



For the Long Term



JK Cement LTD.
Abridged Annual Report 2009-10

Celebrating 125 years of a legend



Lala Kamlapat Singhania

Founder - J.K. Organisation
7th November, 1884 – 31st May, 1937

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CORPORATE INFORMATION

CHAIRMAN

Dr. Gaur Hari Singhania

MANAGING DIRECTOR & CEO

Yadupati Singhania

DIRECTORS

Ashok Sharma

Achintya Karati

Jyoti Prasad Bajpai

Jayant Narayan Godbole

Dr. Krishna Bihari Agarwal

Kailash Nath Khandelwal

Raj Kumar Lohia

Suparas Bhandari

AUDITORS

M /s. P. L. Tandon & Co.

Chartered Accountants

Westcott Building,

The Mall, Kanpur - 208 001.

REGISTRAR & SHARE TRANSFER AGENT

J. K. Synthetics Ltd.

Kamla Tower,

Kanpur – 208 001

Email: jkshr@jkcement.com

CENTRAL MARKETING OFFICE

Ghalib Institute, Mata Sundari Lane,

New Delhi – 110 002.

PLANTS

Grey Cement Plants

Kailash Nagar, Nimbahera, Dist. Chittorgarh, Rajasthan

Mangrol, Dist. Chittorgarh, Rajasthan

Gotan, Dist. Nagaur, Rajasthan

Muddapur, Dist. Bagalkot, Karnataka

White Cement Plant

Gotan, Dist. Nagaur, Rajasthan

Thermal Power Plants

Bamania, Shambhupura, Dist. Chittorgarh, Rajasthan

Kailash Nagar, Nimbahera, Dist. Chittorgarh, Rajasthan

Gotan, Dist. Nagaur, Rajasthan

Muddapur, Dist. Bagalkot, Karnataka

Waste Heat Recovery Power Plant

Kailash Nagar, Nimbahera, Dist. Chittorgarh, Rajasthan

KEY MANAGEMENT PERSONNEL

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

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

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

B. K. Arora, **President (Works) – White Cement**

D. Ravishanker, **President (Works) – Grey Cement**

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

R. C. Shukla, **President (Marketing) – Grey Cement**

V. P. Singh, **President (Marketing) – White Cement**

COMPANY SECRETARY

Shambhu Singh

BANKERS

Allahabad Bank

Andhra Bank

Canara Bank

Dena Bank

Exim Bank

IDBI Bank Ltd.

Indian Bank

Indian Overseas Bank

Jammu & Kashmir Bank

United Bank of India

REGISTERED OFFICE

Kamla Tower,

Kanpur - 208 001.

NOTICE

Notice is hereby given that the Sixteenth Annual General Meeting of J.K. CEMENT LIMITED will be held at Sir Padampat Singhanian Auditorium of the Merchants' Chamber of Uttar Pradesh, 14/76, Civil Lines, Kanpur on Saturday the 31st July, 2010 at 12.00 Noon. to transact the following business

1. To receive, consider and adopt the audited Balance Sheet as at 31st March, 2010, Profit and Loss Account for the year ended on that date and the Reports of the Board of Directors and Auditors thereon.
2. To confirm the interim dividend and declare final Dividend on Equity Shares.
3. To appoint a Director in place of Shri K. N. Khandelwal, 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 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.
5. To appoint a Director in place of Shri Achintya Karati, 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.
6. 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

7. **"RESOLVED THAT** pursuant to the provisions of Section 293(1)(d) and all other applicable provisions, if any, of the Companies Act, 1956 and pursuant to the provisions of the Articles of Association of the Company and in partial modification to the earlier resolution(s) passed in this regard, consent of the Company be and is hereby accorded to the Board of Directors of the Company to borrow in any manner from time to time any sum or sums of moneys at its discretion on such terms and conditions as the Board of Directors may deem fit, notwithstanding that the moneys to be borrowed by the Company together with the moneys already borrowed (apart from temporary loans obtained from the Company's Bankers in the ordinary course of business) from the financial institutions, Company's bankers and/or from any person or persons, firms, bodies corporate whether by way of loans, advances, deposits, bill discounting, issue of debentures, bonds or any financial instruments or otherwise and whether secured or unsecured which may exceed the aggregate of the paid up capital of the Company and its free reserves that is to say, reserves not set apart for any specific purpose, provided that the maximum amount of money so borrowed by the Board and outstanding at any one time shall not exceed the sum of Rs.3500 crores (Rupees three thousand five hundred crores only)."

"RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board of Directors be and is hereby authorised to do and perform all such acts, deeds matters and things as it may in its absolute discretion deem necessary, proper or desirable and to settle any question, difficulty, doubt that may arise in respect of the borrowing(s) aforesaid and also to delegate all or any of the above powers to such Committee of Directors or the Managing Director or the Director or the Principal Officer of the Company and further to do all such acts, deeds and things and to execute all documents and writings as may be necessary, proper, desirable or expedient to give effect to this resolution".

8. **"RESOLVED THAT** pursuant to the provisions of Section 293(1)(a) and all other applicable provisions, if any, of the Companies Act, 1956, and in partial modification to the earlier resolution(s) passed in this regard, consent of the Company be and is hereby accorded to the Board of Directors of the Company to create mortgages/charges/ hypothecation in any manner whatsoever on all or any of the immovable and movable properties of the Company present and future, of the whole or substantially the whole of the undertaking of the Company, ranking pari-passu or otherwise and/or second and/or subservient and/or subordinate to the mortgages/charges/hypothecation already created or to be created in future by the Company for securing any loans and/or advances and/or guarantees and/or any financial assistance obtained or may be obtained from financial institutions, banks or machinery suppliers and/or any other persons or institutions providing finance for purchase of assets and/or for the business of the Company or for working capital or for purchase of specific items of machinery and equipments under any deferred payment scheme or bills discounting scheme or in favour of trustees for Debentureholders/Bondholders/FCCB holders that may be appointed

hereafter, as security for the debentures / bonds /FCCBs that may be issued by the Company, with power to take over the management, business and concern thereof in certain events of default, on such terms and conditions and at such times and in such form and manner as the Board of Directors may deem fit, so that the total outstanding amount at any time so secured shall not exceed the aggregate of the amounts consented by the Company by the Resolution passed at this meeting pursuant to Section 293(1)(d) of the Companies Act, 1956 i.e. Rs.3500 crores (Rupees three thousand five hundred crores only) together with interest thereon and further interest, if any, cost, charges, expenses, remuneration payable to the trustees and all other monies payable by the Company”.

“RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to and cause to prepare, finalise, approve and execute on behalf of the Company with the lenders, banks, machinery suppliers, persons, institutions and trustees for the Debenture/Bond/FCCB holders, the documents, deeds, agreements, declarations, undertakings and writings as may be necessary and expedient for giving effect to the foregoing resolution and also to delegate all or any of the above powers to the Committee of Directors or the Managing Director or the Director or the Principal Officer of the Company”.

AS SPECIAL RESOLUTION

9. **“RESOLVED THAT** pursuant to the provisions of Section 198 and 309 of the Companies Act, 1956 and in accordance with Article 130(2) of the Articles of Association of the Company and subject to the approval of the Central Government, if required, the Non-executive Directors of the Company be and are hereby authorised to receive remuneration jointly for a period of five years commencing from the Financial Year 2010-11, by way of commission not exceeding 1% of the net profit of the Company in each year computed in the manner laid down under section 349 and 350 of the Companies Act, 1956; AND THAT the said commission be apportioned amongst the Directors in such proportion as the Board may determine from year to year.”

“RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to decide that for any year or years such payment by way of commission not be made or be foregone in respect of all or any Director(s).”

BY ORDER OF THE BOARD

Shambhu Singh

Company Secretary

PLACE : Kanpur

DATED: May 29, 2010

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 item No. 7, 8 and 9 of the accompanying notice dated 29th May, 2010, is annexed hereto.
4. The Register of Members and Share Transfer Books of the Company will remain closed from Tuesday 20th July, 2010 to Saturday 31st July, 2010 (both days inclusive)
5. The dividend as recommended by the Board of Directors and approved by the members shall be paid to those members, whose names shall appear on the Company's Register of Members on 31st July, 2010. In respect of shares in electronic form, the dividend will be payable on the basis of beneficial ownership as per details to be 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 Registrar & Share Transfer Agent in respect of their shareholding in physical segment by mentioning folio nos., etc.
7. Members are requested to convert their share lying in physical form to the Demat form for easy transferability of shares. For any help the shareholders may contact the Company Secretary at mail id. shambhu.singh@jkcement.com

8. Members are requested to bring their copies of the Annual Report, as Copies of the Report will not be re-distributed at the Meeting.
9. 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.
10. 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 Physical/Dematerialised Form, are requested to bring their Folio No./ Depository Account Number and Client I.D. Number for identification.
11. Pursuant to clause 49 of the Listing Agreement relating to Corporate Governance, the particulars of Directors proposed to be appointed or re-appointed are given in the Report on Corporate Governance attached to the Directors' Report.

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

Item No. 7 & 8

As per resolutions passed by the Shareholders under Sections 293(1)(d) and 293(1)(a) of the Companies Act, 1956 at the Annual General Meeting held on 31st July, 2010, the Board of Directors was authorised to borrow money upto a limit not exceeding Rs. 2000 Crores.

Moreover, in the Annual General Meeting held on 10th June, 2009 of Jaykaycem Ltd, the erstwhile wholly owned subsidiary of the Company resolutions under the provisions of Section 293(1)(d) and 293(1)(a) of the Companies Act were passed by the Shareholders authorising the Board of Directors to borrow money upto a limit not exceeding Rs. 1500 Crores

Pursuant to the Scheme of Amalgamation approved by the Hon'ble High Court of Judicature at Allahabad on 4.8.09 the erstwhile Jaykaycem Limited stands merged and/or amalgamated with the Company with effect from 24.08.09 i.e. the date on which the Hon'ble High Court Order dated 4.8.09 filed/e-filed with Registrar of Companies, Kanpur and/or Ministry of Corporate Affairs. As per Clause 3.6.1(ii) of the Sanctioned Scheme, the borrowing power of erstwhile Jaykaycem Limited also stands merged with the borrowing powers of the Company. In other words, the present borrowing power of the Company stands at Rs.3,500 Crores. However, the present resolutions are being put up for approval for a combined limit of Rs.3,500 Crores.

The resolution at item no. 7 and 8 are, therefore, recommended for your approval. None of the Directors of the Company is concerned or interested in the aforesaid resolution.

Item No. 9

The Non-executive Directors of your Company are paid only sitting fee for attending the meetings of the Board of Directors and meetings of other sub-committees of the Board.

Considering that in the present scenario with various rules, guidelines, regulations and directions as issued from time to time by the Securities & Exchange Board of India, the Companies Act, 1956, the National Stock Exchange and Bombay Stock Exchange and other authorities, the Non-executive Directors have onerous duties and responsibilities and have to devote considerable time and energy for the conduct of the business of the Company. In view of the above your Board of Directors have deemed fit to remunerate the Non-executive Directors by way of Commission upto 1% of net profits of the Company for a further period of five years commencing from the financial year 2010-11.

The resolution at item No.9 is therefore recommended for your approval.

All the Directors except Shri Yadupati Singhania may be deemed to be concerned or interested in the resolution.

BY ORDER OF THE BOARD

Shambhu Singh

Company Secretary

PLACE : Kanpur

DATED: May 29, 2010

CHAIRMAN'S MESSAGE



GAUR HARI SINGHANIA
Chairman

Dear Shareholders

This year, we celebrated the 125th Birth Anniversary of Lala Kamlapat Singhania, the iconic founder of the J.K. Organisation. The celebrations were an occasion for us to rededicate ourselves to his grand vision and ideals.

Indeed, for all these years, we have focused on building growth capacity for our nation, and relationships with our stakeholders. Our approach is therefore always to build long-term value for all that engage with us. This is amply reflected in our performance too, if we see the consistent growth, expansion and value augmentation that we have reported in the five years since our IPO. There has been consistent capacity growth, improvement in efficiency, augmentation of power-generation capacity, improving margins. One element however has remained unchanged – our relationships. We surely have built new ones, but have grown and strengthened the existing ones.

The fiscal 2009-10 has been a year of renewal of confidence and optimism in the Indian economy, as it has rebounded strongly from the impact of the global financial crisis and demonstrated its inherent strength and growth potential. We believe that we can look forward to a period of sustained growth driven by India's strong domestic fundamentals.

“There has been consistent capacity growth, improvement in efficiency, augmentation of power-generation capacity, improving margins. One element however has remained unchanged – our relationships. We surely have built new ones, but have grown and strengthened the existing ones.”

“Going ahead, we will continue to focus on growing our cement manufacturing capacity, and on our portfolio of value-added products . We will also look to becoming more geographically diversified, in order to have a more balanced and de-risked growth going ahead.”

During the year we took several proactive steps to increase productivity and efficiencies which has clearly reflected in through our improved financial results despite increase in input costs and moderate demand growth, which picked up only from the third quarter. We are also streamlining offerings to focus on higher volume and more profitable markets while reducing complexity and costs. We have improved our safety performance thus created a safer, more productive workplace for our people.

We have taken several initiatives to enhance our brand equity and visibility. Further, we built a distribution network in the Southern and Western regions and also strengthened our existing distribution network in sub-urban and rural areas to cater to robust housing sector demand.

We commissioned our greenfield grey cement plant at Karnataka with installed capacity of 3 Million Tonnes per annum in September 2009

and started commercial dispatches from October 2009. Along with that we commissioned a 50 MW coal based Captive Power Plant at the Karnataka unit. We also celebrated the silver jubilee of our White Cement Plant at Gotan, the first limestone-based White Cement Plant in India. Therefore, while we added newer capacities, we also reached milestones in our existing ones.

J.K. Cement is positioned well for the long term due to our financial strength, superior quality product with an enhanced brand name, a proven business strategy that has helped us to succeed in strong and weak economic environments, and a dedicated team of people working together to achieve our business goals. Going ahead, we will continue to focus on growing our cement manufacturing capacity, and on our portfolio of value-added products . We will also look to becoming more geographically diversified, in order to have a more balanced and de-risked growth going ahead.

I wish to thank all people at J.K. Cement for their personal commitment and efforts in making 2009-10 another successful year for your Company, and express appreciation for the support of our customers, suppliers, shareholders and directors.

