



# REPORT ON CORPORATE GOVERNANCE

## 1. CORPORATE GOVERNANCE

### 1.1 Company's philosophy on Code of Corporate Governance

At J.K. Cement, we view corporate governance in its widest sense, almost like trusteeship, integrity, transparency, accountability and compliance with laws which are the columns of good governance are cemented in the Company's business practices to ensure ethical and responsible leadership both at the Board and at the Management Level. The Company's philosophy on Corporate Governance is to enhance the long-term economic value of the Company, sustainable return to its stakeholders i.e. the society at large by adopting best 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. This, together with meaningful CSR activities and sustainable development policies followed by the Company, has enabled your Company to earn trust and goodwill of its investors, business partners, employees and the communities in which it operates. In so far as compliance with the requirements of the SEBI (Listing Obligations and Disclosure Requirements), 2015 ('Listing Regulations') is concerned, your Company is in full compliance with the norms and disclosures that have to be made.

### 1.2 Governance Structure

JK's Governance structure broadly comprises the Board of Directors and the Committees of the Board at the apex level and the Management structure at the operational level. This layered structure brings about a harmonious blend in governance as the Board sets the overall corporate objectives and gives direction and freedom to the Management to achieve these corporate objectives within a given framework, thereby bringing about an enabling environment for value creation through sustainable profitable growth.

## 2. BOARD OF DIRECTORS

The JK Board plays a pivotal role in ensuring that the Company runs on sound and that its resources are utilised for creating sustainable growth and societal wealth. The Board operates within the framework of a well-defined responsibility matrix which enables it to discharge

its fiduciary duties of safeguarding the interest of the Company, ensuring fairness in the decision making process, integrity and transparency in the Company's dealing with its Members and other stakeholders.

### Committee of Directors

With a view to have a more focused attention on various facets of business and for better accountability, the Board has constituted the following committees viz. Audit Committee, Stakeholders' Relationship Committee, Nomination and Remuneration Committee, Corporate Social Responsibility Committee and Committee of Directors. Each of these Committees has been mandated to operate within a given framework.

### Management Structure

Management Structure for running the business of the Company as a whole is in place with appropriate delegation of powers and responsibilities. The Chairman and Managing Director is in overall control and responsible for the day-to-day working of the Company. He gives strategic directions, lays down policy guidelines and ensures implementation of the decisions of the Board of Directors and its various Committees.

### Board of Directors

#### (i) Composition of the Board

At J.K. Cement Ltd, the Board is headed by its Chairman and Managing Director, Shri Yadupati 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 vision, strategic direction and value in the decision making process of the Board of Directors.

The composition of the Board of Directors is given herein below:

- One Promoter, Executive, Non-Independent Director,
- Three Non-Executive, Non-Independent Directors,
- Six Non-Executive, Independent Directors.

#### (ii) Attendance of each Director at the Board Meetings and last Annual General Meeting

The Board meets at least once a quarter to review the quarterly financial results and operations of your

Company etc. In addition, the Board also meets as and when necessary to address specific issues relating to the business of your Company. During the financial year ended 31st March, 2017 four Board Meetings were held on the following dates:

(i) 28th May, 2016 (ii) 6th August, 2016 (iii) 29th October, 2016 (iv) 4th February, 2017

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

S.No.	Name of Director	No. of Board Meetings attended	Attendance at last AGM
1	Shri Yadupati Singhania	4	No
2	Shri A. Karati	4	Yes
3	Shri J.N Godbole	4	Yes
4	Dr. K.B. Agarwal	4	Yes
5	Shri K.N Khandelwal	4	Yes
6	Mr. Paul Heinz Hugentobler	3	Yes
7	Shri R.K Lohia	3	Yes
8	Shri Suparas Bhandari	4	Yes
9	Smt Sushila Devi Singhania	4	Yes
10	Shri Shyam Lal Bansal	4	Yes

(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:

S.No	Name of Director	Category	Relationship interse Director	No.of other Directorships@	No.of Board Committees** (Other than J.K.Cement Ltd.) in which	
					Chairman	Membe
1.	Shri Yadupati Singhania Chairman & Managing Director	Executive, Non-Independent	Smt.Sushila Devi Singhania	8	-	-
2.	Shri Achintya Karati	Non-Executive, Independent	-	7	3	6
3.	Smt. Sushila Devi Singhania	Non-Executive, Non-Independent	Shri Yadupati Singhania	1	-	-
4.	Shri J.N. Godbole	Non-Executive, Independent	-	8	4	4
5.	Dr. K.B. Agarwal	Non-Executive, Independent	-	4	2	2
6.	Shri K.N. Khandelwal	Non-Executive, Non-Independent	-	1	-	2
7.	Shri R.K. Lohia	Non-Executive, Independent	-	4	-	-
8.	Shri Suparas Bhandari	Non-Executive, Independent	-	1	-	1
9.	Mr. Paul Heinz Hugentobler	Non-Executive, Non-Independent	-	1	1	-
10.	Shri.S.L.Bansal	Non-Executive, Independent	-	3	-	2

@ Directorships on all public limited companies, whether listed or not, has been included and all other companies including private limited companies, foreign companies and companies under Section 8 of the Companies Act, 2013 has been excluded.

\*\* Chairmanship/ Membership of the Audit Committee and the Stakeholders Relationship Committee has been considered.

Note; None of the Director is acting as Director in more than 10 Public Limited Companies or acts as an Independent Director in more than 7 Listed Companies. Further, none of the Director acts as a member of more than 10 committees or acts as a Chairman of more than 5 committees across all Public Limited Companies in which he is a Director.

**(iv) Non-Executive Directors'****Compensation and disclosures**

Apart from sitting fees paid to the Non-Executive Independent and Non-Independent Directors (except Chairman & Managing Director) for attending Board/ Committee meetings, Commission was paid during the year details of which are given separately in this report. Further, for the expert advisory/consultancy services rendered by any Director consultancy fee has been paid. No transaction has been made with Non-Executive and Independent Directors vis-à-vis your Company.

