



## **Saffron Industries Ltd.**

(CIN - L21010MH 1993 PLC 071683)

REF : SIL/ SEM/2016-17/67A

Date: 20<sup>th</sup> October, 2016

**Scrip Code : 531436**

To,  
BSE Ltd.  
Corporate Relationship Department,  
1<sup>st</sup> Floor, New Trading Ring,  
Rotunda Building,  
P J Towers,  
Dalal Street, Fort,  
MUMBAI - 400 001.

### **SUB :- ANNUAL REPORT FOR THE F.Y. 2015-16**

Dear Sir,

In terms of Regulation 34 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find attached here with the soft copy of the Annual Report of the company for the Financial Year 2015-16 duly approved and adopted in the 23<sup>rd</sup> Annual General Meeting of the company held on 30<sup>th</sup> September, 2016 at Nagpur.

Please take the same on your record.

Thanking you,

Yours faithfully,

For **SAFFRON INDUSTRIES LTD.**

**MANOJ SINHA**  
**WHOLE TIME DIRECTOR**



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**SAFFRON INDUSTRIES LIMITED**

**23RD ANNUAL REPORT 2015-2016**

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# SAFFRON INDUSTRIES LIMITED

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## SAFFRON INDUSTRIES LIMITED

### BOARD OF DIRECTORS:

SHRI VINOD MAHESHWARI	-	Chairman
SHRI MANOJ SINHA	-	Whole-Time Director
SMT. MANJULIKA BAJPAI	-	Director

AUDITORS : M/S.KHATRI & IYER,  
Chartered Accountants  
117, Zal Complex,  
Residency Road, Sadar  
NAGPUR - 440 001.

REGD. OFFICE : NAVA-BHARAT BHAWAN,  
Chhatrapati Square,  
Wardha Road,  
NAGPUR - 440 015  
PH : 2284001, 2284002 FAX : 0712-2284000

PLANT : Village : Manegaon  
Taluka : Saoner,  
Dist. : NAGPUR  
PH : 07113-232398, 232401 FAX : 07113-232400

CORPORATE IDENTITY NO. :- L21010MH1993PLC071683



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**NOTICE TO MEMBERS**

NOTICE is hereby given that the Twenty Third Annual General Meeting of the Members of SAFFRON INDUSTRIES LIMITED will be held on Friday, the 30<sup>th</sup> Day of September, 2016 at 10.00 A.M. at Nava-Bharat Bhavan, Chhatrapati Square, Wardha Road, Nagpur - 440 015, to transact the following business :

**ORDINARY BUSINESS:**

1. To receive, consider and adopt the Audited Financial Statements for the Financial Year ended 31<sup>st</sup> March 2016 and the Reports of Directors and Auditors thereon.
2. To appoint a Director in place of Shri Vinod Maheshwari (holding DIN-00340953) who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint Statutory Auditors and to fix their remuneration and in this regard 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 139 and other applicable provisions of Companies Act, 2013 read with Companies (Audit and Auditors) Rules, 2014 made there under M/s Khatri & Iyer, Chartered Accountants, Nagpur, (Firm Registration No.- 113433W) be and are hereby re-appointed as Auditors of the Company to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting of the Company in respect of financial year 2016-17, on such remuneration as may be fixed in this behalf by the Board of Directors of the company, on recommendation of Audit Committee of the Board of Directors.”

**SPECIAL BUSINESS:**

4. To Appoint Shri Manoj Rameshwar Sinha (holding DIN-07564967) as Whole Time Director of the company and in this regard to consider and if thought fit, to pass with or without modification, the following resolution as a *Special Resolution*:

“RESOLVED THAT pursuant to the provisions of Sections 196, 197, 203 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof), read with Schedule V to the Companies Act, 2013 and pursuant to Article 107 of the Articles of Association of the Company, the consent of the Company be and is hereby accorded to the appointment of Shri Manoj Rameshwar Sinha (holding DIN-07564967) as Whole-time Director of the Company for a period of three years commencing from 12<sup>th</sup> July, 2016 till 11th July, 2019 on the remuneration, terms and conditions as recommended by the Nomination and Remuneration Committee and as set out in the explanatory statement annexed to the notice.

**RESOLVED FURTHER THAT** in the event of adequacy of the profits in any financial year during the tenure the said remuneration paid to Shri Manoj Rameshwar Sinha, Whole Time Director shall be deemed to have been paid in accordance with the provisions of section 197 of the Companies Act, 2013.





**RESOLVED FURTHER THAT** the remuneration payable to Shri Manoj Sinha, shall not exceed the overall ceiling of the total managerial remuneration as provided under Schedule V, Section 197 of the Companies Act, 2013 as may be applicable during the tenure of his appointment or such other limits as may be prescribed from time to time.

**RESOLVED FURTHER THAT** the Board be and is hereby authorized to do all such acts, deeds and things which may be necessary or expedient to give effect to the aforesaid resolution.”

5. To appoint Smt. Manjulika Bajpai (DIN-07143934) as Independent Director to fill up the casual vacancy caused by Resignation of Shri Vinay Pansari, Independent Director (DIN-01904296) from Directorship and in this regard 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 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), Smt. Manjulika Bajpai (DIN-07143934) who was appointed as a Additional Director with effect from 31<sup>st</sup> March 2015 to comply with the requirement of Section 149 of Companies Act, 2013 in respect of appointment of at least one woman director by a listed company and who was subsequently appointed in the Annual General Meeting held on 30<sup>th</sup> September 2015 as Director liable to retire by rotation and who was further appointed as Independent Directors by the Board of Directors due to casual vacancy caused by resignation by Shri Vinay Pansari, Independent Director (DIN-01904296) effective from 29<sup>th</sup> August 2015, be and is hereby appointed as an Independent Director not liable to retire by rotation, to fill the casual vacancy of the company and as Shri Vinay Pansari was appointed as Independent Director for a period of 5 (five) years till the conclusion of 26<sup>th</sup> Annual General Meeting to be held in the calendar year 2019, Smt. Manjulika Bajpai shall hold the office of Independent Director effective from 29<sup>th</sup> August, 2015 upto the conclusion of 26<sup>th</sup> Annual General Meeting of the company in respect of the Financial year 2018-19.”

6. To approve the deposit amount to be charged from shareholders requesting to send the communication in physical mode only and in this regard to consider and if thought fit, to pass with or without modification, the following resolution as an *Ordinary Resolution*

“RESOLVED THAT pursuant to provisions of Section 20 and other applicable provisions, if any, of the Companies Act, 2013 and relevant rules prescribed thereunder, the consent of the Company be and is hereby accorded to charge from a member in advance, a sum equivalent to the estimated actual expenses for delivery of the documents through a particular mode if any request has been made by such member for delivery of such document to him through such mode of service provided such request along with the requisite fee has been duly received by the Company at least one week in advance of the dispatch of the document by the Company.



RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorized to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution.”

Registered Office:  
Nava Bharat Bhavan,  
Chhatrapati Square,  
Wardha Road,  
NAGPUR - 440 015

By Order of the Board,

Vinod Maheshwari  
Chairman

Dated : August 13, 2015



**NOTES**

- 1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.**
- 2. The person shall not act as a Proxy for more than 50 members and holding in the aggregate not more than ten percent of the total voting share capital of the Company.**
- 3. A member holding more than ten percent of the total share capital of the company may appoint a single person as Proxy provided that such person shall not act as a Proxy for any other member.**
- 4. The instrument appointing the Proxy shall be deposited at the Registered Office of the Company not later than 48 hours before the time fixed for holding the meeting. Proxies submitted on behalf of the companies, societies, etc. must be supported by an appropriate resolution/authority, as applicable.**
5. The statement pursuant to Section 102 of the companies Act, 2013, setting out, of material facts concerning each item of special business specified above is annexed hereto.
6. The Register of Members and Share Transfer Books of the Company will remain closed from 22<sup>nd</sup> September, 2016 to 30<sup>th</sup> September, 2016 both days inclusive.
7. Electronic copy of the Annual Report and the Notice of the Annual General Meeting of the Company together with the attendance slip and Proxy Form are being sent to all the members whose email IDs are registered with the Company/Registrar and Share Transfer Agent (RTA) of the company/ Depository Participants. For members who have not registered their email address with the Company/ RTA of the company /Depository Participants, physical copies of the above documents are being sent in the permitted mode.
8. Members holding shares in physical form are requested to notify immediately any change in their address/ E-mail address to the Company/ its RTA, Members holding shares in electronic form are requested to advice change of address/ Email address to their Depository Participants.
9. Members who have multiple folios with identical order of names are requested to intimate the same to the Company so as to enable it to consolidate all shareholdings into one folio.
10. Shareholders requiring information about Accounts to be explained in the Meeting are requested to inform the Company at least 7 days in advance from the date of Meeting.
11. Members are requested to bring their copies of the Annual Report to the Meeting.





12. The Members/Proxies should bring the Attendance Slip sent herewith duly filled in for attending the Meeting. The Members holding shares in dematerialized form are requested to write their Client ID and DP ID numbers and those who hold shares in physical form are requested to write their folio number in the attendance slip for attending the meeting.
13. Members may note that the Notice of the Annual General Meeting and the Annual Report will be available on the Company's website [www.saffronindustries.in](http://www.saffronindustries.in). The physical copies of the aforesaid documents will also be available at the Company's registered office for inspection during normal working days. Members are also entitled to receive the physical copy upon making specific request.
14. As per the provisions of Companies act, 2013, nomination facility is available for members. The nomination forms can be obtained from the Company's Share Transfer Agents by the members holding share in physical form, in respect of members holding shares in electronic form the forms may be obtained from the Depository Participants with whom they are maintaining their demat account.
15. Members are requested to make all correspondence relating to share transfer (both in Physical & Demat form) to our Share Transfer Agent, M/s. Adroit Corporate Services Pvt. Ltd., 19, Jaferbhoy Industrial Estate, 1<sup>st</sup> Floor, Makwana Road, Marol Naka, Mumbai – 400 059.

**16. Remote E voting facility:**

- a) In compliance with Regulation 44 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Provisions of Section 108 of the Companies Act, 2013 and Rule 20 of Companies (Management and Administration) Rules, 2014, the Company offers voting by electronic means through e-voting services provided by Central Depository Services Limited (CDSL).
- b) Voting rights are reckoned on the basis of the shares registered in the names of the members/beneficial owners as on the cut off date fixed for this purpose, viz., 23<sup>rd</sup> September, 2016.
- c) The Company has appointed Shri Siddarth Sipani & Associates, Practicing Company Secretaries, M-08, Amarjyoti Palace Apartments, Mesoram Floor, Near Lokmat Square, Wardha Road, Dhantoli, Nagpur-440012 as the scrutinizer for conducting the e-voting and physical ballot process in a fair and transparent manner.
- d) The instruction for e-voting are as under:

**I. Members receiving e-mails from CDSL (for members who have registered their email IDs with the Company/Depository Participants)**

- i) Open your web browser during the voting period and log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com)



ii) Click on Shareholder- Tab.

iii) Now Enter your User Id (For CDSL -16 digit beneficiary ID, For NSDL: 8 Character DP ID followed by 8 Digits Client ID), Members holding shares in Physical Form should enter Folio Number registered with the Company and then enter the Captcha Code/ Image Verification Code as displayed and Click on Login.

iv). If you are holding shares in Demat form and had logged on to [www.evotingindia.co.in](http://www.evotingindia.co.in) and casted your vote earlier for any company, then your existing password is to be used

v) If you are a first time user follow the steps given below:

In case of members receiving e-mail:

***For Members holding shares in Demat Form and Physical Form***

**PAN** Enter your 10 digit alpha-numeric PAN issued by Income Tax Department  
- (Applicable for both demat shareholders as well as physical shareholders).

Members who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number provided at the attendance slip enclosed herewith in the PAN field.

Enter your at least one detail amongst Bank Account Number and DOB or Date of Incorporation in dd/mm/yyyy format has to be mentioned. Kindly provide your details as available on the demat account / folio number provided, then click on submit

vi) Members holding shares in physical form will then reach directly the "Saffron Industries Limited" screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field, confirm password and then click on 'SUBMIT'. Please note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

vii) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.

viii) Click on "EVSN" of Saffron Industries Limited.

ix) On the voting page, you will see Resolution Description and against the same the Choice option "YES/NO" for voting.

Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.



(x) Click on the "Resolutions File Link" if you wish to view the entire Resolution

xi) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.

(xii) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote

xiii) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.

xiv) ) If Demat account holder has forgotten the changed password then Enter the User ID and Image verification Code and click on Forgot Password & enter the details as prompted by the system.

- Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) are required to log on to <https://www.evotingindia.com> and register themselves as Corporates.
- They should submit a scanned copy of the Registration Form bearing the stamp and sign of the entity to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
- After receiving the login details they have to create a user who would be able to link the account(s) which they wish to vote on.
- The list of accounts should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
- They should upload a scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, in PDF format in the system for the scrutinizer to verify the same.

## **II. In case of members receiving the physical copy :**

(A) Please follow all steps from Sl. No. (i) to Sl. No. (xiv) above to cast vote.

(B) The voting period begins on 26<sup>th</sup> September, 2016 at 9.00 a.m and ends on 28<sup>th</sup> September, 2016 at 5.00 p.m. During this period shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of Friday, 23rd September, 2016 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.

(C) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com) under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com)



**III. In case of members desiring to exercise vote by Postal Ballot:**

A Member desiring to exercise vote by Postal Ballot should complete the Postal Ballot Form and send it to the Scrutinizer in the enclosed self-addressed business reply envelope properly sealed.

Members are requested to read the instructions contained on the reverse of the Postal Ballot Form and follow the same.

(i) the Scrutiniser shall within a period of not exceeding three working days from the conclusion of the e-voting period unblock the votes in the presence of at least two witnesses not in the employment of the company and prepare a Scrutiniser's Report and submit the report to the Chairman of the company.

(j) The result shall be declared at the Annual General Meeting of the Company. The results declared along with the Scrutiniser's Report will be posted on the Company's website [www.saffronindustries.in](http://www.saffronindustries.in) and on the website of CSDL within two days of passing of the resolution at the AGM and communicated to the stock exchanges.

(k) All relevant documents referred to in the accompanying Notice and Statement of material facts will be open for inspection at the Registered office of the Company during normal working days upto and including the date of the AGM.



**Statement of material facts pursuant to Section 102 of the Companies Act, 2013 relating to the Special Business mentioned in the accompanying Notice :**

**Item No. 4**

The Board of Directors of the company at its meeting held on 12<sup>th</sup> July 2016, subject to approval of members in the general meeting has appointed Shri Manoj Rameshwar Sinha as Whole Time Director of the company on the below mentioned terms and conditions recommended by the Nomination and Remuneration Committee.

**Terms & conditions:**

- 1) Tenure:** Appointment for the period of 3 (Three) years from 12.07.2016 to 11.07.2019.
- 2) Remuneration:** Minimum remuneration by way of Salary @ Rs. 1,10,000/- per month.
- 3) Commission:** Variable Commission on monthly production of the Company as per the rate/ table given herein below with liberty to the Board of Directors of the Company to review the same annually on recommendation of the Nomination and Remuneration Committee of the Board.

