



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

To,

Date: 05.09.2020

BSE Limited
Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai - 400 001

Dear Sir/Madam,

Sub: Compliance with Regulation 30 and Regulation 34(1) of the (Listing Obligations and Disclosure Requirements), Regulations, 2015.

In accordance with Regulation 30 of SEBI (Listing Obligation and Disclosure Requirements) Regulation 2015 and Section 96 of the Companies Act, 2013 and other applicable provisions of Companies Act, 2013. We hereby inform you that the Thirty Fourth Annual General Meeting of the Company will be held on Wednesday, September 30, 2020 at 11.30 A.M. IST through Video Conferencing/ Other Audio Visual Means ("VC/OAVM") in accordance with General Circulars Nos.14/2020, 17/2020 and 20/2020 dated April 8, 2020, April 13, 2020 and May 5, 2020, respectively, issued by Ministry of Corporate Affairs and Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated May 12, 2020 issued by the Securities and Exchange Board of India.

Further we would like to inform you that pursuant to provision of Section 108 of the Act read with Rule 20 of the Companies (Management and Administration) Rules, 2014 and Regulation 44 of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015, the Company is providing e-voting facility to its shareholders to exercise the right to vote at the AGM. The remote e-voting will commence on **Sunday, 27th September, 2020 at 09.00 A.M. and will end on Tuesday, 29th September, 2020 at 05.00 P.M.** The e-voting module shall be disabled for voting thereafter and members will not be allowed to vote electronically beyond the said date and time. The cut-off date for the purpose of determining the members eligible for remote voting is fixed as 23rd September, 2020.

We enclose herewith the Annual Report for the financial year 2019-20 along with Notice of 34th Annual General Meeting.

Thanking you
Yours faithfully,

For SOUTHERN MAGNESIUM AND CHEMICALS LIMITED


N Rajender Prasad
Jt. Managing Director & CFO

Encl: as above

**SOUTHERN MAGNESIUM AND
CHEMICALS LIMITED**

(CIN NO.L27109TG1985PLC005303)



**34th ANNUAL REPORT
2019 - 2020**

CORPORATE INFORMATION**BOARD OF DIRECTORS & KMP:**

Mr. N. RAVI PRASAD	Managing Director and CEO
Mr. N. RAJENDER PRASAD	Joint Managing Director and CFO
Mrs. E. MAHALAKSHMI	APIDC Nominee Director (upto 01-01-2020)
Mrs. PADMAVATHI KOLLIPARA	APIDC Nominee Director (w.e.f. 14-02-2020)
Mr. K. ESHWARAIAH	Independent Director
Mr.V. S. S. PRAKASH	Independent Director
Mr. G. RAGHAVENDRA RAO	Independent Director

COMPANY SECRETARY : Mrs. Sneha Sridalay Soni (w.e.f. 14-02-2020)

REGISTERED OFFICE: Deccan Chambers, 5th Floor,
6-3-666/B, Somajigua, Hyderabad – 500 082
Ph: 040-23311789, Fax No: 040-23319871

AUDITORS: Brahmayya & Co.
Chartered Accountants, Hyderabad

INTERNAL AUDITORS: K.S. Rao & Co.
Chartered Accountants, Hyderabad

SECRETARIAL AUDITORS: Mr. P.A.P Murthy,
Practicing Company Secretary, Hyderabad.

BANKERS: Andhra Bank, Somajiguda, Hyderabad

WORKS: Gowripatnam, West Godavari District

LISTED AT: BSE Limited

**REGISTRAR &
SHARE TRANSFER AGENTS:** Aarathi Consultants Private Limited,
1-2-285, Domalguda, Hyderabad-500029
Ph.Nos.040-27638111/27634445
Email : info@aarthiconsultants.com

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NOTICE

NOTICE IS HEREBY GIVEN THAT THE 34TH ANNUAL GENERAL MEETING OF THE MEMBERS OF SOUTHERN MAGNESIUM AND CHEMICALS LIMITED WILL BE HELD ON WEDNESDAY, 30TH SEPTEMBER, 2020 AT 11:30 A.M. THROUGH VIDEO CONFERENCING (“VC”) / OTHER AUDIO VISUAL MEANS (“OAVM”) TO TRANSACT THE FOLLOWING BUSINESS :

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at March 31, 2020, the Profit & Loss Account and Cash Flow Statement for the year ended on that date together with the Schedules and Notes attached thereto, along with the Reports of Auditors and Directors thereon.

For and on Behalf of the Board of Directors of
Southern Magnesium and Chemicals Limited

N. RAJENDER PRASAD
JT. MANAGING DIRECTOR & CFO
(DIN: 00145659)

Place : Hyderabad
Date : 31-08-2020

NOTES:

1. In view of the continuing Covid-19 pandemic, the Ministry of Corporate Affairs (“MCA”) has vide its circular dated May 5, 2020 read with circulars dated April 8, 2020 and April 13, 2020 (collectively referred to as “MCA Circulars”) permitted the holding of the Annual General Meeting (“AGM” or “Meeting”) through VC / OAVM, without the physical presence of the Members at a common venue. In compliance with the provisions of the Companies Act, 2013 (“Act”), SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI Listing Regulations”) and MCA Circulars, the AGM of the Company is being held through VC / OAVM.
2. Pursuant to the provisions of the Act, a Member entitled to attend and vote at the AGM is entitled to appoint a proxy to attend and vote on his/her behalf and the proxy need not be a Member of the Company. Since this AGM is being held pursuant to the MCA Circulars on AGM through VC / OAVM, physical attendance of Members has been dispensed with. Accordingly, the facility for appointment of proxies by the Members will not be available for this AGM and hence the Proxy Form and Attendance Slip are **not annexed** to this Notice.
3. Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015 (as amended), and MCA Circulars dated April 08, 2020, April 13, 2020 and May 05, 2020 the Company is providing facility of remote e-voting to its Members in respect of the business to be transacted at the AGM. For this purpose, the Company has entered into an agreement with Central Depository Services (India) Limited (CDSL) for facilitating voting through electronic means, as the authorized e-Voting’s agency. The facility of casting votes by a member using remote e-voting as well as the e-voting system on the date of the AGM will be provided by CDSL.
4. The Members can join the AGM in the VC/OAVM mode 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the AGM through VC/OAVM will be made available to at least 1000 members on first come first served basis. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the AGM without restriction on account of first come first served basis.

SOUTHERN MAGNESIUM AND CHEMICALS LIMITED

5. The attendance of the Members attending the AGM through VC/OAVM will be counted for the purpose of ascertaining the quorum under Section 103 of the Companies Act, 2013.
6. Corporate members intending to authorize their representatives to attend the Meeting are requested to send a scanned certified copy of the board resolution (pdf/jpeg format) authorizing their representative to attend and vote on their behalf at the Meeting. The said Resolution/Authorization shall be sent to the Scrutinizer by email through its registered email address to dhr300@gmail.com with a copy marked to helpdesk.evoting@cDSLindia.com.
7. The Register of Members and Share Transfer Books of the Company will be closed from 24.09.2020 to 30.09.2020 (both days inclusive).
8. In terms of the Listing Regulations, securities of listed companies can only be transferred in dematerialized form with effect from 1 April 2019. In view of the above, Members are advised to dematerialize shares held by them in physical form. The ISIN in respect of equity shares is **INE308N01012**.
9. Members holding shares in physical form are requested to notify immediately any change in their address along with address proof, i.e., Electricity /Telephone Bill, Driving License or a copy of passport and Bank particulars to the company or its Registrar & Share Transfer Agent and in case their shares are held in dematerialized form, this information should be passed on directly to their respective Depository Participants and not to the company/RTA without delay.
10. As part of its “green initiative in Corporate Governance”, MCA allows paperless compliances including service of a notice/document by companies to their Members through electronic mode. Therefore, members are requested to update their e-mail IDs with the Company who have not provided earlier in order to enable the company to follow the instructions of MCA and full fill the initiatives taken by Government of India in this regard in future correspondence to members.
11. In compliance with the aforesaid MCA Circulars and SEBI Circular dated May 12, 2020, Notice of the AGM along with the Annual Report 2019-20 is being sent only through electronic mode to those Members whose email addresses are registered with the Company/Depositories.
12. The Statutory Registers and the documents pertaining to the items of business to be transacted at the AGM are available for inspection in electronic mode. The shareholders may write an e-mail to southernmagnesium@gmail.com and the Company shall respond suitably.
13. The Meeting shall be deemed to be held at the registered office of the Company at 6-3-666/B Deccan Chambers, 5th Floor, Somajiguda, Hyderabad, Telangana, 500082. Since the AGM will be held through VC / OAVM, the route map to the venue is not annexed to this Notice.

A. THE INSTRUCTIONS FOR SHAREHOLDERS FOR REMOTE E-VOTING ARE AS UNDER:

- I. In compliance with provisions of Section 108 of the Companies Act, 2013, Rule 20 of the Companies (Management and Administration) Rules, 2014 as amended by the Companies (Management and Administration) Amendment Rules, 2015 and Regulation 44 of SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015, the Members are provided with the facility to cast their vote electronically, through the e-voting services provided by Central Depository Services (India) Limited (CDSL) on all the resolutions set forth in this Notice. The instructions for e-voting are given herein below.
- II. The remote e-voting period commences on Sunday, September 27, 2020 (9:00 a.m. IST) and ends on Tuesday, September 29, 2020 (5:00 p.m. IST). During this period, Members holding shares either in physical form or in dematerialized form, as on Wednesday, September 23, 2020 i.e. cutoff date, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter. Those Members, who will be present in the AGM through VC/OAVM facility and have not cast their vote on the Resolutions through remote e-voting and are otherwise not barred from doing so, shall be eligible to vote through e-voting system during the AGM.
- III. The Members who have cast their vote by remote e-voting prior to the AGM may also attend/participate in the AGM through VC/OAVM but shall not be entitled to cast their vote again.



- IV. The voting rights of Members shall be in proportion to their shares in the paid-up equity share capital of the Company as on the cut-off date.
- V. The details of the process and manner for remote e-voting are explained herein below:
 - i. The shareholders should log on to the e-voting website www.evotingindia.com.
 - ii. Click on Shareholders tab
 - iii. Now enter your User ID
 - a. For CDSL: 16 digits beneficiary ID,
 - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
 - iv. Next enter the Image Verification as displayed and Click on Login.
 - v. If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.
 - vi. If you are a first time user follow the steps given below:

For Members holding shares in Demat Form and Physical Form

PAN	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both Demat shareholders as well as physical shareholders) <ul style="list-style-type: none"> • Members who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number sent by Company/ RTA or contact Company/RTA.
Dividend Bank Details OR Date of Birth (DOB)	Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login. <ul style="list-style-type: none"> • If both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (iii).

- vii. After entering these details appropriately, click on “SUBMIT” tab.
- viii. Members holding shares in physical form will then directly reach the Company election screen. However, members holding shares in demat form will now reach ‘Password Creation’ menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- ix. For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- x. Click on the EVSN for the relevant <Company Name> on which you choose to vote.
- xi. On the voting page, you will see “RESOLUTION DESCRIPTION” and against the same the option “YES/NO” for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- xii. Click on the “RESOLUTIONS FILE LINK” if you wish to view the entire Resolution details.
- xiii. After selecting the resolution you have decided to vote on, click on “SUBMIT”. A confirmation box will be displayed. If you wish to confirm your vote, click on “OK”, else to change your vote, click on “CANCEL” and accordingly modify your vote.
- xiv. Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.
- xv. You can also take a print of the votes cast by clicking on “Click here to print” option on the Voting page.

- xvi. If a demat account holder has forgotten the changed password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- xvii. Members can also cast their vote using CDSL's mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. Apple and Windows phone users can download the app from the App Store and the Windows Phone Store respectively. Please follow the instructions as prompted by the mobile app while voting on your mobile.

B. INSTRUCTIONS FOR SHAREHOLDERS FOR E-VOTING DURING THE AGM ARE AS UNDER:-

- i. The procedure for e-Voting on the day of the AGM is same as the instructions mentioned above for Remote e-voting.
- ii. Only those shareholders, who are present in the AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system available during the AGM.
- iii. If any Votes are cast by the shareholders through the e-voting available during the AGM and if the same shareholders have not participated in the meeting through VC/ OAVM facility, then the votes cast by such shareholders shall be considered invalid as the facility of e-voting during the meeting is available only to the shareholders attending the meeting.
- iv. Shareholders who have voted through Remote e-Voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.

