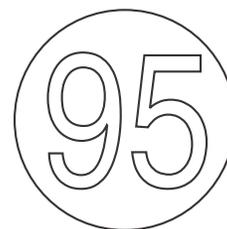




# J. K. COTTON LIMITED

## ANNUAL REPORT 2017-2018



## J. K. COTTON LIMITED

### BOARD OF DIRECTORS :

	DIN
SHRI YADUPATI SINGHANIA ( <i>Chairman &amp; Managing Director</i> )	00050364
SHRI NIDHIPATI SINGHANIA	00171211
SMT. VARSHA SINGHANIA	01646846
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

### BANKERS :

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

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### 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 95TH ANNUAL GENERAL MEETING

Notice is hereby given that the 95th Annual General Meeting of J.K.Cotton Limited will be held on Friday, the 10th August, 2018 at 12:00 Noon at Auditorium of Dr. Gaur Hari Singhania Institute of Management & Research, Kamla Nagar Kanpur-208 005 to transact the following business:-

1. To receive, consider and adopt the Financial Statements of the Company for the Financial Year ended 31st March, 2018 and the Reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Smt.Varsha Singhania (DIN 01646846), who retires by rotation and being eligible, offers herself for re-appointment.

By Order of the Board of Directors

For J. K. Cotton Limited

HARSHIT GUNANI

Company Secretary

Place : Kanpur

Dated : 23rd May, 2018

### NOTES:

1. **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.**

**A person can act as proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than ten percent of the total share capital of the Company. A Member holding more than ten percent of total share capital of the company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.**

**The instrument of proxy in order to be effective, should be deposited in the enclosed Proxy Form at the Registered Office of the Company, duly completed and signed not less than 48 hours before the time fixed for the meeting. Proxies submitted on behalf of the Companies, Societies etc. must be supported by an appropriate resolution/authority as applicable.**

2. A Corporate Member intending to send its authorised representatives to attend the Meeting in terms of Section 113 of the Companies Act, 2013 is requested to send to the company a certified copy of the Board Resolution authorizing such representative to attend and vote on its behalf at the Meeting.
3. No Special Business is to be conducted in this Annual General Meeting. Hence, Explanatory Statement pursuant to Section 102(1) of the Companies Act, 2013, setting out the material facts is not annexed hereto.

4. The Register of Members and Share Transfer Books of the Company will remain closed from Friday, 3rd August, 2018 to Friday, 10th August, 2018 (both days inclusive).
5. Members/Proxies/Authorised Representatives are requested to bring the attendance slips duly filled in for attending the Meeting. Members who hold shares in dematerialised form are requested to write their client ID and DP ID numbers and those who hold shares in physical form are requested to write their Folio Number in the attendance slip for attending the Meeting.
6. 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.
7. **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.**
8. Members are requested to bring their copies of the Annual Report, as copies of the Report will not be re-distributed at the Meeting. Annual Report is also available in the Financial Reports section on the website of the company at <http://jkcotton.com/financial-reports.html>.
9. Any query relating to financial statements must be sent to the company's Registered Office at least seven days before the date of the Meeting.
10. **The Ministry of Corporate Affairs has taken 'Green Initiative in the Corporate Governance' by allowing paperless compliances by the Companies and has issued circulars stating that service of notice/documents including Annual Report can be sent by e-mail to its members. In this regard we solicit your cooperation to update our databank. Members are requested to intimate their e-mail address, contact telephone number, PAN and Bank Account details at any of our e-mail address viz. (a) [rc.srivastava@jkcement.com](mailto:rc.srivastava@jkcement.com), (b) [harshit@jkcotton.com](mailto:harshit@jkcotton.com).**
11. With a view to serving the Members better and for administrative convenience, an attempt would be made to consolidate multiple folios. Members who hold shares in identical names and in the same order of names in more than one folio are requested to write to the company to consolidate their holdings in one folio.
12. Members who still hold share certificates in physical form are advised to dematerialise their shareholding to avail the benefits of dematerialisation, which include electronic transfer, savings in stamp duty and elimination of any possibility of loss of documents and bad deliveries.

# J. K. Cotton Ltd.

13. Members can avail of the nomination facility by filing Form SH-13, as prescribed under Section 72 of the Companies Act, 2013 and Rule 19(1) of the Companies (Share Capital and Debentures) Rules, 2014, with the company. Blank forms will be supplied on request.
14. During the period beginning 24 hours before the time fixed for the commencement of Meeting and ending with the conclusion of the Meeting, a Member would be entitled to inspect the proxies lodged at any time during the business hours of the company. All documents referred to in the Notice are open for inspection at the Registered Office of the company on all working days of the company during business hours upto the date of the Annual General Meeting and at the venue of the Meeting for the duration of the Meeting.
15. A Route map to the venue of AGM is provided at the end of the Notice as per the requirements of the Secretarial Standard-2 on "General Meeting"

## Instructions for the voting through electronic means

In compliance with the provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company is pleased to provide members the facility of exercising their right to vote electronically on the items mentioned in this Notice. Necessary arrangements have been made by the Company with Central Depository Services (India) Limited (CDSL) to facilitate e-voting from a place other than venue of Annual General Meeting ('AGM') ("remote e-voting"). The detailed procedure is mentioned in this notice. The remote e-voting is optional and members shall have the option to vote either through remote e-voting or in person at the Annual General Meeting through ballot or polling paper.

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 i.e. 3rd August, 2018 only shall be entitled to avail the facility of remote e-voting/ voting through ballot or polling paper at the Meeting.

## The instructions for shareholders voting electronically are as under:

- (i) The voting period begins on 7th August, 2018 (9.00 a.m.) and ends on 9th August, 2018 (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 3rd August, 2018 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) Shareholders who have already voted prior to the meeting date would not be entitled to vote at the meeting venue.
- (iii) The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).
- (iv) Click on Shareholders.
- (v) Now Enter your User ID  
For CDSL: 16 digits beneficiary ID,  
For NSDL: 8 Character DP ID followed by 8 Digits Client ID,

Members holding shares in Physical Form should enter Folio Number registered with the Company.

- (vi) Next enter the Image Verification as displayed and Click on Login.
- (vii) 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 voting of any company, then your existing password is to be used.
- (viii) If you are a first time user follow the steps given below:

For Members holding shares in Demat Form and Physical Form	
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> <ul style="list-style-type: none"> <li>• 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 given at the top/beginning of the address slip (posted on envelope).</li> <li>• 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.</li> </ul>
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> <ul style="list-style-type: none"> <li>• 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).</li> </ul>

- (ix) After entering these details appropriately, click on "SUBMIT" tab.
- (x) Members holding shares in physical form will then directly reach the Company selection screen. However, members 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.
- (xi) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.

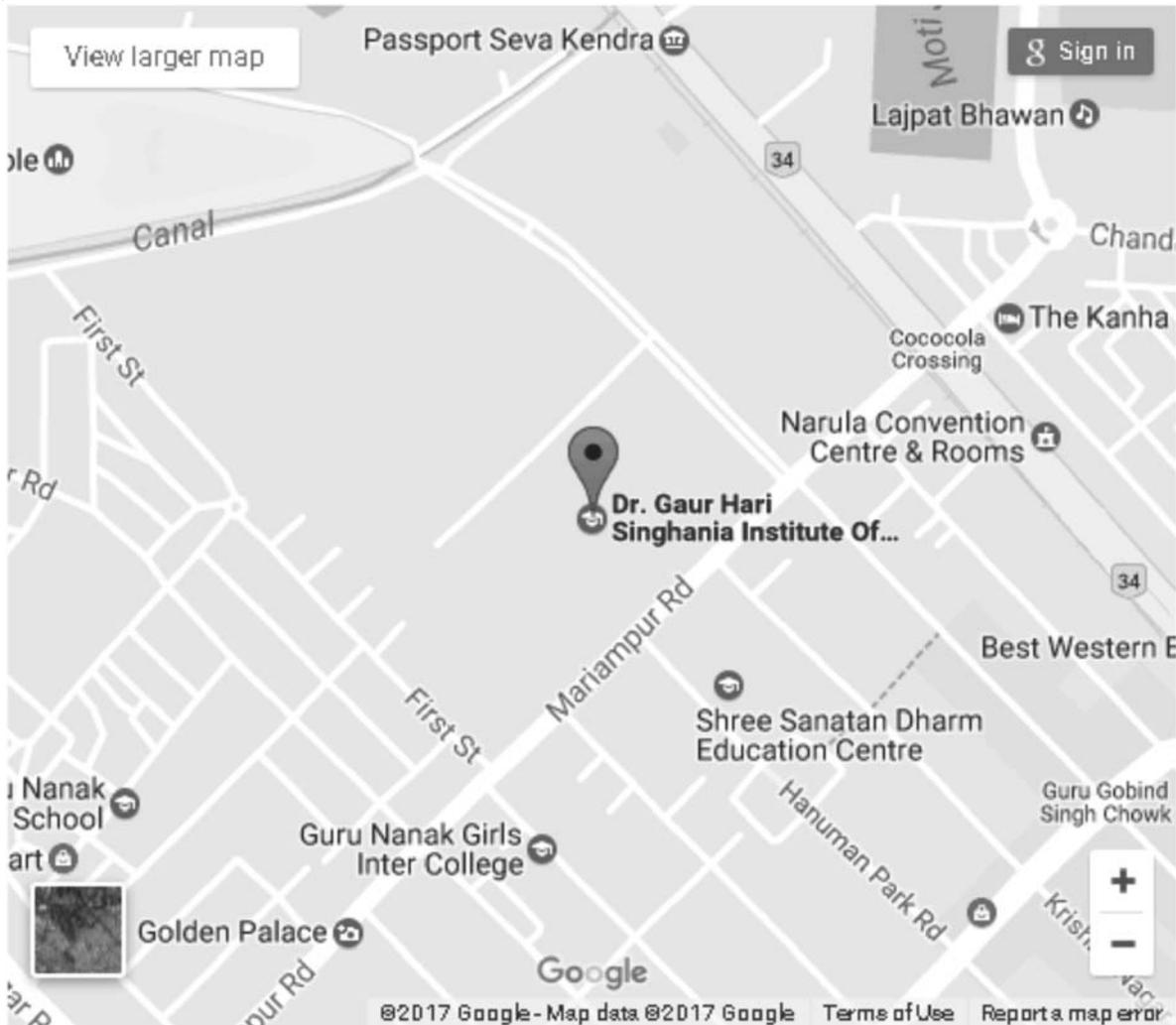
# J. K. Cotton Ltd.

- (xii) Click on the EVSN for the relevant <Company Name> on which you choose to vote.
- (xiii) 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.
- (xiv) Click on the “RESOLUTIONS FILE LINK” if you wish to view the entire Resolution details.
- (xv) 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.
- (xvi) Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.
- (xvii) You can also take a print of the votes cast by clicking on “Click here to print” option on the Voting page.
- (xviii) 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.
- (xix) Note for Non – Individual Shareholders and Custodians  
Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves as Corporates.
  - 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.
- (xx) 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).
- (xxi) The Company has appointed M/s. Banthia & Co., (Prop. Mr.G.K.Banthia) of Kanpur, Practicing Company Secretaries (C.P.No. 1405) as the Scrutinizer for conducting the e-voting process in fair and transparent manner.
- (xxii) A copy of this notice has been placed on the website of the Company and on the website of CDSL.
- (xxiii) 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. 3rd August, 2018.
- (xxiv) 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.
- (xxv) The poll process shall be conducted and scrutinized and report thereon will be prepared in accordance with Section 109 of the Companies Act, 2013 read with the Companies (Management and Administration) Rules, 2014.
- (xxvi) The results shall be declared on or after the Annual General Meeting of the company and shall be deemed to be passed on the date of Annual General Meeting. The results alongwith the Scrutinizer’s Report shall be placed on the website of the company i.e. [www.jkcotton.com](http://www.jkcotton.com) within 2 days of passing of the resolutions at the Annual General Meeting of the company.

