



# Smruthi Organics Limited

**35<sup>th</sup>**

**ANNUAL REPORT  
2023-2024**

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# Corporate Information

## BOARD OF DIRECTORS

### Mr. Eaga Purushotham

Chairman & Managing Director

### Mr. Eaga Swapnil

Jt. Managing Director & Chief Financial Officer

### Ms. Eaga Smruthi

Non-Executive Director

### Mr. Jayant H. Ranade

Independent Director

(upto 28-07-2024)

### Mr. Kashinath R. Dhole

Independent Director

(upto 28-07-2024)

### Dr. K. Ramaswamy

Independent Director

(upto 28-07-2024)

### Mr. Prakash Wadgaonkar

Additional Director (Independent Non-Executive)

(w.e.f 29-07-2024)

### Mr. Anoop Doshi

Additional Director (Independent Non-Executive)

(w.e.f 29-07-2024)

### Mr. Dharmaraj Rao

Additional Director (Independent Non-Executive)

(w.e.f 29-07-2024)

## COMPANY SECRETARY

### Ms. Urvashi D. Khanna

## REGISTERED OFFICE

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

## 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 413255

### In house R & D Plant:

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

## STATUTORY AUDITORS

### Gokhale And Sathe

Chartered Accountants

304/308/309 Udyog Mandir No-1

7c, Bhagoji Keer Marg, Mahim

Mumbai- 400016

## 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 (E) | Mumbai - 400051

### Axis Bank Ltd

Ground Floor, Kanale Kalyan Mandap, Dufferin Chowk,

Railway Lines, Solapur 413 001, Maharashtra

## REGISTRAR AND TRANSFER AGENTS

### M/s. Adroit Corporate Services Pvt. Ltd.,

19, Jaferbhoy Indl. Est., Makwana Road, Marol Naka,  
Andheri (E), Mumbai - 400059

Contact No: 91 (0)22 42270427

Email: rtaclientservice@adroitcorporate.com

## Notice

Notice is hereby given that the 35<sup>th</sup> Annual General Meeting ("AGM") of Smruthi Organics Ltd will be held on Saturday, 14<sup>th</sup> September 2024 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, 2024 and the Reports of the Board of Directors and the Auditors thereon.
2. To declare a dividend of Rs 1.5/- per share (i.e 15 %) on 1,14,46,290 equity shares of Rs. 10/- each for the year ended 31<sup>st</sup> March, 2024.
3. To appoint a Director in place of Mr. Eaga Swapnil (DIN: 01241535) who retires by rotation and being eligible offers himself for re-appointment.

### Special Business:

#### 4. Ratification of remuneration to Cost Auditor for the Financial Year 2024-25:

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, 2025, 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."

#### 5. Appointment of Mr. Prakash Purushottam Wadgaonkar (DIN: 07435777) as Independent Director (Non-Executive) of the Company:

To consider and if thought fit, to give assent or dissent to the following resolution as a Special Resolution:

"RESOLVED THAT pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 ("**the Act**") and the rules framed thereunder, read with Schedule IV of the Act and the applicable provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time, Mr. Prakash Purushottam Wadgaonkar (DIN: 07435777), who was appointed as an Additional Director by the Board of Directors of the Company ("**the Board**") based on the recommendation of the Nomination and Remuneration

Committee with effect from 29<sup>th</sup> July, 2024 pursuant to the provisions of Section 161(1) of the Act and Articles of Association of the Company and in respect of whom the Company has received a notice in writing under Section 160 of the Act from a Member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director (Non-Executive) of the Company, not liable to retire by rotation, to hold office for a first term of consecutive three years up to 28<sup>th</sup> July, 2027."

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."

#### 6. Appointment of Mr. Anoop Anil Doshi (DIN: 09309871) as Independent Director (Non-Executive ) of the Company:

To consider and if thought fit, to give assent or dissent to the following resolution as a Special Resolution:

"RESOLVED THAT pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 ("**the Act**") and the rules framed thereunder, read with Schedule IV of the Act and the applicable provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time, Mr. Anoop Anil Doshi (DIN: 09309871), who was appointed as an Additional Director by the Board of Directors of the Company ("**the Board**") based on the recommendation of the Nomination and Remuneration Committee with effect from 29<sup>th</sup> July, 2024 pursuant to the provisions of Section 161(1) of the Act and Articles of Association of the Company and in respect of whom the Company has received a notice in writing under Section 160 of the Act from a Member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director (Non-Executive) of the Company, not liable to retire by rotation, to hold office for a first term of consecutive three years up to 28<sup>th</sup> July, 2027."

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."

#### 7. Appointment of Mr. Dharmaraj Rao (DIN: 10614251) as Independent Director (Non-Executive ) of the Company:

To consider and if thought fit, to give assent or dissent to the following resolution as a Special Resolution:

"RESOLVED THAT pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 ("**the Act**") and the rules framed thereunder, read with Schedule IV of the Act and the applicable provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time, Mr. Dharmaraj Rao (DIN: 10614251), who was appointed as an Additional Director by the Board of Directors of the Company ("**the Board**") based on the recommendation of

the Nomination and Remuneration Committee with effect from 29<sup>th</sup> July, 2024 pursuant to the provisions of Section 161(1) of the Act and Articles of Association of the Company and in respect of whom the Company has received a notice in writing under Section 160 of the Act from a Member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director (Non-Executive) of the Company, not liable to retire by rotation, to hold office for a first term of consecutive three years up to 28<sup>th</sup> July, 2027."

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 : 27<sup>th</sup> July, 2024

## NOTES

- In compliance with the Circular No. 09/2023 dated 25<sup>th</sup> September, 2023 read with Circular Nos. 10/2022 dated 28<sup>th</sup> December, 2022, 14/2020 dated 8<sup>th</sup> April, 2020, 17/2020 dated 13<sup>th</sup> April, 2020, 20/2020 dated 5<sup>th</sup> May, 2020, 02/2021 dated 13<sup>th</sup> January, 2021, 21/2021 dated 14<sup>th</sup> December, 2021 and all other relevant Circulars ("MCA Circulars") issued by the Ministry of Corporate Affairs ("MCA") and Circular No. SEBI/HO/DDHS/P/CIR/2023/0164 dated 6<sup>th</sup> October, 2023 ("SEBI Circular") issued by the Securities and Exchange Board of India ("SEBI") and relevant provisions of the Companies Act, 2013 ("the Act") and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"), the Annual General Meeting ("AGM") will be held without the physical presence of Shareholders at a common venue.
- A member entitled to attend and vote at the AGM is entitled to appoint a proxy to attend and vote on his / her behalf and the proxy need not be a member of the Company. Since the AGM is being held in accordance with the Circulars through VC, the facility for the appointment of proxies by the members will not be available.
- Participation of members through VC will be reckoned for the purpose of quorum for the AGM as per Section 103 of the Act.
- Corporate members intending to authorize their representatives to participate and vote at the meeting are requested to send a certified copy of the Board resolution / authorization letter to the Scrutinizer by email to cs@smruthiorganics.com with a copy marked to rtaclientservice@adroitcorporate.com
- The register of directors and key managerial personnel (KMP) and their shareholding, maintained under Section 170 of the Act, the register of contracts or arrangements in which the directors are interested maintained under Section 189 of the Act, will be available for electronic inspection without any fee from the date of circulation of this Notice up to the date of AGM, i.e. 14<sup>th</sup> September, 2024. Members may write to the Company at cs@smruthiorganics.com in that regard, by mentioning "Request for Inspection" in the subject of the e-mail.
- The Register of Members and share transfer books of the Company will remain closed from Saturday, 07<sup>th</sup> September, 2024 to Saturday, 14<sup>th</sup> September, 2024 (both days inclusive), for the purpose of AGM and Dividend. The Dividend, if declared, will be paid on or before 10<sup>th</sup> October, 2024, to those Shareholders whose names are registered as such in the Register of Members of the Company as on 06<sup>th</sup> September, 2024 ("record date") and to be beneficiary holders as per the beneficiary list as on 06<sup>th</sup> September, 2024 provided by the NSDL and CDSL. Dividend will be paid electronically through various online transfer modes to those members who have updated their bank account details. For members who have not updated their bank account details, dividend warrants / demand drafts / cheques will be sent to their registered addresses. To avoid delay in receiving dividend, members are requested to update their KYC with their depositories (where shares are held in dematerialized mode) and with the Company's Registrar and Transfer Agent (RTA) (where shares are held in physical mode) to receive the dividend directly into their bank account on the payout date.
- Pursuant to Finance Act, 2020, dividend income is taxable in the hands of Shareholders with effect from 1<sup>st</sup> April, 2020 and the Company is required to deduct tax at source (TDS) from dividend paid to the 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 their respective Depository Participant(s) (in case of shares held in dematerialised form).  
A resident individual Shareholder with 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 non-deduction of tax at source by e-mail to rtaclientservice@adroitcorporate.com by 06<sup>th</sup> September, 2024. Shareholders are requested to note that in case their PAN is not registered, the tax will be deducted at a higher rate of 20%.  
Resident Shareholders whose dividend is liable for deduction of TDS at a concessional or Nil rate as per Section 197 of the Income-tax Act, 1961 can submit the certificate/letter issued by the Assessing Officer, to avail the benefit of lower rate of deduction or non-deduction of tax at source by e-mail to rtaclientservice@adroitcorporate.com by 06<sup>th</sup> September, 2024.  
Non-resident Shareholders can avail beneficial rates under tax treaty between India and their country of residence, subject to providing the necessary documents i.e. No Permanent

Establishment and Beneficial Ownership Declaration, Tax Residency Certificate, Form 10F, any other document which may be required to avail the tax treaty benefits by sending an e-mail to [cs@smruthiorganics.com](mailto:cs@smruthiorganics.com). The aforesaid declarations and documents need to be submitted by the Shareholders by 06<sup>th</sup> September, 2024

10. Members are requested to address all correspondence, including dividend-related matters, to [cs@smruthiorganics.com](mailto:cs@smruthiorganics.com) with a copy marked to [rtaclientservice@adroitcorporate.com](mailto:rtaclientservice@adroitcorporate.com).
11. Members wishing to claim dividends that remain unclaimed are requested to correspond with the RTA as mentioned above, or with the Company Secretary, at the Company's registered office or at [cs@smruthiorganics.com](mailto:cs@smruthiorganics.com). Members are requested to note that dividends that are not claimed within seven years from the date of transfer to the Company's Unpaid Dividend Account, will be transferred to the Investor Education and Protection Fund (IEPF). Shares on which dividend remains unclaimed for seven consecutive years shall be transferred to the IEPF as per Section 124 of the Act, read with applicable IEPF rules.
12. In compliance with Section 108 of the Act, read with the corresponding rules, Regulation 44 of the LODR Regulations and in terms of SEBI circular no. SEBI/HO/CFD/CMD/CIR/P/2020/242 dated December 9, 2020, the Company has provided a facility to its members to exercise their votes electronically through the electronic voting (e-voting) facility provided by Central Depository Services (India) Limited (CDSL). Members who have cast their votes by remote e-voting prior to the AGM may participate in the AGM but shall not be entitled to cast their votes again. The manner of voting remotely by members holding shares in dematerialized mode, physical mode and for members who have not registered their email addresses is provided in the 'Instructions for e-voting' section which forms part of this Notice.  
  
Members present in the AGM through VC and who have not cast their vote on the resolutions through remote e-voting and are otherwise not barred from doing so, shall be eligible to vote through the e-voting system during the AGM.
13. In compliance with the Circulars, the Integrated Annual Report 2023-24, the Notice of the 35<sup>th</sup> AGM, and instructions for e-voting are being sent through electronic mode to those members whose email addresses are registered with the Company / depository participant(s) (DP).
14. We urge members to support our commitment to environmental protection by choosing to receive the Company's communication through email. Members holding shares in demat mode, who have not registered their email addresses are requested to register their email addresses with their respective DP, and members holding shares in physical mode are requested to update their email addresses with the Company's RTA, Adroit Corporate Services Pvt. Ltd. at [rtaclientservice@adroitcorporate.com](mailto:rtaclientservice@adroitcorporate.com), to receive copies of the Integrated Annual Report 2023-24 in electronic mode.
15. Members may also note that the Notice of the 35<sup>th</sup> AGM and the Integrated Annual Report 2023-24 will also be available on the Company's website, <https://smruthiorganics.com>.

[com/investor-relation/](https://smruthiorganics.com/investor-relation/), websites of the stock exchanges, i.e. BSE and MSEI, at [www.bseindia.com](http://www.bseindia.com) and [www.msei.com](http://www.msei.com), respectively.

16. Additional information, pursuant to Regulation 36 of the LODR Regulations, in respect of the director seeking reappointment at the AGM, forms part of this Notice.
17. The Board has appointed Mr. H.R. Thakur, Practicing Company Secretary, Mumbai, as the scrutinizer ("Scrutinizer") for conducting the e-voting process in a fair and transparent manner.
18. The Scrutinizer will submit his report to the Chairman of the Company ("the Chairman") or to any other person authorized by the Chairman after the completion of the scrutiny of the e-voting (votes cast during the AGM and votes cast through remote e-voting), not later than 48 (forty eight) hours from the conclusion of the AGM. The result declared along with the Scrutinizer's report shall be communicated to the stock exchanges and RTA, and will also be displayed on the Company's website, <https://smruthiorganics.com/investor-relation/>.
19. Since the AGM will be held through VC in accordance with the Circulars, the route map, proxy form and attendance slip are not attached to this Notice.

#### INSTRUCTIONS FOR EVOTING:

#### REMOTE E-VOTING INFORMATION:

The voting period begins on 11<sup>th</sup> September 2024 at 9.00 a.m and ends on 13<sup>th</sup> September 2024 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 06<sup>th</sup> September, 2024 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.

#### LOGIN METHOD

#### INDIVIDUAL SHAREHOLDERS HOLDING SHARES IN DEMAT FORM

#### VOTING THROUGH CDSL EASI PORTAL

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>



- 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.

#### VOTING THROUGH NSDL IDeAS PORTAL

- 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.
- 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>
- 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.

#### VOTING THROUGH DEPOSITORY PARTICIPANTS

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

- 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.
- 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 toll free no. 1800 21 09911.
- 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

#### INDIVIDUAL SHAREHOLDERS HOLDING SHARES IN PHYSICAL FORM

- 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.
- Click on "Shareholders" module and enter your User ID
  - For CDSL: 16 digits beneficiary ID
  - For NSDL: 8 Character DP ID followed by 8 Digits Client ID
  - Shareholders holding shares in physical form should enter folio number registered with the company.
- Next enter the image verification as displayed and click on login.
- 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.
- If you are a first-time user follow the steps given below:
  - 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.
  - 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.
- After entering these details appropriately, click on "SUBMIT" tab.
- 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.
- 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 EVEN for Smruthi Organics Ltd.
10. On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
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)/ [rtaclientservice@adroitcorporate.com](mailto:rtaclientservice@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), AADHAR (self-attested scanned copy of Aadhar Card) to [cs@smruthiorganics.com](mailto:cs@smruthiorganics.com)/ [rtaclientservice@adroitcorporate.com](mailto:rtaclientservice@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 [anandt@cdslindia.com](mailto:anandt@cdslindia.com), [bhushanw@cdslindia.com](mailto:bhushanw@cdslindia.com), [bhushanw@cdslindia.com](mailto:bhushanw@cdslindia.com) , [krunalr@cdslindia.com](mailto:krunalr@cdslindia.com)
4. All grievances connected with the facility for voting by electronic means may be addressed 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.

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

##### ITEM NO 4

The Board, on the recommendation of the Audit Committee, has approved the appointment of and remuneration payable to Shrinivas Diddi & Associates, Cost Accountants for conducting the audit of the cost records of the Company for the financial year ending 31<sup>st</sup> March, 2025 on a Audit Fees of Rs 55000/- plus service GST as applicable and reimbursement of out of pocket expenses.

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

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

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

The Board recommends the Resolution for your approval.

##### ITEM NO 5, 6 and 7:

Based on the recommendation of Nomination and Remuneration Committee, the Board of Directors of the Company ("Board") at its meeting held on 27<sup>th</sup> July 2024 had appointed Mr. Prakash Purushottam Wadgaonkar (DIN: 07435777) , Mr. Anoop Anil Doshi (DIN: 09309871) and Mr. Dharmaraj Rao (DIN: 10614251) as Additional Directors designated as Independent (Non-Executive )

for a first term of three (3) years effective from 29<sup>th</sup> July, 2024, not liable to retire by rotation, subject to approval of the shareholders of the Company.

Mr Prakash Purushottam Wadgaonkar and Mr Dharmaraj Rao possess long and rich experience of over 40 years in technical matters particularly in the field of research and development related to the business of the company while Mr Anoop Anil Doshi possess varied and rich experience of over 15 years in corporate finance and management fields. In view of their background , the Board considers that their association would be of immense benefit to the Company. Details of Mr. Prakash Purushottam Wadgaonkar, Mr. Anoop Anil Doshi and Mr. Dharmaraj Rao as required under Regulation 36(3) of the Listing Regulations and Secretarial Standard 2 on General meetings issued by Institute of Company Secretaries of India have been given in the **Annexure A** for the information of the members.

The Company has received from Mr. Prakash Purushottam Wadgaonkar, Mr. Anoop Anil Doshi and Mr. Dharmaraj Rao : (i) consent in writing to act as Director in Form DIR 2 , (ii) intimation in Form DIR 8 that they are not disqualified under sub-section (2) of Section 164 of the Act and (iii) a declaration to the effect that they meet the criteria of independence as provided in sub-section (6) of Section 149 of the Act and under Listing Regulations. They have also confirmed about their registration to the Independent Directors Databank maintained by Indian Institute of Corporate Affairs.

The Company has received a notice in writing under the provisions of Section 160 of the Act from a member proposing the candidature of Mr. Prakash Purushottam Wadgaonkar, Mr. Anoop Anil Doshi and Mr. Dharmaraj Rao for appointment as Independent Directors.

None of the Directors/Key Managerial Personnel of the Company and their respective relatives except the appointees and their relatives are concerned or interested – financially or otherwise - in the resolutions.

The Directors recommend the Ordinary resolutions as set out in item no. 5, 6 and 7 of the Notice for approval of the Members.

By Order of the Board of Directors

**Urvashi Khanna**

Company Secretary

Membership No ACS:46544

Place : Solapur

Date : 27<sup>th</sup> July 2024

## Annexure – A

Disclosure required under Regulation 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard-2 issued by the Institute of Company Secretaries of India.

<b>Name</b>	<b>Mr. Ega Swapnil</b>	<b>Mr. Anoop Anil Doshi</b>	<b>Mr. Prakash Wadgaonkar</b>	<b>Mr. Dharmaraj Rao</b>
Director Identification Number	01241535	09309871	07435777	10614251
Age	40	40	64	66
Date of first Appointment on the Board	06 <sup>th</sup> April, 2009	29 <sup>th</sup> July, 2024	29 <sup>th</sup> July, 2024	29 <sup>th</sup> July, 2024
Qualifications	B.S. (Chem) USA & MBA (Finance), Spain	B Com & MBA(Finance)	PhD, University of Pune ,1985 [Research carried out at NCL,Pune] MSc, Shivaji University, Kolhapur, 1979	Master of Science in Chemistry from the Indian Institute of Technology Bombay – 1980
Brief Resume / Experience in Specific Functional Area	Technical, Business Development , accounts, costing, MIS & Finance	Corporate Finance and Management PAE Ltd, Non-Executive Independent Director HDFC Asset Management Company Ltd- Client Services Team: June 2010 - September 2015 Aditya Birla Financial Services Group- Client Services Team : June 2008 - May 2010	Emeritus Scientist, Polymer Science and Engineering Division , NCL, Pune	Scientific Advisor and Consultant: June 2018 to May 2021 Vice President and Head API Research & Development, Cipla Ltd: 2011 to June 2018. Head R&D Cipla Ltd. R&D Centre, Vikhroli, Mumbai: 1995 to 2010 R&D Executive, R&D Centre Cipla Vikhroli, Mumbai : 1985 to 1995. Research Associate, National Chemical Laboratory Pune, 1983 to 1985. Research Officer, R&D Centre Cipla Ltd., Vikhroli, Mumbai
Terms and Conditions of Appointment / Re-appointment	Liable to retire by rotation	Not liable to retire by rotation. Mr. Anoop Anil Doshi will receive remuneration by way of sitting fees, reimbursement of expenses for participation in the Board, Committee and other meetings as may be approved by the Board.	Not liable to retire by rotation. Mr. Prakash Wadgaonkar will receive remuneration by way of sitting fees, reimbursement of expenses for participation in the Board, Committee and other meetings as may be approved by the Board.	Not liable to retire by rotation. Mr. Dharmaraj Rao will receive remuneration by way of sitting fees, reimbursement of expenses for participation in the Board, Committee and other meetings as may be approved by the Board.
Details of remuneration sought to be paid	Continuation of remuneration already approved by the members	Not Applicable	Not Applicable	Not Applicable
Last drawn remuneration	Rs120 lakhs per annum	Not Applicable	Not Applicable	Not Applicable

<b>Name</b>	<b>Mr. Ega Swapnil</b>	<b>Mr. Anoop Anil Doshi</b>	<b>Mr. Prakash Wadgaonkar</b>	<b>Mr. Dharmaraj Rao</b>
Relationship with other Directors and Key Managerial Personnel	Son of Mr. E Purushotham, MD Brother of Ms E Smruthi, Non Executive Director	Nil	Nil	Nil
Directorship in other Companies	Nil	PAE Ltd (Independent Director)	Nil	Nil
Listed entities from which the person has resigned in the past three years	Nil	Nil	Nil	Nil
Chairman/Member in the Committees of the Boards of other Listed Companies	Nil	1	Nil	Nil
No. of Shares held in the Company	600144	Nil	Nil	Nil
Number of meetings of the Board attended during the year	5	Nil	Nil	Nil

By Order of the Board of Directors

Place : Solapur  
Date : 27<sup>th</sup> July 2024

**Urvashi Khanna**  
Company Secretary  
Membership No ACS:46544

## MANAGEMENT DISCUSSION AND ANALYSIS

During the year under review, Net Sales & Other Income of the Company was Rs. 12771.86 lakhs as compared to Rs. 14114.83 lakhs in the previous year, registering a decrease of 9.5% over the previous year. The net profit for the year eroded to Rs. 359.03 lakhs compared to Rs. 413.09 lakhs in the previous year. In FY 2023-24 the company has invested Rs. 746 lakhs towards capex. Additionally, we have used some of the cash generated for distribution of dividend of 15% on face value.

### COMPANY'S PERFORMANCE

The decline in net profit is a direct result of the compressed profit margins driven by the aggressive pricing pressures on sales in the price sensitive markets that we operate in. Furthermore, overhead costs have increased owing to lateral hiring of expert employees in preparation for impending regulatory inspections. The operational expenses related to DMF filing have also increase overhead cost significantly affecting overall profitability. However, these higher expenses are essential investments to achieve the company's target of transition from price sensitive markets to high value markets.

In FY 2023-24 company faced a unique situation where, despite increasing sales volume across products, the overall revenue and profitability were impacted. In key products, the percentage volume increase was in double digits, however price erosion was higher than volume growth. Although the company sold more units, the substantial reduction in prices, ultimately resulted in a drop in total sales. This situation developed largely due to Chinese dumping in India. Overcapacity and piled up stocks in Chinese industries has led to an excess supply of goods, driving down prices. China has effectively transmitted their deflationary pressures to global markets, including India. This influx of lower-priced products drove down prices across the market, adversely affecting the company's revenue per unit and leading to a decrease in total sales. This environment of heightened price competition has impacted our ability to maintain price levels that are necessary to sustain our margins and profitability. Despite these headwinds, we have remained steadfast in our commitment to navigating these challenges and positioning ourselves for future growth.

In response to these market challenges, we are implementing a series of initiatives aimed at improving our performance and ensuring long-term sustainability. We are focused on optimizing our production processes and reducing operational costs through automation, lean manufacturing, and process improvements. We are also implementing stringent cost control measures and reviewing our supply chain to better manage expenses and improve margins.

In FY 2023-24, our investments in research and development (R&D) were engaged mostly on cost cutting process development of existing products giving us the headroom to maintain margins. Our R&D team achieved a significant milestone by developing three critical intermediates for the API introduced in FY 2022-23. These advancements supported our backward integration efforts, enhancing our ability to control and optimize the process cost.

In addition to these developments, major modifications were implemented for the three other APIs. This development not only facilitated a more streamlined production process but also played a crucial role in reducing raw material costs. This achievement underscores our ongoing commitment to innovation and excellence in pharmaceutical development.

The company has strategically submitted 22 Drug Master Files (DMFs) for 4 of its products across 11 countries, including major markets in Europe, Brazil, South Korea, and China. These filings are essential for complying with regulatory standards and securing the necessary approvals for our products to enter and compete in these high-value markets. By achieving DMF approval in these regions, we are not only meeting regulatory requirements but also paving the way for our products to be successfully launched and marketed in these critical international markets. This effort underscores our commitment to expanding our global presence and enhancing our competitive positioning in the pharmaceutical sector.

