

GUJARAT JAYPEE CEMENT & INFRASTRUCTURE LIMITED

ANNUAL REPORT 2009-10

10

GUJARAT JAYPEE CEMENT & INFRASTRUCTURE LIMITED

DIRECTORS' REPORT

To

The Members

Your Directors have pleasure in presenting the Third Annual Report together with the Audited Accounts of the Company for the year ended March 31, 2010

PROJECT OF THE COMPANY

Your Company was incorporated as a Joint Venture between Jaiprakash Associates Limited (JAL) and Gujarat Mineral Development Corporation Limited (GMDC), *inter-alia*, to implement a 2.4 Million tones per annum capacity cement plant in District Kutch, Gujarat.

Approximately 484 hectares of land is required for setting up the cement plant. Pending approval and issue of the new Jantri for fixing the rates for valuation of Government land by the Government of Gujarat, the Government land is yet to be acquired by the Company.

Environment impact assessment on the identified land has, in the meanwhile, been made and clearance from State Wild Life Protection & Forest Dept has also been received for the proposed cement plant. Environmental Clearance is expected to be received as soon as the identified Government land is transferred in Company's name. Technical consultants are also working on the engineering of the Project.

DIVIDEND

Since the Company's project is still under implementation, no dividend is recommended.

SHARE CAPITAL

The Authorized Share Capital of the Company is Rs. 100 crore and the paid-up capital of the Company on March 31, 2010 stood at Rs. 73,40,000/-.

DIRECTORATE

Since the last report of Directors dated May 7, 2009, Shri V.S.Gadhavi, IAS has been appointed as Director w.e.f. December 21, 2009 in place of Smt. V.L. Joshi.

The Board placed on record its deep appreciation for the valuable contribution made by Smt. V.L. Joshi during her tenure as Director of the Company.

Shri Manoj Gaur, Shri P.V. Vora and Shri Vipul H. Raja, Directors of the Company shall retire by rotation at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-appointment.

AUDITORS

M/s DPSV & Associates, Chartered Accountants (Registration No. 325669E), Statutory Auditors of the Company will retire at the conclusion of the Third Annual General Meeting and are eligible for re-appointment. They have, pursuant to Section 224(1B) of the Companies Act, 1956, furnished a Certificate regarding their eligibility for re-appointment as Statutory Auditors of the Company.

FIXED DEPOSITS

The Company has not accepted any deposit within the meaning of Section 58A of the Companies Act, 1956 and the Rules made thereunder.

PARTICULARS OF EMPLOYEES

During the period under report none of the employees was in receipt of remuneration prescribed under Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975.

TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The information required to be disclosed as per Section 217(1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Directors) Rules, 1988 with regard to technology absorption and conservation of energy is not applicable for the year ended 31st March 2010.

There were no foreign exchange earnings and outgo during the year under report.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 217(2AA) of the Companies Act, 1956, your Directors state:

- (i) that in the preparation of the accounts for the year ended March 31, 2010, the applicable accounting standards had been followed and there were no material departures;
- (ii) that the directors had 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 for the year ended March 31, 2010 and the Incidental Expenditure During Construction Period incurred by the Company upto March 31, 2010;
- (iii) that the directors had taken proper and sufficient care for the 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;
- (iv) that the directors have prepared the accounts for the year ended March 31, 2010, on a going concern basis.

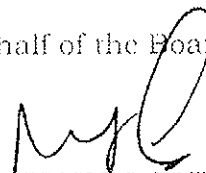
NOTES ON ACCOUNTS

The observations of Auditors and notes on accounts are self-explanatory.

ACKNOWLEDGEMENT

Your Directors wish to place on record their appreciation and gratitude to various Departments of Government of Gujarat and Central Government for their valuable support and co-operation. Your Directors also wish to place on record their appreciation for the shareholders for their continued support.

