

TAPARIA TOOLS LIMITED

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Report **TAPARIA** tion.com

31st Annual Report
1996 - 97





TAPARIA TOOLS LTD.

Regd. Office :

423/24, A-2, Shah & Nahar, Lower Parel (W), Mumbai - 400 012

MEETING NOTICE

NOTICE is hereby given that 31st Annual General Meeting of the Shareholders of TAPARIA TOOLS LIMITED will be held at 423/24, A-2, Shah & Nahar, Lower Parel, Mumbai - 400013, on Monday, the 29th day of September, 1997 at 12.30 Noon to transact the following business :

ORDINARY BUSINESS :

1. To consider and adopt the audited Balance Sheet as on 31st March, 1997, the Profit & Loss account for the year ended on that date and the Reports of the Board of Directors and Auditors thereon.
2. To declare dividend.
3. To appoint a Director in place of Shri M.P. Taparia who retires by rotation and being eligible, offers for re-appointment.
4. To appoint a Director in place of Shri D.P. Taparia, who retires by rotation and being eligible, offers for re-appointment.
5. To appoint Auditors who shall hold office from the conclusion of this Annual General Meeting until the conclusion of next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS :

6. To consider and if thought fit, to pass with or without modifications, the following resolution as Special Resolution :

"RESOLVED that in accordance with the provisions of Memorandum and Articles of Association of the Company and Section 81 and other applicable provisions, if any, of the Companies Act, 1956 (including any amendment to or re-enactment thereof) and subject to such conditions and modifications as may be considered appropriate by the Board of Directors of the Company (hereinafter referred to as "the Board", which term shall be deemed to include any committee thereof for the time being exercising the powers conferred on the Board by this Resolution) and subject to such other consents and approvals, if any, including those of Securities and Exchange Board of India (SEBI), Financial Institutions and/or Reserve Bank of India, as may be required, and/or such terms and conditions as may prescribed while granting such consents and approvals and which may be agreed to by the Board in accordance with the rules and guidelines as may be applicable, consent of the Company be and is hereby accorded to the Board to offer, issue and allot on preferential basis or such other basis as the Board of Directors may decide, at such time or times, on such terms and conditions as they deem fit, Equity Shares at such price(s) (including premia), in such installments, in one or more tranches, to such Companies/Persons of Promoters, their associates and their nominees and/or others, whether or not they are Members of the Company, as may be determined by the Board, provided, however, that the aggregate value of such issue(s) of Equity Shares, including premium, shall not exceed Rs.75 lakhs."

RESERVED FURTHER that the Equity Shares so issued and allotted shall rank pari passu in all respects within the existing Equity Shares of the Company, except that they shall be entitled to dividend with effect from the date of allotment, on pro-rata basis, for the financial year in which they are allotted".

By order of the Board

Mumbai,
27th August, 1997

V S DATEY
Secretary

TAPARIA TOOLS LTD.**NOTES :**

- 1] A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER.
- 2] An Explanatory statement pursuant to section 173 (2) of the Companies Act, 1956 in respect of Resolutions set out against the item no 6 of the notice is annexed hereto.
- 3] The instrument appointing a proxy must be deposited with the Company at its Registered Office not less than fortyeight hours before the time for holding the meeting.
- 4] Members/Proxies should bring the attendance slip duly filled in for attending the meeting.
- 5] The Register of Members and Share Transfer Books of the Company will remain closed from 26th day of September, 1997 to 29th day of September,1997 (both days inclusive).
- 6] Dividend on Equity Shares as recommended by the Board of Directors, if declared, at the meeting will be paid to those shareholders whose names appear in the Register of Members as on 26th day of September, 1997.
- 7] Members desiring to file tax exemption certificate issued by the Income Tax authority under the Income Tax Rules,are requested to forward the same so as to reach to the Share department of the Company on or before 15th day of September, 1997.
- 8] All shareholders are requested to intimate the Company their INCOME TAX PERMANENT ACCOUNT NUMBER (PAN), if any, allotted to them by the Income-Tax Authorities and the designation, district circle and address of the Income Tax Assessing Officer by whom their income is assessed and assessable in case the same is not submitted to the Company, as such particulars are statutorily required to be stated in the Tax deduction certificate issued to the shareholders.

EXPLANATORY STATEMENT

(Pursuant to Section 173(2) of the Companies Act, 1956)

Agenda Item No.6

As you know, the Company has embarked on an expansion plan having capital outlay of Rs. 15 crores at Goa.

The means of finance of Goa Project includes Promoters' contribution of Rs.150 lakhs by way of subscribing Equity Shares. Promoters have to bring in their subscription. Therefore, it is proposed to issue equity shares on preferential basis.

None of the Directors of the Company is, in any way concerned or interested in the said Resolution except to the extent they intend to subscribe or allotted if any.