**(v) Other provisions as to Board and Committees**

Your Company's Board plays a pivotal role in ensuring good governance and functioning of your Company. The Directors are professionals, have expertise in their respective functional areas and bring a wide range of skills and experience to the Board and their foresight helps in decision making process.

The Board has unfettered and complete access to any information with your Company. Members of the Board have complete freedom to express their views on agenda items and discussions at Board level are taken after due deliberations and full transparency. The Board provides direction and exercises appropriate control to ensure that your Company is managed in a manner that fulfills stakeholder's aspirations and societal expectations.

The matters placed before the Board as required under Listing Regulations inter alia includes:

- A. Annual operating plans and budgets and any updates.
- B. Capital budgets and any updates.
- C. Quarterly results for the listed entity and its operating divisions or business segments.
- D. Minutes of meetings of audit committee and other committees of the board of directors.
- E. The information on recruitment and remuneration of senior officers just below the level of board of directors, including appointment or removal of Chief Financial Officer and the Company Secretary.
- F. Show cause, demand, prosecution notices and penalty notices, which are materially important.
- G. Fatal or serious accidents, dangerous occurrences, any material effluent or pollution problems.

- H. Any material default in financial obligations to and by the listed entity, or substantial non-payment for goods sold by the listed entity.
- I. Any issue, which involves possible public or product liability claims of substantial nature, including any judgement or order which, may have passed strictures on the conduct of the listed entity or taken an adverse view regarding another enterprise that may have negative implications on the listed entity.
- J. Details of any joint venture or collaboration agreement.
- K. Transactions that involve substantial payment towards goodwill, brand equity, or intellectual property.
- L. Significant labour problems and their proposed solutions. Any significant development in Human Resources/ Industrial Relations front like signing of wage agreement, implementation of Voluntary Retirement Scheme etc.
- M. Sale of investments, subsidiaries, assets which are material in nature and not in normal course of business.
- N. Quarterly details of foreign exchange exposures and the steps taken by management to limit the risks of adverse exchange rate movement, if material.
- O. Non-compliance of any regulatory, statutory or listing requirements and shareholders service such as non-payment of dividend, delay in share transfer etc.

**Board Training and Induction**

At the time of appointing a Director, a formal letter of appointment is given to him, which inter alia explains the role, function, duties and responsibilities expected of him as a Director of the Company. The Director is also explained in detail the compliances required from him under the Companies Act, Regulation 25(7) of the Listing Regulations and other relevant regulations and his affirmation taken with respect to the same.

**Meetings of Independent Directors**

The Company's Independent Directors meet at least once in every financial year without the presence of Non-Independent Directors and management personnel inter alia to :

- review the performance of Non- Independent Directors and the Board as a whole,

- review the performance of the Chairman and Managing Director of the Company, taking into account the views of Non-Executive directors,
- assess the quality, quantity and timeliness of flow of information between the Company's management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

During the year under review, the Independent Directors met on February 4, 2017 without the presence of Non-Independent Directors and management personnel to discuss the aforesaid issue.

#### Performance evaluation of Independent Directors

The Board evaluates the performance of Independent Directors and recommends commission payable to them based on their commitment towards attending the meetings of the Board/ Committees, contribution and attention to the affairs of the Company and their overall performance apart from sitting fees paid for each Board and Committee Meetings attended by them.

#### Familiarization Program for Directors

On appointment, the concerned Director is issued a Letter of Appointment setting out in detail, the terms of appointment, duties, responsibilities and expected time commitments. Each newly appointed Independent Director is taken through an induction and familiarization program including the presentation and interactive session with the Chairman and Managing Director and other Functional Heads on the Company's manufacturing, marketing, finance and other important aspects. The Company Secretary briefs the Director about their legal and regulatory responsibilities as a Director. The program also includes visit to the plant to familiarize them with all facets of cement manufacturing. On the matters of specialized nature, the Company engages outside experts/consultants for presentation and discussion with the Board members. The details of familiarization program can be accessed from the website.

#### Meeting, Agenda And Proceedings of Board Meeting

- **Agenda:** All the meetings are conducted as per well designed and structured agenda and in line with the compliance requirement under the Companies Act, 2013 Rules framed thereunder and applicable Secretarial Standards prescribed by ICSI. All the agenda items are backed by necessary supporting information and documents (except for the critical price sensitive information, which is circulated separately or placed at the meeting) to enable the Board to take informed decisions. Agenda also includes minutes of the earlier meetings. Additional agenda items in the form of "Other Business" are included with the permission of the Chairman. Agenda papers are circulated seven days prior to the Meeting. In addition, for any business exigencies, the resolutions are passed by circulation and later placed at the subsequent Board/Committee Meeting for ratification/approval.

- **Invitees & Proceedings:** Apart from the Board members, the Company Secretary, the CFO, the Special Executives, Business Heads are invited to attend all the Board Meetings. Other senior management executives are invited as and when necessary, to provide additional inputs for the items being discussed by the Board. The CFO briefs on the quarterly and annual operating & financial performance and on annual operating & capex budget. The Chairman and Managing Director, the CFO and other senior executives briefs on capex proposals & progress, operational health & safety, marketing & cement industry scenario and other business issues. The Chairman of various Board Committees brief the Board on all the important matters discussed & decided at their respective committee meetings, which are generally held prior to the Board Meeting.

- **Post Meeting Action:** Post meetings, all important decisions taken at the meeting are communicated to the concerned officials and departments. Action Taken Report is prepared and reviewed periodically by the Chairman & Managing Director, CFO and Company Secretary for the action taken/ pending to be taken.

- **Support and Role of Company Secretary:** The Company Secretary is responsible for convening the Board and Committee Meetings, preparation and distribution of Agenda and other documents and recording of the Minutes of the meetings. He acts as interface between the Board and Management and provides required assistance and assurance to the Board and the Management on compliance and governance aspects. Compliance Officer: Mr. Shambhu Singh, Company Secretary is the Compliance Officer for complying with the provisions of the Securities Laws.

