

**SOUTHERN MAGNESIUM AND
CHEMICALS LIMITED
(CIN NO. L27109TG1985PLC005303)**



**38th ANNUAL REPORT
2023-2024**

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

Mr. N. RAVIPRASAD	Managing Director and CEO
Mr. N. RAJENDER PRASAD	Joint Managing Director and CFO
Mrs. PADMAVATHI KOLLIPARA	APIDC Nominee Director, Upto 24.01.2024
Mr. K. ESHWARAIAH	Independent Director, Upto 13.08.2024
Mr. V.S.S. PRAKASH	Independent Director, Upto 13.08.2024
Mr. G. RAGHAVENDRA RAO	Independent Director, Upto 13.08.2024
Mr. V. RAGHUNATH	APIDC Nominee Director, w.e.f 06.02.2024
Mrs. URMI N PRASAD	Non Executive Director, w.e.f. 15.04.2024
Mr. N. PURNACHANDRA RAO	Independent Director, w.e.f. 13.08.2024
Mr. K. VENKATA NARAYANAREDDY	Independent Director, w.e.f. 13.08.2024

COMPANY SECRETARY :

Ms. PASUPULATI MANISHA

REGISTERED OFFICE :

Deccan Chambers, 5th Floor,
6-3-666/B, Somajiguda, 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 :

D. Hanumanta Raju & Co,
Company Secretaries, Hyderabad.

BANKERS :

Union Bank of India, Somajiguda, Hyderabad

WORKS :

Gowripatnam, West Godavari District

LISTED AT :

BSE Limited

REGISTRAR &

Aarthi Consultants Private Limited

SHARE TRANSFER AGENTS :

1-2-285, Doamalguda, Hyderabad - 500029

Ph. Nos. 040-27638111 / 27634445

Email : info@aarthiconsultants.com

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NOTICE

NOTICE IS HEREBY GIVEN THAT THE 38TH ANNUAL GENERAL MEETING OF THE MEMBERS OF SOUTHERN MAGNESIUM AND CHEMICALS LIMITED WILL BE HELD ON MONDAY, 30TH SEPTEMBER, 2024 AT 11.30 A.M. THROUGH VIDEO CONFERENCING (“VC”)/ OTHER AUDIO VISUAL MEANS (“OAVM”) TO TRANSACT THE FOLLOWING ITEMS OF BUSINESS:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Financial Statements of the Company including Balance Sheet as at 31st March 2024, Statement of Profit & Loss for the year 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.

SPECIAL BUSINESS:

2. Appointment of Mrs. Urmi Nuthakki Prasad (DIN: 00319482) as a Non-Executive Non-Independent Director of the Company

To consider and, if thought fit, to pass the following resolution as an **Ordinary Resolution:**

“**RESOLVED THAT** pursuant to the provisions of Section 149, 152, 197 and all other applicable provisions, if any, of the Companies Act, 2013, the Companies (Appointment and Qualification of Directors) Rules, 2014, including any statutory modification(s) or amendment(s) or re-enactment(s) thereof for the time being in force, the Articles of Association of the Company and pursuant to the applicable provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and recommendation made by the Nomination and Remuneration Committee of the Board, Mrs. Urmi Nuthakki Prasad (DIN: 00319482) who was appointed as an Additional Director (Non-Executive, Non-Independent) of the Company with effect from April 15, 2024, in terms of Section 161 of the Companies Act, 2013, be and is hereby appointed as Director (Non-Executive, Non-Independent) of the Company, whose office shall be liable to retire by rotation.”

“**RESOLVED FURTHER THAT** Directors or Company Secretary of the Company be and are hereby severally authorised to do all such acts, deeds, matters and things and take all such steps as may be necessary, proper or expedient to give effect to this resolution.”

3. Appointment of Mr. Purna Chandrarao Nibhanapudi (DIN: 10722408), as an Independent Director of the Company

To consider and, if thought fit, to pass the resolution as **Ordinary Resolution:**

“**RESOLVED THAT** pursuant to the provisions of Sections 149, 152, 197 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013, the Companies (Appointment and Qualification of Directors) Rules, 2014, including any statutory modification(s) or amendment(s) or re-enactment(s) thereof for the time being in force, the Articles of Association of the Company and pursuant to the applicable provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and recommendation made by the Nomination and Remuneration Committee of the Board, Mr. Purna Chandrarao Nibhanapudi (DIN: 10722408), who was appointed as an additional director of the Company, categorised as independent, by the Board of Directors with effect from 13th August, 2024, in terms of Section 161 of the Companies Act, 2013, be and is hereby appointed as an Independent Director of the Company for a term of five consecutive years effective from 13.08.2024 till 12.08.2029 and shall not be liable to retire by rotation.”

“**RESOLVED FURTHER THAT** Directors or Company Secretary of the Company be and are hereby severally authorised to do all such acts, deeds, matters and things and take all such steps as may be necessary, proper or expedient to give effect to this resolution.”

4. Appointment of Mr. Venkata Narayana Reddy Konda (DIN: 10722403), as an Independent Director of the Company

To consider and, if thought fit, to pass the resolution as **Ordinary Resolution:**

“RESOLVED THAT pursuant to the provisions of Sections 149, 152, 197 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013, the Companies (Appointment and Qualification of Directors) Rules, 2014, including any statutory modification(s) or amendment(s) or re-enactment(s) thereof for the time being in force, the Articles of Association of the Company and pursuant to the applicable provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and recommendation made by the Nomination and Remuneration Committee of the Board, Mr. Venkata Narayana Reddy Konda (DIN: 10722403), who was appointed as an additional director of the Company, categorised as independent, by the Board of Directors with effect from 13th August, 2024, in terms of Section 161 of the Companies Act, 2013, be and is hereby appointed as an Independent Director of the Company for a term of five consecutive years effective from 13.08.2024 till 12.08.2029 and shall not be liable to retire by rotation.”

“RESOLVED FURTHER THAT Directors or Company Secretary of the Company be and are hereby severally authorised to do all such acts, deeds, matters and things and take all such steps as may be necessary, proper or expedient to give effect to this resolution.”

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

Place: Hyderabad
Date: 13.08.2024

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

NOTES:

1. The Ministry of Corporate Affairs (“MCA”) vide General Circular No. 14/2020 dated 08.04.2020, General Circular No. 17/2020 dated 13.04.2020, General Circular No. 22/2020 dated 15.06.2020, General Circular No. 33/2020 dated 28.09.2020, General Circular No. 39/2020 dated 31.12.2020, General Circular No. 10/2021 dated 23.06.2021, General Circular No. 20/2021 dated 08.12.2021, General Circular No. 02/2022 dated 05.05.2022, General Circular No. 10/2022 dated 28.12.2022, General Circular No. 09/2023 dated 25.09.2023 read with Circular nos. SEBI/HO/CFD/CMD1/CIR/P/2020/79, SEBI/HO/CFD/CMD2/CIR/P/2021/11, SEBI/HO/CFD/CMD2/CIR/P/2022/62, SEBI/HO/CFD/PoD-2/P/CIR/2023/4 and SEBI/HO/CFD/CFD-PoD-2/P/CIR/2023/167 dated May 12, 2020, January 15, 2021, May 13, 2022, January 5, 2023 and October 7, 2023 issued by the Securities and Exchange Board of India (hereinafter collectively referred to as “the Circulars”) company is permitted to hold 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 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 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, 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 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, Scrutinizers, etc. who are allowed to attend the AGM without restriction on account of first come first served basis.
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@cdsindia.com.
7. The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 in respect of Special Business set out above in annexed hereto and forms part of the Notice.
8. The Register of Members and Share Transfer Books of the Company will remain closed from Tuesday, 24th September, 2024 to Monday, 30th September, 2024 (both days inclusive) for the purpose of AGM.
9. 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**.
10. 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.
11. 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 fulfil the initiatives taken by Government of India in this regard in future correspondence to members.
12. In compliance with the aforesaid MCA Circulars and SEBI Circulars Notice of the AGM along with the Annual Report 2023-24 is being sent only through electronic mode to those Members whose email addresses are registered with the Company/Depositories. Members may note that the Notice of AGM and Annual Report 2023-24 will also be available on the Company's website www.southernmagnesium.com, website of CDSL (www.evotingindia.com) and on the website of the Stock Exchange, i.e., BSE Limited (www.bseindia.com).

13. 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.
14. Members seeking any information with regard to the accounts or any matter to be placed at the AGM are requested to write to the Company on or before 15th September, 2024 through email to southernmagnesium@gmail.com. The same will be replied by the Company suitably.
15. The Meeting shall be deemed to be held at the registered office of the Company situated 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.
16. SEBI has mandated the submission of permanent account number (PAN) by every participant in securities market. Members holding shares in electronic form are therefore, requested to submit their PAN to their depository participants with whom they are maintaining their Demat accounts. Members holding shares in physical form should submit their PAN to the Company or its RTA.
17. As per the provisions of Section 72 of the Act and SEBI Circular, the facility for making nomination is available for the Members in respect of the shares held by them. Members who have not yet registered their nomination are requested to register the same by submitting Form No. SH-13. If a Member desires to opt out or cancel the earlier nomination and record a fresh nomination, he/she may submit the same in Form ISR-3 or SH-14 as the case may be. The said forms can be downloaded from the Company's website www.southernmagnesium.com. Members are requested to submit the said details to their DP in case the shares are held by them in dematerialized form and to Aarthi Consultants Private Limited in case the shares are held in physical form, quoting their folio number.
18. SEBI vide its Circular No. SEBI/HO/MIRSD/MIRSDPoD1/P/CIR/2023/37 dated March 16, 2023 (subsumed as part of the SEBI Master Circular No. SEBI/HO/MIRSD/POD-1/P/CIR/2024/37 dated May 7, 2024), in supersession of earlier Circular(s), has prescribed common and simplified norms for processing investor service requests by RTAs and norms for furnishing PAN, KYC (contact details, bank details and specimen signature), and nomination details.

