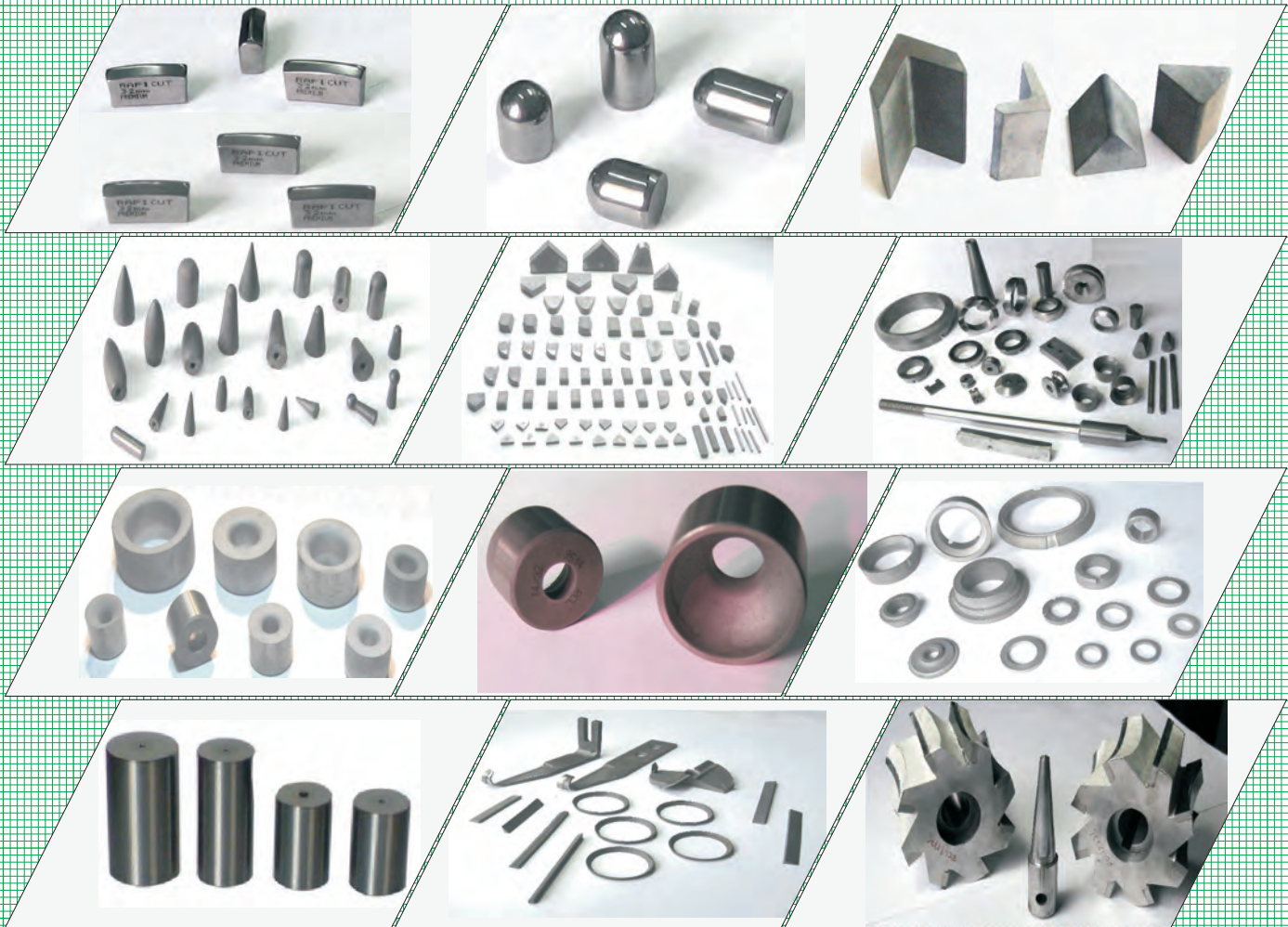


*Rapicut*



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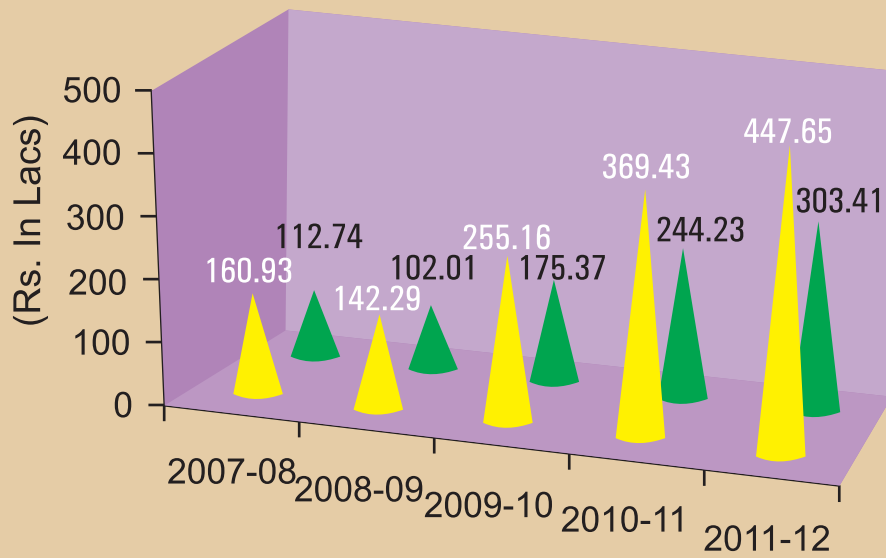
**THIRTY FIFTH  
ANNUAL REPORT  
2011-12**

**Rapicut Carbides Limited**  
AN ISO 9001:2008 COMPANY

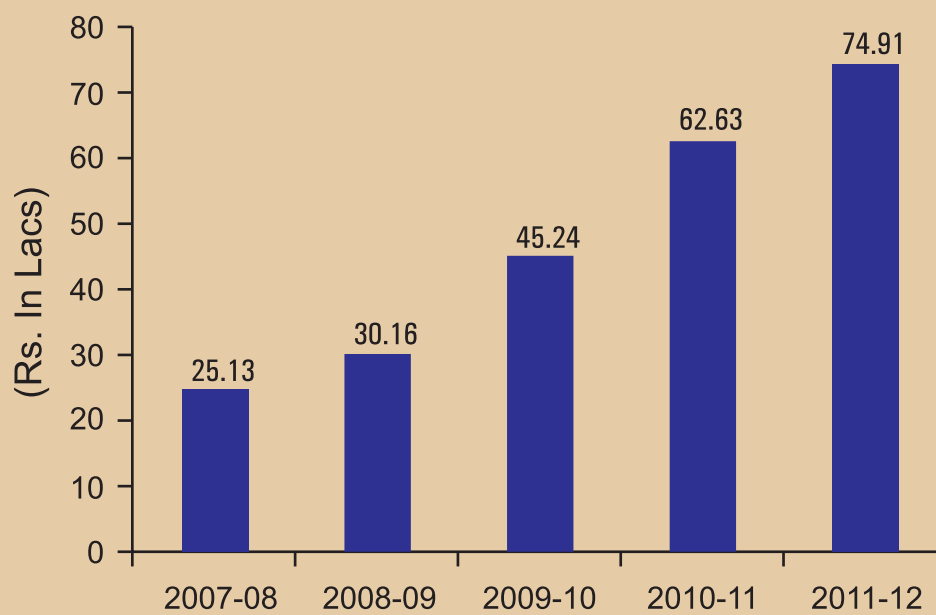
## Growth in Profit

Growth in PBT

Growth in PAT



## Dividend Payment with tax



## BOARD OF DIRECTORS

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

### Registered Office & Works:

119, GIDC Industrial Area,  
**Ankleshwar - 393 002.**

### Area Sales Offices At:

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

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

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

UG-41, Ansal Chambers-II,  
Bhikaji Cama Place,  
**New Delhi - 110 029.**

7, Shivaji Housing Society,  
**Pune - 411 016.**

Sales Representative  
**Bangalore**

# 35th ANNUAL REPORT

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## NOTICE

Notice is hereby given that the THIRTYFIFTH ANNUAL GENERAL MEETING of the Members of RAPICUT CARBIDES LIMITED will be held on Saturday, 22nd September, 2012, 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, 2012 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 31-03-2012.
- 3) To appoint a Director in place of Shri. L.M.Bijlani, who retires by rotation and being eligible, offers himself for reappointment.
- 4) To appoint a Director in place of Shri. J.C.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 revise the remuneration of Shri. Jagdish C. Bhatia as Managing Director and in this regard to consider and if thought fit to pass, with or without modification(s), the following resolution as a Special Resolution:-

“RESOLVED THAT pursuant to the provisions of section 198, 309, 311 and other applicable provisions, if any, of the Companies Act, 1956 (including any amendment thereto or re-enactment thereof for the time being in force) and Schedule XIII thereto approval be and is hereby, accorded to the upward revision in the remuneration payable to Shri. Jagdish C. Bhatia as Managing Director, with effect from 1st April, 2012 for the remaining period of his term as Managing Director i.e., till 31st July 2013, as set out in the Explanatory Statement annexed to the Notice convening this Meeting.”

