

## BOARD OF DIRECTORS

**Dr. Gaur Hari Singhania**  
*Chairman*

**Yadupati Singhania**  
*Managing Director & CEO*

**Ashok Sharma**

**Alok Dhir**

**Achintya Karati**

**Jyoti Prasad Bajpai**

**Kailash Nath Khandelwal**

**Raj Kumar Lohia**

## AUDIT COMMITTEE

**Ashok Sharma**  
*Chairman*

**Alok Dhir**

**Achintya Karati**

**Kailash Nath Khandelwal**

**Raj Kumar Lohia**

## SHAREHOLDERS'/INVESTORS' GRIEVANCE COMMITTEE

**Jyoti Prasad Bajpai**  
*Chairman*

**Kailash Nath Khandelwal**

**Raj Kumar Lohia**

## REMUNERATION COMMITTEE

**Raj Kumar Lohia**  
*Chairman*

**Alok Dhir**

**Jyoti Prasad Bajpai**

## KEY MANAGEMENT PERSONNEL

**R. G. Bagla**  
*Group Executive President*

**A. K. Saraogi**  
*President (Corporate Affairs) & CFO*

**M. P. Rawal**  
*President (T & MS)*

**D. Ravishanker**  
*President (Works) - Grey Cement*

**B. K. Arora**  
*President (Works) - White Cement*

**Ashok Ghosh**  
*President (H.R.) & New Initiatives*

**R. C. Shukla**  
*Sr. Vice President (Marketing) - Grey Cement*

**Pankaj Chandra**  
*Sr. Vice President (Marketing) - White Cement*

## COMPANY SECRETARY

**Manish Bajpai**

## AUDITORS

**M/s. P. L. Tandon & Co.**  
*Chartered Accountants*  
Westcott Building,  
The Mall, Kanpur-208 001.

## CONTENTS

<u>Particulars</u>	<u>Page No.</u>	<u>Particulars</u>	<u>Page No.</u>
1. Notice	3	6. Auditors' Report	16
2. Directors' Report	5	7. Balance Sheet	18
3. Corporate Governance Report	7	8. Profit & Loss Account	19
4. Information u/s 217 (i) (e)	12	9. Cash Flow Statement	20
5. Management Discussion & Analysis Report	14	10. Schedules to Accounts (1 to 12)	21
		11. Significant Accounting Policies	30



## **BANKERS**

Allahabad Bank  
Andhra Bank  
Canara Bank  
Dena Bank  
Indian Bank  
Indian Overseas Bank  
Jammu & Kashmir Bank  
United Bank of India

## **REGISTRARS & TRANSFER AGENTS**

J. K. Synthetics Ltd.  
Kamla Tower,  
Kanpur-208 001.

## **REGISTERED OFFICE**

Kamla Tower,  
Kanpur - 208 001

## **WORKS**

J. K. Cement Works	Nimbahera (Rajasthan)
J. K. Cement Works	Mangrol (Rajasthan)
J. K. White Cement Works	Gotan (Rajasthan)
J. K. Thermal Power	Bamania (Rajasthan)

## **CENTRAL MARKETING OFFICE**

Ghalib Institute, Mata Sundari Lane,  
New Delhi - 110 002

## NOTICE

**Notice** is hereby given that the Twelfth Annual General Meeting of **J.K. CEMENT LIMITED** will be held in Sir Padampat Singhania Auditorium of the Merchants' Chamber of Uttar Pradesh, 14/76, Civil Lines, Kanpur on Saturday, the 29<sup>th</sup> July, 2006 at 12:00 Noon to transact the following business :-

1. To receive, consider and adopt the audited Balance Sheet as at 31<sup>st</sup> March, 2006, Profit and Loss Account for the year ended on that date and the Reports of the Board of Directors and Auditors thereon.
2. To declare Dividend on Equity Shares.
3. To appoint a Director in place of Shri R.K. Lohia, who retires by rotation pursuant to the provisions of Article 140 of the Articles of Association of the Company and being eligible offers himself for reappointment.
4. To elect a Director in place of Shri Alok Dhir, who retires by rotation pursuant to the provisions of Article 140 of the Articles of Association of the Company and being eligible offers himself for reappointment.
5. To appoint Auditors to hold office from the conclusion of this meeting until the conclusion of the next Annual General meeting and to fix their remuneration. The retiring auditors M/s P.L. Tandon & Company, Chartered Accountants, Kanpur, are, however eligible for re-appointment.

### Special Business :

To consider and, if thought fit, to pass with or without modification(s) the following resolutions :

### As Ordinary Resolutions :

6. "RESOLVED THAT Shri Ashok Sharma, in respect of whom the Company has received a notice u/s 257 of the Companies Act, 1956 from a Shareholder proposing his candidature for the office of Director, be and is hereby appointed a Director of the Company, liable to retirement by rotation."
7. "RESOLVED THAT Shri Achintya Karati, in respect of whom the Company has received a notice u/s 257 of the Companies Act, 1956 from a Shareholder proposing his candidature for the office of Director, be and is hereby appointed a Director of the Company, liable to retirement by rotation."
8. "RESOLVED THAT in supersession of the earlier resolution passed by the Shareholders in their Annual General Meeting held on 20.08.2005 and pursuant to the provisions of Section 293(1)(e) and other applicable provision(s), if any, of the Companies Act, 1956, the Board of Directors of the Company be and is hereby authorised to contribute from time to time, in any financial year, to any charitable and other funds or general charities or other purposes not directly related to business of the Company or the welfare of its employees upto a sum of Rs. 5,00,00,000/- (Rupees five crores) or 5% (five percent) of the Company's average net profits as determined in accordance with the provisions of Sections 349 and 350 of the

Companies Act, 1956 during three financial years immediately preceding, which ever is greater."

BY ORDER OF THE BOARD

Regd. Office :  
Kamla Tower, Kanpur.  
Dated : 29th April, 2006

  
**MANISH BAJPAI**  
Company Secretary

### NOTES :

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.**
2. Copy of the documents referred to in the notice are available for inspection at the Registered office of the Company on any working day between 10:00 A.M. and 6:00 P.M., except Saturday.
3. The relative Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956 in respect of Special Business under Items No. 6, 7 & 8 of the accompanying notice dated 29<sup>th</sup> April, 2006, is annexed hereto.
4. The Register of Members and Share Transfer Books of the Company will remain closed from 21<sup>st</sup> July, 2006 to 29<sup>th</sup> July, 2006, both days inclusive.
5. The dividend as recommended by the Board of Directors and approved by the members will be paid to those members, whose names shall appear on the Company's Register of Members on 21<sup>st</sup> July, 2006. In respect of shares in electronic form, the dividend will be payable on the basis of beneficial ownership as per details furnished by National Securities Depository Ltd. (NSDL) and Central Depository Services (India) Ltd. (CDSL).
6. Members are requested to notify immediately change of address, if any, to their Depository Participants (DPs) in respect of their shareholding in Demat Accounts and to the Company's Share Transfer Registrars in respect of their shareholding in physical segment by mentioning folio nos. etc.
7. Members are requested to bring their copies of the Annual Report, as Copies of the Report will not be distributed again at the Meeting.
8. Members seeking any information with regard to the accounts of the Company are requested to write to the Company at its Registered Office, so as to reach at least 10 days before the date of the Meeting to enable the Management to keep the information ready.
9. Proxies, in order to be effective, must be received at the Registered Office of the Company not less than 48 hours before the commencement of the meeting. Members, who hold shares in Dematerialised Form, are requested to bring their Depository Account Number and Client I.D. Number for identification.

## EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

### ITEM NO. 6 :-

Shri Ashok Sharma was appointed as Additional Director of the Company by the Board of Directors in its meeting held on 24.10.2005 and he holds office upto the date of this Annual General Meeting.

A notice u/s 257 of the Companies Act, 1956 has been received

from a shareholder along with the requisite fee, intending to propose the candidature of Shri Ashok Sharma for the office of Director of the Company.

Mr. Sharma holds a Bachelor of Law degree from Kanpur 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 finance and audit spanning 25 years. He is a practicing Chartered Accountant and handles the audit assignments of private sector organisations, banks, insurance companies and financial institutions. He is a member of the Disciplinary Committee of the Uttar Pradesh Stock Exchange Association Limited. He is also a member of the Rehabilitation Committee for Uttar Pradesh Small Industries Corporation Limited, Corporate Committee of CIRC of ICAI, Indian Council of Arbitrators and Kanpur Income Tax Bar Association. He does not hold the position of Director in any other Company except J.K. Cement Ltd. As on 31.03.2006, he was holding 640 Equity Shares of the Company allotted in the recent public issue of the Company.

The resolution at item no. 6 is, therefore, commended for your approval. None of the other Directors is concerned or interested in the proposed resolution except Shri Ashok Sharma.

#### ITEM NO. 7 :-

Shri Achintya Karati was appointed as Additional Director of the Company by the Board of Directors in its meeting held on 24.10.2005 and he holds office upto the date of this Annual General Meeting.

A notice u/s 257 of the Companies Act, 1956 has been received from a shareholder along with the requisite fee, intending to propose the candidature of Shri Achintya Karati for the office of Director of the Company.

Mr. Karati holds a Bachelor of Law degree from Calcutta University. He has vast experience in the financial and legal fields spanning 31 years. He has worked in diverse areas of commercial, legal and secretarial matters. He retired as Country Head, Government and Institutional Solutions Group, ICICI Bank Limited (erstwhile Industrial Credit and Investment Corporation of India Limited) in March, 2004. During his association with ICICI Limited, he served in various capacities, including Deputy Zonal Manager (North) and Head of Major Client Group (North). Presently, he is a Senior Advisor to ICICI Securities Limited and is also associated with ICICI Prudential Life Insurance Company Limited. He also heads the Government and Institutions group of National Commodity and Derivative

Exchange of India. He holds the post of Director in BPL Display Devices Limited, Flex Industries Limited, ICICI-West Bengal Infrastructure, Shyam Telecom Limited, Sangam (India) Limited, Danin Enterprises Private Limited, Delton Cables Limited, Hindustan Motors Limited. As on 31.03.2006, he was holding 640 Equity Shares of the Company allotted in the recent public issue of the Company.

The resolution at item no. 7 is, therefore, commended for your approval. None of the other Directors is concerned or interested in the proposed resolution except Shri Achintya Karati.

