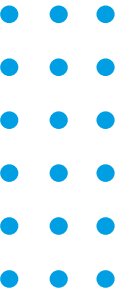




**Smruthi**  
Organics Limited

# 33<sup>rd</sup> ANNUAL REPORT



• • • **FY 2021 - 22**



**SMRUTHI**  
HEALTHCARE  
FDF Division



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# Corporate Information

## BOARD OF DIRECTORS

### Mr. Purushotham Eaga

*Chairman & Managing Director*

### Mr. Swapnil Eaga

*Whole time Director & Chief Financial Officer*

*(appointed as Joint Managing Director w.e.f. 01<sup>st</sup> June 2022)*

### Ms. Smruthi Eaga

*Non Executive Non Independent Director*

*(appointed w.e.f. 12<sup>th</sup> February, 2022)*

### Mr. Jayant H. Ranade

*Independent Director*

### Mr. Kashinath R. Dhole

*Independent Director*

### Dr. K. Ramaswamy

*Independent Director*

### Mrs. Vaishnavi Eaga

*Non Executive Non Independent Director*

*(resigned w.e.f. 12<sup>th</sup> February, 2022)*



## COMPANY SECRETARY

### Ms. Urvashi D. Khanna

## STATUTORY AUDITORS

N. R. Waghchaure & Associates  
Chartered Accountants,  
16-22, Royal Plaza, Behind Bhagwat Petrol Pump,  
Murarji Peth, Solapur 413001

## REGISTERED OFFICE

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

## BANKERS

State Bank of India  
Industrial Finance Branch,  
Parinee Crescenzo,  
202, Wing B, 2<sup>nd</sup> Floor, C-38/39 G Block,  
Behind MCA Ground, BKC,  
Bandra East, Mumbai 400051

## 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

### R & D Centre:

A-27, A.P.I.E., Balanagar,  
Hyderabad, Telangana 500037

## REGISTRAR AND TRANSFER AGENTS

M/s. Adroit Corporate Services Pvt.Ltd., 19, JaferbhoyIndl. Est.,  
Makwana Road, Marol Naka, Andheri (E), Mumbai 400059  
Contact No: 91 (0)22 42270427  
Email: info@adroitcorporate.com



# FIVE YEAR FINANCIAL HIGHLIGHTS

(Figures in lakhs)

PARTICULARS	16-17	17-18	18-19	19-20	20-21	21-22
	FY 17	FY 18	FY 19	FY 20	FY 21	FY 22
<b>OPERATING PERFORMANCE</b>						
Revenue from operations	7935.37	9734.15	13741.09	13107.36	12650.08	13337.15
Total income	8032.97	9755.12	13829.12	13549.50	12706.21	13395.48
Net profit for the year (PBT)	259.33	-468.41	975.65	1209.14	2405.50	1377.17
Net profit for the year (PAT)	158.49	-321.33	686.18	844.71	1710.74	1038.17
R&D expenditure	48.04	33.43	53.12	364.36	354.73	342.25
<b>FINANCIAL POSITION</b>						
Equity share capital	381.543	381.543	381.543	381.543	1144.629	1144.629
Reserve and surplus	2845.89	2524.55	3256.29	3864.81	4904.55	5571.52
<b>TOTAL NET WORTH</b>	<b>3227.43</b>	<b>2906.09</b>	<b>3637.83</b>	<b>4246.35</b>	<b>6049.18</b>	<b>6716.15</b>
<b>PROPERTY, PLANT &amp; EQUIPMENT AND OTHER INTANGIBLE ASSETS</b>						
Gross Block	9088.64	9475.35	9971.44	10428.23	10817.83	11472.28
Net Block	3102.66	3080.38	3162.98	3189.06	3186.42	3413.82
Net current assets	188.07	359.34	819.43	1514.01	3428.62	3714.72
<b>STOCK INFORMATION</b>						
Number of shares	3815430	3815430	3815430	3815430	11446290	11446290
Earnings per share - Basic	4.15	-8.42	17.98	22.14	14.95	9.07
Earnings per share - Diluted	4.15	-8.42	17.98	22.14	14.95	9.07

# Notice

NOTICE is hereby given that the 33<sup>rd</sup> Annual General Meeting ("AGM") of Smruthi Organics Ltd will be held on Saturday, 06<sup>th</sup> August, 2022 at 12:30 p.m (IST) through Video Conference / Other Audio Visual Means (VC / OAVM) without the physical presence of the members at a common venue to transact the following business:

## Ordinary Business

1. To receive, consider and adopt the Audited Financial Statements of the Company for the year ended 31<sup>st</sup> March, 2022 and the Reports of the Board of Directors and the Auditors thereon.
2. To declare a dividend of ₹ 3/- per share (i.e 30%) on 1,14,46,290 equity shares of ₹ 10/- each for the year ended 31<sup>st</sup> March, 2022.
3. To appoint a Director in place of Mr. E. Swapnil (DIN:01241535) who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint Auditors to hold office from the conclusion of the 33<sup>rd</sup> Annual General Meeting until the conclusion of 38<sup>th</sup> Annual General Meeting, and to fix their remuneration by passing the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Section 139 of the Companies Act, 2013 and the Rules made thereunder (including any amendments, modifications or re-enactment for the time being in force), and pursuant to the recommendations of the Audit Committee and Board of Directors of the Company, M/s. Gokhale & Sathe, Chartered Accountants, Mumbai (FirmRegistration Number 103264W) be and are hereby appointed as the Statutory Auditors of the Company, to hold office from the conclusion of the 33<sup>rd</sup> Annual General Meeting until the conclusion of the 38<sup>th</sup> Annual General Meeting, and that the Board of Directors (or Committee thereof) be and is hereby authorized to fix such remuneration as may be determined from time to time in consultation with the said Auditors".

## Special Business

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

"RESOLVED THAT in accordance with the provisions of Section 196, 197, 198, Schedule V and other applicable provisions of the Companies Act, 2013 read with the relevant Rules made thereunder (including any amendments, modifications or re-enactment for the time being in force), the relevant provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and pursuant to the provisions of the Articles of Association of the Company, approval of the members of the Company be and is hereby accorded to the re-appointment of Mr. E. Purushotham (DIN No. 00033583), as Managing Director of the Company, for a period of three years with effect from 01<sup>st</sup> April 2022 to 31<sup>st</sup> March 2025 on salary of ₹ 15 lacs per month i.e ₹ 180 lacs per annum, plus allowances, benefits, perquisites, incentives and commission (as applicable) (collectively called "remuneration") with annual increase not exceeding 25% of the relevant remuneration with liberty to

the Board of Directors to alter the said remuneration and terms and conditions, from time to time and in such manner as may be agreed to between the Board and Mr. E. Purushotham in the best interest of the Company."

"RESOLVED FURTHER THAT in the event of any inadequacy or absence of profits in any financial year or years, the aforementioned remuneration approved herein be continued to be paid as minimum remuneration to Mr. E. Purushotham for his entire term subject to such other approvals as may be necessary."

"RESOLVED LASTLY THAT Board of Directors 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 in accordance with the provisions of Section 196, 197, 198, Schedule V and other applicable provisions of the Companies Act, 2013 read with the relevant Rules made thereunder (including any amendments, modifications or re-enactment for the time being in force), the relevant provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and pursuant to the provisions of the Articles of Association of the Company, approval of the members of the Company be and is hereby accorded for the appointment and redesignation of Mr. E. Swapnil (having DIN No. 01241535), as Joint Managing Director and Chief Financial officer (CFO) of the Company, for a period of three years with effect from 01<sup>st</sup> June 2022 to 31<sup>st</sup> May 2025 on salary of ₹ 10 lacs per month i.e ₹ 120 lacs per annum , plus allowances, benefits, perquisites, incentives and commission (as applicable) ("collectively called "remuneration") with annual increase not exceeding 25% of the relevant remuneration with liberty to the Board of Directors to alter the said remuneration and terms and conditions, from time to time and in such manner as may be agreed to between the Board and Mr. E. Swapnil in the best interest of the Company."

"RESOLVED FURTHER THAT in the event of any inadequacy or absence of profits in any financial year or years, the aforementioned remuneration approved herein be continued to be paid as minimum remuneration to Mr. E. Swapnil for his entire term subject to such other approvals as may be necessary.

"RESOLVED LASTLY THAT Board of Directors 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.

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

"RESOLVED THAT pursuant to the provisions of Section 148 and other applicable provisions, if any, of the Companies Act, 2013, read with the Companies (Audit and Auditors) Rules, 2014 and Companies (Cost Records and Audit) Rules,



2014 (including any statutory amendment or modification or re-enactment thereof, for the time being in force), the remuneration of the Cost Auditor, Shrinivas Diddi & Associates, Cost Accountants, Solapur (Firm Registration No. 100516), to conduct the audit of the cost records of the Company for the financial year ending 31<sup>st</sup> March, 2022, as recommended by the Audit Committee and approved by the Board of Directors, be and is hereby ratified."

RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorised to do all such acts, deeds, matters and things as may be deemed necessary, desirable, proper or expedient for the purpose of giving effect to the above resolution."

By Order of the Board of Directors

**Urvashi Khanna**

Company Secretary

Membership No ACS:46544

Place : Solapur

Date : 28<sup>th</sup> May, 2022

#### NOTES

1. Pursuant to General Circular Nos. 14/2020, 17/2020, 20/2020, 02/2021, 19/2021, 21/2021 and 02/2022 dated April 8, 2020, April 13, 2020, May 5, 2020, January 13, 2021, December 8, 2021, December 14, 2021 and May 5, 2022 respectively issued by the Ministry of Corporate Affairs ('MCA') (collectively referred to as 'MCA Circulars'), and Circular Nos. SEBI/HO/CFD/CMD1/ CIR/P/2020/79, SEBI/HO/CFD/CMD2/CIR/P/2021/11 and SEBI/HO/CFD/CMD2/ CIR/P/2022/62 dated May 12, 2020, January 15, 2021 and May 13, 2022 respectively (collectively referred to as 'SEBI Circulars') holding of the Annual General Meeting ('AGM') through VC/OAVM, without the physical presence of the Members, is permitted. In compliance with the provisions of the Companies Act, 2013 ('the Act'), SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ('Listing Regulations'), MCA Circulars and SEBI Circulars, the AGM of the Company is being held through VC/ OAVM which does not require physical presence of members at a common venue. The proceedings of the AGM will be deemed to be conducted at the Registered Office of the Company which shall be the deemed Venue of the AGM.
2. Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015 (as amended), and MCA Circulars dated April 08, 2020, April 13, 2020 and May 05, 2020 the Company is providing facility of remote e-voting to its Members in respect of the business to be transacted at the AGM. For this purpose, the Company has entered into an agreement with Central Depository Services (India) Limited (CDSL) for facilitating voting through electronic means, as the authorized e-Voting's agency. The facility of casting votes by a member using remote e-voting as well as the e-voting system on the date of the AGM will be provided by CDSL.
3. The Members can join the AGM in the VC/OAVM mode 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the AGM through VC/OAVM will be made available to atleast 1000 members on first come first served basis. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the AGM without restriction on account of first come first served basis.
4. The attendance of the Members attending the AGM through VC/OAVM will be counted for the purpose of ascertaining the quorum under Section 103 of the Companies Act, 2013.
5. Since this AGM is being held pursuant to the MCA Circulars and SEBI Circulars through VC/OAVM, physical attendance of Members has been dispensed with. Accordingly the facility to appoint proxy to attend and cast vote for the members is not available for this AGM.  
  
Further, in terms of the applicable provision of the Act, SEBI Listing Regulations read with the said Circulars issued by MCA and said SEBI Circulars, the Notice calling the AGM has been uploaded on the website of the Company at <https://smruthiorganics.com/investor-relation/>. The Notice can also be accessed from the websites of the Stock Exchanges i.e. BSE Limited and Metropolitan Stock Exchange of India Limited at [www.bseindia.com](http://www.bseindia.com) and [www.msei.in](http://www.msei.in) respectively. The AGM Notice is also disseminated on the website of CDSL (agency for providing the Remote e-Voting facility and e-voting system during the AGM) i.e. [www.evotingindia.com](http://www.evotingindia.com).
6. In view of the continuing COVID-19 pandemic, resultant difficulties involved in dispatching of physical copies of the Annual Report and in line with the said Circulars issued by the MCA and said SEBI Circulars, the Annual Report including Notice of the 33<sup>rd</sup> AGM of the Company inter alia indicating the process and manner of e-voting is being sent only by Email, to all the Shareholders whose Email IDs are registered with the Company/ Depository Participant (s) for communication purposes to the Shareholders and to all other persons so entitled.
7. The Register of Members and share transfer books of the Company will remain closed from 30<sup>th</sup> July, 2022 – 06<sup>th</sup> August, 2022 (both days inclusive), for the purpose of AGM and Dividend. The Dividend, if declared, will be paid on or before 04<sup>th</sup> September 2022, to those Shareholders whose names are registered as such in the Register of Members of the Company as on Friday, 29<sup>th</sup> July, 2022 ("record date") and to be beneficiary holders as per the beneficiary list as on Friday, 29<sup>th</sup> July, 2022 provided by the NSDL and CDSL.





## REMOTE E-VOTING INFORMATION

1. The voting period begins on 03<sup>rd</sup> Aug 2022 at 9.00 a.m and ends on 05<sup>th</sup> Aug 2022 at 5.00 p.m. 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 Friday, 29<sup>th</sup> July, 2022 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
2. Shareholders who have already voted prior to the meeting date would not be entitled to vote at the meeting.
3. Pursuant to SEBI Circular No. SEBI/HO/CFD/CMD/CIR/P/2020/242 dated December 9, 2020, under Regulation 44 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, listed entities are required to provide remote e-voting facility to its shareholders, in respect of all shareholders resolutions. However, it has been observed that the participation by the public non- institutional shareholders/retail shareholders is at a negligible level.

Currently, there are multiple e-voting service providers (ESPs) providing e- voting facility to listed entities in India. This necessitates registration on various ESPs and maintenance of multiple user IDs and passwords by the shareholders.

In order to increase the efficiency of the voting process, pursuant to a public consultation, it has been decided to enable e-voting to all the demat account holders, by way of a single login credential, through their demat accounts, website of depositories and depository participants. Demat account holders would be able to cast their vote without having to register again with the ESPs, thereby, not only facilitating seamless authentication but also enhancing ease and convenience of participating in e-voting process.

4. In terms of SEBI circular no. SEBI/HO/CFD/CMD/CIR/P/2020/242 dated December 9, 2020 on e-Voting facility provided by listed companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with depositories and depository participants. Shareholders are advised to update their mobile number and email ID in their demat accounts in order to access e-Voting facility.
5. Pursuant to above said SEBI Circular, Login method for e-Voting and joining virtual meeting for shareholders is given below:

### LOGIN METHOD

#### INDIVIDUAL SHAREHOLDERS DEMAT

##### CDSL EASI

1. Individual shareholders holding securities in demat mode, who have opted for CDSL's Easi / Easiest facility, can login through their existing user id and password. Option will be made available to reach e-Voting page without any further authentication. The URLs for users to login to Easi / Easiest are <https://web.cdslindia.com/myeasi/home/login> or [www.cdslindia.com](http://www.cdslindia.com) and click on Login icon and select New System Myeasi.
2. After successful login the Easi / Easiest user will be able to see the e-Voting Menu. On clicking the e-voting menu, the

user will be able to see his/her holdings along with links of the respective e-Voting service provider i.e. CDSL as per information provided by Issuer / Company. Additionally, we are providing links to e-Voting Service Providers, so that the user can visit the e-Voting service providers' site directly.

3. If the user is not registered for Easi/Easiest, option to register is available at <https://web.cdslindia.com/myeasi./Registration/EasiRegistration>
4. Alternatively, the user can directly access e-Voting page by providing demat Account Number and PAN from a link in [www.cdslindia.com](http://www.cdslindia.com) home page. The system will authenticate the user by sending OTP on registered Mobile & Email as recorded in the demat Account. After successful authentication, user will be provided links for the respective ESP where the e-Voting is in progress during or before the AGM.

#### NSDL IDeAS

1. Individual shareholders holding securities in demat mode, who are already registered for NSDL IDeAS facility, please visit the e-Services website of NSDL at <https://eservices.nsdl.com> either on a personal computer or on a mobile. Once the home page of e-Services is launched, click on the "Beneficial Owner" icon under "Login" which is available under 'IDeAS' section. A new screen will open. You will have to enter your User ID and Password. After successful authentication, you will be able to see e-Voting services. Click on "Access to e-Voting" under e-Voting services and you will be able to see e- Voting page. Click on company name or e-Voting service provider name and you will be re-directed to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.
2. If the user is not registered for IDeAS e-Services, option to register is available at <https://eservices.nsdl.com>. Select "Register Online for IDeAS "Portal or click at <https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp>
3. Visit the e-Voting website of NSDL.

Open web browser by typing the following URL: <https://www.evoting.nsdl.com> either on a personal computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder/Member' section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number hold with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting

#### Depository Participants

1. Individual shareholders holding securities in demat mode can also login using the login credentials of your demat account through your depository participant registered with NSDL/ CDSL for e-Voting facility.

2. After successful login, you will be able to see e-Voting option. Once you click on e-Voting option, you will be redirected to NSDL/CDSL depository site after successful authentication, wherein you can see e-Voting feature.
3. Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider's website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.
4. Important note: Members who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at abovementioned website.
5. Members facing any technical issue in login can contact CDSL helpdesk by sending a request at [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) or contact at 022- 23058738 and 22- 23058542-43.
6. Members facing any technical issue in login can contact NSDL helpdesk by sending a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) or call at toll free no.: 1800 1020 990 and 1800 22 44 30
6. After entering these details appropriately, click on "SUBMIT" tab.
7. Shareholders holding shares in physical form will then directly reach the Company selection screen. The details can be used only for e-voting on the resolutions contained in this Notice.
8. Shareholders 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.
9. Click on the EVSN for Smruthi Organics Ltd.

## INDIVIDUAL SHAREHOLDERS PHYSICAL

### e-votingindia.com

1. The shareholders other than individual shareholders & shareholders holding shares in physical mode, should log on to the e- voting website [www.evotingindia.com](http://www.evotingindia.com). Shareholders can use this website for e- voting and joining virtual meeting.
2. Click on "Shareholders" module and enter your User ID
  - 2.1 For CDSL: 16 digits beneficiary ID
  - 2.2 For NSDL: 8 Character DP ID followed by 8 Digits Client ID
  - 2.3 Shareholders holding shares in physical form should enter folio number registered with the company.
3. Next enter the image verification as displayed and click on login.
4. If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier e-voting of any company, then your existing password should be used.
5. If you are a first-time user follow the steps given below:
  - 5.1 PAN
 

Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (applicable for both demat shareholders as well as physical shareholders)

Shareholders, who have not updated their PAN with the Company / Depository Participant, are requested to use the sequence number sent by Company / RTA or contact Company / RTA.
  - 5.2 Dividend Bank Details or Date of Birth (DOB)
 

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.

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.
11. Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
12. 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.
13. Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
14. You can also take a print of the votes cast by clicking on "Click here to print" option on the voting page.
15. 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.

### Obtaining Login Credentials For E-voting

1. Physical Shareholders - please provide necessary details like folio no., name of shareholder, scanned copy of the share certificate (front and back), PAN (self attested scanned copy of PAN card), AADFIAR (self-attested scanned copy of Aadhar Card) by email to [cs@smruthiorganics.com](mailto:cs@smruthiorganics.com)/[info@adroitcorporate.com](mailto:info@adroitcorporate.com).
2. Demat Shareholders - please provide demat account details (CDSL-16 digit beneficiary ID or NSDL-16 digit DPID + CLID), Name, client master or copy of consolidated account statement, PAN (self-attested scanned copy of PAN card), AADFIAR (self-attested scanned copy of Aadhar Card) to [cs@smruthiorganics.com](mailto:cs@smruthiorganics.com)/[info@adroitcorporate.com](mailto:info@adroitcorporate.com).
3. If you have any queries or issues regarding attending AGM & e-Voting from the CDSL e-Voting System, you can write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) or contact at 022-23058738 and 022- 23058542/43.



4. All grievances connected with the facility for voting by electronic means may be addressed to Mr. Rakesh Dalvi, Manager, Central Depository Services (India) Limited, A Wing, 25<sup>th</sup> Floor, Marathon Futurex, Mafatlal Mill Compounds, N M Joshi Marg, Lower Parel (East), Mumbai - 400013 or send an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) or call on 022-23058542/43.
5. Since the AGM will be held through Video Conferencing or Other Audio Visual Means, route map of venue of the AGM and admission slip is not attached to this Notice.

#### NON - INDIVIDUAL SHAREHOLDERS AND CUSTODIANS

1. Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodians are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves in the "Corporates" module.
2. A scanned copy of the Registration Form bearing the stamp and sign of the entry should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
3. 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.
4. The list of accounts linked in the login should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
5. A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
6. Alternatively Non Individual shareholders are required to send the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory who are authorized to vote, to the Scrutinizer and to the Company at the email address [cs@smruthiorganics.com](mailto:cs@smruthiorganics.com), if they have voted from individual tab & not uploaded same in the CDSL e-voting system for the scrutinizer to verify the same.

