



GUJARAT RECLAIM & RUBBER PRODUCTS LIMITED
ANNUAL REPORT
2009-2010



GUJARAT RECLAIM & RUBBER PRODUCTS LIMITED

Significant Financial indicators for last five years

(Rs.lacs)

	Year Ended 31st March				
	2006	2007	2008	2009	2010
Total Income	6,041	8,802	10,991	13,395	14,322
Operating Profit	1,073	1,834	1,754	2,489	2,572
Profit after tax	583	986	912	1,354	1,381
Net Worth	1,610	2,387	3,121	4,257	5,326
Borrowed funds	960	1,929	2,376	1,779	2,435
Fixed Assets (Net)	1,506	3,255	3,721	3,810	4,855
Net Current Assets	855	1,755	2,457	2,538	3,020
Book value per share (Rs.)	121	179	234	319	399
Earning per share (Rs.)	43.72	73.97	71.32	101.33	103.56
Dividend (%)	100	135	135	175	200
Ratios:					
Debt Equity	0.21	0.57	0.49	0.28	0.25
Operating profit to sales	18%	21%	16%	19%	18%
Interest coverage	13	19	12	15	15



GUJARAT RECLAIM & RUBBER PRODUCTS LIMITED

Regd. Office : Plot No. 8, G.I.D.C. Estate, Ankleshwar - 393002
Dist. Bharuch (Gujarat)

BOARD OF DIRECTORS

Kandathil M. Philip, Chairman
Rajendra V. Gandhi, Managing Director
Mahesh V. Gandhi
Dr. Peter Philip
Bhagwandas T. Doshi
Atul S. Desai
Nikhil M. Desai
Harsh R. Gandhi, Executive Director

AUDITORS

A.B.Modi & Associates
Chartered Accountants
Mumbai

BANKERS

HDFC Bank Ltd.

WORKS

Ankleshwar, Panoli (Gujarat) &
Solapur (Maharashtra)

HEAD OFFICE

Ashok Silk Mills Compound,
202, L. B. Shastri Marg,
Ghatkopar (W), Mumbai – 400086.

SHARES LISTED ON

Bombay Stock Exchange Ltd.
Listing fees paid for the year 2010-2011

REGISTRAR & TRANSFER AGENTS

Mondkar Computers Pvt. Ltd.
21, Shakil Niwas, Opp. Satya Saibaba Temple,
Mahakali Caves Road,
Andheri (East), Mumbai – 400 093.

ISIN No.

INE 137I01015

E-mail

investor.relations@grrpl.com

Web Site

www.gujaratreclaim.com



GUJARAT RECLAIM & RUBBER PRODUCTS LIMITED

Directors' Report to the Members,

Your Directors are pleased to present the **THIRTYSIXTH ANNUAL REPORT & AUDITED ACCOUNTS** for the year ended **31st March, 2010**.

FINANCIAL RESULTS	Year ended 31 st March	
	2010	2009
	(Rs. Lacs)	(Rs. Lacs)
Sales & Other Income	14413.20	13321.89
Profit before depreciation & tax	2572.44	2489.16
Depreciation	436.16	395.97
Impairment of Assets written off	--	1.54
Profit before tax	2136.28	2091.65
Provision for tax	715.32	720.25
Deferred tax expenditure	40.14	7.37
Provision for Fringe Benefit tax	--	10.00
Profit after tax for the year	1380.82	1354.03
(Short) / Excess Provision of income tax (net)	--	(3.00)
Brought forward profit	1028.42	1977.17
Amount available for appropriation	2409.24	3328.20

Out of which the following appropriations have been made:

	Year ended 31 st March	
	2010	2009
	(Rs. Lacs)	(Rs. Lacs)
Transfer to General Reserve	200.00	2026.79
Interim Dividend	66.67	66.67
Proposed Dividend	199.99	166.67
Tax on dividend	44.55	39.65
Balance carried to Balance Sheet	1898.03	1028.42
	2409.24	3328.20

DIVIDEND

An interim dividend of Rs.5/- per share (50%) for the year has been paid in February, 2010. Based on performance of the Company for the year under report, the board recommends a final dividend of Rs.15/- per share (150%) for the year ended 31st March, 2010. With this, the total dividend for the year ended 31st March, 2010 shall be Rs.20/- per share (200%) [last year Rs.17.50/- per share (175%)], absorbing a sum of Rs.266.66 lacs.

CURRENT PERFORMANCE AND FUTURE OUTLOOK

Turnover (net) of your Company grew by 9% closing the year at Rs.14,067 lacs against Rs.12,930 lacs of the previous year.

Profit after tax however increased only by 2% from Rs.1,354 lacs in previous year to Rs.1,381 lacs in current year reflecting some increase in pricing pressures in the first half of the year.

The export presence of the company continue to grow with exports contributing to 57% share in the total sale value. In recognition of its export efforts, company has continued to receive during the year awards from export promotion council and trade association.

The global economic and financial crisis which started in 2008-09, continued to affect the Company's performance in the first quarter of 2009-10. However, the situation improved towards the end of the first quarter of the year and due to the increased domestic sales and effective cost management steps, the Company was back on the positive growth path.

In the financial year 2010-11, your Company is expanding its operations and setting up new plants to take advantage of existing increased as well as fresh new demands of customers. This, coupled with the balancing of machineries at existing locations will enhance Company's growth.



GUJARAT RECLAIM & RUBBER PRODUCTS LIMITED

The Company has cautiously utilised borrowing limits during the year, as a result, the interest cost remained at 1% of the turnover.

The Company has taken adequate steps to comply with the various requirements of the Corporate Governance.

SUBSIDIARY AND ASSOCIATE

Financial results of Grip Polymers Ltd., a subsidiary company together with the statement pursuant to Section 212 of the Companies Act, 1956 are attached to this report.

Your Company holds 46% of the equity share capital of Alphanso NetSecure Pvt. Ltd., which is its only associate company. Company's share of investment in the said company is valued as per AS 23 on 'Accounting for Investments in Associates in Consolidated Financial Statements' issued by the Institute of Chartered Accountants of India, and appropriate disclosure made in the Consolidated Financial Statements for the year ended 31-03-2010.

INSURANCE

The properties and insurable assets and interests of your Company, like building, plant and machinery, stocks, etc. are adequately insured.

MANAGEMENT DISCUSSION AND ANALYSIS AND CORPORATE GOVERNANCE

The Management's Discussion and Analysis and the Corporate Governance form an integral part of this report. The Certificate from auditors of the Company, certifying compliance of the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement, is annexed to the Report on Corporate Governance.

DIRECTORS

In accordance with the provisions of the Companies Act, 1956, and the Articles of Association, K M Phillip and Dr. Peter Phillip, directors of the Company retire by rotation and being eligible offer themselves for reappointment.

DIRECTORS' RESPONSIBILITY STATEMENT

As required under Section 217 (2AA) of the Companies Act, 1956, the Board of Directors confirms that:

- a) In the preparation of the annual accounts, the applicable accounting standards have been followed and there has been no material departure,
- b) The Directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company as at 31st March, 2010 and the profit and loss account of the company for the year ended on that date,
- c) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities,
- d) The Directors have prepared the annual accounts on a going concern basis.

AUDITORS

A. B. Modi & Associates, Chartered Accountants, Mumbai, who are the auditors, retire and are eligible for reappointment.

PARTICULARS OF EMPLOYEES

As required by the provisions of Section 217(2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules 1975 as amended up to date, the names and the other particulars of the employees are set out in the Annexure to the Directors' Report. However as per the provisions of Section 219(1)(b)(iv) of the Companies Act, 1956 the Report and Accounts are being sent to all the shareholders of the Company excluding the aforesaid information. Any shareholder interested in obtaining such particulars may write to the Company Secretary at the Registered office of the Company.

TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS & OUTGO

The particulars pursuant to Section 217(1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 to the extent applicable are as under:



GUJARAT RECLAIM & RUBBER PRODUCTS LIMITED

1. Technology Absorption: Research & Development

During the current year the Company has continued to conduct some research and development work for improvement in the quality of its product, development of new applications for its product and for development of high quality specialised reclaim rubber which has resulted in company's products being accepted in the international market. However the expenditure incurred on the same is not significant.

2. Foreign Exchange Earnings & Outgo

	<u>Rs. Lacs</u>
Earnings in foreign exchange towards export of goods	7480.84
Foreign exchange outgo on account of imports, commission on exports and other expenses	462.24

APPRECIATION

Your Directors place on record their sincere appreciation of the customers, suppliers, bankers, various Government Departments and shareholders for their support and encouragement. Your Directors are also deeply touched by the efforts, sincerity and loyalty displayed by the employees without whom the growth of the Company is unattainable. Your Directors seek and look forward to the same support during the future years of growth.

Place : Mumbai
Date : 20th May, 2010

For & on behalf of the Board of Directors
Kandathil M. Philip
Chairman



MANAGEMENT DISCUSSION AND ANALYSIS REPORT

1. Industry Structure and development

Reclaim rubber has maintained its share of usage in major industries. The future growth in the industry will be at least that in line with the growth of the user industries. Major user industries are automotive tyres & tubes, belts, automotive & industrial hoses, adhesives & sealants, civil construction applications. However with technological advances in the manufacture of reclaim rubber and with the unstable price and availability of virgin rubbers, the importance of reclaim assumes significance.

Overall growth projected by the Rubber Board for the reclaim rubber industry for the next 4-5 years is at 8-10% year-on-year. If prices of virgin rubbers escalate at the current rates, this growth could easily be higher. Reclaim rubber is preferred for industrial use to the traditional virgin polymer because of its several advantages. Reclaim rubber is readily available in the country, is energy saving & the price of reclaim rubber today is around 25-30% of the polymer prices.

2. Opportunities and Threats

Your Company continues to focus on its strategy of being an ace player in the industry through concerted efforts in identifying and evaluating the opportunities and acting upon them. The management is also constantly monitoring the potential threats and taking necessary actions to mitigate the impact of any adversities.

Your Company works actively in pursuing the opportunities in its existing geographies and at the same time tries to build a foothold in new geographies. The Company has recognised potential demand in south and by setting up additional two plants in and around south, the Company will get the benefit of increased sales and of material availability at reasonable price.

The Company also conducts research and develops continuously new products in order to cater to the wide ranged needs of various customers. Similarly, the Company has identified potential for new products like thermoplastic elastomers, road surfacing materials, etc.

The important challenge in marketing area that reclaim rubber is facing is to improve the level of quality performance of products. However with constant monitoring of product parameters and testing in fully equipped laboratories, the Company ensures customer satisfaction.

Industries in unorganised sector account for a substantially large share in raw material purchases. This affects the price determination for raw materials and margin of the Company adversely. To counter this volatility in material prices, the Company plans its production of various grades in such a way as to ensure that material is available at reasonable price at all times and margin also remains in tact.

Nowadays, safety, health and environment protection issues have become the major talking point in almost all industries and even in the reclaim rubber industry also. The Company has taken adequate steps to address pollution problems. The Company has also set up the Effluent Treatment Plant at one of its manufacturing facilities and will replicate the same in other locations.

REACH, which is a stricter set of environment controls in imports, is under consideration by European Union Countries. Your company is studying the proposals and gearing up to meet the required standards.

3. Segment wise or Product wise performance.

In accordance with the Accounting Standard – 17 notified by the Companies (Accounting Standards) Rules, 2006, the Company has classified its business into two reportable business segments based on nature of business.

a) Reclaim Rubber :

This segment comprises of recycled rubber sheets for tyre and non –tyre rubber goods industries. The Company is the market leader in reclaim rubber.

The total sales under this segment of Rs.14,067.10 lakhs for the year comprises of Rs.6,099.76 lakhs (43.36%) from domestic and Rs.7,967.34 lakhs (56.64%) from export sales.

b) Windmill :

The Company has acquired Windmill in the last quarter of current financial year in Gujarat. For the power units generated by Windmill, the Company gets credit in its electricity bill of its Panoli plant in Gujarat.



GUJARAT RECLAIM & RUBBER PRODUCTS LIMITED

The segment wise financial performance of the Company is summarised below:

(Rs. Lakhs)

Segments	2009-10	% to Total Sales	2008-09	% to Total Sales
Reclaim Rubber	14067.10	99.90 %	12929.98	100 %
Windmill	13.41	0.10 %	-	-
Total	14080.51	100.00 %	12929.98	100 %

4. Outlook

With an increase in prices of natural and synthetic rubbers, demand for reclaim rubber is increased over the last few years. The usage of reclaim rubber by tyre companies is increasing due to inherent process benefits and the price effectiveness. As European & US regulations require tyre companies to start using higher percentage of recycled content in manufacture of tyres, reclaim rubber remains a logical choice for manufacturers. The production has steadily increased from 4,500 MT in 1965 to 2,00,000 MT in 2009.

Your Company has been among the front runners of the reclaim movement in India and the leader of the same world over. The Company is focussing on sales of synthetic rubber reclaims which command higher value and realisation compared with the Natural rubber based reclaims. The demand in the near future for these synthetic reclaims would be much greater than that for natural rubber reclaim. The efforts at market development over the last few years in the global market have resulted in approval of the Company as a vendor at major tyre and non-tyre companies globally.

5. Risk management

The Company's approach to Risk Management is designed to clarify risk levels and to frame appropriate policies and procedures to mitigate the risks. Adequate measures have been adopted by the Company to combat various risks including business risks (competition, consumer preferences, technology changes), financial risks (cost, credit, liquidity, foreign exchange), hazard risks (environment, safety and health), operational risks (system, process, people) and regulatory and compliance risks.

The Company has adopted a focused approach towards risk management in the form of a corporate insurance program which has the goal of optimising the financing of insurable risks by using a combination of risk retention and risk transfer techniques. The Company's attitude towards the vendors and customers to consider them as its partners in progress provide the Company requisite comforts to mitigate risks arising out of competition and loyalty. The Company has put in a place a system of continuously monitoring liquidity situation and credit facility utilisation to ensure that at any given point of time there is adequate cover available to meet its liabilities. Risk associated with protection of environment, safety of operations and health of people at work is monitored regularly with reference to statutory regulations prescribed by the government authorities and guidelines defined by the Company. The Company's business software is operated on a server with regular maintenance and back-up of data. The Company operates within the letter and spirit of all applicable laws.

6. Internal control system and their adequacy

The Company's objective with regard to internal control and their adequacy has been to safeguard the assets and interest of the Company. Proper policies and procedures and checks & balances bring in discipline in day to day functions and determine the accuracy and reliability of data.

The Audit Committee comprising Independent Directors of the Company reviews system adherence and all compliances by the Company. The Internal Audit helps to ensure that the systems and processes are implemented with adequate internal controls and assets are safeguarded.

7. Discussion on financial performance with respect to operational performance

During the financial year 2009-10, the Company achieved a revenue growth of 7% and production growth of 8% over the previous year. The increase in profit after tax is 2%. The reasons for such a low rise in profit are impact of global economic slowdown in the first quarter and gradual recovery of the economy after this set back, increase in cost of raw materials which is about 15%, and general increase in costs due to inflation.



GUJARAT RECLAIM & RUBBER PRODUCTS LIMITED

8. Corporate Social Responsibility

The Company is actively involved in development of Navidivi village of Bharuch District in Gujarat. The Company contributed to the following activities as part of its social responsibility,

- Drawing and stitching classes for children and women
- Computer training for the needy persons
- Elocution competition
- Distribution of books
- Distribution of materials to women for starting beauty parlours
- Tree plantations

9. Human resources and industrial relations

Management of human resources is crucial to the growth of the Company. The Company's policy initiatives are directed towards inclusive growth and retention of talent. Various training programmes are being held for different levels to enhance skills of employees and to update their knowledge.

The Company is organising safety awareness programmes to eliminate chances of accidents and danger to lives in line with the requirements of labour laws. Proper priority is accorded for cleanliness of factory premises as well as its surroundings.

Cautionary Statement

Statement in the Management Discussion and Analysis describing the company's objectives, projections, estimates and expectation may be "forward looking statement" within the meaning of applicable laws and regulations. Actual results might differ materially from those either expressed or implied.

Place : Mumbai
Date : 20th May, 2010

For & on behalf of the Board of Directors
Kandathil M. Philip
Chairman



GUJARAT RECLAIM & RUBBER PRODUCTS LIMITED

REPORT ON CORPORATE GOVERNANCE

1. Company Philosophy on Corporate Governance

Corporate Governance in the company delegates decision rights to the Board of directors and senior management in the best interest of all the stakeholders. Gujarat Reclaim and Rubber Products Limited continuously endeavour to maintain highest standards of accountability, transparency, trust and integrity, openness and commitment to the organization.

Today, if an organization has to survive and thrive in a commercial environment that is becoming increasingly global in its outlook, it has got to factor in the interests and concerns of every stakeholder in the business. And that includes not just the shareowner, but also the domestic and global customer, vendor, creditor, lawmaker, community in which the enterprise operates. It is in this context that corporate governance has assumed greater significance, particularly with companies that are seeking to establish a global footprint.

By complying with the statutory and voluntary Corporate Governance practices, the Company shall strive hard to best serve the interests of its stakeholders including shareholders, customers, Government and society at large.

2. Board of Directors

A) Composition

The composition of the Board of directors of the company is in conformity with Clause 49 of the Listing Agreement. As on March 31, 2010, the Board of Directors comprised of one non executive independent director as Chairman, one promoter Managing Director, 3 non executive independent Directors, 2 non executive non Independent Directors and one executive non independent Director. Non executive directors are having adequate experience in business, industry and finance.

B) Attendance and other directorships: The attendance of the Board of Directors, and related information as on 31st March, 2010 is as under:

Name of the Director & Designation	No. of Board Meetings Attended	Attendance at Last AGM on 08.09.2009	No. of other Boards or Board Committee of which Member / Chairman	No. of Committees #		Executive / Non Executive/ Independent
				Member	Chairman	
Kandathil M. Philip Chairman	3	Absent	4	-	1	Non Executive & Independent
Rajendra V. Gandhi Managing Director	4	Present	6	6	3	Executive (Promoter)
Mahesh V. Gandhi	4	Present	3	2	-	Non Executive (Promoter Group)
Dr. Peter Philip	2	Present	8	2	1	Non Executive & Independent
Bhagwandas T. Doshi	4	Absent	3	2	1	Non Executive & Independent
Atul S. Desai	4	Present	1	2	-	Non Executive & Independent
Nikhil M. Desai	3	Present	1	1	-	Non Executive (Promoter Group)
Harsh R. Gandhi*	3	Present	2	-	-	Executive (Promoter Group)

* Harsh R. Gandhi was appointed as Executive Director on 16.06.2009

it excludes committees other than Audit committee, Shareholders/investor Grievance committee and companies other than public limited company but includes committee membership / chairmanship in Gujarat Reclaim & Rubber Products Ltd.



GUJARAT RECLAIM & RUBBER PRODUCTS LIMITED

C) Board Meetings

Four board meetings were held during the financial year ended 31st March, 2010, viz. on 16th June, 2009, 31st July, 2009, 30th October, 2009 and 23rd January, 2010.