“RESOLVED FURTHER THAT the Board of Directors of the Company or a duly constituted Committee thereof be and is hereby authorised to take all such steps as may be necessary, proper or expedient to give effect to this resolution.”
- 7) To revise the remuneration of Shri. Chandrashekhar alias Chander J. Bhatia as Executive Director and in this regard to consider and if thought fit to pass, with or without modification(s), the following resolution as an Ordinary Resolution:-

“RESOLVED THAT in accordance with the provisions of section 198, 309, 311 and other applicable provisions, if any, of the Companies Act, 1956 (including any amendment thereto or re-enactment thereof for the time being in force) and Schedule XIII thereto approval be and is hereby, accorded to the upward revision in the remuneration payable to Shri. Chandrashekhar alias Chander J. Bhatia as Executive Director, with effect from 1st June, 2012 for a period of 12 months upto 31st May, 2013, as set out in the Explanatory Statement annexed to the Notice conveying this Meeting.”

“RESOLVED FURTHER THAT the Board of Directors of the Company or a duly constituted Committee thereof be and is hereby authorised to take all such steps as may be necessary, proper or expedient to give effect to this resolution.”
- 8) To consider and if thought fit, to pass with or without modification(s), as a Special Resolution, the following:-

“RESOLVED THAT pursuant to Section 309 (4) and other applicable provisions, if any, of the Companies Act, 1956 the consent of the Company be and is hereby accorded to the payment of commission to the Directors (other than the Managing/Wholetime Directors) not exceeding 1% (one percent) per annum of the net profits of the Company, calculated in accordance with the provisions of the said Act, such commission being divisible amongst the aforesaid Directors, in such proportion and in such manner as may be decided by the Board of Directors of the Company, for a period of five financial years of the Company, commencing from the financial year ending 31st March, 2013.”

Registered Office:  
Plot No.119, GIDC,  
Ankleshwar-393002.  
Date: 28th July, 2012

By Order of the Board of Directors

**J. C. Bhatia**  
Managing Director

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## 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 Tuesday, 18th September, 2012 to Friday, 21st September, 2012 (both days inclusive).
4. Relevant documents referred to in the Notice are open for inspection at the Registered Office of the Company from 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 22nd September, 2012 to those Members whose names appear on the Register of Members on 21st September, 2012 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. The next unclaimed Dividend for the year 2007-08 will be transferred in the Investor Education and Protection Fund in the year 2014-15.  

Members who have not encashed their dividend warrant(s) for the Financial Years ended 31st March 2008 to 31st March, 2011 are requested to seek issue of Duplicate Warrants by writing to the Company's Share Department at its Registered Office.
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 2012-13 to BSE. The Company has also paid custodial fees for the year 2012-13 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.
13. Members are requested to register their e-mail addresses with the Company for receiving the Report and Accounts, Notices etc. in electronic mode, as a measure of support to the Green Initiative in Corporate Governance of the Ministry of Corporate Affairs, Government of India.

**ANNEXURE TO NOTICE**

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

The following Explanatory Statement sets out all material facts relating to the Special Business mentioned in the accompanying Notice.

**Item No. 6 and 7:**

Shri. Jagdish C. Bhatia has been the Managing Director of the Company since 1st August, 2008. The term of Office of Shri Jagdish C. Bhatia as Managing Director of the Company will expire on 31st July, 2013.

Shri. Chandrashekhar alias Chander J. Bhatia has been the Whole-time Director, designated as Executive Director since 1st June, 2009, and his term of Office will expire on 31st May, 2014.

The present proposal is to seek the members' approval for the revision of the remuneration payable to Shri. Jagdish C. Bhatia as Managing Director and Shri. Chandrashekhar alias Chander J. Bhatia as Whole-time Director, designated as Executive Director in line with the prevailing corporate trend and comparable with the remuneration packages being offered to the CEOs and EDs of the peer companies. More so in the case of Shri. Jagdish C. Bhatia considering his long experience together with leadership qualities and noteworthy managerial capability as reflected in the sustained growth of the Company from year to year and in the case of Shri. Chandrashekhar alias Chander J. Bhatia as Whole-time Director, designated as Executive Director, considering the background of his highly involved experience and association with the Company and proving his excellence in several key departments in the Company.

a) Broad particulars of the proposed revised remuneration payable to Shri. Jagdish C. Bhatia and Shri. Chandrashekhar alias Chander J. Bhatia are as under:-

(i) Salary, Perquisites and Allowances in the case of Shri Jagdish C. Bhatia, Managing Director:

(Rupees in Lacs per annum)

	As on 31st March, 2012	Proposed from 1st April, 2012
(A) Salary	10.20	12.00
(B) Perquisites and allowances	10.80	13.00

(ii) Salary, Perquisites and Allowances in the case of Shri. Chandrashekhar alias Chander J. Bhatia, Whole-time Director, designated as Executive Director:

(Rupees in Lacs per annum)

	As on 31st March, 2012	Proposed from 1st April, 2012
(A) Salary	6.84	8.65
(B) Perquisites and allowances	6.16	7.85

**Perquisites & Allowances**

The perquisites and allowances, as aforesaid, shall include accommodation (furnished or otherwise) or house rent allowance in lieu thereof together with reimbursement of expenses and/or allowances for utilization of gas, electricity, water, furnishing and repairs, medical reimbursement, leave travel concession for self and family including dependents, medical insurance and such other perquisites and/or allowances. The said perquisites and allowances shall be evaluated, wherever applicable, as per the provisions of Income-tax Act, 1961 or any rules thereunder or any statutory modification(s) or re-enactment thereof, in the absence of any such Rules, perquisites and allowances shall be evaluated at actual cost. The Company's contribution to Provident Fund, Superannuation or Annuity Fund, to the extent there singly or together are not taxable under the Income-tax law, and gratuity payable and encashment of leave, as per the rules of the Company and to the extent not taxable under the Income-tax law shall not be included for the purpose of computation of the overall ceiling of remuneration.

b) **Commission:**

In addition to the salary, perquisites and allowances as above, Shri. Jagdish C. Bhatia and Shri. Chandrashekhar alias Chander J. Bhatia will also be entitled to receive commission on net profits. The commission payable to them for each financial year, shall be in the ratio of their respective salaries (excluding perquisites and allowances), and the overall remuneration (including commission to both of them) shall not exceed 10% (Ten percentage) of the net profit of the Company as computed in the manner referred to under section 198(1) of the Companies Act, 1956, or any statutory modification(s) or re-enactment thereof.

**MINIMUM REMUNERATION**

In the event of loss or inadequacy of profits in any financial year during the tenure of the appointment, the Managing Director and the Executive Director shall be paid remuneration by way of salary and perquisites as set out above, as minimum remuneration.

The above may be treated as an abstract of the terms of revision of overall remuneration payable to Shri. Jagdish C. Bhattia and Shri. Chandrashekhar alias Chander J. Bhatia under section 302 of the Companies Act, 1956.

Except Shri. Jagdish C. Bhatia and Shri. Chandrashekhar alias Chander J. Bhatia no other Director is concerned or interested in these Resolutions.

**Item No. 8:**

The Shareholders at their meeting held on 28th September, 2008 had approved under the provisions of Section 309 of the Act, the payment of Commission to the non whole-time Directors of the Company not exceeding 1% (one percent) per annum of the net profits of the Company for a period of 5 years commencing from the financial year ending 31st March, 2012.

The Board of the Company comprises of highly experienced and proficient Directors who have been devoting their valuable time in guiding the Company with their mature advice and direction. It will be fit and proper to compensate them by payment of commission on net profits of the Company.

It is therefore proposed that the Directors of the Company, other than Managing / Whole-time Directors be paid, in addition to the sitting fees and reimbursement of expenses for attending the meetings of the Board and/or Committees thereof, commission of 1% (one percent) on the net profits of the Company, calculated in accordance with the applicable provisions of the Companies Act, 1956 for a period of five financial years commencing from the financial year ending 31st March, 2013.

