



**Smruthi
Organics
Limited**

23rd ANNUAL REPORT

2011-12

Manufacturers of
API

Facilities
Approved by
**USFDA
cGMP-WHO
(European)**

Services
**Contract
Manufacturing
Custom
Synthesis**

www.smruthiorganics.com

BOARD OF DIRECTORS

Mr. E. Purushotham - *Chairman & Managing Director*

Mr. E. Swapnil - *Director (Business Development)*

Mrs. E. Vaishnavi

Dr. Nagender Yerram

Mr.R.Ramaswamy (*up to 03.10.2011*)

Dr. K. Rama Swamy (*w.e.f. 09.05.2012*)

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 - 413255.

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.

Axis Bank Ltd

Baner Branch, Pune

NOTICE

NOTICE is hereby given that the **23rd** Annual General Meeting of the Members of **Smruthi Organics Limited** will be held at **Hotel Tripursundari** (Kamala Hall), Civil Lines, Solapur 413001 on **Monday 30th July 2012 at 12.30 p. m.** to transact the following business :-

ORDINARY BUSINESS

1. To receive, consider & adopt the Profit and Loss Account for the year ended on 31st March, 2012 & the Balance Sheet as at that date & the Report of the Auditors & Directors thereon.
2. To declare a dividend on Equity Shares.
3. To appoint a Director in place of Dr. Nagendra Yerram who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Mr. E. Swapnil 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.

SPECIAL BUSINESS

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

“RESOLVED THAT Dr. K. Rama Swamy who was appointed as an Additional Director by the Board of Directors under Section 260 of the Companies Act, 1956 and Articles of Association of the Company and who holds office only up to the date of Annual General Meeting and in respect of whom the Company has received a notice in writing under Section 257 of the Companies Act, 1956 from a member signifying his intention to propose him as a candidate for the office of a Director of the Company be and is hereby appointed as a Director of the Company.”
7. To consider and if thought fit to pass with or without modifications the following resolution as a Special Resolution :-

“RESOLVED THAT pursuant to provisions of Sections 198, 269, 309, 311, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 and Articles of Association of the Company and in supersession of the Resolution passed by the members on 30th July 2010, consent of the Company be and is hereby accorded for appointment of

Mr. E. Purushotham, as Managing Director of the Company on the revised terms and conditions as approved by the Remuneration Committee and the Board of Directors on 22nd May, 2012 for 3 (three) year period commencing from 1st August, 2012 till 31st July, 2015 on the terms and conditions as set out in the Explanatory Statement annexed here to with liberty to the Board of Directors to alter and vary the terms and conditions of the said appointment in such manner as may be agreed to between the Board of Directors/Remuneration Committee and Mr. E. Purushotham.”

“RESOLVED FURTHER THAT in event of inadequacy or absence of profits in any Financial Year of the Company, during the term of Mr. E. Purushotham, as Managing Director, the remuneration payable to him shall be regarded as minimum remuneration as per provisions of the Companies Act 1956.”

“RESOLVED LASTLY THAT the Board of Directors be and is hereby authorized to take all such steps and to do all other acts and deeds and things as may be necessary or desirable to give effect to this resolution.”

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

“RESOLVED THAT pursuant to provisions of Sections 198, 269, 309, 311, Schedule XIII & other applicable provisions, if any, of the Companies Act, 1956 & Articles of Association of the Company, consent of the Company be & is hereby accorded for appointment of Mr.E. Swapnil, as Whole-time Director designated as Director (Business Development) of the Company on the terms & conditions as approved by the Remuneration Committee & the Board of Directors on 22nd May, 2012 for 3 (three) year period commencing from 15th June, 2012 to 14th June, 2015 on the terms and conditions as set out in the Explanatory Statement annexed here to with liberty to the Board of Directors to alter and vary the terms & conditions of the said appointment in such manner as may be agreed to between the Board of Directors & Mr. E. Swapnil.”

“RESOLVED FURTHER THAT in event of inadequacy or absence of profits in any Financial Year of the Company, during the term of Mr. E. Swapnil, as a Director, the remuneration payable to him shall be regarded as minimum remuneration as per provisions of the Companies Act, 1956.”

“RESOLVED LASTLY THAT the Board of Directors be and is hereby authorized to take all such steps, and to do all other acts and deeds and things as may be necessary or desirable to give effect to this resolution.”

9. 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 Ms. E. Smruthi who is relative of Directors of the Company for holding and continuing to hold an office or place of profit as an employee, with effect from 8th July, 2011 as “Executive (Business Development)” on consolidated salary of Rs.45,000/- per month plus contribution to Provident Fund till 31st July, 2012 and from 1st August, 2012 on revised remuneration of Rs.1,00,000/- (Rupees One Lac) per month plus perquisites, allowances & benefits as set out in Explanatory Statement annexed to this notice with annual increase not exceeding 25% of total remuneration over the previous year.

Place : Solapur

Date : 22nd May, 2012

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 Companies Act, 1956 in respect of business referred to under Item Nos 6 to 9 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 30th July, 2012.
4. The Register of Members and Share Transfer Books of the Company will remain closed from 21st July, 2012 to 30th July, 2012 (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.
6. As a part of Green initiatives in the Corporate Governance, the Ministry of Corporate Affairs vide its Circular Nos.17 & 18 dated April 21, 2011 and April 29, 2011 respectively, clarified that a Company would have complied with Section 53 of the Companies Act, 1956. If the Service of the documents has been made through electronic mode, provided the Company has obtained e-mail addresses of its members for sending the notice/documents through e-mail by giving an advance opportunity to every shareholder to register their e-mail address and changes therein from time to time with the Company .

Accordingly, the members are requested to intimate their e-mail address to the Company's Registrar and Share Transfer Agent, Adroit Corporate Pvt.Ltd. and to the DP in respect of shares held in physical mode and demat mode respectively in case the members wish to avail the aforesaid facility.

Place : Solapur

Date : 22nd May, 2012

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

Dr. K. Rama Swamy, a well known Medical Practitioner from Hyderabad was appointed as Additional Director w.e.f. 9th May, 2012 whose tenure is upto ensuing Annual General Meeting as per provisions of the Companies Act.

Company has received a Notice from its member proposing his candidature. As the Director has been rendering valuable guidance to the Company, it shall be in the interest of the Company to continue his association. The Directors therefore recommend the resolution for your approval.

None of the Directors of the Company other than the appointee are concerned or interested in the resolution.

Item No. 7 & 8

Present appointment of Mr. E. Purushotham as Managing Director of the Company as approved by the members is expiring on 31st July, 2015. However It is proposed to cancel present terms of appointment and revise the terms for a period of 3 years from 1st August, 2012 to 31st July, 2015 taking into account his contribution & vital role played towards substantial degree of progress achieved by the Company in terms of turnover & profitability.

Similarly, it is also proposed to confirm appointment of Mr. E. Swapnil as a Director (Business Development) who has been appointed as such at the Board Meeting held on 22nd May, 2012 for a period of 3 years from 15th June, 2012 to 14th June, 2015 on revised terms & conditions taking into account his contribution and role played in the Company .

The Remuneration Committee has also approved & recommended the appointment of Mr. E. Purushotham and Mr.E.Swapnil.

Details of Remuneration payable to Mr. E. Purushotham

1. **Salary:**
Rs. 6,00,000/- (Rupees Six Lacs) per month.

Details of Remuneration payable to Mr. E. Swapnil

1. **Salary:**
Rs. 3,00,000/- (Rupees Three Lacs) per month.
2. **Allowances / Perquisites (Applicable to both the appointees)**
 - 1) Leave with full pay as per the Rules of the Company, encashment of unavailed leave

being allowed at the end of the tenure.

- 2) Free furnished residential accommodation with gas, electricity, water and furnishings or unfurnished accommodation with gas, electricity and furnishings.
- 3) Re-imbusement of medical expenses incurred in India or abroad and including hospitalization, nursing home and surgical charges for himself and family.
- 4) Re-imbusement of actual traveling expenses for proceeding on leave from Solapur to any place in India or abroad & return there from once in a year in respect of himself & family.
- 5) Re-imbusement of membership fees for clubs.
- 6) Personal accident insurance policy in accordance with scheme applicable to senior employees.
- 7) Free use of Company's car for Company's work as well for personal purposes along with driver.
- 8) Telephone, Cell Phone with Internet at residence at Company's cost.

3. **Commission :**

Commission, in addition to salary, perquisites and allowances calculated with reference to the Net Profits of the Company for Particular Financial Year, subject to overall ceiling laid down under provisions of Section 198 and 309 of the Companies Act, 1956 of such amount, as the Remuneration Committee/ Board of Directors may in their absolute discretion, decide.

