



Smruthi Organics Limited

Manufacturers of
API

Services

Contract Manufacturing
Custom Synthesis

Facilities Approved by
USFDA
Eu-GMP

BOARD OF DIRECTORS

- Mr. E. Purushotham - Chairman & Managing Director
- Mr. E. Swapnil - Director (Business Development)
- Mrs. E. Vaishnavi
- Dr. Nagender Yerram
- 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 - 413 006.

Unit - II
Plot No. A-27, MIDC Area,
Chincholi, Post Kondi,
Taluka Mohol, Dist. Solapur 413 255

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 22nd 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 Wednesday 27th July 2011 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, 2011 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 Mrs. E. Vaishnavi who retires by rotation and being eligible offers herself 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.

SPECIAL BUSINESS

6. To consider and if thought fit to pass with or without modifications the following resolution as a Special Resolution: -

"RESOLVED THAT consent of the Company be and is hereby accorded under provisions of Section 314(1B) and other applicable provisions, if any, of Companies Act, 1956, and of the Articles of Association of the Company to appoint Mr. E. Yadagiri who is brother of Mr. E. Purushotham, Chairman and Managing Director of the Company for holding and continuing to hold an office or place of profit as an employee of the Company, with effect from 1st May 2011 as "Vice President, Works", on basic salary of Rs.62500/- per month plus perquisites, allowances and benefits as specified in Explanatory Statement annexed to this notice.

Place: Mumbai
Date: 28th April 2011

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 explanatory statement as required under section 173 (2) of the company act 1956 in respect of business referred to under Item No. 7 is annexed here to.
3. 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 27th July 2011.
4. The Register of Members and Share Transfer Books of the Company will remain closed from 18th July 2011 to 27th July 2011 (both days inclusive).
5. Shareholders intending any information to be explained in the meeting are requested to inform the Company at least 7 days in advance of the date of Annual General Meeting in order to enable the Company to make available the required information.

Place: Mumbai
Date: 28th April 2011

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

ANNEXURE TO NOTICE

EXPLANATORY STATEMENT

(Pursuant to Section 173 (2) of the Companies Act, 1956)

Item No. 6

Mr. E. Yadagiri has been working in the Company in various capacities for the last 17 years. At present he is working as Vice - President (Works) who is in charge of the day to day plant operations.

Details of Remuneration payable to Mr. E. Yadagiri

1. Salary

Rs.62500/- (Rupees Sixty Two Thousand Five Hundred Only) per month as Basic salary with annual increment not exceeding 25% Per Year.

2. Allowances / Perquisites :

- a) House Rent Allowance of Rs. 37500/- p. m.
- b) City Compensatory Allowance of Rs. 25000/- p. m.
- c) Free use of Company's car for Company's work along with driver.
- d) Telephone at residence at Company's cost.

3. Provident Fund and Gratuity Fund

Company's contribution to Provident Fund and Family Pension Scheme to the extent these either singly or together are not taxable under The Income Tax Act, 1961 and Gratuity payable as per the rules of the Company and encashment of leave at the end of their tenures shall not be included in computation of limits for remuneration or perquisites aforesaid.

In addition to above remuneration, Mr. E. Yadagiri shall also be eligible to receive any other benefit as may be given by the Company to other employees of same or comparable grade.

Appointment of Mr. Yadgiri has been approved by the Selection Committee.

No other Directors except the Mr. E. Purushotham are concerned or interested in the resolution.

Directors recommend Special Resolution for your approval.

Place: Mumbai
Date: 28th April 2011

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 22nd Annual Report and Audited Statements of Account for the financial year ended 31st March, 2011.

(Rs. in Lacs)

Financial Results	Current Year 2010-2011	Previous Year 2009-2010
Gross Sales	<u>16229.28</u>	<u>12649.67</u>
Net Sales & Other Income	15758.92	12078.01
Operating Profit before Interest & Depreciation	2162.48	1535.71
Less : Interest	<u>403.12</u>	<u>427.70</u>
Gross Profit	1759.36	1108.01
Less : Depreciation	<u>398.17</u>	<u>382.52</u>
Profit Before Tax	1361.19	725.49
Less : Provision for Taxation	326.59	167.11
Less : Deferred Tax	64.51	3.47
Less : Dividend & Dividend Tax	111.60	89.28
Add : Income-Tax Refund as per Computation (AY 06-07)	11.70	00.00
Add : MAT Set-off of AY 09-10	18.53	00.00
Add : Excess Provision of IT AY 10-11	2.94	00.00
Less : Transfer to General Reserve	97.00	55.49
Add : Balance in Profit & Loss A/c. Brought forward	1092.74	682.59
Balance carried to Balance Sheet	1887.40	1092.74

The Company has posted excellent results showing allround increase in sales turnover, production and profitability.

- a) Sales:- The Gross Sales for the year amounted to Rs. 16229 lacs as against Rs. 12650 lacs for the previous year, showing increase of 28.29%. The production quantity for the year was marginally lower at 1437 MTs as against 1511 MTs in the previous year. However due to production of high value items the sales were higher.
- b) Exports:- Exports for the year stood at Rs.2906 lacs as compared to Rs. 2574 lacs for the year ended on 31st March 2010. The Company has registered an increase of 13% compared to the previous year.

Directors hope that with improvement in product-mix, introduction of new products and continued efforts for control over expenses shall yield yet better results in terms of sales turnover and consequently profitability.

Right given to the Promoters in terms of the members approval at Extra Ordinary General Meeting held on 21.05.2009 for subscribing to 5 lacs non-convertible preference shares of Rs. 10/- each has expired with effect from 21st November 2010 on account of non-subscription by the Promoters.

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 and with the help of outside experts are being organized at regular intervals.

The company has adopted effective policies to maintain a constant supply of skilled manpower. With increasing product range and operations, the Company has added several new faces to the team with a view to improve operations.

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 :

The Company is actively engaged continuously in upgrading the quality systems by providing a team of Quality Assurance (QA) headed by Dy. General Manager (QA) and Manager QC. QA monitors day-to-day operations as per SOP and continuously improves the facilities to maintain highest quality, safety and be environmental friendly activities at our manufacturing sites. 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 and reduce waste generation.

During the year company has received the approval from US Food & Drug Administration (USFDA) for manufacture of Active Pharmaceutical Ingredients (API). Viz. Amlodipine Besylate, Carbidopa, Metformin Hcl, Norfloxacin and Telmisartan. This approval shall enable the company to export APIs to US, Canada and Eurpoe in a big way.

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 contract manufacturing tie-ups with Europe, USA and Japan.

DIVIDEND :

Having regard to the substantial increase in disposable profits yet need to conserve resources of the company for financing working capital as well as capital expenditure, your Directors recommend dividend @25% i.e. Rupees 2.50/- per share (as against 20% in the previous year) for the year ended on 31st March 2011, 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.111.60 lacs.

DIRECTORS:

Mr.R.Ramaswamy and Mrs. E. Vaishnavi, 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.

