

# augmenting abilities



**J K Cement Limited**

**Annual Report 2006-07**



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## Forward Looking Statement

In this Annual Report, we have disclosed forward-looking information to enable investors to comprehend our prospects and take informed investment decisions. This report and other statements - written and oral - that we periodically make contain forward-looking statements that set out anticipated results based on the management's plans and assumptions. We have tried wherever possible to identify such statements by using words such as 'anticipate', 'estimate', 'expects', 'projects', 'intends', 'plans', 'believes', and words of similar substance in connection with any discussion of future performance.

We cannot guarantee that these forward-looking statements will be realized, although we believe we have been prudent in assumptions. The achievement of results is subject to risks, uncertainties, and even inaccurate assumptions. Should known or unknown risks or uncertainties materialize, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated, or projected. Readers should bear this in mind.

We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

## CORPORATE INFORMATION

BOARD OF DIRECTORS			KEY MANAGEMENT PERSONNEL	
Dr. Gaur Hari Singhania, Chairman			R. G. Bagla, Group Executive President	
Yadupati Singhania, Managing Director & CEO			A.K. Saraogi, President (Corporate Affairs) & CFO	
Ashok Sharma			M. P. Rawal, President (T & MS)	
Alok Dhir			D. Ravishanker, President (Works) – Grey Cement	
Achintya Karati			B.K. Arora, President (Works) – White Cement	
Jyoti Prasad Bajpai			A.D. Khatri, President (Projects)	
Kailash Nath Khandelwal			Ashok Ghosh, President (H.R.) & New Initiatives	
Raj Kumar Lohia			R.C. Shukla, Sr. Vice President (Marketing) – Grey Cement	
Suparas Bhandari			Pankaj Chandra, Sr. Vice President (Marketing) – White Cement	
Jayant Narayan Godbole				
BANKERS			COMPANY SECRETARY	
Allahabad Bank			Ashish Sabharwal	
Andhra Bank				
Canara Bank				
Dena Bank				
Indian Bank				
Indian Overseas Bank				
Jammu & Kashmir Bank				
United Bank of India				
REGISTRARS & TRANSFER AGENTS			AUDITORS	
J. K. Synthetics Ltd.			M/s. P. L. Tandon & Co.	
Kamla Tower			Chartered Accountants	
Kanpur – 208 001			Westcott Building,	
			The Mall, Kanpur–208 001	
REGISTRARS & TRANSFER AGENTS			REGISTERED OFFICE	
J. K. Synthetics Ltd.			Kamla Tower	
Kamla Tower			Kanpur – 208 001	
Kanpur – 208 001				
WORKS			CENTRAL MARKETING OFFICE	
J. K. Cement Works	J. K. White Cement Works	J. K. Thermal Power	Ghalib Institute, Mata Sundari Lane, New Delhi – 110 002	
Nimbahera (Rajasthan)	Gotan (Rajasthan)	Bamania (Rajasthan)		
Mangrol (Rajasthan)				
Gotan (Rajasthan)				

## chairman's statement

Gaur Hari Singhania



### Dear Shareholders

It gives me great pleasure to announce that we have moved into the future. From being ready for growth, we are in a position to augment our abilities. We have not only expanded our vision, but have also built on our strengths and leveraged the opportunities that a widely resurgent India presents. JK Cement has increased its production capacities, started work on a Greenfield cement plant in Karnataka and expanded its operations. All this puts us on the threshold of a significant growth curve.

I am happy to report to you that JK Cement undertook major initiatives in its capacities and abilities to register a strong upward rise.

JK Cement is one of the oldest companies in India. A pioneer of technology, we are the first to be using a 4-stage dry process cement plant in the country.

We have continued to retain our focus on using the most contemporary of technology and source it from advanced market such as Denmark & Japan, which reinforces our stringent attention to productivity, efficiency and quality.

The brand name itself is highly recognizable with dealer and distributor relationships lasting a solid 20 to 30 years. The evolution of the market in the meantime has also fuelled our growth. With a 9–10 per cent growth in the industry there is a demand – supply gap which is expected to continue for the next few years. The main drivers behind this factor are the developments in infrastructure in the country and the main marketing segments of the Government and the housing sector. To continue our growth trend we are expanding our footprint. From a leader of the northern markets, we are now attempting to establish a stronger foothold in the southern markets. Our Greenfield plant in Mudhol, Karnataka with a capacity of 3.5 MTPA is the first step in this direction.

We have also taken significant initiatives towards the reduction of costs and creating a stronger balance sheet. In this direction plans are underway to establish 50 MW power facilities at our existing plants at Nimbaheera and Gotan.

In addition to augmenting abilities at the gross block level, we are also investing in augmenting our intellectual capital. We sent more employees abroad for industry specific seminars while conducting in-house worker training programmes. We have one of the four World Bank led training institutes in India and our focus on skill building and training is the cornerstone of our operations.

We believe that for any business to be successful in the long run, it has to be sustainable. Towards this end, we are developing our host communities, contributing to the growth of our region and stakeholders at large. We remain committed to fulfilling our social responsibilities in the areas of health, education and employment in line with the long standing JK philosophy.

The future is ready to see a boom. We are preparing to boost our own strengths. We are ready to move ahead and enhance our own capabilities, from growth to augmentation, from strength to strength.

I am confident that you will continue to support us in this mission.

Warm regards,

Gaur Hari Singhania  
Chairman



“From being ready for growth, we are in a position to augment our abilities.”

## director's report



**Dear Members,**

Your Directors have pleasure in submitting their Thirteenth Annual Report and audited statements of accounts for the year ended 31st March, 2007.

**FINANCIAL RESULTS**

The Financial highlights of the Company are as under;

1 PARTICULARS	(Rs. lacs)	
	2006-07	2005-06
Gross Turnover	152966.52	110867.84
Profit before depreciation and tax	30513.99	8322.76
Less: Depreciation	3315.77	3101.83
Profit Before Tax	27198.20	5220.93
Provision for Tax:		
- Fringe Benefit Tax	200.00	150.00
- Current Tax	7045.85	434.00
- Deferred Tax	2152.14	1380.00
Profit After Tax	17800.21	3256.93
Add: Balance brought forward from the previous year	694.30	633.39
Less: Transfer to General Reserve	10000.00	2000.00
Less: Proposed Dividend on Equity Shares (including tax thereon)	2863.52	1196.02
Balance to be carried forward	5630.99	694.30

**2. Overall performance**

The Company during the year under review recorded growth on all the fronts. Its gross turnover increased by 38%. The operating profit rose to Rs.339.9 crores from Rs.136.9 crores in 2005-06. Earning per share increased by 301 % to Rs.25.57 (Previous year Rs.6.37).

**3. Consolidated financial statements**

During the year the Company has acquired the entire shareholding of Jaykaycem Ltd. and thereupon Jaykaycem Ltd. became wholly owned subsidiary of the Company. Jaykaycem Ltd. is holding mining rights of lime stone in Mudhol (State of Karnataka) and a green field Grey Cement Plant is being set up under this Company. The project is under implementation and therefore there are only pre-operative expenses. Hence only consolidated Balance Sheet of the Company and Jaykaycem Ltd. has been prepared. These statements alongwith Auditors Report thereon form part of the Annual Report.

**4. Dividend**

Your Directors are pleased to recommend the dividend @ Rs.3.50 per share on Equity Shares for the financial year ended 31.3.2007(previous year Rs. 1.50 per share). While taking decision on the dividend, your Directors have kept in consideration the Company's commitments in various capital expenditure schemes.

**5. Operations****Grey Cement**

During the year under report, the production of Grey cement at Nimbahera and Mangrol plants was higher at 3.64 million tons compared to 3.51 million tons in the previous year. Sales volume also increased in tandem with production. Higher realizations during the current year coupled with increase in production of blended cement resulted in substantially higher profits after setting of price increase of various inputs.

**White Cement**

The production of white cement at 248880 M.T. during the year under review against 226729 M.T. in 2005-06 recorded growth of 9.77%. This was mainly on account of robust growth of around 65% recorded in export volumes (37294 tons vs. 22472 tons). The growth in domestic market(including Nepal) was 3.59%. Increased market of value added products mainly wall putty also contributed to additional profits.

**6. Status of projects in hand****6.1. I.P.O.Funded Schemes**

a) Waste Heat Recovery Plant of 13.2 MW  
Turbine and Generator set have already arrived at site. The EPC contract has been awarded to M/s.Thermax. 70% work has already

## director's report 06-07

been completed. Project is expected to be implemented in phases during schedule maintenance of kilns between August – November, 2007.

b) Petcoke based power plant of 20 MW

Turbine and Generator set have already arrived at site. Erection and commissioning work is in full swing. Around 80% of work has already been completed. Project is likely to be completed by June, 2007.

c) Replacement of existing Turbine

The assembly of turbine is in final stages of completion with the supplier. Auxiliary and other items have already arrived at site. As per the revised schedule, the turbine is likely to be commissioned during the quarter July- September, 2007.

d) Increase in production capacity at Grey Cement plant – 500000 M.T.

This project was completed in June, 2006 as per the schedule.

e) Increase in production capacity of White cement plant – 50000 M.T.

Late delivery of equipments by suppliers had resulted in some delay in the implementation. This project has been implemented in March, 2007.

### 6.2. Greenfield Grey Cement at Karnataka in Jaykaycem Ltd.

A Greenfield Grey Cement project is being set up in Jaykaycem Ltd. ( wholly owned subsidiary of the Company) at Mudhol in the State of Karnataka with a capacity of 3.5 million tones at an estimated project cost of Rs.1050 crores (Rs.950 crores to be spent in first phase and Rs.100 crores in second phase for putting up a Grinding Unit at Bellary). The project cost includes cost of Captive Power plant of 50 MW. Foundation stone of the plant was laid on 8th December, 2007. The Company is in process of obtaining various approvals. Necessary land has already been acquired and order for long delivery items of plant and equipments have already been placed. Financial closure of the project is likely to be completed by end of September, 2007. The Company proposes to invest about Rs. 400 Crores in the said project from its internal accruals. A total sum of Rs.76.40 crores has already been spent on the project. Barring unforeseen circumstances, the project is expected to be on stream in first quarter of 2009.

### 6.3. J.K.Cement Works, Gotan

During the year, the Company has acquired from IDBI the assets of Nihon Nirmaan Ltd. at Gotan for Rs.42 crores. The Company has decided to utilize this facility to produce Grey cement. It has been decided to revamp these facilities at an estimated cost of Rs.70 crores. After revamping, the capacity of plant is expected to be 4 Lacs Tons. Revamping work has already started and it is likely to be completed by December, 2007. In the meantime, the Company has already started Grinding facilities at the plant w.e.f. 19.3.2007.

### 6.4. Power plant at Gotan

The company is putting up a Captive Power plant of 7.5 MW at Gotan

for captive use at an estimated cost of Rs.40 crores. The order for main plant & machinery has been placed. The project is expected to be implemented in second quarter 2008.

## 7. Finance

a) During the year Company raised Term Loan of Rs.37.5 crores from Allahabad Bank, to part finance the acquisition of assets of Nihon Nirmaan Ltd., Gotan.

b) During the year Company has been sanctioned enhancement in Working Capital Facility (both funded and non-funded) to Rs. 105 crores from Rs.65 crores.

## 8. Subsidiary company

The account of subsidiary company are annexed alongwith the statement pursuant to section 212 of the Companies Act, 1956.

## 9. Corporate governance

A report on Corporate Governance is enclosed as part of Annual Report alongwith the Auditors' Certificate on its compliance.

## 10. Personnel

### 10.1 Industrial Relations

The industrial relations during the period under review generally remained cordial at all Cement plants.

### 10.2 Particulars of Employees

List of employee getting salary in excess of the limits as specified under the provisions of sub- section (2A) of Section 217 throughout or part of the financial year under review is annexed.

## 11. Public deposits

Your Company has not invited any deposits from public / shareholders in accordance with the Section 58A of the Companies Act, 1956.

## 12. Conservation of energy, technology absorption, foreign exchange earnings and outgo.

Particulars with regard to Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and out go in accordance with the provisions of Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosures of particulars in the Report of Board of Directors) Rules, 1988 in respect of Cement plants are annexed and form part of the Report.

## 13. Auditors' report

Auditors' Report to the shareholders does not contain any qualification.



#### 14. Cost audit

Cost Audit records have been maintained in respect of Grey Cement and White Cement for the year 2006-07 and cost audit would be completed in respect of these units.

#### 15. Directors

a) The Board of Directors have re-appointed Shri Yadupati Singhania, as Managing Director at its meeting held on 27.1.2007, for a period of 5 years w.e.f. 1.4.2007 on terms and conditions enumerated in the resolution being put up for your approval.

b) During the year under the report Shri Jayant Narayan Godbole and Shri Suparas Bhandari were appointed as Additional Directors on the Board of Directors of the Company and they hold office up to the ensuing Annual General Meeting. The Company has received two separate notices u/s 257 of the Companies Act, 1956 from shareholders, proposing the candidature of these two persons for the office of Director of the Company along with the requisite fees.

c) Two of your Directors namely Shri Jyoti Prasad Bajpai and Shri Kailash Nath Khandelwal will retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for reappointment.

#### 16. Directors responsibility statement

The Directors confirm that:

(i) in the preparation of the annual accounts, the applicable accounting standards have been followed and that no material departures have been made from the same.

(ii) they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that year;

(iii) they have taken proper and sufficient care for maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and

(iv) they have prepared the annual accounts on a going concern basis.

#### 17. Auditors

M/s. P.L. Tandon & Co., Chartered Accountants, Kanpur, Auditors of the Company, will retire from their office at the ensuing Annual General Meeting. They are, however, eligible for re-appointment. They have furnished a Certificate to the effect that their appointment will be in accordance with limits specified in sub-section (IB) of Section 224 of the Companies Act, 1956. You are requested to consider their appointment.

#### 18. Cost auditors

Pursuant to the directives of the Central Government and provisions of Section 233-B of the Companies Act, 1956, qualified Cost Auditors have been appointed to conduct the cost audit of Cement units for the year 2006-07.

#### 19. Acknowledgements

Your Directors wish to place on record their appreciation for the valuable assistance and support received by your Company from Banks, Govt. of Rajasthan, Central Govt. and their departments. The Board also thanks the employees at all levels for their dedication, commitment and hard work put in by them for company's achievements.

FOR AND ON BEHALF OF THE BOARD

Place: Kanpur.

Dated : 12th May, 2007

CHAIRMAN

## J.K. CEMENT LIMITED

### INFORMATION REQUIRED UNDER SECTION 217(1)(e) OF THE COMPANIES ACT, 1956

#### A. CONSERVATION OF ENERGY

(a) Energy conservation measures taken:

##### Grey Cement

- Installation of Cement Mill 5 to increase production of Cement Mill 4 alongwith close circuiting.
- Installation of Cement Mill 6 to increase production of Cement Mill 3 alongwith close circuiting
- Enlargement of down comer duct of PH 2 to save power.
- Replacement of Cement Mill 4 separator
- Feeding of flyash at outlet of Cement Mill 3 from flyash silo
- Close circuiting of 1 & 2 Cement Mills.
- ESP upgradation work at Kiln 4
- Additional Elevator for Cement Mill No.8
- Dust & Spillage Control System

##### White Cement

- Steam exhaust cyclone dust collection arrangement modified for online re-feeding, eliminating the operation of additional drag chain to conserve energy.
- Calcliner installed to enhance kiln capacity and achieve further reduction in energy consumption.
- A clay crusher was developed and installed at raw mill to take care of large size lumps and to cater demand for increased capacity resulting in smooth operation and energy conservation.

(b) Additional Investments & proposals being implemented for reduction in conservation of energy.

##### Grey Cement

- Installation of 13.0 MW waste heat recovery power plant.
- Installation of 20 MW Pet coke based captive power plant.
- Installation of 10 MW Turbine at Bamania to replace existing 7.5 MW Turbine.
- Installation of control & automation system at Kiln -3.

##### White Cement

##### Installation of Air Heater

(c) Impact of the measures at (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods.

Direct & indirect measures as referred in (a) and (b) above is expected to result in saving of present energy consumption in coming year and consequent impact on saving in cost of production.

#### B. TECHNOLOGY ABSORPTION

(i) Research & Development, specific area in which R & D has been carried out.

##### Grey Cement

- Increase in flyash in PPC production

##### White Cement

- Clinker dryer circuit optimization to achieve homogeneous seasoning resulting in improved cement quality
- Kiln inlet modified with improved seal to reduce the fresh air entry to improve the Clinkerisation process
- The clinkerisation process controls switched to free lime control in place of clinker litre weight control by installing latest X-Ray analyzer having XRF & XRD features

(ii) Benefits Derived as a result of above R & D

**Grey Cement**

- Flyash addition has been increased from 18.44% to 24.08% at NBH and from 17.72% to 21.56% at Mangrol
- Reduction in cost
- Cleaner Environment
- Smooth & continuous running of Kiln & raw mill

**White Cement**

- Consistency in quality with increased whiteness
- Consistency in kiln operation and clinker quality

(iii) Future Action Plan

**Grey Cement**

- Size reduction of clinker granule and limestone
- Mechanical transport system for Kiln 1&2 CM 3&4

**White Cement**

- Complete automatic Putty manufacturing plant keeping the specialities of imported high speed mixers, batch controller, to cater the increased market demand and consistency in quality.
- Upgrading of Packing machines with check weigher arrangement for 50 Kg. Cement bags.
- Petcoke / Coal/ Lignite based thermal power plant.

(iv) Expenditure on R & D

The Research & Development activities are carried out by our own team under the advice and consultancy of foreign consultant. Apart from regular expenditure on research activities debited to profit & loss account under different heads, the company has paid contribution of Rs. 29 lacs to Research institutes for carrying out research and development work related to Company's products.

(v) Efforts in brief, made towards Technology Absorption, Adaptation and innovation.

**Grey Cement (Nimbahera/Mangrol)**

- Daily monitoring of power consumption
- Preventive monitoring of all critical equipments.

