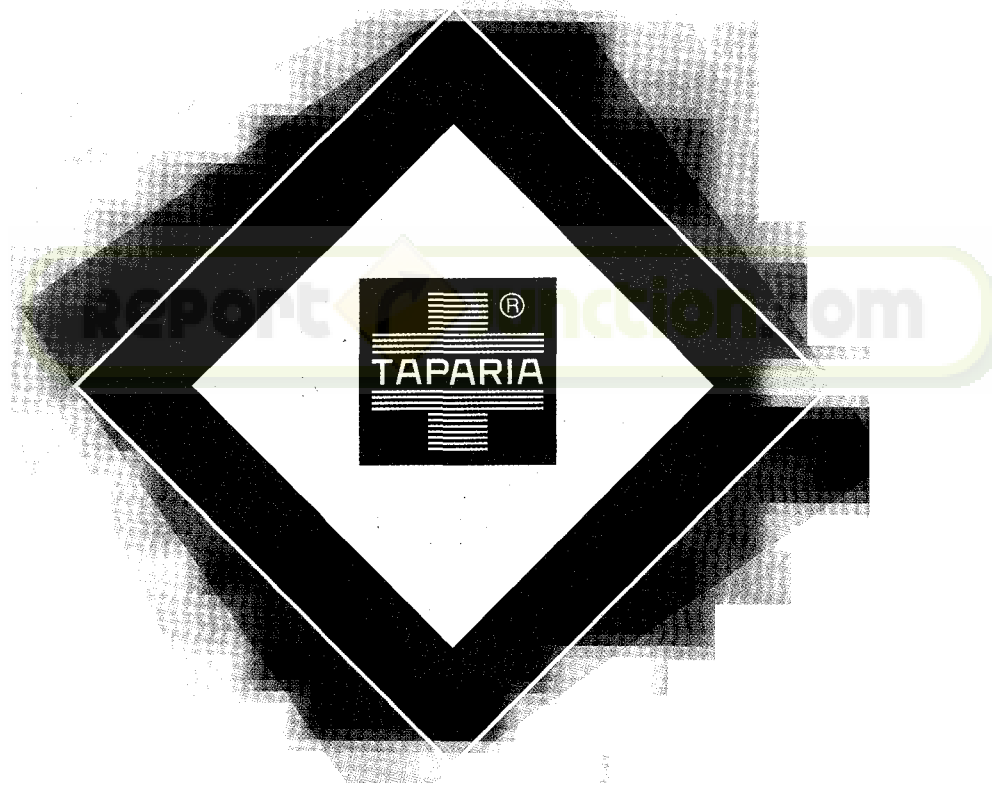


# TAPARIA TOOLS LTD.



**40<sup>th</sup> Annual Report 2005-2006**

## TAPARIA TOOLS LTD.



### Board of Directors

Shri H.N. Taparia Chairman & Managing Director  
Shri Hari Bhushan  
Shri M.V. Gore  
Shri P.N. Shah  
Shri D.S. Mulla (upto 22.06.2006)  
Shri J.K. Taparia  
Shri M.P. Taparia  
Shri D.P. Taparia  
Shri Virendra Bangur  
Shri R.P. Irani  
Shri R.N.R. Malani  
Dr. M.G. Nathani - Executive Director

### 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

### Corporate Office

423/24, (A-2), Shah & Nahar, Lower Parel (W), Mumbai - 400 013.  
Telephone : (91) (22) 24938646-50, Facsimile : (91) (22) 24953230

### Registered Office

52 & 52B, MIDC Area, Trimbak Road, Satpur, Nashik - 422 007, (Maharashtra)  
Telephone : (0253) 2350317/2350318/2350418, Facsimile : (0253) 2350740

### Internet Facility

Website: <http://www.tapariatools.com>  
E-Mail : [htaparia@bom5.vsnl.net.in](mailto:htaparia@bom5.vsnl.net.in)  
[nathanim\\_nsk@sancharnet.in](mailto:nathanim_nsk@sancharnet.in)

### Plants

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

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



## TAPARIA TOOLS LTD.

### TAPARIA TOOLS LTD.

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

#### NOTICE

NOTICE is hereby given that 40th Annual General Meeting of TAPARIA TOOLS LIMITED will be held at Emerald Park, Sharanpur Link Road, Nashik - 422 002 on Monday, the 18th day of September, 2006 at 12.00 noon to transact the following business:

#### Ordinary Business :

1. To receive, consider and adopt the Audited Balance Sheet as at March 31, 2006 and Profit and Loss Account for the year ended on that date and the Reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Shri Hari Bhushan, who retires by rotation, and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Shri M.V. Gore, who retires by rotation, and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri P.N. Shah, who retires by rotation, and being eligible, offers himself for re-appointment.
5. To appoint Auditors to 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 modification/s, the following resolution as an Ordinary Resolution :