Mr. P.K. Kumaran and Mr. E. Niranjan Rao have relinquished Directorship for personal reasons. Board places on record appreciation of the guidance and co-operation given by them during their tenure.

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 2011, 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 the 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) 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.

SECRETARIAL COMPLIANCE CERTIFICATE

As required under provisions of Section 383 A of the Companies Act 1956 certificate from Mr. H.R. Thakur, Practicing Company Secretary Mumbai 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 2010-2011.

COST AUDIT

The company's cost records are audited by M/s Shrinivas Diddi, Cost Accountants , Solapur

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:

We are glad to inform you all that the Company is able to get expected results as per the projections by adopting the strategic plan. The own products net sales grown up by 31% than previous year and contributing the total sales to 48%.

The other business activity in Contract manufacturing grown to 30% from the previous year and contributing 52% of the total sales. Both the activities are equally contributing.

The direct exports increased to 13% than previous year. The overall performance of the Company very much improved and the trend is very much positive.

Future outlook :

Our Company totally focusing in to Regulated markets. Since the facilities are approved by USFDA (United States Food and Drug Administration), European GMP and many customers. Our Company having 4 COS of strong potential products like Norfloxacin, Metformin, Carbidopa and Amlodipine. In Addition we filled DMF (Drug Master Files) for Ciprofloxacin, Fenofibrate, Enrofloxacin etc. above 4 products contributed to 30% growth on sales compared with previous year which is very impressive.

The Company is looking for promoting Metformin in bigger quantities since the product registered a growth rate of 18-20% world wide. To increase the Metformin Sales Company is creating new facilities with capacity of 3000 MT / Yr. apart from existing capacity of 2000 MT/Yr. The total capacity by end of the year 2011 will be 5000 MT/year which quite big capacity for utilization of these capacities, Company is working with many multi national companies and the progress is very promising.

Once the Company achieve to manufacture 5000 MT/Yr. it creates tremendous growth rate as well as Profit margins and will become one of the largest manufacturers of Metformin in the World.

In addition to above own products development the Company also focusing on Current manufacturing to add new markets to its existing fort folio which generates substantial revenues and profits.

Opportunities & Threats :

Consolidation in the pharmaceutical industry is generating huge opportunities in the contract manufacturing space. Leveraging India's brand as low cost API manufacturer, Smruthi is committed to exploring opportunities arising in the contract manufacturing space. Smruthi has developed infrastructure in place to provide the

best support to our clients to secure more contract manufacturing business.

With looming crisis in EU and depreciation of the Euro, the business could be impacted with unforeseen circumstances. Since EU is one of our largest export markets, realization could be hit in the near term. Additionally with increasing exports, foreign exchange fluctuations could also result in low net realization.

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: Mumbai
Date: 28th April 2011

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		2010-2011	2009-2010
A) Electricity			
a) Units		5254422	4213290
b) Total Amt.	Rs.	29519673	20661376
c) Rate/Unit	Rs.	5.62	4.90
B) Coal			
a) Qty. in Kgs.		3386933.00	2663770.00
b) Total Amt.	Rs.	20356828.00	14337121.00
c) Average Rate	Rs.	6.01	5.38
C) Diesel			
a) Qty. in Ltrs.		54585.00	147942.00
b) Total Amt.	Rs.	2498966.00	5607204.00
c) Average Rate	Rs.	45.78	37.90
D) Wood			
a) Qty. in Kgs.		19326.00	220922.00
b) Total Amt.	Rs.	59191.00	447892.00
c) Average Rate	Rs.	3.06	2.03
E) Baggas			
a) Qty. in Kgs.		2293960.00	1424960.00
b) Total Amt.	Rs.	2619263.00	1058745.00
c) Average Rate	Rs.	1.14	0.74

B. Consumption per unit of Production :

Company manufactures Bulk Drugs, Drug Intermediates, Fine Chemicals and Specialty 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

1) Research and Development (R & D)

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

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

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

- 1) Improvement in productivity and product quality.
- 2) Export promotion and Import substitution.
- 3) Improvement in Safety, environment protection and energy saving.
- 4) Cost reduction.
- 5) 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		(Rs. In lacs)	
Particulars	2010-11	2009-10	
a) Capital	26.60	42.28	
b) Recurring	77.36	82.82	
Total	103.96	125.10	
 Total R & D expenditure as a percentage of total turnover :	0.66%	1.04%	

Technology Absorption, Adaptation and Innovation :- NIL

1) Foreign Exchange Earning and Outgo		(Rs. in lacs)	
	2010-11	2009-10	
a) Foreign Exchange Earning:			
Direct Export	2906.48	2573.94	
b) Foreign Exchange outgo			
Raw Material Import	2978.00	1849.00	
Traveling, Sales, Comm. & Exhibition Stall	40.95	93.45	

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 Rs.	Net (Rs)	Qualification	No. of Years Working	Past Experience Year
Mr. E. Purushotham Managing Director (54 Years) (Employed since inception)	4793280	2488420	M.Sc. (Org. Chem.)	23	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					

H.R. Thakur, M.Com, LL.M., M.B.A. (Pittsburg), F.C.S. Grad. C.W.A
305/306, Happiness, City of Joy, J.S. Dossa Marg, Mulund (West) - 400 080 Tel. 022-25642206

COMPLIANCE CERTIFICATE

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

CIN of the Company - U24119PN1989PLC052562

Nominal Capital: Rs. 10.00 crores

The Members,
Smruthi Organics Limited
165-A Balaji Bhavan,
1st Floor, Railway Lines,
Solapur - 413001.

I have examined the registers, records, books and papers of Smruthi Organics Limited (the Company) as required to be maintained under the Companies Act, 1956 (the Act) and the rules made there- under and also the provisions contained in the Memorandum and Articles of Association of the Company for the Financial Year ended 31st March, 2011 (Financial Year). In my opinion and to the best of my information and according to the examinations carried out by me and explanations furnished to me by the Company, its officers and agents, I certify that in respect of the aforesaid Financial Year:

1. The Company has kept and maintained all Registers as stated in Annexure 'A' to this certificate, as per the provisions of the Act and the Rules made there-under and all entries therein have been duly recorded.
2. The Company has duly filed all the forms and returns as stated in Annexure 'B' with the Registrar of Companies, Maharashtra, Pune within the time prescribed under the Act and the Rules made there -under.
3. The Company being a Public Limited Company, comments are not required.
4. The Board of Directors duly met 4 (four) times respectively on 27/04/2010, 30/07/2010, 27/10/2010 and 28/01/2011 in respect of which proper notices were given and the proceedings were properly recorded and signed in the Minutes Book maintained for the purpose.
5. The Company closed its Register of Members from 24/07/2010 to 30/07/2010 (both days inclusive) with necessary compliance of Section 154 of the Act.
6. The Annual General Meeting for the Financial Year ended on 31st March, 2010 was held on 30th July, 2010 after giving due notice to the members of the Company and the resolutions passed thereat were duly recorded in the Minutes Book maintained for the purpose.
7. No Extra Ordinary General Meeting was held during the Financial Year.
8. The Company has not advanced any loan to its Directors and/or to persons or firms or Companies referred in the Section 295 of the Act.
9. The Company has duly complied with the provisions of Section 297 of the Act in respect of contracts specified in that Section.
10. The Company has made necessary entries in the Register maintained under Section 301 of the Act.
11. As there were no instances falling within the purview of Section 314 of the Act., the Company has not obtained any approvals from the Board of Directors, members or Central Government.

