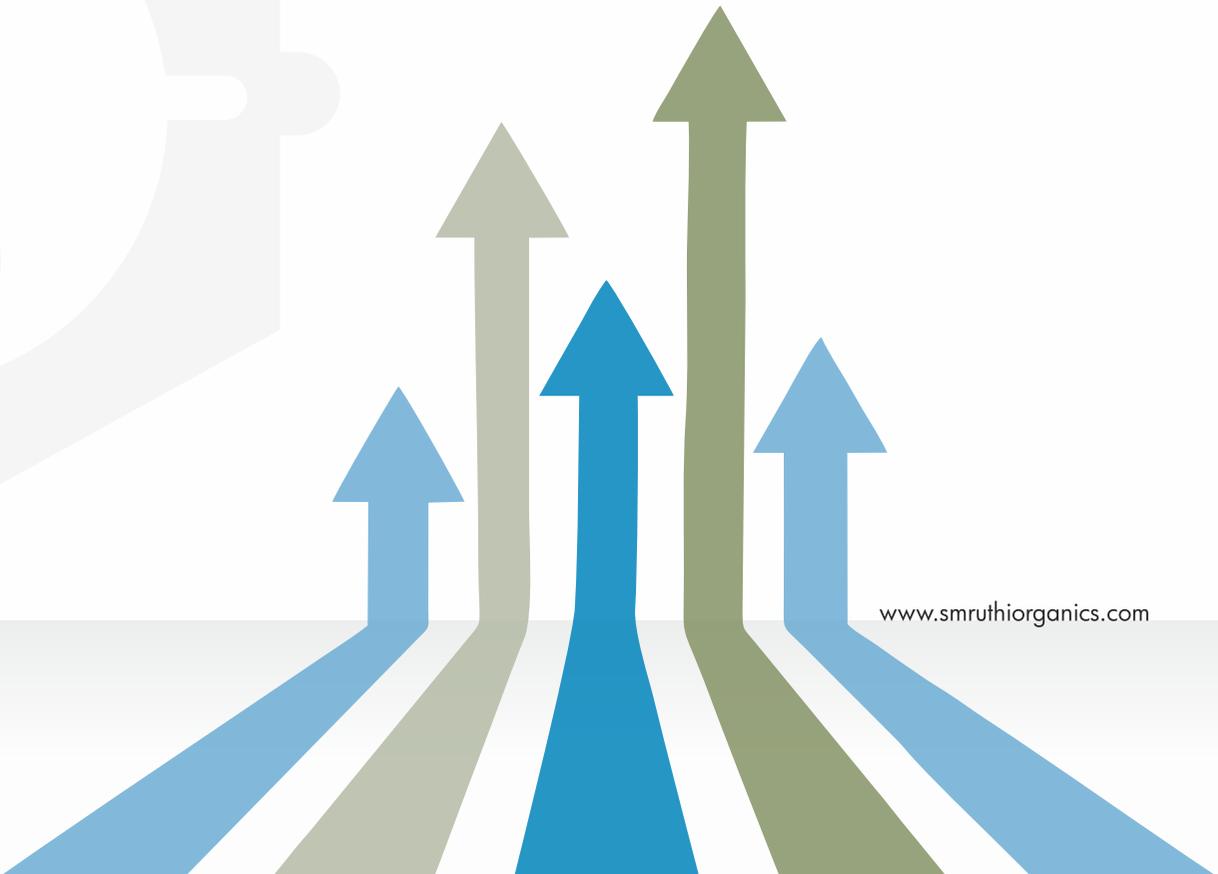




Smruthi Organics Limited

27TH
ANNUAL
REPORT
2015-16



www.smruthiorganics.com



BOARD OF DIRECTORS

Mr. E. Purushotham - *Chairman & Managing Director*
Mr. E. Swapnil - *Executive Director & Chief Financial Officer*
Mrs. E. Vaishnavi
Mr. K.R. Dhole
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, Colaba
Mumbai - 400 005.

Axis Bank Ltd

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

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 **27th 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 **Saturday, 6th August, 2016, 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, 2016, 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 Mr. E. Swapnil, (DIN-01241535) who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint Auditors of the Company to hold office from the conclusion of this meeting to the conclusion of the next Annual General Meeting for conducting audit for financial year ending on 31st March 2017 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 for the financial year ending 31st March 2017.”

Place : Solapur
Date : 28th April 2016

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

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 29th July, 2016 to 6th August, 2016 (both days inclusive).
2. Details under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 in respect of the Directors seeking appointment/re-appointment at the Annual General Meeting, forms 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 2015-16 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 2015-16 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 27th Annual General Meeting of the Company inter alia indicating the process and manner of e-voting, voting through physical assent-dissent forms 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 27th Annual General Meeting of the Company inter alia indicating the process and manner of e-voting. 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 Sub-clause (1) and (2) of Clause 44 of the SEBI (Listing Obligations And Disclosure Requirements) Regulations, 2015, 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 meetings

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 ballot forms provided at the venue.

The instructions for shareholders voting electronically are as under:

- (i) The voting period begins on 3rd August 2016 from 09.00 am to 5th August 2016 up to 05.00 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 01st August 2016 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.
- (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 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:

For Members holding shares in Demat Form and Physical Form	
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"> ● 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. ● 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.
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"> ● 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 (iv).

- (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 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.
 - 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 emailed to 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, under help section or write an email to 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

- ∅ 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 1st August 2016.
- ∅ 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 through Ballots 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 : 28th April 2016

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

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, 2017 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.

Place : Solapur
Date : 28th April 2016

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

Directors Report To The Shareholders

Dear Members,

Your Directors are pleased to present the 27th Annual Report and the Audited Financial Statements for the financial year ended 31st March, 2016.

(Rs. in Lacs)

Financial Results	Current Year 2015-2016	Previous Year 2014-2015
Net Sales & Other Income	<u>7302.97</u>	<u>7496.95</u>
Profit before Interest & Depreciation	1104.31	479.79
Interest	512.27	565.07
Depreciation	432.99	480.38
Profit / (Loss) before tax	159.05	(565.66)
Less : Provision for Tax (Net) DTA / (DTL)	(86.71)	184.30
Profit / (Loss) After Tax	72.34	(381.36)
Balance bought forward from last year	Nil	Nil
Balance available for Appropriation	Nil	Nil
Appropriations :		
Corporate Dividend Tax	Nil	Nil
General Reserve	Nil	Nil
Balance Carried Forward	Nil	Nil
Balance profit carried forward to next year	Nil	Nil

Operational Performance/State of Company's Affairs

During the year under review, total income of the Company was Rs. 7302.97 Lacs as compared to Rs.7496.95 Lacs during previous year, registering a marginal decrease of 2.59%. The company stopped manufacturing and marketing of one low-margin product, which has resulted in loss in topline. However, the other products registered growth and compensated for the loss in revenue. In spite of this decrease in revenue the Company posted net profit of Rs. 72.34 lacs as against loss of Rs.381.36 lacs in the previous year. In addition, at an operating level, the company's performance improved substantially primarily on account of reduction in prices of raw materials and overall improvement in plant productivity and efficiencies.

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 inadequate profits, Directors do not recommend any dividend.

Reserves

During the year under the review, entire net profit of Rs. 72.34 lacs has been carried forward to the next year as surplus.

Deposits

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

HUMAN RESOURCE DEVELOPMENT (HRD) & INDUSTRIAL RELATIONS:

In April 2015 a small group of workmen resorted to illegal strike, which resulted in minor production disruption for about a week. However, the majority of the workers continued to work and streamlined production in the shortest period. Since then the production is continuing smoothly. Barring this incident and except a small section of workmen who are still non-cooperative to the management, the Company continues to have cordial and harmonious relations with its employees. 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.

The Company is in the process of implementing a revised HRD program for developing better labour relationships. The company has adopted new policies to recruit, 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 experienced and accomplished professional to head the Quality Assurance function. Under his supervision, 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 higher in FY 2015 – 16 in comparison to the previous financial year. 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 17 to 27 of the SEBI (Listing Obligations And Disclosure Requirements) Regulations, 2015.

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 para E of schedule V of the Securities and Exchange Board of India (Listing obligations and Disclosure requirements) Regulations, 2015.

MANAGEMENT DISCUSSION AND ANALYSIS

Business of the Company and Future Outlook:

The company continues to be driven by focus on improving profitability. The company's product portfolio rationalization and marketing focus on high margin products, which was initiated in the previous financial year, has delivered good results at the profitability level in the current financial year. Although product portfolio rationalization has had a slight negative impact on sales, the impact on operating margin and bottom line is significantly positive in the current financial year of 2015 – 16.

The company has also had significant successes in reducing cost through process and operational improvement. The company's measures to reduce operating costs under taken in the current FY 2015 – 16 have borne fruit, which has directly contributed to the bottom line. The company is increasing its efforts to work on cost reduction and is seeing good progress in this direction.

With the improvement in the company's financial performance, the company is expecting reduction in its cost of capital. Given no significant plans to raise additional debt, the company is placed in a very strong position to improve its P&L due to reduced cost of capital and balance sheet due to reduced debt.

The company is actively pursuing three key avenues for not only boosting growth in sales but also more importantly accelerating growth in profitability:

1. **Volume Push:** The addition of new customers over FY 2015 – 16 will enable the company to achieve significant volume growth of key products going forward. Any incremental volume growth over FY 2015 – 16 will contribute directly to the bottom line, thus taking the company in the direction of higher profitability.
2. **Regulated Markets:** The company is applying to European Directorate for Quality of Medicines (EDQM) for Certificate of Suitability (COS) for its key products. Upon successful approval from EDQM, the company shall be able to open up new markets such EU and allied markets such as Turkey and some Middle Eastern countries. The access to these markets will result in realization of higher margins due to premium pricing dynamics of these markets.

3. **New Products:** The company is developing several new products to be launched this FY 2016 – 17 through investments in internal as well as external R&D. Although the product pipeline has the potential to boost sales in the short to medium term, they are more likely to provide a robust base for long term growth of the company.

