



**Smruthi Organics Limited**

**26<sup>th</sup>**

**ANNUAL  
REPORT**  
2014-15



## BOARD OF DIRECTORS

Mr. E. Purushotham - *Chairman & Managing Director*  
Mr. E. Swapnil - *Executive Director & Chief Financial Officer*  
Mrs. E. Vaishnavi  
Mr. K.R. Dhole (*w.ef. 27-09-2014*)  
Dr. K. Ramaswamy  
Mr. J. H. Ranade

## REGISTERED OFFICE

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

## FACTORIES

### Unit - I

Plot No. 273/274, MIDC,  
Akkalkot Road, Solapur - 413 006.

### Unit - II

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

## AUDITORS

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

## BANKERS

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

### Axis Bank Ltd

214/215, 'City Mall'  
Near Pune University,  
Pune - 411 007

## COMPANY SECRETARY

Ms. Chetana Bijaynath Tiwari  
Flat No.601, Building No. 28, Haware Citi, Borivade Housing Complex,  
Kasarwadavali, Ghodbhundur Road, Thane - 400 601.

## REGISTRAR AND TRANSFER AGENTS

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



# Notice

NOTICE is hereby given that the **26<sup>th</sup> Annual General Meeting** of the Members of **Smruthi Organics Limited** will be held at **Hotel City Park, (Shamiyana Hall), 119, Murarji Peth, Opp. Hutatma Chowk, Solapur 413 001, on Tuesday 11<sup>th</sup> August 2015, at 12.30 p.m** to transact the following business:-

## ORDINARY BUSINESS

1. To receive, consider and adopt the Profit and Loss Account for the year ended on 31st March, 2015, the Balance Sheet as at that date and the Report of the Auditors and Directors thereon along with Cash-flow statement.
2. To appoint a Director in place of Mrs. E. Vaishnavi, (DIN 00033669) who retires by rotation and being eligible offers herself for re-appointment.
3. 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

- 4 To consider and if thought fit to pass following resolution as an Ordinary Resolution:

“RESOLVED THAT pursuant to the provisions of Section 148 and other applicable provisions if any of the Companies Act 2013 and the Companies (Audit and Auditors) rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), the Company do ratify and confirm remuneration of Rs. 25,000/- plus service tax as applicable plus reimbursement of out of pocket expenses as approved by the Board of Directors upon recommendation of the Audit committee for conducting the audit of the cost records of the Company by Shrinivas Diddi & Associates for the financial year ending 31<sup>st</sup> March 2016.”

5. To consider and if thought fit to pass following resolution as a Special Resolution:

“RESOLVED THAT pursuant to provisions of Section 197, 203 Schedule V and other applicable provisions if any of the Companies Act 2013 and Articles of Association of the Company, the Consent of the Company be and is hereby accorded to the appointment of Mr. E. Swapnil as Director in whole time employment designated as “Executive Director and CFO” on a term of 3 years with effect from 1<sup>st</sup> June 2015 to 31<sup>st</sup> May 2018, as approved by the Nomination and Remuneration Committee on salary of Rs. 3,00,000/- (Rupees Three Lacs) per month plus annual variable pay not exceeding 25% of annual salary, allowances, benefits and perquisites and other terms and conditions as mentioned in the explanatory statement.

RESOLVED FURTHER THAT in the event of inadequacy or absence of profits in any financial year of the Company, during the term of Mr. E. Swapnil, Executive Director and CFO, the remuneration, benefits and perquisites payable to him shall be as per the provisions of Schedule V of the Companies Act 2013.”



RESOLVED LASTLY THAT Board of Directors of the Company and / or Company Secretary of the Company be and is hereby authorized to file required form with Registrar of Companies and generally do all such acts, deeds and things as may be necessary or expedient for the purpose of giving effect to this resolution.

6. To consider and if thought fit to pass following resolution as a Special resolution:

“RESOLVED THAT pursuant to the provisions of Section 197, 203 and Schedule V and other applicable provisions if any of the Companies Act, 2013 and subject to such approvals as may be necessary, Company do approach Central Government for approval of waiver of excess remuneration as specified in the Explanatory Statement, paid to Mr. E. Purushotham, Managing Director during a period from 1st April 2013 to 31st March 2014.

“RESOLVED FURTHER THAT Board of Directors of the Company and / or Company Secretary be and is hereby authorized to file application with Central Government in prescribed form, make representations, furnish required information and generally to do all such acts, deeds and things as may be necessary or expedient to implement this resolution.”

**Place :** Solapur  
**Date :** 10th June 2015

By order of the Board  
Sd/-  
**(Chetna B. Tiwari)**  
Company Secretary



## Note :

A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT PROXY/PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF. SUCH A PROXY / PROXIES NEED NOT BE A MEMBER OF THE COMPANY. A person can act as proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company, carrying voting rights provided that a member holding more than ten percent, of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as proxy for any other person or shareholder.

The instrument of Proxy in order to be effective, should be deposited at the Registered Office of the Company, duly completed and signed not less than 48 hours before the commencement of the meeting. A Proxy form is sent herewith. Proxies submitted on behalf of the companies, societies etc., must be supported by an appropriate resolution/authority, as applicable.

1. The Register of Members and Share Transfer Books of the Company will remain closed from 1<sup>st</sup> August 2015 to 11<sup>th</sup> August 2015 (both days inclusive).
2. Details under Clause 49 of the Listing Agreement with the Stock Exchange in respect of the Directors seeking appointment/re-appointment at the Annual General Meeting, form integral part of the notice. The Directors have furnished the requisite declarations for their appointment/re-appointment.
3. Electronic copy of the Annual Report for 2014-15 is being sent to all the members whose email IDs are registered with the Company /Depository Participants(s) for communication purposes unless any member has requested for a print copy of the same. For members who have not registered their email address, physical copy of the Annual Report for 2014-15 is being sent in the permitted mode. Members are requested to register/update their email address for receiving all communication including Annual Report, Notices etc. from the Company electronically.
4. Electronic copy of the Notice of the 26<sup>th</sup> Annual General Meeting of the Company inter alia indicating the process and manner of e-voting, along with Attendance Slip and Proxy Form is being sent to all the members whose email IDs are registered with the Company/Depository Participants(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copy of the Notice of the 26<sup>th</sup> Annual General Meeting of the Company inter alia indicating the process and manner of e-voting, along with Attendance Slip and Proxy Form is being sent in the permitted mode.
5. Any Member desirous of getting any information on the accounts or operations of the Company is requested to forward his/her queries to the Company at least seven working days prior to the meeting, so that the required information can be made available at the meeting.



## 6. Voting through electronic means :

In compliance with provisions of Section 108 of the Companies Act, 2013 (the “Act”), Rule 20 of the Companies (Management and Administration) Rules, 2014 (the “Rules”) as amended and Clause 35B of the Listing Agreements, the Company is pleased to provide the facility of remote e-voting (powered by Central Depository Securities Limited –CDSL), by which the members may exercise a right to cast their votes on the Resolutions proposed to be passed at the Meeting from a place other than the venue of the meeting.

## 7. Voting through Physical Ballots:

The Members who attend the meeting in proxy or in person and have not cast their vote through e-voting may do so at the meeting using physical assent dissent forms provided at the venue.

### The instructions for shareholders voting electronically are as under:

- (i) The voting period begins on 8<sup>th</sup> August 2015 from 9.00 am and ends on 10<sup>th</sup> August 2015 up to 5.00 pm. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of 6<sup>th</sup> August 2015 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) Shareholders who have already voted prior to the meeting date would not be entitled to vote at the meeting venue.
- (iii) The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).
- (iv) Click on Shareholders.
- (v) Now Enter your User ID
  - a. For CDSL: 16 digits beneficiary ID,
  - b. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (vi) Next enter the Image Verification as displayed and Click on Login.
- (vii) If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any company, then your existing password is to be used.



(viii) If you are a first time user follow the steps given below:

	<b>For Members holding shares in Demat Form and Physical Form</b>
PAN	<p>Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <ul style="list-style-type: none"><li>Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN field.</li><li>In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.</li></ul>
Dividend Bank Details OR Date of Birth (DOB)	<p>Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login.</p> <ul style="list-style-type: none"><li>If both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (v).</li></ul>

- (ix) After entering these details appropriately, click on “SUBMIT” tab.
- (x) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (xi) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xii) Click on the EVSN for the relevant Smruthi Organics Limited on which you choose to vote.
- (xiii) On the voting page, you will see “RESOLUTION DESCRIPTION” and against the same the option “YES/NO” for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.



- (xiv) Click on the “RESOLUTIONS FILE LINK” if you wish to view the entire Resolution details.
- (xv) After selecting the resolution you have decided to vote on, click on “SUBMIT”. A confirmation box will be displayed. If you wish to confirm your vote, click on “OK”, else to change your vote, click on “CANCEL” and accordingly modify your vote.
- (xvi) Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.
- (xvii) You can also take a print of the votes cast by clicking on “Click here to print” option on the Voting page.
- (xviii) If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xix) **Note for Non – Individual Shareholders and Custodians**
  - Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves as Corporates.
  - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
  - After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
  - The list of accounts linked in the login should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
  - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- (XX) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions (“FAQs”) and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com), under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).

**Please note that:**

- ∅ Your login id and password can be used by you exclusively for e-voting on the resolutions placed by the companies in which you are the shareholder.
- ∅ It is strongly recommended not to share your password with any other person and take utmost care to keep it confidential.
- ∅ In case of any queries, you may refer to the Frequently Asked Questions (FAQs) for members and e-voting user manual for members available at the Downloads sections of <https://www.evoting.cdsl.com> or contact CDSL at the following Help Desk Phone No.: 18002005533, Email : [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com)





- ∅ The voting rights of shareholders shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date (record date) of 6th August 2015.
- ∅ Mr. H.R. Thakur, Practicing Company Secretary has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.
- ∅ The Scrutinizer after Scrutinizing the votes cast at the Annual General Meeting and through remote e-voting, will, not later than three days of conclusion of the meeting, make a consolidated Scrutinizers report and submit the same to the chairman. The result declared along with consolidated Scrutinizers report shall be placed on Website of the Company <http://www.smruthiorganics.com> and communicated to the concerned Stock Exchanges.

**Place :** Solapur  
**Date :** 10th June 2015

For & by order of the Board  
Sd/-  
**(Chetna B. Tiwari)**  
Company Secretary



# Annexure Forming Part Of The Notice

(Explanatory Statement Pursuant to Section 102 of the Companies Act, 2013)

## Item No. 4 :

The Board, on the recommendation of the Audit Committee, has approved the appointment of and remuneration payable to Shrinivas Diddi & Associates, Cost Accountants for conducting the audit of the cost records of the Company for the financial year ending March 31, 2016 on a Audit Fees of Rs.25,000/-plus service tax as applicable and reimbursement of out of pocket expenses.

In accordance with the provisions of Section 148 of the Act read with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditors has to be ratified by the shareholders of the Company.

Accordingly, consent of the members is sought for passing an Ordinary Resolution as set out at Item No. 4 of the Notice.

None of the Directors, Key Managerial Personnel of the Company and their relatives are concerned or interested in the resolution.

The Board recommends the Resolution for your approval.

## Item No. 5 :

At an Annual General Meeting of the members of the Company held on 30th July, 2012, members approved appointment and remuneration payable to Mr. E. Swapnil as Executive Director, who was subsequently appointed as Key Managerial Person (KMP) under the designation "Executive Director and Chief Financial Officer". The present term of Mr. E. Swapnil will expire on 14<sup>th</sup> June, 2015. The Board of Directors has upon recommendation of Nomination and Remuneration Committee, but subject to approval of the members, has appointed Mr. E. Swapnil for a period of 3 (Three) years from 1<sup>st</sup> June 2015 to 31<sup>st</sup> May 2018 on revised terms and conditions at the Meeting held on 10<sup>th</sup> June 2015. Taking into account his contribution and vital role towards progress of the Company, it is proposed to continue to avail the services of Mr. E. Swapnil.

### Details of Remuneration payable to Mr. E. Swapnil

#### 1. Salary

From 1<sup>st</sup> June 2015 till 31st May, 2018

Rs. 300,000/- (Rupees Three Lacs) per month

Plus annual variable component not exceeding 25% over annual salary

#### 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.
- 3) Re-imburement of medical expenses incurred in India or abroad and including hospitalization, nursing home and surgical charges for himself and family.
- 4) Re-imburement of actual traveling expenses for proceeding on leave from Solapur to any place in India or abroad and return there from once in a year in respect of himself and family.
- 5) Re-imburement 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 197 of the Companies Act, 2013 of such amount, as the Remuneration Committee/ Board of Directors may in their absolute discretion.

### **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.

### **5. Minimum remuneration**

If in any year during the currency of appointment of the Executive Director and CFO, 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 Part II Section II of Schedule V to the Companies Act, 2013.

### **6. Memorandum of Interest**

In case of Mr. E. Swapnil no other Directors except the appointee, Mrs. E. Vaishnavi, and Mr. E. Purushotham are concerned or interested in the resolution. Similarly none of the Key Managerial Personnel or their relatives are concerned or interested in the resolution.

### **7. Mr. E.Swapnil shall be liable to retire by rotation.**

### **8. General terms of appointment.**

The appointee 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 Director ceases to hold the Directorship for any reasons.

Additional Information relevant to appointment of the Executive Director and CFO forming part of the explanatory statement as required under schedule V of the Companies Act, 2013.

#### A. General Information:

##### 1. Nature of Industry:

The Company is manufacturer of Bulk Drugs & Drug Intermediates.

##### 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 31/03/2015

Particulars	Rs. (In Lacs)
Net Sales & Other Income	7496.95
Profit / (Loss) before Interest and Depreciation	479.79
Interest	565.07
Depreciation	480.38
Profit / (Loss) before Tax	(565.66)
Profit / Loss after Tax	(381.36)

##### 4. Export Performance and Foreign Exchange earned for the year ended 31/03/2015:

During the year 2014-15 the Company's Exports amounted to Rs. 1925 lacs compared to Rs. 2977 lacs in previous year, registering the decrease of 35 %

##### 5. Foreign Investment or Collaborations, if any:

NIL

##### 6. Information about the Executive Director and CFO:

###### E. Swapnil – Executive Director & Chief Financial Officer

###### a. Background Details:

Mr. E. Swapnil has pursued B.S. Chemical Engineer from USA and MBA (Finance) from Spain, has 8 years experience in the areas of technical, business development of APIs and finance. He has been associated with the company as Director since 2009.

###### b. Past Remuneration:

Rs.300000/- (Rupees Three Lacs ) per month, plus Provident Fund contribution @ 12%, Gratuity as per



rules of the Company, reimbursement of medical and travelling expenses personal accident insurance, free use of company's car with driver etc.

c. Job Profile & Suitability:

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

d. Remuneration Proposed:

Rs. 300,000/- (Rupees Three Lacs) per month

Plus annual variable component not exceeding 25% over annual salary

Plus Commission / Allowances / Perquisites, viz. free furnished residential accommodation, reimbursement of medical and leave travel expenses, personal accident insurance policies, company car with driver contribution to Provident Fund and Gratuity etc.