3. Audit Committee

i) Brief description of terms of reference:

1. Overseeing financial reporting process to ensure that the disclosure of financial information in the financial statement is correct, adequate & credible.
2. Recommending to the Board, the appointment, re-appointment 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 the Management, the annual financial statements before submission to the Board for approval, with particular reference to:
 - a) Matters required to be included in the Director's Responsibility Statement to be included in the Board's Report in terms of 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 transaction;
 - 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 management, the statement of uses / application of funds raised through an issue (Public issue, right issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or right issue, and making appropriate recommendations to the Board to take up steps in this matter.
7. Reviewing, with the Management, performance of Statutory and Internal Auditors, adequacy of the internal control system.
8. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
9. Discussion with Internal Auditors, any significant findings and follow up thereon.
10. 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.
11. 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.
12. 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.

ii) Composition, name of members and Chairperson

Name of Director	Category	Position in the committee
Dr. Peter Philip	Non Executive Independent	Chairman
Bhagwandas T. Doshi	Non Executive Independent	Member
Atul S. Desai	Non Executive Independent	Member
Rajendra V. Gandhi	Executive (promoter)	Member



GUJARAT RECLAIM & RUBBER PRODUCTS LIMITED

iii) Meetings and Attendance during the year

The Audit Committee met four times during the financial year 2009-10, on 15th June, 2009, 31st July, 2009, 30th October, 2009 and on 23rd January, 2010.

The attendance of each member of the committee is given below:

Name of the Director	No. of meetings attended
Dr. Peter Philip	4
Bhagwandas T. Doshi	3
Atul S. Desai	4
Rajendra V. Gandhi	4

4. Remuneration Committee

i) Brief description of terms of reference:

1. Decide the terms and conditions for reappointment of Managing Director / Executive Director
2. Recommend / review the remuneration package of Managing Director / Executive Director, in accordance with Section 269 read with Schedule XIII of the Companies Act, 1956, based on the financial position of the Company, trend in the industry, qualification, experience, performance and other defined criteria.
3. Decide / recommend to the Board of Directors the annual increment and limit of perquisites and allowances payable to Managing Director / Executive Director.

ii) Composition, Name of members, Chairperson and Attendance during the year

Name of Director	Category	Position in the committee	Attendance at the meeting held on 16.06.2009
Kandathil M. Philip	Non Executive Independent	Chairman	Present
Dr. Peter Philip	Non Executive Independent	Member	Present
Bhagwandas T. Doshi	Non Executive Independent	Member	Present

iii) Remuneration Policy

The remuneration policy for Managing director is comparable with other companies of similar size and reviewed periodically. The payment of remuneration is duly approved by the Board of Directors and shareholders.

iv) Details of Remuneration paid to the Managing Director and Executive Director for the year ended 31st March 2010.

Total remuneration paid to the Managing Director and Executive director during the financial year 2009-10 was as under:

Name	Designation	Salary Rs.	Commission Rs.	Contribution to Provident and Pension Fund Rs.
Rajendra V. Gandhi	Managing Director	54,13,650/-	22,97,470/-	6,18,415/-
Harsh R. Gandhi*	Executive Director	16,52,179/-	7,60,000/-	2,02,751/-

* Harsh R. Gandhi was appointed as Executive Director on 16.06.2009

v) The Non Executive Directors are not entitled to any remuneration except payment of sitting fees for attending the meetings of Board of Directors and Committees thereof. During the financial year 2009-10, the company has paid total sitting fees of Rs. 380,000/- to non executive directors as under:

Sr. No.	Name of the Director	Amount Rs.
1	Kandathil M. Philip	34,000/-
2	Mahesh V. Gandhi	88,000/-
3	Dr. Peter Philip	64,000/-
4	Bhagwandas T. Doshi	46,000/-
5	Atul S. Desai.	100,000/-
6	Nikhil M. Desai	48,000/-



GUJARAT RECLAIM & RUBBER PRODUCTS LIMITED

5. Share Transfer and Investors' Grievance Redressal Committee

i) Composition and name of members of the Committee:

Name of Director	Category	Position in the committee
Rajendra V. Gandhi	Executive Promoter	Member
Mahesh V. Gandhi	Non Executive Promoter group	Member
Atul S. Desai	Non Executive Independent	Member

ii) Name & Designation of Compliance Officer:

Ganesh A. Ghangurde, Vice President & Company Secretary.

iii) A Statement of various complaints received and cleared by the Company during the year ended on 31st March, 2010 is given below :

Nature of Complaints	Received	Cleared	Pending
Non Receipt of shares sent for transfer	1	1	Nil
Non Receipt of dividend	1	1	Nil
Non receipt of procedure for obtaining duplicate share certificate	4	4	Nil

6. General Body Meetings

Financial Year Ended	Date	Time	Venue	Details of special Resolutions
31 st March, 2007	24 th August, 2007	3.00 PM	Plot No.8, GIDC Estate, Ankleshwar, Dist.Bharuch, Gujarat 393002	i) Revision in remuneration of Rajendra V. Gandhi ii) Revision in remuneration of Harsh R. Gandhi son of Rajendra V. Gandhi.
31 st March, 2008	30 th July, 2008	2.30 PM	- do -	No special resolution passed
31 st March, 2009	8 th September, 2009	2.30 PM	- do -	Approval of remuneration of Harsh R. Gandhi, Executive Director

None of the items transacted at the abovementioned meetings were required to be passed by postal ballot. At the forthcoming Annual General Meeting there is no item on agenda required to be passed by postal ballot. Therefore, procedure for postal ballot has not been specified.

7. Disclosures

- During the year under review, besides the transactions reported elsewhere in the Annual Report, there were no other related party transactions with the promoters, directors and management that had a potential conflict with the interest of the Company at large.
All the transactions with related parties are periodically placed before the Audit Committee. The Register of Contracts detailing transactions in which Directors are interested is placed before the Board at every meeting for its approval. Transactions with related parties, as per requirements of Accounting Standard 18, are disclosed in Schedule XVIII, Note No.12 to the Accounts in the Annual report and they are not in conflict with the interest of the Company at large.
- There have been no instances of non-compliance on any matter with the rules and regulations prescribed by the Stock Exchanges, Securities and Exchange Board of India or any other statutory authority relating to the capital markets during the last three years.
- The company has so far not framed a formal whistle blower policy. However, the employees of the company have free access to the Board of Directors, Audit Committee and Senior Management personnel to report their concerns about unethical behaviour, fraud or violation of statutory requirements, with assurance from the management to protect the employees from victimization in case they report any such unethical or fraudulent behaviour.
- The company has complied with the mandatory requirements regarding the Board of Directors, Audit Committee and other Board committees and other disclosures as required under the provisions of the revised Clause 49 of the Listing agreement effective 1st January, 2006. The company has not adopted non-mandatory requirements of Clause 49 of Listing Agreement.



GUJARAT RECLAIM & RUBBER PRODUCTS LIMITED

v) Shareholding of the Non-executive Directors in the company

Name of the Non-executive Director	No. of shares held
Kandathil M. Philip	16,966
Dr. Peter Philip	1,333
Bhagwandas T. Doshi	10,000
Atul S. Desai	15,000

8. Means of Communication

The company regularly publishes its quarterly, half-yearly and annual results within the prescribed time limit in the prescribed format in National and Regional Daily Newspapers viz. The Indian Express, Loksatta and The Financial Express.

9. General shareholder information:

i. Annual General Meeting

Day, date and time	12 th August, 2010 at 2.30 P.M.
Venue	Plot No. 8, G.I.D.C. Estate, Ankleshwar - 393002

ii. Financial year: 1st April to 31st March

iii. Date of Book Closure:

The dates of Book Closure are from 5th August, 2010 to 12th August, 2010 (both days inclusive)

iv. Dividend payment date

Date of payment of Interim Dividend for the financial year 2009-10: 17th February 2010.

Date of payment of final dividend for the financial year 2009-10: on or after 12th August, 2010.

v. Listing

The shares of the Company are listed on the Bombay Stock Exchange Limited.

vi. ISIN No. : INE137I01015 Scrip Code: BSE 509152

vii. Market Price Data : High, low during each month in the last financial year.

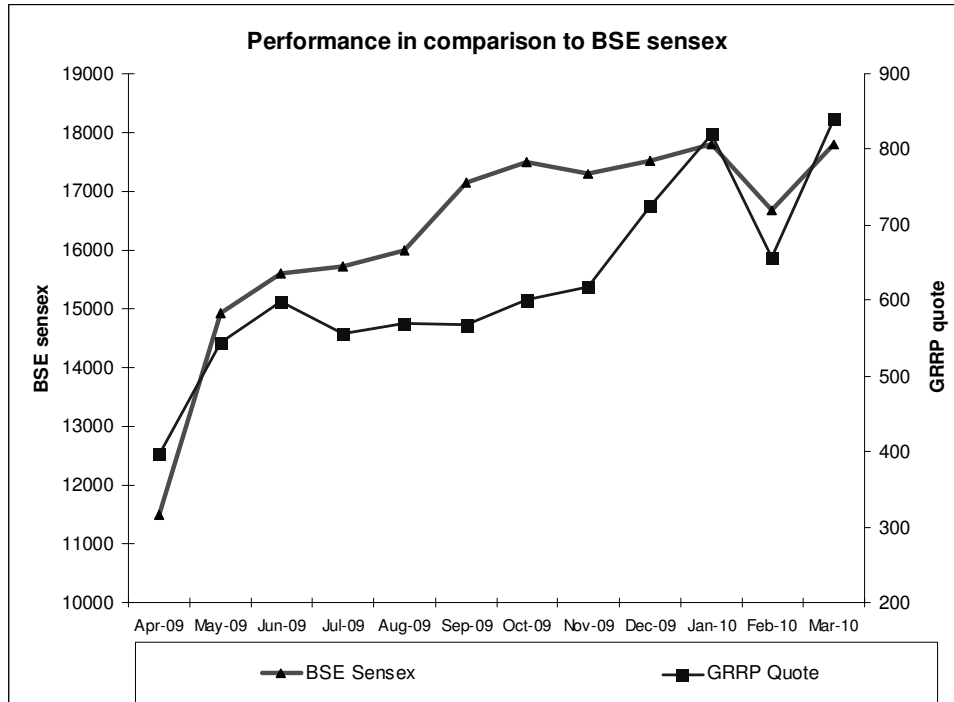
Monthly Share Price data of the Company's equity shares of Rs.10/- each fully paid up, traded on Bombay Stock Exchange for the year ended 31st March, 2010.

Month	Highest Rate Rs.	Lowest Rate Rs.
April 2009	396.90	306.10
May 2009	544.10	368.55
June 2009	598.00	455.30
July 2009	555.00	451.25
August 2009	569.90	512.00
September 2009	568.00	501.00
October 2009	600.00	520.00
November 2009	618.00	516.00
December 2009	725.00	573.00
January 2010	820.00	635.60
February 2010	656.95	591.00
March 2010	840.00	624.95



GUJARAT RECLAIM & RUBBER PRODUCTS LIMITED

viii. Performance in comparison to BSE



ix. Name and Address of the Registrar and Share Transfer Agent

Mondkar Computers Pvt. Ltd. 21, Shakil Niwas, Opp.Satya Saibaba Temple,
Mahakali Caves Road, Andheri (E), Mumbai – 400 093.

Tel : 022-28257641 , 28366620 Fax : 022-28207207

E mail : gamare@mondkarcomputers.com

x. Share Transfer System

Physical shares lodged for transfer are processed by the Registrar and Transfer Agent on a monthly basis and generally registered and returned within a period of one month from the date of receipt, if the documents are complete in all respects.

The request for the dematerialisation of shares are processed by Registrar and transfer agents and if all the documents are found to be in order, the same are approved by them within a period of 15 days.

Dematerialised Shares are transferred as per the depository procedure directly and registrar and transfer agent updates record on weekly basis.

xi. (1) Distribution of Share Holding as on 31st March, 2010

Shareholding of nominal value Rs.		Shareholders		Shareholding		Share Amount	
From	To	Number	% to Total	Holding	% to Total	Rs.	% to total
1	500	877	79.73	112343	8.43	1123430	8.43
501	1000	81	7.36	61673	4.62	616730	4.62
1001	2000	39	3.54	58194	4.36	581940	4.36
2001	3000	19	1.73	51221	3.84	512210	3.84
3001	4000	12	1.09	44228	3.32	442280	3.32
4001	5000	9	0.82	42601	3.20	426010	3.20
5001	10000	30	2.73	233245	17.49	2332450	17.49
10001	And above	33	3.00	729828	54.74	7298280	54.74
	Total	1100	100.00	1333333	100.00	13333330	100.00



GUJARAT RECLAIM & RUBBER PRODUCTS LIMITED

(2) Distribution of shareholding according to categories of shareholders as on 31st March, 2010.

Categories	No. of Shares	Amount in Rs.	% to total
Promoters' holding	624349	6243490	46.83
Public holding			
Directors (independent)	43299	432990	3.24
Financial Institutions/ Banks	50	500	0.01
Mutual Funds / UTI	50	500	0.01
NRIs / OCBs	2667	26670	0.20
Other Bodies Corporate	59760	597600	4.48
Public	603158	6031580	45.23
Total	1333333	13333330	100.00

xii. Details of shares in demat form as on 31st March, 2010.

Name of Depository	No. of Shareholders	No. of shares	% of Capital
NSDL	477	427208	32.04
CDSL	243	246915	18.52
Sub- Total	720	674123	50.56
Physical	380	659210	49.44
Grand Total	1100	1333333	100.00

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

xiv. **Plant Location:** Ankleshwar, Panoli and Solapur.

xv. **Address for Correspondence:**

Gujarat Reclaim & Rubber Products Limited

Ashok Silk Mills Compound,
202, Lal Bhadur Shastri Marg,
Ghatkopar (West),
Mumbai - 400 086.

Telephone : +(91)-(22)-67082500/67082600

Fax : +(91)-(22)-25004376 / 67969240

E mail : investor.relations@grrpl.com

10. Declaration by the Managing Director for compliance of code of conduct in pursuance of Clause 49 (D) (ii) of the Listing Agreement.

It is hereby declared that all the Board Members and Senior Management Personnel of the Company have affirmed to the Board of Directors, their compliance with the Code of Conduct of the Company pursuant to Clause 49 (D) (ii) of the Listing Agreement.

Date: 20th May, 2010

Rajendra V. Gandhi
Managing Director

11. CEO / CFO certification

Certificate from CEO / CFO on the financial statements for the year is annexed to this report.

12. Auditors' Certificate on Corporate Governance

Certificate regarding compliance of conditions of Corporate Governance, as stipulated in the listing agreement with the Stock Exchange, received from M/s.A.B. Modi & Associates, Chartered Accountants, auditors of the company, is annexed to this report. The said certificate will also be sent to the Stock Exchange along with the annual return to be filed by the company.



GUJARAT RECLAIM & RUBBER PRODUCTS LIMITED

CEO / CFO certification, issued pursuant to the provisions of Clause 49 of the Listing Agreement

To The Board of Directors
Gujarat Reclaim & Rubber Products Ltd.

Sub: CEO / CFO Certificate

We have reviewed the financial statements, read with the cash flow statement of Gujarat Reclaim & Rubber Products Ltd., for the year ended 31st March, 2010 and that to the best of our knowledge and belief, we state that :

- (a) (i) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.
(ii) These statements present a true and fair view of the company's affairs and are in compliance with current Accounting Standards, applicable laws and regulations.
- (b) There are, to the best of our knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violation of the company's code of conduct.
- (c) We accept responsibility for establishing and maintaining internal controls for financial reporting. We have evaluated the effectiveness of the internal control systems of the company pertaining to financial reporting and have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or proposed to be taken for rectifying these deficiencies.
- (d) We have indicated to the Auditors and the Audit Committee
 - (i) Significant changes in internal control over financial reporting during the year.
 - (ii) Significant changes in accounting policies made during the year and the same have been disclosed in the notes to the financial statements; and
 - (iii) Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system over financial reporting.

Ganesh A. Ghangurde
Vice President & Company Secretary

Rajendra V. Gandhi
Managing Director

Mumbai, 20th May, 2010.



GUJARAT RECLAIM & RUBBER PRODUCTS LIMITED

CERTIFICATE REGARDING COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE

**To the members of
Gujarat Reclaim and Rubber Products Limited**

We have examined the compliance of conditions of Corporate Governance by Gujarat Reclaim and Rubber Products Limited for the year ended March 31, 2010, as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchange.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to the procedures and implementation 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, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

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

Place : Mumbai
Date : 20th May, 2010

For A. B. Modi & Associates
Chartered Accountants
(Rajesh S. Shah)
Partner
Membership No.17844
Firm Regd.No. 106473W



GUJARAT RECLAIM & RUBBER PRODUCTS LIMITED

AUDITORS REPORT TO THE MEMBERS OF GUJARAT RECLAIM & RUBBER PRODUCTS LIMITED.

- 1) We have audited the attached Balance Sheet of **GUJARAT RECLAIM & RUBBER PRODUCTS LIMITED**, as at 31st March, 2010 and also the Profit and Loss Account for the year ended on that date annexed thereto, and the cash flow statement for the year ended on that date annexed thereto, and the cash flow statement for the year ended on that date. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
- 2) We conducted our audit in accordance with auditing standards generally accepted in India. 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) As required by the Companies (Auditor's Report) Order, 2003 and as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
- 4) Further to our comments in the Annexure referred to above, we report that:
 - i) We have obtained all the information and explanation, which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - ii) 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;
 - iii) The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account;
 - iv) In our opinion, the Balance Sheet and Profit and Loss Account dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
 - v) 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;
 - vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read with the Accounting policies and 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 and 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 flow for the year ended on that date.

Place : Mumbai
Date : 20th May 2010

For A.B.Modi & Associates
Chartered Accountants
(Rajesh S. Shah)
Partner
Membership No. 17844
Firm Regd.No. 106473W



GUJARAT RECLAIM & RUBBER PRODUCTS LIMITED

Annexure referred to in paragraph [3] of our report of even date:

1. a) The company is maintaining 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 as per 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) The Company has not disposed of any substantial part of its fixed assets during the year so as to effect its going concern status.
2. a) The Inventory (excluding stocks with third parties) has been physically verified by the management during the year. In respect of inventory lying with the third parties, these have been confirmed by them. In our opinion, the frequency of verification is reasonable.
b) In our opinion, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
c) On the basis of our examination of the inventory records, in our opinion, the Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and book records were not material and have been properly dealt with in the books of account.
3. a) The Company has granted interest free loan to an associate company covered in the register maintained under Section 301 of the Companies Act, 1956. In respect of the said loan the maximum amount outstanding at any time during the year is Rs.5,244,056/- and the year end balance is Rs.5,100,000/-.
b) In our opinion and according to the information and explanation given to us, the Nil rate of interest and other terms and conditions are not prima facie prejudicial to the interest of the Company considering the said loan to an associate concern and future expectation of the company.
c) The principal amounts are repayable on demand and there is no stipulation as to period in which loan is to be repaid.
d) In the absence of stipulation in respect of the terms of payment of principal amount and interest of the aforesaid loan, we are unable to comment whether reasonable steps have been taken by the Company for the recovery of the principal amount and interest where the overdue amount is more than rupees one lakh.
e) The Company has taken unsecured loans/deposits from twelve (12) parties covered in the register maintained under Section 301 of the Companies Act, 1956. The maximum amount involved during the year and the year end balance of such loans aggregates to Rs. 8,550,000/- and Rs. 8,550,000/- respectively.
f) In our opinion and according to the information and explanation given to us, the rate of interest and other terms and conditions on which loans have been taken by the company are not, prima facie, prejudicial to the interest of the Company.
g) In respect of the aforesaid loans, the Company is regular in repaying the principal amounts and interest thereon as stipulated.
4. In our opinion and according to the information and explanation given to us, there is adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, no major weakness has been noticed in the internal control system.
5. a) According to the information and explanations given to us, we are of the opinion that the particulars of contracts or arrangements referred to in Section 301 of the Act have been entered in the register required to be maintained under that section.
b) In our opinion and according to the information and explanation given to us, the transaction other than loan made in pursuance of contracts / arrangements entered in the Register maintained under Section 301 of the Companies Act, 1956 and exceeding the value of Rs.5,00,000/- in respect of each party during the year have been made at prices which appear reasonable as per information available with the Company.
6. In our opinion and according to the information and explanation given to us, the directives issued by the Reserve Bank of India and the provisions of Section 58A, Section 58AA or any other relevant provisions of the Act and Rules framed thereunder, to the extent applicable, have been complied with. We are informed by the management that, no order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal under Section 58A and Section 58AA of the Companies Act, 1956.



