



# **SAFFRON INDUSTRIES LIMITED**

**20TH ANNUAL REPORT 2012-2013**





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# SAFFRON INDUSTRIES LIMITED



- BOARD OF DIRECTORS** :
- |                           |                   |
|---------------------------|-------------------|
| SHRI VINOD MAHESHWARI     | Chairman          |
| SHRI NIMISH V. MAHESHWARI | Managing Director |
| SHRI VINAY PANSARI        | Director          |
| SHRI ANANTRAI RAWELL      | Director          |
- AUDITORS** :
- M/S. KHATRI & IYER,  
Chartered Accountants  
117, Zal Complex,  
Residency Road, Sadar  
NAGPUR - 440 001.
- BANKERS** :
- STATE BANK OF INDIA  
Industrial Finance Branch,  
Bharat Nagar,  
NAGPUR - 440 010
- REGD. OFFICE** :
- NAVA-BHARAT BHAWAN,  
Chhatrapati Square,  
Wardha Raod,  
NAGPUR - 440 015  
PH : 2284013, 2284014  
FAX : 0712 - 2284015
- PLANT** :
- Village : Manegaon  
Taluka : Saoner,  
Dist. : NAGPUR  
PH : 07113 - 236428  
FAX : 07113 - 236428

# SAFFRON INDUSTRIES LIMITED



## NOTICE TO MEMBERS

NOTICE is hereby given that the Twentieth Annual General Meeting of the Members of SAFFRON INDUSTRIES LIMITED (Formerly known as Madhyadesh Papers Ltd.) will be held on Monday, the 30th Day of September, 2013 at 10.00 A.M. at Nava-Bharat Bhavan, Chhatrapati Square, Wardha Road, Nagpur - 440 015, to transact the following business :

### **ORDINARY BUSINESS:**

1. To receive, consider and adopt the Audited Profit and Loss Account for the year ended 31st March, 2013 and the Balance Sheet as at that date and the Reports of the Directors and Auditors thereon.
2. To re-appoint a Director in place of Shri Vinod Maheshwari who retires by rotation and being eligible offers himself for reappointment.
3. To appoint Auditors and to fix their remuneration.

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

By Order of the Board

Nimish V. Maheshwari  
Managing Director

Dated : August 14, 2013



**NOTES**

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER.**
2. The Register of Members and Share Transfer Books of the Company will remain closed on Monday, the 30th September, 2013.
3. Members are requested to :
  - a) Intimate the Company the changes, if any, in their registered addresses along with Pin Code Number.
  - b) Quote their Folio Number.
4. Members who have multiple folios with identical order of names are requested to intimate the same to the Company so as to enable it to consolidate all shareholdings into one folio.
5. A blank proxy form is sent herewith.
6. The instrument appointing proxy should however, be deposited at the Registered Office of the Company not less than 48 hours before the time appointed for the Meeting.
7. Shareholders requiring information about Accounts to be explained in the Meeting are requested to inform the Company at least 7 days in advance from the date of Meeting.
8. Members are requested to bring their copies of the Annual Report to the Meeting.
9. 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.
10. 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, 1st Floor, Makwana Road, Marol Naka, Mumbai – 400 059.

## SAFFRON INDUSTRIES LIMITED



**Information pursuant to Corporate Governance Clause of the Listing Agreement(s) regarding the Directors seeking appointment/re-appointment in Annual General Meeting.**

Name of Director	Shri Vinod Maheshwari
Date of Birth	17.10.1944
Date of Appointment	20.04.1993
Expertise in specific functional areas	Shri Vinod Maheshwari is the Chairman of Saffron Industries Ltd. He is also Managing Editor of "Nave Bharat" the renowned Hindi Daily Newspaper, covering three major States namely Maharashtra, Madhya Pradesh & Chhatisgarh. The activities related to printing & publishing of Newspaper "Nava Bharat" for Nagpur and Mumbai editions are handled by Shri Vinod Maheshwari. He is a dynamic and intelligent Industrialist possessing rich experience of over 45 years in the Newspaper Industry.
Directorships of other Public Limited Companies as on 31st March, 2013	1) Nava Bharat Press Ltd. 2) Madhyadesh Global Network Ltd. 3) Madhyadesh Industries Ltd. 4) Dhoot Compack Ltd.
Chairman/Member of the Committees of other Companies as on 31st March, 2013	Nil
No. of shares held	17,82,400

# SAFFRON INDUSTRIES LIMITED



## DIRECTORS' REPORT

To the Members of 'SAFFRON INDUSTRIES LIMITED

Your Directors have pleasure in presenting their Twentieth Annual Report and Audited Statement of Accounts for the year ended 31st March, 2013.

### FINANCIAL RESULTS:

	(RUPEES)
<b>SALES AND OTHER INCOME</b>	<b>28,03,68,137</b>
<b>Profit/(Loss) before Finance Cost &amp; Depreciation</b>	<b>(1,52,33,655)</b>
Less : Finance Cost	3,69,36,242
Depreciation	<u>2,36,05,254</u>
	<u>6,05,41,496</u>
<b>Profit/(Loss) Before Tax and Exceptional items</b>	<b>(7,57,75,151)</b>
Less : Provision For Taxation	<u>NIL</u>
<b>Profit/(Loss) after Tax</b>	<b>(7,57,75,151)</b>
Add : Prior Period Items	(96,637)
Add: Exceptional Items	NIL
Prior year adjustments	<u>23,18,505</u>
<b>Profit/(Loss) for the Year</b>	<b>(7,35,53,282)</b>
Add: Profit/(Loss) Brought Forward from pervious year	<u>(3,83,11,451)</u>
<b>Balance carried forward</b>	<b>(11,18,64,733)</b>

### REVIEW OF OPERATIONS :

During the year under review the Sales Turnover of your company was Rs. 27.95 Crore as against Sales Turnover of Rs. 24.23 Crore in the previous financial year. Due to increase in cost of material consumed and increase in other manufacturing expenses, the loss incurred during the year under review was Rs. 7.35 Crore as compared to loss Before tax and exceptional items of Rs. 6.78 Crore during the previous financial year.

Your company is trying to overcome losses by way of using various efforts to reduce the overall cost and to increase its sustainability 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 and by continuing efforts for its growth as well.

## SAFFRON INDUSTRIES LIMITED



### **FUTURE OUTLOOK:**

In this scenario of high cost market, you will appreciate the hardship the company is facing. However, we are hopeful for a change in this scenario soon and also hope that the domestic paper market shall buoyant further, and also hopeful for better sales realisations and profitability, which will take care of company's subsistence and growth in the market.

### **DIVIDEND:**

In absence of profits the Directors have not recommended any dividend for the year under review.

### **DIRECTORS:**

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

### **AUDIT COMMITTEE:**

The Company has already constituted an Audit Committee of its Board of Directors with specified terms of reference. Shri Vinay Pansari is the Chairman of the Audit Committee. Shri Vinod Maheshwari and Shri Anantraï Rawell are the other members of the Audit Committee.

