

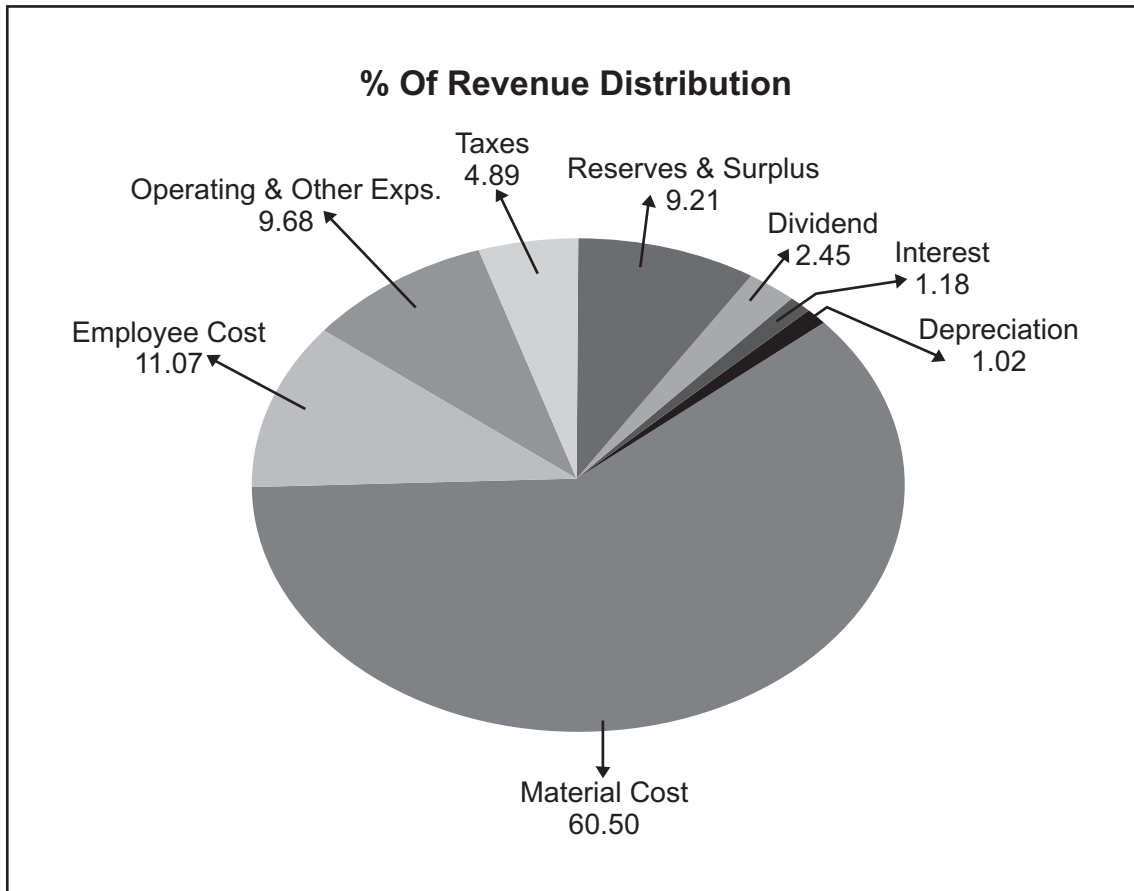
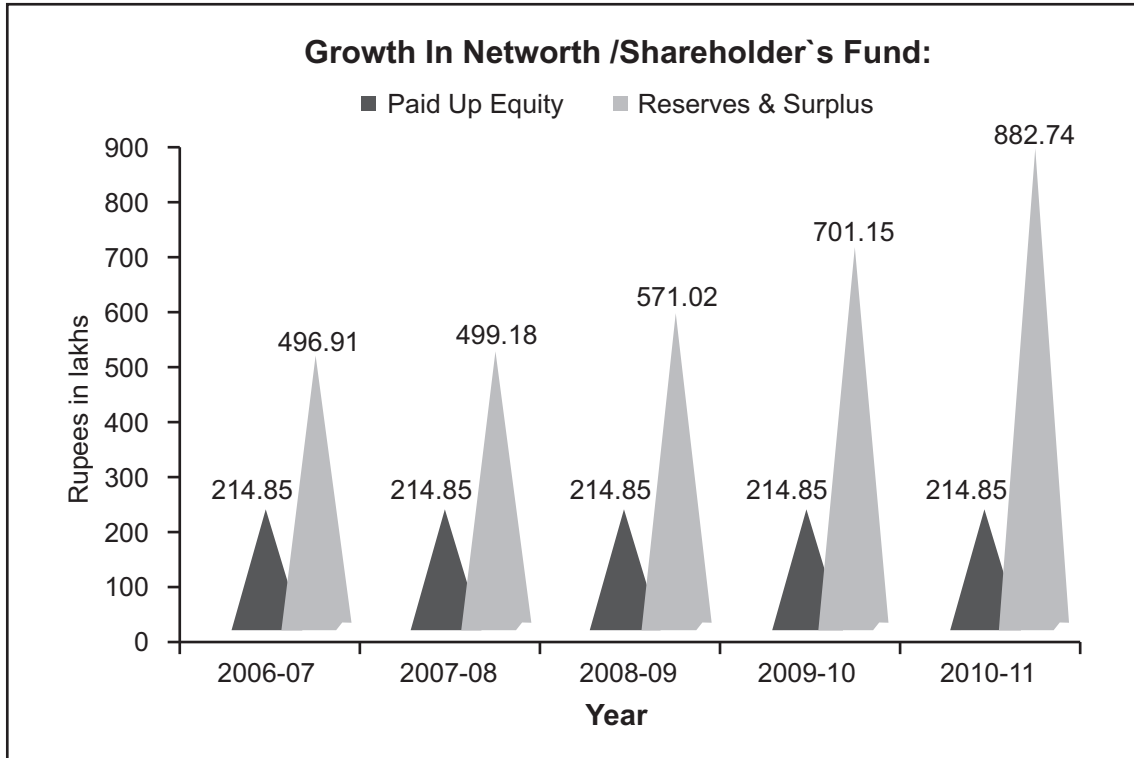
Rapicut Carbides Limited

AN ISO 9001:2008 COMPANY



Rapicut

34
THIRTY FOURTH
ANNUAL REPORT
2010-11



BOARD OF DIRECTORS

J.C. Bhatia	Managing Director
L.M. Bijlani	Director
K.S. Joshi	Director
C.G. Cholera	Director
C.J. Bhatia	Executive Director
B.V. Dholakia	Director
D.D. Kanitkar	Director

Management Team

A. R. Master
Asst. Vice-President (Finance)

R. V. Krishnan
Asst. Vice-President (Marketing)

A. C. Gandhi
Sr. Manager (Production)

Sanjay Kumar
Sr. Manager (Marketing)

Sr. Technical Consultant

P. A. Kale

Technical Consultant

D.K. Shastri

Registrars & Share Transfer Agents

Sharex Dynamic (India) Pvt. Ltd.,
Unit-1, Luthra Ind. Premises,
Safed Pool, Andheri-Kurla Road,
Andheri (E), Mumbai - 400 072.
Tel.: 022-2851 5606 / 5644
Email: sharexindia@vsnl.com

Bankers

State Bank of India

Auditors

D. N. Shukla & Company
Chartered Accountants

Legal Advisors

Kumar Associates
Advocates & Consultants

Registered Office & Works:

119, GIDC Industrial Area,
Ankleshwar - 393 002.

Area Sales Offices At:

201-Sonal, Plot No.113,
RSC-11, Sector No. 1, Charkop,
Near King George School,
Kandivali (West),
Mumbai - 400 067.

1/29-B, Prince Gulam
Mohammed Road,
Kolkata - 700 026.

134, S. F. Arjun Nagar,
Safdarjung Enclave,
New Delhi - 110 029.

7, Shivaji Housing Society,
Pune - 411 016.

2/39, Thiru-Vi-Ka Street,
Essa Pallavaram,
Chennai - 600 043.

34th ANNUAL REPORT

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NOTICE

Notice is hereby given that the THIRTYFOURTH ANNUAL GENERAL MEETING of the Members of RAPICUT CARBIDES LIMITED will be held on Saturday, 24th September, 2011, at 12.00 noon at Hotel Sadanand, Rajpipla Road, Ankleshwar-393 002, (Gujarat) to transact the following business:

ORDINARY BUSINESS:

- 1) To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2011 and the Profit and Loss Account for the year ended on that date together with the Reports of the Directors & Auditors thereon.
- 2) To declare dividend on Equity Shares for the year ended 31-03-2011.
- 3) To appoint a Director in place of Shri. C.G. Cholera, who retires by rotation and being eligible, offers himself for reappointment.
- 4) To appoint a Director in place of Shri. C.J.Bhatia, who retires by rotation and being eligible, offers himself for reappointment.
- 5) To appoint M/s. D. N. Shukla & Company, Chartered Accountants, the retiring Auditors as Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting until conclusion of the next Annual General Meeting & to fix their remuneration.