By order of the Board

Mumbai,
27th August, 1997

V S DATEY
Secretary

TAPARIA TOOLS LTD.**Board of Directors**

Shri H. N. Taparia	-	Chairman & Managing Director
Shri Hari Bhushan	-	
Shri M. V. Gore	-	LIC Nominee
Shri P. N. Shah		
Shri J. K. Taparia		
Shri M. P. Taparia		
Shri D. P. Taparia		
Smt. Shashi Bangur		
Dr. M. G. Nathani	-	Executive Director
Shri R. P. Irani	-	Director - Projects & Development
Shri R. N., R. Malani	-	Director - Materials & Purchase

Secretary

Shri V. S. Datey

Bankers

Central Bank of India

Solicitors

M/s. Mulla & Mulla Craigie Blunt & Caroe
Mumbai

Auditors

M/s Batliboi & Purohit
Mumbai

Registered Office

423/24, A-2, Shah & Nahar
Lower Parel (W)
Mumbai - 400 013
Tel. : 493 8646-50 (5 Lines)
Fax : 091-(022)-4953230

Factory

52 & 52B, MIDC Area,
Trimbak Road
Satpur, Nashik - 422 007
(Maharashtra)
Tel. : 350317-19 (3 lines)
Fax : 091-(0253)-350740

TAPARIA TOOLS LTD.**DIRECTORS' REPORT**

To,

The members of Taparia Tools Ltd.,

Your Directors have pleasure in presenting before you the Thirty-first Annual Report together with the Audited Accounts of the Company for the financial year ended 31st March, 1997.

1. FINANCIAL RESULTS

	(Rs. in lakhs)	
	Current year	Previous year
Sales	3,672.49	3,684.37
Profit before interest and depreciation	332.94	439.41
Interest	71.62	71.59
Gross Profit	261.32	367.82
Depreciation	60.98	137.43
Profit for the year before tax	200.34	230.39
Less : Provision for taxation for the year	59.17	44.27
Profit after tax	141.17	186.12
Add / (Less) :		
Prior Deferral Debenture Interest Written off	(63.13)	—
Excess provision Written back	23.91	—
Income Tax on completed Assessment	(1.28)	(9.66)
Balance brought forward from previous year	82.46	31.64
	183.13	208.10
Less :		
Appropriations :		
Debenture Redemption Reserve	60.00	—
Recommended Dividend on Equity Shares	55.72	50.64
Corporate Dividend Tax	5.57	—
General reserve	15.00	75.00
Balance carried to balance sheet	46.84	82.46

2. DIVIDEND

The Directors have recommended a Dividend of Rs. 2.00 per Share on 27,85,750 Equity Shares of Rs. 10/- each for the financial year ended 31st March, 1997 which if approved at the forthcoming Annual General Meeting, will be paid to all those Equity Share holders whose names appear on the Register of Members as on 26th September, 1997.

3. OPERATIONS

During the year under review, the Company's total sales were Rs. 3,672.49 lakhs which are comparable to the total sales of Rs. 3,684.37 lakhs in 1995-96.

Profit earned after tax in the current year was Rs. 141.17 Lakhs against Rs. 186.12 Lakhs in the previous year.

4. EXPANSION

Commercial production of pliers at Margao, Goa has started during the year. The company has also envisaged an expansion plan having capital outlay of Rs. 15 crores. Your Directors are pleased to inform you that the Company has already tied up means of finance for this.

The Company has received sanction of foreign currency loan equivalent to Rs. 600 lakhs from Industrial Development Bank of India and Rupee loan of Rs. 325 lakhs from Industrial Investment Bank of India Ltd. The work at Project site is proceeding as planned and the project will be completed soon.

5. PERSONNEL

Relations with employees remained satisfactory during the year under review. A statement giving information and particulars of the employees as required under section 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 as amended, is enclosed as a part of report.

6. DIRECTORS

Shri. D. P. Taparia and Shri M. P. Taparia, Directors of the Company retire by rotation and being eligible, offer themselves for re-appointment.

7. APPOINTMENT OF AUDITORS & AUDITORS' REPORT

M/s. Batliboi and Purohit, Auditors of the Company hold office until the conclusion of the ensuing Annual



General Meeting. The Company has received letter from them to the effect that their appointment, if made, would be within the prescribed limits under section 224 (1-B) of the Companies Act, 1956. Accordingly, the said Auditors will be appointed as Auditors of the Company at the ensuing Annual General Meeting. The notes to the accounts referred to in the Auditors' Report are self explanatory and therefore do not call for any further comments.

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

A statement giving details of conservation of energy, technology absorption, foreign exchange earnings and outgo, in accordance with the Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988 is annexed and marked Annexure-A which forms part of this report.

9. CONTRIBUTION TO REVENUE

Company has contributed the following amounts to the exchequer revenues during the year :

	(Rs.in Lakhs)
a) Excise Duty	383.74
b) Sales Tax	99.32
c) Octroi & Municipal Taxes	19.28
Total	<u>502.34</u>

10. ACKNOWLEDGMENTS

Your Directors take this opportunity to record their appreciation of the support of the Financial Institutions viz. Industrial Development Bank of India, Industrial Investment Bank of India Limited and the Bankers - Central Bank of India.

