

ANNUAL REPORT 1998-99

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TAPARIA TOOLS LIMITED.

BOARD OF DIRECTORS

Shri H.N. Taparia
Chairman & M.D.

Shri Hari Bhushan
Director

Shri M.V. Gore
Director

Shri P.N. Shah
Director

Shri J.K. Taparia
Director

Shri M.P. Taparia
Director

Shri D.P. Taparia
Director

Smt. Shashi Bangur
Director

Shri R.P. Irani
Director

Dr. M.G. Nathani
Executive Director

Shri R.N.R. Malani
Director - Mat. & Pur.

Secretary
Shri V.S. Datey

Bankers
Central Bank of India

Solicitors
M/s. Mulla & Mulla Craigi
Blunt & Caroe, Mumbai

Auditors
M/s. Batliboi & Purohit,
Mumbai

TAPARIA TOOLS LIMITED.**Registered Office**

423/24, (A-2), Shah & Nahar
Lower Parel (W) Mumbai - 400 013.
Telephone : (91) (22) 4938646-50
Facsimile : (91) (22) 4953230

Internet Facility

Website: www. taparia tools.com
E-Mail : htaparia@bom5.vsnl.net.in

Plants

52 & 52B, MIDC Area, Trimbak Road
Satpur, Nashik - 422 007 (Maharashtra)

Shed No.A-3, 1 & 2
St.Jose De Areal, Margao Industrial Estate
Margao - 403 730
Goa.

Plot No.L-29, Cuncolim Industrial Estate
Cuncolim - 403 703

Shares Listed At.

Stock Exchange, Mumbai

Code No.

5685

HIGHLIGHTS

(Rupees in lakhs)

	1994-95	1995-96	1996-97	1997-98	1998-99
FOR THE YEAR					
1. GROSS REVENUE	2843.54	3788.51	3835.14	4387.80	4345.60
2. PROFIT BEFORE TAX	70.31	230.62	200.34	249.09	240.31
3. PROFIT AFTER TAX	50.29	186.34	141.18	199.50	189.41
4. DIVIDEND	21.90	50.64	55.72	57.95	45.54
5. RETAINED EARNINGS	31.63	82.46	46.85	12.59	1.95
6. CASH GENERATION	84.53	323.77	202.16	278.54	301.39
7. FOREIGN EXCHANGE EARNINGS	282.64	421.82	399.65	503.96	323.62
AT YEAR END					
8. GROSS FIXED ASSETS	2195.26	2349.96	2691.53	3009.81	3012.88
9. SHARE CAPITAL	253.21	253.25	278.58	303.57	303.57
10. RESERVES AND SURPLUS	703.65	779.95	737.92	814.95	841.86
11. NET WORTH	954.65	758.97	753.59	976.13	1010.88
12. BORROWINGS	166.89	828.00	910.32	1170.98	1141.91
13. CAPITAL EMPLOYED	1158.74	1586.97	1689.42	2153.52	2261.98
PER SHARE					
14. NET WORTH PER EQUITY SHARE	37.70	29.97	27.05	32.15	33.30
15. EARNING PER SHARE	1.99	7.36	5.07	6.57	6.24
16. DIVIDEND PER EQUITY SHARE	1.60	2.00	2.00	2.00	1.50
RATIO					
17. DEBT: EQUITY RATIO	0.81	3.27	3.27	3.86	3.76