12. The Company has not issued any duplicate share certificate during the Financial Year.
13. The Company has:
 - i) delivered all the certificates on lodgment of securities for transfer/ transmission in accordance with the provisions of the Act.
 - ii) deposited the amount of dividend declared in separate bank account on 31st July, 2010 which is within five days from the date of declaration of dividend .
 - iii) posted dividend warrants to its members within a period of 30 (thirty) days from the date of declaration.
 - iv) transferred Rs.42,000/- for the Year 2002-03 in Unpaid Dividend Account, which has remained unclaimed or unpaid for a period of seven years to Investor Education and Protection Fund.
 - v) duly complied with the requirements of Section 217 of the Act.
14. The Board of Directors of the Company is duly constituted and there was no appointment of Additional Director/Alternate Director and director to fill casual vacancy during the Financial Year..
15. The Company has re-appointed the Managing Director and the Whole-Time Director in compliance with the provisions of section 269 read with schedule XIII during the Financial Year and has completed the necessary formalities.
16. The Company has not appointed any Sole-Selling Agent during the Financial Year.
17. The Company was not required to obtain any approvals of the Central Government, Company Law Board, Regional Director, Registrar and/or such authorities prescribed under the various provisions of the Act during the financial year..
18. The Directors have disclosed their interest in other Firms/Companies to the Board of Directors pursuant to the provisions of the Act and the Rules made there-under.
19. The Company has not issued any Shares, Debentures or other Securities during the Financial Year.
20. The Company has not bought-back any shares during the Financial Year.
21. There was no redemption of Preference Shares or Debentures during the Financial Year.
22. There were no transactions necessitating the Company to keep in abeyance rights to dividend, right shares and bonus shares pending registration of transfer of shares.
23. The Company has not invited / accepted any deposits including any unsecured loans falling within purview of Section 58A during the Financial Year
24. The amounts borrowed by the Company from Directors, Members, Public, Financial Institutions, Banks and others during the Financial Year ended 31st March, 2011 are within borrowing limits of the Company as per Section 293(1)(d) of the Act.
25. The Company has made investments in other body corporate in compliance with the provisions of the Act and has made necessary entries in the register kept for the purpose.
26. The Company has not altered the provisions of the Memorandum with respect to situation of the Company's registered office from one state to another during the Financial Year.
27. The Company has not altered the provisions of the Memorandum with respect to the objects of the Company during the Financial Year.
28. The Company has not altered the provisions of the Memorandum with respect to name of the Company during the Financial Year.
29. The Company has not altered the provisions of the Memorandum with respect to the Share Capital of the Company during the Financial Year.

30. The Company has not altered it's Articles of Association during the Financial Year.
31. There were no prosecutions initiated against or show cause notices received by the Company and no fines or penalties or any other penalties or any other punishment was imposed on the Company during the Financial Year, for offences under the Act.
32. The Company has not received any money as security from it's employees during the Financial Year.
33. The Company has been regular in depositing both employees' and employer's contribution to Provident Fund with prescribed authorities pursuant to Section 418 of the Act.

Place: Solapur

Date: 20th April, 2011

sd/-

H.R. Thakur

F.C.S. 2090 C.P. 3193

SECRETARIAL COMPLIANCE CERTIFICATE

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

ANNEXURE A

Registers as maintained by the Company:

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

ANNEXURE B

Forms and Returns as filed by the Company with the Registrar of Companies,
Maharashtra, Pune during the Financial Year ending on 31st March, 2011

Sr. No.	Form No. Return	Filed Under Section	For	Date of filing	Whether filed within prescribed time (Yes/No)	If delay in filing whether requisite additional Fee paid (Yes/No)
1	Form no. 1 CAR	233B	Cost Audit Report for 2008-2009	19/04/2010	Yes	No
2	Form 66	383A	Compliance Certificate 2009-2010	06/08/2010	Yes	No
3	Form 23AC & 23ACA	220	Balance Sheet and Profit & Loss Account for the year 2009- 2010	06/08/2010	Yes	No
4	Form. 23	192	Re-appointment of the Managing Director and Whole Time Director on revised terms	06/08/2010	Yes	No
5	Form 25 C	269	Re-appointment of the Managing Director on revised terms	17/08/2010	Yes	No
6	Form 25 C	269	Re-appointment of the Whole Time Director on revised terms	17/08/2010	Yes	No
7	Form 20B	159	Annual Return as on 30-07-2010	21/09/2010	Yes	No
8	Form 20B	159	Revised Annual Return as on 30-07-2010	27/09/2010	Yes	No
9	Form 1 INV	205(C)	Transfer of Unclaimed Dividend 2002-2003 to Investor Education & Protection Fund	15/10/2010	Yes	No
10	Form.1 CAR	233B	Cost Audit Report for 2009-2010	15/10/2010	Yes	No

Place: Solapur
Date: 20th April, 2011

sd/-
H.R. Thakur
F.C.S. 2090 C.P. 3193

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 8 Directors as detailed below.

(Position as on 31st March 2011)

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

(*Since resigned)

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 :

Four Board Meetings were held during the Financial Year on the following dates.

1) 27th April 2010	2) 30th July 2010	3) 27th october 2010	4) 28th January 2011
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Details regarding attendance of the Directors at the Board Meeting held during the Financial Year 2010-2011 and at the last Annual General Meeting held on 30th July 2010 are given below:

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

(*Since resigned)

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	Mrs.E.Vaishnavi
Date of Birth	21-03-1941	18-02-1962
Date of Appointment	30-12-2005	09-09-1994
Expertise in Specific Functional Area	Technical - QC	Administration
Qualification	B.Sc.	B.A.
* Directorship / Committee Memberships in other Companies	-----	Smruthi Chemicals and Intermediates Limited.
No. of shares held in the company	---	5,76,450

* Excludes Directorship in private ltd. company, Section 25 Companies and Alternate Directorship (if any)

II) 4. Remuneration to Executive Directors :

Amount in Rs.

Particulars	Mr.E. Purushotham Managing Director	*Mr.E. Niranjan Rao Director	Mr.E. Swapnil Director
Salary & Other Allowances	42,00,000	13,28,000	6,25,000
Contribution to Provident & Other Funds	5,93,280	67,680	75,000
Commission	60,00,000	---	---

(*Since resigned)

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

Sitting Fees in Rs.

