



GUJARAT RECLAIM & RUBBER PRODUCTS LIMITED
ANNUAL REPORT
2008-2009



GUJARAT RECLAIM & RUBBER PRODUCTS LIMITED

Significant Financial indicators for last five years

(Rs.lacs)

	Year Ended 31st March				
	2005	2006	2007	2008	2009
Total Income	4,549	6,041	8,802	10,991	13,395
Operating Profit	834	1,073	1,834	1,754	2,489
Profit after tax	410	583	986	912	1,354
Net Worth	1,179	1,610	2,387	3121	4257
Borrowed funds	775	960	1,929	2,376	1,779
Fixed Assets (Net)	1,157	1,506	3,255	3,721	3,810
Net Current Assets	929	855	1,755	2,457	2,538
Book value per share (Rs.)	88	121	179	234	319
Earning per share (Rs.)	30.53	43.72	73.97	71.32	101.33
Dividend (%)	65	100	135	135	175
Ratios:					
Debt Equity	0.39	0.21	0.57	0.49	0.28
Operating profit to sales	19%	18%	21%	16%	19%
Interest coverage	13	13	19	12	15



GUJARAT RECLAIM & RUBBER PRODUCTS LIMITED

Regd. Office : Plot No. 8, G.I.D.C. Estate, Ankleshwar - 393002

Dist. Bharuch (Gujarat)

E-mail: admin@grrpl.com • Web Site : www.gujaratreclaim.com

BOARD OF DIRECTORS

Kandathil M. Philip, Chairman

Rajendra V. Gandhi, Managing Director

Mahesh V. Gandhi

Dr. Peter Philip

Bhagwandas T. Doshi

Atul S. Desai

Nikhil M. Desai

Harsh R. Gandhi, Executive Director
(w.e.f. 16th June, 2009)

AUDITORS

A.B.Modi & Associates
Chartered Accountants
Mumbai

BANKERS

HDFC Bank Ltd.

WORKS

Ankleshwar, Panoli (Gujarat) &
Solapur (Maharashtra)

HEAD OFFICE

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

SHARES LISTED ON

Bombay Stock Exchange Ltd.
Listing fees paid for the year 2009-2010

REGISTRAR & TRANSFER AGENTS

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

ISIN No.

INE 137101015



GUJARAT RECLAIM & RUBBER PRODUCTS LIMITED

Directors' Report to the Members,

Your Directors are pleased to present the **THIRTYFIFTH ANNUAL REPORT & AUDITED ACCOUNTS** for the year ended **31st March, 2009**.

FINANCIAL RESULTS	Year ended 31 st March	
	2009	2008
	(Rs. Lacs)	(Rs. Lacs)
Sales & Other Income	13321.89	10985.83
Profit before depreciation & tax	2489.16	1754.19
Depreciation	395.97	345.35
Impairment of Assets written off	1.54	0.26
Profit before tax	2091.65	1408.58
Provision for tax	720.25	305.12
Deferred tax expenditure	7.37	182.63
Provision for Fringe Benefit tax	10.00	9.25
Profit after tax for the year	1354.03	911.58
(Short) / Excess Provision of income tax (net)	(3.00)	39.30
Brought forward profit	1977.17	1736.88
Amount available for appropriation	3328.20	2687.76

Out of which the following appropriations have been made :

FINANCIAL RESULTS	Year ended 31 st March	
	2009	2008
	(Rs. Lacs)	(Rs. Lacs)
Transfer to General Reserve	2026.79	500.00
Interim Dividend	66.67	66.67
Proposed Dividend	166.67	113.33
Tax on dividend	39.65	30.59
Balance carried to Balance Sheet	1028.42	1977.17
	3328.20	2687.76

DIVIDEND

An interim dividend of 50% for the year has been paid in February, 2009. Based on performance of the Company for the year under report, the board recommends a final dividend of 125% for the year ended 31st March, 2009. With this, the total dividend for the year ended 31st March, 2009 shall be 175% (last year 135%), absorbing a sum of Rs.233.34 lacs.

CURRENT PERFORMANCE AND FUTURE OUTLOOK

Turnover (net) of your Company grew by 18% closing the year at Rs.12,930 lacs against Rs.10,918 lacs of the previous year.

Profit after tax increased by 48% from Rs.912 lacs in previous year to Rs.1,354 lacs in current year.

The export presence of the company continue to grow with exports contributing to 56% share in the total sale value. In recognition of its export efforts, company has continued to receive during the year awards from export promotion council and trade association.

During the year under review, your Company experienced one of the most volatile raw material price regimes. There was growing pressure on availability of rubber raw material at economical prices because of growing competition from existing and new reclaimed rubber manufacturers and also because of its alternate use as fuel.

However, the major challenge came in the later part of the year by way of weakening of export demand with key global customers postponing their purchases due to global economic slowdown. Due to this, the operating results for the quarter January to March 2009 were adversely affected. The challenges due to this slowdown will continually be dealt with through proactive efforts to improve purchase and process efficiencies, aggressive marketing of the finished products and climbing up the value chain, wherever possible. Company will make its best efforts to improve the market share with sustained efforts to further nurture and build up strategic and long relationship with its wide customer and supplier base. With this, the operating performance during the current fiscal year 2009-10 is expected to show recovery.



GUJARAT RECLAIM & RUBBER PRODUCTS LIMITED

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

Clause 49 of the listing agreement with Bombay Stock Exchange Ltd. In respect of Corporate Governance became applicable to the Company from financial year 2008-09. The Company has taken adequate steps to comply with the various requirements of the Corporate Governance.

SUBSIDIARY AND ASSOCIATE

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

Your Company holds 46% of the equity share capital of Alphanso 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 31 03 2009.

INSURANCE

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

MANAGEMENT DISCUSSION AND ANALYSIS AND CORPORATE GOVERNANCE

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

DIRECTORS

Mahesh V. Gandhi and Nikhil M. Desai, directors of the Company retire by rotation and being eligible offer themselves for reappointment.

The Board of Directors has appointed Harsh R. Gandhi as an Additional Director with effect from 16th June, 2009. Pursuant to Section 260 of the Companies Act, 1956, he will hold office up to the ensuing 35th Annual General Meeting of the Company. Company has received a notice in writing pursuant to Section 257 of the Companies Act, 1956 from a member proposing to appoint Harsh R. Gandhi as a Director of the company. Harsh R. Gandhi, who is a bachelor of Science in Management from Purdue University, USA, has experience of about eight years with the company in the key areas of market promotion, purchase, business development and corporate services. Company has received declaration from Harsh R. Gandhi confirming that he is not disqualified to be appointed as director of the company under Section 274 of the Companies act, 1956. Your Board of Directors is of the opinion that appointment of Harsh R. Gandhi as a Director will be in the interest of the company and therefore recommends the appointment. The Board of Directors at its meeting held on 16th June, 2009, has also approved the terms of remuneration of said Harsh R. Gandhi, as Executive Director of the Company for a period of three years from 16th June, 2009.

DIRECTORS' RESPONSIBILITY STATEMENT

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

- a) In the preparation of the annual accounts, the applicable accounting standards have been followed and there has been no material departure,
- b) The selected accounting policies were applied consistently and Directors made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company as at 31st March, 2009 and the profit and loss account of the company for the year ended on that date,
- c) The proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities,
- d) The annual accounts have been prepared on a going concern basis.

AUDITORS

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

PARTICULARS OF EMPLOYEES

As required by the provisions of Section 217 (2A) of the Companies Act, 1956, read with Companies 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



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the Company Secretary at the Registered office of the Company.

TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS & OUTGO

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

1. Technology Absorption : Research & Development

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

2. Foreign Exchange Earnings & Outgo

	<u>Rs. Lacs</u>
Earnings in foreign exchange towards export of goods	7362.16
Foreign exchange outgo on account of imports, commission on exports and other expenses	624.99

APPRECIATION

Your Directors place on record their appreciation for the valuable contribution made by our employees which made it possible for the Company to achieve these results. Cordial and harmonious employee relations prevailed throughout the year under review. Directors are also thankful to the customers, suppliers, bankers, various Government Departments and shareholders for their support and encouragement.

Place : Mumbai
Date : 16th June, 2009

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



MANAGEMENT DISCUSSION AND ANALYSIS REPORT

1. Industry Structure and development

Over the last 2 years there has been a gradual shift of rubber products manufacture from Europe and USA to Asia, Latin America and Eastern Europe. However the major shift is to Asia mainly China and India. The overall growth of rubber consumption in Asia is expected to grow by 3% to 9% as against the negative growth of -9% to -12% in Europe and USA as compared to the base year consumption of total rubber (Source IRSG study 2009). We have been consciously trying to increase our market in Asian and Latin American countries, which include tire and non tire sectors.

The rubber industry in India has been growing steadily due to improved production of passenger vehicles and industrial rubber goods. The rubber industry growth has been about 9 % during the last few years and is expected to grow at approximately 6% to 9% annually during the next few years considering the base year as 2008.

2. Opportunities and Threats

Identification and evaluation of opportunities and acting upon them is a perpetual process within the Company. Similarly, the management is also constantly monitoring the potential threats and taking necessary actions to mitigate the impact of any adversities.

The significant opportunities as identified by the management are :

Reclaim rubber as an ingredient of rubber compound is having better price stability as compared to new rubber (natural and synthetic). The price volatility of natural rubber is because of its growth limitations supported by political impact, while that of synthetic rubber is because of its origin in crude oil. This has induced all major rubber goods manufacturers to look at a viable cost effective substitute for new rubber and reclaim rubber fits this requirement on all accounts, including technical suitability and cost effectiveness.

The threats perceived by the Company which are being closely monitored and suitably dealt with are :

Growing pressure on availability of rubber raw material at economical prices, because of growing competition from existing and new reclaimed rubber manufacturers and also because of its alternate use as fuel.

Continuing economic slow down with its adverse impact on demand for new vehicle resulting in corresponding reduction in the consumption of rubber products used in new vehicles.

3. Segment wise or Product wise performance.

Since company is primarily into the business of reclaim rubber there are no different segments to report.

4. Outlook

India is in a very strategic position vis a vis reclaim rubber as due to our poor road condition and underdeveloped infrastructure, there has been very low change over from the cross ply tires to radial tires. Majority of commercial vehicles and buses are still running on cross ply tires which is a major positive factor for the reclaim rubber industry. These cross ply tires have natural rubber as a basic polymer with the ratio of natural rubber to synthetic rubber at 70 to 30.

The higher natural rubber presence in Indian tires gives much better processing properties to reclaim rubber made from such tires, as compared to the reclaim rubber made in other countries from used road worn out radial tires.

5. Risk management

Your Company has plans to safeguard itself from various risks, by taking adequate and timely actions by prioritising the risks, closely monitoring the likelihood of occurrence and the probable impact on the business, while reviewing the current control measures periodically.

Some of the key risks perceived and perpetually monitored by the Company are as follows:

1. Volatility in prices of key raw materials.
2. Exchange fluctuation.
3. Pollution control.

6. Internal control system and their adequacy

All the major business processes of the company are currently run on SAP, the latest in ERP. The company has an adequate internal control system in place commensurate with the size and nature of its business. The internal control system ensures that all the assets of the company are safeguarded from loss, damage or



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disposition. Checks and controls are in place to ensure that transactions are adequately authorised and recorded and that they are reported correctly. The internal control system is supplemented by an extensive programme of internal audit by independent firms of Chartered Accountants.

The internal auditors periodically interact with the audit committee of the board of directors to discuss the terms of reference and the frequency of the audit, significant audit observations and their disposals and remedies, if any.

7. Discussion on financial performance with respect to operational performance

During the financial year 2008-09, the company witnessed a revenue growth of 21% and production growth of 1.8% over the previous year. The increase in profit after tax by about 48% is mainly due to better sales realisation in exports market as a result of favourable foreign currency movement in first half of the year, realisation of export benefits, profit on sale of raw material and exchange fluctuation benefit as per AS 11 issued by the Institute of Chartered Accountants of India. The raw material price increased by about 12% as compared to previous year.

8. Corporate Social Responsibility

Following activities pursued by the Company during the year at Navidivi village of Bharuch District in Gujarat, shows its commitment for upliftment of the society:

- Inter school sports competition
- Science fair for school children
- Swachhata Abhiyan rally with school children
- Cooking classes for women to enable them to start their own cooking business
- Anti tobacco/ Anti liquor awareness program through exhibition and distribution of booklets
- Tree plantations
- Manavgarima Yojana to provide loans to needy persons to make them self reliant
- Health awareness program for pregnant women with the help from Seva Rural (NGO)
- Embroidery classes for women

9. Human resources and industrial relations

There has been cordial and harmonious industrial relations during the year and the management received full co-operation from all the employees. Long term wage settlement with workers' union of Ankleshwar and Solapur plant has been completed.

The workmen actively participated in several small group activities to identify and implement efficiency improvement programmes wherein they demonstrated self initiative and sense of ownership.

Cautionary Statement

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

Place : Mumbai
Date : 16th June, 2009

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



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REPORT ON CORPORATE GOVERNANCE

1. Company Philosophy on Corporate Governance

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

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

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

2. Board of Directors

A. Composition

The composition of the Board of directors of the company is in conformity with Clause 49 of the Listing Agreement. As on March 31, 2009, the Board of Directors comprised of one non executive independent director as Chairman, one promoter Managing Director, 3 non executive independent Directors and 2 non executive non Independent Directors. 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, 2009 is as under:

Name of the Director & Designation	No. of Board Meetings Attended	Attendance at Last AGM on 30.07.2008	No. of other Boards or Board Committee of which Member / Chairman	No. of Committees		Executive / Non Executive Independent
				Member	Chairman	
Kandathil M. Philip Chairman	3	Absent	4	1	1	Non Executive & Independent
Rajendra V. Gandhi Managing Director	4	Present	6	8	3	Executive (Promoter)
Mahesh V. Gandhi	4	Present	3	2	-	Non Executive (Promoter Group)
Dr. Peter Philip	2	Present	8	3	1	Non Executive & Independent
Bhagwandas T. Doshi	4	Absent	3	2	1	Non Executive & Independent
Atul S. Desai	4	Present	1	2	1	Non Executive & Independent
Nikhil M. Desai	3	Present	1	1	-	Non Executive (Promoter Group)



GUJARAT RECLAIM & RUBBER PRODUCTS LIMITED

C) Board Meetings

Four board meetings were held during the financial year ended 31st March, 2009, viz. on 17th May, 2008, 29th July, 2008, 24th October, 2008 and 27th January, 2009.

