



# **SAFFRON INDUSTRIES LIMITED**

**26<sup>TH</sup> ANNUAL REPORT 2018-19**



**NOTICE TO MEMBERS**

NOTICE is hereby given that the Twenty Sixth Annual General Meeting of the Members of SAFFRON INDUSTRIES LIMITED will be held on Saturday, the 30<sup>th</sup> Day of September, 2019 at 10.00 A.M. at Nava-Bharat Bhavan, Chhatrapati Square, Wardha Road, Nagpur - 440 015, to transact the following business :

**ORDINARY BUSINESS:**

**ITEM NO.1:**

To adopt statement of Profit and Loss, Balance Sheet, Report of Board of Directors and Auditors for the year ended March 31, 2019.

**ITEM NO. 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.

**By Order of the Board,**

**Sd/-**

**Place: Nagpur  
Dated: 09.08.2019**

**Saurabh Somani  
Company Secretary**



**NOTES:**

i) The Register of Members and the Share Transfer Books of the Company will remain closed from Monday, 24<sup>th</sup> September, 2019 to Saturday, 30<sup>th</sup> September, 2019 (both days inclusive)

ii) A MEMBER OF THE COMPANY ENTITLED TO ATTEND AND VOTE AT THE SAID 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.

**A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.**

Proxy Form/s, in order to be effective, must be received at the Registered Office of the Company at Nagpur, not later than 48 hours before the time fixed for the meeting.

Proxies shall not have any right to speak at the meeting.

iii) The statement pursuant to section 102 of the Companies Act, 2013 and Regulation 26 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 setting out, of material facts concerning each item of business specified above is annexed hereto.

iv) 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.

v) Members, who hold shares in physical form, are requested to advise the Company immediately of any change in their addresses.

vi) Members, who hold shares in electronic form, are requested to intimate details regarding change of address, etc. to the Depository Participants, where they have their Demat accounts.

vii) Members may avail of the facility of dematerialisation by opening Demat accounts with the Depository Participants of either National Securities Depository Limited or Central Depository Services (India) Limited and get equity share certificates held by them dematerialised.

viii) 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.

ix) Since the securities of the Company are compulsorily tradable in electronic form, to ensure better investor service and elimination of risk of holding securities in physical form, it is requested that the members holding shares in physical form to get their shares dematerialized at the earliest.

x) In case members wish to ask for any information about accounts or operations of the Company, they are requested to send their queries in writing at least 7 days before the date of the meeting, so that the information can be made available at the time of the meeting.



xi) Members having multiple folios are requested to intimate to the Company such folios to enable the Company to consolidate all shareholdings into one folio.

xii) Members are requested to bring their copy of the Annual Report for the meeting.

xiii) 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.

xiv) 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.

xv) 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.

**xvi) Green Initiative in the Corporate Governance - Registration of email address**

The members are requested to register email address with the Depository Participant / the Registrar and Share Transfer Agent of the Company, i.e. Adroit Corporate Services Private Limited, as the case may be, for service of documents.

**Voting through electronic means/Postal Ballot**

The trading of the company equity shares is suspended by the trading platforms due to which company will not generate e-voting facility.

The facility for voting through ballot paper shall be made available at the AGM to the Members attending the meeting. The Members shall be able to exercise their right to vote at the meeting through ballot paper.

- Mr. Vaibhav Netke, Practicing Company Secretary (Membership No. A38174 and CP No. 19556), 532/A, Hanuman Nagar, Near Bharat Yatra Travel Point, Nagpur 440009, e-mail: [cs.vaibhavjain34@gmail.com](mailto:cs.vaibhavjain34@gmail.com), has been appointed as the Scrutinizer to scrutinize the voting in a fair and transparent manner.

- The Scrutinizer shall after the conclusion of voting at the AGM, will count the votes cast at the meeting and a consolidated scrutinizer's report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him in writing, who shall countersign the same and declare the result of the voting forthwith.

- The Results declared along with the report of the Scrutinizer shall be placed on the website of the Company [www.saffronindustries.in](http://www.saffronindustries.in) immediately after the declaration of result by the Chairman or a person authorized by him in writing. The results shall also be immediately forwarded to the BSE Limited, Mumbai.

- 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.

**By Order of the Board,**

**Sd/-**

**Place: Nagpur**  
**Dated: August 09, 2019**

**SaurabhSomani**  
**Company Secretary**



**STATEMENT ANNEXED TO THE NOTICE PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013 AND REGULATION 26 OF THE SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015**

**Item No. 2 of the Notice**

**Mr. VinodMaheshwari**

Mr. VinodMaheshwari, aged about 78 years is a dynamic & intelligent Industrialist possessing rich experience of over 45 years in the Newspaper Industry. He is the Chairman of Saffron Industries Ltd.

Mr. VinodMaheshwari is also Managing Editor of “Nava Bharat” the renowned Hindi Daily Newspaper covering three major states namely Maharashtra, Madhya Pradesh & Chhattisgarh. The activities related to printing & publishing of Newspaper “Nava Bharat” for Nagpur & Mumbai editions are handled by him.

He was appointed as a Director of the Company on 20<sup>th</sup> April, 1993.

He is a Member of the Audit Committee, the Stakeholders Relationship Committee, and the Nomination and Remuneration Committee.

**Other Directorships**

<b>Sr. No.</b>	<b>Directorships</b>
1	NAVA-BHARAT PRESS LIMITED
2	NAVABHARAT INFRAVENTURES LIMITED
3	NAVABHARAT NEWS MEDIA LIMITED
4	NAVA BHARAT PRESS (NAGPUR) PVT LTD
5	NAVABHARAT REAL ESTATE PRIVATE LIMITED
6	MADHYADESH REALTY AND FINANCE PRIVATE LIMITED
7	MADHYADESH PUBLICATIONS PRIVATE LIMITED
8	MADHYADESH HOLDINGS PRIVATE LIMITED
9	MADHYADESH PRESS PRIVATE LIMITED
10	BIONOVA PAPER-CRAFTS PRIVATE LIMITED

He does not hold any committee positions in the other Companies

He is not related to any Director on the Board of Directors of the Company.

He holds 17,85,800 equity shares (24.85 %) in the Company.

Mr. VinodMaheshwari retires by rotation, and being eligible, offers himself for reappointment.

Mr. VinodMaheshwari may be deemed to be concerned or interested, financially or otherwise, in the resolution to the extent of his shareholding.

Save and except the above, none of the other Directors / Key Managerial Personnel of the Company or their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution as set out in Item No. 2 of the Notice.



The Board recommends the ordinary resolution as set out at Item No. 2 of the Notice for approval by the members.

**By Order of the Board,**

**Place: Nagpur**

**Dated: August 09, 2019**

**Company Secretary**

**SaurabhSomani**



**SAFFRON INDUSTRIES LIMITED**  
**CIN:L21010MH1993PLC071683**

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

**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 26<sup>th</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 Monday, 30<sup>th</sup> September, 2019 at 10.00 A.M.

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

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

**NOTE:**

1. Please fill in this attendance slip and hand it over at the entrance of the meeting hall.
2. Members are requested to bring their copies of Notice and 26<sup>th</sup> Annual Report to the Meeting as the same will not be circulated at the meeting.





**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]**

Name of the company: **SAFFRON INDUSTRIES LIMITED(CIN: L21010MH1993PLC071683)**  
 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 26<sup>th</sup> Annual General Meeting of the company, to be held on the 30<sup>th</sup> day of September, 2019 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.

1Adoption of statement of Profit and Loss, Balance Sheet, Report of Board of Directors and Auditors for the year ended March 31, 2019

2 Re-appointment Mr.VinodMaheshwari(holding DIN-00340953) ( retiring Director ) as Director of the Company

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

Signature of shareholder :

Signature of Proxy holder(s):

First Proxy holder Second Proxy holder Third Proxy holder

Affix  
Revenue  
Stamp

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.



## Form No. MGT-12

[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(CIN: L21010MH1993PLC071683)  
Registered office: Nava Bharat Bhawan, Chhatrapati Square, Wardha Road, Nagpur-Maharashtra

## BALLOT PAPER

S No	Particulars	Details
1	Name of the First Named Shareholder (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/ Special 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 Statement of Profit & Loss, Balance Sheet, Report of Board of Directors and Auditors			
2.	Re-appointment Mr.VinodMaheshwari(holding DIN-00340953) (retiring Director) as Director			

Place:

Date:

.....

(Signature of the shareholder)

.....

.....

.....

