

Rapicut

33

THIRTY THIRD
ANNUAL REPORT
2009-10

Rapicut Carbides Limited

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

Management Team

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

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

D. K. Shastri
Sr. Manager (Productions)

A. C. Gandhi
Sr. Manager (Productions)

Sanjay Kumar
Sr. Manager (Marketing)

Sr. Technical Consultant

P. A. Kale

Registrars & Share Transfer Agents

Sharex Dynamic (India) Pvt. Ltd.,
17/B, Dena Bank Building, 2nd Floor,
Horniman Circle, Fort,
Mumbai - 400 001.

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.

33rd ANNUAL REPORT

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NOTICE

Notice is hereby given that the THIRTYTHIRD ANNUAL GENERAL MEETING of the Members of RAPICUT CARBIDES LIMITED will be held on Saturday, 25th September, 2010, at 12.00 noon at Hotel Sadanand, Rajpipla Road, Ankleshwar-393002, Gujarat to transact the following business:

ORDINARY BUSINESS:

- 1) To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2010 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 31-03-2010.
- 3) To appoint a Director in place of Shri. J. C. Bhatia, who retires by rotation and being eligible, offers himself for reappointment.
- 4) To appoint a Director in place of Shri. L. M. Bijlani, 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.

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. The Register of Members and Share Transfer Books of the Company will be closed from Tuesday, 21st September, 2010 to Friday, 24th September, 2010 (both days inclusive).
3. 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.
4. The dividend as recommended by the Directors, if declared at the meeting, will be paid after 25th September, 2010 to those Members whose names appear on the Register of Members on 24th September, 2010 or to their mandatees.
5. 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 Registrars 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.
6. Pursuant to section 205A 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.

7. 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.
8. 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.
9. Members are requested to bring their copy of Annual Report to the Annual General Meeting.

Registered Office:
Plot No.119, GIDC,
Ankleshwar-393002.
Date: 30th July, 2010

By Order of the Board of Directors

J. C. Bhatia
Managing Director

DIRECTORS' REPORT

TO THE MEMBERS

Your Directors have pleasure in presenting the 33rd Annual Report and Audited Accounts of the Company for the financial year ended 31st March, 2010.

1. FINANCIAL RESULTS

	(Rs.in Lacs)	
	Year ended 31-03-2010	Year ended 31-03-2009
Sales and other income	2,236.57	1,917.92
Less : Excise Duty	157.74	(–) 211.70
Sales and Other Income (Net)	2,078.83	1,706.22
Profit before depreciation and tax (including deferred tax)	275.28	169.74
Profit after depreciation and tax	170.21	107.07
Add: Profit brought forward from previous year	24.11	2.27
Less: (i) Prior period adjustment	(–) 4.94	(–) 2.52
(ii) Short provision of tax for earlier years	6.18	(–) 2.55
Profit available for appropriation	195.55	104.27
Appropriations:		
Proposed Dividend	38.67	25.78
Tax on Proposed Dividend	6.57	4.38
Transfer to General Reserve	100.00	50.00
Profit carried to Balance Sheet	50.31	24.11

2. DIVIDEND

Your Directors are pleased to recommend a higher dividend of 18% for the year 2009-10. At this time your Company enjoys quite sound and stable financial health. But in determining the dividend pay-out your Directors have been guided by the resolve to pay dividend with focus on sustainable long term performance. If approved, the dividend will amount to Rs. 45.24 lacs including dividend distribution tax.

3. TRANSFER TO RESERVE

The Company proposes to transfer Rs. 100.00 Lacs to the General Reserve and an amount of Rs. 50.31 Lacs is proposed to be retained in the profit and loss account.

4. PERFORMANCE & PROSPECTS

The year 2009-10 must be regarded as a year of highly satisfactory performance on many counts, viz.

- The operating profit before tax increased by 70%, from Rs. 1.47 Crores to Rs. 2.50 Crores. The profit after tax increased by 59% from Rs. 1.07 Crores to Rs. 1.70 Crores.
- The Company's customer reach expanded significantly. Business from existing customers registered appreciable surge and a good number of new customers were added.
- At the close of 2009-10 the order book was extremely healthy, a clear indication that the year 2010-11 should carry the growth momentum with promising results.
- This is borne out by the 1st Quarter ended 30th June, 2010 results. Net sales at Rs. 5.59 Cores are higher by 31% and net profit at Rs. 63.00 Lacs is higher by 58% compared with corresponding figures for the same quarter of the previous year.

5. GROWTH CUM MODERNISATION PLANS

The Company has already drawn and initiated measures to expand capacity and widen the product spread. An investment plan of close to Rs. 3.00 Crores has been drawn for 2010-11 and 2011-12. New machinery already ordered will be one of the latest in performance features and result in highly cost effective output, while at the same time help achieve quantum jump in the capacity for producing Company's fast moving mining products.

The additions in equipment planned for 2011-12 will enable the Company to produce high value added finished tools and also achieve self-sufficiency in the production of such tools for captive consumption. Out of the said investment Rs. 1.75 Crores will be spent in 2010-11.

The said investments will be funded in part through bank term loans and partly from internal accruals.