GUJARAT RECLAIM & RUBBER PRODUCTS LIMITED

7. In our opinion, the Company has an internal audit system commensurate with the size and nature of business of the Company.
8. According to the information and explanation given to us and to the best of our knowledge, the Central Government has not prescribed maintenance of cost records under clause (d) of sub-section (1) of Section 209 of the Companies Act, 1956 for the products of the Company.
9. a) According to the records of the Company, the Company is generally regular in depositing undisputed statutory dues including Provident Fund, Investors Education and Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and other statutory dues applicable to it with the appropriate authorities. According to the information and explanation given to us, no undisputed amounts payable in respect of income tax, sales tax, wealth tax, service tax, custom duty, excise duty and cess were outstanding at the year end for a period of more than six months from the date they became payable.
- b) According to the books of accounts and records as produced and examined by us in accordance with the generally accepted auditing practice in India, there are no dues of Income tax, Sales tax, Wealth tax, Service tax, Custom duty, Excise duty or Cess which have not been deposited on account of any dispute. The particulars of dues of Income tax, Sales tax, Wealth tax, Service tax, Custom duty, Excise duty or Cess which have not been deposited on account of any dispute are as follows:

Name of the Statute	Nature of dues	Financial Year	Amount (Rs.)	Forum where dispute is pending
The Bombay Sales Tax Act, 1959	Sales Tax	1995-96	51,956/-	Maharashtra Sales Tax Tribunal Mumbai
Income Tax Act, 1961	Income Tax	2003-04	653,103/-	Commissioner (Appeals)
Income Tax Act, 1961	Income Tax	2005-06	72,064/-	Asst Commissioner of I T
Income Tax Act, 1961	Fringe Benefits Tax	2005-06	7,385/-	Asst Commissioner of I T
Income Tax Act, 1961	Income Tax	2006-07	3,797,797/-	Commissioner (Appeals)
Income Tax Act, 1961	Fringe Benefits Tax	2006-07	261/-	Asst Commissioner of I T
The Central Excise Act, 1944	Central Excise	April, 2006 to October, 2006	183,771/-	Commissioner –Central Excise, Surat
The Central Excise Act, 1944	Central Excise	Jan, 2005 to March, 2007	3,424,840/-	Commissioner –Central Excise

10. There are no accumulated losses of the Company as at the end of the financial year. There are no cash losses during the financial year and in the immediately preceding financial year.
11. According to the records of the Company examined by us and the information and explanation given to us, the Company has not defaulted in repayment of dues to any financial institution or bank as at the balance sheet date.
12. According to the information and explanation given to us and based on the documents and records produced to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The provisions of any special statute applicable to chit fund /nidhi / mutual benefit fund / societies are not applicable to Company.
14. In our opinion and according to the information and explanation given to us, the Company is not dealing or trading in shares, securities, debentures or other Investments and hence, the requirements of Para 4 (xiv) are not applicable to the Company.



GUJARAT RECLAIM & RUBBER PRODUCTS LIMITED

15. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
16. In our opinion and according to the information and explanation given to us, on overall basis, the term loans have been applied for the purposes for which they were obtained.
17. On the basis of an overall examination of the Balance Sheet of the Company, in our opinion and according to explanations given to us, there are no funds raised on short-term basis which have been used for long-term investment.
18. 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 during the year.
19. The Company has not issued any debentures during the year.
20. The Company has not raised any money through a public issue during the year.
21. During the course of our examination of the books of account and records of the Company carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instances of material fraud on or by the Company, noticed or reported during the year, nor have we been informed of such cases by management.

Place : Mumbai
Date : 20th May 2010

For A.B.Modi & Associates
Chartered Accountants
(Rajesh S. Shah)
Partner
Membership No. 17844
Firm Regd.No. 106473W



GUJARAT RECLAIM & RUBBER PRODUCTS LIMITED

BALANCE SHEET AS AT 31ST MARCH, 2010

	SCHEDULE	As At 31.03.2010 (Rs.)	As At 31.03.2009 (Rs.)
I. SOURCES OF FUNDS			
(1) Shareholders' Funds:			
(a) Share Capital	I	13,333,330	13,333,330
(b) Reserves and Surplus	II	519,300,194	412,339,549
		532,633,524	425,672,879
(2) Loan Funds:			
(a) Secured Loans	III	225,648,441	162,258,294
(b) Unsecured Loans	IV	17,892,740	15,665,677
		243,541,181	177,923,971
(3) Deferred Tax Liability		89,273,319	85,259,319
Total		865,448,024	688,856,169
II. APPLICATION OF FUNDS			
(1) Fixed Assets :			
(a) Gross Block	V	742,964,854	595,628,067
(b) Less: Depreciation		257,436,743	214,663,203
(c) Net Block		485,528,111	380,964,864
(d) Capital Work in Progress		54,668,322	5,221,669
(e) Advances for Capital Expenditure		19,826,515	45,496,260
(2) Investments	VI	3,403,100	3,404,350
(3) Current Assets, Loans and Advances:	VII		
(a) Inventories		123,859,406	86,606,575
(b) Sundry Debtors		277,981,190	235,480,278
(c) Cash and Bank Balances		8,804,579	11,673,020
(d) Loans and Advances		37,022,262	37,964,705
		447,667,437	371,724,578
Less: Current Liabilities and Provisions	VIII		
(a) Current Liabilities		112,214,715	88,776,524
(b) Provisions		33,430,746	29,179,028
		145,645,461	117,955,552
Net Current Assets		302,021,976	253,769,026
Total		865,448,024	688,856,169
Notes on Accounts	XVIII	-	-

The Schedules and Notes on Accounts referred to above form an integral part of the accounts
Referred to in our report of even date

For A.B. Modi & Associates
Chartered Accountants

Rajesh S. Shah
Partner

Place : Mumbai
Date : 20th May, 2010.

For and on behalf of the Board of Directors

K.M.Philip
Chairman

R.V.Gandhi
Managing Director

G.A.Ghangurde
Vice President & Company Secretary

Place : Mumbai
Date : 20th May, 2010.



GUJARAT RECLAIM & RUBBER PRODUCTS LIMITED

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010

	SCHEDULE	Year ended 31.03.2010 (Rs.)	Year ended 31.03.2009 (Rs.)
(A) INCOME			
Sales and Other Income			
Sales (Net)	IX	1,406,710,257	1,292,997,609
Income from Power Generation		1,340,614	-
Other Income	X	33,268,657	39,191,253
		1,441,319,528	1,332,188,862
Variation in Inventories	XI	(9,087,128)	7,287,127
Total (A)		1,432,232,400	1,339,475,989
(B) EXPENDITURE			
Raw Materials Consumed	XII	642,331,384	584,849,673
Power, Fuel & Water Consumed	XIII	165,345,433	135,318,494
Employees' Cost	XIV	140,967,899	127,997,934
Packing and Forwarding Expenses		118,952,754	120,632,494
Stores & Spare Parts Consumed		21,351,593	31,504,072
Repairs and Maintenance Expenses	XV	17,159,571	12,131,870
Administrative and Other Expenses	XVI	50,702,296	61,452,997
Interest and Financial Charges	XVII	18,481,765	17,829,858
Variation in Excise duty on Stock of Finished Goods		(304,474)	(1,157,389)
Total (B)		1,174,988,221	1,090,560,003
Operating Profit (A-B)		257,244,179	248,915,986
Amortisation of Leasehold Land Premium		73,582	62,363
Depreciation		43,542,536	39,534,376
Profit before Taxation & Extraordinary Item		213,628,061	209,319,247
Discarded / Impairment of Assets		-	154,460
Profit before Taxation		213,628,061	209,164,787
Provision for Taxation		71,532,000	72,025,000
Provision for Deferred Tax		4,014,000	736,522
Provision for Fringe Benefit Tax		-	1,000,000
Profit after Taxation		138,082,061	135,403,265
Add: Excess Provision of Income-tax of Previous years (Net)		-	(299,856)
		138,082,061	135,103,409
Add: Balance as per last Balance Sheet		102,841,884	197,716,603
Profit available for Appropriation		240,923,945	332,820,012
Appropriations :-			
Transfer to General Reserve		20,000,000	202,679,288
Interim dividend		6,666,665	6,666,665
Proposed dividend		19,999,995	16,666,663
Tax on dividend		4,454,756	3,965,512
Balance carried to Balance Sheet		189,802,529	102,841,884
Earnings per share of Rs.10/- each - Basic		103.56	101.33
Earnings per share of Rs.10/- each - Diluted		103.56	101.33
* Refer Note No. B.14 of Schedule XVIII			
Notes on Accounts			

XVIII

The Schedules and Notes on Accounts referred to above form an integral part of the accounts
Referred to in our report of even date

For and on behalf of the Board of Directors

For A.B. Modi & Associates
Chartered Accountants

K.M.Philip
Chairman

Rajesh S. Shah
Partner

R.V.Gandhi
Managing Director

G.A.Ghangurde
Vice President & Company Secretary

Place : Mumbai
Date : 20th May, 2010.

Place : Mumbai
Date : 20th May, 2010.



GUJARAT RECLAIM & RUBBER PRODUCTS LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2010

	Year ended 31.03.2010 (Rs.)	Year ended 31.03.2009 (Rs.)
A: Cash flow from Operating activities		
Net profit before tax	213,628,061	209,319,247
Adjustments for		
- Depreciation	43,542,536	39,534,376
- (Profit) / Loss on sale of assets (Net)	972,152	(199,504)
- (Profit) / Loss on sale of investments (Net)	(1,750)	-
- Amortisation of leasehold land premium	73,582	62,363
- Interest (Net)	15,153,099	14,304,201
	59,739,619	53,701,436
Operating Profit before working capital changes	273,367,680	263,020,683
Adjustments for		
- Trade and other receivables	(41,224,063)	3,760,622
- Inventories	(37,252,831)	(9,550,850)
- Sundry creditors	24,331,477	(1,325,767)
	(54,145,417)	(7,115,995)
Cash generated from operations	219,222,263	255,904,688
Direct taxes paid	(75,922,167)	(74,809,098)
Net cash from operating activities	143,300,095	181,095,590
B: Cash flow from investing activities		
- Interest received	736,392	624,008
- Sale proceeds of fixed assets	520,146	877,444
- Sale proceeds of Investments	3,000	-
- Purchase of fixed assets	(183,469,090)	(69,741,480)
Net cash used in investing activities	(182,209,552)	(68,240,028)
C: Cash flow from financing activities		
- Loans borrowed (Net of repayment)	65,617,210	(59,669,016)
- Exchange difference adjusted against fixed assets as per AS 11	10,020,520	(13,253,286)
- Interest paid	(16,483,479)	(15,260,492)
- Dividend paid	(23,113,235)	(17,796,562)
Net cash used in financing activities	36,041,016	(105,979,356)
Net increase / (Decrease) in cash and cash equivalents	(2,868,441)	6,876,206
Cash and cash equivalents at the beginning of the year	11,673,020	4,796,814
Cash and cash equivalents at the closing of the year	8,804,579	11,673,020

The Schedules and Notes on Accounts referred to above form an integral part of the accounts
Referred to in our report of even date

For A.B. Modi & Associates
Chartered Accountants

Rajesh S. Shah
Partner

Place : Mumbai
Date : 20th May, 2010.

For and on behalf of the Board of Directors

K.M.Philip
Chairman

R.V.Gandhi
Managing Director

G.A.Ghangurde
Vice President & Company Secretary

Place : Mumbai
Date : 20th May, 2010.



GUJARAT RECLAIM & RUBBER PRODUCTS LIMITED

SCHEDULES ANNEXED TO & FORMING PART OF THE BALANCE SHEET

	As At 31.03.2010 (Rs.)	As At 31.03.2009 (Rs.)
SCHEDULE I :		
Share Capital :		
Authorised :		
1,500,000 (1,500,000) Equity Shares of Rs.10/-each	15,000,000	15,000,000
Issued Subscribed and Paid-up :		
1,333,333 (1,333,333) Equity Shares of Rs.10/- each fully paid up		
(Of the above shares 250,000 shares are allotted as fully paid up by way of bonus shares by capitalising general reserves)	13,333,330	13,333,330
Total	13,333,330	13,333,330
SCHEDULE II :		
Reserves and Surplus :		
Capital Reserves :		
Special Capital Incentive and Subsidy	5,330,000	5,330,000
Profit on re-issue of forfeited Shares	1,000	1,000
Securities Premium Account	4,166,665	4,166,665
	9,497,665	9,497,665
General Reserve :		
Balance as per last Balance Sheet	300,000,000	91,597,493
Add : Transfer from Profit and Loss Account	20,000,000	202,679,288
Add : Exchange difference on long-term foreign currency borrowing for acquiring capital assets adjustment	-	5,723,219
	320,000,000	300,000,000
Surplus in Profit and Loss Account	189,802,529	102,841,884
Total	519,300,194	412,339,549
SCHEDULE III :		
Secured Loans :		
From Banks :-		
Cash Credit and Bill Discounting	109,930,045	58,483,634
Term Loans	115,718,396	103,774,660
Total	225,648,441	162,258,294
SCHEDULE IV :		
Unsecured Loans :		
(a) Fixed Deposits	11,567,129	6,830,000
(b) From Bank and Others	1,449,370	2,287,124
(c) Deferred payment Liability (Sales Tax Deferment)	4,876,241	6,548,553
Total	17,892,740	15,665,677
SCHEDULE V :		
Fixed Assets :		

Particulars of Assets	At Cost or At Book Value				Less: Depreciation			Net Block		
	Up to 01-04-2009	Additions / Transfer	Sales / Transfer	Gross Block As on 31-03-2010	Up to 01-04-2009	Deduction	For the year	As on 31-03-2010	As on 31-03-2010	As on 31-03-2009
Leasehold Land & Roads	15,640,936	10,111,888	-	25,752,824	1,500,036	-	258,917	1,758,953	23,993,871	14,140,900
Buildings	113,149,951	69,993,785	11,800	183,131,936	18,013,630	6,080	3,885,736	21,893,286	161,238,650	95,136,321
Plant and Machinery	430,998,777	62,154,916	1,881,959	491,271,734	182,980,982	704,925	35,185,004	217,461,061	273,810,673	248,017,795
Furniture & Fixtures	8,016,206	591,077	-	8,607,283	1,875,807	-	510,062	2,385,869	6,221,414	6,140,399
Office Equipments	4,078,280	3,822,456	-	7,900,736	1,015,796	-	308,643	1,324,439	6,576,297	3,062,484
Computers	15,226,668	1,758,195	-	16,984,863	7,499,266	-	2,549,089	10,048,355	6,936,508	7,727,402
Vehicles	8,517,249	1,239,345	441,116	9,315,478	1,777,686	131,573	918,667	2,564,780	6,750,698	6,739,563
Total	595,628,067	149,671,662	2,334,875	742,964,854	214,663,203	842,578	43,616,118	257,436,743	485,528,111	380,964,864
Capital Work in Progress										
Roads	1,094,018	-	1,094,018	-	-	-	-	-	-	1,094,018
Buildings	492,876	49,744,104	492,876	49,744,104	-	-	-	-	49,744,104	492,876
Plant & Machinery	3,634,775	43,352,257	42,095,364	4,891,668	-	-	-	-	4,891,668	3,634,775
Preoperative Expenses	-	32,550	-	32,550	-	-	-	-	32,550	-
Total	600,849,736	242,800,573	46,017,133	797,633,176	214,663,203	842,578	43,616,118	257,436,743	540,196,433	386,186,533
Previous Year	555,779,992	55,653,823	10,584,079	600,849,736	175,334,978	1,130,756	40,458,981	214,663,203	386,186,533	380,445,014

- Note :- 1. Depreciation includes amortisation of Lease Hold Land Premium of Rs. 73,582/-, (Previous Year Rs. 62,363/-)
2. Addition to fixed assets includes exchange difference arising on revaluation of foreign currency term loan as per amended AS 11 of Rs 10,020,520/-, (Previous year Rs 13,253,286/-).
3. Additions during the year and capital work in progress include Rs 201,667/-, (Previous Year Rs Nil) being borrowing cost capitalised in accordance with the Accounting Standard AS 16 on "Borrowing Cost" issued by the Institute of Chartered Accountants of India.



