

## SMS PHARMACEUTICALS LIMITED

(CIN : L24239TG1987PLC008066)

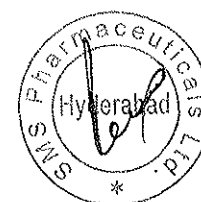
Regd. Office: Plot No.72, H.No.8-2-334/3&amp;4, Road No.5, Opp.SBI Executive Enclave, Banjara Hills, Hyderabad-500 034, Telangana, India

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

Standalone Statement of Audited Financial Results for the Quarter and Year Ended 31st March, 2020

( Rs. In Lakhs )

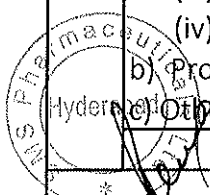
S.No	Particulars	Quarter Ended			Year ended	
		31.03.2020	31.12.2019	31.03.2019	31.03.2020	31.03.2019
		(Audited)	(Unaudited)	(Audited)	(Audited)	(Audited)
1	Revenue From Operations	9,646.68	8,044.83	10,370.96	41,194.69	46,491.08
2	Other Income	308.77	79.22	74.86	511.34	340.31
3	<b>Total Revenue</b>	<b>9,955.45</b>	<b>8,124.05</b>	<b>10,445.82</b>	<b>41,706.03</b>	<b>46,831.39</b>
4	Expenses					
	(a) Cost of materials consumed	6,145.70	3,394.98	7,699.34	25,950.18	30,719.13
	(b) Changes in inventories	(250.86)	669.97	(932.85)	(1,314.08)	(1,448.28)
	(c) Manufacturing Expenses	868.97	717.52	767.22	3,363.87	3,484.18
	(d) Employee Benefits Expense	1,007.71	986.96	886.26	3,935.22	3,558.66
	(e) Finance costs	287.34	293.00	318.17	1,221.14	1,187.34
	(f) Depreciation and amortisation expense	600.32	537.57	487.43	2,206.64	1,927.28
	(g) Other expenses	433.23	274.18	386.91	1,267.50	1,167.65
	<b>Total Expenses - (a to g)</b>	<b>9,092.41</b>	<b>6,874.18</b>	<b>9,612.48</b>	<b>36,630.47</b>	<b>40,595.96</b>
5	<b>Profit before Exceptional and Extraordinary Items and Tax (3-4)</b>	<b>863.04</b>	<b>1,249.87</b>	<b>833.34</b>	<b>5,075.56</b>	<b>6,235.43</b>
6	Exceptional items	-	-	-	-	-
7	<b>Profit before Extraordinary Items and Tax (5-6)</b>	<b>863.04</b>	<b>1,249.87</b>	<b>833.34</b>	<b>5,075.56</b>	<b>6,235.43</b>
8	Extraordinary Items	-	-	-	-	-
9	<b>Profit Before Tax (7-8)</b>	<b>863.04</b>	<b>1,249.88</b>	<b>833.34</b>	<b>5,075.56</b>	<b>6,235.43</b>
10	Tax Expenses					
	(1) Current Tax	(46.60)	290.73	83.36	894.14	1,333.36
	(2) Deferred Tax	284.90	209.11	102.46	912.57	756.73
		238.31	499.84	185.82	1,806.71	2,090.09
11	<b>Net Profit / (Loss) for the Period (9-10)</b>	<b>624.73</b>	<b>750.03</b>	<b>647.52</b>	<b>3,268.85</b>	<b>4,145.34</b>
12	Other Comprehensive Income/(Loss) (OCI):					
	(A) Items that will not be reclassified to statement of Profit & Loss					
	Remeasurement of post-employment benefit obligations	(2.46)	(3.88)	(19.42)	(13.15)	(12.95)
13	<b>Total Other Comprehensive Income/(Loss) before related Tax</b>	<b>(2.46)</b>	<b>(3.88)</b>	<b>(19.42)</b>	<b>(13.15)</b>	<b>(12.95)</b>
14	Deferred Tax on OCI	(0.86)	(1.36)	(6.78)	(4.59)	(4.52)
15	<b>Other Comprehensive Income/(Loss) after tax for the period/Year (13-14)</b>	<b>(1.60)</b>	<b>(2.53)</b>	<b>(12.63)</b>	<b>(8.55)</b>	<b>(8.43)</b>
16	<b>Total Comprehensive Income for the period/year (11+15)</b>	<b>623.13</b>	<b>747.50</b>	<b>634.89</b>	<b>3,260.30</b>	<b>4,136.92</b>
17	Earnings Per Equity Share					
	(of Re.1/ each) (not annualised)					
	(a) Basic	0.74	0.89	0.76	3.86	4.90
	(b) Diluted	0.74	0.89	0.76	3.86	4.90
18	Paid-up equity share capital (Face Value of Re.1/- each)	846.52	846.52	846.52	846.52	846.52
19	Other Equity				35,895.87	33,145.83



