

TAPARIA TOOLS LTD.



ANNUAL REPORT 2007 - 08

TAPARIA TOOLS LTD.

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**Annual General Meeting on Tuesday, September 30, 2008 at 12.30 p.m. at
Emerald Park, Sharanpur Link Road, Nashik - 422 002**

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

Shri G.S. Manasawala

Shri J.K. Taparia

Shri M.P. Taparia

Shri D.P. Taparia

Shri Virendra Bangur

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

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.

Regd.Office :
52 & 52B, MIDC Area, Trimbak Road,
Satpur, Nashik - 422007, (Maharashtra)

NOTICE

NOTICE is hereby given that 42nd Annual General Meeting of TAPARIA TOOLS LIMITED will be held at Emerald Park, Sharanpur Link Road, Nashik - 422 002 on Tuesday, the 30th day of September, 2008 at 12.30 p.m. to transact the following business as ordinary business:

1. To receive, consider and adopt the Audited Balance Sheet as at March 31, 2008 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 M.P. Taparia, who retires by rotation, and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Shri D.P. Taparia, who retires by rotation, and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri R.N.R. Malani, 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.

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 forty-eight 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 25th day of September, 2008 to 30th day of September, 2008 (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,

TAPARIA TOOLS LTD.

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 1999-00 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 2000-2001 (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, 2008.

Those shareholders who have not encashed the dividend warrant for the financial year 2000-2001 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(iv)(G) of the Listing Agreement of the Stock exchange, the relevant details of persons seeking appointment/reappointment as Directors are furnished in the Corporate Governance section of this Annual Report

By order of the Board

Mumbai,
9th August, 2008

V.S. Datey
Company Secretary



FINANCIAL STATISTICS

SHAREHOLDERS' FUNDS

1967-1968 : Rs. 39.80 Lakhs
2007-2008 : Rs. 1461.15 Lakhs

RATE OF DIVIDEND

Year	Equity Dividend %	Year	Equity Dividend %
1993-1994 :	15%	2001-2002 :	30%
1994-1995 :	16%	2002-2003 :	60%
1995-1996 :	20%	2003-2004 :	65%
1996-1997 :	20%	2004-2005 :	65%
1997-1998 :	20%	2005-2006 :	50%
1998-1999 :	15%	2006-2007 :	70%
1999-2000 :	20%	2007-2008 :	60%
2000-2001 :	20%		

HIGHLIGHTS

(Rupees in lakhs)

	2003-04	2004-05	2005-06	2006-07	2007-08
FOR THE YEAR					
1. GROSS REVENUE	6788.13	7476.35	8504.82	9802.31	12928.22
2. PROFIT BEFORE TAX	431.20	323.64	336.21	435.87	581.90
3. PROFIT AFTER TAX	294.84	232.72	231.97	297.83	388.52
4. DIVIDEND	197.32	197.32	151.79	212.50	182.14
5. RETAINED EARNINGS	145.36	119.96	143.85	169.37	304.80
6. CASH GENERATION	363.90	290.06	284.04	352.23	448.37
7. FOREIGN EXCHANGE EARNINGS	281.60	295.48	305.64	337.95	290.49
AT YEAR END					
8. GROSS FIXED ASSETS	2510.72	2528.71	2567.83	2649.75	2677.61
9. SHARE CAPITAL	303.57	303.57	303.57	303.57	303.57
10. RESERVES AND SURPLUS	945.41	942.68	989.56	1061.19	1157.57
11. NET WORTH	1248.75	1246.25	1293.13	1364.76	1461.15
12. BORROWINGS	916.21	341.20	207.57	207.57	321.11
13. CAPITAL EMPLOYED	2177.70	1596.19	1503.09	1572.34	1782.26
PER SHARE					
14. NET WORTH PER EQUITY SHARE	41.13	41.05	42.60	44.96	48.13
15. EARNING PER SHARE	9.71	7.67	7.64	9.81	12.80
16. DIVIDEND PER EQUITY SHARE	6.50	6.50	5.00	7.00	6.00
RATIO					
17. DEBT: EQUITY RATIO	2.90	1.12	0.68	0.68	1.06
[Debt: Equity Share Capital]					

TAPARIA TOOLS LTD.

DIRECTORS' REPORT

To the Members of Taparia Tools Ltd.,

The Directors hereby present their 42nd Annual Report on the business and operations of the Company and the Financial Accounts for the year ended March 31, 2008.

FINANCIAL RESULTS

	[Rupees in lakhs]	
	Current year	Previous year
Sales (Net)	10960.62	8872.95
Profit before interest and depreciation	643.17	490.38
Interest	1.41	0.11
Gross Profit	641.75	490.27
Depreciation	59.85	54.40
Profit for the year before tax	581.91	435.87
Less : Provision for taxation		
Current Tax	181.00	140.00
Previous year	11.97	-
Deferred Tax	(4.59)	(5.96)
Fringe Benefit Tax	5.00	4.00
Profit after tax	388.53	297.83
Add : Surplus brought forward from previous year	169.38	143.85
Profit available for Appropriations	557.91	441.68
Less :		
General Reserve	40.00	30.00
Interim Dividend on Equity Shares	182.14	212.50
Corporate Dividend Tax	30.96	29.80
Surplus carried to Balance Sheet	304.81	169.38

DIVIDEND

Your Directors wish to inform you that the Company has paid an interim dividend @ Rs. 6.00 per share on 30,35,750 equity shares of Rs. 10 each for the year ended 31st March 2008 aggregating to Rs. 182.14 lakhs (2006-07 : on 30,35,750 equity shares @ Rs. 7.00 per share aggregating to Rs.212.50 lakhs) and ploughed back a part of net profit for enhancing the production efficiency/ capacity building and capital investment. Hence 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, increasing the market share, making improvements in products' intrinsic quality, its appearance, its packing and the introduction of new products. The implementation of concept of TPM (Total Productive Maintenance) Activities, initiatives taken 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 the brand as the preferred choice of Customers by achieving the Productivity Standards that are able to set the benchmark, is being implemented. The effect of these efforts has been reflected in the improvements during the year.