### **DIRECTOR'S COMMENTS ON AUDITORS QUALIFICATION & ADVERSE REMARKS IN AUDITORS REPORT:**

The Auditors has made qualifications and marked adversely in their Report in the Para iii) c), Para iii)d), Para ix) b) and Para xi) of clause 02 in respect of the Report under Companies (Auditors Report) Order, 2003.

The Directors comment on these qualifications and remarks as – the Management is engineering necessary funds to regularise the payment of dues/overdues to the concerned Bankers. Also Employees Provident Fund/Profession Tax and other Taxation Dues are going to be regularised shortly.

### **DEMATERIALISATION OF SHAREHOLDING:**

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

### **LISTING OF SECURITIES:**

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





## **CORPORATE GOVERNANCE:**

A report on corporate governance including Auditors' Certificate on compliance with the conditions of corporate governance under clause 49 of the listing agreement, is appended to this report as Annexure "B"

## **DIRECTORS' RESPONSIBILITY STATEMENT:**

Pursuant to Section 217(2AA) of the Companies Act, 1956, your Directors to the best of their knowledge and belief hereby confirm that:

- i) in the preparation of the annual accounts, the applicable accounting standards have been followed;
- ii) appropriate accounting policies have been selected and applied consistently, and have made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2013 and of the profits of the Company for the year ended 31st March, 2013;
- iii) proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv) the annual accounts have been prepared on a going concern basis.

## **AUDITORS:**

M/s. Khatri & Iyer, Chartered Accountants, Nagpur will retire at the conclusion of the ensuing Annual General Meeting and are eligible for reappointment.

## **COST AUDIT:**

The Ministry of Company Affairs (MCA), GOI, Cost Audit Branch has issued a General Circular 15/2011 dated 11th April 2011 which amongst other requirements for appointment of Cost Auditor mandates the company to disclose full particulars of its Cost Auditors and also requires the company to disclose the due date and actual date of filing of Cost Audit Report by the Cost Auditors with the MCA for each relevant financial year in its Annual Report.

According to the above Circular of MCA the company would like to inform to its members that The Board of Directors has appointed M/s Manisha & Associates, Cost Accountants, Nagpur, as the Cost Auditors of the company for the financial year ending on 31st March 2013, in place of M/s Shriram & Company, Nagpur, the former Cost Auditors of the company.

The due date for filing of Cost Audit Report for the financial year ending 31st March 2012 (previous financial year) was 31st January 2013.

## SAFFRON INDUSTRIES LIMITED



The Cost Audit Report in respect of financial year ending 31st March 2012 was actually filed by the Cost Auditors on 29th January 2013.

Further to inform that the Cost Audit Report for the financial year ending on 31st March 2013 shall be submitted by the Cost Auditors of the Company to the Ministry of Corporate Affairs Government of India.

### **PARTICULARS OF EMPLOYEES:**

None of the employees were in receipt of remuneration of Rs. 5,00,000/- or more per month (as amended by the Companies (Particulars of Employees) Amendment Rules, 2011) during the year. Therefore the particulars of employees as required under the provisions of section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 are not furnished.

### **OTHER PARTICULARS:**

Information in accordance with the provisions of Section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 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 State Bank of India, Government Authorities, Suppliers, Customers and Shareholders for their continued support and co-operation extended to the Company during the year.

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

For and on behalf of the Board,

Place : Nagpur  
Date : August 14, 2013

Vinod Maheshwari  
Chairman



## ANNEXURE 'A' TO THE DIRECTORS' REPORT

Statement of particulars required under Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988.

### 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 uninterrupted power & steam to the Paper Plant thus enabling the company to achieve its optimum production capacity.

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

#### A) POWER CONSUMPTION

ELECTRICITY:		2012-2013	2011-2012
Own Generation :			
Units	(in KWH)	1,21,56,622	1,01,91,936
Total Amount	(in Rs. lacs)	546.17	434.04
Rate per Unit	(in Rs.)	4.49	4.26

#### B) CONSUMPTION PER UNIT OF PRODUCTION

Machine Production	(MT)	11,720	9,029
Electricity	(KWH/MT)	1,037	1,129
Finished Production	(MT)	11,079	8,496
Electricity	(KWH/MT)	1,097	1,200

### 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.

## SAFFRON INDUSTRIES LIMITED



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 income in foreign exchange, however the expenditure of Rs. 38,11,207/- incurred in foreign exchange during the year under review.

For and on behalf of the Board,

Place : Nagpur  
Date : August 14, 2013

Vinod Maheshwari  
Chairman

# SAFFRON INDUSTRIES LIMITED



## ANNEXURE - B TO THE DIRECTORS' REPORT

### REPORT ON CORPORATE GOVERNANCE :

#### 1. 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. 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 Chairmanship
1)	Shri Vinod R. Maheshwari	Non-Executive Director	10	Present	11	Nil	Nil
2)	Shri Nimish V. Maheshwari	Managing Director	10	Present	9	Nil	Nil
3)	Shri Vinay Pansari	Non-Executive Independent Director	10	Present	0	Nil	Nil
4)	Shri Anantrai Rawell	Non-Executive Independent Director	10	Present	0	Nil	Nil

# SAFFRON INDUSTRIES LIMITED



## Meeting of Board of Directors :

During the period under review, 10 Board Meetings were held on 29th April, 2012, 30th May 2012, 14th July, 2012, 14th August, 2012, 29th September, 2012, 15th October, 2012, 14th November, 2012, 30th December, 2012, 14th February, 2013 and 31st March, 2013.

## 3. Audit Committee :

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

Shri Vinay Pansari	- Chairman, Non-Executive Independent Director
Shri Vinod R. Maheshwari	- Non-Executive Director
Shri Anantraï Rawell	- Non-Executive Independent Director

The role, powers and functions of the Audit Committee are as stated in clause 49 of the Listing Agreement and Section 292A of the Companies Act 1956. The Committee reviews the financial statements before they are placed before the Board. During the period under review, five meetings of the Committee were held on 15th May, 2012, 30th June, 2012, 31st July 2012, 31st October, 2012 & 31st January, 2013. The details of attendance of the Audit Committee are as under :

Sr. No.	Name of Director	No. of Meetings Attended
1.	Shri Vinod R. Maheshwari	5
2.	Shri Vinay Pansari	5
3.	Shri Anantraï Rawell	5

## 4. Remuneration Committee :

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

Shri Vinay Pansari	- Chairman, (Non-Executive Independent Director)
Shri Vinod R. Maheshwari	- (Non Executive Director)
Shri Anantraï Rawell	- (Non-Executive Independent Director)

During the year under review, two meetings were held on 31st October, 2012 and 31st January, 2013 to review and approve the remuneration package payable to the Directors.

