

corporate governance report



The detailed report on Corporate Governance as per the format prescribed by SEBI and incorporated in clause 49 of the Listing Agreement is set out below:

COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

At J.K. Cement, we view corporate governance in its widest sense, almost like trusteeship. The Company's philosophy on Corporate Governance is to enhance the long-term economic value of the Company, its stakeholders i.e. the society at large by adopting better corporate practices in fair and transparent manner by aligning interest of the Company with that of its shareholders/other key stakeholders.

Corporate Governance is not merely compliance and not simply creating checks and balances, it is an ongoing measure of superior delivery of Company's objects with a view to translate opportunities into reality.

In so far as compliance with the requirements of Clause 49 of the Listing Agreement with the Stock Exchange(s) is concerned, your Company is in full compliance with the norms and disclosures that have to be made.

Board of Directors

i) Composition of the Board

In compliance with the corporate governance norms in terms of constitution of the Board, the Board is headed by its Non-executive Chairman, Dr. Gaur Hari Singhania. The Independent Directors on the Board are experienced, competent and highly reputed persons from their respective fields. The Independent Directors take active part at the Board and Committee Meetings, which adds value in the decision making process of the Board of Directors.

As on 31st March, 2007 the composition of the Board of Directors is given herein below:

- One Promoter, Non-Executive, Non Independent Director
- One Promoter, Executive, Non Independent Director
- Three Non-Executive, Non Independent Directors
- Five Non Executive, Independent Directors

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

During the last financial year ended March 31, 2007, four Board Meetings were held on the following dates: -

(i) 29th April, 2006 (ii) 29th July, 2006 (iii) 28th October, 2006 (iv) 27th January, 2007

The attendance of each Director at Board Meetings and at the last Annual General Meeting (AGM) was as under: -

Sl. No	Name of Director	No. of Board Meetings attended	Attendance at last AGM
1	Dr. Gaur Hari Singhania	4	Yes
2	Shri Yadupati Singhania	4	No
3	Shri J.P. Bajpai	3	No
4	Shri K.N. Khandelwal	4	Yes
5	Shri R.K. Lohia	2	No
6	Shri Alok Dhir	3	Yes
7	Shri Ashok Sharma	4	Yes
8	Shri A. Karati	4	Yes
9	Shri J.N. Godbole#	3	N.A.
10	Shri Suparas Bhandari #	2	N.A.

Appointed as Additional Directors w.e.f. 29.07.2006

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(iii) The number of Directorships on the Board and Board Committees of other companies, of which the Directors are members / Chairman is given as under: -

Sl. No.	Name of Director	Position	No. of other Directorships	No. of Board Committees (Other than J.K. Cement Ltd.) in which	
				Chairman	Member
1	Dr. Gaur Hari Singhania Chairman	Promoter, Non Executive, Non Independent	6	1	1
2	Shri Yadupati Singhania Managing Director & CEO	Promoter, Executive, Non Independent	13	-	2
3	Shri J.P. Bajpai	Non-Executive, Non Independent	5	-	-
4	Shri K.N. Khandelwal	Non-Executive, Non Independent	4	-	1
5	Shri Alok Dhir	Non-Executive, Non Independent	4	-	1
6	Shri R.K. Lohia	Non-Executive, Independent	6	-	-
7	Shri Ashok Sharma	Non-Executive, Independent	1	-	-
8	Shri Achintya Karati	Non-Executive, Independent	7	-	7
9	Shri J.N.Godbole #	Non-Executive, Independent	7	-	10
10	Shri Suparas Bhandari #	Non-Executive, Independent	2	2	-

Appointed as Additional Director w.e.f. 29.07.2006

Audit Committee

(i) Broad Terms of Reference

The terms of reference of Audit Committee cover the matters specified for Audit Committee under clause 49 of the Listing Agreement as well as under Section 292A of the Companies Act, 1956.