SPECIAL BUSINESS:

- 6) To consider, and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:
"RESOLVED THAT pursuant to the provisions of Section 257 and other applicable provisions, if any, of the Companies Act, 1956, Shri. Bhumitra V. Dholakia, who was appointed as an Additional Director of the Company by the Board of Directors with effect from 15th June, 2011 and who holds office upto the date of this Annual General Meeting under Section 260 of the Companies Act, 1956, read with Article 36(e) of the Articles of Association of the Company and in respect of whom the Company has received a notice in writing alongwith a deposit of Rs.500/- from a member proposing his candidature for the office of Director, be and is hereby appointed a Director of the Company, liable to retire by rotation."
- 7) To consider and if thought fit, to pass, with or without modification(s) the following resolution as an Ordinary Resolution:
"RESOLVED THAT pursuant to the provisions of Section 257 and other applicable provisions, if any, of the Companies Act, 1956, Shri. Dhananjay D. Kanitkar, who was appointed as an Additional Director of the Company by the Board of Directors with effect from 15th June, 2011 and who holds office upto the date of this Annual General Meeting under Section 260 of the Companies Act, 1956, read with Article 36(e) of the Articles of Association of the Company, and in respect of whom the Company has received a notice in writing alongwith a deposit of Rs.500/- from a member proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company, liable to retire by rotation."

Registered Office:
Plot No.119, GIDC,
Ankleshwar-393002.
Date: 29th July, 2011

By Order of the Board of Directors

J. C. Bhatia
Managing Director

NOTES

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF. A PROXY NEED NOT BE A MEMBER. PROXY FORM IN ORDER TO BE EFFECTIVE MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING. A PROXY SO APPOINTED SHALL NOT HAVE ANY RIGHT TO SPEAK AT THE MEETING. BLANK PROXY FORM IS ENCLOSED.
2. Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of Special Business to be transacted at the General Meeting is annexed hereto and forms part of this notice.
3. The Register of Members and Share Transfer Books of the Company will be closed from Wednesday, 21st September, 2011 to Friday, 23rd September, 2011 (both days inclusive).
4. Relevant documents referred to in the Notice are open for inspection at the Registered Office of the Company between 10.00 a.m. to 12.00 noon on all days, except Saturdays, Sundays and public holidays until the date of the Annual General Meeting or any adjournment thereof.
5. The dividend as recommended by the Directors, if declared at the meeting, will be paid after 24th September, 2011 to those Members whose names appear on the Register of Members on 23rd September, 2011 or to their mandatees.
6. Shareholders are advised to avail of the facility for receipt of future dividends through Electronic Clearing Service (ECS). Shareholders holding shares in dematerialised mode are requested to contact their respective DP's for availing ECS facility. Shareholders holding shares in physical form are requested to collect the ECS form from the Registrar and Transfer Agents(RTA) and the same duly filled in and signed alongwith a Xerox copy of a cancelled cheque may be sent to the RTA.
7. Beneficial Owners holding shares in electronic / demat form are requested to notify any change in their address, bank account, mandate, etc. to their respective Depository Participant. Members holding shares in physical form are requested to notify any change in their address, bank account etc. to the Registrar and Share Transfer Agents, SHAREX DYNAMIC (INDIA) PVT. LTD. With a view to prevent fraudulent encashment of dividend warrants, members holding shares in physical form are advised to furnish to the Registrars the particulars of their bank account with a request to incorporate the same in the dividend warrant.
8. Pursuant to section 205-A of the Companies Act, 1956, the amount of dividend remaining unpaid or unclaimed for a period of seven years from the date of payment is required to be transferred to Investor Education and Protection Fund of the Central Government and accordingly all unclaimed dividend up to and including the final dividend paid for the accounting year ended 30-06-96 have been transferred to the Investor Education and Protection Fund set up by the Government u/s 205-A of The Companies Act, 1956. Please note that as per Section 205C of the Companies Act, 1956, no claim shall lie against the Company or the said Fund in respect of individual amounts which remain unclaimed or unpaid for a period of seven years from the date of payment and no payment shall be made in respect of such claims.
9. Members are requested to send in their queries at least a week in advance to the Secretarial Department at the Registered Office of the Company to facilitate clarifications during the meeting.
10. The Company's shares are listed on Bombay Stock Exchange Limited (BSE). The Company has paid the listing fees for the financial year 2011-12 to BSE. The Company has also paid custodial fees for the year 2011-12 to National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL).
11. Pursuant to the provisions of Section 109A of the Companies Act, 1956, members are entitled to make a nomination in respect of the shares held by them. Members desirous of making nominations are requested to submit Form No.2B (which may be obtained from the Company's Secretarial Department) duly filled in and signed by them to the Company's Registrars & Share Transfer Agents in case of shares held in Physical Form and to the Depository Participants in case of shares held in electronic form.
12. Members are requested to bring their copy of Annual Report to the Annual General Meeting.

ANNEXURE TO NOTICE**EXPLANATORY STATEMENT AS REQUIRED BY SECTION 173(2) OF THE COMPANIES ACT, 1956.**

The following Explanatory Statement pursuant to Section 173 of the Companies Act, 1956, sets out all material facts relating to the business mentioned in item Nos. 6 & 7 of the accompanying Notice dated 29th July, 2011.

ITEM No. 6

Shri. Bhumitra V. Dholakia was appointed by the Board of Directors as an Additional Director with effect from 15th June, 2011, under Article 36 (e) of Articles of Association of the Company and Section 260 of the Companies Act, 1956, and holds office up to the date of this Annual General Meeting. As required by Section 257 of the said Act, a Notice along with the requisite deposit of Rs.500/- has been received from a member signifying his intention to propose Shri. Dholakia as a candidate for the office of the Director of the Company.

Shri. Dholakia holds a [Bachelors] degree in [Arts (Economics) and Laws]. He is a Fellow Member of the Institute of Company Secretaries of India, New Delhi and has been in the profession of Company Secretary for more than 32 years and has been in the practice for the last 27 years. Shri. Dholakia is a Corporate Conseller to reputed listed and unlisted Public Companies and he is an expert on Corporate Laws encompassing Companies' Act, SEBI, FEMA etc..

Considering the qualifications and long experience of Shri. Dholakia, the Board feels that it will be in the interest of the Company to avail of his association as a Director of the Company.

The resolution as set out in this item of the accompanying notice is accordingly commended for the approval of the Members.

None of the Directors, except Shri. Bhumitra V. Dholakia, is interested in the Resolution, as it relates to his appointment.

ITEM No. 7

Shri. Dhananjay D. Kanitkar was appointed by the Board of Directors as an Additional Director with effect from 15th June, 2011, under Article 36 (e) of Articles of Association of the Company and Section 260 of the Companies Act, 1956, and holds office up to the date of this Annual General Meeting. As required by Section 257 of the said Act, a Notice along with the requisite deposit of Rs.500/- has been received from a member signifying his intention to propose Shri. Kanitkar as a candidate for the office of the Director of the Company.

Shri. Kanitkar holds B.E.(Mechanical) Degree and Diploma in Business Management. He has also obtained Certificates in Production Planning, Industrial Engineering and Quality Assurance. He has work experience spanning over 40 years of which 15 years relate to his working in a multinational Tungsten Carbide manufacturing Company and another 15 years in Rapid Carbides Limited as Operations Head at the Plant level.

Considering the qualifications and long work experience of Shri. Kanitkar in Tungsten Carbide Industry, the Board feels that it will be in the interest of the Company to avail of his association as a Director of the Company.

The resolution as set out in this item of the accompanying notice is accordingly commended for the approval of the Members.

None of the Directors, except Shri. Dhananjay D. Kanitkar, is interested in the Resolution, as it relates to his appointment.

Registered Office:
Plot No.119, GIDC,
Ankleshwar-393002.
Date: 29th July, 2011

By Order of the Board of Directors

J. C. Bhatia
Managing Director

DIRECTORS' REPORT

TO THE MEMBERS

Your Directors have pleasure in presenting the 34th Annual Report and Audited Accounts of the Company for the financial year ended 31st March, 2011.

1. FINANCIAL RESULTS

	(Rs.in Lacs)	
	Year ended 31-03-2011	Year ended 31-03-2010
Sales and other income	2,750.56	2,236.57
Less : Excise Duty	244.46	157.74
Sales and Other Income (Net)	2,506.10	2,078.83
Profit before depreciation and tax (including deferred tax)	399.21	279.20
Profit after depreciation and tax	247.87	174.13
Add: Profit brought forward from previous year	54.23	24.11
Less: (i) Prior period adjustment	(-) 3.64	(-) 4.94
(ii) Short provision of tax for earlier years	-	6.18
Profit available for appropriation	298.46	199.48
Appropriations:		
Proposed Dividend	53.71	38.67
Tax on Proposed Dividend	8.92	6.57
Transfer to General Reserve	50.00	100.00
Profit carried to Balance Sheet	185.83	54.23

2. DIVIDEND

Your Directors are pleased to recommend a higher dividend of 25% for the year 2010-11. The cash position continues to be healthy due to improved operating margins and tight working capital management. If approved, the dividend will amount to Rs.62.63 lacs (inclusive of distribution tax on dividend).

3. TRANSFER TO RESERVE

The Company proposes to transfer Rs.50.00 Lacs to the General Reserve and an amount of Rs.185.83 Lacs is proposed to be retained in the profit and loss account.

4. PERFORMANCE OVERVIEW

During the year under review Your Company continued to post encouraging performance.

- Total income rose to Rs.2506 Lacs from Rs.2078 Lacs, a growth of 21%.
- The operating profit before tax rose by 47%, from Rs.254 Lacs to Rs.373 Lacs.
- The profit after tax rose by 43% from Rs.174 Lacs to Rs.248 Lacs.
- The demand for Your Company's products has been growing at an appreciable pace.