GUJARAT RECLAIM & RUBBER PRODUCTS LIMITED

SCHEDULES ANNEXED TO & FORMING PART OF THE BALANCE SHEET

	As At 31.03.2010 (Rs.)	As At 31.03.2009 (Rs.)
SCHEDULE VI:		
Investments :		
(a) Long Term Investments (Unquoted)		
Unquoted:		
i) In a Subsidiary Company :		
49,900 (49,900) Equity Shares of Rs 10/- each fully paid up in Grip Polymers Ltd.	100,000	100,000
ii) Other investment :		
(1) 10,028 (10,028) Equity Shares of Rs 100/- each fully paid up in Alphanso NetSecure Pvt Ltd.	2,005,600	2,005,600
(2) 129,000 (129,000) Equity Shares of Rs 10/- each fully paid up in Bharuch Eco-aqua Infrastructure Ltd	1,290,000	1,290,000
(b) Current Investments : Other Investments		
Quoted :		
Nil (1) ICICI Bank Limited 25 Years Deep Discount Bond of Rs.1250 /- each.	-	1,250
Unquoted :		
7 Years National Savings Certificates (Deposited with Central Excise Authority)	7,500	7,500
Total	3,403,100	3,404,350
SCHEDULE VII :		
Current Assets, Loans and Advances :		
Current Assets		
(a) Inventories (Refer note A(g) of Schedule XVIII)		
Stores, Spares and Packing Materials	7,982,012	8,280,131
Stock in-trade		
Raw Materials (Includes Rubber Scrap, Process oils & Chemicals and Fuel)	76,651,134	29,302,045
DEPB Licence Stocks (At net realisable value)	7,684,330	8,395,341
Goods-in-process	4,564,485	6,094,873
Finished Goods (includes Goods in transit of Rs 2,016,655/- (Previous year Rs Nil))	26,977,445	34,534,185
	123,859,406	86,606,575
(b) Sundry Debtors (Unsecured & considered good)		
Outstanding for more than six months	1,766,661	130,316
Others	276,214,529	235,349,962
	277,981,190	235,480,278
(c) Cash and Bank Balances		
Cash in hand	438,795	370,918
Balance with Scheduled Banks:		
In Current / Cash Credit Accounts	6,460,152	9,797,222
In Deposit Accounts	1,905,632	1,504,880
	8,804,579	11,673,020
(d) Loans and Advances (Unsecured, considered good unless otherwise stated) :		
Advances recoverable in cash or in kind or for value to be received :		
- Considered good	20,345,515	
- Considered doubtful	5,100,000	
	25,445,515	
Less : Provision for doubtful advances	5,100,000	
	20,345,515	11,787,353
Other Advances and Deposits	13,376,103	22,748,338
Deposit with Central Excise	3,300,644	3,429,014
	37,022,262	37,964,705
Total	447,667,437	371,724,578
SCHEDULE VIII :		
Current Liabilities and Provisions :		
A) Current Liabilities :		
Sundry Creditors	111,438,437	88,220,339
Unclaimed Dividends	776,278	556,185
Total (A)	112,214,715	88,776,524
B) Provisions :		
Provision for Expenses	6,524,939	5,411,560
Proposed dividend	19,999,995	16,666,663
Tax on Proposed dividend	3,321,750	2,832,506
Current Taxation - Income Tax (Refer note B (9) of schedule XVIII)	3,518,232	4,202,469
Current Taxation - Fringe Benefit Tax (Refer note B(9) of schedule XVIII)	65,830	65,830
Total (B)	33,430,746	29,179,028
Total (A+B)	145,645,461	117,955,552



GUJARAT RECLAIM & RUBBER PRODUCTS LIMITED

SCHEDULES ANNEXED TO & FORMING PART OF THE PROFIT & LOSS ACCOUNT

	Year ended 31.03.2010 (Rs.)	Year ended 31.03.2009 (Rs.)
SCHEDULE IX :		
Sales :		
Turnover (Inclusive of excise duty)	1,468,281,675	1,371,256,240
Less: excise duty	50,873,489	65,706,168
Turnover (Net)	1,417,408,186	1,305,550,072
Less: Commission	8,761,452	8,621,947
Discount	1,936,477	3,930,516
	10,697,929	12,552,463
Total	1,406,710,257	1,292,997,609
SCHEDULE X :		
Other Income :		
Export Incentives	29,189,569	16,392,063
Exchange (Loss) /Profit (net)	(8,451,611)	14,054,585
Interest Received (TDS Rs 189,372/-, Previous year Rs 321,283/-)	1,330,380	956,291
Miscellaneous Income	10,372,544	2,390,902
Profit on Sale of Raw material	-	3,802,596
Profit on Sale of Assets	-	199,504
Balances written off	827,775	1,395,312
Total	33,268,657	39,191,253
SCHEDULE XI :		
Variation in Inventories :		
Opening Inventories :		
Finished Goods	34,534,185	30,064,617
Goods-in-process	6,094,873	3,277,314
	40,629,058	33,341,931
Closing Inventories :		
Finished Goods	26,977,445	34,534,185
Goods-in-process	4,564,485	6,094,873
	31,541,930	40,629,058
Total	(9,087,128)	7,287,127
SCHEDULE XII :		
Raw Materials Consumed :		
Opening Inventories	28,968,886	33,719,343
Add : Purchases (Refer note B(5)(b) of Schedule XVIII)	689,495,245	597,465,186
	718,464,131	631,184,529
Less: Raw Material Sold	-	17,365,970
Closing Inventories	76,132,747	28,968,886
	76,132,747	46,334,856
Total	642,331,384	584,849,673
SCHEDULE XIII :		
Power, Fuel & Water Consumed :		
Power	140,498,923	112,253,964
Fuel	23,138,663	21,392,323
Water	1,707,847	1,672,207
Total	165,345,433	135,318,494
SCHEDULE XIV :		
Employees' Cost :		
Salaries, Wages and Bonus	105,328,627	91,611,689
Contribution to Provident Fund and Other Funds	11,741,034	10,356,599
Welfare and Other Benefits	23,898,238	26,029,646
Total	140,967,899	127,997,934
SCHEDULE XV :		
Repairs and Maintenance Expenses :		
Plant & Machinery	10,652,387	8,325,842
Buildings	628,477	807,855
Other Assets	5,747,121	2,998,173
Wind Mill Expenses	131,586	-
	17,159,571	12,131,870



GUJARAT RECLAIM & RUBBER PRODUCTS LIMITED

SCHEDULES ANNEXED TO & FORMING PART OF THE PROFIT & LOSS ACCOUNT

	Year ended 31.03.2010 (Rs.)	Year ended 31.03.2009 (Rs.)
SCHEDULE XVI:		
Administrative and Other Expenses :		
Insurance	760,790	839,244
Vehicles Expenses	1,911,813	1,743,266
Printing and Stationery	1,528,085	754,947
Advertisements	1,291,560	951,119
Rent, Lease Rent and Other Charges	1,745,058	311,960
Travelling and Conveyance	7,556,072	6,774,709
Postage, Telegram and Telephones	2,590,786	2,811,011
Retainer Fees, Legal Fees, Professional Charges	4,661,924	4,661,758
Provision for doubtful advances	5,100,000	-
 Auditors' Remuneration :		
- As Auditors	325,000	230,338
- As Tax Auditors'	100,000	56,180
- For Taxation Matter	50,000	63,680
	475,000	350,198
 Board Meeting Fees	380,000	336,000
Managerial Remuneration:		
- Remuneration including Perks	10,123,299	6,993,734
- Contribution to Provident and Pension Funds	821,166	648,000
	10,944,465	7,641,734
 Other Expenses (Refer note B(5)(b) of Schedule XVIII)	10,784,591	34,277,051
Loss on Sale of Assets	972,152	-
Total	50,702,296	61,452,997
 SCHEDULE XVII :		
Interest and Financial Charges :		
Interest including interest to Banks	16,483,479	15,260,492
Financial Charges	1,998,286	2,569,366
Total	18,481,765	17,829,858



GUJARAT RECLAIM & RUBBER PRODUCTS LIMITED

NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2010

SCHEDULE XVIII

A. Significant Accounting Policies :-

(a) Basis of accounting :

The financial statements have been prepared under the historical cost convention on the accrual basis of accounting and in accordance with the Accounting Standards prescribed in the Companies (Accounting Standards) Rules, 2006 and relevant provisions of the Companies Act, 1956. The accounting policies have been consistently applied by the company and are consistent with those used in the previous year.

(b) Accounting Estimates :

The preparation of financial statements in conformity with the generally accepted accounting principles (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities on the date of the financial statements. Actual results could differ from those estimates. Any difference between the actual result and estimates are recognised in the period in which the results are known / materialised. Any revision to accounting estimates is recognised prospectively in current and future periods.

(c) Fixed assets & depreciation :

i. The fixed assets are stated at cost of acquisition, including any cost attributable to bringing the assets to its working condition for its intended use and interest on borrowing attributable to additions to fixed assets, less modvat credit utilised & accumulated depreciation. Cost includes variation in foreign exchange arising on long term foreign currency loan as per amended AS 11. Depreciation on fixed assets is provided on straight line method for the period for which the assets have been used as under:

(i) In respect of assets acquired prior to 02-04-1987, at the rates prevailing at that time.

(ii) In respect of assets acquired subsequent to 02-04-1987, at the rate prescribed in schedule XIV of the Companies Act, 1956. (Also refer to policy on Leases, Impairment of Assets and Foreign Currency Transactions).

ii. Leasehold land is amortised over the period of lease.

iii. As per accounting standard 28, the company has policy of evaluating its fixed assets as at balance sheet date and the impairment loss, if any, has been recognised.

(d) Investments :

Long term investments are valued at cost, less any diminution in value except in case of subsidiary company and associate concern, which are valued at cost considering strategic investment. Current investments are valued at cost or market value whichever is lower.

(e) Borrowing Costs :

Borrowing costs which are attributable to acquisition /construction of a qualified asset are capitalised as part of cost of such asset till such time as the asset is ready for its intended use. A qualifying asset is an asset that necessarily requires a substantial period of time to get ready for its intended use. All other borrowing costs are recognised as an expense in the period in which they are incurred.

(f) Taxes :

Provision for tax is made for both current and deferred taxes. Provisions for current income tax (including Wealth tax) is made at current tax rates based on assessable income/wealth. The Company provides for deferred tax based on the tax effect of timing difference resulting from the recognition of items in the financial statement and in estimating its current tax provision. Deferred tax assets are recognised if there is a reasonable certainty of realisation. The effect on deferred taxes of a change in tax rates is recognised in the Profit & Loss Account in the period in which it has been enacted.

(g) Inventories :

Items of inventories are measured at lower of cost or net realisable value after providing for obsolescence, if any. Cost of Inventories comprises of cost of purchase, cost of conversion and other costs incurred in bringing them to their respective present location and condition. Cost of raw materials, stores & spares, packing materials are determined on weighted average basis. Cost of work in progress and finished goods is determined on absorption costing method. Excise duty is included in the value of finished goods.

(h) Income Recognition :

(a) Sales are recognised at despatch of goods from factory and are recorded net of discount, rebates, sales tax, excise duty and sales return.

(b) Commission on sales (other than consignment sales) is accounted on realisation of sales proceeds.

(c) Rentals and all other expenses in respect of leased assets are treated as revenue expenditure.

(d) Export Incentives are accounted on accrual basis where there is reasonable certainty of receipt of the same.

(e) Income from Power generation is accounted on the basis of certification of Gujarat Electricity Development Authority.



GUJARAT RECLAIM & RUBBER PRODUCTS LIMITED

NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2010

SCHEDULE XVIII

(i) Foreign currency transactions :

- (i) Transactions denominated in foreign currencies are recorded at the exchange rates prevailing on the date of the transaction. Transaction not covered by forward contracts and outstanding at year end are translated at exchange rates prevailing at the year end and the profit / loss so determined, is recognised in the Profit and Loss account.
- (ii) Monetary items denominated in foreign currencies at the year end are restated at the year end rates. In case of items covered by forward exchange contracts, the difference between the year end rate and rate on the date of the contracts recognised as exchange difference and the premium/discount on forward contract is recognised over the life of the contract.
- (iii) Any income or expense on account of exchange difference either on settlement or on translation is recognised in the profit and loss account except in case of long term liabilities, where they relate to acquisition of fixed assets, in which case they are adjusted to the carrying cost of such assets.

(j) Retirement benefits :

The Company has taken Group Gratuity Policy with Life Insurance Corporation of India (LIC) for the future payment of gratuities. The gratuity liability is determined based on an actuarial valuation performed by LIC.

Liability towards Superannuation is funded in accordance with the scheme with LIC.

Contribution to Provident Fund is accrued as per the provisions of the Employees' Provident Funds and Miscellaneous Provisions Act, 1952.

Provision for leave encashment, which is a defined benefit, is made based on actuarial valuation done by an independent agency of notified actuaries.

	As at 31.03.2010 Rs.	As at 31.03.2009 Rs.
B. Notes to Accounts :		
1 Contingent liabilities :		
Estimated amount of contracts remaining to be executed on capital account.	9,107,385	9,245,354
Claims against the company (Including Sales tax, Excise duty, etc.) not acknowledged as debts		
1 Maharashtra Sales Tax	51,956	51,956
2 Excise Duty	3,608,611	4,829,471
3 Income Tax liability	4,530,610	653,103
Guaranteed by Banks not provided for (Net)	11,389,125	3,171,833
2 Secured loans:		
(a) From HDFC Bank Limited : (Working Capital)		
Secured by hypothecation of entire current assets including stock in trade and such other movables, book debts, bills, receivables and entire movable fixed assets and mortgage of immovable fixed assets of the company, both present and future.	109,930,045	58,483,634
(b) From HDFC Bank Ltd. (Term Loans) :		
Secured by hypothecation by way of first charge on all fixed assets both present & future of the company.		
(i) Foreign currency loans for Captive Power Plant at Ankleshwar, expansion of Ankleshwar and Solapur plants	-	2,709,569
(ii) Foreign currency loans for Mumbai office premises, Panoli plant, Captive Power Plant at Ankleshwar and Panoli and Windmill project	106,274,555	86,894,978
(iii) Rupee Term Loan for Capital Expenditure	9,443,841	14,170,113
3 Loans repayable within one year from the date of the Balance Sheet:		
(i) Secured Loans from Bank	57,068,922	53,317,524
(ii) Unsecured Loans from Others	8,867,490	6,141,236
(iii) Deferred Payment liability - Sales Tax	1,413,455	1,757,509



GUJARAT RECLAIM & RUBBER PRODUCTS LIMITED

NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2010

SCHEDULE XVIII

	As At 31.03.2010 (Rs.)	As At 31.03.2009 (Rs.)
4 (a) Managerial Remuneration		
Computation of Commission payable to Managing Director & Executive Director :		
Profit before tax as per Profit & Loss Account	213,628,061	209,164,787
Add :		
Depreciation charged as per Profit & Loss Account (including amortisation)	43,616,118	40,613,441
Managerial Remuneration	10,944,465	7,641,734
Board Meeting Fees	380,000	336,000
Provision for Doubtful Loan	5,100,000	-
Loss on sale of Fixed Assets as per Profit & Loss Account	972,152	-
	<u>61,012,735</u>	<u>-</u>
	274,640,796	257,755,962
Less :		
Depreciation charged as per Section 350 of the Companies Act, 1956.	43,542,536	39,534,376
Profit on sale of Fixed assets	-	199,504
	<u>43,542,536</u>	<u>39,733,880</u>
	231,098,260	218,022,082
Net Profit as per Section 309(5) of the Companies Act, 1956.	<u>231,098,260</u>	<u>218,022,082</u>
Maximum Limit of Managerial Remuneration is @ 11% (Previous Year 5%) on Net Profit	25,420,809	10,901,104
(b) The profit & loss account include payments to and provisions for Managing Director & Executive Director's remuneration :		
Salary payment	3,310,000	2,400,000
Commission	3,057,470	2,180,221
Contribution to Provident fund & other funds	821,166	648,000
Perquisites	3,755,829	2,413,513
	<u>10,944,465</u>	<u>7,641,734</u>
Liability of Gratuity is provided for on the basis of Group Scheme of L.I.C. as a whole, the amount pertaining to Managing Director and Executive Director is not ascertainable and therefore not included.		
5 (a) The loans and advances also include deposit of Rs.1,575,000/- (Previous year Rs.1,575,000/-) with a company in which some of the directors are interested and a loan of Rs.5,100,000/- (Previous year Rs.3,511,240/-) to an associate concern.		
(b) Other expenses include Auditor's out of pocket expenses Rs.16,188/- (Previous year Rs. 23,853/-) , and expenditure incurred for a project which has been abandoned during the year amounting to Rs Nil (Previous year 28,622,511). Raw Materials Purchases include incidental expenses of Rs. 2,903,611/- (Previous year Rs.2,763,395/-), Expenses debited to Profit & Loss account include prior period expenses Rs. 812,598/- (Previous year Rs.510,991/-). Miscellaneous Income include refund of Electricity duty of Rs 9,445,064/- of earlier period.		
(c) Finished Goods stock include excise duty of Rs.2,265,576/- (Previous year Rs. 2,570,050/-)		
6 Long Term Investments include investment of Rs. 2,005,600/- by way of 10,028 Equity Shares of Rs. 100/- each fully paid in Alphanso NetSecure Pvt. Ltd. As per audited Balance Sheet for the year ended 31st March, 2010, intrinsic value of the same is Rs. Nil per share (Previous year Rs Nil). The diminution in value of Rs. 2,005,600/- (Previous year Rs 2,005,600/-) has not been provided in books considering strategic investment of a long term nature and future expectation of the company.		
7 Micro, Small, and Medium Enterprises Development Act, 2006 (MSMED Act) :		
Under the MSMED Act which came into force from 2nd October 2006, certain disclosures are required to be made relating to Micro, Small and Medium Enterprises. The Company is in the process of compiling relevant information from its suppliers about their coverage under the said Act. Since the relevant information is not readily available, no disclosures have been made in the accounts. However, in view of the management, the impact of interest, if any, that may be payable in accordance with the provision of this Act is not expected to be material.		



GUJARAT RECLAIM & RUBBER PRODUCTS LIMITED

NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2010

SCHEDULE XVIII

8 Employee Benefits:

(a) The Company has with effect from 1st April, 2007 adopted Accounting Standard 15, Employee Benefits (revised 2005), issued by the Institute of Chartered Accountants of India. The disclosure required as per the revised AS 15 is as under:

(i) Brief description of the plans. The Company has various schemes for long term benefits such as provident fund, superannuation, gratuity. The Company's defined contribution plans are Superannuation, Gratuity and Employees' Pension Scheme (under the provision of the Employees' Provident Funds and Miscellaneous Provisions Act, 1952) since the company has no further obligation beyond making the contributions.

The employees of the company are also entitled to leave encashment and compensated absences as per Company's policy.

(ii) Charge to the Profit and Loss Account based on Contributions :

	As at 31.03.2010 Rs.	As at 31.03.2009 Rs.
Superannuation Fund	1,246,155	1,141,317
Provident & Pension Fund	5,232,610	4,292,846

(iii) The liability for leave encashment and compensated absences as at year end is Rs.4,244,967/- (Previous year Rs. 5,411,560/-).

(b) Disclosure for defined benefit plan based on actuarial report as on 31.03.2010

	Current Year Gratuity (Funded plan)	Previous Year Gratuity (Funded plan)
(i) Change in Defined Benefit Obligation		
Opening defined benefit obligation	18,705,443	15,634,844
Interest cost	1,496,435	1,250,788
Current service cost	1,270,865	965,889
Benefits paid	(489,369)	(795,151)
Actuarial loss / (gain)	2,341,591	2,117,363
Closing defined benefit obligation	23,324,965	19,173,733
(ii) Change in Fair Value of Assets		
Opening fair value of plan assets	19,173,733	15,853,954
Expected return on plan assets	1,837,748	1,509,417
Contributions by employer	2,616,891	2,605,513
Benefits paid	(489,369)	(795,151)
Actuarial gain / (loss)	-	-
Closing fair value of plan assets	23,139,003	19,173,733
(iii) Amount recognised in the Balance Sheet		
Fair value of plan assets as at beginning of the year	19,173,733	15,853,954
Actual return on plan assets	1,837,748	1,509,417
Contributions	2,616,891	2,605,513
Benefits paid	(489,369)	(795,151)
Fair value of plan assets as at end of the year	23,139,003	19,173,733
Funded status	(185,962)	-
(iv) Actuarial gain / (loss) recognised		
Actuarial (gain) / loss on obligations	(2,341,591)	(2,117,363)
Actuarial (gain) / loss for the year - plan assets	-	-
Actuarial (gain) / loss on obligations	2,341,591	2,117,363
Actuarial (gain) / loss recognised in the year	2,341,591	2,117,363
(v) Amount to be recognised in the Balance Sheet and Profit & Loss accounts		
Present value of obligation as at the end of the year	23,324,965	19,173,733
Fair value of plan assets as at the end of the year	23,139,003	19,173,733
Funded status		
Net Assets / (Liabilities) recognised in the Balance Sheet	185,962	-
Current service cost	1,270,865	965,889
Interest cost	1,496,435	1,250,788
Expected return on plan assets	(1,837,748)	(1,509,417)
Net Actuarial (gain) / loss recognised in the year	2,341,591	2,117,363
Expenses recognised in the statement of Profit & Loss account	3,271,143	2,824,623
Actuarial Assumptions		
Discount Rate	8.00%	8.00%
Salary Escalation	6.00%	6.00%



GUJARAT RECLAIM & RUBBER PRODUCTS LIMITED

NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2010

SCHEDULE XVIII

- 9 Current taxation in provisions represents provision in excess of advance payment of taxes of Rs. 219,527,768/- (Previous year Rs. 147,311,531/-) and provision of FBT of Rs. 2,559,170/- (Previous year Rs. 2,559,170/-)
- 10 The company has opted for Companies (Accounting Standards) Amendment Rules 2009 on Accounting Standard 11 (AS 11), as notified by the Government of India on 31st March, 2009, for accounting of exchange differences arising from revaluation of long term foreign currency loans with retrospective effect. Accordingly, the effect of exchange difference on long term foreign currency loan borrowed by the company for the acquisition of capital asset is accounted by addition or reduction in cost of the respective assets, to the extent it pertains to depreciable assets. Consequently, the profit arising from the effect of changes in foreign exchange rate on foreign currency loans relating to acquisition of depreciable capital assets, amounting to Rs.10,020,520/- for the year ended 31st March,2010 is reduced from the cost of such assets (Previous year foreign currency loss added to capital assets of Rs 13,253,286/-). Accordingly, the depreciation for the year is lower by Rs.747,728/- (Previous year, depreciation was higher by Rs. 2,213,402/-) and profit for the year is lower by Rs.9,272,792/- (Previous year, profit was higher by Rs. 11,039,884/-).