#### Directors' Profile

The brief profile of each Director as at the year end is given below:

##### Mr. Yadupati Singhania aged about 63 years

##### Chairman and Managing Director (B. Tech from IIT, Kanpur)

- Helped to evolve India's cement industry for over three decades;
- Played a pivotal role in the introduction of international quality white cement in India;
- Director of the Employers Association of Northern India and Chancellor of Sir Padampat Singhania University, Udaipur;
- President of Kanpur Productivity Council and member of the Board of Governors of the National Council for Cement and Building Material and Jodhpur Chamber of Commerce;
- Member of the Managing Committee of Cement Manufacturers Association;

- Deeply involved in social entrepreneurship;
  - Member of Rotary Club;
- Smt. Sushila Devi Singhania aged about 81 years**  
**Non-Executive, Non-Independent Director (Graduate of Arts)**
- Scion of renowned Jalan family representing Surajmall Nagarmall group, famous industrial house;
  - Having keen interest in industry and commerce;
  - A Member of Managing Committee of Seth Anandram Jaipuria School, Kanpur, President of Juari Devi Girls Inter College, Kanpur and President of Juari Devi Girls Post Graduate College, Kanpur;
  - Has been actively associated with programmes for welfare and upliftment of economically weaker sections, children and women and also with religious activities;
  - Acting as Director of M/s. Yadu International Ltd and M/s. G.H.Securities Private Limited;

**Mr. Achintya Karati aged about 71 years**  
**Non-Executive, Independent Director (Law Graduate from Calcutta University)**

- Served as Senior Advisor to ICICI Securities Limited and also with ICICI Prudential Life Insurance Company Limited;
- Vast experience in finance and legal affairs, spanning over three decades;
- Diverse expertise across commercial, legal and secretarial matters;
- Retired as Country Head, Government and Institutional Solutions Group, ICICI Bank Limited (erstwhile Industrial Credit and Investment Corporation of India Limited) in March 2004;
- Served as Deputy Zonal Manager (North) and Head of Major Client Group (North) in ICICI Limited;

**Mr. Jayant Narayan Godbole aged about 72 years**  
**Non-Executive, Independent Director (B.Tech (Hons) from IIT Mumbai, Certificate in Financial Management)**

- Possesses more than 4 decades rich experience in the field of conceiving, implementing and operating mega projects abroad;
- He functioned as Chairman and Managing Director of IDBI in 2005 at the time of retirement. During his stints with IDBI and IIBI he was responsible for Corporate Finance, restructuring and rehabilitation of sick units, Venture capital, merchant banking and investors' relation;



- Stabilised the Corporate Debt Restructuring (CDR) mechanism in India as the Chairman of an Empowered Group;

**Mr. K. N. Khandelwal aged about 72 years**  
**Non-Executive, Non-Independent Director (Commerce Graduate and a Chartered Accountant)**

- Served as President (Finance and Accounts) of Jaykay Enterprises Limited;
- Commenced his career with J.K. Synthetics Limited in 1969;

**Dr. K. B. Agarwal aged about 77 years**  
**Non-Executive, Independent Director (Graduate of Law, PhD, ICWA and CS)**

- Rich experience in Finance, Accounts and Capital Market;
- Former President of Merchants' Chamber of U.P. and U.P. Stock Exchange Limited. Associated with FICCI and ASSOCHAM, and was also involved with various Government committees;

**Mr. Paul Heinz Hugentobler aged about 68 years**  
**Non-Executive, Non-Independent Director (Civil Engineer & Degree in Economic Science)**

- A Swiss national, he Joined Holcim Group Support Ltd as Project Manager in 1980;
- He is graduated in Civil Engineering from Swiss Federal Institute of Technology, Zurich and Economic Science from Graduate School of Economics and Business of St. Gallen.;
- Served in Holcim Ltd. as Area Manager for the Asia Pacific Region;
- From 1999 to 2000, he also served as CEO of Siam City Cement (Public) Company Limited, headquartered in Bangkok, Thailand and till now he continues to be a Director;
- Until his retirement in February 2014, he was appointed as a member of the Executive Committee at Holcim Ltd. with the responsibility for South Asia and ASEAN except the Philippines;
- He joined J.K. Cement Ltd. as a Director w.e.f 17th May, 2014.

**Mr. Raj Kumar Lohia aged about 62 years**  
**Non-Executive, Independent Director (Bachelor of Arts in Economics)**

- A leading industrialist of Kanpur;
- 3 decades of rich experience in commerce and industry;

- Director of the Company since 2004 and also on the Board of other companies;
- Recipient of several awards including the Excellence Award 2005 for contribution in the field of entrepreneurship;

**Mr. Suparas Bhandari aged about 71 years  
Non-Executive, Independent Director (Graduate of Science and Law)**

- Founder Chairman and Managing Director of Agriculture Insurance Company of India Limited with extensive insurance industry experience for more than four decades;
- Served as the General Manager of Oriental Insurance Company of India Limited and Assistant General Manager of United Insurance Company of India Limited;

**Mr. Shyam Lal Bansal aged about 62 years  
Non-Executive, Independent Director (M.Com from Delhi University, B.Com from Shri Ram College of Commerce, New Delhi, and CA (Inter))**

- Possess 39 Years of vast experience in the field of Banking and Finance in Public Sector Banks;
- Superannuated as Chairman & Managing Director from Oriental Bank of Commerce;
- Actively involved as an Executive Director in The Financial Inclusion Plan of United Bank of India in the Whole of West Bengal and North East, as part of the Bank's responsibility as SLBC convener in Tripura and West Bengal and Lead Bank responsibility in 10 districts in Assam;
- Acting as Independent Director in NIIT Institute of Finance, Banking and Insurance Training Limited and IL & FS Tamil Nadu Power Company Limited;
- Contributing value addition through vast knowledge and experience to Educational and Commercial Organization;

**3. AUDIT COMMITTEE**

**(i) Broad Terms of Reference**

The Audit Committee reviews the matters falling in its terms of reference and addresses larger issues and examines those facts that could be of vital concerns to the Company. The terms of reference of the Audit Committee constituted by the Board in terms of Section 177 of the Companies Act, 2013 and the Corporate Governance Code as prescribed under Listing Regulations, which broadly includes matters pertaining to adequacy of internal control systems, review of financial reporting process, discussion of financial results, interaction with auditors, appointment and remuneration of auditors, adequacy of disclosures and other relevant matters. The role of

the audit committee shall include the following:

- (1) oversight of the listed entity's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- (2) recommendation for appointment, remuneration and terms of appointment of auditors of the listed entity;
- (3) approval of payment to statutory auditors for any other services rendered by the statutory auditors;
- (4) reviewing with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to:
  - (a) matters required to be included in the director's responsibility statement to be included in the board's report in terms of sub-section (5) of Section 134 of the Companies Act, 2013;
  - (b) changes if any, in accounting policies and practices and reasons for the same;
  - (c) major accounting entries involving estimates based on the exercise of judgment by management;
  - (d) significant adjustments made in the financial statements arising out of audit findings;
  - (e) compliance with listing and other legal requirements relating to financial statements;
  - (f) disclosure of any related party transactions;
  - (g) modified opinion(s) in the draft audit report;
- (5) reviewing with the management, the quarterly financial statements before submission to the board for approval;
- (6) reviewing with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue and making appropriate recommendations to the board to take up steps in this matter;



- (7) reviewing and monitoring the auditor's independence and performance and effectiveness of audit process;
- (8) approval or any subsequent modification of transactions of the listed entity with related parties;
- (9) scrutiny of inter-corporate loans and investments;
- (10) valuation of undertakings or assets of the listed entity, wherever it is necessary;
- (11) evaluation of internal financial controls and risk management systems;
- (12) reviewing with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
- (13) reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
- (14) discussion with internal auditors of any significant findings and follow up there on;
- (15) reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;
- (16) discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
- (17) to look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
- (18) to review the functioning of the whistle blower mechanism;
- (19) approval of appointment of chief financial officer after assessing the qualifications, experience and background etc. of the candidate;
- (20) Carrying out any other function as is mentioned in the terms of reference of the audit committee.

**(ii) The audit committee shall mandatorily review the following information**

- (1) management discussion and analysis of financial condition and results of operations;
- (2) statement of significant related party transactions (as defined by the audit committee), submitted by management;
- (3) management letters / letters of internal control weaknesses issued by the statutory auditors;
- (4) internal audit reports relating to internal control weaknesses;
- (5) the appointment, removal and terms of remuneration of the chief internal auditor shall be subject to review by the audit committee.
- (6) statement of deviations:
  - (a) quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1).
  - (b) annual statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice in terms of Regulation 32(7).

**(iii) Composition of the Committee**

Following Directors were the members of the Audit Committee:

- (1) Dr. K. B. Agarwal (Chairman) Independent, Non-Executive Director
- (2) Shri A. Karati, Independent, Non-Executive Director
- (3) Shri J. N. Godbole Independent, Non-Executive Director
- (4) Shri K.N. Khandelwal, Non-Independent, Non-Executive Director
- (5) Shri R.K. Lohia, Independent, Non-Executive Director

All these Directors possess knowledge of Corporate Finance/Accounts/ Company Law/Industry. Shri A.K.Saraogi, Chief Finance Officer regularly attends the meetings and Shri Shambhu Singh, Company Secretary acts as Secretary of the Committee. The Statutory Auditors of the Company attend the meetings as Special Invitees. All the Members on the Audit Committee have the requisite qualification for appointment on the Committee and possess sound knowledge of finance, accounting practices and internal controls.

**(iv) Meetings and Attendance**

During the financial year ended 31st March, 2017 four meetings were held on (1) 28th May, 2016 (2) 6th August, 2016 (3) 29th October, 2016 (4) 4th February, 2017.

**The attendance at the Committee Meetings was as under:**

S.No.	Name of Director	No. of Meetings attended
1	Dr. K. B. Agarwal	4
2	Shri K.N. Khandelwal	4
3	Shri R.K. Lohia	3
4	Shri Achintya Karati	4
5	Shri J.N Godbole	4

**4. NOMINATION AND REMUNERATION COMMITTEE**

Nomination and Remuneration Committee of the Company has been functioning in pursuance of the provisions of Regulation 19 of the Listing Regulations read with Section 178 of the Companies Act, 2013.

**(i) Role of the Committee shall, inter-alia, include the following:**

- (1) formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the board of directors a policy relating to the remuneration of the directors, key managerial personnel and other employees;
- (2) formulation of criteria for evaluation of performance of independent directors and the board of directors;
- (3) devising a policy on diversity of board of directors;
- (4) identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down and recommend to the board of directors their appointment and removal;
- (5) whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors;

**(ii) Composition of the Committee**

Remuneration Committee of the Company as on 31st March, 2017 comprised of:

- (1) Shri Raj Kumar Lohia (Chairman): Independent, Non-Executive Director
- (2) Shri A. Karati : Independent, Non-Executive Director

(3) Shri J.N. Godbole: Independent, Non-Executive Director

(4) Shri Suparas Bhandari: Independent, Non-Executive Director

Shri Shambhu Singh, Company Secretary acts as Secretary of the Committee.

**(iii) Meetings and Attendance**

During the financial year ended 31st March, 2017 Two meetings were held on (1)28th May, 2016 (2) 4th February,2017

**The attendance at the above Meetings was as under:**

S.No.	Name of Director	No. of Meetings attended
1	Shri A. Karati	2
2	Shri J.N.Godbole	2
3	Shri R.K Lohia	1
4	Shri Suparas Bhandari	2

**(iv) Nomination and 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 Nomination and Remuneration Committee is vested with all the necessary powers and authorities to ensure appropriate disclosure on remuneration to the Chairman and 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 committees of the Board and commission on profit.