C. NOTE FOR NON – INDIVIDUAL SHAREHOLDERS AND CUSTODIANS

- i. Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com and register themselves as Corporates.
- ii. A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
- iii. After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
- iv. The list of accounts linked in the login should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
- v. A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- vi. Alternatively Non-Individual shareholders are required to send the relevant Board Resolution/Authority letter etc. together with attested specimen signature of the duly authorized signatory who are authorized to vote, to the Scrutinizer at the email address shr300@gmail.com and to the Company at the email address southernmagnesium@gmail.com. If they have voted from individual tab & not uploaded same in the CDSL e-voting system for the scrutinizer to verify the same.

D. PROCESS FOR THOSE SHAREHOLDERS WHOSE EMAIL ADDRESSES ARE NOT REGISTERED WITH THE DEPOSITORIES FOR OBTAINING LOGIN CREDENTIALS FOR E-VOTING:

- i. For Physical shareholders- please provide necessary details like Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) by email to Company/RTA email id.

- ii. For Demat shareholders, please provide Demat account details (CDSL-16 digit beneficiary ID or NSDL-16 digit DPID + CLID), Name, client master or copy of Consolidated Account statement, PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) to Company/RTA email id.
- iii. The company/RTA shall co-ordinate with CDSL and provides the login credentials to the above mentioned shareholders.

E. INSTRUCTIONS FOR SHAREHOLDERS ATTENDING THE AGM THROUGH VC/OAVM ARE AS UNDER:

- i. Shareholder will be provided with a facility to attend the AGM through VC/ OAVM through the CDSL e-Voting system. Shareholders may access the same at [https:// www.evotingindia.com](https://www.evotingindia.com) under shareholders/ members login by using the remote e-voting credentials. The link for VC/OAVM will be available in shareholder/members login where the EVSN of Company will be displayed.
 - ii. Shareholders are encouraged to join the Meeting through Laptops/iPads for better experience.
 - iii. Further shareholders will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
 - iv. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
 - v. Shareholders who would like to express their views/ask questions during the meeting may register themselves as a speaker by sending their request in advance at least 5 days prior to meeting mentioning their name, demat account number/folio number, email id, mobile number at company email id viz; southernmagnesium@gmail.com. The shareholders who do not wish to speak during the AGM but have queries may send their queries in advance 5 days prior to meeting mentioning their name, demat account number/folio number, email id, mobile number at southernmagnesium@gmail.com. These queries will be replied to by the company suitably by email.
14. In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions (“FAQs”) and e-voting manual available at www.evotingindia.com, under help section or write an email to helpdesk.evoting@cdslindia.com or call 1800225533.
- All grievances connected with the facility for voting by electronic means may be addressed to Mr. Rakesh Dalvi, Manager, (CDSL,) Central Depository Services (India) Limited, A Wing, 25th Floor, Marathon Futurex, Mafatlal Mill Compounds, N M Joshi Marg, Lower Parel (East), Mumbai – 400013 or send an email to helpdesk.evoting@cdslindia.com or call 1800225533.
15. The Company has appointed Ms Shaik Razia or failing her, Mr. Mohit Kumar Goyal, Partners of D. Hanumanta Raju & Co Company Secretaries, as the Scrutinizer to scrutinize the e-voting process. The Scrutinizer shall, immediately after the conclusion of voting at the AGM, first count the votes cast during the AGM, thereafter unblock the votes cast through remote e-voting and make, not later than 48 hours of conclusion of the AGM, a consolidated Scrutinizer’s Report of the total votes cast in favour or against, if any and submit the same to the Chairman or a person authorised by him.
 16. The Results declared along with the Scrutinizer’s Report shall be placed on the Company’s website www.southernmagnesium.com and on the website of CDSL within two(2) days of passing of the resolutions at the AGM of the Company and communicated to BSE Limited. Subject to receipt of requisite number of votes, the Resolutions shall be deemed to be passed on the date of the Meeting, i.e. September 30, 2020.

DIRECTORS' REPORT

To
The Members,

SOUTHERN MAGNESIUM AND CHEMICALS LIMITED,

Your Directors hereby present the 34th Annual Report of your Company together with the Audited Financial Statements and the Auditors' Report of your Company for the financial year ended, 31st March, 2020. The summarized financial results for the year ended 31st March, 2020 are as under :□

FINANCIAL REPORT / OPERATIONS:

(Rs. In Lakhs)

Particulars	Current Year As on 31.03.2020	Previous Year As on 31.03.2019
Net Sales / Income from Operations	158.56	441.89
Other income	2.77	4.54
Expenses	195.73	277.63
Exceptional items	0	0
Net Profit (+) / (Loss) before Tax for the Period	(34.39)	168.80
Tax Expenses/Deferred Tax	(11.30)	31.96
Net Profit (+) / (Loss) for the Period	(23.09)	136.84

REVIEW OF OPERATIONS:

During the period revenue of the Company has decreased to Rs.158.56 Lakhs as compared from Rs. 441.89 Lakhs of the previous year. The Company has suffered a loss of Rs.23.09 Lakhs in the current year against profit of Rs.136.84 lakhs in the previous year.

The unpredicted outbreak of Novel Corona Virus (COVID-19) which had a pandemic impact resulted into a sudden announcement of the nationwide lockdown effective from 23rd March 2020. The region where the factory is situated had minimal impact of COVID -19. So the operations of the company w.r.t production and sales are not affected materially. We have taken all necessary action to safeguard the health of workers by following the guidelines as issued from time to time by the Government of India and the State Government. There is no major impact on receivables and overall business operations of the company. Company has been paying salaries to all employees and no deductions were made. Even during lockdown period the company was able to execute/fulfill orders and was supplying its products as and when orders were placed with the company.

So, the impact of COVID-19 is minimal over the Company's performance, Financials, internal control system and demand for our products continues to be same as in past.

Meanwhile, since the situation is continuously evolving, the impact assessed may be different from the current situation today and the Management will continue to monitor any material changes arising due to the impact of this pandemic on financial and operational performance of the Company and take necessary measures to address the situation.

DIRECTORS' RESPONSIBILITY STATEMENT

The Board of Directors hereby confirms and declares that:

- (a) In the preparation of the annual accounts for the year ended 31st March 2020, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (b) The directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the statement of profit and loss of the Company for that period;
- (c) The directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (d) The directors had prepared the annual accounts for the year ended 31st March, 2020 on a going concern basis; and
- (e) The directors had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively.

- (f) The directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

DISCLOSURES UNDER SECTION 134 OF THE COMPANIES ACT, 2013

1. State of affairs of the company:

The Company deals in the business of Magnesium Metal and related goods. During the year, the Company has seen decrease in terms of the Sale/profits which is reflected in the financial results of the Company.

2. Amounts, if any, carried to reserves:

The Board of Directors of your company has decided not to transfer any amount to the Reserves for the year under review.

3. Dividend:

The Company has not declared any dividend during the year under review.

4. Inter - Corporate deposits:

- (i) The details relating to deposits are as follows: The Company has Inter Corporate Deposits, the details of which are given below.

(a) Accepted during the year - Nil

(b) Remained unpaid or unclaimed as at the end of the year – Nil

(c) Whether there has been any default in repayment of deposits or payment of interest thereon during the year and if so, number of such cases and the total amount involved at the beginning of the year; - Nil

Maximum outstanding during the year; Rs.26,55,000/-

Outstanding at the end of the year; - Rs.23, 90,000 /-

- (ii) The details of deposits which are not in compliance with the requirements of the Act- Nil

5. Deposits

The Company has not accepted any deposits covered under Chapter V of the Companies Act, 2013.

6. Number of meetings of the Board

Secretarial Standards as applicable have been complied with. Further, 4 (Four) meetings of the board were held during the year as per the details given below:

S. No.	Date of meeting	Total No. of Directors on the Date of Meeting	No. of Directors attended	% of Attendance
1.	10.05.2019	6	5	83.33
2.	14.08.2019	6	5	83.33
3.	13.11.2019	6	5	83.33
4.	14.02.2020	5	5	100

7. Material changes and commitments, if any, affecting the financial position of the company which have occurred between the end of financial year of the company to which the financial statements relate and the date of the report:

There are no material changes and commitments affecting the financial position of the Company occurred between the end of the financial year to which these financial statements relate on the date of this report.

8. Board Evaluation:

The board of directors has carried out an annual evaluation of its own performance, Board Committees and individual directors pursuant to the provisions of the Act and the corporate governance requirements to the extent applicable as prescribed by Securities and Exchange Board of India ("SEBI").

The performance of the Board was evaluated by the Board after seeking inputs from all the directors on the basis of the criteria such as the Board composition and structure, effectiveness of board processes, information and functioning, etc.

The performance of the committees was evaluated by the board after seeking inputs from the committee members on the basis of the criteria such as the composition of committees, effectiveness of committee meetings, etc.

The Board and the Nomination and Remuneration Committee (“NRC”) reviewed the performance of the individual directors on the basis of the criteria such as the contribution of the individual director to the board and committee meetings like preparedness of the issues to be discussed, meaningful and constructive contribution and inputs in meetings, etc.

In a separate meeting of Independent Directors, performance of Non- Independent directors, performance of the Board as a whole taking into account the views of Executive Directors and Non- Executive Directors was considered. The same was discussed in the board meeting that followed the meeting of the Independent Directors, at which the performance of Board, its committee and individual directors was also discussed.

9. Policy on Directors’ appointment and remuneration and others details:

The company’s policy on Directors appointment and remuneration and other matters provided in section 178 of the Companies Act are as under:

Nomination and Remuneration Policy of Southern Magnesium and Chemicals Limited is as under:

INTRODUCTION

The Remuneration Policy of Southern Magnesium and Chemicals Limited (the “Company”) is aligned with the compensation philosophy of its competitors which is to pay competitively and reward performance. To achieve this philosophy, total compensation is based on employee’s role, market value of job and employees contributions.

This Policy is designed to attract, motivate, and retain talent by creating a congenial work environment, encouraging initiatives, personal growth and team work, and inculcating a sense of belonging and involvement, besides offering appropriate remuneration packages and retirement benefits.

The policy reflects the Company’s objectives for good corporate governance as well as sustained long term value creation for shareholders.

This Remuneration Policy applies to Directors and senior management including its Key Managerial Personnel (KMP) of the Company.

1. DEFINITIONS

Act means the Companies Act, 2013 and Rules framed there under, as amended from time to time.

“Board” means Board of Directors of the Company.

“Committee” means Nomination and Remuneration Committee constituted by the Board

“Directors” mean Directors of the Company.

“Key Managerial Personnel” means

Chief Executive Officer or the Managing Director or Manager Whole-time director;

Chief Financial Officer;

Company Secretary; and such other officer as may be prescribed by the Companies Act, 2013.

“Executive Directors” mean Managing Director/ Joint Managing Director and Whole Time Director, if any.

“Senior Management” means personnel of the company who are members of senior leadership typically vice presidents or equivalent and higher position levels.

2. GUIDING PRINCIPLE

The guiding principle is that the remuneration and the other terms of employment should effectively help in attracting and retaining talented employees.

While designing remuneration packages, industry’s best practices, cost of living and potential of employees are also taken into consideration.

3. POLICY RELATING TO THE REMUNERATION FOR THE WHOLE-TIME DIRECTOR, KMP AND SENIOR MANAGEMENT PERSONNEL

General:

- a) The remuneration package of KMP will be determined by the Committee and recommended to Board for approval. In addition, the approval of the shareholders of the Company and Central Government, wherever required, will be obtained for the remuneration package of Executive Directors. The remuneration package of other senior management personnel will be recommended by Managing Director and Jt. Managing Director and be submitted to Committee for approval.

- b) The remuneration package of Executive Directors shall be in accordance with the percentage / slabs / conditions laid down in the Act.
- c) Increments to the existing remuneration package of Executive Directors may be recommended by the Committee to the Board which should be within the slabs approved by the Shareholders.

Where any insurance is taken by the Company on behalf of its Directors, Executive Directors, Whole-time Director, Chief Executive Officer, Chief Financial Officer, the Company Secretary and any other employees for indemnifying them against any liability, the premium paid on such insurance shall not be treated as part of the remuneration payable to such personnel.

4. REMUNERATION TO EXECUTIVE DIRECTORS KMP AND SENIOR MANAGEMENT PERSONNEL:

Pay and Allowances:

The Executive Directors, KMP and Senior Management Personnel shall be eligible for a monthly remuneration as may be approved by the Committee or Board on the recommendation of the Committee. The remuneration comprises of basic pay and allowances in addition to perquisites such as contribution to Provident Fund, Gratuity, group life insurance, group medical insurance etc.

Minimum Remuneration:

If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Executive Directors in accordance with the provisions of Schedule V of the Act and other applicable provisions.