4. **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.

The aggregate of remuneration including perquisites, allowances, commission, contribution towards Provident Fund & Family Pension Scheme, payable to the Managing Director & Whole-time Director of the Company shall not exceed 10% of the Net Profits of the Company calculated in accordance with the provisions of Sections 198 & 309 of the Companies Act, 1956.

5. **Minimum remuneration :**

If in any year during the currency of appointment of the Managing Director/Whole-time Director, the Company has no profits or its profits are inadequate, Company shall pay remuneration by way of Salary, perquisites and allowances as per applicable provisions of Section II of Part II of Schedule XIII to the Companies Act, 1956, under approval of the Central Government if necessary.

6. **Memorandum of Interest :**

In case of Mr. E. Purushotham, no other Directors except the appointee, Mrs. E. Vaishnavi & Mr. E. Swapnil, are concerned or interested in the resolution.

In case of Mr. E. Swapnil, no other Directors except the appointee, Mr. E. Purushotham and Mrs. E. Vaishnavi are concerned or interested in the resolution.

7. Mr. E. Purushotham shall not be liable to retire by rotation. While Mr. E. Swapnil shall be liable to retirement by rotation.

8. General terms of appointment :

The appointees shall not divulge any confidential information concerning the Company and not undertake any activities which shall adversely affect interests of the Company .

Appointment terminable with 3 months notice from either side.

Appointment to terminate if the concerned Director ceases to hold the Directorship for any reasons.

Additional Information relevant to appointment of the Managing Director forming part of the explanatory statement as required under schedule XIII of the Companies Act, 1956.

1. General Information

- 1. Nature of Industry :** The Company is manufacturer of bulk drugs, drug intermediates, fine chemicals and specialty chemicals.
- 2. Date of commencement of Commercial Production :** The Company commenced Commercial Production from December, 1990.
- 3. Financial performance based on Audited Financial Results for the year ended 31/03/2012**

Particulars	Rs. (in Lacs)
Net Sales & Other Income _____	20537.73
Gross Profit _____	2597.42
Interest _____	540.08
Depreciation _____	452.96
Profit/ Loss before Tax _____	1604.38
Profit/ Loss after Tax _____	1063.98
Share Capital _____	381.54
Net Worth _____	3577.10
Capital Employed _____	5232.04

Book Value per Share (Rs.): 93.75

- 4. Export Performance and Foreign Exchange earned for the year ended 31/03/2012 :**
During the year 2011-12 the Company's Exports amounted to Rs. 4618 Lacs compared to Rs. 2906 Lacs in previous year, registering the increase of 58.91%
- 5. Foreign Investment or Collaborations, if any:** NIL

2) Information about the Managing Director / Whole-time Director :

- Background Details :

Mr. E. Purushotham, M.Sc. (Org.Chem.) has 31 years experience in chemical industry. He has

been associated with the Company as Managing Director since its inception in 1989.

Mr. E. Swapnil, B.S. Chemical Engineering, USA and MBA from Spain has 7 years experience in the areas of technical and business development of APIs. He has been associated with the Company as Director since 2009.

b. Past Remuneration :

For Mr. E. Purushotham

Rs. 400000/- (Rupees Four Lacs) per month plus Provident Fund contribution @ 12% , Commission on the Net Profit of the Company , Gratuity as per rules of the Company, free furnished residential accommodation, reimbursement of medical & traveling expenses, personal accident insurance, free use of Company 's car with driver etc.

For Mr. E. Swapnil

Rs. 1,25,000/- (Rupees One Lac Twenty Five Thousand) per month plus Provident Fund contribution @ 12%, Gratuity as per rules of the Company, free furnished residential accommodation, reimbursement of medical and traveling expenses, personal accident insurance, free use of Company 's car with driver etc.

c. Job Profile & Suitability :

Mr. E Purushotham is overall in-charge of the Company particularly looking after technical and marketing matters. Due to untiring efforts and long term vision of Mr. E. Purushotham the Company has been able to grow rapidly and earn reputation as a quality supplier of the products in domestic as well as international markets in spite of intense competition.

Mr. E. Swapnil is young and dynamic professional who assists the Managing Director on all technical and business development matters.

d. Remuneration Proposed :

Mr. E. Purushotham

Rs. 6,00,000/- per month plus Commission/ Allowances / Perquisites, viz. free furnished residential accommodation, reimbursement of medical & leave travel expenses, personal accident insurance policies, Company car with driver, contribution to Provident Fund & Gratuity etc.

Mr. E. Swapnil

Rs. 3,00,000/- per month plus Commission / Allowances / Perquisites, viz. free furnished residential accommodation, reimbursement of medical & leave travel expenses, personal accident insurance policies, Company car with driver contribution to Provident Fund & Gratuity etc.

- e. Comparative Remuneration Profile with respect to industry, size of Company, profile of the position and person :

The remuneration proposed for the Managing Director and Whole-time Director is in line with the one paid by the companies of similar size and nature of business.

- f. Pecuniary relationship directly or indirectly with the Company, or relationship with the Managerial Personnel, if any : - N.A. except to the extent of proposed remuneration and related party transactions as reflected in the Annual Report.

3) Other Information: (AS APPLICABLE)

- a) Reasons for loss or inadequate profits: N.A.
- b) Steps taken or proposed to be taken for improvement: N.A.
- c) Expected increase in productivity and profits in measurable items : The Company undertakes efforts on continuing basis for improving production and profitability.

4) Disclosures:

The information in respect of Remuneration including performance criteria, service contract, notice period details if any have been given in the Corporate Governance Report. This should be treated as an abstract under provisions of Section 302 of the Companies Act 1956 in connection with appointment of Directors.

Directors recommend Special Resolutions for your approval.

Item No. 9

Ms. E.Smruthi, M.S.(USA) with specialization in Pharmacy has been working in the Company since July 2011 as Executive (Business Development) on monthly salary of Rs. 45000/-. Her appointment has been approved by the Board of Directors.

Details of Remuneration payable to Ms. E. Smruthi

1. **Salary**
Rs.1,00,000/- (Rupee One lac) per month as Basic salary, annual increase in remuneration not to exceed 25% of the total remuneration over the previous year.
2. **Allowances / Perquisites :**
 1. Leave with full pay as per the Rules of the Company, encashment of un availed leave being allowed at the end of the tenure.

2. Free furnished residential accommodation with gas, electricity, water and furnishings or unfurnished accommodation with gas, electricity and furnishings and Company's furniture on rental basis as per scheme applicable to the Senior Executives of the Company.
3. Re-imburement of medical expenses incurred in India or abroad and including hospitalization, nursing home and surgical charges for herself and family.
4. Re-imburement of actual traveling expenses for proceeding on leave from Solapur to any place in India and return there from once in a year in respect of herself and family. .
5. Personal accident insurance policy in accordance with scheme applicable to senior employees.
6. Free use of Company's car for Company's work as well for personal purposes along with driver.
7. Telephone, Cell Phone with Internet 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, Ms. E. Smruthi shall also be eligible to receive any other benefit as may be given by the Company to other employees of same or comparable grade.

No other Directors except the Mr. E. Purushotham, Mrs.E.Vaishnavi and Mr.E.Swapnil are concerned or interested in the resolution.

Directors recommend Special Resolution for your approval.

Place : Solapur

Date : 22nd May, 2012

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 23rd Annual Report and Audited Statements of Account for the Financial year ended 31st March, 2012.

(Rs. in Lacs)

Financial Results	Current Year 2011-2012	Previous Year 2010-2011
Gross Sales	<u>21062.08</u>	<u>16229.28</u>
Net Sales & Other Income	20537.73	15757.35
Operating Profit before Interest & Depreciation	2597.42	2201.87
Less : Interest	<u>540.08</u>	<u>442.51</u>
Gross Profit	2057.34	1759.36
Less : Depreciation	<u>452.96</u>	<u>398.17</u>
Profit Before Tax	1604.38	1361.19
Less : Provision for Taxation	537.40	326.59
Less : Deferred Tax	3.00	64.51
Profit After Tax	1063.98	970.09
Less : Dividend & Dividend Tax	133.92	111.60
Add : Income-Tax Refund as per Computation (AY 09-10)	9.16	11.70
Add : MAT Set-off (AY 09-10)	00.00	18.53
Add : Excess Provision	1.74	2.94
Less : Income Tax 09-10 & 10-11	6.31	0.00
Less : Transfer to General Reserve	106.40	97.00
Add : Balance in Profit & Loss A/c. Brought forward	1887.40	1092.74
Balance carried to Balance Sheet	2715.65	1887.40

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

- a) **Sales:** - The Gross Sales for the year amounted to Rs. 21062 Lacs as against Rs. 16229 Lacs for the previous year, showing increase of 30%. The production quantity for the year showing increase of 1938 MTs as against 1437 MTs in the previous year showing increase of 35%.

b) **Exports:** Exports for the year stood at Rs.4618 Lacs as compared to Rs. 2906 Lacs for the year ended on 31st March 2011. The Company has registered an increase of 59% compared to the previous year.

c) **Profits :-** Despite increase in Raw material cost and other overheads, Company could register growth of 17.87% & 9.68% in Profit before & after tax respectively over the previous year.