Opportunities & Threats:

Regulated markets of EU and allied markets such as Turkey and some Middle Eastern countries offer tremendous opportunity for overall growth of the company. The company is actively pursuing this opportunity by working towards gaining access to these markets. The company is in the process of inviting EU regulatory bodies for granting approval to its facilities, which will allow the company to supply its products to these markets.

The market of Metformin HCl, one of the company's key product, is showing robust growth year on year. However, increased competition and aggressive marketing push by competitors has put negative pressure of prices of Metformin HCl in current markets catered by the company. The company is de-risking itself by entering new markets such as EU, Latin America, etc., which will not only reduce the threat of lower prices but also boost volume growth.

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 2016 – 17.

FINANCIAL PERFORMANCE: The Financial results and performance for the year are elaborated above in this 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:

Company's applications for waiver of excess remuneration paid to Mr. E. Purushotham, Managing Director for the financial years from 2010-11 to 2013-14 are pending with the Central Government. The Company is hopeful of receiving approval of the government during the financial year.

Mr. E. Swapnil is retiring by rotation and being eligible offers himself for reappointment. You are requested to appoint him.

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

None of the Directors are disqualified from being appointed as Directors, as specified in Section 164 of the Companies Act, 2013.

All Independent Directors have given declarations that they meet the criteria of independence as laid down under Section 149 (6) of the Companies Act, 2013.

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.

BOARD EVALUATION

Pursuant to the provisions of the Companies Act, 2013, the Board has carried out annual performance evaluation of its own performance and of other Committees on the basis of participation of directors, quality of information available, quality of discussions, contributions and decision making etc. The overall performance of the members of the Board was found satisfactory.

AUDIT COMMITTEE

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

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 Under section 134 (5) 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 31st March, 2016, 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 31st March, 2016 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 7 Board Meetings and 5 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.

Approval of Resolution through Postal Ballot:-

During the year the Company sought approval of the members for waiver of excess remuneration paid to the Managing Director for Financial Years 2011-12 to 2012-13 through Postal Ballot. The resolution was passed with requisite majority.

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 Under section 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". The findings of Secretarial Audit were satisfactory.

Cost Audit

For Financial Year 2015-2016, the Company had re-appointed M/s. 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 2016-17.

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 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 not required to spend on CSR during the financial year 2015 – 16. However as the Company was continuously making losses for the past 3 years prior to the year under Report and the resultant severe cash crunch, the Company was unable to spend Rs. 22.14 Lacs due on CSR activities for financial year 2014-15.

The Annual Report on CSR activities forming part of this Board's report is annexed herewith as Annexure- II.

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 III 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 21 of Securities and Exchange board of India (Listing obligations and disclosure requirements) Regulations, 2015

Corporate Governance

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- IV

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.

For & on behalf of the Board

Place : Solapur

Date : 28th April, 2016

Sd/-
(E. Purushotham)
Chairman & Managing Director

Sd/-
(E. Swapnil)
Whole-time Director and CFO

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 holder's value.

II) Board of Directors:

1) Composition:

The Board of Directors comprises of 6 Directors as detailed below. (Position as on 31st March, 2016)

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

Executive and non-executive promoter Directors are related to each other as Husband / Wife / Son.

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 17 amongst all companies in which they are Directors.

2) Meetings and Attendance:

Seven Board Meetings were held during the Financial Year on the following dates:-

- 1) 15th May 2015
- 2) 10th June 2015
- 3) 2nd July 2015
- 4) 10th August 2015
- 5) 21st October 2015
- 6) 16th November 2015
- 7) 3rd February 2016.

Details regarding attendance of the Directors at the Board Meetings held during the Financial Year 2015-2016 and at the last Annual General Meeting held on 11th August 2015 are given below:

Sr. no.	Name	Designation & DIN	Status	No. of Board Meeting attended	Attended last AGM	No. of Committee positins held in other Companies	
						Chairman of Committee	Member of Committee
1	Mr. E.Purushotham	Managing Director 00033583	Executive	7	YES	-	-
2	Mr. E. Swapnil	Executive Director & Chief Financial Officer 01241535	Executive	5	YES	-	-
3	Mrs. E.Vaishnavi	Director 00033669	Non-Executive	7	YES	-	-
4	Mr. K. R. Dhole	Independent Director 012076675	Non-Executive	5	NO	-	-
5	Mr. J.H.Ranade	Independent Director 00004814	Non-Executive	7	YES	-	-
6	Dr. K.Rama Swamy	Independent Director 05273930	Non-Executive	5	NO	-	-

Shares held by Dr. K. Ramaswamy (Non-Executive and Independent Director) - 8600 equity Shares.

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 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. (Chem) USA & MBA (Finance), Spain
Directorship / Committee Memberships in other Companies	Smruthi Chemicals & Intermediates Ltd.
No. of shares held in the company	190081

Details of familiarization programme imparted to Independent Directors is available on Company's website-www.smruthiorganics.com

III. Audit Committee:

The Audit Committee constituted on 30th December 2005 enjoys all powers / terms of reference as mentioned in clause 18 of SEBI Regulations and provisions of Section 177(4) of the Companies Act 2013. The scope of the Audit Committee includes all matters stated in Clause 18 (3) of SEBI Regulations. Composition of Audit Committee conforms to the requirements SEBI Regulations as under:-

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	5
Dr. K. Ramaswamy	Member	Independent	4
Mr. K. R. Dhole	Member	Independent	4

During the Financial year 2015-16, 5 Meetings were held on 15-05-2015, 10-06-2015, 10-08-2015, 21-10-2015, & 03-02-2016.

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 11th August 2015.

Brief description of important terms of reference to the audit committee:

- a. Oversight of the financial reporting process
- b. reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to:
 - i. matters required to be included in the director's responsibility statement to be included in the board's report in terms of clause (c) of sub-section (3) of Section 134 of the Companies Act, 2013;
 - ii. changes, if any, in accounting policies and practices and reasons for the same;
 - iii. major accounting entries involving estimates based on the exercise of judgment by management;
 - iv. significant adjustments made in the financial statements arising out of audit findings;
 - v. compliance with listing and other legal requirements relating to financial statements;
 - vi. disclosure of any related party transactions;
 - vii. modified opinion(s) in the draft audit report;
- c. reviewing the quarterly financial statements.
- d. evaluation of internal financial controls and risk management systems;
- e. management discussion and analysis of financial condition and results of operations;
- f. statement of significant related party transactions (as defined by the audit committee), submitted by management;
- g. internal audit reports relating to internal control weaknesses; and

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 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 is comprised of:-

Name	Designation	Category	No. of Meetings attended
Mr. J. H. Ranade	Chairman	Independent	3
Dr. K. Ramaswamy	Member	Independent	1
Mrs. E. Vaishnavi	Member	Non-Executive	3
Mr. K.R. Dhole	Member	Independent	1

The Committee also evaluates performance of the Independent Directors on the basis of their involvement in the Board functioning and discharge of their responsibilities as contemplated under Companies Act and SEBI Regulations.

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	84,00,000	36,00,000
Contribution to Provident & Other Funds	10,08,000	4,32,000
Commission	-----	-----

Executive Directors have been appointed for a period of three years and carry notice period of three months but do not involve payment of severance fees.

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

Sitting Fees (Rs.)

Name	Board	Audit / Remuneration Committee	Total
Mrs. E. Vaishnavi	70,000	10,000	80,000
Dr. K. Ramaswamy	50,000	35,000	85,000
Mr. J.H. Ranade	70,000	45,000	1,15,000
Mr. K. R. Dhole	50,000	35,000	85,000

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
Mrs. E. Vaishnavi	Chairperson	Non-Executive (Promotor)
Mr. E. Purushotham	Member	Executive (Promotor)

Board has designated Mr. Vijay Changale, Sr. Manager Accounts & Finance as a Compliance Officer in place of Mr. Sunil Karandikar who resigned from services of the Company as VP-Finance and Company Secretary, during the Financial Year. During the year Company did not receive any Investor complaints.

VI. Corporate Social Responsibility (CSR) Committee:

During the financial year 2015-16, no meetings of the committee were held. The details of the composition of the Committee is given below:

Name	Designation	Category
Mr. E. Purushotham	Managing Director	Executive
Mr. J. H. Ranade	Independent Director	Non-Executive
Dr. K. Ramaswamy	Independent Director	Non-Executive

VII. Independent Directors Meeting:

As required by the Companies Act, 2013 and SEBI Regulations, the meeting of Independent Directors was held on 03rd February, 2016.

VIII. General Body Meetings:

Details of last three Annual General Meeting are given below:

Financial Year	Date & Time	Venue	No.of Directors present
2012-2013	27th July 2013 at 12.30 p.m.	Hotel City Park, Solapur	4
2013-2014	27th Sep. 2014 at 12.30 p.m.	Hotel City Park, Solapur	4
2014-2015	11th Aug. 2015 at 12.30 p.m.	Hotel City Park, Solapur	4

Details of Special Resolutions Passed:-

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).

2014-15:- 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 1st June, 2015 to 31st May, 2018 and approval of waiver of excess remuneration paid to Mr. E. Purushotham, Managing Director during a period from 1st April 2013 to 31st March 2014.

∅ Special Resolution was passed on 31st December, 2015, for approval of shareholders for waiver of excess remuneration paid to Mr. E. Purushotham, Managing Director for Financial years 2010-11, 2011-12, 2012-13 and for making application to Central Government for the same through postal ballot. Mr. H. R. Thakur Practising Company Secretary was appointed as Scrutiniser for conducting ballot process.

∅ None of business proposed to be transacted at the ensuing Annual General Meeting requires passing of Resolutions through Postal Ballot.

IX. 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 17 to 27 and clause (b) to (i) of Sub-regulation 2 of Regulation 46 of the SEBI Regulations.

X. 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.

XI. CEO Certification:

The Chairman and Managing Director have furnished the requisite certificate to the Board of Directors as required under Regulation 17 (8) of the SEBI Regulations.

XII. 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.

- XIII.** The Company has complied with the mandatory requirements and shall comply with the discretionary requirements specified under Part E of Schedule II of Securities and Exchange Board of India (Listing obligations and disclosure requirements) Regulations, 2015 at the appropriate time.

Related party transaction policy is available on Company's website.