5. OUTLOOK

- The year 2011-12 opened with a very healthy order book and the inflow of fresh orders, since, has continued to be quite encouraging.
- In the first quarter of 2011-12 Your Company posted impressive performance. Net Sales at Rs.661 Lacs and Net Profit of Rs.87 Lacs, which is higher by 18% and 38% respectively compared with corresponding figures for the previous year. The second quarter results are expected to be nearly at par with the first quarter.
- With regard to operations in the second half of 2011-12, Your Directors wish to sound a note of caution. Margins in the second half are likely to be under pressure on account of galloping rise in input costs, particularly the import prices of principal raw materials from China. Securing price increase for our end products to offset the impact of escalated costs is not likely to be smooth.

- The Company is gearing itself to put in place overall cost optimization measures to mitigate the said adverse impact on costs as best as possible.

6. GROWTH

As reported in our previous Report, growth initiatives are under implementation. The equipment already ordered is expected to arrive and get commissioned around September 2011. The add-on output and productivity benefits should be evident, partly in the second half of the current year and fully in the subsequent year.

The second phase of equipment ordering is in process and is expected to be completed by October 2011.

7. DIRECTORS

The Board of Directors appointed Shri. B.V. Dholakia and Shri. D.D. Kanitkar as Additional Directors with effect from 15th June 2011. Your Directors recommend the appointment of Shri. B.V. Dholakia and Shri. D.D. Kanitkar as Directors at the forthcoming Annual General Meeting.

In accordance with the provisions of the Companies Act 1956, and the Articles of Association of the Company, Shri. C.G. Cholera and Shri. C.J. Bhatia are due to retire at the conclusion of the forthcoming Annual General Meeting and being eligible, offer themselves for re-appointment.

8. FIXED DEPOSITS

Out of the total fixed deposits with the Company, all deposits due for repayment as on 31st March 2011 were, as desired by the depositors, either repaid or renewed.

9. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

CONSERVATION OF ENERGY:

(A) Energy conservation measures undertaken:-

1. The Company continues with its various energy conservation measures in the identified areas, notably:-
 - a) By modifying heating system of pulp drying chambers resulting in reduction of power consumption by 12000 units per annum.
 - b) By effecting design changes in Reduction Furnace resulting in the increase of throughput time and consequently saving 65000 units of electricity in a year.
2. Additional investments and proposals, if any, being implemented for reduction of consumption of energy.
 - a) The Company has installed a mechanical automatic press which is substantially more energy efficient than the hydraulic presses.
 - b) A large capacity de-waxing cum sintering furnace, which combines these two operations into one is being installed shortly. In addition to substantial increase in capacity, the new furnace will reduce power consumption significantly.

(B) Technology absorption and upgradation:-

1. After putting into practice recommendation of local experts, modifications have been carried out in certain equipment and process parameters. These measures have resulted in significant improvement in productivity and reduced energy consumption.

2. Upgradation of Technology

The Company continues to act on two pronged strategy, ensuring in the first instance that the processes in practice are upgraded on a continual basis. Secondly, aiming that procurement of new equipment, whenever required, lends itself to yielding benefits commensurate with upgraded technology.

10. CORPORATE SOCIAL RESPONSIBILITY

Although it is not mandatory for Your Company to adopt and follow Government guidelines for Corporate Social Responsibility (CSR), Your Company has voluntarily chosen in the first instance, two broad areas to focus its CSR activities.

- 1) Continuous efforts towards energy conservation initiatives.

- 2) Environmental protection and to this end Your Company is already a Zero Discharge Unit fulfilling the norms set under Pollution Control law for being recognized as such.

FOREIGN EXCHANGE EARNINGS AND OUTGO:

Focused initiatives to promote exports have borne fruit and the same is seen in the export performance at the very start of the current financial year 2011-12, in which export of Rs.14.69 lacs was registered which works out to 67% growth over the corresponding quarter of the previous year 2010-11 in which export of Rs.8.78 lacs was achieved.

	(Rs. in Lacs)	
	2010-2011	2009-2010
Foreign Exchange earned	34.07	37.60
Foreign Exchange outgo	1100.95	1034.94

11. PARTICULARS OF EMPLOYEES

In accordance with provisions of section 217 (2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975, as amended, the particulars of employees are not given as none of the employees has drawn remuneration in excess of the limits set therein.

12. DIRECTORS RESPONSIBILITY STATEMENT

Pursuant to section 217 (2AA) of the Companies Act, 1956, the Directors confirm that:-

- In the preparation of the Annual Accounts, the applicable accounting standards have been followed.
- Appropriate accounting policies have been selected and applied consistently and judgments and estimates made are reasonable and prudent so as to give true and fair view of the state of affairs of the Company at the end of the financial year ended 31st March, 2011 and the Profit for the year ended 31st March, 2011.
- 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.
- The Annual Accounts have been prepared on a going concern basis.

13. APPOINTMENT OF AUDITORS

M/s. D.N. Shukla & Co., the Auditors of the Company will retire in the forthcoming Annual General Meeting and are eligible for reappointment. The members are requested to appoint the Auditors and fix their remuneration.

14. COMPLIANCE CERTIFICATE

As required under Section 383A of the Companies Act, 1956 and rules framed thereunder the Company has obtained the Compliance Certificate from the whole time Company Secretary in practice and the same is attached to this report and forms part of this report.

15. HUMAN RESOURCES AND INDUSTRIAL RELATIONS

Your Directors are happy to report that the Company has maintained very cordial relations with its employees. The Management is committed to fortify such relations at all levels of its human resource talent.

16. ACKNOWLEDGEMENT

Your Directors wish to place on record their appreciation of the committed contribution made by the employees at all levels. Your Directors also wish to place on record their appreciation of the continuous support received from the Company's bankers, customers and suppliers.

For and on behalf of the Board

Place: Mumbai
Date: 29th July, 2011

K. S. Joshi
Director

J. C. Bhatia
Managing Director

COMPLIANCE CERTIFICATE (ANNEXURE TO DIRECTORS' REPORT)

To,
The Members,
RAPICUT CARBIDES LIMITED
(CIN: L28910GJ1977PLC002998)
119, GIDC Industrial Area,
Ankleshwar- 393 002.
Gujarat

We have examined the registers, records, books and papers of Rapicut Carbides Limited ("the Company") as required to be maintained under the Companies Act, 1956. ("the Act") and the rules made there under and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on 31st March, 2011. In our opinion and according to the examinations carried out by us and explanations furnished to us by the Company, its officers and agents, and to the best of our knowledge and belief, we certify that in respect of the aforesaid financial year:

1. The Company has kept and maintained the registers as stated in **Annexure 'A'** to this certificate, as per the provisions of the Act and the rules made there under and entries therein have been recorded.
2. The Company has filed the forms and returns as stated in **Annexure 'B'** to this certificate with the Registrar of Companies, Gujarat, Ahmedabad, Regional Director, Central Government, Company Law Board or other authorities under the Act and the rules made there under.
3. The Company is a Public Limited Company and hence comments under this paragraph are not required.
4. The Board of Directors met five (5) times respectively on 29th April, 2010, 30th July, 2010, 25th September, 2010, 30th October, 2010 and 29th January, 2011 and the proceedings were recorded and signed in the Minutes Book maintained in loose leaf form for the purpose. The Company has passed two resolutions by Circulation duly confirmed by the next Board Meeting held on 29th April, 2010.
5. The Company has closed its Register of Members from 21st September, 2010 to 24th September, 2010 (both days inclusive) and necessary compliance of Section 154 of the Act has been made.
6. The Annual General Meeting for the financial year ended 31st March, 2010 was held on 25th September, 2010, after giving due notice to the members of the Company and resolutions passed thereat were duly recorded in the Minutes Book maintained in loose leaf form for the purpose.
7. No Extra Ordinary General Meeting was held during the financial year.
8. The Company has not advanced any loans to its directors or persons or firms or companies referred to under Section 295 of the Act during the financial year.
9. The Company has not entered into any contract falling within the purview of Section 297 of the Act.
10. No entries have been made in the Register maintained under section 301 of the Act, as there was no relevant transaction.
11. There were no instances falling within the purview of Section 314 of the Act.
12. The duly constituted Share Transfer Committee has approved the issue of duplicate share certificates.
13. The Company
 - (i) has delivered all the certificates on lodgment thereof for transfer in accordance with the provisions of the Act. There was no allotment/transmission of securities during the financial year.
 - (ii) has deposited the amount of dividend declared in a separate Bank Account on 29th September, 2010, which was within five days from the date of declaration of such dividend.
 - (iii) has posted warrants for dividends to all the members within period of 30 days from the date of declaration and that all unclaimed/ unpaid dividend has been transferred to Unpaid Dividend Account of the Company with State Bank of India, GIDC Industrial Area, Ankleshwar Branch on 14th October, 2010.
 - (iv) was not required to transfer any amount to Investor Education and Protection Fund, since there was no amount, on account of unpaid dividend, application money due for refund, matured deposits; matured debentures and the interest accrued thereon, lying with the Company, and which was required to be transferred to the said fund.

