

TAPARIA TOOLS LTD.



ANNUAL REPORT 2008 - 09



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TAPARIA TOOLS LTD.**Board of Directors**

Shri H.N. Taparia - Chairman & Managing Director
 Shri Hari Bhushan (Up to 23rd January 2009)
 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 Forty Third Annual General Meeting of TAPARIA TOOLS LIMITED will be held at Emerald Park, Sharanpur Link Road, Nashik 422 002 on Friday, the 25th day of September, 2009 at 12:30 p.m. to transact the following business :

Ordinary business:

1. To receive, consider and adopt the Audited Balance Sheet as at March 31, 2009 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 P.N. Shah, 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 Virendra Bangur, 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 Special Resolution:

"RESOLVED THAT pursuant to the provisions of section 198 and 310 of the Companies Act, 1956 read with Schedule XIII and subject to other applicable rules, the ceiling of remuneration payable to Shri H.N. Taparia, Managing Director be increased from its existing limit of Rs. 1,25,000/- per month to Rs. 2,00,000/- per month".

"RESOLVED FURTHER that the Board of Directors may, on recommendation and approval of the Remuneration Committee of the Board, fix the actual salary payable to Shri H.N. Taparia, Managing Director, from time to time, within the aforesaid ceiling limit of Rs. 2,00,000/- per month plus perquisites, after considering cost of living index, profitability, performance and contribution of the Managing Director to progress of the Company and other relevant circumstances, provided that the salary so payable to him shall not be lower than his existing salary".

"RESOLVED FURTHER that the remuneration so payable to the Managing Director shall not exceed 5% of the net profit of the Company, as prescribed under section 198 of the Companies Act, 1956".

7. To consider and if thought fit, to pass, with or without modification/s, the following resolution as Special Resolution:

"RESOLVED THAT pursuant to the provisions of section 198 and 310 of the Companies Act, 1956 read with Schedule XIII and subject to other applicable rules, the ceiling limit of remuneration payable to Dr. M.G. Nathani, Executive Director, be increased from its existing limit of Rs. 75,000/- per month to Rs. 1,50,000/- per month".

"RESOLVED FURTHER that the Board of Directors may, on recommendation and approval of the Remuneration Committee of the Board, fix the actual salary payable to Dr. M.G. Nathani, Executive Director, from time to time, within the aforesaid ceiling limit of Rs. 1,50,000/- per month plus perquisites, after considering cost of living index, profitability, performance and contribution of the Executive Director to progress of the Company and other relevant circumstances, provided that the salary so payable to him shall not be lower than his existing salary".

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RESOLVED FURTHER that the remuneration so payable to the Executive Director shall not exceed 5% of the net profit of the Company, as prescribed under section 198 of the Companies Act, 1956."

EXPLANATORY STATEMENT (PURSUANT TO SECTION 173 OF THE COMPANIES ACT, 1956)**Agenda Item No. 6**

In the Annual General Meeting held on 28th September 2005, the shareholders passed the special resolution in respect of reappointment of Shri H.N. Taparia as Managing Director of the Company for a period of five years w.e.f. 17-09-2005, upon the terms and conditions set out in Schedule XIII of the Companies Act, 1956 or any amendment thereto. In the said meeting, the shareholders fixed the ceiling limit of remuneration payable to Shri H.N. Taparia from Rs. 1,00,000/- per month to an amount not exceeding Rs. 1,25,000/- per month plus perquisites, subject to restrictions as may be placed by Board of Directors. However, the Board in their meeting held on 29-07-2003 fixed the remuneration at Rs. 1,00,000/- per month to Shri H.N. Taparia, applicable w.e.f. 01-10-2004. Besides the remuneration, he is entitled to the following perquisites:

- Re-imbursement of actual travelling expenses for proceeding on leave from Mumbai to any place in India and return therefrom, once in a year, in respect of self and his family.
- Personal Insurance, premium of which shall not exceed the ceiling as may be fixed by the Board of Directors of the Company.
- Telephone at residence and provision for use of Company's car.
- Reimbursement of medical expenses incurred for self and family.
- Minimum Remuneration:

In the event of loss, absence or inadequacy of profits, the remuneration will be in accordance with Schedule XIII of the Companies Act, 1956.

During his tenure, the Company has made tremendous progress under his leadership. He has been instrumental in positioning Taparia Tools Ltd. as the market leader in premium grade hand tools. Moreover, there has been a decent increase in overall returns of the Company.

