

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

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 31st March, 2014, 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: 31st July 2014
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 2013-14

(Rs. in lacs)

<i>Particulars</i>	<i>2013-14</i>	<i>2012-13</i>
Net Sales	1214.46	1059.55
Other Income	1.46	9.88
Total Income	1215.92	1069.43
Manufacturing & Other Expenses	1093.25	1013.25
PBDIT	122.67	93.05
Depreciation	6.57	4.78
PBIT	116.10	88.27
Interest	75.81	36.87
PBT	40.29	51.4
Current & Differed Tax	11.23	21.94
PAT	29.06	29.46

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 enter into the segment of trading of tobacco and the Company has implemented the same. The major activity of the Company was trading tendu leaves, Tobacco and processing of Tobacco during the year 2013-14. Now the Company is planning to continue the same.

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.

CORPORATE GOVERNANCE REPORT

1. Company's philosophy :

The Company has acute awareness of the social context in which it operates. It is firmly attached to the inherent and core ethical business values of its founding father.

The Company believes in giving back to its employees, stakeholders and communities, which, in turn, enriches it with loyalty, talent and opportunity.

This is done for ensuring the economic well being of its employees and welfare of their children.

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 - TRANSPERANCEY - 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 filed 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 9 times in the financial year, respectively on :

1st April,2013, 30th May,2013, 8th June,2013 , 3rd July, 2013, 14th August, 2013, 22nd August, 2013, 27th September, 2013, 15th November 2013, 14th February,2014.

Sr. No.	Name of Director	Category	Board Meetings during 13-14	Annual General Meeting 27.09.2013	Other Directorship / Chairmanship / Membership in Board committees		
					Director	Committee Member	Committee Chairman
			Attended	Attended			
1	Shri.N.L.Patil	Independent	9	--	1	Nil	Nil
2	Shri.M.D.Deshpande	Independent	8	Yes	3	Nil	Nil
3	Shri.B.S.Pawar	Independent	9	--	2	Nil	Nil
4	Shri.C.B.Patil	Executive	9	Yes	1	Nil	Nil
5	Shri.L.M.Karwa	Independent	1	--	Nil	Nil	Nil
6	Shri.S.P.Patil	Independent	8	--	1	Nil	Nil
7	Shri.D.P.Devhad	Independent	5	--	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	4	4
Shri.M.D.Deshpande	Chairman	4	4
Shri.C.B.Patil	Member	4	4
Shri.D.P.Devhad	Member	4	2

The Audit committee met Four times during the financial year, on 30th April, 2013, 3rd August, 2013, 1st November 2013 and 1st February 2014.

4. Remuneration Committee:

Although no remuneration is currently paid to the Directors, 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:

1. Review of human resource policies and practices of the Company and in particular, policies regarding remuneration of Whole-time Directors and Senior Managers.
2. In principle approval of Compensation Philosophy.
3. Review of Senior Management Compensation.
4. Induction of new people.

No remuneration & sitting fees was paid to any Director of the Company.

<i>Name of Director</i>	<i>Relationship with other directors</i>	<i>Perquisites(Rs.)</i>	<i>Total (Rs.)</i>	<i>No. of Shares held by non-executive directors</i>
Shri.N.L.Patil	Nil	--		850
Shri.M.D.Deshpande	Nil	--		100
Shri.B.S.Pawar	Nil	--		150
Shri.C.B.Patil	Nil	--		Not Applicable
Shri.S.P.Patil	Nil	--		600
Shri.L.M.Karwa	Nil	--		1250

5.Shareholders' committee:

Shareholders' committee is headed by Shri. N.L.Patil, non-executive Director. Among the member with Shri.B.S.Pawar:

<i>Name of Director</i>	<i>Designation in committee</i>	<i>No. of meetings held</i>	<i>No. of meetings attended</i>
Shri.N.L.Patil	Chairman (w.e.f. 19 th September, 2013) and Compliance Officer	8	8
Shri.B.S.Pawar	Member	8	8
Shri.D.P.Devhad	Member and Chairman (till 21 st June, 2013)	8	5

No shareholder complaints were received during the period under review. The shareholder's committee duly met on 5th April, 2013, 19th April, 2013, 26th April, 2013, 17th May, 2013, 21st June, 2013, 19th September, 2013, 22nd November, 2013, 27th December, 2013 to consider, inter-alia, the transfer of shares and Transmission of Shares.

