



Smruthi Organics Limited

www.smruthiorganics.com

25th

ANNUAL REPORT

2013-14



BOARD OF DIRECTORS

Mr. E. Purushotham - *Chairman & Managing Director*
Mr. E. Swapnil - *Executive Director & Chief Operating Officer*
Mrs. E. Vaishnavi
Dr. Nagender Yerram (*Up to 27-03-2014*)
Dr. K. Ramaswamy
Mr. J. H. Ranade

REGISTERED OFFICE

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

FACTORIES

Unit - I

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

Unit - II

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

AUDITORS

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

BANKERS

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

Axis Bank Ltd

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

COMPANY SECRETARY

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

REGISTRAR AND TRANSFER AGENTS

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



Notice

NOTICE is hereby given that the **25th 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 27th September 2014, at 12.30 pm** 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, 2014 and the Balance Sheet as at that date and the Report of the Auditors and Directors thereon.
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 Ashok Madgundi and Co. Chartered Accountants, as Auditors of the Company to hold office from the conclusion of this meeting to the conclusion of the next Annual General Meeting and to authorize the Board of Directors to fix their remuneration.

SPECIAL BUSINESS

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

"RESOLVED THAT in pursuance of Section 180 (1) (c) of the Companies Act, 2013 and other applicable provisions, if any of the Act, consent of the members of the Company be and is hereby accorded to the Board of Directors for borrowing from time to time as they may think fit, any sum of money on such terms and conditions, together with the monies already borrowed by the Company, (apart from temporary loans or to be obtained by the Company's bankers in the ordinary course of the business) which may exceed the aggregate of paid-up Share Capital of the Company and its Free Reserves, that is to say reserves not set apart for any specific purpose, provided that the total amount so borrowed by the Board of Directors shall not exceed the limit of Rs. 150 Crores.

"RESOLVED FURTHER THAT Board of Directors of the Company and / or Company Secretary be and is hereby authorised to sign and submit required form with Registrar of Companies, Maharashtra and generally do all such acts, deeds and things as may be necessary or expedient for the purpose of giving effect to this resolutions."

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

"RESOLVED THAT consent of the Company be and is hereby accorded in terms of Section 180 (1) (a) and other applicable provisions if any, of the Companies Act, 2013, for mortgaging and/or charging by the Board of Directors of the Company of all immovable and movables properties of the Company or any part thereof in such form and manner as may be stipulated by the Bank/Financial Institutions(hereinafter called the 'Lenders')in consultation with the Company, wheresover situated present and future and whole of the undertaking of the Company, and/or conferring power to enter upon and to take possession of the assets of

the Company in certain events to or in favour of them, for securing Term Loans/Borrowing upto Rs. 150 Crores which the Lenders may sanction to the Company from time to time, together with interest at an agreed rate, additional interest, liquidated damages, commitment charges, costs, charges expenses and all other monies payable by the Company to the Lenders in terms of agreements to be entered into by the Company in respect of the said term loans/borrowings."

"RESOLVED FURTHER THAT Board of Directors of the Company and / or Company Secretary be and is hereby authorised to sign and submit required form with Registrar of Companies, Maharashtra and generally do all such acts, deeds and things as may be necessary or expedient for the purpose of giving effect to this resolutions."

6. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution :

"RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Mr. J. H. Ranade (DIN: 00004814), Director of the Company whose period of office is liable to determination by retirement of Directors by rotation and who, pursuant to the provisions of the Act, (being an Independent Director) is no longer liable to retire by rotation and who in accordance with the Act, is required to be appointed as an Independent Director and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for a term of five (5) consecutive years from the date of this Annual General Meeting."

7. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution :

"RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Dr. K. Ramaswamy (DIN: 05273930), Director of the Company whose period of office is liable to determination by retirement of Directors by rotation and who, pursuant to the provisions of the Act, (being an Independent Director) is no longer liable to retire by rotation and who in accordance with the Act, is required to be appointed as an Independent Director and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for a term of five (5) consecutive years from the date of this Annual General Meeting."

8. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152, 160 and any other applicable



provisions of the Companies Act, 2013 and the rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Mr. Kashinath Revappa Dhole (DIN: 01076675) (Mr. K. R. Dhole) in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for a term of five (5) consecutive years from the date of this Annual General Meeting.:

9. To consider and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution :

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

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

10. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Section 148 and all other applicable provisions of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), the Company do ratify appointment of Shrinivas Diddi & Associates, Cost Accountants, as Cost Auditor appointed by the Board of Directors of the Company, to audit cost accounts maintained by the Company for the financial year ending 31st March, 2015 on a Audit Fees of Rs. 25,000/- plus service tax as applicable and reimbursement of out of pocket expenses."

RESOLVED FURTHER THAT the Board of Directors and/or Company Secretary of the Company be and are hereby severally authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

11. To consider and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:

"RESOLVED THAT pursuant to the provisions of Section 197, 203, Schedule V and other applicable provisions if any of the Companies Act, 2013 and Articles of Association of the Company and in supersession of the Resolution passed by the members on 30th July 2012, the consent of the Company be and is hereby accorded to the appointment of Mr. E. Purushotham as Managing Director of the Company on a term of 3 (Three) years with effect from 1st April 2014 till 31st March, 2017, as approved by

Remuneration Committee on salary of Rs. 7,00,000/- (Seven Lacs) per month plus allowances, benefits and perquisites and other terms and conditions as mentioned in the explanatory statement."

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

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

12. To consider and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:

"RESOLVED THAT pursuant to the provisions of Section 196, 203, Schedule V and other applicable provisions if any of the Companies Act, 2013, the consent of the Company be and is hereby accorded to the re-designation of Mr. E. Swapnil as "Executive Director and Chief Financial Officer (CFO)" of the Company without any variation in other terms and conditions relating to his appointment as approved by the shareholders at the Annual General Meeting held on 30th July, 2012."

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

Place : Solapur
Date : 09th August 2014

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



Note :

A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A 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 Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, in respect of Item No. 4 to 12 relating to Special Business to be transacted at the meeting, is annexed hereto.
2. The Register of Members and Share Transfer Books of the Company will remain closed from 20th September 2014 to 27th September 2014 (both days inclusive).
3. Details under Clause 49 of the Listing Agreement with the Stock Exchange in respect of the Directors seeking appointment/re-appointment at the Annual General Meeting, form integral part of the notice. The Directors have furnished the requisite declarations for their appointment/re-appointment.
4. Electronic copy of the Annual Report for 2013-14 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 2013-14 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.
5. Electronic copy of the Notice of the 25th Annual General Meeting of the Company inter alia indicating the process and manner of e-voting along with Attendance Slip and Proxy Form is being sent to all the members whose email IDs are registered with the Company/Depository Participants(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copy of the Notice of the 25th Annual General Meeting of the Company inter alia indicating the process and manner of e-voting along with Attendance Slip and Proxy Form is being sent in the permitted mode.
6. 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.

7. Voting through electronic means :

In compliance with provisions of Section 108 of the Companies Act, 2013 (the “Act”) and Rule 20 of the Companies (Management and Administration) Rules, 2014 (the “Rules”) the Company is pleased to provide members facility to exercise their right to vote at the 25th Annual General Meeting (AGM) by electronic means and the business may be transacted through e-Voting Services provided by Central Depository Securities Limited (CDSL). The instructions for e-voting are as under:

A. In case a Member receives an email from CDSL [for members whose email IDs are registered with the Company/Depository Participants(s) :

1. Open the attached PDF file “SOL 25th AGM e-Voting.pdf” giving your Client ID (in case you are holding shares in demat mode) or Folio No. (in case you are holding shares in physical mode) as password, which contains your “User ID” and “Password for e-voting”. Please note that the password is an initial password.
2. Launch internet browser by typing the URL <https://www.evoting.cdsl.com/>
3. Click on “Shareholder - Login”.
4. Put User ID and password as initial password noted in step (1) above and Click Login.
5. Password Change Menu appears. Change the password with new password of your choice with minimum 8 digits/characters or combination thereof.
6. Home page of “e-Voting” opens. Click on e-Voting: Active Voting Cycles.
7. Select “EVEN” of Smruthi Organics Limited. Members can cast their vote online from 22nd September, 2014 (9:00 am) till 23rd September, 2014 (6:00 pm).
8. Note: e-Voting shall not be allowed beyond said time.
9. Now you are ready for “e-Voting” as “Cast Vote” page opens.
10. Cast your vote by selecting appropriate option and click on “Submit” and also “Confirm”, when prompted.
11. Once you have voted on the resolution, you will not be allowed to modify your vote.
12. Institutional shareholders (i.e., other than Individuals, HUF, NRI etc.) are also required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/Authority Letter etc. together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer through e-mail sol.scrutinizer@gmail.com with a copy marked to evoting@cdsl.co.in

B. In case a Member receives physical copy of the Notice of AGM [for members whose email IDs are not registered with the Company/Depository Participants(s) or requesting physical copy

1. Initial password is provided as below/at the bottom of the Attendance Slip for the AGM : EVEN(E Voting Event Number) USER ID PASSWORD/PIN
2. Please follow all steps from Sl. No. 2 to Sl. No. 9 above, to cast vote.



3. In case of any queries, you may refer the Frequently Asked Questions available at the Downloads section of www.evoting.cdsl.com ([FAQs for Shareholders and e-voting user manual for Shareholders](#))
4. If you are already registered with CDSL for e-voting then you can use your existing user ID and password/PIN for casting your vote.

Please note that:

- Login to e-voting website will be disabled upon five unsuccessful attempts to key-in the correct password. In such an event, you will need to go through 'Forgot Password' option available on the site to reset the same.
- Your login id and password can be used by you exclusively for e-voting on the resolutions placed by the companies in which you are the shareholder.
- It is strongly recommended not to share your password with any other person and take utmost care to keep it confidential.
- In case of any queries, you may refer to the Frequently Asked Questions (FAQs) for members and e-voting user manual for members available at the Downloads sections of <https://www.evoting.cdsl.com> or [contact CDSL at the following Help Desk Phone No.: 18002005533, Email : helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com)
- The voting rights of shareholders shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date (record date) of 22th August, 2014.
- 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 shall within a period not exceeding three (3) working days from the conclusion of the e-voting period unblock the votes in the presence of at least two(2) witnesses not in the employment of the Company and make a Scrutinizer's Report of the votes cast in favour or against, if any, forthwith to the Chairman of the Company.
- The Results shall be declared on or after the AGM of the Company. The Results declared along with the Scrutinizers report shall be placed at the Company's website www.smruthiorganics.com and on the [website of CDSL within two \(2\) days of passing resolutions at the AGM of the Company and communicated to the BSE Limited.](#)
- All documents referred to in the accompanying Notice and the Explanatory Statement shall be open for inspection at the Registered Office of the Company during normal business hours (9.00 am to 6.00 pm) on all working days except Saturdays, up to and including the date of the Annual General Meeting of the Company.

Annexure Forming Part Of The Notice

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

SPECIAL BUSINESS

Item No. 4 and 5 :

In terms of the provisions of Sections 180 (1) (A) & 180 (1) (c) of the Companies Act, 2013 with reference to the borrowings and / or creation of security on assets of the company, it is once again necessary to take the approval of the members as a Special Resolution. Therefore the resolutions are proposed to confirm the earlier limits of 150 Crores approved by members under Section 293 (1) (a) and 293 (1) (d) of Companies Act 1956 at Annual General Meeting held on 24th September, 2007.

The Board of Directors recommends the resolution for your approval.

Non of the Directors, Key Managerial Personnel of the Company and their relatives are concerned or interested in the resolution.

Item No. 6 and 7:

Mr. J. H. Ranade and Dr. K. Ramaswamy are current Non-Executive Independent Directors of the Company, whose office is liable to retirement by rotation, hold office since 11.09.2006 and 09.05.2012 respectively.

In the opinion of the Board, these Directors fulfill the conditions specified in the Companies Act, 2013 and rules made thereunder for their appointment as Independent Directors of the Company and are independent of the management.

