

**37<sup>th</sup>**  
**ANNUAL**  
**REPORT**  
**2010-2011**

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

**37<sup>th</sup> ANNUAL RERORT  
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**A REQUEST**

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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.

**37<sup>th</sup> ANNUAL REPORT  
2010-11**

**BOARD OF DIRECTORS**

- |                 |                    |
|-----------------|--------------------|
| • C.B.Patil     | Executive Director |
| • N.L.Patil     | Director           |
| • M.D.Deshpande | Director           |
| • B.S.Pawar     | Director           |
| • D.P.Devhad    | Director           |
| • S.P.Bahetj    | Director           |

**AUDITORS**

- **ANAND S DAGA**  
Chartered Accountant  
Nashik 422 001

**BANKERS**

- **IDBI BANK LTD**  
Nashik 422 001

**REGISTERED OFFICE**

- Parekh Mahal, 2nd Floor, Room No. 62,  
Plot no. 8-9, Lady Jamshedji Road,  
Sakharam Keer Marg, Mahim,  
MUMBAI - 400 016

**ADMINISTRATIVE OFFICE**

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

## NOTICE OF THE MEETING

NOTICE IS HEREBY GIVEN THAT the 37th Annual General Meeting of the members of the Company will be held at 2 Gurukrupa Apartment, N.C.Kelkar Marg, Dadar(w), Mumbai-400028 on Wednesday, 14th September, 2011 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 2011 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.M.D.Deshpande, who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Shri.N.L.Patil, who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint Auditors and to fix their remuneration.

### **Special Business**

5. To consider and if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution:  
"RESOLVED THAT Shri. C.B.Patil in respect of whom the Company has received a Notice pursuant to section 257 of the companies Act, 1956 be and is hereby appointed as a Director of the Company, liable to retire by rotation."
6. To consider and if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution:  
"RESOLVED THAT in accordance with the provisions of sections 198, 269, 309, 310, Schedule XIII and other applicable provisions, if any, of the Companies act,

1956, consent of the members of the Company be and is hereby accorded to the appointment of Shri.Chandrasingh Bhagwan Patil as "Executive Director-Legal and Labour" for a period of Five Years from 1st July, 2011 on the following remuneration, benefits and perquisites:

- a) Salary:  
Monthly salary from 1st July, 2011 Rs.21,422/-
- b) Perquisites:  
In addition to salary, the Executive Director shall be allowed the following perquisites:
  - (i) Transport Allowance :  
Rs.800/- per month will be paid as transport allowance.
  - (ii) Leave:  
On full pay as per rules of the Company, but not exceeding one month's leave for every completed year of service subject to the condition that the leave accumulated but not availed of, may be accumulated or encashed.
  - (iii) Provident Fund :  
Company's contribution towards provident fund as per rules of the Company but not exceeding 12% of the salary as laid down by the Income Tax Rules, 1962.
  - (iv) Gratuity:  
Gratuity not exceeding half the month's salary for each completed year of service subject to the maximum of Rs.10,00,000/- or subject to such upper limit as may be permissible by the law, for the time being in force.
- c) The Whole Time 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.

## **SINNAR BIDI UDYOG LIMITED.**

"RESOLVED FURTHER THAT in case the Company has no profits or its profits are inadequate in any financial year, the Company shall pay to Shri. Chandrasingh Bhagwan Patil by way salary and perquisites in aggregate the sum not exceeding the limit set against the effective capital of the Company under Section II of Part II of Schedule XIII to the Companies Act, 1956 or any amendment thereto, subject to approval of Remuneration committee."

"RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized 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."

By Order of the Board of Directors,

Place : Nashik  
Date:1st July, 2011

M.D.Deshpande  
Director

N.L.Patil  
Director

**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 a proxy need not be a member.
- 2) The Register of Members and Share Transfer Book of the Company will remain closed from 6th September, 2011 to 14th September, 2011 (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. 2003-2004 is due for transfer to the Central Government's Investor Education And Protection Fund on 25th October, 2011, pursuant to Section 205 C of the Companies Act, 1956.
- 7) The Shareholders whose dividends for F.Y. 2003-2004 are unpaid, are requested to lodge their claims on or before 24th October, 2011.

Explanatory Statement in respect of item nos. 5 & 6 in the Notice, pursuant to Section 173(2) of the Companies Act, 1956 is annexed herewith.

Item No. 5: Shri.Chandrasingh Bhagwan Patil was appointed as an additional director w.e.f. 1st July, 2011. Pursuant to section 260 of the Companies Act, 1956 he holds office till the ensuing Annual General Meeting. The Company has received a notice from shareholder in terms of section 257 of the Act alongwith requisite deposit, for proposing the candidature of Shri.Chandrasingh Bhagwan Patil as a Director. Therefore this ordinary resolution for the appointment of Director is placed before the members for their approval.

None of the Directors except Shri.Chandrasingh Bhagwan Patil is interested in this resolution.

Item No.6: Shri.Chandrasingh Bhagwan Patil was appointed as "Executive Director-Legal and Labour" for a period of Five Years from 1st July, 2011 by the Board of Directors. The appointment of the executive director is as per the terms and conditions mentioned in the resolution placed before the members. Approval of Members pursuant to Schedule XIII of the Act is required for the appointment. The Directors recommend the resolution as an ordinary resolution. None of the Directors except Shri.Chandrasingh Bhagwan Patil is interested in this resolution.

