



Notice

NOTICE is hereby given that the **25th Annual General Meeting** of the Members of **Smruthi Organics Limited** will be held at **Hotel City Park**, (Shamiyana Hall), 119, Murarji Peth, Opp. Hutatma Chowk, Solapur 413 001, on **Saturday 27th September 2014, at 12.30 pm** to transact the following business:-

ORDINARY BUSINESS

1. To receive, consider and adopt the Profit and Loss Account for the year ended on 31st March, 2014 and the Balance Sheet as at that date and the Report of the Auditors and Directors thereon.
2. To appoint a Director in place of Mr. E. Swapnil, (DIN 01241535) who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint Ashok Madgundi and Co. Chartered Accountants, as Auditors of the Company to hold office from the conclusion of this meeting to the conclusion of the next Annual General Meeting and to authorize the Board of Directors to fix their remuneration.

SPECIAL BUSINESS

- 4 **To consider and if thought fit to pass with or without modifications the following Resolution as a Special Resolution:-**

"RESOLVED THAT in pursuance of Section 180 (1) (c) of the Companies Act, 2013 and other applicable provisions, if any of the Act, consent of the members of the Company be and is hereby accorded to the Board of Directors for borrowing from time to time as they may think fit, any sum of money on such terms and conditions, together with the monies already borrowed by the Company, (apart from temporary loans or to be obtained by the Company's bankers in the ordinary course of the business) which may exceed the aggregate of paid-up Share Capital of the Company and its Free Reserves, that is to say reserves not set apart for any specific purpose, provided that the total amount so borrowed by the Board of Directors shall not exceed the limit of Rs. 150 Crores.

"RESOLVED FURTHER THAT Board of Directors of the Company and / or Company Secretary be and is hereby authorised to sign and submit required form with Registrar of Companies, Maharashtra and generally do all such acts, deeds and things as may be necessary or expedient for the purpose of giving effect to this resolutions."

5. **To consider and if thought fit to pass with or without modifications the following Resolution as a Special Resolution:-**

"RESOLVED THAT consent of the Company be and is hereby accorded in terms of Section 180 (1) (a) and other applicable provisions if any, of the Companies Act, 2013, for mortgaging and/or charging by the Board of Directors of the Company of all immovable and movables properties of the Company or any part thereof in such form and manner as may be stipulated by the Bank/Financial Institutions(hereinafter called the 'Lenders')in consultation with the Company, wheresover situated present and future and whole of the undertaking of the Company, and/or conferring power to enter upon and to take possession of the assets of

the Company in certain events to or in favour of them, for securing Term Loans/Borrowing upto Rs. 150 Crores which the Lenders may sanction to the Company from time to time, together with interest at an agreed rate, additional interest, liquidated damages, commitment charges, costs, charges expenses and all other monies payable by the Company to the Lenders in terms of agreements to be entered into by the Company in respect of the said term loans/borrowings."

"RESOLVED FURTHER THAT Board of Directors of the Company and / or Company Secretary be and is hereby authorised to sign and submit required form with Registrar of Companies, Maharashtra and generally do all such acts, deeds and things as may be necessary or expedient for the purpose of giving effect to this resolutions."

6. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution :

"RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Mr. J. H. Ranade (DIN: 00004814), Director of the Company whose period of office is liable to determination by retirement of Directors by rotation and who, pursuant to the provisions of the Act, (being an Independent Director) is no longer liable to retire by rotation and who in accordance with the Act, is required to be appointed as an Independent Director and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for a term of five (5) consecutive years from the date of this Annual General Meeting."

7. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution :

"RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Dr. K. Ramaswamy (DIN: 05273930), Director of the Company whose period of office is liable to determination by retirement of Directors by rotation and who, pursuant to the provisions of the Act, (being an Independent Director) is no longer liable to retire by rotation and who in accordance with the Act, is required to be appointed as an Independent Director and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for a term of five (5) consecutive years from the date of this Annual General Meeting."

8. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152, 160 and any other applicable



provisions of the Companies Act, 2013 and the rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Mr. Kashinath Revappa Dhole (DIN: 01076675) (Mr. K. R. Dhole) in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for a term of five (5) consecutive years from the date of this Annual General Meeting.:

9. To consider and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution :

"RESOLVED THAT pursuant to the provisions of Section 197, 203 and Schedule V and other applicable provisions if any of the Companies Act, 2013 and subject to such approvals as may be necessary, Company do approach Central Government for approval of waiver of excess remuneration paid to Mr. E. Purushotham, Managing Director during a period from 1st April 2013 to 31st March 2014."

"RESOLVED FURTHER THAT Board of Directors of the Company and / or Company Secretary be and is hereby authorized to file application with Central Government in prescribed form, make representations, furnish required information and generally to do all such acts, deeds and things as may be necessary or expedient to implement this resolution."

10. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Section 148 and all other applicable provisions of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), the Company do ratify appointment of Shrinivas Diddi & Associates, Cost Accountants, as Cost Auditor appointed by the Board of Directors of the Company, to audit cost accounts maintained by the Company for the financial year ending 31st March, 2015 on a Audit Fees of Rs. 25,000/- plus service tax as applicable and reimbursement of out of pocket expenses."

RESOLVED FURTHER THAT the Board of Directors and/or Company Secretary of the Company be and are hereby severally authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

11. To consider and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:

"RESOLVED THAT pursuant to the provisions of Section 197, 203, Schedule V and other applicable provisions if any of the Companies Act, 2013 and Articles of Association of the Company and in supersession of the Resolution passed by the members on 30th July 2012, the consent of the Company be and is hereby accorded to the appointment of Mr. E. Purushotham as Managing Director of the Company on a term of 3 (Three) years with effect from 1st April 2014 till 31st March, 2017, as approved by

Remuneration Committee on salary of Rs. 7,00,000/- (Seven Lacs) per month plus allowances, benefits and perquisites and other terms and conditions as mentioned in the explanatory statement."

"RESOLVED FURTHER THAT in the event of inadequacy or absence of profits in any financial year of the Company, during the term of Mr. E. Purushotham, Managing Director the remuneration, benefits and perquisites payable to him shall be as per applicable provisions of Schedule V to the Companies Act, 2013."

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

12. To consider and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:

"RESOLVED THAT pursuant to the provisions of Section 196, 203, Schedule V and other applicable provisions if any of the Companies Act, 2013, the consent of the Company be and is hereby accorded to the re-designation of Mr. E. Swapnil as "Executive Director and Chief Financial Officer (CFO)" of the Company without any variation in other terms and conditions relating to his appointment as approved by the shareholders at the Annual General Meeting held on 30th July, 2012."

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

Place : Solapur
Date : 09th August 2014

By order of the Board
sd/-
(Chetna B. Tiwari)
Company Secretary



Note :

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

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

1. The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, in respect of Item No. 4 to 12 relating to Special Business to be transacted at the meeting, is annexed hereto.
2. The Register of Members and Share Transfer Books of the Company will remain closed from 20th September 2014 to 27th September 2014 (both days inclusive).
3. Details under Clause 49 of the Listing Agreement with the Stock Exchange in respect of the Directors seeking appointment/re-appointment at the Annual General Meeting, form integral part of the notice. The Directors have furnished the requisite declarations for their appointment/re-appointment.
4. Electronic copy of the Annual Report for 2013-14 is being sent to all the members whose email IDs are registered with the Company /Depository Participants(s) for communication purposes unless any member has requested for a print copy of the same. For members who have not registered their email address, physical copy of the Annual Report for 2013-14 is being sent in the permitted mode. Members are requested to register/update their email address for receiving all communication including Annual Report, Notices etc. from the Company electronically.
5. Electronic copy of the Notice of the 25th Annual General Meeting of the Company inter alia indicating the process and manner of e-voting along with Attendance Slip and Proxy Form is being sent to all the members whose email IDs are registered with the Company/Depository Participants(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copy of the Notice of the 25th Annual General Meeting of the Company inter alia indicating the process and manner of e-voting along with Attendance Slip and Proxy Form is being sent in the permitted mode.
6. Any Member desirous of getting any information on the accounts or operations of the Company is requested to forward his/her queries to the Company at least seven working days prior to the meeting, so that the required information can be made available at the meeting.