6. General body Meetings:

Details of last three Annual general Meetings:

<i>Date and time of AGM</i>	<i>Venue of AGM</i>	<i>Special Resolution passed at the AGM</i>
27 th September, 2013 at 1.30 p.m.	2 Gurukrupa Apartment,N.C.Kelkar Marg,Dadar(w),Mumbai-400028	---
25 th September, 2012 at 1.30 p.m.	2 Gurukrupa Apartment,N.C.Kelkar Marg,Dadar(w),Mumbai-400028	---
14 th September, 2011 at 1.30 p.m.	2 Gurukrupa Apartment,N.C.Kelkar Marg,Dadar(w),Mumbai-400028	---

7. Disclosures:

1. Related party transactions: During 2013-14, the Company has entered into related party transactions.

2. During the last three years, no penalties, strictures were imposed on the company by Stock Exchange or SEBI or any statutory authority, on any matter related to capital markets.

3. Whistle Blower Policy: With a view to establish a mechanism for protecting employees reporting unethical behaviour, frauds or violation of Company's Code of Conduct, the Board of Directors has adopted an informal Whistle Blower Policy (a non-mandatory requirement in the new Clause 49 to the listing agreement).

4. Compliance with the mandatory requirements and adoption of the non-mandatory requirements of this clause:

Compliance Report on Corporate Governance for the year ended 31st March, 2014.
Name of the Company: SINNAR BIDI UDYOG LIMITED, Code No.509887

Particulars	Clause of Listing agreement	Compliance Status Yes/No
I Board of Directors	49 I	
(A) Composition of Board	49(IA)	Yes
(B) Non-executive Directors' compensation & disclosures	49 (IB)	Yes
(C) Other provisions as to Board and Committees	49 (IC)	Yes
D) Code of Conduct	(49 (ID)	Yes
II. Audit Committee	49 (II)	
(A) Qualified & Independent Audit Committee	49 (IIA)	Yes
(B) Meeting of Audit Committee		Yes
(C) Powers of Audit Committee 49 (IIC)	49 (IIB)	Yes
(D) Role of Audit Committee	49 II(D)	Yes
(E) Review of Information by Audit Committee	49 (IIE)	Yes
III. Subsidiary Companies	49 (III)	N.A.
IV. Disclosures	49 (IV)	
(A) Basis of related party transactions	49 (IV A)	Yes
(B) Disclosure of Accounting Treatment	49 (IV B)	N.A.
(C) Board Disclosures	49 (IV C)	Yes
(D) Proceeds from public issues, rights issues, preferential issues etc.	49 (IV D)	N.A.
(E) Remuneration of Directors	49 (IV E)	Yes
(F) Management	49 (IV F)	Yes
(G) Shareholders	49 (IV G)	Yes
V. CEO/CFO Certification	49 (V)	Yes
VI. Report on Corporate Governance	49 (VI)	Yes
VII. Compliance	49 (VII)	Yes

Disclosures by management to the Board:

All details relating to financial and commercial transactions where Directors may have a potential interest are provided to the Board and the interested Directors neither participate in the discussion, nor do they vote on such matters.

Re-appointment of Directors Liable to Retire by Rotation and appointment of Directors for whom notice pursuant to section 257 has been received:

According to the Articles of Association of the Company, at every annual general meeting of the Company one-third of the Directors are liable to retire by rotation. Thus, Mr.N.L.Patil and Mr.S.P.Patil shall retire at the ensuing Annual General Meeting of the Company and being eligible, offer themselves for re-appointment. Shri.Laxminarayan Mohanlal Karwa has been appointed as an Additional Director on 27th September 2013. Details of their reappointment and appointment of additional director as a regular director at ensuing AGM are included in the Notice of the annual General Meeting.

