

## 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, 2012 is 10 (Ten). The composition is given below :-

- One Promoter, Executive, Non-independent Director
- Three Promoters, 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 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 and CEO</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	-	-	1	-	-
7.	Shri K. C. Aggarwal Nominee of AFL	Non-Executive, Independent	-	-	1	-	-
8.	Shri Lalit Mohan Agarwal	Non-Executive, Independent	-	-	-	-	-
9.	Shri R.K. Saxena	Non-Executive, Independent	-	-	-	-	-
10.	Shri Anil Gupta* Nominee of BIFR	Non-Executive, Independent	-	-	6	1	2
11.	Shri P.K. Saraff#	Non-Executive, Non-Independent	-	-	-	-	-

\* Appointed as Director w.e.f 15th February, 2012

# Ceased to be Director w.e.f. 25th August, 2011

@ 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.

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

During the financial year ended 31st March, 2012, four Board Meetings were held on the following dates :-

- a) 27th May, 2011

## JUGGILAL KAMLAPAT COTTON SPINNING & WEAVING MILLS CO. LTD.

- b) 12th August, 2011
- c) 4th November, 2011
- d) 8th February, 2012

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 25.08.11
1.	Dr. Gaur Hari Singhania	3	NO
2.	Shri Yadupati Singhania	2	NO
3.	Shri Govind Hari Singhania	3	NO
4.	Shri Nidhipati Singhania	1	YES
5.	Dr. K.B.Agarwal	3	YES
6.	Dr. J.N.Gupta	3	YES
7.	Shri K.C.Aggarwal	1	NO
8.	Shri Lalit Mohan Agarwal	3	NO
9.	Shri R.K.Saxena	4	YES
10.	Shri Anil Gupta*	0	NO
11.	Shri P.K.Saraf#	2	YES

\* Appointed as Director w.e.f. 15th February, 2012

# Ceased to be Director w.e.f. 25th August, 2011

### 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.	Shri Lalit Mohan Agarwal	-
8.	Shri R.K.Saxena	2
9.	Shri Anil Gupta*	-
10.	Shri P.K.Saraf#	-

\* Appointed as Director w.e.f. 15th February, 2012

# Ceased to be Director w.e.f. 25th August, 2011

### 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	: Independent, (Chairman) Non-Executive Director
Dr. K.B.Agarwal	: Independent, Non-Executive Director
Shri R.K.Saxena	: 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, 2012, four meetings were held on 27th May 2011, 6th August 2011, 4th November 2011 and 8th February 2012.

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*	1
Shri R.K. Saxena	4
Shri P.K. Saraf#	2

\* Appointed as Member of the Audit Committee w.e.f. 12th August, 2011

# Ceased to be Member w.e.f. 12th August, 2011

#### 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, 2012

Sl. No.	Name of Director	Salary	Benefits	Sitting Fee	Total
1.	Dr. Gaur Hari Singhania @	-	-	-	-
2.	Shri Yadupati Singhania	-	-	10600	10600
3.	Shri Govind Hari Singhania	-	-	15000	15000
4.	Shri Nidhipati Singhania	-	-	5000	5000
5.	Dr. K.B.Agarwal	-	-	16000	16000
6.	Dr. J.N.Gupta	-	-	21000	21000
7.	Shri K.C.Aggarwal	-	-	5000	5000
8.	Shri Lalit Mohan Agarwal	-	-	19000	19000
9.	Shri R.K.Saxena	-	-	26000	26000
10.	Shri Anil Gupta *	-	-	-	-
11.	Shri P.K.Saraf #	-	-	14000	14000

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

\* Appointed as Director w.e.f. 15th February, 2012

# Ceased to be Director w.e.f. 25th August, 2011

## 5. Shareholders' Grievance Committee

### (a) Composition

The Committee comprises of following Directors :

Dr. J.N. Gupta (Chairman)	: Independent, Non-Executive Director
Shri Lalit Mohan Agarwal	: Independent, Non-Executive Director
Shri R.K. Saxena	: Independent, Non-Executive Director

The Secretary of the Company is compliance officer of the Committee.

