

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

NOTICE IS HEREBY GIVEN THAT the 38th 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, 25th 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: 30th 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 17th September, 2012 to 25th 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

SINNAR BIDI UDYOG LIMITED.
Directors' Report .

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.

	2011-12	2010-11
	(Rs. Lacs)	(Rs. Lacs)
Profit/(Loss) Before Tax	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)
Profit/(Loss) after Tax	129.95	29.06
Add : Balance from Previous year	11.64	(17.43)
Balance Carried to Balance Sheet	<u>141.59</u>	<u>11.64</u>

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
Director

C.B.Patil
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

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, 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: 20th 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.

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 7 times in the financial year, respectively on :

19th April,2011, 27th May,2011, 1st July,2011, 12th August,2011, 15th October, 2011, 14th November, 2011, 11th February,2012.

Sr. No.	Name of Director	Category	Board Meetings during 11-12	Annual General Meeting 14.09.2011	Other Directorship / Chairmanship/ Membership in Board committees		
			Attended	Attended	Director	Committee Member	Committee Chairman
1	Shri.N.L.Patil	Independent	7	--	1	Nil	Nil
2	Shri.M.D.Deshpande	Independent	7	Yes	3	Nil	Nil
3	Shri.B.S.Pawar	Independent	7	--	2	Nil	Nil
4	Shri.C.B.Patil	Executive	5	Yes	Nil	Nil	Nil
5	Shri.S.P.Baheti	Independent	7	--	Nil	Nil	Nil
6	Shri.D.P.Devhad	Independent	7	--	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	3
Shri.D.P.Devhad	Member	4	4

The Audit committee met Four times during the financial year, on 15th April, 2011, 10th August, 2011, 20th November 2011 and 23rd January 2012.

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:

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.

<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	1	1
Shri.D.P.Devhad	Member	1	1
Shri.S.P.Baheti	Member	1	1

Remuneration is paid to the executive director, as approved by the remuneration committee and remuneration for non-executive directors was sitting fees for the board meeting. The Directors, however, have waived the payment of sitting fees for the year 2011-12, and as such, no remuneration is payable to the non-executive directors.

<i>Name of Director</i>	<i>Relationship with other directors</i>	<i>Sitting Fees</i>	<i>Salary and allowances(Rs.)</i>	<i>Perquisites(Rs.)</i>	<i>Total (Rs.)</i>
Shri.N.L.Patil	Nil	Nil	--	--	--
Shri.M.D.Deshpande	Nil	Nil	--	--	--
Shri.B.S.Pawar	Nil	Nil	--	--	--
Shri.C.B.Patil	Nil	N.A.	2,52,175/-	--	2,52,175/-
Shri.S.P.Baheti	Nil	Nil	--	--	--
Shri.D.P.Devhad	Nil	Nil	--	--	--

5.Shareholders' committee:

Shareholders' committee is headed by Shri.D.P.Devhad, non-executive Director. Among the members is the Compliance officer of the Company, Shri. N.L.Patil.

<i>Name of Director</i>	<i>Designation in committee</i>	<i>No. of meetings held</i>	<i>No. of meetings attended</i>
Shri.D.P.Devhad	Chairman	21	21
Shri.B.S.Pawar	Member	21	21
Shri.N.L.Patil	Member and Compliance Officer	21	21

No shareholder complaints were received during the period under review. The shareholder's committee duly met on 2nd May, 2011, 17th May, 2011, 27th May, 2011, 24th June, 2011, 15th July, 2011, 9th August, 2011, 26th August, 2011, 5th September, 2011, 22nd September, 2011, 10th October, 2011, 25th October, 2011, 7th November, 2011, 25th November, 2011, 2nd December, 2011, 7th December, 2011, 26th December, 2011, 13th January 2012, 7th February 2012, 20th February 2012, 7th March 2012 and 27th March, 2012 to consider, inter-alia, the transfer of shares and issue of duplicate share certificates.

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>
14 th September, 2011 at 1.30 p.m.	2 Gurukrupa Apartment,N.C.Kelkar Marg,Dadar(w),Mumbai- 400028	---
24 th September, 2010 at 1.30 p.m.	2 Gurukrupa Apartment,N.C.Kelkar Marg,Dadar(w),Mumbai- 400028	---
15 th September, 2009 at 1.30 p.m.	2 Gurukrupa Apartment,N.C.Kelkar Marg,Dadar(w),Mumbai- 400028	---

7. Disclosures:

1. Related party transactions: During 2011-12, the Company has not 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 a 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, 2012.
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. C.B.Patil and Mr.B.S.Pawar shall retire at the ensuing Annual General Meeting of the Company and being eligible, offers themselves for re-appointment. . Details of their reappointment are included in the Notice of the annual General Meeting.

<i>Name of Director</i>	<i>Appointm net/reapp ointment</i>	<i>Qualifications and Expertise of Director</i>	<i>Other Directorships</i>	<i>No of shares held</i>	<i>Membership of Committees</i>
Shri.Chandrasingh Bhangwan Patil	Reappoi ntment	B.Com,MPM, LLB. 20 years experience at various levels of Management	1 STS Exports Ltd.	500	Audit Committee (Member)
Shri.Bhausahab Sukhdev Pawar	Reappoi ntment	B.Com	1. Vidarbha Bidi Ltd.	150	Shareholders Committee.

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: 25th September, 2012

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, 2012, dates of declaration of quarterly results:

First Quarter: 12th August, 2011

Second Quarter: 14th November, 2011

Third Quarter: 11th February, 2012

Fourth Quarter and Annual: 30th May, 2012

iii. Date of Book closure:

17th September, 2012 to 25th September, 2012

iv. Listing on Stock Exchanges:

The Bombay Stock Exchange Limited

The Pune Stock Exchange Limited

v. Stock Code 509887

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

SHAREHOLDING OF SHARES	SHARES	SHAREHOLDERS NUMBER	%AGE OF TOTAL	SHARES ALLOTTED	%AGE OF TOTAL
1	- 500	257	88.3160	29220	14.6100
501	- 1000	18	6.1860	11580	5.7900
1001	- 2000	4	1.3750	5700	2.8500
2001	- 3000	3	1.0310	6950	3.4750
3001	- 4000	1	0.3440	3700	1.8500
4001	- 5000	0	0.0000	0	0.0000
5001	- 10000	4	1.3750	29710	14.8550
10001	- 9999999999	4	1.3750	275480	137.7400
TOTAL :		291	100.0000	362340	181.1700

Distribution of Shareholdings:

Categories	No. of Holders	No. of Shares	% of Holding
Promoters	7	84550	42.2750
Bodies Corporate (Promoters)	2	62100	31.0500
Bodies Corporate (others)	7	1000	0.5000
Foreign Investors	-	-	--
Bank/FIs	-	-	--
Others	274	52350	26.1750
TOTAL :	290	200000.00	100.00

vii.Registrar and Transfer Agents:

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

viii. Dematerialization of shares: Status of dematerialized shares:

Particulars	No. of shares	% of holding
Shares held in Demat form:	162340	81.17
Physical	37660	18.83

ix. Liquidity:

The public shareholding is 52350 shares, i.e.26.1750%.