## Standalone Balance Sheet

(Rs.in Lakhs)

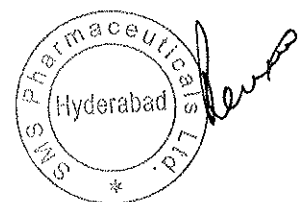
Sr.No.	Particulars	As at	
		31.03.2020	31.03.2019
<b>A</b>	<b>ASSETS</b>		
1	Non-Current Assets		
	Property, plant and equipment,	27,518.98	28,010.79
	Right-of-use Assets	446.31	-
	Capital work-in-progress	4,212.31	1,830.13
	Intangible Assets	83.26	114.88
	Financial Assets		
	a) Investments	4,499.87	4,499.87
	b) Bank Balances	224.89	212.50
	c) Other Financial Assets	331.95	343.04
	d) Other Non-Current Assets	3,514.63	1,911.81
	<b>Sub Total :Non-Current Assets</b>	<b>40,832.20</b>	<b>36,923.02</b>
2	Current Assets		
	Inventories	12,920.02	13,639.98
	Financial Assets		
	a) Trade Receivables	4,877.07	2,602.25
	b) Cash and Cash Equivalent	954.42	1,479.77
	c) Bank Balances other than b) above	10.91	7.90
	d) Other Financial Assets	28.50	24.33
	e) Other Current Assets	2,776.81	2,963.29
	f) Current Tax Asset (Net)	310.36	41.51
	<b>Sub Total : Current Assets</b>	<b>21,878.09</b>	<b>20,759.03</b>
	<b>TOTAL ASSETS</b>	<b>62,710.29</b>	<b>57,682.05</b>
<b>B</b>	<b>EQUITY AND LIABILITIES</b>		
1	Equity:		
	Share Capital	846.52	846.52
	Other Equity		
	a) Reserves & Surplus	35,895.87	33,145.83
	<b>Sub-Total -Shareholders' funds</b>	<b>36,742.39</b>	<b>33,992.35</b>
	Liabilities:		
2	Non-Current Liabilities		
	a) Financial Liabilities		
	(i) Borrowings	6,822.10	6,221.05
	(ii) Lease Liabilities	477.99	-
	b) Provision for Employee Benefit Obligations	172.64	151.84
	c) Deferred Tax Liabilities (net)	3,974.41	3,061.84
	<b>Sub-Total -Non-Current Liabilities</b>	<b>11,447.14</b>	<b>9,434.73</b>
3	Current Liabilities		
	a) Financial Liabilities		
	(i) Borrowings	6,115.52	7,080.86
	(ii) Trade Payables - MSME	23.01	12.53
	(iii) Trade Payables Otherthan MSME	4,426.39	4,757.34
	(iv) Other Financial Liabilities	2,843.76	1,296.85
	b) Provision for Employee Benefit Obligations	72.04	72.04
	c) Other Current Liabilities	1,040.04	1,035.35
	<b>Sub-Total - Current Liabilities</b>	<b>14,520.76</b>	<b>14,254.97</b>
	<b>TOTAL - EQUITY AND LIABILITIES</b>	<b>62,710.29</b>	<b>57,682.05</b>



