



TAPARIA TOOLS LTD.

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ANNUAL REPORT

2011-12

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Board of Directors

Shri H.N. Taparia	- Chairman and Managing Director
Dr. M. G. Nathani	- Executive Director
Shri P.N. Shah	
Shri M.V. Gore	
Shri B.B. Ladda	
Shri G.S. Manasawala	
Shri Rajeev J. Mundra	
Shri J.K. Taparia	
Shri M.P. Taparia	
Shri D.P. Taparia	
Shri Virendra Bangur	

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 and Nahar, Lower Parel (W), Mumbai -400 013, Maharashtra
Telephone: (91) (22) 24938646-50, Fax: (91) (22) 24953230 E-Mail: htaparia@bom5.vsnl.net.in

Registered Office

52 & 52B, MIDC Area, Satpur, Trimbak Road, Nashik - 422 007, (Maharashtra)
Telephone : (0253) 2350317/2350318/2350418, Fax : (0253) 2350740, E-Mail : nashik@tapariatools.com

Plants

52 & 52B, MIDC Area, Satpur, Trimbak Road, Nashik - 422 007, (Maharashtra)
Plot No.L-29, Cuncolim Industrial Estate, Cuncolim - 403 703, (Goa)

Website

www.taparia.com

Notice

NOTICE is hereby given that Forty Sixth Annual General Meeting of TAPARIA TOOLS LIMITED will be held at Hotel Emerald Park, Sharanpur Link Road, Nashik – 422 002 on Monday, the 17th day of September, 2012 at 1.00p.m. to transact the following business as ordinary business:

1. To receive, consider and adopt the Audited Balance Sheet as at March 31, 2012 and Statement of Profit and Loss 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 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 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.

By order of the Board

Mumbai, 26th May, 2012

V. S. Datey
Company Secretary

Registered Office:

52 and 52B, MIDC Area,
Satpur, Trimbak Road,
Nashik – 422 007 (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 13th day of September, 2012 to 17th day of September, 2012 (both days inclusive).
- 5) (a) The Members are requested to :
 - Check the address printed on the envelope 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 2003-04 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 2004-2005 (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, 2012.

Those shareholders who have not encashed the dividend warrant for the financial year 2004-2005 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.

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 P. N. Shah	Shri M. V. Gore	Shri J. K. Taparia
Date of Birth	1st January, 1929	22th July, 1932	3rd June, 1942
Date of Appointment / Reappointment	12th January, 1996	17th February, 1998	12th January, 1996
Experience in specific functional areas	Taxation, Accounting, Auditing and Financial Management. .	Finance, Insurance, Company Law, Marketing, Personnel and Industrial Relations.	Technical Aptitude in Mechanical and Electrical aspect of engineering
Experience	61 years	55 years	52 years
Educational Qualifications	Chartered Accountant	Chartered Accountant	B. Sc.
Details of equity shares held in the Company	Nil	Nil	143476
Directorship in other listed Companies as on 31.03.2012	1) Indo Count Industries Ltd. 2) Pranavadiya Spinning Mills Ltd.	Nil	Nil
Chairman/Member of the Committees of other companies in which he is a Director as on 31.03.2012	1) P. I. Industries Ltd. 2) Secure Meters Ltd. 3) Wolkem India Ltd. 4) Indo Count Industries Ltd. 5) Pranavadiya Spinning Mills Ltd.	Nil	Nil

Financial Highlights

SHAREHOLDERS' FUNDS

1967-1968 : ₹ 39.80 Lakhs

2011-2012 : ₹ 3747.60 Lakhs

(₹ in lakhs)

	2007-08	2008-09	2009-10	2010-11	2011-12
FOR THE YEAR					
1. GROSS REVENUE	12928.22	12711.63	15506.73	18475.86	22419.25
2. PROFIT BEFORE TAX	581.90	645.11	886.65	863.34	1126.85
3. PROFIT AFTER TAX	388.52	394.62	583.49	580.44	727.42
4. RETAINED EARNINGS	304.80	659.43	1182.92	1703.36	2357.78
5. CASH GENERATION	448.37	447.30	642.49	638.76	790.72
6. FOREIGN EXCHANGE EARNINGS	290.49	256.43	239.01	247.38	278.18

AT YEAR END					
7. GROSS FIXED ASSETS	2677.61	2703.03	2746.18	2781.21	2847.59
8. SHARE CAPITAL	303.58	303.58	303.58	303.58	303.58
9. RESERVES AND SURPLUS	1157.57	1542.42	2146.61	2722.22	3444.02
10. NET WORTH	1461.15	1846.00	2450.19	3025.80	3747.60
11. BORROWINGS	321.11	1484.60	1219.55	1569.30	2860.33
12. CAPITAL EMPLOYED	1782.26	3330.60	3670.04	4595.10	6607.93

PER SHARE (In ₹)					
13. NET WORTH PER EQUITY SHARE	48.13	60.81	80.72	99.67	123.45
14. EARNING PER SHARE	12.80	13.00	19.22	19.12	23.96

RATIO					
15. DEBT:EQUITY RATIO (Debt: Equity Share Capital)	1.06	4.89	4.02	5.17	9.42

Directors' Report

To the Members of Taparia Tools Limited,

Your Directors have pleasure in presenting the 46th Annual Report on the operations of the Company together with the Financial Accounts for the year ended March 31, 2012.