Provisions for excess remuneration:

If any Whole-time Director draws or receives, directly or indirectly by way of remuneration any such sums in excess of the limits prescribed under the Act or without the sanction of the Central Government, where required, he / she shall refund such sums to the Company and until such sum is refunded, hold it in trust for the Company. The Company shall not waive recovery of such sum refundable to it unless permitted by the Central Government.

5. Remuneration to Independent Directors:

Remuneration/Commission:

The remuneration/commission shall be fixed as per the slabs and conditions mentioned in the Act.

a) Sitting Fees:

Independent Director may receive remuneration by way of fees for attending meetings of Board or Committee thereof. Provided that the amount of such fees shall not exceed the amount fixed by the Board from time to time.

b) Commission:

Commission may be paid within the monetary limit approved by shareholders, subject to the limit not exceeding 1% of the profits of the Company computed as per the applicable provisions of the Act.

c) Stock Options:

An Independent Director shall not be entitled to any stock options of the Company.

d) Expenses for attending meetings

The expenses incurred by the Independent Directors for attending the meetings of Board of Directors and Committees of the Board shall be reimbursed by the Company or alternatively the Company may provide air tickets, lodging facility and conveyance to the Independent Directors.

6. Disclosure of information

Information on the total remuneration of Board of Directors, Whole time Directors and KMP/senior management personnel is disclosed in the annual financial statements/ Annual Report as per statutory requirements.

7. Application of the Remuneration Policy

This Remuneration Policy shall continue to guide all future employment of Directors, Senior Management including Key Managerial Personnel.

8. Performance evaluation criteria for Independent Directors:

The Board of Directors evaluates the performance of independent directors on yearly basis.

a. All pecuniary relationship or transactions of the non-executive directors

The Company has paid Rs. 2,000/- as fees for attending Board meetings to Mr. Eshwariah Kaparathi (Non-Executive- Independent Director) during the financial year ended on March 31, 2020.

9. Disclosure with respect to remuneration:

No other element of remuneration package is paid to the Non-Executive Directors except payment of sitting fees to the Independent Non Executive Director as disclosed above.

The Company did not issue any stock options during the year.

10. Audit Committee:

The Composition of Audit Committee as on March 31, 2020 is as follows:

Name	Category	Designation
Mr. G. Raghavendra Rao	Independent Non- Executive Director	Chairperson
Mr. V. S. S. Prakash	Independent Non- Executive Director	Member
Mr. K. Eshwaraih	Independent Non- Executive Director	Member
Mr. N. Rajender Prasad	Jt. Managing Director and CFO	Member

Four meetings of the committee were held during the year as per the details given below:

S. No.	Date of meeting	Total No. of Directors on the Date of Meeting	No. of Directors attended	% of Attendance
1.	10.05.2019	4	3	75%
2.	14.08.2019	4	4	100%
3.	13.11.2019	4	4	100%
4.	14.02.2020	4	4	100%

All members of Audit Committee are financially literate and have accounting and related financial management expertise.

All the recommendations made by the Committees of Board including the Audit Committee were accepted and approved by the Board.

11. Stakeholder Relationship Committee:

The Composition of Stakeholder relationship committee as on March 31, 2020 is as follows:

Name	Category	Designation
Mr. G. Raghavendra Rao	Independent Non- Executive Director	Chairperson
Mr. V. S. S. Prakash	Independent Non- Executive Director	Member
Mr. K. Eshwaraih	Independent Non- Executive Director	Member
Mr. N. Rajender Prasad	Jt. Managing Director and CFO	Member

Two Meeting of the committee was held during the year on 26.08.2019 and 30.01.2020 which were attended by all committee members.

12. Nomination and remuneration Committee:

The Composition of Nomination and remuneration Committee as on March 31, 2020 is as follows:

Name	Category	Designation
Mr. G. Raghavendra Rao	Independent Non- Executive Director	Chairperson
Mr. V. S. S. Prakash	Independent Non- Executive Director	Member
Mr. K. Eshwaraih	Independent Non- Executive Director	Member
Mr. N. Rajender Prasad	Jt. Managing Director and CFO	Member

Two meetings of the committee were held during the year as per the details given below:

S. No.	Date of meeting	Total No. of Directors on the Date of Meeting	No. of Directors attended	% of Attendance
1.	14.8.2019	4	4	100
2.	05.02.2020	4	4	100

13. Internal Financial Control Systems and their Adequacy

The details in respect of internal financial control and their adequacy are included in the Management Discussion and Analysis which forms part of this report.

14. Declaration by Independent Directors:

The Company has received necessary declaration from each Independent Directors under Section 149(7) of the Companies Act, 2013, that they meets criteria of Independence laid down in Section 149(6) of the Companies Act, 2013 and Regulation 16 (1) (b) of the Listing Regulations and have complied with the Code for Independent Directors prescribed in Schedule IV to the Companies Act, 2013.

15. Risk Management:

The Board of the company regularly reviewed and has adopted measures to frame, implement and monitor the risk management plan for the company. The Board is responsible for reviewing the risk management plan and ensuring its effectiveness. The audit committee has additional oversight in the area of financial risks and controls. Major risk indentified, if any, by the business functions are systematically addressed through mitigating actions on a continuing basis.

16. Particulars of Loans, Guarantees or Investments under Section 186 of the Companies Act, 2013:

There were no loans, guarantees or investments made by the Company under Section 186 of the Companies Act, 2013 during the year under review.

17. Particulars of contracts or arrangements made with related parties:

No transactions/contracts/arrangements of the nature as specified in Sec.188 (1) of the Companies Act, 2013 entered by the company during the year under review with related party/parties.

During the year, the Company had not given Loans and Advances in the nature of Loans to firm/ companies in which directors are interested.

18. The change in the nature of business, if any:

There was no change in the nature of Business.

19. The details of directors or key managerial personnel who were appointed or have resigned during the year:

During the period Mrs. E Mahalakshmi tendered her resignation from the board of directors on 01.01.2020 from the post of Nominee director for APIDC and in furtherance to the aforesaid APIDC has recommended the appointment of Mrs. Padmavathi Kollipara, as Nominee Director on the Board of Directors of the company. Further Board of Directors at their meeting held on 14.02.2020 appointed Mrs. Padmavathi Kollipara as Nominee Director.

Ms. Ekta Sharma resigned as Company Secretary and Compliance officer (Key Managerial Personnel) with effect from 15.04.2019. Further, Board of Directors at their meeting held on 14.02.2020 appointed Mrs. Sneha Sridayal Soni as Company Secretary and Compliance officer (Key Managerial Personnel).

Further Shareholders at the Annual General Meeting held on 30.09.2019 approved the re-appointment of Mr. N Ravi Prasad as Managing Director and Chief Executive officer of the Company for a period of three years with effect from 13.11.2019, approved the re-appointment of Mr. N Rajender Prasad as Joint Managing Director and Chief Financial officer of the Company for a period of three years with effect from 10.08.2019 and approved re-appointment of Mr. Surya Sessa Prakash Valluru, Mr. Eshwariah Kaparthi and Mr. G. Raghavendra Rao as Independent Directors of the Company for a further period of five years with effect from 14.08.2019.

20. The names of companies which have become or ceased to be its Subsidiaries, joint ventures or associate companies during the year:

The Company does not have any Subsidiary, Joint venture or associate company which have become or ceased to be its Subsidiaries, joint ventures or associate company during the year.

21. The details of significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and company's operations in future:

There are no material orders passed by the regulators or courts or tribunals impacting the going concern status and company's operations in future. However the company has received e-mail/s asking clarifications from stock exchange for which company has replied accordingly. The company was levied with a fine of Rs. 1,22,000 plus taxes during the year under standard operating procedure by BSE Limited and the company has paid the same.

22. Particulars of Employees:

The information required under section 197 of the act read with rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014, are given below:

- a. The ratio of remuneration of each director to the median remuneration of the employees of the company for the financial year:

Non Executive Directors	Ratio to median remuneration
Mr. Raghavendra Rao Griddalur	NA
Mr. Surya Sessa Prakash Valluru	NA
Mr. Kaparathi Eshwaraih	NA
Mrs. E.Mahalakshmi	NA
Executive Directors	Ratio to median remuneration
Mr. N. Ravi Prasad	13.38:1
Mr. N. Rajender Prasad	15.07:1

- b. **The percentage increase or decrease in remuneration of each Director, Chief Executive Officer, Chief Financial Officer, Company Secretary in the financial year:**

Director, chief executive officer, chief financial officer, company secretary	% of increase in remuneration in the financial year
Mr. N. Ravi Prasad –MD and CEO	20.765
Mr. N. Rajender Prasad – Jt.MD and CFO	43.226

- c. **The percentage increase in median remuneration of employees in the financial year: 6.97 %**

d. The number of permanent employees on the rolls of the company: 20

- e. average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration:

Average increase in salaries of employees other than managerial personnel in 2019-20 was 3.93%

Average increase in salaries of managerial personnel in 2019-20 is 31.50%.

- f. Affirmation that the remuneration is as per the remuneration policy of the company:

The Company affirms remuneration is as per the Remuneration policy of the company.

- g. Further information required pursuant to Section 197 read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 in respect of employees of the Company, will be provided upon request. The Directors' Report and Accounts are being sent to the Members and others entitled thereto, excluding the information on employees' particulars which is available for inspection by the Members at the Registered Office of the Company during business hours on all working days of the Company up to the date of the ensuing Annual General Meeting. If any Member is interested in obtaining a copy thereof, such Member may write to the Company Secretary at the Registered Office in this regard.

23. **The details about the policy developed and implemented by the company on corporate social responsibility initiatives taken during the year:**

The Company has not developed and implemented any Corporate Social Responsibility initiatives as the said provisions are not applicable.

24. **Disclosure as per Sexual Harassment of Women at Work Place (Prevention, Prohibition and Redressal) Act, 2013:**

Your company has zero tolerance for sexual harassment at work place and has adopted a policy on prevention, prohibition and Redressal of sexual harassment at work place in line with the provision of Sexual Harassment of Women at Work Place (Prevention, Prohibition and Redressal) Act, 2013 and rules framed there under.

An Internal Complaints Committee ("ICC") has been set up by the senior management (with women employees constituting the majority). The ICC is responsible for redressal of complaints related to sexual harassment and follows the guidelines provided in the Policy.

No complaints have been received by the company on sexual harassment during the financial year 2019-2020.

25. **Disclosure Requirements:**

As per Regulation 15 of SEBI (LODR), 2015, corporate governance report with certificate from Practicing Company Secretary thereon is **not** applicable to the company. Management Discussion and Analysis as required is attached hereunder and forms part of this report.

The company has formulated a whistle blower policy. A copy of the same is made available at the registered office of the company and also at the website of the company. The provisions of this policy are in line with the provisions of section 177(9) of the act.

Your Company has a vigil mechanism to deal with instances of fraud and mismanagement, if any. The Whistle Blower Policy enables reporting of unethical behavior, actual or suspected fraud or violation of the Company's

code of conduct or ethics policy, to the management. The vigil mechanism also ensures strict confidentiality is maintained and provides adequate safeguards against victimization of employees who avail of the mechanism and also provided for direct access to the Chairman of the Audit committee in exceptional cases.

26. Details in respect of Frauds reported by Auditors under 143(12) of Companies Act 2013

During the period under review there were no instances of Fraud reported by the Auditors in the Company.

27. Auditors:

Company has appointed M/s. Brahmayya & Co., Chartered Accountants (Firm Registration No. 000513S) Hyderabad, as Statutory Auditors of the Company at its AGM held on 29.09.2017 to hold office as statutory auditor for a period of five years and being eligible they continue to hold office.

28. Auditors Report:

During the period under review no qualification/reservations/adverse remarks have been made by the Statutory Auditor. The Report provided by them as attached is self-explanatory

29. Secretarial Auditors' Report:

The company has appointed Mr. P.A.P Murthy, Practising Company Secretary, Hyderabad as the Secretarial Auditor of the company to undertake audit as per the provisions of section 204 of the Companies Act, 2013 and the report of the secretarial auditor is annexed to this report. Management's reply to the observations, comments and qualifications made by the secretarial auditor are as under:

1. **Subsequent to resignation of Ms. Ekta Sharma as Company Secretary and compliance officer on 15.04.2019, company could not appoint another company secretary within the prescribed time of six months as required under section 203 of the Companies Act, 2013. However "Company Secretary" and the "Compliance Officer" as required under Section 203 of the Companies Act, 2013 read with Rule 8 of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and Regulation 6(1) of SEBI (LODR) Regulations, 2015 was appointed with effect from 14.02.2020.**

Company with all its efforts and after interviewing several candidates could be able to appoint Mrs. Sneha S Soni as company secretary and compliance officer on 14.02.2020.