<b>Paper (Finished) Production Per Month -Metric Tonn (MT)</b>	<b>Rate/ Amount of Commission to be paid on production</b>
2200 MT	Rs. 15/- Per Metric Tonn of Production
3000 MT	Rs. 25/- Per Metric Tonn of Production
3500 MT	Rs. 30/- Per Metric Tonn of Production
4000 MT	Rs. 40/- Per Metric Tonn of Production

The remuneration payable to Shri Manoj Sinha is in conformity with the applicable provisions and Schedule V of the Companies Act, 2013. Shri Manoj Sinha would be a non-rotational Director under Article 104 of the Articles of Association of the Company.

The Nomination and Remuneration Committee has approved the re-appointment of Shri Manoj Sinha at its meeting held on 12<sup>th</sup> July, 2016.

In terms of Section 160 of the Companies act, 2013 the company has received a notice Shri Manoj Sinha himself along with deposit of Rs. 1.00 Lac specifying intention to propose himself as a candidate for the office of Whole Time Director the Company.

The brief resume together with other details as required under Regulation 36 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 forms part of the Notice annexed hereto. Shri Manoj Sinha holds Nil equity shares in the company.

As per the provisions of Section 196 of the Companies Act, 2016 the member's approval/confirmation by passing Special Resolution in the ensuing Annual General Meeting is



required to give effect to the appointment of Shri Manoj Sinha as Whole Time Director of the Company effective from 12<sup>th</sup> July 2016. The Board recommends the Special Resolution for approval of the members.

None of the Directors except Shri Manoj Sinha has any concern or interest in the said resolution.

**Item no. 5**

Smt. Manjulika A. Bajpai (DIN-07143934) was appointed as an Additional Director of the company by the Board of Directors with effect from 31<sup>st</sup> March 2015. to comply with the provision of Section 149, in respect of appointment of woman director by the listed company on its Board of Directors.

In the 22<sup>nd</sup> Annual General Meeting Smt. Manjulika Bajpai was appointed as a Director whose office shall be liable to retire by rotation. However, casual vacancy was caused due to resignation of Independent Director of the company Shri Vinay Pansari effective from 29<sup>th</sup> August, 2015 and to fill up the casual vacancy Smt. Manjulika Bajpai was appointed by the Board of Directors as Independent Director of the company w.e.f. 29<sup>th</sup> August, 2015 whose office shall not be liable to retire by rotation.

Smt. Manjulika Bajpai was appointed in place of Shri Vinay Pansari who was appointed in the 21<sup>st</sup> Annual General Meeting for a term of five years i.e. upto the conclusion of 26<sup>th</sup> Annual General Meeting of the company for the financial year 2018-19.

As Smt. Manjulika Bajpai is replacing Shri Vinay Pansari for remaining period of his office as Independent Director, the term of office of Smt. Manjulika A. Bajpai as Independent Director shall be upto the conclusion of 26<sup>th</sup> Annual General Meeting of the company for the financial year 2018-19.

The confirmation/approval of members is required for the appointment of Smt. Manjulika Bajpai in casual vacancy.

Her brief resume together with other details as required under Regulation 36 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 forms part of the Notice annexed hereto.

In the opinion of the Board, the Independent Director proposed to be appointed fulfils the conditions as specified in the Companies Act, 2013 and the rules made there under and that the proposed director is independent of the Management

Smt. Manjulika Bajpai holds 40,899 equity shares in the company. Board recommends the resolution for member's approval.

None of the Directors except Smt. Manjulika Bajpai has any concern or interest in the said resolution.





**Item no. 6**

As per the provisions of Section 20 of the Companies Act, 2013, a member may request for any document through a particular mode, for which the member shall pay such fees as may be determined by the Company in its annual general meeting. Since the cost of providing, dispatching documents may vary according to the mode of service, weight, its destination, etc., therefore it is proposed that estimated actual expense, charges borne by the Company for such dispatch will be paid in advance by the member to the company.

The Board recommends the resolution at item no. 6 for the approval of the Shareholders.

None of the Directors of the Company are in any way interested in the said resolution.

Registered Office:  
Nava Bharat Bhavan,  
Chhatrapati Square,  
Wardha Road,  
NAGPUR - 440 015

By Order of the Board,

Vinod Maheshwari  
Chairman

Dated : August 13, 2016



**Information pursuant to Regulation 36 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 regarding the Directors seeking appointment/re-appointment in Annual General Meeting.**

Name of Director	Shri Vinod Maheshwari
Date of Birth	17.10.1944
Date of Appointment	20.04.1993
Expertise in specific functional areas	Shri Vinod Maheshwari is the Chairman of Saffron Industries Ltd. He is also Managing Editor of “Nava Bharat” the renowned Hindi Daily Newspaper, covering three major states namely Maharashtra, Madhya Pradesh & Chhatisgarh. The activities related to printing & publishing of Newspaper “Nava Bharat” for Nagpur & Mumbai editions are handled by Shri Vinod Maheshwari. He is a dynamic & intelligent Industrialist possessing rich experience of over 45 years in the Newspaper Industry.
Directorships of other Public Limited/Listed Companies as on 31 <sup>st</sup> March, 2016	1) Nava Bharat Press Ltd. 2) Navabharat News Media Ltd. 3) Navabharat Infraventures Ltd.
Chairman/Member of the Committees of other Companies as on 31 <sup>st</sup> March, 2016	Nil
No. of shares held	17,85,800



**Information pursuant to Regulation 36 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 regarding the Directors seeking appointment/re-appointment in Annual General Meeting.**

Name of Director	Shri Manoj Rameshwar Sinha
Date of Birth	28.02.1969
Date of Appointment	12.07.2016
Expertise in specific functional areas	<p>Shri Manoj Sinha is a B.E. (Civil) by educational qualification.</p> <p>He is having rich experience of 16 years in the Company.</p> <p>He is directly involved in Project &amp; Planning for Production, Power &amp; Infrastructure and also responsible for Sales &amp; Business Promotion of the Company.</p> <p>Except being associated with company since last 16 years, he is not related to any of the Directors of the company.</p>
Directorships of other Public Limited/Listed Companies as on 31 <sup>st</sup> March, 2016	Nil
Chairman/Member of the Committees of other Companies as on 31 <sup>st</sup> March, 2016	Nil
No. of shares held	Nil

**Information pursuant to Regulation 36 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 regarding the Directors seeking appointment/re-appointment in Annual General Meeting.**

Name of Director	Smt. Manjulika A. Bajpai
Date of Birth	11.06.1960
Date of Appointment	31.03.2015
Directorships of other Public Limited Companies as on 31 <sup>st</sup> March, 2016	Nil
Chairman/Member of the Committees of other Companies as on 31 <sup>st</sup> March, 2016	Nil
No. of shares held	40,899



**DIRECTORS' REPORT**

To the Members of 'SAFFRON INDUSTRIES LIMITED'

Your Directors have pleasure in presenting their Twenty Third Annual Report and Audited Statement of Accounts for the year ended 31<sup>st</sup> March, 2016.

**FINANCIAL RESULTS:**

		(RUPEES)
<b>SALES AND OTHER INCOME</b>		<b><u>36,89,71,487</u></b>
<b>Profit/(Loss) before Finance Cost &amp; Depreciation</b>		2,73,43,905
Less : Finance Cost	31,727	
Depreciation	1,38,24,864	
		<u>-13,85,65,91</u>
<b>Profit/(Loss) Before Tax and Exceptional items</b>		<b><u>1,34,87,314</u></b>
Less : Tax Expenses - Current Tax		NIL
Less : Prior Period Expenses		<u>-23,27,318</u>
<b>Profit/(Loss) after Tax</b>		<b>1,11,59,996</b>
Prior year adjustments -Income Tax		<u>-22,273</u>
<b>Profit/(Loss) for the year</b>		<b>1,11,37,723</b>
Add: Profit/(Loss) Balance brought forward from pervious year Balance Sheet		<u>(15,70,55,951)</u>
<b>Balance carried forward</b>		<b><u>(14,59,18,228)</u></b>

**REVIEW OF OPERATIONS :**

During the year under review the Sales Turnover of your company was Rs. 36.81 Crore as against Sales Turnover of Rs. 50.45 Crore in the previous financial year. The high cost and scarce availability of raw material in the market continued this year also, resulting into reduction in sales turnover during the period under review as compare to the last year. However, in absence of heavy finance cost the company has earned Rs. 1.13 Crore as profit for the year under review as compared to profit for the previous year Rs. 98.39 Lac.



Your company is using various efforts to reduce the overall cost by planning for better prospects of the company using various new avenues to avail the low cost raw material and by trying for better price gains for its products in the market.

**FUTURE OUTLOOK:**

In this scenario of high material cost market, you will appreciate the hardship the company is facing. The market factors like rough and uneven market conditions, high cost of raw materials and decline in profitability are not in favor of the Paper Industry. It is less expected that the market environment for the Industry to remain favorable in the year to come.

**NO CHANGE IN NATURE OF BUSINESS:**

There is no any change in the nature of business carried on by the company during the year under review.

**DIVIDEND:**

Due to inadequate profits the Directors have not recommended any dividend for the year under review.

**AMOUNTS TRANSFERRED TO RESERVES:**

The Board of Directors of the Company has decided to carry Rs. 1,11,37,723/- to its reserves.

**NO CHANGE IN SHARE CAPITAL :**

There was no any change (i.e. increase or decrease) in the Authorised, Issued, Subscribed or Paid up Share Capital of the company during the year under review.

**INFORMATION ABOUT SUBSIDIARY/JV/ASSOCIATE COMPANY:**

Company does not have any Subsidiary, Joint Venture or Associate Company as defined under Companies Act, 2013.

**TRANSFER OF UNCLAIMED DIVIDEND TO INVESTOR EDUCATION AND PROTECTION FUND :**

The provisions of Section 125 (2) of the Companies Act, 2013 do not apply as there was no dividend declared and paid last year.

**MATERIAL CHANGES AND COMMITMENTS :**

Except change in Directorship as mentioned in this Report, No material changes and commitments affecting the financial position of the Company occurred between 31<sup>st</sup> March, 2016 and the date of this Report.

**EXTRACT OF ANNUAL RETURN:**

The extracts of Annual Return pursuant to the provision of Section 134 (3) (a) of the Companies Act, 2013 is furnished in 'Annexure –B'.

**MEETINGS OF BOARD OF DIRECTORS :**

During the financial year 2015-16, the company held 10 board meetings of Board of Directors as per Section 173 of the Companies act, 2013, which is summarized in Report on Corporate Governance below (Annexure-E to this Report).

**DIRECTORS' RESPONSIBILITY STATEMENT:**

As required by section 134 (5) of the Companies Act, 2013 the Director hereby state :

- i) That the preparation of the annual accounts for the financial year ended on 31<sup>st</sup> March 2016, the applicable accounting standards have been followed and that there were no material departures;
- ii) That they had selected such accounting policies and applied them consistently and made judgments 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 31<sup>st</sup> March 2016 and of the profits of the Company for the year under review;
- iii) That they had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv) That they had prepared the annual accounts for the year ended 31<sup>st</sup> March 2016 on a "going concern" basis;
- v) That they had laid down internal financial controls to be followed by the Company and such internal financial control are adequate and were operating effectively;
- vi) That they had devised proper systems to ensure compliance with the provision of all applicable laws and that systems were adequate and operating effectively.

**STATUTORY AUDITORS AND THEIR REPORT :**

M/s. Khatri & Iyer, Chartered Accountants, Nagpur retire at the conclusion of the ensuing Annual General Meeting and are eligible for reappointment for a period commencing from the conclusion of this Annual General Meeting till the conclusion of next Annual General Meeting in respect of Financial Year 2016-17.

There is no qualification or adverse remarks in the Auditor's Report which require any clarification/explanation. The Notes on financial statements are self-explanatory and needs no further explanation.



**LOANS, GUARANTEES AND INVESTMENT:**

There were no loans, guarantees or investment made by the Company under Section 186 of the Companies Act, 2013 during the year under review and hence the said provision is not applicable.

**RELATED PARTY TRANSACTIONS:**

All related party transactions that were entered into during the financial year were on an arm's length basis and were in the ordinary course of business (except transaction mentioned in the Form AOC-2 in Annexure-F). There are no materially significant related party transactions made by the Company with Promoters, Directors or other designated persons which may have a potential conflict with the interest of the Company at large and Approval of the Board of Directors was obtained wherever required. Further all the necessary details of transactions entered with the related parties are attached herewith in Form No. AOC-2 for your kind perusal and information.(Annexure-F)

**CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE OUTGO :**

The information and details relating to conservation of energy, technology absorption and foreign exchange outgo is mentioned in the Annexure-A to this Report.

**RISK MANAGEMENT POLICY :**

Periodic assessment to identify the risk areas are carried out and management is briefed on the risks in advance to enable the company to control risk through a properly defined plan. The risk are classified as financial risks, operational risks and market risks. The risks are taken into account while preparing the annual business plan for the year. The Board is also periodically informed of the business risks and the actions taken to manage them. The company has formulated a policy for Risk management with the following objective:

- a) Provide an overview of the principles of risk management
- b) Explain approach adopted by the Company for risk management
- c) Define the organisational structure for effective risk management
- d) Develop a "risk" culture that encourages all employees to identify risks and associated opportunities and to respond to them with effective actions.
- e) Identify, assess and manage existing and new risks in a planned and coordinated manner with minimum disruption and cost, to protect and preserve Company's human, physical and financial assets.

**DIRECTORS:**

Shri Vinod Maheshwari (DIN-00340953), who retires by rotation and being eligible, offer himself for re-appointment.

Shri Vinay Pansari (DIN- -01904296) and Shri Anantrai Rawell (DIN-02559329), Independent Directors of the company tendered their resignation from the Directorship with effect from 29<sup>th</sup> August, 2015.



Shri Nimish V. Maheshwari, Managing Director (DIN-00340881) has tendered his resignation and the Board of Directors has accepted in its meeting held on 20<sup>th</sup> July 2016 his resignation with effect from 15<sup>th</sup> July, 2016.

Shri Manoj Rameshwar Sinha (DIN-07564967), President (Operations) of the company was appointed as Whole Time Director of the Company with effect from 12<sup>th</sup> July 2016 by the Board of Directors in its meeting held on 12<sup>th</sup> July 2016. The appointment of Shri Manoj Sinha is subject to approval of members in the 23<sup>rd</sup> annual general meeting.

Smt. Manjulika A. Bajpai (DIN-07143934) Woman Director of the company was appointed as Independent Director in the Board Meeting held on 9<sup>th</sup> November, 2015 to fill up the casual vacancy caused by the resignation of Independent Director Shri Vinay Pansari (DIN- -01904296). The tenure of office of Smt. Manjulika Bajpai, Independent Director shall be upto the conclusion of 26<sup>th</sup> Annual General Meeting of the company to be held in the calendar year 2019.

**DEPOSITS:**

The company has not accepted deposits during the year.

