



# J. K. COTTON LIMITED

ANNUAL REPORT 2019-2020



## J. K. COTTON LIMITED

### BOARD OF DIRECTORS :

SHRI YADUPATI SINGHANIA (Chairman & Managing Director)	DIN 00050364
SHRI NIDHIPATI SINGHANIA	00171211
DR. KRISHNA BEHARI AGARWAL	00339934
SHRI ASHOK GUPTA	00135288
DR. JAGANNATH GUPTA	00397952
SHRI KRISHNA DAS GUPTA	00374379
SHRI PADAM KUMAR JAIN	00176945
SHRI RAVINDRA KUMAR TANDON	00159472

### CFO :

MS. SONALI AGARWAL

### COMPANY SECRETARY:

SHRI HARSHIT GUNANI

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### BANKERS :

ALLAHABAD BANK  
ICICI BANK LTD.  
IDBI BANK LTD.  
ORIENTAL BANK OF COMMERCE  
PUNJAB NATIONAL BANK  
STATE BANK OF INDIA

### AUDITORS :

MESSRS. GUPTA VAISH & CO.  
Chartered Accountants

### REGISTERED OFFICE:

KAMLA TOWER, KANPUR

# J. K. COTTON LIMITED

CIN : U17111UP1924PLC000275

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

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

E-mail : harshit@jkcotton.com • Website : www.jkcotton.com

## NOTICE OF 97TH ANNUAL GENERAL MEETING

Notice is hereby given that the 97th Annual General Meeting of J. K. Cotton Limited will be held on Tuesday, the 11<sup>th</sup> August, 2020 at 11:00 AM through Video Conferencing ("VC") / Other Audio Visual Means ("OAVM") to transact the following business:-

1. To receive, consider and adopt the Financial Statements of the Company for the Financial Year ended 31<sup>st</sup> March, 2020 and the Reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Shri Nidhipati Singhania (DIN 00171211), who retires by rotation and being eligible, offers himself for re-appointment.

### SPECIAL BUSINESS:

3. **To consider the re-appointment of Shri Krishna Das Gupta (DIN: 00374379) as an Independent Director of the Company for a term of 5 (five) years with immediate effect.**

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 Krishna Das Gupta (holding DIN 00374379), who qualifies for being re-appointed as an Independent Director, be and is hereby re-appointed as an Independent Director of the Company, for a term of 5 (five) years with immediate effect till respective Annual General Meeting, not being liable to retire by rotation."

4. **To consider the re-appointment of Shri Padam Kumar Jain (DIN: 00176945) as an Independent Director of the Company for a term of 5 (five) years with immediate effect.**

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 Padam Kumar Jain (holding DIN 00176945), who qualifies for being re-appointed as an Independent Director, be and is hereby

re-appointed as an Independent Director of the Company, for a term of 5 (five) years with immediate effect till respective Annual General Meeting, not being liable to retire by rotation."

5. **To consider the re-appointment of Shri Ravindra Kumar Tandon (DIN: 00159472) as an Independent Director of the Company for a term of 5 (five) years with immediate effect.**

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 Ravindra Kumar Tandon (holding DIN 00159472), who qualifies for being re-appointed as an Independent Director, be and is hereby re-appointed as an Independent Director of the Company, for a term of 5 (five) years with immediate effect till respective Annual General Meeting, not being liable to retire by rotation."

By Order of the Board of Directors  
For J. K. Cotton Limited  
Sd/-  
Harshit Gunani  
Company Secretary

Place: Kanpur  
Date: 30<sup>th</sup> June, 2020

### NOTES:

1. As you are aware, in view of the situation arising due to COVID-19 global pandemic, the general meetings of the companies shall be conducted as per the guidelines issued by the Ministry of Corporate Affairs (MCA) vide Circular No. 14/2020 dated April 8, 2020, Circular No.17/2020 dated April 13, 2020 and Circular No. 20/2020 dated May 05, 2020 (collectively referred to as "MCA Circulars"). The forthcoming AGM will thus be held through video conferencing (VC) or other audio visual means (OAVM). Hence, Members can attend and participate in the ensuing AGM through VC/OAVM.
2. The AGM has been convened through VC/OAVM in compliance with applicable provisions of the Companies Act, 2013 read with MCA Circular No. 14/2020 dated April 8, 2020 and MCA Circular No. 17/2020 dated April 13, 2020 and MCA Circular No. 20/2020 dated May 05, 2020.

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3. Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and MCA Circulars dated April 08, 2020, April 13, 2020 and May 05, 2020 the Company is providing facility of remote e-voting to its Members in respect of the business to be transacted at the AGM. For this purpose, the Company has entered into an agreement with Central Depository Services (India) Limited (CDSL) for facilitating voting through electronic means, as the authorized e-Voting's agency. The facility of casting votes by a member using remote e-voting as well as the e-voting system on the date of the AGM will be provided by CDSL.
4. Pursuant to MCA Circular No. 14/2020 dated April 08, 2020, the facility to appoint proxy to attend and cast vote for the members is not available for this AGM. However, in pursuance of Section 113 of the Companies Act, 2013, representatives of the Corporate members can attend the AGM through VC/OAVM and cast their votes through e-voting.
5. Pursuant to the provisions of the Act, a member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and, on a poll, to vote instead of himself/herself. Such proxy/proxies need not be a member of the Company. Since this AGM is being held pursuant to the MCA Circulars on AGM through VC / OAVM, physical attendance of Members has been dispensed with. Accordingly, the facility for appointment of proxies by the Members will not be available for the AGM and hence the Proxy Form and Attendance Slip are not annexed to this Notice.
6. Explanatory Statement pursuant to Section 102(1) of the Companies Act, 2013, setting out the material facts is annexed hereto.
7. The Register of Members and Share Transfer Books of the Company will remain closed from Tuesday, 4<sup>th</sup> August, 2020 to Tuesday, 11<sup>th</sup> August, 2020 (both days inclusive).
8. In case of joint holders attending the meeting, only such joint holder who is higher in the order of names will be entitled to vote.
9. In compliance with the aforesaid MCA Circulars, Notice of the AGM along with the Annual Report is being sent only through electronic mode to those Members whose email addresses are registered with the Company/ Depositories. Members may note that the Notice and Annual Report will also be available on the Company's website i.e. [www.jkcotton.com](http://www.jkcotton.com) and on the website of CDSL i.e. [www.evotingindia.com](http://www.evotingindia.com)
10. In terms of Section 152 of the Act, Shri Nidhipati Singhania (DIN 00171211), retires by rotation at this Meeting and being eligible, offers himself for re-appointment. The Board of Directors of the Company recommends his re-appointment.
11. **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. Form of change of address is also available on website of the company i.e. [www.jkcotton.com](http://www.jkcotton.com).**
12. Members seeking any information with regard to the accounts or any matter to be placed at the AGM, are requested to write to the Company on or before 5 August, 2020 through email on [Prabhat.mishra@jkcement.com](mailto:Prabhat.mishra@jkcement.com) and [investorservices@jkcement.com](mailto:investorservices@jkcement.com). The same will be replied by the Company suitably. Documents referred to in this Notice will be made available for inspection as per applicable statutory requirements.
13. In terms of the Rule 9A(3)(a) of Companies (Prospectus and Allotment of Securities) Rules, 2014, Every holder of securities of an unlisted public company, who intends to transfer such securities on or after 2nd October, 2018, shall get such securities dematerialised before the transfer. In view of the above, Members are advised to dematerialize shares held by them in physical form.
14. Since the AGM will be held through VC / OAVM, the route map to the venue is not annexed to this Notice.
15. **THE INTRUCTIONS FOR SHAREHOLDERS FOR REMOTE E-VOTING ARE AS UNDER:**
  - (i) The voting period begins on 7<sup>th</sup> August, 2020 (9.00 a.m.) and ends on 10<sup>th</sup> August, 2020 (5.00 p.m.). During this period shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of 4<sup>th</sup> August, 2020 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
  - (ii) The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).
  - (iii) Click on "Shareholders" module.
  - (iv) Now Enter your User ID
    - a. For CDSL: 16 digits beneficiary ID,
    - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
    - c. Shareholders holding shares in Physical Form should enter Folio Number registered with the Company.
  - (v) Next enter the Image Verification as displayed and Click on Login.
  - (vi) If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier e-voting of any company, then your existing password is to be used.

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- (vii) If you are a first time user follow the steps given below:

<b>For Members holding shares in Demat Form and Physical Form</b>	
PAN	<p>Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <p>Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name followed by the Serial Number.</p> <p>In case the Serial Number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.</p>
Dividend Bank Details OR Date of Birth (DOB)	<p>Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login.</p> <p>If both the details are not recorded with the depository or company, please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (v).</p>

- (viii) After entering these details appropriately, click on "SUBMIT" tab.
- (ix) Shareholders holding shares in physical form will then directly reach the Company selection screen. However, shareholders holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (x) For shareholders holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xi) Click on the EVSN for the relevant <Company Name> on which you choose to vote.
- (xii) 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.
- (xiii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xiv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (xv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xvi) You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.
- (xvii) If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xviii) **Shareholders can also cast their vote using CDSL's mobile app "m-Voting". The m-Voting app can be downloaded from respective Store. Please follow the instructions as prompted by the mobile app while Remote voting on your mobile.**

## **PROCESS FOR THOSE SHAREHOLDERS WHOSE EMAIL ADDRESSES ARE NOT REGISTERED WITH THE DEPOSITORIES FOR OBTAINING LOGIN CREDENTIALS FOR E-VOTING FOR THE RESOLUTIONS PROPOSED IN THIS NOTICE:**

- For Physical shareholders- please provide necessary details like Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) by email to **Company/RTA email id** at [investorservices@jkcement.com](mailto:investorservices@jkcement.com) or [harshit@jkcotton.com](mailto:harshit@jkcotton.com) respectively.
- For Demat shareholders -, please provide Demat account details (CDSL-16 digit beneficiary ID or NSDL-16 digit DPID + CLID), Name, client master or copy of Consolidated Account statement, PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) to **Company/RTA email id** at [investorservices@jkcement.com](mailto:investorservices@jkcement.com) or [harshit@jkcotton.com](mailto:harshit@jkcotton.com) respectively.
- The company/RTA shall co-ordinate with CDSL and provide the login credentials to the above mentioned shareholders.

## **INSTRUCTIONS FOR SHAREHOLDERS ATTENDING THE AGM THROUGH VC/OAVM ARE AS UNDER:**

- The Members can join the AGM in the VC/OAVM mode 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the AGM through VC/OAVM will be made available to atleast 1000 members on first come first served basis. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee,

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2. Auditors etc. who are allowed to attend the AGM without restriction on account of first come first served basis.
  3. The attendance of the Members attending the AGM through VC/OAVM will be counted for the purpose (xix) ascertaining the quorum under Section 103 of the Companies Act, 2013.
  4. Shareholder will be provided with a facility to attend the AGM through VC/OAVM through the CDSL e-Voting system. Shareholders may access the same at <https://www.evotingindia.com> under shareholders/members login by using the remote e-voting credentials. The link for VC/OAVM will be available in shareholder/members login where the EVSN of Company will be displayed.
  5. Shareholders are encouraged to join the Meeting through Laptops / IPads for better experience.
  6. Further shareholders will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
  7. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
  8. Shareholders who would like to express their views/ask questions during the meeting may register themselves as a speaker by sending their request in advance at least **7 days prior to meeting** mentioning their name, demat account number/folio number, email id, mobile number at [harshit@jkcotton.com](mailto:harshit@jkcotton.com). The shareholders who do not wish to speak during the AGM but have queries may send their queries in advance **7 days prior to meeting** mentioning their name, demat account number/folio number, email id, mobile number at [harshit@jkcotton.com](mailto:harshit@jkcotton.com). These queries will be replied to by the company suitably by email.
  9. Those shareholders who have registered themselves as a speaker will only be allowed to express their views/ask questions during the meeting.
4. Shareholders who have voted through Remote e-Voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.

## Note for Non – Individual Shareholders and Custodians

- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodians are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves in the “Corporates” module.
  - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
  - After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
  - The list of accounts linked in the login should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
  - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
  - Alternatively Non Individual shareholders are required to send the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory who are authorized to vote, to the Scrutinizer and to the Company at the email address viz; [harshit@jkcotton.com](mailto:harshit@jkcotton.com), if they have voted from individual tab & not uploaded same in the CDSL e-voting system for the scrutinizer to verify the same.
16. In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions (“FAQs”) and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com), under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) or call 1800225533.

All grievances connected with the facility for voting by electronic means may be addressed to Mr. Rakesh Dalvi, Manager, (CDSL, ) Central Depository Services (India) Limited, A Wing, 25th Floor, Marathon Futurex, Mafatlal Mill Compounds, N M Joshi Marg, Lower Parel (East), Mumbai - 400013 or send an email to or call 1800225533.
  17. A person, whose name is recorded in the Register of Members or in the Register of Beneficial Owners maintained by the Depositories as on cut-off date only shall be entitled to avail the facility of remote e-voting or voting at the Meeting.

## INSTRUCTIONS FOR SHAREHOLDERS FOR E-VOTING DURING THE AGM ARE AS UNDER:-

1. The procedure for e-Voting on the day of the AGM is same as the instructions mentioned above for Remote e-voting.
2. Only those shareholders, who are present in the AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system available during the AGM.
3. If any Votes are cast by the shareholders through the e-voting available during the AGM and if the same shareholders have not participated in the meeting through VC/OAVM facility, then the votes cast by such shareholders shall be considered invalid as the facility of e-voting during the meeting is available only to the shareholders attending the meeting.

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18. The voting rights of the Members shall be in proportion to their shares of the Paid-up Equity Share Capital of the Company as on the cut-off date i.e. 4<sup>th</sup> August, 2020.
19. For abundant clarity, please note that the Shareholders who have already voted prior to the meeting date may also attend the meeting but shall not be entitled to vote at the meeting venue.
20. The Company has appointed M/s. Banthia & Co., (Prop. G. K. Banthia) of Kanpur, Practicing Company Secretaries (C.P. No. 1405) as the Scrutinizer to scrutinize the remote e-voting and e-voting during the meeting in a fair and transparent manner
21. The Scrutinizer shall, immediately after the conclusion of e-voting at the AGM, first download the votes cast at the AGM and thereafter unblock the votes cast through remote e-Voting and shall make a consolidated scrutinizer's report of the total votes cast in favour or against, invalid votes, if any, and whether the resolutions have been carried or not, and such report shall then be sent to the Chairman or a person authorized by him, within 48 (forty eight) hours from the conclusion of the AGM, who shall then countersign and declare the result of the voting forthwith.
22. The results declared along with the report of the Scrutinizer shall be placed on the website of the Company at [www.jkcotton.com](http://www.jkcotton.com) and on the website of CDSL at [www.evoting.india.com](http://www.evoting.india.com) immediately after the declaration of results by the Chairman or a person authorized by him.

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## EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

**ITEM NO. 3: - Pursuant to Secretarial Standard 2 issued by the Institute of Company Secretaries of India, following information is furnished about the Director proposed to be appointed/re-appointed.**

Name of the Director	Krishna Das Gupta			
Age	77 Years			
Qualification and Experience	Shri Krishna Das Gupta is M.com, L.L.B, M.PHIL and Master in public administration. He is an ex-Commissioner of Income Tax with the Government of India. He is the director in PTC Industries Limited, EMA India Limited, Ruchi Infrastructure Limited and Ruchi Renewable Energy Private Limited.			
Terms and conditions of appointment or re-appointment	Non-Executive Independent Director			
Date of first appointment on the Board	30/09/2014			
Shareholding in the Company	Nil			
Relationship with other Directors, Manager and other Key Managerial Personnel of the Company	None			
Number of Meetings of the Board attended during the year	4			
Other Directorships	PTC Industries Limited, EMA India Limited, Ruchi Infrastructure Limited and Ruchi Renewable Energy Private Limited.			
Memberships/Chairmanship of Committee of other Board	<b>Sr. No.</b>	<b>Name of Company</b>	<b>Name of Committee</b>	<b>Chairman/Member of Committee(s)</b>
	1.	PTC Industries Limited	Audit Committee	Member
			Stakeholders' Relationship Committee	Member
	2.	Ruchi Infrastructure Limited	Audit Committee	Chairman
	3.	EMA India Limited	Stakeholders' Relationship Committee	Chairman
Audit Committee			Member	
4.	Ruchi Renewable Energy Private Limited	Audit Committee	Chairman	

In the 92nd Annual General Meeting of the Company, Shri Krishna Das Gupta was appointed as an Independent Director of the Company to hold office for five consecutive years till respective Annual General Meeting i.e. the ensuing Annual General Meeting and being eligible, offers himself for re-appointment, and based on the recommendations of the Nomination and Remuneration Committee, the Board of Directors of the Company proposes his re-appointment as an Independent Director for five consecutive years till respective Annual General Meeting.

