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**SAFARI** INDUSTRIES (INDIA) LTD.

18TH ANNUAL REPORT - 1997-98



MD	✓	BKC	✓
CS	✓	D.Y.	✓
RO	✓		✓
TRA	MA		✓
AGM	✓		✓
YE	✓		✓

## BOARD OF DIRECTORS

**Shri Sumatichandra H. Mehta**  
(Chairman & Managing Director)

**Shri Yogendra P. Trivedi**

**Shri Jayaramdas M. Patel**

**Shri Dakshesh B. Dhruv**

**Shri Dhananjay M. Parekh**

**Shri Mulchand K. Sheth**

**Shri Yugesh S. Mehta**

**Shri Amul S. Mehta**  
(Managing Director)

**SR. MANAGER ACCOUNTS**  
**CUM COMPANY SECRETARY**  
**Shri S. K. Somani**

**18TH ANNUAL GENERAL MEETING**  
on Monday 21st September, 1998  
at 3.00 P.M.  
at Ashoka Hall, Arcadia, NCPA Marg  
Near New Oberoi, Nariman Point  
MUMBAI - 400 021

Report Junction

**REGISTERED OFFICE**  
107/0, Khetani Textile Compound,  
Bazar Ward, Kurla West,  
Mumbai - 400 070.

**HALOL PLANT**  
1701/2200, GIDC Industrial Estate,  
Halol 389 350  
Dist. Panchmahal (Gujarat)

**BANKERS**  
Central Bank of India

**AUDITORS**  
Bansi S. Mehta & Co.  
Chartered Accountants

**SOLICITORS**  
Dhru & Co.

**SHARE DEPARTMENT**  
M/s. Safari Industries (India) Ltd,  
107/0, Khetani Textile Compound,  
Bazarward, Kurla West, Mumbai - 400 070.

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## ANNUAL REPORT 1997 - 98

**FINANCIAL HIGHLIGHTS**

	(Rs. '000)				
	1993-94	1994-95	1995-96	1996-97	1997-98
1 Gross Sales	383,811	412,763	347,820	476,562	500,902
2 Less Excise	68,419	74,043	64,056	88,537	69,882
3 Net Sales	315,392	338,720	283,764	388,025	431,020
4 Other Income	3,677	2,761	3,315	4,212	3,931
5 Total Income	319,069	341,481	287,079	392,237	434,951
6 Total Expenditure	281,824	301,379	260,070	347,467	382,174
7 Operating Profit	37,245	40,102	27,009	44,770	52,777
8 Interest	15,173	16,752	17,671	16,190	13,909
9 Gross Profit	22,072	23,350	9,338	28,580	38,868
10 Depreciation	6,521	7,501	8,364	8,120	8,164
11 Deffered Revenue Expenditure W/Off	0	0	0	0	3,030
12 Profit Before Tax	15,551	15,849	974	20,460	27,674
13 Tax	6,200	4,500	10	5,515	10,000
14 Profit After Tax	9,351	11,349	964	14,945	17,675
15 Dividend	3,900	4,680	3,900	5,200	6,500
16 Retained Earnings	5,401	5,650	4,046	11,666	18,191
17 Share Capital	26,000	26,000	26,000	26,000	26,000
18 Reserves & Surplus	26,499	33,308	29,938	39,180	49,703
19 Shareholders' Funds	52,499	59,308	55,938	65,180	75,703
20 Loan Funds	63,884	75,721	56,718	66,013	65,397
21 Total Capital Employed	116,383	135,029	112,656	131,193	141,100
22 Gross Block	94,971	115,500	118,441	124,825	128,458
23 Net Block	50,342	63,862	59,209	57,569	53,890
24 Net Current Assets	66,041	71,167	53,447	67,565	82,905
25 Miscellaneous Expenditure	0	0	0	6,060	4,305
26 Total Assets	116,383	135,029	112,656	131,193	141,100
27 Operating Profit Margin %	11.67	11.74	9.41	11.41	12.13
28 Gross Profit Margin %	6.92	6.84	3.25	7.29	8.94
29 Dividend %	15.00	18.00	15.00	20.00	25.00
30 Book Value Per Share (Rs.)	20.19	22.81	21.51	25.07	29.12
31 Cash Earning Per Share (Rs.)	6.10	7.25	3.59	8.87	11.10
32 Earning Per Share (Rs.)	3.60	4.37	0.37	5.75	6.80
33 Return On Net Worth %	17.81	19.14	1.72	22.93	23.35
34 Return On Capital Employed %	26.40	24.14	16.55	27.94	29.47
35 Assets Turnver Ratio	7.62	6.46	5.87	8.28	9.29
36 Inventory Turnover Ratio	7.32	7.11	6.26	7.68	9.13
37 Debt Equity Ratio	1.22	1.28	1.01	1.01	0.86
38 Current Ratio	1.84	1.97	1.57	1.59	1.91

