

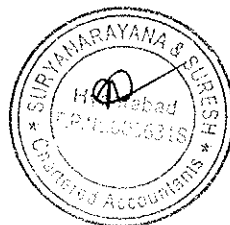


**Independent Auditor's Report
To The Board of Directors of
SMS Pharmaceuticals Limited**

1. We have audited the financial results of M/s. SMS PHARMACEUTICALS LIMITED for the year ended 31st March, 2018 attached herewith, being submitted by the company pursuant to the requirement of Regulation 33 of Securities and Exchange Board of India (LODR) Regulations, 2015 as modified by Circular No. CIR/CFD/FAC/62/2016 dated July 5, 2016.
2. This statement, which is the responsibility of the company's management and approved by the Board of Directors has been compiled from the related financial statements which has been prepared in accordance with Accounting Standards 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 express an opinion on the statement based on our audit of such financial statements.
3. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial results are free of material misstatement(s).

An audit includes performing procedures to obtain audit evidence about the amounts and disclosures in the statement. The procedures selected depend upon the auditor's judgement, including the assessment of the risk of material misstatement of the statement, whether due to fraud or error. In making those risk assessments, the auditor consider internal control relevant to the Company's preparation and fair presentation of the statement in order to design audit procedures that are appropriate in the circumstances, but are not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes the evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the management, as well as evaluating the overall presentation of the statement.

We believe that audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion.

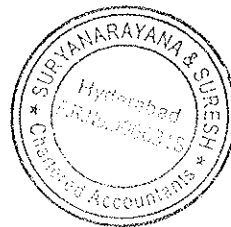




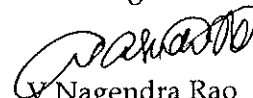
4. In our opinion and to the best of our information and according to the explanations given to us these financial results:
- (i) are presented in accordance with the requirements of Regulation 33 of Securities and Exchange Board of India (LODR) Regulations, 2015 as modified by Circular No. CIR/CFD/FAC/62/2016 dated July 5, 2016 in this regard; and
- (ii) give a true and fair view of the net profit and other financial information for the year from April 1, 2017 to March 31, 2018.
5. The Statement includes the results for the Quarter ended March 31, 2018 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.
6. The previously issued comparative financial information of the Company for the quarter and year ended March 31, 2017 included in this Statement has been prepared after adjusting the previously issued financial information prepared in accordance with the Companies (Accounting Standards) Rules, 2006 to comply with Ind AS. The previously issued comparative financial information were audited by the predecessor auditor whose report for the year ended March 31, 2017 dated May 30, 2017 expressed an unmodified opinion on those comparative financial information. Adjustments made to the previously issued said comparative financial information to comply with Ind AS have been audited by us.

Our report is not modified in respect of this matter.

Place : Hyderabad
Date : 25-05-2018.



For Suryanarayana & Suresh.,
Chartered Accountants
Firm Regn. No. 006613S


Nagendra Rao
Partner
M.No.227679.

SMS PHARMACEUTICALS LIMITED
 Regd. Office: Plot No.19-III, Opp. BVBP School, Road No.71, Jubilee Hills, Hyderabad - 500 096
Statement of Standalone Audited Financial Results for the Quarter and Year Ended 31st March, 2018

(Rs. In Lakhs)