### Finished Dosage Formulations (FDF)

During the year under review, the secondary sales for the FDF division totalled Rs. -67.03 lakhs. This figure reflects secondary sales of Rs. 58.57 lakhs, which were offset by a sales return of Rs. 125.60 lakhs from our Carrying and Forwarding Agent (CFA). The sales return was a result of our strategic decision to discontinue the CFA's services and move to a direct distribution approach. This transition involved returning goods that were previously managed by the CFA, which impacted the net secondary sales figure. It is important to note that this sales return is a transitional effect and does not affect our overall revenue generation capability.

Additionally, the company has conducted a thorough analysis of the break-even points for each headquarters (HQ) and, as a result, has decided to close the underperforming HQs that did not meet performance expectations. This strategic move is aimed at optimizing operational efficiency and focusing resources on more profitable and high-performing locations. In FY 2024-25, we will implement a series of strategic decisions aimed at reaching the Break-Even Point (BEP) for the FDF division.

In FY 2023-24, our company launched two new brands, namely TRANVIA P and YAMONT LC in pain relief and anti-histamine segments respectively. In FY 2024-25, the company will also introduce new brands as part of a strategic initiative to broaden our product portfolio and target new market segments.

### FUTURE MILESTONES

The company will continue to file additional DMF in these strategically important markets in FY 2024 – 25. Following the filing of DMFs in EU and Brazil, the company is expecting EU and Brazilian regulatory inspections in the next few quarters. Although the current scenario remains challenging owing to pricing pressures, we see a promising future as business from high value markets becomes significant proportion of our revenue post regulatory approvals.

## Directors' Report

Dear Members,

Your Directors are pleased to present the 35<sup>th</sup> Annual Report and the Audited Financial Statements for the financial year ended 31<sup>st</sup> March, 2024.

### 1. Financial Highlights

A summary of the Company's financial results for the year ended 31<sup>st</sup> March, 2024 vis-a-vis financial results for the previous year ended 31<sup>st</sup> March, 2023, is as under:

(Figures in lakhs)

Particulars	Financial Year 2023-24	Financial Year 2022-23
Revenue from operations	12764.31	14104.09
Other Income	7.55	10.74
Total Income	12771.86	14114.83
Expenses	11568.74	13126.03
Profit before Depreciation, Finance Cost and Tax	1203.12	988.8
Less: Finance Cost	140.85	82.25
Less: Depreciation expenses	565.30	457.18
Profit Before Tax (PBT)	496.97	449.37
Tax Expense	137.94	36.28
Profit for the year	359.03	413.09
Other Comprehensive Income (Net of Tax)	16.08	29.86
Total Comprehensive Income for the year	375.11	442.95

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

During the year under review, Net Sales & Other Income of the Company was Rs 12771.86 lakhs as compared to Rs 14114.83 lakhs in the previous year registering decrease of 9.51 % over the previous year.

The Profit for the year was Rs 359.03 lakhs compared to Rs 413.09 lakhs in the previous year registering a decrease of 13.08% . The profitability was adversely effected due to decrease in sales by 9.51 % , increase in employee cost by 8.44% , finance cost by 71.24% and other overheads by 19.60% inspite of decrease in raw material consumption by 12.60% .

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

### 3. Dividend

Based on the Company's Performance, the Board recommended a Dividend of Rs 1.5 /- per equity share (15 %) on equity share capital of 1,14,46,290 equity shares of Rs 10/- each for the year ended 31<sup>st</sup> March, 2024 as against Rs 2/- per equity share (20 %) for the year ended 31<sup>st</sup> March 2023.

### 4. Transfer to Reserves

During the year under review, the Board does not propose to transfer any amount to 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, 2024 stood at Rs 1144.629 lakhs. 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 303 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. 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 no 10.

## 9. 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.

## 10. Internal Control Systems

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

## 11. Key Financial Ratios

Refer Note No 44 to the Notes to Standalone Financial Statement as on 31<sup>st</sup> March, 2024.

## 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 Managing Director and has an optimum combination of Executive, Non- Executive and Independent Directors.

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

The second term of Mr. Jayant. H. Ranade (DIN: 00004814), Dr. K. Ramaswamy (DIN: 05273930), and Mr. Kashinath. R. Dhole (DIN: 01076675), Independent Non-Executive Directors of the Company expires on 28<sup>th</sup> July, 2024 and therefore they will cease to be Directors on the Board with effect from 28<sup>th</sup> July, 2024. The Board of Directors places on record its appreciation for the valuable contribution made by Mr. Jayant. H. Ranade, Dr. K. Ramaswamy and Mr. Kashinath. R. Dhole during their long association with the Company as Independent Directors.

Mr Prakash Purushottam Wadgaonkar ( DIN: 07435777) and Mr Dharmaraj Rao (DIN: 10614251) who possesses long and rich experience of over 40 years in technical matters particularly in the field of research and development related to the business of the company and Mr Anoop Anil Doshi (DIN: 09309871) possess rich experience of over 15 years in corporate finance and management fields were appointed as Additional Directors (Independent- Non Executive) with effect from 29<sup>th</sup> July 2024 subject to approval of the shareholders in the ensuing Annual General Meeting of the Company. These Directors also satisfy the criteria of Independent Directors of the Company and have given declarations to the Company of their independence as required under Section 149(7) of the Act.

In the opinion of the Board, all the Independent Directors possess the integrity, expertise and experience including the proficiency required of Independent Directors of the Company, fulfil the conditions of independence as specified in the Act and the SEBI Listing Regulations and are independent of the management and have also complied with the Code for Independent Directors as prescribed in Schedule IV of the Act.

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.

In view of appointment of new Additional Independent Directors , the Board at its meeting held on 27<sup>th</sup> July, 2024 has also reconstituted the Audit, Nomination and Remuneration,



Stakeholder Relationship and Corporate Social Responsibility Committees w.e.f 29<sup>th</sup> July 2024.

None of the Directors is disqualified as on 31<sup>st</sup> March, 2024 from being appointed as a Director under Section 164 of the Act. As required by law, this position is also reflected in the Auditors' Report.

Details with respect to the composition of the Board, the meetings of the Board held during the year and the attendance of the Directors thereat have been provided separately in the Annual Report, as a part of the Report on Corporate Governance.

#### 14. Key Managerial Personnel

In terms of Section 203 of the Act, the Company has the following Key Managerial Personnel : Mr. E Purushotham, Chairman and Managing Director, Mr. E Swapnil, Joint Managing Director and Chief Financial Officer and Ms Urvashi Khanna, Company Secretary.

#### 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 5 (Five) 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.

#### 18. Auditors

Pursuant to the provisions of Section 139 of the Companies Act, 2013 read with Companies (Audit and Auditors) Rules, 2014, in the 33<sup>rd</sup> Annual General Meeting M/s. Gokhale & Sathe, Chartered Accountants, Mumbai (Reg. No.: 103264W) were appointed as the Statutory Auditors of the Company for a term of five years commencing from Financial year 2022-2023 to 2026-2027.

The Auditors' Report on the Financial Statements of the Company for the year under review, is clean and there are no qualifications in the Report. Also, no frauds in terms

of the provisions of Section 143(12) of the Act have been reported by the Statutory Auditors in their report for the year under review. The Notes to the Financial Statements are self-explanatory and do not call for any further comments.

#### 19. Secretarial Audit Report

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.

There is no qualification or adverse remark in the Report.

Further the Company has also obtained from the Secretarial Auditor, the Annual Secretarial Compliance Report for the financial year ended 31<sup>st</sup> March, 2024, thereby confirming compliance of the applicable SEBI Regulations and circulars / guidelines issued thereunder, on behalf of the Company.

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

#### 20. Cost Audit

For Financial Year 2024-2025, 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 Rs 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. 4 of the Notice of the ensuing Annual General Meeting.

#### 21. 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".

#### 22. 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".

#### 23. 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.

#### 24. 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.

#### 25. 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 Secretarial Auditor Mr. H. R. Thakur, Practicing Company Secretary 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.

#### 26. 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 Composition of the Audit Committee is in compliance with the requirements as prescribed under the Act and Listing Regulations and forms part of Report on Corporate Governance. The recommendations made by the Audit Committee to the Board, from time to time during the year under review, have accepted by the Board. The 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.

#### 27. Remuneration Policy

The policy on remuneration and other matters provided in Section 178(3) of the Act along with reconstituted committee details 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).

#### 29. 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.

#### 30. Corporate Social Responsibility (CSR)

Pursuant to Section 135(1) of the Act, the Company has constituted Corporate Social Responsibility (CSR) Committee.. The Composition of the CSR Committee is disclosed separately in the Corporate Governance report forming part of this Annual Report. The Company has in place, the CSR policy which outlines Company's philosophy towards Company's CSR program implementation. The CSR policy is available on the Company's website [www.smruthiorganics.com](http://www.smruthiorganics.com). However, for FY 2023-24 , the Company had no CSR liability to spend. Annual report on CSR containing details of previous year as required under rule 8(1) of the Companies (Corporate Social Responsibility Policy) Rules, 2014 is annexed to this report as "Annexure IV".

#### 31. 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).

#### 32. Annual Return

Pursuant to Section 92(3) read with Section 134(3)(a) of the Act, the Annual Return as on March 31, 2024 is available on the Company's website on <https://smruthiorganics.com/investor-relation/>.

#### 33. 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 2023-24.

#### 34. Compliance with Secretarial Standards

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

#### 35. Acknowledgements

Your Directors wish to express their grateful appreciation for the co-operation and continued support received from customers, collaborators, vendors, investors, shareholders, 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

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

Place: Bentota, Sri Lanka  
Date: 27<sup>th</sup> July, 2024

# Annexure I to the Directors Report

## Form No. MR-3

### SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31<sup>st</sup> March, 2024

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

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

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

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and 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 2024, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31<sup>st</sup> March, 2024 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, the Regulations and Bye-laws framed thereunder;
- iv. Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder **(Not applicable to the Company during audit period).**
- v. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 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 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 Non- Convertible Securities) Regulations, 2021 **(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 **(Not applicable to the Company during the audit period);**
- g. 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;
- 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 BSE Limited, Mumbai and Metropolitan Stock Exchange of India, 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.

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 were no changes in the composition of the Board of Directors that took place during the period under review.

Adequate notice 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 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 which commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

**H. R Thakur**

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

Place: Mumbai

Date: 6<sup>th</sup> May, 2024

UDIN: F002090F000313390

## 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:

#### CONSERVATION OF ENERGY:

The company has taken several measures towards energy conservation in FY 2023-2024. Some of the important measures are listed below:

##### Boiler

Existing 3 MT boiler furnace modified to improve the fuel efficiency and saved cost of Rs 300000/-

##### MEE plant

20m<sup>2</sup> ATFD hammer and rotary drum shaft changed due to this saved cost of Rs 59035/-

##### Production

SS condenser replaced by graphite condenser for reducing distillation time and improve product quality total- 4 No's due to this saved cost of Rs 4118890/-

##### Electrical

Installed about 443 LED lights, which has reduced energy consumption for lighting by 33496 KWH annually and save the cost of Rs. 334960/-

Led light implementation in Production Block – D&E which has reduced 50% energy consumption and better illumination.

Solar street lighting implementation for biological plant for better illumination and power saving.

VFD installation in A,C,D&G Block reactor for speed reduction for new production batches, ultimate saved the 50% power of rated capacity.

##### Cooling Tower

The replacement of honeycomb PVC fills of F block ,MEE plant , Screw compressor cooling tower has resulted in a significant reduction in heat load and power saving.

#### TECHNOLOGY ABSORPTION

##### 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:

The company has bought additional equipment GC & HPLC in quality control (QC) which increased overall testing capacity of quality control.

In FY 2022-23 all the necessary customization was successfully completed in our Enterprise Resource Planning (ERP) system. These customizations were aimed at streamlining our business processes and enhancing operational efficiency. The scope of the ERP implementation in FY 2023-24 is to effectively deploy the ERP system across all relevant departments and business units within the organization. The objective is to optimize our operational workflows, improve data accuracy, and enhance decision-making capabilities.

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.

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

**EXPENDITURE ON RESEARCH & DEVELOPMENT (R & D):**

Sr. No.	Particulars No.	2023-24 (Rs in lakhs)	2022-23 (Rs in lakhs)
<b>(a)</b>	<b>Capital</b>		
	(i) Solapur R&D Centre	2.10	2.05
	(ii) Hyderabad R&D Centre	11.24	5.66
	<b>Total Capital Expenditure (a)</b>	<b>13.34</b>	<b>7.72</b>
<b>(b)</b>	<b>Recurring</b>		
	(i) Solapur R&D Centre	124.73	60.10
	(ii) Hyderabad R&D Centre	302.19	281.72
	<b>Total Recurring Expenditure (b)</b>	<b>426.92</b>	<b>341.83</b>
	<b>Gross Total of Expenditure on R&amp;D (a) + (b)</b>	<b>440.26</b>	<b>349.54</b>
	<b>Total R&amp;D Expenditure as a Percentage of Total Turnover</b>	<b>3.45%</b>	<b>2.64%</b>

**FOREIGN EXCHANGE EARNINGS AND OUTGO**
**(Rs in Lakhs)**

Particulars	FY 2023-24	FY 2022-23
Foreign exchange outgo	3806.68	3865.36
Foreign exchange earned	4644.55	5039.09

For &amp; on behalf of the Board

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

Place: Bentota, Sri Lanka  
Date: 27<sup>th</sup> July, 2024



## 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

1. The ratio of the remuneration of each director to the median remuneration of the Employees of the Company for the financial year 2023-2024:

Name of the Directors	Ratio to median Remuneration
*Non-Executive Directors	
Ms. E. Smruthi	3.51
(Non- Executive Non Independent Director)	
Mr. J. H. Ranade	Nil
(Non-Executive and Independent Director)	
Dr. K. Rama Swamy	Nil
(Non-Executive and Independent Director)	
Mr. Kashinath Revappa Dhole	Nil
(Non-Executive and Independent Director)	
Executive Directors	
Mr. E. Purushotham	69.76
(Chairman and Managing Director)	
Mr. E. Swapnil	46.51
(Joint Managing Director and Chief Financial Officer)	

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

2. 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	--
(Joint Managing Director and Chief Financial Officer)	
Ms. Urvashi D. Khanna	16
(Company Secretary)	

3. The percentage increase in the median remuneration of employees in the financial year: 5.27%
4. The number of permanent employees on the rolls of Company: 303
5. 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
6. Affirmation that the remuneration is as per the remuneration policy of the Company: It is hereby affirmed that the remuneration paid is as per the Remuneration Policy of the Company.
7. Statement pursuant to Section 197(12)of the Companies Act, 2013 read with Rule 5(2) and 5(3) of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

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

Name	Designation	#Remuneration (in Rs)	Qualification and Experience	Date of commencement of employment	Age (in years)	Last employment held
Mr. Eaga Purushotham	Managing Director	2,01,60,000	MSC (Org. Chem.) 40 years	*11/07/1989	65	NA
Mr Eaga Swapnil	Joint Managing Director	1,34,40,000	B.S. (Chem) USA & MBA (Finance), Spain & MBA (Finance), Spain	06/04/2009	39	NA

#Remuneration includes PF

\*since incorporation

For & on behalf of the Board

Bentota, Sri Lanka, 27<sup>th</sup> July, 2024.

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

## Annexure – IV to Directors' Report

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

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/>.

2. **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	--	--
Mr. J. H. Ranade	Independent Director	Non-Executive	--	--
Dr. K. Ramaswamy	Independent Director	Non-Executive	--	--

\*\*Since there was no CSR Liability during FY 2023-24, no CSR Committee meeting was required to be held during the year.

3. **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/#Investor\\_Relation\\_CSR](https://smruthiorganics.com/investor-relation/#Investor_Relation_CSR)

4. **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**
5. **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:**

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

6. **Average Net Profit (loss) of the company as per section 135(5): Nil**

7. (a) **Two percent of average net profit of the Company as per section 135(5) : Nil**

(b) **Surplus arising out of the CSR projects or programmes or activities of the previous financial years : Nil**

(c) **Amount required to be set off for the financial year, if any :Nil**

(d) **Total CSR obligation for the financial year (7a+7b-7c) :Nil**

8. (a) **CSR amount spent or unspent for the financial year:**

Total Amount Spent for the Financial Year (Rs in lacs)	Amount Unspent (Rs in lacs)				
	Total Amount Unspent	transferred to CSR Account as per Section 135(6)	to any fund specified under per Schedule VII as per second proviso to Section 135(5)	Amount	Date of transfer
	Amount (Rs in lacs)	Date of transfer	Name of the Fund	Amount	Date of transfer
Nil	Nil	Nil	--	NIL	--

**(b) Details of CSR amount spent against 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 Rs.).	Mode of implementation - Direct (Yes / No).	Mode of implementation - Through implementing agency	
				State	District			Name	CSR registration number
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 (Rs in lacs)	Mode of implementation - Direct (Yes/No).	Mode of implementation - Through implementing agency	
				State	District			Name	CSR registration number
Nil									
Total									

**(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):** Nil

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

Sr. No.	Particular	Rs (in lacs.)
(i)	Two percent of average net profit of the company as per section 135(5)	Nil
(ii)	Total amount spent for the Financial Year	Nil
(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) (Rs in lacs)	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 (Rs in lacs)
				Name of the Fund	Amount	Date of transfer	
1.	FY 2022-23	6,91,575/-	6,91,575/-	Nil	Nil	Nil	Nil
2.	FY 2021-22	20,13,289/-	24,77,835/-	Nil	Nil	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):****(a) Date of creation or acquisition of the capital asset(s) :** None**(b) Amount of CSR spent for creation or acquisition of capital asset :** NIL**(c) Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc. :** Not Applicable**(d) 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 ApplicableBentota, Sri Lanka, 27<sup>th</sup> July, 2024.

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

## REPORT ON CORPORATE GOVERNANCE

Your Director's present the Company's report on Corporate Governance as per SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations) for the year ended 31<sup>st</sup> March, 2024.

### 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 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.

The Board of Directors comprises of six Directors as detailed below. (Position as on 31<sup>st</sup> March, 2024)

Sr. No.	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

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

#### (b) Meetings and attendance:

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

- ❖ 20<sup>th</sup> May, 2023
- ❖ 05<sup>th</sup> August, 2023
- ❖ 20<sup>th</sup> August, 2023
- ❖ 09<sup>th</sup> November, 2023
- ❖ 03<sup>rd</sup> February, 2024

Details regarding attendance of the Directors at the Board Meetings held during the Financial Year 2023-2024 and at the last Annual General Meeting held on 05<sup>th</sup> August, 2023 are given below:

S r. 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	Nil	Yes
2	Mr. E. Swapnil	Joint Managing Director & Chief Finance Officer DIN- 01241535	Executive	Nil	Yes
3	Ms. E. Smruthi	Director DIN-09268342	Non-Executive	4	Yes
4	Mr. K. R. Dhole	Independent Director DIN- 01076675	Non-Executive	Nil	Yes
5	Mr. J. H. Ranade	Independent Director DIN-00004814	Non-Executive	Nil	Yes
6	Dr. K. Rama Swamy	Independent Director DIN- 05273930	Non-Executive	2	Yes



- (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, 2024, 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	0	Yes	Nil	Nil
5	Mr. J. H. Ranade	15	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):- Nil

All Directors of the Company as on 31<sup>st</sup> March, 2024, personally attended at least one Board/ Committee Meeting during the financial year 2023-24.

- (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 31.3.2024
Ms. E. Smruthi	85965
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 analysing 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, 2024, are as follows**

Name	Age	Qualifications	Industry Experience	Expertise
Mr. E. Purushotham	66	MSC	Org. Chem.	Org. Chem.
Mr. E. Swapnil	40	B.S(CHEM) USA, MBA Spain	Technical and Business Development	Technical, Business Development, Finance, accounts, costing & MIS
Ms. E. Smruthi	37	Masters in Pharmacy	Business Development Executive	Business Analyst
Mr. K. R. Dhole	75	M.SC., Chemistry	Technical and overall Management	Technical and overall management
Mr. J. H. Ranade	69	B.Com., LL.B. FCS & MBA	Finance & Legal	Finance & Legal
Dr. K. Rama Swamy	69	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 as at 31.03.2024 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 2023-2024, Four Meetings of Audit Committee were held which are as under:-

- ❖ 20<sup>th</sup> May, 2023
- ❖ 05<sup>th</sup> August, 2023
- ❖ 09<sup>th</sup> November, 2023
- ❖ 03<sup>rd</sup> February, 2024

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 05<sup>th</sup> August, 2023.

#### 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	1
Dr. K. Ramaswamy	Member	Independent	1
Mr. K.R.Dhole	Member	Independent	1

All the members of the Nomination and Remuneration Committee are NonExecutive Directors.

During the Financial year 2023-2024, One Meeting of the Committee was held on 20<sup>th</sup> May, 2023.

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:

##### ❖ 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.

##### ❖ 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.

❖ **Remuneration to Executive Directors:**

(Amount in Rs)

Particulars	Mr. E Purushotham Managing Director	Mr. E. Swapnil Joint Managing Director & Chief Financial Officer
Salary & Other Allowances	18000000	12000000
Contribution to Provident & Other Funds	2160000	1440000
Commission	---	---

❖ **Remuneration to Non-Executive Directors:**

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

(Amount in Rs.)

Name	Board Meeting	Audit Committee Meeting	Nomination & Remuneration Committee Meeting	Independent Directors Meeting	Stakeholder relationship committee	CSR Meeting	Total Total
Dr. K. Ramaswamy	100000	60000	15000	15000	--	--	190000
Mr. J. H. Ranade	100000	60000	15000	15000	--	--	190000
Mr. K. R. Dhole	80000	45000	15000	15000	15000	--	170000
Ms. E. Smruthi	100000	--	--	--	--	--	100000

Remuneration paid to Ms E Smruthi, Non-Executive Director for the year ended 31<sup>st</sup> March, 2024 is Rs 905411/-

**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/transmission of shares, non-receipt of Balance Sheet, issue of duplicate share certificates, non-receipt of dividend etc. During the financial year 2023-2024, one (1) meeting was held on the following date.

❖ **29<sup>th</sup> April, 2023.**

The Committee was comprised of:

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

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

❖ **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 03<sup>rd</sup> February, 2024.

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, 2024
Mr. J. H. Ranade	1
Mr. K. R. Dhole	1
Dr. K. Rama Swamy	1

## 7. 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
2022-23	05 <sup>th</sup> August, 2023 at 12:30 p.m	Held through Video Conferencing	6
2021-22	06 <sup>th</sup> August, 2022 at 12:30 p.m	Held through Video Conferencing	6
2020-21	16 <sup>th</sup> July, 2021 at 12.30 p.m	Held through Video Conferencing	6

### b. Details of Special Resolutions Passed:-

2022-23: Approve payment of remuneration to Ms. E. Smruthi (DIN: 09268342), Non-Executive Non-Independent Director of the company.

2021-22: Re-appointment of Mr. E.Purushotham as Managing Director for a term of three years

Re-appointment of Mr. E. Swapnil as Joint Managing Director for a term of three years

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

### c. As at 31<sup>st</sup> March, 2024, no Special Resolution is proposed to be conducted through Postal Ballot.

### d. 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.

## 8. Means of Communication:

- Quarterly Results: The quarterly results are published in accordance with the applicable provisions of the SEBI Listing Regulations.
- 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).
- Any website, where displayed: [www.smruthiorgaincs.com](http://www.smruthiorgaincs.com)

## 9. General Shareholder Information:

### a. Annual General Meeting :

The ensuing AGM of the Company will be held on Saturday, 14<sup>th</sup> September, 2024 at 12.30 p.m through video conferencing or other audio visual means.

### b. Financial Calendar (Tentative) : April 2024 to March 2025

Particulars of Meetings	Date
Un-audited Quarterly Result for the quarter ended 30 <sup>th</sup> June 2024	2 <sup>nd</sup> week of August, 2024
Un-audited Quarterly Result for the quarter ended 30 <sup>th</sup> September 2024	2 <sup>nd</sup> week of November, 2024
Un-audited Quarterly Result for the quarter ended 31 <sup>st</sup> December 2024	2 <sup>nd</sup> week of February, 2025
Audited /Un-Audited Financial Result for the quarter - ended 31 <sup>st</sup> March, 2025	Last week of May, 2025

### 3. Date of Book Closure :

Saturday , 07<sup>th</sup> September, 2024 to Saturday , 14<sup>th</sup> September, 2024 (Both days inclusive)

### 4. Dividend payment date: on or before 10<sup>th</sup> October, 2024

### 5. Listing on Stock Exchanges : The Equity Shares of the Company are listed at BSE Limited and Metropolitan Stock Exchange of India Limited.