3. Audit Committee

i) Brief description of terms of reference:

1. Overseeing financial reporting process to ensure that the disclosure of financial information in the financial statement is correct, adequate & credible.
2. Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the Statutory Auditor and the fixation of audit fees.
3. Approval of payment to Statutory Auditors for any other services rendered by them.
4. Reviewing, with the Management, the annual financial statements before submission to the Board for approval, with particular reference to:
 - a) Matters required to be included in the Director's Responsibility Statement to be included in the Board's Report in terms of clause (2AA) of Section 217 of the Companies Act, 1956;
 - b) Changes, if any, in accounting policies and practices and reasons for the same;
 - c) Major accounting entries involving estimates based on the exercise of judgment by Management;
 - d) Significant adjustments made in the financial statements arising out of audit findings;
 - e) Compliance with listing and other legal requirements relating to financial statements;
 - f) Disclosure of any related party transaction;
 - g) Qualifications in the draft audit report.
5. Reviewing, with the Management, the quarterly financial statements before submission to the Board for approval.
6. Reviewing, with the management, the statement of uses / application of funds raised through an issue (Public issue, right issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or right issue, and making appropriate recommendations to the Board to take up steps in this matter.
7. Reviewing, with the Management, performance of Statutory and Internal Auditors, adequacy of the internal control system.
8. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
9. Discussion with Internal Auditors, any significant findings and follow up thereon.
10. Reviewing the findings of any internal investigations by the Internal Auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
11. Discussion with Statutory Auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
12. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.

ii) Composition, name of members and Chairperson

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



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iii) Meetings and Attendance during the year

This being the first year of implementation of Corporate Governance the Audit Committee met three times during the financial year 2008-09, on 29th July 2008, 24th October 2008, and on 27th January, 2009

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

Name of the Director	No. of meetings attended
Dr. Peter Philip	2
Bhagwandas T. Doshi	3
Atul S. Desai	2
Rajendra V. Gandhi	3

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 22.01.2009
Kandathil M. Philip	Non Executive Independent	Chairman	Present
Dr. Peter Philip	Non Executive Independent	Member	Present
Bhagwandas T. Doshi	Non Executive Independent	Member	Present

iii) Remuneration Policy

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

iv) Details of Remuneration paid to the Managing Director for the year ended 31st March 2009.

Total remuneration paid to the Managing Director during the financial year 2008-09 was as under :

Name	Salary Rs.	Commission Rs.	Contribution to Provident and Pension Fund Rs.
Rajendra V. Gandhi	4,813,513/-	2,180,221/-	648,000/-

- 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 2008-09, 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	34,000/-
2	Maresh V. Gandhi	88,000/-
3	Dr. Peter Philip	32,000/-
4	Bhagwandas T. Doshi	56,000/-
5	Atul S. Desai.	96,000/-
6	Nikhil M. Desai	30,000/-



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5. Share Transfer and Investors' Grievance Redressal Committee

i) Composition and name of members of the Committee :

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

ii) Name & Designation of Compliance Officer :

Ganesh A. Ghangurde, Vice President & Company Secretary.

iii) A Statement of various complaints received and cleared by the Company during the year ended on 31st March, 2009 is given below :

Nature of Complaints	Received	Cleared	Pending
Non Receipt of shares sent for transfer	2	2	Nil
Non Receipt of final dividend	2	2	Nil

6. General Body Meetings

Financial Year Ended	Date	Time	Venue	Details of special Resolutions
31 st March, 2006	18 th August, 2006	3.00 PM	Plot No.8, GIDC Estate, Ankleshwar, Dist. Bharuch, Gujarat 393002	No special resolution passed.
31 st March, 2007	24 th August, 2007	3.00 PM		i) Revision in remuneration of Rajendra V. Gandhi ii) Revision in remuneration of Harsh R. Gandhi son of Rajendra V. Gandhi.
31 st March, 2008	30 th July, 2008	2.30 PM		No special resolution passed

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

- i) During the year under review, besides the transactions reported elsewhere in the Annual Report, there were no other related party transactions with the promoters, directors and management that had a potential conflict with the interest of the Company at large.

All the transactions with related parties are periodically placed before the Audit Committee. The Register of Contracts detailing transactions in which Directors are interested is placed before the Board at every meeting for its approval. Transactions with related parties, as per requirements of Accounting Standard 18, are disclosed in Schedule XVIII, Note No.12 to the Accounts in the Annual report and they are not in conflict with the interest of the Company at large.

- ii) 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.
- iii) 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.
- iv) The company has complied with the mandatory requirements regarding the Board of Directors, Audit Committee and other Board committees and other disclosures as required under the provisions of the revised Clause 49 of the Listing agreement effective 1st January, 2006. The company has not adopted non-mandatory requirements of Clause 49 of Listing Agreement.



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

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

8. Means of Communication

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

9. General shareholder information :

i. Annual General Meeting

Day, date and time	8 th September, 2009 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 1st September, 2009 to 8th September, 2009 (both days inclusive)

iv. Dividend payment date

Date of payment of Interim Dividend for the financial year 2008-09 :

20th February 2009.

Date of payment of final dividend for the financial year 2008-09: on or after 8th September, 2009.

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.

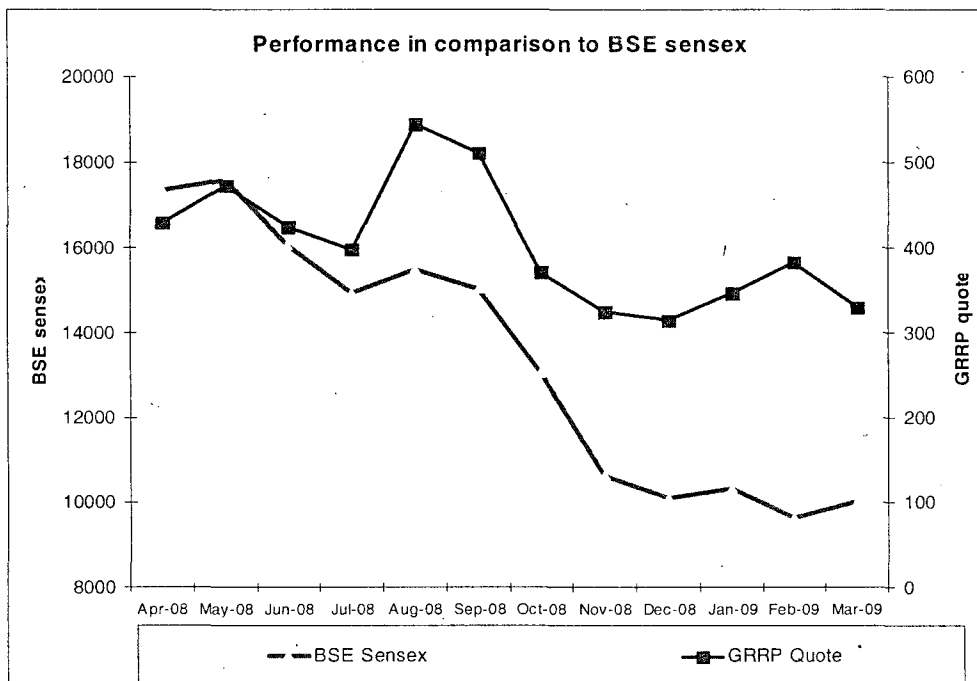
Monthly Share Price data of the Company's equity shares of Rs.10/- each fully paid up, traded on Bombay Stock Exchange for the year ended 31st March, 2009.

Month	Highest	Lowest
	Rate Rs.	Rate Rs.
April 2008	430.00	399.95
May 2008	473.95	408.60
June 2008	425.50	343.95
July 2008	399.00	334.45
August 2008	545.00	417.00
September 2008	511.15	380.05
October 2008	372.05	294.55
November 2008	325.00	300.00
December 2008	315.00	275.55
January 2009	347.25	288.85
February 2009	382.80	301.20
March 2009	330.00	288.00



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viii. Performance in comparison to BSE



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

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

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

E-mail : gamare@mondkarcomputers.com

x. Share Transfer System

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

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

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

xi. (1) Distribution of Share Holding as on 31st March, 2009

Shareholding of nominal value Rs.		Share holders		Shareholding		Share Amount	
From	To	Number	%	Holding	% to total	Rs.	% to total
1	5000	826	78.14	113734	8.53	1137340	8.53
5001	10000	85	8.04	63466	4.76	634660	4.76
10001	20000	47	4.45	70332	5.27	703320	5.27
20001	30000	19	1.80	52000	3.90	520000	3.90
30001	40000	13	1.23	48228	3.62	482280	3.62
40001	50000	9	0.85	43300	3.25	433000	3.25
50001	100000	26	2.46	203795	15.29	2037950	15.29
100001	And above	32	3.03	738478	55.38	7384780	55.38
Total		1057	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, 2009.

Categories	No. of Shares	Amount in Rs.	% to total
Promoters' holding	577871	5778710	43.34
Public holding			
Directors (Independent)	43299	432990	3.24
Financial Institutions/ Banks	50	500	0.01
Mutual Funds / UTI	50	500	0.01
NRIs / OCBs	1250	12500	0.09
Other Bodies Corporate	50167	501670	3.76
Public	660646	6606460	49.55
Total	1333333	13333330	100.00

xii. Details of shares in demat form as on 31st March, 2009.

Name of Depository	No. of Shareholders	No. of Shares	% of Capital
NSDL	398	432509	32.44
CDSL	211	182265	13.67
Sub - Total	609	614774	46.11
Physical	448	718559	53.89
Grand Total	1057	1333333	100.00

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

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

xv. **Address for Correspondence :**

Gujarat Reclaim & Rubber Products Limited

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

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

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

E-mail : investor.relations@grpl.com

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

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

Date: 16th June, 2009

Rajendra V. Gandhi
Managing Director

11. CEO / CFO certification

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

12. Auditors' Certificate on Corporate Governance

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



GUJARAT RECLAIM & RUBBER PRODUCTS LIMITED

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

To The Board of Directors

Gujarat Reclaim & Rubber Products Ltd.

Sub : CEO / CFO Certificate

We have reviewed the financial statements, read with the cash flow statement of Gujarat Reclaim & Rubber Products Ltd., for the year ended 31st March, 2009 and that to the best of our knowledge and belief, we state that :

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

Ganesh A. Ghangurde
Vice President & Company Secretary

Rajendra V. Gandhi
Managing Director

Mumbai, June 16, 2009.



GUJARAT RECLAIM & RUBBER PRODUCTS LIMITED

CERTIFICATE REGARDING COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE

To the members of
Gujarat Reclaim and Rubber Products Limited

We have examined the compliance of conditions of Corporate Governance by Gujarat Reclaim and Rubber Products Limited for the year ended March 31, 2009, 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 : Mumbai
Date : 16th June, 2009

For A. B. Modi & Associates
Chartered Accountants
(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, 2009 and the Profit and Loss Account for the year ended on that date and the cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
- 2) We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
- 3) As required by the Companies (Auditor's Report) Order, 2003 and as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
- 4) Further to our comments in the Annexure referred to above, we report that:
 - i) We have obtained all the information and explanation, which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - ii) In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of those books;
 - iii) The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account;
 - iv) In our opinion, the Balance Sheet and Profit and Loss Account dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
 - v) On the basis of written representations received from the directors, as on 31st March, 2009, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2009 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
 - vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India subject to notes on account :
 - a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2009;
 - b) in the case of the Profit and Loss Account, of the profit for the year ended on that date; and
 - c) in the case of the cash flow statement, of the cash flow for the year ended on that date.

Place : Mumbai
Date : 16th June, 2009

For A.B.Modi & Associates
Chartered Accountants
(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 affect 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) 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) 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 within the books of account.
3. a) The Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956 and hence clauses no.4(iii)(b)(c) & (d) of the Order are not applicable.
b) The Company has taken unsecured loans/deposits from 10 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.44,05,000/- and Rs.43,75,000/- respectively.
c) In our opinion, 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.
d) 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) No transactions exceeding value of Rupees five lakhs have been entered into with the parties covered in the register maintained under Section 301 of the Companies Act, 1956 during the financial year.
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.
7. In our opinion, the Company has an internal audit system commensurate with the size and nature of business of the Company.
8. According to the information and explanation given to us and to the best of our knowledge, the Central Government has not prescribed maintenance of cost records under clause (d) of sub-section (1) of



GUJARAT RECLAIM & RUBBER PRODUCTS LIMITED

Section 209 of the Companies Act, 1956 for the products of the Company.

9. a) According to the records of the Company, the Company is generally regular in depositing undisputed statutory dues including Provident Fund, Investors' Education and Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and other statutory dues applicable to it with the appropriate authorities. According to the information and explanation given to us, no undisputed amounts payable in respect of income tax, sales tax, wealth tax, service tax, custom duty, excise duty and cess were outstanding at the year end for a period of more than six months from the date they became payable.
- b) According to the information and explanations given to us, there are no dues of Income tax, Sales tax, Wealth tax, Service tax, Custom duty, Excise duty or Cess which have not been deposited on account of any dispute, other than the following:

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	6,53,103/-	Commissioner (Appeal)
The Central Excise Act, 1944	Central Excise	2006-07	15,67,005/-	Commissioner – Central Excise, Pune
The Central Excise Act, 1944	Central Excise	April, 2006 to October, 2006	1,83,771/-	Commissioner – Central Excise, Surat
The Central Excise Act, 1944	Central Excise	April, 2004 to August, 2008	30,84,059/-	Superintendent– Central Excise, Surat

10. The Company has no accumulated losses as at 31st March, 2009 and it has not incurred any cash losses in the Financial year ended on that date or in the immediately preceeding 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.
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.



GUJARAT RECLAIM & RUBBER PRODUCTS LIMITED

18. The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under Section 301 of the Companies Act. 1956.
19. The Company has not issued any debentures during the year.
20. The Company has not raised any money through a public issue during the year.
21. During the course of our examination of the books of account and records of the Company carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instances of material fraud on or by the Company, noticed or reported during the year, nor have we been informed of such cases by management.

