



GUJARAT RECLAIM & RUBBER PRODUCTS LIMITED

Registered Office: Plot No.8, GIDC Estate, Ankleshwar - 393 002 Dist. Bharuch, Gujarat.

NOTICE

NOTICE is hereby given that the THIRTYSEVENTH ANNUAL GENERAL MEETING of the Members of GUJARAT RECLAIM & RUBBER PRODUCTS LIMITED will be held at the Registered Office of the Company at Plot No.8, GIDC Estate, Ankleshwar - 393 002, Dist. Bharuch, Gujarat State on Thursday, 25th August, 2011 at 2.30 p.m. to transact the following business :

Ordinary Business:

1. To receive, consider and adopt the audited Balance Sheet as at 31st March, 2011 and the Profit & Loss Account for the year ended on that date and the Reports of the Board of Directors and Auditors thereon.
2. To declare dividend on equity shares.
3. To appoint a director in place of Mr. Bhagwandas T. Doshi, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a director in place of Mr. Atul S. Desai, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint Messrs A. B. Modi & Associates, Chartered Accountants, the retiring Auditors of the Company, as Auditors, who shall hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

Special Business:

6. To consider and, if thought fit, to pass with or without modification, following as an Ordinary Resolution :
"RESOLVED THAT Mr. Rajeev M. Pandia, who was appointed as an Additional Director of the Company w.e.f. 13th November, 2010, pursuant to Section 260 of the Companies Act, 1956 and Article 138 of the Articles of Association of the Company and who holds office upto the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing under Section 257 of the Companies Act, 1956 proposing his candidature for office of Director, be and is hereby appointed as a Director of the Company, liable to retire by rotation."
7. To consider and if thought fit, to pass with or without modification, the following as a Special Resolution
"RESOLVED THAT subject to the provisions of Sections 198, 309, 310 and other applicable provisions, if any, of the Companies Act, 1956, the Directors of the Company or some or any of them (other than the Managing Director, Executive Director and the Whole time Directors, if any) be paid in addition to the sitting fees for attending the meetings of the Board or committees thereof, a commission of an amount not exceeding the limit of 1% of the net profits of the Company per annum in the aggregate as specified in the first proviso to Section 309(4) of the Companies Act, 1956 for a period of 5 years from the financial year 2011-12, in such amounts or proportions and in such manner and in all respects as may be decided by the Board of Directors as it may deem fit."

NOTES :

- a. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and such proxy need not be a member of the Company. Proxies in order to be effective, must be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the meeting.
- b. The Register of Members and Share Transfer Books will remain closed from Thursday, 18th August, 2011 to Thursday, 25th August, 2011 (both days inclusive) for the purpose of payment of dividend.
- c. Members are requested to notify immediately any change in their address to their Depository Participants in respect of their holdings in electronic form.
- d. The Ministry of Corporate Affairs (MCA) vide circular No.17/2011 dt.21.04.2011 has taken a "Green Initiative in the Corporate Governance" by allowing paper less compliances by the companies under the Companies Act, 1956 through electronic mode. MCA has clarified that companies will be allowed under Section 53 of the Companies



GUJARAT RECLAIM & RUBBER PRODUCTS LIMITED

Act, 1956 to send various notices / documents to the shareholders of the company through email. To support this Green Initiative in the Corporate Governance, the company is proposing to send henceforth the various notices / documents including audited annual report to the shareholders of the company at their email address registered with the company. Shareholders are therefore requested to immediately inform by a written letter, their email address mentioning the name and folio No. to the Head Office of the company or to the Registrar and Share Transfer Agent of the company.

- e. The dividend as recommended by the Board of Directors, if declared at the ensuing Annual General Meeting will be payable to those members whose names appear on the Register of Members of the Company as on 25th August, 2011.

The dividend in respect of shares held in the Electronic form will be paid to the beneficial owners of shares whose names appear in the list furnished by the depositories for this purpose at the close of business hours on 25th August, 2011.

- f. Corporate members intending to send their authorised representatives are requested to send a duly certified copy of the Board Resolution authorising their representatives to attend and vote at the Annual General Meeting.
- g. The unclaimed dividend up to the financial year ended 31st March, 1994 have been transferred to the General Revenue Account of the Central Government pursuant to Section 205A (5) of the Companies Act, 1956. Members who have not encashed their dividend warrants up to the financial year 31st March, 1994 are requested to claim the same from the Registrar of Companies, Gujarat at Ahmedabad.
- h. In terms of Sections 205A and 205C of the Companies Act, 1956 any dividend remaining unclaimed for a period of seven years from the due date of payment is required to be transferred to the Investor Education and Protection Fund (IEPF). Accordingly, unclaimed dividends for the financial years ended 31st March, 1995 to 31st March, 2003 have been transferred to the said fund. Members who have not encashed their dividend warrant(s) so far, for the financial year ended 31st March, 2004 and the subsequent financial years, are requested to make their claims to the Company or to Registrars and Transfer Agents. It may be noted that once the unclaimed dividend is transferred to IEPF as above, no claim shall lie against the IEPF or the Company in respect of any amounts which were unclaimed for a period of seven years from the dates that they first become due for payment and no payment shall be made in respect of any such claims.
- i. Members may nominate a person in respect of all the shares held by them whether singly or jointly. Members who hold shares singly are advised to avail of the nomination facility by filing Form 2B in their own interest. Blank forms will be supplied by the Company on request.
- j. As required by Clause 49 of the Listing Agreement signed by the Company with the Bombay Stock Exchange Ltd. (BSE), brief profile of the Directors proposed to be appointed / re-appointed at the annual general meeting is given below:

Name of the Director	Mr. Bhagwandas T. Doshi	Mr. Atul S. Desai	Mr. Rajeev M. Pandia
Date of birth	20.04.1935	12.01.1954	17.12.1949
Date of appointment	15.03.1977	21.03.1988	13.11.2010
Experience in specific Functional areas	He is an industrialist having more than 40 years of experience. He is associated with the Company since last 34 years.	He has varied experience of more than 30 years in general management.	He has experience of about 37 years with many reputed companies in various senior managerial positions.
Qualification	Graduate	Graduate	i) Bachelor in Technology (with specialization in Chemical Engineering) from Indian Institute of Technology (IIT), Mumbai ii) Masters in Science (with specialization in Chemical Engineering) from Stanford University, California, USA.



GUJARAT RECLAIM & RUBBER PRODUCTS LIMITED

Name of the Companies in which he holds Directorship / committee Membership	Director in - Gujarat Reclaim & Rubber Products Ltd. - Fine-Line Circuits Ltd. - Forshas Forgings Pvt. Ltd. - Kapurwala Properties Pvt. Ltd. Committee Membership Audit Committee. Remuneration Committee.	Director in : - Gujarat Reclaim & Rubber Products Ltd. - Akshay Apparels Pvt. Ltd. Committee Membership Audit Committee Selection Committee Investors Grievance Committee	Director in: - Gujarat Reclaim & Rubber Products Ltd. Committee Membership Audit Committee Project Committee Remuneration Committee
No. of shares held in the Company	Nil	9,000	Nil

Place : Mumbai
Date : 12th May, 2011

By Order of the Board of Directors
Rajendra V. Gandhi
Vice Chairman & Managing Director



GUJARAT RECLAIM & RUBBER PRODUCTS LIMITED

ANNEXURE TO THE NOTICE

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

Item No. 6

Mr. Rajeev M. Pandia was appointed as an Additional Director on the Board w.e.f. 13th November, 2010. Pursuant to the provisions of the Companies Act, 1956, Mr. Rajeev M. Pandia holds office as director until the ensuing 37th Annual General Meeting of the Company.

The Company has received a notice in writing, from a member pursuant to the provisions of Section 257 of the Companies Act, 1956 indicating his intention to propose Mr. Pandia's candidature for the office of the director of the Company liable to retire by rotation.

Mr. Rajeev M. Pandia is not disqualified from being appointed as director in terms to Section 274(1)(g) of the Companies Act, 1956. The Company has received a requisite form DD-A from Mr. Rajeev M. Pandia in terms of the Companies (disqualifications of directors under Section 274(1)(g) of the Companies Act, 1956) Rules 2003, confirming his eligibility for such appointment.

Mr. Rajeev M. Pandia aged 62 years is a Bachelor in Technology (with specialization in Chemical Engineering) from Indian Institute of Technology (IIT), Mumbai and has obtained Masters in Science (with specialization in Chemical Engineering) from Stanford University, California, USA. He has also received many awards & honours from various National & International Institutes. He has experience of about 37 years with many reputed companies in various senior managerial positions.

The Company will be highly benefited from his valuable experience. Your Directors recommend appointment of Mr. Rajeev M. Pandia as director of the Company liable to retire by rotation.

None of the directors, other than Mr. Rajeev M. Pandia is or deemed to be interested in the resolution.

Item No. 7

The roles and responsibilities of Non Executive Directors have undergone significant changes under corporate governance norms and made it more onerous for them demanding their greater involvement in the supervision of the Company.

To attract and retain independent professionals to be non executive directors of the Company, it is necessary that the compensation payable to them should be adequate. This practice of payment of remuneration to non executive directors by way of commission has been adopted by many companies in India.

The performance of the Company has also been very buoyant over the past few years. The Company, as a part of its future growth strategy, intends to enlarge its business through expansion and diversification. It will be in the interest of the Company to have expert Non Executive Directors to achieve this objective.

Therefore approval of the shareholders is sought to enable the Company to make payment of commission to Non Executive Directors commensurate with their role and involvement in the future growth strategy of the Company. Such commission shall not in any case exceed the limit of 1% of the net profits of the Company per annum in the aggregate, as specified in the first proviso to Section 309(4) of the Companies Act, 1956. The quantum of commission payable to any of the non executive directors within the aforesaid limit will be decided by the Board of Directors from year to year. This resolution will be effective for a period of 5 years from 1st April, 2011.

The directors recommend passing this resolution.

All the non executive directors are or deemed to be, interested in this resolution.

Place : Mumbai
Date : 12th May, 2011

By Order of the Board of Directors
Rajendra V. Gandhi
Vice Chairman & Managing Director

Registered Office: Plot No.8, GIDC Estate, Ankleshwar - 393 002 Dist. Bharuch, Gujarat.



GUJARAT RECLAIM & RUBBER PRODUCTS LIMITED
ANNUAL REPORT
2010-2011



GUJARAT RECLAIM & RUBBER PRODUCTS LIMITED

Significant Financial Indicators for last five years

(Rs.lacs)

	Year Ended 31st March				
	2007	2008	2009	2010	2011
Total Income	8,802	10,991	13,395	14,304	19,103
Operating Profit	1,834	1,754	2,489	2,572	3,089
Profit after tax	986	912	1,354	1,381	1,761
Net Worth	2,387	3,121	4,257	5,326	6,731
Borrowed funds	1,929	2,376	1,779	2,435	4,042
Fixed Assets (Gross)	4,698	5,474	5,956	7,430	9,928
Net Current Assets	1,755	2,457	2,538	3,020	3,704
Book value per share (Rs.)	179	234	319	399	505
Earning per share (Rs.)	73.97	71.32	101.33	103.56	132
Dividend (%)	135	135	175	200	230
Ratios:					
Debt Equity	0.57	0.49	0.28	0.25	0.34
Operating profit to sales	21%	16%	19%	18%	17%
Interest coverage	19	12	15	15	14



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, Vice Chairman & Managing Director
Mahesh V. Gandhi
Dr. Peter Philip
Bhagwandas T. Doshi
Atul S. Desai
Nikhil M. Desai
Harsh R. Gandhi, Executive Director
Rajeev M. Pandia – Additional Director
w.e.f. 13.11.2010

AUDITORS

A.B.Modi & Associates
Chartered Accountants
Mumbai

BANKERS

HDFC Bank Ltd. & Citibank

WORKS

Ankleshwar & Panoli (Gujarat),
Akkalkot Road & Chincholi Solapur (Maharashtra)

CORPORATE OFFICE

510, 'A' Wing, Kohinoor City Commercial I,
Kirol Road, Off.L.B.S. Marg, Kurla (W),
Mumbai –400 070.

SHARES LISTED ON

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

REGISTRAR & TRANSFER AGENTS

Universal Capital Securities Pvt.Ltd.
(Formerly Known as 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 **THIRTYSEVENTH ANNUAL REPORT & AUDITED ACCOUNTS** for the year ended **31st March, 2011**.

FINANCIAL RESULTS	Year ended 31 st March	
	2011	2010
	(Rs. Lacs)	(Rs. Lacs)
Sales & Other Income	18913.72	14395.20
Profit before depreciation & tax	3089.20	2572.44
Depreciation	512.80	436.16
Profit before tax	2576.40	2136.28
Provision for tax	700.38	715.32
Deferred tax expenditure	114.32	40.14
Profit after tax for the year	1761.70	1380.82
Excess provision of income tax (net)	0.37	--
Brought forward profit	1898.03	1028.42
Amount available for appropriation	3660.10	2409.24

Out of which the following appropriations have been made:

Transfer to General Reserve	300.00	200.00
Interim Dividend	93.33	66.67
Proposed Dividend	213.33	199.99
Tax on dividend	50.94	44.55
Balance carried to Balance Sheet	3002.50	1898.03
	3660.10	2409.24

DIVIDEND

An interim dividend of Rs.7/- per share (70%) for the year has been paid in March, 2011. Based on performance of the Company for the year under report, the Board recommends a final dividend of Rs.16/- per share (160%) for the year ended 31st March, 2011. With this, the total dividend for the year ended 31st March, 2011 shall be Rs.23/- per share (230%) (last year Rs.20/- per share (200%)), absorbing a sum of Rs.306.66 lacs.

CURRENT PERFORMANCE AND FUTURE OUTLOOK

Your Company has consistently pursued its growth strategy during financial year 2010-11 and has achieved turnover (net) of Rs.18,446 lacs which grew by 31% against Rs.14,067 lacs of the previous year.

Profit after tax increased by 28% from Rs.1,381 lacs in previous year to Rs.1,762 lacs in current year.

The export presence of the company continues to grow with exports contributing a record 69% share in the total sale value of reclaim rubber. In recognition of its export efforts, company has continued to receive during the year awards from export promotion council and trade association.

