

TAPARIA TOOLS LTD.



Report

TAPARIA

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ANNUAL REPORT 2006-07

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 B.B. Ladda (w.e.f. 30-07-2007)
Shri G.S. Manasawala (w.e.f. 30-07-2007)
Shri J.K. Taparia
Shri M.P. Taparia
Shri D.P. Taparia
Shri Virendra Bangur
Shri R.P. Irani (Upto 30-07-2007)
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

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@tapariatools.com, htaparia@bom5.vsnl.net.in
nathani@tapariatools.com, 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 - 422007, (Maharashtra)

NOTICE

NOTICE is hereby given that 41st Annual General Meeting of TAPARIA TOOLS LIMITED will be held at Emerald Park, Sharanpur Link Road, Nashik - 422 002 on Wednesday, the 26th day of September, 2007 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, 2007 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 J.K. Taparia, who retires by rotation, and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Shri Virendra Bangur, who retires by rotation, and being eligible, offers himself for re-appointment.
4. 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

5. 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 Section 260 and other applicable provisions, if any, of the Companies Act, 1956, Shri B.B. Ladda, who was appointed as an additional Director by the Board of Directors of the Company and who holds office as such only upto the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing alongwith a deposit of Rs. 500/- pursuant to the provisions of Section 257 of the Companies Act, 1956 from a Shareholder signifying his intention to propose Shri B.B. Ladda as a candidate for the office of Director of the Company, be and is hereby appointed as a Director of the Company, liable to retire by rotation."
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 Section 260 and other applicable provisions, if any, of the Companies Act, 1956, Shri G.S. Manasawala, who was appointed as an additional Director by the Board of Directors of the Company and who holds office as such only upto the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing alongwith a deposit of Rs. 500/- pursuant to the provisions of Section 257 of the Companies Act, 1956 from a Shareholder signifying his intention to propose Shri G.S. Manasawala as a candidate for the office of Director of the Company, be and is hereby appointed as a Director of the Company, liable to retire by rotation."

Mumbai,
27th August, 2007

By order of the Board

V S Datey
Company 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 23rd day of September, 2007 to 26th day of September, 2007 (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 shares 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.

- 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 1998-99 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 1999-2000 (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, 2007.

Those shareholders who have not encashed the dividend warrant for the financial year 1999-2000 and onwards 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] As required under clause 49 of the Listing Agreement of the Stock Exchange, the relevant details of persons seeking appointment/ reappointment as directors and also as a part of the Corporate Governance Report are furnished in the Annexure.

TAPARIA TOOLS LTD.**EXPLANATORY STATEMENT (PURSUANT TO SECTION 173 OF THE COMPANIES ACT, 1956)****Item 5 of the Notice:**

Shri B.B. Ladda was appointed as an additional Director on the Board of the Company on 30.07.2007. According to the provisions of Section 260 of the Companies Act, 1956, he ceases to be a Director on the conclusion of this annual General Meeting.

Notice under section 257 of the Companies Act, 1956, proposing the appointment of Shri B.B. Ladda as a director has been duly received by the Company.

The details pertaining to Shri B.B. Ladda required to be provided pursuant to clause 49 of the listing agreement are furnished in the Annexure.

Considering his long and varied experience, his contribution on the Board will be valuable to your Company. The resolution is accordingly commended for your acceptance.

None of the Directors except Shri B.B. Ladda is interested in the resolution.

Item 6 of the Notice:

Shri G.S. Manasawala was appointed as an additional Director on the Board of the Company on 30.07.2007. According to the provisions of Section 260 of the Companies Act, 1956, he ceases to be a Director on the conclusion of this annual General Meeting.

Notice under section 257 of the Companies Act, 1956, proposing the appointment of Shri G.S. Manasawala as a director has been duly received by the Company.

The details pertaining to Shri G.S. Manasawala required to be provided pursuant to clause 49 of the listing agreement are furnished in the Annexure.

Considering his rich experience, his presence on the Board will be quite valuable to your Company. The resolution is accordingly commended for your acceptance.

None of the Directors except Shri G.S. Manasawala is interested in the resolution.

ANNEXURE TO NOTICE

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

Shri J.K. Taparia, Director

Date of Birth	: 03-06-1942
Date of Appointment as Director	: 26-09-1996
Experience in specific functional Areas	: Technical aptitude in mechanical, electrical aspect of engineering
Experience	: 47 years
Educational Qualifications	: Graduate
Details of shares held in the Company	: 143476
List of Companies in outside Directorship held as on 31-03-2007	: Celaciha Tools Pvt. Ltd., Orient Pratishtan Limited, Suraj Agencies Pvt. Limited Suyog Trading Co. Pvt. Limited
Chairman/Member of the Committees of other Companies on which he is a Director as on 31-03-2007	: Nil

