

**Samvardhana Motherson Innovative Solutions Limited**

**Financial Statement**

**For the year ended 31<sup>st</sup> March 2026**

(All amounts in INR Million, unless otherwise stated)

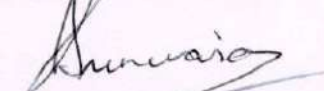
	Note	As at March 31, 2026	As at March 31, 2025
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	3	727	759
Capital work in progress	3	263	151
Intangible assets	4A	11	13
Intangible assets under development	4A	19	-
Right - of - use assets	4B	274	269
Investment in subsidiaries and joint ventures	5	20,190	13,290
Investment in Associates	5	22	22
Financial assets			
i. Loans	6	-	-
ii. Other financial assets	7	36	34
Deferred tax assets (net)	8	-	-
Other non-current assets	9	8	10
<b>Total non-current assets</b>		<b>21,550</b>	<b>14,548</b>
<b>Current assets</b>			
Inventories	10	407	313
Financial assets			
i. Investments	11	-	20
ii. Trade receivables	12	385	311
iii. Cash and cash equivalents	13	137	6
iv. Bank balances other than (iii) above	13(b)	-	-
v. Loans	6	-	-
vi. Other financial assets	7	2	1
Current tax assets (net)	14	16	21
Other current assets	15	47	40
<b>Total current assets</b>		<b>994</b>	<b>712</b>
<b>Total assets</b>		<b>22,544</b>	<b>15,260</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity share capital	16(A)	8,122	6,475
Instruments entirely equity in nature	16(B)	20	20
Other equity	17	13,533	8,169
<b>Total equity</b>		<b>21,675</b>	<b>14,664</b>
<b>Liabilities</b>			
<b>Non current liabilities</b>			
Financial Liabilities			
i. Borrowings	18	156	15
ii. Lease Liabilities		93	99
iii. Other financial liabilities	19	2	1
Employee benefit obligations	20	54	47
Government grants	21	4	12
<b>Total non-current liabilities</b>		<b>309</b>	<b>174</b>
<b>Current liabilities</b>			
Financial Liabilities			
i. Borrowings	22	128	123
ii. Lease Liabilities		36	24
iii. Trade payables	23		
Total outstanding dues of micro and small enterprises		39	20
Total outstanding dues of creditors other than micro and small enterprises		273	192
iii. Other financial liabilities	24	39	19
Provisions	25	4	4
Employee benefit obligations	20	10	5
Other current liabilities	26	32	35
<b>Total current liabilities</b>		<b>560</b>	<b>422</b>
<b>Total liabilities</b>		<b>869</b>	<b>596</b>
<b>Total equity and liabilities</b>		<b>22,544</b>	<b>15,260</b>
Summary of material accounting policies	2		

The accompanying notes are an integral part of the financial statements

For and on behalf of the Board



Ashok Tandon  
Director  
DIN : 00032733



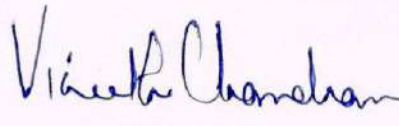
Parthasarathy Srinivasan  
Director  
DIN: 01039931



Ritu Seth  
Company Secretary  
PAN : AVYPS9758C



Kumarpal Kothari  
Chief Financial Officer  
PAN : AOMPK8049R



Vineeth Chandran  
Manager  
PAN : ACDPC4816F

As per our report of even date  
For R K Khanna & Co.  
Chartered Accountants  
FRN: 000033N



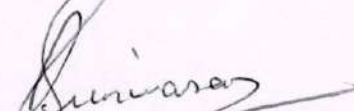
Vipin Bali  
Partner  
M. No. 083436

(All amounts in INR Million, unless otherwise stated)

	Note	For the year ended March 31, 2026	For the year ended March 31, 2025
<b>Revenue</b>			
Revenue from contract with customers	27a	1,639	1,447
Other operating revenue	27b	20	15
<b>Total revenue from operations</b>		<b>1,659</b>	<b>1,462</b>
Other income	28	95	126
<b>Total income</b>		<b>1,754</b>	<b>1,588</b>
<b>Expenses</b>			
Cost of materials consumed	29	613	514
(Increase)/ decrease in inventory of finished goods and work-in-progress	30	(59)	(22)
Employee benefits expense	31	332	289
Finance costs	32	30	327
Depreciation and amortization expense	33	160	155
Other expenses	34	567	589
<b>Total expenses</b>		<b>1,643</b>	<b>1,852</b>
<b>Profit/(Loss) before tax</b>		<b>111</b>	<b>(264)</b>
<b>Tax expenses</b>			
-Current tax		-	-
-Deferred tax expense/ (credit)		-	-
-Short/(Excess) Tax of Earlier Years		-	-
<b>Total tax expense</b>		<b>-</b>	<b>-</b>
<b>Profit/(Loss) for the year</b>		<b>111</b>	<b>(264)</b>
<b>Other comprehensive income</b>			
<b>Items that will not be reclassified to profit or loss</b>			
Remeasurements of post-employment benefit obligations: Gain/(Loss)		(1)	(2)
Deferred /Current tax on remeasurements of post-employment benefit obligations		-	-
<b>Other comprehensive income for the year, net of tax</b>		<b>(1)</b>	<b>(2)</b>
<b>Total comprehensive income for the year</b>		<b>110</b>	<b>(266)</b>
<b>Earnings per share (absolute figures):</b>			
Nominal value per share: INR 10/- (Previous year : INR 10/-)	35		
Basic		0.170	(0.592)
Diluted		0.168	(0.586)
Summary of material accounting policies			
The accompanying notes are an integral part of the financial statements			