**White Cement**

- Monitoring of energy consumption
- Proactive approach towards Environmental Management System

(vi) Details of Imported Technology: Nil

**C. FOREIGN EXCHANGE EARNINGS AND OUTGO**

1	Activities relating to exports Initiatives taken to increase exports Development of new export market for products and services and future export plans.	Mentioned in the main report.
2	Total foreign exchange used and earned: (a) Total foreign exchange used (b) Total foreign exchange earned	Mentioned in Notes on Accounts

## FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY

Particulars		Grey cement		White cement	
		2006-07	2005-06	2006-07	2005-06
(A)	<b>POWER AND FUEL CONSUMPTION :</b>				
	<b>1. ELECTRICITY</b>				
	(A) PURCHASED :				
	Units/KWH ('000)	215413	168388	19080	14944
	Total Amount (Rs./lacs)	9234.63	7504.96	805.64	653.39
	Rate/Unit (Rs.)	4.29	4.46	4.22	4.37
	(B) OWN GENERATION :				
	(i) Through Diesel Generator:				
	Units/KWH ('000)	31130	63225	10717	14028
	Unit per Litre of Diesel/Oil	4.14	4.21	3.85	3.87
	Rate/Unit (Rs.)	4.40	3.67	4.77	4.35
	(ii) Through Steam Turbine Gen. Unit:				
	Units/KWH ('000)	101150	104231	NIL	NIL
	Unit per Litre of Oil/Coal	1.12	1.05	N/A	N/A
	Rate/Unit (Rs.)	3.40	3.31	N/A	N/A
	<b>2. Coal (Grade B, C and D)</b>				
	Quantity (tonnes)	450822	463704	29601	29960
	Total Cost (Rs./lacs)	17214.79	15628.96	1296.64	1087.80
	Average Rate (Rs./Tonne)	3819	3370	4380	3631
	<b>3. Furnace Oil</b>				
	Quantity (K. Ltrs.)	-	-	2609	2796
	Total Cost (Rs./Lacs)	-	-	479.67	471.49
	Average Rate/K.Ltrs. (Rs.)	-	-	18382	16865
	<b>4. Other/Internal Generation</b>				
	<b>( For Generation of Power from D.G.Sets)</b>				
	Quantity (K. Ltrs.)	7518.77	15020	2785	3628
	Total Cost (Rs./lacs)	1370.87	2319.93	511.36	610.66
	Average Rate/K.Ltr. (Rs.)	18233	15445	18358	16831
(B)	<b>CONSUMPTION PER UNIT OF PRODUCTION:</b>				
	1.Electricity (Kwh/Unit)	93	89	120	124
	2.Furnace Oil (K.Ltr/Unit)	-	-	129	140
	3.Coal (Grade B,C and D) (K.Cals./Kg.)	784	768	1042	1123
	4.Steam/Coal (Tonne)		NIL		N/A
	5.Others (Specify)		N/A		N/A

**Information under Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 and forming part of the Directors' Report for the year ended 31st March, 2007.**

A) Employed throughout the Financial year under review and was in receipt of remuneration for the Financial year in the aggregate of not less than Rs. 24,00,000/-.

Name	Age	Qualification	Designation	Date of Commencement of Employment	Experience (Years)	Remuneration (Rs.)	Particulars of last Employment, Employer, Last Position, No. of Years
Singhanian Yadupati	53	B. Tech. (Civil)	Managing Director & C.E.O.	01.04.2004	26	2,20,95,881	-

- Notes: 1. Nature of employment in respect of Shri Yadupati Singhanian is contractual, which has expired on 31.03.2007 and has been renewed for further five years.
2. Remuneration includes, inter alia, value of perquisites computed on the basis of Income-Tax Rules, 1962, Company's contribution to Provident Fund and Commission.



# 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

## corporate governance report 06-07

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, inter alia 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 <sup>th</sup> September, 2004	3.00 P.M.	Registered Office Auditorium of the Merchants Chamber of U.P., Kanpur
2004 - 05	20 <sup>th</sup> August, 2005	12.00 Noon	U.P., Kanpur
2005 - 06	29 <sup>th</sup> 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 advice 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 IIBI 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](http://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](http://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 <sup>st</sup> March 2008	By end of June 2008

#### (iii) Date of Book Closure

17<sup>th</sup> August, 2007 to 25<sup>th</sup> 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 25<sup>th</sup> 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.

## corporate governance report 06-07

### (vi) Stock Code

<b>BSE</b>	532644
<b>NSE</b>	JKCEMENT
<b>ISIN NUMBER</b>	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@jkcements.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.

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

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

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

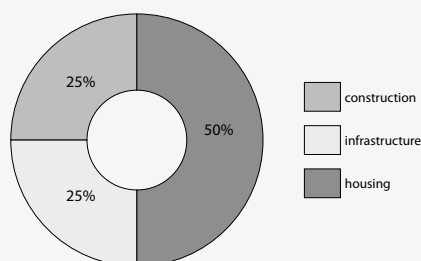
# management discussions and analysis report



## MANAGEMENT DISCUSSIONS AND ANALYSIS

### The Indian Industry

Increasing infrastructure projects, surging housing and construction activities, booming retail malls, emerging infrastructure in Tier 2 and 3 cities, and increasing demand from IT/ITES BPO industry for office space have led the growth in this industry. High demand growth in Central, West and North regions have led to demand growth in 2006-07.



Source: IBEF

The end-users of the cement industry include housing, infrastructure and corporate segments. While government demand (for infrastructure) accounts for around 25 per cent of the total demand, the share of the housing sector accounts to more than 50 per cent of the total cement market.

### Grey Cement

The Cement Industry in India is highly fragmented comprising of 50 cement players and 132 manufacturing plants. However, the top six players in the Industry account for 50 per cent of the capacity. The cement industry is also regionalized as cement units are concentrated in clusters close to the limestone deposits and high logistic costs restrict the transportation of cement over long distances.

Cement demand has posted a healthy growth rate of 10 per cent in tandem with strong economic growth of the country. In North India where the Company operates, the demand growth was even higher at 11 per cent. The industry capacity was 167.1 million tonnes. The industry achieved production of 155.3 million tonnes in fiscal 2006-07 compared to 141.81 million tonnes during corresponding previous year. The cement market in India has witnessed strong demand growth while capacity additions have been limited, which has resulted in a sharp rise in cement prices. The producers have relied on higher levels of blending to meet the growth in demand. The robust demand and price hikes have resulted in improved profitability for the industry. Looking at better prospects shown by the industry, a majority of players have announced expansion plans totalling more than 90 million tons.

In the union budget, differential excise duty structure has been introduced i.e. an excise duty of Rs. 600 per ton if cement price exceeds Rs. 190 per bag and excise duty of Rs. 350 per ton if retail price is less than or equal to Rs. 190 per bag.

Recently, the Excise Duty of Rs.600/- per tonne on the retail sale price exceeding Rs.190/- per bag has been amended. As per amendment, in case of retail sale price exceeding Rs.190/- per bag but not exceeding Rs.250/- per bag, Excise Duty would be calculated at 12% of retail sale price.

### White Cement

There are three manufacturers of White Cement in India, besides one very small grinding unit located in Tamil Nadu which is importing Clinker. There were some imports into India till 2000 – 01, which stopped after Government levied anti – dumping duty on it.

Travancore Cement is restricted to the states of Kerala and Tamil Nadu, whereas JK White and Birla White have national presence. Travancore Cement had a stoppage in 2005 –06 but had a continuous run in 2006 – 07.

The Domestic White Cement industry grew by 4.0 per cent during 2006 – 07 over 2005 –06. JK White volume grew by 3.4 per cent in the domestic market. The volumes growth in dollar Export markets is 66 per cent. The overall volume growth is 9.8 per cent.

### Segment - Wise and Product - Wise Performance

The small pack segment grew by about 19 per cent as compared to previous year. While Cement Paint industry had showed signs of growth, the Mosaic Tiles industry faced rough weather. Many Mosaic Tile manufacturers shut shops during the year especially in Morvi, Indore, Pune and Mumbai.

Designer Tile segment continued to record positive growth with still newer units announcing plans to enter the arena.

Wall Putty continued to find increasing acceptance from the end consumers and recorded 100 per cent growth in FY2007 over FY2006.

### Company Overview

One of the largest cement manufacturers in Northern India, the Company is also the second largest white cement manufacturer in India. Grey cement is sold primarily to purchasers located in Northern India, while white cement is sold to purchasers throughout India. Additionally, the Company exports white cement to a number of countries, including South Africa, Nigeria, Singapore, Bahrain, Bangladesh, Sri Lanka, Kenya, Tanzania, United Arab Emirates and Nepal.

### Facilities

#### Nimbahera

- Cement operations in Nimbahera, Rajasthan, commenced in May 1975 with a four stage pre-heater and a single dry process kiln with an installed capacity of 0.3 MTPA



## management discussions and analysis report

- A second kiln was added in 1979 with an installed capacity of 0.42 MTPA
- A third kiln in 1982 was added with an installed capacity of 0.42 MTPA
- A precalciner, added in 1988, increased installed capacity at the Nimbahera facility to 1.54 MTPA
- From 1998 - 2004, modifications in kilns and cement mills etc. were implemented, which increased the aggregate installed capacity to 2.8 MTPA. Additional grinding facilities were added in 2006-07 to take the total capacity to 3.3 MTPA.
- The facility is ISO – 9001:2000 QMS and ISO-14001:2004 EMS certified.

### Mangrol

Operations commenced with a five stage pre-heater and an in-line calciner kiln plant in 2001, with an installed capacity of 0.75 MTPA

### Gotan

- Commissioned in 1984 with a capacity of 50,000 tons per annum
- Continuing modifications have resulted in increasing the installed capacity to 0.4 MTPA
- ISO-9001:2000 QMS, ISO-14001:1998 EMS and the OHSAS-18001: 2005 Occupational Health and Safety certified.

### Nihon Nirmaan

- The Company has taken over the assets of M/s. Nihon Nirmaan Ltd. and proposes to use the facilities for the production of 0.4 MTPA of grey cement.
- The Company is taking steps to ensure the implementation and the plant is expected to put to use by December 2007.

## Opportunities and Threats

### Grey Cement

India is the second largest producer of cement after China; however, its per capita consumption is low at about 135 kg compared to world average of 325 kg. In developing countries per capita consumption is even higher. Low per capita consumption in India presents opportunity for sustained growth of Cement Industry in future.

Cement demand is expected to outstrip supply in the medium term as no major capacities are coming on – stream, thus providing enough opportunity to cement manufacturers. However, due to improved credit profile of producers, there is a possibility of over bunching of capacities in the long term as substantial capacity

additions have already been announced and pace of capacity addition may be higher than demand growth.

The Government has removed the customs duty of 12.5 per cent on OPC and subsequently removed countervailing duty also to make the imports viable. However, the port & road infrastructure needs to be strengthened to facilitate imports.

### White Cement

White Cement has been low involvement category product, i.e. the general masses have not been involved with the applications of White Cement. We have taken this category task of involving the masses and hence there is need to go for mass media to highlight various applications of White Cement. Wall Putty, a value added product of White Cement has recorded significant growth during the year.

White Cement applications face major threats from competing products, thereby threatening the very existence of such industries. For instance, Mosaic Tile industry has been facing a battle for survival, with Ceramic Tile industry and Marble Stone eating up the market share. Similarly, Cement Paint industry has been feeling the heat due to the entry of new generation Polymer based exterior Paints marketed aggressively by Paint majors.

## Risks and Concerns

The growth in Cement consumption has a very strong co-relation with Gross Domestic Product (GDP). Cement consumption also depends on external factors such as infrastructural spending and fiscal incentives given by the government. Although the chances of country going into recession are remote, the recession would affect the cement demand adversely and this may also impact the cement prices.

The major concerns for Indian Cement Industry are high cost of power, high freight cost, inadequate infrastructure, non availability and poor quality of coal.

Cement being bulky material both input & output transportation costs are significant and it is directly linked with the international crude prices. Loading restrictions has already resulted significant increase in transportation cost.

Freight, coal & power being major component of cost, any increase in their prices adversely affects the profit margins of the Industry.

Cement is a heavily taxed commodity with both the Central and the State Government levying the taxes. Any other increase in taxes will have an adverse impact on the profitability.

Positive steps have been taken to ensure profitable operations of the white cement division. The business has a large share of trade involvement which makes the business open to the high level of outstandings that prevail in building material industry. Whereas it is attempted to restrict the level of credit, the high level of credit outstanding is a cause of concern.

## Outlook

### Industry

#### Grey Cement

The Cement industry will continue to witness strong demand over the medium term as all end – user segments – like housing, infrastructure and industrial development continue to witness healthy growth rates, which in turn will boost the demand for cement.

**Housing** - Increased Cement consumption will be driven by high level of cement offtake by housing sector on account of rising income levels, growing urbanization and easy availability of housing finance and tax concessions.

**Infrastructure** - The Government's increased focus on infrastructure development is expected to further boost the demand for cement as more and more infrastructure development is needed to sustain the GDP growth rate at more than 7.5 per cent. Major projects are NHDP, Metro rail, Ports, Airports, Irrigation projects and Bharat Nirmaan Yojana.

**Commercial Construction** - The commercial construction sector – retails, office spaces, hotels and other basic amenities like hospitals, multiplexes, schools etc. all are witnessing strong growth to provide support to the needs of incremental population. The organized retail industry in India is likely to grow by 27 per cent per annum and witnessing an influx of large international and domestic conglomerates to tap the retail opportunity and capture large market shares. Further, five year tax holiday has been announced for two, three and four star hotels in NCR region. This will all contribute to cement demand.

**Industrial Investment** - The economy is also on the trajectory of high growth with all major sectors witnessing a boom in their respective fields. As a result, all major players in the industry have announced expansion plans to capitalize on the growth opportunity provided by the economy. The expansion drive will fuel the growth in demand for cement.

**SEZ's** – The special economic zones planned in the country are expected to fuel the demand for cement. The creation of support infrastructure in these respective zones will push the off take of cement.

The growth in demand in Northern Region is expected to be higher due to major construction activity underway for 2010 Commonwealth games in New Delhi.

#### White Cement

Efforts have been made during the year to increase the popularization of the applications of White Cement. Increased awareness is being built up through mass media and by personal selling. In states where mass media is unable to reach, field team have been able to penetrate. Rural van shows were organized towards this end on a continuous basis in U.P., Maharashtra and M.P. More such activity is planned in states like Bihar, West Bengal, Orissa, Karnataka and Andhra Pradesh in the coming year.

In the coming years, applications like White Cement underbed for the Marble floor and Cement Wash applications shall be popularized. Wall Putty has caught the fancy of the Engineer / Contractor / Architect fraternity and is poised for significant growth in the times to come.

### Company

The Company's performance in the current fiscal is likely show an improvement over the last year on account of (a) full year benefit of increase in production capacity (b) additional production from recently acquired plant of M/s. Nihon Nirman Ltd. for part of the year (c) commissioning of all the captive power projects i.e. 10MW turbine, 20MW Petcoke based Captive Power Plant & Waste Heat Recovery power plant.

### Human Resources

The Company firmly recognizes that its human resources are the major source of strength to achieve the Company vision. There is great team spirit amongst the staff members. They are key to achieving its vision and are the primary source of competitive advantage. The total number of permanent employees of the Company as at March 31, 2007 was 1650.

The Company believes that training is an important tool to enhance the capabilities of people and performance of the organization. Therefore, on and off the jobs training programmes are organized through internal and external resources. Employees are also benefited by the Regional Training Center at the Grey Cement plant at Nimbahera.

Further, the Company has a stable and experienced middle and senior level management team, many of whom have been with the Company for more than 20 years.

Labour relations have been cordial for over two decades with no interruption of manufacturing activities.

### Internal Control Systems and Adequacy

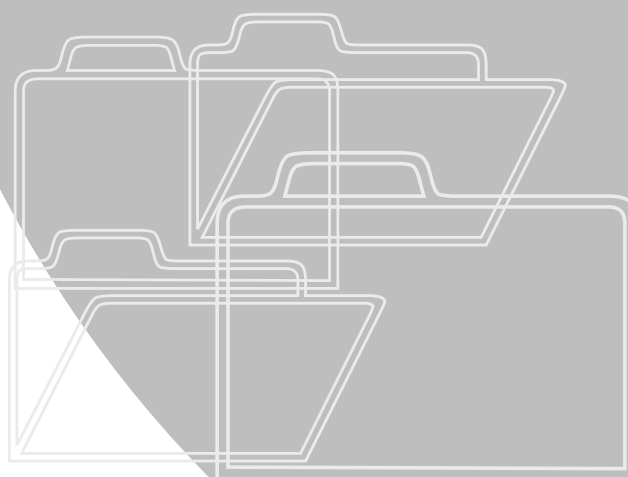
The Internal audit function is an independent function and is carried out by team of external as well as in house internal auditors at all the plants, sales centres, regional offices and head office.

Introduction of the ERP system for revenues is under implementation.

The Company has proper and adequate systems of internal controls to provide reasonable assurance that all assets are safeguarded, transactions are authorized, recorded and reported correctly and to ensure compliance with policies and statutes. The internal control system provides for well-documented policies, guidelines, authorizations and approval procedures.

The Company has an Audit committee that regularly reviews the reports submitted by the Internal Auditors. The IT environment is being upgraded on a continuous basis with a view to keep pace with the rapid changes taking place in the external environment.

# auditors' report



## AUDITORS' REPORT

### To The Members Of J.K. Cement Limited

1. We have audited the attached Balance Sheet of J.K.Cement Limited, as at 31st March, 2007, the Profit and Loss Account and also the Cash Flow Statement of the Company for the year ended on that date annexed thereto. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we give in the Annexure a statement on the matters specified in paragraphs 4 & 5 of the said order.

4. Further to our comments in the Annexure referred to above, we report that:-

a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the 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 appears from our examination of those books;

c) The Balance Sheet, the Profit & Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account;

d) In our opinion, the Balance Sheet, the Profit & Loss Account and the Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;

e) On the basis of written representations received from the directors, as on 31st March, 2007 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2007 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.

f) In our opinion, and to the best of our information and according to the explanations given to us, the said accounts read together

with notes thereon, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India :

(a) in the case of the Balance Sheet, of the state of affairs of the company as at 31st March, 2007;

(b) in the case of the Profit & Loss Account of the Profit for the year ended on that date; and

(c) in the case of the Cash Flow Statement, of the Cash Flows for the year ended on that date.

For P.L. TANDON & CO.,  
CHARTERED ACCOUNTANTS

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

Place: Kanpur.  
Dated : 12-05-2007

## ANNEXURE TO THE AUDITORS' REPORT

### Re: J.K. CEMENT LIMITED

(Referred to in Paragraph (3) of our report of even date)

(i) In respect of its Fixed Assets:

a) The company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets other than furniture and fixtures and office equipment.