#### ITEM NO. 8 :-

Section 293(1)(e) of the Companies Act, 1956 provides that a Company can make contributions to charitable and other funds not directly related to its business or to the welfare of its employees; provided that the aggregate of such contributions in any financial year do not exceed Rs. 50,000/- or 5% of the Company's average net profits as determined in accordance with the provisions of Sections 349 and 350 of the Companies Act, 1956 during the three financial years immediately preceding, which ever is greater. Since in the preceding 3 financial years viz. 2002-03, 2003-04 and 2004-05, there were no sufficient profits as computed under Sections 349 and 350 of the Companies Act, 1956, thus to facilitate the Board of Directors to make donations/ contributions from time to time, exceeding the above limits, it is considered necessary to seek your approval by way of an ordinary resolution.

The resolution at item no. 8, is therefore, commended for your approval.

None of the Directors is concerned or interested in the proposed resolution.

BY ORDER OF THE BOARD

Regd Office :

Kamla Tower, Kanpur.

Dated : 29th April, 2006

**MANISH BAJPAI**

Company Secretary

## DIRECTORS' REPORT

### Dear Members,

Your Directors submit their Twelfth Annual Report and audited statements of account for the year ended 31<sup>st</sup> March, 2006.

Your Directors, while welcoming the new shareholders, convey their thanks to all those, who have supported the Company's first offer of Equity Shares to Public, which has been a great success.

### 2. FINANCIAL RESULTS

	<b>Rs./Lacs</b>
Gross Turnover	110867.84
Profit before depreciation and tax	8322.76
Less : Depreciation	3101.83
Profit Before Tax	5220.93
Provision for Tax :	
— Fringe Benefit Tax	150.00
— Current Tax	434.00
— Deferred Tax	1380.00
Profit After Tax	3256.93
Add : Balance brought forward from the previous year	633.39
Less : General Reserve	2000.00
Proposed Dividend on Equity Shares (including tax thereon)	1196.02
Balance to be carried forward	694.30

### 3. OVERALL PERFORMANCE

The year under report has been the first full year of operations of cement units in the Company. The Company achieved profit before tax of Rs.52.21 crores and turnover of Rs.1108.68 crores. Earning per share at Rs.6.37 in the very first year of its full operations indicates the Company's satisfactory performance. The equity issue made in March, 2006, which raised Rs. 296 crores, has also improved the Company's financial strength. Net worth of the Company as on 31.3.2006 was Rs. 354.00 crores compared to Rs. 54.59 crores as at 31.3.2005.

### 4. DIVIDEND

Your Directors are happy to recommend the dividend @ Rs. 1.50 per share on Equity Shares for the financial year ended 31.3.2006, which when approved will be paid to all the Equity Shareholders registered on 21.07.2006.

### 5. OPERATIONS

#### GREY CEMENT

During the year under report production of Grey Cement at 35.11 lacs tons as against installed capacity of 35.50 lacs tons resulted in capacity utilisation of 98.9%. There has been gradual increase in price realisation due to higher off-take supported by growth in demand. This enabled the unit to achieve higher profits inspite of increase in petroleum prices and higher freight incidence.

#### WHITE CEMENT

The capacity of White Cement plant has been enhanced by 50,000 M.T. per annum from 28th February, 2006. The production of white cement at 226729 tons during the year resulted in capacity utilisation of 74.5%. Growth in demand was below expectation and the production was regulated to keep pace with the demand. This had adverse affect upon the profitability of the unit.

### 6. PROJECTS IN PROGRESS

Your directors have taken up various schemes for cost saving and enhancement in capacity in phased manner. Schemes involving capital expenditure of Rs. 236 crores being financed by

the funds raised through issue of equity shares made in March, 2006 are -

#### (i) Cost Saving Schemes

Power is a major component of cost of production. Company has to rely at present on state grid and diesel generating sets which are relatively expensive source of power. Due to this the average power cost in our case is significantly higher compared to other plants who have their own captive power plants.

With a view to reduce power cost the Company is implementing three projects (1) 20 M.W Petcoke based power plant. (2) 13.2 M.W. Waste heat Recovery power plant which will generate power from gases emitted in production process, and (3) Replacement of existing 7.5 M.W. turbine by a 10 M.W turbine at Bamania. These power projects will generate power at substantially lower cost. Besides Waste Heat Recovery power plant will also generate revenues from carbon trading. These schemes are likely to be completed by June, 2007 in phases.

#### (ii) Capacity Enhancement

Grey Cement plants are operating at present at almost full capacity. To capitalise on the high growth in Northern India and to meet increased demand of blended cement, Company intends to increase production capacity by increasing the grinding capacity at Nimbahera by 5,00,000 tons which is likely to be implemented by June, 2006.

Company is also in the process of enhancing the capacity of White Cement by 1,00,000 tons per annum in two phases to meet the peak seasonal demand as well as to meet future growth in demand. First phase to increase capacity by 50,000 tons has already been implemented in February, 2006. Second phase is expected to be implemented by June, 2006.

#### Future Growth plans

Your directors are also exploring the possibilities for putting up new grinding facilities / grass root plant for manufacture of grey cement for which details are being studied in depth.

### 7. FINANCE

- (a) During the year under report, the Company has allotted 20 million Equity Shares of Rs. 10/- each at a premium of Rs. 138/- on 9.3.2006 through Public issue made vide prospectus dated 19.2.2006 through Book Building Route. The said Issue was subscribed by 1.815 times. With this issue the number of shareholders have increased to 1,28,000 (approx.).
- (b) During the year, Company raised Term Loans aggregating Rs. 25 crore from Indian Overseas Bank and Canara Bank, which have been utilised in repayment of costlier loan.
- (c) During the year, Company has been sanctioned Working Capital Facility of Rs.65 crores in the form of Cash Credit, Letter of Credit and Bank Guarantees limits.

### 8. RE-VALUATION OF ASSETS

As reported last, the Company had re-valued certain assets at the time of acquisition of Cement undertakings on 4.11.2004 and accretion on this account was credited to "Revaluation Reserve A/c." During the year, some additional sales tax liability pertaining to the period prior to acquisition date has fallen upon the Company, which has been capitalised and consequently the Revaluation Reserve has reduced.

### 9. LISTING OF SHARES

The Company's Equity Shares are duly listed with Bombay Stock



Exchange Ltd. and National Stock Exchange of India Ltd.

## 10. CORPORATE GOVERNANCE

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

## 11. PERSONNEL

### 11.1 INDUSTRIAL RELATIONS

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

### 11.2 PARTICULARS OF EMPLOYEES

List of employees 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.

## 12. PUBLIC DEPOSITS

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

## 13. 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.

## 14. AUDITORS' REPORT

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

## 15. COST AUDIT

Cost Audit records have been maintained in respect of Grey Cement and White Cement for the year 2005-06 and cost audit would be completed in respect of these units.

## 16. DIRECTORS

16.1 During the year under report Shri Ashok Sharma and Shri Achintya Karati 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 Shri Ashok Sharma and Shri Achintya Karati for the office of Director of the Company along with the requisite fees. You are requested to consider their appointment.

16.2 Your Directors, welcome the new incumbents namely Shri Ashok Sharma and Shri Achintya Karati on the Board of Directors of the Company.

16.3 Two of your Directors namely Shri R.K. Lohia and Shri Alok Dhir will retire by rotation at the ensuing Annual General Meeting and are eligible for reappointment.

## 17. RESPONSIBILITY STATEMENT

The Directors confirm that :

- 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.
- 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;
- 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
- they have prepared the annual accounts on a going concern basis.

## 18. 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 (1B) of Section 224 of the Companies Act, 1956. You are requested to consider their appointment.

## 19. 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 2005-06.

## 20. ACKNOWLEDGEMENTS

Your Directors wish to place on record their appreciation for the valuable assistance and support received by your Company from Allahabad Bank, Indian Overseas Bank, United Bank of India, Andhra Bank, Dena Bank, Indian Bank, Union Bank of India, J & K Bank, Canara Bank, Govt. of Rajasthan and Central Govt. The Board also thanks the employees at all levels for their dedication and commitment for successful operations of the Cement plants.

FOR AND ON BEHALF OF THE BOARD

Place : Kanpur  
Dated : 29th April, 2006

  
CHAIRMAN

## 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, 2006

### (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
Singhania Yadupati	52	B. Tech. (Civil)	Managing Director & C.E.O.	01.04.2004	25	72,03,600	Nil

- Notes :
- Nature of employment in respect of Shri Yadupati Singhania is contractual, where the contract is for three years expiring on 31.03.2007.
  - Remuneration includes, inter alia, value of perquisites computed on the basis of Income-Tax Rules, 1962, Company's contribution to Provident Fund, Superannuation Fund and Commission but excludes Company's contribution to Gratuity Fund.

## 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 :

### 1. 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 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, the Company is in full compliance with the norms and disclosures that have to be made.

### 2. 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, 2006 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
- Three 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, 2006, seven Board Meetings were held on the following dates : -

- (i) 26th April, 2005 (ii) 11th June, 2005, (iii) 30th July, 2005, (iv) 24th October, 2005, (v) 31st October, 2005, (vi) 26th November, 2005 and (vii) 14th January, 2006

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 the last AGM
1.	Dr. Gaur Hari Singhania	6	YES
2.	Shri Yadupati Singhania	7	YES
3.	Shri J.P. Bajpai	6	YES
4.	Shri K.N. Khandelwal	6	YES
5.	Shri R.K. Lohia	3	NO
6.	Shri Alok Dhir	3	YES
7.	Shri Ashok Sharma#	3	N.A.
8.	Shri A. Karati #	2	N.A.

# Appointed as Additional Directors w.e.f. 24.10.2005

#### (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 <i>Chairman</i>	Promoter, Non Executive, Non Independent	6	1	1
2.	Shri Yadupati Singhania <i>Managing Director</i>	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	-	-
6.	Shri R. K. Lohia	Non Executive, Independent	6	-	-
7.	Shri Ashok Sharma #	Non Executive, Independent	-	-	-
8.	Shri Achintya Karati #	Non Executive, Independent	9	-	12

# Appointed as Additional Directors w.e.f. 24.10.2005

### 3. 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 31.03.2006, 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 Alok Dhir : Non Independent,  
Non Executive Director
- (v) Shri K.N. Khandelwal : Non Independent,  
Non Executive Director



All these Directors possess knowledge of Corporate Finance/ Accounts / Company Law/ Industry. The Company Secretary is the Secretary for such meetings. The Statutory Auditors of the Company attend the meetings as special invitees.