	As at 31.03.2010 Rs.	As at 31.03.2009 Rs.
11 Deferred Taxes :		
(a) Deferred Tax Liability		
Depreciation	90,645,767	86,545,967
(b) Deferred Tax Asset		
Provision for employee benefit	1,372,448	1,286,648
Total	89,273,319	85,259,319

12 Related parties disclosure :

(a) Names of the related parties :

- (i) Parties where control exists :
Subsidiary Company

Grip Polymers Ltd
(99.80 % of total shareholdings held by the company)

- (ii) Associate Concern

Alphanso Netsecure Pvt Limited
(46% of total shareholdings held by the company)

- (iii) Directors of the company :-

(a) Key Management Personnel

Rajendra V.Gandhi, Managing Director
Harsh R. Gandhi , Executive Director
Kandathil M.Philip, Mahesh V. Gandhi, Dr.Peter Philip,
Bhagwandas T. Doshi, Atul S. Desai and Nikhil M. Desai

(b) Non executive directors

- (iv) Relatives of Key Management Personnel

Nayna R. Gandhi, Hemal H. Gandhi, Vaishali P. Shah and Nehal R. Gandhi
Rajendra V. Gandhi HUF, Harsh R. Gandhi HUF, Aarav Trust and Aayushi & Aashini Trust

- (v) Enterprises owned or significantly influenced by Key Management Personnel or their relatives

- (a) Enarjee Investments Pvt. Ltd.
R.V.Gandhi (Managing Director) is the Chairman
(b) Industrial Development and Investment Co.Pvt. Ltd.
M.V.Gandhi (Director) is the Chairman
(c) Ghatkopar Estate & Finance Corporation Pvt Ltd.
R V Gandhi & M V Gandhi are directors

(b) Transactions with related parties:

- (i) Associate Concern :

Alphanso NetSecure Private Limited

Equity Investment

2,005,600

2,005,600

Outstanding Loan Receivable

5,100,000

3,511,240

Purchase of Goods & Services

844,635

-

Advance against Purchase of Goods & Services

-

248,508

- (ii) Managing Director :

Remuneration paid

8,329,535

7,641,734

Dividend paid

325,500

251,100

- (iii) Remuneration to Directors

2,614,930

-

Sitting Fees to Directors

380,000

336,000

Dividend to Directors

2,980,513

1,529,537



GUJARAT RECLAIM & RUBBER PRODUCTS LIMITED

NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2010

SCHEDULE XVIII

	31.03.2010	31.03.2009
	Rs.	Rs.
(iv) Relatives of Key Management Personnel :		
Remuneration paid	775,681	1,765,073
Dividend	2,325,365	1,517,419
Interest paid	450,598	59,506
Deposits taken	2,775,000	600,000
Deposits Repaid	-	30,000
Outstanding deposits payable	5,050,000	750,000
(v) Enterprises owned or significantly influenced by Key Management Personnel or their relatives :		
(a) Enarjee Investments Pvt. Ltd. :		
Interest paid	314,794	240,000
Dividend	1,511,518	1,165,139
Deposits taken	1,000,000	-
Outstanding deposit payable	2,600,000	1,600,000
(b) Industrial Development & Investment Co. Pvt. Ltd.		
Rent paid	52,944	53,857
Dividend	245,000	189,000
Outstanding deposit receivable (Security for Premises)	1,575,000	1,575,000
(c) Ghatkopar Estate & Finance Corporation Pvt Ltd.		
Dividend	233,328	-
13 Segment Reporting :		
Segment reporting as required by Accounting Standard 17 is issued by the Institute of Chartered Accountants of India.		
Particulars	Current Year	
1 Segment Revenue		
a) Reclaim Rubber (Net of Excise Duty)	1,406,710,257	
b) Power	1,340,614	
Net Segment Revenue	1,408,050,871	
2 Segment Results Profit(+) / Loss(-) before Tax and interest from each segment)		
a) Reclaim Rubber	264,734,297	
b) Power	640,967	
Sub Total	265,375,264	
Less: Interest, Un-allocable expenditure & Depreciation (net of Un-allocable Income)	51,747,203	
Profit Before Tax	213,628,061	
Provision for Taxation		
Income Tax	71,532,000	
Deferred Tax	4,014,000	
Net Profit after Tax	138,082,061	
3 Other Information		
I. Segment Assets		
a) Reclaim Rubber	837,827,319	
b) Power	34,608,141	
c) Un-allocated Assets	138,658,025	
Total	1,011,093,485	



GUJARAT RECLAIM & RUBBER PRODUCTS LIMITED

NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2010

SCHEDULE XVIII

	Current Year
II. Segment Liabilities	
a) Reclaim Rubber	104,926,463
b) Power	336,226
c) Un-allocated Liabilities	40,382,772
Total :	145,645,461
III. Capital Expenditure (Including Capital Work in Progress)	
a) Reclaim Rubber	45,652,753
b) Power	34,646,040
Total :	80,298,793
IV. Depreciation	
a) Reclaim Rubber	42,263,866
b) Power	606,046
c) Un-allocable Depreciation	672,624
Total :	43,542,536
V. Non Cash Expenditure other than Depreciation	
a) Reclaim Rubber	62,363
b) Power	11,219
Total :	73,582

- a) In previous year there was only one Business Segment i.e Reclaim Rubber, hence corresponding previous year figure has not been reported
- b) Information about Secondary Segments
- i) Revenue & Sundry Debtors as per Geographical Markets

Particulars	Revenue		Sundry Debtor	
	2009-10	2008-09	2009-10	2008-09
India	615,822,278	529,572,455	138,605,441	146,408,951
Outside India	801,585,908	775,977,617	139,375,749	89,071,327
Total	1,417,408,186	1,305,550,072	277,981,190	235,480,278

- ii) The Company has common fixed assets for producing goods for Domestic Market and Overseas Market. Hence separate figures for fixed assets / additions to fixed assets cannot be furnished

	31.03.2010 Rs.	31.03.2009 Rs.
14 Earnings per share :		
- Net Profit after tax for the year	138,082,061	135,403,265
- Excess Provision for tax for earlier years	-	(299,856)
- Net Profit attributable to Equity Shareholders	138,082,061	135,103,409
- Number of equity shares of Rs.10/- each.	1,333,333	1,333,333
- Earnings per share - Basic	103.56	101.33
- Earnings per share -Diluted	103.56	101.33



GUJARAT RECLAIM & RUBBER PRODUCTS LIMITED

NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2010

SCHEDULE XVIII

15 A. Licensed Capacity, Installed Capacity and Actual Production :

SI	Classes of goods dealt in Manufactured goods:	Unit	Licensed Capacity	Installed Capacity	Actual Production
(a)	Reclaimed Ruuber	M.T.	Not Applicable	41,000	41,574
		M.T.	(Not Applicable)	(41,000)	(38,206)
(b)	Crumb Rubber	M.T.	Not Applicable	4,800	695
		M.T.	(Not Applicable)	(4,800)	(627)
(c)	Punch & Split Products	M.T.	Not Applicable	1,200	300
		M.T.	(Not Applicable)	(1,200)	(745)
(d)	Thermo Plastic Elastomers	M.T.	Not Applicable	1,200	10
		M.T.	(Not Applicable)	(896)	(0)
(e)	Power - Wind Mill	KWH	Not Applicable	600	258
		KWH	(Not Applicable)	(0)	(0)

Quantitative and Turnover Informations :

SI	Classes of goods dealt in Manufactured goods:	Opening Inventories		Closing Inventories		Turnover	
		Quantity	Value	Quantity	Value	Quantity	Value
		MT	Rs.	MT	Rs.	MT	Rs.
(a)	Reclaimed Rubber (MT)	1,430 (1,350)	33,280,698 (29,285,482)	964 (1,430)	26,070,485 (33,280,698)	42,040 (38,126)	1,446,606,724 (1,341,878,102)
(b)	Crumb Rubber (MT)	33 (81)	479,280 (1,240,101)	10 (33)	134,300 (479,280)	717 (675)	9,435,250 (8,960,105)
(c)	Punch & Split Products (MT)	52 (29)	774,207 (488,086)	34 (52)	699,333 (774,207)	317 (722)	10,446,318 (20,418,033)
(d)	Thermo Plastic Elastomers (MT)	- (0)	- (0)	1 (0)	136,728 (0)	9 (0)	1,793,383 (0)
(e)	Power - Wind Mill (KWH)	- (0)	- (0)	- (0)	- (0)	240 (0)	1,340,613 (0)

Note :

- The installed capacity is certified by the Managing Director & accepted by the auditors.
- Actual production by Wind Mill include 18 KWH (Previous year Nil) units of power for captive use.
- Figures in brackets are in respect of Previous year.

B Consumption of Raw materials:

2009-2010				2008-09	
	Unit	Quantity	Value / Rs.	Quantity	Value / Rs.
(i) Rubber Scrap (Incl purchase expns)	MT	42,726	566,581,089	39,106	498,183,690
(ii) Oils & Chemicals:					
- Process Oils & Chemicals	Ltrs./ kgs	1,809,781	70,559,743	1,829,855	80,172,571
- Other Oils & Chemicals	MT	1,022	5,190,552	1,012	6,493,412
			642,331,384		584,849,673



GUJARAT RECLAIM & RUBBER PRODUCTS LIMITED

NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2010

SCHEDULE XVIII

C Break-up of imported & indigenous materials consumed:

		% of Total Consumption	Value / Rs.	% of Total Consumption	Value / Rs.
(i)	Imported raw materials	0.41%	2,639,844	3.54%	20,730,808
(ii)	Indigenous raw materials	99.59%	639,691,540	96.46%	564,118,865
		100.00%	642,331,384	100.00%	584,849,673

D Value of imports on CIF basis

- Raw Material	2,041,739	18,615,594
- Machinery	8,785,049	-

E Expenditure in foreign currency (On cash basis) 46,224,030 52,018,051

F Earning in foreign exchange in respect of
Export of Goods (F.O.B. value) (On accrual basis) 748,084,048 736,215,775

16 Foreign currency exposures:

The company uses forward contracts to mitigate its risk associated with foreign currency fluctuations having underlying transactions in relation to sale of goods. The company doesn't enter into any forward contract which is intended for trading or speculative purposes.

The details of forward contracts outstanding at the year end is as follows:

Sl	Particulars	As on 31.03.2010			As on 31.03.2009	
		Unit of Currency	no. of Contracts	Aggregate Amt. Rs.	no. of Contracts	Aggregate Amt. Rs.
1	Forward contract	Euro	-	-	12	51,877,278
2	Forward contract	USD	2	13,379,000	-	-

17 In the opinion of the Board, the Current Assets, Loans & Advances are approximately of the value stated, if realised, in the ordinary course of the business. The provision for depreciation and for all known liabilities is adequate and not in excess of the amount reasonably necessary.

18 Figures in respect of previous year have been rearranged, regrouped, reclassified & reworked wherever necessary, to make them comparable with that of the year under audit.

The Schedules and Notes on Accounts referred to above form an integral part of the accounts
Referred to in our report of even date

For A.B. Modi & Associates
Chartered Accountants

Rajesh S. Shah
Partner

For and on behalf of the Board of Directors

K.M.Philip
Chairman

R.V.Gandhi
Managing Director

G.A.Ghangurde
Vice President & Company Secretary

Place: Mumbai
Date : 20th May, 2010.

Place : Mumbai
Date : 20th May, 2010.



GUJARAT RECLAIM & RUBBER PRODUCTS LIMITED

STATEMENT PURSUANT TO PART IV TO THE COMPANIES ACT, 1956 FOR THE YEAR ENDED 31ST MARCH 2010

BALANCE SHEET ABSTRACT & COMPANY'S GENERAL BUSINESS PROFILE :

I. Registration details :

Registration no.	L25191GJ1974PLC002555	State code	4
Balance Sheet date	31st March, 2010		

II. Capital raised during the year (Rs) :

Public issue	NIL	Right issue	NIL
Bonus issue	NIL	Private placement	NIL

III. Position of mobilisation & deployment of funds (Amount in Rs Thousands) :

Total Liabilities	865,447	Total Assets	865,447
Source of funds			
Paid-up Capital	13,333	Reserves & Surplus	519,300
Secured Loan	225,648	Unsecured Loans	17,893
Deferred Tax Liability	89,273		
Application of Funds			
Net Fixed Assets	560,023	Investment	3,403
Net Current Assets	302,021	Miscellaneous Expenditure	-
Accumulated Losses	-		

IV. Performance of the company (Rs in thousands) :

Turnover	1,432,232	Total Expenditure	1,218,604
Profit before tax	213,628	Profit after tax	138,082
Earning per share (Rs)	103.56	Dividend Rate (%)	200.00

V. Generic name of three principal products / services of the company (As per monetary Terms)

Item code no. (ITC code)	40030000
Product description	RECLAIM RUBBER
Item code no. (ITC code)	40169909
Product description	PUNCH & SPLIT PRODUCT (Made from waste tyres and rubber scrap)

For and on behalf of the Board of Directors

K.M.Philip
Chairman

R.V.Gandhi
Managing Director

G.A.Ghangurde
Vice President & Company Secretary
Place : Mumbai
Date : 20th May, 2010.



GUJARAT RECLAIM & RUBBER PRODUCTS LIMITED

STATEMENT IN PURSUANCE OF SECTION 212 OF THE COMPANIES ACT, 1956 RELATING TO SUBSIDIARY COMPANY

- | | |
|---|--|
| 1. Name of the subsidiary company | Grip Polymers Limited. |
| 2. Financial year of the subsidiary company ended on | 31-Mar-2010 |
| 3. Holding company's interest | |
| a) Number of shares | 49,900 Equity shares of Rs.10/- each
fully paid up. |
| b) Percentage of holding | 99.80% |
| 4. The net aggregate amount of subsidiary's profit (loss)
so far as it concerns the members of the holding
company not dealt within the holding company's
Accounts | |
| a) For the current financial year | Rs. 110,069 |
| b) For the previous financial year | Rs. 32,598 |
| 5. The net aggregate amount of subsidiary's profit /
(loss) so far as it concerns the members of the
holding company dealt within the holding
company's Accounts | |
| a) For the current financial year | Nil |
| b) For the previous financial year | Nil |

For and on behalf of the Board of Directors

K.M.Philip
Chairman

R.V.Gandhi
Managing Director

G.A.Ghangurde
Vice President & Company Secretary

Place : Mumbai
Date : 20th May, 2010.

GRIP POLYMERS LIMITED

DIRECTORS' REPORT

To,

The Shareholders,

Your Directors have pleasure in presenting their **SEVENTEENTH ANNUAL REPORT & THE AUDITED ACCOUNTS** for the year ended 31st March 2010.

PERFORMANCE:

Total income for the year is Rs.307,712/- (Previous year Rs.386,906/-). Net profit after depreciation and tax provision for the year is Rs.110,069/- (Previous year Rs.32,597/-). During the current year, efforts will continue to explore the trading opportunities in domestic and international market.

DIVIDEND:

For conserving the financial resources, Directors do not recommend payment of any dividend for the year.

AUDITORS:

A.B. Modi & Associates, Chartered Accountants, Mumbai, who are our auditors, retire and are eligible for reappointment.

PARTICULARS OF EMPLOYEES:

The particulars of employees as per Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of employees) Rules, 1975, as amended are not given as the Company has no employee drawing remuneration exceeding the limits specified under the above provisions.

DIRECTORS' RESPONSIBILITY STATEMENT:

In compliance to the provisions of Section 217(2AA) of the Companies Act, 1956, your directors hereby confirm that:

- a) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures,
- b) 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 at the end of the financial year,
- c) the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities,
- d) the directors had prepared the annual accounts on a going concern basis.

DISCLOSURE PURSUANT TO SECTION 217(1)(e) OF THE COMPANIES ACT, 1956:

The particulars pursuant to Section 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 to the extent applicable are as under :

- a) Foreign exchange earning & outgo

	(Rs.)
Earnings in foreign exchange (FOB value of exports)	Nil
Foreign exchange outgo	Nil

- b) Since the company is not engaged in any manufacturing activity, the provisions of information on conservation of energy and technology absorption is not applicable and therefore, not provided.

ACKNOWLEDGEMENT :

The Board of Directors is grateful to the government authorities, bankers and business constituents for their continued cooperation and timely support to the company.

Place : Mumbai
Date : 17th May, 2010

For & on behalf of the Board of Directors
Rajendra V. Gandhi
Chairman

Regd. Office : 202, L.B.Shastri Marg, Ashok Silk Mills Compound, Ghatkopar (W), Mumbai – 400 086.

GRIP POLYMERS LIMITED

AUDITORS REPORT TO THE MEMBERS OF GRIP POLYMERS LIMITED.

1. We have audited the attached Balance Sheet of GRIP POLYMERS LIMITED, as at 31st March, 2010 and also the Profit and Loss Account 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 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 presentation of financial statements. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 and as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that:
 - i) We have obtained all the information and explanation, which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - ii) 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 the books
 - iii) The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account
 - iv) In our opinion, the Balance Sheet and Profit and Loss Account dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
 - v) 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;
 - vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts 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 ;
and
 - b) In the case of the Profit and Loss Account, of the profit for the year ended on that date.

