

## ***Contents***

<b>2</b>	Corporate Information
<b>3</b>	Notice of the Annual General Meeting
<b>12</b>	Financial Highlights
<b>13</b>	Directors' Report
<b>17</b>	Management Discussion and Analysis
<b>18</b>	Report on Corporate Governance
<b>27</b>	Auditors' Report
<b>30</b>	Balance Sheet
<b>31</b>	Profit & Loss Account
<b>33</b>	Schedules forming part of Accounts
<b>40</b>	Notes on Accounts
<b>46</b>	Cash Flow Statement
<b>48</b>	Additional Information

## ***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 Rajeev J. Mundra	
Dr. Maheshkumar G. Nathani	- Executive Director

## ***Company Secretary***

Shri V.S. Datey

## ***Bankers***

HDFC Bank Limited

## ***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](mailto: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](mailto: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***

[www.taparia.com](http://www.taparia.com)

## Notice

NOTICE is hereby given that Forty Fifth Annual General Meeting of TAPARIA TOOLS LIMITED will be held at Hotel Emerald Park, Sharanpur Link Road, Nashik – 422 002 on Friday, the 30th day of September, 2011 at 1.00 p.m. to transact the following business:

### Ordinary Business:

1. To receive, consider and adopt the Audited Balance Sheet as at March 31, 2011 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 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 Virendra Bangur, 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 sections 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 Shri H. N. Taparia, Managing Director be increased from its existing limit of ₹ 2,50,000/- per month to ₹ 5,00,000/- per month subject to availability of adequate profits as prescribed in sections 198, 269, 310 and 311 of the Companies Act, 1956.”

“RESOLVED FURTHER that the Board of Directors on recommendation 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 ₹ 5,00,000/- 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.”

“RESOLVED FURTHER that in the event of loss, absence or inadequacy of profits, the remuneration shall not exceed the ceiling prescribed in paragraph (1)(B) of Section II of Part II of Schedule XIII of the Companies Act, 1956.”

“RESOLVED FURTHER that in the event of loss, absence or inadequacy of profits, proposed special resolution for the remuneration, if approved by the general body meeting of the shareholders shall be effective only for three years from the date of passing of resolution.”

7. 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, Dr. Maheshkumar G. Nathani be and is hereby appointed as the Executive Director of the Company w.e.f August 28, 2011 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 Dr. Maheshkumar G. Nathani, Executive Director be increased from its existing limit of ₹ 1,50,000/- per month plus perquisites to ₹ 3,00,000/- per month plus perquisites as follows :

#### a) Medical Reimbursement:

Expenses incurred for himself and his family, upto a maximum of ₹ 30,000/- 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 ₹ 20,000/- 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 latest drawn salary for each completed year of service, as per the present practice.

iii) *Encashment of leave at the end of tenure.*

iv) *Car*

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

v) *Telephone*

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

"RESOLVED FURTHER that in the event of loss, absence or inadequacy of profits, the remuneration shall not exceed the ceiling prescribed in paragraph (1)(B) of Section II of Part II of Schedule XIII of the Companies Act, 1956."

"RESOLVED FURTHER that in the event of loss, absence or inadequacy of profits, proposed special resolution for the remuneration, if approved by the general body meeting of the shareholders shall be effective only for three years w.e.f. 28.08.2011 though the appointment of the Executive Director is approved for a period of five years."

"RESOLVED FURTHER that the Board of Directors on recommendation of the Remuneration Committee of the Board, fix the actual salary payable to Dr. Maheshkumar G. Nathani, Executive Director, from time to time, within the aforesaid ceiling limit of ₹ 3,00,000/- 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".

By order of the Board

Mumbai, 13<sup>th</sup> August, 2011

*Registered Office:*

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

**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 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 28th day of September, 2011 to 30th day of September, 2011 (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 Section 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 2002-03 have been transferred to the Investor Education and Protection Fund.

Kindly note that in terms of Section 205C of the Companies Act, 1956 the unclaimed dividend for the financial year 2003-2004 (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, 2011.

Those shareholders who have not encashed the dividend warrant for the financial year 2003-2004 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 13<sup>th</sup> August, 2011:

### **Item No. 6**

In the Annual General Meeting of the Shareholders of the Company held on 28-09-2010, Shri H.N. Taparia was re-appointed as the Managing Director of the Company for a period of 5 years w.e.f. 17-09-2010. While appointing, the Shareholders approved the ceiling limit of remuneration payable to the Managing Director at ₹ 2,50,000/- per month plus perquisites.

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

Considering the cost of living index and ever growing volume of the business, it was proposed to increase the ceiling limit of remuneration of the Managing Director from ₹ 2,50,000/- per month plus exiting perquisites to ₹ 5,00,000/- per month plus exiting perquisites which are as under :

**PERQUISITES** : Perquisites shall be allowed in addition to Salary.

- a) Re-imbursement of actual traveling 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 family.
- b) Personal Insurance premium of which shall not exceed 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.

The Board on the recommendation of the Remuneration Committee considered the increase in the ceiling limit of remuneration payable to Shri H.N. Taparia, Managing Director from ₹ 2,50,000/- per month to ₹ 5,00,000/- per month plus perquisites as described hereinabove.