The Company is expanding its operations by setting up plants at new locations and by balancing of machineries at existing locations. This will enable the Company to cater to the increased demands of existing customers as well as to take the benefit of expanding markets both domestic and global.

In spite of increased borrowings for new project, the Company has managed its funds well and has maintained interest cost at 1% of the turnover.

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

SUBSIDIARY AND ASSOCIATE

Pursuant to the Central Government notification No: 5/12/2007-CL—III dated 8th February, 2011 issued by Ministry of Corporate Affairs, granting exemption under Section 212 of the Companies Act, 1956 and with the consent of the Board of Directors, the Company will not be attaching the annual accounts (Balance Sheet, Profit & Loss account and schedules forming part thereof and other reports) of the subsidiary company viz. Grip Polymers Limited, to the Annual Report of the holding company viz. Gujarat Reclaim & Rubber Products Ltd. for the financial year ended 31st



GUJARAT RECLAIM & RUBBER PRODUCTS LIMITED

March, 2011 onwards till the aforesaid notification is effective. Any shareholder interested in obtaining copy of audited annual accounts of the subsidiary company for the year ended 31st March, 2011, may write to the Company Secretary at the Registered Office of the Company.

Your Company holds 46% of the equity share capital of Alphanso Net Secure 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 31st March, 2011.

INSURANCE

The properties and insurable assets and interests of your Company, like building, plant and machinery, stocks, etc. are adequately insured. Risk management continues to be a prime focus of the Company.

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, B. T. Doshi and Atul Desai, Directors of the Company retire by rotation and being eligible offer themselves for reappointment.

Rajeev Pandia was appointed as an Additional Director of the Company on 13th November, 2010, under Article 138 of the Articles of Association of the Company. As per the provisions of Section 260 of the Companies Act, 1956, Rajeev Pandia holds office as a Director of the Company up to the date of the ensuing Annual General Meeting of the Company. Notice has been received from a shareholder under Section 257 of the Companies Act, 1956, proposing at the ensuing Annual General Meeting, appointment of Rajeev Pandia as a Director of the Company, liable to retire by rotation.

DIRECTORS' RESPONSIBILITY STATEMENT

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

- a) In the preparation of the annual accounts, the applicable accounting standards have been followed and there has been no material departure.
- b) Appropriate accounting policies have been selected and applied consistently, and judgements and estimates made 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, 2011 and of the profit and loss account and cash flow of the company for the year ended on that date.
- c) Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.
- d) The annual accounts have been prepared on a going concern basis.

AUDITORS

A. B. Modi & Associates, Chartered Accountants, Mumbai, the Statutory Auditors of the Company, will retire at the ensuing Annual General Meeting 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 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



GUJARAT RECLAIM & RUBBER PRODUCTS LIMITED

Particulars in the Report of Board of Directors) Rules, 1988 to the extent applicable are as under :

1. Technology Absorption : Research & Development

During the current year the Company has continued to conduct 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	11363.64
Foreign exchange outgo on account of imports, commission on exports and other expenses	954.10

ACKNOWLEDGEMENTS

Your Directors gratefully acknowledge the contributions made by employees towards the success of your Company. Your Directors are also thankful to the Company's valued customers, bankers, vendors, regulatory and Government authorities and its shareholders.

For & on behalf of the Board of Directors

Place : Mumbai
Date : 12th May, 2011

Kandathil M. Philip
Chairman



GUJARAT RECLAIM & RUBBER PRODUCTS LIMITED

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

1. Industry Structure and Development

Major production of reclaim rubber continues to be from end of life waste tyres and tubes. End of life tyres and rubber products have received world wide attention, for their disposal has a negative impact on the environment and is a major concern to society. Recycling is recovery of resources. This prevents waste of essential resources and maintains environmental balance. It has a green impact on the planet and helps in combating global warming.

Today reclaim rubber has become the basic ingredient of rubber formulations for the most of rubber products. While virgin rubber and oil exhibit a volatile pricing, reclaim rubber offers the much needed price stability in compounding. Other factors which are significant in increasing the demand for reclaim rubber are, higher GDP growth, increasing road development, replacement of aging four wheelers, graduating from two wheelers to four wheeler, growing concept of second vehicle in urban areas.

Reclaim rubber is a preferred raw material for both tyre & non tyre industry. Non tyre sector includes conveyer belt, automotive profile, hoses, mats & flooring, roofing applications, hot melt adhesives, civil engineering.

According to International Rubber Study Group, the rubber consumption in ASIA is expected to grow from 15 million MT in year 2010 to 20 million MT in year 2015 and in India, from 1.40 million MT in year 2010 to 2 million MT in year 2015.

2. Opportunities and Threats

Indian economy has emerged from the slowdown caused by the global crisis with remarkable rapidity and renewed energy. Supported by a favourable economic scenario, the automotive segment registered strong recovery across all areas. This has given rise to demand for tyres and consequentially created growth opportunities for your Company. With expansion plans announced by major tyre companies, your Company also started two new projects to enhance its delivery capabilities to match customer growth plans and to get closer to customers through value-added products delivered with speed and build a reliable supplier base. Your Company enjoys the advantage of a diversified product range, well established customer base and aggressive support services built up over a long period. With continuous emphasis on cost management and customer satisfaction, through its wide product mix, your Company is well prepared to exploit the opportunities both in the domestic and global markets.

The escalation of crude oil prices and demanding international quality standards has posed major threats to the Company. Few very sensitive factors like input cost volatility, interest cost pressure, etc., to some extent, affect Company's profitability.

Your Company is geared to meet the challenges and is working to mitigate the risks posed by these threats. The Company is leveraging its purchasing power to manage the input cost better. By efficiently utilising its resources in production of high yielding products, the Company effectively exercises cost control. With the help of external and in house rubber technologists, your company continuously conduct research and tests to ensure consistent good quality products. Also, with constant monitoring of product parameters and testing in fully equipped laboratories, the Company maintains quality of its products and ensures customer satisfaction.

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. In this year of all round economic growth, the Company has achieved credible financial results. Our sales continued to develop very positively. The Company focused on deeper customer relationships and improved its value proposition to customers.

The total sales under this segment of Rs.18,525.74 lakhs for the year comprises of Rs.5,780.46 lakhs (31.20%) from domestic and Rs.12,745.28 lakhs (68.80%) from export sales.

b) Windmill :

The Company had invested in Windmill at Kuchhadi in Gujarat in previous year. 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

4. Outlook

Reclaim rubber is recognized as the third source of rubber after Natural & Synthetic rubber. For sustainable growth challenges being faced by tyre companies like environmental regulations like European and US countries and economical growth (cost optimization), the use of Reclaim Rubber becomes imperative. The usage of reclaim rubber is increasing due to inherent process benefits and the price effectiveness. Currently India is among the largest manufacturers of reclaim rubber. In India, reclaim rubber constitutes 8% of all rubbers consumed. With a large number of rubber products manufacturing shifting to India, reclaim rubber will remain an important contributor to the industry.

The Company is currently the largest manufacturer of reclaim rubber in India and among the largest globally. The company's annual production has steadily increased from 2400 MT to 45000 MT. The company retains the leadership position for reclaim rubber in India as well as across the world. It has a presence in more than 45 countries by way of export market. With new plants under way, the Company will be able to meet the global demand of reclaim rubber for tyre & non tyre industry.

Due to its efforts, both in technology of manufacturing and market development globally, the Company remains the leading supplier to leading tyre companies worldwide.

5. Risk management

Risk management is linked to the Company's overall short and medium term objectives. The Company segregates its risks into functional categories such as:

- i) **Marketing** : Main challenges are quality consistency, new competitions and logistics. The Company constantly monitors product parameters and tests all products in fully equipped laboratories to ensure high level of quality of its products. Customer servicing, diversified product range, and meeting customers' volume and quality demands give an edge to the company to be successful in a competitive environment. The Company has taken steps like co-ordination with foreign logistic agencies for export and sophisticated packaging methods which keeps quality of the goods intact till the delivery point. During F Y 2010-11, the Company has complied with the REACH norms which are laid down by the European Union and made compulsory for export of goods to European countries.
- ii) **Purchase** : Purchase normally finds unorganised suppliers market as a threat , as it could encourage high price volatility of raw materials. However, over the years your Company has developed valuable relationships with wide range of suppliers and has adopted diversified product mix so that raw material supply does not get affected and pricing also not affect margin drastically.
- iii) **Operations** : Machine break down, safety, health and environment protection could pose main risks. The Company has in house machine design and assembly capabilities and engineering expertise which helps in mitigating major production loss due to machinery break downs. The Company has taken appropriate measures to address the challenge of remaining compliant with environment protection regulations.
- iv) **Finance** : Making funds available for operations and projects at reasonable cost is a challenge, which Company's operational efficiency and growth faces successfully. Considering Company's substantial exports, foreign currency rate fluctuations could affect realisation value of the products. However, the Company, through packing credit in foreign currency and foreign currency funded loans, controls the interest cost and maintains profitability level.
- v) **Human Resources** : Being a growth oriented company, it is always a challenge to have skilled employees at all levels. The Company endeavours to attract, develop and retain talented individuals by ensuring skill based trainings and structured employee engagement initiatives.

Your Company has taken insurance cover for all known risks and continuously reviews its adequacy and identifies new requirements with the help of external agency. During current year, your Company has taken two new policies namely,

- 1) **Comprehensive Public Liability Policy** : This policy broadly covers the legal liability of the Company towards damages to third party in respect of accidental death or bodily injury or disease ,damage to property, due to any reason including pollution.
- 2) **Directors and Officers Liability Policy** : This policy provides cover against legal liability of the directors and officers to pay damages or costs awarded against them and costs or expenses incurred by the directors and officers with the written consent of the insurer in respect of investigation, defence, or settlement of any claim made upon them in their capacity as directors and officers of the Company.



GUJARAT RECLAIM & RUBBER PRODUCTS LIMITED

6. Internal control system and their adequacy

The Company has implemented a comprehensive system of internal controls to support smooth and efficient business operations and effective statutory compliance by standardizing and documenting policies and procedures for all major processes and associated controls, for credible reporting of financial and operating results and these are regularly reviewed by both internal and external agencies for its efficiency and effectiveness. Management information and reporting system for key operational activities form part of overall control mechanism.

The Company has hired the services of independent firms of professionals to function as internal auditors and provide reports on various activities covering observations and pertinent comments on adequacy of internal controls and their recommendations. Findings of internal audit reports and effectiveness of internal control measures is reviewed by top management and audit committee of the Board.

7. Discussion on financial performance with respect to operational performance

During the financial year 2010-11, the Company achieved a revenue growth of 34% and production growth of 10% over the previous year. The increase in profit after tax is 28%. The Company has registered a substantial growth in sales. Of the total sales revenue of reclaim rubber of the Company for the year, 69% is contributed by exports. During the year under review, all the plants had smooth operations and the capacity utilisation was further improved as compared to previous year.

CRISIL, a noted credit rating agency has assigned your Company, 'A-/Stable' rating for term loan borrowings and 'P2+' rating for working capital borrowing facility. Both these ratings indicate good financial health of your Company.

8. Corporate Social Responsibility

As responsible corporate citizens, we have always endeavoured to make contribution towards betterment of society in and around the areas of our operation. Our CSR initiatives are aimed at helping our surrounding communities become self-reliant.

The Company continues to be involved in development of Navidivi village of Bharuch District in Gujarat. The Company has contributed to the activities like drawing and stitching classes for children and women, Computer training for the needy persons, distribution of books to underprivileged children and increasing health awareness among village women by organising workshops. The Company is also participating in Standard Chartered Marathon in Mumbai, since last two years and contributing towards Nanhi Kali Foundation, an NGO for promoting welfare of underprivileged girls.

9. Human resources and industrial relations

Your Company continued its efforts to face a challenging business environment by building the capability of its Human Resources through various initiatives in development and training of employees at all levels. The employees are the engine that drives the Company forward. People always have been and shall continue to be central to the Company's growth story.

During the year, your Company has continued several successful training programmes and initiated new programmes to enhance employee motivation, satisfaction and growth. One of the major such programme initiated by the Company is new Performance Measurement System, with the help of the external agency. This system will enable the Company to map individual, divisional and organisational performance by setting suitable goals. This system also will help in mapping competency and ensuring clarity of role to employees at all levels. This, in turn, will ensure job satisfaction for all employees and pride in being associated with the growth of the Company.

Cautionary Statement

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

For & on behalf of the Board of Directors

Place : Mumbai
Date : 12th May, 2011

Kandathil M. Philip
Chairman



GUJARAT RECLAIM & RUBBER PRODUCTS LIMITED

REPORT ON CORPORATE GOVERNANCE

“Corporate governance is concerned with holding the balance between economic and social goals and between individual and communal goals. The governance framework is there to encourage the efficient use of resources and equally to require accountability for the stewardship of those resources. The aim is to align as nearly as possible the interests of individuals, corporations and society.”

- (Sir Adrian Cadbury, UK, Commission Report: Corporate Governance 1992)

1. Company's Philosophy on Corporate Governance

Corporate Governance is the combination of voluntary practices and compliance with laws and regulations leading to effective control and management of the organisation. Good corporate governance leads to long term shareholder value and enhances interests of other stakeholders. It brings into focus the fiduciary and trusteeship role of the Board to align and direct the actions of the organization towards creating wealth and shareholder value.

The Board of Directors of your Company is responsible for and committed to sound principles of Corporate Governance in the Company. The Board plays a critical role in overseeing how the management serves the short and long term interests of shareholders and other stakeholders. This belief is reflected in our governance practices, under which we strive to maintain an active, informed and independent Board. We keep our governance practices under continuous review and benchmark ourselves to the best governed companies across the globe.

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.