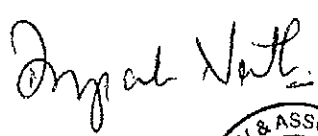
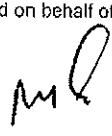


On behalf of the Board


MANOJ GAUR
Chairman

Place : New Delhi
Dated : May 3, 2010

Gujarat Jaypee Cement & Infrastructure Limited
BALANCE SHEET AS AT 31ST MARCH, 2010

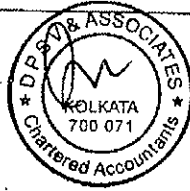
(Amount in Rupees)

	SCHEDULE	As at	
		31.03.2010	31.03.2009
SOURCES OF FUNDS			
SHAREHOLDERS FUNDS			
Share Capital	A	7,340,000	7,340,000
Share Application Money		111,198,400	111,198,400
TOTAL FUNDS EMPLOYED		118,538,400	118,538,400
APPLICATION OF FUNDS			
Fixed Assets	B		
Gross Block		97,048	97,048
Less: Depreciation		21,102	17,044
Net Block		75,946	80,004
Capital Work in Progress		1,996,408	5,131,252
Incidental Expenditure During Construction Period	C	3,203,257	2,562,890
		5,275,611	7,774,146
CURRENT ASSETS, LOANS AND ADVANCES	D		
Cash and Bank Balances		105,198,756	102,499,240
Other Current Assets		4,220,904	3,574,939
Loans and Advances		3,025,219	955,318
		112,444,879	107,029,497
LESS: CURRENT LIABILITIES AND PROVISIONS	E		
Current Liabilities		527,508	523,147
Provisions		4,358,960	1,446,474
		4,886,468	1,969,621
NET CURRENT ASSETS		107,558,411	105,059,876
MISCELLANEOUS EXPENDITURE (To the extent not written off or adjusted)	F	5,704,378	5,704,378
TOTAL APPLICATION OF FUNDS		118,538,400	118,538,400
Significant Accounting Policies and Notes on Accounts	G		
As per our report annexed			
For DPSV & Associates Chartered Accountants		For and on behalf of the Board	
 Deepak Nath Aggarwal Partner M. No. 062779		 Chairman	
 Camp : New Delhi Dated : May 3, 2010		 Managing Director	

Gujarat Jaypee Cement & Infrastructure Limited

Schedule forming part of Balance Sheet

	As at 31.03.2010	(Amount in Rupees) As at 31.03.2009
SCHEDULE "A"		
SHARE CAPITAL		
Authorised		
10,00,00,000 Equity Shares of Rs 10/- each	<u>1,000,000,000</u>	<u>1,000,000,000</u>
Issued, Subscribed and Paid-up		
7,34,000 Equity Shares of Rs 10/- each	7,340,000	7,340,000
(Previous Year 7,34,000 Equity Shares of Rs 10/- each)	<u>7,340,000</u>	<u>7,340,000</u>



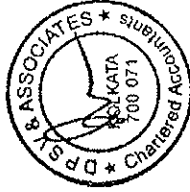
Gujarat Jaypee Cement & Infrastructure Limited

SCHEDULE - B

Schedule forming part of Balance Sheet

FIXED ASSETS

PARTICULARS	GROSS BLOCK			DEPRECIATION			NET BLOCK	
	As at 31.03.2009	Addition during the Year	Deduction during the Year	As at 31.03.2010	For the Year	Sale/ Adjustment	As at 31.03.2010	As at 31.03.2009
Office equipments	97,048	-	-	97,048	4,058	-	75,946	80,004
Total - 'A'	97,048	-	-	97,048	4,058	-	75,946	80,004
Previous Year	97,048	-	-	97,048	12,986	-	80,004	-
Capital Work in progress - 'B'	-	-	-	-	-	-	1,996,408	5,131,252
Total - 'A+B'	97,048	-	-	97,048	4,058	-	2,072,354	5,211,256



Gujarat Jaypee Cement & Infrastructure Limited

Schedule forming part of Balance Sheet

SCHEDULE "C"

Statement of Incidental Expenditure during Construction Period and Pending Allocation
for the Period from 1st April 2009 to 31st March 2010

(in Rupees)

	As at 31.03.2010	As at 31.03.2009
Opening Balance	2,562,890	1,443,367
Electricity Charges	4,795	38,037
Salary, Wages & other Benefits	2,589,847	1,804,295
Staff Welfare Expenses	84,065	82,585
Vehicle Hire Charges	-	110,300
Traveling & Conveyance Expenses	675	174,831
Traveling Expenses - Directors	97,274	131,113
Survey & Mine Development Expenses	50,073	73,028
Interest Others	59,116	430
Bank Charges	1,352	5,545
Legal, Professional & Consultancy Fee	3,579,548	17,253
Rates, Taxes and Fees	3,560	28
Rent	245,978	227,901
Telephone expenses	-	200
Auditors' Remuneration		
- Audit Fee	110,300	110,300
- Certification	5,515	4,495
- Reimbursement of Expenses	13,848	10,630
Foreign Exchange Loss	-	1,485,790
Miscellaneous Expenses	17,223	113,626
Depreciation	4,058	4,058
	9,430,117	5,837,812
Less : Interest on Fixed Deposits with Bank	(9,067,073)	(4,721,396)
	363,044	1,116,416
Provision for Fringe Benefit Tax	-	25,774
Provision for Income Tax (Current year)	2,802,000	1,420,700
Provision for Income Tax (Earlier year)	38,213	-
	3,203,257	2,562,890
Total Carried to Balance Sheet	3,203,257	2,562,890