### (iii) Meetings and Attendance

During the financial year ended 31st March, 2006 four meetings were held on 11th June, 2005, 30th July, 2005, 31st October, 2005 and 14th January, 2006.

The Committee approved and recommended the annual accounts for the year 2004-05 in their meeting held on 11th June, 2005.

The attendance at the Committee Meetings was as under :-

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

**Note :** The Audit Committee was reconstituted on 24.10.2005 to comply with the amended clause 49 of the Listing Agreement.

## 4. 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.

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 31.03.2006 comprised of :

- |                                     |  |
|-------------------------------------|--|
| (i) Shri Raj Kumar Lohia (Chairman) | : Independent<br>Non Executive<br>Director     |
| (ii) Shri J. P. Bajpai              | : Non Independent<br>Non Executive<br>Director |
| (iii) Shri Alok Dhir                | : Non Independent<br>Non Executive<br>Director |

### (iii) Meetings and Attendance

During the financial year ended 31st March, 2006 only one meeting was held on 11th June, 2005.

The attendance at the above Meeting was as under :-

Sl. No.	Name of Director	No. of Meetings attended
1.	Shri Raj Kumar Lohia (Chairman)	1
2.	Shri J. P. Bajpai	1
3.	Shri Alok Dhir	1

**Note :** The Remuneration Committee was reconstituted on 24.10.2005 to comply with the amended clause 49 of the Listing Agreement.

## (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.

## (v) Details of Remuneration to the Directors for the year ended 31st March, 2006

Sl. No.	Name of Director	Salary	Benefits*	Commis-sion	Sitting Fee	Total
1	Dr. Gaur Hari Singhania	-	-	10,00,000	1,14,000	11,14,000
2	Shri Yadupati Singhania*	17,50,000	64,793	50,00,000	-	68,14,793
3	Shri J.P. Bajpai	-	-	2,50,000	1,45,000	3,95,000
4	Shri K.N. Khandelwal	-	-	2,50,000	1,48,000	3,98,000
5	Shri Raj Kumar Lohia	-	-	2,50,000	52,000	3,02,000
6	Shri Alok Dhir**	-	-	2,50,000	24,000	2,74,000
7	Shri Ashok Sharma #	-	-	2,50,000	50,000	3,00,000
8	Shri A. Karati #	-	-	2,50,000	30,000	2,80,000

\* Benefits do not include payment of contribution to Provident Fund and Superannuation Fund, which are exempted prerequisites under Para 2 Section II Part II of Schedule XIII of the Companies Act, 1956.

# Part of the year

\* Appointment of Managing Director & CEO is for a period of 3 years i.e. upto 31.03.2007.

\*\* Shri Alok Dhir is partner of Dhir & Dhir Associates, who have professional relationship with the Company on need basis. During the year, the Company has paid Rs. 1,93,500 as professional fee.

## 5. Shareholders' Grievance Committee

### (i) Composition

The Committee as on 31.03.2006 comprised of :

- Shri J.P. Bajpai (Chairman)
- Shri K.N. Khandelwal
- Shri Raj Kumar Lohia

(ii) Mr. Manish Bajpai, Company Secretary is the Compliance Officer of the Committee.

### (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 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 549 complaints during the F.Y. 2005-06, out of which 545 complaints were redressed and 4 complaints were unresolved as at 31.03.2006. Pending complaints have been attended to after the close of the year.

## (ii) Meeting and Attendance

During the financial year ended 31st March, 2006, four meetings were held on 11th June, 2005, 30th July, 2005, 31st October, 2005 and 14th January, 2006.

The attendance at the above meetings was as under :-

Sl. No.	Name of Director	No. of Meetings attended
1.	Shri J. P. Bajpai	4
2.	Shri K. N. Khandelwal	4
3.	Shri Raj Kumar Lohia	2

## 6. General Body Meetings

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

Financial Year	Date	Time
2002 – 03	20 <sup>th</sup> September, 2003	1.30 P.M.
2003 – 04	30 <sup>th</sup> September, 2004	3.00 P.M.
2004 – 05	20 <sup>th</sup> August, 2005	12.00 Noon

Except for the last Annual General Meeting, which was held at the Auditorium of the Merchants' Chamber of U.P., all other meetings were held at the Registered Office of the Company at Kamla Tower, Kanpur.

Except two Special Resolutions regarding payment of commission to Managing Director and CEO and the 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 192 A 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 the last AGM held on 20th August, 2005 to answer the queries of the Shareholders.

Besides above, an Extraordinary General Meeting was also held on 26th November, 2005, in which two Special Resolutions were passed.

## 7. 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-a-vis the Company that have potential conflict with the interest of the Company at large,

the Company has sought legal opinion from M/s Dhir & Dhir Associates on 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.
- (iv) Compliance with the non-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 namely Shri R.K. Lohia and Shri Alok Dhir will retire by rotation at the ensuing Annual General Meeting of the Company and being eligible offer themselves for re-election. Given below are the abbreviated resumes of the aforesaid Directors pursuant to clause 49 of the listing Agreement.

- (i) **Shri R.K. Lohia**, holds a Bachelor of Arts degree in Economics from Kanpur University. He has vast experience in the fields of commerce and industry spanning over 30 years. He is a Non executive Independent director of our Company since September 30, 2004. He is a leading industrialist of Kanpur and also serves as director on the board of a number of other Indian Companies. He is the recipient of several awards, including the Excellence Award 2005 for contribution in the field of entrepreneurship. He holds the post of Director in Lohia Starlinger Limited, Lohia Sales & Services Limited, Lohia Packaging Machines Limited, Lohia Filament Machines Limited, Lohia ICBT Limited, Rohit Polytex Limited.
- (ii) **Shri Alok Dhir** holds a Bachelor of Law degree from Delhi University and is a qualified Chartered Accountant from the Institute of Chartered Accountants of India, New Delhi. He has vast experience in the financial and legal fields spanning over 21 years. He is a Non-executive Non Independent Director and has been on the Board of Directors of our Company since October 27, 2004. He has been in the practice of law for over 16 years. He is a legal advisor to leading Indian Companies and has represented corporations, banks, financial institutions and public sector undertakings before the Supreme Court and various other courts across India. He is the founder member of the AAIFR/ BIFR Bar Association of India. He is also a member of various other organizations, including FICCI, PHD Chamber of Commerce, CII, ASSOCHAM, Indian Council of Arbitration and Indo-American Chamber of Commerce. He holds the post of Director in Dhir & Dhir Assets Reconstruction and Securitization Company Limited, Shiva Consultants (P) Limited, GPI Textile Limited, Cirrus Chemicals Private Limited, Cirrus Power Private Limited, As on 31.03.2006, he was



holding 20,000 Equity shares of the Company allotted in the recent public issue of the Company.

## 8. 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, Executive as well as Non-executive 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 2005-06.

Yadupati Singhania  
(Managing Director & CEO)"

## 9. Means of Communications

The Annual, Half yearly and Quarterly results are regularly 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).

## 10. General Shareholders Information

### (i) Annual General Meeting

Date & Time : 29th July, 2006 at 12:00 Noon.

Venue : Sir Padampat Singhania Auditorium,  
Merchants' Chamber of Uttar  
Pradesh, 14/76, Civil Lines, Kanpur.

### (ii) Financial Calendar

First Quarter Results - End of July, 2006

Second Quarter Results - End of October, 2006

Third Quarter Results - End of January, 2007

Results for the year ending 31st March 2007 - By end of June, 2007

### (iii) Date of Book Closure

21st July, 2006 to 29th July, 2006 (both days inclusive)

### (iv) Dividend payment date

The Board of Directors of the Company have recommended a dividend of Rs. 1.50 per share. The dividend shall be payable on or after 29th July, 2006

### (v) Listing on Stock Exchanges

The Equity Shares of the Company are already listed with the Bombay Stock Exchange Ltd. The Equity Shares of the Company also got listed with National Stock Exchange of India Ltd. on 13.03.2006.

### (vi) Stock Code

BSE 532644  
NSE JKCEMENT  
ISIN NUMBER INE823G01014

### (vii) Market Price Data

Month	BSE			
	High	Low	Sensex High	Sensex Low
June 2005	200.00	101.00	7,228.21	6,647.36
July 2005	155.00	112.70	7,708.59	7,123.11
August 2005	164.00	116.00	7,921.39	7,537.50
Sept. 2005	166.80	140.55	8,722.17	7,818.90
Oct. 2005	153.00	131.10	8,821.84	7,656.15
Nov. 2005	163.80	138.50	9,033.99	7,891.23
Dec. 2005	180.00	152.55	9,442.98	8,769.56
Jan. 2006	176.80	160.00	9,945.19	9,158.44
Feb. 2006	178.90	165.10	10,422.65	9,713.51
March 2006	187.00	129.00	11,356.95	10,344.26

**Note :** The Equity shares of the Company got listed with BSE on 30.06.2005

### (viii) Registrar/Transfer Agent

The Company has appointed M/s J.K. Synthetics Ltd. as Registrars and Share Transfer Agents of the Company for Physical and Demat segment. The 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](mailto: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 31.3.2006**

No. of Equity Shares held	No. of Shareholders	% of Shareholders	No. of Shares held	% of Shareholding
Upto 500	125486	97.80	5702221	8.155
501 to 1000	1984	1.54	1324886	1.895
1001 to 2000	350	0.27	537383	0.768
2001 to 3000	88	0.06	218801	0.313
3001 to 4000	133	0.10	460060	0.658
4001 to 5000	45	0.03	214388	0.307
5001 to 10000	92	0.07	659095	0.943
10001 and above	127	0.09	60810416	86.962
<b>Total</b>	<b>128305</b>	<b>100.00</b>	<b>69927250</b>	<b>100.000</b>

**(xi) Category of Shareholders as on 31st March, 2006**

Category	No. of Shareholders	% of Shareholders	No. of Shares held	% of Shareholding
Promoters and Persons acting in concert	40	0.030	43046801	61.56
Mutual Funds and UTI	21	0.016	3219366	4.60
Banks, Financial Institutions	128	0.100	1349316	1.93
FIs	25	0.019	8950553	12.80
Bodies Corporate	1493	1.163	3860479	5.52
NRI/OCBs	2604	2.029	225995	0.32
Indian Public	123953	96.608	8980098	12.85
Others	41	0.032	294642	0.42
<b>Total</b>	<b>128305</b>	<b>100.000</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). The Company had made allotment of 2,00,00,000 Equity Shares of face value of Rs. 10/- to public through book building route at a premium of Rs. 138/-.