The Company has received a notice in writing from a member under Section 160 of the Companies Act, 2013 proposing the candidature of Shri Krishna Das Gupta for the office of Director of the Company.

The Company has received a declaration from Shri Krishna Das Gupta confirming that he meets with the criteria of independence as provided under section 149 (6) of the Act. In the opinion of the Board, Shri Krishna Das Gupta fulfills the conditions specified in the Companies Act, 2013 and Rules made thereunder for his re-appointment as an Independent Director of the Company and is independent of the management. Further, Shri Krishna Das 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 terms of Section 149 read with Section 152 of the Act, Shri Krishna Das Gupta shall hold office for a period up to 5 (five) years w.e.f. the date of Annual General Meeting and is not liable to retire by rotation.

The Board perused the report of performance evaluation of Shri Krishna Das Gupta and evaluated his performance. On the basis of the report of performance evaluation, the Board determined that his continued association would be of immense benefit to the Company and that the term of Shri Krishna Das Gupta as an Independent Director be extended. Accordingly, the Board recommends the resolution in relation to re-appointment of Shri Krishna Das Gupta as an Independent Director, for the approval by the shareholders of the Company.

Except Shri Krishna Das 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. 3 of the Notice.

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## ITEM NO. 4:-

Pursuant to Secretarial Standard 2 issued by the Institute of Company Secretaries of India, following information is furnished about the Director proposed to be appointed/re-appointed.

Name of the Director	Padam Kumar Jain
Age	75
Qualification and Experience	Shri Padam Kumar Jain holds the Master Degree in commerce. He is the ex-President of U.P. Stock Exchange Association Ltd., Kanpur. He holds experience in secondary market operations for more than 38 years. He is a director in SPFL Securities Ltd., Padam Kumar Jain (Real Estate) Private Ltd., Key Corp Ltd. and Jagran Media Network Investment Private Limited
Terms and conditions of appointment or re-appointment	Non-Executive Independent Director
Date of first appointment on the Board	30/09/2014
Shareholding in the Company	30 Equity Shares
Relationship with other Directors, Manager and other Key Managerial Personnel of the Company	None
Number of Meetings of the Board attended during the year	4
Other Directorships	SPFL Securities Ltd., Padam Kumar Jain (Real Estate) Private Ltd., Key Corp Ltd. and Jagran Media Network Investment Private Limited
Memberships/Chairmanship of Committee of other Board	Chairman of Audit Committee and Stakeholders Relationship Committee of Key Corp Limited

In the 92nd Annual General Meeting of the Company, Shri Padam Kumar Jain was appointed as an Independent Director of the Company to hold office for five consecutive years till respective Annual General Meeting i.e. the ensuing Annual General Meeting and being eligible, offers himself for re-appointment, and based on the recommendations of the Nomination and Remuneration Committee, the Board of Directors of the Company proposes his re-appointment as an Independent Director for five consecutive years till respective Annual General Meeting.

The Company has received a declaration from Shri Padam Kumar Jain confirming that he meets with the criteria of independence as provided under section 149 (6) of the Act. In the opinion of the Board, Shri Padam Kumar Jain fulfills the conditions specified in the Companies Act, 2013 and Rules made thereunder for his re-appointment as an Independent Director of the Company and is independent of the management. Further, Shri Padam Kumar Jain 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 terms of Section 149 read with Section 152 of the Act, Shri Padam Kumar Jain shall hold office for a period up to 5 (five) years w.e.f. the date of Annual General Meeting and is not liable to retire by rotation.

The Board perused the report of performance evaluation of Shri Padam Kumar Jain and evaluated his performance. On the basis of the report of performance evaluation, the Board determined that his continued association would be of immense benefit to the Company and that the term of Shri Padam Kumar Jain as an Independent Director be extended. Accordingly, the Board recommends the resolution in relation to re-appointment of Shri Padam Kumar Jain as an Independent Director, for the approval by the shareholders of the Company.

Except Shri Padam Kumar Jain, 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. 4 of the Notice.

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## ITEM NO. 5: -

Pursuant to Secretarial Standard 2 issued by the Institute of Company Secretaries of India, following information is furnished about the Director proposed to be appointed/re-appointed.

Name of the Director	Ravindra Kumar Tandon
Age	67
Qualification and Experience	Shri Ravindra Kumar Tandon is a science graduate and has a wide experience in the fields of Capital market, Banking and Industry. He is the Ex-President of U.P. Stock Exchange Association Ltd. and ex-chairman of United Mercantile Cooperative Bank Ltd. He is the founder vice president of Federation of Indian Stock Exchanges, Delhi. He is a member and trustee of several charitable, social, educational & sport trusts. He is acting as Director in Jaykay Enterprises Limited.
Terms and conditions of appointment or re-appointment	Non-Executive Independent Director
Date of first appointment on the Board	30/09/2014
Shareholding in the Company	None
Relationship with other Directors, Manager and other Key Managerial Personnel of the Company	None
Number of Meetings of the Board attended during the year	4
Other Directorships	Jaykay Enterprises Ltd
Memberships/Chairmanship of Committee of other Board	Member of Audit Committee of Jaykay Enterprises Limited.

In the 92nd Annual General Meeting of the Company, Shri Ravindra Kumar Tandon was appointed as an Independent Director of the Company to hold office for five consecutive years till respective Annual General Meeting i.e. the ensuing Annual General Meeting and being eligible, offers himself for re-appointment, and based on the recommendations of the Nomination and Remuneration Committee, the Board of Directors of the Company proposes his re-appointment as an Independent Director for five consecutive years till respective Annual General Meeting.

The Company has received a declaration from Shri Ravindra Kumar Tandon confirming that he meets with the criteria of independence as provided under section 149 (6) of the Act. In the opinion of the Board, Shri Ravindra Kumar Tandon fulfills the conditions specified in the Companies Act, 2013 and Rules made thereunder for his re-appointment as an Independent Director of the Company and is independent of the management. Further, Shri Ravindra Kumar Tandon 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 terms of Section 149 read with Section 152 of the Act, Shri Ravindra Kumar Tandon shall hold office for a period up to 5 (five) years w.e.f. the date of Annual General Meeting and is not liable to retire by rotation.

The Board perused the report of performance evaluation of Shri Ravindra Kumar Tandon and evaluated his performance. On the basis of the report of performance evaluation, the Board determined that his continued association would be of immense benefit to the Company and that the term of Shri Ravindra Kumar Tandon as an Independent Director be extended. Accordingly, the Board recommends the resolution in relation to re-appointment of Shri Ravindra Kumar Tandon as an Independent Director, for the approval by the shareholders of the Company.

Except Shri Ravindra Kumar Tandon, 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. 5 of the Notice.

# J. K. Cotton Ltd.

## DIRECTORS' REPORT

TO THE MEMBERS,

The Directors are pleased to present their 97th Annual Report together with the Audited Financial Statement of the Company for the Financial Year ended 31st March, 2020.

### 1. FINANCIAL SUMMARY AND HIGHLIGHTS:

	2019-20	2018-19
	Rs./Lacs	Rs./Lacs
Sales	2308.29	1,484.58
Profit/(Loss) before Finance, Cost and Depreciation		
Depreciation	718.46	404.24
Finance Cost	(180.00)	(185.98)
Profit/(Loss) before Depreciation	538.46	218.26
Depreciation	(26.49)	(18.80)
Net Profit/(Loss) Before Tax	511.97	199.46
Transfer from Capital Reserve	283.19	369.94
Net Profit/(Loss) Before Tax	795.16	569.40
Add : Tax Expense (Incl. Def. Tax & Tax adjustment of earlier years)	491.97	283.03
Profit/(Loss) from continuing operations	1287.13	852.43
Profit/(Loss) from discontinued operations	1271.93	(405.34)
Profit/(Loss) for the period	15.20	447.09
Other Comprehensive Income	(4.41)	17.40
Total Comprehensive Profit/(Loss)	10.79	464.49

The Company earned a Net Profit of Rs. 0.11 crores (compared to a Net Profit of Rs. 4.64 crores in the previous year).

The Board of Directors of your company has decided to transfer the amount of profits earned during FY 2019-20 to Retained Earnings for the year under review. In view of carried forward losses, the Directors are unable to recommend dividend.

### 2. STATE OF AFFAIRS OF THE COMPANY

#### A. Emerald Gulistan Division

The Company had under taken real estate project by the name of Emerald Gulistan at Jajmau, Kanpur. The Company developed 405 Residential plots in Phase-I of Emerald Gulistan Project out of which 338 plots have been booked as on 31.03.20. The Company also developed 2 Villas, 114 Independent Floor and 216 Small Plots (Phase-II), out of which 1 Villa, 55 Independent Floors and 148 Small Plots have been booked as on 31.03.20. During the year, Big Plots have been developed in Phase IV.

The Company continued focusing on booking and sales of unsold plots in Phase-I of the project and Independent Floors.

#### B. Emerald Orchard Division

The Company had decided to undertake two Affordable Housing (EWS) Project(s) under Pradhan Mantri Awas Yojana to be developed by the Company on its property situated at 84/29 and 84/50, Kalpi Road, Kanpur respectively and the project had been named "Emerald Orchard". The Company had submitted its tender documents in the revised PMAY scheme to undertake Affordable Housing (EWS) Project(s) under Pradhan Mantri Awas Yojana to be developed on its property situated at 84/29, Kalpi Road, Kanpur and the approval is awaited from State Government.

### 3. RISK MANAGEMENT

The company has implemented a Risk Management Policy, which aims to identify and assess elements of risks, which in the opinion of the Board may threaten the existence of the company, and to take appropriate steps to manage the risks.

Audit Committee has been entrusted with the responsibility to assist the Board in (a) Overseeing implementation of Company's risk management policy, (b) Overseeing all the risks that the organization faces, identification and assessment of risks and maintaining adequate risk management infrastructure in place capable of addressing those risks and (c) Overseeing all the risks that the organization faces, identification and assessment of risks and maintaining adequate risk management infrastructure in place capable of addressing those risks.

### 4. ANNUAL RETURN

The annual return of the Company as required under the Companies Act, 2013 will be available on the website of the Company at [www.jkcotton.com](http://www.jkcotton.com).

Extract of Annual Return of the Company in MGT 9 is annexed hereto marked as Annexure A and forms an integral part of this Report.

### 5. DIRECTORS

5.1 In accordance with the provisions of the Section 152 of the Companies Act, 2013 and the Company's Articles of Association, Shri Nidhipati Singhania, Director will retire by rotation at the forthcoming Annual General Meeting and being eligible offer himself for re-appointment.

5.2 The Company has received declarations from all the Independent Directors of the Company under section 149(7) confirming that they meet the criteria of independence as prescribed under section 149(6) the Companies Act, 2013.

5.3 The Independent Directors have complied with the Code for Independent Directors prescribed in Schedule IV to the Act.

5.4 The Board is of the opinion that the Independent Directors of the Company possess requisite qualifications, experience and expertise in the fields of finance, people management, strategy, auditing, tax and risk advisory services, banking, financial services, investments; and they hold highest standards of integrity. The Independent Directors of the Company have registered themselves with the Indian Institute of Corporate Affairs, Manesar ('IICA') as required under Rule 6 of Companies (Appointment and Qualification of Directors) Rules, 2014.

5.5 In the 92<sup>nd</sup> Annual General Meeting of the Company, Shri Krishna Das Gupta, Shri Ravindra Kumar Tandon and Shri Padam Kumar Jain were respectively appointed as Independent Director of the Company to hold office for five consecutive years till respective Annual General Meeting i.e. the ensuing Annual General Meeting and are proposed to be re-appointed for a second term of 5 (Five) Years.

# J. K. Cotton Ltd.

The Board considers that their continued association would be of immense benefit to the Company and it is desirable to continue to avail their services.

- 5.6 Details of the Director proposed to be re-appointed at the ensuing Annual General Meeting, as required SS - 2 (Secretarial Standards On General Meetings) are provided in the Notice convening the Annual General Meeting of the Company.

## 6. KEY MANAGERIAL PERSONNEL

The following persons have been designated as Key Managerial Personnel of the Company pursuant to Section 2(51) and Section 203 of the Companies Act, 2013, read with Rules framed thereunder

1. Shri Yadupati Singhania,  
Chairman & Managing Director
2. Ms. Sonali Agarwal, Chief Financial Officer
3. Shri Harshit Gunani, Company Secretary

## 7. MEETINGS OF THE BOARD OF DIRECTORS

During the financial year ended 31st March, 2020, Four Board Meetings were held on the following dates:-

- a) 29<sup>th</sup> May, 2019
- b) 14<sup>th</sup> August, 2019
- c) 14<sup>th</sup> November, 2019
- d) 12<sup>th</sup> February, 2020

## 8. WHISTLE BLOWER POLICY/ VIGIL MECHANISM SYSTEM

The company as per the section 177 of the Companies Act, 2013 has in place the Vigil (Whistle Blower) Mechanism, which aims to provide a channel to the Directors and employees to report to the management instances of unethical behavior, actual or unsuspected fraud or violation of the Company's code of conduct. The policy provides adequate safeguards against victimization of employees and Directors who avail of Whistle Blower/Vigil Mechanism and also provide for direct access to the Chairman of the Audit Committee etc.

## 9. REMUNERATION POLICY

The Company has in place a policy, which lays down a framework in relation to remuneration of Directors, Key Managerial Personnel and Senior Management of the Company. The Remuneration Policy is available on the website of the Company at [www.jkcotton.com/policies.html](http://www.jkcotton.com/policies.html). This policy also lays down criteria for determining qualifications, positive attributes and independence of a director.

The salient features of Company's Remuneration policy are:

1. Remuneration is based on the principles of:
  - (i) pay for responsibility
  - (ii) pay for potential and
  - (iii) pay for growth.
2. The Nomination and Remuneration Committee is vested with all the necessary powers and authorities to ensure appropriate disclosure on remuneration to the Managing Director and other KMPs including details of fixed components and performance linked incentives.
3. Appointment of the Non-executive Directors on the Board is for the benefit of the Company due to their vast professional expertise in their professional capacity. The Company suitably remunerates them

by paying sitting fee for attending the meetings of the Board and various committees of the Board.

## 10. FORMAL ANNUAL EVALUATION OF BOARD, ITS COMMITTEES AND ITS DIRECTORS

Pursuant to the provisions of the Companies Act, 2013, the Board has carried out annual evaluation of its own performance as well as the performance of Audit Committee, Stakeholders' Relationship Committee, Nomination & Remuneration Committee, CSR Committee and Committee of Directors on various parameters including effectiveness of decision making process, risk management, providing necessary advice to management, effectiveness of communication and participation, etc.

The Board of Directors also evaluated performance of its individual directors on various parameters including attendance, effective participation in meeting, maintaining confidentiality and rendering independent, unbiased opinion and resolution of issues at meetings.

## 11. RELATED PARTY TRANSACTIONS

All transactions with Related Parties are placed before the Audit Committee as also the Board for approval. Prior omnibus approval of the Audit Committee is obtained for the transactions, which are of a foreseen and repetitive nature. The Board notes the transactions entered into pursuant to the omnibus approval so granted and a statement giving details of all transactions with related parties is placed before the Audit Committee and the Board of Directors for their perusal and noting on a quarterly basis.

During the year under review, all transactions entered into with related parties during the year were on an arm's length pricing basis and were in the ordinary course of business. Moreover, there were no material related party transactions i.e. transactions exceeding the limits prescribed under Rule 15 of Companies (Meeting of Board and its Powers) Rules, 2014, as amended. Thus, disclosure in form AOC-2 is not required. Suitable disclosure has been made in the Annual Report.

## 12. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors confirm that:

- i) in the preparation of the Annual Accounts, the applicable accounting standards had been followed along with proper explanations relating to material departures;
- ii) the Directors had selected 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 at the end of the financial year and of the profit and loss of the Company for that period;
- iii) the Directors had taken proper and sufficient care for maintenance of adequate accounting records in accordance with the provisions of this Act, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv) the Directors had prepared the Annual Accounts on a going concern basis;
- v) the Directors had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively and
- vi) the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

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## 13. AUDITORS

13.1 Observations of the Auditors are explained wherever necessary in the appropriate Notes to Accounts and call for no further comments.

