



Brahmayya & Co

CHARTERED ACCOUNTANTS

VIJAYAWADA, HYDERABAD, VISAKHAPATNAM, GUNTUR, TANUKU

Independent Auditor's Report on Quarterly and Year to Date Financial Results of the Company Pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015, as amended

To

Board of Directors of **SOUTHERN MAGNESIUM AND CHEMICALS LIMITED.**

Report on the audit of the Financial Results

Opinion

We have audited the accompanying statement of quarterly and year to date financial results of **SOUTHERN MAGNESIUM AND CHEMICALS LIMITED** (the "Company") for the quarter and the year ended March 31, 2024 ("Statement"), attached herewith, being submitted by the Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (the "Listing Regulations").

In our opinion and to the best of our information and according to the explanations given to us these financial results:

- i. are presented in accordance with the requirements of Regulation 33 of the Listing Regulations in this regard; and
- ii. give a true and fair view in conformity with the recognition and measurement principles laid down in the applicable accounting standards and other accounting principles generally accepted in India of the net profit and other comprehensive income and other financial information for the quarter and year ended March 31, 2024.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013 (the Act). Our responsibilities under those Standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Results" section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's Responsibilities for the Financial Results

The statement has been prepared on the basis of the annual financial statements. The Company's Board of Directors are responsible for the preparation and presentation of the statement that give a true and fair view of the net profit and other comprehensive income and other financial information in accordance with the applicable accounting standards





prescribed under Section 133 of the Act read with relevant rules issued thereunder and other accounting principles generally accepted in India and in compliance with Regulation 33 of the Listing Regulations. 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 statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Results

Our objectives are to obtain reasonable assurance about whether the statement as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the statement.

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

- Identify and assess the risks of material misstatement of the statement, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls





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- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial results or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the statement, including the disclosures, and whether the statement represents the underlying transactions and events in a manner that achieves fair presentation.

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

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

Other Matter

The Statement includes the results for the quarter ended March 31, 2024 being the balancing figure between the audited figures in respect of the full financial year ended March 31, 2024 and the published unaudited year-to-date figures up to the third quarter of the current financial year, which were subjected to a limited review by us, as required under the Listing Regulations.

Date : 29.05.2024
Place : Hyderabad

for **BRAHMAYYA & CO.**

Chartered Accountants

Firm's Regn No. 000513S



K. Shraavan

(K.SHRAVAN)

Partner

Membership No. 215798

UDIN: 24215798 BKESQU5597



SOUTHERN MAGNESIUM AND CHEMICALS LIMITED

Deccan Chambers, 5th Floor, 6-3-666/B, Somajiguda, Hyderabad-500 082
 Phones: 23311789, 23312341, Fax: 040-23319871 E-Mail: southernmagnesium@gmail.com
 CIN : L27109TG1985PLC005303