As per the said Circular, it is mandatory for the shareholders holding securities in physical form to, inter alia, furnish PAN, KYC and nomination details. Physical folios wherein the said details are not available would be eligible for lodging grievance or any service request only after registering the required details. Any payments including dividend in respect of such folios shall only be made electronically with effect from April 1, 2024 upon registering the required details.

The Company has been sending individual letters to all the members holding shares of the Company in physical form for furnishing their PAN, KYC, and nomination details. Accordingly, the members are advised to register their details with the RTA or DPs, in compliance with the aforesaid SEBI guidelines for smooth processing of their service requests and trading without any hindrance.

19. Member may please note that SEBI vide its Circular No. SEBI/HO/MIRSD/POD-1/P/CIR/2023/70 dated May 17, 2023, by rescinding earlier circulars, has mandated the Listed Companies to issue securities in dematerialized form only while processing service requests viz. Issue of duplicate securities certificate; claim from unclaimed suspense account; renewal/exchange of securities certificate; endorsement; sub-division/splitting of securities certificate; consolidation of securities certificates/folios; transmission and transposition. Accordingly, Members are requested to make service requests by submitting a duly filled and signed Form ISR – 4, the format of which is available on the Company's website at www.southernmagnesium.com and on the website of the Company's RTA, Aarthi Consultants Private Limited at https://www.aarthiconsultants.com/investor_services. It may be noted that any service request can be processed only after the folio is KYC Compliant.

20. In case of joint holders attending the Meeting, the Member whose name appears as the first holder in the order of names as per the Register of Members of the Company will be entitled to vote at the AGM.

A. INSTRUCTIONS FOR E-VOTING AND JOINING THE AGM ARE AS FOLLOWS::

Step 1: Access through Depositories CDSL/NSDL e-Voting system in case of individual shareholders holding shares in demat mode.

Step 2: Access through CDSL e-Voting system in case of shareholders holding shares in physical mode and non-individual shareholders in demat mode.

- (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 the resolution set forth in this Notice. The instructions for e-voting are given herein below.
- (ii) The voting period begins on **Friday, 27th September, 2024 (09:00 A.M IST)** and ends on **Sunday, 29th September, 2024 (05:00 P.M IST)**. During this period, shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on **Monday, 23rd September, 2024** i.e. cut-off date, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (iii) Shareholders who have already voted prior to the meeting date would not be entitled to vote at the meeting venue.
- (iv) Pursuant to SEBI Circular No. **SEBI/HO/CFD/CMD/CIR/P/2020/242 dated 09.12.2020**, under Regulation 44 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, listed entities are required to provide remote e-voting facility to its shareholders, in respect of all shareholders' resolutions. However, it has been observed that the participation by the public non-institutional shareholders/retail shareholders is at a negligible level.

Currently, there are multiple e-voting service providers (ESPs) providing e-voting facility to listed entities in India. This necessitates registration on various ESPs and maintenance of multiple user IDs and passwords by the shareholders.

In order to increase the efficiency of the voting process, pursuant to a public consultation, it has been decided to enable e-voting to all the demat account holders, by way of a single login credential, through their demat accounts/ websites of Depositories/ Depository Participants. Demat account holders would be able to cast their vote without having to register again with the ESPs, thereby, not only facilitating seamless authentication but also enhancing ease and convenience of participating in e-voting process.

Step 1: Access through Depositories CDSL/NSDL e-Voting system in case of individual shareholders holding shares in demat mode.

- (v) In terms of **SEBI circular no. SEBI/HO/CFD/CMD/CIR/P/2020/242 dated December 9, 2020** on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are advised to update their mobile number and email Id in their demat accounts in order to access e-Voting facility.

Pursuant to above said SEBI Circular, Login method for e-Voting and joining virtual meetings **for Individual shareholders holding securities in Demat mode CDSL/NSDL** is given below:

Type of shareholders	Login Method
<p>Individual Shareholders holding securities in Demat mode with CDSL Depository</p>	<ol style="list-style-type: none"> 1) Users who have opted for CDSL Easi / Easiest facility, can login through their existing user id and password. Option will be made available to reach e-Voting page without any further authentication. The users to login to Easi / Easiest are requested to visit cdsi website www.cdslindia.com and click on login icon & New System Myeasi Tab. 2) After successful login the Easi / Easiest user will be able to see the e-Voting option for eligible companies where the e-voting is in progress as per the information provided by company. On clicking the e-voting option, the user will be able to see e-Voting page of the e-Voting service provider for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. Additionally, there is also links provided to access the system of all e-Voting Service Providers, so that the user can visit the e-Voting service providers' website directly. 3) If the user is not registered for Easi/Easiest, option to register is available at cdsi website www.cdslindia.com and click on login & New System Myeasi Tab and then click on registration option. 4) Alternatively, the user can directly access e-Voting page by providing Demat Account Number and PAN No. from a e-Voting link available on www.cdslindia.com home page. The system will authenticate the user by sending OTP on registered Mobile & Email as recorded in the Demat Account. After successful authentication, user will be able to see the e-Voting option where the e-voting is in progress and also able to directly access the system of all e-Voting Service Providers.
<p>Individual Shareholders holding securities in demat mode with NSDL Depository</p>	<ol style="list-style-type: none"> 1) If you are already registered for NSDL IDeAS facility, please visit the e-Services website of NSDL. Open web browser by typing the following URL: https://eservices.nsd.com either on a Personal Computer or on a mobile. Once the home page of e-Services is launched, click on the "Beneficial Owner" icon under "Login" which is available under 'IDeAS' section. A new screen will open. You will have to enter your User ID and Password. After successful authentication, you will be able to see e-Voting services. Click on "Access to e-Voting" under e-Voting services and you will be able to see e-Voting page. Click on company name or e-Voting service provider name and you will be re-directed to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.

	<p>2) If the user is not registered for IDeAS e-Services, option to register is available at https://eservices.nsdl.com. Select "Register Online for IDeAS "Portal or click at https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp</p> <p>3) Visit the e-Voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsdl.com/ either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder/ Member' section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number hold with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting</p>
<p>Individual Shareholders (holding securities in demat mode) login through their Depository Participants (DP)</p>	<p>You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. After Successful login, you will be able to see e-Voting option. Once you click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.</p>

Important note: Members who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at abovementioned website.

Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e. CDSL and NSDL

Login type	Helpdesk details
<p>Individual Shareholders holding securities in Demat mode with CDSL</p>	<p>Members facing any technical issue in login can contact CDSL helpdesk by sending a request at helpdesk.evoting@cdslindia.com or contact at toll free no. 1800225533</p>
<p>Individual Shareholders holding securities in Demat mode with NSDL</p>	<p>Members facing any technical issue in login can contact NSDL helpdesk by sending a request at evoting@nsdl.co.in or call at toll free no.: 022-4886 7000 and 022-2499 7000</p>

Step 2 : Access through CDSL e-Voting system in case of shareholders holding shares in physical mode and non-individual shareholders in demat mode.

(vi) Login method for Remote e-Voting and joining virtual meetings for **Physical shareholders and shareholders other than individual holding in Demat form.**

- 1) The shareholders should log on to the e-voting website www.evotingindia.com.
- 2) Click on “Shareholders” module.
- 3) 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. Shareholders holding shares in Physical Form should enter Folio Number registered with the Company.
- 4) Next enter the Image Verification as displayed and Click on Login.
- 5) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier e-voting of any company, then your existing password is to be used.
- 6) If you are a first-time user follow the steps given below:

For Physical shareholders and other than individual shareholders holding shares in Demat.

PAN	<p>Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <ul style="list-style-type: none"> • Shareholders 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)	<p>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.</p> <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.

- 7) After entering these details appropriately, click on “SUBMIT” tab.
- 8) Shareholders holding shares in physical form will then directly reach the Company selection screen. However, shareholders 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.
- 9) For shareholders holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- 10) Click on the EVSN for the relevant <Company Name> on which you choose to vote.
- 11) 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.

- 12) Click on the “RESOLUTIONS FILE LINK” if you wish to view the entire Resolution details.
- 13) 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.
- 14) Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.
- 15) You can also take a print of the votes cast by clicking on “Click here to print” option on the Voting page.
- 16) If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (vii) There is also an optional provision to upload Board Resolution/Power of Attorney if any uploaded, which will be made available to scrutinizer for verification.
- (viii) **ADDITIONAL FACILITY FOR NON – INDIVIDUAL SHAREHOLDERS AND CUSTODIANS –FOR REMOTE VOTING ONLY.**
 - Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodians are required to log on to www.evotingindia.com and register themselves in the “Corporates” module.
 - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
 - 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.
 - The list of accounts linked in the login will be mapped automatically & can be delink in case of any wrong mapping.
 - It is Mandatory that, 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.
 - Alternatively Non Individual shareholders are required mandatory 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 and to the Company at the email address viz; 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.
- (ix) **INSTRUCTIONS FOR SHAREHOLDERS ATTENDING THE AGM/EGM THROUGH VC/OAVM & E-VOTING DURING MEETING ARE AS UNDER:**
 1. The procedure for attending meeting & e-Voting on the day of the AGM/ EGM is same as the instructions mentioned above for e-voting.
 2. The link for VC/OAVM to attend meeting will be available where the EVSN of Company will be displayed after successful login as per the instructions mentioned above for e-voting.
 3. Shareholders who have voted through Remote e-Voting will be eligible to attend the meeting. However, they will not be eligible to vote at the AGM.
 4. Shareholders are encouraged to join the Meeting through Laptops / iPads for better experience.
 5. Further shareholders will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.