As per our report of even date attached to the Balance Sheet

For DPSV & Associates
Chartered Accountants

Deepak Nath Aggarwal
Partner
M. No. 062779

Camp : New Delhi
Dated : May 3, 2010



For and on behalf of the Board

Chairman

Managing Director

Gujarat Jaypee Cement & Infrastructure Limited

Schedule forming part of Balance Sheet

	As at		(Amount in Rupees)	
	31.03.2010		As at	31.03.2009
SCHEDULE "D"				
CURRENT ASSETS				
CASH AND BANK BALANCES				
a) Cash and Cheques in hand	40,877		19,135	
b) Balance with Schedule Banks				
In Current Accounts	2,067,283		6,271,860	
In Fixed Deposits with banks	103,090,596	105,198,756	96,208,245	102,499,240
OTHER CURRENT ASSETS				
Interest accrued on Fixed Deposits with Banks		4,220,904		3,574,939
	A	109,419,660		106,074,179
LOANS AND ADVANCES				
(Unsecured, considered good)				
Advances recoverable in cash or in kind or for value to be received				
a) FBT Paid		27,549		17,106
b) Tax Deducted at Source		2,476,969		938,212
c) Income Tax Paid		520,701		-
	B	3,025,219		955,318
	A+B	112,444,879		107,029,497
SCHEDULE "E"				
CURRENT LIABILITIES				
Expenses Payable		202,573		510,128
Other Liabilities		324,935		13,019
		527,508		523,147
PROVISIONS				
Fringe Benefit Tax		25,774		25,774
Income Tax		4,260,913		1,420,700
Provision for Gratuity & Leave Encashment		72,273		-
	B	4,358,960		1,446,474
	A+B	4,886,468		1,969,621
SCHEDULE "F"				
MISCELLANEOUS EXPENDITURE				
(To the extent not written off or adjusted)				
Preliminary Expenses		5,704,378		5,704,378
		5,704,378		5,704,378



GUJARAT JAYPEE CEMENT & INFRASTRUCTURE LIMITED

SCHEDULE - G

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

A. SIGNIFICANT ACCOUNTING POLICIES

1. GENERAL

- i) The accounts are prepared on the historical cost basis and on the principles of going concern.
- ii) Accounting policies not specifically referred to otherwise are consistent and in accordance with generally accepted accounting principles.

2. FIXED ASSETS

Fixed Assets are stated at cost. Cost of Fixed Assets is arrived at after including therein expenses for bringing the respective assets to working conditions.

3. DEPRECIATION

Depreciation on Fixed Assets has been provided on Straight Line Method at the rates prescribed under Schedule XIV of the Companies Act, 1956 as amended. Depreciation has been provided on pro-rata basis with reference to the date of addition / installation.

4. RECOGNITION OF INCOME AND EXPENDITURE

Revenue/Incomes & Cost/Expenditures are accounted for on accrual basis as they are earned or incurred.

5. INCIDENTAL EXPENDITURE DURING CONSTRUCTION PERIOD

Expenditure incurred on the project during implementation will be capitalized and apportioned to various assets on commissioning of the project.

6. PRELIMINARY EXPENSES

Preliminary Expenses will be amortised after commencement of commercial operation.

7. TAXATION

Provision for current Income Tax is made in accordance with the Income Tax Act, 1961.

8. Foreign Currency Transaction

Transactions in Foreign Currency are recorded at the Rate of Exchange prevailing on the date of Transaction. Exchange difference attributable to the acquisition of Fixed Assets are accounted for in Pre-operative Expenses Pending Allocation.

9. Retirement Benefits:

- i) Liability on account of Leave encashment and gratuity at year end is being provided on accrual basis.
- ii) Contributions to Provident Fund is made at prescribed rates to the Provident Fund Commissioner and absorbed in the Profit and Loss account.