- (v) has duly complied with the requirements of Section 217 of the Act.
14. The Board of Directors of the Company is duly constituted and the appointment of additional directors and directors have been duly made during the financial year.
 15. The appointment of Whole Time Director has been made in compliance with the provisions of the Act.
 16. The Company has not appointed any sole-selling agents during the financial year.
 17. The Company was not required to obtain any approval of the Registrar of Companies and/or such authorities prescribed under the various provisions of the Act during the financial year.
 18. The Directors of the Company have disclosed their interest in other firms/companies to the Board of Directors pursuant to the provisions of the Act and the rules made there under.
 19. The Company has not issued any Equity Shares during the financial year.
 20. The Company has not bought back any shares during the financial year.
 21. The Company has not issued any redeemable preference shares/debentures and hence the question of redemption does not arise.
 22. There were no transactions necessitating the Company to keep in abeyance the rights to dividend, rights shares and bonus shares pending registration of transfer of shares.
 23. The Company has complied with the provisions of Section 58A read with Companies (Acceptance of Deposit) Rules, 1975 and has filed copy of Statement in lieu of Advertisement and Return of Deposit as required with the Registrar of Companies, Ahmadabad, Gujarat as per **Annexure B**.
 24. The amount borrowed by the Company from Banks during the financial year ended 31st March, 2011 are within the borrowing limits of the Company as per Section 293(1)(d) of the Act.
 25. The Company has not made any loans or advances or given guarantees or provided securities to other bodies corporate during the financial year and consequently no entries have been made in the Register kept for the purpose.
 26. The Company has not altered the provisions of the Memorandum with respect to situation of the Company's Registered Office from one State to another during the year under scrutiny.
 27. The Company has not altered the provisions of the Memorandum with respect to the objects of the Company during the year under scrutiny.
 28. The Company has not altered the provisions of the Memorandum with respect to name of the Company during the year under scrutiny.
 29. The Company has not altered the provisions of the Memorandum with respect to share capital of the Company during the year under scrutiny.
 30. The Company has not altered its Articles of Association during the financial year.
 31. As per the information given by the management, no prosecution has been initiated against or show cause notices has been received by the Company, during the financial year, for offences under the Act.
 32. The Company has not received any money as security from its employees during the financial year.
 33. The Company has not constituted its own Provident fund for its employees and therefore the provisions of Section 418 of the Act are not applicable to the Company.

For **HITESH BUCH & ASSOCIATES**
Company Secretaries

CS HITESH BUCH
Proprietor
C.P.No.8195

Place: Mumbai
Date: 26th July, 2011

Annexure 'A'

Registers as maintained by the Company

1. Register of Transfer u/s 108 of the Act.
2. Register of Charges u/s 143 of the Act.
3. Register of Members u/s 150 of the Act is being maintained by the Registrar and Share Transfer Agents of the Company.
4. Minutes Books of Board of Directors u/s 193 (1) of the Act.
5. Minutes Books of the proceedings of General Meeting u/s 193(1), 196(1) of the Act.
6. Register of Directors', Managing Director, Manager and Secretary u/s 303 of the Act.
7. Register of Directors Shareholdings u/s 307 of the Act.
8. Minutes Book of Share Transfer Committee Meetings.
9. Minutes Book of Remuneration Committee Meetings.
10. Register of Contracts u/s 301 of the Companies Act.
11. Register of Renewed and Duplicate Certificates under Rule 7 of the Companies (Issue of Share Certificates) Rules, 1960.
12. Register of Proxies.
13. Register of Deposit under Rule 7 of the Companies (Acceptance of Deposits) Rules, 1975.

Annexure 'B'

Forms and Returns as filed by the Company, during the financial year ended 31st March, 2011

i) With Registrar of Companies

Sr. No.	Form	Purpose
1.	Annual Accounts (Form 23AC and 23 ACA)	U/s 220 of the Companies Act, 1956 as on 31st March, 2010 was filed on 9th October, 2010.
2.	Annual Return (Form 20B)	U/s 159 of the Companies Act, 1956 as on 25th September, 2010 was filed on 23rd October, 2010.
3.	Compliance Certificate	U/s 383 A of the Companies Act, 1956 as on 26th September, 2010 was filed on (Form 66) 9th October, 2010
4.	Form 23	U/s 192 of the Companies Act, 1956 filed for revision of remuneration to Shri. J.C. Bhatia, Managing Director on 21st March, 2011.
5.	Form 8	U/s 135 of the Companies Act, 1956 in respect of modification of charges with State Bank of India for interchangeability of Cash Credit Facility was filed on 21st March, 2011.
6.	Form 67	Return of Deposits pursuant to rule 10 of the Companies (Acceptance of Deposits) Rules, 1975 for the year ended 31st March, 2010 was filed on 28th June, 2010.
7.	Form 62	U/s 58 A of the Companies Act, 1956 was filed on 28th September, 2010 in respect of issue of Statement in Lieu of Advertisement.

- ii) With Regional Director Not Applicable
- iii) With Central Government or other authorities Not Applicable

For **HITESH BUCH & ASSOCIATES**
Company Secretaries

CS HITESH BUCH
Proprietor
C.P.No.8195

Place: Mumbai
Date: 26th July, 2011

AUDITORS' REPORT

To,
The Members of
Rapicut Carbides Limited

1. We have audited the attached Balance Sheet of RAPICUT CARBIDES LIMITED as at 31st March, 2011, the related Profit & Loss Account and also the Cash Flow Statement for the year ended on that date are 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. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
4. In our opinion, proper Books of Accounts as required by the law have been kept by the company so far as appears from our examination of those books.
5. The Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account.
6. In our opinion the Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in Sub Section (3 C) of Section 211 of the Companies Act, 1956.
7. On the basis of the written representations received from the Directors as on 31st March, 2011, and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2011 from being appointed as a Director in Terms of Clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
8. In our opinion and to the best of our information and according to the explanation given to us the said accounts, read together with Notes to Accounts, give the information required, by the Companies Act, 1956 in the manner so required, and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - i) in the case of the Balance Sheet, of the state of affairs of the Company, as at 31st March, 2011;
 - ii) in the case of the Profit and Loss Account, of the Profit for the year ended on that date; and
 - iii) in the case of the Cash Flow statement, of the Cash Flow for the year ended on that date.
9. As required by the Companies (Auditors' Report) Order 2003, 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 the matters specified in paragraph 4 and 5 of the said order.

For D.N. SHUKLA & CO.
Chartered Accountants

P. J. Mankad
Partner

(Membership No. 036010)
FR No. W11088

Place: Mumbai
Date: 29th July, 2011

**ANNEXURE TO THE AUDITORS' REPORT
REFERRED TO IN PARAGRAPH 9 OF OUR REPORT OF EVEN DATE**

- i) a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- b) All the assets have not been physically verified by the management during the year but there is a 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) In our opinion, the Company has not disposed of substantial part of fixed assets during the year, and the going concern status of the Company is not affected.
- ii) a) The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
- b) The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
- c) The company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material.
- iii) The Company has neither granted nor taken any loans, secured or unsecured to and from Companies, Firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, the clauses 4 (iii) (b) to (d) of the Order are not applicable.
- iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to purchases of inventory, fixed assets and with regard to the sale of goods. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal controls.
- v) a) According to the information and explanations given to us, we are of the opinion that the transactions that need to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered.
- b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and exceeding the value of rupees five lacs in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
- vi) In our opinion and according to the information and explanations given to us, the company has complied with the provisions of sections 58 A and 58 AA of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits accepted from the public. The Company Law Board has passed no order in respect of aforesaid deposit.
- vii) In our opinion, the company has an internal audit system commensurate with the size and nature of its business.
- viii) Maintenance of cost records under section 209 (1) (d) of the Companies Act, 1956 has not been prescribed by the Central Government.
- ix) a) The company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education protection fund, employees state insurance, income tax, sales tax, wealth tax, custom duty, excise duty, service tax, cess and other material statutory dues applicable to it.
- b) According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, wealth tax, sales tax, custom duty, excise duty, service tax and cess were in arrears, as at 31st March, 2011 for a period of more than six months from the date they became payable.
- c) According to the information and explanations given to us, there are dues of excise duty which have not been deposited as the same are disputed.

The disputed statutory dues aggregating to Rs.15.30 lacs, that have not been deposited on account of matters pending before appropriate authorities are as under:

Sr. No.	Name of the Statute	Name of the Dues	Forum where Dispute is pending	Amount (Rs. In Lacs)
1.	Central Excise Act, 1944	Excise Duty	Commissioner (Appeal) CESTAT	0.10 9.45
		Service Tax	Commissioner (Appeal) Surat	5.75
			TOTAL	15.30

- x) In our opinion, the company has made profit during the year. The company has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.
- xi) In our opinion and according to the information and explanations given to us, the company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.
- xii) We are of the opinion that the company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii) In our opinion, the company is not a chit fund or a nidhi mutual benefit fund / society. Therefore, the provisions of clause 4 (xiii) of the Companies (Auditors' Report) Order, 2003 are not applicable to the company.
- xiv) In our opinion, the company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4 (xiv) of the Companies (Auditors' Report) Order, 2003 are not applicable to the company.
- xv) In our opinion, the Company has not given guarantees for loans taken by others from banks or financial institutions.
- xvi) The Company has raised new term loan during the year. The term loans outstanding at the beginning of the year were applied for the purposes for which they were raised.
- xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the company, we report that no funds raised on short-term basis have been used for long-term investment. No long-term funds have been used to finance short-term assets except permanent working capital.
- xviii) According to the information and explanations given to us, the company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act.
- xix) According to the information and explanations given to us, during the period covered by our audit report, the company has not issued any debentures.
- xx) According to the information and explanations given to us, during the period covered by our audit report, the company has not raised any money by way of Public Issue.
- xxi) According to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the course of our audit.

