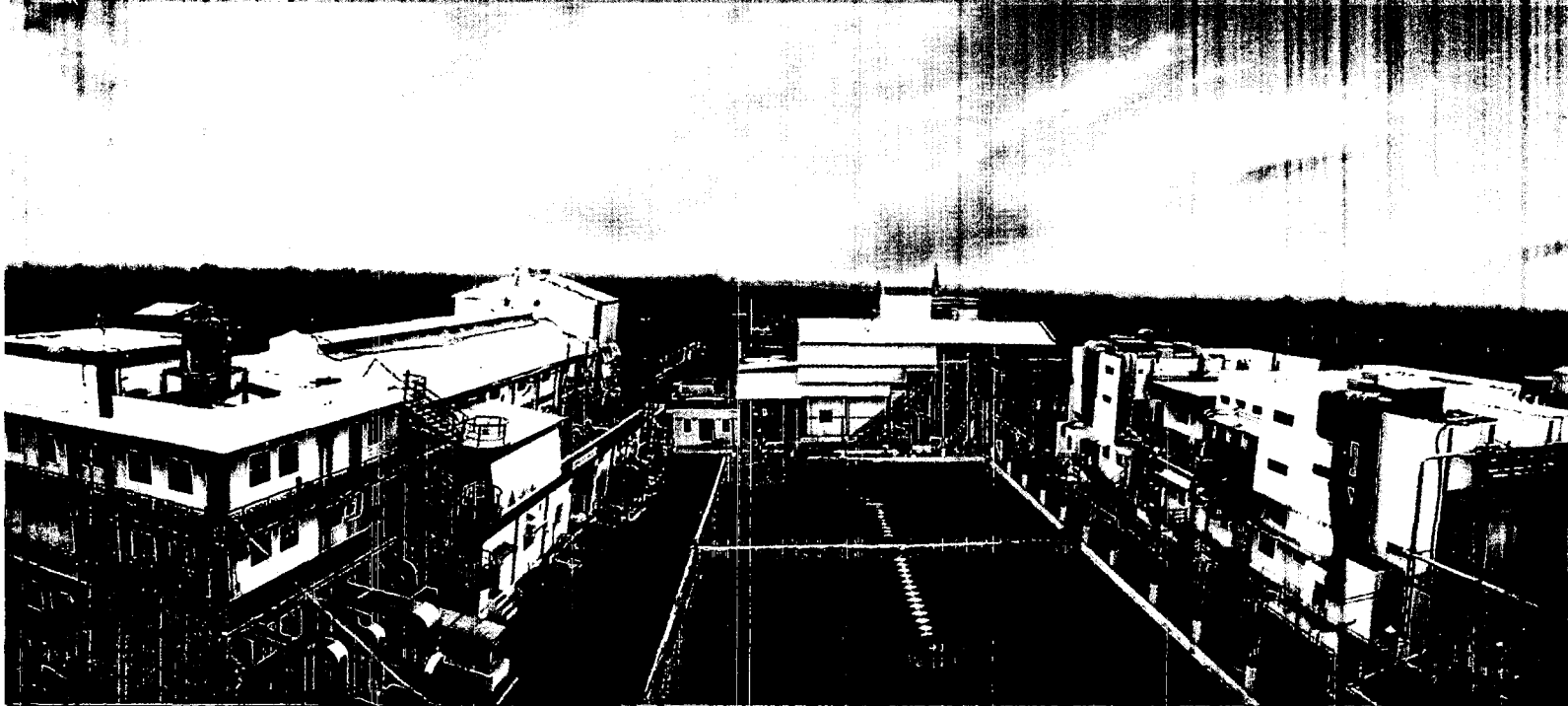


Smruthi Organics Limited



Manufacturers of

API

Facilities
Approved by

USFDA
cGMP-WHO
(European)

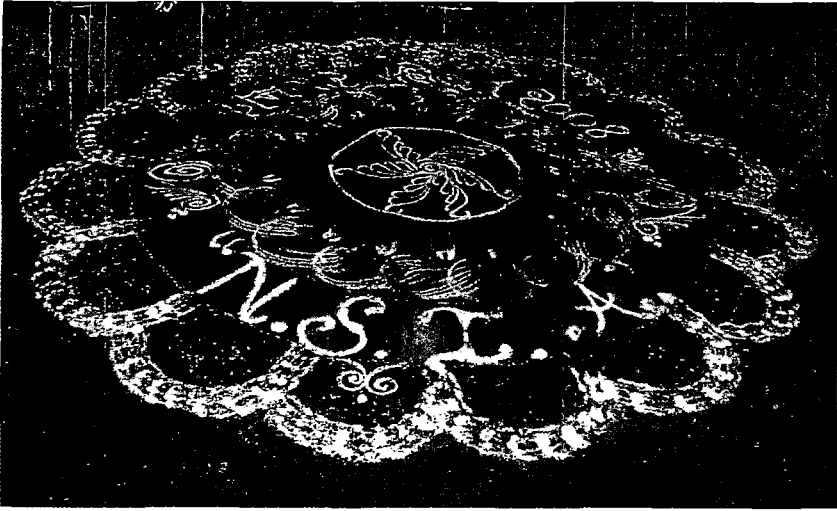
Services

Contract
Manufacturing
Custom
Synthesis

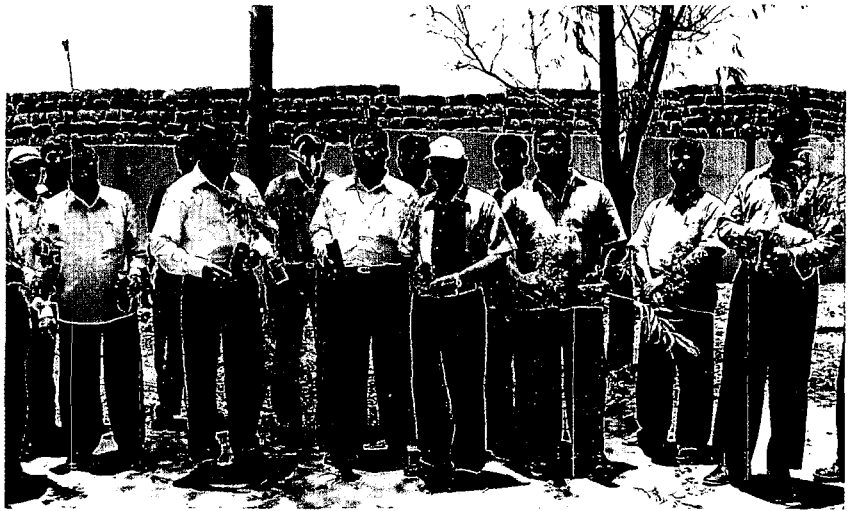


19th Annual Report
2007-2008

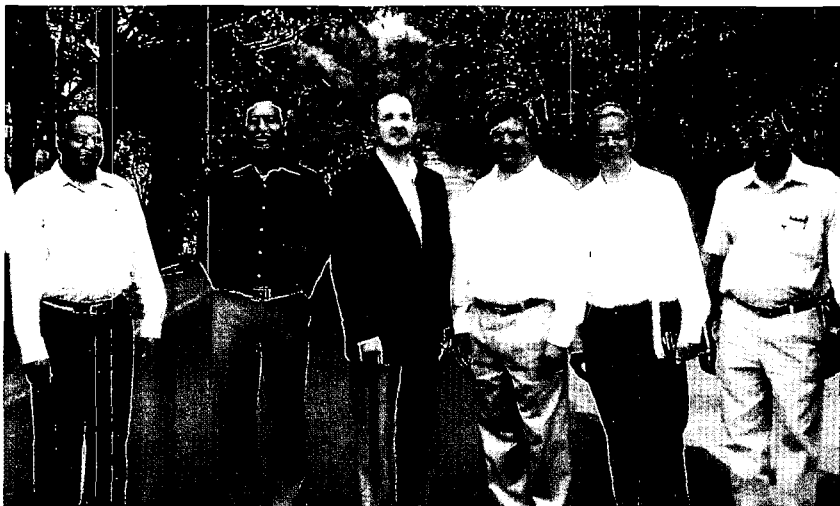
www.smruthiorganics.com



Welcome - Rangoli



Tree Plantations on world Environment day



Customer Visit From USA

Board Of Directors

- Mr. E. Purushotham - Chairman & Managing Director
- Mrs. E. Vaishnavi
- Mr. E. Niranjana Rao
- Dr. Nagender Yerram
- Mr. P. K. Kumaran
- Mr. R. Ramaswamy
- Mr. J.H.Ranade

Registered Office

165-A, Balaji Bhavan,
1st Floor, Railway Lines,
Solapur 413 001.

Factories

Unit - I

Plot No. 273/274,
MIDC, Akkalkot Road,
Solapur 413006.

Unit - II

Plot No. A-27, MIDC Area,
Chincholi, Post Kondi,
Taluka Mohol,
Dist. Solapur.

Auditors

Ashok Madgundi & Co,
Chartered Accountants,
210/A/1, Sakhar Peth,
Near Kanya Prashala,
Solapur 413 005.

Bankers

State Bank of India
Industrial Finance Branch,
World Trade Centre,
Mumbai 400 005.

State Bank of India
Station Road Branch,
Solapur 413 001.

NOTICE

Notice is hereby given that the **19th Annual General Meeting** of the Members of **Smruthi Organics Limited** will be held at **Hotel City Park**, (Shamiyana Hall), 119, Murarji Peth, Opp. Hutatma Chowk, Solapur 413001 on Tuesday, **16th day of September 2008 at 12.30 p. m.** to transact the following business.

ORDINARY BUSINESS

1. To receive, consider and adopt the Profit and Loss Account for the year ended on 31st March, 2008 and the Balance Sheet as at that date and the Report of the Auditors and Directors thereon.
2. To declare a dividend on Equity Shares.
3. To appoint a Director in place of Mr. R. Ramaswamy who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Mr. P. K. Kumaran who retires by rotation and being eligible offers himself for re-appointment.
5. To appoint Ashok Madgundi and Co. Chartered Accountants, as Auditors of the Company to hold office from the conclusion of this meeting to the conclusion of the next Annual General Meeting and to authorize the Board of Directors to fix their remuneration.

Place : Solapur

Date : 30/07/2008

For & on behalf of the Board
Sd/-

E. Purushotham
(Chairman & Managing Director)

NOTES

1. A member entitled to attend and vote is entitled to appoint one or more proxies to attend and vote on a poll, instead of himself / herself. A proxy need not be a member of the Company. Proxies in order to be effective must be received by the Company not later than forty-eight hours before the commencement of the meeting.
2. The dividend, if declared at the Annual General Meeting will be paid to those shareholders whose names appear in the Register of Members as on 16th September 2008.
3. The Register of Members and Share Transfer Books of the Company will remain closed from 8th September 2008 to 16th September 2008 (both days inclusive).
4. Shareholders intending any information to be explained in the meeting are requested to inform the Company at least 7 days in advance in order to enable the Company to make available the required information.

