



# **SAFFRON INDUSTRIES LIMITED**

**27<sup>TH</sup> ANNUAL REPORT 2019-20**



**SAFFRON INDUSTRIES LIMITED**

CIN: L21010MH1993PLC071683

Reg. Off.: Nava-Bharat Bhawan, Chatrapati Square, Wardha Road, Nagpur - 440015

**Notice of Annual General Meeting**

Notice is hereby given that the twenty-seventh Annual General Meeting of Saffron Industries Limited will be held on Wednesday, September 30, 2020 at 11:00 a.m. IST at Nava-Bharat Bhavan, Chhatrapati Square, Wardha Road, Nagpur - 440 015 to transact the following business:

**ORDINARY BUSINESS:**

**ITEM NO.1:**

To consider and adopt the audited financial statements of the company for the financial year ended on March 31, 2020 and the reports of the Auditors and Board of Directors thereon.

**ITEM NO. 2**

To appoint a Director in place of Shri Vinod Maheshwari (DIN-00340953), who retires from office by rotation and being eligible, offers himself for reappointment.

**SPECIAL BUSINESS:**

**ITEM NO. 3**

Appointment of and remuneration payable to Shri. Manoj Rameshwar Sinha (DIN: 07564967) as a Whole-time Director of the Company

To consider and, if thought fit, to pass the following resolution as a Special Resolution:

“RESOLVED THAT pursuant to the provisions of Sections 196, 197, 203 and other applicable provisions, if any, of the Companies Act, 2013 (“Act”) read with Schedule V to the Act (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force) and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and pursuant to the recommendation of the Nomination & Remuneration Committee and the Board of Directors, the approval of the Company be and is hereby accorded for the appointment of Shri. Manoj Rameshwar Sinha (DIN: 07564967) as a Whole Time Director of the Company for a period of 3 years, with effect from 8<sup>th</sup> January, 2020 to 7<sup>th</sup> January, 2023 whose office is liable to retire by rotation, on consolidated remuneration of Rs. 85,000/- (Rupees Eighty Five Thousand Only) per month and on such terms and conditions as set out in the explanatory statement annexed to the notice convening this meeting, with liberty to the Board of Directors on recommendation of Committee to alter and vary the terms and conditions of the said appointment /remuneration in such manner as deemed fit necessary.

RESOLVED FURTHER THAT the Board of Directors of the Company (including its committee thereof) be and is hereby authorized to do all such acts, deeds, matters and things as may be considered necessary, desirable or expedient to give effect to this resolution.”

#### **ITEM NO. 4**

Re-appointment of Smt. Manjulika Bajpai (DIN: 07143934) as an Independent Director of the company for second term.

To consider and, if thought fit, to pass the following resolution as a Special Resolution:

“RESOLVED THAT pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 (“the Act”) read with Schedule IV to the Act (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force) and the Companies (Appointment and Qualification of Directors) Rules, 2014, as amended from time to time, and pursuant to the recommendation of the Nomination & Remuneration Committee and the Board of Directors, Smt. Manjulika Bajpai (DIN: 07143934), who holds office of Independent Director up to 30<sup>th</sup> September, 2019 and who has submitted a declaration that she meets the criteria for independence as provided under Section 149(6) of the Act and in respect of whom the Company has received a notice in writing under Section 160(1) of the Act from a Member, signifying his intention to propose Smt. Bajpai’s candidature for the office of Director, be and is hereby re-appointed as an Independent Director of the Company, not liable to retire by rotation, for a second term of five consecutive years commencing from 1<sup>st</sup> October, 2019 upto 30<sup>th</sup> September, 2024.

RESOLVED FURTHER THAT the Board of Directors of the Company (including its committee thereof) be and is hereby authorized to do all such acts, deeds, matters and things as may be considered necessary, desirable or expedient to give effect to this resolution.”

#### **ITEM NO. 5**

Approval for Related Party Transactions.

To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:

“RESOLVED that pursuant to the provisions of Section 188 of the Companies Act, 2013 (“Act”) and other applicable provisions, if any, read with Rule 15 of the Companies (Meetings of Board and its Powers) Rules, 2014, as amended from time to time, the approval of members be and is hereby accorded to the Board of Directors of the Company to enter into contract(s)/ arrangement(s)/ transaction(s) with M/s. Nava Bharat Press, Nagpur a related party within the meaning of Section 2(76) of the Act, for supply of material, on such terms and conditions as the Board of Directors may deem fit, for the value not exceeding Rs. 10 Crore (Rupees Ten Crores Only) per annum from the financial year 2020-21 onwards, provided that the said contract(s)/ arrangement(s)/ transaction(s) so carried out shall be at arm’s length basis and in the ordinary course of business of the Company.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to delegate all or any of the powers conferred on it by or under this resolution to any Committee of Directors of the Company and to do all acts and take such steps as may be considered necessary or expedient to give effect to the aforesaid resolution.”

#### **ITEM NO. 6**

Approval for Related Party Transactions.

To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:

“RESOLVED that pursuant to the provisions of Section 188 of the Companies Act, 2013 (“Act”) and other applicable provisions, if any, read with Rule 15 of the Companies (Meetings of Board and its Powers) Rules, 2014, as amended from time to time, the approval of members be and is hereby accorded to the Board of Directors of the Company to enter into contract(s)/ arrangement(s)/ transaction(s) with Nava-Bharat Press Limited a related party within the meaning of Section 2(76) of the Act, for supply of material, on such terms and conditions as the Board of Directors may deem fit, for the value not exceeding Rs. 10 Crore (Rupees Ten Crores Only) per annum from the financial year

2020-21 onwards, provided that the said contract(s)/ arrangement(s)/ transaction(s) so carried out shall be at arm's length basis and in the ordinary course of business of the Company.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to delegate all or any of the powers conferred on it by or under this resolution to any Committee of Directors of the Company and to do all acts and take such steps as may be considered necessary or expedient to give effect to the aforesaid resolution.”

#### **ITEM NO. 7**

Approval for Related Party Transactions.

To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:

“RESOLVED that pursuant to the provisions of Section 188 of the Companies Act, 2013 (“Act”) and other applicable provisions, if any, read with Rule 15 of the Companies (Meetings of Board and its Powers) Rules, 2014, as amended from time to time, the approval of members be and is hereby accorded to the Board of Directors of the Company to enter into contract(s)/ arrangement(s)/ transaction(s) with Madhyadesh Press Private Limited a related party within the meaning of Section 2(76) of the Act, for supply of material, on such terms and conditions as the Board of Directors may deem fit, for the value not exceeding Rs. 8 Crore (Rupees Eight Crores Only) per annum from the financial year 2020-21 onwards, provided that the said contract(s)/ arrangement(s)/ transaction(s) so carried out shall be at arm's length basis and in the ordinary course of business of the Company.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to delegate all or any of the powers conferred on it by or under this resolution to any Committee of Directors of the Company and to do all acts and take such steps as may be considered necessary or expedient to give effect to the aforesaid resolution.”

#### **ITEM NO. 8**

Adoption of new Articles of Association of the Company containing regulations in conformity with the Companies Act, 2013.

To consider and, if thought fit, to pass the following resolution as a Special Resolution:

“RESOLVED that pursuant to the provisions of Section 5 and 14 and all other applicable provisions of the Companies Act, 2013 read with Companies (Incorporation) Rules, 2014 as amended from time to time, the draft regulations contained in the Articles of Association be and are hereby approved and adopted in substitution, and to the entire exclusion, of the regulations contained in the existing Articles of Association of the Company.

RESOLVED FURTHER that the Board of Directors of the Company be and is hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution.”

**By Order of the Board,**

**Place: Nagpur**  
**Dated: September 02, 2020**

**Sd/-**  
**Shrikant Rikhe**  
**Company Secretary**

#### **NOTES:**

1. The relative Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 (“Act”) setting out material facts concerning the business under Item Nos. 3 to 8 of the Notice, is annexed

hereto. The relevant details, pursuant to Regulation 36(3) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI Listing Regulations”) and Secretarial Standard on General Meetings issued by the Institute of Company Secretaries of India, in respect of Directors seeking re-appointment by rotation at this Annual General Meeting (“AGM”) is also annexed.

2. A Member entitled to attend and vote at the AGM is entitled to appoint a proxy to attend and vote on his/her behalf and the proxy need not be a Member of the Company.

A person can act as proxy on behalf of Members not exceeding fifty (50) and holding in the aggregate not more than 10 percent of the total share capital of the Company carrying voting rights. In case a proxy is proposed to be appointed by a Member holding more than 10 percent of the total share capital of the Company carrying voting rights, then such proxy shall not act as a proxy for any other person or shareholder.

The instrument appointing the proxy, in order to be effective, must be deposited at the Company’s Registered Office, duly completed and signed, not less than FORTY-EIGHT HOURS before the commencement of the AGM. Proxies submitted on behalf of limited companies, societies, etc., must be supported by appropriate resolutions/authority, as applicable.

3. Corporate Members intending to send their authorized representatives to attend the AGM are requested to send a certified copy of the Board Resolution to the Company, authorizing them to attend and vote on their behalf at the AGM.
4. Members, Proxies and Authorized Representatives are requested to bring the duly completed Attendance Slip enclosed herewith to attend the AGM.
5. The Register of Members and the Share Transfer Books of the Company will remain closed from Thursday, 24<sup>th</sup> September, 2020 to Wednesday, 30<sup>th</sup> September, 2020 (both days inclusive).
6. Members are requested to make all correspondence relating to share transfer (both in Physical & Demat form) to our Registrar and Share Transfer Agent, M/s. Adroit Corporate Services Pvt. Ltd., 19, Jaferbhoy Industrial Estate, 1<sup>st</sup> Floor, Makwana Road, Marol Naka, Mumbai – 400 059 (R&TA).
7. To support the ‘Green Initiative’, Members who have not yet registered their email addresses are requested to register the same with their Depository Participants (“DPs”) in case the shares are held by them in electronic form and with R&TA in case the shares are held by them in physical form.
8. Members are requested to intimate changes, if any, pertaining to their name, postal address, email address, telephone/mobile numbers, Permanent Account Number (PAN), mandates, nominations, power of attorney, bank details such as, name of the bank and branch details, bank account number, MICR code, IFSC code, etc., to their DPs in case the shares are held in electronic form and to R&TA in case the shares are held in physical form.
9. As per the provisions of Section 72 of the Act, the facility for making nomination is available for the Members in respect of the shares held by them. Members who have not yet registered their nomination are requested to register the same by submitting Form No. SH-13. Members are requested to submit the said form to their DP in case the shares are held in electronic form and to R&TA in case the shares are held in physical form.
10. Members holding shares in physical form, in identical order of names, in more than one folio are requested to send to the Company or R&TA, the details of such folios together with the share certificates for consolidating their holdings in one folio. A consolidated share certificate will be issued to such Members after making requisite changes.

11. In case of joint holders attending the AGM, the Member whose name appears as the first holder in the order of names as per the Register of Members of the Company will be entitled to vote.
12. Members seeking any information with regard to the accounts, are requested to write to the Company at an early date, so as to enable the Management to keep the information ready at the AGM.
13. In compliance with the MCA Circulars dated May 05, 2020 and SEBI Circular dated May 12, 2020, Notice of the AGM along with the Annual Report 2019-20 is being sent only through electronic mode to those Members whose email addresses are registered with the Company/Depositories. Members may note that the Notice and Annual Report 2019-20 will also be available on the Company's website [www.saffronindustries.in](http://www.saffronindustries.in), website of the Stock Exchange i.e. BSE Limited at [www.bseindia.com](http://www.bseindia.com), and on the website of NSDL <https://www.evoting.nsdl.com>
14. The route map showing directions to reach the venue of the twenty-seventh AGM is annexed.
15. Voting through electronic means
  - i. In compliance with the provisions of Section 108 of the Act, read with Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended from time to time, and Regulation 44 of the SEBI Listing Regulations, the Members are provided with the facility to cast their vote electronically, through the e-voting services provided by NSDL, on all the resolutions set forth in this Notice. The instructions for e-voting are given herein below.
  - ii. The Board of Directors has appointed M/s. Vaibhav Netke and Associates, Practicing Company Secretaries as the Scrutinizer to scrutinize the voting at the AGM and remote e-voting process in a fair and transparent manner.
  - iii. The facility for voting through poll paper shall also be made available at the AGM and the Members attending the AGM, who have not already cast their vote by remote e-voting, may exercise their right to vote at the AGM.
  - iv. The Members who have cast their vote by remote e-voting prior to the AGM may also attend the AGM but shall not be entitled to cast their vote again.
  - v. A Member can vote either by remote e-voting or at the AGM. In case a Member votes by both the modes then the votes cast through remote e-voting shall prevail and the votes cast at the AGM shall be considered invalid.
  - vi. The details of the process and manner for remote e-voting are explained herein below:

**Step 1: Log-in to NSDL e-Voting system at <https://www.evoting.nsdl.com/>**

**Step 2: Cast your vote electronically on NSDL e-Voting system.**

**Details on Step 1 is mentioned below:**

**How to Log-in to NSDL e-Voting website?**

1. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <https://www.evoting.nsdl.com/> either on a Personal Computer or on a mobile.
2. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholders' section.
3. A new screen will open. You will have to enter your User ID, your Password and a Verification Code as shown on the screen.

*Alternatively, if you are registered for NSDL eservices i.e. IDEAS, you can log-in at*

<https://eservices.nsdl.com/> with your existing IDEAS login. Once you log-in to NSDL eservices after using your log-in credentials, click on e-Voting and you can proceed to Step 2 i.e. Cast your vote electronically.