3,68,28,462 Equity Share representing 52.67% of the paid up Equity Capital of the Company have been dematerialised as on 31.03.2006.

Consequent to the follow-up offering of 2,00,00,000 Equity Shares by the Company in March, 2006, 1,42,03,298 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 12.3.2009 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 Plant	Kailash Nagar, Nimbahera, Distt. Chittorgarh
Grey Cement Plant	Mangrol, Distt. Chittorgarh
Thermal Power Plant	Bamania, Shambupura, (For captive consumption) Distt. Chittorgarh
White Cement Plant	Gotan, Distt. Nagaur

**(xv) Address for Correspondence**

J.K. Cement Ltd.,  
Share Department,  
Kamla Tower, Kanpur – 208001.  
Telephone No.: (0512) 2371478 – 81, Fax (0512) 2399854  
Email: jkshr@jkceMENTS.com  
Website: www.jkCement.com

**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 as at 31<sup>st</sup> March, 2006, 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 grievance is pending for a period exceeding one month.

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

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

**P. P. SINGH**  
Partner

Place : Kanpur  
Date : 29th April, 2006

Membership No. 72754



## 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 Dry Flyash unloading System.
- Separate Flyash silo for flyash feeding for Cement Mill No. 4.
- Optimisation of Plant Operation.
- Enlargement of riser duct area & SG fan duct modification.
- Coal bin & transport modification to stabilise coal feeding.

##### White Cement :

- Installation of Double Roller Crusher and modified clay crusher to cater the increased raw meal requirement of Kiln after 5 stage pre-heater project.
- Installation of 5 stage Pre-heater.
- Installation of Twin Drive to increase the maximum Kiln speed from 2.5 to 4.0 RPM.
- Up-gradation of Electrical Sub-station and motor control centres.

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

##### Grey Cement :

- Installation of 13.2 MW waste heat recovery power plant.
- Installation of 20 MW Petcoke based captive power plant.
- Installation of Dynamic Separator in coal mill to reduce power consumption.
- Installation of Cement Mill No. 5 with upgraded separator in Cement Mill No. 4.
- Installation of 10 MW Turbine at Bamania to replace existing 7.5 MW Turbine.

Total investment on account of above is estimated at Rs. 215 Crores.

##### White Cement :

- Installation of Pre-calciner to reduce power consumption.
- Replacement of low efficiency Kiln Inlet Seal.

Total investment on account of above is estimated at Rs. 5 Crores.

#### (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.

Measures as referred in (a) & (b) above is expected to result in lower energy consumption and reduction in cost of production.

### B. TECHNOLOGY ABSORPTION

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

##### Grey Cement :

- Coal mix optimisation.
- Bag filters provided at various locations in the plant to reduce pollution.

##### White Cement :

- Towards occupational Health & Safety resulting OSHAS-18001 Certification.
- Increased use of Petcoke.

#### (ii) Benefits derived as a result of above R & D.

##### Grey Cement :

- Reduction in cost.
- Environment cleaner.
- Smooth & continuous running of kiln & raw mill

##### White Cement :

- Consistency in quality with increased whiteness.

#### (iii) Future Action Plan

##### Grey Cement :

- Mechanical Transport system for Cement Mill No. 3 & 4 as well as for Kiln feed 1 & 2.
- Close Circuiting of Cement Mills.
- Increase use of alternate fuels.
- Stress on automation.
- Size reduction of Clinker and Limestone.

##### White Cement :

- Putty packing automation with high-speed packing machines to cater for increased market demand consistency in quality.
- Small packing automation with high-speed packing machines to cater for increased market demand and reduction in manpower cost.
- Packing machines upgrading with check weigher arrangement.
- Petcoke based thermal power plant of capacity 5 MW.

#### (iv) Expenditure on R & D.

The Research & Development activities are carried out by own team under the guidance 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.28 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.
- Condition 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

- (i) Activities relating to exports, Initiatives taken to increase exports development of new export market for products and services and export plans. } Mentioned in the main report.

#### (ii) Total foreign exchange used and earned :

- |                                   |   |                                 |
|-----------------------------------|---|---------------------------------|
| (a) Total foreign exchange used   | } | Mentioned in Notes on Accounts. |
| (b) Total foreign exchange earned |   |                                 |

**FORM-A**
**ANNEXURE**
**FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY**

Particulars	GREY CEMENT		WHITE CEMENT	
	2005 - 06	2004 - 05 (4.11.2004 to 31.03.2005)	2005 - 06	2004 - 05 (4.11.2004 to 31.03.2005)
<b>(A) POWER AND FUEL CONSUMPTION :</b>				
<b>1. ELECTRICITY</b>				
<b>(A) PURCHASED :</b>				
Units/KWH ('000)	<b>168388</b>	37084	<b>14944</b>	4422
Total Amount (Rs./Lacs)	<b>7504.96</b>	1644.92	<b>653.39</b>	194.07
Rate/Unit (Rs.)	<b>4.46</b>	4.44	<b>4.37</b>	4.39
<b>(B) OWN GENERATION :</b>				
(i) Through Diesel Generator :				
Units/KWH ('000)	<b>63225</b>	61984	<b>14028</b>	7631
Unit per Litre of Diesel/Oil	<b>4.21</b>	4.46	<b>3.87</b>	4.05
Rate/Unit (Rs.)	<b>3.67</b>	2.83	<b>4.35</b>	3.08
(ii) Through Steam Turbine Gen. Unit :				
Units/KWH ('000)	<b>104231</b>	45305	<b>NIL</b>	NIL
Unit per Litre of Oil/Coal	<b>1.05</b>	1.08	<b>N/A</b>	N/A
Rate/Unit (Rs.)	<b>3.31</b>	3.27	<b>N/A</b>	N/A
<b>2. Coal and Other alternate Fuel</b>				
Quantity (Tonnes)	<b>463704</b>	212714	<b>29960</b>	14039
Total Cost (Rs./lacs)	<b>15628.96</b>	7265.53	<b>1087.80</b>	551.17
Average Rate (Rs./Tonne)	<b>3370</b>	3416	<b>3631</b>	3926
<b>3. Furnace Oil</b>				
Quantity (K. Ltrs.)	-	-	<b>2796</b>	1008
Total Cost (Rs./Lacs)	-	-	<b>471.49</b>	126.49
Average Rate/K.Ltrs. (Rs.)	-	-	<b>16865</b>	12549
<b>4. Other/Internal Generation (For Generation of Power from D.G.Sets)</b>				
Quantity (K. Ltrs.)	<b>15020</b>	13884	<b>3628</b>	1884
Total Cost (Rs./lacs)	<b>2319.93</b>	1754.90	<b>610.66</b>	234.89
Average Rate/K.Ltrs. (Rs.)	<b>15445</b>	12640	<b>16831</b>	12468
<b>(B) CONSUMPTION PER UNIT OF PRODUCTION :</b>				
1. Electricity (Kwh/Unit)	<b>89</b>	92	<b>124</b>	121
2. Furnace Oil (K.Ltr/Unit)	-	-	<b>140</b>	153
3. Coal and other alternate Fuel (K.Cals/Kg.)	<b>768</b>	764	<b>1123</b>	1224
4. Steam/Coal (Tonne)	<b>NIL</b>	NIL	<b>N/A</b>	N/A
5. Others (Specify)	<b>N/A</b>	N/A	<b>N/A</b>	N/A



## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

### GREY CEMENT

#### INDUSTRY STRUCTURE AND DEVELOPMENT

The Indian Cement Industry is highly fragmented comprising of over 50 cement players and 130 manufacturing plants. The industry is also highly regionalized, as cement units are concentrated in clusters, close to the limestone deposits. Competition is also regionalized since low – value commodity makes transportation over long distances un-economical.

Cement demand has posted a healthy growth rate of 11.16% in tandem with strong economic growth of the country. The industry capacity was 157 million tons. The industry achieved production of 141.81 million tons in fiscal 2005–06 compared to 127.57 million tons during corresponding previous year. Growth of 11.16% is substantially higher compared to 8.57% in the previous year. In North India where the Company operates, the demand growth was at 11%. The favourable demand - supply scenario helped the price realization to improve gradually, the benefit of which was available in second half of 2005–06. Exports also contributed in accelerating the demand growth. These factors resulted in higher export volumes and provided better prices.

#### OUTLOOK

##### Industry

The prospects of cement industry over medium term are encouraging. Growth in housing sector continued to be the key demand driver on the back of fiscal incentives. Apart from roads, other infrastructure projects like ports, airports, power projects, dam & irrigation projects are expected to perk up cement demand. The Bharat Nirman Yojana for rural infrastructure such as connecting villages with pucca roads, rural housing, irrigation is expected to generate huge demand from rural India. This apart, cement demand will further receive a fillip from significant rise in industrial projects. Large Export potential shall also be a major demand driver. The Industry is expected to grow at 8–9 % in medium term. Growth in demand in North India is expected to be higher due to major construction activities underway for Common Wealth games scheduled in the year 2010.

##### Company

The Company's performance in the current fiscal is likely to show an improvement over last year on account of (a) benefits of improved realizations for whole of the year, (b) additional production due to enhancement in grinding capacity from June'06, (c) benefits of working capital facilities sanctioned in last quarter of previous year, (d) commissioning of 10 M.W. turbine during later part of the year and (e) further, increase in production of blended cement.

#### OPPORTUNITIES AND THREATS

India is the second largest producer of cement after China but its per capita consumption is very low i.e. around one third of world average and substantially lower as compared to per capita cement consumption of developing countries.

With demand expected to grow at around 8 – 9 %, additional capacity of 12 million tons per annum will be required to match the demand. With limited green field capacity addition in pipeline for next two years, country is heading towards more favourable demand – supply scenario.

However, with the increased margins there is a possibility of over bunching of capacities in the long term as some of the players have already announced new capacities and the pace of capacity addition may be higher than demand growth.

#### RISKS AND CONCERNS

Cement consumption is also a function of macro external factors such as economic growth, government policies etc. The growth in cement demand is directly co-related with economic development. In the highly unlikely event of slowdown in economy or Infrastructure development activities, cement demand could be adversely affected, which may also impact the cement prices.