DEMAT : ISIN Number: INE172E01011

CIN : L24119PN1989PLC052562

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

**6. Stock Code:-**

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

**7. 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, 2024 is furnished below:

Month & Year	High Rs.	Low Rs.
April – 2023	148.00	128.00
May – 2023	168.00	117.00
June – 2023	153.00	120.20
July – 2023	134.50	120.00
August – 2023	172.00	118.90
September–2023	198.00	159.00
October – 2023	207.40	160.00
November–2023	200.00	166.60
December- 2023	183.95	160.00
January – 2024	218.80	166.05
February – 2024	197.00	156.70
March – 2024	166.00	142.10

**7. Registrar and Transfer Agents :**

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

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

Fax: +91 (0)22 28503748

E-mail: info@adroitcorporate.com

**8. Share Transfer System :**

In terms of Regulation 40 (1) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time, securities can be transferred only in dematerialized form, except in case of request received for transmission or transposition of securities. Further, SEBI vide its Circular no. SEBI/HO/MIRSD/MIRSD\_RTAMB/P/CIR/2022/8 dated 25 th January, 2022 mandated the listed Companies to issue the securities only in dematerialized form while processing the service requests viz. issue of duplicate Securities certificate, Claim from unclaimed Suspense Account, renewal / exchange of Securities certificate, Endorsement, Subdivision / splitting of Securities certificate, Consolidation of Securities certificate / folios, Transmission and Transposition. Members holding shares in physical form are requested to consider converting their holdings to dematerialized form. Transfers of equity shares in electronic form are effected through the depositories with no involvement of the Company. Shareholders who desire to demat their shares can get in touch with any Depository Participant having registration with SEBI to open a demat account and follow the procedure for dematerialization of share.

**9. Reconciliation of Share Capital Audit :**

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

**10. Share Distribution Schedule :**

Shareholding of Nominal Value of Shareholders share amount (as on 31.03.2024)

Shares	Number	% to total	Total Shares	Rs.	% to total
Upto-5000	5926	97.89	2218950	22189500	19.38
5001-10000	69	1.14	492895	4928950	4.31
10001-20000	30	0.50	417670	4176700	3.65
20001 – 50000	18	0.30	560380	5603800	4.90
50001 & Above	10	0.17	7756395	77563950	67.76
<b>Total</b>	<b>6053</b>	<b>100.00</b>	<b>11446290</b>	<b>114462900</b>	<b>100.00</b>

**11. Shareholding Pattern:**

Category	No. of Shares	% to share capital
<b>Promoter &amp; Promoter Group (A)</b>	7307033	63.84
<b>Public (B)</b>		
Individuals	3383875	29.56
NRI	164332	1.44
Bodies Corporate	401555	3.51
Clearing Members	300	0.00
IEPF	113757	0.99
Hindu Undivided Family (HUF)	75438	0.66
<b>Total (B)</b>	<b>4139257</b>	<b>36.16</b>
<b>Total</b>	<b>11446290</b>	<b>100.00</b>

**12. Dematerialization of shares and liquidity:**

10804390 shares have been dematerialized as on 31<sup>st</sup> March 2024 constituting 94.39 % of total Paid up Share Capital.

**13. Subsidiary Company:** The Company does not have any Subsidiary Company.**14. Outstanding GDRs / ADRs / Warrants and other Convertible Instruments, conversion dates and likely impact on equity:**

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

**15. Plant locations:**

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

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

R & D Center:

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

**16. 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; cs@smruthiorganics.com; eaga@smruthiorganics.com

website: www.smruthiorganics.com

**17. List of credit ratings obtained by the entity during the financial year: The ratings given by CARE for short-term borrowings and long-term borrowings of the Company are CARE A3+ and CARE BBB respectively.****18. Other Disclosures:**

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

**g. 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).

- h. Details of utilization of funds raised through preferential allotment or qualified institutions placement as specified under regulation 32 (7A) :NA
- i. Certificate from Mr. H.R. Thakur Practicing Company Secretary, Mumbai about non-debarment /disqualification of Directors of the Company is attached.
- j. Total fees for all services paid by the listed entity to the statutory auditor: Rs 5.69 lakhs

**19. 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:**

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

**CEO/CFO Certification:**

The Managing Director and Joint Managing Director & CFO 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).

- 20. 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.
- 21. 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: Bentota, Sri Lanka  
Date: 27<sup>th</sup> July, 2024

**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, 2024.

For & on behalf of the Board

Place: Bentota, Sri Lanka  
Date: 27<sup>th</sup> July, 2024

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

To  
The Members of Smruthi Organics Ltd

I have examined the compliance of conditions of Corporate Governance by Smruthi Organics Ltd - CIN: L24119PN1989PLC052562 ('the Company') for the year ended on 31<sup>st</sup> March, 2024 as stipulated in Chapter IV of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 pursuant to the Listing Agreements of the said Company with Stock Exchanges ('the Regulations').

The compliance of conditions of Corporate Governance is the responsibility of the Management. My examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In my opinion and to the best of my information and according to the explanations given to me, I certify that the Company has complied with the conditions of Corporate Governance as specified in the Regulations referred above.

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

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

Place: Mumbai  
Date: 29<sup>th</sup> July, 2024  
UDIN: F002090F000843865

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

To,  
Board of Directors  
Smruthi Organics Limited.

We have reviewed the Financial Statements and the Statement of Cash Flow of Smruthi Organics Limited for the year ended 31<sup>st</sup> March, 2024 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**

Joint Managing Director & CFO

**E. Purushotham**

Chairman & Managing Director

Place: Bentota, Sri Lanka  
Date: 27<sup>th</sup> July, 2024

# INDEPENDENT AUDITOR'S REPORT

To the Members of SMRUTHI ORGANICS LIMITED

## REPORT ON THE AUDIT OF THE IND AS FINANCIAL STATEMENTS

### OPINION

We have audited the accompanying Ind AS financial statements of **SMRUTHI ORGANICS LIMITED** ("the Company"), which comprise the Balance Sheet as at 31 March 2024, and the Statement of Profit and Loss (including Other Comprehensive Income), Statement of Changes in Equity and Statement of Cash Flow for the year ended on that date, and Notes to the Financial Statements, including a Summary of Material Accounting Policies and Other Explanatory Information (hereinafter referred to as "the Ind AS Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Companies Act, 2013 (the "Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015 ("Ind AS"), as amended, and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2024, and profit including other comprehensive income, changes in equity and its cash flows for the year ended on that date.

### BASIS FOR OPINION

We conducted our audit of the Ind AS Financial statements in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those SAs are further described in the Auditor's 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 Ind AS Financial Statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS Financial Statements.

### KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were 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. We have determined the matters described below to be the key audit matters to be communicated in our report.

### PARTICULARS

#### INVENTORIES

Inventories of INR 2977.65 Lakh constitute 39.48% of Current Assets of the Company and 25.19% of the Total Assets of the Company as at March 31, 2024 and therefore determined to be a key audit matter given the relative size of the balance in the financial statements and significant judgement involved in the consideration of factors in determination of valuation of inventory including the allocation of overheads. The inventory is lying at factory locations and majorly constitutes of Raw Material, Work in Progress and Finished Goods. The inventory is valued at the lower of cost and net realizable value. These inventories are counted by the Company on a cyclical basis.

### HOW THEY WERE ADDRESSED IN OUR AUDIT

Our audit procedures in respect of this matter included:

- Understood management policy and process for verification and valuation of inventory on cyclical basis.
- Attending inventory counts at factory locations during the reporting period, including performing testing of controls and evaluating the results of the counts performed by the management for assessing, obtaining an understanding of the design, implementation and operating effectiveness of management's key internal controls relating to physical verification of inventories and valuation of inventory.
- Compared the cost of the finished goods with the estimated net realizable value and checked if the finished goods were recorded at lower of net realizable value and the cost as on the balance sheet date.
- Sample testing of the methodology followed by the management in allocation of overheads to inventory based on factors / constant identified by the management's judgment and used as basis for allocation of overheads.
- Assessed the adequacy of the relevant disclosure in the notes to the financial statements.
- Our procedures did not identify any material exceptions.

## INFORMATION OTHER THAN THE IND AS FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

The Company's management and Board of Directors are responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report and Shareholder's Information but does not include the Ind AS financial statements and our auditors' report thereon.

Our opinion on the Ind AS 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 Ind AS Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Ind AS 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.

## MANAGEMENT'S AND BOARD OF DIRECTORS' RESPONSIBILITY FOR THE IND AS FINANCIAL STATEMENTS

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

In preparing the Ind AS Financial Statements, the Management and Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

## AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE IND AS FINANCIAL STATEMENTS

Our objectives 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 auditors' report

that includes our opinion. Reasonable assurance is a high level of assurance but 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 decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- i. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ii. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- iii. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures in the financial statements made by the Management and Board of Directors.
- iv. Conclude on the appropriateness of the Management and Board of Directors use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- v. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatement in the financial statements that, individually or in aggregate, make it probable that the economic decision of reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) Planning the scope of our audit and in evaluating results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

#### REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

1. As required by the Companies (Auditors' Report) Order, 2020 ("the Order") issued by the Central Government in terms of section 143 (11) of the Act, we give in the "Annexure A" 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:
  - a. we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - b. in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books except for the matters stated in the paragraph 2(h)(vi) below on reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014;
  - c. the Balance Sheet, the Statement of Profit and Loss, the Statement of Cash Flow and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;
  - d. in our opinion, the aforesaid Ind AS Financial Statements comply with the Accounting Standards specified under Section 133 of the Act read with relevant rules issued thereunder;
  - e. on the basis of written representations received from the directors as on 31 March 2024 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2024, from being appointed as a director in terms of Section 164(2) of the Act;
  - f. with respect to the adequacy of the internal financial controls with reference to Financial Statements of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B"; Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
  - g. the reservation relating to the maintenance of accounts and other matters connected therewith are as stated in the paragraph 2(b) above on reporting under Section 143(3)(b) and paragraph 2(h)(vi) below on reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014.
- h. with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - i. The Company does not have any pending litigations which would impact its financial position except those disclosed in Note No. 40 and 46(p).
  - ii. The Company did not have any long-term contracts including derivative contracts for which there are any material foreseeable losses.
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
  - iv. In respect of Rule 11(e) of the Companies (Audit and Auditors) Rules, 2014,
    - a. The Management has represented that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) 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 or entity, including foreign entity ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, 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;
    - b. The Management has represented, that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been received by the Company from any person or entity, including foreign entity ("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;
    - c. Based on the audit procedures that have been considered reasonable and appropriate in the circumstances, nothing



has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.

- v. The final dividend proposed by the Board of directors for the year ended 31 March 2023 and paid during the current year by the Company is in compliance with section 123 of the Act.

As stated in Note 43 to the financial statements, the Board of Directors of the Company has proposed a final dividend for the year ended 31 March 2024, which is subject to the approval of the members at the ensuing Annual General Meeting. The amount of dividend proposed is in accordance with section 123 of the Act to the extent applicable.

- vi. Based on our examination, which included test checks, the company is using TallyPrime accounting software and EasyERP Business Operations Software for maintaining its books of account for the year ended March 31, 2024. The audit trail (edit log) functionality was enabled in TallyPrime with effect from August 21, 2023 through migration of data to Edit Log version of TallyPrime. Accordingly, post migration to Tally Prime Edit Log, the audit trail (edit log) functionality has operated through-out the year for all relevant transactions recorded in the Tally software and there is not any instance of the audit trail feature being tampered with.

The company has commissioned and has gone live with effect from April 1, 2023 on EasyERP Software that facilitates maintaining its business operations and processes through the software and does not have either edit or delete option at transaction level and has audit trail (edit log) feature effective from the go live date.

The software vendor has certified the fact that audit trail (edit log) feature as enabled in the software cannot be disabled as effected at the

application level of the software from date of its commissioning. However, in the absence of specific report being available to be extracted from the said software, we are unable to comment whether the audit trail (edit log) feature was operational throughout the year and not tampered with. Further, the audit trail (edit log) feature has not been enabled at database level.

As proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014, applicable from April 1, 2023, reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014 on preservation of audit trail as per the statutory requirements for record retention, is not applicable for the financial year ended 31<sup>st</sup> March 2024.

3. With respect to the matter to be included in Auditors' Report under section 197(16) of the Act:
- i. According to information and explanation given to us and based on our examination of the records of the Company, the Company has paid Managerial Remuneration in excess of eleven percent of the net profits of the company for current year in pursuance of the special resolution passed by the company in its 33<sup>rd</sup> and 34<sup>th</sup> Annual General Meetings and in accordance with the proviso to item (A) in Section II under Part II of Schedule V read with section 197 of Companies Act, 2013.
  - ii. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) of the Act which are required to be commented upon by us.

For **Gokhale & Sathe**,  
Chartered Accountants  
Firm Registration No.: 103264W

**CA Kaustubh Deshpande**,  
Partner  
Membership No.: 121011  
UDIN: 24121011BKAAOQ8180

Place: Solapur  
Date: May 6, 2024



# ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT

**(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of SMRUTHI ORGANICS LIMITED of even date)**

To the best of our information and according to the explanations provided to us by the Company and the books of account and records examined by us in the normal course of audit, we state that:

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property Plant and Equipment including intangible assets.
- (b) We are informed that the company has a program of physical verification of fixed assets at periodic intervals.

In our opinion, the period of verification is reasonable having regard to the size of the company and nature of its fixed assets. No material discrepancies have been noticed on such verification.

- (c) According to the information and explanations given by the management and based on the examination of the books of accounts and other records, the title deeds of immovable properties, included in property, plant and equipment of the company are held in the name of the Company except in following cases as have also been disclosed in Note No. 46(m).

Description of the Property	Original Agreement Value	Held in the name of	Whether Promoter, Director or their relative or employee	Property held for number of years
Gat No. 230/2/A/2	75000	Eaga Purushotham	Managing Director	23
Gat No. 230/2/B/2	75000	Eaga Purushotham	Managing Director	23
Gat No. 233/2/B	150000	Eaga Purushotham	Managing Director	23
Gat No. 231/2/B	75000	Eaga Purushotham	Managing Director	23

- (d) The Company has not revalued any of its Property, Plant and intangible assets during the year.
- (e) No proceedings have been initiated during the year or are pending against the Company as at March 31, 2024 for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (as amended in 2016) and rules made thereunder.
- (ii) (a) According to the information and explanations given to us, the inventories were physically verified during the year by the Management at reasonable intervals and no material discrepancies were notice on such physical verification. Based on the information and explanation provided by the Management and our examination of the methods, procedures and the coverage of physical verification, as followed by the management, we report that these were observed to be appropriate.
- (b) The company has been sanctioned working capital limits in excess of five crore rupees from State Bank of India on the basis of security of current assets. Based on the information and explanation provided by the Management and our examination that has been conducted to determine whether quarterly statements submitted with the bank agree with the books of account we report as under. The differences are on account of Trade Receivables and Payables being submitted to bank gross of advances. These have been reasoned in Note No. 46(j).

(Amount in Lakh)

Stock Statement for Quarter ended June 2023 to March 2024

Sr No.	Quarter	As per bank stock statement submitted	As per Books of Account	Difference (Short) / Excess Submitted	Date of Submission
		Amount	Amount		
1	Jun-23	2437.98	2440.02	2.04	20-07-2023
2	Sep-23	2873.71	2877.94	4.23	20-10-2023
3	Dec-23	2666.63	2667.20	0.57	19-01-2024
4	Mar-24	2975.53	2977.65	2.12	20-04-2024

## Trade Receivables net of advances Statement for Quarter ended June 2023 to March 2024

Sr No.	Quarter	As per bank stock statement submitted	As per Books of Account	Difference (Short) / Excess Submitted	Date of Submission
		Amount	Amount		
1	Jun-23	4026.16	4021.86	-4.3	20-07-2023
2	Sep-23	3079.26	3061.23	-18.03	20-10-2023
3	Dec-23	2340.71	2319.49	-21.22	19-01-2024
4	Mar-24	4101.71	4102.61	0.9	20-04-2024

## Trade Payable net of Advances Statement for Quarter ended June 2023 to March 2024

Sr No.	Quarter	As per bank stock statement submitted	As per Books of Account	Difference	Date of Submission
		Amount	Amount		
1	Jun-23	1914.75	2021.57	106.82	20-07-2023
2	Sep-23	1653.34	1750.43	97.09	20-10-2023
3	Dec-23	1190.04	1203.37	13.33	19-01-2024
4	Mar-24	2751.74	2793.42	41.68	20-04-2024

- (iii) (a) According to the information and explanations given to us and based on the examination of the Books of Account, during the year the company has not made any investment or financial guarantee or provided any security to any person or entity or provided any advance in nature of loan to any entity. As the company has no subsidiaries, joint venture and associate the requirements under paragraph 3(iii)(a)(A) are not applicable to the company. During the year, the company has provided advance in nature of loan to its employees. The details of such loans to employees given during the year are as under:

Particulars	Loans to Employees
Aggregate amount granted / provided during the year to Other Parties	INR 1.05 Lakh
Balance outstanding as at balance sheet date in respect of Other Parties	INR 2.50 Lakh

- (b) The company has neither entered into any agreement or arrangement with the employees in respect of loans given nor has it stipulated the schedule of repayment of principal and payment of interest on loans given to employees. Accordingly, we are unable to make specific comment on,
- whether the loans to employees are prejudicial to the interest of the company,
  - the regularity of repayment of principal,
  - payment of interest in respect of such loans,
  - the amount of loan overdue more than ninety days and the reasonable steps taken by the management to recover such loans,
  - loans granted which have fallen due during the year and have been renewed or extended or fresh loans granted to settle the overdues of existing loans.
- (iv) The company has neither granted any loans nor made investments nor given guarantees nor security in contravention to the provisions of section 185 and 186 of the Act.
- (v) The Company has not accepted any deposits from the public to which the directives issued by the Reserve Bank of India and the provisions of sections 73 to 76 or any other relevant provisions of the Act and Rules framed thereunder are applicable. Accordingly, paragraph 3(v) of the Order is not applicable to the Company.
- (vi) We have broadly reviewed the books of accounts 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 Cost Audit Report made available to us till the date of our report 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) In our opinion, the Company is regular in depositing with the appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income tax, sales-tax, goods and service tax, cess and other material statutory dues applicable to it. According to information and explanations given to us, no undisputed amounts payable were outstanding, at the year end, for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us, there are no statutory dues which have not been deposited on account of any dispute.
- (viii) There were no transactions relating to previously unrecorded income that have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (43 of 1961).
- (ix) (a) The Company has not defaulted in repayment of loans or other borrowings or in the payment of interest thereon to any lender during the year except in case of delay in payment of corporate credit card dues of INR 0.17 Lakh for month of October 2023 which were discharged in December 2023.
- (b) The Company has not been declared a willful defaulter by any bank or financial institution or other lender.
- (c) The Company has utilized the money raised by way of terms loans during the year for the purpose for which they were raised.
- (d) On an overall examination of the financial statements of the Company, funds raised on short term basis have, prima facie, not been used during the year for long-term purposes by the Company having further considered the fact that the current ratio of the company is greater than one.
- (e) The Company does not have subsidiaries, associates or joint ventures during the year and therefore paragraphs 3(ix)(e) and (f) of the Order is not applicable to the Company.
- (x) (a) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) during the year and hence reporting under clause 3(x)(a) of the Order is not applicable
- (b) During the year, the Company has not made any preferential allotment or private placement of shares or convertible debentures (fully or partly or optionally) and hence reporting under clause 3(x)(b) of the Order is not applicable.
- (xi) (a) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have not come across any instance of fraud by or on the Company, noticed or reported during the year, nor have we been informed of such case by management.
- (b) According to the information and explanations given to us, no report under sub-section (12) of section 143 of the Companies Act has been filed by us, in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government. Further, no reporting of fraud has been done by the Cost Auditor and Company Secretary.
- (c) According to the information and explanations given to us, there were no whistle-blower complaints received during the year by the company.
- (xii) The Company is not a Nidhi Company and hence, reporting under paragraph 3 (xii) of the Order is not applicable.
- (xiii) In our opinion, the Company is in compliance with Section 177 and 188 of the Companies Act, 2013 with respect to applicable transactions with the related parties and the details of related party transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- (xiv) (a) In our opinion the Company has an adequate internal audit system commensurate with the size and the nature of its business.
- (b) We have considered, the internal audit reports issued during the year up to the periods ended 31<sup>st</sup> December 2023, along with management responses till date, in determining the nature, timing and extent of our audit procedures.
- (xv) In our opinion during the year the Company has not entered into any non-cash transactions with its Directors or persons connected with its directors and hence provisions of section 192 of the Companies Act, 2013 are not applicable to the Company.
- (xvi) (a) The Company is not required to be registered under Section 45- IA of the Reserve Bank of India Act, 1934 (2 of 1934).
- (b) Further, the Company has not conducted any Non-Banking Financial or housing finance activities during the year.
- (c) & (d) In our opinion, the Company is not a Core Investment Company and there is no other core investment company within the Group (as defined in the Core Investment Companies (Reserve Bank) Directions, 2016) and accordingly reporting under clause 3(xvi)(c) and (d) of the Order is not applicable.
- (xvii) According to the information and explanation given to us, the company has neither incurred cash losses during the current financial year nor during the immediately preceding financial year and accordingly the requirements of 3(xvii) is not applicable.

- (xviii) There were no resignations of the statutory auditors during the year and accordingly the requirements of 3(xviii) is not applicable.
- (xix) On the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the financial statements and our knowledge of the Board of Directors and Management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report indicating 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 it should not be construed as a guarantee or assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.
- (xx) (a) According to the information and explanations given to us and based on the examination of the Books of Account, the company had no unspent amount in relation to 'other than ongoing projects' that was required to be transferred to a Fund specified in Schedule VII to the Companies Act within a period of six months of the expiry of the financial year in compliance with second proviso to sub-section (5) of section 135 of the said Act and accordingly, reporting under paragraphs 3(xx)(a) is not applicable to the Company.
- (b) According to the information and explanations given to us and based on the examination of the Books of Account and reports filed by the company, the company was not required to spend on CSR activities during the year under consideration accordingly, the company did not have any unspent amount under sub section (5) of the section 135 of the Companies Act pursuant to 'ongoing project' that was required to be transferred to the unspent CSR account and accordingly, reporting under paragraphs 3(xx)(b) is not applicable to the Company.
- (xxi) The Company is not required to prepare Consolidated Financial Statements and therefore reporting under clause 3(xxi) of the Order is not applicable for the year.

For **Gokhale & Sathe,**  
Chartered Accountants  
Firm Registration No.: 103264W

**CA Kaustubh Deshpande,**  
Partner  
Membership No.: 121011  
UDIN: 24121011BKAAOQ8180

Place: Solapur  
Date: May 6, 2024

# ANNEXURE B

TO THE INDEPENDENT AUDITOR'S REPORT

**(referred to in paragraph 2(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)**

Report on the Internal Financial Controls with reference to IND AS financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013.

## OPINION

We have audited the internal financial controls with reference to IND AS financial statements of SMRUTHI ORGANICS LIMITED ("the Company") as of 31<sup>st</sup> March 2024 in conjunction with our audit of the Financial Statements of the Company for the year ended on that date.

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, adequate internal financial controls with reference to IND AS financial statements and such internal financial controls over financial reporting were operating effectively as at 31<sup>st</sup> March 2024, based on the internal financial controls with reference to IND AS financial statements 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 (the "Guidance Note").

## MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

The Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements 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. 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 (hereinafter referred to as "the Act").

## AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on the Company's internal financial controls with reference to IND AS financial statements 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") issued by the Institute of Chartered Accountants of India and the Standards on Auditing, prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to IND AS financial statements.

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 with reference to financial statements were established and maintained and whether 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 with reference to IND AS financial statements and their operating effectiveness. Our audit of internal financial controls with reference to IND AS financial statements included obtaining an understanding of such internal financial controls, 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 judgement, including the assessment of the risks of material misstatement of the 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 with reference to IND AS financial statements.

