

# ANNUAL REPORT 2011 - 2012

**GRP LIMITED**  
( Formerly Known as Gujarat Reclaim & Rubber Products Ltd. )



# OUR RESPONSIBILITY

Our New Logo, inspired by the symbol of infinity represents GRP's strong vision, future forward outlook and continual development. It is a logo we wish to establish across the world as a symbol of our legacy and future vision. GRP aspires to be part of a big story and asks for your continued collaboration to make it bigger.

There are two primary choices in life:  
to accept conditions as they exist,  
or accept the responsibility to changing them.

Dr. Denis Waitley

[www.grpweb.com](http://www.grpweb.com)

GRP RECLAIM RUBBER | GRP INDUSTRIAL POLYMERS | GRP CUSTOM DIE FORMS

GRP   
IMPACT POSITIVE

## Significant Financial Indicators for last five years

(₹ in Lakh)

	Year Ended 31st March				
	2008	2009	2010	2011	2012
Total Income	10,991	13,395	14,304	19,103	25,303
Operating Profit	1,754	2,489	2,572	3,089	4,532
Profit after tax	912	1,354	1,381	1,762	2,580
Net Worth	3,121	4,257	5,326	6,731	8,790
Borrowed funds	2,376	1,779	2,435	4,042	7,628
Fixed Assets (Gross)	5,474	5,956	7,430	9,929	14,370
Net Current Assets	2,457	2,538	3,020	3,704	5,422
Book value per share (₹)	234	319	399	505	659
Earning per share (₹)	71.32	101.33	103.56	132.16	192.91
Dividend (%)	135	175	200	230	330
Ratios:					
Debt Equity	0.49	0.28	0.25	0.34	0.61
Operating profit to sales	16%	19%	18%	17%	19%
Interest coverage	12	15	17	17	13

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

**BOARD OF DIRECTORS**

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

**AUDITORS**

A.B.Modi & Associates  
Chartered Accountants  
Mumbai

**BANKERS**

HDFC Bank Ltd. & Citibank

**WORKS**

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

**CORPORATE OFFICE**

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

**SHARES LISTED ON**

Bombay Stock Exchange Ltd.  
Listing fees paid for the year 2012-2013

**REGISTRAR & TRANSFER  
AGENTS**

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

**ISIN No.**

**INE 137101015**

**E-mail**

investor.relations@grpweb.com

**Web Site**

www.grpweb.com

## Directors' Report to the Members,

Your Directors are pleased to present the **THIRTY EIGHTH ANNUAL REPORT & AUDITED ACCOUNTS** for the year ended **31<sup>st</sup> March, 2012**.

FINANCIAL RESULTS	Year ended 31 <sup>st</sup> March	
	2012	2011
	(₹ Lacs)	(₹ Lacs)
Sales & Other Income	<u>24928.38</u>	<u>18965.88</u>
Profit before depreciation & tax	4532.01	3089.20
Depreciation	687.35	512.80
Profit before tax	3844.66	2576.40
Provision for tax	783.00	700.38
Deferred tax expenditure	481.30	114.32
Profit after tax for the year	2580.36	1761.70
(Short) / Excess Provision of income tax (net)	(8.20)	0.37
Brought forward profit	3002.50	1898.03
<b>Amount available for appropriation</b>	<b>5574.66</b>	<b>3660.10</b>

Out of which the following appropriations have been made :

Transfer to General Reserve	500.00	300.00
Interim Dividend	93.33	93.33
Proposed Final Dividend	213.33	213.33
Proposed Special Dividend	133.33	0.00
Tax on dividend	73.08	50.94
Balance carried to Balance Sheet	4561.59	3002.50
	<b>5574.66</b>	<b>3660.10</b>

### DIVIDEND

An interim dividend of ₹ 7/- per share (70%) for the year has been paid in February, 2012. Based on performance of the Company for the year under report, the board recommends a final dividend of ₹ 16/- per share (160 %) for the year ended 31<sup>st</sup> March, 2012. The Board further recommends a special dividend of ₹ 10/- per share, to commemorate the 100<sup>th</sup> Birthday of Shri K. M. Philip, Chairman of the Company. With this, the total dividend for the year ended 31<sup>st</sup> March, 2012 shall be ₹ 33/- per share (330 %) (last year ₹ 23/- per share (230%)), absorbing a sum of ₹ 440/- lacs.

### CURRENT PERFORMANCE AND FUTURE OUTLOOK

The business environment remained extremely challenging during the financial year 2011-12, due to the recessionary trends in Europe and weakening demand in the second half of the year. An extremely volatile currency scenario, coupled with depressed prices of virgin rubbers led to substantial swings in margins on a monthly basis. A high industrial inflation mainly on account of energy cost increases, pushed up input costs particularly during the last quarter of the year. On December 30, 2011, there was a major fire at Company's plant located at Akkalkot Road, Solapur, leading to loss of approximately 1000 tons of production. The performance of the company in the industrial polymers and custom die forms business has been steady, yet continues to be promising. Capacity addition in these businesses has been steady and the businesses have become self reliant in the financial year 2011-12. The Directors are pleased to inform that in spite of the difficult times, your Company, based on its intrinsic strength, performed well and the highlights of its performance are as under;

- Sales & other income increased by 31% to ₹ 24,928 lacs
- Exports increased by 26% to ₹ 16,023 lacs
- PBDT increased by 47% to ₹ 4,532 lacs
- Profit before tax increased by 49% to ₹ 3,845 lacs
- Net Profit increased by 46% to ₹ 2,580 lacs

The export presence of the company continues to grow with exports now contributing 67% share of the total sales value of reclaim rubber. While Europe continues to remain in recession mode, the Company has been able to spread its presence in other geographies, thereby continuing to maintain its leadership position across the world. In recognition of its export efforts, Company has continued to receive, during the year, awards from the export promotion council and the trade association. The domestic markets are going through an exciting phase, with new tyre capacity additions by domestic tyre majors and the entry of multinational tyre companies. The anticipated growth in the tyre capacity in India combined with the Company's thrust in new geographies shall ensure that new capacities being commissioned in the current financial year shall find suitable end use.

The Company has set up new plant at Chincholi, Solapur and first phase was fully operational in the financial year 2011-12. Second phase has been partially commissioned during the financial year 2011-12 and will be fully operational in current financial year. With bulk of new tyre capacities being commissioned in South India, the company has also set up new plant at Perundurai, Tamilnadu for the production of reclaim rubber, which started production in March, 2012 and will be fully operational in current financial year. The above two expansions would add approximately 25% more capacity compared to March 2012.

In spite of increased borrowings for new project, the Company has managed its funds well and maintained interest cost at 2% of the turnover.

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

## **SUBSIDIARY AND ASSOCIATE**

Pursuant to the Central Government notification No: 5/12/2007-CL—III dated 8<sup>th</sup> February, 2011 issued by Ministry of Corporate Affairs, granting exemption under Section 212 of the Companies Act, 1956 and with the consent of the Board of Directors, the company will not be attaching the annual accounts (Balance Sheet, Profit & Loss account and schedules forming part thereof and other reports) of the subsidiary company viz. Grip Polymers Limited, to the Annual Report of the holding company viz. GRP Ltd. for the financial year ended 31<sup>st</sup> March, 2012. Any shareholder interested in obtaining copy of audited annual accounts of the subsidiary company for the year ended 31<sup>st</sup> March, 2012, may write to the Company Secretary at the registered office of the company.

Your Company holds 46% of the equity share capital of Alphanso Net Secure Pvt Ltd which is its only associate company. Company has provided for an amount of ₹ 19.96 lacs towards diminution in the value of investment in the shares of this company.

## **CHANGE IN THE NAME OF THE COMPANY**

The Registrar of Companies has approved the change in your Company's name from "Gujarat Reclaim & Rubber Products Ltd" to "GRP Ltd" w.e.f. 21st June, 2012.

## **INSURANCE**

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

## **MANAGEMENT DISCUSSION AND ANALYSIS AND CORPORATE GOVERNANCE**

The Management's discussion and analysis and the corporate governance form an integral part of this report. The certificate from auditors of the company, certifying compliance of the conditions of corporate governance as stipulated in clause 49 of the listing agreement, is annexed to the report on corporate governance.

## **DIRECTORS**

In accordance with the provisions of the Companies Act, 1956, and the Articles of Association, M V Gandhi and Nikhil Desai, directors of the company retire by rotation and being eligible offer themselves for reappointment.

## **CHAIRMAN – K M PHILIP**

From an era of starvation of raw material, technology and capital, the industry has come a long way in establishing its credentials globally. Many years ago, when nobody could visualize such a rise in consumption of rubber, our Chairman K M Philip predicted rise of the Indian Rubber Industry to a consumption of 1 million tonnes. He is very rightly and fondly called "The Million Tonne Man" by the industry. His vision and forward outlook continue to guide your Company to achieve many milestones ahead, while celebrating his 100<sup>th</sup> Birth Day. He is 100 and advises the Company not to get complacent but ready itself to the growing competition by focusing on technology for quality products. The Company, along with all its stakeholders, is wishing the Patriach a happy 100 and a healthy life ahead.

## DIRECTORS' RESPONSIBILITY STATEMENT

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

- a) In the preparation of the annual accounts for the year ended 31<sup>st</sup> March ,2012, the applicable accounting standards read with requirements set out under Schedule VI to the Companies Act, 1956, have been followed and there has been no material departure.
- b) Appropriate accounting policies have been selected and applied consistently, and judgements and estimates made are reasonable and prudent, so as to give a true and fair view of the state of affairs of the company as at 31<sup>st</sup> March , 2012 and of the profit and loss account and cash flow of the company for the year ended on that date.
- c) Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities,
- d) The annual accounts have been prepared on a going concern basis.

## AUDITORS

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

## PARTICULARS OF EMPLOYEES

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

## TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS & OUTGO

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

### 1. Technology Absorption : Research & Development

During the financial year 2011-12, the Company has continued to conduct research and development work for improvement in the quality of its product, development of new applications for its product and for development of high quality specialised reclaim rubber which has resulted in company's products being accepted in the international market. However the expenditure incurred on the same is not significant.

### 2. Foreign Exchange Earnings & Outgo

	<u>₹ Lacs</u>
Earnings in foreign exchange towards export of goods	14353.38
Foreign exchange outgo on account of imports, commission on exports and other expenses	2425.88

## ACKNOWLEDGEMENTS

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

For & on behalf of the Board of Directors

Place: Mumbai

Date : 28th June, 2012

Kandathil M. Philip  
Chairman

## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

### 1. Industry Structure and development

One of the most significant examples of waste management as a means to resource conservation and pollution control, is through the recycling of rubber out of waste and scrapped tyres, tubes and other such rubber products. The resultant product, commercially known as reclaim rubber, is a valuable ingredient used by the rubber industry for making various products by part replacement of virgin rubber. The replacement of new rubber varies from 0 to 100% in different rubber goods depending upon the dynamic properties of such rubber goods. This is a typical example of converting waste into wealth. While several options exist for reuse of waste material and recycling, by way of crumb rubber production, we believe that reclaiming continues to be among the most effective ways of rubber substitution.

Total global rubber consumption is expected to reach 26.70 million tonnes in 2012, a rise of 3.30% over the last year and 28.20 million tonnes in 2013, a jump will be 5.60% for that year. Total rubber consumption for India is expected to reach 1.49 million tonnes and 1.64 million tonnes in years 2012 and 2013 respectively. To meet this demand of rubber, natural & synthetic rubber source will not be sufficient. There are predicted shortages in availability on account of climate change (which is reducing yields of natural rubber plantations) and shortages in key ingredients like butadiene (which is a key raw material for production of commodity rubbers such as PBR, SBR, among others). With no short term solutions, reclaim rubber, at approximately 30-50% of virgin rubber prices and with 50% rubber content, is the best alternative to counter the supply constraints of virgin rubbers.

Reclaim rubber is preferred for both tyre & non tyre industry. Non tyre sector include conveyer belt, automotive profile, hoses, mats & flooring, roofing applications, hot melt adhesives, civil engineering. While historically the usage of reclaim in India as a percentage of virgin rubbers has been around 8%, the penetration has been rising and the Company is aggressively developing new grades to increase the usage of reclaim.

The Company's industrial polymers business caters mainly to the demand in the automotive industry, with bulk of its customers in the plastics compounding and automotive products manufacturing. While the slowdown in India has affected automotive demand for the short term, most industry participants remain bullish on the growth of the automotive business in the future. The Company continues to invest in this business to exploit the long-term opportunities emanating from increasing automotive penetration.

The company's Custom die-forms business caters to the export markets of North America. It has been producing under collaboration, components for use in mats, carpets and agricultural equipment. With an economic reversal in the North American economy, the Company remains bullish in the growth of this business unit.

### 2. Opportunities

Indian economic growth in general and industrial growth in particular has decelerated sharply in the last quarter of the financial year 2011-12. However, your Company has maintained its position as largest manufacturer of Reclaim Rubber in India and one among the largest globally. Global demand for rubber has not slowed down and is increasing at the same rate as before. To meet this demand, natural and synthetic rubber are not sufficient and remains a costly input for tyre and other rubber products manufacturers. This causes an increase in demand for Reclaim Rubber. Also Asia has become a large base for automotive tyre manufacturing. Keeping in view all these factors, your Company has set up two new manufacturing facilities at Solapur and Tamilnadu. This will enhance its delivery capabilities to match customer growth plans and to get closer to customers through value-added products delivered with speed and build a reliable supplier base.

The Company also conducts research and develops continuously new products in order to cater to the wide ranged needs of various customers.

The Company is committed to investing in this business, but simultaneously remain conscious of its responsibility of deploying capital prudently.

### 3. Segment wise or Product wise performance

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

#### a) Reclaim Rubber :

This segment comprises reclaim rubber sheets for tyre and non-tyre rubber goods industries. The Company is the market leader in the field. In this year, the Company has achieved credible financial results with sales continue to grow.

The total sales under this segment of ₹ 23,986.77 lakhs for the year comprises of ₹ 7,964.03 lakhs (33.20%) from domestic and ₹ 16,022.75 lakhs (66.80%) from export sales.



b) Windmill :

The Company had invested in Windmill at Kuchhadi in Gujarat in the financial year 2009-10. For the power units generated by Windmill , the Company gets credit in its electricity bill of its Panoli plant in Gujarat.

#### 4. Outlook

As per Rubber Board, India, the demand for reclaim rubber in India has increased by 10% in the financial year 2011-12 compared to the previous year. However, in the current fiscal, rising inflation, interest rates and crude oil prices, though are concerns in the short term, the company is optimistic about the medium and long term. The Company is gearing up for growth.

For increasing manufacturing capacity, the company has set up two new plants in Solapur and Tamilnadu. The Company's products are well received by customers. The company is focussing on sales of synthetic rubber reclaims which command higher value and realisation compared with the natural rubber based reclaims.

The company has achieved strong export growth in the last decade and spread itself to over 45 countries across the globe. This presence has been achieved using a judicious mix of direct customers and dealers who represent our company to the local industry with relevant support. Going forward, the company expects to expand its reach to more countries, thereby spreading its risk from regional turmoil. The effort at technological advances in the manufacturing of reclaim rubber and at market development globally, has resulted in the company retaining its leadership position and being the supplier of choice to leading tyre companies worldwide.

The company is conscious that talent will be key to achieving the goals envisaged for growth. Specific initiatives are being taken in the area of recruitment and development.

The Company is working closely with suppliers and dealers to prepare them for new initiatives as well as higher competitive intensity.

#### 5. Challenges, Risks and Concerns

The escalation of crude oil prices and demanding international quality standards has posed major challenges to the Company. The management is also constantly monitoring the potential threats and taking necessary actions to mitigate the impact of any adversities. With constant monitoring of product parameters and testing in fully equipped laboratories, the company ensures customer satisfaction.

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

As part of a global policy, the relevant parameters for all manufacturing sites are analysed to minimize risk associated with protection of environment, safety of operations and health of people at work and monitored regularly with reference to statutory regulations prescribed by the government authorities and guidelines defined by the company. The company fulfils its legal requirements concerning emission, waste water, and waste disposal. At all manufacturing sites of the company, work place safety is the top priority.

The company is subject to risks arising from interest rate fluctuations. The company borrows funds to meet long term and short term funding requirements for its operations and funding its growth initiatives. The company uses packing credit facility and foreign currency loans to reduce the interest cost.

Foreign exchange fluctuation could also pose a threat particularly at the time of repayment of foreign currency loans. However, Company's export sales are about 67% of total turnover, which provides natural hedge against exchange risks.

The Company has adopted a focused approach towards risk management in the form of a corporate insurance program which has the goal of optimising the financing of insurable risks by using a combination of risk retention and risk transfer techniques. The Company has taken industrial all risk policy, starting from current financial year.

The Company's business software is operated on a server with regular maintenance and back-up of data. The Company operates within the letter and spirit of all applicable laws.

#### 6. Internal control system and their adequacy

Our governance and compliance processes, which include the review of internal control over financial reporting ensure that all the assets of the company are safeguarded and protected against any loss and that all the transactions are properly authorised, recorded and reported. The Company has implemented a comprehensive system of internal controls for ensuring operational

efficiency, optimal utilization of resources, accurate financial reporting and effective statutory compliance. These controls are regularly reviewed by both internal and external agencies for its efficiency and effectiveness.

The Company has hired the services of independent firms of professionals to function as internal auditors and provide reports on various activities covering observations and pertinent comments on adequacy of internal controls and their recommendations. Audit results are used by management to create detailed action plans wherever the Company has not yet achieved full compliance with the requirements. Key findings are reported to senior management and summary reports are considered by the Audit Committee of the Board.

In the financial year 2011-12, the Company has taken initiative for “Risk review and Control” study by a reputed professional agency. This will include system audit and based on the outcome of the same, the Company will take suitable actions to make it system driven.

#### 7. Discussion on financial performance with respect to operational performance

The Company delivered credible financial performance in the financial year 2011-12. Of the total sales revenue of the Company for the year, 67% is contributed by exports. The following ratios reflect the financial performance for the year in relation to the previous year.

	Financial Year	
	2011-12	2010-11
Sales (growth in % over previous year)	29.50	30.50
India sales (growth in % over previous year)	40.30	-3.71
Exports (growth in % over previous year)	25.62	59.13
PBDIT (as % to Sales)	20.50	16.70
PAT (as % to Sales)	10.81	9.52
ROCE (in %)	29.26	26.17
Debt: Equity ratio	0.87	0.60
Earnings per share (EPS in ₹.)	192.91	132.16

CRISIL, a noted credit rating agency has assigned your Company, ‘A-/Positive Outlook’ from ‘A-/Stable’ rating for term loan borrowings and ‘P2+’ rating for working capital borrowing facility. Both these ratings indicate good financial health of your Company. The Company has sustained its performance in efficient management of working capital. The year- end ratio of inventory to sales is 11%, receivables to sales is 6% and net working capital to sales is 10%.

During the year under review, in all the plants, capacity was utilized fully, barring the unfortunate fire incident.

#### 8. Corporate Social Responsibility

The Company always believes in overall growth of the society. As part of its constant endeavour to serve the society, the Company has contributed ₹ 50 lacs to Shroff S R Rotary Institute of Chemical Technology for “Rubber & Polymer Technology”, in Ankleshwar. The college has been started in conjunction with leading corporates from Bharuch district, to build an institute that provides engineering degrees in various fields of chemical technology. This institute will provide opportunities for learning rubber technology with close cooperation from the industry and will generate employment possibilities.

Ankleshwar plant of the Company received Gold Medal for its 5S activity, from QCFI.

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

#### 9. Human resources and industrial relations

In a buoyant talent market, your Company continues to attract and retain talent of the highest quality. It ensures that employees retain a cutting edge by nurturing and mobilising individual potential and providing a challenging and exciting work environment.

Your Company believes in aligning employees with a shared vision and purpose. During the year under review, your Company’s

commitment to building harmonious employee relations was evident in the successful conclusion of wage agreements with workers at Ankleshwar and Solapur plants.

The Company is on a growth path. The human resources team has been continually focusing on the means to achieve the Company's goals of meeting such growth targets through external recruitment and right skilling and by improving the capabilities of existing people through people development initiatives.

Various training programs were organized at all plants for developing personal, interpersonal and technical skills of the employees. One of the major such programme initiated by the Company in financial year 2010-11, is new Performance Measurement System, with the help of the external agency. This system enables the Company to map individual, divisional and organisational performance by setting suitable goals. This system also will help in mapping competency and ensuring clarity of role to employees at all levels. This, in turn, will ensure job satisfaction for all employees and pride in being associated with the growth of the Company.