13.2 The present Auditors, M/s. Gupta Vaish & Co., Chartered Accountants, were appointed as Statutory Auditors of the Company at the 94<sup>th</sup> Annual General Meeting in pursuance of section 139(2) of the Companies Act, until the conclusion of 99<sup>th</sup> Annual General Meeting. The said appointment was subject to ratification by shareholders at each annual general meeting to be held thereafter. However, due to subsequent amendments in the Companies Act, 2013 the aforesaid requirement of ratification by shareholders at each annual general meeting is no longer required.

13.3 There are no qualifications contained in the audit report.

13.4 No fraud has been reported by auditors under sub-section (12) of section 143.

## 14. SECRETARIAL AUDITOR

The Board has appointed M/s. Banthia & Co, Practicing Company Secretaries (Prop. Mr. G.K.Banthia) of Kanpur, to conduct Secretarial Audit for the Financial Year 2020-21. The Secretarial Audit Report for the financial year ended March 31, 2020 is annexed to this Report. The Secretarial Audit Report does not contain any qualification, reservation or adverse remark. (See Annexure B)

## 15. INTERNAL AUDITOR

The Board has appointed M/s. P. L. Tandon & Co, Chartered Accountants, to conduct internal Audit during the Financial Year 2020-21. The internal auditors of the Company report to the Audit Committee at quarterly meetings.

## 16. SECRETARIAL STANDARDS

During the financial year, your Company has complied with applicable Secretarial Standards issued by the Institute of Company Secretaries of India.

## 17. INTERNAL FINANCIAL CONTROLS

The company's internal control system is designed to ensure orderly and efficient conduct of business, adherence to company's policies, protection and conservation of resources, accuracy and promptness in financial reporting and compliance with laws and regulations. Efforts are made by the management to maintain a sound financial and commercial practice capable of improving the efficiency of the operations and sustainability of the business. The system ensures that all the assets are safeguarded and protected against loss from unauthorized use or disposition and those are recorded and reported correctly. All operating parameters are monitored and controlled.

The Audit Committee also reviews the adequacy and effectiveness of internal financial controls and suggests improvement for strengthening them, from time to time.

## 18. AUDIT COMMITTEE

The Audit Committee of the Company comprises of the Independent Directors namely Dr. Jagannath Gupta (Chairman), Dr. Krishna Behari Agarwal, Shri Padam Kumar Jain and Shri Ravindra Kumar Tandon. All the recommendations made by the Audit Committee were accepted by the Board.

During the financial year ended 31st March, 2020, Four Audit Committee Meetings were held on the following dates:-

- a) 29<sup>th</sup> May, 2019
- b) 14<sup>th</sup> August, 2019
- c) 14<sup>th</sup> November, 2019
- d) 12<sup>th</sup> February, 2020

## 19. LOANS, GUARANTEE AND INVESTMENT

Your Company has neither given any loan, guarantee nor made any investments, which are covered under Section 186 of the Companies Act, 2013.

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

As there has been no manufacturing operation during the year, there is nothing to be reported with regard to conservation of energy and technology absorption. Moreover, there were no foreign exchange earnings and outgo during the year under review and hence, no information is reported in this regard in the Annual Report.

## 21. PUBLIC DEPOSITS

Your Company has not accepted any deposits under Chapter V of the Companies Act, 2013 read with Companies (Acceptance of Deposits) Rules, 2014 during the financial year and as such, no amount on account of principal or interest on deposits from public as outstanding as on 31 March 2020.

## 22. THE DETAILS OF SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS IMPACTING THE GOING CONCERN STATUS AND COMPANY'S OPERATIONS IN FUTURE

During the period under review, no significant and material orders were passed by any regulators or courts or tribunals which impact the going concern status and company's operations in future.

## 23. PREVENTION OF SEXUAL HARRASMENT AT WORKPLACE

The Company is an equal opportunity employer and consciously strives to build a work culture that promotes dignity of all employees. As required under the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and Rules framed thereunder, the Company has implemented a policy on prevention, prohibition and redressal of sexual harassment at the workplace, which has been uploaded on the website of the Company i.e. [www.jkcotton.com/policies.html](http://www.jkcotton.com/policies.html). All women employees are covered under the policy. An Internal Complaints Committee had been set up to redress complaints relating to sexual harassment, which was reconstituted by the Board in its meeting held on 14.08.2019.

During the year, the Company received no complaint on sexual harassment. Hence, there were no complaints pending for more than 90 days.

## 24. GENERAL SHAREHOLDERS INFORMATION

Annual General Meeting: Date /Time: Tuesday, 11<sup>th</sup> August, 2020 at 11.00 AM.  
Venue: through VC/OAVM.  
Date of Book Closure: Tuesday, the 4<sup>th</sup> August, 2020 to Tuesday, the 11<sup>th</sup> August, 2020. **(Both Days Inclusive)**  
Depository Details: The equity shares of the Company are admitted in NSDL and ISIN No. "INE088U01015"

# J. K. Cotton Ltd.

has been allotted to the Company. Hence, the equity shares of the Company can be dematerialized by the shareholders. 2,24,72,860 Equity Shares of face value of Rs. 10/- each representing 95.31% of the paid up Equity Capital of the Company have been dematerialized till 31.03.2020.

Registrar/Transfer Agent: M/s Jaykay Enterprises Ltd. is Registrar/Transfer Agent of the Company, who provides all services for Share registry in physical as well as demat segment.

Address for Correspondence:  
Jaykay Enterprises Limited  
Kamla Tower, Kanpur-208001  
Tele. No. (0512) 2371478-481  
Email: [investorservices@jkcement.com](mailto:investorservices@jkcement.com)  
[www.jaykayenterprises.com](http://www.jaykayenterprises.com)

Share Transfer System: Share Transfer work & other activities of physical as well as demat segment is attended to by the Company's Registrar & Transfer Agents within the prescribed period in accordance with law. All share transfers etc. are approved by Committee of Directors, which meets periodically.

Address for Correspondence:  
J.K. Cotton Limited  
Kamla Tower, Kanpur-208001  
Tele. No. (0512) 2371478-481, Fax. (0512) 2332665  
Email: [harshit@jkcotton.com](mailto:harshit@jkcotton.com)  
[www.jkcotton.com](http://www.jkcotton.com)

## 25. CORPORATE SOCIAL RESPONSIBILITY (CSR)

Corporate Social Responsibility Committee of the Company has been functioning in pursuance of the provisions of Section 135 of the Companies Act, 2013.

Composition of Committee:

- i. Dr. Krishna Behari Agarwal, Chairman
- ii. Shri Ashok Gupta, Member
- iii. Shri Jagannath Gupta, Member

During the financial year ended 31st March, 2020, Two CSR Committee Meetings were held on the following dates:-

- a) 28<sup>th</sup> May, 2019
- b) 13<sup>th</sup> November, 2019

The Annual Report on CSR activities is annexed herewith as "Annexure C".

## 26. NOMINATION & REMUNERATION COMMITTEE

Nomination & Remuneration Committee of the Company comprises of the following directors:

- i. Dr. Krishna Behari Agarwal, Chairman
- ii. Shri Krishna Das Gupta, Member
- iii. Shri Nidhipati Singhania, Member

During the financial year ended 31st March, 2020, One Meeting of Nomination & Remuneration Committee was held on 28<sup>th</sup> May, 2019.

## 27. STAKEHOLDERS' RELATIONSHIP COMMITTEE

Stakeholders' Relationship Committee of the Company comprises of the following directors:

- i. Dr. Jagannath Gupta, Chairman
- ii. Dr. Krishna Behari Agarwal, Member
- iii. Shri Ashok Gupta, Member

During the financial year ended 31st March, 2020, Four Stakeholders' Relationship Committee Meetings were held on the following dates:-

- a) 29<sup>th</sup> May, 2019
- b) 13<sup>th</sup> August, 2019
- c) 14<sup>th</sup> November, 2019
- d) 12<sup>th</sup> February, 2020

## 28. MAINTENANCE OF COST RECORDS

The Company is not required to maintain cost records under sub-section (1) of Section 148 of the Companies Act, 2013 as its turnover during FY 2019-20 does not exceeds the threshold limit of Rs. 35 Crores prescribed under Rule 3 of the Companies (Cost Records and Audit) Rules, 2014.

## 29. SPECIAL NOTE ON CORONAVIRUS PANDEMIC

The Coronavirus disease 2019 (COVID-19) was declared a global pandemic by the WHO in March 2020. The Government of India then announced a nationwide lockdown for six weeks and thereafter, a partial lock down in certain parts of the country, based on their risk profile. The initial lockdown completely slowed down the economy and limited the demand substantially.

The Company has made committed efforts to support its customers, employees and other stakeholders, along with the community through its CSR initiatives in this difficult time. It has geared itself to serve the market as the country re-opens, as per the governments' advisories. The Company is working on various options to ensure that it effectively navigates through the crisis and emerges stronger.

## 30. 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.

For and on behalf of the Board

Sd/-

Place: Kanpur (Shri Yadupati Singhania)

Dated: 30<sup>th</sup> June, 2020 **Chairman & Managing Director**

# J. K. Cotton Ltd.

## Annexure- A

### FORM NO. MGT 9 EXTRACT OF ANNUAL RETURN

As on financial year ended on 31.03.2020

[Pursuant to Section 92 (3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management & Administration) Rules, 2014.]

#### I. REGISTRATION & OTHER DETAILS:

1	CIN	U17111UP1924PLC000275
2	Registration Date	24.10.1924
3	Name of the Company	J. K. COTTON LIMITED
4	Category/Sub-category of the Company	Public Limited Company
5	Address of the Registered office & contact details	Kamla Tower, Kanpur – 208 001 Tel. No. 0512-2371478-481, Website: <a href="http://www.jkcotton.com">www.jkcotton.com</a> Email: <a href="mailto:harshit@jkcotton.com">harshit@jkcotton.com</a>
6	Whether listed company	No
7	Name, Address & contact details of the Registrar & Transfer Agent, if any.	Jaykay Enterprises Limited Share Registrar and Transfer Agent Kamla Tower, Kanpur-208001 Email: <a href="mailto:investorservices@jkcement.com">investorservices@jkcement.com</a> Contact- 2371478-81

#### II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

(All the business activities contributing 10 % or more of the total turnover of the company shall be stated)

S. No.	Name and Description of main products / services	NIC Code of the Product/service	% to total turnover of the company
1	Real Estate Activities	68100	100

#### III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES –

S. No.	Name and Address of the Company	CIN/GLN	Holding/Subsidiary/ Associate	% of shares held	Applicable Section
1	THE COMPANY HAS NO HOLDING/SUBSIDIARY OR ASSOCIATE.				

#### IV(A). SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

Category of Shareholders	No. of Shares held at the beginning of the year [As on 31-March-2019]				No. of Shares held at the end of the year [As on 31-March-2020]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
<b>(1) Indian</b>									
a) Individual/ HUF	10992285	12746	11005031	46.68	10992705	12326	11005031	46.68	-
b) Central Govt	-	-	-	-	-	-	-	-	-
c) State Govt(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp.	11416228	-	11416228	48.42	11416228	-	11416228	48.42	-
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any other	2013	-	2013	0.01	2013	-	2013	0.01	-
<b>Sub-total (A)(1)</b>	<b>22410526</b>	<b>12746</b>	<b>22423272</b>	<b>95.10</b>	<b>22410946</b>	<b>12326</b>	<b>22423272</b>	<b>95.10</b>	<b>-</b>
<b>(2) Foreign</b>									
a) NRIs-Individuals	-	-	-	-	-	-	-	-	-
b) Other-Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	-	-	-	-	-	-	-	-	-
d) Banks/ FI	-	-	-	-	-	-	-	-	-
e) Any Other.....	-	-	-	-	-	-	-	-	-
<b>Sub-total (A)(2)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Shareholding of Promoter</b>	<b>22410526</b>	<b>12746</b>	<b>22423272</b>	<b>95.10</b>	<b>22410946</b>	<b>12326</b>	<b>22423272</b>	<b>95.10</b>	<b>-</b>
<b>(A)=(A)(1)+(A)(2)</b>									

## J. K. Cotton Ltd.

<b>B. Public Shareholding</b>									
1. Institutions									
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks / FI	500	6239	6739	0.03	500	6239	6739	0.03	-
c) Central Govt	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	99142	99142	0.42	-	99142	99142	0.42	-
g) FIs	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
Sub-total (B)(1):-	500	105381	105881	0.45	500	105381	105881	0.45	-
2. Non-Institutions									
a) Bodies Corp.									
i) Indian	3850	69576	73426	0.31	3850	69576	73426	0.31	-
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	16707	874654	891361	3.78	18464	872897	891361	3.78	-
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	39100	-	39100	0.17	39100	-	39100	0.17	-
c) Others (specify)									
Non Resident Indians	-	-	-	-	-	-	-	-	-
Overseas Corporate Bodies	-	-	-	-	-	-	-	-	-
Foreign Nationals	-	-	-	-	-	-	-	-	-
Clearing Members	-	-	-	-	-	-	-	-	-
Trusts	-	440	440	0.00	-	440	440	0.00	-
Societies	-	44270	44270	0.19	-	44270	44270	0.19	-
Sub-total (B)(2):-	59657	988940	1048597	4.45	61414	987183	1048597	4.45	-
Total Public Shareholding (B)=(B)(1) + (B)(2)	60157	1094321	1154478	4.90	61914	1092564	1154478	4.90	-
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	2,24,70,683	11,07,067	2,35,77,750	100.00	2,24,72,860	11,04,890	2,35,77,750	100.00	-

### B) Shareholding of Promoter-

SN	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	Yadupati Singhania	6736158	28.57	-	6736158	28.57	-	0.00

### C) Change in Promoters' Shareholding (Equity Share Capital) (please specify, if there is no change)

SN	Date wise Increase / Decrease	Shareholding at the beginning of the year		Cumulative Shareholding during the year		
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company	
1	Shri Yadupati Singhania					
	At the beginning of the year	-	6736158	28.57	6736158	28.57
	Date wise Increase / Decrease in Shareholding during the year		No Change		6736158	28.57
	At the end of the year	-			6736158	28.57

# J. K. Cotton Ltd.

**D) Shareholding Pattern (Equity Share Capital) of top ten Shareholders  
(Other than Directors, Promoters and Holders of GDRs and ADRs):**

SN	For each of the top 10 Shareholders	Date wise Increase / Decrease	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
			No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	The Oriental Insurance Co. Ltd					
	At the beginning of the year		47800	0.20	47800	0.20
	Changes during the year		NO CHANGE		-	-
	At the End of the year		47800	0.20	47800	0.20
2	Sir Padampat Singhania Memorial Education Foundation					
	At the beginning of the year		44270	0.19	44270	0.19
	Changes during the year		NO CHANGE		-	-
	At the End of the year		44270	0.19	44270	0.19
3	Shyamadevi Agrawal					
	At the beginning of the year		39100	0.17	39100	0.17
	Changes during the year		NO CHANGE		-	-
	At the End of the year		39100	0.17	39100	0.17
4	Life Insurance Corporation of India					
	At the beginning of the year		26242	0.11	26242	0.11
	Changes during the year		NO CHANGE		-	-
	At the End of the year		26242	0.11	26242	0.11
5	National Insurance Co. Ltd					
	At the beginning of the year		25100	0.11	25100	0.11
	Changes during the year		NO CHANGE		-	-
	At the End of the year		25100	0.11	25100	0.11
6	The Raymond Woollen Mills Ltd					
	At the beginning of the year		10610	0.05	10610	0.05
	Changes during the year		NO CHANGE		-	-
	At the End of the year		10610	0.05	10610	0.05
7	The Hooghly Mills Co. Ltd					
	At the beginning of the year		10000	0.04	10000	0.04
	Changes during the year		NO CHANGE		-	-
	At the End of the year		10000	0.04	10000	0.04
8	Manmohan R. Mohta Sushma Mohta					
	At the beginning of the year		10000	0.04	10000	0.04
	Changes during the year		NO CHANGE		-	-
	At the End of the year		10000	0.04	10000	0.04
9	Annapurna Projects Ltd					
	At the beginning of the year		7200	0.03	7200	0.03
	Changes during the year		NO CHANGE		-	-
	At the End of the year		7200	0.03	7200	0.03
10	Suryodaya Inv & Trad Com Ltd					
	At the beginning of the year		6000	0.03	6000	0.03
	Changes during the year		NO CHANGE		-	-
	At the End of the year		6000	0.03	6000	0.03