6. 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.
 7. 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 atleast 5 days prior to meeting mentioning their name, demat account number/folio number, email id, mobile number at 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.
 8. Those shareholders who have registered themselves as a speaker will only be allowed to express their views/ask questions during the meeting.
 9. 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.
 10. 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 may be considered invalid as the facility of e-voting during the meeting is available only to the shareholders attending the meeting.
- (x) PROCESS FOR THOSE SHAREHOLDERS WHOSE EMAIL/MOBILE NO ARE NOT REGISTERED WITH THE COMPANY/DEPOSITORIES.**
- 1) 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**.
 - 2) For Demat shareholders - Please update your email id & mobile no. with your respective Depository Participant (DP)
 - 3) For Individual Demat shareholders – Please update your email id & mobile no. with your respective Depository Participant (DP) which is mandatory while e-Voting & joining virtual meetings through Depository.
 21. 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 toll free no. 1800225533.
 22. All grievances connected with the facility for voting by electronic means may be addressed to Mr. Rakesh Dalvi, Sr. Manager, (CDSL) Central Depository Services (India) Limited, A Wing, 25th Floor, Marathon Futurex, Mafatnal Mill Compounds, N M Joshi Marg, Lower Parel (East), Mumbai – 400013 or send an email to helpdesk.evoting@cdslindia.com or call toll free no. 1800225533.
 23. The Company has appointed Ms. Shaik Razia or failing her, Mr. Mohit Kumar Goyal, Partners of M/s D. Hanumanta Raju & Co., Company Secretaries, Hyderabad, as the Scrutinizer for the e-voting process and e-voting at the AGM in a fair and transparent manner and they have communicated their willingness to be appointed and will be available for same purpose. The Scrutinizer shall, immediately after the conclusion of voting at the AGM, unblock the votes cast through e-voting and make, not later than 2 working days of the conclusion of the AGM, a consolidated Scrutinizer’s Report of the total votes cast in favor or against, if any, and submit the same to the Chairman or to a person authorized by him.

24. 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 not later than 2 working days of the conclusion of the AGM of the Company and shall also be 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, 2024.

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013 AND SEBI (LODR) REGULATIONS, 2015.

Item No. 2:

Mrs. Urmi Prasad Nuthakki is a qualified Chartered Accountant and holds an MBA degree from INSEAD, France. She has experience in the petrochemical and polymer blends and alloys industry. Her expertise range from business operations, corporate administration and operations to strategic planning, accounts and finance.

Based on the recommendations of the Nomination and Remuneration Committee, the Board of Directors at their meeting held on 15th April, 2024 appointed Mrs. Urmi Nuthakki Prasad (DIN: 00319482) as an Additional Director (Non-Executive, Non-Independent) of the Company with effect from April 15, 2024 and is eligible to be appointed as a Director of the Company, liable to retire by rotation, subject to the approval of the Members of the Company as per the provisions of the Companies Act, 2013.

The Company has also received from Mrs. Urmi Nuthakki Prasad, her consent to act as a Director of the Company along with a declaration to the effect that she is not disqualified from being appointed as a Director in terms of Section 164 of the Companies Act, 2013 and has not been debarred or disqualified from being appointed as a Director of the Company by any order of the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such other Statutory Authority.

The details of Mrs. Urmi Nuthakki Prasad as required under the provisions of the Companies Act, 2013, Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and other applicable provisions are provided in Annexure to the Notice.

Except Mrs. Urmi Nuthakki Prasad, the proposed appointee and Mr. Nuthakki Rajender Prasad being the spouse of the proposed appointee, none of the other Directors/KMP are in any way concerned or interested in the special business set out at Item No.2 of the Notice.

The Board recommends the Ordinary Resolution as set out under Item No. 2 of the Notice for approval of the members.

Item No. 3:

Mr. Purna Chandrarao Nibhanapudi is a qualified Company Secretary, Certified Associate of Indian Institute of Bankers and holds an MBA degree in Finance. He has two decades of banking experience in various fields which include General Banking, Corporate Finance, Investor Relations and Risk Management. Thereafter he joined as Company Secretary in UCO Bank and retired from UCO Bank as Deputy General Manager with an experience of 13 years in monitoring regulatory compliances in corporate & securities laws. He also possess expert knowledge on the best practices in corporate governance and handled public offer, ESPS & Preferential issues.

The Nomination and Remuneration Committee considered his diverse skills, leadership capabilities, expertise in and competencies in the areas of finance, risk management, human resource, corporate governance, management and Government/ Regulatory advisory and vast experience, among others, as being key requirements for this role.

The Nomination and Remuneration Committee considering criteria such as balance of skills, knowledge and experience required on the Board and after evaluating the expertise, integrity, skills, experience, knowledge of Mr. Purna Chandrarao Nibhanapudi, made its affirmative recommendations to the Board for his appointment as an Independent Director on the Board of the Company.

Based on the recommendations of the Nomination and Remuneration Committee, the Board of Directors at their meeting held on 13th August, 2024 appointed Mr. Purna Chandrarao Nibhanapudi (DIN: 10722408) as an Additional Director (Non-Executive, Independent) of the Company with effect from 13th August, 2024 and is eligible to be appointed as a Independent Director of the Company, subject to the approval of the Members of the Company as per the provisions of the Companies Act, 2013.

The Company has also received from Mr. Purna Chandrarao Nibhanapudi, his consent to act as a Director of the Company along with a declaration to the effect that he is not disqualified from being appointed as a Director in terms of Section 164 of the Companies Act, 2013 and has not been debarred or disqualified from being appointed as a Director of the Company by any order of the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such other Statutory Authority. He has also confirmed that he is in compliance with Rules 6(1) and 6(2) of The Companies (Appointment and Qualifications of Directors) Rules, 2014, with respect to the registration with the data bank of Independent Directors maintained by the Indian Institute of Corporate Affairs.

The details of Mr. Purna Chandrarao Nibhanapudi as required under the provisions of the Companies Act, 2013, Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and other applicable provisions are provided in Annexure to the Notice.

Except Mr. Purna Chandrarao Nibhanapudi, the proposed appointee, none of the other Directors/KMP are in any way concerned or interested in the special business set out at Item No.3 of the Notice.

The Board recommends the Ordinary Resolution as set out under Item No. 3 of the Notice for approval of the members.

Item No. 4:

Mr. Venkata Narayana Reddy Konda holds Master degree in Commerce and is a qualified Company Secretary. He has worked in AP Secretariat as an Accountant in Youth Advancement, Tourism & Culture (PMU) Department, over a period of 8 years managing accounting operations, reconciliations, and budgetary functions. Thereafter started his career as Company Secretary in employment and has gained rich knowledge in corporate governance.

The Nomination and Remuneration Committee considering criteria such as balance of skills, knowledge and experience required on the Board and after evaluating the expertise, integrity, skills, experience, knowledge of Mr. Venkata Narayana Reddy Konda, made its affirmative recommendations to the Board for his appointment as an Independent Director on the Board of the Company.

Considering the experience and vast knowledge that Mr. Venkata Narayana Reddy Konda possesses, and his expertise and competencies in the areas of finance, Accounting Operations & Audit and corporate governance being in line with the requisite skill set identified by the Board, your Board of Directors is of the view that the association with Mr. Venkata Narayana Reddy Konda would be of immense benefit to the Company.

Based on the recommendations of the Nomination and Remuneration Committee, the Board of Directors at their meeting held on 13th August, 2024 appointed Mr. Venkata Narayana Reddy Konda (DIN: 10722403) as an Additional Director (Non-Executive, Independent) of the Company with effect from 13th August, 2024 and is eligible to be appointed as a Independent Director of the Company, subject to the approval of the Members of the Company as per the provisions of the Companies Act, 2013.

The Company has also received from Mr. Venkata Narayana Reddy Konda, his consent to act as a Director of the Company along with a declaration to the effect that he is not disqualified from being appointed as a Director in terms of Section 164 of the Companies Act, 2013 and has not been debarred or disqualified from being appointed as a Director of the Company by any order of the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such other Statutory Authority. He has also confirmed that he is in compliance with Rules 6(1) and 6(2) of the The Companies (Appointment and



SOUTHERN MAGNESIUM AND CHEMICALS LIMITED

Qualifications of Directors) Rules, 2014, with respect to the registration with the data bank of Independent Directors maintained by the Indian Institute of Corporate Affairs.

The details of Mr. Venkata Narayana Reddy Konda as required under the provisions of the Companies Act, 2013, Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and other applicable provisions are provided in Annexure to the Notice.

Except Mr. Venkata Narayana Reddy Konda, the proposed appointee, none of the other Directors/KMP is in any way concerned or interested in the special business set out at Item No.4 of the Notice.

The Board recommends the Ordinary Resolution as set out under Item No. 4 of the Notice for approval of the members.

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

Place: Hyderabad
Date: 13.08.2024

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

Details of Directors seeking appointment/ re-appointment at the Annual General Meeting under Regulation 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and as per SS-2 issued by ICSI.

Particulars	Item No. 2	Item No. 3	Item No. 4
Name	Mrs. Urmi Nuthakki Prasad	Mr. Purna Chandrarao Nibhanapudi	Mr. Venkata Narayana Reddy Konda
DIN	00319482	10722408	10722403
Date of Birth & Age	26/09/1964; 59 years	27/07/1963; 61 years	26/07/1979; 45 years
Designation	Non- Executive Non-Independent Director	Non- Executive Independent Director	Non- Executive Independent Director
Date of First Appointment	15.04.2024	13.08.2024	13.08.2024
Qualification	Chartered Accountant, B. Com, MBA (INSEAD France)	Company Secretary, B.Sc, MBA (Finance), CAIIB	Company Secretary, M.Com
Brief Resume/ Experience / expertise in specific functional areas	She has experience in the petrochemical and polymer blends and alloys industry. Her expertise range from business operations, corporate administration and operations to strategic planning, accounts and finance.	He has two decades of banking experience in various fields which include General Banking, Corporate Finance, Investor Relations and Risk Management. Thereafter he joined as Company Secretary in UCO Bank and retired from UCO Bank as Deputy General Manager with an experience of 13 years in monitoring regulatory compliances in corporate & securities laws. He also possess expert knowledge on the best practices in corporate governance and handled public offer, ESPS & Preferential issues.	He has worked in AP Secretariat as an Accountant in Youth Advancement, Tourism & Culture (PMU) Department, over a period of 8 years managing accounting operations, reconciliations, and budgetary functions. Thereafter started his career as Company Secretary in employment and has gained rich knowledge in corporate governance.
Terms and conditions of appointment	As set out in the resolution	As set out in the resolution	As set out in the resolution

