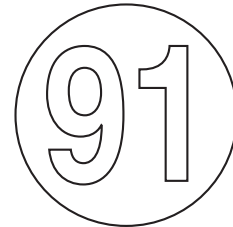


# J. K. COTTON LIMITED

## ANNUAL REPORT 2013-2014



# J. K. COTTON LIMITED

(FORMERLY JUGGILAL KAMLAPAT COTTON SPINNING & WEAVING MILLS CO. LTD.)

## BOARD OF DIRECTORS :

Dr. GAUR HARI SINGHANIA (*Chairman & Managing Director*)

Shri YADUPATI SINGHANIA (*Vice-Chairman*)

Shri GOVIND HARI SINGHANIA

Shri NIDHIPATI SINGHANIA

Dr. K. B. AGARWAL

Shri JAGENDRA SWARUP

Dr. ANIL GUPTA (*Nominee of BIFR*)

Shri K. C. AGGARWAL (*Nominee of AFL*)

Dr. J. N. GUPTA

Shri ASHOK GUPTA

## CEO :

Shri ABHISHEK SINGHANIA

## CFO & COMPANY SECRETARY :

Shri S. K. KEDIA

## BANKERS :

PUNJAB NATIONAL BANK

BANK OF INDIA

YES BANK LTD.

ORIENTAL BANK OF COMMERCE

ALLAHABAD BANK

ICICI BANK LTD.

IDBI BANK LTD.

STATE BANK OF INDIA

AXIS BANK LTD.

## AUDITORS :

MESSRS. P. L. TANDON & CO.

*Chartered Accountants*

## REGISTERED OFFICE :

KAMLA TOWER, KANPUR

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# J. K. COTTON LIMITED

(Formerly Juggilal Kamlat Cotton Spinning & Weaving Mills Co. Ltd.)

CIN : L17111UP1924PLC000275

Registered Office : Kamla Tower, Kanpur - 208 001, U. P., India

Tele. No. : (0512) 2371478-481 • Fax : (0512) 2332665

E-mail : jkcm.ho@jkcotton.com • Website : www.jkcotton.com

## NOTICE

Notice is hereby given that the 91st Annual General Meeting of J.K.Cotton Limited (Formerly Juggilal Kamlat Cotton Spinning & Weaving Mills Co. Ltd.) will be held on Tuesday, the 12th August, 2014 at 12.00 Noon at the Registered Office of the Company at Kamla Tower, Kanpur to transact the following business :-

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2014, Profit and Loss Statement for the year ended on that date and the Reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Shri Govind Hari Singhania (DIN 00159580), who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Shri Yadupati Singhania (DIN 00050364), who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint Auditors (pursuant to Section 139 of the Companies Act, 2013) to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting and to fix their remuneration. The retiring auditors M/s P.L. Tandon & Company, Chartered Accountants, Kanpur (ICAI Registration No.000186C), are, however eligible for re-appointment.

### SPECIAL BUSINESS:

5. To consider and, if thought fit, to pass with or without modification(s) the following resolution as an Ordinary Resolution:  
"RESOLVED THAT pursuant to Section 148 of the Companies Act, 2013 read with Companies (Audit and Auditors) Rules, 2014, the remuneration of ₹25000/- plus service tax as applicable and reimbursement of actual travel and out of pocket expenses for the Financial Year ending 31st March, 2015 as recommended by the Audit Committee and as approved by the Board of Directors of the Company in its meeting held on 29th May, 2014, to be paid to M/s R. M. Bansal & Co., Cost Accountants, for the conduct of the cost audit of the Company's Textile manufacturing unit at Kanpur, be and is hereby ratified and confirmed."
6. 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 Sections 149,150, 152 and any other applicable provisions of the Companies Act, 2013 and the Rules framed thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Dr. J.N.Gupta (holding DIN

- 00397952), Director of the Company in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director be and is hereby appointed as an Independent Director of the Company to hold office for five consecutive years till respective Annual General Meeting."
7. 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 Sections 149,150, 152 and any other applicable provisions of the Companies Act, 2013 and the Rules framed thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Dr. K.B.Agarwal (holding DIN 00339934), Director of the Company in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director be and is hereby appointed as an Independent Director of the Company to hold office for five consecutive years till respective Annual General Meeting."
8. 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 Sections 149,150, 152 and any other applicable provisions of the Companies Act, 2013 and the Rules framed thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Shri Jagendra Swarup (holding DIN 00164708), Director of the Company in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director be and is hereby appointed as an Independent Director of the Company to hold office for five consecutive years till respective Annual General Meeting."
9. To consider and, if thought fit, to pass with or without modification(s) the following resolution as a Special Resolution:  
"RESOLVED THAT in supersession of the Ordinary Resolution passed at the 90th Annual General Meeting held on 13th August, 2013 and pursuant to the provisions of Section 180(1)(c) of the Companies Act, 2013 (corresponding Section 293(1)(d) of the Companies Act, 1956) and all other applicable provisions, if any, of the Companies Act, 2013 and Rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) and pursuant to the provisions of the

## J. K. COTTON LIMITED

Articles of Association of the Company, the consent of the Company be and is hereby accorded to the Board of Directors of the Company to borrow in any manner from time to time any sum or sums of moneys at its discretion on such terms and conditions as the Board of Directors may deem fit, notwithstanding that the moneys to be borrowed by the Company together with the moneys already borrowed (apart from temporary loans obtained from the Company's Bankers in the ordinary course of business) from the financial institutions, Company's bankers and or from any person or persons, firms, bodies corporate whether by way of loans, advances, deposits, bill discounting, issue of debentures, bonds or any financial instruments or otherwise and whether secured or unsecured which may exceed the aggregate of the paid up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose, provided that the maximum amount of money so borrowed by the Board and outstanding at any one time shall not exceed the sum of ₹500 Crore (Rupees Five Hundred Crore only)."

"RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board of Directors be and is hereby authorised to do and perform 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, doubt that may arise in respect of the borrowing(s) aforesaid and also to delegate all or any of the above powers to such Committee of Directors or the Managing Director or the Director or the Key Managerial Personnel of the Company and further to do all such acts, deeds and things and to execute all documents and writings as may be necessary, proper, desirable or expedient to give effect to this resolution."

10. 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 180(1)(a) of the Companies Act, 2013 (corresponding Section 293(1)(a) of the Companies Act, 1956) and all other applicable provisions, if any, of the Companies Act, 2013 and in supersession of all the Resolutions passed earlier in this regard by shareholders of the Company, consent of the Company be and is hereby accorded to the Board of Directors of the Company to create mortgages/charges/hypothecation in any manner whatsoever on all or any of the immovable and movable properties of the Company present and future, of the whole or substantially the whole of the undertaking of the Company, ranking pari-passu or otherwise and/or second and/or subservient and/or subordinate to the mortgages/charges/hypothecation already created or to be created in future by the Company for securing any loans and/or advances and/or guarantees and/or any financial assistance obtained or may be obtained from financial institutions, banks or machinery suppliers and/or any other persons or institutions providing finance for purchase of assets and/ or for the business of the Company or for working capital or for purchase of specific items of machinery and equipments under any deferred payment scheme or bills discounting

scheme or in favour of trustees for Debentureholders / Bondholders that may be appointed hereafter, as security for the debentures / bonds that may be issued by the Company, with power to take over the management, business and concern thereof in certain events of default, on such terms and conditions and at such times and in such form and manner as the Board of Directors may deem fit, so that the total outstanding amount at any time so secured shall not exceed the aggregate of the amounts consented by the Company by the Resolution passed at this meeting pursuant to Section 180(1)(a) of the Companies Act, 2013 i.e. ₹500 Crore (Rupees five hundred Crore only) together with interest thereon and further interest, if any, cost, charges, expenses, remuneration payable to the trustees and all other monies payable by the Company."

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to and cause to prepare, finalise, approve and execute on behalf of the Company with the lenders, banks, machinery suppliers, persons, institutions and trustees for the Debenture holders/ Bond holders, the documents, deeds, agreements, declarations, undertakings and writings as may be necessary and expedient for giving effect to the foregoing resolution and also to delegate all or any of the above powers to the Committee of Directors or the Managing Director or the Director or the Key Managerial Personnel of the Company."

11. 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 14 and all other applicable provisions of the Companies Act, 2013 read with Companies (Incorporation) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force) the draft regulations contained in the Articles of Association submitted to this meeting be and are hereby approved and adopted in substitution, and to the entire exclusion, of the regulations contained in the existing Articles of Association of the Company."

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

By order of the Board

Place : Kanpur

S. K. KEDIA

Dated : 10th July, 2014

CFO & Company Secretary

### NOTES :

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY/PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF. SUCH PROXY/PROXIES NEED NOT BE A MEMBER OF THE COMPANY.**

**A person can act as proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than ten percent of the total share capital of the Company. The instrument of proxy in order to be effective, should be deposited at the Registered Office of the**

**Company, duly completed and signed not less than 48 hours before the commencement of the meeting. A Proxy form is annexed herewith. Proxies submitted on behalf of the Companies, Societies etc. must be supported by an appropriate resolution/authority as applicable.**

2. The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, setting out the material facts is annexed hereto.
3. The Register of Members and Share Transfer Books of the Company will remain closed from Monday, 4th August, 2014 to Tuesday, 12th August, 2014 (both days inclusive).
4. Members are requested to notify immediately change of address, if any, to the Company's Registrar & Share Transfer Agent in respect of their shareholding by mentioning folio nos., etc.
5. Members are requested to bring their copies of the Annual Report, as Copies of the Report will not be re-distributed at the Meeting.
6. Members seeking any information with regard to the accounts of the Company are requested to write to the Company at its Registered Office, so as to reach at least 10 days before the date of the Meeting to enable the Management to keep the information ready.
7. Pursuant to clause 49 of the Listing Agreement relating to Corporate Governance, the particulars of Directors proposed to be appointed or re-appointed are given in the Report on Corporate Governance attached to the Directors' Report.
8. **The Ministry of Corporate Affairs has taken 'Green Initiative in the Corporate Governance' by allowing paperless compliances by the Companies and has issued circulars stating that service of notice/ documents including Annual Report can be sent by e-mail to its members. In this regard we solicit your cooperation to update our databank. Members are requested to intimate their e-mail address, contact telephone number, PAN and Bank Account details at any of our e-mail address viz. (a) sk.keddia@jkcotton.com (b) rc.srivastava@jkcement.com (c) jkcm.ho@jkcotton.com**
9. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members can submit their PAN details to the Company / RTA Agent of the Company.
10. All the documents referred to in the accompanying Notice and the Statement pursuant to Section 102 of the Companies Act, 2013, will be available for inspection by the members at the Registered Office of the Company during business hours on any working day excluding Saturday up to the date of the Annual General Meeting of the Company.
11. In terms of Sections 107 and 108 of the Companies Act, 2013 read with Companies (Management and Administration) Rules, 2014, the Company is providing its members the facility to exercise their right to vote at the meeting by electronic means on any or all of the businesses specified in the accompanying Notice. Necessary arrangements have been made by the Company with Central Depository Services Ltd. (CDSL) to facilitate e-voting. E-

voting is optional and members shall have the option to vote either through e-voting or in person at the General Meeting.

