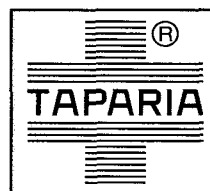


TAPARIA TOOLS LTD.



ANNUAL REPORT 2008 - 09

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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".

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 :

- a. 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.
- 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.

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.

- 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

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. Taparia

Chairman &
Managing Director

Mumbai, 30th July 2009

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]

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

DISCLOSURES

A) CONSERVATION OF ENERGY

a) Energy conservation measures taken :

Conservation of energy is national need. The Company conducted training sessions for all levels in the organization to emphasize the need to conserve energy. Efforts were made in all the directions to reduce consumption of all critical energy resources such as furnace oil, electricity, compressed air, hydraulic oil, etc. Some of the measures taken for conservation of energy are as follows:

- Substantial reduction in furnace oil consumption by closely monitoring and intelligently planning the production activity.
- Installed a new solid-state induction heating equipment, which consumes 40% electricity as compared to valve type induction heating equipment.
- Reduced consumption of hydraulic oil and compressed air by continuously monitoring and controlling the leakages.

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

- Planned to develop smaller sizes of material heating furnaces for smaller jobs.
- Planned to further explore suitable induction heating equipments for the products like sockets and box spanners which consume more furnace oil in present oil fired furnaces.
- Planned to install energy saving tube lights in place of existing conventional tube lights in general working area.

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 have created awareness at all level, which has helped the organization to monitor, measure and control the scarce energy resources.

FORM-A (Rule-2)

Current year 2008 - 2009	Previous year 2007 - 2008
-----------------------------	------------------------------

(I) Power/fuel consumption :

1. Electricity:

(a) Purchased :

Unit Lakhs(KWH)	60.40	65.34
Total Cost (Rs.Lakhs)	264.52	280.54
Average Rate/Rs./KWH	4.38	4.29

(b) Own Generation :

Unit (Lakh KWH)	-	-
Unit per ltr.of diesel oil	-	-
Average Rate/Unit (Rs.)	-	-

2. Furnace Oil :

Purchased (KL)	529.78	721.64
Total Cost (Rs./Lakhs)	161.25	171.78
Average Rate (Rs./Ltr.)	30.44	23.80

(II) Consumption per unit of production :

Electricity (Unit/MT)	3404	3063
Furnace Oil (Ltr./MT)	298	338
Coal	-	-
Others	-	-

B) TECHNOLOGY ABSORPTION

(a) Research and Development

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

The following new products have been introduced during the year 2008-2009, in continuation to the effort of expansion of product range :

- Precision Screw Driver Sets 2 types
- Ring slugging Spanners From 27 mm to 85 mm
- Internal and external circlip pliers in 130 mm to 130-325 mm sizes in addition to the existing 175 mm size.

- Adjustable spanner in 445 mm and 600 mm sizes
- New Design of vice grip pliers.

Today, the markets at National as well as International levels require advanced IT infrastructure. To fulfill this need, the Company is in the process of up gradation of the IT Infrastructure in the organization.

To upgrade the ERP System, the Company has procured the 'S.A.P.' Software and the implementation of 'S.A.P.' is going on.

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

In spite of the global economic situation, the Company has continued to improve the performance in following areas :

- Increase the product range
- Increase the market share in existing products

(3) Future plan of action :

- To complete the implementation of SAP and switch over to the new ERP System.
- Continue up gradation of IT infrastructure and get in line with the present day market needs.
- Concentrate on quality improvement, cost reduction, productivity improvement, process improvement and strengthen the R & D activity.

(4) Expenditure on R & D :

a) Capital	: Rs. -
b) Recurring	: Rs. 38.16 Lakhs
c) Total	: Rs. 38.16 Lakhs =====
d) Total R & D Expenditure as a percentage of total turnover	: 0.32 %

(b) Technology absorption, adaptation and innovation:

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

With an aim to become a global company, the Company has started exploration of modern manufacturing practices available in domestic as well as International equipment manufacturing industries.

Exploration of domestic and international markets to find new product ranges to be introduced.

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

- Brand recognition in various parts of the world.
- Availability of wide range of products.
- Improved overall product quality.
- Withstand tough competition.

(3) Technology imported during the last five years :

The Company has not imported any technology from outside.

(4) Foreign Exchange earnings and outgo:

As a sales promotion activity the Company has participated in various International Exhibitions and explored various abroad destinations like China, U.A.E., Saudi Arabia, France, Switzerland, Sri Lanka, Germany etc.

Foreign exchange earnings	: Rs. 2,56,43,375
Foreign exchange outgo	: Rs. 7,28,707

MANAGEMENT DISCUSSION AND ANALYSIS

1. OUTLOOK

The year 2008-09 was not so good for the Indian trade and industry and so for the overall economy. However, the various initiatives taken by the Central Government along with the Reserve Bank of India (RBI) viz. loan waiver for poor farmers, the National Employment Scheme, attractive support prices for commercial crops and reduction in interest rates for housing loans up to Rs. 20 lakhs, helped minimise the impact of global crisis on Indian economy. On the footing of these measures the Indian economy is expected to grow between 4.5% and 5.5% in FY2009-10. Further, on the backing of positive general election results and formation of a favourable government at the centre, it is hopefully expected that more economic reforms and trade friendly policies are going to be framed and implemented.

2. COMPANY OVERVIEW

The ever growing automobile sector and the dynamic manufacturing sector present remarkable growth opportunity for the hand tools industry. The Company is well poised to cater the ever increasing demands from these sectors. As a result of its extreme quality consciousness and ever maintained production standards, our customer base comprises of some of the well known and trusted brands like Mahindra & Mahindra, Tata Motors, Eicher Motors, etc. as well as State Electricity Boards, Defence etc.

3. BUSINESS OF THE COMPANY

The Company is mainly engaged in the business of hand tools

4. PERFORMANCE

The Index of Industrial Production (IIP) was substantially lower at 2.4% in FY2008-09 compared to 9% in FY2007-08. However, though clouded by the dull market sentiments, the Company has been able to improve its Profit Before Tax (PBT) by a modest increase of 10.86 % and maintain its top line (Net Sales) as well as the production volumes at earlier levels. This has become possible by the sincere efforts of our employees to reduce the cost of operations and a cautious monitoring of fund flows. Moreover, reduction in the rate of Excise duty and in the steel prices has also helped to some extent.

5. OPPORTUNITIES AND THREATS

The emerging Indian economy and rapidly expanding manufacturing sector are giving an optimistic view of the future of hand tools industry. The government policies are aimed at increasing the core competence by emphasising on development of infrastructure and manufacturing sector. The Company can be benefited, directly or indirectly, from such government policies. Further the untapped rural market and lesser penetration of hand tools in house holds, provides ample space for the Company to expand and grow.

Hand tools industry being a labour intensive industry needs more and more skilled labour. But due to scarcity of such skilled and experienced labour force outsourcing becomes compellation. This dependence on outsourcing is an issue of concern. In addition cheap imports and supply of low quality hand tools from unorganized sector may be considered to be a threat.

6. INTERNAL CONTROL SYSTEM

The Company has appropriate internal control systems for business processes, with regards to efficiency of operations, financial reporting, compliance with applicable laws and regulations, etc. The Company, with a view to further strengthen its Management Information System for effective checks and controls, has decided to adopt latest Enterprise Resource Planning technology and is therefore in the process of implementing S.A.P. On the administrative front a Special Committee of the Board has been constituted to oversee the legal compliance and financial reporting operations. Regular internal audits and checks ensure that the personnel execute responsibilities effectively. The Audit Committee of the Board of Directors reviews the adequacy and effectiveness of internal control systems and suggests improvement for strengthening them from time to time. Further the process of WCPM has proved to be an effective tool for giving an 'up to the mark' position to the internal control system and quality control standards.

7. HUMAN RESOURCES

The Company continues to maintain a constructive relationship with its employees through a positive environment so as to improve productivity and efficiency. The Company also continues to invest in people process and skill development and provide them with high performance environment. The total number of employees in the Company as on 31st March 2009 was 672 employees.

8. CONCLUSION

The Company has been able to create value with continuous increase in profitability year after year emanating from leadership positions in the hand tools market. This will enable the Company to continue its journey on the growth path.

9. CAUTIONARY STATEMENT

Statements in the Management Discussion and Analysis describing the Company's objectives, projections, estimates, expectations and predictions may be "forward-looking statements" within the meaning of applicable securities law and regulations. Actual results could differ materially from those expressed or implied, important factors that could make difference to the Company's operations include raw material availability and prices, cyclical demand and pricing in the Company's principal markets, changes in the Government regulations, tax regimes, economic developments within India and countries in which the Company conducts business and other incidental factors.