# J. K. Cotton Ltd.

MAP SHOWING VENUE OF ANNUAL GENERAL MEETING OF J. K. COTTON LIMITED

VENUE: Auditorium of Dr. Gaur Hari Singhania Institute of Management & Research, Kamla Nagar Kanpur-208 005



# J. K. Cotton Ltd.

## DIRECTORS' REPORT

TO THE MEMBERS,

The Directors are pleased to present their 95th Annual Report together with the Audited Financial Statements of the Company for the Financial Year ended 31st March, 2018.

### 1. FINANCIAL RESULTS

	2017-18 ₹/Lacs	2016-17 ₹/Lacs
Sales	5708.40	8106.34
Profit/(Loss) before Finance		
Cost and Depreciation	2732.30	1228.24
Finance Cost	(180.00)	(1875.09)
Profit/(Loss) before Depreciation	2552.30	(646.85)
Depreciation	(14.81)	(455.33)
Net Profit/(Loss) Before Tax	2537.49	(1102.18)
Transfer from Capital Reserve	522.00	906.19
Net Profit/(Loss) Before Tax	3059.49	(195.99)
Add : Tax Expenditure (Incl. Def. Tax & Tax adjustment of earlier years)	(680.41)	221.24
Profit/(Loss) from continuing operations	2379.08	25.25
Profit/(Loss) from discontinued operations	(2405.53)	—
Profit/(Loss) for the period	(26.45)	25.25
Other Comprehensive Income	17.89	72.30
Total Comprehensive Profit/(Loss)	(8.56)	97.55

The Company incurred a Net Loss of ₹ 0.08 crores (compared to a profit of ₹ 0.98 crores in the previous year). In view of carried forward losses, the Directors are unable to recommend dividend.

### 2. STATE OF AFFAIRS OF THE COMPANY

#### A. Textile Unit

The operations of Textile unit have incurred continued losses and with no improvement in the operations, which were further affected due to direction of Central Pollution Control Board (CPCB). Hence, Northern India Textile Research Association (NITRA), a recognized body in Textiles was engaged by the Company to undertake a techno-economic viability study of the mill. In its report, NITRA stated that the unit is not viable with the existing set of circumstances and it was advised not to make investments in the existing unit.

The production activity in the plant remained suspended and the Company surrendered its industrial power. Necessary intimation of closure of Textile Mill was given to the Authorities and all other necessary formalities were completed on 3rd Feb, 2018. As the machinery could not be put to any productive use, accordingly it was decided to dispose off the plant and machinery of the Textile Division. Required approval u/s 180(1)(a) for sale of plant and machinery of Textile Division of the Company situated at 84/50, Kalpi Road, Kanpur was obtained vide Postal Ballot, result whereof was declared on 3rd January, 2018.

#### B. Real Estate Division

As you are already aware, the Company had under taken real estate project by the name of Emerald Gulistan at Jajmau, Kanpur. Subsequent to the development of residential plots as per approved plan, Phase-I of Emerald Gulistan Project had been completed in March, 2017 and completion certificate for the plotted development phase in "Emerald Gulistan"

township has been obtained vide Letter No. 17/39/Bhawan/14-15 dated 14.07.2016 issued by Kanpur Development Authority. Company has also completed construction of 45 LIG and 45 EWS houses and has obtained completion certificate from Kanpur Development Authority.

During the year, the Company continued focusing on booking and sales of unsold plots in Phase-I of the project. The Company has also started construction of Independent Floors on few plots of Phase-I and is planning to launch Affordable Group Housing Schemes in the next phases of the project.

Meanwhile, the Company 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. The Company had submitted its proposal with the State Government for which proposals were approved by the Government. The Detailed Project Reports; Comprehensive Project Reports and Drawings for both the projects have been submitted to the Government through Kanpur Development Authority. Application for change in land use from industrial to residential for both the projects have also been submitted to the Principal Secretary, Housing & Urban Planning, UP Govt. for their approval.

### 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. EXTRACT OF ANNUAL RETURN

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, Smt. Varsha Singhania, Director will retire by rotation at the forthcoming Annual General Meeting and being eligible offer herself for re-appointment.

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

### 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, 2018, Six Board Meetings were held on the following dates:-

- a) 18th May, 2017
- b) 10th August, 2017

# J. K. Cotton Ltd.

- c) 03rd October, 2017      d) 13th November, 2017  
e) 12th January, 2018      f) 12th February, 2018

## 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. 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 and the Board is obtained for the transactions which are of a foreseen and repetitive nature. The transactions entered into pursuant to the omnibus approval so granted are audited and a statement giving details of all related party transactions is placed before the Audit Committee and the Board of Directors for their approval on a quarterly basis.

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. There were no material related party transactions i.e. transactions exceeding ten percent of annual turnover as per the last audited financial statements entered into during the year. 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.

## 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 94th Annual General Meeting in pursuance of section 139(2) of the Companies Act, until the conclusion of 99th Annual General Meeting. The said appointment was subject to ratification by shareholders at each annual general meeting to be held thereafter. However, due to recent amendments in the Companies Act, 2013 the aforesaid requirement of ratification by shareholders at each annual general meeting is no longer required.

13.3 No frauds were found and hence none were reported by auditors under sub-section (12) of section 143.

## 14. SECRETARIAL AUDITOR

The Board has appointed M/s. Banthia & Co, Practising Company Secretaries (Prop. Mr. G.K.Banthia) of Kanpur, to conduct Secretarial Audit for the Financial Year 2018-19. The Secretarial Audit Report for the financial year ended March 31, 2018 is annexed to this Report. The Secretarial Audit Report does not contain any qualification, reservation or adverse remark. (See Annexure B)

## 15. SECRETARIAL STANDARDS

The Directors have devised proper systems to ensure compliance with the provisions of all applicable Secretarial Standards and that such systems are adequate and operating effectively.

## 16. 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

# J. K. Cotton Ltd.

of internal financial controls and suggests improvement for strengthening them, from time to time.

## 17. 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.

## 18. 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.

## 19. 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.

## 20. PUBLIC DEPOSITS

Your Company has not accepted any deposits from public/shareholders in accordance with Section 73 of the Companies Act, 2013 read with Companies (Acceptance of Deposits) Rules, 2014.

## 21. 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 impacting the going concern status and company's operations in future.

## 22. REMOVAL OF NAME OF EXCLUSIVELY LISTED COMPANIES FROM DISSEMINATION BOARD OF BSE AND NSE

Your Company was earlier listed on Delhi Stock Exchange (DSE) and Uttar Pradesh Stock Exchange (UPSE). Delhi Stock Exchange (DSE) was de-recognised as Stock Exchange by SEBI vide its order dated 19.11.2014. The Uttar Pradesh Stock Exchange (UPSE) also ceased to be a Stock Exchange. Therefore the listing agreements with the said Stock Exchanges came to an end and the securities ceased to be listed and were transferred to dissemination board of BSE and NSE vide aforesaid order dated 19.11.14.

In pursuance of SEBI Circular dated 17.04.2015, an exit opportunity has been provided vide Exit offer dated 11.01.2016 to public shareholders from Shri Yadupati Singhania, Promoter of J. K. Cotton Limited from 20.01.2016 to 19.01.2017. In terms of SEBI Circular dated October 10, 2016, those shareholders who could not offer their shares under exit offer were given an opportunity to do so on or before 18.01.2018 at 5.30 PM at the same price i.e. Rs. 12.09/- per share.

Upon completion of Exit Offer, application was made to BSE and NSE for removal of name of Company from their respective Dissemination Board. Consequently, BSE vide its notice no. 20180301-27 dated 01 Mar 2018 and NSE vide its circular no. 0479/2018 dated April 27, 2018 removed the name of Company from Dissemination Board. As on date, the shares of the Company are not listed on any stock exchange.

## 23. SEXUAL HARASSMENT OF WOMEN 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. 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 13.11.2017.

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

## 24. GENERAL SHAREHOLDERS INFORMATION

**Annual General Meeting:** Date /Time: Friday, the 10th August, 2018 at 12.00 Noon.

**Venue:** Auditorium of Dr. Gaur Hari Singhania Institute of Management & Research, Kamla Nagar Kanpur-208 005.

**Date of Book Closure:** Friday, 3rd August, 2018 to Friday, the 10th August, 2018. (Both Days Inclusive)

**Depository Details:** The equity shares of the Company are admitted in NSDL and ISIN No. "INE088U01015" has been allotted to the Company. Hence, the equity shares of the Company can be dematerialized by the shareholders. 2,24,58,247 Equity Shares of face value of Rs. 10/- each representing 95.25% of the paid up Equity Capital of the Company have been dematerialized till 31.03.2018.

**Registrar/Transfer Agent:** M/s Jaykay Enterprises Ltd. having its Registered Office at Kamla Tower, Kanpur is Registrar/Transfer Agent of the Company, who provides all services for Share registry in physical as well as demat segment.

**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

## 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. Smt. Varsha Singhania, Member

The Annual Report on CSR activities is annexed herewith as "Annexure C". The reasons for not spending the sum of two percent of the average net profit of the last three years or any part thereof towards CSR expenditure is that the said sum is in negative as the Company has incurred average net loss of ₹ 360.26 Lacs during the preceding three financial years.

## 26. 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

SHRI YADUPATI SINGHANIA

Chairman & Managing Director

Place : Kanpur

Dated : 23rd May, 2018

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

As on Financial Year ended on 31.03.2018

**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 Email : harshit@jkcotton.com Website : www.jkcotton.com
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: jkshr@jkcement.com Contact- 2371478-81 Ext: 18322

**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	97.99

**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	<b>THE COMPANY HAS NO HOLDING/SUBSIDIARY OR ASSOCIATE.</b>				

**IVA. (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, 2017]				No. of Shares held at the end of the year [As on 31-March-2018]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoter s</b>									
<b>(1) Indian</b>									
a) Individual/ HUF	10733937	258681	10992618	46.62	10992235	12326	11004561	46.67	0.05
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	50	2063	0.01	2013	50	2063	0.01	-
<b>Total shareholding of Promoter (A)</b>	<b>22152178</b>	<b>258731</b>	<b>22410909</b>	<b>95.05</b>	<b>22410476</b>	<b>12376</b>	<b>22422852</b>	<b>95.10</b>	<b>0.05</b>
<b>B. Public Shareholding</b>									
<b>1. Institutions</b>									
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks / FI	-	6239	6239	0.03	-	6239	6239	0.03	-

# J. K. Cotton Ltd.

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)	-	-	-	-	-	-	-	-	-
<b>Sub-total (B) (1):-</b>	-	<b>105381</b>	<b>105381</b>	<b>0.45</b>	-	<b>105381</b>	<b>105381</b>	<b>0.45</b>	-
<b>2. Non-Institutions</b>									
a) Bodies Corp.									
i) Indian	650	74276	74926	0.32	650	73878	74526	0.32	-
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	6100	896624	902724	3.83	8021	883160	891181	3.78	0.05
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	39100	-	39100	0.16	39100	-	39100	0.16	-
c) Others (specify)									
Non Resident Indians	-	-	-	-	-	-	-	-	-
Overseas Corporate Bodies	-	-	-	-	-	-	-	-	-
Foreign Nationals	-	-	-	-	-	-	-	-	-
Clearing Members	-	-	-	-	-	-	-	-	-
Trusts	-	440	440	-	-	440	440	-	-
Societies	-	44270	44270	0.19	-	44270	44270	0.19	-
<b>Sub-total (B) (2):-</b>	<b>45850</b>	<b>1015610</b>	<b>1061460</b>	<b>4.50</b>	<b>47771</b>	<b>1001746</b>	<b>1049517</b>	<b>4.45</b>	<b>-0.05</b>
<b>Total Public Shareholding (B)=(B)(1)+(B)(2) -</b>	<b>45850</b>	<b>1120991</b>	<b>1166841</b>	<b>4.95</b>	<b>47771</b>	<b>1107127</b>	<b>1154898</b>	<b>4.90</b>	<b>-0.05</b>
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	-	-	-	-	-	-	-	-	-
<b>Grand Total (A+B+C)</b>	<b>22198028</b>	<b>1379722</b>	<b>23577750</b>	<b>100</b>	<b>22458247</b>	<b>1119503</b>	<b>23577750</b>	<b>100</b>	<b>-</b>

