



Smruthi Organics Limited

30TH

**ANNUAL
REPORT
2018-19**



www.smruthiorganics.com





Smruthi Organics Limited

BOARD OF DIRECTORS

Mr. E. Purushotham - Chairman & Managing Director
Mr. E. Swapnil - Whole time Director & Chief Financial Officer
Mrs. E. Vaishnavi - Non Executive Director
Mr. K.R. Dhole - Independent Director
Dr. K. Ramaswamy - Independent Director
Mr. J. H. Ranade - Independent Director

COMPANY SECRETARY

Mrs. Urvashi D. Khanna

AUDITORS

N. R. Waghchaure & Associates

Chartered Accountants,
16-22, Royal Plaza, Behind Bhagwat Petrol Pump,
MurarjiPeth, Solapur- 413001.

REGISTERED OFFICE

165-A, Balaji Bhavan, 1st Floor, Railway Lines, Solapur - 413 001
Tel No.: 0091-217-2310267, 2310367 Fax : 0091-217-2310268
website : www.smruthiorganics.com

FACTORIES

Unit - I

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

Unit - II

Plot No. A-27, MIDC Chincholi,
Taluka Mohol, Solapur 413 255

BANKERS

State Bank of India

Industrial Finance Branch
Parinee Crescenzo, 202, Wing 'B', 2nd Floor,
C-38/39, G Block, Behind MCA Ground,
BKC, Bandra (E), Mumbai - 400 051

REGISTRAR AND TRANSFER AGENTS

M/s. Adroit Corporate Services Pvt. Ltd., 19, Jaferbhoy Indl. Est.,
Makwana Road, Marol Naka, Andheri (E), Mumbai – 400059
Contact No: 91 (0)22 42270427

Email: sandeeps@adroitcorporate.com / sandeeph@adroitcorporate.com



NOTICE

NOTICE is hereby given that the **30th Annual General Meeting** of the Members of **Smruthi Organics Limited** will be held at Hotel City Park, (Shamiyana Hall) 119, Murarji Peth, Opp. Hutatma Chowk, Solapur 413001 on **Monday, 29th July, 2019 at 12:30 p.m.** to transact the following business:-

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Financial Statements of the Company for the financial year ended 31st March, 2019 including the Audited Balance Sheet, the Statement of Profit & Loss Account and the Reports of the Board of Directors and the Auditors thereon.
2. To declare a dividend of Rs 2/- per share (i.e 20%) on the nominal value of Rs 10/- each for the year ended 31st March, 2019.
3. To appoint a Director in place of Mrs. E. Vaishnavi (DIN: [00033669](#)) who retires by rotation and being eligible offers herself for re-appointment.

SPECIAL BUSINESS:

4. **To consider and if thought fit, to pass the following resolution as an Ordinary Resolution :**

“RESOLVED THAT pursuant to the provisions of Section 148 and other applicable provisions if any of the Companies Act 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), the Company do ratify and confirm remuneration of Rs. 30000/- plus GST (as applicable) plus reimbursement of out of pocket expenses payable to Shrinivas Diddi & Associates, Cost Accountants, Solapur as approved by the Board of Directors upon recommendation of the Audit committee for conducting the audit of the cost records of the Company for the financial year ending 31st March 2020.”

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

“RESOLVED THAT pursuant to the provisions of Section 196, 197, 198 and 203 read with Schedule V to the Companies Act, 2013 (the Act) and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Articles of Association and as recommended by the Nomination and Remuneration Committee and approved by the Board of Directors of the Company, approval of the Company be and is hereby accorded for increase in salary of Mr. E. Purushotham, Managing Director from present Rs. 7 Lacs p.m. to Rs. 12 Lacs p.m. plus payment of allowances, benefits, perquisites, incentives and commission (as applicable and set out in the explanatory statement) with effect from 01st October, 2018 during the remaining period of his appointment i.e upto 31st March, 2022.”

“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 subject to the ceilings laid down in Schedule V to the Companies Act, 2013.”



“RESOLVED LASTLY THAT any Director of the Company be and is hereby authorized to file required forms 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 resolution.”

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

“RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152 read with Schedule IV to the Companies Act, 2013 (“Act”), and any other applicable provisions of the Act and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) and Regulation 16(1)(b) and other applicable provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”), Mr. Jayant. H. Ranade (DIN: 00004814), Independent Non-Executive Director of the Company whose term expires at the ensuing Annual General Meeting, being eligible for re-appointment and who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act and Regulation 16 of Listing Regulations and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Act proposing his candidature for the office of Director of the Company be and is hereby re-appointed as an Independent Non-Executive Director of the Company (not liable to retire by rotation) to hold office for second term of five consecutive years from the date of this Annual General Meeting.”

“RESOLVED LASTLY THAT any Director of the Company be and is hereby authorized to file required forms 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 resolution.”

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

“RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152 read with Schedule IV to the Companies Act, 2013 (“Act”), and any other applicable provisions of the Act and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) and Regulation 16(1)(b) and other applicable provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”), Dr. K. Ramaswamy (DIN: 05273930), Independent Non-Executive Director of the Company whose term expires at the ensuing Annual General Meeting being eligible for re-appointment and who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act and Regulation 16 of Listing Regulations and in respect of whom the Company has received a notice in writing from a member under section 160 of the Act proposing his candidature for the office of Director of the Company be and is hereby re-appointed as an Independent Non-Executive Director of the Company (not liable to retire by rotation) to hold office for second term of five consecutive years with effect from the date of this Annual General Meeting”.

“RESOLVED LASTLY THAT any Director of the Company be and is hereby authorized to file required forms 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 resolution.”



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

“RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152 read with Schedule IV to the Companies Act, 2013 (“Act”), and any other applicable provisions of the Act and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) and Regulation 16(1)(b) and other applicable provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”), Mr. Kashinath. R. Dhole(DIN: 01076675) Independent Non-Executive Director of the Company whose term expires at the ensuing Annual General Meeting being eligible for reappointment and who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act and Regulation 16 of Listing Regulations and in respect of whom the Company has received a notice in writing from a member under section 160 of the Act proposing his candidature for the office of Director of the Company be and is hereby re-appointed as an Independent Non-Executive Director of the Company (not liable to retire by rotation) to hold office for a second term of five consecutive years with effect from the date of this Annual General Meeting”.

“RESOLVED LASTLY THAT any Director of the Company be and is hereby authorized to file required forms 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 resolution.”

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

“RESOLVED that pursuant to the provisions of Section 197, read with Schedule V and other applicable provisions of the Companies Act, 2013 (the “Act”) and the rules made thereunder (including any amendment(s), modification(s) or re-enactment(s) thereof for the time being in force) and subject to such other consents and approvals as may be necessary, the consent of the members be and is hereby accorded for waiver of recovery of excess remuneration paid to Mr. E. Purushotham (DIN: [00033583](#)), Chairman and Managing Director of the company over and above the limits as prescribed under the provisions of Section 198, 269, 309 read with Schedule XIII of the Companies Act, 1956 and corresponding provisions of Section 197 read together with Schedule V of the Companies Act, 2013 during the financial years 2010-11, 2011-12, 2012-13 & 2013-14 in view of the abatement of the applications of the Company filed with the Central Government under Section 197 of the Act.”

“RESOLVED LASTLY THAT any Director of the Company be and is hereby authorized to file required forms 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 resolution.”

By order of the Board
For Smruthi Organics Limited

(Urvashi D. Khanna)
Company Secretary

Place : Solapur
Date : 27th April 2019

ANNEXURE FORMING PART OF THE NOTICE

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

SPECIAL BUSINESS

Ordinary Resolution:

Item No. 4 :

The Board, on the recommendation of the Audit Committee, has approved the appointment of and remuneration payable to Shrinivas Diddi & Associates, Cost Accountants for conducting the audit of the cost records of the Company for the financial year ending 31st March, 2020 on a Audit Fees of Rs. 30,000/- plus GST as applicable and reimbursement of out of pocket expenses.

In accordance with the provisions of Section 148 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditors has to be ratified by the shareholders of the Company.

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

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

The Board recommends the Resolution for your approval.

Special Resolution:

Item No. 5 :

The Board of Directors at their meeting held on 01st October, 2018 have passed a resolution for revision of the remuneration payable to Mr E. Purushotham (DIN: [00033583](#)), Chairman and Managing Director effective 01st October, 2018, subject to the approval of the Shareholders of the Company, after taking into consideration recommendation of the Nomination and Remuneration Committee of the Company. Since company incurred losses on cumulative basis during last 5 years, no sizable revision was considered in the remuneration payable to Mr. E Purushotham . It is therefore now proposed to increase the existing remuneration payable to Mr E. Purushotham as follows during the remaining period of his appointment taking into account his contribution to the growth and prospects of the company and vital role played by him towards turning around the Company in FY 2018-2019 after temporary setback in FY 2013-2014.

Terms of remuneration and other conditions are provided below for the information of members.

Except the appointee , 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.

The Board recommend Resolution for your approval.



Details of Remuneration payable to Mr. E. Purushotham

1. Salary

From 1st October, 2018 till 30th March, 2022

Rs. 12,00,000/- (Rupees Twelve Lakhs) per month.

Annual increase in remuneration excluding commission not to exceed 25% of the relevant remuneration provided however that such remuneration shall not exceed 5% of net profit of the Company in a Financial Year and on other such terms and conditions as set out in the draft agreement placed before this meeting.

2. Allowances / Perquisites

- 2.1 Leave with full pay as per the Rules of the Company, encashment of unavailed leave being allowed at the end of the tenure.
- 2.2 Free furnished residential accommodation with gas, electricity, water and furnishings or unfurnished accommodation with gas, electricity and furnishings.
- 2.3 Re-imbursement of medical expenses incurred in India or abroad and including hospitalization, nursing home and surgical charges for himself and family.
- 2.4 Re-imbursement 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.
- 2.5 Re-imbursement of membership fees for clubs.
- 2.6 Personal accident insurance policy in accordance with scheme applicable to senior employees.
- 2.7 Free use of Company's car for Company's work as well for personal purposes along with driver.
- 2.8 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, as the Remuneration Committee/ Board of Directors may in their absolute discretion decide.

4. Provident Fund and Gratuity Fund

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

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.

The Board of Directors shall have the power to effect any variations, alterations or modifications in future in respect of the aforesaid terms of appointment and remuneration of Mr. E. Purushotham within the limits specified in Schedule V or any other provisions of the Companies Act, 2013 or any



statutory modifications, substitutions or re-enactment's thereof, as may be agreed to by the Board of Directors upon recommendation of the Nomination and Remuneration Committee and Mr. E. Purushotham.

6. Memorandum of Interest

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.

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

7. 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 Mr. E Purushotham are forming part of the explanatory statement as required under schedule V of the Companies Act, 2013.

8. Information about the Managing Director

8.1 Background Details

Mr. E. Purushotham, MSC (Org. Chem.) has 35 years experience in chemical industry. He has been associated with the company as Managing Director since its inception in 1989.

8.2 Past Remuneration

Rs. 7,00,000/- (Rupees Seven Lakhs) 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

8.3 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 register sustained growth and earn reputation as a quality supplier of the products in domestic as well as international markets in spite of intense competition and set backs in the business.

8.4 Remuneration Proposed

Mr. E. Purushotham: Rs. 12,00,000/- per month (Rs. Twelve Lakhs) plus Commission / Allowances / Perquisites, viz. free furnished residential accommodation, reimbursement of medical and leave travel expenses, personal accident insurance policies, company car with driver, contribution to Provident Fund and Gratuity etc.

Annual increase in remuneration excluding commission not to exceed 25% over the previous year as may be permissible under the provisions of the Act.



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

The remuneration proposed for the Mr. E Purushotham is in line with the one paid by the companies of similar size and nature of business.

8.6 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.

9. Other Information

9.1 Reasons of loss or inadequate profits: NA

9.2 Steps taken or proposed to be taken for improvement: Improvement in profitability during the year due to higher sales growth without proportional increase in overheads.

9.3 Expected increase in productivity and profits in measurable terms : Refer Management Discussion and Analysis Report.

10. General Information

10.1 Industry

Pharmaceuticals

The Company is a manufacturer of Active Pharmaceuticals Ingredients (API) or bulk drugs, drug intermediates, fine chemicals & specialty chemicals.

10.2 Date of commencement of Commercial Production

The Company commenced commercial Production from December 1990.

10.3 Financial performance based on Audited Financial Results for the year ended 31/03/2019

| Particulars | Rs (Lakhs) |
|--|------------|
| Net Sales & Other Income | 13829.12 |
| Profit / (Loss) before interest and Depreciation | 1747.19 |
| Interest | 358.04 |
| Depreciation | 413.50 |
| Profit / (Loss) before Tax | 975.65 |
| Profit / (Loss) after Tax | 686.18 |

10.4 Export Performance and Foreign Exchange earned for the year ended 31/03/2019

| | Rs (Lakhs) | |
|-------------------------|------------|-----------|
| | 2018-2019 | 2017-2018 |
| Foreign Exchange Outgo | 3609 | 2263 |
| Foreign Exchange Earned | 5047 | 4172 |

10.5 Foreign Investment or Collaborations, if any: Not Applicable

11. 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.

Special Resolution

Item No. 6, 7 and 8

Mr. Jayant. H. Ranade , Dr. K. Ramaswamy and Mr. Kashinath R. Dhole are current Non-Executive Independent Directors of the Company whose first term of office is valid till the ensuing Annual General Meeting. As per provisions of Section 149(10) of the Act, an Independent Director shall hold office for a term of upto five consecutive years on the Board of a Company, but shall be eligible for re-appointment on passing a special resolution by the Company for another term of upto five consecutive years on the Board of a Company.

Based on recommendation of Remuneration and Nomination Committee and in terms of the provisions of Sections 149, 150, 152 read with Schedule IV and any other applicable provisions of the Act and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations), Mr. Jayant. H. Ranade, Dr. K. Ramaswamy and Mr. Kashinath R. Dhole, being eligible for re-appointment as an Independent Director and offering themselves for re-appointment, are proposed to be re-appointed as Independent Directors for a second term of five consecutive years effective from the date of ensuing Annual General Meeting.

The Company has received a notice in writing under the provisions of Section 160 of the Act from a member proposing the candidature of the above mentioned directors for re-appointment as Independent Directors as per the provisions of the Act.

The Company has also received a declaration from the Independent Directors that they meet the criteria of independence as prescribed both under sub-section (6) of Section 149 of the Act and under the Listing Regulations.

Details of Mr. Jayant. H. Ranade , Dr. K. Ramaswamy and Mr. Kashinath R. Dhole, as required under the Regulations 36(3) and 26(4) of the Listing Regulations and Secretarial Standards 2 on General Meetings issued by the Institute of Company Secretaries of India have been given in below for the information of members.

In the opinion of the Board, Mr. Jayant. H. Ranade , Dr. K. Ramaswamy and Mr. Kashinath R. Dhole fulfils the conditions specified in the Companies Act, 2013 and rules made thereunder and the Listing Regulations for their appointment as Independent Directors of the Company and are independent of the Management. A copy of draft letter for appointment of Mr. Jayant. H. Ranade , Dr. K. Ramaswamy and Mr. Kashinath R. Dhole as Independent Directors setting out the terms and conditions and notice received from the member proposing the candidature of the above mentioned directors would be available for inspection by the members at the Registered Office of the Company between 11.00 a.m. to 1.00 p.m. on any working day of the Company. The Board considers that their continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Mr. Jayant. H. Ranade , Dr. K. Ramaswamy and Mr. Kashinath R. Dhole as Independent Directors.

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.

Disclosure required under Section 196 (4) of the Companies Act, 2013, Regulation 36(3) of SEBI (Listing Regulations) Regulations, 2015 and Secretarial Standard-2 of ICSI

| Name | Jayant. H. Ranade | Dr. K. Ramaswamy | Kashinath R. Dhole |
|---|----------------------------------|----------------------------------|----------------------------------|
| Director Identification Number | 00004814 | 05273930 | 01076675 |
| Age | 64 | 64 | 70 |
| Date of first Appointment on the Board | 11.09.2006 | 09.05.2012 | 27.09.2014 |
| Experience in Specific Functional Area | Finance & Legal | Medical Practitioner | General Management |
| Qualifications | B.Com., LL.B. FCS & MBA | M.D. | M.Sc., Chemistry |
| Terms and Conditions of Appointment / Reappointment | Not liable to retire by rotation | Not liable to retire by rotation | Not liable to retire by rotation |
| Details of remuneration sought to be paid | Not Applicable | Not Applicable | Not Applicable |
| Last drawn remuneration | Not Applicable | Not Applicable | Not Applicable |
| Relationship with other Directors and Key Managerial Personnel | Nil | Nil | Nil |
| Directorship in other Companies | 13 | Nil | 3 |
| Chairman / Member in the Committees of the Boards of other Listed companies | Nil | Nil | Nil |
| No. of Shares held in the Company | Nil | 8600 | Nil |
| Number of meetings of the Board attended during the year | 4 | 4 | 4 |

Special Resolution

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 Three 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 were adversely affected resulting into substantial drop in turnover by more than 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 exceeded 10% of the net profits of the Company. As a result excess remuneration of Rs. 30 Lacs was paid to Mr. E. Purushotham for Financial Year 2013-14.



While company's application was under process, Central Government directed to recover the excess remuneration for Financial Years from 2010-11, 2011-12 and 2012-13 paid in excess of 5% of net profits under Companies Act. Accordingly Company submitted applications to the government for waiver of the excess remuneration paid to Mr. E. Purushotham, Managing Director for Financial Years from 2010-11, 2011-12, 2012-13 and 2013-14.

Details of excess remuneration paid:

| Period | Total Remuneration paid | Entitlement under the provisions of Companies Act,2013 | Excess Remuneration to be waived off |
|--------------------------|-------------------------|--|--------------------------------------|
| 01/04/2010 to 31/03/2013 | 32,036,480 | 21,758,101 | 10,278,379 |
| 01/04/2013 to 31/03/2014 | 7,200,000 | 4,200,000 | 3,000,000 |
| Total | 39,236,480 | 25,958,101 | 13,278,379 |

Pursuant to the Section 197 of the Act as amended under Companies (Amendment) Act, 2017, any application pending with the Central Government under Section 197 on 12th September 2018 (Effective Date of Amendment Act coming into force) will automatically abate on the Effective Date and companies have to seek approval from the members of the company within a period of 1 (one) year from the Effective Date. Since on the Effective Date, applications made by the Company for approval for waiver of excess remuneration paid to Mr. E. Purushotham were pending, approval of the members is now being sought. In this regard the company further declares that it has not committed any default in repayment of its debts to any of its secured creditors.

In compliance with the provisions of Section 197 of the Act (as amended), the terms of remuneration specified in the resolution are placed before the Members for their approval in relation to the waiver of recovery of excess remuneration paid to Mr. E. Purushotham.

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.

By order of the Board
For Smruthi Organics Limited

Place : Solapur
Date : 27th April 2019

(Urvashi D. Khanna)
Company Secretary



VOTING INFORMATION

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

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

2. The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, which sets out details relating to Special Business at the meeting, is annexed hereto.
3. The Dividend for the financial year ended 31st March, 2019 of Rs 2/- per equity share of Rs 10/- each on share capital of 38,15,430 Equity Shares (if declared by the shareholders at the ensuing Annual General Meeting) will be paid on or after 2nd August, 2019 to those Members whose name appears in the Register of Members of the Company as on 18th July, 2019.
4. The Register of Members and Share Transfer Books of the Company will remain closed from 19th July, 2019 to 29th July, 2019 (both days inclusive).
5. Details under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 in respect of the Directors seeking appointment/re-appointment at the Annual General Meeting, forms integral part of the notice. The Directors have furnished the requisite declarations for their appointment/re-appointment.
6. Electronic copy of the Annual Report for 2018-2019 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 2018-2019 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.
7. Electronic copy of the Notice of the 30th 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 30th 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.