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, 2011, the Board of Directors consists of nine Directors, out of which one Non-Executive Independent Director as Chairman, one Promoter Managing Director, four Non-Executive Independent Directors, two 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, 2011 is as under:

Name of the Director & Designation	No. of Board Meeting		Attendance at Last AGM on Aug, 12 2010	No. of other Boards or Board Committee of which Member/ Chairman	No. of Committees #		Executive / Non Executive/ Independent
	Held	Attended			Member	Chairman	
Kandathil M. Philip Chairman	4	-	Absent	4	-	-	Non- Executive & Independent
Rajendra V. Gandhi Vice Chairman & Managing Director	4	4	Present	4	2	1	Executive (Promoter)
Mahesh V. Gandhi	4	3	Absent	2	-	-	Non Executive (Promoter Group)
Dr. Peter Philip	4	4	Present	6	-	1	Non Executive & Independent
Bhagwandas T. Doshi	4	3	Absent	2	1	-	Non Executive & Independent
Atul S. Desai	4	4	Present	1	2	-	Non Executive & Independent
Rajeev M. Pandia*	4	2	Not Applicable	1	1	-	Non Executive & Independent
Nikhil M. Desai	4	4	Present	1	-	-	Non Executive (Promoter Group)
Harsh R. Gandhi	4	4	Present	2	1	-	Executive (Promoter Group)

* Rajeev M. Pandia was appointed as additional Director on 13.11.2010.

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, 2011, viz. on 20th May, 2010, 30th July, 2010, 13th November, 2010 and 14th February, 2011.

3. Audit Committee

i) Brief description of terms of reference:

1. Overseeing financial reporting process to ensure that the disclosures of financial information in the financial statement are correct, adequate & credible.
2. Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the Statutory Auditors 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 transactions;
 - g) Qualifications in the draft audit report.
5. Reviewing, with the management, the quarterly financial statements before submission to the Board for approval.
6. Reviewing, with the management, the statement of uses / applications 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 and adequacy of the internal control systems.
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 there on.
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.
13. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee as amended from time to time by the Listing Agreement and the Companies Act, 1956.

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
Rajeev M. Pandia (from 13.11.2010)	Non-Executive Independent	Member



GUJARAT RECLAIM & RUBBER PRODUCTS LIMITED

iii) Meetings and Attendance during the year

The Audit Committee met four times during the financial year 2010-11, on 20th May, 2010, 30th July, 2010, 13th November, 2010 and on 14th February, 2011.

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
Rajeev Pandia* (from 13.11.2010)	1

* Audit Committee of the Board of Directors of the Company was reconstituted on 13.11.2010.

4. Remuneration Committee

i) Brief description of terms of reference:

1. Decide the terms and conditions for reappointment of Managing / 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 20.05.2010
Kandathil M. Philip (upto 12.11.2010)	Non Executive Independent	Chairman	Present
Dr. Peter Philip	Non Executive Independent	Member	Present
Bhagwandas T. Doshi	Non Executive Independent	Member	Present
Rajeev M. Pandia (from 13.11.2010)	Non Executive Independent	Member	N.A.

* Remuneration Committee of the Board of Directors of the Company was reconstituted on 13.11.2010.

iii) Remuneration Policy

The remuneration policy for Vice Chairman & Managing Director and Executive 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 Vice Chairman & Managing Director and Executive Director for the year ended 31st March 2011.

Total remuneration paid to the Vice Chairman & Managing Director and Executive Director during the financial year 2010-11 was as under:

Name	Designation	Salary Rs.	Commission Rs.	Contribution to Provident and Pension Fund Rs.
Rajendra V. Gandhi	Vice Chairman & Managing Director	72,40,000/-	27,24,753/-	6,77,815/-
Harsh R. Gandhi	Executive Director	25,78,125/-	12,45,000/-	3,29,909/-

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 2010-11, the Company has paid total sitting fees of Rs. 336,000/- to Non-Executive Directors as under:

Sr. No.	Name of the Director	Amount Rs.
1	Kandathil M. Philip	Nil
2	Mahesh V. Gandhi	58,000/-
3	Dr. Peter Philip	72,000/-
4	Bhagwandas T. Doshi	46,000/-
5	Atul S. Desai.	76,000/-
6	Nikhil M. Desai	48,000/-
7	Rajeev M. Pandia	36,000/-



GUJARAT RECLAIM & RUBBER PRODUCTS LIMITED

5. Investors' Grievance Committee (Formerly known as 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 (upto 12.11.2010)	Non Executive Promoter group	Member
Atul S. Desai	Non Executive Independent	Member
Harsh Gandhi (from 13.11.2010)	Executive Promoter	Member

* Share Transfer and Investors' Grievance Redressal Committee of the Board of Directors of the Company was reconstituted on 13.11.2010.

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, 2011 is given below :

Nature of Complaints	Received	Cleared	Pending
Non Receipt of shares sent for transfer	Nil	Nil	Nil
Non Receipt of dividend	7	6	1
Non receipt of procedure for obtaining duplicate share certificate	1	1	Nil
Total	8	7	1

6. General Body Meetings

Financial Year Ended	Date	Time	Venue	Details of special Resolutions
31 st March, 2008	30 th July, 2008	2.30 PM	Plot No.8, GIDC	No special resolution passed
31 st March, 2009	8 th September, 2009	2.30 PM	Estate, Ankleshwar, Dist. Bharuch, Gujarat 393002	Approval of remuneration of Harsh R. Gandhi, Executive Director
31 st March, 2010	12th August, 2010	2.30 PM		Reappointment of Rajendra V. Gandhi, Managing Director as Vice Chairman & Managing 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.14 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 from financial year 2008-09. 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	Nil
Atul S. Desai	9,000
Mahesh V. Gandhi	1,22,574
Nikhil M. Desai	17,500
Rajeev M. Pandia	Nil

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	Thursday, 25 th August, 2011 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 18th August, 2011 to 25th August, 2011 (both days inclusive)

iv. Dividend payment date

Date of payment of Interim Dividend for the financial year 2010-11: 1st March, 2011.

Date of payment of final dividend for the financial year 2010-11: 1st September, 2011.

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.

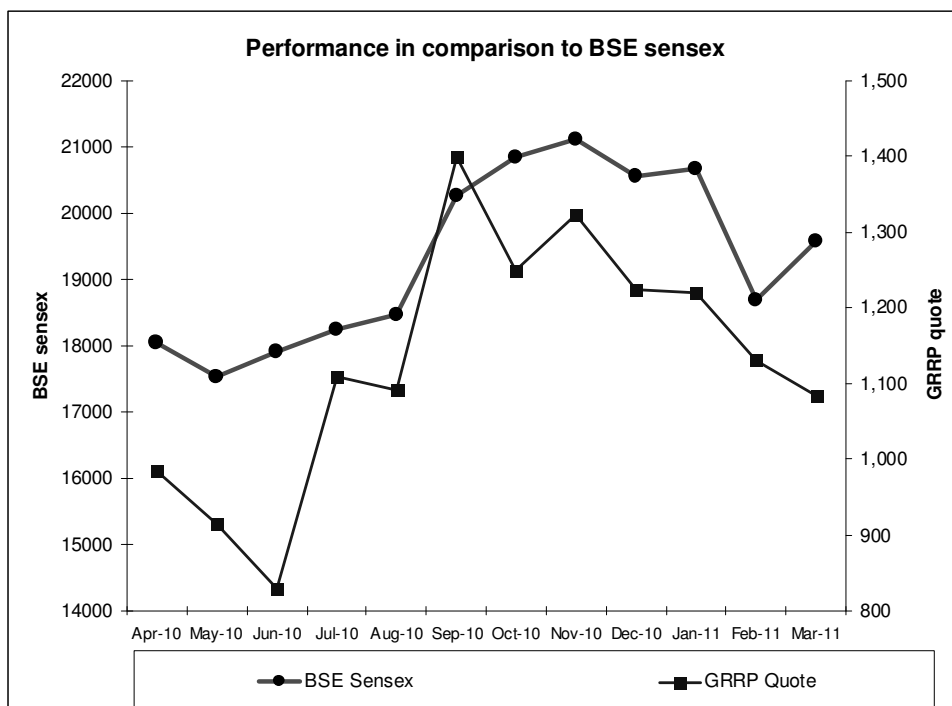
Monthly Share Price data of the Company's equity shares of Rs.10/- each fully paid up, traded on Bombay Stock Exchange for the year ended 31st March, 2011.

Month	Highest Rate Rs.	Lowest Rate Rs.
April 2010	985.00	730.50
May 2010	915.00	613.00
June 2010	829.50	739.95
July 2010	1110.00	817.00
August 2010	1092.45	870.00
September 2010	1399.00	1060.00
October 2010	1250.00	1080.00
November 2010	1323.00	1010.00
December 2010	1224.00	965.00
January 2011	1219.90	1011.00
February 2011	1130.00	853.20
March 2011	1083.15	855.35



GUJARAT RECLAIM & RUBBER PRODUCTS LIMITED

viii. Performance in comparison to BSE



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

Universal Capital Securities Pvt. Ltd. (formerly Mondkar Computers Pvt. Ltd.) 21, Shakil Niwas, Opp.Satya Saibaba Temple, Mahakali Caves Road, Andheri (E), Mumbai – 400 093. Tel : 022-28207203-05/ 28257641. Fax : 022-28207207.

E-mail : gamare@unisec.in

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 Share 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 Share Transfer Agent updates record on weekly basis.

xi. (1) Distribution of Share Holding as on 31st March, 2011

No. of shares held		Shareholders		Shareholding		Share Amount	
From	To	Number	% to Total	Holding	% to Total	Rs.	% to total
1	500	1724	88.96	132174	9.91	1321740	9.91
501	1000	77	3.97	57774	4.33	577740	4.33
1001	2000	37	1.91	55202	4.14	552020	4.14
2001	3000	23	1.19	62467	4.69	624670	4.69
3001	4000	12	0.62	45238	3.39	452380	3.39
4001	5000	8	0.41	37287	2.80	372870	2.80
5001	10000	25	1.29	184756	13.86	1847560	13.86
10001	And Above	32	1.65	758435	56.88	7584350	56.88
Total		1938	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, 2011.

Categories	No. of Shares	Amount in Rs.	% to total
Promoters' holding	625452	6254520	46.91
Public holding			
Directors (independent)	27299	272990	2.04
Mutual Fund/Banks	100	1000	0.01
NRIs / OCBs	2617	26170	0.19
Other Bodies Corporate	43624	436240	3.27
Public	634241	6342410	47.58
Total	1333333	13333330	100.00

xii. Details of shares in demat form as on 31st March, 2011.

Name of Depository	No. of Shareholders	No. of shares	% of Capital
NSDL	1033	698311	52.37
CDSL	583	239740	17.98
Sub-Total	1616	938051	70.35
Physical	322	395282	29.65
Grand Total	1938	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

510, "A" Wing, Kohinoor City Commercial – I,

Kirol Road, Off. L. B. S. Marg,

Kurla (W), Mumbai – 400 070.

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

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

Email : investor.relations@grrpl.com

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

I hereby declare 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 I (D) (ii) of the Listing Agreement.

Rajendra V. Gandhi

Date: 12th May, 2011

Vice Chairman & 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 financial statements, read with the cash flow statement of Gujarat Reclaim & Rubber Products Ltd., for the year ended 31st March, 2011 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 existing 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, if any, 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
Vice Chairman & Managing Director

Mumbai, 12th May, 2011.

The above certificate was placed before the meeting of Board of Directors held on 12th May, 2011.



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 31st March, 2011, 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 abovementioned 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 : San Fransisco (USA)
Date : 12th May, 2011

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



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, 2011 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. 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 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) 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 Section 227(4A) 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 and the Cash Flow Statement 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 and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in section 211(3C) of the Companies Act, 1956;
 - v) on the basis of written representations received from the Directors and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2011 from being appointed as a director in terms of section 274(1)(g) 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, 2011;
 - 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 flows for the year ended on that date.

Place : San Francisco (USA)
Date : 12th May, 2011

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



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 physical 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.7,750,000/- and the year end balance is Rs.2,650,000/-.
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 thirteen (13) 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. 9,200,000/- and Rs. 9,200,000/- 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.500,000/- 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 section 209 (1)(d) 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 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 Act, 1959	Sales Tax.	1995-96	51,956/-	Maharashtra Sales Tax Tribunal Mumbai
Income Tax Act, 1961	Income Tax	2003-04	653,103/-	Asst Commissioner of Income Tax, Mumbai
Income Tax Act, 1961	Income Tax	2006-07	2,511,503/-	Income Tax Appellate Tribunal, Mumbai
Income Tax Act, 1961	Income Tax	2007-08	6,336,000/-	Commissioner of Income Tax (Appeal), Mumbai
The Central Excise Act, 1944	Central Excise & Service Tax	2004-05 to 2010-11	9,451,608/-	Assessing Officer of – Central Excise
The Central Excise Act, 1944	Central Excise & Service Tax	2006-07 to 2009-10	2,004,840/-	Commissioner (Appeal) – Central Excise
The Central Excise Act, 1944	Central Excise & Service Tax	2006-07 to 2008-09	573,132/-	CESTAT, Surat

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.
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.



GUJARAT RECLAIM & RUBBER PRODUCTS LIMITED

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.

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

Place : San Fransisco (USA)

Date : 12th May, 2011



GUJARAT RECLAIM & RUBBER PRODUCTS LIMITED

BALANCE SHEET AS AT 31ST MARCH, 2011

		As At 31.03.2011 (Rs.)	As At 31.03.2010 (Rs.)
I. SOURCES OF FUNDS	SCHEDULE		
(1) Shareholders' Funds:			
(a) Share Capital	I	13,333,330	13,333,330
(b) Reserves and Surplus	II	659,748,016	519,300,194
		673,081,346	532,633,524
(2) Loan Funds:			
(a) Secured Loans	III	360,698,058	225,648,441
(b) Unsecured Loans	IV	43,507,148	17,892,740
		404,205,206	243,541,181
(3) Deferred Tax Liability		100,705,047	89,273,319
Total		1,177,991,599	865,448,024
II. APPLICATION OF FUNDS			
(1) Fixed Assets :			
(a) Gross Block	V	992,892,943	742,964,854
(b) Less: Depreciation		305,691,808	257,436,743
(c) Net Block		687,201,135	485,528,111
(d) Capital Work in Progress		102,927,909	54,668,322
(e) Advances for Capital Expenditure		14,036,606	19,826,515
(2) Investments	VI	3,403,100	3,403,100
(3) Current Assets, Loans and Advances:	VII		
(a) Inventories		151,031,432	123,859,406
(b) Sundry Debtors		309,607,907	277,981,190
(c) Cash and Bank Balances		33,582,313	8,804,579
(d) Loans and Advances		55,479,999	37,022,262
		549,701,651	447,667,437
Less: Current Liabilities and Provisions	VIII		
(a) Current Liabilities		139,739,876	112,214,715
(b) Provisions		39,538,926	33,430,746
		179,278,802	145,645,461
Net Current Assets		370,422,849	302,021,976
Total		1,177,991,599	865,448,024
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
ICAI Firm Registration no. 106473W

R.V.Gandhi
Vice Chairman & Managing Director

Rajesh S. Shah
Partner
Membership no. 17844

Dr.Peter Philip
Director

G.A.Ghangurde
Vice President & Company Secretary

Place : San Fransisco (USA)
Date : 12th May, 2011.