2. **As required under Regulation 31(2) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, hundred percent of the shareholding of promoters and promoters group in not dematerialized form.**

The board of directors of the company is discussing the matter with the promoters and has requested them from time to time to complete de-materialization of their share holding immediately.

30. Annual Return Web Link:

Pursuant to the provisions of Section 36 of the Companies (Amendment) Act, 2017 notified effective from July 31, 2018 read with Section 92(3) of the Companies Act 2013, the prescribed return is placed on the Company's website www.southernmagnesium.com. Further Form MGT-9 is attached as an annexure to this report.

31. Conservation of energy, technology absorption, foreign exchange earnings and outgo:

The information pertaining to conservation of energy, technology absorption, Foreign exchange Earnings and outgo as required under Section 134 (3)(m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014 is as under

- | | |
|--------------------------------------|-------------------------|
| (A) Conservation of energy : | NIL |
| (B) Technology absorption | : Not Applicable |
| (C) Foreign exchange earnings | : NIL |
| (D) Foreign exchange outgo | : Rs. 62,03,847 |

32. Maintenance of Cost Records:

Maintenance of cost records is not specified by the Central Government under sub-section (1) of section 148 of the Companies Act, 2013 to our company.

33. Acknowledgement:

Your Directors wish to place on record their gratitude to shareholders and thank the customers, bankers, vendors, State and Central Governments Authorities for their continued support to your Company's growth. Your Directors also wish to place on record, their appreciation for the contribution made by the employees at all levels, who, through their competence, sincerity, hard work, solidarity and dedicated support enabled to your company to make continued progress.

**For and on behalf of the Board of
Southern Magnesium and Chemicals Limited**

Place: Hyderabad
Date : 31-08-2020

N. Rajender prasad
Jt. Managing Director & CFO
(DIN- 00145659)

N. Ravi Prasad
Managing Director & CEO
(DIN- 00319537)

Form No. MR-3
SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31.03.2020

*[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies
(Appointment and Remuneration Personnel) Rules, 2014]*

To,
The Members,
SOUTHERN MAGNESIUM AND CHEMICALS LIMITED
Deccan Chambers, 5th Floor 6-3-666/B, Somajiguda,
Hyderabad Telangana- 500082.

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by "**Southern Magnesium and Chemicals Limited**" (hereinafter called the company). Secretarial Audit was conducted in accordance with the guidance note issued by the Institute of Company Secretaries of India and in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, according to the explanations given to me, the company has, during the audit period covering the financial year ended on March 31, 2020, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2020 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings. (Not applicable to the Company during the period of audit);
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018; (Not applicable to the Company during the period of audit)
 - (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 (Not applicable to the Company during the period of audit);
 - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 (Not applicable to the Company during the period of audit);
 - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
 - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; (Not applicable to the Company during the period of audit);
 - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018; (Not applicable to the Company during the period of audit)
 - (i) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and
 - (j) Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018
- (vi) As per the representations and explanations given by the Management and Officers of the Company there are no industry specific laws applicable to the Company.

I have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by "The Institute of Company Secretaries of India".

(ii) The Listing Agreements entered into by the Company with BSE Limited.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above, subject to the following observations:

1. *Subsequent to resignation of Ms. Ekta Sharma as Company Secretary and compliance officer on 15.04.2019, company could not appoint another company secretary within the prescribed time of six months as required under section 203 of the Companies Act, 2013. However "Company Secretary" and the "Compliance Officer" as required under Section 203 of the Companies Act, 2013 read with Rule 8 of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and Regulation 6(1) of SEBI (LODR) Regulations, 2015 was appointed with effect from 14.02.2020.*
2. *As required under Regulation 31(2) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 hundred percent of the shareholding of promoters and promoters group in not in dematerialized form.*

I further report that

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Decisions at the Board Meetings are carried out unanimously as recorded in the Minutes.

I further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

I further report that during the audit period the company has no specific events / actions having a major bearing on the company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc. referred to above.

Place : Hyderabad
Date : 24-08-2020

P.A.P. Murthy
FCS: 926; C. P. No: 6633
UDIN: F000926B000608577

This report is to be read with my letter of even date which is annexed as **Annexure A** and forms an integral part of this report.

'ANNEXURE A'

To,

The Members,

SOUTHERN MAGNESIUM AND CHEMICALS LIMITED

My report of even Date is to be read along with this letter

1. Maintenance of secretarial record is the responsibility of the management of the company. My responsibility is to express an opinion on these secretarial records based on my audit.
2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. I believe that the processes and practices, I followed provide a reasonable basis for my opinion.
3. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Where ever required, I have obtained the Management Representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. My examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness and with which the management has conducted the affairs of the company.

Place : Hyderabad
Date : 24-08-2020

P.A.P. Murthy
FCS: 926; C. P. No: 6633
UDIN: F000926B000608577

MANAGEMENT DISCUSSION AND ANALYSIS

Presently the company producing magnesium powders and turnings.

Due to lower sales the company incurred a loss in the current year. We hope to return to profit in 2020-21. We are trying add new customers to increase our turnover.

INTERNAL CONTROL SYSTEMS & ADEQUACY:

The Company has established an appropriate system of internal control to ensure that there exists a proper control over all the transactions and that all its assets are properly safeguarded and not exposed to risk arising out of unauthorized use or disposal. The Internal Audit is conducted at all divisions for all the key areas of business. The Internal Control System is supplemented by a programme of Internal Audit to ensure that the assets are properly accounted for and the business operations are conducted in adherence to laid down policies and procedures. The Internal Audit is oriented towards review of controls and operational improvements.

FINANCIAL AND OPERATIONAL PERFORMANCE:

Highlights of financial and operational Performance are given below:

Particulars	Current Year As on 31.03.2020	Previous Year As on 31.03.2019
Net Sales / Income from Operations	158.56	441.89
Other income	2.77	4.54
Expenses	195.73	277.63
Exceptional items	0	0
Net Profit (+) / (Loss) before Tax for the Period	(34.39)	168.80
Tax Expenses/Deferred Tax	(11.30)	31.96
Net Profit (+) / (Loss) for the Period	(23.09)	136.84

SEGMENT WISE OR PRODUCT WISE PERFORMANCE: Not Applicable

HUMAN RESOURCES, INDUSTRY DEVELOPMENT RELATIONS:

Relations with the employees remained cordial in general throughout the year. In order to optimize the contribution of the employees to the Company's business and operations, in- house training is given to the employees to induce contribution to productivity increase and development programmes for all levels of employees have been devised. Occupational Health Safety and Environmental Management are given utmost importance.

SENIOR MANAGEMENT DISCLOSURES:

The Company's senior management makes disclosures to the Board relating to all material financial and commercial transactions as when they occur.

CAUTIONARY STATEMENT:

Statement in this Management Discussion and Analysis describing the Company's objectives, projections, estimates, expectations or predictions may be 'forward-looking statements' within the meaning of

applicable securities laws and regulations and such forward-looking statements involve risks and uncertainties. Actual results could differ materially from those expressed or implied important factors that could make a difference to the Company's operations include raw material availability and prices, cyclical demand and pricing in the Company's principal markets, changes in Government regulations, tax regimes, economic developments within India and the Countries in which the Company conducts business and other incidental factors. The Company undertakes no obligation to publicly update or revise any forward looking statements, whether as a result of new information, future events, or otherwise. Readers are cautioned not to place undue reliance on these forward looking statements that speaks only as of their dates.

Details of Changes in Key Financial Ratios :

Financial Ratios	2019-20	2018-19
Debtors Turnover	8.80 times	18.53 times
Inventory Turnover	0.68 times	1.94 times
Interest Coverage Ratio	-3.04	22.10
Current Ratio	4.86	4.82
Debt Equity Ratio	0.28	0.2
Operating Profit Margin (%)	-16.33%	40.00%
Net Profit Margin (%)	-14.56%	30.97%
Return on Net Worth	-9.03%	49.10%

The company largely deals with government entities and the business is to a large extent dependent on the orders received from the government entities. During the year we received significantly less orders and as such the same is reflected in the financial statements and above ratios.

For and on behalf of the board of Directors of
Southern Magnesium and Chemicals Limited

(Mr. N. Rajender Prasad)
Jt. Managing Director & CFO
(DIN: 00145659)

Place : Hyderabad
Date : 31-08-2020

Form MGT- 9
EXTRACT OF ANNUAL RETURN
As on the financial year ended on 31st March, 2020

SOUTHERN MAGNESIUM AND CHEMICALS LIMITED

[Pursuant to Section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. Registration and other details

I)	CIN:	L27109TG1985PLC005303
II)	Registration Date	13/02/1985
III)	Name of the Company	Southern Magnesium and Chemicals Limited
IV)	Category / Sub Category of the Company	Public company having share capital
V)	Address of the Registered office and Contact Details	Deccan Chambers, 5 th Floor, 6-3-666/B, Somajiguda, Hyderabad, Telangana -500 082
VI)	Whether listed company (Yes / No)	Yes
VII)	Name, address and Contact details of Registrar and Transfer Agent	Aarathi Consultants Pvt. Ltd, 1-2-285, Domalguda, Hyderabad – 500 029 Tel: 040 - 27638111, 27634445, 27642217

II. Principal business activities of the company

All the business activities contributing 10% or more of the total turnover of the company shall be stated;

Sr. No.	Name and Description of main products/ service	NIC code of the product/ service	% to total turnover of the company
1	Magnesium Metal	8104	100%

III. Particulars of Holding, Subsidiary and Associate Companies

Sl.No	Name and Address of the Company	CIN/ GLN	Holding/ Subsidiary/ Associates	% of Shares	Applicable
NIL					

IV. Share Holding Pattern (Equity share capital breakup as percentage of total equity)

i) Category wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change
	Demat	Physical	Total Shares	Total%	Demat	Physical	Total Shares	Total%	
A. Promoters									
(1) Indian									
(a) Individual/HUF	1251602	349298	1600900	53.36	1251602	349298	1600900	53.36	0
(b) Central Govt.	0	0	0	0	0	0	0	0	0
(c) State Govt(s).	0	0	0	0	0	0	0	0	0
(d) Bodies Corp.	0	0	0	0	0	0	0	0	0
(e) Banks / FI	0	0	0	0	0	0	0	0	0
(f) Any other.....	0	0	0	0	0	0	0	0	0
Sub-total (A) (1):-	1251602	349298	1600900	53.36	1251602	349298	1600900	53.36	0
(2) Foreign									
(a) NRIs – Individuals	0	0	0	0	0	0	0	0	0
(b) Other – Individuals	0	0	0	0	0	0	0	0	0
(c) Bodies Corp.	0	0	0	0	0	0	0	0	0
(d) Banks / FI	0	0	0	0	0	0	0	0	0
(e) Any Other.	0	0	0	0	0	0	0	0	0
Sub-total (A) (2):-	0	0	0	0	0	0	0	0	0
Total Shareholding of Promoter (A)=(A) (1)+(A) (2)	1251602	349298	1600900	53.36	1251602	349298	1600900	53.36	0
B. Public Shareholding1.									
Institutions									
a) Mutual Funds	0	0	0	0	0	0	0	0	0
b) Banks / FI	0	0	0	0	0	0	0	0	0
c) Central Govt.	0	0	0	0	0	0	0	0	0
d) State Govt(s).	0	0	0	0	0	0	0	0	0
e) Venture Capital Funds	0	0	0	0	0	0	0	0	0
f) Insurance Companies	0	0	0	0	0	0	0	0	0
g) FIs	0	0	0	0	0	0	0	0	0
h) Foreign Venture	0	0	0	0	0	0	0	0	0
i) Capital Funds	0	0	0	0	0	0	0	0	0
j) Others (Specify)	0	0	0	0	0	0	0	0	0
Sub-total (B) (1):-	0	0	0	0	0	0	0	0	0
2. Non – Institutions									
1. Bodies Corp.									
i) Indian	71700	339000	410700	13.69	67100	338400	405500	13.52	(0.17)
ii) Overseas									
2. Individuals									
i) Individual Shareholders holding nominal share capital upto Rs. 2 lakh	351540	586000	937540	31.25	404078	568300	972378	32.41	1.16
ii) Individual Shareholders holding nominal share capital in excess of Rs. 2 Lakh	0	20700	20700	0.69	0	20700	20700	0.69	0
3. Others (Specify) (Clearing Members)	30160	0	30160	1.01	522	0	522	0.02	(0.99)
Sub-total (B) (2):-	453400	945700	1399100	46.64	471700	927400	1399100	46.64	0
Total Public Shareholding (B) = (B) (1)+ (B) (2)	453400	945700	1399100	46.64	471700	927400	1399100	46.64	0
C. Shares held by Custodian for GDRs & ADRs	0	0	0	0	0	0	0	0	0
GrandTotal(A+B+C)	1705002	1294998	3000000	100	1723302	1276698	3000000	100	0