Place : Solapur

Date : 30/07/2008

For & on behalf of the Board
Sd/-

E. Purushotham
(Chairman & Managing Director)

DIRECTORS REPORT TO THE SHAREHOLDERS

Dear Members,

Your Directors have pleasure in presenting their **19th** Annual Report and Audited Statements of Account for the financial year ended 31st March, 2008.

(Rs. in Lacs)

Financial Results	Current Year 2007-2008	Previous Year 2006-2007
<u>Gross Sales</u>		
Gross Sales	<u>5546.36</u>	<u>5395.07</u>
Net Sales & Other Income	5214.44	4985.64
Operating Profit before Interest & Depreciation	852.46	836.62
Less : Interest	<u>344.05</u>	<u>233.89</u>
Gross Profit	508.41	602.73
Less : Depreciation	<u>298.76</u>	<u>292.23</u>
Profit Before Tax	209.65	310.50
Less : Provision for Taxation (Incl.FBT)	20.10	42.15
Less : Deferred Tax	00.67	34.48
Less : Dividend & Dividend Tax	66.96	107.18
Add : Income-Tax Refund as per Computation 06-07.	08.24	19.07
Less : Short Provision of Dividend Tax Of earlier yr.	04.51	00.00
Less : Transfer to General Reserve	20.10	23.39
Add : Balance in Profit & Loss A/c. Brought forward	<u>492.47</u>	<u>370.10</u>
Balance carried to Balance Sheet	598.02	492.47

a) Sales: -

The Gross Sales for the year amounted to Rs. 5546.36 lacs as against Rs. 5395.07 lacs for the previous year, showing marginal increase of 2.80 %. The turnover in terms of quantity was however higher at 1332 MTs as against 876 MTs in the previous year showing an increase of 52.05 % in the year which indicates tremendous pressure on selling prices due to competitive forces and unfavourable product mix on one hand while increase in raw material prices primarily on account of spurt in petroleum prices on the other hand. Increase in interest rates emanating from inflationary economic conditions was yet another reason for lower profits which the company earned in spite of making substantial gain in foreign currency transactions. Partial conversion of existing manufacturing plant into EOU resulted in reduced liability for Income Tax.

b) Exports:-

Exports for the year ended on 31st March 2008 stood at Rs.2593.89 lacs as compared to Rs. 2478.92 lacs for the year ended on 31st March 2007. The Company has registered growth of 4.64 % in Exports compared to the previous year.

Directors hope that the efforts initiated by the management for improving sales mix and control over expenses shall yield better results in terms of sales turnover and profitability. It is hoped that with USFDA approved manufacturing facilities, the company shall further be able to secure long term, high volume and value sales contracts from reputed US and European companies which will help to improve plant efficiencies and resultantly profitability.

HUMAN RESOURCE DEVELOPMENT (HRD) & INDUSTRIAL RELATIONS

The Company has evolved its own HRD Program so as to upgrade skills and competencies of its people. Training programs both within the Company, with the help of outside experts and outside the Company are being organized at regular intervals.

The Company continues to have cordial and harmonious relations with its employees. Employees have been supportive in the business operations. Your Directors place on record their appreciation for the commitment, dedication and hard work put in by the employees of the Company.

QUALITY, SAFETY & ENVIRONMENT

Company continuously upgrades the quality systems by providing a team of Quality Assurance (QA) headed by General Manager (QA) and retained the certifications of ISO and cGMP-WHO, USFDA and European GMP approvals.

The QA monitors day-to-day operations as per SOP and continuously improves the facilities to maintain highest quality, safety and be environmental friendly at the same time. Our company is motivating employees by conducting poster, slogan and essay competitions on safety day and encouraging continuous suggestions for improvement of overall environment, health and safety (EHS). Various departments are participating in drive to achieve zero-accident working environment.

RESEARCH AND DEVELOPMENT (R & D)

R & D has been strengthened further by the recruitment of experienced scientists and upgrading the facilities from bench to production levels. Our dedicated team of scientists is working to develop several new products under custom synthesis tie-ups with Europe, USA and Japan.

DIVIDEND

Having regard to the disposable profits, your Directors recommend dividend @15% for the year ended on 31st March 2008, subject to the approval of the Shareholders in Annual General Meeting. The total amount of dividend outgo (inclusive of dividend distribution tax) will be Rs.66.95 lacs.

DIRECTORS

Mr. R. Ramaswamy and Mr. P.K. Kumaran, Directors of the Company retire by rotation at the Annual General Meeting and being eligible offer themselves for re-appointment. Members are requested to reappoint them as the Directors of the Company.

DIRECTORS' RESPONSIBILITY STATEMENT

In accordance with the requirements under Section 217 (2AA) of the Companies Act 1956 with respect to the Directors' Responsibility Statement, it is hereby confirmed:

- i) that in the preparation of accounts for the financial year ended on 31st March 2008, the applicable accounting standards have been followed along with proper explanation relating to material departures.
- ii) that the Directors have selected such accounting policies and applied consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of financial year and of the Profit of the Company for the year under review.
- iii) that the Directors have taken proper and sufficient care 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.

iv) that the directors have prepared the annual accounts for the year under review on a going concern basis.

CORPORATE GOVERNANCE

The Company has complied with the mandatory requirements of the code of Corporate Governance as detailed in clause 49 of the Listing Agreement.

Corporate Governance Report is enclosed as a part of the Annual Report along with the certificate from the Statutory Auditors, M/s. Ashok Madgundi & Co, Chartered Accountants, Solapur confirming compliance of the code of Corporate Governance as stipulated in clause 49 of the Listing Agreement.

PARTICULARS OF EMPLOYEES

Particulars of Employees as required U/s 217 (2A) of the Companies Act, 1956 read with the Company's (Particulars of Employees) Rules 1975, as amended are given in Annexure and forms part of this Report.

COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF THE BOARD OF DIRECTORS) RULES, 1988

Information in accordance with Section 217(1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 is given in the annexure and forms part of this Report.

DEPOSITS

The Company has not accepted any Fixed deposits from public during the financial year 2007-2008.

COST AUDIT

The company's cost records for the year ended 31st March 2007 are being audited by Sevekari Khare and Associates Cost Accountants, Mumbai.

AUDITORS

M/s. Ashok Madgundi & Co., Solapur Statutory Auditors of the Company are due to retire at the ensuing Annual General Meeting. Members are requested to consider reappointing them and fix their remuneration.

Management Discussion And Analysis

Business of the Company - an overview

The company is engaged in the manufacturing and marketing of active pharmaceutical ingredients (API). The company also manufactures some drug intermediates, photography developing and specialty chemicals.

The company has two manufacturing sites: Unit I - MIDC Akkalkot Road and Unit II - MIDC Chincholi. Manufacturing of API is done at Unit II, while Unit I acts as a supporting unit to Unit II, engaged in manufacturing intermediates. Unit II is approved by the USFDA in 2007 and also certified by EU regulatory authorities for Norfloxacin, Metformin HCl and Carbidopa. The company has filed 4 drug master files (DMF) each in US and EU: Amlodipine Besilate, Carbidopa, Metformin HCl and Norfloxacin. EU regulatory body (EDQM) has awarded certificates of suitability (COS) for three products Carbidopa, Metformin HCl and Norfloxacin.

The company has established a strong marketing network in both US and EU markets with top global pharmaceutical companies. Although majority of the customers operate in the generic space, Smruthi also has business with large innovator Pharma companies. The company has entered into long term (5 years) multi product contracts with multiple clients and has secured substantial business. Owing to greater demand of several products, the company plans to file 8 more DMF each in US & EU this financial year.

FUTURE OUTLOOK

The company marketing, manufacturing and R&D have individual agendas of performance for the future. The marketing function is engaged in securing long term business focusing on contract manufacturing space. Manufacturing is optimizing plant capacities and focusing on cost control. Meanwhile, R&D is focusing on adding new molecules to complement our diabetic and cardiovascular portfolio.

The company has already entered into supply agreements for regulated markets covering various products with several customers. Smruthi is currently engaged in supporting its customers with registrations of its products with regulatory authorities worldwide. The supply of Smruthi's products to these markets has started. However, the growth in these markets will happen in phases reaching peak in 2010.

The company has identified manufacturing as its core competency with a focus on active pharmaceutical ingredients for the regulated markets. The company is leveraging its strength in manufacturing large volumes of high quality API. Smruthi is channelizing its efficiency to achieve leadership position in its products by capturing substantial market share. The company has identified core products and is continuously optimizing its operations to achieve an edge over competition and insulate itself from daily market fluctuations. These efforts will help Smruthi increase its market share and gain critical mass to grow in the highly competitive API business.

Smruthi has identified treatment of lifestyle diseases, focusing on the diabetic and cardiovascular segments, as potential growth avenue for the future. The company's R&D is developing molecules in these segments. Smruthi product portfolio will cover complete product family to develop complementing product lines. It will help us in establishing a brand in core product lines and also leverage economies of scale. The above activities will enable Smruthi to multiply its top and bottom lines over the coming future. By 2010, Smruthi will achieve critical mass to become a significant player in the API industry.

OPPORTUNITIES AND THREATS

With consolidation in the international pharmaceutical industry and growth in demand for lifestyle related products, the demand for API is increasing multifold. With several global Pharma companies adopting outsourcing policies, the opportunities in the contract manufacturing and research space are also growing. With India already established as a competitive supplier of API to the regulated markets, Indian companies are preferred source for global pharmaceutical companies.

The instability in raw material prices owing to basic commodities like crude oil, will also pose a threat on the bottom lines. Long term contracts have fixed prices with little room for negotiation over the term, which leaves the company exposed to get hit during heavy fluctuating phases in raw material prices.

Government policies are more focused on price control leaving very little margin for investing in future.

However, since Smruthi's revenue shares are increasingly coming from exports, we expect price controls to not impact our bottomline in the coming future.

INTERNAL CONTROL SYSTEMS :

The Company has adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to purchases of inventory, fixed assets and with regard to the sale of goods.

FINANCIAL PERFORMANCE

The Financial results and performance for the year are elaborated in the Directors' Report.

HUMAN RESOURCES AND INDUSTRIAL RELATIONS

Your Company attaches utmost priority to human resource development, with focus on regular up gradation of the knowledge and skills of all its employees and equipping them with the necessary expertise to meet the challenges of change and growth successfully. The Company continuously monitors its manpower requirement to ensure that it has adequate human skills commensurate with its needs. Initiatives have been taken with respect to managerial development of the employees.

The Industrial relations as stated in the Directors Report of the Company continued to be cordial during the year at all levels.