**The number of Equity Shares held by Non-Executive Directors of the Company as on 31.03. 2017 are as under:**

S.No.	Name of Director	No. of equity shares held
1	Smt.Sushila Devi Singhania	920957
2	Shri K.N. Khandelwal	1000
3	Shri Achintya Karati	640
4	Dr.K.B.Agarwal	300



#### Details of Remuneration paid to the Directors for the year ended 31st March, 2017

S.No.	Name of Director	Salary	Benefits	Commission	Sitting Fee	Total
1.	Smt. Sushila Devi Singhania	-	-	800000	452250	1252250
2.	Shri Yadupati Singhania*	24000000	42000000*	60000000	-	126000000
3.	Shri A. Karati	-	-	800000	376875	1176875
4.	Shri J.N. Godbole	-	-	800000	427125	1227125
5.	Dr. K.B. Agarwal	-	-	800000	678375	1478375
6.	Shri K.N. Khandelwal	-	-	800000	402000	1202000
7.	Shri Raj Kumar Lohia	-	-	800000	452250	1252250
8.	Shri Suparas Bhandari	-	-	800000	427125	1227125
9.	Mr. Paul Heinz Hugentobler	-	11130942**	800000	150750	12081692
10.	Shri Shyam Lal Bansal	-	-	800000	226125	1026125

\* Benefits does not include payment of contribution to Provident Fund, which is exempted perquisite under applicable provisions of the Companies Act, 2013 but includes Performance Incentive of ₹ 120 Lacs

\*\*Paid in professional capacity.

#### 5. STAKE HOLDERS' RELATIONSHIP COMMITTEE - MANDATORY COMMITTEE

Stakeholders Relationship Committee of the Company has been functioning in pursuance of the provisions of Regulation 20 of the Listing Regulations read with Section 178 of the Companies Act, 2013.

The terms of reference of the Committee are:

1. Transfer/transmission of shares/ debentures and such other securities as may be issued by the Company from time to time;
2. Issue of duplicate share certificates for shares/ debentures and other securities reported lost, defaced or destroyed, as per the laid down procedure;
3. Issue new certificates against subdivision of shares, renewal, split or consolidation of share certificates / certificates relating to other securities;
4. Issue and allot right shares / bonus shares pursuant to a Rights Issue / Bonus Issue made by the Company, subject to such approvals as may be required;
5. To grant Employee Stock Options pursuant to approved Employees' Stock Option Scheme(s), if any, and to allot shares pursuant to options exercised;
6. To issue and allot debentures, bonds and other securities, subject to such approvals as may be required;
7. To approve and monitor dematerialisation of shares / debentures / other securities and all matters incidental or related thereto;
8. To authorise the Company Secretary and Head Compliance/ other Officers of the Share Department to attend to matters relating to non-receipt of annual reports, notices, non- receipt of declared dividend

/ interest, change of address for correspondence etc. and to monitor action taken;

9. Monitoring expeditious redressal of investors / stakeholders grievances;
10. All other matters incidental or related to shares, debentures and other securities of the Company.

#### (i) Composition

The Committee as on 31st March, 2017 comprises of:

- (1) Dr. K.B. Agarwal (Chairman): Independent, Non-Executive Director.
- (2) Shri Suparas Bhandari: Independent, Non-Executive Director
- (3) Shri K.N. Khandelwal: Non-Independent, Non-Executive Director.
- (4) Shri Raj Kumar Lohia: Independent, Non-Executive Director.

Shri Shambhu Singh, Company Secretary acts as Secretary of the Committee.

#### (ii) 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, annual reports and to ensure expeditious share transfer process and to review the status of investors' grievances, redressal mechanism and recommend measures to improve the level of investors' services. The Company received 21 complaints during the FY. 2016-17 and all the 21 complaints were redressed. No investor grievance has remained unattended/ pending for more than thirty days. Investor's complaints received through SEBI are redressed at www.scores.gov. in. However, Seventeen requests

for dematerialisation involving 245 equity shares of the Company remained to be attended as at 31.03. 2017 was attended/ disposed of after 31.03.17 but within stipulated period of 30 days.

### (iii) Meeting and Attendance

During the financial year ended 31st March, 2017 four meetings were held on (1) 28th May, 2016 (2) 6th August, 2016 (3) 29th October, 2016 and (4) 4th February, 2017

#### The attendance at the above Meetings was as under:

S.No.	Name of Director	No. of Meetings attended
1	Dr. K. B. Agarwal	4
2	Shri K.N. Khandelwal	4
3	Shri Raj Kumar Lohia	3
4	Shri Suparas Bhandari	4

## 6. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE - MANDATORY COMMITTEE

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

### (i) Composition of the Committee

Smt. Sushila Devi	Non-Executive, Non-Independent Director
Dr. K.B. Agarwal	Non-Executive, Independent Director
Shri J.N. Godbole	Non-Executive, Independent Director
Shri Suparas Bhandari	Non-Executive, Independent Director

The Committee's prime responsibility is to assist the Board in discharging its social responsibilities by way of formulating and monitoring implementation of the framework of 'corporate social responsibility policy',

## 8. GENERAL BODY MEETINGS

Dates, time and places of last General meetings held are given below

Financial Year	Date	Time	Place
2013-14 (AGM)	26th July, 2014	12 Noon	Auditorium of the Merchants' Chamber of U.P., Kanpur
2014-15 (AGM)	1st August, 2015	12 Noon	Auditorium of the Merchants' Chamber of U.P., Kanpur
2015-16 (AGM)	6th August, 2016	11 A.M.	Auditorium of the Merchants' Chamber of U.P., Kanpur.

Twelve special resolutions were passed in the Annual General Meeting of the Company held on 26th July, 2014. Two special resolutions were passed in the Annual General Meeting of the Company held on 1st August, 2015. Four special resolutions were passed in the Annual General Meeting of the company held on 6th August, 2016. 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 110 of the Companies Act, 2013. The Chairman of the Audit Committee was present at AGMs held on 26th July, 2014, 1st

observe practices of Corporate Governance at all levels, and to suggest remedial measures wherever necessary. The Board has also empowered the Committee to look into matters related to sustainability and overall governance.

#### Terms of Reference of the Committee, inter alia, includes the following:

- To review the existing CSR Policy and to make it more comprehensive so as to indicate the activities to be more undertaken by the Company as specified in Schedule VII of the Companies Act, 2013.
- To provide guidance on various CSR activities to be undertaken by the Company and to monitor process.
- To observe practices of Corporate Governance at all levels and to suggest remedial measures wherever necessary.