The procedure and instructions for voting through electronic means are as follows:-

- i. Open your web browser during the voting period and log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).
- ii. Now click on "**Shareholders**" to cast your votes.
- iii. Now select the Electronic Voting Sequence Number ("EVSN") along with "**J. K. COTTON LIMITED**" from the drop down menu and click on "**SUBMIT**".
- iv. All the shares of the Company are in Physical Form. Members should enter Folio Number registered with the Company and then enter the Captcha Code as displayed and Click on "**Login**".
- v. Fill up the following details in the appropriate boxes:

PAN	Enter your 10 digit alpha-numeric PAN issued by Income Tax Department. Shareholders who have not updated their PAN with the Company are requested to use the first two letters of their name in Capital Letter followed by 8 digits folio no. in the PAN field. In case the folio number is less than 8 digits enter the applicable number of 0's after the folio number. Eg. If your name is Ramesh Kumar with folio number 1234 then enter RA12340000 in the PAN field
DOB#	Enter the Date of Birth as recorded in the Company records for the said folio in dd/mm/yyyy format.
Dividend Bank Details #	Enter the Dividend Bank Details as recorded in the Company records for the said folio.
	<ul style="list-style-type: none"> <li>• Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the Company please enter the number of shares held by you as on <b>3rd July, 2014</b> in the Dividend Bank details field</li> </ul>

- # Please enter any one of the details in order to login.
- vi. After entering these details appropriately, click on "**SUBMIT**" tab.
- vii. Members will then reach directly the **EVSN** selection screen.
- viii. The details can be used only for e-voting on the resolutions contained in this Notice.
- ix. Click on the relevant **EVSN** on which you choose to vote.
- x. 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.
- xi. Click on the "**Resolutions File Link**" if you wish to view the entire Resolutions.
- xii. After selecting the resolution you have decided to

## J. K. COTTON LIMITED

- 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.
- xiii. Once you “**CONFIRM**” your vote on the resolution, you will not be allowed to modify your vote.
- xiv. You can also take out print of the voting done by you by clicking on “**Click here to print**” option on the Voting page.
- xv. Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) are required to log on to <https://www.evotingindia.co.in> and register themselves as Corporates. After receiving the login details they have to link the account(s) which they wish to vote on and then cast their vote. They should upload a scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, in PDF format in the system for the scrutinizer to verify the same.
- xvi. The voting period begins on **6th August, 2014** (9.00 a.m.) and ends on **8th August, 2014** (5.00 p.m.). During this period shareholders of the Company, holding shares as on the cut-off date of **3rd July, 2014**, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- xvii. 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.co.in](http://www.evotingindia.co.in) under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com). You may also contact [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com); Tel. No. 022-66069031.
- xviii. The Company has appointed M/s. Adesh Tandon & Associates (Prop. Mr. Adesh Tandon) of Kanpur, Practicing Company Secretaries (C.P.No. 1121) as the Scrutinizer for conducting the e-voting process in fair and transparent manner.
- xix. A copy of this notice has been placed on the website of the Company and the website of CDSL.
- xx. In case of Members who are entitled to vote but have not exercised their right to vote by electronic means, the Chairman of the Company will order a poll on his own motion or on demand at the Meeting in terms of Section 109 of the Companies Act, 2013 for all businesses specified in the accompanying Notice.

**For abundant clarity, please note that the Members who have exercised their right to vote by electronic means shall not be entitled to vote by way of poll at the Meeting.** The voting rights of the Members shall be in proportion to their shares of the paid-up equity share capital of the Company. The poll process shall be conducted and scrutinized and report thereon will be prepared in accordance with Section 109 of the Companies Act, 2013 read with the Companies (Management and Administration) Rules, 2014.

## EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013 (CORRESPONDING SECTION 173(2) OF THE COMPANIES ACT, 1956)

### ITEM NO. 5 :-

Pursuant to Section 148 of the Companies Act, 2013 and Rule 14 of the Companies (Audit and Auditors) Rules, 2014, the Board shall appoint a Cost Accountant in practice on the recommendation of the Audit Committee, which shall also recommend remuneration for such cost auditor. The remuneration recommended by Audit Committee shall be considered and approved by the Board of Directors and ratified by the shareholders.

On recommendation of Audit Committee at its meeting held on 29th May, 2014, the Board has considered and approved appointment of M/s R.M.Bansal & Co., Cost Accountants for conduct of Cost Audit of the Company's Textile manufacturing unit at Kanpur at a remuneration of ₹25,000/- plus applicable service tax and reimbursement of actual travel and out of pocket expenses for the Financial year ending 31st March, 2015.

The Resolution at item No. 5 of the Notice is set out as an Ordinary Resolution for approval and ratification by shareholders in terms of section 148 of the Companies Act, 2013.

None of the Directors and/or Key Managerial Personnel of the

Company and their relatives is concerned or interested, financial or otherwise, in the Resolution set out at Item No. 5 of the Notice.

### ITEM NO. 6 :-

Dr. J.N.Gupta (DIN 00397952) is a Non-Executive Independent Director of the Company. He joined the Board of Directors of the Company in July, 2003. Dr. J.N.Gupta is the Chairman of the Audit Committee and Shareholders'/ Investors' Grievance Committee of the Company.

Dr. J.N.Gupta is M.Com., Ph.D, C.A.I.I.B, D.I.F. He has vast experience in Finance, Banking and Capital Market. He is Chief Executive Officer of Jagran Education Foundation and a member of the Board of Directors of M/s Jaiprakash Power Ventures Ltd. and M/s RSPL. As on 31.3.2014, he does not hold any Equity Share of the Company.

In terms of Section 149 and any other applicable provisions of the Companies Act, 2013, Dr. J.N.Gupta being eligible, offers himself for appointment, is proposed to be appointed as an Independent Director for five consecutive years till respective Annual General Meeting.



The Company has received a notice in writing from a member alongwith the deposit of ₹1,00,000/- (Rupees One Lac only) under Section 160 of the Companies Act, 2013 proposing the candidature of Dr. J.N.Gupta for the office of Director of the Company.

Dr. J.N.Gupta is not disqualified from being appointed as a Director in terms of Section 164 of the Companies Act, 2013 and has given his consent to act as a Director.

In the opinion of the Board, Dr. Gupta fulfills the conditions specified in the Companies Act, 2013 and Rules made thereunder for his appointment as an Independent Director of the Company and is independent of the management. Copy of the draft letter for appointment of Dr. Gupta as an Independent Director setting out the terms and conditions would be available for inspection without any fee by the members at the Registered Office of the Company during normal business hours on any working day excluding Saturday.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Dr. Gupta as an Independent Director. Accordingly, the Board recommends the resolution in relation to appointment of Dr. Gupta as an Independent Director, for the approval by the shareholders of the Company.

Except Dr. J.N.Gupta, being an appointee, none of the Directors and/or Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution set out at Item No. 6 of the Notice. This Explanatory Statement may also be regarded as a disclosure under Clause 49 of the Listing agreement with the Stock Exchange(s).

#### **ITEM NO. 7 :-**

Dr. K.B.Agarwal (DIN 00339934) is a Non-Executive Independent Director of the Company. He joined the Board of Directors of the Company in November, 2010. Dr. K.B.Agarwal is the member of the Audit Committee and Committee of Directors of the Company.

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. As on 31.3.2014, he held 5 Nos of Equity Share of the Company.

In terms of Section 149 and any other applicable provisions of the Companies Act, 2013, Dr. K.B.Agarwal being eligible, offers himself for appointment, is proposed to be appointed as an Independent Director for five consecutive years till respective Annual General Meeting.

The Company has received a notice in writing from a member alongwith the deposit of ₹1,00,000/- (Rupees One Lac only) under Section 160 of the Companies Act, 2013 proposing the candidature of Dr. K.B.Agarwal for the office of Director of the Company.

Dr. K.B.Agarwal is not disqualified from being appointed as a

Director in terms of Section 164 of the Companies Act, 2013 and has given his consent to act as a Director.

In the opinion of the Board, Dr. Agarwal fulfills the conditions specified in the Companies Act, 2013 and Rules made thereunder for his appointment as an Independent Director of the Company and is independent of the management. Copy of the draft letter for appointment of Dr. Agarwal as an Independent Director setting out the terms and conditions would be available for inspection without any fee by the members at the Registered Office of the Company during normal business hours on any working day excluding Saturday.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Dr. Agarwal as an Independent Director. Accordingly, the Board recommends the resolution in relation to appointment of Dr. Agarwal as an Independent Director, for the approval by the shareholders of the Company.

Except Dr. K.B.Agarwal, being an appointee, none of the Directors and/or Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution set out at Item No. 7 of the Notice. This Explanatory Statement may also be regarded as a disclosure under Clause 49 of the Listing agreement with the Stock Exchange(s).

#### **ITEM NO. 8 :-**

Shri Jagendra Swarup (DIN 00164708) is a Non-Executive Independent Director of the Company. He joined the Board of Directors of the Company in August, 2012. Shri Jagendra Swarup is the member of the Audit Committee and Shareholders'/ Investors' Grievance Committee of the Company.

Shri Jagendra Swarup is an Advocate. He has been in practice for over 37 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 holding membership of various Associations and is also 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 about four decades consecutively. He has been a Director of Jaykay Enterprises Ltd. since 2001. He is also a Director in the Board of J.K. Cement Ltd. and Frost International Ltd. As on 31.3.2014, he does not hold any Equity share of the Company.

In terms of Section 149 and any other applicable provisions of the Companies Act, 2013, Shri Swarup being eligible, offers himself for appointment, is proposed to be appointed as an Independent Director for five consecutive years till respective Annual General Meeting.

The Company has received a notice in writing from a member alongwith the deposit of ₹1,00,000/- (Rupees One Lac only) under Section 160 of the Companies Act, 2013 proposing the candidature of Shri Jagendra Swarup for the office of Director of the Company.

Shri Jagendra Swarup is not disqualified from being appointed as a Director in terms of Section 164 of the Companies Act, 2013 and has given his consent to act as a Director.

## J. K. COTTON LIMITED

In the opinion of the Board, Shri Swarup fulfills the conditions specified in the Companies Act, 2013 and Rules made thereunder for his appointment as an Independent Director of the Company and is independent of the management. Copy of the draft letter for appointment of Shri Swarup as an Independent Director setting out the terms and conditions would be available for inspection without any fee by the members at the Registered Office of the Company during normal business hours on any working day excluding Saturday.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Shri Swarup as an Independent Director. Accordingly, the Board recommends the resolution in relation to appointment of Shri Swarup as an Independent Director, for the approval by the shareholders of the Company.

Except Shri Jagendra Swarup, being an appointee, none of the Directors and/or Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution set out at Item No. 8 of the Notice. This Explanatory Statement may also be regarded as a disclosure under Clause 49 of the Listing agreement with the Stock Exchange(s).

### ITEM NOS. 9 & 10 :-

At the 90th Annual General Meeting of the Company held on 13th August, 2013 the Members had, by way of an Ordinary Resolution and in pursuance of the provisions of Section 293(1)(d) of the Companies Act, 1956, authorized the Board to borrow monies on behalf of the Company (apart from temporary loans obtained or to be obtained from the Company's bankers in the ordinary course of business) in excess of the aggregate of the paid-up capital of the Company and its free reserves, subject to the total outstanding amount so borrowed not exceeding a sum of ₹500 crore (Rupees Five hundred crore only) at any point of time.

The said borrowings/issue of securities may be required to be secured by way of mortgage/hypothecation/charge of whole or any part of property including movable/immovable property of the Company. Further documents for the said purpose could contain the power to take over the management of the Company in certain events. Therefore, pursuant to Section 180(1)(a) the approval of the Shareholders of the Company is required by way of Special Resolution. It is pertinent to mention here that this resolution is not intended to be passed for the purpose of sale of any of the undertaking but for the purpose of mortgage and hypothecation of the property of the Company.