Industrial relations at all plants of the Company remained cordial in financial year 2011-12.

### **Cautionary Statement**

**Statement in the Management Discussion and Analysis describing the company's objectives, projections, estimates and expectation may be forward looking within the meaning of applicable laws and regulations. Actual results might differ materially from those either expressed or implied. The Company assumes no responsibility to publicly amend, modify or reverse any forward looking statements, on the basis of any subsequent developments, information or events.**

For & on behalf of the Board of Directors

Place: Mumbai  
Date : 28th June, 2012

Kandathil M. Philip  
Chairman

## REPORT ON CORPORATE GOVERNANCE

Corporate Governance is the application of best management practices, compliance of laws, rules, regulations and adherence to standards to achieve the objects of the Company, enhance shareholder value and discharge of social responsibility. The Corporate Governance structure in the Company assigns responsibility and authority to the Board of Directors, its committees and senior management employees.

### 1. Company's Philosophy on Corporate Governance

Corporate Governance ensures fairness, transparency and integrity of the management. Corporate Governance is a way of life, rather than a mere legal compulsion. It further inspires and strengthens investor's confidence and commitment to the Company. Good Corporate Governance provides an appropriate framework for the Board, its committees and senior management, to carry out the objectives that are in the interest of the Company and the stakeholders.

The Company maintains the highest levels of transparency, accountability and good management practices through the adoption and monitoring of corporate strategies, goals and procedures to comply with its legal and ethical responsibilities.

We believe that sound Corporate Governance is critical to enhancing and retaining investor trust. Accordingly, we always seek to ensure that we attain our performance goals with integrity. Our Board exercises its fiduciary responsibilities in the widest sense of the term.

In compliance with the disclosure requirements of Clause 49 of the Listing Agreement executed with the stock exchange, the details are set out below:

### 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 31st March, 2012, the Board of Directors consists of nine Directors, out of which one Non-Executive Independent Director as Chairman, one Promoter Vice Chairman & Managing Director, four Non-Executive Independent Directors, two Non-Executive Non Independent Directors and one Executive Non Independent Director. Non-Executive Directors are having adequate experience in business, industry and finance. All the directors have made the requisite disclosures regarding Committee positions held by them in other companies.

#### B) Board Meeting

Four board meetings were held during the financial year 2011-12 viz. on 12th May, 2011, 12th August, 2011, 5th November, 2011 and 30th January, 2012.

Board procedure : The agenda is circulated in advance to the Board members. The items in the agenda are backed by comprehensive background information to enable the Board to take appropriate decisions. The Board is also kept informed of major events/items and approvals taken wherever necessary. The Vice Chairman & Managing Director at the Board meetings keeps the Board apprised of the overall performance of the Company.

Attendance and other directorships: The attendance of the Board of Directors and related information as on 31st March, 2012 is as under :

Name of the Director & Designation	No. of Board Meeting		Attendance at Last AGM on Aug, 25 2011	No. of other Boards or Board Committee of which Member/Chairman	No. of Committees #		Executive / Non Executive/ Independent
	Held	Attended			Member	Chairman	
Kandathil M. Philip Chairman	4	3	Absent	4	-	-	Non- Executive & Independent
Rajendra V. Gandhi Vice Chairman & Managing Director	4	4	Present	4	4	1	Executive (Promoter)
Mahesh V. Gandhi	4	3	Absent	2	-	-	Non Executive (Promoter Group)
Dr. Peter Philip	4	4	Present	6	4	1	Non Executive & Independent

Bhagwandas T. Doshi	4	4	Absent	2	2	-	Non Executive & Independent
Atul S. Desai	4	4	Present	1	3	-	Non Executive & Independent
Rajeev M. Pandia	4	4	Present	1	3	-	Non Executive & Independent
Nikhil M. Desai	4	4	Absent	1	1	-	Non Executive (Promoter Group)
Harsh R. Gandhi	4	4	Present	2	3	-	Executive (Promoter Group)

# it excludes committees other than Audit committee, Shareholders/investor Grievance committee and companies other than public limited company but includes committee membership / chairmanship in GRP Ltd.

### 3. Audit Committee

#### i) Brief description of terms of reference:

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

ii) **Composition, Name of Members and Chairperson**

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

iii) **Meetings and Attendance during the year**

The Audit Committee met four times during the financial year 2011-12, on 12th May, 2011, 12th August, 2011, 5th November, 2011 and 30th January, 2012.

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

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

4. **Remuneration Committee**

i) **Brief description of terms of reference:**

1. Decide the terms and conditions for reappointment of Vice Chairman & Managing Director/ Executive Director
2. Recommend / review the remuneration package of Vice Chairman & 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 Vice Chairman & 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 12th August, 2011
Dr. Peter Philip	Non Executive Independent	Chairman	Present
Bhagwandas T. Doshi	Non Executive Independent	Member	Present
Rajeev M. Pandia	Non Executive Independent	Member	Present

iii) **Remuneration Policy**

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

iv) **Details of Remuneration paid to the Vice Chairman & Managing Director and Executive Director for the year ended 31st March 2012.**

**Total remuneration paid to the Vice Chairman & Managing Director and Executive Director during the financial year 2011-12 was as under :**

Name	Designation	Salary ₹	Commission ₹	Contribution to Provident and Pension Fund ₹
Rajendra V. Gandhi	Vice Chairman & Managing Director	72,28,804/-	34,20,000/-	6,81,825/-
Harsh R. Gandhi	Executive Director	24,20,873/-	13,20,000/-	3,29,558/-

v) During the financial year 2011-12, the Company has made following payments to Non-Executive Directors :

Sr. No.	Name of the Director	Sitting fee ₹	Commission ₹
1	Kandathil M. Philip	45,000/-	---
2	Mahesh V. Gandhi	45,000/-	---
3	Dr. Peter Philip	1,96,000/-	---
4	Bhagwandas T. Doshi	1,06,000/-	---
5	Atul S. Desai.	1,00,000/-	---
6	Nikhil M. Desai	72,000/-	---
7	Rajeev M. Pandia	2,41,000/-	34,49,000/-

## 5. Investors' Grievance Committee

i) Composition and Name of Members of the Committee:

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

ii) Name & Designation of Compliance Officer :

Ganesh A. Ghangurde, President, Chief Financial Officer & Company Secretary.

iii) A Statement of various complaints received and cleared by the Company during the year ended on 31st March, 2012 is given below :

Nature of Complaints	Received	Cleared	Pending
Non Receipt of shares sent for transfer	Nil	Nil	Nil
Non Receipt of dividend	4	4	Nil
Non receipt of Annual Report	1	1	Nil
<b>Total</b>	<b>5</b>	<b>5</b>	<b>Nil</b>

## 6. General Body Meetings

Financial Year Ended	Date	Time	Venue	Details of special Resolutions
31 <sup>st</sup> March, 2008	30 <sup>th</sup> July, 2008	2.30 PM	Plot No.8, GIDC Estate, Ankleshwar, Dist. Bharuch, Gujarat 393002	No special resolution passed
31 <sup>st</sup> March, 2009	8 <sup>th</sup> September, 2009	2.30 PM		Approval of remuneration of Harsh R. Gandhi, Executive Director
31 <sup>st</sup> March, 2010	12 <sup>th</sup> August, 2010	2.30 PM		Reappointment of Rajendra V. Gandhi, Managing Director as Vice Chairman & Managing Director
31 <sup>st</sup> March, 2011	25 <sup>th</sup> August, 2011	2.30 PM		Commission to Non Executive Director

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

**7. Disclosures**

- 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 Note No. 30 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 any 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 from financial year 2008-09. The company has not adopted non-mandatory requirements of Clause 49 of Listing Agreement.
- v) Shareholding of the Non-Executive Directors in the company

<b>Name of the Non-executive Director</b>	<b>No. of shares held</b>
Kandathil M. Philip	16,966
Dr. Peter Philip	1,333
Bhagwandas T. Doshi	Nil
Atul S. Desai	9,000
Mahesh V. Gandhi	77,411
Nikhil M. Desai	17,500
Rajeev M. Pandia	Nil

**8. Means of Communication**

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

**9. General shareholder information :**

**i. Annual General Meeting**

Day, date and time	Friday, 24 <sup>th</sup> August, 2012 at 2.30 P.M.
Venue	Plot No. 8, G.I.D.C. Estate, Ankleshwar – 393002

**ii. Financial year:** 1<sup>st</sup> April to 31<sup>st</sup> March

**iii. Date of Book Closure :**

The dates of Book Closure are from 17<sup>th</sup> August, 2012 to 24<sup>th</sup> August, 2012 (both days inclusive).

**iv. Dividend payment date**

Date of payment of Interim Dividend for the financial year 2011-12: 23<sup>rd</sup> February, 2012.

Date of payment of final dividend for the financial year 2011-12: 2<sup>nd</sup> September, 2012.

**v. Listing**

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

**vi. ISIN No. :** INE137101015

**Scrip Code :** BSE 509152

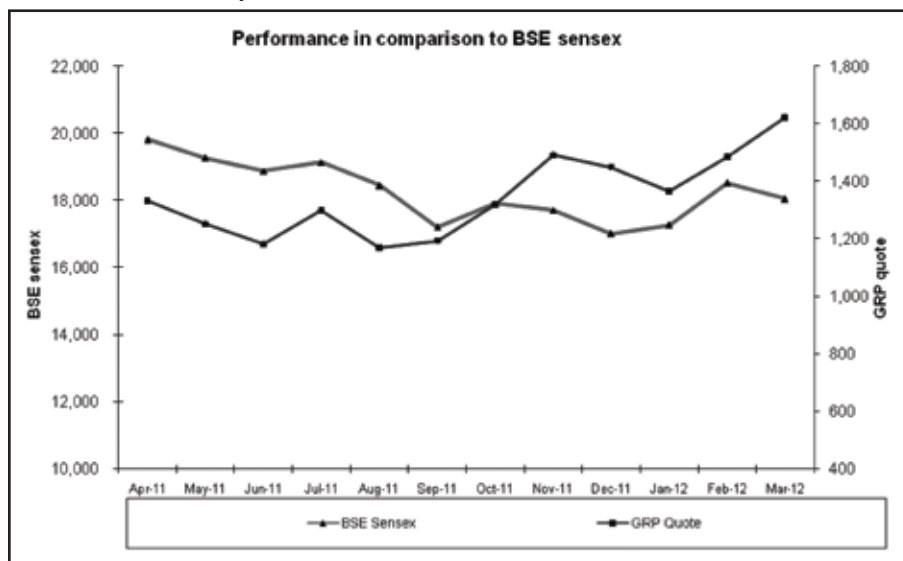


**vii. Market Price Data : High, low during each month in the last financial year.**

Monthly Share Price data of the Company's equity shares of ₹ 10/- each fully paid up, traded on Bombay Stock Exchange for the year ended 31<sup>st</sup> March, 2012.

Month	Highest Rate ₹	Lowest Rate ₹
April 2011	1332.00	993.20
May 2011	1250.00	1010.00
June 2011	1180.00	865.00
July 2011	1298.00	1012.00
August 2011	1169.00	968.00
September 2011	1193.10	1060.00
October 2011	1317.00	1035.00
November 2011	1490.00	1201.10
December 2011	1449.00	1060.00
January 2012	1364.90	1141.00
February 2012	1485.00	1275.00
March 2012	1620.00	1375.00

**viii. Performance in comparison to BSE**



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

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

**x. Share Transfer System**

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

The requests for the dematerialisation of shares are processed by Registrar and Share Transfer Agents and if all the documents are found to be in order, the same are approved by them with in a period of 15 days.

Dematerialised Shares are transferred as per the depository procedure directly and Registrar and Share Transfer Agent updates record on weekly basis.

**xi. (1) Distribution of Share Holding as on 31<sup>st</sup> March, 2012**

No. of shares held		Shareholders		Shareholding		Share Amount	
From	To	Number	% to Total	Holding	% to	₹	% to total
					Total		
1	500	1998	90.74	134614	10.09	1346140	10.09
501	1000	67	3.04	50709	3.80	507090	3.80
1001	2000	42	1.91	63473	4.76	634730	4.76
2001	3000	24	1.09	62796	4.71	627960	4.71
3001	4000	8	0.36	28647	2.15	286470	2.15
4001	5000	12	0.55	56751	4.26	567510	4.26
5001	10000	21	0.95	144646	10.85	1446460	10.85
10001	And Above	30	1.36	791697	59.38	7916970	59.38
	<b>Total</b>	<b>2202</b>	<b>100.00</b>	<b>1333333</b>	<b>100.00</b>	<b>13333330</b>	<b>100.00</b>

**(2) Distribution of shareholding according to categories of shareholders as on 31<sup>st</sup> March, 2012**

Categories	No. of Shares	Amount in ₹	% to total
Promoters' holding	619920	6199200	46.49
Public holding			
Directors (independent)	27299	272990	2.05
Mutual Fund/Banks	50	500	0.00
NRIs / OCBs	4085	40850	0.31
Other Bodies Corporate	32127	321270	2.41
Public	649852	6498520	48.74
<b>Total</b>	<b>1333333</b>	<b>13333330</b>	<b>100.00</b>

**xii. Details of shares in demat form as on 31<sup>st</sup> March, 2012.**

Name of Depository	No. of Shareholders	No. of shares	% of Capital
NSDL	1263	783593	58.77
CDSL	660	245430	18.41
Sub-Total	1923	1029023	77.18
Physical	279	304310	22.82
<b>Grand Total</b>	<b>2202</b>	<b>1333333</b>	<b>100.00</b>

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

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

**xv. Address for Correspondence :**

**GRP Limited**

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

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

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

**Email :** investor.relations@grpweb.com

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

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

Date : 28th June, 2012

Rajendra V. Gandhi  
Vice Chairman & Managing Director

## **11. CEO / CFO Certification**

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

## **12. Auditors' Certificate on Corporate Governance**

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

## **CEO / CFO CERTIFICATION, ISSUED PURSUANT TO THE PROVISIONS OF CLAUSE 49 OF THE LISTING AGREEMENT**

To The Board of Directors

GRP Ltd.

### **Sub : CEO / CFO Certificate**

We have reviewed financial statements, read with the cash flow statement of GRP Ltd., for the year ended 31st March, 2012 and that to the best of our knowledge and belief, we state that :

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

Ganesh A. Ghangurde  
President, Chief Financial Officer &  
Company Secretary

Rajendra V. Gandhi  
Vice Chairman & Managing Director

Mumbai, 28th June, 2012

The above certificate was placed before the meeting of Board of Directors held on 28th June, 2012

**CERTIFICATE REGARDING COMPLIANCE OF  
CONDITIONS OF CORPORATE GOVERNANCE**

**To the Members of  
GRP Limited**

We have examined the compliance of conditions of Corporate Governance by GRP Limited (Formerly known as Gujarat Reclaim and Rubber Products Ltd.) for the year ended March 31, 2012, 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.

For A. B. Modi & Associates  
Chartered Accountants  
ICAI Firm Registration  
No.106473W

(Rajesh S. Shah)  
Partner

Membership No.17844

Place : Mumbai  
Date : 28th June, 2012

## AUDITORS REPORT TO THE MEMBERS OF GRP LIMITED.

- 1) We have audited the attached Balance Sheet of GRP Limited (Formerly known as Gujarat Reclaim and Rubber Products Ltd.), as at 31st March, 2012, the Statement of Profit and Loss and the Cash Flow Statement of the Company for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
- 2) We conducted our audit in accordance with 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, Statement of Profit and Loss and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
  - iv) In our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
  - v) On the basis of written representations received from the directors and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2012 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 financial statements together with the Accounting Policies and Notes thereon give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, :
    - a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2012;
    - b) in the case of the Statement of Profit and Loss, 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.

For A.B.Modi & Associates  
Chartered Accountants  
Firm Regd.No. 106473W

(Rajesh S. Shah)

Partner

Membership No. 17844

Place : Mumbai

Date : 28th June, 2012

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

1. a) The company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.  
b) Fixed Assets have been physically verified by the management during the year as per regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.  
c) The Company has not disposed of any substantial part of its fixed assets during the year so as to effect its going concern status.
2. a) The Inventory (excluding stocks with third parties) has been physically verified by the management during the year. In respect of inventory lying with the third parties, these have been confirmed by them. In our opinion, the frequency of verification is reasonable.  
b) In our opinion, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.  
c) On the basis of our examination of the inventory records, in our opinion, the Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and book records were not material and have been properly dealt with in the books of account.
3. a) The Company has granted interest free unsecured loan to an associate company covered in the register maintained under section 301 of the Companies Act, 1956. In respect of the said loan the maximum amount outstanding at any time during the year is ₹ 41.65 Lakhs and the year end balance is ₹ Nil.  
b) In our opinion and according to the information and explanation given to us, the Nil rate of interest and other terms and conditions are prima facie not prejudicial to the interest of the Company considering that the said loan is to an associate concern in which the company is holding 46% of share capital.  
c) There is no stipulation as to interest or repayment of the said loan given. However during the year loan to an associate company amounting to ₹ 32.50 Lakhs have been written off.  
d) According to the company the amount is not recoverable considering the net worth and future business prospect of the said company. The Company has written off the amounts outstanding from the said associate concern.  
e) The Company has taken unsecured loans/deposits from sixteen (16) 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 ₹ 95.00 Lakhs and ₹ 95.00 Lakhs respectively.  
f) In our opinion and according to the information and explanation given to us, the rate of interest and other terms and conditions on which loans have been taken by the company are not, prima facie, prejudicial to the interest of the Company.  
g) In respect of the aforesaid loans, the Company is regular in repaying the principal amounts and interest thereon as stipulated.
4. In our opinion and according to the information and explanation given to us, there is adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, no major weakness has been noticed in the internal control system.
5. a) According to the information and explanations given to us, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the act have been entered in the register required to be maintained under that section.  
b) In our opinion and according to the information and explanation given to us, the transaction made in pursuance of contracts / arrangements entered in the Register maintained under section 301 of the Companies Act, 1956 and exceeding the value of ₹ 5 lakhs in respect of each party during the year have been made at prices which appear reasonable as per information available with the Company.
6. In our opinion and according to the information and explanation given to us, the directives issued by the Reserve Bank of India and the provisions of section 58A, section 58AA or any other relevant provisions of the Act and Rules framed thereunder, to the extent applicable, have been complied with. We are informed by the management that, no order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal under section 58A and section 58AA of the Companies Act, 1956.
7. In our opinion, the Company has an internal audit system commensurate with the size and nature of business of the Company.
8. According to the information and explanation given to us and to the best of our knowledge, the Central Government has not prescribed maintenance of cost records under clause (d) of sub-section (1) of section 209 of the Companies Act, 1956 for the products of the Company.

# GRP LIMITED

(Formerly known as Gujarat Reclaim and Rubber Products Ltd.)



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

Name of The Statute	Nature of Dues	Financial Year	Amount (₹ Lakhs.)	Forum Where dispute is pending
The Bombay Sales Act, 1959	Sales Tax.	1995-96	0.51	Tribunal - MST Mumbai
Income Tax Act, 1961	Income Tax	2003-04	10.18	Rectification Pending
Income Tax Act, 1961	Income Tax	2006-07	25.11	I T Tribunal
Income Tax Act, 1961	Income Tax	2008-09	138.86	CIT (Appeal)
The Central Excise Act, 1944	Central Excise	Feb - 05 to August - 10	27.15	Tribunal – Central Excise
The Central Excise Act, 1944	Central Excise	April – 05 to July - 11	23.60	Commissioner (A) – Central Excise
The Central Excise Act, 1944	Central Excise	Jan – 05 to Dec - 11	78.47	The Excise Department

10. The Company does not have accumulated losses. The Company has not incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year.
11. According to the records of the Company examined by us and the information and explanation given to us, the Company has not defaulted in repayment of dues to any financial institution or bank as at the balance sheet date.
12. According to the information and explanation given to us and based on the documents and records produced to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The provisions of any special statute applicable to chit fund /nidhi / mutual benefit fund/ societies are not applicable to Company.
14. In our opinion and according to the information and explanation given to us, the Company is not dealing or trading in shares, securities, debentures or other Investments and hence, the requirements of Para 4 (xiv) are not applicable to the Company.
15. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
16. In our opinion and according to the information and explanation given to us, on overall basis, the term loans have been applied for the purposes for which they were obtained except surplus term loan funds which are lying pending utilisation have been kept in Fixed Deposit Account with Bank.
17. On the basis of an overall examination of the Balance Sheet of the Company, in our opinion and according to explanations given to us, there are no funds raised on short-term basis which have been used for long-term investment.
18. The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under Section 301 of the Companies Act. 1956 during the year.
19. The Company has not issued any debentures during the year.
20. The Company has not raised any money through a public issue during the year.
21. During the course of our examination of the books of account and records of the Company carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instances of material fraud on or by the Company, noticed or reported during the year, nor have we been informed of such cases by management.