## 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	6723745	28.52	-	6735688	28.57	-	0.05

## C) Change in Promoters' Shareholding (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	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	-	6723745	28.52	6723745	28.52
	Date wise Increase in Promoters Share holding during the year due to acquisition of shares of public shareholder pursuant to Exit Offer:					

# J. K. Cotton Ltd.

11.04.2017	1300	-	-	6725045	25.52
22.05.2017	3890	-	-	6728935	28.54
16.06.2017	1636	-	-	6730571	28.55
02.08.2017	2107	-	-	6732678	28.55
24.08.2017	165	-	-	6732843	28.55
18.09.2017	795	-	-	6733638	28.55
15.11.2017	200	-	-	6733838	28.56
06.12.2017	100	-	-	6733938	28.56
03.01.2018	1400	-	-	6735338	28.57
18.01.2018	350	-	-	6735688	28.57
At the end of the year	-	6735688	28.57	6735688	28.57

## D) Shareholding Pattern of top ten Shareholders : (Other than Directors, Promoters and Holders of GDRs and ADRs) :

SN	For each of the top 10 Shareholders	Shareholding at the beginning of the year		Shareholding of the end of 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 Date wise Increase / Decrease in Shareholding during the year At the End of the year	47800 - 47800	0.20 - 0.20	47800 - 47800	0.20 - 0.20
2.	Sir Padampat Singhania Memorial Education Foundation At the beginning of the year Date wise Increase / Decrease in Shareholding during the year At the End of the year	44270 - 44270	0.18 - 0.18	44270 - 44270	0.18 - 0.18
3.	Shyamadevi Agrawal At the beginning of the year Date wise Increase / Decrease in Shareholding during the year At the End of the year	39100 - 39100	0.16 - 0.16	39100 - 39100	0.16 - 0.16
4.	National Insurance Co. Ltd At the beginning of the year Date wise Increase / Decrease in Shareholding during the year At the End of the year	25100 - 25100	0.11 - 0.11	25100 - 25100	0.11 - 0.11
5.	Life Insurance Corporation of India At the beginning of the year Date wise Increase / Decrease in Shareholding during the year At the End of the year	26242 - 26242	0.11 - 0.11	26242 - 26242	0.11 - 0.11
6.	The Raymond Woollen Mills Ltd At the beginning of the year Date wise Increase / Decrease in Shareholding during the year At the End of the year	10610 - 10610	0.04 - 0.04	10610 - 10610	0.04 - 0.04
7.	The Hooghly Mills Co. Ltd At the beginning of the year Date wise Increase / Decrease in Shareholding during the year At the End of the year	10000 - 10000	0.04 - 0.04	10000 - 10000	0.04 - 0.04
8.	Manmohan R. Mohta Sushma Mohta At the beginning of the year Date wise Increase / Decrease in Shareholding during the year At the End of the year	10000 - 10000	0.04 - 0.04	10000 - 10000	0.04 - 0.04
9.	Annapurna Projects Ltd At the beginning of the year Date wise Increase / Decrease in Shareholding during the year At the End of the year	7200 - 7200	0.03 - 0.03	7200 - 7200	0.03 - 0.03
10.	Suryodaya Inv & Trad Com Ltd At the beginning of the year Date wise Increase / Decrease in Shareholding during the year At the End of the year	6000 - 6000	0.02 - 0.02	6000 - 6000	0.02 - 0.02

# J. K. Cotton Ltd.

## E) Shareholding of Directors and Key Managerial Personnel:

SN	Shareholding of each Directors and each Key Managerial Personnel	Date wise Increase/ Decrease No. of Shares	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 Change during the year At the end of the year	-	30 - 30	- - -	30 - 30	- - -
2.	Shri Yadupati Singhania, Managing Director At the beginning of the year Date wise Increase in Promoters Share holding during the year due to acquisition of shares of public shareholder pursuant to Exit Offer: 11.04.2017 22.05.2017 16.06.2017 02.08.2017 24.08.2017 18.09.2017 15.11.2017 06.12.2017 03.01.2018 18.01.2018 At the end of the year	- 1300 3890 1636 2107 165 795 200 100 1400 350 -	6723745 - - - - - - - - - - 6735688	28.52 - - - - - - - - - - 28.57	6723745 6725045 6728935 6730571 6732678 6732843 6733638 6733838 6733938 6735338 6735688 6735688	28.52 25.52 28.54 28.55 28.55 28.55 28.55 28.56 28.56 28.57 28.57 28.57
3.	Dr. K.B. Agarwal, Director At the beginning of the year Changes during the year At the end of the year	- - -	5 - 5	- - -	5 - 5	- - -
4.	Ms. Sonali Agarwal, CFO At the beginning of the year Changes during the year At the end of the year	- - -	5 - 5	- - -	5 - 5	- - -
5.	Shri Harshit Gunani, Company Secretary At the beginning of the year 01.05.2017 At the end of the year	- 1 -	5 - 6	- - -	5 6 6	- - -

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

### Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year [As on 31-March, 2017]				No. of Shares held at the end of the year [As on 31-March-2018]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
<b>(i) Indian</b>									
a) Individual/ HUF	-	15720	15720	100.00	-	15720	15720	0.36	-99.64
b) Central Govt	-	-	-	-	-	-	-	-	-
c) State Govt(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp.	-	-	-	-	-	3069000	3069000	70.04	+70.04
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any other	-	-	-	-	-	-	-	-	-
<b>Total shareholding of Promoter (A)</b>		15720	15720	100.00	-	3084720	3084720	70.4	-29.6

# J. K. Cotton Ltd.

<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 Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)-	-	-	-	-	-	-	-	-	-
<b>Sub-total (B)(1):-</b>	-	-	-	-	-	-	-	-	-
<b>2. Non-Institutions</b>									
a) Bodies Corp.									
i) Indian	-	-	-	-	-	1297000	1297000	29.60	+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)									
Non Resident Indians	-	-	-	-	-	-	-	-	-
Overseas Corporate Bodies	-	-	-	-	-	-	-	-	-
Foreign Nationals	-	-	-	-	-	-	-	-	-
Clearing Members	-	-	-	-	-	-	-	-	-
Trusts	-	-	-	-	-	-	-	-	-
Societies	-	-	-	-	-	-	-	-	-
<b>Sub-total (B)(2):-</b>	-	-	-	-	-	-	-	-	-
Total Public Shareholding (B)=(B)(1)+ (B)(2)	-	-	-	-	-	-	-	-	-
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	-	-	-	-	-	-	-	-	-
<b>Grand Total (A+B+C)</b>	-	15720	15720	100.00	-	4381720	4381720	100.00	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.	Shri Yadupati Singhania	15720	100.00	-	15720	100.00	-	-

# J. K. Cotton Ltd.

**C) Change in Promoters' Shareholding (Preference 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		15720	100.00	15720	100.00
	Date wise increase/Decrease in Shareholding during the year	-	-	-	-	-
	At the end of the year		15720	100.00	15720	100.00

**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	Shareholding at the beginning of the year		Shareholding of the end of 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	-	-	-	-
	Allotment on 12.01.2018	-	-	706000	16.11
	At the end of the year	706000	16.11	706000	16.11
2.	Sarvashaktiman Traders Pvt Ltd				
	At the beginning of the year	-	-	-	-
	Allotment on 12.01.2018	-	-	591000	13.49
	At the end of the year	591000	13.49	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 No. of Shares	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	100.00	15720	100.00
	Date wise increase/Decrease in Shareholding during the year	-	-	-	-	-
	At the end of the year		15720	100.00	15720	100.00

# 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	540000000	531875000	1071875000
ii) Interest due but not paid	NIL	294595676	131630398	426226074
iii) Interest accrued but not due	NIL	NIL	NIL	NIL
<b>Total (i+ii+iii)</b>	<b>NIL</b>	<b>834595676</b>	<b>663505398</b>	<b>1498101074</b>
<b>Change in Indebtedness during the financial year</b>				
* Addition	NIL	NIL	11000000	11000000
* Reduction	NIL	794595676	674505398	1469101074
Net Change	NIL	(794595676)	(663505398)	(1458101074)
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	NIL	400000000	NIL	400000000
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>	<b>NIL</b>	<b>400000000</b>	<b>NIL</b>	<b>400000000</b>

\*Deposits denotes inter corporate deposits.

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

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

### 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 Fee for attending board committee meetings Commission Others, please specify <b>Total (1)</b>	89000 NIL NIL <b>89000</b>	67000 NIL NIL <b>67000</b>	38000 NIL NIL <b>38000</b>	23000 NIL NIL <b>23000</b>	35000 NIL NIL <b>35000</b>	252000 NIL NIL <b>252000</b>
2.	Other Non-Executive Directors Fee for attending board committee meetings Commission Others, please specify <b>Total (2)</b> <b>Total (B)=(1+2)</b> <b>Total Managerial Remuneration</b>	Shri Nidhipati Singhania 13000 NIL NIL <b>13000</b>	Shri Ashok Gupta 61000 NIL NIL <b>61000</b>	Smt. Varsha Singhania 8000 NIL NIL <b>8000</b>			82000 NIL NIL <b>82000</b> <b>334000</b> <b>334000</b>
	Overall Ceiling as per the Act	11% of Net Profits of the Company					

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

SN	Particulars of Remuneration	Key Managerial Personnel		
		CS	CFO	Total
1.	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	3,99,000	5,61,900	9,60,900
	(b) Value of perquisites u/s 17(2) of Income-tax Act, 1961	NIL	NIL	NIL
	(c) Profits in lieu of salary under section 17(3) of 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
	<b>Total</b>	<b>3,99,000</b>	<b>5,61,900</b>	<b>9,60,900</b>

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

### SECRETARIAL AUDIT REPORT

For the Financial Year ended 31<sup>st</sup> March, 2018

**[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 LIMITED  
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, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on 31<sup>st</sup> March, 2018 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:

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, 2018 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')
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
  - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;

- (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999
- (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, 1998; (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 in March 2018 and soon also to be removed from NSE.)
- (6) I further report that reliance has been placed on the management representation on compliance with other laws, there is no specific Law applicable to the company except Real Estate (Regulation And Development) Act 2016 effective from May 1, 2017:

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.Company, however, has discharged liability of interest and financial charges towards some creditors against issue and allotment of non-convertible redeemable preference shares after approval by shareholders through postal ballot /e-voting and filed special resolution with ROC.

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

# J. K. Cotton Ltd.

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) The shares of the Company were listed at UPSE AND DSE Stock Exchanges, which ceased as recognized exchanges and the SEBI (Listing Obligations and Disclosure Requirements) Regulation 2015 with said exchanges also ceased to be effective. The shares of Company have been removed from Dissemination Board of BSE in March, 2018

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 these 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

and soon to be removed from NSE. Exit offer had been given to shareholders of the Company as per SEBI Circular No. CIR/MRD/DSA/05/2015 dt. 17.04.2015 which closed on January 19, 2017. However, in compliance of SEBI Circular of October 10, 2016 on exclusive listed companies, our Exit offer although closed but promoters acquired shares tendered by public shareholder up to January 18, 2018.