(ii) Composition of the Committee

As on 31.03.2007, the following Directors were the members of the Audit Committee: -

- (i) Shri Ashok Sharma (Chairman) : Independent, Non Executive Director
- (ii) Shri R.K. Lohia : Independent, Non Executive Director
- (iii) Shri A. Karati : Independent, Non Executive Director
- (iv) Shri K.N. Khandelwal : Non Independent, Non Executive Director

(All these Directors possess knowledge of Corporate Finance/Accounts / Company Law/ Industry. The Chief Finance Officer

regularly attends the meetings and the Company Secretary acts as the Secretary of the committee. The Statutory Auditors of the Company attend the meetings as special invitees. Due to pre-occupation Mr Alok Dhir resigned from the audit committee vide his letter dated 20/01/2007

(iii) Meetings and Attendance

During the financial year ended 31st March, 2007 four meetings were held on 29th April, 2006, 29th July, 2006, 28th October, 2006 and 27th January, 2007.

The attendance at the Committee Meetings was as under: -

Sr. No.	Name of Director	No. of Meetings attended
1	Shri Ashok Sharma	4
2	Shri A. Karati	4
3	Shri R.K. Lohia	2
4	Shri K.N. Khandelwal	4
5	Shri Alok Dhir	3

Remuneration Committee

(i) Broad Terms of Reference

To review and decide the policy on specific remuneration package of Managing Director, Whole Time Director(s), Executive/Non-executive Chairman and Executive/Non-executive Vice Chairman of the Company.

(b) To decide on terms of remuneration of Non-executive Directors of the Company.

(ii) Composition of the Committee

Remuneration Committee of the Company as on 31.03.2007 comprised of:

- (i) Shri Raj Kumar Lohia (Chairman) : Independent, Non Executive Director
- (ii) Shri J.P. Bajpai : Non Independent, Non Executive Director
- (iii) Shri Alok Dhir : Non Independent, Non Executive Director
- (iv) Shri A.Karati : Independent, Non Executive Director
- (v) Shri Suparas Bhandari : Independent, Non Executive Director

(iii) Meetings and Attendance:

During the financial year ended 31st March, 2007 two meetings were held on 29th April, 2006 and 17th January,2007

The attendance at the above Meeting was as under: -

Sr. No.	Name of the Director	No. of Meetings attended
1	Shri Raj Kumar Lohia	1
2	Shri J.P. Bajpai	1
3	Shri Alok Dhir	2
4	Shri A.Karati *	1
5	Shri Suparas Bhandari *	1

* Inducted as members of the Remuneration committee at Board Meeting held on 28.10.2006

(iv) Remuneration Policy

The Company's remuneration policy is based on the principles of
 (i) pay for responsibility
 (ii) pay for performance and potential and
 (iii) pay for growth. Keeping in view the above, the Remuneration Committee is vested with all the necessary powers and authorities to ensure appropriate disclosure on remuneration to the Managing Director including details of fixed components and performance linked incentives.

As for the Non-executive Directors, their appointment on the Board is for the benefit of the Company due to their vast professional expertise in their individual capacity. The Company suitably remunerates them by paying sitting fee for attending the meetings of the Board and various sub committees of the Board and commission on profits.

The number of Equity Shares of the Company held by Non-Executive Directors of the Company are as under:-

Name of Directors	No. of Equity Shares Held	Name of Directors	No. of Equity Shares held
Dr Gaur Hari Singhania	1041973	Shri Ashok Sharma	640
Shri J.P. Bajpai	100	Shri Achintya Karati	640
Shri K.N. Khandelwal	421	Shri J.N.Godbole	NIL
Shri Alok Dhir	NIL	Shri Suparas Bhandari	NIL
Shri R.K. Lohia	NIL		

(v) Details of Remuneration to the Directors for the year ended 31st March, 2007

Sl. No	Name of Director	Salary	Benefits *	Commission	Sitting Fee	Total
1	Dr. Gaur Hari Singhania			2500000	155000	2655000
2	Shri Yadupati Singhania @	1680000	214281	20000000	-	21894281
3	Shri J.P. Bajpai			400000	150000	550000
4	Shri K.N. Khandelwal			400000	210000	610000
5	Shri Raj Kumar Lohia			400000	50000	450000
6	Shri Alok Dhir **			400000	75000	475000
7	Shri Ashok Sharma			400000	80000	480000
8	Shri A. Karati			400000	90000	490000
9	Shri J.N.Godbole #			400000	30000	430000
10	Shri Suparas Bhandari #			400000	25000	425000

* Benefits do not include payment of contribution to Provident Fund, which is exempted perquisite under Para 2 Section II Part II of Schedule XIII of the Companies Act, 1956.

