

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 opportunity 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.

2. Board of Directors

(a) Composition/Category

The strength of the Board of Directors as on 31st March, 2013 is 10 (Ten). The composition is given below :-

- One Promoter, Executive, Non-independent Director
- Three Promoters, Non-Executive, Non-independent Directors
- One Non-Executive, Non-independent Directors
- Five 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 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>Chairman & Managing Director</i>	Promoter, Executive, Non Independent	Shri Govind Hari Shri Yadupati	Brother Son	5	-	-
2.	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. K. B. Agarwal	Non-Executive, Independent	-	-	3	2	2
6.	Dr. J. N. Gupta	Non-Executive, Independent	-	-	2	-	-
7.	Shri K. C. Aggarwal Nominee of AFL	Non-Executive, Independent	-	-	1	-	-
8.	Dr. Anil Gupta Nominee of BIFR	Non-Executive, Independent	-	-	3	-	2
9.	Shri Jagendra Swarup*	Non-Executive, Independent	-	-	2	-	2
10.	Shri Ashok Gupta**	Non-Executive, Non-Independent	-	-	2	-	-
11.	Shri R.K. Saxena***	Non-Executive, Independent	-	-	-	-	-
12.	Shri Lalit Mohan Agarwal#	Non-Executive, Independent	-	-	-	-	-

* Appointed as Additional Director w.e.f 13th August, 2012

** Appointed as Additional Director w.e.f 25th October, 2012

*** Ceased to be Director w.e.f. 28th May, 2012

Ceased to be Director w.e.f. 12th November, 2012

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

\$ Chairman/Membership of Audit Committee and the Shareholders' Grievance Committee alone has been considered.

JUGGILAL KAMPLPAT COTTON SPINNING & WEAVING MILLS CO. LTD.

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

During the financial year ended 31st March, 2013, five Board Meetings were held on the following dates :-

- 28th May, 2012
- 13th August, 2012
- 25th October, 2012
- 12th November, 2012
- 13th February, 2013

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 13.08.12
1.	Dr. Gaur Hari Singhania	4	Yes
2.	Shri Yadupati Singhania	3	No
3.	Shri Govind Hari Singhania	3	Yes
4.	Shri Nidhipati Singhania	1	No
5.	Dr. K.B. Agarwal	5	Yes
6.	Dr. J.N.Gupta	5	Yes
7.	Shri K.C. Aggarwal	2	No
8.	Dr. Anil Gupta	5	Yes
9.	Shri Jagendra Swarup	3	-
10.	Shri Ashok Gupta	2	-
11.	Shri R.K. Saxena	1	-
12.	Shri Lalit Mohan Agarwal	3	Yes

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.	Dr. K.B. Agarwal	5
5.	Dr. J.N.Gupta	-
6.	Shri K.C. Aggarwal	-
7.	Dr. Anil Gupta	-
8.	Shri Jagendra Swarup	-
9.	Shri Ashok Gupta	-

3. Audit Committee

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

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

Dr. J. N. Gupta (Chairman)	: Independent, Non-Executive Director
Dr. K. B. Agarwal	: Independent, Non-Executive Director
Shri K. C. Aggarwal	: Independent, Non-Executive Director
Shri Jagendra Swarup	: 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

During the financial year ended 31st March, 2013, four meetings were held on 28th May 2012, 13th August 2012, 12th November 2012 and 13th February 2013.

The attendance at the Committee Meetings was as under :

Name of Director	No. of Meetings attended
Dr. J.N.Gupta	4
Dr. K.B. Agarwal	4
Shri K.C. Aggarwal	1
Shri Jagendra Swarup	2
Shri R.K. Saxena	1

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 Clause 49 of the Listing Agreement with Stock Exchanges.

Details of Remuneration to the Directors for the year ended 31st March, 2013

Sl. No.	Name of Director	Salary	Benefits	Sitting Fee	Total
1.	Dr. Gaur Hari Singhania @	-	-	-	-
2.	Shri Yadupati Singhania	-	-	15700	15700
3.	Shri Govind Hari Singhania	-	-	15000	15000
4.	Shri Nidhipati Singhania	-	-	5000	5000
5.	Dr. K. B. Agarwal	-	-	29300	29300
6.	Dr. J. N. Gupta	-	-	33000	33000
7.	Shri K. C. Aggarwal	-	-	11000	11000
8.	Dr. Anil Gupta	-	-	25000	25000
9.	Shri Jagendra Swarup	-	-	19000	19000
10.	Shri Ashok Gupta	-	-	11200	11200
11.	Shri R.K. Saxena	-	-	7000	7000
12.	Shri Lalit Mohan Agarwal	-	-	17000	17000

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

5. Shareholders' Grievance Committee

(a) Composition

The Committee comprises of following Directors .