## MEANING OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO IND AS FINANCIAL STATEMENTS

A company's internal financial controls with reference to IND AS financial statements 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 controls with reference to IND AS financial statements include 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 IND AS FINANCIAL STATEMENTS CONTROLS WITH REFERENCE TO FINANCIAL STATEMENTS

Because of the inherent limitations of internal financial controls with reference to IND AS financial statements, 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 with reference to IND AS financial statements to future periods are subject to the risk that the internal financial controls with reference to IND AS financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

**For Gokhale & Sathe,**

Chartered Accountants

Firm Registration No.: 103264W

**CA Kaustubh Deshpande,**

Partner

Membership No.: 121011

UDIN: 24121011BKAAOQ8180

Place: Solapur

Date: May 6, 2024

# BALANCE SHEET

AS AT MARCH 31, 2024

Particulars	Note No.	Amount in Lakhs	
		As at March 31, 2024	As at March 31, 2023
<b>ASSETS</b>			
<b>1 Non-Current Assets</b>			
(a) Property, Plant and Equipment	4	3962.87	3702.73
(b) Capital Work-in-progress	5	143.37	192.22
(c) Intangible Assets	4	17.49	1.15
(d) Intangible Asset under development	5	0.00	7.20
(e) Right of use assets	5	18.96	0.00
(f) Financial Assets			
(i) Investments	6	13.29	11.94
(ii) Other Financial Assets	7	0.75	9.76
(g) Other Non Current Assets	8	120.19	108.88
<b>Total Non Current Asset</b>		<b>4276.92</b>	<b>4033.88</b>
<b>2 Current assets</b>			
(a) Inventories	9	2977.65	2399.00
(b) Financial Assets			
(i) Trade Receivables	10	4102.61	3696.09
(ii) Cash and Cash equivalents	11	47.95	58.63
(iii) Other Bank Balances	12	9.50	116.19
(iv) Other Financial Assets	13	5.52	4.73
(c) Other Current Assets	14	398.92	255.55
<b>Total Current Asset</b>		<b>7542.15</b>	<b>6530.19</b>
<b>TOTAL ASSETS</b>		<b>11819.07</b>	<b>10564.07</b>
<b>EQUITY AND LIABILITIES</b>			
<b>1 Equity</b>			
(a) Equity Share Capital	15	1144.63	1144.63
(b) Other Equity	16	5817.24	5671.06
<b>Total Equity</b>		<b>6961.87</b>	<b>6815.69</b>
<b>Liabilities</b>			
<b>2 Non Current liabilities</b>			
(a) Financial Liabilities			
(i) Borrowings	17	556.17	58.58
(ii) Other Financial Liabilities	18	8.64	10.25
(b) Provisions	19	0.00	27.97
(c) Deferred tax liabilities (net)	20	86.24	103.97
<b>Total Non Current Liabilities</b>		<b>651.05</b>	<b>200.77</b>
<b>3 Current Liabilities</b>			
(a) Financial Liabilities			
(i) Borrowings	21	614.17	511.06
(ii) Trade Payables :-	22		
(A) total outstanding dues of micro enterprises and small enterprises and		100.92	14.94
(B) total outstanding dues of creditors other than micro enterprises and small enterprises		2763.22	2450.63
(iii) Other financial liabilities	23	44.50	37.88
(b) Other current liabilities	24	238.66	205.78
(c) Provisions	25	364.16	303.08
(d) Current Tax Liability (Net)	20	80.53	24.24
<b>Total Current Liabilities</b>		<b>4206.15</b>	<b>3547.61</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>11819.07</b>	<b>10564.07</b>

The accompanying Notes are an integral part of the financial statements.

As per our Report of even date attached.

**For Gokhale & Sathe,**  
Chartered Accountants,  
FRN: 103264W

**CA Kaustubh Deshpande**

Partner  
ICAI Membership No. 121011  
UDIN: 24121011BKAAOQ8180  
Place : Solapur  
Date : May 6, 2024

For & on behalf of Board of Directors

**Eaga Purushotham**  
Managing Director  
DIN: 00033583

**Eaga Swapnil**  
Joint Managing Director & CFO  
DIN : 01241535

**Urvashi Khanna**  
Company Secretary & Compliance Officer



# STATEMENT OF PROFIT AND LOSS

FOR THE PERIOD ENDED MARCH 31 2024

Amount in Lakhs

Particulars	Note No.	Year Ended	
		March 31, 2024	March 31, 2023
I Revenue from Operations	26	12764.31	14104.09
II Other Income	27	7.55	10.74
<b>III Total Income ( I + II)</b>		<b>12771.86</b>	<b>14114.83</b>
<b>IV EXPENSES</b>			
Cost of material consumed	28	7491.55	9569.33
Purchases of Stock-in-Trade	28	9.56	19.88
Changes in inventories of finished goods, Stock-in-trade and work-in-progress	29	(265.68)	(441.50)
Employee benefits expense	30	1715.97	1582.46
Finance Cost	31	140.85	82.25
Depreciation and amortization expenses	32	565.30	457.18
Other Expenses	33	2617.34	2395.86
<b>Total expenses (IV)</b>		<b>12274.89</b>	<b>13665.46</b>
V <b>Profit/(loss) before exceptional items and tax (III-IV)</b>		<b>496.97</b>	<b>449.37</b>
VI Exceptional items		0.00	0.00
VII Profit/(loss) after exceptional items and before tax (V-VI)		496.97	449.37
VIII Tax expense:			
(1) Current Tax	20	158.02	164.32
(2) Deferred Tax	20	(22.69)	(109.65)
(3) Other Income Tax	20	2.61	(18.39)
<b>Total Tax Expenses</b>		<b>137.94</b>	<b>36.28</b>
XI <b>Profit/(Loss) for the period from continuing operations (VII-VIII)</b>		<b>359.03</b>	<b>413.09</b>
X Profit/(Loss) from discontinued operations		0.00	0.00
XI Tax expenses of discontinued operations		0.00	0.00
XII Profit/(Loss) from discontinued operations		0.00	0.00
XIII <b>Profit/(Loss) for the period (XI+XII)</b>		<b>359.03</b>	<b>413.09</b>
XIV Other Comprehensive Income			
A. (i) Items that will not be reclassified to profit or loss	27	21.03	37.54
(ii) Income tax relating to items that will not be reclassified to profit or loss	20	(4.95)	(7.68)
B. (i) Items that will be reclassified to profit or loss		0.00	0.00
ii) Income tax relating to items that will be reclassified to profit or loss		0.00	0.00
XV <b>Total Comprehensive Income for the period (XIII + XIV) comprising profit/(Loss) and other comprehensive income for the period</b>		<b>375.11</b>	<b>442.95</b>
XVI Earning per equity share (for discontinued operations):			
(1) Basic		-	-
(2) Diluted		-	-
XVII Earning per equity share (for discontinued & continuing operations): In INR Per Share	34		
(1) Basic		3.14	3.87
(2) Diluted		3.14	3.87

The accompanying Notes are an integral part of the financial statements.

As per our Report of even date attached.

**For Gokhale & Sathe,**  
Chartered Accountants,  
FRN: 103264W

**CA Kaustubh Deshpande**  
Partner  
ICAI Membership No. 121011  
UDIN: 24121011BKAAOQ8180  
Place : Solapur  
Date : May 6, 2024

For & on behalf of Board of Directors

**Eaga Purushotham**  
Managing Director  
DIN: 00033583

**Urvashi Khanna**  
Company Secretary & Compliance Officer

**Eaga Swapnil**  
Joint Managing Director & CFO  
DIN : 01241535



# STATEMENT OF CASH FLOW

FOR THE YEAR ENDED MARCH 31, 2024

Amount in Lakhs

Sr No.	Particulars	Year Ended 31st March 2024	Year Ended 31st March 2023
<b>A</b>	<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
	Profit before income tax	518.00	486.91
	Non cash adjustment to reconciled profit before tax to net cash flows		
	Depreciation and Amortization	565.30	457.18
	Fair Valuation (Gain) / Loss on Investments	(21.03)	(7.01)
	Interest Expenditure	100.41	82.25
	Foreign Exchange (Gain) / Loss	1.87	13.34
	Transaction Cost Amortized relating to Long Term Borrowings	0.42	0.00
	Lease Liability Finance Cost	0.52	0.00
	Interest Income	(0.67)	(8.74)
	<b>Operating Profit before Working Capital changes</b>	<b>1,164.83</b>	<b>1,023.92</b>
	<b>Movements in Working Capital</b>		
	Increase/(Decrease) in Trade Payables	398.54	1,359.39
	Increase/(Decrease) in Provisions	33.12	53.69
	Increase/(Decrease) in Other Current Liabilities	36.60	66.18
	Increase/(Decrease) in Other Current Financial Liability	6.62	14.41
	Increase/(Decrease) in Other Non Current Liabilities	(1.61)	0.05
	Decrease/(Increase) in Trade Receivables	(406.52)	(846.57)
	Decrease/(Increase) in Inventories	(578.65)	(405.69)
	Decrease/(Increase) in Non Current Financial Assets	9.01	(0.51)
	Decrease/(Increase) in Current Financial Assets	(0.78)	0.00
	Decrease/(Increase) in Other Current Assets	(105.42)	93.22
	Decrease/(Increase) in Other Non-current assets	(11.31)	(25.90)
	<b>Cash generated from / (used in) Operations</b>	<b>544.42</b>	<b>1,332.21</b>
	Direct taxes (net of refunds)	(104.33)	(121.70)
	<b>Net cash flow from / (used in) Operating Activities (A)</b>	<b>440.09</b>	<b>1,210.51</b>
<b>B</b>	<b>Cash Flow From Investing Activities</b>		
	Purchases of Fixed Assets, including intangible assets, CWIP & Capital advances	(823.68)	(946.65)
	Investment in bank deposits (having original maturity of more than three months) and interest accrued thereon	106.69	(84.04)
	Interest Income	0.67	6.15
	Changes in Investments net of Fair Value Effects	0.00	0.00
	<b>Net Cash from / (used in ) Investing Activities (B)</b>	<b>(716.32)</b>	<b>(1,024.53)</b>
<b>C</b>	<b>Cash Flow from Financing Activities</b>		
	Proceeds from long term borrowings	674.49	87.05
	Repayment of long term borrowing	(28.28)	(23.85)
	Net payment of Short term borrowings	(39.21)	223.56
	Unamortized Loan Processing Charges	(9.27)	0.00
	Interest Paid	(97.87)	(81.83)
	Foreign Exchange Gain/ Loss	(1.87)	(13.34)
	Dividend paid on equity shares	(228.93)	(343.39)
	Lease Liability Payments	(3.52)	0.00
	<b>Net cash flow from / (used in) Financing Activities (C)</b>	<b>265.54</b>	<b>(151.80)</b>
	<b>Net Increase/(Decrease) in cash &amp; cash equivalents (A)+(B)+(C)</b>	<b>(10.69)</b>	<b>34.18</b>
	<b>Cash &amp; Cash equivalents at the beginning of the period</b>	<b>58.63</b>	<b>24.45</b>
	<b>Cash &amp; Cash equivalents at the end of the period</b>	<b>47.95</b>	<b>58.63</b>

The accompanying Notes are an integral part of the financial statements.

As per our Report of even date attached.

**For Gokhale & Sathe,**

Chartered Accountants,

FRN: 103264W

**CA Kaustubh Deshpande**

Partner

ICAI Membership No. 121011

UDIN: 24121011BKAAOQ8180

Place : Solapur

Date : May 6, 2024

For & on behalf of Board of Directors

**Eaga Purushotham**

Managing Director

DIN: 00033583

**Eaga Swapnil**

Joint Managing Director & CFO

DIN : 01241535

**Urvashi Khanna**

Company Secretary & Compliance Officer

# STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED MARCH 31, 2024

## A. Equity Share Capital

				Amount in lakhs
Balance as at April 1, 2023	Changes in Equity Share Capital due to prior period errors	Restated balance as at April 1, 2023	Changes in equity share capital during the current period	Balance as at March 31, 2024
1144.63	0.00	1144.63	0.00	1144.63

				Amount in lakhs
Balance as at April 1, 2022	Changes in Equity Share Capital due to prior period errors	Restated balance as at April 1, 2022	Changes in equity share capital during the current period	Balance as at March 31, 2023
1144.63	0.00	1144.63	0.00	1144.63

## B) Other Equity

					Amount in lakhs
	Reserves & Surplus				Total
	Capital Reserve	Other Reserves (General Reserve)	Other Reserves (Specify nature)	Retained Earnings	
<b>Balance as at April 1, 2023</b>	21.09	102.33	0.00	5547.64	5671.06
<b>Total Comprehensive Income</b>	0.00	0.00	0.00	375.11	375.11
Dividends	0.00	0.00	0.00	(228.93)	(228.93)
Other Adjustments	0.00	0.00	0.00	0.00	0.00
<b>Balance as at March 31, 2024</b>	<b>21.09</b>	<b>102.33</b>	<b>0.00</b>	<b>5693.82</b>	<b>5817.24</b>

					Amount in lakhs
	Reserves & Surplus				Total
	Capital Reserve	Other Reserves (General Reserve)	Other Reserves (Specify nature)	Retained Earnings	
<b>Balance as at April 1, 2022</b>	21.09	102.33	0.00	5448.10	5571.52
<b>Total Comprehensive Income</b>	0.00	0.00	0.00	442.95	442.95
Dividends	0.00	0.00	0.00	(343.39)	(343.39)
Other Adjustments	0.00	0.00	0.00	0.00	0.00
<b>Balance as at March 31, 2023</b>	<b>21.09</b>	<b>102.33</b>	<b>0.00</b>	<b>5547.64</b>	<b>5671.06</b>

# NOTES TO STANDALONE FINANCIAL STATEMENT AS ON 31.03.2024

## 1. Corporate Information

Smruthi Organics Limited, incorporated in the year 1989, is a manufacturer of Active Pharmaceutical Ingredient (API) products in the Anti – Diabetic, Anti – Hypertension and Anti – Infectives Therapeutic categories catering to both the Indian domestic as well as rest of the world (ROW) markets, with clients spanning across Asia, Americas, and Africa. Its shares are listed on Bombay Stock Exchange and Metropolitan Stock Exchange of India Limited.

The company has 2 manufacturing facilities in Solapur, India. The API facility is spread across 22-acre land. The R&D Facility based in Hyderabad, India, works on developing novel synthetic routes for API.

## 2. Basis of preparation

### a. Statement of compliance

The financial statements of the Company have been prepared in accordance with and comply in all material respects with Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 (amended from time to time) notified under Section 133 of Companies Act, 2013, (the 'Act') and other relevant provisions of the Act and presentation requirement of Div II to Schedule III of the Companies Act 2013.

Accordingly, the Company has prepared these Financial Statements which comprise the Balance Sheet as at 31 March, 2024, the Statement of Profit and Loss for the year ended 31 March 2024, the Statement of Cash Flows for the year ended 31 March 2024 and the Statement of Changes in Equity for the year ended as on that date, and accounting policies and other explanatory information (together hereinafter referred to as 'financial statements'). The application of Ind ASs, with additional disclosure when necessary, is presumed to result in financial statements that present a true and fair view.

Details of the Company's accounting policies are included in Note 3. The accounting policies set out below have been applied consistently to the years presented in these financial statements. The financial statements were authorised for issue by the Company's Board of Directors on Monday, 6<sup>th</sup> May 2024.

**b.** Basis of measurement: The financial statements have been prepared on a historical cost basis, except for certain financial assets and liabilities as explained below:

- Financial instruments - measured at fair value.
- Plan assets under defined benefit plans – measured at fair value

The accounting policies are applied consistently to all the periods presented in the Financial Statements. All assets and liabilities have been classified as current or non-current as per the normal operating cycle of the Company and other criteria as set out in the Division II

of Schedule III to the Companies Act, 2013. Based on the nature of products and the time between acquisition of assets for processing and their realization in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current or non-current classification of assets and liabilities

### c. Functional and Presentation Currency

In addition, the financial statements are presented in INR which is also the Company's functional currency and all values are rounded to the nearest Lakh (INR 00,000), except when otherwise indicated. Wherever the amount represented '0' (zero) construes value less than Rupees five thousand.

## 3. Summary of Material Accounting Policies:

### 3.1 Use of Estimates, Judgements and Assumptions

The preparation of the financial statements in conformity with Ind AS requires the management to make estimates, judgments and assumptions. These estimates, judgments and assumptions affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the period. Actual results could differ from those estimates according to the nature of the assumption and other circumstances.

This note provides an overview of the areas where there is a higher degree of judgment or complexity. Detailed information about each of these estimates and judgments is included in relevant notes together with information about the basis of calculation.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimates are revised and future periods are affected.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

The following are areas involving critical estimates and judgments:

#### Judgements:

- Evaluation of recoverability of deferred tax assets, and estimation of income tax payable (Note No. 20)

- Provisions (Note No. 19)
- Contingencies (Note No. 40)

**Estimates:**

- Impairment (Note No. 3.8, 3.9 and 3.19)
- Accounting for Defined benefit plans (Note No. 41)
- Useful lives of property, plant and equipment and intangible assets (Note No. 3.7 and 3.8)
- Financial instruments (Note No. 47)
- Fair value of financial instruments (Note No. 47)
- Valuation of inventories (Note No. 9)

### 3.2 Current versus non-current classification

The company presents assets and liabilities in the Balance Sheet based on current / non-current classification.

**An asset is treated as current when it is:**

- Expected to be realized or intended to be sold or consumed in normal operating cycle.
- Held primarily for the purpose of trading.
- Expected to be realised within twelve months after the reporting period, or
- Cash or Cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

**A liability is current when:**

- It is expected to be settled in normal operating cycle.
- It is held primarily for the purpose of trading.
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting Period.

All other assets and liabilities are classified as non-current assets and liabilities. Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The company has identified twelve months as its operating cycle.

### 3.3 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is

based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. The company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2- Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3 -Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

At each reporting date, the Management analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the company's accounting policies. For this analysis, the Management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

The Management also compares the change in the fair value of each asset and liability with relevant

external sources to determine whether the change is reasonable. On an annual basis, the Management presents the valuation results to the Audit Committee and the Company's independent auditors. This includes a detailed discussion of the major assumptions used in the valuations.

For the purpose of fair value disclosures, the company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above. This note summarises accounting policy for fair value. Other fair value related disclosures are given in the relevant notes.

### 3.4 Foreign currency translation

Items included in the Financial Statements of the Company are measured using the currency of the primary economic environment in which the Company operates (functional currency). The Financial Statements of the Company are presented in Indian currency INR, which is also the functional currency of the Company.

#### Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gain/(loss) resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are recognised in the Statement of Profit and Loss. Foreign exchange differences regarded as an adjustment to borrowing costs are presented in the Statement of Profit and Loss, within finance costs. All other foreign exchange gain/(loss) presented in the Statement of Profit and Loss are on a net basis.

### 3.5 Revenue recognition

Revenue from contract with customer is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. Revenue is measured at the transaction price of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government. The Company has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customer.

#### a. Revenue from Sale of Goods:

Revenue from sale of goods is recognised at the point in time when control of the goods is transferred to the customer, generally on dispatch/delivery of the goods or terms as agreed with the customer. The normal credit term is 60 to 90 days from the date of dispatch.

In determining the transaction price for the sale of goods, the company considers the effects of variable consideration, the existence of significant financing components, non-cash consideration, and consideration payable to the customer (if any).

#### b. Interest Income:

Interest income from a financial asset is recognized when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principle outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

#### c. Export benefits:

Export incentives are recognized as income when the right to receive credit as per the terms of the scheme is established in respect of the exports made and where there is no significant uncertainty regarding the ultimate collection of the relevant export proceeds.

#### Contract assets

A contract asset is the right to consideration in exchange for goods transferred to the customer. If the Company performs its obligation by transferring goods to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

#### a. Trade receivables

A receivable represents the Company's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in (Financial instruments – initial recognition and subsequent measurement.) Refer to accounting policies of financial assets in Financial instruments – initial recognition and subsequent measurement.

#### Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Company performs under the contract.



### 3.6 Income Taxes

The income tax expense or credit for the period is the tax payable on the current period's 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.

#### a. Current income tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the Statement of Profit and Loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible.

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the countries where the company operates and generates taxable income.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

#### b. Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that

it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction affects neither the accounting profit nor taxable profit or loss.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

#### c. Minimum alternate tax (MAT)

Minimum alternate tax (MAT) paid as per Indian Income Tax Act, 1961 is in the nature of unused tax credit which can be carried forward and utilised when the Company will pay normal income tax during the specified period. The same is not applicable to the company as it has exercised the option to pay tax under Section 115BAA of The Income Tax Act, 1961.

### 3.7 Property, Plant and Equipment (PPE)

Property, plant and equipment (PPE) and capital work in progress is stated at cost, net of accumulated depreciation and accumulated impairment losses, if

any. The cost of acquired property, plant and equipment comprises its purchase price net of any trade discounts and rebates, any import duties and other taxes (other than those subsequently recoverable from the tax authorities), any directly attributable expenditure on making the asset ready for its intended use, including relevant borrowing costs for qualifying assets and any expected costs of decommissioning. When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

The cost of a self-constructed asset comprises the cost of materials and direct labour, any other costs directly attributable to bringing the item to working condition for its intended use, and estimated costs of dismantling and removing the item and restoring the site where it is located.

Property, plant and equipment that are not ready for intended use as on the date of Balance Sheet are disclosed as 'capital work-in-progress. Items of stores and spares that meet the definition of Property, plant and equipment are capitalized at cost and depreciated over their useful life. Otherwise, such items are classified as inventories.

Depreciation is calculated on written-down value basis over the estimated useful lives of the assets as prescribed under Part C of Schedule II of the Companies Act 2013 except for assets where management believes and based on independent technical evaluation, assets estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used. Leasehold land is amortized over the lease period on a straight-line basis.

The residual values are not more than 5% of the original cost of the item of Property, Plant and Equipment. The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate. The depreciation rates charged are over following estimated useful lives:

<b>Asset class</b>	<b>Useful life</b>
Office Equipment	5 Years
Computers	3 Years
Buildings	30 Years
Vehicles	8 Years
Furniture & Fixtures	10 Years
Laboratory Equipment	10 Years
Plant and Machinery and Other Factory Equipment	23 Years*
Research and Development Equipment	23 Years*

\*Useful life of Plant and Machinery, Other Factory Equipment and Research and Development Equipment

has been estimated by the management supported by technical advice.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognised.

Parts of an item of PPE having different useful lives and significant value and subsequent expenditure on Property, Plant and Equipment arising on account of capital improvement or other factors are accounted for as separate components only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

The Company has elected to continue with the carrying value for all of its property, plant and equipment as recognised in the financial statements on transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition.

### 3.8 Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses, if any. Cost includes acquisition and other incidental cost related to acquiring the intangible asset. Administrative and other general overhead expenses that are specifically attributable to acquisition of intangible assets are allocated and capitalised as a part of the cost of the intangible assets.

The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. A summary of the policies applied to the Company's intangible assets is as follows:

<b>Asset class</b>	<b>Useful life</b>
Trademarks	5 Years
Software	10 years

Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortization period or method, as appropriate, and are treated as changes in accounting estimates.

The amortization expense on intangible assets with finite lives is recognised in the statement of profit and



loss. Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Statement of Profit and Loss when the asset is derecognized.

The Company has elected to continue with the carrying value for all of its intangible assets as recognised in the financial statements on transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition.

#### Research and Development Cost:

Research costs are expensed as incurred. Development expenditures on an individual project are recognised as an intangible asset when the Company can demonstrate:

- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale,
- Its intention to complete and its ability and intention to use or sell the asset
- How the asset will generate future economic benefits
- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortization and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised over the period of expected future benefit. Amortisation expense is recognised in the statement of profit and loss unless such expenditure forms part of carrying value of another asset. During the period of development, the asset is tested for impairment annually.

#### Intangible assets under development:

Expenditure incurred on acquisition/development of intangible assets which are not ready for their intended use at balance sheet date are disclosed under intangible assets under development.

### 3.9 Impairment of Assets

At the end of each reporting year, the Company reviews the carrying amounts of its property, plant and equipment and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates

the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the Statement of Profit and Loss

### 3.10 Inventories

Inventories comprise of raw materials, spares and stores, consumables, supplies and loose tools are valued at the lower of the cost or net realizable value after providing for 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.

Cost of work-in-progress and finished goods comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure. Fixed overheads are allocated on the basis of normal operating capacity or more appropriate factor. Cost of inventories also include all other costs incurred in bringing the inventories to their present location and condition and non-refundable taxes paid. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Costs of inventories are determined on First in First out (FIFO) basis.

### 3.11 Leases

The Company assesses whether a contract contains a lease, at the inception of the contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract

conveys the right to control the use of an identified asset, the Company assesses whether (i) the contract involves the use of identified asset; (ii) the Company has substantially all of the economic benefits from the use of the asset through the period of lease and (iii) the Company has right to direct the use of the asset

**As a lessee:**

- a. The company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.
- b. The right-of-use asset is measured by applying cost model i.e. right-of-use asset at cost less accumulated depreciation and cumulative impairment, if any
- c. The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.
- d. The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the company's incremental borrowing rate. Generally, the company uses its incremental borrowing rate as the discount rate
- e. Lease payments included in the measurement of the lease liability comprise fixed payments, including in-substance fixed payments, amounts expected to be payable under a residual value guarantee
- f. The nature of lessee's leasing activities is as follows:
  - i. Leasing of Immovable Property for Office Use
- g. Short-term leases and leases of low-value assets:  
The company has elected not to recognise right-of-use assets and lease liabilities for short-term leases of real estate properties that have a lease

term of 12 months. The company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term

**3.12 Provision**

Provisions are recognised when the company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

**3.13 Employee benefits:**

Employee benefits include salaries, wages, contribution to provident fund, gratuity, leave encashment towards un-availed leave, post-retirement medical benefits and bonus.

**Short-terms Employee Benefits:**

Employee benefits such as salaries, wages, cost of bonus, ex-gratia and performance linked rewards falling due wholly within twelve months of rendering the service are classified as short-term employee benefits and are expensed in the period in which the employee renders the related service. The obligations are presented as current liability in the balance sheet if the entity does not have an unconditional right to defer the settlement for atleast 12 months after reporting date.

**Post-employment benefits:**

- Defined contribution plan  
The Company's state governed provident fund scheme, employee state insurance scheme and employee pension scheme are defined contribution plans. The contribution paid/payable under the schemes is recognised during the period in which the employee renders the related service.
- Defined benefit plan  
Defined benefit plans comprising of gratuity are recognized based on the present value of defined benefit obligations which is computed using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. These are accounted either as current employee cost or, included in cost of assets as permitted in para 121 of Ind AS 19.

