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Board of Directors

Shri H.N. Taparia - Chairman & Managing Director

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 (upto 30-01-2010)

Shri Rajeev J. Mundra (w.e.f 30-01-2010)

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,

Fax : [91] [22] 24953230

E-Mail : htaparia@bom5.vsnl.net.in

Registered Office

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

Telephone : [0253] 2350317/2350318/2350418,

Fax : [0253] 2350740

E-Mail : nashik@tapariatools.com

Plants

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

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

Website

<http://www.tapariatools.com>

TAPARIA TOOLS LTD.

NOTICE

NOTICE is hereby given that Forty Fourth Annual General Meeting of TAPARIA TOOLS LIMITED will be held at Emerald Park, Sharanpur Link Road, Nashik – 422 002 on Tuesday, the 28th day of September, 2010 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, 2010 and Profit and Loss Account for the year ended on that date and the Reports of the Directors and the Auditors thereon.
2. To appoint a Director in place of Shri B. B. Ladda, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Shri G. S. Manasawala, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri J. K. Taparia, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint the 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 & if thought fit, to pass, with / without modification/s, the following resolution as Special Resolution:

“RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309 and other applicable provisions of the Companies Act, 1956, Shri H. N. Taparia be and is hereby appointed as Managing Director of the Company w.e.f September 17, 2010 for a period of 5 years upon the terms and conditions set out within limits specified in Schedule XIII of the Companies Act, 1956 and any amendments thereto”.

“RESOLVED FURTHER 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. 2,00,000/- per month plus perquisites to Rs. 2,50,000 per month plus perquisites which are as following :

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

“RESOLVED FURTHER that 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 17-09-2010 though the appointment of Managing Director is approved for a period of five years.”

“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. 2,50,000/- per month plus perquisites as at present, 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”.

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

“RESOLVED that pursuant to the provisions of Section 260 and other applicable provisions, if any, of the Companies Act, 1956, Shri Rajeev J. Mundra, 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 along with 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 Rajeev J. Mundra 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.”

By order of the Board

Mumbai, 13th August, 2010

V. S. Datey
Company Secretary

Registered Office:

52 & 52B, MIDC Area,
Trimbak Road, Satpur,
Nashik - 422007, (Maharashtra)

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 22nd day of September, 2010 to 28th day of September, 2010 (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.
 - ♦ Submit to the Company copy of PAN Card along with the Share Transfer Proposal/s.
 - ♦ 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/or 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 up to the financial year ended 2001-02 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 2002-2003 (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, 2010.

Those shareholders who have not encashed the dividend warrant for the financial year 2002-2003 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 Annexure to the Notice.

EXPLANATORY STATEMENT

As required by Section 173 of the Companies Act, 1956, the following Explanatory Statement set out all material facts relating to the business mentioned in the accompanying Notice dated 13th August, 2010:

Item No. 6

Shri H.N. Taparia was appointed as a Director of the Company in 1977. He is the Managing Director of the Company since 1982. His present appointment as the Managing Director expires on 17-09-2010.

In the Annual General Meeting of the Shareholders of the Company held on 25-09-2009, the shareholders fixed the ceiling limit of remuneration payable to Shri H.N. Taparia as Managing Director from its limit of Rs. 1,25,000/- per month to Rs. 2,00,000/- per month plus perquisites w.e.f. 01-10-2009, provided that the salary payable to him shall not be lower than his existing salary.

The Board of Directors of the Company in its Meeting held on August 13, 2010, re-appointed Shri H.N. Taparia as Managing Director of the Company for the period of five years with effect from 17-09-2010, subject to approval of members in the Annual General Meeting.

Now, considering the progress under the leadership of Shri H.N. Taparia as Managing Director and also considering the cost of living index, ever growing volume of the business, profitability performance and contribution of the Managing Director to the progress of the Company and other relevant circumstances, it is proposed to increase the Ceiling Limit of Remuneration payable to Shri H.N. Taparia as Managing Director from present limit of Rs. 2,00,000/- per month plus perquisites to Rs. 2,50,000/- per month plus perquisites.

Shri H.N. Taparia is entitled to the following perquisites:

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

e. 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.

In the Meeting of Remuneration Committee and Board held on 13th August 2010, it was recommended and considered / approved that subject to approval of Shareholders, the aforesaid ceiling limit be increased.