Place : Mumbai
Date : 17th May 2010

For A.B.Modi & Associates
Chartered Accountants
(Rajesh S. Shah)
Partner
Membership No. 17844
Firm Regd.No. 106473W

GRIP POLYMERS LIMITED

Annexure referred to in paragraph [3] of our report of even date:

- 1) a) The company is maintaining 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 as per 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) There was no substantial disposal of fixed assets during the year.
- 2) There was no inventory during the year hence question of physical verification of inventory, procedure and maintenance of record does not arise.
- 3) 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 (iii)(b) to clause (iii)(d) of paragraph 4 of the Order are not applicable to the company for the current year.
b) 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. Accordingly, clause (iii)(f) to clause (iii)(g) of paragraph 4 of the Order are not applicable to the company for the current year.
- 4) In our opinion and according to the information and explanation given to us, there is a adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of fixed assets and for the sale of services. We have not observed any continuing failure to correct major weaknesses in the internal control system.
- 5) a) According to the information and explanation given to us and based on the audit procedures applied by us, we are of the opinion that the transactions that need to be entered into the register maintained under Section 301 have been so entered.
b) According to the information and explanation given to us, there is no transaction exceeding value of Rupees Five Lakhs in respect of any party and hence question of reasonable prices in respect of such transactions regards to the prevailing market prices does not arise.
- 6) The Company has not accepted any deposits during the year from the public within the meaning of the provisions of S.58A and 58AA or other relevant provisions of the Companies Act, 1956 and rules made thereunder and the directives issued by the Reserve Bank of India, wherever applicable. Hence, the clause 4 (vi) of the order is not applicable.
- 7) The Company is not statutorily required to have Internal Audit System.
- 8) According to the information and explanation given to us and to the best of our knowledge, the Central Government has not prescribed maintenance of cost records under clause (d) of sub-section (1) of Section 209 of the Companies Act, 1956 for the products of the Company.
- 9) a) In our opinion and according to the information and explanation given to us, the Company is regular in depositing undisputed statutory dues including Income Tax, Sales Tax, Service Tax, Custom Duty, Excise Duty, Cess and other statutory dues applicable to it with the appropriate authorities. The Company is not covered by Provident Fund and Employees' State Insurance Scheme.
b) According to the information and explanation given to us, there are no dues outstanding of Income Tax, Sales Tax, Service Tax, Custom Duty, Excise Duty and Cess on account of any dispute except demand of Rs.60,661/- raised by Income Tax Department for A.Y. 2007-08, which is contested before Commissioner of Income Tax (Appeals).
- 10) The Company has no accumulated losses at the end of the financial year and it has not incurred any cash losses in the current and immediately preceding financial year.
- 11) According to the information and explanation given to us and based on our audit procedures, the Company has no borrowings from financial institution or bank or by way of debentures.
- 12) According to the information and explanation given to us and based on the documents and records produced to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- 13) In our opinion and according to the information and explanations given to us, the nature of activities of the Company does not attract any special statute applicable to chit fund and nidhi/mutual benefit fund/societies.

GRIP POLYMERS LIMITED

- 14) The Company is not dealing or trading in shares, securities, debentures or other investments and hence, the requirements of Para 4 (xiv) are not applicable to the Company.
- 15) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
- 16) The Company has not taken any term loans during the year.
- 17) The Company has not raised any short term / long term funds during the year.
- 18) 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.
- 19) No debentures have been issued by the Company and hence, the question of creating securities in respect thereof does not arise.
- 20) The Company has not raised any money through a public issue during the year.
- 21) During the course of our examination of the books of account and records of the Company carried out in accordance with the generally accepted auditing practices in India and according to the information and explanations given to us, we have neither come across any instances of material fraud on or by the Company, noticed or reported during the year, nor have we been informed of such cases by management.

Place : Mumbai
Date : 17th May 2010

For A.B.Modi & Associates
Chartered Accountants
(Rajesh S. Shah)
Partner
Membership No. 17844
Firm Regd.No. 106473W

GRIP POLYMERS LIMITED

BALANCE SHEET AS AT 31ST MARCH, 2010

		As At 31.03.2010 (Rs.)	As At 31.03.2009 (Rs.)
I. SOURCES OF FUNDS	SCHEDULE		
1. Shareholders' Funds:			
Share Capital	I	500,000	500,000
Reserves & Surplus	II	2,006,020	1,895,951
		<hr/>	<hr/>
		2,506,020	2,395,951
2. Deferred Tax Liability		4,252	3,810
		<hr/>	<hr/>
Total		2,510,272	2,399,761
		<hr/>	<hr/>
APPLICATION OF FUNDS			
1. Fixed Assets	III		
(a) Gross Block		138,565	138,565
(b) Less : Depreciation		107,681	106,085
(c) Net Block		<hr/>	<hr/>
		30,884	32,480
2. Investments	IV	85,000	85,000
3. Current Assets Loans & Advances	V		
(a) Sundry Debtors		77,474	15,357
(b) Cash & Bank Balances		2,306,720	2,227,447
(c) Loans and Advances		258,184	224,706
		<hr/>	<hr/>
		2,642,378	2,467,510
4. Less : Current Liabilities & Provisions	VI		
(a) Current Liabilities		63,490	46,729
(b) Provisions		184,500	138,500
		<hr/>	<hr/>
		247,990	185,229
		<hr/>	<hr/>
Net Current Assets		2,394,388	2,282,281
		<hr/>	<hr/>
	Total	2,510,272	2,399,761
		<hr/>	<hr/>
Notes on Accounts	VIII	-	-

The Schedules and Notes on Accounts referred to above form an integral part of the accounts Referred to in our report of even date

For A.B. Modi & Associates
Chartered Accountants

Rajesh S. Shah
Partner

Place : Mumbai
Date : 17th May, 2010

For and on behalf of the Board of Directors

Rajendra V.Gandhi
Chairman

Nayna R. Gandhi
Director

Place : Mumbai
Date : 17th May, 2010

GRIP POLYMERS LIMITED

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010

	SCHEDULE	Year ended 31.03.2010 (Rs.)	Year ended 31.03.2009 (Rs.)
<u>INCOME</u>			
Sale of Traded Goods		-	66,940
Commission Income (TDS Rs NIL, previous year Rs 2,241/-)		123,090	125,837
Dividend Income		9,000	8,000
Interest (TDS Rs 27,478/-, previous year Rs 38,343/-)		175,622	186,129
	Total (A)	307,712	386,906
<u>EXPENDITURE</u>			
Purchase of Traded Goods		-	56,752
Sales and Administrative Expenses	VII	149,605	284,340
	Total (B)	149,605	341,092
Operating Profit	Total (A - B)	158,107	45,814
Depreciation		1,596	1,596
Profit Before Taxation		156,511	44,218
Provision for Taxation		46,000	11,000
Provision of Deferred Tax Liability		442	621
Net Profit for the year		110,069	32,597
Add: Balance as per last Balance Sheet		1,054,240	1,021,643
Balance carried to Balance Sheet		1,164,309	1,054,240

Earning per Share :

Earning per share of Rs.10/- each - Basic / Diluted
(Refer note No. 11 of Sch.VIII)

2.20

0.65

Notes on Accounts

VIII

The Schedules and Notes on Accounts referred to above form an integral part of the accounts
Referred to in our report of even date

For and on behalf of the Board of Directors

For A.B. Modi & Associates
Chartered Accountants

Rajendra V.Gandhi
Chairman

Rajesh S. Shah
Partner

Nayna R. Gandhi
Director

Place : Mumbai
Date : 17th May, 2010

Place : Mumbai
Date : 17th May, 2010

GRIP POLYMERS LIMITED

SCHEDULES ANNEXED TO & FORMING PART OF THE BALANCE SHEET

	As At 31.03.2010 (Rs.)	As At 31.03.2009 (Rs.)
SCHEDULE I :		
Share Capital		
Authorised:		
50,000 Equity Shares of Rs. 10/- each	500,000	500,000
Issued, Subscribed and Paid up :		
50,000 (50,000) Equity Shares of Rs.10/- each fully Paid up (of which 39,980 Shares have been issued as bonus shares by Capitalisation of General Reserve) (49,900 Equity Shares of Rs.10/- each held by Holding Company Gujarat Reclaim & Rubber Products Limited)	500,000	500,000
Total	500,000	500,000

SCHEDULE II :

Reserves and Surplus :

General Reserve :

Balance as per last Balance Sheet	841,711	841,711
Surplus in Profit and Loss Account	1,164,309	1,054,240
Total	2,006,020	1,895,951

SCHEDULE III :

Fixed Assets

Particular of Assets	At Cost or Book Value			Less Depreciation			Net Block	
	Gross Block 1.04.2009	Addition during the year	Gross Block 31.03.2010	As at 1.04.2009	For the period	As at 31.03.2010	As at 31.03.2010	As at 31.03.2009
1. Furniture & Fixtures	2,340	-	2,340	2,071	148	2,219	121	269
2. Office Equipments	30,475	-	30,475	3,552	1,448	5,000	25,475	26,923
3. Computers	105,750	-	105,750	100,462	-	100,462	5,288	5,288
Total :	138,565	-	138,565	106,085	1,596	107,681	30,884	32,480
Previous Year	138,565	-	138,565	104,489	1,596	106,085	32,480	34,076

SCHEDULE IV :

Investments :

Long Term Investments

Trade Quoted-Equity Shares 1000 (1000) Equity Shares of Rs.10/- each of Bank of Baroda (Market Value Rs. 6,39,250/- Previous Year Rs. 2,34,550/-)	85,000	85,000
Total	85,000	85,000

GRIP POLYMERS LIMITED

SCHEDULES ANNEXED TO & FORMING PART OF THE BALANCE SHEET

	As At 31.03.2010 (Rs.)	As At 31.03.2009 (Rs.)
SCHEDULE V :		
Current Assets, Loans and Advances :		
a. Sundry Debtors (Unsecured-considered good)		
Outstanding less than six months	77,474	15,357
	<u>77,474</u>	<u>15,357</u>
b. Cash & Bank Balances		
Balances with Scheduled Banks		
In Current Account	30,974	99,844
In Fixed Deposits	2,275,746	2,127,603
	<u>2,306,720</u>	<u>2,227,447</u>
c. Loans and Advances		
(Unsecured, Considered Good)		
Advances recoverable in cash or in kind or for value to be received	20,161	14,161
Advance Income Tax	238,023	210,545
	<u>258,184</u>	<u>224,706</u>
Total	<u><u>2,642,378</u></u>	<u><u>2,467,510</u></u>
SCHEDULE VI :		
Current Liabilities and Provisions :		
a. Current Liabilities		
Sundry Creditors	29,752	12,931
Others	33,738	33,798
	<u>63,490</u>	<u>46,729</u>
B. Provisions		
Provision for Income Tax	184,500	138,500
	<u>184,500</u>	<u>138,500</u>
Total	<u><u>247,990</u></u>	<u><u>185,229</u></u>

SCHEDULES ANNEXED TO & FORMING PART OF THE PROFIT & LOSS ACCOUNT

	Year Ended 31-03-2010 (Rs.)	Year Ended 31-03-2009 (Rs.)
SCHEDULE VII :		
Sales and Administrative Expenses		
Telephone Expenses	29,375	27,250
Travelling and Conveyance	11,498	125,531
Bank Interest and Charges	110	506
Professional fees	80,000	89,405
Laboratory Expenses	-	3,000
Auditors' Remuneration		
- As Auditors	2,757	2,757
- For Tax Matter	13,011	3,861
	<u>15,768</u>	<u>6,618</u>
Other Expenses	12,854	32,030
Total	<u><u>149,605</u></u>	<u><u>284,340</u></u>

GRIP POLYMERS LIMITED

SCHEDULE VIII:

NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2010

1 Accounting Policies :

a) Basis of Preparation of financial Statements

The financial statements have been prepared under the historical cost convention on the accrual basis of accounting & in accordance with the Accounting Standards prescribed in the Companies (Accounting Standards) Rules, 2006 and relevant provisions of the Companies Act, 1956.

b) Accounting Estimates :

The preparation of financial statements in conformity with the generally accepted accounting principles (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities on the date of the financial statements. Actual results could differ from those estimates. Any difference between the actual result and estimates are recognised in the period in which the results are known / materialised. Any revision to accounting estimates is recognised prospectively in current and future periods.

c) The accounting policies have been consistently applied by the company and are consistent with those used in previous year.

d) Fixed assets & depreciation :

The fixed assets are stated at cost of acquisition, including any cost attributable to bringing the assets to its working condition for its intended use, less accumulated depreciation. Depreciation on fixed assets is provided on straight line method at the rate prescribed in Schedule XIV of the Companies Act, 1956. Depreciation is provided upto 95% of original cost as per Section 205 of the Companies Act, 1956.

e) Investments :

Long term investments are valued at cost, less diminution in value, if any.

f) Income Recognition :

Sales are recognised at dispatch of goods.

Other income is recognised when the company is certain of receiving the same.

Dividend income is recognised when the right to receive dividend is unconditional at the balance sheet date.

g) Income Taxes :

Provision for tax is made for both current and deferred taxes. Provision for current income tax is made at current rates based on assessable income. The company provides for deferred tax based on the tax effect of timing difference resulting from the recognition of items in the financial statement and in estimating its current tax provision. Deferred tax assets are recognised if there is a reasonable certainty of realisation.

h) Foreign currency transactions :

Transactions denominated in foreign currencies are recorded at the exchange rates prevailing on the date of transaction. At the year end the monetary items denominated in foreign currencies are converted into rupee equivalents at the year end exchange rates. All exchange differences arising on settlement & on foreign currency transactions are included in the profit & loss account.

31-03-2010 31-03-2009

2 Contingent Liabilities :

Claims against the company not acknowledgement as debts (Income Tax Liability) 60,661 -

3 Quantitative details in respect of turnover of traded goods :

Class of goods	Unit	Purchases		Turnover	
		Qty	Value (Rs.)	Qty	Value (Rs.)
1. Carbon Powder	Kgs	0	0	0	0
		(2,680)	(56,752)	(2,680)	(66,940)

Note: There is no opening stock & closing stock of traded goods during the year.

31-03-2010 31-03-2009

4 Expenditure incurred in foreign currencies - 110,588

GRIP POLYMERS LIMITED

SCHEDULE VIII:

5 Fixed deposits include bank deposit of Rs. 17,024/- pledged with sales tax department.

	As at	As at
	<u>31-03-2010</u>	<u>31-03-2009</u>

Deferred Tax Liability

On account of Depreciation

4,252

3,810

7 In the opinion of the board, the current assets, loan and advances are approximately of the value stated, if realised, in the ordinary course of the business. The provision for all known liabilities is adequate and not in excess of the amount reasonably necessary.

8 Segment reporting as defined in Accounting Standard 17 is not applicable since there is only one business segment.

9 Figures of the previous year have been re-arranged or re-grouped wherever necessary to make them comparable with that of the current year.

10 Related Parties Disclosure :

a) Names of the related parties :

i) Parties where control exists

Holding Company

Gujarat Reclaim & Rubber Products Limited.

(99.80 % of total shareholdings held by the company)

ii) Directors of the company

Key Management Personnel

Rajendra V. Gandhi, Chairman

Nayna R. Gandhi, Director

iii) Relatives of Key Management Personnel

Hemal H.Gandhi, relative of Chairman Rajendra V. Gandhi

b) Transaction with Related Parties :

a) Relative of Key Management Personnel

Professional Fees

31-03-2010

31-03-2009

80,000

85,000

11 Earnings per share :

Computation of basic & diluted earnings

- Net Profit after tax for the year

110,069

32,597

- Net Profit attributable to equity shareholders

110,069

32,597

- Number of equity shares of Rs. 10/- each outstanding

50,000

50,000

- Earning per share - Basic / Diluted

2.20

0.65

The Schedules and Notes on Accounts referred to above form an integral part of the accounts
Referred to in our report of even date

For and on behalf of the Board of Directors

For A.B. Modi & Associates

Chartered Accountants

Rajesh S. Shah

Partner

Rajendra V.Gandhi

Chairman

Nayna R. Gandhi

Director

Place : Mumbai

Date : 17th May, 2010

Place : Mumbai

Date : 17th May, 2010

GRIP POLYMERS LIMITED

STATEMENT PURSUANT TO PART IV TO THE COMPANIES ACT, 1956
FOR THE YEAR ENDED 31ST MARCH 2010

BALANCE SHEET ABSTRACT & COMPANY'S GENERAL BUSINESS PROFILE :

I. Registration details :

Registration no.	U25200MH1993PLC074922	State code	11
Balance Sheet date	31.03.2010		

II. Capital raised during the year (Rs.) :

Public issue	NIL	Right issue	NIL
Bonus issue	NIL	Private placement	NIL

III. Position of mobilisation & deployment of funds (Rs. in thousands) :

Total Liabilities	2,510	Total Assets	2,510
--------------------------	--------------	---------------------	--------------

Source of funds

Paid-up Capital	500	Reserves & Surplus	2,006
Deferred Tax Liability	4		

Application of Funds

Net Fixed Assets	31	Investment	85
Net Current Assets	2,394	Miscellaneous Expenditures	-

IV. Performance of the company (Rs. in thousands) :

Turnover	308	Total Expenditure	151
Profit before tax	157	Profit after tax	110
Earning per share	2.20	Dividend rate (%)	0.00%

V. Generic name of three principal products / services of the company :

Item code no. (ITC code)	Not applicable
Product description	Not applicable

For and on behalf of the **Board of Directors**

Rajendra V. Gandhi
Chairman

Nayna R. Gandhi
Director

Place : Mumbai
Date : 17th May, 2010



GUJARAT RECLAIM & RUBBER PRODUCTS LIMITED

AUDITORS REPORT TO THE BOARD OF DIRECTORS OF GUJARAT RECLAIM & RUBBER PRODUCTS LIMITED ON THE CONSOLIDATED FINANCIAL STATEMENTS OF GUJARAT RECLAIM & RUBBER PRODUCTS LIMITED AND ITS SUBSIDIARY AND AN ASSOCIATE

- 1) We have audited the attached Consolidated Balance Sheet of Gujarat Reclaim & Rubber Products Limited and its subsidiary and an associate (collectively known as "the Group") as at 31st March, 2010 and the Consolidated 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. These consolidated financial statements are the responsibility of the Gujarat Reclaim & Rubber Products Limited's management. Our responsibility is to express an opinion on these Consolidated financial statements based on our audit.
- 2) We have conducted our audit in accordance with generally accepted auditing standards in India. These Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are prepared, in all material respects, in accordance with an identified financial reporting framework and are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial Statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
- 3) We did not audit the financial statements of an associate namely Alphanso NetSecure Private Limited, whose net carrying cost of investment as on 31st March, 2010 is Rs. Nil (refer note no.9 of Schedule XVIII) after considering Company's share of loss in the said associate aggregating to Rs.20,05,600/- (being proportionate share of the Company) on the basis audited financial statement available for the year ended 31st March, 2010. These financial statements has been audited by other auditors whose report has been furnished to us and our opinion is based solely on the report of other auditors.
- 4) We report that the consolidated financial statements have been prepared by the company in accordance with the requirements of the Accounting Standard (AS)-21 – 'Consolidated Financial Statements', Accounting Standard (AS)-23 – Accounting for Investment in Associates in Consolidated Financial Statements notified by Companies (Accounting Standards) Rule 2006.
- 5) Based on our audit and on consideration of report of other auditors on separate financial statements and to the best of our information & according to the explanations given to us, we are of the opinion, that the attached Consolidated Financial Statements give 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 state of affairs of the Group as at 31st March, 2010;
 - b) in the case of the Consolidated Profit and Loss Account, of the profit of the Group for the year ended on that date; and
 - c) in the case of the Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

Place : Mumbai
Date : 20th May, 2010

For A.B.Modi & Associates
Chartered Accountants
(Rajesh S. Shah)
Partner
Membership No. 17844
Firm Regd.No.106473W



GUJARAT RECLAIM & RUBBER PRODUCTS LIMITED

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2010

	SCHEDULE	As At 31.03.2010 (Rs.)	As At 31.03.2009 (Rs.)
I. SOURCES OF FUNDS			
(1) Shareholders' Funds:			
(a) Share Capital	I	13,333,330	13,333,330
(b) Reserves and Surplus	II	519,697,425	412,626,931
		533,030,755	425,960,261
(2) Loan Funds:			
(a) Secured Loans	III	225,648,441	162,258,294
(b) Unsecured Loans	IV	17,892,740	15,665,677
		243,541,181	177,923,971
(3) Deferred Tax Liability		89,275,751	85,261,309
(4) Minority Interest		5,009	4,789
Total		865,852,696	689,150,330
II. APPLICATION OF FUNDS			
(1) Fixed Assets :			
(a) Gross Block	V	743,103,419	595,766,632
(b) Less: Depreciation		257,544,424	214,769,288
(c) Net Block		485,558,995	380,997,344
(d) Capital Work in Progress		54,668,322	5,221,669
(e) Advances for Capital Expenditure		19,826,515	45,496,260
(2) Investments	VI	1,382,500	1,383,750
(3) Current Assets, Loans and Advances:	VII		
(a) Inventories		123,859,406	86,606,575
(b) Sundry Debtors		278,058,664	235,495,635
(c) Cash and Bank Balances		11,111,299	13,900,467
(d) Loans and Advances		37,042,423	37,978,866
		450,071,792	373,981,543
Less: Current Liabilities and Provisions	VIII		
(a) Current Liabilities		112,278,205	88,823,253
(b) Provisions		33,377,223	29,106,983
		145,655,428	117,930,236
Net Current Assets		304,416,364	256,051,307
Total		865,852,696	689,150,330
Notes on Accounts	XVIII	-	-

The Schedules and Notes on Accounts referred to above form an integral part of the accounts
Referred to in our report of even date

For A.B. Modi & Associates
Chartered Accountants

Rajesh S. Shah
Partner

Place : Mumbai
Date : 20th May, 2010.

