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SINNAR BIDI UDYOG LIMITED

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For SINNAR BIDI UDYOG LTD.


DIRECTOR

**25 TH
ANNUAL REPORT
1998-99**

SINNAR BIDI UDYOG LIMITED

25TH ANNUAL REPORT

1998-99

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A REQUEST

The practice of distributing copies of the Annual Report at the Annual General Meeting has been discontinued in view of the high cost of paper and printing. You are, therefore requested to bring your copy of the Annual Report to the Meeting.

CERTIFIED TRUE COPY
For SINNAR BIDI UDYOG LTD.


DIRECTOR

SINNAR BIDI UDYOG LIMITED MUMBAI



25 TH ANNUAL REPORT
1998-99



BOARD OF DIRECTORS

Sou. K. K. SARDA	CHAIRPERSON
S.K. SARDA	MANAGING DIRECTOR
Sou. S.S.SARDA	DIRECTOR
R. N. TATIYA	DIRECTOR
G. B. HEDE	DIRECTOR
M. M. KHAN	EXECUTIVE DIRECTOR



AUDITORS

M. P. CHITALE & CO.
PUNE - 411 030



BANKERS

BANK OF BARODA
NASHIK - 422 001.



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REGISTERED OFFICE

2, GURUKRUPA APARTMENTS,
N. C. KELKAR MARG,
DADAR (W),
MUMBAI - 400 028.



ADMINISTRATIVE OFFICE

CAMEL HOUSE,
NASHIK - PUNE ROAD,
NASHIK - 422 011.

SINNAR BIDI UDYOG LIMITED

Notice of the Meeting

NOTICE IS HEREBY GIVEN THAT the 25th Annual General Meeting of the members of the Company will be held at the Registered Office of the Company at Block No.2, Gurukrupa Apartments, N.C. Kelkar Marg, Dadar (West), Mumbai-400 028 on Monday, the 27th September, 1999 at 2 p.m. to transact the following business :

ORDINARY BUSINESS :

- 1) To receive, consider and adopt the Audited Balance Sheet as at 31st March, 1999 and Profit and Loss Account for the year ended on that date and the Reports of Directors and Auditors thereon.
- 2) To declare a Dividend.
- 3) To appoint a Director in place of Shri R. N. Tatiya, who retires by rotation and being eligible, offers himself for re-appointment.
- 4) To appoint a Director in place of Shri G. B. Hede, who retires by rotation and being eligible offers himself for re-appointment.
- 5) To appoint the Auditors and authorise the Board of Directors to fix their remuneration.

SPECIAL BUSINESS :

- 6) To consider and if thought fit to pass, with or without modifications the following resolution as an ORDINARY RESOLUTION :

"RESOLVED THAT Sou. Suchitra S. Sarda, who was appointed as an Additional Director of the

Company by the Board of Directors and holds office upto this Annual General Meeting under Section 260 of the Companies Act, 1956, and in respect of her, the Company has received a notice in writing from a member pursuant to section 257 of the Companies act, 1956 proposing her candidature for the office of Director, be and is hereby appointed as a Director of the Company liable to retire by rotation".

- 7) To consider and if thought fit to pass, with or without modifications the following resolution as an ORDINARY RESOLUTION :

"RESOLVED THAT in accordance with the provision of section 198, 269, 309 and other applicable provisions if any of the Companies Act, 1956 the company hereby accords its approval for incurring aggregate expenditure upto Rs. 20,00,000/- (Rupees Twenty Lacs Only) for imparting management training at London School of Economics, London United Kingdom to Sou. Suchitra S. Sarda, a Director of the company and to the indemnity bond executed by Sou. Suchitra S. Sarda in this behalf".