As per para 1(B)(ii) of section II of Part II of Schedule XIII of the Companies Act, 1956, it is confirmed that the company has not made any default in repayment of any of its debts (including public deposits) or debentures or interest payable thereon for a continuous period of thirty days in the preceding financial year before the date of appointment of such managerial person.

The information required pursuant to para 1(B)(iv) of section II of Part II of Schedule XIII of the Companies Act, 1956 are as under:

I. GENERAL INFORMATION:**(1) Nature of industry.**

Manufacturing & trading of Hand Tools

(2) Date or expected date of commencement of commercial production.

The Company incorporated in the year 1965, is an existing operating Company.

(3) Financial performance based on given indicators.

(Rupees in lakhs)

Financial Year Ended	31.03.2010	31.03.2009	31.03.2008
Net Sales	14484.82	11834.40	10960.62
Profit before interest and depreciation	1020.91	729.37	643.17
Interest	75.26	31.58	1.42
Depreciation	59.00	52.68	59.85
Profit for the year before tax	886.65	645.11	581.91
Provision for taxation	303.16	250.49	193.38
Profit after tax	583.49	394.62	388.53
Equity Share Capital	303.57	303.57	303.57

(4) Export performance and net foreign exchange collaborations.

(Rupees in lakhs)

Financial Year Ended	31.03.2010	31.03.2009	31.03.2008
Foreign Exchange Earnings(FOB value of Export)	239.01	256.43	290.49

II. INFORMATION ABOUT THE APPOINTEE:**(1) Background details**

Shri H.N. Taparia is a graduate in Commerce, Law & Industrial Management. He has over five decades of rich industrial experience to his credit. He began his career in Textile Industry and then he switched to Taparia Tools Ltd. and has been associated with the Company for more than 33 years.

(2) Past remuneration

Ceiling Limit of Remuneration was Rs. 2,00,000/- p.m. and actual remuneration payable was Rs. 1,75,000/- p.m.

(3) Recognition or awards

Former President of Powerloom Industries Association of Bombay and Former President of Calendaring Factory Association of Bombay.

(4) Job profile and his suitability

The Managing Director is entrusted with substantial powers of the management of the whole or substantially the whole of the affairs of the Company subject to superintendence, control and directions of the Board. He will also perform such duties and exercise such powers as have been or may from time to time be entrusted or conferred upon him by the Board.

Shri H.N. Taparia is a Senior Corporate Personality and the Company has made tremendous progress under the leadership of Shri H.N. Taparia. He is instrumental in positioning Taparia Tools Ltd. as the market leader in premium grade Hand Tools. Profitability has been increased substantially.

With his vast experience as an Industrialist, his presence on the Board is a great advantage and the Board feels it is beneficial for the Company to continue to avail of his services as a Managing Director of the Company.

(5) Remuneration proposed

Ceiling limit of Remuneration to be increased from Rs. 2,00,000/- p.m. to Rs. 2,50,000/- p.m.

(6) Comparative remuneration profile with respect to industry, size of the company, profile of the position & person.

The managerial remuneration in the industry has increased manifold in last few years. Having regard to the type and trends in industry, size of the Company, the responsibilities, academic background and capabilities of Shri H.N. Taparia, the proposed remuneration is at par with the remuneration being paid to such senior executives by organizations in the Corporate Sector.

(7) Pecuniary relationship directly/indirectly with the company/ relationship with the managerial personal, if any.

Shri H.N. Taparia is a Promoter Director of the Company.

III. OTHER INFORMATION:

(1) Reasons of loss or inadequate profits	:	N.A.
(2) Steps taken or proposed to be taken for improvement	:	N.A.
(3) Expected increase in productivity and profits in measurable terms	:	N.A.

IV. DISCLOSURES:

The shareholders of the company have been informed of the remuneration package of Shri H.N. Taparia.

All elements of remuneration package are given in the Corporate Governance annexed to the Board of Directors' report which should be read in conjunction with the 44th Annual General Meeting.

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 17-09-2010 though the appointment of Managing Director is approved for a period of five years.

Besides Salary and perquisites, Shri H.N. Taparia is not entitled to any other benefit like stock option, pension or performance linked incentives, etc.

Since the reappointment of Managing Director and the remuneration payable to the Managing Director require approval of the Members of the Company in general meeting by means of Special Resolution, considering the provision 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.

