



SOUTHERN MAGNESIUM AND CHEMICALS LIMITED

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CIN : L27109TG1985PLC005303

SMCL/BSE/2017-18/149

To,
The Bombay Stock Exchange Limited,
Phiroze Jeejeebhoy Towers
Dalal Street
Mumbai- 400001

Date: 12.05.2017
Place: Hyderabad

SUB: Intimation to BSE about the outcome of board meeting under Reg 30

Sir,

This Intimation is being given under regulation 30 read with Schedule III Part A of SEBI (LODR), 2015 as part of dissemination of information regarding outcome of the board meeting.


Commencement of Board meeting 11:30 AM.

Conclusion of the meeting 01:00 PM.

h) Financial Results along with Auditor report have been approved for quarter and Financial year ended 31.03.2017.

Regards

For Southern Magnesium and Chemicals Limited


Mr. Rajender Prasad Nuthakki
Joint Managing Director & CFO

SOUTHERN MAGNESIUM AND CHEMICALS LIMITED
Audited Financial Results for the 4th quarter ended 31st March 2017

PART - 1

Rupees (lakhs)

	Particulars	Quarter Ended			Year Ended	
		31.03.17	31.12.16	31.03.16	31.03.17	31.03.2016
		Audited	Un-Audited	Audited	Audited	Audited
1	Income from operations					Rs.
	(a) Net Sales / Income from operations (Net of excise duty)	114.17	284.66	87.21	651.92	321.43
	(b) Other operating Income	0.00	1.34	0.00	0.00	0.00
	Total income from operations (net)	114.17	286.00	87.21	651.92	321.43
2	Expenses					
	a) Cost of raw materials consumed	94.40	60.04	115.64	403.44	207.15
	b) Changes in inventories of finished - goods and work-in-progress	-50.95	48.75	(95.73)	(175.15)	(117.03)
	c) Employee benefits expense	33.76	12.77	12.09	70.81	46.28
	d) Depreciation and amortization expense	0.60	0.43	0.44	1.90	1.73
	e) Other Expenses	19.22	14.60	7.02	61.18	32.47
	Total Expenses	97.03	136.59	39.46	362.18	170.60
3	Profit/ (Loss) from operations before other income & finance cost exceptional items (1-2)	17.14	149.41	47.75	289.74	150.83
4	Other Income	2.67	1.14	2.00	7.09	2.66
5	Profit/ (Loss) before finance cost & exceptional items (3+4)	19.81	150.55	49.75	296.83	153.49
6	Finance Cost	1.62	1.44	2.36	8.44	9.46
7	Profit/(Loss) after finance cost but before exceptional items (5-6)	18.19	149.11	47.39	288.39	144.03
8	Exceptional items	0.00	0.00	0.00	0.00	0.00
9	Profit/ (Loss) from ordinary activities before Tax (7+8)	18.19	149.11	47.39	288.39	144.03
10	Tax expense (Annualised)	6.01	49.00	0.00	98.75	49.69
11	Net Profit /(Loss) from ordinary activities after tax (9- 10)	12.18	100.11	47.39	189.64	94.34
12	Extraordinary items	0.00	0.00	0.00	0.00	0.00
13	Net Profit/ (Loss) for the period (11-12)	12.18	100.11	47.39	189.64	94.34
14	Paid up equity Share Capital (Rs.10/- Share Face value)	300	300	300	300	300
15	Reserves excluding revaluation reserves as per Balance Sheet of previous accounting year (Capital Reserve)	10	10	10	10	10
16	Earnings per Share (EPS) (in rupees)(Annualised)					
	a) Basic and diluted EPS. Rs. (before extraordinary items),	0.41	3.34	1.58	6.32	3.14
	b) Basic and diluted EPS. Rs. (after Extraordinary items for the)	0.41	3.34	1.58	6.32	3.14

PART - 2

A. Particulars of Shareholding

S.no	PARTICULARS	Quarter Ended			Year Ended	
		31.03.17	31.12.16	31.03.16	31.03.17	31.03.16
		Audited	Un-Audited	Audited	Audited	
1	Public Share holding					
	- Number of shares	13,01,200	13,01,200	13,01,200	13,01,200	13,01,200
	- percentage of share holding	43.35%	43.35%	43.35%	43.35%	43.35%
2	Promoters and Promoter Group Shareholding	16,98,800	16,98,800	16,98,800	16,98,800	16,98,800
	a) Pledge / encumbered					
	- Number of shares	Nil	Nil	Nil	Nil	Nil
	- Percentage of shares (as a % of the total shareholding of promoter and promoter group)	Nil	Nil	Nil	Nil	Nil
	- Percentage of shares (as a % of the total share Capital of the company)	Nil	Nil	Nil	Nil	Nil
	b) Non-encumbered					
	-Number of Shares	16,98,800	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%	100%
	- Percentage of shares (as a % of the total share Capital of the company)	56.65%	56.65%	56.65%	56.65%	56.65%