**Shri Virendra Bangur, Director**

Date of birth	:	19-03-1975
Date of Appointment as Director	:	28-07-2004
Experience in specific functional Areas	:	Industrialist
Experience	:	10 Years
Educational Qualification	:	B. Com.
Details of share held in the Company	:	56526
List of Companies in outside Directorship held as on 31-03-2007	:	Akhivi Tea Plantations And Agro Industries Limited Gold Mohore Investment Company Limited Union Company Limited Shri Satyanarayan Properties Pvt. Limited Orient Pratishthan Limited High Profile Travels Pvt. Limited Jayashree Chemicals Limited Rama Newsprint And Papers Limited Suraj Agencies Private Limited
Chairman/Member of the Committees of other Companies on which he is a Director as on 31-03-2007	:	Nil

Shri B.B.Ladda, Director

Date of Birth	:	19-09-1942
Date of Appointment as Director	:	30-07-2007
Experience in specific functional Areas	:	Direct Taxes, Accounting, Auditing and Financial Management
Experience	:	40 Years
Educational Qualifications	:	Chartered Accountant
Details of shares held in the Company	:	Nil
List of Companies in outside Directorship of other Companies on which he is a Director as on 31-03-2007	:	Nil

Shri G.S.Manasawala, Director

Date of Birth	:	15-07-1930
Date of Appointment as Director	:	30-07-2007
Experience in specific functional Areas	:	Legal
Experience	:	53 Years
Educational Qualifications	:	B. Com., LL.B.
Details of shares held in the Company	:	Nil
List of Companies in outside Directorship held as on 31-03-2007	:	Gwalior Foods & Farms Ltd. Sambhav Engineers Pvt. Ltd. Soma Papers & Industries Ltd. Shrinivas Plates & Structures Ltd.
Chairman/Member of the Committees of other Companies on which he is a Director as on 31-03-2007	:	Nil

TAPARIA TOOLS LTD.

Shares Listed at : Stock Exchange, Mumbai

Code No. : 505685

SHAREHOLDERS' FUNDS

1967-1968 : Rs. 39.80 Lakhs
 2006-2007 : Rs. 1364.76 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%
1997-1998 :	20%	2004-2005 :	65%
1998-1999 :	15%	2005-2006 :	50%
1999-2000 :	20%	2006-2007 :	70%

HIGHLIGHTS

(Rupees in lakhs)

	2002-03	2003-04	2004-05	2005-06	2006-07
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FOR THE YEAR

1. GROSS REVENUE	5697.08	6788.13	7476.35	8504.82	9802.31
2. PROFIT BEFORE TAX	398.28	431.20	323.64	336.21	435.87
3. PROFIT AFTER TAX	300.82	294.84	232.72	231.97	297.83
4. DIVIDEND	182.14	197.32	197.32	151.79	212.50
5. RETAINED EARNINGS	118.12	145.36	119.96	143.85	155.38
6. CASH GENERATION	378.27	363.90	290.06	284.04	352.23
7. FOREIGN EXCHANGE EARNINGS	205.62	281.60	295.48	305.64	337.95

AT YEAR END

8. GROSS FIXED ASSETS	2492.08	2510.72	2528.71	2567.83	2640.59
9. SHARE CAPITAL	303.57	303.57	303.57	303.57	303.57
10. RESERVES AND SURPLUS	883.63	945.41	942.68	989.56	1061.19
11. NET WORTH	1186.95	1248.75	1246.25	1293.13	1364.76
12. BORROWINGS	596.07	916.21	341.20	207.57	207.57
13. CAPITAL EMPLOYED	1799.56	2177.70	1596.19	1503.09	1572.34

PER SHARE

14. NET WORTH PER EQUITY SHARE	39.09	41.13	41.05	42.60	44.96
15. EARNING PER SHARE	9.91	9.71	7.67	7.64	9.81
16. DIVIDEND PER EQUITY SHARE	6.00	6.50	6.50	5.00	7.00

RATIO

17. DEBT: EQUITY RATIO	1.96	2.90	1.12	0.68	0.68
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(Debt: Equity Share Capital)



DIRECTORS' REPORT

To the Members of Taparia Tools Ltd.,

The Directors hereby present their 41st Annual Report on the business and operations of the Company and the Financial Accounts for the year ended March 31, 2007.

FINANCIAL RESULTS

	[Rupees in lakhs]	
	Current year	Previous year
Sales (Net)	8872.95	7586.70
Profit before interest and depreciation	490.38	390.87
Interest	0.11	2.59
Gross Profit	490.27	388.28
Depreciation	54.40	52.07
Profit for the year before tax	435.87	336.21
Less : Provision for taxation		
Current Tax	140.00	106.00
Deferred Tax	(5.96)	(6.36)
Fringe Benefit Tax	4.00	4.60
Profit after tax	297.83	231.97
Add : Surplus brought forward from previous year	143.85	119.97
Profit available for Appropriations	441.68	351.94
Less :		
General Reserve	30.00	35.00
Interim Dividend on Equity Shares	212.50	151.79
Corporate Dividend Tax	29.80	21.29
Surplus carried to Balance Sheet	169.38	143.85

INTERIM DIVIDEND

In view of the Company's improved performance, your Directors wish to inform you that the Company has paid an interim dividend @ Rs.7.00 per share on 30,35,750 equity shares of Rs.10/- each for the year ended 31st March, 2007 aggregating to Rs.212.50 lakhs. [2005-06 : on 30,35,750 equity shares at Rs. 5.00 per share aggregating to Rs. 151.79 lakhs]. No final dividend is proposed.

