

**Directors' Report .**

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

**Ladies and Gentlemen,**

Your Directors have pleasure in presenting their 42<sup>nd</sup> report along with the audited accounts for the year ended 31<sup>st</sup> March 2016.

<b>Financial Results (Rs. In Lacs)</b>	<b>2015-16 (Rs. In Lacs)</b>	<b>2014-15</b>
<b>Profit/ (Loss) Before tax</b>	<b>41.19</b>	<b>11.48</b>
Less: Provision for current tax	12.60	7.70
Provision for Deferred tax	0.02	0.42
Prior Period Adjustment Taxation	–	(1.81)
Provision for dimunition in the value of Investment	7.25	--
<b>Profit/ (Loss) After tax</b>	<b>21.32</b>	<b>5.17</b>
Add: Balance from previous year	203.97	198.80
<b>Balance Carried to Balance Sheet</b>	<b>225.29</b>	<b>203.97</b>

**Business Operations:**

The Company carried on the activity of trading of Tobacco and processing of Tobacco during the year ended 31<sup>st</sup> March, 2016. The sales turnover from Tobacco trading and processing was Rs.1005.20 lacs during the financial year ended 31<sup>st</sup> March 2016, as against Rs.831.48 lacs in the previous financial 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 2015-16, the Board of Directors of the Company met **Nine** times. 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

Mr. Laxminarayan Mohanlal Karwa was appointed as an Additional Director at the Board Meeting held on 30<sup>th</sup> June 2016. He holds office upto the ensuing annual general meeting as per the provisions of section 161(1) of the Act. It is proposed to appoint him

as Director liable to retire by rotation subject to the approval of Shareholders at the Annual General Meeting.

Mr. Shirish Bansilal Shah resigned as Independent Director of the Company due to his personal commitments w.e.f. 30<sup>th</sup> June 2016.

Board recorded sad demise of Mr. Chandrasingh Bhagwan Patil on 11.06.2016. The Board places on record its sincere and deep appreciation for the valuable services rendered by Late Chandrasingh Bhagwan Patil during his tenure as a Director of the Company.

It is proposed to appoint Mr. Rajendra Nemichand Tatiya as an Independent Director at the Annual General Meeting, for a term up to 14<sup>th</sup> September 2021.

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

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

**Familiarisation programme for Independent Directors:**

The company is in the process of making and implementing the familiarisation programme for the independent directors. The company while formalising the programme 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 of three years, i.e from the conclusion of 41<sup>st</sup> Annual General Meeting till the conclusion of 44<sup>th</sup> 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. The matter for ratification of appointment of auditors is placed before the members.

**Dividend:**

With a view to retain the profits for further growth, the directors do not recommended 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 31<sup>st</sup> March, 2016 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 behaviour, 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 31<sup>st</sup> March 2016 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 the 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 are operating effectively, and
- vi They have devised proper systems to ensure compliances 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 Transactions:**

The statement of related party transaction is attached to the Board 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 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:**

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

**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 2016.

**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 Company Secretary, is hereby clarified that the appointment of Company Secretary has been made at the Board meeting held on 31<sup>st</sup> August, 2015.

**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 only.

**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 organisation 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 form 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.

**Acknowledgement:**

Your directors take the opportunity to place on record their appreciation for the devoted servies 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**

**Place: Nashik**

**Date: 13<sup>th</sup> August, 2016**

**M.D.Deshpande**

**WTD and CFO**

**DIN: 00238917**

**B.S.Pawar**

**Director**

**DIN: 00155195**