(Signature of First Proxy)

(Signature of Second Proxy)

(Signature of Third Proxy)



## INSTRUCTIONS

1. Members may fill up the ballot form printed overleaf and submit the same in a sealed envelope to the Scrutiniser, Mr. Vaibhav Netke & Associates, Practicing Company Secretary, 532/A, Hanuman Nagar, Near Bharat Yatra Travel Point, Nagpur-440009, or to his e-mail id: cs.vaibhavjain34@gmail.com, so as to reach by 5:00 p.m. on September 29, 2019. Ballot form received thereafter will strictly be treated as if not received.
2. Unsigned, incomplete or incorrectly ticked forms are liable to be rejected and the decision of the Scrutiniser on the validity of the forms will be final.
3. The Company will not be responsible if the Ballot Form is torn, mutilated in any manner.
4. In the event a member casts his votes through both the processes i.e. E-voting and Ballot Form, the votes in the electronic system would be considered and the Ballot Form would be ignored.
5. The right of voting by Ballot Form shall not be exercised by a proxy.
6. To avoid fraudulent transactions, the identity/ signature of the members holding shares in electronic/demat form is verified with the specimen signatures furnished by NSDL/CDSL and that of the members holding shares in physical form is verified as per the records of the share transfer agent of the Company i.e. M/s Adroit Corporate Services Private Limited. Members are requested to keep the same updated.
7. There will be only one Ballot Form for every Folio/ DP ID Client ID irrespective of the number of joint members.
8. In case of joint holders, the Ballot Form should be signed by the first named shareholder and in his/her absence by the next named shareholders. Ballot form signed by a joint holder shall be treated valid if signed as per records available with the Company and the Company shall not entertain any objection on such Ballot Form signed by other joint holders.
9. Where the Ballot Form has been signed by an authorised representative of the body corporate/ Trust/ Society, etc. a certified copy of the relevant authorisation/ Board resolution to vote should accompany the Ballot Form.
10. Instructions for e-voting procedure are available in the Notice calling 26<sup>th</sup> Annual General Meeting of the Company and are also placed on the website of the Company (i.e. [www.saffronindustries.in](http://www.saffronindustries.in)).

**DIRECTORS' REPORT**

To the Members of 'SAFFRON INDUSTRIES LIMITED'

Your Directors have pleasure in presenting their Twenty Sixth Annual Report and Audited Statement of Accounts for the year ended 31<sup>st</sup> March, 2019.

**FINANCIAL RESULTS:**

(Amount in Hundred)

<b>SALES AND OTHER INCOME</b>		1,67,7500.14
<b>Profit/(Loss) before Finance Cost &amp; Depreciation</b>		115070
Less : Finance Cost	3680.65	
Depreciation	121081.97	
		<u>124762.6</u>
		239832.62
<b>Profit/(Loss) Before Tax and Exceptional items</b>		NIL
Less : Tax Expenses - Current Tax		
Less : Prior Period Expenses		(125193.61)
		<u>114639.01</u>
<b>Profit/(Loss) after Tax</b>		114639.01
Add : Prior Year Adjustment (income Tax)		NIL
<b>Profit/(Loss) for the year</b>		<u>114639.01</u>
Add: Profit/(Loss) Balance brought forward from pervious year Balance Sheet		
		<u>114639.01</u>
<b>Balance carried forward</b>		114639.01

**REVIEW OF OPERATIONS:**

During the year under review the Sales Turnover of your company was Rs. 16.61 Crore as against Sales Turnover of Rs. 5.62 Crore in the previous financial year. Last year company has suffered a Loss of Rs. 1.76 Crore but by the effort of the Management and supportive staff Company has able to achieve profit of Rs. 1.14 crore in the financial year under review.

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 in past years are not in favor of the Paper Industry. It is less expected that the market environment for the Industry to remain favorable in the years 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:**

For future growth and expansion the Directors have decided to not to recommended any dividend for the year under review.

**AMOUNTS TRANSFERRED TO RESERVES:**

The Board of Directors of the Company has decided to carry Rs. 1.14 Crore to its reserves.

**NO CHANGE IN SHARE CAPITAL:**

There was no 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:**

No material changes and commitments affecting the financial position of the Company occurred between 31<sup>st</sup> March, 2018 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 2018-19, the company held 4 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 2018, 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 2018 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 2018 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:**

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 PARY 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 tractions 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 risks 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 AND KEY MANAGERIAL MANAGER**

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

Particulars of Directors and KMP are as follows:

1. Shri Vinod Ramgopal Maheshwari – Director
2. Shri Manoj Rameshwar Sinha- Whole Time Director
3. Smt MANjulika Bajpai- Independent Director
4. Shri Achalla Pandurang Shrinivas- Independent Director

**DEPOSITS:**

The company has not accepted deposits during the year.

**CORPORATE SOCIAL RESPONSIBILITY:**

The Company does not fall under 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) and Shri Achalla Srinivas (DIN-08053090) are Independent Directors of the company under Section 149 of the Companies Act, 2013 and applicable rules/schedules there under. The Board of Directors of the Company hereby confirms that the Independent Directors 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.

Smt. Manjulika Bajpai is the Chairman of the Nomination of Remuneration Committee. Shri Vinod Maheshwari, Shri Manoj Sinha and Shri Achalla Srinivas are the other members of the Nomination of Remuneration Committee.

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, Shri Manoj Sinha and Shri Achalla Srinivas 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.





**SECRETARIAL AUDITOR:**

M/s. **Vaibhav Netke** & 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 2018-19 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 promoters’ shareholding is not fully dematerialized; however they are under process to comply the same;
2. The Company has been declared sick u/s 3(1) (o) of Sick Industrial Companies (Special Provisions) Act, 1985 by the Board for Industrial and Financial Reconstruction, vide their order dated 13.09.2013;
3. The trading of the specified securities of the Company is Suspended due to Penal reason on BSE whereas Company has applied for revocation of suspension of Trading to BSE;
4. Public Notice by BSE Limited on June 2, 2018 in “Financial Express”, BSE proposed Compulsory Delisting of Companies due to suspension of securities for more than six months which contains the Name of M/s. Saffron Industries Limited (No. 74 in the List).

**COST AUDITOR & COST RECORDS:**

The relevant provisions of Companies Act, 2013 in respect of appointment of Cost Auditors and maintenance of Cost Records were not applicable to the company for the Financial Year 2017-18.

**VIGIL MECHANISM:**

As per Section 177(9) and (10) of the Companies Act, 2013, and as per the Listing Regulations, 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:**

To the best of the knowledge there is no 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.

**DEMATERIALISATION OF SHAREHOLDING:**

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 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 Bombay Stock Exchange and the Ahmedabad Stock Exchange.

**CORPORATE GOVERNANCE:**

A report on corporate governance including Auditors' Certificate on compliance with the conditions of corporate governance enshrined in Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 is appended to this report as Annexure "E".

**DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013**

During the year under review, there were no cases filed pursuant to the aforesaid Act.

**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 2017-18. 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 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,**

**Sd/-**

**Place: Nagpur**  
**Date: May 30 2019**

**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 2018-19.

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

#### A) POWER CONSUMPTION

PARTICULAR	2018-19	2017-18
ELECTRICITY From *M.S.E.D.C.L , Units (in KWH)	0.00	0.00
Own Generation, Units (in KWH)	6878524	30,66,170
Total Units Consumed, (in KWH)	6878524	30,66,170
Total Amount, (in Rs. lacs)	282.48	147.18
Rate per Unit, (in Rs.)	4.95	4.80

#### B) CONSUMPTION PER UNIT OF PRODUCTION

PARTICULARS	2018-19	2017-18
Machine Production (MT)	6184	2,954
Electricity (KWH/MT)	1043	1,038
Finished Production (MT)	6160	2,813
Electricity (KWH/MT)	1105	1,090

\*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 : May 30 2019**

**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 2019

*[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	100
2	Manufacturing Kraft Paper	17014	0



**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	852350	645600	1497950	20.82	852350	645600	1497950	20.82	0.00
f)ii) Directors	715000	1070800	1785800	24.85	715000	1070800	1785800	24.85	0.00
Sub-total(A)(1):-	2530450	1816100	4346550	60.49	2530450	1816100	4346550	60.49	0.00