4. Your User ID details are given below :

Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical	Your User ID is:
a) For Members who hold shares in demat account with NSDL.	8 Character DP ID followed by 8 Digit Client ID For example if your DP ID is IN300*** and Client ID is 12***** then your user ID is IN300***12*****.
b) For Members who hold shares in demat account with CDSL.	16 Digit Beneficiary ID For example if your Beneficiary ID is 12***** then your user ID is 12*****
c) For Members holding shares in Physical Form.	EVEN Number followed by Folio Number registered with the company For example if folio number is 001*** and EVEN is 101456 then user ID is 101456001***

5. Your password details are given below:

- a) If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.
- b) If you are using NSDL e-Voting system for the first time, you will need to retrieve the 'initial password' which was communicated to you. Once you retrieve your 'initial password', you need to enter the 'initial password' and the system will force you to change your password.
- c) How to retrieve your 'initial password'?
  - (i) If your email ID is registered in your demat account or with the company, your 'initial password' is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your 'User ID' and your 'initial password'.
  - (ii) If your email ID is not registered, please follow steps mentioned below in **process for those shareholders whose email ids are not registered**

6. If you are unable to retrieve or have not received the "Initial password" or have forgotten your password:

- a) Click on "**Forgot User Details/Password?**"(If you are holding shares in your demat account with NSDL or CDSL) option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
- b) **Physical User Reset Password?** (If you are holding shares in physical mode) option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
- c) If you are still unable to get the password by aforesaid two options, you can send a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) mentioning your demat account number/folio number, your PAN, your name and your registered address.
- d) Members can also use the OTP (One Time Password) based login for casting the votes on the e-Voting system of NSDL.

7. After entering your password, tick on Agree to "Terms and Conditions" by selecting on the check box.

8. Now, you will have to click on "Login" button.

9. After you click on the “Login” button, Home page of e-Voting will open.

**Details on Step 2 is given below:**

**How to cast your vote electronically on NSDL e-Voting system?**

1. After successful login at Step 1, you will be able to see the Home page of e-Voting. Click on e-Voting. Then, click on Active Voting Cycles.
2. After click on Active Voting Cycles, you will be able to see all the companies “EVEN” in which you are holding shares and whose voting cycle is in active status.
3. Select “EVEN” of company for which you wish to cast your vote.
4. Now you are ready for e-Voting as the Voting page opens.
5. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on “Submit” and also “Confirm” when prompted.
6. Upon confirmation, the message “Vote cast successfully” will be displayed.
7. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
8. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

**General Guidelines for shareholders**

1. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer by e-mail to [cs.vaibhavjain34@gmail.com](mailto:cs.vaibhavjain34@gmail.com) with a copy marked to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in).
2. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the “[Forgot User Details/Password?](#)” or “[Physical User Reset Password?](#)” option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com) to reset the password.
3. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the download section of [www.evoting.nsdl.com](http://www.evoting.nsdl.com) or call on toll free no.: 1800-222-990 or send a request to Ms. Sarita Mote at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in)

**Process for those shareholders whose email ids are not registered with the depositories for procuring user id and password and registration of e-mail ids for e-voting for the resolutions set out in this notice:**

1. In case shares are held in physical mode please provide Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) by email to [saffronindustries20@gmail.com](mailto:saffronindustries20@gmail.com).



2. In case shares are held in demat mode, please provide DPID-CLID (16 digit DPID + CLID or 16 digit beneficiary ID), Name, client master or copy of Consolidated Account statement, PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) to saffronindustries20@gmail.com.

### **Other Instructions**

- i. The e-voting period commences on Sunday, September 27, 2020 (9:00 a.m. IST) and ends on Tuesday, September 29, 2020 (5:00 p.m. IST). During this period, Members holding shares either in physical form or in dematerialized form, as on Wednesday, September 23, 2020 i.e. cut-off date, may cast their vote electronically. The e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the Member, he/she shall not be allowed to change it subsequently or cast the vote again.
- ii. The voting rights of Members shall be in proportion to their shares in the paid-up equity share capital of the Company as on the cut-off date. A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date only shall be entitled to avail the facility of voting, either through remote e-voting or voting at the AGM through poll paper.
- iii. Any person, who acquires shares of the Company and becomes a Member of the Company after e-mailing of the Notice and holding shares as of the cut-off date, may obtain the login ID and password by sending a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in). However, if he/she is already registered with NSDL for remote e-voting then he/she can use his/her existing User ID and password for casting the vote.
- iv. The Scrutinizer shall, immediately after the conclusion of voting at the AGM, first count the votes cast at the Meeting, thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and make, not later than 48 hours of conclusion of the AGM, a consolidated Scrutinizer's Report of the total votes cast in favour or against, if any, to the Chairman or a person authorised by him in writing, who shall countersign the same.
- v. The result declared along with the Scrutinizer's Report shall be placed on the Company's website [www.saffronindustries.in](http://www.saffronindustries.in) and on the website of NSDL <https://www.evoting.nsdl.com> immediately. The Company shall simultaneously forward the results to BSE Limited, where the shares of the Company are listed. The results shall also be displayed on the notice board at the Registered Office of the Company.

**Explanatory Statement  
(Pursuant to Section 102(1) of the Companies Act, 2013)**

**Item No. 3**

Subject to approval of members the Board of Directors of your company on recommendation of Nomination and Remuneration Committee at its meeting held on 8<sup>th</sup> January, 2020 has appointed Shri. Manoj Rameshwar Sinha (DIN: 07564967) as a Whole Time Director of the Company for a period of 3 years, with effect from 8<sup>th</sup> January, 2020 to 7<sup>th</sup> January, 2023 whose office is liable to retire by rotation, on consolidated remuneration of Rs. 85,000/- (Rupees Eighty Five Thousand Only) per month which may be increased by Board upto maximum limit as provided under Schedule V of the Act.

He is member of Audit Committee and Stakeholders Relationship Committee of the Company.

The Company has received from the above director:-

- (i) the consent in writing to act as Director; and
- (ii) intimation that he is not disqualified under section 164(2) of the Companies Act, 2013;

A copy of the agreement of service entered with the above Director setting out the terms and conditions would be available for inspection without any fee by the members at the Registered Office of the Company during normal business hours on any working day.

The managerial person shall be paid managerial remuneration within limit provided under Section 197 of the Companies Act, 2013; where in any financial year during the currency of tenure of a managerial person, a company has no profits or its profits are inadequate, it may, pay remuneration to the managerial person not exceeding, the limits provided in Section II of Part II of Schedule V of the Companies Act, 2013.

Accordingly our company has incurred losses during the financial year 2019-20; thus it may pay managerial remuneration pursuant to schedule V of the Act.

The Company fulfils the criteria for payment of managerial remuneration pursuant to Schedule V of the Act.

Details of Shri. Manoj Rameshwar Sinha (DIN: 07564967) seeking appointment at the forthcoming Annual General Meeting [Pursuant to Regulation 36(3) of the SEBI (Listing Obligation and Disclosure Requirement) Regulations, 2015 and Secretarial Standard 2 on General Meetings]

Age	51 yrs
Qualifications	Bachelor of Engineering (Civil)
Experience	24 Yrs
Nature of expertise in specific functional areas	Project Planning, Construction Management & Quality / Quantity Management
Terms and conditions of appointment	As per agreement of service
Proposed remuneration	Rs. 85,000/- per month
Remuneration last drawn	Rs. 60,000/- per month
Date of first appointment on the Board	12/07/2016
Shareholding in the company	Nil
Disclosure of relationships between directors inter-se	None
Names of entities in which he also holds the directorship and the membership of Committees of the board;	Directorship in - Adivaibhav Infrastructures Private Limited Poojadarshan Buildcon Private Limited  He does not hold any committee positions in the other Companies
The number of Meetings of the Board attended during the year (Previous Year)	9 (Nine)

The following additional information as required under Schedule V of the Companies Act, 2013 is given below:

**I. General information:**

- (1) Nature of industry  
The Company working in paper manufacturing industry.
- (2) Date or expected date of commencement of commercial production  
The Commercial production commenced on 7<sup>th</sup> October, 1993.
- (3) In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus  
Not Applicable.
- (4) Financial performance based on given indicators

(Rs. in lakh)

Particulars	2019-20	2018-19
Total Income	910.33	1677.50
Expenditure	946.56	1437.67
Profit before exceptional item and tax	(36.23)	239.83
Prior period expenses	0.00	(125.19)
Profit before tax	(36.23)	114.64
Profit after tax	(36.23)	114.64
Prior period adjustments(Income tax)	(0.21)	0.00
Profit for the year	(36.44)	114.64

- (5) Foreign investments or collaborations, if any.  
Not Applicable.

**II. Information about the appointee:**

- (1) Background details

Shri. Manoj Rameshwar Sinha (DIN: 07564967) has served company at different levels for over 20 years. He is Bachelor of Engineer (Civil) and has over 24 years of experience in Project Planning, Construction Management & Quality / Quantity Management.

- (2) Past remuneration

During his last tenure as a While-time Director he was paid remuneration of Rs. 60,000/- per month.

- (3) Recognition or awards  
No applicable.

- (4) Job profile and his suitability

He has been associated with company over last 20 years. He has discharged his duties at various levels in the hierarchy of the organization. During his tenure he has worked towards building team, organizational image, value addition and modernization of machineries/technologies/processes. He is closely associated with all levels of employees of the company.

- (5) Remuneration proposed

A consolidated remuneration of Rs. 85,000/- (Rupees Eighty Five Thousand Only) per month. This remuneration is subjected to review by the Board of Directors. The maximum remuneration to be paid shall not exceed the limit provided under Schedule V of the Act.

(6) Comparative remuneration profile with respect to industry, size of the company, profile of the position and person (in case of expatriates the relevant details would be with respect to the country of his origin)

Taking into consideration the size of the Company, the profile, knowledge, skills and responsibilities shouldered by Shri. Manoj Rameshwar Sinha (DIN: 07564967), the remuneration proposed to be paid is commensurate with the remuneration packages paid to their similar counterparts in other companies.

(7) Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel, if any.

Not applicable.

### **III. Other information:**

(1) Reasons of loss or inadequate profits

The Company is operating in paper industry. The decline in order book position, escalation in production cost, use of low level of technology, outdated machineries and overall unrest in the paper industry leads to loss or inadequacy of profit.

(2) Steps taken or proposed to be taken for improvement

The Company is looking forward for new investment avenues, upgradation of technology, staffing competent personnel and prompt drafting and execution of business plans to overcome the present situation. As a part of diversification the company is also working in infra development activities and exploring new opportunities there. It is expected that these measures may lead to improvement in the present conditions of the company.

(3) Expected increase in productivity and profits in measurable terms

With the modernization of production plant, operational processes and diversification the management is optimistic to increase productivity and profitability in near future.

The Board recommends the resolution for appointment of the Whole-time Director at item no. 3 as Special Resolution of this notice for your approval.

Except Shri. Manoj Sinha none of the other Directors, Key Managerial Personnel and relatives thereof are concerned or interested in the resolution.

### **Item No. 4**

Smt. Manjulika Bajpai was appointed as an Independent Director of the Company pursuant to Section 149 of the Companies Act, 2013 (“the Act”) read with Companies (Appointment and Qualification of Directors) Rules, 2014, by the company on 29<sup>th</sup> August, 2015 to hold office upto 30<sup>th</sup> September, 2019.

The Nomination & Remuneration Committee at its Meeting held on 25<sup>th</sup> September, 2019 after taking into account her performance evaluation, during her tenure and considering the knowledge, acumen, expertise and experience in respective fields and the substantial contribution made by her during her tenure as an Independent Director since her appointment, has recommended to the Board that her continued association as an Independent Director would be in the interest of the Company. Based on the above, the Nomination & Remuneration Committee and the Board has recommended her re-appointment as Independent Director on the Board of the Company, to hold office for the second term of five consecutive years commencing from 1<sup>st</sup> October, 2019 to 30<sup>th</sup> September, 2024 and not liable to retire by rotation.

The Company has received a notice in writing pursuant to Section 160 of the Companies Act, 2013 from a Member proposing the candidature of Smt. Manjulika Bajpai for her appointment to the office of Independent Director.

She is member of Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee of the Company.

Details of Smt. Manjulika Bajpai (DIN: 07143934) seeking re-appointment at the forthcoming Annual General Meeting [Pursuant to Regulation 36(3) of the SEBI (Listing Obligation and Disclosure Requirement) Regulations, 2015 and Secretarial Standard 2 on General Meetings]

Age	60 yrs
Qualifications	M.A.
Experience	5 yrs
Nature of expertise in specific functional areas	Management and HR
Terms and conditions of re-appointment	As per appointment letter
Proposed remuneration	Not applicable
Remuneration last drawn	Not applicable
Date of first appointment on the Board	31/03/2015
Shareholding in the company	Nil
Disclosure of relationships between directors inter-se	None
Names of listed entities in which she also holds the directorship and the membership of Committees of the board;	None
The number of Meetings of the Board attended during the year (Previous Year)	9 (Nine)

The above Director has given a declaration to the Board that she meets the criteria of independence as provided in Section 149(6) of the Companies Act, 2013. In terms of proviso to sub-section (5) of Section 152, the Board of Directors is of the opinion that Smt. Manjulika Bajpai fulfils the conditions specified in the Act for her re-appointment as an Independent Director.

The Company has also received from the above director:-

- (i) the consent in writing to act as Director; and
- (ii) intimation that she is not disqualified under section 164(2) of the Companies Act, 2013;

A copy of the draft letter for the appointment of the above Director as Independent Director setting out the terms and conditions would be available for inspection without any fee by the members at the Registered Office of the Company during normal business hours on any working day and the same has also been put up on the Company website [www.saffronindustries.in](http://www.saffronindustries.in).

The Board recommends the resolution for re-appointment of the Independent Director at item no. 4 as Special Resolution of this notice for your approval.

Except Smt. Manjulika Bajpai none of the other Directors, Key Managerial Personnel and relatives thereof are concerned or interested in the resolution.

#### **Item No. 5**

Our company is engaged in the business of production of news prints. The company from time to time requires to supply news prints to related parties.

Section 188 of the Companies Act, 2013 and the applicable rules framed thereunder provide that any related party transaction will require prior approval of shareholders through ordinary resolution, if the aggregate value of transaction(s) amounts to 10% or more of the annual turnover of the company as per last audited financial statements of the company.

Hence, approval of the shareholders is being sought for the related party transaction(s) proposed to be entered into by your company with Nava Bharat Press, Nagpur from the financial year 2020-21 onwards for the value not exceeding Rs. 10 Crore (Rupees Ten Crores Only) per annum.

