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# ANNUAL REPORT 2000-2001



# TAPARIA

## TOOLS LIMITED





## 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

M/s. 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](http://www.tapariatools.com)  
E-Mail : [htaparia@bom5.vsnl.net.in](mailto: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

2000-2001 : Rs.1188.06 Lakhs

**RATE OF DIVIDEND**

1993-94	1994-95	1995-96	1996-97	1997-98	1998-99	1999-2000	2000-01
15%	16%	20%	20%	20%	15%	20%	20 %*

\* Proposed

**HIGHLIGHTS**

(Rupees in lakhs)

	1996-97	1997-98	1998-99	99-2000	2000-01
<b>FOR THE YEAR</b>					
1. GROSS REVENUE	3835.14	4387.80	4345.60	4949.50	4810.00
2. PROFIT BEFORE TAX	200.34	249.09	174.86	308.86	200.07
3. PROFIT AFTER TAX	141.18	199.50	123.96	187.86	155.66
4. DIVIDEND	55.72	57.95	45.54	60.72	60.72
5. RETAINED EARNINGS	46.85	12.59	1.95	27.21	21.38
6. CASH GENERATION	202.16	278.54	235.94	301.82	226.89
7. FOREIGN EXCHANGE EARNINGS	399.65	503.96	323.62	301.65	293.50
<b>AT YEAR END</b>					
8. GROSS FIXED ASSETS	2691.53	3009.81	3012.88	2569.25	2486.01
9. SHARE CAPITAL	278.58	303.57	303.57	303.57	303.57
10. RESERVES AND SURPLUS	737.92	814.95	841.86	844.09	884.49
11. NET WORTH	753.59	976.13	1010.88	1078.78	1184.85
12. BORROWINGS	910.32	1170.98	1141.91	990.32	767.61
13. CAPITAL EMPLOYED	1689.42	2153.52	2261.98	2230.37	2161.23
<b>PER SHARE</b>					
14. NET WORTH PER EQUITY SHARE	27.05	32.15	33.30	35.54	39.03
15. EARNING PER SHARE	5.07	6.57	6.24	6.19	4.14
16. DIVIDEND PER EQUITY SHARE	2.00	2.00	1.50	2.00	2.00
<b>RATIO</b>					
17. DEBT:EQUITY RATIO	3.27	3.86	3.76	3.26	3.27



## DIRECTORS' REPORT

To,  
The Members of Taparia Tools Ltd.,

Your Directors have pleasure in presenting before you the 35th Annual Report together with the Audited Accounts of the Company for the financial year ended 31st March, 2001.

### FINANCIAL RESULTS

	(Rs. in lakhs)	
	Current year	Previous year
Sales	<u>4569.34</u>	<u>4602.52</u>
Profit before interest and depreciation	<u>438.94</u>	581.34
Interest	<u>137.05</u>	158.51
Gross Profit	<u>301.89</u>	422.83
Depreciation	<u>101.23</u>	113.97
Profit for the year before tax	<u>200.66</u>	308.86
Less : Provision for taxation	<u>45.00</u>	121.00
Profit after tax	<u>155.66</u>	187.86
<b>Add :</b>		
Balance brought forward from previous year	<u>27.21</u>	1.95
	<u>182.87</u>	189.81
<b>Less :</b>		
<u>Appropriations :</u>		
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>	60.72
Corporate Dividend Tax	<u>13.72</u>	6.68
General Reserve	<u>15.05</u>	23.20
Balance carried to balance sheet	<u>21.38</u>	<u>27.21</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, 2001 (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. 4569.34 lakhs as against the sales of Rs. 4602.52 Lakhs in 1999-2000.

Profit earned after tax in the current year was Rs. 155.66 Lakhs against Rs. 187.86 Lakhs in the previous year.

### EXPORT

During the year, Company's export turnover was Rs. 293.50 lakhs as against Rs. 301.65 lakhs in the previous year.

### REDEMPTION OF NON CONVERTIBLE DEBENTURES

The Company has redeemed all Non convertible Debenture valuing Rs. 600.00 lakhs by June, 2001.

### 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.****DIRECTORS**

Shri P. N. Shah and Shri J. K. Taparia, Directors of the Company retire by rotation and being eligible, offer themselves for re-appointment.

**DIRECTORS' RESPONSIBILITY STATEMENT**

Pursuant to the requirement under Section 217 (2AA) of the Companies Act, 1956, with respect to Directors' Responsibility Statement, It is hereby confirmed :

- i) That in the preparation of the accounts for the financial year ended 31st March, 2001, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- ii) That the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for the year under review;
- iii) That the Directors have taken proper and sufficient care 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;
- iv) That the Directors have prepared the account for the financial year ended 31st March, 2001, on a 'going concern' basis.

**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	:	548.40
b) Sales Tax	:	189.33
c) Octroi & Municipal Taxes	:	27.19
d) Advance Tax paid and Income Tax Deducted at Source on Salaries, Interest, payments to Contractors, Service contracts and Corporate dividend tax, etc.	:	132.08
Total		<u>897.00</u>

**ACKNOWLEDGMENTS**

The overall performance of the Company could not have been better 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,  
28th July, 2001



## ANNEXURE-A TO THE DIRECTORS' REPORT

### FORM-A (Rule-2)

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

Current year	Previous year
April 2000 to	April 1999 to
March 2001	March 2000

### DISCLOSURES

#### A) CONSERVATION OF ENERGY

##### (a) Energy conservation measures taken :

- \* Reduction of furnace oil consumption per ton of steel through close monitoring of process and controlling leakages.
- \* Reduction of air leakages.
- \* Continuous Monitoring and improving power factor and controlling maximum demand for optimum utilisation of electrical energy.