No. of board meetings attended during the year 2024-25	3	-	-
Shareholding as on 31.03.2024	5,300 equity shares	-	-
Remuneration proposed to be paid	Sitting Fee shall be paid as determined by the Board from time to time.	Sitting Fee shall be paid as determined by the Board from time to time.	Sitting Fee shall be paid as determined by the Board from time to time.
Disclosure of relationship between Directors inter-se	Spouse of Mr. Nuthakki Rajender Prasad	Not Applicable	Not Applicable
List of other companies in which directorships held	<ul style="list-style-type: none"> • Gujarat Petrosynthese Limited • Multichem Private Limited • Yashashree Commercial Services Private Limited 	-	-
Chairman/ Member of the Committees of the Board across all public companies of which he/she is a Director as on 31.03.2024	Member of Stakeholder Relationships Committee - Gujarat Petrosynthese Limited	-	-
List of listed/ unlisted entities from which the person has resigned in the past three years	<ul style="list-style-type: none"> • GPL Finance and Investments Private Limited 	-	-

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

Place: Hyderabad
Date: 13.08.2024

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

DIRECTORS' REPORT

To
The Members,
SOUTHERN MAGNESIUM AND CHEMICALS LIMITED

Your Directors hereby present the 38th 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, 2024. The summarized financial results for the financial year ended on 31st March, 2024 are as under:

FINANCIAL REPORT/OPERATIONS:

(Rs. In Lakhs)

Particulars	Current Year As on 31.03.2024	Previous Year As on 31.03.2023
Net Sales / Income from Operations	946.70	856.96
Other income	34.39	8.75
Total Expenses	536.35	377.34
Exceptional items	0	0
Net Profit (+) / (Loss) before Tax for the Period	444.74	488.37
Current Tax	112.12	128.98
Tax Related to Previous year	0	(1.22)
Deferred Tax	(0.42)	7.63
Net Profit (+) / (Loss) for the Period	333.04	352.98

REVIEW OF OPERATIONS:

During the period under review your company has recorded a revenue of Rs. 946.70 Lakhs as compared with Rs. 856.96 Lakhs of the previous year and the profits of the Company have reduced to Rs. 333.04 Lakhs when compared to the profit of Rs. 352.98 Lakhs in the previous year.

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 2024, 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, 2024 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 increase in terms of the Sales. The Company has earned a net profit of Rs. 333.04 Lakhs 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. 18.72 Lakhs

Outstanding at the end of the year - Rs.6.24 Lakhs

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

5. Share Capital:

The authorized share capital of the Company consists of 40,00,000 equity shares of Rs. 10/- each and 10,00,000 - 5% redeemable cumulative preference shares of Rs. 10/- each aggregating to Rs. 5 Crore.

The paid-up share capital of the Company is Rs. 3,00,00,000/- divided into 30,00,000 equity shares of Face Value Rs. 10/- each. During the year under review, the Company has not issued any shares with differential voting rights nor granted stock options nor sweat equity.

6. Deposits:

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

7. Number of meetings of the Board:

Secretarial Standards as applicable have been complied with. The intervening gap between the Meetings was within the period prescribed under the Companies Act, 2013 and Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations, 2015, as amended from time to time. 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	26.05.2023	6	6	100
2	10.08.2023	6	6	100
3	10.11.2023	6	6	100
4	06.02.2024	6	6	100

S. No	Name of the Director	Number of meetings which director was entitled to attend	Number of Meetings Attended	% of Attendance
1	Mr. N. Ravi Prasad	4	4	100
2	Mr. N. Rajender Prasad	4	4	100
3	Mr. G. Raghavendra Rao	4	4	100
4	Mr. V. S. S. Prakash	4	4	100
5	Mr. K. Eshwariah	4	4	100
6	Mrs. K. Padmavathi*	3	3	100
7	Mr. Raghunath Vemali**	1	1	100

*Resigned with effect from 24.01.2024

**Appointed on the board with effect from 06.02.2024

8. 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 which occurred between the end of the financial year to which these financial statements relate and the date of this report.

9. Board Evaluation:

The board of directors has carried out an annual evaluation of their 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 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 evaluation 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.

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

The company has framed and adopted a policy on nomination and remuneration of directors, key managerial personnel, and other employees of the company in line with the provisions of section 178 of the Companies Act, 2013. The policy is available on the website at: <https://southernmagnesium.com/Investor/code/Nomination%20and%20Remuneration%20Policy.pdf>

It is affirmed that the appointment and remuneration of directors, key managerial personnel and all other employees are in accordance with the remuneration policy of the company.

11. Audit Committee:

The Composition of Audit Committee as on March 31, 2024 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. Eshwariah	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.	26.05.2023	4	4	100%
2.	10.08.2023	4	4	100%
3.	10.11.2023	4	4	100%
4.	06.02.2024	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.

12. Stakeholders Relationship Committee:

The Composition of Stakeholders relationship committee as on March 31, 2024 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. Eshwariah	Independent Non- Executive Director	Member
Mr. N. Rajender Prasad	Jt. Managing Director and CFO	Member

Nine 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.	19.04.2023	4	4	100%
2.	29.04.2023	4	4	100%
3.	24.07.2023	4	4	100%
4.	10.10.2023	4	4	100%
5.	30.12.2023	4	4	100%
6.	20.02.2024	4	3	75%
7.	21.02.2024	4	3	75%
8.	21.03.2024	4	3	75%
9.	27.03.2024	4	3	75%

13. Nomination and Remuneration Committee:

The Composition of Nomination and remuneration Committee as on March 31, 2024 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. Eshwariah	Independent Non- Executive Director	Member
Mr. N. Rajender Prasad	Jt. Managing Director and CFO	Member

Three 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.	19.04.2023	4	4	100
2.	08.11.2023	4	4	100
3.	01.02.2024	4	4	100

14. 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.

15. Declaration by Independent Directors:

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

16. 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.

17. 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.

18. 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 were 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.

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

There was no change in the nature of Business.

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

(a) During the period under review, the following changes occurred in the Board:

S. No.	Name of the Director/KMP	Appointment/ Cessation	Effective Date
1.	Mrs. Sneha Sridayal Soni	Cessation as Company Secretary	31.10.2023
2.	Ms. Pasupulati Manisha	Appointment as Company Secretary	10.11.2023
3.	Mrs. Padmavathi Kollipara	Cessation as Nominee Director	24.01.2024
4.	Mr. Raghunath Vemali	Appointment as Nominee Director	06.02.2024

(b) the following changes have occurred after the end of the financial year:

S. No.	Name of the Director/KMP	Appointment/ Cessation	Effective Date
1.	Mrs. Urmi Nuthakki Prasad	Appointment as Additional Director	15.04.2024
2.	Mr. G. Raghavendra Rao	Completion of Second Tenure as an Independent Director	13.08.2024
3.	Mr. Surya Sessa Prakash Valluru	Completion of Second Tenure as an Independent Director	13.08.2024
4.	Mr. Eshwariah Kaparathi	Completion of Second Tenure as an Independent Director	13.08.2024
5.	Mr. Purna Chandrarao Nibhanapudi	Appointment as Additional Director categorized as Independent	13.08.2024
6.	Mr. Venkata Narayana Reddy Konda	Appointment as Additional Director categorized as Independent	13.08.2024

21. 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.

22. 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 significant material orders passed by the regulators or courts or tribunals impacting the going concern status of the Company and its future operations.

23. 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 Sesa Prakash Valluru	NA
Mr. Kaparathi Eshwaraih	NA
Mr. Raghunath Vemali	NA

Executive Directors	Ratio to median remuneration
Mr. N. Ravi Prasad	22.02 : 1
Mr. N. Rajender Prasad	17.06 : 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	23.92
Mr. N. Rajender Prasad – Jt.MD and CFO	-1.20
Ms. Pasupulati Manisha	NA

- c. The percentage increase in median remuneration of employees in the financial year: NA.
- d. The number of permanent employees on the rolls of the company: 33
- 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 2023-24 27.19%

Average increase in salaries of managerial personnel in 2023-24 is 11.54%

- 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, is available at the registered office of the company. If any Member is interested in obtaining this information or a copy thereof, such Member may write to the Company at the Registered Office in this regard.

24. 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.

25. 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 thereunder.

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.

26. 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 that strict confidentiality is maintained and provides adequate safeguards against victimization of employees who avails this mechanism and also provides for direct access to the Chairman of the Audit committee in exceptional cases.

27. 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.

28. Disclosure of certain types of agreements binding listed entities as per Schedule V Clause G of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015:

During the year under review there are no such agreements.

29. Auditors:

Company has re-appointed M/s. Brahmayya & Co., Chartered Accountants (Firm Registration No. 000513S) Hyderabad, as Statutory Auditors of the Company at its AGM held on 30.09.2022 to hold office as statutory auditor for a period of five years and being eligible they continue to hold office.

30. 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.

31. Secretarial Auditor Report:

The company has appointed M/s. D. Hanumanta Raju & Co., Practicing Company Secretaries, Hyderabad as the Secretarial Auditors 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. *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 is not held in 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.

32. Annual Return Web Link:

Pursuant to the provisions of Section 92 and Section 134 of the Companies Act, 2013, as amended from time to time, the Annual Return as on March 31, 2024 in form MGT-7 is available on the Company's website <https://southernmagnesium.com/Investor/NewsEvents/Annual%20Returns/Annual%20Return%202023-24.pdf>

33. 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. 620.77 Lakhs

34. The details of Application made or any Proceeding pending under the Insolvency and Bankruptcy Code, 2016 (31 of 2016) during the year along with their status as at the end of the Financial Year:

During the period under review, there was neither any application made nor any proceedings initiated or pending under the Insolvency and Bankruptcy Code, 2016.

35. The details of difference between amount of the Valuation done at the time of One Time Settlement and the valuation done while taking loan from the Banks or Financial Institutions along with the reasons thereof:

During the period under review, there was no "One Time Settlement" with any Bank.