Annual increase in remuneration excluding commission not to exceed 25% over the previous year.

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

The remuneration proposed for Executive Director and CFO is in line with the one paid by the companies of similar size and 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.

**(B) Other Information: (AS APPLICABLE)**

(a) Reasons for loss or inadequate profits: Due to stoppage of production for about 3 months on account of labour strike, the operations were adversely affected. In addition, the low price realization in current markets has also added to the Company posting loss in FY 2014 – 15. The Company is Still in the process of addressing regulatory issues & hopes to recommenced supplies as early as possible.

(b) Steps taken or proposed to be taken for improvement: The Company has rationalized its product portfolio by eliminating low margin products to improve its operating margin realization. In addition, a three years settlement has been reached with the substantial number of the workmen, which has contributed to improvement in labour relations. The Company expects no major labour issue to arise in the future. The company is taking moving forward in addressing the issues raised by the regulatory authorities and hopes to clear the all the issues as early as possible to resume supplies to regulated markets.

(c) Expected increase in productivity and profits in measurable items:

The Company has undertaken several measures in FY 2014 – 15 to reduce cost both at operating and working capital levels, which are bearing positive fruits from the company. The company is continuing to take efforts for improving productivity. The company is ramping up its R&D expenditure to launch



new products in FY 2015 – 16 and also exploring new global markets for its existing products to give a major boost to profitability.

**(C) 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.

Except Mrs. E. Vaishnavi and Mr. E Purushotham none of the Key Managerial Personnel of the Company and their relatives are concerned or interested in the resolution.

**Item no. 6:**

At an Annual General Meeting of the members of the Company held on 30th July, 2012, members approved appointment and remuneration payable to Mr. E. Purushotham, Managing Director, for a period of 3 years from 01st August, 2012 to 31st July, 2015. Such appointment was approved by the Remuneration Committee and Board of Directors subject to approval of the members. The said resolution also provided for payment of minimum remuneration in case of inadequacy/absence of profits at any time during the appointment period. The remuneration was then fixed considering the estimated profitability of the Company. However due to non commencement of supplies to USA and European countries on account of audit issues raised by the regulatory authorities from European Directorate Quality Management (EDQM) and USFDA, the operations of the company were adversely affected resulting into substantial drop in turnover by about 50% and consequent loss incurred by the Company. Remuneration paid to Mr. E. Purushotham and Mr. E. Swapnil, other whole-time Director as per earlier approval has exceeded 10% of the net profits of the Company. In view of this the Company proposes to submit application seeking approval of the Central Government for waiver of excess remuneration of Rs. 30 Lacs (computed with reference to the eligibility under Schedule V of the Companies Act 2013 which however amounts to Rs. 36 lacs on the basis of eligibility applicable under Schedule XIII of the Companies Act, 1956 when the remuneration was originally approved by the members ) paid to Mr. E. Purushotham over and above his eligibility. Remuneration paid to Mr. E. Swapnil is however covered within the ceilings laid down under schedule XIII / V of the Companies Act. Nomination and Remuneration Committee and Board of Directors recommended submission of application to the Central Government for waiver of excess remuneration. Accordingly Company submitted application to the Central Government for waiver of excess remuneration paid to Mr. E. Purushotham and provided various information/details asked for by the Central Government from time to time in this regard. Since on 26th June 2015 the Company received a communication dated 19th June, 2015, from the Central Government rejecting the said application on technical grounds. Upon recommendation and approval of the Nomination and Remuneration Committee and Board of Directors, it is once again proposed to obtain your approval and approach the Central Government with a request to waive the excess remuneration paid to Mr. E. Purushotham for Financial Year 2013-14.

Mr. E. Purushotham being the key person managing company's business has been actively involved since its inception as a founder promoter Director. Credit for the progress made by the Company goes to untiring efforts and guidance provided by him. Management is continuing its efforts to satisfy the requirements of



regulatory authorities and ensure that the Company is able to resume its business to developed markets such as Europe and USA at the earliest. Company's efforts to make in-roads in new markets such as South East Asia, neighboring Asian Countries and Middle East are meeting success as the Company' business from these countries is steadily increasing. Management is expecting that turnover and profit margins improve in near future to reach earlier levels. Remuneration paid to Mr. E. Purushotham is commensurate with his qualifications, involvement and progress made by the Company despite adverse situations which are faced even by other Indian pharmaceutical and bulk drug manufacturing Companies of much bigger size than your Company. In view of present exceptional circumstances it is considered appropriate and justified to waive excess remuneration comprised of only basic salary paid to Mr. E. Purushotham. Copy of letter received from the Central Government conveying rejection of Company's application is available for inspection of the members during any working day till the date of AGM.

Except Mr. E.Purushotham, Mr. E. Swapnil and Mrs. E. Vaishnavi, none of the Directors Key Managerial Personnel of the Company and their relatives are concerned or interested in the resolution. The Board recommends the resolution for your approval.

**Place :** Solapur  
**Date :** 10th June 2015

For & on behalf of the Board  
Sd/-  
**(Chetna B. Tiwari)**  
Company Secretary



# Directors Report To The Shareholders

Dear Members,

Your Directors have pleasure in presenting their 26<sup>th</sup> Annual Report and The Audited Financial Statements for the financial year ended 31<sup>st</sup> March, 2015.

(Rs. in Lacs)

Financial Results	Current Year 2014-2015	Previous Year 2013-2014
<b>Net Sales &amp; Other Income</b>	<b><u>7496.95</u></b>	<b><u>9233.55</u></b>
Profit before Interest & Depreciation	479.79	210.57
Interest	565.07	518.68
Depreciation	480.38	598.57
<b>Profit / (Loss) before tax</b>	<b>(565.66)</b>	<b>(906.68)</b>
Less : Provision for Tax (Net) DTA / (DTL)	184.30	314.29
<b>Profit / (Loss) After Tax</b>	<b>(381.36)</b>	<b>(615.19)</b>
Balance bought forward from last year	Nil	Nil
<b>Balance available for Appropriation</b>	<b>Nil</b>	<b>Nil</b>
<b>Appropriations :</b>		
Corporate Dividend Tax	Nil	Nil
General Reserve	Nil	Nil
Balance Carried Forward	Nil	Nil
<b>Balance profit carried forward to next year</b>	<b>Nil</b>	<b>Nil</b>

## Operational Performance/State of Company's Affairs

During the year under review, total income of the Company was Rs. 7496.95 Lacs as compared to Rs. 9233.55 Lacs during previous year, registering a decrease of 19%. There was a substantial loss of sale on account of stoppage of production for 3 months due to labour strike. In addition, Ciprofloxacin manufacturing was discontinued and Norfloxacin output was cut down, which also contributed to drop in sales.

The Company posted net loss of Rs. 381.36 lacs as against Rs. 615.19 lacs in the previous year. At an operating level, the company's performance improved substantially in the last quarter due to boost in volume. For the last quarter, the company also witnessed margin improvement due to discontinuation of





loss making products. In addition, recalculation of depreciation as per provisions of Schedule II of the Companies Act 2013 also added to the bottom line.

A detailed overview has been provided under Management Discussion and Analysis Report.

During the year under review there was no change in the Share Capital Structure.

### **Dividend**

In view of losses Directors do not recommend any dividend.

### **Reserves**

During the year under the review, the reserves of the Company have decreased from Rs. 3120.00 lacs to Rs. 2565.15 lacs on account of yearly loss and absorption of arrears of depreciation for a period upto 31<sup>st</sup> March 2014. As required under provisions of the New Companies Act 2013.

### **Deposits**

During the year under review, your Company neither accepted nor renewed any fixed deposits falling within the ambit of Section 73 of the Companies Act, 2013 and The Companies (Acceptance of Deposits) Rules, 2014.

### **HUMAN RESOURCE DEVELOPMENT (HRD) & INDUSTRIAL RELATIONS:**

During the year workmen resorted to illegal strike at both the plants for a period of about 3 months from August 2014 to November 2014. After discussion with management, the workmen called off the strike and resumed their duties. The Company continues to have cordial and harmonious relations with its employees except a small section of workmen who are still non-cooperative to the management. Your Directors place on record their appreciation for the commitment, dedication and hard work put in by the employees of the Company during testing times.

A small group of workmen had called for an illegal strike on April 13, 2015, which was not supported by the majority of the workmen. Most of the workmen have joined their duties gradually and both the management and workmen have entered into a multi-year contract. The company's operations at both plants have improved and reached normalcy. Although, an insignificant minority of workmen continue to remain on strike, there shall be no significant adverse material impact on company's working and financial performance going forward due to labour issues.

The Company has made substantial changes in its HRD Program to develop better labour relationships. The company has also adopted new policies to procure, develop and retain skilled manpower. With an aim to expand product range and operations, the Company has made several new appointments to its existing team in various departments.

### **QUALITY, SAFETY & ENVIRONMENT:**

The Company has appointed an accomplished professional to head the Quality Assurance function. Under



his active participation, the quality team is actively engaged in overhauling quality systems and procedures to improve regulatory compliance. The company has also initiated efforts to register its products in regulated markets. The company is taking steps in the right direction to resume its supplies to regulated markets.

The company has successfully completed the expansion of effluent treatment facilities in FY 2014 – 15. The company is working continuously to reduce waste generation and environmental load. In addition, the company is engaging and training employees to continuously improve working practices to meet zero accident level.

### **RESEARCH AND DEVELOPMENT (R&D)**

R&D investment was cut down in FY 2014 – 15 due to financial constraints. However, as the company's financial performance is improving, the company is increasing its R&D spends in the next financial year to develop new products and improve processes of existing products.

### **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.

### **MANAGEMENT DISCUSSION AND ANALYSIS**

#### **Business of the Company and Future Outlook:**

The company has identified API & Drug Intermediates as its core products. The company has rationalized its product portfolio in FY 2014 – 15 by stopping manufacture of low margin products and increasing marketing focus on high margin products. Although this had a negative impact on sales, the impact on operating margin and bottom line is significantly positive, as observed in the last quarter of FY 2014 – 15.

The company has experienced good progress in reaching more customers in domestic and international market in FY 2014 – 15, which have contributed to increase in sales volumes at a product level. The company has also taken several measures to reduce operating cost such as process improvement, switching to alternate fuels, rationalization of labour requirements and capacity utilization planning. In addition to the efforts taken to reduce operational costs, the company has taken up several measures to cut financial costs as well. Although the finance cost of the company increased in FY 2014 - 15, the company has judiciously managed its cash credit limits requirements and utilizing lower interest credit facilities offered by our banks. All these measures are continuing to contribute to margin improvement, which is the prime focus of the management.

Keeping the growth targets of FY 2015 – 16 and beyond in view, the company has adopted a three pronged approach to generate sustainable growth. Firstly, the company has enhanced its marketing team to expand its customer base in unexplored markets of South East Asia, Middle East, Latin America and Africa for its



existing products. The company is directing its efforts to increase sales volumes by expanding the reach and depth of these markets, which will add to top line growth as well as optimize allocated fixed cost. In addition, the company is launching new products to boost margins. Finally, the company is working towards resolving outstanding issues with European regulatory to relaunch its products in highly profitable regulated and semi-regulated markets.

**Opportunities & Threats:** The Company has significant opportunity to develop business in domestic as well as less regulated markets. The Company's relatively moderate capacity usage also provides large upside for increasing revenue without significant capital investment. The high installed production capacity of Metformin HCl is a strength that will help generate higher profits going forward.

However, there is a possible threat to the Company's margins due to significant erosion in prices of Metformin & other products in domestic market due to increasing competition.

However, the company is taking efforts to nullify these effects by focusing on exports and also launching new products. Finance cost being a significant cost component of the company's operations, any further increases in interest rates or prolonged sustenance of existing rates may put pressure on operations. However, with the improvement in the company's financial performance, the risk of increased burden due to debt is very low.

**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. However, to improve these systems, the company is planning to implement a suitable ERP system in FY 2015 – 16.

**FINANCIAL PERFORMANCE:** The Financial results and performance for the year are elaborated in the Directors' Report.

**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.

## Directors

At the 25<sup>th</sup> Annual General Meeting held on 27<sup>th</sup> September 2014 Mr. J. H. Ranade, Dr. K. Ramaswamy and Mr. K. R. Dhole were appointed as Independent Directors for a period of 5 years. Company has received declarations from the Independent Directors affirming Compliance of provisions of section 149(6) of the Companies Act 2013.



Mr. E. Purushotham Managing Director was appointed on revised terms and conditions for a period of three years from 1<sup>st</sup> April 2014 to 31<sup>st</sup> March 2017.

Company had applied to the Central Government for waiver of recovery of excess remuneration paid to Mr. E. Purushotham during financial year 2013-14. The Company has since received a communication from Central Government declining its request for waiver. Company being Confident of the merits of its case it is proposed to approach the Central Government for Waiver once again and accordingly the resolution is proposed for your consideration.

Mr. E Swapnil Executive Director was appointed as Key Managerial Person (KMP) and re-designated as Executive Director and Chief Financial Officer (CFO).

As the present term of appointment of Mr. E. Swapnil, Executive Director ends on 14th Jun 2015, he has been appointed by the Board of Directors on revised terms and conditions upon recommendation of Nomination and Remuneration Committee. Resolution for renewal of his appointment for the period from 01<sup>st</sup> June 2015 to 31<sup>st</sup> May, 2018 is being placed before the members for approval of the members.

Mrs. E. Vaishnavi is retiring by rotation and being eligible offers herself for reappointment. You are requested to appoint her.

As required under the Listing Agreement, particulars of Directors seeking reappointment at the ensuing Annual General Meeting have been given under Corporate Governance Report.

#### **AUDIT COMMITTEE**

Composition of Audit Committee and terms of reference are given in the Corporate Governance Report.

Nomination and Remuneration Policy and Evaluation criteria of Board of Directors including Independent Directors

The Board has, on the recommendation of the Nomination & Remuneration Committee framed a policy for selection and appointment of Directors, Key Managerial Personnel, Senior Management and their remuneration and evaluation criteria for performance evaluation of Independent Directors. The Nomination and Remuneration Policy and evaluation criteria of Independent Directors have been provided under Corporate Governance Report.

#### **Details in respect of adequacy of internal financial controls with reference to the Financial Statements**

The Company has an Internal Control System, commensurate with the size, scale and complexity of its operations. To maintain its objectivity and independence, the Internal Auditor reports to the Chairman of the Audit Committee of the Board.

#### **Directors' Responsibility Statement**

Pursuant to the requirement u/s 134(3)(c) of the Companies Act, 2013(the "Act") with respect to Directors' Responsibility Statement, it is hereby confirmed that:

(a) in the preparation of the annual accounts for the financial year ended 31<sup>st</sup> March, 2015, the applicable



accounting standards have been followed along with proper explanation relating to material departures;

(b) the Directors have selected such accounting policies and applied them 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 the financial year ended 31<sup>st</sup> March, 2015 and of the profit and loss of the company for the year ended on that date;

(c) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;

(d) the Directors have prepared the annual accounts on a going concern basis; and

(e) the Directors, have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and are operating effectively.