For D.N. SHUKLA & CO.
Chartered Accountants

P. J. Mankad
Partner

(Membership No. 036010)
FR No. W11088

Place: Mumbai
Date: 29th July, 2011

BALANCE SHEET AS AT 31ST MARCH, 2011

PARTICULARS	Schedule	Rupees	31-03-2011 Rupees	31-03-2010 Rupees
I. SOURCES OF FUNDS				
1. SHAREHOLDERS' FUNDS				
a. Share Capital	A	2,14,84,980		2,14,84,980
b. Reserves & Surplus	B	8,82,74,405		7,01,14,557
			10,97,59,385	9,15,99,537
2. LOAN FUNDS				
a. Secured Loans	C	1,44,44,852		2,17,40,496
b. Unsecured Loans	D	1,74,97,000		1,46,19,000
			3,19,41,852	3,63,59,496
TOTAL			14,17,01,237	12,79,59,033
II. APPLICATION OF FUNDS				
1. FIXED ASSETS				
a. Gross Block	E	7,06,25,530		6,49,11,088
b. Less: Depreciation		5,33,21,025		5,11,19,988
c. Net Block		1,73,04,505		1,37,91,100
d. Capital Work in Progress		16,21,986		4,96,281
			1,89,26,491	1,42,87,381
2. INVESTMENTS				
3. DEFERRED TAX ASSETS				
4. CURRENT ASSETS, LOANS & ADVANCES				
a. Inventories		11,62,09,443		8,32,76,909
b. Sundry Debtors		2,78,20,696		2,14,24,096
c. Cash & Bank Balances		2,22,49,959		2,23,31,660
d. Loans & Advances		3,00,54,791		1,62,61,983
SUB TOTAL		19,63,34,889		14,32,94,648
LESS: CURRENT LIABILITIES & PROVISIONS				
a. Liabilities	H	4,76,92,624		1,42,99,841
b. Provisions		2,64,77,269		1,62,39,543
SUB TOTAL		7,41,69,893		3,05,39,384
NET CURRENT ASSETS			12,21,64,996	11,27,55,264
TOTAL			14,17,01,237	12,79,59,033

As per our Audit Report of even date

For D.N. SHUKLA & CO.

Chartered Accountants

P. J. Mankad
Partner

Place: Mumbai

Date: 29th July, 2011

A. R. Master
Asst. Vice-President (Finance)

For and on behalf of the Board

J. C. Bhatia *Managing Director*
L. M. Bijlani *Director*
K. S. Joshi *Director*
C. G. Cholera *Director*
C. J. Bhatia *Executive Director*
B. V. Dholakia *Director*
D. D. Kanitkar *Director*

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

PARTICULARS	Schedule	31-03-2011		31-03-2010
		Rupees	Rupees	Rupees
INCOME				
Sales (Gross)	I		27,47,47,318	22,31,34,074
Less: Excise Duty			(2,44,45,989)	(1,57,74,418)
Sales (Net)			25,03,01,329	20,73,59,656
Other Income			3,09,076	5,23,366
			25,06,10,405	20,78,83,022
EXPENDITURE				
Cost of material consumed	J	15,49,06,721		12,83,77,563
Payment to Employees		2,83,50,771		2,54,55,408
Operating & Other expenses		2,44,14,538		2,34,23,401
Depreciation		26,14,447		25,28,224
			21,02,86,477	17,97,84,596
Interest				
- Fixed Loans		18,72,858		21,43,379
- Others		11,44,120		5,63,248
			30,16,978	27,06,627
TOTAL EXPENDITURE			21,33,03,455	18,24,91,223
OPERATING PROFIT BEFORE TAXATION			3,73,06,950	2,53,91,799
Deferred Tax (current year)			(3,06,148)	20,923
Provision for taxation			(1,22,13,927)	(80,00,000)
Net Profit after Taxation			2,47,86,875	1,74,12,722
Profit Brought Forward from previous year			54,23,225	24,10,963
Prior period Adjustments			(3,63,685)	(4,94,137)
Prior Years Tax Adjustments			-	6,18,220
PROFIT AVAILABLE FOR APPROPRIATION			2,98,46,415	1,99,47,768
APPROPRIATIONS:				
- Proposed Dividend			53,71,245	38,67,296
- Dividend Distribution Tax			8,92,097	6,57,247
- General Reserve			50,00,000	1,00,00,000
Profit carried to Balance Sheet			1,85,83,073	54,23,225
ACCOUNTING POLICIES	K			
NOTES TO ACCOUNTS	L			

As per our Audit Report of even date

For D.N. SHUKLA & CO.

Chartered Accountants

P. J. Mankad

Partner

Place: Mumbai

Date: 29th July, 2011

A. R. Master
 Asst. Vice-President (Finance)

For and on behalf of the Board

J. C. Bhatia *Managing Director*
L. M. Bijlani *Director*
K. S. Joshi *Director*
C. G. Cholera *Director*
C. J. Bhatia *Executive Director*
B. V. Dholakia *Director*
D. D. Kanitkar *Director*

SCHEDULE 'A' SHARE CAPITAL

PARTICULARS	31-03-2011 Rupees	31-03-2010 Rupees
AUTHORISED		
40,00,000 Equity shares of Rs. 10 each (Previous year 40,00,000 Nos.)	<u>4,00,00,000</u>	<u>4,00,00,000</u>
ISSUED, SUBSCRIBED & PAID UP		
21,48,498 Equity shares of Rs. 10 each fully paid (P.Y. 21,48,498 Equity shares) include: 2,95,000 Equity shares issued as bonus shares & 60,384 Equity Shares allotted as fully paid up shares to share holders of erstwhile Gujarat Drillwell Pvt. Ltd. for consideration other than cash.	<u>2,14,84,980</u>	<u>2,14,84,980</u>
TOTAL	<u>2,14,84,980</u>	<u>2,14,84,980</u>

SCHEDULE 'B' RESERVES AND SURPLUS

PARTICULARS	31-03-2011 Rupees	31-03-2010 Rupees
A. Central / State Government Subsidy Balance as per last Balance Sheet	18,41,597	18,41,597
B. Share Premium Account Balance as per last Balance Sheet	4,49,43,418	4,49,43,418
C. General Reserve Balance as per last Balance Sheet	1,50,00,000	
Add: Transferred from Profit & Loss A/c	<u>50,00,000</u>	
	2,00,00,000	1,50,00,000
D. Capital Reserve Balance as per last Balance Sheet	29,06,317	29,06,317
E. Profit & Loss A/C	<u>1,85,83,073</u>	<u>54,23,225</u>
TOTAL	<u>8,82,74,405</u>	<u>7,01,14,557</u>

SCHEDULE 'C' SECURED LOANS

PARTICULARS	31-03-2011 Rupees	31-03-2010 Rupees
A. FROM STATE BANK OF INDIA Cash Credit (Secured by hypothecation of inventories and book-debts present and future, first charge over fixed assets & further secured by personal guarantee)	1,36,95,094	2,05,21,997
B. FROM ICICI BANK LTD. (Secured by hypothecation of specific Vehicle) (Repayment within one year Rs. Nil P.Y. Rs. 1,06,729/-)	-	1,06,729
C. FROM KOTAK MAHINDRA PRIME (Secured by hypothecation of specific vehicle) (Repayment within one year Rs. 3,94,352/- P.Y. Rs. 3,60,012)	7,49,758	11,11,770
TOTAL	<u>1,44,44,852</u>	<u>2,17,40,496</u>

SCHEDULE 'D' UNSECURED LOANS

PARTICULARS	31-03-2011 Rupees	31-03-2010 Rupees
A. Fixed Deposits	1,74,97,000	1,31,19,000
B. Other Loans & Deposits	–	15,00,000
TOTAL	1,74,97,000	1,46,19,000

SCHEDULE 'E' FIXED ASSETS

(Amount in Rupees)

Sr. No.	Item	Gross Block				Depreciation				Net Block	
		Opening Balance 01-04-2010	Additions	Sales/ Disposal/ Transfers	Closing Balance 31-03-2011	Opening Balance as on 01-04-2010	During the Year	Deduction	Depreciation Up to 31-03-2011	Closing Balance 31-03-2011	Opening Balance 01-04-2010
1	Leasehold Land	3,52,174	–	–	3,52,174	1,15,265	3,557	–	1,18,822	2,33,352	2,36,909
2	Buildings	1,17,06,279	1,64,966	–	1,18,71,245	73,33,851	3,91,980	–	77,25,831	41,45,414	43,72,428
3	Plant & Machinery and Electrical Fitting	4,21,58,258	57,91,175	3,76,734	4,75,72,699	3,70,30,447	13,64,225	3,21,866	3,80,72,806	94,99,893	51,27,811
4	Data Process Equipments	32,60,503	1,62,375	–	34,22,878	18,25,430	4,24,717	–	22,50,147	11,72,731	14,35,073
5	Furniture Fixture & Office Equipments	41,08,692	69,027	96,367	40,81,352	35,94,631	1,14,076	91,544	36,17,163	4,64,189	5,14,061
6	Vehicles	33,25,182	–	–	33,25,182	12,20,364	3,15,892	–	15,36,256	17,88,926	21,04,818
		6,49,11,088	61,87,543	4,73,101	7,06,25,530	5,11,19,988	26,14,447	4,13,410	5,33,21,025	1,73,04,505	1,37,91,100
7	Capital work in Progress	4,96,281	16,21,986	4,96,281	16,21,986	–	–	–	–	16,21,986	4,96,281
	TOTAL	6,54,07,369	78,09,529	9,69,382	7,22,47,516	5,11,19,988	26,14,447	4,13,410	5,33,21,025	1,89,26,491	1,42,87,381
	PREVIOUS YEAR	6,24,93,528	36,90,240	7,76,399	6,54,07,369	4,93,04,605	25,28,224	7,12,841	5,11,19,988	1,42,87,381	1,31,88,723

SCHEDULE 'F' INVESTMENTS (AT COST)