Section 180 of the Companies Act, 2013 ('the Act') was notified on September 12, 2013. Under the said section, the above powers of the Board are required to be exercised only with the consent of the Company by way of a Special Resolution. The Ministry of Corporate Affairs ("MCA") had vide its General Circular No. 4/2014 dated March 25, 2014, clarified that the Ordinary Resolutions passed under Section 293(1)(a) and (d) of the Companies Act, 1956 would be sufficient compliance of Section 180 of the Act until September 11, 2014.

The approval of the Shareholders for the said borrowings and creation of a mortgage or charge for the said borrowings is,

therefore, being sought, by way of Special Resolutions, pursuant to Section 180(1)(c) and (a) of the Act, respectively.

The Directors recommend the Resolutions at Item Nos. 9 and 10 of the accompanying Notice for the approval of the shareholders of the Company.

None of the Directors and/or Key Managerial Personnel of the Company and their relatives, are concerned or interested, financial or otherwise, in the resolutions set out at Item Nos. 9 & 10 of the Notice.

### ITEM NO. 11 :-

The Articles of Association ("AoA") of the Company as presently in force since its incorporation. The existing AoA are based on the Companies Act, 1913/1956 and several regulations in the existing AoA contain references to specific section of the Companies Act, 1913/1956 and some regulations in the existing AoA are no longer in conformity with the Companies Act, 2013.

The Act is now largely in force. On September 12, 2013, the Ministry of Corporate Affairs ("MCA") had notified 98 Sections for implementation. Subsequently, on March 26, 2014, MCA notified most of the remaining Sections (barring those provisions which require sanction/confirmation of the National Company Law Tribunal ("Tribunal") such as variation of rights of holders of different classes of shares (Section 48), reduction of share capital (Section 66), compromises, arrangements and amalgamations (Chapter XV), prevention of oppression and mismanagement (Chapter XVI), revival and rehabilitation of sick companies (Chapter XIX), winding up (Chapter XX) and certain other provisions including, inter alia, relating to Investor Education and Protection Fund (Section 125) and valuation by registered valuers (Section 247). However, substantive sections of the Act which deal with the general working of companies stand notified.

With the coming into force of the Act several regulations of the existing AoA of the Company require alteration or deletions in several articles.

Given this position, it is considered expedient to wholly replace the existing AoA by a new set of Articles.

A new AoA to be substituted in place of the existing AoA are based on Table 'F' of the Act sets out the model articles of association for a company limited by shares.

The proposed new draft AoA is being uploaded on the Company's website for perusal by the shareholders.

The Board recommend the Special Resolution set out at item No.11 of the Notice for approval by the shareholders of the Company.

None of the Directors and/or Key Managerial Personnel of the Company and their relatives are, concerned or interested, financially or otherwise, in the Resolution set out at item No. 11 of the Notice.

Place : Kanpur  
Dated : 10th July, 2014

By order of the Board  
S. K. KEDIA  
CFO & Company Secretary



## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

### 1. Company

The operations in the Weaving, Processing and Yarn Dyeing departments of Textile Unit of the Company continued during the year. The Company is continuously trying to achieve the desired results. Steps have been taken for cost reduction and manufacturing quality product by new installed machines.

### 2. Overview of the Economy

According to the latest estimate, Indian economy grew by 4.7% in F.Y. 2013-14. Despite a good monsoon, the manufacturing indices had declined, commodity prices stayed at high levels and food inflation reached an all-time high, which resulted in sustained CPI inflation of over 10% in the last financial year. The Rupee depreciated significantly before retracting in the latter half of the year. Consumer sentiments remained subdued for most part of F.Y. 2013-14.

However, the slow GDP growth appears to have bottomed out and post elections, economic activity is expected to pick up from the second quarter of F.Y. 2014-15.

### 3. General Review

Indian textile industry is one of the leading sectors of Indian economy and contributes significantly to the country's industrial output (14%), employment generation (35 million in direct and another 20 million in indirect employment) and export earnings (17%). It contributes 4% to Indian GDP. Consumer demand remained sluggish across the textile and apparel value chain in F.Y. 2013-14 due to high inflation and interest rates resulting in long periods of extended end-of-season sales, pressure on margins, thus effecting profitability.

### 4. Risk Management

The textile business, like other business, is susceptible to various risk. A combination of global and domestic factors impacts the Indian economy. The primary main factor is raw material prices, mainly cotton, which is the largest component of cost. Since the cotton is an agriculture produce, it suffers from climatic volatility and in return creates uncertainties for textile manufacturers.

Another important thing is the availability, quality and price of power. The availability of good quality power at reasonable prices is critical sustainability of the industry. However, the cost of power has been continuously increasing, adding to input cost pressure in the industry. Another factors like high inflation, major current account deficit, depreciating rupee and lack of policy initiatives further worsen the conditions.

We are making all efforts to cope up with the challenges through continuous cost reduction, process improvements, rationalization of cost, improving efficiencies and creating a strong customer oriented approach. Therefore, the company operates within the letter and spirit of all applicable laws, general compliances with legal requirements.

### 5. Opportunities and Challenges

Textile industry is one of the largest employers in India and has strongest linkages with the rural economy. The growing India young middle-class population is a source of great potential and provides immense opportunities to spur growth in the industry going forward. The major challenge that the textile and apparel industry facing is increasing cost of production out of rising wages, high power and interest costs. Despite tough business conditions, your Company has been able to secure sales of ₹51.06 crs during the financial year 2013-14 against ₹39.86 crs in previous fiscal.

RMG manufacturing segment has come up in a big way in recent past. Similarly, cotton fabrics are in high demand in premium segment. The Company has opened retail showrooms at various places in and around Kanpur to promote Company's products and is in process of opening more showrooms in and outside Kanpur in phased manner. The Company has, installed new machines for production of cotton fabrics. Power situation in the State is too bad coupled with high cost of power.

### 6. Human Resources

The Company places its utmost value on the human resource and contribution from the employees is always fine-tuned towards to achieve the overall organization performance by constant education, training and various incentive schemes, which are in vogue.

### 7. Health, Safety and Environment

The Company continuously focus on the health & safety for all its workers and staff. Adequate safety measures have been taken at the Company's Mill for the prevention of accidents or other untoward incident. The necessary medical facilities are available for the workers, staff and their family members to enable them to maintain good health.

### 8. Internal Control System

The Company has proper Internal Controls in place for safeguarding all its assets from unauthorized use or disposal. Adherence to Internal Control Systems is ensured by detailed Internal Audit, conducted by independent team of External Auditors so that the assets

## J. K. COTTON LIMITED

are correctly accounted for and business operations are conducted as per laid down policies and procedures.

The Company has an Audit Committee of Board of Directors, which meets regularly to review, inter alia, risk management policies, adequacies of internal controls and the Audit findings on various functions of different segments of the business.

### **9. Cautionary Statement**

Statements in this Management Discussions and Analysis Report which seeks to describe the Company's expectations or predictions, may be considered to be

'forward looking statements' within the meaning of applicable security laws or regulations. However, actual results could or may differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations also include global and Indian demand supply conditions, obsolescence of machinery, availability of spare parts for machinery, delivery schedules and commissioning of new machines on order, levels of productivity achieved, changes in government regulations, tax regimes, economic developments besides other factors such as litigation and labour matters.

## DIRECTORS' REPORT

TO THE MEMBERS,

The Directors are pleased to present their 91st Annual Report together with the Audited Statement of Accounts of the Company for the financial year ended 31st March, 2014.

Financial Results :	2013-14 ₹/Lacs	2012-13 ₹/Lacs
<b>2.1 Sales</b>	5105.55	3985.96
Profit/(Loss) before Finance Cost and Depreciation	(515.68)	(2398.69)
Finance Cost	(1184.50)	(512.01)
Profit/(Loss) before Depreciation	(1700.18)	(2910.70)
Depreciation	(276.38)	(144.14)
Net Profit/(Loss) Before Exceptional Items	(1976.56)	(3054.84)
Exceptional Items	9485.36	—
Net Profit/(Loss) Before Tax	7508.80	(3054.84)
Less: Provision for Taxation - Current Year	—	—
Tax Adjustment for Previous Year	0.67	—
Profit/(Loss) after Tax	7508.13	(3054.84)

**2.2** The Directors are pleased to inform you that revenue from sales during the current year in textile unit increased to ₹ 51.06 crores as compared to ₹ 39.86 crores in the previous year. During the year under report the Company has opened retail showrooms at various places in and around Kanpur to promote Company's products and is in process of opening more showrooms in and outside Kanpur in phased manner. In view of continued losses, the Directors are unable to recommend any dividend.

### 3. REHABILITATION

The rehabilitation scheme sanctioned by Hon'ble BIFR is under implementation. After lifting of lockout in the Mill w.e.f. 19th January, 2009, large scale maintenance & overhauling work of the Mill Buildings, Plant & Machinery and Utilities has been undertaken and new machines have been procured to replace old and obsolete ones. Steps are being taken for modernization and ₹ 11.69 crores have been invested in Plant & Machinery during the financial year 2013-14.

### 4. CHANGE OF NAME OF THE COMPANY

The Shareholders of the Company at the last Annual General Meeting held on 13th August, 2013 approved the change of name of the Company from 'Juggilal Kamlapat Cotton Spinning & Weaving Mills Company Limited' to 'J.K.Cotton Limited'. Accordingly a fresh certificate of

incorporation was issued by the Registrar of Companies, U.P. on 19th August, 2013.

### 5. CORPORATE GOVERNANCE

As per Clause 49 of the Listing Agreement with Stock Exchange(s), a report on Corporate Governance is enclosed as part of the Annual Report together with the Auditors' Certificate on its compliance.

### 6. DIRECTORS

**6.1** In accordance with the provisions of the Section 152 of the Companies Act, 2013 and the Company's Articles of Association, Shri Govind Hari Singhania and Shri Yadupati Singhania, Directors will retire by rotation at the forthcoming Annual General Meeting and being eligible offer themselves for re-appointment.

**6.2** In accordance with the provisions of the Companies Act, 2013, Independent Directors, viz. Dr. J.N. Gupta, Dr. K.B. Agarwal and Shri Jagendra Swarup are liable to retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment. Three separate notices in writing have been received from members of the Company signifying their intention to propose the candidature of Dr. J.N. Gupta, Dr. K.B. Agarwal and Shri Jagendra Swarup for the office of Directors of the Company for the period of five consecutive years.

### 7. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNING AND OUTGO

Particulars with regard to Conservation of Energy, Technology Absorption, Foreign Exchange Earning and outgo in accordance with the provisions of Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988 in respect of Textile unit are annexed and form part of the Report.

### 8. PUBLIC DEPOSITS

Your Company has not accepted any deposits from public/ shareholders in accordance with Section 58A of the Companies Act, 1956 read with the Companies (Acceptance of Deposits) Rules, 1975.

### 9. PARTICULARS OF EMPLOYEES

There are no employees getting salary in excess of the limit as specified under the amended provisions of sub-section (2A) of Section 217 of the Companies Act, 1956 throughout or part of the financial year under review.

### 10. AUDITORS

**10.1** Observations of the Auditors are explained wherever necessary in the appropriate Notes on Accounts and call for no further comments.

## J. K. COTTON LIMITED

**10.2.** The present Auditors, M/s. P.L.Tandon & Co., Chartered Accountants, will retire from their office at the ensuing Annual General Meeting. They are, however, eligible for re-appointment and have furnished a certificate to the effect that their re-appointment will be in accordance with the provisions of sub-section (1B) of Section 224 of the Companies Act, 1956. You are requested to consider their appointment.

