



THE SPIRIT OF TRAVEL

28th ANNUAL REPORT 2007-2008

## BOARD OF DIRECTORS

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

**Shri Yogendra P. Trivedi**

**Shri Mulchand K. Sheth**

**Shri Yugesh S. Mehta**

**Dr. Jagdish N. Sheth**

**Dr. Shailesh J. Mehta**

**Shri Niraj Goyal**

**28th ANNUAL GENERAL MEETING**  
**On Saturday, 26th July, 2008.**  
**at 4.00 p.m.**  
**at Walchand Hirachand Hall of Indian,**  
**Merchant Chambers, IMC Building,**  
**Churchgate, Mumbai 400 020**

### REGISTERED OFFICE

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

Report  Junction.com

### 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.**

## ANNUAL REPORT 2007-2008

**FINANCIAL HIGHLIGHTS**

	<b>(Rs. '000)</b>				
	<b>2003-04</b>	<b>2004-05</b>	<b>2005-06</b>	<b>2006-07</b>	<b>2007-08</b>
1 Gross Sales	520,043	521,103	515,696	624,108	689,514
2 Less Excise	63,578	60,422	59,826	60,835	65,022
3 Net Sales	456,465	460,681	455,870	563,273	624,492
4 Other Income	3,310	3,827	6,416	8,089	4,515
5 Total Income	459,775	464,508	462,286	571,362	629,007
6 Total Expenditure	418,990	428,946	433,079	537,512	580,247
7 Operating Profit	40,785	35,562	29,207	33,850	48,760
8 Interest	19,226	17,918	17,002	19,320	21,868
9 Gross Profit	21,559	17,644	12,205	14,530	26,892
10 Depreciation	10,753	10,020	9,881	9,892	9,723
11 Deffered Revenue Exp.W/Off	2,068	2,556	3,458	2,095	1,495
12 Profit Before Tax	8,738	5,068	-1,134	2,543	15,674
13 Provision for Tax & Deff. Tax	1,083	1,005	715	1,254	6,344
14 Profit After Tax	7,655	4,063	-1,849	1,289	9,330
15 Dividend & Dividend Tax	0	2,940	0	0	0
16 Retained Earnings	16,500	17,623	15,774	17,063	26,392
17 Share Capital	26,000	26,000	26,000	29,900	29,900
18 Reserves & Surplus	73,740	74,728	71,368	80,845	79,750
19 Shareholders' Funds	99,740	100,728	97,368	110,745	109,650
20 Loan Funds	91,651	72,971	78,909	91,506	86,367
21 Total Capital Employed	191,391	173,699	176,277	202,251	196,017
22 Gross Block	169,576	169,891	170,736	166,727	171,898
23 Net Block	60,334	54,009	47,085	39,694	35,348
24 Net Current Assets	124,371	111,947	124,492	159,952	157,946
25 Miscellaneous Expenditure	6,686	7,743	4,700	2,605	2,723
26 Total Assets	191,391	173,699	176,277	202,251	196,017
27 Operating Profit Margin %	8.87	7.66	6.32	5.92	7.75
28 Gross Profit Margin %	4.69	3.80	2.64	2.54	4.28
29 Dividend %	0.00	10.00	0.00	0.00	0.00
30 Book Value Per Share (Rs.)	35.79	35.76	35.64	36.17	35.76
31 Cash Earning Per Share (Rs.)	7.88	6.40	4.42	4.44	6.87
32 Earning Per Share (Rs.)	2.94	1.56	-0.71	0.43	3.12
33 Return On Net Worth %	8.23	4.37	-2.00	1.19	8.73
34 Return On Capital Employed %	21.31	20.47	16.57	16.74	24.88
35 Assets Turnover Ratio	8.62	9.65	10.95	15.72	19.51
36 Inventory Turnover Ratio	5.15	4.43	3.73	4.25	4.27
37 Debt Equity Ratio	0.98	0.78	0.85	0.85	0.81
38 Current Ratio	1.96	1.74	1.84	2.05	1.85

## NOTICE

NOTICE is hereby given that the 28th Annual General Meeting of the Members of Safari Industries (India) Limited will be convened on Saturday, 26th day of July, 2008, at Walchand Hirachand Hall of Indian Merchant Chambers, IMC Building, Churchgate, Mumbai 400 020. at 4.00 p.m. .to transact the following business :

### ORDINARY BUSINESS :

1. To consider and adopt Balance Sheet as at 31st March, 2008, 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 Mulchand K. Sheth , who retires by rotation, but being eligible, offers himself for reappointment.
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 Auditors and to fix their remuneration.

### SPECIAL BUSINESS :

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

"RESOLVED THAT pursuant to the provisions of Section 198, 269, 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 3 years with effect from 1.05.2008 to 30.04.2011 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."

"FURTHER RESOLVED 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 : 31st May, 2008

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

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

## ANNUAL REPORT 2007-2008

**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 Friday, 11th July, 2008 to Saturday, the 26th July, 2008 (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 up to 1999-2000 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, 2001 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, 2001, 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 : 31st May, 2008

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

## ANNEXURE TO THE NOTICE

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

### ITEM NO.5 :

The Directors at their meeting held on 26th April, 2008 have, subject to the shareholders' approval and provisions of the articles of association of the company, reappointed Shri.Amul S. Mehta, CMD for three years with effect from 01.05.2008. The Remuneration proposed to be paid to Shri Amul S. Mehta has been considered by the Remuneration Committee at its meeting held on 26th April,2008 and the details of the remuneration as recommended by them for the consideration of the members. The necessary details required to be disclosed under clause (iv) of proviso to paragraph 1 (B) of section II of part II of Schedule XIII to the Companies Act, 1956 are furnished hereunder.