(b) All the assets have not been physically verified by the management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.

(c) In our opinion and according to the information and explanations given to us, the company has not made any substantial disposal of fixed assets during the year.

(ii) In respect of its Inventories:

a) As explained to us, inventories have been physically verified during the year by the management at reasonable intervals.

(b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.

(c) In our opinion and according to the information and explanations given to us, the company has maintained proper records of its inventories and discrepancies noticed on verification between physical stocks and the book records were not material.

(iii) In respect of loans, secured or unsecured, granted or taken by the company to or from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act 1956, according to the information and explanations given to us

(a) The company has/had granted interest free unsecured loans to Companies. The maximum amount involved during the year was Rs.13448.16 Lacs and the year end balance of such loan granted was Rs.11848.16 Lacs.

(b) The above loans are interest free and other terms and conditions on which loans have been granted to such parties are not prima facie prejudicial to the interest of the company.

(c) No terms and conditions for repayment of the loan are stipulated.

(d) There is no overdue amount of such loans.

(e) The company has not taken any Loan from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. As the company has not taken any Loans, Secured or Unsecured, from parties listed in the register maintained under section 301 of the Companies Act, 1956, paragraphs (iii) (f) and (g) of the Order, are not applicable.

(iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to purchases of inventory, fixed assets and with regard to the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system of the company.

(v) In respect of transactions entered in the register maintained in pursuance of Section 301 of the Companies Act, 1956 :

(a) According to the information and explanations given to us, we are of the opinion that the particulars of all contracts or arrangements that need to be entered into the register maintained under section 301 of the Companies Act 1956 have been so entered.

(b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and exceeding the value of Rs. Five Lacs in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market price at the relevant time.

(vi) In our opinion and according to the information and explanations given to us, the company has not accepted any deposits within the provisions of sections 58A and 58AA and other relevant provisions of the Companies Act, 1956. Accordingly paragraph (vi) of the Order, is not applicable.

(vii) In our opinion, the company has an adequate internal audit system commensurate with the size and the nature of its business.

(viii) We have broadly reviewed the books of account maintained by the company, pursuant to the rules made by the Central Government, for maintenance of cost records under section 209 (1)(d) of the Companies Act, 1956 and we are of the opinion that prima-facie the prescribed accounts and records have been maintained.

(ix) According to the information and explanations given to us, in respect of statutory and other dues:

(a) The company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education protection fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, custom duty, excise duty, cess and any other statutory dues applicable to it.

(b) According to the information and explanations given to us, no undisputed amounts payable in respect of aforesaid dues were in arrears as at 31st March, 2007 for a period more than Six months from the date they became payable.

(c) According to the records of the company, income tax, sales tax, wealth tax, service tax, custom duty, excise duty and cess which have not been deposited on account of any dispute, are as follows :-

Name of the Statute	Nature of the Dues	Amount (Rs. In Lacs)	Period to which amount relates Pending	Forum where Statute dispute is
Central Sales Tax Act.	Sales Tax	2760.24	1999 onwards	Appeal with D.C.S.T.
Rajasthan Entry Tax	Entry Tax	531.12	July, 2006 onwards	Appeal with Jodhpur High Court.
Custom Act, 1952	Custom Duty Including interest thereon.	322.61	1996-97	Jodhpur High Court.
Central Excise Act, 1944	Excise Duty Including interest thereon.	418.66	1989	Supreme Court.
Central Excise Act, 1944	Excise Duty on Weight difference	144.34	October, 2001 to 17th March, 2004	Jodhpur High Court.
Mining Act	Royalty	10.07	2003-2004	Mining Dept.
Finance Act, 1994	Service Tax	0.21	October, 2005 to March, 2006	Central Excise Dept.

(x) The company does not have accumulated losses at the end of the financial year and has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.

(xi) In our opinion and according to the information and explanations given to us, the company has not defaulted in repayment of dues to bank.

(xii) As explained to us, the company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures or any other securities.

(xiii) The nature of company's business / activities during the year is such that clause (xiii) is not applicable.

(xiv) In our opinion, the company is not dealing in or trading in shares, securities and debentures and other investments.

(xv) According to the information and explanations given to us, the company has not given any guarantee for loans taken by others from any bank or financial institution.

(xvi) In our opinion, the term loan have been applied for the purpose for which they were raised.

(xvii) According to the information and explanations given to us and on an overall examination of the Balance Sheet of the company, we report that the no funds raised on short term basis have been used for long-term investment.

(xviii) According to information and explanations given to us, the company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956 during the year.

(xix) As the company has no debenture outstanding at any time during the year, paragraph (xix) of the Order is therefore, not applicable to the company.

(xx) We have verified the end use of money raised by public issue from the offer document and as disclosed in the notes to the financial statements.

(xxi) According to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the course of our audit.

For P.L. TANDON & CO.,  
CHARTERED ACCOUNTANTS

(P.P.SINGH)

PARTNER

Membership No.72754

Place: Kanpur.  
Dated : 12-05-2007

**BALANCE SHEET as at 31st March, 2007**

	Schedule	31-03-2007 Rs. in Lacs	31-03-2006 Rs. in Lacs
<b>SOURCES OF FUNDS</b>			
Shareholders' Funds			
Capital	1	6992.72	6992.72
Reserves & Surplus	2	75017.89	60434.51
		<u>82010.61</u>	<u>67427.23</u>
Loan Funds	3		
Secured Loans		42993.92	44313.91
Unsecured Loans		12776.99	13902.28
		<u>55770.91</u>	<u>58216.19</u>
Deferred Tax Liability		4319.00	1740.00
<b>TOTAL</b>		<u>142100.52</u>	<u>127383.42</u>
<b>APPLICATION OF FUNDS</b>			
Fixed Assets	4		
Gross Block		102941.82	95920.18
Less: Depreciation		10697.71	6121.01
Net Block		<u>92244.11</u>	<u>89799.17</u>
Capital Work-in-Progress		16438.60	5689.72
		<u>108682.71</u>	<u>95488.89</u>
Investments	5	1590.98	—
Current Assets, Loans & Advances	6		
Inventories		11000.55	8397.65
Sundry Debtors		6215.99	4613.25
Cash & Bank Balances		19253.60	28541.58
Other Current Assets		128.86	120.13
Loans & Advances		16510.24	9266.56
		<u>53109.24</u>	<u>50939.17</u>
Less: Current Liabilities & Provisions	7		
Liabilities		17284.53	17970.24
Provisions		4172.36	1264.61
		<u>21456.89</u>	<u>19234.85</u>
Net Current Assets		31652.35	31704.32
Miscellaneous Expenditure ( to the extent not written-off or adjusted)			
Preliminary Expenses		8.44	12.64
Deferred Revenue Expenditure		166.04	177.57
<b>TOTAL</b>		<u>142100.52</u>	<u>127383.42</u>
Notes & Contingent Liabilities	13		

As per our Report attached

For P.L.TANDON & Co.,  
Chartered Accountants**P.P. SINGH**Partner  
Kanpur  
Dated:12th May 2007**GAUR HARI SINGHANIA** Chairman**A.K. SARAOGI** President (Corp.Affairs) & CFO**YADUPATI SINGHANIA** Managing Director & CEO**ASHISH SABHARWAL** Secretary

**PROFIT & LOSS ACCOUNT For the year ended 31st March, 2007**

	Schedule	2006-2007 Rs. in Lacs	2005-2006 Rs. in Lacs
<b>INCOME</b>			
Gross Sales		152966.52	110867.84
Less : Excise Duty		18496.02	16750.63
Sales Tax		11137.30	23497.90
Net Sales		123333.20	87369.94
Other Income	8	1069.44	481.94
<b>TOTAL</b>		<b>124402.64</b>	<b>87851.88</b>
<b>EXPENDITURE</b>			
Manufacturing Expenses	9	53553.82	45517.00
Payments to and Provisions for Employees	10	4883.83	4120.28
Selling, Administration and other Expenses	11	31979.23	24530.58
Interest (Net)	12	3471.79	5361.26
<b>TOTAL</b>		<b>93888.67</b>	<b>79529.12</b>
<b>Profit Before Depreciation</b>		<b>30513.97</b>	<b>8322.76</b>
Depreciation		4594.80	4340.81
Less: Transfer from Revaluation Reserve ( Refer Note No.5 )		1279.03	1238.98
<b>Profit Before Tax</b>		<b>27198.20</b>	<b>5220.93</b>
Provision for Tax			
Fringe Benefit Tax		200.00	150.00
Current Tax		6984.39	434.00
Deferred Tax		2152.14	1380.00
<b>Profit After Tax</b>		<b>17861.67</b>	<b>3256.93</b>
Balance from previous year		694.30	633.39
<b>Amount Available For Appropriations</b>		<b>18555.97</b>	<b>3890.32</b>
<b>APPROPRIATIONS</b>			
General Reserve		10000.00	2000.00
Proposed Dividend		2447.45	1048.91
Corporate Dividend Tax on above		416.07	147.11
Balance carried to Balance Sheet		5692.45	694.30
<b>Earning per share - Basic and Diluted (In Rs.)</b>		<b>25.54</b>	<b>6.37</b>
<b>Notes &amp; Contingent Liabilities</b>	13		

As per our Report attached

For P.L.TANDON & Co.,  
Chartered Accountants**P.P. SINGH**  
Partner  
Kanpur  
Dated:12th May 2007**GAUR HARI SINGHANIA** Chairman**A.K. SARAOGI** President (Corp.Affairs) & CFO**YADUPATI SINGHANIA** Managing Director & CEO**ASHISH SABHARWAL** Secretary



**CASH FLOW STATEMENT for the year ended 31st March, 2007**

		2006-2007 Rs. in Lacs	2005-2006 Rs. in Lacs
<b>a) Cash flow from operating activities</b>			
Profit before Tax as per Profit & Loss Account		27198.20	5220.93
Adjusted for :			
Depreciation	3315.77		3101.83
Deferred Revenue/Preliminary Exp.	55.39		34.73
Interest	5285.77		5817.40
Interest received	(1813.98)		(456.14)
Profit on sales of investments	(49.47)		(11.76)
Loss on sale of assets(Net)/impairment	56.45	6849.93	66.40
Operating Profit before Working Capital Changes		34048.13	13773.39
Adjusted for :			
Trade & Other Receivables	(2798.26)		(1046.75)
Inventories	(2602.90)		(1741.20)
Trade Payable	(954.14)	(6355.30)	2891.56
Cash Generated from Operations		27692.83	13877.00
Adjusted for :			
Tax Paid	(5231.85)		(397.66)
Dividend paid	(1042.00)		-
Deferred Revenue/Preliminary Exp. Incurred	(39.66)	(6313.51)	(455.36)
Net cash from operating activities		21379.32	13421.64
<b>b) Cash flow used in investing activities</b>			
Acquisition/Purchase of fixed assets including capital advances		(18003.16)	(8426.12)
Sale of fixed assets		74.60	6.45
Purchase of Investments		(6841.78)	(9823.63)
Sale of Investments		5300.25	9835.39
Interest Income		1372.70	234.90
Net cash used in investing activities		(18097.39)	(8173.01)
<b>c) Cash flow from financing activities</b>			
Loan to Jaykaycem Ltd.		(7648.16)	-
Issue of Share Capital Including Share Premium		-	29600.00
Capital subsidy received		1213.95	-
Deferred Sales Tax		157.55	(17.97)
Long Term Borrowings		3749.97	2500.00
Cash Credit Accounts		751.82	3314.78
Repayment of Long Term Borrowings		(7319.08)	(9694.84)
Interest Paid		(5290.42)	(5888.86)
Vehicle Loan & Others		214.46	(2038.53)
Refund from Associate Company		1600.00	400.00
Share Issue Expenses		-	(1696.39)
Net cash from financing activities		(12569.91)	16478.19
Net increase in Cash and Cash Equivalents (a+b+c)		(9287.98)	21726.82
Opening balance of Cash and Cash Equivalents		28541.58	6814.76
Closing balance of Cash & Cash Equivalents		19253.60	28541.58

As per our Report attached  
For P.L.TANDON & Co.,  
Chartered Accountants  
**P.P. SINGH**  
Partner  
Kanpur  
Dated:12th May, 2007

**GAUR HARI SINGHANIA** Chairman

**A.K. SARAOGI** President (Corp.Affairs) & CFO

**YADUPATI SINGHANIA** Managing Director & CEO

**ASHISH SABHARWAL** Secretary

**SCHEDULE - 1**

<b>SHARE CAPITAL</b>		<b>31-03-2007</b>		<b>31-03-2006</b>
		<b>Rs. in Lacs</b>		<b>Rs. in Lacs</b>
<b>AUTHORISED</b>				
8,00,00,000 Equity Shares of Rs.10/- each		8000.00		8000.00
		<u>8000.00</u>		<u>8000.00</u>
<b>ISSUED, SUBSCRIBED &amp; PAID UP</b>				
6,99,27,250 Equity Shares of Rs.10/- each		6992.72		6992.72
		<u>6992.72</u>		<u>6992.72</u>

**SCHEDULE - 2**

<b>RESERVES &amp; SURPLUS</b>				
<b>Revaluation Reserve</b>				
As per last Balance Sheet	31836.60		33707.64	
Less : Deduction During the year	83.51		632.06	
Less : Transfer to Profit and Loss Account	<u>1279.03</u>	30474.06	<u>1238.98</u>	31836.60
<b>Capital Reserve</b>				
Govt. Subsidy (Refer note no.4)		1213.95		—
<b>Securities Premium Account</b>				
As per last Balance Sheet	25903.61		27600.00	
Less: Share Issue Expenses	<u>—</u>	25903.61	<u>1696.39</u>	25903.61
<b>General Reserve</b>				
As per last Balance Sheet	2000.00		—	
Add : Transfer from Profit & Loss Account	10000.00		2000.00	
Less : Gratuity Adjustment (Refer Note No.12a)	<u>266.18</u>	11733.82	<u>—</u>	2000.00
<b>Profit &amp; Loss Account</b>		5692.45		694.30
		<u>75017.89</u>		<u>60434.51</u>

**SCHEDULE - 3**

<b>LOAN FUNDS</b>				
<b>SECURED</b>				
Term Loans				
— Banks		38737.63		40891.28
Cash Credit Accounts		4066.60		3314.78
Vehicle Loans		<u>189.69</u>		<u>107.85</u>
		<u>42993.92</u>		<u>44313.91</u>
<b>UNSECURED</b>				
Banks		—		1415.46
Security Deposits & Others		2995.10		2862.48
Deferred Sales Tax		<u>9781.89</u>		<u>9624.34</u>
		<u>12776.99</u>		<u>13902.28</u>
		<u>55770.91</u>		<u>58216.19</u>

**SCHEDULE - 4****FIXED ASSETS****(Rs. in Lacs)**

DESCRIPTION	GROSS BLOCK			DEPRECIATION / AMORTIZATION				NET BLOCK		
	As at 01.04.2006	Additions	Deductions	As at 31.03.2007	As at 01.04.2006	For the Year	Deductions	Upto 31.03.2007	As at 31.03.2007	As at 31.03.2006
<b>Goodwill</b>	742.70	-	-	742.70	105.22	74.27	-	179.49	563.21	637.48
<b>Freehold Land</b>	1913.13	266.60	-	2179.73	-	-	-	-	2179.73	1913.13
<b>Leasehold Land</b>	433.46	34.92	-	468.38	14.92	10.73	-	25.65	442.73	418.54
<b>Buildings</b>	11438.27	503.97	-	11942.24	523.83	376.93	-	900.76	11041.48	10914.44
<b>Plant &amp; Machinery</b>	79098.69	6131.46	3.17	85226.98	5283.44	3986.86	0.31	9269.99	75956.99	73815.25
<b>Railway Sidings</b>	992.12	-	104.70	887.42	62.60	39.77	5.26	97.11	790.31	929.52
<b>Rolling Stock</b>	173.35	-	68.34	105.01	11.07	4.64	5.24	10.47	94.54	162.28
<b>Furniture, Fixtures and Office Equipments.</b>	544.11	77.31	0.56	620.86	46.63	36.62	0.05	83.20	537.66	497.48
<b>Vehicles</b>	583.98	238.68	55.87	766.79	73.20	63.63	7.24	129.59	637.20	510.78
<b>Other Assets</b>	0.37	1.34	-	1.71	0.10	1.35	-	1.45	0.26	0.27
<b>GRAND TOTAL</b>	<u>95920.18</u>	<u>7254.28</u>	<u>232.64</u>	<u>102941.82</u>	<u>6121.01</u>	<u>4594.80</u>	<u>18.10</u>	<u>10697.71</u>	<u>92244.11</u>	<u>89799.17</u>
<b>Previous year's figures</b>	92107.23	4520.20	707.25	95920.18	1782.54	4340.81	2.34	6121.01		
<b>Capital Work-in-progress including Capital Advances Rs. 3139.80 Lacs</b>										
<b>Previous year Rs. 3960.81 Lacs</b>									16438.60	5689.72
									<u>108682.71</u>	<u>95488.89</u>

**SCHEDULE - 5****INVESTMENTS**

Name of the Bodies Corporate	Whether Long term or short term	As at 31.03.2007			As at 31.03.2006	
		Face Value Rs.	No.of Shares / Bonds	Book Value (Rs. in lacs)	No.of Shares / Bonds	Book Value (Rs. in lacs)
Investments in Shares,Bonds & Mutual Funds						
A. Quoted Investments						
1. Fully paid up equity shares in : - Indian Bank	Short Term	10	69886	63.60	—	—
B. Unquoted Investments						
1. Investment in shares of Subsidiary Company Fully paid up equity shares in : - Jaykaycem Ltd.	Long Term	10	350700	527.38	—	—
2. Bonds/Mutual Funds - Birla FTP Half yearly Series1	Short Term	10	5000000	500.00	—	—
- DSMPPL FTP Series 1I	Short Term	1000	50000	500.00	—	—
				1590.98	—	—
Note : Market value of quoted investments as on 31.03.2007 – Rs.63.04 Lacs						