CAUTIONARY STATEMENT

Certain statements, estimates and expectations stated in this Management Discussion and Analysis are based on the current perceptions, data and information available with the Company and may be 'forward - looking statements' within the meaning of applicable securities laws and regulations. They reflect the company's current views of future events which are subject to risks and uncertainties, Important factors such as change in the competition scenario in the Company's areas of operations, economic conditions affecting demand/supply and prices situation in the domestic and international market, changes in government regulations , tax laws and other incidental factors may cause actual results to be materially different. The company assumes no responsibility to publicly amend, modify or revise any forward looking statements on the basis of any subsequent development, information or events.

APPRECIATION

The Directors wish to place on record their sincere appreciation to the Company's employees at all levels for their dedicated hard-work and also to the State Bank of India, and other institutions, Customers, Suppliers who have actively lent their support to the Company. The Director also expresses their gratitude to the Shareholders for their continued co-operation and support.

Place : Solapur
Date : 30/07/2008

For & on behalf of the Board
Sd/-
E. Purushotham
(Chairman & Managing Director)

**Form A : Disclosure of particulars with respect to conservation of energy
Power & Fuel Consumption**

Particulars	2007 - 2008	2006 - 2007
A) Electricity		
a) Units	3910927	3839478
b) Total Amt. Rs.	17124732	17147128
c) Rate/Unit Rs.	4.38	4.47
B) Coal		
a) Qty.Kgs.	148185	1105065
b) Total Amt. Rs.	511383	3715667
c) Average Rate Rs.	3.45	3.36
C) Diesel		
a) Qty. Ltrs.	158301	173053
b) Total Amt. Rs.	6315345	6737198
c) Average Rate Rs.	39.89	38.93
D) Wood		
a) Qty.Kgs.	484661	1171710
b) Total Amt. Rs.	712880	1928427
c) Average Rate Rs.	1.47	1.65
E) Baggas		
a) Qty.Kgs.	8789775	5292460
b) Total Amt. Rs.	4412412	3357256
c) Average Rate Rs.	0.502	0.634

B. Consumption per unit of Production

Company manufactures Bulk Drugs, Drug Intermediates, Fine Chemicals and Special Chemicals in the same plant. Production of a particular material depends on the market demand and supply and the quantities vary from time to time. All the products do not have the same in operational cycle, few products have two stages operations while the other products have multi-stages operations. As the product mix varies from time to time and all the utilities are common for all products, per unit energy cost cannot be calculated with precision.

Form B - Disclosure of Particulars with Respect to Technology Absorption & Innovation, Foreign Exchange Earnings & Outgo

1. Research and Development (R & D):

a) Specific area in which R & D has been carried out by the Company are :

- i) Existing Products : Improvement in the quality and modifications to meet the customer's changing requirements.
- ii) New grade of products : Development and market introduction.
- iii) Specialty products : Development and introduction of newer grades especially for exports.
- iv) Cost reduction by process improvement and energy saving work.
- v) Pollution Reduction Specific projects to reduce liquid, solid and gaseous waste.

2. Benefits derived as a result of the above R & D :

- i) Improvement in productivity and product quality.
- ii) Export promotion and Import substitution.
- iii) Improvement in Safety, environment protection and energy saving.
- iv) Cost reduction.
- v) Introduction of new products.

3. Future plan of action :

Continued stress and efforts in R & D to achieve improvement in productivity, efficiency, quality and reduction in energy and pollution.

4. Expenditure on R & D for 2007-08 and 2006-07 (Rs. In lacs)

Particulars	2007-08	2006-07
a) Capital	45.87	133.34
b) Recurring	86.16	40.95
Total	132.03	174.29

Total R & D expenditure as a percentage of total turnover :	2.60%	3.54%
---	-------	-------

1. Foreign Exchange Earning and Outgo

(Rs in lacs)

	2007-08	2006-07
a) Foreign Exchange Earning: Direct Export	2593.89	2478.92
b) Foreign Exchange outgo Raw Material Import	1510.00	1734.00
Traveling, Sales, Comm. & Exhibition Stall	35.32	22.35

INFORMATION UNDER SECTION 217 OF THE COMPANIES ACT. 1956

Report under the Companies (Particulars of Employees) Rules, 1975 as amended to date :

The particulars of employees under section 217(2A) of the Companies Act, 1956 is given below

Name & Designation	Gross Remuneation	Net (Rs)	Qualification	No. of Years Working	Past Experience Year
Mr. E. Purushotham Managing Director (51 Years) (Employed since inception)	2616000	1463500	M.Sc. (Org.)	20	7
Previous Employment :					
1) Standard Organics Limited as a Sr. Chemist R & D : 3 Years					
2) Someswara Organics (P) Ltd as a Director, Technical : 4 Years					

For & on behalf of the Board
Sd/-

Place : Solapur

Date : 30/07/2008

E. Purushotham
(Chairman & Managing Director)

CORPORATE GOVERNANCE REPORT

I) Company's Philosophy on Code of Governance :-

The Company's Philosophy on Corporate Governance envisages attainment of transparency and accountability in all spheres including its dealings with employees, shareholders, customers, vendors, lenders and others.

The Company believes that the system and the action lead to enhance the performance and shareholders value.

II) Board of Directors:

II. 1 Composition :

The Board of Directors comprises of 7 Directors as detailed below.

Category of Directors	Name of Directors
Promoters Executive	Mr. Purushotham Mr. E. Niranjan Rao
Promoters Non Executive	Mrs. E. Vaishnavi
Non-Promoters Non Executive	Dr. Nagender Yerram (I) Mr. P. K. Kumaran Mr. R. Ramaswamy (I) Mr. J. H. Ranade (I)

None of the Non Promoter Non Executive Independent Directors have any material pecuniary relationship or transactions with the company. None of the Directors on the Board are members of more than 10 committees or chairman of more than 5 committee as specified in clause 49 amongst all companies in which they are Directors

II. 2 Meetings and Attendance:

Five Board Meeting were held during the Financial Year on the following dates.

1) 22 nd April, 2007	4) 27 th October, 2007
2) 31 th July, 2007	5) 21 th January 2008
3) 24 th September 2007	

Details regarding attendance of the Directors at the Board Meeting held during the Financial Year 2007-2008 and at the last Annual General Meeting held on 24th September, 2007 are given on the next page

S.No.	Name	Designation	Status.	No. of Board Meeting Attendance	Attended at last AGM
1	Mr. E.Purushotham	Managing Director	Executive	5	YES
2	Mrs. E.Vaishnavi	Director	Non- Executive	5	YES
3	Mr. E. Niranjan Rao	Director	Executive	2	YES
4	Dr. Nagender Yerram	Director	Non- Executive	0	NO
5	Mr. P.K. Kumaran	Director	Non- Executive	3	NO
6	Mr. R. Ramaswamy	Director	Non- Executive	5	YES
7	Mr. J.H.Ranade	Director	Non-Executive	5	YES

The Board has laid down the Code of Conduct for all board members and senior managerial personnel of the company and the compliance of such code has been affirmed by them.

II.3) Details of Directors seeking appointment / re-appointment at the Annual General Meeting.

Name of the Director	Mr. R. Ramaswamy	Mr. P.K. Kumaran
Date of Birth	21.03.1941	03-01-1941
Date of Appointment	30-12-2005	30-12-2005
Expertise in Specific Functional Area	Technical - Quality Control	Marketing
Qualification	B.Sc.	B.Com, MBA
Directorship / Committee Memberships in other Companies	---	---
No. of shares held in the company	---	---

II.4) Remuneration to Executive Directors :

Amount in Rs.

Particulars	Mr. E. Purushotham Managing Director	Mr. E. Niranjan Rao Director
Salary & Other Allowances	24,00,000	9,24,000
Contribution to Provident & Other Funds	2,16,000	55,080
Commission	---	---

II.5) Remuneration to Non-Executive Directors: Nil (Except sitting fees)

Sitting Fees in Rs.

Name	Board	Audit Committee	Total
Mrs. E. Vaishnavi	25000	—	25000
Mr. P.K. Kumaran	15000	9000	24000
Mr. R. Ramaswamy	25000	15000	40000
Mr. J.H. Ranade	25000	15000	40000

Information placed before the Board of Directors

- 1) Quarterly results of the Company.
- 2) Status on compliance with all regulatory, statutory and material contractual requirements.
- 3) Safety and Environment matters.
- 4) Fatal or serious accidents.
- 5) Repayment position of term loans.

III. Audit Committee :

The Audit Committee constituted on 30th December 2005 enjoys all powers as mentioned in para II © of clause 49 of Listing Agreement. The scope of the Audit Committee includes all matters stated in para 2(d) of clause 49 of Listing Agreement. Composition of Audit Committee conforms to the requirements under listing agreement. Mr.P.K.Kumaran is chairman and Mr. R.Ramaswamy, Dr. Nagender Yerram and Mr. J.H. Ranade are other members of the committee.

Audit Committee meetings were attended by the Chairman and Managing Director and Statutory Auditors were invited for such meeting.

IV. Remuneration Committee :

The Remuneration Committee was constituted on 24th April 2006 for the purpose of approving remuneration of the managerial personnel as envisaged under the provisions of Companies Act 1956 and Listing Agreement. The main term of reference of the Committee is to approve the fixation / revision of remuneration of the Executive Directors of the Company and while approving :-

To take into account the financial position of the Company, trend in the industry, appointee's qualification, experience, past performance, past remuneration etc.

To bring out objectivity in determining the remuneration package while striking a balance between the interest of the Company and the Shareholders.

During the Financial Year 2007-08 no meetings of the committee were held.

Mr.P.K.Kumaran is chairman and Mr. R.Ramaswamy, Mr. J.H. Ranade and Dr. Nagendra Yerram are other members of the committee.

V. Shareholders / Investors Grievance Committee :

The Committee comprises of Mr.E. Purushotham, Chairman & Managing Director and Mr.E.Niranjan Rao, Director, the committee reviews all matters connected with Shareholders complaints, if any, like transfer of shares, non-receipt of Balance Sheet, non-receipt of dividend etc. During the year, there were no outstanding complaints from Shareholders. During the year 11 meetings & 12300 shares held in physical form were duly transferred.

VI. General Body Meeting :

Details of last three Annual General Meeting are given below:

Financial Year	Date	Venue	No.of Directors present
2004-05	26th Sept. 2005	Hotel Tripursundari, Solapur	3
2005-06	11th Sept. 2006	Hotel Tripursundari, Solapur	5
2006-07	24th Sept. 2007	Hotel Tripursundari, Solapur	5

Two special resolutions were passed at 18th Annual General Meeting.

No postal ballots were used / invited for voting at these meeting in respect of special resolution passed as there were no such provisions in the Companies Act, 1956.

VII. Disclosures :

1. There were no transactions, which were materially significant during the year with promoters, directors or their relatives that have potential conflict with the interest of the Company. Transactions with related parties are disclosed under notes to accounts in the annual report.
2. There were no instances of non-compliance of any matter related to the capital markets during the last three years.
3. The Company has followed accounting treatment as prescribed in Accounting Standards applicable to the Company.