Directors hope that with ongoing expansion project expected to be commissioned by July 2012, Company shall be able to register substantial growth in production, turnover and profits. Additional capacity shall considerably go to reduce the lead time for delivering new products and also supply the existing products on much larger scale.

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 @30% i.e. Rupees 3/- per share (as against 25% in the previous year) for the year ended on 31st March, 2012, 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. 133.92 Lacs.

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 Associated Vice President (QA) and Sr. Manager QC. QA monitors day-to-day operations as per SOP and continuously improves the facilities to maintain high product and operational quality at our manufacturing sites.

The company has adopted a vision to reduce waste generation and recycle effluents. The company has undertaken expansion of effluent treatment plant in the current fiscal year to achieve this goal. In addition, the company is motivating employees to continuously improve working environment to meet zero accident level.

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.

DIRECTORS

Dr. Nagendra Yerram and Mr. E. Swapnil, 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.

Dr.K.Ramaswamy well-known Medical Practitioner from Hyderabad was appointed as Additional Director on the Board, Audit and Remuneration Committees w.e.f. 9th May, 2012. Since Dr.Rama Swamy holds office up to ensuing General Meeting his appointment as a Director has been proposed by the member of the Company. Members are therefore requested to appoint him as a Director of the Company.

Mr.R.Ramaswamy expired on 3rd October, 2011 after brief illness. The Board of Directors will always recognise guidance rendered by him during his tenure and places on record heartfelt condolences to his bereaved family.

Mr. P.K. Kumaran and Mr. E. Niranjana Rao relinquished Directorship for personal reasons. Board of Directors 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, 2012, 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/renewed any Fixed Deposits from public during the Financial year 2011-2012.

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 has been able to achieve better than forecasted results by adopting the strategic plan of focusing on improving manufacturing operations over the previous years. This allowed the Company to increase output in the high value contract manufacturing product category, which grew at 33% from the previous year and contributed 62% to the total sales.

The Company's product sales (non contract manufacturing) grew by 26% than previous year and contributed 38% to the total sales.

Direct exports increased 59% over the previous year. The overall performance of the Company improved and the trend is very much positive.

Future Outlook

In the short to medium term, the Company will focus on expanding sales of its existing products. The commencement of operations of new Metformin Hydrochloride facility this August will allow the Company increase its sales for the second half of the fiscal year. The total capacity of Metformin Hydrochloride will be 5000 MT per annum. The Company is in advanced stage of securing business to sell its entire capacity with several new customers overseas.

In addition, the Company is also looking to expand its footprint in existing markets such as EU & USA, while adding new markets such as Latin America and South East Asia in order to increase sales. The Company is in various stages of business development towards achieving these goals.

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 Rupee particularly against USD, 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 : Solapur
Date : 22nd May, 2012

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	2011-2012	2010-2011
A) Electricity		
a) Units	6216796	5254422
b) Total Amt. Rs.	41630447	29519673
c) Rate/Unit Rs.	6.70	5.62
B) Coal		
a) Qty. in Kgs.	5846952.00	3386933.00
b) Total Amt. Rs.	42803463.00	20356828.00
c) Average Rate Rs.	7.32	6.01
C) Diesel		
a) Qty. in Ltrs.	45817.00	54585.00
b) Total Amt. Rs.	1995523.00	2193040.00
c) Average Rate Rs.	43.55	40.18
D) Wood		
a) Qty. in Kgs.	74800.00	19326.00
b) Total Amt. Rs.	227933.00	59191.00
c) Average Rate Rs.	3.05	3.06
E) Baggas		
a) Qty. in Kgs.	2370300.00	2293960.00
b) Total Amt. Rs.	3295450.00	2619263.00
c) Average Rate Rs.	1.39	1.14

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 & 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 for 2011-12 and 2010-11 (Rs. In Lacs)

Particulars	2011-12	2010-11
a) Capital	04.90	26.60
b) Recurring	74.79	77.36
Total	79.69	103.96

Total R & D expenditure as a percentage of total turnover 0.39% 0.66%

2. Technology Absorption, Adaptation and Innovation :- NIL

3. Foreign Exchange Earning and Outgo (Rs in Lacs)

	2011-12	2010-11
a) Foreign Exchange Earning:		
Direct Export	4618.20	2906.48
b) Foreign Exchange outgo		
Raw Material Import	3030.50	2978.00
Traveling, Sales Comm. & Exhibition Stall	53.14	40.95

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 Remuneration Rs.	Net (Rs)	Qualification	Working	Past Experience
Mr. E. Purushotham Managing Director (55 Years) (Employed since inception)	11275200	6998600	M.Sc. (Org. Chem.)	24 Years	7 Year
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, 2012 (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 28/04/2011, 27/07/2011, 19/10/2011 & 16/01/2012 in respect of which proper notices were given & the proceedings were properly recorded & signed in the Minutes Book maintained for the purpose.
5. The Company closed its Register of Members from 18/07/2011 to 27/07/2011 (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, 2011 was held on 27th July, 2011 after giving due notice to the members of the Company & 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 pursuant to the provisions of Section 297 of the Act entered the contracts

specified in that Section in the register. However, for want of disinterested Directors, for part of the year the said contracts were not approved. The said contracts have been subsequently approved on May 22, 2012.

10. The Company has made necessary entries in the Register maintained under Section 301 of the Act.
11. The Company has obtained necessary approvals from the Board of Directors and Members pursuant to Section 314 of the Act wherever applicable.
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 30th July, 2011 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.24,000/- for the Year 2003-04 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 & there was no appointment of Additional Director/Alternate Director & director to fill casual vacancy during the Financial Year.
15. The Company has not appointed any Managing Director/ Whole-Time Director during the Financial Year.
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, 2012 are within borrowing limits of the Company as per Section 293(1)(d) of the Act.

25. The Company has not made investments in other body corporate during the Financial year.
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 : 22nd May, 2012

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, 2012

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. 23 C	192	Appointment of Cost Auditors	06/05/2011	Yes	No
2	Form 32	303 (2)	Resignation of Mr. E. Niranjana Rao	27/05/2011	Yes	No
3	Form No. 32	303 (2)	Resignation of Mr. P. K. Kumaran	27/05/2011	Yes	No
4	Form 66	383A	Secretarial Compliance Certificate for 2010-2011	23/08/2011	Yes	No
5	Form No. 23	192	Appointment of Mr.E. Yadgiri u/s 314 (1B)	23/08/2011	Yes	No
6	Form 20 B	159	Annual Return as on 27/07/2011	12/09/2011	Yes	No
7	Form 1 CAR	233B	Cost Audit Report for 2010-2011	16/09/2011	Yes	No
8	Form 1 INV	205 (c)	Transfer of Unclaimed Dividend 2003-2004 to Investor Education & Protection Fund	12/10/2011	Yes	No
9	Form 32	303(2)	Cessation of directorship of Mr.Ramakrishna Ramaswamy on death	01/12/2011	Yes	No
10	Form 23AC & 23ACA / XB RL	220	Balance Sheet and Profit & Loss Account for the year 2010-2011	22/12/2011	Yes	No

Place : Solapur
Date : 22nd May, 2012

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, 2012)

Category of Directors	Name of Directors
Promoters Executive	Mr. E. Purushotham Mr. E. Swapnil
Promoters Non Executive	Mrs. E. Vaishnavi
Non-Promoters Non Executive	Dr. Nagender Yerram (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

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

1) 28th April, 2011	2) 27th July, 2011	3) 19th October, 2011	4) 16th January, 2012
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Details regarding attendance of the Directors at the Board Meeting held during the Financial Year 2011-2012 & at the last Annual General Meeting held on 27th July, 2011 are given below

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

(*Since resigned/expired)

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

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

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

Name of the Director	Dr. Nagendra Yerram	Mr.E.Swapnil	Dr.K. Rama Swamy
Date of Birth	24-07-1958	30-03-1984	01-01-1955
Date of Appointment	08-05-1995	06-04-2009	09-05-2012
Expertise in Specific Functional Area	Technical	Technical & Business Development	Physician
Qualification	M.Sc., Ph.D.	B.S. (Chem) USA, MBA (Spain)	MD Physician
* Directorship/Committee Memberships in other Companies	----	Smruti Chemicals & Intermediates Ltd.	----
No. of shares held in the Company	10000	190081	8600

* 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	48,00,000	2,30,000	---
Contribution to Provident & Other Funds	5,76,000	12,000	---
Commission	5899200	---	---

* For part of the year

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

Sitting Fees (Rs.)