XIV. 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, Active Times Mumbai / Navashakti, Lakshideep / 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.smruthiorganics.com. Important events are also displayed on Company's website. No presentations were made to Institutional Investors or Analysts during the year.

XV. Shareholders Information:

Shareholders information is separately provided in the Annual Report.

SHAREHOLDERS INFORMATION

1. Annual General Meeting :

Date : 6th August 2016.

Time : 12.30 p.m.

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

2. Financial Calendar (Tentative) : April 2016 to March 2017

Particulars of Meetings	Date
Un-audited Quarterly Result for the quarter ended 30th June 2016	2nd week of Aug 2016
Un-audited Quarterly Result for the quarter ended 30th September 2016	2nd week of Nov. 2016
Un-audited Quarterly Result for the quarter ended 31st December 2016	2nd week of Feb.2017
Audited / Un-Audited Financial Result for the quarter - ended 31st March 2017	Last week of May 2017

3. Date of Book Closure :

29th July 2016 To 06th August 2016 (Both days inclusive)

4. Dividend payment date : N.A.

5. Listing on Stock Exchanges :

The PSE Holdings Limited, Pune (Formerly The Pune Stock Exchange Limited)

The Hyderabad Stock Exchange,

The Ahmedabad Stock Exchange and

The Stock Exchange, Mumbai (BSE) (Permitted Security)

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

CIN : L24119PN1989PLC052562

Company has paid Annual Listing Fees to each of the Stock Exchanges where it is listed.

6. Stock Prices :

Market price data - High / Low during each month of the financial year 2015-16.

Month & Year	Open Rs.	High Rs.	Low Rs.	Close Rs.
April - 2015	66.75	77.5	61.55	64
May - 2015	62.05	116.9	57.1	99.8
June - 2015	102.75	102.8	74	86.5
July - 2015	89.95	142.45	85	142.45
August - 2015	148	159.8	115.9	115.9
September - 2015	110.5	172.3	105	167.7

October - 2015	170	185	138.1	141.5
November - 2015	141.5	159.8	122.1	153.3
December - 2015	152	221.9	135	198.4
January - 2016	192.7	205	138.9	149.5
February - 2016	144	147	103	115
March - 2016	122	145	87	101.1

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 31.03.2016)

Shares	Number	% to total	Total Shares	Rs.	% to total
Upto-500	1247	76.74	227220	2272200	5.96
501-1000	183	11.26	160302	1603020	4.20
1001-2000	73	4.49	118281	1182810	3.10
2001-3000	50	3.08	123860	1238600	3.25
3001-4000	14	0.86	49194	491940	1.29
4001-5000	10	0.62	47574	475740	1.25
5001-10000	20	1.23	158081	1580810	4.14
10001& above	28	1.72	2930918	29309180	76.82
TOTAL	1625	100.00	3815430	38154300	100.00

11. Shareholding pattern:

Category	No. of Shares	% to share capital
NRI	48726	1.28
Corporate Body	211798	5.55
Directors & Relatives	2434591	63.81
Indian Public	1120315	29.36
TOTAL	3815430	100.00

12. Dematerialization of shares and liquidity :

3425885 shares have been dematerialized as on 31st March 2016 constituting 89.79 % 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 :- cs@smruthiorganics.com, changale@smruthiorganics.com; accounts@smruthiorganics.com, investors@smruthiorganics.com

Web Site : www.smruthiorganics.com

Mr. Vijay Changale- Compliance Officer

17. Secretarial Department:- The Company's Secretarial Department headed by the Compliance Officer is situated at the Registered Office. Investors may contact the department for any assistance.

For & on behalf of the Board

Place : Solapur

Date : 28th April, 2016

Sd/-
(E. Purushotham)
Chairman & Managing Director

Sd/-
(E. Swapnil)
Whole-time Director and CFO

Declaration by the Managing Director as required under Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

I hereby declare that all Directors and Senior Management personnel of the Company have affirmed compliance with the Code of Conduct of the Company for the financial year ended March 31, 2016.

For & on behalf of the Board
Sd/-

(E. Purushotham)
Chairman & Managing Director

Place : Solapur

Date : 28th April, 2016

Auditor's Certificate on Compliance of Conditions of Corporate Governance

The Members of Smruthi Organics Ltd., Solapur

We have examined the compliance of conditions of corporate governance by Smruthi Organics Limited for the year ended 31st March 2016 as stipulated in Clause 49 of the listing agreement of the Company with stock exchange (for the period from 01st April, 2015 to 30th November, 2015) and Regulation 23 (4), 17 to 27 excluding Regulation 23 (4), Clause (b) to (i) of Regulation 46 (2) and paragraph C, D and E of Schedule V of SEBI Listing Regulations for the period from 01st December, 2015 to 31st March, 2016.

The compliance of conditions of corporate governance is the responsibility of the management. Our examination is limited to procedures and implementation thereof, adopted by the company for ensuring compliance of the conditions of corporate governance. It is neither an audit nor an expression of opinion on the financial statements of the company.

In our opinion and to the best of our information and according to the explanations given by us, we certify that the company has complied with the conditions of corporate governance as stipulated in the above mentioned listing agreements.

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

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

Ashok Madgundi & Co.,
Chartered Accountants,
FRN : 100668W.

Sd/-

Ashok D Madgundi
Proprietor
ICAI Membership No : 036983
Solapur. 28 April 2016

Annexure - I to DIRECTOR'S REPORT

Secretarial Audit Report

For the Financial Year ended 31 March 2016

[Pursuant to section 204(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 : **L24119PN1989PLC052562**

Nominal Capital : **Rs. 10.00 Crores**

The Members

Smruthi Organics Limited

165-A, Balaji Bhavan, 1st 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, 2016 ('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, 2016 according to the provisions of:

- (I) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder 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 (Listing Obligations and Disclosure Requirements) Regulations, 2015;
- d) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (Not applicable to the Company during the Audit Period);
- e) 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);
- f) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 (Not applicable to the Company during the Audit Period);
- g) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993
- h) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 (Not applicable to the Company during the Audit Period); and
- i) 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.
- II. The Listing Agreements entered into by the Company with PSE Holdings Limited (formerly The Pune Stock Exchange Limited), The Hyderabad Stock Exchange Limited, The Ahmedabad Stock Exchange Limited.

THE Company's Equity shares is a " Permitted Security" on The Stock Exchange, Bombay (BSE), hence Company has also complied with the requirements of listing agreement of BSE.

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. There was no change in the composition of the Board of Directors during the period under review. 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. 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 for financial years 2010-11, 2011-12, 2012-13 and 2013-14. Accordingly applications have been submitted to the Central Government and its decision is awaited.
- b. 197, 203 and Schedule V Of the Companies Act, 2013 Mr. E Swapnil for appointment as an Executive Director and CFO for a period of three years with effect from 1st June, 2015 to 31st May, 2018 .

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

Place : Mumbai
Date : 27th April, 2016

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

SECRETARIAL AUDIT REPORT

For the Financial Year Ended 31 March 2016

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, 1st 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 representation about 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.

Thanks and regards.
Yours sincerely,

Place : Mumbai

Date : 27th April, 2016

Sd/-

H. R. Thakur

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

Annexure – II to DIRECTORS' REPORT

[Pursuant to clause (o) of sub-section (3) of section 134 of the Act and Rule 9 of the Companies (Corporate Social Responsibility) Rules, 2014]

- 1. A brief outline of the Company's Corporate Social Responsibility (CSR) policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs.**

In the initial period, Company will operate CSR Policy in the areas education, healthcare, sanitation and hygiene. Arising from this the focus areas that have emerged are Education, Health care, Sustainable livelihood and espousing social causes. The 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. The company endeavors to make CSR a key business process for sustainable development.

Due to past losses, Company was not required to spend on CSR during the financial year 2015 – 16. However as the Company was continuously making losses for the past 3 years prior to the year under Report and the resultant due to severe cash crunch attributable to past losses, the Company was unable to spend Rs. 22.14 Lacs due on CSR activities for financial year 2014-15.

- 2. The Composition of the CSR Committee:**

Name	Designation	Category
Mr. E. Purushotham	Managing Director	Executive
Mr. J. H. Ranade	Independent Director	Non-Executive
Dr. K. Ramaswamy	Independent Director	Non-Executive

- 3. Average net profit/(loss) of the company for last three financial years: Rs. (338.48) lacs**
- 4. Prescribed CSR Expenditure (two per cent of the amount as in item 3 above): Nil**

Details of CSR spent during the financial year- NA

Name	Designation	Category
Mr. E. Purushotham (Managing Director and Chairman CSR Committee)	Mr. J. H. Ranade (Director)	Dr. K. Ramaswamy (Director)

Place : Solapur

Date : 28th April, 2016

Annexure – III 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 multi fuel boilers to improve fuel efficiency.
- 2) Installation of LED lights has begun to reduce energy consumption for lighting.
- 3) Recycling of boiler condensate to reduce energy consumed to pre-heat boiler feed.