#### INSTRUCTIONS FOR ATTENDING AGM THROUGH VC / OAVM & E-VOTING DURING MEETING

1. The procedure for attending meeting & e-Voting on the day of the AGM is same as the instructions mentioned earlier for remote e-voting.
2. The link for VC/OAVM to attend meeting will be available where the EVSN of Company will be displayed after successful login.
3. Shareholders who have voted through remote e-voting will be eligible to attend the meeting. However, they will not be eligible to vote at the AGM.

Only those shareholders, who have not casted their vote on the resolutions through remote e-voting and are otherwise not barred from doing so, shall be eligible to vote through e- voting system available during the AGM.

4. If any votes are cast by the shareholders through the e-voting available during the AGM and if the same shareholders have not participated in the meeting through VC/OAVM facility, then the votes cast by such shareholders shall be considered invalid as the facility of e- voting during the meeting is available only to the shareholders attending the meeting.
5. Further shareholders will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
6. Please note that participants connecting from mobile devices or tablets or through laptop connecting via mobile hotspot may experience audio/video loss due to fluctuation in their respective network. It is therefore recommended to use stable Wi-Fi or LAN connection to mitigate any kind of aforesaid glitches.
7. Shareholders who would like to express their views/ask questions during the meeting may register themselves as a speaker by sending their request in advance at least 10 days prior to meeting mentioning their name, demat account number/folio number, email id, mobile number at [cs@smruthiorganics.com](mailto:cs@smruthiorganics.com). The shareholders who do not wish to speak during the AGM but have queries may send their queries in advance 10 days prior to meeting mentioning their name, demat account number/folio number, email id, mobile number at [cs@smruthiorganics.com](mailto:cs@smruthiorganics.com). These queries will be replied to by the company suitably by email.
8. Only the shareholders who have registered themselves as a speaker will be allowed to express their views/ask questions during the meeting.

#### DIVIDEND

1. The Board has recommended a Dividend of ₹ 3/- per equity share (30%) on equity share capital of 11446290 equity shares of ₹ 10/- each for the year ended 31<sup>st</sup> March, 2022.
2. The Register of Members and Share Transfer books of the Company will remain closed from 30<sup>th</sup> July, 2022 – 06<sup>th</sup> August, 2022 (both days inclusive), for the purpose of AGM and Dividend. The Dividend, if declared, will be payable on or after Monday, 08<sup>th</sup> August, 2022, to those Shareholders whose names are registered as such in the Register of Members of the Company as on Friday 29<sup>th</sup> July, 2022 and to the beneficiary holders as per the beneficiary list as on Friday 29<sup>th</sup> July, 2022 provided by the Depositories, NSDL and CDSL, subject to deduction of tax at source where applicable.
3. Pursuant to Finance Act 2020, the dividend income will be taxable in the hands of shareholders w.e.f. April 1 2020 and the Company is required to deduct Tax at Source from dividend paid to Shareholders at the prescribed rates.

For the prescribed rates for various categories, the shareholders are requested to refer to the Finance Act, 2020 and amendments thereof. The shareholders are requested to update their PAN with the Company/ RTA (in case of shares held in physical mode) and depositories (in case of shares held in demat mode).

4. A resident individual shareholder with the PAN and who is not liable to pay income tax can submit a yearly declaration in Form No.15G/15H to avail the benefit of no-deduction of tax at source by email to [info@adroitcorporate.com](mailto:info@adroitcorporate.com) on or before 28<sup>th</sup> July, 2022. Shareholders are requested to note that in case their PAN is not registered, the tax will be deducted at a higher rate of 20%.
5. Non-resident shareholders can avail beneficial rates under tax treaty between India and their country of residence, subject to providing necessary documents i.e. no permanent establishment and beneficial ownership declaration. Tax residency certificate, Form 10F, any other documents which may be required to avail the tax treaty benefits by forwarding the above documents by email to [info@adroitcorporate.com](mailto:info@adroitcorporate.com). The aforesaid declaration and documents need to be submitted by the shareholders on or before 28<sup>th</sup> July, 2022.

#### SCRUTINIZER'S REPORT AND DECLARATION OF RESULTS

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 shall, after the conclusion of e-voting at the AGM, first count the votes cast vide e- voting at the AGM and thereafter shall, unblock the votes cast through remote e-voting, in the presence of at least two witnesses not in the employment of the Company. He shall submit a Consolidated Scrutinizer's Report of the total votes cast in favour or against, not later than 48 (forty eight) hours of the conclusion of the AGM, to the Chairman or a person authorized by him in writing, who shall countersign the same and declare the result of the voting forthwith.

The results declared along with the Scrutinizer's Report shall be placed on the Company's website [www.smruthiorganics.com](http://www.smruthiorganics.com). The Company shall simultaneously forward the results to BSE Limited and Metropolitan Stock Exchange of India Limited, where the shares of the Company are listed.

#### EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

##### ITEM NO 4

The term of present Statutory Auditors N. R. Waghchaure & Associates, Chartered Accountants, Solapur (Firm Registration No. 114999W) will expire at the ensuing 33rd Annual General Meeting ("AGM") completing term of five years. The Audit Committee and the Board have placed on record their appreciation for the professional services rendered by him and his long association with the Company as its auditors.

The Board of Directors of the Company at their meeting held on May 28, 2022, on the basis of recommendation of the Audit Committee, recommend for the approval of the members, the appointment of M/s. Gokhale & Sathe, Chartered Accountants, Mumbai (Firm Registration No103264W) as the Auditors of the Company for a period of five years from the conclusion of this AGM till the conclusion of the 38<sup>th</sup> AGM. M/s Gokhale & Sathe is a reputed firm from Mumbai having long experience of auditing companies of varied size including listed companies.

M/s. Gokhale & Sathe, Chartered Accountants, Mumbai 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. Consent received from the auditors is available for inspection of the Shareholders through electronic mode. Shareholders may write to the Company at [cs@smruthiorganics.com](mailto:cs@smruthiorganics.com) in that regard, by mentioning "Request for Inspection" in the subject of the e-mail.

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

Being in company's interest, the Board recommends the Resolution for your approval.

##### ITEM NO. 5

Based on the recommendation of Nomination and Remuneration Committee, Board has re-appointed Mr. E. Purushotham (DIN No:00033583) as Managing Director of the Company, for a period of three (3) years w.e.f. 01<sup>st</sup> April, 2022 up to 31<sup>st</sup> March, 2025 on revised terms and conditions subject to the approval of members. This explanatory statement mentions the terms and conditions required to be disclosed in compliance with Section 196 of the Companies Act, 2013.

Mr E. Purushotham is not disqualified from being appointed as Director in terms of Section 164 of the Act and has given his consent to act as Managing Director of the Company.

All other relevant details of Mr. E. Purushotham and information as required under Regulation 26(4) and 36(3) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and under Secretarial Standard - 2 on General Meetings issued by The Institute of Company Secretaries of India, are mentioned in Annexure A attached hereto.

None of the Directors / Key Managerial Personnel (KMP) of the Company and their relatives except the appointee, Mr. Swapnil Eaga and Ms. Smruthi Eaga are concerned or interested in this resolution. Mr. E. Purushotham shall not be liable to retire by rotation.

##### Information About the Managing Director

Mr. E. Purushotham, MSC (Org. Chem.) has 38 years of experience in API industry. He has been associated with the company as Managing Director since its inception in 1989.

##### Job Profile & Suitability

Mr. E Purushotham is overall in-charge of the company particularly looking after technical, research & development 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 setbacks in the business.

##### Remuneration Proposed

₹ 15,00,000/- per month i.e. ₹ 180 lakhs p.a. plus Commission / Allowances / Perquisites, which include 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. effective from 1<sup>st</sup> April, 2022 to 31<sup>st</sup> March, 2025.

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

#### Comparative Remuneration

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

#### Past Remuneration

For Mr. E. Purushotham ₹ 12,00,000/- (Rupees Twelve Lakh) per month, i.e. ₹ 1.44 Crores per annum Commission / Allowances / Perquisites, which include Provident Fund contribution, 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.

#### Board Recommendation

Since Mr. E. Purushotham is associated with the company as Managing Director since its inception, his re- appointment is very much critical to the growth and long term prospects of the Company, the Directors recommend the Special Resolution for your approval.

#### ITEM NO. 6

Based on the recommendation of Nomination and Remuneration Committee, Board has appointed and re-designated Mr. Swapnil Eaga (DIN No:01241535) as Joint Managing Director and CFO of the Company, for a period of three (3) years w.e.f. 01<sup>st</sup> June, 2022 up to 31<sup>st</sup> May, 2025 on revised terms and conditions subject to the approval of members. This explanatory statement mentions the terms and conditions required to be disclosed in compliance with Section 196 of the Companies Act, 2013.

Mr. Swapnil Eaga is not disqualified from being appointed as Director in terms of Section 164 of the Act and has given his consent to act as Joint Managing Director and CFO of the Company.

All other relevant details of Mr. Swapnil Eaga and information as required under Regulation 26(4) and 36(3) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and under Secretarial Standard - 2 on General Meetings issued by The Institute of Company Secretaries of India, are mentioned in Annexure A attached hereto.

None of the Directors / Key Managerial Personnel (KMP) of the Company and their relatives except the appointee, Mr E. Purushotham and Ms. Smruthi Eaga are concerned or interested in this resolution.

Mr E Swapnil shall be liable to retire by rotation.

#### Information About the Joint Managing Director

Mr. E. Swapnil is a Bachelor of Science in Chemical Engineering from University of California Berkeley, USA and MBA from IESE Business School, Spain. He has 15 years of experience in the areas of technical, business development and finance functions. He has been associated with the company in various capacities since 2005 and as a Director since 2009.

#### Job Profile & Suitability

Mr. E. Swapnil is young and dynamic professional who is in charge of all technical, business development, finance, accounts, costing & MIS matters. His educational background and experience in the domain make him an ideal candidate to take the company's vision forward.

#### Remuneration Proposed

₹ 10,00,000/- (Rupees Ten Lakh) per month. i.e. 120 lakh (Rupees One Crore Twenty Lakh) per annum plus Commission / Allowances / Perquisites which include 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. effective from 1<sup>st</sup> June, 2022 to 31<sup>st</sup> May 2025.

Annual increase in remuneration not to exceed 25% of the relevant remuneration on such terms and other conditions as may be agreed to between the Board of Directors and Mr. Swapnil Eaga.

#### Comparative Remuneration

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

#### Past Remuneration

For Mr. Swapnil Eaga 7,00,000/- (Rupees Seven lakh) per month i.e. 84 lakh per annum plus Commission / Allowances / Perquisites, which include Provident Fund contribution, 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.

#### Board Recommendation

Since Mr. Swapnil Eaga has been discharging his functions as Executive Director & CFO effectively since past 15 years, his re – appointment / re – designation is very much essential for the growth and profitability of the Company. The Directors recommend the Special Resolution for your approval.

#### PERQUISITES APPLICABLE TO BOTH THE APPOINTEES

##### 1. Allowances

- 1.1. Leave with full pay as per the Rules of the Company, encashment of un-availed leave being allowed at the end of the tenure.
- 1.2. Free furnished residential accommodation with gas, electricity, water or unfurnished accommodation with gas, electricity, water and furnishings.
- 1.3. Re-imbursement of medical expenses incurred in India or abroad and including hospitalization, nursing home and surgical charges for himself and family.
- 1.4. Re-imbursement of actual traveling, lodging and boarding expenses for proceeding on leave from Solapur to any place in India or abroad and return there from once in a year with respect to himself and family.
- 1.5. Re-imbursement of membership fees for 2 clubs.

- 1.6. Personal accident insurance policy in accordance with scheme applicable to senior employees.
- 1.7. Free use of Company's car for Company's work as well for personal purposes along with driver.
- 1.8. Telephone, Cell Phone with Internet at residence at Company's cost.

## 2. 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 decide in their absolute discretion.

## 3. 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.

## 4. Minimum Remuneration

In the event of any inadequacy or absence of profits in any financial year or years, the aforementioned remuneration approved herein be continued to be paid as minimum remuneration to Mr. E. Purushotham and Mr E Swapnil for their entire term subject to such other approvals as may be necessary.

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 as per 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.

## 5. Memorandum of Interest

In case of Mr. E. Purushotham except the appointee, Ms. Smruthi Eaga and Mr. Swapnil Eaga are concerned or interested in the resolution. No other Key Managerial Personnel or their relatives are concerned or interested in the resolution.

In case of Mr. Swapnil Eaga except the appointee, Mr. E. Purushotham and Ms. Smruthi Eaga are concerned or interested in the resolution. No other Key Managerial Personnel or their relatives are concerned or interested in the resolution.

## 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.

## 7. Termination

Appointment terminable with 3 months notice from either side.

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

## GENERAL INFORMATION

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

### 1. Nature of Industry

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

The Company is also in the business of marketing finished dosage formulations in the domestic market.

2. The Company commenced commercial Production from December 1990.
3. Financial Performance based on Audited Financial Results for the year ended 31/03/2022

Particulars	₹ ( In Lakhs)
Net Sales & Other Income	13395.48
Less: Total expenses	12018.31
Profit/ (Loss) before Tax	1377.17
Less: Tax Expense	339.00
Profit/ Loss after Tax	1038.17

4. Export Performance and Foreign Exchange earned for the year ended 31/03/2022:

During the year the Company's Exports amounted to ₹ 5,117 lakhs compared to ₹ 5,782 lakhs in previous year, registering the decrease of 11.50%.

5. Foreign Investment or Collaborations, if any: Not Applicable
6. Pecuniary Relationship Directly or Indirectly with the Company, or Relationship with the Managerial Personnel, if any: Not Applicable except to the extent of proposed remuneration and related party transactions as reflected in the Annual Report.

## OTHER INFORMATION

Reasons of loss or inadequate profits: Due to Covid impact, the sales growth was less. The profits reduced due to increase in raw material cost and overheads.

(2) Steps taken or proposed to be taken for improvement: Special efforts are being taken to increase sales in the overseas market where company expects to get better price than domestic sales and backward integration for reducing raw material cost.

## 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.

**ITEM NO.7**

The Board, on the recommendation of the Audit Committee, has approved the appointment of and remuneration payable to Shrinivas Diddi & Associates, Cost Accountants for conducting the audit of the cost records of the Company for the financial year ending March 31, 2022 on a Audit Fees of ₹ 55000/- 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. 7 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.

By Order of the Board of Directors

**Urvashi Khanna**

Company Secretary

Membership No ACS:46544

Place : Solapur

Date :28<sup>th</sup> May, 2022



## Annexure A

Disclosure required under Regulation 36(3) of SEBI ( Listing Regulations) Regulations, 2015 and Secretarial Standard-2 of ICSI

Name	E. Purushotham	Swapnil Eaga
Director Identification Number	00033583	01241535
Date of Birth (Age)	02/04/1958 (64 years)	30/03/1984 (38 years)
Date of first Appointment on the Board	Since incorporation- Subscriber to MOA	06/04/2009
Experience in Specific Functional Area	Organic Chemistry and Handling overall management of the company	Technical, Business Development , accounts, costing, MIS & Finance
Qualifications	MSC(Org. Chem.)	B.S. (Chemical Engineering) USA & MBA (Finance), Spain
Terms and Conditions of Appointment / Reappointment	Not Liable to retire by rotation	Liable to retire by rotation
Details of remuneration sought to be paid	₹ 180 Lacs per annum	₹ 120 lacs per annum
Relationship with other Directors and Key Managerial Personnel	Father of Mr E Swapnil, WTD Father of Ms. E Smruthi, Non Executive Director	Son of Mr. E Purushotham , MD Brother of Ms E Smruthi, Non Executive Director
Directorship in other Companies	Nil	Nil
Chairman/Member in the Committees of the Boards of other Listed Companies	Nil	Nil
No. of Shares held in the Company	4631805	570243
Number of meetings of the Board attended during the year	4	4

Note: For other details such as the number of meetings of the Board attended during the year, remuneration drawn and relationship with other directors and key managerial personnel in respect of above director, please refer to the Report on Corporate Governance which is a part of this Annual Report.



# Management Discussion and Analysis

## COMPANY'S PERFORMANCE

During the year under review, Net Sales & Other Income of the Company was ₹ 13395.47 lakhs as compared to ₹ 12706.20 lakhs in the previous year, registering an increase of 5.4% over the previous year. However, the net profit for the year is ₹ 1038.18 lakhs compared to ₹ 1710.74 lakhs in the previous year, registering a decrease of 39.3% over the previous year.

Increase in raw material prices was the most significant factor contributing to the reduction in profitability. We have seen an increase of up to 120% rise in both key and commodity raw material prices. Factory closures, global shipping disruption, increased demand in alternative applications, etc. are some of the reasons for unprecedented increase in raw material prices in FY 2021 – 22. On the other hand, we were unable to increase our sale price proportionally and hence had to absorb some of these costs. To mitigate some risk from rising raw material prices, we are working towards backward integration to manufacture some key raw materials in house.

Another major overhead increase was in manpower cost. This is mainly attributable to finished dosage formulation (FDF) division, which was operationally active since April 2021. In addition, we have increased our team strength in R&D as well to targeted levels. All other costs were reasonably controlled given the achieved operational performance.

In terms of the cash utilization, we have deployed our own funds for various operational and investment activities, thus limiting debt utilization and borrowing costs. The company has invested ₹ 656 lacs towards upgradation and debottlenecking of facilities without taking on any additional debt. We have also purchased certain key raw materials with cash in order to secure supply and get discounted rates, which has reduced creditor days. In addition, we had to increase inventory in order to avoid supply disruption. We have used the rest of the cash for repayment of short term borrowing amounting to ₹ 707 lacs and dividend distribution of ₹ 343 lacs.

## FUTURE PLANS & STRATEGY

The focus area going forward is on execution of our adopted strategy that we have mentioned in the previous annual reports. There are no new major strategic initiatives planned in FY 2022 – 23.

### ACTIVE PHARMACEUTICAL INGREDIENTS (API)

As discussed in our previous annual reports, a key component of our growth strategy is expansion of our product portfolio. We are glad to inform that we have developed 4 API as targeted in FY 2021 – 22. These are in the diabetic and platelet therapeutic category.

Reduction on import dependency and cost optimization are key reasons behind adopting a backward integration strategy. Our R&D has developed 6 key starting materials and undertaken several cost optimization projects to implement our backward integration strategy.

On the market access and regulatory front, we have filed Drug Master Files in several countries for market access. We are expecting a regulatory audit from a Pharmaceutical Inspection Co-operation Scheme (PIC/S) signatory country in FY 2022 – 23, which will enable us to access markets in 52 PIC/S signatory countries of Asia, EU, Latin America and Africa. We are moving forward consistently in executing our strategic plan, which was discussed in the previous annual reports.

### FINISHED DOSAGE FORMULATIONS (FDF)

The company's Finished Dosage Formulations (FDF) division was operational fully from April 2021. The company is currently operating with 40 medical representatives in 4 South Indian states of Telangana, Andhra Pradesh, Tamil Nadu and Karnataka. We have faced a few challenges in the initial phase due to Covid – 19, however operations stabilized in due time. We shall be focusing on the existing areas of operation to consolidate our position in the market. However, we shall be adding a few more brands and line extensions in FY 2021 – 22 to improve our product portfolio.

# Directors' Report

Dear Members,

Your Directors are pleased to present the 33<sup>rd</sup> Annual Report and the Audited Financial Statements for the financial year ended 31<sup>st</sup> March, 2022.

## 1. Financial Highlights

A summary of the Company's financial results for the year ended 31<sup>st</sup> March, 2022 vis-a-vis financial results for the previous year ended 31<sup>st</sup> March, 2021, is as under:

(₹ in lacs)

	Financial Year 2022-21	Financial Year 2020-21
Revenue From Operations	13337.15	12650.08
Other Income	58.32	56.12
Total Income	13395.47	12706.20
Expenditure	11494.31	9796.81
Depreciation and Amortisation Expense	425.63	394.59
Total Expense	11919.94	10191.36
Profit before Finance Costs and Tax	1475.53	2514.80
Finance Costs	98.35	109.33
Profit before Tax (PBT)	1377.18	2405.47
Tax Expense	339.00	694.73
Profit for the Year	1038.18	1710.74
Other Comprehensive Income (Net of Tax)	--	--
Total Comprehensive Income for the year	1038.18	1710.74

## 2. Operational Performance and State of Company's Affairs

During the year under review, Net Sales & Other Income of the Company was ₹ 13395.47 lacs as compared to ₹ 12706.20 lacs in the previous year registering nominal increase of 5.43 % over the previous year.

However, the Profit for the year is ₹ 1038.18 lacs compared to ₹ 1710.74 lacs in the previous year registering a decrease of 39.31% over the previous year. Decrease in profitability was mainly due to increase in expenditure (mainly selling and marketing overheads) and raw material consumption by 23.7% and 13.78% respectively. A detailed overview has been provided under Management Discussion and Analysis Report.

