

**35<sup>th</sup>**  
**ANNUAL**  
**REPORT**  
**2008-2009**

**SINNAR**  
**BIDI UDYOG LIMITED**

# SINNAR BIDI UDYOG LIMITED

## 35<sup>th</sup> ANNUAL REPORT

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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 of the Meeting.

# SINNAR BIDI UDYOG LIMITED

## 35<sup>th</sup> ANNUAL REPORT

2008 - 2009

### BOARD OF DIRECTORS

- V. S. MAYDEO Executive Director
- N. L. PATIL Director
- M. D. DESHPANDE Director
- B. S. PAWAR Director
- D. P. DEVHAD Director
- S. P. BAHETI Director

### AUDITORS

- ANAND S. DAGA  
Chartered Accountants  
Nashik - 422 001.

### BANKERS

- IDBI BANK  
Nashik - 422 001.

### REGISTERED OFFICE

- Flat No. 10, Sumer Kendra,  
Pandurang Budkar Marg, Near Worli  
T. V. Centre, Behind Mahendra Towers,  
Mumbai - 400 030.

### ADMINISTRATIVE OFFICE

- "CAMEL HOUSE"  
Nashik - Pune Road,  
Nashik - 422 011.

# SINNAR BIDI UDYOG LIMITED

## Notice of the Meeting

### NOTICE IS HEREBY GIVEN THAT

The 35<sup>th</sup> Annual General Meeting of the members of the Company will be held at the 2, Gurukrupa Apartments, N. C. Kelkar Marg, Dadar (West), Mumbai - 400 028 on Tuesday, 15<sup>th</sup> September, 2009 at 1.30 p.m. to transact the following business :

#### Ordinary Business :

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March 2009 and the Profit and Loss Account for the year ended on that date and the Reports of Directors and Auditors thereon.
2. To appoint a Director in place of Shri.N.L.Patil, who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Shri.B.S.Pawar, who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint Auditors and to fix their remuneration.

### NOTES :

1. A member entitled to attend and vote at the Annual General Meeting may appoint a proxy to attend and on a poll to vote instead of himself and that a proxy need not be a member.
2. The Register of Members and Share Transfer Book of the Company will remain closed from 10<sup>th</sup> September, 2009 to 15<sup>th</sup> September, 2009 (both days inclusive).
3. The Company has appointed M/s Link Intime India Private Limited (earlier known as: Intime Spectrum Registry Ltd.), C-13, Pannalal Silk Mills Compounds, LBS Marg, Bhandup West, Mumbai 400 078 as its Share Transfer Agents.
4. Members are requested to bring their copy of Annual Report and Accounts to the meeting.
5. Members are requested to intimate immediately the changes if any, in their registered address.
6. The Unclaimed dividend for F.Y. 2001-2002 is due for transfer to the Central Government's Investor Education And Protection Fund on 30<sup>th</sup> October, 2009, pursuant to Section 205 C of the Companies Act, 1956.

The Shareholders whose dividends for F.Y.2001-2002 are unpaid, are requested to lodge their claims on or before 29<sup>th</sup> October, 2009.

By Order of the Board of Directors,

Place : Nashik  
Date : 24<sup>th</sup> June, 2009

**V. S. Maydeo**  
Executive Director

**M. D. Despande**  
Director

# SINNAR BIDI UDYOG LIMITED

## Directors' Report

Gentlemen,

Your Directors have pleasure in presenting their Thirty - Fifth Annual Report alongwith the audited statement of accounts for the year ended 31<sup>st</sup> March, 2009.

Financial Results	2008-2009 (Rs. Lacs)	2007-2008 (Rs. Lacs)
<b>Profit/(Loss) Before Tax</b>	(37.82)	(5.92)
Less : Provision for Current Tax	0.00	0.00
Provision for Deferred Tax	(4.62)	(9.84)
Fringe Benefit Tax	0.11	0.20
Prior Period Adjustment Taxation	(0.29)	0.00
<b>Profit / (Loss) after Tax</b>	(33.02)	3.72
Add : Balance from Previous year	(5.54)	(9.25)
<b>Balance Carried to Balance Sheet</b>	<b>(38.56)</b>	<b>(5.54)</b>

### Business Operations

During the financial year ended 31<sup>st</sup> March, 2009 the sales turnover from tobacco trading was Rs.38.88 lacs as against Rs.161.38 lacs in the previous year. The Company Looks forward to a rise in the sales turnover in the forthcoming period. During the first quarter of the Financial year 2009 - 10, the Company has recorded a sales turnover of Rs. 59 Lacs from tobacco trading.

### Dividend

The Directors regret their inability to recommend dividend due to absence of Profit .

### Energy, Technology And Foreign Exchange

The information required to be furnished under the Companies (Disclosure of Particulars in the Report of the Board of the Directors) Rules, 1988. The activities of the Company are carried on with the aid of human labour. The manufacturing process does not require power (electrical energy) and offers no scope for absorption of technology.