SMS Pharmaceuticals Limited

Standalone Statement of Cash Flow for the Year Ended 31st March, 2020

S No	Particulars	For the Year ended 31st March, 2020	For the Year ended 31st March, 2019
<b>A</b>	<b>Cash Flow from Operating Activities</b>		
	Profit before Income Tax	5,075.56	6,235.43
	Adjustments for:		
	Depreciation and Amortisation Expense	2,206.64	1,927.28
	Interest Income Classified as Investing Cash Flows	(16.06)	(18.92)
	Allowance for Doubtful Debts	-	10.31
	Interest on Non Current Borrowings	646.51	779.43
	Provision for Employee Benefits	12.25	(27.82)
	Amortisation of Transaction Cost on Borrowings	6.23	10.27
	Notional Rent Expense	4.94	-
	Loss on Sale of Assets	5.14	0.11
	<b>Operating Profit before Working Capital Changes</b>	<b>7,941.21</b>	<b>8,916.09</b>
	<b>Change in Operating Assets and Liabilities</b>		
	(Increase)/Decrease in Trade Receivables	(2,274.82)	(197.64)
	(Increase)/Decrease in Inventories	719.96	(2,892.45)
	(Increase)/Decrease in Other Non Current Financial Assets	11.08	(104.36)
	(Increase)/Decrease in Other Non Current Asset	(1,602.82)	(82.74)
	(Increase)/Decrease in Other Current Financial Assets	(4.18)	29.20
	(Increase)/Decrease in Other Current Assets	186.48	(601.65)
	(Increase)/Decrease in Prepaid Taxes	47.37	(53.26)
	Increase/(Decrease) in Trade Payables	(375.78)	898.34
	Increase/(Decrease) in Other Current Liabilities	533.06	402.31
		<b>(2,759.65)</b>	<b>(2,602.25)</b>
	<b>Cash generated from Operations</b>	<b>5,181.56</b>	<b>6,313.84</b>
	Income Taxes Paid	(1,210.36)	(1,338.11)
	<b>Net Cash Inflow from Operating Activities "A"</b>	<b>3,971.20</b>	<b>4,975.73</b>
<b>B</b>	<b>Cash flows from Investing Activities</b>		
	Purchase of Property, Plant and Equipment	(4,273.40)	(3,483.82)
	Sale of Property, Plant and Equipment	13.36	9.29
	Margin Money Deposits	(27.45)	-
	Interest Received on Margin Money Deposit	31.12	7.19
	<b>Net Cash Outflow from Investing Activities "B"</b>	<b>(4,256.37)</b>	<b>(3,467.33)</b>
<b>C</b>	<b>Cash Flows from Financing Activities</b>		
	Proceeds from Long Term Borrowings	2,886.32	150.00
	Repayment of Long Term Borrowings	(1,075.00)	(1,637.50)
	Proceeds from Short Term Borrowings	1,199.56	4,067.20
	Repayment of Short Term Borrowings	(2,164.89)	(2,826.05)
	Interest paid on Borrowings	(575.90)	(790.22)
	Dividend Paid to Company's Shareholders	(510.26)	(255.13)
	<b>Net Cash Inflow (Outflow) from Financing Activities "C"</b>	<b>(240.17)</b>	<b>(1,291.70)</b>
	<b>Net Increase (Decrease) in Cash and Cash Equivalents (A+B+C)</b>	<b>(525.34)</b>	<b>216.69</b>
	Cash and Cash Equivalents at the Beginning of the Financial Year (Refer Note 9)	1,479.77	1,263.08
	<b>Cash and Cash Equivalents at End of the Year (Refer Note 9)</b>	<b>954.42</b>	<b>1,479.77</b>

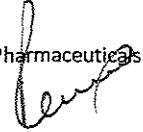


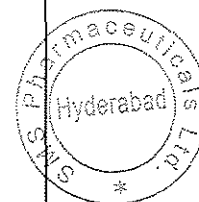
Notes:

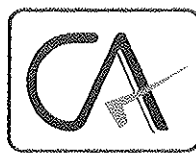
- 1 The audited standalone audited financial results have been reviewed by the Audit Committee of the board on 05th June, 2020 and approved by the Board of Directors of the Company at their meeting held on 05th June, 2020.
- 2 The standalone audited financial results of the Company have been prepared 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 in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015
- 3 The main reason for decrease in revenues during the current financial year as compared to previous financial year is due to decrease in offtake of Anti-Retroviral drugs which is mainly, delay in bidding process by the customer under contract manufacturing. However, the company is focusing to manufacture and sell of other new molecules developed by its own R&D and to penetrate into overseas markets to increase the revenues as well as margins. In addition to this the Company is evaluating opportunities arising out of COVID-19.
- 4 The Board of Directors, at their meeting held on 18th March, 2020 approved for the payment of interim dividend of Rs. 0.25 per equity share of Re.1 each aggregating to Rs.211.63 Lakhs and also remitted an amount of Rs.43.50 Lakhs towards Dividend Distribution Tax. The Board considered the interim dividend as final dividend for the financial year 2019-20.
- 5 Effective 1st April, 2019, the Company adopted Ind-AS 116, on all lease contracts existing on 1st April, 2019 using the modified retrospective method with Right-of-use assets recognized at an amount equal to the lease liabilities in the balance sheet. Accordingly, comparatives for the year ended 31st March, 2019 have not been retrospectively adjusted. During the quarter and year ended, the company has recognized interest expense on lease amounting to Rs. 13.92 Lakhs Rs.58.44 Lakhs and depreciation on right-of-use assets amounting to Rs. 23.91 Lakhs, Rs.95.64 Lakhs respectively.
- 6 The Government of India, on 20th September 2019, vide the taxation Laws (Amendment) Ordinance 2019, the ordinance inserted a new section 115BAA in the Income tax Act, 1961, which provides an option to the company for paying income tax at reduced rates as per the provisions/conditions defined in the said section. The company has evaluated the above Ordinance and based on its evaluation currently the Management proposed to continue with the old tax rates.
- 7 COVID-19 is the infectious disease caused by the most recently discovered coronavirus a pandemic. The Group has adopted measures to curb the spread of infection in order to protect the health of our employees and ensure business continuity with minimal disruption, the effect of operations of the company for the quarter and year ending 31st March, 2020 is marginal. The company will continue to closely monitor any material changes to future economic conditions.
- 8 The figures for the quarter ended 31st March 2020 are the balancing figures between audited figures in respect of full financial year upto 31st March 2020 and the unaudited published year to date figures upto 31st December 2019, being the date of the end of the third quarter of the financial year which were subjected to limited review.
- 9 The Company is engaged in the manufacturing of Active Pharmaceutical Ingredients and intermediates and the same constitutes a single reportable business segment as per Ind AS108.
- 10 Figures of previous period have been regrouped / rearranged wherever necessary.