## 3. Dividend

Based on the Company's Performance, your Directors recommend a Dividend of ₹ 3 /- per equity share (30%) on equity share capital of 1,14,46,290 equity shares of ₹ 10/- each for the year ended 31<sup>st</sup> March, 2022. Outgo on account of dividend shall be ₹ 343.38 lacs.

## 4. Transfer to Reserves

During the year under review, the Company has not transferred any amount to the General Reserve.

## 5. Material changes and commitments, if any, affecting the financial position of the company, having occurred since the end of the Year and till the date of the Report

There have been no material changes and commitments affecting the financial position of the Company which have occurred between the end of the financial year of the Company to which the financial statements relate and the date of this Report

## 6. Share Capital

The paid up Equity Share Capital as at 31<sup>st</sup> March, 2022 stood at ₹ 11.45 crores. During the year under review, the Company did not issue any Equity Shares. Further, the Company has not issued any convertible securities or shares with differential voting rights nor has granted any stock options or sweat equity or warrants. There has been no change in the capital structure of the Company during the year.

## 7. Human Resource Development (HRD) & Industrial Relations

The Company continues to focus on the development of its human resources to improve its performance and skills. The Company has approximately 550 employees and it is their precious contribution that has primarily resulted in our Company's position in the industry.

The Company aims to create an environment where employees feel valued and appreciated. In addition to training, various employee engagement activities like yoga sessions, motivational lectures, personality development programs and cricket league matches have been organised to inculcate a sense of belonging among employees across all plants.

The Company has adopted a safety first theme across all plants in FY 2021 – 22. Visible controls and fool proof systems are being provided to ensure prevention of accidents. Regular communication, periodic reviews of practices and training has also been conducted on a continuous basis to maintain world class safety standards.

The relationship with the workmen and staff remained cordial and harmonious during the year and management received full cooperation from employees at all the units and locations.

### 8. Management Discussion and Analysis

Please refer to the detailed Management Discussion and Analysis on page

### 9. 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

### 10. Key Financial Ratios: Refer Note No 29 to the Notes to Standalone Financial Statement as on 31.03.2022

### 11. Cautionary Statement

Statements in this Management Discussion and Analysis section of this report describing the Company's objectives, estimates and expectations may be "forward looking statements" within the meaning of the applicable laws and regulations. Actual results might differ materially from those either expressed or implied.

### 12. Directors' Responsibility Statement

As stipulated under the provisions contained in Section 134(3) (c) read with Section 134(5) of the Companies Act, 2013 ("Act"), the Board of Directors, to the best of its knowledge and belief and according to the information and explanations obtained by it, hereby states that:

- i. in the preparation of the annual accounts, the applicable accounting standards have been followed and there are no material departures;
- ii. 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 for that period;
- iii. 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;

- iv. the directors have prepared the annual accounts of the Company on a going concern basis;
- v. 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; and
- vi. 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.

### 13. Directors and Key Managerial Personnel

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

Ms. E Swapnil (DIN: 01241535) is retiring by rotation and being eligible offers himself for reappointment. You are requested to appoint him.

Mrs. E. Vaishnavi, Non Executive Non Independent and founder Director of the company ceased to hold the position with effect from 12<sup>th</sup> February 2022. Directors place on record sincere appreciation of the whole hearted support and co-operation rendered during her long tenure.

Ms. E. Smruthi was appointed as a Non-Executive, Non- Independent Director of the Company with effect from 12<sup>th</sup> February 2022.

Based on the recommendation of Nomination and Remuneration Committee the Board of Directors at its meeting held on 28<sup>th</sup> May, 2022 has re-appointed Mr E. Purushotham (DIN No: 00033583) as Managing Director of the Company, for a period of three (3) years w.e.f 01<sup>st</sup> April, 2022 on revised terms and conditions and Mr Swapnil Eaga (DIN No: 01241535) promoted as Joint Managing Director & CFO of the Company, for a period of three (3) years w.e.f 01<sup>st</sup> June, 2022 on revised terms and conditions.

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

Being in the interest of the company, you are requested to consider appointment of Mr E Purushotham and Mr Swapnil Eaga.

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

The Company has Code of Conduct for Directors and senior management personnel. All the Directors and senior management personnel have confirmed compliance with the said code.

### 14. Declaration of Independence

Your Company has received declarations from all the Independent Directors confirming that they meet the criteria of independence as prescribed under the provisions of the

Companies Act, 2013 read with the Schedules and Rules issued thereunder as well as Regulation 16(1) (b) of Listing Regulations (including any statutory modification(s) or re-enactment(s) for the time being in force).

#### 15. Board Evaluation

In terms of the applicable provisions of the Act, the SEBI Listing Regulations, Nomination and Remuneration Committee and the Board of Directors have approved a framework, which lays down a structured approach, guidelines and processes to be adopted for carrying out an evaluation of the performance of all the Directors, the Board as a whole and its Committees. The evaluation process has been separately explained in this Annual Report, as a part of the Report on Corporate Governance.

For the year under review, the Board carried out the evaluation of its own performance and that of its Committees and the individual Directors and the evaluation results, as collated and presented, were noted by the Board.

#### 16. Meetings of the Board

The Board met 4 (Four) times during the financial year. The meeting details are provided in the Report on Corporate Governance that forms part of this Annual Report.

The maximum interval between any two meetings did not exceed 120 days, as prescribed in the Act and the SEBI Listing Regulations.

#### 17. Internal Financial Control systems and their adequacy

The details in respect of internal financial control and their adequacy are included in the Management Discussion and Analysis, which is a part of this report.

#### 19. Auditors

The term of present Statutory Auditors N. R. Waghchaure & Associates, Chartered Accountants, Solapur (Firm Registration No. 114999W) will expire at the ensuing 33<sup>rd</sup> Annual General Meeting ("AGM").

The Audit Committee and the Board have placed on record their appreciation for the professional services rendered by him and his long association with the Company as its auditors.

The Board of Directors of the Company at their meeting held on May 28, 2022, based on the recommendation of the Audit Committee, recommended for the approval of the members, the appointment of M/s. Gokhale & Sathe, Chartered Accountants, Mumbai (Firm Registration No 103264W) as the Auditors of the Company for a period of five years from the conclusion of this AGM till the conclusion of the 38<sup>th</sup> AGM. M/s Gokhale & Sathe is a reputed firm from Mumbai having long experience of auditing companies of varied size including listed companies.

M/s. Gokhale & Sathe 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 M/s.

Gokhale & Sathe., Chartered Accountants, Mumbai as the Statutory Auditors of the Company from the conclusion of the ensuing Annual General Meeting till the conclusion of 38<sup>th</sup> Annual General Meeting.

#### 20. Auditor's report and Secretarial audit report

The Statutory Auditor's report and the Secretarial Audit report do not contain any qualifications, reservations, or adverse remarks or disclaimer. The Secretarial Audit Report submitted by the Secretarial Auditor Mr. H. R. Thakur, Practicing Company Secretary, Mumbai, in the prescribed form MR-3 is attached as "Annexure – I" and forms part of this report. Observations and suggestions of the Secretarial Auditor have been considered by the management of the company.

Further the Company has also obtained the Annual Secretarial Compliance Report for the financial year ended 31<sup>st</sup> March, 2022, thereby confirming compliance of the applicable SEBI Regulations and circulars / guidelines issued thereunder, on behalf of the Company.

#### 21. Cost Audit

For Financial Year 2022-2023, the Company has re-appointed M/s. Shrinivas Diddi and Associates, Cost Accountants, Solapur for conducting cost audit of its cost records pertaining to the products falling under the product categories – Drugs and pharmaceuticals. M/s. Shrinivas Diddi and Associates are appointed on a remuneration of ₹ 55,000 plus GST and out of pocket expenses.

The Company is seeking the ratification of the Shareholders for the remuneration to be paid to the cost auditors vide Resolution No. 7 of the Notice of the ensuing Annual General Meeting.

#### 22. Conservation of Energy, Technology Absorption & Foreign Exchange

The statement giving the particulars relating to conservation of energy, technology absorption and foreign exchange earnings and outgo, as required in terms of Section 134(3)(m) of the Act read with Rule 8(3) of the Companies (Accounts) Rules, 2014, is annexed to this Report as "Annexure II".

#### 23. General Shareholder Information

General Shareholder Information is given as Item No. 9 of the Report on Corporate Governance forming part of this Annual Report.

#### 24. Particular regarding Employees Remuneration

Disclosure comprising particulars with respect to the remuneration of directors and employees, as required to be disclosed in terms of the provisions of Section 197(12) of the Act and Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is annexed to this Report as "Annexure III".

#### 25. 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.





## 26. Related Party Transactions

Related Party Transactions entered into during the year under review were approved by the Audit Committee and the Board of Directors, from time to time and the same are disclosed in the Financial Statements of the Company for the year under review. Further, pursuant to the provisions of the Act and the SEBI Listing Regulations, the Board of Directors has, on recommendation of its Audit Committee, adopted a Policy on Related Party Transactions and the said policy is available on the website of the Company i.e. [www.smruthiorganics.com](http://www.smruthiorganics.com).

In terms of the provisions of Section 188(1) of the Act read with the Companies (Meetings of Board and its Powers) Rules, 2014 and Regulation 23 of the SEBI Listing Regulations, all contracts/ arrangements/ transactions entered into by the Company with its related parties, during the year under review, were in the ordinary course of business of the Company and on an arm's length basis.

There were no material Related Party transactions during the year.

## 27. Corporate Governance

The Company is in full compliance with the requirements and disclosures that have to be made in terms of the requirements of Corporate Governance specified in SEBI Listing Regulations.

Corporate Governance Report is enclosed as a part of the Annual Report along with the certificate from the Statutory Auditors, M/s. N. R. Waghchaure & Associates, Chartered Accountants, Solapur confirming compliance 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.

## 28. Audit Committee

The Company has an Audit Committee in place in terms of the provisions of Regulation 18 of SEBI Listing Regulations read with Section 177 of the Companies Act, 2013.

The recommendations made by the Audit Committee to the Board, from time to time during the year under review, have accepted by the Board. Other details with respect to the Audit Committee such as its terms of reference, the meetings of the Audit Committee and attendance thereof of the members of the Committee, are separately provided in this Annual Report, as a part of the Report on Corporate Governance.

Further, detailed information with respect to the other Committees of the Board is also provided in this Annual Report, as a part of the Report on Corporate Governance.

## 29. Remuneration Policy

The policy on remuneration and other matters provided in Section 178(3) of the Act has been disclosed in the Corporate

Governance Report, which is a part of this report and is also available on website of the company [www.smruthiorganics.com](http://www.smruthiorganics.com)

## 30. Vigil Mechanism – Whistle Blower Policy

The Company has a Whistle Blower Policy to report genuine concerns and grievances. The policy provides adequate safeguards against victimisation of persons who use the Whistle Blower mechanism. Details with respect to implementation of the Whistle Blower Policy are separately disclosed in this Annual Report, as a part of the Report on Corporate Governance. The same is also available on the website of the Company at [www.smruthiorganics.com](http://www.smruthiorganics.com).

## 31. Risk Management Policy:

The Company is aware of the risks associated with the business. It regularly analyses and takes corrective actions for managing / mitigating the same. The requirements of Regulation 21 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, with regard to the constitution of a Risk Management Committee are not applicable to our Company.

## 32. Corporate Social Responsibility (CSR)

The Board of Directors has constituted a Corporate Social Responsibility ("CSR") Committee in terms of the provisions of Section 135 of the Act

The Annual Report on CSR activities as required under Companies (Corporate Social Responsibility) Rules, 2014, including a brief outline of the Company's CSR Policy, is annexed to this Report as "Annexure IV". For other details regarding the CSR Committee, please refer to the Corporate Governance Report, which is a part of this report. The CSR policy is available on the website of the company [www.smruthiorganics.com](http://www.smruthiorganics.com).

There was one meeting of the CSR Committee held on 13<sup>th</sup> November, 2021, which was attended by all members of the Committee

As regards observations of the Auditor on unspent CSR amount of ₹ 4.43 lacs in earlier years, your Directors wish to clarify that the company had complied with then applicable provisions of the Act in respect thereof.

## 33. Annual Return

Pursuant to Section 92(3) read with Section 134(3)(a) of the Act, the Annual Return as on March 31, 2022 is available on the Company's website on <https://smruthiorganics.com/investor-relation/>

## 34. Investor Education and Protection Fund (IEPF)

The Company was not required to transfer any amount to the Investor Education and Protection Fund established by the Central Government (IEPF) during the financial year 2021-22.



**35. Compliance with Secretarial Standards**

The Company has complied with the applicable Secretarial Standards issued by the Institute of Company Secretaries of India.

**36. Acknowledgements**

Your Directors wish to express their grateful appreciation for the co-operation and continued support received from customers, parent company, collaborators, vendors, investors, shareholders, financial institutions, banks, regulatory authorities and the society at large during the year. We also place on record our appreciation for the contribution made by our employees at all levels and for their commitment, hard work and support in driving the growth of the Company.

For & on behalf of the Board

**E. Purushotham**

Chairman & Managing Director  
DIN:00033583

Solapur, 28<sup>th</sup> May, 2022

# Annexure I to the Directors Report

## Form No. MR-3

### SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31<sup>st</sup> March, 2022

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

The Members,  
**Smruthi Organics Ltd**  
 165 A Balaji Bhavan  
 Railway Lines Solapur -413001

I have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Smruthi Organics Ltd (CIN: L24119PN1989PLC052562) (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 / representations provided by the Company, its officers, agents and authorised 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<sup>st</sup> March 2022, 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, registers, minute books, forms and returns filed and other records maintained by the Company, for the financial year ended on 31<sup>st</sup> March, 2022 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 there under to the extent of Foreign Direct Investment;
- 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, 2015;
  - c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations,

2018 **(Not applicable to the Company during audit period);**

- d. Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 / Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 **(Not applicable to the Company during audit period);**
- e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 **(Not applicable to the Company during audit period);**
- f. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
- g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 / Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021 **(Not applicable to the Company during audit period);**
- h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018 **(Not applicable to the Company during audit period);**
- i. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015.
- j. The Securities and Exchange Board of India (Issue and Listing of Non-Convertible and Redeemable Preference Shares) Regulations, 2013; - **(Not applicable to the Company during audit period).**
- k. The Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018.

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

- a. The Drugs and Cosmetics Act, 1940, and
- b. Narcotic Drugs, and Psychotropic Substances Act, 1985 the Rules /orders made thereunder as applicable.
- c. Secretarial Standards issued by The Institute of Company Secretaries of India as in force from time to time.
- d. The Listing Agreements entered into by the Company with Metropolitan Stock Exchange of India, Mumbai, and BSE Limited., Mumbai.



During the period under review the Company has filed forms / returns within stipulated time period and has complied with the provisions of the Act, Rules, Regulations and Guidelines, Standards etc. mentioned above except for delay in filing of Form IEPE-2.

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 one change in the Board of Directors during the period under review. However, the change has not affected structure of the Board of Directors.

Adequate notice of at least seven days was 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.

As per the minutes of the meetings duly recorded and signed by the Chairman, the decisions of the Board were unanimous and no dissenting views have been recorded.

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.

Place: Mumbai  
Date: 28-05-2022

**H. R. Thakur**

F.C.S. 2090 C.P. 3193  
UDIN: F002090D000409871



The Members,  
**Smruthi Organics Ltd**  
165 A Balaji Bhavan  
Railway Lines Solapur -413001

My report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the company. My responsibility is to express an opinion on these secretarial records based on my audit.
2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. I believe that the processes and practices, I followed provide a reasonable basis for my opinion.
3. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
4. Wherever required, I have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. My examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

Place: Mumbai  
Date: 28-05-2022

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



## Annexure II to the Directors Report

### Disclosure of particulars with respect to Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo, as prescribed under Rule 8(3) of the Companies (Accounts) Rules, 2014.

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

#### A. CONSERVATION OF ENERGY

The company has taken several measures towards energy conservation in FY 2021-2022 incurring a capital expenditure of ₹ 35.00 Lakh. Some of the important measures are listed below:

##### 1. Boilers

1.1 Existing boiler furnace modified to improve the fuel SFC and save the cost of ₹ 31,50,000/- annually.

##### 2. Lighting

2.1. Installed about 625 LED lights, which has reduced energy consumption for lighting by 41063 Kwh annually and save the cost of ₹ 3,69,567/-.

2.2. Led light implementation in production block F and C packing which has reduced 50% energy consumption for lighting by 15768 Kwh annually and save the cost of ₹ 1,41,912/-

##### 3. Cooling Systems

3.1. We have run the screw compressor in place of reciprocating compressor with modifying brine header line to save the energy 40000 KWH and cost of ₹ 43,20,000/- per year

##### 4. Others

4.1. MEOH coloum shifted in new building and provide sufficient cooling system and arrest the leakages so as save the solvent loss and improve distillation time. To save the 90000 kg steam saving per year and cost of ₹ 2,25,000/-

4.2. Calenderia and pre-heater replaced by new in MEE Plant to improve the evaporation rate so to save the steam consumption 1825KL & Save the cost of ₹ 36,50,000/- per year

4.3 By replacing jacket of 10 reactors to improve the cooling of reactor and save utility power- 47520 Kwh yearly and save the cost of ₹ 4,27,680/-

4.4 By using screw air compressor instead of reciprocating compressor to save the power- 18483 KWH and power cost of ₹ 1,66,352/- per year

#### B. TECHNOLOGY ABSORPTION

##### 1. The Efforts Made Towards Technology Absorption

The Company's R & D Laboratories at Hyderabad and Solapur are recognised by the Department of Scientific & Industrial Research, Government of India. Continuous efforts are made at these centres to develop new products, to improve the quality of products and to make the manufacturing process safe, cost effective and environment friendly. The major achievements from the efforts for technology absorption are:

1.1 The company has launched 4 products on a commercial scale and developed 5 API on the lab scale.

1.2 The company has fully adopted software based documentation system in quality control (QC) and has reduced paper based documents in QC.

1.3 The company has also extended the scope of its ERP usage to make several business processes paperless.

##### 2. The benefits derived like product improvement, cost reduction, product development or import substitution:

The company has modified several processes, which have been implemented at the plant level and have delivered lower raw material and manufacturing costs.

##### 3. In Case of Imported Technology (imported during the last three years reckoned from the beginning of the financial year): NIL

##### 4. Expenditure on Research & Development (R & D): Refer Note No 27 of Notes to Standalone Financial Statements

#### C. FOREIGN EXCHANGE EARNINGS AND OUTGO:

(Figures in lakhs)

Particulars	FY 2021-2022	FY 2020-2021
Foreign exchange outgo	3079.97	2637.15
Foreign exchange earned	5116.98	5782.45

For & on behalf of the Board

**E. Purushotham**

Chairman & Managing Director

DIN:00033583

Solapur, 28<sup>th</sup> May, 2022

## Annexure III to the Directors Report

Details pertaining to remuneration as required under Section 197 (12) of the Companies Act, 2013 read with Rule 5 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 2021-2022**

Name of the Directors	Ratio to median Remuneration
<b>*Non-Executive Directors</b>	
**Ms. E. Smruthi (Non- Executive Non Independent Director)	Nil
Mr. J.H.Ranade (Non-Executive and Independent Director)	Nil
Dr.K.RamaSwamy (Non-Executive and Independent Director)	Nil
Mr. Kashinath Revappa Dhole (Non-Executive and Independent Director)	Nil
<b>Executive Directors</b>	
Mr. E.Purushotham (Chairman and Managing Director)	56.47
Mr. Swapnil Eaga (Whole time Director and Chief Financial Officer)	32.95

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

\*\* Appointed w.e.f 12<sup>th</sup> February 2022

**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 and Company Secretary	% increase in remuneration in the financial year
Mr.E. Purushotham (Chairman and Managing Director)	--
Mr.E. Swapnil (Whole time Director and Chief Financial Officer)	--
Ms. Urvashi D. Khanna (Company Secretary)	10.5%

**c. The percentage increase in the median remuneration of employees in the financial year: 48.81%**

**d. The number of permanent employees on the rolls of Company: 290**

**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: NA

**f.** It is hereby affirmed that the remuneration paid is as per the Remuneration Policy of the Company.

**g.** Statement pursuant to Section 197(12) of the Companies Act, 2013 read with Rule 5(2) and 5(3) of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.