The Board considers that their continued association will be of immense benefit to the Company and be desirable to continue to avail their guidance as Independent Directors. Accordingly, the Board recommends their resolutions in relation to their appointment as Independent Directors for a period of five (5) consecutive years, for the approval by the members of the Company.

Details of the Directors along with their brief resume have been given in the Corporate Governance Report for the information of Members. Copies of the draft letters of their appointment as Independent Directors will be available for inspection without any fee by the members at the Registered Office of the Company during normal business hours on any working day.

Copy of the Consent letters received from the directors will be available for inspection without any fee by the members at the Registered Office of the Company during normal business hours on any working day.

Company has received notices in writing from member(s) along with requisite deposit proposing candidature of each of the directors under reference.



Except the concerned Directors, none of the Directors, Key Managerial Personnel of the Company and their relatives are concerned or interested in the resolutions.

The Board recommends resolutions for your approval.

Item No. 8:

Mr. K. R. Dhole an industrialist holding Masters degree in Chemistry has more than 30 years of experience in chemicals and automobile field. His brief resume is given in Corporate Governance Report for the information of the Members.

In terms of Section 149 and other applicable provisions of the Companies Act 2013, Mr. K. R. Dhole being eligible and offering himself for appointment, is proposed to be appointed as an Independent Director for a term of five (5) consecutive years from conclusion of this Annual General Meeting.

In the opinion of the Board, Mr. K. R. Dhole fulfills the conditions specified in the Companies Act, 2013 and rules made thereunder for his appointment as an Independent Director of the Company and is independent of the management. Copy of the draft letter for appointment of Mr. K. R. Dhole as an Independent Director will be available for inspection without any fee by the members at the Registered Office of the Company during normal business hours on any working day.

Copy of the Consent letter received from Mr. K. R. Dhole will be available for inspection without any fee by the members at the Registered Office of the Company during normal business hours on any working day.

A notice along with requisite deposit has been received from a member proposing Mr. K. R. Dhole as a candidate for the office of Director of the Company.

The Board considers that his association would be of immense benefit to the Company and it is desirable to avail guidance of Mr. K. R. Dhole as an Independent Director. Accordingly, the Board recommends the resolution in relation to appointment of Mr. K. R. Dhole as an Independent Director, for the approval by the Members of the Company.

Except Mr. K. R. Dhole, being an appointee, none of the Directors, Key Managerial Personnel of the Company and their relatives are concerned or interested in the resolution.

The Board recommends the resolution for your approval.

Item No.9:

At an Annual General Meeting of the members of the Company held on 30th July, 2012, members approved appointment and remuneration payable to Mr. E. Purushotham, Managing Director, for a period of 3 years from 01st August, 2012 to 31st July, 2015. The remuneration was then fixed considering the estimated profitability of the Company. However due to non commencement of supplies to USA and European countries on account of audit issues raised by the regulatory authorities from European Directorate Quality Management (EDQM) and USFDA, the operations of the company have been adversely affected resulting into substantial drop in turnover by about 50% and consequent loss incurred by the

Company. Remuneration paid to Mr. E. Purushotham and Mr. E. Swapnil, other whole-time Director as per earlier approval has exceeded 10% of the net profits of the Company. In view of this the Company proposes to submit application seeking approval of the Central Government for waiver of excess remuneration of Rs. 36 Lacs paid to Mr. E. Purushotham while remuneration paid to Mr. E. Swapnil is covered within the ceilings laid down under schedule XIII of the Companies Act, 1956. Nomination and Remuneration Committee has recommended submission of application to the Central Government for waiver of excess remuneration.

Mr. E. Purushotham being the key person managing company's business has been actively involved since its inception. Credit for the progress made by the Company goes to untiring efforts and guidance provided by him. Management is making all round efforts to satisfy the requirements of regulatory authorities and ensure that the Company is able to resume its business to Europe and USA at the earliest and also making efforts to make in-roads in new markets such as South East and Middle East, so that turnover and profit margins improve significantly to reach earlier levels. Remuneration paid to him is commensurate with his qualifications, involvement and progress made by the Company despite adverse situations which are faced even by other Indian pharmaceutical and bulk drug manufacturing Companies of much bigger size than your Company. In view of present exceptional circumstances it is considered appropriate and justified to waive excess remuneration comprised of only basic salary paid to Mr. E. Purushotham.

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

Item No.10 :

The Board, on the recommendation of the Audit Committee, has approved the appointment of and remuneration payable to Shriniwas Diddi & Associates, Cost Accountants for conducting the audit of the cost records of the Company for the financial year ending March 31, 2015 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. 16 of the Notice for ratification of the remuneration payable to the Cost Auditor for the financial year ending March 31, 2015.

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

The Board recommends the Resolution for your approval.

**Item No. 11 :**

At an Annual General Meeting of the members of the Company held on 30th July, 2012, members approved appointment and remuneration payable to Mr. E. Purushotham, Managing Director. The present term of Mr. E. Purushotham as Managing Director will expire on 31st July, 2015. Taking into account his contribution and vital role towards progress of the Company, it is proposed to avail the services of Mr. E. Purushotham by cancelling the unexpired term of the present Agreement and enter into a new Agreement for a period of 3 (Three) years with effect from 01st April, 2014. Terms of remuneration and other conditions of his appointment are on similar lines as approved by the members on the past occasion in 2012.

Details of Remuneration payable to Mr. E. Purushotham**1. Salary**

From 1st April, 2014 till 31st March, 2017

Rs. 7,00,000/- (Rupees Seven Lacs) per month.

Annual increase in remuneration excluding commission not to exceed 50% over the previous year.

2. Allowances / Perquisites

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

3. Commission

Commission, in addition to salary, perquisites and allowances calculated with reference to the Net Profits of the Company for Particular Financial Year, subject to overall ceiling laid down under provisions of Section 197 of the Companies Act, 2013 of such amount, as the Remuneration Committee/ Board of Directors may in their absolute discretion.

4. Provident Fund and Gratuity Fund

Company's contribution to Provident Fund and Family Pension Scheme to the extent these either singly or

together are not taxable under The Income Tax Act, 1961 and Gratuity payable as per the rules of the Company and encashment of leave at the end of their tenures shall not be included in computation of limits for remuneration or perquisites aforesaid.

5. Minimum remuneration

If in any year during the currency of appointment of the Managing Director, the Company has no profits or its profits are inadequate, Company shall pay remuneration by way of Salary, perquisites and allowances as per applicable provisions of Part II Section II of Schedule V to the Companies Act, 2013.

6. Memorandum of Interest

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

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

8. General terms of appointment.

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

Appointment terminable with 3 months notice from either side.

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

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

A. General Information:

1. Nature of Industry:

The Company is manufacturer of bulk drugs, drug intermediates, fine chemicals & specialty chemicals.

2. Date of commencement of Commercial Production:

The Company commenced commercial Production from December 1990.

3. Financial performance based on Audited Financial Results for the year ended 31/03/2014

Particulars	Rs. (In Lacs)
Net Sales & Other Income	9233.55
Profit/(Loss) before interest and Depreciation	210.57
Interest	518.68
Depreciation	598.57
Profit/ (Loss) before Tax	(906.68)
Profit/ Loss after Tax	(615.19)



4. Export Performance and Foreign Exchange earned for the year ended 31/03/2014:

During the year 2013-14 the Company's Exports amounted to Rs. 2977 lacs compared to Rs. 4208 in previous year, registering the decrease of 29.25 %

5. Foreign Investment or Collaborations, if any:

NIL

(I) Information about the Managing Director:

a. Background Details :

Mr. E. Purushotham, MSC (Org.Chem.) has 33 years experience in chemical industry. He has been associated with the company as Managing Director since its inception in 1989.

b. Past Remuneration :

For Mr. E. Purushotham

Rs. 6,00,000/- (Rupees Six Lacs) per month, plus Provident Fund contribution @ 12% , Commission@1% of the net profits of the company, Gratuity as per rules of the Company, free furnished residential accommodation, reimbursement of medical and traveling expenses, personal accident insurance, free use of company's car with driver etc.

c. Job Profile & Suitability :

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

d. Remuneration Proposed :

Mr. E.Purushotham

Rs. 7,00,000/- per month plus Commission / Allowances / Perquisites, viz. free furnished residential accommodation, reimbursement of medical and leave travel expenses, personal accident insurance policies, company car with driver, contribution to Provident Fund and Gratuity etc.

Annual increase in remuneration excluding commission not to exceed 50% over the previous year.

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

The remuneration proposed for the Managing Director is same as currently paid to him and the same is in line with the one paid by the companies of similar size and nature of business.

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

(II) Other Information: (AS APPLICABLE)

- a) Reasons for loss or inadequate profits :

Due to non commencement of supplies to USA and European countries on account of audit issues raised by the regulatory authorities from European Directorate Quality Management (EDQM) and USFDA, the operations of the company have been adversely affected resulting into substantial drop in turnover by about 50% and consequent loss incurred by the Company. Similar regulatory issues are faced even by other large and reputed Indian pharmaceutical and bulk drug manufacturing Companies.

- b) Steps taken or proposed to be taken for improvement

The Company is taking necessary steps for addressing the issues raised by the European and US Regulatory Authorities by strengthening the quality assurance and quality control systems. Besides efforts have been taken to improve the level and quality of documentation to the expectations of the regulators at the plant level. The company shall invite the regulators for re-inspection of the facilities upon satisfactory culmination of the response process currently being undertaken with the regulators.

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

The Company undertakes efforts on continuing basis for improving production and profitability.

(III) Disclosures:

The information in respect of Remuneration including performance criteria, service contract, notice period details if any have been given in the Corporate Governance Report.

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

Directors recommend Resolution for your approval.

Item No. 12:

In conformity with the Section 203 of the Companies Act, 2013 which provides that every listed company shall comply with the provisions relating to appointment of Key Managerial Personnel (KMP). Besides Chemical Engineer, Mr. E. Swapnil is MBA from Spain with specialization in Finance. Considering his educational qualifications and active role he is playing in handling Finance function, it is considered appropriate to re-designate Mr. E. Swapnil as Executive Director and Chief Financial Officer (CFO) of the Company in place of his current designation as Executive Director and Chief Operating Officer. In spite of change in designation Mr. E. Swapnil shall continue to draw same salary as at present.



None of the Directors other than Mr. E.Purushotham , Mr. E. Swapnil and Mrs. E. Vaishnavi, Key Managerial Personnel of the Company and their relatives are concerned or interested in the resolutions.

Directors recommend Special Resolution for you approval.

Place : Solapur

Date : 09th August 2014

For & on behalf of the Board
sd/-

(Chetna B. Tiwari)
Company Secretary

Directors Report To The Shareholders

Dear Members,

Your Directors have pleasure in presenting their 25th Annual Report and Audited Statements of Account for the financial year ended 31st March, 2014.

(Rs. in Lacs)

Financial Results	Current Year 2013-2014	Previous Year 2012-2013
Gross Sales	<u>10076.02</u>	<u>18558.34</u>
Net Sales & Other Income	9233.55	18046.60
Operating Profit before Interest & Depreciation	210.57	1939.07
Less : Interest	<u>518.68</u>	<u>401.73</u>
Gross Profit / (Loss)	(308.11)	1537.34
Less : Depreciation	<u>598.57</u>	<u>529.07</u>
Profit / (Loss) Before Tax	(906.68)	1008.27
Less : Provision for Taxation	0.00	222.00
Less : Deferred Tax Assets / (Liability)	314.29	151.00
Profit / (Loss) After Tax	(592.39)	635.27
Less : Dividend & Dividend Tax	0.00	89.28
Less : Income Tax (12-13)	(22.80)	0.00
Add : (Short)/Excess I.T. Provision	0.59	(6.96)
Less : Transfer to General Reserve	0.00	63.53
Add : Balance in Profit & Loss A/c. Brought forward	3191.18	2715.67
Balance carried to Balance Sheet	2576.58	3191.18

a) Sales:- The Gross Sales for the year amounted to Rs. 10076.02 lacs as against Rs. 18558.34 lacs for the previous year, showing decrease of 46%. The production quantity for the year was 1552 MTs as against 1863 MTs in the previous year showing decrease of about 17%

b) Exports:- Exports for the year stood at Rs.2977 lacs as compared to Rs. 4208 lacs for the year ended on 31st March 2013. The Company has registered decrease of 29.25% compared to the previous year.



c) Profitability :- Due to substantial drop in sales, Company posted net loss of Rs. 615.19 lacs as against net profit of Rs. 635.27 lacs in the previous year. The regulatory issues raised during the audit of our facilities by European Directorate Quality Management (EDQM) and USFDA are being sorted out and management is confident of resuming supplies to European and US markets by end of 3rd quarter of the year. Similar regulatory issues are faced even by other large and reputed Indian pharmaceutical and bulk drug manufacturing Companies. Barring unforeseen circumstances the Company is hopeful of at least breaking even during the current financial year.