Warm Regards



GAUR HARI SINGHANIA

Chairman

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

INDIAN ECONOMY

The Indian economic growth rate has been quite rapid compared to other emerging economies primarily due to higher reliance on domestic demand. Recording a decent 7.2 percent growth in 2009-2010, indicated fast-paced recovery by the Indian economy and it continued to be the second fastest growing economy after China. The growth trajectory is expected to continue on the back of strong domestic demand and huge outlay on infrastructure planned by the Government. Government aims to increase the infrastructure spending to 9% of the GDP by 2012 compared to 5.5% at present. The spending on the infrastructure is likely to benefit the revenue and earnings growth of many related sectors.

The long-term domestic outlook remains buoyant with the progressive reforms, increasing FDI, robust investments, growing incomes and aspirations.



CEMENT INDUSTRY STRUCTURE AND DEVELOPMENT

Grey Cement

The forecasts for Cement Industry were (1) substantial capacity addition and (2) no sign of significant demand growth on account of impact of slowdown on the construction and the Cement Industry. However, these forecasts did not come true. Although the real estate sector in metros did witness a slowdown due to liquidity crisis, this was compensated by increased infrastructure spending as part of the stimulus package and increased demand from rural and semi – urban housing, low cost housing initiatives etc. Consequently, Cement demand has posted a growth rate of 8% during the year. The capacity addition during the year was 37 million tonnes despite cancellation / postponement of some of the projects.

However, the effective supply was much less due to delays in commissioning and stabilisation of various units. Consequently, the capacity utilization level in 2009 - 10 remained at 85% and this has eased pressure on selling prices.

White Cement

The world-wide White Cement Industry size is about one per cent of Grey Cement Industry and in India it is much less than compared to the Grey Cement Industry size of about 260 million tonne per annum.

Unlike Grey Cement, the White Cement Industry in India is highly concentrated. There are only three manufacturers of White Cement in India out of which Tranvancore Cement produces around 24,000 tonnes per annum and the entire production is sold in Kerala and borders of Tamil Nadu, whereas JK White and Birla White two largest players are having national presence and account for the substantial majority of India's production capacity. Consequently, prices of White Cement have been relatively less volatile.

Despite economic slowdown, Domestic White Cement industry posted growth of 12% during 2009-10.

Wall Putty also continued to find increasing acceptance from the end consumers and recorded significant growth in FY10 over FY09. The Company's Putty sales have increased by 47% during 2009 - 10.

OUTLOOK

Economy

Indian economy is well positioned to quickly get back to a sustainable high growth trajectory with inherent advantages of strong domestic consumption, low export dependence, political stability and regulated financial sector. Thus, it is less vulnerable to the roll back of stimulus measures and overall economic outlook is favourable with some concern of inflationary pressure particularly of food prices.

Industry

Rising housing construction in the rural and urban real estate sector, affordable housing and infrastructure development will be the key demand drivers. Therefore, cement demand is expected to grow at a steady pace of 9 – 10% during next few years.

There will be significant capacity addition of 40 – 50 million tonnes in 2010 -11, more than 50% of which is coming up in Southern and Western regions. These capacity additions

may create surplus in some parts of the country and therefore, pressure on selling prices are inevitable in certain markets. However, with the high economic growth rate and robust demand, supplies from new capacities may get absorbed without major disruption.

DEMAND DRIVERS

Infrastructure

The infrastructure sector received strong impetus in the Union Budget 2010-11 on account of the following:

- ❖ Rs. 1,73,552 crore provided for infrastructure development which accounts for over 46% of the total plan allocation
- ❖ Allocation for road transport increased by over 13% from Rs. 17,520 crore to Rs. 19,894 crore
- ❖ Rs. 16,752 crore provided for railways, which is about Rs. 950 crore more than last year.

Urban development and housing

The real estate sector in the country is one of great importance; an estimated shortage of 26.53 million houses during the Eleventh Five Year Plan (2007-12) provides a big investment opportunity. In the Union Budget 2010-11 the following announcements with regard to the real estate sector:

- ❖ Allocation for urban development increased by more than 75 per cent from Rs. 3,060 crore to Rs. 5,400 crore in 2010-11.
- ❖ Allocation for Housing and Urban Poverty Alleviation was raised from Rs. 850 crore to Rs. 1,000 crore in 2010-11.
- ❖ Scheme of one per cent interest subvention on housing loan upto Rs. 10 lakh, here the cost of the house does not exceed Rs. 20 lakh — announced in the last Budget — extended up to March 31, 2011. Rs. 700 crore provided for this scheme for the year 2010-11.
- ❖ Rs. 1,270 crore allocated for Rajiv Awas Yojana as compared to Rs. 150 crore last year.





Slum Rehabilitation

With more than 20% of India's urban population living in slums, slum rehabilitation has assumed major significance for the Government to ensure inclusive growth. The Jawaharlal Nehru National Urban Renewal Mission is playing a vital role in slum improvement and in-situ slum rehabilitation. It aims to provide shelter to the urban poor at their present location or near their place of work. Under slum rehabilitation, each eligible slum dweller will get a residential unit of 250-270 sq ft each. To attract private investment in slum rehabilitation, there will be consideration of transferable development rights (TDR) and additional floor area ratio (FAR) in provision of shelter to the poor. Rehabilitation of slum dwellers can provide a significant demand pull, as providing permanent housing to 62 million people (~12.4 million households) would consume 75 mt-80 mt of Cement. Besides, construction pertaining to TDR/FAR for rehabilitation could enhance Cement consumption.

ABOUT J K CEMENT

Grey Cement

The Company's performance in the current fiscal is likely to show an improvement over the last year on account of stabilized additional production for full year from the Greenfield Grey Cement plant in Karnataka. Besides Northern and Central region, Company has extended its marketing area to the Western and Southern parts of the country and is poised to position itself better from regional to national player.

White Cement

The outlook for White Cement and Wall Putty for 2010 -11 is positive. Efforts have been made to increase Brand loyalty, popularization of the applications of White Cement by word of mouth campaigns and Advertisement / Sales promotion. There is still vast scope for growth of Wall Putty - on a conservative estimate, 90% of household in the country continue to use Plaster of Paris.

OPPORTUNITIES AND THREATS

Grey Cement

Growth of GDP and Cement consumption has a correlation and Cement growth is normally 2% over the GDP growth. Demand will be driven by Government's continued thrust on infrastructure development and its stimulus packages to boost rural and other sectors. Infrastructural development is need of the nation, this along with rising housing construction as well as expansion of affordable housing provision will accelerate construction activity. Improvement in global scenario could also provide impetus to economic growth and Cement demand.

Though Indian economy has strong fundamentals, it has also witnessed impact of slowdown on growth. If demand growth is hampered due to loss of impetus to implement infrastructure development programmes and/or escalating inflationary pressures, the oversupply could potentially become a significant issue.

White Cement

Looking to low White Cement consumption as compared to international consumption rate there is immense opportunity to increase the White Cement growth. With economic recovery in 2009 – 10 and improvement in scenario of White Cement and Wall Putty, both the products are expected to record even better growth rate in 2010 -11 on the back of Government policies to encourage growth, particularly in infrastructure sector.

White Cement is a complementary product in construction industry and faces a major threat from competing products. For instance, White Cement Paint Industry growth remain static due to more usage of new generation polymer based exterior paints. Value Addition of polymer based paints are perceived to be much higher than cement based paints. The perception of mosaic tiles continues to be low compared to substitutes such as marble, ceramic and vitrified tiles, granite, which enjoys high esteem value due to attractive designs, shades availability and less time taken to complete the floor.

There is growth of Regional Cement based Putty manufacturers who will promote their product as a brand. Moreover, there is mushrooming growth of low cost non White Cement based Putty manufacturers.

Risks and Concerns

Concerns of the Indian Cement Industry are high cost of Power and Coal/Pet coke, high freight cost, inadequate infrastructure, non availability of Wagons, poor quality of Coal and Taxes/Royalty levies.

Coal is the primary input for Cement production and Captive power generation. Availability of Coal against linkages and its quality is erratic affecting productivity. Prices of Petcoke available from domestic sources have parity with international Coal prices and therefore, volatility in the prices have been witnessed during last fiscal. Hence, getting continuous supplies of indigenous Coal of consistent quality remains a key area of concern. A Coal Block has been allotted to the Company jointly with two other partners but it will take few years to start production from the block.

Inward / Outward freight is also a substantial cost depending upon volatile crude prices.

Further, road and rail infrastructure development is vital for movement of Cement as well as for bringing fuel and other input materials to the production facilities cost effectively. With the ever increasing volumes of Cement it is even more critical. A shortage of railway wagons has also posed a major logistic constraint.



There have been delays in commissioning of expansion projects and some cancellations also due to liquidity crunch, high cost of capital but still it is expected that there

THREAT OF SUBSTITUTES: LOW

Only bitumen in roads and engineering plastics in building offer some element of substitution, otherwise no close substitute are popular.

COMPETITION: HIGH

Large number of players, intermittent overcapacity; marginal product differentiation; high storage cost; and high exit barrier in form of significant capital investment has led to stiff competition in the industry.

BARGAINING POWER OF SUPPLIERS: HIGH

Monopolistic control of external cost elements (coal, power, transportation and taxes) result in high bargaining power with the government

ENTRY BARRIERS: LOW

High capital investment, broad distribution network, economies of scale and oversupplied market deter new entrant. However, technology and manpower are easily available

BARGAINING POWER OF CONSUMERS: LOW

Rising share of retail purchase, declining share of bulk purchase by Government has taken away the bargaining power of customers.

will be surplus by 2011 in some parts of the country which could affect cement pricing.

Cement is a heavily taxed commodity. Rationalisation and simplification of tax regime would be beneficial to both consumers and producers. Any other increase in taxes will have an adverse impact on the profitability.

UNDERSTANDING THE INDIAN CEMENT INDUSTRY

(Michael Porter's model)

Performance, 2009-10

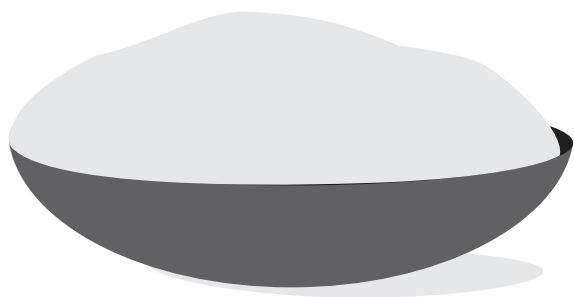
Financial

1. Net sales increased 22.04% from Rs. 1,49,683.56 lacs in 2008-09 to Rs. 1,82,678.47 lacs in 2009-10
2. EBITDA grew 38.11% from Rs. 33,191.35 lacs in 2008-09 to Rs. 45,840.02 lacs in 2009-10
3. PBT increased 33.04% from Rs. 23,396.06 lacs in 2008-09 to Rs. 31,125.86 lacs in 2009-10
4. Net profit escalated 58.77% from Rs. 14,234.40 lacs in 2008-09 to Rs. 22,599.86 lacs in 2009-10
5. Earning per share surged 58.74% from Rs. 20.36 in 2008-09 to Rs. 32.32 in 2009-10
6. Book value per share grew from Rs. 169.21 in 2008-09 to Rs. 193.21 in 2009-10
7. Dividend payout grew from Rs. 3.50 per share in 2008-09 to Rs. 6.00 per share in 2009-10

Operational

1. Grey Cement production increased to 4.28 million tonnes during the year as against 3.79 million tonnes of previous year;
2. White Cement production increased to 3.01 lacs tonnes as against 2.49 lacs tonnes of previous year.
3. 44% increase in the production of Value Added Product (Putty) of White Cement

Steps taken by the Company to increase productivity and efficiencies resulted improved financial results despite increased input costs and low demand growth. The greenfield Grey Cement plant at Karnataka with installed capacity of 3 million tonnes per annum was commissioned in September 2009 and commercial dispatches started from October 2009. A 50 M.W. Coal based Captive Power plant has also been commissioned at Karnataka unit. Further, Company has taken steps for promoting brand and to build distribution network in the Southern and Western regions and has also





strengthened existing distribution network in sub-urban and rural areas to cater to robust demand in the housing sector.

Human Resources

Hiring the talent, motivating and retaining them and ensuring their development is a foremost challenge in today's business environment. Your company focuses on building an expert talent base. We groom existing talent as well as fresh recruits from reputed professional institutions in a variety of areas to enable them to take on positions of greater responsibility. On and off-the-job training programs are organized through internal and external resources. Employees are also benefited from the Regional Training Center at the Grey Cement Plant at Nimbahera.

The Company firmly recognizes that its human resources are the major source of strength to achieve the Company's vision. There is a great team spirit amongst the member of staff. They are key to achieving Company's vision and are the primary source of competitive advantage. The total number of permanent employee of the Company as at March 31, 2010 was 1975.

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

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

Internal Control Systems

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

Introduction of the ERP system for revenues has been implemented in some of the units.

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

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

DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in submitting their Sixteenth Annual Report and audited accounts for the year ended 31st March, 2010.

Financial Results

	Rs./Lacs	
	2009-10	2008-09
Gross Turnover	224806.61	187645.39
Profit before depreciation and tax	39676.80	28638.28
Less: Depreciation	8550.94	5242.22
Profit Before Tax	31125.86	23396.06
Provision for Tax:	-	-
- Fringe Benefit Tax	-	196.50
- Current Tax	5303.00	5568.00
Less: MAT Credit entitlement	(-5297.00)	-
- Deferred Tax	8520.00	3397.16
Profit After Tax	22599.86	14234.40
Add: Balance brought forward from the previous year	14489.48	13118.47
Less: On amalgamation	(-8.36)	-
Less: Transfer to General Reserve	15000.00	10000.00
Less: Dividend on Equity Shares (including tax thereon)		
Interim Dividend	2045.28	-
Final Dividend	2853.94	2863.39
Balance to be carried forward	17181.76	14489.48



2) Overall Performance

The year 2009-10 saw improvement in your Company's performance on all important fronts, including production, sales, turnover and profitability. This has strengthened your Company's financials across all parameters.

The Company's turnover increased to Rs. 2248.07 Crores during the year compared to Rs. 1876.45 Crores in previous year. Profit before Deprecation & Tax increased to Rs. 396.77 Crores compared to Rs. 286.38 Crores due to increase in net sales realization, increased volumes and lower input cost mainly of petcoke and flyash.

3) Consolidated Financial Statements

The statement as required under Section 212 of the Companies Act, 1956, in respect of the subsidiaries of the Company viz. J.K.Cement (Fujairah) FZC and J.K.Cement Works (Fujairah) FZC is annexed and forms an integral part of this Report. Consolidated Financial Statements form part of the Annual Report and Accounts. In terms of the approval of the Central Government accorded under Section 212 (8) of the Companies Act, 1956 the Audited Balance Sheets as at 31st March, 2010 in respect of the subsidiaries of the Company have not been attached to the Balance Sheet of the Company. However, the requisite information for each subsidiary has been disclosed. The annual accounts of the subsidiary companies and the related detailed information will be made available to the investors of the Company/subsidiary companies seeking such information.