### (ii) CSR committee attendance

Two CSR committee meetings were held during the year on (1) 28th May, 2016 and (2) 4th February, 2017

#### The attendance at the above Meetings was as under:

S.No.	Name of Director	No. of Meetings attended
1	Smt. Sushila Devi Singhanian	2
2	Dr. K. B. Agarwal	2
3	Shri J.N. Godbole	2
4	Shri Suparas Bhandari	2

## 7. CMD/CFO CERTIFICATION

The Chairman and Managing Director 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 Listing Regulations, for the year ended 31.03.2017

August, 2015 and 6th August, 2016 to answer the queries of the shareholders.

#### “Postal Ballot

During 2016-17 the Company approached its shareholders through postal ballot Notice dt. 4.2.17 to approve and ratify contract for rendering of expert advisory services by Mr. Paul Heinz Hugentobler, Director from 1.10.14 to 1.10.17. The voting period was from 16.2.17 to 17.3.17 and date of declaration of result and its approval being 17.3.17. In respect of the Special Resolution, No. of Votes



polled 619,54,988, No. of Votes cast in favour 5,38,17,347 (representing 87%) and No. of votes cast against 81,37,641 (representing 13%). Hence the Special Resolution was duly passed by requisite majority.”

#### Disclosures

- (i) There are no materially significant transactions with the related parties viz. Promoters, Directors or the Management, their Subsidiaries/ Associates or relatives conflicting with Company's interest. Suitable disclosure as required by the Accounting Standard (AS18) has been made in the Annual Report.
- (ii) 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.
- (iii) The Company has complied with the mandatory requirements of Listing Regulations. The Company has complied with the non-mandatory requirements relating to the remuneration committee to the extent detailed above.

#### Disclosures regarding appointment or re-appointment of Directors

According to the provisions of Companies Act, 2013 read with Articles of Association of the Company one Non-Executive Non-Independent Director Mr. Paul Heinz Hugentobler will be retiring by rotation at the ensuing Annual General Meeting of the Company and being eligible offers himself for re-election. Given below is the brief resume of Mr. Paul Heinz Hugentobler pursuant to the listing regulations:

Mr. Paul Heinz Hugentobler (DIN 00452691) aged about 68 years is a Swiss national, he joined Holcim Group Support Ltd. as Project Manager in 1980. He is graduated in Civil Engineering from Swiss Federal Institute of Technology, Zurich and Economic Science from Graduate School of Economics and Business of St. Gallen. He served in Holcim Ltd. as Area Manager for the Asia Pacific Region. From 1999 to 2000, he served as CEO of Siam City Cement (Public) Company Limited, headquartered in Bangkok, Thailand and till now he continues to be a director. Until his retirement in February 2014, he was appointed as a member of the Executive Committee at Holcim Ltd with the responsibility for South Asia and ASEAN except the Philippines. He joined J.K. Cement Ltd. as a Director w.e.f 17th May, 2014.

#### 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 Executives as well as Non- Executive Directors and members of the Senior Management. A copy of the Code has been hosted on the Company's website www.jkcement.com. The Code has been circulated to all the members of the Board and Senior Management Personnel and compliance of the same has been affirmed by them hereinafter.

#### 9. MEANS OF COMMUNICATIONS

The Annual, Half yearly and Quarterly results are submitted to the Stock Exchange(s) in accordance with Listing Regulations and the same are normally published in Business Standard, Economic Times, Nav Bharat Times, Hindustan, Times of India and Nafa Nuksan 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. Further, Shareholding pattern and quarterly corporate governance report is uploaded on the NSE Electronic Application Processing System (NEAPS) maintained by NSE and www.listing.bseindia.com maintained by BSE.

Details of shares lying in the Escrow Account of the Registrar & Share Transfer Agent.

As per SEBI Circular dated 24th April, 2009 bearing reference no. SEBI/CFD/ DIL/LA/1/2009/24/04, every Company is required to report the details of the shares lying in the Escrow Account which are yet to be credited to the investors who were allotted shares in the IPO. Accordingly, it is reported that as on 31.03. 2017, 160 number of equity shares of 3 (three) shareholders are lying in the Escrow Account with Stock Holding Corporation of India Ltd, Kanpur (DP.Id. IN301330 Client ID 19881648).

#### Prevention of Insider Trading

In accordance with the Securities and Exchange Board of India (Prohibition of Insider Trading Regulations), a comprehensive code of conduct for prevention and regulation of trading in the Company's share by insiders is in vogue. The Code prohibits the purchase or sale of Company shares by the Directors and the designated employees while in possession of unpublished price sensitive information in relation to the company.

### 10. GENERAL SHAREHOLDERS INFORMATION

<b>(i) Annual General Meeting</b>	
Date and Time	Saturday the 29th July, 2017 at 12:30 P.M.
Venue	Auditorium of Merchants' Chamber of Uttar Pradesh, 14/76, Civil Lines, Kanpur.
<b>(ii) Financial Calendar</b>	
(a) First Quarter Results	Within 45 days from the close of Quarter Ending June, 2017
(b) Second Quarter Results	Within 45 days from the close of Quarter Ending September, 2017
(c) Third Quarter Results	Within 45 days from the close of Quarter Ending December, 2017
(d) Result for the year ending 31st March 2018	Within 60 days from the close of Quarter/Year Ending March, 2018

**(iii) Date of Book Closure**

Thursday the 20th July, 2017 to Saturday 29th July, 2017 (both day inclusive).

a payout of 20% to 25% of Net profit as dividend (including tax)

**(iv) Dividend payment date**

The Board of Directors of the Company have recommended a dividend of ₹ 8 per share for the year 2016-17 which shall be payable on or after 29th July, 2017.