ii) Shareholding of Promoters

Sl. No.	Shareholders Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share holding during the year
		No. of shares	% of total shares of the company	% of shares pledged encumbered to total shares	No. of shares	% of total shares of the company	% of shares pledged encumbered to total shares	
1.	Mr.Urmi Prasad	5,300	0.18	0	5,300	0.18	0	-
2.	Ms. Anantha Lakshmi. N.	2,33,998	7.80	0	2,33,998	7.80	0	-
3.	Mr.Ravi Prasad Nuthakki	3,90,648	13.02	0	3,90,648	13.02	0	-
4.	Mr.N.Rajender Prasad	2,48,498	8.28	0	2,48,498	8.28	0	-
5.	Mrs.N.Naga Ratna	67,100	2.24	0	67,100	2.24	0	-
6.	Mr.Ram Prasad Nuthakki (HUF)	1,80,298	6.01	0	1,80,298	6.01	0	-
7.	Mr.Ranga Prasad	2,59,298	8.64	0	2,59,298	8.64	0	-
8.	Mr. P V Krishna Rao	10,000	0.33	0	10,000	0.33	0	-
9.	Mr. P.Narendra Nath Chowdary	20,000	0.67	0	20,000	0.67	0	-
10.	Mr. P S R V K Ranga Rao	10,000	0.33	0	10,000	0.33	0	-
11.	Ms. P.Sujatha	10,000	0.33	0	10,000	0.33	0	-
12.	Mr. P.A.Ramaiah	20,000	0.67	0	20,000	0.67	0	-
13.	Mr. P.V.Raidu	5,000	0.17	0	5,000	0.17	0	-
14.	Mr. P.Ravi	5,000	0.17	0	5,000	0.17	0	-
15.	Mr. N.B.Prasad	2,500	0.08	0	2,500	0.08	0	-
16.	Mr.N.Rajender Prasad (HUF)	1,33,260	4.44	0	1,33,260	4.44	0	-

 iii. Change in Promoters' Shareholding (please specify, if there is no change) **NO CHANGE**

iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sl. No.	Name of the Shareholder	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of Total Shares of the Company	No. of shares	% of Total Shares of the Company
1	Andhra Pradesh Industrial Development Corporation	337500	11.25	337500	11.25
2	Stocktalks Private Limited	50000	1.67	50000	1.67
3	G.Lakshmi	20700	0.69	20700	0.69
4	Mahendra Girdharilal	17700	0.59	19706	0.66
5	Manju Bhala	20000	0.66	19340	0.64
6	Rahul N Prasad	18000	0.60	19112	0.64
7	Krishnaveni Bavana	16500	0.55	16500	0.55
8	Srinivasa Rao Pallikonda	16600	0.55	15601	0.52
9	Patel Ashok kumar Babalbhai	-	-	15000	0.50
10	Ashwin Kedia	15000	0.50	15000	0.50

(v) Shareholding of Directors and Key Managerial Personnel:

Sl. No	Name	Shareholding at the end of the year		Cumulative Share holding during the year	
		No. of shares	% of total shares of the company	No of shares	% of total shares of the company
1	N.Ravi Prasad	390648	13.02	390648	13.02
2	N.Rajender Prasad	248498	8.28	248498	8.28
3	Raghavendra Rao Griddalur	0	0	0	0
4	SS.Prakash Valluru	0	0	0	0
5	Eshwariah Kaparathi	0	0	0	0
6	Mahalakshmi Edpuganti*	0	0	0	0
7	Padmavathi Kollipara**	0	0	0	0

* Mahalakshmi Edpuganti resigned w.e.f 01.01.2020

** Padmavathi Kollipara appointed w.e.f 14.02.2020

(V) Indebtedness

Indebtedness of the company including interest outstanding/ accrued but not due for payment

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principle Amount	0	54,84,755	0	54,84,755
ii) Interest due but not paid	0	0	0	0
iii) Interest accrued but not due	0	0	0	0
Total (i+ii+iii)	0	54,84,755	0	54,84,755
Change in Indebtedness during the financial year				
• Addition	0	17,32,352	0	17,32,352
• Reduction	0	0	0	0
Net Change	0	17,32,352	0	17,32,352
Indebtedness at the end of the financial year				
i) Principle Amount	0	72,17,107	0	72,17,107
ii) Interest due but not paid	0	0	0	0
iii) Interest accrued but not due	0	0	0	0
Total (i+ii+iii)	0	72,17,107	0	72,17,107

(VI) Remuneration of Directors and Key Managerial Personnel

A. Remuneration to Managing Director, Whole-time Director and/ or Manager

(₹ in Lacs)

Sl No.	Particular of Remuneration	Name of MD/ WTD/ Manager		Total Amount
		Managing Director & CEO	Jt. Managing Director and CFO	
	Name of MD/WTD/ Manager	N. Ravi Prasad	N. Rajender Prasad	
1.	Gross Salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	14,16,960	15,96,077	30,13,037
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	2,95,576	2,62,160	5,57,736
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 19610	0	0	0
2.	Stock Option	0	0	0
3.	Sweat Equity	0	0	0
4.	Commission	0	0	0
	- As % of Profit	0	0	0
	- Others, Specify			
5.	Others, Please Specify	0	0	0
	Total (A)	1712536	18,58,237	3570773
	Ceiling as per the Act	60,00,000	60,00,000	1,20,00,000

B. Remuneration to other Directors

(in Thousands)

Sl.No	Particulars of Remuneration	Name of the Directors	Total Amount
1.	Independent Directors	K. Eshwaraiah	
	• Fee for attending board/committee meetings	2000	2000
	• Commission	—	—
	• Others, please specify	—	—
	Total (1)	2000	2000
2.	Other Non-Executive Directors	0	0
	• Fee for attending board committee meetings	0	0
	• Commission	0	0
	• Others, please specify	0	0
	Total (2)	0	0
	Total (B) = (1+2)	2000	2000
	Total Managerial Remuneration	NA	NA
	Overall Ceiling as per the Act	NA	NA

No other Directors are paid any remuneration other than mentioned above.

C. Remuneration to Key Managerial Personnel other than MD/ Manager/ WTD

(₹ in Lacs)

Sl No.	Particulars of Remuneration	Key Managerial Personnel			
		CEO*	CS	CFO*	Total
1.	Gross Salary	0	36000	0	0
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	0	36000	0	0
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	0	0	0	0
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	0	0	0	0
2.	Stock Option	0	0	0	0
3.	Sweat Equity	0	0	0	0
4.	Commission	0	0	0	0
	- As % of Profit	0	0	0	0
	- Others, Specify.....	0	0	0	0
5.	Others, Please Specify	0	0	0	0
	Total	0	36000	0	0

* As disclosed under VI A above

Salary paid to Company Secretary includes amount paid to Ms Ekta Sharma and to Ms. Sneha S Soni as they were employed for part of the year.

VII PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES: NIL

**For and on behalf of the Board of
Southern Magnesium and Chemicals Limited**

N. Rajender prasad
Jt. Managing Director & CFO
(DIN- 00145659)

N. Ravi Prasad
Managing Director & CEO
(DIN- 00319537)

 Place: Hyderabad
Date : 31-08-2020

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SOUTHERN MAGNESIUM AND CHEMICALS LIMITED, HYDERABAD

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of **SOUTHERN MAGNESIUM AND CHEMICALS LIMITED** ("the Company"), which comprise the Balance Sheet as at March 31, 2020, the Statement of Profit and Loss (including other comprehensive income), the Statement of Changes in Equity and the Statement of Cash Flows for the year ended on that date, and notes to the financial statements, including a summary of the significant accounting policies and other explanatory information (herein after referred to as "the financial statements").

In our opinion and to the best of our information and according to the explanations given to us the accompanying financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standard) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, its Loss and total comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit of the financial statements in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Act. Our responsibilities under those standards are further described in the *Auditors responsibility for the Audit of Financial Statements* 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 (ICAI) together with the ethical requirements that are relevant to our audit of financial statements under the provisions of the Act and the Rules made 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 audit opinion on the financial statements.

Key Audit Matters

Key Audit matters are those matters that in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Key Audit Matters	Auditor's Response
<p><u>Revenue Recognition</u></p> <p>Revenue from sale of goods is recognized when significant risks and rewards in respect of ownership of products are transferred to customers.</p> <p>Revenue from domestic sale of products is recognized on dispatch of products.</p> <p>Revenue from products is stated exclusive of Goods and Service Tax (GST), returns and applicable trade discounts and allowances.</p> <p>Revenue from services is recognized as per the terms of contract with customers when a performance obligation is satisfied by transferring control over a promised good or service.</p>	<p><u>Principal audit procedures</u></p> <ul style="list-style-type: none"> • Assessing the appropriateness of the company's revenue recognition policies in line with IND AS 115 – "Revenue from contracts with customers" • Understanding the Revenue recognition policy, evaluating the design and implementation of company's control in respect of revenue recognition. • Testing the supporting documentation for sales transactions recorded during the period closer to the year end and subsequent to the year end, including examination of credit notes issued after the year end to determine whether revenue was recognised in the correct period. • Testing the effectiveness of such controls over revenue cut off at year-end.

Other information

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act read with relevant rules issued there under and other accounting principles generally accepted in India. 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 the 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 financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is 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 responsible for overseeing the Company's financial reporting process.

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are 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 these financial statements.

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 financial statements, 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 financial controls 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 system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's 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 statements 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 financial statements, including the disclosures, and whether the financial statements represent 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.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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 Act, we give in the Annexure A, a statement on the matters specified in the paragraph 3 and 4 of the Order, to the extent applicable.
- 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 including other comprehensive income, statement of changes in equity and the cash flow statement dealt with by this Report are in agreement with the books of account,
 - d) In our opinion, the aforesaid financial statements comply with the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act.
 - e) On the basis of written representations received from the directors as on 31st March, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2020 from being appointed as a director in terms of Section 164(2) of the Act,
 - f) With respect to the adequacy of internal financial controls over financial reporting of the Company with reference to these financial statements and the operating effectiveness of such controls, refer to our separate report in "Annexure B".
 - g) In our opinion, the managerial remuneration for the year ended 31 March 2020 has been paid / provided by the Company to its directors in accordance with the provisions of section 197 read with Schedule V to the Act;
 - h) 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:
 - i. The Company does not have any pending litigations which would impact its financial position.
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company .

for **BRAHMAYYA & CO.**
Chartered Accountants
Firm's Regn No. 000513S

Place : HYDERABAD
Date : 27.6.2020

(K.SHRAVAN)
Partner
Membership No.215798
UDIN: 20215798AAAACF6244

ANNEXURE - A TO THE 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, for the year ended March 31, 2020.,

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. According to the information and explanation given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the names of the Company.
2. As explained to us, the inventories have been physically verified by the management at reasonable intervals during the year. In our opinion, the frequency of verification is reasonable. The discrepancies noticed on physical verification between the physical stocks and book records were not material.
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 comments in para (a) above, Clause (III) (a), (b) and (c) of paragraph 3 of the aforesaid order are not applicable to the Company.
4. In our opinion and according to the information and explanation 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 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. We have broadly reviewed the cost records maintained by the Company pursuant to sub-section (1) of section 148 of the Companies Act, 2013 and are of the opinion that prime facie the prescribed accounts and records have been made and maintained. We have however not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
7. a. According to the records, the company is regular in depositing undisputed statutory dues including provident fund, employees' state insurance, Income-tax, Sales-tax, Service tax, Goods and Services Tax, Duty of customs, Duty of excise, Value added tax, Cess and all other statutory dues with the appropriate authorities and there are no arrears of outstanding statutory dues as at March 31, 2020 for a period 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. In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to any financial institutions and Banks during the year.

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. Accordingly, the provisions of paragraph 3 (ix) of the Companies (Auditor's Report) Order 2016 are not applicable.
10. According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.
11. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.
12. In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, paragraph 3(xii) of the Companies (Auditor's Report) Order 2016 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 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. According to the information and explanation given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
15. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Companies (Auditor's Report) Order 2016 is not applicable.
16. The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

for **BRAHMAYYA & CO.**
Chartered Accountants
Firm's Regn No. 000513S

(K.SHRAVAN)
Partner
Membership No.215798
UDIN: 20215798AAAACF6244

Place : HYDERABAD
Date : 27.6.2020

ANNEXURE – B TO THE AUDITOR’S REPORT**Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)**

We have audited the internal financial controls over financial reporting of SOUTHERN MAGNESIUM AND CHEMICALS LIMITED (“the Company”) as of 31st March 2020 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management’s Responsibility for Internal Financial Controls

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 (“ICAI”). 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 Act.