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

Sr. No.	Name of Director	No. of Meetings Attended
1.	Shri Vinod R. Maheshwari	2
2.	Shri Vinay Pansari	2
3.	Shri Anantraï Rawell	2

## SAFFRON INDUSTRIES LIMITED



The details of remuneration paid to the Directors during the period ended on 31st March 2013 are as under :

Sr. No.	Name of Director	*Sitting Fees (including committee meetings)	*Salaries & Allowances etc.	Contributions to Provident and Superannuation Funds
1.	Shri Vinod R. Maheshwari	Nil	Nil	Nil
2.	Shri Nimish V. Maheshwari	Nil	Rs. 6,00,000/-	Nil
4.	Shri Vinay Pansari	Nil	Nil	Nil
5.	Shri Anantraï Rawell	Nil	Nil	Nil

\* The Company pays a consolidated sum of Rs. 50,000/- per month to Shri Nimish V. Maheshwari, Managing Director. At present the Company is not making any payment towards sittings fees to its Directors.

### 5. Share Holders' Committee :

The following Directors are members of the Shareholders' Committee:

Sr. No.	Name of Director	No. of Meetings Attended
1.	Shri Vinod R. Maheshwari	10
2.	Shri Nimish V. Maheshwari	10

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

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

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

## SAFFRON INDUSTRIES LIMITED



### 6. General Body Meetings :

AGM	For the Year	Venue	Date	Time
17th	2009 - 2010	Nava-Bharat Bhavan, Chhatrapati Square, Wardha Road, Nagpur - 15	21.09.2010	9.30 A.M.
18th	2010 - 2011	- do -	15.07.2011	10.00 A.M.
19th	2011 - 2012	- do -	29.09.2012	10.00 A.M.

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

### 7. Disclosures :

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

### 8. Means of communication :

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

### 9. General Shareholder Information :

- i) Annual General Meeting date : 30th September, 2013
- ii) Day : Monday
- iii) Time : 10.00 A. M.
- iv) Venue : Nava-Bharat Bhavan, Chatrapati Square,  
Wardha Road, Nagpur - 440 015.
- v) Financial Year : 1st April to 31st March
- vi) Book closure : on 30th September, 2013
- vii) Dividend payment date : No dividend has been recommended



## SAFFRON INDUSTRIES LIMITED



- viii) Listing on Stock Exchange : 1) The Stock Exchange, Mumbai,  
1st Floor, New Trading Ring, Rotunda  
Building, P.J. Towers, Dalal Street,  
Fort, Mumbai - 400 001.  
Tel : (022) 2655581, 2655626,  
2655860 - 61, 2655656, 2650525  
Fax : (022) 2658121, 2702041,  
2702061.
- 2) The Ahmedabad Stock Exchange,  
Kamdhenu Complex, Opp. Sahajanand  
College, Panjarapole,  
Ahmedabad - 380 015.  
Tel : (079) 6446733, 6441842,  
6449480, 6443858, 6561856,  
6446576, Fax : (079) 6442222

ix) Stock Code : 531436

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

Month	The Stock Exchange Mumbai	
	High (Rs.)	Low (Rs.)
April 2012	5.82	4.17
May 2012	7.24	5.50
June 2012	-	-
July 2012	7.24	4.27
August 2012	4.49	4.40
September 2012	-	-
October 2012	4.35	4.14
November 2012	4.15	3.81
December 2012	3.70	3.45
January 2013	3.60	2.67
February 2013	3.00	2.52
March 2013	2.66	2.31

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.

# SAFFRON INDUSTRIES LIMITED



## 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 31.03.2013

Share or Debenture holding of nominal value of	Share holders		Shares	
	Number (2)	% to Total Nos. (3)	Number (4)	% to Total Capital
Upto 500	1009	54.87%	364873	5.08%
501 to 1,000	482	26.21%	412412	5.73%
1,001 to 2,000	156	8.48%	252723	3.50%
2,001 to 3,000	60	3.26%	157705	2.19%
3,001 to 4,000	24	1.31%	84910	1.30%
4,001 to 5,000	15	0.82%	72547	1.01%
5,001 to 10,000	39	2.12%	313408	4.36%
10,001 to above	54	2.94%	5526622	76.93%
<b>Total</b>	<b>1839</b>	<b>100.00%</b>	<b>7185200</b>	<b>100.00%</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 31st March 2013, 4692490 shares have been dematerialised representing 65.31% 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, 1st Floor, Makwana Road, Marol Naka, Mumbai – 400 059.

## SAFFRON INDUSTRIES LIMITED



8. Auditors Certificate on compliance of conditions of Corporate Governance :

We have examined the compliance of conditions of Corporate Governance by Saffron Industries Ltd. (Formerly-Madhyadesh Papers Ltd.) for the year ended 31st March, 2013 as stipulated in clause 49 of the Listing Agreement of the said Company with the Stock Exchanges.

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.

We state that no investors grievance was received by the company during the year ended 31st March 2013 as per the records maintained by the company.

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

For Khatri & Iyer  
Chartered Accountants,

Jagdish Khatri  
Partner

# SAFFRON INDUSTRIES LIMITED



## REPORT OF THE AUDITORS TO THE MEMBERS OF SAFFRON INDUSTRIES LIMITED

### **Report on Financial Statements :**

We have audited the accompanying financial statements of SAFFRON INDUSTRIES LIMITED (Formerly-Madhyadesh Papers Ltd.) as at March 31, 2013, which comprise the Balance Sheet as at March 31, 2013, the Statement of Profit and Loss and Cash Flow for the year then ended and a summary of significant accounting policies and other explanatory information.

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

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance of the Company in accordance with the Accounting Standards referred to in section 211 (3C) of the Companies Act, 1956. Our responsibility is to express an opinion on these financial statements based on our audit.

### **Auditor's Responsibility :**

We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that, we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

### **Opinion :**

In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and 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, 2013 and
- b. In the case of the Profit and Loss Account, of the Loss for the year ended on that date.
- c. In case of cash flow statement, of the cash flows for the year ended on that date.

### **Subject to our comments :**

- i) The Closing Stock as on March 31, 2013, as taken valued and certified by the Directors, is taken and accepted as correct.
- ii) The value of loss on fire of stock and fixed assets, occurred in company's factory premises during the financial year, is taken as per insurance claim lodged by the company with the Insurers.



## Report on other Legal and Regulatory Requirements :

01. As required by section 227(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 Profit and Loss Account and cash flow statement dealt with by this report are in agreement with the books of account.
  - d. In our opinion, the Balance Sheet and Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.
  - e. On the basis of written representations received from the Directors, as on March 31, 2013, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2013 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
  - f. Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under section 441A of the Companies Act, 1956 nor has it issued any Rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.
02. As required by the Companies (Auditors' Reports) Order, 2003 issued by the Company Law Board in terms of Section 227(4A) of the Companies Act, 1956 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) As informed to us, the Company has not disposed off any substantial part of its Fixed Assets and this has not affected the Company, as a going concern.
  - 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.