DIVIDEND

In view of losses Directors regret their inability to recommend to declaration of any Dividend.

HUMAN RESOURCE DEVELOPMENT (HRD) & INDUSTRIAL RELATIONS :

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

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

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

QUALITY, SAFETY & ENVIRONMENT :

The Company is actively engaged continuously in upgrading the quality systems by providing a team of Quality Assurance (QA) headed by Executive Director and C.O.O. (QA) and Sr. Manager (QC). QA monitors day-to-day operations as per SOP and continuously improves the facilities to maintain high product and operational quality at our manufacturing sites.

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

RESEARCH AND DEVELOPMENT (R & D)

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

DIRECTORS : Mr. E. Swapnil retires by rotation at the Annual General Meeting and being eligible offers himself for re-appointment. Members are requested to reappoint him as the Director of the Company. Dr. Nagendra Yerram, Independent Director resigned from the Board with effect from 27.03.2014 for professional reasons. Directors wish to place on record their appreciation for the guidance provided by Dr. Nagendra Yerram during his tenure. As per provisions of the new Companies Act 2013, Mr. J.H.Ranade and Dr.K. Ramaswamy being present Independent Directors are proposed to be appointed for a period of 5 years. Similarly Mr. K. R. Dhole is proposed

to be appointed as new Independent Director. Being in Company's interest, Directors recommend appointment of Independent Directors for your approval.

Your approval is also required for waiver of excess remuneration paid to Mr. E. Purushotham during the financial year his appointment for a new term & re-designation of Mr. E. Swapnil as a Executive Director and Cheif Finance Officer of the Company.

With induction of new Director, the Company shall constitute Committees and enlarge their terms of reference as required under the provisions of Companies Act 2013 and Clause 49 of the Listing Agreement.

DIRECTORS' RESPONSIBILITY STATEMENT:

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

- i. that in the preparation of accounts for the financial year ended on 31st March 2014, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- ii. that the Directors have selected such accounting policies and applied consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of financial year and of the Profit of the Company for the year under review;
- iii. that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for the preventing and detecting fraud and other irregularities;
- iv. that the directors have prepared the annual accounts for the year under review on a going concern basis.

CORPORATE GOVERNANCE

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

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

PARTICULARS OF EMPLOYEES

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

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

Information in accordance with Section 217(1) of the Companies Act, 1956 read with the Companies (Disclosure



of Particulars in the Report of the Board of Directors) Rules, 1988 is given in the Annexure and forms part of this Report.

SECRETARIAL COMPLIANCE CERTIFICATE : As required under provisions of Section 383 A of the Companies Act 1956 certificate from Mr. H.R. Thakur , Practicing Company Secretary ,Mumbai is given in the Annexure and forms part of this Report.

DEPOSITS : The Company has not accepted/renewed any Fixed deposits from public during the financial year 2013-2014.

COST AUDIT : The company's cost records are audited by M/s Shrinivas Diddi, Cost Accountants , Solapur. You are requested to approve his appointment for 2014-2015.

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

MANAGEMENT DISCUSSION AND ANALYSIS

Business of the Company and Future Outlook : Efforts to recoup the business in domestic market are paying off as reflected in the higher revenues from the domestic market in FY 2013 – 14. The company is expanding its marketing team in order to tap unexplored markets in rest of the world (ROW) and further improve its business. Going forward, the company expects to increase its market share in the domestic market and start supplying to select markets in rest of the world. In the meantime, the management is taking efforts to resolving regulatory issues. The company is also working to launch new products, which will help the Company to improve its profitability.

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

In addition to our above efforts to improve profitability there is a possible threat to the Company due to the financial market effects such as increase in finance cost (interest rate) due to concerted action of the Reserve Bank to contain inflation. Finance cost being a significant cost component of the company's operations, any further increases in interest rates or prolonged sustenance of existing rates may put pressure on margins. Government organizations such as National Pharmaceutical Pricing Authority (NPPA) have hinted at changes in the Drug Price Control Order (DPCO), which may adversely affect the margins on our products that get affected by such changes. The global geopolitical situation has introduced volatility in crude oil prices, which may negatively affect the prices of various solvents used in manufacturing within the company, putting further downward pressure on margins.

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

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

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

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

CAUTIONARY STATEMENT : Certain statements, estimates and expectations stated in this Management Discussion and Analysis are based on the current perceptions, data and information available with the Company and may be 'forward - looking statements' within the meaning of applicable securities, laws and regulations.

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

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

Place : Solapur

Date : 09th August 2014

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



Form A

Disclosure of particulars with respect to conservation of energy Power & Fuel Consumption.

Particulars	2013-2014	2012-2013
A) Electricity		
a) Units	5266002.00	6875114.00
b) Total Amt. Rs.	39833966.00	53851381.00
c) Rate/Unit Rs.	7.56	7.83
B) Coal		
a) Qty. in Kgs.	4843755.00	5615000.00
b) Total Amt. Rs.	37967389.00	43682452.00
c) Average Rate Rs.	7.84	7.78
C) Diesel		
a) Qty. in Ltrs.	47159.00	48268.00
b) Total Amt. Rs.	2756960.00	2254894.00
c) Average Rate Rs.	58.46	46.72
D) Wood		
a) Qty. in Kgs.	399842.00	54070.00
b) Total Amt. Rs.	1505549.00	165319.00
c) Average Rate Rs.	3.77	3.06
E) Baggas		
a) Qty. in Kgs.	643500.00	3787795.00
b) Total Amt. Rs.	1657013.00	6167059.00
c) Average Rate Rs.	2.58	1.63

B. Consumption per unit of Production :

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

Form B - Disclosure of Particulars with Respect to Technology Absorption

1. Research and Development (R & D)

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

- Existing Products : Improvement in the quality and modifications to meet the customer's

changing requirements.

2. New grade of products : Development and market introduction.
3. Specialty products : Development and introduction of newer grades especially for exports.
4. Cost reduction by process improvement and energy saving work.
5. Pollution Reduction - Specific projects to reduce liquid, solid and gaseous waste.

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

1. Improvement in productivity and product quality.
2. Export promotion and Import substitution.
3. Improvement in Safety, environment protection and energy saving.
4. Cost reduction.
5. Introduction of new products.

3. Future plan of action :

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

4. Expenditure on R & D for 2013-14 and 2012-13 (Rs. In lacs)

Particulars	2013-14	2012-13
a) Capital	00.00	00.67
b) Recurring	63.96	83.55
Total	63.96	84.22
Total R & D expenditure as	0.70%	0.47%

a percentage of total turnover :

2. Technology Absorption, Adaptation and Innovation :- NIL

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

a) Foreign Exchange Earning :

	2013-14	2012-13
Direct Export	2976.59	4207.70

b) Foreign Exchange outgo

Raw Material Import	2144.32	2859.62
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Traveling, Sales Comm. 99.84 122.71
Exhibition Stall ,etc.

Information Under section 217 of the Companies Act. 1956

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

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

Name & Designation	Gross Remuneation Rs.	Net (Rs)	Qualification	No. of years Working	Past Experience Years
Mr. E. Purushotham Managing Director (56 Years) (Employed since inception)	8064000	4315400	M.Sc. (Org. Chem.)	26	7
Previous Employment :					
1) Standard Organics Limited as a Sr. Chemist R & D : 3 Years					
2) Someswara Organics (P) Ltd as a Director, Technical : 4 Years					

COMPLIANCE CERTIFICATE

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

H.R. Thakur

M.com, LL.M., M.B.A. (Pittsburg), F.C.S. Grad. C.W.A.

305/306, Happiness, City of Joy, J.S. Dossa Marg, Mulund (West) -400 080 Tel. 022-25642206

CIN of the Company : **U24119PN1989PLC052562**

Nominal Capital : **Rs. 10.00 Crores**

The Members,

Smruthi Organics Limited

165-A Balaji Bhavan,

1st Floor, Railway Lines,

Solapur - 413001.

I have examined the registers, records, books and papers of Smruthi Organics Limited (the Company) as required to be maintained under the Companies Act, 1956 (the Act) and the rules made there- under and also the provisions contained in the Memorandum and Articles of Association of the Company for the Financial Year ended 31st March, 2014 (Financial Year). Since the Secretarial Compliance Report pertains to Financial Year ended on 31st March 2014, references have been made to the provisions and to the Sections under the Companies Act 1956 even though it is not in force as on the date of the report. In my opinion and to the best of my information and according to the examinations carried out by me and explanations furnished to me by the Company, its officers and agents, I certify that in respect of the aforesaid Financial Year :

1. The Company has kept and maintained all Registers as stated in Annexure 'A' to this certificate, as per the provisions of the Act and the Rules made there-under and all entries therein have been duly recorded.
2. Except as stated in Annexure 'B' the Company has filed forms and returns with the Registrar of Companies, Maharashtra, Pune within the time prescribed under the Act and the Rules made there -under.
3. The Company being a Public Limited Company, comments are not required.
4. The Board of Directors duly met 5 (five) times respectively on 25/05/2013,27/07/2013,19/08/2013, 31/10/2013 and 04/02/2014 in respect of which proper notices were given and the proceedings were properly recorded and signed in the Minutes Book maintained for the purpose.
5. The Company closed its Register of Members from 19/07/2013 to 27/07/2013 (both days inclusive) with necessary compliance of Section 154 of the Act.
6. The Annual General Meeting for the Financial Year ended on 31st March, 2013 was held on 27th July, 2013 after giving due notice to the members of the Company and the resolutions passed thereat were duly recorded in the Minutes Book maintained for the purpose.



7. No Extra Ordinary General Meeting was held during the Financial Year.
8. The Company has not advanced any loan to its Directors and/or to persons or firms or Companies referred in the Section 295 of the Act.
9. The Company has duly complied with the provisions of Section 297 of the Act entered the contracts specified in that Section.
10. The Company has made necessary entries in the Register maintained under Section 301 of the Act.
11. The Company has obtained necessary approvals from the Board of Directors and Members pursuant to Section 314 of the Act wherever applicable.
12. The Company has not issued any duplicate share certificate during the Financial Year.
13. The Company has :
 - i) delivered all the certificates on lodgment of securities for transfer/ transmission in accordance with the provisions of the Act.
 - ii) deposited the amount of dividend declared in separate bank account on 30th July, 2013 which is within five days from the date of declaration of dividend.
 - iii) posted dividend warrants to its members within a period of 30 (thirty) days from the date of declaration.
 - iv) transferred Rs.1,32,223/- for the Year 2005-06 in Unpaid Dividend Account, which has remained unclaimed or unpaid for a period of seven years to Investor Education and Protection Fund.
 - v) duly complied with the requirements of Section 217 of the Act.
14. The Board of Directors of the Company is duly constituted and there was no appointment of Director during the Financial Year.
15. There was no appointment of the Managing Director & Whole-Time Director during the Financial Year.
16. The Company has not appointed any Sole-Selling Agent during the Financial Year.
17. The Company is required to obtain approval of the Central Government for the remuneration paid to the Managing Director.
18. The Directors have disclosed their interest in other Firms/Companies to the Board of Directors pursuant to the provisions of the Act and the Rules made there-under.
19. The Company has not issued any Shares, Debentures or other Securities during the Financial Year.
20. The Company has not bought-back any shares during the Financial Year.
21. There was no redemption of Preference Shares or Debentures during the Financial Year.
22. There were no transactions necessitating the Company to keep in abeyance rights to dividend, right shares

and bonus shares pending registration of transfer of shares.