(ii) the steps taken by the company for utilizing alternate sources of energy;

In FY 2015 – 16, 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)

		2015-2016	2014-2015
4.	Expenditure on R&D		
a)	Capital	--	--
b)	Recurring	43.79	31.77
c)	Total	43.79	31.77
d)	Total R&D Expenditure as a Percentage of total turnover	0.61%	0.44

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

(Rs. in Lacs)

	2015-2016	2014-2015
Foreign exchange outgo	1638.82	2020.78
Foreign exchange earned	2360.20	1925.15

For & on behalf of the Board

Place : Solapur

Date : 28th April, 2016

Sd/-
(E. Purushotham)
Chairman & Managing Director

Sd/-
(E. Swapnil)
Whole-time Director and CFO

Annexure – IV to THE DIRECTORS' REPORT

Form No. MGT - 9
EXTRACT OF ANNUAL RETURN
as on the financial year ended on 31st March 2016

[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:- L24119PN1989PLC052562
- 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, cs@smruthiorganics.com,
investors@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 / pratapp@adroitcorporate.com

II.. 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	0	190081	4.98	-0.23
Total Shareholding of Promoter (A)	2434591	8600	2443191	64.03	2434591	0	2434591	63.81	-0.23
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
Sub-total (B) (1)	0	0	0	0.00	0	0	0	0.00	0.00
(2) Non - Institutions									
a) Bodies Corp.									
i) Indian	92985	114700	207685	5.44	97098	114700	211798	5.55	0.11
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	525776	269245	795021	20.84	537747	242845	780592	20.46	-0.38

ii) Individual share-holders holding nominal share capital in excess of Rs. 1 lakh	308602	12490	321092	8.42	337488	0	337488	8.85	0.43
c) Other (Specify)									
c-1) NON RESIDENT INDIANS (INDIVIDUALS)	15671	32000	47671	1.25	16726	32000	48726	1.28	0.03
c-2) Clearing Member	770	0	770	0.02	2235	0	2235	0.06	0.04
Sub-total (B) (2)	943804	428435	1372239	35.97	991294	389545	1380839	36.19	0.23
Total Public Share-holding (B) = (B)(1)+(B)(2)	943804	428435	1372239	35.97	991294	389545	1380839	36.19	0.23
C. Shares held by Custodian for GDRs & ADRs.									
Promoter and Promoter Group	0	0	0	0	0	0	0	0	0
Public-	0	0	0	0	0	0	0	0	0
Sub-total (C)	0	0	0	0	0	0	0	0	0
Grand Total (A+B+C)	3378395	437035	3815430	100	3425885	389545	3815430	100	0

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	SMRUTHI CHEMICALS AND INTERMEDIATES LIMITED	82000	2.15	0	82000	2.15	0	0
2	SWAPNIL PURUSHOTHAM EAGA	190081	4.98	0	190081	4.98	0	0
3	E PURUSHOTTAM	1528510	40.06	0	1528510	40.06	0	0
4	VAISHNAVI EAGA	576450	15.11	0	576450	15.11	0	0
5	SMRUTHI PURUSHOTHAM EAGA	24000	0.63	0	24000	0.63	0	0
6	EAGA RAJAMOULI	9500	0.25	0	9500	0.25	0	0
7	YADAGIRI M EGA	24050	0.63	0	24050	0.63	0	0
8	DR K RAMASWAMY	8600	0.23	0	0	0	0	-0.23
	TOTAL	2443191	64.03	0	2434591	63.81	0	-0.23

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	E. Purushotham				
	At the beginning of the year	15,28,510	40.06	15,28,510	40.06
	Increase / decrease upto 31st March 2016	-	-	--	--
	At the end of the year		-	15,28,510	40.06
2	Vaishnavi Eaga				
	At the beginning of the year	5,76,450	15.11	5,76,450	15.11
	Increase / decrease upto 31st March 2016	-	-	--	--
	At the end of the year			5,76,450	15.11
3	Swapnil Purushotham Eaga				
	at the beginning of the year	1,90,081	4.98	1,90,081	4.98
	Increase / decrease upto 31st March 2016	-	-	--	--
	At the end of the year			1,90,081	4.98
4	Smruthi Chemicals And Intermediates Limited				
	At the beginning of the year	82,000	2.15	82,000	2.15
	Increase / decrease upto 31st March 2016	-	-	--	--
	At the end of the year			82,000	2.15
5	Yadagiri M. Eaga				
	At the beginning of the year	24,050	0.63	24,050	0.63
	Increase / decrease upto 31st March 2016	-	-	--	--
	At the end of the year			24,050	0.63
6	Smruthi Purushotham Eaga				
	At the beginning of the year	24,000	0.63	24,000	0.63
	Increase / decrease upto 31st March 2016	-	-	--	--
	At the end of the year			24,000	0.63
7	Eaga Rajamouli				
	At the beginning of the year	9,500	0.25	9,500	0.25
	Increase / decrease upto 31st March 2016	-	-	--	--
	At the end of the year			9,500	0.25
8	Dr. K. Ramaswamy				
	At the beginning of the year	8,600	0.23	8,600	0.23
	Increase / decrease upto 31st March 2016	-	-	-8,600	-0.23
	At the end of the year			00	00

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	J. L. SHAH SECURITIES PVT. LTD.				
	At the beginning of the year	0	0	0	0
	Increase / decrease upto 31st March 2016	23500	0.62	23,500	0.62
	At the end of the year	0	0	0	0
2	LKP SECURITIES LTD				
	At the beginning of the year	0	0	0	0
	Increase/decrease upto 31st March 2016	50000	1.31	50000	1.31
	At the end of the year	0	0	0	0
3	Rajasthan Global Securities Limited				
	At the beginning of the year	38212	1.0	38212	1.0
	Increase/decrease upto 31st March 2016	1957	0.05	40,169	1.05
	At the end of the year			40,169	1.05
4	Rajalakshmi Venkatesh				
	At the beginning of the year	35117	0.92	35,117	0.92
	Increase/decrease upto 31st March 2016	-4374	-0.11	30,743	0.81
	At the end of the year			30,743	0.81
5	Raj Kumar Lohia				
	At the beginning of the year	16364	0.43	16,364	0.43
	Increase/decrease upto 31st March 2016	4240	0.11	20,604	0.54
	At the end of the year			20,604	0.54
6	Jhamtani Jairam Ramchand				
	At the beginning of the year	-		-	0
	Increase/decrease upto 31st March 2016	31412	0.82	31,412	0.82
	At the end of the year			31,412	0.82
7	Dilip Kumar Rungta				
	At the beginning of the year	50000	1.31	50,000	1.31
	Increase/decrease upto 31st March 2016	-21132	-0.55	28,868	0.76
	At the end of the year			28,868	0.76
8	Saroja Akubathini				
	At the beginning of the year	0	0	0	0
	Increase/decrease upto 31st March 2016	20490	0.54	20,490	0.54
	At the end of the year			20,490	0.54
9	Ramesh kumar Bhawnani				
	At the beginning of the year	15877	0.42	15,877	0.42
	Increase/decrease upto 31st March 2016	-	-	-	-
	At the end of the year			15,877	0.42
10	Sonal Lohia				
	At the beginning of the year	22531	0.59	22,531	0.59
	Increase/decrease upto 31st March 2016	-2445	-0.06	20,086	0.53
	At the end of the year			20,086	0.53

11	Jayashri Shankar Myakal At the beginning of the year Increase / decrease upto 31st March 2016 At the end of the year	49,460 6,240	1.30 0.16	49,460 55,700 55,700	1.30 1.46 1.46
12	Rajasekhar Guttikonda At the beginning of the year Increase / decrease upto 31st March 2016 At the end of the year	21,249 -195	0.56 -0.01	21,249 21,054 21,054	0.56 0.55 0.55
13	Vanam Vimaladevi At the beginning of the year Increase / decrease upto 31st March 2016 At the end of the year	20,490 -16390	0.54 -0.43	20,490 4,100 4,100	0.54 0.11 0.11
14	Alpic Pharma Pvt Ltd At the beginning of the year Increase / decrease upto 31st March 2016 At the end of the year	35,000 -	0.92 -	35,000 - 35,000	0.92 - 0.92
15	Hamsons Lab Pvt Ltd At the beginning of the year Increase / decrease upto 31st March 2016 At the end of the year	35,000 -	0.92 -	35,000 - 35,000	0.92 - 0.92
16	Saga Chemicals Pvt Ltd At the beginning of the year Increase / decrease upto 31st March 2016 At the end of the year	35,000 -	0.92 -	35,000 - 35,000	0.92 - 0.92

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	E. Purushotham (Managing Director) At the beginning of the year Increase / decrease upto 31st March 2016 At the end of the year	15,28,510 -	40.6 - -	15,28,510 15,28,510 15,28,510	40.6 40.6 40.6
2	Vaishnavi Eaga (Director) At the beginning of the year Increase / decrease upto 31st March 2016 At the end of the year	5,76,450 -	15.11 - -	5,76,450 5,76,450 5,76,450	15.11 15.11 15.11
3	Swapnil Purushotham Eaga (Whole time Director and CFO) At the beginning of the year Increase / decrease upto 31st March 2016 At the end of the year	1,90,081 -	4.98 - -	1,90,081 1,90,081 1,90,081	4.98 4.98 4.98

4	Jayant Hari Ranade (Independent Director) At the beginning of the year Increase / decrease up to 31st March 2016 At the end of the year	- - -	- - -	- - -	- - -
5	Kashinath Revappa Dhole (Independent Director) At the beginning of the year Increase / decrease up to 31st March 2016 At the end of the year	- - -	- - -	- - -	- - -
6	Rama Swami Kaumala (Independent Director) At the beginning of the year Increase / decrease up to 31st March 2016 At the end of the year	8,600 - -	0.23 - -	8,600 -8,600 00	0.23 -0.23 00
7a	Chetna Tiwari (Company Secretary) At the beginning of the year Increase / decrease up to 10th August, 2015	- -	- -	- -	- -
7b	Mr. Sunil Karandikar (Company Secretary) At the beginning of the year Increase / decrease up to 15th January, 2016	- -	- -	- -	- -

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	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 due accrued but not due	---	--	-	---
Total (i+ii+iii)	38,92,00,011	6,33,24,695	-	45,25,24,706
Change in indebtedness during the financial year				
- Addition				
- Reduction	-6,94,57,876	-93,93,189	-	-7,88,51,065
Net Change	-6,94,57,876	-93,93,189	-	-7,88,51,065
Indebtedness at the end of the financial year				
i) Principal Amount	31,97,42,135	5,39,31,506	-	37,36,73,641
ii) Interest due but not paid	---	---	-	---
iii) Interest accrued but not due	---	---	-	---
Total (i+ii+iii)	31,97,42,135	5,39,31,506	-	37,36,73,641

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	84,00,000	36,00,000	1,20,00,000
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)	84,00,000	36,00,000	1,20,00,000
	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	1,15,000	85,000	85,000	---	2,85,000
	Total (1)	1,15,000	85,000	85,000	---	2,85,000
2.	Other Non-Executive Directors - Fee for attending board committee meetings - Commission - Others, please specify	---	---	---	80,000	80,000
	Total (2)	---	---	---	80,000	80,000
	Total (B) = (1+2)	1,15,000	85,000	85,000	80,000	3,65,000
	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	-	6,09,225	**	6,09,225
2	Stock Option	-	-	-	-
3	Sweat Equity	-	-	-	-
4	Commission - as % profit - others, specify ...	-	-	-	-
5	Others, please specify Total (A)	-	6,09,225	-	6,09,225

** included in Whole time Directors Remuneration.

VIII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES: Nil

For & on behalf of the Board

Place : Solapur

Date : 28th April, 2016

Sd/-
(E. Purushotham)
Chairman & Managing Director

Sd/-
(E. Swapnil)
Whole-time Director and CFO

INDEPENDENT AUDITORS' REPORT

To,
The Members of Smruthi Organics Limited

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, 2016, 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, 2016, and its profit 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, 2016 ("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, 2015.
 - (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, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016 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. The amounts were transferred to the Investor Education and Protection Fund by the Company of Rs. 101798/-.