VIII. Risk Management :

The Audit Committee reviews Risk Management strategy of the Company to ensure effectiveness of risk management policies and procedures.

IX. CEO Certification :

The Chairman and Managing Director has furnished the requisite certificate to the Board of Directors has required under Clause 49 (V) of the Listing Agreement.

X. Means of Communication :

The Quarterly, Half-Yearly and Audited financial results of the Company are announced within the prescribed time period stipulated under the listing agreement. These results are published in Financial Express, Daily Sakal, (Local News Paper). All data relating to Quarterly Financial Results is provided on the Company's Web Site i.e. WWW.Smruthiorgaincs.com.

XIII. Shareholders Information:

Shareholders information is separately provided in the Annual Report.

SHAREHOLDERS INFORMATION

1. Annual General Meeting :

Date : 16th September, 2008

Time : 12 : 30 p.m.

Venue : Hotel City Park, (Shamiyana Hall), 119, Murarji Peth, Opp. Hutatma Chowk, Solapur 413001.

2. Financial Calendar (Tentative): April 2008 to March 2009

Particulars of Meetings	Date
Un-audited Quarterly Result for the quarter ended 30th June 2008	30th July 2008
Un-audited Quarterly Result for the quarter ended 30th September 2008	Last week of Oct. 2008
Un-audited Quarterly Result for the quarter ended 31st December 2008	Last week of Jan. 2009
Un-audited /Audited Financial Result for the quarter - ended 31st March 2009	Last week of Apr. 2009

3. Date of Book Closure :

8th September 2008 to 16th September 2008 (Both days inclusive)

4. Dividend payment date :

The Dividend, if declared by the shareholders at the Annual General Meeting will be paid on or before 15th October 2008 to those members whose names appear in the Register of Members as on the date of the Annual General Meeting.

5. Listing on Stock Exchanges :

The Pune Stock Exchange Limited

The Hyderabad Stock Exchange,

The Ahmedabad Stock Exchange

The Stock Exchange, Mumbai

Demat: ISIN Number In **NSDL: INE 172 E 0101**

CDSL: INE 172 E 0101

6. Stock Prices :

Market price data - High / Low during each month of the financial year 2007-08.

Month & Year	Open Rs.	High Rs.	Low Rs.	Close Rs.
April - 2007	63.00	68.00	58.00	64.10
May - 2007	65.00	66.00	58.00	60.00
June - 2007	65.90	69.95	59.55	66.00
July - 2007	65.00	83.00	62.00	66.20
August - 2007	65.40	99.05	61.00	96.85
September - 2007	98.80	107.00	80.00	86.30
October - 2007	99.00	115.00	75.10	105.70
November - 2007	108.00	112.00	81.10	86.10
December - 2007	87.50	115.00	82.00	94.00
January - 2008	93.05	96.80	54.55	68.40
February - 2008	68.00	76.90	52.00	61.35
March - 2008	60.00	61.00	45.00	54.00

7. Registrar and Transfer Agents:

M/s. Adroit Corporate Services Pvt.Ltd., 19, Jaferbhoy Indl. Est.,Makwana Road, Marol Naka, Andheri(E), Mumbai 400 059.

8. Share Transfer System :

Presently, the Share Transfers which are received in physical form are processed by the Registrars and Share Transfer Agents and approved by the Committee of Directors in their meeting which normally meets twice in a month and the share certificates are returned within a period of 20 to 25 days from the date of lodgement, subject to the transfer instrument being valid and complete in all respects.

9. Share Distribution Schedule :

Share holding of Nominal Value of Shareholders share amount (As on 31.03.2008)

Shares	Number	% to total	Total Shares	Rs.	% to total
Upto 500	1058	69.61	247449	2474490	6.49
501-1000	233	15.33	203291	2032910	5.33
1001-2000	71	4.67	113800	1138000	2.98
2001-3000	76	5.00	188471	1884710	4.94
3001-4000	14	0.92	48390	483900	1.27
4001-5000	16	1.05	76568	765680	2.00
5001-10000	28	1.84	213554	2135540	5.60
10001-999999	24	1.58	2723907	27239070	71.39
TOTAL	1520	100.00	3815430	38154300	100.00

10. Shareholding Pattern :

Category	No. of Sahres	% to share capital
NRI	79110	2.07
Corporate Body	302879	7.94
Directors & Relatives	2323880	60.91
Indian Public	1109561	29.08
TOTAL	3815430	100.00

11. Dematerialization of shares and liquidity :

2961125 shares have been dematerialized as on 31st March 2008 constituting 77.61% of total Paid up Share Capital.

12. Outstanding GDRs/ ADRs / Warrants and other Convertible Instruments, conversion dates and likely impact on equity :

The Company has not issued any GDRs / ADRs / Warrants and other Convertible instruments.

13. Plant locations :

Unit-I : Plot No.273,274, MIDC, Akkalkot Road, Solapur 413 006.

Unit-II : Plot No. A-27, MIDC, Chincholi, Solapur 413 255.

14. Address for correspondence :

165-A, Balaji Bhavan, 1st Floor, Railway Lines, Solapur 413 001.

Phone Nos. 0217-2310267, 367 Fax No.: 0217-2310268

Email ID :- spr_smruthi2@sancharnet.in

Web Site : www.smruthiorganics.com

For & on behalf of the Board

Sd/-

(E. Purushotham)

Chairman & Managing Director

Place : Solapur

Date : 30/07/2008

Auditor 's Certificate on Compliance of Conditions of Corporate Governance

**The Members of
Smruthi Organics Ltd.
Solapur.**

We have examined the compliance of conditions of corporate governance by Smruthi Organics Limited for the year ended 31st March 2008 as stipulated in clause 49 of the listing agreement of the Company with stock exchange.

The compliance of conditions of corporate governance is the responsibility of the management. Our examination is limited to procedures and implementation thereof, adopted by the Company for ensuring compliance of the conditions of 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, we certify that the Company has complied with the conditions of corporate governance as stipulated in the above mentioned listing agreements.

We state that no investor grievances were pending for a period exceeding one month against the Company as per records maintained by the Shareholders / Investors Grievance Committee.

We further state that such compliance is neither an assurance as to future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Ashok Madgundi & Co.
Chartered Accountants

Place : Solapur
Date : 30/07/2008

Sd/-
A. D. Madgundi
Proprietor.

Auditor's Report

To,

The Members of Smruthi Organics Limited, Solapur.

1) We have audited the attached balance sheet of Smruthi Organics Limited, Solapur as on 31.03.2008 and the profit and loss account and also the cash flow statement for the year on that date annexed thereto. These financial statements are the responsibility of the Companies management. Our responsibility is to express an opinion on these financial statements based on our audit.

2) We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we 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 disclosure 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 statements presentation. We believe that our audit provides a reasonable basis for our opinion.

3) As required by the Companies [Auditor's Report] Order, 2003 issued by the Central Government of India in terms of sub section 4A of section 227 of the Companies Act, 1956, we enclose in the annexure a statement on the matters specified in Paragraphs 4 & 5 of the said order.

4) Further to our comments in Annexure referred to above, we report that :

I) We have obtained all the information and explanation, which to the best of our knowledge and belief were necessary for the purposes of our audit.

II) In our opinion, proper books of accounts as required by law have been kept by the company so far as appears from our examination of those books (and proper returns adequate for the purposes of our audit have been received from the branches not visited by us. The Branch Auditors Report(s) have been forwarded to us and have been appropriately dealt with- Not Applicable).

III) The balance sheet, profit & loss account and cash flow statement dealt with by this report are in agreement with books of accounts.

IV) In our opinion, the balance sheet, profit & loss account and cash flow statement dealt with by this report comply with the Accounting Standards referred to in sub section (3C) of section 211 of the Companies Act, 1956.

V) On the basis of written representations received from the directors, as on 31st March 2008 and taken on record by Board of Directors, we report that none of the directors is disqualified as on 31st March 2008 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act 1956.

VI) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give true and fair view the conformity with accounting principles generally accepted in India.

- a) in the case of the balance sheet, of the state of affairs of the Company as at 31st March, 2008.
- b) in the case of the profit & loss account, of the profit for the year ended on that date and
- c) in the case of cash flow statement, of the cash flows for the year ended on that date.

ASHOK MADGUNDI & CO.
Chartered Accountants

Place : Solapur
Date : 30/07/2008

Sd/-
A.D.Madgundi
Proprietor
M.No.100-36983

ANNEXURE TO THE AUDITOR'S REPORT

Referred to in Paragraph 3 of our report of even date.

- 1) a) The company is maintaining proper records showing full particular including quantitative details and situation of fixed assets.
b) All the assets have not been physically verified by the management during the year but there is a regular program of verification which, in our opinion, is reasonable having regard to the size of the company and the nature of its assets. No material discrepancies were noticed on such verification.
c) During the year, the company has not disposed off a major part of plant & machinery.
- 2) a) The Inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
b) The procedures of physical verification of inventories 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 verification between the physical stocks and the book records were not material.
- 3) a) The Company had obtained a loan from Directors covered in the register maintained under section 301 of the Companies Act, 1956.
b) In our opinion, the rate of interest and other terms and conditions on which loans have been taken from/granted to Companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956 are not, prima facie, prejudicial to the interest of Company.
c) The company is regular in repaying the principal amount as stipulated and has been regular in the payment of interest. The parties have repaid the principal amounts as stipulated and have been regular in the payment of interest
d) There is no overdue amount of loans taken from or granted to companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956.
- 4) In our opinion and according to the information and explanation given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to purchases of inventory, fixed assets and with regard to the sale of goods. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal controls.
- 5) a) According to the information and explanations given to us, we are of the opinion that the transactions that need to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered.

b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and exceeding the value of rupees five lakhs in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.

- 6) The Company has not accepted any deposit from public during the year.
- 7) In our opinion, the company has an internal audit system commensurate with the size and nature of its business.
- 8) We have broadly reviewed the books of account relating to material, labour and other items of cost maintained by the company pursuant to the Rules made by the Central Government for the maintenance of cost records under section 209(1) (d) of the Companies Act, 1956 and we are of the opinion that prima facie the prescribed accounts and records have been made and maintained.
- 9) a) The company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income tax, sales tax, custom duty, excise duty and other material statutory dues applicable to it.

b) According to the information and explanation given to us, no undisputed amounts payable in respect of income tax, sales tax, custom duty and excise duty were in arrears as at 31st March 2008 for a period of more than six months from the date they became payable.

