



**26th ANNUAL REPORT - 2005-2006**

## BOARD OF DIRECTORS

**Shri Amul S. Mehta**

*(Chairman & 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

7, Jayalaxmi Indl. Premises Co-op. Soc. Ltd.,  
Khetani Textile Compound,  
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.

**26th ANNUAL GENERAL MEETING**  
**On Thursday, 28th September, 2006.**  
**at 4.00 p.m.**  
**at Indian Merchants' Chamber,**  
**Conference Hall, Nr. Churchgate Station,**  
**Mumbai - 400 020.**

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**FINANCIAL HIGHLIGHTS**

(Rs.'000)

	2001-02	2002-03	2003-04	2004-05	2005-06
1 Gross Sales	388,702	518,931	520,043	521,103	515,696
2 Less Excise	49,352	64,605	63,578	60,422	59,826
3 Net Sales	339,350	454,326	456,465	460,681	455,870
4 Other Income	2,556	5,533	3,310	3,827	6,416
5 Total Income	341,906	459,859	459,775	464,508	462,286
6 Total Expenditure	325,150	413,780	418,990	428,946	433,079
7 Operating Profit	16,756	46,079	40,785	35,562	29,207
8 Interest	20,380	23,966	19,226	17,918	17,002
9 Gross Profit	(3,624)	22,113	21,559	17,644	12,205
10 Depreciation	7,961	10,457	10,753	10,020	9,881
11 Deferred Revenue Expenditure w/off	0	1,467	2,068	2,556	3,458
12 Profit Before Tax	(11,585)	10,189	8,738	5,068	(1,134)
13 Provision for Tax & Deferred Tax	(477)	5,063	1,083	1,005	715
14 Profit After Tax	(11,108)	5,126	7,655	4,063	(1,849)
15 Dividend	0	0	0	2,940	0
16 Retained Earnings	3,718	8,844	16,500	17,623	15,774
17 Share Capital	26,000	26,000	26,000	26,000	26,000
18 Reserves and Surplus	59,297	66,534	73,740	74,728	71,368
19 Shareholders' Fund	85,297	92,534	99,740	100,728	97,368
20 Loan Funds	100,182	97,960	91,651	72,971	78,909
21 Total Capital Employed	185,479	190,494	191,391	173,699	176,277
22 Gross Block	165,455	172,472	169,576	169,891	170,736
23 Net Block	68,571	65,850	60,334	54,009	47,085
24 Net Current Assets	111,040	117,843	124,371	111,947	124,492
25 Miscellaneous Expenditure	5,868	6,801	6,686	7,743	4,700
26 Total Assets	185,479	190,494	191,391	173,699	176,277
27 Operating Profit Margin %	4.90	10.02	8.87	7.66	6.32
28 Gross Profit Margin %	(1.06)	4.81	4.69	3.80	2.64
29 Dividend %	0.00	0.00	0.00	10.00	0.00
30 Book Value Per Share (Rs.)	30.55	32.97	35.79	35.76	35.64
31 Cash Earning Per Share (Rs.)	(1.21)	6.56	7.88	6.40	4.42
32 Earning Per Share (Rs.)	(4.27)	1.97	2.94	1.56	(0.71)
33 Return On Net Worth %	(13.98)	5.98	8.23	4.37	(2.00)
34 Return On Capital Employed %	9.03	24.19	21.31	20.47	16.57
35 Assets Turnover Ratio	5.67	7.88	8.62	9.65	10.95
36 Inventory Turnover Ratio	5.64	5.73	5.15	4.43	3.73
37 Debt Equity Ratio	1.26	1.14	0.98	0.78	0.85
38 Current Ratio	2.15	2.03	1.96	1.74	1.84

## NOTICE

NOTICE is hereby given that the 26th Annual General Meeting of the Members of Safari Industries (India) Limited will be held at Indian Merchant's Chamber Conference Hall, Near Churchgate Station, Mumbai 400 020, on Thursday, the 28th September, 2006 at 4.00 p.m. to transact the following business :

### ORDINARY BUSINESS :

1. To consider and adopt Balance Sheet as at 31st March, 2006, 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 Mulchand K. Sheth, who retires by rotation, but being eligible, offers himself for reappointment.
4. To appoint Auditors and to fix their remuneration.