Name	Board	Audit / Remuneration Committee	Total
Mrs. E. Vaishnavi	35000	--	35000
Mr. E. Swapnil	10000	--	10000
*Mr. P. K. Kumaran	5000	3000	8000
*Mr. R. Ramaswamy	15000	8000	23000
Mr. J.H. Ranade	35000	18000	53000
Dr. Nagender Yerram	--	--	--

(*Since resigned/expired)

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 (C) 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 (Since deceased) and Dr. Nagender Yerram are other members of the committee. The vacancy caused due to death of Mr.R.Ramaswamy has been filled on 09th May, 2012 with appointment of Dr.K.Rama Swamy.

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

IV) Remuneration/Selection 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, Mr. R.Ramaswamy (since deceased) and Dr. Nagendra Yerram are other members of the committee. The vacancy caused due to death of Mr.R.Ramaswamy has been filled on 9th May, 2012 with appointment of Dr.K.Rama Swamy.

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
2008-2009	25th September 09	Hotel City Park, Solapur	5
2009-2010	30th July 10	Hotel City Park, Solapur	6
2010-2011	27th July 11	Hotel City Park, Solapur	5

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 Information

Shareholders information is separately provided in the Annual Report.

SHAREHOLDERS INFORMATION

1. Annual General Meeting

Date: 30th July, 2012

Time: 12.30 p.m.

Venue: Hotel Tripursundari , (Kamala Hall), Civil Lines, Solapur 413001

2. Financial Calendar (Tentative): April, 2012 to March, 2013

Particulars of Meetings	Date
Un-audited Quarterly Result for the quarter ended 30th June, 2012	30th July, 2012
Un-audited Quarterly Result for the quarter ended 30th September, 2012	2nd Week of Nov. 2012
Un-audited Quarterly Result for the quarter ended 31st December, 2012	2nd Week of Feb. 2013
Un-audited /Audited Financial Result for the quarter - ended 31st March, 2013	Last week of May, 2013

3. Date of Book Closure

21st July, 2012 to 30th July, 2012 (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 28th August, 2012 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 2011-12.

Month & Year	Open Rs.	High Rs.	Low Rs.	Close Rs.
April - 2011	130.50	156.95	129.00	143.85
May - 2011	143.50	144.70	116.55	138.00
June - 2011	137.50	137.50	124.00	130.00
July - 2011	130.50	209.45	111.55	196.85
August - 2011	202.00	264.80	156.00	187.85
September - 2011	186.00	198.80	177.00	180.45
October - 2011	180.00	224.80	172.15	187.55
November - 2011	184.20	214.95	160.40	177.30
December - 2011	178.00	194.85	158.55	161.00
January - 2012	167.95	195.95	161.10	180.00
February - 2012	194.15	219.70	171.40	181.95
March - 2012	176.50	199.90	169.00	174.50

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 31.03.2012)

Shares	Number	% to total	Total Shares	Rs.	% to total
Upto 500	1232	77.29	227602	2276020	5.97
501-1000	174	10.92	153415	1534150	4.02
1001-2000	55	3.45	89674	896740	2.35
2001-3000	56	3.51	140984	1409840	3.70
3001-4000	17	1.07	60173	601730	1.58
4001-5000	09	0.56	44360	443600	1.16
5001-10000	30	1.88	234549	2345490	6.15
10001-above	21	1.32	2864673	28646730	75.08
TOTAL	1594	100.00	3815430	38154300	100.00

10. Shareholding pattern

Category	No. of Sahres	% to share capital
NRI	66589	1.75
Corporate Body	171659	4.50
Directors & Relatives	2451591	64.25
Indian Public	1125591	29.50
TOTAL	3815430	100.00

11. Dematerialization of shares and liquidity

3316295 shares have been dematerialized as on 31st March, 2012 constituting 86.92 % 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.

Place : Solapur

Date : 22nd May, 2012

For & on behalf of the Board

sd/-

(E. Purushotham)

Chairman & Managing Director

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, 2012 as stipulated in Clause 49 of the listing agreement of the Company with stock exchange except non approval of two quarters results by Audit Committee..

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 : Solapur
Date : 22nd May, 2012

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 31.03.2012 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 2012 and taken on record by Board of Directors, we report that none of the Directors is

disqualified as on 31st March, 2012 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, 2012.

b) in the case of the profit & loss account, of the profit for the year ended on that date.

c) in the case of cash flow statement, of the cash flows for the year ended on that date.

Place : Solapur
Date : 22nd May, 2012

Ashok Madgundi & Co.
Chartered Accountants

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 has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
 - b) All fixed 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) There was no disposal of a substantial part of fixed assets during the year.
- 2)
 - a) The management has conducted physical verification of inventory at reasonable intervals during the year.
 - 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. Discrepancies noted on verification between the physical stocks and the book records were not material and have been properly dealt with in the books of accounts.
- 3)
 - a) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, the provision of Clause 4 (iii) (a) to (d) of the Order are not applicable to the Company and hence not commented upon.
 - b) The Company had obtained a loan from Directors covered in the register maintained under Section 301 of the Companies Act, 1956.
 - c) 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.
 - d) 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.
 - e) 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 is an adequate internal control system commensurate with the size of the Company and the

nature of its business with regard to the purchases of inventory, fixed assets and with regard to the sale of goods. During the course of our audit, we have not observed any major weakness or continuing failure to the correct any major weaknesses in the internal control system of the Company in respect of these areas.

- 5) a) According to the information and explanations provided by the management, we are of the opinion that the particulars of contracts or arrangements referred to in Section 301 of the Companies Act 1956 that need to be entered into the register maintained under Section 301 have been so entered.
- b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements and exceeding the value of Rupees Five Lakhs have been entered in to during the Financial Year at prices which are reasonable having regard to the 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 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 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, service tax, custom duty, Excise duty, Cess 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 provident fund, employees' state insurance, income tax, sales tax, service tax, custom duty, Excise duty, Cess and other material statutory dues were outstanding, at the year end, 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 no accumulated losses at the end of the Financial year and it has not incurred cash losses in the current and immediately preceding Financial year.
- 11) Based on our audit procedures and as per the information and explanation given by the

management, we are of the opinion that the Company has not defaulted in repayment of dues to a Financial institution / bank.

- 12) According to the information and explanations given to us and based on the documents and records produced, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- 13) In our opinion, the Company is not a chit fund or a nidhi/ mutual benefit fund/society. Therefore, the provision of Clause 4 (xiii) of the Companies (Auditor's Report) Order, 2003 (as amended) 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. Accordingly the provisions of Clause 4 (xiv) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- 15) According to the information and explanations given to us, the Company has not given any guarantees for loans taken by others from banks or Financial institutions.
- 16) Based on the information and explanations given to us by the management, term loan were applied and sanctioned for the purpose for which the loans were obtained.
- 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
- 18) The Company has not made any preferential allotment of shares to parties or Companies covered in the register maintained under Section 301 of the Companies Act, 1956.
- 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) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the Financial statements and as per the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the year.