For A. B Modi & Associates  
Chartered Accountants  
ICAI Firm Regd.No. 106473W

(Rajesh S. Shah)  
Partner

Membership No. 17844

Place : Mumbai  
Date : 28th June, 2012

**BALANCE SHEET AS AT 31ST MARCH, 2012**

	Note	As at 31-Mar-2012 (₹ in lakh)	As at 31-Mar-2011 (₹ in lakh)
<b>Equity and Liabilities</b>			
<b>Shareholders' funds</b>			
Share capital	2	133.33	133.33
Reserves and surplus	3	8,656.57	6,597.49
		<u>8789.90</u>	<u>6,730.82</u>
<b>Non-current Liabilities</b>			
Long term borrowings	4	4,624.38	1,755.67
Deferred tax liabilities (net)	5	1,488.35	1,007.05
Other long term liabilities	6	9.44	9.44
Long term provisions	7	43.16	42.84
		<u>6,165.33</u>	<u>2,815.00</u>
<b>Current Liabilities</b>			
Short term borrowings	8	2,383.07	2,101.31
Trade payables	9	1,766.82	1,354.56
Other current liabilities	10	1,531.00	308.30
Short term provisions	11	419.07	262.72
		<u>6,099.96</u>	<u>4,026.89</u>
<b>Total Equity &amp; Liabilities</b>		<u>21055.19</u>	<u>13,572.71</u>
<b>Assets</b>			
<b>Non-current assets</b>			
<b>Fixed assets</b>			
- Tangible assets	12	10,613.62	6,849.51
- Intangible assets	12	57.40	22.50
- Capital work-in-progress	12	1,557.77	1,029.28
Non current investments	13	14.00	33.96
Long term loans and advances	14	435.24	327.71
		<u>12,678.03</u>	<u>8,262.96</u>
<b>Current Assets</b>			
Current investments	15	0.08	0.08
Inventories	16	2,185.94	1,510.32
Trade receivables	17	4,189.48	3,096.08
Cash and Cash Equivalents	18	1501.14	335.82
Short term loans and advances	19	477.50	316.70
Other current assets	20	23.02	50.75
		<u>8377.16</u>	<u>5,309.75</u>
<b>Total Assets</b>		<u>21,055.19</u>	<u>13,572.71</u>
Significant Accounting policies and Notes on Financial Statements	1 - 35		

The accompanying notes are an integral part of the financial statements.  
As per our Report of even date

For A. B. Modi & Associates  
Chartered Accountants  
ICAI Firm Registration no. 106473W

Rajesh S. Shah  
Partner  
Membership no. 17844

Place : Mumbai  
Date : 28th June, 2012

For and on behalf of the Board of Directors

Rajendra V Gandhi  
Vice Chairman & Managing Director

Dr. Peter Philip  
Director

Ganesh A Ghangurde  
President & Chief Financial Officer &  
Company Secretary

Place : Mumbai  
Date : 28th June, 2012



## STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2012

	Note	Year ended 31-Mar-2012 (₹ in lakh)	Year ended 31-Mar-2011 (₹ in lakh)
Revenue :			
Revenue from operations	21	24,028.03	18,556.02
Other income	22	900.38	409.86
Total revenue		<u>24,928.41</u>	<u>18,965.88</u>
Expenses :			
Cost of materials consumed	23	10,989.24	8,529.05
Changes in inventories of finished goods and work-in-progress	24	(374.64)	(189.55)
Employee benefits expense	25	2,460.18	1,861.52
Finance costs	26	402.72	229.81
Depreciation and amortization expense	27	687.35	512.80
Other expenses	28	6,898.94	5,446.24
Total expenses		<u>21,063.79</u>	<u>16,389.87</u>
Profit before exceptional and extraordinary items and tax		3,864.62	2,576.01
Exceptional items		19.96	-
Profit before tax		<u>3,844.66</u>	<u>2,576.01</u>
Tax expense			
Current tax		783.00	700.00
Deferred tax		481.30	114.32
Excess / (short) provision of earlier years		8.20	(0.38)
Profit (Loss) for the period		<u>2,572.16</u>	<u>1,762.07</u>
Earnings per equity share(Nominal value per Share ₹ 10/- (March 31, 2011 : ₹ 10/-)	34		
(1) Basic		192.91	132.16
(2) Diluted		192.91	132.16
Significant Accounting policies and Notes on Financial Statements	1 - 35		

The accompanying notes are an integral part of the financial statements.  
As per our Report of even date

For A. B. Modi & Associates  
Chartered Accountants  
ICAI Firm Registration no. 106473W

Rajesh S. Shah  
Partner  
Membership no. 17844

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For and on behalf of the Board of Directors

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Vice Chairman & Managing Director

Dr. Peter Philip  
Director

Ganesh A Ghangurde  
President & Chief Financial Officer &  
Company Secretary

Place : Mumbai  
Date : 28th June, 2012

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2012**

(₹ in Lakh)

	Year ended 31-03-2012	Year ended 31-03-2011
<b>A Cash flow from Operating activities</b>		
Net profit before tax and extra ordinary items	3,844.66	2,576.01
Adjustments for		
- Depreciation	687.35	512.80
- Doubtfull loan & Debts written off	32.50	-
- (Profit)/Loss on sale of assets (Net)	7.90	(4.61)
- Wealth tax provision	6.30	0.38
- Provision for diminution in value of investments	19.96	-
- Interest (Net)	352.78	189.60
- Rent received	(18.87)	-
	<b>1,087.92</b>	<b>698.17</b>
<b>Operating Profit before working capital changes</b>	<b>4,932.58</b>	<b>3,274.18</b>
Adjustments for		
- (Increase)/Decrease in Trade and other receivables	(1,256.35)	(481.94)
- (Increase)/Decrease in Inventories	(675.62)	(271.72)
- Increase/(Decrease) in Trade payable	482.42	402.67
	<b>(1,449.55)</b>	<b>(350.99)</b>
<b>Cash generated from operations</b>	<b>3,483.03</b>	<b>2,923.19</b>
Direct taxes paid	(869.13)	(800.67)
Net cash from operating activities	<b>2,613.90</b>	<b>2,122.52</b>
<b>B Cash flow from investing activities</b>		
- Interest received	4.14	3.96
- Sale proceeds of fixed assets	7.41	39.93
- Rent received	18.87	-
- Purchase of fixed assets	(4,237.04)	(3,026.82)
<b>Net cash used in investing activities</b>	<b>(4,206.62)</b>	<b>(2,982.93)</b>
<b>C Cash flow from financing activities</b>		
- Loans borrowed (Net of repayment)	3,586.20	1,606.64
- Exchange difference on revaluation of foreign currency loans	(208.19)	(10.87)
- Interest paid	(331.21)	(196.90)
- Dividend paid	(306.52)	(291.59)
<b>Net cash used in financing activities</b>	<b>2,740.28</b>	<b>1,107.28</b>
Net increase / (Decrease) in cash and cash equivalents	1,147.56	246.87
Cash and cash equivalents at the beginning of the year	334.92	88.05
<b>Cash and cash equivalents at the closing of the period</b>	<b>1,482.48</b>	<b>334.92</b>
<b>A Cash and cash equivalents</b>		
Cash on hand	6.25	7.95
Balance with banks		
(a) In current accounts	291.12	55.64
(b) In EEFC accounts	123.94	244.28
(c) In deposit accounts	1,050.90	16.40
(d) In earmarked accounts (Refer note no. 18)	10.27	10.65
	<b>1,482.48</b>	<b>334.92</b>
<b>B Other Bank Balance (maturity above 3 months)</b>	18.66	0.90
	<b>1,501.14</b>	<b>335.82</b>

The accompanying notes are an integral part of the financial statements.  
As per our Report of even date

For A. B. Modi & Associates  
Chartered Accountants  
ICAI Firm Registration no. 106473W

Rajesh S. Shah  
Partner  
Membership no. 17844

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President & Chief Financial Officer &  
Company Secretary

Place : Mumbai  
Date : 28th June, 2012

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

(₹ in Lakh)

Amounts in the financial statements are presented in ₹ Lakhs, except for per share data and as otherwise stated. Certain amounts that are required to be disclosed and do not appear due to rounding off, are detailed in note.

### 1 Significant Accounting Policies:

#### (A) General Company Profile

GRP Limited (The 'Company') is engaged mainly in Reclaim Rubber and also in Windmill business. The Company has manufacturing plants in India and sales in Domestic as well as International Market. The Company is a public limited company and is listed on the Stock Exchange, Mumbai (BSE).

The name of the Company has been changed from Gujarat Reclaim & Rubber Products Limited to GRP Limited w.e.f. 21st June, 2012.

#### (B) 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.

All the assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set-out in Schedule VI to the Companies Act, 1956. Based on the nature of products and the time between the acquisition of assets for processing and the realisation in cash and cash equivalent, the company has ascertained its operating cycle less than 12 months.

#### (C) Change in accounting policy :

During the year ended 31 March 2012, the revised Schedule VI notified under the Companies Act 1956, has become applicable to the company, for preparation and presentation of its financial statements. Except accounting for dividend on investments in subsidiary companies (see below), the adoption of revised Schedule VI does not impact recognition and measurement principles followed for preparation of financial statements. However, it has significant impact on presentation and disclosures made in the financial statements. The company has also reclassified the previous year figures in accordance with the requirements applicable in the current year.

#### (D) Dividend on investment in subsidiary companies:

The company recognizes dividend as income only when the right to receive the same is established by the reporting date.

#### (E) 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 recognized in the period in which the results are known / materialised. Any revision to accounting estimates is recognized prospectively in current and future periods.

#### (F) Fixed assets & Depreciation :

##### (i) Tangible fixed assets

Fixed assets are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price, borrowing costs if capitalization criteria are met and directly attributable to cost of bringing the asset to its working condition for the intended use. Any trade discounts and rebates are deducted in arriving at the purchase price.

Subsequent expenditure related to an item of fixed asset is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance. All other expenses on existing fixed assets, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss for the period during which such expenses are incurred.

From accounting periods commencing on or after 7th December 2006, the company adjusts exchange differences arising

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012**

(₹ in Lakh)

on translation/settlement of long-term foreign currency monetary items pertaining to the acquisition of a depreciable asset to the cost of the asset and depreciates the same over the remaining life of the asset.

Gains or losses arising from derecognition of fixed assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

**(ii) Depreciation and Amortisation**

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

- (1) In respect of assets acquired prior to 02-04-1987, at the rates prevailing at that time.
- (2) In respect of assets acquired subsequent to 02-04-1987, at the rate prescribed in schedule XIV of the Companies Act, 1956. (Also refer to policy on Impairment of Assets and Foreign Currency Transactions).
- (3) The rate of Depreciation on certain temporary structures (Building) has been provided @ 100%.
- (4) Certain Plant & machinery have been considered as continuous process plant on the basis of technical assessment and depreciation on the same is provided for accordingly.
- (5) Leasehold land is amortised over the period of lease.

**(iii) Intangible Assets and Amortisation**

Intangible Assets are stated at acquisition cost, net of accumulated amortization and accumulated impairment losses, if any. Intangible assets are amortised on a straight line basis over their estimated useful lives. The amortisation period and the amortisation method are reviewed at least at each financial year end. If the expected useful life of the asset is significantly different from previous estimates, the amortisation period is changed accordingly. Gain or losses arising from the retirement or disposal of an intangible asset are determined as the difference between the net disposal proceeds and the carrying amount of the asset and recognized as income or expense in the Statement of Profit and Loss. The amortisation rates used are :

Asset	Period of amortisation
Computer Software	6 years

**(G) Impairment of Assets :**

An asset is treated as impaired when the carrying cost of asset exceeds its recoverable value. An impairment loss is charged to the Profit and Loss Account in the year in which an asset is identified as impaired. The impairment loss recognized in prior accounting period is reversed if there has been a change in the estimate of recoverable amount.

**(H) Borrowing Costs :**

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. The borrowing cost eligible for capitalization is being netted off against any income arising on temporary investment of those borrowing. All other borrowing costs are recognized as an expense in the period in which they are incurred.

**(I) Government Grants and Subsidy :**

Special capital incentive and subsidy received from the government for setting up or expansion of an industrial undertaking in undeveloped area of state, is credited to Special capital incentive and subsidy account under Capital Reserve Account.

**(J) Investments :**

Investments, which are readily realizable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as long-term investments.

Long term investments are carried at cost. However provision for diminution is made to recognize a decline, other than temporary, in the value of the investments, such reduction being determined and made for each investment individually. Current investments are valued at cost or market value whichever is lower.

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

(₹ in Lakh)

### (K) 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 recognized if there is a reasonable certainty of realisation. The effect on deferred taxes of a change in tax rates is recognized in the Profit & Loss Account in the period in which it has been enacted.

### (L) Inventories :

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

Work in - progress and finished goods are valued at lower of cost and net realisable value. Cost of work in progress and finished goods is determined on absorption costing method which include cost of conversion and other costs incurred in bringing the inventories to their present location and condition. Excise duty is included in the value of finished goods.

### (M) Income Recognition :

- (i) Domestic Sales are recognized at despatch of goods from factory and export Sales on the basis of date of bill of lading. Sales are recorded net of sales tax, excise duty and sales return.
- (ii) Income from Power generation is accounted on the basis of certification of Gujarat Electricity Development Authority.
- (iii) Commission on sales (other than consignment sales) is accounted on realisation of sales proceeds and commission on consignment sales is accounted on receipt of statement of consignment sale.
- (iv) Rentals and all other expenses in respect of leased assets are treated as revenue expenditure.
- (v) Export Incentives are accounted on wherever there is certainty of receipt of the same.
- (vi) Interest income is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable.
- (vii) Dividend income is recognized when the right to receive dividend is established.

### (N) 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 recognized in the Profit and Loss account.
- (ii) Monetary items denominated in foreign currencies at the year end are restated at the year end rates. In case of items covered by forward exchange contracts, the difference between the year end rate and rate on the date of the contracts recognized as exchange difference and the premium/discount on forward contract is recognized over the life of the contract.
- (iii) Any income or expense on account of exchange difference either on settlement or on translation is recognized in the profit and loss account except in case of long term liabilities, where they relate to acquisition of fixed assets, in which case they are adjusted to the carrying cost of such assets in line with notification dated 31.03.2009 issued by Ministry of Corporate Affairs.

### (O) Employees Benefits :

#### 1 Long Term Employee Benefits:

##### (a) Defined Contribution Plans:

##### Provident Fund

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

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012**

(₹ in Lakh)

**(b) Defined Benefit Plans:**

**(i) Gratuity**

The company has a defined benefit employee retirement scheme in the form of gratuity trust. The Trustees of the scheme have entrusted the administration of the related fund to the Life Insurance Corporation of India (LIC). Charge for the year is determined on the basis of actuarial valuation made as at the balance sheet date on projected unit credit method of the company's year-end obligation in this regard and the value of year-end assets of the scheme. Actuarial gains and losses for the year are recognized in the statement of profit and loss account as income or expense. Contributions were deposited with the LIC based on intimation received by the company.

**(ii) Leave Encashment**

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

**(iii) Superannuation**

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

**2 Short Term Benefits :**

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

**(P) Provisions, Contingent Liabilities and Contingent Assets**

Provisions involved substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognized but are disclosed in the notes. Contingent Assets are neither recognized nor disclosed in the financial statements.

**(Q) Earning per Share**

The company reports basic and diluted earning per share (EPS) in accordance with the Accounting Standard 20 as specified in the Companies (Accounting Standard) Rules-2006. The Basic EPS has been computed by dividing the income available to equity shareholders by the weighted average number of equity shares outstanding during the accounting year. The diluted EPS has been computed using the weighted average number of equity shares and dilutive potential equity shares outstanding at the end of the year.

**(R) Segment reporting**

**Identification of segments**

The company's operating businesses are organized and managed separately according to the nature of products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. The analysis of geographical segments is based on the areas in which major operating divisions of the company operate.

**Allocation of common costs**

Common allocable costs are allocated to each segment according to the relative contribution of each segment to the total common costs.

**Unallocated items**

Unallocated items include general corporate income and expense items which are not allocated to any business segment.

**Segment accounting policies**

The company prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the financial statements of the company as a whole.

**(S) Cash and cash equivalents**

Cash and cash equivalents for the purposes of cash-flow statement comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

(₹ in Lakh)

2 Share Capital:	As at 31-03-2012	As at 31-03-2011
<b>Authorized</b>		
1,500,000 (March 31, 2011: 1,500,000) equity shares of ₹ 10 each	150.00	150.00
<b>Issued,Subscribed and Paid up</b>		
1,333,333 (March 31, 2011 1,333,333) Equity shares of ₹ 10 each fully paid-up	133.33	133.33
	133.33	133.33

### (a) Rights, preferences and restrictions attached to shares

- (i) The Company has only one class of shares referred to as equity shares having a par value of ₹ 10/-. Each holder of equity shares is entitled to one vote per share.
- (ii) The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.
- (iii) In the event of liquidation of the Company, the holders of the equity shares of the Company will be entitled to receive the remaining assets of the Company, after distribution of all preferential amounts in proportion to their shareholding.

### (b) The reconciliation of the number of shares outstanding and the amount of share capital as at March 31,2012 and March 31,2011, is set out below :

Equity Shares:

	As at 31-03-2012	As at 31-03-2011
<b>At the beginning</b>		
- Number of shares	1,333,333	1,333,333
- Amount	133.33	133.33
<b>At the end</b>		
- Number of shares	1,333,333	1,333,333
- Amount	133.33	133.33

### (c) Details of shares held by shareholders holding more than 5% of the aggregate shares in the company

	As at 31-03-2012		As at 31-03-2011	
	No. of Shares	% of Holding	No. of Shares	% of Holding
Mr.Mahesh Vadilal Gandhi	77,411	6%	95,907	7%
Enarjee Investments Pvt Ltd	88,656	7%	86,942	7%

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012**

(₹ in Lakh)

<b>3 Reserves and Surplus:</b>	<b>As at 31-03-2012</b>	<b>As at 31-03-2011</b>		
<b>Capital reserve</b>				
<b>Special capital incentive and subsidy</b>				
Balance as per last Balance sheet	53.30	53.30		
<b>Profit on re-issue of forfeited shares</b>				
Balance as per last Balance sheet	0.01	0.01		
<b>Securities Premium account</b>				
Balance as per last Balance sheet	41.67	41.67		
<b>Balance as at the end of the year</b>	<b>94.98</b>	<b>94.98</b>		
<b>General Reserve</b>				
Balance as at beginning of the year	3,500.00	3,200.00		
Add : Transferred from the statement of profit and loss account	500.00	300.00		
<b>Balance as at the end of the year</b>	<b>4,000.00</b>	<b>3,500.00</b>		
<b>Surplus in Statement of Profit &amp; Loss</b>				
<b>Balance as at beginning of the year</b>	3,002.51	1,898.03		
Profit for the year	2,572.16	1,762.07		
Amount available for appropriation	5,574.67	3,660.10		
Less: Appropriations :				
- Interim dividend	93.33	93.33		
- Final dividend	213.34	213.33		
- Special dividend	133.33	-		
- Total dividend	440.00	306.66		
- Dividend tax	73.08	50.93		
- Amount transferred to general reserve	500.00	300.00		
<b>Total appropriations</b>	<b>1,013.08</b>	<b>657.59</b>		
<b>Balance as at end of the year</b>	<b>4,561.59</b>	<b>3,002.51</b>		
<b>Total reserves and surplus</b>	<b>8,656.57</b>	<b>6,597.49</b>		
<b>4 Long Term Borrowings:</b>	<b>As at 31-03-2012</b>	<b>As at 31-03-2011</b>	<b>As at 31-03-2012</b>	<b>As at 31-03-2011</b>
	<b>Current Maturity</b>		<b>Non-current portion</b>	
<b>Secured:</b>				
<b>Term Loans from Banks:</b>				
Foreign Currency Loans from Banks	258.44	92.22	2,862.64	458.37
Rupee Loans from Banks	324.17	56.17	1,722.53	1,254.75
<b>Total Secured Borrowings</b>	<b>582.61</b>	<b>148.39</b>	<b>4,585.17</b>	<b>1,713.12</b>
<b>Unsecured:</b>				
Loans from Banks	22.35	15.67	22.57	19.50
Deferred Sales Tax payments	6.41	11.58	16.64	23.05
<b>Total Unsecured Borrowings</b>	<b>28.76</b>	<b>27.25</b>	<b>39.21</b>	<b>42.55</b>
Amount disclosed under the head "Other current liabilities" (refer note 10 )	611.37 (611.37)	175.64 (175.64)	4,624.38 -	1,755.67 -
<b>Total long-term borrowings</b>	<b>-</b>	<b>-</b>	<b>4,624.38</b>	<b>1,755.67</b>



## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

(₹ in Lakh)

### A Nature of security and terms of repayment for secured borrowings:

#### 1 Rupee loan of ₹ Nil (March 31, 2011 : ₹ 28.34 lakhs) for Capital expenditure at Panoli factory

First exclusive charge by way of hypothecation of entire current assets, both present and future, including inventories, book debts, bills receivables and entire movable fixed assets and mortgage of immovable fixed assets of the Company.