REPORT ON CORPORATE GOVERNANCE FOR THE FINANCIAL YEAR 2008-09

[Pursuant to Clause 49 of the Listing Agreement entered into with the Stock Exchange]

1 COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

Taparia Tools has always perceived the principle of Good Corporate Governance as a need to strive for the excellence as well as to be trustworthy among the masses. The Company believes that the Company's business strategy and plan should be consistent with the welfare of all its shareholders, which will bring sustained corporate growth and long term benefits to all. Board has further strengthened the corporate governance philosophy with effective management control. The Company has a dedicated and self-motivated team of people who believe and follow ethical and professional code of conduct laid down by the Company and the same is monitored by the top Management through proper administration. The policies of the Company include commitment towards employees and their relationship. The values of the company's governance processes include independence, integrity, accountability, transparency, responsibility and fairness. These values are followed consistently in all its corporate decisions and business dealings.

2 BOARD OF DIRECTORS**Composition of Board:**

At present the Board comprises of eleven Director, out of whom, four are Promoter Directors. Non-Executive Directors constitute more than half of the total number of Directors. The Company has Executive Chairman and he is also functioning as the Managing Director.

Number of Board Meetings:

During the year under review, 4 Board Meetings were held on April 29, 2008, August 09, 2008, October 24, 2008 and January 24, 2009. The maximum time gap between two board meetings did not exceed the limits prescribed in Clause 49 of the Listing Agreement.

Details about Board of Directors of Taparia Tools Ltd.

Name of Director	Position	FY.2008-09		Directorship in other public companies
		Attendance at BM	Last AGM	
Shri H.N. Taparia	Executive Chairman & MD, Promoter	4	Yes	1
Shri Hari Bhushan (resigned w.e.f. 24-01-2009)	Non-Executive, Independent	2	-	2
Shri M.V. Gore	Non-Executive, Independent	4	Yes	1
Shri P.N. Shah	Non-Executive, Independent	3	-	6
Shri B.B. Ladda	Non-Executive, Independent	2	-	-
Shri G.S. Manasawala	Non-Executive, Independent	4	-	1
Shri J.K. Taparia	Non-Executive, Promoter	4	Yes	-
Shri M.P. Taparia	Non-Executive, Promoter	4	-	-
Shri D.P. Taparia	Non-Executive, Promoter	4	Yes	2
Shri Virendra Bangur	Non-Executive, Non-Independent	-	-	5
Shri R.N.R. Malani	Non-Executive, Independent	-	-	-
Dr. M.G. Nathani	Executive Director	2	Yes	-

Shri P.N. Shah, Shri M.V. Gore and Shri Virendra Bangur are liable to retire by rotation and being eligible offer themselves for re-appointment. Information as required under Clause 49 of the Listing Agreement is given in the later part of this section.

3. AUDIT COMMITTEE

The Audit Committee of the Board was constituted in July 2002. At present, the Committee comprises of five members namely, Shri M.V. Gore, Chairman, Shri P.N. Shah, Shri B.B. Ladda, Shri G.S. Manasawala and Shri R.N.R. Malani.

All the members of the Audit Committee are independent and non-executive Directors. They have good exposure to law, finance, internal/ external audit as well as in the areas of general management. The meetings of the Audit Committee are usually chaired by Shri M.V. Gore, Chartered Accountant.

During the year under review, four Audit Committee Meetings were held on April 29, 2008, August 09, 2008, October 24, 2008 and January 24, 2009. The maximum time gap between two consecutive Audit Committee meetings held during the year has not exceeded 4 months,

Composition and Attendance :

Name of the Director	Designation	No. of Meetings attended
Shri M.V. Gore	- Chairman	4
Shri Hari Bhushan	- Member	2
Shri P.N. Shah	- Member	3
Shri B.B. Ladda	- Member	2
Shri G.S. Manasawala	- Member	4
Shri R.N.R. Malani	- Member	0

The External Auditors, whenever necessary and the Internal Auditors of the Company are invited to join the audit committee meetings. Dr. M.G. Nathani, Executive director is usually invited to attend the meetings.

The Audit Committee has adequate powers and detailed terms of reference to play effective role as required under the provisions of the Companies Act, 1956 and clause 49 of the Listing Agreement with the Bombay Stock Exchange Ltd.

The terms of reference of the Audit Committee include :

- Over viewing the Company's financial reporting process and the disclosure of its financial information
- Recommending appointment and removal of statutory auditors and internal auditors, fixing of audit fees and approving payments for any other services.
- Reviewing quarterly, half-yearly and annual financial statements with primary focus on accounting policies and practices, compliance with accounting standards and stock exchange and legal requirements concerning financial statements.
- Reviewing adequacy of functions of external and internal auditors
- Reviewing adequacy of internal control systems and reviewing the Company's financial and risk management policies.
- Discussing with internal auditors any significant findings and follow up thereon.
- Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
- Review meetings with external auditors before the audit commences and decide the nature and scope of audit as well as have post audit discussions to ascertain any areas of concern.
- Looking into the reasons for substantial defaults in the payments to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.

4 SHAREHOLDERS/INVESTORS GRIEVANCE COMMITTEE

The shareholders/investors grievance committee has been functioning since May 1994. Shri H.N. Taparia is the Chairman of the committee, Dr. M.G. Nathani, Executive Director, Shri R.N.R. Malani, Director and Shri V.S. Datey, Company Secretary are members of the Committee.

The Committee reviews and deals as under :

- transfer/transmission of shares
- issue of duplicate share certificates
- split of share certificates
- consolidation of share certificates
- looking into the shareholders complaints, if any, and redressing the same expeditiously.
- approving the nominations received, if any.

During the year under review, four Meetings were held on 24-05-2008, 26-07-2008, 29-11-2008 and 24-01-2009.

Shri V.S. Datey, Company Secretary who is the Compliance Officer can be contacted at Registered office of the Company

At the beginning of the year, 1 complaint from shareholders was pending. During the year, 6 complaint letters were received from shareholders. 6 were dealt with satisfactorily and 1 is under process.

5 REMUNERATION COMMITTEE

The Remuneration Committee was constituted in July 2002. Presently, the Committee comprises of five members namely, Shri M.V. Gore, Chairman, Shri P.N. Shah, Shri B.B. Ladda, Shri G.S. Manasawala and Shri R.N.R. Malani. All the members are independent and Non-executive Directors.

The committee is mandated with the following terms of reference :

To look into all elements of remuneration package of Managing Director / Executive Director i.e. salary, benefits, etc. Service Contracts, notice period, etc.

Remuneration Policy

The remuneration Committee has been constituted to recommend / review the remuneration package of the Managing Director / Executive Director based on performance and defined criteria.

The remuneration policy is directed towards rewarding performance based on review of achievements on a periodical basis. The remuneration policy is in consonance with the existing industrial practice.

During the year, no meeting of the Remuneration Committee was held.

Details of the remuneration paid/payable to the directors for the year 2008-09 are as under :

1. Non-executive directors : Sitting Fees (excluding reimbursement of travel and other expenses incurred for the business of company).

Name of Director	Amount (Rs.)	Name of Director	Amount (Rs.)
Shri Hari Bhushan	12000	Shri B.B. Ladda	14000
Shri M.V. Gore	24000	Shri Virendra Bangur	-
Shri P.N. Shah	18000	Shri D.P. Taparia	22000
Shri J.K. Taparia	22000	Shri G.S. Manasawala	24000
Shri M.P. Taparia	22000	Shri R.N.R. Malani	-
Total		158000	

Sitting fees for Directors for each meeting of the Board is Rs. 5000/-. The sitting fees for Audit Committee meeting, Remuneration Committee meeting and Special Committee meeting is Rs. 1000/- for each meeting attended by them.

2. Managing/Executive director(s): (No Sitting Fees)

Name of Director	Salaries and Allowances	Perquisites
Shri H.N. Taparia, Chairman & MD	Rs. 12,00,000	-
Dr. M.G. Nathani Executive Director	Rs. 6,30,100	Rs. 12,985
Total	Rs. 18,30,100	Rs. 12,985

Salary includes Basic Salary, House Rent Allowance, Bonus, Leave Encashment, and Company's contribution to Provident Fund but does not include Company's contribution to Gratuity Fund.