Place : Mumbai
Date : 12th May, 2011.



GUJARAT RECLAIM & RUBBER PRODUCTS LIMITED

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011

	SCHEDULE	Year ended 31.03.2011 (Rs.)	Year ended 31.03.2010 (Rs.)
(A) INCOME			
Sales and Other Income			
Sales (Net)	IX	1,844,639,618	1,406,710,257
Income from Power Generation		5,746,451	1,340,614
Other Income	X	40,986,061	31,468,730
		1,891,372,130	1,439,519,601
Variation in Inventories	XI	18,955,177	(9,087,128)
Total (A)		1,910,327,307	1,430,432,473
(B) EXPENDITURE			
Raw Materials Consumed	XII	852,904,671	642,331,384
Power, Fuel & Water Consumed	XIII	206,953,532	165,345,433
Employees' Cost	XIV	171,356,288	140,967,899
Packing and Forwarding Expenses		227,327,345	118,952,754
Stores & Spare Parts Consumed		23,490,881	21,351,593
Repairs and Maintenance Expenses	XV	15,445,485	17,159,571
Administrative and Other Expenses	XVI	80,162,666	48,902,369
Interest and Financial Charges	XVII	22,980,253	18,481,765
Variation in Excise duty on Stock of Finished Goods		786,424	(304,474)
Total (B)		1,601,407,545	1,173,188,294
Operating Profit (A-B)		308,919,762	257,244,179
Amortisation of Leasehold Land Premium		165,132	73,582
Depreciation		51,114,907	43,542,536
Profit before Taxation		257,639,723	213,628,061
Provision for Taxation		70,038,000	71,532,000
Provision for Deferred Tax		11,431,728	4,014,000
Profit after Taxation		176,169,995	138,082,061
Add: Excess Provision of Income-tax of Previous years (Net)		37,830	-
		176,207,825	138,082,061
Add: Balance as per last Balance Sheet		189,802,529	102,841,884
Profit available for Appropriation		366,010,354	240,923,945
Appropriations :-			
Transfer to General Reserve		30,000,000	20,000,000
Interim dividend		9,333,331	6,666,665
Proposed dividend		21,333,328	19,999,995
Tax on dividend		5,093,344	4,454,756
Balance carried to Balance Sheet		300,250,351	189,802,529
*Earnings per share of Rs 10/- each - Basic		132.16	103.56
Earnings per share of Rs.10/- each- Diluted		132.16	103.56

* Refer Note No. B.16 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
ICAI Firm Registration no. 106473W

R.V.Gandhi
Vice Chairman & Managing Director

Rajesh S. Shah
Partner
Membership no. 17844

Dr.Peter Philip
Director

G.A.Ghangurde
Vice President & Company Secretary

Place : San Fransisco (USA)
Date : 12th May, 2011.

Place : Mumbai
Date : 12th May, 2011.



GUJARAT RECLAIM & RUBBER PRODUCTS LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2011

	Year ended 31.03.2011 (Rs.)	Year ended 31.03.2010 (Rs.)
A: Cash flow from Operating activities		
Net profit before tax and extra ordinary items	257,639,723	213,628,061
Adjustments for		
- Depreciation	51,114,907	43,542,536
- (Profit) / Loss on sale of assets (Net)	(461,179)	972,152
- (Profit) / Loss on sale of investments	-	(1,750)
- Amortisation of leasehold land premium	165,132	73,582
- Interest (Net)	18,959,930	15,153,099
- Excess Provision for Income Tax	37,830	-
	69,778,790	59,739,619
Operating Profit before working capital changes	327,418,513	273,367,680
Adjustments for		
- Trade and other receivables	(48,104,345)	(41,224,063)
- Inventories	(27,172,026)	(37,252,831)
- Sundry creditors	40,267,408	24,331,477
	(35,008,963)	(54,145,417)
Cash generated from operations	292,409,550	219,222,263
Direct taxes paid	(80,067,181)	(75,922,168)
Net cash from operating activities	212,342,369	143,300,095
B: Cash flow from investing activities		
- Interest received	395,667	736,392
- Sale proceeds of fixed assets	3,993,389	520,146
- Sale proceeds of fixed investments	-	3,000
- Purchase of fixed assets	(302,682,297)	(183,469,090)
Net cash used in investing activities	(298,293,241)	(182,209,552)
C: Cash flow from financing activities		
- Loans borrowed (Net of repayment)	160,664,025	65,617,210
- Exchange difference on revaluation of Foreign Currency Loans	(1,086,681)	10,020,520
- Interest paid	(19,689,652)	(16,483,479)
- Dividend paid	(29,159,086)	(23,113,235)
Net cash used in financing activities	110,728,606	36,041,016
Net increase / (Decrease) in cash and cash equivalents	24,777,734	(2,868,441)
Cash and cash equivalents at the beginning of the year	8,804,579	11,673,020
Cash and cash equivalents at the closing of the year	33,582,313	8,804,579

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
ICAI Firm Registration no. 106473W

Rajesh S. Shah
Partner
Membership no. 17844

Place : San Fransisco (USA)
Date : 12th May, 2011.

For and on behalf of the Board of Directors

R.V.Gandhi
Vice Chairman & Managing Director

Dr.Peter Philip
Director

G.A.Ghangurde
Vice President & Company Secretary
Place : Mumbai
Date : 12th May, 2011.



GUJARAT RECLAIM & RUBBER PRODUCTS LIMITED

SCHEDULES ANNEXED TO & FORMING PART OF THE BALANCE SHEET

	As At 31.03.2011 (Rs.)	As At 31.03.2010 (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	320,000,000	300,000,000
Add : Transfer from Profit and Loss Account	30,000,000	20,000,000
	350,000,000	320,000,000
Surplus in Profit and Loss Account	300,250,351	189,802,529
Total	659,748,016	519,300,194
SCHEDULE III :		
Secured Loans :		
From Banks :-		
Cash Credit and Bill Discounting	174,546,958	109,930,045
Term Loans	186,151,100	115,718,396
Total	360,698,058	225,648,441
SCHEDULE IV :		
Unsecured Loans :		
(a) Fixed Deposits	13,898,500	11,567,129
(b) From Bank and Others	26,145,862	1,449,370
(c) Deferred payment Liability (Sales Tax Deferment)	3,462,786	4,876,241
Total	43,507,148	17,892,740
SCHEDULE V :		
Fixed Assets :		

Particulars of Assets	At Cost or At Book Value				Less: Depreciation			Net Block		
	Up to 01-04-2010	Additions/ Transfer	Sales/ Transfer	Gross Block As on 31-03-2011	Up to 01-04-2010	Deduction	For the year	As on 31-03-2011	As on 31-03-2011	As on 31-03-2010
Leasehold Land & Roads	25,752,824	20,007,544	-	45,760,368	1,758,953	-	378,451	2,137,404	43,622,964	23,993,871
Buildings	183,131,936	105,412,323	-	288,544,259	21,893,286	-	4,550,519	26,443,805	262,100,454	161,238,650
Plant and Machinery	491,271,734	104,190,809	5,674,144	589,788,399	217,461,061	2,336,602	41,068,899	256,193,358	333,595,041	273,810,673
Furniture & Fixtures	8,607,283	15,125,057	-	23,732,340	2,385,869	-	899,529	3,285,398	20,446,942	6,221,414
Office Equipments	7,900,736	4,305,620	-	12,206,356	1,324,439	-	461,600	1,786,039	10,420,317	6,576,297
Computers & Softwares	16,984,863	1,815,232	458,800	18,341,295	10,048,355	420,883	2,806,866	12,434,338	5,906,957	6,936,508
Vehicles	9,315,478	5,628,688	424,240	14,519,926	2,564,780	267,489	1,114,175	3,411,466	11,108,460	6,750,698
	742,964,854	256,485,273	6,557,184	992,892,943	257,436,743	3,024,974	51,280,039	305,691,808	687,201,135	485,528,111
Capital Work in Progress										
Roads	-	4,112,492	-	4,112,492	-	-	-	-	4,112,492	-
Factory Building	49,744,104	18,851,680	10,352,900	58,242,884	-	-	-	-	58,242,884	49,744,104
Plant & Machinery	4,891,668	40,091,452	4,410,587	40,572,533	-	-	-	-	40,572,533	4,891,668
Preoperative Expenses	32,550	6,635,030	6,667,580	-	-	-	-	-	-	32,550
Total	797,633,176	326,175,927	27,988,251	1,095,820,852	257,436,743	3,024,974	51,280,039	305,691,808	790,129,044	540,196,433
Previous Year	600,849,736	242,800,573	46,017,133	797,633,176	214,663,203	842,578	43,616,118	257,436,743	540,196,533	386,186,533

- Note :- 1. Depreciation includes amortisation of Lease Hold Land Premium of Rs. 165,132/-, (Previous Year Rs. 73,582/-)
2. Addition to fixed assets includes exchange difference of Rs 1,086,681/- (previous year Rs 10,020,520/-) arising on revaluation of foreign currency term loan as per amended AS 11 issued by the Institute of Chartered Accountants of India.
3. Additions during the year and capital work in progress include Rs 4,463,324/- (Previous Year Rs 201,667/-) being borrowing cost capitalised in accordance with the Accounting Standard AS 16 on "Borrowing Cost" issued by the Institute of Chartered Accountants of India.
4. Capital work in progress include Capital stores Rs 3,497,884/- (Previous Year Rs Nil).
5. Vehicles includes two cars of the company acquired in the name of Directors and corresponding vehicle loan for one car is included in unsecured loan.



GUJARAT RECLAIM & RUBBER PRODUCTS LIMITED

SCHEDULES ANNEXED TO & FORMING PART OF THE BALANCE SHEET

	As At 31.03.2011 (Rs.)	As At 31.03.2010 (Rs.)
SCHEDULE VI :		
Investments :		
(a) Long Term Investments (Unquoted) (At cost)		
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		
Unquoted :		
7 Years National Savings Certificates (Deposited with Central Excise Authority)	7,500	7,500
Total	3,403,100	3,403,100
SCHEDULE VII :		
Current Assets, Loans and Advances :		
Current Assets		
(a) Inventories (Refer Note No.A.(g) of Schedule XVIII)		
Stores, Spares and Packing Materials	10,055,088	7,982,012
Stock in-trade:		
Raw Materials(Includes Rubber Scrap, Process oils & Chemicals, and Fuel)	79,338,148	76,651,134
DEPB Licence Stocks (At net realisable value)	11,141,089	7,684,330
Goods-in-process	6,148,552	4,564,485
Finished Goods (includes Goods in transit of Rs 11,197,697/- (Previous year Rs 2,016,655/-))	44,348,555	26,977,445
	151,031,432	123,859,406
(b) Sundry Debtors (Unsecured & considered good)		
Outstanding for more than six months	658,207	1,766,661
Others	308,949,700	276,214,529
	309,607,907	277,981,190
(c) Cash and Bank Balances		
Cash in hand	795,097	438,795
Balance with Scheduled Banks:		
In Current / Cash Credit Accounts	30,942,084	6,460,152
In Deposit Accounts (Pledged with Govt Dept and others Rs 115,000/- (Previous year Rs 115,000/-))	1,845,132	1,905,632
	33,582,313	8,804,579
(d) Loans and Advances (Unsecured) :		
Advances recoverable in cash or in kind or for value to be received :		
- Considered good	19,785,548	20,345,515
- Considered doubtful (Refer Note No.B.8(b) of Schedule XVIII)	-	5,100,000
	19,785,548	25,445,515
Less : Provision for doubtful advances	-	5,100,000
	19,785,548	20,345,515
Other Advances and Deposits	18,614,749	13,376,103
Deposit with Central Excise	15,412,376	3,300,644
Current Taxation - Income Tax (Refer Note No.B.11 of Schedule XVIII)	1,667,326	-
	55,479,999	37,022,262
Total	549,701,651	447,667,437
SCHEDULE VIII :		
Current Liabilities and Provisions :		
A) Current Liabilities :		
Sundry Creditors	138,789,358	111,438,437
Unclaimed Dividends	950,518	776,278
Total (A)	139,739,876	112,214,715
B) Provisions :		
Provision for Expenses	14,627,399	6,524,939
Proposed dividend	21,333,328	19,999,995
Tax on Proposed dividend	3,543,199	3,321,750
Current Taxation - Income Tax (Refer Note No.B.11 of schedule XVIII)	-	3,518,232
Current Taxation - Fringe Benefit Tax (Refer Note No.B.11 of schedule XVIII)	35,000	65,830
Total (B)	39,538,926	33,430,746
Total (A+B)	179,278,802	145,645,461