8. Members may also note that the Notice of the 30th Annual General Meeting and the Annual Report for financial year ending 31st March, 2019 will also be available on the Company's website www.smruthiorganics.com for download. The physical copies of the aforesaid documents will also be available at the Company's Registered Office in Solapur for inspection during normal business hours on working days. Members are requested to bring their copies of the Annual Report at the time of attending the Annual General Meeting.
9. 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.
10. **Voting through Electronic Means**
In compliance with provisions of Section 108 of the Companies Act, 2013 (the "Act"), Rule 20 of the Companies (Management and Administration) Rules, 2014 (the "Rules") as amended and Sub-clause (1) and (2) of Regulation 44 of the SEBI (Listing Obligations And Disclosure Requirements) Regulations, 2015, the Company is pleased to provide the facility of remote e-voting (powered by Central Depository Securities Limited – CDSL), by which the members may exercise a right to cast their votes on the Resolutions proposed to be passed at the Meeting from a place other than the venue of the meetings.
11. **Voting through Physical Ballots**
The Members who attend the meeting in proxy or in person and have not cast their vote through any of the means mentioned above e-voting may do so at the meeting using physical ballot assent dissent forms provided at the venue.

Shareholders Electronic Voting Instructions

- (i) The voting period begins on 26th July, 2019 from 9.00 a.m. to 28th July, 2019 up to 5.00 p.m. During this period shareholders of the Company, holding shares either in physical form or in dematerialized form may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.

Note: E-voting shall not be allowed beyond the said time.

- (ii) Shareholders who have already voted prior to the meeting date would not be entitled to vote at the meeting venue.
- (iii) The shareholders should log on to the e-voting website www.evotingindia.com.
- (iv) Click on Shareholders.
- (v) Now Enter your User ID
 - a. For CDSL: 16 digits beneficiary ID,



- b. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (vi) Next enter the Image Verification as displayed and Click on Login.
- (vii) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.
- (viii) If you are a first time user follow the steps given below:

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

- (ix) After entering these details appropriately, click on "SUBMIT" tab.
- (x) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (xi) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.

- (xii) Click on the EVSN for the relevant Smruthi Organics Limited on which you choose to vote.
- (xiii) On the voting page, you will see “RESOLUTION DESCRIPTION” and against the same the option “YES/NO” for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xiv) Click on the “RESOLUTIONS FILE LINK” if you wish to view the entire Resolution details.
- (xv) After selecting the resolution you have decided to vote on, click on “SUBMIT”. A confirmation box will be displayed. If you wish to confirm your vote, click on “OK”, else to change your vote, click on “CANCEL” and accordingly modify your vote.
- (xvi) Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.
- (xvii) You can also take a print of the votes cast by clicking on “Click here to print” option on the Voting page.
- (xviii) If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xix) Note for Non – Individual Shareholders and Custodians
- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com and register themselves as Corporates.
 - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
 - After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
 - The list of accounts linked in the login should be emailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
 - A scanned copy of the Board Resolution and/ or Power of Attorney (POA) which they have issued in favour of the authorized representative/ Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- (xii) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions (“FAQs”) and e-voting manual available at www.evotingindia.com. Under help section or write an email to helpdesk.evoting@cdslindia.com.



Notes

- 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](https://www.evoting.cdsl.com) or contact CDSL at the following Help Desk Phone No.: 18002005533, Email : helpdesk.evoting@cdslindia.com
- The voting rights of shareholders shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date (record date) of 18th July, 2019.
- Mr. H.R. Thakur, Practicing Company Secretary, Mumbai has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.
- The Scrutinizer after scrutinizing the votes cast at the Annual General Meeting through physical Assent Dissent Ballots and through remote e-voting, will not later than three days of conclusion of the Meeting, make a consolidated Scrutinizers report and submit the same to the chairman. The result declared along with consolidated Scrutinizers report shall be placed on Website of the Company www.smruthiorganics.com and communicated to the concerned Stock Exchanges.

By order of the Board
For Smruthi Organics Limited

(Urvashi D. Khanna)
Company Secretary

Place : Solapur
Date : 27th April 2019

DIRECTORS REPORT

Dear Members,

Your Directors are pleased to present the 30th Annual Report and the Audited Financial Statements for the financial year ended 31st March, 2019.

(Rs. in Lakhs)

| Financial Results | Current Year 2018-2019 | Previous Year 2017-2018 |
|---|---------------------------|----------------------------|
| Net Sales & Other Income | <u>13829.12</u> | <u>9755.12</u> |
| Profit before Interest & Depreciation and Tax | 1747.19 | 346.87 |
| Interest | 358.04 | 408.71 |
| Depreciation | 413.50 | 406.58 |
| Profit / (Loss) before tax | <u>975.65</u> | <u>(468.41)</u> |
| Less : Provision for Tax (Net) DTA / (DTL) | 289.47 | (147.07) |
| Profit / (Loss) After Tax | <u>686.18</u> | <u>(321.33)</u> |
| Other Comprehensive Income (Net of Tax) | NA | NA |
| Total Comprehensive Income for the year | NA | NA |

1. Operational Performance and State of Company's Affairs

During the year under review, Net Sales & Other Income of the Company was Rs. 13829.12 lakhs as compared to Rs. 9755.12 lakhs in the previous year registering impressive growth of 42 % over the previous year.

Profit After Tax (PAT) for the year is Rs. 686.18 Lakhs compared to Net Loss of Rs. (321.33) Lakhs in the previous year. Improvement in profitability was possible due to higher sales growth without proportional increase in overheads.

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

2. Share capital

During the year under review, there was no change in the share capital structure and the paid up capital of the Company as on 31st March, 2019 was Rs 3,81,54,300.

3. Dividend

Due to adequate profits in the financial year 2018-19, your Directors recommend a Dividend of Rs 2/- per share (20%) on the face value of Rs 10/- each for the year ended 31st March, 2019.

4. Reserves

During the year under review, the Company has not transferred any amount towards General Reserve and retained the entire amount of profits in the Profit and Loss Account.



5. Deposits

During the year under review, your Company neither accepted nor renewed any fixed deposits falling within the ambit under provisions of Section 73 of the Companies Act, 2013 and The Companies (Acceptance of Deposits) Rules, 2014. Outstanding amount of deposits accepted by the company from its Directors : Rs. 134.05 Lakhs (Mr. E. Purushotham : Rs. 98.05 Lakhs and Mrs. E. Vaishnavi : Rs. 36 Lakhs)

6. Human Resource Development (HRD) & Industrial Relations

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

With an aim to expand product range and operations, the Company has made several new appointments to its existing team in various departments. The Company is constantly enhancing the skill set of its manpower to build a human capital base to support future growth.

7. Quality, Safety & Environment

The Company has an experienced and accomplished professional to head the Quality Assurance function. Under his supervision, the quality team is actively engaged in overhauling quality systems and procedures to improve regulatory compliance.

The company is working continuously to reduce waste generation and environmental load. Due to various initiatives, the company is recycling 7300 kL of water per annum, reducing environmental load as well as fresh water consumption. In addition, the company is engaging and training employees to continuously improve working practices to meet zero accident level.

8. Research and Development (R&D)

For accelerating the pace of development of new products and improving processes of existing products, the company has set up a state-of-the-art. Research and Development Laboratory in Hyderabad which has commenced operations from 08th April, 2019.

9. Corporate Governance

Corporate Governance deals with ethical conduct, integrity and accountability. Good Corporate Governance involves a commitment of the Company to run the business in a legal, ethical and transparent manner, runs from the top and permeates throughout the organization. It is a key element improving the economic efficiency of Organization.

The Company has complied with the mandatory requirements of the code of Corporate Governance as detailed in clause 17 to 27 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

As per Listing Regulations, a separate section on Corporate Governance forms part of this report. A Certificate from Statutory Auditors confirming compliance of Corporate Governance forms part of this Report.

Corporate Governance Report is enclosed as a part of the Annual Report along with the certificate from the Statutory Auditors, M/s. N. R. Waghchaure & Associates, Chartered Accountants, Solapur confirming compliance to the code of Corporate Governance as stipulated Para E of schedule V of the Securities and Exchange Board of India (Listing obligations and Disclosure requirements) Regulations, 2015.



Certificate of the CEO/CFO, confirming the correctness of the financial statements, compliance with the Company's Code of Conduct and the Audit Committee in terms of Regulation 17 of the Listing Regulations is attached in the Corporate Governance report and forms part of this report.

10. Internal Control Systems

The Company has adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to purchases of inventory, fixed assets and with regard to the sale of goods. However, to improve these systems, the company is planning to implement a suitable ERP system in FY 2018-2019.

11. Management Discussion and Analysis

11.1 Business of the Company and Future Outlook:

The company clocked a healthy 42% growth in revenue mainly on the back of growth in the domestic market. The domestic business experienced a robust 57% increase due to strong volume growth in key products. Exports grew 21% to touch Rs 50.47 crore on account of better price realization in export markets. The company experienced upward pressure on raw material prices due to disruption in global supply chains attributes to adverse events in China. This has led to higher raw material costs in the current financial year. However, the growth rate of variable and semi variable costs was controlled, resulting in higher profit realization as compared to previous financial year.

The company is glad to have repaid all its long term loans with banks including a significant portion of Working Capital Term Loan (WCTL) that was not due in the current year. By managing better receivable and payable cycles, the working capital requirement was also kept in tight control, which resulted in lowering interest cost.

For FY 2019 - 20, the company sees top line growth coming through increased volumes of high value products, which were launched in the previous year. Although capacity utilization has increased in FY 2018 - 19, the company's existing capacity is enough to handle our projected growth in product volumes for FY 2019 - 20. Hence, there is no capital expenditure planned for increasing capacity. All capital expenditure planned in FY 2019 - 20 will be for debottlenecking and improving productivity. Owing to higher capacity utilization and better productivity, the company is expecting the profit growth to be robust in FY 2019 - 20.

The Company is registering its products in several countries directly and through our reputed customers. This will build a strong base for future export growth.

A state-of-the-art Research and Development center has started its operations in Hyderabad. A qualified and experienced team of scientists is currently working on developing API products for commercial launch in FY 2019 - 20.

11.2 Opportunities and Threats

The crackdown on chemical industry due to safety and pollution concerns in China has created a supply shortage of several feedstock and other chemicals globally. The current supply disruption of key raw materials for various API from China has created a lot of uncertainty for the industry. Firstly, there is uncertainty about prompt availability of raw materials. We are mitigating this risk by addition of newer vendors. We may have to marginally increase buffer stock of some materials. Secondly, there is an upward pressure on raw materials prices. However, some of this potential cost increase can be passed on to customers by revision of prices of finished goods.



The Chinese crackdown has created a lot of opportunities for Indian manufacturers including our company. We are manufacturing in house certain materials, which were earlier sourced from China. This backward integration has not only helped us secure supply of key raw materials, but also helped us reduce cost of finished products significantly. We are continuously working on manufacturing strategic raw materials.

12. Board of Directors

12.1 Directors

The Board of Directors is chaired by Executive Promoter Chairman and has an optimum combination of Executive, Non- Executive and Independent Directors.

The Board of Directors at its meeting held on 20th October, 2018 approved revision in remuneration of Mr. E. Purushotham, Managing Director of the Company from present Rs. 7 Lacs p.m. to Rs. 12 Lacs p.m. plus payment of allowances, benefits, perquisites, incentives and commission (as applicable) with effect from 01st October, 2018 during the remaining period of his appointment. The requisite resolution for his appointment is being proposed in the notice of the ensuing Annual General Meeting for the approval of the members.

Present term of Mr. Jayant. H. Ranade (DIN: 00004814), Dr. K. Ramaswamy (DIN: 05273930), and Mr. Kashinath. R. Dhole (DIN: 01076675) Independent Non-Executive Directors of the Company (not liable to retire by rotation) expires on completion of 5 years at the ensuing Annual General Meeting. Being eligible it is proposed to recommend their re-appointment for second term of five consecutive years with effect from the date of this Annual General Meeting. You are requested to consider their re-appointment.

Mrs. E. Vaishnavi (DIN: [00033669](#)) is retiring by rotation and being eligible offers herself for reappointment. You are requested to appoint her.

As provided under Section 197 of the Companies Act, 2013 (as amended upto date) approval of the members is being sought for seeking waiver of excess remuneration paid to Mr. E Purushotham, Managing Director for the financial years from 2010-2011 to 2013-2014 in respect of applications remained pending with the Central Government on commencement of Companies (Amendment) Act, 2017.

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

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

The composition of the Board, meetings of the Board held during the year and the attendance of the Directors thereat have been mentioned in the Report on Corporate Governance in the Annual Report.

12.2 Performance Evaluation of the Directors

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

done by the entire Board of Directors and Directors subject to evaluation had not participated in the same. The Independent Directors evaluated performance of non independent Directors and board as a whole.

12.3 Declaration of Independence

Your Company has received declarations from all the Independent Directors confirming that they meet the criteria of independence as prescribed under the provisions of the Companies Act, 2013 read with the Schedules and Rules issued thereunder as well as Regulation 16(1) (b) of Listing Regulations (including any statutory modification(s) or re-enactment(s) for the time being in force).

12.4 Familiarization Programme for the Independent Directors

In compliance with the requirements of Listing Regulations, the Company has put in place a familiarization program for the Independent Directors to familiarize them with their role, rights and responsibilities as Directors, the working of the Company, nature of the industry in which the Company operates, business model etc. The details of the familiarization programme are explained in the Corporate Governance Report. The same is also available on the website of the company www.smruthiorganics.com.

12.5 Directors' Responsibility Statement

Pursuant to the requirement under Section 134 (5) of the Companies Act, 2013 (the "Act") with respect to Directors' Responsibility Statement, it is hereby confirmed that:

- (a) In the preparation of the annual accounts for the financial year ended 31st March, 2019, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- (b) The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year ended 31st March, 2019 and of the profit of the company for the year ended on that date;
- (c) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- (d) The Directors have prepared the annual accounts on a going concern basis; and
- (e) The Directors, have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and are operating effectively.
- (f) The Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

12.6 Meetings of Board and Committees of Directors

During the year 4 Board Meetings and 4 Audit Committee Meetings were convened and held. The details of the same along with other Committee's of Board are given in the Corporate Governance Report. The intervening gap between the Meetings was within the period prescribed under the Companies Act, 2013.



13. Audits

13.1 Statutory Audit

Pursuant to the provisions of Section 139 of the Companies Act, 2013 read with Companies (Audit and Auditors) Rules, 2014, in the 28th Annual General Meeting M/s. N. R. Waghchaure & Associates., Chartered Accountants, Solapur (Reg.No.: 114999W) were appointed as the Statutory Auditors of the Company for a term of five years. Company has however obtained confirmation from the said Auditors about their eligibility to continue to hold the office during the current financial year.

The Auditors Report to the members on the Standalone Financial Statements of the Company for the year ended 31st March, 2019 do not contain any qualifications, reservations or adverse remarks.

13.2 Audit Committee

The Company has an Audit Committee in place, constituted as per the provisions of Section 177 of the Companies Act, 2013. The members of the Audit Committee, its terms of reference, the meetings of the Audit Committee and attendance thereat of the members of the Committee is mentioned in the Corporate Governance Report under the appropriate heading.

13.3 Secretarial Audit

Mr. H. R. Thakur, Practicing Company Secretary, Mumbai was appointed as Secretarial Auditor for the financial year 2018-19 pursuant to Section 204 of the Companies Act, 2013. The Secretarial Audit Report submitted by them in the prescribed form MR-3 is attached as Annexure – II and forms part of this report.

There are no qualifications or observations or adverse remarks or disclaimer of the Secretarial Auditors in the Report issued by them for the financial year 2018-19.

13.4 Reconciliation of Share Capital Audit

As directed by the Securities and Exchange Board of India (SEBI), Reconciliation of Share Capital Audit has been carried out at the specified period, by a Practicing Company Secretary.

13.5 Cost Audit

For Financial Year 2019-2020, the Company has re-appointed Shrinivas Diddi and Associates, Cost Accountants, Solapur for conducting cost audit of its cost records pertaining to the products falling under the product categories – Drugs and pharmaceuticals. Shrinivas Diddi and Associates are appointed on a remuneration of Rs 30,000 plus GST and out of pocket expenses.

The Company is seeking the ratification of the Shareholders for the remuneration to be paid to the cost auditors vide Resolution No. 3 of the Notice of the Annual General Meeting.

14. Key Policies

14.1 Remuneration Policy

The Board has, on the recommendation of the Remuneration and Nomination Committee framed a policy for selection, appointment and remuneration of Directors and KMPs. The Remuneration Policy is stated in the Corporate Governance Report.

14.2 Corporate Social Responsibility (CSR)

The Company has constituted a CSR Committee as per provisions of Section 135 of the Act. The Board has also framed a CSR Policy for the Company on recommendation of CSR Committee.

In view of past losses, Company was not required to spend on CSR during the financial year.

The Report on CSR activities as required under Companies (Corporate Social Responsibility) Rules, 2014, including a brief outline of the Company's CSR Policy, total amount spent on CSR during the year are set out at Annexure – I forming part of this Report.

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

14.3 Whistle Blower Policy

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

14.4 Risk Management Policy

The Company is aware of the risks associated with the business. It regularly analyses and takes corrective actions for managing / mitigating the same. The requirements of Regulation 21 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, with regard to the constitution of a Risk Management Committee are not applicable to our Company as this Regulation is applicable only to top 500 listed entities, determined on the basis of market capitalization, as at the end of the immediate previous financial year.

14.5 Prevention of Insider Trading

The Company has adopted a code of conduct for prevention of insider trading. All the Directors, senior management employees and other employees who have access to the unpublished price sensitive information of the Company are governed by this code. During the year under report, there has been due compliance with the said code of conduct for prevention of insider trading based on the SEBI (Prohibition of Insider Trading) Regulations 2015.

As envisaged under Regulation 9A of the SEBI (Prohibition of Insider Trading) Regulations, 2015, as amended from time to time, company has adopted a policy named "Leak or suspected leak of unpublished price sensitive information" for inquiry in case of the leak or suspected leak or inadvertent disclosure of the Unpublished Price Sensitive Information.

The company has also adopted a policy named "Policy for determination of Legitimate Purposes" in view of amendment in under Regulation 2A of the SEBI (Prohibition of Insider Trading) Regulations, 2015, as amended from time to time.



14.6 Prevention of Sexual Harassment at Workplace

The Company has adopted a policy on Prevention of Sexual Harassment at workplace.

The policy is applicable for all employees of the organization, which includes corporate office, branches, depots and manufacturing locations etc.

The policy is applicable to non-employees as well i.e. business associates, vendors, trainees etc. A Complaints Committee has also been set up to redress complaints received on sexual harassment as well as other forms of verbal, physical, written or visual harassment.

During the financial year under review, the Company has not received any complaints of sexual harassment.

15. Loans, Guarantees or Investments

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

16. Related Party Transactions

All transactions entered into with the Related Parties in terms of Section 2(76) and Section 188 of the Companies Act, 2013 read with Regulation 2 (zc) and Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 during the financial year were in the ordinary course of business and on arm's length basis and do not attract the provisions of Section 188 of the Companies Act, 2013. There were no material related Party transactions during the year. Accordingly, the disclosure of Related Party Transactions as required under Section 134 (3) (h) of the Companies Act 2013 in Form AOC-2 is not applicable to your Company.

All Related Party Transactions are placed before the Audit Committee as also the Board for approval. The details of transaction with related parties are provided in the accompanying financial statements.

The policy on related party transactions as approved by the Board is uploaded on the Company's website www.smruthiorganics.com.

17. Remuneration of Managerial Personnel

The information required pursuant to Section 197 read with Rule 5 (1) of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 in respect of employees of the Company forms part of this Report as Annexure III.

18. Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo

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

19. Extract of the Annual Return

Pursuant to Section 92(3) of the Companies Act, 2013, the extract of the Annual Return in Form No. MGT-9 shall be uploaded on the company's website www.smruthiorganics.com and is enclosed as Annexure V to this report.

20. Investor Education and Protection Fund (IEPF)

20.1 The Company had transferred a sum of Rs 1,14,413 during the financial year to the Investor Education and Protection Fund established by the Central Government (IEPF). The said amount represents Unclaimed Dividend for the year 2010-2011 with the Company for a period of 7 years from their respective due dates of payment.

