



Smruthi Organics Limited

28

ANNUAL
REPORT
2016-17



Smruthi Organics Limited

BOARD OF DIRECTORS

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

COMPANY SECRETARY

Ms. Urvashi D. Khanna

REGISTERED OFFICE

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

FACTORIES

Unit - I

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

Unit - II

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

AUDITORS

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

BANKERS

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

Axis Bank Ltd

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

REGISTRAR AND TRANSFER AGENTS

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





Notice

NOTICE is hereby given that the **28th Annual General Meeting** of the Members of **Smruthi Organics Limited** will be held at **Hotel City Park**, (Shamiyana Hall), 119, Murarji Peth, Opp. Hutatma Chowk, Solapur 413 001, on **Monday, 4th September, 2017, at 12.30 p.m.** to transact the following business:-

ORDINARY BUSINESS

1. To receive, consider and adopt the Profit and Loss Account for the year ended on 31st March, 2017, the Balance Sheet as at that date and the Report of the Auditors and Directors thereon along with Cash-flow statement.
2. To appoint a Director in place of Mrs. E. Vaishnavi, (DIN 00033669) who retires by rotation and being eligible offers herself for re-appointment.
3. To appoint N. R. Waghchaure & Associates, Chartered Accountants, Solapur in place of retiring Auditors Ashok Madgundi & Co, to hold office from the conclusion of this meeting to the conclusion of 33rd Annual General Meeting and to authorize the Board of Directors to fix their remuneration and to pass the following resolution as an ordinary resolution:-

"RESOLVED THAT pursuant to the provisions of Sections 139, 142 and other applicable provisions, if any, of the Companies Act, 2013, read with the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re- enactment(s) thereof, for the time being in force) and pursuant to the recommendation of the Audit committee and the Board of Directors N. R. Waghchaure & Associates, Chartered Accountants, Solapur (Firm Registration No. 114999W) be and are hereby appointed as the Statutory Auditors of the Company to hold office from the conclusion of 28th Annual General Meeting (AGM) till the conclusion of 33rd AGM (subject to ratification of appointment by the members at every AGM held after this AGM if so required under the Act) in place of Ashok Madgundi & Co, Chartered Accountants, Solapur whose tenure expires at the ensuing AGM of the Company, and that the Board of Directors be and are hereby authorized to fix the remuneration payable to them, as may be determined by the audit committee in consultation with the auditors, in addition to Service Tax/ GST and reimbursement of out of pocket expenses incurred in connection with audit of accounts of the company.

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

SPECIAL BUSINESS

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

"REOLVED 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 service tax as applicable plus reimbursement of out of pocket expenses payable to M/s. Shriniwas 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 2018."



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, 203, Schedule V and other applicable provisions if any of the Companies Act, 2013 and Articles of Association and as recommended by the Nomination and Remuneration Committee, the consent of the Company be and is hereby accorded to the re-appointment of Mr. E. Purushotham as Managing Director of the Company on a term of 5 (Five) years with effect from 1st April 2017 till 31st March, 2022, on remuneration of Rs. 7 lakhs p.m i.e Rs 84 lakhs p.a. plus payment of allowances, benefits, perquisites, incentives and commission (as applicable)with annual increase not exceeding 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 stated in the Explanatory Statement annexed to this notice."

"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, remuneration, benefits and perquisites payable to him shall be within the ceilings and as per applicable provisions of Schedule V to the Companies Act, 2013."

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

6. 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, 203 and Schedule V and other applicable provisions, if any of the Companies Act, 2013 and Articles of Association and as recommended by the Nomination and Remuneration Committee, the consent of the Company be and is hereby accorded to the re-appointment of Mr. E. Swapnil as Executive Director and Chief Financial Officer (CFO) of the Company for a period of 5 (Five) years with effect from 01st June, 2017 till 31st May, 2022 on remuneration of Rs. 5 lakhs p.m. i.e Rs 60 lakhs p.a. plus payment of allowances, benefits, perquisites, incentives and commission (as applicable)with annual increase not exceeding 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 stated in the Explanatory Statement annexed to this notice."

"RESOLVED FURTHER THAT in the event of inadequacy or absence of profits in any financial year of the Company, during the term of Mr. E. Swapnil, Executive Director & CFO, remuneration, benefits and perquisites payable to him shall be within the ceilings and as per applicable provisions of 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."

By order of the Board

Place : Solapur
Date : 11th May 2017

(Urvashi Khanna)
Company Secretary



Note :

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

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

1. The Register of Members and Share Transfer Books of the Company will remain closed from 26th August 2017 to 04th September 2017 (both days inclusive).
2. Details under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 in respect of the Directors seeking appointment/re-appointment at the Annual General Meeting, forms integral part of the notice. The Directors have furnished the requisite declarations for their appointment/re-appointment.
3. Electronic copy of the Annual Report for 2016-2017 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 2016-2017 is being sent in the permitted mode. Members are requested to register/update their email address for receiving all communication including Annual Report, Notices etc. from the Company electronically.
4. Electronic copy of the Notice of the 28th 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 28th Annual General Meeting of the Company inter alia indicating the process and manner of e-voting, along with Attendance Slip and Proxy Form is being sent in the permitted mode.
5. Any Member desirous of getting any information on the accounts or operations of the Company is requested to forward his/her queries to the Company at least seven working days prior to the meeting, so that the required information can be made available at the meeting.



6. Voting through electronic means :

In compliance with provisions of Section 108 of the Companies Act, 2013 (the “Act”), Rule 20 of the Companies (Management and Administration) Rules, 2014 (the “Rules”) as amended and 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.

7. 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.

The instructions for shareholders voting electronically are as under:

- (i) The voting period begins on Friday, 1st September, 2017 from 9.00 am to Sunday, 3rd September, 2017 up to 5.00 pm. During this period shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of Wednesday, 30th August 2017 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) Shareholders who have already voted prior to the meeting date would not be entitled to vote at the meeting venue.
- (iii) The shareholders should log on to the e-voting website www.evotingindia.com.
- (iv) Click on Shareholders.
- (v) Now Enter your User ID
 - a. For CDSL: 16 digits beneficiary ID,
 - b. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (vi) Next enter the Image Verification as displayed and Click on Login.
- (vii) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.



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

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

- (xi) 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.
- (xx) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions (“FAQs”) and e-voting manual available at www.evotingindia.com, under help section or write an email to helpdesk.evoting@cdslindia.com.

Please note that:

- ∅ Your login id and password can be used by you exclusively for e-voting on the resolutions placed by the companies in which you are the shareholder.
- ∅ It is strongly recommended not to share your password with any other person and take utmost care to keep it confidential.



- ∅ In case of any queries, you may refer to the Frequently Asked Questions (FAQs) for members and e-voting user manual for members available at the Downloads sections of <https://www.evoting.cdsl.com> or contact CDSL at the following Help Desk Phone No.: 18002005533, Email : helpdesk.evoting@cdslindia.com
- ∅ The voting rights of shareholders shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date (record date) of Wednesday, 30th August 2017.
- ∅ 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 <http://www.smruthiorganics.com> and communicated to the concerned Stock Exchanges.

Place : Solapur
Date : 11th May 2017

By order of the Board

(Urvashi Khanna)
Company Secretary



Annexure Forming Part Of The Notice

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

ORDINARY BUSINESS:

Item No 3:

This Explanatory Statement is provided though not required as per the provisions of Section 102 of the Companies Act, 2013 (the “Act”)

Ashok Madgundi & Co., Chartered Accountants, Solapur were last re- appointed at the 27th Annual General Meeting held on Saturday, 6th August, 2016 to hold the office till conclusion of 28th Annual General Meeting of the Company.

As per the provisions of the Companies Act, 2013 (“the Act”), no listed Company shall appoint an audit firm (including its affiliate firms) as auditors for more than two terms of five consecutive years if such firm is partnership and one term if such firm is Proprietary .

The term of present auditors Ashok Madgundi & Co. expires at the conclusion of this Annual General meeting. The Audit Committee and the Board have placed on record their appreciation for the professional services rendered by them and their long association with the Company as its auditors.

The Board on recommendation of Audit Committee proposes to appoint N. R. Waghchaure & Associates, Chartered Accountants, Solapur (Firm Registration No. 114999W) to hold office from the conclusion of 28th Annual General Meeting of the Company upto conclusion of 33rd Annual General Meeting of the Company subject to ratification of their re- appointment by members at every Annual General Meeting.

N. R. Waghchaure & Associates, Chartered Accountants, Solapur have confirmed that their appointment, if made would be within the limits specified under section 141 of the Act and that they are not disqualified to be appointed as statutory auditor in term of the provisions of Section 139 and Section 141 of the Act and the provisions of the Companies (Audit and Auditors) Rules, 2014.

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.

ORDINARY BUSINESS:

Item No. 4 :

The Board, on the recommendation of the Audit Committee, has approved the appointment of and remuneration payable to Shriniwas Diddi & Associates, Cost Accountants for conducting the audit of the cost records of the Company for the financial year ending March 31, 2018 on a Audit Fees of Rs. 30000/- plus service tax as applicable and reimbursement of out of pocket expenses.



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

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

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

The Board recommends the Resolution for your approval.

Item No. 5 & Item No. 6 :

- At the meeting of the Board of Directors held on 11th February, 2017 Company approved appointment and remuneration payable to Mr. E. Purushotham, Managing Director for a period of 5 years w.e.f 01st April, 2017 to 31st March, 2022. The current term of Mr. E. Purushotham as Managing Director expired on 31st March, 2017. Taking into account his contribution and vital role towards progress of the Company since its inception, it is proposed to continue to avail the services and guidance of Mr. E. Purushotham. Terms of remuneration and other conditions of his appointment are as under:
- At the meeting of the Board of Directors held on 11th May, 2017 Company approved appointment and remuneration payable to Mr. E. Swapnil, Executive Director and Chief Financial Officer (CFO) for a period of 5 years w.e.f 01st June, 2017 to 31st May, 2022. Present term of Mr. E. Swapnil expires on 31st May, 2018. Considering his educational qualifications and active role he is playing in handling factory operations and Finance function, it is considered appropriate to re-appoint Mr. E. Swapnil as Executive Director and Chief Financial Officer (CFO) of the Company. Terms of remuneration and other conditions of his appointment are as under:

Details of Remuneration payable to Mr. E. Purushotham :

1. Salary

From 1st April, 2017 till 31st March, 2022

Rs. 7,00,000/- (Rupees Seven Lakhs) per month. . i.e. Rs 84 lakhs per annum.

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.



Details of Remuneration payable to Mr. E. Swapnil :

1. Salary

From 01st June, 2017 till 31st May, 2022

Rs. 5,00,000/- (Rupees Five Lakhs) per month. i.e Rs 60 lakhs per annum .

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 (Applicable to both the appointees)

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

3. Commission

Commission, in addition to salary, perquisites and allowances calculated with reference to the Net Profits of the Company for Particular Financial Year, subject to overall ceiling laid down under provisions of Section 197 of the Companies Act, 2013, 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 and Executive Director and CFO, the Company has no profits or its profits are inadequate, Company shall pay remuneration by way of Salary, perquisites and allowances within the ceilings laid down under 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 and Mr. E Swapnil 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 and Mr. E Swapnil.

6. Memorandum of Interest

In case of Mr. E. Purushotham no other Directors & KMP 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.

In case of Mr. E. Swapnil no other Directors & KMP except the appointee, Mr. E. Purushotham and Mrs.E.Vaishnavi 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 and Mr. E Swapnil are forming part of the explanatory statement as required under schedule V of the Companies Act, 2013.

A. General Information:

1. Nature of Industry:

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

2. Date of commencement of Commercial Production:

The Company commenced commercial Production from December 1990.