Place: Hyderabad  
Date : 05-06-2020

For SMS Pharmaceuticals Limited

  
Ramesh Babu Potluri  
Chairman and Managing Director





**INDEPENDENT AUDITOR'S REPORT ON THE AUDIT OF ANNUAL STANDALONE  
FINANCIAL RESULTS AND REVIEW OF QUARTERLY STANDALONE FINANCIAL  
RESULTS**

**TO THE BOARD OF DIRECTORS OF SMS PHARMACEUTICALS LIMITED**

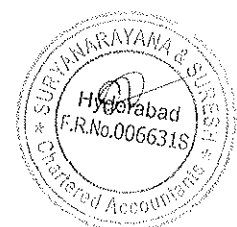
**Opinion**

We have (a) audited the accompanying Statement of Standalone Financial Results for the year ended March 31, 2020 and (b) reviewed the Standalone Financial Results for the quarter ended 31 March 2020 being the balancing figure between audited figures in respect of the full financial year and the published year to date figures up to the third quarter of the current financial year (refer 'Other Matter' paragraph below) which were subject to limited review by us, both included in the accompanying "Statement of Standalone Audited Results for the Quarter and Year ended 31 March 2020" ("the Statement" / "Standalone Financial Results") of **SMS PHARMACEUTICALS LIMITED** ("the Company"), 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) and both included in the Statement.

In our opinion and to the best of our information and according to the explanations given to us, Standalone Financial Results for the year ended March 31, 2020:

- a. are presented in accordance with the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended; and
- b. 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 Company for the three months and year ended March 31, 2020.

With respect to the Standalone Financial Results for the quarter ended 31 March 2020, based on our review, nothing has come to our attention that causes us to believe that the accompanying Statement, has not disclosed the information required to be disclosed in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, including the manner in which it is to be disclosed, or that it contains any material misstatement.





### **Basis for Opinion**

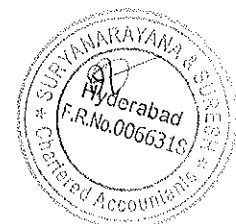
We conducted our audit of this Standalone Financial Results in accordance with the Standards on Auditing ("SAs") specified under Section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Standalone Financial Results section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ("ICAI") together with the independence requirements that are relevant to our audit of the Standalone 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 Standalone Financial Results**

This Statement, which is the responsibility of the Company's Management and approved by the Board of Directors, has been compiled from the related audited Standalone Financial Statements. The Company's Board of Directors are responsible for the preparation and presentation of the Standalone Financial Results that give a true and fair view of the net profit and other comprehensive income and other financial information of the Company in accordance with Ind AS 34 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. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Standalone Financial Results that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

The Board of Directors is also responsible for overseeing the financial reporting process of the Company.





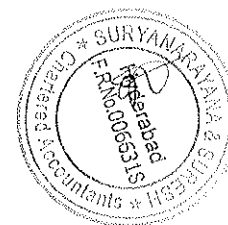
## **Auditor's Responsibilities**

### **a) Audit of the Standalone Financial Results for the year ended 31 March 2020**

Our objectives are to obtain reasonable assurance about whether the Standalone 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 Standalone 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 Standalone 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 Standalone Financial Results, including the disclosures, and whether the Standalone Financial Results represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the Standalone Financial Results of the Company to express an opinion on the Standalone Financial Results.

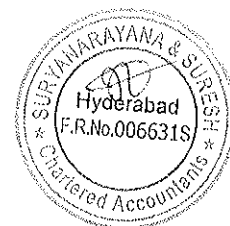
Materiality is the magnitude of misstatements in the Standalone Financial Results that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the Standalone Financial Results may be influenced. We consider quantitative materiality and qualitative 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 Standalone 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.