GUJARAT RECLAIM & RUBBER PRODUCTS LIMITED

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

	Year ended 31.03.2011 (Rs.)	Year ended 31.03.2010 (Rs.)
SCHEDULE IX :		
Sales :		
Turnover (Inclusive of excise duty)	1,910,077,095	1,468,281,675
Less: excise duty	60,221,245	50,873,489
Turnover (Net)	1,849,855,850	1,417,408,186
Less: Commission	5,197,497	8,761,452
Discount	18,735	1,936,477
	5,216,232	10,697,929
Total	1,844,639,618	1,406,710,257
SCHEDULE X :		
Other Income :		
Export Incentives	18,725,689	29,189,569
Foreign Exchange Fluctuation	20,098,335	(8,451,611)
Interest Received (TDS Rs 21,272/-, Previous year Rs 189,372/-)	729,722	1,330,380
Miscellaneous Income	971,136	10,372,544
Profit on Sale Of Assets	461,179	(972,152)
Total	40,986,061	31,468,730
SCHEDULE XI :		
Variation in Inventories :		
Opening Inventories :		
Finished Goods	26,977,445	34,534,185
Goods-in-process	4,564,485	6,094,873
	31,541,930	40,629,058
Closing Inventories :		
Finished Goods	44,348,555	26,977,445
Goods-in-process	6,148,552	4,564,485
	50,497,107	31,541,930
Total	18,955,177	(9,087,128)
SCHEDULE XII :		
Raw Materials Consumed :		
Opening Inventories	76,132,747	28,968,886
Add : Purchases (Refer Note No.B.7(b) of Schedule XVIII)	854,868,998	689,495,245
	931,001,745	718,464,131
Closing Inventories	78,097,074	76,132,747
Total	852,904,671	642,331,384
SCHEDULE XIII :		
Power, Fuel & Water Consumed :		
Power	173,677,277	140,498,923
Fuel	31,281,030	23,138,663
Water	1,995,225	1,707,847
Total	206,953,532	165,345,433
SCHEDULE XIV :		
Employees' Cost :		
Salaries, Wages and Bonus	129,683,427	105,328,627
Contribution to Provident Fund and Other Funds	13,164,213	11,741,034
Welfare and Other Benefits	28,508,648	23,898,238
Total	171,356,288	140,967,899
SCHEDULE XV :		
Repairs and Maintenance Expenses :		
Plant & Machinery	9,240,897	10,652,387
Buildings	1,035,869	628,477
Other Assets	4,564,553	5,747,121
Wind Mill Expenses	604,166	131,586
Total	15,445,485	17,159,571



GUJARAT RECLAIM & RUBBER PRODUCTS LIMITED

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

	Year ended 31.03.2011 (Rs.)	Year ended 31.03.2010 (Rs.)
SCHEDULE XVI:		
Administrative and Other Expenses :		
Insurance	946,780	760,790
Vehicles Expenses	2,492,830	1,911,813
Printing and Stationery	1,337,895	1,528,085
Advertisements	1,683,790	1,291,560
Rent, Lease Rent and Other Charges	1,485,376	1,745,058
Travelling and Conveyance	7,958,135	7,556,072
Postage, Telegram and Telephones	2,736,666	2,590,786
Retainer Fees, Legal Fees, Professional Charges	27,970,278	4,661,924
Provision / Write off for doubtful debt, loans & advances	2,219,613	5,100,000
Auditors' Remuneration :		
- As Auditors	325,000	325,000
- As Tax Auditors'	100,000	100,000
- For Taxation Matter	77,500	50,000
	502,500	475,000
Board Meeting Fees	336,000	380,000
Managerial Remuneration:		
- Remuneration including Perks	13,787,878	10,123,299
- Contribution to Provident and Pension Funds	1,007,724	821,166
	14,795,602	10,944,465
Other Expenses (Refer Note No.B.7(b) of Schedule XVIII)	15,697,201	9,956,816
Total	80,162,666	48,902,369
SCHEDULE XVII :		
Interest and Financial Charges :		
Interest including interest to Banks	19,689,652	16,483,479
Financial Charges	3,290,601	1,998,286
Total	22,980,253	18,481,765



GUJARAT RECLAIM & RUBBER PRODUCTS LIMITED

NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2011.

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:

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

(2) 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).

(3) The depreciation on certain temporary structures (Building) has been provided @100%.

(4) Certain Plant & machinery have been considered as continuous process plant on the basis of technical assessment and depreciation on the same is provided for accordingly.

(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 :

(i) Domestic Sales are recognised at despatch of goods from factory and Export Sales on the basis of date of bill of lading. Sales are recorded net of discount, rebates, Sales tax, excise duty and sales return.

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

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

(iv) Export Incentives are accounted on wherever there is certainty of receipt of the same.

(v) 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, 2011.

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 in line with notification dated 31.03.2009 issued by Ministry of Corporate Affairs.

(j) Employees Benefits :

Expenses and Liabilities in respect of Employees benefits are recorded in accordance with the Revised Accounting Standard (AS-15) - Employee Benefits (revised 2005) issued by ICAI.

(i) Provident Fund

The company makes contribution to statutory provident fund in accordance with the Employees Provident Fund & Miscellaneous Provisions Act, 1952 which is a defined contribution plan & contribution paid or payable is recognised as an expense in the period in which services are rendered by the employee.

(ii) Gratuity

Gratuity liability is covered under the Gratuity cum Insurance policy of Life Insurance Corporation of India by GRRPL Employees' Gratuity Fund. The present value of the obligation is determined based on an actuarial valuation, using the Projected Unit Credit Method. Actuarial gain and losses arising on such valuation are recognised immediately in the Profit & Loss account. The amount funded by the Trust administered by the Company under the aforesaid policy, is reduced from the gross obligation under the defined benefit plan, to recognise the obligation on a net basis.

(iii) Leave Encashment

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

(iv) Superannuation

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

(v) Short Term Benefits

Expense in respect of other short term benefits is recognised on the basis of the amount paid or payable for the period during which services are rendered by the employee.

B. Notes to Accounts :

1 Contingent liabilities :

	As at 31.03.2011 Rs.	As at 31.03.2010 Rs.
(a) Guarantees by Banks not provided for (Net)	12,773,312	11,389,125
(b) Claims against the company (Including Sales tax, Excise duty, etc.) not acknowledged as debts		
- Maharashtra Sales Tax	51,956	51,956
- Excise Duty	12,029,580	3,608,611
- Income Tax liability	9,500,606	4,530,610

2 Estimated amount of contracts remaining to be executed on capital account.

	104,864,790	9,107,385
--	-------------	-----------

3 Secured loans:

(a) For Cash Credit and Bill discounting:

From HDFC Bank Ltd

- Foreign currency working capital facilities	81,007,912	30,627,812
- Rupee working capital facilities	93,539,046	79,302,233

First exclusive charge by way of hypothecation of entire current assets including inventories 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.

(b) For Term Loans :

From HDFC Bank Ltd

(i) Foreign currency loans for Mumbai office premises and Windmill project	55,059,099	106,274,555
(ii) Rupee Term Loan for Capital Expenditure, additional Mumbai office and Chincholi (Solapur) plant	131,092,001	9,443,841

First exclusive charge by way of hypothecation of entire current assets including inventories and such other movables, book debts, bills receivables and entire movable



GUJARAT RECLAIM & RUBBER PRODUCTS LIMITED

NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2011.

SCHEDULE XVIII

	As At 31.03.2011 (Rs.)	As At 31.03.2010 (Rs.)
fixed assets and mortgage of immovable fixed assets of the company, both present and future.		
4 Unsecured loans:		
From Citi Bank N.A.		
- Foreign currency working capital facilities	22,629,050	-
Secured by first parri pasu charge in favour of Citi Bank N.A. by way of hypothecation of entire current assets including inventories and such other movables, book debts, bills receivables and second subservient charge on entire movable fixed assets and mortgage of immovable fixed assets of the company, both present and future. However the security creation is pending, hence it is considered as unsecured.		
5 Loans repayable within one year from the date of the Balance Sheet:		
(i) Secured Loans from Bank	43,168,042	57,068,922
(ii) Unsecured Loans from Others	37,150,919	8,867,490
(iii) Deferred Payment liability - Sales Tax	1,158,221	1,413,455
6 (a) Managerial Remuneration		
Computation of Commission payable to Vice Chairman & Managing Director and Executive Director :		
Profit before tax as per Profit & Loss Account	257,639,723	213,628,061
Add :		
Depreciation charged as per Profit & Loss Account (including amortisation)	51,280,039	43,616,118
Managerial Remuneration	14,795,602	10,944,465
Board Meeting Fees.	336,000	380,000
Provision for Doubtful Loan	-	5,100,000
Loss on sale of Fixed Assets as per Profit & Loss Account	-	972,152
	324,051,364	274,640,796
Less :		
Depreciation charged as per Section 350 of the Companies Act, 1956.	51,114,907	43,542,536
Profit on sale of Fixed assets	461,179	-
	51,576,086	43,542,536
Net Profit as per Section 309(5) of the Companies Act, 1956.	272,475,278	231,098,260
Maximum Limit of Managerial Remuneration is @ 11% (Previous Year 11%) on Net Profit	29,972,281	25,420,809
(b) The profit & loss account include payments to and provisions for Vice Chairman & Managing Director and Executive Director's remuneration :		
Salary payment	4,665,000	3,310,000
Commission	3,969,753	3,057,470
Contribution to Provident fund & other funds.	1,007,724	821,166
Perquisites	5,153,125	3,755,829
	14,795,602	10,944,465
7 (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.2,650,000/- (Previous year Rs.5,100,000/-) to an associate concern.		
(b) Administrative and other expenses include Professional fee paid of Rs.10,869,331/- (Previous year Rs.Nil) for compliance with REACH norms as laid down by the European Union and made compulsory for export of goods to European countries and Auditor's out of pocket expenses Rs.15,491/- (Previous year Rs. 16,188/-) , Raw Materials Purchases include incidental expenses of Rs4,855,723/- (Previous year Rs.2,903,611/-), Expenses debited to Profit & Loss account include prior period expenses Rs.1,042,476/- (Previous year Rs.812,598/-).		
Miscellaneous Income include refund of Electricity Duty of Rs.Nil (previous year Rs.9,445,064/-)		
(c) Finished Goods stock include excise duty of Rs.3,052,000/- (Previous year Rs. 2,265,576/-)		



GUJARAT RECLAIM & RUBBER PRODUCTS LIMITED

NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2011.

SCHEDULE XVIII

- 8 (a) 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 Limited. As per audited Balance Sheet for the year ended 31st March, 2011, 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.

- (b) During the year, a loan given to M/s Alphanso Netsecure Pvt Ltd., an associate company of Rs 5,100,000/- has been written off as not recoverable. This amount was provided for by way of doubtful loan in previous year.

- 9 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.

- 10 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 31.03.2011 Rs.	As at 31.03.2010 Rs.
Superannuation Fund	1,053,488	1,246,155
Provident Fund	2,904,689	2,380,165
Pension Fund	3,268,434	2,852,445

- (iii) The liability for leave encashment and compensated absences (unfunded) as at year end is Rs 5,326,333/- (Previous year Rs. 4,244,967/-).

- (b) Disclosure for defined benefit plan based on actuarial report as on 31.03.2011

	Current Year Gratuity (Funded plan)	Previous Year Gratuity (Funded plan)
(i) Change in Defined Benefit Obligation		
Opening defined benefit obligation	23,324,965	18,705,443
Interest cost	1,865,997	1,496,435
Current service cost	1,834,773	1,270,865
Benefits paid	(1,262,470)	(489,369)
Actuarial loss / (gain)	1,845,758	2,341,591
Closing defined benefit obligation	27,609,023	23,324,965
(ii) Change in Fair Value of Assets		
Opening fair value of plan assets	23,139,003	19,173,733
Expected return on plan assets	2,159,278	1,837,748
Contributions by employer	3,892,469	2,616,891
Benefits paid	(1,262,470)	(489,369)
Actuarial gain / (loss)	-	-
Closing fair value of plan assets	27,928,280	23,139,003



GUJARAT RECLAIM & RUBBER PRODUCTS LIMITED

NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2011.

SCHEDULE XVIII

Current Year	Previous Year Gratuity (Funded plan)	Gratuity (Funded plan)
(iii) Amount recognised in the Balance Sheet		
Fair value of plan assets as at beginning of the year	23,139,003	19,173,733
Actual return on plan assets	2,159,278	1,837,748
Contributions	3,892,469	2,616,891
Benefits paid	(1,262,470)	(489,369)
Fair value of plan assets as at end of the year	27,928,280	23,139,003
Funded status	(319,257)	185,962
(iv) Actuarial gain / (loss) recognised		
Actuarial (gain) / loss on obligations	(1,845,758)	(2,341,591)
Actuarial (gain) / loss for the year - plan assets	-	-
Actuarial (gain) / loss on obligations	1,845,758	2,341,591
Actuarial (gain) / loss recognised in the year	1,845,758	2,341,591
(v) Amount to be recognised in the Balance Sheet and Profit & Loss accounts		
Present value of obligation as at the end of the year	27,609,023	23,324,965
Fair value of plan assets as at the end of the year	27,928,280	23,139,003
Funded status		
Net Assets / (Liabilities) recognised in the Balance Sheet	(319,257)	185,962
Current service cost	1,834,773	1,270,865
Interest cost	1,865,997	1,496,435
Expected return on plan assets	(2,159,278)	(1,837,748)
Net Actuarial (gain) / loss recognised in the year	1,845,758	2,341,591
Expenses recognised in the statement of Profit & Loss account	3,387,250	3,271,143
Actuarial Assumptions		
Discount Rate	8.00%	8.00%
Salary Escalation	6.00%	6.00%

11 Current taxation in Loans & Advances represents payments in excess of provision of Rs.293,072,000/- (Previous year Rs Nil)
Current taxation in Provisions represents provision in excess of advance payment of taxes of Rs. Nil (Previous year Rs 219,527,768/-) and current FBT in provision represents provision in excess of advance payment of Rs 965,000/- (Previous year Rs 2,559,170/-)

12 The company has opted for Companies (Accounting Standards) Amendment Rules 2009 on Accounting Standard 11 (AS 11), as notified by the Ministry of Corporate Affairs on 31st March, 2009, for accounting of exchange differences arising from revaluation of long term foreign currency loans.

	31.03.2011 Rs.	31.03.2010 Rs.
13 Deferred Taxes :		
(a) Deferred Tax Liability		
Depreciation	104,218,326	90,645,767
(b) Deferred Tax Asset		
Provision for employee benefit	3,513,279	1,372,448
Total	100,705,047	89,273,319



GUJARAT RECLAIM & RUBBER PRODUCTS LIMITED

NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2011.

SCHEDULE XVIII

14 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, Vice Chairman & 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, Nikhil M. Desai and Rajeev Pandia

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, Nehal Trust

(iv) Relatives of Key Management Personnel

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

(a) Enarjee Investments Pvt. Ltd.