6. DIRECTORS

Shri. J.C. Bhatia and Shri. L.M. Bijlani, retire by rotation 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, 2010 were, as desired by the depositors, either repaid or renewed.

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

The Management is continuing its focus on deriving benefits on a sustained basis from all the measures initiated in the past and new initiatives taken in the previous year viz:

CONSERVATION OF ENERGY:

Company has taken various measures to conserve energy in the energy intensive sections in the plant and these coupled with all the measures already taken by the Company in the past are yielding significant gains.

UPGRADATION OF TECHNOLOGY:

As mentioned in the earlier Reports, Company has put into practice several suggestions by experts to carry out refurbishing certain equipment by carrying out modifications leading to upgradation in a very significant manner. These measures have contributed to increase in productivity and measurable cost effectiveness.

FOREIGN EXCHANGE EARNINGS AND OUTGO:

	(Rs. in Lacs)	
	2009-2010	2008-2009
Foreign Exchange earned	37.60	17.22
Foreign Exchange outgo	1034.94	687.89

9. 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 were in receipt of remuneration of Rs.24 Lacs or more for 12 months.

10. 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, 2010 and the Profit for the year ended 31st March, 2010.
- 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.

11. 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.

12. 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.

13. HUMAN RESOURCES AND INDUSTRIAL RELATIONS

Your Directors are happy to report that the Company has maintained very cordial relations with its employees. The Company has recently signed new wage settlement for a period of 3 years in a mutually understanding atmosphere. This will bring about improvement in productivity wherever agreed. The Management is committed to nurturing human relations at all levels of its human resource talent.

14. ACKNOWLEDGEMENT

Your Directors 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: 30th July, 2010

L. M. Bijlani
Director

J. C. Bhatia
Managing Director

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 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 2010. 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 Six (6) times respectively on 28th April, 2009, 29th July, 2009, 26th September, 2009, 20th October, 2009, 28th January, 2010 and 22nd February, 2010 and the proceedings were recorded and signed in the Minutes Book maintained in loose leaf form for the purpose. The Company has not passed any resolution by circulation.
5. The Company has closed its Register of Members from 23rd September, 2009 to 25th September, 2009 (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, 2009 was held on 26th September, 2009, 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 1st October, 2009, 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 27th October, 2009.
 - (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 Section 269 read with Schedule XIII to the Act.
 16. The Company has not appointed any sole-selling agents during the financial year.
 17. The Company has obtained the approval of Hon'ble High Court of Gujarat, Ahmedabad in respect of Reduction of Capital and the same has been registered by the Registrar of Companies.
 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 issued 2,22,779 equity shares of Rs. 10 each against 7,44,898 partly paid equity shares in accordance with the Scheme of Capital Reduction sanctioned by the High Court of Gujarat, Ahmedabad 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 in respect of deposit accepted amounting to Rs. 93, 25, 000 /- raised by the Company during the year and the Company has filed copy of Statement in lieu of Advertisement as required with the Registrar of Companies, Ahmedabad, Gujarat on 1st October, 2009. The Company has also filed return of deposit with Registrar of Companies.
 24. The amount borrowed by the Company from Banks during the financial year ended 31st March, 2010 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.

Place: Mumbai
Date: 27th July, 2010

For **DHOLAKIA & ASSOCIATES**
(Company Secretaries)

(CS B. V. Dholakia)
Proprietor
C.P.No.507

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 Registrars 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, 2010.

i) With Registrar of Companies.

- | | |
|--|--|
| 1. Annual Accounts
(Form 23AC and 23 ACA) | U/s.220 of the Companies Act, 1956 as on 31st March, 2009 was filed on 12th October, 2009. |
| 2. Annual Return
(Form 20B) | U/s.159 of the Companies Act, 1956 as on 26th September, 2009 was filed on 20th November, 2009. |
| 3. Compliance Certificate
(Form 66) | U/s 383 A of the Companies Act, 1956 as on 26th September, 2009 was filed on 12th October, 2009. |
| 4. Form 23 | U/s 192 of the Companies Act, 1956 in respect of re-appointment of Mr. J. C. Bhatia, as Managing Director made by Board of Directors at their meeting held on 30th July, 2008 for a period of 5 years was filed on 2nd September, 2009. |
| 5. Form 32 | U/s 260 of the Companies Act, 1956 for Appointment of Mr. Chetan G. Cholera as an Additional Director with effect from 28th April, 2009 was filed on 18th May, 2009. |
| 6. Form 32 | U/s 260 of the Companies Act, 1956 for Appointment of Mr. Chandrashekhar J. Bhatia as an Additional Director with effect from 28th April, 2009 was filed on 18th May, 2009. |
| 7. Form 21 | U/s 103 of the Companies Act, 1956 for registering the order of the High Court of Gujarat, Ahmedabad for reduction of share capital dated 13th July, 2009 was filed on 30th July, 2009. |
| 8. Form 32 | U/s 303 of the Companies Act, 1956 was filed on 12th October, 2009 for change in designation of Mr. Chandrashekhar J. Bhatia and Mr. Chetan G. Cholera from Additional Directors to Directors with effect from 26th September, 2009. |
| 9. Form 23 | U/s 192 of the Companies Act, 1956 for registration of special Resolution passed at the Annual General Meeting held 26th September, 2009 approving the appointment of Mr. Chandrashekhar J. Bhatia as a Whole Time Director was filed on 12th October, 2009. |