- (b) The closure of Mills /Factory (textile division) at Kalpi Road Kanpur, surrender of power etc. and stoppage of manufacturing/operation activities.
- (c) 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 Board of Directors to put into effect the same.
- (d) The Company engaged in Real Estate activities only.
- (e) Company has undertaken project under Affordable Housing (EWS) under UP Govt. Notification No. 21301/Aath-1-17-36 Vividh 2017 dt. 25.10.2017 under Pradhan Mantri Awas Yojana.

Banthia & Company  
Company Secretaries  
G. K. Banthia (Proprietor)  
Membership No. ACS 4933  
C P No :1405

Date : 23.05.2018  
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

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. Where ever 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.

Banthia & Company  
Company Secretaries

G. K. Banthia (Proprietor)  
Membership No. ACS 4933  
C P No :1405

Date : 23.05.2018  
Place : Kanpur

**ANNUAL REPORT ON CSR ACTIVITES**

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 11th November, 2016 and has been uploaded on the Company's website.

Brief outline of Company's CSR Policy

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

The Company did not undertake any project or programs during the year. Hence, overview of projects or programs undertaken and a reference to the web-link to projects or programs cannot be provided.

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

- i. Dr. Krishna Behari Agarwal, Chairman
- ii. Shri Ashok Gupta, Member
- iii. Smt. Varsha Singhania, Member

3. **Average net profit of the Company for last three Financial Years i.e. FY 2014-15, FY 2015-16 and FY 2016-17.**

The average Net Profit for the last three years is in negative i.e. average loss of ₹360.26 Lacs.

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. NIL. Hence, No amount was required to be spent during the Financial Year 2017-18.

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

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

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:**

The reasons for not spending the sum of two percent of the average net profit of the last three years or any part thereof towards CSR expenditure is that the Company has incurred average net loss of ₹360.26 Lacs during the preceding three financial years i.e. FY 2014-15, FY 2015-16 and FY 2016-17.

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 LIMITED

### **Report on the Ind AS Financial Statements**

We have audited the accompanying Ind AS financial statements of J.K.COTTON LIMITED ("the Company"), which comprise the Balance Sheet as at 31st March, 2018, and the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

### **Management's Responsibility for the 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 Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding 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 Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these Ind AS financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit of the Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the

audit to obtain reasonable assurance about whether the Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error. In making those risk assessments; the auditor considers internal financial control relevant to the Company's preparation of the Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Ind AS financial statements.

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

### **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the financial position of the Company as at 31st March, 2018, and its financial performance including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

### **Report on Other Legal and Regulatory Requirements**

- 1- As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order.
- 2- As required by Section 143(3) of the Act, we report that:
  - (a) 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.
  - (b) 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.
  - (c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Cash Flow Statement and Statement of Changes

## J. K. Cotton Ltd.

- in Equity dealt with by this Report are in agreement with the books of account.
- (d) In our opinion, the aforesaid Ind AS financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act.
  - (e) On the basis of the written representations received from the directors as on 31st March, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2018 from being appointed as a director in terms of Section 164(2) of the Act.
  - (f) 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".
  - (g) 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 Ind AS financial statements; (Refer Note No.38)
    - II. The company does not have any long- term contracts including derivative contracts for which there were any material foreseeable losses.
    - III. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund;

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

RAJENDRA GUPTA  
*Partner*  
Membership Number: 073250

Place : Kanpur  
Date : 23.05.2018

# 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 31st March, 2018, 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. Details are 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. We have broadly reviewed the books of account maintained by the Company, pursuant to the rules made by the Central Government, for maintenance of cost records under sub section (1) of section 148 of the Companies Act,2013 and we are of the opinion that prima-facie the prescribed accounts and records have been maintained.

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, 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, Service Tax, Duty of Custom, Duty of Excise, Value Added Tax, Cess and other material Statutory dues were in arrear as at 31st March, 2018 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, service tax, custom duty, excise duty 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 give 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.

## J. K. Cotton Ltd.

- 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.
- 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.  
However the company has issued 43,66,000 preference shares of Rs.100/-each 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

RAJENDRA GUPTA  
*Partner*  
Membership Number: 073250

Place : Kanpur  
Date : 23.05.2018

# 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 2018 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 2018, 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

RAJENDRA GUPTA  
*Partner*  
Membership Number: 073250

Place : Kanpur  
Date : 23.05.2018

*J. K. Cotton Ltd.*

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**A C C O U N T S**

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*J. K. Cotton Ltd.*  
**BALANCE SHEET**  
**AS AT 31ST MARCH, 2018**

	Note No.	As at 31.3.2018 (₹)	As at 31.3.2017 (₹)	As at 01.04.2016 (₹)
<b>I. ASSETS</b>				
<b>(1) Non Current Assets</b>				
(a) Property, Plant and Equipment	1	37,60,82,998	54,55,22,418	58,14,81,347
(b) Other Intangible Assets	2	1,06,550	8,64,921	20,29,589
(c) Financial Assets				
(i) Investments	3	–	9,00,114	9,00,114
(ii) Others	4	2,04,53,237	1,21,71,399	86,80,574
(d) Deferred Tax Assets (net)	5	–	6,11,76,802	3,90,52,462
(e) Other Non Current Assets	6	–	1,15,891	20,73,729
		<u>39,66,42,785</u>	<u>62,07,51,545</u>	<u>63,42,17,815</u>
<b>(2) Current Assets</b>				
(a) Inventories	7	1,48,23,14,255	1,63,12,99,375	1,71,14,79,660
(b) Financial Assets				
(i) Trade Receivables	8	29,33,15,170	54,83,52,354	51,61,08,661
(ii) Cash and Cash Equivalents	9	9,23,70,045	9,44,67,642	2,22,67,217
(iii) Bank balances	10	9,43,07,334	4,03,56,866	4,40,21,894
(iv) Others	11	55,72,110	26,63,611	13,63,895
(c) Current Tax Assets (Net)	12	1,29,72,378	62,34,225	71,32,287
(d) Other Current Assets	13	2,48,50,048	1,45,16,910	3,65,65,179
		<u>2,00,57,01,340</u>	<u>2,33,78,90,983</u>	<u>2,33,89,38,793</u>
		<b><u>2,40,23,44,125</u></b>	<b><u>2,95,86,42,528</u></b>	<b><u>2,97,31,56,608</u></b>
<b>II. EQUITY AND LIABILITIES</b>				
<b>(1) Shareholders' Funds</b>				
(a) Equity Share Capital	14	23,57,77,500	23,57,77,500	23,57,77,500
(b) Other Equity	15	64,08,29,037	69,38,85,503	77,47,49,448
		<u>87,66,06,537</u>	<u>92,96,63,003</u>	<u>1,01,05,26,948</u>
<b>(2) Non Current Liabilities</b>				
(a) Financial Liabilities				
(i) Borrowings	16	43,81,72,000	8,72,86,284	17,58,57,713
(b) Long Term Provisions	17	58,22,826	1,55,28,913	2,29,27,062
(c) Deferred tax liabilities (Net)	5	31,79,484	–	–
		<u>44,71,74,310</u>	<u>10,28,15,197</u>	<u>19,87,84,775</u>
<b>(3) Current Liabilities</b>				
(a) Financial Liabilities				
(i) Borrowings	18	4,00,00,000	57,18,75,000	61,28,81,209
(ii) Trade Payables	19	8,55,02,842	12,15,50,490	4,51,33,794
(iii) Other Financial Liabilities	20	2,11,46,321	88,25,71,751	76,73,78,511
(b) Other Current Liabilities	21	93,09,05,115	34,65,59,083	33,35,66,371
(c) Short term Provisions	22	10,09,000	36,08,004	48,85,000
		<u>1,07,85,63,278</u>	<u>1,92,61,64,328</u>	<u>1,76,38,44,885</u>
		<b><u>2,40,23,44,125</u></b>	<b><u>2,95,86,42,528</u></b>	<b><u>2,97,31,56,608</u></b>

Significant Accounting Policies &  
Notes on Financial Statements

1 -40

As per our Report attached

For GUPTA VAISH & CO.,  
Chartered Accountants  
RAJENDRA GUPTA  
Partner  
Place : Kanpur  
Dated : 23rd May, 2018

YADUPATI SINGHANIA  
Chairman & Managing Director  
SONALI AGARWAL  
Chief Financial Officer  
HARSHIT GUNANI  
Company Secretary

KRISHNA BEHARI AGARWAL  
JAGANNATH GUPTA  
ASHOK GUPTA

Directors

# J. K. Cotton Ltd.

## PROFIT & LOSS STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2018

	Note No.	Year Ended 31.3.2018 (₹)	Year Ended 31.3.2017 (₹)
Revenue from operations	23	55,93,74,688	81,68,56,860
Other Income	24	4,66,71,198	3,51,08,772
<b>Total Income</b>		<b>60,60,45,886</b>	<b>85,19,65,632</b>
<b>Expenses</b>			
Cost of Materials Consumed		-	5,70,66,374
Changes in Inventories of Finished Goods, Work-In-Progress and Stock In Trade	25	13,00,94,800	6,20,87,486
Employee Benefits Expense	26	81,44,467	7,65,70,673
Finance Costs	27	1,80,00,000	18,75,09,073
Depreciation and Amortization Expense	28	14,81,283	4,55,33,178
Land Development & Construction Expenses	29	15,03,32,715	32,96,77,994
Other Expenses	30	4,42,43,505	20,37,39,139
Total Expenses		<b>35,22,96,770</b>	<b>96,21,83,917</b>
Profit/(Loss) Before Tax		25,37,49,116	(11,02,18,285)
Transfer from Capital Reserve		5,22,00,234	9,06,19,434
Profit/(Loss) Before Tax		30,59,49,350	(1,95,98,851)
Tax Expenses			
Current Tax (MAT)		36,50,000	-
Tax for Previous Years		35,165	-
Deferred Tax (including MAT credit entitlement)		6,43,56,285	(2,21,24,340)
Profit/(Loss) for the Period from continuing operations		23,79,07,900	25,25,489
Profit/(Loss) from discontinued operations	39	(24,05,53,132)	-
Profit/(Loss) for the period		(26,45,232)	25,25,489
Other Comprehensive Income			
A(i) Items that will not be reclassified to profit or loss			
Re- measurement of defined benefits plan		17,89,000	72,30,000
Total comprehensive income for the year		<b>(8,56,532)</b>	<b>97,55,489</b>
Earning per Equity Share (for continuing operation)			
Basic & Diluted.		10.09	0.41
Earning per Equity Share (for discontinued operation)			
Basic & Diluted.		(10.14)	0.00
Earning per Equity Share of face value of Rs. 10/- each (for discontinued & continuing operations)			
Basic & Diluted.		(0.04)	0.41
Significant Accounting Policies & Notes on Financial Statements	1-40		

As per our Report attached

For GUPTA VAISH & CO.,  
Chartered Accountants  
RAJENDRA GUPTA  
Partner  
Place : Kanpur  
Dated : 23rd May, 2018

YADUPATI SINGHANIA  
Chairman & Managing Director  
SONALI AGARWAL  
Chief Financial Officer  
HARSHIT GUNANI  
Company Secretary