R.V.Gandhi (Vice Chairman & 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

31.03.2011

Rs.

31.03.2010

Rs.

(b) Transactions with related parties:

(i) Associate Concern :

Alphanso Netsecure Private Limited

Equity Investment

2,005,600

2,005,600

Outstanding Loan Receivable

2,650,000

5,100,000

Purchase of Goods & Services

81,640

844,635

Doubtful loans written off

5,100,000

-

(ii) Vice Chairman & Managing Director :

Remuneration paid

10,642,568

8,329,535

Dividend paid

409,200

325,500

(iii) Remuneration to Directors

4,153,034

2,614,930

Sitting Fees to Directors

336,000

380,000

Dividend to Directors

3,618,360

2,980,513

(iv) Relatives of Key Management Personnel :

Remuneration paid

-

775,681

Dividend

2,937,316

2,325,365

Interest paid

705,446

450,598

Deposits taken

650,000

2,775,000

Outstanding deposits payable

5,700,000

5,050,000

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

(a) Enarjee Investments Pvt. Ltd. :

Interest paid

389,999

314,794

Dividend

1,898,622

1,511,518

Outstanding deposit payable

2,600,000

2,600,000

(b) Industrial Development & Investment Co. Pvt. Ltd.

Rent paid

52,944

52,944

Dividend

308,000

245,000

Outstanding deposit receivable (Security for Premises)

1,575,000

1,575,000

(c) Ghatkopar Estate & Finance Corporation Pvt Ltd.

Dividend

293,326

233,328



GUJARAT RECLAIM & RUBBER PRODUCTS LIMITED

NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2011.

SCHEDULE XVIII

15 Segment Reporting :

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

Particulars	Current Year	Previous Year
1 Segment Revenue		
a) Reclaim Rubber (Net of Excise Duty) *	1,852,574,174	1,435,899,826
b) Power	5,746,451	1,340,614
c) Others	10,791,132	-
Net Segment Revenue	1,869,111,758	1,437,240,440
2 Segment Results Profit(+) / Loss(-) before Tax and interest from each segment)		
a) Reclaim Rubber	355,866,457	264,734,297
b) Power	1,961,783	640,967
c) Others	(7,830,286)	-
Sub Total	349,997,955	265,375,264
Less: Interest, Un-allocable expenditure & Depreciation (net of Un-allocable Income)	92,358,232	51,747,203
Profit Before Tax	257,639,723	213,628,061
Provision for Taxation		
Income Tax	70,038,000	71,532,000
Deferred Tax	11,431,728	4,014,000
Fringe Benefit Tax	-	-
Profit After Tax	176,169,995	138,082,061
3 Other Information		
I. Segment Assets		
a) Reclaim Rubber	837,475,914	837,827,319
b) Power	31,644,420	34,608,141
c) Others	14,848,314	-
d) Un-allocated Assets	473,301,753	138,658,025
Total :	1,357,270,401	1,011,093,485
II. Segment Liabilities		
a) Reclaim Rubber	161,733,617	104,926,463
b) Power	181,441	336,226
c) Others	3,953,269	-
d) Un-allocated Assets	13,410,475	40,382,772
Total :	179,278,802	145,645,461
III. Capital Expenditure (Including Capital Work in Progress)		
a) Reclaim Rubber	162,599,977	45,652,753
b) Power	(81,666)	34,646,040
c) Others	624,713	-
d) Un-allocated Assets	45,082,662	-
Total :	208,225,686	80,298,793
IV. Depreciation		
a) Reclaim Rubber	47,849,328	42,263,866
b) Power	2,425,719	606,046
c) Others	3,070	-
d) Un-allocated Assets	1,001,922	746,206
Total :	51,280,039	43,616,118
V. Non Cash Expenditure other than Depreciation		
a) Reclaim Rubber	2,219,613	-
b) Power	-	-
c) Others	-	-
d) Un-allocated Assets	-	5,100,000
Total :	2,219,613	5,100,000

* Segment revenue includes Export Incentives of Rs 18,725,689/- (previous year Rs 29,189,569/-).



GUJARAT RECLAIM & RUBBER PRODUCTS LIMITED

NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2011.

SCHEDULE XVIII

Information about Secondary Segments

i) Revenue & Sundry Debtors as per Geographical Markets

Particulars	Revenue		Sundry Debtor	
	2010-11	2009-10	2010-11	2009-10
India	592,984,958	617,162,892	137,491,891	138,605,441
Outside India	1,256,870,892	801,585,908	172,116,016	139,375,749
Total	1,849,855,850	1,418,748,800	309,607,907	277,981,190

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

	31.03.2011	31.03.2010
	Rs.	Rs.
16 Earnings per share :		
- Net Profit after tax for the year	176,169,995	138,082,061
- Excess Provision for tax for earlier years	37,830	
- Net Profit attributable to Equity Shareholders	176,207,825	138,082,061
- Number of equity shares of Rs.10/- each.	1,333,333	1,333,333
- Earnings per share - Basic	132.16	103.56
- Earnings per share -Diluted	132.16	103.56

17 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	61,000	45,941
		M.T.	(Not Applicable)	(41,000)	(41,574)
(b)	Crumb Rubber	M.T.	Not Applicable	4,800	62
		M.T.	(Not Applicable)	(4,800)	(695)
(c)	Punch & Split Products	M.T.	Not Applicable	1,200	682
		M.T.	(Not Applicable)	(1,200)	(300)
(d)	Thermo Plastic Elastomers	M.T.	Not Applicable	1,200	102
		M.T.	(Not Applicable)	(896)	(10)
(e)	Power - Wind Mill	KW	Not Applicable	1,450,000	1,017,325
		KW	(Not Applicable)	(600)	(258)

B Break-up of imported & indigenous materials consumed:

	2010-11		2009-10	
	% of Total Consumption	Value / Rs.	% of Total Consumption	Value / Rs.
(i) Imported raw materials	0.42%	3,562,307	0.41%	2,639,844
(ii) Indigenous raw materials	99.58%	849,342,364	99.59%	639,691,540
	100.00%	852,904,671	100.00%	642,331,384

C Value of imports on CIF basis

	2010-11	2009-10
	Rs.	Rs.
- Raw Material	3,507,603	2,041,739
- Machinery	34,508,433	8,785,049
D Expenditure in foreign currency (On cash basis)	95,409,713	46,224,030
E Earning in foreign exchange in respect of		
Export of Goods (F.O.B. value) (On accrual basis)	1,136,364,264	748,084,048



GUJARAT RECLAIM & RUBBER PRODUCTS LIMITED

NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2011.

SCHEDULE XVIII

- F** In view of the Notification No.SO 301(E), dated 8-2-2011 issued by the Ministry of Corporate Affairs under Section 211 of the Companies Act,1956, and with the consent of the Board of Directors, the Company being export oriented company (export is more than 20% of the turnover), does not disclose details of quantity and total value of turnover, and the value and quantity of raw material consumed.

18 Foreign currency exposures:

The company uses forward contracts in previous year 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.

	As on 31.03.2011	As on 31.03.2010
(i) Derivative instruments outstanding as at 31st March		
Buyers - USD	-	13,379,000
(ii) Foreign currency exposures that are not hedged as at 31st March		
Receivable		
USD	85,886,413	45,282,215
EURO	81,564,707	80,714,533
GBP	2,263,665	-
USD - Creditors (Debit Balance)	1,228,100	168,815
Payable		
USD	2,033,536	2,810,283
EURO	2,556,849	5,145,518
Bank		
USD - EEFC Bank Account	20,061,182	3,129,962
EURO - EEFC Bank Account	4,366,929	1,525,927
USD - Bank Loan Account	103,847,330	119,151,123
EURO - Bank Loan Account	54,848,731	17,751,244

- 19** 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.
- 20** 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
ICAI Firm Registration no. 106473W

Rajesh S. Shah
Partner
Membership no. 17844

Place :San Fransisco (USA)
Date : 12th May, 2011.

For and on behalf of the Board of Directors

R.V.Gandhi
Vice Chairman & Managing Director

Dr.Peter Philip
Director

G.A.Ghangurde
Vice President & Company Secretary
Place : Mumbai
Date : 12th May, 2011.



GUJARAT RECLAIM & RUBBER PRODUCTS LIMITED

STATEMENT PURSUANT TO PART IV OF SCHEDULE VI TO THE COMPANIES ACT, 1956 FOR THE YEAR ENDED 31ST MARCH 2011

BALANCE SHEET ABSTRACT & COMPANY'S GENERAL BUSINESS PROFILE :

I. Registration details :

Registration no.	L25191GJ1974PLC002555	State code	4
Balance Sheet date	31 st March, 2011		

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	1,177,991	Total Assets	1,177,991
Source of funds			
Paid-up Capital	13,333	Reserves & Surplus	659,748
Secured Loan	360,698	Unsecured Loans	43,507
Deferred Tax Liability	100,705		
Application of Funds			
Net Fixed Assets	804,165	Investment	3,403
Net Current Assets	370,423	Miscellaneous Expenditure	-
Accumulated Losses	-		

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

Turnover	1,910,327	Total Expenditure	1,652,687
Profit before tax	257,640	Profit after tax	176,170
Earning per share (Rs)	132.16	Dividend Rate (%)	230.00

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)	40169990
Product description	PUNCH & SPLIT PRODUCT (Made from waste tyres and rubber scrap)

For and on behalf of the Board of Directors

R.V.Gandhi
Vice Chairman & Managing Director

Dr.Peter Philip
Director

G.A.Ghangurde
Vice President & Company Secretary
Place :Mumbai
Date : 12th May, 2011.



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-2011 |
| 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. 154,925 |
| b) For the previous financial year | Rs. 110,069 |
| 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

R.V.Gandhi
Vice Chairman & Managing Director

Dr.Peter Philip
Director

G.A.Ghangurde
Vice President & Company Secretary
Place : Mumbai
Date : 12th May, 2011.



GUJARAT RECLAIM & RUBBER PRODUCTS LIMITED

STATEMENT OF INFORMATION OF SUBSIDIARY COMPANY

Name of the Subsidiary Company	Grip Polymers Ltd
Financial year ended	31.03.2011
	Rs.
Issued subscribed and paid up share capital	500,000
Reserves	2,160,945
Total Assets	2,828,172
Total Liabilities	2,828,172
Details of Investments (except in case of investment in subsidiaries)	
-Equity Shares	85,000
Turnover	308,906
Profit before taxation	200,939
Provision for taxation	60,343
Profit after taxation	140,596
Proposed dividend	Nil



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, 2011 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 Net Secure Private Limited, whose net carrying cost of investment as on 31st March, 2011 is Rs. Nil (refer note no.10(a) 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, 2011. 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, 2011;
 - 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.

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

Place : San Fransisco (USA)
Date : 12th May, 2011.



GUJARAT RECLAIM & RUBBER PRODUCTS LIMITED

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2011

		As At 31.03.2011 (Rs.)	As At 31.03.2010 (Rs.)
I. SOURCES OF FUNDS	SCHEDULE		
(1) Shareholders' Funds:			
(a) Share Capital	I	13,333,330	13,333,330
(b) Reserves and Surplus	II	660,299,862	519,697,425
		673,633,192	533,030,755
(2) Loan Funds:			
(a) Secured Loans	III	360,698,058	225,648,441
(b) Unsecured Loans	IV	43,507,148	17,892,740
		404,205,206	243,541,181
(3) Deferred Tax Liability		100,707,822	89,275,751
(4) Minority Interest		5,319	5,009
Total		1,178,551,539	865,852,696
II. APPLICATION OF FUNDS			
(1) Fixed Assets :			
(a) Gross Block	V	993,031,508	743,103,419
(b) Less: Depreciation		305,800,937	257,544,424
(c) Net Block		687,230,571	485,558,995
(d) Capital Work in Progress		102,927,909	54,668,322
(e) Advances for Capital Expenditure		14,036,606	19,826,515
(2) Investments	VI	1,382,500	1,382,500
(3) Current Assets, Loans and Advances:	VII		
(a) Inventories		151,031,432	123,859,406
(b) Sundry Debtors		309,621,488	278,058,664
(c) Cash and Bank Balances		36,154,075	11,111,299
(d) Loans and Advances		55,494,392	37,042,423
		552,301,387	450,071,792
Less: Current Liabilities and Provisions	VIII		
(a) Current Liabilities		139,788,508	112,278,205
(b) Provisions		39,538,926	33,377,223
		179,327,434	145,655,428
Net Current Assets		372,973,953	304,416,364
Total		1,178,551,539	865,852,696
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
ICAI Firm Registration no. 106473W

Rajesh S. Shah
Partner
Membership no. 17844

Place : San Francisco (USA)
Date : 12th May, 2011.

For and on behalf of the Board of Directors

R.V.Gandhi
Vice Chairman & Managing Director

Dr.Peter Philip
Director

G.A.Ghangurde
Vice President & Company Secretary
Place : Mumbai
Date : 12th May, 2011.