20.2 Transfer of Shares to IEPF: As required under Section 124 of the Companies Act, 2013, 6100 Equity shares, in respect of which dividend has not been claimed by the members for Seven (7) consecutive years have been transferred by the Company to IEPF during the financial year 2017-18. Details of shares transferred have been uploaded on the website of IEPF as well as the Company.

21. General Shareholder Information

General Shareholder Information is given in Item No. 10 of the Report on Corporate Governance forming part of the Annual Report.

22. Secretarial Standards

Your Directors confirm that the Secretarial Standards issued by the Institute of Company Secretaries of India have been duly complied with.

23. Significant and Material Orders passed by the Regulators/ Courts, if any

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

24. Acknowledgment

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

25. Disclaimer

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.

For & on behalf of the Board
Smruthi Organics Limited

(E. Purushotham)

Chairman & Managing Director
DIN:00033583

Place : Solapur
Date : 27th April 2019



ANNEXURE – I TO DIRECTORS' REPORT

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

1. Corporate Social Responsibility Policy

Company operates CSR Policy in the areas education, healthcare, sanitation and hygiene. Arising from this the focus areas that have emerged are Education, Health care, Sustainable livelihood and espousing social causes. The projects shall be identified and adopted as per the activities included and amended from time to time in Schedule VII of the Companies Act, 2013. The company endeavors to make CSR a key business process for sustainable development.

Due to past losses, Company was not required to spend on CSR during the financial year. However CSR liability for FY 2014-2015 shall be cleared by the company during current financial year.

The Corporate Responsibility Policy is disclosed on the Company's website www.smruthiorganics.com.

2. The Composition of the CSR Committee

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

3. Average Net Profit (loss) of the company for last three financial years : Rs. (50.03) lacs.

4. Prescribed CSR Expenditure (two per cent of the amount as in item 3 above): Nil

Details of CSR spent during the financial year-

Total Amount spent during the Financial Year 2018-19: Rs.0.31 Lacs.(Due for FY 2014-15)

Amount unspent, if any: Rs. 17.06 Lacs.

| | | |
|--|---------------------------------------|---------------------------------------|
| Mr. E. Purushotham (Managing Director and Chairman CSR Committee) | Mr. J. H. Ranade (Director) | Dr. K. Ramaswamy (Director) |
|--|---------------------------------------|---------------------------------------|

For & on behalf of the Board
Smruthi Organics Limited

E. Purushotham
Chairman & Managing Director
DIN:00033583

Place : Solapur

Date : 27th April, 2019



ANNEXURE – II

FORM No. MR-3

**Secretarial Audit Report For The Financial Year Ended
31st March 2019**

[Pursuant to section 204(1) of the Companies Act, 2013 and Rule 9 of the Companies
(Appointment and Remuneration of Managerial Personnel) Rules, 2014]

The Members

Smruthi Organics Limited

165-A, Balaji Bhavan, 1st Floor,

Railway Lines, Solapur-413 001.

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Smruthi Organics Limited (hereinafter called 'the Company'). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2019 ('Audit Period') complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2019 according to the provisions of:

- (i) The Companies Act, 2013 ('the Act') and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings; (Not applicable to the Company during the Audit Period);
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
 - c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (Not applicable to the Company during the Audit Period);



- d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, (Not applicable to the Company during the Audit Period);
 - e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008.(Not applicable to the Company during the Audit Period);
 - f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents)Regulations, 1993
 - g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 (Not applicable to the Company during the Audit Period); and
 - h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 (Not applicable to the Company during the Audit Period).
 - l) SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- (vi) I have also examined compliance with the applicable clauses of the following:
- a. The Drugs and Cosmetics Act, 1940, and
 - b. Narcotic Drugs, and Psychotropic Substances Act 1985 the Rules / orders made thereunder as applicable.
 - c. Secretarial Standards issued by The Institute of Company Secretaries of India as in force from time to time.
- (vii) The Listing Agreements entered into by the Company with:
- a) Metropolitan Stock Exchange of India, Mumbai and
 - b) BSE Limited, Mumbai .

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

I further report that The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. There was no change in the composition of the Board of Directors during the period under review. Adequate notice is given to all Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting. All decisions at Board Meetings and Committee Meetings were carried out unanimously as recorded in the minutes of the meetings of the Board of Directors or Committee of the Board, as the case may be.

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

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

Place : Solapur
Date : 27th April 2019

H.R. Thakur
F.C.S. 2090 C.P. 3193



SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

The Members,
Smruthi Organics Limited
165-A, Balaji Bhavan, 1st Floor,
Railway Lines, Solapur-413 001.

My Secretarial Audit Report of even date for the Financial Year 2018-19 is to be read along with this letter.

Management's Responsibility

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

Auditor's Responsibility

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

Disclaimer

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

Thanks and regards

Yours Sincerely,

Place : Solapur
Date : 27th April, 2019

H.R. Thakur
F.C.S. 2090 C.P. 3193



ANNEXURE – III TO DIRECTORS' REPORT

Disclosures required with respect to Section 197(12) of the Companies Act, 2013 read with Rule 5 (1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

- The ratio of the remuneration of each director to the median remuneration of the Employees of the Company for the financial year 2018-19:

| Name of the Directors | Ratio to median remuneration |
|---|------------------------------|
| *Non-Executive Directors | |
| Mrs.E.Vaishnavi (Non- Executive Director) | Nil |
| Mr. J.H.Ranade (Non-Executive and Independent Director) | Nil |
| Dr.K.Rama Swamy (Non-Executive and Independent Director) | Nil |
| Mr. Kashinath Revappa Dhole (Non-Executive and Independent Director) | Nil |
| Executive Directors | |
| Mr. E.Purushotham (Chairman and Managing Director) | 76.16 |
| Mr. E. Swapnil (Whole time Director and Chief Financial Officer) | 40.08 |

*Sitting fees paid to Non Executive Directors not considered as remuneration.

- The percentage increase in remuneration of each director, chief executive officer, chief financial officer, company secretary in the financial year:

| Directors, Chief Executive Officer, Chief Financial Officer and Company Secretary | % increase in remuneration in the financial year |
|---|--|
| Mr. E.Purushotham (Chairman and Managing Director) | 35.71 |
| Mr. E. Swapnil (Whole time Director and Chief Financial Officer) | – |
| Ms. Urvashi D. Khanna (Company Secretary) | 19.40 |



3. It is hereby affirmed that the remuneration paid is as per the Remuneration Policy of the Company.
4. The percentage increase in the median remuneration of employees in the financial year: 1.75
5. The number of permanent employees on the rolls of Company: 211
6. Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration: NA
7. Statement pursuant to Section 197(12) of the Companies Act, 2013 read with Rule 5(2) and 5(3) of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

Employed throughout the financial Year under review and in receipt of remuneration for the Financial year in the aggregate of not less than Rs 1,02,00,000 per annum or not less than Rs. 8,50,000/- per month during any part of the Financial Year

| Name | Designation | Remuneration (in Rs) | Qualification and Experience | Date of commencement of employment | Age (in years) | Last employment held |
|--------------------|-------------------|----------------------|------------------------------|------------------------------------|----------------|----------------------|
| Mr. E. Purushotham | Managing Director | 1,14,00,000 | MSC (Org. Chem.) 35 years | 01/08/2010 | 61 | NA |

For & on behalf of the Board
Smruthi Organics Limited

E. Purushotham
Chairman & Managing Director
DIN:00033583

Place : Solapur
Date : 27th April, 2019



ANNEXURE – IV TO DIRECTORS' REPORT

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

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

1. CONSERVATION OF ENERGY

1.1 Energy Conservation Measures Taken

In FY 2018 - 19, the company has made substantial efforts for energy conservation. It has resulted in significant savings in energy and cost. Some of the key initiatives are listed below:

- 1.1.1 Bed - furnaces were added to two multi fuel boilers to improve fuel efficiency.
- 1.1.2. We have installed 230 LED lights to reduce energy consumption for lighting by up to 60%.
- 1.1.3 We have started recycling boiler condensate to save water as well as energy consumed to pre-heat boiler feed.
- 1.1.4 New chilling plant with screw compressor was installed, which has resulted in up to 30% energy saving in cooling.
- 1.1.5 We have enhanced the capacity of Multi Effect Evaporator pre heaters, which has reduced steam consumption and increased energy efficiency.
- 1.1.6 New cooling tower installed in production, which has resulted in energy saving.
- 1.1.7 Steam control valve installed to all tray dryers which reduced steam loss.

1.2 The steps taken by the company for utilizing alternate sources of energy: None

1.3 Capital Investment on Energy Conservation Equipment:

During the year company invested Rs. 45 Lakhs capital on energy conservation equipment and up-gradation.

2. TECHNOLOGY ABSORPTION

- 2.1 The Company's Research and Development (R&D) Laboratory is recognized by the Department of Scientific & Industrial Research, Government of India. R&D's continuous efforts to develop new processes for cost effectiveness and quality improvements have led to several breakthroughs in FY 2018 - 19. Several of the improvements have been implemented at the plant scale. The addition of a new R&D laboratory is going to help in further strengthening our ability to better develop and apply cutting edge technology going forward.
- 2.2 Imported Technology during the last three years reckoned from the beginning of the financial year - NIL



2.3 The expenditure incurred on Research and Development.

(Rs. in Lakhs)

| Sr. No. | Particulars | 2018-2019 | 2017-2018 |
|---------|---|-----------|-----------|
| | Expenditure on R&D | | |
| a) | Capital | – | -- |
| b) | Recurring | 53.12 | 33.43 |
| c) | Total | 53.12 | 33.43 |
| d) | Total R&D Expenditure as a Percentage of total turnover | 0.39% | 0.35% |

3. FOREIGN EXCHANGE EARNINGS AND OUTGO

(Rs. in lakhs)

| | 2018-2019 | 2017-2018 |
|-------------------------|-----------|-----------|
| Foreign Exchange Outgo | 3609 | 2263 |
| Foreign Exchange Earned | 5047 | 4172 |

Place : Solapur

Date : 27th April, 2019

For & on behalf of the Board
Smruthi Organics Limited

(E. Purushotham)
Chairman & Managing Director
DIN:00033583



ANNEXURE – V TO THE DIRECTORS' REPORT
Form No. MGT - 9
EXTRACT OF ANNUAL RETURN
as on the financial year ended on 31st March 2019

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

I. REGISTRATION AND OTHER DETAILS:

| | |
|---|---|
| i) CIN : | L24119PN1989PLC052562 |
| ii) Registration Date : | 11/07/1989 |
| iii) Name of the Company : | Smruthi Organics Limited |
| iv) Category / Sub-Category of the Company: | Indian Non-Government Company Limited by shares |
| v) Address of the Registered Office and contact details : | 165-A, Balaji Bhavan, 1st Floor, Railway Lines, Solapur-413 001 Tel no: 0217 2310267 Website: www.smruthiorganics.com |
| vi) Whether listed company : | Yes |
| vii) Name, Address and Contact details of Registrar and Transfer Agent, if any: | Adroit Corporate Services Pvt. Ltd., 19, Jaferbhoy Indl. Est., Makwana Road, Marol Naka, Andheri (E) Mumbai – 400059. Email:sandeeps@adroitcorporate.com / sandeeph@adroitcorporate.com Ph.: 022-42270400 |

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY:-

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

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

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

| Sr. No. | Name & Address of Company | CIN/ GLN | HOLDING/ SUBSIDIARY ASSOCIATE | % Of shares held | Applicable Section |
|--|---------------------------|----------|-------------------------------|------------------|--------------------|
| The Company does not have any holding, subsidiary and associate company | | | | | |



IV) SHAREHOLDING PATTERN

(Equity Share Capital Breakup as Percentage of Total Equity)

i) Category-Wise Share Holding

| Category of Shareholders | No. of Shares held at the beginning of the year | | | | No. of Shares held at the end of the year | | | | % Change during the year |
|---|---|----------|------------------|-------------------|---|----------|------------------|-------------------|--------------------------|
| | Demat | Physical | Total | % of Total Shares | Demat | Physical | Total | % of Total Shares | |
| A. Promoter | | | | | | | | | |
| (1) Indian | | | | | | | | | |
| a) Individual/HUF | 22,95,556 | 0 | 22,95,556 | 60.16 | 22,95,791 | 0 | 22,95,791 | 60.17 | 0.01 |
| b) Central Govt. | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| c) State Govt. (s) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| d) Bodies Corp. | 82,000 | 0 | 82,000 | 2.15 | 82,000 | 0 | 82,000 | 2.15 | 0 |
| e) Banks / FI | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| f) Any other | | | | | | | | | 0 |
| f-1) DIRECTORS RELATIVES | 57,550 | 0 | 57,550 | 1.51 | 57,550 | 0 | 57,550 | 1.51 | 0 |
| Sub Total (A) (1) | 24,35,106 | 0 | 24,35,106 | 63.82 | 24,35,341 | 0 | 24,35,341 | 63.83 | 0.01 |
| (2) Foreign | | | | | | | | | |
| a) NRIs- Individuals | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| b) Other Individulas | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| c) Bodies Corp. | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| d) Banks / FI | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| e) Any other | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Sub Total (A) (2) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total shareholding of Promoter (A) = (A)(1) + (A)(2) | 24,35,106 | 0 | 24,35,106 | 63.82 | 24,35,341 | 0 | 24,35,341 | 63.83 | 0.01 |
| B.Public Shareholding | | | | | | | | | |
| (1) Institutions | | | | | | | | | |
| a) Mutual Funds | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| b) Banks / FI | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| c) Central Govt. | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| d) State Govt(s) | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| e) Venture Capital Funds | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| f) Insurance Companies | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| g) FIs | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| h) Foreign Venture Capital Funds | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| i) Others (Specify) | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| Sub-total (B) (1) | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |



| | | | | | | | | | |
|--|------------------|-----------------|------------------|--------------|------------------|-----------------|------------------|--------------|---------------|
| (2) Non - Institutions | | | | | | | | | |
| a) Bodies Corp. | | | | | | | | | |
| a-i) Indian | 1,20,750 | 1,13,700 | 2,34,450 | 6.14 | 1,22,659 | 1,13,700 | 2,36,359 | 6.19 | 0.05 |
| a-ii) Overseas | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| b) Individuals | | | | | | | | | |
| b-i) Individual share-holders holding nominal share capital upto Rs.2 lakh | 6,86,126 | 1,87,445 | 8,73,571 | 22.90 | 7,13,771 | 1,50,005 | 8,63,776 | 22.64 | (0.26) |
| b-ii) Individual share-holders holding nominal share capital in excess of Rs. 2 lakh | 1,98,890 | 0 | 1,98,890 | 5.22 | 2,01,660 | 0 | 2,01,660 | 5.29 | 0.07 |
| c) Other | | | | | | | | | |
| c-1) Non Resident Indians (individuals) | 10,743 | 30,000 | 40,743 | 1.07 | 15,634 | 30,000 | 45,634 | 1.20 | 0.13 |
| c-2) Clearing Member | 5,100 | 0 | 5,100 | 0.13 | 90 | 0 | 90 | 0.000 | (0.13) |
| c-3) Others | 27,570 | 0 | 27,570 | 0.72 | 32,570 | 0 | 32,570 | 0.85 | 0.13 |
| Sub-total (B) (2) | 10,49,179 | 3,31,145 | 13,80,324 | 36.18 | 10,86,384 | 2,93,705 | 13,80,089 | 36.17 | (0.01) |
| Total Public Shareholding (B) = (B)(1) + (B)(2) | 10,49,179 | 3,31,145 | 13,80,324 | 36.18 | 10,86,384 | 2,93,705 | 13,80,089 | 36.17 | (0.01) |
| C. Shares held by Custodian for GDRs & ADRs | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Promoter and Promoter Group | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Public- | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Grand Total (A+B+C) | 34,84,285 | 3,31,145 | 38,15,430 | 100 | 35,21,725 | 2,93,705 | 38,15,430 | 100 | 0 |

ii) Shareholding of Promoters

| Sr. No. | Shareholder's Name | Shareholding at the beginning of the year | | | Shareholding at the end of the year | | | % Change in shareholding during the Year |
|---------|---|---|----------------------------------|--|-------------------------------------|----------------------------------|--|--|
| | | No. of Shares | % of total shares of the Company | % of Shares Pledged / encumbered to total Shares | No. of Shares | % of total shares of the Company | % of Shares Pledged / encumbered to total Shares | |
| 1 | Eaga Purushotham Malaiah* | 15,29,000 | 40.07 | - | 15,29,235 | 40.08 | - | 0.01 |
| 2 | Vaishnavi Purushotham Eaga | 5,76,475 | 15.11 | - | 5,76,475 | 15.11 | - | - |
| 3 | Swapnil Purushotham Eaga | 1,90,081 | 4.98 | - | 1,90,081 | 4.98 | - | - |
| 4 | Smruthi Chemicals and Intermediates Limited | 82,000 | 2.15 | - | 82,000 | 2.15 | - | - |
| 5 | Yadagiri M Eaga | 24,050 | 0.63 | - | 24,050 | 0.63 | - | - |
| 6 | Smruthi Purushotham Eaga | 24,000 | 0.63 | - | 24,000 | 0.63 | - | - |
| 7 | Eaga Rajamouli | 9,500 | 0.25 | - | 9,500 | 0.25 | - | - |
| | TOTAL | 24,35,106 | 63.82 | - | 24,35,341 | 63.83 | - | 0.01 |

*Change in Shareholding is due to clubbing of 2 folios of the shareholder. No fresh shares were acquired.



iii) Change in Promoters' Shareholding (please specify, if there is no change):

| Sr. No. | Name of Directors and KMP | Shares Holding at the beginning of the year | | Cumulative Shares Holding during the year | | | |
|---------|---|---|-------------------|---|------|-----------|-------------------|
| | | No. of Shares | % of Total Shares | Purchase | Sold | Closing | % of Total Shares |
| 1 | E. Purushotham * | 15,29,000 | 40.07 | 235 | 0 | 15,29,235 | 40.08 |
| 2 | Vaishnavi Eaga | 5,76,475 | 15.11 | 0 | 0 | 5,76,475 | 15.11 |
| 3 | Swapnil Purushotham Eaga | 1,90,081 | 4.98 | 0 | 0 | 1,90,081 | 4.98 |
| 4 | Smruthi Chemicals And Intermediates Limited | 82,000 | 2.15 | 0 | 0 | 82,000 | 2.15 |
| 5 | Yadagiri M. Eaga | 24,050 | 0.63 | 0 | 0 | 24,050 | 0.63 |
| 6 | Smruthi Purushotham Eaga | 24,000 | 0.63 | 0 | 0 | 24,000 | 0.63 |
| 7 | Eaga Rajamouli | 9,500 | 0.25 | 0 | 0 | 9,500 | 0.25 |

*Change in Shareholding is due to clubbing of 2 folios of the shareholder. No fresh shares were acquired.