The Directors also wish to place on record their appreciation of the dedication and contribution made by the workmen, staff, officers, managers and directors of the Company.

On behalf of the Board of Directors,

H. N. TAPARIA
Chairman &
Managing Director

Mumbai, 27th August, 1997

TAPARIA TOOLS LTD.**ANNEXURE - A
TO THE DIRECTORS' REPORT**

(Additional Information in terms of Notification No. 1029 of 31.12.1988 issued by the Department of Company Affairs)

DISCLOSURES**A) CONSERVATION OF ENERGY****(a) Energy conservation measures taken :**

Continuous efforts for improving the efficiency of oil fired furnaces are going on, with stress on reducing the exhaust losses by design improvement of existing furnaces.

Constant effort to control compressed air loss by monitoring & repairing the pneumatic lines for leakages.

Continuous work on analysis of utilisation of electrical energy to optimise the maximum demand.

(b) Additional Investments and proposals being implemented for reduction of consumption of energy :

We are analysing the possibility of introducing efficient and cost effective oil fired normalising furnace in place of existing less efficient electrical normalising furnaces.

(c) Impact of the measures at (a) and (b) for reduction of energy consumption and consequent impact on the cost of production of goods :

Continuous efforts for conservation of energy are creating awareness at all levels and everybody is becoming more cautious in controlling the consumption of these valuable resources.

(d) Total energy consumption and energy consumption per unit of production as per Form-A.**FORM - A (Rule - 2)**

	Current year April'96 to March 1997	Previous year April'95 to March 1996
(A) Power/fuel consumption :-		
1. Electricity :		
(a) Purchased :		
Unit (Lakh KWH)	57.84	59.03
Amount (Rs.Lakhs)	203.25	179.36
Rate/Unit (Rs.)	3.51	3.04
(b) Own Generation :		
Unit (Lakh KWH)	—	—
Unit per ltr.of diesel oil	—	—
Rate/Unit (Rs.)	—	—
2. Furnace Oil :		
Quantity (KL)	561.55	606.79
Amount (Rs./Lakhs)	48.48	37.10
Average Rate(Rs./Ltr.)	8.63	6.11
(B) Consumption per unit of production :		
Electricity (Unit/MT)	4,008	3,556
Furnace Oil (Ltr/MT)	389	366
Coal	—	—
Others	—	—

B) TECHNOLOGY ABSORPTION**(a) Research and Development****(1) Specific areas in which R & D carried out by the Company :**

The Company has a full-fledged R & D Department where R & D is made in following areas :

- Developing critical process equipments as import substitution.
- Development of new products and processes.



- Quality improvement of existing products.
 - Implementing various cost reduction ideas.
- (2) **Benefits derived as a result of the above R & D :**
- Indigenisation / Import substitution
 - Enhanced quality
 - Reduction in cost due to productivity improvement & reduced rejections
 - Expansion of product range
- (3) **Future plan of actions :**
- Continue present work in R & D for new products & Processes, improving the existing products & processes in various areas
 - Faster Introduction of new products.
 - Prepare the Organisation at all levels to counter competition in changed liberalised environment.
- (4) **Expenditure on R & D :**
- | | | |
|---|-----|------------|
| a) Capital | Rs. | — |
| b) Recurring | Rs. | 2.43 Lakhs |
| c) Total | Rs. | 2.43 Lakhs |
| d) Total R & D Expenditure as a percentage of total turnover. | | 0.07% |
- (b) **Technology absorption, adaptation and innovation :**
- (1) **Efforts, in brief made towards technology absorption, adaptation and innovation :**
- Participation in national/ international conferences, seminars and exhibitions.
 - Evaluation/adaptation of imported technologies to suit indigenous requirements.
- (2) **Benefits derived as a result of above efforts :**
- Improvement in quality in comparison to international standards resulting in increased national and international market share.
 - Maintaining market leadership.
- (3) **Technology imported during the last five years :**
- The Company has not imported any technology from outside.
- (4) **Foreign Exchange Earnings and outgo :**
- The Company has participated in International Exhibition held at Cologne, Germany and Chicago, U.S.A. during the year under review for exhibiting hand tools with a view to open up new export markets and increase the exports.
- Foreign exchange Earnings : Rs. 3,99,65,053
- Foreign Exchange outgo : Rs. 17,20,027

ANNEXURE TO THE DIRECTORS' REPORT

Information as per Section 217 (2A) (b) (ii) read with the Companies (Particulars of employees) Rules, 1975 and forming part of the Directors' Report for the year ended 31st March, 1997.

Name	Designation/ Nature of duties	Gross Re- muneration (Rupees)	Net Remu- neration (Rupees)	Qualifi- cations	Age	Total experi- ence	Date of Comm- encement of employment	last employment and Designation
A) Employed throughout the financial year :								
Shri H.N.Taparia	Chairman & Managing Director	3,39,250	3,39,250	B.Com. LL.B.	64 Yrs.	41 Yrs.	17/09/1990	Taparia Tools Ltd. Jt.Managing Director

Note : The appointment is contractual.