

SINNAR BIDI UDYOG LIMITED.

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

Ladies and Gentlemen,

Your Directors have pleasure in presenting their 43rd report along with the audited financial statements (both standalone and Consolidated) for the year ended 31st March, 2017.

1. Financial Results:

The standalone financial results of the Company are as follows-

(Rupees in Lakh)

Particulars	F.Y. 2016-17	F.Y.2015-16
Net Sales	870.56	1005.22
Other Income	2.36	0.40
Total Income	872.92	1005.62
Manufacturing & other Expenses	869.18	971.68
Profit Before Tax	3.74	33.94
Current and Deferred Tax	3.34	12.62
Profit After Tax	0.40	21.32

2. Business Operations:

The Company carried on the activity of trading of Tobacco and processing of Tobacco during the year ended 31st March, 2017. The sales turnover from Tobacco trading and processing was Rs.870.56 lacs during the financial year ended 31st March 2017, as against Rs.1005.20 lacs in the previous financial year. In the forthcoming period, the company plans to continue the activities of processing and trading of Tobacco.

3. Dividend:

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

4. 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.

5. 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.

6. Status of Company's Affairs:

During the year, there was no change in the status of the company. The company is a listed entity and going concern. The shares of the Company continue to be listed on the Bombay Stock Exchange only.

7. Significant and Material Orders passed:

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

8. 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.

9. Board of Directors:

The Composition of Board of Directors of the Company is in accordance with the Companies Act 2013. During the year following changes took place in the Board of Directors of the Company:

Sr No	Name of Director	Date	Particulars of the change
1	Chandrasingh Patil	11 th June 2016	Cessation
2	Laxminarayan Karwa	30 th June 2016	Appointed as Additional Director
3	Shirish Shah	30 th June 2016	Resignation
4	Rajendra Tatiya	14 th September 2016	Appointed as Independent Director
5	Laxminarayan Karwa	14 th September 2016	Change in Designation as Director

10. Meetings of Directors:

During the financial year 2016-17, the Board of Directors of the Company met 7 times on 30 May 2016, 30 June 2016, 12 August 2016, 13 August 2016, 11 November 2016, 11 February 2017 and 31 March 2017. The maximum interval between any two meetings did not exceed 120 days. The details of attendance of Directors for Board as well as Committee meetings is attached to Boards Report as Annexure- 1.

11. Audit Committee:

The Audit Committee Comprises of three Directors namely Mr. Dhanpal Shah (Independent Director), Mr. Rajendra Tatiya (Independent Director) and Mr. Madhav Deshpande (Whole Time Director and Chief Financial Officer).

The audit committee duly met 4 times on 30 May 2016, 12 August 2016, 11 November 2016 and 11 February 2017.

The Board has accepted all the recommendations of Audit Committee.

12. Nomination and Remuneration Committee:

The Nomination and Remuneration Committee comprises of Mr. Bhausahab Pawar, Ms. Bharati Sancheti, Mr. Dhanpal Shah and Mr. Rajendra Tatiya.

The committee met 2 times on 20 June 2016 and 2 August 2016.

13. Shareholders Committee:

The committee comprises of Ms. Bharati Sancheti and Mr. Bhausahab Pawar.

The committee duly met 12 times on 4 April 2016, 11 July 2016, 1 August 2016, 19 September 2016, 26 September 2016, 10 October 2016, 17 October 2016, 24 October 2016, 19 December 2016, 2 January 2017, 23 January 2017, and 20 March 2017.

14. Meeting of Independent Directors:

The Seperate meeting of Independent Directors of the Company was held on 25 March 2017 in terms of Schedule IV of the Companies Act 2013.

15. Directors retiring by rotation and re-appointment:

In terms of provisions of section 152(6)(a) of the Companies Act, 2013, Mr. Madhav Deshpande and Ms. Bharati Sancheti , directors, retire by rotation and being eligible have offered themselves for reappointment.

16. Declaration by Independent Directors:

The Company has received the Declarations from its Independent Directors pursuant to section 139(7) to the effect that they meet the criteria of Independence and the same is duly recorded in the first Board meeting.

17. 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.

18. 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.

19. 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.

20. Remuneration of Directors and employees:

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 – 2.

21. 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 and Company Secretary 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-3.

22. 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.

23. 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.

24. 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.

25. Ratification of Appointment 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 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. The matter for ratification of appointment of auditors is placed before the members at the annual general meeting.

26. Statutory Audit Report:

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

27. Secretarial Audit Report:

During the year the company has appointed M/s JHR & Associates, Company Secretaries, Thane to conduct the secretarial audit. The Secretarial Audit report does not contain any adverse comments or remarks. The Secretarial Audit Report in form MR-3 is attached to the Board's Report.

28. Cost Audit:

The provisions for audit of the cost records were not applicable to the Company during the financial year ended 31st March 2017.

29. 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.

30. 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-4.

31. 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 2017 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 and were operating effectively,
- 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.

32. 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.

33. Related Party Transactions:

The statement of related party transaction is attached to the Board Report in form AOC-2 as Annexure -5.

34. Subsidiary, Associates and Joint Venture Companies;

The Company has two associate companies:

1. Vidarbha Bidi Limited
2. Tip Top Health Zone Private Limited.

===== SINNAR BIDI UDYOG LIMITED. =====

The Company has sold the Shares held in Yogi Ayurvedic Products Private Limited (being the Associate Company). Hence, the Company Yogi ceases to be its Associate Company.

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 Associate Companies is annexed to the Board Report in form AOC-1 as Annexure-6.

35. 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.

36. 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.

37. 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.

38. 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.

39. Corporate Governance:

As per the Regulation 15(2) of the SEBI (LODR) Regulations 2015, as the paid up equity share capital and Net worth of the Company is less than the limits mentioned in the regulations, compliance under Regulation 27(2) of the SEBI (LODR) Regulations, 2015 is not applicable to the Company.

As such, the requirement for submitting report on Corporate Governance is not applicable to the Company and hence it does not form a part of this report.

40. Acknowledgment:

Your 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
Sinnar Bidi Udyog Limited**

**M. D. Deshpande
Chairman, Whole Time Director and CFO
DIN: 00238917**

**Place: Nashik
Date: 29 May 2017**