(f) the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

#### **Meeting of Board and Committees of Directors**

During the year 6 Board Meetings and Audit Committee Meetings were convened and held. The details of the same along with other Committee's of Board are given in the Corporate Governance Report. The intervening gap between the Meetings was within the period prescribed under the Companies Act, 2013.

#### **Auditors**

Ashok Madgundi & Co., Chartered Accountants Solapur (FR No. 100668W), retire as Statutory Auditors at the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment. The Company has received a letter from the retiring Auditors to the effect that their appointment as Statutory Auditors, if made, would be within the limits prescribed u/s 141 of the Companies Act, 2013.

Members are requested to consider and re-appoint Ashok Madgundi & Co., Chartered Accountants Solapur, as the Statutory Auditors of the Company from the ensuing Annual General Meeting till the conclusion of next Annual General Meeting.

#### **Auditors' Report**

The observations made in the Auditors' Report are self-explanatory and do not call for any further comments u/s 134(3)(f) of the Companies Act, 2013.

#### **Secretarial Audit**

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed Mr. H. R. Thakur, Practicing Company Secretary Mumbai to undertake the Secretarial Audit of the Company. The Report of the Secretarial Audit is annexed herewith as "Annexure I".



As regards remarks of the Secretarial Auditor on non uploading of various policies on the Company's Website, the delay occurred due to technical problems with the vendor and the management is taking urgent steps to have such policies on the website.

### **Cost Audit**

For financial year 2014-2015, the Company had re-appointed Shrinivas Diddi and Associates, Cost Accountants, Solapur for conducting cost audit. Cost audit report has been filed with MCA. Members are requested to confirm the appointment and remuneration of the Cost Auditor for the financial year 2015-16.

### **Particulars of Employees**

The information required pursuant to Section 197 read with Rule, 5 of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 in respect of employees of the Company, will be provided upon request. In terms of Section 136 of the Act, the Report and Financial Statements are being sent to the Members and others entitled hereto, excluding the information on employees' particulars which is available for inspection by the Members at the Registered Office of the Company during business hours on working days of the Company up to the date of the ensuing Annual General Meeting. If any Member is interested in obtaining a copy thereof, such Member may write to the Company Secretary in this regard.

### **Corporate Social Responsibility (CSR)**

The Company has adopted CSR Policy upon recommendations of CSR Committee. As per provisions of the Act, Company was required to spend Rs. 22.14 lacs during the financial year 2014 – 15. However as the Company has been continuously making losses for the past 3 years and the resultant severe cash crunch, the Company was unable to spend any amount on CSR activities.

Highlights of the CSR policy:

In the initial period, Company will operate CSR Policy in the areas of education, healthcare, sanitation and hygiene. Arising from this the focus areas that have emerged are Education, Health care, Sustainable livelihood and espousing social causes, projects shall be identified and adopted as per the activities included and amended from time to time in Schedule VII of the Companies Act, 2013.

### **Code of Ethics / Vigil Mechanism / Whistle Blower Policy**

The Company has a vigil mechanism named Whistle Blower Policy to deal with instances of fraud and mismanagement, if any. The objective of the Policy is to explain and encourage the directors and employees to raise any concern about the Company's operations and working environment, including possible breaches of Company's policies and standards or values or any laws within the country or elsewhere, without fear of adverse managerial action being taken against such employees.

### **Particulars of Loans, Guarantees or Investments**

Company did not give any loans, guarantees and make any Investment covered under the provisions of Section 186 of the Companies Act, 2013.



### **Related Party Transactions:**

All related party transactions that were entered into during the financial year were on an arm's length basis and were in the ordinary course of business. There were no materially significant related party transactions made by the Company during the financial year with Promoters, Directors, Key Managerial Personnel or other designated persons which may have a potential conflict with the interest of the Company at large.

All Related Party Transactions are placed before the Audit Committee as also the Board for approval.

### **Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo**

As required by the Companies (Accounts) Rules, 2014, the relevant information pertaining to conservation of energy, technology absorption, foreign exchange earnings and outgoings respectively, is given in the **Annexure II** to this report.

### **Risk Management Policy**

The Company is aware of the risks associated with the business. It regularly analyses and takes corrective actions for managing / mitigating the same. Your Company's Risk management framework ensures compliance with the provisions of Clause 49 of the Listing Agreement.

### **Corporate Governance**

As required under Clause 49 of the Listing Agreement, a detailed Report on Corporate Governance is given as a part of Annual Report. The Company is in full compliance with the requirements and disclosures that have to be made in this regard. The Certificate of the compliance with Corporate Governance requirements by the Company issued by the Statutory Auditors attached to the Report on Corporate Governance.

### **Extract of the Annual Return**

Pursuant to section 92(3) of the Companies Act, 2013, the extract of the annual return in Form No. MGT – 9 forms part of this Board's report and is enclosed as **Annexure- III**

### **General**

No significant or material orders were passed by the regulators or courts which impact the going concern status of the Company's operations in future.

### **Acknowledgment**

The Board wishes to place on record its appreciation of sincere efforts put in by the employees of the Company, in helping it reach its current growth levels. Your Directors place on record their appreciation for the support and assistance received from the investors, customers, vendors, bankers, financial institutions, business associates, regulatory and governmental authorities.

**Place :** Solapur

**Date :** 10th June 2015

For & on behalf of the Board  
Sd/-

**(E. Purushotham)**  
Chairman & Managing Director



# CORPORATE GOVERNANCE REPORT

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

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

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

## II) Board of Directors:

### 1) Composition:

The Board of Directors comprises of 5 Directors as detailed below. (Position as on 31st March, 2015)

Category of Directors	Name of Directors
Promoters Executive	Mr. E. Purushotham, Mr. E. Swapnil
Promoters Non Executive	Mrs. E. Vaishnavi
Independent Non Executive	Mr. J. H. Ranade, Dr. K. Rama Swamy, Mr. K. R. Dhole

The Company has an optimum combination of Executive and Non-Executive/Independent Directors which is in conformity with the Companies Act and Listing Agreement with the Stock Exchanges. None of the Independent Non- Executive 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.

### 2) Meetings and Attendance:

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

- 1)10th May 2014    2)9th August 2014    3) 27th Sept 2014    4)14th Nov 2014  
5) 13th Feb 2015    6) 20th March 2015

Details regarding attendance of the Directors at the Board Meeting held during the Financial Year 2014-2015 and at the last Annual General Meeting held on 27th Sep 2014 are given below:

Sr. no.	Name	Designation / DIN	Status	No.of Borad Meeting attended	Attended last AGM	No. fo Comm. positins held in other Companies	
						Chairman of Committee	Member of Committee
1	Mr. E.Purushotham	Managing Director 00033583	Executive	6	YES	-	-
2	Mr. E. Swapnil	Executive Director & Chief Financial Officer 01241535	Executive	5	YES	-	-
3	Mrs. E.Vaishnavi	Director 00033669	Non-Executive	6	YES	-	-
4	*Mr. K. R. Dhole	Director 012076675	Non-Executive (I)	4	NO	-	-
5	Mr. J.H.Ranade	Director 00004814	Non-Executive (I)	6	YES	-	-
6	Dr. K.Rama Swamy	Director 05273930	Non-Executive (I)	3	NO	-	-

\*Appointed as a Director with effect from 27th September 2014.



**Code of Conduct**

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

3) a) (i) Details of Director seeking appointment / re-appointment at the Annual General Meeting.

Name of the Director	Mr. E. Swapnil
Date of Birth	30/03/1984
Date of Appointment	06/04/2009
Expertise in Specific Functional Area	Technical, Business Development & Finance
Qualification	B.S. (Chemical Engineering ) USA & MBA, Spain
* Directorship / Committee Memberships in other Companies	Smruthi Chemicals & Intermediates Ltd.
No. of shares held in the company	190081

3) a) (ii) Details of Terms and Conditions of Appointment of Mr. E. Swapnil :

**1. Salary**

From 1<sup>st</sup> June, 2015 till 31<sup>st</sup> May, 2018

Rs. 300,000/- (Rupees Three Lacs) per month

Plus annual variable component not exceeding 25% over annual salary

**2. Allowances / Perquisites**

- a. Leave with full pay as per the Rules of the Company, encashment of un availed leave being allowed at the end of the tenure.
- b. Free furnished residential accommodation with gas, electricity, water and furnishings or unfurnished accommodation with gas, electricity and furnishings.
- c. Re-imbursment of medical expenses incurred in India or abroad and including hospitalization, nursing home and surgical charges for himself and family.
- d. Re-imbursment of actual traveling expenses for proceeding on leave from Solapur to any place in India or abroad and return there from once in a year in respect of himself and family.
- e. Re-imbursment of membership fees for clubs.
- f. Personal accident insurance policy in accordance with scheme applicable to senior employees.
- g. Free use of Company's car for Company's work as well for personal purposes along with driver.



**3. Telephone, Cell Phone with Internet at residence at Company's cost.**

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 197 of the Companies Act, 2013 of such amount, as the Remuneration Committee/ Board of Directors may in their absolute discretion.

**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.

**5. Minimum remuneration**

If in any year during the currency of appointment of the Executive Director & CFO, 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 Part II Section II of Schedule V to the Companies Act, 2013.

**6. 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.

**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. Repayment position of term loans.

All such other information as a required to be placed under the listing agreement/ Companies Act.

Besides Mr. E.Swapnil, Mrs. E Vaishnavi is proposed to be re-appointed at AGM whose details are as under:-

Date of Birth : 18.02.1962

Date of Appointment : 09.09.1994

Expertise in Specific Functional Area : Administration

Qualification : B.A.

Other Directorship : Smruthi Chemicals & Intermediates Limited

Number of Shares held in the Company : 576450

**III. Audit Committee :**

The Audit Committee constituted on 30th December 2005 enjoys all powers / terms of reference as mentioned in para II (c) of clause 49 of Listing Agreement and provisions of Section 177(4) of the Companies Act 2013. 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.

The details of composition of the Committee and their attendance at the meetings are given below

Name	Designation	Category	No. of Meetings attended
Mr. J. H. Ranade	Chairman	Independent	6
Dr. K. Ramaswamy	Member	Independent	4
Mr. K. R. Dhole*	Member	Independent	3

\* Mr. K. R. Dhole was also appointed as member during the year.

During the Financial year 2014-15, 6 Meetings were held on 10-05-2014, 09-08-2014, 27-09-2014, 14-11-2014, 13-02-2015 & 20.03.2015.

Audit Committee meetings were attended by the Chairman and Managing Director and Statutory Auditors were invited for such meeting. Members of the Audit Committee have requisite financial and management expertise. Chairman of the Audit Committee was present at the Annual General Meeting held on 27th September 2014.

**IV. Nomination and Remuneration Committee:**

The Remuneration Committee was constituted on 24th April 2006 for the purpose of approving remuneration of the managerial personnel as envisaged under the provisions of Companies Act 1956 and Listing Agreement. The main term of reference of the Committee is to approve the fixation / revision of remuneration of the of the Executive Directors and relatives of Directors of the Company, Key Managerial Personnel and Senior Management 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. The Committee also evaluate performance of the members of the Board.

During the year the Committee was renamed as Nomination and Remuneration Committee Pursuant to Section 178 of the Companies Act 2013.

The Committee is Comprised of:

Name	Designation	Category	No. of Meetings attended
Mr. J. H. Ranade	Chairman	Independent	1
Dr. K. Ramaswamy	Member	Independent	1
Mrs. E. Vaishnavi	Member	Independent	1

**Remuneration Policy :**

Remuneration to be paid to Managing / Whole time Director shall be governed as per the provisions of the Companies Act and rules made there under. Approvals of the Directors / Shareholders are



obtained wherever necessary. Non-Executive / Independent Directors are paid sitting fees as permissible under the provisions of the Companies Act. Any remuneration paid to Non-Executive / Independent Directors for professional services rendered shall not be considered as a part of remuneration provided such services are rendered in professional capacity at concerned Director possesses requisite qualifications for practice that profession.

**Remuneration to Executive Directors :**

*(Amount in Rs.)*

Particulars	Mr.E. Purushotham Managing Director	Mr.E. Swapnil Executive Director & Chief Financial Officer
Salary & Other Allowances	63,00,000	27,00,000
Contribution to Provident & Other Funds	7,56,000	3,24,000
Commission	-----	

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

*Sitting Fees ( Rs.)*

Name	Board	Audit / Remuneration Committee	Total
Mrs. E. Vaishnavi	60,000	5,000	65,000
Dr. K. Ramaswamy	30,000	25,000	55,000
Mr. J.H. Ranade	60,000	40,000	1,00,000
Mr. K. R. Dhole	40,000	20,000	60,000

**V. Stakeholders Relationship Committee:-**

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 the Committee was renamed as Shareholders Relationship Committee Pursuant to Section 178(5) of the Companies Act 2013. In absence of complaints from Shareholders and Transfer / transmission of shares, the Committee was not required to hold a meeting,

The Committee was Comprised of:

Name	Designation	Category
Mr. E. Purushotham	Chairman	Executive (Promotor)
Mrs. E. Vaishnavi	Member	Non-Executive (Promotor)

Board has designated Ms. Chetana Tiwari, Company Secretary as a Compliance Officer.

During the year Company did not receive any Investor complaints.

**Corporate Social Responsibility (CSR) Committee:**

During the financial year 2014-15, two meetings of the committee were held. The details of the Composition of the Committee is given below:

Name	Designation	Category	No. of Meetings attended
Mr. E. Purushotham	Managing Director	Executive	2
Mr. J. H. Ranade	Independent Director	Non-Executive	2
Dr. K. Ramaswamy	Independent Director	Non-Executive	1

**INDEPENDENT DIRECTORS MEETING:**

As required by the Companies Act, 2013 and Listing Agreement, the meeting of Independent Directors was held on 20th March 2015.

**VI. General Body Meetings:**

Details of last three Annual General Meeting are given below:

Financial Year	Date	Venue	No.of Directors present
2011-2012	30th July 2012	Hotel Tripursundari, Solapur	5
2012-2013	27th July 2013	Hotel City Park, Solapur	4
2013-2014	27th Sep. 2014	Hotel City Park, Solapur	4

**Details of Special Resolutions Passed:-**

**2011-12 :-** Appointment of Mr. E.Purushotham as a Managing Director for 3 year period from 01-08-2012 to 31-07-2015, Appointment of Mr. E.Swapnil as Whole time Director for 3 year period from 15-06-2012 to 14-06-2015 and Appointment of Ms. E. Smruthi relative of Director as Executive, Business Development

**2012-13 :-** Change in designation of Mr. E.Swapnil as Executive Director and Chief Operating Officer and Mrs. E.Rimika a relative of Director as Executive.