4) Dividend

Your Directors declared an interim dividend of Rs.2.50 per share and are pleased to recommend a final dividend of Rs.3.50 per share (total dividend of Rs.6.00 per share) for the financial year ended 31.3.2010 compared to Rs.3.50 per share paid for the financial year ended 31.3.2009.

5) Operations

Grey Cement

During the year under review, production of grey cement in Rajasthan plants increased by 4.52% at 3.97 Million Tonnes as against 3.80 Million Tonnes during the previous year. Commercial despatches from the



Karnataka plant also started from the 24th October 2009. This ensured that the total production of grey cement in 2009-10 increased to 4.29 Million Tonnes, a growth of 12.78% compared to the previous year. The contribution during the year too, was comparatively higher.

White Cement

Production of White Cement increased by 20.59% at 3.01 Lac tonnes during the year compared to 2.50 Lac tonnes previous year. The value added products registered increase of 44.6%. Sales also were in line with the increase in production. The contribution of both the products during the year was comparatively higher. J.K. White Cement Works, India's first limestone based White Cement plant celebrated its 25th anniversary.

6) Projects Of J.K. Cement Ltd.

a) Project Commissioned

During the year under review, the 3 Million Tonnes Per Annum capacity green field grey cement

plant at Mudhol in the state of Karnataka has been commissioned. Out of the total cost outlay of Rs.864.16 crores (including the cost of 50 MW captive power plant), Rupee Term Loan of Rs. 615 Crores has been contributed by the consortium of Bankers led by IDBI Bank Ltd and the balance Rs. 249.16 Crores has been contributed by the Company. The commercial despatches commenced from 24th October, 2009.

b) Expansion Initiatives

Your Company is striving to add capacity by undertaking Greenfield projects and expansions. It has been decided to undertake expansion of Grey Cement at existing site with capacity of 2.2 Million tonnes per annum and an additional 1.8 Million tonnes capacity grinding facility at split location in North India. The cost of expansion is estimated at Rs.1500 Crores including captive power plant. The tentative schedule for completion is September, 2012.

7) Projects Of Subsidiary/Joint Venture Company In Hand

a) Projects under Subsidiary Company

Cement Plant at Fujairah, UAE

Your Company has taken up establishment of a greenfield Grey Cement Plant in free trade zone at Fujairah, U.A.E. under its subsidiary, J.K.Cement Works (Fujairah) FZC, U.A.E. which is a joint venture company with Fujairah Investment, an undertaking of Government of Fujairah holding 10% equity. In view of change in business scenario in UAE, the revised layout of the subsidiary company has been drawn to set up 1.7 MTPA capacity in Phase – I with scope for further expansion. Study for re-assessment of market scenario and project cost etc. is being done. Meanwhile, leveling work of plant site is completed and Environmental clearance has also been obtained. The proposal for project funding is pending with UAE Banks due to the liquidity crisis.

b) Project under Joint Venture

Captive Coal Block in Maharashtra

During the year under report a Joint Venture Company viz. Bander Coal Company Private Limited ('the JV Company') has been incorporated.

Your Company jointly with other two Companies contributed to the equity. The JV Company has filed application for grant of Mining Lease for extraction of Coal over an area of 1604.67 Hectare in Distt. Chandrapur, Maharashtra. Steps for preparation of Mining Plan and other approvals including forest clearance has also been initiated.

8) Finance

During the year under report your Company has availed additional Term Loan of Rs. 103.82 Crores and repaid Rs. 123.88 Crores. Further, Working Capital limits have been increased from Rs. 150 Crores to Rs. 325 Crores including Rs. 110 Crores for Karnataka Plant.

9) Credit Rating

For long term bank facilities CARE has upgraded your Company's rating from "CARE A" to "CARE A+" and for short term debt obligation CARE assigned "PR1+" rating. This improvement in rating will enable the Company to negotiate with Bankers for better rates of interest keeping in view BASEL II norms.





10) Subsidiary Companies

A statement pursuant to Section 212 of the Companies Act, 1956 is annexed.

11) Merger

During the period under report, the Hon'ble High Court of judicature at Allahabad vide Order dated 4th August, 2009 sanctioned the Scheme of Amalgamation whereupon the erstwhile Jaykaycem Ltd (wholly owned subsidiary) stands merged with the Company. The said order was filed with Registrar of Companies on 24.8.09

12) Corporate Governance

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

13) Personnel

13.1) Industrial Relations

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

13.2) 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. However, in terms of provisions of section 219(1)(b)(iv) of the Act, the Annual Report excluding the aforesaid information is being sent to all the members of the Company. Any member interested in obtaining such particulars may send a request to the Company at its Registered Office.

14) Public Deposits

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

15) 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.

16) Auditors' Report

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

17) Abridged Annual Report

The Company shall be sending Abridged Annual Report, containing Abridged Financial Statements to all its members as permitted by SEBI guidelines dated 26.04.2007. The complete balance sheet shall be available on the Company's website www.jkcement.com Members, who are desirous of obtaining the full Balance Sheet may send their request to the Company Secretary at the Registered Office address of the Company.

18) Directors

Three of your Directors namely Shri K. N. Khandelwal, Shri Raj Kumar Lohia and Shri Achintya Karati will retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for reappointment. .

19) Directors' Responsibility Statement

The Directors confirm that:

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

20) Auditors

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

21) Cost Auditors

Cost Audit records have been maintained in respect of Grey Cement and White Cement for the year 2009-10. Pursuant to the directives of the Central Government and provisions of Section 233B of the Companies Act, 1956, qualified Cost Auditors have been appointed to conduct the cost audit of Cement units for the year 2009-10.

22) Acknowledgements

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

FOR AND ON BEHALF OF THE BOARD



GAUR HARI SINGHANIA

Chairman

Place : Kanpur

Dated: May 29, 2010.



REPORT ON CORPORATE GOVERNANCE

Company's philosophy on Code of Corporate 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, sustainable return to its stakeholders i.e. the society at large by adopting best corporate practices in fair and transparent manner by aligning interest of the Company with that of its shareholders/other key stakeholders.

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

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

BOARD OF DIRECTORS

i) Composition of the Board

In compliance with the corporate governance norms prescribed in Clause 49 of the listing agreement 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 vision, strategic direction and value in the decision making process of the Board of Directors.

As on 31st March, 2010 the composition of the Board of Directors is given herein below:

- ❖ One Promoter, Non-Executive, Non Independent Director
- ❖ One Promoter, Executive, Non Independent Director
- ❖ One Non-Executive, Non Independent Directors
- ❖ Seven Non Executive, Independent Directors

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

The Board meets at least once a quarter to review the quarterly financial results and operations of your Company etc. In addition, the Board also meets as and when necessary to address specific issues relating to the business of your Company. During the financial year ended 31st March, 2010, five Board Meetings were held on the following dates:

(i) May 23, 2009 (ii) July 31, 2009 (iii) August 31, 2009, (iv) October 31, 2009 (v) January 30, 2010

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

Name of Director	No. of Board Meetings attended	Attendance at last AGM
Dr. Gaur Hari Singhania	3	No
Shri Yadupati Singhania	3	No
Shri Ashok Sharma	5	Yes
Shri A. Karati	4	Yes
Shri J.P. Bajpai	5	Yes
Shri J.N. Godbole	4	Yes
Dr.K.B.Agarwal	4	Yes
Shri K.N. Khandelwal	5	Yes
Shri R.K. Lohia	3	No
Shri Suparas Bhandari	4	Yes

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

Sl. No.	Name of Director	Category	Relationship Interse Directors	No. of other Directorships [Ⓐ]	No. of Board Committees (Other than J.K. Cement Ltd.) in which**	
					Chairman	Member
1	Dr. Gaur Hari Singhania, Chairman	Promoter, Non Executive, Non Independent	Related to Shri Yadupati Singhania	5	-	-
2	Shri Yadupati Singhania, Managing Director & CEO	Promoter, Executive, Non Independent	Related to Dr. Gaur Hari Singhania	9	-	-
3	Shri Ashok Sharma	Non-Executive, Independent	-	2	-	1
4	Shri Achintya Karati	Non-Executive, Independent	-	7	-	3
5	Shri J.P. Bajpai	Non-Executive, Independent	-	3	-	-
6	Shri J.N.Godbole	Non-Executive, Independent	-	10	1	6
7	Dr.K.B.Agarwal	Non-Executive, Independent	-	2	2	-
8	Shri K.N. Khandelwal	Non-Executive, Non Independent	-	4	-	1
9	Shri R.K. Lohia	Non-Executive, Independent	-	6	-	-
10	Shri Suparas Bhandari	Non-Executive, Independent	-	1	1	-

Ⓐ Directorships on all public limited companies, whether listed or not, has been included and all other companies including private limited companies, foreign companies and companies under section 25 of the Companies Act has been excluded.

** Chairmanship/ Membership of the Audit Committee and the Shareholders' Grievance Committee has been considered.

iv) Non-Executive Directors' compensation and disclosures

Apart from sitting fees paid to the Non-Executive and Independent Directors (except Managing Director & CEO) for attending Board/Committee meetings, Commission were paid during the year details of which are given separately in this report. No transaction have been made with Non-Executive and Independent Directors vis-à-vis your Company.

v) Other provisions as to Board and Committees

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

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

The matters placed before the Board as required under Clause 49 of Listing Agreement interalia includes:

- ❖ Key elements of Annual Budgets.
- ❖ Business plans and progress thereof.
- ❖ Company presentation on quarterly performance.
- ❖ The information on recruitment and remuneration of senior officers just below the board level, including appointment or removal of Chief Financial Officer and the Company Secretary.
- ❖ Delegation of powers to the Management.
- ❖ Show cause, demand, prosecution notices and penalty notices which are materially important.
- ❖ Any material default in financial obligations to and by the Company or substantial non payment for goods sold by the Company.
- ❖ Transactions that involve substantial payment towards goodwill, brand equity or intellectual property.
- ❖ Significant Human Resources related issues.
- ❖ Sale/purchase or material nature of investments, assets which is not in normal course of business.
- ❖ Any issue which involves possible public or product liability claims of substantial nature including any judgement or order which may have passed stricture on the conduct of the Company or taken an adverse view regarding another enterprise that can have negative implications on the Company.
- ❖ Review of compliance of all laws applicable to

the Company including the requirements of the Listing Agreement with the Stock Exchanges and steps taken by the Company to rectify instances of non compliances, if any.

- ❖ Minutes of Meetings of Audit Committee and other Committees of Board.

AUDIT COMMITTEE

i) Broad Terms of Reference

The Audit Committee reviews the matters falling in its terms of reference and addresses larger issues and examines those facts that could be of vital concerns to the Company. The terms of reference of the Audit Committee constituted by the Board in terms of Section 292A of the Companies Act, 1956 and the Corporate Governance Code as prescribed under clause 49 of the Listing Agreement, which broadly includes matters pertaining to adequacy of internal control systems, review of financial reporting process, discussion of financial results, interaction with auditors, appointment and remuneration of auditors, adequacy of disclosures and other relevant matters. In particular, these include.

1. Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible.
2. Recommending to the Board, the appointment, reappointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees.
3. Approval of payment to statutory auditors for any other services rendered by them.
4. Reviewing with management, the annual financial statements before submission to the Board for approval with particular reference to:
 - a. Matters required to be included in the Directors' Responsibility Statement to be included in the Board's report in terms of clause (2AA) of section 217 of the Companies Act, 1956.
 - b. Changes if any, in accounting policies and practices and reasons for the same.
 - c. Major accounting entries involving estimates based on the exercise of judgment by management.

- d. Significant adjustments made in the financial statements arising out of audit findings.
- e. Compliance with listing and other legal requirements relating to financial statements
- f. Disclosure of any related party transactions,
- g. Qualifications in the draft audit report.
5. Reviewing with the management, the quarterly financial statements before submission to the Board for approval
6. Reviewing with the statutory and internal auditors the adequacy of internal controls and steps to be taken for strengthening the areas of weaknesses in internal controls.
7. Reviewing reporting structure, coverage and frequency of internal audit.
8. Discussion with internal auditors any significant findings and follow up thereon.
9. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.
10. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post audit discussion to ascertain any area of concern.
11. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders , shareholders (in case of non payment of declared dividends) and creditors.
12. To review the following information:
 - a) Management discussion and analysis of financial condition and results of operations;
 - b) Statement of significant related party transactions (as defined by the audit committee), submitted by management;
 - c) Management letters / letters of internal control weaknesses issued by the statutory auditors.
13. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

ii) Composition of the Committee

As on 31.03.2010, the following Directors were the members of the Audit Committee:

(i) Shri Ashok Sharma (Chairman)
Independent, Non Executive Director

(ii) Shri A. Karati
Independent, Non Executive Director

(iii) Dr. K. B. Agarwal
Independent, Non Executive Director

(iv) Shri K.N. Khandelwal
Non Independent, Non Executive Director

(v) Shri R.K. Lohia
Independent, Non Executive Director

All these Directors possess knowledge of Corporate Finance/ Accounts / Company Law/ Industry. Shri A.K.Saraogi, Chief Finance Officer regularly attends the meetings and Shri Shambhu Singh, Company Secretary acts as Secretary of the Committee. The Statutory Auditors' of the Company attend the meetings as special invitees.

iii) Meetings and Attendance

During the financial year ended 31st March, 2010 five meetings were held on

(i) May 23, 2009 (ii) July 31, 2009 (iii) August 29, 2009, (iv) October 31, 2009 (v) January 30, 2010

The attendance at the Committee Meetings was as under:

Name of Director	No. of Meetings attended
Shri Ashok Sharma	5
Shri A. Karati	4
Dr. K. B. Agarwal (appointed on 23.5.09)	3
Shri K.N. Khandelwal	5
Shri R.K. Lohia	3

REMUNERATION COMMITTEE

i) Broad Terms of Reference

- (a) To review and decide the policy on specific remuneration package of Managing Director and Non-executive Chairman of the Company.
- (b) To decide terms of remuneration of Non-executive Directors of the Company.

ii) Composition of the Committee

Remuneration Committee of the Company as on 31.03.2010 comprised of:

i) Shri Raj Kumar Lohia (Chairman)

Independent, Non Executive Director

ii) Shri A.Karati

Independent, Non Executive Director

iii) Shri J.P. Bajpai

Independent, Non Executive Director

iv) Shri Suparas Bhandari

Independent, Non Executive Director

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

(iii) Meetings and Attendance:

During the financial year ended 31st March, 2010 one meeting was held on 23rd May, 2009.