<b>2) Foreign</b>									
g) NRIs-Individuals	0	0	0	0	0	0	0	0	
h) Other-Individuals	0	0	0	0	0	0	0	0	
i) Bodies Corp.	0	0	0	0	0	0	0	0	
j) Banks / FI	0	0	0	0	0	0	0	0	
k) Any Other....	0	0	0	0	0	0	0	0	
Sub-total (A)(2):-	0	0	0	0	0	0	0	0	
<b>B. Public Shareholding</b>									
<b>1. Institutions</b>									
a) Mutual Funds	0	7600	7600	0.11	0	7600	7600	0.11	0
b) Banks / FI	-	-	-	-	-	-	-	-	
c) Central Govt	-	-	-	-	-	-	-	-	
d) State Govt(s)	-	-	-	-	-	-	-	-	
e) Venturecapital Funds	-	-	-	-	-	-	-	-	
f) Insurance Companies	-	-	-	-	-	-	-	-	
g) FIIs	-	-	-	-	-	-	-	-	
h) ForeignVenture Capital Funds	-	-	-	-	-	-	-	-	
i) Others (specify)	-	-	-	-	-	-	-	-	
Sub-total (B)(1)	0	7600	7600	0.11	0	7600	7600	0.11	0
<b>2. Non Institutions</b>									
a) Bodies Corp.	174835	6200	181035	2.52	133658	6200	139858	1.95	-0.57
(i) Indian									
(ii) overseas									
b) Individuals									
(i) Individual shareholders holding nominal share capital upto Rs. 2 lakh									
	1235003	624510	1859513	25.88	1205938	618910	1824848	25.4	-0.48
(ii) Individual shareholders holding nominal share capital in excess of Rs 2 lakh									
c) Others(NRIs)	19709	0	19709	0.27	19709	0	19709	0.27	0.02
d) Clearing Member/ Corporate Body-Broker	1100	0	1100	0.02	150	0	150	0	-0.02
<b>Sub-total (B)(2)</b>	2200340	630710	2831050	39.4	2626217	625110	3251327	39.4	0
<b>Total Public Shareholding (B)=(B)(1)+</b>	2200340	636910	2838650	39.51	2205940	632710	2838650	39.51	0





(B)(2)									
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	
Grand Total	4730790	2454410	7185200	100	4730790	2454410	7185200	100	0
(A+B+C)									

**Shareholding of Promoters**

Sr. No	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share holding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1.	Shri Vinod Maheshwari	1785800	24.85	N.A.	1785800	24.85	N.A.	0.04
2.	Shri Nimish V. Maheshwari	1317817	18.34	N.A.	1317817	18.34	N.A.	0.00
3.	Smt. Shriranga V. Maheshwari	74195	1.03	N.A.	74195	1.03	N.A.	0.00
4.	Smt. Anupama N. Maheshwari	94060	1.31	N.A.	94060	1.31	N.A.	0.00
5.	Navabharat Real Estates Pvt. Ltd. (Formerly- Madhyadesh Construction & Finance Pvt. Ltd.)	456500	6.35	N.A.	456500	6.35	N.A.	0.00
6.	Nava Bharat Press Ltd.	100400	1.40	N.A.	100400	1.40	N.A.	0.00
7.	Madhyadesh Press Pvt. Ltd.	1000	0.01	N.A.	1000	0.01	N.A.	0.00
8.	Nava Bharat Press (Nagpur) Pvt. Ltd.	371200	5.17	N.A.	371200	5.17	N.A.	0.00
9.	Madhyadesh Holdings Pvt. Ltd.	133700	1.86	N.A.	133700	1.86	N.A.	
10.	Shubha Maheshwari	400	0.01	N.A.	400	0.01	N.A.	0.00



11.	Vaibhav Maheshwari	2500	0.04	N.A.	2500	0.04	N.A.	0.00
12.	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>0.00</b>

ii. *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>
	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):  (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)	<b>No Increase/Decrease in Total Promoter's Shareholding during F.Y. 2018-19</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 Hundreds)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	-	2058167.22	-	2058167.22
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	NIL	2058167.22	NIL	2058167.22
Change in Indebtedness during the financial year				
- Addition	-	-	-	-
- Reduction	-	-	-	-
Net Change	NIL	NIL	NIL	NIL
Indebtedness at the end of the financial year				
i) Principal Amount	-	2058167.22	-	2058167.22
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	NIL	2058167.22	NIL	2058167.22

**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
		Mr. Manoj Sinha				



	Gross salary	720000	-	-	-	-
	(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)	720000	NIL	NIL	NIL	NIL
	Ceiling as per the Act					5% of the net profit

**B. Remuneration to other directors:**

SI. 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

\*In absence of adequate profit Other Directors has opted for not taking any sitting Fees for attending Board and its Committee meetings

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

SI. no.	Particulars of Remuneration	Key Managerial Personnel
---------	-----------------------------	--------------------------



		CEO	Company Secretary *Mr. Saurabh Somani	CFO	Total
1.	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	NIL	575004	NIL	NIL
2.	Stock Option	-	-	-	-
3.	Sweat Equity	-	-	-	-
4.	Commission - as % of profit - others, specify...	-	-	-	-
5.	Others, please specify				
6.	Total	NIL	575004	NIL	NIL

**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 31st March 2019

*[Pursuant to section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]*

**Secretarial Audit Report**

To,  
The Members of  
**SAFFRON INDUSTRIES LIMITED**  
CIN: L21010MH1993PLC071683  
Nava-Bharat Bhawan, Chatrapati Square,  
Wardha Road, Nagpur MH 440015.

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). The secretarial audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company'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 our opinion, the Company has, during the audit period, covering the Financial Year ended on 31.03.2019 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 31.03.2019, 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; *Not Applicable*;



- v. The following Regulations and Guidelines prescribed under the SEBI Act, 1992 (SEBI Act):
- b) The SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - c) SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 amended from time to time; *whereas the compliance of Corporate Governance provisions as specified in regulations 17,18,19,20,21,22,23,24,25,26,27 and clauses (b) to (i) of sub-regulation (2) of regulation 46 and para C,D and E of Schedule V shall not apply;*
  - d) The SEBI (Prohibition of Insider Trading) Regulations, 2015;
  - e) The SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009: *Not Applicable;*
  - f) The SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999: *Not Applicable;*
  - g) The SEBI (Issue and Listing of Debt Securities) Regulations, 2008: *Not Applicable;*
  - h) The SEBI (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
  - i) The SEBI (Delisting of Equity Shares) Regulations, 2009: *refer vii (4);* and
  - j) The SEBI (Buyback of Securities) Regulations, 1998: *Not Applicable.*
- vi. Other applicable Acts:
- a) Factories Act, 1948
  - b) Industrial Disputes Act, 1947
  - c) The Payment of Wages Act, 1936
  - d) The Minimum Wages Act, 1948
  - e) Employee State Insurance Act, 1948
  - f) Employees Provident Funds and Miscellaneous Provisions Act, 1952
  - g) The Payment of Bonus Act, 1965
  - h) The Payment of Gratuity Act, 1972
  - i) The Child Labour (Prohibition & Regulation) Act, 1986
  - j) The Employee Compensation Act, 1923
  - k) The Apprentices Act, 1961
  - l) Equal Remuneration Act, 1976
  - m) Shops and Establishment Act, 1988
  - n) The Water (Prevention and control of pollution) Act, 1974
  - o) The Air (Prevention and control of pollution) Act, 1981
  - p) The Environment Protection Act, 1986 and rules made thereunder
  - q) The Sexual Harassment of Women at Work Place (Prevention, Prohibition and Redressal) Act, 2013
  - r) Hazardous Waste (Management and Handling and trans boundary Movement) Rules, 2008



We have relied on the representations made by the Company, its officers and reports of Auditors for systems and mechanism framed by the Company for compliances under other acts, laws and regulations applicable to the Company as mentioned above.

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 by the Company with BSE Ltd and Ahmedabad Stock Exchange
- vii. During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above except following:
1. The promoters' shareholding is not fully dematerialized; however they are under process to comply the same;
  2. The Company has been declared sick u/s 3(1) (o) of Sick Industrial Companies (Special Provisions) Act, 1985 by the Board for Industrial and Financial Reconstruction, vide their order dated 13.09.2013;
  3. The trading of the specified securities of the Company is Suspended due to Penal reason on BSE whereas Company has applied for revocation of suspension of Trading to BSE;
  4. Public Notice by BSE Limited on June 2, 2018 in "Financial Express", BSE proposed Compulsory Delisting of Companies due to suspension of securities for more than six months which contains the Name of M/s. Saffron Industries Limited (No. 74 in the List).

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 and the agenda and detailed notes on the agenda were sent at least 7 days in advance or on shorter notice wherever necessary, 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.

The decisions at the Board Meetings are carried out unanimously and there were no members dissenting the resolution(s) during the year under review.

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 the compliance by the Company of applicable financial laws such as direct and indirect tax laws and maintenance of financial records and books of accounts have not been reviewed in this audit since the same have been subject to review by statutory financial audit and other designated professionals.





**VAIBHAV NETKE & ASSOCIATES**  
**Company Secretaries**

**Vaibhav Netke**  
**Proprietor**

ACS No.38174,  
CP No.19556

Date: 15<sup>th</sup> May, 2019  
Place: Nagpur



**“ANNEXURE TO SECRETARIAL AUDIT REPORT”**

To,  
The Members of  
**SAFFRON INDUSTRIES LIMITED**  
CIN: L21010MH1993PLC071683  
Nava-Bharat Bhawan, Chatrapati Square,  
Wardha Road, Nagpur MH 440015.

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 the 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. Wherever 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 and 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.

