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**SAFFRON INDUSTRIES LIMITED**

**(Formerly - Madhyadesh Papers Ltd.)**

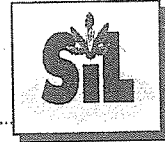
**19TH ANNUAL REPORT 2011-2012**

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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

# SAFFRON INDUSTRIES LIMITED

(Formerly - Madhyadesh Papers Ltd.)



## 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

# SAFFRON INDUSTRIES LIMITED

(Formerly - Madhyadesh Papers Ltd.)



## 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.

# SAFFRON INDUSTRIES LIMITED

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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	

# SAFFRON INDUSTRIES LIMITED

(Formerly - Madhyadesh Papers Ltd.)



## 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)

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

### 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.



# SAFFRON INDUSTRIES LIMITED

(Formerly - Madhyadesh Papers Ltd.)



## 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

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## 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:		2011-2012	2010-2011
Own Generation :			
Units	(in KWH)	10,19,193	92,13,801
Total Amount	(in Rs. lacs)	434.04	305.56
Rate per Unit	(in Rs.)	4.26	3.31

#### B) CONSUMPTION PER UNIT OF PRODUCTION

Machine Production	(MT)	9,029	12,555
Electricity	(KWH/MT)	1,129	734
Finished Production	(MT)	8,496	11,597
Electricity	(KWH/MT)	1,200	794

### 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.

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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 :**

During the year under review no income was generated and no expenditure was incurred in foreign exchange.

For and on behalf of the Board,

Place : Nagpur  
Date : August 14, 2012

Vinod Maheshwari  
Chairman

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## 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	1	Nil	Nil
4)	Shri Anantrai Rawell	Non-Executive Independent Director	10	Present	0	Nil	Nil

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## Meeting of Board of Directors :

During the period under review, 10 Board Meetings were held on 21st April, 2011, 30th May 2011, 15th June, 2011, 02nd August, 2011, 10th August, 2011, 05th September, 2011, 01st November, 2011, 11th November, 2011, 02nd January, 2012 and 14th February, 2012.

## 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, 2011, 30th June, 2011, 31st July 2011, 31st October, 2011 & 31st January, 2012. 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, 2011 and 31st January, 2012 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
2.	Shri Vinod R. Maheshwari	2
3.	Shri Vinay Pansari	2
4.	Shri Anantraï Rawell	2

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The details of remuneration paid to the Directors during the period ended on 31st March 2012 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 Anantrai 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.

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## 6. General Body Meetings :

AGM	For the Year	Venue	Date	Time
16th	2008 - 2009	Nava-Bharat Bhavan, Chhatrapati Square, Wardha Road, Nagpur - 15	03.09.2009	10.00 A.M.
17th	2009 - 2010	– do –	21.09.2010	9.30 A.M.
18th	2010 - 2011	– do –	15.07.2011	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 : 29th September, 2012
- ii) Day : Saturday
- 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 29th September, 2012
- vii) Dividend payment date : No dividend has been recommended



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- 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 2011	6.38	5.48
May 2011	5.47	5.20
June 2011	5.51	4.91
July 2011	6.50	5.43
August 2011	6.30	5.75
September 2011	6.33	6.00
October 2011	6.00	5.53
November 2011	5.80	5.80
December 2011	6.61	5.60
January 2012	6.30	6.00
February 2012	6.85	5.94
March 2012	6.54	3.98

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.

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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 31.03.2012

Share or Debenture holding of nominal value of	Share holders		Shares	
	Number (2)	% to Total Nos. (3)	Number (4)	% to Total Capital
(1)				
Upto 500	1039	55.12%	374684	5.21%
501 to 1,000	492	26.10%	420840	5.86%
1,001 to 2,000	154	8.17%	249280	3.47%
2,001 to 3,000	67	3.55%	175574	2.44%
3,001 to 4,000	27	1.43%	96508	1.34%
4,001 to 5,000	15	0.80%	72400	1.01%
5,001 to 10,000	35	1.86%	281917	3.92%
10,001 to above	56	2.97%	5513997	76.74%
<b>Total</b>	<b>1885</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 2012, 4689690 shares have been dematerialised representing 65.27% 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.

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**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, 2012 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 2012 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

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**AUDITOR'S REPORT TO THE MEMBERS**

We have audited the attached Balance Sheet of SAFFRON INDUSTRIES LIMITED (Formerly-Madhyadesh Papers Ltd.) as at March 31, 2012, and the related Profit and Loss Account and Cash Flow Statement, for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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.