**E) Shareholding (Equity Share) of Directors and Key Managerial Personnel:**

SN	Shareholding of each Directors and each Key Managerial Personnel	Date wise Increase / Decrease	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
			No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	Shri Padam Kumar Jain, Director					
	At the beginning of the year		30	-	30	-
	Changes during the year		No Change		30	-
	At the end of the year			-	30	-
2	Shri Yadupati Singhania, Managing Director					
	At the beginning of the year		6736158	28.57	6736158	28.57
	Changes during the year		No Change		6736158	28.57
	At the end of the year			-	6736158	28.57
3	Dr. K.B. Agarwal, Director					
	At the beginning of the year		5	-	5	-
	Changes during the year		No Change		5	-
	At the end of the year				5	-

# J. K. Cotton Ltd.

4	Ms. Sonali Agarwal, CFO					
	At the beginning of the year		5	-	5	-
	Changes during the year		No Change		5	-
	At the end of the year				5	-
5	Shri Harshit Gunani, Company Secretary					
	At the beginning of the year		6	-	6	-
	Changes during the year		No Change		6	-
	At the end of the year				6	-

## IVB(A). SHARE HOLDING PATTERN (Preference Share Capital Breakup as percentage of Total Preference Share Capital)

Category of Shareholders	No. of Shares held at the beginning of the year [As on 31-March-2019]				No. of Shares held at the end of the year [As on 31-March-2020]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
<b>(1) Indian</b>									
a) Individual/ HUF	15720	-	15720	0.36	3084720	-	3084720	70.40	70.04
b) Central Govt	-	-	-	-	-	-	-	-	-
c) State Govt(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp.	3069000	-	30,69,000	70.04	-	-	-	-	-70.04
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any other	-	-	-	-	-	-	-	-	-
<b>Sub-total (A)(1)</b>	<b>3084720</b>	<b>-</b>	<b>3084720</b>	<b>70.40</b>	<b>3084720</b>	<b>-</b>	<b>3084720</b>	<b>70.40</b>	<b>-</b>
<b>(2) Foreign</b>									
a) NRIs-Individuals	-	-	-	-	-	-	-	-	-
b) Other-Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	-	-	-	-	-	-	-	-	-
d) Banks/ FI	-	-	-	-	-	-	-	-	-
e) Any Other.....	-	-	-	-	-	-	-	-	-
<b>Sub-total (A)(2)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Shareholding of</b>	<b>3084720</b>	<b>-</b>	<b>3084720</b>	<b>70.40</b>	<b>3084720</b>	<b>-</b>	<b>3084720</b>	<b>70.40</b>	<b>-</b>
<b>B. Public Shareholding</b>									
<b>1. Institutions</b>									
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks / FI	-	-	-	-	-	-	-	-	-
c) Central Govt	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIs	-	-	-	-	-	-	-	-	-
h) Foreign Venture	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
<b>Sub-total (B)(1):-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>2. Non-Institutions</b>									
a) Bodies Corp.									
i) Indian	706000	591000	1297000	29.60	706000	591000	1297000	29.60	-
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	-	-	-	-	-	-	-	-	-
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	-	-	-	-	-	-	-	-	-
c) Others (specify)									
<b>Non Resident Indians</b>	-	-	-	-	-	-	-	-	-
<b>Overseas Corporate</b>	-	-	-	-	-	-	-	-	-
<b>Foreign Nationals</b>	-	-	-	-	-	-	-	-	-
<b>Clearing Members</b>	-	-	-	-	-	-	-	-	-
<b>Trusts</b>	-	-	-	-	-	-	-	-	-
<b>Societies</b>	-	-	-	-	-	-	-	-	-
<b>Sub-total (B)(2):-</b>	<b>7,06,000</b>	<b>5,91,000</b>	<b>12,97,000</b>	<b>29.60</b>	<b>7,06,000</b>	<b>5,91,000</b>	<b>12,97,000</b>	<b>29.60</b>	<b>-</b>
<b>Total Public Shareholding (B)=(B)(1) + (B)(2)</b>	<b>7,06,000</b>	<b>5,91,000</b>	<b>12,97,000</b>	<b>29.60</b>	<b>7,06,000</b>	<b>5,91,000</b>	<b>12,97,000</b>	<b>29.60</b>	<b>-</b>

## J. K. Cotton Ltd.

C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	37,90,720	5,91,000	43,81,720	100	37,90,720	5,91,000	43,81,720	100	-

### B) Shareholding of Promoter (Preference Share Capital)-

SN	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	Yadupati Singhania	15720	0.36	-	3084720	70.40	-	-70.04

### C) Change in Promoters' Shareholding (Preference Share Capital)

SN		Date wise Increase / Decrease	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
			No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	Shri Yadupati Singhania					
	At the beginning of the year		15720	0.36	15720	0.36
	22.11.2019	3069000			3084720	70.40
					3084720	70.40

### D) Shareholding Pattern (Preference Share Capital) of top ten Shareholders

#### (Other than Directors, Promoters and Holders of GDRs and ADRs):

SN	For each of the top 10 Shareholders	Date wise Increase / Decrease	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
			No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	Ujala Merchants and Traders Ltd					
	At the beginning of the year		706000	16.11	706000	16.11
	Date wise Increase / Decrease in Shareholding during the year		-	-	706000	16.11
	At the End of the year				706000	16.11
2	Sarvashaktiman Traders Pvt. Ltd.					
	At the beginning of the year		591000	13.49	591000	13.49
	Date wise Increase / Decrease in Shareholding during the year		-	-	591000	13.49
	At the End of the year				591000	13.49

### E) Shareholding (Preference Share) of Directors and Key Managerial Personnel:

SN	Shareholding of each Directors and each Key Managerial Personnel	Date wise Increase / Decrease	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
			No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	Shri Yadupati Singhania, Managing Director					
	At the beginning of the year		15720	0.36	15720	0.36
	22.11.2019	3069000	-	-	30,84,720	70.40
	At the end of the year				30,84,720	70.40

# J. K. Cotton Ltd.

V) **INDEBTEDNESS** -Indebtedness of the Company including interest outstanding/accrued but not due for payment.

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	NIL	2,00,00,000/-	NIL	2,00,00,000/-
ii) Interest due but not paid	NIL	NIL	NIL	NIL
iii) Interest accrued but not due	NIL	NIL	NIL	NIL
<b>Total (i+ii+iii)</b>	NIL	2,00,00,000/-	NIL	2,00,00,000/-
<b>Change in Indebtedness during the financial year</b>				
* Addition	NIL	NIL	NIL	NIL
* Reduction	NIL	2,00,00,000/-	NIL	2,00,00,000/-
<b>Net Change</b>	NIL	2,00,00,000/-	NIL	(2,00,00,000/-)
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	NIL	NIL	NIL	NIL
ii) Interest due but not paid	NIL	NIL	NIL	NIL
iii) Interest accrued but not due	NIL	NIL	NIL	NIL
<b>Total (i+ii+iii)</b>	NIL	NIL	NIL	NIL

## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL-

A. Remuneration to Managing Director, Whole-time Directors and/or Manager: NA

B. Remuneration to other directors

SN.	Particulars of Remuneration	Name of Directors					Total Amount
		Dr. K.B. Agarwal	Dr. J.N. Gupta	Shri R.K. Tandon	Shri K.D. Gupta	Shri P.K. Jain	
1	Independent Directors	Dr. K.B. Agarwal	Dr. J.N. Gupta	Shri R.K. Tandon	Shri K.D. Gupta	Shri P.K. Jain	
	Fee for attending board committee meetings	67000	45000	40000	23000	40000	215000
	Commission	NIL	NIL	NIL	NIL	NIL	NIL
	Others, please specify	NIL	NIL	NIL	NIL	NIL	NIL
	Total (1)	67000	45000	40000	23000	40000	215000
2	Other Non-Executive Directors	Shri Nidhipati Singhania	Shri Ashok Gupta				
	Fee for attending board committee meetings	8000	44000				52000
	Commission	NIL	NIL				NIL
	Others, please specify	NIL	NIL				NIL
	Total (2)	8000	44000				52000
	Total (B)=(1+2)						267000
	Total Managerial Remuneration						267000
	Overall Ceiling as per the Act	Limit prescribed under Rule 4 of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014					

## C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD

SN	Particulars of Remuneration	Key Managerial Personnel		
		CS	CFO	Total
	Gross salary			
1	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	669000	876900	1545900
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	NIL	NIL	NIL
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	NIL	NIL	NIL
2	Stock Option	NIL	NIL	NIL
3	Sweat Equity	NIL	NIL	NIL
4	Commission	NIL	NIL	NIL
	- as % of profit	NIL	NIL	NIL
	others, specify...	NIL	NIL	NIL
5	Others, please specify	NIL	NIL	NIL
	Total	669000	876900	1545900

VII. **PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:** No penalties/punishment imposed during financial year

# J. K. Cotton Ltd.

Annexure-B

## SECRETARIAL AUDIT REPORT

For the Financial Year ended 31<sup>st</sup> March, 2020

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,  
The Members  
J. K. Cotton Ltd., Kamla Tower, Kanpur

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by J. K. Cotton Ltd. (hereinafter called the company). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, the explanations and clarifications given to me and the representations made by the Management and considering the relaxations granted by the Ministry Of Corporate Affairs/other Authorities warranted due to spread of Covid-19 pandemic, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on 31st March 2020, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance- mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have relied upon the accuracy of the documents and information as shared by the Company with me through appropriate Information Technology tools to assist us in completing the secretarial audit work during lock down period due to pandemic Covid-19 and the same is subject to physical verification by me post normalization of the situation.

I have examined the books, papers, minute books, forms and returns filed and other records maintained by J.K. Cotton Ltd. for the financial year ended on 31<sup>st</sup> March, 2020 according to the provisions of:

- (1) The Companies Act, 2013 (the Act) and the rules made there under;
- (2) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;
- (3) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- (4) Foreign Exchange Management Act, 1999 and the rules and regulations made there under.

- (5) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') (NA)
- (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 ;( NA)
- (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 (NA)
- (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
- (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 2014; (NA)
- (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;(NA)
- (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with clients;
- (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 ;( NA)
- (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018; (NA)

(Note: The shares listed on the UPSE and DSE Exchanges ceased to be recognized Stock Exchanges during F.Y 2015-16 and SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 also ceased to be effective. The shares of the Company have been removed from the Dissemination Board of BSE and NSE.)

(6) I further report that reliance has been placed on the management representation on compliance with other laws and specific Law, the Real Estate (Regulation and Development) Act 2016 and Uttar Pradesh Real Estate Regulatory Authority (General) Regulations 2019 as amended from time to time is applicable to the company.

I have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India, including revised SS1 & SS2 w.e.f. 01.10.2017
- (ii) The SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 (N.A.)

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

# J. K. Cotton Ltd.

We have relied on the information and representation made by the Company and its Officers for systems and mechanism formed by the Company for compliances under other applicable Acts, Laws, and Regulations to the Company.

I further report that the Board of Directors of the Company is duly constituted with proper balance of Executive Director, Non-Executive Director and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting. All decisions at Board Meetings and Committee Meetings are carried out unanimously as recorded in the minutes of the meetings of the Board of Directors or Committee of the Board, as the case may be.

I further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

I further report that during the audit period, there were no other events having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines etc. during the period under review except:

- (a) Sale/otherwise disposal of whole of plant and machinery of textiles division of the company at Kalpi Road Kanpur including licenses, permits, consents approval etc., as approved by shareholders empowering the Board of Directors.
- (b) Lock down owing to Covid-19 pandemic was declared on March 24<sup>th</sup> 2020, for six weeks and then from time to time in different parts of the Country, its impact may be known in next financial year 2020-2021.
- (c) The Company is engaged in Real Estate activities only.
- (d) Company has undertaken project under Affordable Housing (EWS) under revised UP Govt. Notification No. 2/2018/1132/Aath-1-18-106 Vividh/2018 dated 12.07.2018 under Pradhan Mantri Aawas Yojana and submitted bid with KDA in this connection. Application is pending for approval.
- (e) The Company has filed appeal against Order passed in 2018 in Hon'ble High Court of Delhi against long pending suit of 1990 for recovery of claim in favour of a private ltd. company amounting to Rs.41.27 lacs plus 18% interest

and cost of suit. Hon'ble High Court has issued stay in the said matter and directed for deposit of 2/3<sup>rd</sup> of the decretal amount with Registrar General, Delhi High Court.

For Banthia & Company  
Company Secretaries

Sd/-

G. K. Banthia (Proprietor)

Membership No. ACS 4933

C P No :1405

UDIN: A004933B000396885

Date: 30.06.2020

Place: Kanpur

This report is to be read with our letter of even date which is annexed as **Annexure A** and forms an integral part of this report.

**Annexure A**

To,

The Members

J. K. Cotton Ltd., Kamla Tower, Kanpur

Our report of even date is to be read along with this letter.

1. It is the responsibility of the management of the company to maintain secretarial record, devise proper systems to ensure compliance with the provisions of all the applicable laws and to ensure that the systems are adequate and operate effectively.

2. Our responsibility is to express an opinion on the secretarial records based on our audit.

3. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.

4. We have not verified the correctness and appropriateness of finance records and Books of Accounts of the company.

5. Wherever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.

Disclaimer:

6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

For Banthia & Company  
Company Secretaries

Sd/-

G. K. Banthia (Proprietor)

Membership No. ACS 4933

C P No :1405

UDIN: A004933B000396885

Date: 30.06.2020

Place: Kanpur

# J. K. Cotton Ltd.

## ANNEXURE C

### ANNUAL REPORT ON CSR ACTIVITIES

1. **A brief outline of the Company's CSR policy, including overview of projects or programs undertaken and a reference to the web-link to the CSR policy and projects or programs.**

The CSR Policy was approved by the Board of Directors at its Meeting held on 11<sup>th</sup> November, 2016 and has been uploaded on the Company's website.

Your Company is committed to spend a minimum of 2% of the average net profits for the immediately preceding three financial years on CSR activities. The Board of Directors of the Company through its CSR Committee will plan and monitor the expenditure of CSR activities. The Company's commitment to CSR will be manifested by investing resources in any of the areas enumerated in Schedule VII of the Companies Act, 2013.

The Company undertook the following projects during the year:

1. Eradicating hunger, poverty and malnutrition

The Web-link to projects or programs is <http://www.jkcotton.com/csr.html>.

The web link to the CSR Policy is  
[http://jkcotton.com/pdf/policies/CORPORATE%20SOCIAL%20RESPONSIBILITY%20POLICY%20\(1\).pdf](http://jkcotton.com/pdf/policies/CORPORATE%20SOCIAL%20RESPONSIBILITY%20POLICY%20(1).pdf).

2. **The Composition of the CSR Committee.**

- i. Dr. Krishna Behari Agarwal, Chairman
- ii. Shri Ashok Gupta, Member
- iii. Shri Jagannath Gupta, Member

3. **Average net profit of the Company for last three Financial Years i.e. FY 2016-17, FY 2017-18 & FY 2018-19.**

The average Net Profit for the last three years is Rs. 2.43 Crores.

4. **Prescribed CSR Expenditure (two percent of the amount as in item 3 above)**

Prescribed CSR Expenditure is two percent of the amount as in item 3 above i.e. Rs. 4,86,410/-. Hence, Rs. 4,86,410/- was required to be spent during the Financial Year 2019-20.

5. **Details of CSR spent during Financial Year**

- a. Total amount spent for the Financial Year: Rs. 4,90,000/-
- b. Amount unspent, if any: NIL
- c. Manner in which the amount spent during the financial year:

# J. K. Cotton Ltd.

(Rs. In Lacs)

1	2	3	4	5	6	7	8
Sr. No.	CSR Project or Activity identified	Sector in which the project is covered	Projects or programs 1. Local area or other 2. Specify the State and district where projects or programs was undertaken	Amount outlay (budget) project or program wise	Amount spent on the projects or programs Sub-heads: 1. Direct expenditure on projects or programs 2. Overheads	Cumulative Expenditure upto the reporting period	Amount Spent: Direct or through implementing agency
1	Eradicating hunger, poverty and malnutrition	Eradicating hunger, poverty and malnutrition, ["promoting health care including preventive health care"] and sanitation [including contribution to the Swach Bharat Kosh set-up by the Central Government for the promotion of sanitation] and making available safe drinking water.	Local area: UP, Kanpur Nagar District	2	Direct expenditure on projects or programs	2	Through Yati Sankalp Sansthan, Implementing Agency
2.	Eradicating hunger, poverty and malnutrition	Eradicating hunger, poverty and malnutrition, ["promoting health care including preventive health care"] and sanitation [including contribution to the Swach Bharat Kosh set-up by the Central Government for the promotion of sanitation] and making available safe drinking water.	Local area: UP, Kanpur Nagar District	3	Direct expenditure on projects or programs	2.90	Through Kanpur Parivartan Forum, Implementing Agency
Total				5		4.90	

**6. In case the company has failed to spend the two percent of the average net profit of the last three years or any part thereof, the company shall provide the reasons for not spending the amount:**

N/A; as the Company has spent two percent of the average net profit of the last three years and no part thereof remains unspent.