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, 2012 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.

C.B.PATIL
Executive Director

M.D.DESHPANDE
Director

J. H. RANADE & ASSOCIATES

Company Secretaries

24A/25A, Dhanalaxmi Chambers, Off Gokhale Road, Near Railway Station, Thane (W) – 400 602

Tele/Fax: 2544 24 34 Email ID: jhr_asso@rediffmail.com

COMPLIANCE CERTIFICATE (In terms of Section 383A (1) of the Companies Act, 1956)

CIN of the Company - **L16002MH1974PL017734**

Nominal Capital - **Rs. 20.00 Lacs**

The Members,
Sinnar Bidi Udyog Limited
Parekh Mahal, 2nd Floor,
Room No.62, Plot No.8-9,
Lady Jamshedji Road,
Sakharam Keer Marg,
Mahim, Mumbai- 400016

We have examined the registers, records, books and papers of **Sinnar Bidi Udyog Limited** (the Company) as required to be maintained under the Companies Act, 1956 (the Act) and the rules made thereunder and also the provisions contained in the Memorandum and Articles of Association of the Company for the Financial Year ended 31st March, 2012, (Financial Year). In our opinion and to the best of our information and according to the examinations carried out by us and explanations furnished to us by the Company, its officers and agents, we certify that in respect of the aforesaid Financial Year:

1. The Company has kept and maintained all Registers as stated in Annexure A to this certificate, as per the provisions of the Act and the Rules made thereunder and all entries therein have been duly recorded.
2. The Company has duly filed all the forms and returns as stated in Annexure B to this certificate, with the Registrar of Companies, Mumbai, Maharashtra within the time prescribed under the Act and the Rules made thereunder, except form no 25 C in respect of appointment of Executive Director.
3. The Company being a Public Limited Company, comments are not required.
4. The Board of Directors duly met 7 (Seven) times respectively on 19/04/2011, 27/05/2011, 01/07/2011, 12/08/2011, 15/10/2011, 14/11/2011 and 11/02/2012, in respect of which proper notices were given and the proceedings were properly recorded and signed in the Minutes Book maintained for the purpose.
5. The Company closed its Register of Members from 06/09/2011 to 14/09/2011 (both days inclusive) with necessary compliance of Section 154 of the Act.
6. The Annual General Meeting for the Financial Year ended on 31st March, 2011 was held on 14th September, 2011 after giving due notice to the members of the Company and the resolutions passed thereat were duly recorded in the Minutes Book maintained for the purpose.

J. H. RANADE & ASSOCIATES

Company Secretaries

24A/25A, Dhanalaxmi Chambers, Off Gokhale Road, Near Railway Station, Thane (W) – 400 602

Tele/Fax: 2544 24 34 Email ID: jhr_asso@rediffmail.com

7. No Extra Ordinary General Meeting was held during the Financial Year.
8. The Company has not advanced any loan to its Directors and/or to persons or firms or Companies referred in the Section 295 of the Act.
9. The Company has not entered into any contracts falling within purview of Section 297 of the Act.
10. The Company was not required to make any entries in the Register maintained under Section 301 of the Act.
11. As there were no instances falling within the purview of Section 314 of the Act, the Company has not obtained any approvals from the Board of Directors, Members or the Central Government.
12. The Board of Directors has approved issue of duplicate share certificates during the Financial Year in compliance with provisions of the Act.
13.
 - i) The Company has delivered all certificates on transfer of shares during the Financial Year in compliance with the provisions of the Act.
 - ii) Company has not deposited any amount in separate bank account as no dividend was declared during the Financial Year.
 - iii) The Company was not required to post warrants to any members of the company as no dividend was declared during the Financial Year.
 - iv) Company has transferred Rs. 7,163/- for the Year 2003-04 in Unpaid Dividend Account, which has remained unclaimed or unpaid for a period of seven years to Investor Education and Protection Fund.
 - v) Company has complied with the requirements of Section 217 of the Act.
14. The Board of Directors of the Company is duly constituted and there was an appointment of Additional / Director during the financial year.
15. The appointment of whole time Director has been made in compliance with the provisions of section 269 read with Schedule XIII to the Act, but the return of such appointment was not filed during the financial year with the Registrar of Companies.
16. The Company has not appointed any Sole-Selling Agent during the Financial Year.

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17. The Company was not required to obtain any approvals of the Central Government, Company Law Board, Regional Director, Registrar and/or such authorities prescribed under the various provisions of the Act.
18. The Directors have disclosed their interest in other Firms/Companies to the Board of Directors pursuant to the provisions of the Act and the Rules made thereunder.
19. The Company has not issued any Shares, Debentures or other Securities during the Financial Year.
20. The Company has not bought-back any shares during the Financial Year.
21. There was no redemption of Preference Shares or Debentures during the Financial Year.
22. There were no transactions necessitating the Company to keep in abeyance rights to dividend, right shares and bonus shares pending registration of transfer of shares.
23. The Company has complied with the provisions of Section 58A and 58AA read with Companies (Acceptance of Deposit) Rules, 1975 in respect of outstanding deposits including Unsecured Loans and that the Company has filed the Statement in lieu of Advertisement and Return of Deposits with the Registrar of Companies.
24. The amounts borrowed by the Company from Directors, Members, Public, Financial Institutions, Banks and others during the Financial Year ended 31st March, 2012 are within borrowing limits of the Company as per Section 293(1)(d) of the Act.
25. The Company has made loans and investments in compliance with the provisions of the Act and has made necessary entries in the Register kept for the purpose.
26. The Company has not altered the provisions of the Memorandum with respect to situation of the Company's registered office from one state to another during the Financial Year.
27. The Company has not altered the provisions of the Memorandum with respect to the objects of the Company during the Financial Year.
28. The Company has not altered the provisions of the Memorandum with respect to name of the Company during the Financial Year.
29. The Company has not altered the provisions of the Memorandum with respect to Share Capital of the Company during the Financial Year.
30. The Company has not altered its Articles of Association during the Financial Year.
31. There were no prosecutions initiated against or show cause notices received by the Company and no fines or penalties or any other penalties or any other punishment

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was imposed on the Company during the Financial Year, for offences under the Act.

32. The Company has not received any money as security from its employees during the Financial Year.

33. The Company has been regular in depositing both employees' and employer's contribution to Provident Fund with prescribed authorities pursuant to Section 418 of the Act.

