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27th ANNUAL REPORT - 2006-2007

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

Dr. Jagdish N. Sheth (w.e.f. 30-04-2007)

Dr. Shailesh J. Mehta (w.e.f. 30-04-2007)

Shri Niraj Goyal (w.e.f. 01-06-2007)

27th ANNUAL GENERAL MEETING

On Monday, 30th July, 2007.

at 4.15 p.m.

at Kamalnayan Bajaj Hall, Bajaj Bhavan,
Ground Floor, 226 Jamnalal Bajaj Marg,
Nariman Point, Mumbai 400 021.

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)

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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.

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FINANCIAL HIGHLIGHTS

	(Rs.'000)				
	2002-03	2003-04	2004-05	2005-06	2006-07
1 Gross Sales	518,931	520,043	521,103	515,696	624,108
2 Less Excise	64,605	63,578	60,422	59,826	60,835
3 Net Sales	454,326	456,465	460,681	455,870	563,273
4 Other Income	5,533	3,310	3,827	6,416	8,089
5 Total Income	459,859	459,775	464,508	462,286	571,362
6 Total Expenditure	413,780	418,990	428,946	433,079	537,512
7 Operating Profit	46,079	40,785	35,562	29,207	33,850
8 Interest	23,966	19,226	17,918	17,002	19,320
9 Gross Profit	22,113	21,559	17,644	12,205	14,530
10 Depreciation	10,457	10,753	10,020	9,881	9,892
11 Deferred Revenue Expenditure w/off	1,467	2,068	2,556	3,458	2,095
12 Profit Before Tax	10,189	8,738	5,068	(1,134)	2,543
13 Provision for Tax & Deferred Tax	5,063	1,083	1,005	715	1,254
14 Profit After Tax	5,126	7,655	4,063	(1,849)	1,289
15 Dividend & Dividend Tax	0	0	2,940	0	0
16 Retained Earnings	8,844	16,500	17,623	15,774	17,063
17 Share Capital	26,000	26,000	26,000	26,000	29,900
18 Reserves and Surplus	66,534	73,740	74,728	71,368	80,845
19 Shareholders' Fund	92,534	99,740	100,728	97,368	110,745
20 Loan Funds	97,960	91,651	72,971	78,909	91,506
21 Total Capital Employed	190,494	191,391	173,699	176,277	202,251
22 Gross Block	172,472	169,576	169,891	170,736	166,727
23 Net Block	65,850	60,334	54,009	47,085	39,694
24 Net Current Assets	117,843	124,371	111,947	124,492	159,952
25 Miscellaneous Expenditure	6,801	6,686	7,743	4,700	2,605
26 Total Assets	190,494	191,391	173,699	176,277	202,251
27 Operating Profit Margin %	10.02	8.87	7.66	6.32	5.92
28 Gross Profit Margin %	4.81	4.69	3.80	2.64	2.54
29 Dividend %	0.00	0.00	10.00	00.00	0.00
30 Book Value Per Share (Rs.)	32.97	35.79	35.76	35.64	36.17
31 Cash Earning Per Share (Rs.)	6.56	7.88	6.40	4.42	4.44
32 Earning Per Share (Rs.)	1.97	2.94	1.56	(0.71)	0.49
33 Return On Net Worth %	5.98	8.23	4.37	(2.00)	1.19
34 Return On Capital Employed %	24.19	21.31	20.47	16.57	16.74
35 Assets Turnover Ratio	7.88	8.62	9.65	10.95	15.72
36 Inventory Turnover Ratio	5.73	5.15	4.43	3.73	4.25
37 Debt Equity Ratio	1.14	0.98	0.78	0.85	0.85
38 Current Ratio	2.03	1.96	1.74	1.84	2.05

NOTICE

NOTICE is hereby given that the 27th Annual General Meeting of the Members of Safari Industries (India) Limited will be held at Kamalnayan Bajaj Hall, Bajaj Bhavan, Ground Floor, 226 Jamnalal Bajaj Marg, Nariman Point, Mumbai 400 021 on Monday, the 30th July, 2007 at 4.15 p.m. to transact the following business :

ORDINARY BUSINESS :

1. To consider and adopt Balance Sheet as at 31st March, 2007, Profit & Loss Account for the year ended on that date and the Reports of the Board of Directors and Auditors thereon.
2. To appoint Auditors and to fix their remuneration.

