

SANSCO SERVICES Annual Report
ANNUAL REPORT 1999 - 2000

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TAPARIA TOOLS LTD.



TAPARIA TOOLS LTD.

Board of Directors

Shri H. N. Taparia	- Chairman & Managing Director
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 - Materials & Purchase

Company Secretary

Shri V. S. Datey

Bankers

Central Bank of India

Solicitors

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

Auditors

Mrs. Batliboi & Purohit, Mumbai

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.tapariatools.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 (Goa)

TAPARIA TOOLS LTD.

Shares Listed at
Stock Exchange, Mumbai

Code No.
5685

SHAREHOLDERS' FUNDS

1967-1968 : Rs. 39.80 Lakhs

1999-2000 : Rs.1147.67 Lakhs

RATE OF DIVIDEND

1993-94	1994-95	1995-96	1996-97	1997-98	1998-99	1999-2000
15%	16%	20%	20%	20%	15%	20% *

* Proposed

HIGHLIGHTS

(Rupees in lakhs)

	1995-96	1996-97	1997-98	1998-99	99-2000
FORTHE YEAR					
1. GROSS REVENUE	3788.51	3835.14	4387.80	4345.60	4949.50
2. PROFIT BEFORE TAX	230.62	200.34	249.09	174.86	308.86
3. PROFIT AFTER TAX	186.34	141.18	199.50	123.96	187.86
4. DIVIDEND	50.64	55.72	57.95	45.54	60.71
5. RETAINED EARNINGS	82.46	46.85	12.59	1.95	27.21
6. CASH GENERATION	323.77	202.16	278.54	235.94	301.82
7. FOREIGN EXCHANGE EARNINGS	421.82	399.65	503.96	323.62	301.65
AT YEAR END					
8. GROSS FIXED ASSETS	2349.96	2691.53	3009.81	3012.88	2569.25
9. SHARE CAPITAL	253.25	278.58	303.57	303.57	303.57
10. RESERVES AND SURPLUS	779.95	737.92	814.95	841.85	844.09
11. NET WORTH	758.97	753.59	976.13	1010.88	1078.78
12. BORROWINGS	828.00	910.32	1170.98	1141.91	990.32
13. CAPITAL EMPLOYED	1586.97	1689.42	2153.52	2261.98	2230.37
PER SHARE					
14. NET WORTH PER EQUITY SHARE	29.97	27.05	32.15	33.30	35.54
15. EARNING PER SHARE	7.36	5.07	6.57	6.24	6.19
16. DIVIDEND PER EQUITY SHARE	2.00	2.00	2.00	1.50	2.00
RATIO					
17. DEBT: EQUITY RATIO	3.27	3.27	3.86	3.76	3.26



DIRECTORS' REPORT

To,
The Members of Taparia Tools Ltd.,

Your Directors have pleasure in presenting before you the 34th Annual Report together with the Audited Accounts of the Company for the financial year ended 31st March, 2000.

FINANCIAL RESULTS

	(Rs. in lakhs)	
	<u>Current year</u>	<u>Previous year</u>
Sales	<u>4602.52</u>	<u>4138.86</u>
Profit before interest and depreciation	<u>581.34</u>	418.14
Interest	<u>158.51</u>	<u>131.29</u>
Gross Profit	<u>422.83</u>	286.85
Depreciation	<u>113.97</u>	<u>111.99</u>
Profit for the year before tax	<u>308.86</u>	174.86
Less : Provision for taxation for the year	<u>121.00</u>	<u>50.90</u>
Profit after tax	<u>187.86</u>	123.96
Add :		
Balance brought forward from previous year	<u>1.95</u>	<u>12.59</u>
	<u>189.81</u>	<u>136.55</u>

Less :

Appropriations :