For J. H. Ranade & Associates
Company Secretaries

Place: Thane
Date: 20th July, 2012

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

J. H. RANADE & ASSOCIATES

Company Secretaries

24A/25A, Dhanalaxmi Chambers, Off Gokhale Road, Near Railway Station, Thane (W) – 400 602

Tele/Fax: 2544 24 34 Email ID: jhr_asso@rediffmail.com

SECRETARIAL COMPLIANCE CERTIFICATE **In terms of Section 383A (1) of the Companies Act, 1956**

ANNEXURE A

Registers as maintained by the Company:

1. Registered of Charges / Copies of instruments creating charges u/s. 143 and 136.
2. Register of Members and Index of Members u/s. 150 and 151.
3. Register of Transfers u/s. 154.
4. Register and Returns u/s. 163.
5. Books of Accounts u/s. 209.
6. Register of particulars of Contracts in which Directors are interested u/s. 301.
7. Register of Directors, Managing Director, Manager, Secretary u/s. 303.
8. Register of Directors shareholdings u/s. 307.
9. Register of Directors Attendance.
10. Minutes books of Board and General Meetings.
11. Register of Investments/ Loans under section 372A
12. Register of Renewed and Duplicate Share Certificates as per Rule 7 of the Companies (Issue of Share Certificates) Rules, 1960.
13. Register of Fixed Deposits as per Rule 7 of the Companies (Acceptance of Deposits) Rules, 1975.

Contd....

ANNEXURE B:

Forms and Returns as filed by the Company with the Registrar of Companies, Maharashtra, Mumbai during the Financial Year ending on 31st March, 2012:

Sr. No	Form No./ Return	Filed Under Section	For	Date of filing	Whether filed within prescribed time (Yes/No)	If delay in filing whether requisite additional Fee paid (Yes/No)
1	Form 62	Rule 10 of the Companies (Acceptance of Deposits) Rules, 1975	Filing Return of deposit	29/06/2011	Yes	No
2	Form 32	264	Appointment of Mr. C. B. Patil as additional Director	25/07/2011	Yes	No
3	Form 66	383A	Compliance certificate for the year 2010-11	29/09/2011	Yes	No

J. H. RANADE & ASSOCIATES

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4	Form 32	264, 303	Confirmation of Appointment of Mr. C. B. Patil in AGM	11/10/2012	Yes	No
5	Form 1 INV	205C	Amount of unpaid dividend transferred to IEPF account	02/11/2011	Yes	No
6.	Form 62	Companies (Acceptance of Deposit Rules) 1975	Filing statement in Lieu of Advertisement	27/03/2012	Yes	No

For J. H. Ranade & Associates
Company Secretaries

Place: Thane
Date: 20th July, 2012

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

**REPORT OF THE AUDITORS TO THE MEMBERS OF
SINNAR BIDI UDYOG LIMITED**

- 1) I have audited the attached Balance Sheet of SINNAR BIDI UDYOG LIMITED as at 31st March, 2012, the related Statement of Profit and Loss and the Cash Flow Statement of the company for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's Management. My responsibility is to express an opinion on these financial statements based on my audit.
- 2) I conducted my audit in accordance with auditing standards generally accepted in India. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.
- 3) I have obtained all the information and explanations which to the best of my knowledge and belief, were necessary for the purpose of my audit .
- 4) In my opinion, proper books of account as required by law have been kept by the company so far as appears from my examination of those books and proper returns adequate for the purpose of my audit have been received from branches not visited by me.
- 5) In my opinion, the Statement of Profit and Loss, the Balance Sheet & the Cash Flow Statement dealt with by this report subject to notes thereon comply with the Accounting Standards referred to in sub-section (3C) of the Section 211 of the Companies Act, 1956 except for Accounting Standard - 15 (Revised) as referred to in Note No.26(2).
- 6) The Balance Sheet, Statement of Profit and Loss & the Cash Flow Statement dealt with by this report are in agreement with the books of account.
- 7) On the basis of written representations received from the directors, as on March 31, 2012 and taken on record by the Board of Directors , I report that none of the directors is disqualified from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
- 8) In my opinion and to the best of my information and according to the explanations given to me, the said accounts, read together with the notes thereon, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India :
 - (i) In the case of Balance-Sheet, of the State of Affairs of the company as at 31st March,2012 and
 - (ii) In the case of the Statement of Profit and Loss, of the Profit for the year ended on that date.
 - (iii) In the case of the Cash Flow Statement, of the Cash Flows for the year ended on that date.

- 9) As required by the Companies (Auditors' Report) Order,2003 issued by the Central Government of India in terms of Section 227 (4A) of the Companies Act,1956, and on the basis of checks of books and records considered appropriate and the information and explanations given to me during the course of the audit, I further report that :
- I) (a) The company has maintained proper records showing full particulars,including quantitative details and situation of fixed assets.
 - (b) The fixed assets have been physically verified by the management at reasonable intervals and no material discrepancies were noticed on such verification.
 - (c) Fixed assets disposed-off during the year were not substantial, and therefore it has not affected the going concern status.
 - II) (a) Physical verification of inventory has been conducted at reasonable intervals by the management.
 - (b) In my opinion and according to the information and explanations given to me, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
 - (c) The company is maintaining proper records of inventory. The discrepancies noticed on physical verification of inventory as compared to the book records were not material and have been properly dealt with in the books of account.
 - III) The company has not granted/ not taken any secured or unsecured loans to/from companies, firms or other parties covered in the register maintained under section 301 of the Act.
 - IV) In my opinion and according to the information and explanations given to me, there are adequate internal control procedures commensurate with the size of the company and the nature of its business, for the purchase of inventory and fixed asset and for the sale of goods and services. Further, on the basis of my examination and according to information and explanations given to me, I have neither come across nor have I been informed of any instance of major weaknesses in the aforesaid internal control procedures.
 - V) According to information and explanation given to me, there were no any transactions, contract or arrangements referred to section 301 of the Act, which were required to be entered in the register maintained under that section.
 - VI) In my opinion and according to the information and explanations given to me, the company has complied with the directives issued by the Reserve Bank of India and the provisions of Section of 58A and 58AA of the Companies Act,1956 and the Companies (Acceptance of Deposits) Rules,1975,with regard to the deposits accepted from the public. No order has been passed on the company by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal in this regard.
 - VII) The company has an internal audit system, which, in my opinion, is commensurate with the size and nature of its business.
 - VIII) The company has maintained cost records as precribed by the Central Government under clause (d) of subsection (1) of section 209 of the Act. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.