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 and Shri J.K. Taparia being the relatives of Shri H.N. Taparia, may be deemed to be interested in the resolution.

Details of Shri H.N. Taparia as required under Clause 49 of the Listing Agreement are given in the Annexure to the Notice.

The resolution along with the above explanatory details may be treated as an abstract circulated to the Shareholders under section 302 of the Companies Act 1956.

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

Item No. 7

Shri Rajeev J. Mundra was appointed as an Additional Director on the Board of the Company on 30-01-2010. According to the provisions of section 257 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 Rajeev J. Mundra as a Director has been duly received by the Company.

The details pertaining to Shri Rajeev J. Mundra required to be provided pursuant to clause 49 of the Listing Agreement are furnished hereunder.

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 Rajeev J. Mundra is interested in the Resolution.

Details of Shri Rajeev Mundra as required under Clause 49 of the Listing Agreement are given in the Annexure to the Notice.

By order of the Board

Mumbai,
13th August, 2010

V. S. Datey
Company Secretary

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

ANNEXURE TO NOTICE

Details of Directors seeking appointment / re-appointment in the ensuing Annual General Meeting

(Pursuant to Clause 49 of the Listing Agreement)

Name of the Director	Shri H. N. Taparia	Shri Rajeev Mundra	Shri B.B. Ladda	Shri G.S. Manasawala	Shri J.K. Taparia
Date of Birth	25-09-1933	19-05-1970	19-09-1942	15-07-1930	03-06-1942
Date of Appointment / Re-appointment	29-06-1977	31-01-2010	30-07-2007	30-07-2007	26-09-1996
Experience in specific functional Areas	Industrialist	Audit, Taxation, Finance, Administration & Telecom	Direct Taxes, Accounting, Auditing & Financial Management	Legal	Technical Aptitude in Mechanical, Electrical Aspects of Engineering
Experience	55 years	13 years	43 years	56 years	50 years
Educational qualifications	B. Com., LL.B. Industrial Management	Chartered Accountant, Cost & Works Accountant	Chartered Accountant	B. Com., LL.B.	Graduate
Details of equity shares held in the Company	377910	Nil	Nil	Nil	143476
Directorship in other listed Companies as on 31.03.2010	Nil	Permanent Magnets Ltd.	Nil	Soma Papers & Industries Limited	Nil
Chairman/ Member of the Committees of other Companies in which he is a Director as on 31-03-2010	Nil	Permanent Magnets Ltd. – Chairman of the Audit Committee, Remuneration Committee & Investor Grievance Committee.	Nil	Nil	Nil

FINANCIAL HIGHLIGHTS

SHAREHOLDERS' FUNDS

1967-1968 : Rs. 39.80 Lakhs

2009-2010 : Rs.2450.18 Lakhs

(Rupees in lakhs)

	2005-06	2006-07	2007-08	2008-09	2009-10
FOR THE YEAR					
1. GROSS REVENUE	8504.82	9802.31	12928.22	12711.63	15506.73
2. PROFIT BEFORE TAX	336.21	435.87	581.90	645.11	886.65
3. PROFIT AFTER TAX	231.97	297.83	388.52	394.62	583.49
4. RETAINED EARNINGS	143.85	169.37	304.80	659.43	1182.92
5. CASH GENERATION	284.04	352.23	448.37	447.30	642.49
6. FOREIGN EXCHANGE EARNINGS	305.64	337.95	290.49	256.43	239.01
AT YEAR END					
7. GROSS FIXED ASSETS	2567.83	2649.75	2677.61	2703.03	2746.18
8. SHARE CAPITAL	303.57	303.57	303.57	303.57	303.57
9. RESERVES AND SURPLUS	989.56	1061.19	1157.57	1542.42	2146.61
10. NET WORTH	1293.13	1364.76	1461.15	1845.99	2450.18
11. BORROWINGS	207.57	207.57	321.11	1484.60	1219.55
12. CAPITAL EMPLOYED	1503.09	1572.34	1782.26	3330.60	3669.74
PER SHARE					
13. NET WORTH PER EQUITY SHARE	42.60	44.96	48.13	60.81	80.70
14. EARNING PER SHARE	7.64	9.81	12.80	13.00	19.22
RATIO					
15. DEBT:EQUITY RATIO (Debt: Equity Share Capital)	0.68	0.68	1.06	4.89	4.02