SPECIAL BUSINESS :

3. To consider and if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution.
"RESOLVED THAT the vacancy caused by retirement by rotation of Mr. Jayaramdas M. Patel be not filled up."
4. To consider and if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution.
"RESOLVED THAT the vacancy caused by retirement by rotation of Mr. Dhananjay M. Parekh be not filled up."
5. To consider and if thought fit, to pass, with or without modification, the following resolution as an Ordinary Resolution :
"RESOLVED THAT Dr. Jagdish N. Sheth whose term of Office as an Additional Director pursuant to Section 260 of the Companies Act, 1956 expires at this Annual General Meeting and in respect of whom the Company has received a Notice under Section 257 of the Companies Act, 1956 from member proposing his candidature for the office of a Director, be and is hereby appointed as a Director of the Company, liable to retire by rotation. "
6. To consider and if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution :
"RESOLVED THAT Dr. Shailesh J. Mehta whose term of Office as an Additional Director pursuant to Section 260 of the Companies Act, 1956 expires at this Annual General Meeting and in respect of whom the Company has received a Notice under Section 257 of the Companies Act, 1956 from member proposing his candidature for the office of a Director, be and is hereby appointed as a Director of the Company, liable to retire by rotation. "
7. To consider and if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution :
"RESOLVED THAT Mr. Niraj Goyal whose term of Office as an Additional Director pursuant to Section 260 of the Companies Act, 1956 expires at this Annual General Meeting and in respect of whom the Company has received a Notice under Section 257 of the Companies Act, 1956 from member proposing his candidature for the office of a Director, be and is hereby appointed as a Director of the Company, liable to retire by rotation.

REGISTERED OFFICE :

7, Jayalaxmi Indl. Premises Co-op Soc. Ltd.,
Khetani Textile Compound,
Kurla, Mumbai - 400 070.
Dated : 1st June, 2007

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

A. S. MEHTA
Chairman

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NOTES :

1. An Explanatory Statement under Section 173(2) of the Companies Act, 1956 in respect of items of special business at Sr. No. 3 to 7 mentioned above is annexed hereto.
2. A member entitled to attend and vote at the meeting is also entitled to appoint a proxy to attend and vote on a poll instead of himself/herself and such proxy need not be a member of the Company. Proxies in order to be effective must be received at the Registered Office of the Company not less than 48 hours before the time for holding this Annual General Meeting.
3. The Register of Members and Share Transfer Books of the Company will remain closed from Friday, 13th July, 2007 to Saturday, the 28th July, 2007 (both days inclusive) for the purpose of Annual General Meeting.
4. Members who hold shares in dematerialised form are requested to bring their clients 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 Agents.
7. (a) The unclaimed dividends upto the company's financial year 1994-95 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.
- 7(b) The unclaimed dividends of the Company's financial year 1995-96 to 1998-1999 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, 2000, 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, 2000, 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 : 1st June, 2007

A. S. MEHTA
Chairman

ANNEXURE TO THE NOTICE

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956.

ITEM NO.3 :

Mr. Jayaramdas M. Patel has retired from active life and has not expressed his willingness for reappointment. It is proposed not to fill up the vacancy so caused and accordingly the said resolution is placed for approval. Your Directors recommend the same. None of the Directors are concerned/interested in the proposed resolution.

ITEM NO.4 :

Mr. Dhananjay M. Parekh has retired from active life and has not expressed his willingness for reappointment. It is proposed not to fill up the vacancy so caused and accordingly the said resolution is placed for approval. Your Directors recommend the same. None of the Directors are concerned/interested in the proposed resolution.

ITEM NO.5 :

The Board of Directors appointed Dr. Jagdish N. Sheth as an Additional Director w.e.f. 30.04.2007. Pursuant to the provisions of Section 260 of the Companies Act, 1956 read with Article 86 of Articles of Association of the Company, Dr. Jagdish N. Sheth holds the office only upto the date of this Annual General Meeting. Notice as required under Section 257 of the Companies Act, 1956 together with deposit of Rs.500/- has been received from a Member proposing his candidature for the office of a Director of the Company. Dr. Jagdish N. Sheth is eligible for reappointment as a Director of the Company.