- IX) (a) The company is generally regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, ESIC, Income Tax, Sales Tax / VAT, Cess and other statutory dues with the appropriate authorities. There are no arrears of outstanding statutory dues as at the last day of financial year for a period of more than six months from the date those became payable.
- (b) According to information and explanations given to me there are no disputed amounts outstanding in respect of Income Tax, Sales Tax / VAT and Cess as at the last day of financial year.
- (c) According to information and explanations given to me Wealth Tax, Service Tax, Customs Duty and Excise Duty are not applicable to the company.
- X) There are no accumulated losses. The company has not incurred cash loss in the current financial year and in the immediately preceding financial year.
- XI) The company has not defaulted in repayment of dues to any financial institution or bank. The company has not issued any debentures.
- XII) The company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- XIII) The provisions of any special statute applicable to chit fund / nidhi/ mutual benefit fund / societies are not applicable to the company.
- XIV) In my opinion and according to information and explanations given to me , the company is not a dealer or trader in shares, securities, debentures and other investments.
- XV) According to information and explanations given to me the company has not given any guarantee for loan taken by others from bank or financial institutions.
- XVI) The company has not obtained any fresh term loan during the year.
- XVII) On the basis of an overall examination of the Balance-Sheet of the company, in my opinion and according to the information and explanations given to me, there are no funds raised on short-term basis, which have been used for long term investments.
- XVIII) The company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956 during the year.
- XIX) The company has not issued any debentures.
- XX) The company has not raised any money by public issue during the year.
- XXI) During the course of my examination of the books and records of the company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to me, I have neither come across any instance of material fraud on or by the company, noticed or reported during the year nor have I been informed of such case by the management.

Place : Nashik

Date : 30th May 2012.

ANAND S. DAGA .

Chartered Accountant

Membership No.: 048684

SINNAR BIDI UDYOG LIMITED.
BALANCE SHEET AS AT 31ST MARCH 2012.

Particulars	Note No	31.03.2012 RUPEES	31.03.2011 RUPEES
I EQUITY AND LIABILITIES			
1 SHAREHOLDERS' FUNDS			
Share Capital	2	2,000,000	2,000,000
Reserves And Surplus	3	34,428,072	21,433,161
		<u>36,428,072</u>	<u>23,433,161</u>
2 NON-CURRENT LIABLITIES			
Other Long Term Liabilities	4	48,756	48,756
Long - Term Provisions	5	17,278,203	15,080,621
		<u>17,326,959</u>	<u>15,129,377</u>
3 CURRENT LIABILITIES			
Trade Payable	6	40,816,802	1,710
Other Current Liabilities	7	705,166	477,092
Short-Term Provisions	8	1,982,954	1,688,129
		<u>43,504,922</u>	<u>2,166,931</u>
Total		<u><u>97,259,953</u></u>	<u><u>40,729,469</u></u>
II ASSETS			
1 NON-CURRENT ASSETS			
Fixed Assets			
Tangible Assets	9	5,541,815	6,656,348
Intangible Assets	9	8,370	8,370
Non Current Investments	10	4,449,981	4,451,681
Deferred Tax Asset (Net)	11	643,000	662,000
Long - Term Loans & Advances	12	618,814	618,814
		<u>11,261,980</u>	<u>12,397,213</u>
2 CURRENT ASSETS			
Current Investments	13	1,700	13,784,424
Inventories	14	75,864,411	3,284,763
Trade Receivable	15	2,243,471	66,486
Cash and Bank Balances	16	7,289,714	5,440,085
Short-Term Loans and Advances	17	328,178	5,594,008
Other Current Assets	18	270,499	162,490
		<u>85,997,973</u>	<u>28,332,256</u>
Total		<u><u>97,259,953</u></u>	<u><u>40,729,469</u></u>
Summary of Significant Accounting Policies	1		
The accompanying notes form an integral part of the financial statements.			

C.B.Patil : Executive Director

As per my report of even date attached

N.L.Patil : Director

M.D.Deshpande : Director

Nashik :

Date : 30th May 2012.

ANAND S DAGA
Chartered Accountant
Membership No.: 048684
Nashik :
Date : 30th May 2012.

SINNAR BIDI UDYOG LIMITED.

STATEMENT OF PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2012.

	Refer Note No.	31.03.2012 RUPEES	31.03.2011 RUPEES
Income			
I Revenue from Operations (Gross)	19	14,629,680	37,598,182
Less : Excise Duty		Nil	Nil
Revenue from Operations (Net)		<u>14,629,680</u>	<u>37,598,182</u>
II Other Income	20	<u>21,635,483</u>	<u>670,032</u>
III Total Revenue (I)		<u>36,265,163</u>	<u>38,268,214</u>
Expenses			
Cost of material consumed	21	1,039,482	11,183,509
Purchases of Stock-in-Trade		33,376,446	1,159,476
Changes in Inventory	22	(25,965,054)	17,004,647
Employee Benefits Expense	23	3,895,727	2,235,345
Finance Cost	24	Nil	123,699
Depreciation and Amortization Expense	9	363,658	463,411
Other Expense	25	2,818,411	2,571,916
Escrow Fund Demand Provision	26	2,197,582	(165,498)
IV Total Expenses		<u>17,726,252</u>	<u>34,576,505</u>
V Profit before Tax		<u>18,538,911</u>	<u>3,691,709</u>
VI Tax Expenses			
Current Tax		5,525,000	650,000
Prior Period Tax		Nil	(30,783)
Deferred Tax		19,000	166,000
VII Profit (Loss) for the year		<u>12,994,911</u>	<u>2,906,492</u>
Earning Per Equity Share of Face Value of 10/- each.			
Basic		64.97	14.53
Diluted		64.97	14.53
Summary of Significant Accounting Policies	1		
The accompanying notes form an integral part of the financial statements.			

C.B.Patil : Executive Director

As per my report of even date attached

N.L.Patil : Director

ANAND S DAGA

M.D.Deshpande : Director

Chartered Accountant

Membership No.: 048684

Nashik :

Nashik :

Date : 30th May 2012.

Date : 30th May 2012.

