



# Smruthi Organics Limited

Date: 19th August, 2020

To  
Corporate Relation Department  
BSE Limited  
P. J. Tower, Dalal Street,  
Mumbai – 400 001.

To  
Listing Department  
Metropolitan Stock Exchange of India Ltd  
4th floor, Vibgyor tower,  
Opposite Trident Hotel  
Bandra-Kurla Complex, Mumbai - 400098

Dear Sirs,

Subject : Submission of Notice of the 31st Annual General Meeting of Smruthi Organics Ltd along with the Annual Report for the Financial Year ended March 31, 2020 pursuant to Regulation 34(1)(a) of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015.

We enclose Notice of 31st Annual General Meeting of the Company to be held on Friday, 11th September, 2020 at 12.30 P.M. (IST) through Video Conferencing or Other Audio Visual Means only, in accordance with the General Circular issued by the Ministry of Corporate Affairs dated May 5, 2020 read with General Circulars dated April 8, 2020 and April 13, 2020 and SEBI Circular dated May 12, 2020 along with the Annual Report of the Company for Financial Year ended 31st March, 2020 respectively. The said Notice which forms part of the Annual Report for the Financial Year ended March 31, 2020 is sent today through e-mails to those shareholders of the Company who have registered their email addresses with the Company/Registrar and Transfer Agent and their Depositories Participants and the same has also been uploaded on the website of the Company at <http://www.smruthiorganics.com/2019-2020%20annual%20report%20Final.pdf>.

Please take the above on record.

**For Smruthi Organics Limited**

  
Urvasi D. Khanna  
Company Secretary & Compliance Officer



OFFICE : 'BALAJI BHAVAN' 165-A, RAILWAY LINES, SOLAPUR-413 001. (INDIA) ■ PHONE : 2310267, 2310367, 2311467  
FAX NO. : 091 - 217 - 2310268 ■ MUMBAI OFFICE : PH. : 24129211 TELEFAX NO. : 091- 022 - 24155452  
FACTORY : UNIT II : PLOT NO. A-27, M.I.D.C. CHINCHOLI, TAL. MOHOL, DIST. SOLAPUR - 413 255. (INDIA)  
PHONE : 2357491 to 2357494 ■ FAX : 0217-2357491 ■ VISIT US : [www.smruthiorganics.com](http://www.smruthiorganics.com)  
E-mail : [eaga@smruthiorganics.com](mailto:eaga@smruthiorganics.com)



**Smruthi**  
Organics Limited

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ANNUAL | 2019  
REPORT | 2020



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

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## About us

Smruthi Organics Ltd started as an Active Pharmaceutical Ingredients (API) and intermediates manufacturing company in 1989 under the Technocrat Scheme by Chairman and Managing Director, Mr. Purushotham Eaga. Smruthi's over 450 employees proudly celebrated its 30 years of establishment on July 11, 2019. This year has become all the more memorable as it ended as one of the best performing years in the recent past both operationally and financially with good margins.

Smruthi derives the majority of its business from manufacturing and sale of API. Some portion of its revenue is contributed by intermediates. The company's major sales amounting to Rs. 81 crore are generated from the domestic market. The company lists many large pharma companies such as Cipla, Sun Pharma, Aristo, USV and Intas amongst others as its key clients.

The company exported Rs. 47.4 crore of API and intermediates in the current year contributing to 37% of total sales. The company's key export markets are Argentina, Pakistan, Thailand, China and Mexico amongst others.

The company has 2 manufacturing facilities in Solapur, Maharashtra with an installed reactor capacity of more than 300 kilo liter. The flagship API facility is spread across 22 acre land in MIDC Chincholi, Solapur, has 7 manufacturing blocks and 8 clean rooms. The current area occupied is about 50%, with ample free land available for future expansion. The company's diverse equipment allows it to perform a variety of complex chemical reactions from -50°C to over 250°C and from low vacuum (1 mm) to high pressure (30 bar).

## Products

The company's key products are Metformin (anti diabetic), Diloxanide Furoate (anti amoebic), Amlodipine Besilate, Telmisartan and Losartan (anti hypertensive) and Norfloxacin (anti bacterial).

### Anti Diabetes Products

Metformin's global consumption quantity has been growing around 6% per annum with 2019 annual consumption estimated above 90,000 MT. The company has an installed capacity of 4,800 MT for Metformin and the current capacity utilization is about 60%. There is ample scope to grow volumes of this product without any new significant capacity addition in the future.

### Anti Hypertension Products

Amlodipine, used in treatment of hypertension, is growing at 8% volume globally in volume.

Telmisartan's global volume is growing at a CAGR of 10%, while that in India at 11% over the past 3 years.

Losartan is growing at a CAGR of over 8% globally for the past 3 years.

The company's hypertension portfolio is showing robust growth, which will allow the company to make inroads and acquire market share in the future. The company has ample manufacturing capacity to accommodate any volume growth over the coming years.

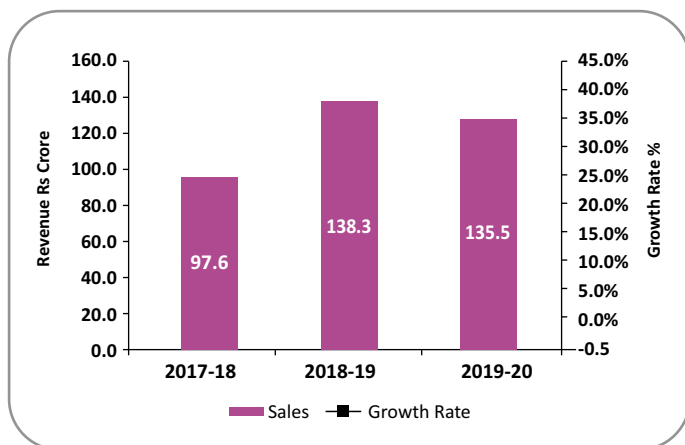
### Anti Infectives

Norfloxacin and Diloxanide Furoate are stable molecules with low to moderate growth. However, these products have limited competition and hence value accretive.

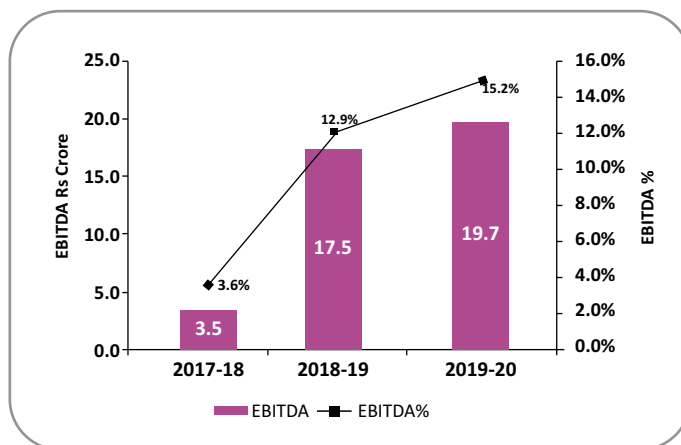


## FINANCIAL HIGHLIGHTS

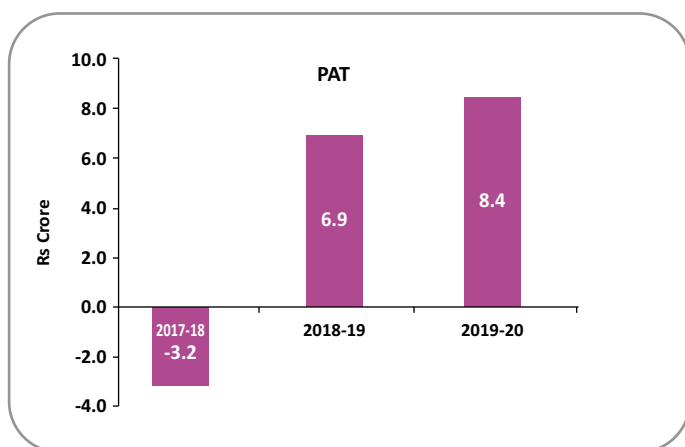
### Revenue



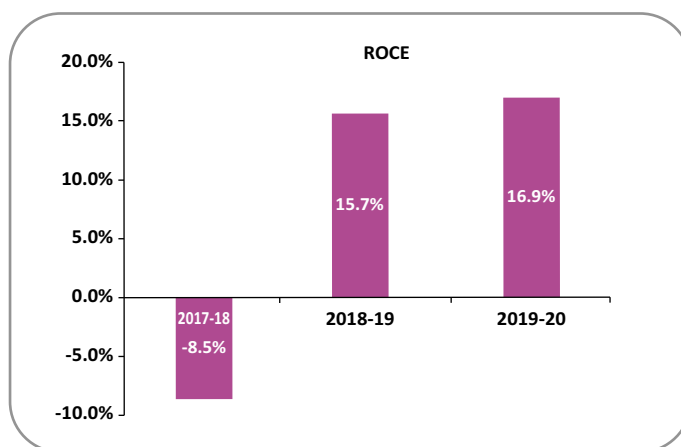
### EBITDA



### Profit After Tax



### Return On Capital Employed



## FUTURE PLANS & STRATEGY

The company plans to expand its product portfolio in its core therapeutic categories of hypertension and diabetes to drive future growth.

The company is adding Valsartan to its hypertension portfolio, which will be commercialized in FY 2020 - 21. Valsartan is also a globally growing molecule in volume.

The company has identified several molecules for its anti diabetic portfolio primarily from two sub classes of drugs: DPP IV Inhibitors and SGL2 Inhibitors. In FY 2020 - 21, the company is working on commercializing two molecules Teneligliptin and Vildagliptin from the DPP IV Inhibitors sub class. Empagliflozin and Dapagliflozin are the two SGL2 molecules planned for commercialization in FY 2020 - 21. All the four molecules are growing in high teens in volume globally as well as locally. Since several of these molecules are patent protected in some of our key markets, the potential for growth of these molecules over the next few years is tremendous once they go off patent.

In addition, the company has identified the anti platelet therapeutic category as a promising class of molecules for future growth. The company is developing Rivaroxaban, Apixaban and Ticagrelor for building this portfolio.

The identified molecules, which are under various phases of development, will build a strong base for future growth of the business. The company's current infrastructure has much more head room to deliver top line growth after accommodating new product launches and hence there is no plan for major capacity enhancement in FY 2020 - 21. However capacity expansion plans will be reviewed as required.

US - China trade tensions and Covid - 19 have highlighted the global supply chain's dependence on China. Globally, in various sectors including

pharmaceuticals, there is an accelerated effort to reduce that dependence, which provides a great opportunity for Indian pharmaceutical companies. The Indo - China border tension have brought renewed focus on national API self sufficiency, which led the Government of India to announce new incentive schemes for API and key starting material manufacturing.

The company has always strived to backward integrate to become a low cost manufacturer of its products. However, the current situations have opened up greater opportunity, which your company is working on capitalizing. The company is developing processes and capacities for manufacturing several advanced intermediates and key starting materials that will not only make it more cost competitive but also allow it to participate in global supply chain of these products.

### Finished Dosage Formulations (FDF)

The company's plans to enter the branded generics marketing space had to be postponed due to Covid - 19 and resulting lockdown. Nevertheless, the company is committed to start its marketing operations as the situation allows.

The company has identified a basket of products in the anti diabetic and hypertension therapeutic segment for launch. Several of these products contain API that the company already manufactures or is going to manufacture. This provides us a very strong cost advantage, allowing us to price FDF competitively to gain market share.

In addition, the company is considering dermatology and ophthalmic therapeutic categories as promising areas to launch products. The company is working on getting licenses, identifying manufacturers and building a marketing team to prepare for the launch. Going forward, we look forward for the branded generics division of the company to contribute significantly to the top and bottom line of the company.

## **BOARD OF DIRECTORS**

Mr. Purushotham Eaga  
*Chairman & Managing Director*

Mr. Swapnil Eaga  
*Whole time Director & Chief Financial Officer*

Mrs. Vaishnavi Eaga  
*Non - Executive Director*

Mr. Jayant H. Ranade  
*Independent Director*

Mr. Kashinath R. Dhole  
*Independent Director*

Dr. K. Ramaswamy  
*Independent Director*

## **COMPANY SECRETARY**

Ms. Urvashi D. Khanna

## **AUDITORS**

**N. R. Waghchaure & Associates**  
Chartered Accountants,  
16-22, Royal Plaza,  
Murarji Peth, Solapur - 413001.

## **REGISTERED OFFICE**

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

## **FACTORIES**

### **Unit - I**

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

### **Unit - II**

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

### **In house R & D Plant:**

A-27, A.P.I.E., Balanagar,  
Hyderabad, Telangana - 500 037

## **BANKERS**

### **State Bank of India**

Industrial Finance Branch, Parinee Crescenzo,  
202, Wing 'B', 2nd Floor, C-38/39 G Block,  
Behind MCA Ground, BKC,  
Bandra (E) | Mumbai - 400051

## **REGISTRAR AND TRANSFER AGENTS**

M/s. Adroit Corporate Services Pvt. Ltd.,  
19, JaferbhoyIndl. Est., Makwana Road,  
Marol Naka, Andheri (E), Mumbai - 400059  
Contact No: 91 (022) 42270427  
Email:sandeeps@adroitcorporate.com /  
sandeeph@adroitcorporate.com

## NOTICE

NOTICE is hereby given that the 31st Annual General Meeting of Smruthi Organics Ltd will be held through Video Conferencing ("VC") or Other Audio Visual Means ("OAVM"), on Friday, 11th September, 2020 at 12:30 p.m to transact the following business:

### Ordinary Business

1. To consider and adopt the audited financial statements of the Company for the year ended 31st March, 2020 and the Reports of the Board of Directors and the Auditors thereon.
2. To confirm interim dividend of Rs 3/- (i.e 30%) per equity share of the nominal value of Rs 10/- each and to declare the same as Final Dividend.
3. To appoint a Director in place of Mr. E. Swapnil (DIN:01241535) who retires by rotation and being eligible offers himself for re-appointment.

### Special Business

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

"RESOLVED that pursuant to the provisions of Section 148 and other applicable provisions, if any, of the Companies Act, 2013, 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 31st March, 2021, 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."

**Place :** Solapur  
**Date :** 29th June 2020

By order of the Board  
**Urvashi Khanna**  
*Company Secretary*  
Membership No ACS:46544



## NOTES

1. As you are aware, in view of the situation arising due to COVID-19 global pandemic, the general meetings of the companies shall be conducted as per the guidelines issued by the Ministry of Corporate Affairs (MCA) vide Circular No. 14/2020 dated April 08, 2020, Circular No.17/2020 dated April 13, 2020 and Circular No. 20/2020 dated May 05, 2020 and SEBI Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated 12th May, 2020. The forthcoming AGM will thus be held through video conferencing (VC) or other audio visual means (OAVM). Hence, members can attend and participate in the ensuing AGM through VC/OAVM.
2. Explanatory Statement pursuant to Section 102 of the Act relating to Item no. 4 of the Notice is annexed hereto. Also, relevant details in respect of Director seeking re-appointment at the AGM, in terms of Regulations 26(4) and 36(3) of the SEBI Listing Regulations and Clause 1.2.5 of Secretarial Standard - 2 on General Meetings is also annexed to this notice.
3. The Register of Members and Share Transfer Books of the Company will remain closed from 5th September, 2020 to 11th September, 2020 (both days inclusive).
4. Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015 (as amended), and MCA Circulars dated April 08, 2020, April 13, 2020 and May 05, 2020 the Company is providing facility of remote e-voting to its Members in respect of the business to be transacted at the AGM. For this purpose, the Company has entered into an agreement with Central Depository Services (India) Limited (CDSL) for facilitating voting through electronic means, as the authorized e-Voting's agency. The facility of casting votes by a member using remote e-voting as well as the e-voting system on the date of the AGM will be provided by CDSL.
5. The Members can join the AGM in the VC/OAVM mode 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the AGM through VC/OAVM will be made available to at least 1000 members on first come first served basis. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the AGM without restriction on account of first come first served basis.
6. The attendance of the Members attending the AGM through VC/OAVM will be counted for the purpose of ascertaining the quorum under Section 103 of the Companies Act, 2013.
7. Pursuant to MCA Circular No. 14/2020 dated April 08, 2020 the facility to appoint proxy to attend and cast vote for the members is not available for this AGM.
8. In line with the Ministry of Corporate Affairs (MCA) Circular No. 17/2020 dated April 13, 2020, the Notice calling the AGM has been uploaded on the website of the Company at

www.smruthiorganics.com. The Notice can also be accessed from the websites of the Stock Exchanges i.e. BSE Limited and Metropolitan Stock Exchange of India Limited at www.bseindia.com and www.msei.in respectively. The AGM Notice is also disseminated on the website of CDSL (agency for providing the remote e-voting facility and e-voting system during the AGM) i.e. www.evotingindia.com.

9. The AGM has been convened through VC/OAVM in compliance with applicable provisions of the Companies Act, 2013 read with MCA Circular No. 14/2020 dated April 08, 2020 and MCA Circular No. 17/2020 dated April 13, 2020 and MCA Circular No. 20/2020 dated May 05, 2020.

