

INDEPENDENT AUDITOR'S REPORT

To
The Board of Directors of **Simmonds Marshall Limited**

Report on the Audit of the Consolidated Financial Results

We have audited the accompanying consolidated financial results of **Simmonds Marshall Limited (hereinafter referred to as the "Holding Company")**, its subsidiary and an associate (the Holding Company, its subsidiary and an associate together referred to as "the Group") for the quarter and year ended March 31, 2021, attached herewith, being submitted by the Holding Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ('Listing Regulations').

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of the reports of the other auditors on separate audited financial results of the subsidiary and associate, the aforesaid consolidated financial results:

- a. includes the financial results of **Stud India (partnership firm)**, a subsidiary and **Formex Private Limited**, an associate;
- b. are presented in accordance with the requirements of Regulation 33 of the Listing Regulations in this regard; and
- c. gives a true and fair view in conformity with the applicable accounting standards and other accounting principles generally accepted in India, of the net loss and other comprehensive income and other financial information of the Group for the quarter and year ended March 31, 2021.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Companies Act, 2013 (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 ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules 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 obtained by us and other auditors in terms of their report referred to in "Other Matters" paragraph below is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

We draw your attention to Note 3 of the financial results, with regard to Management's assessment about the impact on Group's operations due to COVID 19 pandemic outbreak and lockdown. The Management apart from considering the internal and external information up to the date of approval of these financial statements, the Group has also performed sensitivity analysis on the assumptions used inter-alia including in respect of realizability of inventories of Rs. 5,647.04 lakhs, recoverability of trade receivables of Rs. 2,727.53 lakhs and goodwill of Rs. 267.30 lakhs and utilization of deferred tax assets of Rs. 181.32 lakhs,

and based on current indicators of future economic conditions, the Company expects to recover the carrying amount of all these assets.

The impact of the global health pandemic may be different from that estimated as at the date of approval of these financial results. Considering the continuing uncertainties, the Management will continue to closely monitor any material changes to future economic conditions.

Our report is not modified in respect of this matter.

Management's Responsibilities for the Consolidated Financial Results

The 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 loss and other comprehensive income and other financial information of the Group in accordance with the Indian Accounting Standards prescribed under Section 133 of the Act, read with relevant rules issued thereunder, 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 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 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 consolidated financial results that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial results, the respective Board of Directors of the Companies included in the Group are responsible for assessing the ability of the Group 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 are responsible for overseeing the financial reporting process of the Group.

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 control.

- Obtain an understanding of internal control 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 with reference to financial statements 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 the Board of Directors.
- Conclude on the appropriateness of the Board of Directors' 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 ability of the Group 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 consolidated financial results 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 Group 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 financial results of the entities within the Group to express an opinion on the consolidated financial results. We are responsible for the direction, supervision and performance of the audit of financial information of such entities included in the consolidated financial results of which we are the independent auditors. For the other entities included in the consolidated financial results, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

Materiality is the magnitude of misstatements in the consolidated financial statements that individually or in aggregate makes it probable that the economic decisions of a reasonably knowledgeable user of the consolidated financial statements 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 statements.

We communicate with those charged with governance of the Holding Company of which we are the Independent auditors 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.

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.

Other Matters:

- (i) (a) The Consolidated Financial Results include the audited financial results of a subsidiary, whose financial statements reflect total assets of Rs. 684.49 lakhs as at March 31, 2021, total revenues of Rs. 337.02 lakhs and Rs.1,030.56 lakhs, net

profit / (loss) after other comprehensive income of Rs. 16.57 lakhs and Rs. (10.45) lakhs for the quarter ended March 31, 2021 and for the year ended March 31, 2021 respectively and cash inflow Rs. 5.54 lakhs, as considered in the consolidated financial results which have been audited by other auditor. The Independent auditors' reports on financial results of this 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 this entity, is based solely on the report of such auditor and the procedures performed by us are as stated in paragraph above.

(b) We did not review the financial results of an associate included in the consolidated financial statements, whose financial statements reflect net profit and total comprehensive income of Rs. 0.06 lakhs and Rs. 2.67 lakhs (represents Group's share) for the quarter ended March 31, 2021 and for the year ended March 31, 2021, respectively. The Independent auditors' report on financial results of this entity has 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 this entity, is based solely on the report of such auditor 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 report of the other auditors.

- (ii) The Consolidated Financial Results include the results for the quarter ended March 31, 2021 being the balancing figure between audited figures in respect of full financial year and the published unaudited year to date figures up to the third quarter of the current financial year which were subject to limited review by us.

Our opinion is not modified in respect of these matters.

For LODHA & COMPANY
Chartered Accountants
Firm registration No. – 301051E

R. P. Baradiya
Partner
Membership No. 44101
UDIN:21044101AAABNJ6827

Place: Mumbai
Date: 30th June, 2021