

SMS PHARMACEUTICALS LIMITED

(CIN : L24239TG1987PLC008066)

Regd. Office: Plot No.72, H.No.8-2-334/3&4, Road No.5, Opp.SBI Executive Enclave, Banjara Hills, Hyderabad-500 034, Telangana, India

Tel: +91-40-2525 9999, Fax :+91-40-2525 9889 ; Email : info@smspharma.com

Statement of Standalone Un-Audited Financial Results for the Quarter and Nine months ended 31st December, 2021

(Rs. In Lakhs)

S.No	Particulars	Quarter Ended			Nine months ended		Year ended
		31.12.2021	30.09.2021	31.12.2020	31.12.2021	31.12.2020	31.03.2021
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
1	Revenue From Operations	12,125.37	17,470.09	14,886.77	45,895.52	39,189.06	56,317.75
2	Other Income	212.97	135.51	85.57	477.14	214.97	345.29
3	Total Revenue	12,338.34	17,605.60	14,972.34	46,372.66	39,404.03	56,663.04
4	Expenses						
	(a) Cost of Materials Consumed	10,043.53	13,891.25	8,256.51	34,724.18	22,670.84	31,326.57
	(b) Changes in Inventories	(3,926.56)	(4,410.87)	696.81	(10,538.05)	1,792.53	2,673.26
	(c) Manufacturing Expenses	1,360.67	1,607.92	976.31	4,379.37	2,798.84	3,939.38
	(d) Employee Benefits Expense	1,321.21	1,209.07	1,077.05	3,723.44	2,880.44	4,117.17
	(e) Finance Cost	475.22	482.08	294.48	1,453.48	861.42	1,116.25
	(f) Depreciation and Amortization Expense	809.58	808.98	563.50	2,418.06	1,674.06	2,228.16
	(g) Other Expenses	598.51	467.36	433.04	1,729.39	1,044.77	2,150.27
	Total Expenses - (a to g)	10,682.16	14,055.79	12,297.70	37,889.87	33,722.90	47,551.06
5	Profit Before Exceptional and Extraordinary Items and Tax (3-4)	1,656.18	3,549.81	2,674.64	8,482.79	5,681.13	9,111.98
6	Exceptional items	-	-	-	-	-	-
7	Profit Before Extraordinary Items and Tax (5-6)	1,656.18	3,549.81	2,674.64	8,482.79	5,681.13	9,111.98
8	Extraordinary Items	-	-	-	-	-	-
9	Profit Before Tax (7-8)	1,656.18	3,549.81	2,674.64	8,482.79	5,681.13	9,111.98
10	Tax Expenses						
	(1) Current Tax	350.00	750.00	500.00	1,800.00	1,050.00	1,604.63
	(2) Deferred Tax	255.57	272.64	342.49	785.12	755.99	1,410.89
		605.57	1,022.64	842.49	2,585.12	1,805.99	3,015.52
11	Net Profit / (Loss) for the Period (9-10)	1,050.61	2,527.17	1,832.15	5,897.67	3,875.14	6,096.46
12	Other Comprehensive Income (OCI):						
	Items that will not be reclassified to profit or Loss:	(8.22)	(7.65)	(3.94)	(22.83)	(10.84)	(25.30)
	Income Tax effect on the above	2.87	3.35	1.37	7.98	3.79	8.84
		(5.35)	(4.30)	(2.57)	(14.85)	(7.05)	(16.46)
13	Total Comprehensive Income for the period (11+12)	1,045.26	2,522.87	1,829.58	5,882.82	3,868.09	6,080.00
14	Earnings Per Equity Share of Re.1/- each Basic / Diluted (not annualised)	1.24	2.99	2.16	6.97	4.58	7.20
	Paid-up equity share capital (Face Value of Re.1/- each)	846.52	846.52	846.52	846.52	846.52	846.52
15	Reserves excluding Revaluation Reserve as per balance sheet of previous accounting year						41,975.88



Notes:

- 1 The above standalone un-audited financial results for the quarter ended December 31, 2021 have been reviewed by the Audit Committee on February 8, 2022 and approved by the Board of Directors at their meeting held on February 9, 2022. The statutory auditors of the Company have carried out a limited review on standalone financial results for the quarter ended December 31, 2021 and expressed an unmodified conclusion thereon.
- 2 These standalone financial results of the Company have been prepared in accordance with the Indian Accounting Standards prescribed under Section 133 of the Companies Act, 2013 ("the Act") read with relevant rules issued thereunder ('IND AS') and other accounting principles generally accepted in India and guidelines issued by the Securities and Exchange Board of India ("SEBI"). (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- 3 The Company is engaged in the manufacturing of Active Pharmaceutical Ingredients and their intermediates and the same constitutes a single reportable business segment as per Ind AS108.
- 4 The reason for decrease in revenues during the current quarter as compared to previous quarter is mainly due to decrease in offtake of Anti-Retroviral drugs by customer under CMO arrangement and the reason for the same is due to delays in bidding process and also impacted excess channel inventories at customer end for other APIs. Further, company is more focusing on development, manufacturing and sales of its own products developed by its R&D and penetrating into overseas markets to increase the revenues as well as margins.
- 5 On March 24, 2021, the Ministry of Corporate Affairs (MCA) through notification, amended Schedule III of the Companies Act, 2013, applicable for financial period commencing from April 01, 2021. Pursuant to such amendments, current maturities of long term borrowings of Rs.31.82 crores as at March, 2021 have been reclassified within 'Current liabilities' from 'Other financial liabilities' to 'Borrowings'
- 6 Figures for the previous period have been reclassified/ regrouped wherever necessary to conform to current period's classification.

Place: Hyderabad
Date : 09-02-2022



For SMS Pharmaceuticals Ltd

A handwritten signature in blue ink.

Ramesh Babu Potluri
Chairman and Managing Director
DIN : 00166381



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

To
The Board of Directors
SMS Pharmaceuticals Limited
Hyderabad.

We have reviewed the accompanying statement of unaudited financial results of SMS Pharmaceuticals Limited ("the Company"), for the quarter ended 31st December 2021. This statement which is the responsibility of the Company's Management and has been approved by the Board of Directors. Our responsibility is to issue a report on these financial statements based on our review.

This statement which is the responsibility of the Company's Management and approved by the Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in the Indian Accounting Standard 34 "Interim Financial Reporting" (Ind AS 34"), prescribed under section 133 of the Companies Act, 2013 read with relevant rules issued there under and other accounting principles generally accepted in India. Our responsibility is to issue a report on these financial statements based on our review.

We conducted our review in accordance with the Standard on Review Engagement (SRE) 2410, "Review of Interim Financial information performed by Independent Auditor of Entity" issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provide less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.

Based on our review conducted as stated above, nothing has come to our attention that causes us to believe that the accompanying statement of unaudited financial results prepared in accordance with the aforesaid Indian Accounting standards and other accounting principles generally accepted in India has not disclosed the information required to be disclosed in terms of regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, including the manner in which it is to be disclosed, or that it contains any material misstatement.

Place: Hyderabad
Date: 09.02.2022

UDIN: 22227679AAYGMC2556

For Suryanarayana & Suresh,
Chartered Accountants
Reg. No.006631S


V Nagendra Rao
Partner
M. No. 227679



SMS PHARMACEUTICALS LIMITED

(CIN : L24239TG1987PLC008066)

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Statement of Consolidated Un-Audited Financial Results for the Quarter and Nine Months Ended 31st December, 2021

(Rs. In Lakhs)