"RESOLVED that pursuant to the provisions of sections 198, 269, 309 and other applicable provisions, if any, of the Companies Act, 1956, the Company hereby approves of the reappointment and terms of remuneration of Dr. M.G. Nathani as Whole time Director designated as "Executive Director" of the Company w.e.f. August 28, 2006 for a period of five years upon the terms and conditions set out within limits specified in Schedule XIII of the Companies Act, 1956 or any amendment thereto as under :

#### A) SALARY

Rs. 37,000/- per month including Dearness and all other Allowances.

#### B) PERQUISITES

Perquisites will continue as per earlier approval, which are as under :

Perquisites shall be allowed in addition to salary. However, it shall be restricted maximum to an amount equal to the annual salary. Perquisites are classified as follows :

#### i) Medical Reimbursement

Expenses incurred for him and his family, upto a maximum of Rs. 9000/- per annum.

#### ii) Leave and Leave Travel Allowance

Leave as per rules of the Company including encashment of leave. Leave Travel Concession for self and family once in a year incurred in accordance with the rules of the Company, restricted to a maximum of Rs.15,000/- per annum.

#### C) OTHER PAYMENTS AND PROVISIONS

Other Payments and Provisions will continue as per earlier approval, which are as under :

#### i) Contribution towards Provident Fund

Contribution towards Provident Fund will be as per present rules of the Company, which may be modified by discussion.





Contribution to Provident Fund will not be included in the computation of the ceiling on perquisites to the extent these either singly or put together are not taxable under the Income Tax Act.

ii) Gratuity

Gratuity payable shall not exceed half month's salary for each completed year of service, as per the present practice.

iii) Car

A car will be provided for use on Company's business. The use of Company's car for business purposes will not be considered as a perquisite.

iv) Telephone

Provision of telephone at residence will not be considered as perquisite but personal long distance calls shall be billed by the Company.

(D) MINIMUM REMUNERATION

Minimum Remuneration will be as per earlier approval, which will be as under :

In the event of loss, absence or inadequacy of profits, the remuneration aforesaid shall be the minimum remuneration.

"RESOLVED FURTHER THAT the salary payable to Dr. M. G. Nathani as per Clause (A) above may be increased upto the ceiling of Rs. 75,000/- per month by the Board of Directors considering the increase in the cost of living index, profitability of the Company, performance of the Director and other relevant factors".

"RESOLVED FURTHER THAT Shri H.N. Taparia, Chairman and Managing Director be and is hereby authorised to take such steps as may be necessary, proper or expedient to give effect to this resolution".

Mumbai,  
31st July, 2006

By order of the Board

V S DATEY  
Secretary

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 OF THE COMPANY.
- 2] The instrument appointing a proxy must be deposited at the Registered Office of the Company not less than fortyeight hours before the commencement of the meeting.
- 3] Members/Proxies should bring the Attendance Slip duly filled in for attending the meeting.
- 4] The Register of Members and Share Transfer Books in respect of the Equity Shares will remain closed from 14th day of September, 2006 to 18th day of September, 2006 (both days inclusive).
- 5] a) The Members are requested to :

check the address printed on the envelop for any discrepancy especially that of pin code number. If the pin no. is missing or it is not correct, members are requested to communicate the correct pin code number to the Company.

direct all correspondence to the Company's registered office at Nashik, for the attention of the Secretarial Department,

quote ledger folio number in all their correspondence,

approach the Company for consolidation of folios, if physical shareholdings are under multiple folios,

get the shares transferred in joint names, if share are held in single name, to avoid inconvenience,

inform, if not informed earlier, the Company their bank account number with the name of the bank and its branch so that the warrant sent to them include details of their account number and designated Branch of the bank.

send to the Company duly filled in form of appointment of nominee for the shares held. The prescribed form for appointment of nominee will be made available on request.



## **TAPARIA TOOLS LTD.**

- b) Members desirous of obtaining any information concerning the accounts and operations of the Company are requested to address their questions to the Company Secretary, so as to reach at least seven days before the date of Meeting, to enable us to make the information available at the Meeting, to the best extent possible.

Members are requested to bring their copy of the Annual Report and the Attendance Slip duly filled in with them at the Annual General Meeting.

- 6] Please note that pursuant to Section 205A of the Companies Act, 1956 all unclaimed/unpaid dividends till the introduction of sec. 205C by the Companies (Amendment) Act, 1999 have been transferred to General Revenue Account of the Central Government and thereafter upto the financial year ended 1997-98 have been transferred to the Investor Education and Protection Fund.