Name	Board	Audit / Remuneration Committee	Total
Mrs. E. Vaishnavi	20000	---	20000
*Mr. P.K. Kumaran	20000	15000	35000
Mr. R. Ramaswamy	20000	15000	35000
Mr. J.H. Ranade	20000	15000	35000
Dr. Nagender Yerram	---	---	---

(*Since resigned)

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. J .H. Ranade is chairman, Mr. R.Ramaswamy and Dr. Nagender Yerram 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.

Mr. J. H. Ranade is chairman and Mr. R.Ramaswamy, 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 Mrs. E. Vaishnavi, 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 4 meetings were held and 6600 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
2007-08	16th September 2008	Hotel City Park, Solapur	5
2008-09	25th September 2009	Hotel City Park, Solapur	5
2009-10	30th July 2010	Hotel City Park, Solapur	6

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 as 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 The Free Press Journal, /Navashakti Daily Sakal / Sanchar, (Local News Paper). All data relating to Quarterly Financial Results is provided on the Company's Web Site i.e. www.smruthiorgaincs.com.

XI . Shareholders I nformation:

Shareholders information is separately provided in the Annual Report.

SHAREHOLDERS INFORMATION

1. Annual General Meeting :

Date: 27th July 2011

Time: 12.30 p.m.

Venue: Hotel City Park, (Shamiyana Hall), 119, Murarji Peth, Opp. Hutatma Chowk, Solapur - 413 001

2. Financial Calendar (Tentative): April 2011 to March 2012

Particulars of Meetings	Date
Un-audited Quarterly Result for the quarter ended 30th June 2011	27th July 2011
Un-audited Quarterly Result for the quarter ended 30th September 2011	2nd week of Nov. 2011
Un-audited Quarterly Result for the quarter ended 31st December 2011	2nd week of Feb.2012
Un-audited /Audited Financial Result for the quarter - ended 31st March 2012	Last week of May 2012

3. Date of Book Closure :

18th July 2011 to 27th July 2011 (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 25th August 2011 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 2010-11.

Month & Year	Open Rs.	High Rs.	Low Rs.	Close Rs.
April - 2010	102.45	131.95	102.45	119.50
May - 2010	114.00	123.50	84.00	96.85
June - 2010	100.00	128.75	96.00	119.50
July - 2010	116.15	137.00	111.50	130.05
August - 2010	136.00	175.25	134.95	158.05
September - 2010	145.50	172.90	145.50	160.45
October - 2010	160.00	166.00	146.00	152.05
November - 2010	157.70	165.00	124.30	132.80
December - 2010	135.00	145.00	111.55	128.55
January - 2011	139.95	160.00	121.00	134.90
February - 2011	133.15	148.00	116.50	126.50
March - 2011	128.00	155.00	110.00	130.55

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 31.03.2011)

Shares	Number	% to total	Total Shares	Rs.	% to total
Upto 100	601	38.50	33988	339880	0.89
101-500	561	35.94	201344	2013440	5.28
501-1000	187	11.98	166629	1666290	4.37
1001-2000	70	4.48	114058	1140580	2.99
2001-3000	59	3.78	148012	1480120	3.88
3001-4000	15	0.96	52967	529670	1.39
4001-5000	12	0.77	58041	580410	1.52
5001-10000	33	2.11	258134	2581340	6.77
10001-20000	10	0.64	130975	1309750	3.43
20001-50000	9	0.58	298901	2989010	7.83
50001-Above	4	0.26	2352381	23523810	61.65
TOTAL	1561	100.00	3815430	38154300	100.00

10) Shareholding pattern :

Category	No. of Sahres	% to share capital
NRI	43766	1.15
Corporate Body	172733	4.53
Directors & Relatives	2487231	65.19
Indian Public	1111700	29.13
TOTAL	3815430	100.00

11. Dematerialization of shares and liquidity :

3158035 shares have been dematerialized as on 31st March 2011 constituting 82.77 % 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 :- changale@smruthiorganics.com

Web Site : www.smruthiorganics.com

Mr.Vijay Changale, Sr. Manager Accounts - Compliance Officer.

For & on behalf of the Board

sd/-

E. Purushotham

(Chairman & Managing Director)

Place: Mumbai

Date: 28th April 2011

**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 2011 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)

sd/-

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

Place : Mumbai
Date : 28th April 2011

AUDITOR'S REPORT

To,

Members of Smruthi Organics Limited, Solapur.

1. We have audited the attached balance sheet of Smruthi Organics Limited Solapur as on 31.03.2011 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 Company's 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 2011 and taken on record by Board of Directors, we report that none of the directors is disqualified as on 31st March 2011 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, 2011.
- 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)

sd/-

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

Place : Mumbai
Date : 28th April 2011

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, Cenvat 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 Cenvat were in arrears as at 31st March 2011 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 does not have accumulated losses as at 31st March 2011 and also 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.
- 16) In our opinion, the term loans have been applied for the purpose for which they were raised. - Not applicable as no loan is obtained during the year.
- 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 the funds raised on short-term basis have not 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 : Mumbai
Date : 28th April 2011

Balance Sheet As On 31st March 2011

	Sche- dule	As on 31/3/2011 Rs.		As on 31/3/2010 Rs.	
SOURCES OF FUNDS:					
SHAREHOLDERS FUNDS					
Capital	A	38,154,300		38,154,300	
Reserves & Surplus	B	226,089,410	264,243,710	136,923,119	175,077,419
LOAN FUNDS					
Secured Loans	C	202,782,181		189,570,551	
Unsecured Loans	D	111,692,477	314,474,658	107,968,975	297,539,527
Deffered Tax Liability	E		28,196,541		21,745,780
TOTAL			606,914,909		494,362,725
APPLICATION OF FUNDS					
FIXED ASSETS					
Gross Block	F	602,507,435		524,204,684	
Less:Depreciation		(283,859,249)		(244,042,226)	
Net Block		318,648,186		280,162,458	
Add : Capital Work in Porgress		3,062,035	321,710,221	2,432,481	282,594,939
INVESTMENTS	G		997,100		4000.00
CURRENT ASSETS					
LOANS & ADVANCES					
CURRENT ASSETS:					
Inventories		310,290,294		315,841,780	
Sundry Debtors		238,196,661		159,899,145	
Cash & Bank Balances		17,045,260		23,254,626	
Loans & Advances		91,817,074		64,995,639	
		657,349,290		563,991,190	
Less:Current Liabilities & Provisions	I	373,981,918		354,738,840	
NET CURRENT ASSETS			283,367,371		209,252,350
MISCELLANEOUS EXPENDITURE (to the extent not written off/adjusted)					
Deferred Revenue Expenditure		840,216	840,216	2,511,436	2,511,436
Total			606,914,909		494,362,725

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

"0"