10. Provisions:

A provision is recognized when an enterprise has a present obligation as a result of past event; it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and are adjusted to reflect the current best estimates

11. CONTINGENT LIABILITY

Contingent Liability is not provided for in the books of accounts and are disclosed by way of Notes on Accounts.



B. NOTES ON ACCOUNTS

- 1 Capital Commitment outstanding as on March 31, 2010 (Net of Advance) is Rs NIL (March 31, 2009: Rs 2,02,40,000/-)
- 2 Contingent liabilities Rs. NIL as on 31st March, 2010.
- 3 No Profit & Loss Account for the period ended 31st March, 2010 has been prepared since the company has not yet commenced its commercial operation.
- 4 The Company is a joint venture company in pursuance of a Shareholders' Agreement entered into between M/s. Jaiprakash Associates Limited and M/s. Gujarat Mineral Development Corporation Limited on 1st June, 2007.
- 5 Incidental Expenditure during Construction Period for the year is net of Rs. 90,67,073/- in respect of Interest earned by the company on FDR with Bank. (Previous year Rs. 47,21,396/-)
- 6 Expenses incurred for registration/ formation of the Company amounting to Rs.57,04,378/- has been treated as 'Preliminary Expenses' and will be amortised after commencement of commercial operation.
- 7 The Company has only one employee during the year. The Company contributes 12% of the salary towards provident fund managed by Employees Provident Fund Organisation of India. Provision for leave encashment and gratuity has been provided for on accrual basis. Other short-term benefits of the employee like medical expenses and LTC has been accounted for as per company's rules and charged to expenses during construction period account.
- 8 There is no Deferred Tax Liabilities / Assets as at 31st March, 2010.
- 9 There are no Small Scale Industrial Undertakings to whom the company owes more than Rs.1,00,000/- outstanding for more than 30 days as at 31st March, 2010.
- 10 Expenses incurred for conducting the various surveys, mining development, and other expenses related to the 2.4 million ton cement project has been transferred to Capital Work-In-Progress including preoperative expenses pending allocation. The details of expenses transferred to Capital Work-In-Progress account including incidental expenses during construction period has been given below:

	Amount (Rs.)	
	March 31 st , 2010	March 31 st , 2009
Advance against Land	19,96,408	19,96,408
Advance to Suppliers/Parties	-	31,34,844
Administration and Other overheads	1,26,83,937	58,20,768
Depreciation	21,102	17,044
Income Tax & Fringe Benefit Tax	42,86,687	14,46,474
	<u>1,89,88,134</u>	<u>1,24,15,538</u>
Less: Interest on Fixed deposits with Banks	(1,37,88,469)	(47,21,396)
TOTAL	<u>51,99,665</u>	<u>76,94,142</u>

11. Related Party Disclosure

A. List of Related Parties

Promoters

- a) M/s. Jaiprakash Associates Limited
- b) M/s. Gujarat Mineral Development Corporation Limited

B. Holding Company

M/s. Jaiprakash Associates Limited

C. Fellow Subsidiary Companies:

- (1) Jaiprakash Power Ventures Limited
- (2) Jaypee Karcham Hydro Corporation Limited
- (3) Jaypee Powergrid Limited (subsidiary of Jaiprakash Power Ventures Limited)
- (4) Himalayan Expressway Limited



- (5) Jaypee Infratech Limited
- (6) JPSK Sports Private Limited
- (7) Madhya Pradesh Jaypee Minerals Limited
- (8) Bhilai Jaypee Cement Limited
- (9) Bokaro Jaypee Cement Limited
- (10) Jaypee Ganga Infrastructure Corporation Limited
- (11) Bina Power Supply Company Limited (subsidiary of Jaiprakash Power Ventures Limited)
- (12) Jaypee Arunachal Power Limited (subsidiary of Jaiprakash Power Ventures Limited)
- (13) Sangam Power Generation Company Limited (w.e.f.23.07.2009) (subsidiary of Jaiprakash Power Ventures Limited)
- (14) Prayagraj Power Generation Company Limited (w.e.f..23.07.2009) (subsidiary of Jaiprakash Power Ventures Limited)
- (15) Jaypee Agra Vikas Limited (w.e.f.16.11.2009)