#### **INSTRUCTIONS FOR REMOTE E-VOTING**

- 1 The voting period begins on 08 th September, 2020 from 9.00 am (IST) and ends on 10 th September, 2020 at 5.00 pm (IST) During this period shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date i.e. Friday, 4 th September, 2020 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- 2 Shareholders who have already voted prior to the meeting date would not be entitled to vote at the AGM.
- 3 The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).
- 4 Click on "Shareholders" module.
- 5 Enter your User ID
  - 5.1 For CDSL: 16 digits beneficiary ID,
  - 5.2 Shareholders holding shares in Physical Form should enter Folio Number registered with the Company.  
OR  
Alternatively, if you are registered for CDSL's EASI/EASIEST e-services, you can login at <https://www.cdslindia.com> using your login credentials. Once you successfully log-in to CDSL's EASI/EASIEST e-services, click on e-Voting option and proceed directly to cast your vote electronically.
- 6 Next enter the Image verification as displayed and click on Login.
- 7 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 is to be used.

8. If you are a first time user follow the steps given below :

<b>For Shareholders holding shares in Demat Form and Physical Form</b>	
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 as mentioned in instruction.

- 9 After entering these details appropriately, click on "SUBMIT" tab.
- 10 Shareholders holding shares in physical form will then directly reach the Company selection screen. However, 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.
- 11 For shareholders holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- 12 Click on the EVSN for the relevant <Company Name> on which you choose to vote.
- 13 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.
- 14 Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- 15 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.
- 16 Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- 17 You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.
- 18 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.

- 19 Shareholders can also cast their vote using CDSL's mobile app "m-Voting". The m-Voting app can be downloaded from respective Store. Please follow the instructions as prompted by the mobile app while Remote Voting on your mobile.

**PROCESS FOR THOSE SHAREHOLDERS WHOSE EMAIL ADDRESSES ARE NOT REGISTERED WITH THE DEPOSITORIES FOR OBTAINING LOGIN CREDENTIALS FOR E-VOTING FOR THE RESOLUTIONS PROPOSED IN THIS NOTICE**

1. For 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), AADHAR (self attested scanned copy of Aadhar Card) by email to [cs@smruthiorganics.com](mailto:cs@smruthiorganics.com)/[sandeeps@adroitcorporate.com](mailto:sandeeps@adroitcorporate.com).
2. For 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)/[sandeeps@adroitcorporate.com](mailto:sandeeps@adroitcorporate.com).

**INSTRUCTIONS FOR SHAREHOLDERS ATTENDING THE AGM THROUGH VC/OAVM**

1. Shareholder will be provided with a facility to attend the AGM through VC/OAVM through the CDSL e-Voting system. Shareholders may access the same at <https://www.evotingindia.com> under shareholders/members login by using the remote e-voting credentials. The link for VC/OAVM will be available in shareholder/members login where the EVSN of Company will be displayed.
2. Shareholders are encouraged to join the Meeting through Laptops / IPads for better experience.
3. Further shareholders will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
4. 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.
5. 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 atleast 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.
6. Those shareholders who have registered themselves as a speaker will only be allowed to express their views/ask questions during the meeting.

### INSTRUCTIONS FOR SHAREHOLDERS FOR E-VOTING DURING THE AGM

1. The procedure for e-Voting on the day of the AGM is same as the instructions mentioned above for remote e-voting.
2. Only those shareholders, who are present in the AGM through VC/OAVM facility and 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.
3. 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.
4. Shareholders who have voted through Remote e-Voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.

### NOTE FOR 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 entity 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 viz; [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.

If you have any queries or issues regarding attending AGM & e-Voting from the e-Voting System, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com), under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) or contact Mr. Nitin Kunder (022-23058738 ) or Mr. Mehboob Lakhani (022-23058543) or Mr. Rakesh Dalvi (022-23058542).

All grievances connected with the facility for voting by electronic means may be addressed to Mr. Rakesh Dalvi, Manager, (CDSL) Central Depository Services (India) Limited, A Wing, 25th Floor, Marathon Futurex, Mafatlal Mill Compounds, N M Joshi Marg, Lower Parel (East), Mumbai - 400013 or

send an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) or call on 022-23058542/43.

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.

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

Mr. H.R. Thakur, Practicing Company Secretary, Mumbai has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.

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

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

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

##### **Item No. 4**

In accordance with the Companies (Cost Records and Audit Rules) 2014, read with the Companies (Cost Records and Audit) Amendment Rules, 2016, the Company is required to conduct cost audit of its cost records pertaining to the products falling under the product categories-Drugs and Pharmaceuticals.

The Board of Directors of the company, on the recommendation of Audit Committee, has approved the appointment of Shrinivas Diddi & Associates, Cost Accountants for conducting the audit of the cost records of the Company for the financial year ending 31st March, 2021 on remuneration of Rs. 55,000/- plus GST as applicable and reimbursement of out of pocket expenses.

In terms of Section 148(3) of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, the remuneration recommended by the Audit Committee for the Cost Auditor and approved by the Board of Directors is required to be ratified subsequently by the Shareholders. Hence, the Ordinary Resolution set out in Item no. 4 of the Notice seeks approval of the Shareholders for the same.

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 approval of the Shareholders.

By order of the Board

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

Place : Solapur  
Date : 29th June 2020

## ANNEXURE TO THE NOTICE

Details of the director seeking re-appointment in the 31st Annual General Meeting, as set out in Item no.3 of this Notice in terms of Regulations 26(4) and 36(3) of the Securities and Exchange Board Of India (Listing Obligations And Disclosure Requirements) Regulations, 2015 read with clause 1.2.5 of Secretarial Standard-2 on General Meetings:

<b>Name of Director</b>	<b>Mr. Swapnil Ega</b>
Director Identification Number	01241535
Date of Birth	30/03/1984
Date of Appointment	06/04/2009
Qualifications	B.S. (Chemical Engineering) USA & MBA, Spain
Experience in Specific Functional Area	Technical, Business Development & Finance
Directorship in other Companies	Smruthi Chemicals & Intermediates Ltd
Memberships / Chairmanships of committees of other public companies*	Nil
Number of shares held in the Company	1,90,081

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

## DIRECTORS' REPORT

**Dear Members,**

Your Directors are pleased to present the 31st Annual Report and the Audited Financial Statements for the financial year ended 31st March, 2020.

### 1. Financial Highlights

A summary of the Company's financial results for the year ended 31st March, 2020 vis-a-vis financial results for the previous year ended 31st March, 2019, is as under :

(Rs. in lakhs)

	Financial Year 2019 - 20	Financial Year 2018 - 19
Revenue from operations	13107.36	13741.09
Other Income	442.14	88.03
<b>Total Income</b>	<b>13549.50</b>	<b>13829.12</b>
Expenditure	11583.69	12081.93
Depreciation and amortisation expense	438.62	413.50
<b>Total Expense</b>	<b>12022.31</b>	<b>12495.43</b>
Profit before finance costs and tax	1527.19	1333.69
Finance costs	318.05	358.04
<b>Profit Before Tax (PBT)</b>	<b>1209.14</b>	<b>975.65</b>
Tax Expense	364.424	289.47
<b>Profit for the year</b>	<b>844.71</b>	<b>686.18</b>
Other Comprehensive Income (Net of Tax)	Nil	Nil
<b>Total Comprehensive Income for the year</b>	<b>844.71</b>	<b>686.18</b>

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

During the year under review, Net Sales & Other Income of the Company was Rs. 135.49 crore as compared to Rs. 138.29 crore in the previous year registering a decrease of 2.02% over the previous year.

However, the Profit After Tax (PAT) for the year is Rs. 844.71 Lakhs compared to Rs. 686.18 Lakhs in the previous year registering a growth of 23.1%. Improvement in profitability was due to decrease in raw material consumption and reduction in finance cost. A detailed overview has been

provided under Management Discussion and Analysis Report.

We have been able to reduce our debtors by Rs. 11.81 crore viz. a decrease of 33% over the previous year. Our debtor days have reduced to 68 days from 98 days in the previous year. In addition, we have also reduced inventory by Rs. 5.59 crore i.e. 25% of our opening inventory. Our inventory days have reduced from 92 in the previous year to 75 days. Due to better working capital management, we have been able to reduce cash credit utilization by Rs. 11.5 crore reducing our total outstanding debt to only Rs. 13.7 crore at the end of FY 2019 - 20. Due



to this, the total debt of the company reduced by 45% in just one year.

The company has incurred capital expenditure of Rs. 4.74 crore primarily for debottlenecking and upgradation of infrastructure. The entire capital expenditure was funded from internal accruals and there is no term loan or long term debt on the books.

The company's finance position is very healthy with very low debt and good cash flows. We believe the strength of our balance sheet will help us emerge stronger after the challenging situations emerging out of Covid -19 are normalized.

### 3. Covid - 19

Financial Year 2020 - 21 has started on an uncertain note due to the lock-down on account of Covid - 19. Control of pandemic is dependent on availability of treatment developed by pharma companies based on R&D efforts currently undergoing in many countries.

The company experienced 2 weeks of total production loss due to nationwide lockdown in the first quarter of FY 2020 - 21. With the economy slowly opening up with the progressive lifting of lockdown, the company has also revived its operations in a phased manner as per government orders. Given majority of the company's products are in the chronic segment, the overall demand for the products should not be significantly affected by the Covid - 19 pandemic. However, predicting demand and growth outlook for your company's products during the current year may be difficult at present. The Company will continue to monitor such impact on future economic conditions and inform the members periodically.

### 4. Dividend

The Board of Directors recommend confirmation of interim dividend of Rs. 3/- (30%) per Equity Share of the face value of Rs. 10/- each paid in March, 2020 as final Dividend. However due to country wide lockdown, bank drafts for payment of dividend could not be sent out to the shareholders who had not provided their bank details for electronic transfer of funds. As soon as the position permits, arrangement shall be made to pay the dividend to the shareholders at the earliest.

### 5. Deposits

During the year under review, your Company neither accepted nor renewed any fixed deposits falling within the ambit under provisions of Section 73 of the Companies Act, 2013 and The Companies (Acceptance of Deposits) Rules, 2014. Outstanding amount of loan accepted by the company from its Directors: Rs. 134.97 Lakhs (Mr. E. Purushotham : Rs. 98.05 Lakhs and Mrs. E. Vaishnavi : Rs. 36.92 Lakhs). The company has also obtained a declaration from the said directors stating that the amount of loan is not being given out of funds acquired by them by borrowing or accepting loans or deposits from others.

### 6. Change in the Nature of Business

There has been no change in the nature of business during the year.

### 7. 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.

#### **8. Share Capital**

The paid up Equity Share Capital as at 31 st March, 2020 stood at Rs 381.54 Lakhs. During the year under review, the Company did not issue any Equity Shares. Further, there has been no change in the capital structure of the Company during the year.

#### **9. Human Resource Development (HRD) & Industrial Relations**

In the 30th year of establishment, the company has taken several initiatives for its human resources with special emphasis on skill development. The company's new training program has resulted in improved quality of its human resources as well as reduced training and skill acquisition time for new recruits.

Your Directors place on record their appreciation for the commitment, dedication and hard work put in by the employees of the Company during the Covid-19 pandemic and subsequent handling of operations after the lockdown was gradually lifted.

#### **10. Quality & Regulatory Initiatives**

The company's Laboratory Information Management System (LIMS) installed last year has been working well to enhance the quality control unit's operational capabilities particularly with respect to regulatory compliance. The company is working continuously to upgrade its systems to keep with global regulatory framework.

In FY 2019 - 20, the company has filed 6 and 4 Drug Master Files (DMF) for Amlodipine Besilate and Metformin respectively in 8 different countries such as Singapore, China, Indonesia, Malaysia, Uganda, Ethiopia, etc. The company plans to file several more DMF in the year 2020 - 21 for its products in various markets. All these registrations will support strong export growth in the coming years.

#### **11. Research and Development (R&D)**

The company's Hyderabad R&D unit completed a full year of operations in the current year. The R&D team has grown to 17 scientists and is expected to grow to 25 in FY 2020 - 21. The team has developed process for 3 molecules in chronic segments of hypertension and diabetes. In addition, several other cost optimization and quality improvement projects of existing products were also executed. The Process Development (PD) lab based at the manufacturing site has also contributed immensely by developing various cost cutting processes.

The company's R&D has developed 3 new API molecules at the lab scale in the current year. The commercialization of these molecules was postponed from the current year due to supply chain disruptions because of Covid - 19. These products along with others developed in FY 2020 - 21 will be commercialized in FY 2020 - 21.

#### **12. Management Discussion and Analysis**

##### **Company's Performance**

The company's sales growth was muted in the current year on account of a few factors, which are discussed below:

1. **India Pakistan Political Row:** In retaliation to Balakot air strike, the government of Pakistan imposed ban on import of pharmaceutical products from India during FY 2019 - 20. Although the ban was subsequently lifted, significant export revenue from Pakistan was lost in the earlier part of the current year. The company is confident of making up this loss of revenue in FY 2020 - 21 as we have strong client base in Pakistan.
2. **Fire Accident:** Due to a fire accident in November 2019 at one of the finished goods warehouses, some finished goods were destroyed. These products could not be delivered on time and resulted in sales loss. The company's claim is in process with the Insurance company and the company expects to be reimbursed fully for the loss barring basic deductibles as per policy. The warehouse has been repaired and is operational again.
3. **Covid - 19 :** During the last quarter, raw material supply disruption from China caused delays in production. In addition, due to the nationwide lockdown in March, some quantities of finished goods stock of Rs. 4.75 crore could not be shipped. This has also reduced realizable sales of the company by a significant amount.

The management is continuously working to making its operations more efficient and reducing cost. We are glad to report that the efforts have started yielding good results. Despite muted growth in revenue, the company has done very well on profitability parameters. The company's EBITDA % has increased by 180 bps than previous year. This is mainly due to technological improvements in process, which resulted in lower raw material consumption.

The company has worked closely with its

clients to get better payment terms without losing revenue. This has resulted in reducing receivables by Rs. 11.8 crore viz. ~33% of receivables opening balance. In addition, the company's continued efforts in improving productivity in operations has resulted in a reduction in inventory of Rs. 5.6 crore viz. ~25% of inventory opening balance. In addition, the company has reinvested its profits primarily in repaying its short term borrowings. The company has reduced its cash credit utilization by Rs. 11.5 crore in this year alone viz. ~45% of cash credit utilization opening balance. The company does not have any long term borrowings and did not raise any long term debt in the current year. Consequently, finance cost has reduced significantly due to this reduction in working capital requirements. Thus, at the PBT level, the company has clocked a growth of 24.5% to achieve a PBT of Rs. 12.14 crore.

### Outlook

Majority of the company's products are in the chronic segment, such as diabetes and hypertension. As such, the overall demand for the company's products should not be significantly affected by the Covid - 19 pandemic as these products are consumed continuously. Predicting demand and growth outlook for your company during the current year may be difficult at present. However, the company is confident of achieving sales and profit better than FY 2019 - 20.

The company is very well placed financially with very low debt on the books. The company is taking a conservative approach for FY 2020 - 21 and not looking to increase its short and long term debt. The company is also not going for any capacity expansion in FY 2020 - 21. The company has adequate capacity to meet volume growth of its products and any new products launched in

this year. Any capital investment that will be needed for normal operations shall be funded from internal accruals.

The company had increased its research and development expenditure in FY 2019 - 20, which is bearing fruit. The company shall be launching several products primarily in the diabetes and hypertension therapeutic category in FY 2020 - 21. Due to Covid-19, the product launches scheduled in the last quarter of FY 2019 - 20 were delayed. However, the company is aggressively trying to make up lost time and launch 5 - 6 products in FY 2020 - 21.

The company is preparing to start domestic branded generics marketing division in FY 2020 - 21. The company has identified diabetes and hypertension as focus therapeutic areas for its formulation division and is working on launching a basket of products in these categories. Several of the products identified contain the APIs manufactured by the company and hence will give the company a significant cost advantage.

### **Opportunities and Threats**

The global realignment of supply chains, including that of pharmaceutical sector, has created unprecedented opportunities for Indian pharma companies. At a global level, pharmaceutical companies are evaluating and looking at developing new sources for API & KSM to reduce dependency in China. In addition, Government of India's "Atma Nirbhar" mission has addressed a key issue of API & key starting material (KSM) self sufficiency at a national level through a new scheme aimed at building API & KSM capacity in the country.

The company is thus working on identifying products, particularly of KSM of API, to cater

to these new industry requirements. In addition, the company believes that there is huge opportunity to promote its API to companies, who are currently dependent on a single source but want to build a diversified supply chain. The company is in the process of devising a comprehensive strategy to capitalize on the opportunities created due to the current geopolitical and Covid - 19 situations both for API and KSM.

As new opportunities have been created so have new threats sprung up. The global economic slowdown unleashed due to Covid - 19 could potentially create many unforeseen circumstances ranging from companies shutting down to slow down in demand.

There is a possibility that some companies may not be able to weather this slowdown and going under. In case of customers, it could mean loss of revenue stream or in a worse case, non recovery of dues. As such, the company is taking a measured and cautious approach when extending credit towards sales and trying its best to reduce exposure without losing business. In case of suppliers, disruption in supply of materials could cause delays in production or in a worse case, loss of revenue streams as customers procure from other sources. Hence, the company has already started working on developing alternate suppliers for some raw materials and developing internal manufacturing capabilities for other raw materials.