**CORPORATE SOCIAL RESPONSIBILITY:**

The Company does not meet the criteria of Section 135 of Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) rules, 2014 so there is no requirement to constitute Corporate Social Responsibility Committee.

**ANNUAL EVALUATION:**

Pursuant to the provisions of the Companies Act, 2013, the Board has carried out an annual performance evaluation of its own performance, the directors individually as well as the evaluation of the working of its Audit, Nomination & Remuneration and Compliance Committee.

A structured questionnaire was prepared after taking into consideration inputs received from the Directors, covering various aspects of the Board's functioning such as adequacy of the composition of the Board and its Committees, Board culture, execution and performance of specific duties, Obligations and governance.

A separate exercise was carried out to evaluate the performance of individual Directors who were evaluated on parameters such as level of engagement and contribution, independence of judgement, safeguarding the interest of the company and its minority shareholder etc. the performance evaluation of the Independent Directors was carried out by the entire Board. The performance evaluation of the Chairman and the Non Independent Director was carried out by the Independent Director who also reviewed the performance of the Secretarial Department.

**INDEPENDENT DIRECTORS AND DECLARATION:**

Smt. Manjulika A. Bajpai (DIN-07143934) was appointed as Independent Director of the company to fill up the casual vacancy caused by the resignation of Shri Vinay Pansari (DIN- -01904296) effective from 29<sup>th</sup> August, 2015 upto the conclusion of 26<sup>th</sup> Annual General Meeting



for the Financial Year 2018-19 to fulfil the requirements of Section 149 of the Companies Act, 2013 and applicable rules/schedules there under.

The Board of Directors of the Company hereby confirms that all the Independent director duly appointed by the Company have given the declaration and meets the criteria of independence as provided under section 149 (6) of the Companies Act, 2013.

#### **NOMINATION AND REMUNERATION COMMITTEE AND POLICY :**

As per Section 178(1) of the Companies Act, 2013 the Company's Nomination and Remuneration Committee. The Composition and meeting details of the Committee are included in the Annexure-E to this Report

The company's approved policy relating to appointment of Directors, qualifications, Independent Directors and matter related there with as provided under Section 178 (3) and (4) of the Companies Act 2013, is attached herewith in 'Annexure-D'.

#### **AUDIT COMMITTEE:**

The Company has already constituted an Audit Committee of its Board of Directors with specified terms of reference. Smt. Manjulika Bajpai is the Chairman of the Audit Committee. Shri Vinod Maheshwari and Shri Manoj Sinha are the other members of the Audit Committee.

The composition and meeting details of the Audit Committee are mentioned and included in the Annexure- E to this Report.

As provided in Section 177 of the Companies Act, 2013, additional powers were vested with the Audit Committee at the Board Meeting held on 10<sup>th</sup> August, 2015.

#### **SECRETARIAL AUDITOR:**

M/s Siddharth Sipani & Associates, Practicing Company Secretaries, Nagpur, were appointed as Secretarial Auditor and their report on Secretarial Audit in Form MR 3 under Section 204 of the Companies Act, 2013 for the financial year 2015-16 is attached as Annexure-'C' and forms part of this report.

The clarifications/explanation on the qualifications/adverse remarks in the Secretarial Auditors Report is as under :

- 1) The company is trying to appoint suitable personnel shortly as the Key Managerial Personnel as applicable under Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015
- 2) More than half of the Promoters shareholding is in Dematerialized form, the company is taking steps to dematerialize the rest of physical shareholding of Promoters shortly.
- 3) The company is arranging to pay the NSDL and CDSL annual fees/charges shortly.



4) The company is taking steps to file the required eforms soon with the Registrar of Companies.

5) The company has filed the EPF return and paid the EPF dues regularly during the year under review. The notices received from EPF department under section 7A and 14B of the relevant Act are being heard and answered/replied by the company by following appropriate procedures.

6) Due to continuous heavy losses incurred during last few years the company has been declared as Sick Company by Board for Industrial and Financial Reconstruction under the provision of Sick Industrial Companies (Special Provisions) Act, 1985. The company is putting its efforts to come over the past losses, although adverse, high cost conditions prevailing in the market.

#### **COST AUDITOR:**

The relevant provisions of new Companies Act, 2013 in respect of appointment of Cost Auditors were not applicable to the company; hence no appointment of Cost Auditor was made for the Financial Year 2015-16.

#### **VIGIL MECHANISM:**

As per Section 177(9) and (10) of the Companies Act, 2013, and as per the Clause 49 of the Listing Agreement, the company has established Vigil Mechanism for directors and employees to report genuine concerns and made provision of direct access to the chairperson of the Audit Committee. Company has formulated the present policy for establishing the vigil mechanism/Whistle Blower Policy to safeguard the interest of its stakeholders, Directors and employees, to freely communicate and address to the company their genuine concerns in relation to any illegal or unethical practice being carried out in the company. The Vigil Mechanism or Whistle Blower Policy is mentioned as 'Annexure-G' to this report.

#### **SHARES :**

##### **a. Buy back of Securities**

The company has not bought back any of its securities during the year under review.

##### **b. Sweat Equity**

The company has not issued any Sweat Equity Shares during the year under review.

##### **c. Bonus Shares**

No Bonus Shares were issued during the year under review.

##### **d. Employees Stock Option Plan**

The company has not provided any Stock Option Scheme to the employees.

**ORDER OF COURT:**

There is no any Order from Court, Regulators, Tribunals passed during the year under review impacting the going concern status and company's operation in further. However, the Hon. BIFR has declared the company as 'Sick' under the provisions of the Sick Industrial Company (Special Provisions) Act, 1985 vide its order dated 13/09/2013.

**DETAILS OF ADEQUACY OF INTERNAL FINANCIAL CONTROLS**

During the period under review, there was adequate internal control procedure commensurate with the size of the company and nature of the business.

**DEMATERIALIZATION OF SHAREHOLDING:**

The Company has already established electronic connectivity with both the depositories viz. National Depository Securities Limited (NSDL) and Central Depository Services (India) Limited (CDSL) through its Registrar and Transfer Agent, M/s. Adroit Corporate Services Pvt. Ltd. As such, the shares of the Company are available for dematerialisation with both the Depositories.

**LISTING OF SECURITIES:**

The shares of the Company are presently listed on the Stock Exchange, Mumbai and the Stock Exchange, Ahmedabad.

**CORPORATE GOVERNANCE:**

A report on corporate governance including Auditors' Certificate on compliance with the conditions of corporate governance under Clause 49 of Listing Agreement, Clause 34 (3) read with Schedule V of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 is appended to this report as Annexure "E".

**PERSONNEL AND RELATED INFORMATION:**

None of the employees has received salary of Rs. 60 Lac per annum or Rs. 5.00 Lac per month or more during the financial year 2015-16. Accordingly, no particulars of employees are to be given pursuant to the provision of Section 197 of the Companies Act, 2013 read with respective rules.

Since the company has no any subsidiary or holding company, no particulars are required to be given pursuant to the provisions of Section 197 (14) of the Companies Act, 2013.

**OTHER PARTICULARS:**

Information regarding conservation of energy, technology absorption and foreign exchange earnings and outgo is given in the statement annexed hereto (Annexure 'A') and forms part of this report.



**ACKNOWLEDGEMENTS:**

Your Directors are pleased to place on record their sincere gratitude to the Government Authorities, Suppliers, Customers and Shareholders for their continued support and co-operation extended to the Company during the year.

Your Directors also express their deep appreciation for the sincere and devoted services rendered during the year by the workers, staff and executives at all levels of operations of the Company.

For and on behalf of the Board,

Place : Nagpur  
Date : August 13, 2016

Vinod Maheshwari  
Chairman





## **ANNEXURE 'A' TO THE DIRECTORS' REPORT**

### **Conservation of Energy, Technology Absorption and Foreign Exchange earnings and outgo.**

#### **1) CONSERVATION OF ENERGY :**

The basic philosophy of the Company is to achieve economy in operations at all levels and ensure optimum use of resources and minimisation of energy wastes. This objective is achieved through a proper & continuous system of monitoring and maintenance adopted by the Company. The Co-generation Power Plant is contributing consistently in bringing down the energy costs of the Company with minimal wastes and is also ensuring supply of power & steam to the Paper Plant thus enabling the company to achieve its optimum production capacity. Due to increase in required connected load at the Plant we have taken an alternative power source from Maharashtra State Electricity Distribution Company Ltd. (MSEDCL) power grid during the year 2015-16.

Total Energy Consumption and energy conservation per unit of production is given below :

<b>A) POWER CONSUMPTION</b>	<b>2015-2016</b>	<b>2014-2015</b>
<b>ELECTRICITY :</b>		
From *M.S.E.D.C.L :		
Units (in KWH)-	5,36,760	-
Own Generation :		
Units (in KWH)-	<u>1,36,02,665</u>	<u>1,96,25,720</u>
Total Units Consumed (in KWH)-	1,41,39,425	1,96,25,720
Total Amount (in Rs. lacs)	664.96	887.13
Rate per Unit (in Rs.)	4.88	4.52

#### **B) CONSUMPTION PER UNIT OF PRODUCTION**

Machine Production (MT)	12905	18,124
Electricity (KWH/MT)	1096	1,082
Finished Production (MT)	12318	17,286
Electricity (KWH/MT)	1148	1,135

\*M.S.E.D.C.L. –Maharashtra State Electricity Distribution Company Ltd.

#### **2) TECHNOLOGY ABSORPTION: RESEARCH AND DEVELOPMENT**

The technology used for the existing project is fully indigenous. The production department of the Company is constantly engaged in the process of evaluating new ways and better methods to improve the performance, quality and cost effectiveness of its products.

Great emphasis is given on upgradation of technology as suggested by the Production Department. The Company does not have a separate Research and Development activity.



**3) FOREIGN EXCHANGE EARNING AND OUTGO :**

There was no any income earned or expenditure made in foreign exchange during the year under review.

For and on behalf of the Board,

Place : Nagpur  
Date : August 13, 2016

Vinod Maheshwari  
Chairman



## ANNEXURE 'B' TO THE DIRECTORS' REPORT

Form No. MGT-9

EXTRACT OF ANNUAL RETURN  
As on The Financial Year Ended on 31<sup>st</sup> March 2016

*[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]*

**I. REGISTRATION AND OTHER DETAILS:**

i.	CIN	L21010MH1993PLC071683
ii.	Registration Date	20/04/1993
iii.	Name of the Company	SAFFRON INDUSTRIES LTD.
iv.	Category / Sub-Category of the Company	Public Limited Company
v.	Address of the Registered office and contact details	Nava Bharat Bhawan, Chhatrapati Square, Wardha Road, Nagpur
vi.	Whether listed company	Yes
vii.	Name, Address and Contact details of Registrar and Transfer Agent, if any	Adroit Corporate Services Pvt. Ltd., 19/20, Jaferbhoy Industrial Estate, 1 <sup>st</sup> Floor, Makwana Road, Marol Naka, Mumbai-400 059

**II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY**

All the business activities contributing 10 % or more of the total turnover of the company shall be stated:-

Sr. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the company
1	Manufacturing Newsprint	17012	98.15%
2	Manufacturing Kraft Paper	17014	1.85%

**III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES**



Sr. No.	Name And Address Of The Company	CIN/GLN	Holding/ Subsidiary /Associate	% of shares held	Applicable Section
1.	Not Applicable	-	-	-	-

**IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)**

**i. Category-wise Share Holding**

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A.Promoter</b>									
<b>1) Indian</b>									
a) Individual/ HUF	0	0	0	0	0	0	0	0	
b) Central Govt	0	0	0	0	0	0	0	0	
c) State Govt(s)	0	0	0	0	0	0	0	0	
d) Bodies Corp	963100	99700	1062800	14.79	963100	99700	1062800	14.79	0.00
e) Banks / FI	0	0	0	0	0	0	0	0	
f) Any Other									
f) i) Director's Relatives	108233	75300	183533	2.55	108233	71900	180133	2.51	0.04
f)ii) Directors	1459117	1641100	3100217	43.15	1459117	1644500	3103617	43.19	0.04
Sub-total(A)(1):-	2530450	1816100	4346550	60.49	2530450	1816100	4346550	60.49	0.00



<b>2) Foreign</b>									
<b>g) NRIs- Individuals</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	
<b>h) Other- Individuals</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	
<b>i) Bodies Corp.</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	
<b>j) Banks / FI</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	
<b>k) Any Other....</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	
Sub-total (A)(2):-	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	
<b>B. Public Shareholding</b>									
<b>1. Institutions</b>									
<b>a) Mutual Funds</b>	<b>0</b>	<b>7600</b>	<b>7600</b>	<b>0.11</b>	<b>0</b>	<b>7600</b>	<b>7600</b>	<b>0.11</b>	<b>0</b>
<b>b) Banks / FI</b>	-	-	-	-	-	-	-	-	
<b>c) Central Govt</b>	-	-	-	-	-	-	-	-	
<b>d) State Govt(s)</b>	-	-	-	-	-	-	-	-	
<b>e) Venturecapital Funds</b>	-	-	-	-	-	-	-	-	
<b>f) Insurance Companies</b>	-	-	-	-	-	-	-	-	
<b>g) FIIs</b>	<b>686</b>	<b>0</b>	<b>686</b>	<b>0.01</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.01</b>
<b>h) ForeignVenture Capital Funds</b>	-	-	-	-	-	-	-	-	
<b>i) Others (specify)</b>	-	-	-	-	-	-	-	-	
Sub-total (B)(1)	<b>686</b>	<b>7600</b>	<b>8286</b>	<b>0.12</b>	<b>0</b>	<b>7600</b>	<b>7600</b>	<b>0.11</b>	<b>0.01</b>
<b>2. Non Institutions</b>									
<b>a) Bodies Corp. (i) Indian (ii) overseas</b>	<b>186658</b>	<b>6200</b>	<b>192858</b>	<b>2.68</b>	<b>150150</b>	<b>6200</b>	<b>156350</b>	<b>2.18</b>	<b>0.50</b>
<b>b) Individuals (i) Individual shareholders holding nominal share capital upto Rs. 1 lakh (ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh</b>	<b>974624</b>	<b>625610</b>	<b>1600234</b>	<b>22.27</b>	<b>1043526</b>	<b>621110</b>	<b>1664636</b>	<b>23.17</b>	<b>0.90</b>
	<b>1008726</b>	<b>23000</b>	<b>1031726</b>	<b>14.36</b>	<b>992016</b>	<b>10500</b>	<b>1002516</b>	<b>13.95</b>	<b>0.41</b>
<b>c) Others(NRIs)</b>	<b>5546</b>	<b>0</b>	<b>5546</b>	<b>0.08</b>	<b>7546</b>	<b>0</b>	<b>7546</b>	<b>0.11</b>	<b>0.03</b>
Sub-total (B)(2)	<b>2175554</b>	<b>654810</b>	<b>2830364</b>	<b>39.39</b>	<b>2193240</b>	<b>637810</b>	<b>2831050</b>	<b>39.40</b>	<b>0.01</b>
Total Public Shareholding (B)=(B)(1)+ (B)(2)	<b>2176240</b>	<b>662410</b>	<b>2838650</b>	<b>39.51</b>	<b>2193240</b>	<b>645410</b>	<b>2838650</b>	<b>39.51</b>	<b>0.00</b>
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	
Grand Total (A+B+C)	<b>4706690</b>	<b>2478510</b>	<b>7185200</b>	<b>100</b>	<b>4723690</b>	<b>2461510</b>	<b>7185200</b>	<b>100</b>	<b>0</b>