# SINNAR BIDI UDYOG LIMITED

## Personnel

The employer employee relations continued to be cordial during the year and we wish to place on record our appreciation for the services rendered by employees and staff at all the levels. None of the employees received emoluments exceeding the limits set out under section 217 (2A) of the Companies Act, 1956.

## Directors

Shri. N.L.Patil, and Shri. B. S. Pawar, Directors, retire by rotation and being eligible, offer themselves for reappointment.

## Directors' Responsibility Statement

As stipulated in Section 217(2AA) of The Companies Act, 1956, your directors subscribe to the 'Directors Responsibility Statement' and confirm that :

- i) in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanations relating to material departures;
- ii) appropriate accounting policies have been selected and applied consistently and judgements and estimates made are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31<sup>st</sup> March, 2009 and the profit of the company for the year ended 31<sup>st</sup> March, 2009;
- iii) proper and sufficient care have been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- iv) the annual accounts have been prepared on a going concern basis.

## Compliance Certificate From Practicing Company Secretary:

Certificate obtained from M/s.J.H.Ranade & Associates, Company Secretaries, Thane under section 383A of the Companies Act, 1956, is attached to the Director Report.

## Auditors

Mr.Anand S Daga, Chartered Accountant, Nashik, retires at the forthcoming Annual General Meeting and has furnished a certificate of his eligibility for appointment under Section 224 (1) of the Companies Act, 1956. The Board recommends appointment of the Auditor.

## Acknowledgments

Your Directors take opportunity to place on record their appreciation of the devoted services of the employees at all levels throughout the year. Your Directors also wish to place on record their appreciation of the assistance and continued co-operation extended by the various Government and non-Government Authorities.

For and on Behalf of The Board of Director

Place : Nashik

Date : 24<sup>th</sup> June, 2009

V. S. Maydeo

Executive Director

M. D. Despande

Director

# SINNAR BIDI UDYOG LIMITED

## MANAGEMENT DISCUSSION AND ANALYSIS

### Business of the Company:

The Company operates in the tobacco industry, with tobacco processing and trading as its core activity. The working of the company during the year could be summarized as under:

### Abridged Profit & Loss Statement for 2008-09

(Rs. in lacs)

<i>Particulars</i>	<i>2008-09</i>	<i>2007-08</i>
Net Sales	38.89	161.39
Other Income	48.41	38.7
Total Income	87.30	200.09
Manufacturing & Other Expenses	118.73	191.30
PBDIT	(31.43)	8.79
Depreciation	5.06	4.98
PBIT	(36.49)	3.81
Interest	1.33	9.73
PBT	(37.82)	(5.92)
Current & Differed Tax	(4.8)	(9.64)
PAT	(33.02)	3.72

### Industry structure and developments:

India ranks among the top 5 five countries in both production and consumption of tobacco and tobacco products. Tobacco Industry in India employs 10 million people. Out of these, around 60 lakh are directly employed in the rolling of bidi activity. The rest are tendu leaves cultivators in the forest areas of the country. Maharashtra is home to around 2.5 to 3 lakh of this workforce. Solapur district alone employs nearly 65,000 workers in different activities of bidi industry. Andhra Pradesh and Karnataka also house tobacco processing units. Bidi products are 100 per cent natural with low nicotine and tar percentages. Also, Bidi is an important source of income, for women, whose earnings constitute on an average 45 to 50% of the total income.

### Opportunities and threats:

Your Company's strength lies in the Tobacco processing plant, which is situated at Nipani in the state of Karnataka running exceptionally well, and its expertise is exhibited in developing specialised blends to satisfy its customers. In the forthcoming period, the Company has plans to concentrate on trading of tobacco.

Your Company's weakness stems from the fact that it is deeply affected by the amendments made in The Cigarettes and other Tobacco Products (Prohibition of Advertisement and Regulation of Trade and Commerce, Production, Supply and Distribution) Act, 2003 and this has impacted the business of the Company. The Government's plan to halve tobacco production by 2015 is also a major threat to the business of the Company, with raw material being scarce, which will also entail increase in costs.



# **SINNAR BIDI UDYOG LIMITED**

## **Internal control systems and their adequacy**

The Company has evolved a system of internal control which is adequate to its size and nature of business operations. The internal control system is designed to ensure desired level of control over the transactions. Internal audit plays an important role as it conducts audit of all key business areas as per a pre-drawn audit plan. The internal audit, among other things, looks at internal controls and gives suggestions for strengthening them.

The Company has a strong management information system which is an integral part of control mechanism and clearly defined roles and responsibilities, down the line for all managerial positions.

## **Material developments in Human Resources / Industrial Relations**

The company's Human Resource philosophy is to work towards building a strong performance driven culture with greater accountability and responsibility at all levels. The personnel at all levels are made to identify their goals, resources and measurement of their achievement of the goals was sought.

For the workers in the tobacco industry, the Company has taken innovative employee welfare initiatives. Our deep-rooted work ethics ensure that both the management and workers help each other to achieve the goal of production and distribution of wealth upon principles of equity, reason and common good. We incessantly endeavour to create a scalable business model for our people, our biggest assets. These include working towards the benefit and safety through various welfare activities for the workers and their families, which include comprehensive medical and educational facilities.