Name of the Status	Nature of the dues	Amount (Rs. in Lacs)	Period to which the amount relates various years covering the period	Forum where Pending
		— NIL —		

- 10) The Company has not accumulated losses as at 31st March 2008 and not incurred cash losses during the financial year covered by our audit and not for the immediately preceding financial year.
- 11) In our opinion and according to the information and explanation given to us, the company has not defaulted in repayment of dues to a financial institution, bank during the year.
- 12) The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- 13) In our opinion, considering the nature of activities carried on by the Company during the year, the provisions of any special statute applicable to chit fund or a nidhi / mutual benefit fund / society are not applicable to the company.
- 14) In our opinion, the company is not dealing in or trading in shares, securities, debentures and other

investments.

- 15) The Company has not given any guarantees for loans taken by others from banks or financial institutions, the term and conditions, whereof, in our opinion are prima-facie prejudicial to the interest of the company.
- 16) In our opinion, the term loans have been applied for the purpose for which they were raised.
- 17) According to the information and explanation given to us and on an overall examination of the balance sheet of the company, we report that no funds raised on short-term basis have been used for long - term investment and vice-versa.
- 18) The company has not made preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act.
- 19) The Company has not issued any debentures during the year.
- 20) The Company has not raised any money by public issue during year.
- 21) According to the information and explanation given to us, no fraud on or by the company has been noticed or reported during the course of our audit.

ASHOK MADGUNDI & CO.
Chartered Accountants

Sd/-

A.D.Madgundi
Proprietor
M.No.100-36983

Place : Solapur
Date : 30/07/2008

Balance Sheet As On 31st March 2008

	Schedule	As on 31/3/2008 Rs.		As on 31/3/2007 Rs.	
SOURCES OF FUNDS:					
SHAREHOLDERS FUNDS					
Capital	A	38,154,300.00		38,109,667.00	
Reserves & Surplus	B	80,410,502.75	118,564,802.75	67,846,074.62	105,955,741.63
LOAN FUNDS					
Secured Loans	C	320,283,384.13		285,921,217.48	
Unsecured Loans	D	99,995,196.96	420,278,581.09	83,894,257.96	369,815,475.44
Deferred Tax Liability	E		21,098,590.00		21,031,590.00
TOTAL			559,941,973.84		496,802,807.07
APPLICATION OF FUNDS					
FIXED ASSETS					
Gross Block	F	418,770,322.00		394,636,216.00	
Less: Depreciation		(174,580,137.00)		(144,704,190.00)	
Net Block		244,190,185.00		249,932,026.00	
Add : Capital Work in Progress		2,431,536.00	246,621,721.44	26,658,36.00	252,597,862.44
CURRENT ASSETS					
LOANS & ADVANCES					
CURRENT ASSETS:					
Inventories	G	304,477,719.96		259,917,837.84	
Sundry Debtors		125,908,970.79		103,350,167.29	
Cash & Bank Balances		14,800,737.02		20,005,404.24	
Loans & Advances		34,983,078.36		30,053,618.83	
		480,170,506.13		413,327,028.20	
Less: Current Liabilities & Provisions	H	168,050,253.74		171,522,083.57	
NET CURRENT ASSETS			312,120,252.39		241,804,944.63
MISCELLANEOUS EXPENDITURE (to the extent not written off/adjusted)					
Deferred Revenue Expenditure		1,200,000.00	1,200,000.00	2,400,000.00	2,400,000.00
Total			559,941,973.84		496,802,807.07

Significant Accounting Policies and Notes Forming Part of the Financial Statement. Schedules Refer to above form an integral part of the Financial Statements.
As per our audit report of even date attached

N

For & on behalf of Board of Directors
Smruthi Organics Limited

ASHOK MADGUNDI & CO.
CHARTERED ACCOUNTANTS

PLACE : SOLAPUR
DATE : 30.07.2008

Sd/
(A.D.MADGUNDI)
PROPRIETOR

Sd/
(E. NIRANJAN RAO)
DIRECTOR

Sd/
(E. PURUSHOTHAM)
MANAGING DIRECTOR

Profit and Loss Account for the year ended 31st March, 2008

	Schedule	As on 31/3/2008 Rs.		As on 31/3/2007 Rs.	
INCOME	I				
Sales (Gross) & Other Income		567,439,347.40		545,644,182.47	
Increase/(Decrease) In Finished Goods		8,259,871.53		5,110,172.03	
			575,699,218.93		550,754,354.50
EXPENDITURE					
Raw Material Consumed	J	346,056,365.93		334,166,134.49	
Manufacturing Exps.	K	84,053,780.22		80,016,028.64	
Administrative Exps.	L	60,343,052.31		52,909,860.93	
Interest	M	34,405,192.34		23,388,513.20	
Depreciation	F	29,875,948.00		29,223,314.00	
			554,734,338.80		519,703,851.26
Profit before Taxation			20,964,880.13		31,050,503.24
Less: Provision for Income Tax			1,700,000.00		3,900,000.00
Less : Fringe Benefit Tax			310,000.00		315,195.00
Less: Deferred Tax (originating during the year)			67,000.00		3,448,071.00
Profit after tax			18,887,880.13		23,387,237.24
Less : Transfer to General Reserve			2,009,870.42		2,338,723.72
Less : Dividend & Tax for the year			6,695,795.00		10,718,350.00
Less : Provision of Dividend Tax of early Yr.			(451,173.00)		0.00
Add : IT Refund as per Computation 06-07			823,508.00		1,907,215.00
Add : Balance in Profit & Loss A/c.			49,247,353.05		37,009,966.53
Balance Carried to Balance Sheet			59,801,902.75		49,247,345.05

Significant Accounting Policies and Notes Forming Part of the Financial Statement. Schedules Refer to above form an Integral part of the Financial Statements.
As per our audit report of even date attached

N

For & on behalf of Board of Directors
Smruthi Organics Limited

ASHOK MADGUNDI & CO.
CHARTERED ACCOUNTANTS

PLACE : SOLAPUR
DATE : 30.07.2008

Sd/
(A.D.MADGUNDI)
PROPRIETOR

Sd/
(E. NIRANJAN RAO)
DIRECTOR

Sd/
(E. PURUSHOTHAM)
MANAGING DIRECTOR

Schedules Forming Part of the Balance Sheet as on 31.03.2008

	As on 31/3/2008 Rs.		As on 31/3/2007 Rs.	
SCHEDULE 'A'				
AUTHORISED SHARE CAPITAL				
5000000 Equity Shares of Rs.10/- each		50,000,000.00		50,000,000.00
1. ISSUED, SUBSCRIBED & PAID UP 3815430 Equity Shares of Rs.10/- each fully paid	38,154,300.00		38,154,300.00	
Less: Calls Unpaid	0.00		44,633.00	
		38,154,300.00		38,109,667.00
SCHEDULE-'B'				
RESERVES AND SURPLUS				
1. Capital Reserve	608,600.00		608,600.00	
2. Capital Incentive from WMDC Ltd.,Pune	1,500,000.00		1,500,000.00	
3. General Reserve	16,500,000.00		14,490,129.58	
4. Share Premium	2,000,000.00		2,000,000.00	
5. Profit & Loss Account	59,801,902.75		49,247,345.04	
		80,410,502.75		67,846,074.62
SCHEDULE-'C'				
SECURED LOANS				
1. FCNR Term Loan from S.B.I. I.F Br., Mumbai	69,313,888.00		90,167,561.55	
2. Working Capital Loan from S.B.I.,IFB Mumabi & SBI.,Solapur	227,002,810.13		178,750,349.93	
3. SBI Factors and Commercial Services Pvt.Ltd. Mumbai	23,966,686.00		17,003,306.00	
		320,283,384.13		285,921,217.48

Term Loan of Rs.693.14 lacs from State Bank Of India is secured by equitable mortgage created on all immovable properties located at Plot No.273 & 274, M.I.D.C.Akkalkot Road, Solapur-413 006 and Plot No.A-27, MIDC. Chincholi, Solapur -413 255 Flat No.5, Rahul Apartment located at Plot No. 217/B, Solapur & also hypothicated of all movable properties both present and future charge created in favour of bank of stock of raw materials stores and spares, work in process finished goods and book debts for working capital requirements.

Deposit of title deeds for the equitable mortgage created with State Bank of India.For working capital by hypothecation of raw materials,finished and semi-finished goods, stores.

Schedules Forming Part of the Balance Sheet as on 31.03.2008

	As on 31/3/2008 Rs.		As on 31/3/2007 Rs.	
SCHEDULE-'D'				
UNSECURED LOANS				
Deferral Sales Tax Loan availed from WMDC Ltd.,Pune Under Package Scheme of Incentive of 1988.	405,323.17		672,918.17	
Deferral Sales Tax Loan availed from SICOM Ltd., Mumbai,Under Package Scheme of Incentive of 1993.	48,823,015.00		48,823,015.00	
Deferral Sales Tax Loan availed from SICOM Ltd., under Package Scheme of Incentive of 1993 under Expansion	33,858,044.79		26,569,501.79	
Other U/L Loans - Directors	16,908,814.00		7,828,823.00	
		99,995,196.96		83,894,257.96
SCHEDULE-'E'				
Deffered Tax Liability Opening Balance	21,031,590.00		17,583,519.00	
Add : During the year	67,000.00		3,448,071.00	
Total Rs.		21,098,590.00		21,031,590.00

SCHEDULE 'F'-Company Act
A) FIXED ASSETS

Schedule Of Fixed Assets Forming Part Of Balance Sheet As On 31st March 2008

PARTICULARS.	GROSS BLOCK (AT COST)				DEPRECIATION PROVIDED				NET BLOCK	
	Cost As On 01.04.2007	Addition During The Year (2007-08)	DISPOSAL/ ADJUST- MENT	As On 31.03.2008 (2+3-4)	Upto 31.03. 2007	For The Year 2007-2008	Disposal/ Adjust- Ment	Upto 31.03.2008 (6+7-8)	As On 31.03. 2007	As On 31.03.2008 (5 - 9)
1	2	3	4	5	6	7	8	9	10	11
Factory Land	3076385	0	0	3076385	199733	17640	0	217373	2876652	2859012
Agricultural Land	587094	0	0	587094	0	0	0	0	587094	587094
Buildings	77557087	5454383	0	83011470	27079367	4442790	0	31522157	50477720	51489314
Ownership Flats	9294484	0	0	9294484	2899602	319744	0	3219346	6394882	6075138
Plant & Machinery	240247784	11804404	0	252052188	90271728	19263688	0	109535416	149976056	142516772
Electrical Installation/ Equipments	11916704	230474	0	12147178	6164431	802813	0	6967244	5752273	5179934
Vehicles	7743431	0	0	7743431	4837778	752274	0	5590052	2905653	2153379
Office Equipments	1095097	100627	0	1195724	560010	74941	0	634951	535087	560773
Computer	3163540	330644	0	3494184	1397401	248010	0	1645411	1766139	1848773
Furniture & Fixture	7372748	405621	0	7778369	3266284	648865	0	3915149	4106464	3863220
Laboratory Equipments	10597760	263926	0	10861686	5325479	636434	0	5961913	5272281	4899773
Other Factory Eqp.	2573857	687771	0	3261628	615058	280391	0	895449	1958799	2366179
TOTAL = A	375225971	19277850	0	394503821	142616871	27487588	0	170104459	232609101	224399362
B) i) Research & Devp.Eqp.	16818270	4032038	0	20850308	2042062	2102109	0	4144171	14776208	16706137
ii) Research & Devp.G.Block	2861546	554647	0	3416193	45256	286251	0	331507	2816290	3084686
TOTAL = B	19679816	4586685	0	24266501	2087318	2388360	0	4475678	17592498	19790823
C) Capital Work in Progress										
Building Constructions - F Block	2396265	0	0	2396265	0	0	0	0	2396265	2396265
Plant & Machinery - F Block	0	35271	0	35271	0	0	0	0	0	35271
Total = C	2396265	35271	0	2431536	0	0	0	0	2396265	2431536
Total (A+B+C)	397302052	23899806	0	421201858	144704189	29875948	0	174580137	252597863	246621721
Previous Year	334266072	63035980	0	397302052	115480875	29223314	0	144704189	218785196	252597863