10. Form 8	U/s. 135 of the Companies Act, 1956 in respect of modification of charges with State Bank of India with effect from 23rd July, 2009, was filed on 22nd August, 2009.
11. Form 8	U/s. 135 of the Companies Act, 1956 in respect of modification of charges with State Bank of India with effect from 9th December, 2009, was filed on 31st December, 2009.
12. Form 62	Return of deposits pursuant to rule 10 of the Companies (Acceptance of Deposits) Rules, 1975 for the year ended 31st March, 2009 was filed on 29th June, 2009.
13. Form 62	U/s 58 A of the Companies Act, 1956 was filed on 1st October, 2009 in respect of issue of Statement in Lieu of Advertisement.
14. Form 8	U/s. 135 of the Companies Act, 1956 in respect of modification of charges with State Bank of India with effect from 5th March, 2010 was filed on 23rd March, 2010.
15. Form 62	U/s 58 A of the Companies Act, 1956 in respect of issue of Statement in Lieu of Advertisement was filed on 5th May, 2009.
16. Form 25 C	U/s 269 (2) and Schedule XIII of the Companies Act, 1956 was filed on 25th August, 2009 for appointment of Shri. Chandrashekar J. Bhatia as a Whole Time Director for the period of 5 years w. e. f. 1st June, 2009.
ii) With Regional Director.	NIL
With Central Government or other authorities	NIL

For **DHOLAKIA & ASSOCIATES**
(Company Secretaries)

(CS B. V. Dholakia)
Proprietor
C.P.No.507

Place: Mumbai
Date: 27th July, 2010

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, 2010, 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, 2010, and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2010 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 as referred in Schedule - L, Note No. 8 regarding outstanding Sundry Debtors, 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, 2010;
 - 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

Place: Mumbai
Date: 30th July, 2010

P. J. Mankad
Partner
(Membership No. 036010)

**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, 2010 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	9.55

- 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

Place: Mumbai
Date: 30th July, 2010

P. J. Mankad
Partner
(Membership No. 036010)

BALANCE SHEET AS AT 31ST MARCH, 2010

PARTICULARS	Schedule	Rupees	31-03-2010 Rupees	31-03-2009 Rupees
I. SOURCES OF FUNDS				
1. SHAREHOLDERS' FUNDS				
a. Share Capital	A	2,14,84,980		2,14,84,982
b. Reserves & Surplus	B	6,97,22,679		5,71,02,292
			9,12,07,659	7,85,87,274
2. LOAN FUNDS				
a. Secured Loans	C	2,17,40,496		2,69,65,794
b. Unsecured Loans	D	1,46,19,000		1,18,93,000
			3,63,59,496	3,88,58,794
TOTAL			12,75,67,155	11,74,46,068
II. APPLICATION OF FUNDS				
1. FIXED ASSETS				
a. Gross Block	E	6,49,11,088		6,24,93,529
b. Less: Depreciation		5,11,19,988		4,93,04,605
c. Net Block		1,37,91,100		1,31,88,924
d. Capital Work in Progress		4,96,281		-
			1,42,87,381	1,31,88,924
2. INVESTMENTS	F		4,03,240	4,02,750
3. DEFERRED TAX ASSETS			5,13,148	4,92,225
4. CURRENT ASSETS, LOANS & ADVANCES				
a. Inventories		8,28,85,031		6,35,33,010
b. Sundry Debtors		2,14,24,096		2,77,95,189
c. Cash & Bank Balances		2,23,31,660		2,32,93,829
d. Loans & Advances		1,62,61,983		1,42,20,379
SUB TOTAL		14,29,02,770		12,88,42,407
LESS: CURRENT LIABILITIES & PROVISIONS				
a. Liabilities	H	1,42,99,841		1,29,48,875
b. Provisions		1,62,39,543		1,25,31,363
SUB TOTAL		3,05,39,384		2,54,80,238
NET CURRENT ASSETS			11,23,63,386	10,33,62,169
TOTAL			12,75,67,155	11,74,46,068

As per our Audit Report of even date

For D.N. SHUKLA & CO.

Chartered Accountants

P. J. Mankad
Partner

Place: Mumbai

Date: 30th July, 2010

For and on behalf of the Board

J. C. Bhatia *Managing Director*
L. M. Bijlani *Director*
C. G. Cholera *Director*
C. J. Bhatia *Executive Director*
A. R. Master
Asst. Vice-President (Finance)