Place : Solapur
Date : 22nd May, 2012

Ashok Madgundi & Co.
Chartered Accountants

Sd/-

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

Part 1 - **Form of Balance Sheet**
Name of Company - **Smruthi Organics Limited**

Balance Sheet as at : 31.03.2012

(Figures in rupees)

	Particulars	Note No.	Figures as at the end of Current reporting period 31.03.2012	Figures as at the end of previous reporting period 31.03.2011
1	Equity And Liabilities			
	1) Shareholders' funds			
	a) Share capital	1	3,81,54,300	3,81,54,300
	b) Reserves and surplus	2	31,95,56,251	22,60,89,410
	2) Non-current liabilities			
	a) Long-term borrowings	3	11,72,12,272	7,73,08,186
	b) Deferred tax liabilities (Net)	4	2,84,96,541	2,81,96,541
	c) Other Long term liabilities	5	1,26,06,636	1,09,10,561
	d) Trade Payables (Fixed Assets)	6	71,78,325	88,86,665
	3) Current liabilities			
	a) Short-term borrowings	7	20,35,87,946	22,04,65,256
	b) Trade payables	8	36,03,02,971	30,03,86,492
	c) Other current liabilities	9	2,46,25,194	2,84,36,763
	d) Provisions	10	6,71,31,587	4,38,19,118
	TOTAL		1,17,88,52,023	98,26,53,292
2	Assets			
	Non-current assets			
	1) a) Fixed assets	11		
	i) Tangible assets			
	a) Gross Block		65,28,43,977	60,25,07,435
	b) Less : Accumulated Depreciation		(32,91,55,433)	(28,38,59,249)
	c) Net Block		32,36,88,544	31,86,48,186
	ii) Capital work-in-progress		4,37,72,146	30,62,035
	b) Non-current investments	12	9,97,100	9,97,100
	c) Deferred revenue expenditure	13	-	8,40,216
	d) Long-term loans and advances	14	1,02,03,764	42,66,486
	2) Current assets			
	a) Current investments	-	-	-
	b) Inventories	15	31,73,21,395	31,02,90,294
	c) Trade receivables	16	36,80,85,015	23,81,96,661
	d) Cash and cash equivalents	17	2,10,85,974	1,70,45,261
	e) Short-term loans and advances	18	9,36,98,085	8,93,07,053
	f) Other current assets	-	-	-
	TOTAL		1,17,88,52,023	98,26,53,292

Summary of significant accounting policies. The accompanying notes are an integral part of the Financial statements.

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For & on behalf of Board of Directors
Smruthi Organics Limited

As per our report
of even date

Ashok Madgundi & Co.
Chartered Accountants
M.No.100-36983

PLACE : SOLAPUR
DATE : 22nd May, 2012

Sd/
(A.D.Madgundi)
PROPRIETOR

Sd/
(E. Purushotham)
MANAGING DIRECTOR

Sd/
(E. Vaishnavi)
DIRECTOR

Part 1 - **Form of STATEMENT OF PROFIT AND LOSS**

Profit & Loss Statement for
the year ended : 31.03.2012

Name of Company - **Smruthi Organics Limited**

(Figures in rupees)

	Particulars	Note No.	Figures for the Current reporting period 31.03.2012	Figures for the Previous reporting period 31.03.2011
1	Continuing Operations			
	a) Revenue from operations (gross)	19	2,11,96,08,510	1,62,99,29,931
	b) Less : Excise duty		5,82,37,249	3,45,20,269
	c) : Sales Tax		97,89,937	2,19,77,668
	d) Revenue from operations (net)		2,05,15,81,324	1,57,34,31,994
	e) Other income	20	21,91,508	23,02,656
	Total Revenue (1)		2,05,37,72,832	1,57,57,34,650
2	Expenses			
	a) Cost of materials consumed	21	1,53,70,94,352	1,13,42,42,619
	b) Changes in inventories of finished goods, work-in-progress and Stock-in-Trade	22	35,01,709	3,29,39,838
	c) Employee benefits expenses	23	9,19,91,419	7,64,12,604
	d) Finance costs	24	5,40,08,374	4,42,51,382
	e) Depreciation and amortization expense	11	4,52,96,185	3,98,17,023
	f) Other Expenses	25	16,14,42,426	11,19,52,527
	Total Expenses (2)		1,89,33,34,465	1,43,96,15,993
3	Profit before exceptional and extraordinary items and tax (1-2)		16,04,38,367	13,61,18,656
4	Exceptional items		0	0
5	Profit before extraordinary items & tax (3-4)		16,04,38,367	13,61,18,656
6	Extraordinary Items		0	0
7	Profit before tax (5-6)		16,04,38,367	13,61,18,656
8	Tax expense			
	(a) Current tax		5,37,40,000	3,26,59,462
	(b) Deferred tax		3,00,000	64,50,761
9	Profit / (Loss) for the period from continuing operations (7 - 8)		10,63,98,367	9,70,08,433
10	Profit / (Loss) from discontinuing operations		0	0
11	Tax expense of discontinuing operations		0	0
12	Profit / (Loss) from Discontinuing operations (after tax) (10 - 11)		0	0
13	Profit (Loss) for the period (9 + 12)		10,63,98,367	9,70,08,433
14	Earning per equity share :			
	(a) Basic		27.89	25.43
	(b) Diluted		27.89	25.43

Summary of significant accounting policies. The accompanying notes are an integral part of the Financial statements.

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For & on behalf of Board of Directors
Smruthi Organics Limited

As per our report
of even date

Ashok Madgundi & Co.
Chartered Accountants
M.No.100-36983

PLACE : SOLAPUR
DATE : 22nd May, 2012

Sd/
(A.D.Madgundi)
PROPRIETOR

Sd/
(E. Purushotham)
MANAGING DIRECTOR

Sd/
(E. Vaishnavi)
DIRECTOR

Notes : 1 **SHARE CAPITAL**

		As At 31-03-2012 Rs.		As At 31-03-2011 Rs.	
1	AUTHORISED SHARE CAPITAL				
	5000000 Equity Shares of Rs. 10/- each	5,00,00,000		5,00,00,000	
	5000000 Non-Convertible Cumulative Redeemable Preference Shares of Rs.10/-each	5,00,00,000	10,00,00,000	5,00,00,000	10,00,00,000
2	ISSUED, SUBSCRIBED & PAID UP SHARE				
	3815430 Equity Shares of Rs. 10/- each fully paid	3,81,54,300		3,81,54,300	
			3,81,54,300		3,81,54,300
	Details of Shareholders holding more than 5% shares in the Company				
		No.of Shares	%holding in the class	No.of Shares	%holding in the class
1	Mr. Eaga Purushotham	15,28,510	40.06	15,28,510	40.06
2	Mrs. Eaga Vaishnavi	5,76,450	15.11	5,76,450	15.11

Notes : 2 **RESERVES AND SURPLUS**

		As At 31-03-2012 Rs.		As At 31-03-2011 Rs.	
1	Capital Reserve		6,08,600		6,08,600
2	Capital Incentive		15,00,000		15,00,000
3	General Reserve				
	(a) Balances as per the last Financial statements	3,32,40,906		2,35,40,906	
	(b) Add : Amount Transferred	1,06,39,837		97,00,000	
	Closing Balance		4,38,80,743		3,32,40,906
4	Share Premium		20,00,000		20,00,000
5	Surplus in Statement of Profit and Loss				
	(a) Balances as per the last Financial statements	18,87,39,904		10,92,73,613	
	Add :				
	(b) Profit for the year	10,63,98,367		9,70,08,433	
	(c) Income Tax Refund - A.Y. 2009-10	9,16,178		33,17,514	
	(d) Excess provision of commission & Dividend Tax for the year 2010-11	1,74,481		-	
	Less :				
	(e) Transfer to General Reserve	1,06,39,837		97,00,000	
	(f) Proposed Equity Dividend	1,14,46,290		95,38,575	
	(g) Tax on Proposed Equity Dividend	19,45,297		16,21,081	
	(h) Income Tax F.Y. 2010-11	5,92,618		-	
	(i) Income Tax for the F.Y. 2009-10	37,980		-	
	Net Surplus in the statement of Profit and Loss		27,15,66,908		18,87,39,904
	Total Reserve & Surplus		31,95,56,251		22,60,89,410

Notes : 3 LONG - TERM BORROWINGS

		As At 31-03-2012 (Rs.)		As At 31-03-2011 (Rs.)	
1	Axis Bank Term Loan *	4,73,60,925		-	
2	Deferral Sales Tax Loan PSI 1993 Scheme **	3,22,36,761		3,93,75,464	
3	Deferral Sales Tax Loan PSI 1993 Expansion **	3,55,14,851		3,55,14,851	
4	Axis Bank Ltd.- Car Loan	20,99,735		24,17,871	
			11,72,12,272		7,73,08,186
<p>*1st mortgage / hypothecation charge on pari-passu basis with Axis Bank on Land & building and Plant and Machinery owned by the Company situated at Plot No.273 & 274 MIDC, Akkalkot Road, Solapur 413006 & Plot No.A-27, MIDC Chincholi, Solapur- 413 255, First Mortgage Charge on Company 's - Flat No 5, Rahul Neha Apt. Solapur , Flat No T/1 , Balaji Apt. Solapur, Holiday Resaurt at Plot No 31, Nakoda Constr. at village. Pakani Solapur. First pari- passu charges on the above assest for Term Loan of Rs.15.75 crores form Axis Bank Pune. The Term Loan of Axis Bank Rs 15.75 crore is repayable in 60 months equal installment along with interest from 01.01.2013</p> <p>*Personal guarantee of Mr E Purushotham , Managing Director and Mrs. E Vaishnavi Director.</p> <p>**Deferred Sales Tax Loan is interest free and payable in yearly in 5 installment of each Financial years after completion of 10 years and the final installment will due on 01.05.2022</p>					