## SAFFRON INDUSTRIES LIMITED



- b) In our opinion and according to information and explanations given to us, the procedures of physical verification of stocks, followed by the management are reasonable and adequate in relation to the size of the Company and nature of its business.
- c) The company is maintaining proper records of inventory and the material discrepancies noticed on physical verification, have been properly dealt with in the books of account.
- iii) a) The Company has interest free unsecured loan of ₹ 816995.87 hundreds from four associate concerns covered in the register maintained under section 301 of the Companies Act and has not granted any unsecured loan to any such firm, company or other party, except during the normal course of business.
- b) In our opinion and according to information and explanations given to us, the rate of interest and other terms and conditions of loans given or taken by the company secured or unsecured, are prima facie, not prejudicial to the interest of the company.
- c) As per the information and explanation given to us, the company is not regular in payment of term loans and working capital facilities availed from the State Bank of India.
- d) The following amounts of interest and principal are overdue for payments to State Bank of India.
- |   | (₹ In Hundreds)  |                 |
|---|------------------|-----------------|
|   | <u>Principal</u> | <u>Interest</u> |
| Term loans - State Bank of India            | 1327001.70       | 1057110.36      |
| Working Capital Loans - State Bank of India | -----            | 102376.02       |
| Term Loan from ASREC India Ltd.             | 292000.00        | 23033.90        |
- iv) In our opinion, there is an adequate internal control procedure commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for sale of goods. During the course of audit, we have not observed any area of continuous failure to correct major weakness in internal control system.
- v) a) The company has entered the transactions that need to be entered into a register, in pursuance of section 301 of the Act.
- b) In our opinion, these transactions during the year, in cases of transactions exceeding Rupees five lacs, in respect of any party, have been made at the prices, which are reasonable having regard to prevailing market prices, at the relevant time.
- vi) 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 Section 58A and 58AA of the Companies Act, 1956 and rules framed thereunder.

## SAFFRON INDUSTRIES LIMITED



- vii) The company has an internal audit system, conducted by the employees of the company. In our opinion this needs to be strengthened, in view of volume and nature of transactions of the company to make it commensurate with the size and the nature of its business.
- viii) 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.
- ix) (a) The Company is generally regular in payment of undisputed statutory dues including Provident Fund, Profession Tax, Sales Tax and other statutory dues.
- (b) Undisputed Income Provident Fund dues of ₹ 9192.15 hundreds outstanding for a period exceeding six months, as on March 31, 2013.
- x) The company has accumulated losses of ₹ 1703705.75 hundreds at the end of the year which is more than its net worth. The company has incurred cash losses of ₹ 526879.63 hundreds during the current year and ₹ 466088.46 hundreds in last year..
- xi) On the basis of the information and explanations given to us by the management and read with our comments in Para (iii) (d) above, the company has defaulted in repayment of dues to its bankers.
- xii) As per the information and explanations given to us, the company has not granted loans or advances on the basis of security by way of pledge of shares and other securities.
- xiii) The company is not a Chit Fund / Nidhi / Mutual benefit company. Therefore, clause 4 (xiii) of the Companies (Auditor's Report) Order 2003 is not applicable to the company.
- xiv) As per the information and explanations given to us, the company is not dealing or trading in shares, securities, debentures and other investment.
- xv) As explained to us, the company has not given any guarantee for loan taken by others, from banks or financial institutions.
- xvi) 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.
- xvii) According to the records examined by us and as per information and explanations given to us, we are of the opinion that, the funds raised on short term basis, have not been used for long term investment and vice versa.

## SAFFRON INDUSTRIES LIMITED



- xviii) The company has not made preferential allotment of any shares during the year.
- xix) The company has not issued any debenture during the year.
- xx) The company has not raised any money by public issue during the year.
- xxi) To the best of our knowledge and belief and according to information and explanations given to us, no fraud on or by the company has been noticed or reported.

For KHATRI & IYER  
Chartered Accountants  
Firm Reg. No.113433W

JAGDISH KHATRI  
Partner  
Membership No.035495

NAGPUR  
Date : May 29, 2013



# SAFFRON INDUSTRIES LIMITED



## BALANCE SHEET AS AT MARCH 31, 2013

EQUITY AND LIABILITIES	NOTE REF	AS AT MARCH 31, 2013 ₹ in Hundreds	AS AT MARCH 31, 2012 ₹ in Hundreds
<b>SHAREHOLDERS FUNDS :</b>			
Share Capital	01	718520.00	718520.00
Reserves & Surplus	02	(1450705.75)	(715172.93)
			3347.07
<b>NON CURRENT LIABILITIES</b>			
Long Term Borrowings	03		816995.87
<b>CURRENT LIABILITIES</b>			
Short Term Borrowings	04	2648487.50	2393491.12
Trade Payables		553922.43	586225.04
Other Current Liabilities		591694.56	695326.92
Short Term Provisions		0.00	3794104.49
<b>TOTAL</b>		<b>3878914.61</b>	<b>4121596.56</b>
<b>ASSETS</b>			
<b>NON CURRENT ASSETS</b>			
<b>FIXED ASSETS :</b>			
Tangible Assets:	05	1895714.83	2149692.95
Intangible Assets		0.00	0.00
Capital Work-in-Progress (Kraft Paper Plant)		592511.37	2488226.20
			361133.15
			2510826.10
Long Term Loans & Advances	06		35576.47
			119238.77
<b>CURRENT ASSETS,</b>			
Inventories	07	94348.88	476110.79
Trade Receivables		548815.49	720529.09
Cash & Cash Equivalents		52214.04	71033.98
Short term Loans & Advances		659733.53	1355111.94
			223857.83
			1491531.69
<b>TOTAL</b>		<b>3878914.61</b>	<b>4121596.56</b>
Significant According Policies			
Notes on Financial Statements	1 to 20		

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

The Notes referred to above form an integral of the accounts.

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

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

Nimish V. Maheshwari  
Managing Director

Vinod Maheshwari  
Chairman

NAGPUR  
Dated : May 29, 2013

NAGPUR  
Dated : May 29, 2013

# SAFFRON INDUSTRIES LIMITED



## STATEMENT OF PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2013

	NOTE REF	This year ₹ in Hundreds	Last year ₹ in Hundreds
<b>INCOME :</b>			
Revenue from Operations	08	2795611.16	2423880.27
Other Income	09	8070.21	6876.83
<b>TOTAL REVENUE</b>		<b>2803681.37</b>	<b>2430757.10</b>
<b>EXPENDITURE :</b>			
Cost of Materials Consumed	10	1440238.71	1064082.53
Changes in Inventories of Finished Stock	11	(22785.82)	8546.53
Employees Benefit Expenses	12	196289.32	207713.00
Finance Costs	13	369362.42	408781.50
Depreciation	05	236052.54	240559.72
Other Expenses	14	1342275.71	1178952.50
<b>TOTAL EXPENSES</b>		<b>3561432.88</b>	<b>3108635.79</b>
<b>Loss before Tax &amp; Exceptional Items</b>		<b>(757751.50)</b>	<b>(677878.68)</b>
Prior Period Expenses :	15	(966.37)	(28769.51)
Exceptional Items	16	0.00	323533.68
<b>Loss before Tax</b>		<b>(758717.87)</b>	<b>(383114.51)</b>
Tax Expenses:			
Current Tax		23185.05	0.00
<b>Loss for the Year</b>		<b>(735532.82)</b>	<b>(383114.51)</b>
<b>Earning per Equity Share of</b>			
Face Value of ₹10 each :	17	Nil	Nil
Significant Accounting Notes on Financial Statements	1 to 20		