The attendance at the above Meeting was as under

Sl. No	Name of Director	Meeting attended
1	Shri Raj Kumar Lohia	No
2	Shri A.Karati	Yes
3	Shri J.P. Bajpai	Yes
4	Shri Suparas Bhandari	Yes

(iv) Remuneration Policy:

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

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

The number of Equity Shares of the Company held by Non-Executive Directors of the Company as on 31.03.2010 are as under

Sl. No	Name of Directors	No. of Equity Shares Held
1	Dr Gaur Hari Singhanian	1041973
2	Shri Ashok Sharma	640
3	Shri Achintya Karati	640
4	Shri J. P. Bajpai	100
5	Dr. K. B. Agarwal	13710
6	Shri K.N. Khandelwal	3421

(v) Details of Remuneration to the Directors for the year ended 31st March, 2010

Sl. No	Name of Director	Salary	Benefits	Commission	Sitting Fee	Total
1	Dr. Gaur Hari Singhania	--	--	5000000	180000	5180000
2	Shri Yadupati Singhania @	9600000	16800000	70000000	--	96400000
3	Shri Ashok Sharma	--	--	600000	180000	780000
4	Shri A. Karati	--	--	600000	145000	745000
5	Shri J.P. Bajpai	--	--	600000	280000	880000
6	Shri J.N.Godbole	--	--	600000	70000	670000
7.	Dr.K.B.Agarwal	--	--	600000	260000	860000
8	Shri K.N. Khandelwal	--	--	600000	355000	955000
9	Shri Raj Kumar Lohia	--	--	600000	140000	740000
10	Shri Suparas Bhandari	--	--	600000	75000	675000

* Benefits do not include payment of contribution to Provident Fund, which is exempted perquisite under Para 2 Section II Part II of Schedule XIII of the Companies Act, 1956 but includes Performance incentive of Rs. 48 Lacs.

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

SHAREHOLDERS' GRIEVANCE COMMITTEE**i) Composition**

The Committee as on 31.03.2010 comprises of

- (i) **Shri J.P. Bajpai (Chairman)** : Independent, Non Executive Director.
- (ii) **Dr. K.B.Agarwal** : Independent, Non Executive Director
- (iii) **Shri K.N. Khandelwal** : Non Independent, Non Executive Director.
- (iv) **Shri Raj Kumar Lohia** : Independent, Non Executive Director.

(ii) Shri Shambhu Singh, Company Secretary acts as Secretary 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, annual reports and to ensure expeditious share transfer process and to review the status of investors' grievances, redressal mechanism and recommend measures to improve the level of investors' services. The Company received 65 complaints during the F.Y. 2009-10, and all the 65 complaints were redressed and there was no complaint pending as at 31.03.2010.

(v) Meeting and Attendance

During the financial year ended 31st March, 2010, four meetings were held on (i) May 23, 2009 (ii) July 31, 2009 (iii) October 31, 2009 and (iv) January 30, 2010

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

CEO/CFO CERTIFICATION

The Managing Director & CEO and the CFO have certified to the Board, interalia the accuracy of financial statements and adequacy of Internal Controls for the financial reporting purpose as required under Clause 49(v) of the Listing Agreement, for the year ended 31.03.2010.

GENERAL BODY MEETINGS

Financial Year	Date	Time	Place
2006 - 07	25th August, 2007	12.00 Noon	Auditorium of the Merchants Chamber of U.P., Kanpur
2007 - 08	26th July, 2008	12.00 Noon	-do-
2008 - 09	31st July, 2009	12.00 Noon	-do-

No Special resolution was passed in the last three Annual General Meetings of the Company.

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

The Chairman of the Audit Committee was present at AGM held on 31st July, 2009 to answer the queries of the shareholders.

DISCLOSURES

- (i) There are no materially significant transactions with the related parties viz. Promoters, Directors or the Management, their Subsidiaries or relatives conflicting with Company's interest. Suitable disclosure as required by the Accounting Standard (AS18) has been made in the Annual Report.
- (ii) No penalties or strictures have been imposed on the Company by Stock Exchange or SEBI or any statutory authority on any matter related to capital markets during last three years.
- (iii) The Company has complied with the mandatory requirements of 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.

DISCLOSURES REGARDING APPOINTMENT OR RE-APPOINTMENT OF DIRECTORS:

According to the Articles of Association of the Company three Directors Shri K. N. Khandelwal, Shri R. K. Lohia and Shri Achintya Karati will be retiring by rotation at the ensuing Annual General Meeting of the Company and being eligible

offer themselves for re-election. Given below are the brief resumes of the aforesaid Directors pursuant to clause 49 of the listing Agreement:

Shri K. N. Khandelwal is a B.Com degree holder from Agra University and a Chartered Accountant. He has been a Director since February, 2004. Among other responsibilities, he is the President (Finance and Accounts) & CFO of J.K.Synthetics Limited. He started his career with J.K.Synthetics Limited in 1969 and has progressed to hold key positions in the Company. He has been on the Boards of Khandelwal Extraction Ltd, Juggilal Kamapat Holding Ltd., Hilman Capital Finance Ltd. and J.K. Industrial & Mineral Products Ltd.. He is a trustee and member of executive bodies of various educational and social institutions and organisations. As on 31.3.2010, he was holding 3421 Equity Shares of the Company.

Shri Raj Kumar Lohia holds a Bachelor of Arts degree in Economics from Kanpur University. He has been a Director of the Company since September, 2004. He has close to 25 years experience in the fields of commerce and industry. A leading industrialist, he serves as Director on the Board of a number of other companies viz. Lohia Starlinger Limited, Lohia Sales & Services Ltd., Lohia Packaging Machines Ltd., Lohia ICBT Ltd., Lohia Filament Machines Ltd. and Bajaj Steel Industries Ltd. He has also received several awards, including the Excellence Award 2005 for contribution in the field of entrepreneurship. As on 31.3.2010, he was not holding any Equity share of the Company.

Shri Achintya Karati holds a Bachelor of Law degree from University of Calcutta. He has vast experience in the financial and legal fields spanning 33 years. He has worked in diverse areas of commercial, legal and secretarial matters. He retired as Country Head, Govt. and Institutional Solutions Group, ICICI Bank Ltd., in March, 2004. During his association with ICICI Ltd., 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 ICICI Prudential Life Insurance Company Limited. He serves as Director on the Board of a number of other companies viz. Uflex Limited, ICICI-West Bangal Infrastructure Dev. Cop. Ltd., Shyam Telecom Ltd., Sangam (India) Ltd., Jay Bharat Maruti Ltd., Tech Process Solutions Ltd. and Delton Cables Ltd. As on 31.3.2010, he was holding 640 Equity shares of the Company.

CODE OF CONDUCT

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

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

"I hereby confirm that:

The Company has obtained from all the members of the Board and Senior Management personnel of the Company, affirmation that they have complied with the code of Ethics and business conduct framed for Directors and Senior Management Personnel in respect of the financial year 2009-10.

Yadupati Singhania
(Managing Director & CEO)"

MEANS OF COMMUNICATIONS

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

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

DETAILS OF SHARES LYING IN THE ESCROW ACCOUNT OF THE REGISTRAR & SHARE TRANSFER AGENT

As per SEBI Circular dated April 24, 2009 bearing reference No. SEBI/CFD/DIL/LA/1/2009/24/04, every Company is required to report the details of the shares lying in the Escrow Account which are yet to be credited to the investors who were allotted shares in the IPO. Accordingly, it is reported that as on 31.03.2010, 160 number of equity shares of 3(three) shareholders are lying in the Escrow Account

with Stock Holding Corporation of India Ltd, Kanpur (DP.Id. IN301330 Client ID 19881648.

PREVENTION OF INSIDER TRADING.

In accordance with the Securities and Exchange Board of India (Prohibition of Insider Trading Regulations) 1992, a comprehensive code of conduct for prevention and regulation of trading in the Company's share by insiders is in vogue.

GENERAL SHAREHOLDERS INFORMATION

i) Annual General Meeting

Date Time : Saturday the 31st July, 2010 at 12:00 Noon.

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

ii) Financial Calendar

- | | |
|---|---|
| (a) First Quarter Results - | By the end of July, 2010 |
| (b) Second Quarter Results - | Within 45 days from the close of
Quarter Ending
September, 2010 |
| (c) Third Quarter Results - | Within 45 days from the close of
Quarter Ending
December, 2010 |
| (d) Results for the year ending 31.3.2011 | Within 60 days from the close of
Quarter Ending
March, 2011 |

iii) Date of Book Closure

Tuesday 20th July, 2010 to Saturday 31st July, 2010
(both days inclusive)

iv) Dividend payment date

The Board of Directors of the Company recommended/declared/paid an interim dividend of Rs. 2.50 per share and have recommended a final dividend of Rs. 3.50 per share. Hence the total dividend for the year 2009-10 works out to Rs. 6.00 per share. The final dividend shall be payable on or after 31st July, 2010.

v) Listing on Stock Exchanges

The Equity shares of the Company are listed with the Bombay Stock Exchange Ltd. and National Stock Exchange of India Ltd. and the listing fees has been duly and timely paid to both the Stock Exchanges for 2009-10.

vi) Stock Code

BSE	532644
NSE	JKCEMENT
ISIN NUMBER	INE823G01014

vii) Market Price Data

Month	BSE				NSE			
	High	Low	Sensex High	Sensex Low	High	Low	Nifty High	Nifty Low
April, 2009	61.50	39.20	11,492.10	9,546.29	60.80	39.50	3,517.25	2,965.70
May, 2009	94.75	59.55	14,930.54	11,621.30	93.50	59.80	4,509.40	3,478.70
June, 2009	119.15	90.00	15,600.30	14,016.95	119.80	92.00	4,693.20	4,143.25
July, 2009	125.50	95.25	15,732.81	13,219.99	127.90	85.40	4,669.75	3,918.75
August, 2009	127.00	95.70	16,002.46	14,684.45	124.25	102.50	4,743.75	4,353.45
September, 2009	152.80	115.10	17,142.52	15,356.72	152.85	115.50	5,087.60	4,576.60
October, 2009	146.70	116.30	17,493.17	15,805.20	146.85	115.05	5,181.95	4,687.50
November, 2009	136.75	118.10	17,290.48	15,330.56	136.00	118.00	5,138.00	4,538.50
December, 2009	156.45	135.00	17,530.94	16,577.78	156.50	135.15	5,221.85	4,943.95
January, 2010	178.50	135.85	17,790.33	15,982.08	178.90	135.65	5,310.85	4,766.00
February, 2010	201.50	130.05	16,669.25	15,651.99	201.70	132.95	4,992.00	4,675.40
March, 2010	195.00	175.00	17,793.01	16,438.45	194.70	172.95	5,329.55	4,935.35

viii) Registrar / Share Transfer Agent

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

M/s J.K. Synthetics Ltd.

(Unit J.K. Cement Ltd.)

Kamla Tower,

Kanpur – 208 001

Telephone: (0512) 2371478 – 81; Ext: 322

Fax: (0512) 2399854

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

ix) Share Transfer System

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

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

x) Distribution of Shareholding as on 31.3.2010

No. of Equity Share held	No. of Shareholders	% of Shareholders	No. of Shares held	% of Shareholding
UP TO 500	102930	98.12	3989071	5.70
501 TO 1000	1142	1.09	842654	1.21
1001 TO 2000	339	0.32	512929	0.73
2001 TO 3000	124	0.12	314044	0.45
3001 TO 4000	65	0.06	233712	0.33
4001 TO 5000	63	0.06	298050	0.43
5001 TO 10000	89	0.08	680195	0.97
10001 AND ABOVE	154	0.15	63056595	90.18
TOTAL	104906	100.00	69927250	100.00

xi) Category of Shareholders as on 31st March 2010

Category	No. of Share holders	% of Share holders	No. of Shares held	% of Share holding
Promoters and Promoter group	50	00.05	45676330	65.32
Mutual Funds / UTI	20	00.02	2854237	04.08
Financial Institutions / Banks	105	00.10	11399	00.02
Insurance Companies	4	00.00	2147627	03.07
Foreign Institutional Investors	43	00.04	8193229	11.72
Bodies Corporate	993	00.95	2931307	04.19
Individuals	103568	98.72	7851265	11.23
Others	123	00.12	261856	00.37
Total	104906	100.00	69927250	100.00

xii) Dematerialisation of Shares

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

6,92,15,885 Equity shares representing 98.98% of the paid up Equity Capital of the Company have been dematerialised till 31.03.2010.

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

xiv) Plant Location

Company has following plants

Plant	Location
Grey Cement Plants	Kailash Nagar, Nimbahera, Dist. Chittorgarh, Rajasthan Mangrol, Dist. Chittorgarh, Rajasthan Gotan, Dist. Nagaur, Rajasthan Muddapur, Dist: Bagalkot, Karnataka
White Cement Plant	Gotan, Dist. Nagaur, Rajasthan
Thermal Power Plants	Bamania, Shambhupura, Dist. Chittorgarh, Rajasthan Kailash Nagar, Nimbahera, Dist. Chittorgarh, Rajasthan Gotan, Dist. Nagaur, Rajasthan Muddapur, Dist: Bagalkot, Karnataka
Waste Heat Recovery Power Plant	Kailash Nagar, Nimbahera, Dist. Chittorgarh, Rajasthan

xv) Address for Correspondence:

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

AUDITORS' CERTIFICATE

To

The Members of J.K. CEMENT LIMITED.

We have examined the compliance of conditions of Corporate Governance by J.K. CEMENT LIMITED for the year ended 31st March, 2010, 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 above mentioned Listing Agreement.

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

For **P.L. TANDON & CO.,**
CHARTERED ACCOUNTANTS
Registration No. 000186C

Place: Kanpur.

Date : 29th May, 2010

(A.K. AGARWAL)
PARTNER
Membership No.71548

AUDITORS' REPORT ON ABRIDGED ACCOUNTS

To

The Members of J.K. Cement Limited.

We have examined the attached abridged Balance Sheet of J.K.Cement Limited (the Company) as at 31st March, 2010 and the related abridged Profit and Loss Account for the year ended on that date annexed thereto and the Cash Flow Statement for the period on that date, together with the notes thereon. These abridged financial statements have been prepared by the Company pursuant to Rule 7A of the Companies (Central Government's) General Rules and Forms, 1956 and are based on the financial statements of the Company for the year ended 31st March, 2010 prepared in accordance with Schedule VI of the Companies Act, 1956 and is covered by our report of even date to the members of the Company which report is attached.