For & on behalf of Board of Directors
Smruthi Organics Limited

ASHOK MADGUNDI & CO.
CHARTERED ACCOUNTANTS

PLACE : Mumbai
DATE : 28-04-2011

Sd/-
(A.D.MADGUNDI)
PROPRIETOR

Sd/-
(E. PURUSHOTHAM)
MANAGING DIRECTOR

Sd/-
(E. VAISHNAVI)
DIRECTOR

Profit and Loss Account for the year ended 31st March, 2011

	Schedule	As on 31/3/2011 Rs.		As on 31/3/2010 Rs.	
INCOME	J				
Sales (Gross) & Other Income		1,632,389,526		1,269,782,027	
Increase/(Decrease) In Finished Goods		(1,329,766)		31,747,222	
			1,631,059,761		1,301,529,249
EXPENDITURE					
Raw Material Consumed	K	1,159,326,219		939,938,147	
Manufacturing Exps.	L	143,571,382		103,755,505	
Administrative Exps.	M	111,914,000		104,264,484	
Interest	N	40,312,481		42,769,913	
Depreciation	F	39,817,023		38,251,787	
			1,494,941,105		1,228,979,836
Profit before Taxation			136,118,656		72,549,413
Less: Provision for Income Tax			32,659,462		16,711,140
Less: Deferred Tax (originating during the year)			6,450,761		347,190
Profit after tax			97,008,433		55,491,083
Less : Transfer to General Reserve			9,700,000		5,549,110
Less : Dividend & Tax for the year			11,159,656		8,927,725
Add : Income Tax Refund (AY 06-07, Mat Set Off.etc)			3,317,514		0
Add : Balance in Profit & Loss A/c.			109,273,613		68,259,365
Balance Carried to Balance Sheet			188,739,904		109,273,613

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

"0"

For & on behalf of Board of Directors
Smruthi Organics Limited

ASHOK MADGUNDI & CO.
CHARTERED ACCOUNTANTS

PLACE : MUMBAI
DATE : 28.04.2011

Sd/-
(A.D.MADGUNDI)
PROPRIETOR

Sd/-
(E. PURUSHOTHAM)
MANAGING DIRECTOR

Sd/-
(E. VAISHNAVI)
DIRECTOR

Schedules Forming Part of the Balance Sheet as on 31.03.2011

	As on 31/3/2011 Rs.		As on 31/3/2010 Rs.	
SCHEDULE 'A'				
AUTHORISED SHARE CAPITAL				
5000000 Equity Shares of Rs.10/- each	50,000,000		50,000,000	
5000000 Non-Convertible Cumulative Redeemable Preference Shares of Rs.10/- each	50,000,000	100,000,000	50,000,000	100,000,000
1. ISSUED, SUBSCRIBED & PAID UP				
3815430 Equity Shares of Rs.10/- each fully paid	38,154,300		38,154,300	
		38,154,300		38,154,300
SCHEDULE-'B'				
RESERVES AND SURPLUS				
1. Capital Reserve	608,600		608,600	
2. Capital Incentive from WMDC Ltd.,Pune	1,500,000		1,500,000	
3. General Reserve	33,240,906		23,540,906	
4. Share Premium	2,000,000		2,000,000	
5. Profit & Loss Account	188,739,904		109,273,613	
		226,089,410		136,923,119
SCHEDULE-'C'				
SECURED LOANS				
1. FCNR Term Loan from S.B.I. I.F Br., Mumbai	11,645,648		35,899,017	
2. Working Capital Loan from S.B.I.,IFB Mumabi & SBI.,Solapur	179,514,300		146,499,402	
3. SBI Global Factors Ltd.,Mumbai	9,204,362		4,021,595	
4. Axis Bank Ltd. - Car Loan (Mercedes Benz, Indica)	2,417,871		3,150,537	
		202,782,181		189,570,551

Term Loan - Secured by equitable mortgage created on all immovable properties located at Plot No. 273 & 274 MIDC, Akkalkot Road, Solapur 413 006 & Plot No. A-27, MIDC Chincholi, Solapur - 413 255 , Flat No.5, Rahul Apartment, Solapur and also hypothecation of all movable properties for both present and future.

Working Capital - Secured by hypothecation of Inventories, Book Debts & also by equitable mortgage created on all immovable properties as collateral security.

Bank - State Bank of India Industrial Finance Branch Mumbai.

Schedules Forming Part of the Balance Sheet as on 31.03.2011

	As on 31/3/2011		As on 31/3/2010	
	Rs.		Rs.	
SCHEDULE - 'D'				
UNSECURED LOANS				
Deferral Sales Tax Loan availed from SICOM Ltd., Mumbai, Under Package Scheme of Incentive of 1993.	44,431,032		46,947,530	
Deferral Sales Tax Loan availed from SICOM Ltd., under Package Scheme of Incentive of 1993 under Expansion	35,514,851		35,514,851	
Unsecured Loans - Directors	29,296,594		20,506,594	
Unsecured Loans - Inter Corporate Deposit	2,450,000		5,000,000	
		111,692,477		107,968,975
SCHEDULE - 'E'				
Deffered Tax Liability				
Opening Balance	21,745,780		21,398,590	
Add : During the year	6,450,761		347,190	
		28,196,541		21,745,780



SCHEDULE 'F' - Company Act
A) FIXED ASSETS
Schedule Of Fixed Assets Forming Part Of Balance Sheet As On 31st March 2011

PARTICULARS.	GROSS BLOCK (AT COST)				DEPRECIATION PROVIDED				NET BLOCK	
	Cost As On 01.04.2010	Addition During The Year 10-11	Disposal/ Adjust- Ment	As On 31.03.2011 (2+3-4)	Upto 31.03. 2010	For The Year 2010-2011	Disposal/ Adjust- Ment	Upto 31.03.2011 (6+7-8)	As On 31.03. 2010	As On 31.03.2011 (5 - 9)
1	2	3	4	5	6	7	8	9	10	11
Factory Land	3076385	0	0	3076385	252653	17640	0	270293	2823732	2806092
Agricultural Land	587094	0	0	587094	0	0	0	0	587094	587094
Buildings	95110749	6922961	0	102033710	42177887	5599402	0	47777289	52932862	54256422
Ownership Flats	9319484	0	0	9319484	3812922	275328	0	4088250	5506562	5231234
Plant & Machinery	326443009	58984510	0	385427519	154767149	25775321	0	180542470	171675861	204885050
Electrical Installation/Equip.	13675855	5057941	0	18733796	8455260	1018079	0	9473340	5220595	9260456
Vehicles	14142894	0	0	14142894	7050329	1836265	0	8886594	7092565	5256300
Office Equipments	1351134	152231	0	1503365	795966	91412	0	887378	555168	615987
Computer	4035486	330217	0	4365703	2172040	274017	0	2446058	1863446	1919645
Furniture & Fixture	8406183	1457630	0	9863813	5271592	703035	0	5974628	3134591	3889185
Laboratory Equipments	13030764	534389	0	13565153	7365167	824411	0	8189578	5665597	5375575
Other Factory Equipments	4432708	2203359	0	6636067	1601671	539435	0	2141106	2831037	4494960
T O T A L = A	493611745	75643238	0	569254983	233722637	36954346	0	270676983	259889108	298578000
B) j) Research & Devp.Equip.	26972610	2659513	0	29632123	9384871	2594116	0	11978987	17587739	17653136
ii) Research & Devp.G.Block	3620325	0	0	3620325	934718	268561	0	1203279	2685607	2417046
T O T A L = B	30592935	2659513	0	33252448	10319589	2862677	0	13182266	20273346	20070182
C) Capital Work in Progress										
Building Constructions - F Block	2397210	177746	0	2574956	0	0	0	0	2397210	2574956
Plant & Machinery - F Block	35271	451808	0	487079	0	0	0	0	35271	487079
Total = C	2432481	629554	0	3062035	0	0	0	0	2432481	3062035
Total (A+B+C)	526637161	78932305	0	605569466	244042226	39817023	0	283859248	282594935	321710217
Previous Year	478022877	48614284	0	5266637161	205790439	38251787	0	244042226	272232438	282594935