3. Financial performance based on Audited Financial Results for the year ended 31/03/2017

Particulars	Rs . (In Lakhs)
Net Sales & Other Income	8033
Profit/(Loss) before interest and Depreciation	1093
Interest	437
Depreciation	397
Profit/ (Loss) before Tax	259
Profit/ Loss after Tax	165



4. Export Performance and Foreign Exchange earned for the year ended 31/03/2017:
During the year 2016-17 the Company's Exports amounted to Rs. 2761 lakhs compared to Rs. 2360 lakhs in previous year, registering the increase of 17 %.
5. **Foreign Investment or Collaborations, if any: Not Applicable.**
6. **(I) Information about the Managing Director/ Executive Director and CFO:**

a. Background Details :

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

Mr. E. Swapnil, B.S .Chemical Engineering USA and MBA from Spain has 10 years experience in the areas of technical and business development of APIs. He has been associated with the company as Director since 2009.

b. Past Remuneration :

For Mr. E. Purushotham Rs. 7,00,000/- (Rupees Seven Lakhs) per month, i.e Rs 84 lakhs per annum 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 travelling expenses, personal accident insurance, free use of company's car with driver etc

For Mr. E. Swapnil Rs. 3,00,000/- (Rupees Three lakhs) per month i.e. Rs 36 lakhs per annum, plus Provident Fund contribution @ 12% , Gratuity as per rules of the Company, free furnished residential accommodation, reimbursement of medical and traveling expenses, personal accident insurance, free use of company's car with driver etc.

c. Job Profile & Suitability:

Mr. E Purushotham is overall in-charge of the company particularly looking after technical and marketing matters. Due to untiring efforts and long term vision of Mr. E. Purushotham the company has been able to 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.

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

d. Remuneration Proposed:

Mr. E. Purushotham: Rs. 7,00,000/- per month i.e. Rs 84 lakhs p.a. 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.

Mr. E. Swapnil: Rs. 5,00,000/- per month i.e. Rs 60 lakhs p.a. plus Commission / Allowances / Perquisites, viz. free furnished residential accommodation, reimbursement of medical and leave travel expenses, personal accident insurance policies, company car with driver contribution to Provident Fund and Gratuity etc.

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

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

The remuneration proposed for the Mr. E. Purushotham is same as currently paid to him while for Mr. E. Swapnil is in line with the one paid by the companies of similar size and nature of business.

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

(II) Disclosures:

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

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

Directors recommend Resolution for your approval.

Place : Solapur
Date : 11th May 2017

By order of the Board

(Urvashi Khanna)
Company Secretary



Directors Report To The Shareholders

Dear Members,

Your Directors are pleased to present the 28th Annual Report and the Audited Financial Statements for the financial year ended 31st March, 2017.

(Rs. in Lakhs)

Financial Results	Current Year 2016-2017	Previous Year 2015-2016
Net Sales & Other Income	<u>8032.97</u>	<u>7302.97</u>
Profit before Interest & Depreciation	1093.42	1104.31
Interest	437.41	512.27
Depreciation	396.60	432.99
Profit / (Loss) before tax	259.33	159.05
Less : Provision for Tax (Net) DTA / (DTL)	(94.48)	(86.71)
Profit / (Loss) After Tax	164.85	72.34
Balance bought forward from last year	2687.40	2565.15
Balance available for Appropriation	Nil	Nil
Appropriations :		
Add : Income Tax Refund for AY 11-12	0.00	49.94
Less : Short Provision etc. in FY 15-16	(6.35)	00.00
Corporate Dividend Tax	Nil	Nil
General Reserve	Nil	Nil
Balance Carried Forward	2845.90	2687.40
Balance profit carried forward to next year	2845.90	2687.40

Operational Performance/ State of Company's Affairs

During the year under review, total income of the Company was Rs. 8032.97 Lakhs as compared to Rs. 7302.97 Lakhs during previous year, registering an increase of 10%. The company stopped manufacturing and marketing of one low-margin products. The Company posted net profit of Rs. 164.85 lakhs as against Rs. 72.34 lakhs in the previous year. In addition to , operating level, the company's performance improved substantially primarily on account of reduction in prices of raw materials and overall improvement in plant productivity and efficiencies.

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



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

Dividend

In view of inadequate profits, Directors do not recommend any dividend.

Reserves

During the year under the review, entire net profit of Rs. 164.85 lakhs has been carried forward to the next year as surplus.

Deposits

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

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 during testing times.

The Company is implementing revised HRD program for developing better labour relationships. The company has adopted new policies to recruit, develop and retain skilled manpower. With an aim to expand product range and operations, the Company has made several new appointments to its existing team in various departments.

QUALITY, SAFETY & ENVIRONMENT :

The Company has appointed an experienced and accomplished professional to head the Quality Assurance function. Under his supervision, the quality team is actively engaged in overhauling quality systems and procedures to improve regulatory compliance. The company has also initiated efforts to register its products in regulated markets. The company is taking steps in the right direction to resume its supplies to regulated markets.

The company is working continuously to reduce waste generation and environmental load. In addition, the company is engaging and training employees to continuously improve working practices to meet zero accident level.

RESEARCH AND DEVELOPMENT (R&D) :

R&D investment was higher in FY 2016-17 in comparison to the previous financial year. However, as the company's financial performance is improving, the company is increasing its R&D spends in the next financial year to develop new products and improve processes of existing products.

**LISTING OF SHARES :**

- Consequent upon de recognition by SEBI of Regional Stock Exchanges at Pune, Hyderabad and Ahmedabad where company's shares were listed, trading in the equity shares admitted in "Permitted to Trade" category with BSE was discontinued w.e.f. 08th March, 2017.
- However, the company has maintained its status as a Listed Company in view of listing of its shares with Metropolitan Stock Exchange of India Limited (MSEI) w.e.f 10th October, 2016. The Company is also planning to list its shares on BSE at an early date.

CORPORATE GOVERNANCE :

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

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

MANAGEMENT DISCUSSION AND ANALYSIS**Business of the Company and Future Outlook:**

The company continues to be driven by focus on improving profitability. The company's product portfolio rationalization and marketing focus on high margin products, has delivered good results at the profitability level in the current financial year. Product portfolio rationalization had a good effect on sales, the impact on operating margin and bottom line is improved in the current financial year compared to the previous year.

The company has also had successes in reducing cost through process and operational improvement. The company's measures to reduce operating costs under taken on an ongoing basis in the current FY 2016- 17 have directly contributed to the bottom line. The company is increasing its efforts to work on cost reduction and is seeing good progress in this direction.

With the improvement in the company's financial performance, the company is expecting reduction in its cost of capital. Given no significant plans to raise additional debt, the company shall be able to improve its profitability.

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

1. Volume Push: The addition of new customers over FY 2016-17 will enable the company to achieve significant volume growth of key products going forward. Any incremental volume growth over FY 2016-17 will contribute directly to the bottom line, thus taking the company in the direction of higher profitability.



2. Regulated Markets: The company is poised to apply to European Directorate for Quality of Medicines (EDQM) for Certificate of Suitability (COS) for its key products. Upon successful approval from EDQM, the company shall be able to open up new markets like EU and allied markets such as Turkey and some Middle Eastern countries. The access to these markets will result in realization of higher margins due to premium pricing dynamics of these markets.

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

Opportunities & Threats :

The Company registering its products in several countries (ROW Markets) directly and through our reputed customers. Within a year we able to get more business for exports

The Company may have threats of China imported products and also fluctuation in Foreign exchange (USD)

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.

Financial Performance :

The Financial results and performance for the year are elaborated above in this Report.

Cautionary Statement :

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

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

Directors :

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

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



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

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

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

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

Board Evaluation :

Pursuant to applicable provisions of the Companies Act, 2013 and the Listing Regulations 2015, Remuneration and Nomination Committee, has formulated framework containing the criteria for performance evaluation of the Board of Directors including Independent Directors, Key Managerial Personnel, and Committees of the Board on the basis of which they have been evaluated.

The Independent Directors had met separately on 11th February, 2017 without the presence of Non-Independent Directors and the members of management and discussed the performance evaluation of the Board Members.

Audit Committee :

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

Details in Respect of Adequacy of Internal Financial Controls with reference to the Financial Statements:

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

Directors' Responsibility Statement :

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

(a) in the preparation of the annual accounts for the financial year ended 31st March, 2017, 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, 2017 and of the profit and loss of the company for the year ended on that date;

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



and detecting fraud and other irregularities;

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

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

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

Meeting of Board and Committees of Directors

During the year 5 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.

Approval of Resolution through Postal Ballot:- Not Applicable

Auditors

As per provisions of Section 139 (2) of the Companies Act, 2013 maximum tenure of M/s. Ashok Madgundi & Co.; Chartered Accountants, Solapur, Statutory Auditors of the company is coming to an end at the ensuing Annual General Meeting. Therefore it is proposed to appoint N. R. Waghchaure & Associates, Chartered Accountants, Solapur, as new auditor in place of Ashok Madgundi & Co. The Audit Committee has recommended appointment of N. R. Waghchaure & Associates who have given their consent and declaration that they are not disqualified to act as Auditors of the Company under the provisions of the Act.

Members are requested to consider appointment of N. R. Waghchaure & Associates., Chartered Accountants, Solapur as the Statutory Auditors of the Company from the conclusion of 28th Annual General Meeting till the conclusion of 33rd Annual General Meeting.

Auditors' Report

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

Secretarial Audit

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

Cost Audit

For Financial Year 2016-2017, the Company had re-appointed M/s. Shrinivas Diddi and Associates, Cost Accountants, Solapur for conducting cost audit. Cost audit report has been filed with MCA. Members are requested to confirm the appointment and remuneration of the Cost Auditor for the Financial Year 2017-18.



Particulars of Employees

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 is given below.

Disclosures required with respect to Section 197(12) of the Companies Act, 2013:-

The ratio of the remuneration of each director to the median employee's remuneration (MRE) and such other details in terms of Section 197(12) read with Rule 5 (1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

- a. The ratio of the remuneration of each director to the median remuneration of the employees of the Company for the financial year:

Name of the Directors	Ratio to median remuneration
Non- executive Directors	
Mrs. E. Vaishnavi	Nil
Mr. J.H. Ranade	Nil
Dr. K. Ramaswamy	Nil
Mr. K. R. Dhole	Nil
Executive Directors	
Mr. E. Purushotham	49.50:1
Mr. E. Swapnil	21.22:1

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

- b. 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 & Company Secretary	% Increase in remuneration in Financial Year
Mr. E. Purushotham	—
Mr. E. Swapnil	---

- c. The percentage increase in the median remuneration of employees in the financial year: 17.39%

- d. The number of permanent employees on the rolls of Company: 182

- e. 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:

The average annual increase of employees other than managerial personnel was around 7.96% . Increase in the managerial remuneration for the year was NIL.

- f. Affirmation that the remuneration is as per the remuneration policy of the Company: The Company affirms remuneration is as per the remuneration policy of the Company.



The information required pursuant to Section 197 read with Rule 5 (2) and 5 (3) of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is not applicable as the Company had no employees who were in receipt of remuneration of not less than Rs. 1,02,00,000/- per annum, if employed for full year or not less than Rs. 8,50,000/- per month during any part of the Financial Year .

Corporate Social Responsibility (CSR)

The Company has adopted CSR Policy upon recommendations of CSR Committee as per provisions of the Act. In view of past losses, Company was not required to spend on CSR during the financial year 2016-2017.

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

Highlights of the CSR Policy :

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

Code of Ethics / Vigil Mechanism / Whistle Blower Policy

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

Particulars of Loans, Guarantees or Investments

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

Related Party Transactions :

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

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

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

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



Risk Management Policy

The Company is aware of the risks associated with the business. It regularly analyses and takes corrective actions for managing / mitigating the same. Your Company's Risk management framework ensures compliance with the provisions of Regulation 21 of Securities and Exchange board of India (Listing obligations and disclosure requirements) Regulations, 2015.

Corporate Governance

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

Extract of the Annual Return

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

General

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

Acknowledgment

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

Place : Solapur

Date : 11th May 2017

For & on behalf of the Board

(E. Purushotham)

Chairman & Managing Director



CORPORATE GOVERNANCE REPORT

I) Company's Philosophy on Code of Governance :

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

The Company believes that the system and the action lead to enhance the performance and shareholder's value.

II) Board of Directors:

1) Composition :

The Board of Directors comprises of 6 Directors as detailed below. (Position as on 31st March, 2017)

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

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

The Company has an optimum combination of Executive and Non-Executive/Independent Directors which is in conformity with the Companies Act, 2013 and the Listing Regulations. 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) Meetings and Attendance :

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

- 1) 28th April, 2016
- 2) 6th August, 2016
- 3) 14th November, 2016
- 4) 22nd December, 2016
- 5) 11th February, 2017

Details regarding attendance of the Directors at the Board Meetings held during the Financial Year 2016-2017 and at the last Annual General Meeting held on 06th August, 2016 are given below:

Sr. no.	Name	Designation	DIN	Status	No. of Borad Meeting attended	No. of Directorship held in other Companies	Attended last AGM	No. fo Committee positins held in other Companies	
								Chairman of Committee	Member of Committee
1	Mr. E.Purushotham	Managing Director	00033583	Executive	5	1	YES	-	-
2	Mr. E. Swapnil	Executive Director & Chief Financial Officer	01241535	Executive	5	1	YES	-	-
3	Mrs. E.Vaishnavi	Director	00033669	Non-Executive	5	1	YES	-	-
4	Mr. K. R. Dhole	Independent Director	012076675	Non-Executive	4	1	NO	-	-
5	Mr. J.H.Ranade	Independent Director	00004814	Non-Executive	4	11	YES	-	-
6	Dr. K.Rama Swamy	Independent Director	05273930	Non-Executive	1	0	NO	-	-



Code of Conduct :

The Board has laid down the Code of Conduct for all board members and senior managerial personnel of the company and the compliance of such code has been affirmed by them. The Code of Conduct is available on the website of the Company at www.smruthiorganics.com.