S.No	Particulars	Quarter Ended			Nine Months ended		Year ended
		31.12.2021	30.09.2021	31.12.2020	31.12.2021	31.12.2020	31.03.2021
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
1	Revenue From Operations	12,125.37	17,470.09	14,886.77	45,895.52	39,189.06	56,317.75
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3	Total Revenue	12,338.34	17,605.60	14,972.34	46,372.66	39,404.03	56,663.04
4	Expenses						
	(a) Cost of Materials Consumed	10,067.02	13,917.10	8,256.51	34,747.67	22,670.84	31,326.57
	(b) Changes in Inventories	(3,926.56)	(4,410.87)	696.81	(10,538.05)	1,792.53	2,673.26
	(c) Manufacturing Expenses	1,360.67	1,607.92	976.31	4,379.37	2,798.84	3,939.38
	(d) Employee Benefits Expense	1,321.21	1,209.07	1,077.05	3,723.44	2,880.44	4,117.17
	(e) Finance Cost	475.22	482.08	294.48	1,453.48	861.42	1,116.25
	(f) Depreciation and Amortization Expense	809.58	808.98	563.50	2,418.06	1,674.06	2,228.16
	(g) Other Expenses	598.51	467.36	433.04	1,729.39	1,044.77	2,150.27
	Total Expenses - (a to g)	10,705.65	14,081.64	12,297.70	37,913.36	33,722.90	47,551.06
5	Profit Before Exceptional and Extraordinary Items and Tax (3-4)	1,632.69	3,523.96	2,674.64	8,459.30	5,681.13	9,111.98
6	Exceptional items	-	-	-	-	-	-
7	Profit Before Extraordinary Items and Tax (5-6)	1,632.69	3,523.96	2,674.64	8,459.30	5,681.13	9,111.98
8	Extraordinary Items	-	-	-	-	-	-
9	Profit Before Tax (7-8)	1,632.69	3,523.96	2,674.64	8,459.30	5,681.13	9,111.98
10	Tax Expenses						
	(1) Current Tax (MAT)	350.00	750.00	500.00	1,800.00	1,050.00	1,604.63
	(2) Deferred Tax	255.57	272.64	342.49	785.12	755.99	1,410.89
		605.57	1,022.64	842.49	2,585.12	1,805.99	3,015.52
11	Net Profit / (Loss) for the Period (9-10)	1,027.12	2,501.32	1,832.15	5,874.18	3,875.14	6,096.46
12	Share of Profit/(Loss) in associate companies	(130.86)	(198.56)	307.20	(293.09)	63.84	156.23
13	Net Profit (11-12)	896.26	2,302.76	2,139.35	5,581.09	3,938.98	6,252.69
	Other Comprehensive Income (OCI):						
	Items that will not be reclassified to profit or Loss:						
14	Remeasurement Gain / (Loss) of the defined benefit plans	(8.22)	(7.65)	(3.94)	(22.83)	(10.85)	(25.30)
15	Share of Other Comprehensive Income in Associates	2.36	2.36	0.60	7.08	1.78	(9.44)
16	Income Tax effect on the above	2.87	3.35	1.37	7.98	3.79	8.84
17	Share of Income Tax effect on the above in Associates	(0.61)	(0.61)	(0.15)	(1.84)	(0.46)	2.45
18	Other Comprehensive Income/(Loss) after tax for the Year (13-14)	(3.60)	(2.55)	(2.12)	(9.61)	(5.74)	(23.44)
19	Total comprehensive Income for the period/year (13+18)	892.66	2,300.21	2,137.23	5,571.48	3,933.24	6,229.25
20	Earning Per Equity Share of Re.1/- each						
	Basic / Diluted (not annualised)	1.07	2.72	2.53	6.59	4.65	7.39
	Paid-up equity share capital (Face Value of Re.1/- each)	846.52	846.52	846.52	846.52	846.52	846.52
21	Reserves excluding Revaluation Reserves as per balance sheet of previous accounting year						40,206.29



Notes:

- 1 The above Consolidated un-audited financial results for the quarter ended December 31, 2021 have been reviewed by the Audit Committee on February 8, 2022 and approved by the Board of Directors at their meeting held on February 9, 2022. The statutory auditors of the Company have carried out a limited review on Consolidated financial results for the quarter ended December 31, 2021 and expressed an unmodified conclusion thereon.
- 2 These consolidated financial results of the Company have been prepared in accordance with the Indian Accounting Standards prescribed under Section 133 of the Companies Act, 2013 ("the Act") read with relevant rules issued thereunder ("IND AS") and other accounting principles generally accepted in India and guidelines issued by the Securities and Exchange Board of India ("SEBI").
- 3 VKT Pharma Private Limited is considered as an associate Company for the consolidation in which the Company holds 42.62% as on 31.12.2021 in their equity. Accordingly, the results include appropriate shares of the Company the results of the said associate. The Company has one Joint venture "Chemo SMS Enterprises SL" in which there were no operations during the reporting period.
- 4 Consolidated Financial Statements have been prepared by applying Accounting Standard "Ind AS" 27 "Accounting for Investments in Associates in Consolidated Financial Statements" as applicable under the Companies Act, 2013 and applicable rules there under.
- 5 The Group is engaged in the manufacturing Active Pharmaceutical Ingredients and their intermediates and the same constitutes a single reportable business segment as per Ind AS108.
- 6 The reason for decrease in revenues during the current quarter as compared to previous quarter is mainly due to decrease in offtake of Anti-Retroviral drugs by customer under CMO arrangement and the reason for the same is due to delays in bidding process and also impacted excess channel inventories at customer end for other APIs. Further, company is more focusing on development, manufacturing and sales of its own products developed by its R&D and penetrating into overseas markets to increase the revenues as well as margins.
- 7 On March 24, 2021, the Ministry of Corporate Affairs (MCA) through notification, amended Schedule III of the Companies Act, 2013, applicable for financial period commencing from April 01, 2021. Pursuant to such amendments, current maturities of long term borrowings of Rs.31.82 crores as at March 31, 2021 have been reclassified within 'Current liabilities' from 'Other financial liabilities' to 'Borrowings'.
- 8 Figures for the previous period have been reclassified/ regrouped wherever necessary to conform to current period's classification.

For SMS Pharmaceuticals Limited



A handwritten signature in blue ink.