**VAIBHAV NETKE & ASSOCIATES**  
**Company Secretaries**

**Vaibhav Netke**  
**Proprietor**  
ACS No.38174,  
CP No.19556



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

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

(U/s 178 of the Companies Act 2013 and SEBI Listing Regulations)

**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 Three Non Executive Directors out of which two were 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. The composition of Audit Committee and Nomination and Remuneration Committee is as per the requirement of the Act.

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	Directorship	Committee Membership	Committee Chairmanships
1)	Shri Vinod R. Maheshwari (DIN-00340953)	Non-Executive Director	4	Present	11	Nil	Nil
2)	Smt. Manjulika Bajpai (DIN-07143934)	Non-Executive Independent Director	4	Present	Nil	Nil	Nil
3)	Shri Manoj Sinha (DIN – 07564967)	Whole-time Director	4	Present	4	Nil	Nil
4)	Shri Achalla Srinivas (DIN-08053090)	Non-Executive Independent Director	4	No	3	Nil	Nil

*Meeting of Board of Directors:*

During the period under review, 4 Board Meetings were held on 30<sup>th</sup> may 2018, 9<sup>th</sup> August 2018, 14<sup>th</sup> Nov 2018 and 14<sup>th</sup> Feb 2019.

3. Audit Committee :

**(A) Composition**

As at 31<sup>st</sup> March, 2019, the Audit Committee comprises of Four Directors, among which 2 of the Directors are Independent. The Company Secretary acts as the Secretary to the Committee.

During the financial year under review, four meetings of the Committee were held on 30<sup>th</sup> May, 2018, 14<sup>th</sup> August, 2018, 14<sup>th</sup> November, 2018 and 14<sup>th</sup> February, 2019.



The composition of the Committee and attendance at its meetings is given below:

Sr. No.	Name of the Member Director	Category	Number of meetings attended
1.	Smt. Manjulika A. Bajpai (Chairman)	Non-Executive Independent	4
2.	Shri Vinod R. Maheshwari	Non-Executive Non- Independent	4
3.	Shri Manoj Sinha	Executive	4
4.	Shri Achalla Srinivas	Non-Executive Independent	4

### (B) Terms of Reference

The terms of reference of the Audit Committee include the matters specified under Regulation 18 read with Schedule II of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as well as those in Section 177 of the Companies Act, 2013 and *inter-alia* includes the following:

1. Oversight of the Company's financial reporting process and the disclosures of its financial information to ensure that the financial statement is correct, sufficient and credible.
2. Recommendation for appointment, remuneration and terms of appointment of auditors of the company.
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
4. Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the board, for approval, with particular reference to:
  - a) Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of Clause (c) of Sub - Section 3 of Section 134 of the Companies Act, 2013.
  - b) Changes, if any, in accounting policies and practices and reasons for the same.
  - c) Major accounting entries involving estimates based on the exercise of judgment by management.
  - d) Significant adjustments made in the financial statements arising out of audit findings.



- e) Compliance with listing and other legal requirements relating to financial statements.
  - f) Disclosure of any related party transactions.
  - g) Qualification in Draft Audit Report.
5. Reviewing, with the management, the quarterly financial statements before submission to the board for approval.
  6. Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter.
  7. Reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process.
  8. Approving or any subsequently modifying transactions of the company with related parties.
  9. Scrutinizing inter-corporate loans and investments.
  10. Ensuring valuation of undertakings or assets of the company, wherever it is necessary.
  11. Evaluating internal financial controls and risk management systems.
  12. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems.
  13. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
  14. Discussing with internal auditors any significant findings and follow up there on.
  15. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.
  16. Discussing with statutory auditors before the audit commences, about nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
  17. Looking into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.





18. Reviewing the functioning of the Whistle Blower mechanism.
19. Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate.
20. Mandatorily reviewing the following information:
  - a. Management discussion and analysis of financial condition and results of operations;
  - b. Statement of significant related party transactions (as defined by the Audit Committee) submitted by the management;
  - c. Management letters / letters of internal control weaknesses issued by the statutory auditors;
  - d. Internal audit reports relating to internal control weaknesses; and
  - e. The appointment, removal and terms of remuneration of the Internal Auditor.
21. Carrying out any other function as is mentioned in the terms of reference of Audit Committee as amended from time to time by the Listing Regulations and Companies Act, 2013.

**(C) Powers of Audit Committee**

- To investigate any activity within its terms of reference.
- To seek information from any employee.
- To obtain outside legal or other professional advice.
- To secure attendance of outsiders with relevant expertise, if it considers necessary.

4. Nomination and Remuneration Committee :

**(A) Composition**

As at 31<sup>st</sup> March, 2019, the Nomination and Remuneration Committee comprises of 4 Directors, among which majority are Non-Executive Directors. The composition is in conformity with Regulation 19 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

During the financial year under review, one meeting of the Committee was held on 14<sup>th</sup> February, 2019,



The composition of the Committee and attendance at its meetings is given below:

Sr. No.	Name of the Member Director	Category	Number of meetings attended
1.	Smt. Manjulika A. Bajpai (Chairman)	Non-Executive Independent	1
2.	Shri Vinod R. Maheshwari	Non-Executive Non- Independent	1
3.	Shri Manoj Sinha	Executive	1
4.	Shri Achalla Srinivas	Non-Executive Independent	1

### (B) Terms of Reference

The terms of reference of the Nomination and Remuneration Committee include the matters specified under Regulation 19 read with Schedule II Part D of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as well as those in Section 178 of the Companies Act, 2013 and *inter-alia* includes the following:

- i. Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees;
- ii. Formulation of criteria for evaluation of Independent Directors and the Board;
- iii. Devising a policy on Board diversity;
- iv. Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal and shall carry out evaluation of every director's performance.
- v. Formulation of policy relating to the remuneration for the 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.



### (C) Remuneration to Directors

The Board has, on the recommendation of the Nomination and Remuneration Committee adopted the Nomination and Remuneration Policy for selection and appointment of Directors, Senior Management and their remuneration. The copy of the same has been attached as Annexure II to the Directors' Report.

The Company pays remuneration by way of salary, perquisites and allowances (fixed component) and commission (variable component) to its Executive Director. The commission to the Executive Director is decided by the Nomination and Remuneration Committee on determination of the profits for the financial year and is also approved by the Board of Directors. The remuneration to the Executive Director is in accordance with the provisions of the Companies Act, 2013 and rules thereof and within ceiling prescribed thereunder.

Upon the recommendation of the Nomination and Remuneration Committee and based on the performance of the Company, the Board of Directors decide the remuneration to Non-Executive Directors by way of commission.

Since Company is into losses, Directors has given their ascent for not taking any sitting fees for attending any meeting of the Board and any committee thereof

The details of remuneration paid to the Directors during the period ended on 31<sup>st</sup> March 2019 are as under:

Sr. No.	Name of Director	*Sitting Fees (including committee meetings)	*Salaries & Allowances etc.	Contributions to Provident and Superannuation Funds
1.	Smt. Manjulika A. Bajpai	Nil	Nil	Nil
2.	Shri Vinod R. Maheshwari	Nil	Nil	Nil
3.	Shri Achalla Srinivas	Nil	Nil	Nil
4.	Shri Manoj R. Sinha	Nil	720000	Nil

#### 5. Share Transfers Cum Shareholders' / Investors' Grievance and Stake Holders Relationship Committee:



The Share Transfers Cum Shareholders' / Investors' Grievance and Stake Holders Relationship Committee has been constituted to look into investor's complaints like transfer of shares, non-receipt of Balance Sheet, non-receipt of declared dividends, etc. and redressal thereof. The Committee is headed by Smt. Manjulika Bajpai, Non-executive Independent Director, with Shri Vinod Maheshwari, Non-Executive Director, Shri Manoj Sinha, Executive Director and Shri Achalla Srinivas, Non-executive Independent Director being the other members of the Committee.

During the financial year under review, one meeting of Share Transfers Cum Shareholders' / Investors' Grievance and Stake Holders Relationship Committee Meeting was held on 14<sup>th</sup> February, 2019.

Mr. Saurabh Somani, Company Secretary is the Compliance Officer.

The Compliance Officer can be contacted at:

**Saffron Industries Limited**

Navabharat Bhavan, Near Chhatrapati Square,

Wardha Road, Nagpur 440015

Tel.: (0712) 2284001; Fax: (0712) 2284000

E-mail: silsomani@gmail.com

6. General Body Meetings :

AGM	For the Year	Venue	Date	Time
23 <sup>rd</sup>	2015-16	Nava-Bharat Bhavan, Chhatrapati Square, Wardha Road, Nagpur – 15	30.09.2016	10.00 A. M.
24 <sup>th</sup>	2016-17	Nava-Bharat Bhavan, Chhatrapati Square, Wardha Road, Nagpur – 15	30.09.2017	10.00 A. M.
25 <sup>th</sup>	2017-18	Nava-Bharat Bhavan, Chhatrapati Square, Wardha Road, Nagpur – 15	15.09.2018	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 published as per Listing Regulations. However, the half yearly reports are not sent to each household of shareholders.