Schedules Forming Part Of The Balance Sheet As On 31/03/2011

	As on 31/3/2011 Rs.		As on 31/3/2010 Rs.	
SCHEDULE - 'G'				
INVESTMENTS				
1. 49310 equity shares of Rs.10/- each fully paid up in Greenfield CET Plant Pvt.Ltd. Solapur	493,100		0	
2. 80 equity shares of Rs.50/-each fully paid up in Solapur Nagari Aydhogik Bank, Solapur	4,000		4,000	
3,50,000 Unit of Rs.10/- each in SBI Mutual Fund (PSU Fund Growth)	500,000		0	
		997,100		4,000
SCHEDULE - 'H'				
CURRENT ASSETS, LOANS & ADVANCES				
CURRENT ASSETS				
Inventories-(at cost except otherwise stated and as certified by Managing Director)				
1. Raw materials	67,725,692		41,156,262	
2. Packing Material	1,753,163		934,242	
3. Work in Process	185,533,074		217,143,146	
4. Finished Goods	55,278,365		56,608,131	
(At lower of cost or net realisable value)		310,290,294		315,841,780
SUNDRY DEBTORS (Unsecured Considered Good)				
1. More than six months	1,363,000		1,363,000	
2. Other debts	236,833,661		158,536,145	
		238,196,661		159,899,145
CASH AND BANK BALANCES				
1. Cash on hand	299,146		824,426	
2. Bank Balance (EEFC,Khadki,ICICI etc)	843,662		1,273,679	
3. Fixed Deposits with SBI (For L/C and Bank Guarantee margin)	15,902,453		21,156,522	
		17,045,260		23,254,626
LOANS AND ADVANCES				
1. (Unsecured Considered Good) Advances recoverable in cash or in kind or for value to be received				
Staff Advances & Other Advances	1,161,052		1,408,975	
Pre-Paid Custom Duty	1,500,240		0	
Pre-Paid Insurance	880,236		834,112	
Pre-Paid Interest (EOU)	642,184		572,327	
Excise Duty (Modvat)	5,682,629		681,086	
Excise Duty (EOU)	402,955		2,786,443	
CST Refund Claim (EOU)	10,954,930		9,314,571	
Interest Accrued but not due	103,585		1,162,991	
Deposits	3,236,486		3,412,636	
Excise on Export Refund	3,384,166		1,223,897	
Terminal Excise Duty-TED	18,602,340		17,269,769	
DEPB incentive to be claim for CENVAT	2,313,786		0	
Income Tax Refund 2006-07	0		1,798,948	
Income Tax Refund 2008-09	1,297,210		1,297,210	
Service Tax	1,650,637		655,058	
Sales Tax	402,106		402,106	
VAT Refund	13,011,452		13,011,452	
Advance Income Tax & TDS	26,591,080		9,164,058	
		91,817,074		64,995,639

Schedules Forming Part Of The Balance Sheet As On 31/03/2011

	As on 31/3/2011 Rs.		As on 31/3/2010 Rs.	
SCHEDULE 'I'				
CURRENT LIABILITIES & PROVISIONS				
Sundry Creditors (Raw Materials)	278,486,682		297,071,251	
Sundry Creditors (Small Scale Undertaking)	227,279		195,748	
Sundry Creditors (Others)	19,394,548		8,809,216	
Provisions and Other Liabilities	75,873,409		48,662,625	
		373,981,918		354,738,840
SCHEDULE- 'J'				
SALES & OTHER INCOME / INCREASE(DECREASE)IN STOCK				
Sales	1,566,430,374		1,202,985,613	
Excise Duty	34,520,269		32,949,346	
Sales Tax	21,977,668		29,032,335	
Other Income	9,461,215		4,814,733	
		1,632,389,526		1,269,782,027
Finished Goods (Opening)	56,608,131		24,860,909	
Finished Goods (Closing)	55,278,365		56,608,131	
Increase/(Decrease)		(1,329,766)		31,747,222
SCHEDULE-'K'				
Raw Material Consumed				
Opening Stock	259,233,649		309,093,854	
Add : Purchases	1,155,104,499		890,077,943	
	1,414,338,148		1,199,171,797	
Less : Closing Stock	255,011,929		259,233,649	
Consumption		1,159,326,219		939,938,147
SCHEDULE-'L'				
MANUFACTURING & OTHERS EXP. MANUFACTURING EXPS				
Carriage Inward	18,153,804		12,601,780	
E.S.I.C.Employers Contribution	175,604		117,292	
Electricity Charges	29,519,673		20,661,376	
Factory Expenses	1,036,644		677,831	
Octroi	2,469,219		1,332,027	
Purchase of Ice	74,436		110,816	
Purchase of Coal/Buggase/Wood	29,827,124		21,837,518	
Packing Materials	14,296,914		8,766,220	
Provident Fund	2,908,225		2,207,108	
Research and Development chemicals	425,180		481,762	
Research and Development Expenses	664,167		620,353	
Repairs & Maintenance	3,283,518		1,804,181	
Staff/Labour Welfare	3,151,768		2,366,465	
Purchase of Lab Chemicals	2,755,587		2,314,484	
Stores	9,375,163		7,062,281	
Testing & Analytical Charges	3,382,458		2,534,840	
Wages	17,150,997		14,856,101	
Water Charges	4,122,391		3,403,069	
Excise Duty PLA	798,511		0	
		143,571,382		103,755,505