iv) Shareholding Pattern of Top Ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

| Sr. No. | Name of Director and KMP | Shares Holding at the beginning of the year | | Cumulative Shares Holding during the year | | | |
|---------|--|---|-------------------|---|------|----------|-------------------|
| | | No. of Shares | % of Total Shares | Purchase | Sold | Closing | % of Total Shares |
| 1 | Dheeraj Kumar Lohia | 90,568 | 2.37 | 12,064 | 0 | 1,02,632 | 2.69 |
| 2 | Rajasthan Global Securities Private Limited | 47,784 | 1.25 | 29,427 | 0 | 77,211 | 2.02 |
| 3 | Hamsons Lab Pvt Ltd | 35,000 | 0.92 | 0 | 0 | 35,000 | 0.92 |
| 4 | Saga Chemicals Pvt Ltd | 35,000 | 0.92 | 0 | 0 | 35,000 | 0.92 |
| 5 | Alpic Pharma Pvt Ltd | 35,000 | 0.92 | 0 | 0 | 35,000 | 0.92 |
| 6 | Ashish Chugh | 29,679 | 0.78 | 5,006 | 0 | 34,685 | 0.91 |
| 7 | Investor Education & Protection Fund | 26,094 | 0.68 | 6,100 | 0 | 32,194 | 0.84 |
| 8 | Raj Kumar Lohia | 22,799 | 0.60 | 0 | 0 | 22,799 | 0.60 |
| 9 | Rajasekhar Guttikonda | 21,054 | 0.55 | 0 | 0 | 21,054 | 0.55 |
| 10 | Saroja Akubathini | 20,490 | 0.54 | 0 | 0 | 20,490 | 0.54 |



v) Shareholding of Directors and Key Managerial Personal

| Sr. No. | Name of Directors and KMP | | Shares Holding at the beginning of the year | | Cumulative Shares Holding during the year | | | |
|---------|---------------------------------|-----------------------------|---|-------------------|---|------|-----------|-------------------|
| | | | No. of Shares | % of Total Shares | Purchase | Sold | Closing | % of Total Shares |
| 1 | E. Purushotham | Managing Director | 15,29,000 | 40.07 | 235 | 0 | 15,29,235 | 40.08 |
| 2 | Vaishnavi Eaga | Director | 5,76,475 | 15.11 | 0 | 0 | 5,76,475 | 15.11 |
| 3 | Swapnil Purushotham Eaga | Whole Time Director and CFO | 1,90,081 | 4.98 | 0 | 0 | 1,90,081 | 4.98 |
| 4 | Jayant Hari Ranade | Independent Director | 0 | 0 | 0 | 0 | 0 | 0 |
| 5 | Kashinath Revappa Dhole | Independent Director | 0 | 0 | 0 | 0 | 0 | 0 |
| 6 | Rama Swami Kaumala | Independent Director | 8,600 | 0.23 | 0 | 0 | 8,600 | 0.23 |
| 7 | Urvashi D. Khanna | Company Secretary | 0 | 0 | 0 | 0 | 0 | 0 |



VI. INDEBTEDNESS

(Amount in Rs.)

| Particulars | Secured Loans excluding deposits | Unsecured Loans | Deposits | Total Indebtedness |
|---|----------------------------------|-------------------|----------|---------------------|
| Indebtedness at the beginning of the financial year | | | - | |
| i) Principal Amount | 2,78,971,740 | 13,405,060 | - | 292,376,800 |
| ii) Interest due but not paid | - | - | - | - |
| iii) Interest accrued but not due | - | - | - | - |
| Total (i+ii+iii) | 2,78,971,740 | 13,405,060 | - | 292,376,800 |
| Change in indebtedness during the financial year | | | | |
| Addition | - | - | - | - |
| Reduction | 27,215,260 | - | - | 27,215,260 |
| Net Change | 27,215,260 | - | - | 27,215,260 |
| Indebtedness at the end of the financial year | | | | |
| i) Principal Amount | 2,51,756,480 | 13,405,060 | - | 2,65,161,540 |
| ii) Interest due but not paid | - | - | - | - |
| iii) Interest accrued but not due | - | - | - | - |
| Total (i+ii+iii) | 2,51,756,480 | 13,405,060 | - | 2,65,161,540 |

VII. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Managers

| Sr. No. | Particulars of Remuneration | Name of MD/WTD/ Manager | | Total Amount (in Rs.) |
|---------|---|-------------------------|------------------|-----------------------|
| | | Mr. E.Purushotham | Mr. E.Swapnil | |
| 1. | Gross Salary | 1,14,00,000 | 60,00,000 | 1,74,00,000 |
| | (a) Salary as per provision contained in section 17(1) of the Income - tax Act,1961 | | | |
| | (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 | --- | --- | --- |
| | (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961 | --- | --- | --- |
| 2 | Stock Option | -- | - | - |
| 3 | Sweat Equity | - | - | - |
| 4 | Commission - as % profit - others, specify ... | - | - | - |
| 5 | Others, please specify | -- | -- | - |
| | Total (A) | 1,14,00,000 | 60,00,000 | 1,74,00,000 |
| | Ceiling as per the Act | 1,14,00,000 | 60,00,000 | |



B. Remuneration to other directors

1. Independent Directors

| Sr. No. | Particulars of Remuneration | Name of Directors | | | Total Amount |
|---------|--|-------------------|-----------------|-----------------|-----------------|
| | | J.H.Ranade | K.Ramaswamy | K.R.Dhole | |
| 1. | Fee for attending board committee meetings | 1,85,000 | 1,20,000 | 1,85,000 | 4,90,000 |
| | Commission | - | - | - | - |
| | Others | - | - | - | - |
| | Total (1) | 1,85,000 | 1,20,000 | 1,85,000 | 4,90,000 |

2. Non - Executive Directors

| Sr. No. | Particulars of Remuneration | Name of Directors | | Total Amount |
|---------|--|-------------------|--|--------------|
| | | E. Vaishnavi | | |
| 1. | Fee for attending board committee meetings | 95,000 | | 95,000 |
| | Commission | - | | |
| | Others (Salary) | - | | |

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

| Sr. No. | Particulars of Remuneration | Key Managerial Personnel | | |
|---------|---|---|-----------------------|-----------------|
| | | Company Secretary Ms. Urvashi Khanna | CFO Mr. E. Swapnil | Total |
| 1. | Gross Salary (a) Salary as per provision contained in section 17(1) of the Income - tax Act, 1961 (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961 | 4,00,000 | ** | 4,00,000 |
| 2 | Stock Option | - | - | - - |
| 3 | Sweat Equity | - | - | - - |
| 4 | Commission - as % profit - others, specify ... | - | - | - - |
| 5 | Others, please specify | - | - | - |
| | Total (A) | 4,00,000 | -- | 4,00,000 |

** included in Whole time Directors Remuneration.



VIII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES

| Type | Section of The Companies Act | Brief Description | Details of Penalty/ Punishment/ Compounding fees imposed | Authority (RD/ NCLT / COURT) | Appeal made, if any (Give Details) |
|---|------------------------------|-------------------|--|------------------------------|------------------------------------|
| A. Company Penalty Punishment Compounding | | | Not Applicable | | |
| B. Directors Penalty Punishment Compounding | | | Not Applicable | | |
| C. Other Officers in Default Penalty Punishment Compounding | | | Not Applicable | | |

Place : Solapur

Date : 27th April, 2019

For & on behalf of the Board
Smruthi Organics Limited

(E. Purushotham)
Chairman & Managing Director
DIN:00033583

CORPORATE GOVERNANCE REPORT

Pursuant to Schedule V (C) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a Report on Corporate Governance is given below:

1. Company's Philosophy on Code of Governance

The Company believes in abiding by the Code of Governance so as to be a responsible corporate citizen and to serve the best interests of all the stakeholders, viz., the employees, shareholders, customers, vendors and the society at large. The Company seeks to achieve this goal by being transparent in its business dealings, by disclosure of all relevant information in an easily understood manner, and by being fair to all stakeholders, by ensuring that the Company's activities are managed by a professionally competent and independent Board of Directors.

2. Board of Directors

2.1 Composition

The Board of Directors comprises of six Directors as detailed below. (Position as on 31st March, 2019)

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

Executive and Non-Executive Promoter Directors are related to each other as Husband / Wife / Son.

The Company has an optimum combination of Executive and Non-Executive/Independent Directors which is in conformity with the Companies Act, 2013 and the Listing Regulations. The number of Independent Directors on the Board is in conformity with the requirement of Regulation 17(1)(b) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. None of the Independent Non- Executive Directors have any material pecuniary relationship or transactions with the company. None of the Directors on the Board are members of more than 10 committees or chairman of more than 5 committee as specified in Regulation 17 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 amongst all companies in which they are Directors.

2.2 Meetings and Attendance

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

| | |
|--------------------|---------------------|
| 19th May, 2018 | 16th July, 2018 |
| 20th October, 2018 | 09th February, 2019 |

Details regarding attendance of the Directors at the Board Meetings held during the Financial Year 2018-2019 and at the last Annual General Meeting held on 11th August, 2018 are given below:

| Sr. no. | Name | Designation & DIN | Status | No. of Board Meeting attended | No. of Directorship held in other Companies | Attended last AGM | No. of Committee positions held in other Companies | |
|---------|--------------------|---|---------------|-------------------------------|---|-------------------|--|---------------------|
| | | | | | | | Chairman of Committee | Member of Committee |
| 1 | Mr. E. Purushotham | Managing Director 00033583 | Executive | 4 | 2 | YES | Nil | Nil |
| 2 | Mr. E. Swapnil | Executive Director & Chief Financial Officer 01241535 | Executive | 4 | 1 | YES | Nil | Nil |
| 3 | Mrs. E. Vaishnavi | Director 00033669 | Non-Executive | 4 | 1 | YES | Nil | Nil |
| 4 | *Mr. K. R. Dhole | Independent Director 01076675 | Non-Executive | 4 | 3 | YES | Nil | Nil |
| 5 | Mr. J. H. Ranade | Independent Director 00004814 | Non-Executive | 4 | 14 | YES | Nil | Nil |
| 6 | Dr. K. Ramaswamy | Independent Director 05273930 | Non-Executive | 4 | 0 | NO | Nil | Nil |



*Names of listed entities where director is a director and category of directorship (Pursuant to SEBI (Listing Obligations and Disclosure Requirements)(Amendment) Regulations, 2018):-

Mr. K. R. Dhole : Independent Non-Executive Director in Balaji Amines Limited.

2.3 Core Skills and Expertise of the Board of Directors

The following skills are identified as core for the Company's business: Technology, Operations, Marketing, IT, Business Development, Legal, Finance and Accounting. The aforesaid mentioned skills and competencies are available with the Company's Board of Directors.

2.4 Disclosure of Shareholding of Non-Executive Directors

| Name of the Directors | Shares held as on 31.3.2019 |
|-----------------------|-----------------------------|
| Mrs. E. Vaishnavi | 5,76,475 |
| Mr. K. R. Dhole | Nil |
| Mr. J. H. Ranade | Nil |
| Dr. K. Rama Swamy | 8600 |

2.5 Familiarization programmes to Independent Directors

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

Certificates have also been obtained from the Independent Directors confirming their position as Independent Directors on the Board of the Company in accordance with Section 149 of the Companies Act, 2013 read with Regulation 16(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The Board confirms that the Independent Directors fulfills the conditions specified in these regulations and are Independent of the management.

The number of directorships and the positions held on Board Committees by the directors are in conformity with the limits on the number of Directorships and Board Committee positions as laid down in the Companies Act and SEBI (Listing Obligations and Disclosure Requirements) Regulations as on 31st March, 2019.

2.6 Code of Conduct for Board of Directors and Senior Management

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. The Code of Conduct is available on the website of the Company at www.smruthiorganics.com. The Annual Report contains a declaration to this effect signed by the Managing Director and Chief Financial Officer.

2.7 Independent Directors Meeting

As required under Schedule IV of the Companies Act, 2013 and Regulation 25 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Independent Directors have to hold at least one meeting in a year, without the attendance of non independent directors and members of the management.

During the financial year 2018-2019, the meeting of Independent Directors was held on 09th February, 2019.



2.8 Reappointment of Directors

Details of Directors seeking re-appointment at the Annual General Meeting as required under Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 are :

| Name of the Director | Mr. J. H. Ranade | Dr. K. Ramaswamy | Mr. Kashinath R. Dhole | Mrs. E. Vaishnavi |
|--|---|----------------------------------|--|---|
| Brief Resume of the Director | Practicing Company Secretary and Director in some private limited companies | MD Medicine Practicing Physician | Founder & Promoter of Kross International, a leading auto component manufacturer | Director in Smruthi Chemicals and Intermediates Limited |
| Nature of his Expertise in Specific Functional Area | Legal & Finance | Technical | Finance General Management | Administration |
| Disclosure of relationship between directors inter se | NA | NA | NA | Wife of Mr. E. Purushotham, Managing Director and Mother of Mr. E. Swapnil, Whole time Director |
| Names of listed entities in which the person also holds the directorship and the membership of Committees of the board | NA | NA | Balaji Amines Limited | NA |
| Shareholding of non-executive directors | Nil | 8600 | Nil | 5,76,475 |

3. Audit Committee

The Audit Committee constituted on 30th December 2005 enjoys all powers / terms of reference as mentioned in Regulation 18 of (Listing Obligations and Disclosure Requirements) Regulations, 2015 and provisions of Section 177(4) of the Companies Act 2013. The scope of the Audit Committee includes all matters stated in Regulation 18 (3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations. Composition of Audit Committee conforms to the requirements Listing Regulations as under:-

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

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

During the Financial year 2018-2019, Four Meetings of Audit Committee were held which are as under:-

| | |
|--------------------|---------------------|
| 19th May, 2018 | 16th July, 2018 |
| 20th October, 2018 | 09th February, 2019 |



Audit Committee meetings were attended by the Chairman and Managing Director, Statutory Auditors and Company Secretary were invited for such meeting. Members of the Audit Committee have requisite financial and management expertise. Chairman of the Audit Committee was present at the Annual General Meeting held on 11th August, 2018.

The Audit Committee acts in accordance with the terms of reference specified by the Board which includes the recommendation for appointment, remuneration and terms of appointment of auditors of the Company, review and monitor the auditor's independence and performance and effectiveness of the audit process, examination of the financial statements and the auditor's report thereon, approval or any subsequent modification of transactions of the Company with related parties, scrutiny of inter-corporate loans and investments, valuation of undertakings or assets of the Company wherever it is necessary, evaluation of internal financial controls and risk management systems, monitoring the end use of funds raised through public offers and related matters.

4. Nomination and Remuneration Committee

The Remuneration Committee was constituted on 24th April 2006 for the purpose of approving remuneration of the managerial personnel as envisaged under the provisions of Companies Act, 2013 and Listing Regulations.

The role, broad terms and reference of the committee includes the following:

- 4.1 Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees
- 4.2 Formulation of criteria for evaluation of Independent Directors and the Board
- 4.3 Devising a policy on Board diversity
- 4.4 Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal. The company shall disclose the remuneration policy and the evaluation criteria in its Annual Report.

The Committee is comprised of:

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

All the members of the Nomination and Remuneration Committee are Non-Executive Directors.

During the Financial year 2018-2019, one Meeting of the Committee was held on 20th October, 2018

The Committee also evaluates performance of the Independent Directors on the basis of their involvement in the Board functioning and discharge of their responsibilities as contemplated under Companies Act, 2013 and SEBI Listing Regulations.

Remuneration Policy

Remuneration to be paid to Managing / Whole time Director shall be governed as per the provisions of the Companies Act, 2013 and rules made there under. Approvals of the Directors / Shareholders are obtained wherever necessary. Non-Executive / Independent Directors are paid sitting fees and may be paid such other remuneration as permissible under the provisions of the Companies Act. Any remuneration paid to Non-Executive / Independent Directors for professional services rendered shall not be considered as a part of remuneration provided such services are rendered in professional capacity and concerned Director possesses requisite qualifications for practice that profession.

6. Stakeholders Relationship Committee

In our Company, the Stakeholders' Grievance Committee is known by the name of Stakeholders' Relationship Committee. The Committee reviews all matters connected with Shareholders complaints, if any, like transfer of shares, non-receipt of Balance Sheet, non-receipt of dividend etc. During the financial year 2018-2019 one (1) meeting was held on 09th February, 2019 to look into transfer of shares.

The Committee was comprised of

| Name | Designation | Category |
|--------------------|-------------|--------------------------|
| Mrs. E. Vaishnavi | Chairperson | Non-Executive (Promoter) |
| Mr. E. Purushotham | Member | Executive (Promoter) |

During the year, no complaint was received from any shareholder of the company.

7. General Body Meetings

7.1 Details of the Annual General Meetings held during the preceding 3 years and Special Resolutions passed thereat are given below:

| Financial Year | Date & Time | Venue | No. of Directors present |
|----------------|------------------------------------|--------------------------|--------------------------|
| 2017-18 | 11th August, 2018 at 12.30 p.m. | Hotel City Park, Solapur | 4 |
| 2016-17 | 04th September, 2017 at 12.30 p.m. | Hotel City Park, Solapur | 4 |
| 2015-16 | 06th August, 2016 at 12.30 p.m. | Hotel City Park, Solapur | 4 |

7.2 Details of Special Resolutions Passed

2017-18

Adoption of new set of Articles of Association of the Company

2016-17

Re-appointment of Mr. E. Purushotham as Managing Director of the Company on a term of 5 years with effect from 01st April, 2017 till 31st March, 2022.

Re-appointment of Mr. E. Swapnil as Executive Director and Chief Financial Officer(CFO) of the Company for a period of 5 years with effect from 01st June, 2017 till 31st May, 2022.

2015-16

No Special Resolutions were passed during the year

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



8. Means of Communication

The Quarterly, Half-Yearly and Audited financial results of the Company are announced within the prescribed time period stipulated under the SEBI Listing Regulations. These results are published in The Active Times/ Mumbai Lakshdeep, Daily Sakal / Sanchar and Divya Marathi (Local News Paper). All data relating to Quarterly Financial Results is provided on the Company's website www.smruthiorganics.com. Important events are also displayed on Company's website.

9. Remuneration of Key Managerial Personnel

Remuneration of Key Managerial Personnel and Senior Management involves a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Company and its goals.

Remuneration to Executive Directors

(Amount in Rs.)

| Particulars | Mr.E. Purushotham Managing Director | Mr.E. Swapnil Executive Director & Chief Financial Officer |
|---|--|---|
| Salary & Other Allowances | 1,14,00,000 | 60,00,000 |
| Contribution to Provident & Other Funds | 13,68,000 | 7,20,000 |
| Commission | ----- | ----- |

Remuneration to Non-Executive Directors: Nil

The sitting fees payable to the Non- Executive Directors is as under:-

(Amount in Rs.)

| Name | Board | Audit Committee Meeting | Nomination & Remuneration Committee Meeting | Independent Directors Meeting | Total |
|-------------------|--------|-------------------------|---|-------------------------------|----------|
| Mrs. E. Vaishnavi | 80,000 | — | 15,000 | — | 95,000 |
| Dr. K. Ramaswamy | 60,000 | 45,000 | — | 15,000 | 1,20,000 |
| Mr. J. H. Ranade | 80,000 | 60,000 | 30,000 | 15,000 | 1,85,000 |
| Mr. K. R. Dhole | 80,000 | 60,000 | 30,000 | 15,000 | 1,85,000 |



10. GENERAL SHAREHOLDERS INFORMATION

10.1 Annual General Meeting

Date: 29th July 2019

Time: 12.30 p.m

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

10.2 Financial Calendar (Tentative): April 2019 to March 2020

| Particulars of Meetings | Date |
|---|------------------------|
| Un-audited Quarterly Result for the quarter ended 30th June 2019 | 2nd week of Aug 2019 |
| Un-audited Quarterly Result for the quarter ended 30th September 2019 | 2nd week of Nov. 2019 |
| Un-audited Quarterly Result for the quarter ended 31st December 2019 | 2nd week of Feb.2020 |
| Audited / Un-Audited Financial Result for the quarter ended 31st March 2020 | Last week of May, 2020 |

10.3 Date of Book Closure

19th July, 2019 to 29th July, 2019 (Both days inclusive)

10.4 Dividend Payment Date: on or after 2nd August, 2019

10.5 Listing on Stock Exchanges

The Equity Shares of the Company are listed at BSE Limited and Metropolitan Stock Exchange of India Limited.