<i>Name of Director</i>	<i>Appointment/reappointment</i>	<i>Qualifications and Expertise of Director</i>	<i>Other Directorships</i>	<i>No of shares held</i>	<i>Membership of Committees</i>
Shri.Narayan Laxman Patil	Reappointment	LLB,MPM 32 year experience at various levels of Management	1. STS Exports Ltd.	Nil	1. Audit Committee. 2. Remuneration Committee 3. Shareholders Committee.
Shri. Satish Prabhakar Patil	Reappointment	B.SC, 23 years experience in Marketing and Production.	1. Sarda Fresh Fruits Pvt.Ltd.	Nil	Remuneration Committee.
Shri.Laxminarayan Mohanlal Karwa	Reappointment	B.Com with 18 years experience in Accounts and Marketing field.	Nil	Nil	Nil

8. Means of communication:

Quarterly Results: Quarterly Unaudited Results are published for the first three quarters of the financial year, and audited results are declared in respect of the last quarter of the financial year. The results are published in the Free Press Journal and Nav Shakti, Mumbai.

9. General Shareholder information:

i. AGM Details for the current year:

Date: 11th September, 2014

Time: 1.30 p.m.

Venue:2 Gurukrupa Apartment, N.C.Kelkar Marg, Dadar(W), Mumbai-400028

ii. Financial Year: April 1 to March 31.

For the year ended 31st March, 2014, dates of declaration of quarterly results:

First Quarter: 14th August, 2013

Second Quarter: 15th November, 2013

Third Quarter: 14th February, 2014

Fourth Quarter and Annual: 30th May, 2014

iii. Date of Book closure:

4th September, 2014 to 11th September, 2014

iv. Listing on Stock Exchanges:

BSE LTD. Mumbai.

The Pune Stock Exchange Limited – Delisted by the Stock Exchange, as the Stock Exchange surrendered its license with effect from 31.05.2014

v. Stock Code 509887

**vi. Shareholding Patters: Following information can be summarized as on the date:
Distribution of Shareholdings:**

SHAREHOLDING OF RS.	NOMINAL VALUE OF RS.	OF RS.	SHAREHOLDERS NUMBER	%AGE OF TOTAL	SHARE AMOUNT RS.	%AGE OF TOTAL
1	-	5000	234	87.6400	291500	14.5750
5001	-	10000	18	6.7420	115000	5.7500
10001	-	20000	4	1.4980	57000	2.8500
20001	-	30000	3	1.1240	69500	3.4750
30001	-	40000	1	0.3750	37000	1.8500
40001	-	50000	0	0.0000	0	0.0000
50001	-	100000	4	1.4980	297100	14.8550
100001	-	*****	3	1.1240	1132900	56.6450
TOTAL :			267	100.0000	2000000	100.0000

Distribution of Shareholdings:

Categories	No. of Holders	No. of Shares	% of Holding
Promoters	7	84700	42.3500
Bodies Corporate (Promoters)	2	62100	31.0500
Bodies Corporate (others)	6	900	0.4500
Foreign Investors	-	-	--
Bank/FIs	-	-	--
Others	252	52300	26.1500
TOTAL :		267	200000.00

vii.Registrar and Transfer Agents:

Link Intime India Private Limited (earlier known as Intime spectrum Registry Limited), C-13, Pannalal Silk Mills Compound, LBS Marg, Bhandup -(W)

viii. Dematerialization of shares: Status of dematerialized shares:

Particulars	No. of shares	% of holding
Shares held in Demat form:	162590	81.3
Physical	37410	18.7

ix. Liquidity:

The public shareholding is 53300 shares, i.e.26.60%.

**x. Name, Telephone & Fax no. of the :
compliance Officer of the Company**

Shri.N.L. Patil, Director
(0253) 2594231, Fax. (0253)2595698

xi. e-mail id of the compliance officer:

narayan.patil@sarda.co.in

Certification by Whole-Time Director and Director and Chairman of Audit Committee to the Board:

We, C.B.Patil, and M.D.Deshpande, Directors of Audit Committee, certify that:

1. We have reviewed the financial statements and the cash flow statement for the year ended 31st March, 2014 and to the best of our knowledge and belief:

a. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

b. these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

2. There are, to the best of our knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violative of the company's code of conduct.

3. We accept responsibility for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting.

4. We indicate to the auditors and to the Audit committee:

i. Significant changes in internal control over financial reporting during the year;

ii. Significant changes in accounting policies during the year;

iii. Instances of significant fraud of which we have become aware and involvement therein of the management or an employee having a significant role in the company's internal control system over financial reporting.

However, during the year, there were no such changes or instances.

S/d

S/d

C.B.PATIL
Executive Director

M.D.DESHPANDE
Director