9. General Shareholder Information :

(A) Annual General Meeting

Corporate Identification Number (CIN)	L21010MH1993PLC071683
Annual General Meeting	Day and Date : Monday, 30 <sup>th</sup> September, 2019 Time : 11.00 AM Venue : Navabharat Bhavan, Near Chhatrapati Square, Wardha Road, Nagpur 440015
Book Closure	24.09.2019 to 30.09.2019
Last date of receipt of proxy forms	23.09.2019
Financial Year 2018-19	During the year the financial results were announced as under: First quarter : 31 May 2018 Second quarter : 14 August 2018 Third quarter : 14 November 2018 Annual : 14 February 2019
International Security Identification Number (ISIN)	INE474D01013
Name and address of stock exchange where shares are listed	BSE Limited (BSE), Phiroze Jeejeebhoy Towers Dalal Street Mumbai- 400001  Ahmedabad Stock Exchange Limited Kamdhenu Complex, Opp. Sahajanand College, Panjara Pole, Ahmedabad 380015
Stock Code	531436
Designated E-mail address for investor	Info@saffronindustries.in



services	
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x) Market Price Data - High / Low during each month of the Financial Year:

Month	The Stock Exchange Mumbai	
	High (Rs.)	Low (Rs.)
April 2018	7.21	6.50

Due to suspension from BSE equity shares of the company was not traded on stock exchange from 2018. Board of Directors of the company are under process for the revocation of the suspension.

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 31.03.2019

Shareholding of nominal value of		Shareholders		No. of Shares Nominal Value @ Rs. 10/-	
Rs.	Rs.	Number	% to Total	Number	% to Total
UPTO	100	219	11.75	13505	0.19
101-	500	805	43.19	339244	4.72
501-	1000	464	24.89	399943	5.57
1001-	2000	167	8.96	269406	3.75
2001-	3000	67	3.59	172403	2.4
3001-	4000	28	1.5	101225	1.41
4001-	5000	25	1.34	117670	1.64
5001-	10000	37	1.98	291810	4.06
10001-	20000	19	1.02	235492	3.28
20001-	50000	20	1.07	658044	9.16
50001-	&ABOVE	13	0.7	4586458	63.83
<b>TOTAL</b>			<b>100</b>	<b>7185200</b>	<b>100</b>



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 2019, 47,36,390 shares have been dematerialised representing 65.91% 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.

**a. Shareholding Pattern as on 31 March 2019**

<b>Sr. No.</b>	<b>Category</b>	<b>No. of shares</b>	<b>% of Share holding</b>
1	Promoters	4346550	60.4931
2	Other Bodies Corporate	139858	1.946473
3	NRI (Individuals)	19709	0.2743
4	Mutual Funds	7600	0.105773
5	General Public	2671333	37.17827
6	Corporate Body-Broker	150	0.002088
	<b>TOTAL</b>	<b>7185200</b>	<b>100</b>

**b. Distribution of Shareholding :**

<b>Shareholding of nominal value of</b>		<b>Shareholders</b>		<b>No. of Shares Nominal Value @ Rs. 10/-</b>	
<b>Rs.</b>	<b>Rs.</b>	<b>Number</b>	<b>% to Total</b>	<b>Number</b>	<b>% to Total</b>
UPTO	100	219	11.75	13505	0.19
101-	500	805	43.19	339244	4.72
501-	1000	464	24.89	399943	5.57
1001-	2000	167	8.96	269406	3.75
2001-	3000	67	3.59	172403	2.4



3001-	4000	28	1.5	101225	1.41
4001-	5000	25	1.34	117670	1.64
5001-	10000	37	1.98	291810	4.06
10001-	20000	19	1.02	235492	3.28
20001-	50000	20	1.07	658044	9.16
50001-	&ABOVE	13	0.7	4586458	63.83
<b>TOTAL</b>			<b>100</b>	<b>7185200</b>	<b>100</b>

### c. Dematerialization of Shares and Liquidity

Dematerialisation of shares and liquidity (as on 31 March 2019)	47,36,390
Outstanding GDRs / ADRs / Warrants or any Convertible instruments, conversion date and likely impact on equity	The Company has not issued GDRs / ADRs / Warrants or any Convertible instruments.

### d. Market Price Data

Monthly high / low during the year 2018-19 on the BSE are as under:

Month	The Stock Exchange Mumbai	
	High (Rs.)	Low (Rs.)
April 2018	7.21	6.50

Due to suspension from BSE equity shares of the company was not traded on stock exchange from May 2018. Board of Directors of the company are under process for the revocation of the suspension.

### e. Share Transfer System

- I. The applications for transfer of shares lodged at the Company's Registrar and Share Transfer Agents in physical form are processed within 15 days of receipt of the valid and complete documents in all respects. After such processing, the Registrar and Share Transfer Agent will issue share certificate to the concerned shareholder within 15 days of receipt of certificate for transfer. Shares under objection are returned within a stipulated period of time. The transfer applications are approved periodically by the senior management of the Company.
- II. Pursuant to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a certificate on half yearly basis is issued by the Practicing Company Secretary for compliance with share transfer formalities by the Company.





### III. Registrar and Share Transfer Agent (R & T Agent)

The entire work of the Company, relating to processing of transfer of shares has been given to an outside agency i.e., Link Intime India Private Limited being a SEBI Registered R & T Agent. The contact details are as follows –

<b>Adroit Corporate Services Private Limited</b>	17-20, Jafferbhoy Ind. Estate, 1st Floor, Makwana Road, Marol Naka, Andheri (E), Mumbai 400059, India. Tel/Direct: +91 (0)22 42270427  Fax: +91 (0)22 28503748 <a href="http://www.adroitcorporate.com">www.adroitcorporate.com</a>
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### IV. Shareholder References

- Permanent Account Number (PAN)

Shareholders holding shares in the physical form are informed that as per SEBI's guidelines, it is mandatory to furnish copy of PAN Card in the following cases:

- Transferees' PAN Cards for transfer of shares,
- Surviving joint holders' PAN Cards for deletion of name of deceased shareholder,
- Legal heirs' PAN Cards for transmission of shares,
- Joint holders' PAN Cards for transposition of shares.

- **Email Address**

In order to enable us to further extend our support towards paperless compliance as a part of Green Initiative in the Corporate Governance, which was introduced by the Ministry of Corporate Affairs (MCA) in the year 2011, the shareholders who have not registered their e-mail addresses, so far, are requested to register their e-mail addresses.

In respect of shares held in physical form, shareholders are requested to register their e-mail addresses with the Company / R & T Agent (with Depository Participants in case of shares held in dematerialized form).

- **Dematerialization of shares**



Shareholders are requested to dematerialize their physical share holdings through any of the nearest Depository Participants (DPs) in order to avoid hassles involved with physical shares such as possibility of loss / mutilation of share certificate(s), and to ensure safe and speedy transaction in securities.

- **Register Your National Electronic Clearing Services (NECS) Mandate**

The Reserve Bank of India (RBI) has initiated NECS for credit of Dividend directly to the Bank Account of shareholders. Shareholders holding shares in electronic mode are requested to register their latest Bank Account details with their Depository Participant and in physical form with the Company's R & T Agent viz. Adroit Corporate Services Private Limited.

- **Address for correspondence**

Shareholders' correspondence should be addressed to Link Adroit Corporate Services Private Limited, Registrar and Share Transfer Agent, at the address mentioned above. Shareholders can also email their queries / grievances to the following email address: silsomani@gmail.com

- **CEO / CFO Certification**

The CEO certificate signed by Mr. Manoj Sinha, Executive Director was placed before the meeting of the Board of Directors held on 9<sup>th</sup> August, 2018.

- **Particulars of Appointment / Re-Appointment of Non – Executive Directors**

The brief resumes and other details relating to the Directors who are proposed to be appointed / re-appointed, as required to be disclosed under Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, form part of the Explanatory Statement to the Notice of the Annual General Meeting.

- **Disclosure under Schedule VI of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 in respect of unclaimed shares**

Pursuant Schedule VI of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has sent reminders to those shareholders, whose share certificates have returned undelivered by the postal authorities due to insufficient / incorrect information and are lying with the Company. These share certificates will be sent to eligible shareholders, if these shareholders submit necessary documents to the Company.

- **Listing Fees**



The Annual Listing Fees for the year under review have been paid to BSE Limited, where the Company's shares are listed.

Further the correspondence address of the Stock Exchanges is as follows:

BSE Limited	BSE Limited, 1st Floor, P. J. Towers, Dalal Street, Fort, Mumbai 400 001
Ahmedabad Stock Exchange Limited	Kamdhenu Complex, Opp. Sahajanand College, Panjara Pole, Ahmedabad 380015

## 7. OTHER DISCLOSURES

**The Company has complied with the other disclosure requirements of Schedule V of the Regulations.**

Pursuant to Section 134 of the Companies Act, 2013, the particulars of contracts or arrangements entered into by the Company with Related Parties are being provided in Form AOC-2.