7. Voting through electronic means :

In compliance with provisions of Section 108 of the Companies Act, 2013 (the “Act”) and Rule 20 of the Companies (Management and Administration) Rules, 2014 (the “Rules”) the Company is pleased to provide members facility to exercise their right to vote at the 25th Annual General Meeting (AGM) by electronic means and the business may be transacted through e-Voting Services provided by Central Depository Securities Limited (CDSL). The instructions for e-voting are as under:

A. In case a Member receives an email from CDSL [for members whose email IDs are registered with the Company/Depository Participants(s) :

1. Open the attached PDF file “SOL 25th AGM e-Voting.pdf” giving your Client ID (in case you are holding shares in demat mode) or Folio No. (in case you are holding shares in physical mode) as password, which contains your “User ID” and “Password for e-voting”. Please note that the password is an initial password.
2. Launch internet browser by typing the URL <https://www.evoting.cdsl.com/>
3. Click on “Shareholder - Login”.
4. Put User ID and password as initial password noted in step (1) above and Click Login.
5. Password Change Menu appears. Change the password with new password of your choice with minimum 8 digits/characters or combination thereof.
6. Home page of “e-Voting” opens. Click on e-Voting: Active Voting Cycles.
7. Select “EVEN” of Smruthi Organics Limited. Members can cast their vote online from 22nd September, 2014 (9:00 am) till 23rd September, 2014 (6:00 pm).
8. Note: e-Voting shall not be allowed beyond said time.
9. Now you are ready for “e-Voting” as “Cast Vote” page opens.
10. Cast your vote by selecting appropriate option and click on “Submit” and also “Confirm”, when prompted.
11. Once you have voted on the resolution, you will not be allowed to modify your vote.
12. Institutional shareholders (i.e., other than Individuals, HUF, NRI etc.) are also required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/Authority Letter etc. together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer through e-mail sol.scrutinizer@gmail.com with a copy marked to evoting@cdsl.co.in

B. In case a Member receives physical copy of the Notice of AGM [for members whose email IDs are not registered with the Company/Depository Participants(s) or requesting physical copy

1. Initial password is provided as below/at the bottom of the Attendance Slip for the AGM : EVEN(E Voting Event Number) USER ID PASSWORD/PIN
2. Please follow all steps from Sl. No. 2 to Sl. No. 9 above, to cast vote.



3. In case of any queries, you may refer the Frequently Asked Questions available at the Downloads section of www.evoting.cdsl.com ([FAQs for Shareholders and e-voting user manual for Shareholders](#))
4. If you are already registered with CDSL for e-voting then you can use your existing user ID and password/PIN for casting your vote.

Please note that:

- Login to e-voting website will be disabled upon five unsuccessful attempts to key-in the correct password. In such an event, you will need to go through 'Forgot Password' option available on the site to reset the same.
- Your login id and password can be used by you exclusively for e-voting on the resolutions placed by the companies in which you are the shareholder.
- It is strongly recommended not to share your password with any other person and take utmost care to keep it confidential.
- In case of any queries, you may refer to the Frequently Asked Questions (FAQs) for members and e-voting user manual for members available at the Downloads sections of <https://www.evoting.cdsl.com> or [contact CDSL at the following Help Desk Phone No.: 18002005533, Email : helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com)
- The voting rights of shareholders shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date (record date) of 22th August, 2014.
- Mr. H.R. Thakur, Practicing Company Secretary has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.
- The Scrutinizer shall within a period not exceeding three (3) working days from the conclusion of the e-voting period unblock the votes in the presence of at least two(2) witnesses not in the employment of the Company and make a Scrutinizer's Report of the votes cast in favour or against, if any, forthwith to the Chairman of the Company.
- The Results shall be declared on or after the AGM of the Company. The Results declared along with the Scrutinizers report shall be placed at the Company's website www.smruthiorganics.com and on the [website of CDSL within two \(2\) days of passing resolutions at the AGM of the Company and communicated to the BSE Limited.](#)
- All documents referred to in the accompanying Notice and the Explanatory Statement shall be open for inspection at the Registered Office of the Company during normal business hours (9.00 am to 6.00 pm) on all working days except Saturdays, up to and including the date of the Annual General Meeting of the Company.