Auditor’s Responsibility

Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting with reference to these financial statements 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, deemed to be prescribed under section 143(10) of the Act 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 with reference to these financial statements was established and maintained and if such controls operated effectively in all material aspects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting with reference to these financial statements and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting with reference to these financial statements, 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 judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud and error. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Meaning of Internal Financial Controls over Financial Reporting

A company’s internal financial control over financial reporting with reference to these financial statements 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 with reference to these financial statements includes those policies and procedures that: (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) 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 expenditure of the Company are being made only in accordance with authorisations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised 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

Because of the inherent limitations of internal financial controls over financial reporting with reference to these financial statements, 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 with reference to these financial statements to future periods are subject to the risk that the internal financial control over financial reporting with reference to these financial statements may become inadequate because of changes in conditions, or that the degree of compliance with policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting with reference to these financial statements and such internal financial controls over financial reporting with reference to these financial statements were operating effectively as at 31 March 2020, 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

for **BRAHMAYYA & CO.**
Chartered Accountants
Firm’s Regn No. 000513S

Place : HYDERABAD
Date : 27.6.2020

(K.SHRAVAN)
Partner
Membership No.215798
UDIN: 20215798AAAACF6244

BALANCE SHEET AS AT 31ST MARCH, 2020

(All amounts are in Rupees)

Particulars	Note No.	As at	As at
		31 March, 2020	31 March, 2019
A ASSETS			
Non- Current Assets			
(a) Property, Plant and Equipment	2	5,516,434	4,211,771
(b) Other Non- Current Assets		115,301	116,588
(c) Deferred Tax Asset	3	703,276	-
Total Non-Current Assets		6,335,011	4,328,359
Current Assets			
(a) Inventories	4	23,447,073	22,936,164
(b) Financial Assets			
(i) Trade receivables	5	993,029	2,609,505
(ii) Cash and cash equivalents	6	374,165	511,331
(iii) Others bank balances	7	2,693,000	6,218,000
(iv) Others financial assets	8	554,266	492,308
(c) Other current assets	9	132,822	1,055,610
(d) Current tax asset (net)	10	348,684	-
Total Current Assets		28,543,039	33,822,918
Total Assets		34,878,050	38,151,277
B EQUITY AND LIABILITY			
Equity			
(a) Equity share capital	11	30,000,000	30,000,000
(b) Other equity	12	(4,438,906)	(2,129,850)
Total Equity		25,561,094	27,870,150
LIABILITIES			
Non- Current Liabilities			
(a) Financial Liabilities			
Borrowings	13	2,390,000	2,655,000
(b) Deferred tax liabilities	3	-	607,389
(c) Provisions	14	1,058,907	-
Total Non-Current Liability		3,448,907	3,262,389
Current Liabilities			
(a) Financial Liabilities			
(i) Borrowings	15	4,827,107	2,829,755
(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	16	835,062	2,082,539
(b) Other current liabilities	17	205,880	1,986,018
(d) Current tax liability (net)	18	-	120,426
Total Current Liabilities		5,868,049	7,018,738
Total Equity & Liability		34,878,050	38,151,277

The accompanying notes form an integral part of the financial statements 01 to 35

As per our report of even date
For **BRAHMAYYA & CO.,**
Chartered Accountants
Firm Registration No.000513S

K. Shravan
Partner
Membership No. 215798

Place : Hyderabad
Date : 27.06.2020

For and on behalf of the Board of
Southern Magnesium and Chemicals Limited

N. Rajender prasad
Jt. Managing Director & CFO
(DIN- 00145659)

N. Ravi Prasad
Managing Director & CEO
(DIN- 00319537)

Mrs. Sneha Sridayal Soni
Company Secretary

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2020

(All amounts are in Rupees)

Particulars	Notes	Year Ended	Year Ended
		31st March, 2020	31st March, 2019
I. Revenue from operations	19	15,856,485	44,189,555
II. Other Income	20	277,287	454,096
III. Total Income		16,133,772	44,643,651
IV. Expenses			
Cost of raw materials consumed	21	6,081,193	6,615,131
Changes in inventories of finished goods and work-in-progress	22	228,539	8,063,423
Employee benefits expenses	23	7,544,670	5,814,696
Finance costs	24	849,597	799,924
Depreciation and amortization expenses	2	948,285	717,785
Other expenses	25	3,920,765	5,752,386
Total expenses (IV)		19,573,049	27,763,345
V. Profit / (Loss) before Exceptional item and tax (III-IV)		(3,439,277)	16,880,306
VI. Exceptional Items		-	-
VII. Profit/(Loss) before tax (V+VI)		(3,439,277)	16,880,306
VIII. Tax Expenses			
Current Tax		-	3,196,080
Relating to previous year		(653,910)	-
Deferred tax		(476,311)	-
IX. Profit/(Loss) for the Period (VIII-IX)		(2,309,056)	13,684,226
Other Comprehensive Income			
(i) Items that will not be reclassified subsequently to Profit or Loss Account		-	-
(ii) Income Tax relating to Items that will not be reclassified to profit or loss		-	-
Total other Comprehensive Income for the period (VIII)		-	-
X. Total Comprehensive Income/(Loss) for the Period (VII+VIII)		(2,309,056)	13,684,226
XI. Earning per equity share (Face value of Rs 10/- each)			
(1) Basic	26	(0.77)	4.56
(2) Diluted		(0.77)	4.56

The accompanying notes form an integral part of the financial statements Note 1 to 35

As per our report of even date
For **BRAHMAYYA & CO.,**
Chartered Accountants
Firm Registration No.000513S

K. Shravan
Partner
Membership No. 215798

Place : Hyderabad
Date : 27.06.2020

**For and on behalf of the Board of
Southern Magnesium and Chemicals Limited**

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(DIN- 00319537)

Mrs. Sneha Sridayal Soni
Company Secretary

EQUITY SHARE CAPITAL

Statement of Changes in Equity

A. Equity Share Capital

Particulars	No. of shares	Amount in Rs.
Balance as at 1st April, 2018	3000000	30,000,000
Changes in Equity share capital during 2018-19	0	0
Balance as at 31st March, 2019	3000000	30,000,000
Changes in Equity share capital during 2019-20	0	0
Balance as at 31st March 2020	3000000	30,000,000

B. Other Equity

Particulars	As at 31-03-2020	As at 31-03-2019s
Surplus in statement of Profit and Loss		
Opening Balance	(2,129,850)	(15,814,076)
Add : Profit / (Loss)	(2,309,056)	13,684,226
Less : Appropriations	-	-
Closing Balance	(4,438,906)	(2,129,850)

As per our report of even date
For **BRAHMAYYA & CO.,**
Chartered Accountants
Firm Registration No.000513S

K. Shravan
Partner
Membership No. 215798

Place : Hyderabad
Date : 27.06.2020

**For and on behalf of the Board of
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Mrs. Sneha Sridayal Soni
Company Secretary

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2020

(All amounts are in Rupees)

Sl. No.	Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
	Cash flows from/(used in) operating activities		
	Net Profit/ (Loss) before tax	(3,439,277)	16,880,306
	Adjustments for :		
	Depreciation and amortisation expenses	948,285	717,785
	Interest earned	(265,227)	(359,666)
	Provision written back	-	94,430
	Finance costs	849,597	799,924
	Operating Profit before working capital changes	(1,906,622)	18,132,779
	Changes in operating assets and liabilities:		
	(Increase) / Decrease in Inventories	(510,910)	(221,085)
	(Increase) / Decrease in Trade receivables	1,616,475	(449,250)
	(Increase) / Decrease in financial and non financial assets	862,118	(1,221,444)
	Increase / (Decrease) in Trade payables	-	(976,049)
	Increase / (Decrease) in financial liabilities and other liabilities	(3,027,615)	(1,609,500)
	Increase / (Decrease) in Provisions	1,058,907	-
	Cash generated/(used in) from Operations	(1,907,648)	13,655,451
	Income tax paid (net of refunds)	649,553	2,918,515
	Net Cash generated from operating activities (A)	(2,557,201)	10,736,936
	Cash flows from/(used in) investing activities		
	Purchase of property, plant and equipment	(2,252,947)	(22,000)
	Interest received	265,227	652,330
	Movement in other bank balances	3,525,000	(1,575,000)
	Net Cash generated from/(used in) investing activities (B)	1,537,280	(944,670)
	Cash flows from/(used in) Financing activities		
	Repayment of Borrowings	(265,000)	(325,000)
	Proceeds /(Repayment) from Current borrowings	1,997,352	(8,218,014)
	Interest paid	(849,597)	(799,924)
	Net cash used in financing activities (C)	882,755	(9,342,938)
	Net increase/(decrease) in cash and cash equivalents (A+B+C)	(137,166)	449,328
	Cash and cash equivalents as at the beginning of the year	511,331	62,003
	Cash and cash equivalents as at the end of the year	374,165	511,331

Reconciliation of cash and cash equivalents as per the statement of cash flow
Cash and cash equivalents at the end of the year

	As at 31st March, 2020	As at 31st March, 2019
Cash on hand	235,971	174,398
Current accounts	138,194	336,933
Total	374,165	511,331

As per our report of even date
For **BRAHMAYYA & CO.**,
Chartered Accountants
Firm Registration No.000513S

K. Shravan
Partner
Membership No. 215798

Place : Hyderabad
Date : 27.06.2020

For and on behalf of the Board of
Southern Magnesium and Chemicals Limited

N. Rajender prasad
Jt. Managing Director & CFO
(DIN- 00145659)

N. Ravi Prasad
Managing Director & CEO
(DIN- 00319537)

Mrs. Sneha Sridayal Soni
Company Secretary

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE FINANCIAL STATEMENTS**Corporate Information**

Southern Magnesium & Chemicals Limited (SMCL or "the Company") is promoted by Dr. N B Prasad and family. The Company is in the business of manufacturing magnesium metal, in a joint venture with the Andhra Pradesh Industrial Development Corporation. The Company diversified its business into production of various downstream products like magnesium granules, magnesium powder, magnesium alloy and magnesium extrusion.

1. Basis of Preparation of Financial Statements:**Statement of compliance**

These financial statements have been prepared in accordance with the Indian Accounting Standards (Ind AS) as specified under section 133 of the Companies Act 2013 read together with the Rule 4 of Companies (Indian Accounting Standards) Rules, 2015 as amended by Companies (Indian Accounting Standards) Amendment Rules 2016 to the extent applicable and the other relevant provisions of the Act, pronouncements of the regulatory bodies applicable to the Company. The accounting policies are applied consistently to all the periods presented in the financial statements.

The Financial statements of the Company for the year ended 31 March, 2020 were approved by the Board of Directors on 27th June, 2020.

The financial statements have been prepared on a historical cost basis, except for financial instruments which have been measured at fair value at the end of each reporting period, as explained in the accounting policies mentioned below.

1.1 Current Vs Non-current classifications:

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III (Division II) to the Companies Act, 2013. Based on the nature of products and the time between the acquisition of assets for processing and their realization in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current or non-current classification of assets and liabilities.

1.2 Significant Accounting Policies**a. Property, Plant and Equipment:**

An item of property, plant and equipment that qualifies as an asset is measured on initial recognition at cost. Following initial recognition, items of property, plant and equipment other than land are carried at their cost less accumulated depreciation and accumulated impairment losses. Freehold land is carried at cost of acquisition.

The cost of an item of property, plant and equipment comprises the purchase price and any cost attributable to bring the asset to its location and working condition for its intended use. Borrowing costs relating to acquisition of property, plant and equipment which take substantial period of time to get ready for its intended use are also included to the extent they relate to the period till such assets are ready to put to use.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. Costs in nature of repairs and maintenance are recognized in the Statement of Profit and Loss as and when incurred.

Depreciation and Amortization Expense

Depreciation is provided on Straight Line Method on the assets over the useful lives specified in Schedule II to the Companies Act, 2013. Depreciation on additions is being provided on pro rata basis from the date of such additions. Depreciation on assets sold, discarded or demolished during the year is being provided up to the date on which such assets are sold, discarded or demolished.

b. Impairment of Assets:

In accordance with Ind AS 36, the company assesses at each Balance Sheet date whether there is any indication that an asset may be impaired. An asset is treated as impaired when the carrying cost exceeds its recoverable value. An impairment loss is charged to the Statement of Profit and Loss in the year in which an asset is identified as impaired. The impairment loss recognized in a prior accounting period is reversed if there has been a change in the estimate of recoverable amount.

c. Valuation of Inventories:

Inventories are valued at the lower of cost and net realizable value. Cost is arrived at by using weighted average method and includes all costs of purchases, conversion and other costs incurred in bringing the inventories to their present location and condition.

d. Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

I. Financial Assets**Initial recognition and measurement**

All financial instruments are recognized initially at fair value plus, in the case of financial assets not recorded at fair value through profit & loss account transaction costs that are attributable to the acquisition of the financial asset, purchase or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place are recognized on the trade date i.e. the date that the company commits to purchase or sell the asset.