Note : Market value of quoted investments as on 31.03.2007 - Rs.63.04 Lacs

**SCHEDULE - 6**

<b>CURRENT ASSETS, LOANS &amp; ADVANCES</b>		<b>31-03-2007 Rs. in Lacs</b>	<b>31-03-2006 Rs. in Lacs</b>
<b>A. INVENTORIES</b>			
Stores, Spare parts etc.	6253.42	4287.27	
Raw Materials	892.27	443.62	
Goods-in-Process	2320.65	2452.29	
Finished Goods	1510.53	1194.71	
Material-in-Transit and in Bonded Warehouses	23.68	19.76	
	<u>11000.55</u>	<u>8397.65</u>	
<b>B. SUNDRY DEBTORS</b>			
Debts over six months			
– Considered Good			
Secured	20.06	12.92	
Unsecured	440.61	380.38	
– Considered Doubtful	279.36	135.11	
Other Debts			
– Considered Good			
Secured	234.57	182.85	
Unsecured	5520.75	4037.10	
	<u>6495.35</u>	<u>4748.36</u>	
Less : Provision for Doubtful Debts	<u>279.36</u>	<u>135.11</u>	
	<u>6215.99</u>	<u>4613.25</u>	
<b>C. CASH &amp; BANK BALANCES</b>			
Cash & Cheques in hand and remittances in transit	94.75	49.75	
Balances with Scheduled Banks in:			
– Current Accounts	4430.48	3211.95	
– Deposit Accounts	14728.37	25279.88	
(Tied up Rs.10092 Lacs)			
	<u>19253.60</u>	<u>28541.58</u>	
<b>D. OTHER CURRENT ASSETS</b>			
Interest accrued on Deposits	<u>128.86</u>	<u>120.13</u>	
<b>E. LOANS &amp; ADVANCES</b>			
UNSECURED - Considered Good Unless Otherwise Stated			
Loan - J.K.Synthetics Ltd.	4200.00	5800.00	
Loan to wholly owned subsidiary Company - Jaykaycem Ltd.	7648.16	-	
Advances Recoverable in cash or in kind or for value to be received			
– Considered good	2060.77	1850.08	
– Considered Doubtful	305.85	0.73	
Prepaid Expenses	135.42	182.03	
Deposits	1537.01	849.30	
Balances with Custom & Excise Departments	928.88	585.15	
	<u>16816.09</u>	<u>9267.29</u>	
Less: Provision for Doubtful Advances	<u>305.85</u>	<u>0.73</u>	
	<u>16510.24</u>	<u>9266.56</u>	
	<u>53109.24</u>	<u>50939.17</u>	

## SCHEDULE - 7

CURRENT LIABILITIES & PROVISIONS		31-03-2007 Rs. in Lacs	31-03-2006 Rs. in Lacs
<b>CURRENT LIABILITIES</b>			
Acceptances		—	212.87
Sundry Creditors		9179.86	11471.47
Investor Education & Protection Fund shall be credited by following (see note below) #			
— Unclaimed Dividend	6.91	—	
— Unclaimed Application Money	7.39	—	
— Unclaimed Fraction Money	6.19	20.49	10.96
Other Liabilities		8013.89	6224.99
Temporary Book Overdraft		70.29	49.95
		<u>17284.53</u>	<u>17970.24</u>
<b>PROVISIONS</b>			
Taxation ( Net of Advance Tax & TDS )		1308.84	68.59
Proposed Dividend on Equity Shares		2447.45	1048.91
Corporate Dividend Tax		416.07	147.11
		<u>4172.36</u>	<u>1264.61</u>
		<u>21456.89</u>	<u>19234.85</u>
# Note: Amounts to be transferred to said fund shall be determined on the respective due dates.			

## SCHEDULE - 8

OTHER INCOME			
Claims Realised		33.95	55.67
Profit on Sale of Investments		49.47	11.76
Refund of Electricity duty		432.60	—
Exchange Rate Difference		131.07	—
Miscellaneous Income		422.35	414.51
		<u>1069.44</u>	<u>481.94</u>

**SCHEDULE - 9**

<b>MANUFACTURING EXPENSES</b>		<b>2006-2007 Rs. in Lacs</b>	<b>2005-2006 Rs. in Lacs</b>
Purchase of Trading Goods		45.86	36.04
Raw Materials Consumed		12230.21	9035.19
Packing Materials Consumed		5525.44	4941.90
Stores and Spares Consumed		2845.84	2494.31
Power and Fuel		30970.13	28559.81
Repairs To:			
Plant and Machinery		1366.77	1254.64
Buildings		321.95	329.62
Others		15.49	5.36
Insurance		309.40	279.55
Excise Duty		106.91	135.80
Increase in Stock			
Closing Stock			
Finished Goods	1510.53		1194.71
Goods-in-process	2320.65		2452.29
	<u>3831.18</u>		<u>3647.00</u>
Less :Opening Stock			
Finished Goods	1194.71		736.61
Goods-in-process	2452.29		1355.17
	<u>3647.00</u>	184.18	<u>2091.78</u>
		<u>53553.82</u>	<u>45517.00</u>

**SCHEDULE - 10**

<b>PAYMENTS TO &amp; PROVISIONS FOR EMPLOYEES</b>			
Salaries,Wages and Bonus		3519.77	2953.51
Contribution to Provident and other Funds		550.37	454.59
Welfare Expenses		813.69	712.18
		<u>4883.83</u>	<u>4120.28</u>

## SCHEDULE - 11

SELLING, ADMINISTRATION & OTHER EXPENSES	2006-2007 Rs./Lacs	2005-2006 Rs./Lacs
<b>ADMINISTRATION AND OTHER EXPENSES :</b>		
Rent	214.27	163.25
Lease Rent	39.76	41.42
Rates and Taxes	208.59	39.53
Travelling and Conveyance Expenses	668.11	549.37
Provision for Doubtful Debts & Advances	452.36	67.99
Debts written off	59.50	1.86
Loss on sale / Impairment of Fixed Assets (Net)	56.45	66.53
Expenses relating to previous year	0.53	4.48
Miscellaneous Expenses	2788.07	2004.82
	<u>4487.64</u>	<u>2939.25</u>
<b>SELLING AND DISTRIBUTION EXPENSES :</b>		
Advertisement and Publicity	1057.06	959.91
Commission, Brokerage and Incentives	1199.31	1182.54
Selling Expenses	799.89	675.87
Freight and Handling Outward	24435.33	18773.01
	<u>27491.59</u>	<u>21591.33</u>
	<u>31979.23</u>	<u>24530.58</u>

## SCHEDULE - 12

INTEREST		
<b>Interest :</b>		
On Fixed Loans	4089.90	4727.12
Others	1195.87	1090.28
	<u>5285.77</u>	<u>5817.40</u>
Less: Interest Received (Tax deducted at source Rs.432.55 Lacs Previous year Rs.57.27 Lacs)	1813.98	456.14
	<u>3471.79</u>	<u>5361.26</u>

## SCHEDULE - 13

## NOTES ON ACCOUNTS

		31.03.2007 Rs.in lacs	31.03.2006 Rs.in lacs
1.	<b>(A) CONTINGENT LIABILITIES</b>		
(i)	In respect of claims excluding claims of employees against the Company not acknowledged as debts	1547.76	2271.81
(ii)	In respect of disputed demands for which Appeals are pending with Appellate Authorities/Courts – no provision has been considered necessary by the Management		
	a) Excise duty	144.34	111.11
	b) Customs duty	322.61	301.37
	c) Sales-tax	120.46	120.46
(iii)	In respect of interest on "Cement Retention Price" realised in earlier years	1027.27	1003.64
(iv)	Guarantees given to banks on behalf of Jaykaycem Limited(Subsidiary Company)	2800.00	-
	(B) Estimated amount of contracts remaining to be executed on capital accounts and not provided for	11252.70	12591.40
2	Share Capital includes 74,26,950 equity shares of Rs. 10/- each allotted without payment received in cash.		
3	<b>(A) TERM LOANS</b>		
	(a) SECURED		
	i) Consortium of Banks - Rs. 34987.66 lacs (40891.28 lacs)		
	Secured by first pari-passu charge by way of equitable mortgage of all the immovable properties and hypothecation of all the movable assets of the Company both present and future save and except inventories and book debts, cash and bank balances and assets pertaining to J.K. Cement Works, Gotan.		
	ii) Allahabad Bank : Rs. 3749.97 lacs		
	Secured by charge on assets of J.K. Cement Works, Gotan (Charges yet to be created)		
	iii) Vehicles Loans : Rs. 189.69 lacs (Rs. 107.85 lacs )Secured by hypothecation of vehicles		
	<b>(B) CASH CREDIT ACCOUNTS – Rs.4066.60 lacs (Rs. 3314.78 lacs)</b>		
	Secured by first charge on current assets namely inventories, books debts etc. and second charge on fixed assets of the Company except J.K. Cement Works, Gotan.		
	Loans as stated in 3(A) (a) (i) & (ii) and Cash Credit Accounts are also guaranteed by Managing Director.		
4	Government of Rajasthan has issued an entitlement certificate by which the Company is entitled for interest subsidy under Rajasthan Investment Promotion Scheme,2003 for 7 years from 30th Nov.2004. In terms of the scheme, Commercial Tax Department has determined Rs. 2982.06 lacs as interest subsidy for the period 1st Dec.2004 to 30th June,2006. The subsidy amounting to Rs. 1213.95 lacs only released by Government upto 31st March,2007 under the aforesaid scheme has been accounted for as Capital Receipt based on expert advice.		
5	Land, Buildings, Plant & Machinery, Railway Sidings and Rolling Stock had been revalued as on 04.11.2004 by the approved valuers on the basis of assessment about current value of the similar assets. Current values had been determined by cost approach method. Accretion on account of revaluation amounting to Rs. 33601.86 lacs had been credited to revaluation reserve. Depreciation on additional value is provided on the basis of life determined by the valuers. An amount of Rs. 1279.03 lacs equivalent to the depreciation for the year on such additional values has been withdrawn from Revaluation Reserve and credited to Profit & Loss Account.		
6	a)	Title deeds of few properties acquired on transfer of undertakings are in the process of being transferred in the name of the Company.	



- b) During the year company has purchased assets of Nihon Nirman(White Cement Plant) on the scheme of sale of secured assets under SARFAESI Act,2002 from IDBI, the possession thereof has been received and part of these assets have been put to use but the title deeds of the properties are yet to be transferred in the name of Company.

- 7 Unhedged foreign currency exposure
- i) Buyer's Import Credit : US \$ 1152000 Rs. 5,05,11,795.00  
(included in other liabilities schedule- Secured by pledge of FDRs)
- ii) Export debtors: US\$ 529594.48 Rs. 2,27,81,640.88

Disclosures pursuant to Clause 32 of the Listing Agreement

- 8 (A) Loans and Advances in the nature of Loans given to Subsidiary Company

	Outstanding balance as on 31.03.2007	Maximum balance during the year 2006-07
JAYKAYCEM LIMITED	7648.16	7648.16

- (B) Investment by Loanee in the shares of Company : NIL  
The Company has used the net proceeds of the issue as at 31st March,2007 as under:-

S.No.	Particulars	As per Prospectus	Rs. in lacs Expenditure Incurred
1	Installation of waste heat recovery power plant of 13 MW capacity	11100.00	5216.96
2	Installation of 20 MW petcoke based captive power plant	8500.00	6952.51
3	Replacement of an existing turbine with a new 10 MW turbine	850.00	802.09
4	Increase in the grinding and production capacity at the grey cement plant.	2250.00	2103.99
5	Increase in the production capacity at the white cement plant	900.00	873.88
6	General Corporate purposes:		
	Share Issue Expenses	6000.00	6000.00
	TOTAL	29600.00	21949.43

There is unutilised balance of Rs. 7650.57 lacs out of equity issue as at 31st March,2007. This amount is kept in FDRs with various banks.

Disclosures in accordance with Accounting Standards

- 9 Deferred tax assets and liabilities are as under: -

(a)	Deferred Tax Assets	31.03.2007 Rs in lacs	31.03.2006 Rs in lacs
(i)	Provision for Doubtful Debts	94.02	45.48
(ii)	Expenses deductible on payment basis	896.88	289.63
(iii)	Unabsorbed Depreciation	-	1390.24
(iv)	Others	-	426.85
		990.90	2152.20
(b)	Deferred Tax Liabilities		
	Difference between book depreciation and Depreciation under Income tax Act	5309.90	3892.20
(c)	Net Deferred Tax Liabilities	4319.00	1740.00

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## Earning per share (EPS):

		31.03.2007 Rs. in lacs	31.03.2006 Rs. in lacs
(a)	Net Profit available for Equity Share holders (Numerator used for calculation)	17861.67	3256.93
(b)	Weighted average number of Equity Shares Used as denominator for calculating EPS	69927250	51187524
(c)	Basic and Diluted earnings per share of Rs.10/-	25.54	6.37

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## Related Parties Disclosures:

(1) (a) Parties where the control/significant influence exists:-

- i) Juggilal Kamlapat Holding Ltd
- ii) Yadu International Ltd

(b) Key Management Personnel &amp; their Relatives:

- i) Shri Yadupati Singhania- Managing Director & C.E.O.
- ii) Dr. Gaur Hari Singhania (Relative)

(c) Enterprises significantly influenced by Key Management Personnel or their Relatives.

- i) J.K. Synthetics Ltd
- ii) J.K. Cotton Spg. & Wvg. Mills Co. Ltd
- iii) J.K. Traders Ltd.
- iv) Dholera Port Ltd.

(d) Wholly Owned Subsidiary Company

- i) Jaykaycem Ltd

(Related parties relationship is as identified by the Company and relied upon by the Auditors).

(2) Following are the transactions with related parties as defined under Accounting Standard-18 on Related party disclosures issued by the Institute of Chartered Accountants of India.

	2006-07 Rs. in lacs	2005-06 Rs. in lacs
i) J.K. Synthetics Ltd		
- Sale of Product	0.03	0.35
- Purchase of Assets	0.69	-
- Services received	25.10	
- Rent paid	28.24	19.48
- Expenses Reimbursed	113.23	109.64
- Loan given		
Balance as at beginning	5800.00	6200.00
Payment received	1600.00	400.00
Balance as at close of the year	4200.00	5800.00
(ii) J.K. Cotton Spg. & Wvg. Mills Co. Ltd		
- Rent paid	3.60	3.60
(iii) Dholera Port Ltd		
- Payment of Loan received	24.13	-
- Balance as at close of the year	-	24.13
(iv) Jaykaycem Ltd		
- Loan given during the year	7648.16	-
- Balance as at close of the year	7648.16	-

(v) Key Management Personnel and their relatives		
a) Shri Y.P. Singhania(Managing Director)		
- Remuneration	220.96	72.69
b) Dr. Gaur Hari Singhania(Relative)		
- Commission	25.00	10.00
- Sitting Fees	1.55	1.14

- 12 (a) In the current year, the Company has gone for earlier adoption of the Accounting Standard 15 (Revised) which is mandatory from accounting periods starting from December 7,2006. Accordingly the Company has provided for gratuity based on actuarial valuation done as per projected unit credit method. Further in accordance with the transitional provision in the revised Accounting Standard Rs.266.18 lacs net of tax has been adjusted to the General Reserve.

- (b) Disclosure in terms of AS-15 are as under:-

	Rs. in lacs
I. Expense recognised in the Statement of Profit & Loss Account for the year ended on 31st March,2007.	
1. Current Service cost	87.77
2. Interest Cost	137.23
3. Expected return on assets	(125.11)
4. Actuarial(Gains)/losses	(45.71)
5. Total expenses	54.18
II. Net Asset/(Liability) recognised in the Balance Sheet as at 31st March,2007	
1. Present value of Defined Benefit Obligation as at 31st March,2007	1912.20
2. Fair value of plan assets as at 31st March,2007	1651.22
3. Funded status[Surplus/Deficit]	(260.98)
4. Net asset/(liability) as at 31st March,2007	(260.98)
III. Change in obligation during the year ended 31st March,2007	
1. Present value of Defined Benefit obligation at the beginning of the year	1810.52
2. Current Service cost	87.77
3. Interest cost	137.23
4. Actuarial (Gains)/losses	(45.71)
5. Benefits Payments	(75.58)
6. Present value of Defined Benefit Obligation at the end of the year	1910.17
IV. Change in Assets during the Year ended 31st March,2007	
1. Plan assets at the beginning of the year	1601.69
2. Actual return on plan assets	125.11
3. Actual benefits paid	(75.58)
4. Plan assets at the end of the year	1651.22
V. The major categories of plan assets as a percentage of total plan	100%
VI. Actuarial Assumptions as at 31st March,2007	
1. Discount rate	8.5% p.a.
2. Expected rate of return on assets	8% p.a.
3. Mortality	Indian assured lives Mortality (1994-96) (modified) ultimate
4. Salary increase	10%
5. Withdrawal rates	Workers 1% for all ages Staff 5% for all ages

- c) Leave encashment  
Facility to employees for leave encashment is provided in the books on maximum upto 90 days out of accumulated earned leaves on the date of valuation i.e. 31.03.2007.
- 13 Impairment of Asset: There is no impairment of Assets as per AS-28 (Previous year Rs. 29.91 lacs)
- 14 The Company is engaged only in cement business and there are no separate reportable segments as per AS-17.
- 15 a) Sundry Creditors include dues to Small Scale Undertakings Rs. 21.81 lacs (Rs. 239.0 lacs) excluding interest based on information available. The names of the units to whom Company owes monies for more than 30 days as at 31st March, 2007 are :- (1) Awua Alloys P. Ltd (2) Aimil Ltd (3) Air Equipments Company (4) Baid Sanitaryware Pvt. Ltd (5) Control Engineers (6) Control Print (India) Ltd (7) Dynachem Engineers (8) Economic Traders (9) Enterprising Engineers (10) Electro Magnetic Industries (11) Gupta Engineering Works (12) H.B. Enterprises (13) International Pumps (14) Jagjivan Enchem Udyog Ltd (15) Jayashree Electrodevices Pvt. Ltd (16) Kota Oxygen Pvt. Ltd (17) Khira Industries (18) MBM Engineering (I) Ltd (19) Nothland Rubber Mills (20) Pyrotech Electronics Pvt. Ltd (21) RMT Engineering Works (22) Rathore Metal & Smelting (23) Sunrise Engineers (24) Saurashtra Engineers (25) Sunpek Industries (26) Skylark (India) Elevator Co (27) Spillban Conveyor Equipment Pvt. Ltd (28) S.K.S. Mech Engineers Pvt. Ltd. (29) Tempsons Instruments (I) Pvt. Ltd (30) Tirupati Safety Works (31) Thermotech Engineers Pvt. Ltd (32) Vishal Mechanical Works.
- b) Disclosure of Sundry Creditors based on the information available with company regarding status of the suppliers as defined under 'Micro, Small and Medium Enterprises Development Act, 2006:  
Amount outstanding for more than 45 days is nil.
- 16 Managerial Remuneration paid/payable to Directors :

	2006-2007 Rs. in lacs	2005-2006 Rs. in lacs
<b>Managing Director:</b>		
Remuneration	16.80	17.50
Contribution to P.F. & Superannuation	2.02	4.54
Perquisites	2.14	0.65
Commission	200.00	50.00
Total (a)	220.96	72.69
<b>Non Whole Time Directors</b>		
Sitting Fees	8.65	5.63
Commission	57.00	25.00
Total (b)	65.65	30.63
<b>TOTAL (a+b)</b>	<b>286.61</b>	<b>103.32</b>

Computation under section 349 of the Companies Act, 1956

	2006-2007 Rs. in lacs	2005-2006 Rs. in lacs
Profit before Taxes	27198.20	5220.93
Add:		
(a) Managerial Remuneration	286.61	103.32
(b) Provision for Bad and Doubtful Debts and Advances	452.36	67.99
Less: Profit on sale of investments	49.47	11.76
Profit as per section 349 of the Companies Act, 1956	27887.70	5380.48

a) Commission to Managing Director: Eligible commission to Managing Director @ 1% of above profit	278.88	53.80
Commission as determined by the Board	200.00	50.00
b) Commission to Non Whole Time Directors: Eligible commission to Non Whole Time Directors @ 1% of above profit	278.88	50.00
Commission as determined by the Board	57.00	25.00

17 Remuneration to Auditors

	2006-2007 Rs. in lacs	2005-2006 Rs. in lacs
(a) Audit Fee	5.50	5.50
(b) In Other Capacity	1.68	3.69
(c) Reimbursement of Out of Pocket expenses	0.47	0.47

18 Undernoted investments were purchased and re-deemed during the year 2006-07

Name of Mutual Fund	No. of Units	Purchase Value
PNB Principal Mutual Fund	7375928	750.00
PNB FMP-32	5000000	500.00
FDR-DSP Merrill Lynch Liquidity Fund	49009	501.08
Standard Chartered Mutual Fund GMTF GSSIF-Medium Term	4989511	500.00
Kotak Liquid Fund	4088942	500.00
Kotak Bond	11922170	1200.00
Kotak FMP 3M Series	12000000	1,200.00
DSPML FTP Series 1F Dividend	30000	300.00
	45428560	5,451.08

19 Previous year figures have been regrouped and recasted wherever necessary to conform to the classification of the year.