Pursuant to Rule 15 of Companies (Meetings of Board and its Powers) Rules, 2014, as amended till date, particulars of the transaction(s) with Nava Bharat Press, Nagpur are as follows:

Sr. No.	Particulars	Remarks
1	Name of the related party	Nava Bharat Press, Nagpur
2	Name of the director or key managerial personnel who is related, if any	Shri. Vinod Maheshwari, Chairman
3	Nature of relationship	Chairman/Promoter of Saffron Industries Limited & Director/Promoter of Nava-Bharat Press(Nagpur) Private Limited one of the partner of Nava Bharat Press, Nagpur (A partnership firm)
4	Nature, material terms, monetary value and particulars of the contract or arrangements	Supply of news prints for the value not exceeding Rs. 10 Crore (Rupees Ten Crores Only) per annum from the financial year 2020-21 onwards.
5	Any other information relevant or important for the members to take a decision on the proposed resolution	--

None of the Directors and Key Managerial Personnel of the Company or their respective relatives, other than as mentioned above is concerned or interested, financially or otherwise, in the resolution.

The Board of Directors recommends passing of the resolution as set out at item no. 5 of this Notice as an Ordinary Resolution.

#### Item No. 6

Our company is engaged in the business of production of news prints. The company from time to time requires to supply news prints to related parties.

Section 188 of the Companies Act, 2013 and the applicable rules framed thereunder provide that any related party transaction will require prior approval of shareholders through ordinary resolution, if the aggregate value of transaction(s) amounts to 10% or more of the annual turnover of the company as per last audited financial statements of the company.

Hence, approval of the shareholders is being sought for the related party transaction(s) proposed to be entered into by your company with Nava-Bharat Press Limited from the financial year 2020-21 onwards for the value not exceeding Rs. 10 Crore (Rupees Ten Crores Only) per annum.

Pursuant to Rule 15 of Companies (Meetings of Board and its Powers) Rules, 2014, as amended till date, particulars of the transaction(s) with Nava Bharat Press, Nagpur are as follows:

Sr. No.	Particulars	Remarks
1	Name of the related party	Nava-Bharat Press Limited
2	Name of the director or key managerial personnel who is related, if any	Shri. Vinod Maheshwari, Chairman
3	Nature of relationship	Chairman/Promoter of Saffron Industries Limited & Director/Promoter of Nava-Bharat Press Limited
4	Nature, material terms, monetary value and particulars of the contract or arrangements	Supply of news prints for the value not exceeding Rs. 10 Crore (Rupees Ten Crores Only) per annum from the financial year

		2020-21 onwards.
5	Any other information relevant or important for the members to take a decision on the proposed resolution	--

None of the Directors and Key Managerial Personnel of the Company or their respective relatives, other than as mentioned above is concerned or interested, financially or otherwise, in the resolution.

The Board of Directors recommends passing of the resolution as set out at item no. 6 of this Notice as an Ordinary Resolution.

#### **Item No. 7**

Our company is engaged in the business of production of news prints. The company from time to time requires to supply news prints to related parties.

Section 188 of the Companies Act, 2013 and the applicable rules framed thereunder provide that any related party transaction will require prior approval of shareholders through ordinary resolution, if the aggregate value of transaction(s) amounts to 10% or more of the annual turnover of the company as per last audited financial statements of the company.

Hence, approval of the shareholders is being sought for the related party transaction(s) proposed to be entered into by your company with Madhyadesh Press Private Limited from the financial year 2020-21 onwards for the value not exceeding Rs. 8 Crore (Rupees Ten Crores Only) per annum.

Pursuant to Rule 15 of Companies (Meetings of Board and its Powers) Rules, 2014, as amended till date, particulars of the transaction(s) with Nava Bharat Press, Nagpur are as follows:

<b>Sr. No.</b>	<b>Particulars</b>	<b>Remarks</b>
1	Name of the related party	Madhyadesh Press Private Limited
2	Name of the director or key managerial personnel who is related, if any	Shri. Vinod Maheshwari, Chairman
3	Nature of relationship	Chairman/Promoter of Saffron Industries Limited & Director/Promoter of Madhyadesh Press Private Limited
4	Nature, material terms, monetary value and particulars of the contract or arrangements	Supply of news prints for the value not exceeding Rs. 8 Crore (Rupees Eight Crores Only) per annum from the financial year 2020-21 onwards.
5	Any other information relevant or important for the members to take a decision on the proposed resolution	--

None of the Directors and Key Managerial Personnel of the Company or their respective relatives, other than as mentioned above is concerned or interested, financially or otherwise, in the resolution.

The Board of Directors recommends passing of the resolution as set out at item no. 7 of this Notice as an Ordinary Resolution.

#### **Item No. 8**

The Articles of Association (“AoA”) of the Company is presently in force since its incorporation. The existing Articles of Association are in line with the erstwhile Companies Act, 1956 which are thus no longer in full conformity with the Companies Act, 2013 (‘New Act’). With the coming into force of the new Act several articles of the existing Articles of Association of the Company require alterations / deletions. Given this position, it is considered expedient to wholly replace the existing Articles of Association by a new set of Articles.

It is thus expedient to adopt new set of Articles of Association (primarily based on Table F set out under the Companies Act, 2013), in place of existing Articles of Association of the Company instead of amending the Articles of Association by alteration/incorporation of provisions of the Companies Act, 2013. Hence the Board of Directors at its meeting held on 2<sup>nd</sup> September, 2020 decided to adopt new set of Articles in place of existing Articles of Association of the Company and seek members' approval for the same.

In terms of section 5 and 14 of the Companies Act, 2013, the consent of the members by way of special resolution is required for adoption of new set of Articles of Association of the Company.

A copy of the proposed set of new Articles of Association of the Company would be available for inspection without any fee by the members at the Registered Office of the Company during normal business hours on any working day.

Your Board of Directors recommends the Resolution set out at Item No. 8 of notice for the approval of members as a special resolution.

None of the other Directors /Key Managerial Personnel of the Company /their relatives are in any way, concerned or interested in the said resolution.

**By Order of the Board,**

**Place: Nagpur**  
**Dated: September 02, 2020**

**Sd/-**  
**Shrikant Rikhe**  
**Company Secretary**



**Annexure to item no. 2 of notice**

**Details of Shri. Vinod Maheshwari (DIN: 00340953) who retires by rotation and seeks re-appointment at the forthcoming Annual General Meeting [Pursuant to Regulation 36(3) of the SEBI (Listing Obligation and Disclosure Requirement) Regulations, 2015 and Secretarial Standard 2 on General Meetings]**

Shri. Vinod Maheshwari, aged about 76 years is a dynamic & intelligent Industrialist possessing rich experience of over 45 years in the Newspaper Industry. He is the Chairman of Saffron Industries Ltd.

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

He is a Member of the Nomination and Remuneration Committee of the Company.

Age	76 yrs
Qualifications	Bachelor of Arts
Experience	45 Yrs
Nature of expertise in specific functional areas	Has rich experience in the news print production and media industry
Terms and conditions of re-appointment	He shall be appointed as Non-executive Director without any remuneration
Proposed remuneration	Nil
Remuneration last drawn	Nil
Date of first appointment on the Board	20 <sup>th</sup> April, 1993
Shareholding in the company	Holds 17,85,800 equity shares (24.85 %)
Disclosure of relationships between directors inter-se	None
Names of entities in which he also holds the directorship and the membership of Committees of the board;	Directorship in - Nava-Bharat Press Limited Navabharat Infraventures Limited Navabharat News Media Limited Nava Bharat Press (Nagpur) Pvt Ltd Navabharat Real Estate Private Limited Madhyadesh Realty And Finance Private Limited Madhyadesh Publications Private Limited Madhyadesh Holdings Private Limited Madhyadesh Press Private Limited Bionova Papercrafts Private Limited  He does not hold any committee positions in the other Companies
The number of Meetings of the Board attended during the year (Previous Year)	9 (Nine)



# SAFFRON INDUSTRIES LIMITED

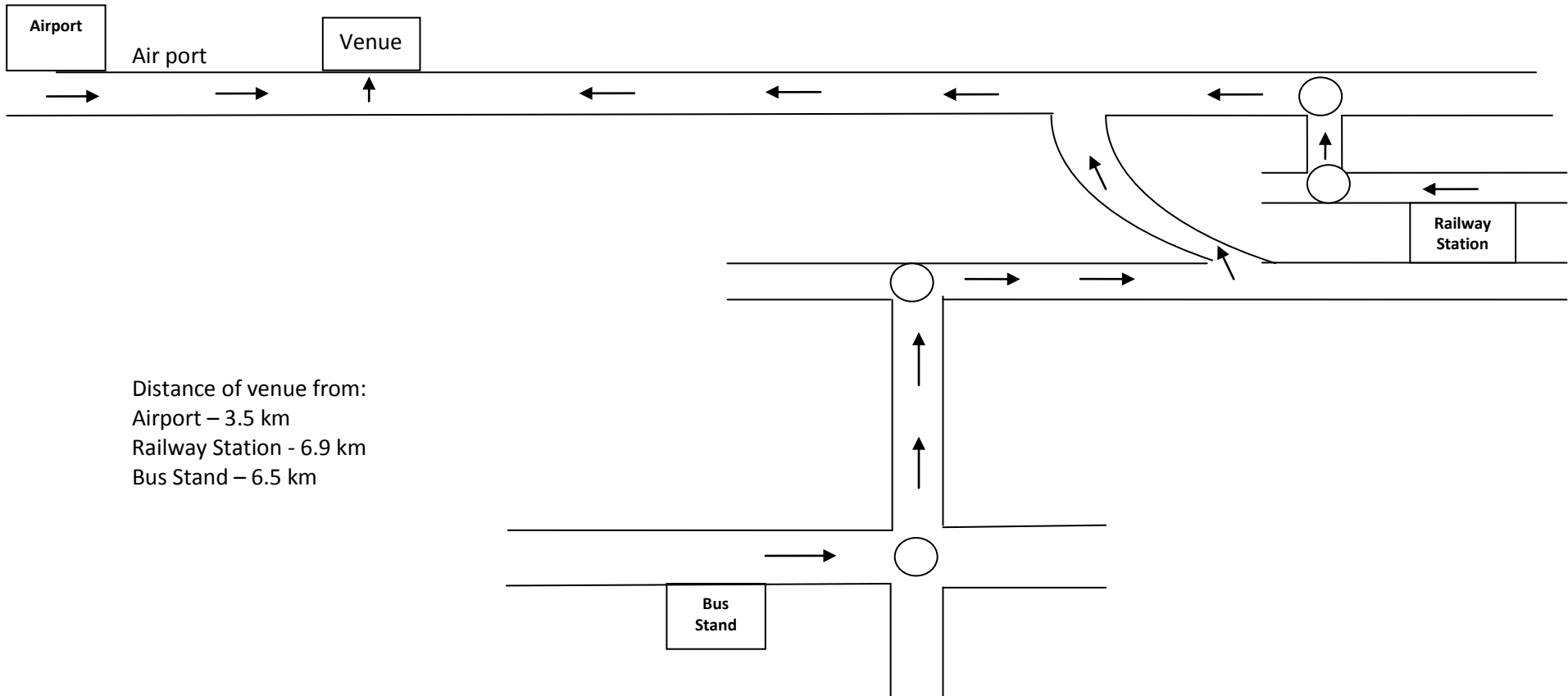
CIN: L21010MH1993PLC071683

Reg. Off.: Nava-Bharat Bhawan, Chatrapati Square, Wardha Road, Nagpur - 440015

## Route Map

**Venue:** Nava-Bharat Bhawan, Chatrapati Square, Wardha Road, Nagpur - 440015

**Land Mark:** Near Chhatrapati Square



Distance of venue from:  
Airport – 3.5 km  
Railway Station - 6.9 km  
Bus Stand – 6.5 km



## SAFFRON INDUSTRIES LIMITED

CIN: L21010MH1993PLC071683

Reg. Off.: Nava-Bharat Bhawan, Chatrapati Square, Wardha Road, Nagpur – 440015

### ATTENDANCE SLIP

I hereby record my presence at the 27<sup>th</sup> Annual General Meeting held at Saffron Industries Limited at the Registered Office Premises, Nava Bharat Bhawan, Chhatrapati Square, Wardha Road, Nagpur 440 015, on Wednesday, 30<sup>th</sup> September, 2020 at 11:00 A.M.

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

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

**NOTE:**

Please fill in this attendance slip and hand it over at the entrance of the meeting hall.

**Form No. MGT-11**  
**Proxy form**  
**[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3)**  
**of the Companies (Management and Administration) Rules, 2014]**

CIN: L21010MH1993PLC071683

Name of the company: SAFFRON INDUSTRIES LIMITED

Registered office: Nava-Bharat Bhawan, Chatrapati Square, Wardha Road, Nagpur - 440015

Name of the member (s):

Registered address:

E-mail Id:

Folio No/ Client Id:

DP ID:

I/We, being the member (s) of ..... shares of the above named company, hereby appoint

1. Name: .....

Address:.....

E-mail Id:.....

Signature:....., or failing him

2. Name: .....

Address:.....

E-mail Id:.....

Signature:....., or failing him

3. Name: .....

Address:.....

E-mail Id:.....

Signature:....., or failing him

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 27<sup>th</sup> Annual general meeting of the company, to be held on the 30<sup>th</sup> day of September, 2020 At 11:00 a.m. at Nava-Bharat Bhawan, Chatrapati Square, Wardha Road, Nagpur - 440015 and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution No.	Particulars
1	To consider and adopt the audited financial statements of the company for the financial year ended on March 31, 2020 and the reports of the Auditors and Board of Directors thereon.
2	To appoint a Director in place of Shri Vinod Maheshwari (DIN-00340953), who retires from office by rotation and being eligible, offers himself for reappointment.
3	Appointment of and remuneration payable to Shri. Manoj Rameshwar Sinha (DIN: 07564967) as a Whole-time Director of the Company.
4	Re-appointment of Smt. Manjulika Bajpai (DIN: 07143934) as an Independent Director of the company for second term.
5	Approval for Related Party Transactions with M/s. Nava Bharat Press, Nagpur.
6	Approval for Related Party Transactions with Nava-Bharat Press Limited.
7	Approval for Related Party Transactions with Madhyadesh Press Private Limited.
8	Adoption of new Articles of Association of the Company containing regulations in conformity with the Companies Act, 2013

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

Signature of shareholder

Affix  
Revenue  
Stamp

Signature of Proxy holder(s)

**Note: This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.**

## DIRECTORS' REPORT

To the Members of 'SAFFRON INDUSTRIES LIMITED'

Your Directors are pleased to present the Twenty Seventh Annual Report of the company together with the audited financial statements for the financial year ended on 31<sup>st</sup> March, 2020.