**ii.Shareholding of Promoters**

Sr. No	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			
		No. of Shares	% of total Shares of the company	%of Shares Pledged / encumbe red to total shares	No. of Shares	% of total Shares of the company	%of Shares Pledged / encumbe red to total shares	
<b>1.</b>	Shri Vinod Maheshwari	1782400	24.81	N.A.	1785800	24.85	N.A.	0.04
<b>2.</b>	Shri Nimish V. Maheshwari	1317817	18.34	N.A.	1317817	18.34	N.A.	0.00
<b>3.</b>	Smt. Shriranga V. Maheshwari	74195	1.03	N.A.	74195	1.03	N.A.	0.00
<b>4.</b>	Smt. Anupama N. Maheshwari	94060	1.31	N.A.	94060	1.31	N.A.	0.00
<b>5.</b>	Navabharat Real Estates Pvt. Ltd. (Formerly- Madhyadesh Construction & Finance Pvt. Ltd.)	456500	6.35	N.A.	456500	6.35	N.A.	0.00
<b>6.</b>	Nava Bharat Press Ltd.	100400	1.40	N.A.	100400	1.40	N.A.	0.00
<b>7.</b>	Madhyadesh Press Pvt. Ltd.	1000	0.01	N.A.	1000	0.01	N.A.	0.00
<b>8.</b>	Nava Bharat Press (Nagpur) Pvt. Ltd.	371200	5.17	N.A.	371200	5.17	N.A.	0.00
<b>9.</b>	Madhyadesh Holdings Pvt. Ltd.	133700	1.86	N.A.	133700	1.86	N.A.	
<b>10.</b>	Shri Nilesh Maheshwari	3400	0.04	N.A.	00	0.00	N.A.	0.04
<b>11.</b>	Shubha Maheshwari	400	0.01	N.A.	400	0.01	N.A.	0.00
<b>12.</b>	Vaibhav Maheshwari	2500	0.04	N.A.	2500	0.04	N.A.	0.00
<b>13.</b>	Vineeta Jaju	8978	0.13	N.A.	8978	0.13	N.A.	0.00
	<b>Total</b>	<b>4346550</b>	<b>60.49</b>	<b>N.A.</b>	<b>4346550</b>	<b>60.49</b>	<b>N.A.</b>	<b>0.08</b>





**iii. Change in Promoters' Shareholding ( please specify, if there is no change)**

Sr no		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	<b>4346550</b>	<b>60.49</b>	<b>4346550</b>	<b>60.49</b>
	<p>Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase/ decrease (e.g. allotment/transfer/bonus/ sweat equity etc):</p> <p>(Transmission (inter promoter) of 3400 i.e 0.04% Shares of Shri Nilesh V. Maheshwari (deceased) transmitted to Shri Vinod Maheshwari on 07/08/2015)</p>	<b>No Increase/Decrease in Total Promoter's Shareholding during F.Y. 2015-16</b>			
	At the End of the year	<b>4346550</b>	<b>60.49</b>	<b>4346550</b>	<b>60.49</b>



## **V. INDEBTEDNESS**

Indebtedness of the Company including interest outstanding/accrued but not due for payment (Rs. in Lacs)

	<b>Secured Loans excluding deposits</b>	<b>Unsecured Loans</b>	<b>Deposits</b>	<b>Total Indebtedness</b>
Indebtedness at the beginning of the financial year				
i) Principal Amount	-	2121.31	-	2121.31
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	<b>NIL</b>	<b>2121.31</b>	<b>NIL</b>	<b>2121.31</b>
Change in Indebtedness during the financial year				
- Addition	-	-	-	-
- Reduction	-	(63.14)	-	(63.14)
<b>Net Change</b>	<b>NIL</b>	<b>(63.14)</b>	<b>NIL</b>	<b>(63.14)</b>
Indebtedness at the end of the financial year				
i) Principal Amount	-	2058.17	-	2058.17
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	<b>NIL</b>	<b>2058.17</b>	<b>NIL</b>	<b>2058.17</b>



## **VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**

### **A. Remuneration to Managing Director, Whole-time Directors and/or Manager**

Sl. No.	Particulars of Remuneration	Name of MD/WTD/ Manager				Total Amount
	Gross salary  (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 (c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	-	-	-	-	-
1.	Stock Option	-	-	-	-	-
2.	Sweat Equity	-	-	-	-	-
3.	Commission - as % of profit - others, specify...	-	-	-	-	-
4.	Others, please specify	-	-	-	-	-
5.	Total (A)	NIL	NIL	NIL	NIL	NIL
	Ceiling as per the Act					5% of the net profit

### **B. Remuneration to other directors:**

Sl. No.	Particulars of Remuneration	Name of MD/WTD/ Manager				Total Amount
	<u>Independent Directors</u> • Fee for attending board committee meetings • Commission • Others, please specify	-	-	-	-	-
	Total (1)	-	-	-	-	-
	<u>Other Non-Executive Directors</u> • Fee for attending board committee meetings • Commission • Others, please specify	-	-	-	-	-
	Total (2)	-	-	-	-	-
	Total (B)=(1+2)	-	-	-	-	-
	Total Managerial Remuneration	Nil	Nil	Nil	Nil	Nil
	Overall Ceiling as per the Act					11% of the net profit

**C. Remuneration to Key Managerial Personnel Other Than MD /Manager /WTD**

Sl. no.	Particulars of Remuneration	Key Managerial Personnel			
		CEO	Company Secretary	CFO	Total
<b>1.</b>	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>
<b>2.</b>	Stock Option	-	-	-	-
<b>3.</b>	Sweat Equity	-	-	-	-
<b>4.</b>	Commission - as % of profit - others, specify...	-	-	-	-
<b>5.</b>	Others, please specify				
<b>6.</b>	Total	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>

**VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:**

Type	Section of the companies Act	Brief description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority[RD /NCLT/Court]	Appeal made. If any(give details)
<b>A. Company</b>					
Penalty	Nil	Nil	Nil	Nil	Nil
Punishment	Nil	Nil	Nil	Nil	Nil
Compounding	Nil	Nil	Nil	Nil	Nil
<b>B. Directors</b>					
Penalty	Nil	Nil	Nil	Nil	Nil
Punishment	Nil	Nil	Nil	Nil	Nil
Compounding	Nil	Nil	Nil	Nil	Nil
<b>C. Other Officers In Default</b>					
Penalty	Nil	Nil	Nil	Nil	Nil
Punishment	Nil	Nil	Nil	Nil	Nil
Compounding	Nil	Nil	Nil	Nil	Nil

**ANNEXURE 'C' TO THE DIRECTORS' REPORT**

**Form No. MR-3**  
**SECRETARIAL AUDIT REPORT**  
**FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH, 2016**  
(Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies  
(Appointment and Remuneration of Managerial Personnel) Rules, 2014)

**To,**  
**THE MEMBERS,**  
**SAFFRON INDUSTRIES LIMITED**  
**CIN- L21010MH1993PLC071683**  
**NAVA-BHARAT BHAWAN,**  
**CHATRAPATI SQUARE, WARDHA ROAD,**  
**NAGPUR-15**

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **SAFFRON INDUSTRIES LIMITED**. (hereinafter called the company). Secretarial Audit was conducted in a manner that provided me/us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my/our verification of the **SAFFRON INDUSTRIES LIMITED'S** books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in my/our opinion, the company has, during the audit period covering the financial year ended on 31<sup>st</sup> March, 2016 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by **SAFFRON INDUSTRIES LIMITED**. ("the Company") for the financial year ended on 31<sup>st</sup> March, 2016, according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
  - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; **(Not applicable to the Company during the Audit Period);**



(d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999; **(Not applicable to the Company during the Audit Period);**

(e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; **(Not applicable to the Company during the Audit Period);**

(f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

(g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and **(Not applicable to the Company during the Audit Period);**

(h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; **(Not applicable to the Company during the Audit Period);**

(vi) Other laws applicable to the Company, we have relied on the compliance system prevailing in the Company and on the basis of representation received from its concerned department :

i) Factories Act, 1948

ii) Applicable Labour laws and rules issued thereunder

iii) Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

iv) Prevention and Control of Pollution) Act, 1981

We have also examined compliance with the applicable clauses of the following:

(i) Secretarial Standards issued by The Institute of Company Secretaries of India.

(ii) The Listing Agreements entered into by the Company with Bombay Stock Exchange(s),

(iii) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above subject to the following observations:

**1. The Company has not duly complied the provision with respect to Appointment of Key Managerial Personnel.**

**2. Promoters' shareholding are not fully dematerialised.**

**3. The Company has not paid the NSDL & CDSL FEES as applicable.**

**4. The Company has not filled few E-Forms to Registrar of Companies within and after the prescribed time.**

**5. The Company has received notices under section 7A and a under section 14B of EPF Act from the concerned dept. The Company has replied the same to concerned dept.**

**6. The company has been declared as Sick Company by the Board for Industrial and Financial Reconstruction under the provision of Sick Industrial Companies Act, 1985 vide BIRF order dated 13/09/2013.**

We further report that, The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.



Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

As per the minutes of the meeting duly recorded and signed by the Chairman, The Decisions of the board were unanimous and no dissenting views have been recorded,

We further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period, there were no specific events / actions in pursuance of the above referred laws, rules, regulations, guidelines, etc, having major bearing on the companies affairs.

**Date : 13<sup>th</sup> August, 2016**  
**Place: Nagpur**

**For Siddharth Sipani & Associates**  
**Company Secretaries**

**Siddharth Sipani**  
**(Proprietor)**  
**Memb. No. 28650, CP. No. 11193**

‘ANNEXURE A’

**To,**  
**THE MEMBERS,**  
**SAFFRON INDUSTRIES LIMITED**  
**CIN- L21010MH1993PLC071683**  
**NAVA-BHARAT BHAWAN,**  
**CHATRAPATI SQUARE, WARDHA ROAD,**  
**NAGPUR-15**

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.



4. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

**Date : 13<sup>th</sup> August, 2016**

**Place: Nagpur**

**For Siddharth Sipani & Associates  
Company Secretaries**

**Siddharth Sipani  
(Proprietor)  
Memb. No. 28650, CP. No. 11193**





**ANNEXURE 'D' TO THE DIRECTORS' REPORT**

**NOMINATION AND REMUNERATION POLICY OF  
SAFFRON INDUSTRIES LTD.**

(U/s 178 of the Companies Act 2013 and Clause 49 (IV) of the Listing Agreement)

**1. PREFACE :**

In terms of the provisions of Section 178 of the Companies Act, 2013, this policy on Nomination and Remuneration Director and Senior Management has been formulated by the Committee and approved by the Board of Directors.

The Nomination and Remuneration Policy is as under :

**2 ROLE OF THE COMMITTEE:**

- a) To identify persons who are qualified to become Director and who may be appointed in Senior management in accordance with the criteria laid down and recommend to Board their appointment and removal.
- b) To formulate criteria for determining qualifications, positive attributes and independence of a Director.
- c) To recommend to the Board remuneration policy related to remuneration of Director (whole-time directors, Executive Directors etc.) Key Managerial Personnel and other employees while ensuring the following:
  - i) That the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors and the quality required to run the company successfully.
  - ii) That relationship of remuneration to performance is clear and meets appropriate performance benchmarks.
  - ii) That remuneration to directors, key managerial persons and senior management involves a balance between fixed and incentive pay reflecting short and long term performance object appropriate to the working of the company and its goals.
- d) To formulate criteria for evaluation of Directors and the Board.
- e) To devise as policy on Board diversity.

**3 MEMBERSHIP :**

- a) The committee shall consist of a minimum 3 non executive directors, majority of them being independent.
- b) Minimum two member's shall constitute a quorum for the committee meeting.
- c) Membership of the committee shall be disclosed in the Annual Report.
- d) Term of the committee shall be continued unless terminated by the Board of Directors.



#### 4 CHAIRMAN :

- a) The Chairman of the Committee shall be an independent director
- b) Chairman of the company may be appointed as a member of the committee but shall not be a Chairman of the Committee.
- c) In absence of the Chairman the members of the committee present at the meeting shall choose one amongst them to act as Chairman.
- d) Chairman of the Nomination and Remuneration committee meeting could be present at the Annual General Meeting or nominate some other member to answer the shareholders queries.

#### 5. FREQUENCY OF THE MEETING :

The meetings of the committee shall be held at such regular intervals as may be required.

#### 6 COMMITTEE MEMBERS INTEREST:

- a) A member of the Committee is not entitled to be present when his or her own remuneration is discussed at a meeting or when his or her performance is being evaluated.
- b) The committee may invite such executives as it considers appropriate, to be present at the meeting of the committee.

#### 7 SECRETARY:

The Company Secretary or any other person as may be decided by the committee shall act as a Secretary to the committee.

#### 8. VOTING :

- a) Decisions of the Committee shall be decided by a majority of votes of members present and voting and any such decision shall for all purposes be deemed a decision of the Committee.
- b) In the case of equality of votes, the Chairman of the meeting will have a casting vote.

#### 9. MINUTES OF COMMITTEE MEETING:

The minutes of all the proceedings of all meetings must be signed by the Chairman of the Committee at the subsequent meeting.

**ANNEXURE - E TO THE DIRECTORS' REPORT****REPORT ON CORPORATE GOVERNANCE :***1. Brief statement on Company's Philosophy on code of Corporate Governance :*

The Company's philosophy on Corporate Governance envisages the attainment of highest levels of transparency, accountability and equity, in all the facets of its operations, and all its interactions with the stakeholders including shareholders, employees, customers, government, suppliers and lenders and to build the confidence of the society in general.

*2. Board of Directors :*

Your Board comprises of an optimal composition of Executive and Non-executive Directors having in-depth knowledge of Paper Industry. During the financial year under review, the Board consisted of Two Non Executive Directors out of which one was Independent Directors and one Executive Director. The Chairman of the Board is a Non-executive Director.

All the Directors have disclosed their other directorships and Committee positions in other public companies. It is observed that Directorships/Committee memberships and Chairmanships are as per the prescribed limits provided under the applicable provisions of Companies Act, 2013, except in absence of one more independent director in the Board of Directors, the Audit Committee and Nomination and Remuneration Committee does not includes majority of independent directors and in the Nomination and Remuneration Committee one executive member included where it requires all non executive members.

The company ensures that all statutory, significant material information are placed before the Board/Committees of Directors for their noting/approval to enable them to discharge their responsibilities as trustees of the large family of shareholders. During the year, information on matters mentioned in terms of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 has been placed before the Board for its consideration. The Board periodically reviews compliance of all laws applicable to the Company.