DEMAT : ISIN Number: INE172E01011

CIN : L24119PN1989PLC052562

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

10.6 Stock Code

| Stock Exchange | Code |
|--|---------|
| BSE | 540686 |
| Metropolitan Stock Exchange of India Limited | SMRUTHI |



10.7 Stock Prices

Market price data high and low during each month of the financial year 2018-2019

| Month & Year | Open Rs. | Close Rs.. | Low Rs. | High Rs |
|-----------------|----------|------------|---------|---------|
| April - 2018 | 103.45 | 103.20 | 98.00 | 124.95 |
| May - 2018 | 102.35 | 96.30 | 85.05 | 122.10 |
| June - 2018 | 96.00 | 90.30 | 90.20 | 110.00 |
| July - 2018 | 85.80 | 124.60 | 85.80 | 124.60 |
| August - 2018 | 130.80 | 141.00 | 126.00 | 147.95 |
| September-2018 | 145.00 | 132.05 | 120.05 | 153.95 |
| October - 2018 | 136.95 | 122.00 | 110.10 | 155.00 |
| November-2018 | 128.10 | 140.85 | 115.90 | 140.85 |
| December- 2018 | 133.85 | 116.30 | 110.40 | 137.00 |
| January - 2019 | 116.00 | 125.00 | 112.05 | 146.45 |
| February - 2019 | 131.25 | 132.00 | 114.10 | 144.95 |
| March - 2019 | 131.50 | 145.00 | 124.00 | 159.90 |

10.8 Registrar and Transfer Agents

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

Tel. No.: +91 (0)22 42270423 Fax: +91 (0)22 28503748 E-mail: info@adroitcorporate.com

10.9 Share Transfer System

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

10.10 Reconciliation of Share Capital Audit

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

**11. Share Distribution Schedule**

Share holding of Nominal Value of Shareholders share amount as on 31st March 2019

| Shares | Number | % to total | Total Shares | Rs. | % to total |
|---------------|-------------|------------|------------------|--------------------|------------|
| Upto-500 | 1126 | 75.32 | 1,95,238 | 19,52,380 | 5.12 |
| 501-1000 | 182 | 12.17 | 1,53,117 | 15,31,170 | 4.01 |
| 1001-2000 | 65 | 4.35 | 1,09,185 | 10,91,850 | 2.86 |
| 2001-3000 | 45 | 3.01 | 1,09,685 | 10,96,850 | 2.87 |
| 3001-4000 | 15 | 1.00 | 52,925 | 5,29,250 | 1.38 |
| 4001-5000 | 14 | 0.94 | 66,074 | 6,60,740 | 1.73 |
| 5001-10000 | 24 | 1.61 | 1,85,912 | 18,59,120 | 4.87 |
| 10001 & above | 24 | 1.61 | 29,43,294 | 2,94,32,940 | 7.71 |
| TOTAL | 1495 | 100 | 38,15,430 | 3,81,54,300 | |

12. Shareholding Pattern

| Category | No. of Shares | % to share capital |
|-----------------------|------------------|--------------------|
| NRI | 45,634 | 1.19 |
| Corporate Body | 3,18,735 | 8.35 |
| Directors & Relatives | 23,53,341 | 61.68 |
| Indian Public | 10,97,720 | 28.78 |
| TOTAL | 38,15,430 | 100.00 |

13. Dematerialization of Shares and Liquidity

35,21,725 shares have been dematerialized as on 31st March 2019 constituting 92.30 % of total Paid up Share Capital.

14. Subsidiary Company

The Company does not have any Subsidiary Company.

15. 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.

16. Plant Locations

Unit-I : Plot No.273,274, MIDC Akkalkot Road, Solapur - 413006.

Unit-II : Plot No. A-27, MIDC Chincholi, Solapur - 413255.

17. Address for Correspondence

Registered: 165-A, Balaji Bhavan, 1st Floor, Railway Lines, Solapur - 413001.

Tel. No.: 0217-2310267, 367 Fax No.: 0217-2310268

Email id: changale@smruthiorganics.com; cs@smruthiorganics.com;
investors@smruthiorganics.com

website: www.smruthiorganics.com



18. List Of Credit Ratings Obtained By The Entity During The Financial Year

Name of the Rating Agency: CARE Ratings Ltd.

Rating Obtained: CARE BB Stable

19. Other Disclosures

19.1 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.

19.2 There were no instances of non-compliance of any matter related to the capital markets during the last three years.

19.3 The Company has followed accounting treatment as prescribed in Accounting Standards applicable to the Company.

19.4 The Company has a Vigil mechanism called Whistle Blower policy, all employees have been provided to access direct to the Audit committee.

19.5 The company has complied with the mandatory corporate governance requirements specified in regulations 17 to 27 and clause (b) to (i) of sub-regulation (2) of regulation 46 of SEBI LODR 2015.

19.6 The Company does not have a material subsidiary as defined under Regulation 16 (1) (c) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015.

19.7 Related party Transactions:

The Company did not enter into any materially significant related party transactions, which had potential conflict with the interest of the Company at large. The related party transactions entered into with the related parties as defined under the Companies Act, 2013 and as per Listing Regulations during the financial years were in the ordinary course of business and the same have been approved by the Audit Committee/ Board of Directors Transactions with the related parties are disclosed under Notes forming part to the financial statements in the Annual Report. The Board of Directors have approved a policy of related party transactions which has been uploaded on the website of the Company www.smruthiorganics.com.

19.8 Details of utilization of funds raised through preferential allotment or qualified institutions placement as specified under regulation 32 (7A) :NA

19.9 Certificate from Mr. H.R. Thakur Practicing Company Secretary, Mumbai about non-debarment /disqualification of Directors of the Company is received.

19.10 Total fees for all services paid by the listed entity to the statutory auditor: Rs 1 Lac.

20. Details of compliance with mandatory requirements and adoption of the non-mandatory requirements.

Details of any non-compliance of any requirement of corporate governance report of sub-paras (2) to (10) :

All the mandatory requirements have been complied with as stated in this report on Corporate Governance.



There is no non-compliance with any requirement of corporate governance report of sub-paras (2) to(10) of the Corporate Governance report as given in Schedule V(C) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The disclosures of the compliance with Corporate Governance requirements specified in Regulation 17 to 27 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the Regulations), have been made in this Corporate Governance report.

21. Risk Management

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

22. CEO/CFO Certification:

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

23. Code of Ethics / Vigil Mechanism / Whistle Blower Policy

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

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

25. Secretarial Department

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

For & on behalf of the Board
Smruthi Organics Limited

Place : Solapur
Date : 27th April, 2019

(E. Purushotham)
Chairman & Managing Director
DIN:00033583

COMPLIANCE WITH CODE OF BUSINESS CONDUCT:

As required under Schedule V(D) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board Members and the Senior Management Personnel have confirmed compliance with the Code of Conduct for the year ended 31st March, 2019.

For & on behalf of the Board
Smruthi Organics Limited

Place : Solapur
Date : 27th April, 2019

(E. Purushotham)
Chairman & Managing Director
DIN:00033583



**INDEPENDENT AUDITORS' CERTIFICATE ON
COMPLIANCE WITH THE CORPORATE
GOVERNANCE REQUIREMENTS UNDER SEBI
(Listing Obligations and Disclosure Requirements) Regulations, 2015**

To
The Members of Smruthi Organics Limited,
Solapur

We have examined the compliance of conditions of Corporate Governance by Smruthi Organics Limited ("the Company") for the year ended 31st March 2019 as stipulated in Chapter IV of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

In our opinion and to the best of our information and according to the explanations given by us, we certify that the company has complied with the conditions of Corporate Governance as stipulated in the Regulations referred above.

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.

M/s. N. R. Waghchaure & Associates
Chartered Accountants
FRN : 114999W

N. R. Waghchaure
Proprietor
ICAI Membership No :048890

Place: Solapur.
Date: 27th April 2019



CHIEF EXECUTIVE OFFICER (CEO) & CHIEF FINANCIAL OFFICER (CFO) CERTIFICATION

To,
Board of Directors
Smruthi Organics Limited.

We have reviewed the Financial Statements and the Cash Flow Statement of Smruthi Organics Limited for the year ended 31st March, 2019 and that to the best of our knowledge and belief, we state that;

- (a) (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that may be misleading;
- (a) (ii) these statements present a true and fair view of the Company's affairs and are in compliance with current accounting standards, applicable laws and regulations.
- (b) there are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or in violation of the Company's code of conduct.
- (c) we accept responsibility for establishing and maintaining internal controls for financial reporting. We have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and steps taken or proposed to be taken for rectifying these deficiencies.
- (d) we have indicated to the Auditors and the Audit Committee:
 - (i) significant changes, if any, in the internal control over financial reporting during the year.
 - (ii) significant changes, if any, in accounting policies made during the year and that the same have been disclosed in the notes to the financial statements; and
 - (iii) instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

Yours Sincerely

Eaga Swapnil
Whole time Director & CFO
DIN : 01241535

Eaga Purushotham
Chairman & Managing Director
DIN : 00033583



INDEPENDENT AUDITORS' REPORT

To,

The Members of Smruthi Organics Limited

Standalone Financial Statements

We have audited the accompanying standalone Ind AS financial statements of Smruthi Organics Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2019, the Statement of Profit and Loss (including other comprehensive Income), the Cash Flow Statement and the statement of changes of equity for the year ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Standalone Ind AS financial statements that give a true and fair view of the financial position, profit or loss (financial performance including other comprehensive Income and cash flows and changes in the equity) of the Company in accordance with the accounting principles generally accepted in India, including Indian Accounting Standards (Ind AS) specified under Section 133 of the Act.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Standalone Ind AS 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 Standalone Ind AS financial statements based on our audit.

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

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

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

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS 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, including Ind AS of the state of affairs (Financial Position) of the Company as at March 31, 2019, and its loss (Financial performance including other comprehensive Income) and its cash flows and the changes in equity for the year ended on that date

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order) issued by the Central Government in terms of sub-section (11) of section 143 of the Act, we give in Annexure A, a statement on matters specified in paragraphs 3 and 4 of the said order .
2. As required by Section 143 (3) of the Act, we report that:
 - 2.1 We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - 2.2 In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - 2.3 The Balance Sheet, the Statement of Profit and Loss, Cash Flow Statement and statement of changes in equity dealt with by this Report are in agreement with the books of account.
 - 2.4 In our opinion, the aforesaid standalone Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2015.
 - 2.5 In the course of our audit we have not come across any transactions or matters which have any adverse effects on the functioning of the company.
 - 2.6 On the basis of the written representations received from the directors as on March 31, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164 (2) of the Act.
 - 2.7 With respect to the adequacy of the internal financial control over financial reporting of the company and operating effectiveness of such controls.
 - 2.8 With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in Standalone Ind AS financial statement.
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There has been no delay in transferring amounts required to be transferred to the Investor Education and Protection Fund by the Company.

N.R.Waghchaure & Associates
Chartered Accountants,
FRN : 114999W

Nilkanth R Waghchaure
Proprietor
ICAI Membership No :048890

Place : Solapur
Date : 27th April, 2019



ANNEXURE-A TO THE INDEPENDENT AUDITOR'S REPORT

Referred To In Paragraph 1 Under The Heading Of Report On Other Legal And Regulatory Requirements Of Our Report Of Even Date

Smruthi Organics Limited For the Year Ended March 31st 2019

1. Fixed Assets [Clause 3(i)]

- 1.1 Proper Records: The company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets:
- 1.2 Physical Verification: These fixed assets have been physically verified by the management at reasonable intervals;
Any material discrepancies were noticed on such verification and if so, whether the same have been properly dealt with in the books of account by the management at regular intervals, Not Applicable
- 1.3 Title Deed: The title deeds of immovable properties are held in the name of the company.

2. Inventory [Clause 3(ii)]

Physical verification: Physical verification of inventory has been conducted at reasonable intervals by the managements; Valuation of closing stock is taken as certified, valued and verified by the management by the Company

No such material discrepancies were noticed on such verification. And if so, whether the same have properly dealt with in the books of account is not applicable;

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

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

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

The company has not granted or made any investments, guarantees, and security to the parties covered under section 185 and 186 of the Companies Act, 2013 have been complied with. If not, provided the details thereof. Not Applicable.

5. Deposits[Clause3(v)]

The company has not accepted any deposits from the public within the meaning of section 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the rules framed thereunder;



6. Cost Records [Clause 3(vi)]

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

7. Statutory Dues [Clause 3(vii)]

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

7.1 Statutory Dues for more than 6 Months: Whether the company is regular in depositing undisputed statutory dues with the appropriate authorities including:

- i. Provident fund: No Dues
- ii. Employee's state insurance: No Dues
- iii. Income Tax: No Dues
- iv. Sales- tax: No Dues
- v. Service tax: No Dues
- vi. Duty of customs: No Dues
- vii. Duty of excise: No Dues
- viii. Value Added Tax (VAT): No Dues
- ix. Cess: No Dues
- x. Any other statutory dues: No Dues

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

7.2 According to the records of the company and as per information and explanation given to me, there are no dues of Sales Tax or Value added tax which have not been deposited on account of any dispute as on 31.03.2019 except Dy. Commissioner of GST (VAT) issued assessment order received for financial year 2014-15 by E-mail on 10.04.2019 in which penalty was levied of Rs. 807165/-, appeal is to be filled against this order..

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

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

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

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

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

10 Reporting of Fraud [Clause (x)]

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

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

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



12 Nidhi Company [Clause 3 (xii)]

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

13 Related Party Transaction [Clause 3 (xiii)]

All transactions with the related parties are in compliance with sections 177 and 188 Companies Act, 2013. The details of such related party transaction have been disclosed in the Financial Statements as required under Indian Accounting Standard (Ind AS) 24, related party disclosures specified under section 133 of the Act.

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

The company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly the provisions of Clause 3 (xiv) of the order are not applicable to the company.

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

The company has not entered into any non-cash transactions with directors or persons connected with him. Accordingly provisions of [Clause 3 (xv)] of the order are not applicable to the company.

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

The company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934. Accordingly provisions of Clause 3 (xvi) of the order are not applicable to the company.

Place : Solapur
Date : 27th April, 2019

N.R.Waghchaure & Associates
Chartered Accountants,
FRN : 114999W

Nilkanth R Waghchaure
Proprietor
ICAI Membership No :048890



ANNEXURE - B TO THE INDEPENDENT AUDITORS' REPORT

Referred to in paragraph 2(g) under the heading of “ Report on other legal and regulatory requirements of our report of even date.”

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)

We have audited the internal financial controls over financial reporting of Smruthi Organics Limited ("the Company") as of 31st March 2019 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.



Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Place : Solapur
Date : 27th April, 2019

N.R.Waghchaure & Associates
Chartered Accountants,
FRN : 114999W

Nilkanth R Waghchaure
Proprietor
ICAI Membership No :048890



Smruthi Organics Limited
Balance Sheet as on 31.03.2019

(Figures in Rupees)

| | Particulars | Note No. | As at 31.03.2019 | As at 31.03.2018 |
|-----------|---|----------|----------------------|---------------------|
| I | Assets | | | |
| | Non-current assets | | | |
| | Property, plant and equipment | 1 | 29,93,77,692 | 30,27,15,587 |
| | Capital work-in-progress | 2 | 1,69,20,399 | 53,23,142 |
| | Investment property | | 0 | 0 |
| | Goodwill | | 0 | 0 |
| | Intangible assets under development | | 0 | 0 |
| | Biological assets other than bearer plants | | 0 | 0 |
| | Financial assets | 3 | 93,40,92 | 10,46,179 |
| | - Non-Current investments | 4 | 4,93,100 | 4,93,100 |
| | - Long-term loans and advances | 5 | 18,60,508 | 7,80,000 |
| | - Trade Receivables | 6 | 0 | 0 |
| | - Others | 7 | 3,62,19,400 | 1,72,32,612 |
| | Deferred tax assets (Net) | 16 | - | 1,27,02,604 |
| | Other non-current assets | | 0 | 0 |
| | Total Non Current Asset A | | 35,58,05,191 | 34,02,93,224 |
| | Current assets | | | |
| | Inventories | 8 | 22,69,60,949 | 21,05,48,085 |
| | Financial assets | | | |
| | - Current investments | | 0 | 0 |
| | - Trade and other receivables | 9 | 36,39,20,364 | 25,26,09,317 |
| | - Cash and cash equivalents & Bank Balances | 10 | 4,15,59,888 | 1,72,95,976 |
| | - Short term loans and advances | | 0 | 0 |
| | Assets for current tax (net) | | | |
| | Other current assets | 11 | 2,08,18,369 | 3,13,11,659 |
| | Non-current assets classified as held for sale | | | |
| | Other Non-Current Assets | | 0 | 0 |
| | Total Current Assets B | | 65,32,59,570 | 51,17,65,037 |
| | Total Assets | | 100,90,64,761 | 85,20,58,261 |
| II | Equity And Liabilities | | | |
| | Equity | | | |
| | Equity Share capital | 12 | 3,81,54,300 | 3,81,54,300 |
| | Other Equity | 13 | 32,56,29,293 | 25,24,55,871 |
| | - Equity component of other financial instrument | | | |
| | - Retained earnings | | | |
| | - Reserves | | | |
| | - Reserves representing unrealised gains/ losses | | | |
| | - Other reserves | | | |
| | Money received against share warrants | | | |
| | Others | | | |
| | Share application money pending allotment | | | |
| | Total Equity | | 36,37,83,593 | 29,06,10,171 |
| | Non-current liabilities | | | |
| | Financial liabilities | | | |
| | - Long term borrowings | 14 | 2,49,55,492 | 6,22,27,535 |
| | - Other financial liabilities (Trade Payable) | 15 | 33,53,567 | 18,41,879 |
| | Long term provisions | | 0 | 0 |
| | Deferred tax liabilities (Net) | 16 | 1,42,10,254 | 0 |
| | Other non-current liabilities | 17 | 3,14,45,811 | 2,15,47,707 |
| | Total Non Current Liabilities | | 7,39,65,124 | 8,56,17,121 |



| | | | |
|---|----|----------------------|---------------------|
| Current liabilities | | | |
| Financial liabilities | | | |
| - Short term borrowings | 18 | 25,17,56,480 | 23,01,49,265 |
| - Trade and other payables | 19 | 29,88,90,231 | 21,56,97,300 |
| - Other financial liabilities | | 0 | 0 |
| Other current liabilities | 20 | 1,91,24,422 | 2,99,84,404 |
| Short-term provisions (IT Provision) | | 15,44,911 | 0 |
| Liabilities for current tax (net) | | | |
| Total Current Liabilities | | 57,13,16,044 | 47,58,30,969 |
| Liabilities associated with group(s) of assets held for disposal | | | |
| Total Equity and Liabilities | | 100,90,64,761 | 85,20,58,261 |

The accompanying Notes 1 to 28 are an integral part of the Financial statements.

N.R.Waghchaure & Associates

Chartered Accountants,
FRN : 114999W

Nilkanth R Waghchaure

Proprietor
ICAI Membership No :048890

For & on behalf of Board of Directors
Smruthi Organics Limited

Eaga Purushotham

Chairman & Managing Director
DIN : 00033583

Eaga Swapnil

Wholetime Director & CFO
DIN : 01241535

PLACE : Solapur

DATE : 27th April, 2019

Urvashi Khanna

Company Secretary & Compliance Officer

Smruthi Organics Limited
Statement of Profit & Loss for the year ended 31.03.2019

(Figures in Rupees)

| Sr. No. | Particulars | Note No. | As at 31.03.2019 | As at 31.03.2018 |
|-------------|---|----------|-----------------------|-----------------------|
| I | Income | | | |
| | a) Revenue from operations (gross) | 21 | 1,37,41,09,188 | 97,34,15,336 |
| | b) Other income | 22 | 88,02,660 | 20,96,943 |
| | Total Revenue | | 1,38,29,11,848 | 97,55,12,279 |
| II | Expenses | | | |
| | a) Cost of materials consumed | 23 | 93,33,94,184 | 58,50,57,293 |
| | b) Changes in inventories of finished goods, work-in-progress and Stock-in-Trade | 24 | (2,79,52,987) | 2,26,62,582 |
| | c) Employee benefit expenses | 25 | 12,85,97,496 | 9,27,13,092 |
| | d) Finance costs | 26 | 3,58,04,471 | 4,08,71,297 |
| | e) Other Expenses | 27 | 17,41,53,225 | 24,03,91,149 |
| | f) Depreciation and amortization expense | 1 | 4,13,50,310 | 4,06,58,305 |
| | Total Expenses (2) | | 1,28,53,46,699 | 1,02,23,53,718 |
| III | Profit / (Loss) before Tax | | 9,75,65,149 | (4,68,41,439) |
| IV | Tax expense | | | |
| | (a) Current tax | | 20,34,753 | - |
| | (b) Mat Credit Entitlement | | - | - |
| | (c) Deferred tax | | 2,69,12,858 | (1,47,07,609) |
| | Total | | 2,89,47,611 | (1,47,07,609) |
| V | Profit (Loss) for the Period | | 6,86,17,538 | (3,21,33,830) |
| VI | Other Comprehensive Income: | | | |
| | a) Items that will not be reclassified to statement of profit or loss: | | - | - |
| | b) Income tax relating to items that will not be reclassified to statement of profit or loss - Foreign Currency Exchange Loss | | - | - |
| | c) Items that will not be reclassified to statement of profit or loss: | | - | - |
| | d) Income tax relating to items that will be reclassified to statement of profit or loss | | - | - |
| VII | Total Comprehensive income for the period | | 6,86,17,538 | (3,21,33,830) |
| VIII | Earnings per equity share | | | |
| | a) Basic | | 17.98 | (8.42) |
| | b) Diluted | | 17.98 | (8.42) |

The accompanying Notes 1 to 28 are an integral part of the Financial statements.