### SPECIAL BUSINESS :

5. To consider and if thought fit, to pass, with or without modification, the following :

#### AS A ORDINARY RESOLUTION :

"RESOLVED THAT pursuant to the provisions of Section 198, 269, 309, 310 and 311 and other applicable provisions, if any, of the Companies Act, 1956, the consent of the Company be and is hereby accorded to the reappointment of Shri A. S. Mehta as Chairman & Managing Director of the company (designated as 'Chairman') for a further period of 5 years with effect from 1st December, 2005 to 30.11.2010 upon the terms and conditions, as set out in the draft agreement to be entered into between the company of one part and Shri A.S Mehta of the other part, placed before the meeting and initialled by the Director for the purpose of identification, which agreement is hereby specifically approved and sanctioned with liberty to the Board of Directors to alter and vary the terms and conditions of the said reappointment and/or agreement so as not to exceed the limits specified in Schedule XIII of the Companies Act, 1956, or any amendment thereto as may be agreed to between the Board of Directors and Shri A. S. Mehta."

"FURTHER RESOLVED THAT notwithstanding anything herein contained, where in any financial year during the currency of the tenure of the appointee, the company has no profits or its profits are inadequate, the company will pay remuneration by way of salary and perquisites and any other allowances in accordance with provisions of Schedule XIII of the Companies Act, 1956, as may be in force from time to time."

"RESOLVED FURTHER THAT the Board of Directors be and are hereby authorised to take such steps as may be necessary to give effect to this Resolution."

#### REGISTERED OFFICE :

7, Jayalaxmi Indl. Premises Co-op Soc. Ltd.,  
Khetani Textile Compound,  
Kurla, Mumbai - 400 070.  
Dated : 30th May, 2006

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

**A. S. MEHTA**  
*Chairman*

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**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, 13th September, 2006, to Thursday, the 28th September, 2006, (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's Registrar and Transfer Agent.
- 7a. The unclaimed dividends upto the company's financial year 1994-95 have 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.
- 7b. The unclaimed dividends of the Company's financial year upto 1998-99 have been transferred to Investor Education & Protection fund of the Central Government.
8. Pursuant to the Provision of Section 205A of the Companies Act, 1956, as amended, dividend for the financial year ended 31st March, 1999 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, 1999, 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.

**ON BEHALF OF THE BOARD OF THE DIRECTORS**

MUMBAI  
DATED : 30th May, 2006

**A. S. MEHTA**  
*Chairman*

## ANNEXURE TO THE NOTICE

EXPLANATORY STATEMENT PURSUANT TO SECTION 173 OF THE COMPANIES ACT, 1956.

### ITEM NO.5 :

The Board of Directors of the Company at their meeting held on 28.10.2005 have resolved to reappoint Shri A. S. Mehta as Chairman and Managing Director of the Company for a further period of 5 years with effect from 1st December, 2005, on the following terms and conditions :

1. Period of Agreement : 01.12.2005 to 30.11.2010
2. Salary : Rs.1,25,000/- per month
3. Perquisites :

Following perquisites in addition to salary.

- (i) The expenditure incurred by the company on gas, electricity, water and furnishings shall be valued as per the Income Tax Rules, 1962. This shall, however, be subject to a ceiling of 10 % of the salary of the appointee.
- (ii) Medical Reimbursement :  
Reimbursement of actual expenses for self and family as per rules of the Company, not exceeding Rs. 1,25,000/- per annum or Rs. 3,75,000/- over a period of three years.
- (iii) Leave Travel Concession :  
For self and family once in a year as per rules of the company.
- (iv) Club Fees :  
Fees of clubs subject to a maximum of two clubs. This will not include admission and life membership fees.
- (v) Personal Accident Insurance :  
Premium not to exceed Rs. 4,000/- per annum.

### EXPLANATION :

For the purpose of perquisites in this part, 'Family' means the spouse, the dependent children, and dependent parents of the appointee.

The appointee shall also be eligible to the following perquisites which shall not be included in the computation of the salary specified above.

- (a) Contribution to Provident Fund, Superannuation Fund or Annuity Fund to the extent these either singly or put together are not taxable under the Income Tax Act, 1961.
- (b) Gratuity payable at a rate not exceeding half month's salary for each completed year of service.
- (c) Encashment of leave at the end of the tenure.

### Car & Telephone :

Provision of car for use on company's business and telephone at residence will not be considered as perquisites.

### 4. COMMISSION :

Such remuneration by way of commission in addition to the above salary and perquisites, calculated with reference to the net profits of the company in a particular financial year, as may be determined by the Board of Directors of the company at the end of each financial year, subject to the overall ceiling stipulated in Section 198 and 309 of the Act.

