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SAFA INDUSTRIES (INDIA) LTD.

ANNUAL REPORT - 2000-2001

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SAFARI INDUSTRIES (INDIA) LTD.

BOARD OF DIRECTORS

Shri Sumatichandra H. Mehta
(Chairman & Managing Director)

Shri Amul S. Mehta
(Managing Director)

Shri Yogendra P. Trivedi

Shri Jayaramdas M. Patel

Shri Dhananjay M. Parekh

Shri Mulchand K. Sheth

Shri Yugesh S. Mehta

21ST ANNUAL GENERAL MEETING
on Wednesday the 19th September, 2001
at 4.00 P.M.
at Indian Merchants' Chamber,
Conference Hall, Near Churchgate Station,
Mumbai - 400 020.

COMPANY SECRETARY
Shri S. K. Somani

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.
Tel-5093737, Fax-5114859

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FINANCIAL HIGHLIGHTS

(Rs.'000)

		1996-97	1997-98	1998-99	1999-00	2000-01
1	Gross Sales	476562	500902	565235	628893	**535427**
2	Less Excise	88537	69882	80085	84976	**62593**
3	Net Sales	388025	431020	485150	543917	**472834**
4	Other Income	4212	3931	3995	4974	**3886**
5	Total Income	392237	434951	489145	548891	**476720**
6	Total Expenditure	351857	386903	434905	483093	**451360**
7	Operating Profit	40380	48048	54240	65798	**25360**
8	Interest	11800	9179	11595	17087	**19041**
9	Gross Profit	28580	38869	42645	48711	**6319**
10	Depreciation	8120	8164	8209	8645	**8565**
11	Deferred Revenue Expenditure w/off	0	3030	3667	637	**0**
12	Profit Before Tax	20460	27675	30769	39429	**(2246)**
13	Tax	5515	10000	14128	12637	**813**
14	Profit After Tax	14945	17675	16641	26792	**(3059)**
15	Dividend	5200	6500	7800	6500	**2600**
16	Retained Earnings	11666	18191	16174	20751	**14826**
17	Share Capital	26000	26000	26000	26000	**26000**
18	Reserves and Surplus	39180	49703	57686	77263	**71339**
19	Shareholders' Funds	65180	75703	83686	103263	**97339**
20	Loan Funds	66013	65397	67637	83587	**94093**
21	Total Capital Employed	131193	141100	151323	186850	**191432**
22	Gross Block	124825	128458	131674	139165	**148534**
23	Net Block	57569	53890	49089	57336	**59192**
24	Net Current Assets	67564	82905	101597	129514	**132240**
25	Miscellaneous Expenditure	6060	4305	637	0	**0**
26	Total Assets	131193	141100	151323	186850	**191432**
27	Operating Profit Margin %	10.29	11.05	11.09	11.99	**5.32**
28	Gross Profit Margin %	7.29	8.94	8.72	8.87	**1.33**
29	Dividend %	20.00	25.00	30.00	25.00	**10.00**
30	Book Value Per Share (Rs.)	25.07	29.12	32.19	39.72	**37.44**
31	Cash Earning Per Share (Rs.)	8.87	11.10	10.97	13.87	**2.12**
32	Earning Per Share (Rs.)	5.75	6.80	6.40	10.30	**(1.18)**
33	Return On Net Worth %	22.93	23.35	19.89	25.95	**(3.14)**
34	Return On Capital Employed %	30.78	34.05	35.84	35.21	**13.25**
35	Assets Turnover Ratio	8.28	9.29	11.51	10.97	**9.05**
36	Inventory Turnover Ratio	7.68	9.13	8.83	6.64	**9.24**
37	Debt Equity Ratio	1.01	0.86	0.81	0.81	**0.97**
38	Current Ratio	1.59	1.91	2.02	2.04	**2.43**

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NOTICE

NOTICE is hereby given that the 21st Annual General Meeting of the Members of Safari Industries (India) Limited will be held at Indian Merchants' Chamber Conference Hall, Near Churchgate Station, Mumbai 400 020, on Wednesday, the 19th September, 2001, at 4.00 p.m. to transact the following business.

ORDINARY BUSINESS :

1. To consider and adopt Balance Sheet as at 31st March, 2001, Profit & Loss Account for the year ended on that date and the Reports of the Board of Directors and Auditors thereon.
2. To declare dividend on Equity Shares.
3. To appoint a Director in place of Shri Yogendra P. Trivedi, 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.

REGISTERED OFFICE :
107/O, Khetani Textile Compound,
Bazar Ward, Kurla,
Mumbai - 400 070.
Dated : 30th May, 2001.

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

S. H. MEHTA
Chairman

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. Proxies in order to be effective, should be duly completed, stamped and signed and must be deposited at the Registered Office of the Company not less than 48 hours before the meeting.
3. The Register of Members and Share Transfer Books of the company will remain closed from Wednesday, the 5th September, 2001, to Wednesday, the 19th September, 2001, (both days inclusive) for the purpose of payment of dividend for the year ended 31st March, 2001.
4. Any dividend that may be declared at the Annual General Meeting will be payable on or before 18th October, 2001, to the members registered in the Register of Members at the close of business on 19th September, 2001.
5. Members desirous of obtaining any information as regards Accounts and operations of the Company are requested to write to the Company at least one week before the meeting, so that the information required will be made available at the meeting.
6. Members are requested to intimate the change in their addresses, if any, immediately to the company at its Registered Office.
7. The unclaimed dividends upto the company's financial year 1993-94 have been transferred to the General Revenue Account of the Central Government. Members who have not encashed their dividend warrants for the said period are requested to claim the amount from the Registrar of Companies, Maharashtra, Mumbai.