The composition, category of Directors and their other Directorships and Membership / Chairmanship of Committees as well as their attendance at Board Meetings and last Annual General Meeting are as under :



Sr. No.	Name of Director	Category of Directorship	Attendance of each Director		Number of other		
			Board Meeting	Last AGM	Director -ship	Committee Member-ship	Committee Chairmanships
1)	Shri Vinod R. Maheshwari (DIN-00340953)	Non-Executive Director	10	Present	10	Nil	Nil
2)	Shri Nimish V. Maheshwari (DIN-00340881)	Managing Director	10	Present	6	Nil	Nil
3)	Smt. Manjulika Bajpai (DIN-07143934)	Non-Executive Independent Director	10	Present	0	Nil	Nil
4)	Shri Vinay Pansari -(DIN-01904296)	Non-Executive Independent Director (upto 29 <sup>th</sup> August, 2015)	3	-	0	Nil	Nil
5)	Shri Anantrai Rawell-(DIN-02559329)	Non-Executive Independent Director (upto 29 <sup>th</sup> August, 2015)	3	-	0	Nil	Nil

*Meeting of Board of Directors:*

During the period under review, 10 Board Meetings were held on 29<sup>th</sup> May 2015, 30<sup>th</sup> June 2015, 10<sup>th</sup> August 2015, 17<sup>th</sup> September, 2015, 19<sup>th</sup> October 2015, 09<sup>th</sup> November 2015, 19<sup>th</sup> December 2015, 12<sup>th</sup> February 2016, 22<sup>nd</sup> February, 2016, 19<sup>th</sup> March 2016.

3. Audit Committee :

Shri Vinay Pansari- Chairman and Shri Anantrai Rawell- Member of Audit Committee have tendered their respective resignation from the Directorship of the company with effect from 29<sup>th</sup> August, 2015.

Smt. Manulika Bajpai, Non Executive Independent Director of the company was appointed as Chairman of Audit Committee effective from 29<sup>th</sup> August, 2015.



The following Directors were the members of the Audit Committee for the year under review :

Shri Vinay Pansari	- Chairman (upto 29 <sup>th</sup> August, 2015)
Shri Anantraï Rawell	- Non-Executive Independent Director (upto 29 <sup>th</sup> August, 2015)
Smt. Manjuliika A. Bajpai	- Chairman, Non-Executive Independent Director (effective from 29 <sup>th</sup> August, 2015)
Shri Vinod R. Maheshwari	- Non-Executive Director
Shri Nimish V. Maheshwari	- Managing Director-Executive Director (effective from 29 <sup>th</sup> August, 2015)

The role, powers and functions of the Audit Committee are as stated in Section 177 of the Companies Act 2013. The Committee reviews the financial statements before they are placed before the Board. During the period under review, five meetings of the Committee were held on 15<sup>th</sup> May, 2015, 30<sup>th</sup> July 2015, 24<sup>th</sup> August 2015, 31<sup>st</sup> October, 2015 & 31<sup>st</sup> January, 2016. The details of attendance of the Audit Committee are as under :

<b>Sr. No.</b>	<b>Name of Director</b>	<b>No. of Meetings Attended</b>
1.	Shri Vinay Pansari	3
2.	Shri Anantraï Rawell	3
3.	Shri Vinod R. Maheshwari	5
4.	Shri Nimish V. Maheshwari	2
5.	Smt. Manjuliika A. Bajpai	2

As per the provisions of Section 177 of the Companies Act, 2013, the Audit Committee also provides for the vigil mechanism for all the employees and the directors of the companies, who can directly contact to Chairman of the Audit Committee for reporting any of the grievances.

The vigil mechanism provides safety to the employees and directors availing the mechanism.

The Chairman of audit committee shall take appropriate action after necessary investigation into the matter, including suitable action against employees against frivolous complaints.

#### 4. Nomination and Remuneration Committee :

Shri Vinay Pansari- Chairman and Shri Anantraï Rawell- Member of Nomination and Remuneration Committee have tendered their respective resignation from the Directorship of the company with effect from 29<sup>th</sup> August, 2015.

Smt. Manulika Bajpai, Non Executive Independent Director of the company was appointed as Chairman of Nomination and Remuneration Committee effective from 29<sup>th</sup> August, 2015.

During the year under review the following Directors were members of the Nomination and Remuneration Committee :



Shri Vinay Pansari	- Chairman (upto 29 <sup>th</sup> August, 2015)
Shri Anantraï Rawell	- Non-Executive Independent Director (upto 29 <sup>th</sup> August, 2015)
Smt. Manjulika A. Bajpai	- Chairman, Non-Executive Independent Director (effective from 29 <sup>th</sup> August, 2015)
Shri Vinod R. Maheshwari	- Non-Executive Director
Shri Nimish V. Maheshwari	- Managing Director-Executive Director (effective from 29 <sup>th</sup> August, 2015)

The Remuneration Committee was reconstituted as Nomination and Remuneration Committee with effect from 30<sup>th</sup> May 2014 as per the provisions of Section 178 of the Companies Act, 2013 with the above mentioned members.

During the year under review, two meetings were held on 24<sup>th</sup> August, 2015, and 31<sup>st</sup> March, 2016 to review and approve the remuneration package payable to the Directors.

As per the provisions of Section 178 of the Companies Act, 2013, the Nomination and Remuneration Committee shall determine qualifications, positive attributes and independence of a director and recommend to the Board of Directors for appropriate remuneration payable to the Directors, key Managerial Personnel and other employees with recourse to the following policy mentioned in a) to d) below.

- The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors, of the quality required to run the company successfully.
- Relationship of remuneration to performance is clear and meets appropriate performance benchmarks.
- Remuneration to Directors, Key managerial Personnel and senior management involves a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the company and its goals.
- Adequacy of profits in the business of the company.

The details of attendance of the Remuneration Committee are as under :

<b>Sr. No.</b>	<b>Name of Director</b>	<b>No. of Meetings Attended</b>
1.	Shri Vinay Pansari	1
2.	Shri Anantraï Rawell	1
3.	Shri Vinod R. Maheshwari	2
4.	Shri Nimish V. Maheshwari	2
5.	Smt. Manjulika A. Bajpai	2

The details of remuneration paid to the Directors during the period ended on 31<sup>st</sup> March 2016 are as under :



Sr. No.	Name of Director	*Sitting Fees (including committee meetings)	*Salaries & Allowances etc.	Contributions to Provident and Superannuation Funds
1.	Shri Vinod R. Maheshwari	Nil	Nil	Nil
2.	Shri Nimish V. Maheshwari	Nil	Nil	Nil
3.	Smt. Manjulika A. Bajpai	Nil	Nil	Nil

\* At present the Company is not making any payment towards sittings fees to its Directors.

5. Stakeholders' Relationship Committee :

The following Directors are members of the Stakeholders' Relationship Committee :

Sr. No.	Name of Director	No. of Meetings Attended
1.	Shri Vinod R. Maheshwari	5
2.	Shri Nimish V. Maheshwari	5

Shri Vinod R. Maheshwari heads the Stakeholders' Relationship Committee. Shri Amit Kamble, Assistant Company Secretary of the Company is the Compliance Officer.

The Shareholders Committee was reconstituted as Stakeholders Relationship Committee with effect from 30<sup>th</sup> May 2014 as per the provisions of Section 178 of the Companies Act, 2013 with the above mentioned members.

The Company has already appointed M/s. Adroit Corporate Services Pvt. Ltd. as its Registrar & Share Transfer Agent for handling physical share work as well as electronic connectivity for demat mode and for redressal of investors complaints.

The company did not receive any complaint during the financial year. The Stakeholders Relationship Committee monitors the work of the Share Transfer Agent on a continuous basis. During the financial year there were no requests for share transfers and dematerialization pending for more than two weeks.

6. General Body Meetings :

AGM	For the Year	Venue	Date	Time
20 <sup>th</sup>	2012-2013	Nava-Bharat Bhavan, Chhatrapati Square, Wardha Road, Nagpur – 15	30.09.2013	10.00 A.M.
21 <sup>st</sup>	2013-14	- do -	30.09.2014	10.00 A. M.
22 <sup>nd</sup>	2014-15	- do -	30.09.2015	10.00 A. M.



There were no special resolutions required to be passed through Postal Ballot at any of the above Annual General Meetings. None of the resolutions proposed for the ensuing Annual General Meeting need to be passed by Postal Ballot.

7. Disclosures :

- a) There are no materially significant transactions made by the Company with its promoters, directors or relatives, etc. which have potential conflict with the interest of the Company at large.
- b) There has neither been any non-compliance nor any penalty, stricture imposed by the Stock Exchanges or SEBI or any other authority, on any matter related to capital market during the last three years.

8. Means of communication :

The quarterly unaudited financial results, half yearly results and annual audited financial results are normally published in Economic Times Newspaper in English and in Nava-Bharat Newspaper in Hindi. However, the half yearly reports are not sent to each household of shareholders.

9. General Shareholder Information :

- |  |  |
|--|--|
| i) Annual General Meeting date   | : 30 <sup>th</sup> September, 2016   |
| ii) Day  | : Friday   |
| iii) Time  | : 10.00 A. M.  |
| iv) Venue  | : Nava-Bharat Bhavan, Chatrapati Square,<br>Wardha Road, Nagpur - 440 015.   |
| v) Financial Year  | : 1 <sup>st</sup> April to 31 <sup>st</sup> March  |
| vi) Book closure   | : on 22 <sup>nd</sup> September, 2016 to 30 <sup>th</sup> September,<br>2016 (both days inclusive)   |
| vii) Dividend payment date   | : No dividend has been recommended   |
| viii) Listing on Stock Exchange  | : 1) The Stock Exchange, Mumbai, 1 <sup>st</sup><br>Floor, New Trading Ring, Rotunda<br>Building, P.J. Towers, Dalal Street,<br>Fort, Mumbai – 400 001.<br>Tel : (022) 2655581, 2655626,<br>2655860 – 61, 2655656, 2650525<br>Fax : (022) 2658121,<br>2702041, 2702061.<br>2) The Ahmedabad Stock Exchange, Kamdhenu<br>Complex, Opp. Sahajanand College,<br>Panjarapole, Ahmedabad – 380 015. Tel : (079)<br>6446733, 6441842, 6449480, 6443858,<br>6561856, 6446576, Fax : (079) 6442222 |
| ix) Stock Code   | : 531436   |
| x) Market Price Data - High / Low during each month of the Financial Year: |  |





Month	The Stock Exchange Mumbai	
	High (Rs.)	Low (Rs.)
April 2015	4.24	2.95
May 2015	4.03	4.03
June 2015	5.52	4.23
July 2015	5.75	4.07
August 2015	4.80	3.25
September 2015	4.11	2.85
October 2015	5.34	4.10
November 2015	6.33	4.83
December 2015	6.57	5.70
January 2016	6.60	5.34
February 2016	7.32	6.02
March 2016	7.60	5.70

The Market Price Data – High/Low during each month of the Financial Year in respect of trading of Company's Share at Ahmedabad Stock Exchange is not available, hence the same has not been provided.

xii) Share Transfer System :

The Shareholders Committee approves and monitors the transfer and transmission of shares and all allied matters. The Company's Registrars and Share Transfer Agents, M/s. Adroit Corporate Services Pvt. Ltd. have adequate infrastructure to process the share transfers. The share transfers are received and processed within 15 days from the date of receipt, subject to the transfer instrument being valid and complete in all respects. The shares of the Company are traded in compulsory demat mode for all investors.

xiii) Distribution of Shareholdings: as on 31.03.2016

Share or Debenture holding of nominal value of			Share holders		Shares	
Rs.		Rs.	Number	% to total Nos.	Number	% to Total Capital
(1)			(2)	(3)	(4)	
Upto		500	1059	54.79%	371261	5.17%
501	to	1,000	496	25.66%	425415	5.92%
1,001	to	2,000	171	8.85 %	275473	3.83%
2,001	to	3,000	68	3.52 %	177088	2.46%
3,001	to	4,000	27	1.40 %	95835	1.33%
4,001	to	5,000	21	1.09 %	100431	1.40%
5,001	to	10,000	39	2.02%	316936	4.41%
10,001	to	above	52	2.69 %	5422743	75.47%
<b>Total</b>			1933	100 %	7185200	100%



xiv) Dematerialisation of Shares :

The company has already established electronic connectivity with both the Depositories viz. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) through the Registrar of the Company M/s. Adroit Corporate Services Pvt. Ltd. As on 31<sup>st</sup> March 2016, 4723690 shares have been dematerialised representing 65.74% of the total shares of the Company. The International Securities Identification Number (ISIN) of the Company is INE 474D01013.

xv) Plant Location :

Village : Manegaon

Tahsil : Saoner

District : Nagpur

xvi) Address for Shareholders Correspondence:

Members are requested to make all correspondence relating to share transfer (both in physical & Demat form) to our Share Transfer Agent, M/s. Adroit Corporate Services Pvt. Ltd., 19, Jaferbhoy Industrial Estate, 1<sup>st</sup> Floor, Makwana Road, Marol Naka, Mumbai – 400 059.

Auditors Certificate on compliance of conditions of Corporate Governance :

We have examined the compliance of conditions of Corporate Governance by Saffron Industries Ltd. for the year ended 31<sup>st</sup> March, 2016 as stipulated in clause 49 of the Listing Agreement ('Listing Agreement') of the said Company with Stock Exchanges for the period 1<sup>st</sup> April, 2015 to 30<sup>th</sup> November, 2015 and as per the relevant provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') for the period ended 01<sup>st</sup> December 2015 to 31<sup>st</sup> March 2016.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement/Listing Regulations, as applicable.

We state that no investor's grievance was received by the company during the year ended 31<sup>st</sup> March 2016 as per the records maintained by the company.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For Khatri & Iyer  
Chartered Accountants,

Jagdish Khatri  
Partner



**ANNEXURE -F**  
**FORM NO. AOC.2**

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arms length transactions under third proviso thereto

**(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)**

1. Details of contracts or arrangements or transactions not at arm's length basis-NIL

<b>Sl No.</b>	<b>Particulars</b>	<b>Details</b>
A	Name(s) of the related party and nature of relationship	-
B	Nature of contracts/arrangements/transactions	-
C	Duration of the contracts/arrangements/transactions	-
D	Salient terms of the contracts or arrangements or transactions including the value, if any	-
E	Justification for entering into such contracts or arrangements or transactions	-
F	Date of approval by the Board	-
G	Amount paid as advances, if any	-
H	Date on which the special resolution was passed in General meeting as required under first proviso to section 188	-

2. Details of material contracts or arrangement or transactions at arm's length basis

<b>Sl No.</b>	<b>Particulars</b>	<b>Details</b>
A	Name(s) of the related party and nature of relationship	Bionova Papercrafts Pvt. Ltd.
B	Nature of contracts/arrangements/transactions	Lease Rent of Machinery paid Rs. 2,40,000
C	Duration of the contracts/arrangements/transactions	1 year
D	Salient terms of the contracts or arrangements or transactions including the value, if any:	-
E	Date(s) of approval by the Board, if any	29 <sup>th</sup> May, 2015
F	Amount paid as advances, if any:	-
G	Form shall be signed by the persons who have signed the Board's report.	Yes.