Place : Mumbai
Date : 16th June, 2009

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



GUJARAT RECLAIM & RUBBER PRODUCTS LIMITED

BALANCE SHEET AS AT 31ST MARCH, 2009

		As At 31.03.2009 (Rs.)	As At 31.03.2008 (Rs.)
I. SOURCES OF FUNDS	SCHEDULE		
(1) Shareholders' Funds:			
(a) Share Capital	I	13,333,330	13,333,330
(b) Reserves and Surplus	II	412,339,549	298,811,761
		425,672,879	312,145,091
(2) Loan Funds:			
(a) Secured Loans	III	162,258,294	221,203,972
(b) Unsecured Loans	IV	15,665,677	16,389,015
		177,923,971	237,592,987
(3) Deferred Tax Liability		85,259,319	81,573,864
	Total	688,856,169	631,311,942
II. APPLICATION OF FUNDS			
(1) Fixed Assets :			
(a) Gross Block	V	595,628,067	547,436,340
(b) Less: Depreciation		214,663,203	175,334,978
(c) Net Block		380,964,864	372,101,362
(d) Capital Work in Progress		5,221,669	8,343,652
(e) Advances for Capital Expenditure		45,496,260	1,726,791
(2) Investments	VI	3,404,350	3,404,350
(3) Current Assets, Loans and Advances:	VII		
(a) Inventories		86,606,575	77,055,725
(b) Sundry Debtors		235,480,278	221,342,024
(c) Cash and Bank Balances		11,673,020	4,796,814
(d) Loans and Advances		37,964,705	55,852,581
		371,724,578	359,047,144
Less: Current Liabilities and Provisions	VIII		
(a) Current Liabilities		88,776,524	95,411,020
(b) Provisions		29,179,028	17,900,337
		117,955,552	113,311,357
Net Current Assets		253,769,026	245,735,787
	Total	688,856,169	631,311,942
Notes on Accounts	XVIII		

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

For A.B. Modi & Associates
Chartered Accountants

Rajesh S. Shah
Partner

Place : Mumbai
Date : 16th June, 2009.

For and on behalf of the Board of Directors

K.M.Philip
Chairman

R.V.Gandhi
Managing Director

G.A.Ghangurde
Vice President & Company Secretary

Place : Mumbai
Date : 16th June, 2009.



GUJARAT RECLAIM & RUBBER PRODUCTS LIMITED

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2009

	SCHEDULE	Year ended 31.03.2009 (Rs.)	Year ended 31.03.2008 (Rs.)
(A) INCOME			
Sales and Other Income			
Sales (Net)	IX	1,292,997,609	1,091,820,933
Other Income	X	39,191,253	6,762,346
		1,332,188,862	1,098,583,279
Variation in Inventories	XI	7,287,127	549,320
Total (A)		1,339,475,989	1,099,132,599
(B) EXPENDITURE			
Raw Materials Consumed	XII	584,849,673	500,356,141
Power, Fuel and Water Consumed	XIII	135,318,494	134,930,692
Employees' Cost	XIV	127,997,934	109,574,568
Packing and Forwarding Expenses		120,632,494	90,115,690
Stores and Spare Parts Consumed		31,504,072	17,754,146
Repairs and Maintenance Expenses	XV	12,131,870	10,327,086
Administrative and Other Expenses	XVI	60,295,608	35,251,568
Interest and Financial Charges	XVII	17,829,858	15,869,682
Exchange difference on revaluation of Foreign Currency Loans		-	9,534,394
Total (B)		1,090,560,003	923,713,967
Operating Profit (A-B)		248,915,986	175,418,632
Amortisation of Leasehold Land Premium		62,363	62,363
Depreciation		39,534,376	34,472,576
Profit before Taxation & Extraordinary Item		209,319,247	140,883,693
Discarded/Impairment of Assets		154,460	26,199
Profit before Taxation		209,164,787	140,857,494
Provision for Taxation		72,025,000	30,512,000
Provision for Deferred Tax		736,522	18,262,951
Provision for Fringe Benefit Tax		1,000,000	925,000
Profit after Taxation		135,403,265	91,157,543
Add / (Less) : Excess / (Short) Provision of Income-tax of Previous years (Net)		(299,856)	3,930,231
		135,103,409	95,087,774
Add: Balance as per last Balance Sheet		197,716,603	173,687,931
Profit available for Appropriation		332,820,012	268,775,705
Appropriations :-			
Transfer to General Reserve		202,679,288	50,000,000
Interim dividend		6,666,665	6,666,665
Proposed dividend		16,666,663	11,333,331
Tax on dividend		3,965,512	3,059,106
Balance carried to Balance Sheet		102,841,884	197,716,603
Earnings per share of Rs 10 each - Basic		101.33	71.32
Earnings per share of Rs.10 each- Diluted		101.33	71.32
* Refer Note No.B.14 of SCHEDULE XVIII			
Notes on Accounts	XVIII		

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

For A.B. Modi & Associates
Chartered Accountants

Rajesh S. Shah
Partner

For and on behalf of the Board of Directors

K.M.Philip
Chairman

R.V.Gandhi
Managing Director

G.A.Ghangurde
Vice President & Company Secretary

Place : Mumbai
Date : 16th June, 2009.

Place : Mumbai
Date : 16th June, 2009.



GUJARAT RECLAIM & RUBBER PRODUCTS LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2009

	Year ended 31.03.2009 (Rs.)	Year ended 31.03.2008 (Rs.)
A: Cash flow from Operating activities		
Net profit before tax and extra ordinary items	209,319,247	140,883,693
Adjustments for		
- Depreciation	39,534,376	34,472,576
- Previous Period Expenses	-	(912,751)
- (Profit) / Loss on sale of assets (Net)	(199,504)	554,242
- Amortisation of leasehold land premium	62,363	62,363
- Exchange difference on revaluation of Foreign Currency Loans	-	9,534,394
- Interest (Net)	14,304,201	12,857,297
	53,701,436	56,568,121
Operating Profit before working capital changes	263,020,683	197,451,814
Adjustments for		
- Trade and other receivables	3,760,622	(100,838,738)
- Inventories	(9,550,850)	(19,238,829)
- Sundry creditors	(1,325,767)	29,860,591
	(7,115,995)	(90,216,976)
Cash generated from operations	255,904,688	107,234,838
Direct taxes paid	(74,809,098)	(34,766,172)
Net cash from operating activities	181,095,590	72,468,666
B: Cash flow from investing activities		
- Interest received	624,008	237,280
- Sale proceeds of fixed assets	877,444	800,734
- Purchase of investments	-	(1,290,000)
- Purchase of fixed assets	(69,741,480)	(87,156,336)
Net cash used in investing activities	(68,240,028)	(87,408,322)
C: Cash flow from financing activities		
- Loans borrowed (Net of repayment)	(59,669,016)	44,687,457
- Exchange difference on revaluation of Foreign Currency Loans	-	(9,534,394)
- Exchange difference adjusted against fixed assets as per AS 11	(13,253,286)	-
- Interest paid	(15,260,492)	(13,207,064)
- Dividend paid	(17,796,562)	(17,919,237)
Net cash used in financing activities	(105,979,356)	4,026,762
Net increase / (Decrease) in cash and cash equivalents	6,876,206	(10,912,894)
Cash and cash equivalents at the beginning of the year	4,796,814	15,709,708
Cash and cash equivalents at the closing of the year	11,673,020	4,796,814

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

For A.B. Modi & Associates
Chartered Accountants

Rajesh S. Shah
Partner

Place : Mumbai
Date : 16th June, 2009.

For and on behalf of the Board of Directors

K.M.Philip
Chairman

R.V.Gandhi
Managing Director

G.A.Ghangurde
Vice President & Company Secretary

Place : Mumbai
Date : 16th June, 2009.



GUJARAT RECLAIM & RUBBER PRODUCTS LIMITED

SCHEDULES ANNEXED TO & FORMING PART OF THE BALANCE SHEET

	As At 31.03.2009 (Rs.)	As At 31.03.2008 (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	-	-
	9,497,665	9,497,665
General Reserve :		
Balance as per last Balance Sheet	91,597,493	42,200,000
Add : Transfer from Profit and Loss Account	202,679,288	50,000,000
Add : Exchange difference on long-term foreign currency borrowing for acquiring capital assets adjustment (Refer note B.10 of schedule XVIII)	5,723,219	-
Less : Leave encashment provision adjustment	-	(602,507)
	300,000,000	91,597,493
Surplus in Profit and Loss Account	102,841,884	197,716,603
Total	412,339,549	298,811,761
SCHEDULE III:		
Secured Loans :		
From Banks :-		
Cash Credit and Bill Discounting	58,483,634	86,155,348
Term Loans	103,774,660	135,048,624
Total	162,258,294	221,203,972
SCHEDULE IV:		
Unsecured Loans :		
(a) Fixed Deposits	6,830,000	4,435,000
(b) From Bank and Others	2,287,124	3,869,594
(c) Deferred payment Liability (Sales Tax Deferment)	6,548,553	8,084,421
Total	15,665,677	16,389,015
SCHEDULE V:		
Fixed Assets :		

Particulars of Assets	At Cost or At Book Value			Less: Depreciation			Net Block		
	Up to 01-04-2008	Additions Transfer	Deduction	As on 31-03-2009	Up to 01-04-2008	For the year	As on 31-03-2009	As on 31-03-2009	As on 31-03-2008
Land and Roads	15,640,936	-	-	15,640,936	1,279,516	-	1,500,036	14,140,900	14,361,420
Buildings	109,918,966	3,230,985	-	113,149,951	14,570,165	-	3,443,465	18,013,630	95,348,801
Plant and Machinery	389,539,063	43,426,600	1,966,886	430,998,777	151,143,900	1,130,756	32,967,838	182,980,982	248,017,795
Furniture & Fixtures	7,183,959	832,247	-	8,016,206	1,404,357	-	471,450	1,875,807	6,140,399
Office Equipments	3,454,524	623,756	-	4,078,280	834,710	-	1,015,796	3,062,484	2,619,814
Computer Installations	13,902,944	1,323,724	-	15,226,668	5,120,903	-	2,378,363	7,499,266	8,782,041
Vehicles	7,795,948	721,301	-	8,517,249	981,427	-	796,259	1,777,686	6,814,521
	547,436,340	50,158,613	1,966,886	595,628,067	175,334,978	1,130,756	40,458,981	214,663,203	380,964,864
Capital Work in Progress									
Roads	-	1,094,018	-	1,094,018	-	-	-	1,094,018	-
Factory Building	-	492,876	-	492,876	-	-	-	492,876	-
Plant & Machinery	8,343,652	3,908,316	8,617,193	3,634,775	-	-	-	3,634,775	8,343,652
Total	555,779,992	55,653,823	10,584,079	600,849,736	175,334,978	1,130,756	40,458,981	214,663,203	380,445,014
Previous Year	473,554,444	122,504,524	40,278,976	555,779,992	144,349,653	3,549,614	34,534,939	175,334,978	329,204,791

- Note :-
- Depreciation includes amortisation of Lease Hold Land Premium of Rs. 62,363/- Previous Year Rs. 62,363/-
 - Addition to fixed assets include exchange difference arising on revaluation of foreign currency term loan as per amended AS 11 amounting to Rs. 13,253,286/- for FY 2008-09 and Rs. 9,538,124/- pertaining to FY 2007-08 now provided.
 - Depreciation for the year includes adjustment for the FY 2007-08 of Rs. 862,242/- as per AS 11 working, charged to General Reserve.
 - Additions during the year and capital work in progress include Rs Nil, Previous Year Rs 2,10,522/- being borrowing cost capitalised in accordance with the Accounting Standard AS 16 on "Borrowing Cost" issued by the Institute of Chartered Accountants of India.



GUJARAT RECLAIM & RUBBER PRODUCTS LIMITED

SCHEDULES ANNEXED TO & FORMING PART OF THE BALANCE SHEET

	As At 31.03.2009 (Rs.)	As At 31.03.2008 (Rs.)
SCHEDULE VI:		
Investments :		
(a) Long Term Investments (Unquoted)		
i) In a Subsidiary Company :		
49,900 (49,900) Equity Shares of Rs 10/- each fully paid up in Grip Polymers Ltd.	100,000	100,000
ii) Other investment :		
(a) In Associates:		
10,028 (10,028) Equity Shares of Rs 100/- each fully paid up in Alphanso Netsecure Pvt Ltd.	2,005,600	2,005,600
(b) In Others:		
129,000 (129,000) Equity Shares of Rs 10/- each fully paid up in Bharuch Eco-aqua Infrastructure Ltd	1,290,000	1,290,000
(b) Current Investments : Other Investments		
Quoted :		
1 (1) ICICI Bank Limited 25 Years Deep Discount Bond of Rs.1250 /- each.	1,250	1,250
Unquoted :		
7 Years National Savings Certificates (Deposited with Central Excise Authority)	7,500	7,500
Total	3,404,350	3,404,350
SCHEDULE VII:		
Current Assets, Loans and Advances :		
Current Assets		
(a) Inventories		
(As per Inventory certified by Managing Director) (Refer note A.(g) of schedule XVIII)		
Stores, Spares and Packing Materials	8,280,131	7,676,198
Stock in-trade:		
Raw Materials		
I. Rubber Scrap	25,413,812	28,138,224
II. Oils and Chemicals	3,555,074	5,581,119
III. Fuel	333,159	523,082
	29,302,045	34,242,425
DEPB Licence Stocks (At net realisable value)	8,395,341	1,795,171
Goods-in-process	6,094,873	2,328,263
Finished Goods	34,534,185	30,064,617
Finished Goods-in-transit	-	949,051
	86,606,575	77,055,725
(b) Sundry Debtors (Unsecured)		
Outstanding for more than six months	130,316	466,227
Others (Considered Good)	235,349,962	220,875,797
	235,480,278	221,342,024
(c) Cash and Bank Balances		
Cash in hand	370,918	391,061
Balance with Scheduled Banks:		
In Current / Cash Credit Accounts	9,797,222	3,187,289
In Deposit Accounts	1,504,880	1,218,464
	11,673,020	4,796,814
(d) Loans and Advances (Unsecured, Considered Good):		
Advances recoverable in cash or in kind or for value to be received	11,787,353	26,187,404
Other Advances and Deposits	22,748,338	28,190,881
Deposit with Central Excise	3,429,014	1,474,296
	37,964,705	55,852,581
Total	371,724,578	359,047,144



GUJARAT RECLAIM & RUBBER PRODUCTS LIMITED

SCHEDULES ANNEXED TO & FORMING PART OF THE BALANCE SHEET

	As At 31.03.2009 (Rs.)	As At 31.03.2008 (Rs.)
SCHEDULE VIII:		
Current Liabilities and Provisions :		
A) Current Liabilities :		
Sundry Creditors	88,220,339	95,058,269
Unclaimed Dividends	556,185	352,751
Total (A)	88,776,524	95,411,020
B) Provisions :		
Leave Encashment	5,411,560	1,626,188
Proposed dividend	16,666,663	11,333,331
Tax on Proposed dividend	2,832,506	1,926,100
Current Taxation - Income Tax (Refer note B.9 of schedule XVIII)	4,202,469	2,943,792
Current Taxation - Fringe Benefit Tax (Refer note B.9 of schedule XVIII)	65,830	70,926
Total (B)	29,179,028	17,900,337
Total (A+B)	117,955,552	113,311,357