### 11. COST AUDITORS

Cost Audit records have been maintained in respect of Textile unit of the Company for F.Y. 2013-14. Pursuant to directives of the Central Government and provisions of Section 233B of the Companies Act, 1956, the present Cost Auditors M/s R.M. Bansal & Co., Cost Accountants have been re-appointed to conduct the cost audit of Textile unit for F.Y. 2014-15. You are requested to approve and ratify their remuneration.

### 12. DIRECTORS' RESPONSIBILITY STATEMENT

**The Directors confirm that:**

- i) in the preparation of the Annual Accounts, the applicable accounting standards have been followed except those mentioned in the notes to the Accounts;
- ii) the Directors have adopted such accounting policies and applied them consistently and made judgements

and estimates that are reasonable and prudent so as to give true and fair view of the state of affairs of the Company as at 31st March, 2014 and of the profit of the Company for the year ended on that date;

- iii) the Directors have taken proper and sufficient care for maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- iv) the Directors have prepared the Annual Accounts on a going concern basis.

### 13. ACKNOWLEDGEMENTS

Your Directors wish to place on record their appreciation for the valuable support received from bankers, government authorities, customers, agents, vendors and members during the year under review. Your Directors also wish to place on record their deep sense of appreciation for committed services rendered by the executives, staff and workers of the Company.

Place : Kanpur  
Dated : 29th May, 2014

For and on behalf of the Board  
GAUR HARI SINGHANIA  
*Chairman & Managing Director*

**ANNEXURE-1 TO THE DIRECTORS' REPORT****INFORMATION REQUIRED UNDER SECTION 217(1)(e) OF THE COMPANIES ACT, 1956****A. CONSERVATION OF ENERGY**

Following conservation measures were taken up during the year

1. Installation of Variable Frequency Drive (VFD).
2. Installation of High Efficiency Thermopack.
3. Replacement of lighting lamps and tube lights by CFL.
4. Installation of Pressure Reducing Valves.
5. Installation of R.O. Plant.
6. Replacement of Old High Power consuming motors with Power saving motors.

**B. TECHNOLOGY ABSORPTION****Particulars with respect to adoption of the latest Technology Absorption, Research and Development.**

The Company continues to adopt the latest technology in the textile industry and provides latest platforms to the employees to execute their duties.

**C. FOREIGN EXCHANGE EARNINGS AND OUTGO**

- (a) Foreign Exchange Earning :- Mentioned in Notes on Accounts
- (b) Foreign Exchange Used :- Mentioned in Notes on Accounts

**DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY**

Particulars	2013-2014	2012-2013
<b>A. POWER AND FUEL CONSUMPTION</b>		
<b>1. Electricity</b>		
<b>(A) Purchased:</b>		
Textile Segment		
Units/KWH (000)	7191.40	7079.06
Total Amount (₹ in Lacs)	512.83	444.22
Rate/Unit (₹)	7.13	6.28
<b>(B) Own Generation</b>		
Textile Segment		
(Through Diesel Generator)		
Units/KWH (000)	196.39	273.82
Unit per litre of Diesel	3.08	3.13
Rate/Unit (₹)	17.94	15.53
<b>2. Coal</b>		
Textile Segment		
Quantity (MT)	1938	3746
Total Cost (₹ in Lacs)	149.91	311.62
Average Rate (₹ per MT)	7735.55	8318.66
<b>3. Husk</b>		
Textile Segment		
Quantity (MT)	9705	7213
Total Cost (₹ in Lacs)	396.68	264.99
Average Rate (₹ per MT)	4087.34	3673.71
<b>4. Diesel</b>		
Textile Segment		
Quantity (Ltrs)	63753	87301
Total Cost (₹ in Lacs)	35.23	42.54
Average Rate (₹ per Ltr)	55.26	48.73
<b>B. CONSUMPTION PER UNIT OF PRODUCTION</b>		
<b>Electricity</b>		
Cloth (KWH/Metre)	1.72	1.89

## J. K. COTTON LIMITED

### 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, 2014 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 Director
- 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 &amp; 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	-	-	3	-	3
10.	Shri Ashok Gupta	Non-Executive, Non-Independent	-	-	2	-	-

@ 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 Meetings and at the last Annual General Meeting

During the financial year ended 31st March, 2014, seven Board Meetings were held on the following dates :-

- a) 21st May, 2013
- b) 4th July, 2013
- c) 13th August, 2013
- d) 10th September, 2013
- e) 6th November, 2013
- f) 3rd December, 2013
- g) 12th February, 2014



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 13.08.13
1.	Dr. Gaur Hari Singhania	6	Yes
2.	Shri Yadupati Singhania	7	Yes
3.	Shri Govind Hari Singhania	3	No
4.	Shri Nidhipati Singhania	1	Yes
5.	Dr. K.B.Agarwal	6	Yes
6.	Dr. J.N.Gupta	7	Yes
7.	Shri K.C.Agarwal	1	No
8.	Dr. Anil Gupta	7	Yes
9.	Shri Jagendra Swarup	5	Yes
10.	Shri Ashok Gupta	7	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.Agarwal	-
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, 2014, four meetings were held on 21st May, 2013, 13th August, 2013, 6th November, 2013 and 12th February, 2014.

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.Agarwal	0
Shri Jagendra Swarup	3

### 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, 2014

Sl. No.	Name of Director	Salary	Benefits	Sitting Fee	Total
1.	Dr. Gaur Hari Singhania @	-	-	-	-
2.	Shri Yadupati Singhania	-	-	35500	35500
3.	Shri Govind Hari Singhania	-	-	15000	15000
4.	Shri Nidhipati Singhania	-	-	5000	5000
5.	Dr. K. B. Agarwal	-	-	34300	34300
6.	Dr. J. N. Gupta	-	-	43000	43000
7.	Shri K. C. Aggarwal	-	-	5000	5000
8.	Dr. Anil Gupta	-	-	35000	35000
9.	Shri Jagendra Swarup	-	-	31000	31000
10.	Shri Ashok Gupta	-	-	39500	39500

@ 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'

## J. K. COTTON LIMITED

grievances, redressal mechanism and recommend measures to improve the level of investors' services. The Company had received only one complaint during the Financial Year 2013-14 and no complaint was pending as at the beginning and at the end of the Financial Year 2013-14.

### (c) Meetings/Attendance

During the financial year ended 31st March, 2014, four meetings were held on 21st May, 2013, 13th August, 2013, 6th November, 2013 and 12th February, 2014.

The attendance at the Committee Meetings was as under:

Name of Director	No. of Meetings attended
Dr. J. N. Gupta	4
Shri Jagendra Swarup	3
Shri Ashok Gupta	4

### 6. General Body Meetings

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

Financial Year	Date	Time	Place
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
2012-13	13th August, 2013	12.00 pm	Registered Office, Kamla Tower, Kanpur

#### Special Resolution passed at the last three AGM

Date	Short particulars of Special Resolution passed at the AGM
25th August, 2011	No Special Resolution was passed
13th August, 2012	No Special Resolution was passed
13th August, 2013	Special Resolution was passed a) Change of name of the Company

### POSTAL BALLOT

Pursuant to Section 192A of the Companies Act, 1956 read with the Companies (Passing of the Resolution by Postal Ballot) Rules, 2011, consent of the shareholders was sought by Postal Ballot for Alteration in Objects Clause of the Memorandum of Association of the Company and Commencement of New Business.

The Notice dated 3rd December, 2013 containing the Special Resolutions together with Explanatory Statement and Postal Ballot Forms was dispatched to all the Shareholders of the Company whose name(s) appeared on the Register of Members as on 27th December, 2013. The last date of dispatch of notice was 4th January, 2014. The last date for receipt of duly completed Postal Ballot forms from the Shareholders was 6th February, 2014. The Company had appointed Mr. Adesh Tandon, FCS, practicing Company Secretary, as the Scrutinizer for conducting the Postal Ballot in a fair and transparent manner. After completion of the scrutiny of the Ballot papers, the Scrutinizer has made out a report and

submitted the same on 11th February, 2014 with the Chairman of the Company. On the basis of said report of the Scrutinizer, the Chairman of the Company had declared the result of the Postal Ballot on 14th February, 2014 at 12:30 p.m. at the Registered Office of the Company.

### Special Resolutions passed by Postal Ballot :-

- Special Resolution to alter by way of addition of new sub clauses in the Objects Clause of the Memorandum of Association of the Company in terms of section 17 and other applicable provisions of the Companies Act, 1956;
- Special Resolution to commence and carry on all or any of the businesses and activities in terms of Section 149(2A) of the Companies Act, 1956, as mention in item no (a) above of the proposed alterations by way of addition of new sub clauses in the Objects clauses of the Memorandum of Association of the Company.

### 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 Yadupati Singhania will retire by rotation at the ensuing Annual General Meeting and being eligible, offers themselves for re-appointment. Independent Director viz. Dr. J. N. Gupta, Dr. K. B. Agarwal and Shri Jagendra Swarup are liable to retire by rotation in ensuing Annual General Meeting of the Company and being eligible, offers themselves for re-appointment. Three notices in writing have been received from members of the Company signifying their intention to propose Dr. J. N. Gupta, Dr. K. B. Agarwal and Shri Jagendra Swarup as their candidates for the Independent Director of the Company for five consecutive years.

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 fibre 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. As on 31.3.2014, he held 12326 nos of Equity Share of the Company.

- (b) **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 Ltd. and Jaykay Enterprises Ltd. He is the Director of Employers Association of Northern India & President of Kanpur Productivity Council. As on 31.3.2014, he held 4075000 nos of Equity Share of the Company.
- (c) **Dr. J. N. Gupta** is M.Com., Ph.D, C.A.I.I.B, D.I.F. He has vast experience in Finance, Banking and Capital Market. He is Chief Executive Officer of Jagran Education Foundation and a member of the Board of Directors of M/s Jaiprakash Power Ventures Ltd. and M/s RSPL. As on 31.3.2014, he does not hold any Equity Share of the Company.
- (d) **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. As on 31.3.2014, he held 5 nos of Equity Share of the Company.
- (e) **Shri Jagendra Swarup** is an Advocate. He has been in practice for over 37 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 holding membership of various Associations and also 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 about four decades consecutively. He has been a Director of Jaykay Enterprises Ltd. since 2001. He is also a Director in the Board of J.K. Cement Ltd. and Frost International Ltd. As on 31.3.2014, he does not hold any Equity share of the Company.

#### 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](http://www.jkcotton.com).

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

"I, Dr. Gaur Hari Singhania, Chairman, Managing Director of J.K. Cotton Ltd. (Formerly 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 2013-14."

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](http://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 2013-14 duly signed by the CEO and CFO has been placed before the Board in the meeting held on 29th May, 2014.