### (b) Functions

To review the financial status of shareholders'/ Investors' grievances, redressal mechanism and recommend measures to improve the level of investors' services. The Company had not received any complaint during the Financial Year 2011-12 and no complaint was pending as at the beginning and at the end of the Financial Year 2011-12.

### (c) Meetings/Attendance

During the financial year ended 31st March, 2012, four meetings were held on 27th May 2011, 12th August 2011, 4th November 2011 and 8th February 2012.

The attendance at the Committee Meetings was as under:

Name of Director	No. of Meetings attended
Dr. J.N. Gupta	2
Shri R.K. Saxena*	2
Shri. Lalit Mohan Agarwal	4
Shri P.K. Saraf #	2

\* Appointed as Member w.e.f. 12th August, 2011

# Ceased to be Member w.e.f. 12th August, 2011.

## 6. General Body Meetings

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

Financial Year	Date	Time	Place
2008-09	23rd September, 2009	1.00 pm	Registered Office, Kamla Tower, Kanpur
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

### Special Resolution passed at the last three AGM

Date	Short particulars of Special Resolution passed at the AGM
23rd September, 2009	1. Extension of date of redemption of Preference Shares.
27th September, 2010	2. Alteration of Article 4 (3)(C) of Articles of Association
25th August, 2011	Increase in borrowing powers of the Company No Special Resolution was passed

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 Govind Hari Singhania and Shri Lalit Mohan Agarwal 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 :

- Shri Govind Hari Singhania** is Bachelor of Arts. He is associated with the Company as promoter Director Since 1958. He has wide experience in man made fiber and textile industry. He is Vice Chairman in Jaykay Enterprises Ltd. He is Chairman, Governing Body of J.K. Education Foundation and Chairman, Governing Body of Sir Padampat Singhania M.E. Foundation.
- Shri Lalit Mohan Agarwal** is M. Sc.(Physics). He has wide experience of production and labour matters in Jute industry.

## 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.jk cotton.com](http://www.jk cotton.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:

## JUGGILAL KAMLAPAT COTTON SPINNING & WEAVING MILLS CO. LTD.

"I, Dr. Gaur Hari Singhania, Chairman, Managing Director & CEO of Juggilal Kamlatpat 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 2011-12."

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 the 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 2011-12 duly signed by the CEO and CFO has been placed before the Board in the meeting held on 28th May, 2012.

### 11. General Shareholders Information

#### a) Annual General Meeting

Date /Time : Monday 13th August, 2012 / 12.30 P.M.  
Venue : At the Registered Office of the Company,  
Kamla Tower, Kanpur

#### b) Financial Calendar

- |                                |                |                     |
|--------------------------------|----------------|---------------------|
| (1) First Quarter Results      | - On or before | 14th August, 2012   |
| (2) Second Quarter Results     | - On or before | 14th November, 2012 |
| (3) Third Quarter Results      | - On or before | 14th February, 2013 |
| (4) Results of the year ending | - On or before | 30th May 2013       |

#### c) Date of Book Closure :

8th August, 2012 to 13th August, 2012  
(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.	2011-12	J00011
2.	Delhi Stock Exchange Ltd.	2011-12	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, 2012

No. of Equity Shares held	No. of Share holders	% of Share holders	No. of Shares held	% of Share holding
Upto 500	7759	96.29	750201	3.18
501 to 1000	177	2.20	136379	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	14	0.17	98319	0.42
10001 and above	27	0.33	22428650	95.12
Total	8058	100.00	23577750	100.00

### j) Category wise Shareholding-Equity as on 31st March, 2012

Category	No. of Share-holders	% of Share-holders	No. of Shares held	% of Share-holding
Promoters and Promoter Group	18	0.22	21723365	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	427735	1.81
Individuals	7918	98.26	1120269	4.75
Others	6	0.08	201000	0.85
Total	8058	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 ₹ 3,44,012 and ₹ 13,24,737 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.

**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 AND WEAVING MILLS COMPANY LIMITED as at 31st March, 2012, 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.

For P.L. TANDON & CO.,  
*Chartered Accountants.*  
Firm Reg. No. 000186C  
(RAJENDRA GUPTA)  
*Partner*  
Membership No. 073250

Place : Kanpur  
Date : 28.05.2012