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010

PARTICULARS	Schedule	31-03-2010 Rupees	31-03-2009 Rupees
INCOME	I		
Sales (Gross)		22,31,34,074	19,11,16,804
Less: Excise Duty		(1,57,74,418)	(2,11,70,314)
Sales (Net)		20,73,59,656	16,99,46,490
Other Income		5,23,366	6,75,480
		<u>20,78,83,022</u>	<u>17,06,21,970</u>
EXPENDITURE	J		
Cost of material consumed		12,87,69,441	10,36,00,933
Payment to Employees		2,54,55,408	2,30,27,576
Operating & Other expenses		2,34,23,401	2,20,23,894
Depreciation		25,28,224	22,39,490
		<u>18,01,76,474</u>	<u>15,08,91,893</u>
Interest			
- Fixed Loans		21,43,379	24,28,818
- Others		5,63,248	25,66,397
		<u>27,06,627</u>	<u>49,95,215</u>
TOTAL EXPENDITURE		<u>18,28,83,101</u>	<u>15,58,87,108</u>
OPERATING PROFIT BEFORE TAXATION		2,49,99,923	1,47,34,862
Deferred Tax (current year)		20,923	(3,13,253)
Provision for taxation		(80,00,000)	(35,50,000)
Provision for Fringe Benefit Tax		0	(1,65,000)
Net Profit after Taxation		1,70,20,844	1,07,06,609
Profit Brought Forward from previous year		24,10,963	2,26,715
Prior period Adjustments		(4,94,137)	(2,51,388)
Prior Years Tax Adjustments		6,18,220	(2,54,610)
PROFIT AVAILABLE FOR APPROPRIATION		<u>1,95,55,890</u>	<u>1,04,27,326</u>
APPROPRIATIONS:			
- Proposed Dividend		38,67,296	25,78,198
- Dividend Distribution Tax		6,57,247	4,38,165
- General Reserve		1,00,00,000	50,00,000
Profit carried to Balance Sheet		<u>50,31,347</u>	<u>24,10,963</u>
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

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

For and on behalf of the Board

J. C. Bhatia *Managing Director*
L. M. Bijlani *Director*
C. G. Cholera *Director*
C. J. Bhatia *Executive Director*

Place: Mumbai
Date: 30th July, 2010

SCHEDULE 'A' SHARE CAPITAL

PARTICULARS	31-03-2010 Rupees	31-03-2009 Rupees
AUTHORISED		
40,00,000 Equity shares of Rs. 10 each (Previous year 40,00,000 Nos.)	4,00,00,000	4,00,00,000
ISSUED, SUBSCRIBED & CALLED UP		
21,48,498 Equity shares of Rs. 10 each fully paid (P.Y.26,70,568 Equity shares) include:	2,14,84,980	2,67,05,680
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.		
Less: Calls in arrears (from other than Directors)	Nil	52,20,698
Paid up Capital	2,14,84,980	2,14,84,982
TOTAL	2,14,84,980	2,14,84,982

SCHEDULE 'B' RESERVES AND SURPLUS

PARTICULARS	31-03-2010 Rupees	31-03-2009 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	50,00,000	
Add: Transferred from Profit & Loss A/c	1,00,00,000	
	1,50,00,000	50,00,000
D. Capital Reserve Balance as per last Balance Sheet	29,06,314	
Add: Transferred from Share Capital A/c	3	
	29,06,317	29,06,314
E. Profit & Loss A/C	50,31,347	24,10,963
TOTAL	6,97,22,679	5,71,02,292

SCHEDULE 'C' SECURED LOANS

PARTICULARS	31-03-2010 Rupees	31-03-2009 Rupees
A. FROM STATE BANK OF INDIA Cash Credit	2,05,21,997	1,60,76,114
W.C.D.L	-	50,33,988
Term Loan – Corporate Loan (Secured by hypothecation of inventories and book-debts present and future, first charge over fixed assets & further secured by personal guarantee)	-	56,33,333
B. FROM ICICI BANK LTD. (Secured by hypothecation of specific Vehicle) (Repayment within one year Rs. 1,06,729/- P.Y. Rs. 1,15,630/-)	1,06,729	2,22,359
C. FROM KOTAK MAHINDRA PRIME (Secured by hypothecation of specific vehicle) (Repayment within one year Rs. 3,60,012/- P.Y. Rs. Nil)	11,11,770	-
TOTAL	2,17,40,496	2,69,65,794

SCHEDULE 'D' UNSECURED LOANS

PARTICULARS	31-03-2010 Rupees	31-03-2009 Rupees
A. Fixed Deposits	1,31,19,000	99,93,000
B. Other Loans & Deposits	15,00,000	19,00,000
TOTAL	1,46,19,000	1,18,93,000

SCHEDULE 'E' FIXED ASSETS

(Amount in Rupees)