#### 11. General Shareholders Information

##### a) Annual General Meeting

Date /Time : Tuesday, 12th August, 2014 / 12.00 Noon  
Venue : At the Registered Office of the Company,  
Kamla Tower, Kanpur

##### b) Financial Calendar

- |  |   |                                     |
|--|---|-------------------------------------|
| (1) First Quarter Results                          | - | On or before<br>14th August, 2014   |
| (2) Second Quarter Results                         | - | On or before<br>14th November, 2014 |
| (3) Third Quarter Results                          | - | On or before<br>14th February, 2015 |
| (4) Results of the year ending<br>31st March, 2014 | - | On or before<br>30th May, 2015      |

##### c) Date of Book Closure :

4th August, 2014 to 12th August, 2014  
(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.	2013-14	J00011
2.	Delhi Stock Exchange Ltd.	2013-14	3114

##### f) Share Market Data

SEBI has categorized the Company's securities under

## J. K. COTTON LIMITED

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. 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, 2014

No. of Equity Shares held	No. of Share holders	% of Share holders	No. of Shares held	% of Share holding
Upto 500	7755	96.32	749976	3.18
501 to 1000	177	2.20	136389	0.58
1001 to 2000	50	0.62	70662	0.30
2001 to 3000.	19	0.24	46851	0.20
3001 to 4000	10	0.12	35153	0.15
4001 to 5000	3	0.04	13550	0.06
5001 to 10000	11	0.14	74919	0.32
10001 and above	26	0.32	22450250	95.21
Total	8051	100.00	23577750	100.00

### j) Category wise Shareholding-Equity as on 31st March, 2014

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	93	1.16	440145	1.86
Individuals	7914	98.30	1107814	4.70
Others	6	0.07	201000	0.85
Total	8051	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

Company's 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 Limited  
Formerly Juggilal Kamlatpat Cotton Spg. & Wvg. Mills Co. Ltd.  
Kamla Tower, Kanpur-208001  
Tele. No. (0512) 2371478-481 • Fax. (0512) 2332665

## AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE

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

We have examined the compliance of conditions of Corporate Governance by J. K. COTTON LIMITED for the year ended 31st March, 2014, 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 : 29.05.2014

## INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF J. K. COTTON LIMITED  
(Formerly Juggilal Kamalpat Cotton Spinning & Weaving Mills Co. Ltd.)

### Report on the Financial Statements

We have audited the accompanying financial statements of J.K.COTTON LIMITED ("the Company"), which comprise the Balance Sheet as at March 31, 2014, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards notified under the Companies Act, 1956 ("the Act") read with the General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014;
- (b) In the case of the statement of Profit and Loss, of the profit for the year ended on that date; and
- (c) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
  - a. we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - b. in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
  - c. the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
  - d. in our opinion, the Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement comply with the Accounting Standards notified under the Companies Act, 1956 read with the General Circular 15/2013 dated 13th September 2013 of Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013;
  - e. On the basis of written representations received from the directors as on March 31, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

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

Place : Kanpur  
Dated : 29.05.2014



## J. K. COTTON LIMITED

### ANNEXURE TO THE AUDITOR'S REPORT

#### Re: J.K.COTTON LIMITED

#### Referred to in Paragraph 1 under the heading of "Report on Other Legal and Regulatory Requirements" of our report of even date

- (i) In respect of its Fixed Assets:
- (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets acquired during the year 1961 and onwards other than Furniture and Fittings, Office Equipments and a part of Plant and Machinery comprising Electric Fittings and Equipments.
- (b) A part of Fixed assets have been physically verified by the management during the year. No material discrepancies were noticed on such verification.
- (c) In our opinion and according to the information and explanations given to us, the Company has not made substantial disposal of Fixed assets during the year and therefore, don't effect going concern assumption.
- (ii) In respect of its Inventories:
- (a) As explained to us, inventories have been physically verified during the year by the management at reasonable intervals.
- (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories and discrepancies noticed on verification between physical stocks and the book records were not material.
- (iii) In respect of Loans Secured or Unsecured, granted or taken by the Company to or from Companies, Firms or other Parties covered in the register maintained under section 301 of the Companies Act, 1956, according to the information and explanations given to us :-
- (a) The Company has not granted any Loan to Companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. As the company has not granted any loans secured or unsecured to parties listed in the register maintained under section 301 of the Companies Act, 1956, the provisions of paragraphs 4 (iii) (b), (c) and (d) of the Companies (Auditor's Report) Order, 2003 are therefore, not applicable.
- (e) The company has/had taken Unsecured Loan from two parties covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was ₹ 5400 Lac and the year end balance of loan taken from such party was ₹ 5400 Lac.
- (f) the terms and conditions of such Unsecured Loans are, in our opinion, prima facie not prejudicial to the interest of the Company.
- (g) The company is not regular in the payment of principal and interest on Unsecured Loan.
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchases of inventory, fixed assets and with regard to the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system of the Company.
- (v) In respect of transactions entered in the register maintained in pursuance of section 301 of the Companies Act, 1956 :
- (a) According to the information and explanations given to us, we are of the opinion that the particulars of all contracts or arrangements that need to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered.
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and exceeding the value of rupees five lacs in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market price at the relevant time.
- (vi) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits within the provisions of sections 58A and 58AA and other relevant provisions of the Companies Act, 1956. Accordingly paragraph 4(vi) of the Companies (Auditor's Report) Order, 2003 is not applicable.
- (vii) In our opinion, the Company has an adequate internal audit system commensurate with the size and the nature of its business.



- (viii) We have broadly reviewed the books of account maintained by the Company, pursuant to the rules made by the Central Government, for maintenance of cost records under section 209 (1)(d) of the Companies Act, 1956 and we are of the opinion that prima-facie the prescribed accounts and records have been maintained.
- (ix) According to the information and explanations given to us, in respect of statutory and other dues :
- (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education protection fund, employees state insurance, income tax, sales tax, wealth tax, service tax, custom duty, excise duty, cess and other material statutory dues applicable to it.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, sales tax, service tax, customs duty and excise duty were in arrears as at 31st March, 2014 for a period of more than six months from the date they become payable.
- (c) According to the records of the Company, income tax, trade tax, wealth tax, service tax, custom duty, excise duty and cess which have not been deposited on account of any dispute, are as follows :-

Name of Statute	Nature of Dues	Amount (₹)	Forum where Dispute is Pending
Trade Tax Act	Trade Tax	42,469.00	Trade Tax Tribunal

- (x) The company's accumulated losses at the end of the financial year are more than its net worth. The company has incurred Cash Losses during the financial year covered by our audit and the immediately preceding financial year.
- (xi) In our opinion and according to information and explanations given to us, the company has not defaulted in repayment of dues to a Bank.
- (xii) As explained to us, the Company has not granted any

loans or advances on the basis of security by way of pledge of shares, debentures or any other securities.

- (xiii) In our opinion, the Company is not a Chit Fund or a Nidhi/ Mutual benefit Fund/Society. Therefore, the provisions of clause 4 (xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- (xiv) In our opinion and according to the information and explanations given to us, the company has maintained proper records of transactions and contracts of investment in Shares and timely entries have been made therein. All the investments have been held by the Company in its own name.
- (xv) According to the information and explanations given to us, the company has not given any Guarantee for Loans taken by others from Banks or Financial Institutions.
- (xvi) In our opinion the unsecured Term Loan has been applied for the purposes for which it was raised.
- (xvii) According to the information and explanations given to us and on an overall examination of the Balance Sheet of the company, we report that no funds raised on short term basis have been used for long term investments.
- (xviii) According to the information and explanations given to us, the Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956 during the year.
- (xix) As the company has no debenture outstanding at any time during the year, the provisions of clause 4(xix) of Companies (Auditor's Report ) Order, 2003 are, therefore, not applicable to the Company.
- (xx) The Company has not raised any money by Public issue during the year.
- (xxi) According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

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

Place : Kanpur  
Dated : 29.05.2014

**J. K. COTTON LIMITED**

**BALANCE SHEET**  
**AS AT 31ST MARCH, 2014**

	Note No.	As at 31.3.2014 (₹)	As at 31.3.2013 (₹)
<b>I. EQUITY AND LIABILITIES</b>			
<b>(1) Shareholders' Funds</b>			
(a) Share Capital	1	23,73,49,500	23,73,49,500
(b) Reserves & Surplus	2	83,14,08,224	8,05,95,006
		<u>1,06,87,57,724</u>	<u>31,79,44,506</u>
<b>(2) Non Current Liabilities</b>			
(a) Long Term Borrowings	3	35,14,28,571	44,00,00,000
(b) Other Long Term Liabilities	4	2,40,939	2,40,939
(c) Long Term Provisions	5	2,89,31,767	2,74,95,000
		<u>38,06,01,277</u>	<u>46,77,35,939</u>
<b>(3) Current Liabilities</b>			
(a) Short Term Borrowings	6	45,00,00,000	1,25,00,64,979
(b) Trade Payables	7	6,56,72,174	8,12,75,140
(c) Other Current Liabilities	8	46,92,80,493	17,80,04,833
(d) Short Term Provisions	9	55,05,000	53,43,000
		<u>99,04,57,667</u>	<u>1,51,46,87,952</u>
		<b><u>2,43,98,16,668</u></b>	<b><u>2,30,03,68,397</u></b>
<b>II. ASSETS</b>			
<b>(1) Non Current Assets</b>			
(a) Fixed Assets	10		
(i) Tangible Assets		61,46,29,019	45,34,01,441
(ii) Intangible Assets		35,72,482	-
(iii) Capital Work-In-Progress		-	7,97,69,531
(b) Non Current Investments	11	9,12,255	9,12,255
(c) Long Term Loans and Advances	12	95,73,778	3,99,75,552
		<u>62,86,87,534</u>	<u>57,40,58,779</u>
<b>(2) Current Assets</b>			
(a) Inventories	13	1,54,72,53,098	1,53,06,92,808
(b) Trade Receivables	14	9,26,04,131	9,67,31,235
(c) Cash and Cash Equivalent	15	13,67,67,525	5,82,22,234
(d) Short Term Loans and Advances	16	3,10,66,361	3,51,13,611
(e) Other Current Assets	17	34,38,019	55,49,730
		<u>1,81,11,29,134</u>	<u>1,72,63,09,618</u>
		<b><u>2,43,98,16,668</u></b>	<b><u>2,30,03,68,397</u></b>

Significant Accounting Policies & Notes on Financial Statements 1-40

As per our Report attached

For P. L. TANDON & CO.,  
Chartered Accountants  
RAJENDRA GUPTA  
Partner

Place : Kanpur  
Dated : 29th May, 2014

GAUR HARI SINGHANIA  
Managing Director

S. K. KEDIA  
CFO & Company Secretary

YADUPATI SINGHANIA  
K. B. AGARWAL  
J. N. GUPTA

} Directors

## PROFIT & LOSS STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2014

	Note No.	Year Ended 31.3.2014 (₹)	Year Ended 31.3.2013 (₹)
Revenue from operations	18	51,20,09,703	39,98,85,598
Other Income	19	13,10,02,664	4,95,64,019
<b>Total Revenue</b>		<b><u>64,30,12,367</u></b>	<b><u>44,94,49,617</u></b>
<b>Expenses</b>			
Cost of Materials Consumed	20	32,60,94,189	32,44,98,446
Purchases of Stock-In-Trade		1,90,34,488	1,36,15,952
Changes in Inventories of Finished Goods, Work-In-Progress and Stock In Trade	21	(4,50,33,122)	(2,05,33,444)
Employee Benefits Expense	22	12,88,45,172	12,17,49,841
Finance Costs	23	11,84,50,016	5,12,00,619
Depreciation and Amortization Expense		2,76,37,788	1,44,13,888
Other Expenses	24	26,56,39,827	24,99,87,878
<b>Total Expenses</b>		<b><u>84,06,68,358</u></b>	<b><u>75,49,33,180</u></b>
Profit/(Loss) Before Exceptional and Extraordinary Items and Tax		(19,76,55,991)	(30,54,83,563)
Exceptional Items	25	(94,85,35,643)	-
Profit/(Loss) Before Tax		<b><u>75,08,79,652</u></b>	<b><u>(30,54,83,563)</u></b>
Tax Expenses			
Tax Adjustment for Earlier Year		66,434	-
Profit/(Loss) for the Year		<b><u>75,08,13,218</u></b>	<b><u>(30,54,83,563)</u></b>
Earning per Equity Share of face value of Rs. 10/- each			
Basic & Diluted.		31.84	(12.96)

Significant Accounting Policies &  
Notes on Financial Statements 1-40

As per our Report attached

For P. L. TANDON & CO.,  
*Chartered Accountants*  
RAJENDRA GUPTA  
*Partner*  
Place : Kanpur  
Dated : 29th May, 2014