Dr. Jagdish N. Sheth is a Commerce Graduate and Ph.D in Business Management Dr. Sheth is a leading management consultant to various companies in the United States, Europe and Asia. He is an adviser to AT&T, BellSouth, Cox Communications, Delta, Ernst & Young, Ford, GE, Lucent Technologies, Motorola, Nortel, Pillsbury, Sprint, Square D, 3M, Whirlpool and others. Dr. Sheth is a 'Distinguished Fellow of the Academy of Marketing Science. 'A prolific author, Dr. Sheth has coauthored several books including Customer Behavior, Clients for Life and The Rule of Three. He is also on the Board of Directors of several public companies including Wipro Limited.

Considering the vast knowledge and experience of Dr. Jagdish N. Sheth, the Board of Directors considers it desirable that the Company should continue to avail the benefit of his services as a Director of the Company, and accordingly recommends the resolution as set out in Item No.5 of the Notice for his appointment as a Director liable to retire by rotation for the approval of the shareholders.

None of the Directors except Dr. Jagdish N. Sheth is concerned/interested in the Resolution.

ITEM NO.6

The Board of Directors appointed Dr. Shailesh J. Mehta as an Additional Director w.e.f. 30.04.2007. Pursuant to the provisions of Section 260 of the Companies Act, 1956 read with Article 86 of Articles of Association of the Company, Dr. Shailesh J. Mehta holds the office only upto the date of this Annual General Meeting. Notice as required under Section 257 of the Companies Act, 1956 together with deposit of Rs.500/- has been received from a Member proposing his candidature for the office of a Director of the Company. Dr. Shailesh J. Mehta is eligible for reappointment as a Director of the Company.

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Dr. Shailesh J Mehta is a graduate from IIT, Mumbai and a doctorate in Operation Research and Computer Science. Dr. Mehta is president of Granite Hill Capital Ventures, an asset management and advisory firm. Dr. Mehta is former Chairman of the Board and CEO of Providian Financial Corporation, Dr. Mehta is on the board of several companies.

Considering the vast knowledge and experience of Dr. Shailesh J. Mehta, the Board of Directors considers it desirable that the Company should continue to avail the benefit of his services as a Director of the Company, and accordingly recommends the resolution as set out in Item No.6 of the Notice for his appointment as a Director liable to retire by rotation for the approval of the shareholders.

None of the Directors except Dr. Shailesh J. Mehta is concerned/interested in the Resolution.

ITEM NO.7

The Board of Directors appointed Mr. Niraj Goyal as an Additional Director with effect from 1st June, 2007. Pursuant to the provisions of Section 260 of the Companies Act, 1956 read with Article 86 of Articles of Association of the Company, Mr. Niraj Goyal holds the office only upto the date of this Annual General Meeting. Notice as required under Section 257 of the Companies Act, 1956 together with deposit of Rs.500/- has been received from a Member proposing his candidature for the office of a Director of the Company. Mr. Niraj Goyal is eligible for reappointment as a Director of the Company.

Mr. Niraj Goyal is a graduate in Mechanical Engineering from IIT Delhi, M.Sc., Management Science from Imperial College, London, UK. Mr. Goyal has worked in several leading Companies in Senior Management position including Metal Box Co. and Cadbury India Limited. He founded Cynergy Creators (P) Ltd. a consulting company in the area of business processes using TQM/Lean-Six Sigma techniques.

Considering the vast knowledge and experience of Mr. Niraj Goyal the Board of Directors considers it desirable that the Company should continue to avail the benefit of his services as a Director of the Company,

and accordingly recommends the resolution as set out in Item No.7 of the Notice for his appointment as a Director liable to retire by rotation for the approval of the shareholders.

None of the Directors except Mr. Niraj Goyal is concerned/interested in the Resolution.

REGISTERED OFFICE :

7, Jayalaxmi Indl. Premises Co-op Soc. Ltd.,
Khetani Textile Compound,
Kurla, Mumbai - 400 070.

Dated : 1st June, 2007

**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 27th Annual Report together with Audited Statement of Accounts of the company for the year ended 31st March, 2007.