In general pharmaceutical industry does not get significantly impacted due to economic slowdowns, particularly in chronic therapeutic categories where drug consumption is necessary for patient wellbeing. Since majority of the revenue of the company is generated from the chronic

therapeutic categories, we do not see any significant impact due to demand slow down in the medium to long term. However, in the short term, there could be some slowdown especially if the industry and our customers decide to reduce inventories in distribution channels. The company is of the firm belief that any such short term reduction in demand will be offset subsequently.

### 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. Due to tight control over internal systems, the company was able to better its working capital management and reduce debt in the current year. To improve these systems further, the company has implemented a suitable ERP system in FY 2019 - 2020.

The company would like to bring to the notice of the members of two key financial ratios that have improved significantly (i.e. change of more than 25% compared to previous financial year) in comparison to previous financial year:

**PAT:** PAT grew by more than 27% Y-o-Y primarily because of lower raw material consumption and reduced financial cost over the previous year. The explanation for improvement in each of the parameters has been covered in the previous sections.

**Interest Coverage Ratio:** Interest coverage ratio has improved from 4.8 to 6.0 viz. 26% improvement. The reason for this improvement is that EBIT has improved significantly while interest cost has reduced due to significant reduction in cash credit utilization. The reasons for improvement in EBIT and reduction of debt has been address in previous sections.

### 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.*

### 13. 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

1. in the preparation of the annual accounts, the applicable accounting standards have been followed and there are no material departures
2. 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
3. the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act, for safe guarding the assets of the Company and for preventing and detecting fraud and other irregularities
4. the directors have prepared the annual accounts of the Company on a going concern basis
5. 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

6. 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.

#### **14. Directors and Key Managerial Personnel**

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

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

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

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

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 terms of Section 203 of the Act, the Company has the following Key Managerial Personnel : Mr. Swapnil Eaga: Chief Financial Officer and Ms. Urvashi Khanna: Company Secretary.

#### **15. Declaration of Independence**

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

#### **16. 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.

#### **17. 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.

### 18. Internal Financial Control Systems and Their Adequacy

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

### 19. Auditors

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

### 20. Auditor's Report And Secretarial Audit Report

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

Further, in terms of the provisions of the Circular No. CIR/CFD/CMD1/27/2019 dated 8th February, 2019 issued by Securities and

Exchange Board of India, the Company has obtained the Annual Secretarial Compliance Report for the financial year ended 31st March, 2020, there by confirming compliance of the applicable SEBI Regulations and circulars / guidelines issued thereunder, on behalf of the Company.

### 21. Cost Audit

For Financial Year 2020-2021, 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.

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

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

### 23. General Shareholder Information

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

#### **24. Particular Regarding Employees Remuneration**

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

#### **25. Particulars of Loans, Guarantees or Investments**

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

#### **26. Related Party Transactions**

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

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

There were no material Related Party transactions during the year.

#### **27. Corporate Governance**

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

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

#### **28. Audit Committee**

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

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

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



**29. Remuneration Policy**

The policy on remuneration and other matters provided in Section 178(3) of the Act has been disclosed in the Corporate Governance Report, which is a part of this report and is also available on website of the company [www.smruthiorganics.com](http://www.smruthiorganics.com)

**30. Vigil Mechanism - Whistle Blower Policy**

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

**31. Prevention of Sexual Harassment at workplace**

During the financial year under review, the Company did not receive any complaints of sexual harassment and no cases were filed under the POSH Act. As per the provisions of the Act the Company has formed Internal Complaints Committees to redress the grievances of women employees under the Act.

**32. 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.

**33. Corporate Social Responsibility (CSR)**

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

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

There was one meeting of the CSR Committee held on 29th July, 2019, which was attended by all members of the Committee.

**34. Extract of Annual Return**

An Extract of the Annual Return in Form No. MGT-9, as required in terms of the provisions of Section 92(3) of the Act and the Companies (Management and Administration) Rules, 2014, is annexed to this Report as "Annexure V" and in terms of the provisions of Section 134(3)(a) of the Act. The same is also available on the website of the Company i.e. [www.smruthiorganics.com](http://www.smruthiorganics.com)

**35. Investor Education and Protection Fund (IEPF)**

The Company had transferred a sum of Rs 1,46,724/- during the financial year to the Investor Education and Protection Fund established by the Central Government (IEPF). The said amount represents Unclaimed Dividend for the year 2011-2012 with the Company for a period of 7 years from their respective due dates of payment.

### 36. Nodal Officer

The Company has appointed Ms. Urvashi Khanna, Company Secretary as the Nodal Officer for the purpose of verification of claims filed with the Company in terms of IEPF Rules and for co-ordination with the IEPF Authority.

### 37. Compliance with Secretarial Standards

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

### 38. Acknowledgements

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

**Place :** Solapur  
**Date :** 29 th June 2020

For and on behalf of the Board

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

## **Annexure I to the Directors Report**

Form No. MR-3

SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31st March, 2020  
[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies  
(Appointment and Remuneration of Managerial Personnel) Rules, 2014]

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

I have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Smruthi Organics Ltd (CIN: L24119PN1989PLC052562) (hereinafter called 'the Company'). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information / representations provided by the Company, its officers, agents and authorised representatives during the conduct of Secretarial Audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on 31st March 2020, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:-

I have examined the books, papers, registers, minute books, forms and returns filed and other records maintained by the Company, for the financial year ended on 31st March, 2020 according to the provisions of

- 1 The Companies Act, 2013 (the Act) and the Rules made thereunder;
- 2 The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made thereunder;
- 3 The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- 4 Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, and Overseas Direct Investment(Not Applicable to the company during audit period.)
- 5 The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act')
  - 5.1 The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - 5.2 The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

- 5.3 The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 (Not applicable to the Company during audit period);
  - 5.4 Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014(Not applicable to the Company during audit period);
  - 5.5 The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008(Not applicable to the Company during audit period);
  - 5.6 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;
  - 5.7 The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 (Not applicable to the Company during audit period);
  - 5.8 The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018(Not applicable to the Company during audit period);
  - 5.9 The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015.
  - 5.10 The Securities and Exchange Board of India (Issue and Listing of Non-Convertible and Redeemable Preference Shares) Regulations, 2013; - (Not applicable to the Company during audit period).
  - 5.11 The Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018.
- 6 I have also examined compliance with the applicable clauses of the following :
- 6.1 The Drugs and Cosmetics Act,1940, and
  - 6.2 Narcotic Drugs, and Psychotropic Substances Act, 1985 the Rules/orders made thereunder as applicable.
  - 6.3 Secretarial Standards issued by The Institute of Company Secretaries of India as in force from time to time.
  - 6.4 The Listing Agreements entered into by the Company with Metropolitan Stock Exchange of India, Mumbai, and BSE Limited., Mumbai.

During the period under review the Company has filed forms / returns within stipulated time period and has complied with the provisions of the Act, Rules, Regulations and Guidelines, Standards etc. mentioned above except minor delay in (i) filing of MSME Form and (ii) Voting Results in XBRL Format with Metropolitan Stock Exchange of India.

I further report that:-

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. There was no change in the composition of the Board of Directors during the period under review.

Adequate notice of at least seven days was given to all Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

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

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

**Place:** Mumbai  
**Date:** 26th June 2020

**H. R. Thakur**  
F.C.S : 2090 C.P: 3193  
UDIN: F002090B000385871

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

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

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

**Place:** Mumbai  
**Date:** 26th June 2020

**H. R. Thakur**  
F.C.S : 2090 C.P: 3193  
UDIN: F002090B000385871

## **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:

#### **1. CONSERVATION OF ENERGY**

##### **1.1. Energy Conservation Measures**

The company approaches conservation of energy through various means such as through use of energy efficient equipment or changing processes for energy conservation.

Some of the major initiatives taken for energy conservation are:

- 1.1.1. Lighting: The replacement of older lighting systems with energy efficient LED lights had begun in the previous year. In continuation of that initiative, the company increased its LED lighting to cover 50% of its lighting needs.
- 1.1.2. We have replaced an older technology cooling system with a more energy efficient one resulting in annual savings of 3,98,580 units.
- 1.1.3. We have modified the process of a product, where equipment utilization has reduced from 24 hr to 5 hr per process. This has led to reduction in coal consumption of 20,533 kg per annum.

##### **1.2. Alternate Energy Sources**

The company has not taken any measures for using alternate sources of energy in the current year.

##### **1.3. Capital Investment on Energy Conservation Equipment**

The total capex on energy conservation was Rs. 9.4 lakhs.

##### **1.4. Impact**

The company was able to save a total more than 4 lakh units of electricity and 20 MT of coal over the year. units of electricity over the year, which not only has positive environmental impact but also resulted in cost saving.

#### **2. TECHNOLOGY ABSORPTION**

- 2.1. The company's new Hyderabad R&D has received the recognition by the Department of Scientific & Industrial Research (DSIR), Government of India. The in house R&D located at plant is already recognized by DSIR. These recognitions will allow us to get tax benefits under section 35(2)(AB) of the Income Tax Act on R&D expenditure.

2.2. Technology development of existing products, undertaken at the both the laboratories, have been successfully implemented at plant level and have yielded lower raw material costs and consequently higher EBITDA in the current year. However, new product commercialization was delayed due to Covid - 19 and other factors.

2.3. We have not acquired any imported technology during the last three years reckoned from the beginning of the financial year.

2.4. The expenditure incurred on Research and Development is as follows :

(Rs. in lakhs)

Sr.No.	Particulars	2019 - 20	2018 - 19
	Expenditure on R&D		
a)	Capital	170.37	–
b)	Recurring	193.99	53.12
	Total	364.36	53.12
	Total R&D Expenditure as a Percentage of total Turnover	2.82%	0.39%

### 3. FOREIGN EXCHANGE EARNINGS AND OUTGO

(Rs. in lakhs)

	2019 - 20	2018 - 19
Foreign exchange outgo	2921.71	3609.00
Foreign exchange earned	4763.28	5047.00

For and on behalf of the Board

**Purushotham Eaga**

Chairman & Managing Director  
DIN:00033583

Place : Solapur

Date : 29th June 2020

### 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 2019-20:

Name of the Directors	Ratio to Median Remuneration
<b>*Non-Executive Directors</b>	
Mrs. Vaishnavi Eaga <i>Non - Executive Director</i>	Nil
Mr. Jayant H. Ranade <i>Independent Director</i>	Nil
Dr. K. Ramaswamy <i>Independent Director</i>	Nil
Mr. Kashinath R. Dhole <i>Independent Director</i>	Nil
<b>Executive Directors</b>	
Mr. Purushotham Eaga <i>Chairman and Managing Director</i>	84.05
Mr. Swapnil Eaga <i>Whole Time Director and Chief Financial Officer</i>	35.02

\*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. Purushotham Eaga <i>Chairman and Managing Director</i>	-
Mr. Swapnil Eaga <i>Whole time Director and Chief Financial Officer</i>	-
Ms. Urvashi D. Khanna <i>Company Secretary</i>	15%

3. The percentage increase in the median remuneration of employees in the financial year: 14.47%
4. The number of permanent employees on the rolls of Company: 255



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	Mr. Purushotham Eaga
Designation	Managing Director
Remuneration (Rs PA)	1,61,28,000
Qualification and Experience	MSC (Org. Chem); 35 Years
Date of Commencement of Employment	01/08/2010
Age (Years)	62
Last Employment Held	NA

For and on behalf of the Board

**Purushotham Eaga**

*Chairman & Managing Director*  
DIN:00033583

**Place :** Solapur  
**Date :** 29th June 2020

## Annexure - IV to Directors' Report

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

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

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

2. The Composition of the CSR Committee

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

3. Average Net Profit (loss) of the company for last three financial years : Rs. 2,55,52,390/-
4. Prescribed CSR Expenditure (two per cent of the amount as in item 3 above): Rs 5,11,048/-
5. Details of CSR spent during the financial year
  - a. Total Amount to be spent for the Financial Year: Rs 5,11,048/-
  - b. Total amount actually spent in the Financial year: Rs 5,35,000/-
  - c. Amount unspent, if any: Nil
  - d. Manner in which amount spent during the Financial year:

Sr No.	CSR Project Activity	Section in which the project is covered	Location of Projects/ Programs	Amount Outlay (Budget) Project or Program wise (₹ in Lakhs)	Actual Amount Spent on the Projects or Programs (₹ in Lakhs)	Cumulative Expenditure up to the Reporting Period (₹ in Lakhs)	Actual Amount Spent: Direct or through Agency (₹ in Lakhs)
1.	Donation to Balaji Foundation & Research Centre	Education	Solapur	0.35	0.35	0.35	Direct
2.	Donation to Prime Minister's Citizen Assistance and Relief in Emergency Situations Fund (PM CARES Fund)	Socio economic development and relief	Solapur	5	5	5	Direct
		<b>Total</b>		<b>5.35</b>	<b>5.35</b>	<b>5.35</b>	

6. In case the Company has failed to spend the two percent of the average net profit of the last three financial years or any part thereof, the Company shall provide the reasons for not spending the amount on CSR: N.A
7. Responsibility Statement of the CSR Committee that the implementation and monitoring of CSR Policy is in compliance with CSR objectives and Policy of the Company: The implementation and monitoring of CSR Policy is in compliance with CSR objectives and Policy of the Company.

Place : Solapur  
Date : 29th June 2020

For and on behalf of the Board

**Purushotham Eaga**  
Chairman & Managing Director  
& Chairman- CSR Committee  
DIN:00033583

## Annexure: V to the Directors Report

**Form No. MGT-9**

**Extract of Annual Return**

as on the financial year ended on 31st March 2020

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

### I. Registration and Other Details

i) CIN	L24119PN1989PLC052562
ii) Registration Date	11/07/1989
iii) Name of the Company	Smruthi Organics Ltd
iv) Category / Sub-Category of the Company	Public Company / Limited by Shares
v) Address of the Registered Office and contact details	165-A, Balaji Bhavan, 1st Floor, Railway Lines, Solapur-413 001 Tel no: 0217 2310267 Website: www.smruthiorganics.com
vi) Whether listed company	Yes
vii) Name, Address and Contact details of Registrar and Transfer Agent, if any	Adroit Corporate Services Pvt. Ltd., 19, Jaferbhoy Indl. Est., Makwana Road, Marol Naka, Andheri (E) Mumbai - 400059. Tel.:91 (0)22 42270427 Email:sandeeps@adroitcorporate.com / sandeeph@adroitcorporate.com

### II. Principal Business Activities of the Company

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

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

### III. Particulars of Holding, Subsidiary and Associate Companies

Sr No.	Name & Address of Company	CIN/ GLN	Holding/ Subsidiary / Associate	% of shares held	Applicable section
The Company does not have any holding, subsidiary and associate company					

## IV. Shareholding Pattern (Equity Share Capital Breakup as Percentage of Total Equity) :-

## 1) Category - Wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoter</b>									
<b>(1) Indian</b>									
a) Individual/HUF	2353341	0	2353341	61.68	2353341	0	2353341	61.68	0
b) Central Govt.	0	0	0	0	0	0	0	0	0
c) State Govt. (s)	0	0	0	0	0	0	0	0	0
d) Bodies Corp.	82,000	0	82,000	2.15	82,000	0	82,000	2.15	0
e) Banks / FI	0	0	0	0	0	0	0	0	0
f) Any other	0	0	0	0	0	0	0	0	0
<b>Sub Total (A) (1)</b>	<b>2435341</b>	<b>0</b>	<b>2435341</b>	<b>63.83</b>	<b>2435341</b>	<b>0</b>	<b>2435341</b>	<b>63.83</b>	<b>0</b>
<b>(2) Foreign</b>									
a) NRIs- Individuals	0	0	0	0	0	0	0	0	0
b) Other Individuals	0	0	0	0	0	0	0	0	0
c) Bodies Corp.	0	0	0	0	0	0	0	0	0
d) Banks / FI	0	0	0	0	0	0	0	0	0
e) Any other	0	0	0	0	0	0	0	0	0
<b>Sub Total (A) (2)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total shareholding of Promoter (A) = (A)(1)+(A)(2)</b>	<b>2435341</b>	<b>0</b>	<b>2435341</b>	<b>63.83</b>	<b>2435341</b>	<b>0</b>	<b>2435341</b>	<b>63.83</b>	<b>0</b>
<b>B. Public Shareholding</b>									
<b>(1) Institutions</b>									
a) Mutual Funds	0	0	0	0.00	0	0	0	0.00	0.00
b) Banks / FI	0	0	0	0.00	0	0	0	0.00	0.00
c) Central Govt.	0	0	0	0.00	0	0	0	0.00	0.00
d) State Govt(s)	0	0	0	0.00	0	0	0	0.00	0.00
e) Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
f) Insurance Companies	0	0	0	0.00	0	0	0	0.00	0.00
g) FIs	0	0	0	0.00	0	0	0	0.00	0.00
h) Foreign Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
i) Others (Specify)	0	0	0	0.00	0	0	0	0.00	0.00
<b>Sub-total (B) (1)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0.00</b>