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

	Year ended 31.03.2009 (Rs.)	Year ended 31.03.2008 (Rs.)
SCHEDULE IX:		
Sales :		
Turnover (Inclusive of excise duty)	1,371,256,240	1,175,501,860
Less: excise duty	65,706,168	72,673,857
Turnover (Net)	1,305,550,072	1,102,828,003
Less: Commission	8,621,947	9,815,979
Discount	3,930,516	1,191,091
	12,552,463	11,007,070
Total	1,292,997,609	1,091,820,933
SCHEDULE X:		
Other Income :		
Export Incentives (including variation in incentives)	16,392,063	4,618,532
Exchange rate difference (Net)	14,054,585	-
Interest Received	956,291	349,767
Miscellaneous Income	2,390,902	635,437
Profit on Sale of Raw material	3,802,596	-
Profit on Sale of Assets	199,504	-
Balances written back	1,395,312	1,158,610
Total	39,191,253	6,762,346
SCHEDULE XI:		
Variation in Inventories :		
Opening Inventories :		
Finished Goods	30,064,617	29,405,344
Finished Goods-in-transit	949,051	-
Goods-in-process	2,328,263	3,387,267
	33,341,931	32,792,611
Closing Inventories :		
Finished Goods	34,534,185	30,064,617
Finished Goods-in-transit	-	949,051
Goods-in-process	6,094,873	2,328,263
	40,629,058	33,341,931
Total	7,287,127	549,320



GUJARAT RECLAIM & RUBBER PRODUCTS LIMITED

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

	Year ended 31.03.2009 (Rs.)	Year ended 31.03.2008 (Rs.)
SCHEDULE XII:		
Raw Materials Consumed :		
Opening Inventories	33,719,343	15,698,453
Add: Purchases (Refer Note B.5(b) of schedule XVIII)	597,465,186	518,882,284
	631,184,529	534,580,737
Less: Raw Material Sold	17,365,970	505,253
Closing Inventories	28,968,886	33,719,343
	46,334,856	34,224,596
Total	584,849,673	500,356,141
SCHEDULE XIII:		
Power, Fuel and Water Consumed :		
Power	112,253,964	112,261,301
Fuel	21,392,323	21,142,811
Water	1,672,207	1,526,580
Total	135,318,494	134,930,692
SCHEDULE XIV:		
Employees' Cost :		
Salaries, Wages and Bonus	91,611,689	83,155,640
Contribution to Provident Fund and Other Funds	10,356,599	7,778,833
Welfare and Other Benefits	26,029,646	18,640,095
Total	127,997,934	109,574,568
SCHEDULE XV:		
Repairs and Maintenance Expenses :		
Plant and Machinery	8,325,842	6,035,582
Buildings	807,855	400,073
Other Assets	2,998,173	3,891,431
Total	12,131,870	10,327,086
SCHEDULE XVI:		
Administrative and Other Expenses :		
Insurance	839,244	938,157
Vehicles Expenses	1,743,266	1,457,445
Printing and Stationery	754,947	847,131
Advertisements	951,119	681,616
Rent, Lease Rent and Other Charges	311,960	356,309
Travelling and Conveyance	6,774,709	5,964,309
Postage, Telegram and Telephones	2,811,011	2,710,240
Retainer Fees, Legal Fees, Professional Charges	4,661,758	3,188,649
Auditors' Remuneration :		
- As Auditors	230,338	230,338
- As Tax Auditors'	56,180	56,180
- For Taxation Matter	63,680	69,046
	350,198	355,564
Board Meeting Fees	336,000	359,000
Managing Director's Remuneration:		
- Remuneration including Perks	6,993,734	5,041,271
- Contribution to Provident and Pension Funds	648,000	540,000
	7,641,734	5,581,271
Other Expenses (Refer Note B.5 (b) of schedule XVIII)	33,119,662	12,257,635
Loss on Sale of Assets	-	554,242
Total	60,295,608	35,251,568
SCHEDULE XVII:		
Interest and Financial Charges :		
Interest including interest to Banks	15,260,492	13,207,064
Financial Charges	2,569,366	2,662,618
Total	17,829,858	15,869,682



GUJARAT RECLAIM & RUBBER PRODUCTS LIMITED

NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2009

SCHEDULE XVIII

A. Significant Accounting Policies :-

(a) Basis of accounting :

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

(b) Accounting Estimates :

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

(c) Fixed assets & depreciation :

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

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

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

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

(d) Investments :

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

(e) Borrowing Costs :

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

(f) Taxes :

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

(g) Inventories :

Raw materials, Stores and Spares, Packing materials, Finished goods & Semi Finished goods inventories are valued at lower of cost or net realisable value. The cost is determined by considering material, labour and related overheads. Excise duty is included in the value of Finished Products.

(h) Income Recognition :

Sales are recognised at despatch of goods from factory and are recorded net of discount, rebates, sales tax, excise duty and sales return. Commission on sales (other than consignment sales) is accounted on realisation of sales proceeds. Rentals and all other expenses in respect of leased assets are treated as revenue expenditure.

(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.

The premium or discount that arises on entering into a forward exchange contract for hedging purposes is measured by the difference between the exchange rate at the date of inception of the forward exchange contract and the forward rate. Forward exchange contract gain / loss is the difference between :



GUJARAT RECLAIM & RUBBER PRODUCTS LIMITED

NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2009

- (a) The foreign currency amount of the contract translated at the exchange rate at the reporting date, or the settlement date, where the transaction is settled during the reporting period, and
- (b) The same foreign currency amount translated at the latter of the date of inception of the forward exchange contract and the last reporting date. These exchange differences are recognised in the statement of the profit and loss in the reporting period in which the exchange rate changes.

The premium or discount arising at the inception of a forward exchange contract entered into to hedge a foreign currency risk of a firm commitment or a highly probable forecast transaction is amortised as expense or income over the life of the contract.

- (ii) The company has opted for Companies (Accounting Standards) Amendment Rules 2009 on Accounting Standard 11 (AS 11), as notified by the Government of India on 31st March, 2009, for accounting of exchange differences arising from revaluation of long term foreign currency items with retrospective effect. Accordingly, the effect of exchange difference on long term foreign currency loan borrowed by the company for the acquisition of capital asset is accounted by addition or reduction in cost of the respective assets, to the extent it pertains to depreciable assets.

(j) Retirement benefits :

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

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

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

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

	As At 31.03.2009 (Rs.)	As At 31.03.2008 (Rs.)
B. NOTES:		
1 Contingent liabilities :		
Estimated amount of contracts remaining to be executed on capital account.	9,245,354	5,440,486
Claims against the company (Including Sales tax, Excise duty, etc.) not acknowledged as debts		
1 Maharashtra Sales Tax	51,956	51,956
2 Excise Duty	4,829,471	45,688,154
3 Income Tax liability	653,103	653,103
Guaranteed by Banks not provided for (Net)	3,171,833	2,521,250
2 Secured loans:		
(a) From HDFC Bank Limited : (Working Capital)		
Secured by hypothecation of entire current assets including stock in trade and such other movables, book debts, bills, receivables and entire movable fixed assets and mortgage of immovable fixed assets of the company, both present and future.	58,483,634	86,155,348
(b) From HDFC Bank Ltd. (Term Loans) :		
Secured by hypothecation by way of first charge on all fixed assets both present & future of the company.		
(i) Foreign currency loans for Captive Power Plant at Ankleshwar, expansion of Ankleshwar and Solapur plants	2,709,569	6,304,165
(ii) Foreign currency loans for Mumbai office premises, Panoli plant and Captive Power Plant at Ankleshwar and Panoli	86,894,978	117,436,309
(iii) Rupee Term Loan for Capital Expenditure	14,170,113	11,308,151
3 Loans repayable within one year from the date of the Balance Sheet:		
(i) Secured Loans from Bank	53,317,524	56,951,731
(ii) Unsecured Loans from Others	6,141,236	4,252,658
(iii) Deferred Payment liability - Sales Tax	1,757,509	1,655,628



GUJARAT RECLAIM & RUBBER PRODUCTS LIMITED

NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2009

	As At 31.03.2009 (Rs.)	As At 31.03.2008 (Rs.)
4 (a) Managerial Remuneration		
Computation of Managing Director commission :		
Profit before tax as per Profit & Loss Account	209,164,787	140,857,494
Add :		
Depreciation charged as per Profit & Loss Account (including amortisation)	40,613,441	34,534,939
Managerial Remuneration	7,641,734	5,581,271
Board Meeting Fees.	336,000	359,000
Loss on sale of Fixed Assets as per Profit & Loss Account	48,591,175	580,441
	<u>257,755,962</u>	<u>181,913,145</u>
Less :		
Depreciation charged as per Section 350 of the Companies Act, 1956.	39,534,376	34,472,576
Profit on sale of Fixed assets	199,504	-
	<u>39,733,880</u>	<u>34,472,576</u>
Net Profit as per Section 309(5) of the Companies Act, 1956.	<u>218,022,082</u>	<u>147,440,569</u>
Maximum Remuneration Payable to Managing Director @ 5% on Net Profit	<u>10,901,104</u>	<u>7,372,028</u>
(b) The profit & loss account include payments to and provisions for Managing Director's remuneration:		
Salary payment	2,400,000	2,000,000
Commission	2,180,221	982,937
Contribution to Provident fund & other funds.	648,000	540,000
Perquisites	2,413,513	2,058,334
	<u>7,641,734</u>	<u>5,581,271</u>

Liability of Gratuity is provided for on the basis of Group Scheme of L.I.C. as a whole, the amount pertaining to Managing Director is not ascertainable and therefore not included.

- 5 (a) The loans and advances also include deposit of Rs.1,575,000/- (Previous year Rs.1,575,000/-) with a company in which some of the directors are interested and a loan of Rs.3,511,240/- (Previous year Rs.1,800,000/-) to an associate concern.
- (b) Other expenses include Auditor's out of pocket expenses Rs.23,853/- (Previous year Rs. 25,331/-), Loss on account of theft of Rs. Nil/- (Previous year Rs. 411,700/-) and expenditure incurred for a project which has been abandoned during the year amounting to Rs 28,622,511/- (Previous year Nil). Raw Materials Purchases include incidental expenses of Rs. 2,763,395/- (Previous year Rs.3,397,376/-), Expenses debited to Profit & Loss account include prior period expenses Rs.510,991/- (Previous year Rs. 399,366/-).
- (c) Finished Goods stock include excise duty of Rs.2,570,050 /- (Previous year Rs. 3,727,439/-)
- 6 Long Term Investments include investment of Rs. 2,005,600/- by way of 10,028 Equity Shares of Rs. 100/- each fully paid in Alphanso Netsecure Pvt Limited. As per latest available Balance Sheet for the year ended 31st March, 2008, intrinsic value of the same is Rs. Nil per share (Previous year Rs 31.60). The diminution in value of Rs. 2,005,600/- (Previous year Rs 1,688,715/-) has not been provided in books considering strategic investment of a long term nature and future expectation of the company.
- 7 Micro, Small, and Medium Enterprises Development Act, 2006 (MSMED Act) :
Under the MSMED Act which came into force from 2nd October 2006, certain disclosures are required to be made relating to Micro, Small and Medium Enterprises. The Company is in the process of compiling relevant information from its suppliers about their coverage under the said Act. Since the relevant information is not readily available, no disclosures have been made in the accounts. However, in view of the management, the impact of interest, if any, that may be payable in accordance with the provision of this Act is not expected to be material.



GUJARAT RECLAIM & RUBBER PRODUCTS LIMITED

NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2009

8 Employee Benefits:

- (a) The Company has with effect from 1st April, 2007 adopted Accounting Standard 15, Employee Benefits (revised 2005), issued by the Institute of Chartered Accountants of India.

The disclosure required as per the revised AS 15 is as under:

- (i) Brief description of the plans:

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

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

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

	As At 31.03.2009 (Rs.)	As At 31.03.2008 (Rs.)
Superannuation Fund	1,141,317	621,820
Employees' Gratuity Scheme	2,736,897	498,424
Provident Fund	4,292,846	4,114,725

- (iii) The liability for leave encashment and compensated absences as at year end is Rs.5,411,560/- (Previous year Rs. 1,626,188/-).

- (b) Disclosure for defined benefit plan based on actuarial report as on 31.03.2009.

	Current Year Gratuity (Funded plan)	Previous Year Gratuity (Funded plan)
(i) Change in Defined Benefit Obligation		
Opening defined benefit obligation	15,634,844	11,456,193
Interest cost	1,250,788	859,214
Current service cost	965,889	376,972
Benefits paid	(795,151)	(1,304,422)
Actuarial loss / (gain)	2,117,363	4,246,887
Closing defined benefit obligation	19,173,733	15,634,844
(ii) Change in Fair Value of Assets		
Opening fair value of plan assets	15,853,954	15,304,426
Expected return on plan assets	1,509,417	1,393,023
Contributions by employer	2,605,513	460,927
Benefits paid	(795,151)	(1,304,422)
Actuarial gain / (loss)	-	-
Closing fair value of plan assets	19,173,733	15,853,954
(iii) Amount recognised in the Balance Sheet		
Fair value of plan assets as at beginning of the year	15,853,954	15,304,426
Actual return on plan assets	1,509,417	1,393,023
Contributions	2,605,513	460,927
Benefits paid	(795,151)	1,304,422
Fair value of plan assets as at end of the year	19,173,733	15,853,954
Funded status	-	219,110
Excess of Actual over estimated return on plan assets	-	-
(iv) Actuarial gain / (loss) recognised		
Actuarial (gain) / loss on obligations	(2,117,363)	(4,246,887)
Actuarial (gain) / loss for the year - plan assets	-	-
Actuarial (gain) / loss on obligations	2,117,363	4,246,887
Actuarial (gain) / loss recognised in the year	2,117,363	4,246,887
(v) Amount to be recognised in the Balance Sheet and Profit & Loss accounts		
Present value of obligation as at the end of the year	19,173,733	15,634,844
Fair value of plan assets as at the end of the year	19,173,733	15,853,954
Funded status	-	219,110
Net Assets / (Liabilities) recognised in the Balance Sheet	-	(219,110)
Current service cost	965,889	376,972
Interest cost	1,250,788	859,214
Expected return on plan assets	(1,509,417)	1,393,023
Net Actuarial (gain) / loss recognised in the year	2,117,363	4,246,887
Expenses recognised in the statement of Profit & Loss account	2,824,623	4,090,050
Actuarial Assumptions		
Discount Rate	8.00%	8.00%
Salary Escalation	6.00%	5.50%