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

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

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

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

Vinod Maheshwari  
Chairman

Nimish Maheshwari  
Managing Director

NAGPUR  
Dated : May 29, 2013

NAGPUR  
Dated : May 29, 2013

# SAFFRON INDUSTRIES LIMITED



## CASH FLOW STATEMENT ANNEXED TO THE BALANCE SHEET FOR THE PERIOD FROM APRIL 01,2012 TO MARCH 31,2013

	₹ in Hundreds
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>	
Net Loss as per Statement of Profit and Loss	(735532.82)
Add Interest Income Included in Other Income	(3263.67)
Net Loss before extra ordinary items	(738796.49)
Less Depreciation	236052.54
Interest Expenses	369362.42
Profit on Sale of Asset included in Other Income	(4214.30)
<b>Operating Loss before capital changes in working capital</b>	<b>(137595.83)</b>
Decrease in Inventories	381761.91
Decrease in Receivables	171713.60
Decrease in Trade Payables	(32302.61)
Decrease in other current liabilities	(103632.36)
<b>Net Increase in working capital</b>	<b>417540.54</b>
<b>Cash flow from operating activities</b>	<b>279944.71</b>
<b>B. Cash flow from Investing Activities</b>	
Increase in fixed assets	(209238.34)
Interest income	3263.67
Decrease in Other current assets	(435875.69)
Decrease in Provisions	(24710.53)
<b>Cash flow from Investing activities</b>	<b>(666560.90)</b>
<b>C. Cash flow from Financing Activities</b>	
Decrease in Long Term Advances	83662.31
Increase in Long Term Borrowings	398500.00
Increase in Short Term Borrowings	254996.38
Decrease in Capital Reserves	0.00
Interest Paid	(369362.42)
<b>Cash flow from financing activities</b>	<b>367796.27</b>
<b>Decrease in cash &amp; cash equivalent</b>	<b>(18819.93)</b>
<b>Opening cash &amp; cash equivalents</b>	<b>71033.98</b>
<b>Closing cash &amp; cash equivalents</b>	<b>52214.04</b>

For & on behalf of the Board

Nimish V. Maheshwari  
Managing Director

Vinod Maheshwari  
Chairman

NAGPUR  
Dated : May 29, 2013

# SAFFRON INDUSTRIES LIMITED



## AUDITOR'S REPORT

We have verified the attached Cash Flow Statement of SAFFRON INDUSTRIES LTD., for the year ended on March 31,2013. The statement has been prepared by the Company in accordance with the requirements of the listing agreement and is based on and is in agreement with the corresponding Profit & Loss Account and Balance - Sheet of the Company covered by our report of May 29,2013 to the Member of the Company.

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

NAGPUR  
Dated : May 29, 2013

# SAFFRON INDUSTRIES LIMITED



## NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED ON MARCH 31, 2013

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

	AS AT MARCH <u>31,2013</u> ₹ in Hundreds	AS AT MARCH <u>31,2012</u> ₹ in Hundreds
<b>NOTE-01</b>		
<b>SHARE CAPITAL</b>		
<b>AUTHORISED</b>		
78,00,000 Equity Shares of ₹10/-each fully paid-up (Last year 78,00,000 hundreds)	<u>78000.00</u>	<u>78000.00</u>

### ISSUED, SUBSCRIBED AND PAID-UP

71852.00 hundreds Equity Shares of ₹10 each fully paid-up (Last year 71852.00 hundreds)	<u>718520.00</u>	<u>718520.00</u>
---	------------------	------------------

List of Shareholders holding more than 5% equity shares

	<u>No. of Shares held in Hundreds</u>	
	<u>As at March 31,2013</u>	<u>AS at March 31,2012</u>
<b><u>Shareholders</u></b>		
1. Shri Vinod Maheshwari	17824.00	17824.00
2. Shri Nimish V. Maheshwari	13078.56	6714.56
3. Navbharat Real Estate Pvt. Ltd. (Formerly Madhyadesh Construction & Finance Pvt. Ltd.)	4565.00	4565.00
4. Navbharat Press (Nagpur) Pvt. Ltd.	3712.00	3712.00
4. Shri. Prafulla Maheshwari	0.00	6232.00
	<u>39179.56</u>	<u>39047.56</u>

### NOTE-02

#### RESERVES AND SURPLUS

##### Capital Reserve

Optionally Convertible Preference share money forfeited	33000.00	33000.00
---	----------	----------

##### General Reserve

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

##### Profit and Loss Account

Balance brought forward from previous balance-sheet	(968172.93)	(585058.42)		
Loss for the year	<u>(735532.82)</u>	<u>(1703705.75)</u>	<u>(383114.51)</u>	<u>(968172.93)</u>
		<u>(1450705.75)</u>		<u>(715172.93)</u>

# SAFFRON INDUSTRIES LIMITED



## NOTE-03

	AS AT MARCH 31,2013 ₹ in Hundreds	AS AT MARCH 31,2012 ₹ in Hundreds
<b>NON CURRENT LIABILITIES</b>		
<b>LONG TERM BORROWINGS</b>		
1. Secured Loans	0.00	0.00
2. Unsecured Loans		
From Banks		
From Others	0.00	0.0
Associate Concerns	816995.87	418495.87
Total	<u>816995.87</u>	<u>418495.87</u>

## NOTE-04

### CURRENT LIABILITIES

#### a) SHORT TERM BORROWING

##### Loans Repayable on Demand

##### From Banks- Secured

From State Bank of India IFB Branch, Nagpur

##### i) Cash Credit

The above loan is secured by hypothecation of stock of raw materials, stock- in process & finished products and lien over book debts second charge over fixed assets of the Company and personal guarantees of two Directors of the company and corporate guarantees of Navabharat Press Ltd. Bionova Paper Crafts Pvt. Ltd Madhyadesh Press Pvt. Ltd. and Navabharat Press Nagpur)

##### ii) Working Capital Term Loan-1

##### iii) Working Capital Term Loan-2

##### iv) Rupee Term Loan

##### From ASREC India Ltd-Secured Term Loan

(The above loans mentioned in pt (ii),(iii),(iv) & from ASREC India Ltd.

are secured against first charge (pari-Passu)

over all the assets of the Company, present & future and joint

and several and personal guarantees of two Directors of the

Company and Corporate Guarantees of Navbharat Press Ltd. Bionova Paper

Crafts Pvt. Ltd. Madhyadesh Press Pvt. Ltd.

and Navbharat Press, Nagpur)

	264374.57	234478.55
	577889.80	512540.84
	588696.73	522125.70
	1217526.40	1079846.03
	0.00	44500.00
	<u>2648487.50</u>	<u>2393491.12</u>

# SAFFRON INDUSTRIES LIMITED



\*Current Maturities of Secured Term Loan from ASREC India Ltd. ₹ 359533.90 hundreds is shown under other Current Liabilities