For and on behalf of the Board of Directors

K.M.Philip
Chairman

R.V.Gandhi
Managing Director

G.A.Ghangurde
Vice President & Company Secretary

Place : Mumbai
Date : 20th May, 2010.



GUJARAT RECLAIM & RUBBER PRODUCTS LIMITED

CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010

	SCHEDULE	Year ended 31.03.2010 (Rs.)	Year ended 31.03.2009 (Rs.)
(A) INCOME			
Sales and Other Income			
Sales (Net)	IX	1,406,710,257	1,293,064,549
Income from Power Generation		1,340,614	-
Other Income	X	33,576,369	39,511,219
		1,441,627,240	1,332,575,768
Variation in Inventories	XI	(9,087,128)	7,287,127
Total (A)		1,432,540,112	1,339,862,895
(B) EXPENDITURE			
Raw Materials Consumed	XII	642,331,384	584,849,673
Purchase of Trading Goods		-	56,752
Power, Fuel & Water Consumed	XIII	165,345,433	135,318,494
Employees' Cost	XIV	140,967,899	127,997,934
Packing and Forwarding Expenses		118,952,754	120,632,494
Stores & Spare Parts Consumed		21,351,593	31,504,072
Repairs and Maintenance Expenses	XV	17,159,571	12,131,870
Administrative and Other Expenses	XVI	50,851,791	61,736,831
Interest and Financial Charges	XVII	18,481,875	17,830,364
Variation in Excise duty on Stock of Finished Goods		(304,474)	(1,157,389)
Total (B)		1,175,137,826	1,090,901,095
Operating Profit (A-B)		257,402,286	248,961,800
Amortisation of Leasehold Land Premium		73,582	62,363
Depreciation		43,544,132	39,535,972
Profit before Taxation & Extraordinary Item		213,784,572	209,363,465
Discarded / Impairment of Assets		-	154,460
Profit before Taxation		213,784,572	209,209,005
Minority Interest		220	65
Provision for Taxation		71,578,000	72,036,000
Provision for Deferred Tax		4,014,442	737,143
Provision for Fringe Benefit Tax		-	1,000,000
Profit after Taxation		138,191,910	135,435,797
Less : Share of loss in associate		-	2,005,600
Add: Excess Provision of Income-tax of Previous years (Net)		-	(299,856)
		138,191,910	133,130,341
Add: Balance as per last Balance Sheet		101,889,329	198,737,116
Profit available for Appropriation		240,081,239	331,867,457
Appropriations :-			
Transfer to General Reserve		20,000,000	202,679,288
Interim dividend		6,666,665	6,666,665
Proposed dividend		19,999,995	16,666,663
Tax on dividend		4,454,756	3,965,512
Balance carried to Balance Sheet		188,959,823	101,889,329
Earnings per share of Rs.10/- each - Basic		103.64	99.85
Earnings per share of Rs.10/- each - Diluted		103.64	99.85

* Refer Note No. B.14 of Schedule XVIII

Notes on Accounts

XVIII

The Schedules and Notes on Accounts referred to above form an integral part of the accounts Referred to in our report of even date

For and on behalf of the Board of Directors

For A.B. Modi & Associates
Chartered Accountants

K.M.Philip
Chairman

Rajesh S. Shah
Partner

R.V.Gandhi
Managing Director

G.A.Ghangurde
Vice President & Company Secretary

Place : Mumbai
Date : 20th May, 2010.

Place : Mumbai
Date : 20th May, 2010.



GUJARAT RECLAIM & RUBBER PRODUCTS LIMITED

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2010

	Year ended 31.03.2010 (Rs.)	Year ended 31.03.2009 (Rs.)
A: Cash flow from Operating activities		
Net profit before tax	213,784,572	209,363,465
Adjustments for		
- Depreciation	43,544,132	39,535,972
- (Profit) / Loss on sale of assets (Net)	972,152	(199,504)
- (Profit) / Loss on sale of investments (Net)	(1,750)	-
- Amortisation of leasehold land premium	73,582	62,363
- Interest (Net)	14,977,477	14,118,072
- Dividend Income	(9,000)	(8,000)
	59,556,593	53,508,903
Operating Profit before working capital changes	273,341,165	262,872,368
Adjustments for		
- Trade and other receivables	(41,292,180)	3,940,190
- Inventories	(37,252,831)	(9,550,850)
- Sundry creditors	24,348,238	(1,322,577)
	(54,196,773)	(6,933,237)
Cash generated from operations	219,144,392	255,939,131
Direct taxes paid	(75,949,645)	(74,808,854)
Net cash from operating activities	143,194,746	181,130,277
B: Cash flow from investing activities		
- Interest received	912,014	842,859
- Dividend Income	9,000	8,000
- Sale proceeds of fixed assets	520,146	877,444
- Sale proceeds of investments	3,000	-
- Purchase of fixed assets	(183,469,090)	(69,741,480)
Net cash used in investing activities	(182,024,930)	(68,013,177)
C: Cash flow from financing activities		
- Loans borrowed (Net of repayment)	65,617,210	(59,669,016)
- Exchange difference adjusted against fixed assets as per AS 11	10,020,520	(13,253,286)
- Interest paid	(16,483,479)	(15,260,492)
- Dividend paid	(23,113,235)	(17,797,552)
Net cash used in financing activities	36,041,016	(105,980,346)
Net increase / (Decrease) in cash and cash equivalents	(2,789,168)	7,136,754
Cash and cash equivalents at the beginning of the year	13,900,467	6,763,713
Cash and cash equivalents at the closing of the year	11,111,299	13,900,467

The Schedules and Notes on Accounts referred to above form an integral part of the accounts
Referred to in our report of even date

For A.B. Modi & Associates
Chartered Accountants

Rajesh S. Shah
Partner

Place : Mumbai
Date : 20th May, 2010.

For and on behalf of the Board of Directors

K.M.Philip
Chairman

R.V.Gandhi
Managing Director

G.A.Ghangurde
Vice President & Company Secretary

Place : Mumbai
Date : 20th May, 2010.



GUJARAT RECLAIM & RUBBER PRODUCTS LIMITED

SCHEDULES ANNEXED TO & FORMING PART OF THE CONSOLIDATED BALANCE SHEET

	As At 31.03.2010 (Rs.)	As At 31.03.2009 (Rs.)
SCHEDULE I :		
Share Capital :		
Authorised :		
1,500,000 (1,500,000) Equity Shares of Rs.10/-each	15,000,000	15,000,000
Issued Subscribed and Paid-up :		
1,333,333 (1,333,333) Equity Shares of Rs.10/- each fully paid up (Of the above shares 250,000 shares are allotted as fully paid up by way of bonus shares by capitalising general reserves)	13,333,330	13,333,330
Total	13,333,330	13,333,330
SCHEDULE II :		
Reserves and Surplus :		
Capital Reserves :		
Special Capital Incentive and Subsidy	5,330,000	5,330,000
Profit on re-issue of forfeited Shares	1,000	1,000
Securities Premium Account	4,166,665	4,166,665
Excess of Share in Net Assets of subsidiary company	307,688	307,688
	9,805,353	9,805,353
General Reserve :		
Balance as per last Balance Sheet	300,932,249	92,529,742
Add : Transfer from Profit and Loss Account	20,000,000	202,679,288
Add : Exchange difference on long-term foreign currency borrowing for acquiring capital assets adjustment	-	5,723,219
	320,932,249	300,932,249
Surplus in Profit and Loss Account	188,959,823	101,889,329
Total	519,697,425	412,626,931
SCHEDULE III :		
Secured Loans :		
From Banks :-		
Cash Credit and Bill Discounting	109,930,045	58,483,634
Term Loans	115,718,396	103,774,660
Total	225,648,441	162,258,294
SCHEDULE IV :		
Unsecured Loans :		
(a) Fixed Deposits	11,567,129	6,830,000
(b) From Bank and Others	1,449,370	2,287,124
(c) Deferred payment Liability (Sales Tax Deferment)	4,876,241	6,548,553
Total	17,892,740	15,665,677

SCHEDULE V :

Fixed Assets :

Particulars of Assets	At Cost or At Book Value				Less: Depreciation				Net Block	
	Up to 01-04-2009	Additions/ Transfer	Sales/ Transfer	Gross Block As on 31-03-2010	Up to 01-04-2009	Deduction	For the year	As on 31-03-2010	As on 31-03-2010	As on 31-03-2009
Leasehold Land & Roads	15,640,936	10,111,888	-	25,752,824	1,500,036	-	258,917	1,758,953	23,993,871	14,140,900
Buildings	113,149,951	69,993,785	11,800	183,131,936	18,013,630	6,080	3,885,736	21,893,286	161,238,650	95,136,321
Plant and Machinery	430,998,777	62,154,916	1,881,959	491,271,734	182,980,982	704,925	35,185,004	217,461,061	273,810,673	248,017,795
Furniture & Fixtures	8,018,546	591,077	-	8,609,623	1,877,878	-	510,210	2,388,088	6,221,535	6,140,668
Office Equipments	4,108,755	3,822,456	-	7,931,211	1,019,348	-	310,091	1,329,439	6,601,772	3,089,407
Computers	15,332,418	1,758,195	-	17,090,613	7,599,728	-	2,549,089	10,148,817	6,941,796	7,732,690
Vehicles	8,517,249	1,239,345	441,116	9,315,478	1,777,686	131,573	918,667	2,564,780	6,750,698	6,739,563
	595,766,632	149,671,662	2,334,875	743,103,419	214,769,288	842,578	43,617,714	257,544,424	485,558,995	380,997,344
Capital Work in Progress										
Roads	1,094,018	-	1,094,018	-	-	-	-	-	-	1,094,018
Buildings	492,876	49,744,104	492,876	49,744,104	-	-	-	-	49,744,104	492,876
Plant & Machinery	3,634,775	43,352,257	42,095,364	4,891,668	-	-	-	-	4,891,668	3,634,775
Preoperative Expenses	-	32,550	-	32,550	-	-	-	-	32,550	-
Total	600,988,301	242,800,573	46,017,133	797,771,741	214,769,288	842,578	43,617,714	257,544,424	540,227,317	386,219,013
Previous Year	555,918,557	55,653,823	10,584,079	600,988,301	175,439,467	1,130,756	40,458,981	214,769,288	386,219,013	380,479,090

Note :- 1. Depreciation includes amortisation of Lease Hold Land Premium of Rs. 73,582/-, (Previous Year Rs. 62,363/-)

2. Addition to fixed assets includes exchange difference arising on revaluation of foreign currency term loan as per amended AS 11 of Rs 10,020,520/-, (Previous year Rs 13,253,286/-).

3. Additions during the year and capital work in progress include Rs 201,667/-, (Previous Year Rs Nil) being borrowing cost capitalised in accordance with the Accounting Standard AS 16 on "Borrowing Cost" issued by the Institute of Chartered Accountants of India.



GUJARAT RECLAIM & RUBBER PRODUCTS LIMITED

SCHEDULES ANNEXED TO & FORMING PART OF THE CONSOLIDATED BALANCE SHEET

	As At 31.03.2010 (Rs.)	As At 31.03.2009 (Rs.)
SCHEDULE VI :		
Investments :		
(a) Long Term Investments (Unquoted)		
Trade Quoted - Equity Shares		
1000 (1000) Equity Shares of Rs. 10/- each of Bank of Baroda (Market Value Rs 639,250/-, Previous Year Rs 234,550/-)	85,000	85,000
129,000 (129,000) Equity Shares of Rs. 10/- each fully paid up in Bharuch Eco-aqua Infrastructure Ltd	1,290,000	1,290,000
(b) Current Investments : Other Investments		
Quoted :		
Nil (1) ICICI Bank Limited 25 Years Deep Discount Bond of Rs.1250 /- each.	-	1,250
Unquoted :		
7 Years National Savings Certificates (Deposited with Central Excise Authority)	7,500	7,500
Total	1,382,500	1,383,750
SCHEDULE VII :		
Current Assets, Loans and Advances :		
Current Assets		
(a) Inventories (Refer note A(g) of Schedule XVIII)		
Stores, Spares and Packing Materials	7,982,012	8,280,131
Stock in-trade		
Raw Materials(Includes Rubber Scrap, Process oils & Chemicals, and Fuel)	76,651,134	29,302,045
DEPB Licence Stocks (At net realisable value)	7,684,330	8,395,341
Goods-in-process	4,564,485	6,094,873
Finished Goods (includes Goods in transit of Rs 2,016,655/- (Previous year Rs Nil))	26,977,445	34,534,185
	123,859,406	86,606,575
(b) Sundry Debtors (Unsecured & considered good)		
Outstanding for more than six months	1,766,661	130,316
Others	276,292,003	235,365,319
	278,058,664	235,495,635
(c) Cash and Bank Balances		
Cash in hand	438,795	370,918
Balance with Scheduled Banks:		
In Current / Cash Credit Accounts	6,491,126	9,897,066
In Deposit Accounts	4,181,378	3,632,483
	11,111,299	13,900,467
(d) Loans and Advances (Unsecured, considered good unless otherwise stated) :		
Advances recoverable in cash or in kind or for value to be received :		
- Considered good	20,365,676	
- Considered doubtful	5,100,000	
	25,465,676	
Less : Provision for doubtful advances	5,100,000	
	20,365,676	11,801,514
Other Advances and Deposits	13,376,103	22,748,338
Deposit with Central Excise	3,300,644	3,429,014
	37,042,423	37,978,866
Total	450,071,792	373,981,543



GUJARAT RECLAIM & RUBBER PRODUCTS LIMITED

SCHEDULES ANNEXED TO & FORMING PART OF THE CONSOLIDATED BALANCE SHEET

	As At 31.03.2010 (Rs.)	As At 31.03.2009 (Rs.)
SCHEDULE VIII :		
Current Liabilities and Provisions :		
A) Current Liabilities :		
Sundry Creditors	111,501,927	88,267,068
Unclaimed Dividends	776,278	556,185
Total (A)	112,278,205	88,823,253
B) Provisions :		
Provision for Expenses	6,524,939	5,411,560
Proposed dividend	19,999,995	16,666,663
Tax on Proposed dividend	3,321,750	2,832,506
Current Taxation - Income Tax (Refer note B (9) of schedule XVIII)	3,464,709	4,130,424
Current Taxation - Fringe Benefit Tax (Refer note B(9) of schedule XVIII)	65,830	65,830
Total (B)	33,377,223	29,106,983
Total (A+B)	145,655,428	117,930,236

SCHEDULES ANNEXED TO & FORMING PART OF THE CONSOLIDATED PROFIT & LOSS ACCOUNT

	Year Ended 31-Mar-2010 (Rs.)	Year Ended 31-Mar-2009 (Rs.)
SCHEDULE IX :		
Sales :		
Turnover (Inclusive of excise duty)	1,468,281,675	1,371,256,240
Less: excise duty	50,873,489	65,706,168
Turnover (Net)	1,417,408,186	1,305,550,072
Sale of Trading Goods	-	66,940
	1,417,408,186	1,305,617,012
Less: Commission	8,761,452	8,621,947
Discount	1,936,477	3,930,516
	10,697,929	12,552,463
Total	1,406,710,257	1,293,064,549

SCHEDULE X :		
Other Income :		
Export Incentives	29,189,569	16,392,063
Exchange (Loss) /Profit (net)	(8,451,611)	14,054,585
Interest Received (TDS Rs 189,372/-, Previous year Rs 321,283/-)	1,506,002	1,142,420
Miscellaneous Income	10,372,544	2,390,902
Commission Income	123,090	125,837
Dividend Income	9,000	8,000
Profit on Sale of Raw material	-	3,802,596
Profit on Sale of Assets	-	199,504
Balances written off	827,775	1,395,312
Total	33,576,369	39,511,219

SCHEDULE XI :		
Variation in Inventories :		
Opening Inventories :		
Finished Goods	34,534,185	30,064,617
Goods-in-process	6,094,873	3,277,314
	40,629,058	33,341,931
Closing Inventories :		
Finished Goods	26,977,445	34,534,185
Goods-in-process	4,564,485	6,094,873
	31,541,930	40,629,058
Total	(9,087,128)	7,287,127



GUJARAT RECLAIM & RUBBER PRODUCTS LIMITED

SCHEDULES ANNEXED TO & FORMING PART OF THE CONSOLIDATED PROFIT & LOSS ACCOUNT

	Year Ended 31-Mar-2010 (Rs.)	Year Ended 31-Mar-2009 (Rs.)
SCHEDULE XII :		
Raw Materials Consumed :		
Opening Inventories	28,968,886	33,719,343
Add : Purchases (Refer note B(5)(b) of Schedule XVIII)	689,495,245	597,465,186
	718,464,131	631,184,529
Less: Raw Material Sold	-	17,365,970
Closing Inventories	76,132,747	28,968,886
	76,132,747	46,334,856
Total	642,331,384	584,849,673
SCHEDULE XIII :		
Power, Fuel & Water Consumed :		
Power	140,498,923	112,253,964
Fuel	23,138,663	21,392,323
Water	1,707,847	1,672,207
Total	165,345,433	135,318,494
SCHEDULE XIV :		
Employees' Cost :		
Salaries, Wages and Bonus	105,328,627	91,611,689
Contribution to Provident Fund and Other Funds	11,741,034	10,356,599
Welfare and Other Benefits	23,898,238	26,029,646
Total	140,967,899	127,997,934
SCHEDULE XV :		
Repairs and Maintenance Expenses :		
Plant & Machinery	10,652,387	8,325,842
Buildings	628,477	807,855
Other Assets	5,747,121	2,998,173
Wind Mill Expenses	131,586	-
	17,159,571	12,131,870
SCHEDULE XVI :		
Administrative and Other Expenses :		
Insurance	760,790	839,244
Vehicles Expenses	1,911,813	1,743,266
Printing and Stationery	1,528,085	754,947
Advertisements	1,291,560	951,119
Rent, Lease Rent and Other Charges	1,745,058	311,960
Travelling and Conveyance	7,567,570	6,900,240
Postage, Telegram and Telephones	2,620,161	2,838,261
Retainer Fees, Legal Fees, Professional Charges	4,741,924	4,751,163
Provision for doubtful advances	5,100,000	-
Auditors' Remuneration :		
- As Auditors	327,757	233,095
- As Tax Auditors'	100,000	56,180
- For Taxation Matter	63,011	67,541
	490,768	356,816
Board Meeting Fees	380,000	336,000
Managerial Remuneration:		
- Remuneration including Perks	10,123,299	6,993,734
- Contribution to Provident and Pension Funds	821,166	648,000
	10,944,465	7,641,734
Other Expenses (Refer note B(5)(b) of Schedule XVIII)	10,797,445	34,312,081
Loss on Sale of Assets	972,152	-
Total	50,851,791	61,736,831
SCHEDULE XVII :		
Interest and Financial Charges :		
Interest including interest to Banks	16,483,479	15,260,492
Financial Charges	1,998,396	2,569,872
Total	18,481,875	17,830,364



GUJARAT RECLAIM & RUBBER PRODUCTS LIMITED

NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2010

SCHEDULE XVIII

1 Subsidiary :

The consolidated financial statements present the consolidated accounts of GUJARAT RECLAIM & RUBBER PRODUCTS LIMITED, with its following subsidiary.

