

**Directors' Report .**

(Pursuant to section 134 (3) of Companies Act, 2013)

Ladies and Gentlemen,

Your Directors have pleasure in presenting their forty first report along with the audited accounts for the year ended 31<sup>st</sup> March 2015.

<b>Financial Results</b>	<b>2014-15</b> (Rs. Lacs)	<b>2013-14</b> (Rs. Lacs)
<b>Profit/ (Loss) Before tax</b>	11.48	40.29
Less: Provision for current tax	7.70	19.00
Provision for Deferred tax	0.42	(5.19)
Prior Period Adjustment Taxation	(1.81)	(2.58)
<b>Profit/ (Loss) After tax</b>	5.17	29.07
Add: Balance from previous year	200.11	171.04
Less: Depreciation for earlier year	1.89	--
Less: Deffered Tax on earlier year depreciation	(0.58)	--
<b>Balance Carried to Balance Sheet</b>	<b>203.97</b>	<b>200.11</b>

**Business Operations:**

The major activity carried on by the Company during the year ended 31st March, 2015 was trading of Tobacco and processing of Tobacco. The sales turnover from Tobacco trading and processing was Rs.795.55 lacs during the financial year ended 31st March 2015, as against Rs.690.81 lacs in the previous financial year. There was no trading of Tendu leaves during the reporting period, as against the turnover of Rs.482.23 lacs from that activity during the previous year. In the forthcoming period, the company plans to continue the activities of processing and trading of Tobacco.

**Meetings of Directors:**

During the financial year 2014-15, the Board of Directors of the Company met ten times. The details of the Board meetings and the committee meetings held during the year are contained in the corporate governance report annexed. The maximum interval between any two meetings did not exceed 120 days.

**Board of Directors:**

The Company has an optimum composition of Directors in accordance with section 149 of the Companies Act, 2013 and the listing agreement which comprises of following:

One Non Exccutive Chairman

Two Independent Directors

One Whole Time Director and CFO

One Non-Executive Woman Director and

One Non-Executive Director

During the year, Ms. Bharati Sancheti was appointed as an Additional Director at the Board Meeting held on 26th September 2014. She holds office upto the ensuing annual general meeting as per the provisions of section 161(1) of the Act. It is proposed to appoint her as Director liable to retire by rotation subject to the approval of Shareholders at the Annual General Meeting.

During the year, Mr. C.B.Patil, Whole Time Director (WTD) of the company resigned as WTD with effect from 4th March, 2015; however, continues to be Non Executive Director and Chairman of the Board.

During the year, resignation of three directors; Mr. L.M. Karwa, Mr. N.L.Patil and Mr. S.P.Patil was recorded on 4th March, 2015. The Board places on record its sincere appreciation for the services and support rendered by the directors during their tenure.

Mr.M.D.Deshpande was appointed as the Whole Time Director and the CFO of the Company during the FY 2014-15, on 31st March 2015. His salary for the period of three years with effect from 1st April 2015 has been approved by the Board. A resolution for approval of the salary of the WTD will be placed before the members at the ensuing AGM.

**Directors retiring by rotation and re-appointment:**

In terms of provisions of section 152(6)(a) of the Companies Act, 2013, Mr. C.B.Patil, director retires by rotation and being eligible offers himself for reappointment.

**Independent Directors:**

The company has appointed Mr. Dhanpal Shah and Mr. Shirish Shah as Independent Directors in the Extra Ordinary General Meeting held on 30th March, 2015. The directors have given a declaration under section 149(7) of the Companies Act, 2013 that they meet the criteria of independence. The letter of Appointment of the Independent Directors is available on the website of the Company.

**Familiarisation programme for Independent Directors:**

The company is in the process of making and implementing the familiarisation program for the independent directors. The company while formalising the program will make sure that the independent directors get familiarised with the company, their roles, rights, responsibilities in the company, nature of the industry in which the company operates, business model of the company.

**Code of conduct for Board Members and Senior Managerial Personnel:**

The company has framed a code of conduct for all the Board members and senior management of the company. All the Board members and senior managerial personnel affirm the compliance with the code on annual basis.