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

Name	Designation	Remuneration (in ₹)	Qualification and Experience	Date of commencement of employment	Age (in years)	Last employment held
Mr. E. Purushotham	Managing Director	1,61,28,000	MSC (Org. Chem.) 38 years	*11/07/1989	64	NA

\*since incorporation

For & on behalf of the Board

**Purushotham Eaga**  
Chairman & Managing Director  
DIN:00033583

Solapur, 28<sup>th</sup> May, 2022

## Annexure IV to the Directors Report

### Format for the Annual Report on CSR activities to be included in the Board's Report for financial year commencing on or after 1<sup>st</sup> day of April, 2021

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

The Corporate Responsibility Policy is disclosed on the Company's website <https://smruthiorganics.com/investor-relation/>

- The Composition of the CSR Committee:

Name	Designation	Category	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
Mr. E. Purushotham	Managing Director	Executive	1	1
Mr. J. H. Ranade	Independent Director	Non-Executive	1	1
Dr. K. Ramaswamy	Independent Director	Non-Executive	1	1

- Provide the web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the Company

Composition of the CSR committee shared above and is available on the Company's website on <https://smruthiorganics.com/investor-relation/>

CSR policy - <https://smruthiorganics.com/investor-relation/>

CSR projects - <https://smruthiorganics.com/investor-relation/>

- Provide the details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, if applicable : Not Applicable
- Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any:

Sr. No.	Financial Year	Amount available for set-off from preceding financial years (in ₹)	Amount required to be setoff for the financial year, if any (in ₹)
	-	Nil	Nil

- Average Net Profit (loss) of the company as per section 135(5): ₹ 1530.09 lacs/-

- Two percent of average net profit of the Company as per section 135(5) : ₹ 30.60 lacs/-
- Surplus arising out of the CSR projects or programmes or activities of the previous financial years : NIL
- Amount required to be set off for the financial year, if any : NIL
- Total CSR obligation for the financial year (7a+7b-7c) : ₹ 30.60 lacs/-

- CSR amount spent or unspent for the financial year:

Total Amount Spent for the Financial Year (₹)	Amount Unspent (₹)				
	Total Amount transferred to Unspent CSR Account as per Section 135(6)		Amount transferred to any fund specified under Schedule VII as per second proviso to Section 135(5)		
	Amount	Date of transfer	Name of the Fund	Amount	Date of transfer
10,46,711	20,13,485	29.04.2022	--	NIL	--

- Details of CSR amount spent against ongoing projects for the financial year: Nil

(c) Details of CSR amount spent against other than ongoing projects for the financial year:

Sr. No.	Name of the Project	Item from the list of activities in schedule VII to the Act	Local area (Yes/No).	Location of the project		Amount spent for the project (in ₹).	Mode of implementation - Direct (Yes/No).	Mode of implementation - Through implementing agency	
				State	District			Name	CSR registration number
1	Donation to Hospital for purchase of Bed for Civil Hospital	(i)	Yes	MH	Solapur	1,00,000	Yes	--	--
2	Donation for Children Park & Open Gym for ZP School, Majarewadi	(ii)	Yes	MH	Solapur	1,45,000	Yes	--	--
3	Fencing of Open Land & Pond Area of Jhivala Institute Antroli	(ii)	Yes	MH	Solapur	4,65,000	Yes	--	--
4	Android TV -02 Nos for Students Digital class room for Bitla Prashala	(ii)	Yes	MH	Solapur	42,998	Yes	--	--
5	Distribution of Hand Sanitizers for promotion of health	(i)	Yes	MH	Solapur	24,790	Yes	--	--
6	Assistance for education of women	(ii)	Yes	MH	Solapur/ Hyderabad	45,000	Yes	--	--
7	Promotion of education by providing computers, printers to the school and food support to weaker section of the society		Yes	MH	Solapur	223923	Yes	--	--
<b>Total</b>						<b>10,46,711</b>			

(d) Amount spent in Administrative Overheads: Nil

(e) Amount spent on Impact Assessment, if applicable: Nil

(f) Total amount spent for the Financial Year (8b+8c+8d+8e): ₹ 10,46,711 /-

(g) Excess amount for set off, if any:

Sr. No.	Particular	Figures (in lacs.)
(i)	Two percent of average net profit of the company as per section 135(5)	30,60,196
(ii)	Total amount spent for the Financial Year	10,46,711(ongoing projects: ₹ 20,13,485)
(iii)	Excess amount spent for the financial year [(ii)-(i)]	--
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	--
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	--



9. (a) Details of Unspent CSR amount for the preceding three financial years:

Sr. No.	Preceding Financial Year	Amount transferred to Unspent CSR Account under Section 135 (6)	Amount spent in the reporting Financial Year	Amount transferred to any fund specified under Schedule VII as per Section 135(6), if any			Amount remaining to be spent in succeeding financial years
				Name of the Fund	Amount	Date of transfer	
1.	FY 2020-2021	NIL			NIL		
2.	FY 2019-2020	NIL			NIL		
3.	FY 2018-2019	NIL			NIL		

- (b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s):

Sr. No.	Project ID	Name of the Project	Financial Year in which the project was commenced	Project duration	Total amount allocated for the project	Amount spent on the project in the reporting Financial Year	Cumulative amount spent at the end of reporting Financial Year	Status of the project - Completed / Ongoing
	-	-	-	-	Nil	Nil	Nil	-

10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year (asset-wise details):
- Date of creation or acquisition of the capital asset(s) : None
  - Amount of CSR spent for creation or acquisition of capital asset : NIL
  - Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc. : Not Applicable
  - Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset) : Not Applicable
11. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per Section 135(5) : Not Applicable

Solapur, 28<sup>th</sup> May, 2022.

**Purushotham Eaga**  
Managing Director  
(Chairman CSR Committee)



# Report on Corporate Governance

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

## 1. Company's Philosophy on Code of Governance:

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

## 2. Board of Directors:

### (a) Composition:

The Board of Directors comprises of six Directors as detailed below. (Position as on 31<sup>st</sup> March, 2022)

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

Details regarding attendance of the Directors at the Board Meetings held during the Financial Year 2021-2022 and at the last Annual General Meeting held on 16<sup>th</sup> July, 2021 are given below:

Sr. No	Name	Designation & DIN	Status	No of Board meetings attended through video conferencing	Attended last AGM through video conferencing
1	Mr. E. Purushotham	Chairman & Managing Director DIN-00033583	Executive	3	Yes
2	Mr. E. Swapnil	*Executive Director & Chief Finance Officer DIN- 01241535	Executive	3	Yes
3	Ms. E. Smruthi	Director DIN-09268342	Non-Executive	1	No
4	Mr. K. R. Dhole	Independent Director DIN- 01076675	Non-Executive	3	Yes
5	Mr. J. H. Ranade	Independent Director DIN-00004814	Non-Executive	3	Yes
6	Dr. K. Rama Swamy	Independent Director DIN- 05273930	Non-Executive	3	Yes
7	Mrs. E. Vaishnavi	**Director DIN: 00033669	Non-Executive	3	Yes

\*appointed as Joint Managing Director w.e.f 01<sup>st</sup> June 2022

\*\*resigned as Director w.e.f. 12<sup>th</sup> February, 2022

Executive and Non-Executive Promoter Directors are related to each other as Father / Daughter / Son.

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

### (b) Meetings and attendance:

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

- ❖ 23<sup>rd</sup> April, 2021
- ❖ 16<sup>th</sup> July, 2021
- ❖ 13<sup>th</sup> November, 2021
- ❖ 12<sup>th</sup> February, 2022



- (c) **Number of Board of Directors or Committees (other than the Company) in which the Director is a Chairman/ Member (excluding private limited companies, foreign companies and companies registered under Section 8 of the Companies Act, 2013) as on 31<sup>st</sup> March, 2022, is as follows:**

Sr. No	Name	No. of Directorship held in other Companies	Attended last AGM	No. of Committee positions held in other Companies.	
				Chairman of Committee	Member of Committee
1	Mr. E. Purushotham	0	Yes	Nil	Nil
2	Mr. E. Swapnil	0	Yes	Nil	Nil
3	Ms. E. Smruthi	0	Yes	Nil	Nil
4	*Mr. K. R. Dhole	3	Yes	1	Nil
5	Mr. J. H. Ranade	16	Yes	Nil	Nil
6	Dr. K. Rama Swamy	0	Yes	Nil	Nil

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

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

(CIN:L24132MH1988PLC049387).

All Directors of the Company as on 31<sup>st</sup> March, 2022, personally attended atleast one Board/ Committee Meeting during the financial year 2021-22.

- (d) **Number of meetings of the Board held and dates on which held during the year are given in Clause 2(b) above.**  
 (f) **Disclosure of Shareholding of Non-Executive Directors:**

Name of the Director	Shares held as on 31.3.2022
Ms. E. Smruthi	1729425
Mr. K. R. Dhole	Nil
Mr. J. H. Ranade	Nil
Dr. K. Rama Swamy	25800

- (g) **Familiarization programmes to Independent Directors:**

Details of familiarization programme imparted to Independent Directors is available on Company's website: [www.smruthiorganics.com](http://www.smruthiorganics.com)

- (h) **A Chart / Matrix setting out the skills / expertise / competence of the Board of Directors**

Competency is defined as the experience, knowledge, skills, attitudes, values and beliefs of the person (member).

A list of core skills/ expertise/ competencies identified by the Board, as required in the context of its business(es)and sector(s) for it to function effectively, is as follows:

**Competencies:**

Competency	Definition
Strategic Expertise	Ability to understand, review and guide Strategy by analyzing the company's competitive position and benchmarking taking into account market and industry trends
Business and Finance	Demonstrate Techno-Commercial and Business perspective, Ability to comprehend, interpret and guide on Financial Statements, Audit Committee presentations and matters of business
Risk Management	Experience in providing guidance on major risks, compliances and various Legislations
Building High Performance Teams	Build and nurture talent to create strong and competent future business leaders
Industry Knowledge	Experience in similar industries

**Personal Qualities:**

Personal quality	Definition
Integrity	Fulfilling a Director's duties and responsibilities, putting the organization's interests above personal interests, acting ethically
Curiosity and Courage	Must have the curiosity to ask questions and the courage to persist in asking or to challenge management and fellow board members where necessary
Interpersonal skills	Must work well in a group, listen well, be tactful but able to communicate his/her point of view frankly
Instinct	Good business instincts and acumen, ability to get the crux of the issue quickly
An Active Contributor	The member must be one who participates and contributes actively and must allocate quality time to the organization's affairs

Details of the skills/ expertise/ competencies possessed by the Directors who were part of the Board as on 31<sup>st</sup> March, 2022, are as follows

Name	Age	Qualifications	Industry Experience	Expertise
Mr. E. Purushotham	64	MSC	Org. Chem.	Org. Chem.
Mr. E. Swapnil	38	B.S(CHEM) USA, MBA Spain	Technical and Business Development	Technical , Business Development, Finance, accounts, costing & MIS
Ms. E. Smruthi	35	Masters in Pharmacy	Business Development Executive	Business Analyst
Mr. K. R. Dhole	73	M.SC., Chemistry	Technical and overall Management	Technical and overall management
Mr. J. H. Ranade	67	B.Com., LL.B. FCS & MBA	Finance & Legal	Finance & Legal
Dr. K. Rama Swamy	67	M.D	Medical Practitioner	Medical Practitioner

- (i) The Board hereby confirms that in its opinion, the Independent Directors of the Company fulfil the conditions as specified in the SEBI Listing Regulations and are independent of the management.
- (j) Detailed reasons for the resignation of an Independent Director who resigns before the expiry of his tenure along with a confirmation by such director that there are no other material reasons other than those provided – During the year, no Independent Director resigned before the expiry of his/ her tenure.

**Code of Conduct for Board of Directors and Senior Management:**

The Board has laid down the Code of Conduct for all Board members and Senior Managerial Personnel of the Company and the compliance of such Code has been affirmed by them. The Code of Conduct is available on the website of the Company at [www.smruthiorganics.com](http://www.smruthiorganics.com). The Annual Report contains a declaration to this effect signed by the Managing Director and Chief Financial Officer.

**3. Audit Committee:**

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

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



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
J. H. Ranade	Chairman	Independent	4
Dr. K. Ramaswamy	Member	Independent	4
Mr. K. R. Dhole	Member	Independent	4

During the Financial year 2021-2022, Four Meetings of Audit Committee were held which are as under:-

- ❖ 23<sup>rd</sup> April, 2021
- ❖ 16<sup>th</sup> July, 2021
- ❖ 13<sup>th</sup> November, 2021
- ❖ 12<sup>th</sup> February, 2022

Audit Committee meetings were attended by the Chairman and Managing Director, Statutory Auditors and Company Secretary were invited for such meeting. Members of the Audit Committee have requisite financial and management expertise. Chairman of the Audit Committee was present at the Annual General Meeting held on 11th September, 2020.

#### 4. Nomination and Remuneration Committee:

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

Terms of reference:

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

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

The Committee is comprised of:-

Name	Designation	Category	No. of Meetings attended
Mr. J. H. Ranade	Chairman	Independent	2
Dr. K. Ramaswamy	Member	Independent	2
Mr. K.R.Dhole	Member	Independent	2

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

During the Financial year 2021-2022, Two Meetings of the Committee were held on 13<sup>th</sup> November, 2021 and 12<sup>th</sup> February, 2022.

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.

#### 5. Remuneration of Directors:

##### (a) Remuneration Policy:

The Company has adopted a Remuneration Policy for its Directors, Key Managerial Personnel and other employees. The Remuneration Policy has laid down the criteria for determining qualifications, positive attributes, Independence of Director and Board diversity. The Policy lays down the factors for determining remuneration of Whole-time Directors, Non-Executive Directors, Key Managerial Personnel, and other employees. The policy also lays down the evaluation criteria of the Independent Directors and the Board.

**(b) Remuneration to Key Managerial Personnel:**

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

**(c) Remuneration to Executive Directors:**

(Amount in ₹)

Particulars	Mr. E. Purushotham Managing Director	Mr. E. Swapnil Executive Director & Chief Financial Officer
Salary & Other Allowances	1,44,00,000	84,00,000
Contribution to Provident & Other Funds	17,28,000	10,08,000
Commission	---	---

**(d) Remuneration to Non-Executive Directors: Nil**

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

(Amount in ₹)

Name	Board Meeting	Audit Committee Meeting	Nomination & Remuneration Committee Meeting	Independent Directors Meeting	Stakeholder relationship committee	CSR Meeting	Total
*Mrs. E. Vaishnavi	80,000	--	30,000	--	30,000	--	160000
Dr. K. Ramaswamy	80,000	60,000	30,000	15,000	--	15,000	205000
Mr. J. H. Ranade	80,000	60,000	30,000	15,000	--	15,000	205000
Mr. K. R. Dhole	80,000	60,000	30,000	15,000	30,000	--	190000
*Ms. E. Smruthi	--	--	--	--	--	--	--

\*ceased to be a Director w.e.f 12<sup>th</sup> February, 2022.

\*appointed as Director w.e.f 12<sup>th</sup> February, 2022.

**6. Stakeholders Relationship Committee**

In our Company, the Stakeholders' Grievance Committee is known by the name of Stakeholders' Relationship Committee. The Committee reviews all matters connected with Shareholders complaints, if any, like transfer of shares, non-receipt of Balance Sheet, non-receipt of dividend etc. During the financial year 2021-2022 three (3) meetings were held on the following dates:

- ❖ 05<sup>th</sup> July, 2021
- ❖ 31<sup>st</sup> December, 2021

The Committee was comprised of:

Name	Designation	Category
Mr. K. R. Dhole	Chairman	Non-Executive (Independent)
Mr. E. Purushotham	Member	Executive (Promoter)
Mr. E. Swapnil	Member	Executive (Promoter)

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

**7. Independent Directors Meeting**

The Independent Directors of the Company have been appointed in accordance with the provisions of Section 149 of the Companies Act, 2013 and applicable provisions of SEBI Listing Regulations.

**Separate meeting of Independent Directors:**

In accordance with the provisions of Schedule IV of the Companies Act, 2013 and Regulation 25 of SEBI Listing Regulations, 1 (one) separate meeting of the Independent Directors was held during the year i.e. on 13<sup>th</sup> November, 2021.

The meeting of the Independent Director was without the attendance of Non-Independent Directors and members of management.

The Independent Directors at their meetings also consider:



- Review of the performance of the Non-Independent Directors and the Board as a whole;
- Review of the performance of the Chairman of the Company, taking into account the views of the Executive Directors and Non-Executive Directors;
- Assessing the quality, quantity and timeliness of flow of information between the Company management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

Name of the Director	Number of meetings of the Independent Directors attended during the year ended 31 <sup>st</sup> March, 2022
Mr. J. H. Ranade	1
Mr. K. R. Dhole	1
Dr. K. Rama Swamy	1

## 8. General Body Meetings

- (a.) Details of the Annual General Meetings held during the preceding 3 years and Special Resolutions passed thereat are given below:-

Financial Year	Date and time	Venue	No. of Directors Present
2020-21	16 <sup>th</sup> July, 2021 at 12.30 p.m	Held through Video Conferencing	6
2019-20	11 <sup>th</sup> September, 2020 at 12.30 p.m	Held through Video Conferencing	6
2018-19	29 <sup>th</sup> July 2019 at 12.30 p.m	Hotel City Park, Solapur	5

- (b.) **DETAILS OF THE ANNUAL GENERAL MEETING HELD DURING THE PRECEDING 3 YEARS AND SPECIAL RESOLUTIONS PASSED THEREAT GIVEN BELOW:-**

2020-21: No special resolutions were passed during the year.

2019-20:-No special resolutions were passed during the year.

2018-19:-

- ❖ Revision in remuneration of Mr E. Purushotham , Managing Director with effect from 01<sup>st</sup> October, 2018 during the remaining period of his appointment i.e upto 31<sup>st</sup> March, 2022.
- ❖ Revision in remuneration of Mr E. Purushotham , Managing Director with effect from 01<sup>st</sup> October, 2018 during the remaining period of his appointment i.e upto 31<sup>st</sup> March, 2022.
- ❖ Re-appointment of Mr. K. R. Dhole as Independent Director for a second term of five years.
- ❖ Re-appointment of Dr. K. Ramaswamy as Independent Director for a second term of five years
- ❖ Re-appointment of Mr. Jayant H. Ranade as Independent Director for a second term of five years
- ❖ Waiver of excess remuneration paid to Mr E. Purushotham, Managing Director during the financial years 2010-11, 2011-12, 2012-13 & 2013-14

- (c.) As at 31<sup>st</sup> March, 2022, no Special Resolution is proposed to be conducted through Postal Ballot.

- (d.) **DETAILS OF POSTAL BALLOT AND RESOLUTION PASSED THROUGH POSTAL BALLOT IS GIVEN BELOW:**

During the year 2021-22, the Company successfully completed the process of obtaining the approval of members by way of postal ballot in respect of the following resolution:

- ❖ Appointment of Ms. Smruthi Purushotham Eaga (E. Smruthi)- DIN : 09268342 as a Non- Executive (Non- Independent) Director whose term of office shall be liable to retirement by rotation:- Passed on March 23, 2022.

Chairman announced the Postal Ballot results as per the scrutinizers report on March 23, 2022 in respect of the resolution mentioned above and the results were displayed at the Registered Office of the Company, intimated to the Stock Exchanges where the Company's shares are listed and displayed along with the Scrutiniser's report on the Company's website, [www.smruthiorganics.com](http://www.smruthiorganics.com).



Details of the Voting pattern in respect of the Resolution is as under:

**Ordinary Resolution:**

Appointment of Ms. Smruthi Purushotham Eaga (DIN: 09268342) as a Non-Executive (Non- Independent) Director whose term of office shall be liable to retirement by rotation.

**Voted in favour of the resolution:**

Type of voting	Number of Members voted	Total number of votes cast by them	% of total number of valid votes cast*
Remote e-voting	29	6976913	100.00
Physical Postal Ballots	7	5365	100.00
<b>Total</b>	<b>36</b>	<b>6982278</b>	<b>100.00</b>

**Voted against the resolution:**

Type of voting	Number of Members voted	Total number of votes cast by them	% of total number of valid votes cast*
Remote e-voting	0	0	0
Physical Postal Ballots	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>

**Invalid / Not voted:**

Type of voting	Number of Members voted	Total number of votes cast by them
Remote e-voting	0	0
Physical Postal Ballots	2	1800
<b>Total</b>	<b>2</b>	<b>1800</b>

The resolution was passed with requisite majority.

- (e.) Postal Ballot whenever conducted will be carried out as per the procedure mentioned in Rule 22 of Companies (Management and Administration) Rules, 2014, including any amendment thereof.

**9. Means of Communication**

- (a) Quarterly Results: The quarterly results are published in accordance with the applicable provisions of the SEBI Listing Regulations.
- (b) Newspaper in which results are normally published: Generally the results are published in The Free Press Journal/ Navashakti, Active Times/ Mumbai Lakshdeep, Daily Sakal / Sanchar and Divya Marathi (Local News Paper).
- (c) Any website, where displayed: [www.smruthiorganics.com](http://www.smruthiorganics.com)

**10. General Shareholder Information**

**(a.) Annual General Meeting :**

The ensuing AGM of the Company will be held on Saturday, 06<sup>th</sup> August, 2022 at 12.30 p.m through video conferencing or other audio visual means.