SINNAR BIDI UDYOG LIMITED.
CASH FLOW STATEMENT FOR THE PERIOD ENDED 31ST MARCH 2012

	31.03.2012 RUPEES	31.03.2011 RUPEES
CASH FLOW FROM OPERATING ACTIVITIES :		
Net Profit Before Tax and Extraordinary Items	18,538,911	3,691,709
ADJUSTMENTS FOR :		
Depreciation	363,658	463,411
(Gain)/ Loss on Sales of Fixed Assets (Net)	(19,294,126)	(25,626)
(Gain)/ Loss On Sales of Investments (Net)	(15,040)	(5,951)
Adjust. Relating to Earlier Year (Net) / Extraordinary Items	2,197,582	(165,498)
Interest Paid	0	123,699
Interest Received	(464,313)	(75,885)
Dividend Received From - Current Investments	(646,561)	(302,739)
- Long- Term Investments	(6,252)	(9,609)
Operating Profit Before Working Capital Changes	673,859	3,693,511
ADJUSTMENTS FOR MOVEMENT IN WORKING CAPITAL		
Trade Payable	40,815,092	1,710
Short -Term Provisions	(7,376)	(362,433)
Other Current Liabilities	244,612	(124,761)
Trade Receivable	(2,176,985)	(66,486)
Short -Term Loans and Advances	5,081,823	(5,229,306)
Other Current Assets	135,190	0
Inventories	(72,579,648)	19,297,205
Cash Generated from Operations	(27,813,433)	17,209,440
Direct Taxes Refund / (Paid) Net	(5,038,792)	(587,648)
Cash Flow Before Extra Ordinary Items	(32,852,225)	16,621,792
Net Cash from / (used in) Operating Activities (A)	(32,852,225)	16,621,792
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	0	(25,300)
Sale of Fixed Assets	20,045,003	110,406
Balances not considered as Cash and Cash Equivalents - Placed (net)	(4,207,000)	(65)
(Purchase) / Sale of Investments - Current	13,799,464	(13,779,424)
Sale of Investments - Non Current	0	6,229
Dividend Received from - Current Investments	646,561	302,739
- Long- Term Investments	6,252	9,609
Interest Received	221,114	76,392
Net Cash from / (used in) Investing Activities (B)	30,511,394	(13,299,414)
CASH FLOW FROM FINANCING ACTIVITIES :		
Interest Paid	0	(123,699)
Unclaimed Dividend Paid	(16,540)	(10,635)
Repayment of Borrowing	0	(1,500,000)
Net Cash from / (used in) Financing Activities (C)	(16,540)	(1,634,334)
Net Cash Inflow/ (Outflow) (A)+(B)+(C)	(2,357,371)	1,688,044
Cash and Cash Equivalents as at 01.04.2011 (Opening Balance) (D)	5,205,085	3,517,041
Cash and Cash Equivalents as at 31.03.2012 (Closing Balance) (E)	2,847,714	5,205,085
Net Increase / (Decrease) In Cash Cash Equivalents (E) - (D)	(2,357,371)	1,688,044

Foot Note :

Reconciliation of Cash and Cash Equivalents with Cash and Bank Balances

as per Balance Sheet

Cash and Cash Equivalents as above	2,847,714	5,205,085
Add : Balances with bank held as margin money / security against guarantees	4,442,000	235,000
Cash and Bank Balances as per Balance Sheet	<u>7,289,714</u>	<u>5,440,085</u>

The accompanying notes form an integral part of the financial statements.

C.B.Patil : Executive Director

As per my report of even date attached

N.L.Patil : Director

M.D.Deshpande : Director

ANAND S DAGA
Chartered Accountant
Membership No.: 048684

Nashik :
Date : 30th May 2012.

Nashik :
Date : 30th May 2012.

SINNAR BIDI UDYOG LIMITED.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED ON 31ST MARCH 2012.

NOTE 1:

SIGNIFICANT ACCOUNTING POLICIES

A Accounting Convention / Method of Accounting.

The Financial Statements are prepared under Historical Cost Convention in accordance with generally accepted accounting principles and provisions of Companies Act 1956

Accounts are kept on accrual basis and according to the double entry system.

Sales are recognised on despatch of goods to customers.

Dividend Income on Investments is accounted for when received.

B Fixed Assets

- i Fixed Assets are stated at cost less depreciation, cost being comprised of cost of acquisition and expenditure directly attributable for commissioning of the assets.
- ii Depreciation is provided on Written Down Value Method and at the rate and in the manner specified in Schedule XIV of the Companies Act 1956.

C Investments

Long Term Investments are stated at cost.

D Current Assets

a Stocks

Raw Material, Traded Items and Finished Goods are valued at lower of monthly weighted average cost and net realisable value. Cost of finished goods include cost of material, cost of conversion, labour.

b Book Debts, Advances & Deposits

Balances considered irrecoverable are written-off and those considered doubtful are provided for.

E Employee / Retirement Benefits

Retirement Benefits to employees are provided for by payments to Gratuity and Provident Fund.

The gratuity liability is determined on the basis laid down under Employees Approved Gratuity Fund Scheme which takes into account the sum that would have been payable as gratuity to all the eligible employees on the last day of the financial year.

Liability arising on account of accrued leave salary payable is provided in the accounts. The same is worked out on the basis of the amount that would have been payable as leave encashment to all the eligible employees on the last day of the financial year.

F Foreign Currency Transactions

Monetary items denominated in foreign currency as at the Balance Sheet date are converted at exchange rates prevailing on that date. Exchange differences are recognised in the Statement of Profit & Loss.

G Taxation

a Current Year Charges

Provision for tax is based on the amount of tax payable in respect of taxable income as determined under Income Tax Act 1961.

b Deferred Tax

The Deferred Tax resulting from timing difference between the book and taxable profit for the year is accounted for, using the tax rates and laws that have been substantially enacted as of the balance sheet date.

Deferred tax assets arising from timing difference are recognised to the extent there is reasonable certainty that these would be realised in future.

H Contingent Liabilities

Contingent Liabilities are disclosed in the accounts by way of note .

SINNAR BIDI UDYOG LIMITED.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED ON 31ST MARCH 2012.

	31.03.2012 RUPEES	31.03.2012 RUPEES	31.03.2011 RUPEES
Note 2 : Share Capital			
Authorized 2,00,000 Equity Shares of Rs.10/- each		20,00,000	20,00,000
Issued, Subscribed and Paid-up 2,00,000 Equity Shares of of Rs.10/- each fully paid		2,000,000	2,000,000
		2,000,000	2,000,000

Reconciliation of the shares outstanding at the beginning and at the end of the reporting period**Equity shares**

	31.03.2012		31.03.2011	
	Number of shares	Amount Rs.	Number of shares	Amount Rs.
At the beginning of the period	200,000	2,000,000	200,000	2,000,000
Issued during the period	0	0	0	0
Outstanding at the end of the period	200,000	2,000,000	200,000	2,000,000

Details of shareholders holding more than 5% shares in the company

	31.03.2012		31.03.2011	
	Number of shares	% of holding in the class	Number of shares	% of holding in the class
Equity shares of Rs.10/- each fully paid				
Rasbihari Enterprises Ltd.	58,400	29.20%	58,400	29.20%
Shri.Kisanlal Bastiramji Sarda	52,710	26.36%	52,710	26.36%
Shri.Shrirang Kisanlal Sarda	13,570	6.79%	9,020	4.51%

Note 3 : Reserves and Surplus

General Reserve No.1: As Per Last Balance-Sheet		3,275,000		3,275,000
Add: Set Aside This Year		-		-
			3,275,000	3,275,000
General Reserve No.2: As Per Last Balance-Sheet		16,926,000		16,926,000
Add: Set Aside This Year		-		-
			16,926,000	16,926,000
Reserve For Bad And Doubtful Advances: As per Last Balance Sheet		69,000		69,000