23. The Company has not invited / accepted any deposits including any unsecured loans falling within purview of Section 58A during the Financial Year
24. The amounts borrowed by the Company from Directors, Members, Public, Financial Institutions, Banks and others during the Financial Year ended 31st March, 2014 are within borrowing limits of the Company as per Section 293(1)(d) of the Act.
25. The Company has not made investments in other body corporate during the financial year.
26. The Company has not altered the provisions of the Memorandum with respect to situation of the Company's registered office from one state to another during the Financial Year.
27. The Company has not altered the provisions of the Memorandum with respect to the objects of the Company during the Financial Year.
28. The Company has not altered the provisions of the Memorandum with respect to name of the Company during the Financial Year.
29. The Company has not altered the provisions of the Memorandum with respect to the Share Capital of the Company during the Financial Year.
30. The Company has not altered it's Articles of Association during the Financial Year.
31. There were no prosecutions initiated against or show cause notices received by the Company and no fines or penalties or any other penalties or any other punishment was imposed on the Company during the Financial Year, for offences under the Act.
32. The Company has not received any money as security from it's employees during the Financial Year.
33. The Company has been regular in depositing both employees' and employer's contribution to Provident Fund with prescribed authorities pursuant to Section 418 of the Act.

Place : Mumbai
Date : 15th July, 2014

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



SECRETARIAL COMPLIANCE CERTIFICATE

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

ANNEXURE A

Registers as maintained by the Company:

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

ANNEXURE B

Forms and Returns as filed by the Company with the Registrar of Companies, Maharashtra, Pune during the Financial Year ending on 31st March, 2014

Sr. No.	Form No./ Return	Filed Under Section	For	Date of filing	Whether filed within prescribed time (Yes/No)	If delay in filing whether requisite additional Fee paid (Yes/No)
1.	Form 23C	233B (2)	Appointment of Cost Auditors	05/06/2013	Yes	No

2.	Form 17	138	Satisfaction of SBI Factors and Commercial Services charge	18/07/2013	Yes	No
3.	Form 66	383(A)	Compliance Certificate for F. Y.2012 -2013	31/07/2013	Yes	No
4.	Form 23	303(2)	Change in designation of Mr. E. Swapnil and 314 appointment	31/07/2013	Yes	No
5.	Form 23AC & ACA XBRL	220	Balance Sheet & Profit & Loss Account as on 31/03/2013	06/08/2013	Yes	No
6	Form23B	224 (1A)	Appointment of auditors for Financial year 2013-14	08/08/2013	Yes	No
7	Form 20B	159	Annual Return as on 27/07/2013	19/08/2013	Yes	No
8..	Form I XBRL	233B (4)	Cost Compliance Report 31 - 03-2013	19/09/2013	Yes	No
9.	Form 23D	233B	Information by cost auditor to Central Government	26/09/2013	Yes	No
10.	Form 1 IMV	Rule 3 of IE & PF Rules, 2001	Transfer of unclaimed Dividend 2005-2006	21/10/2013	Yes	No
11.	Form 32	383	Appointment of Company Secretary	19/11/2013	Yes	No
12.	Form 8	125	Modification of Charge of Axis Bank	26/12/2013	Yes	No

Place : Mumbai
Date : 15th July, 2014

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



CORPORATE GOVERNANCE REPORT

I) Company's Philosophy on Code of Governance:

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

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

II) Board of Directors:

1) Composition:

The Board of Directors comprises of 5 Directors as detailed below. (Position as on 31st March, 2014)

Category of Directors	Name of Directors
Promoters Executive	Mr. E. Purushotham, Mr. E. Swapnil
Promoters Non Executive	Mrs. E. Vaishnavi
Non-Promoters Non Executive	Mr. J. H. Ranade (I), Dr. K. Rama Swamy (I)

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

2) Meetings and Attendance :

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

- 1) 25th May 2013
- 2) 27th July 2013
- 3) 19th August 2013
- 4) 31st October 2013
- 5) 4th February 2014 .

Details regarding attendance of the Directors at the Board Meeting held during the Financial Year 2013-2014 and at the last Annual General Meeting held on 27th July 2013 are given below:

Sr. No.	Name	Designation	Status.	No. of Board Meeting Attendance	Attended at last AGM
1	Mr. E.Purushotham	Managing Director	Executive	5	YES
2	Mr. E. Swapnil	Executive Director & Chief Operating Officer	Executive	4	YES
3	Mrs. E.Vaishnavi	Director	Non-Executive	4	NO
4	*Dr. Nagender Yerram	Director	Non-Executive	2	NO
5	Mr. J.H.Ranade	Director	Non-Executive	4	YES
6	Dr. K.Rama Swamy	Director	Non-Executive	4	YES

*Ceased to be director with effect from 27th March 2014.

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

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

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

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

1. Salary

From 1st April, 2014 till 31st March, 2017

Rs. 7,00,000/- (Rupees Seven Lacs) per month.

Annual increase in remuneration excluding commission not to exceed 50% over the previous year.

2. Allowances / Perquisites

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



3. Commission

Commission, in addition to salary, perquisites and allowances calculated with reference to the Net Profits of the Company for Particular Financial Year, subject to overall ceiling laid down under provisions of Section 197 of the Companies Act, 2013 of such amount, as the Remuneration Committee/ Board of Directors may in their absolute discretion.

4. Provident Fund and Gratuity Fund

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

5. Minimum remuneration

If in any year during the currency of appointment of the Managing Director, the Company has no profits or its profits are inadequate, Company shall pay remuneration by way of Salary, perquisites and allowances as per applicable provisions of Part II Section II of Schedule V to the Companies Act, 2013.

6. General terms of appointment.

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

Appointment terminable with 3 months notice from either side.

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

b) Details of Independent Directors seeking appointment / re-appointment at the Annual General Meeting.

Name of the Director	Mr. J. H. Ranade	Dr. K. Ramaswamy
Date of Birth	24/02/1955	01/01/1955
Date of Appointment	11/09/2006	09/05/2012
Expertise in Specific Functional Area	Finance & Legal	Medical Practitioner
Qualification	B.Com., LL.B. FCS & MBA	M.D.
Directorship / Committee Memberships in other Companies	**	---
No. of shares held in the company	----	8600

** Name of the Company	Nature of Interest
Nilmac Packaging Industries Limited	Director
Enem Nostrum Remedies Private Limited	Director
Symmetrix Biotech Private Limited	Director
Nostrum Technologies Private Limited	Director
Nexgen Healthcare Private Limited	Director
Chemolutions Chemicals Limited	Director
Aliva Natural Sciences Private Limited	Director
Bombay Bio-Research Centre Private Limited	Director
Camart Industries Limited	Director
Vibha Agencies Private Limited	Director
Newnet Investments Limited (Hongkong)	Director

4)

Name of the Director	Mr. K. R. Dhole
Date of Birth	01/06/1949
Date of Appointment	From AGM
Expertise in Specific Functional Area	Technical and overall management
Qualification	M.SC., Chemistry
* Directorship / Committee Memberships in other Companies	<p>Directorship:-</p> <ol style="list-style-type: none"> 1. Kross International Private Limited 2. Aadhar Lifesciences Private Limited 3. Balaji Amines Limited <p>Membership:-</p> <ol style="list-style-type: none"> 1. Member of Chamber of Commerce & Industry, Solapur, Pune and Mumbai 2. All India Automative Manufacturers Association 3. Punjabi Seva Samiti
No. of shares held in the company	----
Awards Won	<ol style="list-style-type: none"> 1. G. S. Parkhe Merit Award for Import Substitution, Pune 2. State Govt. District first award as Best SSI Unit 3. Dadasaheb Rawal Award in Individual Entrepreneurship, Mumbai 4. Udyog Jyoti & Kohinoor Ratna Award for import substitution and contribution to economy, Delhi i) Rashtreey Samman Patra for contribution to national economy, Ministry of Finance, Delhi

**Remuneration to Executive Directors :***(Amount in Rs.)*

Particulars	Mr.E. Purushotham Managing Director	Mr.E. Swapnil Executive Director & Chief Operating Officer
Salary & Other Allowances	72,00,000	36,00,000
Contribution to Provident & Other Funds	8,64,000	4,32,000
Commission	---	---

5 Remuneration to Non-Executive Directors: Nil (Except sitting fees)*Sitting Fees (Rs.)*

Name	Board	Audit / Remuneration Committee	Total
Mrs. E. Vaishnavi	40,000	---	40,000
Dr. K. Ramaswamy	40,000	20,000	60,000
Mr. J.H. Ranade	40,000	20,000	60,000
Dr. Nagender Yerram	10,000	5,000	15,000

Information placed before the Board of Directors

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

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

III. Audit Committee :

The Audit Committee constituted on 30th December 2005 enjoys all powers as mentioned in para II © of clause 49 of Listing Agreement. The scope of the Audit Committee includes all matters stated in para 2(d) of clause 49 of Listing Agreement. Composition of Audit Committee conforms to the requirements under listing agreement. Mr.J.H.Ranade is chairman and Dr.K.Ramaswamy is other member of the Committee. Vacancy has caused due to resignation of Dr. Nagendra Yerram, which will be filled up after AGM.

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

IV. Remuneration/Selection Committee:

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

while approving :-

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

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

Mr.J.H.Ranade is chairman, and Dr.K.Ramaswamy is other member of the committee. Vacancy has caused due to resignation of Dr. Nagendra Yerram, has been filled up on 10th May 2014 by appointing Mrs. E. Vaishnavi, Non-Executive Director.

V. Shareholders / Investors Grievance Committee:

The Committee comprises of Mr.E. Purushotham, Chairman & Managing Director and Mrs.E.Vaishnavi, Director, the committee reviews all matters connected with Shareholders complaints, if any, like transfer of shares, non-receipt of Balance Sheet, non-receipt of dividend etc. During the year, there were no outstanding complaints from Shareholders. During the year 5 meetings were held and 17500 shares held in physical form were duly transferred.

VI. General Body Meeting:

Details of last three Annual General Meeting are given below:

Financial Year	Date	Venue	No.of Directors present
2010-2011	27th July 2011	Hotel City Park, Solapur	5
2011-2012	30th July 2012	Hotel Tripursundari, Solapur	5
2012-2013	27th July 2013	Hotel City Park, Solapur	4

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

VII. Disclosures:

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



VIII. Risk Management :

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

IX. CEO Certification :

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

X. Means of Communication:

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

XI. Shareholders Information:

Shareholders information is separately provided in the Annual Report.

SHAREHOLDERS INFORMATION

1. Annual General Meeting :

Date : 27th September, 2014.

Time : 12.30 p.m.

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

2. Financial Calendar (Tentative) : April 2014 to March 2015

Particulars of Meetings	Date
Un-audited Quarterly Result for the quarter ended 30th June 2014	2nd week of Aug 2014
Un-audited Quarterly Result for the quarter ended 30th September 2014	2nd week of Nov. 2014
Un-audited Quarterly Result for the quarter ended 31st December 2014	2nd week of Feb.2015
Audited /Un-Audited Financial Result for the quarter - ended 31st March 2015	Last week of May 2015

3. Date of Book Closure :

20.09.2014 To 27.09.2014 (Both days inclusive)

4. Dividend payment date : N.A.

5. Listing on Stock Exchanges :

The Pune Stock Exchange Limited
The Hyderabad Stock Exchange,
The Ahmedabad Stock Exchange
The Stock Exchange , Mumbai

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

6. Stock Prices :

Market price data - High / Low during each month of the financial year 2013-14.