**(b.) Financial Calendar (Tentative) : April 2022 to March 2023**

Particulars of Meetings	Date
Un-audited Quarterly Result for the quarter ended 30 <sup>th</sup> June 2021	2 <sup>nd</sup> week of Aug 2022
Un-audited Quarterly Result for the quarter ended 30 <sup>th</sup> September 2021	2 <sup>nd</sup> week of Nov. 2022
Un-audited Quarterly Result for the quarter ended 31 <sup>st</sup> December 2021	2 <sup>nd</sup> week of Feb 2023
Audited /Un-Audited Financial Result for the quarter - ended 31 <sup>st</sup> March, 2022	Last week of May, 2023

**(c.) Date of Book Closure :**

30<sup>th</sup> July, 2022 to 06<sup>th</sup> August, 2022 (Both days inclusive)

- (d.) Dividend payment date: on or before 04<sup>th</sup> September, 2022



- (e.) Listing on Stock Exchanges :The Equity Shares of the Company are listed at BSE Limited and Metropolitan Stock Exchange of India Limited.

DEMAT : ISIN Number: INE172E01011

CIN : L24119PN1989PLC052562

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

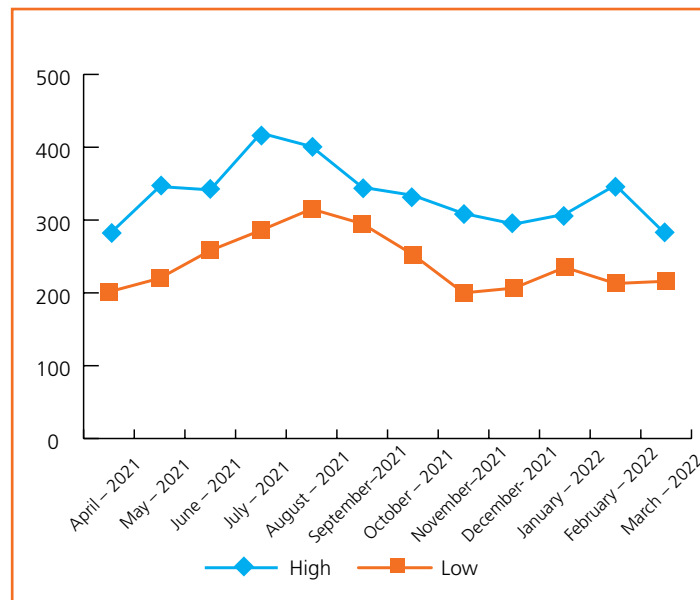
- (f.) **Stock Code**

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

- (g.) **Stock Prices**

High/ Low of market price of the Company's shares traded on the Stock Exchanges during the year ended 31<sup>st</sup> March, 2022 is furnished below:

Month & Year	High ₹	Low ₹
April – 2021	280.00	201.40
May – 2021	346.00	220.00
June – 2021	341.45	258.20
July – 2021	419.35	285.95
August – 2021	400.95	315.15
September–2021	345.00	295.00
October – 2021	333.95	252.60
November–2021	309.00	200.00
December- 2021	294.50	206.60
January – 2022	308.00	235.00
February – 2022	348.00	212.90
March – 2022	280.00	215.95



**(h.) Registrar and Transfer Agents :**

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

Tel. No.: +91 (0)22 42270423

Fax: +91 (0)22 28503748

E-mail: info@adroitcorporate.com

**(i.) 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.

**(j.) 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.

**(k.) Share Distribution Schedule :**

Share holding of Nominal Value of Shareholders share amount (as on 31.03.2022)

Shares	Number	% to total	Total Shares	₹	% to total
Upto-5000	3520	74.62	372573	3725730	3.25
5001-10000	392	8.31	292326	2923260	2.55
10001-20000	420	8.90	624269	6242690	5.45
20001-30000	163	3.46	420557	4205570	3.67
30001-40000	44	0.93	154637	1546370	1.35
40001-50000	35	0.74	158905	1589050	1.39
50001-100000	81	1.72	569411	5694110	4.97
100001& above	62	1.31	8853612	88536120	77.35
<b>Total</b>	<b>4717</b>	<b>100.00</b>	<b>11446290</b>	<b>114462900</b>	<b>100.00</b>

**(l.) Shareholding Pattern:**

Category	No. of Shares	% to share capital
Promoter & Promoter Group (A)	7255473	63.39
Public (B)		
Individuals	3381709	29.54
NRI	208762	1.82
Bodies Corporate	422706	3.69
Clearing Members	8910	0.08
IEPF	113757	0.99
Hindu Undivided Family (HUF)	54973	0.48
Total (B)	4190817	36.61
<b>Total</b>	<b>1,14,46,290</b>	<b>100.00</b>

**(m.) Dematerialization of shares and liquidity:**

1,07,05,380 shares have been dematerialized as on 31<sup>st</sup> March 2022 constituting 93.53 % of total Paid up Share Capital.

**(n.) Subsidiary Company: The Company does not have any Subsidiary Company.**



**(o.) 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.

**(p.) Plant locations:**

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

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

R & D Center:

A-27, A.P.I.E., Balanagar, Hyderabad, Telangana- 500037

**(q.) Address for correspondence:**

Registered: 165-A, Balaji Bhavan, 1<sup>st</sup> Floor, Railway Lines, Solapur – 413001.

Tel. No. : 0217-2310267, 367

Fax No.: 0217-2310268

Email id: [changale@smruthiorganics.com](mailto:changale@smruthiorganics.com);

[cs@smruthiorganics.com](mailto:cs@smruthiorganics.com);

[investors@smruthiorganics.com](mailto:investors@smruthiorganics.com)

website: [www.smruthiorganics.com](http://www.smruthiorganics.com)

**(r.) List of credit ratings obtained by the entity during the financial year: CARE BBB and CARE A3+**

**11. Other Disclosures**

- a. 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.
- b. There were no instances of non-compliance of any matter related to the capital markets during the last three years.
- c. The Company has followed accounting treatment as prescribed in Accounting Standards applicable to the Company.
- d. The Company has a Vigil mechanism called Whistle Blower policy, all employees have been provided to access direct to the Audit committee.
- e. The company has complied with the mandatory corporate governance requirements specified in regulations 17 to 27 and clause (b) to (i) of sub-regulation (2) of regulation 46 of SEBI LODR 2015.
- f. The Company does not have a material subsidiary as defined under Regulation 16 (1) (c) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015.

**12. 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](http://www.smruthiorganics.com).

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

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

**15.** Total fees for all services paid by the listed entity to the statutory auditor: ₹ 1,50,000/-

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

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

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

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

**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.

**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.



**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](http://www.smruthiorganics.com).

**17.** 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.

**18. 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: 28<sup>th</sup> May 2022

**E. Purushotham**  
Chairman & Managing Director  
DIN: 00033583

**COMPLIANCE WITH CODE OF BUSINESS CONDUCT:**

As required under Schedule V(D) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board Members and the Senior Management Personnel have confirmed compliance with the Code of Conduct for the year ended 31<sup>st</sup> March, 2022.

For & on behalf of the Board

Place: Solapur  
Date: 28<sup>th</sup> May 2022

**E. Purushotham**  
Chairman & Managing Director  
DIN: 00033583



**Independent Auditors' Certificate on Compliance with the Corporate Governance requirements under  
SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015**

To  
The Members of Smruthi Organics Ltd.,  
Solapur

We have examined the compliance of conditions of Corporate Governance by Smruthi Organics Limited ("the Company") for the year ended 31<sup>st</sup> March 2022 as stipulated in Chapter IV of Securities and Exchange Board of India ( Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

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

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

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

**N. R. Waghchaure**  
Proprietor  
ICAI Membership No : 048890  
UDIN: 22048890AJTYML5581

Place: Solapur.  
Date: 28<sup>th</sup> May 2022





### 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 31<sup>st</sup> March, 2022 and that to the best of our knowledge and belief, we state that;

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

Yours faithfully

**Swapnil Eaga**  
Executive Director & CFO  
DIN : 01241535

**E. Purushotham**  
Managing Director  
DIN: 00033583

# Independent Auditor's Report

To,

The Members of Smruthi Organics Limited

## Report on the Auditor the Standalone Financial Statements

### Opinion

We have audited the standalone financial statements of **Smruthi Organics Limited** ("the Company"), which comprise the balance sheet as at 31<sup>st</sup> March 2022, and the Statement of Profit and Loss, (Statement of changes in equity) and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanation given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 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, 2022, and its profit / loss, (Changes in equity ) and its cash flows for the year ended on that date.

### Basis for opinion

We conducted our audit in accordance with the standards on Auditing (SAs) specified under Section 143(10) of the Companies Act, 2013. Our Responsibilities under those standards are further described in the Auditors Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and Rules there under, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained sufficient and appropriate to provide a basis for our opinion.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, where of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

### Other Information

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual report, but does not include the standalone financial statements and our auditor's report thereon.

Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent

with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Responsibilities of Management and Those Charged with Governance for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance, (Changes in equity) 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. 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.

In preparing the financial statements, the Board of Directors is responsible for assessing the company stability to continue as a going concern, disclosing, as applicable, matters related to a going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the company or to cease operation, or has no realistic alternative but to do so.

The Board of Directors are also responsible for overseeing the Company's financial reporting process.

### Auditor's Responsibilities for the audit of the Financial Statements

Our objective are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but it is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decision of users taken on the basis of these financial statements.

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:

### Report on Other Legal and Regulatory Requirements

- As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies

Act, 2013, we give in the **Annexure A** statement on the matters specified in paragraphs 3 and 4 of the order, to the extent applicable.

**2. As required by Section 143 (3) of the Act, we report that:**

- 2.1 We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- 2.2 In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- 2.3 The Balance Sheet, the Statement of Profit and Loss, (the Statement of Changes in Equity and the Cash Flow Statement) dealt with by this Report are in agreement with the books of account.
- 2.4 In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- 2.5 On the basis of the written representations received from the directors as on 31<sup>st</sup> March, 2022 taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March, 2022 from being appointed as a director in terms of Section 164 (2) of the Act.
- 2.6 With respect to the adequacy of the internal financial control over financial reporting of the company and operating effectiveness of such controls, refer to our separate Report in **"Annexure B."**
- 2.7 In our opinion, the managerial remuneration for the year ended March 31, 2022 has been paid / provided by the Company to its directors in accordance with the provisions of section 197 read with Schedule V to the Act;
- 2.8 With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - a. The Company has disclosed the impact of pending litigations on its financial position in its financial statements.
  - b. The company has made the provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long term contracts including derivative contracts.
  - c. There has been no delay in transferring amount required to be transferred, to the Investor

Education and Protection Fund by the Company.

- d.
    - i. "The Management has represented that, to the best of its knowledge and belief, as disclosed in the note to the accounts, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity (ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries."
    - ii. The management has represented that, to the best of its knowledge and belief and as disclosed in the note to the standalone financial statements, no funds have been received by the company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and
    - iii. Based on audit procedures which we considered reasonable and appropriate in the circumstances, nothing has come to their notice that has caused them to believe that the representations under sub-clause (i) and (ii) contain any material mis-statement.
- 2.9 The dividend declared and paid by the Company during the year and until the date of this audit report is in accordance with section 123 of the Act.

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

**Nilkanth R. Waghchaure**  
Proprietor  
ICAI Membership No:048890  
UDIN 22048890AJTYML5581

Solapur 28<sup>th</sup> May 2022

## Annexure A to the Independent Auditor's report

### Referred to in paragraph 1 under the heading of "Report on other legal and regulatory requirements of our report of even date"

Report on Companies (Auditor's Report) Order, 2016 (the Order) issued by the Central Government in terms of section 143 (11) of the companies Act, 2013 for the year ended March 31, 2022

In terms of the information and explanations sought by us and given by the company and the books of account and records examined by us in the normal course of audit and to the best of our knowledge and belief, we state that:

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment.
- (b) All Property, Plant and Equipment have not been physically verified during the year by the management, but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) The title deeds of immovable properties (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee) disclosed in note 1 to the financial statements included in property, plant and equipment are held in the name of the Company except as mentioned below:

Description of the property	Gross carrying value	Held in the name of	Whether promoter, director or their relative or employee	Period held – indicate range, where appropriate
Gat No. 230/2/A/2	₹ 75000/-	Eaga Purushotham	Managing Director	21 years
Gat No. 230/2/B/2	₹ 75000/-	Eaga Purushotham	Managing Director	21 years
Gat No. 233/2/B	₹ 1,50,000/-	Eaga Purushotham	Managing Director	21 years
Gat No. 231/2/B	₹ 75000/-	Eaga Purushotham	Managing Director	21 years

It is proposed to execute sale deed in respect of these properties in name of the company and register the same with appropriate Sub Registrar of assurances without payment of any consideration.

- (d) The Company has not revalued its Property, Plant and Equipment (including Right of use assets) or intangible assets during the year ended March 31, 2022.
- (e) There are no proceedings initiated or are pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 and rules made thereunder.
- (ii) (a) The inventory has been physically verified by the management during the year except for inventories lying with third parties and discrepancies of 10% or more in aggregate for each class of inventory were not noticed in respect of such physical verification. In our opinion, the frequency of verification by the management is reasonable and the coverage and procedure for such verification is appropriate. Inventories lying with third parties have been confirmed by them as at March 31, 2022 and discrepancies of 10% or more in aggregate for each class of inventory were not noticed in respect of such confirmations.
- (b) The Company has not been sanctioned working capital limits in excess of ₹ five crores in aggregate from banks or financial institutions during any point of time of the year on the basis of security of current assets. Accordingly, the requirement to report on clause 3(ii)(b) of the Order is not applicable to the Company.
- (c) The quarterly returns or statements filed by the company with bank are in agreement with the books of account of the Company. The details are as:

Stock Statement Mar-21 quarter to Mar-22

(Figures in lacs )

Sr. No.	Qty	As per Bank Stock Statement Submitted	As per Books of Account	Diff	Date of submission	Remark
		Amount	Amount			
1	Mar-21	1813.00	1813.00	0	28/04/2021	--
2	Jun-21	1596.00	1595.73	0	19/07/2021	--
3	Sep-21	2396.00	2397.70	-2	16/10/2021	--
4	Dec-21	2507.96	2507.96	0	19/01/2022	--
5	Mar-22	1993.32	1993.32	0	18/04/2022	--

**Debtors Statement - March 21 To March 22**
**Figures In lacs**

	Qty	As per Bank Stock Statement Submitted	As per Books of Account	Diff	Date of Sumbtion	Remark
		Amount	Amount			
1	Mar-21	1843.00	2130.19	-287.19	28/04/2021	More than 1 year not considered
2	Jun-21	2111.00	2383.00	-272.00	19/07/2021	More than 1 year not considered
3	Sep-21	2498.00	2722.00	-224.00	16/10/2021	More than 1 year not considered
4	Dec-21	3215.15	3223.00	-7.85	19/01/2022	--
5	Mar-22	2848.08	2849.52	-1.44	18/04/2022	--

**Sundry Creditors. L/c - March 21 to Mar 22**

Sr. no.	Qty	As per bank Stock Statement		As per Tally Record		LC O/s Diff	Sundry Creditors Diff	Date of Sumbition	Remark
		LC O/s	Sundry Creditors (RM)	LC O/s	Sundry Creditors (RM)				
1	Mar-21	294.00	936.00	294.00	937.00	0	-1	28/04/2021	Nil
2	Jun-21	220.00	920.00	220.00	920.00	0	0	19/07/2021	Nil
3	Sep-21	1034.00	831.00	1034.00	832.00	0	-1	16/10/2021	Nil
4	Dec-21	690.00	936.00	690.00	942.00	2	-6	19/01/2022	Nil
5	Mar-22	40.19	683.94	40.19	683.94	0	0	18/04/2022	Nil

- (iii) (a) During the year the Company has not provided loans, advances in the nature of loans, stood guarantee or provided security to companies, firms, Limited Liability Partnerships or any other parties. Accordingly, the requirement to report on clause 3(iii) (a) of the Order is not applicable to the Company.
- (b) During the year the Company has not made investment, provided guarantees, provided security and granted loans and advances in the nature of loans to companies, firms, Limited Liability Partnerships or any other parties. Accordingly, the requirement to report on clause 3(iii) (b) of the Order is not applicable to the Company.
- (c) The Company has not granted loans and advances in the nature of loans to companies, firms, Limited Liability Partnerships or any other parties. Accordingly, the requirement to report on clause 3(iii)(c) of the Order is not applicable to the Company.
- (d) The Company has not granted loans or advances in the nature of loans to companies, firms, Limited Liability Partnerships or any other parties. Accordingly, the requirement to report on clause 3(iii)(d) of the Order is not applicable to the Company.
- (e) There were no loans or advance in the nature of loan granted to companies, firms, Limited Liability Partnerships or any other parties. Accordingly, the requirement to report on clause 3(iii)(e) of the Order is not applicable to the Company.
- (f) The Company has not granted any loans or advances in the nature of loans, either repayable on demand or without specifying any terms or period of repayment to companies, firms, Limited Liability Partnerships or any other parties. Accordingly, the requirement to report on clause 3(iii)(f) of the Order is not applicable to the Company.
- (iv) There are no loans, investments, and securities given in respect of which provisions of section 185 and 186 of the Companies Act 2013 are applicable. Guarantees in respect of which provisions of sections 185 and 186 of the Companies Act, 2013 are applicable have been complied with by the Company.
- (v) The Company has neither accepted any deposits from the public nor accepted any amounts which are deemed to be deposits within the meaning of sections 73 to 76 of the Companies Act and the rules made thereunder, to the extent applicable. Accordingly, the requirement to report on clause 3(v) of the Order is not applicable to the Company.
- (vi) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 148(1) of the Companies Act, 2013, and are of the opinion that prima facie, the specified accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.
- (vii) (a) Undisputed statutory dues including goods and services tax, provident fund, employees' state insurance, income tax, sales-tax, service tax, duty of custom, duty



- of excise, value added tax, cess and other statutory dues have generally been regularly deposited with the appropriate authorities. According to the information and explanations given to us and based on audit procedures performed by us, no undisputed amounts payable in respect of these statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.
- (b) In case of any disputed statutory dues, the amount of such dues, the forum before whom the dues are litigated. Show cause notice is issued by Assistant Commissioner, Circle-V, Central Tax Audit-II Commissioner at Pune for non-payment of Service Tax and penalty for the period Nov 2016 to June 2017 ₹15,63,488/- and ₹3,57,000/-.
- (viii) The Company has not surrendered or disclosed any transaction, previously unrecorded in the books of account, in the tax assessments under the Income Tax Act, 1961 as income during the year. Accordingly, the requirement to report on clause 3(viii) of the Order is not applicable to the Company.
- (ix) (a) The Company has not defaulted in repayment of loans or other borrowings or in the payment of interest thereon to any lender.
- (b) The Company has not been declared willful defaulter by any bank or financial institution or government or any government authority.
- (c) The Company did not have any term loans outstanding during the year hence, the requirement to report on clause (ix)(c) of the Order is not applicable to the Company.
- (d) The Company did not raise any funds during the year hence, the requirement to report on clause (ix)(d) of the Order is not applicable to the Company.
- (e) On an overall examination of the financial statements of the Company, the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries, associates or joint ventures.
- (f) The Company has not raised loans during the year on the pledge of securities held in its subsidiaries, joint ventures or associate companies. Hence, the requirement to report on clause (ix)(f) of the Order is not applicable to the Company.
- (x) (a) The Company has not raised any money during the year by way of initial public offer / further public offer (including debt instruments) hence, the requirement to report on clause 3(x)(a) of the Order is not applicable to the Company.
- (b) The Company has not made any preferential allotment or private placement of shares / fully or partially or optionally convertible debentures during the year under audit and hence, the requirement to report on clause 3(x)(b) of the Order is not applicable to the Company.
- (xi) (a) No fraud by the Company or no material fraud on the Company has been noticed or reported during the year by the management of the company. .
- (b) During the year, no report under sub-section (12) of section 143 of the Companies Act, 2013 has been filed by cost auditor/ secretarial auditor or by us in Form ADT – 4 as prescribed under Rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government.
- (c) There were no whistle blower complaints received by the Company during the year.
- (xii) The Company is not a nidhi Company as per the provisions of the Companies Act, 2013. Therefore, the requirement to report on clause 3(xii)(a), (b) and (c) of the Order is not applicable to the Company.
- (xiii) Transactions with the related parties are in compliance with sections 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.
- (xiv) (a) The Company has an internal audit system commensurate with the size and nature of its business.
- (b) The internal audit reports of the Company issued till the date of the audit report, for the period under audit have been considered by us.
- (xv) The Company has not entered into any non-cash transactions with its directors or persons connected with its directors and hence requirement to report on clause 3(xv) of the Order is not applicable to the Company
- (a) The provisions of section 45-IA of the Reserve Bank of India Act, 1934 (2 of 1934) are not applicable to the Company. Accordingly, the requirement to report on clause (xvi)(a) of the Order is not applicable to the Company.
- (b) The Company is not engaged in any Non-Banking Financial or Housing Finance activities. Accordingly, the requirement to report on clause (xvi)(b) of the Order is not applicable to the Company.
- (c) The Company is not a Core Investment Company as defined in the regulations made by Reserve Bank of India. Accordingly, the requirement to report on clause 3(xvi)(c) of the Order is not applicable to the Company.
- (d) There is no Core Investment Company as a part of the Group, hence, the requirement to report on clause 3(xvi)(d) of the Order is not applicable to the Company.
- (xvi) The Company has not incurred cash losses in the current financial year and in the immediately preceding financial year.
- (xvii) There has been no resignation of the statutory auditors



during the year and accordingly requirement to report on Clause 3(xviii) of the Order is not applicable to the Company

(xviii) According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates realization of financial assets and payment of financial liabilities, the information accompany in the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, thing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the company. We further state that our reporting is based on the facts up to the date of the audit report and when other give an guarantee or any assurance that all liabilities discharged by the companies and when they fall due.