GUJARAT RECLAIM & RUBBER PRODUCTS LIMITED

NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2009

- 9 Current taxation represents provision in excess of advance payment of taxes of Rs.147,311,531/- (Previous year Rs. 104,610,208/-) and provision of FBT of Rs. 25,59,170/- (Previous year Rs. 2,304,074/-)
- 10 The company has opted for Companies (Accounting Standards) Amendment Rules 2009 on Accounting Standard 11 (AS 11), as notified by the Government of India on 31st March, 2009, for accounting of exchange differences arising from revaluation of long term foreign currency loans with retrospective effect. Accordingly, the effect of exchange difference on long term foreign currency loan borrowed by the company for the acquisition of capital asset is accounted by addition or reduction in cost of the respective assets, to the extent it pertains to depreciable assets. Consequently, the loss arising from the effect of changes in foreign exchange rate on foreign currency loans relating to acquisition of depreciable capital assets, amounting to Rs.13,253,286/- for the year ended 31st March,2009 are added to the cost of such assets. Accordingly, the depreciation for the year is higher by Rs.2,213,402/- and profit for the year is higher by Rs.11,039,884/-. The corresponding foreign exchange loss of Rs.95,34,394/-, depreciation in respect of the said assets of Rs.862,242/- and deferred tax of Rs.2,948,933/- for the year ended 31st March,2008 have been provided in the General Reserve. Full value of loss has been added to the cost of such assets and corresponding depreciation to the provision for depreciation. Consequent to these changes, the depreciation for the year is higher by Rs.2,213,402/-, Profit for the year is higher by Rs.11,039,884/-, increase in General Reserve by Rs.5,723,219/- and increase in cost of Fixed Assets by Rs.22,791,412/-

	As At 31.03.2009 (Rs.)	As At 31.03.2008 (Rs.)
11 Deferred Taxes :		
(a) Deferred Tax Liability		
Depreciation	86,545,967	82,126,605
(b) Deferred Tax Asset		
Provision for employee benefit	1,286,648	552,741
Total	85,259,319	81,573,864

12 Related parties disclosure :

(a) Names of the related parties :

- (i) Parties where control exists : Grip Polymers Ltd
(99.80 % of total shareholdings held by the company)
Subsidiary 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 R.V.Gandhi, Managing Director
- (b) Non executive directors K.M.Phillip, M.V.Gandhi, Dr.Peter Phillip, B.T.Doshi,
A.S.Desai and N.M.Desai
- (iv) Relatives of Key Management Personnel H.R.Gandhi, relative of Managing Director R.V.Gandhi,
N.R.Gandhi, relative of Managing Director R.V.Gandhi &
H.H.Gandhi, relative of Managing Director R.V.Gandhi.

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

- (a) Enarjee Investments Pvt. Ltd.
R.V.Gandhi (Managing Director) is the Chairman
- (b) Industrial Development and Investment Co.Pvt. Ltd.
M.V.Gandhi (Director) is the Chairman

(b) Transactions with related parties:

(i) Associate Concern:

Alphanso Netsecure Private Limited		
Equity Investment	2,005,600	2,005,600
Outstanding Loan Receivable	3,511,240	1,800,000
Purchase of Goods & Services	-	435,312
Advance against Purchase of Goods & Services	248,508	-
Outstanding Balance	-	34,263

(ii) Managing Director :-

Remuneration paid	7,641,734	5,581,271
Dividend paid	747,900	747,900

(iii) Sitting Fees to Directors

Dividend to Directors	336,000	359,000
	1,529,537	1,761,337



GUJARAT RECLAIM & RUBBER PRODUCTS LIMITED

NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2009

(iv) Relatives of Key Management Personnel :	31.03.2009 (Rs.)	31.03.2008 (Rs.)
Remuneration paid	1,765,073	1,860,449
Dividend	1,020,619	877,116
Interest paid	59,506	18,627
Deposits taken	600,000	-
Deposits Repaid	30,000	-
Outstanding deposits payable	750,000	180,000
(v) Enterprises owned or significantly influenced by Key Management Personnel or their relatives :		
(a) Enarjee Investments Pvt. Ltd. :		
Interest paid	240,000	276,740
Dividend	1,165,139	1,164,389
Deposits taken	-	600,000
Deposits Repaid	-	1,500,000
Outstanding deposit payable	1,600,000	1,600,000
(b) Industrial Development & Investment Co. Pvt. Ltd.		
Rent paid	53,857	52,950
Dividend	189,000	189,000
Outstanding deposit receivable (Security for Premises)	1,575,000	1,575,000

13 Segment Reporting :

Segment reporting as defined in Accounting Standard 17 is not applicable since reclaim rubber is the only business segment.

14 Earnings per share :

- Net Profit after tax for the year	135,403,265	91,157,543
- Excess Provision for tax for earlier years	(299,856)	3,930,231
- Net Profit attributable to Equity Shareholders	135,103,409	95,087,774
- Number of equity shares of Rs.10/- each.	1,333,333	1,333,333
- Earnings per share - Basic	101.33	71.32
- Earnings per share -Diluted	101.33	71.32

15 A Licensed Capacity, Installed Capacity and Actual Production :

Sl	Classes of goods dealt in Manufactured goods:	Unit	Licensed Capacity	Installed Capacity	Actual Production
(a)	Reclaimed Ruuber	M.T.	Not Applicable	41,000	38,206
		M.T.	(Not Applicable)	(41,000)	(37,783)
(b)	Crumb Rubber	M.T.	Not Applicable	4,800	627
		M.T.	(Not Applicable)	(4,800)	(382)
(c)	Punch & Split Products	M.T.	Not Applicable	1,200	745
		M.T.	(Not Applicable)	(1,200)	(810)

Quantitative and Turnover Informations :

Sl	Classes of goods dealt in Manufactured goods:	Opening Inventories		Closing Inventories		Turnover	
		Quantity	Value	Quantity	Value	Quantity	Value
		MT	Rs.	MT	Rs.	MT	Rs.
(a)	Reclaimed Rubber	1,350	29,285,482	1,430	33,280,698	38,126	1,341,878,102
		(1,319)	(28,775,206)	*(1350)	(29,285,482)	(37,752)	(1,153,079,115)
(b)	Crumb Rubber	81	1,240,101	33	479,280	675	8,960,105
		-	-	(81)	(1,240,101)	(301)	(4,781,466)
(c)	Punch & Split Products	29	488,086	52	774,207	722	20,418,033
		(30)	(630,139)	(29)	(488,086)	(811)	(17,641,279)

Note :

(i) The installed capacity is certified by the Managing Director & accepted by the auditors.



GUJARAT RECLAIM & RUBBER PRODUCTS LIMITED

NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2009

- (ii) *Closing Inventories includes Nil MT (Previous year 40 MT) in transit in the course of export.
- (iii) Figures in brackets are in respect of Previous year.
- (iv) Over and above, the company has installed capacity for 896 MT for the product Thermo Plastic Elastomers for which trial production started during the year.

B. Consumption of Raw materials:

		2008-09		2007-08	
	Unit	Quantity	Value / Rs.	Quantity	Value / Rs.
(i) Rubber Scrap (Including purchase expenses)	MT	39,106	498,183,690	38,258	433,865,327
(ii) Oils & Chemicals:					
- Process Oils & Chemicals	Ltrs./ kgs	1,829,855	80,172,571	1,728,054	60,823,548
- Other Oils & Chemicals	MT	1,012	6,493,412	1,105	5,667,266
			584,849,673		500,356,141

C Break-up of imported & indigenous materials consumed:

	% of Total Consumption	Value / Rs.	% of Total Consumption	Value / Rs.
(i) Imported raw materials	3.54%	20,730,808	5.28%	26,430,780
(ii) Indigenous raw materials	96.46%	564,118,865	94.72%	473,925,361
	100.00%	584,849,673	100.00%	500,356,141
D Value of imports on CIF basis				
- Raw Material		18,615,594		20,632,443
- Machinery		-		12,336,798
E Expenditure in foreign currency (On cash basis)		52,018,051		23,803,271
F Earning in foreign exchange in respect of Export of Goods (F.O.B. value) (On accrual basis)		736,215,775		613,479,433

16 Foreign currency exposures:

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

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

Sl	Particulars	As on 31.03.2009			As on 31.03.2008	
		Unit of Currency	no. of Contracts	Aggregate Amt. Rs.	no. of Contracts	Aggregate Amt. Rs.
1	Forward contract for Exports	Euro	12	51,877,278	3	26,607,900
2	Forward contract for Exports	USD	-	-	2	16,022,000

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

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

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

For A.B. Modi & Associates
Chartered Accountants

Rajesh S. Shah
Partner

For and on behalf of the Board of Directors

K.M.Philip
Chairman

R.V.Gandhi
Managing Director

G.A.Ghangurde
Vice President & Company Secretary

Place : Mumbai
Date : 16th June, 2009.

Place : Mumbai
Date : 16th June, 2009.



GUJARAT RECLAIM & RUBBER PRODUCTS LIMITED

STATEMENT PURSUANT TO PART IV TO THE COMPANIES ACT, 1956 FOR THE YEAR ENDED 31ST MARCH 2009

BALANCE SHEET ABSTRACT & COMPANY'S GENERAL BUSINESS PROFILE :

I. Registration details :

Registration no.	L25191GJ1974PLC002555	State code	4
Balance Sheet date	31st March, 2009		

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	688856	Total Assets	688856
Source of funds			
Paid-up Capital	13,333	Reserves & Surplus	412,340
Secured Loan	162,258	Unsecured Loans	15,666
Deferred Tax Liability	85,259		
Application of Funds			
Net Fixed Assets	431,683	Investment	3,404
Net Current Assets	253,769	Miscellaneous Expenditures	-
Accumulated Losses	-		

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

Turnover	1,339,476	Total Expenditure	1,130,311
Profit before tax	209,165	Profit after tax	135,403
Earning per share (Rs)	101.33	Dividend Rate (%)	175.00

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

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

For and on behalf of the Board of Directors

K.M.Philip
Chairman

R.V.Gandhi
Managing Director

G.A.Ghangurde
Vice President & Company Secretary
Place : Mumbai
Date : 16th June, 2009.



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 | 31.03.2009 |
| 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 with in the holding company's
Accounts | |
| a) For the current financial year | Rs. 32,598 |
| b) For the previous financial years | Rs. 31,331 |
| 5. The net aggregate amount of subsidiary's profit
(loss) so far as it concerns the members of the
holding company dealt with in the holding
company's Accounts | |
| a) For the current financial year | Nil |
| b) For the previous financial year | Nil |

For and on behalf of the Board of Directors

K.M.Philip
Chairman

R.V.Gandhi
Managing Director

G.A.Ghangurde
Vice President & Company Secretary
Place : Mumbai
Date : 16th June, 2009.

GRIP POLYMERS LIMITED

DIRECTORS' REPORT

To,

The Shareholders,

Your Directors have pleasure in presenting their **FIFTEENTH ANNUAL REPORT & THE AUDITED ACCOUNTS** for the year ended 31st March 2009.

PERFORMANCE:

Total income for the year is Rs.386,906/- (Previous year Rs.415,681/-). Net profit after depreciation and tax provision for the year is Rs.32,597/- (Previous year Rs.31,331/-). During the current year, efforts will continue to explore the trading opportunities in domestic and international market.

DIVIDEND:

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

AUDITORS:

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

PARTICULARS OF EMPLOYEES:

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

DIRECTORS' RESPONSIBILITY STATEMENT:

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

- a) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures,
- b) the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year,
- c) the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities,
- d) the directors had prepared the annual accounts on a going concern basis.

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

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

- a) Foreign exchange earning & outgo

	(Rs.)
Earnings in foreign exchange (FOB value of exports)	Nil
Foreign exchange outgo	110,588/-

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

ACKNOWLEDGEMENT:

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

Place : Mumbai
Date : 8th June, 2009

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

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

GRIP POLYMERS LIMITED

AUDITORS REPORT TO THE MEMBERS OF GRIP POLYMERS LIMITED

1. We have audited the attached Balance Sheet of GRIP POLYMERS LIMITED, as at 31st March, 2009 and also the Profit and Loss Account for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial Statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of financial statements. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 and as amended by Companies (Auditor's Report) Order, 2004, issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that:
 - i) We have obtained all the information and explanation, which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - ii) In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of the books
 - iii) The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account
 - iv) In our opinion, the Balance Sheet and Profit and Loss Account dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
 - v) On the basis of written representations received from the directors, as on 31st March, 2009, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2009 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
 - vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2009;
and
 - b) In the case of the Profit and Loss Account, of the profit for the year ended on that date.

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

Place : Mumbai
Date : 8th June 2009

GRIP POLYMERS LIMITED

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

- 1) a) The company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.
b) Fixed Assets have been physically verified by the management during the year as per regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
c) There was no substantial disposal of fixed assets during the year.
- 2) a) The management has conducted physical verification of inventory at reasonable intervals.
b) 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. There is no inventory as on year end.
c) The Company is maintaining proper records of inventory and no material discrepancies were notified on physical verification.
- 3) a) The Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, clause (iii)(b) to clause (iii)(d) of paragraph 4 of the Order are not applicable to the company for the current year.
b) The Company has not taken any loan from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, clause (iii)(f) to clause (iii)(g) of paragraph 4 of the Order are not applicable to the company for the current year.
- 4) In our opinion and according to the information and explanation given to us, there is a adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods and services. We have not observed any continuing failure to correct major weaknesses in the internal control system.
- 5) a) According to the information and explanation given to us and based on the audit procedures applied by us, we are of the opinion that the transactions that need to be entered into the register maintained under Section 301 have been so entered.
b) According to the information and explanation given to us, no transaction exceeding value of Rupees five lakhs have been entered with the parties entered in the register maintained under Section 301 of the Act.
- 6) The Company has not accepted any deposits during the year from the public within the meaning of the provisions of S.58A and 58AA or other relevant provisions of the Companies Act, 1956 and rules made thereunder and the directives issued by the Reserve Bank of India, wherever applicable. Hence, the clause 4 (vi) of the order is not applicable.
- 7) The Company is not statutorily required to have Internal Audit System.
- 8) According to the information and explanation given to us and to the best of our knowledge, the Central Government has not prescribed maintenance of cost records under clause (d) of sub-section (1) of Section 209 of the Companies Act, 1956 for the products of the Company.
- 9) a) In our opinion and according to the information and explanation given to us, the Company is regular in depositing undisputed statutory dues including Income Tax, Sales Tax, Service Tax, Custom Duty, Excise Duty, cess and other statutory dues applicable to it with the appropriate authorities. The Company is not covered by Provident Fund and Employees' State Insurance Scheme.
b) According to the information and explanation given to us, there are no dues outstanding of Income Tax, Sales Tax, Service Tax, Custom Duty, Excise Duty and Cess on account of any dispute.
- 10) The Company has no accumulated losses at the end of the financial year and it has not incurred any cash losses in the current and immediately preceding financial year.
- 11) According to the information and explanation given to us and based on our audit procedures, the Company has no borrowings from financial institution or bank or by way of debentures.
- 12) According to the information and explanation given to us and based on the documents and records produced to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- 13) In our opinion and according to the information and explanations given to us, the nature of activities of the Company does not attract any special statute applicable to chit fund and nidhi/mutual benefit fund/societies.