<u>Name of the Subsidiary</u>	<u>Country of Incorporation</u>	<u>Proportion of Ownership Interest</u>
Grip Polymers Limited	India	99.80%

2 Basis of preparation of financial statements :

- The financial statements of the subsidiary used in the consolidation is drawn upto the same reporting date as that of the parent company i.e. year ended 31st March.
- The financial statements have been prepared incorporating accounting policies of the parent company under historical cost convention, in compliance with the relevant accounting standards prescribed in the Companies (Accounting Standards) Rule, 2006 and in compliance with the provisions of the Companies Act, 1956.

3 Significant Accounting Policies & notes to this consolidated financial statements are intended to serve as means of informative disclosure & a guide to better understanding the consolidated position of the companies. Recognising this purpose, the company has disclosed only such policies & notes from the individual financial statements, which fairly present the needed disclosures. Lack of homogeneity & other similar considerations made it desirable to exclude some of them, which, in the opinion of the management, could be better viewed, when referred from the individual financial statements.

4 Principles of consolidation :

- The financial statements of the parent company & its subsidiary have been consolidated on a line - by - line basis by adding together, the book values of like items of assets, liabilities, income & expenses, after fully eliminating intra-group balances, intra-group transactions & the unrealised profits.
- The financial statements of the parent company & its subsidiary have been consolidated using uniform accounting policies for like transactions & other events in similar circumstances.
- The excess of parent company's share of equity in the subsidiary over the cost of its investments in subsidiary, on the acquisition date, is recognised in the financial statements as capital reserve.
- Investments in Associate has been accounted for using the equity method in accordance with Accounting Standard AS 23 "Accounting for Investment in Associates in Consolidated Financial Statements" issued by the Institute of Chartered Accountants of India.

5 Significant Accounting Policies :-

(a) Basis of accounting :

The financial statements have been prepared under the historical cost convention on the accrual basis of accounting and in accordance with the Accounting Standards prescribed in the Companies (Accounting Standards) Rules, 2006 and relevant provisions of the Companies Act, 1956. The accounting policies have been consistently applied by the company and are consistent with those used in the previous year.

(b) Accounting Estimates :

The preparation of financial statements in conformity with the generally accepted accounting principles (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities on the date of the financial statements. Actual results could differ from those estimates. Any difference between the actual result and estimates are recognised in the period in which the results are known / materialised. Any revision to accounting estimates is recognised prospectively in current and future periods.

(c) Fixed assets & depreciation :

- The fixed assets are stated at cost of acquisition, including any cost attributable to bringing the assets to its working condition for its intended use and interest on borrowing attributable to additions to fixed assets, less modvat credit utilised & accumulated depreciation. Cost includes variation in foreign exchange arising on long term foreign currency loan as per amended AS 11.

Depreciation on fixed assets is provided on straight line method for the period for which the assets have been used as under:

- In respect of assets acquired prior to 02-04-1987, at the rates prevailing at that time.
- In respect of assets acquired subsequent to 02-04-1987, at the rate prescribed in schedule XIV of the Companies Act, 1956. (Also refer to policy on Leases, Impairment of Assets and Foreign Currency Transactions).

- Leasehold land is amortised over the period of lease.

- As per accounting standard 28, the company has policy of evaluating its fixed assets as at balance sheet date and the impairment loss, if any, has been recognised.

(d) Investments :

Long term investments are valued at cost, less any diminution in value except in case of subsidiary company and associate concern, which are valued at cost considering strategic investment. Current investments are valued at cost or market value whichever is lower.



GUJARAT RECLAIM & RUBBER PRODUCTS LIMITED

NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2010 (Contd.) SCHEDULE XVIII

(e) Borrowing Costs :

Borrowing costs which are attributable to acquisition /construction of a qualified asset are capitalised as part of cost of such asset till such time as the asset is ready for its intended use. A qualifying asset is an asset that necessarily requires a substantial period of time to get ready for its intended use. All other borrowing costs are recognised as an expense in the period in which they are incurred.

(f) Taxes :

Provision for tax is made for both current and deferred taxes. Provisions for current income tax (including Wealth tax) is made at current tax rates based on assessable income/wealth. The Company provides for deferred tax based on the tax effect of timing difference resulting from the recognition of items in the financial statement and in estimating its current tax provision. Deferred tax assets are recognised if there is a reasonable certainty of realisation. The effect on deferred taxes of a change in tax rates is recognised in the Profit & Loss Account in the period in which it has been enacted.

(g) Inventories :

Items of inventories are measured at lower of cost or net realisable value after providing for obsolescence , if any. Cost of Inventories comprises of cost of purchase , cost of conversion and other costs incurred in bringing them to their respective present location and condition . Cost of raw materials, stores & spares, packing materials are determined on weighted average basis. Cost of work in progress and finished goods is determined on absorption costing method. Excise duty is included in the value of finished goods.

(h) Income Recognition :

- (a) Sales are recognised at despatch of goods from factory and are recorded net of discount, rebates, sales tax, excise duty and sales return.
- (b) Commission on sales (other than consignment sales) is accounted on realisation of sales proceeds.
- (c) Rentals and all other expenses in respect of leased assets are treated as revenue expenditure.
- (d) Export Incentives are accounted on accrual basis where there is reasonable certainty of receipt of the same.
- (e) Income from Power generation is accounted on the basis of certification of Gujarat Electricity Development Authority.

(i) Foreign currency transactions :

- (i) Transactions denominated in foreign currencies are recorded at the exchange rates prevailing on the date of the transaction. Transaction not covered by forward contracts and outstanding at year end are translated at exchange rates prevailing at the year end and the profit / loss so determined, is recognised in the Profit and Loss account.
- (ii) Monetary items denominated in foreign currencies at the year end are restated at the year end rates. In case of items covered by forward exchange contracts, the difference between the year end rate and rate on the date of the contracts recognised as exchange difference and the premium/discount on forward contract is recognised over the life of the contract.
- (iii) Any income or expense on account of exchange difference either on settlement or on translation is recognised in the profit and loss account except in case of long term liabilities, where they relate to acquisition of fixed assets, in which case they are adjusted to the carrying cost of such assets.

(j) Retirement benefits :

The Company has taken Group Gratuity Policy with Life Insurance Corporation of India (LIC) for the future payment of gratuities. The gratuity liability is determined based on an actuarial valuation performed by LIC.

Liability towards Superannuation is funded in accordance with the scheme with LIC.

Contribution to Provident Fund is accrued as per the provisions of the Employees' Provident Funds and Miscellaneous Provisions Act, 1952.

Provision for leave encashment , which is a defined benefit , is made based on actuarial valuation done by an independent agency of notified actuaries.

	As at 31-03-2010 Rs.	As at 31-03-2009 Rs.
6 Contingent liabilities :		
Estimated amount of contracts remaining to be executed on capital account.	9,107,385	9,245,354
Claims against the company (Including Sales tax, Excise duty, etc.) not acknowledged as debts		
1 Maharashtra Sales Tax	51,956	51,956
2 Excise Duty	3,608,611	4,829,471
3 Income Tax liability	4,591,271	653,103
Guaranteed by Banks not provided for (Net)	110,389,125	3,171,833



GUJARAT RECLAIM & RUBBER PRODUCTS LIMITED

NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2010 (Contd.)

SCHEDULE XVIII

- 7 (a) The loans and advances also includes deposit of Rs.1,575,000/- (Previous year Rs.1,575,000/-) with a company in which some of the directors are interested and a loan of Rs.5,100,000/- (Previous year Rs.3,511,240/-) to an associate concern.
- (b) Other expenses include Auditor's out of pocket expenses Rs.16,188/- (Previous year Rs. 23,853/-), expenditure incurred for a project which has been abandoned during the year amounting to Rs Nil (Previous year Rs 28,622,511/-). Raw Materials Purchases include incidental expenses of Rs. 2,903,611/- (Previous year Rs.2,763,395). Expenses debited to Profit & Loss account include prior period expenses Rs.812.598/- (Previous year Rs. 510,991/-).
- Miscellaneous Income include refund of Electricity duty of Rs 9,445,064/- of earlier period.
- (c) Finished Goods stock include excise duty of Rs. 2,265,576/- (Previous year Rs. 2,570,050/-)
- 8 The Disclosure as required as per the revised AS 15 is set out in note B.8 of Schedule XVIII of notes to the financial statement of the company. Since there are no employees in Grip Polymers Ltd., the disclosure for the consolidated financial statement is same as that given for the company.
- 9 Long Term Investments include investment of Rs. 2,005,600/- by way of 10,028 Equity Shares of Rs. 100/- each fully paid in Alphanso NetSecure Pvt. Ltd. As per audited Balance Sheet for the year ended 31st March, 2010, intrinsic value of the same is Rs. Nil per share (Previous year Rs Nil). The diminution in value of Rs. 2,005,600/- (Previous year Rs 2,005,600/-) has not been provided in books considering strategic investment of a long term nature and future expectation of the company.
- 10 Current taxation in provisions represents provision in excess of advance payment of taxes of Rs. 219,765,791/- (Previous year Rs. 147,311,531/-) and provision of FBT of Rs. 2,559,170/- (Previous year Rs 2,559,170/-)
- 11 The company has opted for Companies (Accounting Standards) Amendment Rules 2009 on Accounting Standard 11 (AS 11), as notified by the Government of India on 31st March, 2009, for accounting of exchange differences arising from revaluation of long term foreign currency loans with retrospective effect. Accordingly, the effect of exchange difference on long term foreign currency loan borrowed by the company for the acquisition of capital asset is accounted by addition or reduction in cost of the respective assets, to the extent it pertains to depreciable assets. Consequently, the profit arising from the effect of changes in foreign exchange rate on foreign currency loans relating to acquisition of depreciable capital assets, amounting to Rs.10,020,520/- for the year ended 31st March, 2010 is reduced from the cost of such assets (Previous year foreign currency loss added to capital assets of Rs. 13,253,286/-). Accordingly, the depreciation for the year is lower by Rs.747,728/- (Previous year, depreciation was higher by Rs. 2,213,402/-) and profit for the year is lower by Rs.9,272,792/- (Previous year, profit was higher by Rs. 11,039,884/-).

	As at 31-03-2010 Rs.	As at 31-03-2009 Rs.
12 Deferred Taxes :		
a. Deferred Tax Liability		
Depreciation	90,648,199	86,549,777
b. Deferred Tax Asset		
Provision for employee benefit	1,372,448	1,286,648
Total	89,275,751	85,263,129

13 Related parties disclosure :

(a) Names of the related parties :

i. Parties where control exists :

Subsidiary Company

Grip Polymers Ltd

(99.80 % of total shareholdings held by the company)

ii. Associate Concern

Alphanso NetSecure Pvt. Ltd.

(46% of total shareholdings held by the company)

iii. Directors of the company :

(a) Key Management Personnel

Rajendra V. Gandhi, Managing Director

Harsh R. Gandhi, Executive Director

(b) Non executive directors

Kandathil M. Philip, Mahesh V. Gandhi, Dr.Peter Philip,

Bhagwandas T. Doshi, Atul S. Desai and Nikhil M. Desai

iv. Relatives of Key Management Personnel

Nayna R. Gandhi, Hemal H. Gandhi, Vailshali P. Shah, and Nehal R. Gandhi, Rajendra V. Gandhi HUF, Harsh R. Gandhi HUF, Aarav Trust and Aayushi & Aashini Trust



GUJARAT RECLAIM & RUBBER PRODUCTS LIMITED

NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2010 (Contd.) SCHEDULE XVIII

- v. Enterprises owned or significantly influenced by Key Management Personnel or their relatives

- (a) Enarjee Investments Pvt. Ltd.
R. V. Gandhi (Managing Director) is the Chairman
(b) Industrial Development and Investment Co. Pvt. Ltd.
M. V. Gandhi (Director) is the Chairman
(c) Ghatkopar Estate & Finance Corporation Pvt Ltd.
R. V. Gandhi & M V Gandhi are directors

	<u>31-03-2010</u> <u>Rs.</u>	<u>31-03-2009</u> <u>Rs.</u>
(b) Transactions with related parties:		
i. Associate Concern :		
Alphanso NetSecure Private Limited		
Equity Investment	2,005,600	2,005,600
Outstanding Loan Receivable	5,100,000	3,511,240
Purchase of Goods & Services	844,635	-
Advance against Purchase of Goods & Services	-	248,508
ii. Managing Director :-		
Remuneration paid	8,329,535	7,641,734
Dividend paid	325,500	251,100
iii. Remuneration to Directors	2,614,930	-
Sitting Fees to Directors	380,000	336,000
Dividend to Directors	2,980,513	1,529,537
iv. Relatives of Key Management Personnel :		
Remuneration paid	775,681	1,765,073
Dividend	2,325,365	1,517,419
Interest paid	450,598	59,506
Deposits taken	2,775,000	600,000
Deposits Repaid	-	30,000
Outstanding deposits payable	5,050,000	750,000
v. Enterprises owned or significantly influenced by Key Management Personnel or their relatives :		
(a) Enarjee Investments Pvt. Ltd. :		
- Interest paid	314,794	240,000
- Dividend	1,511,518	1,165,139
- Deposits taken	1,000,000	-
- Outstanding deposit payable	2,600,000	1,600,000
(b) Industrial Development & Investment Co. Pvt. Ltd.		
- Rent paid	52,944	53,857
- Dividend	245,000	189,000
- Outstanding deposit receivable (Security for Premises)	1,575,000	1,575,000
(c) Ghatkopar Estate & Finance Corporation Pvt Ltd.		
Dividend	233,328	-



GUJARAT RECLAIM & RUBBER PRODUCTS LIMITED

NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2010 (Contd.) SCHEDULE XVIII

14 Segment Reporting :

Segment reporting as required by Accounting Standard 17 is issued by the Institute of Chartered Accountants of India.

Particulars	Current Year
1 Segment Revenue	
a) Reclaim Rubber (Net of Excise Duty)	1,406,710,257
b) Power	1,340,614
Net Segment Revenue	1,408,050,871
2 Segment Results Profit(+) / Loss(-) before Tax and interest from each segment)	
a) Reclaim Rubber	264,734,297
b) Power	640,967
Sub Total	265,375,264
Less: Interest, Un-allocable expenditure & Depreciation (net of Un-allocable Income)	51,747,203
Profit Before Tax	213,628,061
Provision for Taxation	
Income Tax	71,532,000
Deferred Tax	4,014,000
Net Profit after Tax	138,082,061
3 Other Information	
I. Segment Assets	
a) Reclaim Rubber	837,827,319
b) Power	34,608,141
c) Un-allocated Assets	138,658,025
Total :	1,011,093,485
II. Segment Liabilities	
a) Reclaim Rubber	104,926,463
b) Power	336,226
c) Un-allocated Liabilities	40,382,772
Total :	145,645,461
III. Capital Expenditure (Including Capital Work in Progress)	
a) Reclaim Rubber	45,652,753
b) Power	34,646,040
Total :	80,298,793
IV. Depreciation	
a) Reclaim Rubber	42,263,866
b) Power	606,046
c) Un-allocable Depreciation	672,624
Total :	43,542,536
V. Non Cash Expenditure other than Depreciation	
a) Reclaim Rubber	62,363
b) Power	11,219
Total :	73,582



GUJARAT RECLAIM & RUBBER PRODUCTS LIMITED

NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2010 (Contd.) SCHEDULE XVIII

- a) In previous year there was only one Business Segment i.e Reclaim Rubber, hence corresponding previous year figure has not been reported
- b) Information about Secondary Segments
- i) Revenue & Sundry Debtors as per Geographical Markets

Particulars	Revenue		Sundry Debtor	
	2009-10	2008-09	2009-10	2008-09
India	615,822,278	529,572,455	138,605,441	146,408,951
Outside India	801,585,908	775,977,617	139,375,749	89,071,327
Total	1,417,408,186	1,305,550,072	277,981,190	235,480,278

- ii) The Company has common fixed assets for producing goods for Domestic Market and Overseas Market. Hence separate figures for fixed assets / additions to fixed assets cannot be furnished

	31.03.2010	31.03.2009
	Rs.	Rs.
15 Earnings per share :		
- Net Profit after tax for the year	138,191,910	133,430,197
- Excess Provision for tax for earlier years	-	(299,856)
- Net Profit attributable to Equity Shareholders	138,191,910	133,130,341
- Number of equity shares of Rs.10/- each.	1,333,333	1,333,333
- Earnings per share - Basic	103.64	99.85
- Earnings per share -Diluted	103.64	99.85
16 In the opinion of the Board, the Current Assets, Loans & Advances are approximately of the value stated, if realised, in the ordinary course of the business. The provision for depreciation and for all known liabilities is adequate and not in excess of the amount reasonably necessary.		
17 Figures in respect of previous year have been rearranged, regrouped, reclassified & reworked wherever necessary, to make them comparable with that of the year under audit.		

The Schedules and Notes on Accounts referred to above form an integral part of the accounts
Referred to in our report of even date

For A.B. Modi & Associates
Chartered Accountants

Rajesh S. Shah
Partner

Place : Mumbai
Date : 20th May, 2010.

For and on behalf of the Board of Directors

K.M.Philip
Chairman

R.V.Gandhi
Managing Director

G.A.Ghangurde
Vice President & Company Secretary

Place : Mumbai
Date : 20th May, 2010.



GUJARAT RECLAIM & RUBBER PRODUCTS LIMITED

PROXY FORM

I / We _____

of _____

being member / members of Gujarat Reclaim & Rubber Products Limited, hereby

appoint _____

Shri / Smt _____ of _____

or failing him / her Shri / Smt _____ of _____

as my / our proxy to attend and vote for me / us on my / our behalf at the Thirty Sixth Annual General

Meeting of the Company to be held on 12th August, 2010 and / or at any adjournment thereof.

As witness my / our hand(s) this _____ day of _____ 2010.

Affix
One
Rupee
Revenue
Stamp

Signature

Registered Office :

Plot No. 8, G.I.D.C. Estate

Ankleshwar - 393002.

Dist. Bharuch, Gujarat.

NOTE : The proxy form must be returned so as to reach the Registered Office of the Company not less than FORTY EIGHT HOURS before the time for holding the aforesaid meeting.



GUJARAT RECLAIM & RUBBER PRODUCTS LIMITED

Head Office : Ashok Silk Mills Compound, 202, L.B. Shastri Marg,
Ghatkopar (West), Mumbai - 400 086.

Website : www.gujaratreclaim.com