Schedules Forming Part Of The Balance Sheet As On 31/03/2008

	As on 31/3/2008 Rs.		As on 31/3/2007 Rs.	
SCHEDULE-'G'				
CURRENT ASSETS, LOANS & ADVANCES				
CURRENT ASSETS				
Inventories-(at cost except otherwise stated and as certified by Managing Director)				
1. Raw materials	61,982,806.24		71,258,762.11	
2. Packing Material	718,222.12		623,627.99	
3. Work in Process	222,387,674.92		176,906,302.59	
4. Finished Goods	19,389,016.68		11,129,145.15	
(At lower of cost or net realisable value)		304,477,719.96		259,917,837.84
SUNDRY DEBTORS				
(Unsecured Considered Good)				
1. More than six months	755,403.00		755,403.00	
2. Other debts	125,153,567.79	125,908,970.79	102,594,764.29	103,350,167.29
CASH AND BANK BALANCES				
1. Cash on hand	118,726.91		626,989.13	
2. Bank Balance (EEFC, Khadki, ICICI etc)	295,214.61		385,569.61	
3. Fixed Deposits with SBI (For L/C and Bank Guarantee margin)	14,386,795.50	14,800,737.02	18,992,845.50	20,005,404.24
LOANS AND ADVANCES				
1. (Unsecured Considered Good)				
Advances recoverable in cash or in kind or for value to be received				
Advances	2,959,253.00		3,249,243.00	
Octroi Duty Receivable from WMDC Ltd.	375,387.00		375,387.00	
Pre-Paid Insurance	635,774.00		970,000.00	
Excise Duty (Modvat)	3,328,259.97		3,846,884.18	
Excise Duty (EOU)	14,997.00		2,934,308.88	
CST Refund Claim (EOU)	883,283.00		1,183,604.00	
Interest Accrued but not due	1,853,429.00		1,731,785.00	
Deposits	3,903,861.00		3,223,225.00	
Excise on Export Refund	982,396.00		0.00	
Income Tax Refund 2006-07	1,798,948.00		0.00	
Service Tax	2,494,137.00		2,049,108.24	
Sales Tax	727,914.00		727,914.00	
VAT Refund	12,860,808.64		4,560,686.53	
Advance Income Tax & FBT & TDS	2,160,630.00		5,197,473.00	
Shares With Solapur Nagari Bank (Unquoted)	4,000.00		4,000.00	
		34,983,078.36		30,053,618.83
SCHEDULE 'H'				
CURRENT LIABILITIES & PROVISIONS				
Sundry Creditors (Raw Materials)	122,985,264.71		120,303,843.07	
Sundry Creditors (Smal Scale Undertaking)	6,511,379.00		4,837,674.00	
Sundry Creditors (Others)	13,235,792.98		15,385,732.00	
Provisions and Other Liabilities	25,317,817.05		30,994,834.50	
		168,050,253.74		171,522,083.57

Schedules Forming Part Of The Balance Sheet As On 31/03/2008

	As on 31/3/2008 Rs.		As on 31/3/2007 Rs.	
SCHEDULE- I				
SALES & OTHER INCOME / INCREASE(DECREASE)IN STOCK				
Sales	508,639,822.75		492,426,143.47	
Excise Duty	38,741,926.00		39,441,809.00	
Sales Tax	7,253,891.00		7,638,704.00	
Other Income	12,803,707.65		6,137,526.00	
		567,439,347.40		545,644,182.47
Finished Goods (Opening)	11,129,145.15		6,018,973.12	
Finished Goods (Closing)	19,389,016.68		11,129,145.15	
Increase/(Decrease)		8,259,871.53		5,110,172.03
SCHEDULE- 'J'				
Raw Material Consumed				
Opening Stock	248,788,692.69		163,745,936.70	
Add : Purchases	382,356,376.52		419,208,890.48	
	631,145,069.21		582,954,827.18	
Less : Closing Stock	285,088,703.28		248,788,692.69	
Consumption		346,056,365.93		334,166,134.49
SCHEDULE-K				
MANUFACTURING & OTHERS EXP.				
MANUFACTURING EXPS				
Carriage Inward	11,544,693.66		12,501,864.00	
E.S.I.C.Employers Contribution	124,408.00		133,325.00	
Electricity Charges	17,124,732.00		17,147,127.62	
Factory Expenses	416,298.49		403,925.21	
Octroi	594,662.00		638,537.00	
Purchase of Ice	94,154.00		169,913.64	
Purchase of Coal/Buggase/Wood	13,167,471.64		17,746,091.28	
Packing Materials	7,086,595.45		6,915,664.53	
Provident Fund	1,8229,683.00		1,721,816.00	
Research and Development chemicals	742,194.35		389,553.61	
Research and Development Expenses	812,820.45		305,911.27	
Repairs & Maintenance	1,536,804.67		1,036,842.30	
Staff/Labour Welfare	2,093,416.08		2,063,371.63	
Stores	6,257,424.10		6,,818,006.93	
Testing & Analytical Charges	1,627,350.33		1,576,712.63	
Wages	11,261,983.00		7,276,953.00	
Water Charges	2,764,089.00		1,820,413.00	
Excise Duty PLA	4,975,000.00		1,350,000.00	
		84,053,780.22		80,016,028.64

Schedules Forming Part Of The Balance Sheet As On 31/03/2008

	As on 31/3/2008 Rs.		As on 31/3/2007 Rs.	
SCHEDULE-'L'				
SELLING AND ADMINISTRATIVE EXPS.				
Audit fee	70,000.00		70,000.00	
Consultancy Charges	1,556,781.00		1,275,398.00	
Bank Commission & Charges	3,641,855.96		4,355,210.30	
Bonus & Ex-Gratia	1,470,915.00		915,297.00	
Carriage Outward	1,644,176.64		252,928.50	
Rent,Rates & Taxes.	607,014.00		609,787.00	
Conveyance	1,682,559.50		1,567,387.50	
Customers Welfare	191,932.00		180,326.00	
Directors Salary	3,324,000.00		3,144,000.00	
Donation	28,651.00		33,814.00	
Earned Leave Salary	224,064.00		207,865.50	
Insurance	1,491,192.00		1,795,794.00	
Journals & Periodicals	16,585.00		143,731.00	
Subscription	64,870.00		69,420.00	
Legal Expenses	22,500.00		0.00	
Fees & Forms	3,037,341.00		1,773,011.00	
Garden Expenses	61,847.00		68,497.00	
Office Expenses	182,089.55		185,763.37	
Perquisites	219,950.00		737,893.00	
Postage, Telegram & Telephone	1,298,959.00		1,339,731.66	
Printing & Stationery	1,154,282.44		1,187,546.92	
Salary to Staff	16,387,506.00		15,209,608.00	
Gratuity	440,795.00		416,948.00	
Sales Commission & Discount	8,683,080.00		5,535,622.00	
Sales Promotion & Advertisement Exps.	2,466,337.31		1,568,622.96	
Seminar Expenses	16,250.00		50,563.00	
Travelling Expenses	2,734,077.00		2,283,340.50	
Vehicle Repairs & Maintenance	369,550.91		293,050.72	
Sales Tax	7,253,891.00		7,638,704.00	
		60,343,052.31		52,909,860.93
SCHEDULE-'M'				
INTEREST				
Term Loan	6,603,954.22		6,106,219.81	
Cash Credit	27,072,007.12		16,383,238.61	
Others	729,231.00		899,054.78	
		34,405,192.34		23,388,513.20

SCHEDULE N**Schedule To The Financial Statement As On 31.03.2008****Notes on Accounts****1. Significant accounting policies :**

- A) Accounting Convention : The financial statements are prepared on Historical Cost basis on the assumption of going concern concept.
- B) Fixed Assets and Depreciation.
- i) Fixed Assets stated at cost of acquisition / constructions less depreciation.
 - ii) Depreciation on Assets is provided on Written Down Value Method at the rates and in the manner, specified in Schedule XIV of the Companies Act 1956.
 - iii) Continues Process Plants as defined in Schedule XIV to the Companies Act, 1956 have been considered on Technical Assessment and Depreciation provided accordingly.
- C) Inventories :
- a) Finished goods are valued at cost or net realizable value which ever is the lower.
 - b) Stock in process is valued at cost.
 - c) Stock of raw materials, stores and spares and packing materials are valued at lower of cost or net realizable value.
- D) Sale of Products :
- a) Sales includes excise duty and sales tax arising on sale transactions but trade discount are separately booked as a expenditure.
 - b) Excise duty is chargeable on production but is payable on clearance of goods. Excise duty on the goods manufactured by the company is accounted for at the time of their clearance. Duty on finished goods, lying in the bonded warehouse as on the balance sheet date, is not provided for.
- E) Staff Retirement Benefits :
- a) Contribution to Provident Fund are funded as a Percentage of Salary / Wages.
 - b) Provision for leave encashment salary is made on the basis of actuarial valuation at the year end.
 - c) Provision for Gratuity is made of as per payment of Gratuity Act.
- F) Provision for Current Tax is made on the basis of relevant provisions of Income-Tax Act, 1961. Considering the benefit of Exemption of EOU u/s 10 B of Income- Tax Act. The Deferred Tax for timing differences between the Book and Tax Profits for the year is accounted for using the Tax Rates and Laws that have been substantively enacted as at the Balance Sheet.
- G) Borrowing Costs : Costs in respect of borrowing for the purpose of expansion project have been capitalized in accordance with Accounting Standard - 16 issued by the Institute of Chartered Accountants of India.
- H) Foreign Currency Transactions : Transactions in foreign exchange are translated in Indian Rupees

at the Exchange Rates prevailing at the year end as notified by Foreign Exchange Dealers Association of India (FEDAI) Items of profit and loss account are accounted for at the exchange rates prevailing on the date of transaction. Gains and losses arising on account of periodic revisions of such standard exchange rates and also on realization are accounted to profit and loss account. The total rate difference in foreign exchange gains comes to Rs.119.23 lacs. as per AS-11.