Notes : 4 DEFERRED TAX LIABILITY - Depreciation Timing Difference

		As At 31-03-2012 (Rs.)		As At 31-03-2011 (Rs.)	
1	Opening Balance	2,81,96,541		2,17,45,780	
2	Add : During the year	3,00,000		64,50,761	
			2,84,96,541		2,81,96,541

Notes : 5 OTHER LONG TERM LIABILITIES

		As At 31-03-2012 (Rs.)		As At 31-03-2011 (Rs.)	
1	Gratuity Payable	1,26,06,636		1,09,10,561	
			1,26,06,636		1,09,10,561

Notes : 6 TRADE PAYABLES (Fixed Assets)

		As At 31-03-2012 (Rs.)		As At 31-03-2011 (Rs.)	
1	Sundry Creditors	71,78,325		88,86,665	
2	Sundry Creditors (Small Scale Undertaking)	--		--	
			71,78,325		88,86,665

Notes : 7 SHORT TERM BORROWINGS

		As At 31-03-2012 (Rs.)		As At 31-03-2011 (Rs.)	
1	Working Capital Loan from S.B.I.,IFB Mumbai & Solapur (Secured) *	17,56,57,873		17,95,14,300	
2	SBI Global Factors Ltd., Mumbai	(96,522)		92,04,362	
3	Unsecured Loans - Directors	2,80,26,595		2,92,96,594	
4	Unsecured Loans - Inter Corporate Deposit	-		24,50,000	
			20,35,87,946		22,04,65,256
<p>*1st registered mortgage / hypothecation charge with State Bank of India on lease hold land & building and Plant and Machinery owned by the Company situated at Plot No.273 & 274 MIDC, Akkalkot Road, Solapur 413006 & Plot No.A-27, MIDC Chincholi, Solapur- 413 255 and Flat No 5, Rahul Neha Apt. Solapur , Flat No T/1 , Balaji Apt. Solapur, Holiday Resaurt at Plot No 31, Nakoda Constr. at village. Pakani Solapur. lInd charge on entire current assets of Company pari-passu basis to Axis Bank, Pune.</p> <p>*Personal guarantee of Mr E Purushotham , Managing Director and Mrs. E Vaishnavi Director.</p>					

Notes : 8 TRADE PAYABLES

		As At 31-03-2012 (Rs.)		As At 31-03-2011 (Rs.)	
1	Sundry Creditors	35,98,62,896		30,01,59,213	
2	Sundry Creditors (Small Scale Undertaking)	4,40,075		2,27,279	
			36,03,02,971		30,03,86,492

Notes : 9 OTHER CURRENT LIABILITIES

		As At 31-03-2012 (Rs.)		As At 31-03-2011 (Rs.)	
1	Other Statutory Liabilities (TDS, PF, etc)	6,54,041	6,54,041	9,10,528	9,10,528
2	Other Current Liabilities				
1)	Salary & Wages Payable	1,30,99,378		93,80,392	
2)	Audit & Consultancy Fees Payable	2,41,778		4,20,949	
3)	Leave Encashment Payable	5,28,126		3,56,854	
4)	Interest Payable (CC)	-		62,336	
5)	Interest payable (TL)	-		1,10,000	
6)	Unpaid Dividend - SBI	37,453		61,453	
7)	Unpaid Dividend - Axis Bank 2007	1,64,005		1,64,005	
8)	Unpaid Dividend - Axis Bank 2008	1,44,192		1,44,192	
9)	Unpaid Dividend - Axis Bank 2009	1,24,838		1,24,838	
10)	Defferal Sales Tax Repayment within one year	71,38,703		50,55,568	
11)	Term Loan Installment Repayment within one year	24,92,680		1,16,45,648	
			2,39,71,153		2,75,26,235
			2,46,25,194		2,84,36,763

Notes : 10 PROVISION

		As At 31-03-2012 (Rs.)		As At 31-03-2011 (Rs.)	
1	Provision for Income Tax	5,37,40,000		3,26,59,462	
2	Dividend	1,14,46,290		95,38,575	
3	Dividend Distributed Tax	19,45,297		16,21,081	
			6,71,31,587		4,38,19,118

Notes : 12 NON CURRENT INVESTMENTS

		As At 31-03-2012 (Rs.)		As At 31-03-2011 (Rs.)	
1	49,310 equity shares of Rs.10/- each fully paid up in Greenfield CET Plant Pvt. Ltd. Solapur	4,93,100		4,93,100	
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)	5,00,000		5,00,000	
			9,97,100		9,97,100

Notes : 13 DEFERRED REVENUE EXPENDITURE

		As At 31-03-2012 (Rs.)		As At 31-03-2011 (Rs.)	
	Miscellaneous Expenditure (to the extent not written off/adjusted) Deferred Revenue Expenditure				
			0	8,40,216	
				8,40,216	

Note '11'

A) Fixed Assets

Note Of Fixed Assets Forming Part of Balance Sheet As At 31st March 2012

PARTICULARS	GROSS BLOCK (AT COST)				DEPRECIATION PROVIDED				NET BLOCK	
	Cost As On 01.04.2011	Addition During The Year 2011-12	Disposal/ Adjust- Ment	As On 31.03.2012 (2+3-4)	Upto 31.03.2011	For The Year 2011-12	Disposal/ Adjust- Ment	Upto 31.03.2012 (6+7-8)	As On 31.03.2011	As On 31.03.2012 (5 - 9)
1	2	3	4	5	6	7	8	9	10	11
Factory Land	3076385	0	0	3076385	270293	17640	0	287933	2806092	2788452
Agricultural Land	587094	0	0	587094	0	0	0	0	587094	587094
Building	102033710	6032697	0	108066407	47777289	5701637	0	53478926	54256422	54587481
Ownership Flats	9319484	0	0	9319484	4088250	261562	0	4349812	5231234	4969672
Plant & Machinery	385427519	36825060	0	422252579	180542470	30905824	0	211448294	204885050	210804285
Electrical Installation/Equip.	18733796	1208647	0	19942443	9473340	1382662	0	10856002	9260456	9086441
Vehicles	14142894	825631	0	14968525	8886594	1377351	0	10263946	5256300	4704579
Office Equipments	1503365	90815	0	1594180	887378	90871	0	978249	615987	615931
Computer	4365703	357137	0	4722840	2446058	291332	0	2737390	1919645	1985450
Furniture & Fixture	9863813	724396	0	10588209	5974628	763959	0	6738586	3889185	3849623
Laboratory Equipments	13565153	2507098	0	16072251	8189578	1021351	0	9210929	5375575	6861322
Other Factory Equipments	6636067	1274968	0	7911035	2141106	735109	0	2876215	4494960	5034819
TOTAL = A	569254983	49846449	0	619101431	270676983	42549299	0	313226281	298578000	305875150
B) i) Research & Devp.Equip.	29632123	433818	0	30065941	11978987	2504712	0	14483699	17653136	15582241
ii) Research & Devp.G.Block	3620325	56279	0	3676604	1203279	242174	0	1445453	2417046	2231152
TOTAL = B	33252448	490097	0	33742545	131822266	2746886	0	15929152	20070182	17813393
C) Capital Work in Progress										
Building Constructions - F Block	2574956	9303228	0	11878184	0	0	0	0	2574956	11878184
Plant & Machinery - F Block	487079	31348498	0	31835577	0	0	0	0	487079	31835577
Electrical Installation - F Block	0	58385	0	58385	0	0	0	0	0	58385
Total = C	3062035	40710111	0	43772146	0	0	0	0	3062035	43772146
Total (A + B + C)	605569466	91046657	0	696616123	283859248	45296185	0	329155433	321710217	367460689
Previous Year	526637161	78932305	0	605569466	244042226	39817023	0	283859248	282594935	321710217

Notes : 14 LONG-TERM LOANS & ADVANCES

		As At 31-03-2012 (Rs.)		As At 31-03-2011 (Rs.)	
1	DEPOSITS (Unsecured Considered Good) (MSEB, Water, Telephone, House, etc)	38,78,706		32,36,486	
2	Advance against Capital Goods	63,25,058		10,30,000	
			1,02,03,764		42,66,486

Notes : 15 INVENTORIES

		As At 31-03-2012 (Rs.)		As At 31-03-2011 (Rs.)	
1	Inventories (at cost except otherwise stated and as certified by Board of Director)				
1	Raw Materials (at cost)	7,86,04,833		6,77,25,692	
2	Packing Materials (at cost)	14,06,832		17,53,163	
3	Work in Process (at cost)	14,64,92,978		18,55,33,074	
4	Finished Goods (at lower of cost and net realisable value)	9,08,16,752		5,52,78,365	
			31,73,21,395		31,02,90,294