**(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 2016-17.

**Dividend Policy**

The Company has been declaring/paying dividend every year since 2006-07 consistently. It is maintaining

**(vi) Stock Code**

BSE 532644  
NSE JKCEMENT  
ISIN NUMBER INE823G01014

**(vii) Market Price Data**

**STOCK MARKET DATA (BSE) & SENSEX**

MONTH	BSE HIGH ₹	BSE LOW ₹	BSE SENSEX HIGH	BSE SENSEX LOW
APRIL, 2016	687.10	590.00	26,100.54	24,523.20
MAY, 2016	609.00	550.00	26,837.20	25,057.93
JUNE, 2016	671.00	573.75	27,105.41	25,911.33
JULY, 2016	732.10	665.00	28,240.20	27,034.14
AUGUST, 2016	847.00	705.80	28,532.25	27,627.97
SEPTEMBER, 2016	885.40	764.45	29,077.28	27,716.78
OCTOBER, 2016	990.00	845.00	28477.65	27,488.30
NOVEMBER, 2016	967.00	630.00	28,029.80	25,717.93
DECEMBER, 2016	749.00	631.00	26,803.76	25,753.74
JANUARY, 2017	747.00	680.00	27,980.39	26,447.06
FEBRUARY, 2017	905.00	715.00	29,065.31	27,590.10
MARCH, 2017	943.00	838.00	29,824.62	28,716.21

**STOCK MARKET DATA (NSE) & NIFTY**

MONTH	NSE HIGH ₹	NSE LOW ₹	NSE NIFTY HIGH	NSE NIFTY LOW
APRIL, 2016	684.40	590.10	7,992.00	7,516.85
MAY, 2016	640.00	555.00	8,213.60	7,678.35
JUNE, 2016	672.00	572.00	8,308.15	7,927.05
JULY, 2016	733.00	665.10	8,674.70	8,287.55
AUGUST, 2016	847.90	704.10	8,819.20	8,518.15
SEPTEMBER, 2016	885.00	760.05	8,968.70	8,555.20
OCTOBER, 2016	1008.50	852.15	8,806.95	8,506.15
NOVEMBER, 2016	970.00	628.10	8,669.60	7,916.40
DECEMBER, 2016	748.45	632.70	8,274.95	7,903.70
JANUARY, 2017	744.80	680.00	8,672.70	8,133.80
FEBRUARY, 2017	904.50	715.45	8,982.15	8,537.50
MARCH, 2017	944.00	836.00	9,218.40	8,860.10

**(viii) Registrar/Transfer Agent**

M/s Jaykay Enterprises Ltd. is acting as Registrar and Share Transfer Agent of the Company for Physical and Demat segment. Their address for communication is as under:-

M/s Jaykay Enterprises Ltd. (Unit J.K. Cement Ltd.)  
Kamla Tower, Kanpur - 208 001

Telephone: (0512) 2371478 - 81; Ext: 18322/323

Fax: (0512) 2332665/2399854;

email: investorservices@jkcement.com; rc.srivastava@jkcement.com

**(ix) Share Transfer System**

Share Transfer work of physical segment is attended to by the Company's Registrar & Share Transfer Agent within the prescribed period under law and the Listing Regulations.



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

(x) **Distribution of Shareholding as on 31st March, 2017**

No of Equity Shares Held	No. of Share holders	% of Share holders	No. of Shares Held	% of Share holding
UP TO 500	81024	98.72	2409048	3.45
501 TO 1000	590	0.72	421187	0.60
1001 TO 2000	185	0.23	271900	0.39
2001 TO 3000	70	0.08	178235	0.25
3001 TO 4000	26	0.03	94018	0.13
4001 TO 5000	22	0.03	101815	0.15
5001 TO 10000	49	0.06	358474	0.51
10001 AND ABOVE	107	0.13	66092573	94.52
<b>TOTAL</b>	<b>82073</b>	<b>100.00</b>	<b>69927250</b>	<b>100.00</b>

(xi) **Category of Shareholders as on 31st March, 2017**

Category	No. of Share holders	% of Share holders	No. of Shares Held	% of Share holding
Promoters and Promoter group	24	00.03	44866571	64.16
Mutual Funds / UTI	66	00.08	8027673	11.48
Financial Institutions / Banks	111	00.13	18560	00.03
Insurance Companies	10	00.01	3601971	05.15
Foreign Institutional Investors	23	00.03	115084	00.16
Foreign Portfolio Investors Corp.	67	00.08	7763350	11.10
Bodies Corporate	717	00.88	957287	01.37
Individuals	80865	98.53	4359602	06.24
Other	190	00.23	217152	00.31
<b>TOTAL</b>	<b>82073</b>	<b>100.00</b>	<b>69927250</b>	<b>100.00</b>

(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) 69364090 Equity share representing 99.19 % of the paid up Equity Capital of the Company have been dematerialised till 31st March, 2017.

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

(xiv) **Plant Location**

Company has following plants

Plant	Location
<b>INDIA</b>	
Grey Cement Plants	Kailash Nagar, Nimbahera, Dist. Chittorgarh, Rajasthan Mangrol, Dist. Chittorgarh, Rajasthan Gotan, Dist. Nagaur, Rajasthan Muddapur, Dist. Bagalkot, Karnataka Jharli, Dist. Jhajjar, Haryana
White Cement & White Cement based Wall Putty Plant	Gotan, Dist. Nagaur, Rajasthan Village: Rupaund, Tehsil - Badwara, Dist. Katni, M.P
Thermal Power Plants	Bamania, Shambhupura, Dist. Chittorgarh, Rajasthan Kailash Nagar, Nimbahera, Dist. Chittorgarh, Rajasthan Gotan, Dist. Nagaur, Rajasthan Muddapur, Dist. Bagalkot, Karnataka Mangrol, Chittorgarh, Rajasthan
Waste Heat Recovery Power Plant (For captive consumption)	i) Kailash Nagar, Nimbahera, Dist. Chittorgarh, Rajasthan ii) Mangrol, Dist. Chittorgarh, Rajasthan
<b>OVERSEAS</b>	
Dual process White/Grey Cement Plant	Plot No.7, Habhab, Tawian Fujairah, UAE

**(xv) Address for Correspondence**

Mr. Shambhu Singh  
Asst. Vice President (Legal) & Company Secretary,  
J.K. Cement Ltd.,  
Kamla Tower, Kanpur - 208001. Telephone No.: 0512  
2371478 - 81 Fax: 0512-2332665/2399854  
Email: shambhu.singh@jkcement.com  
Website: www.jkcement.com

**(xvi) SEBI vide its circular dated 7.1.2010 has made it mandatory to furnish PAN copy in the following cases**

- a) Deletion of name of deceased shareholder, where the shares are held in the name of two or more shareholders.
- b) Transmission of shares to the legal heirs, where deceased shareholder was a sole holder.
- c) Transposition of shares in case of change in the order of names in which physical shares are held jointly in the names of two or more shareholders.