PARTICULARS	31-03-2010 Rupees	31-03-2009 Rupees
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Sr. No.	Item	Gross Block				Depreciation				Net Block	
		Opening Balance 01-04-2009	Additions	Sales/ Disposal/ Transfers	Closing Balance 31-03-2010	Opening Balance as on 01-04-2009	During the Year	Deduction	Depreciation Up to 31-03-2010	Closing Balance 31-03-2010	Opening Balance 01-04-2009
1	Leasehold Land	3,52,174	–	–	3,52,174	1,11,708	3,557	–	1,15,265	2,36,909	2,40,466
2	Buildings	1,17,06,279	–	–	1,17,06,279	69,42,861	3,90,990	–	73,33,851	43,72,428	47,63,418
3	Plant & Machinery and Electrical Fitting	4,16,56,435	12,78,222	7,76,399	4,21,58,258	3,62,94,677	14,48,611	7,12,841	3,70,30,447	51,27,811	53,61,758
4	Data Process Equipments	29,37,166	3,23,337	–	32,60,503	15,14,810	3,10,620	–	18,25,430	14,35,073	14,22,356
5	Furniture Fixture & Office Equipments	40,45,295	63,397	–	41,08,692	34,29,026	1,65,605	–	35,94,631	5,14,061	6,16,269
6	Vehicles	17,96,179	15,29,003	–	33,25,182	10,11,523	2,08,841	–	12,20,364	21,04,818	7,84,656
		6,24,93,528	31,93,959	7,76,399	6,49,11,088	4,93,04,605	25,28,224	7,12,841	5,11,19,988	1,37,91,100	1,31,88,923
7	Capital work in Progress	–	4,96,281	–	4,96,281	–	–	–	–	4,96,281	–
	TOTAL	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	1,31,88,923
	PREVIOUS YEAR	6,70,14,882	30,59,289	75,80,643	6,24,93,528	5,39,87,195	22,39,490	69,22,080	4,93,04,605	1,31,88,923	1,30,27,687

SCHEDULE 'F' INVESTMENTS (AT COST)

PARTICULARS	31-03-2010 Rupees	31-03-2009 Rupees
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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	–
	4,03,240	4,02,750
Market Value of Quoted Shares	2,38,961	1,14,450
Market Value of Quoted SBI Infrastructure	2,05,800	1,79,000

SCHEDULE 'G' CURRENT ASSETS, LOANS AND ADVANCES

PARTICULARS	Rupees	31-03-2010 Rupees	31-03-2009 Rupees
A. CURRENT ASSETS			
1 Inventories (As certified by the Management, at cost or realisable value whichever is lower)			
a) Raw Materials	2,51,92,792		1,11,60,271
b) Consumables	72,18,393		76,20,006
c) Work - in - Progress	4,15,84,631		3,01,58,370
d) Finished Goods	88,89,215		1,43,94,363
		8,28,85,031	6,35,33,010
2 Sundry Debtors (Unsecured, considered good unless otherwise stated)			
a) Outstanding for more than 6 months	26,37,758		41,27,298
b) Other debts	1,87,86,338		2,36,67,891
		2,14,24,096	2,77,95,189
3 Cash and Bank Balances			
a) Cash in hand	33,431		42,704
b) Bank Balance (with Scheduled Banks)			
- In Current Account	34,69,746		45,83,933
- In Margin Money for LCs /BGs	38,28,483		36,67,192
- In Fixed Deposits	1,50,00,000		1,50,00,000
		2,23,31,660	2,32,93,829
B. LOANS AND ADVANCES (Unsecured considered good)			
1. Advance recoverable in cash or kind	8,53,376		17,02,848
2. Advance Income tax (including fringe benefit tax)	1,14,02,092		96,06,134
3. Deposit Paid	16,91,813		16,03,528
4. Advances with Excise & Other Authorities	23,14,702		13,07,869
		1,62,61,983	1,42,20,379
TOTAL		14,29,02,770	12,88,42,407

SCHEDULE 'H' CURRENT LIABILITIES AND PROVISIONS

PARTICULARS		31-03-2010 Rupees	31-03-2009 Rupees
A. CURRENT LIABILITIES			
1 Sundry Creditors for Goods and Services (Net) (Amount due to Small, Medium & Micro - Rs. Nil)		55,65,259	43,04,679
2 Other Liabilities		77,38,655	81,06,080
3 Unclaimed Dividend		4,10,784	1,74,223
4 Interest Accrued but not due		5,85,143	3,63,893
		1,42,99,841	1,29,48,875
B. PROVISIONS			
1 Provision for Taxation		1,15,50,000	92,00,000
2 Provision for Fringe Benefit Tax		1,65,000	3,15,000
3 Provision for Dividend		38,67,296	25,78,198
4 Provision for Dividend Distribution Tax		6,57,247	4,38,165
		1,62,39,543	1,25,31,363
TOTAL		3,05,39,384	2,54,80,238

SCHEDULE 'I' SALES AND OTHER INCOME

PARTICULARS	Rupees	31-03-2010 Rupees	31-03-2009 Rupees
A. SALES (Net of Returns, Discount, etc.)		22,31,34,074	19,11,16,804
B. OTHER INCOME			
1 Miscellaneous Income	2,20,425		4,28,573
2 Interest (TDS Rs. 35,854/- & P.Y. Rs. 52,173/-)	2,92,960		2,32,219
3 Profit on sale of Assets	-		4,526
4 Dividend Received	9,981		10,162
		5,23,366	6,75,480
TOTAL		22,36,57,440	19,17,92,284