Annexure Forming Part Of The Notice

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

SPECIAL BUSINESS

Item No. 4 and 5 :

In terms of the provisions of Sections 180 (1) (A) & 180 (1) (c) of the Companies Act, 2013 with reference to the borrowings and / or creation of security on assets of the company, it is once again necessary to take the approval of the members as a Special Resolution. Therefore the resolutions are proposed to confirm the earlier limits of 150 Crores approved by members under Section 293 (1) (a) and 293 (1) (d) of Companies Act 1956 at Annual General Meeting held on 24th September, 2007.

The Board of Directors recommends the resolution for your approval.

Non of the Directors, Key Managerial Personnel of the Company and their relatives are concerned or interested in the resolution.

Item No. 6 and 7:

Mr. J. H. Ranade and Dr. K. Ramaswamy are current Non-Executive Independent Directors of the Company, whose office is liable to retirement by rotation, hold office since 11.09.2006 and 09.05.2012 respectively.

In the opinion of the Board, these Directors fulfill the conditions specified in the Companies Act, 2013 and rules made thereunder for their appointment as Independent Directors of the Company and are independent of the management.

The Board considers that their continued association will be of immense benefit to the Company and be desirable to continue to avail their guidance as Independent Directors. Accordingly, the Board recommends their resolutions in relation to their appointment as Independent Directors for a period of five (5) consecutive years, for the approval by the members of the Company.

Details of the Directors along with their brief resume have been given in the Corporate Governance Report for the information of Members. Copies of the draft letters of their appointment as Independent Directors will be available for inspection without any fee by the members at the Registered Office of the Company during normal business hours on any working day.

Copy of the Consent letters received from the directors will be available for inspection without any fee by the members at the Registered Office of the Company during normal business hours on any working day.

Company has received notices in writing from member(s) along with requisite deposit proposing candidature of each of the directors under reference.



Except the concerned Directors, none of the Directors, Key Managerial Personnel of the Company and their relatives are concerned or interested in the resolutions.

The Board recommends resolutions for your approval.

Item No. 8:

Mr. K. R. Dhole an industrialist holding Masters degree in Chemistry has more than 30 years of experience in chemicals and automobile field. His brief resume is given in Corporate Governance Report for the information of the Members.

In terms of Section 149 and other applicable provisions of the Companies Act 2013, Mr. K. R. Dhole being eligible and offering himself for appointment, is proposed to be appointed as an Independent Director for a term of five (5) consecutive years from conclusion of this Annual General Meeting.

In the opinion of the Board, Mr. K. R. Dhole fulfills the conditions specified in the Companies Act, 2013 and rules made thereunder for his appointment as an Independent Director of the Company and is independent of the management. Copy of the draft letter for appointment of Mr. K. R. Dhole as an Independent Director will be available for inspection without any fee by the members at the Registered Office of the Company during normal business hours on any working day.

Copy of the Consent letter received from Mr. K. R. Dhole will be available for inspection without any fee by the members at the Registered Office of the Company during normal business hours on any working day.

A notice along with requisite deposit has been received from a member proposing Mr. K. R. Dhole as a candidate for the office of Director of the Company.

The Board considers that his association would be of immense benefit to the Company and it is desirable to avail guidance of Mr. K. R. Dhole as an Independent Director. Accordingly, the Board recommends the resolution in relation to appointment of Mr. K. R. Dhole as an Independent Director, for the approval by the Members of the Company.

Except Mr. K. R. Dhole, being an appointee, none of the Directors, Key Managerial Personnel of the Company and their relatives are concerned or interested in the resolution.

The Board recommends the resolution for your approval.