	<u>69,000</u>	<u>69,000</u>
Surplus / (Deficit) in the Statement of Profit and Loss		
Balance as per last financial statement	1,163,161	(1,743,331)
Profit for the year	<u>12,994,911</u>	<u>2,906,492</u>
	14,158,072	1,163,161
	<u>34,428,072</u>	<u>21,433,161</u>

Note 4 : Other Long Term Liabilities

Other Payable	48,756	48,756
	<u>48,756</u>	<u>48,756</u>

Note 5: Long - Term Provisions

Escrow Fund Provision	17,278,203	15,080,621
	<u>17,278,203</u>	<u>15,080,621</u>

Note 6: Trade Payable

Trade Payable		
- Due to Micro Enterprises and Small Enterprises	Nil	Nil
- Due to Others	40,816,802	1,710
	<u>40,816,802</u>	<u>1,710</u>

"The company has not received any intimation from its suppliers regarding their status under the Micro , Small and Medium Enterprises Development Act , 2006 and hence disclosures , if any , relating to amounts unpaid as at the year end as required under the said Act have not been furnished."

Note 7: Other Current Liabilities

Other Payable	695,056	455,894
Advances Received From Customers	10,110	4,660
Unclaimed Dividend	Nil	16,538
	<u>705,166</u>	<u>477,092</u>
	<u>705,166</u>	<u>477,092</u>

Note 8: Short Term Provisions

Other Provisions	1,680,753	1,688,129
Income Tax Provision (Net)	<u>302,201</u>	Nil
	1,982,954	1,688,129
	<u>1,982,954</u>	<u>1,688,129</u>

SINNAR BIDI UDYOG LIMITED.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED ON 31ST MARCH 2012.

Note 9 :**A) Tangible Assets**

(Amount in Rs.)

	GROSS BLOCK			DEPRECIATION					NET BLOCK		
	As at 1.4.2011	Additions During The Year	Deductions & Transfers During The Year	As at 31.03.2012	As at 1.4.2011	For the year	Written Back	Total up to 31.03.2012	Impairment Loss	As at 31.03.2012	As at 31.03.2011
Freehold Land	670,388		127,772	542,616	0	0		0	0	542,616	670,388
Buildings	10,886,524		1,936,825	8,949,699	5,684,105	250,092	1,425,317	4,508,880	15,066	4,425,753	5,187,353
Plant And Machinery	901,805			901,805	762,785	7,711		770,496	83,580	47,729	55,440
Electric Installation	928,468		105,997	822,471	676,148	43,159	101,452	617,855	0	204,616	252,320
Furniture & Fixture	1,372,878			1,372,878	1,190,054	33,607		1,223,661	0	149,218	182,824
Office Equipments	3,915,705		126,312	3,789,393	3,503,646	27,708	19,260	3,512,094	109,371	167,929	302,688
Vehicles	38,207			38,207	32,872	1,381		34,253	0	3,954	5,335
Total	18,713,975	0	2,296,906	16,417,069	11,849,610	363,658	1,546,029	10,667,239	208,017	5,541,815	6,656,348

B) Intangible Assets

(Amount in Rs.)

	GROSS BLOCK			DEPRECIATION					NET BLOCK		
	As at 1.4.2011	Additions During The Year	Deductions & Transfers During The Year	As at 31.03.2012	As at 1.4.2011	For the year	Written Back	Total up to 31.03.2012	Impairment Loss	As at 31.03.2012	As at 31.03.2011
Trade Mark	8,370			8,370	0	0		0	0	8,370	8,370
Total	8,370	0	0	8,370	0	0	0	0	0	8,370	8,370

Total (A+B)	18,722,345	0	2,296,906	16,425,439	11,849,610	363,658	1,546,029	10,667,239	208,017	5,550,185	6,664,718
Previous Year	21,817,424	25,300	3,120,379	18,722,345	14,368,374	463,411	2,982,175	11,849,610	208,017	6,664,718	7,187,609

SINNAR BIDI UDYOG LIMITED.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED ON 31ST MARCH 2012.

	31.03.2012	31.03.2012	31.03.2011
	RUPEES	RUPEES	RUPEES
Note 10: Non Current Investment			
Investment in Shares			
Non Trade. (At Cost.)			
A) Fully Paid-up Equity Shares in Companies			
Company	Numbers	Face Value	
	31-03-2012	31-03-2011	Rupees
i) Quoted Shares			
Britannia Industries Ltd.	50	50	2
Castrol India Ltd.	2	2	10
Dabur India Ltd.	600	600	1
Fresenius Kabi Oncology Ltd. (Formerly -Dabur Pharma Ltd)	100	100	1
Merck (India) Ltd	10	10	10
Hindustan Lever Ltd.	100	100	1
Novartis India Ltd.	10	10	5
			<u>3,250</u>
			42,890
			<u>42,890</u>
ii) Unquoted Shares			
Rasbihari Enterprises Ltd.	88496	88496	10
Yogi Ayurvedic Product Pvt. Ltd.	25550	25550	10
Vidarbha Bidi Ltd.	39590	39590	10
Tip Top Health Zone Pvt Ltd.	3650	3650	100
STS Exports Ltd.	490	490	100
Syngenta India Ltd.	100	100	5
			<u>7,500</u>
			4,376,091
			<u>4,376,091</u>
iii) Quoted Debentures			
Britannia Industries Ltd. # #	-	10	170
			Nil
			<u>1,700</u>
B) Others Unquoted			
Ordinary Shares in			
Shrilekha Nagari Sahakari Adhikosh Ltd.	800	800	25
National Saving Certificates #	-	-	-
			<u>11,000</u>
			31,000
			<u>31,000</u>
			<u>4,449,981</u>
			<u>4,451,681</u>
NOTES			
Quoted Investments (Shares) :			
Cost			42,890
Market Value			164,463
Quoted Investments (Debentures) :			
Cost			Nil
Market Value			1,700
Un-quoted Investments (Shares) :			
Cost			4,396,091
Aggregate Face Value of Shares			1,970,860

Security Lodged with Sales Tax / Excise Authorities

Due for Redemption in March 2013 hence shown as Current Investment as on 31.03.2012 (Note 12)

SINNAR BIDI UDYOG LIMITED.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED ON 31ST MARCH 2012.