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

- \* Implementation of energy conservation proposals given by Origin and Meda through their energy audit.
- \* Exploration of energy efficient oil fired furnaces and induction furnaces, in place of existing salt bath 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 :

- \* The measures at (a) and (b) have led to reduction in consumption of fuel and electricity in addition to improvement of productivity.

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

#### (A) Power/fuel consumption :-

##### 1. Electricity :

##### (a) Purchased :

Unit (Lakh KWH)	52.40	52.96
Amount (Rs.Lakhs)	220.82	227.98
Rate/Unit (Rs.)	4.21	4.30

##### (b) Own Generation :

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

##### 2. Furnace Oil :

Quantity (KL)	608.67	617.09
Amount (Rs./Lakhs)	69.57	60.53
Average Rate(Rs./Ltr.)	11.43	9.81

#### (B) Consumption per unit of production :

Electricity (Unit/MT)	3374	3214
Furnace Oil (Ltr/MT)	392	375
Coal	---	---
Others	---	---

#### B) TECHNOLOGY ABSORPTION

##### (a) Research and Development

##### (1) Specific areas in which R & D carried out by the Company :

- \* Development of new products, designs, processes, materials, machines, tools, methods etc.
- \* Modification in products, processes, packings, etc. for improving quality, appearance of products.

**TAPARIA TOOLS LTD.****(2) Benefits derived as a result of the above R & D :**

- \* Market leadership.
- \* Widened product range
- \* Cost reduction
- \* Improved product quality

**(3) Future plan of actions :**

- \* Implementation of ISO 9001 system requirements to penetrate into new market
- \* Review of the entire organisational activities to sustain and keep leadership in the changed liberalised market.
- \* To uplift quality close to the international standards.

**(4) Expenditure on R & D :**

a) Capital	Rs.	—
b) Recurring	Rs.	22.37 Lakhs
Total	Rs.	<u>22.37 Lakhs</u>

Total R & D Expenditure  
as a percentage of total  
turnover : 0.49 %

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

- \* Above activities have helped the organisation to improve quality, reduce costs, reduce rejections which had helped in sustained business.
- \* Maintained market leadership in domestic market.

**(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. 2,93,49,599

Foreign Exchange outgo : Rs. 33,40,250

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

- \* Participation in international exhibitions for additional export markets and to understand the development in hand tools at international levels.
- \* Developing low cost automation equipments to reduce costs of production and to improve productivity.



## AUDITORS' REPORT

TO THE SHAREHOLDERS OF TAPARIA TOOLS LIMITED

We have audited the attached Balance sheet of Taparia Tools Limited, as at 31st March, 2001 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) On the basis of our review of the confirmations, received from Companies or written representations received from directors and taken on record by the Board of Directors, we report that none of the directors of the Company are disqualified from being appointed as directors of the Company under clause (g) of sub-section (1) of section 274 of the Companies Act, 1956 :
  - f) 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, 2001,
    - 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  
28th July, 2001

**K. K. KSHIRSAGAR**  
Partner





## TAPARIA TOOLS LTD.

## ANNEXURE TO THE AUDITORS' REPORT

(This is the Annexure referred to in our Report of even date)

In terms of the information and explanations given to us and the books and records examined by us in the normal course of audit and to the best of our knowledge and belief, we state as under :

- i) The Company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets. These fixed assets were physically verified by the Management during the year. We have been informed that no material discrepancies were noticed on such physical verification.
  - ii) The Fixed Assets i.e. Land, Buildings and Plant & Machinery have been revalued as on 31.03.1992 (refer Schedule No.9 Note No.2).
  - iii) The stock of finished goods, raw materials, stores and spares have been physically verified during the year by the Management at reasonable intervals, except stock lying with third parties. Confirmation of such stocks with third parties have been obtained by the Company in most of the cases.
  - iv) In our opinion, the procedures of physical verification of stocks followed by the Management are reasonable and adequate in relation to the size of the Company and nature of its business.
  - v) The discrepancies noticed on physical verification of stocks as compared to book records were not material, however, the same have been properly dealt with the books of account.
  - vi) In our opinion and on the basis of our examination of the stock records, the valuation of the stocks is fair and proper in accordance with the normally accepted accounting principles and is on the same basis as in the preceding year.
  - vii) The Company has taken loan from Directors listed in the Register maintained under Section 301 of the Companies Act, 1956, the rate of interest and terms & conditions of such loan are not *prima facie* prejudicial to the interest of the Company. In terms of section 370(6) of the Companies Act, 1956, provisions of the said section are not applicable to a Company on or after 31st October, 1998.
- viii) The Company has not granted any loans, secured or unsecured to companies, firms or other parties listed in the Register maintained under Section 301. In terms of section 370(6) of the Companies Act, 1956, provisions of the said section are not applicable to a Company on or after 31st October, 1998.
  - ix) The Company has not granted any loan/deposit in the nature of loan to a Company at the year end. The Company has also granted advance in the nature of loans to the employees without interest, which is being generally recovered as stipulated.
  - x) In our opinion, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchase of stores, raw materials including components, plant & machinery, equipments and other assets and for the sale of goods.
  - xi) There are transactions for purchase/sale of goods, materials and services, made by the Company in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956, aggregating during the year to Rs.50,000/- or more in respect of each party in our opinion, *prima facie* not prejudicial to the interests of the Company.
  - xii) As explained to us, unserviceable or damaged stores, raw materials and finished goods are determined by the Management and adequate provisions have been made in the accounts for the loss so determined.
  - xiii) The Company has not accepted any deposits from the public.
  - xiv) In our opinion, reasonable records have been