Further to our comments above, we report that :

01. 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.
02. 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.
03. 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.
04. 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.
05. On the basis of written representations received from the Directors, as on March 31, 2012, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2012 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
06. 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 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, 2012 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.

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07. 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.

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 ₹ 41849.59 thousands from three associate concern covered in the register maintained under section 301 of the the Companies Act and has granted unsecured loan of ₹ 5811.80 thousands to one such party.

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 thousands)

	<u>Principal</u>	<u>Interest</u>
Term loans - State Bank of India	114300	78751
Working Capital Loans	-	7248

# SAFFRON INDUSTRIES LIMITED

(Formerly - Madhyadesh Papers Ltd.)



- 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.
- 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 late in payment of undisputed statutory dues including Employees Provident Fund and Profession tax.
- (b) Undisputed Income tax dues of ₹ 2471.05 thousands, Service Tax ₹ 220.54 thousands and Provident Fund dues of ₹ 638.40 thousands, were outstanding for a period exceeding six months, as on March 31, 2012.
- x) The company has accumulated losses of ₹ 96817.30 thousands at the end of the year. The company has not incurred cash losses of ₹ 46608.86 thousands during the current year and ₹ 40076.81 thousands 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.

# SAFFRON INDUSTRIES LIMITED

(Formerly - Madhyadesh Papers Ltd.)



- 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.
- 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 30, 2012

# SAFFRON INDUSTRIES LIMITED

(Formerly - Madhyadesh Papers Ltd.)



## BALANCE SHEET AS AT MARCH 31, 2012

EQUITY AND LIABILITIES	NOTE REF	AS AT MARCH 31, 2012 ₹ in Thousands	AS AT MARCH 31, 2011 ₹ in Thousands
<b>SHAREHOLDERS FUNDS :</b>			
Share Capital	01	71852.00	71852.00
Reserves & Surplus	02	(71517.30)	(33205.84)
		334.70	38646.16
<b>NON CURRENT LIABILITIES</b>			
Long Term Borrowings	03	149834.19	170310.04
<b>CURRENT LIABILITIES</b>			
Short Term Borrowings	04	131364.51	112562.76
Trade Payables		58622.50	49744.12
Other Current Liabilities		69532.69	15536.94
Short Term Provisions		2471.50	26190.76
		2647.03	180490.85
<b>TOTAL</b>		<b>412159.65</b>	<b>389447.04</b>
<b>ASSETS</b>			
<b>NON CURRENT ASSETS</b>			
<b>FIXED ASSETS :</b>			
<b>Tangible Assets:</b>			
Gross Block	05	493789.01	487156.22
Less : Depreciation		278819.72	254763.74
Net Block		214969.29	232392.48
Capital Work -in Progress		36113.32	0.00
Intangible Assets		0.00	0.00
		251082.61	232392.48
Long Term Loans & Advances	06	11923.87	6287.35
<b>CURRENT ASSETS,</b>			
Inventories	07	47611.08	65032.71
Trade Receivables		72052.91	46601.96
Cash & Cash Equivalents		7103.40	11516.14
Short term Loans & Advances		22385.78	27616.40
		149153.17	150767.21
<b>TOTAL</b>		<b>412159.65</b>	<b>389447.04</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 Schedules referred to above form  
the integral part of the accounts.

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

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

Nimish V. Maheshwari  
Managing Director

Vinod Maheshwari  
Chairman

NAGPUR  
Dated : May 30, 2012



# SAFFRON INDUSTRIES LIMITED

(Formerly - Madhyadesh Papers Ltd.)



## STATEMENT OF PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2012

	NOTE REF	ASAT MARCH ₹ in Thousands	ASAT MARCH ₹ in Thousands
<b>INCOME :</b>			
Revenue from Operations	08	242388.03	258700.34
Other Income	09	687.68	1224.28
<b>TOTAL REVENUE</b>		<b>243075.71</b>	<b>259924.62</b>
<b>EXPENDITURE :</b>			
Cost of Materials Consumed	10	106408.25	144393.04
Changes in Inventories of Finished Stock	11	854.65	1736.43
Employees Benefit Expenses	12	20771.30	20142.33
Finance Costs	13	40878.15	33032.78
Depreciation	05	24055.97	23991.47
Other Expenses	14	120772.21	100696.86
<b>TOTAL EXPENSES</b>		<b>313740.54</b>	<b>323992.90</b>
<b>Loss before Tax &amp; Exceptional Items</b>		<b>(70664.83)</b>	<b>(64068.28)</b>
Prior Period Expenses :	15	0.00	131.10
Exceptional Items	16	32353.37	0.00
<b>Loss before Tax</b>		<b>(38311.46)</b>	<b>(63937.19)</b>
Tax Expenses:			
Current Tax		0.00	0.00
<b>Loss for the Year</b>		<b>(38311.46)</b>	<b>(63937.19)</b>
<b>Earning per Equity Share of</b>			
Face Value of ₹10 each :	17	Nil	Nil
Significant Accounting			
Notes on Financial Statements	1 to 19		