### Financial summary

(Amount in Hundred)

Particulars	2019-20	2018-19
Revenue from operations	883292.63	1661727.34
Other income	27040.81	15772.8
Total Income	910333.44	1677500.14
Profit/loss before finance cost and depreciation	83201.37	360914.6
Finance cost	0.00	0.00
Depreciation	119427.03	121081.97
Profit before tax and exceptional item	(36225.66)	239832.62
Prior period expenses	0.00	(125193.61)
Profit before tax	(36225.66)	114639.01
Profit after tax	(36225.66)	114639.01
Prior period adjustments (Income tax)	(213.51)	0.00
Profit/loss for the year	(36439.17)	114639.01
Balance carried forward	(36439.17)	114639.01

### Review of operations

During the year under review the sales turnover of your company was Rs. 8.83 crore as against sales turnover of Rs. 16.62 crore in the previous financial year. The company has witnessed drastic fall in order book position, escalation in production cost and unrest in the industry. Also witnessed requirement of upgradation of technology and machineries to survive in the cut-throat competition. Apart from this Pandemic Covid-19 and lockdown situation has badly affected overall industry and economy. Owing to this the turnover of the company declined by 47% over last year and booked loss of Rs. 0.36 crore during the period under review.

Your company is taking various efforts to reduce the overall cost, exploring new avenues of investments and trying for better price gains for its products in the market.

### Future Outlook

Pandemic Covid-19 and lock down in the country imposed restrictions on circulation of newspapers which has worstly affected supply-demand ratio. Decline in demand lowered turnover of the company and eventually lead to loss. In such tough conditions with the endeavor of various government initiatives the management of the company is optimistic to find path of success in near future. Further the management is also committed towards trust of its various stakeholders and acknowledges their support in such hard time and believes to have same support in future also.

### **Amounts transferred to reserves**

The Board of Directors of the Company has decided to carry loss of Rs. 0.36 Crore to its reserves.

### **Dividend**

The Board has not recommended any dividend for the year under review.

### **No change in nature of business**

There is no any change in the nature of business carried on by the company during the year under review.

### **Material changes and commitments**

No material changes and commitments affecting the financial position of the company occurred between 31<sup>st</sup> March, 2020 and the date of this report

### **No change in capital structure**

There was no change (i.e. increase or decrease) in the authorised, issued, subscribed or paid up share capital of the company during the year under review.

### **Credit rating of securities**

The company has not obtained any credit rating of its securities.

### **Transfer of unclaimed dividend/shares to Investor Education and Protection Fund**

The provisions of Section 125 (2) of the Companies Act, 2013 do not apply as there was no dividend declared in past seven years.

### **Directors and Key Managerial Personnel**

#### ➤ **Appointment of Director by rotation**

Shri Vinod Maheshwari (DIN-00340953), who retires by rotation and being eligible, offers himself for re-appointment. The Board recommends his reappointment at the ensuing annual general meeting of the company.

#### ➤ **Appointment of Independent Director**

The Board of Directors of your company has proposed the confirmation of appointment of Smt. Manjulika Bajpai as an Independent Director of the Company for second term at the ensuing annual general meeting of the company by way of special resolution.

Smt. Manjulika Bajpai has been occupying office of Independent Director of the Company since August 2015. Her tenure as an Independent Director was satisfactory. Having such Director on Board as an Independent Director shall always be value addition. Considering her performance during her tenure the Board appointed her as an Independent Director for second term on 25<sup>th</sup> September, 2020 subject to approval of members at the ensuing annual general meeting of the company.

#### ➤ **Appointment of Whole-time Director (KMP)**

Shri. Manoj Sinha was appointed as Whole-time Director (KMP) of the Company wef 8<sup>th</sup> January, 2020. Your Board of Directors recommends his appointment for approval of members at the ensuing annual general meeting of the company.

➤ **Changes in Chief Financial Officer (KMP)**

During the year Shri. Saurabh Somani resigned from the office of Chief Financial Officer wef 10<sup>th</sup> September, 2019.

Shri. Milind Gahankari appointed as Chief Financial Officer (KMP) wef 25<sup>th</sup> September, 2019 in terms of Section 203 of the Companies Act, 2013.

➤ **Changes in Company Secretary and Compliance Officer (KMP)**

During the year Shri. Saurabh Somani resigned from the office of Company Secretary wef 10<sup>th</sup> September, 2019. Also Smt. Richa Jain who was appointed as Company Secretary on 25<sup>th</sup> September, 2020 resigned from her office wef 4<sup>th</sup> January, 2020.

Shri. Shrikant Rikhe appointed as Company Secretary and Compliance Officer of the Company in terms of Section 203 of the Companies Act, 2013 and Regulation 5 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 on 8<sup>th</sup> January, 2020.

**Declaration by Independent Directors**

The Board of Directors of the Company hereby confirm that the Independent Directors duly appointed by the Company have given the declaration that they meet the criteria of independence as provided under section 149 (6) of the Companies Act, 2013 and have complied with the Code for Independent Directors prescribed in Schedule IV to the Companies Act, 2013.

**Board Meetings**

During the financial year 2019-20, the Board met 9 (Nine) times on following dates:

30<sup>th</sup> May, 2019, 13<sup>th</sup> June, 2019, 14<sup>th</sup> August, 2019, 10<sup>th</sup> September, 2019, 25<sup>th</sup> September, 2019, 14<sup>th</sup> November, 2019, 8<sup>th</sup> January, 2020, 11<sup>th</sup> February, 2020 and 11<sup>th</sup> March, 2020.

**Audit Committee**

During the year under review the Company has re-constituted Audit Committee and it is comprised of Smt. Manjulika Bajpai, Chairman and Shri Manoj Sinha and Shri Achalla Srinivas as members.

During the financial year 2019-20, the Audit Committee met 4 (Four) times on following dates:

30<sup>th</sup> May, 2019, 14<sup>th</sup> August, 2019, 14<sup>th</sup> November, 2019 and 11<sup>th</sup> February, 2020.

**Nomination and Remuneration Committee and Policy**

During the year under review the Company has re-constituted Nomination and Remuneration Committee and it is comprised of Smt. Manjulika Bajpai, Chairman and Shri Vinod Maheshwari and Shri Achalla Srinivas as members. A policy on directors' appointment and remuneration is annexed as Annexure - A.

During the financial year 2019-20, the Nomination and Remuneration Committee met 3 (Three) times on following dates:

13<sup>th</sup> June, 2019; 25<sup>th</sup> September, 2019 and 8<sup>th</sup> January, 2020.

**Stakeholders Relationship Committee**

During the year under review the Company has re-constituted Stakeholders Relationship Committee and it is comprised of Shri Achalla Srinivas, Chairman and Smt. Manjulika Bajpai and Shri Manoj Sinha as members.



During the financial year 2019-20, the Stakeholders Relationship Committee met 4 (Four) times on following dates:

30<sup>th</sup> May, 2019, 14<sup>th</sup> August, 2019, 14<sup>th</sup> November, 2019 and 11<sup>th</sup> February, 2020.

### **Annual Evaluation**

Pursuant to the provisions of the Companies Act, 2013, the Board has carried out an annual performance evaluation of its own performance, the directors individually as well as the evaluation of the working of its Committees.

A structured questionnaire was prepared after taking into consideration inputs received from the Directors, covering various aspects of the Board's functioning such as adequacy of the composition of the Board and its Committees, Board culture, execution and performance of specific duties, obligations and governance.

A separate exercise was carried out to evaluate the performance of individual Directors who were evaluated on parameters such as level of engagement and contribution, independence of judgement, safeguarding the interest of the company and its minority shareholder etc. the performance evaluation of the Independent Directors was carried out by the entire Board. The performance evaluation of the Chairman and the Non Independent Director was carried out by the Independent Directors.

### **Remuneration of Directors and Employees**

The information required pursuant to Section 197 read with Rule 5 of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is furnished hereunder:

(Rs. in Lakhs)

Sl. No.	Name	Designation	Remuneration Paid F.Y.2019-20 (Rs. in lakhs)	% Increase in remuneration from previous year	Ratio/ Times per Median of employee remuneration
1	Manoj R. Sinha	Whole Time Director	8.35	15.97%	4.35

Note:

1. There was no increase in the median remuneration of employees in the financial year 2019-20.
2. There was no increase in the remuneration of Chief Financial Officer and Company Secretary in the financial year 2019-20.
3. There are 27 permanent employees on the rolls of company.
4. There was nil average percentile increase made in the salaries of employees other than managerial personnel in the last financial year as compared to 15.97% increase in overall managerial remuneration. The increment in the managerial remuneration was due since long period and it is commensurate with the remuneration packages paid to their similar counterparts in other companies.
5. It is hereby affirmed that the remuneration paid is as per the Remuneration Policy for Directors, Key Managerial Personnel and other Employees.

### **Corporate Governance - Disclosure Pursuant to Schedule V of the Companies Act, 2013**

Shri. Manoj Sinha is paid remuneration of Rs. 85,000/- per month, he is not entitled to any benefits, stock options, incentives, pension, etc. The company has entered into service contract with him; notice period is of one month and no severance fees shall be paid to him. Apart from this no other director is paid remuneration.

## **Directors' responsibility statement**

As required by section 134 (5) of the Companies Act, 2013 the Directors hereby state:

- i) That in the preparation of the annual accounts for the financial year ended on 31<sup>st</sup> March 2020, the applicable accounting standards have been followed and that there were no material departures;
- ii) That they had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year 31<sup>st</sup> March 2020 and of the loss of the Company for the year under review;
- iii) That they had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv) That they had prepared the annual accounts for the year ended 31<sup>st</sup> March 2020 on a "going concern" basis;
- v) That they had laid down internal financial controls to be followed by the Company and such internal financial controls are adequate and were operating effectively;
- vi) That they had devised proper systems to ensure compliance with the provision of all applicable laws and that systems were adequate and operating effectively.

## **Internal Financial Control**

During the period under review, there was adequate internal control procedure commensurate with the size of the company and nature of the business.

## **Information about Subsidiary/JV/Associate Company**

The company does not have any subsidiary, joint venture or associate company as defined under Companies Act, 2013. Thus the Form AOC-1 is not annexed to this report.

## **Deposits**

The company has not accepted deposits during the period under review.

## **Particulars of loans, guarantees and investments**

There were no loans, guarantees or investments made by the Company under Section 186 of the Companies Act, 2013 during the year under review. The position of loans, guarantees or investments made by the Company as on 31<sup>st</sup> March, 2020 is given in the financial statements of the company.

## **Particulars of contracts or arrangements with related parties**

All related party transactions that were entered into during the financial year were on an arm's length basis and were in the ordinary course of business. All the necessary details of transactions entered with the related parties are attached herewith in Form No. AOC-2 for your kind perusal and information (Annexure-B).

## **Conservation of energy, technology absorption and foreign exchange outgo:**

The information and details relating to conservation of energy, technology absorption and foreign exchange outgo is mentioned in the Annexure-C to this Report.

## **Risk Management Policy**

Periodic assessment to identify the risk areas are carried out and management is briefed on the risks in advance to enable the company to control risk through a properly defined plan. The risks are classified as financial risks, operational risks and market risks. The risks are taken into account while preparing the annual business plan for the year. The Board is also periodically informed of the business risks and the actions taken to manage them. The company has formulated a policy for Risk management with the following objective:

- a) Provide an overview of the principles of risk management
- b) Explain approach adopted by the Company for risk management
- c) Define the organisational structure for effective risk management
- d) Develop a “risk” culture that encourages all employees to identify risks and associated opportunities and to respond to them with effective actions.
- e) Identify, assess and manage existing and new risks in a planned and coordinated manner with minimum disruption and cost, to protect and preserve Company’s human, physical and financial assets.

## **Vigil mechanism**

In pursuance to the provisions of section 177(9) & (10) of the Companies Act, 2013, a Vigil Mechanism for directors and employees to report genuine concerns has been established. The Vigil Mechanism has been uploaded on the website of the Company at [www.saffronindustries.in](http://www.saffronindustries.in).

## **Material orders of judicial bodies /regulators**

There is no Order from Court, Regulators, Tribunals passed during the year under review impacting the going concern status and company’s operations in future. However, the Hon. BIFR has declared the company as ‘Sick’ under the provisions of the Sick Industrial Company (Special Provisions) Act, 1985 vide its order dated 13/09/2013.

## **Statutory auditors and their report**

The Company has appointed M/s. Utsav Sumit & Associates, Chartered Accountants, Nagpur as statutory auditors of the company to hold office for a period of five years i.e. upto the conclusion of annual general meeting to be held in the year 2022.

There is no qualification or adverse remarks in the Auditor’s Report which require any clarification/explanation. The Notes on financial statements are self-explanatory and needs no further explanation.

## **Secretarial auditor and their report**

The Company has appointed M/s. Vaibhav Netke & Associates, Practicing Company Secretaries, Nagpur as Secretarial Auditor of the company to conduct secretarial audit for the financial year ended on 31<sup>st</sup> March, 2020. The secretarial auditor has submitted secretarial audit report in Form MR 3 under Section 204 of the Companies Act, 2013 for the financial year 2019-20 which is attached as Annexure-D and forms part of this report.