## **Cautionary Statement:**

Statements in the Management Discussion and Analysis describing the Company's objectives, projections, estimates, expectations and predictions may be "forward looking statements" within the meaning of applicable securities law and regulations. Actual results could differ materially from those expressed or implied, important factors that could make difference to the Company's operations include raw material availability and prices, cyclical demand and pricing in the Company's principal markets, changes in the government regulations, tax regimes, economic developments in India and other incidental factors.



# SINNAR BIDI UDYOG LIMITED

## CORPORATE GOVERNANCE REPORT

### 1. Company's Philosophy :

The Company is managed and operated on lines of a social enterprise. We are remaining firmly attached to the vision and values of our founding father, facilitating as a consequence, the economic wellbeing and child welfare of our workers. We look at the customer as an entity who monetizes the value chain... Actually, all our businesses revolve around the worker.

Giving back to our employees, stakeholders and communities enriches us with loyalty, talent and opportunity. We believe it is the right thing to do.

We have evolved a way to quantify our vision. The quantification of our vision and its achievement is based on two parameters: 1) The minimum wages guidelines set by the Ministry of Labour and 2) The UNICEF yardsticks for child welfare. A regular feedback from our workers and their families on the fulfillment of these parameters fructifies our vision which is ably supported by the following core set of values:

### COMMITMENT - MEASUREMENT - FAIRNESS - ACCOUNTABILITY - TRANSPARENCY - ENABLING GROWTH

Our Governance Philosophy:

Your Company is committed to the Best practices in corporate governance. Sinnar Bidi Udyog Limited (SBUL) fosters the culture of focusing on transparency, integrity, responsibility and accountability. The Company has adopted various codes and systems which act as guiding principle to its functioning.

### 2. Board of Directors:

Composition of Board:

There are six Directors on the Board of the Company. One Executive Director and Five independent non-executive Directors. The Directors come from various disciplines and having varied experience in the field of Management.

Various committees of the board have been constituted for the implementation of Corporate governance requirements.

Board Meetings:

Board meetings are held after giving due notice and agenda to all the Directors. The Board of Directors duly met 18 times in the financial year, respectively on :

2<sup>th</sup> April, 2008, 11<sup>th</sup> April, 2008, 17<sup>th</sup> April, 2008, 23<sup>th</sup> April, 2008, 30<sup>th</sup> April, 2008, 15<sup>th</sup> May, 2008, 23<sup>rd</sup> May, 2008, 31<sup>st</sup> May, 2008, 7<sup>th</sup> June, 2008, 30<sup>th</sup> June, 2008, 7<sup>th</sup> July, 2008, 30<sup>th</sup> July, 2008, 2<sup>nd</sup> August, 2008, 24<sup>th</sup> September, 2008, 20<sup>th</sup> November, 2008, 30<sup>th</sup> January, 2009, 27<sup>th</sup> February, 2009, 16<sup>th</sup> March, 2009,

# SINNAR BIDI UDYOG LIMITED

Sr. No.	Name of Director	Category	Board Meetings during 08-09	Annual General Meeting 24.09.2008	Other Directorship / Chairmanship/ Membership in Board committees		
					Director	Committee Member	Committee Chairman
1	Shri.N.L.Patil	Independent	18	—	4	Nil	Nil
2	Shri.M.D.Deshpande	Independent	18	Yes	3	Nil	Nil
3	Shri.B.S.Pawar	Independent	18	—	3	Nil	Nil
4	Shri.V.S.Maydeo	Executive	18	—	Nil	Nil	Nil
5	Shri.S.P.Baheti	Independent	18	—	2	Nil	Nil
6	Shri.D.P.Devhad	Independent	18	—	4	Nil	Nil

### 3. Audit Committee:

Terms of reference of Audit Committee:

The terms of reference of this committee, interalia covers all the matters specified under clause 49 of the listing agreements with the Stock Exchanges. Besides, other terms as may be referred by the Board of Directors, from time to time. The Audit Committee has also powers, interalia to investigate any activity within its terms of reference and to seek information from any employee of the Company and seek legal and professional advice.

### Composition and working of Audit Committee:

Name of Director	Designation in committee	No. of meetings held	No. of meetings attended
Shri.N.L.Patil	Member	3	3
Shri.M.D.Deshpande	Chairman	3	3
Shri.V.S.Maydeo	Member	3	3
Shri.D.P.Devhad	Member	3	3

The Audit committee met thrice during the financial year, on 2<sup>nd</sup> June, 2008, 25<sup>th</sup> October, 2008 and 20<sup>th</sup> January, 2009

### 4. Remuneration Committee :

The Company has set up a Remuneration Committee (a non-mandatory requirement in the new Clause 49 to the listing agreement).

Terms of reference of the Remuneration Committee:

- Review of human resource policies and practices of the Company and in particular, policies regarding remuneration of Whole-time Directors and Senior Managers.