<b>(2) Non - Institutions</b>									
<b>a) Bodies Corp.</b>									
a-i) Indian	122659	113700	236359	6.19	108785	113700	222485	5.83	(0.36)
a-ii) Overseas									
<b>b) Individuals</b>									
b-i) Individual share-holders holding nominal share capital upto Rs.2 lakh	713771	150005	863776	22.64	741183	132905	874088	22.91	0.3
b-ii) Individual share-holders holding nominal share capital in excess of Rs. 2 lakh	201660	0	201660	5.29	202328	0	202328	5.30	0.01
c) Qualified foreign investor	-	0	0	0	0	0	0	0	0
<b>D) Other</b>									
d-1) Non Resident Indians (individuals)	15634	30000	45634	1.20	18181	30000	48181	1.26	0.06
d-2) Clearing Member	90	0	90	0	813	0	813	0.02	0.02
d-3) Corporate Body-Broker	376	0	376	0.01	0	0	0	0	(0.01)
d-4) Investor Education Protection Fund	32194		32194	0.84	32194		32194	0.84	0
<b>Sub-total (B) (2)</b>	<b>1086384</b>	<b>293705</b>	<b>1380089</b>	<b>36.17</b>	<b>1103484</b>	<b>276605</b>	<b>1380089</b>	<b>36.17</b>	<b>0</b>
<b>Total Public Share-holding (B) = (B)(1)+(B)(2)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Grand Total (A+B+C)</b>	<b>3521725</b>	<b>293705</b>	<b>3815430</b>	<b>100</b>	<b>3538825</b>	<b>276605</b>	<b>3815430</b>	<b>100</b>	<b>0</b>

## 2) Shareholding of Promoters

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% Change in share - holding during the Year
		No. of Shares	% of total shares of the Company	% of Shares Pledged / encumbered to total Shares	No. of Shares	% of total shares of the Company	% of Shares Pledged / encumbered to total Shares	
1	Purushotham Malaiah Eaga	1529235	40.08	-	1529235	40.08	-	-
2	Vaishnavi Purushotham Eaga	576475	15.11	-	576475	15.11	-	-
3	Swapnil Purushotham Eaga	190081	4.98	-	190081	4.98	-	-
4	Smruthi Chemicals and Intermediates Limited	82000	2.15	-	82000	2.15	-	-
5	Yadagiri M Eaga	24050	0.63	-	24050	0.63	-	-
6	Smruthi Purushotham Eaga	24000	0.63	-	24000	0.63	-	-
7	Eaga Rajamouli	9500	0.25	-	9500	0.25	-	-
	<b>TOTAL</b>	<b>2435341</b>	<b>63.83</b>	<b>-</b>	<b>2435341</b>	<b>63.83</b>	<b>-</b>	<b>-</b>

## 3) Change in Promoters' Shareholding (please specify, if there is no change)

Sr. No.	Name of Directors and shareholder	Shares Holding at the beginning of the year April 1, 2019		Increase / Decrease in Shareholding		Cumulative Shares Holding during the year	
		No. of Shares	% of Total Shares of the company	No. of Shares	% of Total Shares of the company	No. of Shares	% of Total Shares of the company
1	Purushotham Malaiah Eaga	15,29,235	40.08	0	0	15,29,235	40.08
2	Vaishnavi Purushotham Eaga	5,76,475	15.11	0	0	5,76,475	15.11
3	Swapnil Purushotham Eaga	1,90,081	4.98	0	0	1,90,081	4.98
4	Smruthi Chemicals And Intermediates Limited	82,000	2.15	0	0	82,000	2.15
5	Yadagiri M. Eaga	24,050	0.63	0	0	24,050	0.63
6	Smruthi Purushotham Eaga	24,000	0.63	0	0	24,000	0.63
7	Eaga Rajamouli	9,500	0.25	0	0	9,500	0.25
	<b>Total</b>	<b>24,35,341</b>	<b>63.83</b>			<b>24,35,341</b>	<b>63.83</b>

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

Sr. No.	Name of Director and KMP	Shares Holding at the beginning of the year		Cumulative Shares Holding during the year	
		No. of Shares	% of Total Shares	No. of Shares	% of Total Shares
1	Dheeraj Kumar Lohia	102642	2.69	102642	2.69
2	Ashish Chugh	34685	0.91	35343	0.93
3	Raj Kumar Lohia	22799	0.60	22799	0.60
4	Rajasekhar Guttikonda	21054	0.55	21054	0.55
5	Saroja Akubathini	20490	0.54	20490	0.54
6	Ramesh Kumar Bhawnani	15877	0.42	15877	0.42
7	Lakshmi M	15375	0.40	15375	0.40
8	Babalbhai Manilal Patel	11500	0.30	15215	0.40
9	Vara Lakshmi G	13642	0.36	13642	0.36
10	Vimalchand A	11000	0.29	10900	0.29

### 5) Shareholding of Directors and Key Managerial Personnel

Sr. No.	Name of Directors / KMP	Shares Holding at the beginning of the year April 1, 2019		Increase / Decrease in Shareholding		Cumulative Shares Holding during the year	
		No. of Shares	% of Total Shares of the company	No. of Shares	% of Total Shares of the company	No. of Shares	% of Total Shares of the company
1	Purushotham Malaiah Eaga	15,29,235	40.08	0	0	15,29,235	40.08
2	Vaishnavi Purushotham Eaga	5,76,475	15.11	0	0	5,76,475	15.11
3	Swapnil Purushotham Eaga	1,90,081	4.98	0	0	1,90,081	4.98

### V) Indebtedness

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

(Amount in Rs.)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>			-	
i) Principal Amount	25,17,56,480	2,49,55,492	-	27,67,11,972
ii) Interest due but not paid			-	
iii) Interest accrued but not due			-	
<b>Total (i+ii+iii)</b>	<b>25,17,56,480</b>	<b>2,49,55,492</b>	-	<b>27,67,11,972</b>
<b>Change in indebtedness during the financial year</b>				
Addition			-	
Reduction	(11,53,09,389)	(48,22,032)	-	
<b>Net Change</b>	<b>(11,53,09,389)</b>	<b>(48,22,032)</b>	-	<b>(12,01,31,421)</b>
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	13,64,47,091	2,01,33,460	-	15,65,80,551
ii) Interest due but not paid			-	
iii) Interest accrued but not due			-	
<b>Total (i+ii+iii)</b>	<b>13,64,47,091</b>	<b>2,01,33,460</b>	-	<b>15,65,80,551</b>



## 7) Remuneration Of Directors And Key Managerial Personnel

### 1 Remuneration to Managing Director, Whole - Time Directors and /or Managers

Sr. No.	Particulars of Remuneration	Name of MD/WTD/ Manager		Total Amount (in Rs.)
		Mr.Purushotham Eaga	Mr.Swapnil Eaga	
1.	<b>Gross Salary</b> (a) Salary as per provision contained in section 17(1) of the Income - tax Act,1961 (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	1,44,00,000	60,00,000	2,04,00,000
2	Stock Option	--	-	-
3	Sweat Equity	-	-	-
4	Commission - as % profit - others, specify ...	-	-	-
5	Others, please specify (Contribution PF)	17,28,000	7,20,000	24,48,000
	<b>Total (A)</b>	<b>1,61,28,000</b>	<b>67,20,000</b>	<b>2,28,48,000</b>
	Ceiling as per the Act			

### 2 Remuneration to Other Directors

#### 2.1 Independent Directors

Sr. No.	Particulars of Remuneration	Name of Directors			Total Amount (Rs)
		J. H. Ranade	K. Ramaswamy	K. R. Dhole	
1.	Fee for attending board committee metings	2,35,000	1,65,000	2,20,000	6,20,000
	Commission	-	-	-	-
	Others	-	-	-	-
	<b>Total (1)</b>	<b>2,35,000</b>	<b>1,65,000</b>	<b>2,20,000</b>	<b>6,20,000</b>

#### 2.2 Non - Executive Directors

Sr. No.	Particulars of Remuneration	Name of Directors		Total Amount (Rs)
		Vaishnavi Eaga		
1.	Fee for attending board committee meetings	1,10,000		1,10,000
	Commission	-		
	Others (Salary)	-		

### 3. Remuneration To Key Managerial Personnel Other Than Md / Manager / WTD

Sr. No.	Particulars of Remuneration	Key Managerial Personnel		
		Company Secretary Ms. Urvashi Khanna	CFO Mr. Swapnil Eaga	Total (Rs)
1.	Gross Salary (a) Salary as per provision contained in section 17(1) of the Income - tax Act, 1961 (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	4,60,000	**	4,60,000
2	Stock Option	–	–	–
3	Sweat Equity	–	–	–
4	Commission - as % profit - others, specify ...	–	–	–
5	Others, please specify (Contribution PF)	21,600	–	21,600
	<b>Total (A)</b>	<b>4,81,600</b>	<b>**</b>	<b>4,81,600</b>

\*\* included in Whole time Directors Remuneration.

### 4 Penalties / Punishment / Compounding Of Offences

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

For and on behalf of the Board

Place : Solapur  
Date : 29th June 2020

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

## REPORT ON CORPORATE GOVERNANCE

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

### (1) Company's Philosophy on Code of Governance

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

### (2) Board of Directors

#### (a) Composition

The Board of Directors comprises of six Directors as detailed below. (Position as on 31st March, 2020)

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

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

#### (b) Meetings and Attendance

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

- 27 th April, 2019
- 29 th July, 2019
- 19 th October, 2019
- 08 th February, 2020
- 11 th March, 2020

Details regarding attendance of the Directors at the Board Meetings held during the Financial Year 2019 - 2020 and at the last Annual General Meeting held on 29th July, 2019 are given below :

Sr. no.	Name	Designation & DIN	Status	No. of Board Meeting attended	Attended last AGM
1	Mr. Purushotham Eaga	Chairman & Managing Director DIN-00033583	Executive	5	YES
2	Mr. Swapnil Eaga	Whole time Director & Chief Finance Officer DIN- 01241535	Executive	5	YES
3	Mrs. Vaishnavi Eaga	Director DIN-00033669	Non-Executive	4	YES
4	*Mr. Kashinath R. Dhole	Independent Director DIN- 01076675	Non-Executive	5	YES
5	Mr. Jayant H. Ranade	Independent Director DIN-00004814	Non-Executive	5	YES
6	Dr. K. Ramaswamy	Independent Director DIN- 05273930	Non-Executive	3	NO

(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 31st March, 2020, 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. Purushotham Eaga	2	YES	Nil	Nil
2	Mr. Swapnil Eaga	1	YES	Nil	Nil
3	Mrs. Vaishnavi Eaga	1	YES	Nil	Nil
4	*Mr. K. R. Dhole	3	YES	Nil	Nil
5	Mr. Jayant H. Ranade	15	YES	Nil	Nil
6	Dr. K. Ramaswamy	0	NO	Nil	Nil

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

Mr.K.R.Dhole: Independent Non-Executive Director in Balaji Amines Limited (CIN:L24132MH1988PLC049387).

All Directors of the Company as on 31st March, 2020, personally attended atleast one Board/ Committee Meeting during the financial year 2019 - 20.

- (d) Number of meetings of the Board held and dates on which held during the year are given in Clause 2(b) above.
- (e) In terms of Regulation 36(3)(c) and Schedule V(C)(2)(e) of the SEBI Listing Regulations, Executive and Non-Executive Promoter Directors are related to each other as Husband / Wife / Son. None of the other Directors are related to each other.

**(f) Disclosure of Shareholding of Non-Executive Directors**

Name of the Directors	Shares held as on 31.3.2020
Mrs. Vaishnavi Eaga	5,76,475
Mr. Kashinath R. Dhole	Nil
Mr. Jayant H. Ranade	Nil
Dr. K. Ramaswamy	8,600

**(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**

Sr. no.	Competency	Status
1	Strategic Expertise	Ability to understand, review and guide Strategy by analyzing the company's competitive position and benchmarking taking into account market and industry Trends
2	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
3	Risk Management	Experience in providing guidance on major risks, compliances and various Legislations
4	Building High Performance Teams	Build and nurture talent to create strong and competent future business leaders
5	Industry Knowledge	Experience in similar industries

**Personal Qualities**

Sr. no.	Personal quality	Status
1	Integrity	Fulfilling a Director's duties and responsibilities, putting the organization's interests above personal interests, acting ethically
2	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
3	Interpersonal skills	Must work well in a group, listen well, be tactful but able to communicate his/her point of view frankly
4	Instinct	Good business instincts and acumen, ability to get the crux of the issue quickly
5	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 31st March, 2020, are as follows :**

Name	Age	Qualifications	Industry Experience	Expertise
Mr. Purushotham Eaga	62	MSC	Organic Chemical industry experience	Organic Chemical industry experience
Mr. Swapnil Eaga	36	B.S(CHEM) USA, MBA Spain	Technical and Business Development	Technical and Business Development
Mrs. Vaishnavi Eaga	58	B.A	Administration	Administration
Mr. Kashinath R. Dhole	71	M.SC., Chemistry	Technical and overall management	Technical and overall management
Mr. Jayant H. Ranade	65	B.Com., LL.B. FCS & MBA	Finance & Legal	Finance & Legal
Dr. K. Ramaswamy	65	M.D	Medical Practitioner	Medical Practitioner

- (i) The Board hereby confirms that in its opinion, the Independent Directors of the Company fulfill 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 alongwith 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.

### **3. 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.

### **4. Audit Committee**

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

The Audit Committee acts in accordance with the terms of reference specified by the Board which includes the recommendation for appointment, remuneration and terms of appointment of auditors of the Company, review and monitor the auditor's independence and performance and effectiveness of the audit process, examination of the financial statements and the auditor's report thereon, approval or any subsequent modification of transactions of the Company with related

parties, scrutiny of inter-corporate loans and investments, valuation of undertakings or assets of the Company wherever it is necessary, evaluation of internal financial controls and risk management systems, monitoring the end use of funds raised through public offers and related matters.

Composition of Audit Committee conforms to the requirements Listing Regulations as under:-

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

Name	Designation	Category	No. of Meetings attended
Mr. Jayant H. Ranade	Chairman	Independent	5
Dr. K. Ramaswamy	Member	Independent	3
Mr. Kashinath R. Dhole	Member	Independent	5

During the Financial year 2019-2020, Five Meetings of Audit Committee were held which are as under:-

- 27 th April, 2019
- 29 th July, 2019
- 19 th October, 2019
- 08 th February, 2020
- 11 th March, 2020

Audit Committee meetings were attended by the Chairman and Managing Director, Internal Auditor and Company Secretary. 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 29 th July, 2019.

## 5 Nomination and Remuneration Committee

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

### Terms of Reference

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

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

The Committee is comprised of

Name	Designation	Category	No. of Meetings attended
Mr. Jayant H. Ranade	Chairman	Independent	2
Dr. K. Ramaswamy	Member	Independent	2
Mrs. Vaishnavi Eaga	Member	Non-Executive	1
Mr. Kashinath R. Dhole	Member	Independent	2

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

During the Financial year 2019 - 2020, two Meeting of the Committee were held on 27th April, 2019 and 08th February, 2020.

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.

## 6 Remuneration of Directors

### 6.1 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.

### 6.2 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.

### 6.3 Remuneration to Executive Directors

(Amount in Rs.)

Particulars	Mr. Purushotham Eaga Managing Director	Mr. Swapnil Eaga Whole time Director & Chief Financial Officer
Salary & Other Allowances	1,44,00,000	60,00,000
Contribution to Provident & Other Funds	17,28,000	7,20,000
Commission	-----	-----



#### 6.4 Remuneration to Non-Executive Directors : Nil

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

Name	Board	Audit Committee Meeting	Nomination & Remuneration Committee Meeting	Independent Directors Meeting	CSR Committee Meeting	Stakeholder relationship committee	Total
Mrs.Vaishnavi Eaga	80,000	—	15,000	—	—	15,000	1,10,000
Dr. K. Ramaswamy	60,000	45,000	30,000	15,000	15,000	—	1,65,000
Mr. Jayant H. Ranade	1,00,000	75,000	30,000	15,000	15,000	—	2,35,000
Mr. K. R. Dhole	1,00,000	75,000	30,000	15,000	---	—	2,20,000

#### 7 Stakeholders Relationship Committee

In our Company, the Stakeholders' Grievance Committee is known by the name of Stakeholders' Relationship Committee. The Committee reviews all matters connected with Shareholders' complaints, if any, like transfer of shares, non-receipt of Balance Sheet, non-receipt of dividend etc. During the financial year 2019-2020 one (1) meeting was held on 11th March 2020 which was attended by all its members.

The Committee was comprised of

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

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

#### 8 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.

#### 9 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 08th February, 2020.

Both these meetings of the Independent Directors were without the attendance of Non-Independent Directors and members of management.