Subsequent Measurement

For the purpose of subsequent measurement financial assets are classified as measured at:

- 1) Amortized Cost
- 2) Fair value through profit and loss(FVTPL)
- 3) Fair value through other comprehensive income(FVTOCI)

Financial Asset measured at amortized cost

Financial Assets held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding are measured at amortized cost using effective interest rate (EIR) method. The EIR amortization is recognized as finance income in the statement of Profit & Loss. The company while applying above criteria has classified all the financial assets at amortized cost.

Financial Assets Measured at fair value through other comprehensive income

Financial assets that are held within a business model whose objective is achieved by both, selling financial assets and collecting contractual cash flows that are solely payment so principal and interest ,are subsequently measured at fair value through other comprehensive income. Fair value movements are recognized in the other comprehensive income(OCI). Interest income measured using the EIR method and impairment losses, if any are recognized in the Statement of Profit and Loss. On de-recognition, cumulative gain or loss previously recognized in OCI is reclassified from the equity to ' other income' in the Statement of Profit and Loss.

Financial Assets at fair value through profit or loss (FVTPL)

Financial Asset are measured at fair value through Profit & Loss if it does not meet the criteria for classification as measured at amortized cost or at FVTOCI. All fair value changes are recognized in the statement of profit & loss.

De-recognition of Financial Assets

The Company de-recognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the contractual rights to receive the cash flows from the asset.

II. Financial Liabilities.**Initial recognition and measurement**

Financial liabilities are recognized initially at fair value plus any transaction cost that are attributable to the acquisition of the financial liability except financial liabilities at FVTPL that are measured at fair value.

Subsequent Measurement

Financial liabilities are subsequently measured at amortized cost using the EIR method. Financial liabilities carried at fair value through profit or loss are measured at fair value with all changes in fair value recognized in the Statement of Profit and Loss.

Financial Liabilities at amortized cost

Amortized cost for financial liabilities represents amount at which financial liability is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between the initial amount and the maturity amount. All the financial liabilities of the company are subsequently measured at amortized cost using Effective Interest method.

De recognition of Financial Liabilities

A financial liability shall be de-recognized when, and only when, it is extinguished i.e. when the obligation specified in the contract is discharged or canceled or expires.

e. Leases

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Company has adopted Ind AS 116 - Leases, using "Modified retrospective approach" with effect from 1 April 2019 and accordingly these financial statements are prepared in accordance with the recognition and measurement principles laid down in Ind AS 116. Also, the application of Ind AS 116 did not have any significant impact on the financial statements considering the number of assets under operating lease arrangements of the Company.

At the date of commencement of lease, the Company recognises a Right-of-use asset ("ROU") and a corresponding liability for all lease arrangements in which it is a lessee, except for leases with the term of twelve months or less (short term leases) and low value leases. For short term and low value leases, the Company recognises the lease payment as an operating expense on straight line basis over the term of lease.

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset.

The lease liability is initially measured at amortised cost at the present value of the future lease payments. The lease payments are discounted using the interest rate explicit in the lease or, if not readily determinable, using the incremental borrowing rates in the country of domicile of these leases.

f. Foreign Exchange Transactions:

Transactions denominated in foreign currency are accounted for initially at the exchange rate prevailing on the date of transaction. Foreign Currency monetary Assets and Liabilities are translated at year end exchange rates. Fluctuations, if any, due to change in exchange rates between the dates of transactions and the dates of crystallisation are debited / credited to Statement of Profit & Loss.

g. Revenue Recognition

Revenue is measured at the fair value of consideration received or receivable and is recognized to the extent that it is probable that the economic benefits will flow to the Company

Sale of goods

Revenue is recognized when the significant risks and reward so ownership of goods have passed to the buyer. Amounts disclosed as revenue are inclusive of excise duty and net of returns, trade allowances, rebates, value added taxes.

Interest/ Dividend

Interest Income is recognized using the Effective interest rate (EIR) method. Dividend income is recognized when right to receive is established.

h. Borrowing Costs:

Borrowing costs attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. All other borrowing costs are charged to revenue.

i. Provisions, Contingent Liabilities and Contingent Assets:

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an out flow of resources. Contingent Liabilities are not recognized but are disclosed in the notes on accounts. Contingent Assets are neither recognized nor disclosed in the financial statements.

j. Income Taxes

Income tax expense for the year comprises of current tax and deferred tax. It is recognized in the Statement of Profit and Loss except to the extent it relates to a business combination or to an item which is recognized directly in equity or in other comprehensive income.

Current tax is the expected tax payable/receivable on the taxable income/ loss for the year using applicable tax rates at the Balance Sheet date, and any adjustment to taxes in respect of previous years. Interest income/ expenses and penalties, if any, related to income tax are included in current tax expense.

Deferred tax is recognized in respect of temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes using tax rates enacted, or substantively enacted, by the end of the reporting period.

k. Earnings Per Share

The Company presents basic and diluted earnings per share ("EPS") data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which includes all stock options granted to employees.

l. Critical Accounting Estimates and Judgments

The preparation of financial statements is in conformity with generally Accepted Accounting Principles require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the result of operations during the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates. Revisions in accounting estimates are recognized prospectively.

The areas involving critical estimates or judgments are –

- Estimates of Useful life of Property, plant and equipment and intangibles
- Measurement of defined benefit obligation
- Recognition of deferred taxes
- Estimation of impairment
- Estimation of provision and contingent liabilities

1.3 Standards issued but not effective

Ministry of Corporate Affairs ('MCA') notifies new standards or amendments to the existing standards.

There are no such notifications which would have been applicable from April 01, 2020.

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020

2. Property, Plant & Equipment

(All amounts are in Rupees)

Particulars	GROSS BLOCK				DEPRECIATION			NET BLOCK	
	As at 01.04.2019	Additions during the year	Deletions During the year	As at 31.03.2020	Upto 01.04.2019	For the year	Upto 31.03.2020	As at 31.03.2020	As at 31.03.2019
(A) Tangible Assets									
(i) Land: - Factory	235,862	-	-	235,862	-	-	-	235,862	235,862
(ii) Buildings:									
(a) Factory	4,135,121	-	-	4,135,121	3,324,968	106,197	3,431,165	703,956	810,153
(b) Non-Factory	2,497,589	-	-	2,497,589	1,066,196	40,296	1,106,491	1,391,098	1,431,393
(iii) Plant and Machinery	1,412,203	-	-	1,412,203	1,337,163	479	1,337,642	74,561	75,040
(iv) Electrical Installations	132,946	-	-	132,946	89,488	4,750	94,238	38,708	43,458
(v) Weighing Machines	410,491	-	-	410,491	390,216	0	390,216	20,275	20,275
(vi) Fire Fighting Equipment	29,810	-	-	29,810	28,319	-	28,319	1,491	1,491
(vii) Data Processing Equipment	125,346	-	-	125,346	115,619	3,460	119,079	6,267	9,727
(viii) Lab Equipment	814,615	-	-	814,615	773,884	-	773,884	40,731	40,731
(ix) Furniture and Fixtures	268,084	-	-	268,084	246,030	1,805	247,835	20,249	12,554
(x) Vehicles	2,832,318	2,144,080	-	4,976,398	1,382,305	756,880	2,139,185	2,837,213	1,450,013
(xi) Office equipment	507,781	108,867	-	616,648	436,207	34,418	470,625	146,023	81,074
Total	13,402,166	2,252,947	-	15,655,113	9,190,395	948,285	10,138,679	5,516,434	4,211,771
Previous Year	13,380,166	22,000	-	13,402,166	8,472,610	717,785	9,190,395	4,211,771	4,907,557

Particulars	GROSS BLOCK				DEPRECIATION			NET BLOCK	
	As at 01.04.2019	Additions during the year	Deletions During the year	As at 31.03.2020	Upto 31.03.2019	For the year	Upto 31.03.2020	As at 31.03.2020	As at 31.03.2019
(b) Intangible Assets									
Process Knowhow	500,000	-	-	500,000	500,000	-	500,000	-	-
Total	500,000	-	-	500,000	500,000	-	500,000	-	-
Previous Year	500,000	-	-	500,000	500,000	-	500,000	-	-

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2020

3 Deferred Tax Asset (Net) (All amounts are in Rupees)

Particulars	As at	As at
	31 March 2020	31 March 2019
Deferred Tax Asset		
MAT Credit	834,354	-
On Expenses Allowed on Payment basis	299,061	9,206
Gross Deferred Tax Asset	1,133,415	9,206
Deferred Tax Liability		
On Property, Plant and Equipment	430,139	616,595
Gross Deferred Tax Liability	430,139	616,595
Net Defrred Tax Asset/(Liability)	703,276	(607,389)

4 INVENTORIES : (All amounts are in Rupees)

Particulars	As at	As at
	31 March 2020	31 March 2019
(i) Raw materials	14,115,937	11,655,747
(ii) Finished goods	9,331,136	11,280,417
TOTAL	23,447,073	22,936,164

5 TRADE RECEIVABLES

Particulars	As at	As at
	31 March 2020	31 March 2019
A. Secured		
B. Unsecured		
i. Considered good	993,029	2,609,505
ii. Significant increase in credit risk	-	-
iii. Credit Impaired	-	-
Less: Provision for doubtful allowance	-	-
TOTAL	993,029	2,609,505

6 CASH AND CASH EQUIVALENTS

Particulars	As at	As at
	31 March 2020	31 March 2019
i) Cash on hand	235,971	174,398
ii) Balances with banks in Current Accounts	138,194	336,933
TOTAL	374,165	511,331

7 OTHER BANK BALANCES

Particulars	As at	As at
	31 March 2020	31 March 2019
Balances with Bank		
- Margin money deposits (on Bank Gaurantees) with balance maturity of less than 3 Months	2,693,000	6,218,000
TOTAL	2,693,000	6,218,000

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2020

8 OTHER FINANCIAL ASSETS

Particulars	As at	As at
	31 March 2020	31 March 2019
(I) Interest receivable	267,070	214,513
(ii) Deposits Recoverable	287,196	258,795
(iii) Advances to Staff	-	19,000
TOTAL	554,266	492,308

9 OTHER CURRENT ASSETS

Particulars	As at	As at
	31 March 2020	31 March 2019
(i) Advance for purchase of raw material and stores	8,222	873,943
(ii) Prepaid Expenses	43,142	72,276
(iii) Balance with Central Excise and others	10,208	10,208
(iv) GST Receivable	71,250	99,183
TOTAL	132,822	1,055,610

10 CURRENT TAX ASSET (Net)

(All amounts are in Rupees)

Particulars	As at	As at
	31 March 2020	31 March 2019
Income tax (Net of Advance tax)	348,684	-
Total	348,684	-

11 EQUITY SHARE CAPITAL

(All amounts are in Rupees)

Particulars	As at	As at
	31 March 2020	31 March 2019
Authorised:		
40,00,000 - Equity Shares of Rs 10/- each	40,000,000	40,000,000
10,00,000 - 5% Redeemable Cumulative Preference Shares of Rs 10/- each.	10,000,000	10,000,000
Issued Subscribed & Fully Paid Up		
30,00,000 - Equity Shares of Rs 10/- each, fully paid up	30,000,000	30,000,000
Total	30,000,000	30,000,000

11 (a) Reconciliation of the number of shares.