Repayable in 54 equal quarterly instalments from the date of loan (June 1, 2006) along with interest of 10% p.a.

#### 2 Rupee loan of ₹ 1296.70 lakhs (March 31, 2011 : ₹ 882.58 lakhs) for Factory (Phase I) at Chincholi, Solapur

First exclusive charge by way of hypothecation of entire movable fixed assets of the Company located at Chincholi, Solapur, both present and future and by way of mortgage of Land together with factory building and structures situated at Chincholi factory, Solapur.

Repayable in 20 equal quarterly instalments beginning from June, 2011, along with interest of 13 % p.a.

#### 3 Rupee loan of ₹ 750.00 lakhs (March 31, 2011 : ₹ Nil) for Factory (Phase II) at Chincholi, Solapur

First exclusive charge by way of hypothecation of entire movable fixed assets of the Company located at Chincholi, Solapur, both present and future and by way of mortgage of Land together with factory building and structures situated at Chincholi factory, Solapur.

Repayable in 20 equal quarterly instalments beginning from April, 2013, along with interest of 13 % p.a.

#### 4 Foreign currency loan of ₹ 160.73 lakhs (March 31, 2011 : ₹ 193.06 lakhs) for Wind Mill project.

First exclusive charge by way of hypothecation of entire current assets, both present and future, including inventories, book debts, bills receivables and entire movable fixed assets and mortgage of immovable fixed assets of the Company.

Repayable in 20 equal quarterly instalments beginning from November 5, 2009, along with interest of 5 % p.a.

#### 5 Foreign currency loan of ₹ 297.64 lakhs (March 31, 2011 : ₹ 357.53 lakhs) for Kurla Office I premises at Mumbai

First exclusive charge by way of hypothecation of entire current assets, both present and future, including inventories, book debts, bills receivables and entire movable fixed assets and mortgage of immovable fixed assets of the Company.

Repayable in 60 equal monthly instalments beginning from November 5, 2009, along with interest of 5 % p.a.

#### 6 Foreign currency loan of ₹ 367.04 lakhs (March 31, 2011 : ₹ 400 lacs) for Kurla Office premises II at Mumbai

First exclusive charge by way of hypothecation of entire current assets, both present and future, including inventories, book debts, bills receivables and entire movable fixed assets and mortgage of immovable fixed assets of the Company. During the year Rupee term loan converted into Foreign currency term loan

Repayable in 20 equal quarterly instalments beginning from September '11 along with interest of 8 % p.a.

#### 7 Foreign currency loan of ₹ 2295.67 lakhs (March 31, 2011 : Nil) for Perundurai factory, in Tamil Nadu

First exclusive charge by way of hypothecation of entire movable fixed assets of the Company located at Perundurai, Tamilnadu, both present and future and by way of mortgage of Land together with factory building and structures situated at Perundurai, Tamilnadu.

Repayable in 15 equal quarterly instalments beginning from April 1, 2013 along with interest @ 5.61% p.a.

### B Terms of repayment for unsecured borrowings:

#### 1 Deferred sales-tax payments

Deferred sales-tax payment is interest free loan and repayable from financial year 2006-07 to 2016-17.

#### 2 Loans from Bank

Repayable in 36 monthly instalments from the date of respective loans. Bank loan includes a loan of ₹ 16.30 lakhs (March 31, 2011 : ₹ 25.53 lakhs) taken in the name of the director for purchase of car.

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012**

(₹ in Lakh)

<b>5 Deferred Tax Liabilities (Net):</b>	<b>As at 31-03-2012</b>	<b>As at 31-03-2011</b>
Deferred Tax Liabilities	1,529.11	1,042.18
- Depreciation		
Less:		
<b>Deferred Tax Assets</b>	40.76	35.13
- Provision for employee benefit		
<b>Total deferred tax liabilities (net)</b>	<u>1,488.35</u>	<u>1,007.05</u>

<b>6 Other Long-term Liabilities:</b>	<b>As at 31-03-2012</b>	<b>As at 31-03-2011</b>
Security deposit received against the rental income	9.44	9.44
<b>Total other long-term liabilities</b>	<u>9.44</u>	<u>9.44</u>

<b>7 Long-term Provisions:</b>	<b>As at 31-03-2012</b>	<b>As at 31-03-2011</b>	<b>As at 31-03-2012</b>	<b>As at 31-03-2011</b>
	Current Maturity		Non-current portion	
Provision for Employees Benefit expenses:				
Provision for Leave encashment	14.82	13.61	43.16	39.65
Provision for Gratuity payment	-	-	-	3.19
	<u>14.82</u>	<u>13.61</u>	<u>43.16</u>	<u>42.84</u>
Amount disclosed under the head "Short-term provisions" (refer note 12 )	(14.82)	(13.61)	-	-
<b>Total Long-term provisions</b>	<u>-</u>	<u>-</u>	<u>43.16</u>	<u>42.84</u>

<b>8 Short-term Borrowings:</b>	<b>As at 31-03-2012</b>	<b>As at 31-03-2011</b>
<b>Secured:</b>		
Working Capital Loan payable on demand from banks		
Foreign Currency Loan	2,064.84	810.08
Rupee Loan	200.00	935.39
	<u>2,264.84</u>	<u>1,745.47</u>
<b>Unsecured:</b>		
Working Capital Loan payable on demand from banks		
Foreign Currency Loan	-	226.29
Fixed Deposits	118.23	129.55
	<u>118.23</u>	<u>355.84</u>
<b>Total Short-term borrowings</b>	<u>2,383.07</u>	<u>2,101.31</u>

(a) Working Capital Loan from HDFC Bank Ltd of ₹ 1433.31 lakhs (March 31, 2011 : ₹ 1745.47 lakhs)

First exclusive charge by way of hypothecation of entire current assets, both present and future, including inventories, book debts, bills receivables and entire movable fixed assets and mortgage of immovable fixed assets of the Company.

(b) Working Capital loan from Citi Bank N. A. of ₹ 715.61 lakhs (March 31, 2011 : ₹ 226.29 lakhs)

Secured by first pari passu charge in favour of Citi Bank N.A. by way of hypothecation of entire current assets including inventories and such other movables, books debts, bills receivables and second subservient charge on entire movable fixed assets and mortgage of immovable fixed assets of the Company, both present and future. However the security creation was pending in previous year, hence it was considered as unsecured.

(c) Fixed Deposits (unsecured) carry interest @ 12.50% p.a. and with maturity period of 12 months from the date of deposit.

(d) Deposits accepted from the related parties of ₹ 74.75 lakhs (March 31, 2011 : ₹ 83.00 lakhs) included in fixed deposits.

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

(₹ in Lakh)

9 Trade Payables:	As at	As at
	31-03-2012	31-03-2011
Trade payables	1,766.82	1,354.56
<b>Total trade payables</b>	<b>1,766.82</b>	<b>1,354.56</b>

Under the Micro, Small, and Medium Enterprises Development Act, 2006 (MSMED Act), certain disclosures are required to be made relating to Micro, Small and Medium Enterprises. The Company is in the process of compiling relevant information from its suppliers about their coverage under the said Act. Since the relevant information is not readily available, no disclosures have been made in the accounts. However, in view of the management, the impact of interest, if any, that may be payable in accordance with the provision of this Act is not expected to be material.

10 Other Current Liabilities:	As at	As at
	31-03-2012	31-03-2011
<b>Current maturities of Long-term debts (refer note 4)</b>	611.37	175.64
Interest Accrued and due on borrowings	9.69	3.71
Interest Accrued but not due on borrowings	31.10	5.66
Unclaimed Dividend	9.64	9.51
Advances from customers	32.75	0.63
Vendors for Capital Goods & Services	736.60	50.32
Statutory dues (including Provident fund & Tax deducted at source)	99.85	62.83
<b>Total other current liabilities</b>	<b>1,531.00</b>	<b>308.30</b>

11 Short Term provisions:	As at	As at
	31-03-2012	31-03-2011
<b>Current maturities of Long-term provisions of Employees Benefit expenses (refer note 7)</b>		
Provision for Leave encashment	14.82	13.61
	14.82	13.61
<b>Other Provisions</b>		
Proposed Dividend	346.67	213.33
Tax On Proposed Dividend	57.58	35.43
Provision for FBT (net of advance FBT ₹ Nil (March, 31, 2011 : ₹ 9.65 lakhs))	-	0.35
	404.25	249.11
<b>Total short-term provisions</b>	<b>419.07</b>	<b>262.72</b>

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012**

(₹ in Lakh)

**12 Fixed Assets:**

Particulars	Gross Block				Depreciation & Amortisation				Net Book Value		
	As at 01-04-2011	Additions	Disposal	Adjustment	As at 31-03-2012	As at 01-04-2011	For the period	Disposal / Adjustment	As at 31-03-2012	As at 31-03-2012	As at 31-03-2011
<b>(a) Tangible Assets</b>											
<b>Own Assets :</b>											
Lease hold Land	327.81	108.98	-	-	436.79	8.10	4.78	-	12.88	423.91	319.71
Roads	129.79	86.21	-	-	216.00	13.27	3.20	-	16.47	199.53	116.52
Buildings	2,885.44	1,546.13	-	-	4,431.57	264.44	86.59	-	351.03	4,080.54	2,621.00
Plant and Machinery	5,897.88	2,551.73	-	18.79	8,430.82	2,561.93	526.65	18.79	3,069.79	5,361.03	3,335.95
Furniture & Fixtures	237.32	61.25	-	12.83	285.74	32.85	16.31	5.61	43.55	242.19	204.47
Office equipments	122.06	47.21	0.15	-	169.12	17.86	6.87	0.03	24.70	144.42	104.20
Computer Hardware	83.93	11.26	0.52	-	94.67	47.36	11.17	0.40	58.13	36.54	36.57
Vehicles	145.20	44.27	28.57	-	160.90	34.11	14.84	13.51	35.44	125.46	111.09
<b>Total (a):</b>	<b>9,829.43</b>	<b>4,457.04</b>	<b>29.24</b>	<b>31.62</b>	<b>14,225.61</b>	<b>2,979.92</b>	<b>670.41</b>	<b>38.34</b>	<b>3,611.99</b>	<b>10,613.62</b>	<b>6,849.51</b>
<b>(b) Intangible Assets</b>											
<b>Own Assets :</b>											
Computer Software	99.48	44.65	-	-	144.13	76.98	9.75	-	86.73	57.40	22.50
<b>Total (b):</b>	<b>99.48</b>	<b>44.65</b>	<b>-</b>	<b>-</b>	<b>144.13</b>	<b>76.98</b>	<b>9.75</b>	<b>-</b>	<b>86.73</b>	<b>57.40</b>	<b>22.50</b>
<b>Total (a+b):</b>	<b>9,928.91</b>	<b>4,501.69</b>	<b>29.24</b>	<b>31.62</b>	<b>14,369.74</b>	<b>3,056.90</b>	<b>680.16</b>	<b>38.34</b>	<b>3,698.72</b>	<b>10,671.02</b>	<b>6,872.01</b>
<b>Previous Year:</b>	<b>7,429.65</b>	<b>2,564.85</b>	<b>65.57</b>	<b>-</b>	<b>9,928.93</b>	<b>2,574.37</b>	<b>512.80</b>	<b>30.25</b>	<b>3,056.92</b>	<b>6,872.01</b>	<b>4,855.28</b>
<b>(c) Capital Work-in-progress</b>											
Roads										73.34	41.12
Factory Building										511.44	582.43
Plant & Macinery										972.99	405.73
<b>Total (c):</b>										<b>1,557.77</b>	<b>1,029.28</b>
<b>Total fixed assets (net)</b>										<b>12,228.79</b>	<b>7,901.29</b>

- (a) Addition to fixed assets and capital work-in-progress includes exchange difference of ₹ 208.17 lakhs (March 31, 2011 : ₹ 10.87 lakhs) arising on revaluation of foreign currency term loan as per amended AS11 (notified by Ministry of Corporate Affairs)
- (b) Additions during the year and capital work-in-progress include ₹ 39.92 lakhs (March 31, 2011 : ₹ 44.63 lakhs) being borrowing cost capitalised. During the year, the company has parked unutilised portion of loan taken for the capital expenditure in fixed deposit on which interest earned of ₹ 38.14 lakhs (March 31, 2011 : ₹ Nil) and the same has been reduced from the borrowing cost.
- (c) Capital work-in-progress include Capital Stores ₹ 86.11 lakhs (March 31, 2011 : ₹ 34.98 lakhs).
- (d) Vehicles include one car of the company acquired in the name of Directors and corresponding vehicle loan for one car is included in unsecured loan.

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

(₹ in Lakh)

	As at 31-03-2012	As at 31-03-2011
<b>13 Non-current Investments:</b>		
Long term investments (valued at cost unless stated otherwise)		
Trade Investment (unquoted)		
Investment in associates:		
10,028 (March 31, 2011 : 10,028) equity shares of ₹.100/- each fully paid up held in Alphanso Netsecure Pvt Ltd.	20.06	20.06
Less: Provision for diminution in value of permanant nature	19.96	-
	0.10	20.06
129,000 (March 31, 2011 : 129,000) equity shares of ₹.10/- each fully paid up held in Bharuch Eco-aqua Infrastructure Ltd.	12.90	12.90
<b>Others Investment (unquoted)</b>		
Investment in subsidiaries:		
49,900 (March 31, 2011 : 49,900) equity shares of ₹.10/- each fully paid up held in in Grip Polymers Ltd.	1.00	1.00
<b>Total non-current investment</b>	<b>14.00</b>	<b>33.96</b>
<b>14 Long-term Loans and Advances:</b>		
Advances for Capital Expenditure	241.72	140.37
Other Advances & Deposits **	192.86	185.98
Prepaid Expenses *	0.66	1.36
	435.24	327.71
<b>Total long-term loans and advances</b>	<b>435.24</b>	<b>327.71</b>
* Current maturity of prepaid expenses ₹ 33.82 lakhs (March 31, 2011 : ₹ 25.71 lakhs) is disclosed under short-term loans and advances (refer note no. 19)		
** Other advances & deposits include deposit of ₹ 15.75 lakhs (March 31, 2011 : ₹ 15.75 lakhs) with a company in which some of the directors are interested.		
<b>15 Current Investments:</b>		
Unquoted		
7 years National Savings Certificates (Deposited with Central Excise Authority)	0.08	0.08
<b>Total current investments</b>	<b>0.08</b>	<b>0.08</b>
<b>16 Inventories:</b>		
Stores and Spares	135.85	62.07
Packing Materials	47.04	38.48
Raw Materials (includes Rubber Scrap, Process oils and Chemicals)	1,070.71	780.97
Fuel materials	11.89	12.41
DEPB Licence Stocks (at net realisable value)	40.83	111.41
Goods-in-process	123.11	61.49
Goods-in-transit	-	-
Finished Goods (including goods in transit ₹ 125.46 lakhs (March 31, 2011 : ₹ 111.98 lakhs))	756.51	443.49
<b>Total inventories</b>	<b>2,185.94</b>	<b>1,510.32</b>

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012**

(₹ in Lakh)

<b>17 Trade Receivables:</b>	<b>As at 31-03-2012</b>	<b>As at 31-03-2011</b>
Unsecured, considered good		
Outstanding for more than six months	32.75	6.45
Others	4,156.73	3,089.63
<b>Total trade receivables</b>	<b>4,189.48</b>	<b>3,096.08</b>

<b>18 Cash and Cash equivalents:</b>	<b>As at 31-03-2012</b>	<b>As at 31-03-2011</b>
Cash on hand	6.25	7.95
Balance with banks		
(a) In current accounts	291.12	55.64
(b) In EEFC accounts	123.94	244.28
(c) In deposit accounts (Refer Note below)	1,069.56	17.30
(d) In earmarked accounts		
- Unclaimed dividend accounts	10.02	9.50
- Margin money deposits	0.25	1.15
	1,494.89	327.87
<b>Total cash and cash equivalents</b>	<b>1,501.14</b>	<b>335.82</b>

Notes:

(i) Balance with bank include deposits amounting to ₹ 18.66 lakhs (March 31, 2011 : ₹ 0.90 lakhs) which have an original maturity of more than 12 months.

(ii) Unutilised portion of loan amounting to ₹ 1050 lakhs (March 31, 2011 : ₹ Nil) taken for capital expenditure is temporarily invested in fixed deposit.

<b>19 Short-term Loans and Advances:</b>	<b>As at 31-03-2012</b>	<b>As at 31-03-2011</b>
Advances recoverable in cash or in kind	235.25	82.82
Other Advances & Deposits	0.85	10.88
Deposit with Central Excise	197.93	154.12
Current maturity of Prepaid Expenses	33.82	25.71
Loan to Associate Concern	-	26.50
Advance Income-tax & Wealth-tax (Net of provisions ₹ 3654.68 lakhs (March 31, 2011 : ₹ 2930.72 lakhs))	9.65	16.67
<b>Total short-term loans and advances</b>	<b>477.50</b>	<b>316.70</b>

<b>20 Other Current Assets:</b>	<b>As at 31-03-2012</b>	<b>As at 31-03-2011</b>
Accrued Income	9.29	42.45
Receivable from LIC (Gratuity claim)	13.73	8.30
<b>Total other current assets</b>	<b>23.02</b>	<b>50.75</b>

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

(₹ in Lakh)

<b>21 Revenue:</b>	<b>Year ended 31-03.2012</b>	<b>Year ended 31-03.2011</b>
(i) Sale of products		
Manufactured goods	24,842.96	19,100.77
Less : Excise duty	886.34	602.21
<b>Total:</b>	<b>23,956.62</b>	<b>18,498.56</b>
 (ii) Income - Power generation from Windmill	 71.41	 57.46
<b>Total revenue</b>	<b>24,028.03</b>	<b>18,556.02</b>
<b>Manufactured Goods / Power Generation</b>		
- Reclaim Rubber	23,196.46	18,160.96
- Crumb Rubber	9.09	13.36
- Punch & Split Products	394.46	213.22
- Thermo Plastic Elastomers	356.61	111.02
- Power from Wind Mill	71.41	57.46
 <b>22 Other income:</b>	 <b>Year ended 31-03.2012</b>	 <b>Year ended 31-03.2011</b>
Export incentives	386.76	187.26
Interest received	9.84	7.30
Rent Income	18.87	-
Net Gain on foreign currency transactions and translation.	475.37	200.98
Profit on sale of fixed assets	-	4.61
Other Income	9.54	9.71
<b>Total other income</b>	<b>900.38</b>	<b>409.86</b>
 <b>23 Cost of material consumed:</b>	 <b>Year ended 31-03.2012</b>	 <b>Year ended 31-03.2011</b>
Raw material consumed:		
Opening inventories	780.97	761.33
Add : Purchases (including incidental expenses of ₹ 83.83 lakhs ( March 31, 2011 : ₹ 48.56 lakhs))	11,278.98	8,548.69
	12,059.95	9,310.02
Less : Closing inventories	1,070.71	780.97
<b>Total cost of material consumed</b>	<b>10,989.24</b>	<b>8,529.05</b>
(a) <b>Products consumed</b>		
- Waste Rubber	9,505.97	7,592.56
- Process Oils	1,374.63	821.91
- Other Oils and Chemicals	108.64	114.58
	10,989.24	8,529.05
(b) <b>Import and Indigenous consumptions</b>		
- Imports	76.17	35.63
%	0.69%	0.42%
- Indigenous	10,913.07	8,493.42
%	99.31%	99.58%
	10,989.24	8,529.05

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012**

(₹ in Lakh)

24 Changes in inventory of Finished goods and Work-in-progress:	Year ended 31-03.2012	Year ended 31-03.2011
<b>Stock at the end of the year:</b>		
Finished goods	756.51	443.49
Work-in-progress	123.11	61.49
Total (A)	879.62	504.98
<b>Stock at the beginning of the year:</b>		
Finished goods	443.49	269.79
Work-in-progress	61.49	45.64
Total (B)	504.98	315.43
Total (A - B)	374.64	189.55
<b>Increase / (Decrease) in Stock</b>		
<b>Finished Goods</b>		
- Reclaim Rubber	679.30	408.30
- Crumb Rubber	-	4.39
- Punch & Split Products	39.14	8.49
- Thermo Plastic Elastomers	38.07	22.31
	756.51	443.49
<b>Work-in-progress</b>		
- Reclaim Rubber	123.11	61.49
	123.11	61.49
25 Employee Benefits expenses:	Year ended 31-03.2012	Year ended 31-03.2011
Salaries, Wages and Bonus	1,858.50	1,434.71
Contribution to Provident fund and Pension fund	83.24	63.70
Gratuity fund	31.36	36.88
Contribution to other funds	46.54	41.14
Welfare and other benefits	440.54	285.09
<b>Total employee benefits expenses</b>	<b>2,460.18</b>	<b>1,861.52</b>
<b>(a) The disclosure required as per the revised AS 15 is as under:</b>		
(i) Brief description of the plans.		
The Company has various schemes for long term benefits such as provident fund , superannuation, gratuity and leave encashment. The Company's defined contribution plans are Employees' Provident fund and Pension Scheme (under the provision of the Employees' Provident Fund 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 gratuity which are defined benefit plan. The employees of the company are also entitled to leave encashment and gratuity which are defined benefit plan.		
(ii) Charge to the Profit and Loss Account based on Contributions :		
	<b>As at 31-03-2012</b>	<b>As at 31-03-2011</b>
Provident and Pension fund	83.24	63.70
(iii) The liability for leave encashment and compensated absences (unfunded) as at year end is ₹ 57.98 lakhs (March 31, 2011 : ₹ 53.26 lakhs).		



## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

(₹ in Lakh)

(b) Disclosure for defined benefit plan based on actuarial report as on 31.03.2012	As at 31-03-2012	As at 31-03-2011
<b>(i) Change in Defined Benefit Obligation</b>		
Opening defined benefit obligation	276.10	233.25
Interest cost	22.09	18.66
Current service cost	18.84	18.35
Benefits paid	-	(12.62)
Actuarial loss / (gain)	17.64	18.46
Closing defined benefit obligation	<b>334.67</b>	<b>276.10</b>
<b>(ii) Change in Fair Value of Assets</b>		
Opening fair value of plan assets	279.28	231.39
Expected return on plan assets	27.21	21.59
Contributions by employer	47.98	38.92
Benefits paid	-	(12.62)
Closing fair value of plan assets	<b>354.47</b>	<b>279.28</b>
<b>(iii) Amount recognized in the Balance Sheet</b>		
Fair value of plan assets as at beginning of the year	279.28	231.39
Actual return on plan assets	27.21	21.59
Contributions	47.98	38.92
Benefits paid	-	(12.62)
Fair value of plan assets as at end of the year	354.47	279.28
Funded status	<b>(19.80)</b>	<b>(3.18)</b>
<b>(iv) Actuarial (gain) / loss recognized</b>		
Actuarial (gain) / loss on obligations	17.64	18.46
Actuarial (gain) / loss recognized in the year	17.64	18.46
<b>(v) Amount to be recognized in the Balance Sheet and Profit &amp; Loss accounts</b>		
Present value of obligation as at the end of the year	334.67	276.10
Fair value of plan assets as at the end of the year	354.47	279.28
Funded status		
Net (Assets) / Liabilities recognized in the Balance Sheet	(19.80)	(3.18)
Current service cost	18.84	18.35
Interest cost	22.09	18.66
Expected return on plan assets	(27.21)	(21.59)
Net Actuarial (gain) / loss recognised in the year	17.64	18.46
Expenses recognised in the statement of Profit & Loss account	31.36	33.88
<b>(vi) Actuarial Assumptions</b>		
Discount Rate	8.00%	8.00%
Salary Escalation	6.00%	6.00%

26 Finance cost:	Year ended 31-03.2012	Year ended 31-03.2011
Interest on Term & Working Capital Loans	344.07	177.61
Interest on Other Loans	18.56	19.29
Financial Charges	40.09	32.91
<b>Total finance cost</b>	<b>402.72</b>	<b>229.81</b>

27 Depreciation and Amortization expenses:	Year ended 31-03.2012	Year ended 31-03.2011
Depreciation on Tangible Assets	670.37	497.08
Depreciation on Intangible Assets	9.75	15.72
Deferred Revenue Expenses written off	-	-
Assets Discarded / Impairment	7.23	-
<b>Total depreciation and amortization expenses</b>	<b>687.35</b>	<b>512.80</b>

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012**

(₹ in Lakh)

<b>28 Other expenses:</b>	<b>Year ended 31-03.2012</b>	<b>Year ended 31-03.2011</b>
<b>Manufacturing Expenses</b>		
Packing Material consumed	601.59	507.58
Stores and Spare Parts Consumed	443.25	234.91
Power, Fuel & Water Consumed		
-Power Consumption	2,478.00	1,736.77
-Fuel Consumption	447.85	312.81
-Water Consumption	26.59	19.95
Repairs & Maintenance Expenses		
-Plant & Machineries	199.55	98.45
-Factory Buildings	24.00	10.36
	4,220.83	2,920.83
<b>Sales &amp; Distribution expenses</b>		
Ocean Freight	1,279.71	1,201.54
Marine Insurance	4.05	3.52
Export clearing and Other charges	142.44	177.62
Local freight & Other charges	420.50	383.01
Other Selling and Distribution expenses	119.86	68.72
	1,966.56	1,834.41
<b>Administration &amp; Other Expenses</b>		
Insurance	15.25	9.47
Vehicle Expenses	57.42	24.93
Printing & Stationery	15.16	13.38
Advertisements	18.83	16.84
Rent, Lease Rent & Other Charges	10.65	14.85
Repairs to Other Assets	46.73	45.65
Retainer fees, Legal fees & Prof charges	129.96	279.70
Travelling & Conveyance	114.64	79.58
Postage, Telegram & Telephones	29.61	27.37
Doubtful Loan written off*	32.50	22.20
Payment to Auditors:		
-Audit fee	3.25	3.25
-Tax Audit fee	1.00	1.00
-Taxation matters	0.50	0.78
-Reimbursement of expenses	0.12	0.15
Board Meeting Fees	8.01	3.36
Commission to Director	34.49	-
Charity and donation	58.90	26.92
Factory / Office Expenses	25.99	26.15
Office electricity expenses	18.68	12.99
Other Expenses	45.96	74.57
Loss on Sale of Assets	7.90	-
Variation in CED on Stock of finished goods	36.00	7.86
	711.55	691.00
<b>Total other expenses</b>	<b>6,898.94</b>	<b>5,446.24</b>

\* Loan receivable from Associated Concern of the Company was doubtful of recovery, hence written off

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

(₹ in Lakh)

<b>29 Contingent Liabilities</b>	<b>As at 31-03-2012</b>	<b>As at 31-03-2011</b>
(a) Guaranteed by Banks not provided for (Net)	226.62	127.73
(b) Claims against the company (Including Sales tax, Excise duty, etc. ) not acknowledged as debts		
- Maharastra Sales Tax	0.52	0.52
- Excise Duty	129.24	120.30
- Income Tax liability	174.16	95.01
(c) Estimated amount of contracts remaining to be executed on capital account.	1,084.74	1,048.65

### 30 Related parties disclosure :

#### (A) Names of the related parties :

- (i) Parties where control exists :
- |                    |  |
|--------------------|--|
| Subsidiary Company | Grip Polymers Ltd<br>( 99.80 % of total shareholdings held by the company) |
|--------------------|--|
- (ii) Associate Concern
- |  |  |
|--|--|
|  | Alphanso Netsecure Pvt Limited<br>(46% of total shareholdings held by the company) |
|--|--|
- (iii) Directors of the company :-
- |                            |   |
|----------------------------|---|
| - Key Management Personnel | Rajendra V.Gandhi, Vice Chairman & Managing Director<br>Harsh R. Gandhi , Executive Director                                    |
| - Non executive directors  | Kandathil M.Philip, Mahesh V. Gandhi, Dr.Peter Philip,<br>Bhagwandas T. Doshi, Atul S. Desai, Nikhil M. Desai and Rajeev Pandia |
- (iv) Relatives of Key Management Personnel
- |  |  |
|--|--|
|  | Nayna R. Gandhi, Hemal H. Gandhi, Vaishali P. Shah and Nehal R. Gandhi<br>Rajendra V. Gandhi HUF, Harsh R. Gandhi HUF, Aarav Trust and<br>Aayushi & Aashini Trust, Nehal Trust |
|--|--|
- (v) Enterprises owned or significantly influenced by Key Management Personnel or their relatives
- |  |  |
|--|--|
| (a) Enarjee Investments Pvt. Ltd.                      | R.V.Gandhi (Vice Chairman & Managing Director) is the Chairman |
| (b) Industrial Development and Investment Co.Pvt. Ltd. | M.V.Gandhi (Director) is the Chairman                          |
| (c) Ghatkopar Estate & Finance Corporation Pvt Ltd.    | R V Gandhi & M V Gandhi are directors                          |

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012**

(₹ in Lakh)

<b>30 Related parties disclosure :</b>	<b>As at 31-03-2012</b>	<b>As at 31-03-2011</b>
<b>(B) Transactions with related parties:</b>		
<b>(i) Associate Concern :</b>		
Alphanso Netsecure Private Limited		
Equity Investment	20.06	20.06
Less: provision of diminution in value	19.96	-
	0.10	20.06
Outstanding Loan Receivable	-	26.50
Purchase of Goods & Services	2.76	0.82
Doubtful loans written off	32.50	51.00
<b>(ii) Vice Chairman &amp; Managing Director:</b>		
Remuneration paid	113.31	106.43
Dividend paid	4.50	4.09
<b>(iii) Directors:</b>		
Remuneration paid	40.70	41.53
Commission to Directors	34.49	-
Sitting Fees to Directors	8.05	3.36
Dividend to Directors	40.56	36.18
<b>(iv) Relatives of Key Management Personnel :</b>		
Remuneration paid	2.36	-
Dividend	32.51	29.37
Interest paid	8.06	7.05
Deposits taken	11.75	6.50
Outstanding deposits payable	68.75	57.00
<b>(v) Enterprises owned or significantly influenced by Key Management Personnel or their relatives:</b>		
Enarjee Investments Pvt. Ltd. :		
Interest paid	0.96	3.90
Dividend	20.39	18.99
Deposits Repaid	20.00	-
Outstanding deposit payable	6.00	26.00
<b>Industrial Development &amp; Investment Co. Pvt. Ltd.:</b>		
Rent paid	0.53	0.53
Dividend	3.22	3.08
Outstanding deposit receivable (Security for Premises)	15.75	15.75
<b>Ghatkopar Estate &amp; Finance Corporation Pvt Ltd.:</b>		
Dividend	3.07	2.93

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

(₹ in Lakh)

<b>31 Segment Reporting :</b>	<b>As at 31-03-2012</b>	<b>As at 31-03-2011</b>
Segment reporting as required by Accounting Standard 17 issued by the Institute of Chartered Accountant of India.		
<b>1 Segment Revenue</b>		
a) Reclaim Rubber (Net of Excise Duty) *	23,600.02	18,387.53
b) Power	71.41	57.46
c) Thermo Plastic Elastomers	356.61	111.02
Net Segment Revenue	24,028.04	18,556.01
* Reclaim Rubber includes crumb rubber, punch & split products		
<b>2 Segment Results Profit(+) / Loss(-) before Tax and interest from each segment)</b>		
a) Reclaim Rubber	5,228.55	3,535.27
b) Power	37.20	19.62
c) Others	5.84	(78.32)
<b>Sub Total</b>	<b>5,271.59</b>	<b>3,476.57</b>
Less: Interest, Un-allocable expenditure & Un-allocable Income (net of expenses)	1,426.92	900.55
Profit Before Tax	3,844.67	2,576.02
Provision for Taxation		
Income Tax	791.20	699.62
Deferred Tax	481.30	114.32
<b>Profit After Tax</b>	<b>2,572.17</b>	<b>1,762.08</b>
<b>3 Other Information</b>		
<b>I Segment Assets</b>		
a) Reclaim Rubber	5,687.05	8,365.68
b) Power	426.75	316.44
c) Others	356.79	148.48
d) Un-allocated Assets	18,239.27	7,682.46
e) Total	24,709.86	16,513.06
<b>II Segment Liabilities</b>		
a) Reclaim Rubber	(4,937.76)	121.76
b) Power	385.58	304.05
c) Others	479.65	277.17
d) Un-allocated Assets	19,992.49	9,079.28
e) Total	15,919.96	9,782.26
<b>III Capital Expenditure (Including Capital Work in Progress)</b>		
a) Reclaim Rubber	4,853.04	1,626.00
b) Power	21.30	(0.82)
c) Others	57.69	6.25
d) Un-allocated Assets	98.12	450.83
e) Total	5,030.15	2,082.26
<b>IV Depreciation</b>		
a) Reclaim Rubber	570.04	428.65
b) Power	24.79	24.71
c) Others	13.17	11.28
d) Un-allocated Assets	79.35	48.16
e) Total	687.35	512.80
<b>V Non Cash Expenditure other than Depreciation</b>		
a) Reclaim Rubber	-	-
b) Power	-	-
c) Others	-	-
d) Un-allocated Assets	60.35	22.20
e) Total	60.35	22.20

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012**

(₹ in Lakh)

**4 Information about Secondary Segments**

(i) Revenue & Sundry Debtors as per Geographical Markets

Particulars	Revenue		Trade Receivable	
	2011-12	2010-11	2011-12	2010-11
India	8,319.48	5,929.85	2,188.37	1,374.92
Outside India	15,637.14	12,568.71	2,001.11	1,721.16
<b>Total</b>	<b>23,956.62</b>	<b>18,498.56</b>	<b>4,189.48</b>	<b>3,096.08</b>

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

**32 Expenses / Earnings in foreign currency:**

	As at 31-03-2012	As at 31-03-2011
(i) Raw Material	76.04	35.08
Machinery	1,472.99	345.08
(ii) Expenditure in foreign currency	816.85	954.10
(iii) Earning in foreign exchange in respect of Export of Goods ( F.O.B. value )	14,353.38	11,363.64

**33 Foreign currency exposures:**

	As at 31-03-2012	As at 31-03-2011
Foreign currency exposures that are not hedged as at 31st March		
<b>Receivable</b>		
USD	879.56	858.86
EURO	1,053.92	815.65
GBP	68.72	22.64
USD - (Advance to vendors)	4.89	12.28
EURO - (Advance to vendors)	9.58	-
<b>Payable</b>		
USD	63.99	20.34
EURO	481.18	25.57
USD - (Advance from customers)	9.48	-
EURO - (Advance from customers)	11.84	-
<b>Bank</b>		
USD - EEFC Bank Account	37.48	200.61
EURO - EEFC Bank Account	86.46	43.67
USD - Bank Loan Account	4,450.61	1,038.47
EURO - Bank Loan Account	780.62	548.49

**34 Earnings per share :**

	As at 31-03-2012	As at 31-03-2011
- Net Profit after tax for the year	2,580.36	1,761.69
- Excess Provision for tax for earlier years	8.20	(0.38)
- Net Profit attributable to Equity Shareholders	2,572.16	1,762.07
- Number of equity shares of ₹ 10/- each.	1,333,333	1,333,333
- Earnings per share - Basic	192.91	132.16
- Earnings per share -Diluted	192.91	132.16

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

(₹ in Lakh)

### 35 Other Notes

- (a) The Ministry of Corporate Affairs, Government of India vide general circular no. 2 & 3 dated 8th February, 2011 and 21st February, 2011 respectively has granted a general exemption from compliance with section 212 of the Companies Act, 1956 subject to fulfilment of conditions stipulated in the circular. The company has satisfied the condition stipulated in the circular and hence is entitled to the exemption. Necessary information relating to the subsidiary has been included in the Consolidated Financial Statement.
- (b) Administrative and other expenses include Professional fee paid of ₹.12.44 lakhs (March 31, 2011 : ₹ 108.69 lakhs) for compliance with REACH norms as laid down by the European Union and made compulsory for export of goods to European countries and Expenses debited to Profit & Loss account include prior period expenses ₹ 20.08 lakhs (March 31, 2011 : ₹ 10.42 lakhs)
- (c) Closing stock of Finished Goods include excise duty of ₹ 66.52 lakhs (March 31, 2011 : ₹ 30.52 lakhs)
- (d) 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.
- (e) The company has opted for Companies (Accounting Standards) Amendment Rules 2009 on Accounting Standard 11 (AS 11), as notified by the Ministry of Corporate Affairs on 31st March, 2009, for accounting of exchange differences arising from revaluation of long term foreign currency loans.

The accompanying notes are an integral part of the financial statements.  
As per our Report of even date

For A. B. Modi & Associates  
Chartered Accountants  
ICAI Firm Registration no. 106473W

Rajesh S. Shah  
Partner  
Membership no. 17844

Place : Mumbai  
Date : 28th June, 2012

For and on behalf of the Board of Directors

Rajendra V Gandhi  
Vice Chairman & Managing Director

Dr. Peter Philip  
Director

Ganesh A Ghangurde  
President & Chief Financial Officer &  
Company Secretary

Place : Mumbai  
Date : 28th June, 2012

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

1	Name of the subsidiary company	<b>Grip Polymers Limited.</b>
2	Financial year of the subsidiary company ended on	<b>31-Mar-2012</b>
3	Holding company's interest	
	a) Number of shares	<b>49,900 Equity shares of ₹ 10/- each fully paid up.</b>
	b) Percentage of holding	<b>99.80%</b>
4	The net aggregate amount of subsidiary's profit (loss) so far as it concerns the members of the holding company not dealt within the holding company's Accounts	
	a) For the current financial year	<b>( ₹ 140,100/- )</b>
	b) For the previous financial year	<b>₹ 154,924/-</b>
5	The net aggregate amount of subsidiary's profit / (loss) so far as it concerns the members of the holding company dealt within the holding company's Accounts	
	a) For the current financial year	<b>Nil</b>
	b) For the previous financial year	<b>Nil</b>

For and on behalf of the Board of Directors

Rajendra V Gandhi  
Vice Chairman & Managing Director

Dr. Peter Philip  
Director

Ganesh A Ghangurde  
President & Chief Financial Officer &  
Company Secretary

Place : Mumbai  
Date : 28th June, 2012



## STATEMENT OF INFORMATION OF SUBSIDIARY COMPANY

1	Name of the Subsidiary Company	<b>Grip Polymers Ltd</b>
2	Financial year ended	<b>31st March 2012</b>
		(₹)
3	Issued subscribed and paid up share capital	<b>500,000</b>
4	Reserves	<b>20,20,845</b>
5	Total Assets	<b>25,59,201</b>
6	Total Liabilities	<b>25,59,201</b>
7	Details of Investments (except in case of investment in subsidiaries)	
	- Equity Shares	<b>85,000</b>
8	Turnover	<b>1,93,056</b>
9	Profit / (Loss) before taxation	<b>(1,44,717)</b>
10	Profit / (Loss) after taxation	<b>(1,40,100)</b>
11	Proposed dividend	<b>Nil</b>

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For and on behalf of the Board of Directors

Rajendra V Gandhi  
Vice Chairman & Managing Director

Dr. Peter Philip  
Director

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Ganesh A Ghangurde  
President & Chief Financial Officer &  
Company Secretary

Place : Mumbai  
Date : 28th June, 2012

**AUDITORS REPORT TO THE BOARD OF DIRECTORS OF GRP LIMITED ON THE CONSOLIDATED FINANCIAL STATEMENT OF GRP LIMITED AND ITS SUBSIDIARY AND AN ASSOCIATE.**

- 1) We have audited the attached Consolidated Balance Sheet of **GRP Limited (Formerly known as Gujarat Reclaim and Rubber Products Ltd.) and its subsidiary and an associate (collectively known as “the Group”)**, as at 31st March, 2012, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year ended on that date, both annexed thereto. These consolidated financial statements are the responsibility of the Company’s management and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.
- 2) We have 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) We did not audit the financial statements of an associate namely Alphanso Net Secure Private Limited, whose net carrying cost of investment as on 31st March 2012 is ₹ Nil after considering Company’s share of loss in the said associate aggregating to ₹ 20.05 lakhs (being proportionate share of the Company) on the basis of audited financial statements available for the year ended 31st March 2012. These financial statements have been audited by other auditors whose report has been furnished to us and our opinion is based solely on the report of other auditors.
- 4) We report that the consolidated financial statements have been prepared by the company in accordance with the requirements of the Accounting Standard (AS – 21 – ‘Consolidated Financial Statements’, Accounting Standard (AS) -23 – Accounting for Investment in Associates in Consolidated Financial Statements notified by Companies (Accounting Standards) Rule 2006.
- 5) Based on our audit and on consideration of report of other auditors on separate financial statements and to the best of our information and according to the explanations given to us, are of the opinion that attached consolidated Financial Statements give a true and fair view in conformity with the accounting principles generally accepted in India, :
  - a) in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at 31st March, 2012;
  - b) in the case of the Consolidated Statement of Profit and Loss, of the profit of the Group for the year ended on that date; and
  - c) in the case of the Consolidated Cash Flow Statement, of the cash flow of the Group for the year ended on that date.