The Projected Unit Credit method (PUC) is used to assess the plan's present value of obligation (liabilities) and the related current service cost, and where applicable past service cost.

The obligation is measured at the present value of the estimated future cash flows using a discount rate based on the market yield on government securities of a maturity period equivalent to the weighted average maturity profile of the defined benefit obligations at the Balance Sheet date.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the statement of profit and loss. Re-measurement, comprising actuarial gains and losses, the return on plan assets (excluding amounts included in net interest on the net defined benefit liability or asset) and any change in the effect of asset ceiling (if applicable) is recognised in Other Comprehensive Income and is reflected in Retained earnings and the same is not eligible to be reclassified to Profit or Loss.

- Other Employee benefit obligations

Other Employee benefit comprises of leave encashment towards un-availed leave and compensated absences. These are accounted as current employee cost as these are payable by the company within subsequent 12 months.

Re-measurements of leave encashment towards un-availed leave are recognized in the Statement of profit or loss except those included in cost of assets as permitted in the period in which they occur. Accumulated leaves are not allowed to be carried forward beyond 12 months.

### 3.14 Cash and cash equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value. For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the company's cash management.

### 3.15 Segment information

Operating segments are those components of the business whose operating results are regularly reviewed by the chief operating decision making body in the Company to make decisions for performance assessment and resource allocation.

The reporting of segment information is the same as provided to the management for the purpose of the performance assessment and resource allocation to the segments. The Company prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the financial statements of the Company as a whole. Common allocable costs, wherever allocated, are allocated to each segment on an appropriate basis.

### 3.16 Earnings per Share

The Company presents basic and diluted earnings per share ("EPS") data for its ordinary shares.

#### Basic earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders after tax by the weighted average number of equity shares outstanding during the period.

#### Diluted earnings per share

Diluted earnings per share is computed by dividing the profit after tax after considering the effect of interest and other financing costs or income (net of attributable taxes) associated with dilutive potential equity shares by the weighted average number of equity shares considered for deriving basic earnings per share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares including the treasury shares held by the Company to satisfy the exercise of the share options by the employees.

### 3.17 Events after the reporting period

Events after the reporting period are those events, favourable and unfavourable, that occur between the end of the reporting period and the date when the financial statements are approved by the Board of Directors in case of a company, and, by the corresponding approving authority in case of any other entity for issue.

#### Two types of events can be identified;

- those that provide evidence of conditions that existed at the end of the reporting period (adjusting events after the reporting period); and
- those that are indicative of conditions that arose after the reporting period (non-adjusting events after the reporting period)

### 3.18 Contingent Liabilities and Contingent assets

#### A contingent liability is;

- a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the company or

- a present obligation that is not recognised because, it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Company does not recognise a contingent liability but discloses its existence in the financial statements.

A contingent asset is not recognised unless it becomes virtually certain that an inflow of economic benefits will arise. When an inflow of economic benefits is probable, contingent assets are disclosed in the financial statements.

Contingent liabilities and contingent assets are reviewed at each balance sheet date.

### 3.19 Financial instruments

#### Initial recognition and measurement

Financial assets and financial liabilities are recognised when an entity becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through Statement of Profit and Loss (FVTPL)) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit and loss are recognised immediately in Statement of Profit and Loss. However, trade receivables that do not contain a significant financing component are measured at transaction price.

#### I. Financial assets

On initial recognition, a financial asset is classified as measured at:

- amortised cost
- FVTOCI - Debt Investment
- FVTOCI – Equity Investment or
- FVTPL

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

#### a. Subsequent Measurement

##### i. Financial asset measured at Amortised cost:

Financial assets are subsequently measured at amortised cost, using the EIR method less impairment, if any, if these financial assets are held within a business model whose objective is to hold these assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The amortization of EIR and loss arising from impairment, if any is recognised in the Statement of Profit and Loss

##### ii. Financial assets measured at Fair Value Through Other Comprehensive Income (FVTOCI)

Financial asset is, except trade receivables and contract assets that are measured at transaction price, measured at FVTOCI if it is held within a business model whose objective is achieved by both, selling financial assets and collecting contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that represents solely payments of principal and interest on the principal amount outstanding.

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognised in the Other Comprehensive Income (OCI). However, the Company recognises interest income, impairment losses & reversals and foreign exchange gain or loss in the Statement of Profit and Loss. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to Statement of Profit and Loss. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method

##### iii. Financial assets measured at Fair Value Through Profit or Loss (FVTPL)

Financial asset which is not classified in any of the above categories are measured at FVTPL. Financial assets are reclassified

subsequent to their recognition, if the Company changes its business model for managing those financial assets. Changes in business model are made and applied prospectively from the reclassification date which is the first day of immediately next reporting period following the changes in business model in accordance with principles laid down under Ind AS 109 – Financial Instruments.

**iv. Other Equity investment**

All other equity investments are measured at fair value, with value changes recognised in Statement of Profit and Loss, except for those equity investments for which the Company has elected to present the value changes in 'Other Comprehensive Income'. However, dividend on such equity investments are recognised in Statement of Profit and loss when the Company's right to receive payment is established.

**b. Derecognition**

A financial asset (or, where applicable, a part of a financial asset or part of a Company of similar financial assets) is primarily derecognised (i.e. removed from the Company's balance sheet) when:

The rights to receive cash flows from the asset have expired, or

The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material lay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

**c. Impairment of financial assets**

In accordance with Ind AS 109, the Company uses 'Expected Credit Loss' (ECL) model, for evaluating impairment of Financial Assets other than those measured at Fair Value Through Profit and Loss (FVTPL).

Expected Credit Losses are measured through a loss allowance at an amount equal to:

- The 12-months expected credit losses (expected credit losses that result from those default events on the financial instrument that are possible within 12 months after the reporting date), if the credit risk on a financial instrument has not increased significantly; or
- Full lifetime expected credit losses (expected credit losses that result from all possible default events over the life of the financial instrument), if the credit risk on a financial instrument has increased significantly.

For trade receivables the Company applies 'simplified approach' which requires expected lifetime losses to be recognised from initial recognition of the receivables. The Company uses historical default rates to determine impairment loss on the portfolio of trade receivables. At every reporting date these historical default rates are reviewed and changes in the forward-looking estimates are analysed. Trade Receivables are considered to be good and there are neither been any past instances of default and also management doesn't expect any default in case of Company receivables.

For other assets, the Company uses 12 month ECL to provide for impairment loss where there is no significant increase in credit risk. If there is significant increase in credit risk full lifetime ECL is used.

A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being past due for 90 days or more;
- the restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise;



- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit losses, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward- looking information.

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

#### Other Financial Assets

Other Financial Assets mainly consists of Advances to employees and Security Deposit. Following are the policy for specific financial assets:-

Type of financial asset	Policy
Security Deposit	Security deposit is in the nature of statutory deposits like electricity, telephone deposits. Since they are kept with Government bodies, there is low risk.
Loans and advances to employee	Loan and advances to employee are considered to be good and there are neither been any past instances of default and also management doesn't expect any default in case of Company receivables.

## II. Financial liabilities

### a. Subsequent Measurement

Financial liabilities are classified as measured at Amortised cost or 'FVTPL.

#### Financial Liability - FVTPL

A Financial Liability is classified as at FVTPL if it is classified as held-for-trading, or it is a derivative (that does not meet hedge accounting requirements) or it is designated as such on initial recognition

A financial liability is classified as held for trading if:

- it has been incurred principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise;
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed, and its performance is evaluated on a fair value basis, in accordance with the Company's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and IND AS 109 permits the entire combined contract to be designated as at FVTPL in accordance with IND AS 109

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in Statement of Profit and Loss. The net gain or loss recognised in Statement of Profit and Loss incorporates any interest paid on the financial liability and is included

item in the Statement of Profit and Loss. For liabilities designated as FVTPL, fair value gains/losses attributable to changes in own credit risk are recognised in OCI.

**Other financial liabilities:**

Other financial liabilities (including borrowings and trade and other payables) are subsequently measured at amortised cost using the effective interest method.

**b. Derecognition of financial liabilities:**

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. An exchange with a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability (whether or not attributable to the financial difficulty of the debtor) is accounted

for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognised in profit or loss.

**III. Offsetting financial instrument**

Financial assets and liabilities are offset, and the net amount is reported in the balance sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle financial asset and liability on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

**3.20 Recent Accounting Pronouncement**

Ministry of Corporate Affairs has not made any amendments to the Ind AS which are effective from 1<sup>st</sup> April 2024.



**Note 4: A) Property, Plant and Equipment**

Particulars	Amount in lakhs											Total
	Freehold Land	Lease Hold Factory Land	Plants and equipment	Computers	Vehicles	Furnitures & Fixtures	Building	(E) Plant & Machinery	Electrical Installation	Laboratory Equipments	Office Equipments	
<b>Gross Block</b>												
Balance as at 1 <sup>st</sup> April, 2022	5.87	30.76	7281.73	95.41	261.90	177.96	2032.20	335.89	7.56	904.84	255.38	11389.50
Additions during the year	0.00	0.00	294.65	14.57	114.60	1.85	300.44	26.52	0.00	53.61	21.34	827.57
Deletions/impairment during the year	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Balance as at 31<sup>st</sup> March 2023</b>	<b>5.87</b>	<b>30.76</b>	<b>7576.38</b>	<b>109.97</b>	<b>376.50</b>	<b>179.80</b>	<b>2332.64</b>	<b>362.41</b>	<b>7.56</b>	<b>958.45</b>	<b>276.72</b>	<b>12217.08</b>
<b>Depreciation</b>												
Balance as at 1 <sup>st</sup> April, 2022	0.00	4.64	5239.00	85.48	182.68	140.47	1365.41	246.24	1.66	631.26	161.26	8058.12
Charge for the year	0.00	0.18	263.21	7.93	25.16	8.52	78.40	12.39	0.63	45.34	14.47	456.23
Accumulated depreciation on deletions	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Balance as at 31<sup>st</sup> March 2023</b>	<b>0.00</b>	<b>4.82</b>	<b>5502.22</b>	<b>93.41</b>	<b>207.84</b>	<b>148.99</b>	<b>1443.81</b>	<b>258.63</b>	<b>2.29</b>	<b>676.61</b>	<b>175.74</b>	<b>8514.35</b>
<b>Gross Block</b>												
Balance as at 1 <sup>st</sup> April, 2023	5.87	30.76	7576.38	109.97	376.50	179.80	2332.64	362.41	7.56	958.45	276.72	12217.08
Additions during the year	0.00	0.00	484.01	4.31	1.05	5.09	169.33	37.76	0.00	82.49	17.84	801.89
Deletions/impairment during the year	0.00	0.00	11.65	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	11.65
<b>Balance as at 31<sup>st</sup> March 2024</b>	<b>5.87</b>	<b>30.76</b>	<b>8048.74</b>	<b>114.29</b>	<b>377.55</b>	<b>184.89</b>	<b>2501.96</b>	<b>400.17</b>	<b>7.56</b>	<b>1040.94</b>	<b>294.56</b>	<b>13007.31</b>
<b>Depreciation</b>												
Balance as at 1 <sup>st</sup> April, 2023	0.00	4.82	5502.22	93.41	207.84	148.99	1443.81	258.63	2.29	676.61	175.74	8514.35
Charge for the year	0.00	0.18	283.26	8.72	50.06	7.02	89.17	15.06	0.56	60.72	15.34	530.09
Accumulated depreciation on deletions	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Balance as at 31<sup>st</sup> March 2024</b>	<b>0.00</b>	<b>5.00</b>	<b>5785.48</b>	<b>102.13</b>	<b>257.90</b>	<b>156.01</b>	<b>1532.98</b>	<b>273.69</b>	<b>2.85</b>	<b>737.32</b>	<b>191.08</b>	<b>9044.44</b>
<b>Net Block</b>												
Balance as at 31 <sup>st</sup> March 2023	5.87	25.94	2074.17	16.56	168.66	30.81	888.83	103.78	5.27	281.84	100.98	3702.73
Balance as at 31 <sup>st</sup> March 2024	5.87	25.77	2263.27	12.15	119.65	28.88	968.98	126.48	4.72	303.61	103.48	3962.87

**B) Other Intangible Assets**

Particulars	Amount in lakhs
<b>Gross Block</b>	
Balance as at 1 <sup>st</sup> April, 2022	3.36
Additions during the year	0.00
Deletions during the year	0.00
<b>Balance as at 31<sup>st</sup> March 2023</b>	<b>3.36</b>
<b>Depreciation</b>	
Balance as at 1 <sup>st</sup> April, 2022	1.27
Charge for the year	0.94
Accumulated depreciation on deletions	0.00
<b>Balance as at 31<sup>st</sup> March 2023</b>	<b>2.22</b>
<b>Gross Block</b>	
Balance as at 1 <sup>st</sup> April, 2023	3.36
Additions during the year	18.40
Deletions during the year	0.00
<b>Balance as at 31<sup>st</sup> March 2024</b>	<b>21.76</b>
<b>Depreciation</b>	
Balance as at 1 <sup>st</sup> April, 2023	2.22
Charge for the year	2.06
Accumulated depreciation on deletions	0.00
Balance as at 31 <sup>st</sup> March 2024	<b>4.27</b>
<b>Net Block</b>	
Balance as at 31 <sup>st</sup> March 2023	<b>1.15</b>
Balance as at 31 <sup>st</sup> March 2024	<b>17.49</b>

**Note 5 (A) : Capital Work-In-Progress [CWIP] and Intangible Assets Under Development**

Particulars	Capital WIP	Total	Amount in lakhs	
			Intangible Assets Under Development	Total
<b>Gross Block</b>				
Balance as at 1 <sup>st</sup> April, 2022	80.34	80.34	0.00	0.00
Additions during the year	173.43	173.43	7.20	7.20
Transfer to PPE during the year	61.55	61.55	0.00	0.00
<b>Balance as at 31<sup>st</sup> March 2023</b>	<b>192.22</b>	<b>192.22</b>	<b>7.20</b>	<b>7.20</b>
<b>Depreciation / Impairment / Amortization</b>				
Balance as at 1 <sup>st</sup> April, 2022	0.00	0.00	0.00	0.00
Charge / Impairment for the year	0.00	0.00	0.00	0.00
Accumulated depreciation on deletions	0.00	0.00	0.00	0.00
<b>Balance as at 31<sup>st</sup> March 2023</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>Gross Block</b>				
Balance as at 1 <sup>st</sup> April, 2023	192.22	192.22	7.20	7.20
Additions during the year	143.37	143.37	0.00	0.00
Transfer to PPE during the year	173.43	173.43	7.20	7.20
<b>Balance as at 31<sup>st</sup> March 2024</b>	<b>162.16</b>	<b>162.16</b>	<b>0.00</b>	<b>0.00</b>
<b>Depreciation / Impairment / Amortization</b>				
Balance as at 1 <sup>st</sup> April, 2023	0.00	0.00	0.00	0.00
Charge / Impairment for the year	18.79	18.79	0.00	0.00
Accumulated depreciation on deletions	0.00	0.00	0.00	0.00
<b>Balance as at 31<sup>st</sup> March 2024</b>	<b>18.79</b>	<b>18.79</b>	<b>0.00</b>	<b>0.00</b>
<b>Net Block</b>				
As at 31 <sup>st</sup> March 2023	<b>192.22</b>	<b>192.22</b>	<b>7.20</b>	<b>7.20</b>
As at 31 <sup>st</sup> March 2024	<b>143.37</b>	<b>143.37</b>	<b>0.00</b>	<b>0.00</b>

**Note 5 (B) : Right of Use Assets and Lease Liability**
**Carrying value of right of use assets and movement during the year**

Particulars	(Amount in lakhs)	
	Immovable Property	Total
<b>As at 1 April, 2022</b>	0.00	0.00
Additions	0.00	0.00
Depreciation	0.00	0.00
<b>As at 31 March, 2023</b>	<b>0.00</b>	<b>0.00</b>
Additions	21.67	21.67
Depreciation	2.71	2.71
<b>As at 31 March, 2024</b>	<b>18.96</b>	<b>18.96</b>

**Movement in lease liabilities during the year**

Particulars	(Amount in lakhs)	
	As at March 31, 2024	As at March 31, 2023
Opening Balance	0.00	0.00
Additions during the year	21.67	0.00
Finance costs incurred during the year	0.52	0.00
Payments of Lease Liabilities	3.00	0.00
<b>Closing Balance</b>	<b>19.19</b>	<b>0.00</b>

**Maturity analysis of lease liabilities**

Maturity analysis – contractual undiscounted cash flows	(Amount in lakhs)	
	As at March 31, 2024	As at March 31, 2023
Less than one year	12.00	0.00
One to five years	9.00	0.00
More than five years	0.00	0.00
<b>Total undiscounted lease liabilities</b>	<b>21.00</b>	<b>0.00</b>
Lease liabilities included in the Financial Statement	19.19	0.00
Current Liability	10.56	0.00
Non Current Liability	8.64	0.00

**Amounts recognised in profit or loss**

Particulars	(Amount in lakhs)	
	As at March 31, 2024	As at March 31, 2023
Interest on lease liabilities	0.52	0.00
Variable lease payments not included in the measurement of lease liabilities	0.00	0.00
Income from sub-leasing right-of-use assets	0.00	0.00
Expenses relating to short-term leases	15.78	0.00
Expenses relating to leases of low-value assets, excluding short-term leases of low value assets	0.00	0.00
Depreciation expense of right-of-use assets	2.71	0.00
<b>Total Expenses</b>	<b>19.01</b>	<b>0.00</b>

**Amounts recognised in the statement of cash flows**

Particulars	(Amount in lakhs)	
	As at March 31, 2024	As at March 31, 2023
<b>Total cash outflow for leases</b>	<b>3.52</b>	<b>0.00</b>

**Note 6: Investments****Non-Current Investments**

Particulars	Paid up value	Amount in Lakhs			
		As at March 31, 2024		As at March 31, 2023	
		No. of shares	Amount	No. of shares	Amount
Investment in Equity Instruments					
Unquoted (at Fair Value through OCI)	Rs. 10 each	49,310	13.29	49,310	11.94
Greenfield CET Plant Pvt. Ltd. Solapur					
<b>Total</b>		<b>49,310</b>	<b>13.29</b>	<b>49,310</b>	<b>11.94</b>

More Information relating to the Valuation Methodologies are provided in Note No. 3

**Note 7: Other Financial Assets - Non-Current**

Particulars	Amount in Lakhs	
	As at March 31, 2024	As at March 31, 2023
Bank Deposits more than 12 months maturity - BG Margin for MPCB	0.75	9.76
<b>Total</b>	<b>0.75</b>	<b>9.76</b>

**Note 8: Other Non Current Assets**

Particulars	Details	Amount in Lakhs	
		As at March 31, 2024	As at March 31, 2023
Security Deposits		119.56	108.25
Other Advances		0.63	0.63
Opening Balance of Advances	4.42		4.42
Add: Additions during the Year	0.00		0.00
Less: Provision for Doubtful Receivable relating to Forged Cheque Case	-4.42		-4.42
Closing Balance of Advances	0.00		0.00
<b>Total</b>		<b>120.19</b>	<b>108.88</b>

**Note 9: Inventories**

Particulars	Amount in Lakhs	
	As at March 31, 2024	As at March 31, 2023
<b>Inventories</b>		
Valued at FIFO basis and at lower of Cost or Net Realizable Value		
(a) Raw Materials and Spares	1201.17	893.85
(b) Packing Materials	21.78	16.15
(c) Work in Process	925.60	742.50
(d) Finished Goods	829.09	746.51
<b>Total</b>	<b>2977.65</b>	<b>2399.00</b>

All of the above listed inventories have been hypothecated along-with Other Current Assets under on First Pari Pasu charge basis with State Bank of India and Axis Bank against Cash Credit Limits of INR 1500 Lakhs and 500 Lakhs respectively, as sanctioned and against Term Loan Facility of 1200 Lakhs availed from Axis Bank.

**Note 10: Trade Receivables**

Particulars	Amount in Lakhs	
	As at March 31, 2024	As at March 31, 2023
Unsecured, Considered Good	4102.61	3696.09
<b>Total</b>	<b>4102.61</b>	<b>3696.09</b>

Trade Receivables have been hypothecated along-with Other Current Assets under on First Pari Pasu charge basis with State Bank of India and Axis Bank against Cash Credit Limits of INR 1500 Lac and 500 Lac respectively, as sanctioned and against Term Loan Facility of 1200 Lakhs availed from Axis Bank.

**Trade Receivables Ageing Schedule**

Particulars	Amount in Lakhs					
	Outstanding for following periods from due dates of payments as at 31st March 2024					
	Less than 6 months	6 months - 1 Year	1 - 2 Years	2 - 3 Years	More than 3 Years	Total
Undisputed - Considered good	3784.60	38.87	28.07	34.92	216.15	4102.61
Undisputed - Which have significant increase in Credit Risk	0.00	0.00	0.00	0.00	0.00	0.00
Undisputed - Credit impaired	0.00	0.00	0.00	0.00	0.00	0.00
Disputed - Considered good	0.00	0.00	0.00	0.00	0.00	0.00
Disputed - Which have significant increase in Credit Risk	0.00	0.00	0.00	0.00	0.00	0.00
Disputed - Credit impaired	0.00	0.00	0.00	0.00	0.00	0.00
<b>Total</b>	<b>3784.60</b>	<b>38.87</b>	<b>28.07</b>	<b>34.92</b>	<b>216.15</b>	<b>4102.61</b>

  

Particulars	Amount in Lakhs					
	Outstanding for following periods from due dates of payments as at 31st March 2023					
	Less than 6 months	6 months - 1 Year	1 - 2 Years	2 - 3 Years	More than 3 Years	Total
Undisputed - Considered good	3307.33	50.43	95.98	0.00	242.34	3696.09
Undisputed - Which have significant increase in Credit Risk	0.00	0.00	0.00	0.00	0.00	0.00
Undisputed - Credit impaired	0.00	0.00	0.00	0.00	0.00	0.00
Disputed - Considered good	0.00	0.00	0.00	0.00	0.00	0.00
Disputed - Which have significant increase in Credit Risk	0.00	0.00	0.00	0.00	0.00	0.00
Disputed - Credit impaired	0.00	0.00	0.00	0.00	0.00	0.00
<b>Total</b>	<b>3307.33</b>	<b>50.43</b>	<b>95.98</b>	<b>0.00</b>	<b>242.34</b>	<b>3696.09</b>

The company has filed legal case for recovery against four parties (P.Y. five parties) of trade receivables outstanding for more than 3 years amounting to INR 216.15 Lakhs (P.Y. INR 242.34 Lakhs). The hearing in the said cases is under process before various Honourable Courts. The management expects the entire recovery to be made in relation to the outstanding amount.