1. FINANCIAL RESULTS

	YEAR ENDED 31.03.2007	YEAR ENDED 31.03.2006
	RUPEES	RUPEES
Gross Operating Profit	1,45,30,097	1,22,04,695
Less : Depreciation	98,92,200	98,80,997
Operating Profit for the year	46,37,897	23,23,698
Provision for Taxation :		
Current Tax	24,16,756	12,66,018
Fringe Benefit Tax	3,98,751	6,82,309
Deferred Tax	(15,61,654)	(15,09,610)
Taxes of earlier years	-	2,76,329
Deferred Revenue Expenditure	20,95,309	34,58,000
Profit / (Loss) after Taxes	12,88,735	(18,49,348)
Add: Profit brought forward from previous year	1,57,73,767	1,76,23,115
Balance carried to Balance sheet	1,70,62,502	1,57,73,767

2. DIVIDEND

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

3. PERFORMANCE

Sales and other income increased by 21% to Rs.62.41 crores from Rs.51.57 crores in the previous year. Sales of Moulded Luggage grew by 12.5% mainly because of Canteen Stores Department sales stabilizing in the current year which were affected due to introduction of VAT in the previous year. Sales of Soft and ABS Luggage at Rs.15.18 crores are higher by 54% compared to previous year's sales of Rs.9.83 crores. Despite substantial improvement in sales, the margins remained under pressure due to unabated increase in the cost of all raw materials on the back of increase in crude oil and commodity prices. There was a lag in increasing product prices as compared to increase in raw material costs almost

on a monthly basis. The net profit is Rs.12.89 lakhs after providing depreciation of Rs.98.92 lakhs and provisions of tax including deferred tax liability of Rs.12.54 lakhs and deferred revenue expenditure of Rs.20.95 lakhs.

4. OUTLOOK FOR THE CURRENT YEAR

Reduction in oil prices have still not reflected into lower price for Polymers, however, the price of major raw materials have stabilized. 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 2007, aggregated to Rs.262.46 lakhs. The Company has paid interest on all fixed deposits due and claimed. Fixed Deposit of Rs.45,000/- has remained unclaimed as on 31.03.2007.

6. DIRECTORS

In accordance of provisions of the Companies Act, 1956 and Articles of Association of the Company, Shri Jayaramdas M. Patel and Shri Dhananjay M. Parekh, Directors of the Company, retire by rotation at the ensuing Annual General Meeting. However, Shri Jayaramdas M. Patel and Shri Dhananjay M. Parekh have retired from active life and have not expressed their willingness to be reappointed. The Directors of the Company place on record their appreciation of valuable services rendered and guidance given by them during their association with the Company.

Dr. Jagdish N. Sheth and Dr. Shailesh J. Mehta were appointed as Additional Directors under Section 260 of the Companies Act, 1956 w.e.f. 30th April, 2007. As additional directors Dr. Jagdish N. Sheth and Dr. Shailesh J. Mehta hold office upto the ensuing Annual General Meeting of the Company and as stated in the Notice for the 27th Annual General Meeting, they are proposed to be appointed as Directors liable to retire by rotation.

Mr. Niraj Goyal has been appointed as Additional Directors under Section 260 of the Companies Act, 1956 with effect from 1st June, 2007 to hold office upto the ensuing Annual General Meeting of the Company and as stated in the Notice for the 27th Annual General Meeting, is proposed to be appointed as Directors liable to retire by rotation.

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DIRECTOR'S REPORT (contd..)**7. CAPITAL :**

During the year, Company has made Preferential Allotment of 3,90,000 Equity Shares of the Face value of Rs. 10/- each to the selected group of investors, for cash at a price of Rs. 35/- per share (including a premium of Rs. 25/- per share) being the price in accordance with the guidelines for Preferential issues contained in Chapter XIII of the SEBI (Disclosure & Investor Protection) Guidelines 2000, as amended aggregating to Rs. 1,36,50,000/-, which have been listed on Bombay Stock Exchange.

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

10. ACKNOWLEDGEMENT

Your Directors would like to thank the customers for their confidence in company's products and services, employees for their dedication and teamwork and Company's bankers for their co-operation and the trust reposed by them in 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 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.

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. 24,00,000/- per annum or Rs. 2,00,000/- 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.

14. 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 : 1st June, 2007

A. S. MEHTA

Chairman