5. The terms and conditions set out for reappointment and/or agreement may be altered and varied from time to time by the Board as it may, at its discretion, deem fit so as not to exceed the limits specified in Schedule XIII of the Companies Act, 1956, or any other amendments made hereafter in this regard.

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6. The agreement may be terminated by either party by giving the other party six months notice.
7. If at any time the appointee ceases to be a Director of the company from any cause whatsoever, he shall cease to be the Chairman & Managing Director in terms of the agreement and the agreement shall forthwith terminate.
8. The appointee undertakes not to become interested or otherwise concerned directly or through his wife and/or minor children in any selling agency of the company in future without the prior approval of the Central Government and the agreement shall cease and determine upon the contravention of this undertaking. The appointee shall not be entitled to supplement his earnings under the agreement with any buying or selling commissions nor shall he be entitled to fees payable to Directors for attendance at Board Meetings and Meetings of all Committees appointed by the Board.
9. Shri A. S. Mehta will carry out such duties as may be entrusted to him subject to the supervision and control of the Board of Directors and he will also perform such other duties and service as shall from time to time be entrusted to him by the Board of Director.
10. Shri A. S. Mehta is not liable to retire by rotation.  
The draft agreement between the company and Shri A. S. Mehta is available for inspection by the members of the company at its Registered Office between 10.00 a.m. and 12.30 p.m. on all working days of the company upto and including the day of the meeting.  
The above may also be treated as an abstract of the draft agreement between the company and Shri A. S. Mehta pursuant to Section 302 of the Companies Act, 1956.
11. In case of inadequacy of profit, remuneration will be payable as per schedule XIII of the Companies Act, 1956.

## MEMORANDUM OF INTEREST :

Shri A. S Mehta, Chairman & Managing Director is deemed to be concerned or interested in the resolution in respect of reappointment and remuneration payable to him.

Shri Yugesh S Mehta may be deemed to be concerned or interested in the resolution as he is related to Shri A. S. Mehta. None of the other Directors of the company is, in any way, concerned or interested in the resolution.

## REGISTERED OFFICE :

7, Jayalaxmi Indl. Premises Co-op Soc. Ltd.,  
Khetani Textile Compound,  
Kurla, Mumbai - 400 070.  
Dated : 30th May, 2006

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

**A. S. MEHTA**  
*Chairman*



## DIRECTOR'S REPORT

To the Members,

Your Directors present the 26th Annual Report together with Audited Statement of Accounts of the company for the year ended 31st March, 2006.

### 1. FINANCIAL RESULTS

	YEAR ENDED 31.03.2006 RUPEES	YEAR ENDED 31.03.2005 RUPEES
Gross Operating Profit	1,22,04,695	1,76,43,474
Less : Depreciation	98,80,997	1,00,20,126
Operating Profit for the year	23,23,698	76,23,348
Provision for Taxation :		
Current Tax	12,66,018	11,22,090
Deferred Tax	(15,09,610)	(1,36,943)
Fringe Benefit Tax	6,82,309	-
Taxes of earlier years	2,76,329	18,858
Deferred Revenue Expenditure	34,58,000	25,56,000
Profit after Taxes	(18,49,348)	40,63,343
Add: Profit brought forward from previous year	1,76,23,115	1,64,99,592
Profit available for Appropriation	1,57,73,767	2,05,62,935
<b>APPROPRIATIONS</b>		
Proposed Dividend	-	26,00,000
Tax on Proposed Dividend	-	3,39,820
Balance Carried to Balance Sheet	1,57,73,767	1,76,23,115
	1,57,73,767	2,05,62,935

### 2. DIVIDEND

In view of the need to plough back Profit for the Company's operation, your Directors do not recommend any dividend.

### 4. PERFORMANCE

The year under review has been turbulent with profitability being adversely affected due to sharp increase in cost of all major raw materials like Plastic, Aluminium, Steel, etc. and a drop in sales of Canteen Stores Department. Sales and other

income have been more or less stagnant at Rs.5156.98 lakhs compared to Rs.5211.03 lakhs in the previous year as sales to Canteen Stores Department were significantly affected due to imposition of VAT on their sales which were hitherto exempted from Sales Tax, which has also affected profitability.

### 4. CURRENT YEAR

The Company hopes to achieve 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, 2006, aggregated to Rs. 237.61 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 Mulchand K. Sheth, 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.



## DIRECTOR'S REPORT (contd..)

### 10. 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 has 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 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.

### 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 : 30th May, 2006

A. S. 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.