GUJARAT RECLAIM & RUBBER PRODUCTS LIMITED

CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011

		Year ended 31.03.2011 (Rs.)	Year ended 31.03.2010 (Rs.)
(A) INCOME	SCHEDULE		
Sales and Other Income			
Sales (Net)	IX	1,844,639,618	1,406,710,257
Income from Power Generation		5,746,451	1,340,614
Other Income	X	41,294,967	31,776,442
		1,891,681,036	1,439,827,313
Variation in Inventories	XI	18,955,177	(9,087,128)
Total (A)		1,910,636,213	1,430,740,185
(B) EXPENDITURE			
Raw Materials Consumed	XII	852,904,671	642,331,384
Power, Fuel & Water Consumed	XIII	206,953,532	165,345,433
Employees' Cost	XIV	171,356,288	140,967,899
Packing and Forwarding Expenses		227,327,345	118,952,754
Stores & Spare Parts Consumed		23,490,881	21,351,593
Repairs and Maintenance Expenses	XV	15,445,485	17,159,571
Administrative and Other Expenses	XVI	80,268,849	49,051,864
Interest and Financial Charges	XVII	22,980,589	18,481,875
Variation in Excise duty on Stock of Finished Goods		786,424	(304,474)
Total (B)		1,601,514,064	1,173,337,899
Operating Profit (A-B)		309,122,149	257,402,286
Amortisation of Leasehold Land Premium		165,132	73,582
Depreciation		51,116,355	43,544,132
Profit before Taxation		257,840,662	213,784,572
Minority Interest		310	220
Provision for Taxation		70,098,000	71,578,000
Provision for Deferred Tax		11,432,071	4,014,442
Profit after Taxation		176,310,281	138,191,910
Add: Excess Provision of Income-tax of Previous years (Net)		32,159	-
Add: Expenses in Respect of previous years		20,000	-
		176,362,440	138,191,910
Add: Balance as per last Balance Sheet		188,959,823	101,889,329
Profit available for Appropriation		365,322,263	240,081,239
Appropriations :-			
Transfer to General Reserve		30,000,000	20,000,000
Interim dividend		9,333,331	6,666,665
Proposed dividend		21,333,328	19,999,995
Tax on dividend		5,093,344	4,454,756
Balance carried to Balance Sheet		299,562,260	188,959,823
*Earnings per share of Rs 10/- each - Basic		132.27	103.64
Earnings per share of Rs.10/- each- Diluted		132.27	103.64
* Refer Note No.16 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 A.B. Modi & Associates
Chartered Accountants
ICAI Firm Registration no. 106473W

Rajesh S. Shah
Partner
Membership no. 17844

Place : San Fransisco (USA)
Date : 12th May, 2011.

For and on behalf of the Board of Directors

R.V.Gandhi
Vice Chairman & Managing Director

Dr.Peter Philip
Director

G.A.Ghangurde
Vice President & Company Secretary
Place : Mumbai
Date : 12th May, 2011.



GUJARAT RECLAIM & RUBBER PRODUCTS LIMITED

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2011.

	Year ended 31.03.2011 (Rs.)	Year ended 31.03.2010 (Rs.)
A: Cash flow from Operating activities		
Net profit before tax	257,840,662	213,784,572
Adjustments for		
- Depreciation	51,116,355	43,544,132
- (Profit) / Loss on sale of assets (Net)	(461,179)	972,152
- (Profit) / Loss on sale of investments (Net)	-	(1,750)
- Amortisation of leasehold land premium	165,132	73,582
- Amortisation of leasehold land premium (Previous Years)	20,000	-
- Interest (Net)	18,799,851	14,977,477
- Dividend Income	(15,000)	(9,000)
	69,625,159	59,556,593
Operating Profit before working capital changes	327,465,821	273,341,165
Adjustments for		
- Trade and other receivables	(48,078,698)	(41,292,180)
- Inventories	(27,172,026)	(37,252,831)
- Sundry creditors	40,252,550	24,348,238
	(34,998,174)	(54,196,773)
Cash generated from operations	292,467,647	219,144,392
Direct taxes paid	(80,035,315)	(75,949,646)
Net cash from operating activities	212,432,332	143,194,746
B: Cash flow from investing activities		
- Interest received	555,746	912,014
- Dividend Income	15,000	9,000
- Sale proceeds of fixed assets	3,993,389	520,146
- Sale proceeds of investments	-	3,000
- Purchase of fixed assets	(302,682,297)	(183,469,090)
Net cash used in investing activities	(298,118,162)	(182,024,930)
C: Cash flow from financing activities		
- Loans borrowed (Net of repayment)	160,664,025	65,617,210
- Exchange difference on revaluation of Foreign Currency Loans	(1,086,681)	10,020,520
- Interest paid	(19,689,652)	(16,483,479)
- Dividend paid	(29,159,086)	(23,113,235)
Net cash used in financing activities	110,728,606	36,041,016
Net increase / (Decrease) in cash and cash equivalents	25,042,776	(2,789,168)
Cash and cash equivalents at the beginning of the year	11,111,299	13,900,467
Cash and cash equivalents at the closing of the year	36,154,075	11,111,299

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
ICAI Firm Registration no. 106473W

Rajesh S. Shah
Partner
Membership no. 17844

Place : San Fransisco (USA)
Date : 12th May, 2011.

For and on behalf of the Board of Directors

R.V.Gandhi
Vice Chairman & Managing Director

Dr.Peter Philip
Director

G.A.Ghangurde
Vice President & Company Secretary
Place : Mumbai
Date : 12th May, 2011.



GUJARAT RECLAIM & RUBBER PRODUCTS LIMITED

SCHEDULES ANNEXED TO & FORMING PART OF THE CONSOLIDATED BALANCE SHEET

	As At 31.03.2011 (Rs.)	As At 31.03.2010 (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	320,932,249	300,932,249
Add : Transfer from Profit and Loss Account	30,000,000	20,000,000
	350,932,249	320,932,249
Surplus in Profit and Loss Account	299,562,260	188,959,823
Total	660,299,862	519,697,425
SCHEDULE III :		
Secured Loans :		
From Banks :-		
Cash Credit and Bill Discounting	174,546,958	109,930,045
Term Loans	186,151,100	115,718,396
Total	360,698,058	225,648,441
SCHEDULE IV :		
Unsecured Loans :		
(a) Fixed Deposits	13,898,500	11,567,129
(b) From Bank and Others	26,145,862	1,449,370
(c) Deferred payment Liability (Sales Tax Deferment)	3,462,786	4,876,241
Total	43,507,148	17,892,740
SCHEDULE V :		
Fixed Assets :		

Particulars of Assets	At Cost or At Book Value				Less: Depreciation				Net Block	
	Up to 01-04-2010	Additions/ Transfer	Sales/ Transfer	Gross Block As on 31-03-2011	Up to 01-04-2010	Deduction	For the year	As on 31-03-2011	As on 31-03-2011	As on 31-03-2010
Leasehold Land & Roads	25,752,824	20,007,544	-	45,760,368	1,758,953	-	378,451	2,137,404	43,622,964	23,993,871
Buildings	183,131,936	105,412,323	-	288,544,259	21,893,286	-	4,550,519	26,443,805	262,100,454	161,238,650
Plant and Machinery	491,271,734	104,190,809	5,674,144	589,788,399	217,461,061	2,336,602	41,068,899	256,193,358	333,595,041	273,810,673
Furniture & Fixtures	8,609,623	15,125,057	-	23,734,680	2,388,088	-	899,529	3,287,617	20,447,063	6,221,535
Office Equipments	7,931,211	4,305,620	-	12,236,831	1,329,439	-	463,048	1,792,487	10,444,344	6,601,772
Computers	17,090,613	1,815,232	458,800	18,447,045	10,148,817	420,883	2,806,866	12,534,800	5,912,245	6,941,796
Vehicles	9,315,478	5,628,688	424,240	14,519,926	2,564,780	267,489	1,114,175	3,411,466	11,108,460	6,750,698
	743,103,419	256,485,273	6,557,184	993,031,508	257,544,424	3,024,974	51,281,487	305,800,937	687,230,571	485,558,995
Capital Work in Progress										
Roads	-	4,112,492	-	4,112,492	-	-	-	-	4,112,492	-
Buildings	49,744,104	18,851,680	10,352,900	58,242,884	-	-	-	-	58,242,884	49,744,104
Plant & Machinery	4,891,668	40,091,452	4,410,587	40,572,533	-	-	-	-	40,572,533	4,891,668
Preoperative Expenses	32,550	6,635,030	6,667,580	-	-	-	-	-	-	32,550
Total	797,771,741	326,175,927	27,988,251	1,095,959,417	257,544,424	3,024,974	51,281,487	305,800,937	790,158,480	540,227,317
Previous Year	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

- Note :- 1. Depreciation includes amortisation of Lease Hold Land Premium of Rs. 165,132/- (Previous Year Rs. 73,582/-)
2. Addition to fixed assets includes exchange difference of Rs 1,086,681/- (previous year Rs 10,020,520/-) arising on revaluation of foreign currency term loan as per amended AS 11 issued by the Institute of Chartered Accountants of India.
3. Additions during the year and capital work in progress include Rs 4,463,324/- (Previous Year Rs 201,667/-) being borrowing cost capitalised in accordance with the Accounting Standard AS 16 on "Borrowing Cost" issued by the Institute of Chartered Accountants of India.
4. Capital work in progress include Capital stores Rs 3,497,884/- (Previous Year Rs Nil).
5. Vehicles include two cars of the company acquired in the name of Directors and corresponding vehicle loan for one car is included in unsecured loan.



GUJARAT RECLAIM & RUBBER PRODUCTS LIMITED

SCHEDULES ANNEXED TO & FORMING PART OF THE CONSOLIDATED BALANCE SHEET

	As At 31.03.2011 (Rs.)	As At 31.03.2010 (Rs.)
SCHEDULE VI :		
Investments :		
(a) Long Term Investments (At cost)		
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
Unquoted		
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		
Unquoted :		
7 Years National Savings Certificates (Deposited with Central Excise Authority)	7,500	7,500
Total	1,382,500	1,382,500
SCHEDULE VII :		
Current Assets, Loans and Advances :		
Current Assets		
(a) Inventories (Refer Note No. 5(g) of Schedule XVIII)		
Stores, Spares and Packing Materials	10,055,088	7,982,012
Stock in-trade		
Raw Materials(Includes Rubber Scrap, Process oils & Chemicals, and Fuel)	79,338,148	76,651,134
DEPB Licence Stocks (At net realisable value)	11,141,089	7,684,330
Goods-in-process	6,148,552	4,564,485
Finished Goods (includes Goods in transit of Rs 11,197,697/- (Previous year Rs 2,016,655/-))	44,348,555	26,977,445
	151,031,432	123,859,406
(b) Sundry Debtors (Unsecured & considered good)		
Outstanding for more than six months	658,207	1,766,661
Others	308,963,281	276,292,003
	309,621,488	278,058,664
(c) Cash and Bank Balances		
Cash in hand	795,097	438,795
Balance with Scheduled Banks:		
In Current / Cash Credit Accounts	31,094,029	6,491,126
In Deposit Accounts	4,264,949	4,181,378
	36,154,075	11,111,299
(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	19,843,955	20,365,676
- Considered doubtful (Refer Note No. 10(b) of Schedule XVIII)	-	5,100,000
	19,843,955	25,465,676
Less : Provision for doubtful advances	-	5,100,000
	19,843,955	20,365,676
Other Advances and Deposits	18,614,749	13,376,103
Deposit with Central Excise	15,412,376	3,300,644
Advance payment of Income Tax (Refer Note No.11 of Schedule XVIII)	1,623,312	-
	55,494,392	37,042,423
Total	552,301,387	450,071,792



GUJARAT RECLAIM & RUBBER PRODUCTS LIMITED

SCHEDULES ANNEXED TO & FORMING PART OF THE CONSOLIDATED BALANCE SHEET

	As At 31.03.2011 (Rs.)	As At 31.03.2010 (Rs.)
SCHEDULE VIII :		
Current Liabilities and Provisions :		
A) Current Liabilities :		
Sundry Creditors	138,837,990	111,501,927
Unclaimed Dividends	950,518	776,278
Total (A)	139,788,508	112,278,205
B) Provisions :		
Provision for Expenses	14,627,399	6,524,939
Proposed dividend	21,333,328	19,999,995
Tax on Proposed dividend	3,543,199	3,321,750
Current Taxation - Income Tax (Refer Note No.11 of schedule XVIII)	-	3,464,709
Current Taxation - Fringe Benefit Tax (Refer Note No.11 of schedule XVIII)	35,000	65,830
Total (B)	39,538,926	33,377,223
Total (A+B)	179,327,434	145,655,428

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

	Year Ended 31.03.2011 (Rs.)	Year Ended 31.03.2010 (Rs.)
SCHEDULE IX :		
Sales :		
Turnover (Inclusive of excise duty)	1,910,077,095	1,468,281,675
Less: excise duty	60,221,245	50,873,489
Turnover (Net)	1,849,855,850	1,417,408,186
Less: Commission	5,197,497	8,761,452
Discount	18,735	1,936,477
	5,216,232	10,697,929
Total	1,844,639,618	1,406,710,257

SCHEDULE X :		
Other Income :		
Export Incentives	18,725,689	29,189,569
Exchange (Loss) /Profit (net)	20,098,335	(8,451,611)
Interest Received (TDS Rs 37,280/-, Previous year Rs 216,850/-)	889,801	1,506,002
Miscellaneous Income	971,136	10,372,544
Commission Income	133,827	123,090
Dividend Income	15,000	9,000
Profit on Sale Of Assets	461,179	(972,152)
Total	41,294,967	31,776,442

SCHEDULE XI :		
Variation in Inventories :		
Opening Inventories :		
Finished Goods	26,977,445	34,534,185
Goods-in-process	4,564,485	6,094,873
	31,541,930	40,629,058
Closing Inventories :		
Finished Goods	44,348,555	26,977,445
Goods-in-process	6,148,552	4,564,485
	50,497,107	31,541,930
Total	18,955,177	(9,087,128)



GUJARAT RECLAIM & RUBBER PRODUCTS LIMITED

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

	Year Ended 31.03.2011 (Rs.)	Year Ended 31.03.2010 (Rs.)
SCHEDULE XII :		
Raw Materials Consumed :		
Opening Inventories	76,132,747	28,968,886
Add : Purchases (Refer Note No.8(b) of Schedule XVIII)	854,868,998	689,495,245
	931,001,745	718,464,131
Closing Inventories	78,097,074	76,132,747
Total	852,904,671	642,331,384
SCHEDULE XIII :		
Power, Fuel & Water Consumed :		
Power	173,677,277	140,498,923
Fuel	31,281,030	23,138,663
Water	1,995,225	1,707,847
Total	206,953,532	165,345,433
SCHEDULE XIV :		
Employees' Cost :		
Salaries, Wages and Bonus	129,683,427	105,328,627
Contribution to Provident Fund and Other Funds	13,164,213	11,741,034
Welfare and Other Benefits	28,508,648	23,898,238
Total	171,356,288	140,967,899
SCHEDULE XV :		
Repairs and Maintenance Expenses :		
Plant & Machinery	9,240,897	10,652,387
Buildings	1,035,869	628,477
Other Assets	4,564,553	5,747,121
Wind Mill Expenses	604,166	131,586
Total	15,445,485	17,159,571
SCHEDULE XVI :		
Administrative and Other Expenses :		
Insurance	946,780	760,790
Vehicles Expenses	2,492,830	1,911,813
Printing and Stationery	1,337,895	1,528,085
Advertisements	1,683,790	1,291,560
Rent, Lease Rent and Other Charges	1,485,376	1,745,058
Travelling and Conveyance	7,958,135	7,567,570
Postage, Telegram and Telephones	2,771,359	2,620,161
Retainer Fees, Legal Fees, Professional Charges	28,014,082	4,741,924
Provision / Write off for doubtful debt, loans & advances	2,219,613	5,100,000
Auditors' Remuneration :		
- As Auditors	327,757	327,757
- As Tax Auditors'	100,000	100,000
- For Taxation Matter	88,861	63,011
	516,618	490,768
Board Meeting Fees	336,000	380,000
Managerial Remuneration:		
- Remuneration including Perks	13,787,878	10,123,299
- Contribution to Provident and Pension Funds	1,007,724	821,166
	14,795,602	10,944,465
Other Expenses (Refer Note No. 8(b) of Schedule XVIII)	15,710,769	9,969,670
Total	80,268,849	49,051,864
SCHEDULE XVII :		
Interest and Financial Charges :		
Interest including interest to Banks	19,689,652	16,483,479
Financial Charges	3,290,937	1,998,396
Total	22,980,589	18,481,875



GUJARAT RECLAIM & RUBBER PRODUCTS LIMITED

NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2011

SCHEDULE XVIII

- 1 The financial statement of Gujarat Reclaim and Rubber Products Ltd. (the Company), its Subsidiary company and Associate have been prepared in compliance with the mandatory Accounting Standards notified by the Companies (Accounting Standards) Rules, 2006.