6 PROFILE OF DIRECTORS SEEKING APPOINTMENT/REAPPOINTMENT

Shri P. N. Shah

Date of Birth	01-01-1929
Date of Appointment as Director	29-09-1996
Experience in specific functional Areas	Taxation, Accounting, Auditing and Financial Management
Experience	58 years
Educational qualifications	Chartered Accountant
Details of shares held in the Company	Nil
Directorship in other listed Companies as on 31.03.2009	Indo Count Industries Ltd. P.I. Industries Ltd. Pranavadiya Spinning Mills Ltd.
Chairman/Member of the Committees of other Companies in which he is a Director as on 31-03-2009	2/3

Shri M.V. Gore

Date of Birth	22-07-1932
Date of Appointment as Director	17-02-1998
Experience in specific functional Areas	Finance, Insurance Company Law, Marketing, Personnel & Industrial Relations
Experience	52 Years
Educational qualifications	Chartered Accountant
Details of shares held in the Company	Nil
List of Directorship in other listed Companies as on 31-03-2009	Nil
Chairman/Member of the Committees of other Companies on which he is a Director as on 31-03-2009	Nil

Shri Virendra Bangur

Date of Birth	19-03-1975
Date of Appointment as Director	28-07-2004
Experience in specific functional Areas	Industrialist
Experience	12 Years
Educational qualifications	B.Com.
Details of shares held in the Company	56526
List of Directorship in other listed Companies as on 31-03-2009	Akhivi Tea Plantations And Agro Industries Ltd. Jayshree Chemicals Ltd. Rama Newsprint And Papers Ltd. Union Company Ltd.
Chairman/Member of the Committees of other Companies on which he is a Director as on 31-03-2009	0/2

7 SPECIAL COMMITTEE

The Special Committee of the Board was constituted in November 2007. The Committee comprises of five members namely, Shri H.N. Taparia, Chairman. Shri M.P. Taparia, Shri D.P. Taparia, Shri J.K. Taparia and Shri B.B. Ladda.

The Board stipulates the following terms of reference for Special Committee :

To discuss and approve the Quarterly Unaudited/audited Financial Results. Provided that when the Quarterly Unaudited/audited Financial Results are approved by the Committee they shall be placed before the Board at its next meeting. Provided further that while placing the financial results before the Board, the Chief Executive Officer and Chief Financial officer of the company by whatever name called, shall certify that the financial results do not contain any false or misleading statement or figures and do not omit any material fact which may make the statement or figure contained therein misleading.

To note the Limited Review Report duly reviewed by the statutory auditors of the company for the Unaudited/ Audited Financial Results before being submitted to the Bombay Stock Exchange Ltd. Provided that when the Limited Review Report is placed before the Committee they shall be placed before the Board at its next meeting.

To discuss, note, recommend and approve the matters which are required for the compliance of the Listing Agreement /Companies Act as amended from time to time.

Sitting Fee amounting to Rs. 1000/- is payable to a Member of the Special Committee for every Meeting of Special Committee attended by him.

During the year under review, two Special Committee Meetings were held on May 28, 2008 and July 31, 2008.

8 GENERAL BODY MEETINGS

The details of the location/s and time for last three Annual General Meetings are given below :

Year	Date	Location	Time
2005-2006	18.09.2006	Emerald Park, Sharanpur Link Road Nashik - 422 002	12.00 Noon
2006-2007	26.09.2007	Emerald Park, Sharanpur Link Road Nashik - 422 002	12.00 Noon
2007-2008	30.09.2008	Emerald Park, Sharanpur Link Road Nashik - 422 002	12.30 P.M.

Details of Special Resolutions passed in the above-referred meetings are as under :

Particulars of the AGM/ By Postal Ballet	Section under which Special resolution was passed	Purpose
40th AGM held on 18-09-2006	Sections 198,269,309 and other applicable provisions of the Companies Act, 1956,	Re-appointment of Dr. M.G. Nathani as Executive Director
41st AGM held on 26-09-2007	No Special Resolution was passed.	
42nd AGM held on 30-09-2008	No Special Resolution was passed.	

9 DISCLOSURES

During the year under review, besides the transactions reported elsewhere in the Annual Report, there were no other related party transactions with its promoters, directors, management and subsidiaries that had a potential conflict with the interest of the Company at large.

The Company has complied with various rules and regulations prescribed by Stock Exchange, SEBI or any other statutory authority relating to the capital markets during the last three years. No penalties or strictures have been imposed by them on the Company.

10 MEANS OF COMMUNICATION

The quarterly, half-yearly and yearly financial results of the Company are sent to the Stock Exchanges immediately after they are approved by the Board/Special Committee of the Board. These are also published in the prescribed proforma, generally in Free Press Journal and Navshakti [Mumbai Edition].

11 CODE OF CONDUCT

The members of the Board of Directors of TAPARIA TOOLS LTD. acknowledge and accept the scope and extent of their duties as Directors.

They have a responsibility to carry out their duties in an honest and business like manner and within the scope of their authority, as set forth in the laws of India as well as in the Memorandum and Articles of Association of the Company. They are entrusted with and are responsible for the oversight of the assets and business affairs of TAPARIA TOOLS LTD. in an honest, fair, diligent and ethical manner. As Directors, they must act within the bounds of the authority conferred upon them and with the duty to make and enact informed decisions and policies in the best interests of the Company. The Board of Directors has adopted the following Code of Conduct and the Directors and senior managers are expected to adhere to the standards of care, loyalty, good faith and the avoidance of conflicts of interest that follow.

The Code of Conduct for all Board Members and Senior Management of the Company is as under:

Board members and seniors managers will :

- act in the best interest of, and fulfill their fiduciary obligations to the Company;
- act honestly, fairly, ethically and with integrity;
- conduct themselves in a professional, courteous and respectful manner and not take improper advantage of their position;
- will deal fairly with all stakeholders;
- comply with all applicable laws, rules and regulations;

- act in good faith, responsibly, with due care, competence and diligence, without allowing their independent judgment to be subordinated;
- not use the Company's property or position for personal gains;
- will not accept from or give to stakeholders gifts or other benefits into customary in normal social intercourse;
- not use any information opportunity received by them in their capacity as Directors or senior management in a manner that would be detrimental to the Company's interests;
- act in a manner to enhance and maintain the reputation of the Company;
- disclose any personal interest that they may have regarding any matters that may come before the Board and abstain from discussion, voting or otherwise influencing a decision on any matter in which the concerned director has or may have such an interest;
- abstain from discussion, voting or otherwise influencing a decision on any matter that may come before the board in which they may have a conflict or potential conflict of interest; * *
- respect the confidentiality of information relating to the affairs of the Company acquired in the course of their service as Director or senior management, except when authorized or legally required to disclose such information;
- not use confidential information acquired in the course of their service as Director or senior management for their personal advantage or for the advantage of any other entity;
- help create and maintain a culture of high ethical standards and commitment to compliance;
- *A Director or senior manager who has concerns regarding compliance with this code should raise those concerns with the Chairman of the Board and the Chairman of the Audit Committee, who will determine what action shall be taken to deal with the concern. In the extremely unlikely event that a waiver of this Code for a Director would be in the best interest of the Company, it must be approved by the Audit Committee and the Board of Directors.*
- For this purpose "senior management" shall mean members of management one level below the executive directors and shall include all functional heads.
- Directors and senior managers will annually confirm that they have read, have complied with and will continue to comply with this Code.

* * There may be situations in which a Director would be in breach of his duty of confidentiality to another entity were he to disclose a conflict of interest to the Board of the Company. In such a situation it shall be sufficient for the Director concerned to abstain from any participation in the matter concerned, without disclosing the nature of the conflict.

12 STATUS OF COMPLIANCE WITH MANDATORY REQUIREMENT AND ADOPTION OF NON-MANDATORY REQUIREMENTS

The Company has complied with all mandatory requirements of clause 49 of the listing agreement with the stock exchange as on March 31, 2009.

Adoption/ non-adoption of non-mandatory requirements as on March 31, 2009

1. The Company has not adopted the requirement of Independent Directors tenure not to exceed a period of nine years on the Board of the Company.
2. The Company has constituted a Remuneration Committee, full details are furnished under item 5 of this report.
3. As the Quarterly Financial Results are published in the newspapers, the Results are not sent to each household of the shareholders.
4. The auditors have issued an unqualified opinion for the year ended March 31, 2009.
5. The Board of Directors of the Company consists of an optimal blend of Company Executives and Independent professionals having a knowledge of Business and expertise in their area of specialization.
6. Presently the Company does not have a mechanism for evaluating its Non-executive Directors by Peer Group comprising of the entire Board of Directors.
7. Presently the Company does not have Whistle Blower Policy in place.