SCHEDULE 'J' MANUFACTURING AND OTHER EXPENSES

PARTICULARS	Rupees	31-03-2010 Rupees	31-03-2009 Rupees
A. COST OF MATERIAL CONSUMED/ SOLD			
1 CONSUMPTION OF RAW MATERIALS			
Opening Stock	1,11,60,271		1,24,30,496
Add: Purchases (net of returns, discounts etc.)	13,96,42,883		9,97,06,949
	<u>15,08,03,154</u>		<u>11,21,37,445</u>
Less: Closing Stock	<u>2,51,92,792</u>	12,56,10,362	<u>1,11,60,271</u>
			10,09,77,174
2 CONSUMPTION OF STORES, CYLPEBS & SPARES			
Opening Stock	78,20,006		67,43,509
Add: Purchases (net of returns, discounts etc.)	84,78,579		87,63,172
	<u>1,62,98,585</u>		<u>1,55,06,681</u>
Less: Closing Stock	<u>72,18,393</u>		<u>78,20,006</u>
		90,80,192	76,86,675
3 (INCREASE) / DECREASE IN STOCK OF FINISHED GOODS & WIP			
Opening Stock			
i) Finished Goods	1,43,94,363		1,45,49,707
ii) Work-in-Progress	3,01,58,370		2,49,40,111
	<u>4,45,52,733</u>		<u>3,94,89,818</u>
Less: Closing Stock			
i) Finished Goods	88,89,215		1,43,94,363
ii) Work-in-Progress	4,15,84,631		3,01,58,370
	<u>5,04,73,846</u>		<u>4,45,52,733</u>
		(59,21,113)	<u>(50,62,915)</u>
TOTAL COST OF MATERIAL CONSUMED / SOLD		12,87,69,441	10,36,00,934
B. EXCISE DUTY		1,57,74,418	2,11,70,314
C. PAYMENT TO AND PROVISION FOR EMPLOYEES			
Salaries, Wages, Bonus etc.	1,95,74,437		1,75,86,402
Company's Contribution to PF/FPF etc.	28,07,760		26,50,547
Staff & Labour Welfare Expenses	<u>30,73,211</u>		<u>27,90,627</u>
		2,54,55,408	2,30,27,576
D. OPERATING AND OTHER EXPENSES			
Repairs to Buildings	4,32,863		9,84,918
Repairs to Machinery	11,50,168		12,14,167
Repairs to Other Assets	5,49,337		3,03,464
Power & Fuel	84,50,254		76,62,518
Rent	7,85,654		6,77,133
Rates & Taxes	3,80,028		2,92,296
Grinding Charges on Finished Goods	72,607		41,774
Insurance	3,14,244		2,97,433
Travelling & Conveyance	10,03,065		8,14,655
Postage & Telephone	4,92,734		4,48,193
Professional Charges	16,76,380		16,65,291
Miscellaneous Charges	10,34,613		9,58,059
Freight on Despatch	10,05,703		9,07,116
Bad Debts	7,38,041		11,99,573
Other Selling Expenses	29,58,587		21,01,731
Loss on Sale of Fixed Assets	4,009		-
Loss on Impairment of Assets	41,951		2,90,067
Bank Charges & Other Financial Cost	5,15,440		5,41,297
Security & Service Charges	7,13,357		5,64,646
Interest on unpaid call w/off	3,08,063		-
Water Charges	1,77,210		1,49,040
Commission Paid	<u>1,46,232</u>		<u>5,10,920</u>
		2,34,23,401	<u>2,20,23,894</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.(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 base 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.34,89,520/- during the year being contingent in nature.

III. 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. Provision has been made for payment 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 material is approved by Technical Services Department of the Company.

9. IMPAIRMENT OF ASSETS

The carrying amount of an asset are reviewed at each balance sheet date if there is any indication of impairment based on internal / external factors. And impairment loss will be recognised whenever the carrying amount of an asset 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 creates a provision when there is present obligation as 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 be required an out flow of resources or where a reliable estimate of the obligation cannot 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 2009-10

PARTICULARS	31-03-2010 Rupees	31-03-2009 Rupees
1 Managerial Remuneration under Section 198 of the Companies Act, 1956 to Managing Director & Executive Director*:		
i) Salary	12,80,000	7,20,000
ii) Contribution to PF / FPF	1,34,400	86,400
iii) Perquisites	5,49,337	3,71,932
(* Mr C J Bhatia became Executive Director W.E.F. 01.06.2009)	<u>19,63,737</u>	<u>11,78,332</u>
2. Computation of Net Profit in Accordance with Section 198 & 349 of the Companies Act, 1956: (In view of inadequate profit under section 198 & 349 of Companies Act, 1956, no commission was paid to Managerial Personnel, hence calculation is not given.)	-	-
3. Miscellaneous expenses include payment to:		
i) Auditors		
a) Audit Fees	50,000	50,000
b) Out of Pocket Expenses	7,975	11,331
c) Certification Work	5,000	5,000
ii) Directors		
a) Sitting fees	85,000	50,000
4. Expenditure in Foreign Currency:		
i) Value of imports on CIF basis		
a) Raw Materials	10,27,49,461	6,73,20,388
b) General Stores/Consumables	5,67,204	14,68,912
ii) Travelling	1,18,628	-
iii) Advertisement	59,257	-
5. Earning In Foreign Currency: FOB value of exports	37,60,165	17,22,081