	31.03.2012	31.03.2011			
	RUPEES	RUPEES			
Note 11: Deferred Tax Asset (Net)					
Deferred Tax Asset					
Impact of the expenditure charged to the statement of profit and loss account but allowable for tax purpose on payment basis	1,641,000	1,443,000			
Gross Deferred Tax Asset	<u>1,641,000</u>	<u>1,443,000</u>			
Deferred Tax Liability					
Fixed Assets : Impact of difference between tax depreciation and depreciation / amortization charged for financial reporting	998,000	781,000			
Gross Deferred Tax Liability	<u>998,000</u>	<u>781,000</u>			
Net Deferred Tax Asset	<u>643,000</u>	<u>662,000</u>			
Note 12: Long Term Loans and Advances					
Security Deposits					
	618,814	618,814			
	<u>618,814</u>	<u>618,814</u>			
Note 13: Current Investments (At Cost)					
	Numbers	Face Value			
	31-03-2012	31-03-2011	Rupees		
i) Investment in Quoted Debentures					
Britannia Industries Ltd.	10	Nil	170	1,700	Nil
				<u>1,700</u>	<u>Nil</u>
ii) Investment in Mutual Fund					
SBI Debt Fund Series 90 days 40 Dividend	Nil	475517	10	Nil	4,755,170
SBI SHF Ultra Short Term Fund Retail Plan Daily Dividend	Nil	231308	10	Nil	2,314,471
Birla Sunlife Cash Manager	Nil	409898	10	Nil	6,709,783
				<u>Nil</u>	<u>13,779,424</u>
iii) Other Unquoted					
National Saving Certificates (#)	-	-	-	Nil	5,000
				<u>1,700</u>	<u>13,784,424</u>
NOTES					
Quoted Investments (Debentures) :					
Cost				1,700	Nil
Market Value				1,697	Nil
# Security Lodged with Sales Tax / Excise Authorities					
Note 14: Inventories (At lower of cost and net realisable value)					
Raw Material				48,739,881	2,125,287
Traded Goods / Other Stock				27,124,530	1,159,476
				<u>75,864,411</u>	<u>3,284,763</u>

Note 15: Trade Receivables

Unsecured Considered Good unless otherwise stated

Due within Six Months

2,243,471	66,486
<u>2,243,471</u>	<u>66,486</u>

Note 16: Cash And Bank Balances

a. Cash on Hand

9,353	76,992
-------	--------

b. With Scheduled Banks :

In Current Accounts

2,835,660	5,127,818
-----------	-----------

In Fixed Deposit Accounts

Nil	225,000
-----	---------

In Fixed Deposit Accounts (Given as Security for Bank Guarantee)

4,432,000	Nil
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In Fixed Deposit Accounts (Given as Security to Sales Tax Authorities)

10,000	10,000
--------	--------

c. With Shrivilekha Nagari Sahakari Adhikosh Ltd.

(Refer Note 27(6))

In Saving Account

2,701	275
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<u>7,289,714</u>	<u>5,440,085</u>
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Note 17: Short-Term Loans and Advances

(Unsecured, considered good unless otherwise stated)

Advances recoverable in cash or kind or for value to be received

Considered good

145,384	5,372,550
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Prepaid Expenses

182,794	37,451
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Advance Income Tax (Net)

Nil	184,007
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<u>328,178</u>	<u>5,594,008</u>
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Note 18: Other Current Assets

Interest Accrued

270,499	27,300
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Deposits

Nil	135,190
-----	---------

<u>270,499</u>	<u>162,490</u>
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SINNAR BIDI UDYOG LIMITED.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED ON 31ST MARCH 2012.

	31.03.2012	31.03.2011
	RUPEES	RUPEES
Note 19: Revenue from Operations		
A) Revenue from Operations (Gross)		
Sales of Tobacco	Nil	32,500,785
Sales of Traded Goods (Bidi Leaves)	8,554,250	Nil
Sales of By-Products	1,403,036	2,194,378
	<u>9,957,286</u>	<u>34,695,163</u>
B) Other Operating Revenue (Processing Charges)	4,672,394	2,903,019
	<u>14,629,680</u>	<u>37,598,182</u>
Note 20: Other Income		
Interest (Gross)	464,313	75,885
Dividend Received on Shares / Mutual Funds	652,813	312,348
Rent Received	135,600	168,000
Profit on Sale of Assets	19,356,175	25,626
Profit on Sale of Investments	15,040	5,951
Insurance Claims Received	1,004,000	Nil
Sundry Receipts	7,542	82,222
	<u>21,635,483</u>	<u>670,032</u>
Note 21: Cost of Material Consumed		
Opening Stock	2,125,287	4,417,841
Add : Purchases	47,654,076	8,890,955
	<u>49,779,363</u>	<u>13,308,796</u>
Less : Closing Stock	48,739,881	2,125,287
	<u>1,039,482</u>	<u>11,183,509</u>
Note 22: Changes in Inventory		
Opening Stock		
- Finished Goods	Nil	18,164,123
- Other Stock	1,159,476	Nil
	<u>1,159,476</u>	<u>18,164,123</u>
Closing Stock		
- Traded Goods	27,124,530	Nil
- Other Stock	Nil	1,159,476
	<u>27,124,530</u>	<u>1,159,476</u>
	<u>(25,965,054)</u>	<u>17,004,647</u>
Note 23: Employee Benefit Expenses		
Salaries, Wages, Bonus, Gratuity and Ex-gratia	3,513,451	1,952,518

Contribution to Provident Fund and Other Funds	319,740	218,622
Welfare Expenses	62,536	64,205
	<u>3,895,727</u>	<u>2,235,345</u>

Note 24: Finance Cost

Interest on Fixed Deposits	Nil	123,699
	<u>Nil</u>	<u>123,699</u>

Note 25: Other Expenses

Rent	264,300	251,800
Rates and Taxes	134,943	91,340
Insurance	181,320	65,622
Repairs and Maintenance	203,114	646,928
Transport, Coolie And Cartages	350,796	266,097
Travelling and Conveyance	192,917	151,939
Electricity Charges	522,022	418,396
Legal and Professional	461,122	369,437
Printing and Stationery	41,904	25,083
Postage and Telephone Expenses	58,435	64,506
Office Expenses	158,143	136,705
Bank Commission	135,846	9,406
Loss On Sales of Assets	62,049	Nil
Other Expenses (Including Filing Fees, Listing Fee, Membership & Subscription, Factory Exp, etc.)	51,500	74,657
	<u>2,818,411</u>	<u>2,571,916</u>

Note 26: Escrow Fund Demand Provision

Exchange Loss / (Gain) on restatement of Escrow Fund Demand Liability	2,197,582	(165,498)
	<u>2,197,582</u>	<u>(165,498)</u>

Note:-

The Bidi's manufactured by the company were sold to Traders / Exporters, who used to export them to various countries. In earlier years, Bidi's sold to some such Traders / Exporters were exported by them to USA.

As per the prevailing law in USA, the responsibility of depositing the amount in Escrow Deposit Fund (On account of sales of tobacco products in that country) was of the manufacturer of tobacco products.