OPERATIONS

In continuation of various initiatives taken by the Management for improvement of the performance of the Company, viz. cost reduction, improving the market share, carrying out improvements in products intrinsic quality, its appearance, its packing and the introduction of new products and also implementation of new concept of TPM [Total Productive Maintenance] Activities, the effect of which has shown marked improvement during the year. The new initiatives in current year like a new advanced procedure of WCPM [World Class Productivity Practices & Management] with the intentions to equip the Organisation with the Tools and Techniques and help to establish as the preferred choice of Customers by achieving the Productivity Standards that are comparable with the best in the world in every sphere of the Business, is being introduced. 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.8872.95 lakhs net of excise which represents an increase of 16.95% over the sale of Rs. 7586.70 Lakhs net of excise in the previous year.

Profit earned after tax in the current year was Rs. 297.83 Lakhs against Rs. 231.97 Lakhs in the previous year.

Despite 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 encouraging. However, it is heartening to know that Company has revised to effect a modest increase in its product prices seeing the proper atmosphere for the same, which will do well in maintaining the healthy position of the Company 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.

TAPARIA TOOLS LTD.

DIRECTORS

Shri R.P. Irani resigned from the Board w.e.f. 30-07-2007. The Directors wish to place on record their appreciation of the contribution made by Shri R.P. Irani during his tenure as Director of the Company.

Shri B.B. Ladda and Shri G.S. Manasawala were appointed as Additional Directors of the Company with effect from 30th July, 2007. Shri B.B. Ladda and Shri G.S. Manasawala will hold office under section 260 of the Companies Act, 1956 upto the forthcoming Annual General Meeting and is eligible for reappointment at the Meeting. As required by section 257 of the Companies Act, 1956, the Company has received notices in writing from Shareholders signifying his intention to propose the candidatures of Shri B.B. Ladda and Shri G.S. Manasawala as Non Executive Independent Directors of the Company.

Shri J.K. Taparia and Shri Virendra Bangur, Directors of the Company retire by rotation and being eligible, offer themselves for re-appointments.

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	728.42
b) VAT/CST	443.80
c) Octroi & Municipal Taxes	50.64
d) Income Tax, Fringe Benefit Tax, Corporate Dividend tax	165.32
Total	1388.18

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, 27th August, 2007

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)

FORM-A(Rule-2)

DISCLOSURES

A) CONSERVATION OF ENERGY

a) Energy conservation measures taken :

The Company has planned to increase the awareness of conservation of energy at all levels in the organisation. In the continuous effort of monitoring and conserving the valuable energy resources, the following activities were performed during this year:

- i) Installed Continuous Tempering Furnace and connected with Shaker Hearth Hardening Furnace resulting in power saving against earlier conventional tempering process.
- ii) Planned and organised to maintain unity Power Factor against earlier 0.99 P.F. This has resulted into saving in electricity bill.
- iii) Planned and implemented to avoid Partial Tempering of Screw Drivers blades by revising hardening process resulting into power saving.

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

- i) It is planned to replace old 500 CFN reciprocating compressor by 500 CFN Screw Compressor to save power upto 20%.
- ii) Planned to explore efficient heat treatment processes such as induction heating etc.
- iii) Training & Education of all the personnel to increase the awareness about the valuable natural resources like electricity, oil, water etc.

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 above measures of conservation of energy have reduced the consumption of energy and that has had favourable effects on cost of products.

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

Current year	Previous year
2006 - 2007	2005 - 2006

(I) Power/fuel consumption :

1. Electricity :

(a) Purchased :

Unit Lakh KWH)	58.78	51.18
Amount (Rs.Lakhs)	259.18	181.89
Rate/Unit (Rs.)	4.41	3.55

(b) Own Generation :

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

2. Furnace Oil :

Quantity (KL)	672.69	670.51
Amount (Rs./Lakhs)	142.56	118.06
Average Rate (Rs./Ltr.)	21.19	17.61

(II) Consumption per unit of production :

Electricity (Unit/MT)	2988	2922
Furnace Oil (Ltr./MT)	342	382
Coal	-	-
Others	-	-

B) TECHNOLOGY ABSORPTION

(a) Research and Development

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

The Company is committed to design, develop and manufacture reliable and durable hand tools at optimum cost. As a part of this, the Company has initiated a programme to expand its range of hand tools to meet the customers requirements by providing a wide range of products.