For **P.L. TANDON & CO.,**
CHARTERED ACCOUNTANTS
Registration No. 000186C

Place: Kanpur.

Date : 29th May, 2010

(A.K. AGARWAL)
PARTNER
Membership No.71548

AUDITORS' REPORT

TO THE MEMBERS OF J.K. CEMENT LIMITED

1. We have audited the attached Balance Sheet of J.K. Cement Limited, as at 31st March, 2010, 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 (Auditors' Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we give in the Annexure a statement on the matters specified in paragraphs 4 & 5 of the said order.
4. Further to our comments in the Annexure referred to above, we report that
 - a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b) In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of those books;
 - c) The Balance Sheet, the Profit & Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - d) In our opinion, the Balance Sheet, the Profit & Loss Account and the Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
 - e) On the basis of written representations received from the directors, as on 31st March, 2010 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2010 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
 - f) In our opinion, and to the best of our information and according to the explanations given to us, the said accounts read together with notes thereon, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India :
 - (a) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2010;
 - (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
 Registration No. 000186C

Place: Kanpur.
 Date : 29th May, 2010

(A.K. AGARWAL)
 PARTNER
 Membership No.71548

ANNEXURE TO THE AUDITORS' REPORT

Re: J.K. CEMENT LIMITED

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

(i) In respect of its Fixed Assets :

- (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets other than furniture and fixtures and office 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 has/had granted interest free unsecured loans to Companies. The maximum amount involved during the year was Rs. 3951.57 Lacs and the year end balance of such loan granted was Rs. 2151.57 Lacs.

- b) The above loans are interest free and other terms and conditions on which loans have been granted to such parties are not prima facie prejudicial to the interest of the Company.
- (c) No terms and conditions for repayment of the loan are stipulated .
- (d) There is no overdue amount of such loans.
- (e) The Company has not taken any Loan from Companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. As the Company has not taken any Loans, Secured or Unsecured, from parties listed in the register maintained under section 301 of the Companies Act, 1956, the provisions of clause 4(iii)(f) and (g) of the Companies (Auditors' Report) Order, 2003 are not applicable to the Company.

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

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

- (a) According to the information and explanations given to us, we are of the opinion that the particulars of all contracts or arrangements that need to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered.
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and exceeding the value of Rs. 5 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, therefore, the provisions of clause 4(vi) of the Companies (Auditor's Report) Order, 2003, are not applicable to the Company.
- (vii) In our opinion, the Company has an adequate internal audit system commensurate with the size and the nature of its business.
- (viii) We have broadly reviewed the books of account maintained by the Company, pursuant to the rules made by the Central Government, for maintenance of cost records under section 209 (1)(d) of the Companies Act, 1956 and we are of the opinion that prima-facie the prescribed accounts and records have been maintained.
- (ix) According to the information and explanations given to us, in respect of statutory and other dues:
- (a) The Company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education protection fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, custom duty, excise duty, cess and any other statutory dues applicable to it.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, sales tax, wealth tax, services tax, customs excise duty were in arrear as at 31st March, 2010 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./Lacs	Period to which amount relates	Forum where dispute is pending
Finance Act 2008 (State)	Environment & Health Cess	570.74	2008-09 2009-10	Jodhpur High Court
State Sales Tax Act	Sales Tax	924.40	1991-92 onwards	Various Courts In U.P. Rajasthan
Central Sales Tax Act	Sales Tax	2347.22	1999 onwards	Appellate Authority
Rajasthan Entry Tax	Entry Tax	2670.00	July, 2006 onwards	Jodhpur High Court
U.P. Entry Tax	Entry Tax	737.35	Nov.2007 onwards	Allahabad High Court
Central Excise Act, 1944	Excise duty Including Interest thereon	419.02	1989	Supreme Court
Finance Act, 1994	Service Tax	1085.42	June, 2007 to March, 2008	Central Excise Dept.
Central Excise Act, 1944	Excise duty on non MRP Sale	28.22	April, 2007- March, 2008	Central Excise Dept.
Central Excise Act, 1944	Excise duty	153.70	2009-10	Appellate Tribunal
Services Tax	Service Tax on GTA	229.88	2009-10	Central Excise Dept.

- (x) The Company does not have accumulated losses at the end of the financial year and has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.
- (xi) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to bank.

- (xii) As explained to us, the Company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures or any other securities.
- (xiii) In our opinion, the Company is not a Chit Fund or a Nidhi Mutual Benefit Fund / Society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003, are not applicable to the Company.
- (xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Therefore, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003, are not applicable to the Company.
- (xv) In our opinion and 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 Institution. Accordingly, paragraph 4(xv) of the Order is not applicable.
- (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 are of the opinion that there are no funds raised on short term basis that 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, the provisions of clause 4 (xix) of the Companies (Auditor's Report) Order, 2003, are not applicable to the Company.
- (xx) The Company has not raised any money by public issue during the year .
- (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
Registration No. 000186C

Place: Kanpur.
Date : 29th May, 2010

(A.K. AGARWAL)
PARTNER
Membership No.71548

Abridged Balance Sheet as at 31st March, 2010

	Rs./Lacs	
	31-03-2010	31-03-2009
SOURCES OF FUNDS		
Shareholders' Funds		
Capital-Equity	6992.72	6992.72
Reserves & Surplus		
a) Capital Reserve	7797.59	6680.43
b) Revenue Reserve	50890.04	36733.82
c) Revaluation Reserve	26524.27	27785.45
d) Surplus in Profit & Loss Account	17181.76	14489.48
e) Share Premium Account	25988.60	25923.60
	128382.26	111612.78
Loan Funds		
a) Secured Loans	93761.21	43686.44
b) Unsecured Loans	13610.82	12753.64
	107372.03	56440.08
Deferred Tax Liability	18580.00	10060.00
	261327.01	185105.58
APPLICATION OF FUNDS		
Fixed Assets		
a) Net Block :		
Historical	178696.55	93789.62
Revaluation	26524.27	27785.45
	205220.82	121575.07
b) Capital Work-in-Progress	22528.06	3505.73
	227748.88	125080.80
Investments		
a) Investment in Subsidiary Companies		
Unquoted	123.69	651.07
b) Others		
Quoted	14.61	-
Unquoted	460.50	423.01
	598.80	1074.08
Current Assets, Loans & Advances		
a) Inventories	23762.33	13612.58
b) Sundry Debtors	8187.31	5303.82
c) Cash & Bank Balances	13167.07	12520.06
d) Other Current Assets	179.40	131.63
e) Loans & Advances		
i) Subsidiary Companies	651.57	47763.18
ii) Others	22531.51	10386.01
	68479.19	89717.28
Less: Current Liabilities & Provisions		
a) Liabilities	32915.33	26636.95
b) Provisions	2853.94	4373.57
	35769.27	31010.52
Net Current Assets	32709.92	58706.76
Miscellaneous Expenditure (to the extent not written-off or adjusted)	269.41	243.94
TOTAL	261327.01	185105.58

Refer Significant Accounting Policies and Notes forming part of Abridged Accounts.

As Per Our Report Attached
For **P.L.Tandon & Co.,**
Chartered Accountants**Gaur Hari Singhania**
Chairman**Yadupati Singhania**
Managing Director & CEO**A. K. Agarwal**
Partner**A.K.Saraogi**
President (Corp.Affairs) & CFO**Shambhu Singh**
Company Secretary**Ashok Sharma**
Achintya Karati
Jyoti Prasad Bajpai
Jayant Narain Godbole
Krishna Bihari Agarwal
Kailash Nath Khandelwal
Raj Kumar Lohia
Suparas Bhandari

} Director

Kanpur
Dated : 29th May, 2010

Abridged Profit and Loss Account for the year ended 31st March, 2010

Rs./Lacs

	31-03-2010	31-03-2009
INCOME		
Sales (Net)	182678.47	149683.56
Dividend	10.69	
Interest	778.65	914.26
Other Income	1918.43	791.18
TOTAL	185386.24	151389.00
EXPENDITURE		
Cost of goods Consumed/Sold	16897.75	14954.12
I) Opening Stock of WIP & Finished goods	2627.23	2104.63
II) Raw Materials Consumed	19962.36	15476.72
Less: Closing Stock of WIP & Finished Goods	5691.84	2627.23
Power & Fuel	41138.52	37622.74
Manufacturing Expenses	16081.49	12998.16
Selling & Distribution Expenses	46069.24	36353.56
Salaries,Wages and Other Employees benefits	8965.73	8128.70
Managerial Remuneration	1091.85	684.99
Interest	6941.87	5467.33
Depreciation	8550.94	5242.22
- Depreciation	9801.05	6510.47
- Less: Transfer from Revaluation Reserve	1250.11	1268.25
Auditor's Remuneration	20.22	13.09
Provision for doubtful debts & Advances	41.27	16.40
Other Expenses	8461.50	6511.63
TOTAL	154260.38	127992.94
PROFIT BEFORE TAX	31125.86	23396.06
PROVISION FOR TAX		
Fringe Benefit Tax		196.50
Current Tax	5303.00	5568.00
Less MAT Credit Entitlement	(5297.00)	
Deferred Tax	8520.00	3397.16
PROFIT AFTER TAX	22599.86	14234.40
Balance from previous year	14489.48	13118.47
Less: On amalgamation	(8.36)	
Amount Available for Appropriations	37080.98	27352.87
APPROPRIATIONS		
General Reserve	15000.00	10000.00
Interim Dividend	1748.18	
Proposed Dividend	2447.45	2447.45
Tax on Dividend	703.59	415.94
BALANCE CARRIED TO BALANCE SHEET	17181.76	14489.48
Earning per share - Basic and Diluted (In Rs.)	32.32	20.36

Refer Significant Accounting Policies and Notes forming part of Abridged Accounts.

As Per Our Report Attached
For **P.L.Tandon & Co.,**
Chartered Accountants**Gaur Hari Singhania**
Chairman**Yadupati Singhania**
Managing Director & CEO**A. K. Agarwal**
Partner**A.K.Saraogi**
President (Corp.Affairs) & CFO**Shambhu Singh**
Company Secretary**Ashok Sharma**
Achintya Karati
Jyoti Prasad Bajpai
Jayant Narain Godbole
Krishna Bihari Agarwal
Kailash Nath Khandelwal
Raj Kumar Lohia
Suparas Bhandari

} Director

Kanpur
Dated : 29th May, 2010

Cash Flow Statement for the year ended 31st March, 2010

Rs./Lacs

	2009-2010	2008-2009
A) CASH FLOW FROM OPERATING ACTIVITIES		
Profit before Tax as per Profit & Loss Account	31125.86	23396.06
Adjusted for :		
Depreciation	8550.94	5242.22
Deferred Revenue expenses	43.24	69.70
Interest	6941.87	5467.33
Interest received	(778.65)	(914.26)
Profit on sale of investments	(0.57)	0.00
Dividend Income	(10.69)	0.00
Loss on sale of assets	305.21	30.65
Profit on Sale of Land	(20.50)	(226.68)
Operating Profit before Working Capital Changes	46156.71	33065.02
Adjusted for :		
Trade & Other Receivables	(1634.65)	(1367.20)
Inventories	(10149.75)	(2159.43)
Trade Payable	3588.67	2592.27
Cash Generated from Operations	37960.98	32130.66
Adjusted for :		
Tax Paid	(7211.67)	(3801.17)
Corporate Dividend Tax	(713.04)	(594.21)
Dividend paid	(4167.97)	(3496.36)
Deferred Revenue expenses	(68.71)	(117.64)
Net cash from operating activities	25799.59	24121.28
B) CASH FLOW USED IN INVESTING ACTIVITIES		
Acquisition/Purchase of fixed assets including capital advances	(20017.50)	(9471.17)
Sale of fixed assets	131.80	311.83
Purchase of Investments	(6208.71)	(123.69)
Sale of Investments	6167.87	0.00
Interest Income	688.95	1048.06
Net cash used in investing activities	(19237.59)	(8234.97)
C) CASH FLOW FROM FINANCING ACTIVITIES		
J.K. Cement (Fujairah) FZC [Wholly Owned Subsidiary]	(388.39)	(244.36)
Capital subsidy received	1117.16	3210.29
Deferred Sales Tax	(492.49)	(460.48)
Long Term Borrowings	10382.96	17950.00
Cash Credit Accounts	2041.39	(3474.11)
Repayment of Long Term Borrowings	(12388.19)	(9005.34)
Interest Paid	(10552.58)	(5285.61)
Vehicle Loans & Others	523.55	377.43
Refund from Associate Company	1800.00	200.00
Net cash used in financing activities	(7956.59)	(17910.60)
Net increase in Cash and Cash Equivalents (a+b+c)	(1394.59)	(2024.29)
Opening balance of Cash and Cash Equivalents	14561.66#	14544.35
Closing balance of Cash & Cash Equivalents	13167.07	12520.06

Including Balances of Jaykaycem Ltd.

As Per Our Report Attached
For **P.L.Tandon & Co.,**
Chartered Accountants**Gaur Hari Singhania**
Chairman**Yadupati Singhania**
Managing Director & CEO**A. K. Agarwal**
Partner**A.K.Saraogi**
President (Corp.Affairs) & CFO**Shambhu Singh**
Company Secretary**Ashok Sharma**
Achintya Karati
Jyoti Prasad Bajpai
Jayant Narain Godbole
Krishna Bihari Agarwal
Kailash Nath Khandelwal
Raj Kumar Lohia
Suparas Bhandari

} Director

Kanpur
Dated : 29th May, 2010

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) Sales

Sale of goods is recognized at the point of sale to customer. Sale includes excise duty and value added tax/sales-tax. In order to comply with the accounting interpretation(ASI-14) issued by the Institute of Chartered Accountants of India, sales (including excise duty and sales-tax) and net sales (excluding excise duty and sales-tax) is disclosed in Profit & Loss Account.

3) Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumption that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of Financial Statements and the results of operation during the reporting period end. Although these estimates are based upon management's best knowledge of current event and actions, actual results could differ from these estimates.

4) Fixed Assets

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

5) 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.

6) 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 'Weighted Average cost' method is followed for determination of cost.

7) Depreciation and amortization

I) Tangible Assets

- 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) Leasehold land is amortised over the period of lease.

II) Intangible Assets

- i) Computer Software cost is amortised over a period of three years.
- ii) Goodwill is amortised over a period of ten years.