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

Name of the Director	Mrs. E. Vaishhavi Director	Mr. E. Purushotham Managing Director	Mr. E. Swapnil Executive Director & CFO
Date of Birth	18/02/1962	02/04/1958	30/03/1984
Date of Appointment	09/09/1994	11/07/1989	06/04/2009
Expertise in Specific Functional Area	Administration	Technical, Marketing & Overall Management	Technical, Business Development & Finance
Qualification	Bachelor Of Arts	M.Sc (Chem.)	B.S. (Chem) USA & MBA (Finance), Spain
Directorship / Committee Memberships in other Companies	Smruthi Chemicals & Intermediates Ltd.	Greenfield Cet Plant Private Limited	Smruthi Chemicals & Intermediates Ltd.
No. of shares held in the company	576475	1528560	190081

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

1. Salary: Mr. E. Purushotham

From 1st April, 2017 till 31st March, 2022.

Rs. 7,00,000/- (Rupees Seven Lakhs) per month i.e. Rs 84 lakhs p.a

Annual increase in remuneration excluding commission not to exceed 25% over the previous year 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. 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 (including annual increase) payable to him shall be as per applicable provisions of Schedule V to the Companies Act, 2013.

Salary: Mr. E Swapnil

From 01st June, 2017 till 31st May, 2022

Rs. 5,00,000/- (Rupees Five Lakhs) per month i.e Rs 60 lakhs p.a.

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: (Applicable to both appointees)

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

3. Commission :

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

4. Provident Fund and Gratuity Fund :

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

5. Minimum remuneration :

If in any year during the currency of appointment of the Managing Director and Executive Director and CFO, the Company has no profits or its profits are inadequate, Company shall pay remuneration by way of Salary, perquisites and allowances within the ceilings laid down under 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 and Mr. E Swapnil 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 and Mr. E Swapnil.



6. General terms of appointment :

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

Appointment terminable with 3 months notice from either side.

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

Additional Information relevant to appointment of the Mr. E Purushotham and Mr. E Swapnil are forming part of the explanatory statement as required under schedule V of the Companies Act, 2013.

➤ Familiarization programmes to Independent Directors :

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

III. Audit Committee :

The Audit Committee constituted on 30th December 2005 enjoys all powers / terms of reference as mentioned in 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 Listing 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	1
Mr. K. R. Dhole	Member	Independent	4

During the Financial year 2016-2017, 4 Meetings of Audit Committee were held which are as under:-

- 1) 28th April, 2016
- 2) 6th August, 2016
- 3) 14th November, 2016
- 4) 11th February, 2017

Audit Committee meetings were attended by the Chairman and Managing Director and Statutory Auditors were invited for such meeting. Members of the Audit Committee have requisite financial and management expertise. Chairman of the Audit Committee was present at the Annual General Meeting held on 06th August 2016.

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

- a. Oversight of the financial reporting process .
- b. reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to:
 - matters required to be included in the director's responsibility statement to be included in the board's report in terms of clause (c) of sub-section (3) of Section 134 of the Companies Act, 2013;
 - changes, if any, in accounting policies and practices and reasons for the same;
 - major accounting entries involving estimates based on the exercise of judgment by management;
 - significant adjustments made in the financial statements arising out of audit findings;



- compliance with listing and other legal requirements relating to financial statements;
- disclosure of any related party transactions;
- modified opinion(s) in the draft audit report;
- c. reviewing the quarterly financial statements.
- d. evaluation of internal financial controls and risk management systems;
- e. management discussion and analysis of financial condition and results of operations;
- f. statement of significant related party transactions (as defined by the audit committee), submitted by management;
- g. internal audit reports relating to internal control weaknesses.
- h. Evaluation and selection of Statutory Auditors

IV. Nomination and Remuneration Committee :

The Remuneration Committee was constituted on 24th April 2006 for the purpose of approving remuneration of the managerial personnel as envisaged under the provisions of Companies Act, 2013 and Listing Regulations. The main term of reference of the Committee is to approve the fixation / revision of remuneration of the Executive Directors and relatives of Directors of the Company, Key Managerial Personnel and Senior Management and while approving:-

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

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

The Committee is comprised of :-

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

The Committee also evaluates performance of the Independent Directors on the basis of their involvement in the Board functioning and discharge of their responsibilities as contemplated under Companies Act, 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 as permissible under the provisions of the Companies Act. Any remuneration paid to Non-Executive / Independent Directors for professional services rendered shall not be considered as a part of remuneration provided such services are rendered in professional capacity at concerned Director possesses requisite qualifications for practice that profession.

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

Particulars	Mr.E. Purushotham Managing Director	Mr.E. Swapnil Executive Director & Chief Financial Officer
Salary & Other Allowances	84,00,000	36,00,000
Contribution to Provident & Other Funds	10,08,000	4,32,000
Commission	-----	-----

Remuneration to Non-Executive Directors: Nil**The sitting fees payable to the Non- Executive Directors is as under:-***(Amount in Rs.)*

Name	Board	Audit / Remuneration Committee	Total
Mrs. E. Vaishnavi	40,000	5,000	45,000
Dr. K. Ramaswamy	10,000	15,000	25,000
Mr. J.H. Ranade	40,000	30,000	70,000
Mr. K. R. Dhole	40,000	30,000	70,000

V. Stakeholders Relationship Committee:-

The Committee reviews all matters connected with Shareholders complaints, if any, like transfer of shares, non-receipt of Balance Sheet, non-receipt of dividend etc. During the year the Committee was renamed as Shareholders Relationship Committee Pursuant to Section 178 (5) of the Companies Act 2013. In absence of complaints from Shareholders and Transfer / transmission of shares, the Committee was not required to hold a meeting.

The Committee was comprised of:

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

The Board has designated Ms. Urvashi D. Khanna, Company Secretary as the Compliance Officer in place of Mr. Vijay Changale. During the year Company did not receive any Investor complaints.

VI. Corporate Social Responsibility (CSR) Committee:

During the financial year 2016-2017, no meetings of the committee were held due to non requirement of contribution towards CSR. The details of the composition of the Committee is given below:

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



VII. Independent Directors Meeting :

As required by the Companies Act, 2013 and Listing Regulations, the meeting of Independent Directors was held on 11th February, 2017.

VIII. General Body Meetings :

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
2015-2016	6th Aug. 2016 at 12.30 p.m.	Hotel City Park, Solapur	4
2014-2015	11th Aug. 2015 at 12.30 p.m.	Hotel City Park, Solapur	4
2013-2014	27th Sep. 2014 at 12.30 p.m.	Hotel City Park, Solapur	4

Details of Special Resolutions Passed:-

2015-16:- No Special Resolutions were passed during the year.

2014-15:- Appointment of Mr. E. Swapnil as Director in whole time employment designated as “Executive Director and CFO” on a term of 3 years with effect from 1st June, 2015 to 31st May, 2018 and approval of waiver of excess remuneration paid to Mr. E. Purushotham, Managing Director during a period from 1st April 2013 to 31st March 2014.

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

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

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

IX. Disclosures :

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



4. The Company has a Vigil mechanism called Whistle Blower policy, all employees have been provided to access direct to the Audit committee.
5. Company has complied with all mandatory requirements of Regulation 17 to 27 and clause (b) to (i) of Sub-regulation 2 of Regulation 46 of the SEBI Listing Regulations.

X. Risk Management :

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

XI. CEO/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.

XII. Code of Ethics / Vigil Mechanism / Whistle Blower Policy :

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

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

XIV. 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.

XV. 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 Free Press Journal/ Navashakti, 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 Web Site i.e. www.smruthiorganics.com. Important events are also displayed on Company's website. No presentations were made to Institutional Investors or Analysts during the year.

XVI. Shareholders Information :

Shareholders information is separately provided in the Annual Report.



SHAREHOLDERS INFORMATION

1. Annual General Meeting :

Date : 4th September 2017.

Time : 12.30 p.m.

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

2. Financial Calendar (Tentative) : April 2017 to March 2018

Particulars of Meetings	Date
Un-audited Quarterly Result for the quarter ended 30th June 2017	2nd week of Aug 2017
Un-audited Quarterly Result for the quarter ended 30th September 2017	2nd week of Nov. 2017
Un-audited Quarterly Result for the quarter ended 31st December 2017	2nd week of Feb.2018
Audited / Un-Audited Financial Result for the quarter - ended 31st March 2018	Last week of May 2018

3. Date of Book Closure :

26th August 2017 To 04th September 2017 (Both days inclusive)

4. Dividend payment date : N.A.

5. Listing on Stock Exchanges :

- Trading in the equity shares admitted in “Permitted to Trade” category with Bombay Stock Exchange was discontinued w.e.f. March 08, 2017 on account of de-recognition of regional stock exchanges at Pune, Ahmedabad and Hyderabad.
- However, w.e.f 10th October, 2016 shares of the Company have been listed with **Metropolitan Stock Exchange of India Limited (MSEI)**.

DEMAT : ISIN Number: INE172E01011

CIN : L24119PN1989PLC052562

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

6. Stock Prices :-

Market price data - High / Low during each month of the financial year 2016-2017. :Not Available as the Company's shares were discontinued as Permitted Securities w.e.f March 08, 2017 and also non trading of Company's shares on Metropolitan Stock Exchange of India Limited .

7. Registrar and Transfer Agents :

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



8. Share Transfer System :

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

9. Reconciliation of Share Capital Audit :

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

10. Share Distribution Schedule :

Share holding of Nominal Value of Shareholders share amount (as on 31.03.2017)

Shares	Number	% to total	Total Shares	Rs.	% to total
Upto-500	1241	76.42	22567	2272200	5.96
501-1000	193	11.88	166060	1603020	4.20
1001-2000	65	4.00	106810	1182810	3.10
2001-3000	52	3.20	129231	1238600	3.25
3001-4000	12	0.74	42450	491940	1.29
4001-5000	11	0.68	52574	475740	1.25
5001-10000	21	1.29	161706	1580810	4.14
10001 & above	29	1.79	2934032	29309180	76.82
TOTAL	1624	100.00	3815430	38154300	100.00

11. Shareholding pattern:

Category	No. of Shares	% to share capital
NRI	54743	1.434
Corporate Body	270529	7.090
Directors & Relatives	2352666	61.66
Indian Public	1137492	29.81
TOTAL	3815430	100.00



12. Dematerialization of shares and liquidity :

34,36,985 shares have been dematerialized as on 31st March 2017 constituting 90.08 % of total Paid up Share Capital.

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

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

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

15. Plant locations :

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

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

16. 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

17. 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

Place : Solapur
Date : 11th May 2017

(E. Purushotham)
Chairman & Managing Director

COMPLIANCE WITH CODE OF BUSINESS CONDUCT :

As provided under 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, 2017.

For & on behalf of the Board

Place : Solapur
Date : 11th May 2017

(E. Purushotham)
Chairman & Managing Director



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, 2017 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;
- (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 faithfully

E. Purushotham
Managing Director

Swapnil Eaga
Executive Director & CFO



Auditor's Certificate on Compliance of Conditions of Corporate Governance

To
The Members of Smruthi Organics Ltd.,
Solapur

We have examined the compliance of conditions of Corporate Governance by Smruthi Organics Limited ("the Company") for the year ended 31st March 2017 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.

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

Ashok D Madgundi
Proprietor
ICAI Membership No : 036983

Place : Solapur.
Date : 11th May 2017



Annexure - I to DIRECTOR'S REPORT

Secretarial Audit Report

For the Financial Year ended 31 March 2017

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

H.R. Thakur

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

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

CIN of the Company : **L24119PN1989PLC052562**

Nominal Capital : **Rs. 10.00 Crores**

The Members

Smruthi Organics Limited

165-A, Balaji Bhavan, 1st Floor,

Railway Lines, Solapur-413 001.

