

Independent Auditor's Report

To the Members of Samvardhana Motherson Innovative Solutions Limited

Report on the Ind AS Financial Statements

1. Opinion

We have audited the accompanying Ind AS financial statements of Samvardhana Motherson Innovative Solutions Limited ("the Company"), which comprise the Balance Sheet as at 31st March, 2023, the Statement of Profit and Loss (including the Statement of Other Comprehensive Income), the Statement of Cash Flows and the Statement of Changes in Equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information (herein referred to as "Ind AS financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Companies Act, 2013, ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2023, its profit (including Other Comprehensive Income), its Cash Flows and Changes in Equity for the year ended on that date.

2. Basis for opinion

We conducted our audit of the Ind AS financial statements in accordance with the Standards on Auditing (SAs), specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the *Auditor's Responsibilities for the Audit of the Ind AS Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the Ind AS financial statements 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 we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.

3. Other information

The Company's Board of Directors is responsible for the other information. The other information comprises the Director's report but does not include the financial statements and our auditor's report thereon. The Director's report is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. When we read the Director's report, if we conclude that any matter requires further communication, we shall communicate such matter to those charged with governance.

4. Responsibility of Management for Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance, other comprehensive income, cash flows and changes in equity of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting 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 the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Ind AS financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are also responsible for overseeing the Company's financial reporting process.

5. Auditor's Responsibility for the Audit of the Ind AS financial Statements

Our objectives are to obtain reasonable assurance about whether the Ind AS financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Ind AS financial statements.

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 Ind AS financial statements, whether

due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal 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 system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Ind AS financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Ind AS financial statements, including the disclosures, and whether the Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

5. Report on Other Legal and Regulatory Requirements

As required by the Companies (Auditor's Report) Order 2020, ("the Order") issued by the Central Government of India in terms of section 143(11) of the Act and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in "Annexure A" a statement on the matters specified in the paragraphs 3 and 4 of the said Order.

As required by section 143(3) of the Act, we report that:

- a) We have sought and obtained all the information and explanations which to the best of our knowledge

and belief were necessary for the purpose of our audit.

- b) In our opinion, proper books of account as required by the law have been kept by the Company so far as appears from our examination of those books.
- c) The Balance Sheet, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flows and the Statement of Changes in Equity dealt with by the report are in agreement with the books of account.
- d) In our opinion, the aforesaid Ind AS financial statements comply with the Indian Accounting Standards referred to in section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended.
- e) On the basis of written representations received from the directors as on 31st March 2023 and taken on record by Board of Directors, none of the directors is disqualified as on 31st March 2023, from being appointed as a director in terms of section 164 (2) of the Act.
- f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
- g) As per information and explanations furnished to us and on examination of the records produced, the Company has not paid any managerial remuneration to any director covered under the provisions of section 197 of the Act, read with Schedule V of the Act.
- h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its Ind AS financial statements - Refer Note 43 of the Ind AS financial statements;
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
 - iv. a). The management has represented that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

b). The management has represented that, to the best of its knowledge and belief, no funds have been received by the company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

c). Based on the audit procedures that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.

- v. The company has not declared or paid dividend during the year, hence no compliance with section 123 the Companies Act, 2013 is applicable.
- vi. Proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 for maintaining books of account using accounting software which has a feature of recording audit trail (edit log) facility is now applicable for financial periods beginning on or after 01 April, 2023, and accordingly, reporting under Rule 11(g) of Companies (Audit and Auditors) Rules, 2014 is not applicable for the financial year ended 31 March 2023.