## NOTICE

NOTICE is hereby given that the Eighteenth Annual General Meeting of the Members of Safari Industries (India) Limited will be held at Ashoka Hall, Arcadia, NCPA Marg, Near New Oberoi, Nariman Point, Mumbai-400 021, on Monday, the 21st September, 1998, at 3.00 p.m. to transact the following business.

### ORDINARY BUSINESS :

1. To receive, consider and adopt the Directors' Report and the Audited Profit & Loss Account for the year ended 31st March, 1998, and the Balance Sheet as on that date.
2. To declare dividend on Equity Shares.
3. To appoint a Director in place of Shri Jayaramdas M Patel, who retires by rotation, but being eligible, offers himself for reappointment.
4. To appoint a Director in place of Shri Mulchand K Sheth, who retires by rotation, but being eligible, offers himself for reappointment.
5. To appoint Auditors and to fix their remuneration.

**BY ORDER OF THE BOARD OF DIRECTORS  
SAFARI INDUSTRIES (INDIA) LIMITED**

S. H. MEHTA  
*Chairman*

### REGISTERED OFFICE :

107/O, Khetani Textile Compound,  
Bazar Ward, Kurla,  
Mumbai - 400 070.

DATED : 22nd June, 1998.

### NOTES :

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER.
2. The Register of Members and Share Transfer Books of the Company will remain closed from Monday, the 7th September, 1998, to Monday, the 21st September, 1998, (both days inclusive) for the purpose of payment of dividend for the year ended 31st March, 1998.
3. Any dividend that may be declared at the Annual General Meeting will be payable on or after 30th October, 1998, to the members registered in the Register of Members of the Company at the close of business on 21st September, 1998.
4. Members are requested to intimate the change in their addresses, if any, immediately to the Company at its Registered Office.
5. Unclaimed dividends relating to the year 1994-95 will be transferred to the General Revenue Account of the Central Government. The members who have a valid claim may claim the same from the Company before 31st October, 1998.

## ANNUAL REPORT 1997 - 98

**DIRECTORS' REPORT**

To the Members,

Your Directors have pleasure in presenting the Eighteenth Annual Report together with Audited Statement of Accounts of the Company for the year ended 31st March, 1998.

**1. FINANCIAL RESULTS**

	<i>Year Ended</i> <b>31.03.1998</b>	<i>Year Ended</i> <b>31.03.1997</b>
	<b>RUPEES</b>	<b>RUPEES</b>
Gross Operating Profit	<b>3,88,68,562</b>	2,85,79,320
Less : Depreciation	<b>81,63,714</b>	81,19,649
Operating Profit for the year	<b>3,07,04,848</b>	2,04,59,671
Less : Deferred Revenue		
Expenditure written off	<b>30,29,853</b>	—
Profit before Taxes	<b>2,76,74,995</b>	2,04,59,671
Less : Provision for Taxes	<b>1,00,00,000</b>	55,15,000
Profit after Taxes	<b>1,76,74,995</b>	1,49,44,671
Add : Excess Provision of		
Taxes of earlier years	—	17,011
Add : Investment Allowance		
(Utilised) Reserve	—	13,78,283
written back	<b>1,76,74,995</b>	1,63,39,965
Add : Profit brought forward		
from previous year	<b>1,16,65,968</b>	40,46,003
Profit available for		
Appropriation	<b>2,93,40,963</b>	2,03,85,968
<b>APPROPRIATIONS:</b>		
Proposed Dividend	<b>65,00,000</b>	52,00,000
Tax on Proposed Dividend	<b>6,50,000</b>	5,20,000
General Reserve	<b>40,00,000</b>	30,00,000
Balance Carried to Balance		
Sheet	<b>1,81,90,963</b>	1,16,65,968
	<b>2,93,40,963</b>	2,03,85,968

**2. DIVIDEND**

Your Directors recommend Dividend of Rs. 2.50 per share for the year ended 31st March, 1998.