Place : Solapur
Date : 28th April, 2016

ASHOK MADGUNDI & CO.
Chartered Accountants
F R No. 100668W
Sd/-
(Ashok D. Madgundi)
Proprietor
ICAI M.No. 036983

Annexure to the Independent Auditor's Report

Smruthi Organics Limited
For the Year Ended March 31st 2016

1. Fixed Assets [Clause 3(i)]:

- a) Proper Records: The company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets:
- b) Physical Verification: These fixed assets have been physically verified by the management at reasonable intervals;
Any material discrepancies were noticed on such verification and if so, whether the same have been properly dealt with in the books of account by the management at regular intervals; Yes.
- c) Title Deed: The title deeds of immovable properties are held in the name of the company.

2. Inventory [Clause 3(ii)]:

Physical verification: Physical verification of inventory has been conducted at reasonable intervals by the managements;

No such material discrepancies were noticed on such verification.

And if so, whether the same have properly dealt with in the books of account is not applicable;

3. Loan given by Company [Clause 3(iii)]:

- a) The company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships(LLP) or other parties covered in the register maintained under section 189 of the Companies Act, 2013.
- b) Terms and Conditions: The terms and conditions of the grant of such loans are not prejudicial to the company's interest Not Applicable.
- c) Regular Recovery: The schedule of repayment of principal and payment of interest has been stipulated and whether the repayments or receipts are regular; Not Applicable.
- d) Steps for Recovery: If the amount is overdue, state the total amount overdue for more than 90 days, and whether reasonable steps have been taken by the company for recovery of the principal and interest. Not Applicable.

4. Loan to the Directors and investment by Company [Clause3(iv)];

In respect of loans, investments, guarantees, and security whether provisions of section 185 and 186 of the Companies Act, 2013 have been complied with. If not, provided the details thereof. Not Applicable.

5. Deposits[Clause3(v)]:

If the company has accepted deposits

whether the following has been complied with:

Directives issued by the Reserve Bank of India (RBI) Not Applicable.

The provisions of sections 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the rules framed thereunder; and Not Applicable.

If an order has been passed by Company Law Board (CLB) or National Company Law Tribunal (NCLT) or Reserve Bank of India (RBI) or any court or any other tribunal. Not Applicable.

6. Cost Records [Clause 3(vi)]:

The Central Government has specified maintenance of cost records under section 148 (1) of the Companies Act, 2013, and hence such accounts and records have been made and maintained.

7. Statutory Dues [Clause 3(vii)]

Following matters shall be reported for statutory dues and disputes for tax and duties.

- a) Statutory Dues for more than 6 Months: Whether the company is regular in depositing undisputed statutory dues with the appropriate authorities including:
- i. Provident fund; No Such Dues
 - ii. Employee's state insurance; No Such Dues
 - iii. Income – tax; No Such Dues
 - iv. Sales- tax; No Such Dues
 - v. Service tax; No Such Dues
 - vi. Duty of customs; No Such Dues
 - vii. Duty of excise; No Such Dues
 - viii. Value Added Tax (VAT); No Such Dues
 - ix. Cess; and No Such Dues
 - x. Any other statutory dues. No Such Dues

If the company is not regular in depositing such statutory dues, the extent of the arrears of outstanding statutory dues as at the last day of the financial year concerned for a period of more than six months from the date they became payable, shall be indicated by the auditor. No such dues are pending.

- b) Dispute for Tax and Duty: Dues of income tax or service tax or duty of customs or duty of excise or value added tax have not been deposited on account of any dispute, then the amounts involved and the forum where dispute is pending as follows:

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
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, Mumbai

8. Repayment of Loans [Clause 3(viii)]

The company has not defaulted in repayment of loans or borrowing to a financial institution, bank, Government.

9. Utilization of IPO and further Public offer [Clause 3(ix)]:

The Company has not raised money by way of initial public offer or further public offer and Term Loans where applied for the purposes for which those are raised,

If not, the details together with delays or default and subsequent rectification, if any, as may be applicable, be reported – Not applicable.

10 Reporting of Fraud [Clause(x)]:

No fraud by the company or any fraud on the Company by its officers or employees has been noticed or reported during the year.

11 Approval of Managerial Remuneration [Clause 3(xi)]:

Managerial remuneration has been paid or provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act 2013.

12 Nidhi Company [Clause3 (xii)]:

Whether the Nidhi Company has complied with the Net Owned Funds to Deposits in the ratio of 1:20 to meet out the liability and whether the Nidhi Company is maintaining 10% unencumbered term deposits as specified in the Nidhi Rules, 2014 to meet our the liability; Not Applicable

13 Related Party Transaction [Clause 3 (xiii)]:

All transactions with the related parties are in compliance with sections 177 and 188 Companies Act, 2013 are applicable and the details have been disclosed in the Financial Statements etc. as required by the applicable accounting standards;

14 Private Placement or Preferential Issues [Clause 3(xiv)]:

Whether the company has made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and if so, as to whether the requirement of section 42 of the Companies Act, 2013 have been complied with and the amount raised have been used for the purposes for which the funds were raised. If not, provided the details in respect of the amount involved and nature of non-compliance; Not Applicable

15 Non- cash Transactions [Clause 3(xv)]:

Whether the company has entered into any non-cash transactions with directors or persons connected with him and if so, whether the provisions of section 192 of Companies Act, 2013 have been complied with; Not applicable

16 Register under RBI Act 1934 [Clause 3 (xvi)]:

Whether the company is required to be registered under section 45-IA of the Reserve Bank of India Act and if so, whether the registration has been obtained. Not applicable

ASHOK MADGUNDI & CO.
Chartered Accountants

Sd/-
(Ashok D. Madgundi)
Proprietor
ICAI M.No. 036983
F R No. 100668W

Place : Solapur
Date : 28th April, 2016

Smruthi Organics Limited

Part I - Form of Balance Sheet

Balance Sheet as at : 31.03.2016

(Figures in rupees)

	Particulars	Note No.	Figures as at the end of Current reporting period 31.03.2016	Figures as at the end of previous reporting period 31.03.2015
1	Equity And Liabilities			
	1) Shareholders' funds			
	a) Share capital	1	3,81,54,300	3,81,54,300
	b) Reserves and surplus	2	26,87,40,496	25,65,15,449
	2) Non-current liabilities			
	a) Long-term borrowings	3	12,69,29,824	17,00,82,648
	b) Deferred tax liabilities (Net)	4	-	-
	c) Other Long term liabilities	5	18,78,60,806	17,65,47,247
	d) Trade Payables (Fixed Assets)	6	19,32,512	30,37,419
	3) Current liabilities			
	a) Short-term borrowings	7	18,53,49,911	23,28,55,135
	b) Trade payables	8	14,93,46,097	15,42,87,230
	c) Other current liabilities	9	6,95,96,369	5,74,28,220
	d) Short Term Provisions	10	33,20,714	-
	TOTAL		103,12,31,029	108,89,07,647
2	Assets			
	Non-current assets			
	1) a) Fixed assets	11		
	i) Tangible assets			
	a) Gross Block		88,13,50,901	86,87,72,901
	b) Less : Accumulated Depreciation		(55,89,37,545)	(51,56,38,273)
	c) Net Block		32,24,13,356	35,31,34,628
	ii) Capital work-in-progress		1,08,61,152	1,07,92,674
	b) Non-current investments	12	34,35,100	4,93,100
	c) Deferred revenue expenditure	13	-	-
	d) Deferred Tax Assets	4	64,28,006	1,45,94,446
	e) Long-term loans and advances	14	24,72,31,258	24,37,82,064
	2) Current assets			
	a) Current investments	-	-	-
	b) Inventories	15	19,34,77,244	17,83,30,437
	c) Trade receivables	16	19,28,53,531	21,67,68,053
	d) Cash and cash equivalents	17	1,62,67,637	1,69,17,324
	e) Short-term loans and advances	18	3,82,63,745	5,40,94,922
	f) Other current assets	-	-	-
	TOTAL		103,12,31,029	108,89,07,647

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 : 28th April, 2016

Sd/
(E. Purushotham)
MANAGING 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 : 31.03.2016

(Figures in rupees)

	Particulars	Note No.	Figures for the Current reporting period 31.03.2016	Figures for the Previous reporting period 31.03.2015
1	Continuing Operations			
	a) Revenue from operations (gross)	19	78,74,49,606	81,92,75,937
	b) Less : Excise duty		4,96,62,372	5,35,72,746
	c) Less : Sales Tax		1,19,83,658	1,76,57,774
	d) Revenue from operations (net)		72,58,03,576	74,80,45,417
	e) Other income	20	44,93,232	16,49,232
	Total Revenue (1)		73,02,96,808	74,96,94,649
2	Expenses			
	a) Cost of materials consumed	21	44,93,42,165	47,45,28,199
	b) Changes in inventories of finished goods, work-in-progress and Stock-in-Trade	22	-2,40,90,705	5,60,65,629
	c) Employee benefit expenses	23	7,47,79,623	6,31,77,960
	d) Finance costs	24	5,12,27,094	5,65,07,169
	e) Depreciation and amortization expense	11	4,32,99,272	4,80,37,734
	f) Other Expenses	25	11,98,34,454	10,79,43,564
	Total Expenses (2)		71,43,91,903	80,62,60,255
3	Profit / (Loss) before exceptional and extraordinary items and tax (1-2)		1,59,04,905	(5,65,65,606)
4	Exceptional items		0	0
5	Profit/ (Loss) before extraordinary items & tax (3-4)		1,59,04,905	(5,65,65,606)
6	Extraordinary Items		0	0
7	Profit before tax (5-6)		1,59,04,905	(5,65,65,606)
8	Tax expense			
	(a) Current tax (MAT)		5,04,650	0
	(b) Deferred tax		81,66,440	(1,84,29,888)
	(c) Income Tax of early year		0	0
9	Profit / (Loss) for the period from continuing operations (7 - 8)		72,33,815	(3,81,35,718)
10	Profit / (Loss) from discontinuing operations		0	0
11	Tax expense of discontinuing operations		0	0
12	Profit / (Loss) from Discontinuing operations (after tax) (10 - 11)		0	0
13	Profit / (Loss) for the period (9 + 12)		72,33,815	(3,81,35,718)
14	Earning per equity share :			
	(a) Basic		1.90	(10.00)
	(b) Diluted		1.90	(10.00)