KRISHNA BEHARI AGARWAL  
JAGANNATH GUPTA  
ASHOK GUPTA } Directors

# J. K. Cotton Ltd.

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2018

	2017-2018 (₹)	2016-2017 (₹)
<b>A. Cash flow from operating Activities</b>		
Profit/(Loss) before Tax incl. loss from discontinued operations	<b>6,53,96,218</b>	<b>(1,95,98,851)</b>
Adjustments for:		
Adjustment of Capital Reserve	(5,22,00,234)	(9,06,19,434)
Depreciation	11,62,45,610	4,55,33,178
OCI adjustment	17,89,000	72,30,000
Loss on Sale of Fixed Assets	4,81,04,926	1,67,138
Interest expenses	4,91,21,864	18,34,07,073
Profit on Sale of Assets	(62,83,767)	(26,26,261)
Profit on sale of Investments	(2,64,45,344)	-
Dividend Received	(1,24,210)	(4,140)
Interest income	(94,82,277)	(51,70,062)
<b>Operating Profit before Working Capital Changes</b>	<b>18,61,21,786</b>	<b>11,83,18,641</b>
(Increase)/Decrease in Inventories	14,89,85,120	8,01,80,285
(Increase)/Decrease in Trade receivables	25,50,37,184	(3,22,43,693)
(Increase)/Decrease in Other financial assets	(82,81,838)	(34,90,825)
(Increase)/Decrease in Other assets	(1,02,17,247)	2,40,06,107
Increase/(Decrease) in Trade Payables	(3,60,47,648)	7,64,16,696
Increase/(Decrease) in Other financial liabilities	(4,82,65,044)	(6,29,00,432)
Increase/(Decrease) in Other liabilities	6,74,71,032	1,29,92,712
Increase/(Decrease) in provisions	(1,23,05,091)	(86,75,145)
<b>Net Cash Flow from Operations</b>	<b>54,24,98,254</b>	<b>20,46,04,346</b>
Refund/ (Taxes Paid)	(1,04,23,317)	8,98,062
<b>Net Cash From Operating Activities</b>	<b>53,20,74,937</b>	<b>20,55,02,408</b>
<b>B. Cash Flow from Investing Activities</b>		
Movement in fixed deposit	(5,39,50,468)	36,65,028
Purchase of Fixed Assets	(3,00,87,281)	(93,62,562)
Interest Income	65,73,778	38,70,346
Dividend Received	124,210	4,140
Sale of Investments	2,73,45,458	-
Sale of Fixed Assets	4,22,18,303	34,12,104
<b>Net Cash Used in Investing Activities</b>	<b>(77,76,000)</b>	<b>15,89,056</b>
<b>C. Cash Flow from Financing Activities</b>		
Proceeds/(Repayment) of Cash Credit Account	-	(7,88,06,209)
Proceeds/(Repayment) of Unsecured Loan	(51,50,00,000)	3,78,00,000
Interest paid	(1,13,96,534)	(9,38,84,830)
<b>Net Cash Used in Financing Activities</b>	<b>(52,63,96,534)</b>	<b>(13,48,91,039)</b>
Net Increase/(Decrease) in Cash & Cash equivalents	(20,97,597)	7,22,00,425
Opening Balance of Cash & Cash equivalents	9,44,67,642	2,22,67,217
Closing Balance of Cash & Cash equivalents	9,23,70,045	9,44,67,642
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 Cash and cash equivalent as per Note No.9	9,23,70,045	9,44,67,642
3. Previous year figures have been regrouped/rearranged/ restated wherever considered necessary		

As per our Report attached

For GUPTA VAISH & CO.  
Chartered Accountants  
RAJENDRA GUPTA  
Partner  
Place : Kanpur  
Dated : 23rd May, 2018

YADUPATI SINGHANIA  
Chairman & Managing Director  
SONALI AGARWAL  
Chief Financial Officer  
HARSHIT GUNANI  
Company Secretary

KRISHNA BEHARI AGARWAL  
JAGANNATH GUPTA  
ASHOK GUPTA } Directors

# J. K. Cotton Ltd.

## STATEMENT OF CHANGE IN EQUITY FOR THE YEAR ENDED 31st MARCH, 2018

### A. EQUITY SHARE CAPITAL

(Amount in ₹)

Balance at the beginning of the Reporting Period i.e. 1st April, 2016	Changes in equity share capital during the year 2016-17	Balance at the end of the Reporting Period i.e. 31st March, 2017	Changes in equity share capital during the year 2017-18	Balance at the end of the Reporting Period i.e. 31st March, 2018
235777500	-	235777500	-	235777500

### B. OTHER EQUITY

(Amount in ₹)

	Reserve and Surplus				Total
	Capital Reserve	Securities Premium Reserve	Retained Earnings	Capital Redemption Reserve	
<b>AS ON 31 MARCH 2017</b>					
Balance at the beginning of the reporting period i.e., 1st April, 2016	1,36,63,34,372	2,09,98,650	(61,57,70,374)	31,86,800	77,47,49,448
Profit for the year			25,25,488		
Transfer to profit and loss	(9,06,19,434)				
Other comprehensive income for the year			72,30,000		
Balance at the end of the reporting period i.e., 31st March, 2017	1,27,57,14,938	2,09,98,650	(60,60,14,886)	31,86,800	69,38,85,502

	Reserve and Surplus				Total
	Capital Reserve	Securities Premium Reserve	Retained Earnings	Capital Redemption Reserve	
<b>AS ON 31 MARCH 2018</b>					
Balance at the beginning of the reporting period i.e., 1st April, 2017	1,27,57,14,938	2,09,98,650	(61,32,44,886)	31,86,800	69,38,85,502
Profit/(Loss) for the year			(26,45,231)		
Transfer to profit and loss	(5,22,00,234)				
Other comprehensive income for the year			17,89,000		
Balance at the end of the reporting period i.e., 31st, March, 2018	1,22,35,14,704	2,09,98,650	(60,68,71,117)	31,86,800	64,08,29,037

# J. K. Cotton Ltd.

## NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

### 1. PROPERTY, PLANT & EQUIPMENTS

Description of Assets	GROSS BLOCK			DEPRECIATION					NET BLOCK		
	As at 1.04.2016	Additions	Sales/ Adjustments	As at 31.3.2017	As at 1.4.2016	Sales/ Adjustments	For the year	Impairment Loss	Upto 31.3.2017	As at 31.3.2017	As at 31.3.2016
	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹
<b>Tangible Assets</b>											
Land	3,80,67,756	—	—	3,80,67,756	—	—	—	—	—	3,80,67,756	3,80,67,756
Buildings	8,43,11,216	—	—	8,43,11,216	3,89,10,325	—	19,11,498	—	4,08,21,823	4,34,89,393	4,54,00,891
Plant & Machinery	93,86,58,838	88,11,279	*27,64,485	94,47,05,632	45,01,90,146	26,26,261	3,99,67,484	—	48,75,31,369	45,71,74,263	48,84,68,692
Furniture & Fittings	94,99,994	2,71,423	—	97,71,417	53,70,407	—	12,89,626	—	66,60,033	31,11,384	41,29,587
Office Equipments.	35,54,260	50,200	—	36,04,460	24,01,183	—	2,13,798	—	26,14,981	9,89,479	11,53,077
Vehicles	62,95,239	10,200	17,29,676	45,75,763	20,33,895	9,14,919	7,66,644	—	18,85,620	26,90,143	42,61,344
<b>Total</b>	<b>1,08,03,87,303</b>	<b>91,43,102</b>	<b>44,94,161</b>	<b>1,08,50,36,244</b>	<b>49,89,05,956</b>	<b>35,41,180</b>	<b>4,41,49,050</b>	<b>—</b>	<b>53,95,13,826</b>	<b>54,55,22,418</b>	<b>58,14,81,347</b>

Description of Assets	GROSS BLOCK			DEPRECIATION					NET BLOCK		
	As at 1.04.2017	Additions	Sales/ Adjustments	As at 31.3.2018	As at 1.4.2017	Sales/ Adjustments	For the year	Impairment Loss	Upto 31.3.2018	As at 31.3.2018	As at 31.3.2017
	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹
<b>Tangible Assets</b>											
Land	3,80,67,756	—	—	3,80,67,756	—	—	—	—	—	3,80,67,756	3,80,67,756
Buildings	8,43,11,216	—	—	8,43,11,216	4,08,21,823	—	18,43,261	—	4,26,65,084	4,16,46,132	4,34,89,393
Plant & Machinery	94,47,05,632	3,00,09,781	#13,11,88,984	84,35,26,429	48,75,31,369	4,67,72,496	3,89,15,238	7,28,21,374	55,24,95,485	29,10,30,944	45,71,74,263
Furniture & Fittings	97,71,417	—	—	97,71,417	66,60,033	—	5,27,763	—	71,87,796	25,83,621	31,11,384
Office Equipments.	36,04,460	77,500	31,500	36,50,460	26,14,981	1,21,524	3,32,170	—	28,25,627	8,24,833	9,89,479
Vehicles	45,75,763	—	8,36,633	37,39,130	18,85,620	6,05,378	5,29,176	—	18,09,418	19,29,712	26,90,143
<b>Total</b>	<b>1,08,50,36,244</b>	<b>3,00,87,281</b>	<b>13,20,57,117</b>	<b>98,30,66,408</b>	<b>53,95,13,826</b>	<b>4,74,99,398</b>	<b>4,21,47,608</b>	<b>7,28,21,374</b>	<b>60,69,83,410</b>	<b>37,60,82,998</b>	<b>54,55,22,418</b>

**Note:**

\* ₹ 27,64,485 of sale value of Plant & Machinery of which cost is not ascertainable

# ₹ 64,86,562 of sale value of Plant & Machinery of which cost is not ascertainable

**NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018**

**2. OTHER INTANGIBLE ASSETS**

Description of Assets	GROSS BLOCK			DEPRECIATION			NET BLOCK				
	As at 1.04.2016	Additions	Sales/ Adjustments	As at 31.3.2017	As at 1.4.2016	Sales/ Adjustments	For the year	Impairment Loss	Upto 31.3.2017	As at 31.3.2017	As at 31.3.2016
	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹
<b>Intangible Assets</b>											
Computer Software	51,45,774	2,19,460	—	53,65,234	31,16,185	—	13,84,128	—	45,00,313	8,64,921	20,29,589
<b>Total</b>	<b>51,45,774</b>	<b>2,19,460</b>	<b>—</b>	<b>53,65,234</b>	<b>31,16,185</b>	<b>—</b>	<b>13,84,128</b>	<b>—</b>	<b>45,00,313</b>	<b>8,64,921</b>	<b>20,29,589</b>

Description of Assets	GROSS BLOCK			DEPRECIATION			NET BLOCK				
	As at 1.04.2017	Additions	Sales/ Adjustments	As at 31.3.2018	As at 1.4.2017	Sales/ Adjustments	For the year	Impairment Loss	Upto 31.3.2018	As at 31.3.2018	As at 31.3.2017
	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹
<b>Intangible Assets</b>											
Computer Software	53,65,234	—	—	53,65,234	45,00,313	5,18,257	12,76,628	—	52,58,684	1,06,550	8,64,921
<b>Total</b>	<b>53,65,234</b>	<b>—</b>	<b>—</b>	<b>53,65,234</b>	<b>45,00,313</b>	<b>5,18,257</b>	<b>12,76,628</b>	<b>—</b>	<b>52,58,684</b>	<b>1,06,550</b>	<b>8,64,921</b>