(xix) (a) In respect of other than ongoing projects, there was no

amount unspent which was required to be transferred to Schedule VII of Companies Act With respect to obligations under Corporate Social Responsibility, the company has transferred the unspent amount to a Fund specified in Schedule VII to the Companies Act within a period of 6 months from the expiry of the financial year. – The company has not spend of ₹442531/- of previous earlier years till the date of audit..

The amount remained unspent has been transferred to a special account in accordance with provisions of section 135 of the Companies Act, 2013 of ₹20,13,485/-.

These expenditures for ongoing projects. The amount kept in Unspent CSR Current Account with SBI.

Relevant Financial-year	Amount identified for spending on Corporate Social Responsibility activities "other than Ongoing Projects"	Un-spent amount of (b)	Amount transferred to Fund specified in Schedule VI to the Act	Due Date of transfer To the specified fund	Actual Date of transfer To the specified fund	Number Of days Of delay If any
(a)	(b)	(c)	(d)	(e)	(f)	(g)
2021-22	₹ 1046711	₹ 2013485	₹ 2013485	30-04-2022	29-04-2022	---

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

**Nilkanth R. Waghchaure**  
 Proprietor

ICAI Membership No: 048890  
 UDIN: 22048890AJTYML5581

Solapur 28<sup>th</sup> May 2022

## Annexure B to the Independent Auditor's report

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

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

We have audited the internal financial controls over financial reporting of Smruthi Organics Ltd ("the Company") as of 31<sup>st</sup> March 2022 in conjunction with our audit of the standalone in AS financial statements of the Company for the year ended on that date.

#### Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ("ICAI")(the "Guidance Note"). 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, subject to balance confirmation of the all parties including the accounts during the year.

#### 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 authorizations of management and directors of the company; and
- (3) Provide reasonable assurance regarding prevention or timely detection of unauthorized 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 2022, 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.

**N. R. Waghchaure & Associates**

Chartered Accountants,  
FRN: 114999W

**Nilkanth R. Waghchaure**

Proprietor  
ICAI Membership No:048890  
UDIN: 22048890AJTYML5581

Solapur 28thMay 2022

# Balance Sheet

 as at 31<sup>st</sup> March, 2022

(Figures in Rupees)

Particulars	Note No.	As at March 31, 2022	As at March 31, 2021
1	2	3	4
<b>ASSETS</b>			
<b>(1) Non-Current Assets</b>			
(a) Property, Plant and Equipment	1	33,33,47,667	30,99,97,747
(b) Capital Work-in-progress	2	80,34,453	84,09,742
(c) Financial Assets			
(i) Investments	3	4,93,100	4,93,100
(ii) Other Financial Assets	4	9,25,000	6,75,000
(d) Other Non Current Assets	5	85,25,241	78,37,379
<b>(2) Current assets</b>			
(a) Inventories	6	19,93,32,323	18,12,93,308
(b) Financial Assets			
(i) Trade Receivables	7	28,49,51,896	21,34,60,906
(ii) Cash and Cash equivalents	8	56,60,246	16,14,21,499
(iii) Others	9	92,62,865	5,46,037
(c) Advances other than Capital Advances	10	2,56,01,548	3,40,72,238
Current Assets		52,48,08,878	59,07,93,988
<b>Total Assets</b>		<b>87,61,34,339</b>	<b>91,82,06,956</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
(a) Equity Share Capital	11	11,44,62,900	11,44,62,900
(b) Other Equity	12	55,71,51,944	49,04,55,443
<b>Liabilities</b>			
<b>(1) Non Current liabilities</b>			
(a) Financial Liabilities			
(i) Borrowings	13	37,33,619	50,02,752
(b) Provisions	14	2,58,35,183	2,46,53,585
(c) Deferred tax liabilities (net)	15	2,05,94,485	2,22,94,811
(d) Other Non Current Liabilities	16	10,20,000	20,000
<b>(2) Current Liabilities</b>			
(a) Financial Liabilities			
(i) Borrowings	17	2,50,38,759	9,57,52,059
(ii) Trade Payables :-	18		
(A) total outstanding dues of micro enterprises and small enterprises and		42,58,869	30,36,843
(B) total outstanding dues of creditors other than micro enterprises and small enterprises		9,58,50,914	13,70,00,329
(iii) Other financial liabilities	19	44,38,762	34,28,656
(b) Other current liabilities	20	5,23,577	-
(c) Provisions	21	2,32,25,326	2,20,99,578
Current Liabilities		15,33,36,207	26,13,17,465
<b>Total Equity and Liabilities</b>		<b>87,61,34,339</b>	<b>91,82,06,956</b>

The accompanying Notes are an integral part of the financial statements as per our audit even date.

**N.R. Waghchaure & Associates**

Chartered Accountants,  
FRN : 114999W

For & on behalf of Board of Directors

**Nilkanth R Waghchaure**

Proprietor  
ICAI Membership No. 048890

**Eaga Purushotham**

Managing Director  
DIN: 00033583

**Eaga Swapnil**

Whole time Director & CFO  
DIN : 01241535

**Urvashi Khanna**

Company Secretary & Compliance Officer

Place : Solapur

Date : 28<sup>th</sup> May 2022

# Statement of Profit and Loss

for the year Ended 31<sup>st</sup> March, 2022

(Figures in Rupees)

Particulars	Note No.	Year ended March 31, 2022	Year ended March 31, 2021
I Revenue from Operations	22	1,33,37,15,220	1,26,50,07,855
II Other Income	23	58,32,807	56,12,733
III <b>Total Income ( I + II)</b>		<b>1,33,95,48,027</b>	<b>1,27,06,20,588</b>
IV <b>EXPENSES</b>			
Cost of material consumed	24	81,80,17,352	63,67,63,697
Purchases of Stock-in-Trade	24	34,25,260	-
Changes in inventories of finished goods, Stock-in-trade and work-in-progress	25	-2,08,15,662	2,78,22,603
Employee benefits expense	26	13,72,60,947	11,79,12,853
Finance Cost	27	98,35,786	1,09,33,701
Depreciation and amortization expenses	1	4,25,63,109	3,94,59,058
Other Expenses	28	21,15,43,768	19,71,78,393
<b>Total expenses (IV)</b>		<b>1,20,18,30,560</b>	<b>1,03,00,70,305</b>
V Profit/(loss) before exceptional items and tax (III-IV)		13,77,17,467	24,05,50,283
VI Exceptional items		-	-
VII Profit/(loss) after exceptional items and before tax (V-VI)		13,77,17,467	24,05,50,283
VIII Tax expense:			
(1) Current Tax		3,55,99,937	4,15,80,206
(2) Deferred Tax		-17,00,326	14,22,511
(3) MAT Credit Entitlement		-	2,64,73,208
<b>Total Tax Expenses</b>		<b>3,38,99,611</b>	<b>6,94,75,925</b>
XI Profit/(Loss) for the period from continuing operations (VII-VIII)		10,38,17,856	17,10,74,358
X Profit/(Loss) from discontinued operations		-	-
XI Tax expenses of discontinued operations		-	-
XII Profit/(Loss) from discontinued operations		-	-
XIII Profit/(Loss) for the period (XI+XII)		10,38,17,856	17,10,74,358
XIV Other Comprehensive Income		-	-
A. (i) Items that will not be reclassified to profit or loss		-	-
(ii) Income tax relating to items that will not be reclassified to profit or loss		-	-
B. (i) Items that will be reclassified to profit or loss		-	-
(ii) Income tax relating to items that will be reclassified to profit or loss		-	-
XV Total Comprehensive Income for the period (XIII-XIV) comprising profit/(Loss) and other comprehensive income for the period		10,38,17,856	17,10,74,358
XVI Earning per equity share (for discontinued operations):			
(1) Basic		-	-
(2) Diluted		-	-
XVII Earning per equity share (for discontinued & continuing operations):			
(1) Basic		9.07	14.95
(2) Diluted		9.07	14.95

The accompanying Notes are an integral part of the financial statements as per our audit even date.

**N.R. Waghchaure & Associates**

Chartered Accountants,  
FRN : 114999W

For & on behalf of Board of Directors

**Nilkanth R Waghchaure**

Proprietor  
ICAI Membership No. 048890

**Eaga Purushotham**

Managing Director  
DIN: 00033583

**Eaga Swapnil**

Whole time Director & CFO  
DIN : 01241535

**Urvashi Khanna**

Company Secretary & Compliance Officer

Place : Solapur

Date : 28<sup>th</sup> May 2022

# Cash Flow Statement

 for the year ended 31st March 2022

Sr No.	Particulars	Figures in ₹	
		March 31, 2022	March 31, 2021
<b>A</b>	<b>CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>Audited</b>	<b>Audited</b>
	Profit before income tax	13,77,17,467	24,05,50,283
	Non cash adjustment to reconcile profit before tax to net cash flows	-	-
	Depreciation	4,25,63,109	3,94,59,058
	Misc Expenditure written off	-	-
	Interest Expenditure	98,35,786	1,09,33,701
	Interest Income	-58,32,807	-56,12,733
	<b>Operating Profit before Working Capital changes</b>	<b>18,42,83,555</b>	<b>28,53,30,309</b>
	<b>Movements in Working Capital</b>		
	Increase/(Decrease) in Trade Payables	-3,99,27,389	-7,47,18,558
	Increase/(Decrease) in Short term Provisions	11,25,748	-18,73,189
	Increase/(Decrease) in Other Current Liabilities	15,33,683	-4,13,878
	Increase/(Decrease) in Other Long Term Liabilities	-5,18,728	-57,59,015
	Decrease/(Increase) in Trade Receivables	-7,14,90,990	3,45,70,479
	Decrease/(Increase) in Inventories	-1,80,39,015	-1,04,37,941
	Decrease/(Increase) in Long Term Loans & advances	-9,37,862	1,68,58,309
	Decrease/(Increase) in Short Term Loans & advances	-	-
	Decrease/(Increase) in Other Current Assets	-2,46,138	4,34,99,796
	Decrease/(Increase) in Other Non-current assets	-	-
	<b>Cash generated from / (used in) Operations</b>	<b>5,57,82,864</b>	<b>28,70,56,312</b>
	Direct taxes (net of refunds)	-3,66,82,093	-5,88,44,906
	<b>Net cash flow from / (used in) Operating Activities (A)</b>	<b>1,91,00,771</b>	<b>22,82,11,406</b>
<b>B</b>	<b>Cash Flow From Investing Activities</b>		
	Purchases of Fixed Assets, including intangible assets, CWIP & capital advances	-6,55,37,742	-3,89,60,164
	Proceeds of non current investments	-	-
	Increase/(Decrease) in trade payables Fixed Assets	10,00,000	-6,13,221
	Purchase of current investments	-	-
	Investment in bank deposits (having original maturity of more than three months)	-	-
	Interest, DBK etc.	58,32,807	56,12,733
	<b>Net Cash from / (used in ) Investing Activities (B)</b>	<b>-5,87,04,935</b>	<b>-3,39,60,652</b>
<b>C</b>	<b>Cash Flow from Financing Activities</b>		
	Proceeds from issuance of share capital & preference share capital	-	-
	Proceeds from long term borrowings	-	-
	Repayment of long term borrowing	-12,69,133	-35,21,549
	Proceeds from short term borrowings	-7,07,13,300	-5,41,00,092
	Interest Paid	-98,35,786	-1,09,33,701
	Dividend paid on equity shares	-3,43,38,870	-
	Tax on equity dividend paid	-	-
	<b>Net cash flow from / (used in) Financing Activities (C)</b>	<b>-11,61,57,089</b>	<b>-6,85,55,342</b>
	<b>Net Increase/(Decrease) in cash &amp; cash equivalents (A)+(B)+(C)</b>	<b>-15,57,61,253</b>	<b>12,56,95,412</b>
	Cash & Cash equivalents at the beginning of the period	16,14,21,499	3,57,26,087
	<b>Cash &amp; Cash equivalents at the end of the period</b>	<b>56,60,246</b>	<b>16,14,21,499</b>

Notes 1 to 28 form part of Financial Statements

For & on behalf of Board of Directors

**Eaga Purushotham**  
Managing Director  
DIN: 00033583

**Eaga Swapnil**  
Whole time Director & CFO  
DIN : 01241535

Place : Solapur  
Date : 28<sup>th</sup> May 2022

**Urvashi Khanna**  
Company Secretary & Compliance Officer

# Statement of Changes in Equity

for the year ended 31st March 2022

## A. Equity Share Capital

Figures in ₹

Balance as at April 1, 2021	Changes in Equity Share Capital due to prior period errors	Restated balance as at April 1, 2021	Changes in equity share capital during the current year	Balance as at March 31, 2022
114,462,900	-	114,462,900	-	114,462,900

Figures in ₹

Balance as at April 1, 2020	Changes in Equity Share Capital due to prior period errors	Restated balance as at April 1, 2020	Changes in equity share capital during the current year	Balance as at March 31, 2021
38,154,300	-	38,154,300	76,308,600	114,462,900

## B) Other Equity

### Reserves & Surplus

Figures in ₹

	Capital Reserve	Other Reserves (Specify nature)	Retained Earnings	Total
<b>Balance as at April 1, 2021</b>	2,108,600	10,233,427	478,113,416	490,455,443
<b>Total Comprehensive Income</b>	-	-	10,38,17,856	10,38,17,856
Dividends	-	-	-34,338,870	-34,338,870
Short Provisions for FY 2020-21 & Advance Tax balance transfer FY 2021-22	-	-	-27,82,875	-27,82,875
<b>Balance as at March 31, 2022</b>	2,108,600	10,233,427	54,48,09,527	55,71,51,554

### Reserves & Surplus

Figures in ₹

	Capital Reserve	Securities Premium	Other Reserves (Specify nature)	Retained Earnings	Total
<b>Balance as at April 1, 2020</b>	2,108,600	2,000,000	50,233,427	332,139,150	386,481,177
Total Comprehensive Income	-	-	-	171,074,358	171,074,358
Transfer to Share Capital	-	-2,000,000	-40,000,000	-34,308,600	-76,308,600
Short IT provision & MAT Credit excess Provisions FY 2019-20	-	-	-	9,208,508	9,208,508
<b>Balance as at March 31, 2021</b>	2,108,600	-	10,233,427	478,113,416	490,455,443

NOTE ' 1 & 2 - A) FIXED ASSETS SCHEDULE OF FIXED ASSETS FORMING PART OF BALANCE SHEET AS ON 31.03.2022

Amount ₹

PARTICULARS	GROSS BLOCK (AT COST)				DEPRECIATION PROVIDED				NET BLOCK		
	COST AS ON 01.04.2021	ADDITION DURING THE YEAR (20-21)	DISPOSAL/ ADJUSTMENT	AS ON 31.03.2022	UPTO 31.03.2021	FOR THE YEAR 2021 - 22	DISPOSAL/ ADJUSTMENT	UPTO 31.03.2022	AS ON 31.03.2021	AS ON 31.03.2022	AS ON 31.03.2022
1	2	3	4	5 (2+3-4)	6	7	8	9 (6+7-8)	10	11 (5 - 9)	
LEASE HOLD FACTORY LAND	3076385	0	0	3076385	446693	17640	0	464333	2629692	2612052	
FREE HOLD LAND	587094	0	0	587094	0	0	0	0	587094	587094	
BUILDING	182309527	11465122	0	193774649	122308200	6264995	0	128573195	60001326	65201453	
OWNERSHIP FLATS	9445084	0	0	9445084	7812214	155178	0	7967392	1632870	1477692	
PLANT & MACHINERY	694551946	26865595	0	721417540	497823940	25532530	0	523356470	196728006	198061070	
PLANT & MACHINERY - MEE	0	6993383	0	6993383	0	544026	0	544026	0	6449357	
ELECTRICAL INSTALLATION / EQU.	31096333	2492590	0	33588923	23443698	1180068	0	24623766	7652633	8965155	
VEHICLES	17655170	8534772	0	26189942	16672859	1595477	0	18268336	982311	7921606	
OFFICE EQUIPMENTS	3303498	254725	0	3558222	2852732	168289	0	3021021	450766	537201	
COMPUTER	8633366	638212	0	9271578	7929319	412791	0	8342110	704047	929468	
FURNITURE & FIXTURE	12900446	1795548	0	14695994	11834766	875546	0	12710312	1065680	1985682	
LABORATORY EQUIPMENTS	33919818	1156600	0	35076418	27306197	1580743	0	28886940	6613621	6189478	
OTHER FACTORY EQP.	20326599	1415680	0	21742279	12000681	1104684	0	13105365	8325918	8636914	
LABORATORY EQUIPMENTS- FDF	0	315900	0	315900	0	130517	0	130517	6613621	185383	
COMPUTER - FDF	198958	70000	0	268958	28599	177215	0	205814	170359	63144	
<b>TOTAL = A</b>	<b>1018004222</b>	<b>61998126</b>	<b>0</b>	<b>1080002349</b>	<b>730459898</b>	<b>39739699</b>	<b>0</b>	<b>770199597</b>	<b>294157943</b>	<b>309802749</b>	
<b>B) Research &amp; Devp. Solapur</b>											
I) Research & Devp. Equip.	29282647	1405612	0	30688259	23651424	2606687	0	26258111	5631223	4430148	
II) Research & Devp. G Block Building	5734508	0	0	5734508	4697458	98555	0	4796013	1037050	938495	
Research & Devp. Hyderabad											
1) Electrical Installation (HYD R&D)	756367	0	0	756367	166011	0	0	166011	590356	590356	
2) Furniture & Fixtures (HYD R&D)	3077396	22240	0	3099636	1337093	0	0	1337093	1740303	1762543	
3) Research & Devp. Equip. (HYD R&D)	16274854	2394354	0	18669208	3054814	0	0	3054814	13220040	15614394	
<b>TOTAL = B</b>	<b>55125772</b>	<b>3822206</b>	<b>0</b>	<b>58947977</b>	<b>32906800</b>	<b>2705242</b>	<b>0</b>	<b>35612042</b>	<b>22218972</b>	<b>23355935</b>	
<b>Grand Total ( A+B)</b>	<b>1073129994</b>	<b>65820332</b>	<b>0</b>	<b>1138950326</b>	<b>763366698</b>	<b>42444941</b>	<b>0</b>	<b>805811639</b>	<b>316376915</b>	<b>333138685</b>	
<b>C) Capital Work In Progress</b>											
Building (WIP)	645772	4143208	989954	3799026	0	0	0	0	645772	3799026	
Plant & Machinery - Boiler	1879325	0	0	1879325	0	0	0	0	1879325	1879325	
Plant & Machinery (WIP)	4591259	5308427	8356209	1543477	0	0	0	0	4591259	1543477	
Electrical Installation (WIP)	1293386	412620	1368382	337624	0	0	0	0	1293386	337624	
Other Factory Equipment (WIP)	0	475000	0	475000	0	0	0	0	0	475000	
Laboratory Equipment (WIP)	0	0	0	0	0	0	0	0	0	0	
Furniture & Fixture (WIP- R&D Hyd)	0	0	0	0	0	0	0	0	0	0	
Plant & Machinery (WIP GMM Reactor)	0	0	0	0	0	0	0	0	0	0	
Research & Development Equipt (WIP- R & D Hyd.)	0	0	0	0	0	0	0	0	0	0	
<b>TOTAL = C</b>	<b>8409742</b>	<b>10339255</b>	<b>10714545</b>	<b>8034452</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>8409742</b>	<b>8034452</b>	
<b>TOTAL ( A+B+C)</b>	<b>1081539736</b>	<b>76159587</b>	<b>10714545</b>	<b>1146984778</b>	<b>763366698</b>	<b>42444941</b>	<b>0</b>	<b>805811639</b>	<b>324786657</b>	<b>341173137</b>	
Previous Year	1042823178	38716561	0	1081539739	723916790	39449908	0	763366698	318906383	318173036	





### CWIP Ageing Schedule

(Amount in ₹)

CWIP	Amount in CWIP for the period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in Progress	6,155,127	-	-	1,879,325	8,034,452

### Intangible Assets

	Amt (₹)
Cost as at April 1, 2021	243600
Additions	92700
Disposals / Derecognised	0
Cost as at March 31, 2022	336300
Accumulated amortisation as at April 1, 2021	9150
Amortisation	118168
Disposals / Derecognised	
Accumulated amortisation as at March 31, 2022	127318
Net carrying amount as at March 31, 2022	208982