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Smruthi Organics Limited (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon. Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on 31 March, 2017 ('Audit Period') complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31 March, 2017 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); and The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 notified on 28 October 2014 (Not applicable to the Company during the Audit Period);
- e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 (Not applicable to the Company during the Audit Period);
- f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993
- g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 (Not applicable to the Company during the Audit Period); and
- h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 (Not applicable to the Company during the Audit Period).

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

- I. Secretarial Standards issued by The Institute of Company Secretaries of India.
- II. The Listing Agreements entered into by the Company with Ahmadabad Stock Exchange Limited. The Stock Exchange, Mumbai had permitted trade of the Company's Equity Shares in "Permitted to Trade Securities" Category. The Stock Exchange, Mumbai has withdrawn this facility from March 08, 2017 on account of de-recognition of the Hyderabad Stock Exchange by SEBI.
- III. The Equity Shares of the Company were listed with The Metropolitan Stock Exchange of India Limited from October 10, 2016.

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

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

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

I further report that The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. There was no change in the



composition of the Board of Directors during the period under review. Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting. All decisions at Board Meetings and Committee Meetings are carried out unanimously as recorded in the minutes of the meetings of the Board of Directors or Committee of the Board, as the case may be.

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

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

Place : Mumbai

Date : 10th May, 2017

H. R. Thakur

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



SECRETARIAL AUDIT REPORT

For the Financial Year Ended 31 March 2017

H.R. Thakur

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

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

The Members,

Smruthi Organics Limited

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

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

Management's Responsibility :

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

Auditor's Responsibility.

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

Disclaimer :

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

Thanks and regards

Yours' sincerely,

Place : Mumbai

Date : 10th May, 2017

H. R. Thakur

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



Annexure – II to DIRECTORS' REPORT

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

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

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

Due to past losses, Company was not required to spend on CSR during the financial year 2016-17 and 2015-16. However due to severe cash crunch attributable to past losses, the Company was unable to spend Rs. 22.14 lakhs due on CSR activities for financial year 2014-15.

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

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

- 3. Average net profit/(loss) of the company for last three financial years: Rs. (144) lakhs**
- 4. Prescribed CSR Expenditure (two per cent of the amount as in item 3 above): Nil**

Details of CSR spent during the financial year- NA

For & on behalf of the Board

Place : Solapur
Date : 11th May, 2017

(E. Purushotham)
Chairman of CSR Committee &
Managing Director



Annexure – III to DIRECTORS' REPORT

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

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

A. CONSERVATION OF ENERGY

(i) the steps taken on conservation of energy :

Energy conservation measures taken :

The major steps taken towards energy conservation were;

- 1) Major repair of two multifuel boilers to improve fuel efficiency.
- 2) Installation of LED lights has begun to reduce energy consumption for lighting.
- 3) Recycling of boiler condensate to reduce energy consumed to pre-heat boiler feed.

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

In FY 2016-17, the company has reduced its coal consumption and used sugarcane waste (baggas) instead to reduce consumption of fossil fuels.

(iii) Capital Investment on Energy Conservation Equipment:

Impact of the above matters :

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

B. TECHNOLOGY ABSORPTION

(i) the efforts made towards technology absorption:

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

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



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

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

(iv) The expenditure incurred on Research and Development.

(Rs. in Lakhs)

		2016-2017	2015-2016
4.	Expenditure on R&D		
a)	Capital	--	--
b)	Recurring	48.04	43.79
c)	Total	48.04	43.79
d)	Total R&D Expenditure as a Percentage of total turnover	0.62%	0.61%

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

(Rs. in lakhs)

	2016-2017	2015-2016
Foreign exchange outgo	1865	1639
Foreign exchange earned	2761	2360

For & on behalf of the Board

Place : Solapur

Date : 11th May, 2017

(E. Purushotham)

Chairman & Managing Director



Annexure – IV to THE DIRECTORS' REPORT

**Form No. MGT - 9
EXTRACT OF ANNUAL RETURN
as on the financial year ended on 31st March 2017**

[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: ganeshs@adroitcorporate.com / pratapp@adroitcorporate.com

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 - NA

Sr. No.	Name & Address of Company	CIN/ GLN	HOLDING/ SUBSIDIARY ASSOCIATE	% Of shares held	Applicable Section
The Company did 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	23,19,091	0	23,19,091	60.781	23,19,166	0	23,19,166	60.784	0.003
b) Central Govt.	0	0	0	0	0	0	0	0	0
c) State Govt.	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	0	0	0	0	0	0	0	0
f-1) DIRECTORS RELATIVES	33,500	0	33,500	0.88	33,500	0	33,500	0.88	0
	24,34,591	0	24,34,591	63.811	24,34,666	0	24,34,666	63.814	0.003
Sub Total (A) (1)									
(2) Foreign									
a) NRIs- Individuals	0	0	0	0	0	0	0	0	0
b) Other Individuals	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) (1)	0	0	0	0	0	0	0	0	0
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	24,34,591	0	24,34,591	63.811	24,34,666	0	24,34,666	63.814	0.003
B.Public Shareholding									
(1) Institutions									
a) Mutual Funds	0	0	0	0.00	0	0	0	0.00	0.00
b) Banks / FI	0	0	0	0.00	0	0	0	0.00	0.00
c) Central Govt.	0	0	0	0.00	0	0	0	0.00	0.00
d) State Govt(s)	0	0	0	0.00	0	0	0	0.00	0.00
e) Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
f) Insurance Companies	0	0	0	0.00	0	0	0	0.00	0.00
g) FIs	0	0	0	0.00	0	0	0	0.00	0.00
h) Foreign Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
i) Others (Specify)	0	0	0	0.00	0	0	0	0.00	0.00
Sub-total (B) (1)	0	0	0	0.00	0	0	0	0.00	0.00



(2) Non - Institutions									
a) Bodies Corp.									
i) Indian	97098	114700	211798	5.55	73829	114700	188529	4.94	-0.61
ii) Overseas	0	0	0	0	0	0	0	0	0
b) Individuals									
i) Individual share-holders holding nominal share capital upto Rs.1 lakh	537747	242845	780592	20.46	549904	231745	781649	20.49	0.03
ii) Individual share-holders holding nominal share capital in excess of Rs. 1 lakh	337488	0	337488	8.85	355843	0	355843	9.33	0.48
c) Other									
c-1) Non Resident Indians (individuals)	16726	32000	48726	1.28	22743	32000	54743	1.43	0.16
c-2) Clearing Member	2235	0	2235	0.06	0	0	0	0	-0.06
Sub-total (B) (2)	991294	389545	1380839	36.19	1002319	378445	1380764	36.19	0
Total Public Share-holding (B) = (B)(1) + (B)(2)	991294	389545	1380839	36.19	1002319	378445	1380764	36.19	0
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 Toatl (A+B+C)	3425885	389545	3815430	100	3436985	378445	3815430	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 share-holding 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	SMRUTHI CHEMICALS AND INTERMEDIATES LIMITED	82000	2.15	0	82000	2.15	0	
2	SWAPNIL PURUSHOTHAM EAGA	190081	4.98	0	190081	4.98	0	
3	*E PURUSHOTHAM	1528510	40.061	0	1528560	40.063	0	0.002
4	*VAISHNAVI EAGA	576450	15.101	0	576475	15.109	0	0.001
5	SMRUTHI PURUSHOTHAM EAGA	24000	0.63	0	24000	0.63	0	
6	EAGA RAJAMOULI	9500	0.25	0	9500	0.25	0	
7	YADAGIRI M EGA	24050	0.63	0	24050	0.63	0	
	TOTAL	2434591	63.811	0	2434666	63.814	0	0.003

*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): No change during the financial year:

Sr. No.	Name fo Director / KMP	Shares Holding at the beginning of the year		Cumulative Shares Holding during the year	
		No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
1	E. Purushotham				
	At the beginning of the year	15,28,510	40.061	15,28,510	40.061
	Increase / decrease upto 31st March 2017	50	0.02	15,28,560	40.063
	At the end of the year	15,28,560	40.063	15,28,560	40.063
2	Vaishnavi Eaga				
	At the beginning of the year	5,76,450	15.108	5,76,450	15.108
	Increase / decrease upto 31st March 2017	25	0.01	5,76,475	15.109
	At the end of the year	4,76,475	15,109	5,76,475	15.109
3	Swapnil Purushotham Eaga				
	at the beginning of the year	190081	4.98	1,90,081	4.98
	Increase / decrease upto 31st March 2017	-	-	1,90,081	4.98
	At the end of the year			1,90,081	4.98
4	Smruthi Chemicals And Intermediates Limited				
	At the beginning of the year	82000	2.15	82,000	2.15
	Increase / decrease upto 31st March 2017	-	-	82,000	2.15
	At the end of the year			82,000	2.15
5	Yadagiri M. Eaga				
	At the beginning of the year	24050	0.63	24,050	0.63
	Increase / decrease upto 31st March 2017	-	-	24,050	0.63
	At the end of the year			24,050	0.63
6	Smruthi Purushotham Eaga				
	At the beginning of the year	24000	0.63	24,000	0.63
	Increase / decrease upto 31st March 2017	-	-	24,000	0.63
	At the end of the year			24,000	0.63
7	Eaga Rajamouli				
	At the beginning of the year	9500	0.25	9,500	0.25
	Increase / decrease upto 31st March 2017	-	-	9,500	0.25
	At the end of the year			9,500	0.25



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

Sr. No.	Top Ten Share Holder's	Shares Holding at the beginning of the year		Cumulative Shares Holding during the year	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
1	Jhantani Jairam Ramchand At the beginning of the year Increase / decrease upto 31st March 2017 At the end of the year	31,412 27,757	0.82 0.73	31,412 59,169 59,169	0.82 1.55 1.55
2	Jayshree Shankarrao Myakal At the beginning of the year Increase/decrease upto 31st March 2017 At the end of the year	55,70 0-2,381	1.46 -0.06	55,700 53,319 53,319	1.46 1.40 1.40
3	Rajasthan Global Securities Private Limited At the beginning of the year Increase/decrease upto 31st March 2017 At the end of the year	40,169 -15,241	1.05 -0.4	40,169 24,928 24,928	1.05 0.65 0.65
4	Rajasekhar Guttikonda At the beginning of the year Increase/decrease upto 31st March 2017 At the end of the year	35,354 -	0.93 -	35,354 35,354 35,354	0.93 0.93 0.93
5	Alpic Pharma Pvt Ltd At the beginning of the year Increase/decrease upto 31st March 2017 At the end of the year	35,000 -	0.92 -	35,000 35,000 35,000	0.92 0.92 0.92
6	Saga Chemicals Pvt Ltd At the beginning of the year Increase/decrease upto 31st March 2017 At the end of the year	35,000 -	0.92 -	35,000 35,000 35,000	0.92 0.92 0.92
7	Hamsons Lab Pvt Ltd At the beginning of the year Increase/decrease upto 31st March 2017 At the end of the year	35,000 -	0.92 -	35,000 35,000 35,000	0.92 0.92 0.92
8	Rajalakshmi Venkatesh At the beginning of the year Increase/decrease upto 31st March 2017 At the end of the year	30,743 -5,943	0.81 -0.16	30,743 24,800 24,800	0.81 0.65 0.65
9	Dilip Kumar Rungta At the beginning of the year Increase/decrease upto 31st March 2017 At the end of the year	28,868 -	0.76 -	28,868 28,868 28,868	0.76 0.76 0.76
10	Raj Kumar Lohia At the beginning of the year Increase/decrease upto 31st March 2017 At the end of the year	20604 -	0.54 -	20604 20604 20604	0.54 0.54 0.54



v) Shareholding of Directors and key Managerial Personal

Sr. No.	Name fo Director / KMP	Shares Holding at the beginning of the year		Cumulative Shares Holding during the year	
		No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
1	E. Purushotham (Managing Director)				
	At the beginning of the year	15,28,510	40.061	15,28,510	40.061
	Increase / decrease upto 31st March 2017	50	0.02	15,28,560	40.063
	At the end of the year	15,28,560	40.063	15,28,560	40.063
2	Vaishnavi Eaga (Director)				
	At the beginning of the year	5,76,450	15.108	5,76,450	15.108
	Increase / decrease upto 31st March 2017	25	0.01	5,76,475	15.109
	At the end of the year	5,76,475	15.109	5,76,475	15.109
3	Swapnil Purushotham Eaga (Whole time Director and CFO)				
	At the beginning of the year	1,90,081	4.98	1,90,081	4.98
	Increase / decrease upto 31st March 2017	-		1,90,081	4.98
4	Jayant Hari Ranade (Independent Director)				
	At the beginning of the year	-	-	-	-
	Increase / decrease up to 31st March 2017	-	-	-	-
		-	-	-	-
5	Kashinath Revappa Dhole (Independent Director)				
	At the beginning of the year	-	-	-	-
	Increase / decrease up to 31st March 2017	-	-	-	-
		-	-	-	-
6	Rama Swami Kaumala (Independent Director)				
	At the beginning of the year	8,600	0.23	8,600	0.23
	Increase / decrease up to 31st March 2017	-	-	8,600	0.23
	At the end of the year			00	00
7	Urvashi D. Khanna (Company Secretary)				
	At the beginning of the year	-	-	-	-
	Increase / decrease up to 31st March 2017	-	-	-	-
	At the end of the year				