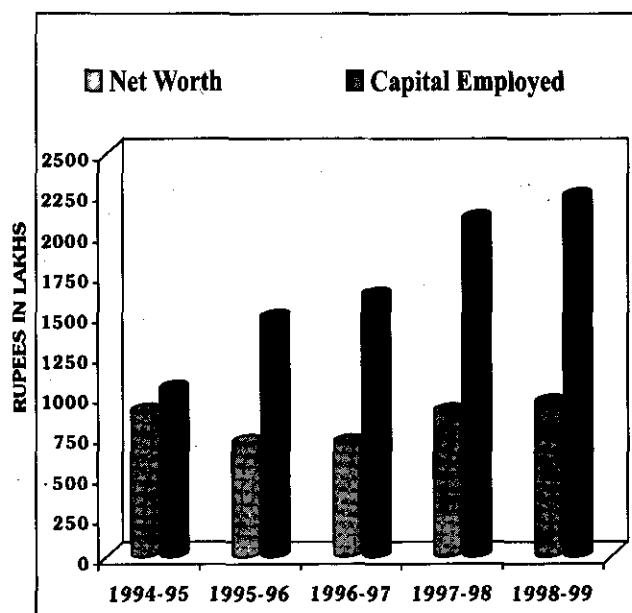
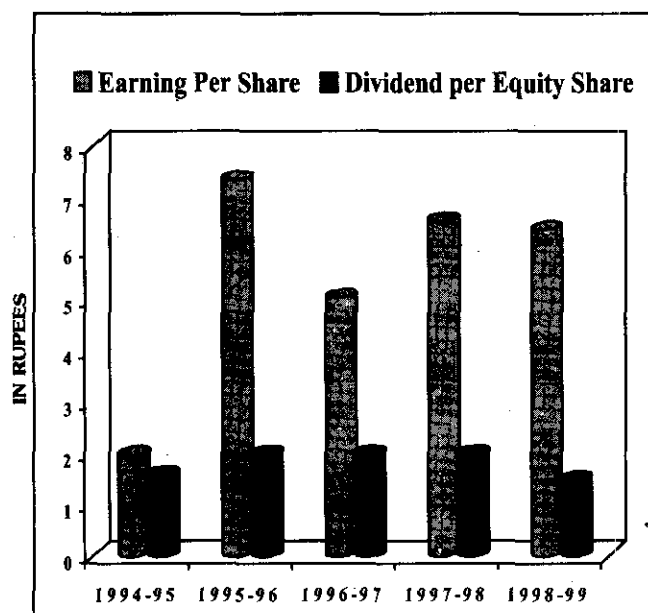
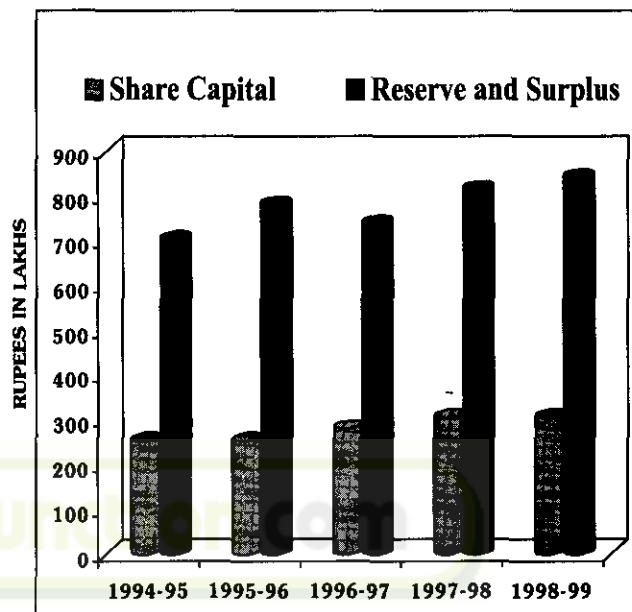
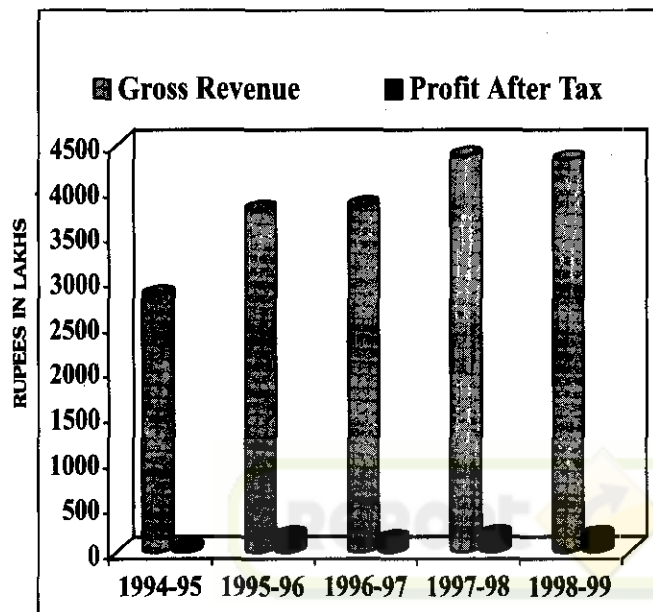
SHAREHOLDERS' FUND

1967-68 : Rs. 39.80 Lakh

1998-99 : Rs. 1145.43 Lakh

1993-94	1994-95	1995-96	1996-97	1997-98	1998-99
15%	16%	20%	20%	20%	15%*

* Proposed



TAPARIA TOOLS LIMITED.



DIRECTORS' REPORT

To,

The members of Taparia Tools Ltd.,

Your Directors have pleasure in presenting before you the 33rd Annual Report together with the Audited Accounts of the Company for the financial year ended 31st March, 1999.

