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**S A F A**   
INDUSTRIES (INDIA) LTD.  
**ANNUAL REPORT - 2001-2002**

## 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**

### 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

**ADROIT CORPORATE SERVICES PVT. LTD.**  
19, Jafarbhoy Industrial Estate, Makwana Road,  
Marol Naka, Andheri (E), Mumbai - 400 059.

**22nd ANNUAL GENERAL MEETING**  
On Wednesday, 25th September, 2002.  
at 3.30 p.m.  
at Indian Merchants' Chamber,  
Conference Hall, Nr. Churchgate Station,  
Mumbai - 400 020.

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## ANNUAL REPORT 2001-2002

**FINANCIAL HIGHLIGHTS**

(Rs.'000)

	1997-98	1998-99	1999-00	2000-01	2001-02
1 Gross Sales	500902	565235	628893	535427	388702
2 Less Excise	69882	80085	84976	62593	49352
3 Net Sales	431020	485150	543917	472834	339350
4 Other Income	3931	3995	4974	3886	2556
5 Total Income	434951	489145	548891	476720	341906
6 Total Expenditure	386903	434905	483093	451360	325150
7 Operating Profit	48048	54240	65798	25360	16756
8 Interest	9179	11595	17087	19041	20380
9 Gross Profit	38869	42645	48711	6319	(3624)
10 Depreciation	8164	8209	8645	8565	7961
11 Deferred Revenue Expenditure w/off	3030	3667	637	0	0
12 Profit Before Tax	27675	30769	39429	(2246)	(11585)
13 Tax	10000	14128	12637	813	(477)
14 Profit After Tax	17675	16641	26792	(3059)	(11108)
15 Dividend	6500	7800	6500	2600	0
16 Retained Earnings	18191	16174	20751	14826	3718
17 Share Capital	26000	26000	26000	26000	26000
18 Reserves and Surplus	49703	57686	77263	71339	60230
19 Shareholders' Fund	75703	83686	103263	97339	86230
20 Loan Funds	65397	67637	83587	94093	100182
21 Total Capital Employed	141100	151323	186850	191432	186412
22 Gross Block	128458	131674	139165	148534	165455
23 Net Block	53890	49089	57336	59192	68571
24 Net Current Assets	82905	101597	129514	132240	111040
25 Miscellaneous Expenditure	4305	637	0	0	6801
26 Total Assets	141100	151323	186850	191432	186412
27 Operating Profit Margin %	11.05	11.09	11.99	5.32	4.90
28 Gross Profit Margin %	8.94	8.72	8.87	1.33	(1.06)
29 Dividend %	25.00	30.00	25.00	10.00	0.00
30 Book Value Per Share (Rs.)	29.12	32.19	39.72	37.44	33.17
31 Cash Earning Per Share (Rs.)	11.10	10.97	13.87	2.12	(1.21)
32 Earning Per Share (Rs.)	6.80	6.40	10.30	(1.18)	(4.27)
33 Return On Net Worth %	23.35	19.89	25.95	(3.14)	(12.88)
34 Return On Capital Employed %	34.05	35.84	35.21	13.25	8.99
35 Assets Turnover Ratio	9.29	11.51	10.97	9.05	5.67
36 Inventory Turnover Ratio	9.13	8.83	6.64	9.24	5.64
37 Debt Equity Ratio	0.86	0.81	0.81	0.97	1.16
38 Current Ratio	1.91	2.02	2.04	2.43	2.15

## NOTICE

NOTICE is hereby given that the 22nd 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 25th September, 2002, at 3.30 p.m. to transact the following business.

### ORDINARY BUSINESS :

1. To consider and adopt Balance Sheet as at 31st March, 2002, Profit & 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 Yugesh S. Mehta, who retires by rotation, but being eligible, offers himself for reappointment.
3. To appoint a Director in place of Shri Jayramdas M. Patel, who retires by rotation, but being eligible, offers himself for reappointment.
4. To appoint Auditors and to fix their remuneration.

### REGISTERED OFFICE :

107/0, Khetani Textile Compound,  
 Bazar Ward, Kurla,  
 Mumbai - 400 070.  
 Dated : 31st May, 2002.