GAUR HARI SINGHANIA  
*Managing Director*  
  
S. K. KEDIA  
*CFO & Company Secretary*

YADUPATI SINGHANIA  
K. B. AGARWAL  
J. N. GUPTA } *Directors*

## J. K. COTTON LIMITED

### CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2014

	2013-2014 (₹)	2012-2013 (₹)
<b>A. Cash Flow from Operating Activities</b>		
Profit/(Loss) before Tax	75,08,79,652	(30,54,83,563)
Adjustments for:		
Depreciation	2,76,37,788	1,44,13,888
Profit on Sale of Assets	(8,00,76,435)	(3,10,20,973)
Loss on sale of Vehicle	2,19,124	-
Interest income	(37,31,219)	(48,35,631)
Interest expenses	11,56,41,016	4,72,46,295
Investment Written Off	-	74416
Provision for doubtful debts excess of last year	(8,67,426)	-
Liability Written Back	(94,85,35,643)	-
Provision for Doubtful Debts	<u>23,50,352</u>	<u>16,84,066</u>
<b>Operating Loss before Working Capital Changes</b>	<u>(13,64,82,791)</u>	<u>(27,79,21,502)</u>
(Increase)/Decrease in Inventories	(1,65,60,290)	(6,37,19,070)
(Increase)/Decrease in Trade & Other Receivables	3,94,64,112	(4,14,20,541)
Increase/(Decrease) in Trade Payable & Other liabilities	<u>8,05,27,638</u>	<u>7,04,34,997</u>
Cash Utilised in Operations	(3,30,51,331)	(31,26,26,116)
Taxes Paid	(66,434)	-
<b>Net Cash Used in Operating Activities</b>	<u><b>(3,31,17,765)</b></u>	<u><b>(31,26,26,116)</b></u>
<b>B. Cash Flow from Investing Activities</b>		
Purchase of Fixed Assets	(11,72,41,038)	(32,78,42,477)
Interest Income	34,72,020	43,81,591
Sale of Fixed Assets	8,44,30,032	3,26,53,655
<b>Net Cash used in Investing Activities</b>	<u><b>(2,93,38,986)</b></u>	<u><b>(29,08,07,231)</b></u>
<b>C. Cash Flow from Financing Activities</b>		
Increase/(Decrease) in Secured Loan	(1,05,29,336)	1,05,29,336
Proceeds from Unsecured Loan	15,90,00,000	59,10,00,000
Interest paid	(74,68,622)	(1,81,77,816)
<b>Net Cash Flow From Financing Activities</b>	<u><b>14,10,02,042</b></u>	<u><b>58,33,51,520</b></u>
Net Increase/(Decrease) in Cash & Cash equivalents	7,85,45,291	(2,00,81,827)
Opening Balance of Cash & Cash equivalents	5,82,22,234	7,83,04,061
Closing Balance of Cash & Cash equivalents	13,67,67,525	5,82,22,234

As per our Report attached

For P. L. TANDON & CO.,  
Chartered Accountants  
RAJENDRA GUPTA  
Partner

Place : Kanpur  
Dated : 29th May, 2014

GAUR HARI SINGHANIA  
Managing Director

S. K. KEDIA  
CFO & Company Secretary

YADUPATI SINGHANIA  
K. B. AGARWAL  
J. N. GUPTA

} Directors

## NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014

	As at 31.3.2014 (₹)	As at 31.3.2013 (₹)		
<b>1. SHARE CAPITAL</b>				
<b>AUTHORISED :</b>				
24500000 Equity Shares of ₹ 10/- each	24,50,00,000	24,50,00,000		
5000 6% Cumulative Preference Shares of ₹ 100/- each	5,00,000	5,00,000		
6000 8.5% Cumulative Preference Shares of ₹ 100/- each	6,00,000	6,00,000		
4720 8.5% Cumulative Redeemable Preference Shares of ₹ 100/- each	4,72,000	4,72,000		
34280 14% Cumulative Redeemable Preference Shares of ₹ 100/- each	34,28,000	34,28,000		
	<b>25,00,00,000</b>	<b>25,00,00,000</b>		
<b>ISSUED, SUBSCRIBED AND PAID-UP :</b>				
23577750 Equity Shares of ₹10/- each	23,57,77,500	23,57,77,500		
5000 6% Cumulative Preference Shares of ₹ 100/- each	5,00,000	5,00,000		
6000 8.5% Cumulative Preference Shares of ₹ 100/- each	6,00,000	6,00,000		
4720 8.5% Cumulative Redeemable Preference Shares of ₹ 100/- each	4,72,000	4,72,000		
	<b>23,73,49,500</b>	<b>23,73,49,500</b>		
 (a) The reconciliation of the number of shares outstanding is set out below -				
	Equity	Preference		
	No. of Shares	No. of Shares		
Shares at the beginning of the year	2,35,77,750	15,720		
	(2,35,77,750)	(15,720)		
Shares at the end of the year	2,35,77,750	15,720		
	(2,35,77,750)	(15,720)		
 Figures in brackets are in respect of previous year				
(b) Preference shares of ₹ 15,72,000/- will be due for redemption on 30.09.2014.				
(c) Details of Shareholders holding more than 5% Shares of the Company -				
	% of holding	31.3.2014 No. of Shares	% of holding	31.3.2013 No. of Shares
<b>EQUITY SHARES</b>				
1. M/s Yadu International Ltd.	7.30	17,20,000	7.30	17,20,000
2. Mrs. Sushila Devi Singhania	8.04	18,95,000	8.04	18,95,000
3. Dr. Gaur Hari Singhania	8.33	19,63,246	8.33	19,63,246
4. Mrs. Kavita Singhania	9.97	23,50,000	9.97	23,50,000
5. Mr. Yadupati Singhania	17.28	40,75,000	17.28	40,75,000
6. M/s Jaykay Enterprises Ltd.	40.34	95,10,360	40.34	95,10,360
<b>PREFERENCE SHARES</b>				
1. 6% Cumulative Preference Shares of ₹ 100/- each				
(i) M/s Life Insurance Corporation of India	100	5,000	100	5,000
2. 8.5% Cumulative Preference Shares of ₹ 100/- each				
(i) National Insurance Co. Ltd.	66.67	4,000	66.67	4,000
(ii) Surya Commercials Ltd.	31.25	1,875	31.25	1,875
3. 8.5% Cumulative Redeemable Preference Shares of ₹ 100/- each				
(i) Lala Kailashpat Singhania Sports Foundation	5.28	249	5.28	249
(ii) Shri Lakshmiapat Singhania Education Foundation	8.41	397	8.41	397
(iii) Surya Commercials Ltd.	75.00	3,540	75.00	3,540





	<b>As at 31.3.2014 (₹)</b>	<b>As at 31.3.2013 (₹)</b>
<b>7. TRADE PAYABLES</b>		
a) Micro, Small and Medium Enterprises	-	-
b) Others	6,56,72,174	8,12,75,140
	<u>6,56,72,174</u>	<u>8,12,75,140</u>

<b>8. OTHER CURRENT LIABILITIES</b>		
a) Current Maturity of Long Term Debts - Unsecured	14,85,71,429	6,00,00,000
b) Other Payables	16,88,63,191	7,43,31,354
c) Interest accrued and due on borrowings	13,72,40,873	2,90,68,479
d) Deposits	1,46,05,000	1,46,05,000
	<u>46,92,80,493</u>	<u>17,80,04,833</u>

Other payables includes employees liabilities, advance from customers, provision for rebate to customers etc.

<b>9. SHORTTERM PROVISIONS</b>		
a) Gratuity	55,05,000	53,43,000
	<u>55,05,000</u>	<u>53,43,000</u>

#### 10. FIXED ASSETS

Description of Assets	GROSS BLOCK			DEPRECIATION				NET BLOCK		
	As at 1.04.2013	Addi- tions	Deduc- tions/ Adjust- ments*	As at 31.3.2014	As at 1.4.2013	Provided during the year	Deduc- tions	Upto 31.3.2014	As at 31.3.2014	As at 31.3.2013
	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹
<b>Tangible Assets</b>										
Land	79,90,861	3,01,08,272	-	3,80,99,133	-	-	-	-	3,80,99,133	79,90,861
Buildings	4,95,16,572	3,67,90,244	-	8,63,06,816	3,50,33,677	19,45,456	-	3,69,79,133	4,93,27,683	1,44,82,895
Plant & Machinery	86,38,12,432	12,15,03,084	8,42,90,984	90,10,24,532	44,18,75,759	2,38,78,423	8,00,76,435	38,56,77,747	51,53,46,785	42,19,36,673
Furniture & Fittings	35,60,208	27,66,943	-	63,27,151	3,07,457	3,37,299	-	6,44,756	56,82,395	32,52,751
Office Equipments.	21,58,178	3,88,746	-	25,46,924	5,82,917	83,813	-	6,66,730	18,80,194	15,75,261
Vehicles	48,52,739	9,87,677	5,17,517	53,22,899	6,89,739	4,99,676	1,59,345	10,30,070	42,92,829	41,63,000
	<u>93,18,90,990</u>	<u>19,25,44,966</u>	<u>8,48,08,501</u>	<u>1,03,96,27,455</u>	<u>47,84,89,549</u>	<u>2,67,44,667</u>	<u>8,02,35,780</u>	<u>42,49,98,436</u>	<u>61,46,29,019</u>	<u>45,34,01,441</u>
<b>Intangible Assets</b>										
Computer Software	-	44,65,603	-	44,65,603	-	8,93,121	-	8,93,121	35,72,482	-
	-	44,65,603	-	44,65,603	-	8,93,121	-	8,93,121	35,72,482	-
<b>Total</b>	<b>93,18,90,990</b>	<b>19,70,10,569</b>	<b>8,48,08,501</b>	<b>1,04,40,93,058</b>	<b>47,84,89,549</b>	<b>2,76,37,788</b>	<b>8,02,35,780</b>	<b>42,58,91,557</b>	<b>61,82,01,501</b>	<b>45,34,01,441</b>
Capital Work In Progress									-	7,97,69,531
Previous Year	66,64,08,007	29,81,36,638	3,26,53,655	93,18,90,990	49,50,96,634	1,44,13,888	3,10,20,973	47,84,89,549		

#### Notes :

- No amount has been written off from the value of leasehold land.
- \* ₹ 8,42,90,984/- of sale value of Plant & Machinery of which cost is not ascertainable.

## J. K. COTTON LIMITED

11. NON CURRENT INVESTMENTS	Nominal Value of each Share (₹)	As at 31.03.2014		As at 31.03.2013	
		No. of Shares	Book Value* (₹)	No. of Shares	Book Value* (₹)
<b>Other Investments - Long Term</b>					
<b>In Equity Shares - Quoted fully paid up</b>					
Bengal & Assam Company Ltd.	10/-	10,351	9,00,114	10,351	9,00,114
J.K.Lakshmi Cement Ltd.	5/-	102	2,541	102	2,541
Accurate Finman Services Ltd.	10/-	2,070	–	2,070	–
<b>In Equity Shares of Associate Companies</b>					
<b>Quoted fully paid up</b>					
Jaykay Enterprises Ltd.	1/-	240	9,600	240	9,600
J.K.Cement Ltd.	10/-	48	–	48	–
			<b>9,12,255</b>		<b>9,12,255</b>
Aggregate Market Value of Quoted Investments.			36,98,173		27,78,366

\* Investments have been valued at or below cost.