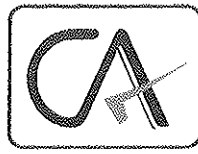
We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

**b) Review of the Standalone Financial Results for quarter ended 31 March 2020**

We conducted our review of the Standalone Financial Results for the quarter ended 31 March 2020 in accordance with the Standard on Review Engagements (SRE) 2410 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity', issued by the Institute of Chartered Accountants of India (ICAI). A review of interim financial information consists of making inquiries, primarily of the Company's personnel responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing specified under section 143(10) of the Companies Act, 2013 and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.







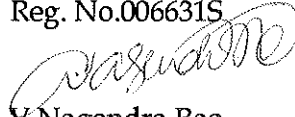
**Other Matter**

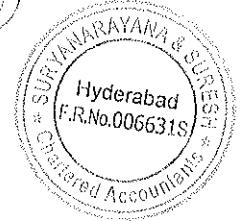
The Statement includes the Standalone Financial Results for the quarter ended 31 March 2020 being the balancing figure between audited figures in respect of the full financial year and the published year to date figures up to the third quarter of the current financial year which were subject to limited review by us. Our opinion on the Statement is not modified in respect of this matter.

Place: Hyderabad  
Date: 05-06-2020

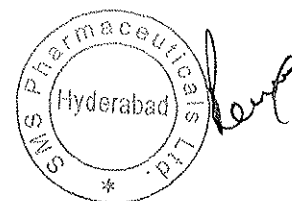
**UDIN: 20227679AAAACP9291**

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

  
V Nagendra Rao  
Partner  
M. No. 227679



S.No	Particulars	Year ended			Year ended	
		31.03.2020	31.12.2019	31.03.2019	31.03.2020	31.03.2019
		(Audited)	(Unaudited)	(Audited)	(Audited)	(Audited)
1	Revenue From Operations	9,646.68	8,044.83	10,370.96	41,194.68	46,491.08
2	Other Income	308.77	79.22	74.86	511.35	340.31
3	<b>Total Revenue</b>	<b>9,955.45</b>	<b>8,124.05</b>	<b>10,445.82</b>	<b>41,706.03</b>	<b>46,831.39</b>
4	Expenses					
	(a) Cost of Materials Consumed	6,145.70	3,394.98	7,699.34	25,950.18	30,719.13
	(b) Changes in Inventories of Finished Goods Work-in-Progress and Stock-in Trade	(250.86)	669.97	(932.85)	(1,314.08)	(1,448.28)
	(c) Manufacturing Expenses	868.97	717.52	767.22	3,363.87	3,484.18
	(d) Employee Benefit Expense	1,007.71	986.96	886.26	3,935.22	3,558.67
	(e) Finance Costs	287.34	293.00	318.17	1,221.14	1,187.34
	(f) Depreciation and Amortisation Expense	600.32	537.57	487.43	2,206.64	1,927.29
	(g) Other Expenses	433.23	274.18	386.91	1,267.50	1,167.63
	<b>Total Expenses - (a to h)</b>	<b>9,092.41</b>	<b>6,874.18</b>	<b>9,612.48</b>	<b>36,630.47</b>	<b>40,595.96</b>
5	<b>Profit before Exceptional and Extraordinary Items and</b>	<b>863.04</b>	<b>1,249.87</b>	<b>833.34</b>	<b>5,075.56</b>	<b>6,235.43</b>
6	Exceptional items	-	-	-	-	-
7	<b>Profit before Extraordinary Items and Tax (5-6)</b>	<b>863.04</b>	<b>1,249.87</b>	<b>833.34</b>	<b>5,075.56</b>	<b>6,235.43</b>
8	Extraordinary Items	-	-	-	-	-
9	<b>Profit before Tax (7-8)</b>	<b>863.04</b>	<b>1,249.87</b>	<b>833.34</b>	<b>5,075.56</b>	<b>6,235.43</b>
10	Tax Expenses					
	(1) Current Tax	(46.60)	290.73	83.36	894.14	1,333.36
	(2) Deferred Tax	284.90	209.11	102.46	912.57	756.72
		238.31	499.84	185.82	1,806.71	2,090.08
11	<b>Net Profit / (Loss) for the Year (9-10)</b>	<b>624.73</b>	<b>750.03</b>	<b>647.52</b>	<b>3,268.85</b>	<b>4,145.35</b>
12	Share of profit / (loss) of associates	14.52	11.70	681.68	(111.47)	(140.51)
13	Minority Interest	-	-	-	-	-
14	<b>Net Profit / (Loss) after taxes, minority interest and share of profit / (loss) of associates (11+12-13)</b>	<b>639.25</b>	<b>761.73</b>	<b>1,329.20</b>	<b>3,157.38</b>	<b>4,004.84</b>
15	Other Comprehensive Income/(Loss) (OCI):					
	Items that will not be reclassified to Statement of Profit & Loss:	(2.46)	(3.88)	(19.42)	(13.15)	(12.95)
16	Share of Other Comprehensive Income in Associates	(7.41)	0.53	0.43	(9.09)	2.13
17	Income Tax effect on the above	(2.79)	(1.22)	(6.67)	(6.96)	(3.97)
18	<b>Other Comprehensive Income/(Loss) after tax for the Period/Year (16-17)</b>	<b>(7.08)</b>	<b>(2.13)</b>	<b>(12.32)</b>	<b>(15.28)</b>	<b>(6.85)</b>
19	<b>Total Comprehensive Income/(Loss) for the Period/Year (14+18)</b>	<b>632.17</b>	<b>759.60</b>	<b>1,316.88</b>	<b>3,142.10</b>	<b>3,997.99</b>
20	Earning Per Equity Share (of Re.1/ each) (not annualised)					
	(a) Basic	0.76	0.90	1.57	3.73	4.73
	(b) Diluted	0.76	0.90	1.57	3.73	4.73
21	Paid-up equity share capital (Face Value of Re.1/- each)	846.52	846.52	846.52	846.52	846.52
22	Other Equity				33,977.40	31,345.22