13 GENERAL SHAREHOLDERS INFORMATION :

Annual General Meeting

Date : 25th September, 2009
Time : 12.30 p.m.
Venue : Emerald Park, Sharanpur Link Road, Nashik 422 002
Book Closure : September 22 2009 to September 25, 2009

Listing Securities

The shares of your Company are presently listed on The Bombay Stock Exchange Ltd., Mumbai.
The Company has paid Annual Listing Fees to The Bombay Stock Exchange Ltd., Mumbai for the financial years 2007-2008, 2008 2009 and 2009-10

Stock Code No. : 505685

Market Price Data

Shares were not traded in Stock Exchange. The transfers were only on private basis.

E-Mail address for shareholders' correspondence

investors@tapariatools.com

Registered Office and address for Correspondence :

Taparia Tools Ltd.
52 & 52B, MIDC Area, Trimbak Road, Satpur, Nashik - 422 007.

Plants Location :

- 1) 52 & 52B, MIDC Area, Trimbak Road, Satpur, Nashik - 422 007 (Maharashtra)
- 2) Plot No. L-29, Cuncolim Industrial Estate, Cuncolim-403 703 (Goa)

Registrar & Share Transfer Agents :

The shares of the Company are not in De-materialised form and there is In-house facility for Share Transfer and Registration. Therefore no Registrar & Share Transfer Agent has been appointed.

Share Transfer System :

Shares sent for transfer in physical form are registered by the Company within 30 days of receipt of the document/s, if document/s are found in order.

Distribution of Shareholdings as on 31st March 2009:

Sr. No.	No. of Equity Shares	No. of Shareholders	% of Shareholders	No. of Shareholdings	% of Shareholdings
1	Upto - 5000	399	91.72	79650	2.62
2	5001 - 10000	0	0.00	0	0.00
3	10001 - 20000	2	0.46	27218	0.90
4	20001 - 30000	4	0.92	96444	3.18
5	30001 - 40000	4	0.92	146420	4.82
6	40001 - 50000	5	1.15	233998	7.71
7	50001 - 100000	10	2.30	638716	21.04
8	100001 & above	11	2.53	1813304	59.73
Total:		435	100.00	3035750	100.00

Shareholding Pattern as on 31st March 2009:

Categories	No. of Holders	No. of shares	%age of Holding
Promoters	24	2107754	69.44
Bodies Corporate (Promoters)	3	335588	11.05
Bodies Corporate (Others)	4	81039	2.67
Foreign Investors	1	16500	0.54
Bank/ FIs	2	23142	0.76
Others	401	471727	15.54
Total :	435	3035750	100.00

Dematerialisation and Liquidity :

Dematerialisation of shares has not been made so far. There were no transactions in stock exchange during the year under report.

Outstanding GDRs/ADRs/Warrants or any Convertible Instruments, conversion date and likely impact on equity: Not Applicable

Financial Calendar :

Board Meeting for consideration of Accounts for the year ended March 31, 2009	30th July, 2009
Posting of Annual Reports	On or before 31 st August, 2009
Book Closure Dates	September 22, 2009 to September 25, 2009
Last Date for receipt of Proxy Forms	September 23, 2009
Date, time and venue of the 43rd Annual General Meeting	September 25, 2009 at 12.30 p.m. at Emerald Park, Sharanpur Road, Nashik 422 002.
Dividend Payment date	No Dividend for f.y. 2008-09 is proposed
Probable date of dispatch of warrants	Not Applicable
Board Meeting/Special Committee Meeting for consideration of quarterly unaudited results for the current financial year - 1st April 2009 to 31st March 2010	Within one month from the end of the quarter as stipulated under the Listing Agreement with the Bombay Stock Exchange.
Audited results for the year ending on 31-03-2010	July, 2010
Annual General Meeting for the year 2010	September, 2010

For and on behalf of the Board,

Mumbai,
30th July 2009

H.N. Taparia
Chairman & Managing Director

CODE OF CONDUCT

DECLARATION

As provided under Clause 49 of the Listing Agreement with the Stock Exchange, the Board Members and the Senior Management Personnel have confirmed compliance with the Code of Conduct for the year ended 31st March, 2009.

For and on behalf of the Board,

Mumbai,
30th July 2009

H.N. Taparia
Chairman & Managing Director

CEO/CFO CERTIFICATION

We, H.N. Taparia, Chairman & Managing Director and S.R. Bagad, Asst. General Manager - Finance of Taparia Tools Limited, certify that:

1. We have reviewed the financial statements for the year and that to the best of our knowledge and belief;
 - a) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - b) These statements give a true and fair view of the state of affairs of the company and of the results of operations and cash flows. The financial statements have been prepared in conformity, in all material respects, with the existing generally accepted accounting principles including Accounting Standards, applicable laws and regulations.
2. There are, to the best of our knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violative of the company's Code of conduct.
3. We accept overall responsibility for the company's internal control system for financial reporting. This is monitored by the internal audit function, which encompasses the examination and evaluation of the adequacy and effectiveness. Internal audit works with all levels of management and statutory auditors, and reports significant issues to the Audit Committee of the Board. The auditors and audit committee are appraised of any corrective action taken with regard to significant deficiencies and material weaknesses.
4. We indicate to the auditors and to the audit committee:
 - a) significant changes in internal control over financial reporting during the year;
 - b) significant changes in accounting policies during the year;
 - c) instances of significant fraud of which we have become aware of and which involve management or other employees who have significant role in the company's internal control system over financial reporting.

However, during the year there were no such changes or instances.

H.N. Taparia
Chairman & Managing Director
30th July 2009

S.R. Bagad
Asst. General Manager- Finance

**AUDITORS' CERTIFICATE ON COMPLIANCE WITH THE CONDITIONS OF
CORPORATE GOVERNANCE UNDER CLAUSE 49 OF THE LISTING AGREEMENTS**

To the shareholders of Taparia Tools Limited

We have examined the compliance of the conditions of Corporate Governance by Taparia Tools Limited for the year ended 31st March, 2009, as stipulated in clause 49 of the Listing Agreement of the said Company with Stock Exchange, Mumbai.

The Compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to a review of procedures and implementations thereof, adopted by the Company for ensuring the compliance with the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Agreement.

We state that no investor grievances are pending for a period exceeding one month against the Company as per the record maintained by the Shareholders/Investors Grievance Committee.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **BATLIBOI & PUROHIT**
Chartered Accountants

K.A. Mehta
Partner
Membership no. 111749

Mumbai,
30th July, 2009

AUDITORS' REPORT TO THE MEMBERS OF TAPARIA TOOLS LTD.

1. We have audited the attached Balance Sheet of **Taparia Tools Limited** ('the Company') as at 31st March, 2009, the Profit & Loss Account and also the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by Companies (Auditor's Report) order, 2003 (as amended) issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 & 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph (3) above, we report that:
 - a) We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit;
 - b) In our opinion, proper books of account as required by law, have been kept by the Company so far as appears from our examination of those books;
 - c) The Balance Sheet, Profit and Loss account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - d) In our opinion, the Balance Sheet, the Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub section (3c) of section 211 of the Companies Act, 1956;
 - e) On the basis of the written representations received from directors as on 31st March, 2009 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2009 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956; and
 - f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with accounting principles generally accepted in India:
 - i) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2009;
 - ii) In the case of the Profit and Loss Account, of the profit of the Company for the year ended on that date; and
 - iii) In the case of Cash Flow Statement, of the cash flow of the Company for the year ended on that date.

For **BATLIBOI & PUROHIT**
Chartered Accountants

K.A. Mehta
Partner

Membership no. 111749

Mumbai,
30th July, 2009

ANNEXURE TO THE AUDITORS' REPORT

(Referred to in paragraph 3 of our report of even date)

- i) a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- b) All the assets have not been physically verified by the Management during the year but there is a phased programme of verification which, in our opinion, is reasonable having regard to the size of the company and the nature of its assets. As informed, no material discrepancies were noticed on such verification.
- c) During the year, the company has not disposed off any substantial part of its fixed assets.
- ii) a) The inventory has been physically verified during the year by the management, except stock lying with third parties. Confirmations of such stocks with third parties have been obtained by the Company in most of the cases. In our opinion, the frequency of verification is reasonable.
- b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- c) The Company is maintaining proper records of inventory and the discrepancies noticed on verification between the physical stocks and the book records were not material in relation to the operations of the Company.
- iii) a) According to information and explanations given to us the Company has not granted any loans, secured or unsecured, to the companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Hence, clause (iii) (b), (c) and (d) of the Companies (Auditor's Report) Order, 2003, are not applicable.
- b) According to information and explanations given to us the Company has taken loan from four parties covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs. 10.16 crores and the year-end balance of loans taken from such parties was Rs. 9.67 crores.
- c) In our opinion and according to the information and explanations given to us, the rate of interest and other terms and conditions for such loans are not prima facie prejudicial to the interest of the Company.
- d) In respect of loans taken, repayment of the principal amount is as stipulated and payment of interest has been regular.
- iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system.
- v) In our opinion and according to the information and explanations given to us, the particulars of contracts or arrangements referred to in section 301 of the Companies Act, 1956 have been entered in the register required to be maintained under that section.
- In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements exceeding value of Rupees five lakhs have been entered into during the financial year at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- vi) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the Public within the meaning of sections 58A, 58AA or any other relevant provisions of the Act.
- vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- viii) To the best of our knowledge and as explained, the Central Government has not prescribed maintenance of cost records under clause (d) of sub-section (1) of section 209 of the Companies Act, 1956 for the products of the Company.
- ix) a) The Company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education protection fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, custom duty, excise duty, cess and other material statutory dues applicable to it.
- According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, investor education and protection fund, employees' state insurance, income-tax, wealth-tax, service tax, sales-tax, customs duty, excise duty, cess and other

undisputed statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

- b) According to the information and explanations given to us, details of dues of sales tax, income tax, customs duty, wealth tax, service tax excise duty, Octroi Duty and cess which have not been deposited on account of any dispute are given below:

Name of the Statute	Financial years to which the matter pertains	Forum where dispute is pending	Amount (Rupees in lakhs)
Octroi Duty	1984, 1985, 1986	High Court Mumbai.	4.23
Octroi Duty	1984, 1985, 1988	High Court Mumbai.	0.68

- x) The company does not have accumulated losses as at the end of the financial year and has not incurred cash losses in the current financial year and in the immediately preceding financial year.
- xi) In our opinion and according to the information and explanations given to us, the company has not defaulted in repayment of dues to a financial institution and bank.
- xii) The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii) In our opinion, the company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4 (xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- xiv) In our opinion, the company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4 (xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- xv) According to the information and explanations given to us, the Company has not given guarantees for loans taken by others from banks or financial institutions.
- xvi) Based on the information and explanations given to us, the term loans have been applied for the purpose for which they were raised.
- xvii) According to the information and explanations given to us, and on an overall examination of the Balance Sheet and Cash Flows of the Company, in our opinion no funds raised on short term basis have been used for long term investment.
- xviii) According to the information and explanations given to us, the company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Companies Act, 1956.
- xix) In our opinion and according to the information and explanations given to us, the company has not issued any secured debentures during the period covered by our report. Accordingly, the provisions of clause 4 (xix) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- xx) During the period covered by our audit report, the company has not raised any money by Public issues.
- xxi) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

For **BATLIBOI & PUROHIT**
Chartered Accountants

(K.A. Mehta)
Partner

Place : Mumbai
Date : 30th July 2009

Membership No: 111749

BALANCE SHEET as at 31st March, 2009

Figures in Rupees

	Schedule		As at 31st March, 2009	As at 31st March, 2008
SOURCES OF FUNDS				
Shareholders' Funds				
Share Capital	A	30357500		30357500
Reserves & Surplus	B	154242411		115757546
			184599911	146115046
Loan Funds				
Secured Loans	C	31039275		11353250
Unsecured Loans	D	117420817		20757423
			148460092	32110673
			333060003	178225719
APPLICATION OF FUNDS				
Fixed Assets				
Gross Block	E	270302573		267761157
Less : Depreciation		227528312		229117384
Net Block			42774261	38643773
Deferred Tax Asset [Net]			949000	817000
Current Assets, Loans & Advances				
Inventories	F	222937940		272477595
Sundry Debtors		113428639		106968456
Cash & Bank Balances		3025559		5590646
Loans & Advances		73486558		71318016
		412878696		456354713
Less : Current Liabilities & Provisions	G	123541954		317589767
Net Current Assets			289336742	138764946
			333060003	178225719
Notes on Accounts & Contingent Liabilities	9			

As per our separate report of even date

For BATLIBOI & PUROHIT

Chartered Accountants

H.N. TAPARIA

Chairman & Managing Director

K. A. MEHTA

Partner

Membership No.111749

Mumbai, 30th July, 2009

V. S. DATEY

Company Secretary

Mumbai

30th July, 2009

D.P. TAPARIA

Director

PROFIT & LOSS ACCOUNT for the year ended 31st March, 2009

Figures in Rupees

Schedule		2008-09	2007-08
INCOME			
Sales		1250369112	1177769645
Less : Excise Duty		66928891	81707406
		1183440221	1096062239
Other Income	1	35996739	28649633
Increase / [Decrease] in Stocks	2	(19302326)	82436408
		16694413	111086041
TOTAL INCOME		1200134634	1207148280
EXPENDITURE			
Raw Materials Consumed	3	183653913	206170004
Trading Items Purchased		505094530	509212066
Manufacturing Expenses	4	152410085	167125264
Payments to and Provisions for Employees	5	135074791	135992822
Other Expenses	6	17470658	15848833
Interest	7	3158263	141654
Distribution & Selling Expenses	8	133493394	108481872
Depreciation	E	6058774	6864673
Less: Transferred from Fixed Assets Revaluation Reserve		790772	880042
		5268002	5984631
TOTAL EXPENDITURE		1135623636	1148957146
Profit before Taxation		64510998	58191134
Less : Provision for Taxation			
Current Year Tax		24600000	18100000
Previous Year Tax		130606	1197156
Deferred Tax		(132000)	(459000)
Fringe Benefit Tax		450000	500000
		25048606	19338156
Profit after Tax		39462392	38852978
Add : Surplus brought forward		30480753	16937829
Balance Available for Appropriations		69943145	55790807

PROFIT & LOSS ACCOUNT for the year ended 31st March, 2009 (Contd.)

Figures in Rupees

Schedule	2008-09	2007-08
Balance Available for appropriations	69943145	55790807
APPROPRIATIONS :		
Less : General Reserve	4000000	4000000
Dividend		
Interim & Final	-	18214500
Tax on Dividend	-	3095554
	<u>4000000</u>	<u>25310054</u>
Surplus carried to Balance Sheet	65943145	30480753
EARNINGS PER SHARE (See Note no.6 of Schedule.9)		
Basic/Diluted Earnings Per Share	13.00	12.80
Face Value Per Share	10.00	10.00
Notes on Accounts	9	

As per our separate report of even date

For BATLIBOI & PUROHIT

Chartered Accountants

H.N. TAPARIA

Chairman & Managing Director

K. A. MEHTA

Partner

Membership No.111749

Mumbai, 30th July, 2009

V. S. DATEY

Company Secretary

Mumbai

30th July, 2009

D.P. TAPARIA

Director

Schedules forming part of Balance Sheet

Figures in Rupees

		As at 31st March, 2009	As at 31st March, 2008
SCHEDULE - A			
SHARE CAPITAL			
Authorised			
50,00,000 Equity Shares of Rs.10/-each		<u>50000000</u>	<u>50000000</u>
Issued, Subscribed & Paid-Up			
30,35,750 Equity Shares of Rs.10/- Each fully paid-up		30357500	30357500
(of the above, 15,000 shares were issued as fully paid-up to M/s. A.B.Bahco, Sweden pursuant to a contract without payment being received in cash).			
(of the above, 2,53,250 Equity shares were issued as fully paid-up Bonus Shares by way of Capitalisation of Reserve).		<u>30357500</u>	<u>30357500</u>
SCHEDULE - B			
RESERVES AND SURPLUS			
Fixed Assets Revaluation Reserve	11004218		11884260
Less : Adjustment	186755		
Less : Transferred to Profit & Loss A/c.	790772		880042
		10026691	11004218
Share Premium Account		5000000	5000000
Capital Reserve		4500000	4500000
General Reserve	64772575		69796500
Add : Transferred From P & L Account	4000000		4000000
Less : Group Gratuity Provision under 'Accounting Standard-15'	-		9023925
Surplus in Profit & Loss Account		68772575	64772575
		65943145	30480753
		<u>154242411</u>	<u>115757546</u>

Figures in Rupees

	As at 31st March, 2009	As at 31st March, 2008
SCHEDULE - C		
SECURED LOANS		
FROM CENTRAL BANK OF INDIA:		
Working Capital Loans	31039275	11353250
	<u>31039275</u>	<u>11353250</u>
NOTE : Loans from the bank are secured by the Hypothecation of raw materials, Stores, including consumable tools, dies, etc., finished & semi-Finished goods & stock-in-trade, land & buildings, and guaranteed jointly & severally by four Directors.		