For A.B.Modi & Associates  
Chartered Accountants  
Firm Regd.No. 106473W

(Rajesh S. Shah)  
Partner

Place : Mumbai  
Date : 28th June, 2012

Membership No. 17844

# GRP LIMITED

(Formerly known as Gujarat Reclaim and Rubber Products Ltd.)



## CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2012

(₹ in Lakh)

	Note	As at 31-Mar-2012 (₹ in lakh)	As at 31-Mar-2011 (₹ in lakh)
<b>Equity and Liabilities</b>			
Shareholders' funds			
Share capital	3	133.33	133.33
Reserves and surplus	4	8,680.63	6,603.01
		<u>8,813.96</u>	<u>6,736.34</u>
<b>Non-current Liabilities</b>			
Long term borrowings	5	4,624.38	1,755.67
Deferred tax liabilities (net)	6	1,488.34	1,007.08
Other long term liabilities	7	9.44	9.44
Long term provisions	8	43.16	42.84
		<u>6,165.32</u>	<u>2,815.03</u>
<b>Current Liabilities</b>			
Short term borrowings	9	2,383.07	2,101.31
Trade payables	10	1,766.89	1,354.73
Other current liabilities	11	1,531.32	308.62
Short term provisions	12	419.07	262.72
		<u>6,100.35</u>	<u>4,027.38</u>
<b>Minority Interest</b>		0.05	0.05
<b>Total Equity &amp; Liabilities</b>		<u>21,079.68</u>	<u>13,578.80</u>
<b>Assets</b>			
<b>Non-current assets</b>			
Fixed assets			
Tangible assets	13	10,613.62	6,849.81
Intangible assets	13	57.40	22.50
Capital work-in-progress	13	1,557.77	1,029.28
Non current investments	14	13.75	13.75
Long term loans and advances	15	435.24	327.71
		<u>12,677.78</u>	<u>8,243.05</u>
Current investments	16	0.08	0.08
Inventories	17	2,185.94	1,510.32
Trade receivables	18	4,189.48	3,096.21
Cash and Cash Equivalants	19	1,525.14	361.54
Short term loans and advances	20	478.24	316.85
Other current assets	21	23.02	50.75
		<u>8,401.90</u>	<u>5,335.75</u>
<b>Total Assets</b>		<u>21,079.68</u>	<u>13,578.80</u>
Significant Accounting policies and Notes on Financial Statements	1 - 35		

The accompanying notes are an integral part of the financial statements.  
As per our Report of even date

For A. B. Modi & Associates  
Chartered Accountants  
ICAI Firm Registration no. 106473W

Rajesh S. Shah  
Partner  
Membership no. 17844

Place : Mumbai  
Date : 28th June, 2012

For and on behalf of the Board of Directors

Rajendra V Gandhi  
Vice Chairman & Managing Director

Dr. Peter Philip  
Director

Ganesh A Ghangurde  
President & Chief Financial Officer &  
Company Secretary

Place : Mumbai  
Date : 28th June, 2012

**CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2012**

(₹ in Lakh)

	Note	Year ended 31-Mar-2012 (₹ in lakh)	Year ended 31-Mar-2011 (₹ in lakh)
<b>Revenue :</b>			
Revenue from operations	22	24,028.03	18,556.02
Other income	23	902.31	412.95
<b>Total revenue</b>		<b>24,930.34</b>	<b>18,968.97</b>
<b>Expenses :</b>			
Cost of materials consumed	24	10,989.24	8,529.05
Changes in inventories of finished goods and work-in-progress	25	(374.64)	(189.55)
Employee benefits expense	26	2,460.18	1,861.52
Finance costs	27	402.72	229.81
Depreciation and amortization expense	28	687.64	512.81
Other expenses	29	6,902.05	5,447.31
<b>Total expenses</b>		<b>21,067.19</b>	<b>16,390.95</b>
Profit before extraordinary items and tax		3,863.15	2,578.02
Extraordinary items		-	(0.20)
<b>Profit before tax</b>		<b>3,863.15</b>	<b>2,578.22</b>
<b>Minority Interest</b>		-	-
<b>Tax expense</b>			
Current tax		783.00	700.60
Deferred tax		481.25	114.32
Excess / (short) provision of earlier years		8.20	(0.32)
<b>Profit (Loss) for the period</b>		<b>2,590.70</b>	<b>1,763.62</b>
<b>Earnings per equity share(Nominal value per Share ₹ 10/- (March 31, 2011 : ₹ 10/-)</b>	35		
(1) Basic		194.30	132.27
(2) Diluted		194.30	132.27
Significant Accounting policies and Notes on Financial Statements	1 - 35		

The accompanying notes are an integral part of the financial statements.  
As per our Report of even date

For A. B. Modi & Associates  
Chartered Accountants  
ICAI Firm Registration no. 106473W

Rajesh S. Shah  
Partner  
Membership no. 17844

Place : Mumbai  
Date : 28th June, 2012

For and on behalf of the Board of Directors

Rajendra V Gandhi  
Vice Chairman & Managing Director

Dr. Peter Philip  
Director

Ganesh A Ghangurde  
President & Chief Financial Officer &  
Company Secretary

Place : Mumbai  
Date : 28th June, 2012

## CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2012

(₹ in Lakh)

	Year ended 31-03-2012	Year ended 31-03-2011
<b>A Cash flow from Operating activities</b>		
Net profit before tax and extra ordinary items	3,863.15	2,578.02
Adjustments for		
- Depreciation and Assets Discarded	687.66	512.81
- Excess Provision of Expenses of earlier year	-	0.20
- Doubtful loan & Debts written off	32.50	-
- (Profit)/Loss on sale of assets (Net)	7.90	(4.61)
- Wealth tax provision	6.30	0.38
- Provision for diminution in value of investments	-	-
- Interest (Net)	351.01	188.00
- Dividend income	(0.17)	(0.15)
- Rent received	(18.87)	-
	<b>1,066.33</b>	<b>696.63</b>
Operating Profit before working capital changes	4,929.48	3,274.65
Adjustments for		
- (Increase)/Decrease in Trade and other receivables	(1,256.19)	(481.51)
- (Increase)/Decrease in Inventories	(675.62)	(271.72)
- Increase/(Decrease) in Trade payable	482.32	402.52
	<b>(1,449.49)</b>	<b>(350.71)</b>
Cash generated from operations	<b>3,479.99</b>	<b>2,923.94</b>
Direct taxes paid	(869.75)	(800.35)
Net cash from operating activities	<b>2,610.24</b>	<b>2,123.59</b>
<b>B Cash flow from investing activities</b>		
- Interest received	5.91	5.56
- Sale proceeds of fixed assets	7.41	39.93
- Dividend income	0.17	0.15
- Rent received	18.87	-
- Purchase of fixed assets	(4,237.04)	(3,026.82)
Net cash used in investing activities	<b>(4,204.68)</b>	<b>(2,981.18)</b>
<b>C Cash flow from financing activities</b>		
- Loans borrowed (Net of repayment)	3,586.20	1,606.64
- Exchange difference on revaluation of foreign currency loans	(208.19)	(10.87)
- Interest paid	(331.21)	(196.90)
- Dividend paid	(306.52)	(291.59)
Net cash used in financing activities	<b>2,740.28</b>	<b>1,107.28</b>
Net increase / (Decrease) in cash and cash equivalents	1,145.84	249.69
Cash and cash equivalents at the beginning of the year	360.64	110.95
Cash and cash equivalents at the closing of the period	<b>1,506.48</b>	<b>360.64</b>
<b>A Cash and cash equivalents</b>		
Cash on hand	6.25	7.95
Balance with banks		
(a) In current accounts	293.79	57.16
(b) In EEFC accounts	123.94	244.28
(c) In deposit accounts	1,072.23	40.60
(d) In earmarked accounts (Refer note no. 19)	10.27	10.65
	<b>1,506.48</b>	<b>360.64</b>
<b>B Other Bank Balance (maturity above 3 months)</b>	18.66	0.90
	<b>1,525.14</b>	<b>361.54</b>

The accompanying notes are an integral part of the financial statements.  
As per our Report of even date

For A. B. Modi & Associates  
Chartered Accountants  
ICAI Firm Registration no. 106473W

Rajesh S. Shah  
Partner  
Membership no. 17844

Place : Mumbai  
Date : 28th June, 2012

For and on behalf of the Board of Directors

Rajendra V Gandhi  
Vice Chairman & Managing Director

Dr. Peter Philip  
Director

Ganesh A Ghangurde  
President & Chief Financial Officer &  
Company Secretary

Place : Mumbai  
Date : 28th June, 2012

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012**

(₹ in Lakh)

Amounts in the financial statements are presented in ₹ Lakhs, except for per share data and as otherwise stated. Certain amounts that are required to be disclosed and do not appear due to rounding off, are detailed in note.

**1 Principles of Consolidation**

A The financial statement of GRP Ltd. (the Company), its Subsidiary company and Associate have been prepared in compliance with the mandatory Accounting Standards notified by the Companies (Accounting Standards) Rules, 2006.

Companies considered in the consolidated financial statements are:

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

B Basis of preparation of financial statements :

- (i) GRP Ltd has prepared consolidated financial statements by consolidating its accounts with its subsidiary as on 31st March 2012, in accordance with Accounting Standard 21 (Consolidated financial statement), Accounting Standard 23 (Accounting for investment in Associate in Consolidated financial statements) issued by the Institute of Chartered Accountants of India.
- (ii) The financial statements have been prepared incorporating accounting policies of the parent company under historical cost convention, in compliance with the relevant accounting standards prescribed in the Companies (Accounting Standards) Rule, 2006 and in compliance with the provisions of the Companies Act, 1956.

C Significant Accounting Policies and notes to this consolidated financial statements are intended to serve as means of informative disclosure and a guide to better understanding the consolidated position of the companies. Recognising this purpose, the company has disclosed only such policies and notes from the individual financial statements, which fairly present the needed disclosures. Lack of homogeneity and 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.

D Principles of consolidation :

- (i) The financial statements of the parent company and its subsidiary have been consolidated on a line - by - line basis by adding together, the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances, intra-group transactions and the unrealised profits.
- (ii) The financial statements of the parent company and its subsidiary have been consolidated using uniform accounting policies for like transactions and other events in similar circumstances.
- (iii) The excess of parent company's share of equity in the subsidiary over the cost of its investments in subsidiary, on the acquisition date, is recognised in the financial statements as capital reserve.
- (iv) Investments in Associate has been accounted for using the equity method in accordance with Accounting Standard AS 23 "Accounting for Investment in Associates in Consolidated Financial Statements" prescribed in the Companies (Accounting Standards) Rule, 2006 and in compliance with the provisions of the Companies Act, 1956.

**2 Significant Accounting Policies:**

**(A) General Company Profile**

GRP Limited ( The 'Company') is engaged mainly in Reclaim Rubber and also in Windmill business. The Company has manufacturing plants in India and sales in Domestic as well as International Market. The Company is a public limited company and is listed on the Stock Exchange, Mumbai (BSE).

The name of the Company has been changed from Gujarat Reclaim & Rubber Products Limited to GRP Limited w.e.f. 21st June, 2012.

**(B) 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.

**(C) Change in accounting policy:**

During the year ended 31 March 2012, the revised Schedule VI notified under the Companies Act 1956, has become applicable to the company, for preparation and presentation of its financial statements. The adoption of revised Schedule VI does not

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

(₹ in Lakh)

impact recognition and measurement principles followed for preparation of financial statements. However, it has significant impact on presentation and disclosures made in the financial statements. The company has also reclassified the previous year figures in accordance with the requirements applicable in the current year.

### (D) 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.

### (E) Fixed assets and Depreciation :

#### (i) Tangible fixed assets

Fixed assets are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price, borrowing costs if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discounts and rebates are deducted in arriving at the purchase price.

Subsequent expenditure related to an item of fixed asset is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance. All other expenses on existing fixed assets, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss for the period during which such expenses are incurred.

From accounting periods commencing on or after 7 December 2006, the company adjusts exchange differences arising on translation/settlement of long-term foreign currency monetary items pertaining to the acquisition of a depreciable asset to the cost of the asset and depreciates the same over the remaining life of the asset.

Gains or losses arising from derecognition of fixed assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

#### (ii) Depreciation and Amortisation

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

- (1) In respect of assets acquired prior to 02-04-1987, at the rates prevailing at that time.
- (2) In respect of assets acquired subsequent to 02-04-1987, at the rate prescribed in schedule XIV of the Companies Act, 1956. (Also refer to policy on Impairment of Assets and Foreign Currency Transactions).
- (3) The rate of Depreciation on certain temporary structures (Building) has been provided @ 100%.
- (4) Certain Plant and machinery have been considered as continuous process plant on the basis of technical assessment and depreciation on the same is provided for accordingly.
- (5) Leasehold land is amortised over the period of lease.

#### (iii) Intangible Assets and Amortisation

Intangible Assets are stated at acquisition cost, net of accumulated amortization and accumulated impairment losses, if any. Intangible assets are amortised on a straight line basis over their estimated useful lives. The amortisation period and the amortisation method are reviewed at least at each financial year end. If the expected useful life of the asset is significantly different from previous estimates, the amortisation period is changed accordingly. Gain or losses arising from the retirement or disposal of an intangible asset are determined as the difference between the net disposal proceeds and the carrying amount of the asset and recognised as income or expense in the Statement of Profit and Loss. The amortisation rates used are :

Asset	Period of amortisation
Computer Software	6 years

### (F) Impairment of Assets

An asset is treated as impaired when the carrying cost of asset exceeds its recoverable value. An impairment loss is charged to the Profit and Loss Account in the year in which an asset is identified as impaired. The impairment loss recognised in prior accounting period is reversed if there has been a change in the estimate of recoverable amount.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012**

(₹ in Lakh)

**(G) Borrowing Costs :**

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. The borrowing cost eligible for capitalisation is being netted off against any income arising on temporary investment of those borrowing. All other borrowing costs are recognised as an expense in the period in which they are incurred.

**(H) Government Grants and Subsidy:**

Special capital incentive and subsidy received from the government for setting up or expansion of an industrial undertaking in undeveloped area of state, is credited to Special capital incentive and subsidy account under Capital Reserve Account.

**(I) Investments :**

Investments, which are readily realizable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as long-term investments. Long term investments are carried at cost. However provision for diminution is made to recognise a decline, other than temporary, in the value of the investments, such reduction being determined and made for each investment individually. Current investments are valued at cost or market value whichever is lower.

**(J) 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 and Loss Account in the period in which it has been enacted.

**(K) Inventories :**

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

**(L) Income Recognition :**

- (i) Domestic Sales are recognised at despatch of goods from factory and export Sales on the basis of date of bill of lading. Sales are recorded net of discount, rebates, sales tax, excise duty and sales return.
- (ii) Income from Power generation is accounted on the basis of certification of Gujarat Electricity Development Authority.
- (iii) Commission on sales (other than consignment sales) is accounted on realisation of sales proceeds and commission on consignment sales is accounted on receipt of statement of consignment sale.
- (iv) Rentals and all other expenses in respect of leased assets are treated as revenue expenditure.
- (v) Export Incentives are accounted on wherever there is certainty of receipt of the same.
- (vi) Interest income is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.
- (vii) Dividend income is recognised when the right to receive dividend is established.

**(M) Foreign currency transactions :**

- (i) Transactions denominated in foreign currencies are recorded at the exchange rates prevailing on the date of the transaction. Transaction not covered by forward contracts and outstanding at year end are translated at exchange rates prevailing at the year end and the profit / loss so determined, is recognised in the Profit and Loss account.
- (ii) Monetary items denominated in foreign currencies at the year end are restated at the year end rates. In case of items covered by forward exchange contracts, the difference between the year end rate and rate on the date of the contracts recognised as exchange difference and the premium/discount on forward contract is recognised over the life of the contract.
- (iii) Any income or expense on account of exchange difference either on settlement or on translation is recognised in the profit and loss account except in case of long term liabilities, where they relate to acquisition of fixed assets, in which case they are adjusted to the carrying cost of such assets in line with notification dated 31.03.2009 issued by Ministry of Corporate Affairs.



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

(₹ in Lakh)

### (N) Employees Benefits :

#### 1 Long Term Employee Benefits:

##### (a) Defined Contribution Plans:

###### Provident Fund

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

##### (b) Defined Benefit Plans:

###### (i) Gratuity

The company has a defined benefit employee retirement scheme in the form of gratuity. The Trustees of the scheme have entrusted the administration of the related fund to the Life Insurance Corporation of India (LIC). Charge for the year is determined on the basis of actuarial valuation made as at the balance sheet date on projected unit credit method of the company's year-end obligation in this regard and the value of year-end assets of the scheme. Actuarial gains and losses for the year are recognised in the statement of profit and loss account as income or expense. Contributions were deposited with the LIC based on intimation received by the company.

###### (ii) Leave Encashment

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

###### (iii) Superannuation

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

#### 2 Short Term Benefits:

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

### (O) Provisions, Contingent Liabilities and Contingent Assets

Provisions involved substantial degree of estimation in measurement are recognised when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognised but are disclosed in the notes. Contingent Assets are neither recognised nor disclosed in the financial statements.

### (P) Earning per Share

The company reports basic and diluted earning per share (EPS) in accordance with the Accounting Standard 20 as specified in the Companies (Accounting Standard) Rules-2006. The Basic EPS has been computed by dividing the income available to equity shareholders by the weighted average number of equity shares outstanding during the accounting year. The diluted EPS has been computed using the weighted average number of equity shares and dilutive potential equity shares outstanding during the end of the year.

### (Q) Segment reporting

Identification of segments

The company's operating businesses are organized and managed separately according to the nature of products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. The analysis of geographical segments is based on the areas in which major operating divisions of the company operate.

Allocation of common costs

Common allocable costs are allocated to each segment according to the relative contribution of each segment to the total common costs.

Unallocated items

Unallocated items include general corporate income and expense items which are not allocated to any business segment.

Segment accounting policies

The company prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the financial statements of the company as a whole.

### (R) Cash and cash equivalents

Cash and cash equivalents for the purposes of cashflow statement comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012**

(₹ in Lakh)

<b>3 Share Capital:</b>	<b>As at 31-03-2012</b>	<b>As at 31-03-2011</b>
<b>Authorized:</b>		
1,500,000 (March 31, 2011: 1,500,000) equity shares of ₹ 10 each	150.00	150.00
 Issued,Subscribed and Paid up		
1,333,333 (March 31, 2011 1,333,333) equity shares of ₹ 10 each fully paid-up	133.33	133.33
	<b>133.33</b>	<b>133.33</b>

**(a) Rights, preferences and restrictions attached to shares**

- (i) The Company has only one class of shares referred to as equity shares having a par value of ₹.10/-. Each holder of equity shares is entitled to one vote per share.
- (ii) The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.
- (iii) In the event of liquidation of the Company, the holders of the equity shares of the Company will be entitled to receive the remaining assets of the Company, after distribution of all preferential amounts in proportion to their shareholding.