Companies considered in the consolidated financial statements are:

<u>Name of the Company</u>	<u>Country of Incorporation</u>	<u>Proportion of Ownership Interest</u>
Grip Polymers Limited (Subsidiary)	India	99.80%
Alphanso Net Secure Pvt Ltd. (Associate)	India	46.00%

- 2 Basis of preparation of financial statements :

- (i) Gujarat Reclaim & Rubber Products Ltd has prepared consolidated financial statements by consolidating its accounts with its subsidiary as on 31st March 2011, in accordance with Accounting Standard 21 (Consolidated financial statement), Accounting Standard 23 (Accounting for investment in Associate in Consolidated financial statements) issued by the Institute of Chartered Accountants of India.
- (ii) 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 statments.

- 4 Principles of consolidation :

- (i) 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.
- (ii) The financial statements of the parent company & its subsidiary have been consolidated using uniform accounting policies for like transactions & other events in similar circumstances.
- (iii) 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.
- (iv) 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 :**

- (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:

- (1) In respect of assets acquired prior to 02-04-1987, at the rates prevailing at that time.
- (2) 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).
- (3) The depreciation on certain temporary structures (Building) has been provided @100%.
- (4) Certain Plant & machinery have been considered as continuous process plant on the basis of technical assessment and depreciation on the same is provided for accordingly.



GUJARAT RECLAIM & RUBBER PRODUCTS LIMITED

NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2011

SCHEDULE XVIII

(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 :

(i) Domestic Sales are recognised at despatch of goods from factory and Export Sales on the basis of date of bill of lading. Sales are recorded net of discount, rebates, Sales tax, excise duty and sales return.

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

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

(iv) Export Incentives are accounted on wherever there is certainty of receipt of the same.

(v) 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 in line with notification dated 31.03.2009 issued by Ministry of Corporate Affairs.

(j) Employees Benefits :

Expenses and Liabilities in respect of Employees benefits are recorded in accordance with the Revised Accounting Standard (AS-15) - Employee Benefits (revised 2005) issued by ICAI.

(i) Provident Fund

The company makes contribution to statutory provident fund in accordance with the Employees Provident Fund & Miscellaneous Provisions Act, 1952 which is a defined contribution plan & contribution paid or payable is recognised as an expense in the period in which services are rendered by the employee.

(ii) Gratuity

Gratuity liability is covered under the Gratuity cum Insurance policy of Life Insurance Corporation of India by GRRPL Employees' Gratuity Fund. The present value of the obligation is determined based on an actuarial valuation, using the Projected Unit Credit Method. Actuarial gain and losses arising on such valuation are recognised immediately in the Profit & Loss account. The amount funded by the Trust administered by the Company under the aforesaid policy, is reduced from the gross obligation under the defined benefit plan, to recognise the obligation on a net basis.



GUJARAT RECLAIM & RUBBER PRODUCTS LIMITED

NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2011

SCHEDULE XVIII

(iii) Leave Encashment

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

(iv) Superannuation

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

(v) Short Term Benefits

Expense in respect of other short term benefits is recognised on the basis of the amount paid or payable for the period during which services are rendered by the employee.

	As at 31.03.2011 Rs.	As at 31.03.2010 Rs.
6 Contingent liabilities :		
(a) Guarantees by Banks not provided for (Net)	12,773,312	11,389,125
(b) Claims against the company (Including Sales tax, Excise duty, etc.) not acknowledged as debts		
- Maharashtra Sales Tax	51,956	51,956
- Excise Duty	12,029,580	3,608,611
- Income Tax liability	9,500,606	4,530,610
7 Estimated amount of contracts remaining to be executed on capital account.	104,864,790	9,107,385
8 (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.2,650,000/- (Previous year Rs.5,100,000/-) to an associate concern.		
(b) Administrative and other expenses include Professional fee paid of Rs.10,869,331/- (Previous year Rs.Nil) for compliance with REACH norms as laid down by the European Union and made compulsory for export of goods to European countries and Auditor's out of pocket expenses Rs.15,491/- (Previous year Rs. 16,188/-) , Raw Materials Purchases include incidental expenses of Rs.4,855,723/- (Previous year Rs.2,903,611/-), Expenses debited to Profit & Loss account include prior period expenses Rs.1,042,476/- (Previous year Rs.812,598/-).		
Miscellaneous Income include refund of Electricity Duty of Rs.Nil (previous year Rs.9,445,064/-)		
(c) Finished Goods stock include excise duty of Rs.3,052,000/- (Previous year Rs. 2,265,576/-)		
9 The Disclosure as required as per the revised AS 15 is set out in note B.10 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.		
10 (a) 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 Limited. As per audited Balance Sheet for the year ended 31st March, 2011, 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.		
(b) During the year, a loan given to M/s Alphanso Netsecure Pvt Ltd., an associate company of Rs 5,100,000/- has been written off as not recoverable. This amount was provided for by way of doubtful loan in previous year.		
11 Current taxation in Loans & Advances represents payments in excess of provision of Rs.293,186,000/- (Previous year Rs.Nil) Current taxation in Provisions represents provision in excess of advance payment of taxes of Rs. Nil (Previous year Rs 219,527,768/-) and current FBT in provision represents provision in excess of advance payment of Rs 965,000/- (Previous year Rs 2,559,170/-)		
12 The company has opted for Companies (Accounting Standards) Amendment Rules 2009 on Accounting Standard 11 (AS 11), as notified by the Ministry of Corporate Affairs on 31st March, 2009, for accounting of exchange differences arising from revaluation of long term foreign currency loans.		
	31.03.2011 Rs.	31.03.2010 Rs.
13 Deferred Taxes :		
(a) Deferred Tax Liability		
Depreciation	104,221,101	90,648,199
(b) Deferred Tax Asset		
Provision for employee benefit	3,513,279	1,372,448
Total	100,707,822	89,275,751



GUJARAT RECLAIM & RUBBER PRODUCTS LIMITED

NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2011

SCHEDULE XVIII

14 Related parties disclosure :

(a) Names of the related parties :

- | | |
|---|--|
| (i) Associate Concern | Alphanso Netsecure Pvt Limited
(46% of total shareholdings held by the company) |
| (ii) Directors of the company :- | |
| (a) Key Management Personnel | Rajendra V.Gandhi, Vice Chairman & 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, Nikhil M. Desai and Rajeev Pandia |
| (iii) 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, Nehal Trust |
| (iv) Enterprises owned or significantly influenced by Key Management Personnel or their relatives | (a) Enarjee Investments Pvt. Ltd.
R.V.Gandhi (Vice Chairman & 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 |

	31.03.2011 Rs.	31.03.2010 Rs.
(b) Transactions with related parties:		
(i) Associate Concern :		
Alphanso Netsecure Private Limited		
Equity Investment	2,005,600	2,005,600
Outstanding Loan Receivable	2,650,000	5,100,000
Purchase of Goods & Services	81,640	844,635
Doubtful loans written off	5,100,000	-
(ii) Vice Chairman & Managing Director :		
Remuneration paid	10,642,568	8,329,535
Dividend paid	409,200	325,500
(iii) Remuneration to Directors	4,153,034	2,614,930
Sitting Fees to Directors	336,000	380,000
Dividend to Directors	3,618,360	2,980,513
(iv) Relatives of Key Management Personnel :		
Remuneration paid	-	775,681
Dividend	2,937,316	2,325,365
Professional fees *	40,000	60,000
Interest paid	705,446	450,598
Deposits taken	650,000	2,775,000
Outstanding deposits payable	5,700,000	5,050,000
* restated on account of reversal of provision		
(v) Enterprises owned or significantly influenced by Key Management Personnel or their relatives :		
(a) Enarjee Investments Pvt. Ltd. :		
Interest paid	389,999	314,794
Dividend	1,898,622	1,511,518
Outstanding deposit payable	2,600,000	2,600,000
(b) Industrial Development & Investment Co. Pvt. Ltd.		
Rent paid	52,944	52,944
Dividend	308,000	245,000
Outstanding deposit receivable (Security for Premises)	1,575,000	1,575,000
(c) Ghatkopar Estate & Finance Corporation Pvt Ltd.		
Dividend	293,326	233,328



GUJARAT RECLAIM & RUBBER PRODUCTS LIMITED

NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2011

SCHEDULE XVIII

15 Segment Reporting :

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

	Current Year	Previous Year
1 Segment Revenue		
a) Reclaim Rubber (Net of Excise Duty) *	1,852,574,174	1,435,899,826
b) Power	5,746,451	1,340,614
c) Others	10,791,132	-
Net Segment Revenue	1,869,111,758	1,437,240,440
2 Segment Results Profit(+) / Loss(-) before Tax and interest from each segment		
a) Reclaim Rubber	355,866,457	264,734,297
b) Power	1,961,783	640,967
c) Others	(7,627,899)	158,107
Sub Total	350,200,342	265,533,371
Less: Interest, Un-allocable expenditure & Depreciation (net of Un-allocable Income)	92,359,680	51,748,799
Profit Before Tax	257,840,662	213,784,572
Provision for Taxation		
Income Tax	70,098,000	71,578,000
Deferred Tax	11,432,071	4,014,442
Fringe Benenfit Tax	-	-
Profit After Tax	176,310,591	138,192,130
3 Other Information		
I. Segment Assets		
a) Reclaim Rubber	837,475,914	837,827,319
b) Power	31,644,420	34,608,141
c) Others	14,848,314	-
d) Un-allocated Assets	473,910,325	139,072,664
Total :	1,357,878,973	1,011,508,124
II. Segment Liabilities		
a) Reclaim Rubber	161,733,617	104,926,463
b) Power	181,441	336,226
c) Others	3,953,269	-
d) Un-allocated Assets	13,459,107	40,392,739
Total :	179,327,434	145,655,428
III. Capital Expenditure (Including Capital Work in Progress)		
a) Reclaim Rubber	162,599,977	45,652,753
b) Power	(81,666)	34,646,040
c) Others	624,713	-
d) Un-allocated Assets	45,082,662	-
Total :	208,225,686	80,298,793
IV. Depreciation		
a) Reclaim Rubber	47,849,328	42,263,866
b) Power	2,425,719	606,046
c) Others	3,070	-
d) Un-allocated Assets	1,003,370	747,802
Total :	51,281,487	43,617,714
V. Non Cash Expenditure other than Depreciation		
a) Reclaim Rubber	2,219,613	-
b) Power	-	-
c) Others	-	-
d) Un-allocated Assets	-	5,100,000
Total :	2,219,613	5,100,000

* Segment revenue includes Export Incentives of Rs 18,725,689/- (previous year Rs 29,189,569/-).



GUJARAT RECLAIM & RUBBER PRODUCTS LIMITED

NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2011

SCHEDULE XVIII

Information about Secondary Segments

i) Revenue & Sundry Debtors as per Geographical Markets

Particulars	Revenue		Sundry Debtor	
	2010-11	2009-10	2010-11	2009-10
India	592,984,958	617,162,892	137,505,472	138,605,441
Outside India	1,256,870,892	801,585,908	172,116,016	139,375,749
Total	1,849,855,850	1,418,748,800	309,621,488	278,058,664

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

	31.03.2011	31.03.2010
	Rs.	Rs.
16 Earnings per share :		
- Net Profit after tax for the year	176,310,281	138,191,910
- Excess Provision for tax for earlier years	52,159	-
- Net Profit attributable to Equity Shareholders	176,362,440	138,191,910
- Number of equity shares of Rs.10/- each.	1,333,333	1,333,333
- Earnings per share - Basic	132.27	103.64
- Earnings per share -Diluted	132.27	103.64

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
ICAI Firm Registration no. 106473W

Rajesh S. Shah
Partner
Membership no. 17844

Place : San Fransisco (USA)
Date : 12th May, 2011.

For and on behalf of the Board of Directors

R.V.Gandhi
Vice Chairman & Managing Director

Dr.Peter Philip
Director

G.A.Ghangurde
Vice President & Company Secretary
Place : Mumbai
Date : 12th May, 2011.



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 Seventh Annual General

Meeting of the Company to be held on Thursday 25th August, 2011 and / or at any adjournment thereof.

As witness my / our hand(s) this _____ day of _____ 2011.

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.

Tear Here

[illegible]

[illegible]



GUJARAT RECLAIM & RUBBER PRODUCTS LIMITED

Head Office : 510, `A' Wing, Kohinoor City Commercial I,
Kior Road, Off.L.B.S. Marg, Kurla (W), Mumbai – 400 070.
Website : www.gujaratreclaim.com