Schedules Forming Part Of The Balance Sheet As On 31/03/2011

	As on 31/3/2011 Rs.		As on 31/3/2010 Rs.	
SCHEDULE- 'M'				
SELLING AND ADMINISTRATIVE EXPS.				
Audit fee	70,000		70,000	
Consultancy Charges	2,918,680		2,550,314	
Bank Commission & Charges	3,938,901		4,190,916	
Bonus & Ex-Gratia	2,400,615		1,367,806	
Carriage Outward	2,692,322		2,480,571	
Rent,Rates & Taxes.	720,918		550,443	
Conveyance	2,977,697		2,340,009	
Customers Welfare	199,726		207,541	
Directors Salary	6,223,000		5,415,333	
Donation	207,575		141,974	
Earned Leave Salary	440,422		225,273	
Insurance	2,129,320		1,458,161	
Journals & Periodicals	91,515		45,925	
Subscription	66,395		41,540	
Legal Expenses	0		29,500	
Fees & Forms	1,816,159		3,412,421	
Garden Expenses	29,035		7,240	
Office Expenses	183,342		149,960	
Perquisites	68,250		174,050	
Postage, Telegram & Telephone	1,345,168		1,187,425	
Printing & Stationery	2,532,401		1,922,389	
Salary to Staff	33,605,513		29,144,347	
Gratuity	4,274,710		4,009,293	
Commission to Managing Director	6,000,000		0	
Sales Commission & Discount	8,032,595		5,592,018	
Sales Promotion & Advertisement Exps.	1,461,619		5,191,270	
Rate Difference in Foreign Exchange	156,940		0	
Seminar Expenses	16,022		25,006	
Travelling Expenses	4,617,673		2,937,728	
Vehicle Repairs & Maintenance	719,819		363,696	
Sales Tax	21,977,668		29,032,335	
		111,914,000		104,264,484
SCHEDULE- 'N'				
INTEREST				
Term Loan	2,208,654		5,484,302	
Cash Credit	30,003,285		29,852,106	
Others	8,100,542		7,433,505	
		40,312,481		42,769,913

SCHEDULE "O"

Schedule To The Financial Statement as on 31.03.2011

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 & 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 10B 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- No loan is obtained during the year.

(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.

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 gain/loss arising on account of fluctuation of foreign exchange rates are credited to the fixed assets and debited to Term loan liability account.

(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 on R & D for 2010-11 and 2009-10 (Rs. in Lacs)

Particulars	2010-11	2009-10
a) Capital	26.60	42.28
b) Recurring	77.36	82.82
Total Rs.	103.96	125.10
Total R&D expenditure as a percentage of total turnover :	0.66%	1.04%

(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 recognized 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 refund receivable by the company is accounted in the year in which the final assessment by sales tax authorities is completed. The Sales Tax amount of Rs. 25.16 lacs is due under PSI1993 Scheme is paid during the year.

(L) Investment : Investments are stated at cost.

(M) Deferred Revenue Expenditure : Out of the total expenditure of Rs. 25.21 lacs, the company has transferred Rs.8.40 lacs to Profit and Loss Account during 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.2024 lacs towards import of raw materials to various parties and outstanding of L/c's. at closing day of the year are Rs. 322 Lacs. (Previous Year Rs.760 Lacs)

(B) The bank guarantees of Rs.14.00 lacs are issued to various Government Authorities. (Previous Year Rs. 14.00 lacs)

(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.

(D) The Company has availed the benefit of DEPB License of the Financial year 2009-10 and 2010-11 of Rs.15.51 lacs and Rs. 54.51 lacs respectively the total amounting to Rs.70.02 lacs. The said benefit has treated as income of the year under audit. Out of this income, Rs. 19.03 lacs, Rs.27.85 lacs and Rs. 23.14 lacs is debited to raw material consumption, CENVAT account, and DEPB incentive to be claim for CENVAT respectively.

(E) Computation of Profits for the purpose of commission payable to Directors under section 198 of the Companies Act, 195

Particulars	Rupees
Salaries and Allowances to Directors	6879680
Commission	6000000
Total	12879680

Profit Before Tax as per Profit and Loss Account		136118656
Add : Remuneration to Directors as above	12879680	
Add : Depreciation debited to Profit and Loss A/c	<u>39817023</u>	
Total		52696703
Less : Depreciation	<u>39817023</u>	
		<u>39817023</u>
Profit for the purpose of Commission		<u>148998336</u>

Key Management personnel	(Rs.)	
(G) Remuneration to Directors	Current Year	Previous Year
(a) E. Purushotham, Chairman & Managing Director		
i) Salary	42,00,000	30,00,000
ii) Provident Fund	5,93,280	2,70,720
(b) E. Niranjan Rao, Director (Operation)		
i) Salary	13,98,000	12,24,000
ii) Provident Fund	67,680	59,040
(c) E. Swapnil, Director, (Business Development upto 31-08-10)		
i) Salary	6,25,000	11,91,333
ii) Provident Fund	75,000	71,500
(H) Auditors Remuneration		
a) as statutory auditors	1,20,000	70,000
b) tax audit and other services	1,74,634	1,83,329
(I) Remittance in Foreign Currency		
Value of Imports material purchased CIF	29,78,00,000	18,48,94,000
Value of Imports material consumed		
(J) Expenses in Foreign Currency		
in traveling, Sales Commission & Exhibition Stall Rent.	40,94,873	93,45,177
(K) Remittance by way of Dividend in Foreign Currency		
No. of Shares	21500	15500
Amt. of Dividend	43000	15500
No. of Shareholders	16	4
(L) Earning in Foreign Currency FOB basis		
	29,06,47,611	25,73,94,375
(M) Sundry debtors in schedule includes Rs.13.63 lacs due for a period of more than six months. Provision for debts considered as a doubtful aggregating to Rs. 13.63 lacs has not been made as recovery efforts are under progress.		

(N) Related Party Disclosures AS-18

i) Name of Related Party : Smruthi Chemicals & Intermediates
 Proprietor Mrs. E. Vaishnavi
 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. Pur. (High-seas/Local from SOL)
 d) Interest paid on Unsecured Loan

Transaction value (Rs.) a) Rs. 5452110
 b) Rs. 202500
 c) Rs. 2595799
 d) Rs. 366357

Balance Outstanding Rs. NIL
 Receivable/Payable(-)
 As on Balance Sheet Date

ii) Name of Related Party : Trade Point
 Relationship : Wife of Director
 Nature of the Transaction a) Sales Commission

Transaction value (Rs.) Rs. 5368191/-

Balance Outstanding Rs. NIL
 Receivable/Payable(-)
 As on Balance Sheet Date

iii) Name of Related Party : Mr. Eaga Swapnil

Relationship : Director of the Company & Son of Managing Director

Nature of the Transaction a) Car Rent Paid
 b) Interest paid on Unsecured Loan

Transaction value (Rs.) a) Rs. 492000/-
 b) Rs. 102344/-

Balance Outstanding Rs. NIL
 Receivable/Payable(-)
 As on Balance Sheet Date

iv) Name of Related Party : Mr. Eaga Yadgiri
 Relationship : Brother of Managing Director

Nature of the Transaction a) Tempo & Tractor Rent Paid

Transaction value (Rs.) Rs. 734300/-

Balance Outstanding Rs. NIL

Receivable/Payable(-)

As on Balance Sheet Date

- v) Name of Related Party : Mr. Eaga Purushotham
Relationship : Managing Director in Comapny

Nature of the Transaction a) Unsecured Loan Interest paid

Interest Paid (Rs.) Rs. 2205216/-

Balance Outstanding Rs. NIL

Receivable/Payable(-)

As on Balance Sheet Date

- vi) Name of Related Party : Mr P. K. Kumaran
Relationship : Director of Company

Nature of the Transaction a) Unsecured Loan Interest paid

Interest Paid (Rs.) Rs. 322016/-

Balance Outstanding Rs. NIL

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.