B. Investor Complaints

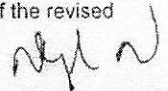
S.no	Particulars	Quarter ended
1	Pending at the beginning of the quarter	Nil
2	Received during the quarter	Nil
3	Disposed of during the quarter	Nil
4	Remaining unresolved at the end of the quarter	Nil

STATEMENT OF ASSETS & LIABILITIES

	Particulars	As at	
		31.03.17 (Audited)	31.03.16 (Audited)
A	EQUITY AND LIABILITIES		
1	Shareholders' funds		
	(a) Share capital	300	300
	(b) Reserves and surplus	(49.82)	(239.46)
	Sub-total - Shareholders' funds	250.18	60.54
2	Share application money pending allotment	0.00	0.00
3	Non-current liabilities		
	(a) Long-term borrowings	0.00	0.00
	(b) Deferred tax liabilities (net)	7.79	7.99
	(c) Other long-term liabilities	0.00	0.00
	(d) Long-term provisions	7.90	1.00
	Sub-total - Non-current liabilities	15.69	8.99
4	Current liabilities		
	(a) Short-term borrowings	122.14	182.80
	(b) Trade payables		
	(c) Other current liabilities	122.90	30.19
	(d) Short-term provisions	98.75	50.10
	Sub-total - Current liabilities	343.79	263.09
	TOTAL - EQUITY AND LIABILITIES	609.66	332.62
B	ASSETS		
1	Non-current assets		
	(a) Fixed assets - tangible assets	31.25	32.40
	(b) Non-current investments	0.00	0.00
	(c) Deferred tax assets (net)	0.00	0.00
	(d) Long-term loans and advances	0.00	0.00
	(e) Other non-current assets	0.00	0.00
	Sub-total - Non-current assets	31.25	32.40
2	Current assets		
	(a) Current investments		
	(b) Inventories	290.99	165.15
	(c) Trade receivables	120.60	101.80
	(d) Cash and cash equivalents	52.87	18.63
	(e) Short-term loans and advances	111.2	13.85
	(f) Other current assets	2.75	0.78
	Sub-total - Current assets	578.41	300.21
	TOTAL - ASSETS	609.66	332.61

1. Figures for the previous quarters/reporting periods have been regrouped to conform with the requirements of the revised Schedule - VI to the Companies Act.

Place: Hyderabad
Date: 12.05.2017


(N. Rajender Prasad)
Jt. Managing Director

1. Sales figures are net of duties and taxes
2. The above financial results have been taken on record by the Board of Directors at the meeting held on 12.05.2017
3. There are no pending shareholders complaints

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

CHARTERED ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Members of SOUTHERN MAGNESIUM AND CHEMICALS LIMITED

Report on the Financial Statements

We have audited the accompanying standalone financial statements of SOUTHERN MAGNESIUM AND CHEMICALS LIMITED, HYDERABAD, TELANGANA ("The Company") which comprise the Balance Sheet as at 31st March, 2017, the Statement of Profit and Loss, the Cash Flow Statement for the year then 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 financial Statements that give a true and fair view of the financial position of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards 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 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 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 there under.

We conducted our audit 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 financial statements are free from material misstatement.



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An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 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 financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone 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,

- (a) In the case of the Balance Sheet, of the state of affairs of the company as at March 31, 2017;
 - (b) In the case of the Statement of Profit and Loss, of the profit for the year ended on the date.
- And
- (c) In the case of the Cash flow statements, of the cash flow 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 of India in terms of sub-section(11) of section 143 of the Companies Act 2013, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the 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 and the Cash Flow Statement dealt with by this report are in agreement with the books of account;

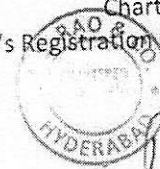




- (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014
- (e) On the basis of the written representations received from the directors as on 31st March, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2017 from being appointed as a director in terms of Section 164 (2) of the Act;
- (f) with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B"; and
- (g) 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:
- The Company does not have any pending litigations which would impact its financial position
 - The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
 - The company has provided requisite disclosures in the financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016. Based on audit procedures and relying on the management representation we report that the disclosures are in accordance with books of accounts maintained by the Company and as produced to us by the Management (Refer to Note No 27 to the audited Financial Statements)