**2013-14 :-** Approval of borrowings and creation of charges under section 180 (1) ( C ) and 180 (1) ( a ) of the Companies Act, application to Central Government for waiver excess remuneration paid to Mr. E. Purushotham, Managing Director during financial year 2013-14, appointment of Mr. E.Purushotham as Managing Director on revised terms and conditions with effect from 01-04-2014 to 31-03-2017 and re-designation of Mr. E.Swapnil as Executive Director and Chief Financial Officer (CFO).

No Resolution was passed through postal ballot during financial year 2014-15. Non of business proposed to be transacted at the ensuing Annual General Meeting requires passing of Resolutions through Postal Ballot.

**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.
4. The Company has a Vigil mechanism called Whistle Blower policy, all employees have been provided to access direct to the Audit committee.
5. Company has complied with all mandatory requirements of Clause 49 of the Listing Agreement.

**VIII. Risk Management:**

Company has defined Risk Management Policy. 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 have 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 and Divya Marathi (Local News Paper). All data relating to Quarterly Financial Results is provided on the Company's Web Site i.e. [www.smruthiorgaincs.com](http://www.smruthiorgaincs.com).

**XI. Shareholders Information:**

Shareholders information is separately provided in the Annual Report.



# SHAREHOLDERS INFORMATION

## 1. Annual General Meeting :

Date : 11th August, 2015.

Time : 12.30 p.m.

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

## 2. Financial Calendar (Tentative) : April 2015 to March 2016

Particulars of Meetings	Date
Un-audited Quarterly Result for the quarter ended 30th June 2015	2nd week of Aug 2015
Un-audited Quarterly Result for the quarter ended 30th September 2015	2nd week of Nov. 2015
Un-audited Quarterly Result for the quarter ended 31st December 2016	2nd week of Feb.2016
Audited /Un-Audited Financial Result for the quarter - ended 31st March 2016	Last week of May 2016

## 3. Date of Book Closure :

01.08.2015 To 11.08.2015 (Both days inclusive)

## 4. Dividend payment date : N.A.

## 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

CIN : L24119PN1989PLC052562

## 6. Stock Prices :

Market price data - High / Low during each month of the financial year 2014-15.

Month & Year	Open Rs.	High Rs.	Low Rs.	Close Rs.
April - 2014	58.95	61.50	52.40	57.00
May - 2014	58.00	61.80	45.20	56.00
June - 2014	56.10	58.65	50.80	54.35
July - 2014	55.00	87.00	55.00	79.85
August - 2014	76.10	79.95	55.00	61.80
September - 2014	61.80	89.80	59.40	71.05



October - 2014	70.10	76.90	63.30	66.00
November - 2014	65.05	72.90	61.50	64.55
December - 2014	65.00	90.00	60.00	83.50
January - 2015	83.50	92.00	68.50	74.90
February - 2015	74.80	74.80	60.00	61.50
March - 2015	65.00	70.00	59.00	63.05

#### 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 lodgment, subject to the transfer instrument being valid and complete in all respects.

#### 9. Reconciliation of Share Capital Audit :

The Company Secretary in practice carried out reconciliation of share capital audit which confirms that Issued / Paid-up Capital is in agreement with the aggregate of the total number of shares in Physical & Demat Form.

#### 10. Share Distribution Schedule :

Share holding of Nominal Value of Shareholders share amount (As on 31.03.2015)

Shares	Number	% to total	Total Shares	Rs.	% to total
Upto 100	567	38.97	28453	284530	0.75
101-500	515	35.40	185555	1855550	4.86
501-1000	173	11.89	149803	1498030	3.93
1001-2000	64	4.40	100931	1009310	2.65
2001-3000	56	3.85	136441	1364410	3.58
3001-4000	18	1.24	63855	638550	1.67
4001-5000	10	0.69	48242	482420	1.26
5001-10000	26	1.79	201523	2015230	5.28
10001-20000	10	0.69	133527	1335270	3.50
20001-50000	12	0.82	390109	3901090	10.22
50001-Above	04	0.27	2376991	23769910	62.30
<b>TOTAL</b>	<b>1455</b>	<b>100.00</b>	<b>3815430</b>	<b>38154300</b>	<b>100.00</b>



**10. Shareholding pattern:**

Category	No. of Sahres	% to share capital
NRI	47671	1.25
Corporate Body	207685	5.44
Directors & Relatives	2443191	64.03
Indian Public	1116883	29.28
<b>TOTAL</b>	<b>3815430</b>	<b>100.00</b>

**12. Dematerialization of shares and liquidity :**

3378395 shares have been dematerialized as on 31st March 2015 constituting 88.55 % of total Paid up Share Capital.

**13. Subsidiary Company : The Company does not have any Subsidiary Company.****14. 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.

**15. 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.

**16. 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

Ms. Chetna Tiwari, Company Secretary and Compliance Officer

**17. Secretarial Department :-**

The Company's Secretarial Department headed by the Company Secretary is situated at the Registered Office. Investors may contact the department for any assistance.

Place : Solapur

Date : 10th June, 2015

For & on behalf of the Board

Sd/

(E. Purushotham)

MANAGING DIRECTOR



# Annexure - I to DIRECTOR'S REPORT

## Secretarial Audit Report

For the Financial Year ended 31 March 2015

(Pursuant to section 201(1) of the Companies Act, 2013 and Rule 9 of the Companies  
(Appointment and Remuneration of Managerial Personnel) Rules, 2014

### 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

CIN of the Company : **U24119PN1989PLC052562**

Nominal Capital : **Rs. 10.00 Crores**

#### The Members

Smruthi Organics Limited

165-A, Balaji Bhavan, 1<sup>st</sup> Floor,

Railway Lines, Solapur-413 001.

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Smruthi Organics Limited (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon. Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on 31 March, 2015 ('Audit Period') complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31 March, 2015 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made there under;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the



extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;(Not applicable to the Company during the Audit Period);

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act,1992 ('SEBI Act'): —

- a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
- b) The Securities and Exchange Board of India(Prohibition of Insider Trading) Regulations,1992;
- c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements)Regulations, 2009 (Not applicable to the Company during the Audit Period);
- d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, (Not applicable to the Company during the Audit Period); and The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 notified on 28 October 2014 (Not applicable to the Company during the Audit Period);
- e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations,2008 (Not applicable to the Company during the Audit Period);
- f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents)Regulations, 1993
- g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 (Not applicable to the Company during the Audit Period); and
- h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 (Not applicable to the Company during the Audit Period).

I have also examined compliance with the applicable clauses of the following:

- I. Secretarial Standards issued by The Institute of Company Secretaries of India (Not notified hence not applicable to the Company during the audit period).
- II. The Listing Agreements entered into by the Company with The Pune Stock Exchange Limited, The Hyderabad Stock Exchange Limited, The Ahmedabad Stock Exchange Limited and The Stock Exchange, Mumbai;

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

**I further report that** having regard to the compliance system prevailing in the Company and on examination of the relevant documents and records in pursuance thereof, on test-check basis, the Company has complied with The Drugs and Cosmetics Act, 1940 and the Rules made there under, law applicable specifically to the Company.



**I further report that** The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act. Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting. All decisions at Board Meetings and Committee Meetings are carried out unanimously as recorded in the minutes of the meetings of the Board of Directors or Committee of the Board, as the case may be.

**I further report that** there are adequate systems and processes in the Company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

**I further report that** during the Audit period, consents of the members were accorded to the Board under sections:

- a. 180(1)(a) and 180(1)(c) of the Companies Act, 2013 for Mortgaging / Charging Movable and Immovable properties of the Company as a security in favour of the Banks /Lenders upto Rs. 150 Crores.
- b. 197,203 and Schedule V of the Companies Act, 2013 to file application to the Central Government for waiver of excess remuneration paid to Mr. E. Purushotham, Managing Director during 1<sup>st</sup> April, 2013 to 31<sup>st</sup> March, 2014. Accordingly application has been submitted to the Central Government. Approval from the Central Government is awaited.

I further report that the Company has a functional website. The Board has approved various policies pursuant to the Listing Agreement, which are yet to be uploaded on the website.

**Place :** Mumbai  
**Date :** 8th June, 2015

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



# SECRETARIAL AUDIT REPORT

For the Financial Year Ended 31 March 2015

## 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

The Members,

### Smruthi Organics Limited

165-A, Balaji Bhavan, 1<sup>st</sup> Floor,  
Railway Lines, Solapur-413 001.

My Secretarial Audit Report of even date is to be read along with this letter.

### Management's Responsibility:

1. It is the responsibility of the management of the Company to maintain secretarial records, devise proper systems to ensure compliance with the provisions of all applicable laws and regulations and to ensure that the systems are adequate and operate effectively.

### Auditor's Responsibility.

2. My responsibility is to express an opinion on these secretarial records, systems, standards and procedures based on my audit.
3. Wherever required, I have obtained the management's representation about the compliance of laws, rules and regulations and happening of events etc.

### Disclaimer:

4. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

Place : Mumbai

Date : 8th June, 2015

Sd/-

H. R. Thakur

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



# Annexure – II to DIRECTORS' REPORT

PARTICULARS PURSUANT TO SECTION 134 (3) (m) OF THE COMPANIES ACT, 2013  
READ WITH COMPANIES (ACCOUNTS) RULES, 2014.

The details of conservation of energy, technology absorption, foreign exchange earnings and outgo are as follows:

## A. CONSERVATION OF ENERGY

(i) the steps taken on conservation of energy;

### Energy conservation measures taken:

The major steps taken towards energy conservation were;

- 1) Major repair of two multifuel boilers to improve fuel efficiency.
  - 2) Installation of LED lights has begun to reduce energy consumption for lighting.
  - 3) Installation of biomass resources for generation of thermal energy - not applicable.
- (ii) the steps taken by the company for utilizing alternate sources of energy;  
In FY 2014 – 15, the company has reduced its coal consumption and used sugarcane waste (baggas) instead to reduce consumption of fossil fuels.

(iii) Capital Investment on Energy Conservation Equipment: --

Impact of the above matters:

As a result of measures taken enumerated above, further economy in conservation of energy coupled with reduction in cost of production is possible. Substantial savings in steam generation cost have been felt due to the substitution of Baggas and wood. During the year company did not incur any capital expenditure on energy conservation equipments.

## B. TECHNOLOGY ABSORPTION

(i) the efforts made towards technology absorption;

The Company's R & D Laboratory is recognised by the Department of Scientific & Industrial Research, Government of India, where continuous efforts are made to innovate new products and improve the quality of products manufactured by the Company and to make the manufacturing process safe, cost effective and environment friendly.

(ii) the benefits derived like product improvement, cost reduction, product development or import substitution;

Technology, innovations and improvements undertaken at the Laboratory scale have been successfully absorbed at plant level. These efforts shall benefit the Company in increasing sales,



reducing cost, and improving quality and scale of the production

(iii) in case of imported technology (imported during the last three years reckoned from the beginning of the financial year)- NIL

(iv) The expenditure incurred on Research and Development.

(Rs. in Lacs)

		2014-2015	2013-2014
4.	<b>Expenditure on R&amp;D</b>		
a)	Capital	--	--
b)	Recurring	31.77	63.96
c)	Total	31.77	63.96
d)	Total R&D Expenditure as a Percentage of total turnover	0.44	0.70

#### C. FOREIGN EXCHANGE EARNINGS AND OUTGO

(Rs. in Lacs)

	2014-2015	2013-2014
Foreign exchange outgo	2020.78	2244.16
Foreign exchange earned	1925.15	2976.59

Place : Solapur

Date : 10th June, 2015

For & on behalf of the Board

Sd/

**(E. Purushotham)**

CHAIRMAN & MANAGING DIRECTOR



# Annexure – III to DIRECTORS' REPORT

## Form No. MGT - 9 EXTRACT OF ANNUAL RETURN as on the financial year ended on 31st March 2015

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

### I. REGISTRATION AND OTHER DETAILS:

- i) CIN:- U24119PN1989PLC052562
- ii) Registration Date: 11/07/1989
- iii) Name of the Company: Smruthi Organics Limited
- iv) Category / Sub-Category of the Company: Indian Non-Government Company Limited by shares
- v) Address of the Registered Office and contact details:  
Address: 165-A, Balaji Bhavan, 1st Floor, Railway Lines, Solapur-413 001  
Contact: [changale@smruthiorganics.com](mailto:changale@smruthiorganics.com)
- vi) Whether listed company: Yes
- vii) Name, Address and Contact details of Registrar and Transfer Agent, if any :  
Adroit Corporate Services Pvt. Ltd., 19, Jaferbhoy Indl. Est., Makwana Road, Marol Naka, Andheri (E) Mumbai – 400 059. Email : [ganeshs@adroitcorporate.com](mailto:ganeshs@adroitcorporate.com) / [pratapp@adroitcorporate.com](mailto:pratapp@adroitcorporate.com)

### III. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

Manufacture and Sale of Bulk Drugs & Drug Intermediates (API Products)

All the business activities contributing 10 % or more of the total turnover of the company shall be stated:-

Name and Description of main products / services	NIC Code of the Product Service	% to total turnover of the company
Bulk Drugs & Drug Intermediates (API Products)	3041	100

### III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES - NA

Sr. No.	Name & Address of Company	CIN/ GLN	HOLDING/ SUBSIDIARY ASSOCIATE	% Of shares held	Applicable Section
1					
2					



**IV) SHAREHOLDING PATTERN**

(Equity Share Capital Breakup as Percentage of Total Equity)

**i) Category-Wise Share Holding**

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoter									
(1) Indian									
a) Individual/HUF	2129010	0	2129010	55.80	2129010	0	2129010	55.80	0.00
b) Central Govt.	0	0	0	0.00	0	0	0	0.00	0.00
c) State Govt.	0	0	0	0.00	0	0	0	0.00	0.00
d) Bodies Corp.	82000	0	82000	2.15	82000	0	82000	2.15	0.00
e) Banks / FI	0	0	0	0.00	0	0	0	0.00	0.00
f) Any other									
f-1) DIRECTORS RELATIVES	33500	0	33500	0.88	33500	0	33500	0.88	0.00
f-2) DIRECTORS	190081	8600	198681	5.21	190081	8600	198681	5.21	0.00
<b>Total Shareholding of Promoter (A)</b>	<b>2434591</b>	<b>8600</b>	<b>2443191</b>	<b>64.03</b>	<b>2434591</b>	<b>8600</b>	<b>2443191</b>	<b>64.03</b>	<b>0.00</b>
B.Public Shareholding									
(1) Institutions									
a) Mutual Funds	0	0	0	0.00	0	0	0	0.00	0.00
b) Banks / FI	0	0	0	0.00	0	0	0	0.00	0.00
c) Central Govt.	0	0	0	0.00	0	0	0	0.00	0.00
d) State Govt(s)	0	0	0	0.00	0	0	0	0.00	0.00
e) Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
f) Insurance Companies	0	0	0	0.00	0	0	0	0.00	0.00
g) FIs	0	0	0	0.00	0	0	0	0.00	0.00
h) Foreign Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
i) Others (Specify)	0	0	0	0.00	0	0	0	0.00	0.00
<b>Sub-total (B) (1)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0.00</b>
(2) Non - Institutions									
a) Bodies Corp.									
i) Indian	45892	114700	160592	4.21	92985	114700	207685	5.44	1.23
ii) Overseas	0	0	0	0.00	0	0	0	0.00	0.00
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs.1 lakh	520859	279645	800504	20.98	525776	269245	795021	20.84	-0.14



ii) Individual share-holders holding nominal share capital in excess of Rs. 1 lakh	343634	12490	356124	9.33	308602	12490	321092	8.42	-0.92
c) Other (Specify)									
c-1) NON RESIDENT INDIANS (INDIVIDUALS)	20176	32000	52176	1.37	15671	32000	47671	1.25	-0.12
c-2) Clearing Member	2843	0	2843	0.07	770	0	770	0.02	-0.05
<b>Sub-total (B) (2)</b>	<b>933404</b>	<b>438835</b>	<b>1372239</b>	<b>35.97</b>	<b>943804</b>	<b>428435</b>	<b>1372239</b>	<b>35.97</b>	<b>0.00</b>
<b>Total Public Share-holding (B) = (B)(1)+(B)(2)</b>	<b>933404</b>	<b>438835</b>	<b>1372239</b>	<b>35.97</b>	<b>943804</b>	<b>428435</b>	<b>1372239</b>	<b>35.97</b>	<b>0.00</b>
<b>C. Shares held by Custodian for GDRs &amp; ADRs.</b>									
Promoter and Promoter Group	0	0	0	0	0	0	0	0	0
Public-	0	0	0	0	0	0	0	0	0
<b>Sub-total (C)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Grand Total (A+B+C)</b>	<b>3367995</b>	<b>447435</b>	<b>3815430</b>	<b>100</b>	<b>3378395</b>	<b>437035</b>	<b>3815430</b>	<b>100</b>	<b>0</b>

