



SAFFRON INDUSTRIES LIMITED

20TH ANNUAL REPORT 2012-2013





CONTENTS

Notice to Members	1
Directors' Report	4
Corporate Governance Report	10
Auditors' Report	17
Balance Sheet	22
Statement of Profit & Loss Account	23
Cash Flow Statement	24
Notes attached to and forming part of Balance Sheet	26
Enclosures:	
Nomination Form, Attendance Slip & Form of Proxy	37

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 Road, 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

SAFFRON INDUSTRIES LIMITED



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

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.

SAFFRON INDUSTRIES LIMITED



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