Dr. J.N. Gupta (Chairman)	Independent, Non-Executive Director
Shri Jagendra Swarup	Independent, Non-Executive Director
Shri Ashok Gupta	Non-Independent, Non-Executive Director

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 had received only one complaint during the Financial Year 2012-13 and no complaint was pending as at the beginning and at the end of the Financial Year 2012-13.

(c) Meetings/Attendance

During the financial year ended 31st March, 2013, four meetings were held on 28th May 2012, 13th August 2012, 12th November 2012 and 13th February 2013.

The attendance at the Committee Meetings was as under:

Name of Director	No. of Meetings attended
Dr. J. N. Gupta	4
Shri Jagendra Swarup	2
Shri Ashok Gupta	1
Shri R.K.Saxena	1
Shri Lalit Mohan Agarwal	2

6. General Body Meetings

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

Financial Year	Date	Time	Place
2009-10	27th September, 2010	2.00 pm	Registered Office, Kamla Tower, Kanpur
2010-11	25th August, 2011	1.00 pm	Registered Office, Kamla Tower, Kanpur
2011-12	13th August, 2012	12.30 pm	Registered Office, Kamla Tower, Kanpur

Special Resolution passed at the last three AGM

Date	Short particulars of Special Resolution passed at the AGM
27th September, 2010	Increase in borrowing powers of the Company
25th August, 2011	No Special Resolution was passed
13th August, 2012	No Special Resolution was passed

Extra Ordinary General Meeting

An Extra Ordinary General Meeting of the Company was held on 14th December, 2012 at 12.30 p.m. at the Registered Office of the Company. Following Special Resolutions were passed at the meeting:-

- Approval of Re-appointment of Dr. Gaur Hari Singhania as Managing Director of the Company for five years w.e.f 30th October, 2012.
- Appointment of Shri Abhishek Singhania as Chief Executive Officer of the Company w.e.f. 1st January, 2013. 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

- There was no significant transaction of material nature with the related parties viz. Promoters, Directors or the Management or their subsidiaries or relatives during the year that has potential conflict with the interest of the Company. Suitable disclosures as required by the Accounting Standard (AS18) have 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 the Company at large.
- No penalties or strictures have been imposed on the Company by SEBI or any Stock Exchange or any statutory authority on any matter related to capital market during the last three years.
- The Company has complied with the non-mandatory requirements of Clause 49 of the Listing Agreement as far as possible.

- Disclosures regarding appointment or reappointment of Directors:

According to the Articles of Association of the Company, two directors viz. Shri Yadupati Singhania and Shri Nidhipati Singhania will retire by rotation at the ensuing Annual General Meeting of the Company and being eligible offer themselves for re-appointment. Dr. K.B.Agarwal was appointed as Director of the Company in casual vacancy and his office is going to expire on the date of ensuing Annual General Meeting. During the year Shri Jagendra Swarup and Shri Ashok Gupta were appointed as Additional Directors of the Company upto date of ensuing Annual General Meeting. Three notices in writing have been received from members of the Company under Section 257 of the Companies Act, 1956, signifying their intention to propose Dr. K.B.Agarwal, Shri Jagendra Swarup and Shri Ashok Gupta as their candidates for the Directors of the Company.

Pursuant to clause 49 of the Listing Agreement relating to the Code of Corporate Governance, the particulars of the aforesaid Directors are given below :

- Shri Yadupati Singhania is B.Tech from IIT, Kanpur. He is associated with the Company as promoter Director since 1987. At present he is Vice- Chairman of the Company. He has vast experience in Textile and Cement Industry. He is Managing Director and CEO of J.K.Cement

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Ltd. and Jaykay Enterprises Ltd. He is the Director of Employers Association of Northern India, President of Kanpur Productivity Council and member of the Board of Governors of National Council for Cement and Building Material and Jodhpur Chamber of Commerce. He is also a member of the managing committee of Cement Manufacturers Association.