D. Associate Companies :

- (1) Jaypee Ventures Private Limited
- (2) Jaypee Development Corporation Limited (subsidiary of Jaypee Ventures Private Limited)
- (3) JIL Information Technology Limited (subsidiary of Jaypee Ventures Private Limited)
- (4) Gaur & Nagi Limited (subsidiary of JIL Information Technology Limited)
- (5) Jaiprakash Kashmir Energy Limited
- (6) Indesign Enterprises Pvt. Limited (subsidiary of Jaypee Ventures Private Limited)
- (7) Sonebhadra Minerals Pvt. Limited
- (8) RPJ Minerals Pvt. Limited
- (9) Jaypee Petroleum Private Limited (subsidiary of Jaypee Ventures Private Limited)
- (10) Jaypee Hydro-Carbons Private Limited (subsidiary of Jaypee Ventures Private Limited)
- (11) Tiger Hills Holiday Resort Private Limited (subsidiary of Jaypee Development Corporation Limited)
- (12) Anvi Hotels Private Limited (subsidiary of Jaypee Ventures Private Limited)
- (13) Vasujai Estates Private Limited (subsidiary of Jaypee Ventures Private Limited)
- (14) Samsun Estates Private Limited (subsidiary of Jaypee Ventures Private Limited)
- (15) Sunvin Estates Private Limited (subsidiary of Jaypee Ventures Private Limited)
- (16) Manumanik Estates Private Limited (subsidiary of Jaypee Ventures Private Limited)
- (17) Arman Estate Private Limited (subsidiary of Jaypee Ventures Private Limited)
- (18) Suneha Estates Private Limited (subsidiary of Jaypee Ventures Private Limited)
- (19) Pee Gee Estates Private Limited (subsidiary of Jaypee Ventures Private Limited)
- (20) Vinamra Housing & Constructions Private Limited (subsidiary of Jaypee Ventures Private Limited)
- (21) Sarveshwari Stone Products Private Limited (subsidiary of RPJ Minerals Private Limited)



- (22) Rock Solid Cement Limited (subsidiary of RPJ Minerals Private Limited)
 (23) MP Jaypee Coal Limited (w.e.f. 14.05.2009)
 (24) MP Jaypee Coalfields Limited (w.e.f. 04.01.2010)

E. Key Management Personnel : Shri Rahul Kumar, Managing Director

F. The following transactions were carried out with the related parties in the ordinary course of business:

(Amount in Rupees)

Nature of Transaction		Ref A(a) above	Ref A(b) above
A	Shares Application Money Received	NIL	NIL
		(10,00,00,000)	(19,08,400)
B	Issuance of Equity Shares	NIL	NIL
		(48,01,600)	(19,08,400)
<u>Outstandings:</u>			
C	Amount Receivable	NIL	NIL
		(NIL)	(NIL)
D	Amount Payable	NIL	87,366
		(NIL)	(1,22,045)
E	<u>Expenses:</u> Rent, Electricity and Water Charges	NIL	2,51,973
		(NIL)	(2,67,738)

Previous year figures are given in brackets

- 12 Additional information pursuant to paragraphs 3 and 4 of Part II of Schedule VI to the Companies Act, 1956 (as amended)

Earning Per Share (EPS): As the Company has not yet commenced its commercial operation, there is no profit during the year, and hence no EPS.

13. Figures for the previous year have been regrouped/ rearranged wherever considered necessary.

For DPSV & ASSOCIATES

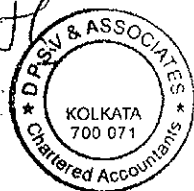
Chartered Accountants

Dnyanesh Vath
Partner

Membership No. : 062779

Camp: New Delhi

Dated: May 3, 2010



For and on behalf of the Board

[Signature]
Chairman

↓
Managing Director

Balance sheet abstract and Company's General Business Profile

I. REGISTRATION DETAILS

Registration No.	U26943BJ2007PLC051360					
Balance Sheet	3	1	0	3	1	0
	Date	Month	Year			

State Code

0	4
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II. CAPITAL RAISED DURING THE YEAR

Public / Public Issue						
				N	I	L
Bonus Issue						
				N	I	L

(Amount in Rupees Thousands)

Right Issue						
				N	I	L
Private Placement						
				N	I	L

III. POSITION OF MOBILIZATION AND DEPLOYMENT OF FUNDS

Total Liabilities									
				1	1	8	5	3	8
Sources of Funds :									
Paid - up Capital									
				7	3	4	0		
Secured Loans									
				N	I	L			
Advance Against Share Capital									
				1	1	1	9	8	
Application of Funds :									
Net Fixed Assets									
				5	2	7	6		
Net Current Assets									
				1	0	7	5	5	8
Accumulated Losses									
				N	I	L			