**3. PERFORMANCE**

The year under review has been difficult for the industry as demand for consumer goods remained stagnant due to slow down in the economy. Sales and other income have increased from Rs. 4808 lakhs to Rs. 5048 lakhs. The Company produced 966615 number of pieces of plastic moulded luggage in the current year as compared to 907024 number of pieces in the previous year. The Gross Profit has increased by 36 % from Rs. 285.79 lakhs to Rs. 388.69 Lakhs. The net profit is Rs. 176.75 lakhs after

providing depreciation of Rs.81.64 lakhs, tax of Rs. 100.00 lakhs, and deferred revenue expenditure of Rs. 30.30 lakhs.

During the year the Company paid Rs. 19.12 lakhs towards terminal benefits under the Voluntary Retirement Scheme out of which an amount of Rs. 12.75 lakhs has been treated as Deferred Revenue Expenditure as per Accounting practice followed by the Company.

**4. CURRENT YEAR**

The Company hopes to sustain improvement in production, sales and profitability in the current year barring unforeseen circumstances.

**5. FIXED DEPOSITS**

Fixed Deposits from public and shareholders as on 31st March, 1998, aggregated to Rs. 48.53 lakhs. Matured deposits of Rs. 0.05 lakhs in respect of two depositors remained unclaimed as on that date, out of which deposit of Rs. 0.03 lakhs of one depositor has since been repaid.

**6. DIRECTORS**

During the year Shri Yugesh S Mehta resigned as a Wholtime Director of the Company with effect from 01.01.1998, but continues as a Director on the Board of the Company.

During the year, Shri Gautam B Doshi, Director, resigned as a Director on the Board of the Company with effect from 15.06.1998, due to his preoccupation with other professional work. The Directors of the Company place on record their appreciation of valuable services rendered and guidance given by him during his association with the Company.

As per the provisions of the Companies Act, 1956, and Company's Articles of Association, Shri Jayaramdas M Patel and Shri Mulchand K Sheth, Directors of the Company, retire by rotation and being eligible offer themselves for reappointment.

**7. AUDITORS**

You are requested to appoint Auditors for the current year and to fix their remuneration. The retiring auditors M/S Bansi S.Mehta & Co., Chartered Accountants, are eligible for reappointment and have indicated their willingness to act as auditors, if appointed.

**8. COMMENT ON AUDITORS' REMARKS**

Notes contained in Schedule No. 12 of the Accounts and referred to in the Auditors' Report are self explanatory

and do not call for further explanations and may be treated as adequate compliance of Section 217(3) of the Companies Act, 1956.

## 9. PERSONNEL

The Directors place on record their appreciation for the co-operation extended by the officers, staff, and workers of the Company.

## 10. PARTICULARS OF EMPLOYEES

As required by the provisions of Section 217(2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975 as amended, the names and other particulars of the employees are set out in the Annexure to the Directors' Report. However, as per the provisions of Section 219(1) (b) (iv) of the Companies Act, 1956, the Report and the Accounts is being sent to all the shareholders of the Company excluding the aforesaid information. Any shareholder interested in obtaining such particulars may write to the Company at its Registered Office.

## 11. CONSERVATION OF ENERGY, ETC.

As required by the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, the Report on Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo, etc., is given in the annexure forming part of this Report.

ON BEHALF OF THE BOARD OF DIRECTORS

Mumbai

DATED: 22ND JUNE, 1998

**S.H.MEHTA**

*Chairman*

## ANNEXURE TO THE DIRECTORS' REPORT

DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO AS REQUIRED UNDER COMPANIES (DISCLOSURE OF PARTICULARS IN THE BOARD OF DIRECTORS' REPORT) RULES, 1988.

### (A) CONSERVATION OF ENERGY :

- (a) Energy conservation measures taken :  
Power is not a major input in the manufacturing process. Therefore, no substantial conservation of energy is possible. However, efforts have been made to install energy saving devices and greater awareness have been brought about among the employees at the Company's manufacturing unit to induce conservation of energy and in particular to avoid wastage.
- (b) Additional Investments and proposals, if any, being implemented for reduction of consumption of energy:

Please refer to the explanation provided in (a) above.

- (c) Impact of the measures at (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods : Not applicable.
- (d) Total energy consumption and energy consumption per unit of production :

Form 'A' of the annexure to the Companies (Disclosure of particulars in the Board of Directors Report) Rules, 1988, is not applicable.