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.	Kgs. (N.A.)	90,000 (90,000)	81,192 (63,010)

ii) Raw Materials Consumed

PARTICULARS	Unit	Qty*	Consumption Value in Rupees
a) Cobalt	Kgs.	** 5,567 (4,356)	1,34,25,679 (1,95,04,214)
b) Blue Tungsten Oxide	Kgs.	59,367 (44,630)	5,68,99,391 (5,28,18,914)
c) Ammonium Para Tungstate	Kgs.	33,524 (15,213)	2,54,56,546 (1,50,36,978)
d) Tungsten Carbide Powder	Kgs.	14,598 (4,495)	2,12,94,348 (74,58,088)
e) Used Tungsten Parts	Kgs.	3,756 (3,508)	28,35,331 (10,05,610)
f) Others including Processing Charges	Kgs.	–	56,99,068 (5,15,34,150)
TOTAL			12,56,10,362 (10,09,77,174)

iii) Consumption of Imported and Indigenous Raw Materials

PARTICULARS	Rupees	Percentage
a) Imported	9,54,09,506 (7,75,39,757)	75.96 (76.79)
b) Indigenous	3,02,00,856 (2,34,37,417)	24.04 (23.21)
TOTAL	12,56,10,362 (10,09,77,174)	100 (100)

iv) Turnover

CLASS OF GOODS	Unit	Qty*	Value in Rupees
Tungsten & Tungsten Carbide Products			
a) Manufactured	Kgs.		
i) Sintered		59,424 (48,541)	17,85,96,408 (15,74,63,514)
ii) Intermediary Product		22,528 (15,455)	4,26,93,162 (3,21,82,412)
b) Purchased:			
i) Resale of Products		– (35)	– (37,728)
ii) Resale of Raw Material		485 (286)	18,44,804 (14,33,150)
TOTAL			22,31,34,074 (19,11,16,804)

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.	4,718 (5,990)	1,43,94,363 (1,45,49,707)	3,473 (4,718)	88,89,215 (1,43,94,363)
b) Purchased	Nos.	207 (229)	39,664 (56,046)	207 (207)	39,664 (39,664)
Resale of Products in Nos./Kgs.					

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. 485)

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. Sundry Debtors include debts outstanding for more than 5 years Rs. 14.63 lacs (P.Y. Rs. 7.97 lacs) approx. The management is hopeful of their recovery to the best of the efforts being put in and as such no provision for doubtful debts is made. Further 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. 25,76,382/- (P.Y. Rs. 12,93,848/-) has been adjusted in the cost of corresponding raw materials/consumables purchased/resale of materials.
11. The identification of suppliers as small scale industrial undertaking has been done on the basis of information to the extent provided by the suppliers to the company. On this basis amount overdue to such unit exceeding Rs. ONE LAC is "NIL".
12. Provision for taxation has been made during the year as per completed Income Tax Assessment of the Company.
13. Company had filed petition in the Hon'ble High Court of Gujarat for reduction of paid up share capital from Rs. 2,67,05,680/- divided into 26,70,568/- equity shares of Rs. 10/- each to Rs. 2,14,84,980/- divided into 21,48,498 Equity shares of Rs. 10/- each. Hon'ble High Court of Gujarat has vide its order dated 13.09.2009 sanctioned the reduction in share capital as per company's petition. All the necessary formalities in this regard with Registrar of Companies, Gujarat, Ministry of Company Affairs have been complied. Formalities with BSE are in process as on date.

14. Earning per share:

	31-03-2010	31-03-2009
Face Value per share	Rs. 10/-	Rs. 10/-
Net Profit after tax	1,70,20,846	1,07,06,609
Number of Shares used in Computation earning per share	21,48,498	26,70,568
Earning per share: Basic	7.92	4.00
Earning per share: Diluted	7.92	4.00

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

	2009-10	2008-09
	Rupees	Rupees
a) Sales & Services		
Within India	21,90,78,488	18,93,94,723
Outside India	40,55,586	17,22,081
	22,31,34,074	19,11,16,804
b) Other Income		
Within India	5,23,366	6,75,480
Outside India	Nil	Nil
Total	5,23,366	6,75,480

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

	2009-10	2008-09
	Rupees	Rupees
i) Managing Director		
ii) Transaction with Key Management Person and his relatives		
(a) Key Management Person Remuneration	13,18,927	11,78,332
(b) Remuneration to Key Management Person's son Mr. C. J. Bhatia*.	8,48,151	5,66,925
(c) Rent paid to Mr. C. J. Bhatia*	2,16,360	1,80,000
(*Mr C. J. Bhatia became Executive Director w.e.f. 01-06-2009)		

17. Deferred tax components are as under:

	2009-10 Rupees	2008-09 Rupees
i) Depreciation	(5,13,148)	(4,92,225)
ii) Other	-	-
Total	<u>(5,13,148)</u>	<u>(4,92,225)</u>