For R K Khanna & Co.
Chartered Accountants
FRN: 000033N

Place: New Delhi
Date: 5th May 2023

Vipin Bali
Partner
M.No. 083436
UDIN: 23083436BGXHBJ8883

“Annexure A” to the Independent Auditor’s report of even date on the Ind AS financial statements as at and for the year ended 31st March 2023 of Samvardhana Motherson Innovative Solutions Limited

In terms of the information and explanations sought by us and given by the Company and the books of account and records examined by us in the normal course of audit and to the best of our knowledge and belief, we state that:

1. a). The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment and relevant details of right-of-use assets. The Company has maintained proper records having full particulars of intangible assets.

b). The Company has a program of physical verification of Property, Plant and Equipment and right-of-use assets so to cover all the assets once in a year which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.

c). The records provided to us, in respect of buildings and lease deeds/transfer deeds in respect of lands, are duly executed in favor of the company and these immovable properties disclosed in the financial statements included under Property, Plant and Equipment are held in the name of the Company as at the Balance Sheet date

d). The Company has not revalued any of its Property, Plant and Equipment and intangible assets during the year, hence no comment is required under clause 3(i)(d) of the Order

e). No proceedings have been initiated during the year or are pending against the Company as at March 31, 2023 for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 (as amended in 2016) and rules made thereunder.
2. a). Inventory has been physically verified during the year by the management and no material discrepancies were noticed. In our opinion, the frequency of verification is reasonable.

b). The Company has sanctioned working capital limits in excess of INR 5 crore, in aggregate, from a bank on the basis of security of current assets. According to the information and explanations given to us and the records of the Company examined by us, quarterly returns filed by the company with the bank are in agreement with the books of accounts.
3. During the year the Company: (i) has made investment in equity shares of a joint venture company pursuant to a rights issue which is not prejudicial to the company’s interest; (ii) has not provided any guarantee or security or granted advances in the nature of loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or any other parties except advances to its workers as per the company’s policy and bank guarantees to statutory authorities in the normal course of business which are not prejudicial to the company’s interest and no further comment is offered by us in this regard; (iii) has granted loans to a subsidiary. Also, in earlier years the

company has granted unsecured loans to its subsidiaries and other related parties. In this respect we report as follows:

- a) Summary of loans given during the year and principal outstanding as at balance date:

(Amounts in INR lakh)

Aggregate amount of loans granted/provided during the year FY2022-23:	
- Subsidiaries	10
- Other related parties	-
Balance outstanding as at balance sheet date in respect of above cases:	
- Subsidiaries	849
- Other related parties	3,035

- b). The terms and conditions of investments made and loans given are, prima facie, not prejudicial to the interests of company.

- c). The schedule of repayment of principal and payment of interest has been stipulated. Loans falling due during the year have been extended – refer (e) below:

- d). There are no loans overdue– refer (e) below.

- e). The following loans falling due during the year have been extended:

(Amounts in INR lakh)

Name of the party	Loans due	Loans extended	% of the aggregate to the total loans or advances in the nature of loans granted during the year and earlier years
Samvardhana Motherson Global Carrier Limited	580	580	14.93%
Samvardhana Motherson Maadhyam International Ltd.	140	140	3.60%
Samvardhana Motherson Refrigeration Product Ltd.	70	70	1.80%
Total	790	790	20.34%

- f). No loans have been granted without specifying any terms or period of repayment.

4. The company has complied with the provisions of Companies Act, 2013 in respect of loans granted and investments made.
5. The Company has not accepted any deposits or amount which are deemed to be deposits hence no comment is required under clause 3(v) of the Order.
6. The maintenance of cost records has not been specified by the Central Government under subsection (1) of section 148 of the Companies Act, 2013 for the business activities carried out by the Company hence no comment is required under clause 3(vi) of the Order.
7. a). The Company is regular in depositing with appropriate authorities undisputed statutory dues, including provident fund, employees' state insurance, income-tax, goods and services tax, custom

duty, cess and other material statutory dues as applicable.

b). We report that the Company has following pending demand of Sales Tax which is disputed by the Company:

Nature of Dues	Period to which demand relates	Amount involved (INR lakh)	Dispute pending with
Sales Tax	FY2015-16	5.58	Additional Commissioner (Appeals), Commercial Tax, Noida, Uttar Pradesh