**7. Responsibility statement of the CSR Committee that the implementation and monitoring of the CSR Policy, is in compliance with CSR objectives and Policy of the company:**

The CSR Committee confirms that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and policy of the Company.

Sd/-  
Shri Yadupati Singhania  
Managing Director  
(DIN: 00050364)

Sd/-  
Shri Krishna Behari Agarwal  
Chairman, CSR Committee  
(DIN: 00374379)

# J. K. Cotton Ltd.

## INDEPENDENT AUDITOR'S REPORT

To the Members of J K COTTON LTD.

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the financial statements of J K COTTON LTD. ("the Company"), which comprise the balance sheet as at 31st March 2020, and the statement of Profit and Loss, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

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 Indian Accounting Standards prescribed under section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, and profit, changes in equity and its cash flows for the year ended on that date.

#### Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules there under, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Information Other than the financial statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in, Board's Report including Annexures to Board's Report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### Responsibility of Management for Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are also responsible for overseeing the company's financial reporting process.

#### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient

# J. K. Cotton Ltd.

and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

## Report on Other Legal and Regulatory Requirements

As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the "Annexure A" a

statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

As required by Section 143(3) of the Act, we report that:

We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

- a. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- b. The Balance Sheet, the Statement of Profit and Loss including other comprehensive income, statement of changes in Equity and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- c. In our opinion, the aforesaid financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act.
- d. On the basis of the written representations received from the directors as on 31st March, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2020 from being appointed as a director in terms of Section 164 (2) of the Act.
- e. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in Annexure B.
- f. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements. (Refer Note No.42)
  - ii. The Company did not have any long term contracts including derivative contracts for which there were any material foreseeable losses.
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For Gupta Vaish & Co.  
Chartered Accountants  
Registration Number: 005087C

Sd/-  
RAJENDRA GUPTA  
Partner

Date :30.06.2020  
Place : Kanpur

Membership Number: 073250  
UDIN20073250AAAAAX4113

# J. K. Cotton Ltd.

## ANNEXURE "A" TO THE INDEPENDENT AUDITORS' REPORT

Re: J.K.COTTON LIMITED

The Annexure referred to in our Independent Auditors' Report to the members of the Company on the financial statements for the year ended 31<sup>st</sup> March, 2020, We report that:

### 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 other than furniture and fixtures and office equipments.
- (b) The assets have been physically verified by the management during the year. No material discrepancies were noticed on such verification.
- (c) According to the information and explanation given to us and on the basis of our examination of the records of the company, the title deeds of the immovable properties are held in the name of the Company. However, the company does not hold title deeds of some lands, details given below:

Total No. of Cases:	13
Gross Block:	Rs. 3,80,67,756
Net Block:	Rs. 3,80,67,756

### ii. In respect of its Inventories:

As explained to us, inventories have been physically verified during the year by the management at reasonable intervals and discrepancies noticed on verification between physical stocks and the book records were not material.

- iii. In respect of loans, secured or unsecured, granted by the Company to Companies, firms or other parties covered in the register maintained under section 189 of the Companies Act 2013, according to the information and explanations given to us :

The Company has not granted any loan to Companies, firms or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Therefore, the provisions of the Companies (Auditor's Report) order, 2016, are not applicable to the company.

- iv. In our opinion and according to the information and explanations given to us, the company has complied with the provisions of section 185 and 186 of the Act, with respect to the loans and investment made.

- v. In our opinion and according to information and explanations given to us, the company has not accepted any deposits within the provisions of sections 73 to 76 or any other relevant provisions of the Companies Act, 2013, therefore, the provisions of paragraph 3(v) of the Companies (Auditor's Report) order, 2016, are not applicable to the company.

- vi. According to information and explanation given to us, maintenance of cost record pursuant to the rules made by the Central Government under sub section (1) of section 148 of the Companies Act, 2013 are not applicable to the company.

- vii. According to the information and explanations given to us, in respect of statutory and other dues:

- (a) The Company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income tax, sales tax, goods and services tax, service tax, duty of custom, duty of excise, value added tax, cess and any other statutory dues applicable to it.

According to the information and explanations given to us, no undisputed amounts payable in respect of Provident fund, Employees State Insurance, Income Tax, Sales Tax, goods and services tax, Service Tax, Duty of Custom, Duty of Excise, Goods and Services Tax, Value Added Tax, Cess and other material Statutory dues were in arrear as at 31<sup>st</sup> March, 2020 for a period more than six months from the date they became payable.

- (b) According to the records of the company, there are no cases of income tax, goods and services tax, service tax, duty of custom, duty of excise or value added tax which have not been deposited on account of any dispute.

- viii. As the company has no Loan outstanding from Financial institutions, Bank or Debenture holders at any time during the year, the provisions of the Companies (Auditor's Report) Order, 2016 are, therefore, not applicable to the company.

- ix. The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loan during the year. Accordingly, provisions of paragraph 3(ix) of the Companies (Auditor's Report) order, 2016, are not applicable to the company.

- x. According to the information and explanations given to us, no material fraud by the company or on the company by its officer or employees has been noticed or reported during the year.

- xi. According to the information and explanations given to us and based on our examination of the records of the company, the company has paid/provided for managerial remuneration in accordance with requisite approvals mandated by the provisions of section 197 read with schedule V to the Act.

- xii. In our opinion and according to the information and explanations given to us, the company is not a nidhi company. Therefore the provisions of paragraph 3 (xii) of the Companies (Auditor's Report) order, 2016, are not applicable to the company.

# J. K. Cotton Ltd.

xiii. According to the information and explanations given to us and based on our examination of the records of the company, transactions with the related parties are in compliance with section 177 and 188 of the Act, where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.

xiv. According to the information and explanations given to us and on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.

xv. According to the information and explanations given to us and based on our examination of the records of the company, the company has not entered into non-cash transactions with directors or persons connected with him, Therefore the provisions of paragraph 3 (xv) of the Companies (Auditor's Report) order, 2016, are not applicable to the company.

xvi. The company is not required to be registered under section 45 – IA of the Reserve Bank of India Act, 1934.

For Gupta Vaish & Co.  
Chartered Accountants  
Registration Number: 005087C

Sd/-  
RAJENDRA GUPTA  
Partner  
Membership Number: 073250

Date :30.06.2020  
Place : Kanpur

# J. K. Cotton Ltd.

## **ANNEXURE“B”TO THE INDEPENDENT AUDITORS REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF J. K. COTTON LIMITED**

### **Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)**

We have audited the internal financial controls over financial reporting of J.K.COTTON LIMITED (“the Company”) as of 31 March 2020 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

#### **Management’s Responsibility for Internal Financial Controls**

The Company’s management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India (“ICAI”). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### **Auditors’ Responsibility**

Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the “Guidance Note”) and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company’s internal financial controls system over financial reporting.

#### **Meaning of Internal Financial Controls over Financial Reporting**

A company’s internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

#### **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

#### **Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For Gupta Vaish & Co.  
Chartered Accountants  
Registration Number: 005087C

Date :30.06.2020  
Place : Kanpur

Sd/-  
RAJENDRA GUPTA  
Partner  
Membership Number: 073250

# J. K. Cotton Ltd.

## BALANCE SHEET AS AT 31ST MARCH, 2020

			As at		As at
I.	Note	<u>31.03.2020</u>	31.03.2020	(₹)	31.03.2019
ASSETS	No.	(₹)	(₹)	(₹)	(₹)
<b>(1) Non Current Assets</b>					
(a) Property, Plant and Equipment	1	90462398	251020401		380916
(b) Other Intangible Assets	2	367543	-		-
(c) Financial Assets					
(i) Investments	3	-	9492719		-
(ii) Others	4	9716092	-		-
(d) Deferred Tax Assets (net)	5	74320917	25123493		-
(e) Other Non Current Assets	6	-	-		-
		<u>174866950</u>	<u>286017529</u>		<u>286017529</u>
<b>(2) Current Assets</b>					
(a) Inventories	7	2134579869	1991723251		-
(b) Financial Assets					
(i) Investments	8	-	25962568		-
(ii) Trade Receivables	9	-	-		-
(iii) Cash and Cash Equivalents	10	34827503	41394874		-
(iv) Bank balances	11	231772478	145606259		-
(v) Others	12	8782528	7245789		-
(c) Current Tax Assets (Net)	13	16760543	15914425		-
(d) Other Current Assets	14	62793065	49942962		-
		<u>2489515986</u>	<u>2277790128</u>		<u>2277790128</u>
		<b><u>2664382936</u></b>	<b><u>2563807657</u></b>		<b><u>2563807657</u></b>
<b>II. EQUITY AND LIABILITIES</b>					
<b>(1) Shareholders' Funds</b>					
(a) Equity Share Capital	15	235777500	235777500		-
(b) Other Equity	16	251022106	279078780		-
		<u>486799606</u>	<u>514856280</u>		<u>514856280</u>
<b>(2) Non Current Liabilities</b>					
(a) Financial Liabilities					
(i) Borrowings	17	438172000	438172000		-
(b) Long Term Provisions	18	7442129	6510392		-
		<u>445614129</u>	<u>444682392</u>		<u>444682392</u>
<b>(3) Current Liabilities</b>					
(a) Financial Liabilities					
(i) Borrowings	19	-	20000000		-
(ii) Trade Payables	20	183488077	105351287		-
(iii) Other Financial Liabilities	21	52682763	52132508		-
(b) Other Current Liabilities	22	1495558361	1426703190		-
(c) Short term Provisions	23	240000	82000		-
		<u>1731969201</u>	<u>1604268985</u>		<u>1604268985</u>
		<b><u>2664382936</u></b>	<b><u>2563807657</u></b>		<b><u>2563807657</u></b>

Significant Accounting Policies &  
Notes on Financial Statements  
As per our Report attached

1 -44

For GUPTA VAISH & CO.,  
Chartered Accountants

Sd/-  
SONALI AGARWAL  
Chief Financial Officer

Sd/-  
YADUPATI SINGHANIA  
Chairman & Managing Director

Sd/-  
Partner  
Place : Kanpur  
Dated : 30th June,2020

Sd/-  
HARSHIT GUNANI  
Company Secretary

KRISHNA BEHARI AGARWAL  
ASHOK GUPTA  
JAGANNATH GUPTA

} Directors

# J. K. Cotton Ltd.

## PROFIT AND LOSS STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2020

	<u>Note</u>	<u>Year ended</u>	<u>Year ended</u>
	<u>No.</u>	<u>31.03.2020</u>	<u>31.03.2019</u>
		(₹)	(₹)
Revenue from operations	24	230829126	148457763
Other Income	25	30655898	27206251
<b>Total Income</b>		<b><u>261485024</u></b>	<b><u>175664014</u></b>
<b>Expenses</b>			
Changes in Inventories of Finished Goods, Work-In-Progress and Stock In Trade	26	(142856618)	(182861388)
Employee Benefits Expense	27	11694129	11108150
Finance Costs	28	18000000	18598368
Depreciation and Amortization Expense	29	2648775	1879754
Cost of Construction & Development Expenses	30	268974998	241976230
Other Expenses	31	51826012	65017054
<b>Total Expenses</b>		<b><u>210287296</u></b>	<b><u>155718168</u></b>
Profit/(Loss) Before Tax		51197728	19945846
Transfer from Capital Reserve		28319267	36993580
Profit/(Loss) Before Tax		<u>79516995</u>	<u>56939426</u>
Tax Expenses			
Current Tax		-	-
Deferred Tax (including MAT credit entitlement)		(49197423)	(28302977)
Profit/(Loss) for the year from continuing operations		<u>128714418</u>	<u>85242403</u>
Profit/(Loss) from discontinued operations	43	(127193723)	(40534329)
Profit/(Loss) for the year		<u>1520695</u>	<u>44708074</u>
Other Comprehensive Income			
A(i) Items that will be reclassified to profit or loss			
Fair Value change on Equity Instrument through Other Comprehensive Income		-	817102
B(ii) Items that will not be reclassified to profit or loss			
Re- measurement of defined benefits plan		(441000)	923000
Total comprehensive income for the year		<b><u>1079695</u></b>	<b><u>46448176</u></b>
Earning per Equity Share (for continuing operation)			
Basic & Diluted.		5.46	3.62
Earning per Equity Share (for discontinued operation)			
Basic & Diluted.		(5.39)	(1.72)
Earning per Equity Share of face value of Rs. 10/-each (for discontinued & continuing operations)			
Basic & Diluted.		0.06	1.90
Significant Accounting Policies & Notes on Financial Statements	1 -44		

For GUPTA VAISH & CO.,  
Chartered Accountants

Sd/-  
SONALI AGARWAL  
Chief Financial Officer

Sd/-  
YADUPATI SINGHANIA  
Chairman & Managing Director

Sd/-  
Partner  
Place : Kanpur

Sd/-  
HARSHIT GUNANI  
Company Secretary

KRISHNA BEHARI AGARWAL  
ASHOK GUPTA  
JAGANNATH GUPTA

} Directors

Dated : 30th June, 2020

# J. K. Cotton Ltd.

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2020

	<u>2019-20</u>	<u>2018-19</u>
	(₹)	(₹)
<b>A. Cash flow from operating Activities</b>		
Profit/(Loss) before Tax incl. loss from discontinued operations	<u>(47676728)</u>	<u>16405097</u>
Adjustments for:		
Adjustment of Capital Reserve	(28319267)	(36993580)
Depreciation	10487950	24727526
OCI adjustment	(441000)	923000
Loss on Sale of Fixed Assets	96810706	520062
Interest expenses	18000000	18598368
Profit on Sale of Assets	(89973)	-
Profit on sale of Investments	(1150727)	(145466)
Dividend Received	(186300)	(24840)
Interest income	<u>(15006007)</u>	<u>(13630843)</u>
<b>Operating Profit before Working Capital Changes</b>	<u>32428653</u>	<u>10379324</u>
(Increase)/Decrease in Inventories	(142856618)	(178590693)
(Increase)/Decrease in Trade receivables	-	153449
(Increase)/Decrease in Other financial assets	(223373)	10960518
(Increase)/Decrease in Other assets	(13260344)	(25092914)
Increase/(Decrease) in Trade Payables	78136790	19848445
Increase/(Decrease) in Other financial liabilities	550255	27286187
Increase/(Decrease) in Other liabilities	52655171	86936640
Increase/(Decrease) in provisions	1089737	(239434)
<b>Net Cash Flow from Operations</b>	<u>8520271</u>	<u>(48358478)</u>
Refund/ (Taxes Paid)	<u>(846118)</u>	<u>(2942047)</u>
<b>Net Cash From Operating Activities</b>	<u>7674153</u>	<u>(51300525)</u>
<b>B. Cash Flow from Investing Activities</b>		
Movement in fixed deposit	(86166219)	(51298925)
Purchase of Fixed Assets	(486558)	(8154897)
Purchase of Investments	-	(29000000)
Interest Income	13469268	11957164
Dividend Received	186300	24840
Sale of Investments	26296193	4000000
Sale of Fixed Assets	<u>54259492</u>	<u>107695540</u>
<b>Net Cash From Investing Activities</b>	<u>7558476</u>	<u>35223722</u>
<b>C. Cash Flow from Financing Activities</b>		
Proceeds/(Repayment) of Unsecured Loan	(20000000)	(20000000)
Interest paid	<u>(1800000)</u>	<u>(14898368)</u>
<b>Net Cash Used in Financing Activities</b>	<u>(21800000)</u>	<u>(34898368)</u>
Net Increase/(Decrease) in Cash & Cash equivalents	(6567371)	(50975171)
Opening Balance of Cash & Cash equivalents	41394874	92370045
Closing Balance of Cash & Cash equivalents	<u>34827503</u>	<u>41394874</u>

Note: 1. Cash and Cash Equivalents consist of cheques, drafts, balances with banks and deposits with original maturity of upto 3 months.

2. Reconciliation of cash and cash equivalents

<b>Cash and cash equivalent as per Note No.10</b>	<b>34827503</b>	<b>41394874</b>
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For GUPTA VAISH & CO.,  
Chartered Accountants

Sd/-  
**SONALI AGARWAL**  
Chief Financial Officer

Sd/-  
**YADUPATI SINGHANIA**  
Chairman & Managing Director

Sd/-  
Partner  
Place : Kanpur

Sd/-  
**HARSHIT GUNANI**  
Company Secretary

KRISHNA BEHARI AGARWAL }  
ASHOK GUPTA }  
JAGANNATH GUPTA }

Directors

Dated : 30th June, 2020

# J. K. Cotton Ltd.

## STATEMENT OF CHANGE IN EQUITY FOR THE YEAR ENDED 31st MARCH,2020

### A EQUITY SHARE CAPITAL

(Amount in Rs.)