The clarifications/explanation on the qualifications/adverse remarks in the Secretarial Auditors Report is as under:

1. The Promoters' shareholding is not fully dematerialized; however they are under process to comply the same; - Dematerialization is under process will be complied soon.
2. The Company has been declared sick u/s 3(1) (o) of Sick Industrial Companies (Special Provisions) Act, 1985 by the Board for Industrial and Financial Reconstruction, vide their order dated 13.09.2013;
  - There is no any further development/order passed by the said board after such declaration.
3. The trading of the specified securities of the Company was Suspended due to Penal reason on BSE whereas the same is being revoked in November 2019;
  - The Company has made all compliances and revoked suspension. The shares of the company are freely tradable since November 2019.
4. Public Notice by BSE Limited on June 2, 2018 in "Financial Express", BSE proposed Compulsory Delisting of Companies due to suspension of securities for more than six months which contains the Name of M/s. Saffron Industries Limited (No. 74 in the List)*however on 15<sup>th</sup> November 2019 the BSE has revoked suspension of trading.*
  - Since suspension is revoked in the month November 2019 there is no effect of said proposal.
5. The Company is in the process appointing Internal Auditor.
  - The company is in the process of appointing internal auditor.

#### **Cost auditor & cost records**

The relevant provisions of Companies Act, 2013 in respect of appointment of Cost Auditors and maintenance of Cost Records were not applicable to the company for the Financial Year 2019-20.

#### **Secretarial Standards**

The Company complies with all applicable secretarial standards.

#### **Extract of annual return**

The extract of Annual Return pursuant to the provisions of Section 134 (3) (a) of the Companies Act, 2013 is available on website of the company - [www.saffronindustries.in](http://www.saffronindustries.in).

#### **Management Discussion and Analysis Report**

The Management Discussion and Analysis as required under Schedule V of SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015, attached as Annexure-E.

#### **Revocation of Suspension of Trading**

The BSE Ltd. has revoked suspension of trading of securities in November, 2019. Now the securities are freely tradable.

#### **Disclosure under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013**

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

### **Temporary lock down of production plant**

The production plant of the company was temporarily locked down on 11<sup>th</sup> March, 2020 owing to decline in order book position, upgradation of machineries/technologies, curtail cost, etc. However the production activities of the company resumed from 20<sup>th</sup> April, 2020.

### **Non-applicability of certain provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015**

Pursuant to provisions of Regulation 15 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 certain provisions of compliance with the corporate governance as mentioned there in are not applicable to the company. Accordingly corporate governance report, declaration by the chief executive officer for compliance of code of conduct by the members of board of directors and senior management personnel and compliance certificate on compliance of conditions of corporate governance are not required to be annexed to the Annual Report.

### **Acknowledgements:**

Your Directors are pleased to place on record their sincere gratitude to the government authorities, suppliers, customers and shareholders for their continued support and co-operation extended to the company during the year.

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

**Place: Nagpur**  
**Date: September 02, 2020**

**For and on behalf of the Board**

**Vinod Maheshwari**  
**Chairman**

## ANNEXURE - A

### Nomination and Remuneration Policy

#### 1. Preface

In terms of the provisions of Section 178 of the Companies Act, 2013, this policy on Nomination and Remuneration of Directors and Senior Management has been formulated by the Committee and approved by the Board of Directors.

The Nomination and Remuneration Policy is as under:

#### 2. Role of the committee

- a) To identify persons who are qualified to become Director and who may be appointed in senior management in accordance with the criteria laid down and recommend to Board their appointment and removal.
- b) To formulate criteria for determining qualifications, positive attributes and independence of a Director.
- c) To recommend to the Board remuneration policy related to remuneration of Directors (whole- time directors, executive directors, etc.), key managerial personnel and other employees while ensuring the following:
  - i. That the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors and the quality required to run the company successfully.
  - ii. That relationship of remuneration to performance is clear and meets appropriate performance benchmarks.
  - iii. That remuneration to directors, key managerial persons and senior management involves a balance between fixed and incentive pay reflecting short and long term performance object appropriate to the working of the company and its goals.
- d) Specify the manner for effective evaluation of performance of Board, its committees, and individual directors to be carried out either by the Board, by the Nomination and Remuneration Committee or by an independent external agency and review its implementation and compliance.
- e) To devise as policy on Board diversity.

#### 3. Membership

- a) The committee shall consist of a minimum 3 non-executive directors, majority of them being independent.
- b) Minimum two members shall constitute a quorum for the committee meeting.
- c) Membership of the committee shall be disclosed in the Annual Report.
- d) Term of the committee shall be continued unless terminated by the Board of Directors.

#### 4. Chairman

- a) The Chairman of the Committee shall be an independent director
- b) Chairman of the company may be appointed as a member of the committee but shall not be a Chairman of the Committee.
- c) In absence of the Chairman the members of the committee present at the meeting shall choose one amongst them to act as Chairman.
- d) Chairman of the Nomination and Remuneration committee meeting could be present at the Annual General Meeting or nominate some other member to answer the shareholders queries.

5. Frequency of the meeting

The meetings of the committee shall be held at such regular intervals as may be required.

6. Committee members interest

- a) A member of the Committee is not entitled to be present when his or her own remuneration is discussed at a meeting or when his or her performance is being evaluated.
- b) The committee may invite such executives as it considers appropriate, to be present at the meeting of the committee.

7. Secretary

The Company Secretary or any other person as may be decided by the committee shall act as a Secretary to the committee.

8. Voting

- a) Decisions of the Committee shall be decided by a majority of votes of members present and voting and any such decision shall for all purposes be deemed a decision of the Committee.
- b) In the case of equality of votes, the Chairman of the meeting will have a casting vote.

9. Minutes of committee meeting

The minutes of all the proceedings of all meetings must be signed by the Chairman of the Committee at the subsequent meeting.

**Policy on Directors' Remuneration**

1. Remuneration to Managing/ Whole-time/ Executive Director, KMP and Senior Management Personnel:

- a. The Remuneration/ Commission etc. to be paid to Managing Director / Whole-time Directors, etc. shall be governed as per provisions of the Companies Act, 2013 and rules made there under or any other enactment for the time being in force and the approvals obtained from the Members of the Company.
- b. The Nomination and Remuneration Committee shall make such recommendations to the Board of Directors, as it may consider appropriate with regard to remuneration to Managing Director / Whole-time Directors.

2. Remuneration to Non-Executive/Independent Director:

- a. The Non-Executive/Independent Directors may receive sitting fees and such other remuneration as permissible under the provisions of Companies Act, 2013. The amount of sitting fees shall be such as may be recommended by the Nomination and Remuneration Committee and approved by the Board of Directors.
- b. All the remuneration of the Non- Executive / Independent Directors (excluding remuneration for attending meetings as prescribed under Section 197 (5) of the Companies Act, 2013) shall be subject to ceiling/ limits as provided under Companies Act, 2013 and rules made there under or any other enactment for the time being in force. The amount of such remuneration shall be such as may be recommended by the Nomination and Remuneration Committee and approved by the Board of Directors or shareholders, as the case may be.

- c. An Independent Director shall not be eligible to get Stock Options and also shall not be eligible to participate in any share based payment schemes of the Company.
  - d. Any remuneration paid to Non- Executive / Independent Directors for services rendered which are of professional in nature shall not be considered as part of the remuneration for the purposes of clause (b) above if the following conditions are satisfied:
    - i. The Services are rendered by such Director in his capacity as the professional; and
    - ii. In the opinion of the Committee, the director possesses the requisite qualification for the practice of that profession.
3. Remuneration to Key Managerial Personnel and Senior Management
- a. The remuneration to Key Managerial Personnel and Senior Management shall consist of fixed pay and may include incentive pay, in compliance with the provisions of the Companies Act, 2013 and in accordance with the Company's Policy.
  - b. The Fixed pay shall include monthly remuneration, employer's contribution to provident fund, contribution to pension fund, pension schemes, etc. as decided from to time by the company at its discretion.
  - c. The Incentive pay shall be decided based on the balance between performance of the Company and performance of the Key Managerial Personnel and Senior Management, to be decided annually or at such intervals as may be considered appropriate.

**Place: Nagpur**  
**Date: September 02, 2020**

**For and on behalf of the Board**

**Vinod Maheshwari**  
**Chairman**



**ANNEXURE -B****FORM NO. AOC.2**

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arms length transactions under third proviso thereto

**(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)**

1. Details of contracts or arrangements or transactions not at arm's length basis-NIL

<b>Sl No.</b>	<b>Particulars</b>	<b>Details</b>
A	Name(s) of the related party and nature of relationship	-
B	Nature of contracts/arrangements/transactions	-
C	Duration of the contracts/arrangements/transactions	-
D	Salient terms of the contracts or arrangements or transactions including the value, if any	-
E	Justification for entering into such contracts or arrangements or transactions	-
F	Date of approval by the Board	-
G	Amount paid as advances, if any	-
H	Date on which the special resolution was passed in General meeting as required under first proviso to section 188	-

2. Details of material contracts or arrangement or transactions at arm's length basis

<b>Sr. No.</b>	<b>Particulars</b>	<b>Details</b>
A	Names(s) of the related party and nature of relationship	Entities under same management 1. Nava Bharat Press, Nagpur 2. Nava-Bharat Press Ltd. 3. Madhyadesh Press Pvt. Ltd.
B	Nature of contracts/arrangements/transactions	Sale of news prints
C	Duration of the contracts/ arrangements/ transactions	1 year
D	Salient terms of the contracts or arrangements or transactions including the value, if any:	Sale of news prints on purchase order basis: 1. Nava Bharat Press, Nagpur (Rs. 3.05 Crore ) 2. Nava-Bharat Press Ltd. (Rs. 2.21 Crore) 3. Madhyadesh Press Pvt. Ltd. (Rs. 3.08 Crore)
E	Date(s) of approval by the Board, if any	-
F	Amount paid as advances, if any:	-

**Place: Nagpur**  
**Date: September 02, 2020**

**For and on behalf of the Board**

**Vinod Maheshwari**  
**Chairman**

## ANNEXURE - C

### Conservation of Energy, Technology Absorption and Foreign Exchange earnings and outgo

#### A) Conservation of energy:

The basic philosophy of the Company is to achieve economy in operations at all levels and ensure optimum use of resources and minimisation of energy wastes. This objective is achieved through a proper & continuous system of monitoring and maintenance adopted by the Company. The Co-generation Power Plant is contributing consistently in bringing down the energy costs of the Company with minimal wastes and is also ensuring supply of power & steam to the Paper Plant thus enabling the company to achieve its optimum production capacity. Due to increase in required connected load at the Plant we have taken an alternative power source from Maharashtra State Electricity Distribution Company Ltd. (MSEDCL) power grid during the year 2019-20.

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

#### i) Power consumption

Particular	2019-20	2018-19
ELECTRICITY From *M.S.E.D.C.L , Units (in KWH)	0.00	0.00
Own Generation, Units (in KWH)	3652300	6878524
Total Units Consumed, (in KWH)	3652300	6878524
Total Amount, (in Rs. lacs)	180.05	282.48
Rate per Unit, (in Rs.)	4.93	4.95

#### ii) Consumption per unit of production

Particulars	2019-20	2018-19
Machine Production (MT)	3613	6184
Electricity (KWH/MT)	1010	1043
Finished Production (MT)	3433	6160
Electricity (KWH/MT)	1063	1105

\*M.S.E.D.C.L. –Maharashtra State Electricity Distribution Company Ltd.

#### B) Technology Absorption: Research and Development

The technology used for the existing project is fully indigenous. The production department of the Company is constantly engaged in the process of evaluating new ways and better methods to improve the performance, quality and cost effectiveness of its products. Great emphasis is given on upgradation of technology as suggested by the Production Department. The Company does not have a separate Research and Development activity.

**C) Foreign Exchange Earnings and Outgo:**

There were no any foreign exchange earnings and outgo during the year under review.

**Place: Nagpur**  
**Date: September 02, 2020**

**For and on behalf of the Board**

**Vinod Maheshwari**  
**Chairman**

## ANNEXURE - D

### Form No. MR-3

### Secretarial Audit Report

For the Financial year ended 31<sup>st</sup> March, 2020

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

### Secretarial Audit Report

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

I/we have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by SAFFRON INDUSTRIES LIMITED (hereinafter called the Company). The Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, we hereby report that in our opinion, the Company has, during the audit period, covering the Financial Year ended on 31<sup>st</sup> March, 2020, complied with the statutory provisions listed hereunder and also that the Company has proper Board Processes and Compliance Mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained and provided by SAFFRON INDUSTRIES LIMITED ('the Company') for the Financial Year ended on 31<sup>st</sup> March, 2020, according to the provisions of:

- i. The Companies Act, 2013 (the Act) and the rules made thereunder;
- ii. The Securities Contracts (Regulation) Act, 1956 (SCRA) and the rules made thereunder;
- iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- iv. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings; *Not Applicable*;
- v. The following Regulations and Guidelines prescribed under the SEBI Act, 1992 (SEBI Act):
  - a) The SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - b) SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 amended from time to time; *whereas the compliance of Corporate Governance provisions as specified in regulations 17, 17A, 18, 19, 20, 21, 22, 23, 24, 24A, 25, 26, 27 and clauses (b) to (i) of sub-regulation (2) of regulation 46 and para C, D and E of Schedule V shall not apply*;
  - c) The SEBI (Prohibition of Insider Trading) Regulations, 2015;
  - d) The SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009: *Not Applicable*;
  - e) The SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999: *Not Applicable*;
  - f) The SEBI (Issue and Listing of Debt Securities) Regulations, 2008: *Not Applicable*;

- g) The SEBI (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
  - h) The SEBI (Delisting of Equity Shares) Regulations, 2009: *refer vii (4); however in 15<sup>th</sup> November 2019 the BSE has revoked suspension of trading imposed by Public Notice on June 2, 2018; and*
  - i) The SEBI (Buyback of Securities) Regulations, 1998: Not Applicable.
- vi. Other applicable Acts:
- a) Factories Act, 1948
  - b) Industrial Disputes Act, 1947
  - c) The Payment of Wages Act, 1936
  - d) The Minimum Wages Act, 1948
  - e) Employee State Insurance Act, 1948
  - f) Employees Provident Funds and Miscellaneous Provisions Act, 1952
  - g) The Payment of Bonus Act, 1965
  - h) The Payment of Gratuity Act, 1972
  - i) The Child Labour (Prohibition & Regulation) Act, 1986
  - j) The Employee Compensation Act, 1923
  - k) The Apprentices Act, 1961
  - l) Equal Remuneration Act, 1976
  - m) Shops and Establishment Act, 1988
  - n) The Water (Prevention and control of pollution) Act, 1974
  - o) The Air (Prevention and control of pollution) Act, 1981
  - p) The Environment Protection Act, 1986 and rules made thereunder
  - q) The Sexual Harassment of Women at Work Place (Prevention, Prohibition and Redressal) Act, 2013
  - r) Hazardous Waste (Management and Handling and transboundary Movement) Rules, 2008

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

We have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by the Institute of Company Secretaries of India.
  - (ii) The Listing Agreements entered by the Company with BSE Ltd and Ahmadabad Stock Exchange.
- vii. During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above except following:
1. The Promoters' shareholding is not fully dematerialized; however they are under process to comply the same;
  2. The Company has been declared sick u/s 3(1) (o) of Sick Industrial Companies (Special Provisions) Act, 1985 by the Board for Industrial and Financial Reconstruction, vide their order dated 13.09.2013;
  3. The trading of the specified securities of the Company was Suspended due to Penal reason on BSE whereas the same is being revoked in November 2019;
  4. Public Notice by BSE Limited on June 2, 2018 in "Financial Express", BSE proposed Compulsory Delisting of Companies due to suspension of securities for more than six months which contains the Name of M/s. Saffron Industries Limited (No. 74 in the List) *however on 15<sup>th</sup> November 2019 the BSE has revoked suspension of trading.*
  5. The Company is in the process appointing Internal Auditor.