@ Appointment of Managing Director & CEO is for a period of 5 years w.e.f. 01/04/2007 upto 31/03/2012.

Part of the year

** Mr. Alok Dhir is partner of Dhir & Dhir Associates, which has professional relationship with the Company on need basis.

Shareholders' Grievance Committee

(i) Composition

The Committee as on 31.03.2007 comprises of:

- Shri J.P. Bajpai (Chairman) : Non Independent, Non Executive Director
- Shri K.N. Khandelwal : Non Independent, Non Executive Director
- Shri Raj Kumar Lohia : Independent, Non Executive Director

(ii) Mr. Ashish Sabharwal, Company Secretary is the Compliance Officer.

(iii) Functions

The Committee specifically looks into redressal of shareholders' and investors' complaints such as transfer of shares, non-receipts of shares, non-receipt of dividend declared and to ensure expeditious

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share transfer process. To review the status of investors' grievances, redressal mechanism and recommend measures to improve the level of investors' services. The Company received 595 complaints during the F.Y. 2006-07, and all the 595 complaints were redressed and there was no complaints pending as at 31.03.2007.

Meeting and Attendance

During the financial year ended 31st March, 2007 three meetings were held on 29th April, 2006, 28th October, 2006 and 27th January, 2007.

Sr. No.	Name of the Director	No. of Meetings attended
1	Shri J.P. Bajpai	3
2	Shri K.N. Khandelwal	3
3	Shri Raj Kumar Lohia	1

CEO/CFO CERTIFICATION

The Managing Director & CEO and the CFO have certified to the Board, interalia the accuracy of financial statements and adequacy of Internal Controls for the financial reporting purpose as required under Clause 49(v) of the Listing Agreement, for the year ended 31.03.2007.

General Body Meetings

Dates, time and places of last three Annual General meetings held are given below: -

Financial Year	Date	Time	Place
2003 - 04	30 th September, 2004	3.00 P.M.	Registered Office Auditorium of the
2004 - 05	20 th August, 2005	12.00 Noon	Merchants hamber of U.P.,Kanpur
2005 - 06	29 th July,2006	12.00 Noon	-do-

Except two Special resolutions regarding payment of commission to the Managing Director & CEO and Non-executive Directors, which were passed in the Annual General Meeting of the Company held on 20.08.2005 no other special resolution was passed in the other two meetings.

There were no matters required to be dealt/passed by the Company through postal ballot, in any of the aforesaid meetings, as required under the provisions of Section 192A of the Companies Act, 1956. There is no matter proposed to be dealt/passed by the Company through postal ballot in the ensuing Annual General Meeting.

The Chairman of the Audit Committee was present at AGM held on 29th July, 2006 to answer the queries of the shareholders.

Disclosures

(i) There are no materially significant transactions with the related parties viz. Promoters, Directors or the Management, their Subsidiaries or relatives conflicting with Company's interest. Suitable disclosure as required by the Accounting Standard (AS18) has been made in the Annual Report.

(ii) With regard to pecuniary relationship or transactions of non-executive directors vis-à-vis the Company that has potential conflict with the interests of the Company at large, the Company takes advise from M/s Dhir & Dhir Associates on a need basis. Shri Alok Dhir, Director of the Company is a Managing Partner in M/s Dhir & Dhir Associates. However there is no potential conflict of interest of the Company at large.

(iii) No penalties or strictures have been imposed on the Company by Stock Exchange or SEBI or any statutory authority on any matter related to capital markets during last three years.