### a. Details of capital market non-compliance, if any

There have been few instances of non-compliances by the Company due to which BSE has imposed penalties and further suspended the share trading of the Company w.e.f. 3<sup>rd</sup> May, 2018. The Company has made the required application for revocation of suspension. Since the non-compliance was inadvertent, an application along with personal re-presentation has been made to BSE for revoking the penalties imposed on the Company.

### b. Whistle Blower Policy / Vigil Mechanism

The Company has formulated and implemented the Whistle Blower Policy / Vigil Mechanism ('the Policy'). This has provided a mechanism for directors and employees of the Company and other persons dealing with the Company to report to the Chairman of the Audit Committee; any instance of unethical behavior, actual or suspected fraud or violation of the Company's code of conduct.

The policy has also been uploaded on the Company's website at [www.saffronindustries.in](http://www.saffronindustries.in)

### c. Compliance with the Mandatory Corporate Governance Requirements as prescribed under the Listing Regulations



Regulation 27(2) as per clause 15 of Chapter IV of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 is not applicable to the Company as the paid-up Capital and Net Worth is less than 10.00 Crore and 25.00 Crore respectively. However the Board of Directors periodically reviews the compliance of all applicable laws. The Company is in full compliance with all the mandatory requirements of Corporate Governance as specified in Regulation 17 to 27 and Clauses (b) to (i) of sub-regulation (2) of Regulation 46 of the Listing Regulations. The Company has obtained a certificate affirming the compliances from M/s. Vaibhav Netke & Associates, Company Secretaries, the Company's Secretarial Auditors and the same is appended as an Annexure to this Report

**d. Policy for determining 'material' subsidiaries**

Since Company does not have any subsidiary during the year under review, it was not required to formulate policy for determining 'material' subsidiaries and accordingly disseminate the information about the same on website of the Company as required under Regulation 46 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

**e. Policy on materiality of related party transactions and dealing with related party transactions**

The Company has a Policy on Materiality Related Party Transactions and dealing with Related Party Transactions which has been put on the website of the Company at [www.saffronindustries.in](http://www.saffronindustries.in)

**f. Commodity price risk or foreign exchange risk and hedging activities**

The Company is not having any Commodity price risk or foreign exchange risk and not involved in hedging activities.

**g. Compliance with the discretionary Corporate Governance Requirements as prescribed under the Listing Regulations**

**i. The Board**

The Non-Executive Chairman of the Company has its separate office.

**ii. Shareholder Rights**

Since the Company publishes its quarterly results in newspapers (English and Marathi) having wide circulation, and since the results are also displayed on the website of the Company and the Stock Exchanges, the Company does not send any communication of half yearly performance to the shareholders.



**iii. Statutory Auditors qualifications**

There are no qualifications on the Financial Statements of the Company for the year ended 31 March 2019.

**iv. Separate posts of chairperson and chief executive officer**

Position of the Chairman and the Managing Director are held by separate individuals

**v. Reporting of Internal Auditor**

The internal auditor may report directly to the audit committee



**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, 2018 as per the provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') for the period 01<sup>st</sup> April 2018 to 31<sup>st</sup> March 2019.

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 2018 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.

**VAIBHAV NETKE & ASSOCIATES**  
**Company Secretaries**

**Sd/-**

**Vaibhav Netke**  
**Proprietor**

ACS No.38174,  
CP No.19556

Date: 15<sup>th</sup> May, 2019  
Place: Nagpur



**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

Sl No.	Particulars	Details
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

Sr. No.	Particulars	Details
A	Names(s) of the related party and nature of relationship	Associates: 1. Nava-Bharat Press Ltd, Mumbai 2. Navabharat Press, Nagpur 3. Bionova Paper Krafts Pvt. Ltd 4. Shree Trading Corporation 5. Madhyadesh Press Pvt. Ltd  Managing Director: 1. Mr. Manoj Sinha
B	Nature of contracts/arrangements/transactions	Sales to: 1. Nava-Bharat Press Ltd, Mumbai 2. Navabharat Press, Nagpur 3. Madhyadesh Press Pvt. Ltd 4. Shree Trading Corporation



		Remuneration paid to: 1. Mr. Manoj Sinha Rs. 720000 2. Saurabh Somani Rs.575004
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	-
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 as 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 in 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.

**For Saffron Industries Limited**

**Sd/-**

**Vinod Maheshwari  
Chairman**



# UTSAV SUMIT & ASSOCIATES

CHARTERED ACCOUNTANTS

130, Gokuldhama Colony, Kamptee, Nagpur.

Mob. No. 9326753856, Email : casumitsagrawal@gmail.com

## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF SAFFRON INDUSTRIES LIMITED

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#### *Report on Standalone Ind AS financial statement:*

We have audited the accompanying Standalone Ind AS financial statement of **SAFFRON INDUSTRIES LIMITED** (formerly Madhyadesh Papers Limited), which comprise the Balance Sheet as at March 31, 2019, 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 Standalone Ind AS financial statement:*

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 Standalone Ind AS financial statement 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 Standalone Ind AS financial statement 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 Standalone Ind AS 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 Standalone Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Standalone Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Standalone Ind AS 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 Standalone Ind AS financial statement 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 Standalone Ind AS 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 Standalone Ind AS financial statements.

***Opinion:***

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Standalone Ind AS financial statement 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, 2019 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 Standalone Ind AS 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, 2019, taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164(2) of the Act.
  - f. With respect to the adequacy of the internal financial controls over financial reporting of the Group and the operating effectiveness of such controls, refer to our separate report in "Annexure B"; and
  - g. 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, Goods and Service 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, Goods and Service 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 Standalone Ind AS 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 Purchases 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 Utsav Sumit Associates  
Chartered Accountants  
Firm Reg. No. 016514C**

**NAGPUR  
May 30, 2019**

**Sumit Agrawal  
Partner  
Membership No. 151008**

## **Annexure – B to the Auditors’ Report**

### **Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)**

In conjunction with our audit of the financial statements of the Company as of and for the year ended 31 March 2019, we have audited the internal financial controls over financial reporting of **Saffron Industries Limited** (‘the company’) as of that date.

#### **Management’s Responsibility for Internal Financial Controls**

The Board of Directors of the Company are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India (“ICAI”). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### **Auditors’ Responsibility**

Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the “Guidance Note”) issued by ICAI and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company’s internal financial controls system over financial reporting.

## **Meaning of Internal Financial Controls over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

## **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

## **Opinion**

In our opinion, the Company have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI.

**For Utsav Sumit Associates  
Chartered Accountants  
Firm Reg. No. 016514C**

**NAGPUR  
May 30, 2019**

**Sumit Agrawal  
Partner  
M.No. 151008**

**SAFFRON INDUSTRIES LIMITED**

**BALANCE-SHEET AS AT MARCH 31,2019**

(Rupees in Hundreds)

<b>ASSETS</b>	<b>NOTE REF.</b>	<b>AS AT MARCH 31, 2019 Rs in Hundreds</b>		<b>AS AT MARCH 31, 2018 Rs in Hundreds</b>	
<b>NON CURRENT ASSETS</b>					
a) Property ,Plant & Equipment	01	130412187		143087197	
b) Capital Work-in-Progress		0		0	
c) Investment property		0		0	
d) Goodwill		0		0	
e) Other Intangible assets	01	0		2108957	
f) Intangible assets under development		0		0	
g) Biological assets other than bearer plants		0		0	
h) Financial Assets					
i)Investments		0		0	
ii)Trade receivables		0		0	
iii)Loans	02	0		0	
iv)Others	03	5870114		5458832	
i) Deferred Tax Asset		0		0	
j) Other Non Current Assets	04	93250	136375551	2586685	153241671
<b>CURRENT ASSETS</b>					
a) Inventories	05	284699		651510	
b) Financial Assets					
i) Investments		0		0	
ii) Trade receivables	06	47181495		48266698	
iii) Cash & Cash Equivalents	07	588657		1228319	
iv) Bank Balances other than (iii) above		0		0	
v)Loans		0		0	
vi)Others	08	0		0	
c) Current Tax Assets (Net)		0		0	
d) Other Current Assets		1906786	49961637	15286032	65432559
<b>TOTAL ASSETS</b>		<b>186337188</b>		<b>218674229</b>	
<b>EQUITY AND LIABILITIES</b>					
<b><u>EQUITY</u></b>					
a) Equity Share Capital	09	71852000		71852000	
b) Other Equity	10	(122817916)	(50965916)	(134281818)	(62429818)
<b><u>LIABILITIES</u></b>					
<b><u>NON CURRENT LIABILITIES</u></b>					
a) Financial Liabilities					
i) Borrowings	11	205816722		205816722	
ii) Trade Payables		0		0	
iii) Other Financial Liabilities		0		0	
b) Provisions		0		0	
c) Deferred Tax Liabilities		0		0	
d) Other Non Current Liabilities		0	205816722	0	205816722

**CURRENT LIABILITIES**

a) Financial Liabilities				
i) Borrowings	12	0		0
ii) Trade Payables	13	24941870		67426491
iii) Other Financial Liabilities	14	0		0
b) Other Current Liabilities	15	6544512		7860834
c) Provisions		0		0
d) Current Tax Liabilities(Net)		0	31486383	0
				75287325
<b>TOTAL EQUITY AND LIABILITIES</b>			<b><u>186337188</u></b>	<b><u>218674229</u></b>

**Significant Accounting Policies  
Notes on Financial Statements**

1 to 27

This is the Balance-sheet referred to in our Audit Report of even date attached.