**Reappointment of Statutory Auditors:**

Mr. S.D.Bedmutha, Chartered Accountant, Nashik was appointed as the Auditor for a period till the conclusion of the next Annual General Meeting, at the 40th Annual General Meeting held on 11th September, 2014. The auditor has held the office as Statutory Auditor for a period of 2 years till the FY 2014-15. In accordance with the provisions of section 139(2) read with rule 6 of the Companies (Audit and Auditors) Rules, 2014, the auditor is to be appointed for a period of 5 years, subject to ratification by members every year. As the Auditor has already completed the tenure of 2 years, he is eligible for a term of 3 years; i.e from the conclusion of 41st Annual General Meeting till the conclusion of 44th Annual General Meeting, subject to ratification by the members at every annual general meeting. The company has received written consent from the auditor to the proposed appointment and certificate to the effect that he satisfies the criteria provided in section 141 of the Act.

**Dividend:**

With a view to retain the profits for further growth, the directors do not recommend any dividend.

**Amount carried to the reserves:**

The Directors proposed to retain the entire amount of profit after tax in the Profit and Loss Account of the Company.

**Corporate Social Responsibility:**

The provisions of section 135 of the Companies Act, 2013 regarding the Corporate Social Responsibility are not applicable to the company. However, the Board of Directors recognize the Company's Social obligations and may incur the expenses on CSR activities voluntarily,

whenever they deem fit.

**Extract of Annual Return:**

The Extract of Annual Return as prescribed under section 92(3) of Companies Act, 2013 is annexed to the Boards Report in Form MGT-9 as Annexure - 1.

**Audit Committee:**

The Audit Committee has been reconstituted on 31st March, 2015 with the appointment of Independent Directors. The Board has accepted the recommendations of the Audit Committee from time to time.

**Vigil Mechanism/ Whistle Blower Policy:**

The Company has established a vigil mechanism policy for the directors and its employees to report genuine concerns about the illegal and unethical practices and behavior, actual or suspected fraud or the violation of the Company's Code of Conduct or the ethics policy and the said policy is posted on the website of the Company. The Policy is established under section 177(10) of the Companies Act, 2013.

**Directors' Responsibility Statement:**

The Directors confirm that -

- i In preparation of the Annual Accounts, the applicable accounting standards have been followed and no material departures have been made from the same;
- ii They have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent, so as to give a true and fair view of the state of affairs of the Company as on 31st March 2015 and the profit of the Company for the year ended on that date.
- iii They have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv They have prepared the annual accounts on a going concern basis;
- v They have laid down internal financial controls for the Company, and such internal financial controls are adequate and operating effectively, and
- vi They have devised proper systems to ensure compliance with the provisions of all applicable laws and, which, in the opinion of the Board, are adequate and operating effectively.

**Loans, Guarantees and Investments:**

The Company has not given any loans or guarantee or provided security in connection with loan to any other body corporate or persons as governed under the provisions of section 186 of the Companies Act, 2013. The Company has neither acquired nor purchased any securities of any other body corporate during the financial year.

**Material Changes and Commitments:**

There are no material changes or commitments affecting the financial position of the Company occurring between the end of the Balance Sheet Date and the date of this report.

**Related Party Transaction:**

The statement of related party transaction is attached to the Board's Report in form AOC-2 as Annexure – 2.

**Conservation of Energy, Technology, Foreign Exchange Earnings and Outgo :**

The Company has taken steps for conservation of energy at its processing plant and office premises. The activities of the Company offer less scope for absorption of Technology.

There was no foreign exchange earning or outgo during the financial year under consideration.

**Change in the nature of the Business:**

During the year under consideration, the company has not made any changes in the nature of its business.

**Subsidiary, Associates and Joint Venture Companies;**

The Company has three associate companies:

1. Yogi Ayurvedic Products Private Limited,
2. Vidarbha Bidi Limited,
3. Tip Top Health Zone Private Limited.

None of the other companies became the subsidiary, joint venture, or Associates companies of the company nor they ceased to be its subsidiary, joint venture or associate. The details of investments held in Associates Companies is annexed to the Board's Report in form AOC-1 as Annexure - 3.

**Deposits:**

The company has not accepted any deposits in the financial year either from Members or public in terms of section 73 and 76 of the Companies Act 2013.