SCHEDULE - D		
UNSECURED LOANS		
Sales Tax Deferral Loans	20757423	20757423
Loans from Directors	96663394	-
	<u>117420817</u>	<u>20757423</u>

SCHEDULE - E**FIXED ASSETS**

DESCRIPTION	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 1.4.2008	Additions	Adjust ments	As at 31.3.2009	Up to 1.4.2008	For The Year	Adjust ments	Up to 31.3.2009	As at 31.3.2009	As at 31.3.2008
Land	6453515	-	-	6453515	1502876	36069	-	1538945	4914570	4950639
Buildings	57097041	2953680	-	60050721	35766489	1523771	-	37290260	22760461	21330552
Plant & Machinery	180485156	1328124	7315608	174497672	174932883	2832048	6909220	170855711	3641961	5552273
Computers	2988361	5623470	-	8611831	2660201	387268	-	3047469	5564362	328160
Electrical Installations	9248895	131676	34092	9346479	7411793	267751	32387	7647157	1699322	1837102
Vehicles	5043025	-	818658	4224367	3071390	485896	705277	2852009	1372358	1971635
Furniture & Fixtures	5142180	358510	-	5500690	2884165	457087	-	3341252	2159438	2258015
Office Equipments	1302984	302104	1000	1604088	887587	68884	962	955509	648579	415397
Total	267761157	10697564	8169358	270289363	229117384	6058774	7647846	227528312	42761051	38643773
Machinery under Erection	-	13210	-	13210	-	-	-	-	13210	-
Total	267761157	10710774	8169358	270302573	229117384	6058774	7647846	227528312	42774261	38643773
Previous	264975242	4661416	1875501	267761157	223990477	6864673	1737766	229117384	38643773	40984765

NOTE: 95 years lease hold land on which buildings are constructed.

Figures in Rupees

	As at 31st March, 2009	As at 31st March, 2008
SCHEDULE - F		
CURRENT ASSETS, LOANS & ADVANCES		
Current Assets		
Inventories (At Cost unless otherwise stated)		
(As per inventories taken, valued & certified by the Management)		
Stores, Spares, Fuel oil, Broaches, Cutters etc.	13219681	18194342
(Including lying with third parties Rs.47531 previous year Rs.323707)		
Components	3039663	3039663
(Including lying with third parties Rs.511435 previous year Rs.469090)		
Production Tools	1530074	1530074
(At cost less amortisation)		
Raw Materials	24079723	49342391
(Including lying with third parties Rs.2830595 previous year Rs.3778785)		
Scrap	6843072	8670839
(At estimated net realisable Value)		
Work-In-Process	40861293	50370117
Finished Goods	133364434	141330169
(At cost or market value which ever is lower)	222937940	272477595
Sundry Debtors		
(Unsecured but considered goods)		
Over six months	394064	600780
Others	113034575	106367676
	113428639	106968456
Cash & Bank Balances		
Cash on Hand	333441	557047
Balances with scheduled banks	2692118	5033599
	3025559	5590646
C/F	339392138	385036697

Figures in Rupees

		As at 31st March, 2009	As at 31st March, 2008
SCHEDULE - F (CONTD.)	B/F	339392138	385036697
Loans & Advances			
(Unsecured but Considered Good)			
Advances recoverable in cash or in kind or for value to be received	13035745		20611292
Balance with Central Excise Authorities	373421		577783
Advances to Employees	539853		327650
Prepaid Expenses	1233543		863284
Deposits	4811710		4638710
Outstanding Income	1146948		1113011
Advance Income Tax [Net]	14242400		10385109
Interest Accrued	52147		317295
M.V.A.T. Receivable	38020193		25727505
Service tax paid under protest	-		6739700
Income tax deducted at source	30598		16677
		73486558	71318016
		<u>412878696</u>	<u>456354713</u>
SCHEDULE - G			
CURRENT LIABILITIES & PROVISIONS			
Current Liabilities			
Sundry Creditors	69285181		269690993
Unclaimed Dividend	49249		49249
Other Liabilities	33813604		31031728
		103148034	300771970
Provisions			
For Income Tax		4500000	-
For Leave Encashment		6626668	7067656
For Group Gratuity		9267252	9750141
		<u>123541954</u>	<u>317589767</u>

Schedules Forming Part of Profit & Loss Account

Figures in Rupees

	2008-09	2007-08
SCHEDULE - 1		
OTHER INCOME		
Interest (Gross) (TDS Rs.46,686 (28,706))	680174	602597
Profit on Redemption of Units	712647	1062421
Sale of Scrap	33803971	27961206
Less: Excise Duty	4099153	3966371
	29704818	23994835
Premium on DEPB Licences	1189180	1315836
Miscellaneous Income	472778	106070
Sundry Credit Balances Written Back	306316	1030610
Profit on Sale of Assets (Net)	621345	537264
Sales Tax Refund	2309481	-
	<u>35996739</u>	<u>28649633</u>
SCHEDULE - 2		
INCREASE/(DECREASE) IN STOCKS		
OPENING STOCK		
Finished Goods	141330169	68579611
Work-in-Process	50370117	46460405
Scrap	8670839	2894701
	<u>200371125</u>	<u>117934717</u>
LESS : CLOSING STOCK		
Finished Goods	133364434	141330169
Work-in-Process	40861293	50370117
Scrap	6843072	8670839
	<u>181068799</u>	<u>200371125</u>
	<u>(19302326)</u>	<u>82436408</u>
SCHEDULE - 3		
RAW MATERIALS CONSUMED		
Opening Stock	49342391	48375321
Add : Purchases	158391245	207137074
	<u>207733636</u>	<u>255512395</u>
Less : Closing Stock	24079723	49342391
	<u>183653913</u>	<u>206170004</u>

Figures in Rupees

	2008-09	2007-08
SCHEDULE - 4		
MANUFACTURING EXPENSES		
Consumption of Components, Other Stores & Spares	74034807	86714802
Power & Fuel	43161379	45232355
Water Charges	735277	807730
Carriage Inward	8651641	7623965
Other Manufacturing Charges	23413283	24769795
Repairs to Machinery	644861	442018
Repairs to Building	1270107	703321
Entry Tax	498730	831278
	<u>152410085</u>	<u>167125264</u>
SCHEDULE - 5		
PAYMENTS TO & PROVISIONS FOR EMPLOYEES		
Wages, Salaries & Bonus	119330026	115893561
Managing Director's Remuneration (including perquisites)	1200000	1200000
Provident Fund, Pension Fund & ESI Contributions	9178378	11934734
Welfare Expenses	2462502	2925646
Employees Group Gratuity	2169934	2625059
Leave Encashment	733951	1413822
	<u>135074791</u>	<u>135992822</u>
SCHEDULE - 6		
OTHER EXPENSES		
Rent	1141542	707990
Rates & Taxes	193790	179176
Insurance	1525738	1343928
AUDITORS' REMUNERATION		
As Auditors	109967	75000
Company Law Matters	15000	5000
Tax Audit & Other Capacity	57000	62000
Out of Pocket Expenses	38607	13087
	<u>220574</u>	<u>155087</u>
Directors' Sitting Fees	158000	179000
Professional & Legal Expenses	1331848	769071
Travelling & Conveyance	2523962	3135945
Car Expenses	668020	556130
Repairs to Others	253206	201221
Bank Charges	962652	1364864
Miscellaneous Expenses	8388628	6993223
(Postage Telegram, Telephone, Printing & Stationery, etc.)		
Bad Debts Written Off	102698	263198
	<u>17470658</u>	<u>15848833</u>

Figures in Rupees

	2008-09	2007-08
SCHEDULE - 7		
INTEREST		
Bank	922000	134847
Others	2236263	6807
	<u>3158263</u>	<u>141654</u>
SCHEDULE - 8		
DISTRIBUTION & SELLING EXPENSES		
Forwarding Expenses	15685814	17937921
Advertising, Sales Promotion Expenses & Incentive	26164441	23151181
Selling Commission	91643139	67392770
	<u>133493394</u>	<u>108481872</u>

SCHEDULE - 9**NOTES ON THE BALANCE SHEET AND PROFIT & LOSS ACCOUNT****1. SIGNIFICANT ACCOUNTING POLICIES:****(a) Method of Accounting**

The Financial Statements are prepared on accrual basis and comply with Accounting Standards referred to in section 211(3C) of the Companies Act, 1956.

(b) Fixed Assets

Fixed Assets are stated at cost of acquisition inclusive of freight, duties and taxes and incidental expenses and adjusted by revaluation of certain assets.

(c) Depreciation

Depreciation on fixed assets has been provided on written down value method at the rates specified in Schedule XIV of the Companies Act, 1956.

(d) Inventories

Inventories are valued at the lower of weighted average cost and net realizable value except waste / scrap which is valued at realizable value.

Finished goods and process stock include cost of conversion and other costs incurred in bringing the inventories to their present location and condition. Obsolete, defective and unserviceable inventories are duly provided for.