20 Schedules 1 to 13 and Significant Accounting Policies form integral part of the accounts and have been duly authenticated.

## SIGNIFICANT ACCOUNTING POLICIES

### 1. Accounting Concepts:

The financial statements are prepared under the historical cost convention (except for fixed assets which are revalued) on an accrual basis and in accordance with the applicable mandatory Accounting Standards.

### 2. Fixed Assets:

Fixed assets are stated at cost (including expenses related to acquisition and installation) adjusted by revaluation of fixed assets.

### 3. Investments:

Current investments are stated at lower of cost or fair market value. Long term investments are stated at cost after deducting provisions made for permanent diminution in the value, if any.

### 4. Inventories:

Inventories are valued at "cost or net realizable value, whichever is lower". Cost comprises of all cost of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and condition. 'First-in-First-out' or 'Average cost' method is followed for determination of cost.

### 5. Depreciation:

- i) Depreciation is provided on straight line method at the rates specified in the Schedule XIV to the Companies Act, 1956.
- ii) Depreciation on additions/deductions to fixed assets is being provided on pro-rata basis from/to the month of acquisition/disposal.
- iii) Depreciation on additional value of Revalued Assets is provided on the basis of life determined by the valuers. An amount equivalent to depreciation on additional values resulting from revaluation is withdrawn from Revaluation Reserve and credited to Profit & Loss Account.
- iv) Goodwill is amortised over a period of ten years.
- v) Leasehold land is amortised over the period of lease.

### 6. Retirement Benefits:

The Company's contributions to Provident Fund and Superannuation Fund are charged to Profit & Loss Account. Contribution to Gratuity Fund are made on actuarial valuation and Provision for Leave encashment are made on the basis of actual accrual basis and charged to Profit & Loss Account.

### 7. Foreign Exchange Transactions:

Foreign currency transactions are accounted at equivalent rupee value earned/incurred. Year end balance in current assets/liabilities is accounted at applicable rates. Exchange difference arising on account of fluctuation in the rate of exchange is recognized in the Profit & Loss Account.

### 8. Borrowing Cost:

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

### 9. Government Subsidies

Government grants/subsidies are accounted for only when there is a certainty of receipt.

#### **10. Provision for Current and Deferred Tax:**

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

Deferred tax resulting from “timing difference” between book and taxable profit for the year is accounted for using the tax rates and laws that have been enacted or substantially enacted as on the balance sheet date. The deferred tax asset is recognized and carried forward only to the extent that there is a reasonable certainty that the assets will be adjusted in future.

#### **11. Miscellaneous Expenditure:**

Preliminary expenses are amortised over a period of five years from the year of commencement of manufacturing activity.

Deferred Revenue Expenses:

Expenses on Mines Development/overburden removal is deferred and amortised over a period of Lease/extraction from Mines.

#### **13. Contingent Liabilities:**

Contingent liabilities are not provided and are disclosed in Notes on Accounts.

**INFORMATION PURSUANT TO THE PROVISIONS OF PARAGRAPHS 3,4C & 4D OF PART II OF SCHEDULE VI TO THE COMPANIES ACT,1956**

**A. CAPACITY, TURNOVER, PRODUCTION & STOCKS**

**2006-07 (Rs. in lacs)**

SL. No.	Class of Goods Manufactured	Unit	Installed@ capacity per annum	Opening Stock		Actual Production	Turnover		Closing Stock	
				Quantity	Value		Quantity	Value	Quantity	Value
1.	PORTLAND/POZZALANA CEMENT	M.T	4000000* (3550000)	9002 (8560)	151.67 (137.28)	3640823 (3511022)	3640257 (3510580)	129370.79 (92216.09)	9568 (9002)	188.17 (151.67)
2.	WHITE CEMENT	M.T.	400000 (350000)	15136 (9835)	823.49 (518.06)	248880 (226729)	246572 (221428)	18103.02 (15984.48)	17444 (15136)	986.89 (823.49)
3.	OTHERS				219.55 (81.27) 1194.71 (736.61)			5492.71 (2667.27) 152966.52 (110,867.84)		335.47 (219.55) 1510.53 (1,194.71)

Notes: Licensed capacity not indicated due to abolition of industrial licences as per notification no. 477(E) dated 25th July,1991 issued under the Industrial (Development and Regulation) Act, 1951

Previous year figures are for the period 01.04.2005 to 31.03.2006 and are within bracket

@ As certified by the management.

\* Pending revamping of J.K. Cement Works, Gotan, its capacity has not been considered

**B. RAW MATERIAL CONSUMED**

**2006-2007**

**2005-2006**

Name of Material	Unit	Quantity	Value (Rs. in Lacs)	Quantity	Value (Rs. in Lacs)
Lime Stone	M.T	4488477	4589.14	4724058	4558.34
Red Ochre	M.T	310397	900.44	327648	916.97
Gypsum/Selenite	M.T	213627	2126.50	195165	1312.47
Clay	M.T	52669	243.62	35978	149.76
Fly Ash	M.T.	496500	2820.40	254046	983.22
Others #			1550.11		1114.43
			12230.21		9035.19

# Includes consumption of own production

	2006-2007 Rs. in Lacs	2005-2006 Rs. in Lacs
<b>C. C.I.F VALUE OF IMPORTS</b>		
a) Raw Materials	-	-
b) Components,Stores & Spare Parts and packing material	799.84	594.38
c) Capital Goods	1426.52	-
d) Others	597.45	
	2823.81	594.38
<b>D. EXPENDITURE IN FOREIGN CURRENCY</b>		
(On accrual basis)		
a) Know-how/Technical Service Fee	44.07	5.60
b) Others	71.90	87.61
	115.97	93.21



**E. VALUE OF RAW MATERIALS, STORES & SPARE PARTS ETC. CONSUMED**

a) Raw Materials		
i) Imported Value	-	-
% of total consumption	-	-
ii) Indigenous value	12230.21	9035.19
% of total consumption	100.00%	100.00%
	12230.21	9035.19
b) Stores & Spare Parts etc. (including Packing Material)		
i) Imported Value	567.22	562.93
% of total consumption	6.78	7.56
ii) Indigenous value	7804.06	6873.28
% of total consumption	93.22	92.44
	8371.28	7436.21

**F. REMITTANCE IN FOREIGN CURRENCY**

Dividend	0.57	-
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**G. EARNING IN FOREIGN EXCHANGE**

a) Export of Goods Calculated on FOB Value	1597.68	897.87
b) Technical service fee	-	-
c) Interest & Dividends	-	-
d) Others(Commission)	-	-
	1597.68	897.87

As per our Report attached

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

**P.P. SINGH**

Partner  
Kanpur  
Dated:12th May 2007

**GAUR HARI SINGHANIA** Chairman

**A.K. SARAOGI** President (Corp.Affairs) & CFO

**YADUPATI SINGHANIA** Managing Director & CEO

**ASHISH SABHARWAL** Secretary

## STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956

Name of the Subsidiary Company	Financial year ending of the Subsidiary Company	Number of equity shares of face value of Rs.10/- each fully paid held by J.K.Cement Ltd. with its nominees in the subsidiary at the end of the financial year of the subsidiary Company and	Extent of the interest of holding company at the end of financial year of the subsidiary Company.	For the Financial Year of the Subsidiary		For the Previous Financial Years since it became a Subsidiary	
				Profits/(Losses) so far as it concerns the members of the Holding Company and not dealt with in the Holding Company's Accounts (Rs. in Lakhs)	Profits/(Losses) so far as it concerns the members of the Holding Company and dealt with in the Holding Company's Accounts (Rs. in Lakhs)	Profits/(Losses) so far as it concerns the members of the Holding Company and dealt with in the Holding Company's Accounts (Rs. in Lakhs)	Profits/(Losses) so far as it concerns the members of the Holding Company and dealt with in the Holding Company's Accounts (Rs. in Lakhs)
Jaykaycem Ltd.	31.03.2007	3,50,700	100%	-	-	N.A.	N.A.

NOTE: Loss for the period before it become subsidiary of the Company was Rs. 8,35,748/-.

Place : Kanpur  
Dated : 12th May,2007

**BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE****1 Registration Details**Registration No. 

State Code

Balance Sheet Date   
Date Month Year**2 Capital raised during the year (Amount in Rs. Thousands)**Public Issue 

Rights Issue

Bonus Issue 

Private Placement

**3 Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)**Total Liabilities 

Total Assets

Sources of Funds

Paid - up Capital 

Reserves and Surplus

Secured Loans 

Unsecured Loans

Deferred Taxation 

Application of Funds

Net Fixed Assets 

Investments

Net Current Assets 

Misc. Expenditure

Accumulated Losses **4 Performance of Company (Amount in Rs. Thousands)**Turnover 

Total Expenditure

Profit/Loss Before Tax 

Profit/Loss After Tax

Earning per Share in Rs. 

Dividend Per Share in

Rs. **5 Generic Names of Principal Products of the Company (As per monetary Terms)**

Item Code No. (ITC Code)

Product Description

Item Code No. (ITC Code)

Product Description

As per our Report attached

For P.L.TANDON & Co.,  
Chartered Accountants**GAUR HARI SINGHANIA** Chairman**YADUPATI SINGHANIA** Managing Director & CEO**P.P. SINGH**  
Partner  
Kanpur  
Dated:12th May 2007**A.K. SARAOGI** President (Corp.Affairs) & CFO**ASHISH SABHARWAL** Secretary

## JAYKAYCEM LIMITED

### DIRECTORS' REPORT

Your Directors present their NINETEENTH ANNUAL REPORT together with the Audited Accounts for the financial year ended 31st March, 2007.

#### Financial results

Your Company became wholly owned subsidiary of J.K. Cement Ltd. after the purchase of entire shareholding by them on 31.7.2006. J.K. Cement Ltd has promoted to set up a grey cement plant at Mudhol in the state of Karnataka under your Company. The expenditure incurred during the year relate to new project hence these have been transferred to Pre-operative Expenses. Thus, there is no profit or loss during the year.

#### Business activities

Your Company is setting up a Greenfield Grey Cement project at Mudhol in the state of Karnataka with a capacity of 3.5 million tones at an estimated project cost of Rs.1050 crores(Rs.950 crores to be spent in first phase and Rs.100 crores in second phase for putting up a Grinding Unit at Bellary). The project cost includes cost of Captive Power plant of 50 MW. The project is proposed to be financed by way of term loans of Rs. 550 Crores and balance shall be invested/arranged by J.K. Cement Ltd (Holding Company). IDBI Bank has been entrusted to syndicate/tie-up the finances required from external sources. The foundation stone of the plant was laid on 8th December, 2006. Necessary land for putting up the plant and colony has already been arranged. The Company has already received approval for Mining Lease and is now in process of acquiring mining land. The construction of boundary wall is in progress. The Company has already placed orders for major long delivery items of Plant & Machinery. The Company has also received main approvals and clearances from Government, except pollution control and Irrigation Department for Water, which is in process. A total sum of Rs.76.48 crores has already been spent on the project. Barring unforeseen circumstances, the project is expected to be on stream in first quarter of 2009.

#### Finances

Your Company has been sanctioned letter of credit facility of Rs. 118 Crores by banks for establishing Letter of Credit in favour of suppliers of plant & machinery.

#### Directors

Pursuant to Articles of Association of the Company, Shri Ram Gopal Bagla retires by rotation from the Board and being eligible offers himself for re-appointment. Shri Ashok Sharma, who was appointed as an Additional Director of the Company during the year shall hold office up to ensuing Annual General Meeting. A notice u/s 257 of Companies Act, 1956 has been received from a Shareholder proposing his candidature for office of Director of the Company.

#### Director's responsibility statement

Pursuant to the requirement under section 217(2AA) of the Companies Act, 1956, with respect to Directors responsibility Statement, it is hereby confirmed:

- i) That in the preparation of the annual accounts, the applicable accounting standards have been followed and there are no material departures from the same;
- ii) That the selected accounting policies were applied consistently and the Directors made judgment and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2007.
- iii) That proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv) That the annual accounts have been prepared on a going concern basis.

#### Auditors

The term of the present Auditors of the Company, M/s. Prakash & Santosh, Chartered Accountants, Kanpur, expires at the conclusion of the ensuing Annual General Meeting and they did not offer themselves for re-appointment. The Company has received a notice from a Member with the intention to propose the appointment of M/s. P. L. Tandon & Co., Chartered Accountants, Kanpur as Auditors of the Company. M/s. P. L. Tandon & Co., Chartered Accountants, have confirmed their eligibility to act as Auditors, if appointed, at the ensuing Annual General Meeting.

**Fixed deposit**

The Company has not invited and/or accepted any deposits from the public.

**Compliance certificate**

A Compliance Certificate regarding Compliance with provisions of Companies Act, 1956, as stipulated under the proviso of Section 383A (1) of Companies Act, 1956 is enclosed and forms part of this report.

**Particulars of employees**

The Company does not have any employee whose particulars are required to be given under Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975.

**Conservation of energy, technology absorption and foreign exchange earning and outgo**

In terms of section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of Particular in the report of Board of Directors) Rules, 1988, your Directors report there is nothing to be disclosed in respect of (a) Conservation of Energy (b) Technology Absorption, and (c) Foreign Exchange Earning & Outgo.

**Acknowledgement**

Your Directors wish to place on record the appreciation for the assistance provided by banks, Govt. of Karnataka and Central Govt.. The Board also thanks the employees at all levels who are connected with the company's project for their commitments and dedication.

PLACE: KANPUR

DATE: 10.05.2007

FOR AND ON BEHALF OF THE BOARD	
A.K. SARAOGI	R.G. BAGLA
DIRECTOR	DIRECTOR

## COMPLIANCE CERTIFICATE

Registration No. : 20-010111

Authorised Share Capital : Rs. 1,00,00,000

Paid-up Share Capital : Rs. 35,07,000

The Members  
M/s Jaykaycem Ltd.  
Kamla Tower  
Kanpur 208001.

I have examined the registers, records, books and papers of M/s Jaykaycem Ltd. (The Company) as required to be maintained under the Companies Act, 1956 and the rules made there under and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on 31st March 2007 (financial year). In my opinion and to the best of my information and according to the examinations carried out by me and explanations furnished to me by the Company, its officers and agents, I certify that in respect of the aforesaid financial year:

1. The Company has kept and maintained all registers as stated in Annexure 'A' to this certificate, as per the provisions of the Act and the rules made there under and all entries therein have been duly recorded.
2. The Company has duly filed the forms and returns as stated in Annexure 'B' to this certificate, with the Registrar of Companies, within the time prescribed under the Act and the rules made there under.
3. The Company, being a public limited Company, comments on maximum number of members are not required.
4. The Board of Directors duly met 9 times respectively on 29.04.2006, 01.07.2006, 17.07.006, 01.08.2006, 30.09.2006, 08.10.2006, 02.12.2006, 23.01.2007 & 02.03.2007 in respect of which meetings proper notices were given and the proceedings were properly recorded and signed in the Minutes Book maintained for the purpose.
5. The Company was not required to close its Register of Members during the financial year.
6. The annual general meeting for the financial year ended on 31st. March 2006 was held on 29.07.2006 after giving due notice to the members of the Company and the resolutions passed thereat were duly recorded in Minutes Book maintained for the purpose.
7. One extra ordinary meeting (s) was held on 10th November 2006 during the financial year after giving due notice to the members of the Company and the resolutions passed thereat were duly recorded in Minutes Book maintained for the purpose.
8. The Company has not advanced any loans to its directors or persons or firms or companies referred to under section 295 of the Act.
9. The Company has not entered into any contract falling within the purview of Section 297 of the Act.
10. The Company has made necessary entries in the register maintained under Section 301 of the Act.
11. As there were no instances falling within the purview of Section 314 of the Act, the Company has not obtained approvals from the Board of directors, members or the Central Government.
12. The Company has not issued any duplicate certificate during the financial year.
13. The Company has:
  - (i) delivered all the certificates on lodgment thereof for transfer in accordance with the provisions of the Act;
  - (ii) not Applicable;
  - (iii) not applicable;
  - (iv) not applicable;
  - (v) duly complied with the requirement of section 217 of the Act.
14. The Board of Directors of the Company is duly constituted and the appointment of an additional director has been duly made.