	<b>As at 31.3.2018 (₹)</b>	<b>As at 31.3.2017 (₹)</b>	<b>As at 01.04.2016 (₹)</b>
<b>NON CURRENT ASSETS</b>			
<b>3. NON CURRENT INVESTMENTS</b>			
a) In Equity Shares – Quoted fully paidup			
– 10351 Equity shares of Bengal & Assam Company Ltd.	—	9,00,114	9,00,114
b) In Equity Shares – Unquoted fully paidup			
– 2070 Equity shares of Accurate Finman Services Ltd.	—	—	—
Aggregate Amount of Quoted Investments.	<u>—</u>	<u>9,00,114</u>	<u>9,00,114</u>
<b>4. OTHER NON CURRENT FINANCIAL ASSETS</b>			
a) Fixed Deposits (More than one year)	1,00,00,000	81,71,399	80,66,132
b) Fixed Deposits (More than one year Pledged)	1,04,53,237	40,00,000	6,14,442
	<u>2,04,53,237</u>	<u>1,21,71,399</u>	<u>86,80,574</u>
<b>5. DEFERRED TAX (NET)</b>			
a <sup>1</sup> ) <b>Deferred Tax Liability</b>			
Difference between Net Book Value of Depreciable Capital Assets As per Books vis-à-vis Written Down Value As Per IncomeTAX	(6,73,39,999)	(8,30,19,279)	(9,64,21,868)
a <sup>2</sup> ) <b>Deferred Tax Asset</b>			
Item Under The Income Tax Act Which Will Be Allowed On Actual Payment	1,00,19,601	2,11,69,329	2,00,73,188
Unabsorbed Losses	5,04,90,914	12,30,26,752	11,54,01,142
	<u>(68,29,484)</u>	<u>6,11,76,802</u>	<u>3,90,52,462</u>
b) <b>MAT credit entitlement</b>	36,50,000	—	—
	<u>(31,79,484)</u>	<u>6,11,76,802</u>	<u>3,90,52,462</u>

# J. K. Cotton Ltd.

## NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

	As at 31.3.2018 (₹)	As at 31.3.2017 (₹)	As at 01.04.2016 (₹)
<b>6. OTHER NON CURRENT ASSETS</b>			
<b>a) Capital Advances</b>			
Considered Good	–	1,15,891	20,73,729
Doubtful	45,921	23,94,298	4,41,609
	45,921	25,10,189	25,15,338
Less : Provision for Doubtful Advances	45,921	23,94,298	4,41,609
	–	1,15,891	20,73,729
<b>CURRENT ASSETS</b>			
<b>7. INVENTORIES</b>			
a) Raw Materials	–	1,65,945	1,65,65,896
Less: Provision of Diminuation in Value of Stock of Yarn	–	–	19,96,903
	–	1,65,945	1,45,68,993
b) Stores & Spare Parts	42,70,695	1,20,75,334	1,43,85,582
Less: Provision of Diminuation in Value of Stock of Dye & Chemical	–	17,41,850	2,37,647
	42,70,695	1,03,33,484	1,41,47,935
c) Finished goods	–	1,08,58,163	7,54,69,584
d) Stock in Transit	–	1,24,700	–
e) Goods In Process – Textiles	–	16,78,723	5,01,23,615
f) Work In Progress – Real Estate	1,47,80,43,560	1,60,81,38,360	1,55,71,69,533
	<b>1,48,23,14,255</b>	<b>1,63,12,99,375</b>	<b>1,71,14,79,660</b>
<b>8. TRADE RECEIVABLES</b>			
<b>Unsecured</b>			
Considered Good*	29,33,15,170	54,83,52,354	51,61,08,661
Doubtful	1,22,84,592	1,23,06,306	1,16,76,943
	30,55,99,762	56,06,58,660	52,77,85,604
Less : Provision for Doubtful Receivables	1,22,84,592	1,23,06,306	1,16,76,943
	<b>29,33,15,170</b>	<b>54,83,52,354</b>	<b>51,61,08,661</b>
* Includes Unbilled Revenue of ₹ 29,31,71,953/- (P.Y.2016–17 ₹ 51,61,96,167/- & P.Y.2015–16 ₹ 47,57,10,495/-)			
<b>9. CASH AND CASH EQUIVALENT</b>			
a) Balances with Banks			
In Current Account	5,04,09,715	5,05,22,807	1,72,86,283
In Fixed Deposit	4,17,80,585	4,36,06,564	46,69,711
b) Cash on Hand	1,79,745	33,82,71	3,11,223
	<b>9,23,70,045</b>	<b>9,44,67,642</b>	<b>2,22,67,217</b>
<b>10. BALANCE WITH BANKS</b>			
a) Balance In Fixed Deposits with Bank	9,43,07,334	3,46,48,329	4,40,21,894
b) Balance In Fixed Deposits with Bank (Pledged)	–	57,08,537	–
	<b>9,43,07,334</b>	<b>4,03,56,866</b>	<b>4,40,21,894</b>
<b>11. OTHER CURRENT FINANCIAL ASSETS</b>			
a) Interest accrued on FDR with Banks	55,72,110	26,63,611	13,63,895
	<b>55,72,110</b>	<b>26,63,611</b>	<b>13,63,895</b>
<b>12. CURRENT TAX ASSETS (NET)</b>			
a) Advance Tax & TDS (net of provision)	1,29,72,378	62,34,225	71,32,287
	<b>1,29,72,378</b>	<b>62,34,225</b>	<b>71,32,287</b>

# J. K. Cotton Ltd.

## NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

	As at 31.3.2018 (₹)	As at 31.3.2017 (₹)	As at 01.04.2016 (₹)
<b>13. OTHER CURRENT ASSETS</b>			
a) Prepaid Expenses	4,86,253	14,22,780	14,75,385
b) Claim Receivables	–	–	36,46,839
c) Deposits	1,45,89,187	50,10,057	49,33,513
d) Income Receivable	3,50,794	3,81,671	2,82,770
e) Others Loans & Advances			
Considered Good	94,23,814	77,02,402	2,62,26,672
Doubtful	2,46,882	1,76,721	47,950
	96,70,696	78,79,123	2,62,74,622
Less : Provision for Doubtful Advances	2,46,882	1,76,721	47,950
	94,23,814	77,02,402	2,62,26,672
	<b>2,48,50,048</b>	<b>1,45,16,910</b>	<b>3,65,65,179</b>
<b>14. SHARE CAPITAL</b>			
<b>AUTHORISED :</b>			
24500000 Equity shares of ₹ 10/- each	24,50,00,000	24,50,00,000	24,50,00,000
15000 6% Cumulative Redeemable Preference Shares of ₹ 100/- each	–	–	15,00,000
35000 8.5% Cumulative Redeemable Preference Shares of ₹100/- each	–	–	35,00,000
4525000 6% Non Cumulative Redeemable Preference Shares of ₹100/- each	45,25,00,000	25,00,000	–
25000 8.5% Non Cumulative Redeemable Preference Shares of ₹ 100/- each	25,00,000	25,00,000	–
	<b>70,00,00,000</b>	<b>25,00,00,000</b>	<b>25,00,00,000</b>
<b>ISSUED, SUBSCRIBED AND PAID-UP</b>			
23577750 Equity shares of ₹10/- each	23,57,77,500	23,57,77,500	23,57,77,500
	<b>23,57,77,500</b>	<b>23,57,77,500</b>	<b>23,57,77,500</b>

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

Shares at the beginning of the year	2,35,77,750	2,35,77,750	2,35,77,750
Shares at the end of the year	2,35,77,750	2,35,77,750	2,35,77,750

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

	31.3.2018		31.3.2017		01.04.2016	
	% of Holding	No of Shares	% of Holding	No of Shares	% of Holding	No of Shares
<b>Equity Shares</b>						
1. M/s Yadu International Ltd.	7.30	17,20,000	7.30	17,20,000	7.30	17,20,000
2. Smt. Sushila Devi Singhania	8.04	18,95,000	8.04	18,95,000	8.04	18,95,000
3. Mrs. Kavita Singhania	9.97	23,50,000	9.97	23,50,000	9.97	23,50,000
4. Mr. Yadupati Singhania	28.57	67,35,688	28.52	67,23,745	26.74	63,04,427
5. M/s Jaykay Enterprises Ltd.	40.34	95,10,360	40.34	95,10,360	40.34	95,10,360

# J. K. Cotton Ltd.

## NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

	As at 31.3.2018 (₹)	As at 31.3.2017 (₹)	As at 01.04.2016 (₹)
<b>15. OTHER EQUITY</b>			
<b>Capital Reserve</b>			
Balance at the beginning of the year	1,27,57,14,938	1,36,63,34,372	1,36,63,34,372
Less: Transfer to Profit Loss Statement	5,22,00,234*	9,06,19,434*	-
Balance at the end of the year	<u>1,22,35,14,704</u>	<u>1,27,57,14,938</u>	<u>1,36,63,34,372</u>
<b>Capital Redemption Reserve</b>			
Balance at the end of the year	31,86,800	31,86,800	31,86,800
<b>Share Premium Account</b>			
Balance at the end of the year	2,09,98,650	2,09,98,650	2,09,98,650
<b>Retained Earnings#</b>			
Balance at the beginning of the year	(60,60,14,885)	(61,57,70,374)	(77,13,26,044)
Add : Remeasurement of defined benefits plan (OCI)	17,89,000	72,30,000	-
Add : Ind AS profit for the year	(26,45,232)	25,25,489	15,55,55,670
Balance at the end of the year	<u>(60,68,71,117)</u>	<u>(60,60,14,885)</u>	<u>(61,57,70,374)</u>

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

# This reserve represents the cumulative profits of the Company and effects of re-measurement defined obligations. This reserve can be utilised in accordance with the provisions of the Companies Act, 2013.

## NON CURRENT LIABILITIES

### 16. BORROWINGS

a) 5000, 6% Cumulative Redeemable Preference Shares of ₹ 100/- each	-	-	5,00,000
b) 10720, 8.5% Cumulative Redeemable Preference Shares of ₹ 100/- each	-	-	10,72,000
c) 15720, 6% Non Cumulative Redeemable Preference Shares of ₹ 100/- each	-	15,72,000	-
d) 4381720, 6% Non Cumulative Redeemable Preference Shares of ₹ 100/- each	43,81,72,000	-	-
e) Unsecured Loan from related party	-	8,57,14,284	17,42,85,713
	<u>43,81,72,000</u>	<u>8,72,86,284</u>	<u>17,58,57,713</u>

### 17. LONG TERM PROVISIONS

a) Gratuity	44,81,924	1,33,00,875	1,94,78,919
b) Leave Encashment	13,40,902	22,28,038	34,48,143
	<u>58,22,826</u>	<u>1,55,28,913</u>	<u>2,29,27,062</u>

# J. K. Cotton Ltd.

## NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

	As at 31.3.2018 (₹)	As at 31.3.2017 (₹)	As at 01.04.2016 (₹)
<b>CURRENT LIABILITIES</b>			
<b>FINANCIAL LIABILITIES</b>			
<b>18. BORROWINGS</b>			
<b>Secured</b>			
a) Cash Credit from Bank *	–	–	7,88,06,209
<b>Unsecured</b>			
a) From Related Party	4,00,00,000	4,00,00,000	4,00,00,000
b) From Inter–Corporate Deposits	–	53,18,75,000	49,40,75,000
	<b>4,00,00,000</b>	<b>57,18,75,000</b>	<b>61,28,81,209</b>
* Cash credit account are secured against Exclusive First Charge on Whole Current Assets related to Textile Division (Present& Future)and having Collateral Security in the shape of equitable mortgage of Land & Building of the Company's Textile Division situated at Zarib Chawki, Kanpur			
<b>19. TRADE PAYABLES</b>			
a) Micro, Small and Medium Enterprises	–	–	–
b) Others	8,55,02,842	12,15,50,490	4,51,33,794
	<b>8,55,02,842</b>	<b>12,15,50,490</b>	<b>4,51,33,794</b>
<b>20. OTHER CURRENT FINANCIAL LIABILITIES</b>			
a) Current Maturity of Long Term Debts – Unsecured	–	41,42,85,716	32,57,14,287
b) Other Payables	2,11,25,321	4,20,38,961	10,43,38,380
c) Interest accrued and due on borrowings	–	42,62,26,074	33,73,25,844
d) Unclaimed Preference Shares (Redemption Money)	21,000	21,000	–
	<b>2,11,46,321</b>	<b>88,25,71,751</b>	<b>76,73,78,511</b>
Other payables include employees liabilities, expenses payable.			
<b>21. OTHER CURRENT LIABILITIES</b>			
a) Advance from Customers	64,85,51,066	9,20,84,930	9,86,84,837
b) Deposits	24,90,30,487	23,18,94,714	21,69,41,306
c) Others	3,33,23,562	2,25,79,439	1,79,40,228
	<b>93,09,05,115</b>	<b>34,65,59,083</b>	<b>33,35,66,371</b>
<b>22. SHORTTERM PROVISIONS</b>			
a) Gratuity	6,94,000	32,40,004	43,90,000
b) Leave Encashment	3,15,000	3,68,000	4,95,000
	<b>10,09,000</b>	<b>36,08,004</b>	<b>48,85,000</b>