PARTICULARS	31-03-2011 Rupees	31-03-2010 Rupees
A. UNQUOTED – TRADE – LONG TERM		
1 In Government Securities- National Saving Certificates	12,000	12,000
2 Others –1581 Equity Shares of Bharuch Enviro Infrastructure Ltd.	15,750	15,750
B. QUOTED – TRADE – LONG TERM		
1 7,000 Equity Shares of Rapicut Carbides Ltd. The said shares have devolved on the Company in lieu of 17,500 equity shares of Gujarat Drillwell Pvt. Ltd. pursuant to Gujarat High Court Order and are held in Trust on behalf of the Company.	1,75,000	1,75,000
2 20,000 Nos of SBI Infrastructure Fund	2,00,000	2,00,000
3 49 Equity Shares of Rapicut Carbides Ltd. The said shares have devolved on the Company due to fraction coupons payable to shareholders pursuant to Gujarat High Court Order and are held in Trust on behalf of the Company.	–	490
	4,02,750	4,03,240
Market Value of Quoted Shares	3,08,000	2,38,961
Market Value of Quoted SBI Infrastructure	1,87,400	2,05,800

SCHEDULE 'G' CURRENT ASSETS, LOANS AND ADVANCES

PARTICULARS	Rupees	31-03-2011 Rupees	31-03-2010 Rupees
A. CURRENT ASSETS			
1 Inventories (As certified by the Management, at cost or realisable value whichever is lower)			
a) Raw Materials	2,54,34,467		2,51,92,792
b) Consumables	1,00,92,352		72,18,393
c) Work - in - Progress	4,42,79,371		4,15,84,631
d) Finished Goods	1,24,91,493		92,81,093
e) Goods-in-transit (RM)	2,39,11,760		—
		11,62,09,443	8,32,76,909
2 Sundry Debtors (Unsecured, considered good unless otherwise stated)			
a) Outstanding for more than 6 months	14,80,247		26,37,758
b) Other debts	2,63,40,449		1,87,86,338
		2,78,20,696,	2,14,24,096
3 Cash and Bank Balances			
a) Cash in hand	70,441		33,431
b) Bank Balance (with Scheduled Banks)			
- In Current Account	36,33,518		34,69,746
- In Margin Money for LCs /BGs	35,46,000		38,28,483
- In Fixed Deposits	1,50,00,000		1,50,00,000
		2,22,49,959	2,23,31,660
B. LOANS AND ADVANCES (Unsecured considered good)			
1. Advance recoverable in cash or kind	20,08,413		8,53,376
2. Advance Income tax	2,08,61,402		1,14,02,092
3. Deposit Paid	27,35,635		16,91,813
4. Advances with Excise & Other Authorities	14,69,459		23,14,702
5. Advance to Suppliers	29,79,882		—
		3,00,54,791	1,62,61,983
TOTAL		19,63,34,889	14,32,94,648

SCHEDULE 'H' CURRENT LIABILITIES AND PROVISIONS

PARTICULARS		31-03-2011 Rupees	31-03-2010 Rupees
A. CURRENT LIABILITIES			
1 Sundry Creditors for Goods and Services (Amount payable to Small, Medium & Micro - Rs. 6601)		3,13,78,730	55,65,259
2 Other Liabilities		62,33,230	59,57,354
3 Unclaimed Dividend		7,26,507	4,10,784
4 Interest Accrued but not due		6,59,129	5,85,143
5 Duties & Taxes		69,46,866	17,81,301
6 Advances from Customers		17,48,162	—
		4,76,92,624	1,42,99,841
B. PROVISIONS			
1 Provision for Taxation		2,02,13,927	1,15,50,000
2 Provision for Fringe Benefit Tax		—	1,65,000
3 Provision for Dividend		53,71,245	38,67,296
4 Provision for Dividend Distribution Tax		8,92,097	6,57,247
		2,64,77,269	1,62,39,543
TOTAL		7,41,69,893	3,05,39,384

SCHEDULE 'I' SALES AND OTHER INCOME

PARTICULARS	Rupees	31-03-2011 Rupees	31-03-2010 Rupees
A. SALES (Net of Returns, Discount, etc.)		27,47,47,318	22,31,34,074
B. OTHER INCOME			
1 Miscellaneous Income	—		2,20,425
2 Interest (TDS Rs. 30,506/- & P.Y. Rs. 35,854/-)	2,94,895		2,92,960
4 Dividend Received	14,181		9,981
		3,09,076	5,23,366
TOTAL		27,50,56,394	22,36,57,440

SCHEDULE 'J' MANUFACTURING AND OTHER EXPENSES

PARTICULARS	Rupees	31-03-2011 Rupees	31-03-2010 Rupees
A. COST OF MATERIAL CONSUMED/ SOLD			
1 CONSUMPTION OF RAW MATERIALS			
Opening Stock	2,51,92,792		1,11,60,271
Add: Purchases (net of returns, discounts etc.)	15,40,43,069		13,96,42,883
	<u>17,92,35,861</u>		<u>15,08,03,154</u>
Less: Closing Stock	<u>2,54,34,467</u>	15,38,01,394	<u>2,51,92,792</u>
			12,56,10,362
2 CONSUMPTION OF STORES, CYLPEBS & SPARES			
Opening Stock	72,18,393		78,20,006
Add: Purchases (net of returns, discounts etc.)	98,84,426		84,78,579
	<u>1,71,02,819</u>		<u>1,62,98,585</u>
Less: Closing Stock	<u>1,00,92,352</u>	70,10,467	<u>72,18,393</u>
			90,80,192
3 (INCREASE) / DECREASE IN STOCK OF FINISHED GOODS & WIP			
Opening Stock			
i) Finished Goods	92,81,093		1,43,94,363
ii) Work-in-Progress	4,15,84,631		3,01,58,370
	<u>5,08,65,724</u>		<u>4,45,52,733</u>
Less: Closing Stock			
i) Finished Goods	1,24,91,493		92,81,093
ii) Work-in-Progress	4,42,79,371		4,15,84,631
	<u>5,67,70,864</u>	(59,05,140)	<u>5,08,65,724</u>
			(63,12,991)
TOTAL COST OF MATERIAL CONSUMED / SOLD		15,49,06,721	12,83,77,563
B. EXCISE DUTY		2,44,45,989	1,57,74,418
C. PAYMENT TO AND PROVISION FOR EMPLOYEES			
Salaries, Wages, Bonus etc.	2,17,45,832		1,95,74,437
Company's Contribution to PF/FPF etc.	33,16,508		28,07,760
Staff & Labour Welfare Expenses	<u>32,88,431</u>		<u>30,73,211</u>
		2,83,50,771	2,54,55,408
D. OPERATING AND OTHER EXPENSES			
Repairs to Buildings	4,87,347		4,32,863
Repairs to Machinery	5,59,675		11,50,168
Repairs to Other Assets	2,55,992		5,49,337
Power & Fuel	87,86,572		84,50,254
Rent	8,14,515		7,85,654
Rates & Taxes	3,93,932		3,80,028
Grinding Charges on Finished Goods	3,700		72,607
Insurance	3,10,571		3,14,244
Travelling & Conveyance	13,74,158		10,03,065
Postage & Telephone	5,29,691		4,92,734
Professional Charges	23,44,159		16,76,380
Miscellaneous Charges	13,65,171		10,34,613
Freight on Despatch	13,11,617		10,05,703
Bad Debts	52,697		7,38,041
Other Selling Expenses	31,09,426		29,58,587
Loss on Sale of Fixed Assets	-		4,009
Loss on Impairment of Assets	59,691		41,951
Printing & Stationery	5,00,070		4,72,861
Bank Charges & Other Financial Cost	5,70,151		5,15,440
Security & Service Charges	7,75,261		7,13,357
Interest on unpaid call w/off	-		3,08,063
Water Charges	1,86,832		1,77,210
Commission Paid	<u>6,23,310</u>		<u>1,46,232</u>
		2,44,14,538	<u>2,34,23,401</u>

SCHEDULE 'K'

STATEMENT OF ACCOUNTING POLICIES

1. BASIS OF ACCOUNT

The financial statements are prepared under historical cost convention on an accrual basis in accordance with the generally accepted accounting principle in India, the accounting standards issued by the Institute of Chartered Accountants of India and are in accordance with the requirements of the Companies Act, 1956.

2. FIXED ASSETS AND DEPRECIATION

All fixed assets are stated at their original cost of acquisition / installation which includes taxes, duties (net of CENVAT & set off availed) & other identifiable direct expenses. Depreciation for the year has been provided on straight line method at the rates specified in Schedule XIV of the Companies Act, 1956. Depreciation on addition/deduction during the year is charged on pro-rata basis. Leasehold land is amortised over the period of the lease. Depreciation on Technical know how has been provided as per remaining useful life of the assets.

3. INVESTMENTS

Investments are stated at cost. As per information received from management these are primarily long term investments, hence diminution in value has not been considered.

4. INVENTORIES

I Finished Goods

Valued at cost inclusive of taxes & duties paid/payable or market value whichever is less. Valuation is based on first in first out basis.

II Raw Materials & Consumables

Valued at landed cost or realizable value whichever is less.

III Work-in-Progress

Value at cost incurred till the stage of completion as determined by the Management. In respect of sintered T.C. (scrap) the stock is valued at cost incurred till the previous stage at which this material is generated, in case the material is sold the valuation is restricted to the value realized at a subsequent date. Valuation is based on actual cost of production or realized value at stage whichever is lower.

IV Due allowance is estimated and made for defective and obsolete stock based on past experience of the Company.