None of the fixed assets have been acquired out these foreign currency loans and as such the carrying cost of these assets is not affected by fluctuations. Therefore the gain / loss arising on account of fluctuation of foreign exchange rates is taken to profit and loss account - as per AS-11.

- I) Research and Development Expenditure : Revenue expenditure is charged to Profit and Loss Account and Capital Expenditure added to Cost of Fixed Assets.

Expenditure Details (Rs. In lacs)

Particulars	2007-08	2006-07
a) Capital	45.87	133.34
b) Recurring	86.16	40.95
Total Rs.	132.03	174.29
Total R&D expenditure as a percentage of total turnover :	2.60%	3.54%

- J) Provisions, Contingent Liabilities and Contingent Assets :

A provision is made based on a reliable estimate when it is probable that an outflow of resources embodying economic benefits will be required to settle an obligation. Contingent Liabilities , if material are disclosed by way of notes to accounts. Contingent Assets are not disclosed or recognised in the financial statements.

- K) Recognition of Income and Expenditure.:

i) The revenue is recognized when no significant uncertainty as regards reliability exist. In case of claims, revenue is recognized on admittance of the claim.

ii) Sales Tax Benefits : Shortfall / increase in the sales tax rebate receivable by the company is accounted in the year in which the final assessment by sales tax authorities is completed. Company has repaid Rs.2.68 lacs Sales tax loan amount payable under PSI 1988 Scheme against of Rs.28.16 lacs and balance payable is Rs.04.05 lacs

- L) Investment: Investments are stated at cost.

- M) Deferred Revenue Expenditure : The Co. has deferred the USFDA License expenses for 3 years and debited Rs. 12 lacs to P & LA/c for the year.

- N) Impairment of Assets : AS-28

An asset is treated as impaired when the carrying cost of assets exceeds its recoverable value. An impairment loss is charged to Profit and Loss Account in the year in which an asset is identified as

impaired. The impaired loss recognized in prior accounting periods is reversed if there has been a change in the estimate of recoverable amount.

2. NOTES TO ACCOUNTS :

- A) The company has drawn Foreign L/c's of Rs. 1510 lacs towards import of raw materials to various parties and outstanding of L/c's. at closing day of the year are Rs. 466 Lacs. (Previous Year Rs.811 Lacs)
- B) The bank guarantees of Rs.20.00 lacs are issued to various Government Authorities.(Previous Year Rs. 20.00 lacs)

The State Bank of India, Industrial Finance Branch, Mumbai has sanctioned Foreign Currency Demand Loan of US \$ 2310000 carry a rate of interest (exclusive of Interest Tax) at 8.55% Avg. over the applicable 6 months LIBOR with monthly rests. The above loan is transfer to regular Cash Credit Limit.

- C) The accounts of certain sundry debtors, sundry creditors, advances are subject to confirmation / reconciliation and adjustments if any. The management does not expect any material difference affecting the current year's financial statements.

		(Rs.)
	2007-08	2006-07
D) Remuneration to Directors :-		
a) Mr. E. Purushotham, Chairman & Managing Director		
i) Salary	24,00,000	24,00,000
ii) Provident Fund	2,16,000	2,16,000
b) Mr. E.Niranjan Rao, Director		
i) Salary	9,24,000	7,44,000
ii) Provident Fund	55,080	43,200
E) Auditors Remuneration		
a) as statutory auditors	70,000	70,000
b) towards others	1,83,929	1,12,802
F) Remittance in Foreign Currency	15,09,97,000	17,34,00,000
Value of Imports material purchased CIF		
Value of Imports material consumed		
G) Expenses in Foreign Currency	35,32,299	22,34,731
In traveling, Sales Commission & Exhibition Stall		
H) Remittance by way of Dividend in Foreign Currency		
No. of Shares	30500	
Amt. of Dividend	76250	
No. of Shareholders	5	
I) Earning in Foreign Currency FOB basis	25,93,88,745	24,78,92,098
J) Sundry debtors in schedule includes Rs.7.55 lacs due for a period of more than six months. Provision		

for debts considered as a doubtful aggregating to Rs. 7.55 lacs has not been made as recovery efforts are under progress.

K) Related Party Disclosures AS-18

i) Name of Related Party: Smruthi Chemicals & Intermediates
 Relationship : Director in Company & Wife of Managing Director
 Nature of the Transaction a) Job-work Charges (done by SC & I)
 b) Job-work Charges (done by SOL)
 c) Raw Mat. Purchase (High-seas from SOL)
 Transaction value (Rs.) a) Rs. 2868875
 b) Rs. 604500
 c) Rs. 1533458
 Balance Outstanding Rs. 310539
 Receivable/Payable(-)
 As on Balance Sheet Date

ii) Name of Related Party: Smruthi Fotochem
 Relationship : Both Partners are Directors of the Company
 Nature of the Transaction a) Loans Taken
 Transaction value (Rs.) Rs. 1077504
 Balance Outstanding Rs. -218888
 Receivable/Payable(-)
 As on Balance Sheet Date

iii) Name of Related Party: Sreya Constructions, Solapur
 Relationship : Brother of Managing Director
 Nature of the Transaction a) Building Contractor
 Transaction value (Rs.) Rs. 3674036/-
 Balance Outstanding Rs. -934132/-
 Receivable/Payable(-)
 As on Balance Sheet Date

iv) Name of Related Party Trade Point
 Relationship : Wife of Director
 Nature of the Transaction : a) Sales Commission
 Transaction value (Rs.) Rs. 501388/-
 Balance Outstanding Rs. -210076/-
 Receivable/Payable(-)
 As on Balance Sheet
 Date

No amounts in respect of related parties have been written off / written back during the year.

Related party relationship have been identified by the management and relied upon by the Auditors.

L) The name of Small Scale Industrial undertakings to whom the Company owes a sum exceeding

Rs. 1.00 Lac which is outstanding for more than 30 days included in Sundry Creditors in Schedule H

Mody Organics Ind., Ramesh Chemical Ind., Tejashri Intermediates

T M Synthetics Pvt. Ltd., Nifty Labs Pvt. Ltd., Khetan Plastopack

M) Earning Per Share (E.P.S.) AS-20	31.03.2008	31.03.2007
i) Basic E.P.S.	4.97	6.16
Diluted E.P.S.	4.97	6.16
ii) Calculation of Basis E.P.S.		
a) Net Profit after tax-Income (in crore)	1.89	2.34
b) No.of Equity Shares (in crores)	0.38	0.38
c) Basis Earning per share (Weighted Avg.)	4.97	6.16
d) Nominal Value per share	10.00	10.00

N) Installed capacity is as certified by the management and accepted by auditors being, at technical matter.

Additional information as required under Schedule VI Part II of Companies Act, 1956 (as certified by Managing Director)

A. Quantitative & Other Information

I) Capacity Installed

	2007-08 (MT)	2006-07 (MT)
a. Metformin Hcl.		
b. Norfloxacin		
c. 6-Mehtoxy-2 Naphthaldehyde		
d. Pthaloyl Amlodipine	2420	2420
e. THPE		
f. Chlorhexidine Free Base		
g. Other Products		

II) Bulk Drugs Manufactured

	2007 - 08(Qty. in Kgs)	2006 - 07(Qty. in Kgs)
a. Diloxanide Furoate	42300	37125
b. Norfloxacin	68892	70045
c. Ciprofloxacin	15001	44928
d. Pefloxacin Mesylate	15820	14469
e. Metformin Hcl.	977703	548897
f. Enrofloxacin	10676	11025
g. 6-Mehtoxy-2 Naphthaldehyde	90525	83500
h. Ch-Base	36650	65850
i. Others	97545	46676
Total Qty.in Kgs	1355112	922515

III) Opening Stock of Finished Goods

	2007-08 (Qty. in Kgs)	2006-07 (Qty. in Kgs)
a. Diloxanide Furoate	75	0
b. Norfloxacin	926	500
c. Ciprofloxacin	1340	195
d. Pefloxacin Mesylate	325	819
e. Metformin Hcl.	3954	500

IV) Closing Stock of Finished Goods

	2007-08 (Qty. in Kgs)	2006-07 (Qty. in Kgs)
a. Diloxanide Furoate	1125	75
b. Norfloxacin	2275	926
c. Ciprofloxacin	500	1340
d. Pefloxacin Mesylate	27	325
e. Metformin Hcl.	7895	3954

V) Raw material Consumed during the year

	31.03.2008		31.03.2007	
	Quantity (Kgs)	Value (Rs)	Quantity (Kgs)	Value (Rs)
1. N- Butanol	261422	17203414	419819	24896283
2. Piperzine	110368	25077495	109876	24293898
3. Acetophenone	23622	8444308	60900	23605740
4. Dicyandiamide	557850	36056010	305125	19827229
5. Dimethyl Amine	671695	35791784	368245	18845085
6. E.M.M.E.	115570	18025672	111571	18221255
7. C.F.A.	76200	15306020	73500	16167400
8. Sundry Material being the balance figure of individual items each less then 10% of total		190151663		188309244
Total Rs.		346056366		334166134

VI) Turnover

	31.03.2008		31.03.2007	
	Quantity (Kgs)	Value (Rs)	Quantity (Kgs)	Value (Rs)
a. Diloxanide Furoate	41093	21030000	36875	20219000
b. Norfloxacin	65993	100855000	68020	101611000
c. Ciprofloxacin	13411	14904000	41453	54075000
d. Pefloxacin Mesylate	15968	16738000	14221	14749000
e. Metformin Hcl.	963537	120476000	516603	67006000
f. 6-Mehtoxy-2 Naphthaldehyde	89975	80914000	83500	75541000
g. Chlorohexidine Base	36650	24799000	65845	55733000
h. Other items	105494	128923823	49284	103492143
	1332121	508639823	875801	492426143

O) In the opinion of the Board, Current Assets, Loans and Advances including capital advances as on 31.03.2008 have a value on realization in the ordinary course of the business at least equal to the amount which they are stated.

P) As regards the disclosure of particulars of amounts owned by the company to small scale industrial under-taking that are required to be disclosed in the Balance Sheet in pursuance of amendment to Schedule VI of the Companies Act 1956 vide Notification No. GSR-129 (E), dated 22.02.1999 issued by the Department of Company Affairs, the Company is in possession of information as to the business, industrial status of its creditors whose particulars are disclosed in L of notes of accounts.

Q) The figures of the previous year have been re-grouped and re-arranged wherever necessary.

R) Balance Sheet Abstract and Company's General Business Profile.

