Ltd., New Delhi is pending.

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.

g) Registrar/Transfer Agent

M/s J.K. Synthetics 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, 2008

No. of Equity Shares held	No. of Share holders	% of Share holders	No. of Shares held	% of Share holding
Upto 500	7773	96.27	751417	3.18
501 to 1000	178	2.20	137364	0.58
1001 to 2000	49	0.61	67961	0.29
2001 to 3000.	19	0.24	46851	0.20
3001 to 4000	10	0.12	35123	0.15
4001 to 5000	3	0.04	13550	0.06
5001 to 10000	14	0.17	98319	0.42
10001 and above	28	0.35	22427165	95.12
Total	8074	100.00	23577750	100.00

j) Category wise Shareholding-Equity as on 31st March, 2008

Category	No. of Share-holders	% of Share-holders	No. of Shares held	% of Share-holding
Promoters and Promoter Group	16	0.20	21723347	92.13
Mutual Funds/UTI	1	0.01	3800	0.02
Financial Institutions/Banks	18	0.22	6239	0.03
Insurance Companies	4	0.05	99142	0.42
FIs	-	-	-	-
Bodies Corporate	95	1.18	345100	1.46
Individuals	7934	98.27	1118122	4.74
Others	6	0.07	282000	1.20
Total	8074	100.00	23577750	100.00

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k) Dematerialisation of Shares :

The Company is a sick industrial Company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1985. The Company had approached the National Securities Depository Ltd. (NSDL) and Central Depository Services (India) Ltd.(CDSL) for dematerialisation of its equity shares. However, NSDL and CDSL have declined the Company's request on the ground that its net worth was negative.

l) Plant Location

Cotton Textile Unit is situated at 84/50, Kalpi Road, Kanpur and some of the new machineries are installed at J.K. Manufacturers premises at 84/29, Kalpi Road, Kanpur. The Plant is lying closed since 15th May, 1989 due to lock out.

m) Address for Correspondence

J. K. Cotton Spg. & Wvg. Mills Co. Ltd.
Kamla Tower, Kanpur-208001
Tele. No. (0512) 2371478-481
Fax. (0512) 2399854

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To, The Members of
JUGGILAL KAMLAPAT COTTON SPINNING AND
WEAVING MILLS COMPANY LIMITED.

We have examined the compliance of conditions of Corporate Governance by JUGGILAL KAMLAPAT COTTON SPINNING & WEAVING MILLS CO. LIMITED as at 31st March, 2008, 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 was limited to the procedures and implementations thereof, adopted by the Company for ensuring the compliance of the conditions of the 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 and 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 above mentioned Listing Agreement.

As Required by the Guidance Note issued by the Institute of Chartered Accountants of India, we have to state that as per the records maintained by the Company, no investor Grievances were pending for a period exceeding one month.

We further 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.

Place : Kanpur
Date : 27th May, 2008

For P.L. TANDON & CO.,
Chartered Accountants.
(P.P. SINGH)
Partner
Membership No. 72754