Accordingly , on the basis of demand raised against the company for non-fulfillment of this requirement - a sum of Rs.172.78 Lacs is provided for in the books of the company upto 31st March 2012.

During the current year no any fresh demand was made against the company. The current year figure of appearing in Statement of Profit and Loss Rs.21.98 Lacs represents foreign exchange loss on restatement of outstanding liability of escrow fund demand provision already made in earlier years (Previous year : Gain Rs.1.65 Lacs)

SINNAR BIDI UDYOG LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED ON 31ST MARCH 2012.

	2011-2012 RUPEES	2011-2012 RUPEES
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NOTE 27:

NOTES FORMING PART OF BALANCE SHEET AS AT 31ST MARCH, 2012 AND STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED ON THAT DATE

1. Contingent Liabilities (Rs. Lacs)

Claims against the company not acknowledged as debts :

a) Escrow Fund Matter	1,909,129	1,666,196
b) Labour / ESIC Matters	813,514	813,514
	2,722,643	2,479,710

2. A) The company has established a separate Gratuity Fund Trust to take care of the Gratuity Liability of its employees. It is informed that against the accrued gratuity liability as on 31st March, 2012 ascertained by the company of Rs. 11,85,829/- (Previous year Rs.16,69,435/-) the Gratuity Fund Trust has investments to the tune of Rs 11,42,599/-. (Previous year Rs 17,24,095/-). The shortfall of Rs 43,230/-(Previous year Nil) has been provided for in the accounts of the current year.

B) This gratuity liability calculated by the company takes into account the sum that would have been payable as gratuity to all the eligible employees as on the last day of the financial year as per the Payment of Gratuity Act, 1972 in the absence of Actuarial Valuation as per Accounting Standard - 15 (Revised).

C) Similarly the liability arising on account of accrued leave salary is provided for in the accounts which considers the sum that would have been payable to the eligible employees as on the last day of the financial year in absence of Actuarial Valuation as per Accounting Standard - 15 (Revised).

D) Looking at the small number of employees as on 31st March 2012, the management is of the opinion that, the liability provided for in the books / funds available with the Gratuity Fund Trust are sufficient to cover these obligations.

- 3 It is informed that Income Tax Assessments have been completed upto A.Y.2010-11 .

- 4 Amounts paid and/or payable to the

Auditor for services rendered:

Audit Fees	115,815	115,815
Certification Work / Other Misc.	34,195	28,680

SINNAR BIDI UDYOG LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED ON 31ST MARCH 2012.

	2011-2012	2010-2011
	RUPEES	RUPEES
5 Interest includes interest paid		
a) On Bank Borrowings (Working Capital)	Nil	Nil
b) On Term Loans	Nil	Nil
c) On Fixed Deposits	Nil	123,699
d) Other	Nil	Nil
	<u>Nil</u>	<u>123,699</u>
6 In respect of Shrilekha Nagari Sahakari Adhikosh Ltd.(Co-op Credit Society) Maximum balance during the year in Savings Account	2701	5500
7 Earning Per Share (EPS)		
Profit/(Loss) attributable to Equity Shareholders (A)	12,994,911	2,906,492
Basic / Weighted average nos. of Equity shares outstanding during the year (B)	200,000	200,000
Nominal Value of Equity Shares	10	10
Basic /(Diluted) Earning per share (A/B)	64.97	14.53
8 Payment provided for or made during the year to Directors :		
Salary to Executive Director (Plus regular PF benefits)		
Shri V.S. Maydev	Nil	551667
Shri C.B. Patil	235,035	Nil

SINNAR BIDI UDYOG LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED ON 31ST MARCH 2012.

	31.03.2012	31.03.2011
	RUPEES	RUPEES
9. Segment Reporting:		
a) Primary Segment :		
The company considers Tobacco Products and Tobacco as one business segment		
b) Secondary Segment :		
All the sales of the company are in the Indian Market and hence, there are no reportable geographical segments.		
10. Impairment of Assets (AS:28) : Required provision has been made for impairment of fixed assets.		
11. Contingent Liabilities & Contingent Assets (AS:29) : In the opinion of the management , no provision is required against contingent liabilities referred in Note 26(1).		
12. Future Lease Obligations		
The company has entered into various operating lease agreements and the amounts paid under such agreements have been charged to revenue as rent under Note 24. All these agreements are cancellable in nature.		
13. Value Imported and Indigenous Material Consumed.		
Raw Materials Consumed		
Imported	Nil	Nil
Percentage	Nil	Nil
Indigenous	1,039,482	11,183,509
Percentage	100%	100%
Purchase of Stock- in-Trade		
Imported	Nil	Nil
Percentage	Nil	Nil

Indigenous	33,376,446	1,159,476
Percentage	100%	100%

14. Earning and Expenditure in Foreign Currency Nil Nil

SINNAR BIDI UDYOG LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED ON 31ST MARCH 2012.

	2011-2012 RUPEES	2010-2011 RUPEES
15. RELATED PARTY DISCLOSURES :		
RELATED PARTIES WITH WHOM THE COMPANY HAD TRANSACTIONS, ETC		
(i) Associates / Entities in which Promoters are able to exercise significant influence :		
1. Rasbihari Enterprises Ltd		
2. Vidarbha Bidi Ltd		
3. Yogi Ayurvedic Products Pvt Ltd		
4. Tip Top Health Zone Pvt.Ltd.		
5. STS Exports Ltd		
6. M/s. S.K. Sarda		
7. Sungrowth Manpower Services Pvt Ltd.		
8. City Centre Mall (Nasik) Pvt. Ltd.		
9. Sarda Milk & Agro Produce Pvt. Ltd.		
(ii) Relatives / Members of Promoter Group :		
1. Shri K B Sarda.		
2. Sau K.K.Sarda.		
3. Shri S K Sarda .		
4. Sau. S.S.Sarda.		
5. Sau.S.V.Sisodiya.		
6. Madura A.Saboo.		
(iii) Key Management Personnel :		
Shri C.B.Patil		
Sr No.	(Rs.)	(Rs.)
Nature of Transaction (Excluding reimbursement) :		
1. Income / Receipts		
Sales / Income from Operations	4,166,427	37,016,027
Sale of Fixed Assets	20,045,000	0
Other Income	107,193	144,000
2. Expenditure / Payments		
Raw Material Purchase	0	8,042,410
Payments to and provision for employees	235,035	551,667
Other Expenses (Rent)	252,300	249,800
3. Closing Balances		
Assets		
Trade Receivables	1,270,671	0
Investments	4,368,591	4,368,591

Security Deposit	285,000	285,000
Liabilities		
Other Payables	Nil	Nil

16. Figures for the previous year have been re-arranged to confirm with the revised presentation of the accounts.