Cement being a bulky material, both input and output transportation cost is significant in the industry. With international crude prices firming up, transportation cost is scaling high and high in the country. Another area of concern is transportation bottleneck due to loading restrictions. The road transportation fleet capacity has to be increased substantially to cater to increasing need of transport of cement and other industries. Further, Cement sector is directly affected by coal shortage. Coal prices too have been climbing up. Freight, power and coal being major component of cost, any increase in their prices adversely affects the profit margins of the Industry. In the state of Rajasthan various cement units are enjoying different sales tax benefit ranging from 25% to 75%. Company gets benefit at lowest slab of 25% and this differential benefit affects the margins. In the past J.K.Cement units successfully restricted the impact of increase in the cost of inputs to a large extent by implementation of modernization schemes. J.K.Cement is taking a number of initiatives with relentless thrust on cost reduction, improvement in efficiency and productivity to meet the future challenges. The impact of increase in cost is likely to be compensated by firming up of sale prices due to favourable demand – supply equation.

### WHITE CEMENT

#### INDUSTRY STRUCTURE AND DEVELOPMENT

There are three manufacturers of White Cement in India. J.K.White and Birla White have national presence, while Travancore cement is restricted to the states of Kerala and Tamil Nadu. After levy of anti – dumping duty, there have been negligible imports into India.

The Domestic White cement industry grew by around 3.6% during 2005–06 over 2004–05. There has been growth in the Exports also.

#### OPPORTUNITIES AND THREATS

White Cement has been low involvement category product, i.e. the general masses have not been involved with the applications of White Cement and still it is considered as high end product of aesthetic use. To involve the masses, there is need to go for mass media to highlight various applications and use of White Cement. As a strategic initiative at the end of 2005–06, Company decided to reach out to RURAL areas for promotion of IN – SITU application.

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.

#### SEGMENT-WISE AND PRODUCT-WISE PERFORMANCE

Small pack segment grew by about 14% over previous year. While White 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 and to encash the opportunity several new units have planned to enter the arena.

#### OUTLOOK

Efforts have been made during the year to increase the popularization of White Cement among the general public. Increased level of awareness has been tried through mass media and by personal selling. In states where mass media is unable to reach, marketing field team has 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 attempted to be popularized. Another application, of Wall Putty caught the fancy of the Engineer / Contractor / Architect fraternity and is poised for significant growth in the times to come.

#### RISKS AND CONCERNS

In case of White Cement fuel cost plays a vital role. The constant increase in the prices of fuel has been a cause of concern for the industry. Firming up of fuel prices will have a direct impact on cost of captive power generation, fuel cost and freight. Due to resistance in the market on account of poor growth rate, the chances for passing on the cost increase to the consumers remain very little.

White Cement business has a large share of trade involvement which makes it open to sell on credit. With a view to restrict level of credit at times the Company has to take risk of loosing sales. The high level of credit outstanding is an another cause of concern.

#### HIGHLIGHTS OF THE YEAR

1. Grey Cement plants capacity utilisation at the level of near to 100%.
2. Production of Blended Cement rose to 40% from around 20% (last year).
3. Increase in capacity of White Cement unit by 0.5 lac tons.
4. Sanction of Working Capital facilities for Rs.50 crores (Fund based) and Rs.15 crores (Non Fund based)
5. Raised Rs.296 crores through Public Offering of 20 million shares at a price of Rs. 148/- per share. Issue was subscribed by 1.815 times.
6. (i) With a view to have cost effective plant following schemes

for reduction in power cost have been undertaken -

- a. 13.2 M.W. Waste Heat Recovery plant to be completed by June'07
- b. 20 M.W. Pet Coke based Power plant to be completed by April '07
- c. 10 M.W. Turbine to be completed by Dec.'06

The Company expects substantial reduction in power cost (more than 50% of present cost) upon implementation of the above schemes.

(ii) Further, following schemes for expansion of capacities of Grey & White cement are in advanced stage of completion

- Grey Cement capacity expansion by 5 lac tons to be completed in June'06
- White Cement capacity expansion of 0.5 lac tons completed. Balance 0.5 lac tons to be completed by June'06

7. The WHR plant which will generate power out of hot gases emitted in the production process would be entitled for carbon credit. The project has already been registered with United Nations Framework Convention on Climate Change (UNFCCC). The Company expects substantial savings from the sale of carbon credit after implementation of the project.
8. The Company has also applied for registration of blended cement for carbon credit and formalities are likely to be completed by August'06 which will generate foreign exchange earning.

#### INTERNAL CONTROL SYSTEMS AND ADEQUACY

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 centers, regional offices and head office.

In 2005, several initiatives were undertaken to further strengthen the internal controls. A company-wide risk analysis was carried out with the help of external consultants, covering all types of risks the Company may be exposed to. A comprehensive risk mitigation program, with well documented policies, procedures and systems, is under implementation including introduction of ERP system for the Revenues.

#### HUMAN RESOURCES

The total number of permanent employees of the Company as at 31 March, 2006 was 1676. Company believes that employees are the key to achieve goals and are the primary source of competitive advantage.

Company believes that training is the 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 Centre at the plant to cater to the training needs of employees of all the cement plants in the region.

Further, 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.



## 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 31<sup>st</sup> March, 2006, 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 31<sup>st</sup> March, 2006 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31<sup>st</sup> March, 2006 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956 except Chairman and Managing Director & CEO.
  - 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 31<sup>st</sup> March, 2006;
    - (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

Place : Kanpur  
Date : 29th April, 2006

Membership No. 72754

### ANNEXURE TO THE AUDITORS' REPORT

(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 equipments.
  - (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 had granted interest free unsecured loan to a Company in the earlier years. The maximum amount involved during the year was Rs.6200 Lacs and the year end balance of such loan granted was Rs.5800 Lacs.
  - (b) The above loan is interest free and other terms and conditions on which loan have been granted to such party is 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 loan.
  - (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 systems 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 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 other material 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 31<sup>st</sup> March, 2006 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	Forum where dispute is pending
Central Sales Tax Act	Sales Tax	1277.00	1999 onwards	Appeal with D.C.S.T.
Customs Act, 1962	Custom Duty Including interest thereon.	301.37	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	111.11	October, 2001 to 17th March, 2004	Jodhpur High Court.
Mining Act	Royalty	10.07	2003-04	Mining Deptt.
Finance Act, 1944	Service Tax	97.13	October, 2005 to March, 2006	Central Excise Deptt.

- (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 banks or financial institutions.
- (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 the 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

Place : Kanpur  
Date : 29th April, 2006

Membership No. 72754



## BALANCE SHEET as at 31st March, 2006

	Schedule	31.3.2006 Rs./Lacs	31.3.2005 Rs./Lacs
<b>SOURCES OF FUNDS</b>			
Shareholders' Funds			
Capital	1	6992.72	4992.72
Reserves & Surplus	2	60434.51	34341.03
		<u>67427.23</u>	<u>39333.75</u>
Loan Funds	3		
Secured Loans		44313.91	47464.91
Unsecured Loans		13902.28	16663.44
		<u>58216.19</u>	<u>64128.35</u>
Deferred Tax Liability		1740.00	360.00
<b>TOTAL</b>		<u><b>127383.42</b></u>	<u>103822.10</u>
<b>APPLICATION OF FUNDS</b>			
Fixed Assets	4		
Gross Block		95920.18	92107.23
Less : Depreciation		6121.01	1782.54
Net Block		89799.17	90324.69
Capital Work-in-Progress		5689.72	1783.80
		<u>95488.89</u>	<u>92108.49</u>
Current Assets, Loans & Advances	5		
Inventories		8397.65	6656.45
Sundry Debtors		4613.25	4227.00
Cash & Bank Balances		28541.58	6814.76
Other Current Assets		120.13	52.99
Loans & Advances		9266.56	8969.71
		<u>50939.17</u>	<u>26720.91</u>
Less : Current Liabilities & Provisions	6		
Liabilities		17970.24	15174.54
Provisions		1264.61	—
		<u>19234.85</u>	<u>15174.54</u>
Net Current Assets		<u>31704.32</u>	<u>11546.37</u>
Miscellaneous Expenditure (to the extent not written-off or adjusted)			
Preliminary Expenses		12.64	16.87
Deferred Revenue Expenditure		177.57	150.37
<b>TOTAL</b>		<u><b>127383.42</b></u>	<u>103822.10</u>

### Notes & Contingent Liabilities

12

As per our Report attached  
For P. L.TANDON & Co.,  
Chartered Accountants

P. P. SINGH  
Partner

GAUR HARI SINGHANIA  
Chairman

YADUPATI SINGHANIA  
Managing Director & CEO

ASHOK SHARMA  
J. P. BAJPAI  
K. N. KHANDELWAL  
ALOK DHIR  
A. KARATI

} Directors

Kanpur  
Dated : 29th April, 2006

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

MANISH BAJPAI  
Secretary

## PROFIT & LOSS ACCOUNT For the year ended 31st March, 2006

	Schedule	2005-2006	2004-2005
		Rs./Lacs	Rs./Lacs
<b>INCOME</b>			
Gross Sales		110867.84	42344.23
Less : Excise Duty		16750.63	6830.97
Sales Tax		6747.27	2572.15
Net Sales		87369.94	32941.11
Other Income	7	938.08	940.53
<b>TOTAL</b>		<b>88308.02</b>	<b>33881.64</b>
<b>EXPENDITURE</b>			
Manufacturing Expenses	8	45517.00	18520.03
Payments to and Provisions for Employees	9	4120.28	1607.35
Selling, Administration and other Expenses	10	24530.58	8991.44
Interest	11	5817.40	2426.84
<b>TOTAL</b>		<b>79985.26</b>	<b>31545.66</b>
<b>Profit Before Depreciation</b>		<b>8322.76</b>	<b>2335.98</b>
Depreciation		4340.81	1782.54
Less : Transfer from Revaluation Reserve (Refer Note No.5 )		1238.98	526.28
<b>Profit Before Tax</b>		<b>5220.93</b>	<b>1079.72</b>
Provision for Tax			
Fringe Benefit Tax		150.00	0.00
Current Tax		434.00	90.00
Deferred Tax		1380.00	360.00
<b>Profit After Tax</b>		<b>3256.93</b>	<b>629.72</b>
Balance from previous year		633.39	3.67
<b>Amount Available For Appropriations</b>		<b>3890.32</b>	<b>633.39</b>
<b>APPROPRIATIONS</b>			
General Reserve		2000.00	—
Proposed Dividend		1048.91	—
Corporate Dividend Tax on above		147.11	—
Balance carried to Balance Sheet		694.30	633.39
Earning per share - Basic and Diluted (in Rs.)		6.37	1.59
Notes & Contingent Liabilities	12		