GRIP POLYMERS LIMITED

- 14) The Company is not dealing or trading in shares, securities, debentures or other investments and hence, the requirements of Para 4 (xiv) are not applicable to the Company.
- 15) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
- 16) The Company has not taken any term loans during the year.
- 17) The Company has not raised any short term / long term funds during the year.
- 18) The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under Section 301 of the Companies Act. 1956.
- 19) No debentures have been issued by the Company and hence, the question of creating securities in respect thereof does not arise.
- 20) The Company has not raised any money through a public issue during the year.
- 21) During the course of our examination of the books of account and records of the Company carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instances of material fraud on or by the Company, noticed or reported during the year, nor have we been informed of such cases by management.

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

Place : Mumbai
Date : 8th June 2009

GRIP POLYMERS LIMITED

BALANCE SHEET AS AT 31ST MARCH, 2009

	SCHEDULE	As At 31.03.2009 (Rs.)	As At 31.03.2008 (Rs.)
I. SOURCES OF FUNDS			
1. Shareholders' Funds:			
Share Capital	I	500,000	500,000
Reserves & Surplus	II	1,895,951	1,863,354
		<u>2,395,951</u>	<u>2,363,354</u>
2. Deferred Tax Liability		3,810	3,189
	Total	<u>2,399,761</u>	<u>2,366,543</u>
APPLICATION OF FUNDS			
1. Fixed Assets	III		
(a) Gross Block		138,565	138,565
(b) Less : Depreciation		106,085	104,489
(c) Net Block		<u>32,480</u>	<u>34,076</u>
2. Investments	IV	85,000	85,000
3. Current Assets Loans & Advances	V		
(a) Sundry Debtors		15,357	88,743
(b) Cash & Bank Balances		2,227,447	1,966,899
(c) Loans and Advances		224,706	483,854
		<u>2,467,510</u>	<u>2,539,496</u>
4. Less : Current Liabilities & Provisions	VI		
(a) Current Liabilities		46,729	44,529
(b) Provisions		138,500	247,500
		<u>185,229</u>	<u>292,029</u>
Net Current Assets		<u>2,282,281</u>	<u>2,247,467</u>
	Total	<u>2,399,761</u>	<u>2,366,543</u>
Notes on Accounts	VIII		

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

For A.B. Modi & Associates
Chartered Accountants

Rajesh S. Shah
Partner

Place : Mumbai
Date : 8th June 2009

For and on behalf of the Board of Directors

Rajendra V.Gandhi
Chairman

Nayana R. Gandhi
Director

Place : Mumbai
Date : 8th June 2009

GRIP POLYMERS LIMITED

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2009

	SCHEDULE	Year ended 31.03.2009 (Rs.)	Year ended 31.03.2008 (Rs.)
INCOME			
Sale of Traded Goods		66,940	30,030
Commission Income (TDS Rs. 2,241/-, previous year Rs. 19,083/-)		125,837	219,054
Dividend Income		8,000	3,000
Interest (TDS Rs. 38,343/-, previous year Rs. 28,980/-)		186,129	163,597
	Total (A)	386,906	415,681
EXPENDITURE			
Purchase of Traded Goods		56,752	26,941
Sales and Administrative Expenses	VII	284,340	358,612
	Total (B)	341,092	385,553
Operating Profit	Total (A - B)	45,814	30,128
Depreciation		1,596	1,241
Profit Before Taxation		44,218	28,887
Provision for Taxation		11,000	7,500
Provision of Deferred Tax Liability		621	669
Net Profit for the year		32,597	20,718
Add : Excess provision of Income-tax reversed		-	10,613
		32,597	31,331
Add: Balance as per last Balance Sheet		1,021,643	990,312
Balance carried to Balance Sheet		1,054,240	1,021,643
Earning per Share :			
Earning per share of Rs.10 each - Basic / Diluted (Refer note No. 10 of Sch.VIII))		0.65	0.63
Notes on Accounts	VIII		

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

For A.B. Modi & Associates
Chartered Accountants

Rajesh S. Shah
Partner

Place : Mumbai
Date : 8th June 2009

For and on behalf of the Board of Directors

Rajendra V.Gandhi
Chairman

Nayana R. Gandhi
Director

Place : Mumbai
Date : 8th June 2009

GRIP POLYMERS LIMITED

SCHEDULES ANNEXED TO & FORMING PART OF THE BALANCE SHEET

	As At 31.03.2009 (Rs.)	As At 31.03.2008 (Rs.)
SCHEDULE I:		
Share Capital		
Authorised:		
50,000 Equity Shares of Rs. 10/- each	500,000	500,000
Issued, Subscribed and Paid up :		
50,000 (50,000) Equity Shares of Rs.10/- each fully Paid up (of which 39,980 Shares have been issued as bonus shares by Capitalisation of General Reserve) (49,900 Equity Shares of Rs.10/- each held by Holding Company Gujarat Reclaim & Rubber Products Limited)	500,000	500,000
Total	<u>500,000</u>	<u>500,000</u>
SCHEDULE II:		
Reserves and Surplus :		
General Reserve :		
Balance as per last Balance Sheet	841,711	841,711
Surplus in Profit and Loss Account	1,054,240	1,021,643
Total	<u>1,895,951</u>	<u>1,863,354</u>

SCHEDULE III:

Fixed Assets

Particular of Assets	At Cost or Book Value			Less Depreciation			Net Block	
	Gross Block 1.04.2008	Addition during the year	Gross Block 31.03.2009	As at 1.04.2008	For the period	As at 31.03.2009	As at 31.03.2009	As at 31.03.2008
1. Furniture & Fixtures	2,340	-	2,340	1,923	148	2,071	269	417
2. Office Equipments	30,475	-	30,475	2,104	1,448	3,552	26,923	28,371
3. Computers	105,750	-	105,750	100,462	-	100,462	5,288	5,288
Total :	138,565	-	138,565	104,489	1,596	106,085	32,480	34,076
Previous Year	127,890	10,675	138,565	103,248	1,241	104,489	34,076	24,642

SCHEDULE IV:

Investments :

Long Term Investments

Trade Quoted-Equity Shares

1000 (1000) Equity Shares of Rs.10/- each of Bank of Baroda
(Market Value Rs. 2,34,550/- Previous Year Rs. 2,83,900/-)

	85,000	85,000
Total	<u>85,000</u>	<u>85,000</u>

GRIP POLYMERS LIMITED

SCHEDULES ANNEXED TO & FORMING PART OF THE BALANCE SHEET

	As At 31.03.2009 (Rs.)	As At 31.03.2008 (Rs.)
SCHEDULE V:		
Current Assets, Loans and Advances :		
a. Sundry Debtors (Unsecured-considered good)		
Outstanding less than six months	15,357	88,743
	<u>15,357</u>	<u>88,743</u>
b. Cash & Bank Balances		
Balances with Scheduled Banks		
In Current Account	99,844	60,387
In Fixed Deposits	2,127,603	1,906,512
	<u>2,227,447</u>	<u>1,966,899</u>
c. Loans and Advances		
(Unsecured, Considered Good)		
Advances recoverable in cash or in kind or for value to be received	14,161	193,649
Advance Income Tax	210,545	290,205
	<u>224,706</u>	<u>483,854</u>
Total	<u><u>2,467,510</u></u>	<u><u>2,539,496</u></u>

SCHEDULE VI: Current Liabilities and Provisions :

a. Current Liabilities		
Sundry Creditors	12,931	9,741
Others	33,798	34,788
	<u>46,729</u>	<u>44,529</u>
b. Provisions		
Provision for Income Tax	138,500	247,500
	<u>138,500</u>	<u>247,500</u>
Total	<u><u>185,229</u></u>	<u><u>292,029</u></u>

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

	Year Ended 31-03-2009 (Rs.)	Year Ended 31-03-2008 (Rs.)
SCHEDULE VII:		
Sales and Administrative Expenses		
Telephone Expenses	27,250	26,752
Travelling and Conveyance	125,531	207,179
Bank Interest and Charges	506	320
Professional fees	89,405	63,000
Laboratory Expenses	3,000	30,000
Auditors' Remuneration		
- As Auditors	2,757	2,809
- For Tax Matter	3,861	3,939
	<u>6,618</u>	<u>6,748</u>
Other Expenses	32,030	24,613
Total	<u><u>284,340</u></u>	<u><u>358,612</u></u>

GRIP POLYMERS LIMITED

SCHEDULE VIII:

NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2009

1 Accounting Policies :

a) Basis of Preparation of financial Statements

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

b) Accounting Estimates :

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

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

d) Fixed assets & depreciation :

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

e) Investments :

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

f) Income Recognition :

Sales are recognised at dispatch of goods.

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

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

g) Income Taxes :

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

h) Foreign currency transactions :

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

2 Quantitative details in respect of turnover of traded goods :

Class of goods	Unit	Purchases		Turnover	
		Qty	Value (Rs.)	Qty	Value (Rs.)
1. Carbon Powder	Kgs	2,680	56,752	2,680	66,940
		(1,155)	(26,941)	(1,155)	(30,030)

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

	31-03-2009	31-03-2008
3 Expenditure incurred in foreign currencies	110,588	-

GRIP POLYMERS LIMITED

4 Fixed deposits include bank deposit of Rs. 15,387/- pledged with sales tax department.

5 Deferred Taxes

	As at 31-03-2009 (Rs.)	As at 31-03-2008 (Rs.)
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Deferred Tax Liability

On account of Depreciation

	3,810	3,189
--	-------	-------

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

7 Segment reporting as defined in Accounting Standard 17 is not applicable since trading is the only business segment.

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

9 Related Parties Disclosure :

a) Names of the related parties :

i) Parties where control exists

Holding Company

Gujarat Reclaim & Rubber Products Limited.

(99.80 % of total shareholdings held by the company)

ii) Directors of the company

Key Management Personnel

Rajendra V. Gandhi, Chairman

Nayana R. Gandhi, Director

iii) Relatives of Key Management Personnel

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

b) Transaction with Related Parties :

	31-03-2009 (Rs.)	31-03-2008 (Rs.)
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Relative of Key Management Personnel

Professional Fees

	85,000	60,000
--	--------	--------

10 Earnings per share :

	31-03-2009	31-03-2008
--	------------	------------

Computation of basic & diluted earnings

- Net Profit after tax for the year	32,597	20,718
- Excess provision of Income-tax	-	10,613
- Net Profit attributable to equity shareholders	32,597	31,331
- Number of equity shares of Rs. 10/- each outstanding	50,000	50,000
- Earning per share - Basic / Diluted	0.65	0.63

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

For and on behalf of the Board of Directors

For A.B. Modi & Associates
Chartered Accountants

Rajendra V.Gandhi
Chairman

Rajesh S. Shah
Partner

Nayana R. Gandhi
Director

Place : Mumbai
Date : 8th June 2009

Place : Mumbai
Date : 8th June 2009

GRIP POLYMERS LIMITED

STATEMENT PURSUANT TO PART IV TO THE COMPANIES ACT, 1956 FOR THE YEAR ENDED 31ST MARCH 2009

BALANCE SHEET ABSTRACT & COMPANY'S GENERAL BUSINESS PROFILE :

I. Registration details :

Registration no.	U25200MH1993PLC074922	State code	11
Balance Sheet date	31.03.2009		

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

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

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

Total Liabilities	2,400	Total Assets	2,400
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Source of funds

Paid-up Capital	500	Reserves & Surplus	1,896
Deferred Tax Liability	4		

Application of Funds

Net Fixed Assets	33	Investment	85
Net Current Assets	2,282	Miscellaneous Expenditures.	-

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

Turnover	387	Total Expenditure	342
Profit before tax	45	Profit after tax	33
Earning per share	0.65	Dividend rate (%)	0.00%

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

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

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

Rajendra V. Gandhi
Chairman

Nayana R. Gandhi
Director

Place : Mumbai
Date : 8th June 2009



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, 2009 and the Consolidated Profit and Loss Account for the year ended on that date annexed thereto, and the Consolidated Cash Flow Statement for the year ended on that date. These consolidated financial statements are the responsibility of the Gujarat Reclaim & Rubber Products Limited's management. Our responsibility is to express an opinion on these Consolidated financial statements based on our audit.
- 2) We have conducted our audit in accordance with generally accepted auditing standards in India. These Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are prepared, in all material respects, in accordance with an identified financial reporting framework and are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial Statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
- 3) We did not audit the financial statements of an associate namely Alphanso Netsecure Private Limited, whose net carrying cost of investment as at the end of previous year is Rs. Nil (refer note no.9 of Schedule XVIII) after considering Company's share of loss in the said associate aggregating to Rs.20,05,600/- (being proportionate share of the Company) on the basis of latest audited financial statement available for the year ended 31st March, 2008. 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 subject to *non availability of latest audited Balance Sheet for the year ended 31st March 2009.*
- 5) On the basis of the information & explanation given to us, we are of the opinion, that :
 - a) the Consolidated Balance Sheet gives a true and fair view of the consolidated state of affairs of the Group as at 31st March, 2009;
 - b) the Consolidated Profit and Loss Account gives a true and fair view of the consolidated result of the Group for the year ended on that date; and
 - c) the Consolidated Cash Flow Statement, of the consolidated cash flows of the Group for the year ended on that date.

Place : Mumbai
Date : 16th June, 2009

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



GUJARAT RECLAIM & RUBBER PRODUCTS LIMITED

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2009

		As At 31.03.2009 (Rs.)	As At 31.03.2008 (Rs.)
I. SOURCES OF FUNDS	SCHEDULE		
(1) Shareholders' Funds:			
(a) Share Capital	I	13,333,330	13,333,330
(b) Reserves and Surplus	II	412,625,111	301,072,211
		425,958,441	314,405,541
(2) Loan Funds:			
(a) Secured Loans	III	162,258,294	221,203,972
(b) Unsecured Loans	IV	15,665,677	16,389,015
		177,923,971	237,592,987
(3) Deferred Tax Liability		85,263,129	81,575,233
(4) Minority Interest		4,789	4,724
	Total	689,150,330	633,578,485
II. APPLICATION OF FUNDS			
(1) Fixed Assets :			
(a) Gross Block	V	595,766,632	547,574,905
(b) Less: Depreciation		214,769,288	175,439,467
(c) Net Block		380,997,344	372,135,438
(d) Capital Work in Progress		5,221,669	8,343,652
(e) Advances for Capital Expenditure		45,496,260	1,726,791
(2) Investments	VI	1,383,750	3,389,350
(3) Current Assets, Loans and Advances:	VII		
(a) Inventories		86,606,575	77,055,725
(b) Sundry Debtors		235,495,635	221,430,767
(c) Cash and Bank Balances		13,900,467	6,763,713
(d) Loans and Advances		37,978,866	56,046,230
		373,981,543	361,296,435
Less: Current Liabilities and Provisions	VIII		
(a) Current Liabilities		88,823,253	95,455,549
(b) Provisions		29,106,983	17,857,632
		117,930,236	113,313,181
Net Current Assets		256,051,307	247,983,254
	Total	689,150,330	633,578,485
Notes on Accounts	XVIII		

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

For A.B. Modi & Associates
Chartered Accountants

Rajesh S. Shah
Partner

Place : Mumbai
Date : 16th June, 2009.