	Amt(Rs)
Cost as at April 1, 2020	0
Additions	243600
Disposals / Derecognised	0
Cost as at March 31, 2022	243600
Accumulated amortisation as at April 1, 2020	0
Amortisation	9150
Disposals / Derecognised	
Accumulated amortisation as at March 31, 2021	9150
Net carrying amount as at March 31, 2021	234450



**Note 3: Investments**

Particulars	(Figures in ₹)	
	As at March 31,2022	As at March 31,2021
<b>Investment in Equity Instruments</b>		
<b>Unquoted</b>		
1 49,310 equity shares of ₹ 10/- each fully paid up in Greenfield CET Plant Pvt. Ltd. Solapur	493,100	493,100
<b>Total</b>	<b>493,100</b>	<b>493,100</b>

**Note 4: Other Financial Assets**

Particulars	(Figures in ₹)	
	As at March 31,2022	As at March 31,2021
Bank Deposits more than 12 months maturity		
1 BG Margin for MPCB	925,000	675,000
<b>Total</b>	<b>925,000</b>	<b>675,000</b>

**Note 5: Other Non Current Assets**

Particulars	(Figures in ₹)	
	As at March 31,2022	As at March 31,2021
1 Capital Advances	227,363	-
2 Advances other than Capital Advances		
(a) Security Deposits	7,856,278	7,837,379
(b) Others	441,600	-
<b>Total</b>	<b>8,525,241</b>	<b>7,837,379</b>

**Note 6: Inventories**

Particulars	(Figures in ₹)	
	As at March 31,2022	As at March 31,2021
<b>1 Inventories-(at cost except otherwise stated and as as certified by Board of Director)</b>		
(a) Raw Materials and Spares (at cost)	92,950,296	94,706,493
(b) Packing Materials (at cost)	1,631,193	2,651,643
(c) Work in Process (at cost)	43,079,350	25,744,897
(d) Finished Goods (at lower of cost and net realisable values)	61,671,484	58,190,275
<b>Total</b>	<b>199,332,323</b>	<b>181,293,308</b>



### Note 7: Trade Receivables

(Figures in ₹)

Particulars	As at March 31,2022	As at March 31,2021
Trade Receivable considered good- Unsecured	284,951,896	213,460,906
<b>Total</b>	<b>284,951,896</b>	<b>213,460,906</b>

Ageing for trade receivables – current outstanding as at March 31, 2022 is as follows:

(Figures in ₹)

	Outstanding for following periods from due date of payment					Total
	Less than 6 months	6 months -1 year	1-2 Years	2-3 years	More than 3 years	
(a) Undisputed Trade receivables — considered good	255,935,407	4,782,300	24,234,189	-	-	284,951,896
(b) Undisputed Trade Receivables — which have significant increase in credit risk	-	-	-	-	-	-
(c) Undisputed Trade Receivables — credit impaired	-	-	-	-	-	-
(d) Disputed Trade Receivables—considered good	-	-	-	-	-	-
(e) Disputed Trade Receivables — which have significant increase in credit risk	-	-	-	-	-	-
(f) Disputed Trade Receivables — credit impaired	-	-	-	-	-	-

Ageing for trade receivables – current outstanding as at March 31, 2021 is as follows:

(Figures in ₹)

	Outstanding for following periods from due date of payment					Total
	Less than 6 months	6 months -1 year	1-2 Years	2-3 years	More than 3 years	
(a) Undisputed Trade receivables — considered good	185,519,471	915,597	27,025,838	-	-	213,460,906
(b) Undisputed Trade Receivables — which have significant increase in credit risk	-	-	-	-	-	-
(c) Undisputed Trade Receivables — credit impaired	-	-	-	-	-	-
(d) Disputed Trade Receivables—considered good	-	-	-	-	-	-
(e) Disputed Trade Receivables — which have significant increase in credit risk	-	-	-	-	-	-
(f) Disputed Trade Receivables — credit impaired	-	-	-	-	-	-

### Note 8: Cash and Cash equivalents

(Figures in ₹)

Particulars	As at March 31,2022	As at March 31,2021
1 Balances with banks		
(a) Bank Balance (Less than six months)	2,354,556	222,920
(b) FD with SBI	-	147,550,096
(c) Demand Deposits with SBI (Less six months)	3,215,000	13,575,000
2 Cash on hand	90,690	73,483
<b>Total</b>	<b>5,660,246</b>	<b>161,421,499</b>

**Note 9: Other Financial Assets**

		(Figures in ₹)	
Particulars	As at March 31,2022	As at March 31,2021	
1 Advances other than Capital Advances			
(a) Staff Advances	455,930	546,037	
(b) Advance to SBI General Insur for IAR & Marin Premium	5,655,860	-	
(c) Advances against RM, GM etc.	3,151,075	-	
<b>Total</b>	<b>9,262,865</b>	<b>546,037</b>	

**Advances to suppliers ageing schedule for the year 2021-22**

		(Figures in ₹)				
Sr. no.	Particulars	Outstnading for following periods form due date of payments				Total
		Less than 1 years	1-2 years	2-3 years	More than 3 Years	
(a)	MSME	-	-	-	-	-
(b)	Others	2,949,892	201,183	-	-	3,151,075
(c)	Disputed dues - MSME	-	-	-	-	-
(d)	Disputed dues - Others	-	-	-	-	-
		2,949,892	201,183	-	-	3,151,075

**Note 10: Other Current Assets**

		(Figures in ₹)	
Particulars	As at March 31,2022	As at March 31,2021	
1 Interest Accrued but not due	214,312	3,496,745	
2 Pre-Paid Insurance	220,622	4,454,162	
3 INPUT SGST CGST IGST	9,086,750	3,584,694	
5 Export Incentive on FMS Receivable	6,801,683	12,791,544	
6 IGST ON EXPORT REFUNDABLE	7,567,560	7,565,580	
7 Advance Income Tax & TDS	-	388,587	
8 Duty Draw Back Incentive Receivable	1,169,134	1,486,259	
9 Pre-Paid Exp (Fees & Forms, Bank charges etc.)	541,487	304,667	
<b>Total</b>	<b>25,601,548</b>	<b>34,072,238</b>	

**Note 11: Equity Share Capital**

		(Figures in ₹)	
Particulars	As at March 31,2022	As at March 31,2021	
1 <b>Authorised</b>			
1,20,00,000 Equity Shares of ₹ 10/- each	120,000,000	120,000,000	
			120,000,000
2 <b>Issued, Subscribed and Fully paid up</b>	114,462,900	114,462,900	
1,14,46,290 Equity Shares of ₹ 10/- each fully paid			
	<b>114,462,900</b>	<b>114,462,900</b>	

### Details of Shareholders holding more than 5% shares in the company

Particulars	As at March 31,2022		As at March 31,2021	
	No.of Shares	% holding in the class	No.of Shares	% holding in the class
1 Mr.Eaga Purushotham	4,631,805	40.47	4,631,805	40.47
2 Mrs.Eaga Vaishnavi	1,732,515	15.14	1,729,425	15.11

### Reconciliation of number of shares

Particulars	As at March 31,2022		As at March 31,2021	
	Equity Shares Number	₹	Number	₹
Shares outstanding at the beginning of the year	11,446,290	114,462,900	11,446,290	114,462,900
Shares Issued during the year	-	-	-	-
Shares bought back during the year	-	-	-	-
Shares cancelled during the year	-	-	-	-
Shares outstanding at the end of the year	11,446,290	114,462,900	11,446,290	114,462,900

### Information on equity shares allotted without receipt of cash or allotted as bonus shares or shares bought back

Particulars	Year				
	March 31, 2017	March 31, 2018	March 31, 2020	March 31, 2021	March 31, 2022
Fully paid up pursuant to contract(s) without payment being received in cash	-	-	-	-	-
Fully paid up by way of bonus shares	-	-	-	7,630,860	-
Shares bought back	-	-	-	-	-

### Shareholding of Promoters

S.No.	Name of Promoter	Number of shares as on 31.03.2022	Percentage of shareholding as on 31.03.2022	Number of shares as on 31.03.2021	Percentage of shareholding as on 31.03.2021	Percentage Change in shareholding as compared to previous year
1	Eaga Purushotham Malaiah	4,631,805	40.47	4,631,805	40.47	0
2	Eaga Swapnil Purushotham	570,243	4.98	570,243	4.98	0
3	Vaishnavi Purushotham Eaga	1,732,515	15.14	1,729,425	15.11	0.03
4	Smruthi Purushotham Eaga	83,150	0.73	72,000	0.63	0.10
5	Yadagiri M Eaga	6,000	0.05	6,000	0.05	0
6	Smruthi Chemicals and Intermediates LLP	246,000	2.15	246,000	2.15	0
	<b>Total</b>	<b>7,269,713</b>	<b>63.52</b>	<b>7,255,473</b>	<b>63.39</b>	<b>0.13</b>

**Note No. 12 Other Equity**

(Figures in ₹)

II OTHER EQUITY		
Particulars	As at March 31,2022	As at March 31,2021
<b>1 Securities Premium</b>		
Op Balances	-	2,000,000
Less tr. To Equity Share Capital	-	-2,000,000
<b>Closing balance</b>	-	-
<b>2 Capital Reserve &amp; Incentive</b>		
Op Balances	2,108,600	2,108,600
Transactions during the year	-	-
<b>Closing balance</b>	2,108,600	2,108,600
<b>3 General Reserve</b>		
Op Balances	10,233,427	50,233,427
Less tr. To Equity Share Capital	-	-40,000,000
<b>Closing balance</b>	10,233,427	10,233,427
<b>4 Retained Earning</b>		
Op Balances	478,113,416	332,139,150
Earning / (Loss) during the year	103,817,856	171,074,358
IT refund FY 2012-13		
Dividend & Tax Paid	-34,338,870	
Tr. To Equity Share Capital for Bonus Shares		-34,308,600
Short Provision of IT of PY	-802,806	-138,911
MAT Credit		9,347,419
Excess Advance Tax paid FY 21-22	-1,979,679	
<b>Closing balance</b>	544,809,917	478,113,416
<b>Total Closing Other Equity Equity</b>	<b>557,151,944</b>	<b>490,455,443</b>

**Note No. 13: Borrowings - Non Current**

(Figures in ₹)

Particulars	As at March 31,2022	As at March 31,2021
<b>Unsecured</b>		
1 Deferral Sales Tax Loan PSI 1993 Expansion **	1,067,135	3,206,851
2 Sundry Creditors on Fixed Assets (less than 6 month)	2,666,484	1,795,901
<b>Total</b>	<b>3,733,619</b>	<b>51,971,148</b>

\*\* 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 25.04.2023

**Note No. 14: Provisions**

(Figures in ₹)

Particulars	As at March 31,2022	As at March 31,2021
1 Provisions for employees benefits (Gratuity)	25,835,183	24,653,585
<b>Total</b>	<b>25,835,183</b>	<b>24,653,585</b>

**Note No. 15: Deferred Tax Liabilities (Net)**

(Figures in ₹)

Particulars	As at March 31,2022	As at March 31,2021
1 Opening Balance	22,294,811	20,872,300
2 Less:C.Y. Excess DTA over DTL	(1,700,326)	1,422,511
<b>Total</b>	<b>20,594,485</b>	<b>22,294,811</b>

**Note No. 16: Other Financial Liabilities**

(Figures in ₹)

Particulars	As at March 31,2022	As at March 31,2021
2 Deposit - Hotel Shivneri & SVR Pharma (Formulation=500000+500000)	1,020,000	20,000
<b>Total</b>	<b>1,020,000</b>	<b>20,000</b>

**Note No. 17: Borrowings (Current)**

(Figures in ₹)

Particulars	As at March 31,2022	As at March 31,2021
1 Loans Repayable on Demand Secured * - From Bankers	19,782,438	82,346,999
2 Loans From Related Parties Unsecured	5,256,321	13,405,060
<b>Total</b>	<b>25,038,759</b>	<b>95,752,059</b>

\* 1<sup>st</sup> mortgage / hypothecation charge of State Bank of India, IFB Mumbai on Land & building and Plant and Machinery owned by the company situated at Plot No.273 & 274 MIDC,Akkalkot Road, Solapur 413006 & Plot No.A-27, MIDC Chincholi, Solapur- 413 255, 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 as per Sanction Letter.

**Note No. 18: Trade Payables**

(Figures in ₹)

Particulars	As at March 31,2022	As at March 31,2021
(A) Total outstanding dues of micro enterprises and small enterprises and	4,258,869	3,036,843
(B) Total outstanding dues of creditors other than micro enterprises and small enterprises	95,850,914	137,000,329
<b>Total</b>	<b>100,109,783</b>	<b>140,037,172</b>

**Trade Payables ageing schedule for the year 2021-22**

(Figures in ₹)

Sr. no.	Particulars	Outstanding for following periods from due date of payments				Total
		Less than 1 years	1-2 years	2-3 years	More than 3 Years	
(a)	MSME	4,258,869	-	-	-	4,258,869
(b)	Others	95,850,914	-	-	-	95,850,914
(c)	Disputed dues - MSME	-	-	-	-	-
(d)	Disputed dues - Others	-	-	-	-	-
		<b>100,109,783</b>	-	-	-	<b>100,109,783</b>

**Trade Payables ageing schedule for the year 2020-21**

(Figures in ₹)

Sr. no.	Particulars	Outstanding for following periods from due date of payments				Total
		Less than 1 years	1-2 years	2-3 years	More than 3 Years	
(a)	MSME	3,036,843	-	-	-	3,036,843
(b)	Others	135,951,383	1,048,946	-	-	137,000,329
(c)	Disputed dues - MSME	-	-	-	-	-
(d)	Disputed dues - Others	-	-	-	-	-
		<b>138,988,226</b>	<b>1,048,946</b>	-	-	<b>140,037,172</b>



**Note No. 19: Other Financial Liabilities**

(Figures in ₹)

Particulars	As at March 31,2022	As at March 31,2021
1 Current maturities of Long Term Borrowings Deferral Sales Tax Loan PSI 1993 Expansion	2,139,716	3,428,656
2 Unpaid Dividends	2,299,046	-
<b>Total</b>	<b>4,438,762</b>	<b>3,428,656</b>

**Note No. 20: Other Current Liabilities**

(Figures in ₹)

Particulars	As at March 31,2022	As at March 31,2021
1 Revenue received in Advance Advances from Local & Export Debtors	523,577	-
<b>Total</b>	<b>523,577</b>	<b>0</b>

Ageing for Advance from Customers – current outstanding as at March 31, 2022 is as follows:

(Figures in ₹)

	Outstanding for following periods from due date of payment					Total
	Less than 6 months	6 months -1 year	1-2 Years	2-3 years	More than 3 years	
(a) Undisputed Advance from Customers — considered good	523,777	-	-	-	-	523,777
(b) Undisputed Advance from Customers — which have significant increase in credit risk	-	-	-	-	-	-
(c) Undisputed Advance from Customers — credit impaired	-	-	-	-	-	-
(d) Disputed Advance from Customers—considered good	-	-	-	-	-	-
(e) Disputed Advance from Customers — which have significant increase in credit risk	-	-	-	-	-	-
(f) Disputed Advance from Customers — credit impaired	-	-	-	-	-	-

**Note No. 21: Provisions (Current)**

(Figures in ₹)

Particulars	As at March 31,2022	As at March 31,2021
1 Provisions for employees benefits Leave Encashment Payable	1,900,000	2,143,252
3 MSME Interest payable	48,135	26,993
2 Salary & Wages Payable	8,229,209	7,299,852
3 Bonus Payable	1,700,000	1,788,574
4 ESI / PF / PT payable	1,356,895	1,220,815
5 Electricity Charges Payable	3,861,285	3,634,325
6 TDS Payable	1,707,576	1,304,323
7 Sales Commission payable	2,989,184	3,196,369
8 Audit & Consultancy Payable	819,450	847,762
9 Telephone, Water, Internal Audit payable	171,061	194,782
10 CSR exps payable	442,531	442,531
<b>Total</b>	<b>23,225,326</b>	<b>22,099,578</b>

\* Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006

(Figures in ₹)

Particulars	As at March 31,2022	As at March 31,2021
Principal amount remaining unpaid	4,258,869	3,036,843
Interest due thereon remaining unpaid	445,891	1,336,295
Principal amounts paid to suppliers beyond the appointed day	2,733,046	1,989,276
Interest accrued and remaining unpaid (since paid)	48,135	26,993

**Note No.22: Revenue From Operations**

(Figures in ₹)

Particulars	As at 31/03/2022	As at 31/03/2021
<b>Income from Operations</b>		
Sales - Bulk Drugs & Drug Intermediates	1,316,463,040	1,242,891,995
Sales - Formulation	12,656,563	
	1,329,119,603	1,242,891,995
<b>Other Operating Income - Export Incentives</b>		
Duty Draw Back	4,595,617	7,313,410
Export Incentive on FMS	-	14,802,450
	4,595,617	22,115,860
<b>Total</b>	<b>1,333,715,220</b>	<b>1,265,007,855</b>

**Note No : 23 Other Income**

(Figures in ₹)

Particulars	As at 31/03/2022	As at 31/03/2021
Interest on TDR (Bank Deposits)	5,495,811	4,225,291
Rate difference in Foreign Currency	-	667,846
Interest from Others	336,996	719,596
<b>Total</b>	<b>5,832,807</b>	<b>5,612,733</b>

**Note No :24 COST OF MATERIAL CONSUMED**

(Figures in ₹)

Particulars	As at 31/03/2022	As at 31/03/2021
Op.Stock of Stores Raw material	87,861,596	48,941,462
Add : Purchases		
Purchase of Packing material	18,195,976	19,683,371
Purchase of Raw material incl. Purchases of Traded Goods	757,906,524	603,342,265
Custom Duty	16,992,028	21,199,554
Freight Inward	14,499,910	15,917,141
Job Work Charges	11,301,644	15,541,500
Less Closing Stock of Stores Raw material	(85,315,066)	(87,861,596)
<b>Total</b>	<b>821,442,612</b>	<b>636,763,697</b>

**Note No : 25 Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade**

(Figures in ₹)

Particulars	As at 31/03/2022	As at 31/03/2021
Inventory Change		
Add : Opening Stock		
Work in Process (Bulk Drugs & Drug Intermediates)	25,744,897	54,601,124
Finished Goods (Bulk Drugs & Drug Intermediates)	58,190,275	57,156,651
	<b>83,935,172</b>	<b>111,757,775</b>
Less : Closing Stock		
Work in Process (Bulk Drugs & Drug Intermediates)	(43,079,350)	(25,744,897)
Finished Goods (Bulk Drugs & Drug Intermediates)	(61,671,484)	(58,190,275)
	(104,750,834)	(83,935,172)
<b>Total</b>	<b>(20,815,662)</b>	<b>27,822,603</b>

**Note No : 26 Employee Benefit Expenses**

(Figures in ₹)

Particulars	As at 31/03/2022	As at 31/03/2021
Salaries and Wages, including Bonus	126,323,124	107,886,794
Contribution to provident and other funds	7,903,325	7,242,408
Staff welfare expenses	3,034,498	2,783,651
<b>Total</b>	<b>137,260,947</b>	<b>117,912,853</b>

**Note No : 27 Finance Costs**

(Figures in ₹)

Particulars	As at 31/03/2022	As at 31/03/2021
Interest on Cash Credit	2,181,689	4,364,180
Interest to Others	2,578,757	2,137,769
Bank Commission & Charges	5,075,340	4,431,752
<b>Total</b>	<b>9,835,786</b>	<b>10,933,701</b>

**Note No : 28 Other Expenses**

(Figures in ₹)

Particulars	As at 31/03/2022	As at 31/03/2021
Power and Fuel	88,029,751	88,645,933
Stores and Consumables	20,969,740	18,711,245
Laboratory Expenses	7,114,352	7,111,598
Sales Commission & Promotion	11,076,074	8,583,959
Travelling & Conveyance	13,990,244	8,854,746
Research & Development Exps	3,874,015	4,047,460
Rate Difference in Foreign Currency	2,767,756	-
Other Expenses	63,721,836	61,223,452
<b>Total</b>	<b>211,543,768</b>	<b>197,178,393</b>

**Note No: 29**
**Notes To Standalone Financial Statement as on 31.03.2022**
**1. Company's Overview**

Smruthi Organics Limited ('the company') is a company limited by shares, incorporated and domiciled in India under the provisions of the Companies Act 2013. The shares of the company are listed on BSE Ltd. The company is engaged in the manufacture of Active Pharmaceutical ingredients (API's) i.e. Bulk Drugs and Drug Intermed Formulation Division in Hyderabad.

**Basis of Preparation and Significant Accounting policies**

The financial statements of Smruthi Organics Limited ("the Company") have been prepared and presented in accordance with the Indian Accounting Standards ("In AS") notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time) and other relevant provisions of the Company Act 2013 (the Act).

**Significant accounting policies**
**System of Accounting:**
**(a) Accounting Policies**

Accounting policies have been constantly applied except where a newly issued accounting standard is initially adopted or a revision to existing accounting standard requires a change in the accounting policies hitherto in use.

Ministry of Corporate Affairs (MCA) has granted relaxation under section 173 (2) of the Companies Act, regarding Company can hold Board Meeting through Audio / Visual means (Video Conferencing). Considering relaxation allowed by MCA, the Company has conducted its Board Meeting and AGM by Video Conferencing during the year.