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

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

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

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

Nimish V. Maheshwari  
Managing Director

Vinod Maheshwari  
Chairman

NAGPUR  
Dated : May 30, 2012

# SAFFRON INDUSTRIES LIMITED

(Formerly - Madhyadesh Papers Ltd.)



## CASH FLOW STATEMENT ANNEXED TO THE BALANCE SHEET FOR THE PERIOD FROM APRIL 01, 2011 TO MARCH 31, 2012

(₹ in thousands)

### A. CASH FLOW FROM OPERATING ACTIVITIES

Net Loss before extra ordinary items	(71236)
Less Depreciation	24056
Interest Expenses	40878
<b>Operating Loss before exceptional items</b>	<b>(6302)</b>
Exceptional items (Income)	32353
<b>Operating Loss before capital changes in working capital</b>	<b>26052</b>
Decrease in Inventories	17422
Increase in Receivables	(25451)
Increase in Trade Payables	8878
Increase in other current liabilities	53996
<b>Net Increase in working capital</b>	<b>54845</b>
<b>Cash flow from operating activities</b>	<b>80897</b>

### B. Cash flow form Investing Activities

Increase in fixed assets	(42746)
Increase income	571
Decrease in Other current assets	5231
Decrease in Provisions	(176)
<b>Cash flow from Investing activities</b>	<b>(37121)</b>

### C. Cash flow from Financing Activities

Increase in Long Term Advances	(5637)
Decrease in Long Term Borrowings	(20476)
Increase in Long Term Borrowings	18802
Decrease in Capital Reserves	0
Interest Paid	(40878)
<b>Cash flow from Investing activities</b>	<b>(48189)</b>
<b>Decrease in cash &amp; cash equivalent</b>	<b>(4413)</b>
<b>Opening cash &amp; cash equivalents</b>	<b>11516</b>
<b>Closing cash &amp; cash equivalents</b>	<b>7103</b>

For & on behalf of the Board

Nimish V. Maheshwari  
Managing Director

Vinod Maheshwari  
Chairman

NAGPUR

Dated : May 30, 2012

# SAFFRON INDUSTRIES LIMITED

(Formerly—Madhyadesh Papers Ltd.)



## AUDITOR'S REPORT

We have verified the attached cash Flow Statement of SAFFRON INDUSTRIES LTD., for the year ended on March 31, 2012 The statement has been prepared by the Company in accordance with the correspondign Profit & Loss Account and Balance Sheet of the Company covered by our report of May 30, 2012 to the Members of the Company

Jagdish Khatri

Partner

For & on behalf of Khatri & Iyer

Chartered Accountants

Firm Regn. No.113433 W

Membership No.-035495

NAGPUR

Dated : May 30, 2012

**SAFFRON INDUSTRIES LIMITED**  
(Formerly—Madhyadesh Papers Ltd.)



**1. 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 ₹ 27000 thousands (Last year ₹ 25000 thousand), 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

(Formerly - Madhyadesh Papers Ltd.)



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

# SAFFRON INDUSTRIES LIMITED

(Formerly --Madhyadesh Papers Ltd.)



## NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED ON MARCH 31, 2012

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

NOTE-01	AS AT MARCH	AS AT MARCH
	31,2012 ₹ in Thousands	31,2011 ₹ in Thousands
<b>SHARE CAPITAL</b>		
<b>AUTHORISED</b>		
78,00,000 Equity Shares of ₹10/-each fully paid-up (Last year 78,00,000)	<u>78000.00</u>	<u>78000.00</u>
<b>ISSUED, SUBSCRIBED AND PAID- UP</b>		
71,85,200 Equity Shares of ₹10 each fully paid-up (Last year 71,85,200 )	<u>71852.00</u>	<u>71852.00</u>

List of Shareholders holding more than 5% equity shares

	AS AT MARCH	AS AT MARCH
	No. of Shares held	
<b>Shareholders</b>		
1.Shri Vinod Maheshwari	1782400	1782400
2.Shri Nimish V. Maheshwari	671456	671456
3.Navbharat Real Estate Pvt. Ltd. (Formerly Madhyadesh Construction & Finance Pvt. Ltd.)	456500	456500
4. Navbharat Press (Nagpur) Pvt. Ltd.	371200	371200
4. Shri. Prafulla Maheshwari	623200	623200
	<u>3904756</u>	<u>3904756</u>

### NOTE-02

#### RESERVES AND SURPLUS

<b>Capital Reserve</b>		
Optionally Convertible Preference share money forfeited	3300.00	3300.00
<b>General Reserve</b>		
Opening Balance	22000.00	22000.00
<b>Profit and Loss Account</b>		
Balance brought forward from previous balance-sheet	(58505.84)	5431.35
Loss for the year	<u>(38311.46)</u>	<u>(96817.30)</u>
	<u>(71517.30)</u>	<u>(63937.19)</u>
		<u>(58505.84)</u>
		<u>(33205.84)</u>

# SAFFRON INDUSTRIES LIMITED

(Formerly - Madhyadesh Papers Ltd.)



## NOTE-03

AS AT MARCH  
31,2012  
₹ in Thousands

AS AT MARCH  
31,2011  
₹ in Thousands

### NON CURRENT LIABILITIES LONG TERM BORROWINGS

#### 1. Term Loans

Secured Loans from Banks

i) The Federal Bank Ltd.

a) Rupee Loans

b) Repee Loans

ii) State Bank of India, IFB, Nagpur

a) Rupee Term Loan

0.00	45510.78
0.00	25455.78
107984.60	95773.48

(The above loans are secured against first charge (pari-passu) over all the assets of the Company, Presents & future and joint and several and personal guarantees of Navabharat Press Ltd. Bionova Paper Crafts Pvt. Madhyadesh Press Pvt. Ltd. and Navabharat Press, Nagpur)

<u>107984.60</u>	<u>166740.40</u>
------------------	------------------

### DEFAULT IN REPAYMENT OF TERM LOANS FORM BANKS

AS AT MARCH  
₹ in Thousands

AS AT MARCH  
₹ in Thousands

Rupee Term Loan from SBI:

Principal

Interest

57900.00	41100.00
40285.00	28073.00
<u>98185.00</u>	<u>69173.00</u>

#### 2. Unsecured Loansom

From Associate Conierns

41849.59	3570.00
----------	---------

TOTAL

<u>149834.19</u>	<u>170310.04</u>
------------------	------------------

# SAFFRON INDUSTRIES LIMITED

(Formerly - Madhyadesh Papers Ltd.)



## 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

23447.86

20796.32

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 corporated 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

51254.08

45458.17

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

52212.57

46308.27

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

4450.00

0.00

(The above loans mentioned in pt (ii),(iii) & 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 Guranters of Navbharat PressLtd. Bionova Paper Crafts Pvt. Madhyadesh Press Pvt. Ltd. and Navbharat Press, Nagpur)

131364.51

112562.76

#### Terms of Repayment of secured Term Loans:

##### Form ASREC India Ltd.

F.Y.2012-13  
₹ in Thousands

F.Y.2013-14  
₹ in Thousands

#### Principal

42100.00

4400.00

#### Interest

9330.00

25.00

51430.00

4425.00

\*Current maturities of secured Term Loan from ASREC India Ltd Liabilities.

43803.39 thousands is shown under Other Current

	AS AT MARCH-2012 ₹ in Thousands	AS AT MARCH-2011 ₹ in Thousands
<b>DEFAULT IN REPAYMENT OF TERM LOANS FORM BANKS</b>		
Cash Credit- Interest	7248.00	4596.00
Working Capital Term Loan-1		
Principal	32200.00	32200.00
interest	19054.00	13258.00
Working Capital Term Loan-2		
Principal	24200.00	19400.00
interest	19412.00	13508.00
	102114.00	82962.00



# SAFFRON INDUSTRIES LIMITED

(Formerly Madhyadesh Papers Ltd.)



b) Trade Payables	58622.50	49744.12
<b>c) Other Current Liabilities</b>		
Current Maturities of Long Term Debts	43803.39	0.00
Creditors for Capital Expenditure	10329.34	978.67
Other Payables*	15399.96	14558.27
	<u>69532.69</u>	<u>15536.94</u>

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

## d) Short Term Provisions

Provisions for Income-tax	2471.05	2647.03
	<u>2471.05</u>	<u>2647.03</u>

# SAFFRON INDUSTRIES LIMITED

(Formerly - Madhyadesh Papers Ltd.)