**(b) The reconciliation of the number of shares outstanding and the amount of share capital as at March 31,2012 and March 31,2011, is set out below :**

**Equity Shares:**

	<b>As at 31-03-2012</b>	<b>As at 31-03-2011</b>
<b>At the beginning</b>		
- Number of shares	1,333,333	1,333,333
- Amount	133.33	133.33
<b>At the end</b>		
- Number of shares	1,333,333	1,333,333
- Amount	133.33	133.33

**(c) Details of shares held by shareholders holding more than 5% of the aggregate shares in the company**

	<b>As at 31-03-2012</b>		<b>As at 31-03-2011</b>	
	<b>No. of Shares</b>	<b>% of Holding</b>	<b>No. of Shares</b>	<b>% of Holding</b>
Mr. Mahesh Vadilal Gandhi	77,411	6%	95,907	7%
Enarjee Investments Pvt Ltd	88,656	7%	86,942	7%

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

(₹ in Lakh)

4 Reserves and Surplus:	As at 31-03-2012	As at 31-03-2011
<b>Capital reserve</b>		
Special capital incentive and subsidy		
Balance as per last Balance sheet	53.30	53.30
<b>Profit on re-issue of forfeited shares</b>		
Balance as per last Balance sheet	0.01	0.01
<b>Securities Premium account</b>		
Balance as per last Balance sheet	41.67	41.67
<b>Excess of Share in Net Assets of subsidiary company</b>		
Balance as per last Balance sheet	3.08	3.08
<b>Balance as at the end of the year</b>	<b>98.06</b>	<b>98.06</b>
<b>General Reserve</b>		
Balance as at beginning of the year	3,509.32	3,209.32
Add : Transferred from the statement of profit and loss account	500.00	300.00
<b>Balance as at the end of the year</b>	<b>4,009.32</b>	<b>3,509.32</b>
<b>Surplus in Statement of Profit and Loss</b>		
Balance as at beginning of the year	2,995.63	1,889.60
Profit for the year	2,590.70	1,763.62
<b>Amount available for appropriation</b>	<b>5,586.33</b>	<b>3,653.22</b>
Less: Appropriations :		
- Interim dividend	93.33	93.33
- Final dividend	213.34	213.33
- Special dividend	133.33	-
- Total dividend	440.00	306.66
- Dividend tax	73.08	50.93
- Amount transferred to general reserve	500.00	300.00
<b>Total appropriations</b>	<b>1,013.08</b>	<b>657.59</b>
<b>Surplus -Closing balance</b>	<b>4,573.25</b>	<b>2,995.63</b>
<b>Total reserves and surplus</b>	<b>8,680.63</b>	<b>6,603.01</b>

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012**

5 Long Term Borrowings:	(₹ in Lakh)			
	As at 31-03-2012 Current Maturity	As at 31-03-2011	As at 31-03-2012 Non-current portion	As at 31-03-2011
<b>Secured:</b>				
Term Loans from Banks:				
Foreign Currency Loans from Banks	258.44	92.22	2,862.64	458.37
Rupee Loans from Banks	324.17	56.17	1,722.53	1,254.75
<b>Total Secured Borrowings</b>	<b>582.61</b>	<b>148.39</b>	<b>4,585.17</b>	<b>1,713.12</b>
<b>Unsecured:</b>				
Loans from Banks	22.35	15.67	22.57	19.50
Deferred Sales Tax payments	6.41	11.58	16.64	23.05
<b>Total Unsecured Borrowings</b>	<b>28.76</b>	<b>27.25</b>	<b>39.21</b>	<b>42.55</b>
	<b>611.37</b>	<b>175.64</b>	<b>4,624.38</b>	<b>1,755.67</b>
Amount disclosed under the head "Other current liabilities" (refer note 11 )	<b>(611.37)</b>	<b>(175.64)</b>	-	-
<b>Total long-term borrowings</b>	-	-	<b>4,624.38</b>	<b>1,755.67</b>

**A Nature of security and terms of repayment for secured borrowings:**

- 1 Rupee loan of ₹ Nil (March 31, 2011 : ₹ 28.34 lakhs) for Capital expenditure at Panoli factory**  
First exclusive charge by way of hypothecation of entire current assets, both present and future, including inventories, book debts, bills receivables and entire movable fixed assets and mortgage of immovable fixed assets of the Company. Repayable in 54 equal quarterly instalments from the date of loan (June 1, 2006) along with interest of 10% p.a.
- 2 Rupee loan of ₹ 1296.70 lakhs (March 31, 2011 : ₹ 882.58 lakhs) for Factory at Chincholi, Solapur**  
First exclusive charge by way of hypothecation of entire movable fixed assets of the Company located at Chincholi, Solapur, both present and future and by way of mortgage of Land together with factory building and structures situated at Chincholi factory, Solapur. Repayable in 20 equal quarterly instalments beginning from June, 2011, along with interest of 13 % p.a.
- 3 Rupee loan of ₹ 750.00 lakhs (March 31, 2011 : ₹ Nil) for Plant and machinery at Chincholi, Solapur**  
First exclusive charge by way of hypothecation of entire movable fixed assets of the Company located at Chincholi, Solapur, both present and future and by way of mortgage of Land together with factory building and structures situated at Chincholi factory, Solapur. Repayable in 20 equal quarterly instalments beginning from April, 2013, along with interest of 13 % p.a.
- 4 Foreign currency loan of ₹ 160.73 lakhs (March 31, 2011 : ₹ 193.06 lakhs) for Wind Mill project.**  
First exclusive charge by way of hypothecation of entire current assets, both present and future, including inventories, book debts, bills receivables and entire movable fixed assets and mortgage of immovable fixed assets of the Company. Repayable in 20 equal quarterly instalments beginning from November 5, 2009, along with interest of 5 % p.a.
- 5 Foreign currency loan of ₹ 297.64 lakhs (March 31, 2011 : ₹ 357.53 lakhs) for Kurla Office I premises at Mumbai**  
First exclusive charge by way of hypothecation of entire current assets, both present and future, including inventories, book debts, bills receivables and entire movable fixed assets and mortgage of immovable fixed assets of the Company. Repayable in 60 equal monthly instalments beginning from November 5, 2009, along with interest of 5 % p.a.
- 6 Foreign currency loan of ₹ 367.04 lakhs (March 31, 2011 : ₹ 400 lacs) for Kurla Office premises II at Mumbai**  
First exclusive charge by way of hypothecation of entire current assets, both present and future, including inventories, book debts, bills receivables and entire movable fixed assets and mortgage of immovable fixed assets of the Company. During the year Rupee term loan converted into Foreign currency term loan Repayable in 20 equal quarterly instalments beginning from September '11 along with interest of 8 % p.a.
- 7 Foreign currency loan of ₹ 2295.67 lakhs (March 31, 2011 : Nil) for Perundurai factory, in Tamil Nadu**  
First exclusive charge by way of hypothecation of entire movable fixed assets of the Company located at Perundurai, Tamilnadu, both present and future and by way of mortgage of Land together with factory building and structures situated at Perundurai, Tamilnadu. Repayable in 15 equal quarterly instalments beginning from April 1, 2013 along with interest @ 5.61% p.a.

**B Terms of repayment for unsecured borrowings:**

- 1 Deferred sales-tax payments**  
Deferred sales-tax payment is interest free loan and repayable from financial year 2006-07 to 2016-17.
- 2 Loans from Bank**  
Repayable in 36 monthly instalments from the date of respective loans.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

(₹ in Lakh)

<b>6 Deferred Tax Liabilities (Net):</b>	<b>As at 31-03-2012</b>	<b>As at 31-03-2011</b>
Deferred Tax Liabilities		
Depreciation	1,529.10	1,042.21
Less:		
Deferred Tax Assets		
Provision for employee benefit	40.76	35.13
<b>Total deferred tax liabilities (net)</b>	<b>1,488.34</b>	<b>1,007.08</b>

<b>7 Other Long-term Liabilities:</b>	<b>As at 31-03-2012</b>	<b>As at 31-03-2011</b>
Security deposit received against the rental income	9.44	9.44
<b>Total other long-term liabilities</b>	<b>9.44</b>	<b>9.44</b>

<b>8 Long-term Provisions:</b>	<b>As at 31-03-2012</b>	<b>As at 31-03-2011</b>	<b>As at 31-03-2012</b>	<b>As at 31-03-2011</b>
	<b>Current Maturity</b>		<b>Non-current portion</b>	
Provision for Employees Benefit expenses				
Provision for Leave encashment	14.82	13.61	43.16	39.65
Provision for Gratuity payment	-	-	-	3.19
	14.82	13.61	43.16	42.84
Amount disclosed under the head "Short-term provisions" (refer note 12 )	(14.82)	(13.61)	-	-
<b>Total Long-term provisions</b>	<b>-</b>	<b>-</b>	<b>43.16</b>	<b>42.84</b>

<b>9 Short-term Borrowings:</b>	<b>As at 31-03-2012</b>	<b>As at 31-03-2011</b>
Secured:		
Working Capital Loan payable on demand from banks		
Foreign Currency Loan	2,064.84	810.08
Rupee Loan	200.00	935.39
	2,264.84	1,745.47
Unsecured:		
Working Capital Loan payable on demand from banks		
Foreign Currency Loan	-	226.29
Fixed Deposits	118.23	129.55
	118.23	355.84
<b>Total Short-term borrowings</b>	<b>2383.07</b>	<b>2,101.31</b>

**(a) Working Capital Loan from HDFC Bank Ltd of ₹ 1433.31 lakhs (March 31, 2011 : ₹ 1745.47 lakhs)**

First exclusive charge by way of hypothecation of entire current assets, both present and future, including inventories, book debts, bills receivables and entire movable fixed assets and mortgage of immovable fixed assets of the Company.

**(b) Working Capital loan from Citi Bank N. A. of ₹ 715.61 lakhs (March 31, 2011 : ₹ 226.29 lakhs)**

Secured by first parri pasu charge in favour of Citi Bank N.A. by way of hypothecation of entire current assets including inventories and such other moveables, books debts, bills receivables and second subservient charge on entire movable fixed assets and mortgage of immovable fixed assets of the Company, both present and future. However the security creation was pending in previous year, hence it was considered as unsecured.

**(c) Fixed Deposits (unsecured) carry interest @ 12.50% p.a. and with maturity period of 12 months from the date of deposit.**

**(d) Deposits accepted from the related parties of ₹ 74.75 lakhs (March 31, 2011 : ₹ 83.00 lakhs) included in fixed deposits.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012**

(₹ in Lakh)

<b>10 Trade Payables:</b>	<b>As at 31-03-2012</b>	<b>As at 31-03-2011</b>
Trade payables	1,766.89	1,354.73

<b>Total trade payables</b>	<b>1,766.89</b>	<b>1,354.73</b>
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Under the Micro, Small, and Medium Enterprises Development Act, 2006 (MSMED Act), 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.

<b>11 Other Current Liabilities:</b>	<b>As at 31-03-2012</b>	<b>As at 31-03-2011</b>
Current maturities of Long-term debts (refer note 5)	611.37	175.64
Interest Accrued and due on borrowings	9.69	3.71
Interest Accrued but not due on borrowings	31.10	5.66
Unclaimed Dividend	9.64	9.51
Advances from customers	32.75	0.63
Vendors for Capital Goods and Services	736.60	50.32
Statutory dues (including Provident fund and Tax deducted at source)	100.17	63.15

<b>Total other current liabilities</b>	<b>1,531.32</b>	<b>308.62</b>
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<b>12 Short Term provisions:</b>	<b>As at 31-03-2012</b>	<b>As at 31-03-2011</b>
<b>Current maturities of Long-term provisions of Employees Benefit expenses (refer note 8)</b>		
Provision for Leave encashment	14.82	13.61
Provision for Gratuity payment	-	-
	14.82	13.61
<b>Other Provisions</b>		
Proposed Dividend	346.67	213.33
Tax On Proposed Dividend	57.58	35.43
Tax on interim dividend	-	-
Provision for Taxation	-	-
Provision for FBT (net of advance FBT ₹ Nil (March, 31, 2011 : ₹ 9.65 lakhs))	-	0.35
	404.25	249.11

<b>Total short-term provisions</b>	<b>419.07</b>	<b>262.72</b>
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## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

(₹ in Lakh)

### 13 Fixed Assets:

Particulars	Original Cost					Depreciation and Amortisation				Net Book Value	
	As at 01-04-2011	Additions	Disposal	Adjustment/ Discarded	As at 31-03-2012	As at 01-04-2011	For the period	Disposal/ Adjustment	As at 31-03-2012	As at 31-03-2012	As at 31-03-2011
(a) Tangible Assets											
Own Assets :											
Lease hold Land	327.81	108.98	-	-	436.79	8.10	4.78	-	12.88	423.91	319.71
Roads	129.79	86.21	-	-	216.00	13.27	3.20	-	16.47	199.53	116.52
Buildings	2,885.44	1,546.13	-	-	4,431.57	264.44	86.59	-	351.03	4,080.54	2,621.00
Plant and Machinery	5,897.88	2,551.73	-	18.79	8,430.82	2,561.93	526.65	18.79	3,069.79	5,361.03	3,335.95
Furniture and Fixtures	237.35	61.25	-	12.86	285.74	32.88	16.28	5.61	43.55	242.19	204.47
Office equipments	122.37	47.20	0.15	0.30	169.12	17.92	6.81	0.03	24.70	144.42	104.45
Computer Hardware	84.99	11.26	0.52	1.06	94.67	48.37	10.16	0.40	58.13	36.54	36.62
Vehicles	145.20	44.27	28.57	-	160.90	34.11	14.84	13.51	35.44	125.46	111.09
Total (a):	9,830.83	4,457.03	29.24	33.01	14,225.61	2,981.02	669.31	38.34	3,611.99	10,613.62	6,849.81
(b) Intangible Assets											
Own Assets :											
Computer Software	99.48	44.65	-	-	144.13	76.98	9.75	-	86.73	57.40	22.50
Total (b):	99.48	44.65	-	-	144.13	76.98	9.75	-	86.73	57.40	22.50
Total (a+b):	9,930.31	4,501.68	29.24	33.01	14,369.74	3,058.00	679.06	38.34	3,698.72	10,671.02	6,872.31
Previous Year:	7,431.03	2,564.86	65.57	-	9,930.32	2,575.44	512.82	30.25	3,058.01	6,872.31	4,855.59
(c) Capital Work-in-progress											
Roads										73.34	41.12
Factory Building										511.44	582.43
Plant and Machinery										972.99	405.73
										1,557.77	1,029.28
Total fixed assets (net)										12,228.79	7,901.59

- (a) Addition to fixed assets and capital work-in-progress includes exchange difference of ₹ 208.17 lakhs (March 31, 2011 : ₹ 10.87 lakhs) arising on revaluation of foreign currency term loan as per amended AS11 (notified by Ministry of Corporate Affairs)
- (b) Additions during the year and capital work-in-progress include ₹ 39.92 lakhs (March 31, 2011 : ₹ 44.63 lakhs) being borrowing cost capitalised. During the year, the company has parked unutilised portion of loan taken for the capital expenditure in fixed deposit on which interest earned of ₹ 38.14 lakhs (March 31, 2011 : ₹ Nil) and the same has been reduced from the borrowing cost.
- (c) Capital work-in-progress include Capital Stores ₹ 86.11 lakhs (March 31, 2011 : ₹ 34.98 lakhs).
- (d) Vehicles include one car of the company acquired in the name of Directors and corresponding vehicle loan for one car is included in unsecured loan.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012**

(₹ in Lakh)

	As at 31-03-2012	As at 31-03-2011
<b>14 Non-current Investments:</b>		
Long term investments (valued at cost unless stated otherwise)		
Trade Investment (unquoted)		
Others (Quoted):		
1,000 (1,000) equity shares of ₹ 10/- each fully paid up held in Bank of Baroda (Market Value ₹ 7.94 lakhs (March 31, 2011 : ₹ 6.39 lakhs))	0.85	0.85
Others (Unquoted):		
129,000 (129,000) equity shares of ₹ 10/- each fully paid up held in Bharuch Eco-aqua Infrastructure Ltd.	12.90	12.90
<b>Total non-current investment</b>	<b>13.75</b>	<b>13.75</b>
<b>15 Long-term Loans and Advances:</b>		
Advances for Capital Expenditure	241.72	140.37
Other Advances and Deposits **	192.86	185.98
Deposit with Central Excise	-	-
Prepaid Expenses *	0.66	1.36
Advance Income-tax	-	-
<b>Total long-term loans and advances</b>	<b>435.24</b>	<b>327.71</b>
* Current maturity of prepaid expenses ₹ 33.82 lakhs (March 31, 2011 : ₹ 25.71 lakhs) is disclosed under short-term loans and advances (refer note no. 20)		
** Other advances and deposits include deposit of ₹ 15.75 lakhs (March 31, 2011 : ₹ 15.75 lakhs) with a company in which some of the directors are interested.		
<b>16 Current Investments:</b>		
Unquoted		
7 years National Savings Certificates (Deposited with Central Excise Authority)	0.08	0.08
<b>Total current investments</b>	<b>0.08</b>	<b>0.08</b>
<b>17 Inventories:</b>		
Stores and Spares	135.85	62.07
Packing Materials	47.04	38.48
Raw Materials (includes Rubber Scrap, Process oils and Chemicals)	1,070.71	780.97
Fuel materials	11.89	12.41
DEPB Licence Stocks (at net realisable value)	40.83	111.41
Goods-in-process	123.11	61.49
Finished Goods (including goods in transit ₹ 125.46 lakhs (March 31, 2011 : ₹ 111.98 lakhs))	756.51	443.49
<b>Total inventories</b>	<b>2,185.94</b>	<b>1,510.32</b>
<b>18 Trade Receivables:</b>		
Unsecured, considered good		
Outstanding for more than six months	32.75	6.45
Others	4,156.73	3,089.76
<b>Total trade receivables</b>	<b>4,189.48</b>	<b>3,096.21</b>



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

(₹ in Lakh)

<b>19 Cash and Cash equivalents:</b>	<b>As at 31-03-2012</b>	<b>As at 31-03-2011</b>
Cash on hand	6.25	7.95
Balance with banks		
(a) In current accounts	293.79	57.16
(b) In EEFC accounts	123.94	244.28
(c) In deposit accounts (Refer Note below)	1,090.89	41.50
(d) In earmarked accounts		
- Unclaimed dividend accounts	10.02	9.50
- Margin money deposits	0.25	1.15
	1,518.89	353.59
<b>Total cash and cash equivalents</b>	<b>1,525.24</b>	<b>361.54</b>

Notes:

- (i) Balance with bank include deposits amounting to ₹ 18.66 lakhs (March 31, 2011 : ₹ 0.90 lakhs) which have an original maturity of more than 12 months.
- (ii) Unutilised portion of loan amounting to ₹ 1050 lakhs (March 31, 2011 : ₹ Nil) taken for capital expenditure is temporary invested in fixed deposit.
- (iii) Balance with Bank in deposit account include deposit of ₹ 0.20 lakhs (March 31, 2011 : ₹ 0.18 lakhs) lien with the Maharashtra Sales Tax Department.