Ramesh Babu Potluri
Chairman and Managing Director
DIN : 00166381

Place: Hyderabad
Date : 09-02-2022

**INDEPENDENT AUDITOR'S REPORT****TO THE BOARD OF DIRECTORS OF
SMS PHARMACEUTICALS LIMITED****Report on the Review of Consolidated Financial Results****Opinion**

We have audited the accompanying consolidated annual financial results of SMS PHARMACEUTICALS LIMITED (hereinafter referred to as the holding Company) and its associate (Holding Company and its associate together referred to as the Group) for the quarter ended December 31, 2021, attached here with, being submitted by the Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (the Listing Regulations).

In our opinion and to the best of our information and according to the explanations given to us, the consolidated financial Results for the quarter ended December 31, 2021:

- (i) includes the share of profit/(loss) of the following associate entity/ joint venture
 - I. VKT Pharma Private Limited
 - II. Chemo SMS Enterprises SL
- (ii) are presented in accordance with the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended; and
- (iii) gives a true and fair view in conformity with Indian Accounting Standard 34 "Interim Financial Reporting" ("Ind AS 34") prescribed under section 133 of the Companies Act 2013 ("the Act") read with relevant rules issued there under and other accounting principles generally accepted in India of the net profit and total comprehensive income and other financial information of the Group for the quarter ended December 31, 2021.

Basis for Opinion

We conducted our audit of this Consolidated Financial Results 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 Auditor's Responsibilities for the Audit of the Consolidated Financial Results section of our report. We are independent of the Group in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ("ICAI") together with the independence requirements that are relevant to our audit of the Consolidated Financial Results under the provisions of the Act and the Rules there under and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion.





Management's Responsibilities for the Consolidated Financial Results

These Consolidated financial results have been prepared on the basis of the consolidated annual financial statements. The Holding Company's Board of Directors are responsible for the preparation and presentation of these consolidated financial results that give a true and fair view of the net profit/ loss and other comprehensive income and other financial information of the Group including its associates and jointly controlled entities in accordance with the Indian Accounting Standards prescribed under Section 133 of the Act read with relevant rules issued there under and other accounting principles generally accepted in India and in compliance with Regulation 33 of the Listing Regulations. The respective Board of Directors of the companies included in the Group and of its associates and jointly controlled entities are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and its associates and jointly controlled entities and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial results that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial results by the Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial results, the respective Board of Directors of the companies included in the Group and of its associates and jointly controlled entities are responsible for assessing the ability of the Group and its associates and jointly controlled entities to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the respective Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group and of its associates and jointly controlled entities are responsible for overseeing the financial reporting process of the Group and of its associates and jointly controlled entities.

Auditor's Responsibilities for the audit of the Consolidated Financial Results

Our objectives are to obtain reasonable assurance about whether the Consolidated Financial Results 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 Consolidated Financial Results.

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

- Identify and assess the risks of material misstatement of the Consolidated Financial Results, 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 controls.
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the 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 Statement 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 Consolidated Financial Results, including the disclosures, and whether the Consolidated Financial Results represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the Consolidated Financial Results of the Company to express an opinion on the Consolidated Financial Results.

Materiality is the magnitude of misstatements in the Consolidated Financial Results that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the Consolidated Financial Results may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and





in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the Consolidated Financial Results.

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 controls 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.

We also performed procedures in accordance with the circular issued by the SEBI under Regulation 33(8) of the Listing Regulations, as amended, to the extent applicable.

The consolidated financial results includes the unaudited financial statements/ financial results of associate namely VKT Pharma Private Limited which have been reviewed by their auditor whose financial statements / financial results reflect total assets of Rs. 19830.10 lakhs as at 31st December 2021 total revenue of Rs. 179.28 lakhs, total net profit after tax of Rs. (307.03) lakhs and total comprehensive income of Rs. (302.94) lakhs for the quarter ended 31st December 2021.

The consolidated financial results include the unaudited financial statements/ financial results of joint venture namely Chemo SMS Enterprises SL in which there is no operations during the quarter ended on 31st December 2021. Hence, there is no significant effect on the financial statements and not material to the group.

The independent auditors' reports on financial statements/ Financial Results of the entity have been furnished to us and our opinion on the consolidated Financial Results, in so far as it relates to the amounts and disclosures included in respect of the entity, is based solely on the report of such auditors and the procedures performed by us are as stated in paragraph above.

Our opinion on the consolidated Financial Results is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors.

Place: Hyderabad
Date: 09.02.2022

UDIN: 22227679AAYHYV8856

For Suryanarayana & Suresh.,
Chartered Accountants
Reg. No.006631S


V Nagendra Rao
Partner
M. No. 227679