The Independent Directors at their meetings also consider :

- 9.1 Review of the performance of the Non-Independent Directors and the Board as a whole;
- 9.2 Review of the performance of the Chairman of the Company, taking into account the views of the Executive Directors and Non-Executive Directors;

9.3 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 31st March, 2020
Mr. Jayant H. Ranade	1
Mr. Kashinath R. Dhole	1
Dr. K. Ramaswamy	1

## 10 General Body Meetings

10.1 Details of the Annual General Meetings held during the preceding 3 years and Special Resolutions passed there at are given below:

Financial Year	Date & Time	Venue	No.of Directors present
2018 - 19	29th July 2019 at 12.30 p.m.	Hotel City Park, Solapur	5
2017 - 18	11th August, 2018 at 12.30 p.m.	Hotel City Park, Solapur	4
2016 - 17	04th September, 2017 at 12.30 p.m.	Hotel City Park, Solapur	4

### 10.2 Details of Special Resolutions Passed

#### 2018 - 19

10.2.1 Revision in remuneration of Mr E. Purushotham , Managing Director with effect from 01st October, 2018 during the remaining period of his appointment i.e upto 31st March, 2022

10.2.2 Re-appointment of Mr. K. R. Dhole as Independent Director for a second term of five years.

10.2.3 Re-appointment of Dr. K. Ramaswamy as Independent Director for a second term of five years

10.2.4 Re-appointment of Mr. Jayant H. Ranade as Independent Director for a second term of five years

10.2.5 Waiver of excess remuneration paid to Mr E. Purushotham, Managing Director during the financial years 2010 - 11, 2011 - 12, 2012 - 13 & 2013 - 14

#### 2017 - 18

10.2.6 Adoption of new set of Articles of Association of the Company

#### 2016 - 17

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

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

10.3 No Special Resolution was passed last year through Postal Ballot.

10.4 During the year, no postal ballot was conducted by the Company.

10.5 As at 31st March, 2020, no Special Resolution is proposed to be conducted through Postal Ballot.

10.6 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.

## 11 Means of Communication

11.1 Quarterly Results: The quarterly results are published in accordance with the applicable provisions of the SEBI Listing Regulations.

11.2 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).

11.3 Any website, where displayed: www.smruthiorgaincs.com

## 12 General Shareholder Information

### 12.1 Annual General Meeting

The ensuing AGM of the Company will be held on Friday, 11th September, 2020 at 12.30 p.m through video conferencing or other audio-visual means.

### 12.2 Financial Calendar (Tentative) : April 2020 to March 2021

Particulars of Meetings	Date
Un-audited Quarterly Result for the quarter ended 30th June 2020	2nd week of Aug 2020
Un-audited Quarterly Result for the quarter ended 30th September 2020	2nd week of Nov. 2020
Un-audited Quarterly Result for the quarter ended 31st December 2020	2nd week of Feb.2021
Audited /Un-Audited Financial Result for the quarter - ended 31st March, 2021	Last week of May, 2021

### 12.3 Dividend payment date: N.A

12.4 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.

## 12.5 Stock Code

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

## 12.6 Stock Prices

High/ Low of market price of the Company's shares traded on BSE Ltd during the year ended 31st March, 2020 is furnished below :

Month & Year	High Rs.	Low Rs.
April - 2019	182.95	136.00
May - 2019	168.60	125.35
June - 2019	169.90	130.00
July - 2019	165.00	123.55
August - 2019	160.95	131.00
September-2019	149.95	130.00
October - 2019	150.00	120.05
November-2019	149.90	109.00
December- 2019	129.95	100.00
January - 2020	138.90	107.20
February - 2020	144.95	83.25
March - 2020	100.80	65.10

No trading took place of company's shares on Metropolitan Stock Exchange of India during the financial year.

## 12.7 Stock Performance

Performance of the Company's Stock in comparison to broad-based indices such as BSE Sensex was as below:

Month	Company's Closing Price on BSE (Rs.)	BSE Sensex Close
April - 2019	169.00	39,032
May - 2019	145.00	39,714
June - 2019	145.00	39,395
July - 2019	141.00	37,481
August - 2019	135.00	37,333
September-2019	138.00	38,667
October - 2019	129.05	40,129
November-2019	130.00	40,794
December- 2019	120.50	41,254
January - 2020	121.25	40,723
February - 2020	99.95	38,297
March - 2020	71.90	29,468

### 12.8 Registrar and Transfer Agents

M/s. Adroit Corporate Services Pvt.Ltd., 19, JaferbhoyIndl. Est.,Makwana Road, Marol Naka, Andheri (E), Mumbai - 400 059.  
Tel. No.: +91 (0)22 42270423  
Fax: +91 (0)22 28503748  
E-mail: info@adroitcorporate.com

### 12.9 Share Transfer System

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

#### 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.

### 12.10 Share Distribution Schedule

Share holding of Nominal Value of Shareholders share amount (as on 31.03.2020)

Shares	Number	% to total	Total Shares	Rs.	% to total
Upto-500	1230	77.55	204648	2046480	5.37
501-1000	176	11.10	147857	1478570	3.88
1001-2000	53	3.34	90061	900610	2.36
2001-3000	48	3.03	119950	1199500	3.14
3001-4000	16	1.01	55908	559080	1.47
4001-5000	14	0.88	65240	652400	1.71
5001-10000	27	1.70	207605	2076050	5.44
10001 & above	22	1.39	2924161	29241610	76.65
<b>TOTAL</b>	<b>1586</b>	<b>100</b>	<b>3815430</b>	<b>38154300</b>	<b>100.00</b>

### 12.11 Shareholding Pattern

Category	No. of Shares	% to share capital
NRI	18181	0.48
Corporate Body	190785	5.00
Directors & Relatives	2353341	61.68
Indian Public	1253123	32.84
<b>TOTAL</b>	<b>38,15,430</b>	<b>100.00</b>

### 12.12 Dematerialization of Shares and Liquidity

35,38,825 shares have been dematerialized as on 31st March 2020 constituting 92.75 % of total Paid up Share Capital.

### 12.13 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.

### 12.14 Plant Locations

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

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

In house R & D Unit: A-27, A.P.I.E., Balanagar, Hyderabad, Telangana - 500037

### 12.15 Address for Correspondence

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

Tel. No. : 0217-2310267, 367

Fax No.: 0217-2310268

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

investors@smruthiorganics.com

website: www.smruthiorganics.com

### 12.16 List of credit ratings obtained by the entity during the financial year

Facilities	Existing Rating	Revised Rating
Long-term Bank Facilities (Fund Based)	CARE BB	CARE BB+
Short-term Bank Facilities (Non-Fund based)	CARE A4	CARE A4+
<b>TOTAL</b>		

## 17 Other Disclosures

17.1 There were no transactions, which were materially significant during the year with promoters, directors or their relatives that have potential conflict with the interest of the Company. Transactions with related parties are disclosed under notes to accounts in the annual report.

17.2 Except for penalty of Rs 10,000 levied by Metropolitan Stock Exchange of India for delayed filing of Voting Results in XBRL Format, there were no other instances of non-compliance of any matter related to the capital markets during the last three years.

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

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

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

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

17.7 Related party Transactions :

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

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

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

17.10 Total fees for all services paid by the listed entity to the statutory auditor: Rs 1,00,000/- plus GST

17.11 Disclosures in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013:

17.11.1 Number of complaints filed during the financial year 2019-20: Nil

17.11.2 Number of complaints disposed of during the financial year 2019-20: Nil

17.11.3 Number of complaints pending as on end of the financial year 2019-20: Nil

## **18 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.

- 19** 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.
- 20** The disclosures of the compliance with Corporate Governance requirements specified in Regulation 17 to 27 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the Regulations), have been made in this Corporate Governance report.

**21 Disclosure with respect to demat suspense account/ unclaimed suspense account : N. A**

**22 Risk Management**

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

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

The Company has a vigil mechanism named Whistle Blower Policy to deal with instances of fraud and mismanagement, if any. The objective of the Policy is to explain and encourage the directors and employees to raise any concern about the Company's operations and working environment, including possible breaches of Company's policies and standards or values or any laws within the country or elsewhere, without fear of adverse managerial action being taken against such employees. The details of the policy is also listed on the company's website: [www.smruthiorganics.com](http://www.smruthiorganics.com). It is hereby affirmed that in relation to the same, no personnel have been denied access to the Audit Committee.

For and on behalf of the Board

**Purushotham Eaga**

*Chairman & Managing Director*  
DIN:00033583

**Place :** Solapur

**Date :** 29th June 2020

**DECLARATION**

As required under Schedule V(D) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board Members and the Senior Management Personnel have confirmed compliance with the Code of Conduct for the year ended 31st March, 2020.

For and on behalf of the Board

**Purushotham Eaga**

*Chairman & Managing Director*  
DIN:00033583

**Place :** Solapur

**Date :** 29th June 2020



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

To  
The Members of Smruthi Organics Ltd.,  
Solapur

I have examined the compliance of conditions of Corporate Governance by Smruthi Organics Ltd ("the Company") for the year ended 31st March 2020 as stipulated in Chapter IV of Securities and Exchange Board of India ( Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

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

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

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

**N. R. Waghchaure**  
Proprietor  
ICAI Membership No :048890

Place: Solapur.  
Date: 29th June 2020

UDIN : 20048890AAAABA1253

## MANAGING DIRECTOR & CHIEF FINANCIAL OFFICER (CFO) CERTIFICATION

To,  
Board of Directors  
Smruthi Organics Ltd.,

We have reviewed the Financial Statements and the Cash Flow Statement of Smruthi Organics Ltd. for the year ended 31st March, 2020 and that to the best of our knowledge and belief, we state that;

- 1 these statements do not contain any materially untrue statement or omit any material fact or contain statements that may be misleading;
- 2 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.
- 3 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.
- 4 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. dd
- 5 we have indicated to the Auditors and the Audit Committee:
  - 5.1 significant changes, if any, in the internal control over financial reporting during the year.
  - 5.2 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
  - 5.3 instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

**Yours Sincerely**

**Swapnil Eaga**  
*Whole time Director & CFO*

**Purushotham Eaga**  
*Chairman & Managing Director*

## CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

(Pursuant to Regulation 34(3) and Schedule V Para C clause (10) (i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

Based on my verification of the records maintained by Smruthi Organics Ltd (CINL24119PN1989PLC052562) (hereinafter called 'the Company') including declarations /notices received from its Directors and also information / record available on the website(s) of the Ministry of Corporate Affairs, Securities and Exchange Board of India and Stock Exchanges where the equity shares of the Company are listed, I hereby certify that, during the Financial year 2019 - 20, none of the Directors on the Board of the Company were debarred or disqualified from being appointed or continuing as directors of the Company by the Securities and Exchange Board of India / Ministry of Corporate Affairs or any such statutory authority.

This certificate is being issued as per the requirements of Schedule V (C) (10) (i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Place: Mumbai  
Date: 24th June 2020

**H. R. Thakur**  
F.C.S. 2090 C.P. 3193  
UDIN:F002090B000375650

## INDEPENDENT AUDITOR'S REPORT

To,  
The Members of Smruthi Organics Ltd.

### Report on the Standalone Financial Statements

We have audited the accompanying standalone Ind AS financial statements of Smruthi Organics Ltd. ("the Company"), which comprise the Balance Sheet as at March 31, 2020, the Statement of Profit and Loss (including other comprehensive Income), the Cash Flow Statement and the statement of changes of equity for the year ended, and a summary of the significant accounting policies and other explanatory information.

### Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Standalone Ind AS financial statements that give a true and fair view of the financial position, profit or loss (financial performance) including other comprehensive Income and cash flows and changes in the equity of the Company in accordance with the accounting principles generally accepted in India, including Indian Accounting Standards (Ind AS) specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

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

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

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

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

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

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, including Ind AS of the state of affairs ( Financial Position) of the Company as at March 31, 2020, and its profit (Financial performance including other comprehensive Income) and its cash flows and the changes in equity for the year ended on that date

- a) in case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2020;
- b) in the case of Statement of Profit and Loss, of the profit for the year ended on that date; and
- c) in the case of Cash Flow Statement , of the cash flows for the year ended on that date.

### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order) issued by the Central Government in terms of sub-section (11) of section 143 of the Act(hereinafter referred to the "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in Annexure A, a statement on matters specified in paragraphs 3 and 4 of the said order.

2. As required by Section 143 (3) of the Act, we report that :
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - (c) The Balance Sheet, the Statement of Profit and Loss, Cash Flow Statement 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 standalone Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - (e) In the course of our audit we have not come across any transactions or matters which have any adverse effects on the functioning of the company.

- (f) On the basis of the written representations received from the directors as on March 31, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164 (2) of the Act.
- (g) With respect to the adequacy of the internal financial control over financial reporting of the company and operating effectiveness of such controls. As required by Section 143 (3) (i) of the Companies Act, 2013, refer to our separate Report in Annexure - B.
- (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us :
  - i. The Company has disclosed the impact of pending litigations on its financial position in Standalone Ind AS financial statement.
  - ii. In our opinion and as per the information and explanations provided to us, the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
  - iii. There has been no delay in transferring amounts required to be transferred to the Investor Education and Protection Fund by the Company.

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

**Nilkanth R. Waghchaure**  
Proprietor  
ICAI Membership No:048890  
UDIN : 20048890AAAABA1253

**Place :** Solapur  
**Date :** 29th June 2020

## ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT

Referred to in paragraph 1 under the heading of "Report on other legal and regulatory requirements of our report of even date" Report on companies (Auditor's Report) Order, 2016 (the Order) issued by the Central Government in terms of section 143 (11) of the companies Act, 2013

Smruthi Organics Ltd.,  
For the Year Ended March 31, 2020

### 1. Fixed Assets [Clause 3(i)]

- a) Proper Records: The company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets:
- b) Physical Verification: These fixed assets have been physically verified by the management at reasonable intervals;  
Any material discrepancies were noticed on such verification and if so, whether the same have been properly dealt with in the books of account by the management at regular intervals, - No
- c) Title Deed: The title deeds of immovable properties are held in the name of the company.

### 2. Inventory [Clause 3(ii)]

Physical verification: Physical verification of inventory has been conducted at reasonable intervals by the managements; Valuation of closing stock is taken as certified, valued and verified by the management by the Company  
No such material discrepancies were noticed on such verification.

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

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

### 4. Loan to the Directors and investment by Company [Clause 3(iv)]

The company has not granted or made any investments, guarantees, and security to the parties covered under section 185 and 186 of the Companies Act, 2013

### 5. Deposits [Clause 3(v)]

The company has not accepted any deposits from the public within the meaning of section 73 to 76

or any other relevant provisions of the Companies Act, 2013 and the rules framed there under.

#### **6. Cost Records [Clause 3(vi)]**

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

#### **7. Statutory Dues [Clause 3(vii)]**

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

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

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

- b) According to the records of the company and as per information and explanation given to us, there are no dues of Sales Tax or Value added tax which have not been deposited on account of any dispute as on 31.03.2020 except Dy. Commissioner of GST (VAT) Solapur has issued assessment order for financial year 2013-14 and F Y 2015-16 by E-mail dated 31.03.2020 in which differential liability along with penalty and interest is levied of Rs. 129546. The said liability is agreed and paid by the company.

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

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

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

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

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



**10 Reporting of Fraud [Clause(x)]**

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

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

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

**12 Nidhi Company [Clause 3 (xii)]**

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

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

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

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

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

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

The company has not entered into any non-cash transactions with directors or persons connected with him hence, reporting requirement on compliance with the provisions of Section 192 of the Companies Act, 2013 of [Clause 3(xv)] of the order are not applicable to the company.