	As at 31.3.2014 (₹)	As at 31.3.2013 (₹)
<b>12. LONG TERM LOANS AND ADVANCES</b>		
(Unsecured Considered Good)		
a) Capital Advances	54,35,620	3,65,29,427
b) Deposits	41,38,158	34,46,125
	<u>95,73,778</u>	<u>3,99,75,552</u>
<b>13. INVENTORIES</b>		
a) Raw Materials	1,94,29,192	4,95,72,216
b) Finished goods	5,31,24,237	4,30,78,959
c) Goods In Process - Textiles	8,91,20,749	5,41,32,905
d) Work In Progress - Real Estate	1,36,99,33,062	1,36,99,33,062
e) Stores & Spare Parts	1,56,45,858	1,39,75,666
	<u>1,54,72,53,098</u>	<u>1,53,06,92,808</u>
<b>14. TRADE RECEIVABLES</b>		
Unsecured		
a) Outstanding for more than six months		
Considered Good	2,19,76,278	57,08,553
Doubtful	37,30,900	22,47,974
b) Others - Considered Good	7,06,27,853	9,10,22,682
	<u>9,63,35,031</u>	<u>9,89,79,209</u>
Less : Provision for Doubtful Receivables	37,30,900	22,47,974
	<u>9,26,04,131</u>	<u>9,67,31,235</u>
<b>15. CASH AND CASH EQUIVALENT</b>		
a) Cash on Hand	4,14,714	11,36,325
b) Balances with Banks	2,95,57,547	1,87,55,562
c) Fixed Deposits with Banks *	10,67,95,264	3,83,30,347
	<u>13,67,67,525</u>	<u>5,82,22,234</u>
* Fixed Deposits with Banks includes		
i) ₹ 1,93,82,628/- (P.Y. ₹ 2,50,10,760/-) tied up against Bank Overdraft & Other Commitments		
ii) ₹ 37,88,800/- (P.Y. ₹ 35,00,000/-) with maturity of more than 12 months		
<b>16. SHORT TERM LOANS AND ADVANCES</b>		
(Unsecured Considered Good)		
a) Advance Tax & TDS	45,34,667	32,75,457
b) Prepaid Expenses	20,21,808	13,60,071
c) Claim Receivables	36,46,839	35,92,599
d) Others	2,08,63,047	2,68,85,484
	<u>3,10,66,361</u>	<u>3,51,13,611</u>
<b>17. OTHER CURRENT ASSETS</b>		
a) Interest accrued on FDR with Banks	8,47,269	5,88,070
b) Others	25,90,750	49,61,660
	<u>34,38,019</u>	<u>55,49,730</u>

## J. K. COTTON LIMITED

	Year Ended 31.03.2014		Year Ended 31.03.2013	
	(₹)	(₹)	(₹)	(₹)
<b>18. REVENUE FROM OPERATIONS</b>				
Cloth Sales		51,05,54,759		39,85,95,598
Sundry Sales		4,50,000		12,90,000
Duty Drawback		10,04,944		—
		<u>51,20,09,703</u>		<u>39,98,85,598</u>
<b>19. OTHER INCOME</b>				
a) Interest	37,31,219		48,35,631	
b) Dividend received	45,076		44,953	
c) Rent	93,86,519		70,08,700	
d) Miscellaneous Receipt	36,17,037	1,67,79,851	2,42,270	1,21,31,554
<b>Other Non Operating Income</b>				
a) Profit on Sale of Fixed Assets	8,00,76,435		3,10,20,973	
b) Sundry Sales	59,60,861		64,11,492	
c) Profit from Trading Business	2,81,85,517	11,42,22,813	—	3,74,32,465
		<u>13,10,02,664</u>		<u>4,95,64,019</u>
<b>20. Cost of Materials Consumed</b>				
Raw Material Consumed (Yarn)		<b>32,60,94,189</b>		<b>32,44,98,446</b>
<b>21. CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK IN TRADE</b>				
<b>a) Real Estate</b>				
Opening Stock of WIP	1,36,99,33,062		1,36,55,90,538	
Less : Closing Stock of WIP	1,36,99,33,062		1,36,99,33,062	
Changes in WIP		—		(43,42,524)
<b>b) Textile Unit</b>				
Opening Stock of Finished Goods	4,30,78,959		4,98,81,232	
Less : Closing Stock of Finished Goods	5,31,24,237		4,30,78,959	
Changes in Finished Goods		(1,00,45,278)		68,02,273
Opening Stock of WIP	5,41,32,905		3,11,39,712	
Less : Closing Stock of WIP	8,91,20,749		5,41,32,905	
Changes in WIP		(3,49,87,844)		(2,29,93,193)
<b>Net Changes in Inventories of Finished Goods &amp; WIP</b>		<b>(4,50,33,122)</b>		<b>(2,05,33,444)</b>
<b>22. EMPLOYEE BENEFITS EXPENSE</b>				
a) Salaries and Wages		11,34,19,117		10,76,26,399
b) Contribution to Provident and other Funds		1,14,82,405		1,05,36,714
c) Staff welfare expenses		39,43,650		35,86,728
		<u>12,88,45,172</u>		<u>12,17,49,841</u>
<b>23. FINANCE COST</b>				
a) Interest Expenses (Gross)	12,08,43,636		6,33,38,299	
Less : Interest capitalised	52,02,620	11,56,41,016	1,60,92,004	4,72,46,295
b) Other borrowing costs		28,09,000		39,54,324
		<u>11,84,50,016</u>		<u>5,12,00,619</u>

	<b>Year Ended</b>		<b>Year Ended</b>	
	<b>31.03.2014</b>		<b>31.03.2013</b>	
<b>24. OTHER EXPENSES</b>	(₹)	(₹)	(₹)	(₹)
<b>a) Consumption of Stores &amp; Spares</b>		6,79,25,330		6,33,36,033
<b>b) Power &amp; Fuel</b>				
Power Consumption	5,48,06,016		4,86,75,290	
Coal Consumption	1,49,91,492		3,11,61,719	
Husk Consumption	3,96,67,679	10,94,65,187	<u>2,64,98,506</u>	10,63,35,515
<b>c) Sundry Manufacturing Expenses</b>		55,92,302		46,33,148
<b>d) Repairs &amp; Maintenance</b>				
Buildings	56,21,340		81,86,496	
Machinery	2,48,45,393	3,04,66,733	<u>2,31,12,680</u>	3,12,99,176
<b>e) Administration &amp; Sundry Expenses</b>				
Rent	49,91,070		16,42,426	
Rates & Taxes	23,35,394		23,81,290	
Insurance	14,84,307		16,91,177	
Travelling & Conveyance	57,40,993		53,71,736	
Directors' Fees (including Service tax)	2,73,376		2,06,395	
Remuneration to Auditors:				
As Audit Fee (Including Service Tax)	2,24,720		1,68,540	
For other services	50,562		16,854	
Other Expenses	<u>2,76,81,077</u>	4,27,81,499	<u>2,21,61,110</u>	3,36,39,528
<b>f) Selling &amp; Distribution Expenses</b>				
Advertisement & Publicity	30,19,587		22,56,080	
Commission on Sale	43,62,608		24,21,849	
Selling Expenses	<u>20,26,581</u>	94,08,776	<u>17,24,025</u>	64,01,954
<b>g) Land Development Expenses</b>		-		43,42,524
		<u>26,56,39,827</u>		<u>24,99,87,878</u>
<b>25. EXCEPTIONAL ITEMS</b>				
(i) Liabilities Written Back		94,85,35,643		-
		<u>94,85,35,643</u>		-

26. The Company has been declared a Sick Industrial Company. Rehabilitation Scheme for the Company sanctioned by the Board for Industrial and Financial Reconstruction (BIFR) is under implementation. The lenders have agreed to waive interest and other levies upto the date of sanction of the Scheme. Interest on one time settlement (OTS) amount is payable thereafter as provided in the Scheme subject to further concessions agreed by the lenders from time to time. Necessary entries in the accounts for write back of interest are made by the Company upon final settlement/ payment of OTS amount to the respective lenders.
27. Balances of personal accounts of Trade Receivable, Creditors, Deposits, Loans & Advances and dues of secured lenders from others are subject to confirmation and reconciliation.
28. Disclosure of Sundry Creditors is based on the information available with Company regarding status of suppliers as defined under the Micro, Small and Medium Enterprises Development Act, 2006.
29. Deferred Tax assets have not been recognised on account of virtual uncertainty as per Accounting Standard 22 on Accounting for Taxes on Income issued by The Institute of Chartered Accountants of India.
30. Impairment losses, as per Accounting Standard 28 issued by the Institute of Chartered Accountants of India have been accounted for to the extent possible of identification.

## J. K. COTTON LIMITED

### 31. EARNING PER SHARE (EPS)

	<b>2013-14</b>	2012-13
	<b>₹ in lacs</b>	₹ in lacs
(a) Net Profit/(Loss)	7,508.13	(3,054.84)
(b) Weighted average number of equity shares used as denominator for calculation of EPS	2,35,77,750	2,35,77,750
(c) Basic and diluted earning per share of ₹ 10/- each	31.84	(12.96)

### 32. DISCLOSURE IN TERMS OF AS-15 ARE AS FOLLOWS :

#### a. Defined contribution plan

Contribution to defined contribution plan recognized as expenses for the year 2013-14 are as under :

Employer's contribution to provident fund ₹ 36,63,210/-

#### b. Defined Benefit Plan

The present value of obligation is determined based on actuarial valuation using the project unit credit method. The obligation for leave encashment is recognized in the same manner as gratuity.

	<b>Gratuity unfunded</b>	<b>Leave Encashment unfunded</b>
	<b>2013-14</b>	<b>2013-14</b>
	<b>₹ in Lacs</b>	
<b>I. EXPENSES RECOGNIZED IN THE STATEMENT OF PROFIT &amp; LOSS FOR THE YEAR ENDED</b>		
1. Current Service Cost	48.04	35.33
2. Interest Cost	35.45	1.57
3. Expected Return on Plan Assets	0.00	0.00
4. Past Service Cost	0.00	0.00
5. Net Actuarial(Gains)/Losses	(41.37)	1.07
Total Expenses	42.12	37.97
<b>II. NET ASSETS/(LIABILITY) RECOGNIZED IN THE BALANCE SHEET AS AT 31.03.2014</b>		
1. Present Value of Defined Benefit Obligation	451.37	44.04
2. Fair Value of Plan Assets	0.00	0.00
3. Funded Status [Surplus/(Deficit)]	(451.37)	(44.04)
4. Net Asset/Liability	(451.37)	(44.04)
<b>III. CHANGE IN OBLIGATION DURING THE YEAR ENDED</b>		
1. Present Value of Defined Benefit Obligation at beginning of the Year	455.47	32.32
2. Current Service Cost	48.04	35.33
3. Interest Cost	35.45	1.57
4. Plan Amendment Cost	0.00	0.00
5. Actuarial (Gains)/Losses	(41.37)	1.07
6. Benefits Payments	(46.22)	(26.25)
7. Present Value of Defined Benefit Obligation at the end of the Year	451.37	44.04



	Gratuity unfunded 2013-14	Leave Encashment unfunded 2013-14
<b>₹ in Lacs</b>		
<b>IV. CHANGE IN ASSETS DURING THE YEAR ENDED</b>		
1. Plan Assets at the Beginning of the Year	0.00	0.00
2. Expected Return on Plan Assets	0.00	0.00
3. Contributions by Employer	0.00	0.00
4. Actual Benefits Paid	0.00	0.00
5. Actuarial Gains/(Losses)	0.00	0.00
6. Plan Assets at the end of the Year	0.00	0.00
<b>V. ACTUARIAL ASSUMPTIONS</b>		
1. Discount Rate	9.25%	9.25%
2. Expected Rate of Return on Plan Assets	N/A	N/A
3. Mortality	Indian Assured Lives Mortality (2006-08) (modified) Ult	Indian Assured Lives Mortality (2006-08) (modified) Ult
4. Turnover Rate	1% of all ages	1% of all ages
5. Salary Escalator	10%	10%
6. Maximum Limit	₹ 10 lacs	

**33. RELATED PARTY DISCLOSURES:**

(a) Key management personnel & their Relatives

- i) Dr.Gaur Hari Singhania – Chairman & Managing Director
- ii) Shri Yadupati Singhania – Vice-Chairman
- iii) Shri Govind Hari Singhania – Director
- iv) Shri Abhishek Singhania – Chief Executive Officer

(b) Enterprises significantly influenced by Key Management Personnel or their Relatives :

- i) Jaykay Enterprises Ltd.
- ii) J.K. Cement Ltd.
- iii) Yadu International Ltd.