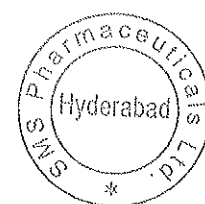
Sr. No.	Particulars	As at	
		31.03.2020	31.03.2019
I	<b>ASSETS</b>		
1	<b>Non-Current Assets</b>		
	(a) Property, Plant and Equipment	27,518.98	28,010.79
	(b) Right-of-use Assets	446.31	-
	(c) Capital Work-in-Progress	4,212.31	1,830.13
	(d) Intangible Assets	83.26	114.88
	(e) Financial Assets		
	(i) Investments	2,581.04	2,699.24
	(ii) Bank Balances	224.89	212.50
	(iii) Other Financial Assets	331.95	343.04
	(f) Other Non-Current Assets	3,514.63	1,911.81
	<b>Sub Total :Non-Current Assets</b>	<b>38,913.37</b>	<b>35,122.39</b>
2	<b>Current Assets</b>		
	(a) Inventories	12,920.02	13,639.98
	(b) Financial Assets		
	(i) Trade Receivables	4,877.07	2,602.25
	(ii) Cash and Cash Equivalents	954.42	1,479.77
	(iii) Bank Balances other than (ii) above	10.91	7.90
	(iv) Other Financial Assets	28.50	24.33
	(c) Other Current Assets	2,776.81	2,963.29
	(d) Current Tax Asset (Net)	310.36	41.51
	<b>Sub Total : Current Assets</b>	<b>21,878.09</b>	<b>20,759.03</b>
	<b>TOTAL ASSETS</b>	<b>60,791.46</b>	<b>55,881.42</b>
II	<b>EQUITY AND LIABILITIES</b>		
1	<b>Equity:</b>		
	(a) Equity Share Capital	846.52	846.52
	(b) Other Equity	33,977.04	31,345.20
	<b>Sub-Total -Shareholders' funds</b>	<b>34,823.56</b>	<b>32,191.72</b>
2	<b>Liabilities:</b>		
A	<b>Non-Current Liabilities</b>		
	(a) Financial Liabilities		
	(i) Borrowings	6,822.10	6,221.05
	(ii) Lease Liabilities	477.99	-
	(b) Provision for Employee Benefit Obligations	172.64	151.84
	(c) Deffered Tax Liabilities (Net)	3,974.41	3,061.84
	<b>Sub-Total -Non-Current Liabilities</b>	<b>11,447.14</b>	<b>9,434.73</b>
B	<b>Current Liabilities</b>		
	(a) Financial Liabilities		
	(i) Borrowings	6,115.52	7,080.86
	(ii) Trade Payables - MSME	23.01	12.53
	(iii) Trade Payables Otherthan MSME	4,426.39	4,757.34
	(iv) Other Financial Liabilities	2,843.76	1,296.85
	(b) Provision for Employee Benefit Obligations	72.04	72.04
	(c) Other Current Liabilities	1,040.04	1,035.35
	<b>Sub-Total - Current Liabilities</b>	<b>14,520.76</b>	<b>14,254.97</b>
	<b>TOTAL - EQUITY AND LIABILITIES</b>	<b>60,791.46</b>	<b>55,881.42</b>