The proposed Special Resolution seeks to obtain the approval of the shareholders for the said payment of commission to Directors.

All the Directors, except Shri. Jagdish C. Bhatia and Shri. Chandrashekhar alias Chander J. Bhatia are concerned or interested in passing the this Resolution.

The Board commends the Resolutions set out at item no. 6, 7 and 8 of the Notice for your approval.

Registered Office:  
Plot No.119, GIDC,  
Ankleshwar-393002.  
Date: 28th July, 2012

By Order of the Board of Directors

**J. C. Bhatia**  
*Managing Director*

## DIRECTORS' REPORT

### TO THE MEMBERS

Your Directors have pleasure in presenting the 35th Annual Report and Audited Accounts of the Company for the financial year ended 31st March, 2012.

#### 1. FINANCIAL RESULTS

	(Rs.in Lacs)	
	Year ended 31-03-2012	Year ended 31-03-2011
Sales and other income	3,311.97	2,750.56
Less : Excise Duty	298.76	244.46
Sales and Other Income (Net)	3013.21	2,506.10
Profit before depreciation and tax (including deferred tax)	485.94	399.21
Profit after depreciation and tax	304.48	247.87
Add: Profit brought forward from previous year	185.83	54.23
Less: (i) Prior period adjustment	(1.07)	(3.64)
Profit available for appropriation	489.24	298.46
Appropriations:		
Proposed Dividend	64.45	53.71
Tax on Proposed Dividend	10.46	8.92
Transfer to General Reserve	50.00	50.00
Profit carried to Balance Sheet	364.33	185.83

#### 2. DIVIDEND

Your Directors are pleased to recommend payment of dividend of Rs. 3/- (30%) per equity share of Rs. 10/- each for the year 2011-12, subject to the approval of shareholders (Previous year Rs. 2.50, i.e., 25%). If approved, the dividend will absorb Rs. 74.91 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. 364.33 Lacs is proposed to be retained in the profit and loss account.

#### 4. PERFORMANCE AND PROSPECTS

Performance:

- The year 2011-12 closed with an increase of 20% in sales & other income (Rs. 3013 Lacs) compared to the previous year (Rs. 2506 Lacs).
- The operating profit before tax was up by 20% from Rs. 373 Lacs to Rs. 449 Lacs and profit after tax was up by 24% from Rs. 244 Lacs to Rs. 303 Lacs.

Prospects:

- The year 2012-13 holds promise of registering impressive overall growth despite some sectors to which Your Company caters showed signs of sluggishness in the first quarter.
- The raw material availability and pricing has since stabilized and this should reflect positively in the 2012-13 performance.
- As mentioned in the previous Report, for capacity enhancement some of the equipment already ordered has since arrived and has been commissioned. Capital equipment additions for sustained growth together with focus on quality up-scaling is a continuous effort and Your Company is well set in that direction.



## 5. APPROVALS FROM GUJARAT POLLUTION CONTROL BOARD

In support of its growth and expansion programme the Company has since received NOC and CONSENT from Gujarat Pollution Control Board, under the Environment Protection and other Allied Laws for setting up production facilities for tonnages which are more than 200% increase over the earlier sanctioned tonnages.

## 6. DIRECTORS

Your Directors wish to report with profound regret, the demise of Shri. S.S. Kumar, a longtime Director and Ex-Chairman of the Company. Shri. Kumar was a Director of the Company for 27 years from 1981 to 2008. Throughout his association with the Company he ever so willingly extended his unstinted support and wise counsel in the key affairs of the Company Management. He was an Advocate of the Supreme Court and highly respected expert in Company Law and Corporate Affairs.

Your Directors wish to place on record their deep appreciation and acknowledge the valuable services rendered by Shri. Kumar throughout the years of his association with Rapicut.

Shri. K.S. Joshi resigned as Director from 22nd October, 2011. The Board places on record its appreciation of the valuable services rendered during his tenure as Director and for the contribution to the deliberations of the Board.

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

## 7. FIXED DEPOSITS

Out of the total fixed deposits with the Company, all deposits due for repayment as on 31st March, 2012 were, as desired by the depositors, either repaid or renewed.

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

### CONSERVATION OF ENERGY:

#### (A) Energy conservation measures undertaken:-

1. The Company continues to reap Energy Saving benefits from the installation of Mechanical Automatic Press installed last year.
2. The Company is working towards stabilizing the running of new De-waxing cum Sintering Furnace and once this is accomplished, the power consumption will reduce 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.

#### (C) 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.39.20 Lacs was registered which works out to 27.03% growth over the corresponding previous year 2010-11 in which export of Rs.30.86 Lacs was achieved.

	(Rs. in Lacs)	
	2011-2012	2010-2011
Foreign Exchange earned	39.20	30.86
Foreign Exchange outgo	792.79	1100.95

## 9. 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.

## 10. 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.

## 11. DIRECTORS RESPONSIBILITY STATEMENT

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

- a. In the preparation of the Annual Accounts, the applicable accounting standards have been followed.
- b. 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, 2012 and the Profit for the year ended 31st March, 2012.
- 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.

## 12. 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.

## 13. 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.

The Company has also taken appropriate steps to obtain compliance certificate within the prescribed period pursuant to the amendments with relation to cost records [Sec. 209 (i)(d)] and Cost Audit (sec. 233 B) of the Companies Act, 1956.

## 14. GREEN INITIATIVE

Members are requested to provide their details viz, Name, Folio No. / Client ID and e-mail address on the Company's e-mail address investors@rapicutcarbides.com to enable the Company to act on the "Green Initiative" effort launched by the Ministry of Corporate Affairs, Government of India, through their various Circulars.

## 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 acknowledge their appreciation of the valuable contribution by all sections of the Company's workforce. 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: 28th July, 2012

**C.G. Cholera**  
Director

**J. C. Bhatia**  
Managing Director

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## COMPLIANCE CERTIFICATE (ANNEXURE TO DIRECTORS' REPORT)

To,  
The Members,  
RAPICUT CARBIDES LIMITED  
(Corporate Identification No.:- 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 thereunder and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on 31st March, 2012. In our opinion and according to the examination 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 thereunder.
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 thereunder, as and where applicable.
3. The Company is a Public Limited Company and hence comments under this paragraph are not required.
4. The Board of Directors met Four (4) times respectively on 30th April, 2011, 29th July, 2011, 22nd October, 2011 and 21st January, 2012 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.
5. The Company has closed its Register of Members from 21st September, 2011 to 23rd September, 2011 (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, 2011 was held on 24th September, 2011, after giving due notice to the members of the Company and resolutions passed there at 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 28th September, 2011, 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 Axis Bank Ltd., Ankleshwar Branch on 23rd October, 2011.
  - (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 thereunder.
  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 58 A read with Companies (Acceptance of Deposit) Rules, 1975. The Company has filed copy of Statement in lieu of Advertisement as required with the Registrar of Companies, Ahmadabad, Gujarat on 5th November, 2011.
  24. The amount borrowed by the Company from Banks during the Financial Year ended 31st March, 2012 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 notice 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: 17th May, 2012

## 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, 2012.

#### 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, 2011 was filed on 10th November, 2011.
2.	Annual Return (Form 20B)	U/s 159 of the Companies Act, 1956 as on 24th September, 2011 was filed on 22nd October, 2011.
3.	Compliance Certificate (Form 66)	U/s 383 A of the Companies Act, 1956 for the Financial Year ended 31st March, 2011 was filed on 10th October, 2011.
4.	Form 32	U/s 260 of the Companies Act, 1956 for appointment of Mr D.D. Kanitkar and Mr. B.V. Dholakia as an Additional Directors with effect of 15th June, 2011 was filed on 20th June, 2011.
5.	Form 32	U/s 303 of the Companies Act, 1956 was filed on 18th October, 2011 for change of designation of Mr D.D. Kanitkar and Mr B.V. Dholakia from Additional Director to Directors with effect from 24th September, 2011.
6.	Form 32	U/s 303((2) of the Companies Act, 1956 was filed on 8th November, 2011 for cessation of Shri K.S. Joshi as Director of the Company with effect from 23rd October, 2011.