We further report that the Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-executive Directors and Independent Directors. The changes in the composition

of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings and the agenda and detailed notes on the agenda were sent at least 7 days in advance or on shorter notice wherever necessary, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

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

We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

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

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

**Sd/-**

**Vaibhav Netke**

**Proprietor**

ACS No.38174,

CP No.19556

Date: 21<sup>st</sup> August, 2020

Place: Nagpur

**“ANNEXURE TO SECRETARIAL AUDIT REPORT”**

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

Our report of even date is to be read along with this letter.

1. Maintenance of Secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these Secretarial records based on our Audit.
2. We have followed the Audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in the Secretarial records. We believe that the processes and practices we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of Financial records and Books of Accounts of the Company.
4. Wherever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events, etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations and standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

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

Sd/-

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

## **ANNEXURE - E**

### **Management Discussion and Analysis Report**

Management's discussion and analysis of the financial condition and results of operations include forward looking statements based on certain assumptions and expectations of future events. The Company cannot assure that these assumptions and expectations are accurate. Although the Management has considered future risks as part of the discussions, future uncertainties are not limited to Management perceptions.

#### **Economic Outlook**

Global growth is projected at -4.9 percent in 2020, 1.9 percentage points below the April 2020 World Economic Outlook (WEO) forecast. The COVID-19 pandemic has had a more negative impact on activity in the first half of 2020 than anticipated, and the recovery is projected to be more gradual than previously forecast. In 2021 global growth is projected at 5.4 percent. Overall, this would leave 2021 GDP some 6½ percentage points lower than in the pre-COVID-19 projections of January 2020. The adverse impact on low-income households is particularly acute, imperiling the significant progress made in reducing extreme poverty in the world since the 1990s.

The International Monetary Fund (IMF) has projected a deeper 4.5% contraction for India in FY21 than earlier estimated, citing a longer lockdown period and slower than anticipated recovery.

The economic impact of the 2020 corona virus pandemic in India has been largely disruptive. India's growth in the fourth quarter of the fiscal year 2020 went down to 3.1% according to the Ministry of Statistics. The Chief Economic Adviser to the Government of India said that this drop is mainly due to the corona virus pandemic effect on the Indian economy. Notably India had also been witnessing a pre-pandemic slowdown, and according to the World Bank, the current pandemic has "magnified pre-existing risks to India's economic outlook".

The World Bank and rating agencies had initially revised India's growth for FY2021 with the lowest figures India has seen in three decades since India's economic liberalization in the 1990s. However after the announcement of the economic package in mid-May, India's GDP estimates were downgraded even more to negative figures, signalling a deep recession. (The ratings of over 30 countries have been downgraded during this period.) On 26 May, CRISIL announced that this will perhaps be India's worst recession since independence. State Bank of India research estimates a contraction of over 40% in the GDP in Q1 FY21. The contraction will not be uniform, rather it will differ according to various parameters such as state and sector.

#### **Paper Industry in India**

The nationwide lockdown to curb the COVID-19 pandemic has impacted demand for paper and paper boards which is likely to witness a 10-15 per cent year-on-year decline in 2020-21, according to Crisil Research

The extended lockdown to stem the COVID-19 pandemic has dealt a nasty blow to the highly fragmented paper industry in India, Crisil Research said in a report.

The demand has shrunk as schools and colleges are shutdown, while majority of offices have also crimped demand for writing and printing (W&P) paper. Industrial paper usage has also crumpled because of weakness in FMCG, consumer durables and apparel segments, which account for 50-60 per cent of demand, it said.

The demand for paper and boards is expected to contract 10-15 per cent this financial year compared to the previous year, the report said, adding all categories of products will be affected. Around 80 per cent of the



nation's paper capacity of 25 million tonnes (750-800 mills) is clustered around six states that account for half of India's gross domestic product.

They are also major consumption hubs, the report said. About 40-45 per cent of paper mills are in COVID-19 red zones, and another 40-45 per cent are in orange zones, it said. In addition to this, the industry is also grappling with shortage of raw material and limited availability of labour, which are affecting capacity utilisation. Besides, exports have also fallen, the report added.

This will affect the financials of paper makers, especially the small- and mid-sized ones, which are highly fragmented, it said.

### **Industrial Structure & Developments**

Changing economic and business conditions, rapid technology, innovation and adoption and globalization are creating an increasingly competitive market environment that is driving corporations to transform the manner in which they operate. Companies in this environment are now focusing even more on their business objectives such as revenue growth, profitability and asset efficiency.

### **Opportunities and Threat, Outlook & Area of Concern**

Growth in the Indian economy and demand creates unprecedented opportunities for company to invest significantly in each of its core businesses.

In keeping with the philosophy of continuous consumer centric approach which is the hall mark of any organization, several developmental activities have been planned for the next fiscal year.

### **Risk Management & Concerns**

Risk in cost of raw materials, environmental liabilities, tax laws, labour relations, litigation and significant changes in the Global political and economical environment exert tremendous influence on the performance of the company. The Company has laid down procedures to inform Board Members about the risk assessment and minimization procedures.

### **Human Resource Development and Industrial Relations**

The Company believes that the employees are the backbone of the Company. Congenial and safe work atmosphere, appropriate recognition and rewards, constant communication, focus on meeting customer needs and change management through training are the hallmarks for development of human resources of the company. Every employee is aware of the challenges posed by the current economic environment.

Employee morale has remained high even during difficult times. The employees have co-opted fully with the management in implementing changes as required by the market. And it is providing an opportunity to all the employees to utilize their full potential and grow in the Organization. There was no strike or labour unrest during the last financial year.

There are 27 employees in the company as on 31st March, 2020.

### **Internal Control System and Their Adequacy**

Every successful company needs to have certain controls in place for functioning effectively. Saffron Industries Limited as well has sufficient internal controls in accordance with the nature and magnanimity of its business.

These have been designed to ensure that:

- Assets of the Company are acquired in an economical manner and safeguards are in place for their upkeep and to ensure their protection against any damage or destruction.
- Controls relating to the financial and operational aspects of the business remain in place and are working satisfactorily to detect exceptions and raise alerts.
- The Company enforces stringent compliance with all applicable laws and internal policies.

The Audit Committee of the Board of Directors actively reviews the adequacy and effectiveness of internal control systems and suggests improvements to strengthen the same. The Board of Directors has framed a policy which ensures the orderly and efficient conduct of its business, safeguarding of its assets, to provide greater assurance regarding prevention and detection of frauds and accuracy and completeness of the accounting records of the company.

Further your company has adequate internal financial controls with reference to its financial statements.

### **Key financial ratios**

- Debtors turnover

Debtors turnover declines to 1.89 from previous year 3.48 due to decrease in turnover of the company in the current year.

- Inventory turnover

Inventory turnover declines to 89.59 from 355.0 due to decrease in turnover and increase in stock in the current year

- Interest coverage ratio

There was no finance cost in the period under review.

- Current ratio

Current ratio increased to 2.21 from 1.59 due to increase in current assets.

- Debt equity ratio - No change

- Operating profit margin (%)

Operating profit margin declines to 42.10% from 53.76% due to decrease in operating profit.

- Net profit margin(%)

There is loss in the period under review.

- Return on net-worth - Nil

### **Cautionary statement**

Certain Statements in the “Management Discussion and Analysis” describing the Company’s objectives, expectations or predictions may be “forward looking statements” within the meaning of applicable laws or regulations. These Statements are based on certain assumptions and expectations of future events. Actual

results could differ materially from those expressed or implied due to various risk & uncertainties. Important factors that could make a difference to the Company's operations include changes in Govt. regulations, tax regimes, economic developments and other factors such as litigation. The company does not undertake to update these statements.

**Place: Nagpur**  
**Date: September 02, 2020**

**For and on behalf of the Board**

**Vinod Maheshwari**  
**Chairman**

# **SAFFRON INDUSTRIES LIMITED**

## **FINANCIAL STATEMENTS 2019-20**

### **INDEPENDENT AUDITOR'S REPORT**

#### **TO THE MEMBERS OF SAFFRON INDUSTRIES LIMITED**

##### **Report on the audit of the financial statements**

##### **Opinion**

We have audited the accompanying Standalone Ind AS, financial statements of **SAFFRON INDUSTRIES LIMITED**, which comprise the balance sheet as at March 31, 2020, and the Statement of Profit and Loss and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the **Companies Act, 2013** in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, its loss and cash flows for the year ended on that date.

##### **Basis for opinion**

We conducted our audit in accordance with the standards on auditing specified under section 143 (10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the code of ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the rules there under, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the code of ethics.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

##### **Key audit matters:**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We are of the opinion that there are no other key matter as per SA 701, to be reported for the ensuing year under audit.

**Information other than the financial statements and auditors' report thereon:**

The Company's board of directors is responsible for the preparation of the other information. The other information comprises the information included in the Board's Report including Annexure to Board's Report, Business Responsibility Report but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

**Management's responsibility for the financial statements:**

The Company's board of directors are responsible for the matters stated in section 134 (5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the accounting standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The boards of directors are also responsible for overseeing the Company's financial reporting process.

**Auditor's responsibilities for the audit of the financial statements:**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit

evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

**Report on other legal and regulatory requirements:**

As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the Annexure "A", a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

**As required by Section 143(3) of the Act, we report that:**

- (a) We have sought and 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 it appears from our examination of those books.
- (c) The balance sheet, the statement of profit and loss, and the cash flow statement dealt with by this report are in agreement with the books of account.
- (d) In our opinion, the aforesaid Standalone Ind AS financial statements comply with the accounting standards specified under section 133 of the Act, read with rule 7 of the **Companies (Accounts) Rules, 2014**.
- (e) On the basis of the written representations received from the directors as on March 31, 2020 taken on record by the board of directors, none of the directors is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164 (2) of the Act.
- f) With respect to the adequacy of internal financial controls over financial reporting of the company and the operating effectiveness of such controls refer our separate report in Annexure B. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
- g) In respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us;
- a. The Company does not have any pending litigations which would impact its financial position.
- b. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses; and
- c. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

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

**NAGPUR**  
**June 27, 2020**

**Sumit Agrawal**  
**Partner**  
**Membership No. 151008**  
**UDIN :2015008AAAAAV2470**

## Annexure “A” to the Independent Auditor’s Report:

(Referred to in paragraph 1 under ‘Report on other legal and regulatory requirements’ section of our report to the members of **SAFFRON INDUSTRIES LTD** of June 27,2020)

1.	In respect of the Company’s fixed assets:	
	(a)	The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
	(b)	The fixed assets of the Company were physically verified in full by the management during the year. According to the information and explanations given to us and as examined by us, no material discrepancies were noticed on such verification.
	(c)	According to the information and explanations given to us, the records examined by us, based on conveyance deeds provided to us , we report that the title deeds in respect of all land and building are held in the name of the Company as at the balance sheet date. In respect of immovable properties of land and building that have been taken on lease and disclosed as fixed assets in the financial statements, the lease agreements are in the name of the Company.
2.	As explained to us, the inventory has been physically verified by the management during the year. In our opinion, the frequency of such verification is reasonable. According to the information and explanations given to us and as examined by us, no material discrepancies were noticed on such verification.	
3.	According to information and explanation given to us, the company has not granted any loan, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register required under section 189 of the Companies Act, 2013. Accordingly, paragraph 3 (iii) of the order is not applicable.	
4.	In our opinion and according to information and explanation given to us, the company has not granted any loans or provided any guarantees or given any security or made any investments to which the provision of section 185 and 186 of the Companies Act, 2013. Accordingly, paragraph 3 (iv) of the order is not applicable.	
5.	In our opinion and according to the information and explanations given to us, the company has not accepted any deposits and accordingly paragraph 3 (v) of the order is not applicable.	
6.	As per information and explanations given to us ,the Central Government of India has not prescribed the maintenance of cost records under sub-section (1) of section 148 of the Act for any of the activities of the company and accordingly paragraph 3 (vi) of the order is not applicable.	
7.	In respect of statutory dues:	
	(a)	According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including provident fund, employees’ state insurance, income-tax, sales-tax, service tax, goods and service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues have been generally regularly deposited during the year by the company with the appropriate authorities.
		According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees’ state insurance, income-tax, sales- tax, service tax, goods and



		service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues were in arrears as at March 31, 2020 for a period of more than six months from the date they became payable
	(b)	According to the information and explanations given to us and the records of the company examined by us, there are no dues of income-tax, sales- tax, service tax, goods and service tax, duty of customs, duty of excise and value added tax which have not been deposited on account of any dispute.
8.		In our opinion and according to the information and explanations given to us, the company has not defaulted in payment of dues to any financial institutions or banks or any government or any debenture holders during the year.
9.		The term loans taken during the year have been applied for the purposes for which those are raised. The Company has not raised any money by way of initial public offer or further public offer (including debt instruments).
10.		To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company or no material fraud on the Company by its officers or employees has been noticed or reported during the year.
11.		Managerial Remuneration paid is within the limits stipulated in section 197 read with schedule V of the companies Act, 2013.
12.		The Company is not a Nidhi Company and accordingly, paragraph 3 (xii) of the order is not applicable to the Company.
13.		According to the information and explanations given to us and based on our examination of the records of the company, transactions with the related parties are in compliance with section 177 and 188 of the Act. Where applicable, the details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
14.		According to the information and explanations given to us and based on our examination of the records of the company, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, paragraph 3(xiv) of the order is not applicable.
15.		According to the information and explanations given to us and based on our examination of the records of the company, the company has not entered into non-cash transactions with directors or persons connected with them. Accordingly, paragraph 3(xv) of the order is not applicable.
16.		According to the information and explanations given to us and based on our examination of the records of the company, the company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

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

**NAGPUR**  
**June 27, 2020**

**Sumit Agrawal**  
**Partner**  
**Membership No. 151008**  
**UDIN :2015008AAAAAV2470**

## **Annexure “B” to the Independent Auditor’s Report**

(Referred to in paragraph 2 (f) under ‘Report on other legal and regulatory requirements’ section of our report to the Members of **SAFFRON INDUSTRIES LIMITED** of June 27, 2020)

### **Report on the internal financial controls over financial reporting under clause (i) of sub – section 3 of section 143 of the Companies Act, 2013.**

We have audited the internal financial controls over financial reporting of **SAFFRON INDUSTRIES LIMITED** as at March 31, 2020, in conjunction with our audit of the financial statements of the Company for the year ended on that date.