The notes referred to above form integral part of the accounts.

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

**Sumit Agrawal  
Partner  
For & on behalf of  
Utsav Sumit & Associates  
Chartered Accountants**

**Vinod Maheshwari  
Chairman  
DIN 00340953**

**Manoj Sinha  
Wholetime Director  
DIN 07564967**

**Saurabha Somani  
Company Secretary**

**NAGPUR  
May 30,2019**

**NAGPUR  
May 30,2019**

**SAFFRON INDUSTRIES LIMITED**

**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED ON MARCH 31,2019**

	<b>NOTE REF</b>	<b>This year Rs. in Hundreds</b>	<b>Last year Rs. in Hundreds</b>
<b>INCOME :</b>			
Revenue from Operations	17	166172734	56271500
Other Income	18	1577280	1269384
<b>Total Income</b>		<b><u>167750014</u></b>	<b><u>57540884</u></b>
<b>EXPENDITURE :</b>			
Cost of Materials Consumed	19	77922190	34548110
Purchases of stock-in-trade		497113	0
Changes in Inventories of Finished goods	20	0	0
Employee Benefits Expenses	21	8467405	6619014
Finance Costs	22	368065	1791399
Depreciation and Amortization Expenses	01	12108197	12367982
Other Expenses	23	44403782	19735215
<b>Total Expenses</b>		<b><u>143766751</u></b>	<b><u>75061720</u></b>
<b>Profit/(Loss) before Tax &amp; Exceptional Items</b>		<b>23983262</b>	<b>(17520838)</b>
Prior Period Expenses	24	(12519361)	0
Exceptional Items		0	0
<b>Profit/(Loss) before Tax</b>		<b>11463901</b>	<b>(17520838)</b>
Tax Expenses:			
Current tax		0	0
Deferred tax		0	0
<b>Profit/(Loss) After Tax</b>		<b>11463901</b>	<b>(17520838)</b>
<b>Prior year adjustments</b>			
Income Tax		0	(109082)
<b>Profit/ (Loss) for the year</b>		<b><u>11463901</u></b>	<b><u>(17629920)</u></b>
<b>Earning per Equity Share of</b>			
Face Value of 10 each	25	<b><u>1.60</u></b>	<b><u>0.00</u></b>

**Significant Accounting Policies**

**Notes on Financial Statements** 1 to 27

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**

**Sumit Agrawal**  
**Partner**  
**For & on behalf of**  
**Utsav Sumit & Associates**  
**Chartered Accountants**

**Vinod Maheshwari**  
**Chairman**

**Manoj Sinha**  
**Wholetime Director**

**Saurabha Somani**  
**Company Secretary**

**NAGPUR**  
**May 30,2019**

**NAGPUR**  
**May 30,2019**

**CASH FLOW STATEMENT ANNEXED TO THE BALANCE-SHEET FOR THE PERIOD  
FROM APRIL 01,2018 TO MARCH 31,2019**

Rs. In Hundreds

**A.CASH FLOW FROM OPERATING ACTIVITIES**

Net Profit as per Profit & Loss Account	114,639.01
Less Interest Income	(12,947.43)
Add Depreciation	121,081.97
Conversion of Fixed ssets in to Stock in trade	5,668.12
Deferred Revenue Expenses written off	21,089.57
Interest Expenses	2,476.62

**Operating Loss before capital changes  
in working capital** **252,007.87**

Decrease in Inventories	3,668.11
Decrease in Receivables	10,852.03
Decrease in Trade Payables	(424,846.20)
Decrease in other current liabilities	(13,163.22)
Decrease in other current assets	133,792.46

**Net Decrease in working capital** **(289,696.83)**

**Cash flow from operating activities** **(37,688.96)**

**B.Cash flow from Investing Activities**

Net Increase in Tangible fixed assets	0
Net Increase in Intangible fixed assets	0
Interest Income	12,947.43
Decrease in Other non current assets	24,934.35

**Cash flow from Investing Activities** **37,881.78**

**C. Cash flow from Financing activities**

Decrease in Long Term Advances	0
Decrease in long term borrowings	0
Interest paid	(2,476.62)

**Cash flow from financing activities** **(2,476.62)**

**Increase in cash & cash equivalent** **(2,283.80)**

**Opening cash & cash equivalents** **66,871.51**

**Closing cash & cash equivalents** **64,587.71**

As per our Report of even date

For & On behalf of the Board

Sumit Agrawal  
Partner  
For & on behalf of  
Utsav Sumit & Associates  
Chartered Accountants

Vinod Mahe: Manoj Sinha  
Chairman Wholetime Director

Saurabh Somani  
Company Secretary

NAGPUR  
May 30,2019

NAGPUR  
May 30,2019





<b>NOTE - 02</b>	<b>As on March 31,2019</b>	<b>As on March 31,2018</b>
<b>FINANCIAL ASSETS</b>	<b>Rs. In Hundreds</b>	<b>Rs. In Hundreds</b>
<b>Loans :</b>		
<b>Unsecured, considered good</b>		
Loans & Advances to Related Parties	0	0
Other Advances	0	0
	<u>0</u>	<u>0</u>
Loans or Advances due by Directors, officers of the Company or Firms/ Companies in which Directors are interested	<u>Nil</u>	<u>Nil</u>

**NOTE - 03**

**OTHER FINANCIAL ASSETS**

Bank deposits with more than twelve months maturity	<u>5870114</u>	<u>5458832</u>
	<u>5870114</u>	<u>5458832</u>

**NOTE - 04**

**OTHER NON-CURRENT ASSETS**

Advances for Capital Goods	0	2490085
Advances other than capital advances;		
a) Security Deposits	93250	96600
b) Advances to related parties	0	0
c) Other advances	0	0
	<u>93250</u>	<u>2586685</u>

**CURRENT ASSETS**

**NOTE - 05**

**INVENTORIES**

As taken, valued and certified by the Management  
Valued at lower of cost or net realisable value

Raw Materials	103000	510635
Finished Goods	0	0
Stores & Spares	0	0
Coal, Fuel Pellets / Rice husk	112000	140875
Chemicals	0	0
Packing Materials	0	0
Stock-in-trade(Land)	69699	0
	<u>284699</u>	<u>651510</u>

**FINANCIAL ASSETS**

**NOTE - 06**

**TRADE RECEIVABLES**

a.Outstanding for a period exceeding six months		
i) Unsecured considered good	6189507	7439673
ii) Unsecured considered doubtful-not provided for	0	3122690
b.Others	<u>40991988</u>	<u>37704335</u>
	<u>47181495</u>	<u>48266698</u>
Out of the above :		
Debts due from Directors	0	0
From Companies & Concerns under the same Management		
considered good, outstanding for a period :		
not exceeding six months	40991988	45144008
exceeding six months	6189507	0
	<u>47181495</u>	<u>45144008</u>

**NOTE - 07****CASH & CASH EQUIVALENTS**

Cash-in-hand	822	70312
Balances with Banks :		
In Current Accounts	587835	1158008
	<u>588657</u>	<u>1228319</u>

**NOTE - 08****OTHER ADVANCES**

Unsecured, considered good		
Security Deposits	0	0
Loans to related Parties	0	0
Others	1906786	15286032
	<u>1906786</u>	<u>15286032</u>
Out of the above advances :		
Advances to the Directors	0	0
Advances to Associate Concern against Purchases	0	0
	<u>0</u>	<u>0</u>

**NOTE-09****STATEMENT OF CHANGES IN EQUITY****A. Equity Share Capital**

Rupees in Hundreds

	Balance as on March 31,2019	Changes in equity share capital during the year	Balance as on March 31,2018
<b>01. Authorised Share Capital : 78,00,000 Equity Shares of ` 10/- each fully paid up</b>	78000000	Nil	78000000
<b>02 Issued subscribe and paid up; 7185200 equity shares of ` 10 each, fully paid up</b>	71852000	Nil	71852000

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

Shareholders	No. of Shares held		
	As on March 31,2019	Changes during the year	As on March 31,2018
1. Shri Vinod Maheshwari	1785800	0	1785800
2. Shri Nimish V Maheshwari	1317817	0	1317817
3. Navabharat Real Estate Pvt. Ltd. (Formerly Madhyadesh Construction & Finance Pvt. Ltd.)	456500	0	456500
4. Navabharat Press (Nagpur) Pvt. Ltd.	371200	0	371200

**Notes :**

01. The Company does not have any holding or associate holding Company.
02. None of the above include any shares allotted in pursuant to contract without received in cash.
03. No bonus shares have been issued by the Company so far.
04. No shares have been bought back by the Company.