18. Contingent Liabilities:

- I Counter Guarantee to State Bank of India in respect of guarantees given by Bank to third parties Rs. 17,08,796/- (Rs. 20,56,681/-).
- II Outstanding Letters of Credit Rs. 1,29,64,800/- (Rs. 1,58,22,005/-).
- III Capital commitment remaining to be executed & not provided Rs. 9,48,880/- (P.Y. Rs. 1,25,000/-).
- IV Company's Income Tax Assessments have been completed up to the Assessment year 2008-2009. In the opinion of the management, provision made in books is sufficient to cover liabilities in respect of pending assessments.
- V. Company's Sales Tax Assessments have been completed up to the Assessment year 2006-2007.
- V. Show Cause Notices/Demands for Excise/Customs duty claims raised by Department and contested by the Company are Rs. 15.40 lacs (Rs. 15.40 lacs). The Company has paid Rs. 5.85 lacs (P.Y. 5.85 las) 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. 34,89,520/- (P.Y. 36,52,440) 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	:	82,22,492
Fund value as on	:	<u>47,32,972</u>
Net Unfunded Gratuity Liability	:	34,89,520
(03) Defined Benefit obligation plan		
Opening Balance	:	39,41,404
Add: Amount credited during the year	:	7,45,351
Less: Amount paid during the year	:	3,29,977
Add: Interest credited during the year	:	<u>3,76,194</u>
Closing Balance	:	<u>47,32,972</u>
(04) Present value of defined obligation plan	:	75,87,112

19. 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

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

For and on behalf of the Board

J. C. Bhatia *Managing Director*
L. M. Bijlani *Director*
C. G. Cholera *Director*
C. J. Bhatia *Executive Director*

Place: Mumbai
Date: 30th July, 2010

**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	31-03-2010
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	1275.67
Total Assets	1275.67
Sources of Funds	
Paid up Capital	214.85
Reserves & Surplus	697.23
Deferred Tax Liability	–
Secured Loans	217.40
Unsecured Loans	146.19
Application of Funds	
Net Fixed Assets including Capital Work-in-Progress	142.87
Investments	4.03
Deferred Tax Assets	5.13
Net Current Assets	1123.64
IV. Performance of Company (Rs. In lacs)	
Turnover	2078.83
Total Expenditure	1828.83
Profit Before Tax	250.00
Profit After Tax (With Deferred Tax/FBT)	170.21
Earning per share	7.92
Dividend rate %	18
V. Generic Names of Three Principal Products/Services of Company	
Item Code No. (ITC Code)	82090010
Product Description : Sintered Metal Carbides	
Item Code No. (ITC Code)	82079090
Product Description : Tool Room Products	
Item Code No. (ITC Code)	81011000
Product Description : Tungsten & Article thereof	

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2010 IN ACCORDANCE WITH THE REQUIREMENT UNDER CLAUSE 32 OF THE LISTING AGREEMENT WITH THE STOCK EXCHANGE.

	(Rupees in lacs)	
	Year ended 31-03-2010	Year ended 31-03-2009
A. Cash flow from operating activities		
Net Profit before tax and extraordinary items	250	147.35
Adjustments for:		
Depreciation	25.28	22.39
Loss on Sale of Impairment /fixed assets (Net)	0.46	2.85
Interest	<u>24.14</u>	<u>47.63</u>
	49.88	<u>72.87</u>
Operating Profit/(Loss) before working capital changes	299.88	220.22
Adjustments for:		
Trade and Other Receivables	43.29	61.53
Inventories	(193.52)	(48.69)
Trade Payables	<u>50.59</u>	<u>29.05</u>
	(99.64)	<u>41.89</u>
Cash Generated from Operation	200.24	262.11
Interest Paid	(27.07)	(49.95)
Direct Tax Paid	(80.00)	(37.15)
Dividend & Distribution Tax	<u>(45.24)</u>	<u>(30.16)</u>
Cash flow before Extraordinary items	(152.31)	(117.26)
	47.93	<u>144.65</u>
Extraordinary Items	1.24	<u>(5.05)</u>
Net Cash from Operating Activities	49.17	139.8
B. Cash Flow from Investing Activities		
Purchase of Fixed Assets	(36.9)	(29.96)
Sale of Fixed Assets	0.17	0.1
Sale of Investments	0	0
Interest Received	<u>2.93</u>	<u>2.32</u>
Net Cash used in Investing Activities	(33.8)	(24.54)
C. Cash Flow from Financing Activities		
Proceeds from Bank Borrowings	(62..21)	(12.06)
Repayment of Long terms Borrowings	9.96	(1.04)
Proceeds from Short terms Borrowings	<u>27.26</u>	<u>(35.16)</u>
Net Cash used in Financing Activities	(24.99)	<u>(48.26)</u>
Net Changes in Cash and Cash Equivalents (A+B+C)	(9.62)	67.00
Cash and Cash Equivalents as at 01.04.2009 (Opening Balance)	232.94	165.94
Cash and Cash Equivalents as at 31-03-2010 (Closing Balance)	223.32	<u>232.94</u>
	(9.62)	<u>67.00</u>

By Order of the Board of Directors

J. C. Bhatia
Managing Director

Date: 30th July, 2010



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 33rd Annual General
Meeting of the Company to be held on Saturday, 25th September, 2010 and at any adjournment thereof.
Signed at _____ this _____ day of _____ 2010.



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.