I. Registration details

Registration No. : 52562 State Code : 11

Balance Sheet Date : 31.03.2008

II. Capital raised during the year (Amount in thousand)

Public Issue : NIL Rights Issue : NIL

Bonus Issue : NIL Private Placement : NIL

III. Position of Mobilization and Development of Funds (Amt. in Thousands)

Total Liability : 566838 Total Assets : 566838

Paid up Capital : 38154 Reserves & Surplus: 87106

Secured Loans : 320283 Unsecured Loans : 100195

Application of Funds. :

Net Fixed Assets : 246622

Net Current Assets : 319016 Misc. Expenditure: 1200

Accumulated Losses :

IV) Performance of Company (Amount in Thousand)

Turnover	:	567439	Total Expenditures	:	546474
Profit before Tax	:	20965	Profit after Tax	:	18888
Earning Per share in:		Rs.4.97	Dividend Rate	:	15 %

V) Generic Names of Three Principal Products / Services of Company

(As per monetary terms)

Item Code No. : 2942.00

 Products Description :

1) Diloxanide Furoate	2) Norfloxacin
3) 6 MNA	4) Ciprofloxacin
5) Pefloxacin	6) Metformin Hcl
7) Amlodipine	8) Chlorhexidine Base
9) THPE	

S) The Company is primarily engaged in the segment of "Bulk Drugs and Drug Intermediates" and there is no reportable segments as per Accounting Standard (AS-17)

Signature to Schedule "A" to "N"

Place : Solapur.
Date : 30-07-2008

Ashok Madgundi & Co.
Chartered Accountants

Sd/-
(A. D. Madgundi)
Proprietor

For & on behalf of the Board.
For Smruthi Organics Limited

Sd/-
(E. Niranjan Rao)
Director

Sd/-
(E. Purushotham)
Managing Director

Cash Flow Statement for the year ended 31.03.2008

Sr	Particulars	Rs. In Lacks		
		31.03.2008	31.03.2007	
A	CASH FLOW FROM OPERATING ACTIVITIES			
	Net profit before taxation	(+)	209.65	310.51
	Adjusted for			
	Depreciation	(+)	298.76	292.23
	Misc Expenditure written off	(+)	12.00	-24.00
	Interest Income & Rate diff.in foreign currency	(-)	-128.04	-61.38
	Interest Expenditure	(+)	344.05	233.89
	Income Tax Refund received & prov. of Div. Tax of earlier Yr.	(+)	3.73	19.07
	Operating profit before working capital changes	(+)	740.15	770.32
	Increase in Sundry Debtors	(-)	-225.59	-137.32
	Increase in Loans & Advances	(-)	-51.29	-130.03
	Increase in Inventory	(-)	-445.60	-901.53
	Increase in Current Liabilities	(-)	-34.72	217.16
	Net of Provision for Dividend and Tax	(-)	-66.96	-107.22
	Cash generated from Operations	(-)	-84.01	-288.62
	Income Tax	(-)	-20.10	-42.15
	Net Cash from Operating Activities (A)	(-)	-104.11	-330.77
B	CASH FLOW FROM INVESTMENT ACTIVITIES			
	Purchases of Fixed Assets	(-)	-239.00	-630.36
	Interest Income	(+)	128.04	61.38
	Net Cash from Investing Activities (B)	(-)	-110.96	-568.98
C	CASH FLOW FROM FINANCING ACTIVITIES			
	Increase in Share Capital	(+)	0.45	0
	Secured Loans	(+)	343.62	979.06
	Unsecured Loans	(+)	163.01	149.86
	Interest Expenses	(-)	-344.05	-233.89
	Net Cash used in Financing Activitis (C)	(+)	163.03	895.03
	Net Increase in cash & cash equivalants (A)+(B)+(C)	(-)	-52.04	-4.72
	Cash & Cash equivalants at the beginning of the period	(+)	200.05	204.77
	Cash & Cash equivalants at the end of the period	(+)	148.01	200.05

For and on behalf of Board of Directors

Place : Solapur
Date : 30.07.2008Sd/-
(E.Niranjan Rao)
DirectorSd/-
(E.Purushotham)
Managing Director

Auditors' Certificate

**The Members,
Smruthi Organics Limited
Solapur.**

We have examined the attached Cash Flow Statement of Smruthi Organics Limited for the year ended 31st March 2008.

The Statement has been prepared by the Company in accordance with the requirements of listing agreement with various stock exchanges and is based on and in agreement with the corresponding Profit and Loss Account and Balance Sheet as well as Cash Flow of the company covered by our report of even date to the members of the company.

Place : Solapur.
Date : 30-07-2008

ASHOK MADGUNDI & Co.
Chartered Accountants

Sd-
A. D. Madgundi
Proprietor

Regd. Office :- 165-A, Balaji Bhavan, 1st Floor, Railway Lines, Solapur - 413 001.

PROXY FORM

Reg. Folio No.

I/We

of

being member/members of the above named Company hereby appoint

of

of failing him of

as my/our Proxy to vote for me/us on my/our behalf at the NINETEENTH ANNUAL GENERAL MEETING of the Company to be held on Tuesday 16th Sept. 2008 at 12.30 p.m. and at any adjournment thereof.

Signed this day of 2008

Signature

Affix
Rupee
One Revenue
Stamp

NOTE : The Proxy Form duly completed must be deposited at the Registered Office of the Company not less than 48 hours before the time for holding the meeting.

SMRUTHI ORGANICS LIMITED

ATTENDANCE SLIP

Nineteenth Annual General Meeting - -----

Reg.Foliol No.

.....

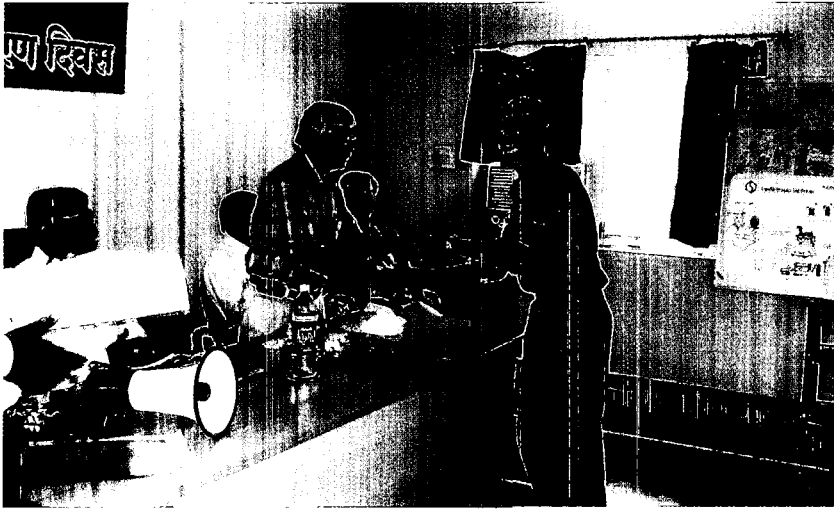
Member's/Proxy's Name in BLOCK Letters

.....

Member's/Proxy's Signature

Note : 1. Please fill in this attendance slip and hand it over at the ENTRANCE OF THE HALL.

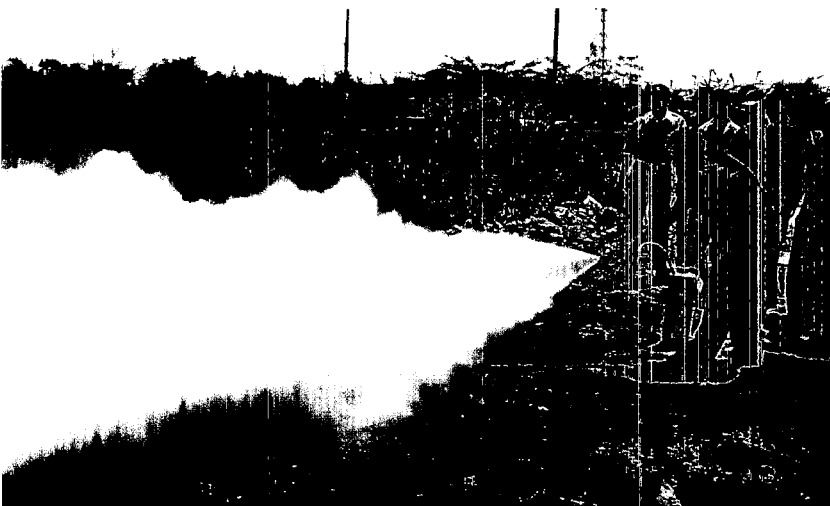
2. Shareholder /Proxy holder desiring to attend the meeting should bring his copy of the Annul Report for reference at the meeting.



Environment day award to workers

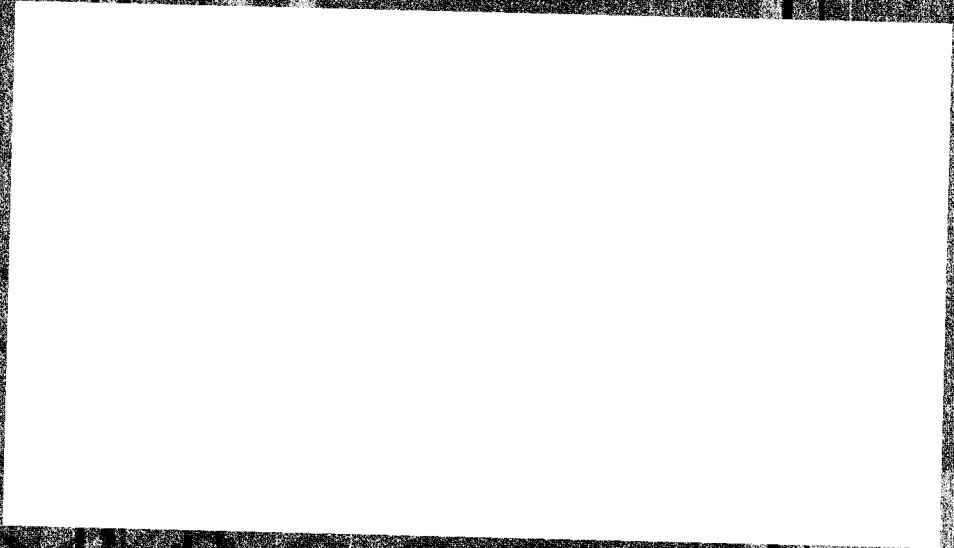


Tree Plantations on Republic day



Fire Fighting training to workers

PRINTED MATTER / BOOK-POST



If undelivered please return to :

Smruthi Organics Limited

USFDA, cGMP-WHO And ISO-9001:2000 Certified Company

Head Office : 165-A, 'Balaji Bhawan' Railway Lines, Solapur - 413 001-INDIA
Phones : 0091-217-2310267, 2310367 • Fax No. : 0091-217-2310268
Mumbai Off. Tel : 0091-22-24129211 • Telefax No. : 0091-22-24155452
E-mail : eaga@smruthiorganics.com smruthiorganics@mtnl.net.in
Visit us at : www.smruthiorganics.com