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DIRECTORS' REPORT

To the Members,

Your Directors present the 21st Annual Report together with Audited Statement of Accounts of the company for the year ended 31st March, 2001.

1. FINANCIAL RESULTS

	YEAR ENDED 31.03.2001 RUPEES	YEAR ENDED 31.03.2000 RUPEES
Gross Operating Profit	**63,18,627**	4,67,22,202
Less : Depreciation	**85,64,679**	86,45,135
Operating Profit/(Loss) for the year	**(22,46,052)**	3,80,77,067
Less : Deferred Revenue Expenditure written off	**-**	6,37,409
Profit/(Loss) before Taxes	**(22,46,052)**	3,74,39,658
Add : Gratuity written back	**-**	19,89,398
Less : Provision for Taxes	**16,000**	1,25,10,000
Less : Short Provision of taxes	**7,97,127**	1,27,342
Profit/(Loss) after Taxes	**(30,59,179)**	2,67,91,714
Add : Profit brought forward from previous year	**2,07,50,876**	1,61,74,162
Profit available for Appropriation	**1,76,91,697**	4,29,65,876
APPROPRIATIONS		
Proposed Dividend	**26,00,000**	65,00,000
Tax on Proposed Dividend	**2,65,200**	7,15,000
General Reserve	**-**	1,50,00,000
Balance Carried to Balance Sheet	**1,48,26,497**	2,07,50,876
	1,76,91,697	4,29,65,876

2. DIVIDEND

Your Directors recommend dividend of Rs. 1.00 per share for the year ended 31st March, 2001.

3.DEMATERIALISATON OF SHARES

The Company will soon enter into agreement with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) to enable the shares of the Company to be traded in dematerialised form.

4. PERFORMANCE

The year under review has been a turbulent one for the Company. Production and sales were significantly affected as demand for consumer durable goods has been sluggish due to recessionary conditions in the economy. Sales and other income decreased from Rs.6338.67 lakhs to Rs.5393.13 lakhs. The net loss is Rs.30.59 lakhs after providing for depreciation of Rs. 85.65 lakhs and taxes of earlier years of Rs.7.97 lakhs. The profitability was further adversely affected due to cost escalation of major inputs like plastic and aluminium during the year which could not be passed on due to drop in demand for moulded luggage.

5.CURRENT YEAR

Despite recessionary conditions, sustained efforts are being made by the management to improve sales, cost reduction and improvement in profitability.

6. FIXED DEPOSITS

Fixed Deposits from public and shareholders as on 31st March, 2001, aggregated to Rs.131.18 Lakhs. The Company has paid interest and all fixed deposits due and claimed.

7.DIRECTORS

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

8. AUDITORS

M/S Bansi S.Mehta & Co., Chartered Accountants, Mumbai, Auditors of the company hold office until the conclusion of the ensuing Annual General Meeting. The company has received certificate from Auditors to the effect that their reappointment, if made, would be within the prescribed limit under Section 224 (1B) of the Companies Act, 1956.

9. 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 futher explanations and may be treated as adequate compliance of Section 217(3) of the Companies Act, 1956.

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DIRECTORS' REPORT (contd..)

10. PERSONNEL

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

11.DIRECTORS' RESPONSIBILITY STATEMENT PURSUANT TO SECTION 217(2AA) OF THE COMPANIES ACT, 1956

The Directors hereby confirm :

a) that in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures.

b) that the directors had selected such accounting policies and applied them consistently and made judgements 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 or loss of the company for that period.

c) that the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.

d) that the directors had prepared the annual accounts on a going concern basis.

12. STATEMENT U/S 217(2A) OF THE COMPANIES ACT, 1956

The Company had no employee who was in receipt of remuneration amounting to Rs. 12,00,000/- per annum or Rs. 1,00,000/- per month.

13.LISTING OF SHARES

The Equity Shares of the Company are listed on the Stock Exchange, Mumbai, situated at Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001, and the Stock Exchange, Ahemdabad, situated at Kamdhenu Complex, Panjra Pole, Ahmedabad - 380 015.

The Company has paid the listing fees for the period 1st April 2000 to 31st March, 2001 to the respective Stock Exchanges.

14. 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 — S.H.MEHTA
Dated: 30th May, 2001 — 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 instal 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.

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DIRECTORS' REPORT (contd..)

(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 insignficant. Hence not allocated separetely.

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 :

(a) Total foreign exchange used and earned during the year.

Amount (Rs.in lacs)	
Used	196.63
Earned	-

ON BEHALF OF THE BOARD OF DIRECTORS

MUMBAI — S. H. MEHTA
DATED : 30TH MAY, 2001. — *Chairman*

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AUDITORS' REPORT

The Shareholders,

SAFARI INDUSTRIES (INDIA) LIMITED.

We have audited the attached Balance Sheet of Safari Industries (India) Ltd., as at 31st March, 2001 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. In our opinion, the attached Profit and Loss Account and Balance Sheet comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956, except non-provision of excise and custom duty on Bonded Goods (see Note No. 10 of Schedule 12[B]).
5. Based on the representation made by the Directors of the Company and the information and explanation as made available, Directors of the Company do not prima facie, have any disqualification as referred to in clause (g) of sub section (1) of section 274 of the Companies Act, 1956.

   In our opinion, and to the best of our information and according to the explanations given to us, the said accounts read with Note No. 5 of Schedule 12(B) (depreciation) and other 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, 2001, and

   (ii) In the case of the Profit & Loss Account of the Loss for the year ended on that date.

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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 old 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 except for items of stores and spares and raw materials falling under C class having insignificant value 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.

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