



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 31<sup>st</sup> December 2016 TO BE SUBMITTED TO STOCK EXCHANGES.**

1. 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 31<sup>st</sup> December, 2016 being submitted by the Company pursuant to the regulation 33 of SEBI (Listing Obligations and Disclosure) requirements 2015. This statement is responsibility of companies Management and has been approved by the Board of Directors. Our responsibility is to express a conclusion on this interim financial information based on our review.

**Scope of Review**

2. 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> September 2016, income tax and shareholder's funds.*






**Conclusion**

3. 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 regulation 33 of SEBI (Listing Obligations and Disclosure) requirements 2015, including the manner in which it is to be disclosed, or that it contains any material misstatement.

For K.S.RAO & CO.,  
Chartered Accountants  
Firm's Regn. No. 0031098

  
(Naga Prasadu Muvva)  
Partner  
Membership No. 231388



Place : Hyderabad  
Date : 10.02.2017