VI. INDEBTEDNESS

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

	Secured Loans excluding deposits Loans	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	29,88,09,705	13,47,030	-	30,01,56,735
ii) Interest due but not paid	-	-	-	-
iii) Interest due accrued but not due	--	--	-	-
Total (i+ii+iii)	29,88,09,705	13,47,030	-	30,01,56,735
Change in indebtedness during the financial year				
Addition		1,21,23,000		1,21,23,000
Reduction	(2,95,92,336)		-	(2,95,92,336)
Net Change	(2,95,92,336)	1,21,23,000	-	(1,74,69,336)
Indebtedness at the end of the financial year				
i) Principal Amount	26,92,17,369	1,34,70,030	-	28,26,87,399
ii) Interest due but not paid			-	
iii) Interest accrued but not due			-	
Total (i+ii+iii)	26,92,17,369	1,34,70,030	-	28,26,87,399

VII. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

Sr. No.	Particulars of Remuneration	Name of MD/WTD/ Manager		Total Amount (in Rs.)
		Mr. E.Purushotham	Mr. E.Swapnil	
1.	Gross Salary (a) Salary as per provision contained in section 17(1) of the Income - tax Act,1961 (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	84,00,000	36,00,000	1,20,00,000
		---	---	---
2	Stock Option	Nil	Nil	Nil
3	Sweat Equity	Nil	Nil	Nil
4	Commission - as % profit - others, specify ...	Nil	Nil	Nil
5	Others, please specify	Nil	Nil	Nil
	Total (A)	84,00,000	36,00,000	1,20,00,000
	Ceiling as per the Act	84,00,000	42,00,000	1,26,00,000



B. Remuneration to other directors:

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	70,000	25,000	70,000	1,65,000
	Commission	-	-	-	-
	Others	-	-	-	-
	Total (1)	70,000	25,000	70,000	1,65,000

2. Non - Executive Directors

Sr. No.	Particulars of Remuneration	Name of Directors		Total Amount
			E.Vaishnavi	
1.	Fee for attending board committee meetings	-	45,000	45,000
	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	1,95,968	**	1,95,968
	(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)	1,95,968	--	1,95,968

** 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					
B. Directors Penalty Punishment Compounding			Not Applicable		
C. Other Officers in Default Penalty Punishment Compounding					

For & on behalf of the Board

Place : Solapur

Date : 11th May, 2017

(E. Purushotham)
Chairman & Managing Director



Disclosures required with respect to Section 197(12) of the Companies Act, 2013

The ratio of the remuneration of each director to the median employee's remuneration (MRE) and such other details in terms of Section 197(12) read with Rule 5 (1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

a. The ratio of the remuneration of each director to the median remuneration of the employees of the Company for the financial year:

Name of the Directors	Ratio to median remuneration
Non- executive Directors	
Mrs. E. Vaishnavi	Nil
Mr. J.H. Ranade	Nil
Dr. K. Ramaswamy	Nil
Mr. K. R. Dhole	Nil
Executive Directors	
Mr. E. Purushotham	49.50
Mr. E. Swapnil	21.22

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

Directors, Chife Executive Officer, Chief Financial & Company Secretary	% Increase in remuneration in the Financial Year
Mr. E. Purushotham	--
Mr. E. Swapnil	--

c. The percentage increase in the median remuneration of employees in the financial year: 17.39%

d. The number of permanent employees on the rolls of Company: 182

e. 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:

The average annual increase of employees other than managerial personnel was around 7.96% . Increase in the managerial remuneration for the year was NIL.

f. Affirmation that the remuneration is as per the remuneration policy of the Company: The Company affirms remuneration is as per the remuneration policy of the Company.

For & on behalf of the Board

Place : Solapur

Date : 11th May, 2017

(E. Purushotham)
Chairman & Managing Director



INDEPENDENT AUDITORS' REPORT

To,
The Members of Smruthi Organics Limited

Standalone Financial Statements

We have audited the accompanying standalone financial statements of Smruthi Organics Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2017, the Statement of Profit and Loss, the Cash Flow Statement for the year ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

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

Auditor's Responsibility

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

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

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

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

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



Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2017, and its profit and its cash flows for the year ended on that date

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of sub-section (11) of section 143 of the Act, we give in **Annexure A** statement on matters specified in paragraphs 3 and 4 of the said order .
2. As required by Section 143 (3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2015.
 - (e) In the course of our audit we have not come across any transactions or matters which have any adverse effects on the functioning of the company.
 - (f) On the basis of the written representations received from the directors as on March 31, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017 from being appointed as a director in terms of Section 164 (2) of the Act.
 - (g) In our opinion, the company has adequate internal financial control systems in place and the same are effective and commensurate with the nature of business of the company and the scale of its operations. The details shown in **Annexure B**.
 - (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company does not have any pending litigations which would impact its financial position.
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. The amounts were transferred to the Investor Education and Protection Fund by the Company of Rs. 118063/-.

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

(Ashok D. Madgundi)
Proprietor
ICAI M.No. 036983

Place : Solapur
Date : 11th May, 2017



Annexure-A to the Independent Auditor's Report

Smruthi Organics Limited
For the Year Ended March 31st 2017

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

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

2. Inventory [Clause 3(ii)] :

- . Physical verification: Physical verification of inventory has been conducted at reasonable intervals by the managements;
No such material discrepancies were noticed on such verification.
And if so, whether the same have properly dealt with in the books of account is not applicable;

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

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

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

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

5. Deposits[Clause3(v)] :

If the company has accepted deposits

whether the following has been complied with:

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

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



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

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

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

7. Statutory Dues [Clause 3(vii)] :

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

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

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

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

Name of the Status	Nature of the dues	Amount (Rs. in lakhs)	Period to which the amount relates various years covering the period	Forum where Pending
Central Excise Department	While removing goods from our EOU to DTA unit, Excise and Customs duty discharged through Cenvat account not in PLA. Procedural lapses.	57.44 + Interest	2007-2011 4 Years	Commissioner of (Appeals) Central Excise, Pune
Central Excise Department	Goods received from EOU to DTA (Payment of Mode is wrong) i.e. instead of PLA debited through Cenvat).	57.44 + Interest	2007-2011 4 Years	Commissioner of (Appeals) Central Excise, Pune
Central Excise Department	Cenvat Credit is not considered by Central Excise department (Preventive)	1.09	2009-2010	Central Excise, Department Solapur
Central Excise Department	Duty Disputed on Clearance of Goods from EOU.	41.54 + Interest	2013-2014	Commissioner of (Appeals) Central Excise, Pune
Central Excise Department	Duty Disputed on Clearance of Goods from EOU.	38.22 + Interest	2014-2015	Appeal to be filled to Commissioner of (Appeals) Central Excise, Pune



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

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

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

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

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

10 Reporting of Fraud [Clause(x)] :

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

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

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

12 Nidhi Company [Clause3 (xii)] :

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

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

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

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

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

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

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

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

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

ASHOK MADGUNDI & CO.
Chartered Accountants

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

Place : Solapur
Date : 11th May, 2017



Annexure - B to the Auditors' Report

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 Ltd ("the Company") as of 31 March 2017 in conjunction with our audit of the standalone 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 2017, 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.

ASHOK MADGUNDI & CO.
Chartered Accountants

Place : Solapur
Date : 11th May, 2017

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



Part I - Form of Balance Sheet

Balance Sheet as at : 31.03.2017

(Figures in rupees)

	Particulars	Note No.	Figures as at the end of Current reporting period 31.03.2017	Figures as at the end of previous reporting period 31.03.2016
1	Equity And Liabilities			
	1) Shareholders' funds			
	a) Share capital	1	3,81,54,300	3,81,54,300
	b) Reserves and surplus	2	28,45,89,700	26,87,40,496
	2) Non-current liabilities			
	a) Long-term borrowings	3	8,21,33,567	12,69,29,824
	b) Deferred tax liabilities (Net)	4	20,05,005	-
	c) Other Long term liabilities	5	200,08,149	18,78,60,806
	d) Trade Payables (Fixed Assets)	6	37,38,003	19,32,512
	3) Current liabilities			
	a) Short-term borrowings	7	18,70,83,802	18,53,49,911
	b) Trade payables	8	16,50,83,802	14,93,46,097
	c) Other current liabilities	9	6,58,59,437	6,95,96,369
	d) Short Term Provisions	10	58,14,180	33,20,714
	TOTAL		85,44,69,945	103,12,31,029
2	Assets			
	Non-current assets			
	1) a) Fixed assets	11		
	i) Tangible assets			
	a) Gross Block		89,58,82,969	88,13,50,901
	b) Less : Accumulated Depreciation		(59,85,97,442)	(55,89,37,545)
	c) Net Block		29,72,85,527	32,24,13,356
	ii) Capital work-in-progress		1,29,81,152	1,08,61,152
	b) Non-current investments	12	82,34,270	34,35,100
	c) Deferred revenue expenditure	13	-	-
	d) Deferred Tax Assets	4	-	64,28,006
	e) Long-term loans and advances	14	8,75,71,728	24,72,31,258
	2) Current assets			
	a) Current investments	-	-	-
	b) Inventories	15	19,44,38,139	19,34,77,244
	c) Trade receivables	16	21,07,56,483	19,28,53,531
	d) Cash and cash equivalents	17	1,62,01,511	1,62,67,637
	e) Short-term loans and advances	18	2,70,01,135	3,82,63,745
	f) Other current assets	-	-	-
	TOTAL		85,44,69,945	103,12,31,029

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

For & on behalf of Board of Directors
Smruthi Organics Limited

As per our report of even date

Ashok Madgundi & Co.

Chartered Accountants
F.R.No.100668W

(E. Purushotham)
MANAGING DIRECTOR

(E. Swapnil)
EXECUTIVE DIRECTOR & CFO

PLACE : Solapur
DATE : 11th May, 2017

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

(Urvashi Khanna)
Company Secretary

Smruthi Organics Limited

Part II - Form of STATEMENT OF PROFIT AND LOSS

Profit & Loss Statement for the year ended : 31.03.2017

(Figures in rupees)

	Particulars	Note No.	Figures for the Current reporting period 31.03.2017	Figures for the Previous reporting period 31.03.2016
1	Continuing Operations			
	a) Revenue from operations (gross)	19	,86,83,98,841	78,74,49,606
	b) Less : Excise duty		5,83,69,503	4,96,62,372
	c) Less : Sales Tax		1,64,92,205	1,19,83,658
	d) Revenue from operations (net)		79,35,37,133	72,58,03,576
	e) Other income	20	97,59,614	44,93,232
	Total Revenue (1)		80,32,96,747	73,02,96,808
2	Expenses			
	a) Cost of materials consumed	21	49,12,45,370	44,93,42,165
	b) Changes in inventories of finished goods, work-in-progress and Stock-in-Trade	22	-17,07,603	-2,40,90,705
	c) Employee benefit expenses	23	4,37,40,775	7,47,79,623
	d) Finance costs	24	3,96,59,895	5,12,27,094
	e) Depreciation and amortization expense	11	12,49,65,359	4,32,99,272
	f) Other Expenses	25		11,98,34,454
	Total Expenses (2)		77,73,63,286	71,43,91,903
3	Profit / (Loss) before exceptional and extraordinary items and tax (1-2)		2,59,33,461	1,59,04,905
4	Exceptional items		0	0
5	Profit/ (Loss) before extraordinary items & tax (3-4)		2,59,33,461	1,59,04,905
6	Extraordinary Items		0	0
7	Profit before tax (5-6)		2,59,33,461	1,59,04,905
8	Tax expense			
	(a) Current tax (MAT)		10,15,010	5,04,650
	(b) Deferred tax		84,33,011	81,66,440
	(c) Income Tax of early year		0	0
9	Profit / (Loss) for the period from continuing operations (7 - 8)		1,64,85,440	72,33,815
10	Profit / (Loss) from discontinuing operations		0	0
11	Tax expense of discontinuing operations		0	0
12	Profit / (Loss) from Discontinuing operations (after tax) (10 - 11)		0	0
13	Profit / (Loss) for the period (9 + 12)		1,64,85,440	72,33,815
14	Earning per equity share :			
	(a) Basic		4.32	1.90
	(b) Diluted		4.32	1.90

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

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

As per our report of even date

Ashok Madgundi & Co.