**Note 11: Cash and Cash equivalents**

Particulars	Amount in Lakhs	
	As at March 31, 2024	As at March 31, 2023
Balance with Bank		
In current accounts	44.82	58.23
Cash on Hand (including Foreign Currency Notes)	3.13	0.41
<b>Total</b>	<b>47.95</b>	<b>58.63</b>
Foreign Currency Notes on Hand INR 2.48 (P.Y. NIL)		

**Note No. 12: Other Bank Balances other than Cash and Cash Equivalents**

Particulars	Amount in Lakhs	
	As at March 31, 2024	As at March 31, 2023
In Term Deposit Accounts		
Term deposits with maturity more than 3 months but less than 12 months	0.00	116.19
Term deposits with maturity more than 3 months but less than 12 months - BG Margin for MPCB	9.50	0.00
<b>Total</b>	<b>9.50</b>	<b>116.19</b>

**Note 13: Other Financial Assets - Current**

Particulars	Amount in Lakhs	
	As at March 31, 2024	As at March 31, 2023
Interest accrued but not due	5.52	4.73
<b>Total</b>	<b>5.52</b>	<b>4.73</b>

**Note 14: Other Current Assets**

Particulars	Amount in Lakhs	
	As at March 31, 2024	As at March 31, 2023
Capital Advances	37.95	13.87
Advances other than Capital Advances		
(a) Staff Advances	2.61	3.80
(b) Advance to Vendors	70.69	127.88
Prepaid Insurance	0.00	2.69
Other Prepaid Expenses	48.64	16.11
Input Tax Credit (GST) Receivable	146.26	64.81
IGST on Exports Refundable	74.90	0.00
Export Incentives Receivable	0.00	11.44
Duty Draw Back / ROTEP Incentive Receivable	17.88	14.96
<b>Total</b>	<b>398.92</b>	<b>255.55</b>

**Note 15: Equity Share Capital**

Particulars	Amount in Lakhs	
	As at March 31, 2024	As at March 31, 2023
<b>Authorised</b>		
1,20,00,000 Equity Shares of Rs. 10/- each	1200.00	1200.00
<b>Issued and Subscribed and Paid Up</b>		
1,14,46,290 Equity Shares of Rs. 10/- each fully paid	1144.63	1144.63



**a) Reconciliation of number of Ordinary (Equity) Shares and amount outstanding**

Particulars	As at March 31, 2024		As at March 31, 2023	
	No. of Shares	Rupees in lakhs	No. of Shares	Rupees in lakhs
<b>Equity Shares</b>				
<b>Issued and Subscribed :</b>				
Balance as at the beginning of the Year	1,14,46,290	1144.63	1,14,46,290	1144.63
Add : Issued during the year for cash	-	0.00	-	0.00
Less: shares bought Back during the Year	-	0.00	-	0.00
Less: shares Cancelled During the Year	-	0.00	-	0.00
Balance as at the end of the Year	1,14,46,290	1144.63	1,14,46,290	1,144.63

**b) Rights, preferences and restrictions attached to shares Equity shares**

The Company has one class of equity shares having a par value of INR 10 per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding

**c) Details of aggregate number of shares issued for consideration other than in cash during the period of five years immediately preceding the reporting date**

Particulars	March 31, 2019	March 31, 2020	March 31, 2021	March 31, 2022	March 31, 2023
Fully Paid up Pursuant to Contracts without payment being received in Cash	-	-	-	-	-
Fully Paid up by way of Bonus Shares	-	-	76,30,860	-	-
Shares bought Back	-	-	-	-	-

**d) Details of Shareholders holding more than 5% shares in the company**

Name of the Shareholder	As at March 31, 2024		As at March 31, 2023	
	No. of Shares	% of holding	No. of Shares	% of holding
Mr.Eaga Purushotham	46,36,404	40.51%	46,36,404	40.51%
Mrs.Eaga Vaishnavi	17,32,520	15.14%	17,32,520	15.14%
Mr. Eaga Swapnil	6,00,144	5.24%	5,73,021	5.01%

**e) Promoter's Shareholding**

Name of the Promoter	As at March 31, 2024		As at March 31, 2023		% change during the year
	No. of Shares	% of holding	No. of Shares	% of holding	
Eaga Purushotham Malaiah	46,36,404	40.51%	46,36,404	40.51%	0.00%
Eaga Swapnil Purushotham	6,00,144	5.24%	5,73,021	5.01%	0.24%
Vaishnavi Purushotham Eaga	17,32,520	15.14%	17,32,520	15.14%	0.00%
Smruthi Purushotham Eaga	85,965	0.75%	83,150	0.73%	0.02%
Yadagiri M Eaga	6,000	0.05%	6,000	0.05%	0.00%
Smruthi Chemicals and Intermediates Limited LLP	2,46,000	2.15%	2,46,000	2.15%	0.00%
<b>TOTAL</b>	<b>73,07,033</b>	<b>63.84%</b>	<b>72,77,095</b>	<b>63.58%</b>	<b>0.26%</b>

As per records of the Company, including its register of shareholders/members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownership of shares.

There were no shares issued for consideration other than cash during the period of 5 years immediately preceding the reporting date.

## f) Particulars of Dividend Declared

Amount in Lakhs

Particulars	As at March 31, 2024	As at March 31, 2023
Cash dividends on equity shares declared and paid		
Final dividend for the year ended on 31 March 2023: INR 2 per share paid during the year	228.93	-
Final dividend for the year ended on 31 March 2022: INR 3 per share	-	343.39

The Board of Directors at their meeting held on May 6, 2024 has declared Final Dividend of INR 1.50 (15%) per Equity shares of the face value of INR 10/- each for the financial year 2023-24, which will be paid on or after approval of shareholders in 35<sup>th</sup> AGM.

## g) Unpaid Dividend

Amount in Lakhs

Particulars	As at March 31, 2024	As at March 31, 2023
Unclaimed Dividend FY 2018-19	3.49	3.54
Unclaimed Dividend FY 2019-20	5.92	5.99
Unclaimed Dividend FY 2020-21	13.37	13.37
Unclaimed Dividend FY 2021-22	14.59	14.98
Unclaimed Dividend FY 2022-23	7.14	0.00
<b>Total</b>	<b>44.50</b>	<b>37.88</b>

## Note No. 16: Other Equity

Amount in Lakhs

Particulars	As at March 31, 2024	As at March 31, 2023
<b>Capital Reserve</b>		
Opening	21.09	21.09
Additions	0.00	0.00
<b>Closing</b>	<b>21.09</b>	<b>21.09</b>
<b>Securities Premium</b>		
Opening	0.00	0.00
Add: Premium on equity shares issued during the year	0.00	0.00
<b>Closing</b>	<b>0.00</b>	<b>0.00</b>
<b>General Reserve</b>		
Opening	102.33	102.33
Less: Transfer to Equity Share Capital	0.00	0.00
<b>Closing</b>	<b>102.33</b>	<b>102.33</b>
<b>Retained Earnings</b>		
Opening Balance	5547.64	5448.10
Net Profit/ (Loss) for the year as per the Statement of Profit and Loss	375.11	442.95
Less: Dividend Paid	-228.93	-343.39
Less: Short Provision of Income Tax of previous years	0.00	0.00
<b>Closing balance</b>	<b>5693.82</b>	<b>5547.64</b>
<b>Total</b>	<b>5817.24</b>	<b>5671.06</b>

## Nature and Purpose of Reserves

## a) General Reserve

General reserve represents amount appropriated out of retained earnings pursuant to the earlier provisions of the Companies Act, 1956. Mandatory transfer to general reserve is not required under the Companies Act, 2013

## b) Capital Reserve

These also include WMDC Capital Incentive and Seed Capital received by the company.

**Note No. 17: Borrowings - Non Current**

Particulars	Amount in Lakhs	
	As at March 31, 2024	As at March 31, 2023
Term loans from Banks		
Secured		
Car Loan - Axis Bank	30.30	58.58
Term Loan - Axis Bank	534.72	0.00
Less: Unamortized Transaction Cost	-8.85	0.00
<b>Total</b>	<b>556.17</b>	<b>58.58</b>

Axis Bank Car Loan availed by the company in relation to purchase of Motor Vehicle that has been hypothecated with the bank.

Term Loan facility from Axis Bank has been availed by the company towards renovation of Factory Building and Installation of Machinery against hypothecation of entire Fixed Assets created out of said Bank Finance. Hypothecation of entire Current Assets both present and future on First Pari Pasu basis with SBI

Term Loan Secured against EM of following properties on First Pari Pasu basis with SBI, NA Land Gat No. 231/2/B, 230/2/B/2, 233/2/B and 230/2/A/2 situated at Chincholi Kati, Tal Mohol, Dist. Solapur owned by Mr. Purushotham Eaga along-with Industrial Land and Building at Plot No. A-27 situated at Chincholi Industrial Area, Solapur owned by the Company and Industrial Land and Building situated at Gat No. 273 and 274 Akkalkot Road, MIDC Solapur owned by the Company

Term Loan Secured against Personal Gurantee of Purushotham Eaga to the extent of value of property.

Amount in lakhs

Particulars of Non Current Borrowings	Maturity	Terms of repayment	Interest rate per annum	As at March 31, 2024	As at March 31, 2023
Car Loan - Axis Bank	10-03-2026	Monthly Instalments	8.60%	30.30	58.58
Sales Tax Deferral (Refer Note 21)	25-04-2023	Yearly Instalments	-	0.00	0.00
Term Loan - Axis Bank	31-08-2029	72 Months including Moratorium of 12 Months	9.50%	534.72	0.00

**Note No. 18: Other Financial Liabilities**

Particulars	Amount in Lakhs	
	As at March 31, 2024	As at March 31, 2023
Security Deposits from Vendors	0.00	0.25
Security Deposits from Distribution Channel Partners	0.00	10.00
Lease Liability Payable - Refer Note 5	8.64	0.00
<b>Total</b>	<b>8.64</b>	<b>10.25</b>

**Note No. 19: Provisions - Non Current**

Particulars	Amount in Lakhs	
	As at March 31, 2024	As at March 31, 2023
Provision for Employee Benefits		
Provision for Gratuity	0.00	0.00
Provision for Leave Encashment	0.00	27.97
<b>Total</b>	<b>0.00</b>	<b>27.97</b>

**Movement in Provisions**

Particulars	Leave Encashment	Gratuity	Total
<b>Balance as at 1 April 2022</b>	0.00	258.35	258.35
Add: Provisions made during the year	27.97	0.00	27.97
Less: Provisions utilised during the year	0.00	0.00	0.00
Less: Provisions reversed during the year	0.00	258.35	258.35
<b>Balance as at 31 March 2023</b>	27.97	0.00	27.97
Add: Provisions made during the year	0.00	0.00	0.00
Less: Provisions utilised during the year	27.97	0.00	27.97
Less: Provisions reversed during the year	0.00	0.00	0.00
<b>Balance as at 31 March 2024</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>

**Note No. 20: Deferred Tax Liabilities (Net)****a) Current Tax Liabilities**

Particulars	Amount in Lakhs	
	As at March 31, 2024	As at March 31, 2023
Opening Balance	0.00	0.00
Add: Current Taxes Payable for the Year	158.02	164.32
Less: Taxes Paid	77.49	140.08
<b>Closing Balance</b>	<b>80.53</b>	<b>24.24</b>

The closing balance of current tax liability is net of advance tax and tax deducted at source.

**b) Current Tax Assets**

Particulars	Amount in Lakhs	
	As at March 31, 2024	As at March 31, 2023
<b>Opening Balance</b>	0.00	0.00
Less: Current Taxes Payable for the Year	0.00	0.00
Add: Taxes Paid	0.00	0.00
<b>Closing Balance</b>	<b>0.00</b>	<b>0.00</b>

The closing balance of current tax Asset is net of advance tax and tax deducted at source.

**c) Deferred Tax Liabilities**

Particulars	Amount in Lakhs		
	As at March 31, 2024	As at March 31, 2023	As at March 31, 2022
<b>Deferred Tax Liability - A</b>			
Written Down Value of Fixed Assets	189.11	198.32	205.55
Unamortized Transaction Cost	2.23	0.00	0.00
<b>Deferred Tax Assets - B</b>			
Provision for Employee Benefits - Bonus	13.44	11.03	0.22
Provision for Employee Benefits - Gratuity	82.56	75.07	-1.23
Provision for Employee Benefits - Leave Encashment	9.09	8.25	0.61
<b>Net Deferred Tax Liability [A-B]</b>	<b>86.24</b>	<b>103.97</b>	<b>205.95</b>

**d) Movement in Deferred Tax Liability**

Particulars	Charge/(Credit) to Statement of P&L		Charge/(Credit) to OCI	
	As at March 31, 2024	As at March 31, 2023	As at March 31, 2024	As at March 31, 2023
<b>Deferred Tax Liability - A</b>				
Written Down Value of Fixed Assets	-9.21	-7.23	0.00	0.00
Unamortized Transaction Cost	2.23	0.00	0.00	0.00
<b>Deferred Tax Assets - B</b>				
Provision for Employee Benefits - Bonus	-2.41	-10.80	0.00	0.00
Provision for Employee Benefits - Gratuity	-12.44	-83.99	4.95	7.68
Provision for Employee Benefits - Leave Encashment	-0.85	-7.63	0.00	0.00
<b>Total</b>	<b>-22.69</b>	<b>-109.65</b>	<b>4.95</b>	<b>7.68</b>

**e) Income tax expense reported in the statement of profit and loss**

Particulars	Amount in Lakhs	
	Year ended ended 31st Mar 24	Year ended 31st Mar 23
<b>i) Current tax</b>		
Current tax on profit for the year	158.02	164.32
Adjustments for current tax of prior periods	0.00	0.00
<b>Total current tax expense</b>	<b>158.02</b>	<b>164.32</b>
<b>ii) Deferred tax</b>		
(Decrease)/Increase in deferred tax liabilities	-6.99	-7.23
Decrease/(Increase) in deferred tax assets	-15.70	-102.42
<b>Total deferred tax expense/(benefit)</b>	<b>-22.69</b>	<b>-109.65</b>
<b>iii) Other Income Taxes</b>		
Self Assessment Tax for FY 20-21	0.00	0.12
Tax Demand Paid for FY 19-20	0.00	1.46
Tax Demand Paid for FY 14-15	0.06	0.05
Short Provision for FY 22-23	1.46	0.00
Tax Demand Paid for FY 22-23	0.04	0.00
Income Tax Demand / (Refund) FY 21-22	1.05	-20.01
	<b>2.61</b>	<b>-18.39</b>

**f) Income tax expense reported in the other comprehensive income**

Particulars	Amount in Lakhs	
	Year ended ended 31st Mar 24	Year ended 31st Mar 23
<b>i) Current tax</b>		
Current tax on profit for the year	0.00	0.00
Adjustments for current tax of prior periods	0.00	0.00
<b>Total current tax expense</b>	<b>0.00</b>	<b>0.00</b>
<b>ii) Deferred tax</b>		
(Decrease)/Increase in deferred tax liabilities	0.00	0.00
Decrease/(Increase) in deferred tax assets	4.95	7.68
<b>Total deferred tax expense/(benefit)</b>	<b>4.95</b>	<b>7.68</b>

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

Amount in Lakhs

Particulars	As at March 31, 2024	As at March 31, 2023
<b>From Bankers</b>		
Secured		
Cash Credit Facilities	442.69	474.00
<b>From Others</b>		
Unsecured		
Credit Card Balance Payable	0.22	0.00
Current maturities of Long Term Borrowings	168.28	25.96
Sales Tax Deferral	0.00	10.67
Interest Accrued but not due on Term Loan	2.97	0.42
<b>Total</b>	<b>614.17</b>	<b>511.06</b>

**Secured Cash Credit Loans:**

First Pari Pasu Charge of entire current assets (present and future) of the company including raw material, stock in process, finished goods, receivables.

First Pari Pasu Charge on all Fixed Assets of the Company (Present and Future) including Plant and Machinery.

First Pair Pasu Mortgage Charge on NA Land Gat No. 231/2/B, 230/2/B/2, 233/2/B and 230/2/A/2 situated at Chincholi Kati, Tal Mohol, Dist. Solapur owned by Mr. Purushotham Eaga along-with Industrial Land and Building at Plot No. A-27 situated at Chincholi Industrial Area, Solapur owned by the Company and Industrial Land and Building situated at Gat No. 273 and 274 Akkalkot Road, MIDC Solapur owned by the Company.

Hypothecation of entire Fixed Assets of the company created out of Axis Bank Finance both present and future on exclusive basis.

Inventories and Trade Recivables have been hypothecated under 1<sup>st</sup> Pari Pasu Charge with State Bank of India and Axis Bank against Cash Credit Limits of Rs. 1500 Lakhs and Rs. 500 Lakhs respectively, as sanctioned.

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 was due and on 25.04.2023.

Current Maturities on Long Term Borrowings pertain Axis Bank Car Loan availed by the company in relation to purchase of Motor Vehicle that has been hypothecated with the bank and Term Loan facility availed by the company from Axis Bank towards renovation of Factory Building and Installation of Machinery against Hypothecation of entire Fixed Assets of the company created out of Axis Bank Finance both present and future on exclusive basis together with hypothecation of entire Current Assets both present and future on First Pari Pasu basis with SBI

Term Loan from Axis Bank is Secured against Personal Gurantee of Purushotham Eaga to the extent of value of property.

Amount in lakhs

Particulars of Current Borrowings	Maturity	Terms of repayment	Interest rate per annum	As at March 31, 2024	As at March 31, 2023
Current maturities of Long Term Car Loan	10-03-2026	Monthly Instalments	8.60%	28.28	25.96
Current maturities of Long Term Loan	31-08-2029	72 Months including Moratorium of 12 Months	9.50%	140.00	0.00
Sales Tax Deferral	25-04-2023	Yearly Instalments	-	0.00	10.67
Cash Credit SBI	22-08-2024	12 Months	10.40%	201.32	474.00
Cash Credit Axis Bank	18-06-2024	On Demand	9.50%	241.38	0.00
Interest Accrued but not due on Cash Credit	22-08-2024	12 Months	10.40%	2.69	0.00
Interest Accrued but not due on Term Loan	10-04-2023	Monthly Instalments	8.60%	0.28	0.42



**Note No. 22: Trade Payables - Current**

Particulars	Amount in lakhs	
	As at March 31, 2024	As at March 31, 2023
Total outstanding dues of micro enterprises and small enterprises and	100.92	14.94
Total outstanding dues of creditors other than micro enterprises and small enterprises	2763.22	2450.63
<b>Total</b>	<b>2864.13</b>	<b>2465.57</b>

Dues to micro and small enterprises - As per Micro, Small and Medium Enterprises Development Act, 2006 ('MSMED' Act). This information has been determined to the extent such parties have been identified on the basis of information available with the Company

Particulars	Amount in lakhs	
	As at March 31, 2024	As at March 31, 2023
Principal amount and the interest due thereon remaining unpaid to any supplier at the end of each accounting year	100.92	14.94
Interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 (27 of 2006), along with the amount of the payment made to the supplier beyond the appointed day during each accounting year	0.00	0.00
Interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006	0.00	0.00
Amount of interest accrued and remaining unpaid at the end of each accounting year	0.00	0.00
Amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006.	0.00	0.00

**Trade Payables Ageing Schedule**

Particulars	Unbilled dues	Outstanding for following periods from due dates of payments as at				Total
		31st March 2024				
		Less than 1 years	1-2 years	2-3 years	More than 3 Years	
MSME	0.00	100.92	0.00	0.00	0.00	100.92
Others	163.33	2599.89	0.00	0.00	0.00	2763.22
Disputed - MSME	0.00	0.00	0.00	0.00	0.00	0.00
Disputed - Others	0.00	0.00	0.00	0.00	0.00	0.00
<b>Total</b>	<b>163.33</b>	<b>2700.81</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>2864.13</b>

Particulars	Unbilled dues	Outstanding for following periods from due dates of payments as at				Total
		31st March 2023				
		Less than 1 years	1-2 years	2-3 years	More than 3 Years	
MSME	0.00	14.94	0.00	0.00	0.00	14.94
Others	150.09	2300.54	0.00	0.00	0.00	2450.63
Disputed - MSME	0.00	0.00	0.00	0.00	0.00	0.00
Disputed - Others	0.00	0.00	0.00	0.00	0.00	0.00
<b>Total</b>	<b>150.09</b>	<b>2315.48</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>2465.57</b>

**Note No. 23: Other Financial Liabilities**

Particulars	Amount in lakhs	
	As at March 31, 2024	As at March 31, 2023
Unpaid Dividends Refer Note 15(g)	44.50	37.88
<b>Total</b>	<b>44.50</b>	<b>37.88</b>

**Note No. 24: Other Current Liabilities**

Particulars	Amount in lakhs	
	As at March 31, 2024	As at March 31, 2023
Advances from Customers	0.00	3.89
Salary and Wages payable	110.76	93.52
Bonus Payable	53.40	43.82
Employee Statutory Dues Payable	15.04	14.20
TDS Payable	18.54	18.86
Corporate Social Responsibility (CSR) Expenses Payable	0.00	31.48
Lease Liability Refer Note 5	10.56	0.00
Employee Insurance Payable	0.22	0.02
Other Expenses payable	1.78	0.00
Security Deposit from Distribution Channel Partners	5.00	0.00
Ex-Gratia - Payable	23.37	0.00
<b>Total</b>	<b>238.66</b>	<b>205.78</b>

**Note No. 25: Provisions (Current)**

Particulars	Amount in lakhs	
	As at March 31, 2024	As at March 31, 2023
Provisions for employees benefits		
Provision for Leave Encashment	36.13	4.80
Provision for Gratuity	328.03	298.28
<b>Total</b>	<b>364.16</b>	<b>303.08</b>

**Movement in Provisions**

Particulars	Amount in lakhs		
	Leave Encashment	Gratuity	Total
<b>Balance as at 1 April 2022</b>	19.00	0.00	19.00
Add: Provisions made during the year	6.47	298.28	304.75
Less: Provisions utilised during the year	20.67	0.00	20.67
Less: Provisions reversed during the year	0.00	0.00	0.00
<b>Balance as at 31 March 2023</b>	<b>4.80</b>	<b>298.28</b>	<b>303.08</b>
Add: Provisions made during the year	36.13	30.54	66.67
Less: Provisions utilised during the year	4.80	0.79	5.59
Less: Provisions reversed during the year	0.00	0.00	0.00
<b>Balance as at 31 March 2024</b>	<b>36.13</b>	<b>328.03</b>	<b>364.16</b>

**Note No.26: Revenue from Operations**

Particulars	Amount in lakhs	
	Year ended 31st Mar 24	Year ended 31st Mar 23
<b>A) Revenue from contracts with customers disaggregated based on nature of product or services</b>		
Revenue from Sale of Products		
a. Manufactured goods		
i) Bulk Drugs and Drug Intermediates	12756.02	14004.81
ii) Formulation	-67.03	58.26
<b>Total (a)</b>	<b>12688.99</b>	<b>14063.07</b>
<b>Other Operating Revenues</b>		
b. Export incentives	75.32	41.02
<b>Total (b)</b>	<b>75.32</b>	<b>41.02</b>
<b>Total Revenue from Operations (i+ii)</b>	<b>12764.31</b>	<b>14104.09</b>

Particulars	Amount in lakhs	
	Year ended 31st Mar 24	Year ended 31st Mar 23
<b>B) Disaggregated revenue information</b>		
The table below presents disaggregated revenue from contact with customers for the year ended March 2024 and March 2023. The Company believes that this disaggregation best depicts how the nature, amount, timing and uncertainty of revenues and cash flows are affected by industry, market and other economic factors		
Revenue from contracts with customers disaggregated based on geography		
a. Domestic	7834.08	9023.98
b. Export	4854.91	5039.09
<b>Total Revenue from Operation</b>	<b>12688.99</b>	<b>14063.07</b>

Particulars	2023-24	2022-23
<b>C) Reconciliation of Gross Revenue from Contracts With Customers</b>		
Gross Revenue	13156.35	14227.47
Less : Returns	-467.36	-67.19
Less : Others (Freight)	0.00	-97.22
Net Revenue recognised from Contracts with Customers	12688.99	14063.07

The amounts receivable from customers become due after expiry of credit period which on an average is less than 90 days. There is no significant financing component in any transaction with the customers

Particulars	2023-24	2023-24	2022-23	2022-23
<b>D) Product-wise turnover</b>	Units in KG	Amount in lakhs	Units in KG	Amount in lakhs
Metformin HCL	1400211	3639.54	1171485	3871.86
Diloxanide Furoate	108973	2759.10	96078	2525.88
Telmisartan	65737	2920.91	66846	4252.35

**Ind AS 115 Revenue from Contracts with Customers**

The Company recognises revenue when control over the promised goods or services is transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. The Company has assessed and determined the above categories for disaggregation of revenue in addition to that provided under segment disclosure

**Note No. 27: Other Income**

Particulars	Amount in lakhs	
	Year ended 31st Mar 24	Year ended 31st Mar 23
Interest Income from deposits with banks and others	6.71	8.74
Interest Income from Others	0.00	0.00
Discount Received	0.84	1.99
<b>Total</b>	<b>7.55</b>	<b>10.74</b>

**Note No. 27.1: Net gains (losses) on fair value changes**

Particulars	Amount in lakhs	
	Year ended 31st Mar 24	Year ended 31st Mar 23
Fair Value Changes in Equity Investment classified as FVTOCI	1.34	7.01
Remeasurement Gain Recognized in OCI on Plan Asset and Obligation	19.69	30.53
<b>Total</b>	<b>21.03</b>	<b>37.54</b>

**Note No. 28: Cost of Material Consumed**

Particulars	Amount in lakhs	
	Year ended 31st Mar 24	Year ended 31st Mar 23
Raw materials at the beginning of the year	799.78	853.15
Add: Purchases and related expenses		
Purchase of Packing material	204.14	199.56
Purchase of Raw material including Purchases of Stock in Trade [Purchases of Stock in Trade included above INR 9.56 (PY 19.88)]	7038.52	8863.11
Customs Duty	303.04	236.34
Freight Inward	151.40	135.21
Job Work Charges	125.43	101.62
Less: Closing Stock of Stores Raw material	(1121.19)	(799.78)
<b>Total</b>	<b>7501.11</b>	<b>9589.21</b>

Particulars	Amount in lakhs	
	Year ended 31st Mar 24	Year ended 31st Mar 23
Cost of Material Consumed including Stock in Trade	7501.11	9589.21
Less: Purchase of Stock in Trade Consider Separately	9.56	19.88
Cost of Material Consumed excluding Stock in Trade	7491.55	9569.33

**Note No. 29: Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade**

Particulars	Amount in lakhs	
	Year ended 31st Mar 24	Year ended 31st Mar 23
<b>Opening Balance</b>		
Work in Process - (Bulk Drugs & Drug Intermediates)	742.50	430.79
Finished Goods - (Bulk Drugs & Drug Intermediates)	746.51	616.71
<b>Total</b>	<b>1489.01</b>	<b>1047.51</b>
Less : Closing Stock		
Work in Process - (Bulk Drugs & Drug Intermediates)	925.60	742.50
Finished Goods - (Bulk Drugs & Drug Intermediates)	829.09	746.50
<b>Total</b>	<b>1754.69</b>	<b>1489.00</b>
<b>Total Changes in inventories of finished goods, work-in- progress and stock-in-trade</b>	<b>-265.68</b>	<b>-441.50</b>

**Note No. 30: Employee Benefit Expenses**

Particulars	Amount in lakhs	
	Year ended 31st Mar 24	Year ended 31st Mar 23
Salaries,Wages, Bonus, Gratuity and Earned Leaves	1582.26	1458.72
Contribution to Provident Fund, ESIC and Other Funds	90.89	84.64
Staff welfare expenses including Medical Aid	42.82	39.11
<b>Total</b>	<b>1715.97</b>	<b>1582.46</b>

**Note 31: Finance Costs**

Particulars	Amount in lakhs	
	Year ended 31st Mar 24	Year ended 31st Mar 23
Interest on Cash Credit	67.98	34.03
Interest to Others	0.53	3.20
Interest on Term Loan	24.64	0.00
Bank Commission & Charges	39.49	44.37
Interest on Vehicle Loan	6.12	0.65
Interest on lease liabilities	0.52	0.00
Amortization of Transaction Cost in relation to Term Loan	0.42	0.00
Interest on Income Tax (22-23)	1.14	0.00
<b>Total</b>	<b>140.85</b>	<b>82.25</b>

**Note 32: Depreciation and Amortization Expenses**

Particulars	Amount in lakhs	
	Year ended 31st Mar 24	Year ended 31st Mar 23
Depreciation on plant, property and equipment	529.91	456.06
Depreciation on Leasehold Land	0.18	0.18
Amortisation on Intangible assets	2.06	0.94
Depreciation on right-of-use assets	2.71	0.00
Impairment of PPE and CWIP	30.45	0.00
<b>Total</b>	<b>565.30</b>	<b>457.18</b>

**Note 33: Other Expenses**

Particulars	Amount in lakhs	
	Year ended 31st Mar 24	Year ended 31st Mar 23
Power and Fuel	1002.93	943.47
Stores and Consumables	255.00	227.45
Laboratory Expenses	98.19	87.35
Sales Commission & Promotion	218.37	131.19
Travelling & Conveyance	130.36	141.31
Travelling Foreign Expenses	74.44	56.80
Research & Development other Admin expenses	72.05	43.91
Rate Difference in Foreign Currency	19.13	13.34
Manpower Services	503.36	488.99
Other Miscellaneous Expenses	243.51	262.05
<b>Total</b>	<b>2617.34</b>	<b>2395.86</b>



**Note No. 34: Earnings Per Share**

Particulars	For the year ended 31st March 2024	For the year ended 31st March 2023
Face Value per Equity Share	INR 10	INR 10
Basic and Diluted Earnings per Share		
Profit/(Loss) for the period	359.03	442.95
Weighted average number of equity shares used as denominator for calculating Basic EPS (in Lakhs)	114.46	114.46
Basic and Diluted Earnings per Share	3.14	3.87

EPS includes impact of gratuity expenses.