36. 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.

37. 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 your company to make continued progress.

Place: Hyderabad
Date: 13.08.2024

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

Sd/-
N. Rajender Prasad
Jt. Managing Director & CFO
(DIN 00145659)

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

Form No. MR-3
SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31.03.2024

[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 - 500 082.

We 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**” having **CIN: L27109TG1985PLC005303** and having its registered office situated at Deccan Chambers, 5th floor, 6-3-666/B, Somajiguda, Hyderabad, Telangana - 500082 (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 us a reasonable basis for evaluating the corporate conducts / statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information, confirmations, clarifications provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the company has, during the audit period covering the financial year ended on 31st March, 2024, 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:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2024 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 there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings; **(Not applicable to the Company during the period under review)**
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - (a) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
 - (b) Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 - **(Not applicable to the Company during the period under review);**
 - (c) Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (d) Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018 - **(Not applicable to the Company during the period under review);**
 - (e) Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 - **(Not applicable to the Company during the period under review);**
 - (f) Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities)

- Regulations, 2021 - **(Not applicable to the Company during the period under review)**; and
- (g) Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - (h) Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
 - (i) Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018.
 - (j) Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021- **(Not applicable to the Company during the period under review)**;
- (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.

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

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India and notified under the Companies Act, 2013;
- (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, except for the following:

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

We 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 in advance 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.

Majority decisions are carried through while the dissenting member's views, if any, are captured and recorded as part of the minutes.

We 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.

We 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.

For **D. HANUMANTA RAJU & CO**
COMPANY SECRETARIES

CS MOHIT KUMAR GOYAL
PARTNER

FCS: 9967, CP No: 12751

UDIN: F009967F000964602

PR NO:699/2020

Date: 13.08.2024
Place: Hyderabad

This report is to be read with our 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

Our report of even date is to be read along with this letter

1. Maintenance of secretarial records is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We 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. We believe that the processes and practices, we followed, provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Where ever required, we 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. Our 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 with which the management has conducted the affairs of the Company.

For **D. HANUMANTA RAJU & CO**
COMPANY SECRETARIES

CS MOHIT KUMAR GOYAL
PARTNER

FCS: 9967, CP No: 12751
UDIN: F009967F000964602
PR NO:699/2020

Date: 13.08.2024
Place: Hyderabad

MANAGEMENT DISCUSSION AND ANALYSIS

The Company was set up to produce primary Magnesium Metal. However due to the dumping of magnesium metal from China we had to shift our focus on downstream products. Today we largely produce magnesium powders, turnings and also regular magnesium metal ingots.

OPPORTUNITIES, RISKS, CONCERNS THREATS & OUTLOOK:

We are focused on increasing our market share of existing products and building a strong relationship with our customers, thereby laying a robust foundation for sustainable growth.

The year 2024-25 looks promising with its own sets of challenges and opportunities for us. It is hoped that we will maintain revenue and profitability of the company as in the previous year.

However due to a weaker rupee there is an increasing threat of raw material cost increment and steep increase in imports into the country posing a major challenge. The management is taking timely and appropriate preventive measures to minimize the risks.

Further the company hopes to complete all the orders on hand by the fourth quarter of this financial year. For the future, we hope to receive further repeated orders from our customers.

Our company has always tried to obtain orders where the value addition is high, although the volumes are smaller. This is done to maximize returns on our limited resources. This also means that our number of customers is limited and this could pose a possible problem. However considering our long relation with our customers and the niche products that we produce we hope to maintain our success in the future.

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:

(INR in Lakhs)

Particulars	2023-24	2022-23
Net Sales / Income from Operations	946.70	856.96
Other income	34.39	8.75
Expenses	536.35	377.34
Exceptional items	0	0
Net Profit (+) / (Loss) before Tax for the Period	444.74	488.37
Current Tax	112.12	128.98
Deferred Tax	(0.42)	7.63
Tax relating to previous year	0	(1.22)
Net Profit (+) / (Loss) for the Period	333.04	352.98

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. Total Number of people employed was 33 during the year under review.

SENIOR MANAGEMENT DISCLOSURES:

The Company's senior management makes disclosures to the Board relating to all material financial and commercial transactions as and 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	2023-24	2022-23
Debtors Turnover	5.10 Times	20.49 Times
Inventory Turnover	2.53 Times	4.23 Times
Interest Coverage Ratio	45.79	444.97
Current Ratio	2.78	3.46
Debt Equity Ratio	0.25	0.03
Operating Profit Margin (%)	48.03%	57.12%
Net Profit Margin (%)	35.18%	41.19%
Return on Net Worth	34.25%	55.21%

Place: Hyderabad
Date: 13.08.2024

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

Sd/-
N. Rajender Prasad
Jt. Managing Director & CFO
(DIN 00145659)

INDEPENDENT AUDITOR'S REPORT

**To the Members of
SOUTHERN MAGNESIUM AND CHEMICALS LIMITED**

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, 2024, 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 a summary of the material 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 accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2024, the Profit and other 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 the 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 that there are no key audit matters to communicate in our report.

Information Other than the Financial Statements and Auditor's Report Thereon

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.

Responsibilities of Management and Those Charged with Governance 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 scepticism 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 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, 2020 ("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 except for the matters stated in the paragraph 2(i)(vi) below on reporting under rule 11(g) of the Companies (Audit and Auditors) Rules, 2014.
 - 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 March 31, 2024 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2024 from being appointed as a director in terms of Section 164(2) of the Act,
 - f) The modifications relating to the maintenance of accounts and other matters connected therewith are as stated in the paragraph 2(b) above on reporting under section 143(3)(b) of the Act and paragraph 2(i)(vi) below on reporting under rule 11(g) of the Companies (Audit and Auditors) Rules, 2014.
 - g) With respect to the adequacy of internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B".
 - h) With respect to the Managerial remuneration to be included in the auditor's report in accordance with the requirements of section 197(16) of the Act, as amended:

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the company to its directors during the year is in accordance with the provisions of Section 197 of the Act.
 - i) 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
- iv.
 - a. The Management has represented that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person or entity, including foreign entity ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
 - b. The Management has represented, that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been received by the Company from any person or entity, including foreign entity ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
 - c. Based on the audit procedures that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (a) and (b) above, contain any material misstatement.
- v. The Company neither declared nor paid any dividend during the year.
- vi. Based on our examination which included test checks and information given to us, the Company has used an accounting software for maintaining its books of account which did not have a feature of recording audit trail (edit log) facility throughout the year for all transactions recorded in the accounting software, hence we are unable to comment on audit trail feature of the said software.

As proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable from April 01, 2023, reporting under Rule 11 (g) of the Companies (Audit and Auditors) Rules, 2014 on preservation of audit trail as per the statutory requirements for record retention is not applicable for the financial year ended March 31, 2024.

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

Place : Hyderabad
Date: 29.05.2024

(K.SHRAVAN)
Partner
Membership No.215798
UDIN:24215798BKESL9823

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, 2024.,

- i. In respect of the Company's Property, Plant and Equipment and Intangible Assets:
 - a. (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment.
(B) The Company has maintained proper records showing full particulars of intangible assets.
 - b. The Company has a regular program of physical verification of its property, plant and equipment, and right of use assets under which the assets are physically verified in a phased manner over a period of three years, which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. In accordance with this program, certain property, plant and equipment were verified during the year and no material discrepancies were noticed on such verification.
 - c. According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of all the immovable properties (other than Properties where the company is the lessee, and the lease agreements are duly executed in favour of the lessee) are held in the name of the Company.
 - d. The company did not revalue its Property, Plant and Equipment or intangible assets during the year. Accordingly, clause 3 (i)(d) of the Order is not applicable.
 - e. There are no proceedings initiated or are pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 and rules made thereunder
- ii.
 - a. The management has conducted physical verification of inventory at reasonable intervals during the year. In our opinion, the coverage and procedure of such verification by the management is appropriate and no discrepancies of 10% or more in the aggregate for each class of inventory were noticed.
 - b. According to the information and explanations given to us, at any point of time of the year, the Company has not been sanctioned any working capital facility from banks or financial institutions in excess of Rs. 5.00 crores on the basis of security of current assets, and hence reporting under clause 3(ii)(b) of the Order is not applicable.
- iii. During the year the Company has not made investments in, granted any loans or advance in the nature of loans, guarantee or security, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties. Therefore, the provisions of clause 3(iii)(a), 3(iii)(b), 3(iii)(c), 3(iii)(d), 3(iii)(e) & 3(iii)(f) of the said Order are not applicable for the year under report.
- iv. The Company has not given any loans or made any investments or given any guarantees or security to the parties covered under Sections 185 and 186 of the Act. Accordingly, clause 3 (iv) of the Order is not applicable.
- v. The Company has not accepted any deposit or amounts which are deemed to be deposits. Hence, reporting under clause 3(v) of the Order is not applicable.
- vi. We have broadly reviewed the cost records maintained by the Company pursuant to sub-section (1) of section 148 of the Companies Act 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.
- vii.
 - a. According to the records, the company is regular in depositing undisputed statutory dues including Goods and service tax, provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and all other material

statutory dues with the appropriate authorities and there were no arrears of statutory dues as at March 31, 2024 for a period of more than six months from the date they became payable.