**ANNEXURE-G****VIGIL MECHANISUM/WHISTLE BLOWER POLICY****PREFACE:**

Section 177 of the Companies Act, 2013 mandates the Company to establish a vigil mechanism for the directors and employees to report genuine concerns in such manner as may be prescribed. Company has formulated the present policy for establishing the vigil mechanism/ Whistle Blower Policy to safeguard the interest of its stakeholders, Directors and employees, to freely communicate and address to the Company their genuine concerns in relation to any illegal or unethical practice being carried out in the Company.

**VIGIL COMMITTEE:**

The Audit Committee of the Company shall together constitute the Vigil Committee which shall be responsible for monitoring and overseeing the functioning of the Vigil mechanism so constituted hereunder. The Company shall disclose the details of the Vigil Committee on its website and in the report of the Board of Directors. In the event any member of the Committee has a conflict of interest in a given case, such a member shall immediately rescue himself from participating and deciding on such matter. The other members of the Committee shall deal with such matter on hand.

**POLICY OBJECTIVES:**

1. The Company is committed to developing a culture where it is safe for all employees to raise concerns about any poor or unacceptable practice and any event of misconduct.
2. The Company is committed to adhere to the highest standards of ethical, moral and legal conduct of business operations. To maintain these standards, the Company encourages its employees who have concerns about suspected misconduct to come forward and express these concerns without fear of punishment or unfair treatment.
3. A Vigil (Whistle Blower) mechanism provides a channel to the employees and Directors to report to the management concerns about unethical behavior, actual or suspected fraud or violation of the policy. The mechanism provides for adequate safeguards against victimization of employees and Directors to avail of the mechanism and also provide for direct access to the Chairman/ Managing Director/ Chairman of the Audit Committee in exceptional cases.
4. This neither releases employees from their duty of confidentiality in the course of their work nor can it be used as a route for raising malicious or unfounded allegations about a personal situation.

**DEFINITIONS :**

**“Protected Disclosure”** means a concern raised by an employee or group of employees of the Company, through a written communication and made in good faith which discloses or demonstrates information about an unethical or improper activity under the title “SCOPE OF



THE POLICY” with respect to the Company. It should be factual and not speculative or in the nature of an interpretation / conclusion and should contain as much specific information as possible to allow for proper assessment of the nature and extent of the concern.

**“Subject”** means a person or group of persons against or in relation to whom a Protected Disclosure is made or evidence gathered during the course of an investigation.

**“Vigilance and Ethics Officer”** means an officer appointed to receive protected disclosures from whistle blowers, maintaining records thereof, placing the same before the Audit Committee for its disposal and informing the Whistle Blower the result thereof.

**“Whistle Blower”** is an employee or group of employees who make a Protected Disclosure under this Policy and also referred in this policy as complainant.

#### **SCOPE :**

The Policy covers malpractices and events which have taken place/ suspected to take place involving:

1. Abuse of authority
2. Breach of contract
3. Negligence causing substantial and specific danger to public health and safety
4. Manipulation of company data/records
5. Financial irregularities, including fraud, or suspected fraud
6. Criminal offence
7. Pilferation of confidential/propriety information
8. Deliberate violation of law/regulation
9. Wastage/misappropriation of company funds/assets
10. Breach of employee Code of Conduct or Rules

#### **ELIGIBILITY**

All directors and Employees of the Company are eligible to make Protected Disclosures under the Policy in relation to matters concerning the Company.

#### **PROCEDURE**

All Protected Disclosures should be reported in writing by the complainant as soon as possible, not later than 30 days after the Whistle Blower becomes aware of the same either be typed or written in a legible handwriting in English. The Protected Disclosure should be submitted under a covering letter signed by complainant in a closed and secured envelope and should be super scribed as “Protected disclosure under the Whistle Blower policy” or sent through email with the subject “Protected disclosure under the Whistle Blower Policy. If the complaint is not super scribed and closed as mentioned above, the protected disclosure will be dealt with as a normal disclosure. All Protected Disclosures should be addressed to the Vigilance Officer of the Company or to the Chairman of the Audit Committee in exceptional cases. The contact details of the Vigilance and Ethics Officer is as under:-



Name and Address- Amit S. Kamble, Asst. Company Secretary, Saffron Industries Limited, Nava Bharat Bhawan, Chhatrapati Square, Wardha Road, Nagpur-440015

Phone: 0712-2284001 Email- [info@saffronindustries.in](mailto:info@saffronindustries.in)

Protected Disclosure against the Vigilance Officer should be addressed to the Chairman of the Company. The contact details of the Chairman and Chairman of the Audit Committee are as under:

Name and Address-Shri Vinod Maheshwari, Chairman, Saffron Industries Limited, Nava Bharat Bhawan, Chhatrapati Square, Wardha Road, Nagpur-440015. Phone: 0712-2284001.

Name and Address-Smt. Manjulika A. Bajpai, Chairman of Audit Committee, Saffron Industries Limited, Nava Bharat Bhawan, Chhatrapati Square, Wardha Road, Nagpur-440015. Phone: 0712-2284001.

In order to protect the identity of the complainant, the vigilance Officer will not issue any acknowledgement to the complainants and they are not advised neither to write their name/ address on the envelope nor enter into any further correspondence with the Vigilance Officer. Anonymous / Pseudonymous disclosure shall not be entertained by the Vigilance Officer. On receipt of the protected disclosure the Vigilance Officer, Chairman of the Audit Committee, as the case may be, shall detach the covering letter bearing the identity of the whistle Blower and process only the Protected Disclosure.

## **INVESTIGATION**

The Whistle Officer shall on receipt of such report proceed to call a meeting of the Vigil committee as soon as may be practicable. The report so received shall be placed for the consideration and deliberation of the Vigil committee at the meeting so held in this regard. The Vigil Committee wherever necessary may refer the reported matter or any issue(s) arising there from to any competent forum, professional experts and / or legal counsels, whether internal or external, for requisite review, analysis investigation and consequent guidance / opinion/ advise, if any so as to take an effective, rational and unbiased redressal measure with regard to such reported matter and/ or issue(s) arising there from.

## **FRIVOLOUS COMPLAINTS**

The Company supports the initiatives whereby, genuine and a bona fide concerns of the Whistle Blower can be addressed and proper/ corrective measures can be taken before the same escalates out of hand. However this mechanism should to be employed for making malicious and frivolous complaints which shall be dealt strictly by the Vigil Committee.

## **RIGHTS OF A WHISTLE BLOWER/ ACCUSED**

- a) The Whistle Blower/ accused shall have a right to be heard and adequate time and opportunity shall be given for the subject to communicate his/ her say on the matter
- b) The Whistle Blower/ Accused shall have the right to be informed of the outcome of the investigation and shall be so informed in writing by the Company after the Completion of the Inquiry/ investigation process by the Vigil Committee

## **DECISION AND REPORTING**

The Vigil Committee on completion of its investigation shall have the right to take such action as it may deem just and proper. Such decision shall be final and binding on all concerned parties including the Company. The Vigil Committee shall also submit a report of the investigation carried out and the results of the same to the Board of Directors at its next meeting. It shall be the duty of the Vigil Committee to always act in good faith and be prudent and reasonable in their approach. There should not be any 'prejudice' in their reporting and decision making.

## **NON-RETALIATION**

No Whistle Blower who, in good faith, makes a disclosure or lodges complaints in accordance with this policy shall suffer reprisal, discrimination or adverse employment consequences. The Company as a policy, condemns any kind of discrimination, harassment, victimization or any other unfair employment practice being adopted against the Whistle Blower. Any other official of the Company assisting in the said investigation shall also be protected to the same extent as the Whistle Blower.

## **SECRECY/CONFIDENTIALITY**

The identity of the Whistle Blower shall be revealed only amongst the member of the Vigil Committee/ Chairman of the Company or any other person/ outside agency authorised to investigate the matter as the case may be. The identity of the Whistle Blower will not be revealed unless he himself has made either his details public or disclosed his identity to any other officer or authority. The Whistle Blower, the Accused, the Whistle Officer and everyone involved in the process shall:

1. maintain complete confidentiality/ secrecy of the matter
2. not discuss the matter in any informal/ social gathering/ meetings
3. discuss only to the extent or with the persons required for the purpose of completing the process and investigations
4. not keep the papers unattended anywhere at any time
5. keep the electronic mails/ files under password if anyone is found not complying with the above, he/ she shall be held liable for such disciplinary action as is considered fit

## **ACCESS TO CHAIRMAN OF THE AUDIT COMMITTEE**

The Whistle Blower shall have right to access Chairman of the Audit Committee directly in exceptional cases and the Chairman of the Audit Committee is authorized to prescribe suitable directions in this regard.

## **ADMINISTRATION AND REVIEW OF THE POLICY**

The Board of Directors shall be responsible for the administration, interpretation, application and review of this policy. The Board also shall be empowered to bring about necessary changes to this Policy, if required at any stage with the concurrence of the Audit Committee

## **AMENDMENT**

The Company reserves its right to amend or modify this Policy in whole or in part, at any time without assigning any reason whatsoever. However, no such amendment or modification will be binding on the Employees and Directors unless the same is notified to them in writing.

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**INDEPENDENT AUDITOR'S REPORT  
TO THE MEMBERS OF  
SAFFRON INDUSTRIES LIMITED**

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***Report on Financial Statements :***

We have audited the accompanying financial statements of **SAFFRON INDUSTRIES LIMITED** (formerly Madhyadesh Papers Limited), which comprise the Balance Sheet as at March 31, 2016, the Statement of Profit and Loss and Cash Flow for the year then ended and a summary of significant accounting policies and other explanatory information.

***Management's Responsibility for Financial Statements :***

The Company's Board of Directors is responsible for the matters in section 134(5) of the Companies Act, 2013 with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and Cash Flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes the maintenance of adequate accounting records in accordance with the provision of the Act for safeguarding of the assets of the Company and for preventing and detecting the frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of internal financial control, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

***Auditor's Responsibility :***

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.



**Opinion :**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required by the Act and give a true and fair view in conformity with the accounting principles generally accepted in India :

- a. In the case of the Balance Sheet, of the state of affairs of the Company, as at March 31, 2016 and
- b. In the case of the Profit and Loss Account, of the Profit for the year ended on that date.
- c. In the case of Cash Flow Statement cash flows for the year ended on that date.

**Report on other Legal and Regulatory Requirements:**

01. As required by section 143(3) of the Act, we report that:

- a. 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.
- b. 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 those books.
- c. The Balance Sheet, and the Statement of Profit and Loss Account dealt with by this report are in agreement with the books of account.
- d. In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- e. On the basis of written representations received from the directors, as on March 31, 2016, taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2016 from being appointed as a director in terms of Section 164(2) of the Act.
- f. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations give to us.
  - (i) The Company does not have any pending litigation which would impact its financial position.
  - (ii) The Company did not have any long term contracts including derivative contracts for which there were any material foreseeable losses.
  - (iii) No amount is required to be transferred, to the Investor Education and Protection Fund by the Company.



02. As required by the Companies (Auditors Report) Order, 2016 issued by the Company Law Board in terms of Section 143 of the Companies Act, 2013 and on the basis of such checks as we considered appropriate and on the basis of information given to us and to the extent the above order, in our opinion, is relevant to the Company for the year, we further report that:
- i) a) The Company has maintained proper records to show full particulars including quantitative details and situation of its fixed assets.
  - b) The fixed assets of the Company have been physically verified during the year by the management at reasonable intervals and no material discrepancies between the book records and the physical inventory have been noticed.
  - c) The title deeds of the immovable properties of the Company are in the name of the company.
  - ii) a) As explained to us, the stocks of inventory of the Company have been physically verified by the Management from time to time, during the year. In our opinion, the frequency of the verification was reasonable.
  - b) The material discrepancies noticed on such physical verification have been properly dealt with in the books.
  - iii) The company has not granted any loans secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register maintained under section 189 of the Companies Act 2013, except during the normal course of business.
  - iv) The company has complied with provisions of section 185 and 186 of the Companies Act 2013 in respect of loans, investments, guarantees and security.
  - v) In our opinion and according to information and explanations given to us, the Company has not accepted during the year, any deposit from public in contravention of the directives of Reserve Bank of India and the provisions of sections 73 to 76 or any other relevant provisions of the Companies Act and the rules framed there under.
  - vi) We have broadly reviewed the books of accounts maintained by the company pursuant to the order made by the central government for maintenance of cost records under section 209 (1) (d) of the Companies Act, 1956 and are of the opinion that Prima facie, the prescribed accounts and records have been maintained. However, we are not required to carry out and have not carried out a detailed examination of the records with a view to determine, whether they are accurate or complete.
  - vii) a) The Company is generally regular in payment of undisputed statutory dues including Provident Fund, Income tax, Service tax, duty of customs, duty of excise, Value added tax, Cess and any other statutory dues with appropriate authorities..
  - b) No undisputed dues of Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Value added Tax or Cess are outstanding for a period of more than six months from the date they became due.
  - viii) On the basis of the information and explanations given to us by the management, no money is outstanding to banks and the company has not defaulted in repayment of dues to its bankers.
  - ix) In our opinion and according to explanations given to us, the company has applied term loans for the purpose for which these loans were obtained.



- x) To the best of our knowledge and belief and according to information and explanations given to us, no fraud by the company or on the company by its officers or employees has been noticed or reported.
- xi) No managerial remuneration was paid or provided by the company during the financial year.
- xii) The company is not a Nidhi Company.
- xiii) All transactions with the related parties are in compliance with section 177 and 188 of the Companies Act, 2013 where applicable and details have been disclosed in the financial statements, as required by the applicable accounting standards.
- xiv) The company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the financial year.
- xv) The company has not entered any non-cash transaction with directors or persons connected with him, except sales and purchase as disclosed in the Note 18 regarding related parties transactions.
- xvi) The company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

**For Khatri & Iyer  
Chartered Accountants  
Firm Reg. No. 113433W**

**NAGPUR  
May 29, 2016**

**JAGDISH KHATRI  
Partner  
Membership No. 035495**



**SAFFRON INDUSTRIES LIMITED**  
**(Formerly Madhyadesh Papers Limited)**  
**BALANCE-SHEET AS AT MARCH 31, 2016**

<b>EQUITY AND LIABILITIES</b>	<b>NOTE REF.</b>	<b>AS AT MARCH 31, 2016 ` in Hundreds</b>		<b>AS AT MARCH 31, 2015 ` in Hundreds</b>	
<b>(1) SHAREHOLDERS' FUNDS</b>					
Share Capital	01	718520.00		718520.00	
Reserves & Surplus	02	(1206182.28)	(487662.28)	(1317559.51)	(599039.51)
<b>(2) NON CURRENT LIABILITIES</b>	03				
Long Term Borrowings			2058167.22		2121310.00
<b>(3) CURRENT LIABILITIES</b>	04				
Short Term Borrowings		0.00		0.00	
Trade Payables		1252823.13		1059288.87	
Other Current Liabilities		149939.82		514011.05	
Short Term Provisions		0.00	1402762.94	0.00	1573299.92
<b>TOTAL</b>			<b>2973267.88</b>		<b>3095570.41</b>
<b>ASSETS</b>					
<b>(1) NON CURRENT ASSETS</b>					
<b>Fixed Assets</b>					
Tangible Assets	05	1946367.65		2067597.99	
Intangible Assets		63268.71		84358.28	
Capital Work-in-Progress		0.00	2009636.36	0.00	2151956.27
<b>Long Term Loans &amp; Advances</b>	06		59275.24		25333.32
<b>(2) CURRENT ASSETS</b>	07				
Inventories		96893.75		354512.32	
Trade Receivables		402922.81		265194.61	
Cash & Cash Equivalents		68169.95		70147.13	
Short Term Loans & Advances		336369.79	904356.29	228426.76	918280.83
<b>TOTAL</b>			<b>2973267.88</b>		<b>3095570.41</b>

**Significant Accounting Policies****Notes on Financial Statements 1 to 19**

This is the Balance-sheet referred to in our Audit Report of even date attached. The Notes referred to above form an integral Part part of the accounts.