Notes : 16 TRADE RECEIVABLES

		As At 31-03-2012 (Rs.)		As At 31-03-2011 (Rs.)	
1	SUNDRY DEBTORS (Unsecured Considered Good)				
1	More than six months	9,37,351		13,63,000	
2	Other debts	36,71,47,664		23,68,33,661	
			36,80,85,015		23,81,96,661

Notes : 17 CASH & BANK BALANCES

		As At 31-03-2012 (Rs.)		As At 31-03-2011 (Rs.)	
	Cash and cash equivalents				
1	Cash on hand	3,13,452		2,99,146	
	Balances with banks				
1	Bank Balance (EEFC, SBI Khadki, ICICI etc)	7,88,806		8,43,662	
2	Fixed Deposits with SBI (For L/C and Bank Guarantee margin)	1,99,83,716		1,59,02,453	
			2,10,85,974		1,70,45,261

Notes : 18 SHORT TERM LOANS & ADVANCES

		As At 31-03-2012 (Rs.)		As At 31-03-2011 (Rs.)	
1	(Unsecured Considered Good) Advances recoverable in cash or in kind or for value to be received				
1	Staff & Other Advances	7,51,748		11,61,052	
2	Pre-paid Custom Duty	-		15,00,240	
3	Pre-Paid Insurance	11,28,730		8,80,236	
4	Pre-Paid Interest (EOU)	3,17,811		6,42,184	
5	Excise Duty (Modvat)	52,40,230		56,82,629	
6	Excise Duty (EOU)	8,92,820		4,02,955	
7	CST Refund Claim (EOU)	1,62,36,619		1,09,54,930	
8	Interest Accrued but not due	1,58,765		1,03,585	
9	Excise on export Refund	62,30,562		33,84,166	
10	Terminal Excise Duty - TED	-		1,86,02,340	
11	DEPB Incentive to be Claim for GENVAT	39,71,015		23,13,786	
12	Income Tax Refund 2008-09	-		12,97,210	
13	Service Tax	14,66,827		16,50,637	
14	Sales Tax	4,02,106		4,02,106	
15	VAT Refund	2,32,67,050		1,37,37,917	
16	Advance Income Tax & TDS	3,22,23,662		2,65,91,080	
17	Duty Draw Back Incentive Receivable	14,10,140		-	
			9,36,98,085		8,93,07,053

Notes : 19 REVENUE FROM OPERATIONS

		As At 31-03-2012 (Rs.)		As At 31-03-2011 (Rs.)	
1	Income from Operations				
1	Gross Sales - Bulk Drugs & Drug Intermediates	2,10,62,07,521		1,62,29,28,311	
2	Less : Excise Duty	5,82,37,249		3,45,20,269	
3	: Sales Tax	97,89,937		2,19,77,668	
			2,03,81,80,335		1,56,64,30,374
2	Other Operating Income - Export Incentives				
1	DEPB	96,47,533		70,01,620	
2	Duty Draw Back	37,53,456	1,34,00,989	-	70,01,620
			2,05,15,81,324		1,57,34,31,994

Notes : 20 OTHER INCOME

		As At 31-03-2012 (Rs.)		As At 31-03-2011 (Rs.)	
1	Interest on TDR (Bank Deposits)	11,02,568		24,59,595	
2	Rate difference in Foreign Currency	10,88,940		(1,56,939)	
			21,91,508		23,02,656

Notes : 21 COST OF MATERIAL CONSUMED

		As At 31-03-2012 (Rs.)		As At 31-03-2011 (Rs.)	
1	Cost of Material Consumed				
	5' O Trityl Thymidine	72,38,24,402		58,02,13,173	
	Dicyandiamide	10,48,09,476		5,13,92,090	
	Dimethyl Amine	8,45,61,177		4,88,61,841	
	Piperzine	5,76,27,750		4,77,12,242	
	Methanol	3,68,41,262		1,89,71,961	
	Acetophenone	3,62,16,939		3,38,26,585	
	Hydroquinone	2,20,55,300		98,79,150	
	C.F.A.	2,17,00,267		1,57,85,138	
	EMME	2,07,08,928		1,81,77,221	
	Others	42,87,48,851		30,94,23,218	
			1,53,70,94,352		1,13,42,42,619

Notes : 22 CHANGES IN INVENTORIES OF FINISHED GOODS WORK IN PROCESS AND STOCK IN TRADE

		As At 31-03-2012 (Rs.)		As At 31-03-2011 (Rs.)	
1	Inventory Change				
a)	Add : Opening Stock				
1	Work in Process (Bulk Drugs & Drug Intermediates)	18,55,33,074		21,71,43,146	
2	Finished Goods (Bulk Drugs & Drug Intermediates)	5,52,78,365	24,08,11,439	5,66,08,131	27,37,51,277
B)	Less : Closing Stock				
1	Work in Process (Bulk Drugs & Drug Intermediates)	14,64,92,978		18,55,33,074	
2	Finished Goods (Bulk Drugs & Drug Intermediates)	9,08,16,752	23,73,09,730	5,52,78,365	24,08,11,439
			35,01,709		3,29,39,838

Notes : 23 EMPLOYEE'S BENEFIT EXPENSES

		As At 31-03-2012 (Rs.)		As At 31-03-2011 (Rs.)	
1	Salary Wages and Bonus	8,54,42,171		7,01,77,007	
	Contribution to PF. and other funds	32,70,036		30,83,829	
2	Staff Labour Welfare	32,79,212		31,51,768	
			9,19,91,419		7,64,12,604

Notes : 24 FINANCE COST

		As At 31-03-2012 (Rs.)		As At 31-03-2011 (Rs.)	
1	Interest on Term Loan	7,30,934		22,08,654	
2	Interest on Cash Credit	3,51,95,460		3,00,03,285	
3	Interest to others	1,14,85,797		81,00,542	
4	Bank Commission & Charges	65,96,183		39,38,901	
			5,40,08,374		4,42,51,382

Notes : 25 OTHER EXPENSES

		As At 31-03-2012 (Rs.)		As At 31-03-2011 (Rs.)	
1	Power and Fuel	8,85,55,685		5,56,63,342	
2	Repaires & Maintainance	1,70,30,960		1,09,78,574	
3	Laboratory Expenses	79,73,785		62,12,481	
4	Sales Commission & Promotion	1,25,19,093		93,08,878	
5	Travelling & Conveyance	90,75,412		75,95,370	
6	Research & Development Exp	9,52,631		10,75,847	
7	Other Expenses	2,53,34,860		2,11,18,035	
			16,14,42,426		11,19,52,527

NOTES TO THE FINANCIAL STATEMENT

as on 31.03.2012

1. Corporate Information

Smruthi Organics Ltd is a public Company domiciled in Indian and incorporate under the provisions of the Companies Act, 1956. It's shares are listed on Stock Exchange of Pune, Hyderabad, Ahmedabad and Mumbai as permitted by security in India. The Company is engaged in the manufacturing and selling Bulk Drugs and Intermediates, Fine chemicals (APIs). The Company caters to both domestic and international market.

2. Basis of Preparation

The Financial statements of the Company have been prepared in accordance with Generally Accepted Accounting Principles in India (Indian GAAP). The Company has prepared these Financial statement to comply in all material respects with the Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956. The Financial statements have been prepared on an accrual basis and under the historical cost convention, except for land and building acquired before 1st April, 2007 which are carried at revalued amounts.

The accounting policies adopted in the preparation of Financial statements are consistent with those of previous year, except for the change in accounting policy explained below.

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) Continuous 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 Goods : Revenue from Sale of Goods is recognized when all the significant risk and rewards of ownership of the goods have been part to the buyer. The Company collect the Sales Tax and Value Added Taxes (VAT) on behalf of the Government and therefore these are not economic benefits flowing to the Company . Hence there are excluded from the revenue. Excise duty deducted from revenue (Gross) is the amount i.e. included in the revenue (gross) and not the entire amount of liability arising during the year.

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. As per Accounting Standards it is not funded.

F) Provision for Current Tax is made on the basis of relevant provisions of Income Tax Act, 1961 considering the benefit of Exemption of R & D u/s 35 (2AB) 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. During the year, the Company has availed the term loan from AXIS Bank Limited , Pune towards construction of factory shed and purchase of plant and machinery and others of Rs. 4.99 Crores. Interest of Rs. 11.95 Lacs as on 31.3.2012 is added to various fixed assets.