Chartered Accountants
F.R.No.100668W

(E. Purushotham)
MANAGING DIRECTOR

(E. Swapnil)
EXECUTIVE DIRECTOR & CFO

PLACE : Solapur
DATE : 11th May, 2017

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

(Urvashi Khanna)
Company Secretary

Cash Flow Statement for the year ended 31.03.2017

Sr.No.	Particulars		Rs.	Rs.
A	CASH FLOW FROM OPERATING ACTIVITIES		31-03-2017	31-03-2016
	Profit before tax	(-)	2,59,33,461	1,59,04,905
	Non cash adjustment to reconciled profit before tax to net cash flows	(-)	0	0
	Depreciation	(+)	3,96,59,895	4,32,99,272
	Misc Expenditure written off	(+)	0	0
	Interest Expenditure	(+)	4,37,40,775	5,12,27,094
	Interest & Other Earned	(-)	-2,45,41,644	-1,53,20,176
	Operating profit before working capital changes	(+)	8,47,92,487	9,51,11,095
	Movements in working capital			
	Increase/(Decrease) in trade payables	(-)	1,57,37,705	-49,41,133
	Increase/(Decrease) in short term provisions	(-)	24,93,466	33,20,714
	Increase/(Decrease) in other current liabilities	(-)	-37,36,932	1,21,68,149
	Increase/(Decrease) in other long term liabilities	(+)	-16,78,52,657	1,13,13,559
	Decrease/(Increase) in trade receivables	(+)	-1,79,02,952	2,39,14,522
	Decrease/(Increase) in inventories	(+)	-9,60,896	-1,51,46,807
	Decrease/(Increase) in long term loans & advances	(+)	15,96,59,530	-34,49,194
	Decrease/(Increase) in short term loans & advances	(-)	1,12,62,610	1,58,31,177
	Decrease/(Increase) in other current assets	(-)	0	0
	Decrease/(Increase) in other non-current assets	(+)	-47,99,170	-29,42,000
	Cash generated from / (used in) operations	(+)	7,86,93,191	13,51,80,082
	Direct taxes paid (net of refunds)	(-)	-11.31.936	44,86,583
	Net cash flow from / (used in) operating activities (A)	(+)	7,75,61,255	13,96,66,665
B	CASH FLOW FROM INVESTING ACTIVITIES			
	Purchases of Fixed Assets, including intangible assets, CWIP & capital advances	(-)	-1,71,71,377	-1,26,46,478
	Proceeds of non current investments			
	Increase/(Decrease) in trade payables fixed Assets	(-)	18,05,491	-11,04,907
	Purchase of current investments	(-)	0	0
	Investment in bank deposits (having original maturity of more than 3 months)	(-)	0	0
	Interest & Export Incentive	(+)	2,45,41,644	1,53,20,176
	Net Cash from / (used in) Investing Activities (B)	(-)	91,75,758	15,68,791
C	CASH FLOWS FROM FINANCING ACTIVITIES			
	Proceeds from issuance of share capital & preference share capital		0	0
	Proceeds from long term borrowings	(-)	0	0
	Repayment of long term borrowing	(-)	-4,47,96,257	-4,31,52,825
	Proceeds from short term borrowings	(-)	1,73,38,91	-4,75,05,224
	Interest Paid	(-)	-4,37,40,775	-5,12,27,094
	Dividend paid on equity shares	(-)	0	0
	Tax on equity dividend paid	(-)	0	0
	Net cash flow from / (used in) Financing Activities (C)	(-)	8,68,03,141	-14,18,85,143
	Net Increase/(Decrease) in cash & cash equivalents (A)+(B)+(C)	(-)	-66,128	-6,49,685
	Cash & Cash equivalents at the beginning of the period	(+)	1,62,67,639	1,69,17,324
	Cash & Cash equivalents at the end of the period	(+)	1,62,01,511	1,62,67,637

Ashok Madgundi & Co.

Chartered Accountants

F.R.No.: 100668W

(Ashok D. Madgundi)

Proprietor M.No. 036983

For and on behalf of Board of Directors

(E. Swapnil)

Executive Director & CFO

(E.Purushotham)

Managing Director

(Urvashi Khanna)

Company Secretary

Place : Solapur

Date : 11 May, 2017



Notes : 1 SHARE CAPITAL

		As At 31-03-2017 Rs.		As At 31-03-2016 Rs.	
1	AUTHORISED SHARE CAPITAL				
	5000000 Equity Shares of Rs. 10/- each	5,00,00,000		5,00,00,000	
	5000000 Non-Convertible Cumulative Redeemable Preference Shares of Rs.10/-each	5,00,00,000	10,00,00,000	5,00,00,000	10,00,00,000
2	ISSUED, SUBSCRIBED & PAID UP SHARE'S				
	3815430 Equity Shares of Rs. 10/- each fully paid	3,81,54,300		3,81,54,300	
			3,81,54,300		3,81,54,300
Details of Shareholders holding more than 5% shares in the Company					
		No.of Shares	%holding in the class	No.of Shares	%holding in the class
1	Mr. Eaga Purushotham	15,28,560	40.06	15,28,560	40.06
2	Mrs. Eaga Vaishnavi	5,76,475	15.11	5,76,475	15.11

Notes : 2 RESERVES AND SURPLUS

		As At 31-03-2017 Rs.		As At 31-03-2016 Rs.	
1	Capital Reserve		6,08,600		6,08,600
2	Capital Incentive		15,00,000		15,00,000
3	General Reserve				
	(a) Balances as per the last Financial statements	5,02,33,427		5,02,33,427	
	(b) Add : Amount Transferred	-		-	
	Closing Balance		5,02,33,427		5,02,33,427
4	Share Premium		20,00,000		20,00,000
5	Surplus in Statement of Profit and Loss				
	(a) Balances as per the last Financial statements	21,43,98,470		20,21,73,422	
	Add :				
	(b) Profit (Loss) for the year	1,64,85,440		72,33,815	
	(c) Depreciation of earlyer years	-		-	
	(d) Income Tax Refund up to AY 11-12 Tax of the last years.	-		49,91,233	
	Less :				
	(e) Trasfer to General Reserve	-		-	
	(f) Proposed Equity Dividend	-		-	
	(g) Tax on Proposed Equity Dividend	-		-	
	(h) Reduction in Income Tax Refund for FY 2012-13	5,19,310		-	
	(i) Short Provision of Interest on Income Tax of FY15-16	1,16,926		-	
	Net Surplus in the statement of Profit and Loss		23,02,47,674		21,43,98,470
	Total Reserve & Surplus		28,45,89,700		26,87,40,497



Notes : 3 LONG - TERM BORROWINGS

		As At 31-03-2017 (Rs.)		As At 31-03-2016 (Rs.)	
1	Axis Bank Term Loan *	-		3,56,42,557	
2	Deferral Sales Tax Loan PSI 1993 Scheme **	-		26,06,938	
3	Deferral Sales Tax Loan PSI 1993 Expansion **	2,44,85,337		2,95,13,904	
4	SBI - IFB - WCTL A/c	4,41,78,200		5,90,38,274	
5	Unsecured Loans - Directors	1,34,70,030		1,34,70,030	
6	Axis Bank Ltd.- Car Loan	-		1,28,151	
			8,21,33,567		14,03,99,854

*1st mortgage / hypothecation charge on pari-passu basis with Axis Bank on Land & building and Plant and Machinery owned by the company situated at Plot No.273 & 274 MIDC, Akkalkot Road, Solapur 413006 & Plot No.A-27, MIDC Chincholi, Solapur- 413 255. First Charge on company's - Flat No 5, Rahul Neha Apt. Solapur , Flat No T/1 , Balaji Apt. Solapur, Holiday Resaurt at Plot No 31, Nakoda Constr. at village. Pakani Solapur, N.A. Plots GAT No. 230/2/B/2, 233/2/B, 231/2/B, 230/2/A/2 situated at Village Chincholi, Taluka Mohol, Dist. Solapur. First pari-passu charges on the above asset for Term Loan of Rs. 15.75 crores from Axis Bank Pune. The Term Loan of Axis Bank Rs 15.75 crore is repayable in 60 months equal installment along with interest from 01.01.2013. Additional collateral Security of Mumbai Flat and eight Flats located at Solapur in the name of Company and one flat in the name of Mr. E.Purushotham, Managing Director of the Company in favour of State bank of India. Axis bank, Pune has sanctioned Term Loan-II of Rs. 3.50 crores repayable in 28 months after One year Moratorium by various installments. State Bank of India has restructure the account and sanctioned Rs. 6.00 Crores Working Capital Term Loan repayable from Apr 2016 to Mar 2020 by various installments.

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

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

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

		As At 31-03-2017 (Rs.)		As At 31-03-2016 (Rs.)	
1	Opening Balance	(64,28,006)		(1,45,94,446)	
2	Less:C.Y. Up to the Year 31.03.2016 & P.Y. Add upto 31.03.14	84,33,011		81,66,440	
3	Add : For the year 2014-2015	-		-	
			20,05,005		-64,28,006

Notes : 5 OTHER LONG TERM LIABILITIES

		As At 31-03-2017 (Rs.)		As At 31-03-2016 (Rs.)	
1	Gratuity Payable	2,00,08,149		2,08,25,178	
2	Sundry Creditors (More than - 1 year)	-		16,70,35,628	
			2,00,08,149		18,78,60,806

Notes : 6 TRADE PAYABLES (Fixed Assets)

		As At 31-03-2017 (Rs.)		As At 31-03-2016 (Rs.)	
1	Sundry Creditors	37,38,003		19,32,512	
2	Sundry Creditors (Small Scale Undertaking)	-			
			37,38,003		19,32,512



Notes : 7 SHORT TERM BORROWINGS

		As At 31-03-2017 (Rs.)		As At 31-03-2016 (Rs.)	
1	Working Capital Loan from S.B.I.,IFB Mumbai & Solapur (Secured) *	17,04,49,368		12,18,30,832	
2	SBI IFB Mumbai PCFC Account	1,66,34,434		5,00,49,049	
3	Unsecured Loans - Directors	-		-	
		18,70,83,802		17,18,79,881	

*1st registered mortgage / hypothecation charge on pari-passu basis with Axis Bank on Land & building and Plant and Machinery owned by the company situated at Plot No.273 & 274 MIDC,Akkalkot Road, Solapur 413006 & Plot No.A-27, MIDC Chincholi, Solapur- 413 255. First Charge on company's - Flat No 5, Rahul Neha Apt. Solapur , Flat No T/1 , Balaji Apt. Solapur.Holiday Resaurt at Plot No 31, Nakoda Constr. at village. Pakani Solapur, N.A. Plots GAT No. 230/2/B/2, 233/2/B, 231/2/B, 230/2/A/2 situated at Village Chincholi, Taluka Mohol, Dist. Solapur. Company has also offered additional collateral Security of Mumbai Flat and eight Flats located at Solapur in the name of Company and one flat in the name of Mr. E.Purushotham, Managing Director of the Company in favour of State bank of India as per revised sanction letter. During the last year State Bank of India has restructuring of Working Capital Limit sanctioned Rs. 6.00 Crores repayable from Apr 2016 to Mar 2020 by various installments.