As per our Report attached  
For P. L.TANDON & Co.,  
Chartered Accountants

P. P. SINGH  
Partner

Kanpur  
Dated : 29th April, 2006

GAUR HARI SINGHANIA  
Chairman

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

YADUPATI SINGHANIA  
Managing Director & CEO

MANISH BAJPAI  
Secretary

ASHOK SHARMA  
J. P. BAJPAI  
K. N. KHANDELWAL  
ALOK DHIR  
A. KARATI

} Directors



## CASH FLOW STATEMENT for the year ended 31st March, 2006

	2005-2006 Rs./Lacs	2004-2005 Rs./Lacs
<b>a) Cash flow from operating activities</b>		
Profit before Tax as per Profit & Loss Account	5220.93	1079.72
Adjusted for :		
Depreciation	3101.83	1256.26
Deferred Revenue/Preliminary Exp.	34.73	21.12
Interest	5817.40	2426.84
Interest received	(456.14)	(492.77)
Profit on sales of investments	(11.76)	(157.85)
Impairment of assets	29.91	13.96
Loss on sale of assets(Net)	36.49	13.61
	<u>8552.46</u>	<u>3081.17</u>
Operating Profit before Working Capital Changes	13773.39	4160.89
Adjusted for :		
Trade & Other Receivables	(1046.75)	(6303.62)
Inventories	(1741.20)	(6656.45)
Trade Payable	2891.56	26258.40
	<u>103.61</u>	<u>13298.33</u>
Cash Generated from Operations	13877.00	17459.22
Adjusted for :		
Tax Paid	(397.66)	(80.00)
Deferred Revenue/Preliminary Exp. Incurred	(57.70)	(167.21)
	<u>(455.36)</u>	<u>(247.21)</u>
Net cash from operating activities	<u>13421.64</u>	<u>17212.01</u>
<b>b) Cash flow used in investing activities</b>		
Acquisition/Purchase of fixed assets including capital advances	(8426.12)	(58950.88)
Sale of fixed assets	6.45	8.91
Acquisition/Purchase of Investments	(9823.63)	(10705.12)
Sale of Investments	9835.39	10862.97
Interest Income	234.90	375.40
	<u>234.90</u>	<u>375.40</u>
Net cash used in investing activities	<u>(8173.01)</u>	<u>(58408.72)</u>
<b>c) Cash flow from financing activities</b>		
Issue of Share Capital Including Share Premium	29600.00	595.48
Deferred Sales Tax	(17.97)	956.52
Long Term Borrowings	2500.00	45000.00
Cash Credit Accounts	3314.78	-
Repayment of Long Term Borrowings	(9694.84)	(218.35)
Interest Paid	(5888.86)	(2330.90)
Vehicle Loan & Bank Overdraft against Fixed Deposits	(2038.53)	2465.33
Refund from / Advance to Associate Company	400.00	(4700.00)
Share Issue Expenses	(1696.39)	-
	<u>(1696.39)</u>	<u>-</u>
Net cash from financing activities	<u>16478.19</u>	<u>41768.08</u>
Net increase in Cash and Cash Equivalents (a+b+c)	21726.82	571.37
Opening balance of Cash and Cash Equivalents	6814.76	6243.39
Closing balance of Cash & Cash Equivalents	28541.58	6814.76

As per our Report attached  
For P. L.TANDON & Co.,  
Chartered Accountants

P. P. SINGH  
Partner

GAUR HARI SINGHANIA  
Chairman

YADUPATI SINGHANIA  
Managing Director & CEO

ASHOK SHARMA  
J. P. BAJPAI  
K. N. KHANDELWAL  
ALOK DHIR  
A. KARATI

} Directors

Kanpur  
Dated : 29th April, 2006

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

MANISH BAJPAI  
Secretary

## SCHEDULE - 1

SHARE CAPITAL	31-03-2006 Rs./Lacs	31-03-2005 Rs./Lacs
<b>AUTHORISED</b>		
8,00,00,000 Equity Shares of Rs.10/- each (Previous year 6,00,00,000 Equity Shares of Rs 10/- each)	<b>8000.00</b>	6000.00
	<u>8000.00</u>	<u>6000.00</u>
<b>ISSUED, SUBSCRIBED &amp; PAID UP</b>		
6,99,27,250 Equity Shares of Rs.10/- each (Previous Year 4,99,27,250 Equity Shares of Rs. 10/- each)	<b>6992.72</b>	4992.72
	<u>6992.72</u>	<u>4992.72</u>

## SCHEDULE - 2

### RESERVES & SURPLUS

<b>Revaluation Reserve</b>				
As per last Balance Sheet	<b>33707.64</b>		—	
Add : Addition during the year	—		34233.92	
Less : Deduction during the year	<b>632.06</b>		—	
Less : Transfer to Profit and Loss Account	<u>1238.98</u>	<b>31836.60</b>	<u>526.28</u>	33707.64
<b>Share Premium Account</b>				
Addition during the year	<b>27600.00</b>		—	
Less : Share Issue Expenses	<u>1696.39</u>	<b>25903.61</b>	—	—
<b>General Reserve</b>				
Transfer from Profit & Loss Account	<b>2000.00</b>		—	
<b>Profit &amp; Loss Account</b>				
	<b>694.30</b>		633.39	
	<u>60434.51</u>		<u>34341.03</u>	

## SCHEDULE - 3

### LOAN FUNDS

#### SECURED

Term Loans				
Consortium of Banks	<b>40891.28</b>		44999.58	
Others	<b>107.85</b>		127.19	
Cash Credit Accounts	<b>3314.78</b>		—	
Bank Overdraft	—		2338.14	
	<u>44313.91</u>		<u>47464.91</u>	

#### UNSECURED

Banks	<b>1415.46</b>		4502.00	
Others	<b>2862.48</b>		2519.13	
Deferred Sales Tax	<b>9624.34</b>		9642.31	
	<u>13902.28</u>		<u>16663.44</u>	
	<b>58216.19</b>		<u>64128.35</u>	

## SCHEDULE - 4

### FIXED ASSETS

DESCRIPTION	GROSS BLOCK				DEPRECIATION / AMORTIZATION							(Rs./Lacs)
	NET BLOCK				As at 01.04.2005	For the Year	Deductions	Upto 31.03.2006	As at 31.03.2006	As at 31.03.2005		
	As at 01.04.2005	Additions	Deductions	Revaluation							As at 31.03.2006	
Goodwill	742.70	—	—	—	742.70	30.95	74.27	—	105.22	637.48	711.75	
Freehold Land	1913.13	8.70	—	(8.70)	1913.13	—	—	—	—	1913.13	1913.13	
Leasehold Land	417.01	16.45	—	—	433.46	4.35	10.57	—	14.92	418.54	412.66	
Buildings	11169.44	332.74	10.08	(53.83)	11438.27	153.84	369.99	—	523.83	10914.44	11015.60	
Plant & Machinery	75646.67	4033.73	22.87	(558.84)	79098.69	1538.03	3746.08	0.67	5283.44	73815.25	74108.64	
Railway Sidings	992.12	9.29	—	(9.29)	992.12	18.38	44.22	—	62.60	929.52	973.74	
Rolling Stock	173.35	1.40	—	(1.40)	173.35	3.25	7.82	—	11.07	162.28	170.10	
Furniture, Fixtures and Office Equipments	503.10	41.01	—	—	544.11	13.11	33.52	—	46.63	497.48	489.99	
Vehicles	549.34	76.88	42.24	—	583.98	20.55	54.32	1.67	73.20	510.78	528.79	
Other Assets	0.37	—	—	—	0.37	0.08	0.02	—	0.10	0.27	0.29	
<b>GRAND TOTAL</b>	<b>92107.23</b>	<b>4520.20</b>	<b>75.19</b>	<b>(632.06)</b>	<b>95920.18</b>	<b>1782.54</b>	<b>4340.81</b>	<b>2.34</b>	<b>6121.01</b>	<b>89799.17</b>	<b>90324.69</b>	
Previous year's figures	—	57909.79	22.52	34219.96	92107.23	—	1782.54	—	1782.54			
Capital Work-in-progress including Capital Advances Rs. 3960.81 Lacs										5689.72	1783.80	
										<u>95488.89</u>	<u>92108.49</u>	



## SCHEDULE - 5

### CURRENT ASSETS, LOANS & ADVANCES

	31-03-2006 Rs./Lacs	31-03-2005 Rs./Lacs
<b>A. INVENTORIES</b>		
Stores, Spare parts etc.	4287.27	4107.12
Raw Materials	443.62	346.88
Goods-in-Process	2452.29	1355.17
Finished Goods	1194.71	736.61
Material-in-Transit and in Bonded Warehouses	19.76	110.67
	<u>8397.65</u>	<u>6656.45</u>
<b>B. SUNDRY DEBTORS</b>		
Debts over six months		
— Considered Good		
Secured	12.92	—
Unsecured	380.38	—
— Considered Doubtful	135.11	—
Other Debts		
— Considered Good		
Secured	182.85	152.36
Unsecured	4037.10	4074.64
— Considered Doubtful	—	72.61
	<u>4748.36</u>	<u>4299.61</u>
Less : Provision for Doubtful Debts	135.11	72.61
	<u>4613.25</u>	<u>4227.00</u>
<b>C. CASH &amp; BANK BALANCES</b>		
Cash & Cheques in hand and remittances in transit	49.75	1361.41
Balances with Scheduled Banks in :		
— Current Accounts	3211.95	1417.82
— Deposit Accounts	25279.88	4035.53
	<u>28541.58</u>	<u>6814.76</u>
<b>D. OTHER CURRENT ASSETS</b>		
Interest accrued on Deposits	120.13	52.99
<b>E. LOANS &amp; ADVANCES</b>		
UNSECURED - Considered Good Unless Otherwise Stated		
Loan - J.K.Synthetics Ltd.	5800.00	6200.00
Advances Recoverable in cash or in kind or for value to be received		
— Considered Good	1850.08	1365.65
— Considered Doubtful	0.73	—
Taxation (net of provisions)	—	57.39
Prepaid Expenses	182.03	126.76
Deposits	849.30	515.77
Balances with Custom & Excise Departments	585.15	704.14
	<u>9267.29</u>	<u>8969.71</u>
Less : Provision for Doubtful Advances	0.73	—
	<u>9266.56</u>	<u>8969.71</u>
	<u>50939.17</u>	<u>26720.91</u>
Note : Maximum amount due at any time during the year :		
Current Account with Non Scheduled Bank :		
Chittorgarh Kendriya Sahkari Bank	—	5.21