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 of 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 2011-12 and 2010-11		<i>(Rs.In Lacs)</i>
Particulars	2011-12	2010-11
a) Capital	04.90	26.60
b) Recurring	74.79	77.36
Total Rs.	79.69	103.96
Total R&D expenditure as a percentage of total turnover :	0.39%	0.66%

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. 50.56 Lacs is due under PSI1993 Scheme is paid during the year.

L) Investment : Investments are stated at cost.

M) Deferred Revenue Expenditure : Nil

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.2051 Lacs towards import of raw materials to various parties and outstanding of L/c's. at closing day of the year are Rs. 891 Lacs. (Previous Year Rs. 322 Lacs)

B) The bank guarantees of Rs.15.00 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 2011-12 of Rs.96.48 Lacs The said benefit has treated as income of the year under audit. Out of this income, Rs. 34.78 Lacs, debited to raw material consumption, and Rs. 61.69 Lacs DEPB incentive to be claim for CENVAT respectively.

Key Management personnel

E) Remuneration to Directors :-

a) **E. Purushotham**, *Chairman & Managing Director*

	Current Year	Previous Year
i) Salary	48,00,000	42,00,000
ii) Commission	58.99,200	-
iii) Provident Fund	5,76,000	5,93,280

(Rs.)

b) E. Niranjan Rao, Director (Operation)		
(Resigned from 21.05.2011)		
i) Salary	2,30,000	13,28,000
ii) Provident Fund	12,000	67,680
c) E. Swapnil, Director (Business Development)		
(Salary paid up to 31.08.2010)		
i) Salary	0.00	6,25,000
ii) Provident Fund	0.00	75,000
F) Auditors Remuneration		
a) as statutory auditors	1,20,000	1,20,000
b) tax audit and other services	1,50,235	1,74,634
G) Value of imports calculated on CIF basis		
Raw material	30,30,49,774	29,78,00,000
H) Expenditure in foreign currency		
Traveling Exp	18,60,525	14,90,934
Sales Commission	18,90,537	10,94,664
Fees & Forms	2,33,583	3,88,498
Sales Pramotion	13,03,537	11,20,777
Packing Material	25,890	---
	-----	-----
	53,14,072	40,94,873
	=====	=====
I) Net dividend remitted in Foreign Exchange		
No of non-residence shareholders	15	16
No of equity shares held on which dividend was due	19500	21500
Amount remitted (in Rs.)	48750	43000
J) Earning in Foreign Currency		
Export at FOB value	46,18,19,520	29,06,47,611
K) Sundry debtors in schedule includes Rs.9.37 Lacs due for a period of more than six months. Provision for debts considered as a doubtful aggregating to Rs. 9.37 Lacs has not been made as recovery efforts are under progress.		

L) 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. 5344380
- b) Rs. 171000
- c) Rs. 2177753
- d) Rs. 877422

Balance Outstanding Rs. NIL
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) Purchase of DEPB Lic.

Transaction value (Rs.) a) Rs. 160452

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. 307702/-

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. 281100/-

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

v) Name of Related Party : **Mr. Eaga Madanmohan**

Relationship : Nephew of Managing Director

Nature of the Transaction a) Tempo Rent Paid

Transaction value (Rs.) Rs. 446150/-

Balance Outstanding Rs. NIL

Receivable/Payable(-)

As on Balance Sheet Date

vi) 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. 3070379/-

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.

M) Earning Per Share (E.P.S.) AS-20	31.03.2012	31.03.2011
i) Basic E.P.S.	27.89	25.43
Diluted E.P.S.	27.89	25.43
ii) Calculation of Basic E.P.S.		
a) Net Profit after tax-Income (in crore)	10.64	9.70
b) No.of Equity Shares (in crores)	0.38	0.38
c) Basic Earning per share (Weighted Avg.)	27.89	25.43
d) Nominal Value per share	10.00	10.00

- N)** In the opinion of the Board, Current Assets, Loans and Advances including capital advances as on 31.03.2012 have a value on realization in the ordinary course of the business at least equal to the amount which they are stated.
- O)** 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 Dhanashree Polymers Pvt Ltd 440075/-.
- P)** Till the year ended 31 March, 2011, the Company was using pre-revised Schedule VI to the Companies Act, 1956, for preparation & presentation of its Financial statements. During the year ended 31 March, 2012, the revised Schedule VI notified under the Companies Act, 1956, has become applicable to Company. The Company has reclassified previous year figures to conform to this year's classification.
- Q)** Balance Sheet Abstract and Company's General Business Profile.

I) Registration details

Registration No. : 52562 State Code : 11

Balance Sheet Date : 31.03.2012

II) Capital raised during the year (Amount in thousands)

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 : 1178852 Total Assets : 1178852

Paid up Capital : 38154 Reserves & Surplus: 319556

Non Current Liab : 165494 Current Liability : 655648

Application of Funds. :

Net Fixed Assets : 367461

Net Current Assets : 800190 Long Term Loans & Adv: 10204

Investment : 997

IV) Performance of Company (Amount in Thousands)

Turnover : 2053773 Total Expenditures: 1893334

Profit before Tax: 160438 Profit after Tax: 106398

Earning Per share in Rs.27.89 Dividend Rate : 30 %

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	

R) 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 Notes "1" to "26"

Ashok Madgundi & Co.
Chartered Accountants

Sd/-

A. D. Madgundi
Proprietor

Place : Solapur
Date : 22nd May, 2012

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 31.03.2012

Particulars		Rs. In Lacks	
		31-03-2012	31-03-2011
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before tax	(+)	1604.38	1361.19
Non cash adjustment to reconciled profit before tax to net cash flows			
Depreciation	(+)	452.96	398.17
Misc Expenditure written off	(+)	8.40	8.40
Interest Expenditure	(+)	540.08	442.51
Interest & Export Incentive	(-)	-155.93	-94.61
Operating profit before working capital changes	(+)	2449.89	2115.66
Movements in working capital			
Increase/(Decrease) in trade payables (Incl.Fixed Assets)	(+)	582.08	115.51
Increase/(Decrease) in short term provisions	(+)	233.13	181.80
Increase/(Decrease) in other current liabilities	(-)	-38.12	37.55
Increase/(Decrease) in other long term liabilities	(+)	16.96	39.37
Decrease/(Increase) in trade receivables	(-)	-1298.88	-782.98
Decrease/(Increase) in inventories	(-)	-70.31	55.52
Decrease/(Increase) in long term loans & advances	(-)	-59.37	1.77
Decrease/(Increase) in short term loans & advances	(-)	-43.91	-277.24
Cash generated from / (used in) operations	(+)	1771.47	1486.96
Direct taxes paid (net of refunds)	(-)	-532.80	-293.41
Net cash flow from / (used in) operating activities (A)	(+)	1238.67	1193.55
CASH FLOW FROM INVESTING ACTIVITIES			
Purchases of Fixed Assets, including intangible assets, CWIP & capital advances	(-)	-910.46	-788.50
Purchase of current investments	(-)	0.00	-9.97
Interest & Export Incentive	(+)	155.93	94.61
Net Cash from / (used in) Investing Activities (B)	(-)	-754.53	-703.86
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issuance of share capital & preference share capital		0.00	0.00
Proceeds from long term borrowings	(+)	399.04	-442.04
Proceeds from short term borrowings	(-)	-168.77	444.37
Interest Paid	(-)	-540.08	-442.51
Dividend paid on equity shares	(-)	-114.46	-95.39
Tax on equity dividend paid	(-)	-19.46	-16.22
Net cash flow from / (used in) Financing Activities (C)	(-)	-443.73	-551.79
Net Increase/(Decrease) in cash & cash equivalents (A) + (B) + (C)	(+)	40.41	-62.10
Cash & Cash equivalents at the beginning of the period	(+)	170.45	232.55
Cash & Cash equivalents at the end of the period	(+)	210.86	170.45

For and on behalf of Board of Directors

Place : Solapur
Date : 22nd May, 2012

Sd/-
(E.Vaishnavi)
Director

Sd/-
(E.Purushotham)
Managing Director

AUDITOR'S 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 2012.

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

Place : Solapur
Date : 22nd May, 2012

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 _____

as my/our Proxy to vote for me/us on my/our behalf at the **23rd ANNUAL GENERAL MEETING** of the Company to be held on Monday 30th July 2012 at 12.30 p.m. and at any adjournment thereof.

Signed this _____ day of _____ 2012

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

23rd Annual General Meeting

Reg.Foliol No. _____

Member's / Proxy's Name in Block Letters

Member's / Proxy's Signature

- 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 And cGMP-WHO Certified Company

Head Office	: 165-A, 'Balaji Bhavan' Railway Lines, Solapur - 413 001-INDIA
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