Month & Year	Open Rs.	High Rs.	Low Rs.	Close Rs.
April - 2013	118.00	123.95	99.15	100.50
May - 2013	99.10	116.95	72.00	72.00
June - 2013	75.00	75.00	62.50	72.00
July - 2013	69.00	70.00	61.00	67.00
August - 2013	63.70	76.00	61.00	73.00
September - 2013	69.50	76.95	63.00	65.60



October - 2013	62.35	70.00	59.30	68.00
November - 2013	65.00	65.00	48.50	62.00
December - 2013	62.00	74.55	58.95	72.45
January - 2014	75.00	79.90	61.25	63.55
February - 2014	61.00	66.50	46.00	51.00
March - 2014	53.00	63.50	51.00	58.50

7. Registrar and Transfer Agents :

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

8. Share Transfer System :

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

9. Share Distribution Schedule :

Share holding of Nominal Value of Shareholders share amount (As on 31.03.2014)

Shares	Number	% to total	Total Shares	Rs.	% to total
Upto 100	593	39.30	28884	288840	0.76
101-500	552	36.58	194544	1945440	5.10
501-1000	163	10.80	143936	1439360	3.77
1001-2000	71	4.71	114157	1141570	2.99
2001-3000	56	3.71	136573	1365730	3.58
3001-4000	13	0.86	45749	457490	1.20
4001-5000	13	0.86	61356	613560	1.61
5001-10000	24	1.59	190366	1903660	4.99
10001-20000	08	0.53	98129	981290	2.57
20001-50000	11	0.73	364645	3646450	9.56
50001-Above	05	0.33	2437091	24370910	63.87
TOTAL	1509	100.00	3815430	38154300	100.00

10. Shareholding pattern:

Category	No. of Sahres	% to share capital
NRI	52176	1.37
Corporate Body	160592	4.21
Directors & Relatives	2443191	64.03
Indian Public	1159471	30.39
TOTAL	3815430	100.00

11. Dematerialization of shares and liquidity :

3367995 shares have been dematerialized as on 31st March 2014 constituting 88.27 % of total Paid up Share Capital.

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

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

13. Plant locations

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

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

14. Address for correspondence

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

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

Email ID :- changale@smruthiorganics.com

Web Site : www.smruthiorganics.com

Ms. Chetna Tiwari, Company Secretary and Compliance Officer

Place : Solapur

Date : 09th August 2014

For & on behalf of the Board

sd/-

(Chetna Tiwari)

Company Secretary



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, 2014 as stipulated in Clause 49 of the listing agreement of the Company with stock exchange.

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

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

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

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

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

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

Place : Solapur
Date : 09th August, 2014

INDEPENDENT AUDITORS' REPORT

To the Members of
Smruthi Organics Limited, Solapur

Report on the Financial Statements

We have audited the accompanying financial statements of "Smruthi Organics Limited", which comprise the Balance Sheet as at March 31, 2014, and the Statement of Profit and Loss and Cash Flow Statement for the year ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for 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 Accounting Standards referred to in sub-section (3C) of section 211 of The Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control 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 conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. 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 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 control relevant to The Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, 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.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid



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:

- a) In the case of the Balance Sheet, of the state of affairs of The Company as at March 31, 2014;
- b) In the case of the Statement of Profit and Loss, of the loss for the year ended on that date; and
- c) In the case of the Cash Flow Statement, of the 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, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
 - a) We have 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 appears from our examination of those books.
 - c) The Balance sheet, Statement Profit & Loss, and Cash Flow Statement dealt with by this Report are in agreement with books of account.
 - d) In our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with Accounting Standards referred to in sub section (3C) of section 211 of The Companies Act, 1956;
 - e) On the basis of written representations received from the directors as on March 31, 2014, and taken on record by Board of Directors, none of the directors is disqualified as on March 31, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of The Companies Act, 1956.

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

Place : Solapur
Date : 09th August, 2014

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

Annexure to the Auditor's Report

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

- i)
 - a) The company has maintained proper records showing full particular including quantitative details and situation of fixed assets.
 - b) All fixed assets have not been physically verified by the management during the year but there is a regular program of verification which, in our opinion, is reasonable having regard to the size of the company and the nature of its assets. No material discrepancies were noticed on such verification.
 - c) There was no disposal of a substantial part of fixed assets during the year.
- (ii)
 - a) The management has conducted physical verification of inventory at reasonable intervals during the year.
 - b) The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
 - c) The Company is maintaining proper records of inventory. Discrepancies noted on verification between the physical stocks and the book records were not material and have been properly dealt with in the books of accounts.
- (iii)
 - a) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, the provision of clause 4 (iii) (a) to (d) of the Order are not applicable to the company and hence not commented upon.
 - b) The Company had obtained a loan from Directors covered in the register maintained under section 301 of the Companies Act, 1956.
 - c) In our opinion, the rate of interest and other terms and conditions on which loans have been taken from/granted to Companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956 are not, prima facie, prejudicial to the interest of company.
 - d) The company is regular in repaying the principal amount as stipulated and has been regular in the payment of interest. The parties have repaid the principal amounts as stipulated and have been regular in the payment of interest
 - e) There is no overdue amount of loans taken from or granted to companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956.
- (iv) In our opinion and according to the information and explanation given to us, there is an adequate internal control system commensurate with the size of the company and the nature of its business with regard to the purchases of inventory, fixed assets and with regard to the sale of goods. During the course of our audit, we have not observed any major weakness or continuing failure to the correct any major weaknesses in the



internal control system of the Company in respect of these areas.

- (v) a) According to the information and explanations provided by the management, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Companies Act, 1956 that need to be entered into the register maintained under section 301 have been so entered.
- b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements and exceeding the value of rupees Five Lacs have been entered in to during the financial year at prices which are reasonable and comparable figures are not available having regard to the prevailing market prices at the relevant time.
- (vi) The company has not accepted any deposits from public during the year.
- (vii) In our opinion, the company has an internal audit system commensurate with the size and nature of its business.
- (viii) We have broadly reviewed the books of account maintained by the company pursuant to the Rules made by the Central Government for the maintenance of cost records under section 209(1) (d) of the Companies Act, 1956, and are of the opinion that prima facie the prescribed accounts and records have been made and maintained.
- (ix) a) The company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income tax, sales tax, service tax, custom duty, excise duty, cess and other material statutory dues applicable to it.
- b) According to the information and explanation given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income tax, sales tax, service tax, custom duty, central excise duty, cess and other material statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

Name of the Status	Nature of the dues	Amount (Rs. in Lacs)	Period to which the amount relates various years covering the period	Forum where Pending
Sales Tax Department	Sales tax refund is reduced on account of tax on deemed export and job work charges	2.48	2009-10	JCST (Appeal) Kolhapur
Sales Tax Department	Sales tax refund is reduced on account of tax on deemed export and job work charges	19.35	2011-12	JCST (Appeal) Kolhapur
Central Excise Department	Cenvat Credit is obtained instead of PLA (EOU)	28.72	2007-2011 4 Years	Additional Commissioner of Central Excise, Pune
Central Excise Department	Cenvat Set off of EOU Unit is transferred to DTA	28.72	2007-2011 4 Years	Additional Commissioner of Central Excise, Pune
Central Excise Department	Cenvat credit is not considered on purchase	1.09	2009-10	Tribunal, Pune

- (x) The company has not accumulated losses at the end of the financial year and it has incurred cash loss in the current year and not for immediately preceding financial year.
- (xi) Based on our audit procedures and as per the information and explanation given by the management, we are of the opinion that the company has not defaulted in repayment of dues to a financial institution / bank. During the year restructuring of working capital limit of Rs. 600.00 lacs is treated as working capital term loan for 5 years considering holiday period for 2 years.
- (xii) According to the information and explanations given to us and based on the documents and records produced, the company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the company is not a chit fund or a nidhi/ mutual benefit fund/society. Therefore, the provision of clause 4 (xiii) of the companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the company.
- (xiv) In our opinion, the company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly the provisions of clause 4 (xiv) of the companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the company.
- (xv) According to the information and explanations given to us, the company has not given any guarantees for loans taken by others from banks or financial institutions.
- (xvi) Based on the information and explanations given to us by the management, term loan were applied and sanctioned for the purpose for which the loans were obtained. Not Applicable.
- (xvii) According to the information and explanation given to us and on an overall examination of the balance sheet of the company, we report that no funds raised on short-term basis have been used for long term investment
- (xviii) The company has not made any preferential allotment of shares to parties or companies covered in the register maintained under section 301 of the Companies Act, 1956.
- (xix) The company has not issued any debentures during the year.
- (xx) The company has not raised any money by public issue during year.
- (xxi) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the company has been noticed or reported during the year.

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

sd/-

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

Place : Solapur
Date : 9th Aug 2014

Smruthi Organics Limited

Part I - Form of Balance Sheet

Balance Sheet as at : 31.03.2014

(Figures in rupees)

	Particulars	Note No.	Figures as at the end of Current reporting period 31.03.2014	Figures as at the end of previous reporting period 31.03.2013
1	Equity And Liabilities			
	1) Shareholders' funds			
	a) Share capital	1	3,81,54,300	3,81,54,300
	b) Reserves and surplus	2	31,19,99,799	37,34,59,925
	2) Non-current liabilities			
	a) Long-term borrowings	3	13,29,94,296	14,88,24,095
	b) Deferred tax liabilities (Net)	4	1,21,67,550	4,35,96,541
	c) Other Long term liabilities	5	1,81,85,671	1,71,65,214
	d) Trade Payables (Fixed Assets)	6	34,61,361	67,52,075
	3) Current liabilities			
	a) Short-term borrowings	7	29,53,27,404	28,38,53,816
	b) Trade payables	8	39,26,99,707	29,70,54,195
	c) Other current liabilities	9	5,15,53,197	4,88,97,151
	d) Short Term Provisions	10	-	3,11,27,725
	TOTAL		1,25,65,43,286	1,28,88,85,037
2	Assets			
	Non-current assets			
	1) a) Fixed assets	11		
	i) Tangible assets			
	a) Gross Block		85,67,34,720	82,79,08,283
	b) Less : Accumulated Depreciation		(44,19,19,801)	(38,20,62,511)
	c) Net Block		41,48,14,919	44,58,45,772
	ii) Capital work-in-progress		1,07,92,674	1,07,92,674
	b) Non-current investments	12	4,93,100	4,97,100
	c) Deferred revenue expenditure	13	-	-
	d) Long-term loans and advances	14	80,09,477	72,00,128
	2) Current assets			
	a) Current investments	-	-	-
	b) Inventories	15	24,19,40,703	40,72,85,937
	c) Trade receivables	16	49,31,65,705	31,54,30,266
	d) Cash and cash equivalents	17	2,48,37,185	96,28,303
	e) Short-term loans and advances	18	6,24,89,523	9,22,04,857
	f) Other current assets	-	-	-
	TOTAL		1,25,65,43,286	1,28,88,85,037

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/
(E. Purushotham)
MANAGING DIRECTOR

Sd/
(E. Vaishnavi)
DIRECTOR

PLACE : Solapur
DATE : 9th Aug. 2014

Sd/
(Ashok D.Madgundi)
PROPRIETOR
M.No. 36983

Sd/
(Chetna B. Tiwari)
Company Secretary

Smruthi Organics Limited

Part II - Form of STATEMENT OF PROFIT AND LOSS

Profit & Loss Statement for the year ended : 31.03.2014

(Figures in rupees)

	Particulars	Note No.	Figures for the Current reporting period 31.03.2014	Figures for the Previous reporting period 31.03.2013
1	Continuing Operations			
	a) Revenu from operations (gross)	19	1,01,45,60,881	1,86,63,20,622
	b) Less : Excise duty		7,75,18,182	5,48,68,520
	c) : Sales Tax		1,87,52,078	1,08,55,781
	d) Revenue from operations (net)		91,82,90,621	1,80,05,96,321
	e) Other income	20	50,64,700	40,63,950
	Total Revenue (1)		92,33,55,321	1,80,46,60,271
2	Expenses			
	a) Cost of materials consumed	21	55,82,85,991	1,37,88,80,576
	b) Changes in inventories of finished goods, work-in-progress and Stock-in-Trade	22	10,51,81,083	(5,85,44,366)
	c) Employee benefit expenses	23	8,49,78,642	10,15,26,763
	d) Finance costs	24	5,18,67,726	4,01,72,597
	e) Depreciation and amortization expense	11	5,98,57,290	5,29,07,078
	f) Other Expenses	25	15,38,52,238	18,88,90,785
	Total Expenses (2)		1,01,40,22,970	1,70,38,33,433
3	Profit before exceptional and extraordinary items and tax (1-2)		(9,06,67,649)	10,08,26,838
4	Exceptional items		0	0
5	Profit before extraordinary items & tax (3-4)		(9,06,67,649)	10,08,26,838
6	Extraordinary Items			0
7	Profit before tax (5-6)		0	10,08,26,838
8	Tax expense		(9,06,67,649)	
	(a) Current tax		0	2,22,00,000
	(b) Deferred tax		(3,14,28,991)	1,51,00,000
	(c) Income Tax of early year		22,80,413	0
9	Profit / (Loss) for the period from continuing operations (7 - 8)		(6,15,19,071)	6,35,26,838
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)		(6,15,19,071)	6,35,26,838
14	Earning per equity share :			
	(a) Basic		(16.12)	16.65
	(b) Diluted		(16.12)	16.65