The deposits remaining outstanding on the Commencement of Companies Act, 2013 which the company was required to repay within the time limits specified in section 74, have been repaid by the Company in full.

**Significant and Material Orders passed:**

There were no significant and Material orders passed by any regulators, courts or tribunals which has an impact of affecting the company's going concern status and operation of the company in the Future.

**Internal Complaints Committee:**

As required under Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, the company has constituted an Internal Complaints Committee. The company has not received any cases/ complaints under the same.

**Remuneration of Directors and employees' remuneration :**

The disclosures as required under section 197 of the Companies Act, 2013 and rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are provided in Annexure – 4.

**Nomination and Remuneration Policy :**

The company has framed the nomination and remuneration policy for the remuneration payable to the Key Managerial and Senior Managerial Personnel. The salary payable to the WTD and CFO is as per the Nomination and Remuneration Policy. The Nomination policy also lays down the criteria for formal annual evaluation of the performance of the Board. The same is attached to the Board's Report as Annexure -5.

**Secretarial Audit Report :**

During the year the company has appointed J.H. Ranade and Associates, Company Secretaries, Thane to conduct the secretarial audit. The Secretarial Audit Report in form MR-3 is attached to the Board's Report.

**Cost Audit :**

The provisions for audit of the cost records were not applicable to the Company during the financial year ended 31<sup>st</sup> March 2015.

**Statutory Audit Report :**

There are no adverse comments or remarks in the Statutory Audit Report, which require clarification from the directors.

**Secretarial Audit Report :**

Regarding the remark in the secretarial audit report regarding the appointment of CFO and Company Secretary, is hereby clarified that the appointment of CFO has been made at the Board meeting held on 31<sup>st</sup> March, 2015; the effective date of appointment being 1<sup>st</sup> April, 2015. Further, the Company is in search of suitable candidate to be appointed as its Company Secretary and will appoint one at the earliest.

**Status of Company's Affairs :**

During the year, there was no change in the status of the company. The company is listed entity and going concern. The shares of the Company continue to be listed on the Bombay Stock Exchange. As the Pune Stock Exchange Limited surrendered its licence with effect from 31<sup>st</sup> May, 2014 the shares of the Company have been delisted from that stock exchange.

**Risk Management Policy :**

The Board has formulated a risk management policy for the company, identifying the areas of risk for the Company and the same has been implemented.

**Formal Annual Evaluation of performance of Board, its Committees and the individual Directors:**

The nomination and remuneration policy lays down the criteria for formal annual evaluation of the performance of the Board and the individual directors. Accordingly the company has evaluated the performance of the Board and the individual directors.

**Internal Financial Control with reference to financial Statements :**

The company has adequate internal financial control and procedures commensurate with the size of the company and the nature of its business. Also, the company has laid down set of standards, processes and structures which enables to implement internal financial control across the organization and ensure that the same are adequate and operating effectively.

**Disclosure regarding the receipt of commission by the Managing Director, Whole Time Director from the company, its holding or subsidiary company:**

The Whole Time Director does not receive any commission from the company or its associate companies.

**Corporate Governance :**

As per the SEBI Circular having reference number CIR/CFD/POLICY CELL/7/2014, dated September 15, 2014, compliance with the provisions of Clause 49 shall not be mandatory, for the time being, in respect of Companies having paid up equity share capital not exceeding Rs.10 crore and Net Worth not exceeding Rs.25 crore, as on the last day of the previous financial year. As the Company falls in the above category, compliance with Clause 49 of the listing agreement is not mandatory for it. However, the Company has the corporate governance policy in place and therefore, voluntarily, complied with the provisions. The Company has obtained report on Corporate Governance from M/S J.H.Ranade & Associates, Companies Secretaries. The said report is attached to the Boards Report.

**Acknowledgment :**

Yours directors take the opportunity to place on record their appreciation for the devoted services of the employees at all levels throughout the year. The directors also wish to place on record their appreciation for the assistance and continued co-operation extended by the various Government and Non-Government Authorities and the Bankers of the Company.

For and on Behalf of Board of Directors,  
For Sinnar Bidi Udyog Limited

sd/-

sd/-

Place : Nashik

Date: 29<sup>th</sup> May, 2015

Mr. M.D.Deshpande

WTD and CFO

Mr. C.B.Patil

Chairman