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

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

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

**Nilkanth R. Waghchaure**  
Proprietor  
ICAI Membership No:048890  
UDIN : 20048890AAAABA1253

**Place :** Solapur  
**Date :** 29th June 2020

## **ANNEXURE - B TO THE INDEPENDENT AUDITORS' REPORT**

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

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

We have audited the internal financial controls over financial reporting of Smruthi Organics Ltd ("the Company") as of 31st March 2020 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

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

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

#### **Auditors' Responsibility**

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

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

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

### Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that

- (1) Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- (2) Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and
- (3) Provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### Inherent Limitations of Internal Financial Controls over Financial Reporting

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

### Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

**Nilkanth R. Waghchaure**  
Proprietor  
ICAI Membership No:048890  
UDIN : 20048890AAAABA1253

**Place :** Solapur  
**Date :** 29th June 2020

## Balance Sheet as on 31.03.2020

(Figures in Rupees)

	Particulars	Note No.	As at 31.03.2020	As at 31.03.2019
<b>I</b>	<b>Assets</b>			
	<b>Non-current assets</b>			
	Property, plant and equipment	1	31,70,27,058	29,93,77,692
	Capital work-in-progress	2	18,79,325	1,69,20,399
	Investment property		-	-
	Goodwill		-	-
	Intangible assets under development		-	-
	Biological assets other than bearer plants		-	-
	Financial assets	3	7,87,368	9,34,092
	- Non-Current investments	4	4,93,100	4,93,100
	- Long-term loans and advances	5	1,46,301	18,60,508
	- Trade Receivables	6	-	-
	- Others	7	2,67,28,668	3,62,19,400
	Deferred tax assets (Net)	16	-	-
	Other non-current assets		-	-
	<b>Total Non Current Asset A</b>		<b>34,70,61,820</b>	<b>35,58,05,191</b>
	<b>Current assets</b>			
	Inventories	8	17,08,55,367	22,69,60,949
	Financial assets			
	- Current investments		-	-
	- Trade and other receivables	9	24,57,39,736	36,39,20,364
	- Cash and cash equivalents & Bank Balances	10	3,57,26,087	4,15,59,888
	- Short term loans and advances		-	-
	Assets for current tax (net)		-	-
	Other current assets	11	7,81,18,071	2,08,18,369
	<b>Non-current assets classified as held for sale</b>		-	-
	Other Non-Current Assets		-	-
	<b>Total Current Assets B</b>		<b>53,04,39,261</b>	<b>65,32,59,570</b>
	<b>Total Assets</b>		<b>87,75,01,081</b>	<b>1,00,90,64,761</b>
<b>II</b>	<b>Equity And Liabilities</b>			
	<b>Equity</b>			
	Equity Share capital	12	3,81,54,300	3,81,54,300
	Other Equity	13	38,64,81,177	32,56,29,293
	- Equity component of other financial instrument			
	- Retained earnings			
	- Reserves			
	- Reserves representing unrealised gains/ losses			
	- Other reserves			
	Money received against share warrants			
	Others			
	<b>Share application money pending allotment</b>			
	<b>Total Equity</b>		<b>42,46,35,477</b>	<b>36,37,83,593</b>
	<b>Non-current liabilities</b>			
	Financial liabilities			
	- Long term borrowings	14	2,01,33,460	2,49,55,492
	- Other financial liabilities (Trade Payable)	15	24,09,122	33,53,567
	Long term provisions		-	-
	Deferred tax liabilities (Net)	16	2,08,72,300	1,42,10,254
	Other non-current liabilities	17	3,04,12,600	3,14,45,811
	<b>Total Non Current Liabilities</b>		<b>7,38,27,482</b>	<b>7,39,65,124</b>

<b>Current liabilities</b>			
<b>Financial liabilities</b>			
- Short term borrowings	18	13,64,47,091	25,17,56,480
- Trade and other payables	19	22,17,56,206	29,88,90,231
- Other financial liabilities		-	-
Other current liabilities	20	1,89,61,636	1,91,24,422
Short-term provisions (IT Provision)		18,73,189	15,44,911
Liabilities for current tax (net)			
<b>Total Current Liabilities</b>		<b>37,90,38,122</b>	<b>57,13,16,044</b>
<b>Liabilities associated with group(s) of assets held for disposal</b>			
<b>Total Equity and Liabilities</b>		<b>87,75,01,081</b>	<b>1,00,90,64,761</b>

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

**N. R. Waghchaure & Associates**

Chartered Accountants,  
FRN : 114999W

**Nilkanth R Waghchaure**  
Proprietor  
ICAI Membership No :048890

For & on behalf of Board of Directors  
Smruthi Organics Ltd.,

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

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

**PLACE** : Solapur  
**DATE** : 29th June 2020

**Urvashi Khanna**  
*Company Secretary & Compliance Officer*

## Statement of Profit & Loss for the year ended 31.03.2020

(Figures in Rupees)

Sr. No.	Particulars	Note No.	As at 31.03.2020	As at 31.03.2019
<b>I</b>	<b>Income</b>			
	a) Revenue from operations (gross)	21	1,31,07,35,870	1,37,41,09,188
	b) Other income	22	4,42,14,190	88,02,660
	<b>Total Revenue</b>		<b>1,35,49,50,060</b>	<b>1,38,29,11,848</b>
<b>II</b>	<b>Expenses</b>			
	a) Cost of Materials Consumed	23	78,08,99,384	93,33,94,184
	b) Change in Inventory	24	5,39,38,323	(2,79,52,987)
	c) Employee Benefits Expense	25	13,57,14,148	12,85,97,496
	d) Finance Costs	26	3,18,05,241	3,58,04,471
	e) Other Expenses	27	18,78,16,243	17,41,53,225
	f) Depreciation and Amortization Expense	1	4,38,62,706	4,13,50,310
	<b>Total Expenses</b>		<b>1,23,40,36,045</b>	<b>1,28,53,46,699</b>
<b>III</b>	<b>Profit / (Loss) before Tax</b>		<b>12,09,14,015</b>	<b>9,75,65,149</b>
<b>IV</b>	<b>Tax expense</b>			
	(a) Current tax		2,11,26,097	20,34,753
	(b) Mat Credit Entitlement		86,53,972	-
	(c) Deferred tax		66,62,046	2,69,12,858
	<b>Total</b>		<b>3,64,42,115</b>	<b>2,89,47,611</b>
<b>V</b>	<b>Profit (Loss) for the Period - after Tax</b>		<b>8,44,71,900</b>	<b>6,86,17,538</b>
<b>VI</b>	<b>Other Comprehensive Income:</b>			
	a) Items that will not be reclassified to statement of profit or loss:		-	-
	b) Income tax relating to items that will not be reclassified to statement of profit or loss - Foreign Currency Exchange Loss		-	-
	c) Items that will not be reclassified to statement of profit or loss:		-	-
	d) Income tax relating to items that will be reclassified to statement of profit or loss		-	-
<b>VII</b>	<b>Total Comprehensive income for the period</b>		<b>8,44,71,900</b>	<b>6,86,17,538</b>
<b>VIII</b>	<b>Earnings per equity share</b>			
	a) Basic		22.14	17.98
	b) Diluted		22.14	17.98

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

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

For & on behalf of Board of Directors  
Smruthi Organics Ltd.,

**Nilkanth R Waghchaure**  
Proprietor  
ICAI Membership No :048890

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

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

**PLACE** : Solapur  
**DATE** : 29th June 2020

**Urvashi Khanna**  
Company Secretary & Compliance Officer

# Cash Flow Statement

for the year ended 31.03.2020

Sr.No.	Particulars	Rs.	Rs.
<b>A</b>	<b>CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>31-03-2020</b>	<b>31-03-2019</b>
	Profit before income tax	12,09,14,015	9,75,65,149
	Non cash adjustment to reconciled profit before tax to net cash flows	-	-
	Depreciation	4,38,62,706	4,13,50,310
	Misc Expenditure written off	-	-
	Interest Expenditure	3,18,05,241	3,58,04,471
	Interest Income	-25,80,346	-31,09,681
	<b>Operating profit before working capital changes</b>	<b>19,40,01,616</b>	<b>17,16,10,249</b>
	<b>Movements in Working Capital</b>		
	Increase/(Decrease) in Trade Payables	-7,71,34,025	8,31,92,931
	Increase/(Decrease) in Short Term Provisions	3,28,278	15,44,911
	Increase/(Decrease) in Other Current Liabilities	-1,62,786	-1,08,59,982
	Increase/(Decrease) in Other Long Term Liabilities	-10,33,211	98,98,104
	Decrease/(Increase) in Trade Receivables	11,81,80,628	-11,13,11,047
	Decrease/(Increase) in Inventories	5,61,05,582	-1,64,12,864
	Decrease/(Increase) in Long Term Loans & Advances	1,13,51,663	-1,99,55,209
	Decrease/(Increase) in Short Term Loans & Advances	-	-
	Decrease/(Increase) in Other Current Assets	-5,72,99,702	1,04,93,290
	Decrease/(Increase) in Other Non-Current Assets	-	-
	<b>Cash generated from / (used in) operations</b>	<b>24,43,38,044</b>	<b>11,82,00,383</b>
	Direct taxes paid (net of refunds)	-3,00,10,156	25,21,131
	<b>Net cash flow from / (used in) operating activities (A)</b>	<b>21,43,27,888</b>	<b>12,07,21,514</b>
<b>B</b>	<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
	Purchases of Fixed Assets, including intangible assets, CWIP & capital advances	-4,68,62,409	-4,96,09,672
	Proceeds of non current investments	-	-
	Increase/(Decrease) in trade payables fixed Assets	-9,44,445	15,11,688
	Purchase of current investments	-	-
	Investment in bank deposits (having original maturity of more than 3 months)	-	-
	Interest, DBK etc.	25,80,346	31,09,681
	<b>Net Cash from / (used in) Investing Activities (B)</b>	<b>-4,52,26,508</b>	<b>-4,49,88,303</b>
<b>C</b>	<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
	Proceeds from issuance of share capital & preference share capital	-	-
	Proceeds from long term borrowings	-	-
	Repayment of long term borrowing	-48,22,032	-3,72,72,043
	Proceeds from short term borrowings	-11,53,09,389	2,16,07,215
	Interest Paid	-3,18,05,241	-3,58,04,471
	Dividend paid on equity shares	-1,90,77,150	-
	Tax on equity dividend paid	-39,21,369	-
	<b>Net cash flow from / (used in) Financing Activities (C)</b>	<b>-17,49,35,181</b>	<b>-5,14,69,299</b>
	Net Increase/(Decrease) in cash & cash equivalents (A)+(B)+(C)	-58,33,802	2,42,63,912
	Cash & Cash equivalents at the beginning of the period	4,15,59,889	1,72,95,977
	<b>Cash &amp; Cash equivalents at the end of the period</b>	<b>3,57,26,087</b>	<b>4,15,59,889</b>

For and on behalf of Board of Directors

Place : Solapur  
Date : 29 June 2020

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

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

**Urvashi Khanna**  
Company Secretary & Compliance Officer

**Note 1 & 2**  
**Property, Plant and Equipment**  
**Fixed Assets Forming Part of Balance Sheet As on 31st March 2020**  
 Amount in Rs.

PARTICULARS	GROSS BLOCK (At Cost)				DEPRECIATION PROVIDED				NET BLOCK	
	Cost As On 01.04.2019	Addition During The Year 2019-20	Disposal /Adjustment	As On 31.03.2020 (2+3-4)	Up To 31.03.2019	For The Year 2019-20	Disposal /Adjustment	Upto 31.03.2020 (6+7-8)	As On 31.03.2019	As On 31.03.2020 (5-9)
1	2	3	4	5	6	7	8	9	10	11
Factory Land	3076385	0	0	3076385	411413	17640	0	429053	2664972	2647332
Agricultural Land	587094	0	0	587094	0	0	0	0	587094	587094
Building	172313879	6426430	190000	178550309	109729102	6561842	101170	116189774	62584778	62360534
Ownership Flats	9445084	0	0	9445084	7451259	189481	0	7640740	1993824	1804344
Plant & Machinery	640835497	33442206	0	674277703	444455138	27797266	0	472252404	196380359	202025299
Electrical Installation/Equip.	29946595	889466	19400	30816661	21309657	1133998	10060	22433595	8636937	8383065
Vehicles	17552170	0	0	17552170	16589714	66688	0	16656402	962456	895768
Office Equipments	3005582	220440	0	3226022	2247565	379385	0	2626950	758017	599072
Computer	7507584	831416	0	8339000	6948639	677235	0	7625874	558946	713126
Furniture & Fixture	12518850	362741	125635	12755956	11544240	236557	112719	11668078	974610	1087878
Laboratory Equipments	31755571	1252848	0	33008419	23034620	2413212	0	25447832	8720950	7560587
Other Factory Equipments	17785836	1409952	835943	18359845	10527995	1047291	568516	11006770	7257840	7353075
<b>TOTAL = A</b>	<b>946330128</b>	<b>44835498</b>	<b>1170978</b>	<b>989994649</b>	<b>654249344</b>	<b>40520595</b>	<b>792465</b>	<b>693977472</b>	<b>292080784</b>	<b>296017172</b>
<b>B) Research &amp; Devp. Solapur</b>										
i) Research & Devp. Equip.	28177309	492570	0	28669879	22128995	798795	0	22927790	6048313	5742089
ii) Research & Devp. G.Block Building	5716808	17700	0	5734508	4468212	120341	0	4588553	1248596	1145955
<b>Research &amp; Devp. Hyderabad</b>										
1) Electrical Installation (HYD R&D)		720169	0	720169	0	87949	0	87949	0	632220
2) Furniture & Fixtures (HYD R&D)		2943251	0	2943251	0	761906	0	761906	0	2181345
3) Research & Devp. Equip. (HYD R&D)		12881398	0	12881398	0	1573120	0	1573120	0	11308278
<b>TOTAL = B</b>	<b>33894117</b>	<b>17055087</b>	<b>0</b>	<b>50949204</b>	<b>26597207</b>	<b>3342111</b>	<b>0</b>	<b>29939318</b>	<b>7296909</b>	<b>21009886</b>
<b>Grand Total (A+B)</b>	<b>980224245</b>	<b>61890585</b>	<b>1170978</b>	<b>1040943853</b>	<b>680846550</b>	<b>43862706</b>	<b>792465</b>	<b>723916790</b>	<b>299377694</b>	<b>317027058</b>
<b>C) Capital Work in Progress</b>										
Building Constructions - Boiler	0	0	0	0	0	0	0	0	0	0
Plant & Machinery - Boiler	3916235	0	2036910	1879325	0	0	0	0	3916235	1879325
Plant & Machinery - Chilling Plant	0	0	0	0	0	0	0	0	0	0
Furniture & Fixture (WIP- R&D Hyd)	2904688	0	2904688	0	0	0	0	0	2904688	0
Plant & Machinery (WIP GMMI Reactor)	6022900	0	6022900	0	0	0	0	0	6022900	0
Research & Development Equipmt (WIP- F & D Hyd)	4076576	2604713	6681289	0	0	0	0	0	4076576	0
<b>TOTAL = C</b>	<b>16920399</b>	<b>2604713</b>	<b>17645787</b>	<b>1879325</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>16920399</b>	<b>1879325</b>
<b>TOTAL (A+B+C)</b>	<b>997144644</b>	<b>64495300</b>	<b>18816765</b>	<b>1042823178</b>	<b>680846550</b>	<b>43862706</b>	<b>792465</b>	<b>723916791</b>	<b>316298092</b>	<b>318906383</b>
<b>Previous Year</b>	<b>947534970</b>	<b>53053488</b>	<b>3443816</b>	<b>997144644</b>	<b>639496241</b>	<b>41350309</b>	<b>0</b>	<b>680846550</b>	<b>308038729</b>	<b>316298092</b>



**Note 3 NON CURRENT FINANCIAL ASSETS**

	Particulars	As At 31-03-2020 Rs.		As At 31-03-2019 Rs.	
1	Earmarked Balances with Banks (Unpaid Dividend)	1,12,368		2,59,092	
2	Balance with banks to the extent held as margin money against bank Guarantee with MPCB etc	6,75,000		6,75,000	
	<b>TOTAL</b>		<b>7,87,368</b>		<b>9,34,092</b>

**Note 4 NON CURRENT INVESTMENTS**

	Particulars	As At 31-03-2020 Rs.		As At 31-03-2019 Rs.	
1	49,310 equity shares of Rs. 10/- each fully paid up in Greenfield CET Plant Pvt. Ltd. Solapur	4,93,100		4,93,100	
	<b>TOTAL</b>		<b>4,93,100</b>		<b>4,93,100</b>

**Note 5 LONG TERM LOANS & ADVANCES**

	Particulars	As At 31-03-2020 Rs.		As At 31-03-2019 Rs.	
1	Advance against Capital Goods	1,46,301		18,60,508	
2	Sundry Debtors (More than 1 year) Less : Debtors Advance more than one year				
	<b>TOTAL</b>		<b>1,46,301</b>		<b>18,60,508</b>

**Note 6 NON-CURRENT RECEIVABLE**

	Particulars	As At 31-03-2020 Rs.		As At 31-03-2019 Rs.	
1	Secured- Considered Good				
2	Unsecured- Considered Good				
3	Bad	0		54,02,454	
	<b>Total</b>	<b>0</b>		<b>54,02,454</b>	
	Less: Bad	0		-54,02,454	
	<b>Net Total</b>		<b>0</b>		<b>0</b>

### Note 7 OTHER FINANCIAL ASSETS

Particulars		As At 31-03-2020 Rs.		As At 31-03-2019 Rs.	
1	Loans shall be Classified as				
2	a) Security Deposit				
	b) Loan To Related Parties				
	C) Other Loan ( Fixed Assets advance)	0		0	
	Above Loans are sub-classified as				
	Secured- Considered Good	0		0	
	<b>Unsecured- Considered Good</b>				
	All Business Deposits	78,66,055		75,96,403	
	VAT, Sales Tax Income Tax Refunds	17,36,824		28,43,237	
	MAT Credit Entitlement (2015-16)	-		29,42,000	
	MAT Credit Entitlement (2016-17)	-		47,99,170	
	MAT Credit Entitlement (2018-19)	1,71,25,789		1,80,38,590	
	Total	2,67,28,668		3,62,19,400	
	Doubtful	-		0	
	Total	2,67,28,668		3,62,19,400	
	Less: Doudful	-		0	
	<b>Net Total</b>		<b>2,67,28,668</b>		<b>3,62,19,400</b>

### Note 8 INVENTORIES

Particulars		As At 31-03-2020 Rs.		As At 31-03-2019 Rs.	
1	<b>Inventories - (at cost except otherwise stated &amp; as as certified by Board of Director)</b>				
1)	Raw Materials and Spares (at cost)	5,68,46,516		5,90,56,793	
2)	Packing Materials (at cost)	22,51,076		22,08,058	
3)	Work in Process (at cost)	5,46,01,124		6,71,62,875	
4)	Finished Goods (at lower of cost and net realisable value)	5,71,56,651		9,85,33,223	
5)	Finished Goods In Transit (at lower of cost and net realisable value )	-		-	
	<b>TOTAL</b>		<b>17,08,55,367</b>		<b>22,69,60,949</b>

### Note 9 CURRENT TRADE RECEIVABLE

Particulars		As At 31-03-2020 Rs.		As At 31-03-2019 Rs.	
1	Secured- Considered Good				
2	Unsecured- Considered Good	24,57,39,736		36,39,20,364	
3	Doudtful				
	<b>Total</b>	<b>24,57,39,736</b>		<b>36,39,20,364</b>	
	Less: Doudful	-		-	
	<b>Net Total</b>		<b>24,57,39,736</b>		<b>36,39,20,364</b>