For and on behalf of the Board of Directors

K.M.Philip
Chairman

R.V.Gandhi
Managing Director

G.A.Ghangurde
Vice President & Company Secretary

Place : Mumbai
Date : 16th June, 2009.



GUJARAT RECLAIM & RUBBER PRODUCTS LIMITED

CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2009

	SCHEDULE	Year ended 31.03.2009 (Rs.)	Year ended 31.03.2008 (Rs.)
(A) INCOME			
Sales and Other Income			
Sales (Net)	IX	1,293,064,549	1,091,850,963
Other Income	X	39,511,219	7,147,997
		1,332,575,768	1,098,998,960
Variation in Inventories	XI	7,287,127	549,320
Total (A)		1,339,862,895	1,099,548,280
(B) EXPENDITURE			
Raw Materials Consumed	XII	584,849,673	500,356,141
Purchase of Trading Goods		56,752	26,941
Power, Fuel and Water Consumed	XIII	135,318,494	134,930,692
Employees' Cost	XIV	127,997,934	109,574,568
Packing and Forwarding Expenses		120,632,494	90,115,690
Stores and Spare Parts Consumed		31,504,072	17,754,146
Repairs and Maintenance Expenses	XV	12,131,870	10,327,086
Administrative and Other Expenses	XVI	60,579,442	35,609,860
Interest and Financial Charges	XVII	17,830,364	15,870,002
Loss on revaluation of Foreign Currency Loans		-	9,534,394
Total (B)		1,090,901,095	924,099,520
Operating Profit (A-B)		248,961,800	175,448,760
Amortisation of Leasehold Land Premium		62,363	62,363
Depreciation		39,535,972	34,473,817
Profit before Taxation & Extraordinary Item		209,363,465	140,912,580
Discarded/Impairment of Assets Written Off		154,460	26,199
Profit before Taxation		209,209,005	140,886,381
Minority Interest		65	63
Provision for Taxation		72,036,000	30,519,500
Provision for Deferred Tax		737,143	18,263,620
Provision for Fringe Benefit Tax		1,000,000	925,000
Profit after Taxation		135,435,797	91,178,198
Less : Share of loss in associate		(2,005,600)	-
Add: Excess Provision of Income-tax (Net)		(299,856)	3,940,844
		133,130,341	95,119,042
Add: Balance as per last Balance Sheet		198,737,116	174,677,176
Profit available for Appropriation		331,867,457	269,796,218
Appropriations :-			
Transfer to General Reserve		202,679,288	50,000,000
Interim dividend		6,666,665	6,666,665
Proposed dividend		16,666,663	11,333,331
Tax on dividend		3,965,512	3,059,106
Balance carried to Balance Sheet		101,889,329	198,737,116
Earnings per share of Rs 10 each - Basic		99.85	71.34
Earnings per share of Rs.10 each- Diluted		99.85	71.34

* Refer Note No.B.14 of SCHEDULE XVIII

Notes on Accounts

XVIII

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

For and on behalf of the Board of Directors

For A.B. Modi & Associates
Chartered Accountants

K.M.Philip
Chairman

Rajesh S. Shah
Partner

R.V.Gandhi
Managing Director

G.A.Ghangurde
Vice President & Company Secretary

Place : Mumbai
Date : 16th June, 2009.

Place : Mumbai
Date : 16th June, 2009.



GUJARAT RECLAIM & RUBBER PRODUCTS LIMITED

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2009.

	Year ended 31.03.2009 (Rs.)	Year ended 31.03.2008 (Rs.)
A: Cash flow from Operating activities		
Net profit before tax and extra ordinary items	209,363,465	140,912,580
Adjustments for		
- Depreciation	39,535,972	34,473,817
- Previous Period Expenses	-	(912,751)
- (Profit) / Loss on sale of assets (Net)	(199,504)	554,242
- Amortisation of leasehold land premium	62,363	62,363
- Exchange difference on revaluation of Foreign Currency Loans	-	9,534,394
- Interest (Net)	14,118,072	12,693,700
- Dividend Income	(8,000)	(3,000)
	<u>53,508,903</u>	<u>56,402,765</u>
Operating Profit before working capital changes	262,872,368	197,315,345
Adjustments for		
- Trade and other receivables	3,940,190	(101,000,593)
- Inventories	(9,550,850)	(19,238,829)
- Sundry creditors	(1,322,577)	29,849,148
	<u>(6,933,237)</u>	<u>(90,390,274)</u>
Cash generated from operations	255,939,131	106,925,071
Direct taxes paid	(74,808,854)	(34,771,476)
Net cash from operating activities	181,130,277	72,153,595
B: Cash flow from investing activities		
- Interest received	842,859	414,163
- Dividend Income	8,000	3,000
- Sale proceeds of fixed assets	877,444	800,734
- Purchase of investments	-	(1,290,000)
- Purchase of fixed assets	(69,741,480)	(87,167,011)
Net cash used in investing activities	(68,013,177)	(87,239,114)
C: Cash flow from financing activities		
- Loans borrowed (Net of repayment)	(59,669,016)	44,687,457
- Exchange difference on revaluation of Foreign Currency Loans	-	(9,534,394)
- Exchange difference adjusted against fixed assets as per AS 11	(13,253,286)	-
- Interest paid	(15,260,492)	(13,207,064)
- Dividend paid	(17,797,552)	(17,919,237)
Net cash used in financing activities	(105,980,346)	4,026,762
Net increase / (Decrease) in cash and cash equivalents	7,136,754	(11,058,757)
Cash and cash equivalents at the beginning of the year	6,763,713	17,822,470
Cash and cash equivalents at the closing of the year	13,900,467	6,763,713

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

For A.B. Modi & Associates
Chartered Accountants

Rajesh S. Shah
Partner

Place : Mumbai
Date : 16th June, 2009.

For and on behalf of the Board of Directors

K.M.Philip
Chairman

R.V.Gandhi
Managing Director

G.A.Ghangurde
Vice President & Company Secretary

Place : Mumbai
Date : 16th June, 2009.



GUJARAT RECLAIM & RUBBER PRODUCTS LIMITED

CONSOLIDATED SCHEDULES ANNEXED TO & FORMING PART OF THE BALANCE SHEET

	As At 31.03.2009 (Rs.)	As At 31.03.2008 (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 reissue 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	92,529,742	43,132,249
Add : Transfer from Profit and Loss Account	202,679,288	50,000,000
Add : Exchange difference on long-term foreign currency borrowing for acquiring capital assets adjustment (Refer note B.11 of schedule XVIII)	5,723,219	-
Less : Leave encashment provision adjustment	-	(602,507)
	300,932,249	92,529,742
Surplus in Profit and Loss Account	101,887,509	198,737,116
Total	412,625,111	301,072,211
SCHEDULE III:		
Secured Loans :		
From Banks :-		
Cash Credit and Bill Discounting	58,483,634	86,155,348
Term Loan	103,774,660	135,048,624
Total	162,258,294	221,203,972
SCHEDULE IV:		
Unsecured Loans :		
(a) Fixed Deposits	6,830,000	4,435,000
(b) From Bank and Others	2,287,124	3,869,594
(c) Deferred payment Liability (Sales Tax Deferment)	6,548,553	8,084,421
Total	15,665,677	16,389,015
SCHEDULE V :		
Fixed Assets :		

Particulars of Assets	At Cost or At Book Value				Less: Depreciation			Net Block		
	Up to 01-04-2008	Additions/ Transfer	Sales/ Transfer	Gross Block As on 31-03-2009	Up to 01-04-2008	Deduction	For the year	As on 31-03-2009	As on 31-03-2009	As on 31-03-2008
Land and Roads	15,640,936	-	-	15,640,936	1,279,516	-	220,520	1,500,036	14,140,900	14,361,420
Buildings	109,918,966	3,230,985	-	113,149,951	14,570,165	-	3,443,465	18,013,630	95,136,321	95,348,801
Plant and Machinery	389,539,063	43,426,600	1,966,886	430,998,777	151,143,900	1,130,756	32,967,838	182,980,982	248,017,795	238,395,163
Furniture & Fixtures	7,186,299	832,247	-	8,018,546	1,406,280	-	471,598	1,877,878	6,140,668	5,780,019
Office Equipments	3,484,999	623,756	-	4,108,755	836,814	-	182,534	1,019,348	3,089,407	2,648,185
Computer Installations	14,008,694	1,323,724	-	15,332,418	5,221,365	-	2,378,363	7,599,728	7,732,690	8,787,329
Vehicles	7,795,948	721,301	-	8,517,249	981,427	-	796,259	1,777,686	6,739,563	6,814,521
	547,574,905	50,158,613	1,966,886	595,766,832	175,439,467	1,130,756	40,460,577	214,769,288	380,997,344	372,135,438
Capital Work in Progress										
Roads	-	1,094,018	-	1,094,018	-	-	-	-	1,094,018	-
Factory Building	-	492,876	-	492,876	-	-	-	-	492,876	-
Plant & Machinery	8,343,652	(4,708,877)	-	3,634,775	-	-	-	-	3,634,775	8,343,652
Total	555,918,557	47,036,630	1,966,886	600,988,301	175,439,467	1,130,756	40,460,577	214,769,288	386,219,013	380,479,090
Previous Year	473,682,334	122,515,199	40,278,976	555,918,557	144,452,901	3,549,614	34,536,180	175,439,467	380,479,090	329,229,433

- Note :- 1. Depreciation includes amortisation of Lease Hold Land Premium of Rs. 62,363/-, Previous Year Rs. 62,363/-
2. Addition to fixed assets include exchange difference arising from revaluation of foreign currency term loan as per amended AS 11 amounting to Rs.13,253,286/- for F.Y 2008-09 and Rs.9,538,124/- for F.Y. 2007-08.
3. Depreciation for the year includes adjustment for the F.Y. 2007-08 of Rs.862,242/- as per AS 11 working, charged to General Reserve.
4. Additions during the year and capital work in progress include Rs Nil, Previous Year Rs. 2,10,522/- being borrowing cost capitalised in accordance with the Accounting Standard AS 16 on "Borrowing Cost" issued by the Institute of Chartered Accountants of India.



GUJARAT RECLAIM & RUBBER PRODUCTS LIMITED

CONSOLIDATED SCHEDULES ANNEXED TO & FORMING PART OF THE BALANCE SHEET

	As At 31.03.2009 (Rs.)	As At 31.03.2008 (Rs.)
SCHEDULE VI:		
Investments :		
(a) Long Term Investments		
1000 (1000) Equity Shares of Rs 10 each of Bank of Baroda (Market value Rs. 215,400/- Previous year Rs. 223,200/-)	85,000	85,000
ii) Other investment :		
(a) In Associates:		
10,028 (10,028) Equity Shares of Rs. 100/- each fully paid up in Alphanso Netsecure Pvt. Ltd.	2,005,600	
Less: Diminution in the value of investment	<u>2,005,600</u>	2,005,600
(b) In Others:		
129,000 (129,000) Equity Shares of Rs. 10/- each fully paid up in Bharuch Eco-aqua Infrastructure Ltd.	1,290,000	1,290,000
(b) Current Investments : Other Investments		
Quoted :		
1 (1) ICICI Bank Limited 25 Years Deep Discount Bond of Rs.1250 /- each.	1,250	1,250
Unquoted:		
7 Years National Savings Certificates	7,500	7,500
(Deposited with Central Excise Authority)		
Total	<u>1,383,750</u>	<u>3,389,350</u>
SCHEDULE VII:		
Current Assets, Loans and Advances :		
Current Assets		
(a) Inventories		
(As per Inventory certified by Managing Director) (Refer note 5.(g) of schedule XVIII)		
Stores, Spares and Packing Materials	8,280,131	7,676,198
Stock in-trade:		
Raw Materials		
I. Rubber Scrap	25,413,812	28,138,224
II. Oils and Chemicals	3,555,074	5,581,119
III. Fuel	333,159	523,082
	<u>29,302,045</u>	<u>34,242,425</u>
DEPB Licence Stocks (At net realisable value)	8,395,341	1,795,171
Goods-in-process	6,094,873	2,328,263
Finished Goods	34,534,185	30,064,617
Finished Goods-in-transit	-	949,051
	<u>86,606,575</u>	<u>77,055,725</u>
(b) Sundry Debtors (Unsecured)		
Outstanding for more than six months	130,316	466,227
Others (Considered Good)	235,365,319	220,964,540
	<u>235,495,635</u>	<u>221,430,767</u>
(c) Cash and Bank Balances		
Cash in hand	370,918	391,061
Balance with Scheduled Banks:		
In Current / Cash Credit Account	9,897,066	3,247,676
In Deposit Account	3,632,483	3,124,976
	<u>13,900,467</u>	<u>6,763,713</u>
(d) Loans and Advances (Unsecured, Considered Good):		
for value to be received	11,801,514	26,381,053
Other Advances and Deposits	22,748,338	28,190,881
Deposit with Central Excise	3,429,014	1,474,296
	<u>37,978,866</u>	<u>56,046,230</u>
Total	<u>373,981,543</u>	<u>361,296,435</u>



GUJARAT RECLAIM & RUBBER PRODUCTS LIMITED

CONSOLIDATED SCHEDULES ANNEXED TO & FORMING PART OF THE BALANCE SHEET

	As At 31.03.2009 (Rs.)	As At 31.03.2008 (Rs.)
SCHEDULE VIII:		
Current Liabilities and Provisions :		
A) Current Liabilities :		
Sundry Creditors	88,233,270	95,068,010
Unclaimed Dividends	589,983	387,539
Total (A)	88,823,253	95,455,549
B) Provisions :		
Leave Encashment	5,411,560	1,626,188
Proposed dividend	16,666,663	11,333,331
Tax on Proposed dividend	2,832,506	1,926,100
Current taxation - Income Tax (Refer note 10 of schedule XVIII)	4,130,424	2,901,087
Current taxation - Fringe Benefit Tax (Refer note 10 of schedule XVIII)	65,830	70,926
Total (B)	29,106,983	17,857,632
Total (A+B)	117,930,236	113,313,181