## SCHEDULE - 6

### CURRENT LIABILITIES & PROVISIONS

	31-03-2006 Rs./Lacs	31-03-2005 Rs./Lacs
<b>CURRENT LIABILITIES</b>		
Acceptances	212.87	295.49
Sundry Creditors	11471.47	11026.72
Other Liabilities	6235.95	3777.60
Temporary Book Overdraft	49.95	74.73
	<u>17970.24</u>	<u>15174.54</u>
<b>PROVISIONS</b>		
Taxation ( Net of Advance Tax & TDS )	68.59	—
Proposed Dividend on Equity Shares	1048.91	—
Corporate Dividend Tax	147.11	—
	<u>1264.61</u>	<u>—</u>
	<u>19234.85</u>	<u>15174.54</u>

## SCHEDULE - 7

### OTHER INCOME

	2005-2006 Rs./Lacs	2004-2005 Rs./Lacs
Claims Realised	55.67	22.98
Profit on Sale of Investments	11.76	157.85
Interest (Tax deducted at source Rs 57.27 Lacs Previous year Rs 69.48 Lacs)	456.14	492.77
Miscellaneous Income	414.51	266.93
	<u>938.08</u>	<u>940.53</u>

## SCHEDULE - 8

### MANUFACTURING EXPENSES

Purchase of Trading Goods	36.03		9.93
Raw Materials Consumed	9035.19		3657.28
Packing Materials Consumed	4941.90		2050.22
Stores and Spares Consumed	2494.31		1003.08
Power and Fuel	28559.81		12020.72
Repairs To :			
Plant and Machinery	1254.64		453.04
Buildings	329.63		136.75
Others	5.36		0.66
Insurance	279.55		123.08
Excise Duty	135.80		19.88
Decrease/(Increase) in Stock			
Closing Stock			
Finished Goods	1194.71		736.61
Goods-in-process	2452.29		1355.17
	<u>3647.00</u>		<u>2091.78</u>
Less :			
Opening Stock			
Finished Goods	736.61		650.33
Goods-in-process	1355.17		486.84
	<u>2091.78</u>	<u>(1555.22)</u>	<u>1137.17</u> (954.61)
		<u>45517.00</u>	<u>18520.03</u>



## SCHEDULE - 9

### PAYMENTS TO & PROVISIONS FOR EMPLOYEES

	2005-2006 Rs./Lacs	2004-2005 Rs./Lacs
Salaries, Wages and Bonus	2953.51	1068.75
Contribution to Provident and other Funds	454.59	222.84
Welfare Expenses	712.18	315.76
	<u>4120.28</u>	<u>1607.35</u>

## SCHEDULE - 10

### SELLING, ADMINISTRATION & OTHER EXPENSES

#### ADMINISTRATION AND OTHER EXPENSES :

Rent	163.25	63.12
Lease Rent	41.42	5.84
Rates and Taxes	39.53	5.22
Travelling and Conveyance Expenses	477.81	182.05
Provision for Doubtful Debts	67.99	11.25
Impairment of Fixed Assets	29.91	13.96
Expenses relating to previous year	4.48	—
Miscellaneous Expenses	2114.86	811.58
	<u>2939.25</u>	<u>1093.02</u>

#### SELLING AND DISTRIBUTION EXPENSES :

Advertisement and Publicity	959.91	365.61
Commision, Brokerage and Incentives	1182.54	703.92
Selling Expenses	675.87	231.14
Freight and Handling Outward	18773.01	6597.75
	<u>21591.33</u>	<u>7898.42</u>
	<u>24530.58</u>	<u>8991.44</u>

## SCHEDULE -11

### INTEREST

#### Interest :

On Fixed Loans	4727.12	2290.53
Others	1090.28	136.31
	<u>5817.40</u>	<u>2426.84</u>



## SCHEDULE – 12

### NOTES ON ACCOUNTS

	31.03.2006	31.03.2005
	Rs./ lacs	Rs./ lacs
<b>1. (A) CONTINGENT LIABILITIES</b>		
(i) In respect of claims against the Company not acknowledged as debts	2271.81	1680.36
(ii) In respect of claims of employees– no provision has been made as the liability is not ascertainable	<b>Indeterminate</b>	Indeterminate
(iii) 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	111.11	102.47
b) Customs duty	301.37	280.14
c) Sales tax	120.46	–
(iv) In respect of interest on “Cement Retention Price” realised in earlier years	1003.64	962.86
(B) Estimated amount of contracts remaining to be executed on capital account and not provided for	12591.40	145.95
2. Share Capital includes 74,26,950 equity shares of Rs. 10/- each allotted without payment received in cash.		
<b>3. (A) TERM LOANS</b>		
<b>(a) SECURED</b>		
(i) From Consortium of Banks– Rs. 40891.28 lacs (Rs. 44999.58 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.		
(ii) Others : Vehicles Loans : Rs. 107.85 lacs (Rs. 127.19 lacs) Secured by hypothecation of vehicles		
<b>(b) UNSECURED</b>		
Unsecured Loans (Banks) Rs. 1415.46 lacs (Rs. 4502.00 lacs) Secured by assets and Corporate Guarantee of third parties		
<b>(B) CASH CREDIT ACCOUNTS – Rs. 3314.78 lacs</b>		
Secured by first charge on current assets namely inventories, books debts etc. and second charge on fixed assets. Loans as stated in 3(A) (a) (i) & (b) and Cash Credit Accounts are also guaranteed by Managing Director.		
4. (i) Additional liability of Rs. 679.91 lacs claimed by the Sales Tax Department, Government of Rajasthan vide order dated 20.08.2005 in terms of judgement of Hon'ble Supreme Court in the matter of Sales Tax exemption benefits availed by Grey Cement Plants pertaining to the period prior to acquisition has been debited to the cost of Fixed Assets. Consequently the Revaluation Reserve has been reduced by Rs. 632.06 lacs.		
(ii) Further Government of Rajasthan has agreed to accept the payment of Sales Tax liability fallen upon the Company in view of judgement of Supreme Court in equal monthly instalments over a period of eight years, hence this liability has been shown under “Deferred Sales Tax” in Schedule 3.		
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. 1238.98 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. Title deeds of few properties acquired on transfer of undertakings are in the process of being transferred in the name of the Company.		
7. The Company had envisaged to arrange the necessary funds required for acquisition of cement undertakings through External Commercial Borrowing (ECB) and after seeking necessary approvals of RBI had deposited US Dollars 1.29 million (equivalent to Rs. 586.51 lacs) with the Escrow Agent in terms of Loan Agreement executed with ECB Lender. Due to inordinate delay in arrangement of funds through ECB, the Company arranged the funds through alternate source. The Company has taken suitable steps as permissible under the law for recovery of the amount deposited with the Escrow Agent.		
<b>8. Deferred tax assets and liabilities as on 31.03.2006 are as under : –</b>		
(a) Deferred Tax Assets	<b>31.03.2006</b>	31.03.2005
	<b>Rs/lacs</b>	Rs./lacs
(i) Provision for Doubtful Debts	45.48	24.44
(ii) Expenses deductible on payment basis	289.63	76.31
(iii) Unabsorbed Depreciation	1390.24	1558.00
(iv) Tax Credit under section 115JAA	426.85	–
	<u>2152.20</u>	<u>1658.75</u>
(b) Deferred Tax Liabilities		
Difference between book depreciation and Depreciation under Income–tax Act	<u>3892.20</u>	<u>2018.75</u>
(c) Net Deferred Tax Liabilities	<u>1740.00</u>	<u>360.00</u>



# Annual Report

9. Earning per share (EPS) :	2005-2006	2004-2005
	Rs./lacs	Rs./lacs
a) Net Profit available for Equity Share holders (Numerator used for calculation)	3256.93	629.72
b) Weighted average number of Equity Shares Used as denominator for calculating EPS	51187524	39680959
c) Basic and Diluted earnings per share of Rs.10/-	Rs. 6.37	Rs. 1.59
<b>10. Leased Assets :</b>		
A. The Company has acquired Cars on finance lease. The minimum lease rentals outstanding as on 31st March 2006 in respect of these assets are as follows :		
	<b>31.03.2006</b>	31.03.2005
	Rs./lacs	Rs./lacs
(i) Not later than one year	2.56	8.26
(ii) Later than one year and not later than five years	Nil	2.56
(iii) Later than five years	Nil	Nil
B. General Description of Leasing arrangement		
(i) Lease rentals are charged on the basis of agreed terms.		
(ii) Assets are taken on lease for a period of 3 to 5 years		
<b>11. Related Parties Disclosures :</b>		
(1) (a) Parties where the control/significant influence exists :-		
(i) Juggilal Kamapat Holding Ltd.		
(ii) Yadu International Ltd.		
(b) Key Management Personnel & 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.		
(i) J.K. Synthetics Ltd.	2005-2006	2004-2005
	Rs./lacs	Rs./lacs
— Sale of Product	0.35	0.28
— Services rendered		
— Expenses recovered	—	3.22
— Services received		
— Rent paid	19.48	6.24
— Expenses Reimbursed	109.64	80.01
— Interest received	—	210.10
— Loan given		
— Balance as at beginning	6200.00	1500.00
— Disbursed during the year	—	4700.00
— Payment received	400.00	—
— Balance as at close of the year	5800.00	6200.00
(ii) J.K. Cotton Spg. & Wvg. Mills Co. Ltd		
— Rent paid	3.60	1.50
(iii) Yadu International Ltd. (party where the control Exist)		
— Temporary Advance taken	—	1375.00
— Balance as at close of the year	—	—
(iv) J.K. Traders Ltd.		
— Guest House Expenses	—	1.20
(v) Dholera Port Ltd.		
— Balance as at close of the year	24.13	24.13
(vi) Shri Y.P. Singhania (Managing Director)		
— Temporary advance	—	245.00
— Balance as at close of the year	—	—
— Remuneration	72.69	4.92
(vii) Dr. Gaur Hari Singhania (Relative)		
— Commission	10.00	—
— Sitting Fees	1.14	0.22
12. (i) The Company has issued and allotted 2,00,00,000 equity shares of Rs. 10/- at a premium of Rs. 138/- per share. Consequently:		
a) Share capital increased by Rs. 2000 lacs		
b) Share premium increased by Rs. 27600 lacs.		