7.	Form 8	U/s. 132 of the Companies Act, 1956 in respect of securing various Credit Facilities sanctioned and availed from the State Bank of India, Ankleshwar Industrial Estate Branch, Ankleshwar, Gujarat by execution of Deed of Mortgage on 20th May, 2011 for Rs. 7 Crores 40 Lacs by creating Equitable Mortgage on Immovable Property owned by the Company was filed on 8th July, 2011.
8.	Form 67	Return of Deposits pursuant to Rule 10 of the Companies (Acceptance of Deposits) Rules, 1975 for the year ended 31st March, 2011 was filed on 21st June, 2011.
9.	Form 62	U/s 58 A of the Companies Act, 1956 was filed on 5th November, 2011 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: 17th May, 2012

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## 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, 2012, 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, 2012, 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.
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, 2012;
  - 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: 26th May, 2012

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**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) According to the information and explanations given to us, we are of the opinion that there are no transactions that need to be entered into the register maintained under section 301 of the Companies Act, 1956. In view of above clause 4(b) of the order is not applicable.
- 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) We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Accounting Records) Rules 2011, prescribed by the Central Government under section 209 (1) (d) of the Companies Act, 1956 and are of the opinion that prima facie the prescribed cost records have been maintained, however we have not made detailed examination of the cost records with a view to determine whether they are accurate or complete.
- 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, 2012 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.9.55 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
			TOTAL	<b>9.55</b>

- 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 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: 26th May, 2012

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

PARTICULARS	Note	31-03-2012 Rupees	31-03-2011 Rupees
<b>I. EQUITY AND LIABILITIES</b>			
1. SHAREHOLDERS' FUNDS			
a. Share Capital	A	2,14,84,980	2,14,84,980
b. Reserves & Surplus	B	11,11,24,619	8,82,74,405
c. Money received against Share Warrants		—	—
TOTAL (1)		<u>13,26,09,599</u>	<u>10,97,59,385</u>
2. SHARE APPLICATION MONEY PENDING ALLOTMENT			
3. NON-CURRENT LIABILITIES			
a. Long Term Borrowings	C	92,09,000	1,09,82,406
b. Deferred tax Liabilities (Net)		5,17,030	—
c. Other Long-Term Liabilities	D	7,14,360	7,14,360
d. Long-Term Provisions	E	17,59,711	15,21,145
TOTAL (2)		<u>1,22,00,101</u>	<u>1,32,17,911</u>
4. CURRENT LIABILITIES			
a. Short Term Borrowings	F	1,23,70,423	1,36,95,094
b. Trade Payables	G	2,87,51,631	3,31,26,892
c. Other Current Liabilities	H	1,52,91,189	1,49,49,379
d. Short Term Provisions	I	1,24,58,520	1,02,61,067
TOTAL (3)		<u>6,88,71,763</u>	<u>7,20,32,432</u>
TOTAL (1+2+3)		<u>21,36,81,463</u>	<u>19,50,09,728</u>
<b>II. ASSETS</b>			
1. NON CURRENT ASSETS			
a. Fixed Assets			
i. Tangible Assets	J	2,45,14,878	1,63,75,604
ii. Intangible Assets	J	15,26,445	9,28,901
iii. Capital Work-in-Progress	J	2,09,828	16,21,986
iv. Intangible Assets Under Development		—	—
b. Non-Current Investments	K	4,02,750	4,02,750
c. Deferred Tax Assets (Net)		—	2,07,000
d. Long-Term Loans and advances	L	48,38,044	26,89,135
e. Other Non-Current Assets		—	—
TOTAL (1)		<u>3,14,91,945</u>	<u>2,22,25,376</u>
2. CURRENT ASSETS			
a. Current Investments		—	—
b. Inventories	M	12,70,52,335	11,62,09,443
c. Trade Receivables	N	4,16,70,265	2,78,20,696
d. Cash And Cash Equivalent	O	92,63,804	2,22,49,959
e. Short-Term Loans and Advances	P	30,74,908	49,64,464
f. Other Current Assets	Q	11,28,206	15,39,790
TOTAL (2)		<u>18,21,89,518</u>	<u>17,27,84,352</u>
TOTAL (1+2)		<u>21,36,81,463</u>	<u>19,50,09,728</u>

As per our Audit Report of even date

**For D.N. SHUKLA & CO.**

Chartered Accountants

**P. J. Mankad**
*Partner*

Place: Mumbai

Date: 26th May, 2012

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

For and on behalf of the Board

**J. C. Bhatia** *Managing Director*
**C. G. Cholera** *Director*
**C. J. Bhatia** *Executive Director*
**B. V. Dholakia** *Director*
**D. D. Kanitkar** *Director*

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

PARTICULARS	Note	31-03-2012 Rupees	31-03-2011 Rupees
<b>1. Revenue From Operations</b>			
Revenue from Operations	PL-1	30,09,71,115	25,03,01,329
Other Income	PL-2	3,49,413	3,09,076
<b>Total Revenue</b>		<b><u>30,13,20,528</u></b>	<b><u>25,06,10,405</u></b>
<b>2. Expenses:</b>			
a. Cost of Material Consumed	PL-3	20,77,20,199	15,38,01,394
b. Purchase of Stock-In-Trade		-	-
c. Changes In Inventories of Finished Goods Work-In-Progress & Stock -In-Trade	PL-4	(2,41,59,296)	(59,05,140)
d. Employee Benefits Expenses	PL-5	3,21,82,403	2,83,07,105
e. Finance Costs	PL-6	44,21,412	35,87,129
f. Depreciation And Amortization Expense		37,21,756	26,14,447
g. Other Expenses	PL-7	3,25,62,063	3,08,98,520
<b>Total Expenses</b>		<b><u>25,64,48,537</u></b>	<b><u>21,33,03,455</u></b>
Profit Before Exceptional And Extraordinary Items And Tax		4,48,71,991	3,73,06,950
Exceptional Items - Prior Period		1,06,633	3,63,685
Profit Before Extraordinary Items And Tax Extraordinary Items		4,47,65,358	3,69,43,265
<b>Profit Before Tax</b>		4,47,65,358	3,69,43,265
Tax Expense			
a. Current Tax		1,37,00,000	1,22,13,927
b. Earlier Years Tax		-	-
c. Deferred Tax		7,24,030	3,06,148
<b>Profit For The Period From Continuing Operations</b>		<b>3,03,41,328</b>	<b>2,44,23,190</b>
Profit From Discontinuing Operations		-	-
Tax Expense Of Discontinuing Operations		-	-
Profit(Loss) From Discontinuing Operations (After Tax)		-	-
<b>Profit For The Period</b>		<b><u>3,03,41,328</u></b>	<b><u>2,44,23,190</u></b>
Earning Per Equity Share			
a. Basic		14	11
b. Diluted		14	11

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

**P. J. Mankad**  
Partner

Place: Mumbai  
Date: 26th May, 2012

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

For and on behalf of the Board

**J. C. Bhatia** *Managing Director*  
**C. G. Cholera** *Director*  
**C. J. Bhatia** *Executive Director*  
**B. V. Dholakia** *Director*  
**D. D. Kanitkar** *Director*

PARTICULARS	31-03-2012 Rupees	31-03-2011 Rupees
<b>NOTE 'A'</b>		
<b>SHARE CAPITAL</b>		
AUTHORISED		
40,00,000 (Last year 40,00,000) Equity shares of Rs. 10/- each	<u>4,00,00,000</u>	<u>4,00,00,000</u>
ISSUED, SUBSCRIBED & PAID UP		
Shares at the beginning and at the end of the accounting period 21,48,498 (L.Y. 21,48,498) Equity shares of Rs. 10/- Each (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>
<b>NOTE 'B'</b>		
<b>RESERVES AND SURPLUS</b>		
1. <b>General Reserve</b>		
At the beginning of the accounting period	2,00,00,000	1,50,00,000
Additions during the year	50,00,000	50,00,000
At the end of the accounting period	<u>2,50,00,000</u>	<u>2,00,00,000</u>
2. <b>Securities Premium Account</b>		
At the beginning of the accounting period	4,49,43,418	4,49,43,418
Additions during the year	-	-
At the end of the accounting period	<u>4,49,43,418</u>	<u>4,49,43,418</u>
3. <b>Surplus</b>		
At the beginning of the accounting period	1,85,83,073	54,23,225
Additions during the year (Balance in Statement of Profit & Loss)	3,03,41,328	2,44,23,190
Allocations & Appropriations		
Dividend	64,45,494	53,71,245
Tax on Dividend	10,45,620	8,92,097
Bonus Shares Issued	-	-
Transfer to/from Reserves	50,00,000	50,00,000
At the end of the accounting period	<u>3,64,33,287</u>	<u>1,85,83,073</u>
4. Capital Reserve	29,06,317	29,06,317
5. Central / State Govt. Subsidy	18,41,597	18,41,597
Grand Total	<u>11,11,24,619</u>	<u>8,82,74,405</u>
<b>NOTE 'C'</b>		
<b>LONG TERM BORROWINGS</b>		
1. <b>Unsecured Long Term Borrowings:</b>		
Loans from Directors	-	-
Fixed Deposit from Public	55,47,000	50,63,000
Fixed Deposit from Shareholder	36,62,000	55,64,000
2. <b>From Kotak Mahindra Bank</b>		
Term Loan Secured against hypothecation of car and Guaranteed by the Director of the company	-	3,55,406
	<u>92,09,000</u>	<u>1,09,82,406</u>