	AS AT MARCH 31,2013	AS AT MARCH 31,2012
Default in Repayments of loans from Banks:	₹ in Hundreds	₹ in Hundreds
i) Cash Credit- Interest	102376.02	72480.00
ii) Working Capital Term Loan-1		
Principal	322000.00	322000.00
Interest	255888.96	190540.00
iii) Working Capital Term Loan-2		
Principal	328005.70	242000.00
Interest	260691.03	194120.00
iv) Rupee Term Loan from Bank :		
Principal	676996.00	579000.00
Interest	540530.37	402850.00
v) Term Loan from ASREC India Ltd.		
Principal	292000.00	0.00
Interest	23033.90	0.00
	<u>2486488.08</u>	<u>2002990.00</u>

b) TRADE PAYABLES	553922.43	586225.04
c)Other Current Liabilities		
Current Maturities of Long Term Debts*	359533.90	438033.90
Creditors for Capital Expenditure	91319.64	103293.44
Other Payables**	140841.02	153999.58
	<u>591694.56</u>	<u>695326.92</u>

#### Terms of Repayment of Secured Term

Loans (balance amount) :	F.Y. 2013-14	F.y. 2014-15
From ASREC India Ltd.	₹ in Hundreds	₹ in Hundreds
Principal	44500.00	0.00
Interest	500.00	0.00
	<u>45000.00</u>	<u>0.00</u>

\*\*Other Payables includes Advances form customers, payables for statutory dues & other expenses

#### d)Short Term Provisions

Provisions for Income-tax	0.00	24710.53
	<u>0.00</u>	<u>24710.53</u>

# SAFFRON INDUSTRIES LIMITED



NOTE - 05 FIXED ASSETS										
₹ in Hundreds										
PARTICULARS	GROSS BLOCK AS ON 31.03.2012	PURCHASES/ ADDITIONS	SALES/ DEDUCTIONS	GROSS BLOCK AS ON 31.03.2013	Depreciation upto 31.03.2012	Depreciation for the year	Depreciation Adjustment	Depreciation upto 31.03.2013	NET BLOCK AS ON 31.03.2013	NET BLOCK AS ON 31.03.2012
<b>Tangible Assets</b>										
Freehold Land	48549.06	0.00	0.00	48549.06	0.00	0.00	0.00	0.00	48549.06	48549.06
Buildings & Site Developments	754320.40	10590.60	0.00	764911.00	304814.89	25224.75	0.00	330039.64	434871.36	449505.51
Plant & Machinery	4056040.85	16879.95	(155803.66)	3917117.14	2416345.85	206257.77	(98432.79)	2524170.83	1392946.31	1639695.00
Furnitures & Fixtures	17548.53	0.00	0.00	17548.53	14896.89	1110.82	0.00	16007.72	1540.82	2651.64
Vehicles	39124.12	11769.00	0.00	50893.12	33142.92	2865.79	0.00	36008.72	14884.40	5981.20
Office Equipments	9203.68	102.74	0.00	9306.42	6040.46	437.32	0.00	6477.79	2828.63	3163.21
Computers	13103.47	103.00	0.00	13206.47	12956.14	156.08	0.00	13112.22	94.25	147.33
<b>Intangible Assets</b>										
	4937890.11	39445.29	(155803.66)	4821531.73	2788197.16	236052.54	(98432.79)	2925816.91	1895714.83	2149692.95
<b>TOTAL</b>	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>PREVIOUS YEAR</b>	4937890.11	39445.29	(155803.66)	4821531.73	2788197.16	236052.54	(98432.79)	2925816.91	1895714.83	2149692.95
Capital work in progress	4871562.20	66327.90	0.00	4937890.11	2547637.44	240559.72	0.00	2788197.16	2149692.95	2323924.77
	361133.15	231378.22	0.00	592511.37	0.00	0.00	0.00	0.00	592511.37	361133.15



# SAFFRON INDUSTRIES LIMITED



	AS AT MARCH 31,2013	AS AT MARCH 31,2012
<b>Capital Work in Progress includes: for Plant &amp; Machinery (Kraft Paper Plant):</b>	₹ in Hundreds	₹ in Hundreds
Approach Flow	4554.61	0.00
Auxilliary Fitting	3013.18	2467.18
Compressed Air System	10685.74	0.00
Decanter	18687.62	0.00
Decker	8313.00	0.00
Electrical Equipments	21835.69	5015.23
Paper Machine (Kraft)	445666.96	303763.00
Pipeline for Paper Plant	34466.29	10352.37
Plant & Machinery Upgradation	26510.11	26510.11
Pulp Street	10032.98	6167.08
Vacum System	8745.18	6858.18
	<u>592511.37</u>	<u>361133.15</u>

## NOTE - 06

### LONG TERM LOANS & ADVANCE

#### Unsecured, considered good

Advance for Capital Goods	34239.68	35899.86
Loans & Advances to Related Parties	0.00	58117.97
Other Advance	567.28	24451.44
Deposite for Power & Other Utilities	769.51	769.51
	<u>35576.47</u>	<u>119238.77</u>

## NOTE - 07

### CURRENT ASSETS

#### i) INVENTORIES

As taken, valued and certified by the Management

Valued at lower of cost or net realisable value

Raw Materials	52247.19	230476.13
Finished Goods	22785.82	0.00
Stores & Spares	4815.86	42035.49
Coal, Fuel Pellets / Rice Husk	5938.93	185326.96
Chemicals	5337.65	16957.41
Packing materials	3223.43	1314.80
	<u>94348.88</u>	<u>476110.79</u>

#### ii) TRADE RECEIVABLES:

a. Outstanding for a period exceeding six months :

i) Unsecured Considered good	0.00	4917.91
ii) Unsecured Considered doubtful-not provided for	281982.72	345145.75
b. Others	266832.77	370465.43
	<u>548815.49</u>	<u>720529.09</u>

# SAFFRON INDUSTRIES LIMITED



	For the year ended MARCH 31, 2013 ₹ in Hundreads	For the year ended MARCH 31, 2012 ₹ in Hundreads
out of the above :		
Debts due from Directors,	0.00	0.00
From Companies and concerns under the same management considered good, outstanding for a period not exceeding six months	6611.07	8556.56
	<u>6611.07</u>	<u>8556.56</u>
 <b>NOTE-08</b>		
<b>REVENUE FROM OPERATIONS</b>		
Sale of products	2843443.59	2429338.70
Other Operating Revenues	5263.42	3111.33
Less: Excise Duty	(53095.85)	(8569.76)
	2795611.16	2423880.27
 <b>NOTE-09</b>		
<b>OTHER INCOME</b>		
Interest Income	3263.67	5709.04
Other Receipts	4806.53	1167.79
	<u>8070.21</u>	<u>6876.83</u>
 <b>NOTE-10</b>		
<b>COST OF MATERIALS CONSUMED</b>		
Imported	3465.63	0.00
Indigenous	1436773.08	1064082.53
	<u>1440238.71</u>	<u>1064082.53</u>
Particulars of major materials consumed: (₹ in Hundreds)		
Waste Papers	1440238.71	1064082.53
	<u>1440238.71</u>	<u>1064082.53</u>
 <b>NOTE - 11</b>		
<b>INCREASE / DECREASE IN STOCK</b>		
Opening Stock :		
Finished Goods	0.00	8546.53
Closing Stock :		
Stock-In-Process	22785.82	0.00
<b>INCREASE / (DECREASE) IN STOCK</b>	<u>22785.82</u>	<u>(8546.53)</u>
 <b>NOTE - 12</b>		
<b>EMPLOYEES BENEFIT EXPENSES:</b>		
Salaries & Bonus	176186.50	185157.26
Gratuity	2676.54	4793.86
Employer's Contributions to Provident Fund	11643.38	12173.11
Staff Welfare Expenses	5782.90	5588.77
	<u>196289.32</u>	<u>207713.00</u>