NOTE - 05									
FIXED ASSETS									
₹ in Thousands									
PARTICULARS	GROSS BLOCK AS ON 31.03.2011	ADDITIONS/ DEDUCTIONS	GROSS BLOCK AS ON 31.03.2012	Depreciation upto 31.03.2011	Depreciation for the year	Depreciation Adjustment	Depreciation upto 31.03.2012	NET BLOCK AS ON 31.03.2012	NET BLOCK AS ON 31.03.2011
<b>Tangible Assets</b>									
Freehold Land	4854.91	0	4854.91	0.00	0.00	0.00	0.00	4854.91	4854.91
Buildings & Site Developments	74875.73	556.31	75432.04	27976.52	2504.97	0.00	30481.49	44950.55	46899.21
Plant & Machinery	399621.52	5982.57	405604.08	220495.70	21138.89	0.00	241634.58	163969.50	179125.82
Furnitures & Fixtures	1746.26	8.60	1754.85	1378.80	110.89	0.00	1489.69	265.16	367.46
Vehicles	3912.41	0.00	3912.41	3058.54	255.76	0.00	3314.29	598.12	853.87
Office Equipments	849.80	70.57	920.37	563.58	40.37	0.00	604.35	316.32	286.12
Computers	1295.60	14.75	1310.35	1290.51	5.11	0.00	1295.61	14.73	5.09
	487156.22	6632.79	493789.01	254763.74	24055.97	0.00	278819.72	214969.29	232392.48
<b>Intangible Assets</b>	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>TOTAL</b>	<b>487156.22</b>	<b>6632.79</b>	<b>493789.01</b>	<b>254763.74</b>	<b>24055.97</b>	<b>0.00</b>	<b>278819.72</b>	<b>214969.29</b>	<b>232392.48</b>
PREVIOUS YEAR	486645.35	510.87	487157.22	230903.37	23991.47	(131.10)	254763.74	232393.48	255740.98
Capital work in progress	0.00	36113.32	36113.32	0.00	0.00	0.00	0.00	36113.32	0.00

# SAFFRON INDUSTRIES LIMITED

(Formerly - Madhyadesh Papers Ltd.)



## Capital Work in Progress includes: for Plant & Machinery:

Pulp Street  
Vacumn System  
Auxilliary Fitting  
Plant & Machinery Upgradation  
Paper Machine  
Electrical Equipments  
Pipeline for Paper Plant

AS AT MARCH  
31,2012

AS AT MARCH  
31,2011

₹ in Thousands

₹ in Thousands

616.71	0.00
685.82	0.00
246.72	0.00
2651.01	0.00
30376.30	0.00
501.52	0.00
1035.24	0.00

36113.32

0.00

## NOTE-06

### LONG TERM LOANS & ADVANCE

#### Unsecured, considered good

#### Capital Advances

#### Loans & Advances to Related Parties

#### Other Advance

#### Deposite for Power & Other Utilities

AS AT MARCH  
31,2012

AS AT MARCH  
31,2011

₹ in Thousands

₹ in Thousands

3589.99	1170.00
5811.80	5045.40
2445.14	0.00
76.95	71.95

11923.87

6287.35

## NOTE-07

### CURRENT ASSETS

#### i) INVENTORIES

As taken, valued and certified by the Management

Valud at lower of cost or net realishble value

#### Waste Papers

#### Coal, Fuel Pellets / Rice Husk

#### Chemicals

#### Stores & Spares

#### Packing materials

#### Finished Goods

#### Stock-in-process

23047.61	34753.48
18532.70	21993.21
1695.74	3362.46
4203.55	3959.53
131.48	109.39
0.00	854.65
0.00	0.00

47611.08

65032.71

#### ii) TRADE RECEIVABLES:

##### a. Outstanding for a period exceeding six months :

##### i) Unsecured Considered good

##### ii) Unsecured Considered doubtful-not provided for

##### b. Others

491.79	3115.55
34514.58	27321.81
37046.54	16164.60

72052.91

46601.96

# SAFFRON INDUSTRIES LIMITED

(Formerly - Mathyadesh Papers Ltd.)