PARTICULARS	31-03-2012 Rupees	31-03-2011 Rupees
<b>NOTE 'D'</b>		
<b>OTHER LONG-TERM LIABILITIES</b>		
Security Deposits from Distributors	6,40,000	6,40,000
Car Deposit from Employees	74,360	74,360
	<u>7,14,360</u>	<u>7,14,360</u>
<b>NOTE 'E'</b>		
<b>LONG-TERM PROVISIONS</b>		
Provision for Leave Encashment	17,59,711	15,21,145
	<u>17,59,711</u>	<u>15,21,145</u>
<b>NOTE 'F'</b>		
<b>CURRENT LIABILITIES</b>		
<b>Short-Term Borrowings:</b>		
1. <b>Secured Loans from Banks</b>		
From State bank of India - Cash Credit (Secured against hypothecation of Stock & Book-debts)	80,12,519	1,36,95,094
2. <b>From State Bank of India - Term Loan</b> (Secured against hypthecation of Machinery)	43,57,904	-
	<u>1,23,70,423</u>	<u>1,36,95,094</u>
<b>NOTE 'G'</b>		
<b>TRADE PAYABLES</b>		
Sundry Creditors	2,71,17,099	3,13,78,730
Advance from parties-interest free	16,34,532	17,48,162
	<u>2,87,51,631</u>	<u>3,31,26,892</u>
<b>NOTE 'H'</b>		
<b>OTHER CURRENT LIABILITIES</b>		
1. Current maturities of long term debts	3,55,406	3,94,352
2. Unsecured fixed Deposit from Public	74,74,000	18,65,000
3. Unsecured Fixed Deposit from Shareholder	22,89,000	50,05,000
4. Interest accrued but not due on borrowings	8,83,223	6,59,129
5. Unpaid Dividends	14,03,191	7,26,507
6. Duties & Taxes	24,13,837	69,46,866
7. Current Year Taxes Payable (Net of Advance Tax)	4,72,532	(6,47,475)
	<u>1,52,91,189</u>	<u>1,49,49,379</u>
<b>NOTE 'I'</b>		
<b>SHORT-TERM PROVISIONS</b>		
1. Provisions for Expenses	49,67,406	39,97,725
2. Provision for Proposed Dividend	64,45,494	53,71,245
3. Provision for Tax on Dividend	10,45,620	8,92,097
	<u>1,24,58,520</u>	<u>1,02,61,067</u>

**NOTE 'J'**
**i) TANGIBLE ASSETS**

Items	GROSS BOLCK				DEPRECIATION				NET BLOCK	
	Opening Balance 01-04-2011 Rupees	Additions Rupees	Sales/ Disposal/ Transfer Rupees	Closing Balance 31-03-2012 Rupees	Opening Balance 01-04-2011 Rupees	Depreciation during the year Rupees	Deduc- -tion Rupees	Depreciation up to 31-03-2012 Rupees	Closing Balance 31-03-2012 Rupees	Closing Balance 31-03-2011 Rupees
Leasehold Land	352174	-	-	352174	118822	3557	-	122379	229795	233352
Buildings	11871245	2064100	-	13935345	7725831	405456	-	8131287	5804058	4145414
Plant & Machinery and Electrical Fittings	46468680	8538928	144954	54862654	37897688	2078963	107836	39868815	14993839	8570992
Data Process Equipment	3422878	110803	-	3533681	2250147	336971	-	2587118	946563	1172731
Furniture Fixture & Office Equipment	4081352	105269	413332	3773289	3617163	140503	389160	3368506	404783	464189
Vehicles	3325182	768348	685806	3407724	1536256	330917	595289	1271884	2135840	1788926
<b>TOTAL</b>	<b>69521511</b>	<b>11587448</b>	<b>1244092</b>	<b>79864867</b>	<b>53145907</b>	<b>3296367</b>	<b>1092285</b>	<b>55349989</b>	<b>24514878</b>	<b>16375604</b>

**ii) INTANGIBLE ASSETS**

Items	GROSS BOLCK				DEPRECIATION				NET BLOCK	
	Opening Balance 01-04-2011 Rupees	Additions Rupees	Sales/ Disposal/ Transfer Rupees	Closing Balance 31-03-2012 Rupees	Opening Balance 01-04-2011 Rupees	Depreciation during the year Rupees	Deduc- -tion Rupees	Depreciation up to 31-03-2012 Rupees	Closing Balance 31-03-2012 Rupees	Closing Balance 31-03-2011 Rupees
Technical Knowhow	1104019	1022934	-	2126953	175118	425391	-	600509	1526444	928901
<b>TOTAL</b>	<b>1104019</b>	<b>1022934</b>	<b>-</b>	<b>2126953</b>	<b>175118</b>	<b>425391</b>	<b>-</b>	<b>600509</b>	<b>1526444</b>	<b>928901</b>

**iii) CAPITAL WORK-IN-PROGRESS**

Machinery under installation	1621986	209828	1621986	209828	-	-	-	-	209828	1621986
<b>TOTAL</b>	<b>1621986</b>	<b>209828</b>	<b>1621986</b>	<b>209828</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>209828</b>	<b>1621986</b>
PREVIOUS YEAR	65407369	7809529	969382	72247516	51119988	2614447	413410	53321025	18926491	14287381

**PARTICULARS**
**31-03-2012**  
**Rupees**
**31-03-2011**  
**Rupees**
**NOTE 'K'**
**NON CURRENT INVESTMENT**
**Non Current Investment:**
**A Unquoted - Trade - Long Term**

- |  |               |        |
|--|---------------|--------|
| 1. In Government Securities - National Saving Certificates           | <b>12,000</b> | 12,000 |
| 2. Others - 1581 Equity Shares of Bharuch Enviro Infrastructure Ltd. | <b>15,750</b> | 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 (Market value Rs. 3,49,650/-) | <b>1,75,000</b> | 1,75,000  |
| 2. 20,000 Nos of SBI Infrastructure Fund (Market value Rs. 1,56,200/-)  | <b>2,00,000</b> | 2,00,000, |

**4,02,750**
**4,02,750**

PARTICULARS	31-03-2012 Rupees	31-03-2011 Rupees
<b>NOTE 'L'</b>		
<b>LONG TERM LOAN AND ADVANCES</b>		
Security Deposits (Unsecured considered good unless otherwise stated)	48,38,044	26,89,135
	<u>48,38,044</u>	<u>26,89,135</u>
<b>NOTE 'M'</b>		
<b>CURRENT ASSETS</b>		
<b>Inventories</b>		
(As taken, valued & certified by the Management)		
1. Raw materials	2,95,53,586	2,54,34,467
2. Work in Process	6,88,20,541	4,42,79,371
3. Finished Goods	1,21,09,619	1,24,91,493
4. Stores, Spares & Loose Tools	1,58,52,377	1,00,92,352
5. Goods In-transit	7,16,212	2,39,11,760
	<u>12,70,52,335</u>	<u>11,62,09,443</u>
<b>NOTE 'N'</b>		
<b>TRADE RECEIVABLES</b>		
(Unsecured considered good unless otherwise stated)		
1. Debts outstanding for a period exceeding six months from the dates they are due	19,34,951	14,80,247
2. Other Debts	3,97,35,314	2,63,40,449
	<u>4,16,70,265</u>	<u>2,78,20,696</u>
<b>NOTE 'O'</b>		
<b>CASH &amp; CASH EQUIVALENTS</b>		
a. <b>Balance with Banks</b>		
– In Fixed Deposits		
Earmarked balance with Banks held as Margin Money against Borrowings and other commitments	25,16,000	35,46,000
– Maturity with less than 12 months	–	1,50,00,000
– In Current Accounts	67,00,090	36,33,518
b. <b>Cash on hand</b>	47,714	70,441
	<u>92,63,804</u>	<u>2,22,49,959</u>
<b>NOTE 'P'</b>		
<b>SHORT TERM LOANS &amp; ADVANCES</b>		
(Unsecured considered good unless otherwise stated)		
Advances Recoverable in cash or kind for the value to be received		
1. Advance to Parties	2,96,566	29,79,883
2. Recievable / Recoverable from Revenue Authorities	27,24,759	18,84,765
3. Advance to Employee	53,583	99,816
	<u>30,74,908</u>	<u>49,64,464</u>
<b>NOTE 'Q'</b>		
<b>OTHER CURRENT ASSETS</b>		
1. Prepaid Expenses	8,78,757	13,42,631
2. Tender Deposits	25,000	46,500
3. Interest Accrued But not received	1,91,127	1,21,449
4. Insurance premium recoverable	33,322	29,210
	<u>11,28,206</u>	<u>15,39,790</u>