In the event of loss, absence or inadequacy of profits, the remuneration shall not exceed the ceiling prescribed in paragraph (1)(B) of Section II of Part II of Schedule XIII of the Companies Act, 1956. In order to enable the Company to pay the minimum remuneration as prescribed in the said paragraph, the information required is given 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

(₹ in lakhs)

Financial Year Ended	31.03.2011	31.03.2010	31.03.2009
Net Sales	18217.13	14484.82	11834.40
Profit before interest and depreciation	1036.39	1020.91	729.37
Interest	114.74	75.26	31.58
Depreciation	58.31	59.00	52.68
Profit for the year before tax	863.34	886.65	645.11
Provision for taxation	282.90	303.16	250.49
Profit after tax	580.44	583.49	394.62
Equity Share Capital	303.57	303.57	303.57

(4) Export performance and net foreign exchange collaborations (₹ in lakhs)

Financial Year Ended	31.03.2011	31.03.2010	31.03.2009
Foreign Exchange Earnings (FOB value of Export)	247.38	239.01	256.43

## II. INFORMATION ABOUT THE MANAGING DIRECTOR:

(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 34 years.

(2) Past remuneration

Ceiling Limit of Remuneration was ₹ 2,50,000/- p.m. and actual remuneration payable was ₹ 2,25,000/- 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 ₹ 2,50,000/- p.m. to ₹ 5,00,000/- 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.

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

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.

Further, in the event of loss, absence or inadequacy of profits, proposed special resolution for the remuneration, if approved by the general body meeting of the shareholders shall be effective only for three years from the date of passing of the 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 and Shri J.K. Taparia being the relatives of Shri H.N. Taparia, may be deemed to be interested in the resolution.

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

**Item No. 7**

Dr. Maheshkumar G. Nathani was appointed as the Executive Director of the Company on 28.08.1996 and reappointed as Executive Director from time to time up to 27.08.2011. His proposed reappointment as Executive Director is for five years from 28.08.2011 to 27.08.2016.

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 27.08.2011, the Board at its meeting held on May 7th, 2011 considered and recommended the reappointment of Dr. Maheshkumar G. Nathani for a further period of five years w.e.f. August 28, 2011.

In the Annual General Meeting of the Company held on 25<sup>th</sup> September 2009, the shareholders fixed the ceiling limit of remuneration payable to Dr. Maheshkumar G. Nathani, Executive Director, from its limit of ₹ 75,000/- per month plus other perquisites to ₹ 1,50,000/- per month plus other perquisites provided that the salary payable to him shall not be lower than his existing salary.

Now, considering the progress under the leadership of Dr. Maheshkumar G. Nathani as Executive Director and also considering the cost of living index, ever growing volume of the business, profitability performance and contribution of the Executive Director to the progress of the Company and other relevant circumstances, it is proposed to increase the Ceiling Limit of Remuneration payable to Dr. Maheshkumar G. Nathani as Executive Director from present limit of ₹ 1,50,000/- per month plus perquisites to ₹ 3,00,000/- per month plus perquisites.

Dr. Maheshkumar G. Nathani is entitled to the following perquisites:

a) Medical Reimbursement:

Expenses incurred for himself and his family, upto a maximum of ₹ 30,000/- 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 ₹ 20,000/- 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 latest drawn salary for each completed year of service, as per the present practice.

iii) Encashment of leave at the end of tenure.

iv) Car

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

v) Telephone

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

In the Meeting of Remuneration Committee and the Board held on May 7th, 2011, it was recommended and considered / approved that subject to approval of Shareholders, the aforesaid ceiling limit be increased.

In the event of loss, absence or inadequacy of profits, the remuneration shall not exceed the ceiling prescribed in paragraph (1)(B) of Section II of Part II of Schedule XIII of the Companies Act, 1956. In order to enable the Company to pay the minimum remuneration as prescribed in the said paragraph, the information required is given as under:

**I. GENERAL INFORMATION:**

Please refer the information under the heading General Information in Item No. 6 of the Explanatory Statement.

**II. INFORMATION ABOUT THE APPOINTEE:**

(1) Background details

Dr. Maheshkumar G. Nathani is a M.Sc. and holds a Ph.D. He has long experience in various fields, i.e., Production Planning and Control, Ancillary Development, Administration, Personnel, Export Sales, etc. He has overall supervision and management of the Company's production operations taking place at Nashik and Goa.

(2) Past remuneration

Ceiling Limit of Remuneration was ₹ 1,50,000/- p.m. and actual remuneration payable was ₹ 1,50,000/- p.m.

(3) Job profile and his suitability

The role of the Executive Director is to design, develop and implement strategic plans for their organization in a cost-effective and time-efficient manner. 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.

Dr. Maheshkumar G. Nathani is a Senior Corporate Personality and the Company has made tremendous progress under his supervision. He has an experience of about four decades in handling and supervising the operations of the Company. He possess the leadership qualities such as management and control, training the managers, etc.

(4) Remuneration proposed

Ceiling limit of Remuneration to be increased from ₹ 1,50,000/- p.m. to ₹ 3,00,000/- p.m.

(5) 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 Dr. Maheshkumar G. Nathani, the proposed remuneration is at par with the remuneration being paid to such senior executives by organizations in the Corporate Sector.

(6) Pecuniary relationship directly/indirectly with the company/ relationship with the managerial personnel, if any.

Dr. Maheshkumar G. Nathani is not related directly/indirectly with the Company/ Managerial personnel.

**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 Dr. Maheshkumar G. Nathani. All elements of remuneration package are given in the Corporate Governance annexed to the Board of Directors' Report.

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.

Since the reappointment of Executive Director and the remuneration payable to the Executive 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.

Further, in the event of loss, absence or inadequacy of profits, proposed special resolution for the remuneration, if approved by the general body meeting of the shareholders shall be effective only for three years w.e.f. 28.08.2011 though the appointment of the Executive Director is approved for a period of five years."

None of the other Directors except Dr. Maheshkumar G. Nathani is interested in the resolution.

Details of Dr. Maheshkumar G. Nathani as required under Clause 49 of the Listing Agreement are given in the Annexure to the Notice.

The resolutions 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.

By order of the Board

Mumbai,  
13<sup>th</sup> August, 2011

**V. S. Datey**  
Company Secretary