**Note No. 35: Corporate Social Responsibility**

(Amount in Lakhs)

Particulars	For the year ended 2023-24	For the year ended 2022-23
Amount required to be spent as per Section 135 of the Companies Act, 2013	0.00	33.28
Amount approved by the Board to be spent during the year	0.00	33.28
Amount of expenditure incurred during the year on	0.00	26.36
Shortfall during the year	0.00	6.92
Amount Deposited in Bank Account as per provisions of Section 135(6) of Companies Act, 2013	0.00	6.92
Total of previous year shortfalls	0.00	4.43
Other disclosures		
1. Reasons for shortfall	--	The shortfall pertains to the period prior to Jan 22, 2021. The board has not spent the said amount.
2. Nature of CSR activities	--	Promoting Sports, Education, E-learning, Community Development, Healthcare,
3. Details of related party transactions	--	None

The provisions of Section 135 of the Companies Act, 2013 are not applicable to the company during the Current Financial Year ended March 31, 2024.

**35. 1 Details of Ongoing Projects**

(Amount in Lakhs)

Financial Year	Opening Balance		Amount Required to be spent during the year	Amount spent during the year		Closing Balance	
	With Company	In Separate CSR Unspent A/c		From Company's Bank A/c	From Separate CSR Unspent A/c	With Company	In Separate CSR unspent A/c
2022-2023	0	20.13	33.28	26.36	0	0	27.05
2023-2024	0	27.05	0.00	0.00	27.05	0	0.00

The amount stated in the Separate CSR Unspent A/c represents the amount deposited within the stipulated time period as required under the provisions of Section 135(6) of the Act for the respective accounting year.

**Note 35.2: Details of Unspent Amount prior to 22<sup>nd</sup> January 2021**

(Amount in Lakhs)

Period	Opening Balance		Amount Required to be spent during the year	Amount spent during the year		Closing Balance	
	With Company	In Separate CSR Unspent A/c		From Company's Bank A/c	From Separate CSR Unspent A/c	With Company	In Separate CSR unspent A/c
Prior to Jan 22, 2021	4.43	0.00	0.00	4.43	0.00	0.00	0.00

The provisions related to ongoing projects have come into effect from 22<sup>nd</sup> January 2021, i.e., from FY 2020-21 onwards. The said provisions are prospective in effect and not applicable to projects of previous financial years. The Board of the company is free to decide the treatment of the unspent CSR amount of previous financial years prior to FY 2020-21. The Board has spent the amount during the year.

**Note No. 36 Details of payments to auditors:**

(Amount in Lakhs)

Particulars	For the year ended 31.03.2024	For the year ended 31.03.2023
<b>As Auditor:</b>		
Audit Fees	5.00	4.25
Certification Fees	0.10	0.00
Reimbursement of Expenses	0.59	0.28

**Note No. 37 Ageing schedule of Intangible Assets Under Development:**

(Amount in Lakhs)

Intangible Assets Under Development (IAUD)	Amount of IAUD as at 31st March 2024				Total
	Less than 1 Year	1 - 2 Years	2 - 3 Years	More than 3 Years	
Projects in Progress	0.00	0.00	0.00	0.00	0.00

(Amount in Lakhs)

Intangible Assets Under Development (IAUD)	Amount of IAUD as at 31st March 2023				Total
	Less than 1 Year	1 - 2 Years	2 - 3 Years	More than 3 years	
Projects in Progress	7.20	0.00	0.00	0.00	7.20

The company has none of the Intangibles under development wherein the completion of project is overdue, or project has exceeded its cost compared to its original plan.

**Note No. 38 Ageing schedule of Capital Work in Progress:****A. Projects in Progress**

(Amount in Lakhs)

Capital Work in Progress	Amount of CWIP as at 31st March 2024				Total
	Less than 1 Year	1 - 2 Years	2 - 3 Years	More than 3 Years	
Projects in Progress	143.37	0.00	0.00	0.00	143.37

(Amount in Lakhs)

Capital Work in Progress	Amount of CWIP as at 31st March 2023				Total
	Less than 1 Year	1 - 2 Years	2 - 3 Years	More than 3 Years	
Projects in Progress	173.43	0.00	0.00	18.79	192.22

The management having decided to install new boiler plant during the year has impaired the capital WIP amounting to INR 18.79 Lakhs during the year

#### B. Overdue Projects in Progress

The company had Capital Work in Progress wherein the completion of project was overdue compared to its original plan in relation to Boiler installation. The management having decided to install new boiler plant during the year has impaired the capital WIP amounting to INR 18.79 Lakhs during the year.

(Amount in Lakhs)

Capital Work in Progress	As at as at 31st March 2024 Overdue Projects To be completed in				Total
	Less than 1 Year	1 - 2 Years	2 - 3 Years	More than 3 Years	
Projects in Progress	0.00	0.00	0.00	0	0.00

Capital Work in Progress	As at as at 31st March 2023 Overdue Projects To be completed in				Total
	Less than 1 Year	1 - 2 Years	2 - 3 Years	More than 3 Years	
Projects in Progress	18.79	0.00	0.00	0	18.79

#### Note No. 39 Related Party Transactions:

##### a) List of Related Parties:

Sr. no.	Name of the Related Party	Nature of Relationship
1)	Mr. Eaga Purushotham	Managing Director of the Company
2)	Smruthi Chemicals & Intermediates (Proprietor Mrs. Eaga Vaishnavi)	Wife of Managing Director
3)	Mrs. Eaga Vaishnavi	Wife of Managing Director
4)	Mr. Eaga Swapnil	Joint Managing Director of the Company and Son of Managing Director
5)	Mrs. Eaga Rimika Swapnil	Daughter-in-law of Managing Director and Spouse of Joint Managing Director
6)	Green Field CET Plant Pvt.Ltd.	Pvt. Co. in which Mr. E Purushottam is a Director.
7)	Ms Eaga Smruthi	Director and Daughter of Managing Director and Sister of Joint Managing Director
8)	Mr J H Ranade	Independent Director
9)	Mr K R Dhole	Independent Director
10)	Mr K Ramaswamy	Independent Director
11)	Smruthi Fotochem	Partnership Firm in which Managing Director is Partner

## b) Transactions with related parties during the year and outstanding balances as on 31.03.2024 and 31.03.2023

(Amount in Lakhs)

Name of the related party	Nature of Transaction	Transaction Value FY 23-24	Transaction Value FY 22-23
Mr. Eaga Purushotham	Unsecured Loan Interest paid gross of TDS	0.00	1.11
Mr. Eaga Purushotham	Unsecured Loan repaid during the year	0.00	39.11
Mr. Eaga Purushotham	Remuneration includes Gratuity and PF	201.60	211.29
Mr. Eaga Purushotham	Navoday Flat Rent paid	1.80	1.80
Mr. Eaga Purushotham	Maintenance, charges and taxes paid on behalf of MD for using Hyderabad Flat for office purposes	2.04	0.29
Green Field CET Plant Pvt Ltd.	ETP water charges gross of GST	4.06	3.46
Smruthi Chemicals & Intermediates	Job work done by Smruthi Chemicals & Intermediates gross of GST	129.09	111.02
Smruthi Chemicals & Intermediates	Job Work done by Smruthi Organics Limited gross of GST	3.47	3.43
Smruthi Chemicals & Intermediates	Raw Material Sold by Smruthi Organics Limited	32.63	58.53
Smruthi Fotochem	Reimbursement received for Expenses Incurred	0.22	0.34
Mrs. Eaga Vaishnavi	Unsecured Loan Interest paid gross of TDS	0.00	0.32
Mrs. Eaga Vaishnavi	Unsecured Loan repaid during the year	0.00	13.46
Mrs. Eaga Vaishnavi	Diwali gift article	0.00	1.09
Mrs. Eaga Vaishnavi	Sitting Fees	0.00	0.15
Mr. Eaga Swapnil	Car Rent paid	4.92	4.92
Mr. Eaga Swapnil	Remuneration includes Gratuity and PF	142.72	143.69
Mrs. Eaga Rimika Swapnil	Remuneration includes Bonus, EL, Gratuity & PF	27.85	27.59
Ms Eaga Smruthi	Sitting Fees	1.00	0.80
Ms Eaga Smruthi	Director Remuneration	38.26	0.00
Mr J H Ranade	Sitting Fees	1.90	2.15
Mr J H Ranade	Diwali gift article	1.25	0.00
Mr K R Dhole	Sitting Fees	1.85	2.50
Mr K R Dhole	Diwali gift article	1.25	1.09
Mr K Ramaswamy	Sitting Fees	1.90	2.00
Mr K Ramaswamy	Diwali gift article	1.31	1.12
Ms Eaga Smruthi	Diwali gift article	0.00	1.09
Smruthi Chemicals & Intermediates	Reimbursement received for Expenses Incurred	0.00	0.02

## c) Details of Closing Balance as at the year end

(Amount in Lakhs)

Name of the related party	Nature of Outstanding Closing Balance	As at 31.03.2024	As at 31.03.2023
Green Field CET Plant Pvt Ltd.	Advance Given	5.60	5.60
Green Field CET Plant Pvt Ltd.	Investment in 49310 Equity shares of Rs 10 each (At Fair Value and At Cost)	13.92 (At Cost 4.93)	11.94 (At Cost 4.93)
Smruthi Chemicals & Intermediates	Outstanding amount payable	11.43	0.00
Mr.E. Purushotham	Outstanding Remuneration payable gross of TDS	15.00	15.00
Mr. Eaga Swapnil	Outstanding Remuneration payable gross of TDS	10.00	10.00
Mrs. Eaga Rimika Swapnil	Outstanding Remuneration payable gross of TDS	2.00	2.00

**Note No. 40 Contingent Liabilities and Commitments**

(Amount in Lakhs)

Particulars of Contingent Liability	As at 31.03.2024	As at 31.03.2023	Description of Contingent Liability
Labour Court Order on Strike by workers	91.66	73.85	<p>Company workers and contract workers went on illegal strike in Aug'2014 and company management has challenged the matter before Labour court and said strike declared as illegal by labour court which was continued for 93 days. After words again they went on strike by giving notice in April'2015 and this matter also went before labour court and court has declared it as illegal strike. Further, these workers have filed case against company in 2017 as company terminated them without notice period and without procedure; labour court after hearing given judgment to reinstate with back wages to these workers.</p> <p>Then company management has challenged to this judgment and filed case at Hon High Court Mumbai to obtain stay order which has been admitted. The management has calculated the amount as per labour court judgment and has considered the same as contingent pending disposal of matter with High Court.</p>
Bank Guarantees	19.00	29.00	Bank Guaranties issued to Maharashtra Pollution Control Board for Pollution Norms to be follow in the BG period.
Outstanding Demand of Income Tax	0.00	0.06	Interest Due Relating to AY 15-16 relevant to FY 14-15 Income Tax Intimation u/s 143(1)B raised by CPC Bangalore. The management has disputed the said liability with the department in its online submission.
Wrong availment of Cenvat Credit on services not used in manufacturing activity	3.57	3.57	SCN dated 24.02.2022 received from Asstt. Comm. of CGST regarding wrong availment of Cenvat Credit on services not used in manufacturing activity for period from Nov 2016 to Jun 2017. We have paid listing fees to Bombay Stock Exchange of Rs. 25.50 lakhs on that the Service Tax Claimed as Cenvat of Rs. 3.57 lakh. The same is disallowed by dept. Company has submitted the reply at the time of hearing. The matter is pending. The management is of the opinion that the company has a strong case against the department.
Non-payment of Service Tax on Penalty and other recoveries made from Old Debtors	15.63	15.63	Show cause Notice dated 10.02.2022 received from Asstt. Comm. of CGST regarding Non-payment of Service tax on penalty and other recoveries made from old Export Debtors for period from Nov 2016 to Jun 2017. Company has submitted its reply that these recoveries are from Export Debtors i.e. from outside India and Service tax is applicable within India. The matter is pending. The management is of the opinion that the company has a strong case against the department.

**Note No. 41 Employee Benefit Obligation:**

(Amount in Lakhs)

Particulars	As on 31.03.2024			As on 31.03.2023		
	Current	Non-Current	Total	Current	Non-Current	Total
Contribution to Provident Fund	13.87	0.00	13.87	13.09	0.00	13.09
Contribution to ESIC	0.66	0.00	0.66	0.55	0.00	0.55
Leave encashment including on Manpower Services	36.12	0.00	36.12	4.80	27.97	32.76
Defined benefit plan Gratuity	328.03	0.00	328.03	298.28	0.00	298.28
Statutory Bonus including on Manpower Services	53.40	0.00	53.40	43.82	0.00	43.82
<b>Total employee benefits obligations</b>	<b>432.08</b>	<b>0.00</b>	<b>432.08</b>	<b>360.54</b>	<b>27.97</b>	<b>388.50</b>

### Defined Benefit Plan Gratuity

The Company has a defined benefit gratuity plan in India, governed by the Payment of Gratuity Act, 1972. The gratuity plan entitles an employee, who has rendered at least five years of continuous service, to gratuity payable on termination of his employment at the rate of fifteen days wages for every completed year of service or part thereof in excess of six months, based on the rate of wages last drawn by the employee concerned.

The gratuity plan is administered by a single gratuity fund that is legally separated from the Company. The board of the gratuity fund is required by law to act in the best interests of the plan participants and is responsible for setting certain policies (e.g. investment, contribution and indexation policies) of the fund. The gratuity plan is fully funded by the Company. The funding requirements are based on the gratuity fund's actuarial measurement framework set out in the funding policies of the plan. During the year the company has obtained actuarial valuation for its gratuity benefit plan.

#### a. Reconciliation of Opening and Closing balances of Defined Benefit Obligation

(Amount in Lakhs)

Description	Gratuity as on March 31,	
	2024	2023
Defined Benefit obligation at beginning of year	493.03	476.21
Current Service Cost	27.23	25.71
Interest Cost	36.18	32.48
Actuarial (Gains)/Losses on Obligations	-20.80	-30.38
Benefits paid	-8.21	-10.98
Defined Benefit obligation at year end	527.43	493.03

#### b. Amount recognised in Balance Sheet

(Amount in Lakhs)

Description	Gratuity as on March 31,	
	2024	2023
Fair value of Plan assets	199.40	194.75
Present value of obligation	527.43	493.03
Amount recognised in Balance Sheet	-328.03	-298.28

#### c. Expenses recognised during the Year in Statement of Profit and Loss:

(Amount in Lakhs)

Description	Gratuity as on March 31,	
	2024	2023
Current Service Cost	27.23	25.71
Net Interest Cost	22.04	19.53
Past Service Cost	-	-
Expenses recognised in P & L	49.27	45.23

**d. Expenses recognised in Other Comprehensive Income:**

(Amount in Lakhs)

Description	Gratuity as on March 31,	
	2024	2023
Actuarial (Gains)/Losses on Obligation For the Period	-20.80	-30.38
Return on Plan Assets, Excluding Interest Income	1.11	-0.14
Past Service Cost	-	-
<b>Net (Income)/Expense For the Period Recognized in OCI</b>	<b>-19.69</b>	<b>-30.53</b>

**e. Actuarial Assumption:**

(Amount in Lakhs)

Description	Gratuity as on March 31,	
	2024	2023
Mortality Table (LIC)	IALM (2012-14) ult	IALM (2012-14) ult
Discount rate (p.a.)	7.20%	7.40%
Attrition Rate	-	-
Expected rate of return on plan assets (p.a.)	7.40%	6.90%
Rate of escalation in salary (p.a.)	7.00%	7.00%

**f. Sensitivity Analysis – Gratuity**

(Amount in Lakhs)

Particulars	2023-24	2022-23
Projected Benefit Obligation on Current Assumptions		
Delta Effect of + 1% Change in Discount Rate	515.08	478.05
Delta Effect of - 1% Change in Discount Rate	541.18	509.80
Delta Effect of + 1% Change in Salary Increase Rate	538.57	507.22
Delta Effect of - 1% Change in Salary Increase Rate	517.09	480.09
Delta Effect of + 1% Change in Withdrawal Rate	527.58	493.38
Delta Effect of - 1% Change in Withdrawal Rate	527.28	492.65

Sensitivity analysis indicates the influence of a reasonable change in certain significant assumptions on the outcome of the Present value of obligation (PVO) and aids in understanding the uncertainty of reported amounts. Sensitivity analysis is done by varying one parameter at a time and studying its impact.

**g. Fair value of Plan Asset**

(Amount in Lakhs)

Particulars	2023-24	2022-23
Fair Value of plan asset at the beginning of the period	194.75	193.23
Acquisition adjustments	-	-
Transfer In/ (Out)	-	-
Interest Income	14.13	12.95
Contributions	0.79	-
Mortality Charges and Taxes	-0.96	-0.60
Benefits Paid	-8.21	-10.98
Amount paid on settlement	-	-
Return on plan assets, excluding amount recognised in Interest Income – Gain/(Loss)	-1.11	0.14
Fair Value of plan assets at the end of the period	199.40	194.75
Actuarial return on plan assets	13.02	13.10



**h. Major categories of plan assets**

(Amount in Lakhs)

Particulars	As at March 31, 2024	As at March 31, 2023
	Percentage	Percentage
Government of India assets	0.00 %	0.00 %
Debt instruments	0.00 %	0.00 %
Corporate bonds	0.00 %	0.00 %
Investment funds	0.00 %	0.00 %
Insurance funds	100.00 %	100.00 %
Others	0.00 %	0.00 %
Special deposit scheme	0.00 %	0.00 %
<b>Total</b>	<b>100%</b>	<b>100%</b>

**i. The Expected future contribution and estimated future benefit payments from the funds are as follows:**

(Amount in Lakhs)

Particulars	Amount
Expected contribution to the fund during the year ending March 31, 2025	331.15
Estimated benefit payments from the fund for the year ending March 31:	
2026	48.27
2027	25.28
2028	30.75
2029	36.58
2030-2034	168.26

The above cashflows have been arrived at based on the demographic and financial assumptions.

- j.** Weighted average duration of the plan (based on discounted cash flows using mortality, withdrawal rate and interest rate) is 8.17 years.
- k.** The defined benefit plan exposes the Company to certain risks including actuarial risks, such as longevity risk, currency risk, interest rate risk, market (investment) risk, liability risks like asset -liability mismatch risk, discount rate risk, Future Salary Escalation and Inflation Risk and asset risk.

**Leave Encashment Obligation**

The company has not funded the liability as on 31<sup>st</sup> March 2024 towards leave encashment. The company has not obtained actuarial report for its Leave Encashment Liability as the leave encashment liability, being current, is due for payment within a period of one year from the end of the Financial Year.

**Amount Recognized in the Balance Sheet**

(Amount in Lakhs)

Particulars	2023-24	2022-23
Leave Encashment Liability Current	36.12	4.80
Leave Encashment Liability Non-Current	0.00	27.97
Leave Encashment Liability Total	36.12	32.77

**Expenses Recognized during the year:**

(Amount in Lakhs)

Particulars	2023-24	2022-23
Leave Encashment	31.86	39.86

**Note No. 42 Foreign Currency Transactions**
**Expenditure in Foreign currency:**

(Amount in Lakhs)

Particulars	Year 2023-2024		Year 2022-2023	
	Amount in Foreign Currency	Amount in (INR)	Amount in Foreign Currency	Amount in (INR)
Import Raw Material	USD 44.84	3,710.63	USD 46.82	3773.70
Sales commission (USD)	USD 0.43	35.37	USD 0.79	63.17
Sales commission (Euro)	EURO 0.37	33.43	EURO 0.34	28.49
Director Remuneration	USD 0.33	27.25		

**Earnings in Foreign currency:**

(Amount in Lakhs)

Particulars	Year 2023-2024		Year 2022-2023	
	Amount in Foreign Currency	Amount in (INR)	Amount in Foreign Currency	Amount in (INR)
Export Earning in (USD)	USD 49.78	4124.49	USD 56.74	4548.04
Export Earning in (AED)	AED 0.84	18.86	AED 0.00	0.00
Export Earning (EURO)	EURO 5.51	501.20	EURO 3.64	318.33
<b>Total</b>		<b>4644.55</b>		<b>4866.37</b>

**Note No. 43 Proposed Dividend**

(Amount in Lakhs)

Dividend Distributed and Proposed	Year ended 31st March 2024	Year ended 31st March 2023
Dividend recognised in the financial statements		
Final dividend for the year ended 31 <sup>st</sup> March 2023 of INR 2 per equity share (PY 31 <sup>st</sup> March 2022 INR 3 per equity share) declared and paid.	228.93	343.39
Dividend not recognised at the end of the reporting period		
Directors have recommended the payment of a final dividend 31 <sup>st</sup> March 2024 of INR 1.5 per equity share (PY 31 <sup>st</sup> March 2023 of INR 2 per equity share). The proposed dividend was subject to approval of shareholders in the ensuing annual general meeting as on the reporting date	171.69	228.93

### Note 44 Analytical Ratios

Sr	Ratios applicable)	(As Numerator)	Denominator	Current Year Numerator	Current Year Denominator	Current Year Numerator	Current Year Denominator	Current year	Previous year	Increase/ Reason for change in Decrease ratio by more than 25%
1	Current ratio (in Total current assets times)	(in Total current assets)	Total current liabilities	7542.15	4206.15	6530.19	3547.61	1.79	1.84	-2.59% -
2	Debt-Equity ratio (in Total Debt times)	Total Debt = Current Borrowings + Non Current Borrowings + Lease Payments	Current Shareholders' Equity	1189.53	6961.87	569.64	6815.69	0.17	0.08	104.44% Company has taken fresh Term loan Rs. 1200 Lakhs for renewal/upgradation of PPE and working capital limit of 500 Lakhs from Axis Bank so debt increases.
3	Debt service coverage ratio (in times)	service Earning for Debt after taxes less operating expenses like depreciation and other amortizations + Interest + other adjustments like loss on sale of Fixed assets etc	Debt service = Interest Payments + Lease Payments + Principal Repayments	1203.12	166.81	988.79	110.67	7.21	8.93	-19.27% -
4	Return on equity ratio (in %)	Net Profit after taxes less Preference dividend (if any)	Average Shareholders equity	359.03	6961.87	413.09	6815.69	5.16%	6.06%	-14.91% -
5	Inventory Turnover Ratio (in times)	Cost of goods sold	Average Inventory	7235.43	2688.32	9147.71	2196.16	2.69	4.17	-35.38% Due to reduced COGS compare to previous year
6	Trade receivables turnover ratio (in times)	Gross credit sales minus (in sales return)	Average trade receivables	14069.34	3899.35	15944.30	3272.80	3.61	4.87	-25.94% Debtors payments received in advance and credit period reduced
7	Trade payables turnover ratio (in times)	Gross credit purchases (in minus purchase return)	Average trade payables	10788.72	2664.85	12421.35	1785.87	4.05	6.96	-41.79% Increase in Trade Payables and Decrease in Purchases compare to last year
8	Net Capital turnover ratio (in times)	Revenue from Operation (Net Sales)	Working Capital (i.e. Total current assets less Total current liabilities)	12764.31	3336.00	14104.09	2982.58	3.83	4.73	-19.09% Revenue increase compare to last year
9	Net Profit Ratio (%)	(in Net Profit after Tax)	Revenue from Operation (Net Sales)	359.03	12764.31	413.09	14114.83	2.81%	2.93%	-3.89% -
10	Return on Capital Employed ratio (in %)	Capital Earning Before Interest and Taxes	Capital Employed = Tangible Net Worth + Total Debt + Deferred Tax Liability+Lease Liability	637.82	8239.35	531.62	7480.96	7.74%	7.11%	8.93% -
11	Return on Investment	Not Applicable								-

## Note No. 45 Operating Segment

### a. The Company has identified business segments as reportable segments:

- i. Bulk Drugs and Drugs Intermediates (API)
- ii. Formulation

Revenue and expenses directly attributable to segments are reported under each reportable segment. Expenses which are not directly identifiable to each reporting segment have been allocated on the basis of associated revenue of the segment or manpower efforts. All other expenses which are not attributable or allocable to segments have been disclosed as un-allocable expenses.