N.R.Waghchaure & Associates
Chartered Accountants,
FRN : 114999W

For & on behalf of Board of Directors
Smruthi Organics Limited

Nilkanth R Waghchaure
Proprietor
ICAI Membership No :048890

Eaga Purushotham
Chairman & Managing Director
DIN : 00033583

Eaga Swapnil
Wholetime Director & CFO
DIN : 01241535

PLACE : Solapur
DATE : 27th April, 2019

Urvashi Khanna
Company Secretary & Compliance Officer

Cash Flow Statement

for the year ended 31.03.2019

| Sr.No. | Particulars | Rs. | Rs. |
|----------|---|---------------------|---------------------|
| A | CASH FLOW FROM OPERATING ACTIVITIES | 31-03-2019 | 31-03-2018 |
| | Profit before income tax | 9,75,65,149 | -4,68,41,439 |
| | Non cash adjustment to reconciled profit before tax to net cash flows | - | 0 |
| | Depreciation | 4,13,50,310 | 4,06,58,305 |
| | Misc Expenditure written off | - | 0 |
| | Interest Expenditure | 3,58,04,471 | 4,08,71,297 |
| | Interest Income, DBK & etc. | -78,51,559 | -82,27,591 |
| | Operating profit before working capital changes | 16,68,68,371 | 2,64,60,572 |
| | Movements in Working Capital | | |
| | Increase/(Decrease) in Trade Payables | 8,31,92,931 | 5,06,13,498 |
| | Increase/(Decrease) in Short Term Provisions | 15,44,911 | -58,14,180 |
| | Increase/(Decrease) in Other Current Liabilities | -1,08,59,982 | -3,58,75,033 |
| | Increase/(Decrease) in Other Long Term Liabilities | 98,98,104 | 15,39,558 |
| | Decrease/(Increase) in Trade Receivables | -11,13,11,047 | -4,18,52,834 |
| | Decrease/(Increase) in Inventories | -1,64,12,864 | -1,61,09,946 |
| | Decrease/(Increase) in Long Term Loans & Advances | -1,99,55,209 | 8,20,02,904 |
| | Decrease/(Increase) in Short Term Loans & Advances | 1,04,93,290 | -92,03,375 |
| | Decrease/(Increase) in Other Current Assets | - | 0 |
| | Decrease/(Increase) in Other Non-Current Assets | - | 0 |
| | Cash generated from / (used in) operations | 11,34,58,505 | 5,17,61,165 |
| | Direct taxes paid (net of refunds) | 25,21,131 | (3,63,330) |
| | Net cash flow from / (used in) operating activities (A) | 11,59,79,636 | 5,13,97,835 |
| B | CASH FLOW FROM INVESTING ACTIVITIES | | |
| | Purchases of Fixed Assets, including intangible assets, CWIP & capital advances | -4,96,09,672 | -3,84,30,354 |
| | Proceeds of non current investments | | |
| | Increase/(Decrease) in trade payables fixed Assets | 15,11,688 | -18,96,124 |
| | Purchase of current investments | - | 0 |
| | Investment in bank deposits (having original maturity of more than 3 months) | - | 0 |
| | Interest, DBK etc. | 78,51,559 | 82,27,591 |
| | Net Cash from / (used in) Investing Activities (B) | -4,02,46,425 | -3,20,98,887 |
| C | CASH FLOWS FROM FINANCING ACTIVITIES | | |
| | Proceeds from issuance of share capital & preference share capital | - | 0 |
| | Proceeds from long term borrowings | - | 0 |
| | Repayment of long term borrowing | -3,72,72,043 | -1,99,06,032 |
| | Proceeds from short term borrowings | 2,16,07,215 | 4,30,65,463 |
| | Interest Paid | -3,58,04,471 | -4,08,71,297 |
| | Dividend paid on equity shares | - | 0 |
| | Tax on equity dividend paid | - | 0 |
| | Net cash flow from / (used in) Financing Activities (C) | -5,14,69,299 | -1,77,11,866 |
| | Net Increase/(Decrease) in cash & cash equivalents (A) + (B) + (C) | 2,42,63,912 | 15,87,082 |
| | Cash & Cash equivalents at the beginning of the period | 1,72,95,977 | 1,57,08,895 |
| | Cash & Cash equivalents at the end of the period | 4,15,59,888 | 1,72,95,977 |

For and on behalf of Board of Directors

Place : Solapur
Date : 27 April, 2019

Eaga Purushotham
Chairman & Managing Director
DIN : 00033583

Eaga Swapnil
Wholetime Director & CFO
DIN : 01241535

Urvashi Khanna
Company Secretary & Compliance Officer

Note 1 & 2

Property, Plant and Equipment

Fixed Assets Forming Part of Balance Sheet As on 31st March 2019

Amount in Rs.

| PARTICULARS | NET BLOCK | | | DEPRECIATION PROVIDED | | | NET BLOCK | |
|--|-----------------------|----------------------------------|----------------------|--------------------------|----------------------|----------------------|-----------------------|------------------------|
| | Cost As On 01.04.2018 | Addition During The Year 2018-19 | Disposal /Adjustment | As On 31.03.2019 (2+3-4) | For The Year 2018-19 | Disposal /Adjustment | Upto 31.03.2019 (6-7) | As On 31.03.2019 (5-8) |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 |
| Factory Land | 2682612 | 0 | 0 | 2682612 | 17640 | 0 | 17640 | 2664972 |
| Agricultural Land | 587094 | 0 | 0 | 587094 | | 0 | 0 | 587094 |
| Building | 64718630 | 4446113 | 0 | 69164743 | 6579965 | 0 | 6579965 | 62584778 |
| Ownership Flats | 2203203 | 0 | 0 | 2203203 | 209379 | 0 | 209379 | 1993824 |
| Plant & Machinery | 200543391 | 23098715 | 0 | 223642106 | 27261746 | 0 | 27261746 | 196380360 |
| Electrical Installation/Equip. | 9155671 | 672265 | 0 | 9827936 | 1190999 | 0 | 1190999 | 8636937 |
| Vehicles | 1078185 | 0 | 0 | 1078185 | 115730 | 0 | 115730 | 962455 |
| Office Equipments | 187071 | 1082394 | 0 | 1269465 | 511449 | 0 | 511449 | 758016 |
| Computer | 626821 | 368383 | 0 | 995204 | 436259 | 0 | 436259 | 558946 |
| Furniture & Fixture | 1116109 | 57067 | 0 | 1173176 | 198566 | 0 | 198566 | 974610 |
| Laboratory Equipments | 5517815 | 6049925 | 0 | 11567740 | 2846789 | 0 | 2846789 | 8720950 |
| Other Factory Equipments | 6066926 | 2200187 | 0 | 8267113 | 1009272 | 0 | 1009272 | 7257841 |
| TOTAL = A | 294483528 | 37975049 | 0 | 332458578 | 40377796 | 0 | 40377796 | 292080784 |
| B) i) Research & Devp. Equip. | 6889708 | 0 | 0 | 6889708 | 841394 | 0 | 841394 | 6048313 |
| ii) Research & Devp. G. Block | 1342350 | 37366 | 0 | 1379716 | 131120 | 0 | 131120 | 1248596 |
| TOTAL = B | 8232058 | 37366 | 0 | 8269424 | 972514 | 0 | 972514 | 7296909 |
| Grand Total (A + B) | 302715586 | 38012415 | | 340728002 | 41350310 | 0 | 41350310 | 299377693 |
| C) Capital Work in Progress | | | | | | | | |
| Building Constructions - Boiler | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Plant & Machinery - Boiler | 1879326 | 2036909 | 0 | 3916235 | 0 | 0 | 0 | 3916235 |
| Plant & Machinery - Chilling Plant | 3443816 | 0 | 3443816 | 0 | 0 | 0 | 0 | 0 |
| Furniture & Fixture (WIP- R&D Hyd | 0 | 2904688 | 0 | 2904688 | 0 | 0 | 0 | 2904688 |
| Plant & Machinery (WIP GMM Reactor) | 0 | 6022900 | 0 | 6022900 | 0 | 0 | 0 | 6022900 |
| Research & Development Equipmt (WIP- R & D Hyd.) | 0 | 4076576 | 0 | 4076576 | 0 | 0 | 0 | 4076576 |
| TOTAL = C | 5323142 | 15041073 | 3443816 | 16920399 | 0 | 0 | 0 | 16920399 |
| TOTAL (A + B + C) | 308038729 | 53053488 | 3443816 | 357648401 | 41350310 | 0 | 41350310 | 316298092 |
| Previous Year | 310266680 | 46328862 | 7658010 | 348937532 | 40898803 | 0 | 40898803 | 308038729 |



Notes 3 NON CURRENT - FINANCIAL ASSETS

| | Particulars | As At 31-03-2019 Rs. | | As At 31-03-2018 Rs. | |
|---|--|-------------------------|-----------------|-------------------------|------------------|
| 1 | Earmared Balances with Banks (Unpaid Dividend) | 2,59,092 | | 3,71,179 | |
| 2 | Balance with banks to the extent held as margin money against bank Guarantee with MPCB etc | 675000 | | 6,75,000 | |
| | TOTAL | | 9,34,092 | | 10,46,179 |

Notes 4 NON CURRENT INVESTMENTS

| | Particulars | As At 31-03-2019 Rs. | | As At 31-03-2018 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 | |
| | TOTAL | | 4,93,100 | | 4,93,100 |

Notes 5 LONG TERM LOANS & ADVANCES

| | Particulars | As At 31-03-2019 Rs. | | As At 31-03-2018 Rs. | |
|---|--|-------------------------|------------------|-------------------------|-----------------|
| 1 | Advance against Capital Goods | 18,60,508 | | 7,80,000 | |
| 2 | Sundry Debtors (More than 1 year) Less : Debtors Advance more than one year | | | | |
| | TOTAL | | 18,60,508 | | 7,80,000 |

Notes 6 NON-CURRENT RECEIVABLE

| | Particulars | As At 31-03-2019 Rs. | | As At 31-03-2018 Rs. | |
|---|----------------------------|-------------------------|----------|-------------------------|----------|
| 1 | Secured- Considered Good | | | | |
| 2 | Unsecured- Considered Good | | | | |
| 3 | Bad | 54,02,454 | | 7,97,03,285 | |
| | Total | 54,02,454 | | 7,97,03,285 | |
| | Less: Bad | -54,02,454 | | -7,97,03,285 | |
| | Net Total | | 0 | | 0 |



Notes 7 OTHER FINANCIAL ASSETS

| Particulars | | As At 31-03-2019 | | As At 31-03-2018 | |
|-------------|---------------------------------------|------------------|--------------------|------------------|--------------------|
| 1 | Loans shall be Classified as | | | | |
| | a) Security Deposit | | | | |
| 2 | b) Loan To Related Parties | | | | |
| | C) Other Loan (Fixed Assets advance) | 0 | | 0 | |
| | Above Loans are sub-classified as | | | | |
| | Secured- Considered Good | 0 | | 0 | |
| | Unsecured- Considered Good | | | | |
| | All Business Deposits | 75,96,403 | | 64,09,257 | |
| | VAT, Sales Tax Income Tax Refunds | 28,43,237 | | 30,82,185 | |
| | MAT Credit Entitlement (2015-16) | 29,42,000 | | 29,42,000 | |
| | MAT Credit Entitlement (2016-17) | 47,99,170 | | 47,99,170 | |
| | MAT Credit Entitlement (2018-19) | 1,80,38,590 | | | |
| | Total | 3,62,19,400 | | 1,72,32,612 | |
| | Doubtful | 0 | | 0 | |
| | Total | 3,62,19,400 | | 1,72,32,612 | |
| | Less: Doudful | 0 | | 0 | |
| | Net Total | | 3,62,19,400 | | 1,72,32,612 |

Notes 8 INVENTORIES

| Particulars | | As At 31-03-2019 | | As At 31-03-2018 | |
|-------------|---|------------------|---------------------|------------------|---------------------|
| 1 | Inventories - (at cost except otherwise stated & as as certified by Board of Director) | | | | |
| 1) | Raw Materials and Spares (at cost) | 5,90,56,793 | | 7,02,90,133 | |
| 2) | Packing Materials (at cost) | 22,08,058 | | 25,14,841 | |
| 3) | Work in Process (at cost) | 6,71,62,875 | | 9,61,02,188 | |
| 4) | Finished Goods | 9,85,33,223 | | 4,16,40,923 | |
| | (at lower of cost and net realisable value) | | | | |
| 5) | Finished Goods In Transit | - | | - | |
| | (at lower of cost and net realisable value) | | | | |
| | TOTAL | | 22,69,60,949 | | 21,05,48,085 |

Notes 9 CURRENT TRADE RECEIVABLE

| Particulars | | As At 31-03-2019 Rs. | | As At 31-03-2018 Rs. | |
|-------------|----------------------------|-------------------------|---------------------|-------------------------|---------------------|
| 1 | Secured- Considered Good | | | | |
| 2 | Unsecured- Considered Good | 36,39,20,364 | | 25,26,09,317 | |
| 3 | Doudtful | | | | |
| | Total | 36,39,20,364 | | 25,26,09,317 | |
| | Less: Doudful | - | | - | |
| | Net Total | | 36,39,20,364 | | 25,26,09,317 |



Notes 10 CASH & BANK BALANCES

| Particulars | | As At 31-03-2019 Rs. | | As At 31-03-2018 Rs. | |
|-------------|----------------------------------|-------------------------|--------------------|-------------------------|--------------------|
| | Cash and cash equivalents | | | | |
| 1 | Cash in hand | 2,37,611 | | 1,23,290 | |
| | Balances with banks | - | | - | |
| 1 | Bank Balances | 64,36,883 | | 6,80,389 | |
| 2 | Demand Deposits with SBI | 3,48,85,394 | | 164,92,297 | |
| | Total | | 4,15,59,888 | | 1,72,95,976 |

Notes 11 OTHER CURRENT ASSETS

| Particulars | | As At 31-03-2019 | | As At 31-03-2018 | |
|-------------|--|---------------------|--------------------|---------------------|--------------------|
| 1 | (Unsecured Considered Good) | | | | |
| | Advances recoverable in cash or in kind or for value to be received | | | | |
| 1 | Staff & Other Advances | 10,10,083 | | 4,64,713 | |
| 2 | Pre-Paid Insurance | 40,90,327 | | 3,20,271 | |
| 3 | Pre-Paid Custom Duty | 9,67,923 | | 5,66,094 | |
| 4 | Excise Duty (Modvat) | - | | 47,752 | |
| 5 | Excise Duty (EOU) | - | | - | |
| 6 | INPUT SGST CGST IGST | 66,28,883 | | 60,60,638 | |
| 7 | Prepaid Fees & Forms | - | | - | |
| 8 | Interest Accrued but not due | 9,72,935 | | 5,64,214 | |
| 9 | Excise duty on export refund | - | | - | |
| 10 | Pre-Paid Interest | - | | - | |
| 11 | Export Incentive on FMS Receivable + SF | 32,44,742 | | 48,02,020 | |
| 12 | Service Tax | - | | - | |
| 13 | IGST ON EXPORT REFUNDABLE | 11,40,300 | | 154,69,002 | |
| 14 | Advance Income Tax & TDS | - | | 3,63,330 | |
| 15 | Duty Draw Back Incentive Receivable | 20,95,451 | | 16,41,658 | |
| 16 | Pre-Paid Exo (Fees & Forms, Bank charges etc.) | 6,67,725 | | 10,11,967 | |
| | Total | | 2,08,18,369 | | 3,13,11,659 |

Notes 12 SHARE CAPITAL

| Particulars | | As At 31-03-2019 Rs. | | As At 31-03-2018 Rs. | |
|-------------|--|-------------------------|------------------------------|-------------------------|------------------------------|
| 1 | AUTHORISED SHARE CAPITAL | | | | |
| | 5000000 Equity Shares of Rs. 10/- each | 5,00,00,000 | | 5,00,00,000 | |
| | 5000000 Non-Convertible Cumulative Redeemable Preference Shares of Rs.10/-each | 5,00,00,000 | 10,00,00,000 | 5,00,00,000 | 10,00,00,000 |
| 2 | ISSUED, SUBSCRIBED & PAID UP SHARE'S | | | | |
| | 3815430 Equity Shares of Rs. 10/- each fully paid | 3,81,54,300 | | 3,81,54,300 | |
| | Details of Shareholders holding more than 5% shares in the Company | | 3,81,54,300 | | 3,81,54,300 |
| | | No.of Shares | %holding in the class | No.of Shares | %holding in the class |
| 1 | Mr. Eaga Purushotham | 15,29,235 | 40.08 | 15,29,000 | 40.07 |
| 2 | Mrs. Eaga Vaishnavi | 5,76,475 | 15.11 | 5,76,475 | 15.11 |



Notes 13 OTHER EQUITY

| | Particulars | As At 31-03-2019 | As At 31-03-2018 |
|--------------|--------------------------------------|---------------------|---------------------|
| 1 | Securities premium | 20,00,000 | 20,00,000 |
| 2 | Capital Reserve & Incentive | 21,08,600 | 21,08,600 |
| 3 | General Reserve | 5,02,33,427 | 5,02,33,427 |
| 4 | Retained Earnings | 27,12,87,266 | 19,81,13,844 |
| 5 | Cash Flow Hedge Reserve | 0 | 0 |
| 6 | Foreign Currency Translation Reserve | 0 | 0 |
| TOTAL | | 32,56,29,293 | 25,24,55,871 |

| Particulars | Reserve & Surplus | | | | | | Total Equity |
|--|--------------------|-----------------------------|--------------------|---------------------|-------------------------|--------------------------------------|---------------------|
| | Securities premium | Capital Reserve & Incentive | General Reserve | Retained Earnings | Cash Flow Hedge Reserve | Foreign Currency Translation Reserve | |
| As at 1st April 2018 | 20,00,000 | 21,08,600 | 5,02,33,427 | 19,81,13,844 | 0 | 0 | 25,24,55,871 |
| Exercise of share options | | | | | | | 0 |
| share-based payments | | | | | | | 0 |
| Profit for the year | | | | 6,86,17,538 | 0 | | 6,86,17,538 |
| Movement in Foreign Currency | | | | | | | 0 |
| Reduction In Income Tax Refund | | | | 0 | 0 | | 0 |
| Remeasurement of the net defined benefit | | | | | | | 0 |
| Income Tax Refund and other | | | | 45,55,884 | | | 45,55,884 |
| Short Provision | | | | 0 | | | 0 |
| Movement in cash flow hedge | | | | | | | 0 |
| As at 31st March 2019 | 20,00,000 | 21,08,600 | 5,02,33,427 | 27,12,87,266 | 0 | 0 | 32,56,29,293 |

Notes 14 LONG - TERM BORROWINGS

| | Particulars | As At 31-03-2019 Rs. | | As At 31-03-2018 Rs. | |
|--------------|---|-------------------------|--------------------|-------------------------|--------------------|
| 1 | Deferral Sales Tax Loan PSI 1993 Expansion ** | 1,15,50,432 | | 1,76,19,299 | |
| 2 | SBI - IFB - WCTL A/c | - | | 3,12,03,176 | |
| 3 | Unsecured Loans - Directors | 1,34,05,060 | | 1,34,05,060 | |
| TOTAL | | | 2,49,55,492 | | 6,22,27,535 |

1st mortgage / hypothecation charge of State Bank of India, IFB Mumbai 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. 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. Additional collateral Security of Mumbai Flat and eight Flats (Navodaya Regency & Tarrace) located at Solapur (Navodaya Regency) in the name of Company and one flat in the name of Mr. E.Purushotham, Managing Director of the Company in favour of State bank of India.