8) Retirement Benefits:

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

9) Foreign Exchange Transactions

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

Investment in subsidiary company is expressed in Indian Rupees at the rate of exchange prevailing at the date of investment.

10) Borrowing Cost

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

11) Government Subsidies

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

12) 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. Permanent difference adjustments are not accounted for in provisions.

13) Miscellaneous Expenditure

Deferred Revenue Expenses:

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

14) Contingent Liabilities

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

15) Impairment of Assets

The carrying amount of assets are reviewed at each balance-sheet date. If there is any indication of impairment based on internal external factor, an impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value the estimated future cash flows are discounted to their present value at the weighted average cost of capital. For the purpose of accounting of impairment due consideration is given to revaluation reserves, if any.

After impairment depreciation is provided in the revised carrying amount of the assets over remaining useful life.

NOTES ON ABRIDGED BALANCE-SHEET AS AT 31ST MARCH, 2010 AND ABRIDGED PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED ON THAT DATE

		Rs./ lacs	
		31.03.2010	31.03.2009
1)	(1) (A) Contingent Liabilities		
	(i) In respect of claims excluding indeterminate claims of employees against the Company not acknowledged as debts	4328.45	5319.04
	(ii) In respect of disputed demands for which Appeals are pending with Appellate Authorities/Courts – no provision has been considered necessary by the Management		
	a) Excise duty	172.04	-
	b) Custom duty	176.28	-
	c) Sales-tax	740.16	1949.26
	d) Service tax	1085.42	1024.96
	(iii) In respect of interest on "Cement Retention Price" realised in earlier years	1088.40	1068.02
	(B) Estimated amount of contracts remaining to be executed on capital accounts and not provided for	4147.18	190.68

2) (2) Share Capital includes 74,26,950 equity shares of Rs. 10/- each allotted without payment received in cash.

3) (4) Jaykaycem Ltd (the amalgamating Company) engaged in setting-up of Greenfield Grey Cement Plant and Captive Power Plant at Muddapur, District Bagalkot, in State of Karnataka, has been amalgamated with the Company. The Scheme of amalgamation (the Scheme) was sanctioned by the Hon'ble High Court of Judicature at Allahabad vide its order dated 20th August, 2009 which became effective on 24th August, 2009. In accordance with the said Scheme and as per the approval of the Hon'ble High Court:

- The assets, liabilities, rights and obligations of erstwhile Jaykaycem Ltd. have been transferred to and vested with the Company with effect from 1st April, 2008 (Appointed date) and have been recorded during the current year at their respective book values as appearing in the books of amalgamating Company under the pooling of interest method of accounting for amalgamations (AS-14) issued by The Institute of Chartered Accountants of India.
- The amalgamating Company was wholly owned subsidiary of the Company, therefore, no consideration was payable nor any Shares were issued. Reserves have been preserved as they appeared in the financial statements of amalgamating Company.
- The amalgamating Company had not prepared Profit & Loss Account till effective date as their project was under construction.

4) (5) Government of Rajasthan has issued an entitlement certificate by which the Company is entitled for interest subsidy under Rajasthan Investment Promotion Scheme, 2003 for 7 years from 30th Nov, 2004. In terms of the scheme, Commercial Tax Department has determined Rs. 7797.59 lacs as interest subsidy for the period 1st Dec, 2004 to 31st Dec, 2009. The subsidy amounting to Rs. 7797.59 lacs has also been released by Government upto 31st March, 2010 (Rs. 1117.16 lacs during the year)under the aforesaid scheme has been accounted for as Capital Receipt based on expert advice.

5) (6) 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. 1250.11 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) (7) Pursuant to the implementation of SAP ERP system, during the year in some Grey Cement Plants and Power Plants, therefore, inventory valuation method has been changed from annual weighted average method to daily moving weighted average for items procured and monthly moving weighted average in case of material in process and finished goods.

7) (9) **Disclosures pursuant to clause 32 of the Listing Agreement.**

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

	Outstanding Balance		Maximum Balance During the year 2009-2010
	31.03. 2010	31.03.2009	
J.K.Cement (Fujairah)FZC	651.57	263.18	651.57

(B) Investment by loanee in the shares of the Company : NIL

8) (10) **Disclosures in accordance with Accounting Standards**

(A) Deferred tax assets and liabilities are as under

		Rs./ lacs	
		31.03.2010	31.03.2009
(a)	Deferred Tax Assets		
(i)	Provision for Doubtful Debts	20.89	11.32
(ii)	Expenses deductible on payment basis	1873.80	1560.92
(iii)	Unabsorbed loss	1212.54	-
		3107.23	1572.24
(b)	Deferred Tax Liabilities		
	Difference between book depreciation and Depreciation under Income-tax Act	21687.23	11632.24
(c)	Net Deferred Tax Liabilities	18580.00	10060.00

(B) Earning per share (EPS)

		Rs./ lacs	
		31.03.2010	31.03.2009
(a)	Net Profit available for Equity Share holders (Numerator used for calculation)	22599.86	14234.40
(b)	Weighted average number of Equity Shares Used as denominator for calculating EPS	69927250	69927250
(c)	Basic and Diluted earnings per share of Rs. 10/-	32.32	20.36

(C) **Related Parties Disclosures**

- (1) (a) Parties where the control/significant influence exists
- Juggilal Kamlapat Holding Ltd
 - Yadu International Ltd
- (b) Key Management Personnel & their Relatives:
- Shri Yadupati Singhania- Managing Director & C.E.O.
 - Dr. Gaur Hari Singhania (Relative)
- (c) Enterprises significantly influenced by Key Management Personnel or their Relatives.
- J.K. Synthetics Ltd
 - J.K. Cotton Spg. & Wvg. Mills Co. Ltd.

(d) Wholly Owned Subsidiary Companies.

J.K. Cement (Fujairah) FZC

(e) Fellow Subsidiary

J.K. Cement Works (Fujairah) FZC

(f) Joint Venture

Bander Coal Company (P) 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.

	Rs./lacs	
	2009-10	2008-09
(i) J.K. Synthetics Ltd		
- Sale of Product	0.05	0.03
- Services received	40.81	37.02
- Rent paid	45.30	42.44
- Expenses reimbursed	134.54	152.86
- Loan given:		
Balance as at beginning	3300	3500
Payment received	1800	200
Balance as at close of the year	1500	3300
(ii) J.K. Cotton Spg. & Wvg. Mills Co. Ltd		
- Rent paid	5.29	4.94
- Purchases	0.41	-
- Sale of Products	1.13	-
(iii) J.K. Cement (Fujairah) FZC		
Loan given:		
Balance as at beginning	263.18	18.82
Paid during the year	388.39	244.36
Balance as at close of the year	651.57	263.18
(iv) Key Management Personnel and their relatives		
(a) Shri Y.P. Singhania (Managing Director)		
-Remuneration	977.00	601.29
(b) Dr Gaur Hari Singhania (Relative)		
- Commission	50.00	35.00
- Sitting Fees	1.80	1.50
(v) Bander Coal Company (P) Ltd.		
Advances given	12.71	-
Balance as at close of the year	12.71	-

(D) Disclosure of Company's Interest in Joint Venture.

Name of Joint Venture	% Interest	Country of Incorporation
Bander Coal Company Pvt. Ltd	33.3%	INDIA

The Company has made an investment of Rs. 37.50 lacs in equity shares of Joint Venture Company and has also advanced Rs. 12.71 lacs. The Joint Venture Company has not yet finalised the Financial Statements, therefore, Company's share in Assets, Liabilities and Income & Expenditure has not been disclosed.

(E) The Company is engaged only in cement business and there are no separate reportable segments as per AS-17

(F) Employees Benefits

Disclosure in term of AS-15 are as under:-

a) Defined contribution plan

Contribution to defined contribution plan recognised as expenses for the year 2009-10 are as under:

	Rs/lacs
Employer's contribution to Provident Fund	315.92
Employer's contribution to Superannuation Fund	311.80
Employer's contribution to Family Pension Fund	155.26

b) Defined benefit plan

The Employees Gratuity Fund Scheme managed by a Trust is a defined benefit Plan. The present value of obligation is determined based on actuarial valuation using the projected unit credit method. The obligation for leave encashment is recognised in the same manner as gratuity.

Defined benefit plans/compensated absences-As per actuarial valuation:

		Rs/lacs			
		Gratuity Funded		Leave encashment unfunded	
		2009-10	2008-09	2009-10	2008-09
I	Expenses recognised in the Statement of Profit & Loss for the year ended				
1	Current Service Cost	104.48	109.93	171.73	143.55
2	Interest Cost	198.74	165.54	48.66	42.97
3	Expected return on plan assets	(198.07)	(154.53)	-	-
4	Net Actuarial (Gains)/Losses	75.83	239.78	(0.16)	15.40
5	Total expenses	180.98	360.72	220.23	201.92
II	Net Asset/(Liability) recognised in the Balance Sheet as at 31.03.2009				
1	Present value of Defined Benefit Obligation	2699.41	2701.59	800.67	717.26
2	Fair value of plan assets	2524.76	2347.2	-	-
3	Funded status [Surplus/(Deficit)]	(174.65)	(354.39)	(800.67)	(717.26)
4	Net asset/(Liability)	(174.65)	(354.39)	(800.67)	(717.26)

		Rs/lacs			
		Gratuity Funded		Leave encashment unfunded	
		2009-10	2008-09	2009-10	2008-09
III	Change in obligation during the year ended				
1	Present value of Defined Benefit Obligation at beginning of the year	2701.59	2083.90	717.26	532.78
2	Current Service Cost	104.48	109.83	171.73	143.55
3	Interest Cost	198.74	165.54	48.66	42.97
4	Actuarial (Gains)/Losses	(202.01)	472.43	(0.16)	15.40
5	Benefits Payments	(103.39)	(130.11)	(136.82)	(17.44)
6	Present value of Defined Benefit Obligation at the end of the year.	2699.41	2701.59	800.67	717.26
IV	Change in Assets during the year ended				
1	Plan assets at the beginning of the year	2347.2	1903.14	-	-
2	Expected return on plan assets	198.07	154.53		
3	Contributions by Employer	360.72	186.99	136.82	17.44
4	Actual benefits paid	(277.84)	232.65		
5	Actuarial Gains/(Losses)	(103.39)	(130.11)	(136.82)	(17.44)
6	Plan assets at the end of the year	2524.76	2347.20		
V	Actuarial Assumptions:				
1	Discount Rate	7.50%	7.50%	7.50%	7.50%
2	Expected rate of return on plan assets	8%	8%	-	-
3	Mortality	LIC(94-96) Ultimate	LIC(94-96) Ultimate	Ultimate	Ultimate
4	Turnover rate : Staff	5% of all ages	5% of all ages	5%	5%
	Worker	1% of all ages	1% of all ages	1%	1%
5	Salary escalator	10%	10%	10%	10%
6	Maximum limit	Rs. 3,50,000/-			

- 9) (11) Based on the information available with the Company regarding the status of suppliers as defined under MSMED Act, 2006, there was no principle amount overdue and no interest was payable to the Micro, Small and Medium Enterprises on 31st March, 2010 as per the terms of Contract.

10) (12) Managerial Remuneration paid/payable to Directors

	Rs./lacs	
	2009-10	2008-09
Managing Director:		
Remuneration	96.00	84.00
Contribution to P.F. & Superannuation	11.52	10.08
Performance linked incentive	48.00	42.00
Perquisites/Allowances	121.48	115.21
Commission	700.00	350.00
Total (a)	977.00	601.29
Non Executive Directors		
Sitting Fees	16.85	8.70
Commission	98.00	75.00
Total (b)	114.85	83.70
TOTAL (a+b)	1091.85	684.99

Computation of net profit under section 349 of the Companies Act, 1956

	Rs./lacs	
	2009-10	2008-09
Profit before Taxes	31125.86	23396.06
Add:		
(a) Managerial Remuneration	1091.85	684.99
(b) Provision for Bad and Doubtful Debts and Advances	41.27	16.40
(c) Loss on sale of assets	305.21	30.65
Less:	0.57	NIL
(a) Profit on sale of investments		
(b) Profit on sale of land (Net)	20.50	226.68
(c) Provision for Bad and Doubtful Debts and Advances Written Back	7.44	901.32
Profit as per section 349 of the Companies Act, 1956	32535.68	23000.10
(a) Commission to Managing Director:		
Maximum Remuneration to Managing Director @ 5% of above profit	1626.78	1150.00
Commission as determined by the Board	700.00	350.00
b) Commission to Non Executive Directors:		
Eligible commission to Non Executive Directors @ 1% of above profit	325.35	230.00
Commission as determined by the Board	98.00	75.00

11) Market value of quoted investment as on 31.03.2010 was Rs. 15.19 lacs (As on 31.03.2009 was nil).

12) Quantitative Information

Class of Goods Manufactured	Unit	Installed capacity per annum	Opening Stock	Actual Production	2009-10	
					Turnover	Closing Stock
Portland/Pozzalana Cement Previous Year(2008-09)	M.T	7471900 (4471900)	14023 (14202)	4285086 (3799581)	4254878 (3799759)	44231 (14023)
White Cement Previous Year(2008-09)	M.T.	400000 (400000)	9434 (8672)	301424 (249958)	300120 (249196)	10738 (9434)

13) Important performance ratios

- (i) Sales /Total Assets Ratio = 0.68
- (ii) Operating Profit/Capital Employed Ratio= 0.43
- (iii) Return on Networth = 21%
- (iv) Net Profit/Sales Ratio= 12.37%

14) (16) Previous year figures have been regrouped and recast wherever necessary to conform to the classification of the year. The figures for the current year includes figures of Jaykaycem Ltd which is amalgamated with the Company with effect from 1st April,2008 and are therefore, to that extent not comparable with those of previous year.

15) Serial nos in brackets are serial nos of Notes on Account.