(e) Retirement Benefits

The Company's contributions to Provident Fund/Gratuity are charged against revenue. The Gratuity Benefits are administered by a trust formed for this purpose through the Group Gratuity Scheme of the LIC of India Ltd. and contributions are made on actuarial valuation basis.

(f) Leave Encashment Benefits

Employees of the Company are eligible for leave Encashment Benefit as per rules of the Company. Provision for Leave Encashment is determined accordingly and provided in the Accounts.

(g) Investments

Current investments carried at lower of cost or fair value. Long-term investments are stated at cost after deducting provisions made for diminution other than temporary.

(h) Deferred Tax:

The Company has accounted for Deferred Tax in accordance with the Accounting Standard - 22 "Accounting for taxes on Income" issued by The Council of the Institute of Chartered Accountants of India. Accordingly, the deferred tax during the year for timing difference is accounted using tax rates that have been enacted; the net difference arising thereon is debited to Profit & Loss Account.

(i) Revenue Recognition

Sales are recognized, net of returns and trade discount, on dispatch of goods to customers, sales tax and value added tax excluded.

(j) Prior Period Items

Prior period items, if material, are separately disclosed in the Profit & Loss account together with the nature and amount.

(k) Receivables In Foreign Currency Transactions

Foreign currency transactions are accounted for at the rate prevailing on the date of transaction. Foreign currency monetary assets and liabilities at the Balance Sheet date are restated at year-end rate.

2. Contingent Liabilities not provided for in respect of

- [a] Estimated amount of contract remaining to be executed on capital account Rs. 15,71,794/-[Rs. 4,76,000/-].
- [b] Claims against the Company not acknowledged as Debts are Rs. 45,41,795 [Rs. 45,41,795].

3. Depreciation for the year on revised future life as ascertained by Valuers and revalued figures of fixed assets and that on the original cost of the fixed assets work out to Rs. 60,58,774/- and Rs. 52,68,002 respectively. The transfer of Rs. 7,90,772/- from Fixed Assets Revaluation Reserve" to Profit & Loss Account represents difference between depreciation on revalued figures and that on original cost.

4. Segment Reporting

The Company is exclusively in the hand tools business segment.

5. Related Party Disclosures

Disclosures as required by the Accounting Standard - 18 "Related Party Disclosures" are given below:

a) List of Related Parties/ Associates/Subsidiary Companies :

Orient Pratishthan Ltd. - Associate Company

b) Key Management Personnel :

Shri H.N. Taparia (Chairman & Managing Director)

Dr. M.G. Nathani (Executive Director)

c) i) Transactions with Associate Company

Indenting/ Selling c4ommission : Rs.891.39 lakhs (Rs. 651.92 lakhs)

ii) Outstanding balance of Associate Company

As Creditors for expenses : Rs.66.59 lakhs (Rs.55.30 lakhs)

d) Details of transactions relating to Key Management Personnel as referred to in item b) above

Remuneration : Rs. 18.43 lakhs (Refer Note No.9)

e) Interest to Directors on loans :

Shri M.P. Taparia : Rs. 1,48,450 (Outstanding)

Shri J.K. Taparia : Rs. 3,31,019 (Outstanding)

Shri H.N. Taparia : Rs. 7,53,217 (Paid)

Shri D.P. Taparia : Rs. 2,09,318 (Paid)

6. Earning per share	March 31, 2009	March 31, 2008
1) Net Profit as per Profit & Loss Account available for equity shareholders	Rs. 394.62 lakhs	Rs. 388.53 lakhs
2) No. of equity shares		
Basic/Diluted	3035750	3035750
3) Earning per share		
Basic/Diluted	Rs. 13.00	Rs. 12.80

7. Deferred Tax :

The break up of deferred tax assets and liabilities into major components at the year-end is as below :

(Rs. in lakhs)

	<u>As on 31-03-2009</u>	<u>As on 31-03-2008</u>
Deferred Tax liabilities :		
Depreciation	6.98	2.58
	<u>6.98</u>	<u>2.58</u>
Deferred Tax Assets :		
Expenditure u/s. 43B of the Income Tax Act, 1961	2.51	5.59
Net deferred tax Asset/(Liability)	<u>9.49</u>	<u>8.17</u>

8. Impairment of Assets

The carrying amounts of assets are reviewed at each balance sheet date if there is an indication of impairment based on the internal and external factors.

An asset is treated as impaired when the carrying cost of the asset exceeds its recoverable amount. An impairment loss, if any, is charged to the Profit and Loss Account in the year in which the asset is identified as impaired. Reversal of impairment loss recognized in prior years is recorded when there is an indication that impairment loss recognised for the asset no longer exists or has been decreased.

9. Remuneration to Managing Director/Whole time Directors paid/ payable during the year u/s 198 of the Companies Act, 1956 :

	<u>2008-2009</u>	<u>2007-2008</u>
Salaries & Allowances	18,30,100	16,95,727
Perquisites	12,985	14,500
	<u>18,43,085</u>	<u>17,10,227</u>

10. Income tax assessment is completed upto assessment year 2006-2007. The Honourable High Court, Mumbai confirmed the appeals for the assessment years 1996-97, 1997-98 and 1998-99 as per the Appellate Orders issued by ITAT, Pune Bench and now they are pending in the Honourable Supreme Court of India, New Delhi.

11. Some of the Debit & Credit Balances on the Debtors' account and Loans and Advances remain unconfirmed.

12. The Company has not received any intimation from suppliers regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosures, if any, relating to amounts unpaid as at the year end together with interest paid/ payable as required under the said Act have not been given.

13. Retirement Benefit Plans

The Company adopted the Accounting Standard 15 "Employees Benefits" [AS-15] effective from April 1st, 2007 consequent upon the change in accounting policy. The necessary details have been disclosed in the Defined Benefit Plan.

A. Defined Contribution Plans:

Contribution to Defined contribution Plans are recognized as expense in the Profit & Loss Account, as they are incurred.

B. Defined Benefit Plan:

The Company makes annual contributions to employees group gratuity- cum-life assurance scheme of the Life Insurance Corporation of India, a funded defined benefit plan for qualifying employees.

The present value of the defined benefit obligation and the related current service cost were measured using the projected unit credit method with actuarial valuation being carried out at each balance sheet date.

The employees gratuity fund scheme managed by Life Insurance Corporation of India is a defined benefit plan. The present value of obligation is determined based on actuarial valuation using the projected Unit Credit Method, which recognizes each period of service as giving rise to additional unit of employees benefit entitlement and measures each unit separately to build up the final obligation.

The following table sets out the funded status of the gratuity plan and the amounts recognized in the company's financial statement as at March 31st 2009

[Rupees in lakhs]

Sr No.	As at 31st March 2009	As at 31st March 2008
I Change in benefit obligation :		
Projected benefit obligation, beginning of the year (April 1, 2008)	476.75	453.03
Service Cost	19.04	18.28
Interest Cost	37.92	36.32
Actuarial (gain)/loss	(2.94)	3.57
Benefit paid	(43.59)	(34.46)
Projected benefit obligation, end of the year	487.18	476.75
II Change in plan assets :		
Fair value of plan assets, beginning of the year (April 1, 2008)	379.25	362.80
Expected return on plan assets	30.67	29.16
Employer's contributions	25.97	18.99
Benefit paid	(43.59)	(34.46)
Actuarial gain	2.21	2.75
Fair value of plan assets at the year end	394.51	379.25
Excess of (obligation over plan assets)/plan assets over obligation	(5.15)	0.81
III Net gratuity and other cost for the year ended March 31 st , 2009		
Service cost	19.04	18.28
Interest on defined benefit obligation	7.92	36.32
Expected return on plan assets	(30.67)	(29.16)
Net actuarial gain recognized in the year	(5.15)	0.81
Net gratuity and other costs	21.13	26.25
IV Category of assets as at March 31 st , 2009 :		
Insurer Managed Funds	394.51	379.25
Others	-	-
Total	394.51	379.25
V Assumptions used in accounting for the gratuity plan :	%	%
Discount rate	7.25	8.00
Salary escalation rate	7.00	7.00
Expected rate of the return on plan assets	8.00	8.00

The estimates of rate of escalation in salary considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market. The actuary certifies the above information.

14. Previous year's figures have been recast or regrouped wherever necessary.

15. Additional information pursuant to the provisions of paragraph 3, 4C & 4D of part II of Schedule VI to The Companies Act, 1956.