**(b) Going Concern**

The standalone financial statements have been prepared on a going concern basis using historical cost convention except for Certain financial assets and liabilities that are measured at fair value; (refer accounting policy regarding financial instruments)

**2. Segment Reporting:**

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

During the year Company has new segment business viz. Formulation at Hyderabad having a turnover of ₹ 126.56 lacs resulting in net cash loss of ₹141.33 lacs.

**I. Functional and presentation currency**

These financial statements are presented in Indian rupees, which is also the functional currency of the Company. All financial information presented in Indian rupees has been rounded to the nearest rupees.



The segment results are as under:

(₹ In lacs)

Sr. No.	Particulars	Total
1.	Gross revenue	14975
	Net Revenue	13395
2.	Segment expenses	12018
3.	Profit before interest, depreciation and tax	1901
4.	Segment Profit/Loss before tax	1377
5.	Tax Expenses (DTL)	339
6.	Profit /Loss (-) after tax	1038

## 2. Foreign Currency Transactions

The Functional currency of the Company is determined as the currency of the primary economic environment in which it operates. The functional currency' is local currency of the country in which it operates which is Indian rupee (₹),

Transactions in currency other than the functional currency are translated into functional currency at the exchange rate ruling

at the date of the transaction. Monetary assets and liabilities determined in other currencies are translated into functional currency at exchanges rate prevailing on the reporting date.

All exchange difference are included in the statement of profit and loss. Company has applied AS 11 as provided under the Accounting Standards notified pursuant to section 133 of the Companies Act.

### Earnings/expenditure in foreign currency:

#### Expenditure in Foreign currency:

Particulars	For the year ended 31st March 2022 (\$)	For the year ended 31st March 2021 (\$)
Purchase of Raw Materials/Packing Materials	\$ 40,67,060	\$34,83,260
Sales Commission and Other expenses	\$ 50,683	\$1,07,512
Sales Commission and Other expenses	CHF 14,917	00
<b>Total \$</b>	<b>41,17,743</b>	<b>35,90,772</b>
<b>Total CHF</b>	<b>14,917</b>	<b>00</b>

#### Earnings in Foreign Foreign currency:

Particulars	For the year end 31st March 2022 (\$)	For the year ended 31st March 2021 (\$)
FOB Value of Exports	\$ 64,13,020	\$ 76,00,005
FOB Value of Exports	AED 58685	0
FOB Value of Export	EURO 87740	0
Foreign Exchange Gain	\$ -36,903	\$ 9,148
<b>Total (USD+EURO+AED)</b>	<b>65,22,542</b>	<b>\$ 76,09,153</b>

## 4 Revenue recognition:

### (a) Revenue from Sale of Goods

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

Revenue from operations

(₹In lacs)

Particulars	31.03.2022	31.03.2021
Revenue from :		
Export Sales	5116.99	5782.46
Domestic Sales	8174.20	6646.46
Other Operating Revenue	45.97	221.16
<b>Revenue from operations</b>	<b>13337.16</b>	<b>12650.08</b>

**(b) Interest Incomes:**

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

**Other income**

(₹ In lacs)

Particulars	31.03.2022	31.03.2021
Interest Income	52.68	49.45
Foreign Exchange Gain	0	6.68
Miscellaneous Income (Creditor More than one year write-off)	5.65	0
<b>Total</b>	<b>58.33</b>	<b>56.13</b>

**5 Income Taxes:**

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

The current income tax charge is calculated as the company is under normal income tax rates applicable to domestic companies having gross turnover below ₹ 250.00 crores.

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

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

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

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and

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

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

Deferred Tax Assets include Minimum Alternative Tax (MAT) paid in accordance with the tax laws in India, which likely to give future economic benefits in the form of availability of set off against future income tax liability. Accordingly MAT is recognized as deferent tax asset in the Balance sheet when the asset can be measured reliably and it is probable that the future entomic benefit associated with the asset will be realized. During the year Deferred Tax Assets is calculated and ₹17 lacs is credited to Profit and Loss account by debiting to Deferred Tax Liability.

**6 Impairment**

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

financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

### 7 Cash and cash equivalents:

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

### 8 Trade receivables:

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

The aging of trade receivables shown in Note No. 7 of Balance Sheet.

As per information and explanation to us no provision is required for more than one year receivable as suit is filled against these parties with various H'ble Courts.

### 9 Inventories:

Inventories comprising raw materials, spares and stores, Consumables, supplies and loose tools are valued at the lower of the cost or net realizable value after providing the obsolescence and other losses. Cost includes all the charges in bringing the goods to the present location and conditions. Net realizable value is determined based on estimated selling price in the ordinary course of business less the estimated cost of completion and the estimated cost of necessary to make the sale.

10 The company has applied for export incentive with FMS up to December, 2020 as eligible and balance is receivable upto 31.03.2022 of ₹68.02 lacs, Year wise details is required to make follow up for early recovery..

11. The company has filled legal case for recovery against Five number of default debtors amounting to ₹242.34 lacs as on 31-03-2022. The Hearing is under process at various H'ble Courts.It is advised to settle the cases with mutual consent to recover dues at the earliest.

12. The company has made payment of ₹141600 in favor of JIGS Chemical Limited Ahmadabad. The cheque is honored for ₹441600 in favor of M D Abuzar. As informed by the management the amount mentioned in the cheque is altered by courier/others and it is cleared for ₹441600 by SBI of instead ₹141600. The Company has made the complaint with Police Department only. Legal action to be initiated to recover at the earliest.

The Company has filed police complaint at Ahmedabad for fraudulent alteration in amount of cheque cleared for ₹ 441600 in place of original amount of ₹ 141600 . Company proposes to initiate legal action for recovery.

### 13 Investments and other financial assets.

#### (a) Classification:

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

- Those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
- Those measured at amortized cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair values, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in debt instrument, this will depend on the business model in which the investment is held. For investment in equity instruments, this will depend on whether the company has an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income. The company reclassifies debt investments when and only when its business model for managing those assets changes.

#### (b) Measurement:

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

#### (c) Impairment of financial assets

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

### 14 Off setting financial instruments

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

Set out below, is a comparison by class of the carrying amounts and fair value of the Finance all instruments, other than those with carrying amounts that are reasonable approximations of fair values.



(₹ In lacs)

Particulars	Carrying value			Fair value		
	Mar-22	Mar-21	Mar-20	Mar-22	Mar-21	Mar-20
<b>Financial assets</b>						
Cash and cash Equivalents	56.60	1614.21	357.26	56.60	1614.21	357.26
Trade receivables	2849.52	2134.61	2457.40	2849.52	2134.61	2457.40
Other Financial assets	2341.97	2159.12	2489.73	2341.97	2159.12	2489.73
<b>Total</b>	<b>5248.09</b>	<b>5907.94</b>	<b>5304.39</b>	<b>5248.09</b>	<b>5907.94</b>	<b>5304.39</b>
Financial liabilities Note No. 19,20,21 (CY)	281.89	255.27	738.27	281.89	255.27	738.27
Borrowings	250.38	957.52	1364.47	250.38	957.52	1364.47
Trade payables	1001.09	1400.37	2217.56	1001.09	1400.37	2217.56
Other Financial liabilities Note No. 13,14,16 for CY	305.89	296.77	208.35	305.89	296.77	208.35
<b>Total</b>	<b>1839.25</b>	<b>2909.94</b>	<b>4528.65</b>	<b>1839.25</b>	<b>2909.94</b>	<b>4528.65</b>

### Property, Plant and Equipment

#### 15. Property, Plant and Equipment

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

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

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

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

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

of property, plant and equipment are recognized in the statement of profit and loss in the year of occurrence.

Capital Work in progress:

The machinery/ sprats which are not use full/required for installation and direction in factory premises may be disposed off with due consultation of technical staff.

#### Intangible Assets

Identifiable intangible assets are recognized at cost and when it is probable that future economic benefits attributed to the asset will flow to the Company and the cost of the asset can be reliably measured. The asset is reviewed at the end of each reporting period is tested for impairment.

#### Depreciation for Company

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

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

#### 16. Trade Payables

These amounts represent liabilities for goods provided to the company prior to the end of financial year which are unpaid. Trade and other payables are presented as current



liabilities unless payment is not due within 12 months after the reporting period. They are recognized initially at their fair value and subsequently measured at amortized cost using the effective interest method.

## 17 Borrowings

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

(Figures in lacs)

Particulars	31.03.2022		31.03.2021	
	Current Liabilities	Non current liabilities	CurrentLiabilities	Non current liabilities
<b>Secured Borrowings:</b>				
Working Capital Facilities( Includes of FD-OD }	197.82	0.00	823.47	0.00
Other Short term Borrowings	52.56	00	134.05	00.00
<b>Total</b>	<b>250.38</b>	<b>0.00</b>	<b>957.52</b>	<b>0.00</b>

## 18 MSME

As per notification dated 22<sup>nd</sup> January 2019, Disclosure of payable to MSMES under section 22 of the Companies Act 2013, additional information of the accounts with respect to the amount due the MSMEs

(Figures in lacs)

Particulars	As at March 31, 2022
Trade Payables	
Non - current	37.34
Due to other than micro, small & medium enterprises	
<b>Total non – current</b>	<b>37.34</b>
<b>Current</b>	
a) Due to micro, small & medium enterprises	42.59
b) Due to other than micro, small & medium enterprises	958.51
<b>Total Current Trade Payable</b>	<b>1001.10</b>
The Company has amounts due to suppliers under the Micro, Small and Medium Enterprises Development Act 2006. The disclosure pursuant to the said Act is as under:	
Principal amount due to suppliers under MSMED Act	33.09
Interest accrued and due to suppliers under MSMED Act on the above amount	0.48
Payment made to suppliers (other than interest) beyond appointed day during the year.	33.09
Interest paid to suppliers under MSMED Act	Nil
Interest due and payable to suppliers under MSMED Act to words payments already made	0.00
Interest accrued and remaining unpaid at the end of the accounting year.	0.48

Note: The above information regarding Micro, Small and Medium Enterprises has been determined to the extent such parties have been identified on the basis of information available with the Company. This has been relied upon by the auditors.

## 19 Employee benefits

### • Short-terms obligations

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

### • Other Long-term employee benefit obligations

The liabilities for earned leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are to be measured as the present value of expected future payments to be made in respect of service provided by employees up to the end of the reporting period using the projected unit credit method. The benefit are discounted using the market yields at the end of the reporting period that have terms approximating to the terms related obligations. The company has provided earned leave amount of ₹1900000/- on the basis of unutilized leave of employees at the year end.

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

### Defined benefit liability and employer contributions:

The company has purchased insurance policy to provide for payment of gratuity to the employees. Forth year the

insurance company carries out a funding valuation based on the latest employee data provided by the company. Balance fund of gratuity is to be payable by the company of ₹25835183/- for further payment obligations. During the year under audit the company has paid ₹1456435/-. Out of this amount, ₹462292/-paid to LIC Group Gratuity Fund and ₹994143/- paid from Gratuity Payable Account. The company has to be provided actuarial valuation amount given by LIC for gratuity as per accounting standard. During the year provision for gratuity is ₹25835183/-.

### Post-employment obligations:

The company operates the following post-employment schemes:

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

### Defined contribution plans

The company pays provident fund contributions to publicly administered funds as per local regulations. The company has no further payment obligations once the contributions have been paid. The contributions are accounted for as defined en they are due.

## 20 Earnings per share

The company presents basic diluted earnings per share data for its equity share. Basic EPS is calculated by dividing the profit or loss attributable to equity shareholders of the company by number of equity shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to equity shareholders.

## 21 GST

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

## 22 Additional Information pertaining to Statement of Profit and Loss

Sr. no.	Nature of Income / Expenses	Current Year		Previous Year	
		Amount in Foreign Currency (USD)	Amount in (INR)	Amount in Foreign Currency (USD)	Amount in (INR)
1	Export Earning	USD 64,13,020	47,77,29,969	76,00,005	57,82,45,319
		AED 58685	11,98,590		
		EURO 87740	76,09,962		
		IN INR	2,51,60,400		
2	Sales Commission	50,683	37,42,883	71580	53,07,257
	Sales Commission (CHF)	14,917	12,37,962	0	0
3	Import Raw Material	40,67,060	30,30,17,064	34,83,260	25,84,07,383

### 23. Related Party Transaction

Name of the related party	Relationship	Nature of Transaction	Transaction value (₹)	Balance outstanding – Receivable / (-) Payable as on date of Balance Sheet (₹)	Amount written off / back
Mr.E. Purushotham	Managing Director of the Company	Unsecured Loan Interest paid	568882	-3910673	NIL
		Outstanding Loan Balance	9430321		
		Remuneration	-3535934		
Smruthi Chemicals & Intermediates (Proprietor Mrs. E.Vaishnavi) PAN: AAAP6684N	Director in Company and wife of Managing Director	Job work done by SC&I	14400000	NIL	NIL
		Job Work done by SOL	12005910	NIL	NIL
		Raw Material purchase (High seas / Local from SOL)	303320	NIL	NIL
		Raw Material purchase from SC&I	276960	NIL	NIL
			74340		
Mrs. Eaga Vaishnavi PAN : AAAP6684N	Director in Company and wife of Managing Director	Unsecured Loan Interest paid	257967	-1345648	NIL
		Outstanding Loan Balance	2486522		
		Board Meeting Fees	-232170		
Mr. Eaga Swapnil	Director of the Company and Son of Managing Director	Car Rent paid	155,000		
		Remuneration	492000	NIL	NIL
		Remuneration	8400000	NIL	NIL
Mrs. Eaga Rimika Swapnil	Daughter-in-law of Managing Director	Remuneration	2578921	NIL	NIL

### 24. Contingent Liability and Commitments

In the normal course of business, contingent liabilities may arise from litigation, taxation, and other claims against company. A tax provision is recognized when the company has a present obligation as a result of a past event. It is probable that the company be required to settle that obligations.

The following are the details of contingent liabilities and commitments:

Contingent Liabilities (₹)	31.03.2022	31.03.2021
Labour Litigation	58,46,000	58,46,000
Bank Guarantees	37,00,000	39,00,000

### 25. Critical estimates and Judgments

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

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

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

The areas involving critical estimates or judgments are:

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

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

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

## 26 Risk Exposure

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

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

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

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

### Asset Liability Mismatching or Market Risk:

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

### Financial Risk Management Objectives and Policies

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

### Credit Risk

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

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

### Liquidity Risk

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

## 27. Expenditure details on R&D for FY 2021-22 and 2020-21

(Rs in lakhs)

Sr. No.	Particulars	2021-22	2020 - 21
<b>(a)</b>	<b>Capital</b>		
	(i) Solapur R& D Center	14.06	6.13
	(ii) Hyderabad R & D Center	24.17	35.64
	<b>Total Capital Expenditure (a)</b>	<b>38.22</b>	<b>41.77</b>
<b>(b)</b>	<b>Recurring</b>		
	(i) Solapur R&D Center	86.96	150.29
	(ii) Hyderabad R & D Center	217.07	162.67
	<b>Total Recurring Expenditure (b)</b>	<b>304.03</b>	<b>312.96</b>
	<b>Gross Total of Expenditure on R &amp; D (a) + (b)</b>	<b>342.25</b>	<b>354.73</b>
	<b>Total R&amp;D Expenditure as a Percentage of total Turnover</b>	<b>2.58%</b>	<b>2.85%</b>

## 28 COVID

The operations of the Company were impacted for from April 2021 to July 2021, due to COVID 19 pandemic. The Company has resumed operations in a phased manner as per directives from the Government and local authorities. Evaluation of this pandemic on business operations and financial position has revealed that there will be no significant impact on company's financial results as at 31<sup>st</sup> March 2022.

29. Additional Disclosures to the financial statements  
for the year ended March 31, 2022

Sr No	Ratios (As applicable)	Numerator	Denominator	Current Year		Previous Year		Current year	Previous year	Increase/Decrease	Reason for change in ratio by more than 25%
				Numerator	Denominator	Numerator	Denominator				
1	Current ratio (in times)	Total current assets	Total current liabilities	524,808,878	153,336,207	590,793,988	261,317,465	3.42	2.26	51.39%	Efficient use of free cash flows to rationalize trade credits to economize the costs of inputs and improve the volumes as witnessed in decrease in the amounts of trade payables and increase in the amounts of trade receivables.
2	Debt-Equity ratio (in times)	Total Debt	Shareholders' Equity	28,772,378	671,614,844	100,754,811	604,918,343	0.04	0.17	-74.28%	Company repaid major portion of short term borrowings from free cash flow & increased equity with profits
3	Interest coverage ratio (in times)	EBIT	Finance expenses	147,553,253	9,835,786	251,483,984	10,933,701	15.00	23.00	-34.78%	Reduction in the overall profitability due increase in raw material prices & loss of new startup of formualtion division
4	Debt service coverage ratio (in times)	EBITDA	Debt service = Interest + Principal repayments	190,116,362	12,743,692	290,943,042	3,958,904	14.92	73.49	-79.70%	Reduction in the overall profitability due increase in raw material prices & loss of new startup of formualtion division also repayment of short term borrowings
5	Return on equity ratio (in %)	Profit for the year less Preference dividend (if any)	Total equity	103,817,856	671,614,844	171,074,358	604,918,343	15.46%	28.28%	-45.34%	Reduction in the overall profitability due increase in raw material prices & loss of new startup of formualtion division
6	Inventory Turnover Ratio (in times)	COGS	Average Inventory	800,626,950	190,312,816	664,586,300	176,074,338	4.21	3.77	11.46%	
7	Trade receivables turnover ratio (in times)	Revenue from operations	Average trade receivables	1,333,715,220	249,206,401	1,265,007,855	229,600,321	5.35	5.51	-2.86%	
8	Trade payables turnover ratio (in times)	Purchases of Goods	Average trade payables	969,182,731	107,781,718	812,202,705	166,547,843	8.99	4.88	84.39%	An aspect of current ratio discussed in the foregoing analysis
9	Net working capital turnover ratio (in times)	Revenue from operations	Average working capital (i.e. Total current assets less Total current liabilities)	1,333,715,220	371,472,671	1,265,007,855	329,476,523	3.59	3.84	-6.49%	
10	Net Profit Ratio (in %)	Net Profit after Tax	Revenue from operations (Net Sales)	103,817,856	1,333,715,220	171,074,358	1,265,007,855	7.78%	13.52%	-42.44%	Reduction in the overall profitability due increase in raw material prices & loss of new startup of formualtion division
11	Operating Profit Margin (%)	EBIT	Net sales	147,553,253	1,333,715,220	251,483,984	1,265,007,855	11.1%	19.9%	-44.35%	Reduction in the overall profitability due increase in raw material prices & loss of new startup of formualtion division
12	Return on Capital Employed ratio (in %)	Earning Before Interest and Taxes	Capital Employed	142,477,913	700,387,003	247,052,232	705,673,154	20.34%	35.01%	-41.89%	Reduction in the overall profitability due increase in raw material prices & loss of new startup of formualtion division



**Additional Disclosures to the financial statements for the year ended March 31, 2022**

1 Title deeds of Immovable Properties not held in name of the Company

Relevant line item in the Balance sheet	Description of item of property	Gross carrying value(in Rs)	Title deeds held in the name of	Whether title deed holder is a promoter, director or relative# of promoter*/director or employee of promoter/director	Property held since which date	Reason for not being held in the name of the company
PPE	Gat No. 230/2/A/2	75,000	Eaga Purushotham	Managing Director	28-12-2001	Mistake in drafting of Purchase Deed - Eaga Purushotham of Smruthi Organics Limited instead of "Eaga Purushotham" on behalf of Smruthi Organics Limited"
PPE	Gat No. 230/2/B/2	75,000	Eaga Purushotham	Managing Director	28-12-2001	
PPE	Gat No. 233/2/B	150,000	Eaga Purushotham	Managing Director	28-12-2001	
PPE	Gat No. 231/2/B	75,000	Eaga Purushotham	Managing Director	28-12-2001	

2 The Company has borrowings from banks or financial institutions on the basis of security of current assets and quarterly returns or statements of current assets filed by the Company with banks or financial institutions are in agreement with the books of accounts without any significant discrepancies.

3 Relationship with Struck off companies

Nil

The accompanying Notes are an integral part of the financial statements as per our audit even date.

**N.R. Waghchaure & Associates**

Chartered Accountants,  
FRN : 114999W

For & on behalf of Board of Directors

**Eaga Purushotham**

Managing Director

DIN: 00033583

**Eaga Swapnil**

Whole time Director & CFO

DIN : 01241535

**Nilkanth R Waghchaure**

Proprietor

ICAI Membership No. 048890

**Urvashi Khanna**

Company Secretary & Compliance Officer

Place : Solapur

Date : 28<sup>th</sup> May 2022







# Smruthi Organics Limited

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Mumbai Offi. Tel	: 0091-22-24129211	
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Visit us at	: www.smruthiorganics.com	CIN : L24119PN1989PLC052562