### Note 10 CASH & BANK BALANCES

Particulars		As At 31-03-2020 Rs.		As At 31-03-2019 Rs.	
	<b>Cash and cash equivalents</b>				
1	Cash on hand	1,21,700		2,37,611	
	<b>Balances with banks</b>	-		-	
1	Bank Balance (EEFC, SBI Saraswat etc.)	62,79,387		64,36,883	
2	Demand Deposits with SBI	2,93,25,000		3,48,85,394	
	<b>Total</b>		<b>3,57,26,087</b>		<b>4,15,59,888</b>

### Note 11 OTHER CURRENT ASSETS

Particulars		As At 31-03-2020 Rs.		As At 31-03-2019 Rs.	
	(Unsecured Considered Good)				
	Advances recoverable in cash or in kind or for value to be received				
1	Staff & Other Advances	6,64,977		10,10,083	
2	Pre-Paid Insurance	2,29,737		40,90,327	
3	Pre-Paid Custom Duty	14,23,635		9,67,923	
4	Excise Duty (Modvat)	-		-	
5	Excise Duty (EOU)	-		-	
6	Input SGST CGST IGST	1,49,46,326		66,28,883	
7	Prepaid Fees & Forms	-		-	
8	Interest Accrued but not due	20,18,840		9,72,935	
9	Insurance claim receivable from SBI General Insurance	4,09,36,754		-	
10	Pre-Paid Interest	-		-	
11	Export Incentive on FMS Receivable	18,25,186		32,44,742	
12	Advance to creditors	1,37,84,026		-	
13	IGST on Export Refundable	-		11,40,300	
14	Advance Income Tax & TDS	-		-	
15	Duty Draw Back Incentive Receivable	17,52,840		20,95,451	
16	Pre-Paid Exo (Fees & Forms, Bank charges etc.)	5,35,750		6,67,725	
	<b>Total</b>		<b>7,81,18,071</b>		<b>2,08,18,369</b>

### Note 12 SHARE CAPITAL

Particulars		As At 31-03-2020 Rs.		As At 31-03-2019 Rs.	
1	<b>AUTHORISED SHARE CAPITAL</b>				
	5000000 Equity Shares of Rs. 10/- each	5,00,00,000		5,00,00,000	
	5000000 Non-Convertible Cumulative Redeemable Preference Shares of Rs.10/-each	5,00,00,000	<b>10,00,00,000</b>	5,00,00,000	<b>10,00,00,000</b>
2	<b>ISSUED, SUBSCRIBED &amp; PAID UP SHARE'S</b>				
	3815430 Equity Shares of Rs. 10/- each fully paid	3,81,54,300		3,81,54,300	
			<b>3,81,54,300</b>		<b>3,81,54,300</b>
	<b>Details of Shareholders holding more than 5% shares in the Company</b>				
		<b>No. of Shares</b>	<b>%holding in the class</b>	<b>No. of Shares</b>	<b>%holding in the class</b>
1	Mr. Eaga Purushotham	15,29,235	40.08	15,29,235	40.08
2	Mrs. Eaga Vaishnavi	5,76,475	15.11	5,76,475	15.11

### Note 13 A OTHER EQUITY

	Particulars	As At 31-03-2020 Rs.	As At 31-03-2019 Rs.
1	Securities premium	20,00,000	20,00,000
2	Capital Reserve & Incentive	21,08,600	21,08,600
3	General Reserve	5,02,33,427	5,02,33,427
4	Retained Earnings	33,21,39,150	27,12,87,266
5	Cash Flow Hedge Reserve	-	-
6	Foreign Currency Translation Reserve	-	-
	<b>TOTAL</b>	<b>38,64,81,177</b>	<b>32,56,29,293</b>

### Note 13 B OTHER EQUITY

Particulars	Reserve & Surplus						
	Securities premium	Capital Reserve & Incentive	General Reserve	Retained Earnings	Cash Flow Hedge Reserve	Foreign Currency Translation Reserve	Total Equity
<b>As at 1st April 2019</b>	<b>20,00,000</b>	<b>21,08,600</b>	<b>5,02,33,427</b>	<b>27,12,87,266</b>	<b>0</b>	<b>0</b>	<b>32,56,29,293</b>
Exercise of share options							0
share-based payments							0
Profit for the year				8,44,71,900	0		8,44,71,900
Movement in Foreign Currency							0
Reduction In Income Tax Refund				0	0		0
Remeasurement of the net defined benefit							0
Dividend & Tax paid				-2,29,98,519			-2,29,98,519
Short Provision				-6,21,497			-6,21,497
Movement in cash flow hedge							0
<b>As at 31st March 2020</b>	<b>20,00,000</b>	<b>21,08,600</b>	<b>5,02,33,427</b>	<b>33,21,39,150</b>	<b>0</b>	<b>0</b>	<b>38,64,81,177</b>

### Note 14 LONG - TERM BORROWINGS

	Particulars	As At 31-03-2020 Rs.	As At 31-03-2019 Rs.
1	Deferral Sales Tax Loan PSI 1993 Expansion **	66,35,506	1,15,50,432
2	SBI - IFB - WCTL A/c	-	-
3	Unsecured Loans - Directors	1,34,97,954	1,34,05,060
	<b>TOTAL</b>	<b>2,01,33,460</b>	<b>2,49,55,492</b>

1st mortgage / hypothecation charge of State Bank of India, IFB Mumbai on Land & building and Plant and Machinery owned by the company situated at Plot No.273 & 274 MIDC, Akkalkot Road, Solapur 413006 & Plot No.A-27, MIDC Chincholi, Solapur- 413 255. Flat No 5, Rahul Neha Apt. Solapur, Flat No T/1, Balaji Apt. Solapur, Holiday Resaurt at Plot No 31, Nakoda Constr. at village. Pakani Solapur, N.A. Plots GAT No. 230/2/B/2, 233/2/B, 231/2/B, 230/2/A/2 situated at Village Chincholi, Taluka Mohol, Dist. Solapur. Additional collateral Security of Mumbai Flat and eight Flats (Navodaya Regency & Terrace) located at Solapur (Navodaya Regency) in the name of Company and one flat in the name of Mr. E.Purushotham, Managing Director of the Company in favour of State bank of India.

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

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

**Note 15 OTHER FINANCIAL LIABILITIES (TRADE PAYABLE)**

	Particulars	As At 31-03-2020 Rs.		As At 31-03-2019 Rs.	
1	Non Current Other Financial Liabilities (S. Crs FA)	24,09,122		33,53,567	
2	Non Current Provision	0		0	
3	Other Non Current Liabilities (Dues Payable of Government)	0		0	
	<b>TOTAL</b>		<b>24,09,122</b>		<b>33,53,567</b>

**Note 16 DEFERRED TAX LIABILITY / (DEFERRED TAX ASSETS)**

	Particulars	As At 31-03-2020 Rs.		As At 31-03-2019 Rs.	
1	Opening Balance	1,42,10,254		(1,27,02,604)	
2	Less: C.Y. Excess DTA over DTL	66,62,046		2,69,12,858	
		-		-	
	<b>TOTAL</b>		<b>2,08,72,300</b>		<b>1,42,10,254</b>

**Note 17 OTHER NON CURRENT LIABILITIES**

	Particulars	As At 31-03-2020 Rs.		As At 31-03-2019 Rs.	
1	Gratuity Payable	3,04,12,600		3,14,45,811	
2	Sundry Creditors (More than -1 year)	-		-	
	<b>TOTAL</b>		<b>3,04,12,600</b>		<b>3,14,45,811</b>

**Note 18 SHORT - TERM BORROWINGS**

	Particulars	As At 31-03-2020 Rs.		As At 31-03-2019 Rs.	
1	Loans Repayable on Demand				
	- From Bankers	13,64,47,091		25,17,56,480	
	- From Other Parties	-		-	
2	Loans From Related Parties	0		0	
3	Deposit	0		0	
4	Others	0		0	
	<b>TOTAL</b>		<b>13,64,47,091</b>		<b>25,17,56,480</b>

\* 1st mortgage / hypothecation charge of State Bank of India, IFB Mumbai on Land & building and Plant and Machinery owned by the company situated at Plot No.273 & 274 MIDC, Akkalkot Road, Solapur 413006 & Plot No.A-27, MIDC Chincholi, Solapur- 413 255. Flat No 5, Rahul Neha Apt. Solapur, Flat No T/1, Balaji Apt. Solapur, Holiday Resaurt at Plot No 31, Nakoda Constr. at village. Pakani Solapur, N.A. Plots GAT No. 230/2/B/2, 233/2/B, 231/2/B, 230/2/A/2 situated at Village Chincholi, Taluka Mohol, Dist. Solapur. Additional collateral Security of Mumbai Flat and eight Flats (Navodaya Regency & Tarrace) located at Solapur (Navodaya Regency) in the name of Company and one flat in the name of Mr. E.Purushotham, Managing Director of the Company in favour of State bank of India.

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

### Note 19 TRADE AND TRADE PAYABLES

	Particulars	As At 31-03-2020 Rs.		As At 31-03-2019 Rs.	
1	Sundry Creditors	22,17,56,206		29,88,90,231	
2	Sundry Creditors (Small Scale Undertaking)	-		-	
	<b>TOTAL</b>		<b>22,17,56,206</b>		<b>29,88,90,231</b>

### Note 20 OTHER CURRENT LIABILITIES

	Particulars	As At 31-03-2020 Rs.		As At 31-03-2019 Rs.	
<b>1</b>	<b>REVENUE RECEIVED IN ADVANCE</b>				
	<b>Other Statutory Liabilities (VAT, TDS, PF, etc)</b>	55,28,583		69,67,175	
			<b>55,28,583</b>		<b>69,67,175</b>
<b>2</b>	<b>Other</b>				
1)	Salary & Wages Payable	62,51,879		52,30,658	
2)	Audit & Consultancy Fees Payable	6,72,274		5,98,574	
3)	Interest Payable (CC)	13,52,060		-	
4)	Sales Tax Payable	1,29,546		-	
5)	Unpaid Dividend - Axis Bank	1,12,368		2,59,093	
6)	Defferal Sales Tax Repayment within one year (old)	-		-	
7)	Defferal Sales Tax Repayment within one year (new)	49,14,926		60,68,922	
8)	F.C.Term Loan Instal .Repay. within one year (1575 lakhs)	-		-	
9)	Term Loan Instal. Repay. within one year (350 lakhs)	-		-	
10)	WCTL Install Repay within one year ( 600 lakhs)	-		-	
			<b>1,34,33,053</b>		<b>1,21,57,247</b>
11)	Short Term Provision ( Provision for Income Tax)		18,73,189		15,44,911
	<b>TOTAL</b>		<b>2,08,34,825</b>		<b>2,06,69,333</b>

## Schedules - Statement of Profit &amp; Loss

## Note 21 REVENUE FROM OPERATIONS

Particulars		As At 31-03-2020 Rs.		As At 31-03-2019 Rs.	
1	<b>Income from Operations</b>				
1	Sales (Incl. Excise) Bulk Drugs & Drug Intermediates	1,29,23,95,907		1,35,39,18,699	
2	Less : Excise Duty	-		-	
			1,29,23,95,907		1,35,39,18,699
2	<b>Other Operating Income - Export Incentives</b>				
1	Compensation - Export Debtors	-		-	
2	Duty Draw Back	66,30,580		72,76,490	
3	Export Incentive on Focus Marketing Scheme (FMS)	1,17,09,383	1,83,39,963	1,29,13,999	2,01,90,489
	<b>TOTAL</b>		<b>1,31,07,35,870</b>		<b>1,37,41,09,188</b>

## Note 22 OTHER INCOME

Particulars		As At 31-03-2020 Rs.		As At 31-03-2019 Rs.	
1	Interest on TDR (Bank Deposits)	21,14,232		15,09,230	
2	Rate difference in Foreign Currency	-		52,20,770	
3	Insurance Claim expected from SBI Gen Insurance(Fire17.11.19)	4,09,36,754		90,100	
4	Interest from Others	4,66,114		16,00,451	
5	MSEB Discount	5,16,610		3,82,109	
6	Insurance Claim Received	1,80,480		-	
			4,42,14,190		88,02,660
	<b>TOTAL</b>		<b>4,42,14,190</b>		<b>88,02,660</b>

## Note 23 COST OF MATERIAL CONSUMED

Particulars		As At 31-03-2020 Rs.		As At 31-03-2019 Rs.	
1	Op.Stock of Raw material Stores	5,38,15,350		6,68,99,136	
	<b>Add : Purchases</b>				
2	Purchase of Packing material	2,30,13,176		2,55,33,826	
3	Purchase of Raw material	69,39,05,827		83,51,20,490	
4	Custom Duty	2,26,55,568		2,78,36,245	
5	Freight Inward	1,79,52,261		1,84,22,835	
6	GST Set off Reversal on Damage FG (Fire17.11.2019)	57,25,464		0	
7	Job Work Charges	1,27,73,200		1,33,97,000	
8	Less Closing Stock of Raw material Stores	-4,89,41,462		-5,38,15,348	
	<b>TOTAL</b>		<b>78,08,99,384</b>		<b>93,33,94,184</b>

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

Particulars		As At 31-03-2020 Rs.		As At 31-03-2019 Rs.	
<b>1</b>	<b>Inventory Change</b>				
<b>a)</b>	<b>Add : Opening Stock</b>				
1	Work in Process (Bulk Drugs & Drug Intermediates)	9,85,33,223		9,61,02,188	
2	Finished Goods (Bulk Drugs & Drug Intermediates)	6,71,62,875		4,16,40,923	
			16,56,96,098		13,77,43,111
<b>b)</b>	<b>Less : Closing Stock</b>				
1	Work in Process (Bulk Drugs & Drug Intermediates)	-5,46,01,124		-6,71,62,875	
2	Finished Goods (Bulk Drugs & Drug Intermediates)	-5,71,56,651		-9,85,33,223	
			-11,17,57,775		-16,56,96,098
	<b>TOTAL</b>		<b>5,39,38,323</b>		<b>-2,79,52,987</b>

### Note 25 EMPLOYEE'S BENEFIT EXPENSES

Particulars		As At 31-03-2020 Rs.		As At 31-03-2019 Rs.	
1	Salaries and Wages Including Bonus	12,50,09,576		11,90,20,434	
2	Contribution to P. F. and other funds	67,38,863		59,51,900	
3	Staff Welfare expenses	39,65,709		36,25,162	
	<b>TOTAL</b>		<b>13,57,14,148</b>		<b>12,85,97,496</b>

### Note 26 FINANCE COST

Particulars		As At 31-03-2020 Rs.		As At 31-03-2019 Rs.	
1	Interest on Term Loan	-		-	
2	Interest on Cash Credit	2,23,37,062		2,15,17,185	
3	Interest On WCTL	-		47,97,061	
4	Interest to others	30,85,976		17,42,010	
5	Bank Commission & Charges	63,82,203		77,48,215	
	<b>TOTAL</b>		<b>3,18,05,241</b>		<b>3,58,04,471</b>

### Note 27 OTHER EXPENSES

Particulars		As At 31-03-2020 Rs.		As At 31-03-2019 Rs.	
1	Power and Fuel	10,62,78,188		10,42,13,787	
2	Stores and Consumables	1,84,44,007		1,99,51,307	
3	Laboratory Expenses	77,56,178		60,10,194	
4	Sales Commission & Promotion	1,01,70,398		1,33,31,683	
5	Travailing & Conveyance	1,03,91,211		94,96,190	
6	Research & Development Exp	45,33,666		13,22,455	
7	Rate Difference in Foreign Currency	65,32,383		54,02,454	
8	Other Expenses	2,37,10,212		1,44,25,155	
	<b>TOTAL</b>		<b>18,78,16,243</b>		<b>17,41,53,225</b>



**Note 28****Notes to Standalone Financial Statement as on 31.03.2020****1 Corporate Information**

Smruthi Organics Ltd., ('the company') is a company limited by shares, incorporated and domiciled in India under the provisions of the Companies Act 1956. The shares of the company are listed on BSE Limited and MSE Limited. The company is engaged in the manufacture of Active Pharmaceutical ingredients (API's) i.e. Bulk Drugs and Drug Intermediates unless otherwise stated. The principal accounting policies applied in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented,

**2 Basis of Preparation and Presentation of Financial Statements**

The financial statements of Smruthi Organics Ltd., ("the Company") have been prepared and presented in accordance with the Indian Accounting Standards ("Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016.

**3 Significant accounting policies / System of Accounting / Accounting Estimates**

The preparation of the financial statements, in conformity with there cognition and measurement principles of Ind AS, requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities as at the date of financial statements and the results of operation during the reported period. Al though these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates which are recognised in the period in which they are determined.

**4 Exemptions****4.1 On transition to Ind AS, the group has applied the following exemptions :**

Group has elected to continue with the carrying value of all of its property, plant and equipment recognized as at 1st April 2019 measured as per the previous GAAP and use that carrying value as the deemed cost of the property, plant and equipment.