<b>20 Short-term Loans and Advances:</b>	<b>As at 31-03-2012</b>	<b>As at 31-03-2011</b>
Advances recoverable in cash or in kind	235.74	83.33
Other Advances and Deposits	0.85	10.88
Deposit with Central Excise	197.93	154.12
Current maturity of Prepaid Expenses	33.89	25.79
Loan to Associate Concern	-	26.50
Advance Income-tax and Wealth-tax (Net of provisions ₹ 3661.68 lakhs (March 31, 2011 : ₹ 2930.72 lakhs))	9.83	16.23
<b>Total short-term loans and advances</b>	<b>478.24</b>	<b>316.85</b>

<b>21 Other Current Assets:</b>	<b>As at 31-03-2012</b>	<b>As at 31-03-2011</b>
Accrued Income	9.29	42.45
Gratuity Receivable	13.73	8.30
<b>Total other current assets</b>	<b>23.02</b>	<b>50.75</b>

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012**

(₹ in Lakh)

<b>22 Revenue:</b>	<b>Year ended 31-03.2012</b>	<b>Year ended 31-03.2011</b>
(i) Sale of products		
Manufactured Goods	24,842.96	19,100.77
Less : Excise duty	886.34	602.21
Total:	23,956.62	18,498.56
(ii) Income - Power generation from Windmill	71.41	57.46
<b>Total revenues</b>	<b>24,028.03</b>	<b>18,556.02</b>
Manufactured Goods / Power Generation		
- Reclaim Rubber	23,196.46	18,160.96
- Crumb Rubber	9.09	13.36
- Punch and Split Products	394.46	213.22
- Thermo Plastic Elastomers	356.61	111.02
- Power from Wind Mill	71.41	57.46
	24,028.03	18,556.02
<b>23 Other income:</b>	<b>Year ended 31-03.2012</b>	<b>Year ended 31-03.2011</b>
Export incentives	386.76	187.26
Interest received	11.61	8.90
Rent Income	18.87	-
Net Gain on foreign currency transactions and translation.	475.37	200.98
Profit on sale of fixed assets	-	4.61
Others	9.70	11.20
<b>Total other income</b>	<b>902.31</b>	<b>412.95</b>
<b>24 Cost of material consumed:</b>	<b>Year ended 31-03.2012</b>	<b>Year ended 31-03.2011</b>
<b>Raw material consumed:</b>		
Opening inventories	780.97	761.33
Add : Purchases (including incidental expenses of ₹ 83.83 lakhs ( March 31, 2011 : ₹ 48.56 lakhs))	11,278.98	8,548.69
Less : Closing inventories	1,070.71	780.97
<b>Total cost of material consumed</b>	<b>10,989.24</b>	<b>8,529.05</b>
<b>(a) Products consumed</b>		
- Waste Rubber	9,505.97	7,592.56
- Process Oils	1,374.63	821.91
- Other Oils and Chemicals	108.64	114.58
	10,989.24	8,529.05
<b>(b) Import and Indigenous consumptions</b>		
- Imports	74.24	35.63
%	0.68%	0.42%
- Indigenous	10,915.00	8,493.42
%	99.32%	99.58%
	10,989.24	8,529.05

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

(₹ in Lakh)

	Year ended 31-03.2012	Year ended 31-03.2011
<b>25 Changes in inventory of Finished goods and Work-in-progress:</b>		
<b>Stock at the end of the year:</b>		
Finished goods	756.51	443.49
Work-in-progress	123.11	61.49
Total (A)	879.62	504.98
<b>Stock at the beginning of the year:</b>		
Finished goods	443.49	269.79
Work-in-progress	61.49	45.64
Total (B)	504.98	315.43
<b>Increase / (Decrease) in Stock</b>	<b>Total (A - B)</b> <b>374.64</b>	<b>189.55</b>
<b>Finished Goods</b>		
- Reclaim Rubber	679.30	408.30
- Crumb Rubber	-	4.39
- Punch and Split Products	39.14	8.49
- Thermo Plastic Elastomers	38.07	22.31
- Power from Wind Mill	-	-
	756.51	443.49
<b>Work-in-progress</b>		
- Reclaim Rubber	123.11	61.49
- Crumb Rubber	-	-
- Punch and Split Products	-	-
- Thermo Plastic Elastomers	-	-
- Power from Wind Mill	-	-
	123.11	61.49
<b>26 Employee Benefits expenses:</b>	<b>Year ended</b> <b>31-03.2012</b>	<b>Year ended</b> <b>31-03.2011</b>
Salaries, Wages and Bonus	1,858.50	1,434.71
Contribution to Provident fund and other funds	161.14	141.72
Welfare and other benefits	440.54	285.09
<b>Total employee benefits expenses</b>	<b>2,460.18</b>	<b>1,861.52</b>
<b>27 Finance cost:</b>	<b>Year ended</b> <b>31-03.2012</b>	<b>Year ended</b> <b>31-03.2011</b>
Interest on Term Loan and Working Capital	344.07	177.61
Interest on Other Loan	18.56	19.29
Financial Charges	40.09	32.91
<b>Total finance cost</b>	<b>402.72</b>	<b>229.81</b>
<b>28 Depreciation and Amortization expenses:</b>	<b>Year ended</b> <b>31-03.2012</b>	<b>Year ended</b> <b>31-03.2011</b>
Depreciation on Tangible Assets	670.37	497.09
Depreciation on Intangible Assets	9.75	15.72
Assets Discarded / Impairment	7.52	-
<b>Total depreciation and amortization expenses</b>	<b>687.64</b>	<b>512.81</b>

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012**

(₹ in Lakh)

<b>29 Other expenses:</b>	<b>Year ended 31-03.2012</b>	<b>Year ended 31-03.2011</b>
<b>Manufacturing Expenses</b>		
Packing Material consumed	601.59	507.58
Stores and Spare Parts Consumed	443.25	234.91
Power, Fuel and Water Consumed		
- Power Consumption	2,478.00	1,736.77
- Fuel Consumption	447.85	312.81
- Water Consumption	26.59	19.95
Repairs and Maintenance Expenses		
- Plant and Machineries	199.55	98.45
- Factory Buildings	24.00	10.36
	<u>4,220.83</u>	<u>2,920.83</u>
<b>Sales and Distribution expenses</b>		
Ocean Freight	1,279.71	1,201.54
Marine Insurance	4.05	3.52
Export clearing and Other charges	142.44	177.62
Other Sales and Distribution expenses	540.36	451.72
	<u>1966.56</u>	<u>1,834.40</u>
<b>Administration and Other Expenses</b>		
Insurance	15.25	9.47
Vehicle Expenses	57.42	24.93
Printing and Stationery	15.16	13.38
Advertisements	18.83	16.84
Rent, Lease Rent and Other Charges	10.65	14.85
Repairs to Other Assets	46.73	45.65
Retainer fees, Legal fees and Prof charges	129.96	280.14
Travelling and Conveyance	117.05	79.58
Postage, Telegram and Telephones	30.14	27.71
Doubtful Loan written off*	32.50	22.20
Payment to Auditors:		
- Audit fee	3.28	3.28
- Tax Audit fee	1.00	1.00
- Taxation matters	0.54	0.89
- Reimbursement of expenses	0.12	0.15
Board Meeting Fees	8.01	3.36
Commission to Director	34.49	-
Charity and donation	58.90	26.92
Factory / Office Expenses	25.99	26.15
Sales promotion expenses	-	-
Office electricity expenses	18.68	12.99
Other Expenses	46.06	74.73
Loss on Sale of Assets	7.90	-
Variation in CED on Stock of Finished Goods	36.00	7.86
	<u>714.66</u>	<u>692.08</u>
<b>Total other expenses</b>	<b>6,902.05</b>	<b>5,447.31</b>

\* Loan receivable from Associated Concern of the Company was doubtful of recovery, hence written off

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

(₹ in Lakh)

<b>30 Contingent Liabilities</b>	<b>As at 31-03-2012</b>	<b>As at 31-03-2011</b>
(a) Guaranteed by Banks not provided for (Net)	226.62	127.73
(b) Claims against the company (Including Sales tax, Excise duty, etc. ) not acknowledged as debts		
- Maharashtra Sales Tax	0.52	0.52
- Excise Duty	129.24	120.30
- Income Tax liability	174.16	95.01
(c) Estimated amount of contracts remaining to be executed on capital account.	1,084.74	1,048.65

### 31 Related parties disclosure :

(A) Names of the related parties :

(i) Associate Concern

Alphanso Netsecure Pvt Limited

(46% of total shareholdings held by the company)

(ii) Directors of the company :-

- Key Management Personnel

Rajendra V.Gandhi, Vice Chairman and Managing Director  
Harsh R. Gandhi , Executive Director

- Non executive directors

Kandathil M.Philip, Mahesh V. Gandhi, Dr.Peter Philip,  
Bhagwandas T. Doshi, Atul S. Desai, Nikhil M. Desai and Rajeev Pandia

(iii) Relatives of Key Management Personnel

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

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

(a) Enarjee Investments Pvt. Ltd.

R.V.Gandhi (Vice Chairman and Managing Director) is the Chairman

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

M.V.Gandhi (Director) is the Chairman

(c) Ghatkopar Estate and Finance Corporation Pvt Ltd.

R V Gandhi and M V Gandhi are directors

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012**

(₹ in Lakh)

(B) Transactions with related parties:	As at 31-03-2012	As at 31-03-2011
(i) Associate Concern :		
Alphanso Netsecure Private Limited		
Equity Investment	20.06	20.06
Less: provision of diminution in value	19.96	-
	0.10	20.06
Outstanding Loan Receivable	-	26.50
Purchase of Goods and Services	2.76	0.82
Doubtful loans written off	32.50	51.00
(ii) Vice Chairman and Managing Director:		
Remuneration paid	113.31	106.43
Dividend paid	4.50	4.09
(iii) Directors:		
Remuneration paid	40.70	41.53
Commission to Directors	34.49	-
Sitting Fees to Directors	8.05	3.36
Dividend to Directors	40.56	36.18
(iv) Relatives of Key Management Personnel :		
Remuneration paid	2.36	-
Dividend	32.51	29.37
Interest paid	8.06	7.05
Professional fee *	-	0.40
Deposits taken	11.75	6.50
Outstanding deposits payable	68.75	57.00
* restated on account of reversal of provision		
(v) Enterprises owned or significantly influenced by Key Management Personnel or their relatives:		
(a) Enarjee Investments Pvt. Ltd. :		
Interest paid	0.96	3.90
Dividend	20.39	18.99
Deposits Repaid	20.00	-
Outstanding deposit payable	6.00	26.00
(b) Industrial Development and Investment Co. Pvt. Ltd.		
Rent paid	0.53	0.53
Dividend	3.22	3.08
Outstanding deposit receivable (Security for Premises)	15.75	15.75
(c) Ghatkopar Estate and Finance Corporation Pvt Ltd.		
Dividend	3.07	2.93

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

	( ₹ in Lakh)	
	As at 31-03-2012	As at 31-03-2011
<b>32 Segment Reporting :</b>		
Segment reporting as required by Accounting Standard 17 issued by the Institute of Chartered Accountant of India.		
<b>1 Segment Revenue</b>		
a) Reclaim Rubber (Net of Excise Duty) *	23,600.02	18,387.53
b) Power	71.41	57.46
c) Thermo Plastic Elastomer	356.61	111.02
d) Unallocable	-	-
<b>Net Segment Revenue</b>	<b>24,028.04</b>	<b>18,556.01</b>
* Reclaim Rubber includes crumb rubber, punch and split products		
<b>2 Segment Results Profit(+)/ Loss(-) before Tax and interest from each segment)</b>		
a) Reclaim Rubber	5,228.55	3,535.27
b) Power	37.20	19.62
c) Thermo Plastic Elastomer	5.84	(78.32)
<b>Sub Total</b>	<b>5,271.59</b>	<b>3,476.57</b>
Less: Interest, Un-allocable expenditure and Depreciation (net of Un-allocable Income)	1,408.44	898.35
<b>Profit Before Tax</b>	<b>3,863.15</b>	<b>2,578.22</b>
Provision for Taxation		
Income Tax	791.20	700.28
Deferred Tax	481.25	114.32
Profit After Tax	2,590.70	1,763.62
<b>3 Other Information</b>		
<b>I Segment Assets</b>		
a) Reclaim Rubber	5,687.05	8,365.68
b) Power	426.75	316.44
c) Thermo Plastic Elastomer	356.79	148.48
d) Un-allocated Assets	18,264.36	7,689.69
<b>e) Total</b>	<b>24,734.95</b>	<b>16,520.29</b>
<b>II Segment Liabilities</b>		
a) Reclaim Rubber	4,937.76	121.76
b) Power	385.58	304.05
c) Thermo Plastic Elastomer	479.65	277.17
d) Un-allocated Assets	19,993.51	9,080.98
<b>e) Total</b>	<b>15,920.98</b>	<b>9,783.96</b>
<b>III Capital Expenditure (Including Capital Work in Progress)</b>		
a) Reclaim Rubber	4,853.04	1,626.00
b) Power	21.30	(0.82)
c) Thermo Plastic Elastomer	57.69	6.25
d) Un-allocated Assets	98.12	450.83
<b>e) Total</b>	<b>5,030.15</b>	<b>2,082.26</b>
<b>IV Depreciation</b>		
a) Reclaim Rubber	570.04	428.65
b) Power	24.79	24.71
c) Thermo Plastic Elastomer	13.17	11.28
d) Un-allocated Assets	79.64	48.17
<b>e) Total</b>	<b>687.64</b>	<b>512.81</b>
<b>V Non Cash Expenditure other than Depreciation</b>		
a) Reclaim Rubber	-	-
b) Power	-	-
c) Thermo Plastic Elastomer	-	-
d) Un-allocated Assets	32.50	22.20
<b>e) Total</b>	<b>32.50</b>	<b>22.20</b>

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012**

(₹ in Lakh)

4 Information about Secondary Segments

(i) Revenue and Sundry Debtors as per Geographical Markets

Particulars	Revenue		Trade Receivable	
	2011-12	2010-11	2011-12	2010-11
India	8,319.48	5,929.85	2,188.37	1,375.05
Outside India	15,637.14	12,568.71	2,001.11	1,721.16
Total	23,956.62	18,498.56	4,189.48	3,096.21

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

<b>33 Foreign currency exposures:</b>	<b>As at 31-03-2012</b>	<b>As at 31-03-2011</b>
Foreign currency exposures that are not hedged as at 31st March		
<b>Receivable</b>		
USD	879.56	858.86
EURO	1,053.92	815.65
GBP	68.72	22.64
USD - (Advance to vendors)	4.89	12.28
EURO - (Advance to vendors)	9.58	-
<b>Payable</b>		
USD	63.99	20.34
EURO	481.18	25.57
USD - (Advance from customers)	9.48	12.28
EURO - (Advance from customers)	11.84	-
<b>Bank</b>		
USD - EEFC Bank Account	37.48	200.61
EURO - EEFC Bank Account	86.46	43.67
USD - Bank Loan Account	4,450.61	1,038.47
EURO - Bank Loan Account	780.62	548.49

<b>34 Earnings per share :</b>	<b>As at 31-03-2012</b>	<b>As at 31-03-2011</b>
- Net Profit after tax for the year	2,598.90	1,763.30
- Excess Provision for tax for earlier years	8.20	(0.32)
- Net Profit attributable to Equity Shareholders	2,590.70	1,763.62
- Number of equity shares of ₹ 10/- each.	1,333,333	1,333,333
- Earnings per share - Basic	194.30	132.27
- Earnings per share -Diluted	194.30	132.27



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

(₹ in Lakh)

### 35 Other Notes

- (a) Administrative and other expenses include Professional fee paid of ₹.12.44 lacs (March 31, 2011 : ₹ 108.69 lakhs) for compliance with REACH norms as laid down by the European Union and made compulsory for export of goods to European countries and Expenses debited to Profit and Loss account include prior period expenses ₹ 20.28 lakhs (March 31, 2011 : ₹ 10.42 lakhs)
- (b) Closing stock of Finished Goods include excise duty of ₹ 66.52 lakhs (March 31, 2011 : ₹ 30.52 lakhs)
- (c) The company has opted for Companies (Accounting Standards) Amendment Rules 2009 on Accounting Standard 11 (AS 11), as notified by the Ministry of Corporate Affairs on 31st March, 2009, for accounting of exchange differences arising from revaluation of long term foreign currency loans.
- (d) 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.
- (e) The Disclosure as required as per the revised AS 15 is set out in Note no. 25 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.

The accompanying notes are an integral part of the financial statements.  
As per our Report of even date

For A. B. Modi & Associates  
Chartered Accountants  
ICAI Firm Registration no. 106473W

Rajesh S. Shah  
Partner  
Membership no. 17844

Place : Mumbai  
Date : 28th June, 2012

For and on behalf of the Board of Directors

Rajendra V Gandhi  
Vice Chairman & Managing Director

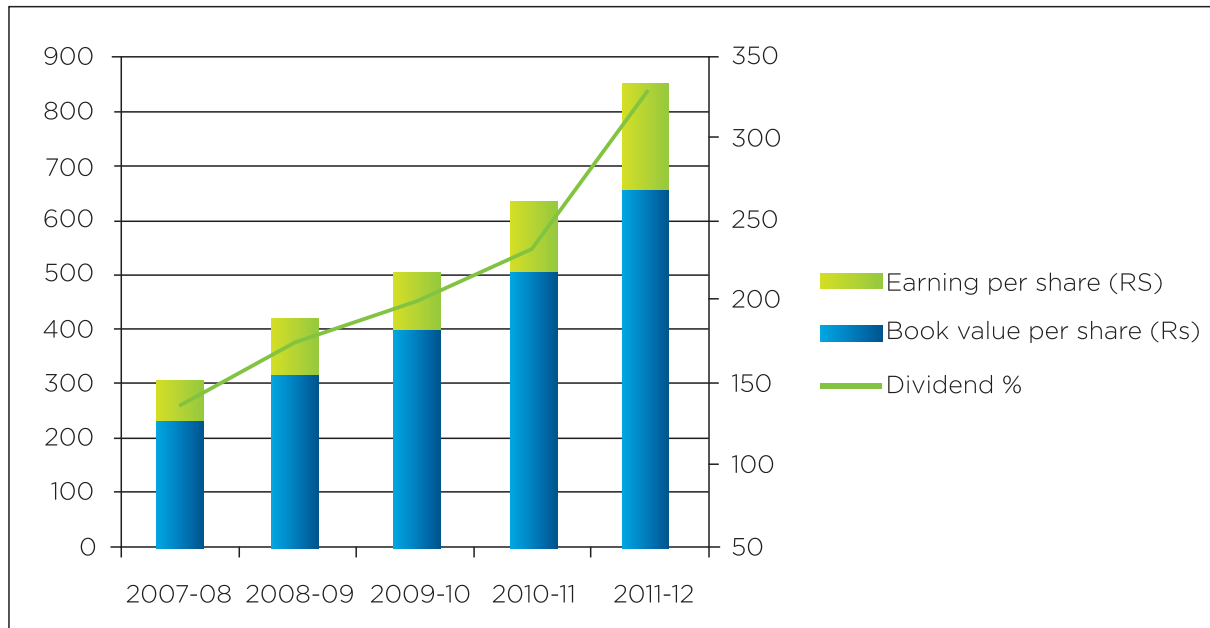
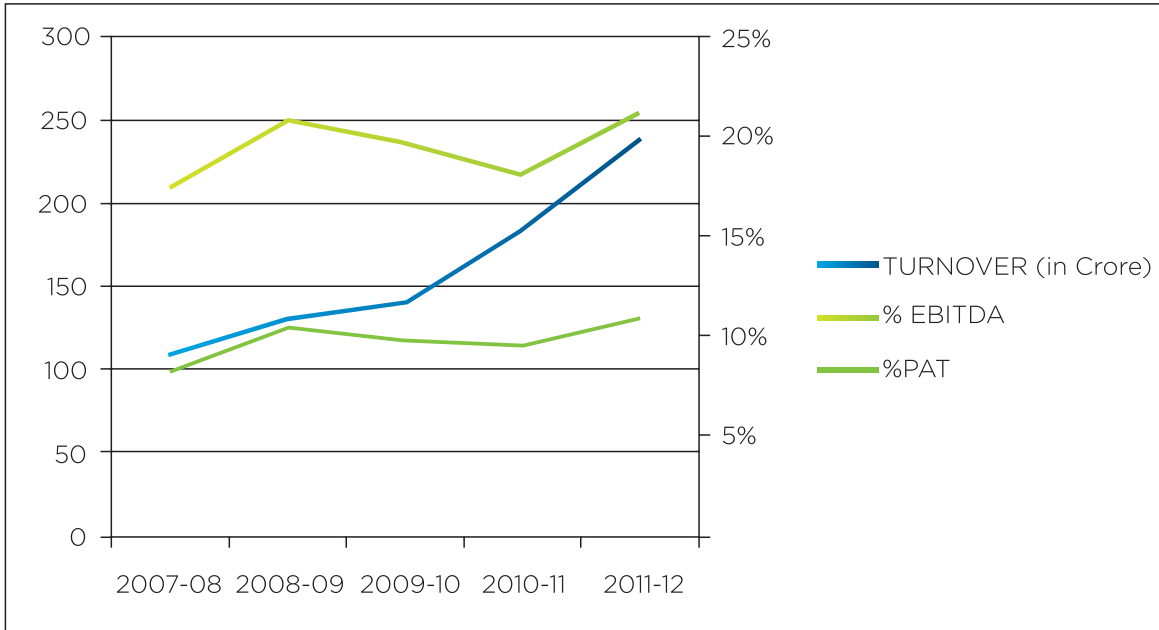
Dr. Peter Philip  
Director

Ganesh A Ghangurde  
President & Chief Financial Officer &  
Company Secretary

Place : Mumbai  
Date : 28th June, 2012



## Significant Financial Indicators for Last Five Years



## Plant Installed Capacity ( MT )