During the year under review, the Company's total sales were Rs.10960.62 lakhs net of excise duty which represents an increase of 23.52% over the sale of Rs. 8872.95 Lakhs net of excise duty in the previous year.

Profit earned after tax in the current year was Rs. 388.53 Lakhs against Rs. 297.83 Lakhs in the previous year.

Despite keen competition in market and no revision in the prices of finished goods commensurate with the rising input costs, the current year's results would appear to be encouraging. The Company has revised prices to effect a 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 Bombay Stock Exchange Ltd., 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.



DIRECTORS

Shri M.P. Taparia, Shri D.P. Taparia and Shri R.N.R. Malani, 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 AND 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	856.73
b) VAT/CST	473.80
c) Octroi & Municipal Taxes	59.99
d) Income Tax, Fringe Benefit Tax	228.93
Corporate Dividend tax etc.	
Total	1619.45

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 improved 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

H.N. Taparia

Chairman &
Managing Director

Mumbai, 9th August, 2008

TAPARIA TOOLS LTD.**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 :**

- 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.
- The Company has started controlling Hydraulic Oil leakages of hydraulic machines. There is saving in hydraulic Oil consumption and it is being monitored on regular basis.
- Installed Electrical motor protection relays to get proper tripping on load to stop loss of excessive power.
- Replaced Old type of air compressors of reciprocating type by screw compressors to get considerable power saving.

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

- Earlier, there was only one Pumping and Heating Unit for furnace Oil line which was not sufficient for all furnaces in Forge Shop. Now, the Company has procured second set which will be installed very shortly resulting into considerable saving of furnace oil.
- Planned to install automatic power factor (Unity) Control panel.
- Planned to install energy saving tube lights in place of existing conventional tube lights in general working area.
- Planned to receive and install solid state inducting hardening machine in place of old machines which will help in reduction of energy consumption.
- Planned to conduct energy audit to reduce energy cost in various fields.

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 will reduce the consumption of energy.

D) Total energy consumption and energy consumption per unit of production as per Form-A. FORM-A (Rule-2)

	Current year 2007 - 2008	Previous year 2006 - 2007
(I) Power/fuel consumption :		
1. Electricity:		
(a) Purchased :		
Unit Lakh KWH]	65.34	58.78
Amount (Rs.Lakhs)	280.54	259.18
Rate/Unit (Rs.)	4.29	4.41
(b) Own Generation :		
Unit (Lakh KWH)	—	—
Unit per ltr.of diesel oil	—	—
Rate/Unit (Rs.)	—	—
2. Furnace Oil :		
Quantity (KL)	721.64	672.69
Amount (Rs./Lakhs)	171.78	142.56
Average Rate(Rs./Ltr.)	23.80	21.19
(II) Consumption per unit of production :		
Electricity (Unit/MT)	3063	2988
Furnace Oil (Ltr./MT)	338	342
Coal	—	—
Others	—	—

B) TECHNOLOGY ABSORPTION**(a) Research and Development****(1) Specific areas in which R & D carried out by the Company:**

- With the aim to expand the product range, the Company has introduced following new products :
 - 8 Inch & 12 Inch Water Pump Pliers
 - 18 Inch and 24 Inch Cable Cutters
 - 1 Inch Socket Set
 - 65mm and 70 mm sockets in 3/4 Inch Drive
- The World Class Productivity Practices & Management Programme (WCPM) has given a new direction for more efficient working practices to all the levels in the Organisation.



- Continuous efforts in the areas of quality improvement, cost reduction, increased productivity, efficient utilization of all the resources.

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

The Company could :

- increase the market share
- sustain the rise in input costs
- improve its product quality

(3) Future plan of actions :

Exploring to procure 'SAP' which can modernize the working in all the functional areas with improvement in the monitoring of the overall working systems at the organizational level.

Continue to increase the market share by further adding new products as well as increasing the range of existing products.

(4) Expenditure on R & D :

a) Capital	: Rs. -
b) Recurring	: Rs. 32.29 Lakhs
c) Total	: Rs. 32.29 Lakhs
	=====
d) Total R & D Expenditure as a percentage of total turnover	: 0.29 %

(b) Technology absorption, adaptation and innovation:

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

Continued participation in National and International exhibitions to understand the modernization taking place in hand tools market and to explore the modern manufacturing practices.

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

- Increased market share in domestic & international markets.
- Improved quality and efficiency.
- Developed market leadership for many products.

(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 participated in International Exhibitions and Sales Promotion Meetings held in Hong Kong, China, Thailand, Dubai, Bangkok, South Africa, Canada, New Zealand, Singapore etc.

Foreign exchange Earnings	: Rs. 2,90,48,654
Foreign Exchange outgo	: Rs. 15,17,065