**4.2 Group has elected to continue with the carrying value of all of its intangible assets recognised as at 1st April 2019 measured as per the previous GAAP and use that carrying value as the deemed cost of intangible assets.****4.3 Ind AS 102 Share based payment has not been applied to equity instruments in share based****4.3.1 Historical cost convention**

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

**4.3.2 Certain financial assets and liabilities that are measured at fair value; (refer accounting policy regarding financial instruments)**

- 4.3.3 Defined benefit plans - plan assets measured at fair value
- 4.3.4 Current and non-current classification  
An asset is classified as current if :
  - 4.3.5 it is expected to be realized or sold or consumed in the Company's normal operating cycle;
  - 4.3.6 It is held primarily for the purpose of trading;
  - 4.3.7 It is expected to be realized within twelve months after the reporting period; or
  - 4.3.8 It is cash or a cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.
  - 4.3.9 All other assets are classified as non-current.

## 5 Liability is classified as current if

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

All other liabilities are classified as non-current.

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

## 6 Segment Reporting

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

## 7 Functional and Presentation Currency

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

The segment results are as under:

(Rs. in Lakhs)

Sr.No.	Particulars	Total
1	Gross revenue	15049
2	Net Revenue	13549
3	Segment expenses	12340
4	Profit before interest, depreciation and tax	1966
5	Segment Profit/Loss before tax	1209
6	Tax Expenses (DTL)	364
7	Profit /Loss (-) after tax	845

## 8 Foreign Currency Transactions

### 8.1 Functional and Presentation Currency

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

### 8.2 Transactions and Balances

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

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

### 8.3 Earnings / Expenditure in Foreign Currency

#### Expenditure in Foreign Currency:

Particulars	For the year ended 31st March 2020 (USD)	For the year ended 31st March 2019 (USD)
Purchase of Raw Materials / Packing Materials	40,39,268	50,72,416
Other expenses	94,348	54,904
<b>Total USD</b>	<b>41,33,616</b>	<b>51,27,320</b>

#### Earning in Foreign currency:

Particulars	For the year ended 31st March 2020 (USD)	For the year ended 31st March 2019 (USD)
FOB Value of Exports	64,27,320	70,52,058
Foreign Exchange Gain	0.00	0.00
<b>Total USD</b>	<b>64,27,320</b>	<b>70,52,058</b>

## 9 Revenue recognition

### 9.1 Revenue from Sale of Goods

Revenue from Sale of Goods is recognized when all the significant risk and rewards of ownership have been transferred to the buyer, revenue can be measured reliably, the costs incurred can be

measured reliably, it is probable that the economic benefits associated to the transaction will flow to the entity and there is no continuing management involvement with the goods. Transfer or risks and rewards vary depending on the individual terms of contract of sale. Revenue from sale of goods are stated inclusive of GST and net of returns, trade allowances, rebates, GST and amounts collected on behalf of third parties.

### Revenue from Operations

(Rs. In Lakhs)

Particulars	2019 - 20	2018 - 19
<b>Revenue from :</b>		
Export Sales	4763.29	5046.95
Domestic Sales	8160.67	8492.23
Other Operating Revenue	183.40	201.90
<b>Revenue from operations</b>	<b>13107.36</b>	<b>13741.08</b>

### 9.2 Interest Incomes

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

### 9.3 Other Income

(Rs. In Lakhs)

Particulars	2019 - 20	2018 - 19
Interest Income	25.80	31.09
Foreign Exchange Gain	0.00	52.21
Fire Insurance Claim from SBI General Insurance against Fire damage at factory place on 17.11.2019	409.37	00.00
Miscellaneous Income	6.97	4.73
<b>Total</b>	<b>442.14</b>	<b>88.03</b>

## 10 Income Taxes

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

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

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

Deferred income tax is provided in full, using the liability method, on temporal difference arising between the tax bases of assets and liabilities and their carrying amounts in the financial

statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled

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

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

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

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

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

Deferred Tax Assets include Minimum Alternative Tax (MAT) paid in accordance with the tax laws in India, which likely to give future economic benefits in the form of availability of set off against future income tax liability. Accordingly MAT is recognized as deferent tax asset in the Balance sheet when the asset can be measured reliably and it is probable that the future entomic benefit associated with the asset will be realized. During the year revised DTL of last four years is calculated and Rs. 66.62 lakhs is debited to General Reserve account by crediting the DTL

## **11 Impairment**

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

## 12 Cash and Cash Equivalents

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

## 13 Trade Receivables

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

The Company's credit period for customers generally ranges from 60-90 days. The aging of trade receivables that are past due but not impaired is given below:

Particulars Period (in days)	As of 31 March (Rs. In Lakhs)	
	2020	2019
1 - 90	1717.89	3237.20
90 - 180	391.61	412.00
More than 180	347.90	0.00
<b>Total</b>	<b>2457.40</b>	<b>3639.20</b>

## 14 Inventories

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

- 15 The total stock amounting of Rs. 409.37 lakhs was destroyed in fire due to short circuit on 17.11.2019 in the factory premises at MIDC Chincholi Solapur. The claim with SBI General Insurance company is under process. Till the date of audit the claim is not settled and received from the insurance company.
- 16 The company has online not applied with FMS for the month March, 2020 as Lockdown is started from 23.03.2020 amounting to Rs. 3135391/- subject to this amount profit changes.
- 17 The company has filled legal action for recovery against defaulted debtors amounting to Rs. 320.00 lakhs.
- 18 The company has made payment of Rs. 141600 in favour of JIGS Chemical Limited Ahmadabad. But the cheque is honored for Rs. 441600 in favour of M D Abuzar. As informed by the management the amount mentioned in the cheque is altered by courier/others and it is cleared for Rs.441600 by SBI of instead Rs. 141600. Proper legal action to be initiated to recover this amount with interest from SBI.

## 19 Investments and Other Financial Assets

### 19.1 Classification:

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

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

19.1.2 Those measured at amortized cost.

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

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

### 19.2 Measurement

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

### 19.3 Impairment of financial assets

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

## 20 Off Setting Financial Instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet where there is a legally enforceable right to offset the recognized amount and there is an intention to settle on a net basis to realize the assets and settle the liabilities simultaneously. The legally enforceable right must not be contingent on further 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 counter party. Set out below, is a comparison by class of the carrying amounts and fair value of the Financial instruments, other than those with carrying amounts that are reasonable approximations off air values (Rs. In Lakhs)

Particulars	Carrying Value			Fair Value		
	Mar-20	Mar-19	Apr-18	Mar-20	Mar-19	Apr-18
Financial assets						
Cash and cash equivalents	357.26	415.60	172.96	357.26	415.6	172.96
Trade receivables	2457.40	3639.20	2526.09	2457.4	3639.2	2526.09
Other Financial assets	2771.29	2872.87	5821.53	2771.29	2872.87	5821.53
Total	5585.95	6927.68	8520.58	5585.95	6927.68	8520.58
Financial liabilities	738.27	739.65	856.17	738.27	739.65	856.17
Borrowings	1364.47	2517.56	2301.49	1364.47	2517.56	2301.49
Trade payables	2217.56	2988.90	2156.97	2717.56	2988.9	2156.97
Other Financial liabilities	208.35	206.70	299.85	208.35	206.7	299.85
Total	4528.65	6452.81	5614.48	4528.65	6452.81	5614.48

Out of trade receivable, for Rs. 320.00 lakhs legal action is obtained by the company for recovery. Subject to Foreign exchange rate difference at the time of realization of exchange for Export receivable, import payable and bank loan.

## 21 Property, Plant and Equipment

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

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

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

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

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



and gains or losses arising from disposal of property, plant and equipment are recognised in the statement of profit and loss in the year of occurrence.

## **22 Intangible Assets**

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

## **23 Depreciation for Company**

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

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

## **24 Trade and Other Payables**

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

## **25 Borrowings**

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

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

## Borrowings

(Rs. In Lakhs)

Particulars	2019 - 20		2018 - 19	
	Current	Non Current	Current	Non Current
<b>Secured Borrowings:</b>	0.00	0.00	0.00	0.00
Bank Term Loan	0.00	0.00	0.00	0.00
Working Capital Facilities	1364.47	0.00	2517.56	0.00
Other Short term Borrowings	0.00	0.00	0.00	0.00
<b>Total</b>	<b>1364.47</b>	<b>0.00</b>	<b>2517.56</b>	<b>0.00</b>

## 26 Provision and Contingencies

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

The following are the details of contingent liabilities and commitments:

Particulars	31/03/2020	31/03/2019
<i>Contingent Liabilities rupees in lakhs</i>		
a) Claims against the company/disputed liabilities not acknowledged as debts	0.00	0.00
b) Guarantees	0.00	0.00
Bank Guarantees	27.00	27.00
	27.00	27.00

## 27 MSME

As per notification dated 22nd January 2019, Disclosure of payable to MSMEs under section 22 of the Companies Act 2013, additional information of the accounts with respect to the amount due to the MSMEs (Rs. In lakhs)

Particulars	As at March 31, 2020
<b>Trade Payables</b>	
<b>Non - current</b>	24.09
Due to other than micro, small & medium enterprises	0
	<b>24.09</b>
<b>Total non - current</b>	
<b>Current</b>	
a) Due to micro, small & medium enterprises	33.29
b) Due to other than micro, small & medium enterprises	2160.18
<b>Total Current</b>	<b>2217.56</b>
<b>Total trade payable</b>	<b>2217.56</b>

The Company has amounts due to suppliers under the Micro, Small and Medium Enterprises Development Act 2006. The disclosure pursuant to the said Act is as under:	
Principal amount due to suppliers under MSMED Act	<b>33.29</b>
Interest accrued and due to suppliers under MSMED Act on the above amount	<b>0.56</b>
Payment made to suppliers (other than interest) beyond appointed day during the year.	Nil
Interest paid to suppliers under MSMED Act	Nil
Interest due and payable to suppliers under MSMED Act towards payments already made	Nil
Interest accrued and remaining unpaid at the end of the accounting year.	Nil
<p>Note: The above information regarding Micro, Small and Medium Enterprises has been determined to the extent such parties have been identified on the basis of information available with the Company. This has been relied upon by the auditors.</p>	

## 28 Employee benefits

### 28.1 Short-terms Obligations

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

### 28.2 Other Long-term Employee Benefit Obligations

The liabilities for earned leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are to be measured as the present value of expected future payments to be made in respect of service provided by employees up to the end of the reporting period using the projected unit credit method. The benefit are discounted using the market yields at the end of the reporting period that have terms approximating to the terms related obligations. The company has provided earned leave amount of Rs. 15,44,390/- on the basis of unutilized leave of employees at the year end.

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

Defined benefit liability and employer contributions:

The company has purchased insurance policy to provide for payment of gratuity to the employees. Forth year the insurance company carries out a funding valuation based on the latest employee data provided by the company. Balance fund of gratuity is to be payable by the company of Rs.

76,68,669/- for further payment obligations. During the year under audit the company has paid Rs. 50,00,000/- to LIC Group Gratuity Fund. The company has to provide actuarial valuation amount for gratuity and earned leave salary as per accounting standard.

Post-employment obligations:

28.3 The company operates the following post-employment schemes:

28.3.1 Defined benefit plans such as gratuity and;

28.3.2 Defined contribution plans such as provident fund

#### **28.4 Defined contribution plans**

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

The company has made provision of bonus of Rs. 12.00 lakhs during the year .

#### **29 Dividend**

During the year, the company has declared and paid the interim dividend on its shares at Rs.114,46,290/- and paid dividend distribution tax of Rs. 23,52,820/-

#### **30 Contribution to Equity**

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

#### **31 Earnings per share**

31.1 Basic earnings per share Rs. 22.14 is calculated by dividing.

The profit attributable to owners of the company

By the weighted average number of equity shares outstanding during the financial year, adjusted for bonus elements in equity shares issued during the year.

31.2 Diluted earnings per share Rs. 22.14

Diluted earnings per share adjust the figures used in the determination of basic earnings per share to take into account:

After 'income Tax' effect of interest and other financing costs associated with dilutive potential equity shares, and

The weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares

### 32 GST

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

### 33 Research and Development

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

#### Expenditure details on R&D for FY 2019 - 20 and FY 2018 - 19 (Rs. in lakhs)

Particulars	2019 - 20	2018 - 19
<b>a) Capital</b>		
i) Solapur R&D Center	4.92	0.00
ii) Hyderabad R&D Center	165.45	0.00
<b>Total Capital</b>	<b>170.37</b>	<b>0.00</b>
<b>b) Recurring</b>		
i) Solapur R&D Center	67.67	53.12
ii) Hyderabad R&D Center	126.32	0.00
<b>Total Recurring</b>	<b>193.99</b>	<b>53.12</b>
<b>Gross Total of R&amp;D Expenditures</b>	<b>364.36</b>	<b>53.12</b>
Total R&D Expenditure as a Percentage of total turnover:	<b>2.82%</b>	<b>0.39%</b>

During the year the company has commenced R&D activities at Hyderabad from 08 th April 2019 as per information given by the management of the company.

2.27 During the year, the company has paid to BSE Ltd and MSEI of Rs. 3.54 lakhs and Rs. 0.65 lakhs respectively for yearly membership fees and same is debited to Profit and Loss account.

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

Sr. No.	Nature of Income / Expenses	Current Year		Previous Year	
		Amount In Foreign Currency (USD)	Amount In (INR)	Amount In Foreign Currency (USD)	Amount In (INR)
1	Export Earning	64,27,320	47,63,28,489	70,52,058	50,46,94,840
2	Sales Commission	22,912	15,98,911	33,729	23,91,421
3	Travelling Expenses	16,481	10,04,310	21,175	14,80,781
4	Import Raw Material	40,39,268	28,56,83,551	50,72,416	35,70,30,347

Note : Sr.No.1 includes Nepal Export in INR Rs. 2,26,88,000

### 35 Related Party Transaction

Name of the related party	Relationship	Nature of Transaction	Transaction value in Rs.	Balance O/S - Receivable/ (-) Payable as on date of Balance sheet Rs	Amount written off/back
Mr.E. Purushotham	Managing Director of the Company	Unsecured Loan Interest paid	3510478	9805060	NIL
		Salary	1,44,00,000	0	NIL
Smruthi Chemicals & Intermediates (Proprietor Mrs. E.Vaishnavi)	Director in Company and wife of Managing Director	Job work done by SC&I	1,02,10,200	5,16,006 (Receivable)	NIL
		Job Work done by SOL	2,57,050	NIL	NIL
		Interest paid on Unsecured Loan	4,15,135	3692894	NIL
Mrs. Eaga Vaishnavi	Director in Company and wife of Managing Director	Ford car Rent paid	10,20,000	NIL	NIL
Mr. Eaga Swapnil	Director of the Company and Son of Managing Director	Car Rent paid	4,92,000	NIL	NIL
		Salary	60,00,000	NIL	NIL
Mrs. Eaga Rimika Swapnil	Daughter -in -law of Managing Director	Salary	15,00,000	NIL	NIL

### 36 Contingent Liability and Commitments

36.1 A present obligation arising from past events, when it is not probable that an outflow of resources will be required to settle the obligation;

36.2 A present obligation arising from past events, when no reliable estimate possible;

36.3 A possible obligation arising from the past events, unless the probability of outflow of resources is remote.

### 37 Critical estimates and Judgments

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

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

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

The areas involving critical estimates or judgments are :

37.1 Estimation of current expense and payable

37.2 Estimation of defined benefit obligations

37.3 Allowance for uncollected accounts receivable and advances-Trade receivable do not carry any interest and are stated at their nominal value as reduced by appropriate allowances for estimated irrevocable amounts. Individual trade receivable are written off when management deems them not to be collectible.

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

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

## **38 Corporate Social Responsibility (CSR) Expenditure**

The Company has spent Rs. 5,35,000/- for the financial year 2019-20 against CSR liability of Rs.5,11,048/-.

## **39 Risk Exposure**

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

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

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

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

**39.4 Asset Liability Mismatching or Market Risk:** The Company operates internationally and a major portion of the business is transacted in several currencies and consequently the company is exposed to foreign exchange risk to the extent that there is mismatch between the currencies in which its sales and purchases from overseas suppliers in various foreign currencies.

Market risk is the risk that changes in market prices such as foreign exchange rates will effect groups income or value of its holding financial assets / instruments.

### 39.5 Financial Risk Management Objectives and Policies

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

### 39.6 Credit Risk

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

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

### 39.7 Liquidity Risk

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

## 40 COVID 19

The operations of the Company were impacted for about due to COVID 19 pandemic. The Company has resumed operations in a phased manner as per directives from the Government and local authorities. Evaluation of this pandemic on business operations and financial position has revealed that there will be no significant impact on company's financial results as at 31st March 2020. However, the impact assessment of COVID-19 will be a continuing process given the uncertainties associated with its nature and duration and accordingly the impact may be different from that estimated as at the date of approval of these financial results. The Company will continue to monitor such impact to future economic conditions.

#### **N. R. Waghchaure & Associates**

Chartered Accountants,  
FRN: 114999W

#### **Nilkanth R. Waghchaure**

Proprietor  
ICAI Membership No:048890

For and on behalf of Board

**Smruthi Organics Ltd.**

#### **Purushotham Eaga**

*Managing Director*

#### **Swapnil Eaga**

*Whole time Director & CFO*

**Place :** Solapur

**Date :** 29th June 2020

**Urvashi Khanna**

*Company Secretary & Compliance Officer*



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## Smruthi Organics Limited

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