**ADDITIONAL NOTES TO AND FORMING PART OF BALANCE SHEET AS AT 31-03-2012**

	31-03-2012 Rupees	31-03-2011 Rupees
<b>Contingent Liabilities And Commitments</b>		
(To the extent not provided for)		
i	Contingent Liabilities	
(a)	15,40,388	21,15,000
(b)	1,62,24,412	2,03,82,673
(c)	Nil	Nil
ii	Commitments	
(a)	4,42,499	28,43,813
(b)	Nil	Nil
(c)	Nil	Nil
iii	The amount of Dividends proposed to be distributed to Equity Shareholders for the period, amount per Equity Shares	
	3	2.50
iv	Issue Of Securities For Specific Purpose	
	Nil	Nil
v	Detail of any assets other than Fixed Assets and Non-Current Investments which do not have a value on realisation in the ordinary course of business at least equal to the amount at which they are stated	
	Nil	Nil

**ADDITIONAL INFORMATIONS-NOTES TO AND FORMING PART OF BALANCE SHEET AS AT 31-03-2012**

	31-03-2012 Rupees	31-03-2011 Rupees
A	Share Capital:	
1.	29,50,000	29,50,000
	Includes 2,95,000 Equity Shares Allotted as fully paid up by way of bonus shares of Rs. 10 each	
2.	14,35,160	Nil
	Shares in the company held by each shareholder holding more than 5 percent shares. Equity shares in Nos. of Rs10/- each; Pragya Equities Pvt Ltd. (1,43,516 Equity Shares)	
B	Long Term Borrowings	
1.	43,57,904	Nil
	Term loan facilities availed from State Bank of India is secured against Plant and Machinery. Company's Immovable Properties form part of The collecteral Security and The Directors have given their personal Guarantee for the same. Loan is repayable in Equal Monthly, Twelve Months instalments of Rs. 3,63,636/-excluding interest	
2.	3,55,406	3,94,352
	Term Loan facilities availed from Kotak Mahindra Bank is secured against Car and Director has given his Personal Guarantee for the same loan is Repayable in equal monthly, Ten months Instalments of Rs. 36,955/-including interest	
3.	Nil	Nil
	Loans from Directors	
C	Short-Term Borrowings:	
1.	80,12,519	1,36,95,094
	Cash Credit facilities availed from State Bank of India Is Secured against hypothecation of Inventories & book-debts Company's immovable properties form part of The Collecteral security and The Directors have given their Personal Guarantee for the same. Loan is repayable on demand.	



PARTICULARS	31-03-2012 Rupees	31-03-2011 Rupees
<b>NOTE 'PL-1'</b>		
<b>Revenue From Operations</b>		
a Sale of Products (Net of Returns, Discount etc.)	33,08,33,899	27,47,47,318
b Other Operating Revenues	13,551	-
	<u>33,08,47,450</u>	<u>27,47,47,318</u>
c Less: Excise Duty	2,98,76,335	2,44,45,989
Net Revenue From Operations	<u>30,09,71,115</u>	<u>25,03,01,329</u>
<b>NOTE 'PL-2'</b>		
<b>OTHER INCOME</b>		
Interest Income (Tds Rs. 33,163/-)	3,20,849	2,94,895
Dividend Income	19,081	14,181
Profit on Sale of Assets	9,483	-
	<u>3,49,413</u>	<u>3,09,076</u>
<b>NOTE 'PL-3'</b>		
<b>COST OF MATERIALS CONSUMED</b>		
Purchases Raw-Materials	21,18,39,318	15,40,43,069
Add: Opening Balance of Stock	2,54,34,467	2,51,92,792
	<u>23,72,73,785</u>	<u>17,92,35,861</u>
Less: Closing Balance of Stock	2,95,53,586	2,54,34,467
Consumption of Materials	<u>20,77,20,199</u>	<u>15,38,01,394</u>
<b>NOTE 'PL-4'</b>		
<b>CHANGES IN INVENTORIES</b>		
Finished Goods		
At the beginning of the Accounting Period	1,24,91,493	92,81,093
At the end of the Accounting Period	1,21,09,619	1,24,91,493
	<u>3,81,874</u>	<u>(32,10,400)</u>
Work-In-Progress		
At the beginning of the Accounting Period	4,42,79,371	4,15,84,631
At the end of the Accounting Period	6,88,20,541	4,42,79,371
	<u>(2,45,41,170)</u>	<u>(26,94,740)</u>
GRAND TOTAL	<u>(2,41,59,296)</u>	<u>(59,05,140)</u>
<b>NOTE 'PL-5'</b>		
<b>Employee Benefits Expense</b>		
A Salary And Wages		
1 Factory Wages	1,16,74,634	1,07,09,996
2 Office Staff Salary	67,10,217	56,96,402
3 Marketing Staff Salary & Incentives	33,15,951	28,69,685
4 Directors remuneration	27,46,034	21,62,374
B Contribution to Provident & Other Funds		
1 Contribution to Provident Fund	16,65,440	14,35,213
2 Contribution to Employees State Insurance Fund	6,09,233	5,41,180
3 Contribution to Other Funds	1,110	1,095
4 Contribution to Gratuity Fund	9,00,889	7,99,865
5 Contribution to Super Annuation Fund	7,93,639	5,39,155
6 Provident Fund Arrears	1,64,805	-
C Other Expenses		
1 Workers & Staff Welfare	13,77,972	12,44,280
2 Bonus & Exgratia	9,55,436	9,18,749
3 Leave With Wages	5,41,366	3,47,903
4 Perquisites to Employee	7,25,677	10,41,208
	<u>3,21,82,403</u>	<u>2,83,07,105</u>

PARTICULARS	31-03-2012 Rupees	31-03-2011 Rupees
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### NOTE 'PL-6'

#### FINANCIAL COSTS

a Interest Expense		
1 Interest to Bank	8,02,381	9,68,492
2 Interest to Depositors	23,24,672	19,58,135
3 Interest to Bank On Vehicle Loan	49,108	87,019
4 Interest to Bank On Term Loan	7,55,460	-
5 Interest on TDS & Other Taxes	15,905	3,332
b Bank Charges	4,73,886	5,70,151
	<u>44,21,412</u>	<u>35,87,129</u>

### NOTE 'PL-7'

#### OTHER EXPENSES

A Manufacturing Expense		
Consumption of Stores And Spare Parts		
1 Opening Stock	1,00,92,352	72,18,393
2 Add:Purchases	1,10,54,267	97,65,739
	<u>2,11,46,619</u>	<u>1,69,84,132</u>
3 Less:Closing Stock	1,58,52,377	1,00,92,352
	<u>52,94,242</u>	<u>68,91,780</u>
4 Freight Inward	1,32,299	1,18,687
5 Power & Fuel	1,04,57,448	87,86,572
6 Grinding Charges	9,723	3,700
7 Water Charges	1,83,382	1,86,832
8 Repair to Machinery	9,88,092	5,59,675
	<u>1,70,65,186</u>	<u>1,65,47,246</u>
B Administartive Expense		
1 Car Hire Expenses	2,43,486	2,29,500
2 Festival Celebration Expenses	92,399	74,683
3 Donation	16,400	700
4 Subscription/Membership Fees	1,23,241	47,654
5 Electricity Expenses	34,253	25,050
6 Rates & Taxes	7,01,560	3,93,932
7 General Expenses	3,91,067	2,42,543
8 Rent	9,21,668	8,14,515
9 Insurance	2,90,356	3,10,571
10 Legal Expenses	2,23,355	60,276
11 Recruitment Expenses	11,000	-
12 News Paper & Periodicals	67,050	73,084
13 Payment to The Auditors	1,09,762	63,565
14 Postage Telephone & Courier Expenses	4,73,268	5,29,691
15 Professional Charges	23,26,370	23,44,159
16 Printing & Stationery	4,99,067	5,00,070
17 Repair to Buildings	4,85,354	4,87,347
18 Repair & Maintenance (General)	1,22,767	1,30,651
19 Loss on Impairment Assets	61,290	59,691
20 Security Guard Expenses	8,54,168	7,75,261
21 Vehicle Running Expenses	1,47,647	1,25,341
22 Directors Commission	4,83,508	4,00,901
23 Directors Sitting Fee	85,000	70,000
	<u>87,64,036</u>	<u>77,59,185</u>