Kindly note that in terms of Section 205 C of the Companies Act, 1956 the unclaimed dividend for the financial year 1998-99 (which has remained unclaimed for a period of seven years) will become due for transfer to Investor Education and Protection Fund in the month of November, 2006.

Those shareholders who have not encashed the dividend warrant for the financial year 1998-99 are therefore, requested to forward the same to the Company for revalidation. It may also be noted that once the unclaimed dividend is transferred to the Fund, no claim shall lie against the Fund or the Company in respect of the individual amounts which were unclaimed or unpaid.

- 7] Additional particulars of Directors retiring by rotation and eligible for re-appointments pursuant to Clause 49 of the Listing Agreement and also as a part of the Corporate Governance Report are enclosed.

Report  junction.com



## EXPLANATORY STATEMENT PURSUANT TO SECTION 173 OF THE COMPANIES ACT, 1956

Item 6 of the Notice :

Dr. Mahesh G. Nathani was appointed as Executive Director of the Company since 28-08-1996. His present reappointment as Executive Director is for five years from 28-08-2001 to 27-08-2006.

Under his administration, Company's Plants at Nashik and Goa have made good progress and the operations of the Company have been becoming more and more sound including development of managers under him.

Since his tenure as the Executive Director is expiring on August 27, 2006, the Board at its Meeting held on July 31, 2006, proposed reappointment of Dr. Mahesh G. Nathani for a further period of five years w.e.f. August 28, 2006.

The Board considers that the Company will benefit from the reappointment of Dr. Mahesh G. Nathani as Executive Director and recommends the resolution for your approval.

On the recommendation of Remuneration Committee, the Board of Directors proposes the ceiling of remuneration to be paid to Dr. Mahesh G. Nathani of Rs. 75,000/- per month plus perquisites, as set out in the resolution under this item of the Notice.

Besides salary and perquisites, Dr. Mahesh G. Nathani is not entitled to any other benefit like stock option, pension or performance linked incentives etc.

Since the reappointment and the remuneration payable to the Executive Director require approval of the members of the Company in general meeting by means of ordinary resolution, considering the provisions of sections 198, 269 and 309 read with Schedule XIII to the Companies Act, 1956, the resolution as set out in this item of the accompanying Notice is commended for the approval of the members.

Excepting Dr. Mahesh G. Nathani, none of the Directors of the Company is in any way concerned or interested in the said resolution.

The Bio data of Dr. Mahesh G. Nathani is furnished here under :

Date of Birth	: 11-10-1946
Date of Commencement of Employment	: 17-11-1974
Date of Appointment as Executive Director	: 28-08-1996
Experience in specific Functional Areas	: Long Experience in various fields i.e. Production Planning & Control, Ancillary Development, Administration, Personnel, Export Sales, etc.
	Overall supervision and Management of the Operations of the Company's production facilities at Nashik and Goa Plants.
Experience	: 37 Years
Educational Qualifications	: M.Sc., Ph.D.
Details of shares held in the Company	: 2090
List of Companies in outside Directorships held as on 31-03-2006	: Rishabh Instruments Pvt. Ltd.
Chairman/Member of the Committees of other Companies on which he is a Director as on 31-03-2006	: Nil

The resolution alongwith the above explanatory details may be treated as an abstract circulated to the Shareholders under Section 302 of the Companies Act, 1956.

**TAPARIA TOOLS LTD.****ANNEXURE TO THE NOTICE**

Additional particulars of Directors retiring by rotation and eligible for re-appointments pursuant to Clause 49 of the Listing Agreement

**Shri Hari Bhushan, Director :**

Date of Birth	:	06-09-1923
Date of Appointment as Director	:	30-06-1986
Experience in specific Functional Areas	:	Technical Consultant Held various Executive posts in Central Government.
Experience	:	60 Years
Educational Qualifications	:	B.Sc., Engineering
Details of shares held in the Company	:	Nil
List of Companies in outside Directorships held as on 31-03-2006	:	Concast (India) Ltd., Mumbai Metal Box India Ltd., New Delhi
Chairman/Member of the Committees of other Companies on which he is a Director as on 31-03-2006	:	Nil

**Shri M.V. Gore, Director :**

Date of Birth	:	22-07-1932
Date of Appointment as Director	:	17-02-1998
Experience in specific Functional Areas	:	Finance, Insurance, Company Law, Marketing, Personnel & Industrial Relations.
Experience	:	49 Years
Educational Qualifications	:	Chartered Accountant
Details of shares held in the Company	:	Nil
List of Companies in outside Directorships held as on 31-03-2006	:	Rama Newsprint & Papers Ltd., Mumbai Lamure Consultant Services Pvt.Ltd. Mumbai
Chairman/Member of the Committees of other Companies on which he is a Director as on 31-03-2006	:	Nil