Debenture Redemption Reserve	<u>60.00</u>	60.00
Debenture Premium Reserve	<u>12.00</u>	12.00
Recommended Dividend on Equity Shares	<u>60.72</u>	45.55
Corporate Dividend Tax	<u>6.68</u>	5.00
General Reserve	<u>23.20</u>	12.05
Balance carried to balance sheet	<u>27.21</u>	<u>1.95</u>

DIVIDEND

The Directors recommend final dividend @ Rs. 2.00 per Share on 30,35,750 Equity Shares of Rs.10/- each for the year ended 31st March, 2000 (inclusive of interim dividend of Rs.2.00 per share already paid), if approved by the members at the Annual General Meeting. Since Interim Dividend @ Rs.2.00 per Share has already been announced and paid, no amount towards final dividend is now payable.

OPERATIONS

During the year under review, the Company's total sales were Rs.4602.52 lakhs which represents an increase of 11.20 % over the sales of Rs. 4138.86 Lakhs in 1998-99. Profit earned after tax in the current year was Rs. 187.86 Lakhs against Rs. 123.96 Lakhs in the previous year.

EXPORT

During the year, Company's export turnover was Rs. 301.65 lakhs as against Rs.323.62 lakhs in the previous year.

PERSONNEL

Relations with employees continued to be satisfactory during the year under review. 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.

TAPARIA TOOLS LTD.**YEAR 2000 (Y2K) COMPLIANCE**

As planned, Company's transitions to year 2000 was smooth and all systems have been working uninterruptedly. The Company has overcome this problem by taking the necessary steps like hardware upgradation, rewriting of application software and patches for operating system.

DIRECTORS

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

APPOINTMENT OF AUDITORS & AUDITORS' 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	: 584.66
b) Sales Tax	: 170.26
c) Octroi & Municipal Taxes	: 28.92
d) Advance Tax paid and Income Tax Deducted at Source on Salaries, Interest, payments to Contractors, Service contracts and Corporate dividend tax, etc.	: 159.51

Total : 943.35

ACKNOWLEDGMENTS

The overall performance of the Company could not have been possible without the dedication, commitment and enthusiasm of all its employees in another difficult year. The Directors wish to convey their appreciation to all of the Company's employees for their enormous personal efforts as well as collective contribution to enable the Company to achieve the performance it did. The Directors would also like to thank shareholders, customers, dealers, suppliers, bankers and financial institutions for the continuous support given by them to the Company and their confidence in its management.

On behalf of the Board of Directors,

H.N.TAPARIA

Chairman & Managing Director

Mumbai,
29th July, 2000



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)

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

DISCLOSURES

A) CONSERVATION OF ENERGY

FORM-A (Rule-2)

(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 is 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.

Current year	Previous year
April 1999 to March 2000	April 1998 to March 1999

(A) Power/fuel consumption :-

1. Electricity :

(a) Purchased :

Unit (Lakh KWH)	52.96	57.98
Amount (Rs.Lakhs)	227.98	230.82
Rate/Unit (Rs.)	4.30	3.98

(b) Own Generation :

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

2. Furnace Oil :

Quantity (KL)	617.09	622.52
Amount (Rs./Lakhs)	60.53	44.88
Average Rate(Rs./Ltr.)	9.81	7.21

(B) Consumption per unit of production :

Electricity (Unit/MT)	3214	3881
Furnace Oil (Ltr/MT)	375	417
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.

TAPARIA TOOLS LTD.

- development of new processes for manufacture of screw drivers and other toolings.
- 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.	21.28 Lakhs
c) Total	Rs.	21.28 Lakhs
d) Total R & D Expenditure as a percentage of total turnover.		0.46%

(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. 3,01,65,441

Foreign Exchange outgo : Rs. 26,20,597



AUDITORS' REPORT

TO THE SHAREHOLDERS OF TAPARIA TOOLS LIMITED

We have audited the attached Balance sheet of Taparia Tools Limited, as at 31st March, 2000 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, 2000,
 - 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,

Mumbai
29th July, 2000

K.K. KSHIRSAGAR
Partner