**NON CURRENT LIABILITIES**

	<b>As on March 31,2019</b>	<b>As on March 31,2018</b>
	<b>Rs. in Hundreds</b>	<b>Rs. in Hundreds</b>
<b>FINANCIAL LIABILITIES</b>		
<b>NOTE - 11</b>		
<b>BORROWINGS</b>		
<b>Secured Loans</b>	0	0
<b>Unsecured Loans</b>		
From Banks	0	0
Loans from Related Parties	13000000	13000000
From Others	192816722	192816722
<b>Total</b>	<u>205816722</u>	<u>205816722</u>
The above Unsecured Loans include:		
From Body Corporates	192816722	192816722
From Directors (out of his own funds)	13000000	13000000
From Associates	0	0
	<u>205816722</u>	<u>205816722</u>
<b>Other non-current liabilities;</b>		
(a) Advances	0	0
(b) Others	<u>0</u>	<u>0</u>

**CURRENT LIABILITIES****FINANCIAL LIABILITIES****NOTE- 12****BORROWINGS**

From Banks - Secured	0	0
From Others	0	0
	<u>0</u>	<u>0</u>

**NOTE -13**

<b>TRADE PAYABLES</b>	<u>24941870</u>	<u>67426491</u>
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**NOTE-14****OTHER FINANCIAL LIABILITIES**

Current Maturities of Long Term Debts	0	0
Interest Accrued	<u>0</u>	<u>0</u>
	<u>0</u>	<u>0</u>

**NOTE - 15****OTHER CURRENT LIABILITIES**

Revenue received in advance	0	936632
Creditors for Capital Expenditure	448619	2030565
Other Payables*	6095893	4893637
	<u>6544512</u>	<u>7860834</u>

Other payables include Payable for Statutory dues & Other expenses

**NOTE - 16****CONTINGENT LIABILITIES AND COMMITMENTS****I. Contingent Liabilities**

	<b>Rs. in Hundreds</b>	<b>Rs. in Hundreds</b>
a) Claims against company not acknowledged as debt:	Nil	Nil
b) Guarantees excluding Financial Guarantees	Nil	Nil
c) Other money for which the Company is contingently liable	Nil	Nil

**II. Commitments :**

a) Contracts remaining to be executed on Capital Accounts and not provided for	Nil	Nil
b) Uncalled Liability on shares and Other investments partly	Nil	Nil
c) Other Commitments	Nil	Nil

	<b>For the year ended</b> <b>March 31,2019</b> Rs. in Hundreds	<b>For the year ended</b> <b>March 31,2018</b> Rs. in Hundreds
--	--	--

**NOTE-17****REVENUE FROM OPERATIONS**

Sale of Products	165977640	56271500
Other Operating Revenues	195094	0
	<u>166172734</u>	<u>56271500</u>

**NOTE- 18****OTHER INCOME**

Interest Income	1294743	653229
Other Receipts	282537	616155
	<u>1577280</u>	<u>1269384</u>

**NOTE- 19****COST OF MATERIALS CONSUMED :**

Imported	0	0
Indigenous	77922190	34548110
	<u>77922190</u>	<u>34548110</u>

**Particulars of major materials consumed:**

Waste Papers	77922190	34548110
	<u>77922190</u>	<u>34548110</u>

**NOTE - 20****INCREASE/DECREASE IN STOCK :****Opening Stock :**

Finished Goods	0	0
Stock-In-Process	0	0
	<u>0</u>	<u>0</u>

**Closing Stock :**

Finished Goods	0	0
Stock-In-Process	0	0
	<u>0</u>	<u>0</u>

**INCREASE/(DECREASE) IN STOCK**

	<b>For the year ended</b> <b>March 31,2019</b> Rs. in Hundreds	<b>For the year ended</b> <b>March 31,2018</b> Rs. in Hundreds
	<u>0</u>	<u>0</u>

**NOTE - 21****EMPLOYEE BENEFIT EXPENSES :**

Salaries & Bonus	6358448	3571544
Gratuity	1589755	2376811
Leave Encashment & Compensation	519202	660832
Employer's Contributions to Provident Fund	0	9763
Staff Welfare Expenses	0	64
	<u>8467405</u>	<u>6619014</u>

**NOTE - 22****FINANCE COSTS :****Interest Expenses**

Interest on term Loans	0	0
Other Interest	368065	1791399
	<u>368065</u>	<u>1791399</u>

**NOTE -23****OTHER EXPENSES****Manufacturing Expenses**

	Rs. in Hundreds		Rs. in Hundreds	
Stores, Chemicals & Packing Materials				
- Imported	0		0	
- Indigenous	5943609		2522743	
Power & Fuel Charges	30251249		14763196	
Machinery Repairs & Maintenance	271000		248500	
Land Development Expenses	100000	36565858	0	17534439

**Selling & Distribution Expenses**

Discounts & Rebate	1509146		0	
Quality Claims	545824		0	
Sales Tax	0	2054970	347804	347804

**Establishment Expenses**

Bank Commission & Charges	41325		14944	
Balances Written off	1570989		0.00	
Insurance	9327		8688	
Repairs & Maintenance	333537		199710	
Legal & Statutory Expenses	2169704		214269	
Professional & Consultancy Fees	535250		294500	
Travelling & Conveyance Expenses	53350		30275	
Miscellaneous Expenses	206763		112170	
Telephone Expenses	20160		32864	
Rent, Rates & Taxes	802549		400000	
Loss on sale of Asset	0		515553	
Auditor's Remuneration :				
As Audit Fee	40000		30000	
For Taxation Matters & certification	0	5782954	0	1852973
		<u>44403782</u>	<u>19735215</u>	

**NOTE -24**

	Rs. in Hundreds		Rs. in Hundreds	
<b>PRIOR PERIOD EXPENSES</b>				
Power & Electricity	10098556		0	
Deductions for Coal	1796134		0	
Interest on delays in VAT payments	624671		0	
		<u>12519361</u>	<u>0</u>	

**NOTE - 25****EARNINGS PER EQUITY SHARES**

i) Net Profit/(Loss) after Tax as per Statement of Profit and Loss attributable to Equity Shareholders	11463901	(17629919)
ii) Number of Equity Shares	7185200	7185200
iii) Earnings Per Share	<u>1.60</u>	<u>0.00</u>

**NOTE - 26****FOREIGN CURRENCY TRANSACTIONS**

Expenditure:

Import of Raw Materials

Nil

Nil

Earnings:

Nil

Nil

**NOTE-27****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 :**

Shri Manoj Sinha

## b) Transactions with Related Parties

## i) Sales to :

Navabharat Press Ltd., Mumbai

58958327

26291265

Navabharat Press, Nagpur

42440237

19744200

Madhyadesh Press Pvt. Ltd.

46136782

13049610

## ii) Purchases of Waste Papers from :

Shree Trading Corporation

17379229

16053462

## iv) Remuneration paid to

Wholetime Director: Shri Manoj Sinha

720000

770000

## c) Outstanding Balances

## i) Sundry Debtors

47181495

45144008

## ii) Unsecured Loans received

13000000

13000000

**As per our Report of even date****For & on behalf of the Board of Directors of  
SAFFRON INDUSTRIES LIMITED****Sumit Agrawal****Partner****For & on behalf of****Utsav Sumit & Associates****Chartered Accountants****Vinod Maheshwari  
Chairman****Manoj Sinha  
Wholetime Director****Saurabh Somani  
Company Secretary****NAGPUR  
May 30,2019****NAGPUR  
May 30,2019**

## SAFFRON INDUSTRIES 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. The company has disposed off a part of its fixed Assets as these were obsolete. This will impact its production capacity.
- 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 Ind AS 12, of about ` 48222 hundreds (Last year ` 610000 hundreds as per Accounting standard 22), 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 :**

Other accounting policies of the Company are consistent with generally accepted accounting policies.

For Utsav Sumit Associates  
Chartered Accountants  
Firm Reg. No. 016514C

For SAFFRON INDUSTRIES LTD

Sumit Agrawal  
Partner  
For & on behalf of  
Utsav Sumit & Associates  
Chartered Accountants

Vinod Maheshwari  
Chairman  
DIN 00340953

Manoj Sinha  
Wholetime Director  
DIN 07564967

Saurabh Somani  
Company Secretary

NAGPUR  
May 30, 2019

NAGPUR  
May 30,2019