# J. K. Cotton Ltd.

## NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

	Year Ended 31.3.2018 (₹)	Year Ended 31.3.2017 (₹)
<b>23. REVENUE FROM OPERATIONS</b>		
a) Cloth Sales	–	19,55,91,379
b) Revenue from Real Estate	55,93,74,688	61,50,42,700
c) Job Work	–	59,42,796
d) Duty Drawback	–	2,79,985
	<u>55,93,74,688</u>	<u>81,68,56,860</u>
<b>24. OTHER INCOME</b>		
a) Interest	91,81,280	51,70,062
b) Dividend received	1,24,210	4,140
c) Rent	1,04,28,382	88,62,128
d) Provision for doubtful debts written back	–	1,11,43,480
e) Miscellaneous Receipt	2,69,33,589	64,98,403
f) Profit on Sale of Fixed Assets	–	26,26,261
g) Sundry Sales	3,737	8,04,298
	<u>4,66,71,198</u>	<u>3,51,08,772</u>
<b>25. CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK IN TRADE</b>		
<b>(a) Inventories at the end of the year</b>		
Finished Goods	–	1,08,58,163
Work-in-Progress	–	16,78,723
Work-in-Progress (Real Estate)	1,47,80,43,560	1,60,81,38,360
Total (a)	<u>1,47,80,43,560</u>	<u>1,62,06,75,246</u>
<b>(b) Inventories at the beginning of the year</b>		
Finished Goods	–	7,54,69,584
Work-in-Progress	–	5,01,23,615
Work-in-Progress (Real Estate)	1,60,81,38,360	1,55,71,69,533
Total (b)	<u>1,60,81,38,360</u>	<u>1,68,27,62,732</u>
<b>Total (b-a)</b>	<u>13,00,94,800</u>	<u>6,20,87,486</u>
<b>26. EMPLOYEE BENEFITS EXPENSE</b>		
a) Salaries and Wages	53,66,444	6,00,88,465
b) Contribution to Provident and other Funds	24,02,501	65,99,646
c) Staff welfare expenses	3,75,522	26,52,562
	<u>81,44,467</u>	<u>6,93,40,673</u>
<b>27. FINANCE COST</b>		
a) Interest Expenses	1,80,00,000	18,34,07,073
b) Other borrowing costs	–	41,02,000
	<u>1,80,00,000</u>	<u>18,75,09,073</u>
<b>28. DEPRECIATION &amp; AMORTISATION EXPENSE</b>		
a) Depreciation on tangible assets	14,11,787	4,41,49,050
b) Amortisation on intangible assets	69,496	13,84,128
	<u>14,81,283</u>	<u>4,55,33,178</u>

# J. K. Cotton Ltd.

## NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

	Year Ended 31.3.2018 (₹)	Year Ended 31.3.2017 (₹)
<b>29. LAND DEVELOPMENT &amp; CONSTRUCTION EXPENSES</b>		
Employee Cost	52,30,716	27,11,850
Cement	36,73,861	75,58,952
Steel	58,35,506	43,23,426
Sewage & pipes	7,63,397	39,91,493
Course Sand , Grit & Bricks	3,49,358	–
Purchase of Plot (incl. Stamp Duty)	1,92,80,700	–
Payment to Contractor	5,33,17,884	13,26,37,636
Electric Sub Station Expenses	1,36,89,125	5,27,59,665
Site electrification expenses	34,97,534	3,42,72,509
Electricity consump. & electric install. charges	63,767	9,60,201
EWS/LIG construction expenses	–	1,78,04,214
Service Tax	16,71,610	85,23,856
Repairs & Maintenance	–	71,189
Sample & Model Expenses	12,64,199	–
Professional charges	69,16,315	37,66,332
Project Consultancy Management	1,17,71,796	3,07,14,316
Paid to KDA & Jalkal Vibhag	7,55,657	67,41,436
Testing Charges	1,97,950	–
Freight	2,79,149	3,62,616
STP Expenses	–	55,38,000
Water Treatment Plant	–	13,30,000
Rates & Taxes	–	34,657
Insurance	38,910	52,324
Building Construction Expenses – Misc.	6,28,170	17,83,997
Gardening & Horticulture Expenses	17,41,653	27,16,764
Security Expenses	55,42,069	56,10,708
Park equipment & Developments	13,04,978	11,09,875
Prayer Hall Expenses	45,23,224	–
Architectural Services	–	42,49,209
Other Expenses	1,82,904	52,769
Architectural Services (PMAY)	59,00,000	–
Soil & Water Testing Charges (PMAY)	10,40,170	–
Tender application Fee (PMAY)	6,000	–
Bricks Cleaning Charges (PMAY)	5,32,560	–
Security Expenses (PMAY)	3,33,553	–
	<b>15,03,32,715</b>	<b>32,96,77,994</b>

# J. K. Cotton Ltd.

## NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

	Year Ended 31.3.2018 (₹)	Year Ended 31.3.2017 (₹)
<b>30. Other Expenses</b>		
<b>a) Consumption of Stores &amp; Spares</b>	–	2,49,61,680
<b>b) Power &amp; Fuel</b>		
Power Consumption	–	3,19,31,068
Husk Consumption	–	1,07,55,621
	–	4,26,86,689
<b>c) Sundry Manufacturing Expenses</b>	–	47,67,916
<b>d) Repairs &amp; Maintenance</b>		
Buildings	–	12,44,914
Machinery	–	2,07,90,783
	–	2,20,35,697
<b>e) Administration &amp; Sundry Expenses</b>		
Rent	5,70,000	14,27,802
Rates & Taxes	14,39,206	27,45,001
Insurance	2,786	15,33,255
Travelling & Conveyance	4,53,876	23,35,976
Directors' Fees (including Service tax)	3,46,300	3,99,850
Remuneration to Auditors:		
As Audit Fee (Including Service Tax)	2,00,000	2,30,000
As Tax Audit Fee (Including Service Tax)	51,500	57,750
Provision for Doubtful Debts & Advances	–	1,38,54,303
Bad Debts/Advances Write off	–	1,23,84,708
Provision of Diminuation in Value of Stock	–	15,35,633
Expenses relating to previous years	–	1,48,611
Loss on sale of Fixed Assets	–	1,67,138
Other Expenses	1,57,65,844	3,63,05,471
	<b>1,88,29,512</b>	<b>7,31,25,498</b>
<b>f) Selling &amp; Distribution Expenses</b>		
Advertisement & Publicity	22,37,362	51,17,460
Commission on Sale	2,20,25,627	2,71,95,668
Selling Expenses	11,51,004	38,48,531
	<b>2,54,13,993</b>	<b>3,61,61,659</b>
<b>Total</b>	<b>4,42,43,505</b>	<b>20,37,39,139</b>

# J. K. Cotton Ltd.

31. Balances of personal accounts of Trade Receivable, Trade Payables, Deposits, Loans and Advances are subject to confirmation and reconciliation.
32. 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.
33. 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.

**34. EARNINGS PER SHARE (EPS)**

	2017-18 ₹ in lacs	2016-17 ₹ in lacs
(a) Net Profit/(Loss)	(8.56)	97.56
(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 earnings per share of ₹ 10/- each	(0.04)	0.41

**35. DISCLOSURE INTERMS OF Ind AS-19 ARE AS FOLLOWS :**

- a. Defined contribution plan  
Contribution to defined contribution plan recognized as expenses for the year 2017-18 are as under :
- |                                           |               |               |
|-------------------------------------------|---------------|---------------|
| Employer's contribution to provident fund | ₹ 11,29,409/- | ₹ 21,92,214/- |
|-------------------------------------------|---------------|---------------|
- 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.

	₹ in Lacs			
	Gratuity unfunded		Leave Encashment unfunded	
	2017-18	2016-17	2017-18	2016-17
<b>A. Profit &amp; Loss (P &amp; L)</b>				
1. Current service cost	12.69	26.70	7.67	15.58
2. Past Service Cost – plan amendments	15.31	0.00	2.34	0.00
3. Curtailment Cost / (credit)	(6.70)	0.00	2.61	0.00
4. Service Cost	21.30	26.70	12.62	15.58
5. Net Interest on net defined benefit liability / (asset)	16.13	26.85	0.94	2.40
6. Immediate recognition of (gains)/losses	0.00	0.00	0.80	(15.73)
7. Cost recognized in P&L	37.43	53.55	14.36	2.25
<b>B. OTHER COMPREHENSIVE INCOME (OCI)</b>				
1. Actuarial (gain)/loss due to DBO experience	(15.82)	(45.77)	1.78	(6.22)
2. Actuarial (gain)/loss due to DBO assumption changes	(2.07)	(26.53)	(0.98)	(9.51)
3. Actuarial (gain)/loss arise during period	(17.89)	(72.30)	0.80	(15.73)
4. Actuarial (gains)/losses recognized in OCI	(17.89)	(72.30)	0.00	0.00

# J. K. Cotton Ltd.

	Gratuity unfunded		Leave Encashment unfunded	
	2017-18	2016-17	2017-18	2016-17
<b>C DEFINED BENEFIT COST</b>				
1. Service Cost	21.30	26.70	12.62	15.58
2. Net Interest on net defined benefit liability / (asset)	16.13	26.85	0.94	2.40
3. Actuarial (gains)/losses recognized in OCI	(17.89)	(72.30)	0.00	0.00
4. Immediate recognition of (gains)/losses	0.00	0.00	0.80	(15.73)
5. Defined Benefit Cost	19.54	(18.75)	14.36	2.25
<b>D DEVELOPMENT OF NET BALANCE SHEET POSITION</b>				
1. Defined Benefit Obligation (DBO)	(193.86)	(307.24)	(16.56)	(25.96)
2. Fair Value of Plan Assets (FVA)	0.00	0.00	0.00	0.00
3. Funded Status [Surplus/(deficit)]	(193.86)	(307.24)	(16.56)	(25.96)
4. Net Defined Benefit Asset/(Liability)	(193.86)	(307.24)	(16.56)	(25.96)
<b>E CHANGE IN DEFINED BENEFIT OBLIGATION (DBO)</b>				
1. DBO at end of prior period	307.24	380.51	25.96	39.43
2. Current Service Cost	12.69	26.70	7.67	15.53
3. Interest cost on the DBO	16.13	26.85	0.94	2.40
4. Curtailment (credit)/ cost	(6.70)	0.00	2.61	0.00
5. Past Service cost – plan amendments	15.31	0.00	2.34	0.00
6. Actuarial (gain)/loss - experience	(15.82)	(45.77)	1.78	(6.22)
7. Actuarial (gain)/loss – financial assumptions	(2.07)	(26.53)	(0.98)	(9.51)
8. Benefits paid directly by the Company	(132.92)	(54.52)	(23.76)	(15.72)
9. DBO at end of current period	193.86	307.24	16.56	25.96
<b>F ACTUARIAL ASSUMPTIONS</b>				
1. Discount Rate	7.50%	6.70%	7.50%	6.70%
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			
4. Turnover Rate	1% of all ages			
5. Salary Escalator	5%	5%	5%	5%
6. Maximum Limit	₹ 20 lacs	₹ 10 lacs		