**Shri P.N. Shah, Director :**

Date of Birth	:	01-01-1929
Date of Appointment as Director	:	29-09-1996
Experience in specific Functional Areas	:	Taxation, Accounting, Auditing and Financial Management
Experience	:	55 Years
Educational Qualifications	:	Chartered Accountant
Details of shares held in the Company	:	Nil
List of Companies in outside Directorships held as on 31-03-2006	:	Indo Count Industries Ltd. Kolhapur P.I. Industries Ltd., Udaipur Secure Meters Ltd., New Delhi Lipi Data Systems Ltd., Mumbai Standard Tea Processing Co. Ltd., Ahmedabad Wolkem India Limited, Udaipur LIC Mutual Fund Trustee Co. Ltd., Mumbai
Chairman/Member of the Committees of other Companies on which he is a Director as on 31-03-2006	:	Secure Meters Ltd., New Delhi P.I. Industries Ltd., Udaipur Indo Count Industries Ltd., Kolhapur Lipi Data Systems Ltd., Mumbai





Shares Listed at : Stock Exchange, Mumbai

Code No. : 5685

**SHAREHOLDERS' FUNDS**

1967-1968 : Rs. 39.80 Lakhs  
2005-2006 : Rs. 1293.13 Lakhs

**RATE OF DIVIDEND**

Year	Equity Dividend	Year	Equity Dividend
1993-1994 :	15%	2000-2001 :	20%
1994-1995 :	16%	2001-2002 :	30%
1995-1996 :	20%	2002-2003 :	60%
1996-1997 :	20%	2003-2004 :	65%
1998-1999 :	15%	2004-2005 :	65%
1999-2000 :	20%	2005-2006 :	50%

**HIGHLIGHTS**

(Rupees in lakhs)

	2001-02	2002-03	2003-04	2004-05	2005-06
<b>FOR THE YEAR</b>					
1. GROSS REVENUE	4778.09	5697.08	6788.13	7476.35	8504.82
2. PROFIT BEFORE TAX	328.71	398.28	431.20	323.64	336.21
3. PROFIT AFTER TAX	174.67	300.82	294.84	232.72	231.97
4. DIVIDEND	91.07	182.14	197.32	197.32	151.79
5. RETAINED EARNINGS	62.79	118.12	145.36	119.96	143.85
6. CASH GENERATION	263.75	378.27	363.90	290.06	284.04
7. FOREIGN EXCHANGE EARNINGS	271.25	205.62	281.60	295.48	305.64
<b>AT YEAR END</b>					
8. GROSS FIXED ASSETS	2490.37	2492.08	2510.72	2528.71	2567.83
9. SHARE CAPITAL	303.57	303.57	303.57	303.57	303.57
10. RESERVES AND SURPLUS	831.47	883.63	945.41	942.68	989.56
11. NET WORTH	1134.37	1186.95	1248.75	1246.25	1293.13
12. BORROWINGS	652.40	596.07	916.21	341.20	207.57
13. CAPITAL EMPLOYED	1807.36	1799.56	2177.70	1596.19	1503.09
<b>PER SHARE</b>					
14. NET WORTH PER EQUITY SHARE	37.37	39.09	41.13	41.05	42.60
15. EARNING PER SHARE	5.75	9.91	9.71	7.67	7.64
16. DIVIDEND PER EQUITY SHARE	3.00	6.00	6.50	6.50	5.00
<b>RATIO</b>					
17. DEBT:EQUITY	2.15	1.96	2.90	1.12	0.68



# TAPARIA TOOLS LTD.

## DIRECTORS' REPORT

To the Members of Taparia Tools Ltd.,

The Directors hereby present their 40th Annual Report on the business and operations of the Company and the Financial Accounts for the year ended March, 31, 2006.