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

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



Notes 15 OTHER FINANCIAL LIABILITIES (TRADE PAYABLE)

| | Particulars | As At 31-03-2019 Rs. | As At 31-03-2018 Rs. |
|---|---|-------------------------|-------------------------|
| 1 | Non Current Other Financial Liabilities (S. Crs FA) | 33,53,567 | 18,41,879 |
| 2 | Non Current Provision | 0 | 0 |
| 3 | Other Non Current Liabilities (Dues Payable of Government) | 0 | 0 |
| | TOTAL | 33,53,567 | 18,41,879 |

Notes 16 DEFERRED TAX LIABILITY / (DEFERRED TAX ASSETS)

| | Particulars | As At 31-03-2019 Rs. | As At 31-03-2018 Rs. |
|---|-------------------------------|-------------------------|-------------------------|
| 1 | Opening Balance | (1,27,02,604) | 20,05,005 |
| 2 | Less:C.Y. Excess DTA over DTL | 2,69,12,858 | (1,47,07,609) |
| | TOTAL | 1,42,10,254 | -1,27,02,604 |

Notes 17 OTHER NON CURRENT LIABILITIES

| | Particulars | As At 31-03-2019 Rs. | As At 31-03-2018 Rs. |
|---|--------------------------------------|-------------------------|-------------------------|
| 1 | Gratuity Payable | 3,14,45,811 | 2,15,47,707 |
| 2 | Sundry Creditors (More than -1 year) | - | - |
| | TOTAL | 3,14,45,811 | 2,15,47,707 |

Notes 18 SHORT - TERM BORROWINGS

| | Particulars | As At 31-03-2019 Rs. | As At 31-03-2018 Rs. |
|---|----------------------------|-------------------------|-------------------------|
| 1 | Loans Repayable on Demand | | |
| | - From Bankers | 25,17,56,480 | 23,01,49,265 |
| | - From Other Parties | - | - |
| 2 | Loans From Related Parties | 0 | 0 |
| 3 | Deposit | 0 | 0 |
| 4 | Others | 0 | 0 |
| | TOTAL | 25,17,56,480 | 23,01,49,265 |

* 1st mortgage / hypothecation charge of State Bank of India, IFB Mumbai 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. 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. Additional collateral Security of Mumbai Flat and eight Flats (Navodaya Regency & Terrace) located at Solapur (Navodaya Regency) in the name of Company and one flat in the name of Mr. E.Purushotham, Managing Director of the Company in favour of State bank of India.

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

**Notes 19 TRADE AND TRADE PAYABLES**

| | Particulars | As At 31-03-2019 Rs. | | As At 31-03-2018 Rs. | |
|---|---|-------------------------|---------------------|-------------------------|---------------------|
| 1 | Sundry Creditors | 29,88,90,231 | | 21,56,97,300 | |
| 2 | Sundry Creditors (Small Scale Undertaking) | - | | - | |
| | TOTAL | | 29,88,90,231 | | 21,56,97,300 |

Notes 20 OTHER CURRENT LIABILITIES

| | Particulars | As At 31-03-2019 | | As At 31-03-2018 | |
|-----|---|---------------------|--------------------|---------------------|--------------------|
| | REVENUE RECEIVED IN ADVANCE | | | | |
| 1 | Other Statutory Liabilities (VAT, TDS, PF, etc) | 69,67,175 | | 29,48,385 | |
| | | | 69,67,175 | | 29,48,385 |
| 2 | Other | | | | |
| 1) | Salary & Wages Payable | 52,30,658 | | 44,57,536 | |
| 2) | Audit & Consultancy Fees Payable | 5,98,574 | | 3,44,774 | |
| 3) | Interest Payable (CC) | - | | - | |
| 4) | Local Body Tax (LBT) - Payable | - | | - | |
| 5) | Unpaid Dividend - Axis Bank | 2,59,093 | | 3,67,616 | |
| 6) | Defferal Sales Tax Repayment within one year (old) | - | | - | |
| 7) | Defferal Sales Tax Repayment within one year (new) | 60,68,922 | | 68,66,093 | |
| 8) | F.C.Term Loan Instal .Repay. within one year (1575 lakhs) | - | | - | |
| 9) | Term Loan Instal. Repay. within one year (350 lakhs) | - | | - | |
| 10) | WCTL Install Repay within one year (600 lakhs) | - | | 150,00,000 | |
| | | | 1,21,57,247 | | 2,70,36,019 |
| 11) | Short Term Provision (Provision for Income Tax) | | 1,544,911 | | |
| | TOTAL | | 2,06,69,333 | | 2,99,84,404 |



Schedules - Statement of Profit & Loss

Notes 21 REVENUE FROM OPERATIONS

| | Particulars | As At 31-03-2019 (Rs.) | | As At 31-03-2018 (Rs.) | |
|---|--|------------------------|-----------------------|------------------------|---------------------|
| 1 | Income from Operations | | | | |
| 1 | Sales (Incl. Excise) Bulk Drugs & Drug Intermediates | 1,35,39,18,699 | | 96,56,55,427 | |
| 2 | Less : Excise Duty | - | | 60,33,736 | |
| | | - | 1,35,39,18,699 | | 95,96,21,691 |
| 2 | Other Operating Income - Export Incentives | | | | |
| 1 | Compensation - Export Debtors | - | | - | |
| 2 | Duty Draw Back | 72,76,490 | | 61,30,648 | |
| 3 | Export Incentive on Focus Marketing Scheme (FMS) | 1,29,13,999 | 2,01,90,489 | 76,62,997 | 1,37,93,645 |
| | TOTAL | | 1,37,41,09,188 | | 97,34,15,336 |

Notes 22 OTHER INCOME

| | Particulars | As At 31-03-2019 (Rs.) | | As At 31-03-2018 (Rs.) | |
|---|-------------------------------------|------------------------|------------------|------------------------|------------------|
| 1 | Interest on TDR (Bank Deposits) | 15,09,230 | | 10,90,151 | |
| 2 | Rate difference in Foreign Currency | 52,20,770 | | - | |
| 3 | Insurance Claim Received | 90,100 | | 92,000 | |
| 4 | Interest from Others | 16,00,451 | | 5,98,498 | |
| 5 | MSEB Discount | 3,82,109 | | 3,16,294 | |
| 6 | Debtors (Old advances) | - | | - | |
| | | | 88,02,660 | | 20,96,943 |
| | TOTAL | | 88,02,660 | | 20,96,943 |

Notes 23 COST OF MATERIAL CONSUMED

| | Particulars | As At 31-03-2019 (Rs.) | | As At 31-03-2018 (Rs.) | |
|---|---|------------------------|---------------------|------------------------|---------------------|
| 1 | Op.Stock of Stores Raw material | 6,68,99,136 | | 2,58,07,361 | |
| 2 | Add : Purchases | 0 | | 0 | |
| 3 | Purchase of Packing material | 2,55,33,826 | | 2,34,50,541 | |
| 4 | Purchase of Raw material | 83,51,20,490 | | 55,14,86,629 | |
| 5 | Custom Duty | 2,78,36,245 | | 1,77,76,882 | |
| 6 | Freight Inward | 1,84,22,835 | | 1,72,82,550 | |
| 7 | Job Work Charges | 1,33,97,000 | | 1,58,06,400 | |
| 8 | Less Closing Stock of Stores Raw material | -5,38,15,348 | | -6,65,53,070 | |
| | TOTAL | | 93,33,94,184 | | 58,50,57,293 |



Notes 24 CHANGES IN INVENTORIES OF FINISHED GOODS, WORK IN PROCESS AND STOCK IN TRADE

| Particulars | | As At 31-03-2019 (Rs.) | | As At 31-03-2018 (Rs.) | |
|-------------|---|------------------------|---------------------|------------------------|--------------------|
| 1 | Inventory Change | | | | |
| a) | Add : Opening Stock | | | | |
| 1 | Work in Process (Bulk Drugs & Drug Intermediates) | 9,61,02,188 | | 9,97,35,895 | |
| 2 | Finished Goods (Bulk Drugs & Drug Intermediates) | 4,16,40,923 | 13,77,43,111 | 6,06,69,798 | 16,04,05,693 |
| b) | Less : Closing Stock | | | | |
| 1 | Work in Process (Bulk Drugs & Drug Intermediates) | -6,71,62,875 | | -9,61,02,188 | |
| 2 | Finished Goods (Bulk Drugs & Drug Intermediates) | -9,85,33,223 | -16,56,96,098 | -4,16,40,923 | -13,77,43,111 |
| | TOTAL | | -2,79,52,987 | | 2,26,62,582 |

Notes 25 EMPLOYEE'S BENEFIT EXPENSES

| Particulars | | As At 31-03-2019 (Rs.) | | As At 31-03-2018 (Rs.) | |
|-------------|---------------------------------------|------------------------|---------------------|------------------------|--------------------|
| 1 | Salaries and Wages Including Bonus | 11,90,20,434 | | 8,60,20,405 | |
| 2 | Contribution to P. F. and other funds | 59,51,900 | | 47,48,911 | |
| 3 | Staff Welfare expenses | 36,25,162 | | 19,43,776 | |
| | TOTAL | | 12,85,97,496 | | 9,27,13,092 |

Notes 26 FINANCE COST

| Particulars | | As At 31-03-2019 (Rs.) | | As At 31-03-2018 (Rs.) | |
|-------------|---------------------------|------------------------|--------------------|------------------------|--------------------|
| 1 | Interest on Term Loan | - | | 12,69,179 | |
| 2 | Interest on Cash Credit | 2,15,17,185 | | 2,35,57,843 | |
| 3 | Interest On WCTL | 47,97,061 | | 72,97,101 | |
| 4 | Interest to others | 17,42,010 | | 27,35,219 | |
| 5 | Bank Commission & Charges | 77,48,215 | | 60,11,955 | |
| | TOTAL | | 3,58,04,471 | | 4,08,71,297 |

Notes 27 OTHER EXPENSES

| Particulars | | As At 31-03-2019 (Rs.) | | As At 31-03-2018 (Rs.) | |
|-------------|------------------------------|------------------------|---------------------|------------------------|---------------------|
| 1 | Power and Fuel | 10,42,13,787 | | 9,67,04,608 | |
| 2 | Stores and Consumables | 1,99,51,307 | | 1,07,55,293 | |
| 3 | Laboratory Expenses | 60,10,194 | | 58,06,063 | |
| 4 | Sales Commission & Promotion | 1,33,31,683 | | 1,07,11,399 | |
| 5 | Travelling & Conveyance | 94,96,190 | | 56,55,390 | |
| 6 | Research & Development Exp | 13,22,455 | | 1,40,051 | |
| 7 | Bad Debts Written Off | 54,02,454 | | 7,97,03,285 | |
| 8 | Other Expenses | 1,44,25,155 | | 3,09,15,060 | |
| | TOTAL | | 17,41,53,225 | | 24,03,91,149 |



Note No: 28

Notes To the Standalone Financial Statement

as on 31.03.2019

1. Background

Smruthi Organics Limited (the company') is a company limited by shares, incorporated and domiciled in India. The company is engaged in the manufacture of Active Pharmaceutical ingredients (API's) i.e. Bulk Drugs and Drug Intermediates.

2. Significant accounting policies

System of Accounting

First-time adoption of Ind AS Pursuant to the Companies (India Accounting Standard) Rules, 2015,

The Company has adopted 31st March 2019 as reporting date for second time adoption of India Accounting Standard (Ind AS) and consequently 1st April 2016 as the transition date for preparation of financial statements. The financial statements for the year ended 31st March 2019, are prepared in accordance with Ind AS. Upto the Financial year ended 31st March 2018, the Group prepared its financial statements in accordance with the Accounting Standards notified under the Section 133 of the Companies Act 2013, read together with Companies (Accounts) Rules 2014 (Previous GAAP).

For preparing these financial statements, opening balance sheet was prepared as at 1st April 2017 i.e., the date of transition to Ind AS. The figures for the previous periods and for the year ended 31st March 2018 have been restated, regrouped and reclassified, wherever required to comply with Ind AS and Schedule III to the Companies Act 2013 and to make them comparable.

This note explains the principal adjustments made by the Group in restating its financial statements prepared in accordance with Previous GAAP, including the balance sheet as at 1st April 2017 and the financial statements as at and for the year ended 31st March 2018.

Exemptions

On transition to Ind AS, the group has applied the following exemptions:

1. Group has elected to continue with the carrying value of all of its property, plant and equipment recognised as at 1st April 2017 measured as per the previous GAAP and use that carrying value as the deemed cost of the property, plant and equipment.
2. Group has elected to continue with the carrying value of all of its intangible assets recognised as at 1st April 2017 measured as per the previous GAAP and use that carrying value as the deemed cost of intangible assets.
3. Ind AS 102 Share based payment has not been applied to equity instruments in share based

ii. Historical cost convention

The financial statements have been prepared on a historical cost basis, except for the followings:

- " Certain financial assets and liabilities that are measured at fair value; (refer accounting policy regarding financial instruments)
 - " Defined benefit plans - plan assets measured at fair value
- lii Current and non-current classification

An asset is classified as current if:

- I It is expected to be realized or sold or consumed in the Company's normal operating cycle;
- ii It is held primarily for the purpose of trading;
- iii It is expected to be realized within twelve months after the reporting period; or
- iv It is cash or a cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A Liability is classified as current if

- i It is expected to be settled in normal operating cycle;
- ii It is held primarily for the purpose of trading;
- iii It is expected to be settled within twelve months after the reporting period;
- iv It has no unconditional right to defer the settlement of the liability for at least twelve months after reporting period.

All other liabilities are classified as non-current.

The operating cycle is the time between acquisition of assets for processing and their realization in cash and cash equivalents. Based on the nature of products and time between acquisition of assets for processing and their realization in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current/non-current classification of assets and liabilities

2.2 Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker. The chairman and Managing Director has been identified as being the Chief Operating Decision Maker.

The Segment results are as under

(Rs. in Lakhs)

| Sr.No. | Particulars | Total |
|--------|--|-------|
| 1 | Gross revenue | 15716 |
| 2 | Net Revenue | 13829 |
| 3 | Segment expenses | 12853 |
| 4 | Profit before interest, depreciation and tax | 1748 |
| 5 | Segment Profit/Loss before tax | 976 |
| 6 | Tax Expenses (DTL) | 290 |
| 7 | Profit /Loss (-) after tax | 686 |



2.3 Foreign Currency Transactions

i. Functional and presentation currency

Item included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates ('the functional currency') The financial statements are presented in Indian rupee (₹), which is Smruthi Organics functional and presentation currency.

ii Transactions and balances

Foreign Exchange Transactions are translated into the functional currency using the exchange rates at the dates of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary liabilities denominated in foreign currencies at year end exchange rate are generally recognized in statement of profit and loss.

Non-monetary items that are measured in items of historical cost in a foreign currency, using the exchange rate at the date of the transaction. Non- monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on liabilities carried at fair value are reported as part of the fair value gain or loss.

2.4 Revenue recognition

i) Revenue from Sale of Goods

Revenue from Sale of Goods is recognized when all the significant risk and rewards of ownership have been transferred to the buyer, revenue can be measured reliably, the costs incurred can be measured reliably, it is probable that the economic benefits associated to the transaction will flow to the entity and there is no continuing management involvement with the goods. Transfer or risks and rewards vary depending on the individual terms of contract of sale. Revenue from sale of goods is stated inclusive of GST and net of returns, trade allowances, rebates, GST and amounts collected on behalf of third parties.

ii) Interest Incomes

For all financial instruments measured at amortized cost, interest income is recognized using the effective interest rate (EIR), which is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period where appropriate, to the net carrying amount of the financial asset. Interest income is included in Other Income in the Statement of Profit and Loss.

2.5 Income Taxes

The income tax expense or credit for the period is the tax payable on the current period taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated as the company is under MAT under section 115JB of the Income Tax Act.

Income Tax is computed after adjustments of Other Comprehensive income (Foreign Exchange fluctuation amount).

Deferred income tax is provided in full, using the liability method, on temporal difference arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax assets realized or the deferred income tax liability is settled

Deferred tax assets are recognized for all deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilize those temporary differences and losses

Deferred tax liabilities are not recognized for temporary differences between the carrying amount and tax bases of investments in subsidiaries where the Company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets are not recognized for temporary difference between the carrying amount and tax bases of investments in subsidiaries where it is not probable that the differences will reverse in the foreseeable future and taxable profit will not be available against which the temporary difference can be utilized.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balance relate to the same taxation, authority. Current tax assets and liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realize the assets and settle the liability simultaneously.

Current and deferred tax is recognized in profit or loss except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively

Deferred Tax Assets include Minimum Alternative Tax (MAT) paid in accordance with the tax laws in India, which likely to give future economic benefits in the form of availability of set off against future income tax liability. Accordingly MAT is recognized as deferent tax asset in the Balance sheet when the asset can be measured reliably and it is probable that the future entomic benefit associated with the asset will be realized. During the year revised DTL of last four years is calculated and Rs. 269 Lakhs is debited to Profit & Loss Account by crediting the DTA.

2.6 Impairment

Assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss will be recognized for the amounts by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is higher of an asset's fair value less costs of disposal and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or group of assets (cash- generating units). Non- financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

2.7 Cash and Cash Equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowing in current liabilities in the balance sheet.

2.8 Trade Receivables

Trade receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment.

During the year under audit the company has debited Rs. 54,02,454/- as a Bad Debts.



2.9 Inventories

Cost of raw materials and stores comprise of cost of purchase. Cost of work-in-progress and finished goods comprises direct materials labour and an appropriate preparation of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Cost of inventories also include all other cost incurred in bringing the inventories to their present location and condition. Costs of purchased inventory are determined after deducting rebates and discounts. Net realizable value is the estimated costs of completion and the estimated necessary to make the sale. Items held for use in production of inventory are not written below cost if the finished product in which there will be incorporated are expected to be sold at or above cost.

2.10 Investments and Other Financial Assets

i) Classification

The company classifies its financial assets in the following measurements categories:

- Those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
- Those measured at amortized cost.
- The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.
- For assets measured at fair values, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in debt instrument, this will depend on the business model in which the investment is held. For investment in equity instruments, this will depend on whether the company has an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income. The company reclassifies debt investments when and only when its business model for managing those assets changes.

ii) Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair at its value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

iii) Impairment of Financial Assets

For trade receivable only, the company applies the simplified approach permitted by Ind AS 109 Financial Instruments, which requires expected lifetime losses to be recognized from initial recognition of the receivables. ♦

2.11 Offsetting Financial Instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet where there is a legally enforceable right to offset the recognized amount and there is an intention to settle on a net basis the assets and settle the liabilities simultaneously. The legally enforceable right the most not be contingent on further events and most be enforceable in the normal courses of business and in the event of default, insolvency or bankruptcy of the company or the counter party.

2.12 Property, Plant and Equipment

Property, Plant and Equipment Leasehold land is carried at historical costs. All other items of property, plant and equipment are stated at cost less accumulated depreciation and impairment loss, if any.

Cost includes cost of acquisition, installation or construction, other direct expenses incurred to bring the assets to its working condition and finance costs incurred up to the date the asset is ready for its intended use and excludes GST eligible for credit / setoff.

Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of plant and equipment are required to be replaced at intervals, the same are depreciated separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the statement of profit or loss as incurred.

Capital work-in-progress in respect of assets which are not ready for their intended use are carried at cost, comprising of direct costs, related incidental expenses and attributable interest. All identifiable Revenue expenses including interest incurred in respect of various projects / expansion, net of income earned during the project development stage prior to its intended use, are considered as pre - operative expenses and disclosed under Capital Work-in-Progress. Capital expenditure on tangible assets for research and development is classified under property, plant and equipment and is depreciated on the same basis as other property, plant and equipment.