15. The Company has not appointed any Managing Director/Whole-time Director/Manager during the financial year.
16. The Company has not appointed any sole selling agents during the financial year.
17. The Company was not required to obtain any approvals of the Central Government, Company Law Board, Regional Director, Registrar of Companies and/or such authorities prescribed under the various provisions of the Act during the financial year.
18. The directors have disclosed their interest in other firms/companies to the Board of Directors pursuant to the provisions of the Act and the rules made there under.
19. The Company has not issued any shares/ debentures or other securities during the financial year.
20. The Company has not bought back any shares during the financial year.
21. There was no redemption of preference shares or debentures during the financial year.
22. There were no transactions necessitating the company to keep in abeyance the rights to dividend, rights shares and bonus shares pending registration of transfer of shares.
23. The Company has not invited/accepted deposits including unsecured loans falling within the purview of Section 58 A of the Act during the financial year.
24. The amount borrowed by the Company during the financial year ending 31st March 2007 is within the borrowing limits of the Company and that necessary resolution as per section 293(1)(d) of the Act have been passed in duly convened extraordinary general meeting.
25. The Company has not made any loan or advances or given guarantees or provided securities to other bodies corporate and consequently no entries have been made in the register kept for the purpose.
26. The Company has not altered the provisions of the Memorandum with respect to situation of the Company's registered office from one State to another during the year under scrutiny.
27. The Company has not altered the provisions of the Memorandum with respect to the objects of the Company during the year under scrutiny.
28. The Company has not altered the provisions of the Memorandum with respect to name of the Company during the year under scrutiny.
29. The Company has not altered the provisions of the Memorandum with respect to share capital of the Company during the year under scrutiny.
30. The Company has altered its Articles of Association after obtaining approval of members in the general meeting held on 10th November 2006 and the amendments to the Articles of Association have been duly filed with the Registrar of Companies.
31. There was no prosecution initiated against or show cause notices received by the Company and no fines or penalties or any other punishment was imposed on the Company during the financial year, for offences under the Act.
32. The Company has not received any money as security from its employees during the financial year.
33. The provisions of the Provident Fund Act as prescribed under Section 418 of the Act are not applicable to the Company during the financial year.

For Banthia & Company,  
Company Secretaries

**G.K. Banthia**  
PROPRIETOR  
C.P.No.1405

Place: Kanpur  
Date : 10.04.2007

## ANNEXURE-A

### Registers maintained by the Company

- 1) Register of Members U/s 150
- 2) Board Meeting Minutes Book U/s 193
- 3) A.G.M. and General Meetings Minutes Book
- 4) Directors' Attendance Register as per Table A.
- 5) Directors' Particulars Register U/s 303.
- 6) Directors' Particulars of Contracts U/s 301.
- 7) Directors Shareholding Register U/s 307.
- 8) Share Transfer Register.
- 9) AGM Attendance Register.(Non Statutory).

## ANNEXURE-B

Forms and Returns as filed by the Company with Registrar of Companies, Regional Director, Central Government or other authorities during the financial year ended 31st March, 2007.

S.No	Form No./ Return	Filed under section	For	Date of filing	Whether filed within prescribed Time Yes/No	If delay in filing whether requisite/ additional fee paid Yes/No
1	22B	187 C	Declaration Of Beneficial Interest	13.09.06	Yes	N.A.
2	20 B	159	Annual Return	13.09.06	Yes	N.A.
3	23AC	220	Balance Sheet & P&L A/c.	25.08.06	Yes	N.A
4	62	383 A	Sec. Compliance	25.08.06	Yes	N.A.
5	32	303	Cessation of Director	25.08.06	Yes	N.A.
6	32	260/303	App.of director	27.10.06	Yes	N.A.
7	23	293(1)(d)	Borrowing Powers	08.12.06	Yes	N.A
		293(1)(e)	Contributions to Charitable Institutions			
		372 A	Investments			
		31	Alteration of Articles			
8	DIN 3	266 E	Furnishing DIN of Directors	11.01.07	Yes	N.A.

For Banthia & Company,  
Company Secretaries

Place: Kanpur  
Date : 10.04.2007

**G.K. Banthia**  
PROPRIETOR  
C.P.No.1405



## AUDITORS REPORT TO THE MEMBERS OF JAYKAYCEM LIMITED

1. We have audited the attached Balance Sheet of JAYKAYCEM LIMITED ('the Company') as at March 31, 2007 and also Cash Flow Statement for the year ended on that date (together referred to as financial statements). These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 issued by the Central Government of India in terms of Section 227(4A) of the Companies Act, 1956 and on the basis of such examination of the books and records of the Company as we considered appropriate and according to information and explanations given to us during the course of our audit, we enclose in the annexure a statement on the matters specified in the said order.
4. Further to our comments in the Annexure referred to in paragraph (3) above we report that :-
  - a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the 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 appears from our examination of such books.
  - c) The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account.
  - d) In our opinion, the Balance Sheet and Profit and Loss Account dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.
  - e) On the basis of the written representations received from the directors, as on 31st March, 2007 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2007 from being appointed as a director in terms of clause (g) of sub-section(1) of Section 274 of the Companies Act, 1956.
  - f) In our opinion and to the best of our information and according to the explanations given to us, the said financial statements read with notes thereon give the information required by Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:-
    - i) In the case of the Balance Sheet, of the state of affairs of the company as at 31st March, 2007 ;  
and
    - ii) In the case of the Cash Flow Statement of the cash flows for the year ended on that date.

For PRAKASH & SANTOSH,  
CHARTERED ACCOUNTANTS

**G.K. MISHRA**  
PARTNER  
M.No.074586

Place: Kanpur  
Date : 10.05.2007

## ANNEXURE TO THE AUDITOR'S REPORT

(Referred to in our Report of even date)

(i)

- a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- b) Fixed assets have been physically verified by the management during the year at reasonable interval and no discrepancy has been noticed on such verification
- c) The Company has not disposed off any fixed assets during the year.

(ii) Since there is no inventory, clause No. (ii) of the order is not applicable to the company.

(iii)

- a) As per information and explanation given to us, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.
- b) As per information and explanation given to us, the Company has not taken any loans, secured and unsecured from Companies, Firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956 except loan from its holding company which is repayable/adjustable on implementation of project.
- iv) As per information and explanation given to us internal control system commensurate with the size of the company and the nature of its business, for the purchase of fixed assets and there is no purchase or sale of goods or services.
- v) According to the information and explanations given to us, the transactions that need to be entered into the register in pursuance of Section 301 of the Companies Act, 1956 have been duly entered.
- vi) The Company has not accepted any deposit from the public to which the directives issued by the Reserve Bank of India and the provisions of Section 58A and 58AA of the Act and the rules framed thereunder are applicable.
- vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- viii) The Central Government has prescribed the maintenance of cost records under section 209(1)(d) of the Companies Act, 1956. However, since the company is under preoperational stage, maintenance of cost records is not applicable to the company.
- ix)
- a) According to the information and explanations given to us, the Company is generally regular in depositing undisputed statutory dues with the appropriate authorities and there were no such outstanding dues as at March, 31st 2007 for a period exceeding Six months from the date they became payable.
- b) According to the information and explanations given to us, there is no disputed dues of Income Tax / Sales Tax/ Wealth Tax / Service Tax / Custom Duty / Excise Duty / Cess.
- x) The accumulated losses of the company are not more than fifty percent of its net worth at the end of the financial year though it has incurred cash losses in the immediately preceding financial year.
- xi) On the basis of our examination and according to the information and explanations given to us, the Company has not defaulted in repayment of the dues to Bank/ Financial institutions with respect to its borrowings and no debenture has been issued by the Company.
- xii) According to the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares.
- xiii) According to information and explanations given to us, provisions for special statute applicable to Chit Fund, Nidhi, mutual Benefit Funds/ Societies, are not applicable to the Company.
- xiv) The Company is not dealing or trading in shares and other investments and as such clause (xiv) of the order is not applicable.
- xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.
- xvi) The Company has not taken any term loan during the year.
- xvii) As the activities of the company pertained to pre-operative stage only, the fund raised by the company is for long term investments only.
- xviii) As per information and explanations given to us the Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act and no shares / debentures have been issued during the year, Clause (xviii), (xix) and (xx) of the order are not applicable.
- xix) To the best of our knowledge and according to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year.

For PRAKASH & SANTOSH,  
CHARTERED ACCOUNTANTS

**G.K. MISHRA**  
PARTNER  
M.No.074586

Place: Kanpur  
Date : 10.05.2007

**BALANCE SHEET as at 31st March, 2007**

	Schedule	31-03-2007 Rs. in Thousands	31-03-2006 Rs. in Thousands
<b>SOURCES OF FUNDS</b>			
Shareholders' Funds			
Capital	1	3507.00	3507.00
Reserves & Surplus	2	6500.00	6500.00
		<u>10007.00</u>	<u>10007.00</u>
Loan Funds	3		
Unsecured Loans		764815.62	3750.00
<b>TOTAL</b>		<u>774822.62</u>	<u>13757.00</u>
<b>APPLICATION OF FUNDS</b>			
Fixed Assets	4		
Gross Block		14015.01	11603.27
Less: Depreciation		51.49	-
Net Block		<u>13963.52</u>	<u>11603.27</u>
Capital Work-in-Progress		650808.69	-
		<u>664772.21</u>	<u>11603.27</u>
Current Assets, Loans & Advances	5		
Cash & Bank Balances		106916.35	314.27
Other Current Assets		2346.55	0.09
Loans & Advances		1811.15	1674.96
		<u>111074.05</u>	<u>1989.32</u>
Less: Current Liabilities & Provisions	6		
Liabilities		1862.68	674.63
		<u>1862.68</u>	<u>674.63</u>
Net Current Assets		<u>109211.37</u>	<u>1314.69</u>
Miscellaneous Expenditure ( to the extent not written-off or adjusted)			
Preliminary Expenses		3.29	3.29
Profit & Loss A/c		835.75	835.75
<b>TOTAL</b>		<u>774822.62</u>	<u>13757.00</u>
Notes & Contingent Liabilities	8		

As per our even dated Report attached

For PRAKASH & SANTOSH,  
Chartered Accountants**G.K. MISHRA**

Partner

M.No.074586

Kanpur

Dated:10.05.07

**ANOOP K. SHUKLA**

Company Secretary

FOR AND ON BEHALF OF THE BOARD

**A. K. SARAOGI** Director**R.G. Bagla** Director

**PROFIT & LOSS ACCOUNT For the year ended 31st March, 2007**

	Schedule	2006-2007 Rs. in Thousands	2005-2006 Rs. in Thousands
<b>INCOME</b>			
Interest		-	4.50
(Tax deducted at source Rs.Nil, Previous year Rs.Nil)			
<b>TOTAL</b>		-	4.50
<b>EXPENDITURE</b>			
Administration and other Expenses	7	-	133.21
<b>TOTAL</b>		-	133.21
<b>NET PROFIT / (LOSS)</b>		-	(128.71)
Add : Balance from previous year		(835.75)	(707.04)
<b>BALANCE CARRIED TO BALANCE SHEET</b>		(835.75)	(835.75)
Notes & Contingent Liabilities	8		

As per our even dated Report attached

For PRAKASH & SANTOSH,  
Chartered Accountants**G.K. MISHRA**Partner  
M.No.074586Kanpur  
Dated:10.05.07**ANOOP K. SHUKLA**  
Company Secretary

FOR AND ON BEHALF OF THE BOARD

**A. K. SARAOGI** Director**R.G. Bagla** Director

**CASH FLOW STATEMENT for the year ended 31st March, 2007**

		2006-2007 Rs. in Thousands		2005-06 Rs. in Thousands
A	Cash flow from operating activities.			
	Profit before Tax as per P/L A/c	-		(128.70)
	Adjustments:			
	Prem.Exp.W/o	-		3.29
	Interest received	-		(4.50)
	Operating profit before working capital change	-		(129.91)
	Change in working capital			
	Trade & Other Receivables	(2482.65)	(1659.49)	
	Trade Payable	1188.05	14.49	(1645.00)
	Cash generated from Operation	(1294.60)		(1774.91)
	Adjusted for:			
	Income Taxes Paid	-		-
	Net Cash from Operating activities	(1294.60)		(1774.91)
B	Cash flow from Investing Activities			
	Acquisition/Purchase of Fixed Assets including capital advances	(653168.94)		-
	Interest Income	-		4.81
	Net Cash from Investing activities	(653168.94)		4.81
C	Cash flow from financing activities.			
	Advances from JKCL/Others	764815.62		1900.00
	Repayment of Advances	(3750.00)		-
	Net Cash used in financing activities	761065.62		1900.00
	Net Increase in cash and cash equivalents	106602.08		129.90
	Opening balance of Cash & cash equivalents	314.27		184.37
	Closing balance of Cash & cash equivalents	106916.35		314.27

As per our even dated Report attached

For PRAKASH & SANTOSH,  
Chartered Accountants**G.K. MISHRA**

Partner

M.No.074586

Kanpur

Dated:10.05.07

**ANOOP K. SHUKLA**  
Company Secretary

FOR AND ON BEHALF OF THE BOARD

**A. K. SARAOGI** Director**R.G. Bagla** Director

**SCHEDULE - 1**

<b>SHARE CAPITAL</b>	<b>31-03-2007 Rs. in Thousands</b>	<b>31-03-2006 Rs. in Thousands</b>
<b>AUTHORISED</b>		
10,00,000 Equity Shares of Rs.10/- each	10000.00	10000.00
	<u>10000.00</u>	<u>10000.00</u>
<b>ISSUED, SUBSCRIBED &amp; PAID UP</b>		
3,50,700 Equity Shares of Rs.10/- each fully paidup	3507.00	3507.00
	<u>3507.00</u>	<u>3507.00</u>

**SCHEDULE - 2****RESERVES & SURPLUS**

<b>Securities Premium Account</b>	6500.00	6500.00
	<u>6500.00</u>	<u>6500.00</u>

**SCHEDULE - 3****LOAN FUNDS**

<b>UNSECURED</b>		
- From Holding Company ( J.K.Cement Ltd.)	764815.62	-
- From Corporate	-	3750.00
	<u>764815.62</u>	<u>3750.00</u>

SCHEDULE - 4

FIXED ASSETS

Rs. in Thousands

FIXED ASSETS		GROSS BLOCK			DEPRECIATION / AMORTIZATION				NET BLOCK	
DESCRIPTION	As at 01.04.2006	Additions	Deductions	As at 31.03.2007	As at 01.04.2006	For the Year	Deductions	Upto 31.03.2007	As at 31.03.2007	As at 31.03.2006
Leasehold Land	11603.27			11603.27					11603.27	11603.27
Plant & Machinery		433.76		433.76		11.53		11.53	422.23	
Furniture, Fixtures and Office Equipments.		382.86		382.86		4.90		4.90	377.96	
Vehicles		1595.12		1595.12		35.06		35.06	1560.06	
GRAND TOTAL	11603.27	2411.74		14015.01		51.49		51.49	13963.52	11603.27
Previous year's figures	11603.27			11603.27				Nil		
Capital work in progress									650808.69	
									664772.21	11603.27

Note:- Capital Work-in-progress including advances against plant & machinery Rs. 524846.32 (nil) and payment for acquisition of land Rs. 93540.21 (nil) Pending registration of title deeds in the name of the company, land has not been capitalised.

**SCHEDULE - 5**

<b>CURRENT ASSETS, LOANS &amp; ADVANCES</b>		<b>31-03-2007 Rs. in Thousands</b>	<b>31-03-2006 Rs. in Thousands</b>
<b>A. CASH &amp; BANK BALANCES</b>			
Cash & Cheques in hand		818.17	8.84
Balances with Scheduled Banks in:			
– Current Accounts		4858.85	206.10
– Deposit Accounts		101239.33	99.33
		<u>106916.35</u>	<u>314.27</u>
<b>B. OTHER CURRENT ASSETS</b>			
Interest accrued on Deposits		<u>2346.55</u>	<u>0.09</u>
<b>C. LOANS &amp; ADVANCES</b>			
UNSECURED - Considered Good Unless Otherwise Stated			
Advances Recoverable in cash or in kind or for value to be received			
– Considered good		1678.20	1671.56
Prepaid Expenses		44.20	-
Deposits		88.75	3.40
		<u>1811.15</u>	<u>1674.96</u>
		<u>111074.05</u>	<u>1989.32</u>

**SCHEDULE - 6**

<b>CURRENT LIABILITIES &amp; PROVISIONS</b>			
<b>A. CURRENT LIABILITIES</b>			
Sundry Creditors		897.64	653.01
Other Liabilities		940.89	21.62
Temporary Book Overdraft		24.15	-
		<u>1862.68</u>	<u>674.63</u>

**SCHEDULE - 7**

<b>Administration and other Expenses</b>		<b>31-03-2007 Rs. in Thousands</b>	<b>31-03-2006 Rs. in Thousands</b>
Lease Rent		-	115.80
Auditor's Remuneration		-	10.10
Bank Charges		-	1.42
Filing Fees		-	1.50
Professional Fees		-	1.10
Preliminary Expenses w/o		-	3.29
		<u>-</u>	<u>133.21</u>



**SIGNIFICANT ACCOUNTING POLICIES:**

- 1 The financial statements have been prepared under the historical cost convention in accordance with the generally accepted accounting principles and the provisions of the Companies Act, 1956 as adopted consistently by the Company. The same are prepared on a going concern basis.
- 2 The company follows mercantile system of accounting and recognizes significant items of income and expenditure on accrual basis.
- 3 The Leasehold land shall be amortised during the remaining lease period starting from commencement of commercial production till the end of lease.
- 4 Fixed assets are stated at cost (including expenses related to acquisition and installation)
- 5 Depreciation:
  - i) Depreciation is provided on straight line method at the rates specified in the Schedule XIV to the Companies Act, 1956.
  - ii) Depreciation on additions/deductions to fixed assets is being provided on pro-rata basis from/to the month of acquisition/disposal.
- 6 There is no Deferred Tax Asset/Liabilities in view of AS-22 Accounting for Taxes on Income issued by ICAI as the Company has not yet started any business operations.