8. There were no transactions relating to previously unrecorded income that have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (43 of 1961).
9. a). The Company has not defaulted in repayment of loans or borrowing or in the payment of interest thereon to any lender. The Company has not issued any debentures.
- b). The Company has not been declared willful defaulter by any lender, hence no comment is required under clause 3(ix)(ii) of the Order.
- c). In respect of term loans obtained in earlier years, the term loans have been applied for the purposes for which they were obtained.
- d). The funds raised on short-term basis have, prime facie, not been used during the year for long-term purposes by the Company.
- e). The Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries, joint ventures or associate companies.
- f). The Company has not raised any loans on the pledge of securities held in its subsidiaries, joint ventures or associate companies during the year, hence no comment is required under clause 3(ix)(f) of the Order.
10. a). The Company has not raised any money by way of initial public offer or further public offer (including debt instruments), hence no comment is required under clause 3(x)(a) of the Order.
- b). During the year the company has not made any private placement of shares or fully or partly convertible debentures. Compulsorily convertible preference shares issued on preferential basis in year ended 31st March 2020 have been converted into equity shares during the year. The conversion is in accordance with the provisions of the Companies Act, 2013. As no funds were raised during the period under audit, no further comments are required.
11. a). No fraud by the Company and no material fraud on the Company has been noticed or reported during the year.
- b). No report under sub-section (12) of section 143 of the Companies Act has been filed in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the

Central Government, during the year and up to the date of this report.

c). No whistle blower complaints have been received by the Company during the year.

12. The Company is not a Nidhi Company hence, no comment under is required under clause 3(xii)(a), (b) and (c) of the order.

13. The transactions with the related parties are in compliance with section 177 and 188 of the Act where applicable and the details have been disclosed in the Ind AS financial statements as required by the applicable Indian Accounting Standards.

14. a). The company has an internal audit system commensurate with the size and nature of its business.

b). We have considered, the internal audit reports for the year under audit, issued to the Company during the year and till date, in determining the nature, timing and extent of our audit procedures.

15. The Company has not entered into any non-cash transactions referred to in section 192 of the Act with directors or person connected with him during the year hence, no comment is required under clause 3(xv) of the Order.

16. a). The company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934 hence, reporting under clause 3(xvi)(a), (b) and (c) of the Order is not applicable.

b). There is no Core Investment Company within the Group (as defined in the Core Investment Companies (Reserve Bank) Directions, 2016) within the group and accordingly no comment is required under clause 3(xvi)(d) of the Order.

17. The company does not have any cash losses for the current period under audit and for the immediately preceding financial year.

18. There has been no resignation of the statutory auditors during the year, hence no comment is required under paragraph 3(xviii) of the Order.

19. On the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the company as and when they fall due.

20. The Company is not covered under Section 135, hence, there is no Corporate Social responsibility

obligation for the financial year ended 31st March 2023, hence no comment is required under clause 3(xx) of the Order.

For R K Khanna & Co.
Chartered Accountants
FRN: 000033N

Place: New Delhi
Date: 5th May 2023

Vipin Bali
Partner
M.No. 083436
UDIN: 23083436BGXHBj8883

Annexure “B” to the Independent Auditor’s report of even date on the IND AS financial Statements as at and for the year ended 31st March 2023 of Samvardhana Motherson Innovative Solutions Limited

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)

We have audited the internal financial controls over financial reporting of Samvardhana Motherson Innovative Solutions Limited (“the Company”) as of 31st March, 2023 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management’s Responsibility for Internal Financial Controls

The Company’s management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors’ Responsibility

Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has generally an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2023, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For R K Khanna & Co.
Chartered Accountants
FRN: 000033N

Place: New Delhi
Date: 5th May 2023

Vipin Bali
Partner
M.No. 083436
UDIN: 23083436BGXHBJ8883