out of the above :

Debts due from Directors, from Companies  
and concerns under the same management  
considered good  
outstanding for a period  
not exceeding six months

0.00	0.00
855.66	2279.23
<u>855.66</u>	<u>2279.23</u>

## CASH AND CASH EQUIVALENTS:

Cash-in-hand  
Balances with Scheduled Banks :  
In Current Accounts  
In Fixed Deposits\*

3256.12	736.03
348.63	2483.40
3498.65	8296.71
<u>7103.40</u>	<u>11516.14</u>

\*fixed Deposits with Banks include deposits of ₹1701.48 thousands(Previous Year ₹2104.48 thousand with maturity of more than 12 months)

## iv) SHORT TERM LOANS & ADVANCES

Other Advances & Deposits

22385.78	27616.40
<u>22385.78</u>	<u>27616.40</u>

Out of the above advances :

Advances to the Directors

0.00	0.00
------	------

(During the year Maximum Balance Outstanding - Nil)

For the year ended

MARCH 2012

₹ in Thousands

For the year ended

MARCH 2012

₹ in Thousands

## NOTE-08

### REVENUE FROM OPERATIONS

Sale of products  
Scrap Sales  
Less: Excise Duty

242933.87	258834.88
311.13	416.45
856.98	550.99
<u>242388.03</u>	<u>258700.34</u>

## NOTE-09

### OTHER INCOME

Interest  
On Fixed Deposits  
Other Receipts

570.90	1012.28
116.78	212.00
<u>687.68</u>	<u>1224.28</u>

## NOTE-10

### COST OF MATERIALS CONSUMED

Imported  
Indigenous

0.00	0.00
106408.25	144393.04
<u>106408.25</u>	<u>144393.04</u>

# SAFFRON INDUSTRIES LIMITED

(Formerly - Madhyadesh Papers Ltd.)



Particulars of major materials consumed: (₹ in Thousands)

Waste Papers	106408.25	144393.04
	<u>106408.25</u>	<u>144393.04</u>

## NOTE - 11

### INCREASE / DECREASE IN STOCK

Opening Stock :		
Finished Goods	854.65	1698.49
Stock-In-Process	0.00	892.59
	<u>854.65</u>	<u>2591.08</u>

### Closing Stock :

Finished Goods	0.00	854.65
Stock-In-Process	0.00	0.00
	<u>0.00</u>	<u>854.65</u>

### INCREASE / (DECREASE) IN STOCK

<u>(854.65)</u>	<u>(1736.43)</u>
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## NOTE - 12

### EMPLOYEES BENEFIT EXPENSES:

Salaries	18515.73	17989.14
Staff Welfare Expenses	558.88	617.98
Gratuity	479.39	270.68
Employer's Contributions to Provident Fund	1217.31	1264.53
	<u>20771.30</u>	<u>20142.33</u>

## NOTE - 13

### FINANCE COSTS:

Interest Expenses		
Interest on Working Capital Loans	2651.53	2351.69
Interest on term Loans	34653.15	30588.14
Other Interest	375.08	92.95
Other Borrowing Cost	3198.39	0.00
	<u>40878.15</u>	<u>33032.78</u>

## NOTE - 14

### OTHER EXPENSES

#### MANUFACTURING EXPENSES :

	For the year ended MARCH 2012 ₹ in Thousands	For the year ended MARCH 2011 ₹ in Thousands
Stores, Chemicals & packing Material- Indigenc	13675.44	19073.71
Transportation Charges	171.40	969.68
Electric Power & Fuel	88435.04	62258.90
Machinery Repairs & Maintenance	1183.33	1894.77
Other Manufacturing Expenses	723.89	104189.10
	<u>104189.10</u>	<u>1220.12</u>
		85417.18

#### SELLING AND DISTRUBUTION EXPENSES :

Commission on Sales	487.32	1158.47
Discounts & Rebates	4132.22	7019.43
Service Tax	56.27	0.00

# SAFFRON INDUSTRIES LIMITED

(Formerly - Madhyadesh Papers Ltd.)