**SCHEDULE 8**

**NOTES & CONTINGENT LIABILITIES**

- 1 Contingent Liabilities:  
Capital contracts remaining to be executed Rs. 3424214 thousand as at 31.03.2007.
- 2 Information pursuant to para 3, 4C and 4D of part II of Schedule VI of the Companies Act, 1956.
 

i) Capacity & Production	N.A.
ii) Quantities & Value of stock of trading	N.A.
iii) Details of raw material consumed	N.A.
iv) Foreign Currency Transaction	NIL
v) Value of imported and indigenous raw material, components & stores consumed	NIL
- 3 Remuneration paid/payable to auditors:
 

i) As Auditors (Previous year Rs. 10 thousand)	Rs. 9 thousand
ii) In other capacity (Previous year nil)	NIL
- 4 Related party transaction:  
Company has taken loan from holding company M/s J.K. Cement Ltd Rs. 764815.62 thousand during the year 2006-07.
- 5 (a) There was no outstanding dues of Small Scale Industrial Undertaking for more than 30 days as at 31st March, 2007.  
(b) Disclosure of Sundry Creditors is based on the information available with company regarding status of the suppliers as defined under 'Micro, Small and Medium Enterprises Development Act, 2006: Amount outstanding for more than 45 days is nil.
- 6 The company has become the wholly owned subsidiary of J.K. Cement Ltd w.e.f. 1st August, 2006. The said company holds 350700 (including shares held by nominees) equity shares of Rs. 10/- each in the Company.
- 7 The company is in the process of installing a Cement Plant at Mudhol at Karnataka and no other business activities other than investment in the said plant has been carried out during the year. Since no business activities have been carried out during the year, no profit and loss account has been drawn up and all the expenses including depreciation amounting to Rs. 18229.98 thousand has been shown under the head 'Preoperative Expenses' and clubbed under the head "Capital Work in Progress" and interest amounting to Rs. 2348.78 thousand received from the FDRs pledged with the bank against issuing Letter of Credit and bank guarantees has been reduced from the 'Capital Work in Progress'.

## 8 Details of expenditure during the construction period to be capitalized (Capital Work-in-Progress)

Particulars		Current Year	Previous Year
		Rs. in Thousand	Rs. in Thousand
Advance against Plant & Machinery		524846.32	-
Advance against Land		93540.21	-
Expenditure on Land		16540.96	-
Pre-Operative Expenses(Revenue):			
Rent	335.60		
Rates & taxes	1090.56		
Travelling & Conveyance	697.59		
Other Professional Charges	2902.15		
Bank & Other Financial Charges	6556.78		
Interest received on Fixed Deposits	-2348.78		
Advertisement & Publicity	2104.54		
Depreciation	51.49		
Audit Fee	9.00		
Other Administrative Expenses	4482.27	15881.20	-
<b>TOTAL</b>		<b>650808.69</b>	<b>-</b>

9 Schedule 1 to 8 and Significant Accounting Policies form integral part of accounts and have been duly authenticated.

10 Previous year's figures have been recasted/regrouped wherever necessary.

As per our even dated Report attached

For PRAKASH & SANTOSH,  
Chartered Accountants

**G.K. MISHRA**

Partner  
M.No.074586

Kanpur  
Dated:10.05.07

**ANOOP K. SHUKLA**  
Company Secretary

FOR AND ON BEHALF OF THE BOARD

**A. K. SARAOGI** Director

**R.G. Bagla** Director

**BALANCE SHEET ABSTRACT AND BUSINESS PROFILE**

<b>I. REGISTRATION DETAILS</b>			
Registration no.	U26951UP1988PLC010111	State Code	20
Balance-sheet Date	31.03.2007		
<b>II. CAPITAL RAISED DURING YEAR (amt. in thousand)</b>			
Public Issue	NIL	Rights Issue	NIL
Bonus Issue	NIL	Private Placement	NIL
<b>III. POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS (amount in thousand)</b>			
Total Liabilities	774822.62	Total Assets	774822.62
Sources of Funds			
Paid-up Capital	3507.00	Reserves & Surplus	6500
Secured Loans	NIL	Unsecured Loans	764815.62
Application of Funds			
Net Fixed Assets	664772.21	Investments	NIL
Net Current Assets	109211.37	Misc. expenditure	3.29
Accumulated losses	835.75		
<b>IV. PERFORMANCE OF COMPANY (amt. in thousand)</b>			
Turnover	0.00	Total Expenditure	0.00
Profit/Loss before Tax	0.00	Profit/Loss After Tax	0.00
Earning per share	0.00	Dividend Rate %	NIL
<b>V. GENERAL NAMES OF PRINCIPAL PRODUCTS, SERVICES OF THE COMPANY</b>			
Item Code No.(ITC Code)	252329.01		
Product Description	PORTLAND CEMENT		

As per our even dated Report attached

For PRAKASH & SANTOSH,  
Chartered Accountants**G.K. MISHRA**  
Partner  
M.No.074586Kanpur  
Dated:10.05.07**ANOOP K. SHUKLA**  
Company Secretary

FOR AND ON BEHALF OF THE BOARD

**A. K. SARAOGI** Director**R.G. Bagla** Director

## AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

TO THE BOARD OF DIRECTORS OF  
J.K. CEMENT LIMITED.

1. We have audited the attached Consolidated Balance Sheet of J.K. Cement Limited ("the Company") and its subsidiary, as at 31st March, 2007 and also the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. We did not audit the financial statements of the subsidiary, whose financial statements reflect total assets (net) of Rs.7739.83 Lacs. These financial statements and other financial information have been audited by the other auditor whose report has been furnished to us, and our opinion, in so far as it relates to amounts included in respect of the subsidiary is based solely on his report.

4. We report that the consolidated financial statements have been prepared by the Company's management in accordance with the requirements of Accounting Standard (AS)21, Consolidated Financial Statements issued by the Institute of Chartered Accountants of India.

5. Based on our audit and on the consideration of the report of other auditor on separate financial statement and on the other financial information of the components, and to the best of our information and according to the explanations given to us, we are of the opinion that the attached Consolidated Financial Statements give a true and fair view in conformity with the accounting principles generally accept in India :

(a) in the case of the Consolidated Balance Sheet, of the Consolidated state of affairs of the Company and its subsidiary as at 31st March, 2007;

(b) in the case of the Consolidated Profit & Loss Account, of the Consolidated Profits of the Company and its subsidiary for the year ended on that date; and

(c) in the case of the Consolidated Cash Flow Statement, of the Consolidated Cash Flows of the Company and its subsidiary for the year ended on that date.

For P.L. TANDON & CO.,  
CHARTERED ACCOUNTANTS

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

Place: Kanpur.  
Date : 12-05-2007

**CONSOLIDATED BALANCE SHEET as at 31st March, 2007**

	Schedule	31-03-2007 Rs. in Lacs	31-03-2006 Rs. in Lacs
<b>SOURCES OF FUNDS</b>			
Shareholders' Funds			
Capital	1	6992.72	6992.72
Reserves & Surplus	2	75017.89	60434.51
		<u>82010.61</u>	<u>67427.23</u>
Loan Funds	3		
Secured Loans		42993.92	44313.91
Unsecured Loans		12776.99	13902.28
		<u>55770.91</u>	<u>58216.19</u>
Deferred Tax Liability		4319.00	1740.00
<b>TOTAL</b>		<u>142100.52</u>	<u>127383.42</u>
<b>APPLICATION OF FUNDS</b>			
Goodwill		435.70	—
Fixed Assets	4		
Gross Block		103081.97	95920.18
Less: Depreciation		<u>10698.22</u>	<u>6121.01</u>
Net Block		92383.75	89799.17
Capital Work-in-Progress		<u>22946.69</u>	<u>5689.72</u>
		<u>115330.44</u>	<u>95488.89</u>
Investments	5	1063.60	—
Current Assets, Loans & Advances	6		
Inventories		11000.55	8397.65
Sundry Debtors		6215.99	4613.25
Cash & Bank Balances		20322.76	28541.58
Other Current Assets		152.33	120.13
Loans & Advances		<u>8880.19</u>	<u>9266.56</u>
		<u>46571.82</u>	<u>50939.17</u>
Less: Current Liabilities & Provisions	7		
Liabilities		17303.16	17970.24
Provisions		<u>4172.36</u>	<u>1264.61</u>
		<u>21475.52</u>	<u>19234.85</u>
Net Current Assets		25096.30	31704.32
Miscellaneous Expenditure ( to the extent not written-off or adjusted)			
Preliminary Expenses		8.44	12.64
Deferred Revenue Expenditure		166.04	177.57
<b>TOTAL</b>		<u>142100.52</u>	<u>127383.42</u>
Notes & Contingent Liabilities	13		

As per our Report attached

For P.L.TANDON & Co.,  
Chartered Accountants**P.P. SINGH**Partner  
Kanpur  
Dated:12th May 2007**GAUR HARI SINGHANIA** Chairman**A.K. SARAOGI** President (Corp.Affairs) & CFO**YADUPATI SINGHANIA** Managing Director & CEO**ASHISH SABHARWAL** Secretary

**CONSOLIDATED PROFIT & LOSS ACCOUNT For the year ended 31st March, 2007**

	Schedule	2006-2007 Rs. in Lacs	2005-2006 Rs. in Lacs
<b>INCOME</b>			
Gross Sales		152966.52	110867.84
Less : Excise Duty		18496.02	16750.63
Sales Tax		11137.30	23497.90
Net Sales		123333.20	87369.94
Other Income	8	1069.44	481.94
<b>TOTAL</b>		<b>124402.64</b>	<b>87851.88</b>
<b>EXPENDITURE</b>			
Manufacturing Expenses	9	53553.82	45517.00
Payments to and Provisions for Employees	10	4883.83	4120.28
Selling,Administration and other Expenses	11	31979.23	24530.58
Interest (Net)	12	3471.79	5361.26
<b>TOTAL</b>		<b>93888.67</b>	<b>79529.12</b>
<b>Profit Before Depreciation</b>		<b>30513.97</b>	<b>8322.76</b>
Depreciation		4594.80	4340.81
Less: Transfer from Revaluation Reserve ( Refer Note No.5 )		1279.03	1238.98
<b>Profit Before Tax</b>		<b>27198.20</b>	<b>5220.93</b>
Provision for Tax			
Fringe Benefit Tax		200.00	150.00
Current Tax		6984.39	434.00
Deferred Tax		2152.14	1380.00
<b>Profit After Tax</b>		<b>17861.67</b>	<b>3256.93</b>
Balance from previous year		694.30	633.39
Amount Available For Appropriations		18555.97	3890.32
<b>APPROPRIATIONS</b>			
General Reserve		10000.00	2000.00
Proposed Dividend		2447.45	1048.91
Corporate Dividend Tax on above		416.07	147.11
<b>Balance carried to Balance Sheet</b>		<b>5692.45</b>	<b>694.30</b>
Earning per share - Basic and Diluted (In Rs.)		25.54	6.37
Notes & Contingent Liabilities	13		

As per our Report attached

For P.L. TANDON & Co.,  
Chartered Accountants**P.P. SINGH**  
Partner  
Kanpur  
Dated:12th May 2007**GAUR HARI SINGHANIA** Chairman**A.K. SARAOGI** President (Corp.Affairs) & CFO**YADUPATI SINGHANIA** Managing Director & CEO**ASHISH SABHARWAL** Secretary

**CONSOLIDATED CASH FLOW STATEMENT for the year ended 31st March, 2007**

		2006-2007 Rs. in Lacs	2005-2006 Rs. in Lacs
<b>a) Cash flow from operating activities</b>			
Profit before Tax as per Profit & Loss Account		27198.20	5220.93
Adjusted for :			
Depreciation	3315.77		3101.83
Deferred Revenue/Preliminary Exp.	55.39		34.73
Interest	5285.77		5817.40
Interest received	(1813.98)		(456.14)
Profit on sales of investments	(49.47)		(11.76)
Loss on sale of assets(Net)/impairment	56.45	6849.93	66.40
Operating Profit before Working Capital Changes		34048.13	13773.39
Adjusted for :			
Trade & Other Receivables	(2823.09)		(1046.75)
Inventories	(2602.90)		(1741.20)
Trade Payable	(942.26)	(6368.25)	2891.56
Cash Generated from Operations		27679.88	13877.00
Adjusted for :			
Tax Paid	(5231.85)		(397.66)
Dividend paid	(1042.00)		-
Deferred Revenue/Preliminary Exp. Incurred	(39.66)	(6313.51)	(57.70)
Net cash from operating activities		21366.37	13421.64
<b>b) Cash flow used in investing activities</b>			
Acquisition/Purchase of fixed assets including capital advances		(24534.85)	(8426.12)
Sale of fixed assets		74.60	6.45
Purchase of Investments		(6841.78)	(9823.63)
Sale of Investments		5300.25	9835.39
Interest Income		1372.70	234.90
Net cash used in investing activities		(24629.08)	(8173.01)
<b>c) Cash flow from financing activities</b>			
Issue of Share Capital Including Share Premium		-	29600.00
Capital subsidy received		1213.95	-
Deferred Sales Tax		157.55	(17.97)
Long Term Borrowings		3749.97	2500.00
Repayment of other Loans		(37.50)	
Cash Credit Accounts		751.82	3314.78
Repayment of Long Term Borrowings		(7319.08)	(9694.84)
Interest Paid		(5290.42)	(5888.86)
Vehicle Loan & Others		214.46	(2038.53)
Refund from Associate Company		1600.00	400.00
Share Issue Expenses		-	(1696.39)
Net cash from financing activities		(4959.25)	16478.19
Net increase in Cash and Cash Equivalents (a+b+c)		(8221.96)	21726.82
Opening balance of Cash and Cash Equivalents		28544.72	6814.76
Closing balance of Cash & Cash Equivalents		20322.76	28541.58

As per our Report attached

For P.L.TANDON & Co.,  
Chartered Accountants**P.P. SINGH**Partner  
Kanpur  
Dated:12th May 2007**GAUR HARI SINGHANIA** Chairman**A.K. SARAOGI** President (Corp.Affairs) & CFO**YADUPATI SINGHANIA** Managing Director & CEO**ASHISH SABHARWAL** Secretary

**SCHEDULE - 1**

<b>SHARE CAPITAL</b>		<b>31-03-2007</b>		<b>31-03-2006</b>
		<b>Rs. in Lacs</b>		<b>Rs. in Lacs</b>
<b>AUTHORISED</b>				
8,00,00,000 Equity Shares of Rs.10/- each		8000.00		8000.00
		<u>8000.00</u>		<u>8000.00</u>
<b>ISSUED, SUBSCRIBED &amp; PAID UP</b>				
6,99,27,250 Equity Shares of Rs.10/- each		6992.72		6992.72
		<u>6992.72</u>		<u>6992.72</u>

**SCHEDULE - 2****RESERVES & SURPLUS**

<b>Revaluation Reserve</b>				
As per last Balance Sheet	31836.60		33707.64	
Less : Deduction During the year	83.51		632.06	
Less : Transfer to Profit and Loss Account	<u>1279.03</u>	30474.06	<u>1238.98</u>	31836.60
<b>Capital Reserve</b>				
Govt. Subsidy (Refer note no.4)		1213.95		—
<b>Securities Premium Account</b>				
As per last Balance Sheet	25903.61		27600.00	
Less: Share Issue Expenses	<u>—</u>	25903.61	<u>1696.39</u>	25903.61
<b>General Reserve</b>				
As per last Balance Sheet	2000.00		—	
Add : Transfer from Profit & Loss Account	10000.00		2000.00	
Less : Gratuity Adjustment (Refer Note No.12a)	<u>266.18</u>	11733.82	<u>—</u>	2000.00
<b>Profit &amp; Loss Account</b>		5692.45		694.30
		<u>75017.89</u>		<u>60434.51</u>

**SCHEDULE - 3****LOAN FUNDS**

<b>SECURED</b>				
Term Loans				
— Banks		38737.63		40891.28
Cash Credit Accounts		4066.60		3314.78
Vehicle Loans		189.69		107.85
		<u>42993.92</u>		<u>44313.91</u>
<b>UNSECURED</b>				
Banks		—		1415.46
Security Deposits & Others		2995.10		2862.48
Deferred Sales Tax		9781.89		9624.34
		<u>12776.99</u>		<u>13902.28</u>
		<u>55770.91</u>		<u>58216.19</u>



**SCHEDULE - 4****FIXED ASSETS**

(Rs./Lacs)

DESCRIPTION	GROSS BLOCK			DEPRECIATION / AMORTIZATION				NET BLOCK		
	As at 1.04.2006	Additions	Deductions	As at 31.03.2007	As at 01.04.2006	For the Year	Deduction	Upto 31.03.2007	As at 31.03.2007	As at 31.03.2006
Goodwill	742.70	-	-	742.70	105.22	74.27	-	179.49	563.21	637.48
Freehold Land	1913.13	266.60	-	2179.73	-	-	-	-	2179.73	1913.13
Leasehold Land	549.49	34.92	-	584.41	14.92	10.73	-	25.65	558.76	418.54
Buildings	11438.27	503.97	-	11942.24	523.83	376.93	-	900.76	11041.48	10914.44
Plant & Machinery	79098.69	6135.80	3.17	85231.32	5283.44	3986.98	0.31	9270.11	75961.21	73815.25
Railway Sidings	992.12	-	104.70	887.42	62.60	39.77	5.26	97.11	790.31	929.52
Rolling Stock	173.35	-	68.34	105.01	11.07	4.64	5.24	10.47	94.54	162.28
Furniture, Fixtures and Office Equipments.	544.11	81.14	0.56	624.69	46.63	36.66	0.05	83.24	541.45	497.48
Vehicles	583.98	254.63	55.87	782.74	73.20	63.98	7.24	129.94	652.80	510.78
Other Assets	0.37	1.34	-	1.71	0.10	1.35	-	1.45	0.26	0.27
<b>GRAND TOTAL</b>	<b>96036.21</b>	<b>7278.40</b>	<b>232.64</b>	<b>103081.97</b>	<b>6121.01</b>	<b>4595.31</b>	<b>18.10</b>	<b>10698.22</b>	<b>92383.75</b>	<b>89799.17</b>
Previous year's figures	92107.23	4520.20	707.25	95920.18	1782.54	4340.81	2.34	6121.01		
Capital Work in Progress									22946.69	5689.72
									115330.44	95488.89

Note 1 : Capital Work in Progress includes advances against Plant & Machinery Rs. 8388.26 Lacs and payment for Acquisition of Land Rs. 935.40 Lacs pending Registration of Title Deeds in the name of the Company, therefore Land has not been Capitalised. Previous year Rs.3960.80 Lacs.