**Vigil Mechanism**

With the expansion of business in terms of volume value and geography, various risks associated with the business have also increased considerably. One such risk identified is the risk of fraud and misconduct. The Companies Act, 2013 and the SEBI (LODR) Regulations, 2015 mandates the listed companies to formulate appropriate vigil mechanism and whistle blower policy. The Company, since its inception believes in honest and ethical conduct from all the employees and others who are directly or indirectly associated with it. The Audit Committee is also committed to ensure fraud-free work environment. Risk Management Policy and Whistle Blower Policy are in vogue.

The policy is applicable to all the Directors, employees, vendors and customers and provides a platform to all of them to report any suspected or confirmed incident of fraud/misconduct, unethical practices, violation of code of conduct etc.

The policies are also posted on the Company's website.

**Transfer of Unpaid/Unclaimed Dividend Amounts to Investor Education & Protection Fund**

During the year under review, the final dividend amount for the year ended 31st March, 2009 and the interim dividend for the year 31st March, 2010 remaining unclaimed and unpaid were transferred to the Investor Educational and Protection Fund.

**Transfer of Unclaimed Equity Shares to Investor Education and Protection Fund (IEPF) Suspense Account**

Pursuant to the provisions of Section 124 and 125 of the Companies Act and the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 all shares on which dividend has not been paid or claimed for seven consecutive years or more shall be transferred to an IEPF suspense account. The process of transfer of the share to the Suspense Account could not be completed, due to lack of clarity in the said Rules from the Ministry of Corporate Affairs (MCA).

Both the unclaimed dividends and the shares transferred to the IEPF can be claimed back by the concerned shareholders from IEPF Authority after complying with the procedure prescribed under the "Rules".

Further action in this regard would be taken after MCA notifies the revised rules.

**Disclosure relating to Demat Suspense Account/ Unclaimed Suspense Account**

In accordance with the Regulation 39 of the listing Regulations, shareholders whose certificates were returned undelivered and lying with the Company are to be transferred and held by the Company in the dematerialized mode in the "Unclaimed Suspense Account". The Company sent individual correspondence to all those shareholders and some of these shares are released to the shareholders after proper verification of their identity, once the request is received from the shareholders.

The voting rights on these shares will remain frozen till the rightful owner claims the shares.



## **COMPLIANCE CERTIFICATE OF THE STATUTORY AUDITORS**

The Statutory Auditors have certified that the Company has complied with the conditions of Corporate Governance as stipulated in SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') and the same is annexed to this report.

### **Declaration**

Compliance with the Code of Business Conduct and Ethics

As provided under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations'), all Board Members and Senior Management Personnel have affirmed compliance with Company's Code of Business Conduct and Ethics for the year ended 31st March, 2017.

For J.K. Cement Ltd

Place : Kanpur  
Dated : 13th May, 2017

**Yadupati Singhania**  
Chairman & Managing Director

## **CHAIRMAN & MANAGING DIRECTOR/CHIEF FINANCIAL OFFICER CERTIFICATION**

As required SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations'), we have certified to the Board that for the financial year ended 31st March, 2017, the Company has complied with the requirements of the Regulations.

For J.K. Cement Ltd

**Yadupati Singhania**  
Chairman & Managing Director

**A.K. Saraogi**  
President (C/A) & Chief Financial Officer

Place : Kanpur  
Dated : 13th May, 2017



## AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To,  
The Members of **J.K. Cement Limited**

We have examined the compliance of conditions of Corporate Governance by J.K.Cement Limited ("the Company") for the year ended 31 March, 2017, as per regulations 17-27, clauses (b) to (i) of regulation 46(2) and paragraphs C,D and E of schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations').

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

We conduct our examination in accordance with the guidance note on reports or certificates for special purpose (Revised 2016) issued by the Institute of Chartered Accountants of India. The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the Institute of Chartered Accountants of India. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, Other Assurance and Related Services Engagements.

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

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

For- P.L.Tandon & Co.  
Chartered Accountants  
Firm Registration No 000186C

Place : Kanpur  
Date : 13<sup>th</sup> May, 2017

**P.P. Singh**  
(Partner)  
Membership Number 072754

# INDEPENDENT AUDITOR'S REPORT

To The Members of J.K.CEMENT LIMITED

## REPORT ON THE STANDALONE IND AS FINANCIAL STATEMENTS

We have audited the accompanying standalone Ind AS financial statements of J.K. Cement Limited ("the Company"), which comprise the Balance Sheet as at 31st March, 2017, and the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

## MANAGEMENT'S RESPONSIBILITY FOR THE STANDALONE FINANCIAL STATEMENTS

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities, selection and application of appropriate accounting policies, making judgments and estimates that are reasonable and prudent, and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

## AUDITOR'S RESPONSIBILITY

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

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

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

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

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

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

## OPINION

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the financial position of the Company as at 31st March, 2017, and its financial performance including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

## EMPHASIS OF MATTER

We draw attention to Note No 36 (A)(6) of the statement which describes the following matters:

- (a) In terms of order dated 31st August 2016, the Competition Commission of India ('CCI') has imposed penalty of ₹ 128.54 crore for alleged contravention of the provisions of the Competition Act, 2002 by the Company. The Company had filed an appeal against CCI Order before the Competition Appellate Tribunal ('COMPAT'). COMPAT has granted stay on the CCI Order on the condition that the Company deposits penalty amounting to ₹ 6.56 crore which has since been deposited. Based on a legal opinion and considering the uncertainty relating to the outcome of this matter, no