### ii) Shareholding of Promoters

Sr. No.	Shareholder's Name	No. of Shares held at the beginning of the year			No. of Shares held at the end of the year			% Change during the year
		No. of Shares	% fo total shares of the Company	% of Shares Pledged / encumbered to total Shares	No. of Shares	% fo total shares of the Company	% of Shares Pledged / encumbered to total Shares	
1	VAISHNAVI EAGA	576450	15.11	0.00	576450	15.11	0.00	<b>0.00</b>
2	PURUSHOTHAM EAGA	1528510	40.06	0.00	1528510	40.06	0.00	<b>0.00</b>
3	YADAGIRI M EAGA	24050	0.63	0.00	24050	0.63	0.00	<b>0.00</b>
4	EAGA RAJAMOULI	9500	0.25	0.00	9500	0.25	0.00	<b>0.00</b>
5	SMRUTHI CHEMICALES AND INTERMEDIATES LTD.	82000	2.15	0.00	82000	2.15	0.00	<b>0.00</b>
6	SWAPNIL PURUSHOTHAM EAGA	190081	4.98	0.00	190081	4.98	0.00	<b>0.00</b>
7	SMRUTHI PURUSHOTHAM EAGA	24000	0.63	0.00	24000	0.63	0.00	<b>0.00</b>
8	DR. K. RAMASWAMY	8600	0.23	0.00	8600	0.23	0.00	<b>0.00</b>
	<b>TOTAL</b>	<b>2443191</b>	<b>64.03</b>	<b>0.00</b>	<b>2443191</b>	<b>64.03</b>	<b>0.00</b>	<b>0.00</b>



**iii) Change in Promoters' Shareholding ( please specify, if there is no change): No change during the financial year:**

Sr. No.	Name fo Director / KMP	Shares Holding at the beginning of the year		Cumulative Shares Holding during the year	
		No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
1	<b>E. Purushotham</b>				
	At the beginning of the year	15,28,510	40.60	15,28,510	40.60
	Increase / decrease upto 31st March 2015	-	-	-	-
	At the end of the year	-	-	15,28,510	40.60
2	<b>Vaishnavi Eaga</b>				
	At the beginning of the year	5,76,460	15.11	5,76,450	15.11
	Increase / decrease upto 31st March 2015	-	-	-	-
	At the end of the year	-	-	5,76,450	15.11
3	<b>Swapnil Purushotham Eaga</b>				
	at the beginning of the year	1,90,081	4.98	1,90,081	4.98
	Increase / decrease upto 31st March 2015	-	-	-	-
	At the end of the year	-	-	1,90,081	4.98
4	<b>Smruthi Chemicals And Intermediates Limited</b>				
	At the beginning of the year	82,000	2.15	82,000	2.15
	Increase / decrease upto 31st March 2015	-	-	-	-
	At the end of the year	-	-	82,000	2.15
5	<b>Yadagiri M. Eaga</b>				
	At the beginning of the year	24,050	0.63	24,050	0.63
	Increase / decrease upto 31st March 2015	-	-	-	-
	At the end of the year	-	-	24,050	0.63
6	<b>Smruthi Purushotham Eaga</b>				
	At the beginning of the year	24,000	0.63	24,000	0.63
	Increase / decrease upto 31st March 2015	-	-	-	-
	At the end of the year	-	-	24,000	0.63
7	<b>Eaga Rajamouli</b>				
	At the beginning of the year	9,500	0.25	9,500	0.25
	Increase / decrease upto 31st March 2015	-	-	-	-
	At the end of the year	-	-	9,500	0.25
8	<b>Dr. K. Ramaswamy</b>				
	At the beginning of the year	8,600	0.23	8,600	0.23
	Increase / decrease upto 31st March 2015	-	-	-	-
	At the end of the year	-	-	8,600	0.23



**iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):**

Sr. No.	Top Ten Share Holder's	Shares Holding at the beginning of the year		Cumulative Shares Holding during the year	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
1	<b>Dilp Kumar Rungta</b>				
	At the beginning of the year	50,000	1.31	50,000	1.31
	Increase/decrease upto 31st March 2015	-	-	-	-
	At the end of the year			50,000	1.31
2	<b>Jayashri Shankar Myakal</b>				
	At the beginning of the year	49,460	1.30	49,460	1.30
	Increase/decrease upto 31st March 2015	-	-	-	-
	At the end of the year			49,460	1.30
3	<b>Rajasthan Global Securities Limited</b>				
	At the beginning of the year	-	-	-	-
	Increase/decrease upto 31st March 2015	38,212	1	38,212	38,212
	At the end of the year	38,212	1	38,212	38,212
4	<b>Rajalakshmi Venkatesh</b>				
	At the beginning of the year	37,200	0.97	37,200	0.97
	Increase/decrease upto 31st March 2015	(2,083)	(0.05)	35,117	0.92
	At the end of the year	35,117	0.92	35,117	0.92
5	<b>Hamsons Lab Pvt Ltd</b>				
	At the beginning of the year	35,000	0.92	35,000	0.92
	Increase/decrease upto 31st March 2015	-	-	-	-
	At the end of the year			35,000	0.92
6	<b>Aplic Pharma Pvt Ltd</b>				
	At the beginning of the year	35,000	0.92	35,000	0.92
	Increase/decrease upto 31st March 2015	-	-	-	-
	At the end of the year			35,000	0.92
7	<b>Saga Chemicals Pvt Ltd</b>				
	At the beginning of the year	35,000	0.92	35,000	0.92
	Increase/decrease upto 31st March 2015	-	-	-	-
	At the end of the year			35,000	0.92
8	<b>Sonal Lohia</b>				
	At the beginning of the year	4,185	0.11	4,185	0.11
	Increase/decrease upto 31st March 2015	18,346	0.48	22,531	0.59
	At the end of the year			22,531	0.59
9	<b>Rajasekhar Guttikonda</b>				
	At the beginning of the year	21,683	0.57	21,683	0.57
	Increase/decrease upto 31st March 2015	(434)	(0.01)	21,249	0.56
	At the end of the year			21,249	0.56
10	<b>Vanam Vimaladevi</b>				
	At the beginning of the year	20,490	0.54	20,490	0.54
	Increase/decrease upto 31st March 2015	-	-	-	-
	At the end of the year			20,490	0.54



11	<b>Vara Lakshmi G</b> At the beginning of the year Increase / decrease upto 31st March 2015 At the end of the year	16,239 (526)	0.43 (0.01)	16,329 15,713 15,713	0.43 0.41 0.41
12	<b>Asit C. Mehta investment intermediates</b> At the beginning of the year Increase / decrease upto 31st March 2015 At the end of the year	1,977 (1977) -	0.05 (0.05)	1,977 - -	0.05 - -
13	<b>Niranjanrao janardhanrao Eraballi</b> at the beginning of the year Increase / decrease upto 31st March 2015 At the end of the year	32,762 (32,762)	0.86 (0.86)	32,762 - -	0.86 - -
14	<b>Onkar Singh</b> at the beginning of the year Increase / decrease upto 31st March 2015 At the end of the year	60,100 (60,100)	1.58 (1.58)	60,100 - -	1.58 - -

#### v) Shareholding of Directors and key Managerial Personal

Sr. No.	Name fo Director / KMP	Shares Holding at the beginning of the year		Cumulative Shares Holding during the year	
		No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
1	<b>E. Purushotham (Managing Director)</b> At the beginning of the year Increase / decrease upto 31st March 2015 At the end of the year	15,28,510 - -	40.60 - -	15,28,510 - 15,28,510	40.60 - 40.60
2	<b>Vaishnavi Eaga (Director)</b> At the beginning of the year Increase / decrease upto 31st March 2015 At the end of the year	5,76,450 - -	15.11 - -	5,76,450 - 5,76,450	15.11 - 15.11
3	<b>Swapnil Purushotham Eaga (Executive Director and CFO)</b> at the beginning of the year Increase / decrease upto 31st March 2015 At the end of the year	1,90,081 - -	4.98 - -	1,90,081 - 1,90,081	4.98 - 4.98
4	<b>Jayant Hari Ranade (Independent Director)</b> At the beginning of the year Increase / decrease upto 31st March 2015 At the end of the year	- - -	- - -	- - -	- - -



5	<b>Kashinath Revappa Dhole (Independent Director)</b> At the beginning of the year Increase / decrease upto 31st March 2015 At the end of the year	- - -	- - -	- - -	- - -
6	<b>Dr. K. Ramaswamy (Independent Director)</b> At the beginning of the year Increase / decrease upto 31st March 2015 At the end of the year	8,600 - -	0.23 - -	8,600 - 8,600	0.23 - 0.23
7	<b>Chetna Tiwari (Company Secretary)</b> at the beginning of the year Increase / decrease upto 31st March 2015 At the end of the year	- - -	- - -	- - -	- - -

## VI. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

	Secured Loans excluding deposits Loans	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	39,68,37,356	7,28,03,256	-	46,96,40,612
ii) Interest due but not paid	4,40,477	-	-	4,40,477
iii) Interest due accrued but not due	-	-	-	-
Total (i+ii+iii)	39,72,77,833	7,28,03,256	-	47,00,81,089
Change in indebtedness during the financial year				
- Addition				
- Reduction	80,77,822	94,78,561	-	1,75,56,383
Net Change				
Indebtedness at the end of the financial year				
i) Principal Amount	38,78,58,954	6,33,24,695	-	45,11,83,649
ii) Interest due but not paid	13,41,057	-	-	13,41,057
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	38,92,00,011	6,33,24,695	-	45,25,24,706

**VII. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL****A. Remuneration to Managing Director, Whole-time Directors and/or Manager:**

Sr. No.	Particulars of Remuneration	Name of MD/WTD/ Manager		Total Amount (in Rs.)
		Mr. E.Purushotham	Mr. E.Swapnil	
1.	Gross Salary (a) Salary as per provision contained in section 17(1) of the Income - tax Act, 1961 (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	70,56,000	30,24,000	1,00,80,000
2	Stock Option	Nil	Nil	Nil
3	Sweat Equity	Nil	Nil	Nil
4	Commission - as % profit - others, specify ...	Nil	Nil	Nil
5	Others, please specify	Nil	Nil	Nil
	Total (A)	70,56,000	30,24,000	1,00,80,000
	Ceiling as per the Act	84,00,000	42,00,000	1,26,00,000

**B. Remuneration to other directors:**

Sr. No.	Particulars of Remuneration	Name of Directors				Total Amount
		J.H.Ranade	K.Ramaswamy	K.R.Dhole	E.Vaishnavi	
1.	Independent Directors - Fee for attending board committee meetings - Commission - Others, please specify	1,00,000	55,000	60,000	---	2,15,000
	Total (1)	1,00,000	55,000	60,000	---	2,15,000
2.	Other Non-Executive Directors - Fee for attending board committee meetings - Commission - Others, please specify	---	---	---	65,000	65,000
	Total (2)	---	---	---	65,000	65,000
	Total (B)=(1+2)	1,00,000	55,000	60,000	65,000	2,80,000
	Total Managerial Remuneration					
	Overall Ceiling as per the Act	---	---	---	---	---



**C. \*\*REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD**

Sr. No.	Particulars of Remuneration	Key Managerial Personnel			
		CEO	Company Secretary	CFO	Total
1.	Gross Salary (a) Salary as per provision contained in section 17(1) of the Income - tax Act, 1961 (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961		1,80,000	**	1,80,000
2	Stock Option				
3	Sweat Equity				
4	Commission - as % profit - others, specify ...				
5	Others, please specify Total (A)		1,80,000		1,80,000

\*\* included in Whole time Directors Remuneration. (VII)

**VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES: Nil**





# INDEPENDENT AUDITORS' REPORT

To  
The Members of  
**Smruthi Organics Limited** on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of Smruthi Organics Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2015, the Statement of Profit and Loss, the Cash Flow Statement for the year ended, and a summary of the significant accounting policies and other explanatory information.

## **Management's Responsibility for the Standalone Financial Statements**

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

## **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.



## Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2015, and its loss and its cash flows for the year ended on that date.

## Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order) issued by the Central Government in terms of sub-section (11) of section 143 of the Act, we give in Annexure a statement on matters specified in paragraphs 3 and 4 of the said order .
2. As required by Section 143 (3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - (e) In the course of our audit we have not come across any transactions or matters which have any adverse effects on the functioning of the company.
  - (f) On the basis of the written representations received from the directors as on March 31, 2015 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2015 from being appointed as a director in terms of Section 164 (2) of the Act.
  - (g) In our opinion, the company has adequate internal financial control systems in place and the same are effective and commensurate with the nature of business of the company and the scale of its operations.
  - (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - i. The Company does not have any pending litigations which would impact its financial position.
    - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
    - iii. During the year, there has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

**ASHOK MADGUNDI & CO.**  
Chartered Accountants  
F R No. 100668W

Sd/-

**(Ashok D. Madgundi)**  
Proprietor  
ICAI M.No. 36983

**Place :** Solapur  
**Date :** 10th June, 2015



# Annexure to the Independent Auditor's Report

Reg : Smruthi Organics Limited  
For the Year Ended March 31st 2015

1. (a) The company is maintaining proper records showing full particulars including quantitative details and situation of fixed assets.  
(b) The fixed assets of the company have been physically verified by the management at reasonable intervals and no material discrepancies were noticed on such verification.
2. (a) The inventory has been physically verified at reasonable intervals during the year, by the management and internal auditors.  
(b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the company and nature of its business.  
(c) The company is maintaining proper records of inventory and according to information and explanations given to us no material discrepancies have been noticed on such physical verification.
3. The company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 189 of the Companies Act. If so,
4. In our opinion, there are adequate internal control procedures commensurate with the size of the company and the nature of the business with regard to the purchase of the inventory and fixed assets and for the sale of goods and services. During the course of our audit, no major weakness has been noticed in the internal controls.
5. The company has not accepted any deposits from the public.
6. We have broadly reviewed the records maintained by the company pursuant to the rules made by the Central Government for the maintenance of Cost Records under sub-section (1) of Section 148 of the Companies Act, and we are of the opinion that prima facie the prescribed accounts and records have been made and maintained. However, we have not carried out a detailed audit of the same.
7. (a) The company is regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Employees State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and other statutory dues applicable to it. No undisputed amounts in respect of these statutory payments were in arrear as on March 31, 2015 for a period of more than six months from the date they became payable except as :



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
Sales Tax Department	Sales tax refund is reduced on account of tax on deemed export and job work charges	2.48	2009-10	JCST (Appeal) Solapur
Sales Tax Department	Sales tax refund is reduced on account of tax on deemed export and job work charges	19.35	2011-12	JCST (Appeal) Solapur
Central Excise Department	Cenvat Credit is obtained instead of PLA (EOU)	28.72	2007-2011 4 Years	Additional Commissioner of Central Excise, Pune
Central Excise Department	Cenvat Set off of EOU Unit is transferred to DTA	28.72	2007-2011 4 Years	Additional Commissioner of Central Excise, Pune
Central Excise Department	Cenvat credit is not considered on purchase	1.09	2009-10	Tribunal, Pune

(b) During the year, there has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

- 8 The company does not have any accumulated losses as on 31st March, 2015 and has not suffered any cash losses for the year ended on that date.
9. The company has not defaulted in repayment of dues to financial institution or banks. The company has not issued debentures.
10. The company has not given guarantee for any loans taken by others.
11. The term loans have been applied for the purpose for which they have been obtained. According to the information and explanations 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 investments.
12. During the course of our examination of the books and records of the company, carried in accordance with the auditing standards generally accepted in India, we have neither come across any instance of fraud on or by the Company noticed or reported during the course of our audit nor have we been informed of any such instance by the Management

**ASHOK MADGUNDI & CO.**  
Chartered Accountants  
F R No. 100668W

Sd/-

**(Ashok D. Madgundi)**  
Proprietor  
ICAI M.No. 36983

Place : Solapur  
Date : 10th June, 2015

## Smruthi Organics Limited

# Part I - Form of Balance Sheet

Balance Sheet as at : 31.03.2015

(Figures in rupees)

	Particulars	Note No.	Figures as at the end of Current reporting period 31.03.2015	Figures as at the end of previous reporting period 31.03.2014
<b>1</b>	<b>Equity And Liabilities</b>			
	<b>1) Shareholders' funds</b>			
	a) Share capital	1	3,81,54,300	3,81,54,300
	b) Reserves and surplus	2	25,65,15,449	31,19,99,799
	<b>2) Non-current liabilities</b>			
	a) Long-term borrowings	3	17,00,82,648	13,29,94,296
	b) Deferred tax liabilities (Net)	4	-	1,21,67,550
	c) Other Long term liabilities	5	17,65,47,247	17,47,98,040
	d) Trade Payables (Fixed Assets)	6	30,37,419	34,61,361
	<b>3) Current liabilities</b>			
	a) Short-term borrowings	7	23,28,55,135	29,53,27,404
	b) Trade payables	8	15,42,87,230	23,60,87,338
	c) Other current liabilities	9	5,74,28,220	5,15,53,197
	d) Short Term Provisions	10	-	-
	<b>TOTAL</b>		<b>1,08,89,07,647</b>	<b>1,25,65,43,286</b>
<b>2</b>	<b>Assets</b>			
	Non-current assets			
	<b>1) a) Fixed assets</b>	11		
	i) Tangible assets			
	a) Gross Block		86,87,72,901	85,67,34,720
	b) Less : Accumulated Depreciation		(51,56,38,273)	(44,19,19,801)
	c) Net Block		<b>35,31,34,628</b>	<b>41,48,14,919</b>
	ii) Capital work-in-progress		1,07,92,674	1,07,92,674
	b) Non-current investments	12	4,93,100	4,93,100
	c) Deferred revenue expenditure	13	-	-
	d) Deferred Tax Assets	4	1,45,94,446	-
	e) Long-term loans and advances	14	24,37,82,064	24,39,74,371
	<b>2) Current assets</b>			
	a) Current investments	-	-	-
	b) Inventories	15	17,83,30,437	24,19,40,703
	c) Trade receivables	16	21,67,68,053	25,72,00,811
	d) Cash and cash equivalents	17	1,69,17,324	2,48,37,185
	e) Short-term loans and advances	18	5,40,94,921	6,24,89,523
	f) Other current assets	-	-	-
	<b>TOTAL</b>		<b>1,08,89,07,647</b>	<b>1,25,65,43,286</b>

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  
F.R.No.100668W

Sd/

**(Ashok D.Madgundi)**

PROPRIETOR  
M.No. 36983

PLACE : Solapur

DATE : 10th June, 2015

Sd/  
**(E. Purushotham)**  
MANAGING DIRECTOR

Sd/  
**(E. Vaishnavi)**  
DIRECTOR

Sd/  
**(E. Swapnil)**  
EXECUTIVE DIRECTOR & CFO

## Smruthi Organics Limited

# Part II - Form of STATEMENT OF PROFIT AND LOSS

Profit & Loss Statement for the year ended : 31.03.2015

(Figures in rupees)

	Particulars	Note No.	Figures for the Current reporting period 31.03.2015	Figures for the Previous reporting period 31.03.2014
<b>1</b>	<b>Continuing Operations</b>			
	a) Revenue from operations (gross)	19	81,92,75,937	1,01,45,60,881
	b) Less : Excise duty		5,35,72,746	7,75,18,182
	c) Less : Sales Tax		1,76,57,774	1,87,52,078
	d) Revenue from operations (net)		<b>74,80,45,417</b>	<b>91,82,90,621</b>
	e) Other income	20	16,49,232	50,64,700
	<b>Total Revenue (1)</b>		<b>74,96,94,649</b>	<b>92,33,55,321</b>
<b>2</b>	<b>Expenses</b>			
	a) Cost of materials consumed	21	47,45,28,199	55,82,85,991
	b) Changes in inventories of finished goods, work-in-progress and Stock-in-Trade	22	5,60,65,629	10,51,81,083
	c) Employee benefit expenses	23	6,31,77,960	8,49,78,642
	d) Finance costs	24	5,65,07,169	5,18,67,726
	e) Depreciation and amortization expense	11	4,80,37,734	5,98,57,290
	f) Other Expenses	25	10,79,43,564	15,38,52,238
	<b>Total Expenses (2)</b>		<b>80,62,60,254</b>	<b>1,01,40,22,970</b>
<b>3</b>	<b>Profit / (Loss) before exceptional and extraordinary items and tax (1-2)</b>		(5,65,65,605)	(9,06,67,649)
<b>4</b>	<b>Exceptional items</b>		0	0
<b>5</b>	<b>Profit/(Loss) before extraordinary items &amp; tax (3-4)</b>		(5,65,65,605)	(9,06,67,649)
<b>6</b>	<b>Extraordinary Items</b>		0	0
<b>7</b>	<b>Profit before tax (5-6)</b>		(5,65,65,605)	(9,06,67,649)
<b>8</b>	<b>Tax expense</b>			
	(a) Current tax		0	0
	(b) Deferred tax		(1,84,29,888)	(3,14,28,991)
	(c) Income Tax of early year			22,80,413
<b>9</b>	<b>Profit / (Loss) for the period from continuing operations (7 - 8)</b>		(3,81,35,717)	(6,15,19,071)
<b>10</b>	<b>Profit / (Loss) from discontinuing operations</b>		0	0
<b>11</b>	<b>Tax expense of discontinuing operations</b>		0	0
<b>12</b>	<b>Profit / (Loss) from Discontinuing operations (after tax) (10 - 11)</b>		0	0
<b>13</b>	<b>Profit / (Loss) for the period (9 + 12)</b>		(3,81,35,717)	(6,15,19,071)
<b>14</b>	<b>Earning per equity share :</b>			
	(a) Basic		(10.00)	(16.12)
	(b) Diluted		(10.00)	(16.12)

Summary of significant accounting policies. The accompanying notes are an integral part of the Financial statements. 26

As per our report of even date

**Ashok Madgundi & Co.**

Chartered Accountants  
F.R.No.100668W

Sd/

**(Ashok D.Madgundi)**

PROPRIETOR  
M.No. 36983

**For & on behalf of Board of Directors  
Smruthi Organics Limited**

Sd/

**(E. Purushotham)**  
MANAGING DIRECTOR

Sd/

**(E. Vaishnavi)**  
DIRECTOR

Sd/

**(E. Swapnil)**  
EXECUTIVE DIRECTOR & CFO

PLACE : Solapur

DATE : 10th June, 2015

**Notes : 1 SHARE CAPITAL**

		As At 31-03-2015 Rs.		As At 31-03-2014 Rs.	
1	<b>AUTHORISED SHARE CAPITAL</b>				
	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	<b>10,00,00,000</b>	5,00,00,000	<b>10,00,00,000</b>
2	ISSUED, SUBSCRIBED & PAID UP SHARE'S				
	3815430 Equity Shares of Rs. 10/- each fully paid	3,81,54,300		3,81,54,300	
			<b>3,81,54,300</b>		<b>3,81,54,300</b>
<b>Details of Shareholders holding more than 5% shares in the Company</b>					
		<b>No.of Shares</b>	<b>%holding in the class</b>	<b>No.of Shares</b>	<b>%holding in the class</b>
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 31-03-2015 Rs.		As At 31-03-2014 Rs.	
1	Capital Reserve		6,08,600		6,08,600
2	Capital Incentive		15,00,000		15,00,000
3	<b>General Reserve</b>				
	(a) Balances as per the last Financial statements	5,02,33,427		5,02,33,427	
	(b) Add : Amount Transferred	-		-	
	<b>Closing Balance</b>		5,02,33,427		5,02,33,427
4	Share Premium		20,00,000		20,00,000
5	<b>Surplus in Statement of Profit and Loss</b>				
	(a)Balances as per the last Financial statements	25,76,57,773		31,91,17,898	
	<b>Less :</b>				
	(b) Profit (Loss) for the year	(3,81,35,717)		(6,15,19,071)	
	(c) Depreciation of earlyer years (Note No.13)	(1,73,48,634)		-	
	(d) Excess provision of commission & Dividend Tax for the year last year	-		58,945	
	<b>Net Surplus in the statement of Profit and Loss</b>		20,21,73,422		25,76,57,773
	<b>Total Reserve &amp; Surplus</b>		<b>25,65,15,449</b>		<b>31,19,99,799</b>



### Notes : 3 LONG - TERM BORROWINGS

		As At 31-03-2015 (Rs.)		As At 31-03-2014 (Rs.)	
1	Axis Bank Term Loan *	6,94,26,373		8,27,55,486	
2	Deferral Sales Tax Loan PSI 1993 Scheme *	48,82,196		1,43,47,623	
3	Deferral Sales Tax Loan PSI 1993 Expansion **	3,55,14,851		3,55,14,851	
4	SBI - IFB - WCTL A/c	6,00,00,000		-	
5	Axis Bank Ltd.- Car Loan	2,59,228		3,76,336	
			<b>17,00,82,648</b>		<b>13,29,94,296</b>

\*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 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, N.A. Plots GAT No. 230/2/B/2, 233/2/B, 231/2/B, 230/2/A/2 situated at Village Chincholi, Taluka Mohol, Dist. Solapur. First pari-passu charges on the above asset for Term Loan of Rs. 15.75 crores from 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.

\*During the year the Company has offered additional collateral Security of Mumbai Flat and eight Flats located at Solapur in the name of Company and one flat in the name of Mr. E.Purushotham, Managing Director of the Company in favour of State bank of India as per revised sanction letter.

\*During the year Axis bank, Pune has sanctioned Term Loan-II of Rs. 3.50 crores repayable in 28 months after One year Moratorium by various installments. State Bank of India has restructure the account and sanctioned Rs. 6.00 Crores Working Capital Term Loan repayable from Apr 2016 to Mar 2020 by various installments.

\*Personal guarantee of Mr E Purushotham, Managing Director and Mrs. E Vaishnavi Director.

\*\*Deferred Sales Tax Loan is interest free and payable in yearly in 5 installment of each financial year after completion of 10 year and the final installment will due on 26.04.2022

### Notes : 4 DEFERRED TAX LIABILITY / (DEFERRED TAX ASSETS) - Depreciation Timing Difference

		As At 31-03-2015 (Rs.)		As At 31-03-2014 (Rs.)	
1	Opening Balance	1,21,67,550		4,35,96,541	
2	Add : Up to the year 31-03-2014 (Note No.13)	(83,32,108)		(3,14,28,991)	
3	Add : For the year 2014-2015 (Note No.13)	(1,84,29,888)			
			<b>(1,45,94,446)</b>		<b>1,21,67,550</b>

### Notes : 5 OTHER LONG TERM LIABILITIES

		As At 31-03-2015 (Rs.)		As At 31-03-2014 (Rs.)	
1	Gratuity Payable	1,99,34,878		1,81,85,671	
2	Sundry Creditors (More than - 1 year)	15,66,12,369		15,66,12,369	
			<b>17,65,47,247</b>		<b>17,47,98,040</b>

### Notes : 6 TRADE PAYABLES (Fixed Assets)

		As At 31-03-2015 (Rs.)		As At 31-03-2014 (Rs.)	
1	Sundry Creditors	30,37,419		34,61,361	
2	Sundry Creditors (Small Scale Undertaking)			-	
			<b>30,37,419</b>		<b>34,61,361</b>



**Notes : 7 SHORT TERM BORROWINGS**

		As At 31-03-2015 (Rs.)		As At 31-03-2014 (Rs.)	
1	Working Capital Loan from S.B.I.,IFB Mumbai & Solapur (Secured) *	17,72,12,839		28,18,57,374	
2	Packing Credit in Foreign Currency Limit of SBI IFB Mumbai (PCFC)	4,21,72,266		-	
3	Unsecured Loans - Directors	1,34,70,030		1,34,70,030	
			<b>23,28,55,135</b>		<b>29,53,27,404</b>

\*1st registered 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 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, N.A. Plots GAT No. 230/2/B/2, 233/2/B, 231/2/B, 230/2/A/2 situated at Village Chincholi, Taluka Mohol, Dist. Solapur.