Note 2 : Opening balances as on 01.04.2006 include the opening balances of M/s. Jaykaycem Ltd. as on that date.

**SCHEDULE - 5****INVESTMENTS**

Name of the Bodies Corporate	Whether Long term or short term	Face Value Rs.	As at 31.03.2007		As at 31.03.2006	
			No.of Shares / Bonds	Book Value (Rs. in lacs)	No.of Shares / Bonds	Book Value (Rs. in lacs)
Investments in Shares,Bonds & Mutual Funds						
A. Quoted Investments						
1. Fully paid up equity shares in :						
- Indian Bank	Short Term	10	69886	63.60	—	—
B. Unquoted Investments						
2. Bonds/Mutual Funds						
- Birla FTP Half yearly Series1	Short Term	10	5000000	500.00	—	—
- DSMPL FTP Series 1I	Short Term	1000	50000	500.00	—	—
				1063.60	—	—

Note : Market value of quoted investments as on 31.03.2007 - Rs.63.04 Lacs

**SCHEDULE - 6**

<b>CURRENT ASSETS, LOANS &amp; ADVANCES</b>		<b>31-03-2007 Rs. in Lacs</b>	<b>31-03-2006 Rs. in Lacs</b>
<b>A. INVENTORIES</b>			
Stores, Spare parts etc.	6253.42	4287.27	
Raw Materials	892.27	443.62	
Goods-in-Process	2320.65	2452.29	
Finished Goods	1510.53	1194.71	
Material-in-Transit and in Bonded Warehouses	23.68	19.76	
	<u>11000.55</u>	<u>8397.65</u>	
<b>B. SUNDRY DEBTORS</b>			
Debts over six months			
– Considered Good			
Secured	20.06	12.92	
Unsecured	440.61	380.38	
– Considered Doubtful	279.36	135.11	
Other Debts			
– Considered Good			
Secured	234.57	182.85	
Unsecured	5520.75	4037.10	
	<u>6495.35</u>	<u>4748.36</u>	
Less : Provision for Doubtful Debts	<u>279.36</u>	<u>135.11</u>	
	<u>6215.99</u>	<u>4613.25</u>	
<b>C. CASH &amp; BANK BALANCES</b>			
Cash & Cheques in hand and remittances in transit	102.93	49.75	
Balances with Scheduled Banks in:			
– Current Accounts	4479.07	3211.95	
– Deposit Accounts	15740.76	25279.88	
(Tied up Rs.11104.39 Lacs)	<u>20322.76</u>	<u>28541.58</u>	
<b>D. OTHER CURRENT ASSETS</b>			
Interest accrued on Deposits	<u>152.33</u>	<u>120.13</u>	
<b>E. LOANS &amp; ADVANCES</b>			
UNSECURED - Considered Good Unless Otherwise Stated			
Loan - J.K.Synthetics Ltd.	4200.00	5800.00	
Advances Recoverable in cash or in kind or for value to be received			
– Considered good	2077.55	1850.08	
– Considered Doubtful	305.85	0.73	
Prepaid Expenses	135.86	182.03	
Deposits	1537.90	849.30	
Balances with Custom & Excise Departments	928.88	585.15	
	<u>9186.04</u>	<u>9267.29</u>	
Less: Provision for Doubtful Advances	<u>305.85</u>	<u>0.73</u>	
	<u>8880.19</u>	<u>9266.56</u>	
	<u>46571.82</u>	<u>50939.17</u>	

**SCHEDULE - 7**

<b>CURRENT LIABILITIES &amp; PROVISIONS</b>		31-03-2007 Rs. in Lacs		31-03-2006 Rs. in Lacs
<b>CURRENT LIABILITIES</b>				
Acceptances		—		212.87
Sundry Creditors		9188.84		11471.47
Investor Education & Protection Fund shall be credited by following (see note below) #				
— Unclaimed Dividend	6.91		—	
— Unclaimed Application Money	7.39		—	
— Unclaimed Fraction Money	6.19	20.49	10.96	10.96
Other Liabilities		8023.30		6224.99
Temporary Book Overdraft		70.53		49.95
		<u>17303.16</u>		<u>17970.24</u>
<b>PROVISIONS</b>				
Taxation ( Net of Advance Tax & TDS )		1308.84		68.59
Proposed Dividend on Equity Shares		2447.45		1048.91
Corporate Dividend Tax		416.07		147.11
		<u>4172.36</u>		<u>1264.61</u>
		<u>21475.52</u>		<u>19234.85</u>
# Note: Amounts to be transferred to said fund shall be determined on the respective due dates.				

**SCHEDULE - 8**

<b>OTHER INCOME</b>				
Claims Realised		33.95		55.67
Profit on Sale of Investments		49.47		11.76
Refund of Electricity duty		432.60		—
Exchange Rate Difference		131.07		—
Miscellaneous Income		422.35		414.51
		<u>1069.44</u>		<u>481.94</u>

**SCHEDULE - 9**

<b>MANUFACTURING EXPENSES</b>		<b>2006-2007 Rs. in Lacs</b>	<b>2005-2006 Rs. in Lacs</b>
Purchase of Trading Goods		45.86	36.04
Raw Materials Consumed		12230.21	9035.19
Packing Materials Consumed		5525.44	4941.90
Stores and Spares Consumed		2845.84	2494.31
Power and Fuel		30970.13	28559.81
Repairs To:			
Plant and Machinery		1366.77	1254.64
Buildings		321.95	329.62
Others		15.49	5.36
Insurance		309.40	279.55
Excise Duty		106.91	135.80
Increase in Stock			
Closing Stock			
Finished Goods	1510.53		1194.71
Goods-in-process	2320.65		2452.29
	<u>3831.18</u>		<u>3647.00</u>
Less :Opening Stock			
Finished Goods	1194.71		736.61
Goods-in-process	2452.29		1355.17
	<u>3647.00</u>	184.18	<u>2091.78</u>
		<u>53553.82</u>	<u>45517.00</u>

**SCHEDULE - 10**

<b>PAYMENTS TO &amp; PROVISIONS FOR EMPLOYEES</b>			
Salaries,Wages and Bonus		3519.77	2953.51
Contribution to Provident and other Funds		550.37	454.59
Welfare Expenses		813.69	712.18
		<u>4883.83</u>	<u>4120.28</u>

## SCHEDULE - 11

SELLING,ADMINISTRATION & OTHER EXPENSES	2006-2007 Rs. in Lacs	2005-2006 Rs. in Lacs
<b>ADMINISTRATION AND OTHER EXPENSES :</b>		
Rent	214.27	163.25
Lease Rent	39.76	41.42
Rates and Taxes	208.59	39.53
Travelling and Conveyance Expenses	668.11	549.37
Provision for Doubtful Debts & Advances	452.36	67.99
Debts written off	59.50	1.86
Loss on sale / Impairment of Fixed Assets (Net)	56.45	66.53
Expenses relating to previous year	0.53	4.48
Miscellaneous Expenses	2788.07	2004.82
	<u>4487.64</u>	<u>2939.25</u>
<b>SELLING AND DISTRIBUTION EXPENSES :</b>		
Advertisement and Publicity	1057.06	959.91
Commision, Brokerage and Incentives	1199.31	1182.54
Selling Expenses	799.89	675.87
Freight and Handling Outward	24435.33	18773.01
	<u>27491.59</u>	<u>21591.33</u>
	<u>31979.23</u>	<u>24530.58</u>

## SCHEDULE -12

<b>INTEREST</b>		
<b>Interest :</b>		
On Fixed Loans	4089.90	4727.12
Others	1195.87	1090.28
	<u>5285.77</u>	<u>5817.40</u>
Less: Interest Received (Tax deducted at source Rs.432.55 Lacs Previous year Rs.57.27 Lacs)	1813.98	456.14
	<u>3471.79</u>	<u>5361.26</u>

**SCHEDULE - 13****1. Principles of Consolidation:**

(I) The consolidation financial statements of the Group have been prepared on the following basis:

- a) The consolidated financial statements of the Group are prepared in accordance with Accounting Standard-21 " Consolidated Financial Statements" issued by ICAI.
- b) The financial statements of the Company and its Subsidiary Company have been consolidated on a line-by-line basis by adding together the book value of like items of assets, liabilities, income and expenses, after eliminating intra-group balances.
- c) The consolidated financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented, to the extent possible, in the same manner as the Company's separate financial statements.
- d) The excess of cost of investment in the Subsidiary Company over the net assets at the time of acquisition of shares in the Subsidiary is recognized in the financial statement as goodwill.

2) The Subsidiary Company considered in the consolidated financial statements is:

Name of the Company	Country of Incorporation	Holding as on 31.03.07
Jaykaycem Ltd	India	100%

Jaykaycem Ltd has become wholly owned subsidiary of J.K. Cement Ltd w.e.f. 1st August,2006.

3) Other Significant Accounting Policies:

These are set out under 'Significant Accounting Policies' as given in the Unconsolidated Financial Statements of J.K. Cement Ltd and its Subsidiary.

**NOTES ON ACCOUNTS**

		31.03.2007 Rs.in lacs	31.03.2006 Rs.in lacs
1.	<b>(A) CONTINGENT LIABILITIES</b>		
(i)	In respect of claims excluding claims of employees against the Company not acknowledged as debts	1547.76	2271.81
(ii)	In respect of disputed demands for which Appeals are pending with Appellate Authorities/Courts – no provision has been considered necessary by the Management		
	a) Excise duty	144.34	111.11
	b) Customs duty	322.61	301.37
	c) Sales-tax	120.46	120.46
(iii)	In respect of interest on "Cement Retention Price" realised in earlier years	1027.27	1003.64
(iv)	Guarantees given to banks on behalf of Jaykaycem Limited(Subsidiary Company)	2800.00	-
	(B) Estimated amount of contracts remaining to be executed on capital accounts and not provided for	45494.84	12591.40
2	Share Capital includes 74,26,950 equity shares of Rs. 10/- each allotted without payment received in cash.		
3	(A) TERM LOANS		
	(a) SECURED		

- i) From consortium of Banks - **Rs. 34987.66** lacs (40891.28 lacs)
- Secured by first pari-passu charge by way of equitable mortgage of all the immovable properties and hypothecation of all the movable assets of the Company both present and future save and except inventories and book debts, cash and bank balances and assets pertaining to J.K. Cement Works, Gotan.
- ii) From Allahabad Bank : **Rs. 3749.97** lacs
- Secured by charge on assets of J.K. Cement Works, Gotan (Charges yet to be created)
- iii) Others: Vehicles Loans : **Rs. 189.69** lacs (Rs. 107.85 lacs )
- Secured by hypothecation of vehicles
- (B) CASH CREDIT ACCOUNTS – **Rs.4066.60** lacs (Rs. 3314.78 lacs)
- Secured by first charge on current assets namely inventories, books debts etc. and second charge on fixed assets of the Company except J.K. Cement Works, Gotan.
- Loans as stated in 3(A) (a) (i) & (ii) and Cash Credit Accounts are also guaranteed by Managing Director.
- 4 Government of Rajasthan has issued an entitlement certificate by which the Company is entitled for interest subsidy under Rajasthan Investment Promotion Scheme,2003 for 7 years from 30th Nov.2004. In terms of the scheme, Commercial Tax Department has determined Rs. 2982.06 lacs as interest subsidy for the period 1st Dec.2004 to 30th June,2006. The subsidy amounting to Rs. 1213.95 lacs only released by Government upto 31st March,2007 under the aforesaid scheme has been accounted for as Capital Receipt based on expert advice.
- 5 Land, Buildings, Plant & Machinery, Railway Sidings and Rolling Stock had been revalued as on 04.11.2004 by the approved valuers on the basis of assessment about current value of the similar assets. Current values had been determined by cost approach method. Accretion on account of revaluation amounting to Rs. 33601.86 lacs had been credited to revaluation reserve. Depreciation on additional value is provided on the basis of life determined by the valuers. An amount of Rs. 1279.03 lacs equivalent to the depreciation for the year on such additional values has been withdrawn from Revaluation Reserve and credited to Profit & Loss Account.
- 6 a) Title deeds of few properties acquired on transfer of undertakings are in the process of being transferred in the name of the Company.
- b) During the year company has purchased assets of Nihon Nirman(White Cement Plant) on the scheme of sale of secured assets under SARFAESI Act,2002 from IDBI, the possession thereof has been received and part of these assets have been put to use but the title deeds of the properties are yet to be transferred in the name of Company.
- 7 Unhedged foreign currency exposure
- i) Buyer's Import Credit : US \$ 1152000 Rs. 5,05,11,795.00  
(included in other liabilities schedule- Secured by pledge of FDRs)
- ii) Export debtors: US\$ 529594.48 Rs. 2,27,81,640.88

**Disclosures in accordance with Accounting Standards**

- 8 Deferred tax assets and liabilities are as under: -

(a)	Deferred Tax Assets	31.03.2007	31.03.2006
		Rs in lacs	Rs in lacs
(i)	Provision for Doubtful Debts	94.02	45.48
(ii)	Expenses deductible on payment basis	896.88	289.63
(iii)	Unabsorbed Depreciation	-	1390.24
(iv)	Others	-	426.85
		990.90	2152.20

(b)	Deferred Tax Liabilities Difference between book depreciation and Depreciation under Income tax Act	5309.90	3892.20
(c)	Net Deferred Tax Liabilities	4319.00	1740.00

## 9 Earning per share (EPS):

	31.03.2007 Rs. in lacs	31.03.2006 Rs. in lacs
(a)	Net Profit available for Equity Share holders (Numerator used for calculation)	17861.67
(b)	Weighted average number of Equity Shares Used as denominator for calculating EPS	69927250
(c)	Basic and Diluted earnings per share of Rs.10/-	25.54

## 10 Related Parties Disclosures:

(1) (a) Parties where the control/significant influence exists:-

- i) Juggilal Kamlatpat Holding Ltd
- ii) Yadu International Ltd

(b) Key Management Personnel &amp; their Relatives:

- i) Shri Yadupati Singhania- Managing Director & C.E.O.
- ii) Dr. Gaur Hari Singhania (Relative)

(c) Enterprises significantly influenced by Key Management Personnel or their Relatives.

- i) J.K. Synthetics Ltd
- ii) J.K. Cotton Spg. & Wvg. Mills Co. Ltd
- iii) J.K. Traders Ltd.
- iv) Dholera Port Ltd.

(Related parties relationship is as identified by the Company and relied upon by the Auditors).

(2) Following are the transactions with related parties as defined under Accounting Standard-18 on Related party disclosures issued by the Institute of Chartered Accountants of India.

	2006-07 Rs. in lacs	2005-06 Rs. in lacs
i) J.K. Synthetics Ltd		
- Sale of Product	0.03	0.35
- Purchase of Assets	0.69	-
- Services received	25.10	
- Rent paid	28.24	19.48
- Expenses Reimbursed	113.23	109.64
- Loan given		
Balance as at beginning	5800.00	6200.00
Payment received	1600.00	400.00
Balance as at close of the year	4200.00	5800.00
(ii) J.K. Cotton Spg. & Wvg. Mills Co. Ltd		
- Rent paid	3.60	3.60
(iii) Dholera Port Ltd		



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	- Payment of Loan received	24.13	-
	- Balance as at close of the year	-	24.13
	(iv) Key Management Personnel and their relatives		
	a) Shri Y.P. Singhania(Managing Director)		
	- Remuneration	220.96	72.69
	b) Dr. Gaur Hari Singhania(Relative)		
	- Commission	25.00	10.00
	- Sitting Fees	1.55	1.14
11	Managerial Remuneration paid/payable to Directors :		
		<b>2006-2007</b>	<b>2005-2006</b>
		<b>Rs. in lacs</b>	<b>Rs. in lacs</b>
	Managing Director:		
	Remuneration	16.80	17.50
	Contribution to P.F. & Superannuation	2.02	4.54
	Perquisites	2.14	0.65
	Commission	200.00	50.00
	Total (a)	220.96	72.69
	Non Whole Time Directors		
	Sitting Fees	8.65	5.63
	Commission	57.00	25.00
	Total (b)	65.65	30.63
	TOTAL (a+b)	286.61	103.32
	Computation under section 349 of the Companies Act,1956		
		<b>2006-2007</b>	<b>2005-2006</b>
		<b>Rs. in lacs</b>	<b>Rs. in lacs</b>
	Profit before Taxes	27198.20	5220.93
	Add:		
	(a) Managerial Remuneration	286.61	103.32
	(b) Provision for Bad and Doubtful Debts and Advances	452.36	67.99
	Less: Profit on sale of investments	49.47	11.76
	Profit as per section 349 of the Companies Act,1956	27887.70	5380.48
	a) Commission to Managing Director: Eligible commission to Managing Director @ 1% of above profit	278.88	53.80
	Commission as determined by the Board	200.00	50.00
	b) Commission to Non Whole Time Directors: Eligible commission to Non Whole Time Directors @ 1% of above profit	278.88	50.00
	Commission as determined by the Board	57.00	25.00
12	Remuneration to Auditors		
		<b>2006-2007</b>	<b>2005-2006</b>
		<b>Rs. in lacs</b>	<b>Rs. in lacs</b>
	(a) Audit Fee	5.59	5.50
	(b) In Other Capacity	1.68	3.69
	(c) Reimbursement of Out of Pocket expenses	0.51	0.47

As per our Report attached  
For P.L.TANDON & Co.,  
Chartered Accountants  
**P.P. SINGH**  
Partner  
Kanpur  
Dated:12th May 2007

**GAUR HARI SINGHANIA** Chairman

**A.K. SARAOGI** President (Corp.Affairs) & CFO

**YADUPATI SINGHANIA** Managing Director & CEO

**ASHISH SABHARWAL** Secretary

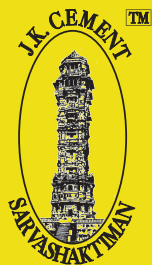


**NOTES**

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**JK Cement**  
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### **J K Cement Limited**

**REGISTERED OFFICE**

Kamla Tower, Kanpur – 208 001, Uttar Pradesh, INDIA.

Tel: +91 512 2371 478, Fax: +91 512 2394250.

[www.jkcement.com](http://www.jkcement.com)