#### 1. General Information:

The Company is engaged in the business of manufacture and sale of travel goods. The company is an existing company.

#### 2. Financial Performances based on given indicators :

Particulars	(Rs.in Lakhs)		
	Year ended <u>31.12.2006</u>	Year ended <u>31.03.2007</u>	Year ended <u>31.03.2008</u>
Sales	5156.98	6241.08	6895.15
PBDIT	292.05	338.50	487.59
PBIT	193.24	239.58	390.36
Net Profit	23.24	46.38	171.69

#### 3. The company does not have any exports, however, prospects for the same are being explored. There is no foreign investment or collaboration.

#### 4. Information about the appointee :

1. Background details : Mr. Amul S. Mehta, aged 56 years is a graduate in Plastic Technology. He is a Promoter and Director on the Board since the Company's inception. Mr.Mehta has been guiding the company and has been responsible for its progress ever since its inception.
2. Past Remuneration for the Financial year 2007-08. : Rs.1,25,000/- per month plus perquisites.
3. Recognition or awards/ Job profile and suitability. : Actively associated for several years with various industry and management bodies.
4. Remuneration Proposed : As per Annexure-1 enclosed.
5. Comparative remuneration : The remuneration proposed to be paid is consistent with the responsibility of the profile with respect to position and is comparable with the remuneration in similar industries in the Industry, size of the same segment of business. Company, profile of the position and person.
6. Pecuniary relationship directly or indirectly with the company, or relationship with managerial personnel, if any. : Mr. Mehta is a Promoter of the Company.



## ANNUAL REPORT 2007-2008

**ANNEXURE 1****REMUNERATION PROPOSED****MR. AMUL S. MEHTA**

<b>SR.NO.</b>	<b>DESCRIPTION</b>	<b>PARTICULARS</b>
1.	Salary	Rs. 2,00,000/- per month.
2.	Perquisites	LTA, Medical Reimbursement for self and family, Insurance, Club Fees, etc. as per Company's rules subject to an overall ceiling of Rs.3./- lakhs per annum.
3.	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.
4.	Retirement Benefits	Contribution to Provident Fund / Superannuation Fund and Gratuity as per the approved Scheme of the Company in force from time to time.
5.	General	a. Provision of telephone at residence and expenses on account of car for official use shall not be reckoned as perquisites. b. Perquisites shall be valued in terms of actual expenditure incurred by the Company in providing benefit to the employees. However, in cases where the actual amount of expenditure cannot be ascertained with reasonable accuracy (including car provided for official and personal purposes), the perquisites shall be valued as per income tax rules. c. Reimbursement of actual entertainment, travelling, boarding and lodging expenses incurred by him in connection with the Company's business.
6.	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.	
7.	The agreement may be terminated by either party by giving the other party six months notice.	
8.	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.	
9.	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.	
10.	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.	
11.	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.	
12.	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 : 31st May, 2008

**BY ORDER OF THE BOARD OF DIRECTORS**

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

## DIRECTOR'S REPORT

To

The Members,

Your Directors present the 28th Annual Report together with Audited Statement of Accounts of the company for the year ended 31st March, 2008.

### 1. FINANCIAL RESULTS

	YEAR ENDED 31.03.2008	YEAR ENDED 31.03.2007
	RUPEES	RUPEES
Gross Operating Profit	2,68,92,504	1,45,30,097
Less : Depreciation	97,23,349	98,92,200
Operating Profit for the year	1,71,69,155	46,37,897
Provision for Taxation :		
Current Tax	66,40,192	24,16,756
Fringe Benefit Tax	5,85,093	3,98,751
Deferred Tax	(15,44,116)	(15,61,654)
Taxes of earlier years	6,62,865	-
Deferred Revenue Expenditure	14,95,292	20,95,309
Profit after Taxes	93,29,829	12,88,735
Add: Profit brought forward from previous year	1,70,62,502	1,57,73,767
Balance carried to Balance sheet	2,63,92,331	1,70,62,502

### 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 10.5% to Rs.68.95 crores from Rs.62.41 crores in the previous year. Negative growth trend in Moulded Luggage has been arrested. Sales of Soft Luggage and ABS Luggage at Rs.18.63 crores are higher by 23% compared to previous year's sales of Rs.15.18 crores.

There has been substantial improvement in profitability, however, margins remain under pressure due to increase in cost of raw materials. The net profit is Rs.93.30 lakhs after providing depreciation of Rs.97.23 lakhs and provisions of tax including deferred tax liability of Rs.63.44 lakhs and deferred revenue expenditure of Rs.14.95 lakhs.

### 4. OUTLOOK FOR THE CURRENT YEAR

The Outlook is positive, however, the recent search in oil prices along with other commodity prices will lead to increase in raw material and other cost putting margins under pressure. 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 2008, aggregated to Rs.240.96 lakhs. The Company has paid interest on all fixed deposits due and claimed. Fixed Deposit of Rs.0.45 lakhs has remained unclaimed as on 31.03.2008.

### 6. DIRECTORS

In accordance of provisions of the Companies Act, 1956, and Articles of Association of the Company, Shri Mulchand K. Sheth and Yogendra P. Trivedi, Directors of the Company, retire by rotation at the ensuing Annual General Meeting, but 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. 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.



## 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 : 31st May, 2008

A. S. MEHTA

Chairman