

***SINNAR BIDI UDYOG LTD.***

**38TH**  
**Annual Report**  
**FY-2011-2012**

**SINNAR BIDI UDYOG LIMITED  
MUMBAI**

**38th Annual Report  
2011-12**

**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.Baheti	Director

**AUDITORS**

ANAND S DAGA  
Chartered Accountants  
Nashik 422 005

**BANKERS**

IDBI BANK LTD  
Nashik 422 001

**REGISTERED OFFICE**

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

**ADMINISTRATIVE OFFICE**

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

**SINNAR BIDI UDYOG LIMITED**  
**NOTICE OF THE MEETING**

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NOTICE IS HEREBY GIVEN THAT the 38<sup>th</sup> 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 Tuesday, 25<sup>th</sup> September, 2012 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 2012 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.C.B.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.

By Order of the Board of Directors,

Place : Nashik

Date: 30<sup>th</sup> May, 2012

M.D.Deshpande

Director

C.B. Patil

Executive 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 17<sup>th</sup> September, 2012 to 25<sup>th</sup> September, 2012 (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.

By Order of the Board of Directors,

Place : Nashik

Date: 30th May, 2012

M.D.Deshpande  
Director

C.B.Patil  
Executive Director

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**SINNAR BIDI UDYOG LIMITED.**  
**Directors' Report .**

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**Financial Results**

Gentlemen,

Your Directors have pleasure in presenting their Thirty-Eighth Annual Report alongwith the audited statement of accounts for the year ended 31st March, 2012.

	<b>2011-12</b>	<b>2010-11</b>
	(Rs. Lacs)	(Rs. Lacs)
<b>Profit/(Loss) Before Tax</b>	185.39	36.92
Less : Provision for Current Tax	55.25	6.50
Provision for Deferred Tax	0.19	1.66
Prior Period Adjustment Taxation	Nil	(0.31)
<b>Profit/(Loss) after Tax</b>	129.95	29.06
Add : Balance from Previous year	11.64	(17.43)
<b>Balance Carried to Balance Sheet</b>	<b>141.59</b>	<b>11.64</b>

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**Business Operations**

During the financial year ended 31st March, 2012 the sales turnover from Tendu Leaves trading was Rs.85.54 lacs. Last year the Company had planned on purchase Tendu Leaves from Chattisgarh Federation, Madhya Pradesh for the purpose of trading and the Company has implemented the same. The major activity of the Company was trading tendu leaves and processing of Tobacco during the year 2011-12. Now the Company is planning to enter into the segment of trading of tobacco.

**Dividend**

The Directors do not recommend any dividend, with a view to retain the profits for further growth of the Company.

**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,2012.

**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. C.B.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

in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanations relating to material departures;

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 31st March, 2012 and the profit of the company for the year ended 31st March,2012;

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

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 Corporate 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 agreement, the board has laid down a code of conduct for all board members. 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 : 30th May, 2012

M.D.Deshpande	C.B.Patil
Director	Executive Director

## **J.H.Ranade & Associates,**

Company secretaries

24/A, 25/A, Dhanalaxmi Chambers, Off Gokhale Road, Nr. Railway Station, Thane (West) 400 602.  
Tel. (9522) 2544 24 34

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### **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, 2012, as stipulated in clause 49 of the listing Agreement of the said Company with the Stock Exchanges.

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of 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 and the representation made by Directors and the Management, 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.

Fer J.H. Ranade & Associates  
Company Secretaries

S/d  
J.H.Ranade  
Proprietor  
FCS-4317 CP-2520

Date: 20<sup>th</sup> July 2012

**Place: Thane**



## 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 2011-12

(Rs. in lacs)

<i>Particulars</i>	<i>2011-12</i>	<i>2010-11</i>
Net Sales	146.3	325.01
Other Income	216.35	50.61
Total Income	362.65	375.62
Manufacturing & Other Expenses	173.62	332.89
PBDIT	189.03	42.73
Depreciation	3.64	4.63
PBIT	185.39	38.1
Interest	-	1.24
PBT	185.39	36.76
Current & Differed Tax	55.44	7.72
PAT	129.95	29.14

### 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 on purchase Tendu Leaves from Chattisgarh Federation, Madhya Pradesh for the purpose of trading and the Company has implemented the same. The major activity of the Company was trading tendu leaves and processing of Tobacco during the year 2011-12. Now the Company is planning to enter into the segment of trading of tobacco.

Our 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.

### **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.