Now, considering the cost of living index and ever growing volume of the business it is proposed to increase the ceiling limit of remuneration payable to the Managing Director from Rs. 1,25,000/- to 2,00,000/- per month.

The proposed increase in the ceiling limit of remuneration payable to Shri H.N. Taparia, Managing Director is within the limits prescribed under Schedule XIII of the Companies Act, 1956 and the same will be the minimum remuneration in case of loss or inadequacy of profits to the Company.

As per the provisions of Schedule XIII, the proposed special resolution, if approved by the general body meeting of shareholders, will be effective for a period of three years from the date of passing the said special resolution.

Shri H.N. Taparia is interested or concerned since increment of ceiling limit of his remuneration as Managing Director, is involved.

Following Directors namely Shri M.P. Taparia, Shri D.P. Taparia, Shri J.K. Taparia and Shri Virendra Bangur, being the relatives of Shri H.N. Taparia, may be deemed to be interested in the resolution.

The Board commends the above resolution for approval of the Members.

Agenda Item No. 7

In the Annual General Meeting held on 18th September 2006, the shareholders passed the special resolution in respect of reappointment of Dr. M.G. Nathani as Executive Director of the Company for a period of five years w.e.f. 28-08-2006 upon the terms and conditions set out in Schedule XIII of the Companies Act, 1956 or any amendment thereto. In the said meeting, the shareholders fixed the ceiling limit of remuneration payable to Dr. M.G. Nathani at



Rs. 75,000/- per month plus perquisites. Further, the Board in their meeting held on 28-01-2008 fixed the remuneration payable to Dr. M.G. Nathani at Rs. 52,000/- per month, applicable w.e.f. 01-01-2008. Besides the remuneration, he is entitled to the following perquisites:

- a) Medical Reimbursement:
Expenses incurred for himself and his family, upto a maximum of Rs. 9000/- per annum.
- b) 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:
In the event of loss, absence or inadequacy of profits, the remuneration aforesaid shall be the minimum remuneration.

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

Now, considering the cost of living index and ever growing volume of the business, it is proposed to increase the ceiling limit of the remuneration of the Executive Director from Rs. 75,000/- to 1,50,000/- per month.

The proposed increase in the ceiling limit of remuneration payable to Dr. M.G. Nathani, Executive Director, is within the limits prescribed under Schedule XIII of the Companies Act, 1956 and the same will be the minimum remuneration in case of loss or inadequacy of profits to the Company.

The proposed special resolution, if approved by the general body meeting of shareholders, will be effective for a period of three years from the date of passing the said special resolution.

None of the Directors except Dr. M.G. Nathani, Executive Director, is interested in the above resolution.

The Board commends the above resolution for approval of the Members.

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.

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- 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 22nd day of September, 2009 to 25th day of September, 2009 (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 2000-01 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 2001-2002 (which has remained unclaimed for a period of seven years) from the date it has become due, will be transferred to Investor Education and Protection Fund in the month of November, 2009.

Those shareholders who have not encashed the dividend warrant for the financial year 2001-2002 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,
30th July, 2009

V S Datey
Company Secretary

FINANCIAL STATISTICS

SHAREHOLDERS' FUNDS

1967-1968 : Rs. 39.80 Lakhs
2008-2009 : Rs. 1846.00 Lakhs

HIGHLIGHTS

(Rupees in lakhs)

	2004-05	2005-06	2006-07	2007-08	2008-09
FOR THE YEAR					
1. GROSS REVENUE	7476.35	8504.82	9802.31	12928.22	12711.63
2. PROFIT BEFORE TAX	323.64	336.21	435.87	581.90	645.11
3. PROFIT AFTER TAX	232.72	231.97	297.83	388.52	394.62
4. RETAINED EARNINGS	119.96	143.85	169.37	304.80	659.43
5. CASH GENERATION	290.06	284.04	352.23	448.37	447.30
6. FOREIGN EXCHANGE EARNINGS	295.48	305.64	337.95	290.49	256.43
AT YEAR END					
7. GROSS FIXED ASSETS	2528.71	2567.83	2649.75	2677.61	2703.03
8. SHARE CAPITAL	303.57	303.57	303.57	303.57	303.57
9. RESERVES AND SURPLUS	942.68	989.56	1061.19	1157.57	1542.42
10. NET WORTH	1246.25	1293.13	1364.76	1461.15	1845.99
11. BORROWINGS	341.20	207.57	207.57	321.11	1434.60
12. CAPITAL EMPLOYED	1596.19	1503.09	1572.34	1782.26	3330.60
PER SHARE					
13. NET WORTH PER EQUITY SHARE	41.05	42.60	44.96	48.13	60.81
14. EARNING PER SHARE	7.67	7.64	9.81	12.80	13.00
RATIO					
15. DEBT: EQUITY RATIO (Debt: Equity Share Capital)	1.12	0.68	0.68	1.06	4.89