Place : Hyderabad
Date : 12.05.2017

for K.S.Rao & CO;
Chartered Accountants
Firm's Registration Number: 0031095



M.N. Prasad
(M.Naga Prasad)

Partner

Membership Number: 231388

Annexure -A to Independent Auditor's Report

The Annexure referred to in Para 1 under the heading of "Report on Other Legal and Regulatory Requirements" of our report of even date, to the members of SOUTHERN MAGNESIUM AND CHEMICALS LIMITED HYDERABAD, for the year ended March 31,2017.,

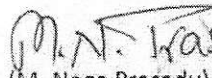
1.
 - a. The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - b. As explained to us, the management has physically verified the fixed assets during the year and there is a regular programme of physical verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of the assets. No discrepancies were noticed on such verification.
 - c. The title deeds of immovable properties are held in the name of the Company.
2. The inventory has been physically verified by the management at reasonable intervals and in our opinion, the frequency of verification is reasonable. No material discrepancies were noticed on physical verification between the physical stocks and the book stocks.
3.
 - a. During the year, the Company has not granted any loans, secured or unsecured to Companies, firms, limited liability partnerships or other parties covered in the register maintained under Section 189 of the Companies Act, 2013.
 - b. In view of our comment in para (a) above, Clause (III) (a), (b) and (c) of paragraph 3 of the Companies (Auditor's Report) Order 2016 are not applicable to the Company.
4. In our opinion and according to the information and explanations given to us, the Company has not advanced any loan to any Director and no investments were made during the year as referred to in sections 185 and 186 of the Act. Therefore, the provisions of Paragraph 3(iv) of the of the Companies (Auditor's Report) Order 2016 are not applicable to the Company.
5. The Company has not accepted any deposits from the public. Hence the provisions of Sections 73 to 76 or any other relevant provisions of the Companies Act, 2013, and the rules framed there under; do not apply to this Company.
6. In view of the present activity carried on by the company the para 3(vi) of the said order with respect to cost records is not applicable.
7.
 - a. According to the records, the company is regular in depositing undisputed statutory dues including, Provident fund and ESI, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and all other material statutory dues with the appropriate authorities and there were no arrears of statutory dues as at March 31, 2017 for a period of more than six months from the date they became payable.
 - b. According to the records of the Company and the information and explanations given to us, there were no dues of income tax or sales tax or service tax or duty of customs or duty of excise or value added tax have not been deposited on account of any dispute.



8. The Company has availed Over draft facility from a nationalized bank and not defaulted in repayment;
9. The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year under review;
10. Based upon the audit procedures performed and according to the information and explanations given to us, we report that no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the year.
11. Managerial remuneration has been paid in compliance with provisions of Sec 197 read with Schedule V to the Companies Act 2013,
12. The Company is not a Nidhi Company. Accordingly, paragraph 3(xii) of the Order is not applicable;
13. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards;
14. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year;
15. The Company has not entered into non-cash transactions with directors or persons connected with him;
16. The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

Place: Hyderabad
Date: 12.05.2017

For K.S.RAO & Co
Chartered Accountants
Firm's Regn. No. 0031095 & Co.


(M. Naga Prasad)

Partner

Membership No. 231388

Annexure – B to the Auditors' Report

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

1. We have audited the internal financial controls over financial reporting of **MAGNESIUM AND CHEMICALS LIMITED** ("the Company") as of March 31, 2017 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

2. 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". 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

3. 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.
4. 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 financial statements, whether due to fraud or error.

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

Meaning of Internal Financial Controls over Financial Reporting

6. 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:
 - a. pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;



- b. provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and
- c. Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

7. 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.

Qualified Opinion

8. According to the information and explanations given to us and based on our audit, the following material weakness have been identified as at March 31, 2017;
9. The Company did not have an appropriate internal control system for customer acceptance, credit evaluation and establishing customer credit limits for sales, which could potentially result in the Company recognizing revenue without establishing reasonable certainty of ultimate collection.

A 'material weakness' is a deficiency, or a combination of deficiencies, in internal financial control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual financial statements will not be prevented or detected on a timely basis.

In our opinion, except for the possible effects of the material weakness described above on the achievement of the objectives of the control criteria, the Company has maintained, 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 March 31, 2017, 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".

We have considered the material weakness identified and reported above in determining the nature timing, and extent of audit tests applied in our audit of the March 31, 2017 financial statements of the Company, and the material weakness does not affect our opinion on the financial statements of the Company.

Place: Hyderabad
Date: 12.05.2017

for K.S.Rao & Co
Chartered Accountants
Firm's Regn. No.003109S


(M. Naga Prasad)

Partner

Membership No.231388