(i) Details of Licensed Capacity, Opening & Closing Stock, Production and Sales:

[a] FORGED HAND TOOLS

	M. Tonnes		Value Rs.	
1. Licensed Capacity	2040	[2040]		
2. Installed Capacity	1750	[1750]		
(As certified by the Management)				
3. Opening Stock	89	[48]	1,81,42,616	[93,65,113]
4. Actual Production	1770	[2119]	-	-
5. Sales	1744	[2078]	49,99,17,442	[48,24,37,769]
6. Closing Stock	115	[89]	2,22,62,781	[1,81,42,616]

[b] FORGINGS

1. Licensed Capacity	650	[650]		
2. Installed Capacity	650	[650]		
(As certified by the Management)				
3. Opening Stock	0	[0]	Nil	[5,775]
4. Actual Production	4	[14]	-	-
5. Sales	4	[14]	63,162	[11,60,364]
6. Closing Stock	0	[0]	Nil	[Nil]

[c] TRADED HAND TOOLS

1. Opening Stock			12,31,87,553	[5,92,08,723]
2. Purchases			50,50,94,530	[50,92,12,066]
3. Sales			68,34,59,617	[61,24,64,106]
4. Closing Stock			11,11,01,653	[12,31,87,553]

ii) Raw material Consumed :

Steel	3176	[3,990]	15,09,61,988	[16,62,94,326]
Others	181	[241]	2,60,15,300	[3,25,34,509]
Molding Charges on			63,63,863	[73,41,169]
C A Handles and Sleeves				

(iii) Value of consumption of Raw Materials, Spare Parts & Components

	Value Rs.		Percentage	
Imported	Nil	[Nil]	Nil	[Nil]
Indigenous	20,92,99,493	[24,00,06,805]	100%	[100%]

iv) Value of Imports on CIF Basis

Raw materials	Nil	[Nil]
Stores and Spare parts	Nil	[Nil]
Capital Goods	Nil	[Nil]
Hand Tools for sale	Nil	[Nil]

(v) Expenditure in Foreign Currency

1. Travel	7,28,707	[14,18,065]
2. Others	Nil	[Nil]

(vi) Remittance in Foreign Currency

1. No. of non-resident Shareholder/s	1	[1]
2. No. of Shares held	16,500	[16,500]
3. Dividend	Nil	[99,000]

(vii) Earnings in Foreign Currency

FOB Value of exports	2,56,43,375	[2,90,48,654]
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NOTE : Figures in Brackets are for previous year.

Signatures to Schedules A to G and 1 to 9

As per our separate report of even date

For BATLIBOI & PUROHIT
Chartered Accountants

H.N. TAPARIA
Chairman & Managing Director

K.A. MEHTA
Partner
Membership No. 111749
Mumbai, 30th July 2009

V.S. DATEY
Company Secretary
Mumbai,
30th July 2009

D.P. TAPARIA
Director

CASH FLOW STATEMENT

[Rupees Lakhs]

		2008-2009	2007-2008
A	Cash Flow From Operating Activities		
	Net Profit before tax and extra ordinary items	645.11	581.91
	Adjustments for :		
	Depreciation	52.68	59.85
	Profit / (Loss) on Sale of Assets	(6.21)	(5.37)
	Interest (Net)	24.78	(4.61)
		71.25	49.87
	Operating Profit before Working Capital Changes	716.36	631.78
	Adjustments for :		
	Trade & Other Receivables	(47.72)	(416.87)
	Inventories	495.40	(857.90)
	Trade Payables	(1,985.48)	966.63
		(1,537.80)	(308.14)
	Cash Generated from Operations	(821.44)	323.64
	Interest paid	(31.58)	(1.42)
	Direct Taxes Paid	(245.38)	(197.86)
	Cash flow before Extra ordinary Items	(1,098.40)	124.36
	Capital Investment Subsidy received	0.00	20.00
	Net Cash from Operating Activities	(1,098.40)	144.36
B.	Cash Flow from Investing Activities		
	Purchase of Fixed Assets	(107.10)	(46.61)
	Sale of Fixed Assets	9.56	6.75
	Interest Received	6.80	6.02
	Net Cash used in Investing Activities	(90.74)	(33.84)

[Rupees Lakhs]

		2008-2009	2007-2008
C Cash Flow from Financing Activities			
Proceeds from Premium of Share Issue			
Proceeds from issue of Capital			
Proceeds from Long Term & Short Term Borrowings	1,163.49		113.53
Dividends and Tax Paid	0.00		(213.10)
Net Cash used in Financing activities		1,163.49	(99.57)
Net Increase in Cash & Cash Equivalents		(25.65)	10.95
Cash & Cash Equivalents as on 1st April, 2008		55.91	44.96
Cash & Cash Equivalents as on 31st March, 2009		30.26	55.91

To,
The Board of Directors,
Taparia Tools Ltd.

We have examined the above Cash Flow Statement of Taparia Tools Ltd. for the year ended 31st March, 2009. The Statement has been prepared by the Company in accordance with the requirement of the Listing Agreement Clause 32 with Stock Exchange, Mumbai and is based on and is in agreement with the corresponding Profit & Loss Account and Balance Sheet of the Company covered by our Report dated 30th July 2009 to the Members of the Company.

For **BATLIBOI & PUROHIT**
Chartered Accountants

Mumbai,
30th July, 2009

K.A. Mehta
Partner
Membership No.111749

ADDITIONAL INFORMATION AS REQUIRED UNDER PART IV OF SCHEDULE VI TO THE COMPANIES ACT, 1956

Balance Sheet Abstract and Company's General Business Profile :

I. Registration Details		
Registration No.	13392	
State Code.....	11	
Balance Sheet Date.....	31.03.2009	
II. Capital Raised during the Year		
Public Issue.....	-	
Rights Issue.....	-	
Bonus Issue.....	-	
Private Placement.....	-	
III. Position of Mobilisation and Development of Funds		
Total Liabilities.....	33,30,60,003	
Total Assets.....	33,30,60,003	
Sources of Funds :		
Paid-up Capital.....	3,03,57,500	
Reserve & Surplus.....	15,42,42,411	
Secured Loans.....	3,10,39,275	
Unsecured Loans.....	11,74,20,817	
Application of Funds :		
Net Fixed Assets.....	4,27,74,261	
Investments.....	-	
Net current Assets.....	28,93,36,742	
Misc. Expenditure.....	-	
Accumulated Losses.....	-	
IV. Performance of Company		
Turnover.....	1,20,01,34,634	
Total Expenditure.....	1,13,56,23,636	
Profit/(Loss) Before Tax.....	6,45,10,998	
Profit/(Loss) After Tax.....	3,94,62,392	
Earning Per Share (Rs.).....	13.00	
Dividend Rate.....	-	
V. Generic Names of Three Principal Products/ Services of Company		
Item Code No. (ITC Code).....	8203 to 8206,8467	
Product Description.....	Mainly Hand Tools i.e.Pliers,Pincers, Spanners, Wrenches, Screw Drivers, Sockets, Clamps & Pneumatic Chisels	
Item Code No. (ITC Code).....	8409	
Product Description	Motor Vehicle Parts	
Item Code No. (ITC Code).....	7326	
Product Description.....	Forging Articles of Iron & Steel.	

TAPARIA TOOLS LTD.

Regd. Office :

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

ATTENDANCE SLIP 43RD ANNUAL GENERAL MEETING

Name of the attending Member	
Member's folio Number	
Name of the Proxy	

I hereby record my presence at the 43rd Annual General Meeting of the Shareholders of the Company at Emerald Park, Sharanpur Link Road, Nashik - 422 002 on Friday, the 25th day of September, 2009 at 12.30 p.m.

Member's/Proxy's Signature

- NOTES:
1. The Member/proxy must bring the attendance slip to the Meeting duly completed and signed and hand over the same at the entrance of the Meeting Hall.
 2. Please bring your copy of enclosed Annual Report and Accounts.
 3. No attendance slip will be issued on the date of Annual General Meeting.
 4. Photo copy / torn attendance slip will not be accepted at the entrance of the Meeting Hall.

PROXY FORM

I/We _____
of _____
being a Member/Members of Taparia Tools Ltd., hereby appoint _____
_____ of _____ or failing him
_____ of _____

as my/our proxy to attend and vote for me/us and on my/our behalf at the 43rd Annual General Meeting of the Company, to be held on Friday, the 25th September, 2009 or at any adjournment thereof.

As witness my/our hand(s) this _____ Day of September, 2009

Affix Re.1
Revenue
Stamp

Signed by the said _____

Regd. Folio No. : _____

No. of Equity Shares held : _____

Note: The proxy duly completed must be returned so as to reach the Registered Office of the Company at 52 & 52B, MIDC Area, Trimbak Road, Satpur, Nashik - 422 007 not less than FORTY-EIGHT HOURS before the time for holding the aforesaid Meeting.