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

Sd/
(E. Purushotham)
MANAGING DIRECTOR

Sd/
(E. Swapnil)
EXECUTIVE DIRECTOR & CFO

PLACE : Solapur
DATE : 28th April, 2016

Notes : 1 SHARE CAPITAL

		As At 31-03-2016 Rs.		As At 31-03-2015 Rs.	
1	AUTHORISED SHARE CAPITAL				
	5000000 Equity Shares of Rs. 10/- each	5,00,00,000		5,00,00,000	
	5000000 Non-Convertible Cumulative Redeemable Preference Shares of Rs.10/-each	5,00,00,000	10,00,00,000	5,00,00,000	10,00,00,000
2	ISSUED, SUBSCRIBED & PAID UP SHARE'S 3815430 Equity Shares of Rs. 10/- each fully paid	3,81,54,300		3,81,54,300	
			3,81,54,300		3,81,54,300
	Details of Shareholders holding more than 5% shares in the Company				
		No.of Shares	%holding in the class	No.of Shares	%holding in the class
1	Mr. Eaga Purushotham	15,28,510	40.06	15,28,510	40.06
2	Mrs. Eaga Vaishnavi	5,76,450	15.11	5,76,450	15.11

Notes : 2 RESERVES AND SURPLUS

		As At 31-03-2016 Rs.		As At 31-03-2015 Rs.	
1	Capital Reserve		6,08,600		6,08,600
2	Capital Incentive		15,00,000		15,00,000
3	General Reserve				
	(a) Balances as per the last Financial statements	5,02,33,427		5,02,33,427	
	(b) Add : Amount Transferred	-		-	
	Closing Balance		5,02,33,427		5,02,33,427
4	Share Premium		20,00,000		20,00,000
5	Surplus in Statement of Profit and Loss				
	(a) Balances as per the last Financial statements	20,21,73,422		25,76,57,773	
	Add :				
	(b) Profit (Loss) for the year	72,33,815		(3,81,35,717)	
	(c) Depreciation of earlyer years	-		(1,73,48,634)	
	(d) Income Tax Refund up to AY 11-12 Tax of the last years.	49,91,233		-	
	Less :				
	(e) Trasfer to General Reserve	-		-	
	(f) Proposed Equity Dividend	-		-	
	(g) Tax on Proposed Equity Dividend	-		-	
	(h)	-		-	
	(i)	-		-	
	Net Surplus in the statement of Profit and Loss		21,43,98,470		20,21,73,422
	Total Reserve & Surplus		26,87,40,496		25,65,15,449

Notes : 3 LONG - TERM BORROWINGS

		As At 31-03-2016 (Rs.)		As At 31-03-2015 (Rs.)	
1	Axis Bank Term Loan *	3,56,42,557		6,94,26,373	
2	Deferral Sales Tax Loan PSI 1993 Scheme **	26,06,938		48,82,196	
3	Deferral Sales Tax Loan PSI 1993 Expansion **	2,95,13,904		3,55,14,851	
4	SBI - IFB - WCTL A/c	5,90,38,274		6,00,00,000	
5	Axis Bank Ltd.- Car Loan	1,28,151		2,59,228	
			12,69,29,824		17,00,82,648

*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. Additional I 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. 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 years and the final installment will due on 26.04.2022

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

		As At 31-03-2016 (Rs.)		As At 31-03-2015 (Rs.)	
1	Opening Balance	(1,45,94,446)		1,21,67,550	
2	Less:C.Y. Up to the Year 31.03.2016& P.Y. Add upto 31.03.14	81,66,440		(83,32,108)	
3	Add : For the year 2014-2015			(1,84,29,888)	
			(64,28,006)		(1,45,94,446)

Notes : 5 OTHER LONG TERM LIABILITIES

		As At 31-03-2016 (Rs.)		As At 31-03-2015 (Rs.)	
1	Gratuity Payable	2,08,25,178		1,99,34,878	
2	Sundry Creditors (More than - 1 year)	16,70,35,628		15,66,12,369	
			18,78,60,806		17,65,47,247

Notes : 6 TRADE PAYABLES (Fixed Assets)

		As At 31-03-2016 (Rs.)		As At 31-03-2015 (Rs.)	
1	Sundry Creditors	19,32,512		30,37,419	
2	Sundry Creditors (Small Scale Undertaking)	-		-	
			19,32,512		30,37,419

Notes : 7 SHORT TERM BORROWINGS

		As At 31-03-2016 (Rs.)		As At 31-03-2015 (Rs.)	
1	Working Capital Loan from S.B.I.,IFB Mumbai & Solapur (Secured) *	12,18,30,832		17,72,12,839	
2	SBI IFB Mumbai PCFC Account	5,00,49,049		4,21,72,266	
3	Unsecured Loans - Directors	1,34,70,030		1,34,70,030	
		18,53,49,911		23,28,55,135	

*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. Company has also 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.

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

Notes : 8 TRADE PAYABLES

		As At 31-03-2016 (Rs.)		As At 31-03-2015 Rs.)	
1	Sundry Creditors	14,93,46,097		15,42,87,230	
2	Sundry Creditors (Small Scale Undertaking)	-		-	
		14,93,46,097		15,42,87,230	

Notes : 9 OTHER CURRENT LIABILITIES

		As At 31-03-2016 (Rs.)		As At 31-03-2015 (Rs.)	
1	Other Statutory Liabilities (VAT, TDS, PF, etc)	33,02,754	33,02,754	31,06,478	31,06,478,
2	Other Current Liabilities				
1)	Salary & Wages Payable	39,42,261		39,08,994	
2)	Audit & Consultancy Fees Payable	3,47,400		2,92,500	
3)	Interest Payable (CC)	-		7,63,359	
4)	Local Body Tax (LBT) - Payable	-		3,42,011	
5)	Unpaid Dividend - Axis Bank	6,10,048		7,69,012	
6)	Defferal Sales Tax Repayment within one year (old)	47,26,699		94,57,618	
7)	Defferal Sales Tax Repayment within one year (new)	36,13,935		-	
8)	Term Loan Instal .Repay. within one year (1575 lacs)	3,59,53,272		3,33,88,248	
9)	Term Loan Instal. Repay. within one year (350 lacs)	1,53,00,000		54,00,000	
10)	WCTL Install Repay within one year (600 lacs)	18,00,000		-	
		6,62,93,615		5,43,21,742	
		6,95,96,369		5,74,28,220	

Notes : 10 SHORT TERM PROVISION

		As At 31-03-2016 (Rs.)		As At 31-03-2015 (Rs.)	
1	Provision for Income Tax	33,20,714		-	
2	Dividend	-		-	
3	Dividend Distributed Tax	-		-	
		33,20,714		---	

Note '11'
A) Fixed Assets

Schedule Of Fixed Assets Forming Part of Balance Sheet As At 31st March 2016

Amount In Rs.

PARTICULARS	GROSS BLOCK (AT COST)				DEPRECIATION PROVIDED				NET BLOCK	
	Cost As On 01.04.2015	Addition During The Year 2015-16	Disposal /Adjustment	As On 31.03.2016 (2+3-4)	Upto 31.03.2015	For The Year 2015-16	Disposal /Adjustment	Upto 31.03.2016 (6+7-8)	As On 31.03.2015	As On 31.03.2016 (5 - 9)
1	2	3	4	5	6	7	8	9	10	11
Factory Land	3076385	0	0	3076385	340853	17640	0	358493	2735532	2717892
Agricultural Land	587094	0	0	587094	0	0	0	0	587094	587094
Building	152858482	3843883	0	156702365	82772044	7042775	0	89814819	70086438	66887546
Ownership Flats	9445084	0	0	9445084	6472339	282511	0	6754850	2972745	2690233
Plant & Machinery	569034939	7971853	0	577006792	331535799	30092175	0	361627974	237499140	215378818
Electrical Installation/Equip.	27236048	254615	0	27490663	16159535	1383796	0	17543331	11076513	9947331
Vehicles	17566152	0	37656	17528496	15400008	555488	0	15955496	2166144	1572999
Office Equipments	1780868	56925	0	1837793	1594266	54392	0	1648658	186602	189135
Computer	6015621	73997	0	6089618	5485628	215315	0	5700943	529993	388675
Furniture & Fixture	12040961	228322	0	12269283	10363373	416967	0	10780340	1677588	1488943
Laboratory Equipments	20469572	69498	0	20539070	16850657	830828	0	17681485	3618915	2857585
Other Factory Equipments	14847701	116564	0	14964265	6791321	998108	0	7789429	8056380	7174836
TOTAL = A	834958906	12615657	37656	847536907	493765823	41889995	0	535655818	341193083	311881089
B) i) Research & Devp.Equip.	33813995	0	0	33813995	21872450	1409277	0	23281727	11941545	10532268
TOTAL = B	33813995	0	0	33813995	21872450	1409277	0	23281727	11941545	10532268
C) Capital Work in Progress										
Building Constructions - Boiler	3320512	0	0	3320512	0	0	0	0	3320512	3320512
Plant & Machinery - Boiler	4028346	68478	0	4096824	0	0	0	0	4028346	4096824
Plant & Machinery - Chilling Plant	3443816	0	0	3443816	0	0	0	0	3443816	3443816
Total = C	10792674	68478	0	10861152	0	0	0	0	10792674	10861152
Total (A + B + C)	879565575	12684135	37656	892212054	515638273	43299272	0	558937545	363927302	333274509
Previous Year	867527389	12038186	0	879565575	441919801	73718472	0	515638273	425607588	363927302