S.No	Particulars	Quarter Ended		Year ended	
		31.03.2018 (Audited)	31.12.2017 (Unaudited)	31.03.2017 (Audited)	31.03.2017 (Audited)
1	Revenue From Operations	10,123.91	10,371.95	9,525.08	46,486.33
2	Other Income	110.62	15.64	27.20	238.79
3	Total Revenue	10,234.53	10,387.59	9,552.28	46,725.12
4	Expenses				
	(a) Cost of materials consumed	4,805.58	7,095.47	6,247.08	29,432.23
	(b) Changes in inventories	373.42	(1,135.52)	(371.59)	(442.31)
	(c) Central Excise Duty	-	-	117.31	218.81
	(d) Manufacturing Expenses	829.72	882.32	699.31	3,450.40
	(e) Employee Benefits Expense	974.89	814.27	795.74	3,280.34
	(f) Finance costs	367.93	402.21	325.53	1,547.96
	(g) Depreciation and amortisation expense	500.63	499.07	477.88	1,989.98
	(h) Other expenses	458.54	200.94	437.12	1,212.89
5	Total Expenses - (a to h)	8,310.71	8,758.76	8,728.38	40,690.30
6	Profit before Exceptional and Extraordinary Items and Tax (3-4)	1,923.82	1,628.83	823.90	6,034.82
7	Exceptional items	-	-	-	-
8	Profit before Extraordinary Items and Tax (5-6)	1,923.82	1,628.83	823.90	6,034.82
9	Extraordinary Items	-	-	-	-
10	Profit before Tax (7-8)	1,923.82	1,628.83	823.90	6,034.82
	Tax Expenses				
	(1) Current Tax	384.50	350.00	341.06	1,276.15
	(2) Deferred Tax	568.50	64.49	(763.39)	713.24
		953.00	414.49	(422.33)	1,989.39
11	Net Profit / (Loss) for the Period (9-10)	970.82	1,214.34	1,246.23	4,045.43
12	Other Comprehensive Income (OCI):				
	(A) Items that will not be reclassified				
	Remeasurements of post-employment benefit obligations	41.71	(10.00)	-	6.31
13	Total Other Comprehensive Income before related Tax	41.71	(10.00)	-	6.31
14	Deferred Tax on OCI	14.46	(3.46)	-	2.20
15	Other Comprehensive Income after tax for the Year (13-14)	27.25	(6.54)	-	4.11
16	Total comprehensive Income for the period (11+14)	998.08	1,207.80	1,246.23	4,049.54
17	Earning Per Equity Share (of Re. 1/ each) (not annualised)	1.15	1.43	1.47	4.76
	(a) Basic				
	(b) Diluted	846.52	846.52	846.52	29,264.04
	Paid-up equity share capital (Face Value of Re. 1/- each)				
	Reserves excluding Revaluation Reserves as per balance sheet of previous accounting year				
		846.52	846.52	846.52	846.52
					25,416.61



Statement of Assets & Liabilities

(Rs. in Lakhs)

Sr.No.	Particulars	STANDALONE		
		As at		
		31.03.2018 Audited	31.03.2017 Audited	01.04.2017 Audited
A	ASSETS			
1	Non-Current Assets			
	Property, plant and equipment,	27,889.89	29,003.68	29,593.32
	Capital work-in-progress	819.66	776.15	713.10
	Intangible Assets	36.27	41.60	40.23
	Financial Assets			
	a) Investments	4,499.87	3,698.37	2,122.79
	b) Bank Balances	200.78	190.32	176.24
	c) Other Financial Assets	238.68	235.43	160.56
	d) Other Non-Current Assets	1,380.46	422.72	429.82
	Sub Total :Non-Current Assets	35,065.61	34,368.27	33,236.06
2	Current Assets			
	Inventories	10,747.53	9,251.93	7,084.81
	Financial Assets			
	a) Trade Receivables	2,414.92	2,131.88	2,082.48
	b) Cash and Cash Equivalents	1,263.08	1,228.53	1,096.10
	c) Bank Balances other than c) above	8.01	8.37	8.97
	d) Other Financial Assets	53.52	2.95	29.09
	e) Other Current Assets	2,361.64	2,995.14	3,304.70
	f) Current Tax Asset (Net)	-	116.83	25.38
	Sub Total : Current Assets	16,848.69	15,735.63	13,631.53
	TOTAL ASSETS	51,914.30	50,103.90	46,867.58
B	EQUITY AND LIABILITIES			
1	Equity:			
	Share Capital	846.52	846.52	846.52
	Other Equity			
	a) Reserves & Surplus	29,264.04	25,416.61	22,067.31
	Sub-Total :Shareholders' funds	30,110.56	26,263.13	22,913.83
	Liabilities:			
2	Non-Current Liabilities			
	a) Financial Liabilities			
	(i) Borrowings	7,139.82	7,421.54	8,927.21
	b) Provision for Employee Benefit Obligations	217.87	134.81	131.70
	c) Deferred Tax Liabilities (net)	2,300.32	1,584.87	1,883.82
	Sub-Total Non-Current Liabilities	9,658.01	9,141.22	10,942.73
3	Current Liabilities			
	a) Financial Liabilities			
	(i) Borrowings	5,839.71	5,975.36	6,741.11
	(ii) Trade Payables	3,870.37	6,675.35	3,167.93
	(iii) Other Financial Liabilities	1,754.76	1,587.11	2,146.64
	b) Provision for Employee Benefit Obligations	71.50	53.70	44.02
	c) Other Current Liabilities	592.90	407.43	911.32
	d) Current Tax Liabilities (Net)	16.50	-	-
	Sub-Total - Current Liabilities	12,145.74	14,699.55	13,011.02
	TOTAL - EQUITY AND LIABILITIES	51,914.31	50,103.90	46,867.58