- b. According to the records of the Company and the information and explanations given to us, there were no dues of income tax or sales tax or service tax or duty of customs or duty of excise or value added tax have not been deposited on account of any dispute.
- viii. According to the information and explanations given to us, no transactions were surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (43 of 1961) which have not been recorded in the books of accounts.
- ix.
 - a. According to the information and explanations given to us, the Company has not defaulted in repayment of loans or in the payment of interest thereon to any lender.
 - b. According to the information and explanations given to us including the representation received from the Management of the Company, and on the basis of our audit procedures, we report that the Company has not been declared a wilful defaulter by any bank or financial institution or other lender.
 - c. The Company has not taken any term loan during the year and there are no unutilised term loans at the beginning of the year and hence, reporting under clause 3 (ix)(c) of the Order is not applicable.
 - d. In our opinion and according to the information and explanations given to us, and on an overall examination of the financial statements of the Company, funds raised on short-term basis have, prima facie, not been used during the year for long-term purposes by the Company.
 - e. The company does not have subsidiaries, associates or joint ventures. Hence clause 3(ix) (e) of the Order is not applicable;
 - f. The company does not have subsidiaries, associates or joint ventures. Hence clause 3(ix) (f) of the Order is not applicable.
- x.
 - a. The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) during the year. Accordingly, clause 3 (x)(a) of the Order is not applicable.
 - b. During the year, the Company has not made any preferential allotment or private placement of shares or convertible debentures (fully or partly or optionally) and hence, reporting under clause 3(x)(b) of the Order is not applicable.
- xi.
 - a. No fraud by the Company and no material fraud on the Company has been noticed or reported during the year.
 - b. No report under section 143(12) of the Act has been filed with the Central Government for the period covered by our audit.
 - c. According to the information and explanations given to us including the representation made to us by the management of the Company, there are no whistle-blower complaints received by the Company during the year.
- xii. In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, clause 3(xii) of the Order is not applicable.
- xiii. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- xiv.
 - a. In our opinion, the company has an adequate internal audit system commensurate with the size and nature of its business;
 - b. We have considered the reports of the Internal Auditors for the period under audit.;
- xv. 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 any non-cash transactions with its

directors or persons connected with its directors. and hence provisions of section 192 of the Companies Act, 2013 are not applicable to the Company.

- xvi. a. In our opinion, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Hence, reporting under clause 3(xvi)(a), (b) and (c) of the Order is not applicable
- b. In our opinion, there is no core investment company within the Group (as defined in the Core Investment Companies (Reserve Bank) Directions, 2016 and accordingly reporting under 3(xvi)(d) of the Order is not applicable;
- xvii. The Company has not incurred cash losses in the financial year and also in the immediately preceding financial year.
- xviii. There is no resignation of statutory auditors of the Company during the year.
- xix. On the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the financial statements and our knowledge of the Board of Directors and Management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report indicating that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.
- xx. The Company has insufficient profits in the past three financial years, there is no requirement for spending any amount towards Corporate Social Responsibility (CSR) as per the Act. Hence, reporting under clause 3(xx)(a) and (b) of the Order is not applicable for the year.
- xxi. The Company does not have subsidiaries, associates or joint ventures. Hence clause 3 (xxi) of the said Order with regard to qualifications or adverse remarks in CARO reports of the companies included in the consolidated financial statements, is not applicable.

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

Place : Hyderabad
Date: 29.05.2024

(K.SHRAVAN)
Partner
Membership No.215798
UDIN:24215798BKESL9823

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 with reference to financial statements of **SOUTHERN MAGNESIUM AND CHEMICALS LIMITED** (“the Company”) as of March 31, 2024 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management’s Responsibility for Internal Financial Controls

The Company’s management is responsible for establishing and maintaining internal financial controls based on the internal control with reference to financial statements 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 with reference to 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, prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements, both issued by ICAI. 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 with reference to 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 with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls 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 on the Company’s financial controls with reference to financial statements.

Meaning of Internal Financial Controls with Reference to Financial Statements

A company’s internal financial control with reference to 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 controls with reference to 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 with Reference to Financial Statements

Because of the inherent limitations of internal financial controls with reference to 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 with reference to financial statements to future periods are subject to the risk that the internal financial control with reference to 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 with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2024, 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 ICAI.

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

(K.SHRAVAN)
Partner
Membership No.215798
UDIN:24215798BKESL9823

Place : Hyderabad
Date: 29.05.2024

BALANCE SHEET AS AT 31ST MARCH, 2024

(Rs. In Lakhs)

Particulars	Note No.	As at 31 March, 2024	As at 31 March, 2023
A ASSETS			
(a) Property, Plant and Equipment	2	35.76	37.52
(b) Financial Assets			
(i) Other Financial Assets	3	375.00	375.00
(c) Other Non Current Assets		1.11	1.13
Total Non-Current Assets		411.87	413.65
Current assets			
(a) Inventories	4	554.70	192.69
(b) Financial Assets			
(i) Trade receivables	5	308.74	62.83
(ii) Cash and cash equivalents	6	3.93	85.29
(iii) Others bank balances	7	15.00	-
(iv) Others financial assets	8	4.15	4.79
(c) Other current assets	9	1.74	1.00
Total Current Assets		888.26	346.60
TOTAL ASSETS		1,300.13	760.24
EQUITY AND LIABILITIES			
Equity			
(a) Equity Share capital	10	300.00	300.00
(b) Other Equity	11	672.43	339.39
Total Equity		972.43	639.39
Liabilities			
Non - current liabilities			
(a) Financial Liabilities			
(i) Borrowings	12	6.24	18.72
(b) Deferred Tax Liability	13	1.52	1.95
Total Non-Current Liabilities		7.76	20.67
Current liabilities			
(a) Financial Liabilities			
(i) Borrowings	14	238.44	-
(ii) Trade payables			
- Total outstanding dues of micro and small enterprises		-	-
- Total outstanding dues of other than micro and small enterprises		-	-
(iii) Other financial liabilities	15	7.41	14.19
(b) Other current liabilities	16	23.96	22.46
(c) Current tax liability (net)	17	50.13	63.53
Total Current liabilities		319.94	100.18
TOTAL EQUITY & LIABILITIES		1,300.13	760.24
Material Accounting Policies	1		
The accompanying notes form an integral part of the financial statements			

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 : 29.05.2024

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

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

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

Ms. Pasupulati Manisha
Company Secretary
M.No. A72576

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2024

(Rs. In Lakhs)

Particulars	Notes	Year Ended	Year Ended
		31st March, 2024	31st March, 2023
I. Revenue from operations	18	946.70	856.96
II. Other Income	19	34.39	8.75
III. Total Income		981.09	865.71
IV. Expenses			
Cost of raw materials consumed	20	460.88	224.97
Changes in inventories of finished goods and work-in-progress	21	(105.91)	(9.45)
Employee benefits expense	22	93.52	78.40
Finance costs	23	9.93	1.10
Depreciation and amortization expense	2	5.47	4.93
Other expenses	24	72.46	77.39
Total expenses (IV)		536.35	377.33
V. Profit / (Loss) before Exceptional item and tax (III-IV)		444.74	488.37
VI. Exceptional Items		-	-
VII. Profit/(Loss) before tax (V+VI)		444.74	488.37
VIII. Tax Expenses			
Current tax		112.12	128.98
Relating to previous year		-	(1.22)
Deferred tax		(0.42)	7.63
IX. Profit/(Loss) for the Period (VII-VIII)		333.04	352.98
X. 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)		-	-
Total Comprehensive Income/(Loss) for the Period (IX+X)		333.04	352.98
XI. Earning per equity share (Face value of Rs 10/- each)			
(1) Basic	25	11.10	11.77
(2) Diluted	25	11.10	11.77
Material Accounting Policies			
The accompanying notes form an integral part of the financial statements Note			

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 : 29.05.2024

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

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

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

Ms. Pasupulati Manisha
Company Secretary
M.No. A72576

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2024

(Rs. In Lakhs)

Sl. No.	Particulars	For the year ended 31st March, 2024	For the year ended 31st March, 2023
	Cash flows from/(used in) operating activities		
	Profit/ (Loss) before tax	444.74	488.37
	Adjustments for :		
	Depreciation and amortization expense	5.47	4.93
	Interest income	(29.58)	(8.75)
	Finance Cost	9.93	1.10
	Operating Profit before working capital Changes	430.56	485.65
	Movement in Working Capital		
	Decrease/(increase) in inventories	(362.02)	19.90
	Decrease/(increase) in trade receivables	(245.90)	(42.00)
	Decrease / (Increase) in financial assets and non-financial assets	(0.09)	(221.07)
	Increase / (decrease) in financial liabilities and other liabilities	(5.28)	1.67
	Cash Generated from Operations	(182.73)	244.15
	Taxes Paid	(125.53)	(67.86)
	Net Cash flow from Operating Activities (A)	(308.26)	176.29
	Cash flows from/(used in) investing activities		
	Purchase of Property plant and equipment and intangible assets incl. CWIP	(3.71)	(3.82)
	Movement in other bank balances	(15.00)	-
	Interest Received	29.58	8.75
	Net Cash generated from/(used in) investing activities (B)	10.87	4.93
	Cash flows from Financing activities		
	Proceeds from/(repayment of) long-term loans and borrowings, net	(12.48)	(1.75)
	Proceeds from/(repayment of) short-term loans and borrowings, net	238.44	(94.90)
	Interest paid	(9.93)	(1.10)
	Net cash from/(used in) financing activities (C)	216.03	(97.75)
	Net increase/(decrease) in cash and cash equivalents (A+B+C)	(81.36)	83.47
	Cash and cash equivalents at the beginning of the period/year	85.29	1.82
	Cash and cash equivalents at the end of the year	3.93	85.29
	Component of Cash and Cash Equivalents :		
	Cash in Hand	0.20	0.71
	Balance with banks In current Account	2.71	84.58
	Margin money deposits (on Bank Gaurantees) with balance maturity less than 3 months	1.02	-
	Total Cash and Cash Equivalents in Cash Flow Statement	3.93	85.29

The above statement of cash flow has been prepared under the 'Indirect method' as set out in Indian Accounting Standard (Ind AS)-7 Statement of Cash Flows.