Financial Results

	(Rs. in lakhs)	
	Current year	Previous year
Sales	4138.86	4105.93
Profit before interest and depreciation	418.14	405.90
Interest	65.84	77.77
Gross Profit	352.30	328.13
Depreciation	111.99	79.04
Profit for the year before tax	240.31	249.09
Add : Transfer to Capital WIP	—	3.89
Less : Provision for taxation for the year	50.90	53.48
Profit after tax	189.41	199.50
Add/(less) :		
Prior Deferral Debenture Interest Written off	(65.45)	(65.45)
Income Tax on completed Assessment	—	(0.57)
Balance brought forward from previous year	12.59	46.85
	136.55	180.33
Less .:		
Appropriations :		
Debenture Redemption Reserve	60.00	60.00
Debenture Premium Reserve	12.00	24.00
Recommended Dividend on Equity Shares	45.55	57.95
Corporate Dividend Tax	5.00	5.79
General Reserve	12.05	20.00
Balance carried to balance sheet	1.95	12.59

Dividend

The Directors recommend the payment of dividend @ Rs. 1.50 per Share on 30,35,750 Equity Shares of Rs.10.00 each for the year ended 31st March, 1999, if approved by the members at the Annual General Meeting.

Operations

During the year under review, the Company's total sales were Rs.4138.86 lakhs which were almost at the same level of previous year's sales of Rs.4105.93 Lakhs.

Profit earned after tax in the current year was Rs. 189.41 Lakhs against Rs. 199.50 Lakhs in the previous year.

Export

During the year, Company's export turnover was Rs. 323.62 lakhs as against Rs.503.96 lakhs in the previous year.

Expansion

Commercial production at Cuncolim Unit has started from 1st September, 1998.

Personnel

Relations with employees continued to be satisfactory during the year under review. The Company has entered into a wage agreement with the employees for four years.

There was no employee drawing salary more than Rs.50,000/- per month or Rs.6,00,000/- per annum. Hence, 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 not applicable.

Year 2000 (Y2K) Compliance

The year 2000 bug can affect commercial applications like financial accounting, inventory, salaries and wages, etc. To overcome this problem, the Company has taken necessary steps like hardware upgradation, rewriting of application software and patches for operating system.

The process of total Y2K compliance will be completed by end of September, 1999. The estimated cost of this to the Company is Rs. 3.00 Lakhs.

Directors

Shri Hari Bhushan and Smt. Shashi Bangur, Directors of the Company retire by rotation and being eligible, offer themselves for re-appointment.

Shri R.P. Irani who was earlier appointed as Whole time

TAPARIA TOOLS LIMITED.

Director on 28-10-1996, retired on 15-10-1998 from whole time employment of the Company. His appointment as Director was continued by the Board to obtain benefits of his knowledge and long experience. His continuation as Non-executive Director is proposed to be continued, subject to your approval.

Appointment of Auditors & Auditor's Report

The members are requested to appoint Statutory Auditors for the current financial year and to fix their remuneration. M/s. Batliboi and Purohit, the present Auditors, have under section 224 (1B) of the Companies Act, 1956, furnished certificate of their eligibility for reappointment.

The notes to the accounts referred to in the Auditors' Report are self explanatory and therefore do not call for any further comments.

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.

Contribution to Revenue

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

	(Rs.in Lakhs)
a) Excise Duty	: 460.12
b) Sales Tax	: 155.57
c) Octroi & Municipal Taxes	: 26.11
d) Advance Tax paid and Income Tax Deducted at Source on Salaries, Interest, payments to Contractors & Commission and dividend tax	: 98.11
Total	: <u>739.91</u>

Acknowledgments

Your Directors wish to convey their appreciation to Financial Institutions viz. Industrial Development Bank of India and the Bankers - Central Bank of India for the continuous support given by them to the Company.

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,

Mumbai,
27th July, 1999

H.N. Taparia
Chairman & Managing Director



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 :

Use of cost effective oil fired furnaces in place of electrically heated furnace for normalising operation.

Efforts in improving efficiencies of these furnaces by achieving complete combustion and by reducing heat losses from flue gases.

Monitoring and improving power factor and controlling maximum demand for optimum utilisation of electrical energy.

Reduction of leakages from air lines and fuel lines.

Use of alternate fuel namely LPG for heating is under evaluation. If implemented, it should result in improved thermal efficiency, reduced pollution and change in environment.

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

Company is exploring further on furnaces with better design for efficient utilisation of furnace oil.

Company is also exploring for auditing use of electrical energy to find out possibility of energy conservation.