- 8) To consider and if thought fit to pass, with or without modifications the following resolution as an ORDINARY RESOLUTION :

"RESOLVED THAT in accordance with the provision of sections 198, 269, 309 schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 the Company hereby accords its approval for appointment of Shri. Mansoor M. Khan as a Executive Director of the Company for a period of five years from July 1st, 1999 at the following remuneration, benefits and perquisites :

- a) **SALARY :**
Monthly Salary : Rs. 9240-560-9800
- b) **PERQUISITES :**
In addition to Salary, the Executive Director shall be allowed the following perquisites.
- i) **Leave :**
On full pay as per rules of the Company, but not exceeding one months leave for every completed year of service subject to the condition that the leave accumulated but not availed of, may be allowed to be accumulated or encashed.
- ii) **Provident Fund :**
Company's contribution towards provident fund as per rules of the Company but not exceeding 10% of the Salary as laid down by the Income Tax Rules, 1962.
- iii) **Gratuity :**
Gratuity exceeding half the month's salary for each completed year of Service subject to maximum of Rs. 2,50,000/- or 20 month's salary whichever is less.
- iv) **Telephone :**
Free Telephone facility at residence.
- c) The Executive Director shall not be paid any fees for attending the meeting of the Board of Directors or committee thereof from the date of his appointment.
- "Resolved further that the Board of Directors of the Company be and is hereby authorised to alter the terms and conditions of the aforesaid appointment at any time throughout the currency of the said appointment, so as not to exceed the limits specified in schedule XIII to the Companies Act, 1956 or any amendments thereto, that the Central Government may make from time to time,"

BY Order of the Board of Directors,

Place : Nashik
Date : 23rd August 1999

S. K. SARDA
MANAGING DIRECTOR

NOTES :

- 1) A MEMBER ENTITLED TO ATTEND AND VOTE AT THE GENERAL MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL ONLY INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.
- 2) An Explanatory Statement pursuant to section 173(2) of the Companies Act, 1956 in respect of Item No. 6, 7 and 8 is annexed hereto.
- 3) The Register of Members and Share Transfer Book of the Company will remain closed from 20th September, 1999 to 27th September, 1999 (both days inclusive).
- 4) The dividend, when declared, will be paid to those members whose names appear on the Register of the Members of the Company on 27th September, 1999 and will be payable on or after 28th September, 1999.
- 5) Members are requested to bring their copies of Annual Report and Accounts to the meeting.
- 6) Members are requested to intimate immediately the change if any in their registered address.

SINNAR BIDI UDYOG LIMITED

ANNEXURE TO THE NOTICE

Explanatory Statement pursuant to Section 173 of the Companies Act, 1956.

Refer Item No. 6

Sou. Suchitra S. Sarda was appointed as an Additional Director of the Company with effect from 23rd June 1999 pursuant to Section 260 of the Companies Act, 1956. Sou. Suchitra S. Sarda will hold office of the Director upto the date of the ensuing Annual General Meeting. The Company has received a notice in writing alongwith a deposit of Rs. 500/- from a member proposing the candidature of Sou. Suchitra S. Sarda for the office of Director under the provisions of Section 257 of the Companies Act, 1956. Considering her aptitude and insight relating to management, it will be in the interest of the Company that Sou. Suchitra S. Sarda is appointed as Director of the Company. The Directors recommend the resolution for approval.

None of the Directors of the Company other than Sou. Suchitra S. Sarda, Shri. Shrirang K. Sarda and Sou. Kiran K. Sarda are concerned or interested in the resolution proposed at Item No. 6.

Refer Item No. 7

Over past few years indigenous demand for bidis is reflecting a declining trend. Presently Bidi contributes substantially to the sales turnover and bottom line of the Company.

It has therefore become necessary to undertake a programme of improving market share, as well as that of diversification providing new opportunities.

This calls for infusing the company with managerial talent capable of taking up the challenges of the future. Sou. Suchitra S. Sarda is a young blood inducted into the Board and having a first class carrier. She is graduated in Commerce faculty had posses aptitude and insight relating to management. In these circumstances, the Board requested Sou. Suchitra S. Sarda to undergo the requisite training programme enabling her to take up management of changes envisaged.