Sales Tax	1584.20	6260.01	419.48	8597.39
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## ESTABLISHMENT EXPENSES :

Bank commission & Charges	131.48		250.84	
Insurance	127.53		209.92	
Repairs & Maintenance	390.80		233.09	
Legal & Statutory Expenses	203.34		128.89	
Professional & Consultancy Fees	854.97		263.33	
Security Charges	739.47		772.15	
Printing & Stationery	144.15		146.34	
Travelling Expenses	401.72		220.51	
Miscellaneous Expenses	481.37		302.68	
Telephone Expenses	242.27		224.11	
Rent, Rates & Taxes	715.32		347.51	
Directors' Remuneration	600.00		600.00	
Vehicle Expenses	659.33		457.88	
Advertisement Expenses	0.00		28.08	
Auditor's Remuneration :				
As Audit Fee	89.89		77.21	
For Taxation Matters	55.00		57.91	
Factory Maintenance Expenses	1609.51		1941.30	
Prior Period Expenses	2876.95	10323.10	420.54	6682.29
		<u>120772.21</u>		<u>100696.86</u>

## NOTE - 15

### PRIOR PERIOD EXPENSES :

Excess depreciation written back

0.00	131.00
<u>0.00</u>	<u>131.00</u>

## NOTE - 16

### EXCEPTIONAL ITEMS:

Income:

Excess Bank Interest written Back on settlement :

32353.37	0.00
<u>32353.37</u>	<u>0.00</u>

## NOTE - 17

### EARNINGS PER EQUITY SHARES:

i) Net Loss after Tax as per Statement of Profit and Loss attributable to Equity Shareholders	(38311.46)	(63937.19)
ii) Number of Equity Shares	7185200	7185200
iii) Earnings Per Share	Nil	Nil

## NOTE - 18

### RELATED PARTY DISCLOSURES:

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

#### Associates:

Navabharat Press Ltd.  
Navabharat Press, Nagpur  
Shri Bio Fuels

# SAFFRON INDUSTRIES LIMITED

(Formerly - Madhyadesh Papers Ltd.)



Bionova Paper Krafts Pvt. Ltd.  
Navabharat Real Estate Pvt. Ltd.

## MANAGING DIRECTOR:

Mr. Nimish Maheshwari

### b) transactions with Related Parties

#### i) Sales to:

Navabharat Press Ltd.  
Navabharat Press, Nagpur

#### ii) Purchases of Waste Papers & Fuels Pellets from:

Navabharat Press  
Shri Bio Fuels

#### iii) Director's Remuneration to:

Mr. Nimish Maheshwari

For FY 2011-12

₹ in Thousands

For FY 2010-11

₹ in Thousands

11883.54

9073.13

40152.53

53339.51

1256.38

2030.00

600.00

600.00

### c) Outstanding Balance

#### i) Sundry Debtors

855.66

2279.23

#### ii) Unsecured Loans

41849.59

3570.00

#### iii) Advances

5811.80

5045.40

## NOTE-19

### CONTINGENT LIABILITIES

As at MARCH 2012

As at MARCH 2011

₹ in Thousands

₹ in Thousands

a) Counter Guarantees given to Banks for issuing Bank Guarantees

2659.82

7009.48

b) Claims against company not acknowledged as debt:  
Bills of MSEDCL Ltd

3012.00

3012.00

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

15600.00

15600.00

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

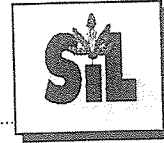
Nimish V. Maheshwari  
Managing Director

Vinod Maheshwari  
Chairman

NAGPUR

Dated : May 30, 2012

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



**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		

contd.....



# SAFFRON INDUSTRIES LIMITED

(Formerly --Madhyadesh Papers Ltd.)



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**  
(Formerly--Madhyadesh Papers Ltd.)



**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 NINETEENTH ANNUAL GENERAL MEETING of the Company to be held on Saturday,  
September 29, 2012 and at any adjournment thereof.  
Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2012

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 NINETEENTH ANNUAL GENERAL MEETING of Company at NAVA  
BHARAT BHAVAN, CHATRAPATI SQUARE, WARDHA ROAD, NAGPUR - 440015 on Saturday,  
September 29, 2012

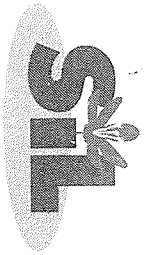
\_\_\_\_\_  
(Member's/Proxy's Name in Block Letters)

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

**NOTE:**

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

If Undelivered, Please Return to :



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

**Registered Office :**  
Nava Bharat Bhavan, Chatrapati Square,  
Wardha Road, Nagpur- 440 015.