Balance at the beginning of the Reporting Period i.e. 1st April, 2018	Changes in equity share capital during the year 2018-19	Balance at the end of the Reporting Period i.e. 31st March, 2019	Changes in equity share capital during the year 2019-20	Balance at the end of the Reporting Period i.e. 31st March, 2020
235777500	-	235777500	-	235777500

### B OTHER EQUITY

(Amount in ₹)

	Reserve and Surplus					Total
	Capital Reserve	Securities Premium Reserve	Retained Earnings	Equity Instrument through Other Comprehensive Income	Capital Redemption Reserve	
<b>As ON 31 MARCH 2019</b>						
Balance at the beginning of the reporting period i.e., 1st April, 2018	1223514704	20998650	(606871118)		3186800	<b>640829036</b>
Adjustment for Ind AS 115			(371204853)			
Profit/(Loss) for the year			44708074			
Transfer to profit and loss	(36993580)					
Other comprehensive income for the year			923000	817102		
Balance at the end of the reporting period i.e., 31st March, 2019	1186521124	20998650	(932444897)	817102	3186800	<b>279078779</b>

	Reserve and Surplus					Total
	Capital Reserve	Securities Premium Reserve	Retained Earnings	Equity Instrument through Other Comprehensive Income	Capital Redemption Reserve	
<b>As ON 31 MARCH 2020</b>						
Balance at the beginning of the reporting period i.e., 1st April, 2019	1186521124	20998650	(932444897)	817102	3186800	<b>279078779</b>
Profit/(Loss) for the year			1520695			
Transfer to profit and loss	(28319267)					
Other comprehensive income for the year			(441000)	(81702)		
Balance at the end of the reporting period i.e., 31st March, 2020	1158201857	20998650	(931365202)	-	3186800	<b>251022105</b>

# J. K. Cotton Ltd.

## NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020

### 1. PROPERTY, PLANT AND EQUIPMENT

Description of Assets	GROSS BLOCK			DEPRECIATION					NET BLOCK	
	As at 01.04.2018	Additions	Sale/ Adjustments	As at 31.03.2019	As at 01.04.2018	Sale/ Adjustments	For the Year	Impairment Loss	Upto 31.03.2019	As at 31.03.2019
	(₹)	(₹)	(₹)	(₹)	(₹)	(₹)	(₹)	(₹)	(₹)	(₹)
<b>Tangible Assets</b>										
Land	38067756	-	-	38067756	-	-	-	-	-	38067756
Buildings	84311216	-	-	84311216	42665084	-	1559702	-	44224786	40086430
Plant & Machinery*	843526429	3073621	194580547	652019503	552495485	86393327	2171248	19569000	487842406	164177097
Furniture & Fittings	9771417	76550	-	9847967	7187796	-	495164	-	7682960	2165007
Office Equipments	3650460	1094943	-	4745403	2825627	-	176471	-	3002098	1743305
Vehicles	3739130	3538006	63541	7213595	1809418	35159	658530	-	2432789	4780806
<b>Total</b>	<b>983066408</b>	<b>7783120</b>	<b>194644088</b>	<b>796205440</b>	<b>606983410</b>	<b>86428486</b>	<b>5061115</b>	<b>19569000</b>	<b>545185039</b>	<b>251020401</b>

Description of Assets	GROSS BLOCK			DEPRECIATION					NET BLOCK	
	As at 01.04.2019	Additions	Sale/ Adjustments	As at 31.03.2020	As at 01.04.2019	Sale/ Adjustments	For the Year	Impairment Loss	Upto 31.03.2020	As at 31.03.2020
	(₹)	(₹)	(₹)	(₹)	(₹)	(₹)	(₹)	(₹)	(₹)	(₹)
<b>Tangible Assets</b>										
Land	38067756	-	-	38067756	-	-	-	-	-	38067756
Buildings	84311216	-	-	84311216	44224786	-	1559701	-	45784487	38526729
Plant & Machinery*	652019503	496127	619812649	32702981	487842406	469011398	6614631	-	25445639	7257342
Furniture & Fittings	9847967	100592	-	9948559	7682960	-	1240187	-	8923147	1025412
Office Equipments	4745403	116295	-	4861698	3002098	-	97307	-	3099405	1762293
Vehicles	7213595	-	929926	6283669	2432789	750952	778966	-	2460803	3822866
<b>Total</b>	<b>796205440</b>	<b>713014</b>	<b>620742575</b>	<b>176175879</b>	<b>545185039</b>	<b>469762350</b>	<b>10290792</b>	<b>-</b>	<b>85713481</b>	<b>90462398</b>

### 2. OTHER INTANGIBLE ASSETS

Description of Assets	GROSS BLOCK			DEPRECIATION					NET BLOCK	
	As at 01.04.2018	Additions	Sale/ Adjustments	As at 31.03.2019	As at 01.04.2018	Sale/ Adjustments	For the Year	Impairment Loss	Upto 31.03.2019	As at 31.03.2019
	(₹)	(₹)	(₹)	(₹)	(₹)	(₹)	(₹)	(₹)	(₹)	(₹)
<b>Intangible Assets</b>										
Computer Software	5365234	371777	-	5737011	5258684	-	97411	-	5356095	380916
<b>Total</b>	<b>5365234</b>	<b>371777</b>	<b>-</b>	<b>5737011</b>	<b>5258684</b>	<b>-</b>	<b>97411</b>	<b>-</b>	<b>5356095</b>	<b>380916</b>

Description of Assets	GROSS BLOCK			DEPRECIATION					NET BLOCK	
	As at 01.04.2019	Additions	Sale/ Adjustments	As at 31.03.2020	As at 01.04.2019	Sale/ Adjustments	For the Year	Impairment Loss	Upto 31.03.2020	As at 31.03.2020
	(₹)	(₹)	(₹)	(₹)	(₹)	(₹)	(₹)	(₹)	(₹)	(₹)
<b>Intangible Assets</b>										
Computer Software	5737011	183785	-	5920796	5356095	-	197158	-	5553253	367543
<b>Total</b>	<b>5737011</b>	<b>183785</b>	<b>-</b>	<b>5920796</b>	<b>5356095</b>	<b>-</b>	<b>197158</b>	<b>-</b>	<b>5553253</b>	<b>367543</b>

NOTE: The company does not hold title deeds of thirteen (13) cases of land of which gross block is Rs. 38067756 and net block is Rs. 38067756

# J. K. Cotton Ltd.

	<b>As at 31.03.2020</b>	<b>As at 31.03.2019</b>
<b>NON CURRENT ASSETS</b>		
<b>3. <u>Non Current Investments</u></b>		
a) <u>In Equity Shares - Unquoted fully paidup</u> -2070 Bonus Equity shares of Accurate Finman Services Ltd.	-	-
	<u>-</u>	<u>-</u>
<b>4. <u>Other Non Current Financial Assets</u></b>		
Fixed Deposits	9716092	9492719
	<b>9716092</b>	<b>9492719</b>
4.1 Fixed Deposits Rs. 9716092 (Previous Year Rs.9492719) pledged with Bank towards Bank Guarantee for EPCG Licence		
<b>5 <u>Deferred Tax (Net)</u></b>		
a <sub>1</sub> ) <u>Deferred Tax Liability</u> Difference between Net Book Value of Depreciable Capital Assets As per Books vis-à-vis Written Down Value As Per Income Tax	(3822137)	(43617120)
a <sub>2</sub> ) <u>Deferred Tax Asset</u> Item Under The Income Tax Act Which Will Be Allowed On Actual Payment	6498066	6261400
Unabsorbed Losses	67994988	58829213
	<u>70670917</u>	<u>21473493</u>
b) MAT credit entitlement	3650000	3650000
	<b>74320917</b>	<b>25123493</b>
<b>6 <u>Other Non Current Assets</u></b>		
a) Capital Advances		
Considered Good	-	-
Doubtful	-	45921
	<u>-</u>	<u>45921</u>
Less: Provision for Doubtful Advances	-	45921
	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>
<b>CURRENT ASSETS</b>		
<b>7 <u>Inventories</u></b>		
a) Work In Progress - Real Estate	2134579869	1991723251
	<b>2134579869</b>	<b>1991723251</b>
<b>8 <u>Investments</u></b> <b><u>IN MUTUAL FUNDS- UNQUOTED:</u></b> <b>(At fair value through Other Comprehensive Income)</b>		
SBI Liquid Mutual Fund	-	25962568
<b>Total Aggregate Value of Unquoted Investments</b>	<u>-</u>	<b>25962568</b>
<b>Aggregate Value of Investments measured at FVTOCI</b>	-	25962568
<b>9 <u>Trade Receivables</u></b>		
<b>Unsecured</b>		
Considered Good*	-	-
Credit Impaired	-	12101129
	<u>-</u>	<u>12101129</u>
Less: Allowance for Credit Impaired	-	12101129
	<u>-</u>	<u>-</u>
<b>10 <u>Cash and Cash equivalent</u></b>		
a) Balances with Banks		
In Current Account	24038889	19015350
In Fixed Deposit	10202350	21600912
b) Cash on Hand	586264	778612

# J. K. Cotton Ltd.

J. K. Cotton Ltd.

	34827503	41394874
<b>11 <u>Balance with Banks</u></b>		
a) Balance In Fixed Deposits with Bank	231772478	145606259
	<b>231772478</b>	<b>145606259</b>
10.1 Fixed Deposits of Rs.1342433 (Previous Year 1169816) pledged with Bank towards Bank Guarantee to Pollution Control Board.....		
<b>12 <u>Other Current Financial Assets</u></b>		
a) Interest accrued on FDR with Banks	8782528	7245789
	<b>8782528</b>	<b>7245789</b>
<b>13 <u>Current Tax Assets (Net)</u></b>		
a) Advance Tax & TDS (net of provision)	13028126	13058847
b) Income Tax Recoverable	3732417	2855578
	<b>16760543</b>	<b>15914425</b>
<b>14 <u>Other Current Assets</u></b>		
a) Prepaid Expenses	400664	225600
b) Deposits	31565384	14546463
c) Income Receivable	1424217	570239
d) Input Tax Credit under GST	14759323	25318269
e) Others Loans & Advances		
Considered Good	14643477	9282391
Doubtful	-	246882
	14643477	9529273
Less: Provision for Doubtful Advances	-	246882
	14643477	9282391
	<b>62793065</b>	<b>49942962</b>

# J. K. Cotton Ltd.

<b>15. <u>SHARE CAPITAL</u></b>	<b>As at <u>31.03.2020</u> (₹)</b>	<b>As at <u>31.03.2019</u> (₹)</b>
<b><u>AUTHORISED :</u></b>		
24500000	Equity shares of ₹ 10/- each	245000000
4525000	6% Non Cumulative Redeemable Preference Shares of ₹ 100/- each	452500000
25000	8.5% Non Cumulative Redeemable Preference Shares of ₹ 100/- each	2500000
		<b><u>700000000</u></b>
<b><u>ISSUED, SUBSCRIBED AND PAID-UP</u></b>		
23577750	Equity shares of ₹ 10/- each	235777500
		<b><u>235777500</u></b>

(a) The reconciliation of the number of Equity shares outstanding is set out below :-

Shares at the beginning of the year	23577750	23577750
Shares at the end of the year	23577750	23577750

(b) Details of Shareholders holding more than 5% Shares of the Company:-

	<b><u>31.3.2020</u></b>	<b><u>31.3.2019</u></b>
<b><u>Equity Shares</u></b>	<b><u>% of Holding</u></b>	<b><u>% of Holding</u></b>
	<b>No of Shares</b>	<b>No of Shares</b>
1. M/s Yadu International Ltd.	7.30	7.30
2. Smt. Sushila Devi Singhania	8.04	8.04
3. Mrs. Kavita Singhania	9.97	9.97
4. Mr. Yadupati Singhania	28.57	28.57
5. M/s Jaykay Enterprises Ltd.	40.34	40.34

# J. K. Cotton Ltd.

	As at <b><u>31.03.2020</u></b>	As at <b><u>31.03.2019</u></b>
	(₹)	(₹)
<b>16. <u>OTHER EQUITY</u></b>		
<u>Capital Reserve</u>		
Balance at the beginning of the year	1186521124	1223514704
Less: Transfer to Profit Loss Statement	28319267 *	36993580 *
Balance at the end of the year	<u>1158201857</u>	<u>1186521124</u>
<u>Capital Redemption Reserve</u>		
Balance at the end of the year	3186800	3186800
<u>Share Premium Account</u>		
Balance at the end of the year	20998650	20998650
<u>Retained Earnings</u>		
Balance at the beginning of the year	(932444896)	(606871117)
Less: Effect of Ind AS 115	-	(371204853)
Add : Re-measurement of defined benefits Plan (OCI)	(441000)	923000
Add : Profit for the year	1520695	44708074
Balance at the end of the year	<u>(931365201)</u>	<u>(932444896)</u>
<u>Other Comprehensive Income</u>		
Balance at the beginning of the year	817102	-
Add: Fair Value change on Equity Instrument through Other Comprehensive Income	(817102)	817102
Balance at the end of the year	<u>-</u>	<u>817102</u>
	<b><u>251022106</u></b>	<b><u>279078780</u></b>

\* Transfer pertains to the Area for which Sale Deed executed during the year.

## **Notes to Other Equity**

16.1) Capital Reserve on Revaluation of land was created at the time of revaluation of land (stock in trade) .This reserve is utilized at the time of sale of land under Income Tax Act.

16.2) Capital Redemption Reserve was created out of profits in earlier years at the time of redemption of redeemable preference shares .This reserve can be utilized in accordance with the provisions of the Companies Act, 2013.

16.3) Share Premium Account represents the amount received in excess of face value of shares issued in earlier years.

16.4) Retained Earnings represents the cumulative loss of the Company and effect of re-measurement of defined obligations.

16.5) Other Comprehensive Income (OCI), represents the fair value changes of specified items which will be reclassified to Profit and Loss Account in future years.

# J. K. Cotton Ltd.

	<b>As at 31.3.2020 (₹)</b>	<b>As at 31.3.2019 (₹)</b>
<b>NON CURRENT LIABILITIES</b>		
<b>17. Borrowings</b>		
a) 4381720,6% Non Cumulative Redeemable Preference Shares of ₹ 100/- each	438172000	438172000
	<b><u>438172000</u></b>	<b><u>438172000</u></b>
17.1 6% Non Cumulative Redeemable Preference shares of ₹ 15,72,000/- issued on 24.08.2016 for a term of 5 years due for redemption on 24.08.2021 . 6% Non Cumulative Redeemable Preference shares of ₹ 43,66,00,000/- issued on 12.01.2018 are redeemable at the option of Board at any time not later than 20 years from the date of allotment.		
17.2 Directors have decided not to pay any Dividend on Preference and on Equity Shares during the year.		
<b>18. Long Term Provisions</b>		
a) Gratuity	5336129	4726978
b) Leave Encashment	2106000	1783414
	<b><u>7442129</u></b>	<b><u>6510392</u></b>
<b>CURRENT LIABILITIES</b>		
<b>FINANCIAL LIABILITIES</b>		
<b>19. Borrowings</b>		
<b>Unsecured</b>		
a) From Related Party	-	20000000
	<u>-</u>	<b><u>20000000</u></b>
<b>20. Trade Payables</b>		
a) Micro and Small Enterprises	-	-
b) Others	183488077	105351287
	<b><u>183488077</u></b>	<b><u>105351287</u></b>
<b>21. Other Current Financial Liabilities</b>		
a) Other Payables	52661763	52111508
b) Unclaimed Preference Shares (Redemption Money)	21000	21000
	<b><u>52682763</u></b>	<b><u>52132508</u></b>
Other payables include employees liabilities, expenses payable, etc.		
<b>22. Other Current Liabilities</b>		
a) Advance from Customers	1200500298	1162924637
b) Deposits	291960473	260370266
c) Others	3097590	3408287
	<b><u>1495558361</u></b>	<b><u>1426703190</u></b>
<b>23. Short Term Provisions</b>		
a) Gratuity	16000	7000
b) Leave Encashment	224000	75000
	<b><u>240000</u></b>	<b><u>82000</u></b>