Notes : 12 NON CURRENT INVESTMENTS

		As At 31-03-2016 (Rs.)	As At 31-03-2015 (Rs.)
1	49,310 equity shares of Rs.10/- each fully paid up in Greenfield CET Plant Pvt. Ltd. Solapur	4,93,100	4,93,100
2	MAT Credit Entitlement (2015-16)	29,42,000	
		34,35,100	4,93,100

Notes : 13 DEFERRED REVENUE EXPENDITURE

		As At 31-03-2016 (Rs.)	As At 31-03-2015 (Rs.)
	Miscellaneous Expenditure (to the extent not written off/adjusted) Deferred Revenue Expenditure	-	-
		-	-

Notes : 14 LONG-TERM LOANS & ADVANCES

		As At 31-03-2016 (Rs.)	As At 31-03-2015 (Rs.)
1	DEPOSITS (Unsecured Considered Good) (MSEB, Water, Telephone, House, etc)	60,26,437	60,51,087
2	Advance against Capital Goods	17,66,083	17,66,083
3	Sundry Debtors (More than 1 year)	23,94,38,738	23,59,64,894
4	Less : Debtors Advance more than one year	-	-
		24,72,31,258	24,37,82,064

Notes : 15 INVENTORIES

		As At 31-03-2016 (Rs.)	As At 31-03-2015 (Rs.)
1	Inventories (at cost except otherwise stated and as certified by Board of Director)		
1	Raw Materials (at cost)	3,33,03,477	4,18,18,469
2	Packing Materials (at cost)	14,75,676	19,04,583
3	Work in Process (at cost)	10,86,26,224	10,61,11,645
4	Finished Goods (at lower of cost and net realisable value)	4,92,51,027	2,76,74,901
5	Finished Goods In Transit (at lower of cost and net realisable value)	8,20,839	8,20,839
		19,34,77,244	17,83,30,437

Notes : 16 TRADE RECEIVABLES

		As At 31-03-2016 (Rs.)	As At 31-03-2015 (Rs.)
1	SUNDRY DEBTORS (Unsecured Considered Good)		
1	More than six months	-	-
2	Other debts	19,28,53,531	21,67,68,053
		19,28,53,531	21,67,68,053

Notes : 17 CASH & BANK BALANCES

		As At 31-03-2016 (Rs.)		As At 31-03-2015 (Rs.)	
	Cash and cash equivalents				
1	Cash on hand	7,57,704		2,73,972	
	Balances with banks				
1	Bank Balance (EEFC, SBI Khadki, ICICI etc)	17,75,793		39,62,842	
2	Fixed Deposits with SBI (For L/C and Bank Guarantee margin)	1,37,34,140		1,26,80,510	
			1,62,67,637		1,69,17,324

Notes : 18 SHORT TERM LOANS & ADVANCES

		As At 31-03-2016 (Rs.)		As At 31-03-2015 (Rs.)	
1	(Unsecured Considered Good) Advances recoverable in cash or in kind or for value to be received				
1	Staff & Other Advances	4,42,174		5,37,345	
2	Pre-Paid Insurance	10,27,263		12,84,757	
3	Pre-Paid Custom Duty	-		3,52,266	
4	Excise Duty (Modvat)	58,05,633		10,84,556	
5	Excise Duty (EOU)	95,851		62,261	
6	CST Refund Claim (EOU)	30,33,360		30,33,360	
7	Interest Accrued but not due	5,01,840		5,74,387	
8	Excise duty on export Refund	50,01,622		1,62,67,383	
9	Prepaid Interest	4,24,662		8,54,167	
10	Export Incentive on FMS Receivable	42,04,080		77,82,878	
11	Service Tax	17,12,322		20,59,373	
12	Sales Tax	4,02,106		4,02,106	
13	VAT Refund	1,06,31,651		1,37,18,461	
14	Income Tax Refund	20,31,310		17,88,724	
15	Advance Income Tax & TDS	-		2,21,471	
16	Duty Draw Back Incentive Receivable	21,51,094		32,82,353	
17	Pre-Paid Exp. (Fees & Forms, Bank Charges etc.)	7,98,777		7,89,075	
			3,82,63,745		5,40,94,923

Notes : 19 REVENUE FROM OPERATIONS

		As At 31-03-2016 (Rs.)		As At 31-03-2015 (Rs.)	
1	Income from Operations				
1	Gross Sales - Bulk Drugs & Drug Intermediates (API)	77,66,22,662		79,98,89,559	
2	Less : Excise Duty	4,96,62,372		5,35,72,746	
3	: Sales Tax	1,19,83,658		1,76,57,774	
			71,49,76,632		72,86,59,039
2	Other Operating Income - Export Incentives				
1	Compensation - Export Debtors	-		65,46,613	
2	Duty Draw Back	47,71,400		25,60,992	
3	Export Incentive on Focus Marketing Scheme (FMS)	60,55,544	1,08,26,944	1,02,78,773	1,93,86,378
			72,58,03,576		74,80,45,417

Notes : 20 OTHER INCOME

		As At 31-03-2016 (Rs.)		As At 31-03-2015 (Rs.)	
1	Interest on TDR (Bank Deposits)	9,43,841		13,81,272	
2	Rate difference in Foreign Currency	-		2,67,960	
3	Insurance Claim Received	3,18,668		-	
	Interest from Others (on Income tax refund 55 lacs)	9,96,126		-	
	Profit / (loss) on sale of Vehicle	37,344		-	
	Debtors (Old advances)	21,97,253		-	
			44,93,232		16,49,232

Notes : 21 COST OF MATERIAL CONSUMED

		As At 31-03-2016 (Rs.)		As At 31-03-2015 (Rs.)	
1	Cost of Material Consumed				
	Dicyandiamide	8,83,74,869		7,65,34,780	
	Dimethyl Amine	6,59,52,527		5,95,08,616	
	Piperzine	2,26,65,102		2,66,90,775	
	Methanol	1,50,14,703		1,51,70,925	
	Acetophenone	18,880		2,00,97,434	
	Hydroquinone	2,85,33,909		2,90,35,079	
	C.F.A.	3,44,02,077		1,60,53,731	
	EMME	3,04,05,396		2,06,31,120	
	Others	16,39,74,702		21,08,05,739	
			44,93,42,165		47,45,28,199

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

		As At 31-03-2016 (Rs.)		As At 31-03-2015 (Rs.)	
1	Inventory Change				
a)	Add : Opening Stock				
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	13,46,07,385	10,01,09,238	19,06,73,013
b)	Less : Closing Stock				
1	Work in Process (Bulk Drugs & Drug Intermediates)	(10,86,26,224)		(10,61,11,645)	
2	Finished Goods (Bulk Drugs & Drug Intermediates)	(5,00,71,866)	(15,86,98,090)	(2,84,95,740)	(13,46,07,385)
			(2,40,90,705)		5,60,65,629

Notes : 23 EMPLOYEES' BENEFIT EXPENSES

		As At 31-03-2016 (Rs.)		As At 31-03-2015 (Rs.)	
1	Salary Wages and Bonus	6,96,40,672		5,93,03,512	
2	Contribution to P.F. and other funds	38,55,939		32,41,190	
3	Staff Labour Welfare	12,83,012		6,33,258	
			7,47,79,623		6,31,77,960

Notes : 24 FINANCE COST

		As At 31-03-2016 (Rs.)		As At 31-03-2015 (Rs.)	
1	Interest on Term Loan	91,85,289		80,56,826	
2	Interest on Cash Credit	2,45,08,718		3,38,42,717	
3	Interest On WCTL	90,13,139		74,72,272	
4	Interest to others	28,54,288		83,626	
5	Bank Commission & Charges	56,65,660		70,51,728	
			5,12,27,094		5,65,07,169

Notes : 25 OTHER EXPENSES

		As At 31-03-2016 (Rs.)		As At 31-03-2015 (Rs.)	
1	Power and Fuel	7,27,94,845		6,22,67,712	
2	Repaires & Maintainance	60,08,671		66,97,410	
3	Laboratory Expenses	33,19,311		22,62,616	
4	Sales Commission & Promotion	1,14,19,862		1,14,19,382	
5	Travelling & Conveyance	51,33,948		40,17,532	
6	Research & Develpoment Exp	4,88,155		1,71,530	
7	Other Expenses	2,06,69,662		2,11,07,382	
			11,98,34,454		10,79,43,564

Note No: 26

Notes To The Financial Statement as on 31.03.2016

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.

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.

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.

6. Staff Benefits :

- a) Contribution to Provident Fund are funded as a Percentage of Salary / Wages.
- b) Provision for leave encashment salary is to be provided for the year as per Accounting Standard subject to this amount, the profit 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, profit 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 added to the cost of fixed assets.

Expenditure details on R&D for 2015-16 and 2014-15 (Rs. In lacs)

Particulars	2015-16	2014-15
a) Capital	--	--
b) Recurring	43.79	31.77
Total Rs.	43.79	31.77

Total R&D Expenditure as a

Percentage of total turnover: : 0.61% 0.44%

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.

None of the fixed assets have been acquired out of these foreign currency loans and as such the carrying cost of these assets is not affected by fluctuations. Therefore gain/loss arising on account of fluctuation of foreign exchange rates are debited to the fixed assets and credited to Term Loan liability account.

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. Corporate Social Responsibility

The average operating profit of three years is in negative profit, so the company not required to spent on Corporate Social Responsibility in accordance with the provisions of Section 135 of the Companies Act, 2013.

14. Segment Reporting :

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

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

SI.No.	Particulars	Total
1	Gross revenue	7874
2	Segment expenses	7144
3	Profit before interest, depreciation and tax	1104
4	Segment Profit/Loss (-) before tax	159
5	Tax Expenses MAT	87
6	Profit/Loss (-) after tax	72

15. Contingent Liabilities:

Cenvat set-off 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 Mumbai for FY 2009-10 for Rs. 1.09 lacs till the date of audit.