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

Notes : 8 TRADE PAYABLES

		As At 31-03-2017 (Rs.)		As At 31-03-2016 (Rs.)	
1	Sundry Creditors	16,50,83,802		14,93,46,097	
2	Sundry Creditors (Small Scale Undertaking)	-		-	
		16,50,83,802		14,93,46,097	

Notes : 9 OTHER CURRENT LIABILITIES

		As At 31-03-2017 (Rs.)		As At 31-03-2016 (Rs.)	
1	Other Statutory Liabilities (VAT, TDS, PF, etc)	33,52,357	33,52,357	33,02,754	33,02,754
2	Other Current Liabilities				
1)	Salary & Wages Payable	41,68,967		39,42,261	
2)	Audit & Consultancy Fees Payable	3,47,400		3,47,400	
3)	Interest Payable (CC)	-		-	
4)	Local Body Tax (LBT) - Payable	-		-	
5)	Unpaid Dividend - Axis Bank	4,92,617		6,10,048	
6)	Defferal Sales Tax Repayment within one year (old)	-		47,26,699	
7)	Defferal Sales Tax Repayment within one year (new)	74,23,969		36,13,935	
8)	F.C.Term Loan Instal .Repay. within one year (1575 lakhs)	2,06,13,769		3,59,53,272	
9)	Term Loan Instal. Repay. within one year (350 lakhs)	1,44,60,358		1,53,00,000	
10)	WCTL Install Repay within one year (600 lakhs)	1,50,00,000		18,00,000	
		6,25,07,080		6,62,93,615	
		6,58,59,437		6,95,96,369	

Notes : 10 SHORT TERM PROVISION

		As At 31-03-2017 (Rs.)		As At 31-03-2016 (Rs.)	
1	Provision for Income Tax	58,14,180		33,20,714	
2	Dividend	-		-	
3	Dividend Distributed Tax	-		-	
		58,14,180		33,20,714	



Note '11' Schedule Of Fixed Assets Forming Part of Balance Sheet As At 31st March 2017

A) Fixed Assets

Amount In Rs.

PARTICULARS	GROSS BLOCK (AT COST)			DEPRECIATION PROVIDED			NET BLOCK			
	Cost As On 01.04.2016	Addition During The Year 2016-17	Disposal /Adjustment	As On 31.03.2017 (2+3-4)	Upto 31.03.2016	For The Year 2016-17	Disposal /Adjustment	Upto 31.03.2017 (6+7-8)	As On 31.03.2016	As On 31.03.2017 (5 - 9)
1	2	3	4	5	6	7	8	9	10	11
Factory Land	3076385	0	0	3076385	358493	17640	0	376133	2717892	2700252
Agricultural Land	587094	0	0	587094	0	0	0	0	587094	587094
Building	156702365	1726579	0	158428944	89814819	6529366	0	96344185	66887546	62084759
Ownership Flats	9445084	0	0	9445084	6754850	255663	0	7010513	2690233	2434570
Plant & Machinery	577006792	10844935	0	587851727	361627974	27686480	0	389314454	215378818	198537273
Electrical Installation/Equip.	27490663	775374	0	28266037	17543331	1308911	0	18852242	9947331	9413794
Vehicles	17528496	18770	0	17547266	15955496	350192	0	16305688	1572999	1241577
Office Equipments	1837793	30823	0	1868616	1648658	41722	0	1690380	189135	178236
Computer	6089618	285966	0	6375584	5700943	256851	0	5957794	388675	417790
Furniture & Fixture	12269283	82401	0	12351684	10780340	311339	0	11091679	1488943	1260005
Laboratory Equipments	20539070	661830	0	21200900	17681485	771703	0	18453188	2857585	2747712
Other Factory Equipments	14964265	76400	0	15040665	7789429	885501	0	8674930	7174836	6365735
TOTAL = A	847536907	14503078	0	862039985	535655818	38415368	0	574071186	311881089	287968799
B) i) Research & Devp.Equip.	33813995	28986	0	33842981	23281727	1244525	0	24526252	10532268	9316729
TOTAL = B	33813995	28986	0	33842981	23281727	1244525	0	24526252	10532268	9316729
C) Capital Work in Progress										
Building Constructions - Boiler	3320512	0	0	3320512	0	0	0	0	3320510	3320510
Plant & Machinery - Boiler	4096824	2120000	0	6216824	0	0	0	0	4096824	6216824
Plant & Machinery - Chilling Plant	3443816	0	0	3443816	0	0	0	0	3443816	3443816
Total = C	10861152	2120000	0	12981152	0	0	0	0	10861150	12981150
Total (A + B + C)	892212054	16652064	0	908864118	558937545	39659895	0	598597438	333274507	310266678
Previous Year	879565575	12684135	37656	892212054	515638273	43299272	0	558937545	363927302	333274509



Notes : 12 NON CURRENT INVESTMENTS

		As At 31-03-2017 (Rs.)		As At 31-03-2016 (Rs.)	
1	49,310 equity shares of Rs.10/- each fully paid up in Greenfield CET Plant Pvt. Ltd. Solapur	4,93,100		4,93,100	
2	MAT Credit Entitlement (2015-16)	29,42,000		29,42,000	
2	MAT Credit Entitlement (2016-17)	47,99,170			
			82,34,270		34,35,100

Notes : 13 DEFERRED REVENUE EXPENDITURE

		As At 31-03-2017 (Rs.)		As At 31-03-2016 (Rs.)	
	Miscellaneous Expenditure (to the extent not written off/adjusted) Deferred Revenue Expenditure	-		-	
			-		-

Notes : 14 LONG-TERM LOANS & ADVANCES

		As At 31-03-2017 (Rs.)		As At 31-03-2016 (Rs.)	
1	DEPOSITS (Unsecured Considered Good) (MSEB, Water, Telephone, House, etc)	63,32,673		60,26,437	
2	Advance against Capital Goods	18,86,530		17,66,083	
3	Sundry Debtors (More than 1 year)	7,93,52,525		23,94,38,738	
4	Less : Debtors Advance more than one year	-		-	
			8,75,71,728		24,72,31,258

Notes : 15 INVENTORIES

		As At 31-03-2017 (Rs.)		As At 31-03-2016 (Rs.)	
1	Inventories (at cost except otherwise stated and as certified by Board of Director)				
1	Raw Materials (at cost)	3,19,30,858		3,33,03,477	
2	Packing Materials (at cost)	21,01,588		14,75,676	
3	Work in Process (at cost)	9,97,35,895		10,86,26,224	
4	Finished Goods (at lower of cost and net realisable value)	5,98,48,959		4,92,51,027	
5	Finished Goods In Transit (at lower of cost and net realisable value)	8,20,839		8,20,839	
			19,44,38,139		19,34,77,243

Notes : 16 TRADE RECEIVABLES

		As At 31-03-2017 (Rs.)		As At 31-03-2016 (Rs.)	
1	SUNDRY DEBTORS (Unsecured Considered Good)				
1	More than six months	-		-	
2	Other debts	21,07,56,483		19,28,53,531	
			21,07,56,483		19,28,53,531



Notes : 17

CASH & BANK BALANCES

		As At 31-03-2017 (Rs.)		As At 31-03-2016 (Rs.)	
	Cash and cash equivalents				
1	Cash on hand	1,37,613		7,57,704	
	Balances with banks				
1	Bank Balance (EEFC, SBI Khadki, ICICI etc)	9,79,371		17,75,793	
2	Fixed Deposits with SBI (For L/C and Bank Guarantee margin)	1,50,84,527		1,37,34,140	
			1,62,01,511		1,62,67,637

Notes : 18

SHORT TERM LOANS & ADVANCES

		As At 31-03-2017 (Rs.)		As At 31-03-2016 (Rs.)	
1	(Unsecured Considered Good) Advances recoverable in cash or in kind or for value to be received				
1	Staff & Other Advances	4,06,930		4,42,174	
2	Pre-Paid Insurance	9,67,989		10,27,263	
3	Pre-Paid Custom Duty	2,32,002		-	
4	Excise Duty (Modvat)	57,74,618		58,05,633	
5	Excise Duty (EOU)	95,857		95,851	
6	CST Refund Claim (EOU)	30,33,360		30,33,360	
7	Interest Accrued but not due	5,11,592		5,01,840	
8	Excise duty on export Refund	64,11,057		50,01,622	
9	Prepaid Interest	9,03,503		4,24,662	
10	Export Incentive on FMS Receivable	36,05,343		42,04,080	
11	Service Tax	10,09,946		17,12,322	
12	Sales Tax	4,02,106		4,02,106	
13	VAT Refund	13,78,055		1,06,31,651	
14	Income Tax Refund	4,42,660		20,31,310	
15	Advance Income Tax & TDS	1,49,374		-	
16	Duty Draw Back Incentive Receivable	6,82,924		21,51,094	
17	Pre-Paid Exp. (Fees & Forms, Bank Charges etc.)	9,93,825		7,98,777	
			2,70,01,135		3,82,63,745

Notes : 19

REVENUE FROM OPERATIONS

		As At 31-03-2017 (Rs.)		As At 31-03-2016 (Rs.)	
1	Income from Operations				
1	Gross Sales - Bulk Drugs & Drug Intermediates (API)	85,35,16,811		77,66,22,662	
2	Less : Excise Duty	5,83,69,503		4,96,62,372	
3	: Sales Tax	1,64,92,205		1,19,83,658	
			77,87,55,103		71,49,76,632
2	Other Operating Income - Export Incentives				
1	Compensation - Export Debtors	38,64,288		-	
2	Duty Draw Back	39,17,485		47,71,400	
3	Export Incentive on Focus Marketing Scheme (FMS)	70,00,257	1,47,82,030	60,55,544	1,08,26,944
			79,35,37,133		72,58,03,576



Notes : 20 OTHER INCOME

		As At 31-03-2017 (Rs.)		As At 31-03-2016 (Rs.)	
1	Interest on TDR (Bank Deposits)	10,72,348		9,43,841	
2	Rate difference in Foreign Currency	-		-	
3	Insurance Claim Received	2,262		3,18,668	
	Interest from Others (on Income tax refund 55 lakhs)	17,35,589		9,96,126	
	Profit / (loss) on sale of Vehicle	-		37,344	
	Debtors (Old advances)	69,49,415		21,97,253	
			97,59,614		44,93,232

Notes : 21 COST OF MATERIAL CONSUMED

		As At 31-03-2017 (Rs.)		As At 31-03-2016 (Rs.)	
1	Cost of Material Consumed				
	Dicyandiamide	8,83,74,869		8,83,74,869	
	Dimethyl Amine	6,59,52,527		6,59,52,527	
	Piperzine	2,26,65,102		2,26,65,102	
	Methanol	1,50,14,703		1,50,14,703	
	Acetophenone	18,880		18,880	
	Hydroquinone	2,85,33,909		2,85,33,909	
	C.F.A.	3,44,02,077		3,44,02,077	
	EMME	3,04,05,396		3,04,05,396	
	Others	20,58,77,907		16,39,74,702	
			49,12,45,370		44,93,42,165

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

		As At 31-03-2017 (Rs.)		As At 31-03-2016 (Rs.)	
1	Inventory Change				
a)	Add : Opening Stock				
1	Work in Process (Bulk Drugs & Drug Intermediates)	10,86,26,224		10,61,11,645	
2	Finished Goods (Bulk Drugs & Drug Intermediates)	5,00,71,866	15,86,98,090	2,84,95,740	13,46,07,385
b)	Less : Closing Stock				
1	Work in Process (Bulk Drugs & Drug Intermediates)	(9,97,35,895)		(10,86,26,224)	
2	Finished Goods (Bulk Drugs & Drug Intermediates)	(6,06,69,798)	(16,04,05,693)	(5,00,71,866)	(15,86,98,090)
			(17,07,603)		(2,40,90,705)


Notes : 23 EMPLOYEE'S BENEFIT EXPENSES

		As At 31-03-2017 (Rs.)		As At 31-03-2016 (Rs.)	
1	Salary Wages and Bonus	7,34,14,479		6,96,40,672	
2	Contribution to P.F. and other funds	46,61,808		38,55,939	
3	Staff Labour Welfare	13,83,204		12,83,012	
			7,94,59,491		7,47,79,623

Notes : 24 FINANCE COST

		As At 31-03-2017 (Rs.)		As At 31-03-2016 (Rs.)	
1	Interest on Term Loan	62,78,678		91,85,289	
2	Interest on Cash Credit	2,20,78,696		2,45,08,718	
3	Interest On WCTL	86,59,146		90,13,139	
4	Interest to others	18,26,151		28,54,288	
5	Bank Commission & Charges	48,98,095		56,65,660	
			4,37,40,775		5,12,27,094

Notes : 25 OTHER EXPENSES

		As At 31-03-2017 (Rs.)		As At 31-03-2016 (Rs.)	
1	Power and Fuel	8,35,63,196		7,27,94,845	
2	Repaires & Maintainance	51,08,123		60,08,671	
3	Laboratory Expenses	34,09,854		33,19,311	
4	Sales Commission & Promotion	64,87,901		1,14,19,862	
5	Travelling & Conveyance	42,88,485		51,33,948	
6	Research & Development Exp	3,44,786		4,88,155	
7	Other Expenses	2,17,63,014		2,06,69,662	
			12,49,65,359		11,98,34,454



Note No: 26

Notes To The Financial Statement as on 31.03.2017

Note : 1. Accounting Policies and Other information

A. Significant accounting policies

1. System of Accounting:

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

2. Revenue recognition :

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

3. Tangible Fixed Assets and Depreciation :

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

Pursuant to Schedule II to the Companies Act, 2013, the Company has re-determined the written down values of the tangible assets as per the useful lives of the tangible assets as prescribed in Schedule II to the Companies Act, 2013 or, as the case may be, as per internal assessment.