# SAFFRON INDUSTRIES LIMITED



	For the year ended MARCH 31, 2013 ₹ in Hundreds	For the year ended MARCH 2012 ₹ in Hundreds
<b>NOTE - 13</b>		
<b>FINANCE COSTS:</b>		
Interest Expenses		
Interest on Working Capital Loans	29896.02	26515.31
Interest on term Loans	334350.36	346531.53
Other Interest	5116.04	3750.76
Other Borrowing Cost	0.00	31983.90
	<u>369362.42</u>	<u>408781.50</u>
 <b>NOTE - 14</b>		
<b>OTHER EXPENSES</b>		
<b>MANUFACTURING EXPENSES :</b>		
Stores, Chemicals & Packing Material- Indigenous	220722.82	136754.40
Freight Inwards	26415.02	1606.86
Power & Fuel Charges	910283.68	884350.42
Machinery Repairs & Maintenance	30324.72	11833.28
Other Manufacturing Expenses	<u>8140.39</u>	<u>7238.93</u>
	1195886.63	1041783.89
 <b>SELLING AND DISTRIBUTION EXPENSES :</b>		
Commission on Sales	15379.96	4873.21
Discounts & Rebates	29858.65	41322.17
Quality Claims	4967.29	0.00
Freight Outwards	732.88	107.10
Service Tax	1834.21	562.68
Sales Tax	<u>16301.46</u>	<u>15842.02</u>
	69074.45	62707.18
 <b>ESTABLISHMENT EXPENSES :</b>		
Bank commission & Charges	1755.73	1314.83
Insurance	2921.68	1275.33
Repairs & Maintenance	5701.59	3907.96
Legal & Statutory Expenses	4114.04	2033.42
Professional & Consultancy Fees	15745.67	8549.71
Security Charges	7822.66	7394.67
Travelling & Conveyance Expenses	13759.58	10610.48
Miscellaneous Expenses	7097.18	6255.11
Telephone Expenses	2447.67	2422.69
Rates & Taxes	6737.23	7153.20
Directors' Remuneration	6000.00	6000.00
Auditor's Remuneration :		
As Audit Fee	898.88	898.88
For Taxation Matters	842.70	550.00
Factory Maintenance Expenses	<u>1470.02</u>	<u>16095.14</u>
	77314.64	74461.43
	<u>1342275.71</u>	<u>1178952.50</u>

# SAFFRON INDUSTRIES LIMITED



	For the year ended MARCH 31, 2013 ₹ in Hundreds	For the year ended MARCH 2012 ₹ in Hundreds
<b>NOTE - 15</b>		
<b>PRIOR PERIOD EXPENSES :</b>		
Sales Tax	966.37	28769.51
	966.37	28769.51
<b>NOTE - 16</b>		
<b>EXCEPTIONAL ITEMS:</b>		
Income:		
Excess Bank Interest written Back on settlement :	0.00	323533.68
	0.00	323533.68
<b>NOTE - 17</b>		
<b>EARNINGS PER EQUITY SHARES:</b>		
i) Net Loss after Tax as per Statement of Profit and Loss attributable to Equity Shareholders	(735532.82)	(383114.50)
ii) Number of Equity Shares	71852.00	71852.00
iii) Earnings Per Share	Nil	Nil
<b>NOTE - 18</b>		
<b>FOREIGN CURRENCY TRANSACTIONS</b>		
Expenditure :		
Import of Machinery	7854.29	Nil
Import of Raw Materials	30257.78	Nil
Earnings:	Nil	Nil
<b>NOTE - 19</b>		
<b>RELATED PARTY DISCLOSURES:</b>		
a) The company has the following related parties with transactions have taken place during the year		
<b>Associates:</b>		
Navabharat Press Ltd.		
Navabharat Press, Nagpur		
Bionova Paper Krafts Pvt. Ltd		
Navabharat Real Estate Pvt. Ltd.		
<b>MANAGING DIRECTOR:</b>		
Mr. Nimish Maheshwari		
	<b>For F Y 2012-13</b>	<b>For F Y 2011-12</b>
	<b>₹ in Hundreds</b>	<b>₹ in Hundreds</b>
b) Transactions with Related Parties		
i) Sales to:		
Navabharat Press Ltd.	0.00	118835.41
Navabharat Press, Nagpur	400466.12	401525.26
ii) Purchases of Waste Papers & Fuels Pellets from:		
Navabharat Press	18675.90	12563.83
	6000.00	2030.00
iii) Director's Remuneration to:		
Mr. Nimish Maheshwari	6000.00	6000.00

# SAFFRON INDUSTRIES LIMITED



	As at MARCH 31,2013	As at MARCH 31, 2012
	₹ in Hundreds	₹ in Hundreds
c) Outstanding Balance		
i) Sundry Debtors	6611.07	8556.56
ii) Unsecured Loans	816995.87	418495.87
iii) Advances (Asset)	0.00	58117.97

## NOTE-20

### CONTINGENT LIABILITIES

a) Counter Guarantees given to Banks for issuing Bank Guarantees	35125.00	26598.20
b) Claims against company not acknowledged as debt: Bills of MSEDCLtd	72840.00	30120.00
c) Contracts remaining to be executed on Capital Accounts	Nil	Nil
d) Contingent Liability of right to compensate arising out of re-schedulement of credit facilities by State Bank of India	156000.00	156000.00

As per our Report of even date

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

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

Vinod Maheshwari  
Chairman

Nimish V. Maheshwari  
Managing Director

NAGPUR  
Dated : May 29, 2013

NAGPUR  
Dated : May 29, 2013

# 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 Paper Plant and Kraft Upgradation Plant were deducted from cost of the respective assets. Fixed Assets acquired for Power Project and for upgradation of existing plant, are stated at cost inclusive of excise duty.
- ii) Depreciation has been provided in the manner and at the rates specified in the Schedule XIV of the Companies Act, 1956, on straight line method.

### C. Sales-tax :

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

### D. Inventories :

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

### E. Deferred Tax Liability :

No Provision has been made in respect of Deferred Tax Asset calculated as per Accounting Standard 22, of about ₹ 390000 hundreds (Last year ₹ 270000 hundreds), arising due to timing differences in the depreciation charged under the Income Tax Act, 1961 and that charged under the Companies Act, 1956, and unabsorbed loss brought forward in view of the profitability trends, the amount of Unabsorbed Depreciation available and the liability of the company for payment of income tax in near future.