Total Assets									
				1	1	8	5	3	8
Reserves & Surplus									
				N	I	L			
Unsecured Loans									
				N	I	L			
Investments									
				N	I	L			
Misc. Expenditure									
				5	7	0	4		

IV. PERFORMANCE OF THE COMPANY

Turnover						
				N	I	L
Profit / Loss Before Tax & Extraordinary Item						
				N	I	L
EPS (In Rs.)						
				N	I	L

(Amount in Rs. Lacs)

Total Expenditure						
				N	I	L
Profit / Loss After Tax & Extraordinary Item						
				N	I	L
Dividend %						
				N	I	L

V. GENERIC NAME OF FIVE PRINCIPAL PRODUCTS / SERVICES OF COMPANY

Item Code No. (ITC Code)	2	5	2	3	2	9														
	P	O	R	T	L	A	N	D	C	E	M	E	N	T	/	C	L	I	N	K
	E	R																		
Item Code No. (ITC Code)																				
Product Description																				

As per our report annexed

For DPSV & ASSOCIATES

Chartered Accountants

Deepak Nath
Deepak Nath Aggarwal
 Partner

Membership No: 062779

Camp: New Delhi

Date : May 3, 2010



For and on behalf of the Board

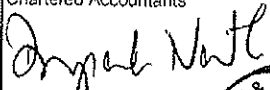
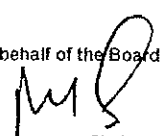

M
 Chairman

J
 Managing Director

Gujarat Jaypee Cement & Infrastructure Limited

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2010

(In Rupees)

	2009-10	2008-09
(A) CASH FLOW FROM INVESTMENT ACTIVITIES:		
Inflow :		
Interest Received	8,421,108	1,146,457
Outflow:		
Purchase of Fixed Assets	-	-
Capital Work in progress(Including Preoperative exp. Pending for allocation)	(3,655,749)	(7,983,136)
Adjustment for:		
Depreciation	4,058	4,058
Preliminary Exp.	-	-
Direct Tax Paid	(2,069,901)	(948,717)
NET CASH GENERATED / (USED) IN INVESTING ACTIVITIES	2,699,516	(7,781,338)
(B) CASH FLOW FROM FINANCING ACTIVITIES:		
Inflow:		
(a) Proceeds from Equity Shares Issued	-	6,710,000
(b) Proceeds from Share Application Money Received Pending Allotment	-	95,198,400
NET CASH GENERATED / (USED) IN FINANCING ACTIVITIES	-	101,908,400
NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS	2,699,516	94,127,062
CASH AND CASH EQUIVALENTS AS AT 01.04.2009 (OPENING BALANCE)	102,499,240	8,372,178
CASH AND CASH EQUIVALENTS AS AT 31.03.2010 (CLOSING BALANCE)	105,198,756	102,499,240
As per our report annexed		
For DPSV & Associates Chartered Accountants		For and on behalf of the Board
		
Deepak Nath Aggarwal Partner M. No. : 062779		Chairman
Camp : New Delhi Dated : May 3, 2010		Managing Director

AUDITOR'S REPORT TO THE SHAREHOLDERS

We have audited the attached Balance Sheet of Gujarat Jaypee Cement & Infrastructure Limited as at 31st March, 2010 and the Cash Flow Statement for the period ended on that date. No Profit and Loss Account has been prepared for the period ended as on that date for the reason indicated in Note no. 3 in Part B of Schedule G. 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.

We conducted our audit in accordance with 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.

As required by the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment Order, 2004) together with the 'Order' issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies act, 1956, we enclose as Annexure, a statement on the matters specified in the paragraphs 4 and 5 of the said order, to the extent applicable to the Company.

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

- 1) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
- 2) 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;
- 3) The Balance Sheet and Cash Flow Statement dealt with by this report are in agreement with the books of account;
- 4) In our opinion, the Balance Sheet and 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;
- 5) On the basis of the written representations received from the directors 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;
- 6) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read with the notes in Schedule G give the information required by the Companies Act, 1956 (as amended) 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 Cash Flow Statement, of the Cash Flows for the period ended on that date.

