



SAFFRON INDUSTRIES LIMITED

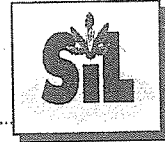
(Formerly - Madhyadesh Papers Ltd.)

19TH ANNUAL REPORT 2011-2012

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SAFFRON INDUSTRIES LIMITED
(Formerly - Madhyadesh Papers Ltd.)



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 - 232398, 232401
FAX : 07113 - 232400

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NOTICE TO MEMBERS

NOTICE is hereby given that the Nineteenth Annual General Meeting of the Members of SAFFRON INDUSTRIES LIMITED (Formerly known as Madhyadesh Papers Ltd.) will be held on Saturday, the 29th Day of September, 2012 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, 2012 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 Vinay Pansari 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, 2012

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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 Saturday, the 29th September, 2012.
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.

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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 Vinay Pansari
Date of Birth	19.02.1965
Date of Appointment	31.07.2003
Expertise in specific functional areas	He is a renowned business man having sound financial & accounting knowledge with rich experience of over 25 years in business.
Directorships of other Public Limited Companies as on 31st March, 2012	Nil
Chairman/Member of the Committees of other Companies as on 31st March, 2012	Nil
No. of shares held	

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DIRECTORS' REPORT

To the Members of 'SAFFRON INDUSTRIES LIMITED (Formerly -known as 'MADHYADESH PAPERS LIMITED')

Your Directors have pleasure in presenting their Nineteenth Annual Report and Audited Statement of Accounts for the year ended 31st March, 2012.

FINANCIAL RESULTS:

(RUPEES)

SALES AND OTHER INCOME	24,30,75,710
Profit/(Loss) before Finance Cost & Depreciation	(57,30,710)
Less : Finance Cost	4,08,78,150
Depreciation	2,40,55,970
	6,49,34,120
Profit/(Loss) Before Tax	(7,06,64,830)
Less : Provision For Taxation	NIL
Profit/(Loss) after Tax	(7,06,64,830)
Add : Prior Period Items	NIL
Add: Exceptional Items	3,23,53,370
Profit/(Loss) for the year	(3,83,11,460)
Add: Profit/(Loss) Brought Forward from pervious year	(5,85,05,840)
Balance carried forward	(9,68,17,300)

REVIEW OF OPERATIONS :

During the year under review the Sales Turnover of your company was Rs. 24.30 Crore as against Sales Turnover of Rs. 25.99 Crore in the previous year. The scarcity and high cost of the raw material and other market factors in respect of cost of production has affected the scope of profit margin for the company. However, the loss during the Financial Year 2011-12 has reduced to Rs. 3.83 Crore as compared to loss of Rs. 6.39 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.

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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 Vinay Pansari, 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 Anantra 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 the clause 7(iii)(c) & (d) Clause 7(ix)(a) & (b), 7 (xi) of the Auditors Report accompanied with the Balance Sheet and Profit & Loss Account for the year under review.

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.

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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, 2012 and of the profits of the Company for the year ended 31st March, 2012;
- 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 audit of the cost Account of the company for the year ended 31 st March 2012 is being conducted by the Cost Auditors and their report will be submitted 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.

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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, 2012

Vinod Maheshwari
Chairman