Notes:

- The above standalone Financial Results have been reviewed and recommended by the Audit Committee on 26th May, 2018 and have been approved by the Board of Directors at its meeting held on 26th May, 2018.
- Results for the quarter ended 31st March, 2018 were subjected to 'limited Review' by the Auditors.
- This statement has been prepared in accordance with Companies (Indian Accounting Standards) Rules, 2015 (Ind AS) prescribed under section 133 of the Companies Act, 2013 and other recognised accounting practices and policies to the extent applicable. The Company adopted Indian Accounting Standards (Ind AS) effective from 01st April, 2017 (Transaction date 01st April 2016). The figures for the quarter and year ended 31st March 2017 are also in compliance with Ind AS.

A reconciliation of financial results as reported under Previous Indian GAAP (referred as "IGAAP") and IND-AS for the quarter and year ended 31st March, 2017 is summarised below:

Particulars	(Rs. in Lakhs)	
	Quarter ended	Year ended
Net Profit as per previous GAAP (Indian GAAP)	1,241.62	3,552.42
Ind AS adjustments:		
Actuarial loss on employee defined benefit funds recognised in Other Comprehensive Income	(0.01)	12.83
Others	4.17	(10.55)
Deferred taxes on Ind AS adjustments	0.44	6.76
Net Profit as per Ind AS	1,246.24	3,561.46
Other Comprehensive Income, net of Income Tax	0.00	(8.39)
Total Comprehensive Income for the Year	1,246.24	3,553.07

- The figures of the last quarter are the balancing figures between the Audited figures in respect of the full financial year and year to date figures upto the third quarter of the Financial Year.

- In accordance with the requirements of Ind AS18, revenue from operations for the quarter ended 31st March, 2017 is shown net of Goods and Services Tax (GST). However, net sales for the corresponding quarter and previous year are shown inclusive of excise duty. Year ended 31st March, 2018 includes excise duty upto 30th June, 2017. The following additional information is being provided to facilitate better understanding.

Particulars	Quarter Ended			Year ended	
	31.03.2018	31.12.2017	31.03.2017	31.03.2018	31.03.2017
Revenue from Operations	11,047.61	11,241.84	9,525.08	50,461.21	44,672.02
GST Recovered	923.79	869.89	-	3,974.87	-
Excise Duty on Sale	-	-	185.30	255.17	889.07
Revenue from Operations excluding GST/Excise Duty	10,123.91	10,371.95	9,339.78	46,231.16	43,782.95

(Rs. in Lakhs)

- 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.
- Figures of previous period have been regrouped / rearranged wherever necessary.

For SMS Pharmaceuticals Limited

Ramesh Babu Potluri
Chairman and Managing Director

Place: Hyderabad

Date : 26-05-2018

