



TO  
THE BOARD OF DIRECTORS  
SOUTHERN MAGNESIUM AND CHEMICALS LIMITED  
HYDERABAD.

**REVIEW REPORT ON FINANCIAL INFORMATION OF SOUTHERN MAGNESIUM AND CHEMICALS LIMITED FOR THE QUARTER ENDED 30<sup>th</sup> JUNE 2015 TO BE SUBMITTED TO STOCK EXCHANGES**

We have reviewed the accompanying statement of unaudited financial results of **SOUTHERN MAGNESIUM AND CHEMICALS LIMITED**, 6-3-666/B, 5th Floor, Deccan Chambers, Somajiguda, Hyderabad – 500 082, Telangana (“the Company”) for the Quarter ended 30<sup>th</sup> June, 2015 being submitted by the Company pursuant to the requirements of Clause 41 of the Listing Agreement with the Stock Exchanges except for the disclosures regarding ‘Public Shareholding’ and ‘Promoter Group Shareholding’ which have been traced from the disclosures made by the management and have not been reviewed by us. Management is responsible for the preparation and fair presentation of this interim financial information in accordance with the terms of Clause 41 of the Listing Agreement entered into by the said Entity with Stock Exchanges. Our responsibility is to express a conclusion on this interim financial information based on our review.

**Scope of Review**

We conducted our review in accordance with Standard on Review Engagement (SRE) 2410, “Review of Interim Financial Information performed by the Independent Auditor of the Entity” issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatements. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

***The Company has not adopted and complied with the requirements of AS-15 ‘Employee Benefits’ in respect of the Gratuity liability, which constitutes a departure from the Accounting standards referred to in section 133 of the Companies Act 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014. In view of this the liability of the company in this regard could not be ascertained. Consequently, we are unable to comment about the impact of this on the profit for the quarter ended 30<sup>th</sup> June 2015, income tax and shareholder’s funds.***





**K.S. Rao & Co.**

CHARTERED ACCOUNTANTS

### Conclusion

Based on our review conducted as above, nothing has come to our attention that causes us to believe that the accompanying statement of unaudited financial results prepared in accordance with applicable accounting standards specified under section 133 of the Companies Act 2013 read with Rule 7 of Companies (Accounts) Rules 2014 and other recognized accounting practices and policies has not disclosed the information required to be disclosed in terms of Clause 41 of the Listing Agreement, including the manner in which it is to be disclosed, or that it contains any material misstatement.

For K.S.RAO & CO.,  
Chartered Accountants  
Firms' Regn. No. 003109S

(P. GOVARDHANA REDDY)  
Partner  
Membership No. 029193

Place : Hyderabad  
Date : 03.08.2015



# SOUTHERN MAGNESIUM AND CHEMICALS LIMITED

Deccan Chambers, 5<sup>th</sup> Floor, 6-3-666/B, Somajiguda, Hyderabad-500 082  
 Phones: 23311789, 23312341, Fax: 040-23319871 E-Mail: southernmagnesium@gmail.com  
 CIN : L27109AP1985PLC005303

## SOUTHERN MAGNESIUM AND CHEMICALS LIMITED Un-audited Financial Results for the 1st Quarter ended 30th June 2015

### PART - 1

S.no	PARTICULARS	Rupees (lakhs)			
		Quater ended		Year Ended	
		30.06.2015	31.03.2015	30.06.2014	31.03.2015
		Un-Audited	Audited	Un-Audited	Audited
<b>1</b>	<b>Income from operations</b>				Rs.
	(a) Net Sales / Income from operations (Net of excise duty)	50.54	218.81	36.88	546.64
	(b) Other operating Income	13.80	0.00	0.00	0.00
	<b>Total income from operations (net)</b>	<b>64.34</b>	<b>218.81</b>	<b>36.88</b>	<b>546.64</b>
<b>2</b>	<b>Expenses</b>				
	a) Cost of raw materials consumed	72.66	74.57	1.11	205.99
	b) Changes in inventories of finished goods and work-in-progress	(68.69)	10.02	10.35	4.86
	c) Employee benefits expense	11.31	15.08	7.45	43.65
	d) Depreciation and amortization expense	0.43	0.43	0.40	1.66
	e) Other Expenses	13.95	7.00	3.97	30.39
	<b>Total Expenses</b>	<b>29.66</b>	<b>107.10</b>	<b>23.28</b>	<b>286.55</b>
<b>3</b>	<b>Profit/ (Loss) from operations before other income, finance cost &amp; exceptional items (1-2)</b>	<b>34.68</b>	<b>111.71</b>	<b>13.60</b>	<b>260.09</b>
<b>4</b>	<b>Other Income</b>	<b>0.15</b>	<b>0.84</b>	<b>0.39</b>	<b>2.14</b>
<b>5</b>	<b>Profit/ (Loss) before finance cost &amp; exceptional items (3+4)</b>	<b>34.83</b>	<b>112.55</b>	<b>13.99</b>	<b>262.23</b>
<b>6</b>	<b>Finance Cost</b>	<b>1.70</b>	<b>0.56</b>	<b>0.60</b>	<b>6.00</b>
<b>7</b>	<b>Profit after finance cost but before exceptional items (5-6)</b>	<b>33.13</b>	<b>111.99</b>	<b>13.39</b>	<b>256.23</b>
<b>8</b>	<b>Exceptional items</b>	<b>0.00</b>	<b>**15.02</b>	<b>0.13</b>	<b>**81.10</b>
<b>9</b>	<b>Profit/ (Loss) from ordinary activities before Tax (7+8)</b>	<b>33.13</b>	<b>127.01</b>	<b>13.52</b>	<b>337.33</b>
<b>10</b>	<b>Tax expense</b>	<b>0.00</b>	<b>0.49</b>	<b>0.00</b>	<b>0.49</b>
<b>11</b>	<b>Net Profit /(Loss) from ordinary activities after tax (9-10)</b>	<b>33.13</b>	<b>126.52</b>	<b>13.52</b>	<b>336.84</b>
<b>12</b>	<b>Extraordinary items (net of tax expense)</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>13</b>	<b>Net Profit/ (Loss) for the period (11-12)</b>	<b>33.13</b>	<b>126.52</b>	<b>13.52</b>	<b>336.84</b>
<b>14</b>	<b>Paid up equity Share Capital (Rs.10/- Share Face value)</b>	<b>300.00</b>	<b>300.00</b>	<b>300.00</b>	<b>300.00</b>
<b>15</b>	<b>Reserves excluding revaluation reserves as per Balance Sheet of previous accounting year (Capital Reserve)</b>	<b>10.00</b>	<b>10.00</b>	<b>10.00</b>	<b>10.00</b>
<b>16</b>	<b>Earnings per Share (EPS) (In rupees)</b>				
	a) Basic and diluted EPS. Rs. (before extraordinary items )	1.10	4.18	*0.45	11.06
	b) Basic and diluted EPS. Rs. (after Extraordinary items)	1.10	4.18	*0.45	11.06