## 36. RELATED PARTY DISCLOSURES:

- (a) Key Management Personnel & their Relatives
- i) Shri Yadupati Singhania – Chairman & Managing Director
  - ii) Ms. Sonali Agarwal – Chief Financial Officer
  - iii) Shri Harshit Gunani – Company Secretary

# J. K. Cotton Ltd.

(b) Other Directors

- (i) Shri Nidhipati Singhania – Director
- (ii) Smt. Varsha Singhania – Director
- (iii) Dr. Krishna Behari Agarwal – Director
- (iv) Shri Ashok Gupta – Director
- (v) Dr. Jagannath Gupta – Director
- (vi) Shri Krishna Das Gupta – Director
- (vii) Shri Padam Kumar Jain – Director
- (viii) Shri Ravindra Kumar Tandon – Director

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

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

<b>Details of transactions are as follows</b>	<b>2017-18</b>	<b>2016-17</b>
	₹	₹
i) Jaykay Enterprises Ltd.		
a) Rent paid	9,77,500	13,66,167
b) Others	1,21,902	4,88,902
ii) J.K. Cement Ltd.		
a) Rent received(including Service Tax)	32,39,190	45,42,426
b) Cloth sales	–	21,040
iii) Yadu International Ltd		
a) Loan received		
Balance at the beginning of the year	50,00,00,000	50,00,00,000
Loan adjusted from property sold	50,00,00,000	–
Balance at the end of the year	–	50,00,00,000
b) Interest paid	–	8,83,04,681
c) Finance charges paid	–	28,75,000
d) Preference Share allotted to YIL	30,69,00,000	–
iv) Uttar Pradesh Cricket Association		
a) Rent & Maintenance Charges Received	60,57,972	63,83,679

# J. K. Cotton Ltd.

Details of transactions are as follows	2017-18	2016-17
	₹	₹
v) Key management personnel & their Relatives		
a) Shri Yadupati Singhania		
• Loan Received		
Balance at the beginning of the year	4,00,00,000	4,00,00,000
Balance at the end of the year	4,00,00,000	4,00,00,000
• Preference Shares allotted	–	15,72,000
• Rent Paid	39,996	–
b) Smt. Sushila Devi Singhania		
Rent Paid	20,004	–
c) Shri Abhishek Singhania		
Rent Paid	39,996	–
d) Shri Nidhipati Singhania		
Rent Paid	20,004	–
e) Smt. Kalpana Singhania		
Rent Paid	19,992	–
f) Shri Ramapati Singhania		
Rent Paid	20,004	–
g) Ms. Sonali Agarwal		
Remuneration including PF	5,92,360	5,92,360
h) Shri Harshit Gunani		
Remuneration including PF	4,33,831	4,33,831
i) Sitting Fees to other Directors	3,34,000	3,50,000

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

## 38. 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.

## 39. 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 2017 to 31<sup>st</sup> March 2018 is as under:

PARTICULARS	Note	2017-18 (₹)
Revenue from operations	39.1	1,15,58,803
Other Income	39.2	4,43,64,353
Total Revenue		<u>5,59,23,156</u>
<b>Expenses</b>		
Cost of Materials Consumed		–
Purchases of Stock-In-Trade		–

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Changes in Inventories of Finished Goods, Work-In-Progress and Stock In Trade	39.3	1,25,36,886
Employee Benefits Expense	39.4	5,61,31,609
Finance Costs	39.5	3,11,21,864
Depreciation, Impairment Loss and Amortisation Expense	39.6	11,47,64,327
Other Expenses	39.7	8,19,21,602
<b>Total Expenses</b>		<b><u>29,64,76,288</u></b>
Loss Before Tax		<u>(24,05,53,132)</u>
Loss for the period from discontinuing operations		<b><u>(24,05,53,132)</u></b>
	(₹)	(₹)
<b>39.1 Revenue from Operations</b>		
a) Cloth Sales		1,14,65,467
b) Job Work		93,336
		<b><u>1,15,58,803</u></b>
<b>39.2 Other Income</b>		
a) Interest	3,00,997	
b) Rent	200	
c) Provision for doubtful debts written back	22,10,623	
d) Miscellaneous Receipt	<u>51,20,958</u>	76,32,778
e) Other Non Operating Income :		
Profit on Sale of Fixed Assets	62,83,767	
Sundry Sales	<u>3,04,47,808</u>	3,67,31,575
		<b><u>4,43,64,353</u></b>
<b>39.3 Changes in Inventories of Finished Goods, Work-In-Progress and Stock in Trade</b>		
a) Opening Stock of Finished Goods	1,08,58,163	
Less : Closing Stock of Finished Goods	<u>                  -</u>	
Changes in Finished Goods		1,08,58,163
b) Opening Stock of WIP	16,78,733	
Less: Closing Stock of WIP	<u>                  -</u>	
Changes in WIP		16,78,733
		<b><u>1,25,36,886</u></b>
<b>39.4 Employee Benefits Expense</b>		
a) Salaries and Wages		5,31,69,054
b) Contribution to Provident and other Funds		21,57,536
c) Staff welfare expenses		8,05,019
		<b><u>5,61,31,609</u></b>
<b>39.5 Finance Cost</b>		
a) Interest Expenses		3,11,21,864
		<b><u>3,11,21,864</u></b>

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<b>39.6 Depreciation, Impairment Loss &amp; Amortisation Expense</b>		
a) Depreciation on tangible assets		4,07,35,821
b) Impairment Loss on tangible assets		7,28,21,374
c) Amortisation on intangible assets		<u>12,07,132</u>
		<b><u>11,47,64,327</u></b>
<b>39.7 Other Expenses</b>		
a) Consumption of Stores & Spares		32,806
b) Power & Fuel		38,97,967
c) Sundry Manufacturing Expenses		1,502
d) Repairs & Maintenance		8,18,471
e) Administration & Sundry Expenses		
Rent	5,87,500	
Rates & Taxes	17,09,106	
Insurance	10,34,724	
Travelling & Conveyance	2,67,792	
Provision for Doubtful Debts & Advances	14,29,786	
Bad Debts/Advances Write off	42,01,308	
Loss on sale of Fixed Assets	4,81,04,926	
Other Expenses	<u>1,96,93,889</u>	<b>7,70,29,031</b>
f) Selling & Distribution Expenses		
Commission on Sale	24,931	
Selling Expenses	<u>1,16,894</u>	<b>1,41,825</b>
		<b><u>8,19,21,602</u></b>

## Note 40 : COMPANY INFORMATION AND SIGNIFICANT ACCOUNTING POLICIES

### Reporting Entity

J.K.Cotton Limited is a company domiciled in India and limited by shares. (U171111UP1924PLC000275). 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.

### 40.1 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.

For all periods up to and including the year ended 31st March 2017, the Company prepared its financial statements in accordance with Accounting Standards (AS) notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 and in accordance with companies (Accounting Standards), Rules 2006 (erstwhile - Indian GAAP). These financial statements

for the year ended 31st March 2018 are the first financial statements of the Company prepared in accordance with Ind AS.

### 40.2 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.

# J. K. Cotton Ltd.

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.

## 40.3 Revenue recognition

### 40.3.1 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 is recognised on the basis of the "Percentage of Completion Method" in accordance with guidance note issued by the Institute of Chartered Accountants of India. Revenue is recognised in relation to sold /booked areas only on the basis of percentage of cumulative actual cost incurred thereon as against the total estimated cost of the project under execution subject to such cumulative cost being 25% or more of the total estimated cost.

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.

### 40.3.2 Interest

Interest income is recognised using the Effective Interest Method.

### 40.3.3 Dividend

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

### 40.3.4 Other Claims

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

## 40.5 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.

### 40.5.1 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
- (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.

## 40.6 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.

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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 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.

## **40.8 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.

## **40.9 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.

### **40.9.1 Financial assets**

#### **40.9.1 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.

#### **40.9.2 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)

#### **40.9.2.1 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.

#### **40.9.2.2 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-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

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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.

#### 40.9.2.3 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.

#### 40.9.2.4 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.

#### 40.9.3 Financial liabilities

##### 40.9.3.1 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.

##### 40.9.3.2 Subsequent measurement

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

##### 40.9.3.3 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 risk are recognized in OCI. These gains/ loss are not

subsequently transferred to P&L. However, the 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.

#### **40.9.4 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.

#### **40.10 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.

#### **40.11 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.

#### **40.12 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:

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## 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-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.

## **40.13 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.

## **40.14 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 therefor.

## **40.15 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.

## **40.16 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.

## **40.17 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.

## **40.18 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. Application 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.

#### **40.18.1 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:

##### **40.18.1.1 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.

##### **40.18.1.2 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.

##### **40.18.1.3 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.

##### **40.18.2 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.

##### **40.18.2.1 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

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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.

#### 40.18.2.2 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.

#### 40.18.2.3 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.

#### 40.18.2.4 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.

#### 40.19 First Time Adoption of Ind AS

The company has adopted Ind AS w.e.f. 1st April ,2017 with comparative being restated .Accordingly the impact of transition has been provided in the opening Reserve as at 1st April ,2016 . The figures for the previous period have been restated, regrouped and reclassified wherever required to comply with the requirement of Ind AS and Schedule III.

#### 40.19 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                 |
| j. | SPPI   | Solely Payment of Principal and Interest      |

PROXY FORM

**J. K. COTTON LIMITED**

(CIN : U17111UP1924PLC000275)

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

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

E-mail: harshit@jkcotton.com

Website: www.jkcotton.com

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

Registered address : .....

E-mail ID : .....

Folio No. : .....

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

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

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

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

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

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

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

TEAR HERE

As my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 95th Annual General Meeting of the Company to be held at the Auditorium of Dr. Gaur Hari Singhania Institute of Management & Research, Kamla Nagar Kanpur-208 005 on Friday, the 10th August, 2018 at 12.00 Noon and at any adjournment thereof in respect of such resolutions are indicated below :

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**RESOLUTION No.**

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**Ordinary Business**

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1. Adoption of Financial Statements for the year ended 31st March, 2018.

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2. Re-appointment of Smt. Varsha Singhania as a Director who retires by rotation.

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Signed this.....day of ....., 2018.

Signature of shareholder.....

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

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

1. This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company not less than 48 hours before commencement of the Meeting.
2. For the Resolutions, Explanatory Statement and Notes please refer to the Notice of the 95th Annual General Meeting.
3. Please complete all details including details of member(s) in above box before submission.

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

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**95th ANNUAL GENERAL MEETING**

**2018**

I/We hereby record my/our presence at the 95th Annual General Meeting of the Company at the Auditorium of Dr. Gaur Hari Singhanian Institute of Management & Research, Kamla Nagar Kanpur-208 005 on Friday, the 10th August, 2018 at 12.00 Noon

TEAR HERE

.....  
Member's Folio No.

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

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

**Note:**

1. Please complete the Folio No. and name, sign this Attendance Slip and hand it over at the Attendance Verification Counter at the ENTRANCE OF THE MEETING HALL.
2. Physical copy of the Annual Report for 2017-18 and Notice of the Annual General Meeting along with Attendance Slip and Proxy Form is sent in the permitted mode(s) to all members of the Company.

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

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