**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 Tuesday, the 10th September, 2002, to Wednesday, the 25th September, 2002, (both days inclusive) for the purpose of Annual General Meeting.
4. Members who hold shares in dematerialised form are requested to bring their client ID and DPID number for easy identification of attendance at the meeting.
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.
8. Pursuant to the Provision of Section 205A of the Companies Act, 1956, as amended, dividend for the financial year ended 31st March, 1995 and thereafter, which remains unpaid or unclaimed for a period of 7 years will be transferred to Investor Education and Protection Fund of the Central Government. Shareholders who have not encashed the dividend warrant(s) so far for the financial year ended 31st March, 1995, or any subsequent financial years are requested to make their claims to the office of the Registrar & Transfer Agent M/s. Adroit Corporate Services Pvt. Ltd. It may also be noted that once the unclaimed dividend is transferred to the Central Government, as above, no claims shall lie in respect thereof.

## ANNUAL REPORT 2001-2002

**DIRECTOR'S REPORT**

To the Members,

Your Directors present the 22nd Annual Report together with Audited Statement of Accounts of the company for the year ended 31st March, 2002.

**1. FINANCIAL RESULTS**

	YEAR ENDED YEAR ENDED	
	31.03.2002	31.03.2001
	RUPEES	RUPEES
Gross Operating Profit/(Loss)	(36,23,469)	63,18,627
Less : Depreciation	79,61,256	85,64,679
Operating Profit/(loss) for the year	(1,15,84,725)	(22,46,052)
Provision for Wealth Tax	10,000	16,000
Deferred Tax Credit	(9,33,108)	-
Taxes of earlier year	4,46,769	7,97,127
Profit/(Loss) after Taxes	(1,11,08,386)	(30,59,179)
Add : Profit brought forward from previous year	1,48,26,497	2,07,50,876
Balance carried to Balance Sheet	<u>37,18,111</u>	<u>1,76,91,697</u>

**2. DIVIDEND**

In view of the losses, your Directors do not recommend any dividend for the year 2001-2002.

**3. PERFORMANCE**

The events of the 11th September, 2001 and 13th December, 2001 adversely affected Travel and many other industries. While the Company was coping with the above events, riots in Gujarat further affected production and sales during the crucial month of March, 2002. Production, Sales and other income decreased from Rs. 5393.13 lakhs to Rs. 3912.58 lakhs. The net loss of Rs. 111.08 lakhs after providing for depreciation of Rs. 79.61 lakhs and deferred tax assets of Rs. 9.33 lakhs and provision of tax of earlier year of Rs. 4.47 lakhs.

**4. CURRENT YEAR**

The Company hopes to achieve improvement to Production, Sales and Profitability in the current year, barring unforeseen circumstances.

**5. FIXED DEPOSITS**

Fixed Deposits from public and shareholders as on 31st March, 2002, aggregated to Rs. 132.77 Lakhs. The Company has paid interest and all fixed deposits due and claimed.

**6. DIRECTORS**

As per the provisions of the Companies Act, 1956, and Company's Articles of Association, Shri Yugesh S. Mehta and Shri Jayramdas M. Patel, Directors of the company, retire by rotation and being eligible, offer themselves for reappointment.

**7. 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.

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

The Directors hereby confirm :

- that in the preparation of the annual accounts, the applicable accounting standards has been followed along with proper explanation relating to material departures.
- that the directors had selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and

## DIRECTOR'S REPORT (contd..)

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 safe guarding 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.

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

The Company had no employee who was in receipt of remuneration amounting to Rs.24,00,000/- per annum or Rs. 2,00,000/- per month.

### 12. 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, Ahmedabad, situated at Kamdhenu Complex, Panjra Pole, Ahmedabad - 380 015.

The Company has paid the listing fees for the period 1st April 2002 to 31st March, 2003 to the respective Stock Exchange.

### 13. CONSERVATION OF ENERGY, ETC.

As required by the Companies (Disclosure of Particulars in the Report of the 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 : 31st May, 2002

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 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.

### (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.

## ANNUAL REPORT 2001-2002

**DIRECTOR'S REPORT (contd..)**

(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 :**

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

Amount (Rs. in lacs)

Used 122.95

Earned -

**ON BEHALF OF THE BOARD OF DIRECTORS**

MUMBAI

DATED : 31ST MAY, 2002.

S. H. MEHTA

Chairman



## AUDITORS' REPORT

The Shareholders,  
 SAFARI INDUSTRIES (INDIA) LIMITED.

We have audited the attached Balance Sheet of Safari Industries (India) Ltd., as at 31 March, 2002 and the Profit & Loss Account of the Company 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.

We conducted our audit in accordance with 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 amount and disclosure 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 statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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 & 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 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, Director 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. 7 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, 2002, and
- (ii) In the case of the Profit & Loss Account of the Loss for the Year ended on that date.

As required by the Manufacturing and Other Companies (Auditors' 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.