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

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

PLACE : Solapur
DATE : 9th Aug. 2014

Sd/
(Ashok D.Madgundi)
PROPRIETOR
M.No. 36983

Sd/
(Chetna B. Tiwari)
Company Secretary



Notes : 1 SHARE CAPITAL

		As At 31-03-2014 Rs.		As At 31-03-2013 Rs.	
1	AUTHORISED SHARE CAPITAL				
	5000000 Equity Shares of Rs. 10/- each	5,00,00,000		5,00,00,000	
	5000000 Non-Convertible Cumulative Redeemable Preference Shares of Rs.10/-each	5,00,00,000	10,00,00,000	5,00,00,000	10,00,00,000
2	ISSUED, SUBSCRIBED & PAID UP SHARE				
	3815430 Equity Shares of Rs. 10/- each fully paid	3,81,54,300		3,81,54,300	
			3,81,54,300		3,81,54,300
Details of Shareholders holding more than 5% shares in the Company					
		No.of Shares	%holding in the class	No.of Shares	%holding in the class
1	Mr. Eaga Purushotham	15,28,510	40.06	15,28,510	40.06
2	Mrs. Eaga Vaishnavi	5,76,450	15.11	5,76,450	15.11

Notes : 2 RESERVES AND SURPLUS

		As At 31-03-2014 Rs.		As At 31-03-2013 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		4,38,80,743	
	(b) Add : Amount Transferred	-		63,52,684	
	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	31,91,17,898		27,15,66,908	
	Add :				
	(b) Profit for the year	(6,15,19,071)		6,35,26,838	
	(c) Excess provision of commission & Dividend Tax for the year last year	58,945		88,423	
	Less :				
	(d) Trasfer to General Reserve	-		63,52,684	
	(e) Proposed Equity Dividend	-		76,30,860	
	(f) Tax on Proposed Equity Dividend	-		12,96,865	
	(g) Income Tax F.Y. 2011-12 (Short Provision)	-		7,83,862	
	Net Surplus in the statement of Profit and Loss		25,76,57,773		31,91,17,898
	Total Reserve & Surplus		31,19,99,799		37,34,59,925

Notes : 3 LONG - TERM BORROWINGS

		As At 31-03-2014 (Rs.)		As At 31-03-2013 (Rs.)	
1	Axis Bank Term Loan *	8,27,55,486		8,84,76,815	
2	Deferral Sales Tax Loan PSI 1993 Scheme *	1,43,47,623		2,37,76,775	
3	Deferral Sales Tax Loan PSI 1993 Expansion **	3,55,14,851		3,55,14,851	
4	Axis Bank Ltd.- Car Loan	3,76,336		10,55,654	
			13,29,94,296		14,88,24,095

*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 assets for Term Loan of Rs. 15.75 crores from Axis Bank Pune, with State Bank of India, Industrial Finance Branch Mumbai, Paripasu Charge. The Term Loan of Axis Bank Rs 15.75 crore is repayable in 60 months equal installment along with interest from 01.01.2013.

*During the year Restructuring of Working Capital Limit is sanctioned of Rs. 600.00 lacs as a Working Capital Term Loan by offering additional collateral security of Companies ownership Flats located at Solapur & Mumbai and ownership Flats of Managing Director Mr. Eaga Purushotham.

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

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

Notes : 4 DEFERRED TAX LIABILITY - Depreciation Timing Difference

		As At 31-03-2014 (Rs.)		As At 31-03-2013 (Rs.)	
1	Opening Balance	4,35,96,541		2,84,96,541	
2	Add : During the year	(3,14,28,991)		1,51,00,000	
			1,21,67,550		4,35,96,541

Notes : 5 OTHER LONG TERM LIABILITIES

		As At 31-03-2014 (Rs.)		As At 31-03-2013 (Rs.)	
1	Gratuity Payable	1,81,85,671		1,71,65,214	
			1,81,85,671		1,71,65,214

Notes : 6 TRADE PAYABLES (Fixed Assets)

		As At 31-03-2014 (Rs.)		As At 31-03-2013 (Rs.)	
1	Sundry Creditors	34,61,361		67,52,075	
2	Sundry Creditors (Small Scale Undertaking)	-		-	
			34,61,361		67,52,075



Notes : 7 SHORT TERM BORROWINGS

		As At 31-03-2014 (Rs.)		As At 31-03-2013 (Rs.)	
1	Working Capital Loan from S.B.I.,IFB Mumbai & Solapur (Secured) *	28,18,57,374		27,03,90,885	
2	SBI Global Factors Ltd., Mumbai	-		(7,099)	
3	Unsecured Loans - Directors	1,34,70,030		1,34,70,030	
			29,53,27,404		28,38,53,816

*1st registered mortgage / hypothecation charge with State Bank of India on lease hold land & building and Plant and Machinery owned by the company situated at Plot No.273 & 274 MIDC, Akkalkot Road, Solapur 413006 & Plot No.A-27, MIDC Chincholi, Solapur- 413 255 and Flat No 5, Rahul Neha Apt. Solapur , Flat No T/1 , Balaji Apart. Solapur, Holiday Resaurt at Plot No 31 , Nakoda Constr. at village. Pakani Solapur. IInd charge on entire current assets of company pari-passu basis to Axis Bank, Pune.

*During the year Restructuring of Working Capital Limit is sanctioned of Rs. 600.00 lacs as a Working Capital Term Loan by offering additional collateral security of Companies ownership Flats located at Solapur & Mumbai and ownership Flats of Managing Director Mr. Ega Purushotham.

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

Notes : 8 TRADE PAYABLES

		As At 31-03-2014 (Rs.)		As At 31-03-2013Rs.)	
1	Sundry Creditors	39,13,11,652		29,31,17,634	
2	Sundry Creditors (Small Scale Undertaking)	13,88,055		39,36,561	
			39,26,99,707		29,70,54,195

Notes : 9 OTHER CURRENT LIABILITIES

		As At 31-03-2014(Rs.)		As At 31-03-2013 (Rs.)	
1	Other Statutory Liabilities (VAT, TDS, PF, etc)	44,33,464		7,61,213	
			44,33,464		7,61,213
2	Other Current Liabilities				
1)	Salary & Wages Payable	44,08,343		68,05,001	
2)	Audit & Consultancy Fees Payable	4,68,211		4,49,589	
3)	Unpaid Dividend - Axis Bank	9,24,267		9,81,348	
4)	Defferal Sales Tax Repayment within one year	94,70,752		84,00,000	
5)	Term Loan Installment Repayment within one year	3,18,48,160		3,15,00,000	
			4,71,19,733		4,81,35,938
			5,15,53,197		4,88,97,151

Notes : 10 SHORT TERM PROVISION

		As At 31-03-2014 (Rs.)		As At 31-03-2013 (Rs.)	
1	Provision for Income Tax	-		2,22,00,000	
2	Dividend	-		76,30,860	
3	Dividend Distributed Tax	-		12,96,865	
			---		3,11,27,725

Note '11'
A) Fixed Assets
Note Of Fixed Assets Forming Part of Balance Sheet As At 31st March 2014

PARTICULARS	GROSS BLOCK (AT COST)				DEPRECIATION PROVIDED				NET BLOCK	
	Cost As On 01.04.2013	Addition During The Year 2013-14	Disposal /Adjustment	As On 31.03.2014 (2+3-4)	Upto 31.03.2013	For The Year 2013-14	Disposal /Adjustment	Upto 31.03.2014 (6+7-8)	As On 31.03.2013	As On 31.03.2014 (5 - 9)
1	2	3	4	5	6	7	8	9	10	11
Factory Land	3076385	0	0	3076385	305573	17640	0	323213	2770812	2753172
Agricultural Land	587094	0	0	587094	0	0	0	0	587094	587094
Building	141654120	6633023	0	148287143	60420204	8346161	0	68766365	81233916	79520778
Ownership Flats	9319484	0	0	9319484	4598296	236059	0	4834355	4721188	4485129
Plant & Machinery	542211485	20573174	0	562784659	248208127	41661477	0	289869605	294003358	272915054
Electrical Installation/Equip.	26346815	819513	0	27166328	12509135	1974011	0	14483146	13837679	12683181
Vehicles	17366152	0	0	17366152	11669535	1474854	0	13144389	5696617	4221763
Office Equipments	1673076	67843	0	1740919	1067104	90162	0	1157266	605972	583653
Computer	5261676	46618	0	5308294	3046675	310122	0	3356798	2215001	1951496
Furniture & Fixture	11905883	124790	0	12030673	7531289	801828	0	8333117	4374594	3697556
Laboratory Equipments	20150993	318579	0	20469572	10414606	1382202	0	11796808	9736387	8672764
Other Factory Equipments	14545100	238918	0	14784018	3968347	1486898	0	5455245	10576753	9328773
TOTAL = A	794098262	28822458	0	822920720	363738892	57781415	0	421520307	430359370	401400413
B) i) Research & Devp.Equip.	30133413	3978	0	30137391	16655051	1875071	0	18530122	13478362	11607269
ii) Research & Devp.G.Block	3676604	0	0	3676604	1668568	200804	0	1869372	2008036	1807232
TOTAL = B	33810017	3978	0	33813995	18323619	2075874	0	20399493	15486398	13414502
C) Capital Work in Progress										
Building Constructions - Boiler	3320512	0	0	3320512	0	0	0	0	3320512	3320512
Plant & Machinery - Boiler	4028346	0	0	4028346	0	0	0	0	4028346	4028346
Plant & Machinery - Chilling Plant	3443816	0	0	3443816	0	0	0	0	3443816	3443816
Total = C	10792674	0	0	10792674	0	0	0	0	10792674	10792674
Total (A + B + C)	838700953	28826436	0	867527389	382062511	59857290	0	441919801	456638442	425607588
Previous Year	696616123	142084831	0	838700953	329155433	52907078	0	382062511	367460689	456638442



Notes : 12 NON CURRENT INVESTMENTS

		As At 31-03-2014 (Rs.)		As At 31-03-2013 (Rs.)	
1	49,310 equity shares of Rs.10/- each fully paid up in Greenfield CET Plant Pvt. Ltd. Solapur	4,93,100		4,93,100	
2	80 equity shares of Rs. 50/- each fully paid up in Solapur Nagari Aydyhyogik Bank, Solapur.	-		4,000	
			4,93,100		4,97,100

Notes : 13 DEFERRED REVENUE EXPENDITURE

		As At 31-03-2014 (Rs.)		As At 31-03-2013 (Rs.)	
	Miscellaneous Expenditure (to the extent not written off/adjusted) Deferred Revenue Expenditure	-		-	
			-		-

Notes : 14 LONG-TERM LOANS & ADVANCES

		As At 31-03-2014 (Rs.)		As At 31-03-2013 (Rs.)	
1	DEPOSITS (Unsecured Considered Good) (MSEB, Water, Telephone, House, etc)	62,13,017		50,82,957	
2	Advance against Capital Goods	17,96,460		21,17,171	
			80,09,477		72,00,128