Item No.9:

At an Annual General Meeting of the members of the Company held on 30th July, 2012, members approved appointment and remuneration payable to Mr. E. Purushotham, Managing Director, for a period of 3 years from 01st August, 2012 to 31st July, 2015. The remuneration was then fixed considering the estimated profitability of the Company. However due to non commencement of supplies to USA and European countries on account of audit issues raised by the regulatory authorities from European Directorate Quality Management (EDQM) and USFDA, the operations of the company have been adversely affected resulting into substantial drop in turnover by about 50% and consequent loss incurred by the

Company. Remuneration paid to Mr. E. Purushotham and Mr. E. Swapnil, other whole-time Director as per earlier approval has exceeded 10% of the net profits of the Company. In view of this the Company proposes to submit application seeking approval of the Central Government for waiver of excess remuneration of Rs. 36 Lacs paid to Mr. E. Purushotham while remuneration paid to Mr. E. Swapnil is covered within the ceilings laid down under schedule XIII of the Companies Act, 1956. Nomination and Remuneration Committee has recommended submission of application to the Central Government for waiver of excess remuneration.

Mr. E. Purushotham being the key person managing company's business has been actively involved since its inception. Credit for the progress made by the Company goes to untiring efforts and guidance provided by him. Management is making all round efforts to satisfy the requirements of regulatory authorities and ensure that the Company is able to resume its business to Europe and USA at the earliest and also making efforts to make in-roads in new markets such as South East and Middle East, so that turnover and profit margins improve significantly to reach earlier levels. Remuneration paid to him is commensurate with his qualifications, involvement and progress made by the Company despite adverse situations which are faced even by other Indian pharmaceutical and bulk drug manufacturing Companies of much bigger size than your Company. In view of present exceptional circumstances it is considered appropriate and justified to waive excess remuneration comprised of only basic salary paid to Mr. E. Purushotham.

Except Mr. E. Purushotham, Mr. E. Swapnil, Mrs. E. Vaishnavi, none of the Directors Key Managerial Personnel of the Company and their relatives are concerned or interested in the resolution. The Board recommends the resolution for your approval.

Item No.10 :

The Board, on the recommendation of the Audit Committee, has approved the appointment of and remuneration payable to Shrinivas Diddi & Associates, Cost Accountants for conducting the audit of the cost records of the Company for the financial year ending March 31, 2015 on a Audit Fees of Rs.25,000/- plus service tax as applicable and reimbursement of out of pocket expenses.

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

Accordingly, consent of the members is sought for passing an Ordinary Resolution as set out at Item No. 16 of the Notice for ratification of the remuneration payable to the Cost Auditor for the financial year ending March 31, 2015.

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

The Board recommends the Resolution for your approval.



Item No. 11 :

At an Annual General Meeting of the members of the Company held on 30th July, 2012, members approved appointment and remuneration payable to Mr. E. Purushotham, Managing Director. The present term of Mr. E. Purushotham as Managing Director will expire on 31st July, 2015. Taking into account his contribution and vital role towards progress of the Company, it is proposed to avail the services of Mr. E. Purushotham by cancelling the unexpired term of the present Agreement and enter into a new Agreement for a period of 3 (Three) years with effect from 01st April, 2014. Terms of remuneration and other conditions of his appointment are on similar lines as approved by the members on the past occasion in 2012.

Details of Remuneration payable to Mr. E. Purushotham

1. Salary

From 1st April, 2014 till 31st March, 2017

Rs. 7,00,000/- (Rupees Seven Lacs) per month.

Annual increase in remuneration excluding commission not to exceed 50% over the previous year.

2. Allowances / Perquisites

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

3. Commission

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

4. Provident Fund and Gratuity Fund

Company's contribution to Provident Fund and Family Pension Scheme to the extent these either singly or

together are not taxable under The Income Tax Act, 1961 and Gratuity payable as per the rules of the Company and encashment of leave at the end of their tenures shall not be included in computation of limits for remuneration or perquisites aforesaid.

5. Minimum remuneration

If in any year during the currency of appointment of the Managing Director, the Company has no profits or its profits are inadequate, Company shall pay remuneration by way of Salary, perquisites and allowances as per applicable provisions of Part II Section II of Schedule V to the Companies Act, 2013.

6. Memorandum of Interest

In case of Mr. E.Purushotham no other Directors except the appointee, Mrs. E. Vaishnavi, and Mr. E. Swapnil are concerned or interested in the resolution. Similarly none of the Key Managerial Personnel or their relatives are concerned or interested in the resolution.

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

8. General terms of appointment.

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

Appointment terminable with 3 months notice from either side.

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

Additional Information relevant to appointment of the Managing Director forming part of the explanatory statement as required under schedule V of the Companies Act, 2013.