Particulars	As at 31st March 2020		As at 31st March 2019	
	Nos	Amount	Nos	Amount
Shares outstanding at the beginning of the year	3,000,000	30,000,000	3,000,000	30,000,000
Add: Issue during the year	-	-	-	-
Shares outstanding at the end of the year	3,000,000	30,000,000	3,000,000	30,000,000

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2020

11(b) Rights, preference and restriction attached to shares :

Equity shares: The company has one class of equity shares having a par value of Rs.10 per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding

11(c) Shareholders holding more than 5% shares in the Company

Particulars	As at 31st March 2020		As at 31st March 2019	
	No of shares	% held	No of shares	% held
Mr. N. Ravi Prasad M/s. Andhra Pradesh Industrial Development Corporation	390648	13.02	390648	13.02
Mr. N. Ranga Prasad	337500	11.25	337500	11.25
Mr. N. Rajendra Prasad	259298	8.64	259298	8.64
Smt. N. Anantha Lakshmi	248498	8.28	248498	8.28
Mr. N Ram Prasad	233998	7.80	233998	7.80
	180298	6.01	180298	6.01

12 OTHER EQUITY

Particulars	As at 31 March 2020	As at 31 March 2019
Surplus/(Deficit) in statement of Profit and Loss		
Opening Balance	(2,129,850)	(15,814,076)
Add: Profit / (Loss)	(2,309,056)	13,684,226
Closing Balance	(4,438,906)	(2,129,850)

13 FINANCIAL LIABILITIES :

(All amounts are in Rupees)

(i) BORROWINGS

Particulars	As at 31 March 2020	As at 31 March 2019
Unsecured loans - Loans from related parties		
Inter-corporate Deposits	2,390,000	2,655,000
TOTAL	2,390,000	2,655,000

14 PROVISIONS

Particulars	As at 31 March 2020	As at 31 March 2019
Provision for gratuity	1,058,907	-
TOTAL	1,058,907	-

15 BORROWINGS

Particulars	As at 31 March 2020	As at 31 March 2019
Secured Loan Andhra Bank OD A/c	4,827,107	2,829,755
TOTAL	4,827,107	2,829,755

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2020

16 OTHER FINANCIAL LIABILITIES

Particulars	As at	As at
	31 March 2020	31 March 2019
Creditors for Other expenses	388,997	1,613,089
Employee benefit payable	446,065	469,450
TOTAL	835,062	2,082,539

17 OTHER CURRENT LIABILITIES

Particulars	As at	As at
	31 March 2020	31 March 2019
(i) Dues to related party Directors	73,396	152,297
(ii) Statutory liabilities	132,484	1,833,721
TOTAL	205,880	1,986,018

18 CURRENT TAX LIABILITY (NET)

Particulars	As at	As at
	31 March 2020	31 March 2019
(i) Income tax (Net of Advance tax)	-	120,426
TOTAL	-	120,426

19 REVENUE FROM OPERATIONS

Particulars	Year ended	Year ended
	31st March 2020	31st March 2019
Sales of Products	15,856,485	43,866,485
Job Work Charges	-	323,070
TOTAL	15,856,485	44,189,555

20 OTHER INCOME

Particulars	Year ended	Year ended
	31st March 2020	31st March 2019
Interest Income	265,227	359,666
Excess Provision written back	-	94,430
Prior Period Income	12,060	-
TOTAL	277,287	454,096

21 COST OF MATERIAL CONSUMED

Particulars	Year ended	Year ended
	31st March 2020	31st March 2019
Inventory at the beginning of the year	11,655,747	1,919,847
Add: Purchases	8,541,383	16,351,031
Less: Inventory at the end of the year	14,115,937	11,655,747
Cost of raw materials and packing materials consumed	6,081,193	6,615,131

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2020
22 CHANGES IN INVENTORIES OF FINISHED GOODS, TRADED GOODS AND WORK-IN-PROCESS

Particulars	Year ended 31st March 2020	Year ended 31st March 2019
Opening inventories		
(i) Finished goods	11,280,417	20,795,235
(ii) Work-In-process	-	-
Adjustment in Inventory	(1,720,742)	(1,451,395)
Closing inventories		
(i) Finished goods	9,331,136	11,280,417
(ii) Work-In-process	-	-
(Increase) / decrease in inventory	228,539	8,063,423

23 EMPLOYEE BENEFITS EXPENSE

Particulars	Year ended 31st March 2020	Year ended 31st March 2019
(i) Salaries, wages, and bonus	6,669,026	5,147,748
(ii) Contribution to provident fund	335,635	231,852
(iii) Staff welfare expenses	540,009	435,096
TOTAL	7,544,670	5,814,696

24 FINANCE COSTS

Particulars	Year ended 31st March 2020	Year ended 31st March 2019
Interest expense on :		
(i) Working capital facility	652,776	799,924
(ii) Others	196,821	-
TOTAL	849,597	799,924

25 OTHER EXPENSES

Particulars	Year ended 31st March 2020	Year ended 31st March 2019
Consumption of general stores	102,852	166,100
Power and Fuel	266,230	265,890
Repairs to :		
Buildings	6,250	354,559
Machinery	389,342	240,499
Others	88,167	88,565
Vehicle maintenance	315,485	353,275
Freight & Others	146,501	280,843
Payments to Auditors		
As Auditors	46,000	54,280
for Tax Audit	15,000	17,700
for Certification	6,000	7,080
Rates and Taxes	26,304	67,998
Postage, Telegrams and Telephones	165,791	286,779
Travelling, Conveyance and Vehicle expenses	1,003,981	2,350,604
Insurance	159,152	119,623
Professional charges	198,990	210,512
Lease rental Amortization	1,288	1,715
Miscellaneous expenses	983,432	886,364
TOTAL	3,920,765	5,752,386

26 EARNINGS PER SHARE (EPS)

Particulars	Year ended 31st March 2020	Year ended 31st March 2019
Profit/(Loss) for the Period	(2,309,056)	13,684,226
Shares		
Weighted Avg. No. of. Shares for computing basis and diluted EPS	3,000,000	3,000,000
Earnings Per Share		
Basic and Diluted (in Rs.)	(0.77)	4.56

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2020

Note 27

Financial Risk Management

The Company’s activities expose it to market risk, credit risk and liquidity risk. Company’s overall risk management focus the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance.

I. Market Risk

Market risk is the risk of loss of the future earnings, fair values or future cash flows that may result from a change in the price of a financial instrument. The value of a financial instrument may change as a result of changes in the interest rates, foreign currency exchange rates, commodity prices and other market changes that affect market risk sensitive instruments. Market risk is attributable to all market risk sensitive financial instruments including investments and deposits, foreign currency receivables, payables and borrowings.

a. Foreign Currency Risk-

Foreign Currency Risk is the risk of impact related to fair value or future cash flows of an exposure in foreign currency, which fluctuate due to change in foreign currency rates. The Company’s exposure to the risk of changes in foreign exchange rates is negligible. The company does not enter into any derivative instruments for trading or speculative purposes.

b. Interest Rate Risk-

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company’s exposure to the risk of changes in market rates relates primarily to the Company’s short term borrowing. The Company constantly monitors the credit markets and re-balances its financing strategies to achieve an optimal maturity profile and financing cost.

II. Credit Risk

Credit risk arises when a customer or counterparty does not meet its obligations under a financial instrument or custom contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing/investing activities, including deposits with banks. The company has a prudent and conservative process for managing its credit risk arising in the course of its business activities. The Company is receiving payments regularly from its customers and hence the Company has no significant credit risk.

III. Liquidity Risk

Liquidity risk is defined as the risk that the company will not be able to settle or meet obligations on time or at reasonable price. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of credit facilities to meet obligations when due. The Company’s treasury team is responsible for liquidity, funding as well as settlement management. In addition, processes and policies related to such risks are overseen by senior management. Management monitors the Company’s liquidity position through rolling forecasts based on expected cash flows

Note 28

Fair value hierarchy

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into level 1 to level 3 as described below

Level 1 – Quoted prices in an active market:

This level of hierarchy includes financial assets that are measured by reference to quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 – Valuation techniques with observable inputs:

This level of hierarchy includes financial assets and liabilities, measured using inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices). There are no financial instruments held by the company which fall under this category

Level 3 – Valuation techniques with significant unobservable inputs:

This level of hierarchy includes financial assets and liabilities measured using inputs that are not based on observable market data (unobservable inputs). Fair values are determined in whole or in part, using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data. There are no financial instruments held by the company which fall under this category.

Note 29

Forex Transactions

(Rs. in Lakhs)

Particulars Current Year	Previous Year	
Raw Materials : Value of Imports (CIF)	62,03,847	80,60,685
Total	62,03,847	80,60,685

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2020

Note 30

Capital Management

The Company's objectives when managing capital are to

- i) Safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders.
- ii) Maintain an optimal capital structure to reduce the cost of capital Consistent with others in the industry, the company monitors capital on the basis of the following gearing ratio:

Net debt (total borrowings net of cash and cash equivalents) divided by Total 'equity' (as shown in the balance sheet)

Gearing Ratio

Particulars	As at	
	March 31,2020	March 31,2019
a) Debt Obligations	72,17,107	54,84,755
b) Cash and Cash Equivalents	3,74,165	5,11,331
c) Net Debt (a-b)	68,42,942	49,73,424
d) Total Equity	2,55,61,094	2,78,70,150
e) Debt to Equity ratio	0.27	0.18

Note 31

Reconciliation of Tax Expense and Accounting profit multiplied by Applicable tax rate

Particulars	Current Year	Previous Year
(I) Tax expense recognized in Statement of Profit and loss		
Current Tax	0	31,96,080
Deferred Tax	(4,76,311)	0
Relating to previous years	(6,53,910)	
Total	(11,30,221)	31,96,080
(II) Effective tax Reconciliation		
(a) Profit/(loss) before tax	(34,39,277)	168,80,306
(b) Applicable tax rate	26%	20.59
(c) Tax expense on Net profit (a*b)	(8,94,212)	34,75,655
(d) Others adjustments	(2,36,009)	(2,79,575)
(e) Tax Expense as per Statement of Profit and loss (c+d)	(11,30,221)	31,96,080

Note 32

Employee benefits

In view of very limited strength of the employees, presently working in the Company the requirements of the Ind AS - 19 Employee Benefits in respect of Gratuity could not be complied with. However, Liability for Gratuity is being funded through Life Insurance Corporation of India.

Note 33

Related party disclosures as required by the IND AS 24

The Related party disclosures as required by IND AS – 24 are given below.

S. No	Related Parties	Nature of Relationship
1	Sri. N. Ravi Prasad, Managing Director	Key Managerial Personnel
2	Sri. N. Rajender Prasad, Joint Managing Director	
3	Smt. N. Anantha Lakshmi	Relatives of Directors
4	Sri. N. Ram Prasad	
5	Southern Electrodes Ltd	Enterprise over which Key Managerial Personnel & their relatives exercise significant Influence.
6	Pumps India Pvt. Ltd	

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2020

1. Transactions with Key Management personnel

(Amount in Rs.)

S.No	Nature of transaction	Current Year	Previous Year
1	Remuneration	30,13,037	23,04,000
2	Medical Reimbursement	3,00,998	2,15,296
3	Club Subscriptions	30,760	23,390
4	Un Secured Loans		
	Outstanding at the beginning of the year	0	0
	Amounts received during the year	0	0
	Amounts repaid during the year	0	0
	Outstanding at the end of the year	0	0
5	Current Liabilities – Current Accounts of the Key Managerial Personal		
	Outstanding at the beginning of the year	1,52,297	7,62,883
	Amounts received during the year	5,98,819	19,14,177
	Amounts repaid during the year	6,77,720	25,24,763
	Outstanding at the end of the year	73,396	1,52,297

2. Transactions with Enterprises over which Key Management personal and their relatives exercise Significant Influence:

S.No.	Nature of Transaction	Current Year	Previous Year
1	Inter Corporate Deposits received		
	Outstanding at the beginning of the year	26,55,000	29,80,000
	Amounts received during the year	0	0
	Amounts repaid during the year	2,65,000	3,25,000
	Outstanding at the end of the year	23,90,000	26,55,000
2	Current Liabilities		
	Outstanding at the beginning of the year	92,022	92,022
	Amounts received during the year	0	0
	Amounts repaid during the year	10,000	0
	Outstanding at the end of the year	82,022	92,022

Note 34

Micro, Small and Medium Enterprises

There are no amounts outstanding as at 31st March, 2020 payable to Micro, Small and Medium Enterprises. There are no Micro, Small and Medium Enterprises, to whom the Company owes dues, which are outstanding for more than 45 days during the year and also as at 31st March, 2020. This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company and relied upon by the Auditors.

Note 35

Previous Year's figures have been regrouped wherever necessary to correspond with the current year's figures. Except otherwise stated.

As per our report of even date
For **BRAHMAYYA & CO.,**
Chartered Accountants
Firm Registration No.000513S

K. Shravan
Partner
Membership No. 215798

Place : Hyderabad
Date : 27.06.2020

For and on behalf of the Board of
Southern Magnesium and Chemicals Limited

N. Rajender prasad
Jt. Managing Director & CFO
(DIN- 00145659)

N. Ravi Prasad
Managing Director & CEO
(DIN- 00319537)

Mrs. Sneha Sridayal Soni
Company Secretary



SOUTHERN MAGNESIUM AND CHEMICALS LIMITED

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