\* Note for the quarter ended 30.06.2014 un-audited results - Preference dividend of Rs.5,00,000 per annum which is considered at the year ended

\*\* Note relating to results for the quarter ended 31.03.2015 and for the year ended 31.03.2015 - Gain on sale of Assets

Southern Magnesium & Chemicals Ltd.

*[Signature]*  
 Joint Managing Director



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## PART - 2

### A. Particulars of Shareholding

S.no	PARTICULARS	Quarter ended			Year Ended
		30.06.2015	31.03.2015	30.06.2014	31.03.2015
		Un-Audited	Audited	Un-Audited	Audited
1	<b>Public Share holding</b>				
	- Number of shares	13,01,200	13,01,200	13,01,200	13,01,200
	- percentage of share holding	43.35%	43.35%	43.35%	43.35%
2	<b>Promoters and Promoter Group Shareholding</b>	16,98,800	16,98,800	16,98,800	16,98,800
	a) Pledge / encumbered				
	- Number of shares	Nil	Nil	Nil	Nil
	- Percentage of shares (as a % of the total shareholding of promoter and promoter group)	Nil	Nil	Nil	Nil
	- Percentage of shares (as a % of the total share Capital of the company)	Nil	Nil	Nil	Nil
	b) Non-encumbered				
	- Number of Shares	16,98,800	16,98,800	16,98,800	16,98,800
	- Percentage of shares (as a % of the total shareholding of promoter and promoter group)	100%	100%	100%	100%
	- Percentage of shares (as a % of the total share Capital of the company)	56.65%	56.65%	56.65%	56.65%

### B. Investor Complaints

S.no	Particulars	Quarter ended
		30.06.2015
1	Pending at the beginning of the quarter	Nil
2	Received during the quarter	Nil
3	Disposed of during the quarter	Nil
4	Remaining unresolved at the end of the quarter	Nil

Figures for the previous quarters/ reporting periods have been regrouped to conform with the requirements of the Schedule-III to the Companies Act, 2013.

Place : Hyderabad

Date : 03.08.2015

(N. Rajender Prasad)  
 Jt. Managing Director

- Sales figures are net of duties and taxes
- The above financial results were reviewed and recommended by the Audit Committee and approved by the Board of Directors in their respective meetings held on 03.08.2015
- The figures for the quarter ended of March 31st 2015 are the balancing figures between audited figures in respect of the full financial year ended March 31st 2015 and the published year to date figures upto third quarter ended 31st December 2014.
- Tax Expenses : The MAT provision if any, would be considered at the year end
- The company has not adopted AS-15 Employee Benefits issued by ICAI for providing its liability towards employee benefits. The impact on the above results due to non - adoption of AS-15 "Employee Benefits" could not be ascertained.
- Company has paid preference dividend during the F.Y.2014-2015 on cumulative redeemable preference shares without setting off carried over previous losses and depreciation that was not provided in earlier years. As a result –
  - the negative balance in Statement of Profit and Loss has gone up by Rs. 90,37,865/-
  - As per second proviso to sub-section (2) of Section 55 of the Act, Preference Shares shall be redeemed only out of the profits of the Company available for Dividend or out of the proceeds of the fresh issue of shares made for the purpose of such redemption. Since the Company could not rollover the redemption period, the Company redeemed the preference shares despite of absence of the profits available for redemption and no fresh issue made for such redemption.
  - Also the Company has not created the Capital Redemption Reserve. Had the Company created the Capital Redemption Reserve of Rs. 1 Crore (i.e. Amount equivalent to redeemed Preference Share Capital) the Capital Redemption Reserve would have been more by Rs. 1 Crore and the negative balance in the Statement Profit and Loss would have been more by Rs. 1 Crore.
- There are no pending shareholders complaints

for Southern Magnesium & Chemicals Ltd.

Jt. Managing Director