#### **Management’s responsibility for internal financial controls:**

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

#### **Auditors’ responsibility:**

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

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement in the financial statements, whether due to fraud or error.

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

#### **Meaning of internal financial controls over financial reporting**

A company’s internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal financial control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (iii) provide reasonable assurance

regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### **Limitations of internal financial controls over financial reporting**

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

### **Opinion**

In our opinion and according to the information and explanations given to us, the Company has, in all material respects, an adequate internal financial control system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

**NAGPUR  
June 27, 2020**

**Sumit Agrawal  
Partner  
Membership No. 151008  
UDIN :2015008AAAAAV2470**

**SAFFRON INDUSTRIES LIMITED**

**BALANCE-SHEET AS AT MARCH 31,2020**

<b>ASSETS</b>	<b>NOTE REF.</b>	<b>AS AT MARCH 31, 2020 Rs. in Hundreds</b>		<b>AS AT MARCH 31, 2019 Rs. in Hundreds</b>	
<b>NON CURRENT ASSETS</b>					
a) Property ,Plant & Equipment	01	1184694.84		1304121.87	
b) Capital Work-in-Progress		0.00		0.00	
c) Investment property		0.00		0.00	
d) Goodwill		0.00		0.00	
e) Other Intangible assets	01	0.00		0.00	
f) Intangible assets under development		0.00		0.00	
g) Biological assets other than bearer plants		0.00		0.00	
h) Financial Assets					
i)Investments		0.00		0.00	
ii)Trade receivables		0.00		0.00	
iii)Loans	02	0.00		0.00	
iv)Others	03	41014.80		58701.14	
i) Deferred Tax Asset		0.00		0.00	
j) Other Non Current Assets	04	<u>932.50</u>	1226642.14	<u>932.50</u>	1363755.51
<b><u>CURRENT ASSETS</u></b>					
a) Inventories	05	16870.99		2846.99	
b) Financial Assets					
i) Investments		0.00		0.00	
ii) Trade receivables	06	460823.28		471814.95	
iii) Cash & Cash Equivalents	07	3799.06		5886.57	
iv) Bank Balances other than (iii) above		0.00		0.00	
v)Loans		0.00		0.00	
vi)Others	08	0.00		0.00	
c) Current Tax Assets (Net)		0.00		0.00	
d) Other Current Assets		<u>39909.30</u>	521402.64	<u>19067.86</u>	499616.37
<b>TOTAL ASSETS</b>			<b><u><u>1748044.78</u></u></b>		<b><u><u>1863371.88</u></u></b>
<b>EQUITY AND LIABILITIES</b>					
<b><u>EQUITY</u></b>					
a) Equity Share Capital	09	718520.00		718520.00	
b) Other Equity	10	<u>(1264618.33)</u>	(546098.33)	<u>(1228179.16)</u>	(509659.16)
<b><u>LIABILITIES</u></b>					
<b><u>NON CURRENT LIABILITIES</u></b>					
a) Financial Liabilities					
i) Borrowings	11	2058155.22		2058167.22	
ii) Trade Payables		0.00		0.00	
iii) Other Financial Liabilities		0.00		0.00	
b) Provisions		0.00		0.00	
c) Deferred Tax Liabilities		0.00		0.00	
d) Other Non Current Liabilities		<u>0.00</u>	2058155.22	<u>0.00</u>	2058167.22

**CURRENT LIABILITIES**

a) Financial Liabilities				
i) Borrowings	12	0.00		0.00
ii) Trade Payables	13	168862.76		249418.70
iii) Other Financial Liabilities	14	0.00		0.00
b) Other Current Liabilities	15	67125.14		65445.12
c) Provisions		0.00		0.00
d) Current Tax Liabilities(Net)		0.00	235987.89	0.00
				314863.83

**TOTAL EQUITY AND LIABILITIES****1748044.78****1863371.88****Significant Accounting Policies****Notes on Financial Statements** 1 to 27

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

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

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

**Sumit Agrawal**  
Partner  
Membership No 151008  
For & on behalf of  
Utsav Sumit & Associates  
Chartered Accountants  
Firm Regn No 016514C

**Vinod Maheshwari**  
Chairman  
DIN 00340953

**Manoj Sinha**  
Wholetime Director  
DIN 07564967

**Shrikant Rikhe**  
Company Secretary

**Milind Gahankari**  
Chief Financial Officer

**NAGPUR**  
June 27,2020

**NAGPUR**  
June 27,2020

**SAFFRON INDUSTRIES LIMITED**

**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED ON MARCH 31,2020**

	NOTE REF	This year Rs. in Hundreds	Last year Rs. in Hundreds
<b>INCOME :</b>			
Revenue from Operations	17	883292.63	1661727.34
Other Income	18	27040.81	15772.80
<b>Total Income</b>		<b><u>910333.44</u></b>	<b><u>1677500.14</u></b>
<b>EXPENDITURE :</b>			
Cost of Materials Consumed	19	537789.14	779221.90
Purchases of stock-in-trade		650.00	4971.13
Changes in Inventories of Finished goods	20	0.00	0.00
Employee Benefits Expenses	21	39037.54	84674.05
Finance Costs	22	0.00	3680.65
Depreciation and Amortization Expenses	01	119427.03	121081.97
Other Expenses	23	249655.39	444037.82
<b>Total Expenses</b>		<b><u>946559.10</u></b>	<b><u>1437667.51</u></b>
<b>Profit/(Loss) before Tax &amp; Exceptional Items</b>		<b>(36225.66)</b>	<b>239832.62</b>
Prior Period Expenses	24	0.00	(125193.61)
Exceptional Items		0.00	0.00
<b>Profit/(Loss) before Tax</b>		<b>(36225.66)</b>	<b>114639.01</b>
Tax Expenses:			
Current tax		0.00	0.00
Deferred tax		0.00	0.00
<b>Profit/(Loss) After Tax</b>		<b>(36225.66)</b>	<b>114639.01</b>
<b>Prior year adjustments</b>			
Income Tax		(213.51)	0.00
<b>Profit/ (Loss) for the year</b>		<b><u>(36439.17)</u></b>	<b><u>114639.01</u></b>
<b>Earning per Equity Share of Face Value of Rs. 10 each</b>	25	<b><u>0.00</u></b>	<b><u>1.60</u></b>

**Significant Accounting Policies  
Notes on Financial Statements**

1 to 27

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

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

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

**Sumit Agrawal**  
Partner  
Membership No 151008  
For & on behalf of  
Utsav Sumit & Associates  
Chartered Accountants  
Firm Regn No 016514C

**Vinod Maheshwari**  
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**Shrikant Rikhe**  
Company Secretary

**Milind Gahankari**  
Chief Financial Officer

**NAGPUR**  
June 27,2020

**NAGPUR**  
June 27,2020

**CASH FLOW STATEMENT ANNEXED TO THE BALANCE-SHEET FOR THE PERIOD  
FROM APRIL 01,2019 TO MARCH 31,2020**

Rs. in Hundreds

**A.CASH FLOW FROM OPERATING ACTIVITIES**

Net Profit as per Profit & Loss Account	(36,439.17)
Less Interest Income	(2,639.49)
Add Depreciation	119,427.03
Interest Expenses	-

**Operating Loss before capital changes  
in working capital** **80,348.37**

Increase in Inventories	(14,024.00)
Decrease in Receivables	10,991.67
Decrease in Trade Payables	(80,555.95)
Increase in other current liabilities	1,680.02
Increase in other current assets	(20,841.44)

**Net Decrease in working capital** **(102,749.71)**

**Cash flow from operating activities** **(22,401.33)**

**B.Cash flow from Investing Activities**

Net Increase in Tangible fixed assets	-
Net Increase in Intangible fixed assets	-
Proceed from sale of fixed assets	
Interest Income	2,639.49
Decrease in Other non current assets	-

**Cash flow from Investing Activities** **2,639.49**

**C. Cash flow from Financing activities**

Decrease in Long Term Advances	-
Decrease in long term borrowings	(12.00)
Interest paid	-

**Cash flow from financing activities** **(12.00)**

**Increase in cash & cash equivalent** **(19,773.84)**

**Opening cash & cash equivalents** **64,587.71**

**Closing cash & cash equivalents** **44,813.86**

As per our Report of even date

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

**Sumit Agrawal**  
Partner  
Membership No 151008  
For & on behalf of  
**Utsav Sumit & Associates**  
Chartered Accountants  
Firm Regn No 016514C

**Vinod Maheshwari**  
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**Milind Gahankari**  
Chief Financial Officer

**NAGPUR**  
June 27, 2020

**NAGPUR**  
June 27, 2020

**SAFFRON INDUSTRIES LIMITED,NAGPUR**

**NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED ON MARCH 31, 2020**

**NON CURRENT ASSETS**

Amount in Rs. in hundred

<b>NOTE - 01</b>	<b>Property , Plant &amp; Equipment</b>									
<b>PARTICULARS</b>	<b>Gross Block As on 31.03.2019</b>	<b>Purchases/ Additions</b>	<b>Sales/ Deductions</b>	<b>Gross Block As on 31.03.2020</b>	<b>Depreciation up to 31.03.2019</b>	<b>Depreciation /Amotisation for the year</b>	<b>Depreciation Adjustment</b>	<b>Depreciation up to 31.03.2020</b>	<b>NET BLOCK AS ON 31.03.2020</b>	<b>NET BLOCK AS ON 31.03.2019</b>
<b>a) Property, Plant and Equipment :</b>										
Freehold Land	40810.47	0.00	0.00	40810.47	0.00	0.00	0.00	0.00	40810.47	40810.47
Buildings & Site Developments	781779.53	0.00	0.00	781779.53	520311.23	28575.24	0.00	548886.48	232893.06	261468.30
Plant & Machinery	3625937.15	0.00	0.00	3625937.15	2624912.79	90694.90	0.00	2715607.70	910329.45	1001024.36
Furnitures & Fixtures	17923.32	0.00	0.00	17923.32	17794.59	12.23	0.00	17806.82	116.50	128.73
Office Equipments	9920.50	0.00	0.00	9920.50	9587.29	31.66	0.00	9618.94	301.56	333.21
Computers	13983.44	0.00	0.00	13983.44	13626.63	113.00	0.00	13739.63	243.81	356.81
	<b>4490354.41</b>	<b>0.00</b>	<b>0.00</b>	<b>4490354.41</b>	<b>3186232.53</b>	<b>119427.03</b>	<b>0.00</b>	<b>3305659.56</b>	<b>1184694.84</b>	<b>1304121.87</b>
<b>Previous Year</b>	4613659.14	0.00	5668.12	4607991.02	3161697.60	142171.54	0.00	3303869.14	1304121.87	1451961.54
<b>b) Capital Work in Progress</b>	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00



<b>NOTE - 02</b>	<b>As on March 31,2020</b>	<b>As on March 31,2019</b>
<b>FINANCIAL ASSETS</b>	<b>Rs. in Hundreds</b>	<b>Rs. in Hundreds</b>
<b>Loans :</b>		
<b>Unsecured, considered good</b>		
Loans & Advances to Related Parties	0.00	0.00
Other Advances	0.00	0.00
	<u>0.00</u>	<u>0.00</u>
Loans or Advances due by Directors, officers of the Company or Firms/ Compnies in which Directors are interested	<u>Nil</u>	<u>Nil</u>
<b>NOTE - 03</b>		
<b>OTHER FINANCIAL ASSETS</b>		
Bank deposits with more than twelve months maturity	<u>41014.80</u>	<u>58701.14</u>
	<u>41014.80</u>	<u>58701.14</u>
<b>NOTE - 04</b>		
<b>OTHER NON-CURRENT ASSETS</b>		
Advances for Capital Goods	0.00	0.00
Advances other than capital advances;		
a) Security Deposits	932.50	932.50
b) Advances to related parties	0.00	0.00
c) Other advances	0.00	0.00
	<u>932.50</u>	<u>932.50</u>
<b><u>CURRENT ASSETS</u></b>		
<b>NOTE - 05</b>		
<b>INVENTORIES</b>		
As taken, valued and certified by the Management		
Valued at lower of cost or net realisable value		
Raw Materials	2689.00	1030.00
Finished Goods	0.00	0.00
Stores & Spares	0.00	0.00
Coal, Fuel Pellets / Rice husk	14135.00	1120.00
Chemicals	0.00	0.00
Packing Materials	0.00	0.00
Stock-in-trade(Land)	46.99	696.99
	<u>16870.99</u>	<u>2846.99</u>
<b>FINANCIAL ASSETS</b>		
<b>NOTE - 06</b>		
<b>TRADE RECEIVABLES</b>		
a.Outstanding for a period exceeding six months		
I) Unsecured considered good	454241.72	61895.07
ii) Unsecured considered doubtful-not provided for	0.00	0.00
b.Others	<u>6581.57</u>	<u>409919.88</u>
	<u>460823.28</u>	<u>471814.95</u>
Out of the above :		
Debts due from Directors	0.00	0.00
From Companies & Concerns under the same Management		
considered good, outstanding for a period :		
not exceeding six months	6581.57	409919.88
exceeding six months	<u>443462.10</u>	<u>61895.07</u>
	<u>450043.66</u>	<u>471814.95</u>