By Order of the Board of Directors,

Place : Nashik  
Date: 1st July, 2011

M.D.Deshpande  
Director

N.L.Patil  
Director

**Directors' Report .**

Gentlemen,

Your Directors have pleasure in presenting their Thirty-Seventh Annual Report alongwith the audited statement of accounts for the year ended 31st March, 2011.

| <b>Financial Results</b>                | <b>2010-11</b><br>(Rs. Lacs) | <b>2009-10</b><br>(Rs. Lacs) |
|---|------------------------------|------------------------------|
| <b>Profit/(Loss) Before Tax</b>         | 36.92                        | 39.53                        |
| Less : Provision for Current Tax        | 6.50                         | 6.00                         |
| Provision for Deferred Tax              | 1.66                         | 12.39                        |
| Prior Period Adjustment Taxation        | (0.31)                       | 0.01                         |
| <b>Profit/(Loss) after Tax</b>          | 29.07                        | 21.13                        |
| Add : Balance from Previous year        | (17.43)                      | (38.56)                      |
| <b>Balance Carried to Balance Sheet</b> | <b>11.64</b>                 | <b>(17.43)</b>               |

**Business Operations**

During the financial year ended 31st March, 2011 the sales turnover from tobacco trading was Rs.325 lacs as against Rs.279 lacs in the previous year. The Company has also continued the activity of processing of tobacco. The Company is planning to Purchase Tendu Leaves for the purpose of trading.

**Dividend**

The Directors regret their inability to recommend dividend due to inadequacy 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.

**Public Fixed Deposits :**

The Company has not accepted or renewed any Public Fixed Deposits during the financial year ended 31st March, 2011.

**Personnel**

The employer employee relations continued to be cordial during the year. None of the employees received emoluments exceeding the limits set out under section 217 (2A) of the Companies Act, 1956.

**Directors**

Shri. M.D.Deshpande and Shri.N.L.Patil, Directors, retire by rotation and being eligible, offer themselves for reappointment.

Shri. V.S.Maydev , Executive Director tendered his resignation on 31.03.2011. The Board places on record its sincere appreciation for the services rendered by him during his tenure as a Executive Director.

#### **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 judgments 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, 2011 and the profit of the company for the year ended 31<sup>st</sup> March, 2011;
- 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 Directors' Report.

#### **Report on Corporat Governance:**

The report on Corporate Governance and the Compliance Certificate provided by M/s J. H. Ranade & Associates, Company Secrataies is attached to the Directors' Report.

In tems of the listing agreeemnt, the board has laid down a code of conduct for all board membes. All the board members and senior management personnel have affirmed compliance with the code

#### **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 Directors,

Place : Nashik  
Date : 27th May, 2011

M.D.Deshpande  
Director

N.L.Patil  
Director



# **SINNAR BIDI UDYOG LIMITED.**

## **CERTIFICATE ON CORPORATE GOVERNANCE**

To,  
The Members of Sinnar Bidi Udyog Ltd.

We have examined the compliances of conditions of corporate governance by Sinnar Bidi Udyog Ltd., for the year ended on 31<sup>st</sup> March, 2011, as stipulated in clause 49 of the Listing Agreement of the said company with the stock exchanges.

The compliance of conditions of corporate governance is the responsibility of the management. Our examination is limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We state that no investor grievance is pending for a period exceeding one month against the Company as per the records maintained by the Shareholders/Investors Grievance Committee.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For J.H.Ranade & Associates  
Company Secretaries

Place: Thane  
Date: 27<sup>th</sup> May, 2011

J. H. Ranade  
Proprietor  
(C.P.No: 2520)

**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 2010-11**

(Rs. in lacs)

| <i>Particulars</i>             | <i>2010-11</i> | <i>2009-10</i> |
|--------------------------------|----------------|----------------|
| Net Sales                      | 325.01         | 278.56         |
| Other Income                   | 50.61          | 40.69          |
| Total Income                   | 375.62         | 319.25         |
| Manufacturing & Other Expenses | 332.89         | 274.33         |
| PBDIT                          | 42.73          | 44.92          |
| Depreciation                   | 4.63           | 4.84           |
| PBIT                           | 38.10          | 40.08          |
| Interest                       | 1.24           | 0.55           |
| PBT                            | 36.76          | 39.53          |
| Current & Differed Tax         | 7.72           | 18.40          |
| PAT                            | 29.14          | 21.13          |

**Industry structure and developments:**

India ranks among the top 5 five countries in both production and consumption of tobacco and tobacco products.

Beedis are rolled from a forest leaf known as "DIOS-PYRUS ME LOMOXYLAN" which is abundantly available in tropical/sub-tropical climatic forests scattered in Andhra Pradesh, Kerala, Karnataka, Orissa, Tamilnadu, Madhya Pradesh etc. Owing to its cheaper cost, this product is widely used by the rural population and certain percentage of low income group among urban population who have relatively poor purchasing power.

Tobacco Industry in India is a labour intensive industry and 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 :**

Our 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. Last year the Company had planned to concentrate on trading of tobacco and the Company has implemented the same. The major activity of the Company was trading and processing of Tobacco during the year 2010-11. Now the Company is planning to Purchase Tendu Leaves from Chattisgarh Federation, Madhya Pradesh for the purpose of trading.