**For & on behalf of the Board of Directors of  
SAFFRON INDUSTRIES LIMITED**

**Jagdish Khatri**  
**Partner**  
**For & on behalf of**  
**Khatri & Iyer**  
**Chartered Accountants**

**NAGPUR**  
**May 29, 2016**

**Vinod Maheshwari**  
**Chairman**

**Nimish Maheshwari**  
**Managing Director**

**NAGPUR**  
**May 29, 2016**



**SAFFRON INDUSTRIES LTD**  
(Formerly Madhyadesh Papers Limited)

**STATEMENT OF PROFIT & LOSS ACCOUNT FOR THE THE PERIOD 31ST MARCH 2016**

	NOTE REF	This year in Hundreds	Last year in Hundreds
<b>INCOME :</b>			
Revenue from Operations	08	3681128.94	5045332.92
Other Income	09	8585.92	10882.50
<b>Total Revenue</b>		<b>3689714.87</b>	<b>5056215.43</b>
<b>EXPENDITURE :</b>			
Cost of Materials Consumed	10	2095383.89	3049691.72
Changes in Inventories of Finished Stock	11	(17613.30)	50494.06
Employees Benefits Expenses	12	136165.48	185852.53
Finance Costs	13	317.27	92947.37
Depreciation	05	138248.64	139714.12
Other Expenses	14	1202339.75	1439116.97
<b>Total Expenses</b>		<b>3554841.73</b>	<b>4957816.76</b>
<b>Profit/(Loss) before Tax &amp; Exceptional Items</b>		<b>134873.14</b>	<b>98398.67</b>
Prior Period Expenses	15	(23273.18)	0.00
Exceptional Items		0.00	0.00
<b>Profit/(Loss) before Tax</b>		<b>111599.96</b>	<b>98398.67</b>
Tax Expenses:			
Current tax		0.00	0.00
<b>Profit/(Loss) After Tax</b>		<b>111599.96</b>	<b>98398.67</b>
<b>Prior year adjustments</b>			
Income Tax		(222.73)	0.00
<b>Profit/ (Loss) for the year</b>		<b>111377.23</b>	<b>98398.67</b>
<b>Earning per Equity Share of Face Value of ₹ 10 each</b>	16	<b>1.55</b>	<b>1.37</b>

**Significant Accounting Policies**

**Notes on Financial Statements**

1 to 19

This is the Profit & Loss Account referred to in our Audit Report of even date attached

The Notes referred to above form an integral Part of the Profit & Loss Account

**For & on behalf of the Board of Directors of  
SAFFRON INDUSTRIES LIMITED**

**Jagdish Khatri**

**Partner**

**For & on behalf of**

**Khatri & Iyer**

**Chartered Accountants**

**Vinod Maheshwari**

**Chairman**

**Nimish Maheshwari**

**Managing Director**

**NAGPUR**

**May 29,2016**

**NAGPUR**

**May 29,2016**



**CASH FLOW STATEMENT ANNEXED TO THE BALANCE-SHEET FOR THE PERIOD  
FROM APRIL 01,2015 TO MARCH 31,2016**

₹ in Hundred

**A.CASH FLOW FROM OPERATING ACTIVITIES**

Net Profit	111377.23
Less Interest Income	(8585.92)
Add Depreciation	138248.64
Deferred Revenue Expenses written off	21089.57
Interest Expenses	317.27
Loss on Sale of Asset included in Other Expenses	6838.59
<b>Operating Loss before capital changes in working capital</b>	<b>269285.39</b>

Decrease in Inventories	257618.57
Increase in Receivables	(137728.19)
Increase in Trade Payables	193534.25
Decrease in other current liabilities	(364071.23)

**Net Decrease in working capital (50646.60)**

**Cash flow from operating activities 218638.79**

**B.Cash flow from Investing Activities**

Net Increase in Tangible fixed assets	(23856.90)
Net Increase in Intangible fixed assets	0.00
Interest Income	8585.92
Increase in other current assets	(107943.02)

**Cash flow from Investing Activities (123214.00)**

**C. Cash flow from Financing activities**

Increase in Long Term Advances	(33941.92)
Decrease in long term borrowings	(63142.78)
Interest paid	(317.27)

**Cash flow from financing activities (97401.97)**

**Increase in cash & cash equivalent (1977.18)**

**Opening cash & cash equivalents 70147.13**

**Closing cash & cash equivalents 68169.95**

**For & On behalf of the Board**

**Nagpur  
May 29,2016**

**Vinod Maheshwari  
Chairman**

**Nimish Maheshwari  
Managing Director**



## **AUDITOR'S REPORT**

We have verified the attached Cash Flow Statement of SAFFRON INDUSTRIES LTD., for the year ended Company in accordance with the requirements of the listing agreement and is based on March 31, 2016. The statement has been prepared by the on and is in agreement with the corresponding Profit & Loss Account and Balance-Sheet of the Company covered by our report of May 29, 2016 to the Members of the Company.

**Nagpur  
May 29, 2016**

**JAGDISH KHATRI  
Partner  
For & On behalf of  
KHATRI & IYER  
Chartered Accountants**

**SAFFRON INDUSTRIES LIMITED, NAGPUR**

(Formerly Madhyadesh Papers Limited)

**NOTES ON FINANCIAL STATEMENTS FOR THE PERIOD ENDED ON MARCH 31, 2016**

The Previous years figures have been regrouped / reclassified, wherever necessary to confirm to the current year's presentation.

	<u>As at March</u> <u>31,2016</u> <u>` in Hundreds</u>	<u>As at March</u> <u>31,2015</u> <u>` in Hundreds</u>
<b>NOTE - 01</b>		
<b>SHARE CAPITAL</b>		
<b>AUTHORISED :</b>		
78000.00 hundred Equity shares of		
` 10/- each fully paid-up ( Last year 78000.00 hundred)	780000.00	780000.00

**ISSUED, SUBSCRIBED AND PAID-UP :**

71852.00 hundred Equity shares of `10		
each, fully paid-up (Last year 71852.00 hundred)	718520.00	718520.00

**List of Shareholders holding more than 5% equity shares**

	<u>No. of Shares held in Hundreds</u>	
<u>Shareholders</u>	<u>As at March</u> <u>31,2016</u>	<u>As at March</u> <u>31,2015</u>
1. Shri Vinod Maheshwari	17858.00	17824.00
2. Shri Nimish V Maheshwari	13178.17	13178.17
3. Navabharat Real Estate Pvt. Ltd.	4565.00	4565.00
(Formerly Madhyadesh Construction		
& Finance Pvt. Ltd.)		
4. Navabharat Press (Nagpur) Pvt. Ltd.	3712.00	3712.00
	39313.17	39279.17

**The Reconciliation of the number of shares outstanding is set out as below:**

	<u>No. of Shares in Hundreds</u>	
<u>Particulars</u>	<u>As at March</u> <u>31,2016</u>	<u>As at March</u> <u>31,2015</u>
Equity Shares at the beginning of the year	71852.00	71852.00
Add : Shares issued during the year	0.00	0.00
Equity Shares at the end of the year	71852.00	71852.00

**NOTE - 02****RESERVES AND SURPLUS****Capital Reserve**

Optionally Convertible Preference share money		
forfeited	33000.00	33000.00

**General Reserve**

Opening Balance	220000.00	220000.00
-----------------	-----------	-----------

**Profit and Loss Account**

Balance brought forward from -				
previous balance-sheet	(1570559.51)		(1668958.18)	
Profit for the year	111377.23	(1459182.28)	98398.67	(1570559.51)
		(1206182.28)		(1317559.51)





## NOTE - 03

	As at March 31,2016 in Hundreds	As at March 31,2015 in Hundreds
<b>NON CURRENT LIABILITIES</b>		
<b>LONG TERM BORROWINGS</b>		
1. Secured Loans	0.00	0.00
2. Unsecured Loans		
From Banks	0.00	0.00
From Others		
Directors & Other Concerns	2058167.22	2121310.00
<b>Total</b>	<b>2058167.22</b>	<b>2121310.00</b>
The above Unsecured Loans include:		
From Body Corporates	1928167.22	1921310.00
From Directors (out of his own funds)	130000.00	200000.00
From Associates	0.00	0.00
	<b>2058167.22</b>	<b>2121310.00</b>

	As at March 31,2016 in Hundreds	As at March 31,2015 in Hundreds
<b>NOTE - 04</b>		
<b>CURRENT LIABILITIES :</b>		
<b>a) SHORT TERM BORROWINGS</b>		
Loans Repayable on Demand		
From Banks - Secured	0.00	0.00
From Others	0.00	0.00
	<b>0.00</b>	<b>0.00</b>
<b>b) TRADE PAYABLES</b>	1252823.13	1059288.87
<b>c) OTHER CURRENT LIABILITIES</b>		
Current Maturities of Long Term Debts	0.00	0.00
Creditors for Capital Expenditure	30865.59	26868.37
Other Payables*	119074.23	487142.68
	<b>149939.82</b>	<b>514011.05</b>
* Other Payables includes Advances from customers, Payables for statutory dues & other expenses		
<b>d) SHORT TERM PROVISIONS</b>		
Provision for Income-tax	0.00	0.00
	<b>0.00</b>	<b>0.00</b>

## NOTE 05

## FIXED ASSETS

` in Hundreds

PARTICULARS	Gross Block As on 31.03.2015	Purchases/ Additions	Sales/ Deductions	Gross Block As on 31.03.2016	Deprecia- tion up to 31.03.2015	Deprecia- tion for the year	Deprecia- tion Adjustment	Deprecia- tion up to 31.03.2016	NET BLOCK AS ON 31.03.2016	NET BLOCK AS ON 31.03.2015
<b>Tangible Assets</b>										
Freehold Land	46478.59	0.00	0.00	46478.59	0.00	0.00	0.00	0.00	46478.59	46478.59
Buildings & Site Developments	781779.53	0.00	0.00	781779.53	392927.45	31533.80	0.00	424461.25	357318.28	388852.08
Plant & Machinery	4207561.80	35187.50	(20613.50)	4222135.80	2587375.03	102314.65	(1774.91)	2687914.77	1534221.02	1620186.77
Furnitures & Fixtures	17746.53	156.00	0.00	17902.53	17746.53	3.65	0.00	17750.18	152.35	0.00
Vehicles	46938.57	0.00	0.00	46938.57	37484.17	1796.33	0.00	39280.50	7658.07	9454.40
Office Equipments	9495.50	425.00	0.00	9920.50	6933.05	2537.90	0.00	9470.95	449.55	2562.45
Computers	13206.47	88.40	0.00	13294.87	13142.78	62.30	0.00	13205.08	89.79	63.69
	5123207.00	35856.90	(20613.50)	5138450.39	3055609.01	138248.64	(1774.91)	3192082.75	1946367.65	2067597.99
<b>Intangible assets</b>										
<b>Deferred Revenue Expenditure</b>										
Gratuity	79487.76	0.00	0.00	79487.76	15897.55	15897.55	0.00	31795.10	47692.66	63590.21
Leave Encashment & Compensation	25960.09	0.00	0.00	25960.09	5192.02	5192.02	0.00	10384.04	15576.05	20768.07
	105447.85	0.00	0.00	105447.85	21089.57	21089.57	0.00	42179.14	63268.71	84358.28
<b>TOTAL</b>	<b>5228654.85</b>	<b>35856.90</b>	<b>(20613.50)</b>	<b>5243898.24</b>	<b>3076698.58</b>	<b>159338.21</b>	<b>(1774.91)</b>	<b>3234261.89</b>	<b>2009636.36</b>	<b>2151956.27</b>
<b>Previous Year</b>	5094938.22	135787.10	(2070.47)	5228654.85	2915894.89	160803.69	0.00	3076698.58	2151956.27	2179043.33



	As at March 31,2016 ` in Hundreds	As at March 31,2015 ` in Hundreds
<b>NOTE - 06</b>		
<b>LONG TERM LOANS &amp; ADVANCES</b>		
<b>Unsecured, considered good</b>		
Advance for Capital Goods	25225.70	23864.68
Loans & Advances to Related Parties	0.00	0.00
Other Advances	699.13	699.13
Deposits for Power & Other Utilities	33350.41	769.51
	<u>59275.24</u>	<u>25333.32</u>
<b>NOTE - 07</b>		
<b>CURRENT ASSETS</b>		
<b>i) INVENTORIES :</b>		
As taken, valued and certified by the Management		
Valued at lower of cost or net realisable value		
Raw Materials	49800.37	308724.03
Finished Goods	33770.01	16156.71
Stores & Spares	7042.11	13554.47
Coal, Fuel Pellets / Rice husk	67.20	14824.80
Chemicals	3066.61	350.80
Packing Materials	3147.45	901.51
	<u>96893.75</u>	<u>354512.32</u>
<b>ii) TRADE RECEIVABLES :</b>		
a.Outstanding for a period exceeding six months		
i) Unsecured considered good	114037.33	87030.93
ii) Unsecured considered doubtful-not provided for	18990.71	18990.71
b.Others	269894.77	159172.98
	<u>402922.81</u>	<u>265194.61</u>
Out of the above :		
Debts due from Directors	0.00	0.00
From Companies & Concerns under the same Management		
considered good, outstanding for a period :		
not exceeding six months	160094.54	141676.66
exceeding six months	0.00	0.00
	<u>160094.54</u>	<u>141676.66</u>