PARTICULARS	31-03-2012 Rupees	31-03-2011 Rupees
C Selling & Distribution Expense		
1 Advertisement Expenses	97,180	1,18,934
2 Bad Debts	-	52,697
3 Conference Expenses	17,067	22,578
4 Freight & Cartage(Outward)	13,36,754	13,11,617
5 Dr./Cr. Balance W/Off	8,748	1,947
6 Sales Commission & Incentives	6,65,505	6,23,310
7 Turn Over / Cash Discount	5,71,844	8,11,458
8 Sales Tax / Gvat Tax Expenses	12,12,148	5,85,528
9 Octroi	4,21,502	2,57,180
10 Packing Material	14,16,922	13,35,531
11 Sales Promotion	1,54,385	97,151
12 Travelling Expenses	7,74,462	13,05,094
13 Marketing Staff Tour Expenses	56,324	69,064
	<u>67,32,841</u>	<u>65,92,089</u>
GRAND TOTAL	<u>3,25,62,063</u>	<u>3,08,98,520</u>

#### ADDITIONAL INFORMATIONS TO AND FORMING PART OF STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31-03-2012

Sr. No.	Particulars	31-03-2012 Rupees	31-03-2011 Rupees
1.	Payment To The Auditors As Auditor	50,000	50,000
	For Taxation Matters	30,000	-
	For Company Law Matters	-	-
	For Management Services	10,000	-
	For Other Services	5,000	5,000
	For Reimbursement Of Expenses	14,762	13,565
	Total	<u>1,09,762</u>	<u>68,565</u>
2	Value Of Imports Calculated On C.I.F Basis By The Company During The Financial Year In Respect of		
	I Raw Materials	73,842,576	10,93,79,191
	II Components And Spare Parts	1,223,321	3,96,377
	III Capital Goods	4,017,104	-
	Total	<u>7,90,83,001</u>	<u>10,97,75,568</u>
3	Expenditure In Foreign Currency During The Financial Year On Account of		
	Book & Periodicals	11,756	13,337
	Membership Fees	86,791	-
	Foreign Travelling	97,050	305,872
	Fees And Taxes	-	-
	Total	<u>1,95,597</u>	<u>3,19,209</u>

Sr. No.	Particulars	31-03-2012 Rupees	31-03-2011 Rupees
4	Break Up Of Consumption		
I	Raw Materials		
	Total Consumption	20,77,20,199	15,38,01,395
	Indigenous	11,88,44,947	3,08,10,680
	%	57.21	20.03
	Imported	8,88,75,252	12,29,90,715
	%	42.79	79.97
II	Spare Parts And Components		
	Total Consumption	52,94,242	68,91,780
	Indigenous	46,43,037	62,46,457
	%	87.70	90.64
	Imported	6,51,205	6,45,323
	%	12.30	9.36
5	The Amount Remitted During The Year In Foreign Currencies On Account of Dividends	-	-
6	Earning In Foreign Exchange		
I	Export Of Goods On FOB Basis	39,20,465	30,86,274
II	Royalty, Knowhow, Professional And Consultancy Fees	-	-
III	Interest and Dividends	-	-
IV	Other Income	-	-
	<b>TOTAL</b>	<b>39,20,465</b>	<b>30,86,274</b>
7	Consumption of Raw Materials		
a	Cobalt	1,62,13,893	1,53,23,970
b	Tanbc	49,38,365	35,93,503
c	Tungsten Carbide Powder	2,16,39,508	1,55,34,912
d	Blue Tungsten Oxide	4,12,33,471	8,57,77,228
e	Fused Tungsten Carbide Powder	36,78,172	40,40,799
f	Ammonia Para Tungstate	4,28,90,395	83,68,724
g	Yellow Tungsten Oxide	3,54,81,021	19,47,700
h	Cemented Carbides	3,19,19,185	1,42,29,000
i	Others	97,26,189	49,85,559
		<b>20,77,20,199</b>	<b>15,38,01,395</b>
8	Turnover		
	Tungsten & Tungsten Carbide Products		
a	Manufactured		
i)	Sintered	25,85,40,211	21,84,81,252
ii)	Intermediary Product	7,13,94,175	5,55,00,466
b	Purchased		
i)	Resale Of Raw Material	8,99,513	7,65,600
		<b>33,08,33,899</b>	<b>27,47,47,318</b>
9	Opening/Closing Stock		
	Tungsten & Tungsten Carbide Products		
a	Manufactured	1,21,09,619	1,24,91,493
b	Purchased	Nil	Nil
		<b>1,21,09,619</b>	<b>1,24,91,493</b>

## 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.

### 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

Valued at cost incurred till the stage of completion as determined by the Management. In respect of sintered T.C.(scrape) 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 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 amounting to Rs. 49,78,888/- 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 Actual 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 an 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 an 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 result of past events that probably required and 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 be required 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.

## NOTES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED 31-03-2012

1. 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.
2. We have relied on the management representation in respect of determining reuse / sale of T.C. scrap, worn out Cylpebs & acceptance of rejection claims.
3. Exchange difference amounting to Rs. 17,80,879/- (P.Y. Rs. 8,50,659/-) has been adjusted in the cost of corresponding raw materials/consumables purchased and Rs Nil (P.Y. Rs. 297/-) has been adjusted in export sales.
4. 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. Nil at the year end (P.Y. Rs. 6601/-).
5. Provision for taxation has been made during the year as per completed Income Tax Assessment of the Company.
6. Earning per share:

	<b>31-03-2012</b>	31-03-2011
Face Value per share	<b>Rs. 10/-</b>	Rs. 10/-
Net Profit after tax	<b>3,03,41,328</b>	2,44,23,190
Number of Shares used in Computation earning per share	<b>21,48,498</b>	21,48,498
Earning per share: Basic	<b>14</b>	11
Earning per share: Diluted	<b>14</b>	11

7. 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:

	<b>2011-12</b>	2010-11
	<b>Rupees</b>	Rupees
a) Sales & Services		
Within India	<b>32,66,30,253</b>	27,13,40,195
Outside India	<b>42,17,197</b>	34,07,123
	<b>33,08,47,450</b>	27,47,47,318
b) Other Income		
Within India	<b>3,49,413</b>	3,09,076
Outside India	<b>Nil</b>	Nil
Total	<b>3,49,413</b>	3,09,076

8. Disclosure requirement as per AS -18 "Related Party Disclosure" issued by Institute of Chartered Accountant of India".

	<b>2011-12</b>	2010-11
	<b>Rupees</b>	Rupees
i) Key Management Persons:- Shri. J.C. Bhatia, Managing Director Shri. C.J. Bhatia, Executive Director		
ii) Transaction with Key Management Persons		
(a) Key Management Person Remuneration - Shri. J.C. Bhatia	<b>18,38,771</b>	13,71,666
(b) Management Person Remuneration - Shri. C.J. Bhatia	<b>11,09,063</b>	9,50,908
(c) Rent to Shri. C.J. Bhatia for Bombay Sales Office	<b>2,33,280</b>	2,16,360

9. Deferred tax components are as under:

	<b>2011-12</b>	2010-11
	<b>Rupees</b>	Rupees
i) Depreciation	<b>5,17,030</b>	(207,000)
ii) Other	<b>-</b>	-
Total	<b>5,17,030</b>	(2,07,000)

**10. Contingent Liabilities:**

- I. Company's Income Tax Assessments have been completed up to the Assessment year 2009-2010. In the opinion of the management, provision made in books is sufficient to cover liabilities in respect of pending assessments.
- II. Company's Sales Tax Assessments have been completed up to the Assessment year 2008-09.
- III. Show Cause Notices/Demands for Excise/Customs duty claims raised by Department and contested by the Company are Rs.15.40 lacs (Rs.21.15 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.
- IV. Gratuity payable as per revised accounting standard & actuarial valuation submitted by LIC of India amounting to Rs. 49,78,888/- (P.Y. Rs. 43,82,523/-) 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:

(a) Withdrawal Rate	:	1% to 3% depending on age
Discounting Rate	:	8% p.a.
Salary Escalation	:	7% p.a.
(b) Accrued Gratuity	:	1,11,51,715/-
Fund value as on	:	<u>61,72,827/-</u>
Net Unfunded Gratuity Liability	:	<u>49,78,888/-</u>
(c) Defined Benefit obligation plan		
Opening Balance	:	51,82,788/-
Add : Amount credited during the year	:	9,10,270/-
Less : Amount paid during the year	:	3,99,639/-
Add : Interest credited during the year	:	<u>4,79,408/-</u>
Closing Balance	:	<u>61,72,827/-</u>
(d) Present value of past defined obligation plan	:	1,04,58,155/-

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

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

**P.J. Mankad**  
 Partner

Place : Mumbai  
 Date : 26th May, 2012

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

For and on behalf of the Board

**J.C. Bhatia** Managing Director

**C.G. Cholera** Director

**C.J. Bhatia** Executive Director

**B.V. Dholakia** Director

**D.D. Kanitkar** Director

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2012 IN ACCORDANCE WITH THE REQUIREMENT UNDER CLAUSE 32 OF THE LISTING AGREEMENT WITH THE STOCK EXCHANGE.**

	(Rupees in lacs)	
	Year ended 31-03-2012	Year ended 31-03-2011
A. Cash flow from operating activities		
Net Profit before tax and extraordinary items	448.72	373.07
Adjustment for:		
Depreciation	37.22	26.14
Loss on Sale of Fixed Assets / Impairment (Net)	0.51	0.60
Interest (Net)	<u>36.27</u>	<u>27.22</u>
	<b>74.00</b>	<b>53.96</b>
Operating Profit before working capital charges	<b>522.72</b>	427.03
Adjustments for:		
Trade and Other Receivables	(246.42)	(201.89)
Inventories	(108.42)	(329.33)
Trade Payables	<u>64.94</u>	<u>436.31</u>
	<b>(289.90)</b>	<b>(94.91)</b>
Cash Generated from Operation	<b>232.82</b>	332.12
Interest Paid	(39.47)	(30.17)
Direct Tax Paid	(137.00)	(122.14)
Dividend & Distribution Tax	<u>(74.91)</u>	<u>(62.63)</u>
	<b>(251.38)</b>	<b>(214.94)</b>
Extraordinary Items	<b>(18.56)</b>	117.18
Extraordinary Items	<b>(1.07)</b>	<b>(3.64)</b>
Net Cash from Operating Activities	<b>(19.63)</b>	113.54
B. Cash Flow from Investing Activities		
Purchase of Fixed Assets	(111.98)	(73.14)
Sale of Fixed Assets	1.00	-
Interest Received	<u>3.21</u>	<u>2.95</u>
Net Cash used in Investing Activities	<b>(107.77)</b>	(70.19)
C. Cash Flow from Financing Activities		
Proceeds from Bank Borrowings	(56.84)	(68.27)
Repayment of Long term Borrowings	39.63	(4.69)
Proceeds from Short term Borrowings	<u>14.75</u>	<u>28.79</u>
Net Cash used in Financing Activities	<b>(2.46)</b>	<b>(44.17)</b>
Net Changes in Cash and Cash Equivalents (A+B+C)	<b>(129.86)</b>	<b>(0.82)</b>
Cash and Cash Equivalents as at 01-04-2011 (Opening Balance)	<b>222.50</b>	223.32
Cash and Cash Equivalents as at 31-03-2012 (Closing Balance)	<b>92.64</b>	<b>222.50</b>
	<b>129.86</b>	<b>0.82</b>

By Order of the Board of Directors

Place: Mumbai  
Date: 26th May, 2012

**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 35th Annual General  
Meeting of the Company to be held on Saturday, 22nd September, 2012 and at any adjournment thereof.

Signed at \_\_\_\_\_ this \_\_\_\_\_ day of \_\_\_\_\_ 2012.



Affix  
Re.1/-  
Revenue  
Stamp

FOLIO NO: \_\_\_\_\_

DP ID/Client ID No: \_\_\_\_\_

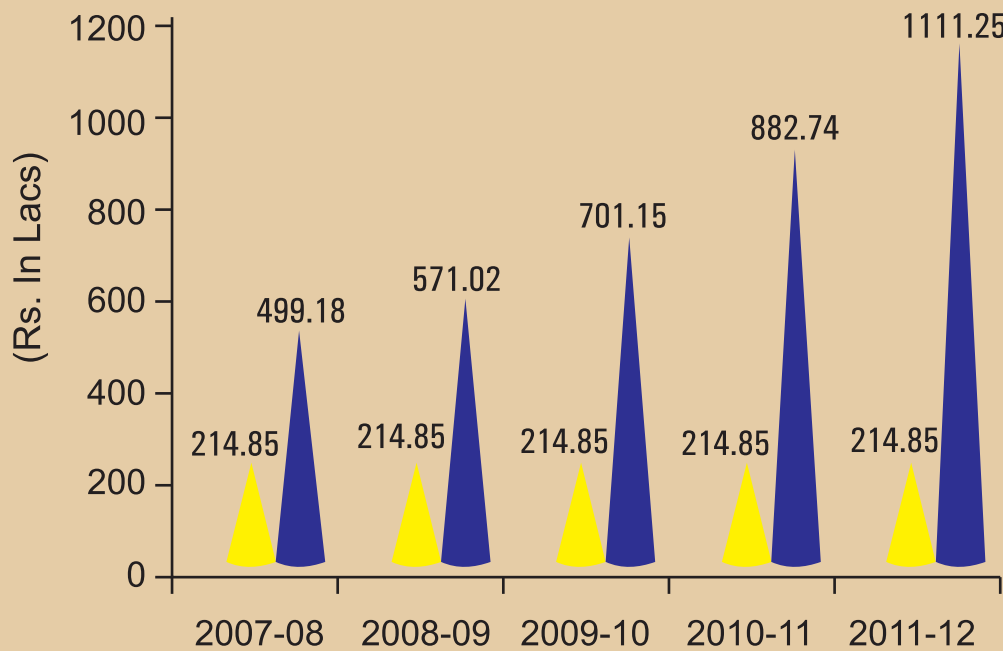
**Notes:**

- [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.

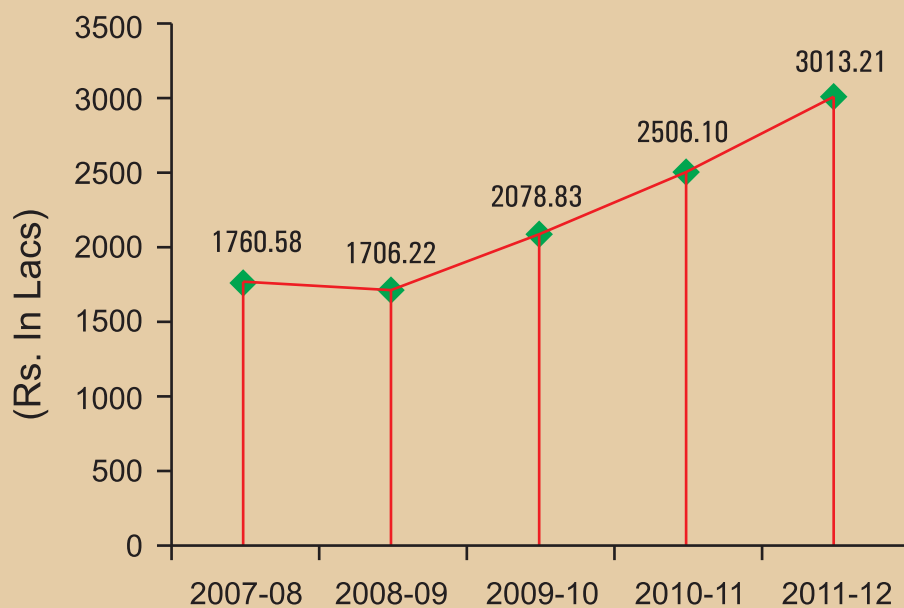


## Growth in Networth/Shareholder's Fund

■ Paid up Equity ■ Reserves & Surplus



## Growth in Sales & Other Income



**Sales & Other Income**

BOOK POST  
To,

From:

If undelivered please return to :

**RAPICUT CARBIDES LIMITED**

Registered Office:

Plot No. 119, GIDC,

Ankleshwar - 393 002.