Company wide energy audit has been started in association with Origin and MEDA. We hope to be benefited by this and the benefits will be realised in the next financial year onwards.

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

Process cost of normalising has reduced, in addition to saving of costly electrical energy.

Constant efforts for conservation of energy and creating awareness at all levels has resulted 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 1998 to March 1999	Previous year April 1997 to March 1998
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(A) Power/fuel consumption :-

1. Electricity :

(a) Purchased :		
Unit (Lakh KWH)	57.98	61.86
Amount (Rs.Lakhs)	235.18	239.38
Rate/Unit (Rs.)	4.06	3.87

(b) Own Generation :

Unit (Lakh KWH)	—	—
Unit per ltr.of diesel oil	—	—
Rate/Unit (Rs.)	—	—

2. Furnace Oil :

Quantity (KL)	622.52	669.00
Amount (Rs./Lakhs)	44.88	58.08
Average Rate(Rs./Ltr.)	7.21	8.68

(B) Consumption per unit of production:

Electricity (Unit/MT)	3881	4216
Furnace Oil (Ltr/MT)	417	456
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 of new products, designs, processes, materials, machines, tools, methods.
- * Developing critical items for OEM as per their functional requirements.
- * Improving quality of existing products.
- * Implementing cost reduction ideas.
- * Development of new processes for manufacture of screw drivers and other toolings.

TAPARIA TOOLS LIMITED.

- * Development of new materials for the screw driver handle and sleeves of pliers etc.,

(2) Benefits derived as a result of the above R & D :

- * The various R & D efforts have enabled the company to improve the market leadership because of increased market share and improvement of product quality.

(3) Future plan of actions :

- * Increasing the scale of measures taken in the past to reduce input costs, upgrading products and developing new products and markets.
- * Implement low cost automation and mechanisation to reduce cost of production and improve productivity
- * Grass root survey of end users for offering better featured new products
- * Organisation development to sustain & keep leadership in the changed liberalised market.
- * Addition of new products and widening range to have higher market share.
- * Company plans to undertake the valued certification of ISO 9001 to penetrate into new markets and to remain more customer focused.

(4) Expenditure on R & D :

a) Capital	Rs.	—
b) Recurring	Rs.	21.60 Lakhs
c) Total	Rs.	21.60 Lakhs
d) Total R & D Expenditure as a percentage of total turnover.		0.52%

(b) Technology absorption, adaptation and innovation:**(1) Efforts, in brief made towards technology absorption, adaptation and innovation :**

- * Evaluation of new types of tools suitable for various users having modern equipments/ technologies.
- * Exploration of additional export market through participation in international exhibitions.
- * Training of various personnel at different levels to absorb new technologies & Processes within & outside country to remain at the fore front.

(2) Benefits derived as a result of above efforts :

- * Improvement in quality & performance in comparison to International standards resulted in increased market share in domestic & international markets maintaining market leadership.
- * Sustained business inspite of overall economic depression in the entire global market.
- * Recognition of brand in various parts of World.

(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 continued participation in International Exhibition held at Cologne, Germany and Chicago, U.S.A. during the year under review.

Foreign exchange Earnings	: Rs. 3,23,61,738
Foreign Exchange outgo	: Rs. 16,98,544

TAPARIA TOOLS LIMITED.



AUDITORS' REPORT

TO THE SHAREHOLDERS OF TAPARIA TOOLS LIMITED

We have audited the attached Balance sheet of Taparia Tools Limited, as at 31st March, 1999 and also the annexed Profit & Loss Account of the Company for the year ended on that date and report that :

1. As required by the Manufacturing and other Companies (Auditor's Report) Order, 1988 issued by the Company Law Board in terms of section 227 (4A) of the Companies Act, 1956, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
2. a) We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit ;
- b) In our opinion, proper books of account as required by law, have been kept by the Company so far as appears from our examination of the books of the Company ;
- c) The Balance Sheet and the Profit and Loss Account referred to in this report are in agreement with the books of account of the Company ;
- d) In our opinion, the Profit and Loss Account and Balance Sheet comply with the accounting standards referred to in Sub section (3C) of section 211 of the Companies Act, 1956.
- e) In our opinion and to the best of our information and according to the explanations given to us, the said Balance Sheet and the Profit & Loss Account, together with other notes thereon, give the information required by The Companies Act, 1956 in the manner so required and give a true and fair view :-
 - i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 1999,
 - and
 - ii) in the case of the Profit and Loss Account, of the profit of the Company for the year ended on that date.

For Batliboi & Purohit
Chartered Accountants

K.K. KSHIRSAGAR
Partner

Mumbai
27th July, 1999