	As at March 31,2016 ` in Hundreds	As at March 31,2015 ` in Hundreds
<b>iii) CASH AND CASH EQUIVALENTS</b>		
Cash-in-hand	4513.06	22166.63
Balances with Scheduled Banks :		
In Current Accounts	17119.49	5009.37
In Fixed Deposits	46537.39	42971.13
	<u>68169.95</u>	<u>70147.13</u>
*Fixed Deposits of ` 38752.67 hundreds (Previous year ` 38752.67 hundreds) have maturity period of more than one year from the end of the financial year.		
<b>iv) SHORT TERM LOANS &amp; ADVANCES :</b>		
Other Advances & Deposits	336369.79	228426.76
	<u>336369.79</u>	<u>228426.76</u>
Out of the above advances :		
Advances to the Directors	0.00	0.00
Advances to Associate Concern against Purchases	182398.08	0.00
(During the year Maximum Balance Outstanding - ` 182398.08 hundred)		
	<u>For the period ended</u>	<u>For the year ended</u>
	<u>March 31, 2016</u>	<u>March 31, 2015</u>
	<u>` in Hundreds</u>	<u>` in Hundreds</u>
<b>NOTE-08</b>		
<b>REVENUE FROM OPERATIONS</b>		
Sale of Products	3687812.34	5160291.77
Other Operating Revenues	2000.00	39.26
Less : Excise Duty	(8683.40)	(114998.11)
	<u>3681128.94</u>	<u>5045332.92</u>
<b>NOTE- 09</b>		
<b>OTHER INCOME</b>		
Interest Income	8585.92	5932.48
Other Receipts	0.00	4950.03
	<u>8585.92</u>	<u>10882.50</u>
<b>NOTE- 10</b>		
<b>COST OF MATERIALS CONSUMED :</b>		
Imported	96350.48	391705.75
Indigenous	1999033.41	2657985.97
	<u>2095383.89</u>	<u>3049691.72</u>
<b>Particulars of major materials consumed:</b>		
Waste Papers	2095383.89	3049691.72
	<u>2095383.89</u>	<u>3049691.72</u>



	For the period ended <u>March 31, 2016</u> ` in Hundreds	For the year ended <u>March 31, 2015</u> ` in Hundreds
<b>NOTE - 11</b>		
<b>INCREASE/DECREASE IN STOCK :</b>		
<b>Opening Stock :</b>		
Finished Goods	16156.71	66650.77
Stock-In-Process	0.00	0.00
	<u>16156.71</u>	<u>66650.77</u>
<b>Closing Stock :</b>		
Finished Goods	33770.01	16156.71
Stock-In-Process	0.00	0.00
	<u>33770.01</u>	<u>16156.71</u>
<b>INCREASE/(DECREASE) IN STOCK</b>	<u>17613.30</u>	<u>(50494.06)</u>
<b>NOTE - 12</b>		
<b>EMPLOYEES BENEFIT EXPENSES :</b>		
Salaries & Bonus	103427.05	154963.94
Gratuity	24977.13	16412.97
Leave Encashment & Compensation	5660.33	0.00
Employer's Contributions to Provident Fund	2100.97	7896.22
Staff Welfare Expenses	0.00	6579.40
	<u>136165.48</u>	<u>185852.53</u>
<b>NOTE - 13</b>		
<b>FINANCE COSTS :</b>		
<b>Interest Expenses</b>		
Interest on term Loans	0.00	91889.12
Other Interest	317.27	1058.25
	<u>317.27</u>	<u>92947.37</u>
<b>NOTE -14</b>		
<b>OTHER EXPENSES</b>		
<b>Manufacturing Expenses</b>		
Stores, Chemicals & Packing Materials		
- Indigenous	68682.55	223145.95
Freight Inwards	6056.21	21387.74
Power & Fuel Charges	949943.40	1044653.37
Machinery Repairs & Maintenance	18828.89	10210.00
Other Manufacturing Expenses	<u>2414.40</u>	<u>8457.94</u>
	1045925.45	1307855.00
<b>Selling &amp; Distribution Expenses</b>		
Commission on Sales	0.00	1002.78
Discounts & Rebate	12919.94	76824.94
Quality Claims	4386.60	654.07
Sales Tax	<u>107404.17</u>	<u>6123.81</u>
	124710.71	84605.60



	For the period ended <u>March 31, 2016</u> ` in Hundreds		For the year ended <u>March 31, 2015</u> ` in Hundreds	
<b>Establishment Expenses</b>				
Bank Commission & Charges	959.77		2935.21	
Insurance	117.97		158.95	
Repairs & Maintenance	4807.64		6520.15	
Legal & Statutory Expenses	257.05		3653.95	
Professional & Consultancy Fees	2305.48		7982.60	
Travelling & Conveyance Expenses	3035.35		6167.49	
Miscellaneous Expenses	4102.16		15059.45	
Telephone Expenses	641.63		1387.54	
Rent, Rates & Taxes	5500.30		750.00	
Loss on sale of Asset	6838.59		0.00	
Auditor's Remuneration :				
As Audit Fee	1259.50		1235.96	
For Taxation Matters	1878.15	31703.59	805.06	46656.36
		<u>1202339.75</u>		<u>1439116.97</u>

**NOTE -15****PRIOR PERIOD EXPENSES**

Power Charges	22050.88	0.00
CENVAT Reversal - Custom Duty on Imported Raw Material	1222.30	0.00
	<u>23273.18</u>	<u>0.00</u>

**NOTE - 16****EARNINGS PER EQUITY SHARES**

i) Net Profit after Tax as per Statement of Profit and Loss attributable to Equity Shareholders	111377.23	98398.67
ii) Number of Equity Shares	71852.00	71852.00
iii) Earnings Per Share	1.55	1.37

**NOTE - 17****FOREIGN CURRENCY TRANSACTIONS**

Expenditure:		
Import of Raw Materials	Nil	308971.38
Earnings:		
	Nil	Nil



**NOTE - 18**

**RELATED PARTY DISCLOSURES**

a) The company has the following related parties with whom transactions have taken place during the year :

**Associates:**

Navabharat Press Ltd., Mumbai  
Navabharat Press, Nagpur  
Bionova Paper Krafts Pvt. Ltd  
Shree Trading Corporation  
Madhyadesh Press Pvt. Ltd.

**Managing Director :**

Mr. Nimish Maheshwari

	<b><u>For F Y 2015-16</u></b> <b><u>` in Hundreds</u></b>	<b><u>For F Y 2014-15</u></b> <b><u>` in Hundreds</u></b>
b) Transactions with Related Parties		
i) Sales to :		
Navabharat Press Ltd., Mumbai	1213653.00	1251322.61
Navabharat Press, Nagpur	1839007.66	1877703.10
Madhyadesh Press Pvt. Ltd.	354941.51	150001.58
ii) Purchases of Waste Papers from :		
Navabharat Press, Nagpur	12985.77	15809.20
Shree Trading Corporation	1161538.54	1005439.45
iii) Lease Rent of Machinery paid to		
Bionova Paper Crafts Pvt Ltd	2400.00	2400.00
c) Outstanding Balances		
i) Sundry Debtors	160094.54	141676.66
ii) Unsecured Loans received	130000.00	200000.00
iii) Loans and Advances against Purchase:	182398.08	0.00

**NOTE - 19**

**CONTINGENT LIABILITIES**

	<b><u>As at March 31,2016</u></b> <b><u>` in Hundreds</u></b>	<b><u>As at March 31,2015</u></b> <b><u>` in Hundreds</u></b>
a) Counter Guarantees given to Banks for iss	38502.67	38502.67
Bank Guarantees		
b) Claims against company not acknowledged as debt:		
Bills of MSEDCL Ltd.	Nil	72840.00
c) Contracts remaining to be executed		
on Capital Accounts	Nil	Nil

**As per our Report of even date**

**Jagdish Khatri**

**Partner**

**For & on behalf of**

**Khatri & Iyer**

**Chartered Accountants**

**NAGPUR**

**May 29,2016**

**For & on behalf of the Board of Directors of  
SAFFRON INDUSTRIES LIMITED**

**Vinod Maheshwari**  
**Chairman**

**Nimish Maheshwari**  
**Managing Director**

**NAGPUR**

**May 29,2016**



**SAFFRON INDUSTRIES LIMITED**  
(Formerly Madhyadesh Papers Limited)

**SIGNIFICANT ACCOUNTING POLICIES**

**A. Basis of Preparation of Financial Statements**

The financial statements are prepared under the historical cost convention and on accrual basis.

**B. Fixed Assets :**

- i) Fixed assets are stated at cost, alongwith costs directly attributable to bring the asset to their working condition. The MODVAT credit available on fixed assets in respect of Kraft upgradation Plant was deducted from cost of the respective asset. Fixed Assets acquired for Power Project and for upgradation of existing plant, are stated at cost inclusive of excise duty.
- ii) Depreciation has been provided in the manner and at the rates calculated as per remaining useful life of tangible assets, as stipulated in the Schedule II of the Companies Act, 2013, on straight line method.
- iii) The Company has settled leave encashment and Gratuity payable to employees whose service period is completed. The entire expenses, considered as deferred revenue expenditure, are being written off over five years.

**C. Sales-tax :**

The unit is eligible for incentives under the Package Scheme of Incentives 1993, of the State Government. Considering the incentives availed so far, the company is liable for payment of tax on part of its turnover Sales tax refunds and set off, available are accounted for on accrual basis.

**D. Inventories :**

Inventories comprising of raw materials, chemicals, packing materials, goods in process and finished products have been valued at lower of cost (exclusive of Excise Duty) or net realisable value. The consumables have been valued at cost.

**E. Deferred tax Liability :**

No Provision has been made in respect of Deferred Tax Asset calculated as per Accounting Standard 22, of about ` 690000 hundreds (Last year ` 725000 hundreds), arising due to timing differences in the depreciation charged under the Income-tax Act, 1961 and that charged under the Companies Act, 1956, and unabsorbed loss brought forward, in view of the profitability trends, the amount of Unabsorbed Depreciation available and the liability of the company for payment of Income tax in near future.

**F. Revenue Recognition:**

Revenue is recognized only when it can be reliably measured and it is reasonable to expect ultimate collection.



**G. Segment Reporting:**

As the company operates in a single segment, segment wise reporting is not applicable.

**H. Borrowing Cost :**

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use. All other borrowing costs are charged to Profit and Loss account.

**I. Provisions, Contingent Liabilities and Contingent Assets :**

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognised but are disclosed in the notes. Contingent Assets are neither recognized nor disclosed in the financial statements.

**J. General :**

1. Name of the company has been changed to Saffron Industries Limited with effect from September 10, 2011. Formerly it was known as Madhyadesh Papers Limited.
2. Other accounting policies of the Company are consistent with generally accepted accounting policies.

**For Khatri & Iyer**  
**Chartered Accountants**

**For SAFFRON INDUSTRIES LTD**

**JAGDISH KHATRI**  
**Partner**

**VINOD MAHESHWARI**  
**Chairman**

**NIMISH MAHESHWARI**  
**Managing Director**

# SAFFRON INDUSTRIES LIMITED



## SAFFRON INDUSTRIES LIMITED

Regd. Office: Nava Bharat Bhawan, Chhatrapati Square, Wardha Road, Nagpur

CIN No. L21010MH1993PLC071683

Email : [info@saffronindustries.in](mailto:info@saffronindustries.in), Website : [www.saffronindustries.in](http://www.saffronindustries.in)

### ATTENDANCE SLIP

I hereby record my presence at the 23<sup>rd</sup> Annual General Meeting held at Saffron Industries Limited at the Registered Office Premises, Nava Bharat Bhawan, Chhatrapati Square, Wardha Road, Nagpur 440 015, on Friday, 30<sup>th</sup> September, 2016 at 10.00 A.M.

Name of Shareholder _____ _____ _____  Registered Address _____ _____ _____  -----  -----	DP ID* _____ _____  Client ID* _____ _____  Folio No. _____ _____  No. of Shares _____ _____ _____
---	---

\_\_\_\_\_  
SIGNATURE OF THE SHAREHOLDER OR PROXY:

NOTE: Please fill in this attendance slip and hand it over at the entrance of the meeting hall.

\* For shares held in electronic form



**Form No. MGT-11**

**Proxy form**

**[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014] CIN:**

Name of the company: **SAFFRON INDUSTRIES LIMITED**

Registered office: Nava Bharat Bhawan, Chhatrapati Square, Wardha Road, Nagpur-Maharashtra

**Name of the member (s):**

**Registered address:**

**E-mail Id:**

**Folio No/ Client Id:**

**DP ID:**

I/We, being the member (s) of ..... Shares of the above named company, hereby appoint

1. Name: .....

2. Name: .....

Address:

Address:

E-mail Id:

E-mail Id:

Signature:....., or failing him Signature:....., or failing him

3. Name: .....

Address:

E-mail Id:

Signature:.....

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 23<sup>rd</sup> Annual General Meeting of the company, to be held on the 30<sup>th</sup> day of September, 2016 At 10.00 a.m. at Saffron Industries Limited at it Registered Office : Nava Bharat Bhawan, Chhatrapati Square, Wardha Road, Nagpur 440 015 and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution No.

- 1 Adoption of Audited Financial Statements, Report of Board of Directors and Auditors for the year ended March 31, 2016
- 2 Re-appointment Shri Vinod Maheshwari ( retiring Director ) as Director
3. Re-appointment of Auditors and fixing their Remuneration
- 4 Appointment of Shri Manoj Rameshwar Sinha as Whole Time Director for a period of 3 years
5. Appointment of Smt. Manjulika A. Bajpai as Independent Director to fill up the casual vacancy caused by the resignation of Shri Vinay Pansari
6. To approve the deposit amount/fees to be charged from shareholders requesting to send the communication in physical mode only

Affix  
Revenue  
Stamp

Signed this..... day of..... 20...

Signature of shareholder :

Signature of Proxy holder(s):

First Proxy holder Second Proxy holder Third Proxy holder

Note This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the meeting.

## Polling Paper

[Pursuant to section 109(5) of the Companies Act, 2013 and rule 21(1)(c) of  
the Companies (Management and Administration) Rules, 2014]

Name of the company: **SAFFRON INDUSTRIES LIMITED**

Registered office: Nava Bharat Bhawan, Chhatrapati Square, Wardha Road, Nagpur-Maharashtra

**BALLOT PAPER**

S No	Particulars	Details
1	Name of the First Named Shareholder in (block letters)	
2	Postal address	
3	Registered folio No. / *Client ID No. (*Applicable to investors holding shares in dematerialized form)	
4	Class of Share	

I hereby exercise my vote in respect of Ordinary (OR)/ Special (SR) resolutions enumerated below by recording my assent or dissent to the said resolutions in the following manner:

No	Item No.	No. of shares held by me	I assent to the resolution	I dissent from the resolution
1.	Adoption of Audited Financial Statements, Report of Board of Directors and Auditors for the year ended March 31, 2016 (OR)			
2.	Re-appointment Shri Vinod Maheshwari (retiring Director) as Director (OR)			
3.	Re-appointment of Auditors and fixing their Remuneration (OR)			
4.	Appointment of Shri Manoj Rameshwar Sinha as Whole Time Director for a period of 3 years. (SR)			
5.	Appointment of Smt. Manjulika A. Bajpai as Independent Director to fill up the casual vacancy caused by the resignation of Shri Vinay Pansari. (OR)			
6	To approve the deposit amount/fees to be charged from shareholders requesting to send the communication in physical mode only. (OR)			

Place:

Date:

(Signature of the shareholder)

.....  
(Signature of First Proxy)

.....  
(Signature of Second Proxy)

.....  
(Signature of Third Proxy)

Printed at : Vimal Printers, 8860125

BOOK-POST

If Undelivered, Please Return to :



**SAFFRON INDUSTRIES LIMITED**

**Registered Office :**

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