O) Earning Per Share (E.P.S.) AS-20	31.03.2011	31.03.2010
i) Basic E.P.S.	25.43	14.60
Diluted E.P.S.	25.43	14.60
ii) Calculation of Basic E.P.S.		
a) Net Profit after tax-Income (in crore)	9.70	5.55
b) No.of Equity Shares (in crores)	0.38	0.38
c) Basic Earning per share (Weighted Avg.)	25.43	14.60
d) Nominal Value per share	10.00	10.00

P) Additional information pursuant to the provisions of paragraphs 3, 4CD, 4D and part II of Schedule VI of the Companies Act, 1956

a) Installed capacity and production (as certified by the Management and not verified by the Auditors, it being a technical matter.)

Class of Goods	Units	Installed	Production
Bulk Drugs & Drug Intermediates			
Current Year	MT	2420	1437
Previous Year	MT	2420	1511

b) Opening Stock, Closing Stock and Sales

	Opening Stock		Closing Stock		Sales Qty.	Sales Amount Rs.
	Qty.Kgs.	Amount Rs.	Qty.Kgs.	Amount Rs.		
Bulk Drugs & Drug Intermediates						
Current Year	90074	56608131	45887	55278365	1501265	1566430374
Previous Year	34153	24860909	90074	56608131	1452476	1202985613

c) Raw Materials Consumed

Chemicals & Solvents	Current Year		Previous Year	
	Qty.Kgs.	Amount Rs.	Qty.Kgs.	Amount Rs.
5'O' Trityl Thymidine	150501	580213173	112417	464991668
3-Chloro 4-Fuloro anniline (C.F.A.)	61800	15785138	83400	21652807
Others	----	563327908	----	453293672
Total		1159326219		939938147

(Q) In the opinion of the Board, Current Assets, Loans and Advances including capital advances as on 31.03.2011 have a value on realization in the ordinary course of the business at least equal to the amount which they are stated.

(R) 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.

The name of Small Scale Industrial undertakings to whom the Company owes a sum exceeding Rs. 1.00 Lac which is outstanding for not more than 30 days included in Sundry Creditors is S.M. Labs Pvt Ltd 227279/-

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

(T) Balance Sheet Abstract and Company's General Business Profile.

I) Registration details

Registration No. : 52562 State Code : 11

Balance Sheet Date : 31.03.2011

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 : 606915 Total Assets : 606915

Paid up Capital : 38154 Reserves & Surplus : 226089

Secured Loans : 202782 Unsecured Loans : 111692

Application of Funds. :

Net Fixed Assets : 321710

Net Current Assets : 283367 Misc. Expenditure : 840

Investment : 997

IV) Performance of Company (Amount in Thousand)

Turnover : 1632390 Total Expenditures : 1496271

Profit before Tax : 136119 Profit after Tax : 97008

Earning Per share in Rs.25.43 Dividend Rate : 25 %

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) Zidovudine 4) Ciprofloxacin

5) Pefloxacin 6) Metformin Hcl

7) Amlodipine 8) Chlorhexidine Base

9)Carbidopa 10) Enrofloxacin

11) Phthaloyl Amlodipine

U) 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 "O"

Place : Mumbai
Date : 28/04/2011

Ashok Madgundi & Co.
Chartered Accountants

sd/-
A. D. Madgundi
Proprietor.

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

sd/-
(E. Vaishnavi)
Director

sd/-
(E. Purushotham)
Managing Director

Cash Flow Statement for the year ended 31.03.2011

Sr	Particulars		Rs. In Lacks	
A	CASH FLOW FROM OPERATING ACTIVITIES		31.03.2011	31.03.2010
	Net profit before taxation	(+)	1361.19	725.49
	Adjusted for			
	Depreciation	(+)	398.17	382.52
	Misc Expenditure written off	(+)	8.40	16.71
	Interest Income & Rate diff.in foreign currency	(-)	-94.61	-48.15
	Interest Expenditure	(+)	403.12	427.70
	Income Tax Refund & prov. of Dividend Tax of earlier Yr.	(+)	33.18	0.00
	Operating profit before working capital changes	(+)	2109.45	1504.27
	Increase in Sundry Debtors	(-)	-782.98	-308.91
	Increase in Loans & Advances	(-)	-268.17	-237.47
	Increase in Inventory	(+)	55.52	181.13
	Increase in Current Liabilities	(+)	200.74	1284.45
	Net of Provision for Dividend and Tax	(-)	-111.61	-89.27
	Foreign consultancy technical charges	(-)	0.00	-25.21
	Cash generated from Operations	(+)	1202.95	2308.99
	Income Tax	(-)	-326.59	-167.11
	Net Cash from Operating Activities (A)	(+)	876.36	2141.88
B	CASH FLOW FROM INVESTMENT ACTIVITIES			
	Purchases of Fixed Assets	(-)	-789.32	-486.14
	Investments	(-)	-9.97	0.00
	Interest Income & Rate difference in Foreign Currency	(+)	94.61	48.15
	Net Cash from Investing Activities (B)	(-)	-704.68	-437.99
C	CASH FLOW FROM FINANCING ACTIVITIES			
	Increase in Share Capital	(+)	0.00	0.00
	Secured Loans	(+)	132.11	-1264.60
	Unsecured Loans	(+)	37.23	40.84
	Interest Expenses	(-)	-403.12	-427.70
	Net Cash used in Financing Activitis (C)	(-)	-233.78	-1651.46
	Net Increase in cash & cash equivalentants (A)+(B)+(C)	(-)	-62.10	52.43
	Cash & Cash equivalentants at the beginning of the period	(+)	232.55	180.12
	Cash & Cash equivalentants at the end of the period	(+)	170.45	232.55

For and on behalf of Board of Directors

Place : Mumbai
Date : 28/04/2011

Sd/-
(E.Vaishnavi)
Director

Sd/-
(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 2011.

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.

Ashok Madgundi & Co.
Chartered Accountants

sd/-
A. D. Madgundi
Proprietor.

Place : Mumbai
Date : 28th April 2011

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 **TWENTY SECOND ANNUAL GENERAL MEETING** of the Company to be held on Wednesday 27th July 2011 at 12.30 p.m. and at any adjournment thereof.

Signed this day of 2011

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

Twenty Second Annual General Meeting - -----

Reg. Folio 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.



If undelivered please return to :

Smruthi Organics Limited

USFDA, Eu-GMP-WHO Certified Company

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Phones	: 0091-217-2310267, 2310367 • Fax No. : 0091-217-2310268
Mumbai Offi. Tel	: 0091-22-24129211 • Telefax No. : 0091-22-24155452
E-mail	: eaga@smruthiorganics.com • smruthiorganics@mtnl.net.in
Visit us at	: www.smruthiorganics.com