FINANCIAL PERFORMANCE

	<i>(₹ in lakhs)</i>	
	2011-12	2010-11
Revenue (Net)	22419.25	18475.86
Profit before interest and depreciation	1391.91	1036.39
Less: Interest	201.76	114.74
Gross Profit	1190.15	921.65
<i>Less : Depreciation</i>	63.30	58.31
Profit for the year before tax	1126.85	863.34
<i>Less : Provision for taxation</i>		
Current Tax	417.00	294.00
Deferred Tax	(17.57)	(11.10)
Profit after tax	727.42	580.44
<i>Add : Surplus brought forward from previous year</i>	1703.36	1182.92
Profit available for Appropriations	2430.78	1763.36
<i>Less : General Reserve</i>	73.00	60.00
Surplus carried to Balance Sheet	2357.78	1703.36

DIVIDEND

The Directors have not recommended any dividend for the year under review. The Company has retained the funds for expansion of the activities of the company by introduction of new product range and plants.

REVIEW OF OPERATIONS

The Global economy has fluctuated the entire year under review. Barely a year after recession, the global economy witnessed lower economic growth resulting primarily from the debt crisis and high oil prices which were fuelled by uncertainties of supply.

The Company's total revenue (Net of excise duty) were ₹ 22419.25 lakhs that represent an increase of 21.34% over the sales of ₹18475.86 lakhs in the previous year. Profit earned after tax was ₹727.42 lakhs in the current year against ₹580.43 lakhs in the previous year.

Despite continuously rising cost of inputs and keen competition, the current results of the Company are satisfactory. The Company has revised its product prices w.e.f. October, 2011 and April 2012 to maintain the company's position in the highly competitive market.

CORPORATE GOVERNANCE

Your Directors reaffirm their continued commitment to good corporate governance practices. The Company has complied with all 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 satisfactory during the year under review. There was no employee drawing salary of more than ₹ 5,00,000/- per month or ₹ 60,00,000/- 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 P. N. Shah, Shri M. V. Gore and Shri J. K. Taparia, Directors of the Company retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment. Brief profile of the Directors is given in the Annexure to the Notice.

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 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 & 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:

	<i>(₹ in lakhs)</i>
a) Excise Duty	693.42
b) VAT/CST	714.46
c) Octroi and Municipal Taxes	64.50
d) Income Tax	380.00
Total	<u>1852.38</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 present performance of the Company.

The Directors would also like to thank the Bankers, Central and State Governments, local authorities, customers, distributors, 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, 26th May, 2012

Annexure 'A' to the Directors' Report

DISCLOSURES

A) CONSERVATION OF ENERGY

a) Energy conservation measures taken:

Company is committed for achieving optimum use of energy in operations and bringing about energy efficiency in processes and products through energy efficient and renewable energy technologies. Electricity and furnace oil are the major items of energy consumption.

The company has taken the following measures for conservation of energy:

- Reduced rejection of S.D. Blades by around 7% which affects reduction in plating material, chemicals and electricity.
- Executed electrical panel checking with thermal testing to reduce electrical losses in DBS, cable joints, terminations, etc.

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

- Exploration of LPG Gas / Induction Blank Heating in place of furnace oil for heating the blanks for forging is under process.
- Exploration of Shaker Hearth Furnace for hardening process in place of existing conventional muffle furnace at Tap Tools, Goa is under process.

c) Impact of the measures at (a) and (b) for reduction of energy consumption and consequent impact on the cost of production of goods:

- Reduced air pollution in the areas where heating of material is involved, resulting in better working conditions.
- Relining of Shaker Hearth Furnace at Nasik Unit has been completed and furnace on time is reduced affecting reduction in energy charges.

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

FORM-A (Rule-2)

	Current year 2011-12	Previous year 2010-2011
I) Power/fuel consumption :		
1. Electricity		
(a) Purchased :		
Unit Lakhs(KWH)	56.96	58.39
Total Cost (₹ Lakhs)	328.86	295.77
Average Rate/₹/KWH	5.77	5.07
(b) Own Generation :		
Unit (Lakh KWH)	-	-
Unit per ltr.of diesel oil	-	-
Average Rate/Unit (₹)	-	-
2. Furnace Oil :		
Purchased (KL)	380.86	497.31
Total Cost (₹/Lakhs)	154.49	154.30
Average Rate (₹/Ltr.)	40.56	31.03
II) Consumption per unit of production:		
Electricity (Unit/MT)	2842	2921
Furnace Oil (Ltr./MT)	251	249
Coal	-	-
Others	-	-

B) TECHNOLOGY ABSORPTION

a) Research and Development

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

- The following new products have been introduced during the year 2011-2012:
 - 1177:30 Adjustable Spanners
 - TAK 1.5 – TAK 10 Tee Head Allen Keys
- Productivity has increased at following places:
 - Modified forging design of plier family which results in saving of input Raw Material.
 - Implementation of Induction heating technology in circlip pliers tip bending and socket blank heating for upsetting.
 - Improved machining process of socket accessories e.g. 1734 Angle Handle and 2715 Ratchet handle