| SOUTHERN MAGNESIUM AND CHEMICALS LIMITED | | | | | | |
|--|---|-------------------------|----------------------------|-------------------------|-------------------------|-------------------------|
| CIN: L27109TG1985PLC005303 | | | | | | |
| Regd. office : Deccan Chambers, 5th Floor, 6-3-666/B, Somajiguda, Hyderabad – 500082 | | | | | | |
| Audited Financial Results for Quarter and Year Ended 31st March, 2024 | | | | | | |
| (Rupees in lakhs) | | | | | | |
| Sl.No | Particulars | For the Quarter ended | | | Year Ended | |
| | | 31.03.2024 (Audited) | 31.12.2023 (Un Audited) | 31.03.2023 (Audited) | 31.03.2024 (Audited) | 31.03.2023 (Audited) |
| I | Revenue From Operations | 264.67 | 288.03 | 179.78 | 946.70 | 856.96 |
| II | Other Income | 10.30 | 9.18 | 5.27 | 34.39 | 8.75 |
| III | Total Income (I+II) | 274.97 | 297.21 | 185.05 | 981.09 | 865.71 |
| IV | EXPENSES | | | | | |
| | Cost of materials consumed | 139.07 | 124.30 | 67.19 | 460.88 | 224.97 |
| | Purchase of stock in trade | | | | | |
| | Changes in inventories of finished goods, Stock-in -Trade and work-in-progress | (32.15) | (16.99) | (20.23) | (105.91) | (9.45) |
| | Employee benefits expense | 26.29 | 23.45 | 21.12 | 93.52 | 78.40 |
| | Finance costs | 3.35 | 2.96 | - | 9.93 | 1.10 |
| | Depreciation and amortization expense | 1.86 | 1.25 | 1.28 | 5.47 | 4.93 |
| | Other expenses | 34.80 | 11.26 | 6.21 | 72.46 | 77.38 |
| | Total expenses (IV) | 173.22 | 146.23 | 75.57 | 536.35 | 377.33 |
| V | Profit/(loss) before exceptional items and tax (III- IV) | 101.75 | 150.98 | 109.48 | 444.74 | 488.38 |
| VI | Exceptional Items | - | - | - | - | - |
| VII | Profit/(loss) before tax (V+VI) | 101.75 | 150.98 | 109.48 | 444.74 | 488.38 |
| VIII | Tax expense: | | | | | |
| | Current tax | 25.88 | 32.98 | 38.16 | 112.12 | 128.98 |
| | Relating to earlier years | - | - | (1.22) | - | (1.22) |
| | Deferred tax | (0.50) | (0.35) | - | (0.42) | 7.63 |
| IX | Profit/(Loss) for the period (VII-VIII) | 76.37 | 118.35 | 72.54 | 333.04 | 352.99 |
| X | Other Comprehensive Income | | | | | |
| | A (i) Items that will not be reclassified to profit or loss | - | - | - | - | - |
| | (ii) Income tax relating to items that will not be reclassified to profit or loss | - | - | - | - | - |
| | B (i) Items that will be reclassified to profit or loss | - | - | - | - | - |
| | (ii) Income tax relating to items that will be reclassified to profit or loss | - | - | - | - | - |
| | Total Other Comprehensive income (net of taxes) | - | - | - | - | - |
| XI | Total Comprehensive Income for the period | 76.37 | 118.35 | 72.54 | 333.04 | 352.99 |
| XII | Earnings per equity share- Basic and Diluted | 2.55 | 3.95 | 4.42 | 11.10 | 11.77 |
| | Weighted Average number of equity shares in nos | 3,000,000 | 3,000,000 | 3,000,000 | 3,000,000 | 3,000,000 |

Notes:

1. The Audited financial results of the Company have been prepared in accordance with the Indian Accounting Standards ("Ind AS") prescribed under section 133 of the Companies Act, 2013 ("the Act") read with relevant rules issued thereunder and other accounting principles generally accepted in India and in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

2. The above Audited financial results for the quarter and year ended 31st March, 2024, were reviewed by Audit Committee and approved by the Board of Directors of the Company at their respective meetings held on 29th May, 2024. The above results have been audited by the statutory auditors of the Company. An unqualified report has been issued by them thereon.

3. The Company's business activity falls within a single business segment i.e Magnesium in terms of IND AS 108 on operating segments.

4. Previous year/period figures have been regrouped wherever necessary to conform current year/period classification.

Place : Hyderabad

Date : 29-05-2024

For and on behalf of the Board of Directors

N.Rajender Prasad

Joint Managing Director



SOUTHERN MAGNESIUM AND CHEMICALS LIMITED

Deccan Chambers, 5th Floor, 6-3-666/B, Somajiguda, Hyderabad-500 082

Phones: 23311789, 23312341, Fax: 040-23319871 E-Mail: southernmagnesium@gmail.com