# J. K. Cotton Ltd.

	Year Ended <b>31.03.2020</b>	Year Ended <b>31.03.2019</b>
<b>24. Revenue from Operations</b>	(₹)	(₹)
a) Revenue from Real Estate	230829126	148457763
	<b>230829126</b>	<b>148457763</b>
<b>25. Other Income</b>		
a) Interest on Fixed Deposits	14714166	13327778
b) Dividend received	186300	24840
c) Rent	14803027	13332986
d) Miscellaneous Receipt	489792	520647
e) Profit on Sale of Fixed Assets	303	-
f) Sundry Sales	462310	-
	<b>30655898</b>	<b>27206251</b>
<b>26. Changes in Inventories of Finished Goods, Work-In-Progress and Stock in Trade</b>		
(a) <u>Inventories at the end of the year</u>		
Work-in-Progress (Real Estate)	2134579869	1991723251
<b>Total (a)</b>	<b>2134579869</b>	<b>1991723251</b>
(b) <u>Inventories at the beginning of the year</u>		
Work-in-Progress (Real Estate)*	1991723251	1808861863
<b>Total (b)</b>	<b>1991723251</b>	<b>1808861863</b>
<b>Total (b-a)</b>	<b>(142856618)</b>	<b>(182861388)</b>
* Note: Previous year includes opening adjustments on transition to Ind AS 115		
<b>27. Employee Benefits Expense</b>		
a) Salaries and Wages	10233411	9964916
b) Contribution to Provident and other Funds	959560	851828
c) Staff welfare expenses	501158	291406
	<b>11694129</b>	<b>11108150</b>
<b>28. Finance Cost</b>		
a) Interest Expenses	18000000	18598368
	<b>18000000</b>	<b>18598368</b>
<b>29. Depreciation &amp; Amortisation Expense</b>		
a) Depreciation on tangible assets	2451617	1782343
b) Amortisation on intangible assets	197158	97411
	<b>2648775</b>	<b>1879754</b>

# J. K. Cotton Ltd.

<b>30. <u>Land Development &amp; Construction Expenses</u></b>	<b>Year Ended 31.03.2020</b>	<b>Year Ended 31.03.2019</b>
	(₹)	(₹)
Employee Cost	10096740	6647321
Cement	1984992	7802590
Steel	340403	25106788
Sewage & pipes	786200	1899660
Course Sand , Grit & Bricks	141724	2899115
Tiles, Marble, Pavers & Granite	1389697	10464346
Contractor Charges	142880358	143936699
<b>Less: Amt against cement and TMT bars issued</b>	-	(25623239)
Electric Sub Station Expenses	7906340	4774502
Site electrification expenses	11126129	4343432
Electricity consump. & electric install. charges	-	22712
EWS/LIG construction expenses	94784	218630
RERA Exp.	263500	178583
Sample & Model Expenses	2909011	2543695
Landscape Design	1298000	-
MEP Consultancy Services	4526958	1185521
Professional charges	13841229	4406636
Project Consultancy Management	27042768	7000000
Engineering Consultancy	2223522	-
Testing Charges	548075	33576
Freight	-	488471
Building Construction Expenses – Misc.	3319218	-
Gardening & Horticulture Expenses	4223334	2576183
Security Expenses	6932	5729
Telephone Expenses	1522270	1237006
Park equipment & Developments	4916293	-
Prayer Hall Expenses	143497	5800294
Badminton & Basket Ball Court Expenses	662587	916157
Party Lawn Expenses (18%)	(68,252)	1248339
Villa Expenses	-	7925992
Mapsanction expenses	166251	2017302
Compounding fees	5291150	3224812
Other Misc. Expenses	4557122	3129881
Architectural Services	9617843	9646880
Bricks Cleaning Charges	712245	4472905
Establishment Expenses	4504078	1445712
	<b><u>268974998</u></b>	<b><u>241976230</u></b>

# J. K. Cotton Ltd.

<b>31. Other Expenses</b>	<b>31.03.2020</b>	<b>31.03.2019</b>
	(₹)	(₹)
<u>Administration &amp; Sundry Expenses</u>		
Rent	214000	588000
Rates & Taxes	1189014	1239203
Insurance	283682	203872
Travelling & Conveyance	988692	669271
Directors' Fees	267000	275000
Remuneration to Auditors:		
As Audit Fee	236000	200000
As Tax Audit Fee	59000	50000
CSR Expenditure	490000	1142949
Other Expenses	26950955	35034587
	<u>30678343</u>	<u>39402882</u>
 <u>Selling &amp; Distribution Expenses</u>		
Advertisement & Publicity	8347934	7626535
Commission on Sale	12542123	14535246
Selling Expenses	257612	3452391
	<u>21147669</u>	<u>25614172</u>
	<u>51826012</u>	<u>65017054</u>

# J. K. Cotton Ltd.

32. Balances of personal accounts of Trade Receivable, Trade Payables, Deposits, Loans and Advances are subject to confirmation and reconciliation.
33. Based on the information available with the Company there are no dues payable to suppliers as defined under the Micro, Small and Medium Enterprises Development Act, 2006.
34. Impairment losses, as per Ind AS 36 issued by the Institute of Chartered Accountants of India have been accounted for to the extent possible of identification.

35. Earnings per share (EPS)

	<b>2019-20</b>	<b>2018-19</b>
	(₹) in lakhs	(₹) in lakhs
(a) Net Profit/ (Loss)	15.21	447.08
(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 Rs. 10/- each	0.06	1.90

36. Disclosure in terms of Ind AS-19 are as follows:

- a) Defined contribution plan  
Contribution to defined contribution plan recognized as expenses for the year 2019-2020 are as under:

Employer's contribution to provident fund	9,86,007/-	8,79,051/-
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- 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>₹ in Lakhs</b>			
	<b>Gratuity unfunded</b>		<b>Leave Encashment unfunded</b>	
	<b>2019-20</b>	<b>2018-19</b>	<b>2019-20</b>	<b>2018-19</b>
<b>A Profit &amp; Loss (P&amp;L)</b>				
1. Current service cost	3.16	2.51	2.52	3.10
2. Past Service Cost – plan amendments	0.00	0.00	0.00	0.00
3. Curtailment Cost / (credit)	0.00	0.00	0.00	0.00
4. Service Cost	3.16	2.51	2.52	3.10
5. Net Interest on net defined benefit liability / (asset)	3.18	14.04	1.32	1.17
6. Immediate recognition of (gains)/losses	0.00	0.00	2.36	(0.32)
7. Cost recognized in P&L	6.34	16.55	6.20	3.95
<b>B Other Comprehensive Income (OCI)</b>				
1. Actuarial (gain)/loss due to DBO experience	2.07	(9.50)	0.84	(0.48)
2. Actuarial (gain)/loss due to DBO assumption changes	2.34	0.27	1.52	0.16
3. Actuarial (gain)/loss arise during period	4.41	(9.23)	2.36	(0.32)
4. Actuarial (gains)/losses recognized in OCI	4.41	(9.23)	0.00	0.00

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## C Defined Benefit Cost

1. Service Cost	3.16	2.51	2.52	3.10
2. Net Interest on net defined benefit liability / (asset)	3.18	14.04	1.32	1.17
3. Actuarial (gains)/losses recognized in OCI	4.41	(9.23)	0.00	0.00
4. Immediate recognition of (gains)/losses	0.00	0.00	2.36	(0.32)
5. Defined Benefit Cost	10.75	7.32	6.20	3.95

## D Development of Net Balance Sheet Position

1. Defined Benefit Obligation (DBO)	(191.90)	(187.72)	(23.30)	(18.59)
2. Fair Value of Plan Assets (FVA)	0.00	0.00	0.00	0.00
3. Funded Status [Surplus/(deficit)]	(191.90)	(187.72)	(23.30)	(18.59)
4. Net Defined Benefit Asset/(Liability)	(191.90)	(187.72)	(23.30)	(18.59)

## E Change in Defined Benefit Obligation (DBO)

1. DBO at end of prior period	187.72	193.86	18.59	16.56
2. Current Service Cost	3.16	2.51	2.52	3.10
3. Interest cost on the DBO	3.18	14.04	1.32	1.17
4. Curtailment (credit)/ cost	0.00	0.00	0.00	0.00
5. Past Service cost – plan amendments	0.00	0.00	0.00	0.00
6. Actuarial (gain)/loss - experience	2.07	(9.50)	0.84	(0.48)
7. Actuarial (gain)/loss – financial assumptions	2.34	0.27	1.52	0.16
8. Benefits paid directly by the Company	(6.57)	(13.46)	(1.49)	(1.92)
9. DBO at end of current period	191.90	187.72	23.30	18.59

## F Actuarial Assumptions

1. Discount rate	6.60%	7.40%	6.60%	7.40%
2. Expected rate of return on plan assets	N/A	N/A	N/A	N/A
3. Mortality	Indian Assured Lives Mortality (2006-08 ) (modified) Ult		Indian Assured Lives Mortality (2006-08 ) (modified) Ult	
4. Turnover	1% of all ages		1% of all ages	
5. Salary Escalator	5%	5%	5%	5%
6. Maximum Limit	₹ 20 lakhs	₹ 20 lakhs		

## 37. RELATED PARTY DISCLOSURES:

- (a) Key management personnel and their Relatives
- i) Shri Yadupati Singhania - Chairman & Managing Director
  - ii) Ms. Sonali Agarwal - Chief Financial Officer
  - iii) Shri Harshit Gunani – Company Secretary
  - iv) Smt. Sushila Devi Singhania – Relative of MD

# J. K. Cotton Ltd.

- (b) Others Director's and their Relatives
- (i) Shri Nidhipati Singhania - Director
  - (ii) Dr. Krishna Behari Agarwal – Director
  - (iii) Shri Ashok Gupta – Director
  - (iv) Dr. Jagannath Gupta – Director
  - (v) Shri Krishna Das Gupta – Director
  - (vi) Shri Padam Kumar Jain – Director
  - (vii) Shri Ravindra Kumar Tandon – Director
  - (viii) Smt. Kalpana Singhania – Relative of Director
  - (ix) Shri Ramapati Singhania – Relative of Director

- (b) Enterprises significantly influenced by Key Management Personnel or their Relatives:-
- i) Jaykay Enterprises Ltd.
  - ii) J.K. Cement Ltd.
  - iii) Uttar Pradesh Cricket Association

Related Parties relationship as identified by the company and relied upon by the Auditors.  
Following are the transactions with related parties:

Details of transactions are as follows:	<u>2019-20</u> ₹	<u>2018-19</u> ₹
i) Jaykay Enterprises Ltd.		
a) Rent paid	2,02,000	7,20,000
b) Others	29,500	29,500
ii) J.K. Cement Ltd.		
a) Rent received(Including Goods and Services Tax)	32,10,600	29,05,410
b) Purchase of Cement	2,091	59,736
iii) Uttar Pradesh Cricket Association		
a) Rent & Maintenance Charges received	65,92,320	64,27,120
iv) Key management personnel & their Relatives		
a) Shri Yadupati Singhania		
• Loan Received		
Balance at the beginning of the year	2,00,00,000	4,00,00,000
Loan paid during the year	2,00,00,000	2,00,00,000
Balance at the end of the year	-	2,00,00,000
• Rent Paid	39,996	39,996
b) Smt. Sushila Devi Singhania		
Rent paid	20,004	20,004
c) Shri Nidhipati Singhania		
Rent paid	20,004	20,004
d) Smt. Kalpana Singhania		
Rent paid	19,992	19,992
e) Shri Ramapati Singhania		
Rent paid	20,004	20,004
f) Ms. Sonali Agarwal		
Remuneration including PF	9,45,300	7,48,020
g) Shri Harshit Gunani		
Remuneration including PF	7,30,920	5,66,520
h) Sitting Fees to other directors	2,67,000	2,75,000

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**38. Approval of Financial Statements:**

The financial statements were approved for issue by the Board of Directors on 30<sup>th</sup> June, 2020.

39. The operation of the company remained closed in the month of March, 2020 due to national wise lockdown declared / announced by Government of India because of COVID 19 outbreak. The impact of COVID-19 may impact the underlying assumption and estimates used to prepare the company's financial statements which may differ from that considered at the time of approval of these financial statements but have no impact on the assumption relating to going concern.

40. The Government of India on September 20, 2019, vide the Taxation Law (Amendment) Ordinance 2019, inserted a new section 115BAA in the Income Tax Act, 1961, which provides domestic companies a non-reversible option to pay Corporate tax at reduced rate effective, April 1 2019, subject to certain conditions. The company is continuing to provide for income tax at old rates based on the available unutilized minimum alternative tax credit.

41. Previous year figures have been regrouped/rearranged/restated wherever necessary.

**42. Contingent Liabilities**

- (i) Claims against the company not acknowledged as debts - Amount unascertainable.
- (ii) As per Notification of the Payment of Bonus (Amendment) Act, 2015 dt. 31.12.15, minimum Bonus payment has been increased with retrospective effect from 1<sup>st</sup> April, 2014. No provision has been made by the Company for differential amount of Bonus amounting to ₹ 19,21,013/- for the F.Y. 2014-15 as Hon'ble High Court stayed the Notification from its retrospective effect.
- (iii) A Recovery suit being Civil Suit No. 613850/16 was filed by Mr. Rakesh Bhasin, Director of M/s. Hitads Pvt. Ltd. against the Company for recover of outstanding amount of Rs. 74,59,021/- and the same was inter-alia contested on the ground that JK Cotton is sick company. The matter was pending for a long time and was only recently decided vide Judgement dated 24.12.18 in favour of the Plaintiff i.e. M/s Hitads Pvt. Ltd. and it was held entitled to recover a sum of Rs. 41.27 Lakhs Approx. with interest (pending litigation and future) @ 18% p.a. + cost of litigation. But we filed a appeal before the Hon'ble High Court Delhi and the matter was taken up for admission of the appeal on 7.5.2019 before the Hon'ble Justice Mr. V. Kameswar Rao. After Hearing both the parties the Court was pleased to stay the order of trial court dated 24.12.2018 and ordered us to deposit 2/3rd of the decretal amount i.e. Rs. 1,69,19,580/- with Registrar General, Delhi High Court in Demand Draft.

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## 43. Statement of Profit and Loss for Discontinuing Operations:

Statement of Profit & Loss of discontinued operation of Textile business for the period 01<sup>st</sup> April 2019 to 31st March 2020 is as under:

PARTICULARS	Note	2019-20 (₹)	2018-19 (₹)
Other Income	43.1	21,50,248	94,98,815
<b>Total Revenue</b>		<b>21,50,248</b>	<b>94,98,815</b>
<b>Expenses</b>			
Employee Benefits Expense	43.2	69,87,926	70,59,563
Depreciation, Impairment Loss and Amortisation Expense	43.3	78,39,175	2,28,47,772
Other Expenses	43.4	11,45,16,870	2,01,25,809
<b>Total Expenses</b>		<b>12,93,43,971</b>	<b>5,00,33,144</b>
Loss Before Tax		(12,71,93,723)	(4,05,34,329)
Loss for the period from discontinuing operations		<b>(12,71,93,723)</b>	<b>(4,05,34,329)</b>
<b>43.1 Other Income</b>			
a) Interest		2,91,841	3,03,065
b) Provision for doubtful debts written back		-	1,83,463
c) Profit on sale of Investment		11,50,727	1,45,466
d) Miscellaneous Receipt		57,500	-
e) Other Non Operating Income :			6,31,994
Profit on Sale of Fixed Assets		89,670	-
Sundry Sales		5,60,510	88,66,821
		<b>21,50,248</b>	<b>94,98,815</b>
<b>43.2 Employee Benefits Expense</b>			
a) Salaries and Wages		61,00,427	61,73,640
b) Contribution to Provident and other Funds		4,19,665	4,69,650
c) Staff welfare expenses		4,67,834	4,16,273
		<b>69,87,926</b>	<b>70,59,563</b>
<b>43.3 Depreciation, Impairment Loss &amp; Amortisation Expense</b>			
a) Depreciation on tangible assets		78,39,175	32,78,772
b) Impairment Loss on tangible assets		-	1,95,69,000
		<b>78,39,175</b>	<b>2,28,47,772</b>
<b>43.4 Other Expenses</b>			
a) Consumption of Stores & Spares			
b) Power & Fuel			
c) Sundry Manufacturing Expenses			
d) Repairs & Maintenance			
e) Administration & Sundry Expenses			
Rent		1,68,000	3,12,000
Rates & Taxes		53,22,462	15,53,104
Insurance		5,80,625	5,55,921
Travelling & Conveyance		5,06,115	4,16,118
Bad Debts/Advances Write off		1,23,93,932	-
Less: Provision for Doubtful Debts written back		(1,23,93,932)	-
Loss on sale of Fixed Assets		9,68,10,706	5,20,062
Other Expenses		1,11,28,962	2,01,25,809
		<b>11,45,16,870</b>	<b>2,01,25,809</b>

# J. K. Cotton Ltd.

## Note 44: COMPANY INFORMATION AND SIGNIFICANT ACCOUNTING POLICIES

### Reporting Entity

J.K.Cotton Limited is a company domiciled in India and limited by shares. (U17111UP1924PLC000275). The address of the company's registered office is Kamla Tower, Kanpur-208001. The company is engaged in the business of the Real Estate Activities.