- (b) **Shri Nidhipati Singhania** is Master of Commerce. He is associated with the Company as promoter Director since 1987. He has wide experience in man made fiber and textile industry.
- (c) **Dr. K. B. Agarwal** is M. Com., LL.B., Ph.D., AICWA, FCS. He has vast experience in the fields of Finance, Accounts and Capital Market. He was President of U.P. Stock Exchange Ltd. and Merchants' Chamber of U.P. He is Vice Chairman & Director of M/s. Key Corp Ltd. He is also on the Board of Directors of J.K. Cement Ltd. and Jaykay Enterprises Ltd.
- (d) **Shri Jagendra Swarup** is Senior Advocate. He has been in practice for over 35 years and has vast experience in the legal field and particularly on matters relating to Corporate Laws, Banking and Taxation. He is the legal advisor to leading Indian Companies and Banks. He is member of various Associations and is holding important positions in various fields viz. professional, political, commercial, educational and social. He has been a member of Legislative Council of U.P. for the last so many consecutive terms.
- (e) **Shri Ashok Gupta** is B.BM and FCA. He is Vice-President Finance & CFO of Jaykay Enterprises Ltd. He has about 35 years of experience in the fields of Finance & Accounts.

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.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, Dr. Gaur Hari Singhania, Chairman, Managing Director 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 the Financial Year 2012-13."

Dr Gaur Hari Singhania
(Chairman & Managing Director)

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 the Company's website www.jkcotton.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 2012-13 duly signed by the CEO and CFO has been placed before the Board in the meeting held on 4th July, 2013.

11. General Shareholders Information

a) Annual General Meeting

Date /Time : Tuesday 13th August, 2013 / 12.00 Noon
Venue : At the Registered Office of the Company,
Kamla Tower, Kanpur

b) Financial Calendar

(1) First Quarter Results	-	On or before 14th August, 2013
(2) Second Quarter Results	-	On or before 14th November, 2013
(3) Third Quarter Results	-	On or before 14th February, 2014
(4) Results of the year ending 31st March, 2014	-	On or before 30th May, 2014

c) Date of Book Closure :

5th August, 2013 to 13th August, 2013
(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.	2012-13	J00011
2.	Delhi Stock Exchange Ltd.	2012-13	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.

g) Registrar/Transfer Agent

M/s Jaykay Enterprises Ltd. (Formerly 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, 2013

No. of Equity Shares held	No. of Share holders	% of Share holders	No. of Shares held	% of Share holding
Upto 500	7757	96.31	750191	3.18
501 to 1000	177	2.20	136389	0.58
1001 to 2000	49	0.61	68662	0.29
2001 to 3000	19	0.24	46851	0.20
3001 to 4000	10	0.12	35138	0.15
4001 to 5000	3	0.04	13550	0.06
5001 to 10000	13	0.16	89319	0.38
10001 and above	26	0.32	22437650	95.16
Total	8054	100.00	23577750	100.00

j) Category wise Shareholding-Equity as on 31st March, 2013

Category	No. of Share-holders	% of Share-holders	No. of Shares held	% of Share-holding
Promoters and Promoter Group	16	0.20	21723410	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	94	1.17	427745	1.81
Individuals	7916	98.29	1120214	4.75
Others	6	0.07	201000	0.85
Total	8054	100.00	23577750	100.00

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 machines are installed at J.K. Manufacturers premises at 84/29, Kalpi Road, Kanpur.

m) Address for Correspondence

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

n) Transfer of unpaid/unclaimed amounts to Investor Education and Protection Fund

During the year under review the Company has transferred ₹ 1,78,300 and ₹ 14,06,881 lying in the unclaimed matured Debentures and Public Deposits respectively to the Investor Education and Protection Fund pursuant to Section 205C of the Companies Act, 1956 read with the Investor Education and Protection Fund (Awareness and Protection of Investors) Rules, 2001.

AUDITOR'S 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 AND WEAVING MILLS COMPANY LIMITED for the year ended 31st March, 2013, 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
RAJENDRA GUPTA
Partner
Membership No. 073250

Place : Kanpur
Date : 4th July, 2013