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 : 29.05.2024

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

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

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

Ms. Pasupulati Manisha
Company Secretary
M.No. A72576

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH, 2024

A. EQUITY SHARE CAPITAL

(Rs. In Lakhs)

Particulars	No. of Shares	Amount in Rs.
Balance as on 1st April, 2022	3,000,000	300
Changes in equity share capital during 2022-23	-	-
Balance as on 1st April, 2023	3,000,000	300
Changes in equity share capital during 2023-24	-	-
Balance as on 1st April, 2024	3,000,000	300

B. OTHER EQUITY

(Rs. In Lakhs)

Particulars	As at 31 March 2024	As at 31 March 2023
Surplus / (Deficit) in statement of profit and Loss :		
Opening Balance	339.39	(13.59)
Add : Profit / (Loss)	333.04	352.98
Less : Appropriations	-	-
Closing Balance	672.43	339.39

Material Accounting Policies (Refer Note 1)

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 : 29.05.2024

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

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

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

Ms. Pasupulati Manisha
Company Secretary
M.No. A72576

MATERIAL 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, 2024 were approved by the Board of Directors on 29th May, 2024.

These financial statements have been prepared by the Company as a going concern on the basis of relevant Ind AS that are effective or elected for early adoption at the Company’s annual reporting date, 31 March 2024. The accounting policies are applied consistently to all the periods presented in the financial statements. 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 Material 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 of 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 fairvalue.

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.

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 from sale of goods is recognized when all the significant risks and rewards of ownership in the goods are transferred to the buyer. Revenue is measured at fair value of the consideration received or receivable, Amount disclosed as revenue are excluding goods and service tax (GST), sales tax or value added taxes or service taxes or duties collected on behalf of the government, and net off returns, trade discounts, rebates and any amount collected on behalf of third parties.

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 outflow 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.

I. Critical Accounting Estimates and Judgments

The preparation of financial statements 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 Recent accounting pronouncements

The Company applied for the first time these amendments of Ind AS 8, Ind AS 1 and Ind AS 12 and there is no material impact on financials.

Ministry of Corporate Affairs ("MCA") notifies new standards or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. For the year ended March 31, 2024, MCA has not notified any new standards or amendments to the existing standards applicable to the Company.

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2024

2. Property, Plant & Equipment

(Rs. In Lakhs)

Particulars	GROSS BLOCK			DEPRECIATION			NETBLOCK		
	As at 01.04.2023	Additions during the year	Deletions During the year	As at 31.03.2024	Upto 01.04.2023	For the year	Upto 31.03.2024	As at 31.03.2024	As at 31.03.2023
(A) Tangible Assets									
(i) Land - Factory	2.36	-	-	2.36	-	-	-	2.36	2.36
(ii) Buildings:									
(a) Factory	41.35	-	-	41.35	37.25	0.87	38.11	3.24	4.11
(b) Non-Factory	24.98	-	-	24.98	12.27	0.40	12.68	12.30	12.70
(iii) Plant and Machinery	14.59	-	-	14.59	13.44	0.04	13.48	1.11	1.15
(iv) Electrical Installations	5.15	0.30	-	5.45	1.21	0.45	1.67	3.79	3.94
(v) Weighing Machines	4.10	-	-	4.10	3.90	-	3.90	0.20	0.20
(vi) Fire Fighting Equipment	0.30	-	-	0.30	0.28	-	0.28	0.02	0.02
(vii) Data Processing Equipment	1.56	1.10	-	2.67	1.36	0.34	1.70	0.97	0.20
(viii) Lab Equipment	8.15	-	-	8.15	7.74	-	7.74	0.41	0.41
(ix) Furniture and Fixtures	2.68	-	-	2.68	2.53	0.02	2.55	0.13	0.15
(x) Vehicles	50.44	-	-	50.44	39.83	2.67	42.50	7.94	10.61
(xi) Office equipment	7.43	2.30	-	9.73	5.76	0.68	6.43	3.30	1.67
Total	163.09	3.71	-	166.80	125.58	5.47	131.04	35.76	37.52
Previous Year	159.27	3.82	-	163.09	120.65	4.93	125.58	37.52	38.62

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2024
3 NON-CURRENT - OTHER FINANCIAL ASSETS (Rs. in Lakhs)

Particulars	As at 31 March 2024	As at 31 March 2023
Bank deposits with more than 12 months maturity	375.00	375.00
TOTAL	375.00	375.00

4 INVENTORIES :

Particulars	As at 31 March 2024	As at 31 March 2023
(i) Raw materials	354.71	98.60
(ii) Finished goods	199.99	94.09
TOTAL	554.70	192.69

5 TRADE RECEIVABLES

Particulars	As at 31 March 2024	As at 31 March 2023
A. Secured	-	-
B. Unsecured		
i. Considered good	308.74	62.83
ii. Significant increase in credit risk	7.02	7.02
iii. Credit Impaired	-	-
Less: Provision for doubtful allowance	7.02	7.02
TOTAL	308.74	62.83

Refer note 32B for ageing of Trade Receivables

6 CASH AND CASH EQUIVALENTS

Particulars	As at 31 March 2024	As at 31 March 2023
i) Cash on hand	0.20	0.71
ii) Balances with banks in Current Accounts	2.71	84.58
iii) Margin money deposits (on Bank Guarantees) with balance maturity less than 3 months	1.02	-
TOTAL	3.93	85.29

7 OTHER BANK BALANCES

Particulars	As at 31 March 2024	As at 31 March 2023
Balances with Bank		
-Margin money deposits (on Bank Guarantees) with balance maturity from 3 Months to 12 months	15.00	-
TOTAL	15.00	-

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2024
8 OTHER FINANCIAL ASSETS

(Rs. In Lakhs)

Particulars	As at	As at
	31 March 2024	31 March 2023
(i) Interest receivable	2.40	3.62
(ii) Deposits Recoverable	1.76	1.17
TOTAL	4.15	4.79

9 OTHER CURRENT ASSETS

Particulars	As at	As at
	31 March 2024	31 March 2023
(i) Advance for purchase of raw material and stores	0.05	0.05
(ii) Prepaid Expenses	1.69	1.17
(iii) Balances With central excise & Others	-	0.10
(iv) GST Receivable	-	(0.32)
TOTAL	1.74	1.00

10 EQUITY SHARE CAPITAL

(Rs. In lakhs)

Particulars	As at	As at
	31 March 2024	31 March 2023
Authorised:		
40,00,000 - Equity Shares of Rs 10/- each	400	400
10,00,000 - 5% Redeemable Cumulative Preference Shares of Rs 10/- each.	100	100
Issued Subscribed & Fully Paid Up		
30,00,000 - Equity Shares of Rs 10/- each, fully paid up	300	300
	300	300

10 (a) Reconciliation of the number of shares.

Particulars	As at 31st March 2024		As at 31st March 2023	
	Nos	Amount	Nos	Amount
Shares outstanding at the beginning of the year	3,000,000	300	3,000,000	300
Add: Issue during the year	-	-	-	-
Shares outstanding at the end of the year	3,000,000	300	3,000,000	300

10 (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.

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

Particulars	As at 31st March 2024		As at 31st March 2023	
	No of shares	% Held	No of shares	% Held
Mr. N. Ravi Prasad	390,648	13.02	390,648	13.02
M/s. Andhra Pradesh Industrial Development Corporation	337,500	11.25	337,500	11.25
Mr. N. Ranga Prasad	259,298	8.64	259,298	8.64
Mr. N. Rajendra Prasad - Individual	272,419	9.08	248,498	8.28
Mr. N. Rajendra Prasad - HUF	133,260	4.44	133,260	4.44
Smt. N. Anantha Lakshmi	233,998	7.80	233,998	7.80
Mr. N Ram Prasad	180,298	6.01	180,298	6.01

10(d) Shares held by promoters of the Company

Promoter's Name	FY 2023-24		% change during the year
	No of Shares	% total shares	
Mr. N. Ravi Prasad	390648	13.02	Nil
Mr. N. Ranga Prasad	259298	8.64	Nil
Mr. N. Rajender Prasad - Individual	272419	9.08	0.80%
Mr. N. Rajender Prasad - HUF	133260	4.44	Nil
Smt. N. Anantha Lakshmi	233998	7.80	Nil
Mr. N. Ram Prasad H.U.F	180298	6.01	Nil
Mrs. N. Naga Ratna	67100	2.24	Nil
Mrs. Urmi Nuthakki Chowdary	5300	0.18	Nil
Mr. P.V.Krishna Rao	10000	0.33	Nil
Mr. P. Narendranath Prasad	20000	0.67	Nil
Mr. P.S.R.V.K. Ranga Rao	10000	0.33	Nil
Smt. P. Sujatha	10000	0.33	Nil
Mr. P.A. Ramayya	20000	0.67	Nil
Mr. P.V. Rayudu	5000	0.17	Nil
Mr. P. Ravi	5000	0.17	Nil
Mr. N.B. Prasad	2500	0.08	Nil

11 OTHER EQUITY

(Rs. In lakhs)

Particulars	As at 31st March, 2024	As at 31st March, 2023
Surplus/(Deficit) in statement of Profit and Loss		
Opening Balance	339.39	(13.59)
Add: Profit / (Loss)	333.04	352.98
Closing Balance	672.43	339.39

12 FINANCIAL LIABILITIES :**(i) BORROWINGS**

Particulars	As at 31 March 2024	As at 31 March 2023
Unsecured loans - Loans from related parties		
Inter-corporate Deposits	6.24	18.72
TOTAL	6.24	18.72

13 DEFERRED TAX LIABILITY :

Particulars	As at 31 March 2024	As at 31 March 2023
Deferred Tax Asset		
(i) MAT Credit	-	-
Gross Deffered Tax Asset	-	-
 Deferred Tax Liability		
On Property, Plant and Equipment	1.52	1.95
Gross Deffered Tax Liability	1.52	1.95
NET DEFERRED TAX ASSET/(LIABILITY)	1.52	1.95

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2024
14 BORROWINGS

(Rs. In Lakhs)

Particulars	As at 31 March 2024	As at 31 March 2023
Secured Loan Union Bank of India OD A/c	238.44	-
TOTAL	238.44	-

15 OTHER FINANCIAL LIABILITIES

Particulars	As at 31 March 2024	As at 31 March 2023
Creditors for Other expenses	2.81	8.22
Employee benefit payable	4.60	5.97
TOTAL	7.41	14.19