16. The company computed the expenditure on Corporate Social Responsibility at Rs. 22.14 lacs in accordance with the provisions of Section 135 of the Companies Act, 2013 for 31st March 2015. Till the date of audit company has not incurred any such expenditure. For the year company is not liable to compute expenditure on Corporate Social Responsibility.

17. Related Party transactions:

Name of the related party	Relationship	Nature of Transaction	Transaction value in Rs.	Balance O/S - Receivable/ (-) Payable as on Balance sheet date	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	5086440	NIL	NIL
		Job work done by SOL	429300	NIL	NIL
		Raw Material Purchase (High seas/ Local from SOL)	472481	NIL	NIL
		Interest paid on Unsecured Loan	487332	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	1336104	NIL	NIL

18. 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	35,80,403	23,60,20,169	32,08,580	19,25,14,799
2	Sales Commission	49,207	32,85,558	1,24,448	74,66,876
3	Travelling Expenses	0	0	1,600	95,994
4	Raw Material	24,05,226	16,05,96,926	32,43,583	19,46,14,989

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

Ashok Madgundi & Co.
Chartered Accountants
F.R.No.: 100668W

Sd/-
(Ashok D. Madgundi)
Proprietor
M.No. 036983

Place : Solapur
Date : 28th April, 2016

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 2016.

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. 036983

Place : Solapur
Date : 28th April, 2016

Cash Flow Statement for the year ended 31.03.2016

Sr.No.	Particulars		Rs.	Rs.
A	CASH FLOW FROM OPERATING ACTIVITIES		31-03-2016	31-03-2015
	Profit before tax	(+)	1,59,04,905	-5,65,65,605
	Non cash adjustment to reconciled profit before tax to net cash flows	(-)	0	0
	Depreciation	(+)	4,32,99,272	4,80,37,734
	Misc Expenditure written off	(+)	0	0
	Interest Expenditure	(+)	5,12,27,094	5,65,07,169
	Interest & Other Earned	(-)	-1,53,20,176	-13,81,272
	Operating profit before working capital changes	(+)	9,51,11,095	4,65,98,026
	Movements in working capital			
	Increase/(Decrease) in trade payables	(-)	-49,41,133	-8,18,00,109
	Increase/(Decrease) in short term provisions	(+)	33,20,714	0
	Increase/(Decrease) in other current liabilities	(+)	1,21,68,149	58,75,023
	Increase/(Decrease) in other long term liabilities	(+)	1,13,13,559	17,49,207
	Decrease/(Increase) in trade receivables	(+)	2,39,14,522	4,04,32,758
	Decrease/(Increase) in inventories	(-)	-1,51,46,807	6,36,10,266
	Decrease/(Increase) in long term loans & advances	(-)	-34,49,194	1,92,307
	Decrease/(Increase) in short term loans & advances	(+)	1,58,31,177	86,16,073
	Decrease/(Increase) in other current assets	(-)	0	0
	Decrease/(Increase) in other non-current assets	(-)	-29,42,000	0
	Cash generated from / (used in) operations	(+)	13,51,80,082	8,52,73,551
	Direct taxes paid (net of refunds)	(+)	44,86,583	-2,21,471
	Net cash flow from / (used in) operating activities (A)	(+)	13,96,66,665	8,50,52,080
B	CASH FLOW FROM INVESTING ACTIVITIES			
	Purchases of Fixed Assets, including intangible assets, CWIP & capital advances	(-)	-1,26,46,478	-1,20,38,181
	Proceeds of non current investments			
	Increase/(Decrease) in trade payables fixed Assets	(-)	-11,04,907	-4,23,942
	Purchase of current investments	(-)	0	0
	Investment in bank deposits (having original maturity of more than 3 months)		0	0
	Interest & Export Incentive	(+)	1,53,20,176	13,81,272
	Net Cash from / (used in) Investing Activities (B)	(+)	15,68,791	-1,10,80,851
C	CASH FLOWS FROM FINANCING ACTIVITIES			
	Proceeds from issuance of share capital & preference share capital		0	0
	Proceeds from long term borrowings	(-)	0	3,70,88,352
	Repayment of long term borrowing	(-)	-4,31,52,825	0
	Proceeds from short term borrowings	(-)	-4,75,05,224	-6,24,72,269
	Interest Paid	(-)	-5,12,27,094	-5,65,07,169
	Dividend paid on equity shares	(-)	0	0
	Tax on equity dividend paid	(-)	0	0
	Net cash flow from / (used in) Financing Activities (C)	(-)	-14,18,85,143	-8,18,91,086
	Net Increase/(Decrease) in cash & cash equivalents (A) + (B) + (C)	(-)	-6,49,686	-79,19,857
	Cash & Cash equivalents at the beginning of the period	(+)	1,69,17,324	2,48,37,181
	Cash & Cash equivalents at the end of the period	(+)	1,62,67,637	1,69,17,324

For and on behalf of Board of Directors

Sd/
(E. Swapnil)

Executive Director & CFO

Sd/-
(E.Purushotham)
Managing Director

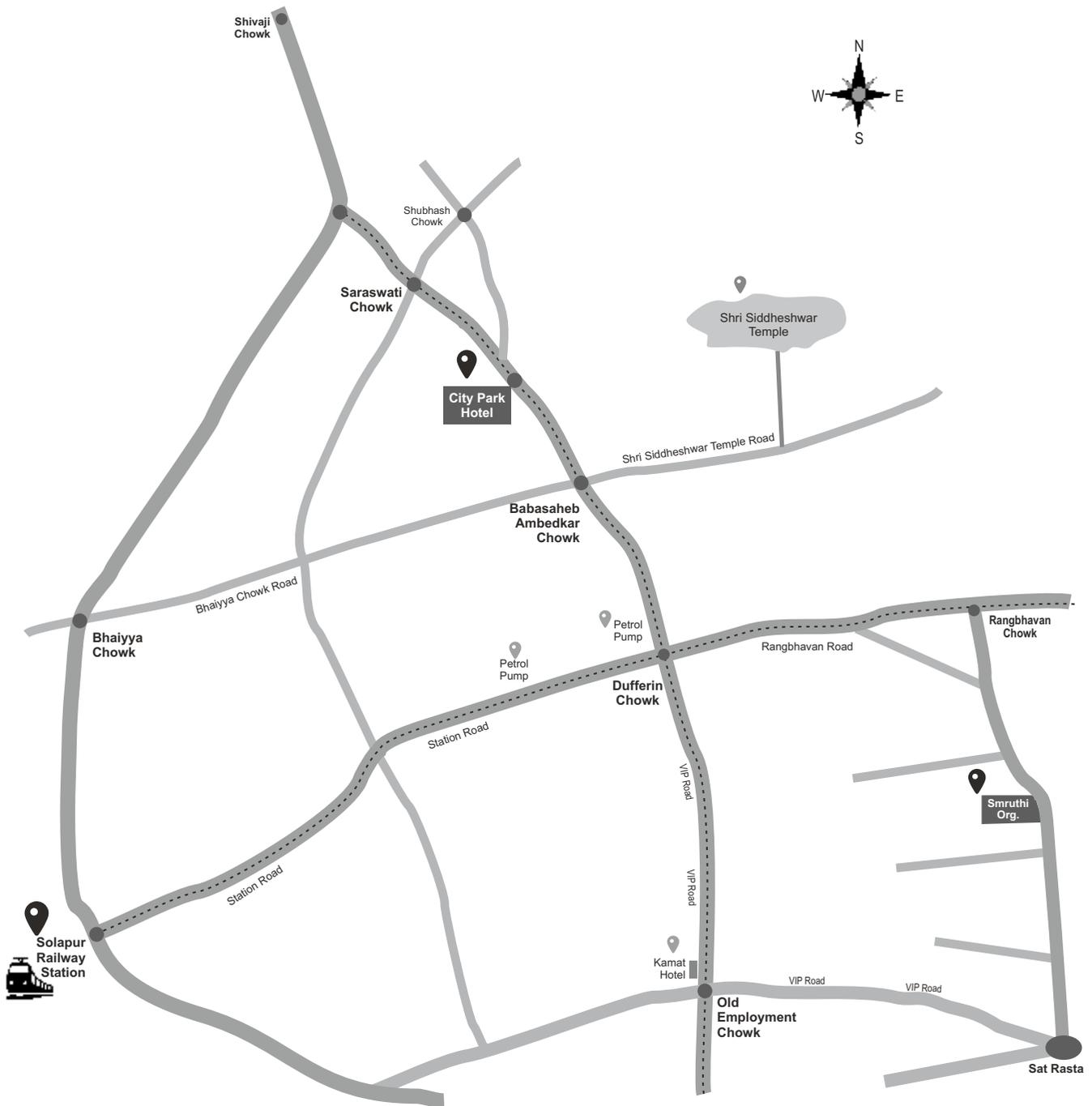
Place : Solapur
Date : 28th April, 2016

Route Map - Venue of 27th AGM

Hotel City Park

(Shamiyana Hall), 119, Murarji Peth, Opp. Hutatma Chowk, Solapur 413 001

Nearest Landmark : Hutatma Chowk



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 27th 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 Saturday 6th August 2016, 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)

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

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 27th 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 Saturday 6th August 2016, 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
ORDINARY BUSINESS				
1	To consider and adopt Audited Financial Statements, and Reports of Directors and Auditors and Cash Flow Statement for the year ended 31st March, 2016. (Ordinary Resolution)			
2	Appointment of Mr. E. Swapnil (DIN 01241535) who retires by rotation and being eligible offers himself for re-appointment. (Ordinary Resolution)			
3	Appointment of Auditors of the Company. (Ordinary Resolution)			
SPECIAL BUSINESS				
4	To appoint Shrinivas Diddi & Associates as Cost Auditor for 2016-17 (Ordinary Resolution)			

** Each Share Shall have one vote.

Signed this _____ day of _____ 2016

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

If undelivered please return to :



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
E-mail : eaga@smruthiorganics.com smruthiorganics@mtnl.net.in
Visit us at : www.smruthiorganics.com