Following are the transactions with related parties as defined under Accounting Standard 18 on Related Party Disclosures issued by the Institute of Chartered Accountants of India.

<b>Details of transactions are as follows</b>	<b>2013-14</b>	<b>2012-13</b>
	₹	₹
i) Jaykay Enterprises Ltd.		
a) Rent received	12,00,000	12,00,000
b) Rent paid	14,06,800	13,40,625
c) Others	7,09,262	4,82,335

## J. K. COTTON LIMITED

	<b>2013-14</b>		2012-13
	₹		₹
ii) J.K. Cement Ltd.			
a) Rent received	45,08,784		23,80,392
b) Cloth sales	2,00,579		1,29,799
c) Material purchased	1,07,443		2,03,507
d) Others	-		-
iii) Yadu International Ltd			
(a) Loan received			
Balance at the beginning of the year	50,00,00,000		20,00,00,000
Loan received during the year	Nil		30,00,00,000
Loan repaid during the year	Nil		Nil
Balance at the end of the year	50,00,00,000		50,00,00,000
(b) Interest paid	6,68,02,836		4,76,76,079
(c) Finance charges paid	28,09,000		39,54,324
iv) Key management personnel & their Relatives			
(a) Shri Yadupati Singhania			
(i) Sitting Fees	35,500		15,700
(ii) Loan Received			
Balance at the beginning of the year	Nil		Nil
Loan received during the year	4,00,00,000		Nil
Loan repaid during the year	Nil		Nil
Balance at the end of the year	4,00,00,000		Nil
(b) Shri Govind Hari Singhania			
Sitting Fees	15,000		15,000
(c) Shri Abhishek Singhania			
Remuneration including PF			
Contribution	6,60,000		1,65,000
	<b>2013-14</b>		<b>2012-13</b>
<b>34. VALUE OF IMPORTS CALCULATED ON C.I.F. BASIS</b>			
Raw Material	Nil		Nil
Components and Spare parts	₹ 20,45,846		₹ 56,37,426
Capital Goods	₹ 1,09,59,315		₹ 15,55,71,090
<b>35. VALUE OF RAW MATERIALS CONSUMED</b>			
	Amount	Percentage	Amount
	₹	of total	₹
		Consumption	Consumption
i) Imported	Nil	Nil	Nil
ii) Indigenous	₹ 32,60,94,189	100%	₹ 32,44,98,446
<b>36. VALUE OF STORES AND SPARE CONSUMED</b>			
i) Imported	₹ 1,93,979	0.29%	₹ 13,67,577
ii) Indigenous	₹ 6,77,31,351	99.71%	₹ 6,19,68,456

**Note :** Above figures do not include consumption for repairs etc. debited to repairs & maintenance.

	2013-14	2012-13
<b>37. EXPENDITURE IN FOREIGN CURRENCY</b>		
i) Travelling expenses	₹ 2,98,315	₹ 2,76,102
ii) Commission on Export Sale	₹ 4,84,894	₹ Nil
iii) Others	₹ 40,613	₹ Nil
<b>38. EARNING IN FOREIGN CURRENCY :</b>	₹ 1,87,67,804	₹ Nil

39. Previous year figures have been regrouped and recasted wherever necessary to confirm to the classification for the year.

**40. (A) CONTINGENT LIABILITIES**

- (i) Claims against the company not acknowledged as debts - Amount unascertainable.
- (ii) Arrears of dividend on preference shares – ₹ 13,92,880/- (Previous Year ₹ 12,71,760/-)
- (iii) In respect of trade tax for the assessment year 1989-90 for which appeal is pending ₹ 42,469/- (Previous Year ₹ 42,469/-)
- (iv) Bonds executed with commissioner of custom, Mumbai along with counter indemnity provided in respect of bank guarantee for importing machinery at a concessional rate of duty under EPCG scheme ₹ 3,31,68,021/- (Previous Year ₹ 3,92,42,013/-).

**(B) COMMITMENTS.**

Estimated amount of contracts remaining to be executed on capital account and not provided for ₹ 68,93,428/- (Previous year ₹ 2,43,20,380/-)

## J. K. COTTON LIMITED

### SIGNIFICANT ACCOUNTING POLICIES

#### 1. Accounting Concepts

The Financial Statements are prepared under the historical cost convention on accrual basis and in accordance with the applicable mandatory Accounting Standards.

#### 2. Fixed Assets

Gross Block of Fixed Assets is at historical Cost.

#### 3. Depreciation

##### i) Tangible Assets

Depreciation on Fixed Assets is provided at the Straight Line Method at the rates prescribed in Schedule XIV to the Companies Act, 1956.

##### ii) Intangible Assets

Computer Software cost is amortised over a period of five years.

#### 4. Investments

Investments are valued at or below cost.

#### 5. Inventories

Inventories of Textiles are stated at cost or net realizable value, whichever is lower. Cost comprises all costs of purchase, cost of conversion and other cost incurred in bringing inventories to their present location and condition. First in first out or average cost method is followed for determination of cost. Real estate inventory converted into stock in trade is stated at conversion value based on its fair market valuation and development expenses incurred therefor.

#### 6. Revenue Recognition

Revenue is generally recognised, when no significant uncertainty as to its measurability or collectability exists.

#### 7. Retirement benefits

The Company's contribution to Provident Fund is charged to Profit & Loss Statement. Provisions for Gratuity and leave encashment are made on the basis of actuarial valuation and charged to Profit & Loss Account.

#### 8. Borrowing Cost

Interest and other cost in connection with the borrowing of the funds to the extent related/attribution to the acquisition/construction of qualifying fixed assets are capitalized upto the date when such assets are ready for its intended use and other borrowing costs are charged to Profit & Loss Account.

#### 9. Provision for Current and Deferred Tax

Provision for Current Tax is made on the basis of estimated taxable income for the current accounting period and in accordance with the provisions as per Income Tax Act, 1961.

Deferred tax resulting from 'timing difference' between book and taxable profit for the year is accounted for using the tax rates and laws that have been enacted or substantially enacted as on the balance sheet date. The deferred tax asset is recognized and carried forward only to the extent that there is a reasonable certainty that the assets will be adjusted in future. Permanent timing difference adjustments are not accounted for in provisions.

#### 10. Provision/Contingency

A provision is recognized when there is a present obligation as a result of past event and it is probable that an outflow of resources embodying economic benefit will be required to settle the obligation in respect of which a reliable estimate can be made. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates. Contingent Liabilities are disclosed.

PROXY FORM

**J. K. COTTON LIMITED**

**(Formerly Juggilal Kamlapat Cotton Spinning & Weaving Mills Co. Ltd.)**

(CIN : L17111UP1924PLC000275)

Registered Office: Kamla Tower, Kanpur-208 001, U.P., India

Telephone :0512-2371478-81• Fax :0512-2332665

E-mail: jkcm.ho@jkcotton.com

Website: www.jkcotton.com

Name of the member(s) : .....

Registered address : .....

E-mail ID : .....

Folio No. : .....

I/We being the member(s) of ..... shares of J.K. Cotton Limited hereby appoint:

1. Name..... Address.....

E-mail id..... Signature.....Or failing him;

2. Name..... Address.....

E-mail id..... Signature.....Or failing him;

3. Name..... Address.....

E-mail id..... Signature.....

TEAR HERE

As my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 91st Annual General Meeting of the Company to be held at the Registered Office of the Company at Kamla Tower, Kanpur on Tuesday, the 12th August, 2014 at 12.00 Noon and at any adjournment thereof in respect of such resolutions are indicated below :

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**Resolution No. RESOLUTIONS**

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**Ordinary Business**

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1. Adoption of Financial Statements for the year ended 31st March, 2014.
  2. Re-appointment of Shri Govind Hari Singhania as a Director who retires by rotation.
  3. Re-appointment of Shri Yadupati Singhania as a Director who retires by rotation.
  4. Appointment of M/s P.L.Tandon & Company, Chartered Accountants as Auditors and fixing their remuneration.
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**Special Business/Ordinary Resolution**

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5. Ratification/Confirmation of remuneration of Cost Auditor for the FY 2014-15.
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**Special Business/Special Resolutions**

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6. Re-appointment of Dr. J.N.Gupta as an Independent Director.
  7. Re-appointment of Dr. K.B.Agarwal as an Independent Director.
  8. Re-appointment of Shri Jagendra Swarup as an Independent Director.
  9. Pursuant to the provisions of Section 180(1)(c) of the Companies Act, 2013 for borrowing money upto ₹500 Crores.
  10. Pursuant to the provisions of Section 180(1)(a) of the Companies Act, 2013 to create security on all or any of the Company's asset against borrowing.
  11. Approval/Adoption of new Articles of Association/Regulation in substitution of existing Articles of Association of the Company. Consequent upon coming into force of Companies Act, 2013 and Rules/Regulations framed thereunder.
- 

Signed this.....day of August, 2014.

Signature of shareholder.....

Signature of Proxy holder(s).....

Affix Revenue Stamp of Rs. 1/-
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**Note:**

1. This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company not less than 48 hours before commencement of the Meeting.
2. For the Resolutions, Explanatory Statement and Notes please refer to the Notice of the 91st Annual General Meeting.
3. Please complete all details including details of member(s) in above box before submission.



**ATTENDANCE SLIP**  
**J. K. COTTON LIMITED**

**(Formerly Juggilal Kamlapat Cotton Spinning & Weaving Mills Co. Ltd.)**

(CIN : L17111UP1924PLC000275)

Registered Office: Kamla Tower, Kanpur-208 001, U.P., India • Telephone : 0512-2371478-81 • Fax : 0512-2332665

E-mail: jkcm.ho@jkcotton.com • Website: www.jkcotton.com

**91st ANNUAL GENERAL MEETING**

**2014**

I/We hereby record my/our presence at the 91<sup>st</sup> Annual General Meeting of the Company at the Registered Office at Kamla Tower, Kanpur on Tuesday, the 12<sup>th</sup> August, 2014 at 12.00 Noon.

.....  
Member's Folio No.

.....  
Member's/Proxy's name In Block Letters

.....  
Member's /Proxy's Signature

**Note:**

1. Please complete the Folio No. and name, sign this Attendance Slip and hand it over at the Attendance Verification Counter at the ENTRANCE OF THE MEETING HALL.
2. Physical copy of the Annual Report for 2013-14 and Notice of the Annual General Meeting along with Attendance Slip and Proxy Form is sent in the permitted mode(s) to all members of the Company.

TEAR HERE

*If undelivered, please return to :*  
**J. K. COTTON LIMITED**  
Share Deptt., Kamla Tower,  
Kanpur-208 001

[solarknp@gmail.com](mailto:solarknp@gmail.com)