TAPARIA TOOLS LTD.**DIRECTORS' REPORT**

To the Members of Taparia Tools Ltd.,

The Directors hereby present their 43rd Annual Report on the business and operations of the Company and the Financial Accounts for the year ended March 31, 2009.

FINANCIAL RESULTS

	[Rupees in lakhs]	
	Current year	Previous year
Sales (Net)	11834.40	10960.62
Profit before interest and depreciation	729.37	643.17
Interest	31.53	1.42
Gross Profit	697.79	641.75
Depreciation	52.68	59.85
Profit for the year before tax	645.11	581.91
Less : Provision for taxation		
Current Tax	246.00	181.00
Previous year	1.31	11.97
Deferred Tax	(1.32)	(4.59)
Fringe Benefit Tax	4.50	5.00
Profit after tax	394.62	388.53
Add : Surplus brought forward from previous year	304.31	169.38
Profit available for Appropriations	699.43	557.91
Less :		
General Reserve	40.00	40.00
Interim Dividend on Equity Shares	-	182.14
Corporate Dividend Tax	-	30.96
Surplus carried to Balance Sheet	659.43	304.81

DIVIDEND

For the year under review, the Directors have not recommended dividend due to sizeable capital expenditure for capacity building and leveraging the technology by implementing the SAP software.

REVIEW OF OPERATIONS

The inflationary trends in the first half of FY08-09 and the industrial downturn in the second half, posed some threats before the Company but due to limited debt exposure during

major part of the year and less dependence on the export market, your Company cruised well through the storms.

Further to mitigate the effect of the slowing economy and adverse market conditions, the Company decided and organized the Dealers' Meet wherein dealers from all over India gathered at company's factory at Nashik. This event gave an opportunity to everyone associated with Taparia group to come together and share the joy and glory of this association.

During the year, efforts have been made to improve the material handling system by provision of Stacker Machines and installation of storing racks at Company godown. This has not only reduced the consumption of time and energy but also has eased the working and over all supervision.

The concepts of Total Productive Maintenance (TPM) and World Class Productivity Practices and Management, adopted and implemented in the past, has started fruiting. Apart from improved quality of products it has resulted in a pleasant working atmosphere on the shop floor.

Looking to the growing business volumes and ever increasing need of sophistication in production and administration processes the Company has planned to leverage the latest technology in its day-to-day operations. The Company has invested a considerable sum in the implementation of latest E.R.P. system i.e. S.A.P.

During the year under review, the Company's total sales were Rs. 11834.40 lakhs net of excise duty which represents an increase of 7.97 % over the sale of Rs. 10960.62 lakhs net of excise duty in the previous year.

Profit earned after tax in the current year was Rs. 394.62 lakhs against Rs. 388.53 lakhs in the previous year.

CORPORATE GOVERNANCE

Your Directors reaffirm their continued commitment to good corporate governance practices. Your Company was in compliance with the provisions of Clause 49 of the Listing Agreement with the BSE relating to corporate governance.

A separate section on corporate governance together with a certificate from your Company's Statutory Auditors forms a part of this Annual 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 Hari Bhushan, Independent Director, resigned from the Board w.e.f. 24th January 2009 on the ground of his age. The Directors wish to place on record their appreciation for the contribution made by Shri Hari Bhushan during his long tenure as a Director of the Company.

Shri P.N. Shah, Shri M. V. Gore 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".

AUDITORS

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 their Eligibility Certificate dated 24.07.2009 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	:	718.20
b) VAT/CST	:	436.70
c) Octroi & Municipal Taxes	:	57.27
d) Income Tax, Fringe Benefit Tax, etc.	:	250.49
Total	:	<u>1462.66</u>

ACKNOWLEDGMENT

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. Taparria

Chairman &
Managing Director

Mumbai, 30th July 2009