(iv) The Company has complied with the mandatory requirements of Clause 49 of the listing Agreement. The Company has complied with the non-mandatory requirements relating to the remuneration committee to the extent detailed above and has not complied with the other non mandatory requirements

Disclosures regarding appointment or re-appointment of Directors

According to the Articles of Association of the Company two Directors Shri Jyoti Prasad Bajpai and Shri Kailash Nath Khandelwal will be retiring by rotation at the ensuing Annual General Meeting of the Company and being eligible offer themselves for re-election. In addition the Company has received notice from shareholder u/s 257 of the Companies Act, 1956 in respect of Shri Jayant Narayan Godbole and Shri Suparas Bhandari for appointment as Directors on the Board of the Company. Both these Directors were appointed Additional Directors of the Company during the year and hold office upto the ensuing Annual General Meeting. Given below are the brief resumes of the aforesaid Directors pursuant to clause 49 of the listing Agreement:

(i) **Mr. Jyoti Prasad Bajpai** holds a Master of Commerce degree from Agra University and is a member of the Institute of Company Secretaries of India, New Delhi. He has corporate experience spanning 47 years. He has been associated with our Company since its inception in 1994. He was also the Senior President (Head Office) and Company Secretary of J.K.Synthetics Ltd. till April, 2007. Prior to joining the Company and J.K.Synthetics Ltd., he was Statistical Investigator in the Directorate of Industries, Uttar Pradesh from October 1959 until June 1960. He serves as a director on the board of a number of other Indian companies. He has also held the position of Honorary Treasurer of the Board of Control for Cricket in India. He is also a director of the Uttar Pradesh Cricket Association and Chairman of the Development Committee of the Table Tennis Federation of India. He is also the recipient of several awards, including Sewa Ratna Award, Best Social Worker Award, Kala Shri Award, Kanpur Ratna Award and Madhavrao Sindhia Cricket Academy Life Time Achievement Award. As on 31.03.2007 he was holding 100 Equity shares of the Company.

(ii) **Mr. Kailash Nath Khandelwal** holds a Bachelor of Commerce degree from Agra University. He is a qualified Chartered Accountant from the Institute of Chartered Accountants of India, New Delhi. He has vast experience in the fields of commerce and industry spanning 38 years. He has been a director of our Company since

February 9, 2004. He is also the President (Finance and Accounts) of J.K.Synthetics Ltd.. He started his professional career in J.K.Synthetics Ltd. in 1969, where he worked in different capacities. He serves as a director on the board of a number of other Indian companies. He is also a trustee and/or member of executive bodies of various educational and social institutions and organizations. As on 31.03.2007 he was holding 421 Equity shares of the Company.

(iii) **Shri Jayant Narayan Godbole** is a Chemical Engineer from IIT, Powai (Mumbai) and has participated and completed Financial Management and Corporate Long Range Planning Courses from Bajaj Institute University of Mumbai and IIM Bangalore respectively. He has above 38 years experience in various fields ranging from operation of small scale units in India to conceiving, implementing and operating mega projects abroad. He retired as Chairman of IDBI in 2005. During his stints with IDBI & also with IBI he was directly over looking functions including Zonal Head, Corporate Finance, restructuring & rehabilitation of sick units, Venture capital, merchant banking and investors relation. He stabilized the Corporate Debt Restructuring(CDR) mechanism in India as Chairman of Empowered Group. .He has authored various articles/papers on Industrial Sickness and Pollution Control. He was also the Nominee Director of IDBI on the Boards of various reputed Companies. As on 31.03.2007 he was holding no Equity shares of the Company.

(iv) **Shri Suparas Bhandari** is Bachelor of Science and Law. He has been founder Chairman-cum-M.D. of Agriculture Insurance Company of India Ltd. and has extensive experience of over 40 years in the insurance industry. He has also served as General Manager, Oriental Insurance Company of India Ltd., Asstt. General Manager, United Insurance Company of India Ltd. etc. He visited World Bank to share knowledge of successful implementation of crop insurance products in India. He presented a keynote address on "Indian Crop Insurance Programme " at International Seminar at Brazil in 2005. He led the team of Experts to participate in "Conference on Strategic Issues in Insurance" at Shanghai, China in 2002. He also attended the International Conference on Global Insurance Practices at London in 1998. He has been Founder Secretary of Marwar Akal Sahayta Samiti, President Jodhpur Jaycees and President of Mahaveer Samiti. He has been nominee Director of reputed Companies from time to time. As on 31.03.2007 he was holding no Equity shares of the Company

Code of Conduct

The Board of Directors has already adopted the Code of Ethics & Business Conduct for the Directors and Senior Management Personnel. This Code is a comprehensive code applicable to all Directors, Executives as well as Non-executives and members of the Senior Management. A copy of the Code has been put on the Company's website www.jkcement.com.