### F. Revenue Recognition :

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

## SAFFRON INDUSTRIES LIMITED



### G. 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.

### H. 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 resource. Contingent Liabilities are not recognised but are disclosed in the notes. Contingent Assets are neither recognized nor disclosed in the financial statements

### I. General :

1. Name of the company has been changed to Saffron Industries Limited with effect from September 10, 2011 Formerly it was known as Madhyadesh Papers Limited.
2. A major fire broke out at company's factory situated at Tehsil Saoner, District Nagpur, on May 27, 2012, destroying the factory building, machinery, stock and other valuables. The company has lodged insurance claims for the losses. The company has written off stock of raw materials & finished goods amounting to ₹ 50000.00 hundreds on the basis of claim lodged by the Company to the insurers. This amount of ₹ 448773.85 hundreds is shown as insurance claim receivable under the head Other Advances & Deposits in the Balance Sheet.
3. Other accounting policies of the Company are consistent with generally accepted accounting policies

For Khatri & Iyer  
Chartered Accountants

For SAFFRON INDUSTRIES LTD

JAGDISH KHATRI  
Partner

VINOD MAHESHWARI  
Chairman

NIMISH MAHESHWARI  
Managing Director

# SAFFRON INDUSTRIES LIMITED



## Nomination Request Form (For shares held in physical form)

To,  
Saffron Industries Limited  
C/o. Adroit Corporate Services Pvt. Ltd.,  
19, Jaferbhoy Industrial Estate,  
1st Floor, Makwana Road, Marol Naka,  
Mumbai - 400 059.

From \_\_\_\_\_  
Folio No. \_\_\_\_\_  
No. of Shares /  
Debentures \_\_\_\_\_

I am / we are holder(s) of Shares/Debentures of the Company as mentioned above. I/We nominate the following person(s) in whom all rights of transfer and/or amount payable in respect of shares/ debentures shall vest in the event of my/our death.

Nominee's name								Age					
To be furnished in case the nominee is a minor						Date of Birth							
Guardian's Name*													
Occupation of Nominee Tick (✓)	1	Service	2	Business	3	Student	4	Household					
	5	Professional	6	Farmer	7	Others							
Nominee's Address										Pin Code			
Telephone No.						Fax No							
Email Address						Std code							
Specimen signature of nominee / Guardian (In case nominee is minor)		_____											

\* To be filled in case nominee is a minor  
Kindly take the aforesaid details on record..

Thanking you,  
Yours faithfully,

	Name of all the holder(s) (as appearing on the Certificate(s))	Signature as per specimen recorded with company
Sole / 1 <sup>st</sup> holder		
2 <sup>nd</sup> holder		
3 <sup>rd</sup> holder		
4 <sup>th</sup> holder		



# SAFFRON INDUSTRIES LIMITED



Signature of two Witnesses

	Name and Address	Signature with date
1.		
2.		

## INSTRUCTIONS :

1. Please read the instructions given below very carefully and follow the same to the letter. If the form is not filled as per instructions, the same will be rejected.
2. The nomination can be made by individuals only. Non individuals including society, trust, body, corporate, partnership firm, Karta of Hindu Undivided Family, holder of power of attorney cannot nominate. If the shares/debentures are held jointly all joint holders will sign (as per the specimen registered with the Company) the nomination form.
3. A minor can be nominated by a holder of shares/debentures and in that event the name and address of the Guardian shall be given by the holder.
4. The nominee shall not be a trust, society, body corporate, partnership firm, Karta of Hindu Undivided Family, or a power of attorney holder. A non-resident Indian can be a nominee on repatriable basis.
5. Transfer of share/debenture in favour of a nominee and repayment of amount to nominee shall be a valid discharge by a company against the legal heir.
6. Only one person can be nominated for a given folio.
7. Details of all holders in a folio need to be filed; else the request will be rejected.
8. The nomination will be registered only when it is complete in all respects including the signature of (a) all registered holders (as per specimen lodged with the company) and (b) the nominee.
9. Whenever the Shares/Debentures in the given folio are entirely transferred or transposed with some other folio, then this nomination will stand rescinded.
10. Upon receipt of a duly executed nomination form, the Company/Transfer Agent of the Company will register the form and allot a registration number. This number and folio no. should be quoted by the nominee in all future correspondence.
11. The nomination can be varied or cancelled by executing fresh nomination form.
12. The company will not entertain any claims other than those of a registered nominee, unless so directed by a Court.

FOR OFFICE USE ONLY
Nomination Registration Number
Date of Registration
Checked by and Signature of Employee

# SAFFRON INDUSTRIES LIMITED



## SAFFRON INDUSTRIES LIMITED (Formerly-Madhyadesh Papers Ltd.)

Regd. Office : Nava Bharat Bhavan, Chatrapati Square, Wardha Road, Nagpur - 440015  
**PROXY FORM**

Regd. Folio No. \_\_\_\_\_ No. of shares held \_\_\_\_\_  
I/We \_\_\_\_\_ of \_\_\_\_\_  
in the district of \_\_\_\_\_ being a member/members of the above named Company hereby  
appoint \_\_\_\_\_ of \_\_\_\_\_ in  
the District of \_\_\_\_\_ or failing him/her \_\_\_\_\_  
of \_\_\_\_\_ in the district of \_\_\_\_\_ as my/our proxy to vote for me/us on  
my/our behalf at the **TWENTIETH ANNUAL GENERAL MEETING** of the Company to be held on Monday,  
September 30, 2013 and at any adjournment thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2013

Signature  
(affix Re. 1/- stamp



### NOTE:

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

## SAFFRON INDUSTRIES LIMITED (Formerly-Madhyadesh Papers Ltd.)

Regd. Office : Nava Bharat Bhavan, Chatrapati Square, Wardha Road, Nagpur - 440015

### ATTENDANCE SLIP

Regd. Folio No. \_\_\_\_\_ No. of Shares held \_\_\_\_\_

### ANNUAL GENERAL MEETING

I certify that I am a registered share holder / proxy for the registered shareholder of the Company.

I hereby record my presence at the TWENTIETH ANNUAL GENERAL MEETING of Company at NAVA BHARAT BHAVAN, CHATRAPATI SQUARE, WARDHA ROAD, NAGPUR - 440015 on Monday, September 30, 2013

\_\_\_\_\_  
(Member's/Proxy's Name in Block Letters)

\_\_\_\_\_  
(Signature of Member/Proxy)

### NOTE :

Please fill this attendance slip and hand it over at the **ENTRANCE OF THE MEETING HALL**

Printed at : Vimal Printers, 6965125

BOOK-POST

If Undelivered, Please Return to :



**SAFFRON INDUSTRIES LIMITED**

**Registered Office :**

Nava Bharat Bhavan, Chatrapati Square,  
Wardha Road, Nagpur- 440 015.