Notes : 15 INVENTORIES

		As At 31-03-2014 (Rs.)		As At 31-03-2013 (Rs.)	
1	Inventories (at cost except otherwise stated and as certified by Board of Director)				
1	Raw Materials (at cost)	4,98,52,211		10,85,04,138	
2	Packing Materials (at cost)	14,15,478		29,27,703	
3	Work in Process (at cost)	9,05,63,776		9,28,04,590	
4	Finished Goods (at lower of cost and net realisable value)	7,62,94,416		20,30,49,506	
5	Finished Goods In Transit (at lower of cost and net realisable value)	2,38,14,822		-	
			24,19,40,703		40,72,85,937

Notes : 16 TRADE RECEIVABLES

		As At 31-03-2014 (Rs.)		As At 31-03-2013 (Rs.)	
1	SUNDRY DEBTORS (Unsecured Considered Good)				
1	More than six months	23,01,34,986		5,73,476	
2	Other debts	26,30,30,719		31,48,56,790	
			49,31,65,705		31,54,30,266

Notes : 17 CASH & BANK BALANCES

		As At 31-03-2014 (Rs.)		As At 31-03-2013 (Rs.)	
	Cash and cash equivalents				
1	Cash on hand	4,92,174		4,40,178	
	Balances with banks				
1	Bank Balance (EEFC, SBI Khadki, ICICI etc)	18,03,054		21,85,220	
2	Fixed Deposits with SBI (For L/C and Bank Guarantee margin)	2,25,41,957		70,02,905	
			2,48,37,185		96,28,303

Notes : 18 SHORT TERM LOANS & ADVANCES

		As At 31-03-2014 (Rs.)		As At 31-03-2013 (Rs.)	
1	(Unsecured Considered Good) Advances recoverable in cash or in kind or for value to be received				
1	Staff & Other Advances	4,13,144		11,24,863	
2	Pre-Paid Insurance	11,75,092		14,46,003	
3	Pre-Paid Custom Duty	16,93,913		-	
4	Excise Duty (Modvat)	82,44,422		80,87,161	
5	Excise Duty (EOU)	1,89,153		4,42,132	
6	CST Refund Claim (EOU)	32,43,514		85,76,228	
7	Interest Accrued but not due	9,27,953		8,19,302	
8	Excise on export Refund	120,92,189		1,31,32,899	
9	Prepaid Interest	10,33,802		-	
10	DEPB Incentive to be Claim for CENVAT	-		15,75,575	
11	Service Tax	32,92,750		4,96,177	
12	Sales Tax	4,02,106		10,32,106	
13	VAT Refund	2,00,49,065		2,70,00,865	
14	Income Tax Refund	15,88,650		-	
15	Advance Income Tax & TDS	2,00,074		2,60,69,063	
16	Duty Draw Back Incentive Receivable	63,68,624		24,02,483	
17	Pre-Paid Exp. (Fees & Forms, Bank Charges etc.)	15,75,072		-	
			6,24,89,523		9,22,04,857

Notes : 19 REVENUE FROM OPERATIONS

		As At 31-03-2014 (Rs.)		As At 31-03-2013 (Rs.)	
1	Income from Operations				
1	Gross Sales - Bulk Drugs & Drug Intermediates	1,00,76,01,915		1,85,58,33,743	
2	Less : Excise Duty	7,75,18,182		5,48,68,520	
3	: Sales Tax	1,87,52,078		1,08,55,781	
			91,13,31,655		1,79,01,09,442
2	Other Operating Income - Export Incentives				
1	DEPB	-		51,44,899	
2	Duty Draw Back	69,58,966		51,49,044	
3	Duty Draw Back - Purchase	-	69,58,966	1,92,936	1,04,86,879
			91,82,90,621		1,80,05,96,321



Notes : 20 OTHER INCOME

		As At 31-03-2014 (Rs.)		As At 31-03-2013 (Rs.)	
1	Interest on TDR (Bank Deposits)	9,33,448		15,96,078	
2	Rate difference in Foreign Currency	41,31,252		24,67,872	
			50,64,700		40,63,950

Notes : 21 COST OF MATERIAL CONSUMED

		As At 31-03-2014 (Rs.)		As At 31-03-2013 (Rs.)	
1	Cost of Material Consumed				
	Dicyandiamide	7,86,08,705		12,07,20,874	
	Dimethyl Amine	5,85,21,624		7,91,04,355	
	Piperzine	4,17,82,781		3,1362,921	
	C.F.A.	3,16,65,559		2,14,20,684	
	Hydroquinone	3,00,58,508		1,58,85,700	
	Acetophenone	2,99,04,070		2,34,66,637	
	Methanol	2,92,19,849		3,59,83,358	
	EMME	2,55,72,585		1,8084,197	
	5' O Trityl Thymidine	-		61,99,20,000	
	Others	23,29,52,310		41,29,31,850	
	(Note : Net-off of Raw Materials for the year of Rs.4,34,11,999 and for previous year Rs. 45,58,375)				
			55,82,85,991		1,37,88,80,576

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

		As At 31-03-2014 (Rs.)		As At 31-03-2013 (Rs.)	
1	Inventory Change				
a)	Add : Opening Stock				
1	Work in Process (Bulk Drugs & Drug Intermediates)	9,28,04,590		14,64,92,978	
2	Finished Goods (Bulk Drugs & Drug Intermediates)	20,30,49,506	29,58,54,096	9,08,16,752	23,73,09,730
B)	Less : Closing Stock				
1	Work in Process (Bulk Drugs & Drug Intermediates)	(9,05,63,776)		(9,28,04,590)	
2	Finished Goods (Bulk Drugs & Drug Intermediates)	(10,01,09,238)	(19,06,73,013)	(20,30,49,506)	(29,58,54,096)
			10,51,81,083		(5,85,44,366)

Notes : 23 EMPLOYEES' BENEFIT EXPENSES

		As At 31-03-2014 (Rs.)		As At 31-03-2013 (Rs.)	
1	Salary Wages and Bonus	8,01,82,147		9,31,78,732	
2	Contribution to P.F. and other funds	40,02,656		42,82,378	
3	Staff Labour Welfare	7,93,839		40,65,653	
			8,49,78,642		10,15,26,763

Notes : 24 FINANCE COST

		As At 31-03-2014 (Rs.)		As At 31-03-2013 (Rs.)	
1	Interest on Term Loan	83,13,650		37,83,596	
2	Interest on Cash Credit	3,44,19,573		2,65,84,145	
3	Interest to others	42,10,006		28,15,017	
4	Bank Commission & Charges	49,24,497		69,89,839	
			5,18,67,726		4,01,72,597

Notes : 25 OTHER EXPENSES

		As At 31-03-2014 (Rs.)		As At 31-03-2013 (Rs.)	
1	Power and Fuel	8,51,84,585		10,64,55,010	
2	Repaires & Maintainance	1,17,53,608		1,52,05,294	
3	Laboratory Expenses	36,46,881		78,43,496	
4	Sales Commission & Promotion	1,10,06,651		1,22,53,141	
5	Travelling & Conveynance	50,40,213		82,65,894	
6	Research & Development Exp	3,06,859		6,84,005	
7	Other Expenses	3,69,13,441		3,81,83,945	
			15,38,52,238		18,88,90,785



Note No: 26

Notes To The Financial Statement as on 31.03.2014

1. Corporate Information :

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

2. Basis of Preparation :

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

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

Notes on Accounts

1. Significant accounting policies :

(A) Accounting Convention : The financial statements are prepared on Historical Cost basis on the assumption of going concern concept.

(B) Fixed Assets and Depreciation.

- a) Fixed Assets stated at cost of acquisition / constructions less depreciation.
- b) Depreciation on Assets is provided on Written Down Value Method at the rates and in the manner, specified in Schedule XIV of the Companies Act 1956.
- c) Continuous Process Plants as defined in Schedule XIV to the Companies Act, 1956 have been considered on Technical Assessment and Depreciation provided accordingly.

(C) Inventories :

- a) Finished goods are valued at cost or net realizable value whichever is the lower.
- b) Stock in process is valued at cost.
- c) Stock of raw materials, stores and spares and packing materials are valued at lower of cost or net realizable value.
- d) Finished Goods in transit is valued at cost or net realizable value whichever is lower.
- e) Imported Raw material is lying with Nava Sheva Port, Balaji Warehouse, Mumbai is valued at cost.

(D) Sale of Goods :

Revenue from Sale of Goods is recognized when all the significant risk and rewards of ownership of the

goods have been part to the buyer. The company collects the Sales Tax and Value Added Taxes (VAT) on behalf of the Government and therefore these are not economic benefits flowing to the company. Hence there are excluded from the revenue. Excise duty deducted from revenue (Gross) is the amount i.e. included in the revenue (gross) and not the entire amount of liability arising during the year.

(E) Staff Retirement Benefits :

- a) Contribution to Provident Fund are funded as a Percentage of Salary / Wages.
- b) Provision for leave encashment salary is not made on the basis of actuarial valuation at the year ended of Rs. 926053.00, subject to this amount, the loss changes.
- c) Provision for Gratuity is to be made of as per Payment of Gratuity Act, as per Accounting Standard 15. The gratuity provision amount is not provided separately as per Accounting Standard , subject to this amount, loss changes.

(F) Provision for Income Tax is not provided as the net loss as per books of accounts.

(G) Borrowing Costs : Cost in respective the loss in foreign exchange difference on Foreign Currency Term Loan of Axis Bank Ltd, is credited to the Term Loan account and debited to the respective fixed assets at proportionately.

(H) Foreign Currency Transactions : Transactions in foreign exchange are translated in Indian Rupees at the Exchange Rates prevailing at the year end as notified by Foreign Exchange Dealers Association of India (FEDAI). Items of profit and loss account are accounted for at the exchange rates prevailing on the date of transaction. Gains and losses arising on account of periodic revisions of such standard exchange rates and also on realization are accounted to profit and loss account.

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

(I) Research and Development Expenditure :

Revenue expenditure is charged to Profit and Loss Account and Capital Expenditure added to Cost of Fixed Assets.

Expenditure details on R&D for 2013-14 and 2012-13 (Rs.In Lacs)

Particulars	2013-14	2012-13
a) Capital	00.00	00.67
b) Recurring	63.96	83.55
Total Rs.	63.96	84.22
Total R&D expenditure as a percentage of total turnover :	0.70%	0.47%



(J) Provisions, Contingent Liabilities and Contingent Assets :

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

(K) Recognition of Income and Expenditure :

- a) The revenue is recognized when no significant uncertainty as regards reliability exist. In case of claims, revenue is recognized on admittance of the claim.
- b) Sales Tax Benefits: Shortfall / Increase in the sales tax refund receivable by the company is accounted in the year in which the final assessment by sales tax authorities is completed. The Sales Tax amount of Rs. 83.58 Lacs is due under PSI1993 Scheme is paid during the year.

(L) Investment: Investments are stated at cost.

(M) Deferred Revenue Expenditure: Nil

(N) Impairment of Assets: AS-28

An asset is treated as impaired when the carrying cost of assets exceeds its recoverable value. An impairment loss is charged to Profit and Loss Account in the year in which an asset is identified as impaired. The impaired loss recognized in prior accounting periods is reversed if there has been a change in the estimate of recoverable amount.

2. NOTES TO ACCOUNTS :

- (A) The company has drawn Foreign L/cs of Rs. 1954.00 lacs towards import of raw materials to various parties and outstanding of L/cs at closing day of the year are Rs. 756.00 lacs. (Previous Year Rs. 271.00 Lacs)
- (B) The bank guarantee of Rs. 23.87 lacs is issued to MPCB, Government Authorities during the year.(Previous Year Rs. 11.00 Lacs) . MPCB has levied penalty Rs. 5.00 lacs for non compliances of norms within stipulated period.
- (C) The accounts of certain sundry debtors, sundry creditors, advances are subject to confirmation / reconciliation and adjustments if any. The management does not expect any material difference affecting the current year's Financial statements.