Balance Sheet Abstract and Company's General Business Profile

1 Registration Details

Registration No. 1 7 1 9 9 State Code 2 0

Balance Sheet Date 3 1 0 3 1 0
Date Month Year

2 Capital raised during the year (Rs. in Thousands)

Public Issue N I L Right Issue N I L

Bonus Issue N I L Private Placement N I L

3 Position of Employment and Deployment of Funds (Rs. in Thousands)

Total Liabilities 2 9 7 0 9 6 2 8 Total Assets 2 9 7 0 9 6 2 8

Sources of Funds

Paid - up Capital 6 9 9 2 7 2 Reserves & Surplus 1 2 8 3 8 2 2 6

Secured Loans 9 3 7 6 1 2 1 L Unsecured loans 1 3 6 1 0 8 2

Deferred Taxation 1 8 5 8 0 0 0

Application of Funds

Net Fixed Assets 2 2 7 7 4 8 8 8 Investments 5 9 8 8 0

Net current assets ☒ 3 2 7 0 9 9 2 Misc. Expenditure 2 6 9 4 1

Accumulated Losses N I L

4 Performance of Company (Rs. in Thousands)

Turnover 1 8 4 6 0 7 5 9 Total Expenditure 1 5 3 4 8 1 7 3

Profit Before Tax ☒ 3 1 1 2 5 8 6 Profit After Tax ☒ 2 2 5 9 9 8 6

Earning per Share in (Rs) 3 2 . 3 2 Dividend Rate (%) 6 . 0 0

5 Generic Names of Three Principle Products and Item Code Nos. (ITC Code)

Item Code No. (ITC Code) 2 5 2 3 2 9 . 0 1

Pesticides/Herbicides P O R T L A N D C E M E N T

Item Code No. (ITC Code) 2 5 2 3 2 1 . 0 0

Pesticides/Herbicides W H I T E C E M E N T

FINANCIAL DETAILS OF SUBSIDIARY COMPANIES

Name of the Subsidiary Company	Closing Exchange Rate adopted is on 31.12.2009 Rs./AED	Capital	Reserves	Total Assets	Total Liabilities	Investment (Included in Total Assets)	Turnover	Rs./Lacs		
								Profit/ (Loss) before Tax	Provision for Tax	Profit/ (Loss) after Tax
J.K.Cement (Fujairah) FZC	12.6678	126.68	(45.07)	661.93	580.32	114.01	-	(21.22)	-	(21.22)
J.K.Cement Works (Fujairah) FZC	12.6678	126.68	(193.14)	481.32	547.79	-	-	(123.45)	-	(123.45)

Notes ;

1. In terms of approval granted by Central government under section 212[8] of the Companies Act 1956, the annual accounts of the Subsidiary Companies and related detailed informations will be made available upon request by the investors of the Company and its Subsidiary Companies. These documents will also be made available for inspection by any investor at Head office of the Company at Kamla Tower, Kanpur-208001 and that of the subsidiary Companies concerned.
2. The Company has consolidated the financial statements of its subsidiary as per Accounting Standard (AS)-21 "Consolidated Financial Statements" issued by the "Institute of the Chartered Accountants of India".

Place: KANPUR

Dated: 29th May'2010

Auditors' Report on Consolidated Abridged Accounts

To

The Board of Directors of J.K. Cement Limited

On the Consolidated Abridged Financial Statements of J.K. Cement Limited.

We have examined the attached consolidated abridged Balance Sheet of J.K. Cement Limited ('the Company') and its subsidiary as at March 31, 2010, the related consolidated abridged Profit and Loss Account for the year ended on that date annexed thereto and the consolidated Cash Flow Statement for the year ended on that date, together with the notes thereon. These consolidated abridged financial statements have been prepared by the Company, to the extent possible, on the basis of Rule 7A of the Companies (Central Government's) General Rules and Forms, 1956.

These consolidated abridged financial statements are based on the consolidated financial statements of the Company for the year ended March 31, 2010 prepared on the basis of separate financial statements of the Company and its subsidiaries, in accordance with the requirements of Accounting Standard 21 Consolidated Financial Statements issued by the Institute of Chartered Accountants of India and is covered by our report of even date to the Board of Directors of the Company which report is attached herewith.

For **P.L. TANDON & CO.,**
CHARTERED ACCOUNTANTS
Registration No. 000186C

Place: Kanpur.

Date : 29th May, 2010

(A.K. AGARWAL)
PARTNER
Membership No.71548

Auditors' Report on Consolidated Accounts

To

The Board of Directors of J.K. Cement Limited

On the Consolidated Financial Statements of J.K. Cement Limited and its subsidiaries.

- 1) We have examined the attached Consolidated Balance Sheet of J.K. Cement Limited and its subsidiaries, as at 31st March, 2010, the Consolidated Profit and Loss Account and also the Consolidated Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these financial statements based on our audit.
- 2) We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
- 3) We did not audit the financial statement of subsidiary and fellow subsidiary whose consolidated financial statement reflect total assets of Rs.503.13Lacs as at 31st December, 2009 total expenses of Rs.144.67 Lacs and cash flows amounting to Rs.8.44 Lacs for the year then ended. These financial statements and other financial information's have been audited by other auditors whose reports have been furnished to us and our opinion is based solely on the report of their auditors.
- 4) We report that the consolidated financial statements have been prepared by the Company's management in accordance with the requirements of Accounting Standard (AS)21, Consolidated Financial Statements by the Institute of Chartered Accountants of India and on the basis of the separate audited financial statements of J.K. Cement Limited and its subsidiaries included in the consolidated financial statements.
- 5) On the basis of information and explanations given to us and on the consideration of the separate audit reports on individual audited financial statements of J.K. Cement Limited and its subsidiaries, we are of the opinion that the attached Consolidated Financial Statements read together with notes thereon, give a true and fair view in conformity with the accounting principles generally accepted in India.
 - (a) in the case of the Consolidated Balance Sheet, of the Consolidated state of affairs of the Company and its subsidiaries as at 31.03.2010
 - (b) in the case of the Consolidated Profit & Loss Account, of the Consolidated Profits of the Company and its subsidiaries for the year ended on that date; and
 - (c) in the case of the Consolidated Cash Flow Statement, of the Consolidated Cash Flows of the Company and its subsidiaries for the year ended on that date.

For **P.L. TANDON & CO.,**
CHARTERED ACCOUNTANTS
Registration No. 000186C

Place: Kanpur.

Date : 29th May, 2010

(A.K. AGARWAL)
PARTNER
Membership No.71548

Consolidated Abridged Balance Sheet as at 31st March, 2010

Rs./Lacs

	31-03-2010	31-03-2009
SOURCES OF FUNDS		
Shareholders' Funds		
Capital-Equity	6992.72	6992.72
Minority Interest	-	5.95
Reserves & Surplus		
a) Capital Reserve	7797.59	6680.43
b) Revenue Reserve	50890.04	36733.82
c) Revaluation Reserve	26524.27	27785.45
d) Surplus in Profit & Loss Account	16952.09	14399.10
e) Share Premium Account	25988.60	25923.60
f) Foreign Currency Translation Reserve	(18.69)	10.92
	128133.90	111533.32
Loan Funds		
a) Secured Loans	93761.21	93530.91
b) Unsecured Loans	13610.82	13773.90
	107372.03	107304.81
Deferred Tax Liability	18580.00	10060.00
	261078.65	235896.80
APPLICATION OF FUNDS		
Goodwill	-	435.70
Fixed Assets		
a) Net Block :		
Historical	178737.32	95358.54
Revaluation	26524.27	27785.45
	205261.59	123143.99
b) Capital Work-in-Progress	22956.37	91164.20
	228217.96	214308.19
Investments	475.11	423.00
Current Assets, Loans & Advances		
a) Inventories	23762.33	13612.58
b) Sundry Debtors	8187.31	5303.82
c) Cash & Bank Balances	13178.53	14564.81
d) Other Current Assets	179.40	160.99
e) Loans & Advances		
i) Subsidiary Companies	46.32	120.38
ii) Others	22554.10	20013.88
	67907.99	53776.46
Less: Current Liabilities & Provisions		
Liabilities	32937.88	29690.08
Provisions	2853.94	4347.81
	35791.82	34037.89
Net Current Assets	32116.17	19738.57
Miscellaneous Expenditure (to the extent not written-off or adjusted)	269.41	991.34
TOTAL	261078.65	235896.80

Refer Notes forming part of Consolidated Abridged Accounts.

As Per Our Report Attached
For P.L.Tandon & Co.,
Chartered AccountantsGaur Hari Singhania
ChairmanYadupati Singhania
Managing Director & CEOA. K. Agarwal
PartnerA.K.Saraogi
President (Corp.Affairs) & CFOShambhu Singh
Company SecretaryAshok Sharma
Achintya Karati
Jyoti Prasad Bajpai
Jayant Narain Godbole
Krishna Bihari Agarwal
Kailash Nath Khandelwal
Raj Kumar Lohia
Suparas Bhandari

} Director

Kanpur
Dated : 29th May, 2010

Consolidated Abridged Profit and Loss Account for the year ended 31st March, 2010

Rs./Lacs

	2009-2010	2008-2009
INCOME		
Sales (Net)	182678.47	149683.56
Dividend	10.69	-
Interest	778.65	914.26
Other Income	1918.43	791.18
TOTAL	185386.24	151389.00
EXPENDITURE		
Cost of goods Consumed/Sold	16897.75	14954.12
i) Opening Stock of WIP & Finished goods	2627.23	2104.63
ii) Raw Materials Consumed	19962.36	15476.72
Less: Closing Stock of WIP & Finished Goods	5691.84	2627.23
Power & Fuel	41138.52	37622.74
Manufacturing Expenses	16081.49	12998.16
Selling & Distribution Expenses	46069.24	36353.56
Salaries,Wages and Other Employees benefits	9041.15	8168.42
Managerial Remuneration	1091.85	684.89
Interest	6941.87	5467.33
Depreciation (Net)	8553.74	5242.67
- Depreciation	9803.85	6510.92
- Less: Transfer from Revaluation Reserve	1250.11	1268.25
Auditors' Remuneration	20.22	13.09
Provision for doubtful debts/Advances	41.27	16.40
Other Expenses	8527.96	6569.22
TOTAL	154405.06	128090.60
PROFIT BEFORE TAX	30981.18	23298.40
PROVISION FOR TAX		
Fringe Benefit Tax	-	196.50
Current Tax	5303.00	5568.00
Less: MAT Credit Entitlement	(5,297.00)	-
Deferred Tax	8520.00	3397.16
PROFIT AFTER TAX	22455.18	14136.74
Add: Share of Loss transferred to Minority Interest	5.39	7.28
Profit After Tax & Minority Interest	22460.57	14144.02
Balance from previous year	14399.10	13118.47
Less: On Amalgamation	8.36	-
Amount Available for Appropriations	36851.31	27262.49
APPROPRIATIONS		
General Reserve	15000.00	10000.00
Interim Dividend	1748.18	-
Proposed Dividend	2447.45	2447.45
Tax on Dividend	703.59	415.94
BALANCE CARRIED TO BALANCE SHEET	16952.09	14399.10
Earning per share - Basic and Diluted (In Rs.)	32.11	20.23

Refer Notes forming part of Consolidated Abridged Accounts.

As Per Our Report Attached
For **P.L.Tandon & Co.,**
Chartered Accountants**Gaur Hari Singhania**
Chairman**Yadupati Singhania**
Managing Director & CEO**A. K. Agarwal**
Partner**A.K.Saraogi**
President (Corp.Affairs) & CFO**Shambhu Singh**
Company Secretary
Ashok Sharma
Achintya Karati
Jyoti Prasad Bajpai
Jayant Narain Godbole
Krishna Bihari Agarwal
Kailash Nath Khandelwal
Raj Kumar Lohia
Suparas Bhandari

} Director

Kanpur
Dated : 29th May, 2010

Consolidated Cash Flow Statement for the year ended 31st March, 2010

Rs./Lacs

	2009-2010	2008-2009
A) CASH FLOW FROM OPERATING ACTIVITIES		
Profit before Tax as per Profit & Loss Account	30981.18	23298.40
Adjusted for :		
Depreciation	8553.74	5242.67
Minority Interest	-	7.28
Deferred Revenue	43.24	69.70
Interest	6941.87	5467.33
Interest received	(778.65)	(914.26)
Profit on sale of investments	(0.57)	-
Dividend Income	(10.69)	-
Loss on sale of assets	305.21	30.65
Profit on Sale of Land	(20.50)	(226.68)
Operating Profit before Working Capital Changes	46014.83	32975.09
Adjusted for :		
Trade & Other Receivables	(1643.62)	(8418.12)
Inventories	(10149.75)	(2159.43)
Trade Payable	3601.97	4505.19
Cash Generated from Operations	37823.43	26902.73
Adjusted for :		
Tax Paid	(7211.67)	(3801.17)
Corporate Dividend Tax	(713.04)	(594.21)
Dividend paid	(4167.97)	(3496.36)
Deferred Revenue	(68.71)	(865.01)
Net cash from operating activities	(12161.39)	(8756.75)
	25662.04	18145.98
B) CASH FLOW USED IN INVESTING ACTIVITIES		
Acquisition/Purchase of fixed assets including capital advances	(20311.96)	(62591.36)
Sale of fixed assets	131.80	317.35
Minority Interest	-	5.95
Purchase of Investments	(6208.71)	-
Sale of Investments	6167.87	-
Exchange Rate Fluctuation Reserve on Conversion	(22.13)	8.59
Interest Income	688.95	1428.95
Net cash used in investing activities	(19554.18)	(60830.52)
C) CASH FLOW FROM FINANCING ACTIVITIES		
J.K. Cement (Fujairah) FZC [Wholly Owned Subsidiary]	74.06	(99.23)
Capital subsidy received	1117.16	3210.29
Deferred Sales Tax	(492.49)	(460.48)
Long Term Borrowings	10382.96	58172.13
Cash Credit Accounts	2041.39	(3436.65)
Repayment of Long Term Borrowings	(12388.19)	(9005.34)
Interest Paid	(10552.58)	(9274.95)
Vehicle Loans & Others	523.55	377.43
Refund from Associate Company	1800.00	200.00
Share Premium A/c.	-	19.99
Net cash used in financing activities	(7494.14)	39703.19
Net increase in Cash and Cash Equivalents (a+b+c)	(1386.28)	(2981.35)
Opening balance of Cash and Cash Equivalents	14564.81	17546.16
Closing balance of Cash & Cash Equivalents	13178.53	14564.81

As Per Our Report Attached
For **P.L.Tandon & Co.,**
Chartered Accountants

Gaur Hari Singhania
Chairman

Yadupati Singhania
Managing Director & CEO

A. K. Agarwal
Partner

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

Shambhu Singh
Company Secretary

Ashok Sharma
Achintya Karati
Jyoti Prasad Bajpai
Jayant Narain Godbole
Krishna Bihari Agarwal
Kailash Nath Khandelwal
Raj Kumar Lohia
Suparas Bhandari

Director

Kanpur
Dated : 29th May, 2010

Consolidated Notes ON ABRIDGED BALANCE-SHEET AS AT 31ST MARCH,2010 AND ABRIDGED PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED ON THAT DATE.