Sou. Suchitra S. Sarda accordingly, identified the post Graduate Course in Business Studies at London School of Economics, London, United Kingdom, having duration of about an year, as useful to equip herself for the purpose. On Sou. Suchitra S. Sarda agreeing to undergo the said course, the Board agreed that the Company should bear cost of her education and incidental expenses upto Rs. 20 Lacs subject to a condition that after completion of the aforesaid training she shall render services to the Company for a minimum period of five years. Accordingly, Sou. Suchitra S. Sarda has executed an Indemnity Bond and joined the Management Course. The Directors believe that the company stands to benefit, in long run, by ensuring continued services of Sou. Suchitra S. Sarda and therefore, recommended the proposed resolution for your approval.

Although as the company is advised, the aforesaid expenditure incurred / to be incurred by the company for deputation of Sou. Suchitra S. Sarda for higher education / training abroad does not come within preview of section 198, 269 and 309 of the Companies Act, 1956 this resolution is being placed before the shareholders by way of abundant caution.

A copy of the Indemnity Bond referred to in Item No. 7 above is available for inspection at the Registered Office of the company during 10 A.M. to 12 A.M. from the date of the notice till the date of the meeting on working day only.

None of the Directors of the Company other than Sou. Suchitra S. Sarda, Shri Shrirang S. Sarda and Sou. Kiran K. Sarda are concerned or interested in the proposed resolution.

Refer item No. 8.

Shri. Mansoor M. Khan has been on the Board of the Company since last six years. Shri. Khan is a Commerce Graduate and possesses degree in Law. He is associated with Bidi Industry for past two decades. He is well versed in aspects of purchase, production and administration. In view of his working experience the Company stands to benefit by his contribution and advice. Shri. Khan is appointed by the Board as an Executive Director of the Company from 1st

July 1999 on certain terms and conditions which are set out in the proposed resolution. Such an appointment needs approval of the members at a general meeting. Therefore, this resolution is placed for your consideration. The Directors

recommended the resolution at Item No. 8.

None of the Directors of the Company other than Shri. Mansoor M. Khan is concerned or interested in the proposed resolution.

BY Order of the Board of Directors,

Place : Nashik

Date : 23rd August 1999

S. K. SARDA

MANAGING DIRECTOR



SINNAR BIDI UDYOG LIMITED

DIRECTORS' REPORT

Gentlemen,

Your Directors have pleasure in presenting their Twenty Fifth Annual Report alongwith the audited statement of accounts for the year ended 31st March, 1999.

FINANCIAL RESULTS

	1998-99 (Rs. Lacs)	1997-98 (Rs. Lacs)
Profit Before Tax	32.39	16.54
Less : Provision for Taxation	*11.50	8.30
Profit After Tax	20.89	8.24
Add. : Balance from Last Year	5.47	5.21
Less. : Adjustment Relating to Earlier Year (Net)	Nil	(0.68)
	-----	-----
Profit Available for Appropriation	26.36	12.77
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Appropriations :

Proposed Dividend	3.00	3.00
Provision for tax on proposed Dividend	0.33	0.30
General Reserve No. 1	2.00	1.00
General Reserve No. 2	15.00	3.00
Balance Carried to Balance Sheet	6.03	5.47
	-----	-----
	26.36	12.77
	-----	-----

(* Includes Provision of Rs.2.57 Lacs for earlier period.)

BUSINESS OPERATIONS

The aggregate sales turnover of bidis for the year amounted to Rs.1214.12 lacs against Rs. 1162.50 lacs for the earlier year. In the background of overall declining trend to Bidi Sale, the Company was able to register only a marginal increase in number sticks sold.

During the year company has commenced activity of processing of tobacco for own consumption and sale,

while the processed tobacco worth Rs.96.63 lacs was issued for consumption in Bidis, that of Rs. 46.80 lacs sold during the year under consideration. In view of overall declining trend of Bidi Sale in the market, the Board has planned a programme for widening its market share and is eyeing a foray into some other business activities.

DIVIDEND

The Board is pleased to recommend for your approval,