Key Management personnel

	(Rs.)	
(D) Remuneration to Directors: -	Current Year	Previous Year
a. E. Purushotham , Chairman & Managing Director		
i) Salary	72,00,000	64,00,000
ii) Commission	---	88,00,000
iii) Provident Fund	8,64,000	7,68,000

Note : As per schedule XIII approval of The Central Government is to be obtained for the payment of

remuneration of Managing Director.

b. **E. Swapnil**, Executive Director & Chief Operating Officer

i) Salary	36,00,000	28,60,000
ii) Provident Fund	4,32,000	3,43,200

(E) Auditors Remuneration

a) As statutory auditors	1,20,000	1,20,000
b) Tax audit and other services	2,89,500	2,19,329

(F) Value of imports calculated on CIF basis

Raw material	21,44,32,114	28,59,62,293
---------------------	---------------------	---------------------

(G) Expenditure in foreign currency

Traveling Exp	3,66,200	7,57,761
Sales Commission	48,01,394	55,80,523
Fees & Forms	48,16,757	33,06,397
Sales Promotions	---	25,04,013
Packing Material	---	27,047
Freight Charges	---	95,291
	-----	-----
	99,84,351	1,22,71,032
	=====	=====

(H) Net dividend remitted in Foreign Exchange

No of non-residence shareholders	16	15
No of equity shares held on which dividend was due	19500	19500
Amount remitted (in Rs)	39000	58500

(I) Earning in Foreign Currency

Export at FOB value	29,76,59,240	42,07,70,476
---------------------	--------------	--------------

(J) Sundry debtors in schedule includes Rs. 2301.35 lacs due for a period of more than six months. Provision for debts considered as a doubtful aggregating to Rs. 2301.35 lacs has not been made as recovery efforts are under progress.



(K) Related Party Disclosures - AS-18

i) Name of Related Party : Smruthi Chemicals & Intermediates

Proprietor : Mrs. E.Vaishnavi

Relationship: Director in Company & Wife of Managing Director

Nature of the Transaction

- a) Job- work Charges (done by SC & I)
- b) Job-work Charges (done by SOL)
- c) Raw Mat. Pur. (High-seas/Local from SOL)
- d) Interest paid on Unsecured Loan

Transaction value (Rs.)

- a) Rs. 5762535.00
- b) Rs. 190800.00
- c) Rs. 172441.00
- d) Rs. 349201.00

Balance Outstanding Rs. NIL

Receivable/Payable(-)
As on Balance Sheet Date

ii) Name of Related Party : Mr. Eaga Swapnil

Relationship : Director of the Company & Son of Managing Director

Nature of the Transaction a) Car Rent Paid

Transaction value (Rs.) a) Rs. 492000.00

Balance Outstanding Rs. NIL

Receivable/Payable(-)
As on Balance Sheet Date

iii) Name of Related Party : Mr. Eaga Purushotham

Relationship : Managing Director of Company

Nature of the Transaction a) Unsecured Loan Interest paid'

Interest Paid (Rs.) Rs. 957391.00

Balance Outstanding Rs. NIL

Receivable/Payable(-)
As on Balance Sheet Date

No amounts in respect of related parties have been written off / written back during the Year. Related party relationship have been identified by the management and relied upon by the Auditors.

(L) Earnings Per Share (E.P.S.) AS-20	31.03.2014	31.03.2013
i) Basic E.P.S.	(16.12)	16.65
Diluted E.P.S.	(16.12)	16.65
ii) Calculation of Basic E.P.S.		
a) Net Profit/(Loss) after tax-Income (in crores)	(06.15)	06.35
b) No. of Equity Shares (in crores)	0.38	0.38
c) Basic Earnings Per Share (Weighted Avg.)	(16.12)	16.65
d) Nominal Value per share	10.00	10.00

(M) In the opinion of the Board, Current Assets, Loans and Advances including capital advances as on 31.03.2014 have a value on realization in the ordinary course of the business at least equal to the amount which they are stated.

(N) As regards the disclosure of particulars of amounts owned by the company to small scale industrial under-taking that are required to be disclosed in the Balance Sheet in pursuance of amendment to Schedule VI of the Companies Act 1956 vide Notification No. GSR-129 (E), dated 22.02.1999 issued by the Department of Company Affairs, the Company is in possession of information as to the business, industrial status of its creditors. The name of Small Scale Industrial undertakings to whom the Company owes a sum exceeding Rs. 1.00 Lac which is outstanding for not more than 30 days included in Sundry Creditors is Rs 1388055/-

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

I) Registration details

Registration No. : 52562 State Code : 11
Balance Sheet Date : 31.03.2014

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

Public Issue : NIL Rights Issue : NIL
Bonus Issue : NIL Private Placement : NIL

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

Total Liability : 1256543 Total Assets : 1256543
Paid up Capital : 38154 Reserves & Surplus : 312000
Non Current Liab. : 166809 Current Liability : 739580

Application of Funds.

Net Fixed Assets : 425608.00
Net Current Assets : 822433.00
Long Term Loans & Adv : 8009.00



Investment : 493.00

IV) Performance of Company (Amount in Thousands)

Turnover : 923356 **Total Expenditures :** 1014024
Profit/(Loss) before Tax : (90668) **Profit / (Loss) after Tax :** (61519)
Earning Per Share in Rs. (16.12) **Dividend Rate :-**

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

(As per monetary terms)

Item Code No. : 2942

Products Description :

1) Diloxanide Furoate	2) Norfloxacin	
3) Ciprofloxacin	4) Pefloxacin	5) Metformin Hcl
6) Amlodipine	7) Carbidopa	8) Enrofloxacin
9) Phthaloyl Amlodipine		

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

Signature to Notes "1" to "26"

For & on behalf of Board for Smruthi Organics Limited

Sd/-

(E. Purushotham)
MANAGING DIRECTOR

Sd/-

(E. Vaishnavi)
DIRECTOR

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

Sd/-

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

Sd/-

(Chetna B. Tiwari)
COMPANY SECRETARY

Place : Solapur

Date : 9th August, 2014

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 2014.

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

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

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

Place : Solapur
Date : 09th August, 2014

Cash Flow Statement for the year ended 31.03.2014

Sr.No.	Particulars	Rs. In Lacks		
		31-03-2014	31-03-2013	
A	CASH FLOW FROM OPERATING ACTIVITIES			
	Profit before tax	(-)	-906.68	1008.27
	Non cash adjustment to reconciled profit before tax to net cash flows			
	Depreciation	(+)	598.57	529.07
	Misc Expenditure written off		0	0
	Interest Expenditure	(+)	518.68	401.73
	Interest & Export Incentive	(-)	-120.24	-145.51
	Operating profit before working capital changes	(+)	90.34	1793.56
	Movements in working capital			
	Increase/(Decrease) in trade payables	(+)	956.46	-632.49
	Increase/(Decrease) in short term provisions	(-)	-311.28	-360.04
	Increase/(Decrease) in other current liabilities	(+)	26.56	242.72
	Increase/(Decrease) in other long term liabilities	(+)	10.20	45.59
	Decrease/(Increase) in trade receivables	(-)	-1777.35	526.55
	Decrease/(Increase) in inventories	(+)	1653.45	-899.65
	Decrease/(Increase) in long term loans & advances	(-)	-8.09	30.04
	Decrease/(Increase) in short term loans & advances	(+)	338.09	14.93
	Decrease/(Increase) in other current assets		0.00	0.00
	Decrease/(Increase) in other non-current assets	(+)	0.04	5.00
	Cash generated from / (used in) operations	(+)	978.42	766.21
	Direct taxes paid (net of refunds)	(-)	-22.21	-228.95
	Net cash flow from / (used in) operating activities (A)	(+)	956.20	537.25
B	CASH FLOW FROM INVESTING ACTIVITIES			
	Purchases of Fixed Assets, including intangible assets, CWIP & capital advances	(-)	-288.26	-1420.85
	Proceeds of non current investments			
	Increase/(Decrease) in trade payables fixed Assets	(-)	-32.91	-4.26
	Purchase of current investments		0.00	0.00
	Investment in bank deposits (having original maturity of more than 3 months)		0.00	0.00
	Interest & Export Incentive	(+)	79.30	145.51
	Net Cash from / (used in) Investing Activities (B)	(-)	-241.87	-1279.60
C	CASH FLOWS FROM FINANCING ACTIVITIES			
	Proceeds from issuance of share capital & preference share capital		0.00	0.00
	Proceeds from long term borrowings	(-)	-158.30	316.12
	Repayment of long term borrowing		0.00	0.00
	Proceeds from short term borrowings	(+)	114.74	802.66
	Interest Paid	(-)	-518.68	-401.73
	Dividend paid on equity shares	(-)	0.00	-76.31
	Tax on equity dividend paid	(-)	0.00	-12.97
	Net cash flow from / (used in) Financing Activities (C)	(-)	-562.24	627.77
	Net Increase/(Decrease) in cash & cash equivalents (A) + (B) + (C)	(+)	152.09	-114.58
	Cash & Cash equivalents at the beginning of the period	(+)	96.28	210.86
	Cash & Cash equivalents at the end of the period	(+)	248.37	96.28

For and on behalf of Board of Directors

Place : Solapur
Date : 09th August, 2014

Sd/-
(E.Vaishnavi)
Director

Sd/-
(E.Purushotham)
Managing Director

Sd/-
(Chetna B. Tiwari)
COMPANY SECRETARY

Proxy Form

[Pursuant to Section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]

SMRUTHI ORGANICS LIMITED

Cin : L24119pn1989plc052562

Regd. Office: 165 A, Balaji Bhavan, Railway Lines, Solapur- 413001

E-mail: accounts@smruthiorganics.com, Tel: 0217 - 2310267

25th Annual General Meeting - 27th September, 2014

Name of the member (s)	
Registered Address	
Email	

Folio No./Client ID																				
DP ID																				

I / We, being the member(s) of _____ 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 _____

as my/our proxy to attend and vote (on a poll) for me / us and on my /our behalf at the 25th Annual General Meeting of the Company, to be held on 27th September, 2014 at 12.30p.m. at Hotel City Park, (Shamiyana Hall), 119, Murarji Peth, Opp. Hutatma Chowk, Solapur 413 001, Maharashtra, India and at any adjournment thereof in respect of such resolutions as are indicated below :

Resolution Number	Resolutions	Vote		
		Please mention no. of shares		
		For	Against	Abstain
Special Business				
1	To receive, consider and adopt the audited Profit and Loss Account for the year ended 31st March, 2014 and Balance Sheet of the Company as at that date, and the Report of the Directors & Auditors' thereon.			
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 M/S Ashok Madgundi and Co., Chartered Accountants, (Firm Registration No. 100668W) as Auditors of the Company to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting and to authorise the Board of Directors to fix their remuneration.			
Special Business				
4	Approval under Section 180 (1) (c) of the Companies Act, 2013 for authorizing the Board of Directors to borrow monies in excess of networth of the Company upto the limit of Rs. 150 Crores			
5	Approval under Section 180 (1) (a) of the Companies Act, 2013 for authorizing the Board of Directors for mortgaging / charging assets of the Company in favour of the lenders upto the limit of Rs. 150 Crores			
6	Appointment of Mr. J. H. Ranade (00004814) as an Independent Director to hold the office for Five (5) consecutive years from this AGM.			
7	Appointment of Dr. K. Ramaswamy (DIN: 05273930) as an Independent Director to hold the office for Five (5) consecutive years from this AGM.			

7	Appointment of Mr. K. R. Dhole (DIN: 01076675) as an Independent Director to hold the office for Five (5) consecutive years from this AGM.			
8	Approval under Section 197, 203 and Schedule V of the Companies Act, 2013, of waiver of excess remuneration paid to Mr. E. Purushottam, Managing Director during a period from 1st April 2013 to 31st March 2014			
9	Ratification of remuneration of Rs. 25,000/- plus service tax as applicable and reimbursement of out of pocket expenses to be paid to M/S Shrinivas Diddi & Associates, as Cost Accountants for conducting the audit of cost records of the Company for the financial year ending 31st March, 2015			
10	Appointment of Mr. E. Purushottam, Managing Director of the Company on revised terms and conditions for the period of 3 (Three) years effective from 01st April, 2014 till 31st March, 2017			
11	Approval for re-designation of Mr. E. Swapnil as Executive Director and Chief Financial Officer of the Company			

Signed this _____ day of _____ 2014.

Signature of the member

Signature of the proxy holder(s)

Notes :

1. This form, in order to be effective should 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 or abstain column blank against any or all 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

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