\* During the last year the Company has offered additional collateral Security of Mumbai Flat and eight Flats located at Solapur in the name of Company and one flat in the name of Mr. E.Purushotham, Managing Director of the Company in favour of State bank of India as per revised sanction letter. During the last year State Bank of India has restructuring of Working Capital Limit sanctioned Rs. 6.00 Crores repayable from Apr 2016 to Mar 2020 by various installments. Company has offered additional collateral Security of Mumbai Flat and eight Flats located at Solapur in the name of Company and one flat in the name of Mr. E.Purushotham, Managing Director of the Company.

\*Personal guarantee of Mr E Purushotham , Managing Director and Mrs. E Vaishnavi Director.

**Notes : 8 TRADE PAYABLES**

		As At 31-03-2015 (Rs.)		As At 31-03-2014Rs.)	
1	Sundry Creditors	15,42,87,230		23,60,87,338	
2	Sundry Creditors (Small Scale Undertaking)	-		-	
			<b>15,42,87,230</b>		<b>23,60,87,338</b>

**Notes : 9 OTHER CURRENT LIABILITIES**

		As At 31-03-2015(Rs.)		As At 31-03-2014 (Rs.)	
<b>1</b>	<b>Other Statutory Liabilities (VAT, TDS, PF, etc)</b>	<b>31,06,478</b>		<b>44,33,464</b>	
			<b>31,06,478</b>		<b>44,33,464</b>
<b>2</b>	<b>Other Current Liabilities</b>				
1)	Salary & Wages Payable	39,08,994		44,08,343	
2)	Audit & Consultancy Fees Payable	2,92,500		4,68,211	
3)	Leave Encashment Payable	-		-	
4)	Interest Payable (CC)	7,63,359		-	
5)	Interest Payable (TL)	-		-	
6)	Local Body Tax (LBT) - Payable	3,42,011		-	
7)	Unpaid Dividend - Axis Bank	7,69,012		9,24,267	
8)	Defferal Sales Tax Repayment within one year	94,57,618		94,70,752	
9)	Term Loan Installment Repay. within one year (1575 Lacs)	3,33,88,248		3,18,48,160	
10)	Term Loan Instal. Repay. within one year (350 Lacs)	54,00,000		-	
			<b>5,43,21,742</b>		<b>4,71,19,733</b>
			<b>5,74,28,220</b>		<b>5,15,53,197</b>

**Notes : 10 SHORT TERM PROVISION**

		As At 31-03-2015 (Rs.)		As At 31-03-2014 (Rs.)	
1	Provision for Income Tax	-		-	
2	Dividend	-		-	
3	Dividend Distributed Tax	-		-	
			---		---



## Note '11' Schedule Of Fixed Assets Forming Part of Balance Sheet As At 31st March 2015

A) Fixed Assets

Amount In Rs.

PARTICULARS	GROSS BLOCK ( AT COST)				DEPRECIATION PROVIDED				NET BLOCK	
	Cost As On 01.04.2014	Addition During The Year 2014-15	Disposal /Adjustment	As On 31.03.2015 (2+3-4)	Upto 31.03.2014	For The Year 2014-15	Disposal /Adjustment	Upto 31.03.2015 (6+7-8)	As On 31.03.2014	As On 31.03.2015 (5 - 9)
<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>7</b>	<b>8</b>	<b>9</b>	<b>10</b>	<b>11</b>
Factory Land	3076385	0	0	3076385	323213	17640	0	340853	2753172	2735532
Agricultural Land	587094	0	0	587094	0	0	0	0	587094	587094
Building	148287143	4571339	0	152858482	68766365	14005679	0	82772044	79520778	70086438
Ownership Flats	9319484	125600	0	9445084	4834355	1637984	0	6472339	4485129	2972745
Plant & Machinery	562784659	6250280	0	569034939	289869605	41666194	0	331535799	272915054	237499140
Electrical Installation/Equip.	27166328	69720	0	27236048	1483146	1676389	0	16159535	12683181	11076513
Vehicles	17366152	200000	0	17566152	13144389	2255619	0	15400008	4221763	2166144
Office Equipments	1740919	39949	0	1780868	1157266	437000	0	1594266	583653	186602
Computer	5308294	707327	0	6015621	3356798	2128830	0	5485628	1951496	529993
Furniture & Fixture	12030673	10288	0	12040961	8333117	2030256	0	10363373	3697556	1677588
Laboratory Equipments	20469572	0	0	20469572	11796808	5053489	0	16850657	8672764	3618915
Other Factory Equipments	14784018	63683	0	14847701	5455245	1336076	0	6791321	9328773	8056380
<b>TOTAL = A</b>	<b>822920720</b>	<b>12038186</b>	<b>0</b>	<b>834958906</b>	<b>421520307</b>	<b>72245516</b>	<b>0</b>	<b>493765823</b>	<b>401400413</b>	<b>341193083</b>
<b>B) i) Research &amp; Devp.Equip.</b>	33813995	0	0	33813995	20399494	1472956	0	21872450	13414501	11941545
<b>TOTAL = B</b>	<b>33813995</b>	<b>0</b>	<b>0</b>	<b>33813995</b>	<b>20399494</b>	<b>1472956</b>	<b>0</b>	<b>21872450</b>	<b>13414501</b>	<b>11941545</b>
<b>C) Capital Work in Progress</b>										
Building Constructions - Boiler	3320512	0	0	3320512	0	0	0	0	3320512	3320512
Plant & Machinery - Boiler	4028346	0	0	4028346	0	0	0	0	4028346	4028346
Plant & Machinery - Chilling Plant	3443816	0	0	3443816	0	0	0	0	3443816	3443816
<b>Total = C</b>	<b>10792674</b>	<b>0</b>	<b>0</b>	<b>10792674</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>10792674</b>	<b>10792674</b>
<b>Total (A+B+C)</b>	<b>867527389</b>	<b>12038186</b>	<b>0</b>	<b>879565575</b>	<b>441919801</b>	<b>73718472</b>	<b>0</b>	<b>515638273</b>	<b>425607588</b>	<b>363927302</b>
<b>Previous Year</b>	<b>838700953</b>	<b>28826436</b>	<b>0</b>	<b>867527389</b>	<b>382062511</b>	<b>59857290</b>	<b>0</b>	<b>441919801</b>	<b>456638442</b>	<b>425607588</b>

Note : The Depreciation for the year of Rs. 7,37,18,472 /- Includes the amount of Rs. 2,56,80,742/- debited to General Reserve subject to accounting of deferred tax.

**Notes : 12 NON CURRENT INVESTMENTS**

		As At 31-03-2015 (Rs.)		As At 31-03-2014 (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	
			<b>4,93,100</b>		<b>4,93,100</b>

**Notes : 13 DEFERRED REVENUE EXPENDITURE**

		As At 31-03-2015 (Rs.)		As At 31-03-2014 (Rs.)	
	<b>Miscellaneous Expenditure</b> (to the extent not written off/adjusted) Deferred Revenue Expenditure				
		-		-	
			<b>-</b>		<b>-</b>

**Notes : 14 LONG-TERM LOANS & ADVANCES**

		As At 31-03-2015 (Rs.)		As At 31-03-2014 (Rs.)	
1	<b>DEPOSITS</b> (Unsecured Considered Good) (MSEB, Water, Telephone, House, etc)	60,51,087		62,13,017	
2	Advance against Capital Goods	17,66,083		17,96,460	
3	Sundry Debtors (More than 1 year)	23,59,64,894		23,59,64,894	
			<b>24,37,82,064</b>		<b>24,39,74,371</b>

**Notes : 15 INVENTORIES**

		As At 31-03-2015 (Rs.)		As At 31-03-2014 (Rs.)	
1	<b>Inventories (at cost except otherwise stated and as certified by Board of Director)</b>				
1	Raw Materials (at cost)	4,18,18,469		4,98,52,211	
2	Packing Materials (at cost)	19,04,583		14,15,478	
3	Work in Process (at cost)	10,61,11,645		9,05,63,776	
4	Finished Goods (at lower of cost and net realisable value)	2,76,74,901		7,62,94,416	
5	Finished Goods In Transit (at lower of cost and net realisable value)	8,20,839		2,38,14,822	
			<b>17,83,30,437</b>		<b>24,19,40,703</b>

**Notes : 16 TRADE RECEIVABLES**

		As At 31-03-2015 (Rs.)		As At 31-03-2014 (Rs.)	
1	<b>SUNDRY DEBTORS (Unsecured Considered Good)</b>				
1	More than six months	-		-	
2	Other debts	21,67,68,053		25,72,00,811	
			<b>21,67,68,053</b>		<b>25,72,00,811</b>



Notes : 17

**CASH & BANK BALANCES**

		As At 31-03-2015 (Rs.)		As At 31-03-2014 (Rs.)	
	<b>Cash and cash equivalents</b>				
1	Cash on hand	2,73,972		4,92,174	
	<b>Balances with banks</b>				
1	Bank Balance (EEFC, SBI Khadki, ICICI etc)	39,62,842		18,03,054	
2	Fixed Deposits with SBI (For L/C and Bank Guarantee margin)	1,26,80,510		2,25,41,957	
			<b>1,69,17,324</b>		<b>2,48,37,185</b>

Notes : 18

**SHORT TERM LOANS & ADVANCES**

		As At 31-03-2015 (Rs.)		As At 31-03-2014 (Rs.)	
<b>1</b>	<b>(Unsecured Considered Good) Advances recoverable in cash or in kind or for value to be received</b>				
1	Staff & Other Advances	5,37,345		4,13,144	
2	Pre-Paid Insurance	12,84,757		11,75,092	
3	Pre-Paid Custom Duty	3,52,266		16,93,913	
4	Excise Duty (Modvat)	10,84,556		82,44,422	
5	Excise Duty ( EOU)	62,261		1,89,153	
6	CST Refund Claim (EOU)	30,33,360		32,43,514	
7	Interest Accrued but not due	5,74,387		9,27,953	
8	Excise on export Refund	1,62,67,383		120,92,189	
9	Prepaid Interest	8,54,167		10,33,802	
10	Export Incentive on FMS Receivable	77,82,878		-	
11	Service Tax	20,59,373		32,92,750	
12	Sales Tax	4,02,106		4,02,106	
13	VAT Refund	1,37,18,461		2,00,49,065	
14	Income Tax Refund	17,88,724		15,88,650	
15	Advance Income Tax & TDS	2,21,471		2,00,074	
16	Duty Draw Back Incentive Receivable	32,82,353		63,68,624	
17	Pre-Paid Exp. (Fees & Forms, Bank Charges etc.)	7,89,075		15,75,072	
			<b>5,40,94,923</b>		<b>6,24,89,523</b>

Notes : 19

**REVENUE FROM OPERATIONS**

		As At 31-03-2015 (Rs.)		As At 31-03-2014 (Rs.)	
<b>1</b>	<b>Income from Operations</b>				
1	Gross Sales - Bulk Drugs & Drug Intermediates (API)	79,98,89,559		1,00,76,01,915	
2	Less : Excise Duty	5,35,72,746		7,75,18,182	
3	: Sales Tax	1,76,57,774		1,87,52,078	
			<b>72,86,59,039</b>		<b>91,13,31,655</b>
<b>2</b>	<b>Other Operating Income - Export Incentives</b>				
1	Compensation - Export Debtors	65,46,613		-	
2	Duty Draw Back	25,60,992		69,58,966	
3	Export Incentive on Focus Marketing Scheme (FMS)	1,02,78,773	1,93,86,378	-	69,58,966
			<b>74,80,45,417</b>		<b>91,82,90,621</b>

**Notes : 20 OTHER INCOME**

		As At 31-03-2015 (Rs.)		As At 31-03-2014 (Rs.)	
1	Interest on TDR (Bank Deposits)	13,81,272		9,33,448	
2	Rate difference in Foreign Currency	2,67,960		41,31,252	
3	Compensation - Export Debtors	0		-	
			<b>16,49,232</b>		<b>50,64,700</b>

**Notes : 21 COST OF MATERIAL CONSUMED**

		As At 31-03-2015 (Rs.)		As At 31-03-2014 (Rs.)	
1	<b>Cost of Material Consumed</b>				
	Dicyandiamide	7,65,34,780		7,86,08,705	
	Dimethyl Amine	5,95,08,616		5,85,21,624	
	Piperzine	2,66,90,775		4,17,82,781	
	Methanol	1,51,70,925		2,92,19,849	
	Acetophenone	2,00,97,434		2,99,04,070	
	Hydroquinone	2,90,35,079		3,00,58,508	
	C.F.A.	1,60,53,731		3,16,65,559	
	EMME	2,06,31,120		2,55,72,585	
	Others	21,08,05,739		23,29,52,310	
			<b>47,45,28,199</b>		<b>55,82,85,991</b>

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

		As At 31-03-2015 (Rs.)		As At 31-03-2014 (Rs.)	
1	<b>Inventory Change</b>				
a)	<b>Add : Opening Stock</b>				
1	Work in Process (Bulk Drugs & Drug Intermediates)	9,05,63,776		9,28,04,590	
2	Finished Goods (Bulk Drugs & Drug Intermediates)	10,01,09,238	<b>19,06,73,013</b>	20,30,49,506	<b>29,58,54,096</b>
b)	<b>Less : Closing Stock</b>				
1	Work in Process (Bulk Drugs & Drug Intermediates)	(10,61,11,645)		(9,05,63,776)	
2	Finished Goods (Bulk Drugs & Drug Intermediates)	(2,84,95,740)	<b>(13,46,07,385)</b>	(10,01,09,238)	<b>(19,06,73,013)</b>
			<b>5,60,65,629</b>		<b>10,51,81,083</b>



## Notes : 23 EMPLOYEES' BENEFIT EXPENSES

		As At 31-03-2015 (Rs.)		As At 31-03-2014 (Rs.)	
1	Salary Wages and Bonus	5,93,03,512		8,01,82,147	
2	Contribution to P.F. and other funds	32,41,190		40,02,656	
3	Staff Labour Welfare	6,33,258		7,93,839	
			<b>6,31,77,960</b>		<b>8,49,78,642</b>

## Notes : 24 FINANCE COST

		As At 31-03-2015 (Rs.)		As At 31-03-2014 (Rs.)	
1	Interest on Term Loan	80,56,826		83,13,650	
2	Interest on Cash Credit	3,38,42,717		3,44,19,573	
3	Interest On WCTL	74,72,272		-	
4	Interest to others	83,626		42,10,006	
5	Bank Commission & Charges	70,51,728		49,24,497	
			<b>5,65,07,169</b>		<b>5,18,67,726</b>

## Notes : 25 OTHER EXPENSES

		As At 31-03-2015 (Rs.)		As At 31-03-2014 (Rs.)	
1	Power and Fuel	6,22,67,712		8,51,84,585	
2	Repaires & Maintainance	66,97,410		1,17,53,608	
3	Laboratory Expenses	22,62,616		36,46,881	
4	Sales Commission & Promotion	1,14,19,382		1,10,06,651	
5	Travelling & Conveyance	40,17,532		50,40,213	
6	Research & Development Exp	1,71,530		3,06,859	
7	Other Expenses	2,11,07,382		3,69,13,441	
			<b>10,79,43,564</b>		<b>15,38,52,238</b>



Note No: 26

# Notes To The Financial Statement as on 31.03.2015

## Note : 1. Accounting Policies and Other information

### A. Significant accounting policies

#### 1. System of Accounting:

- i. The company follows mercantile system of accounting and recognizes income and expenditure on accrual basis.
- ii. The financial statements have been prepared in all material respects with Accounting Standards as relevant and notified by the Central Government.
- iii. The financial statements are prepared on historical cost basis and as a going concern.