For D P S V & ASSOCIATES
Chartered Accountants
Firm Registration No - 325569E



Deepak Nath
DEEPAK NATH AGGARWAL
Partner
Membership No. 062779

Camp: New Delhi
Dated: The 03rd day of May 2010

ANNEXURE TO THE AUDITOR'S REPORT

- I. (a) The Company has maintained proper records showing full particulars including quantitative details and situation of Fixed Assets.
- (b) Fixed Assets have been physically verified by the management during the year and no material discrepancies have been noticed as confirmed by the management.
- (c) No substantial part of Fixed Assets has been disposed off during the year, which has bearing on the going concern assumption.
- II The Company is yet to commence its commercial operation and accordingly does not have any inventory. Hence clause 4 (ii) (a) to (c) of the order is not applicable.
- III. (a) The Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, clause 4(iii)(b) to (d) of the Order is not applicable.
- (b) The Company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, clause 4(iii)(f) to (g) of the Order is not applicable.
- IV. On the basis of checks carried out during the course of audit and as per explanations given to us, we are of the opinion that there are adequate internal control procedures commensurate with the size of the Company and the nature of its business; for the purchase of fixed assets. The Company has neither purchased any inventory nor sold any goods or services during the year. Further, on the basis of our examination of the books and records of the company and according to the information and explanation given to us, we have neither come across nor have been informed of any instances of continuing failure to correct major weakness in the aforesaid internal control system.
- V. In our opinion and according to the information and explanations given to us, there are no contracts and arrangements referred to in Section 301 of the Companies Act 1956, particulars of which need to be entered into a register maintained under Section 301 of the Act. Accordingly, clause 4(V)(b) of the Order is not applicable.
- VI. The Company has not accepted any deposits from public within the meaning of Sections 58A and 58 AA of the Act and rules framed there under.
- VII. The Company is required to maintain Cost Records as prescribed by the Central Government under section 209 1(d) of Companies Act, 1956 (As amended) but as the Company is yet to commence commercial operation it has not maintained such records.
- VIII. (a) According to the information and explanations given to us and on the basis of our examination of the books of account, the Company is generally regular in depositing undisputed statutory dues including Fringe Benefit Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and other statutory dues with the appropriate authorities.
- (b) According to the information and explanations given to us, there are no dues of Sales Tax, Income Tax, Customs Duty, Wealth Tax, Excise Duty, Cess and Service Tax which have not been deposited on account of any dispute.



D P S V & ASSOCIATES

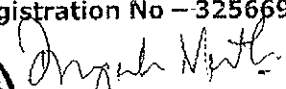
CHARTERED ACCOUNTANTS

SUITE # 5, 1ST FLOOR
8/1, MIDDLETON ROW
KOLKATA - 700071

T : +91.33.2217 1900
T : +91.33.2226 6901
F : +91.33.2226 6902
E : contact@dpsv.com
W : www.dpsv.com

- IX. Since the Company has not commenced its commercial operation it has not incurred cash losses in the current financial period ended 31st March 2010.
- X. According to records of the Company examined by us and the information and explanations given to us the Company has neither any outstanding dues to any financial institution or bank or debenture holder nor has it obtained any loans from such parties during the year.
- XI. According to the information and explanations given to us, the Company has not granted any loans or advances on the basis of security by way of pledge of Shares, Debentures and other Securities.
- XII. The Company is not a chit fund or a nidhi/mutual benefit fund/ society.
- XIII. The Company is neither in the business of dealing or trading in shares nor has made any investment in Shares, Securities, Debentures and other Investment.
- XIV. According to the information and explanations given to us, the Company has not given any guarantees for loans taken by others from banks or financial institutions during the period ended 31st March 2010.
- XV. The Company has not obtained any term loans.
- XVI. On the basis of our overall examination of the Cash Flow Statement, the funds raised on short-term basis have not been used for long term investment.
- XVII. The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under section 301 of the Companies Act, 1956.
- XVIII. The company has not issued debentures during the period.
- XIX. The Company has not raised any money by public issue during the period ended 31st March 2010.
- XX. Based upon the audit procedures performed and on the basis of information and explanations provided by the management, we report that no fraud, on or by the Company has been noticed or reported during the year.

Camp: New Delhi
Dated: The 03rd day of May 2010

For D P S V & ASSOCIATES
Chartered Accountants
Firm Registration No - 325669E

DEEPAK NATH AGGARWAL
Partner
Membership No. 062779