5. RETIREMENT BENEFITS

I. Retirement benefits to employees comprise payment under defined contribution plan Superannuation, Gratuity through Group Schemes of Life Insurance Corporation of India. The premium/contribution paid/payable to LIC of India is charged to Profit & Loss Account. As per Revised Accounting Standard Actuarial Valuation was carried out by LIC of India, Company has not provided for same amount to Rs.43,82,523/- during the year being contingent in nature.

II. Leave encashment is provided for at current encashable salary rate for the entire encashable unavailed leave balance on Actuarial valuation bases.

6. EXCISE & CUSTOM DUTY

The excise duty paid/payable on finished goods has been included in closing inventory till sales. Provisions has been made for payments of excise duty relating to finished goods lying in bond. However the said practice has no impact on profit / (loss) for the year.

7. FOREIGN CURRENCY TRANSACTIONS

Transactions in foreign currency, other than those covered by forward contracts, are recorded at the exchange rates prevailing on the date of each transaction. Imports/Exports are recognized in books on the basis of payments/receipts, if transaction is squared off in the same accounting year. Liabilities relating to foreign currency transactions remaining unsettled till the date of finalisation are transacted at the year end rates.

8 SALES

i) Sales are recognised at the time of despatch to customers. Material despatched to branches & remaining unsold during the year is treated as stock at branches valued at cost inclusive of duties paid or market value whichever is lower.

ii) Sales are inclusive of excise duty thereon but net of sales tax/VAT & discount.

iii) Sales returns are recognised as soon as the rejection is approved by Technical Services Department of the Company.

9. IMPAIRMENT OF ASSETS

The carrying amount of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal / external factors. Impairment loss will be recognised whenever the carrying amount of assets exceeds recoverable amount. The Company applies the test of impairment of major assets as provided in accounting standard - 28, issued by Institute of Chartered Accountants of India.

10. PROVISION AND CONTINGENCIES

The Company create a provision when there is present obligation as a result of past events that probably required an out flow of resources and a reliable estimate can be made of the amount of obligation. A disclosure for a contingent liability is made when there is possible obligation or a present obligation that probably will not require an out flow of resources or where a reliable estimate of the obligation can not be made.

11. TAXES ON INCOME

Current tax is the amount of tax payable on the taxable income for the year determined in accordance with the provisions of the Income Tax act, 1961. Deferred tax balance is recognised on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent period. Deferred tax assets on unabsorbed tax losses and tax depreciation are recognised only when there is a certainty of their realisation. The tax effect is calculated at the end of the year, based on the tax rate and laws enacted on balance sheet date.

SCHEDULE 'L'
NOTES FORMING PART OF ACCOUNTS FOR 2010-11

PARTICULARS	31-03-2011 Rupees	31-03-2010 Rupees
1 Managerial Remuneration under Section 198 of the Companies Act, 1956 to Managing Director & Executive Director:		
i) Salary	15,51,000	12,80,000
ii) Contribution to PF / FPF	1,60,200	1,34,400
iii) Perquisites	6,11,374	5,49,337
	<u>23,22,574</u>	<u>19,63,737</u>
2. Computation of Net Profit in Accordance with Section 198 & 349 of the Companies Act, 1956:		
Profit as per Profit & Loss Account	3,73,06,950	—
Add: Managerial Remuneration	23,22,574	—
Commission to Non working Directors	4,00,901	—
Depreciation	26,14,447	—
Loss on Impairment of Assets	59,691	—
Less: Depreciation as per Section 350 of Companies Act, 1956	26,14,447	—
Profit as per Section 198	4,00,90,116	—
Commission to Non working Directors	4,00,901	—
3. Miscellaneous expenses include payment to:		
i) Auditors		
a) Audit Fees	50,000	50,000
b) Out of Pocket Expenses	13,565	7,975
c) Certification Work	5,000	5,000
ii) Directors		
a) Sitting fees	70,000	85,000
4. Expenditure in Foreign Currency:		
i) Value of imports on CIF basis		
a) Raw Materials	10,93,79,191	10,27,49,461
b) General Stores/Consumables	3,96,377	5,67,204
ii) Travelling	3,05,872	1,18,628
iii) Advertisement	—	59,257
iv) Books & Periodicals	13,337	—
5. Earning In Foreign Currency:		
FOB value of exports	34,07,123	37,60,165

6. ADDITIONAL INFORMATION PURSUANT TO PARA 4C AND 4D OF PART II OF SCHEDULE VI OF THE COMPANIES ACT, 1956

i) Licensed, Installed & Utilised Capacity

CLASS OF GOODS	Licensed/ Registered Capacity	Unit	Annual* Installed Capacity	Actual* Production Qty.
Tungsten & Tungsten Carbide Products	N.A. (N.A.)	Kgs.	90,000 (90,000)	72,176 (57,719)

(* Excludes Production of Intermediary Products - Kgs. 25,788)

ii) Raw Materials Consumed

PARTICULARS	Unit	Qty*	Consumption Value in Rupees
a) Cobalt	Kgs.	** 5,919 (5,567)	1,53,23,970 (1,34,25,679)
b) Blue Tungsten Oxide	Kgs.	81,653 (59,367)	8,57,77,228 (5,68,99,391)
c) Ammonium Para Tungstate	Kgs.	10,007 (33,524)	83,68,724 (2,54,56,546)
d) Tungsten Carbide Powder	Kgs.	9,981 (12,648)	1,55,34,912 (1,79,46,997)
e) Used Tungsten Parts	Kgs.	– (3,756)	– (28,35,331)
f) Cemented carbides	Kgs.	6,200 –	1,42,29,000 –
g) Yellow tungsten Oxide	Kgs.	1,880 –	19,47,700 –
h) Fused Tungsten Carbide Powder	Kgs.	2,350 (1,950)	40,40,799 (33,47,351)
i) Tanbc	Kgs.	332 (342)	35,93,503 (30,45,394)
j) Others including Processing Charges	Kgs.	– –	49,85,559 (26,53,673)
TOTAL			15,38,01,395 (12,56,10,362)

iii) Consumption of Imported and Indigenous Raw Materials

PARTICULARS	Rupees	Percentage
a) Imported	12,29,90,715 (9,54,09,506)	79.96 (75.96)
b) Indigenous	3,08,10,680 (3,02,00,856)	20.04 (24.04)
TOTAL	15,38,01,395 (12,56,10,362)	100.00 (100.00)

iv) Turnover

CLASS OF GOODS	Unit	Qty*	Value in Rupees
Tungsten & Tungsten Carbide Products			
a) Manufactured	Kgs.		
i) Sintered		71,024 (59,424)	21,84,81,252 (17,85,96,408)
ii) Intermediary Product		25,092 (15,455)	5,55,00,466 (4,26,93,162)
b) Purchased:	Kgs.		
ii) Resale of Raw Material		184 (485)	7,65,600 (18,44,504)
TOTAL			27,47,47,318 (22,31,34,074)

v) Stock of Goods Produced/Sold

CLASS OF GOODS	Unit	Opening Stock		Closing Stock	
		Qty*	Value (Rs.)	Qty*	Value (Rs.)
Tungsten & Tungsten Carbide Products					
a) Manufactured	Kgs.	3,473 (4,718)	92,81,093 (1,43,94,363)	5,326 (3,473)	1,24,95,265 (92,81,093)
b) Purchased Resale of Products in Nos./Kgs.	Nos.	207 (207)	39,664 (39,664)	207 (207)	39,664 (39,664)

Note: Figures in brackets are in respect of previous year.

(*As certified by the management being a technical matter & accepted by the auditors as correct)

(**includes the resale of Cobalt - Kgs. 184)

7. In the opinion of the Board of Directors the Current Assets, Loans & Advances and Current Liabilities as reflected in the Balance Sheet represent the value they would realise or become payable as the case may be in the ordinary course of business.
8. We have relied on the management representation in respect of determining reuse / sale of T.C. scrap, worn out Cylpebs & acceptance of rejection claims.
9. Sundry Creditors for goods & services are net of advances given to various parties.
10. Exchange difference amounting to Rs.8,50,659/- (P.Y. Rs.25,76,382/-) has been adjusted in the cost of corresponding raw materials/consumables purchased and Rs. 297/- has been adjusted in export sales.
11. The identification of suppliers as small scale industrial undertaking has been done on the bases of information to the extent provided by the suppliers to the company. On these bases amount over due to such unit exceeding Rs. ONE LAC is "NIL" and outstanding balance from such parties is Rs. 6601/- at the year end (P.Y. Rs. Nil).
12. Provision for taxation has been made during the year as per completed Income Tax Assessment of the Company.
13. Earning per share:

	<u>31-03-2011</u>	<u>31-03-2010</u>
Face Value per share	Rs. 10/-	Rs. 10/-
Net Profit after tax	2,47,86,875	1,74,12,722
Number of Shares used in Computation earning per share	21,48,498	21,48,498
Earning per share: Basic	11.54	8.10
Earning per share: Diluted	11.54	8.10

14. Segment Reporting as per AS-17 'Segment Reporting' issued by Institute of Chartered Accountant of India. The Company has only one business segment "Tungsten & Tungsten Carbides Products" as primary segment. The secondary segment is geographical which is given as under:

a) Sales & Services	<u>2010-11</u>	<u>2009-10</u>
	<u>Rupees</u>	<u>Rupees</u>
Within India	27,13,40,195	21,90,78,488
Outside India	34,07,123	40,55,586
	27,47,47,318	22,31,34,074
b) Other Income		
Within India	3,09,076	5,23,366
Outside India	Nil	Nil
Total	3,09,076	5,23,366

15. Disclosure requirement as per AS-18 "Related Party Disclosure" issued by Insitutie of Chartered Accountants of India.