- (ii) Share issue expenses Rs. 1696.39 lacs has been adjusted against Share Premium Account.  
 (iii) Out of Rs. 29600 lacs raised through Public Offering Rs. 7690.21 Lacs have been utilised for meeting capital expenditure and share issue expenses as per objects of the issue. Balance funds are temporarily invested with banks

The Company has used the net proceeds of the issue upto 31st March, 2006 as under :-

S.No.	Particulars	Expenditure incurred (Rs./lacs)
(i)	Installation of waste heat recovery power plant of 13 MW capacity	2057.42
(ii)	Installation of 20 MW petcoke based captive power plant	1736.99
(iii)	Replacement of an existing turbine with a new 10 MW turbine	156.66
(iv)	Increase in the grinding and production capacity at the grey cement plant	1298.75
(v)	Increase in the production capacity at the white cement plant	244.00
(vi)	General Corporate purposes	500.00
(vi)	Share Issue Expenses	1696.39
	<b>TOTAL</b>	<b>7690.21</b>

13. The total future liability for retiring gratuity payable in accordance with the Payment of Gratuity Act has been actuarially determined as on 31st March, 2006 at Rs.1480.85 lacs. The Company is in process of completing the formalities for creation of new Trust. Hence the funds pertaining to its employees are still continuing with J.K. Synthetics Employees Gratuity Trust Fund. Considering the funds available with above Trust no provision has been considered necessary.

14. Sundry Creditors include dues to Small Scale Undertakings Rs. 239 lacs (Rs.36.80 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, 2006 are :-

(1) Agro International (2) Aqua Alloys P. Ltd (3) Bhilwara Refractory Pvt. Ltd (4) Control Print(India) Ltd (5) Electro Megnetic Industries (6) Gupta Engineering Works (7) Hankhul Packwell (P) Ltd (8) International Pumps (9)International Greetings Pvt. Ltd (10) Jagjiwan Enchem Udyog Ltd (11) Kishan Refractories Ltd (12) Manel Sons (13) Mouldvel Rubber Industries (14) MBM Engineer (I) Ltd (15) M.M. Fabricators P. Ltd (16) Osna Eletronics P. Ltd (17) Pyrotech Electronics Pvt. Ltd (18) Priyadarshini Polysacks Ltd (19) Regnant System Sunpek Industries (20) Spillban Conveyor Equipment P. Ltd (21) Somi Conveyor Belting(22) Tempsens Instrumentation Pvt. Ltd (23) Tirupati Safety Works (24) Transport Handling & Equipment Manufacturing Company.

**15. Managerial Remuneration paid/payable to Directors :**

	2005-2006 Rs./lacs	2004-2005 Rs./lacs
Managing Director :		
Remuneration	17.50	4.20
Contribution to P.F. & Superannuation Fund	4.54	0.59
Perquisites	0.65	0.13
Commission	50.00	-
Total (a)	72.69	4.92
Non Whole Time Directors		
Sitting Fees	5.63	1.01
Commission	25.00	-
Total (b)	30.63	1.01
TOTAL (a+b)	103.32	5.93
Computation under Section 349 of the Companies Act, 1956		
Profit before Taxes	5220.93	
Add :		
(a) Managerial Remuneration	103.32	
(b) Provision for Bad and Doubtful Debts and advances	67.99	
	5392.24	
Less :		
Profit on sale of Investments	11.76	
Profit as per section 349 of the Companies Act,1956	5380.48	
Commission : determined by Board of Directors		
(a) Managing Director	50.00	
(b) Non Whole Time Directors	25.00	

**16. Remuneration to Auditors**

	2005-2006 Rs./lacs	2004-2005 Rs./lacs
(a) Audit Fees	5.50	2.00
(b) In Other Capacity	3.69	-
(c) Reimbursement of Out of Pocket expenses	0.47	0.29
(The above excludes fees of Rs. 6.50 lacs for services rendered in connection with issue of shares charged to Share Premium Account)		

17. The Company is engaged only in cement business and there are no separate reportable segments as per AS-17.  
 18. Previous year's figures have been restated/regrouped wherever necessary to conform to the classification of the year.  
 19. Figures in Profit & Loss Account for the current year are not comparable with previous year as the Cement Undertakings were acquired by the Company on 04.11.2004.  
 20. Schedules 1 to 12 and Significant Accounting Policies form integral part of the accounts and have been duly authenticated.



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

2005-2006  
(Rs. in Lacs)

### A. CAPACITY, TURNOVER, PRODUCTION & STOCKS :

Sl. No.	Class of Goods Manufactured	Unit	Installed* capacity per annum	Opening Stock		Actual Production	Turnover		Closing Quantity	Stock Value
				Quantity	Value		Quantity	Value		
1.	PORTLAND/POZZALANA CEMENT	M.T.	3550000 (3550000)	8560 (13771)	137.28 (256.59)	3511022 (1424705)	3510580 (1429916)	92216.09 (34934.63)	9002 (8560)	151.67 (137.28)
2.	WHITE CEMENT	M.T.	350000 (300000)	9835 (5924)	518.06 (311.57)	226729 (100679)	221428 (96768)	15984.48 (6736.01)	15136 (9835)	823.49 (518.06)
3.	OTHERS				81.27 (-)			2667.27 (673.59)		219.55 (81.27)
					736.61 (568.16)			110867.84 (42,344.23)		1194.71 (736.61)

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 04.11.2004 to 31.03.2005 and are within bracket

\* As certified by the management.

### B. RAW MATERIAL CONSUMED :

Name of Material	Unit	2005-2006		2004-2005	
		Quantity	Value (Rs./Lacs)	Quantity	Value (Rs./Lacs)
Lime Stone	M.T.	4724058	4558.34	2117305	2395.15
Red Ochre	M.T.	327648	916.97	142624	376.91
Gypsum/Selenite	M.T.	195165	1312.47	59169	372.52
Clay	M.T.	35978	149.76	16638	63.28
Fly Ash	M.T.	254046	983.22	54839	194.69
Others #			1114.43		254.73
			9035.19		3657.28

# Includes consumption of own production

	2005-2006 Rs./Lacs	2004-2005 Rs./Lacs
<b>C. C.I.F. VALUE OF IMPORTS</b>		
a) Raw Materials	-	-
b) Components, Stores & Spare Parts	594.38	336.41
c) Capital Goods	-	6.69
	<u>594.38</u>	<u>343.10</u>

	2005-2006 Rs./Lacs	2004-2005 Rs./Lacs
<b>D. EXPENDITURE IN FOREIGN CURRENCY</b> (On accrual basis)		
a) Know-how/Technical Service Fee	5.60	3.57
b) Others	87.61	24.82
	<u>93.21</u>	<u>28.39</u>
<b>E. VALUE OF RAW MATERIALS, STORES &amp; SPARE PARTS ETC. CONSUMED</b>		
a) Raw Materials		
i) Imported Value	-	-
% of total consumption	-	-
ii) Indigenous value	9035.19	3657.28
% of total consumption	<u>100.00%</u>	<u>100.00%</u>
	<u>9035.19</u>	<u>3657.28</u>
b) Stores & Spare Parts etc. (including Packing Material)		
i) Imported Value	562.93	253.33
% of total consumption	7.56	8.30
ii) Indigenous value	6873.28	2799.97
% of total consumption	<u>92.44</u>	<u>91.70</u>
	<u>7436.21</u>	<u>3053.30</u>
<b>F. EARNING IN FOREIGN EXCHANGE</b>		
a) Export of Goods Calculated on FOB Value	897.87	368.99
b) Technical service fee	-	-
c) Interest & Dividends	-	-
d) Others (Commission)	-	-
	<u>897.87</u>	<u>368.99</u>

As per our Report attached  
For P. L.TANDON & Co.,  
Chartered Accountants

P. P. SINGH  
Partner

GAUR HARI SINGHANIA  
Chairman

YADUPATI SINGHANIA  
Managing Director & CEO

ASHOK SHARMA  
J. P. BAJPAI  
K. N. KHANDELWAL  
ALOK DHIR  
A. KARATI

} Directors

Kanpur  
Dated : 29th April, 2006

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

MANISH BAJPAI  
Secretary



## 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 comprise 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 and Provision for Leave encashment are made on the basis of actuarial valuation 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.

### 8. Borrowing Cost :

Interest and other costs in connection with the borrowing of the funds to the extent related/attribution 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. 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.

### 10. 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.

### 11. Contingent Liabilities :

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

**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 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     

Kanpur      GAUR HARI SINGHANIA      YADUPATI SINGHANIA      ASHOK SHARMA  
    Chairman      Managing Director & CEO      J. P. BAJPAI  
    A.K. SARAOGI      MANISH BAJPAI      K. N. KHANDELWAL  
    President (Corp.Affairs) & CFO      Secretary      ALOK DHIR  
              A. KARATI

} Directors

Dated : 29th April, 2006

# J. K. CEMENT LIMITED

Regd. Office : Kamla Tower, Kanpur - 208 001

## ATTENDANCE SLIP

PLEASE FILL ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING HALL.

DP. Id*	
---------	--

Folio No.	
-----------	--

Client Id*	
------------	--

NAME AND ADDRESS OF THE SHAREHOLDER .....

.....

Number of Shares held : .....

I hereby record my presence at the ANNUAL GENERAL MEETING of the Company to be held on Saturday, the 29th July, 2006 at 12.00 Noon in the Sir Padampat Singhanian Auditorium of the Merchants' Chamber of Uttar Pradesh, 14/76, Civil Lines, Kanpur.

\* Applicable for Investors holding Shares in electronic form.

\*\* Strike out whichever is not applicable.

SIGNATURE OF THE SHAREHOLDER OR PROXY\*\*

..... CUT HERE .....

# J. K. CEMENT LIMITED

Regd. Office : Kamla Tower, Kanpur - 208 001

## PROXY FORM

DP. Id*	
---------	--

Folio No.	
-----------	--

Client Id*	
------------	--

I/We .....

being a Member/Members of J. K. Cement Limited hereby appoint .....

..... of .....

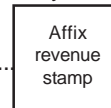
or (failing him) ..... of .....

or (failing him) ..... of .....

as my/our Proxy to attend and vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held on Saturday, the 29th July, 2006 at 12.00 Noon and at any adjournment thereof.

Signed this.....day of.....2006

Signature.....



\* Applicable for Investors holding Shares in electronic form.

**Note :** The Proxy Form must be deposited at the Registered Office of the Company at Kamla Tower, Kanpur-208001 not less than 48 hours before the time for holding the meeting. The Proxy need not be a member of the Company.

CUT HERE