A. General Information:

1. Nature of Industry:

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

2. Date of commencement of Commercial Production:

The Company commenced commercial Production from December 1990.

3. Financial performance based on Audited Financial Results for the year ended 31/03/2014

Particulars	Rs. (In Lacs)
Net Sales & Other Income	9233.55
Profit/(Loss) before interest and Depreciation	210.57
Interest	518.68
Depreciation	598.57
Profit/ (Loss) before Tax	(906.68)
Profit/ Loss after Tax	(615.19)



4. Export Performance and Foreign Exchange earned for the year ended 31/03/2014:

During the year 2013-14 the Company's Exports amounted to Rs. 2977 lacs compared to Rs. 4208 in previous year, registering the decrease of 29.25 %

5. Foreign Investment or Collaborations, if any:

NIL

(I) Information about the Managing Director:

a. Background Details :

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

b. Past Remuneration :

For Mr. E. Purushotham

Rs. 6,00,000/- (Rupees Six Lacs) per month, plus Provident Fund contribution @ 12% , Commission@1% of the net profits of the company, Gratuity as per rules of the Company, free furnished residential accommodation, reimbursement of medical and traveling expenses, personal accident insurance, free use of company's car with driver etc.

c. Job Profile & Suitability :

Mr. E Purushotham is overall in-charge of the company particularly looking after technical and marketing matters. Due to untiring efforts and long term vision of Mr. E. Purushotham the company has been able to grow rapidly and earn reputation as a quality supplier of the products in domestic as well as international markets in spite of intense competition.

d. Remuneration Proposed :

Mr. E.Purushotham

Rs. 7,00,000/- per month plus Commission / Allowances / Perquisites, viz. free furnished residential accommodation, reimbursement of medical and leave travel expenses, personal accident insurance policies, company car with driver, contribution to Provident Fund and Gratuity etc.

Annual increase in remuneration excluding commission not to exceed 50% over the previous year.

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

The remuneration proposed for the Managing Director is same as currently paid to him and the same is in line with the one paid by the companies of similar size and nature of business.

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

(II) Other Information: (AS APPLICABLE)

- a) Reasons for loss or inadequate profits :

Due to non commencement of supplies to USA and European countries on account of audit issues raised by the regulatory authorities from European Directorate Quality Management (EDQM) and USFDA, the operations of the company have been adversely affected resulting into substantial drop in turnover by about 50% and consequent loss incurred by the Company. Similar regulatory issues are faced even by other large and reputed Indian pharmaceutical and bulk drug manufacturing Companies.

- b) Steps taken or proposed to be taken for improvement

The Company is taking necessary steps for addressing the issues raised by the European and US Regulatory Authorities by strengthening the quality assurance and quality control systems. Besides efforts have been taken to improve the level and quality of documentation to the expectations of the regulators at the plant level. The company shall invite the regulators for re-inspection of the facilities upon satisfactory culmination of the response process currently being undertaken with the regulators.

- c) Expected increase in productivity and profits in measurable items :

The Company undertakes efforts on continuing basis for improving production and profitability.

(III) Disclosures:

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

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

Directors recommend Resolution for your approval.

Item No. 12:

In conformity with the Section 203 of the Companies Act, 2013 which provides that every listed company shall comply with the provisions relating to appointment of Key Managerial Personnel (KMP). Besides Chemical Engineer, Mr. E. Swapnil is MBA from Spain with specialization in Finance. Considering his educational qualifications and active role he is playing in handling Finance function, it is considered appropriate to re-designate Mr. E. Swapnil as Executive Director and Chief Financial Officer (CFO) of the Company in place of his current designation as Executive Director and Chief Operating Officer. In spite of change in designation Mr. E. Swapnil shall continue to draw same salary as at present.



None of the Directors other than Mr. E.Purushotham , Mr. E. Swapnil and Mrs. E. Vaishnavi, Key Managerial Personnel of the Company and their relatives are concerned or interested in the resolutions.

Directors recommend Special Resolution for you approval.

Place : Solapur
Date : 09th August 2014

For & on behalf of the Board
sd/-
(Chetna B. Tiwari)
Company Secretary