16 OTHER CURRENT LIABILITIES

Particulars	As at 31 March 2024	As at 31 March 2023
(i) Dues to related party Directors	0.31	0.15
(ii) Statutory liabilities	23.65	22.31
TOTAL	23.96	22.46

17 Current Tax Liability (Net)

Particulars	As at 31 March 2024	As at 31 March 2023
Provision for Income Tax (net of advance tax)	50.13	63.53
TOTAL	50.13	63.53

18 REVENUE FROM OPERATIONS

Particulars	Year ended 31 March 2024	Year ended 31 March 2023
Sales of Products	930.21	856.96
Job work Charges - Services	16.49	-
TOTAL	946.70	856.96

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2024
19 OTHER INCOME

(Rs. In Lakhs)

Particulars	Year ended 31 March 2024	Year ended 31 March 2023
Interest Income	29.58	8.75
Misc. Income	4.81	-
TOTAL	34.39	8.75

20 COST OF MATERIAL CONSUMED

Particulars	Year ended 31 March 2024	Year ended 31 March 2023
Inventory at the beginning of the year	98.60	127.96
Add: Purchases	716.99	195.61
Less: Inventory at the end of the year	354.71	98.60
Total	460.88	224.97

21 CHANGES IN INVENTORIES OF FINISHED GOODS,TRADED GOODS AND WORK-IN-PROCESS

Particulars	Year ended 31 March 2024	Year ended 31 March 2023
Opening inventories		
(i) Finished goods	94.08	84.63
(ii) Work-In-process	-	-
Closing inventories		
(i) Finished goods	199.99	94.08
(ii) Work-In-process	-	-
(Increase) / decrease in inventory	(105.91)	(9.45)

22 EMPLOYEE BENEFITS EXPENSE

Particulars	Year ended 31 March 2024	Year ended 31 March 2023
(i) Salaries, wages, and bonus	77.01	70.77
(ii) Contribution to provident fund	4.02	4.02
(iii) Staff welfare expenses	12.49	3.61
TOTAL	93.52	78.40

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2024
23 FINANCE COSTS

(Rs. In Lakhs)

Particulars	Year ended 31 March 2024	Year ended 31 March 2023
Interest expense on :		
(i) Working capital facility	9.93	1.10
TOTAL	9.93	1.10

24 OTHER EXPENSES

Particulars	Year ended 31 March 2024	Year ended 31 March 2023
Consumption of general stores	1.34	2.39
Power and Fuel	4.48	3.84
Repairs to :		
Buildings	1.60	2.09
Machinery	11.10	8.22
Others	0.96	0.80
Vehicle maintenance	3.94	6.63
Freight & Others	1.67	1.19
Payments to Auditors		
As Auditors	0.46	0.46
for Tax Audit	0.00	0.15
for Certification	0.21	0.06
Rates and Taxes	0.29	0.25
Postage, Telegrams and Telephones	0.65	0.68
Travelling, Conveyance and Vehicle expenses	28.77	31.38
Insurance	1.90	2.54
Professional charges	2.78	2.60
Miscellaneous expenses	12.32	14.11
TOTAL	72.46	77.39

25 EARNINGS PER SHARE (EPS)

Particulars	Year ended 31 March 2024	Year ended 31 March 2023
Profit/(Loss) for the period (In lakhs)	333.04	352.98
Face Value of Share	Rs. 10 Each	Rs. 10 Each
Weighted Avg no.of shares for computing		
Basic & Diluted EPS	3,000,000	3,000,000
Earnings Per Share		
Basic and Diluted (In Rs.)	11.10	11.77

Note 26**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 27**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 28
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, 2024	March 31, 2023
a) Debt Obligations	244.68	18.71
b) Cash and Cash Equivalents	3.93	85.29
c) Net Debt (a) – (b)	240.75	(66.58)
d) Total Equity	972.36	639.39
e) Gearing Ratio (c)/(d)	24.76%	NA

Note 29

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

Particulars	Year ended 31st March, 2024	Year ended 31st March, 2023
(I) Tax expense/(credit) recognized in Statement of Profit and loss		
Current Tax	112.10	128.8
Deferred Tax	(0.42)	7.62
Relating to previous years	-	(1.22)
Total	111.70	135.39
(II) Effective tax Reconciliation		
(a) Profit/(loss) before tax	444.74	488.37
(b) Applicable tax rate	25.17%	27.82%
(c) Tax expense/(credit) on Net profit (a) * (b)	111.94	135.87
(d) Utilisation of unrecognised tax losses	0	0
(e) Other adjustments	(0.27)	(0.48)
(f) Tax Expense as per Statement of Profit and loss (c)+(d)+(e)	111.70	135.39

Note 30

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 31

Related party disclosures as required by the IND AS 24

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 Limited	Enterprise over which key managerial Personnel & their relatives exercise Significant influence.
6	Pumps India Private Limited	

1. Transactions with Key Management Personnel :

(Rs. in Lakhs)

S. No.	Name of the transaction	Year ended 31st March,2024	Year ended 31st March,2023
1	Remuneration	36.86	36.86
2	Medical Reimbursement	6.98	1.77
3	Club Subscriptions	0.28	0.64
4	Current Liabilities – Current Accounts of the Key Managerial Personnel		
	Outstanding at the beginning of the year	0.14	6.9
	Amounts received during the year	13.36	12.06
	Amounts repaid during the year	13.19	18.82
	Outstanding at the end of the year	0.31	0.14

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

(Rs. in lakhs)

S. No.	Nature of Transaction	As at March 31,2024	As at March 31,2023
1	Inter Corporate Deposits Received		
	Outstanding at the beginning of the year	18.71	20.46
	Amounts received during the year	-	-
	Amounts repaid during the year	12.47	1.75
	Outstanding at the end of the year	6.24	18.71
2	Current Liabilities		
	Outstanding at the beginning of the year	0.03	0.03
	Amounts received during the year	-	-
	Amounts repaid during the year	-	-
	Outstanding at the end of the year	0.03	0.03

Note 32A
Micro, Small and Medium Enterprises

There are no amounts outstanding as at 31st March, 2024 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, 2024. 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 32B:

Additional Disclosures required by Schedule III (Amendments Dated 24th March, 2021) to the Companies Act, 2013 :

(A) Trade Receivable Ageing :

Particulars	Balance Due as at March 31, 2024						
	Not due	Less than 6 yrs.	6 Months 1 year	1-2 yrs.	2-3 yrs.	More than 3	Total
(i) Undisputed Trade Receivables – Considered good		308.74					308.74
(ii) Undisputed Trade Receivables – which have significant increase in credit risk						7.02	7.02
(iii) Disputed Trade Receivables – which have significant increase in credit risk						-	-
Less : Allowance for doubtful receivables						(7.02)	(7.02)
Total	-	308.74	-	-	-	-	308.74

Particulars	Balance Due as at March 31, 2023						
	Not due	Less than 6 yrs.	6 Months 1 year	1-2 yrs.	2-3 yrs.	More than 3	Total
(i) Undisputed Trade Receivables – Considered good		62.83					62.83
(ii) Undisputed Trade Receivables – which have significant increase in credit risk						7.02	7.02
(iii) Disputed Trade Receivables – which have significant increase in credit risk							-
Less : Allowance for doubtful receivables						(7.02)	(7.02)
Total	-	62.83	-	-	-	-	62.83

Note 33
Key Financial Ratios

S No	Ratio	Numerator	Denominator	FY 2024	FY 2023	Variance
1	Current Ratio	Current assets	Current liabilities	2.78	3.46	-20%
2	Debt Equity Ratio (in times)	Debt	Shareholders Equity	0.25	0.03	759%
3	Return on Equity (in %)	Profit after tax	Average Shareholder's Equity	0.41	0.76	-46%
4	Inventory Turnover Ratio (times)	Gross Revenue	Average inventories	2.53	4.23	-40%
5	Trade Receivables Turnover Ratio	Gross Revenue	Average trade receivables	5.10	20.49	-75%
6	Net Capital Turnover Ratio (in times)	Gross Revenue	Working Capital	1.67	3.48	-52%
7	Net Profit Ratio (in %)	Profit after tax	Revenue from operations	0.35	0.41	-15%
8	Return on Capital Employed	Earnings before interest and taxes	Average Capital Employed	1.13	1.95	-42%

Reasons:

1. Debt Equity Ratio decreased due to increase in debt in the current year.
2. Return on Equity decreased due to decrease in PAT during the year.
3. Inventory Turnover Ratio decreased due to increase in cost of goods sold and increase in inventories.
4. Trade Receivables Turnover Ratio decreased due to increase in credit sales.
5. Net Capital Turnover Ratio decreased due to increase in working capital.
6. Return on Capital Employed decreased due to decrease in EBIT during the year.

Note34
Additional Information

- (i) The Company do not have any Benami property and neither any proceedings have been initiated or is pending against the Company for holding any Benami property.
- (ii) The Company do not have any transactions with companies struck off.
- (iii) The Company do not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period.
- (iv) The Company has not been declared a wilful defaulter by any bank or financial institution or any other lender during the current period.
- (v) The Company have not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:
 - a. directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (Ultimate Beneficiaries) or
 - b. provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.
- (vi) The Company has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall:

- a. directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or
 - b. provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- (vii) The loan has been utilized for the purpose for which it was obtained and no short term funds have been used for long term purpose.
- (viii) The Company is in compliance with the number of layers prescribed under clause (87) of section 2 of the Companies Act read with the Companies (Restriction on number of Layers) Rules, 2017.
- (ix) The Company have not traded or invested in Crypto currency or Virtual Currency during the financial year
- (x) The Company have not any such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961).

Note 35

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

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 : 29.05.2024

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

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

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

Ms. Pasupulati Manisha
Company Secretary
M.No. A72576



SOUTHERN MAGNESIUM AND CHEMICALS LIMITED

Regd. Office : DECCAN CHAMBERS (5th Floor), 6-3-666/B,
Somajiguda, Hyderabad - 500 082.

Phone : 23311789, 23312341

Email : southernmagnesium@gmail.com