Assets and liabilities that are directly attributable or allocable to segments are disclosed under each reportable segment. All other assets and liabilities are disclosed as un-allocable. Property, plant and equipment that are used interchangeably among segments are not allocated to reportable segments.

Segment Assets are measured in the same way as in the financial statements. Investments and Derivatives financial instruments held by the company are not considered to be segment assets, but are considered as un-allocable assets.

### b. Operating Segment

Sr No.	Particulars	Year Ended	
		Current Year 31/03/2024	Previous Year 31/03/2023
<b>1</b>	<b>Segment Revenue</b>		
	API	12832.18	14004.81
	Formulation	-67.03	58.26
	Unallocable	6.71	0.00
	<b>Revenue from Operation Total</b>	<b>12771.86</b>	<b>14063.07</b>
<b>2</b>	<b>Segment Results before Interest &amp; Taxes</b>		
	API	1074.26	674.38
	Formulation	-237.06	-120.96
	Unallocable	-185.06	0.00
	<b>Total</b>	<b>652.14</b>	<b>553.42</b>
	Less: Interest Expenses		
	API	74.99	15.73
	Formulation	0.03	0.07
	Unallocable	65.83	66.45
	<b>Total</b>	<b>140.85</b>	<b>82.25</b>
	Add : Interest Income		
	API	0.00	0.00
	Formulation	0.00	0.00
	Unallocable	6.71	15.75
	<b>Total</b>	<b>6.71</b>	<b>15.75</b>
<b>3</b>	<b>Profit Before Tax</b>		
	API	999.28	658.65
	Formulation	-237.09	-121.03
	Unallocable	-244.18	-50.7
	<b>Total</b>	<b>518.00</b>	<b>486.92</b>

Sr No.	Particulars	Year Ended	
		Current Year 31/03/2024	Previous Year 31/03/2023
	Less: Current Tax		
	API	0.00	0.00
	Formulation	0.00	0.00
	Unallocable	160.63	145.94
	<b>Total</b>	<b>160.63</b>	<b>145.94</b>
	Less: Deferred Tax		
	API	0.00	0.00
	Formulation	0.00	0.00
	Unallocable	-17.73	-101.97
	<b>Total</b>	<b>-17.73</b>	<b>-101.97</b>
	Profit after Tax	375.11	442.95
<b>4</b>	<b>Segment Assets</b>		
	API	11,268.59	10191.58
	Formulation	49.75	171.65
	Unallocable	500.73	200.84
	<b>Total</b>	<b>11,819.07</b>	<b>10564.07</b>
<b>5</b>	<b>Segment Liabilities</b>		
	API	4,740.67	3177.69
	Formulation	49.75	24.17
	Unallocable	7,028.65	7362.21
	<b>Total</b>	<b>11,819.07</b>	<b>10564.07</b>
<b>6</b>	<b>Other Information</b>		
	Capital Expenditure		
	API	959.77	946.65
	Formulation	0.00	0.00
	Unallocable	3.89	0.00
	<b>Total</b>	<b>963.66</b>	<b>946.65</b>
	<b>Depreciation, Amortization and Impairment</b>		
	API	542.58	456.70
	Formulation	1.05	0.48
	Unallocable	21.66	0.00
	<b>Total</b>	<b>565.29</b>	<b>457.18</b>

d. **Geographical information**

Revenue from external customers

(Amount in Lakhs)

Particulars	31 March 2024	31 March 2023
Revenue within India	7834.08	9023.98
Revenue from Outside India	4854.91	5039.09
Total Revenue	12688.99	14063.07
Non-Current Asset Located in India	4276.92	4033.88
Non-Current Asset Located Outside India	0.00	0.00

- e. There is 1 major customer (previous year 1 major customers) to whom more than 10% of the sales are effected and the total sales effected to such customer is INR 1453.74 lakhs, (previous year INR 2761.51 lakhs)

**Note No. 46 Additional Regulatory Information**

- a. The company has not revalued its Property, Plant and Equipment, Leasehold Land and Intangible assets and right of use assets during the year under consideration.
- b. No Loans or Advances in the nature of loans are granted to promoters, directors, KMPs and the related parties (as defined under Companies Act, 2013,) either severally or jointly with any other person by the company.
- c. No proceeding has been initiated or pending against the company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and the rules made thereunder.
- d. The Company is not a declared wilful defaulter by any bank or financial institution or other lender in accordance with the guidelines on wilful defaulters issued by the Reserve Bank of India. The Company has been paying the due installments on time and has not defaulted on any installments
- e. The Company does not have any transactions with companies struck off under section 248 of the Companies Act, 2013 or section 560 of Companies Act, 1956.
- f. The company has no subsidiaries and accordingly the company is not required to comply with the provisions governing the number of layers prescribed under clause (87) of section 2 of the Act read with Companies (Restriction on number of Layers) Rules, 2017.
- g. There is no such transaction which is not recorded in the books of accounts and that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961).
- h. The Company has not traded or invested in Crypto currency or Virtual Currency during the financial year
- i. The Company does not have any charge that needs to be registered with Registrar of Companies beyond the statutory period. During the year, the company has additional charge registered with Registrar of Companies in relation to the Term Loan and Working Capital Facilities availed from Axis Bank Limited aggregating to Rs. 1700 Lakhs comprising of Cash Credit facility of Rs. 500 Lakhs and Term Loan Facility of Rs. 1200 Lakhs after 1200 lakhs add : The term loan availed from Axis Bank has been utilized for the purpose for which it has been borrowed being, renovation of Factory Building and Installation of Machinery.
- j. The company has availed and outstanding Cash Credit Facilities from State Bank of India and Axis Bank Ltd. The quarterly returns in the form of statement of Current Assets filed by the company with the said banks are in agreement with the books of account without any significant discrepancies that has impact on its drawing power limits. As per the consistent policies followed over the years, Trade receivables and trade payables have been reported gross of advances received.
- k. The company has not advanced or loaned or invested funds (either borrowed funds or share premium or any other sources or kind of funds) to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding (whether recorded in writing or otherwise) that the Intermediary shall;
- i) 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
  - (ii) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries;
- l. The company has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the company shall;
- (i) 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
  - (ii) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries

m. Title deeds of Immovable Properties not held in name of the Company:

Relevant line item in the Balance Sheet	Description of the Property	Original Agreement Value (Amount in Rs.)	Held in the name of	Whether Promoter, Director or their relative or employee	Property held since which date	Reason for not being held in the name of the company
PPE	Gat No. 230/2/A/2	75000	Eaga Purushotham	Managing Director	28/12/2001	Mistake in drafting of Purchase Deed wherein the Document has been executed as Smruthi Organics Limited on behalf of Eaga Purushotham instead of Eaga Purushotham on behalf of Smruthi Organics Limited
PPE	Gat No. 230/2/B/2	75000	Eaga Purushotham	Managing Director	28/12/2001	
PPE	Gat No. 233/2/B	150000	Eaga Purushotham	Managing Director	28/12/2001	
PPE	Gat No. 231/2/B	75000	Eaga Purushotham	Managing Director	28/12/2001	

- n. The company had made payment of INR 1.42 Lakhs in favour of JIGS Chemical Limited Ahmedabad in March 2020. The cheque was honoured for INR 4.42 Lakhs in favour of M D Abuzar. The management believes that the amount mentioned on the cheque was altered by the Courier / Third Person and was cleared for INR 4.42 Lakhs instead of the original drawn amount of INR 1.42 Lakhs. The company has been pursuing the matter legally both in the state of Gujrat and Maharashtra. During the previous year, the management has accounted for expected loss allowance amounting to INR 4.42 Lakhs against such receivables outstanding in the books of account and carried forward the said loss allowance.
- o. The company has applied for export incentive with FMS (Focus Market Scheme) up to December 2020 as eligible. The balance receivable as on March 31, 2023 outstanding the books of account was INR 11.44 Lakhs which were yet to be utilized. The management does not expect these to be utilized by the company in the near future and accordingly, the said amount Rs. 11.44 lakhs has been write-off during the year by the management of the company.
- p. The company has filed legal case for recovery against five parties of trade receivables amounting to INR 242.34 Lakhs as on March 31, 2023. During the year Company recovered Rs. 26.19 lakh from one of the customers. The balance outstanding in relation to the four parties with pending legal cases aggregated to Rs. 216.15 Lakh. The hearing in the said cases are under process before various Honourable Courts. The management expects the entire recovery to be made in relation to the outstanding amount.
- q. Information relating to other matters specified in revised Schedule III to the Act, is either nil or not applicable to the Company for the year/ period.
- r. Previous year's figures are regrouped and rearranged whenever necessary.
- s. The company has not availed any Scheme of Arrangements that has been approved by Competent Authority in terms of Section 230 to 237 of the Companies Act, 2013.

#### Note No. 47 Financial Instruments

##### Fair values

Set out below, is a comparison by class of the carrying amounts and fair value of the Company's financial instruments, other than those with carrying amounts that are reasonable approximations of fair values:

(Amount in Lakhs)

Particulars	Carrying value		Fair value	
	Mar 24	Mar 23	Mar 24	Mar 23
Financial assets measured at fair value through other comprehensive income				
Equity Investments	4.93	4.93	13.29	11.94
Financial assets measured at amortized Cost				
Trade receivables Note No. 10	4102.61	3696.09	4102.61	3696.09
Cash and cash Equivalents Note No.11	47.95	58.63	47.95	58.63
Other Bank Balances Note No. 12	9.50	116.19	9.50	116.19
Other Financial assets Note No.7, 8, 13 and 14	129.07	127.17	129.07	127.17
<b>Total</b>	<b>4294.06</b>	<b>4003.01</b>	<b>4302.42</b>	<b>4010.02</b>



Particulars	Carrying value		Fair value	
	Mar 24	Mar 23	Mar 24	Mar 23
Financial liabilities measured at amortized cost				
Borrowings Note No. 17,21	1170.34	569.64	1170.34	569.64
Trade payables Note No. 22	2864.14	2465.57	2864.14	2465.57
Other Financial liabilities Note No. 18, 23	53.13	48.13	53.13	48.13
<b>Total</b>	<b>4087.61</b>	<b>3083.34</b>	<b>4087.61</b>	<b>3083.34</b>

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes in to account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of Ind AS 102, leasing transactions that are within the scope of Ind AS 116, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in Ind AS 2 or value in use in Ind AS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurements in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The management assessed that cash and cash equivalents, other bank balances, trade receivables, trade payables, bank borrowings and other current liabilities are same as their carrying amounts largely due to the short-term maturities of these instruments. The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

The fair values of non-current investments FVTOCI financial assets are derived from net asset value attributable to shared held by the company as extracted from the latest available financial statement of the investee company and has been categorized as Level 3 Financial Instrument.

The company has neither entered into any derivative transactions nor hedging transaction nor forward transaction relating to Foreign Current or underlying asset.

#### Financial risk management objectives and policies

The Company's principal financial liabilities, other than derivatives, comprise loans and borrowings, trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations and to provide guarantees to support its operations. The Company's principal financial assets include loans, trade and other receivables, and cash and cash equivalents that derive directly from its operations. The Company also holds FVTOCI investments and has not entered into derivative transaction.

The Company is exposed to market risk, credit risk and liquidity risk. The Company's senior management oversees the management of these risks. Company's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below:

##### a. Financial risk management

The risk management policies are established to ensure timely identification and evaluation of risks, setting acceptable risk thresholds, identifying and mapping controls against these risks, monitor the risks and their limits, improve risk awareness and transparency. Risk management policies and systems are reviewed regularly to reflect changes in the market conditions and the Company's activities to provide reliable information to the Management and the Board to evaluate the adequacy of the risk management framework in relation to the risk faced by the Company.

The risk management policies aims to mitigate the following risks arising from the financial instruments:

- Market risk
- Credit risk; and
- Liquidity risk

**b. Market risk**

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in the market prices. The Company is exposed in the ordinary course of its business to risks related to changes in

- foreign currency exchange rates,
- commodity prices and
- interest rates

**c. Foreign currency risk management**

The Company's functional currency is Indian Rupees (INR). The Company undertakes transactions denominated in foreign currencies; consequently, exposure to exchange rate fluctuations arise. Volatility in exchange rates affects the Company's revenue from export markets and the costs of imports, primarily in relation to raw materials. The Company is exposed to exchange rate risk under its trade and debt portfolio.

Adverse movements in the exchange rate between the Rupee and any relevant foreign currency result's in increase in the Company's overall debt position in Rupee terms without the Company having incurred additional debt and favourable movements in the exchange rates will conversely result in reduction in the Company's receivables in foreign currency.

In order to hedge exchange rate risk, the Company has a policy to hedge cash flows up to a specific tenure with its cash inflows. All hedging activities are carried out in accordance with the Company's internal risk management policies, as approved by the Board of Directors, and in accordance with the applicable regulations where the Company operates. The company has not entered into any derivative contracts during the year under consideration.

The carrying amounts of the Company's monetary assets and monetary liabilities at the end of the reporting period are as follows:

**Unhedged Currency exposure as at 31 March 2024**

Particulars	USD	EURO	INR	Total
	(in lakhs)	(in lakhs)	(in lakhs)	(in lakhs)
<b>Financial Assets</b>				
Trade Receivable	15.63	0.57	-	-
	(In INR 1302.97)	(In INR 51.31)	(in INR 2748.33)	(in INR 4102.61)
<b>Financial Liabilities</b>				
Trade Payable	19.02	0.00	-	-
	(In INR 1585.75)		(in INR 1278.38)	(In INR 2864.13)

**Unhedged Currency exposure as at 31 March 2023**

Particulars	USD	EURO	INR	Total
	(in lakhs)	(in lakhs)	(in lakhs)	(in lakhs)
<b>Financial Assets</b>				
Trade Receivable	5.55	1.12	-	-
	(In INR 456.68)	(In INR 100.72)	(in INR 3138.69)	(In INR 3696.09)
<b>Financial Liabilities</b>				
Trade Payable	13.09	0.00	-	-
	(In INR 1074.23)		(in INR 1391.34)	(in INR 2465.57)

**d. Commodity price risk:**

The Company's revenue is exposed to the market risk of price fluctuations related to the sale of its products. Market forces generally determine prices for the products sold by the Company. These prices may be influenced by factors such as supply and demand, production costs (including the costs of raw material inputs) and global and regional economic conditions and growth. Adverse changes in any of these factors may reduce the revenue that the Company earns from the sale of its products. The Company primarily purchases its raw materials in the open market from third parties. The Company is therefore subject to fluctuations in prices for the purchase of raw material inputs.

The Company aims to sell the products at prevailing market prices. Similarly the Company procures key raw materials based on prevailing market rates as the selling prices and the prices of input raw materials move in the same direction. The company has not entered into any derivative contracts during the year under consideration.

**e. Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to interest rate risk because funds are borrowed at both fixed and floating interest rates. The floating interest rates are based on bank rate and are indirectly governed by RBI's monetary policy. The borrowings of the Company are in Indian Rupees. The company has maintained a mix of interest free borrowings, fixed interest rate borrowings and floating rate borrowings.

The following table provides a break-up of the Company's fixed and floating rate borrowings:

(Amount in Lakhs)

Particulars	As at March 31, 2024	As at March 31, 2023
Fixed rate borrowings	58.58	84.97
Floating rate borrowings	1111.76	474.00
Interest Free Borrowings	0.00	10.67
<b>Total borrowings</b>	<b>1170.34</b>	<b>569.64</b>

Upfront fees paid for fixed rate borrowing availed during the year have been capitalized to the cost of PPE being borrowing costs.

**f. Credit risk management**

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. Credit risk encompasses of both, the direct risk of default and the risk of deterioration of creditworthiness as well as concentration risks. The Company has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults.

Company's credit risk arises principally from the trade receivables, loans, investments in securities, cash & cash equivalents. Based on the historical data available with the management, the management has not encountered situations wherein the trade receivables have been considered as loss assets or credit has been impaired.

**Trade receivables**

Customer credit risk is managed centrally by the Company and subject to established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on an extensive credit rating scorecard and individual credit limits defined in accordance with the assessment.

Credit risk on receivables is also mitigated by securing the same against letters of credit of reputed nationalised and private sector banks. Trade receivables consist of a large number of customers spread across diverse industries and geographical areas with no significant concentration of credit risk. Only 1 customer during the year (PY 2 customers) account for 10.0% or more of revenue effected during the year under consideration. The outstanding trade receivables are regularly monitored, and appropriate action is taken for collection of overdue receivables. The history of trade receivables shows no allowance for bad and doubtful debts. Also refer Note no. 10

**Cash and cash equivalents and Other Bank Balances**

Credit risks from balances with banks and financial institutions are managed in accordance with the Company policy. Also refer Note no. 11 and 12.

### g. Liquidity risk management

Liquidity risk refers to the risk of financial distress or extraordinary high financing costs arising due to shortage of liquid funds in a situation where business conditions unexpectedly deteriorate and requiring financing. The Company requires funds both for short term operational needs as well as for long term capital expenditure growth projects. The Company generates sufficient cash flow for operations, which together with the available cash and cash equivalents and short-term investments provide liquidity in the short-term and long-term.

The Company has established an appropriate liquidity risk management framework for the management of the Company's short, medium and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods and its non-derivative financial assets. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The tables include both interest and principal cash flows.

To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curves at the end of the reporting period. The contractual maturity is based on the earliest date on which the Company may be required to pay:

#### Liquidity exposure as at 31 March 2024

(Amount in Lakhs)

Particulars	< 1 year	1-5 years	> 5 years	Total
Investments	0.00	0.00	13.29	13.29
Non-Current Other Financial Assets	0.00	0.75	0.00	0.75
Other Non-Current Assets	0.00	120.19	0.00	120.19
Inventories	2977.65	0.00	0.00	2977.65
Trade Receivables	3823.47	282.24	0.00	4102.61
Cash and Cash equivalents	47.95	0.00	0.00	47.95
Other Bank Balances	9.50	0.00	0.00	9.50
Other Financial Assets	5.52	0.00	0.00	5.52
Other Current Assets	398.92	0.00	0.00	398.92
<b>Total Financial Assets</b>	<b>7263.01</b>	<b>403.18</b>	<b>13.29</b>	<b>7676.38</b>
Non-Current Borrowings	0.00	546.17	10.00	556.17
Non-Current Other Financial Liabilities	0.00	8.64	0.00	8.64
Non-Current Provisions	0.00	0.00	0.00	0.00
Current Borrowings	614.17	0.00	0.00	614.17
Trade Payables	2864.13	0.00	0.00	2864.13
Other financial liabilities	44.50	0.00	0.00	44.50
Other current liabilities	238.66	0.00	0.00	238.66
Provisions	364.16	0.00	0.00	364.16
Current Tax Liability (Net)	80.53	0.00	0.00	80.53
<b>Total Financial Liabilities</b>	<b>4206.15</b>	<b>554.81</b>	<b>10.00</b>	<b>4770.96</b>

**Liquidity exposure as at 31 March 2023**

(Amount in Lakhs)

Particulars	< 1 year	1-5 years	> 5 years	Total
<b>Investments</b>	0.00	0.00	11.94	11.94
Non-Current Other Financial Assets	0.00	9.76	0.00	9.76
Other Non-Current Assets	0.00	108.88	0.00	108.88
Inventories	2399.00	0.00	0.00	2399.00
Trade Receivables	3357.76	338.33	0.00	3696.09
Cash and Cash equivalents	58.63	0.00	0.00	58.63
Other Bank Balances	116.19	0.00	0.00	116.19
Other Financial Assets	4.73	0.00	0.00	4.73
Other Current Assets	255.55	0.00	0.00	255.55
<b>Total Financial Assets</b>	<b>6191.86</b>	<b>456.97</b>	<b>11.94</b>	<b>6660.77</b>
Non-Current Borrowings	0.00	58.58	0.00	58.58
Non-Current Other Financial Liabilities	0.00	10.25	0.00	10.25
Non-Current Provisions	0.00	27.97	0.00	27.97
Current Borrowings	511.06	0.00	0.00	511.06
Trade Payables	2465.57	0.00	0.00	2465.57
Other financial liabilities	37.88	0.00	0.00	37.88
Other current liabilities	205.78	0.00	0.00	205.78
Provisions	303.08	0.00	0.00	303.08
Current Tax Liability (Net)	24.24	0.00	0.00	24.24
<b>Total Financial Liabilities</b>	<b>3547.61</b>	<b>96.80</b>	<b>0.00</b>	<b>3644.41</b>

**Collateral**

The Company has hypothecated part of its trade receivables, inventories other bank balances and mortgaged its immovable properties in order to fulfill certain collateral requirements for the banking facilities extended to the Company. There is obligation to return the securities to the Company once these banking facilities are surrendered. (Refer note 9, 10, 17 and 21)

**Capital management**

For the purpose of the Company's capital management, capital includes issued equity capital, and all other equity reserves attributable to the equity holders. The primary objective of the Company's capital management is to maximise the shareholder value. The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Company monitors capital using a gearing ratio, which is net debt divided by total equity. The Company includes within net debt, interest bearing loans and borrowings, less cash and cash equivalents.

Particulars	As at March 31, 2024	As at March 31, 2023
Long term borrowings	556.17	58.58
Short term borrowings	614.17	511.06
Less: Cash and cash equivalent	-47.95	-58.63
Less: Bank balances other than cash and cash equivalents	-9.52	-116.19
Net debt	1112.87	394.82
Total equity	6961.87	6815.69
Gearing ratio	15.99%	5.79%

In order to achieve this overall objective, the Company's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been no breaches in the financial covenants of any interest-bearing loans and borrowing in the current period. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2024 and 31 March 2023

#### Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the DCF model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

#### Note No 48: Audit Trail

The company is using TallyPrime accounting software and easyERP Business operations software for maintaining its books of accounts for the year ended March 31, 2024. The audit trail (edit log) functionality was enabled in TallyPrime with effect from August 21, 2023 through migration of data to Edit log version of Tallyprime. As per the official statement of Tally Solutions Private Limited on its website, the dit log feature is enabled by default, without an option to disable it, in the "TallyPrime Edit Log" version. Accordingly, post migration to TallyPrime Edit Log, the audit trail (edit log) functionality has operated through-out the year for all relevant transactions recorded in the Tally software and there is not any instance of the audit trail feature being tampered with.

The company has commissioned EasyERP software in February 2023 that facilities streamlining of business operations and processes that include procurement, inventory, logistics execution, product development, manufacturing and sales. The software has gone live on April 1, 2023. The EasyERP software does not allow edit or delete option at the transactions level and that the said audit trail (edit log) feature once enabled in the software cannot be disabled as effected at the application level of the software. ERP Database is not directly accessible to regular system users. The ERP has stringent access controls and security measures to restrict database access to vendor's authorized personnel who are responsible for maintaining the integrity and security of the data. The software product owners have confirmed that there is no audit trail enabled for database level changes. However, the authorized personnel of vendor undergo rigorous authentication processes and adhere to strict protocols to ensure that database records remain confidential and tamper-proof.

The accompanying Notes are an integral part of the financial statements.

**For: Gokhale & Sathe,**  
Chartered Accountants,  
FRN: 103264W

**CA Kaustubh Deshpande**  
Partner  
ICAI Membership No. 121011  
UDIN: 24121011BKAAOQ8180  
Place : Solapur  
Date : May 6, 2024

For & on behalf of Board of Directors

**Eaga Purushotham**  
Managing Director  
DIN: 00033583

**Eaga Swapnil**  
Joint Managing Director & CFO  
DIN : 01241535

**Urvashi Khanna**  
Company Secretary & Compliance Officer









# Smruthi Organics Limited

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