Principles of Consolidation:

The consolidated financial statements of the Group have been prepared on the following basis:

- The consolidated financial statements of the Group are prepared in accordance with Accounting Standard-21 "Consolidated Financial Statements" issued by ICAI.
- The financial statements of the Company and its Subsidiary Company have been consolidated on a line-by-line basis by adding together the book value of like items of assets, liabilities, income and expenses, after eliminating intra-group balances.
- The consolidated financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented, to the extent possible, in the same manner as the Company's separate financial statements.
- Minority interest in J.K. Cement Works (Fujairah) FZC is shown separately in Profit & Loss Account and it is adjusted from the minorities capital of Consolidated balance-sheet and shown separately.
- Calendar year as accounting year is adopted by J.K. Cement (Fujairah) FZC and J.K. Cement Works (Fujairah) FZC and the books are being prepared on year ending 31.12.2009.

The Companies considered in the consolidated financial statements are

Name of the Company	Nature of Company	Country of Incorporation	Holding as on 31.03.10
J.K. Cement (Fujairah) FZC	Subsidiary	U.A.E.	100%
J.K. Cement Works (Fujairah) FZC	Fellow Subsidiary	U.A.E.	90%

Rs./ lacs

		31.03.2010	31.03.2009
1)	(5) (A) Contingent Liabilities		
	(i) In respect of claims excluding indeterminate claims of employees against the Company not acknowledged as debts	4328.45	5559.37
	(ii) In respect of disputed demands for which Appeals are pending with Appellate Authorities/Courts – no provision has been considered necessary by the Management		
	a) Excise duty	172.04	-
	b) Custom duty	176.28	-
	c) Sales-tax	924.73	1949.26
	d) Service tax	1085.42	1024.96
	(iii) In respect of interest on "Cement Retention Price" realised in earlier years	1088.40	1068.02
	(B) Estimated amount of contracts remaining to be executed on capital accounts and not provided for	4147.18	20953.63

- (6) Share Capital includes 74,26,950 equity shares of Rs. 10/- each allotted without payment received in cash.

- (8) Jaykaycem Ltd (the amalgamating Company) engaged in setting-up of Greenfield Grey Cement Plant and Captive Power Plant at Muddapur, District Bagalkot, in State of Karnataka, has been amalgamated with the Company. The Scheme of amalgamation (the Scheme) was sanctioned by the Hon'ble High Court of Judicature at Allahabad vide its order dated 20th August,2009 which became effective on 24th August,2009. In accordance with the said Scheme and as per the approval of the Hon'ble High Court:

- a) The assets, liabilities, rights and obligations of erstwhile Jaykaycem Ltd have been transferred to and vested with the Company with effect from 1st April, 2008 (Appointed date) and have been recorded during the current year at their respective book values as appearing in the books of amalgamating Company under the pooling of interest method of accounting for amalgamations (AS-14) issued by The Institute of Chartered Accountants of India.
- b) The amalgamating Company was wholly owned subsidiary of the Company, therefore, no consideration was payable nor any Shares were issued. Reserves have been preserved as they appeared in the financial statements of amalgamating Company.
- c) The amalgamating Company had not prepared Profit & Loss Account till effective date as their project was under construction.
- 4) (9) Government of Rajasthan has issued an entitlement certificate by which the Company is entitled for interest subsidy under Rajasthan Investment Promotion Scheme, 2003 for 7 years from 30th Nov. 2004. In terms of the scheme, Commercial Tax Department has determined Rs. 7797.59 lacs as interest subsidy for the period 1st Dec. 2004 to 31st Dec. 2009. The subsidy amounting to Rs. 7797.59 lacs has also been released by Government upto 31st March, 2010 (Rs. 1117.16 lacs during the year) under the aforesaid scheme has been accounted for as Capital Receipt based on expert advice.
- 5) (10) 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. 1250.11 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) (11) Pursuant to the implementation of SAP ERP system, during the year in some Grey Cement Plants and Power Plants, Inventory valuation method has been changed from annual weighted average method to daily moving weighted average for items procured and monthly moving weighted average in case of material in process and finished goods.
- 7) (12) Unhedged foreign currency exposure
Export debtors: US\$ 364879.67 : Rs. 163.46 lacs (US \$617438.71 : Rs. 311.93 lacs)
- 8) (13) Disclosures in accordance with Accounting Standards

(A) Deferred tax assets and liabilities are as under

		Rs./ lacs	
		31.03.2010	31.03.2009
(a)	Deferred Tax Assets		
(i)	Provision for Doubtful Debts	20.89	11.32
(ii)	Expenses deductible on payment basis	1873.80	1560.92
(iii)	Unabsorbed loss	1212.54	-
		3107.23	1572.24
(b)	Deferred Tax Liabilities		
	Difference between book depreciation and Depreciation under Income-tax Act	21687.23	11632.24
(c)	Net Deferred Tax Liabilities	18580.00	10060.00

(B) Earning per share (EPS)

	Rs./ lacs	
	31.03.2010	31.03.2009
(a) Net Profit available for Equity Share holders after adjusting minority interest (Numerator used for calculation)	22460.57	14144.02
(b) Weighted average number of Equity Shares Used as denominator for calculating EPS	69927250	69927250
(c) Basic and Diluted earnings per share of Rs. 10/-	32.11	20.23

(C) Related Parties Disclosures

- (1) (a) Parties where the control/significant influence exists
- i) Juggilal Kamlapat Holding Ltd
 - ii) Yadu International Ltd
- (b) Key Management Personnel & their Relatives
- i) Shri Yadupati Singhania- Managing Director & C.E.O.
 - ii) Dr. Gaur Hari Singhania (Relative)
- (c) Enterprises significantly influenced by Key Management Personnel or their Relatives.
- i) J.K. Synthetics Ltd
 - ii) J.K. Cotton Spg. & Wvg. Mills Co. Ltd
- (d) Joint Venture
- Bander Coal Company (P) 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.

	Rs./lacs	
	2009-10	2008-09
(i) J.K. Synthetics Ltd		
- Sale of Product	0.05	0.03
- Services received	40.81	37.02
- Rent paid	45.30	42.44
- Expenses Reimbursed	134.54	152.86
- Loan given:		
Balance as at beginning	3300	3500
Payment received	1800	200
Balance as at close of the year	1500	3300
(ii) J.K. Cotton Spg. & Wvg. Mills Co. Ltd		
- Rent paid	5.29	4.94
- Purchases	0.41	-
- Sale of Products	1.13	-
(iii) Key Management Personnel and their relatives		
(a) Shri Y.P. Singhania (Managing Director)		
-Remuneration	977.00	601.29
(b) Dr Gaur Hari Singhania (Relative)		
- Commission	50.00	35.00
- Sitting Fees	1.80	1.50
(iv) Bander Coal Company (P) Ltd.		
Advances given	12.71	-
Balance as at close of the year	12.71	-

(D) Disclosure of Company's Interest in Joint Venture.

Name of Joint Venture	% Interest	Country of Incorporation
Bander Coal Company Pvt. Ltd	33.3%	INDIA

The Company has made an investment of Rs. 37.50 lacs in equity shares of Joint Venture Company and has also advanced Rs. 12.71 lacs. The Joint Venture Company has not yet finalised the Financial Statements, therefore, Company's share in Assets, Liabilities and Income & Expenditure has not been disclosed and consolidated.

(E) The Company is engaged only in cement business and there are no separate reportable segments as per AS-17.

- 9) (14) Based on the information available with the Company regarding the status of suppliers as defined under MSMED Act, 2006, there was no principle amount overdue and no interest was payable to the Micro, Small and Medium Enterprises on 31st March, 2010 as per the terms of Contract.

10) (15) Managerial Remuneration paid/payable to Directors

	Rs./lacs	
	2009-10	2008-09
Managing Director:		
Remuneration	96.00	84.00
Contribution to P.F. & Superannuation	11.52	10.08
Performance linked incentive	48.00	42.00
Perquisites/Allowances	121.48	115.21
Commission	700.00	350.00
Total (a)	977.00	601.29
Non Executive Directors		
Sitting Fees	16.85	8.70
Commission	98.00	75.00
Total (b)	114.85	83.70
TOTAL (a+b)	1091.85	684.99

11) (16) The details of Project Development Expenses relating to J.K. Cement Works ,Muddapur capitalized during the year:

		Rs./lacs
Particulars		2009-10
Repairs & Maintenance		10.05
Insurance		91.10
Electricity line laying & other expenses		1143.69
Establishment expenses		197.19
Employees Welfare expenses		9.51
Rent		6.04
Lease rent		500.84
Rates & Taxes		4.00
Travelling & Conveyance		38.30
Legal & Professional charges		19.93
Freight & handling		8.14
Other Administrative expenses		448.35
Interest (net)		3377.36
Depreciation		69.03
Trial run expenses		
Material Consumption	538.64	
Salary & wages	39.51	
Power charges	215.26	
Less: Value of trial run stock-Clinker	(610.56)	182.85
Opening balance as on 31.03.2009		6630.06
Total		12736.44
Expenses Capitalised during the year		12736.44
Balance		Nil

12) (17) There are no material transactions from 01.01.2010 to 31.03.2010 in respect of subsidiaries having financial year ended 31.12.2009. There is no change in Company's interest in these subsidiaries from 01.01.2010 to 31.03.2010.

13) Serial numbers in brackets represents that serial numbers of notes on consolidated financial statements.

Shareholders General Information and Guidance

1. The equity shares of your company are listed on the Bombay Stock Exchange Ltd. & National Stock Exchange of India Ltd., Mumbai and the same are compulsorily traded in dematerialized mode. **Shareholders who wish to dematerialize their shareholdings may send their request on prescribed form (available with DP) alongwith share certificate(s)/ for dematerialisation through depository participant (DP) with whom they are maintaining a demat account. The ISIN of the Company is INE 823G01014.**
2. The share holders who have not received corporate benefit i.e. share certificate(s), on account of shares held by them in J K Synthetics Ltd, dispatched by the Company during April, 2005 may intimate the Company by quoting reference of Folio No. / DP-ID and Client ID etc.
3. The share holders who have not received dividend warrants for the year 2006-07, 2007-08 and 2008-09 on account of their change in address or any other reason may write to the Company's Registrar & Transfer Agent, M/s.J.K.Synthetics Ltd., Kamla Tower, Kanpur by quoting reference of their folio or DP-ID & Client ID.
4. The shareholders who wish to seek any information, clarification in respect of share transfer activities or status of their grievances may write to Company's Registrar Transfer Agents M/s. J.K.Synthetics Ltd, Kamla Tower, Kanpur at following email address: shambhu.singh@jkcement.com or jkshr@jkcement.com.
5. The share holders of physical segment who are having identical names in different folios are advised to consolidate their holdings in one folio which will facilitate the investors in receiving consolidate dividend for non-cash corporate benefit of future and would reduce un-necessary paper work and service cost.
6. The Investors who have not received Demat credit of shares allotted or refund of money under public issue may write to us by quoting reference of their application no., name, address & No. of shares applied for.
7. Shareholders of physical segment who wish to notify change in their address may intimate complete new address with Pin code No. by quoting their Folio No. and proof of Address i.e. copy of telephone/electricity bill or any receipt of Municipal Corporation etc.

The Shareholders who holds shares in electronic / (Demat) segment may notify their change in their address to the DP with whom they are maintaining a Demat account. No request for change in address from the holders of Demat segment will be entertained directly by The Company.

8. The shareholders who wish to make nomination may send their application on prescribed form 2b (under rule 4cc & 5d of Companies Central Government General Rules and Forms 1956). The said form is also available on company's website www.jkcement.com.



(Mandate Form for receiving dividend by National Electronic Clearing Service (ECS)/Printing of Bank details on Dividend Warrant)

Dear Sirs,

Please fill-in the information in CAPITAL LETTERS in ENGLISH ONLY.

For shares held in physical form

FOR OFFICE USE ONLY

NECS

Ref.No.

For shares held in electronic form

Client Id						
-----------	--	--	--	--	--	--

Name of Sole/First holder

Bank name

Branch name

Branch code

--	--	--	--	--	--	--	--	--

[9 Digits Code Number appearing on the MICR Band of the cheque supplied by the Bank]. Please attach a photo copy of a cheque or a blank cheque of your bank duly cancelled for ensuring accuracy of the banks name, branch name and code number.

Account Type [Please Tick (✓) wherever applicable]

Savings

Current

Cash Credit

A/c.No.(as appearing in the cheque book)

Effective date of this mandate

I, hereby declare that the particulars given above are correct and complete. If any transaction is delayed or not effected at all for reasons of incompleteness or incorrectness of information supplied as above, the Company will not be held responsible. I agree to avail the NECS facility provided by RBI, as and when implemented by RBI/J.K.Cement Ltd. Further in case of NECS facility is not available in my city please print Bank details furnished by me on the dividend warrant.

I, further undertake to inform the Company any change in my Bank/branch and account number.

Dated:

(Signature of Sole/First holder)

Notes: 1. Whenever the Shares in the given folio are entirely dematerialised, then the NECS mandate form will stand rescinded.

2. For Shares held in dematerialised mode nomination is required to be with the Depository Participant in their prescribed form.
3. In case NECS facility is not available in your city then bank details furnished by you will be printed on dividend warrants.
4. The Share holders who hold shares in physical mode should ensure that this mandate form duly completed in all respect & signed by the Sole/First named holder should reach the company on or before July 20, 2010 after which date no request for registration of Mandate for the purpose of payment of dividend for the year 2009-10 will be entertained.
5. The share holder of physical segment who do not wish to opt for NECS facility need not furnish 9 Digits Code Number appearing on the MICR band of the cheque supplied by the Bank and the photo copy of the blank cheque.

[illegible]



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*	
Client Id*	

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

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, July 31, 2010 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**



J.K. CEMENT LIMITED

Regd.Office: Kamla Tower, Kanpur – 208 001.

PROXY FORM

DP.Id*	
Client Id*	

Folio No.	
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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, July 31, 2010 at 12.00 Noon and at any adjournment thereof.

Signed thisday of2010

Signature



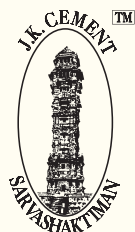
.....

*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-208 001 not less than 48 hours before the time for holding the meeting. The Proxy need not be a member of the Company.



Silver Jubilee Celebrations at J.K. White Cement Works, Gotan



J.K. Cement Ltd.

REGISTERED OFFICE

Kamla Tower, Kanpur - 208001, Uttar Pradesh, INDIA
Telephone: 0091-512-2371478 / 81, Fax: 0091-512-2399854
email: jkshr@jkcement.com
website: www.jkcement.com