#### 2. Revenue recognition :

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.

#### 3. Tangible Fixed Assets and Depreciation :

Depreciation on tangible fixed assets is provided on written down value basis at the rates derived from the useful lives prescribed in Schedule II of the Companies Act, 2013 after considering the residual value at 5% of the original costs thereof except in case of reactors & distillation columns and the related equipments, electrical installations/equipments and plant and machinery used for research and development where the useful lives are considered at 23 years based on internal assessment.

#### 4. Investments: Investments are stated at cost.

#### 5. Inventories:

- a) Finished goods are valued at cost or net realizable value whichever 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) Imported Raw material is lying with Nava Sheva Port, Mumbai is valued at cost..

#### 6. Staff Benefits :

- a) Contribution to Provident Fund are funded as a Percentage of Salary / Wages.
- b) Provision for leave encashment salary is not made on the basis of actuarial valuation at the year ended of Rs. 994674/- subject to this amount, the loss changes.
- c) Provision for Gratuity is to be made of as per Payment of Gratuity Act, as per Accounting Standard 15. The gratuity provision amount is not provided separately as per Accounting Standard . Subject to this amount, loss changes.

**7. Research and Development:**

Revenue expenditure on research and development is charged to Statement of profit and loss in the year in which it is incurred. Capital expenditure on research and development is treated at par with fixed assets and depreciated as such.

**8. Deferred Taxation :**

Accounting treatment in respect of deferred taxation is in accordance with Accounting Standard 22 - "Accounting for Taxes on Income" issued by the Institute of Chartered Accountants of India.

**9. Sales Tax Benefits:**

Shortfall / increase in sales tax benefits accruing to the company are accounted for in the year in which the final assessment by the concerned authorities is completed.

**10. Borrowing Costs:**

Costs in respect of borrowings for the purpose of expansion / additional fixed investments including R & D projects are capitalized to such investments.

Borrowing costs relating to period after the commencement of operations of the project are charged to revenue.

**11. Foreign Currency Transactions:**

Foreign Exchange Transactions are recorded at pre-determined standard exchange rates which are reviewed periodically. Gains or losses arising out of such periodic revisions of such standard rates and also on realization/settlement are accounted for accordingly.

**12. Impairment of Assets :**

The carrying amounts of assets are reviewed at each Balance Sheet date, if there is any indication of impairment based on internal / external factors. An impairment loss will be recognized wherever the carrying amount of an asset exceeds its estimated recoverable amount. The recoverable amount is greater of the asset's net selling price and value in use. In assessing the value in use, the estimated future cash flows are discounted to the present value using the weighted average cost of capital. In carrying out such exercise, due effect is given to the requirements of Schedule II of the Companies Act, 2013.

**13. Depreciation**

Pursuant to Schedule II to the Companies Act, 2013, the Company has re-determined the written down values of the tangible assets as per the useful lives of the tangible assets as prescribed in Schedule II to the Companies Act, 2013 or, as the case may be, as per internal assessment. To the extent the existing written down values as on 1st April, 2014 are in excess of such re-determined written down values, the excess thereof, net of deferred tax, is adjusted against the retained earnings in the amount of Rs.173 lacs

The charge of depreciation, on these assets, for the year ended 31st March, 2015 is lower by Rs. 67 Lacs as compared to the position that would have obtained if estimates of useful lives adopted up to the preceding financial year were to be have been applied in this year as well.

**14. Corporate Social Responsibility**

The company computes the amount of Rs. 22.14 lacs required to be spent on Corporate Social Responsibility in accordance with the provisions of Section 135 of the Companies Act, 2013. The amounts are spent on the eligible projects prescribed under Schedule VII of the Act. Provision is made in the books for the amounts unspent, if material and the same is carried forward to be spent in the subsequent year.



**15. Segment Reporting :**

The company operates in only one segments viz. Bulk Drugs & Drug Intermediates

**The segment results are as under: (Rs. In lacs)**

Sl.No.	Particulars	Total
1	Gross revenue	8193
2	Segment expenses	8063
3	Profit before interest, depreciation and tax	480
4	Segment Profit/Loss (-) before tax	(566)
5	Tax Expenses	--
6	Profit/Loss (-) after tax	(381)

**16. Contingent Liabilities:**

Sales tax appeal is pending with JCST (Appeal ) Solapur for F Y 2009-10 and 2011-12 for Rs. 21.83 lacs. Cenvat setoff of EOU unit appeal is pending with Additional Commissioner of Central Excise, Pune for 2007 to 2011 four years amounting to Rs. 57.44 lacs and with Tribunal Pune for F Y 2009-10 for Rs. 1.09 lacs

17. The company computed the expenditure to be incurred on Corporate Social Responsibility at Rs. 22.14 lacs in accordance with the provisions of Section 135 of the Companies Act, 2013.

**18. Related Party transactions:**

Name of the related party	Relationship	Nature of Transaction	Transaction value Rs.	Balance O/S - Receivable/ (+) Payable as on Balance sheet	Amount written off/back
Smruthi Chemicals & Intermediates (Proprietor Mrs. E. Vaishnavi)	Director in Company and wife of Managing Director	Job work done by SC & I	4689660	NIL	NIL
		Job work done by SOL	0	NIL	NIL
		Raw Material Purchase (High seas/ Local from SOL)	274435	NIL	NIL
		Interest paid on Unsecured Loan	349201	NIL	NIL
Mr. Eaga Swapnil	Director of the Company and Son of Managing Director	Car Rent paid	492000	NIL	NIL
Mr. E. Purushotham	Managing Director of the Company	Unsecured Loan Interest Paid	957393	NIL	NIL



19. Additional Information pertaining to Statement of Profit and Loss :

Sr. No.	Nature of Income / Expenses	Current Year		Previous Year	
		Amount In Foreign Currency (USD)	Amount In (INR)	Amount In Foreign Currency (USD)	Amount In (INR)
1	Export Earing	3208580	192514799	4960987	297659240
2	Sales Commission	124448	7466876	80023	4801394
3	Registration & Renewals	0	0	80279	4816757
4	Travelling Expenses	1600	95994	6103	366200
5	Raw Material	3243583	194614989	3573869	214432144

20. Previous year's figures are regrouped and reclassified wherever considered necessary.



## 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 2015.

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  
F.R.No.: 100668W

Sd/-  
**(Ashok D. Madgundi)**  
Proprietor  
M.No.36983

**Place :** Solapur  
**Date :** 10th June, 2015

# Cash Flow Statement for the year ended 31.03.2015

Sr.No.	Particulars		Rs.	Rs.
<b>A</b>	<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		<b>31-03-2015</b>	<b>31-03-2014</b>
	Loss before tax	(-)	-5,65,65,605	-9,06,67,649
	Non cash adjustment to reconciled profit before tax to net cash flows		0	0
	Depreciation	(+)	4,80,37,734	5,98,57,290
	Misc Expenditure written off	(+)	0	0
	Interest Expenditure	(+)	5,65,07,169	5,18,67,726
	Interest Earned	(-)	-13,81,272	-1,20,23,666
	<b>Operating profit before working capital changes</b>	(+)	<b>4,65,98,026</b>	<b>90,33,701</b>
	<b>Movements in working capital</b>			
	Increase/(Decrease) in trade payables	(-)	-8,18,00,109	9,56,45,512
	Increase/(Decrease) in short term provisions	(-)	0	-3,11,27,725
	Increase/(Decrease) in other current liabilities	(+)	58,75,023	26,56,046
	Increase/(Decrease) in other long term liabilities	(+)	17,49,207	10,20,457
	Decrease/(Increase) in trade receivables	(+)	4,04,32,758	-17,77,35,439
	Decrease/(Increase) in inventories	(+)	6,36,10,266	16,53,45,234
	Decrease/(Increase) in long term loans & advances	(+)	1,92,307	-8,09,349
	Decrease/(Increase) in short term loans & advances	(+)	86,16,073	2,97,15,334
	Decrease/(Increase) in other current assets	(-)	0	0
	Decrease/(Increase) in other non-current assets	(+)	0	4000
	<b>Cash generated from / (used in) operations</b>	(+)	<b>8,52,73,551</b>	<b>9,37,47,771</b>
	Direct taxes paid (net of refunds)	(-)	-2,21,471	-22,21,468
	<b>Net cash flow from / (used in) operating activities (A)</b>	(+)	<b>8,50,52,080</b>	<b>9,15,26,303</b>
<b>B</b>	<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
	Purchases of Fixed Assets, including intangible assets, CWIP & capital advances	(-)	-1,20,38,181	-2,88,26,437
	Proceeds of non current investments			
	Increase/(Decrease) in trade payables fixed Assets	(-)	-4,23,942	-32,90,714
	Purchase of current investments	(-)	0	0
	Investment in bank deposits (having original maturity of more than 3 months)		0	0
	Interest Earned	(+)	13,81,272	1,20,23,666
	<b>Net Cash from / (used in) Investing Activities (B)</b>	(-)	<b>-1,10,80,851</b>	<b>-2,00,93,485</b>
<b>C</b>	<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
	Proceeds from issuance of share capital & preference share capital	(-)	0	0
	Proceeds from long term borrowings	(+)	3,70,88,352	-1,58,29,799
	Repayment of long term borrowing		0	0
	Proceeds from short term borrowings	(-)	-6,24,72,269	1,14,73,588
	Interest Paid	(-)	-5,65,07,169	-5,18,67,726
	Dividend paid on equity shares	(-)	0	0
	Tax on equity dividend paid	(-)	0	0
	<b>Net cash flow from / (used in) Financing Activities (C)</b>	(-)	<b>-8,18,91,086</b>	<b>-5,62,23,937</b>
	Net Increase/(Decrease) in cash & cash equivalents (A) + (B) + (C)	(-)	-79,19,857	1,52,08,882
	Cash & Cash equivalents at the beginning of the period	(+)	2,48,37,181	96,28,299
	<b>Cash &amp; Cash equivalents at the end of the period</b>	(+)	<b>1,69,17,324</b>	<b>2,48,37,181</b>

For and on behalf of Board of Directors

Sd/-  
(E.Vaishnavi)  
Director

Sd/-  
(E.Purushotham)  
Managing Director

Sd/  
(E. Swapnil)  
EXECUTIVE DIRECTOR & CFO

Place : Solapur  
Date : 10th June, 2015





# Smruthi Organics Limited

(CIN: L24119PN1989PLC052562)

Regd. Office: 165 A, BALAJI BHAVAN RAILWAY LINES, SOLAPUR, MAHARASHTRA  
 Phone: 0217 231 0267 Fax: ++91 217 231 0268 Website: www.smruthiorganics.com

## ATTENDANCE SLIP

Name and Address of the Registered Member	:	
Folio No./DP ID No./ Client ID No.	:	
No. of Shares	:	

I hereby record my presence at the 26th Annual General Meeting of the Company to be held at Hotel City Park, (Shamiyana Hall), 119, Murarji Peth, Opp. Hutatma Chowk, Solapur 413 001, on Tuesday 11th August 2015, at 12.30 p.m.

\_\_\_\_\_  
 Signature of the Member/ Joint Member/ Proxy attending the Meeting

Electronic Voting Sequence Number (EVSN)	USER ID	Password

Note: Person attending the Meeting should bring this Attendance Slip and Annual Report with him/her.





# Smruthi Organics Limited

(CIN: L24119PN1989PLC052562)

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## PROXY FORM

(Pursuant to section 105 (6) of the Companies Act, 2013 and Rule 19 (3) of the Companies (Management and Administration) Rules, 2014)

CIN	L24119PN1989PLC052562
Name of the Company	Smruthi Organics Limited
Registered Office	165 A, BALAJI BHAVAN RAILWAY LINES, SOLAPUR, MAHARASHTRA
Name of the Member (s)	
Registered Address	
Email ID	
Folio No. /DP ID- Client ID	

I / We, being the member(s) of and hold/holds \_\_\_\_\_ shares of the above named company, hereby appoint :

Name : \_\_\_\_\_ Email : \_\_\_\_\_

Address : \_\_\_\_\_

\_\_\_\_\_ Signature \_\_\_\_\_ or failing him / her \_\_\_\_\_

Name : \_\_\_\_\_ Email : \_\_\_\_\_

Address : \_\_\_\_\_

\_\_\_\_\_ Signature \_\_\_\_\_ or failing him / her \_\_\_\_\_

Name : \_\_\_\_\_ Email : \_\_\_\_\_

Address : \_\_\_\_\_

\_\_\_\_\_ Signature \_\_\_\_\_ or failing him / her \_\_\_\_\_

As my/our proxy to attend and vote (on a poll) for me/our behalf at the 26th Annual General Meeting of the Company to be held at Hotel City Park, (Shamiyana Hall), 119, Murarji Peth, Opp. Hutatma Chowk, Solapur 413 001, on Tuesday 11th August 2015, at 12.30 p.m. and at any adjournment thereof in respect of the following resolutions:





Resolution number	Resolutions	Vote		
		Please mention no. of shares		
		For	Against	Abstain
<b>ORDINARY BUSINESS</b>				
1	To consider and adopt Audited Financial Statements, and Reports of Directors and Auditors and Cash Flow Statement for the year ended 31st March, 2015. (Ordinary Resolution)			
2	Appointment of Mrs. E. Vaishnavi (DIN 00033669) who retires by rotation and being eligible offers herself for re-appointment. (Ordinary Resolution)			
3	Appointment of Ashok Madgundi and Co. Chartered Accountants as Statutory Auditors of the Company. (Ordinary Resolution)			
<b>SPECIAL BUSINESS</b>				
4	To appoint Shrinivas Diddi & Associates as Cost Auditor for 2015-16 (Special Resolution)			
5	To appoint Mr E. Swapnil as Executive Director and CFO for 3 years from 1st June 2015 to 31st March 2018 (Special Resolution)			
6	To approach Central Government for approval of waiver of excess remuneration of Rs. 36 Lacs paid to Mr. E. Purushotham, Managing Director during a period from 1st April 2013 to 31st March 2014 (Special Resolution)			

\*\* Each Share Shall have one vote.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2015

Affix  
Revenue  
Stamp

\_\_\_\_\_  
Signature of the of the  
Member(s)

\_\_\_\_\_  
Signature of the of the  
proxy/ holder(s)

**Notes:**

1. This form, in order to be effective be duly stamped, completed, signed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the meeting.
2. It is optional to indicate your preference. If you leave the for, against column blank against any or all the resolutions, your proxy will be entitled to vote in the manner as he/she may deem appropriate.

PRINTED MATTER / BOOK-POST



## Smruthi Organics Limited

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