	<u>2010-11</u>	<u>2009-10</u>
	<u>Rupees</u>	<u>Rupees</u>
i) Managing Director	-	-
ii) Transaction with Key Management Person and his relatives		
(a) Key Management Person Remuneration	13,71,666	13,18,927
(b) Remuneration to Key Management Person's son Mr. C. J. Bhatia.	9,50,908	8,48,151

16. Deferred tax components are as under:

	2010-11 Rupees	2009-10 Rupees
i) Depreciation	(2,11,045)	(5,13,148)
ii) Other	-	-
Total	<u>(2,11,045)</u>	<u>(5,13,148)</u>

17. Contingent Liabilities:

- I Counter Guarantee to State Bank of India in respect of guarantees given by Bank to third parties Rs.15,23,728/- (P.Y. Rs.17,08,796/-).
- II Outstanding Letters of Credit Rs.1,88,58,945/- (P.Y. Rs.1,29,64,800/-).
- III Capital commitment remaining to be executed & not provided Rs. 28,43,813/- (P.Y. Rs.9,48,880/-).
- IV Company's Income Tax Assessments have been completed up to the Assessment year 2010-2011. In the opinion of the management, provision made in books is sufficient to cover liabilities in respect of pending assessments.
- V Company Sales Tax Assessments have been completed up to the Assessment year 2006-2007.
- VI Show Cause Notices/Demands for Excise/Customs duty/Service tax claims raised by Department and contested by the Company are Rs. 21.15 lacs (P.Y. Rs. 15.40 lacs). The Company has paid Rs. 5.85 lacs (P.Y. Rs. 5.85 lacs) under protest. Management has taken legal opinion that the provision made in the books is sufficient to cover the liabilities.
- VII Gratuity payable as per revised accounting standard & actuarial valuation submitted by LIC of India amounting to Rs. 43,82,523/- (P.Y. Rs. 34,89,520) was not provided for, as per management's explanation & opinion same is contingent in nature, as the valuation is based on assumption of Mortality rate, Withdrawal rate, Discounted rate & Salary escalation of service etc. for the year.

The principal assumptions used by LIC in determining valuation.

(01) Withdrawal Rate	:	1% to 3% depending on age.
Discounting Rate	:	8% p.a.
Salary Escalation	:	7% p.a.
(02) Accrued Gratuity	:	95,65,311
Fund value as on	:	<u>51,82,788</u>
Net Unfunded Gratuity Liability	:	43,82,523
(03) Defined Benefit obligation plan		
Opening Balance	:	47,32,972
Add: Amount credited during the year	:	6,50,823
Less: Amount paid during the year	:	6,41,133
Add: Interest credited during the year	:	<u>4,40,126</u>
Closing Balance	:	<u>51,82,788</u>
(04) Present value of defined obligation plan	:	89,21,954

18. Figures of the previous year have been re-grouped/re-arranged wherever necessary to conform to this year's.

As per our Audit Report of even date
For **D.N. SHUKLA & CO.**
Chartered Accountants

P. J. Mankad
Partner

A. R. Master
Asst. Vice-President (Finance)

For and on behalf of the Board

J. C. Bhatia *Managing Director*
L. M. Bijlani *Director*
K. S. Joshi *Director*
C. G. Cholera *Director*
C. J. Bhatia *Executive Director*
B. V. Dholakia *Director*
D. D. Kanitkar *Director*

Place: Mumbai
Date: 29th July, 2011

**NOTES FORMING PART OF THE ACCOUNTS PART IV OF SCHEDULE – VI
BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE**

I. Registration Details	
Registration No.	L28910GJ1977PLC002998
State Code	4
Balance Sheet Date	31-03-2011
II. Capital raised during the year	
Public Issue	NIL
Rights Issue	NIL
Bonus Issue	NIL
Private Placement	NIL
III. Position of Mobilisation and Deployment of Funds (Rs. in lacs)	
Total Liabilities	1417.01
Total Assets	1417.01
Sources of Funds	
Paid up Capital	214.85
Reserves & Surplus	882.74
Deferred Tax Liability	–
Secured Loans	144.45
Unsecured Loans	174.97
Application of Funds	
Net Fixed Assets including Capital Work-in-Progress	189.26
Investments	4.03
Deferred Tax Assets	2.07
Net Current Assets	1221.65
IV. Performance of Company (Rs. In lacs)	
Turnover	2506.10
Total Expenditure	2133.03
Profit Before Tax	373.07
Profit After Tax (With Deferred Tax/FBT)	247.87
Earning per share	11.54
Dividend rate %	25
V. Generic Names of Three Principal Products/Services of Company	
Item Code No. (ITC Code)	82090010
Product Description : T C Tips & Wear part	
Item Code No. (ITC Code)	28499020
Product Description : TC, FTC and Ready to Press Powder	
Item Code No. (ITC Code)	81011000
Product Description : Tungsten Metal Powder	

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2011 IN ACCORDANCE WITH THE REQUIREMENT UNDER CLAUSE 32 OF THE LISTING AGREEMENT WITH THE STOCK EXCHANGE.

	(Rupees in lacs)	
	Year ended 31-03-2011	Year ended 31-03-2010
A. Cash flow from operating activities		
Net Profit before tax and extraordinary items	373.07	253.92
Adjustments for:		
Depreciation	26.14	25.28
Loss on Sale of Fixed Assets / Impairment (Net)	0.60	0.46
Interest	<u>27.22</u>	<u>24.14</u>
	53.96	49.88
Operating Profit/(Loss) before working capital changes	427.03	303.80
Adjustments for:		
Trade and Other Receivables	(201.89)	43.29
Inventories	(329.33)	(197.44)
Trade Payables	<u>436.31</u>	<u>50.59</u>
	(94.91)	(103.56)
Cash Generated from Operation	332.12	200.24
Interest Paid	(30.17)	(27.07)
Direct Tax Paid	(122.14)	(80.00)
Dividend & Distribution Tax	<u>(62.63)</u>	<u>(45.24)</u>
Cash flow before Extraordinary items	(214.94)	(152.31)
	117.18	47.93
Extraordinary Items	(3.64)	1.24
Net Cash from Operating Activities	113.54	49.17
B. Cash Flow from Investing Activities		
Purchase of Fixed Assets	(73.14)	(36.90)
Sale of Fixed Assets	0	0.17
Interest Received	<u>2.95</u>	<u>2.93</u>
Net Cash used in Investing Activities	(70.19)	(33.80)
C. Cash Flow from Financing Activities		
Proceeds from Bank Borrowings	(68.27)	(62.21)
Repayment of Long terms Borrowings	(4.69)	9.96
Proceeds from Short terms Borrowings	<u>28.79</u>	<u>27.26</u>
Net Cash used in Financing Activities	(44.17)	(24.99)
Net Changes in Cash and Cash Equivalents (A+B+C)	(0.82)	(9.62)
Cash and Cash Equivalents as at 01-04-2010 (Opening Balance)	223.32	232.94
Cash and Cash Equivalents as at 31-03-2011 (Closing Balance)	222.50	223.32
	(0.82)	(9.62)

By Order of the Board of Directors

Place: Mumbai
Date: 29th July, 2011

J. C. Bhatia
Managing Director

PROXY FORM

Registered Office:

Rapicut Carbides Ltd.
Plot No.119,
GIDC Industrial Area,
Ankleshwar - 393 002 (Gujarat)

I/We _____ of
_____ being a
Member/Members of the above named Company, hereby appoint _____
_____ of _____ or failing him
_____ of
_____ as my/our Proxy to vote for me/us at the 34th Annual General
Meeting of the Company to be held on Saturday, 24th September, 2011 and at any adjournment thereof.

Signed at _____ this _____ day of _____ 2011.

Affix
Re.1/-
Revenue
Stamp

FOLIO NO: _____

DP ID/Client ID No: _____

Notes:

- [1] The Proxy to be effective should be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the Meeting.
- [2] In case of joint holders all the Members should SIGN this Form.

CERTIFICATE



TUV NORD

Management system as per
DIN EN ISO 9001 : 2008

In accordance with TÜV NORD CERT procedures, it is hereby certified that

RAPICUT CARBIDES LIMITED

**119, G.I.D.C. Industrial Estate,
Ankleshwar – 393 002, Gujarat,
India**

applies a management system in line with the above standard for the following scope

Manufacture and Sale of Tungsten and Tungsten Carbide Products for Mining & Engineering Applications

Certificate Registration No. **04 100 990693-E3**
Audit Report No. **2.5-062/1999**

Valid until **04.08.2014**
Valid from **05.08.2011**
Initial certification **02.06.1999**



Certification Body
at TÜV NORD CERT GmbH

Mumbai, **25.07.2011**

This certification was conducted in accordance with the TÜV NORD CERT auditing and certification procedures and is subject to regular surveillance audits.

TÜV NORD CERT GmbH

Langemarckstrasse 20

45141 Essen

www.tuev-nord-cert.com



TGA-ZM-07-06-00



Quality Policy

Total customer satisfaction shall be our prime corporate objective. We shall achieve this through inculcating team spirit in every member of the company.

The spirit of excellence is the corner stone of all we do. Quality with us is a way of life.

Value for money to the customer, continuous improvement and moving towards zero defect is our consistent endeavour.

We shall continually meet statutory & legal requirement along with customer requirement.

J. C. Bhatia
Managing Director

BOOK POST
To,

From:

If undelivered please return to :
RAPICUT CARBIDES LIMITED

Registered Office:
Plot No. 119, GIDC,
Ankleshwar - 393 002.