### 44.1 Basis of preparation

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015.

### 44.2 Current and non-current Classification

The Company presents assets and liabilities in the Balance Sheet based on current/ non-current classification. An asset is treated as current when:

- (a) it expects to realise the asset, or intends to sell or consume it, in its normal operating cycle;
- (b) it holds the asset primarily for the purpose of trading;
- (c) it expects to realise the asset within twelve months after the reporting period; or
- (d) the asset is cash or a cash equivalent (as defined in Ind AS 7) unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period. All other assets are classified as non-current.

An entity shall classify a liability as current when:

- (a) It expects to settle the liability in its normal operating cycle;
- (b) It holds the liability primarily for the purpose of trading;
- (c) The liability is due to be settled within twelve months after the reporting period; or
- (d) It does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification. All other liabilities are classified as non-current.

### 44.3 Revenue recognition

#### 44.3.1 Sales revenue

1 Revenue from the sale of Textiles goods is recognised when all the following conditions have been satisfied:

- (a) the entity has transferred to the buyer the significant risks and rewards of ownership of the goods;
- (b) the entity retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;

- (c) the amount of revenue can be measured reliably;
- (d) It is probable that the economic benefits associated with the transaction will flow to the entity; and
- (e) the costs incurred or to be incurred in respect of the transaction can be measured reliably.

### 2 Revenue from Sale of Real Estate

The Company recognises revenue from contracts with customers when it satisfies a performance obligation by transferring promised good or service to a customer. The revenue is recognised to the extent of transaction price allocated to the performance obligation satisfied. Performance obligation is satisfied over time when the transfer of control of asset (good or service) to a customer is done over time and in other cases, performance obligation is satisfied at a point in time. For performance obligation satisfied over time, the revenue recognition is done by measuring the progress towards complete satisfaction of performance obligation. The progress is measured in terms of a proportion of actual cost incurred to-date, to the total estimated cost attributable to the performance obligation.

Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes, levies or duties collected on behalf of the government/ other statutory bodies.

The taxes, levies or duties are not considered to be received by the Company on its own account and are excluded from net revenue.

#### 44.3.2 Interest

Interest income is recognised using the Effective Interest Method.

#### 44.3.3 Dividend

Dividend income from investments is recognised when the rights to receive payment is established.

#### 44.3.4 Other Claims

Other claims (including interest on delayed realization from customers) are accounted for, when there is certainty of realisation.

### 44.4 Leases

A **finance lease** is a lease that transfers substantially all the risks and rewards incidental to ownership of an asset. Title may or may not eventually be transferred.

An **operating lease** is a lease other than a finance lease.

#### 44.4.1 Company as a lessor

**Operating leases** Lease income from operating leases (excluding amounts for services such as insurance and maintenance) is recognised in income on a straight-line basis over the lease term, unless either:

- (a) another systematic basis is more representative of the time pattern in which use benefit derived from the leased asset is diminished, even if the payments to the lessors are not on that basis; or

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(b) the payments to the lessor are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases. If payments to the lessor vary according to factors other than inflation, then this condition is not met. .

Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as lease income.

**Finance leases** Amounts due from lessees under finance leases are recorded as receivables at the Company's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the net investment outstanding in respect of the lease.

#### 44.5 Property, Plant and Equipment (PPE)

Land is carried at historical cost. Historical cost includes expenditure which are directly attributable to the acquisition of the land like, rehabilitation expenses, resettlement cost etc.

After recognition, an item of all other Property, plant and equipment are carried at its cost less any accumulated depreciation and any accumulated impairment losses under Cost Model. The cost of an item of property, plant and equipment comprises:

(a) its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates.

(b) any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

(c) the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which an entity incurs either when the item is acquired or as a consequence of having used the item during a particular period for purposes other than to produce inventories during that period.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item depreciated separately. However, significant part(s) of an item of PPE having same useful life and depreciation method are grouped together in determining the depreciation charge.

Costs of the day to-day servicing described as for the 'repairs and maintenance' are recognised in the statement of profit and loss in the period in which the same are incurred.

#### Subsequent Measurement

Subsequent cost of replacing parts of an item of property, plant and equipment are recognised in the carrying amount of the item, if it is probable that future economic benefits associated with the item will flow to the Company; and the cost of the item can be measured

reliably. The carrying amount of those parts that are replaced is derecognised in accordance with the de recognition policy mentioned below.

When major inspection is performed, its cost is recognised in the carrying amount of the item of property, plant and equipment as a replacement if it is probable that future economic benefits associated with the item will flow to the Company; and the cost of the item can be measured reliably. Any remaining carrying amount of the cost of the previous inspection (as distinct from physical parts) is derecognised.

An item of Property, plant or equipment is derecognised upon disposal or when no future economic benefits are expected from the continued use of assets. Any gain or loss arising on such de recognition of an item of property plant and equipment is recognised in profit and Loss.

#### Depreciation

Depreciation on property, plant and equipment, except freehold land, is provided on straight line method based on useful life specified in schedule II to the Companies Act, 2013. The residual value of Property, plant and equipment is considered as 5% of the original cost of the asset.

Depreciation on the assets added / disposed of during the year is provided on pro-rata basis with reference to the month of addition / disposal.

Capital Expenses incurred by the company on construction/development of certain assets which are essential for production, supply of goods or for the access to any existing Assets of the company are recognised as Enabling Assets under Property, Plant and Equipment.

#### Impairment of Assets

The Company assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost and FVOCI debt instruments. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

With regard to trade receivable, the Company applies the simplified approach as permitted by Ind AS 109, Financial Instruments, which requires expected lifetime losses to be recognised from the initial recognition of the trade receivables.

The Company assesses at the end of each reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or

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groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

## Transition to Ind AS

The company elected to continue with the carrying value as per cost model (for all of its property, plant and equipment as recognised in the financial statements as at the date of transition to Ind AS (01-04-2017) , measured as per the previous GAAP.

## Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation (calculated on a straight-line basis over their useful lives) and accumulated impairment losses, if any.

Internally generated intangibles, excluding capitalised development costs, are not capitalised. Instead, the related expenditure is recognised in the statement of profit or loss and other comprehensive income in the period in which the expenditure is incurred. The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets with finite lives are amortised over their useful economic lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit or loss.

An intangible asset with an indefinite useful life is not amortised but is tested for impairment at each reporting date.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit or loss

Cost of Software recognized as intangible asset, is amortised on straight line method over a period of legal right to use or three years, whichever is less; with a nil residual value.

## 44.6 Investment Property

Property (land or a building or part of a building or both) held to earn rentals or for capital appreciation or both, rather than for, use in the production or supply of goods or services or for administrative purposes; or sale in the

ordinary course of businesses are classified as investment property.

Investment property is measured initially at its cost, including related transaction costs and where applicable borrowing costs.

Investment properties are depreciated using the straight-line method over their estimated useful lives.

## 44.7 Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

### 44.7.1 Financial assets

#### 44.7.1 Initial recognition and measurement

All financial assets are recognised initially at fair value, in the case of financial assets not recorded at fair value through profit or loss, plus transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

#### 44.7.2 Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Debt instruments at amortised cost
- Debt instruments at fair value through other comprehensive income (FVTOCI)
- Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVTPL)
- Equity instruments measured at fair value through other comprehensive income (FVTOCI)

#### 44.7.2.1 Equity investments in associates

In accordance of Ind AS 101 (First time adoption of Ind AS), the carrying amount of these investments as per previous GAAP as on the date of transition is considered to be the deemed cost. Subsequently Investment in subsidiaries, associates and joint ventures are measured at cost.

#### 44.7.2.2 Other Equity Investment

All other equity investments in scope of Ind AS 109 are measured at fair value through profit or loss.

For all other equity instruments, the Company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Company makes such election on an instrument by-

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instrument basis. The classification is made on initial recognition and is irrevocable.

If the Company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to P&L, even on sale of investment. However, the Company may transfer the cumulative gain or loss within equity.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the P&L.

#### 44.7.2.3 Derecognition of Financial Assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Company's consolidated balance sheet) when:

- The rights to receive cash flows from the asset have expired, or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

#### 44.7.2.4 Impairment of financial assets

The Company assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost and FVOCI debt instruments. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

With regard to trade receivable, the Company applies the simplified approach as permitted by Ind AS 109, Financial Instruments, which requires expected lifetime losses to be recognised from the initial recognition of the trade receivables.

The Company assesses at the end of each reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

#### 44.7.3 Financial liabilities

##### 44.7.3.1 Initial recognition and measurement

The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

##### 44.7.3.2 Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

##### 44.7.3.3 Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risks are recognized in OCI. These gains/ loss are not subsequently transferred to P&L. However, the

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Company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the statement of profit or loss. The Company has not designated any financial liability as at fair value through profit and loss.

#### 44.7.4 Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

#### 44.8 Borrowing Costs

Borrowing costs are expensed as incurred except where they are directly attributable to the acquisition, construction or production of qualifying assets i.e. the assets that necessarily takes substantial period of time to get ready for intended use, in which case they are capitalised as part of the cost of those asset up to the date when the qualifying asset is ready for its intended use.

#### 44.9 Taxation

Tax expenses for the period comprises current and deferred tax. Tax is recognised in statement of Profit and Loss, except to the extent that it relates to items recognised in the comprehensive income or in equity. In which case, the tax is also recognised in other comprehensive income or equity.

**Current Tax:** Current Tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and laws that are enacted at the Balance Sheet date.

**Deferred Tax:** Deferred Tax recognised on temporary difference between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates( and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The carrying amount of Deferred tax liabilities and assets are reviewed at the end of each reporting period.

#### 44.10 Employee Benefits

##### (i) Short term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

##### (ii) Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided. The company has following defined contribution plans:

- a) Provident fund
- b) Superannuation scheme

##### (iii) Defined benefit plans

The company net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the company, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Re measurement of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in Other Comprehensive Income. Net interest expense (income) on the net defined liability (assets) is computed by applying the discount rate, used to measure the net defined liability (asset), to the net defined liability (asset) at the start of the financial year after taking into account any changes as a result of contribution and benefit payments during the year. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The company recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

The company has following defined benefit plans:

##### a) Gratuity

The company provides for its gratuity liability based on actuarial valuation of the gratuity liability as at the Balance Sheet date, based on Projected Unit Credit Method, carried out by an independent actuary and contributes to the gratuity fund. The contributions made are recognized as plan assets. The defined benefit obligation as reduced by fair value of plan assets is recognized in the Balance Sheet. Re-

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measurements are recognized in the Other Comprehensive Income, net of tax in the year in which they arise.

## b) Leave Encashment

Leave encashment is payable to eligible employees at the time of retirement. The liability for leave encashment, which is defined benefit scheme, is provided on actuarial valuation as at the Balance Sheet date, based on projected unit credit method, carried out by the independent actuary.

## 44.11 Foreign Currency Transactions

The company's reported currency and the functional currency for majority of its operations is in Indian Rupees (INR) being the principal currency of the economic environment in which it operates.

Transactions in foreign currencies are converted into the reported currency of the company using the exchange rate prevailing at the transaction date. Monetary assets and liabilities denominated in foreign currencies outstanding at the end of the reporting period are translated at the exchange rates prevailing as at the end of reporting period. Exchange differences arising on the settlement of monetary assets and liabilities or on translating monetary assets and liabilities at rates different from those at which they were translated on initial recognition during the period or in previous financial statements are recognised in statement of profit and loss in the period in which they arise.

Non-monetary items denominated in foreign currency are valued at the exchange rates prevailing at the transaction date.

## 44.12 Inventories

- i) Inventories Textiles are valued “**at cost or net realizable value**”, whichever is lower. Cost comprises all cost of purchase, cost of conversion and other costs incurred in bringing in inventories to their present location and condition.
- ii) First in First out (FIFO) is followed for determination of cost.
- iii) Real estate inventory converted into stock in trade is stated at conversion value based on its fair market valuation and development expenses incurred therefore.

## 44.13 Cash and Cash Equivalents

Cash and Cash Equivalents in the Balance Sheet comprises cash at Bank and on hand and short term deposits with an original maturity of 3 months or less, which are subject to an insignificant risk of changes in value

## 44.14 Provisions, Contingent Liabilities &Contingent Assets

Provisions are recognized when the company has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

All provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future uncertain events not wholly within the control of the company, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

Contingent Assets are not recognised in the financial statements. However, when the realisation of income is virtually certain, then the related asset is not a contingent asset and its recognition is appropriate.

## 44.15 Earnings per share

Basic earnings per share are computed by dividing the net profit after tax by the weighted average number of equity shares outstanding during the period. Diluted earnings per shares is computed by dividing the profit after tax by the weighted average number of equity shares considered for deriving basic earnings per shares and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares.

## 44.16 Judgements, Estimates and Assumptions

The preparation of the financial statements in conformity with Ind AS requires management to make estimates, judgements and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of financial statements and the amount of revenue and expenses during the reported period. Applications of accounting policies involving complex and subjective judgements and the use of assumptions in these financial statements have been disclosed. Accounting estimates could change from period to period. Actual results could differ from those estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimate are recognised in the period in which the estimates are revised and, if material, their effects are disclosed in the notes to the financial statements.

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## 44.16.1 Judgements

In the process of applying the Company's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the consolidated financial statements:

### 44.16.1.1 Formulation of Accounting Policies

Accounting policies are formulated in a manner that result in financial statements containing relevant and reliable information about the transactions, other events and conditions to which they apply. Those policies need not be applied when the effect of applying them is immaterial.

In the absence of an Ind AS that specifically applies to a transaction, other event or condition, management has used its judgement in developing and applying an accounting policy that results in information that is:

- a) relevant to the economic decision-making needs of users and
- b) reliable in that financial statements:
  - (i) represent faithfully the financial position, financial performance and cash flows of the entity;
  - (ii) reflect the economic substance of transactions, other events and conditions, and not merely the legal form;
  - (iii) are neutral, i.e. free from bias;
  - (iv) are prudent; and
  - (v) are complete in all material respects on a consistent basis.

In making the judgement management refers to, and considers the applicability of, the following sources in descending order:

- (a) the requirements in Ind ASs dealing with similar and related issues; and
- (b) the definitions, recognition criteria and measurement concepts for assets, liabilities, income and expenses in the Framework.

In making the judgement, management considers the most recent pronouncements of International Accounting Standards Board and in absence thereof those of the other standard-setting bodies that use a similar conceptual framework to develop accounting standards, other accounting literature and accepted industry practices, to the extent that these do not conflict with the sources in above paragraph.

### 44.16.1.2 Materiality

Ind AS applies to items which are material. Management uses judgment in deciding whether individual items or groups of item are material in the financial statements. Materiality is judged by reference to the size and nature of the item. The deciding factor is whether omission or misstatement could individually or collectively influence the economic decisions that users make on the basis of the financial statements. Management also uses

judgement of materiality for determining the compliance requirement of the Ind AS. In particular circumstances either the nature or the amount of an item or aggregate of items could be the determining factor. Further an entity may also be required to present separately immaterial items when required by law.

### 44.16.1.3 Operating lease

Company has entered into lease agreements. The Company has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a major part of the economic life of the commercial property and the fair value of the asset, that it retains all the significant risks and rewards of ownership of these properties and accounts for the contracts as operating leases.

## 44.16.2 Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

### 44.16.2.1 Impairment of non-financial assets

There is an indication of impairment if, the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. Company considers individual PPE as separate cash generating units for the purpose of test of impairment. The value in use calculation is based on a DCF model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

### 44.16.2.2 Taxes

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

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## 44.16.2.3 Defined benefit plans

The cost of the defined benefit gratuity plan and other post-employment medical benefits and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates.

Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. The parameter most subject to change is the discount rate. In determining the appropriate discount rate for plans operated in India, the management considers the interest rates of government bonds in currencies consistent with the currencies of the post-employment benefit obligation.

## 44.16.2.4 Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the DCF model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments

## 44.17 Abbreviation used:

a.	CGU	Cash generating unit
b.	DCF	Discounted Cash Flow
c.	FVTOCI	Fair value through Other Comprehensive Income
d.	FVTPL	Fair value through Profit & Loss
e.	GAAP	Generally accepted accounting principal
f.	Ind AS	Indian Accounting Standards
g.	OCI	Other Comprehensive Income
h.	P&L	Profit and Loss
i.	PPE	Property, Plant and Equipment