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

Cash-in-hand	205.80	8.22
Balances with Banks :		
In Current Accounts	3593.26	5878.35
	<u>3799.06</u>	<u>5886.57</u>

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

Unsecured, considered good		
Security Deposits	0.00	0.00
Loans to related Parties	0.00	0.00
Others	39909.30	19067.86
	<u>39909.30</u>	<u>19067.86</u>
Out of the above advances :		
Advances to the Directors	0.00	0.00
Advances to Associate Concern against Purchases	0.00	0.00
	<u>0.00</u>	<u>0.00</u>

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

Amount in Rs. in hundreds

	Balance as on March 31,2020	Changes in equity share capital during the year	Balance as on March 31,2019
01. Authorised Share Capital : 78,000 hundred Equity Shares of Rs.10/- each fully paid up	780000.00	Nil	780000.00
02 Issued subscribe and paid up; 71852 hundred equity shares of Rs. 10 each, fully paid up	718520.00	Nil	718520.00

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

Shareholders	No. of Shares held (in hundred)		As on March 31,2019
	As on March 31,2020	Changes during the year	
1. Shri Vinod Maheshwari	17858.00	0.00	17858.00
2. Shri Nimish V Maheshwari	13178.17	0.00	13178.17
3. Navabharat Real Estate Pvt. Ltd. (Formerly Madhyadesh Construction & Finance Pvt. Ltd.)	4565.00	0.00	4565.00
4. Navabharat Press (Nagpur) Pvt. Ltd.	3712.00	0.00	3712.00

**Notes :**

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

**NOTE-10**  
**B. Other Equity**

Rs. in Hundreds

	Share application money pending allotment	Equity component of compound financial instruments	Reserves and Surplus				Debt instruments through Other Comprehensive Income	Equity Instruments through Other Comprehensive Income	Effective portion of Cash Flow Hedges	Revaluation Surplus	Exchange differences on trans- lating the financial statements of a foreign operation	Other items of Other Comprehensive Income	Money received against share warrants	Total
			Capital Reserve	Securities Premium Reserve	General Reserve	Retained Earnings								
Balance at the beginning of the reporting period	0.00	0.00	33000.00	0.00	220000.00	(1481179.16)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	(1228179.16)
Changes in accounting policy or prior period errors	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Restated balance at the beginning of the reporting period	0.00	0.00	33000.00	0.00	220000.00	(1481179.16)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	(1228179.16)
Total Comprehensive Income for the year	0.00	0.00	0.00	0.00	0.00	(36439.17)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	(36439.17)
Dividends	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Transfer to retained earnings	0.00	0.00	0.00	0.00	0.00	(36439.17)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	(36439.17)
Any other change	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Balance at the end of the reporting period	0.00	0.00	33000.00	0.00	220000.00	(1517618.33)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	(1264618.33)

**NON CURRENT LIABILITIES**

	<b>As on March 31,2020</b>	<b>As on March 31,2019</b>
	Rs. in Hundreds	Rs. in Hundreds
<b>FINANCIAL LIABILITIES</b>		
<b>NOTE - 11</b>		
<b>BORROWINGS</b>		
<b>Secured Loans</b>	0.00	0.00
<b>Unsecured Loans</b>		
From Banks	0.00	0.00
From Related Parties	130000.00	130000.00
From Others	1928155.22	1928167.22
<b>Total</b>	<u>2058155.22</u>	<u>2058167.22</u>
The above Unsecured Loans include:		
From Body Corporates	1928155.22	1928167.22
From Directors (out of his own funds)	130000.00	130000.00
From Associates	0.00	0.00
	<u>2058155.22</u>	<u>2058167.22</u>
<b>Other non-current liabilities;</b>		
(a) Advances	0.00	0.00
(b) Others	0.00	0.00
	<u>0.00</u>	<u>0.00</u>
<b><u>CURRENT LIABILITIES</u></b>		
<b>FINANCIAL LIABILITIES</b>		
<b>NOTE- 12</b>		
<b>BORROWINGS</b>		
From Banks - Secured	0.00	0.00
From Others	0.00	0.00
	<u>0.00</u>	<u>0.00</u>
<b>NOTE -13</b>		
<b>TRADE PAYABLES</b>	<u>168862.76</u>	<u>249418.70</u>
<b>NOTE-14</b>		
<b>OTHER FIANCIAL LIABILITIES</b>		
Current Maturities of Long Term Debts	0.00	0.00
Interest Accrued	0.00	0.00
	<u>0.00</u>	<u>0.00</u>
<b>NOTE - 15</b>		
<b>OTHER CURRENT LIABILITIES</b>		
Revenue received in advance	28144.45	0.00
Creditors for Capital Expenditure	3934.16	4486.19
Other Payables*	35046.53	60958.93
	<u>67125.14</u>	<u>65445.12</u>
Other payables include Payable for Statutory dues & Other expenses		

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

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

**II. Commitments :**

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

**For the year  
ended  
March 31,2020**  
Rs. in Hundreds

**For the year  
ended  
March 31,2019**  
Rs. in Hundreds

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

Sale of Products	883292.63	1659776.40
Other Operating Revenues	0.00	1950.94
	<u>883292.63</u>	<u>1661727.34</u>

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

Interest Income	2639.49	12947.43
Other Receipts	24401.32	2825.37
	<u>27040.81</u>	<u>15772.80</u>

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

Imported	0.00	0.00
Indigenous	537789.14	779221.90
	<u>537789.14</u>	<u>779221.90</u>

**Particulars of major materials consumed:**

Waste Papers	<u>537789.14</u>	<u>779221.90</u>
	<u>537789.14</u>	<u>779221.90</u>

	<b>For the year ended March 31,2020</b>	<b>For the year ended March 31,2019</b>
	Rs. in Hundreds	Rs. in Hundreds
<b>NOTE - 20</b>		
<b>INCREASE/DECREASE IN STOCK :</b>		
<b>Opening Stock :</b>		
Finished Goods	0.00	0.00
Stock-In-Process	0.00	0.00
	<u>0.00</u>	<u>0.00</u>
<b>Closing Stock :</b>		
Finished Goods	0.00	0.00
Stock-In-Process	0.00	0.00
	<u>0.00</u>	<u>0.00</u>
<b>INCREASE/(DECREASE) IN STOCK</b>	<u><u>0.00</u></u>	<u><u>0.00</u></u>

<b>NOTE - 21</b>		
<b>EMPLOYEE BENEFIT EXPENSES :</b>		
Salaries & Bonus	30712.54	56384.48
Gratuity	0.00	15897.55
Leave Encashment & Compensation	0.00	5192.02
Director's Remuneration	8325.00	7200.00
	<u>39037.54</u>	<u>84674.05</u>

<b>NOTE - 22</b>		
<b>FINANCE COSTS :</b>		
<b>Interest Expenses</b>		
Interest on term Loans	0.00	0.00
Other Interest	0.00	3680.65
	<u>0.00</u>	<u>3680.65</u>

<b>NOTE -23</b>		
<b>OTHER EXPENSES</b>		
<b>Manufacturing Expenses</b>		
Stores, Chemicals & Packing Materials		
- Imported	0.00	0.00
- Indigenous	40544.00	59436.09
Power & Fuel Charges	187382.41	302512.49
Machinery Repairs & Maintenance	2710.00	2710.00
Land Development Expenses	0.00	1000.00
	<u>230636.41</u>	<u>365658.58</u>
<b>Selling &amp; Distribution Expenses</b>		
Discounts & Rebate	0.00	15091.46
Quality Claims	0.00	5458.24
	<u>0.00</u>	<u>20549.70</u>
<b>Establishment Expenses</b>		
Bank Charges	698.28	413.25
Balances Written off	0.00	15709.89
Insurance	73.99	93.27
Repairs & Maintenance	1921.83	3335.37
Legal & Statutory Expenses	9022.68	21697.04
Professional & Consultancy Fees	4184.94	5352.50
Travelling & Conveyance Expenses	1283.43	533.50
Miscellaneous Expenses	282.05	2067.63
Telephone Expenses	151.78	201.60
Rent, Rates & Taxes	1000.00	8025.49
Auditor's Remuneration :		
As Audit Fee	400.00	400.00
For Taxation Matters & certification	0.00	0.00
	<u>19018.98</u>	<u>57829.54</u>
	<u><u>249655.39</u></u>	<u><u>444037.82</u></u>

**NOTE -24****PRIOR PERIOD EXPENSES**

Power & Electricity	0.00	100985.56
Deductions for Coal	0.00	17961.34
Interest on delays in VAT payments	0.00	6246.71
	<b>0.00</b>	<b>125193.61</b>

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

i) Net Profit/(Loss) after Tax as per Statement of Profit and Loss attributable to Equity Shareholders	(36439.17)	114639.01
ii) Number of Equity Shares	71852.00	71852.00
iii) Earnings Per Share	0.00	1.60

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

Expenditure:		
Import of Raw Materials	Nil	Nil
Earnings:		
	Nil	Nil

**NOTE-27****RELATED PARTY DISCLOSURES:**

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

**Associates:**

Navabharat Press Ltd., Mumbai  
 Navabharat Press, Nagpur  
 Bionova Paper Krafts Pvt. Ltd  
 Shree Trading Corporation  
 Madhyadesh Press Pvt. Ltd.

**Managing Director :**

Shri Manoj Sinha

b) Transactions with Related Parties

i) Sales to :		
Navabharat Press Ltd., Mumbai	220683.80	589583.27
Navabharat Press, Nagpur	305407.00	424402.37
Madhyadesh Press Pvt. Ltd.	308296.40	461367.82
ii) Purchases of Waste Papers from :		
Shree Trading Corporation	75559.45	173792.29
iii) Remuneration paid to		
Wholetime Director: Shri Manoj Sinha	8325.00	7200.00

c) Outstanding Balances		
i) Sundry Debtors	450043.66	471814.95
ii) Unsecured Loans received	130000.00	130000.00

**As per our Report of even date**

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

**Sumit Agrawal  
Partner  
Membership No 151008  
For & on behalf of  
Utsav Sumit & Associates  
Chartered Accountants  
Firm Regn No 016514C**

**Vinod Maheshwari      Manoj Sinha  
Chairman                      Wholetime Director  
DIN 00340953                DIN 07564967**

**Shrikant Rikhe              Milind Gahankari  
Company Secretary        Chief Financial Officer**

**NAGPUR  
June 27,2020**

**NAGPUR  
June 27,2020**



## SAFFRON INDUSTRIES LIMITED

### SIGNIFICANT ACCOUNTING POLICIES

#### **A. Basis of Preparation of Financial Statements**

The financial statements are prepared under the historical cost convention and on accrual basis.

#### **B. Fixed Assets :**

- i) Fixed assets are stated at cost, alongwith costs directly attributable to bring the asset to their working condition. The MODVAT credit available on fixed assets in respect of Kraft upgradation Plant was deducted from cost of the respective asset. Fixed Assets acquired for Power Project and for upgradation of existing plant, are stated at cost inclusive of excise duty. The company has disposed off a substantial part of its fixed Assets as these were obsolete. This will impact its production capacity.
- ii) Depreciation has been provided in the manner and at the rates calculated as per remaining useful life of tangible assets, as stipulated in the Schedule II of the Companies Act, 2013, on straight line method.

#### **C. Sales-tax :**

The unit was 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 or net realisable value. The consumables have been valued at cost.

#### **E. Deferred tax Liability :**

No Provision has been made in respect of Deferred Tax Asset calculated as per Ind AS 22, of about ` 41565 hundreds (Approx) (Last year ` 48222 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.

#### **G. Segment Reporting:**

From last financial year the company has commenced business of Real Estate Development. Segment wise separate reporting is done.

**H.** The company has applied to the concerned Authorities for change of its surplus factory land ,for Residential purpose with a plan for layout of plots, which is pending with them. Considering this the company has converted a part of its factory land into stock-in trade last year. The company has entered into Memorandum of Understanding (MOU) with a few buyers, to whom these plots have been allotted in pursuant to these MOU. Amounts received or adjusted against sale of these plots are considered as sales. No sale Deeds have been executed for sale of these plots. Balance amounts receivable against sale consideration of these plots, will be considered as sales on execution of Sale Deeds.

**I. 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.

**J. Provisions, Contingent Liabilities and Contingent Assets :**

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognised but are disclosed in the notes. Contingent Assets are neither recognized nor disclosed in the financial statements.

**K. General :**

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

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

**For SAFFRON INDUSTRIES LTD**

**Sumit Agrawal  
Partner  
M. No. 151008  
For & on behalf of  
Utsav Sumit & Associates  
Chartered Accountants  
FR No. 016514C**

**Vinod Maheshwari  
Chairman  
DIN 00340953**

**Manoj Sinha  
Wholetime Director  
DIN 07564967**

**Shrikant Rikhe  
Company Secretary**

**Milind Gahankari  
Chief Financial Officer**

**NAGPUR  
June 27, 2020**

**NAGPUR  
June 27, 2020**