### (B) TECHNOLOGY ABSORPTION :

#### 1. RESEARCH AND DEVELOPMENT (R & D) :

- (a) Existing products are continuously evaluated for possible improvement in their design, etc. The process of manufacture is under constant review for improvement in methods, quality and cost reduction.
- (b) Benefits derived as a result of above R & D :  
Introduction of new and better models.  
Improvement in Cycle Time, Machine Performance and reduction in down time.
- (c) Future plan of action :  
Automation in Frame bending and Luggage Assembly.
- (d) Expenditure on R & D :  
Expenditure on normal R & D is insignificant. Hence not allocated separately.

#### 2. TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION :

- (a) Efforts taken for technology absorption and innovation :  
Company's manufacturing process is based mainly on indigenous technology.
- (b) Benefits derived as a result of the above efforts : Not applicable.
- (c) Information regarding technology imported during the last five years : Not applicable.

#### 3. FOREIGN EXCHANGE EARNINGS AND OUTGO :

Total foreign exchange used and earned during the year.

	(Rs.in lacs)
Used	197.60
Earned	—

ON BEHALF OF THE BOARD OF DIRECTORS

Mumbai

DATED: 22ND JUNE, 1998

**S.H.MEHTA**

*Chairman*

## ANNUAL REPORT 1997 - 98

**AUDITORS' REPORT**

The Shareholders,

SAFARI INDUSTRIES (INDIA) LIMITED.

We have audited the attached Balance Sheet of Safari Industries (India) Ltd., as at 31st March, 1998 and the Profit & Loss Account for the year ended on that date, and report that:

1. We have obtained all the information and explanations which, to the best of our knowledge and belief were necessary for the purposes of our audit.
2. 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 such books.
3. The Balance Sheet and Profit & Loss Account dealt with by the report are in agreement with the books of account.
4. On the basis of legal advice and consequent to the change in the Income-Tax Rules which no longer require provision of additional depreciation for extra and multiple shift user, the Company had not provided any additional depreciation for extra and multiple shift user, in respect of items of plant and machinery acquired before 2.4.87 as detailed together with its impact on the accounts in Note 5 of Schedule 12 to the Balance Sheet and Profit & Loss Account.

Subject to the above, in our opinion, and to the best of our information and according to the explanations given to us, the said accounts read with the notes thereon, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view :

- (i) In the case of the Balance Sheet of the state of affairs of the Company as at 31st March, 1998, and
- (ii) In the case of the Profit & Loss Account of the Profit for the year ended on that date.

As required by the Manufacturing and Other Companies (Auditor's Report) Order, 1988, issued by the Company Law Board in terms of Section 227(4A) of the Companies Act, 1956, we further state as under :-

1. The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets, except in respect of situation and cost of certain individual items of furniture and fixtures, where in our opinion and according to the information and explanations given to us it is not practically possible to give the required

particulars.

As per the information and explanations given to us, assets of significant value have been physically verified by the management during the year except in case of fixed assets lying with third parties in respect of which certificates have been obtained. In our opinion, the frequency of verification of fixed assets by the management is reasonable. As informed to us no material discrepancies between the book records and the physical inventory have been noticed in respect of the assets physically verified.

2. None of the fixed assets have been revalued during the year.
3. The stock of finished goods, stores and spare parts and raw materials have been physically verified during the year by the management and in case of stocks lying with third parties and at depots, in respect of which certificates have been obtained from concerned parties/officials of the Company. In our opinion, the frequency of such verification is reasonable.
4. Subject to para 3 above, in our opinion and according to the information and explanations given to us, the procedures of physical verification of stocks followed by the management were found reasonable and adequate in relation to the size of the Company and nature of its business.
5. Subject to para 3 above, the discrepancies noticed on verification between the physical stocks and book records were not material and the same have been properly dealt with in the books of account.
6. In our opinion, the valuation of stocks is fair and proper and in accordance with the normally accepted accounting principles, and is on the same basis as in the previous year.
7. The Company has not taken any loans, secured or unsecured, from Companies, Firms or other Parties listed in the Register maintained under Section 301 of the Companies Act, 1956. As per the information and explanations given to us, there is no Company under the same Management as defined under Sub-Section (1B) of Section 370 of the Companies Act, 1956.
8. The Company has not granted any loans, secured or unsecured, to Companies, Firms or other Parties listed in the Register maintained under Section 301 of the Companies Act, 1956. As per the information