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

" I hereby confirm that:

The Company has obtained from all the members of the Board and Senior Management personnel of the Company, affirmation that they have complied with the code of Ethics and business conduct framed for Directors and Senior Management Personnel in respect of the financial year 2006-07.

Yadupati Singhania
(Managing Director & CEO) "

Means of Communications

The Annual, Half yearly and Quarterly results shall be submitted to the Stock Exchange(s) in accordance with Listing Agreement and the same are normally published in Business Standard, Economic Times and Amar Ujala newspapers. Management Discussion and Analysis forms part of Annual Report, which is posted to the Shareholders of the Company.

All vital information relating to the Company and its performance, including quarterly results etc. are simultaneously posted on Company's website www.jkcement.com. and on the Electronic Data Information Filing and Retrieval (EDIFAR) website maintained by SEBI in association with the National Informatics Centre (NIC).

General Shareholders Information

(i) Annual General Meeting

Date Time : 25th August, 2007 at 12:00 Noon.
Venue : Auditorium of Merchants' Chamber Uttar Pradesh,
14/76, Civil Lines, Kanpur.

(ii) Financial Calendar

a) First Quarter Results -	By end of July, 2007
b) Second Quarter Results -	By end of October, 2007
c) Third Quarter Results -	By end of January 2008
d) Results for the year ending 31 st March 2008	By end of June 2008

(iii) Date of Book Closure

17th August, 2007 to 25th August, 2007 (both days inclusive)

(iv) Dividend payment date

The Board of Directors of the Company have recommended a dividend of Rs. 3.50 per share. The dividend shall be payable on or after 25th August, 2007

(v) Listing on Stock Exchanges

The Equity shares of the Company are listed with the Bombay Stock Exchange Ltd. and National Stock Exchange of India Ltd. and the listing fees has been duly and timely paid to both the Stock Exchanges for 2006-07.

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(vi) Stock Code

BSE	532644
NSE	JKCEMENT
ISIN NUMBER	INE823G01014

(vii) Market Price Data

Month	BSE			
	High	Low	Sensex High	Sensex Low
APRIL 2006	211.00	161.25	12,102.00	11,008.43
MAY 2006	211.45	131.95	12,671.11	9,826.91
June 2006	165.00	108.55	10,626.84	8,799.01
July 2006	159.90	129.10	10,940.45	9,875.35
August 2006	174.90	151.00	11,794.43	10,645.99
September 2006	206.00	163.50	12,485.17	11,444.18
October 2006	231.20	186.00	13,075.85	12,178.83
November 2006	201.65	173.80	13,799.08	12,937.30
December 2006	195.45	167.00	14,035.30	12,801.65
January 2007	207.00	177.70	14,325.92	13,303.22
February 2007	201.00	157.00	14,723.88	12,800.91
March 2007	163.50	125.00	13,386.95	12,316.10

Month	NSE			
	High	Low	Sensex High	Sensex Low
APRIL 2006	225.10	151.25	3598.95	3290.35
MAY 2006	211.90	133.60	3774.15	2896.40
June 2006	164.95	105.25	3134.15	2595.65
July 2006	159.40	129.25	3208.85	2878.25
August 2006	179.60	131.05	3452.30	3113.60
September 2006	206.00	163.00	3603.70	3328.45
October 2006	220.00	179.90	3782.85	3508.65
November 2006	201.00	173.00	3976.80	3737.00
December 2006	200.00	167.00	4046.85	3657.65
January 2007	208.00	179.95	4167.15	3833.60
February 2007	200.90	158.00	4245.30	3674.85
March 2007	163.50	125.05	3901.75	3554.50