## SMS Pharmaceuticals Limited

## Consolidated Statement of Cash Flow for the Year Ended 31st March, 2020

S No	Particulars	For the Year ended 31st March, 2020	For the Year ended 31st March, 2019
<b>A</b>	<b>Cash Flow from Operating Activities</b>		
	Profit before Income Tax	5,075.56	6,235.43
	Adjustments for:		
	Depreciation and Amortisation Expense	2,206.64	1,927.28
	Interest Income Classified as Investing Cash Flows	(16.06)	(18.92)
	Allowance for Doubtful Debts	-	10.31
	Interest on Non Current Borrowings	646.51	779.43
	Provision for Employee Benefits	12.25	(27.82)
	Amortisation of Transaction Cost on Borrowings	6.23	10.27
	Notional Rent Expense	4.94	-
	Loss on Sale of Assets	5.14	0.11
	<b>Operating Profit before Working Capital Changes</b>	<b>7,941.21</b>	<b>8,916.09</b>
	<b>Change in Operating Assets and Liabilities</b>		
	(Increase)/Decrease in Trade Receivables	(2,274.82)	(197.64)
	(Increase)/Decrease in Inventories	719.96	(2,892.45)
	(Increase)/Decrease in Other Non Current Financial Assets	11.08	(104.36)
	(Increase)/Decrease in Other Non Current Asset	(1,602.82)	(82.74)
	(Increase)/Decrease in Other Current Financial Assets	(4.18)	29.20
	(Increase)/Decrease in Other Current Assets	186.48	(601.65)
	(Increase)/Decrease in Prepaid Taxes	47.37	(53.26)
	Increase/(Decrease) in Trade Payables	(375.78)	898.34
	Increase/(Decrease) in Other Current Liabilities	533.06	402.31
		<b>(2,759.65)</b>	<b>(2,602.25)</b>
	<b>Cash generated from Operations</b>	<b>5,181.56</b>	<b>6,313.84</b>
	Income Taxes Paid	(1,210.36)	(1,338.11)
	<b>Net Cash Inflow from Operating Activities "A"</b>	<b>3,971.20</b>	<b>4,975.73</b>
<b>B</b>	<b>Cash flows from Investing Activities</b>		
	Purchase of Property, Plant and Equipment	(4,273.40)	(3,483.82)
	Sale of Property, Plant and Equipment	13.36	9.29
	Margin Money Deposits	(27.45)	-
	Interest Received on Margin Money Deposit	31.12	7.19
	<b>Net Cash Outflow from Investing Activities "B"</b>	<b>(4,256.37)</b>	<b>(3,467.33)</b>
<b>C</b>	<b>Cash Flows from Financing Activities</b>		
	Proceeds from Long Term Borrowings	2,886.32	150.00
	Repayment of Long Term Borrowings	(1,075.00)	(1,637.50)
	Proceeds from Short Term Borrowings	1,199.56	4,067.20
	Repayment of Short Term Borrowings	(2,164.89)	(2,826.05)
	Interest paid on Borrowings	(575.90)	(790.22)
	Dividend Paid to Company's Shareholders	(510.26)	(255.13)
	<b>Net Cash Inflow (Outflow) from Financing Activities "C"</b>	<b>(240.17)</b>	<b>(1,291.70)</b>
	<b>Net Increase (Decrease) in Cash and Cash Equivalents (A+B+C)</b>	<b>(525.34)</b>	<b>216.69</b>
	Cash and Cash Equivalents at the Beginning of the Financial Year (Refer Note 9)	1,479.77	1,263.08
	<b>Cash and Cash Equivalents at End of the Year (Refer Note 9)</b>	<b>954.42</b>	<b>1,479.77</b>



*Handwritten signature*

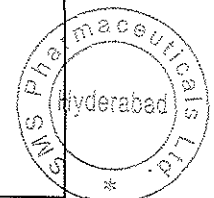
Notes:

- 1 The above Consolidated Financial Results have been reviewed and recommended by the Audit Committee on 05th June, 2020 and have been approved by the Board of Directors at its meeting held on 05th June, 2020 and have been audited by the Statutory Auditors of the Company.
- 2 The consolidated financial results have been prepared in accordance with the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Companies Act, 2013 read with the relevant rules issued thereunder and other accounting principles generally accepted in India and guidelines issued by the Securities and Exchange Board of India.
- 3 VKT Pharma Pvt Ltd is considered as associate of the Company for consolidation in which the Company holds 42.62% in their equity. Accordingly, the results include appropriate share of the company in the results of the said associate.
- 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 main reason for decrease in revenues during the current financial year as compared to previous financial year is due to decrease in offtake of Anti-Retroviral drugs which is mainly, delay in bidding process by the customer under contract manufacturing. However, the Group is focusing to manufacture and sell of other new molecules developed by its own R&D and to penetrate into overseas markets to increase the revenues as well as margins. In addition to this the Group is evaluating opportunities arising out of COVID-19.
- 6 The Board of Directors, at their meeting held on 18th March, 2020 approved for the payment of interim dividend of Rs. 0.25 per equity share of Re.1 each aggregating to Rs.211.63 Lakhs and also remitted an amount of Rs.43.50 Lakhs towards Dividend Distribution Tax.
- 7 Effective 1st April, 2019, the group adopted Ind-AS 116, on all lease contracts existing on 1st April, 2019 using the modified retrospective method with Right-of-use assets recognized at an amount equal to the lease liabilities in the balance sheet. Accordingly, comparatives for the year ended 31st March, 2019 have not been retrospectively adjusted. During the quarter and year ended, the group has recognized interest expense on lease amounting to Rs. 13.92 Lakhs Rs.58.44 Lakhs and depreciation on right-of-use assets amounting to Rs. 23.91 Lakhs, Rs.95.64 Lakhs respectively.
- 8 The Government of India, on 20th September 2019, vide the taxation Laws (Amendment) Ordinance 2019, the ordinance inserted a new section 115BAA in the Income tax Act, 1961, Which provides an option to the group for paying income tax at reduced rates as per the provisions/conditions defined in the said section. The group has evaluated the above Ordinance and based on its evaluation currently the management proposed to continue with the old tax rates.
- 9 COVID-19 is the infectious disease caused by the most recently discovered coronavirus, SARS-CoV-2. In March 2020, the WHO declared COVID-19 a pandemic. The Group has adopted measures to curb the spread of infection in order to protect the health of our employees and ensure business continuity with minimal disruption. The effect of operations of the group for the quarter and year ending 31st March, 2020 is marginal. The group will continue to closely monitor any material changes to future economic conditions.
- 10 The figures for the quarter ended 31st March 2020 are the balancing figures between audited figures in respect of full financial year upto 31st March 2020 and the unaudited published year to date figures upto 31st December 2019, being the date of the end of the third quarter of the financial year which were subjected to limited review.
- 11 The group is engaged in the manufacturing of Active Pharmaceutical ingredients and intermediates and the same constitutes a single reportable business segment as per Ind AS108.
- 12 Figures of previous period have been regrouped / rearranged wherever necessary.

Place: Hyderabad  
Date : 05-06-2020

For SMS Pharmaceuticals Limited

Ramesh Babu Potluri  
Chairman and Managing Director





## **INDEPENDENT AUDITOR'S REPORT**

### **TO THE BOARD OF DIRECTORS OF SMS PHARMACEUTICALS LIMITED**

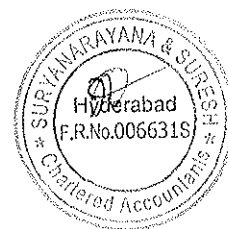
#### **Report on the Audit of Consolidated Financial Results**

#### **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 year ended March 31, 2020, 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 year ended March 31, 2020:

- (i) includes the share of profit/(loss) of the following associate entity  
VKT Pharma Private Limited
- (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 year ended March 31, 2020.



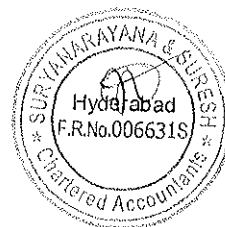


### **Basis for Opinion**

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.

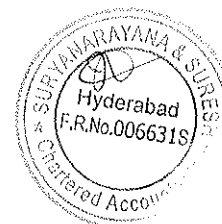
The respective Board of Directors of the companies included in the Group and of its associates and jointly controlled entities are responsible for overseeing the financial reporting process of the Group and of its associates and jointly controlled entities.

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

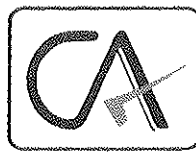
Our objectives are to obtain reasonable assurance about whether the Consolidated Financial Results as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a 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.

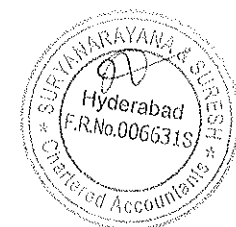
Materiality is the magnitude of misstatements in the Consolidated Financial Results that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the Consolidated Financial Results may be influenced. We consider quantitative materiality and qualitative 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 audited financial statements/ financial results of associate namely VKT Pharma Private Limited which have been audited by their auditor whose financial statements / financial results reflect total assets of Rs.16634.29 lakhs as at 31 March 2020 total revenue of Rs.3863.69lakhs, total net loss after tax of Rs.261.56 lakhs and total comprehensive income of Rs.245.78 lakhs for the year ended 31 March 2020.





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.

The Statement includes the Consolidated Financial Results for the quarter ended 31 March 2020 being the balancing figure between audited figures in respect of the full financial year and the published year to date figures up to the third quarter of the current financial year which were subject to limited review by us. Our opinion on the Statement is not modified in respect of this matter.

Place: Hyderabad  
Date: 05-06-2020

UDIN: 20227679AAAACQ5567

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

V Nagendra Rao  
Partner  
M. No. 227679