## FINANCIAL RESULTS

( Rupees in lakhs )

	Current year	Previous year
Sales (Net)	7586.70	6422.34
Profit before interest and depreciation	390.87	433.40
Interest	2.59	52.42
Gross Profit	388.28	380.98
Depreciation	52.07	57.34
Profit for the year before tax	336.21	323.64
Less : Provision for taxation		
Current Tax	106.00	94.92
Fringe Benefit Tax	4.60	0.00
Add : Deferred Tax	6.36	4.00
Profit after tax	231.97	232.72
Add : Surplus brought forward from previous year	119.97	145.36
Profit available for Appropriations	351.94	378.08
Less :		
General Reserve	35.00	35.00
Interim Dividend on Equity Shares	151.79	197.32
Corporate Dividend Tax	21.29	25.79
Surplus carried to Balance Sheet	143.85	119.97

## INTERIM DIVIDEND

In view of the Company's reasonable profit performance, your Directors wish to inform you that the Company has paid an interim dividend @ Rs.5.00 per share on 30,35,750 equity shares of Rs.10/- each for the year ended 31st March, 2006 in three installments, aggregating to Rs.151.79 lakhs. (2004-05 : on 30,35,750 equity shares at Rs. 6.50 per share aggregating to Rs. 197.32 lakhs). In view of this, no final dividend is proposed.

## OPERATIONS

In continuance to various new initiatives taken by the Management for improvement of the performance of the Company from the last year, viz. cost reduction, right sizing the organisation, gaining the market share, carrying out improvements in product and process quality and the introduction of new products, a new concept of TPM introduced in previous year with an aim of TOTAL PRODUCTIVE MAINTENANCE was continued during the current year. The result of the same will be noticed gradually in the years to come.

During the year under review, the Company's total sales were Rs.7586.70 lakhs net of excise which represents an increase of 18.13% over the sale of Rs. 6422.34 Lakhs net of excise in the previous year.

Profit earned after tax in the current year was Rs. 231.97 Lakhs against Rs. 232.72 Lakhs in the previous year.

In view of keen competition in market and by strategically not revising the prices of finished goods commensurate with the rising input costs, the current year's results would appear to be satisfactory. However, it is heartening to know that Company has now revised to effect a modest increase in its product prices seeing the proper atmosphere for the same, which will do well in making the Company more sound vis-a-vis present highly competitive market.

## CORPORATE GOVERNANCE

As per Clause 49 of the Listing Agreement with The Mumbai Stock Exchange, a separate section on Corporate Governance and Management Discussion and Analysis together with a certificate from the Company's Auditors confirming compliance is set out in the annexure forming part of this report.

## PERSONNEL

The industrial relations with employees continued to be cordial and satisfactory during the year under review.

There was no employee drawing salary of more than Rs.2,00,000/- per month or Rs.24,00,000/- per annum. Hence, the requirement of 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.

## RETIREMENT OF DIRECTORS

Shri Hari Bhushan, Shri M.V. Gore and Shri P.N. Shah, Directors of the Company retire by rotation and being eligible, offer themselves for re-appointment.



### SAD DEMISE OF SHRI D.S. MULLA, DIRECTOR

Shri D.S. Mulla expired on 22-06-2006. Directors regret the sad demise of Shri D.S. Mulla who had been a Director of the Company since 27-07-2002. The Directors wish to place on record their appreciation of the valuable guidance given by Late Shri D.S. Mulla to the Board and to the Company from time to time in course of his tenure as Director of the Company. Even earlier, he was advising Company from time to time.

### DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to section 217(2AA) of the Companies Act, 1956, with respect to Directors' Responsibility Statement, it is hereby confirmed that:

- 1 in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- 2 the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are 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 of the Company for the year under review;
- 3 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 and for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities;
- 4 the Directors have prepared the annual accounts 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, Chartered Accountants, 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.

### ENERGY, TECHNOLOGY AND FOREIGN EXCHANGE

Information on conservation of energy, technology absorption, foreign exchange earnings and outgo required to be given pursuant to section 217(1)(e) of the Companies Act, 1956 read together with the Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988 is annexed hereto and forms part of this Report.

### CONTRIBUTION TO REVENUE

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

(Rs.in Lakhs)

a) Excise Duty	645.02
b) VAT/CST	372.94
c) Octroi & Municipal Taxes	: 48.08
d) Advance Tax paid and Income Tax	: 155.45
Fringe Benefit Tax, Tax Deducted at Source on Salaries, Interest, payments to Contractors, Service contracts, Corporate Dividend tax etc.	

Total

1221.49

### ACKNOWLEDGMENTS

The Directors wish to convey their appreciation for the total commitment, dedication, hard work and enormous personal efforts as well as collective contribution put in by every employee of your Company in achieving the growing performance of the Company.

The Directors would also like to thank the bankers, Central & State Governments, local authorities, customers, dealers, suppliers and all other business associates for the continuous and unstinted support given by them to the Company and their confidence in its management.

Lastly, your Directors are deeply grateful for the confidence and faith shown by the shareholders of the Company in them.

On behalf of the Board of Directors

Mumbai, 31st July, 2006

**H. N. Taparia**  
Chairman &  
Managing Director