CIN : L27109TG1985PLC005303

| Southern Magnesium and Chemicals Limited CIN- L27109TG1985PLC005303 | | |
|--|---------------------|---------------------|
| Balance Sheet | | |
| | (Rs.in Lakhs) | |
| Particulars | As at 31.03.2024 | As at 31.03.2023 |
| ASSETS | | |
| Non-current assets | | |
| (a) Property, Plant and Equipment | 35.76 | 37.52 |
| (b) Other Non Current Assets | 1.11 | 1.13 |
| (c) Other Financial Assets | 375.00 | 375.00 |
| Total non current asset | 411.87 | 413.65 |
| Current assets | | |
| (a) Inventories | 554.70 | 192.69 |
| (b) Financial Assets | | |
| (i) Trade receivables | 308.74 | 62.83 |
| (ii) Cash and cash equivalents | 3.93 | 85.29 |
| (iii) Others bank balances | 15.00 | - |
| (iv) Others financial assets | 4.15 | 4.79 |
| (c) Other current assets | 1.74 | 1.00 |
| Total Current Assets | 888.26 | 346.60 |
| TOTAL ASSETS | 1,300.13 | 760.24 |
| EQUITY AND LIABILITIES | | |
| Equity | | |
| (a) Equity Share capital | 300.00 | 300.00 |
| (b) Other Equity | 672.43 | 339.39 |
| | 972.43 | 639.39 |
| Liabilities | | |
| Non - current liabilities | | |
| (a) Financial Liabilities | | |
| (i) Borrowings | 6.24 | 18.71 |
| (b) Deferred Tax Liability | 1.52 | 1.95 |
| Total Non Current Liability | 7.76 | 20.67 |
| Current liabilities | | |
| (a) Financial Liabilities | | |
| (i) Borrowings | 238.44 | - |
| (ii) Trade payables | | |
| - Total outstanding dues of micro and small enterprises | - | - |
| - Total outstanding dues of other than micro and small enterprises | - | - |
| (iii) Other financial liabilities | 7.41 | 14.19 |
| (b) Other current liabilities | 23.96 | 22.46 |
| (c) Current tax liability (net) | 50.13 | 63.53 |
| Total Current liabilities | 319.94 | 100.18 |
| TOTAL EQUITY & LIABILITIES | 1,300.13 | 759.24 |

For Southern Magnesium & Chemicals Limited

Joint Managing Director



SOUTHERN MAGNESIUM AND CHEMICALS LIMITED

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CIN: L27109TG1985PLC005303

Regd. office : Deccan Chambers, 5th Floor, 6-3-666/B, Somajiguda, Hyderabad – 500082

Statement of Cash Flow Statement for the year ended 31st, March, 2024

(Rs. In Lakhs)

| Particulars | Year ended 31st March, 2024 (Audited) | Year ended 31st March, 2023 (Audited) |
|--|--|--|
| Cash flows from/(used in) operating activities | | |
| Net Profit/ (Loss) before tax | 444.74 | 488.37 |
| Adjustments for : | | |
| Depreciation and amortisation expenses | 5.47 | 4.93 |
| Interest earned | (29.58) | (8.75) |
| Finance costs | 9.93 | 1.10 |
| Operating Profit before working capital changes | 430.56 | 485.66 |
| Changes in operating assets and liabilities: | | |
| Decrease/(increase) in inventories | (362.02) | 19.90 |
| Decrease/(increase) in trade receivables | (245.90) | (42.00) |
| Decrease / (Increase) in financial assets and non-financial assets | (0.09) | (221.07) |
| Increase / (decrease) in financial liabilities and other liabilities | (5.28) | 1.67 |
| Cash generated/(used in) from Operations | (182.73) | 244.16 |
| Income tax paid (net of refunds) | (125.53) | (67.86) |
| Net Cash generated from operating activities (A) | (308.26) | 312.02 |
| Cash flows from/(used in) investing activities | | |
| Purchase of property, plant and equipment | (3.71) | (3.82) |
| Interest received | 29.58 | 8.75 |
| Movment in other bank balances | (15.00) | - |
| Net Cash generated from/(used in) investing activities (B) | 10.87 | 4.93 |
| Cash flows from/(used in) Financing activities | | |
| Proceeds from/(repayment of) long-term loans and borrowings, net | (12.48) | (1.75) |
| Proceeds from/(repayment of) short-term loans and borrowings, net | 238.44 | (94.90) |
| Interest paid | (9.93) | (1.10) |
| Net cash used in financing activities (C) | 216.03 | (97.75) |
| Net increase/(decrease) in cash and cash equivalents (A+B+C) | (81.36) | 219.19 |
| Cash and cash equivalents as at the beginning of the year | 85.29 | 1.82 |
| Cash and cash equivalents as at the end of the year | 3.93 | 221.01 |

For Southern Magnesium & Chemicals Limited


 Joint Managing Director