(viii) Registrar/Transfer Agent

M/s J.K. Synthetics Ltd. are Registrars and Share Transfer Agents of the Company for Physical and Demat segment. Their address for communication is as under :-

M/s J.K. Synthetics Ltd.
(Unit J.K. Cement Ltd.)
Kamla Tower,
Kanpur – 208 001
Telephone: (0512) 2371478 – 81;
Fax: (0512) 2399854;
email: jkshr@jkcelements.com

(ix) Share Transfer System

Share Transfer work of physical segment is attended to by the Company's Registrar & Share Transfer Agents within the prescribed period under law and the Listing Agreements with Stock Exchanges

All share transfers etc. are approved by a Committee of Directors, which meets periodically.

(x) Distribution of Shareholding as on 31.3.2007

No. of Equity Share held	No. of Shareholders	% of Shareholders	No. of Shares held	% of Shareholding
Upto 500	115524	98.24	4673946	6.68
501 to 1000	1392	1.18	996362	1.43
1001 to 2000	327	0.28	491571	0.70
2001 to 3000	80	0.07	204439	0.29
3001 to 4000	52	0.04	184538	0.26
4001 to 5000	34	0.03	160356	0.23
5001 to 10000	67	0.06	501928	0.72
10001 and above	112	0.10	62714110	89.69
Total	117588	100.00	69927250	100.00

(xi) Category of Shareholders as on 31st March 2007

Category	No. of Share holders	% of Share holders	No. of Shares held	% of Share holding
Promoters and Promoter group	39	00.033	43047401	61.56
Mutual Funds / UTI	23	00.019	4114609	05.89
Financial Institutions / Banks	109	00.093	14504	00.02
Insurance Companies	8	00.007	2694442	03.85
Foreign Institutional Investors	36	00.031	9973730	14.26
Bodies Corporate	1241	01.055	2683970	03.84
Individuals	116026	98.672	7158083	10.24
Others	106	00.090	240511	00.34
Total	117588	100.00	69927250	100.00

(xii) Dematerialisation of Shares: -

The Company's Equity shares have been allotted ISIN (INE823G01014) both by the National Securities Depository Ltd. (NSDL) and Central Depository Services (India) Ltd. (CDSL).

3,71,79,967 Equity share representing 53.17% of the paid up Equity Capital of the Company have been dematerialised as on 31.03.2007.

Consequent to the follow-up offering of 2,00,00,000 Equity shares by the Company in February, 2006, 14,203,298 Equity shares representing 20.31% of the post issue paid up capital of the Company held by the promoters are locked-in for 3 years from the date of allotment i.e. till 12.03.2009 as per SEBI (DIP) Guidelines, 2000.

(xiii) The Company has not issued any GDRs/ADRs/warrants or any convertible instruments.

(xiv) Plant Location

Company has following plants (All located in Rajasthan): -

Plant	Location
Grey Cement Plants	Kailash Nagar, Nimbahera, Distt. Chittorgarh Mangrol, Distt. Chittorgarh Gotan, Distt. Nagaur
White Cement Plant	Gotan, Distt. Nagaur
Thermal Power Plant (For captive consumption)	Bamania, Shambupura, Distt. Chittorgarh

(xv) Address for Correspondence:

J.K. Cement Ltd.,
Secretarial Department,
Kamla Tower, Kanpur – 208001.
Telephone No.: 0512 2371478 – 81, Fax 0512 2399854
Email: jkshr@jkcements.com
Website: www.jkcement.com

CERTIFICATE

To the Members of
J.K. CEMENT LIMITED.

We have examined the compliance of conditions of Corporate Governance by J.K. CEMENT LIMITED as at 31st March, 2007, as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchange(s).

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to the procedures and implementations thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us and the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Agreement.

As required by the Guidance Note issued by the Institute of Chartered Accountants of India, we have to state that as per the records maintained by the Company, no investor Grievances were pending for a period exceeding one month.

We further state that such compliance is neither an assurance as to the future viability of the company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For P.L.TANDON & CO.,
Chartered Accountants

(P.P. SINGH)
PARTNER
Membership No.72754

PLACE : KANPUR.
Dated : 12th May, 2007.