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

	Year Ended 31-Mar-2009 (Rs.)	Year Ended 31-Mar-2008 (Rs.)
SCHEDULE IX:		
Sales :		
Turnover (Inclusive of excise duty)	1,371,256,240	1,175,501,860
Less: excise duty	65,706,168	72,673,857
Turnover (Net)	1,305,550,072	1,102,828,003
Sale of Trading Goods	66,940	30,030
	1,305,617,012	1,102,858,033
Less: Commission	8,621,947	9,815,979
Discount	3,930,516	1,191,091
	12,552,463	11,007,070
Total	1,293,064,549	1,091,850,963

SCHEDULE X:		
Other Income :		
Export Incentives (including variation in incentives)	16,392,063	4,618,532
Exchange rate difference (Net)	14,054,585	-
Interest Received	1,142,420	513,364
Miscellaneous Income	2,390,902	635,437
Commission Income	125,837	219,054
Dividend Income	8,000	3,000
Profit on Sale of Raw material	3,802,596	-
Profit on Sale of Assets	199,504	-
Balances written back	1,395,312	1,158,610
Total	39,511,219	7,147,997

SCHEDULE XI:		
Variation in Inventories :		
Opening Inventories :		
Finished Goods	30,064,617	29,405,344
Finished Goods-in-transit	949,051	-
Goods-in-process	2,328,263	3,387,267
	33,341,931	32,792,611
Closing Inventories :		
Finished Goods	34,534,185	30,064,617
Finished Goods-in-transit	-	949,051
Goods-in-process	6,094,873	2,328,263
	40,629,058	33,341,931
Total	7,287,127	549,320



GUJARAT RECLAIM & RUBBER PRODUCTS LIMITED

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

	Year Ended 31-Mar-2009 (Rs.)	Year Ended 31-Mar-2008 (Rs.)
SCHEDULE XII:		
Raw Materials Consumed :		
Opening Inventories	33,719,343	15,698,453
Add: Purchases (Refer Note 7(b) of schedule XVIII)	597,465,186	518,882,284
	631,184,529	534,580,737
Less: Raw Material Sold	17,365,970	505,253
Closing Inventories	28,968,886	33,719,343
	46,334,856	34,224,596
Total	584,849,673	500,356,141
SCHEDULE XIII:		
Power, Fuel and Water Consumed :		
Power	112,253,964	112,261,301
Fuel	21,392,323	21,142,811
Water	1,672,207	1,526,580
Total	135,318,494	134,930,692
SCHEDULE XIV:		
Employees' Cost :		
Salaries, Wages and Bonus	91,611,689	83,155,640
Contribution to Provident Fund and Other Funds	10,356,599	7,778,833
Welfare and Other Benefits	26,029,646	18,640,095
Total	127,997,934	109,574,568
SCHEDULE XV:		
Repairs and Maintenance Expenses :		
Plant and Machinery	8,325,842	6,035,582
Buildings	807,855	400,073
Other Assets (Refer Note 7(b) of schedule XVIII)	2,998,173	3,891,431
Total	12,131,870	10,327,086
SCHEDULE XVI:		
Administrative and Other Expenses :		
Insurance	839,244	938,157
Vehicles Expenses	1,743,266	1,457,445
Printing and Stationery	754,947	847,131
Advertisements	951,119	681,616
Rent, Lease Rent and Other Charges	311,960	356,309
Travelling and Conveyance	6,900,240	6,171,488
Postage, Telegram and Telephones	2,838,261	2,736,992
Retainer Fees, Legal Fees, Professional Charges	4,751,163	3,251,649
Auditors' Remuneration :		
- As Auditors	233,095	233,147
- As Tax Auditors	56,180	56,180
- For Taxation Matter	67,541	72,985
	356,816	362,312
Board Meeting Fees	336,000	359,000
Managing Director's Remuneration:		
- Remuneration including Perks	6,993,734	5,041,271
- Contribution to Provident and Pension Funds	648,000	540,000
	7,641,734	5,581,271
Other Expenses (Refer Note 7(b) of schedule XVIII)	33,154,692	12,312,248
Loss on Sale of Assets	-	554,242
Total	60,579,442	35,609,860
SCHEDULE XVII:		
Interest and Financial Charges :		
Interest including interest to Banks	15,260,492	13,207,064
Financial Charges	2,569,872	2,662,938
Total	17,830,364	15,870,002



GUJARAT RECLAIM & RUBBER PRODUCTS LIMITED

NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2009

SCHEDULE XVIII

1. Subsidiary :

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

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

2. Basis of preparation of financial statements :

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

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

4. Principles of consolidation :

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

5. Significant Accounting Policies :-

(a) Basis of accounting :

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

(b) Accounting Estimates :

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

(c) Fixed assets & depreciation :

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

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

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

- Leasehold land is amortised over the period of lease.

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

SCHEDULE XVIII

(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.



GUJARAT RECLAIM & RUBBER PRODUCTS LIMITED

NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2009 (Contd.)

(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 :

Raw materials, Stores and Spares, Packing materials, Finished goods & Semi Finished goods inventories are valued at cost or net realisable value, whichever is lower. The cost is determined by considering material, labour and related overheads. Excise duty is included in the value of Finished Products.

(h) Income Recognition :

Raw materials, Stores and Spares, Packing materials, Finished goods & Semi Finished goods inventories are valued at lower of cost or net realisable value. The cost is determined by considering material, labour and related overheads. Excise duty is included in the value of Finished Products.

NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2009 (Contd.)

(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.

The premium or discount that arises on entering into a forward exchange contract for hedging purposes is measured by the difference between the exchange rate at the date of inception of the forward exchange contract and the forward rate. Forward exchange contract gain / loss is the difference between :

(a) The foreign currency amount of the contract translated at the exchange rate at the reporting date, or the settlement date, where the transaction is settled during the reporting period, and

(b) The same foreign currency amount translated at the latter of the date of inception of the forward exchange contract and the last reporting date. These exchange differences are recognised in the statement of the profit and loss in the reporting period in which the exchange rate changes.

The premium or discount arising at the inception of a forward exchange contract entered into to hedge a foreign currency risk of a firm commitment or a highly probable forecast transaction is amortised as expense or income over the life of the contract.

(ii) The company has opted for Companies (Accounting Standards) Amendment Rules 2009 on Accounting Standard 11 (AS 11), as notified by the Government of India on 31st March, 2009, for accounting of exchange differences arising from revaluation of long term foreign currency items with retrospective effect. Accordingly, the effect of exchange difference on long term foreign currency loan borrowed by the company for the acquisition of capital asset is accounted by addition or reduction in cost of the respective assets, to the extent it pertains to depreciable assets.

(j) Retirement benefits :

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

Liability towards Superannuation is funded in accordance with the scheme with LIC. Contribution to Provident Fund are accrued as per the provisions of the Employees' Provident Funds and Miscellaneous Provisions Act, 1952.

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

	As At 31.03.2009 (Rs.)	As At 31.03.2008 (Rs.)
6 Contingent liabilities :		
- Estimated amount of contracts remaining to be executed on capital account.	9,245,354	5,440,486
- Claims against the company (Including Sales tax, Excise duty, etc.) not acknowledged as debts		
- Maharashtra Sales Tax	51,956	51,956
- Excise Duty	4,829,471	45,688,154
- Income Tax liability	653,103	653,103
- Guaranteed by Banks not provided for (Net)	3,171,833	2,521,250
7 (a) The loans and advances also includes deposit of Rs.1,575,000/- (Previous year Rs.1,575,000/-) with a company in which some of the directors are interested and a loan of Rs.3,511,240/- (Previous year Rs.650,000/-) to an associate concern.		
(b) Other expenses include Auditor's out of pocket expenses Rs. 23,853/- (Previous year Rs. 25,331/-), Loss on account of theft of Rs. Nil/- (Previous year Rs. 411,700/-) and expenditure incurred for a project which has been abandoned during the year amounting to Rs. 28,622,511/- (Previous year Nil). Raw Materials Purchases include incidental expenses of Rs. 2,763,395/- (Previous year Rs. 3,397,376/-), Expenses debited to Profit & Loss account include prior period expenses Rs. 510,991/- (Previous year Rs. 399,366/-).		
(c) Finished Goods stock include excise duty of Rs. 2,570,050 /- (Previous year Rs. 3,727,439/-)		
8 The Disclosure as required as per the revised AS 15 is set out in note 8 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.		



GUJARAT RECLAIM & RUBBER PRODUCTS LIMITED

NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2009 (Contd.)

- 9 Long Term Investments include investment of Rs. 2,005,600/- by way of 10,028 Equity Shares of Rs. 100/- each fully paid in Alphanso Netsecure Pvt. Limited, being 46% of total shareholding of the said company. As per Accounting Standard 23, the carrying value of the investment (Using Equity Method) is Rs. Nil on the basis of latest available audited Balance Sheet for the year ended 31st March of the said company.
- 10 Current taxation represents provision in excess of advance payment of taxes of Rs.14,75,22,076/- (Previous year Rs. 104,900,413/-) and provision of FBT of Rs. 25,59,170/- (Previous year Rs. 23,40,074/-)
- 11 The company has opted for Companies (Accounting Standards) Amendment Rules 2009 on Accounting Standard 11 (AS 11), as notified by the Government of India on 31st March, 2009, for accounting of exchange differences arising from revaluation of long term foreign currency loans with retrospective effect. Accordingly, the effect of exchange difference on long term foreign currency loan borrowed by the company for the acquisition of capital asset is accounted by addition or reduction in cost of the respective assets, to the extent it pertains to depreciable assets. Consequently, the loss arising from the effect of changes in foreign exchange rate on foreign currency loans relating to acquisition of depreciable capital assets, amounting to Rs. 13,253,286/- for the year ended 31st March,2009 are added to the cost of such assets. Accordingly, the depreciation for the year is higher by Rs. 2,213,402/- and profit for the year is higher by Rs.11,039,884/-.

The corresponding foreign exchange loss of Rs. 95,34,394/-, depreciation in respect of the said assets of Rs. 862,242/- and deferred tax of Rs. 2,948,933/- for the year ended 31st March,2008 have been provided in the General Reserve. Full value of loss has been added to the cost of such assets and corresponding depreciation to the provision for depreciation. Consequent to these changes, the depreciation for the year is higher by Rs. 2,213,402/-, Profit for the year is higher by Rs. 11,039,884/-, increase in General Reserve by Rs. 5,723,219/- and increase in cost of Fixed Assets by Rs. 22,791,412/-.

	As At 31.03.2009 (Rs.)	As At 31.03.2008 (Rs.)
12 Deferred Taxes :		
a. Deferred Tax Liability		
Depreciation	86,549,777	82,127,974
b. Deferred Tax Asset		
Provision for employee benefit	1,286,648	552,741
Total	85,263,129	81,575,233

SCHEDULE XVIII

13 Related parties disclosure :

(a) Names of the related parties :

i. Parties where control exists :

Subsidiary Company

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

ii. Associate Concern

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

iii. Directors of the company :

(a) Key Management Personnel

R.V.Gandhi, Managing Director

(b) Non executive directors

K.M.Philip, M.V.Gandhi, Dr.Peter Philip, B.T.Doshi,
A.S.Desai and N.M.Desai

iv. Relatives of Key Management Personnel

H.R.Gandhi,relative of Managing Director R.V.Gandhi &
N.R.Gandhi, relative of Managing Director R.V.Gandhi.
H.H.Gandhi, relative of Managing Director R.V.Gandhi

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

- (a) Enarjee Investments Pvt. Ltd.
R.V.Gandhi (Managing Director) is the Chairman
(b) Industrial Development and Investment Co.Pvt. Ltd.
M.V.Gandhi (Director) is the Chairman

	As At 31.03.2009 Rs.	As At 31.03.2008 Rs.
(b) Transactions with related parties:		
i. Associate Concern :		
Alphanso Netsecure Private Limited		
Equity Investment	2,005,600	2,005,600
Outstanding Loan Receivable	3,511,240	1,800,000
Purchase of Goods & Services	-	435,312
Advance against Purchase of Goods & Services	248,508	-
Outstanding Balance	-	34,263



GUJARAT RECLAIM & RUBBER PRODUCTS LIMITED

NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2009 (Contd.)

	As At 31.03.2009 (Rs.)	As At 31.03.2008 (Rs.)
ii. Managing Director :-		
Remuneration paid	7,641,734	5,581,271
Dividend paid	747,900	747,900
iii. Sitting Fees to Directors	336,000	359,000
Dividend to Directors	1,529,537	1,761,337
iv. Relatives of Key Management Personnel :		
Remuneration paid	1,765,073	1,860,449
Dividend	1,020,619	877,116
Interest paid	59,506	18,627
Deposits taken	600,000	-
Deposits Repaid	30,000	-
Outstanding deposits payable	750,000	180,000
v. Enterprises owned or significantly influenced by Key Management Personnel or their relatives :		
(a) Enarjee Investments Pvt. Ltd. :		
- Interest paid	240,000	276,740
- Dividend	1,165,139	1,164,389
- Deposits taken	-	600,000
- Deposits Repaid	-	1,500,000
- Outstanding deposit payable	1,600,000	1,600,000

SCHEDULE XVIII

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

- Rent paid	53,857	52,950
- Dividend	189,000	189,000
- Outstanding deposit receivable (Security for Premises)	1,575,000	1,575,000
14 Earnings per share :		
- Net Profit after tax for the year	133,430,197	91,178,198
- Excess Provision for tax for earlier years	(299,856)	3,940,844
- Net Profit attributable to Equity Shareholders	133,130,341	95,119,042
- Number of equity shares of Rs.10/- each.	1,333,333	1,333,333
- Earnings per share - Basic	99.85	71.34
- Earnings per share -Diluted	99.85	71.34

15 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.

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

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

For A.B. Modi & Associates
Chartered Accountants

Rajesh S. Shah
Partner

For and on behalf of the Board of Directors

K.M.Philip
Chairman

R.V.Gandhi
Managing Director

G.A.Ghangurde
Vice President & Company Secretary

Place : Mumbai
Date : 16th June, 2009.

Place : Mumbai
Date : 16th June, 2009.



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 Fifth Annual General

Meeting of the Company to be held on 8th September, 2009 and / or at any adjournment thereof.

As witness my / our hand(s) this _____ day of _____ 2009.

Signature

Affix
One
Rupee
Revenue
Stamp

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.



NOTES

[illegible]



GUJARAT RECLAIM & RUBBER PRODUCTS LIMITED

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

Website : www.gujaratreclaim.com