Property, plant and equipment are eliminated from financial statements, either on disposal or when retired from active use. Losses arising in the case of the retirement of property, plant and equipment and gains or losses arising from disposal of property, plant and equipment are recognised in the statement of profit and loss in the year of occurrence.

Depreciation for Company

Depreciable amount for assets is the cost of an asset, or other amount substituted for cost, less its estimated residual value. Property, plant and equipment is provided on written down value method, over the useful life of the assets, as specified in Schedule II to the Companies Act, 2013. Property, plant and equipment which are added / disposed off during the year, depreciation is provided on pro-rata basis. Buildings constructed on leasehold land are depreciated based on the useful life specified in Schedule II to the Companies Act, 2013, where the lease period of the land is beyond the life of the building. In other cases, building constructed on leasehold lands are amortised over the primary lease period of the lands. The asset's residual values, useful lives and methods of depreciation are reviewed at each financial year end and adjusted prospectively, if appropriate.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

2.13 Trade and Other Payables

These amounts represent liabilities for goods provided to the company prior to the end of financial year which are unpaid. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognized initially at their fair value and subsequently measured at amortized cost using the effective interest method.



2.14 Borrowings

Borrowings are initially recognized at fair value, net of transaction cost incurred. Borrowings are subsequently measured at amortized cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognized in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In the case the fee is deferred until the draw down occurs.

Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

2.15 Provision

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risk specific to the liability. The increase in the provisions due to the passage of time is recognized as interest expenses.

2.16 MSME: As per notification dated 22 nd January 2019, Disclosure of payable to MSMEs under section 22 of the Companies Act 2013, additional information of the accounts with respect to the amount due the MSMEs

(Rs. in Lakhs)

| Particulars | As at March 31, 2019 |
|---|----------------------|
| Trade Payables | |
| Non - current | |
| Due to other than micro, small & medium enterprises | 0 |
| Total non - current | 0 |
| Current | |
| a) Due to micro, small & medium enterprises | 49.87 |
| b) Due to other than micro, small & medium enterprises | 2939.03 |
| Total Current | 2988.90 |
| Total trade payable | 2988.90 |
| The Company has amounts due to suppliers under the Micro, Small and Medium Enterprises Development Act 2006. The disclosure pursuant to the said Act is as under: | |
| Principal amount due to suppliers under MSMED Act | 49.87 |
| Interest accrued and due to suppliers under MSMED Act on the above amount | 0.60 |
| Payment made to suppliers (other than interest) beyond appointed day during the year. | Nil |
| Interest paid to suppliers under MSMED Act | Nil |



| | |
|---|-----|
| Interest due and payable to suppliers under MSMED Act to words payments already made | Nil |
| Interest accrued and remaining unpaid at the end of the accounting year. | Nil |
| Note: The above information regarding Micro, Small and Medium Enterprises has been determined to the extent such parties have been identified on the basis of information available with the Company. This has been relied upon by the auditors. | |

2.17 Employee Benefits

● Short-Terms Obligations

Liabilities for wages and salaries, bonus, ex-gratia etc. that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related services are recognized in respect of employee's services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefits obligations in the balance sheet.

● Other Long-term Employee Benefit Obligations

The liabilities for earned leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are to be measured as the present value of expected future payments to be made in respect of service provided by employees up to the end of the reporting period using the projected unit credit method. The benefit are discounted using the market yields at the end of the reporting period that have terms approximating to the terms related obligations. The company has provided earned leave amount of Rs. 1926783/- on the basis of unutilized leave of employees at the year end.

The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

● Defined Benefit Liability And Employer Contributions

The company has purchased insurance policy to provide for payment of gratuity to the employees. For the year the insurance company carries out a funding valuation based on the latest employee data provided by the company. Balance fund of gratuity is to be payable by the company of Rs. 31445811/- for further payment obligations. During the year under audit the company has paid Rs. 25.00 Lakhs to LIC Group Gratuity Fund. The company has to provide actuarial valuation amount for gratuity and earned leave salary as per accounting standard.

● Post Employment Obligations

The company operates the following post-employment schemes:

- Defined benefit plans such as gratuity and;
- Defined contribution plans such as provident fund



- **Defined Contribution Plans**

The company pays provident fund contributions to publicly administered funds as per local regulations. The company has no further payment obligations once the contributions have been paid. The contributions are accounted for as defined contribution plans and the contributions are recognized as employee benefit expense when they are due.

The company has made provision of bonus of Rs. 1163241, contribution to ESIC and compensation under Workman compensation Act.

2.18 Dividend

During the year, the company has not declared the dividend on its shares.

2.19 Contribution to Equity

Equity shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. No new shares are issued during the year,

2.20 Earnings Per Share

- **Basic earnings per share Rs. 17.98 is calculated by dividing paid equity shares**

The profit attributable to owners of the company by the weighted average number of equity shares outstanding during the financial year, adjusted for bonus elements in equity shares issued during the year.

- **Diluted earnings per share Rs. 17.98**

Diluted earnings per share adjust the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential equity shares, and the weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares

2.21 GST

GST collected on sales is excluded in Gross Sales. Value of closing stock of finished goods excludes the GST paid/payable on such stock wherever applicable.

2.22 Research and Development

Revenue Expenditure on research and development is expensed in the period in which it is incurred. Capital expenditure on research and development is shown as additional fixed assets.

Expenditure details on R&D for 2018-19 and 2017-18 (in lakhs)

| Particulars | 2018-19 | 2017-18 |
|--------------|---------|---------|
| a) Capital | - | - |
| b) Recurring | 53.12 | 33.43 |
| Total | 53.12 | 33.43 |

Total R&D Expenditure as a Percentage of total turnover: 0.39%

During the year the company has commenced R& D activities at Hyderabad from 08.04.2019 as per information given by the management of the company

2.23 During the year, the company has paid to BSE Ltd and MSEI of Rs. 2,95,000/- and Rs. 64,900/- respectively for yearly membership fees and same is debited to Profit And Loss account.

2.24 Additional Information pertaining to Statement of Profit and Loss

| Sr. No. | Nature of Income / Expenses | Current Year | | Previous Year | |
|---------|-----------------------------|----------------------------------|-----------------|----------------------------------|-----------------|
| | | Amount In Foreign Currency (USD) | Amount In (INR) | Amount In Foreign Currency (USD) | Amount In (INR) |
| 1 | Export Earning | 70,52,058 | 50,46,94,840 | 64,05,694 | 41,72,02,839 |
| 2 | Sales Commission | 33,729 | 23,91,421 | 46,857 | 30,51,788 |
| 3 | Travelling Expenses | 21,175 | 14,80,781 | 2,039 | 1,32,831 |
| 4 | Import Raw Material | 50,72,416 | 35,70,30,347 | 34,26,339 | 22,31,57,490 |

2.25 Related Party Transactions

| Name of the related party | Relationship | Nature of Transaction | Transaction value in Rs. | Balance O/S - Receivable/ (-) Payable as on Balance sheet date | Amount written off/back |
|---|---|--|--------------------------|--|-------------------------|
| Mr.E. Purushotham | Managing Director of the Company | Unsecured Loan Interest paid | 11,13,046 | NIL | NIL |
| | | Salary | 1,14,00,000 | | |
| Smruthi Chemicals & Intermediates (Proprietor Mrs. E.Vaishnavi) | Director in Company and wife of Managing Director | Job work done by SC&I | 1,03,78,500 | NIL | NIL |
| | | Job Work done by SOL | 2,57,050 | NIL | NIL |
| | | Raw Material purchase (High seas / Local from SOL) | 59,30,411 | 27,37,333 receivable | NIL |
| | | Assets Material purchase (High seas / Local from SC&I) | 42,008 | | |
| | | Interest paid on Unsecured Loan | 4,14,000 | NIL | NIL |
| Mrs. Eaga Vaishnavi | Director in Company and wife of Managing Director | Car Rent paid | 9,35,000 | NIL | NIL |



| | | | | | |
|--------------------------|--|---------------|-----------|-----|-----|
| Mr. Eaga Swapnil | Director of the Company and Son of Managing Director | Car Rent paid | 4,92,000 | NIL | NIL |
| | | Salary | 60,00,000 | NIL | NIL |
| Mrs. Eaga Rimika Swapnil | Daughter -in -law of Managing Director | Salary | 14,39,500 | NIL | NIL |

2.26 Contingent Liability and Commitments

- A present obligation arising from past events, when it is not probable that an outflow of resources will be required to settle the obligation;
- A present obligation arising from past events, when no reliable estimate possible;
- A possible obligation arising from the past events, unless the probability of outflow of resources is remote.
- Dy. Commissioner of GST (VAT) was issued assessment order received by E-mail on 10.04.2019 for financial year 2014-15 in which penalty is levied of Rs. 807165/- , appeal to be submitted.

2.27 Critical Estimates and Judgments

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Managements also needs to exercise judgment in applying the Company's accounting policies.

This note provides an overview of the areas that involved a higher degree of judgment or complexity and of item which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed.

Detailed information about each of these estimates and judgments is included in relevant notes together with information about the basis of calculation for each affected line item in the financial statement.

The areas involving critical estimates or judgments are :

- I. Estimation of current expense and payable
- II. Estimation of defined benefit obligations
- III. Allowance for uncollected accounts receivable and advances-Trade receivable do not carry any interest and are stated at their nominal value as reduced by appropriate allowances for estimated irrevocable amounts. Individual trade receivable are written off when management deems them not to be collectible.

Impairment is made on the expected credit losses, which are the present value of the cash shortfall over the expected life of the financial assets.

Estimates and judgments are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Company and that are believed to be reasonable under the circumstances.

2.28 Corporate Social Responsibility (CSR) Expenditure

The Company has made provision of Rs. 2213731/- for F.Y. 2014-15, out of which Rs. 507603/- is spent up to 31.3.2019. Balance of Rs.1706128 is to be spend under CSR.

CSR contribution : The company is not liable to pay CSR contribution as per Section 198 of the Companies Act 2013 as there is a net loss in computation of average profit of last three succeeding years.

2.29 Risk Exposure

Through its defined benefit plans, the company is exposed to a number of risk, the most significant of which are detailed below

Interest Rate Risk: The plan exposes the Company to the risk of change in interest rate of the borrowings

Salary Escalation Risk: The present value of the defined benefit is not calculated with the assumption of salary increase rate of plan participants in future.

Demographic Risk: The Company has to use certain mortality and attrition in assumption in valuation of the liability. The company is exposed to the risk of actual experience turning out to be worse compared to the assumption.

2.30 Asset Liability Mismatching or Market Risk

The Company operates internationally and a major portion of the business is transacted in several currencies and consequently the company is exposed to foreign exchange risk to the extent that there is mismatch between the currencies in which its sales and purchases from overseas suppliers in various foreign currencies. Market Risk is the risk that changes in market prices such as foreign exchange rates will effect groups income or value of its holding financial assets / instruments.

2.31 Financial Risk Management Objectives and Policies

The Company's activities expose it to a variety of financial risks, market risk, credit risk and liquidity risk. The Company's primary focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on its financial performance. The Company's financial liabilities comprise of borrowings, trade payable and other liabilities to manage its operation and financial assets includes trade receivables and other receivables etc. that arise from its operations

2.32 Credit Risk

Credit risk refers to the risk of default on its obligation by the customer / counter party resulting in a financial loss. The maximum exposure to the credit risk at the reporting date is carrying value of respective financial assets. Trade receivables and unbilled revenue are typical unsecured and are derived from revenue earned from customers.

Credit risk has always been managed by each business segment through credit approvals establishing credit limits and continuously monitoring the credit worthiness of customers to which the Company grants credit terms in normal course of business. On account of adoption of Ind AS 109 the Company uses expected credit loss model to assess the impairment loss or gain.

2.33 Liquidity Risk

The Company's principle sources of liquidity are cash and cash equivalents, current investments and the cash flow that is generated from operations. The Company believes that the working capital is sufficient to meet its current requirements. Accordingly no liquidity risk is perceived. The Company closely monitors its liquidity position and maintains adequate source of funding.

N.R.Waghchaure & Associates
Chartered Accountants,
FRN : 114999W

For & on behalf of the Board
Smruthi Organics Limited

Place : Solapur
Date : 27th April, 2019

Nilkanth R Waghchaure
Proprietor
ICAI Membership No :048890

Eaga Purushotham
Chairman & Managing Director
DIN : 00033583

Eaga Swapnil
Wholetime Director & CFO
DIN : 01241535

Urvashi Khanna
Company Secretary & Compliance Officer



Smruthi Organics Limited

(CIN: L24119PN1989PLC052562)

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

ATTENDANCE SLIP

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

hereby record my presence at the 30th Annual General Meeting of the Company to be held at Hotel City Park, (Shamiyana Hall), 119, Murarji Peth, Opp. Hutatma Chowk, Solapur 413 001, on Monday, 29th July, 2019, at 12.30 p.m.

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

| Electronic Voting Sequence Number (EVSN) | USER ID | Password |
|--|---------|----------|
| | | |

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

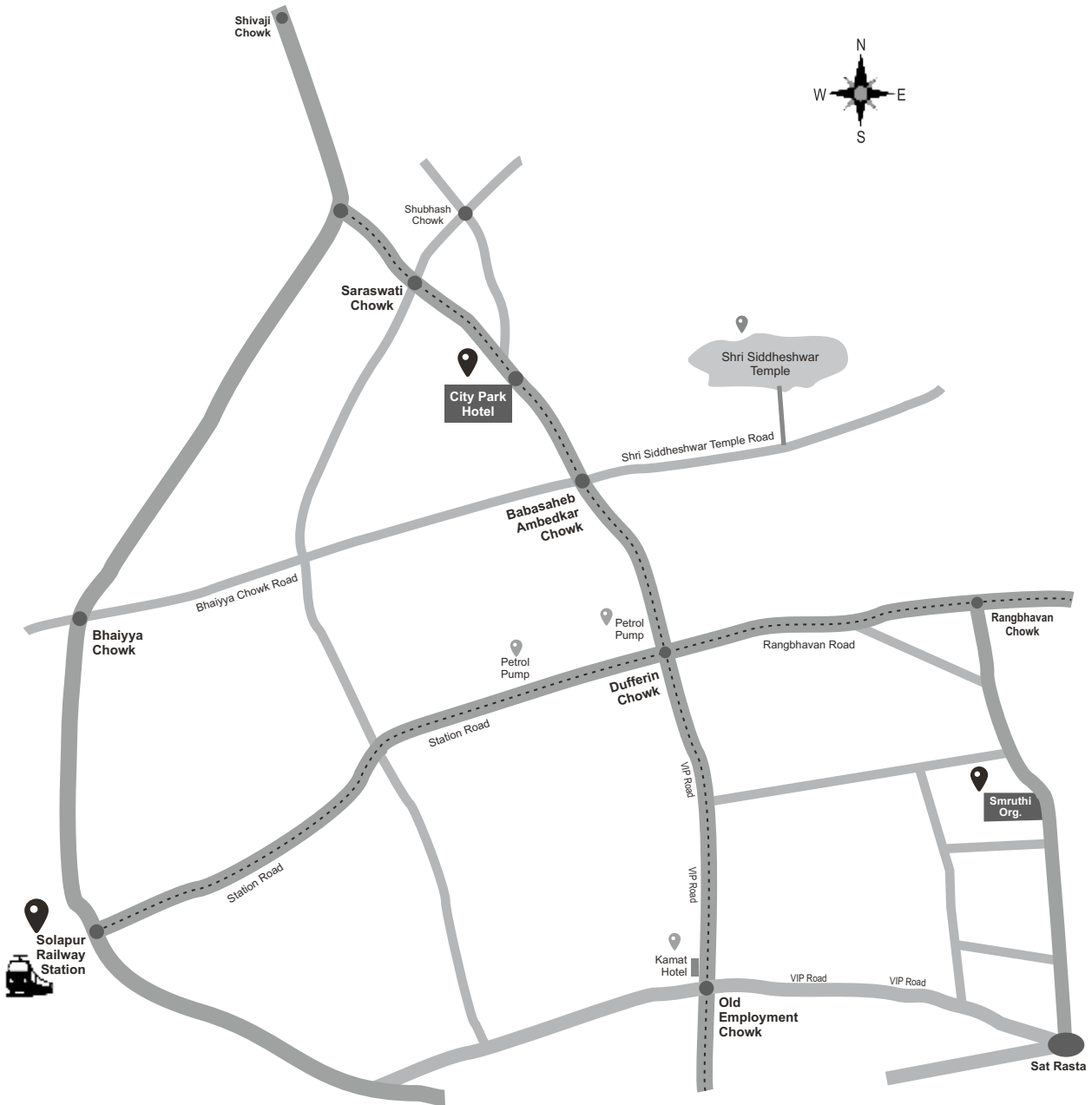


Route Map - Venue of 30th Annual General Meeting

Hotel City Park

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

Nearest Landmark : Hutatma Chowk





Smruthi Organics Limited

(CIN: L24119PN1989PLC052562)

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

PROXY FORM

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

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

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

Name : _____ Email : _____

Address : _____

_____ Signature _____ or failing him / her _____

Name : _____ Email : _____

Address : _____

_____ Signature _____ or failing him / her _____

Name : _____ Email : _____

Address : _____

_____ Signature _____ or failing him / her _____

As my/our proxy to attend and vote (on a poll) for me/our behalf at the 30th Annual General Meeting of the Company to be held at Hotel City Park, (Shamiyana Hall), 119, Murarji Peth, Opp. Hutatma Chowk, Solapur 413 001, on Monday, 29th July, 2019 at 12.30 p.m. and at any adjournment thereof in respect of the following resolutions :



| Resolution number | Resolutions | Vote | | |
|--------------------------|---|------------------------------|---------|---------|
| | | Please mention no. of shares | | |
| | | For | Against | Abstain |
| ORDINARY BUSINESS | | | | |
| 1 | To consider and adopt Audited Financial Statements, and Reports of Directors and Auditors and Cash Flow Statement for the year ended 31st March, 2019. (Ordinary Resolution) | | | |
| 2 | Declaration of dividend of Rs 2/- per share (20%) of the nominal value of Rs 10/- each for the year ended 31st March, 2019 (Ordinary Resolution) | | | |
| 3 | Appointment of Mrs. E. Vaishnavi (DIN 00033669)who retires by rotation and being eligible offers herself for re-appointment. (Ordinary Resolution) | | | |
| SPECIAL BUSINESS | | | | |
| 4 | Ratification of remuneration payable to Cost Auditors for FY 19-20. (Ordinary Resolution) | | | |
| 5 | Revision in remuneration of Mr E. Purushotham , Managing Director with effect from 01st October, 2018 during the remaining period of his appointment i.e upto 31st March, 2022 (Special Resolution) | | | |
| 6 | Re-appointment of Mr. J. H. Ranade as Independent Director for a second term of five years. (Special Resolution) | | | |
| 7 | Re-appointment of Mr. K. R. Dhole as Independent Director for a second term of five years. (Special Resolution) | | | |
| 8 | Re-appointment of Dr. K. Ramaswamy as Independent Director for a second term of five years. (Special Resolution) | | | |
| 9 | Waiver of excess remuneration paid to Mr E. Purushotham, Managing Director during the financial years 2010-11, 2011-12, 2012-13 & 2013-14 (Special Resolution) | | | |

** Each Share Shall have one vote.

Signed this _____ day of _____ 2019

Affix
Revenue
Stamp

Signature of the of the
Member(s)

Signature of the of the
proxy/ holder(s)

Notes:

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

New Research & Development Center Hyderabad



PRINTED MATTER / BOOK-POST

If undelivered please return to :



Smruthi Organics Limited

Head Office : 165-A, 'Balaji Bhavan' 1st Floor, Railway Lines, Solapur - 413 001-INDIA
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Mumbai Offi. Tel : 0091-22-24129211
E-mail : changale@smruthiorganics.com cs@smruthiorganics.com
Visit us at : www.smruthiorganics.com CIN : L24119PN1989PLC052562