4. Investments: Investments are stated at cost.

5. Inventories:

- a) Finished goods are valued at cost or net realizable value whichever is the lower.
- b) Stock in process is valued at cost.
- c) Stock of raw materials, stores and spares and packing materials are valued at lower of cost or net realizable value.

6. Non-Current Assets:

Dues receivable from Mylan Laboratories Limited, Hyderabad amounting to Rs.793.53 Lakhs have been shown under the head Non-Current Assets. Management expects to recommence business with the said company after obtaining EDQM Certification and in view of this the receivables are considered recoverable.



7. Staff Benefits :

- Contribution to Provident Fund are funded as a Percentage of Salary / Wages.
- Provision for leave encashment salary is to be provided for the year as per Accounting Standard subject to this amount, the profit changes.
- Provision for Gratuity is to be made of as per Payment of Gratuity Act, as per Accounting Standard 15. The gratuity provision amount is not provided separately as per Accounting Standard subject to this amount, profit changes.

8. Research and Development :

Revenue expenditure on research and development is charged to statement of profit and loss in the year in which it is incurred. Capital expenditure on research and development is added to the cost of fixed assets.

Expenditure details on R&D for 2015-16 and 2016-17 (Rs. In lakhs)

Particulars	2016-17	2015-16
a) Capital	--	--
b) Recurring	48.04	43.79
Total Rs.	48.04	43.79
Total R&D Expenditure as a		
Percentage of total turnover: :	0.62%	0.61%

9. Deferred Taxation :

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

10. Sales Tax Benefits:

Shortfall / increase in sales tax benefits accruing to the company are accounted for in the year in which the final assessment by the concerned authorities is completed. Not Applicable.

11. Borrowing Costs:

Costs in respect of borrowings for the purpose of expansion / additional fixed investments including R & D projects are capitalized to such investments. During the year, the company has not obtained any type of term loan.

12. Foreign Currency Transactions:

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

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

13. Impairment of Assets :

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



14. Corporate Social Responsibility

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

15. Segment Reporting :

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

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

Sl.No.	Particulars	Total
1	Gross revenue	8684
2	Segment expenses	7774
3	Profit before interest, depreciation and tax	1093
4	Segment Profit/Loss (-) before tax	259
5	Tax Expenses MAT	94
6	Profit/Loss (-) after tax	165

16. Contingent Liabilities:

- a) While removing goods from our EOU to DTA unit, Excise & Custom duties discharged through Cenvat Account and not from PLA. Procedural laps. Appeal is filled with Additional Commissioner of Central Excise, Pune from the year 2007 to 2011 amounting to Rs. 57.44 lakhs plus Interest.
- b) While removing goods from our EOU to DTA unit, Excise & Custom duties discharged through Cenvat Account and not from PLA. Procedural laps. Appeal is filled with Additional Commissioner of Central Excise, Pune from the year 2007 to 2011 amounting to Rs. 57.44 lakhs + Interest.
- c) Cenvat Credit is not considered by Central Excise Department (Preventive) against credit of raw material purchase which is under appeal with Tribunal Mumbai for F Y 2009-10 for Rs. 1.09 lakhs.
- d) Duty disputed on Clearance of goods from EOU, appeal filled with Commissioner of Central Excise Pune for the year 2013-14 amounting to Rs. 41.54 lakhs plus Interest.
- e) Duty disputed on clearance of goods, appeal to be filled with Commissioner of Central Excise Pune for the year 2014-15 amounting to Rs. 38.22 lakhs.+ Interest.

17. The company computed the expenditure on Corporate Social Responsibility of Rs. 22.14 lakhs in accordance with the provisions of Section 135 of the Companies Act, 2013 for 31st March 2015. Till the date of audit company has not incurred any such expenditure.

**18 Related Party transactions:**

Name of the related party	Relationship	Nature of Transaction	Transaction value in Rs.	Balance O/S - Receivable/ (-) Payable as on Balance sheet date	Amount written off/back
Smruthi Chemicals & Intermediates (Proprietor Mrs. E. Vaishnavi)	Director in Company and wife of Managing Director	Job work done by SC & I	5091115	NIL	NIL
		Job work done by SOL	190800	NIL	NIL
		Raw Material Diesel Purchase (High seas/ Local from SOL)	225848	NIL	NIL
		Interest paid on Unsecured Loan	437400	NIL	NIL
Mr. Eaga Swapnil	Director of the Company and Son of Managing Director	Car Rent paid	487080	NIL	NIL
Mr. E. Purushotham	Managing Director of the Company	Unsecured Loan Interest Paid	1199208	NIL	NIL

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

Sr. No.	Nature of Income / Expenses	Current Year		Previous Year	
		Amount In Foreign Currency (USD)	Amount In (INR)	Amount In Foreign Currency (USD)	Amount In (INR)
1	Export Earing	4247961	276117460	3580403	236020169
2	Sales Commission	40353	2622938	49207	3285558
3	Travelling Expenses	0	0	0	0
4	Raw Material	2869903	186543712	2405226	160596926

20. DISCLOSURE ON SPECIFIED BANK NOTES (SBNs):

During the year, the Company had specified bank notes or other denomination note as defined in the MCA Notification G.S.R. 308€ dated 31st March 2017 on the details of Specified Bank Notes (SBN) held and transacted during the period from November 8, 2016 to December 30, 2016, the denomination wise SBNs and other notes as per the notification is given below :-



(Rupees in Lakhs)

Particulars	SBNs	Other Denomination Notes	Total
Closing Cash in hand as on 08.11.2016	2.01	0.32	2.33
(+) Permitted Receipts **	00.00	6.29	6.29
(-) Permitted Payments	00.00	3.90	3.90
(-) Amount deposited in Banks	2.01	00.00	2.01
Closing Cash in hand as on 30.12.2016	00.00	2.71	2.71

- * For the purpose of this clause, the term ' Specified Bank Notes' shall have the same meaning provided in the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs number S.O. 3407(E), dated the 8th November 2016”
- ** Permitted receipts pertains to SBN's returned by contract workers from wages paid by the Company to them as on 7th November 2016.

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

Ashok Madgundi & Co.

Chartered Accountants
F.R.No.: 100668W

(E. Purushotham)
MANAGING DIRECTOR

(E. Swapnil)
EXECUTIVE DIRECTOR & CFO

(Ashok D. Madgundi)

Proprietor
M.No. 036983

(Urvashi Khanna)
Company Secretary

Place : Solapur

Date : 11th May, 2017



Smruthi Organics Limited

(CIN: L24119PN1989PLC052562)

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

ATTENDANCE SLIP

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

I hereby record my presence at the 28th 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 4th September 2017, 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.

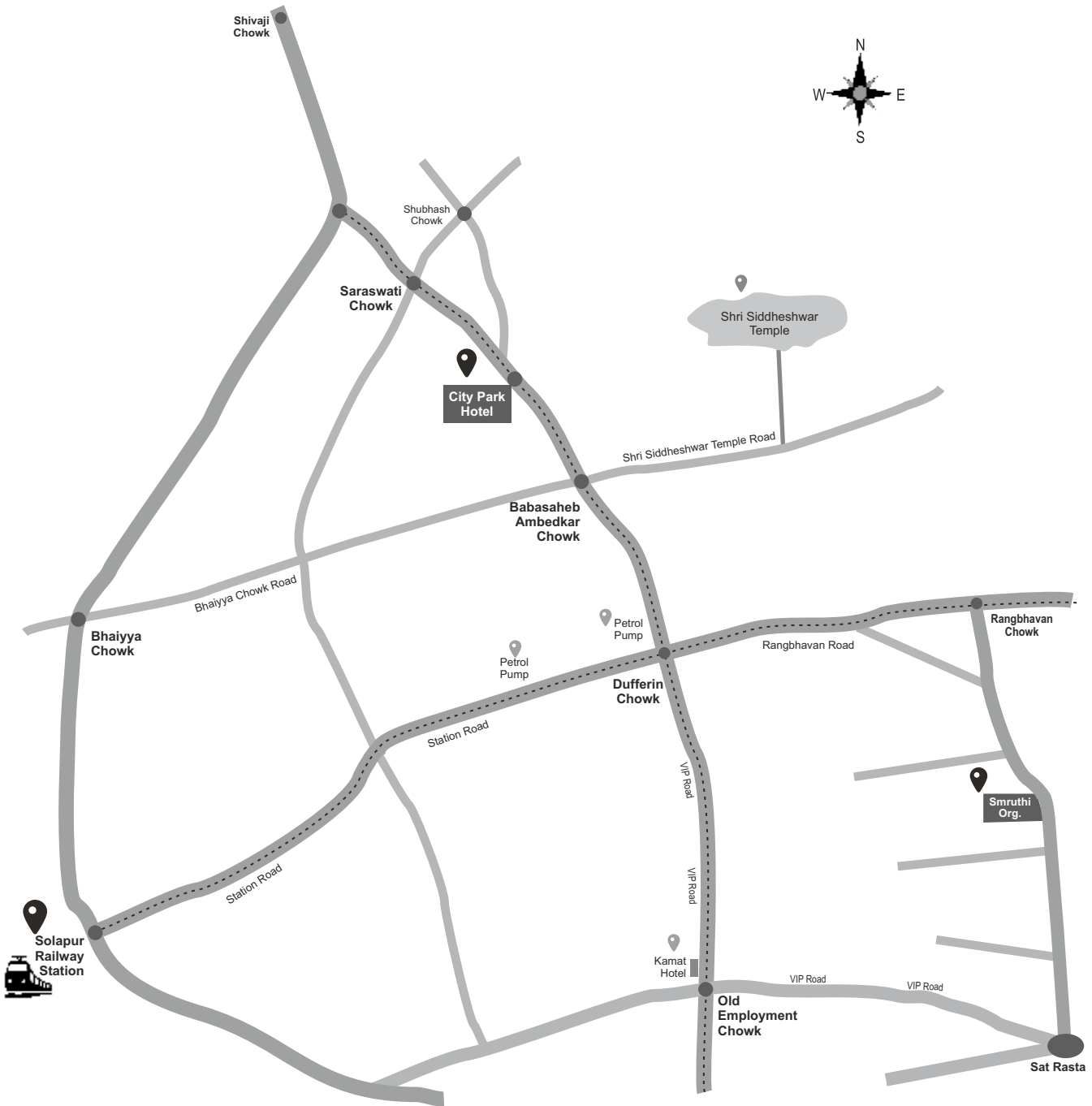


Route Map - Venue of 28th AGM

Hotel City Park

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

Nearest Landmark : Hutatma Chowk





Smruthi Organics Limited

(CIN: L24119PN1989PLC052562)

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

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 28th 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 4th September 2017, 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, 2017. (Ordinary Resolution)			
2	Appointment of Mrs. E. Vaishnavi (DIN 00033669)who retires by rotation and being eligible offers herself for re-appointment. (Ordinary Resolution)			
3	Appointment of N. R. Waghchaure & Associates, Chartered Accountants, Solpaur as Statutory Auditors of the Company. (Ordinary Resolution)			
SPECIAL BUSINESS				
4	To appoint Shriniwas Diddi & Associates as Cost Auditor for 2017-2018 (Ordinary Resolution)			
5	To appoint Mr E. Purushotham as Managing Director for 5 years from 01st April, 2017 to 31st March 2022 (Special Resolution)			
6	To appoint Mr E. Swapnil as Executive Director and Chief Financial Officer for 5 years from 01st June, 2017 to 31st May 2022 (Special Resolution)			

** Each Share Shall have one vote.

Signed this _____ day of _____ 2017

Affix
Revenue
Stamp

Signature of the of the
Member(s)

Signature of the of the
proxy/ holder(s)

Notes:

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

PRINTED MATTER / BOOK-POST



If undelivered please return to :

Smruthi Organics Limited

Head Office : 165-A, 'Balaji Bhavan' 1st Floor, Railway Lines, Solapur - 413 001-INDIA
Phones : 0091-217-2310267, 2310367 Fax No. : 0091-217-2310268
Mumbai Offi. Tel : 0091-22-24129211
E-mail : eaga@smruthiorganics.com cs@smruthiorganics.com
Visit us at : www.smruthiorganics.com CIN : L24119PN1989PLC052562