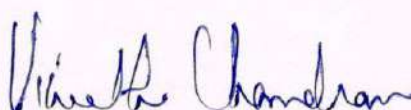
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**Parthasarathy Srinivasan**  
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DIN: 01039931

  
**Ritu Seth**  
Company Secretary  
PAN : AVYP59758C

  
**Kumarpal Kothari**  
Chief Financial Officer  
PAN : AOMP8049R

  
**Vineeth Chandran**  
Manager  
PAN : ACDPC4816F

As per our report of even date  
For R K Khanna & Co.  
Chartered Accountants  
FRN: 000033N

  
**Vipin Bali**  
Partner  
M. No. 083436

Place : Noida  
Date : 24/04/2026

A. Equity share capital

	Notes	Amount
As at March 31, 2024		3,596
Add: Right Issue	16A	2,879
As at March 31, 2025		6,475
Add: Right Issue	16A	1,646
As at March 31, 2026		<u>8,122</u>

B. Instruments equity in nature (Compulsory Convertible Preference shares)

	Notes	Amount
As at March 31, 2024		20
Add: Shares issued during the year	16B	-
As at March 31, 2025		20
Add: Shares issued during the year	16B	-
As at March 31, 2026		<u>20</u>

C. Other Equity

	Notes	Capital Reserve	Securities Premium	Retained Earnings	Equity component of compound financial instruments	Equity contribution from parent company	Total
Balance as at March 31, 2024		3,167	1,924	(3,321)	21	23	1,813
Add/(less): Profit/(Loss) for the year				(264)			(264)
Add: Other comprehensive income				(2)			(2)
<b>Total comprehensive income for the year</b>				(265)			(265)
Add: Addition on account of issue of Equity Shares	17		6,621				6,621
Less: Deletion during the year	17						-
<b>Balance as at March 31, 2025</b>		3,167	8,545	(3,587)	21	23	8,169
Add/(less): Profit/(Loss) for the year				111			111
Add: Other comprehensive income				(1)			(1)
<b>Total comprehensive income for the year</b>				110			110
Addition during the year							
Add: Addition on account of issue of Equity Shares	17		5,254				5,254
Less: Deletion during the year	17						-
<b>Balance as at March 31, 2026</b>		3,167	13,798	(3,477)	21	23	13,533

Summary of material accounting policies

The accompanying notes are an integral part of the financial statements

For and on behalf of the Board

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Vipin Bali  
 Partner  
 M. No. 083436



Place : Noida  
 Date : 24/04/2026

Samvardhana Motherson Innovative Solutions Limited  
CIN: U35100MH2006PLC285657  
Cash Flow Statement for the year ended March 31, 2026

(All amounts in INR Million, unless otherwise stated)

	For the year ended March 31, 2026	For the year ended March 31, 2025
<b>A. Cash flow from/(used in) operating activities:</b>		
Net profit/(loss) before tax	111	(264)
<b>Adjustments for:</b>		
(Gain) / Loss on sale of Property, plant & equipment (net)	(1)	(1)
Depreciation & Amortisation	160	155
Amortisation of government grants	(9)	(9)
Loss on assignment/transfer of rights in leasehold land	-	-
Gain on disposal of investments	(1)	(0)
Reversal of Impairment of loan and interest accrued	-	-
Liabilities written back to the extent no longer required	(1)	-
Provisions for doubtful debts	1	1
Interest income	(4)	(52)
Provision for employee benefit obligations	13	4
Finance costs	30	327
Dividend income	(73)	(60)
Write off of property, plant & equipment	-	-
Provision for warranty	1	2
Provision for impairment of loans and accrued interest	2	5
Provision for impairment of investments in subsidiary and associate	-	68
Provision for slow moving Inventory	-	0
Fair value gain on Investment through Profit & Loss account	-	(0)
Unrealised foreign exchange loss /(gain) (net)	(0)	(0)
<b>Operating profit/(loss) before working capital changes</b>	<b>227</b>	<b>175</b>
<b>Changes in working Capital:</b>		
Increase/(decrease) in trade payables	100	30
Increase/(decrease) in other financial liabilities	17	(2)
Increase/(decrease) in other current liabilities	(3)	(0)
Increase/(decrease) in Cash Credit Loan	5	19
(Increase)/decrease in trade receivables	(76)	(59)
(Increase)/decrease in inventories	(94)	(42)
(Increase)/decrease in other financial assets	(2)	1
(Increase)/decrease in other current assets	(7)	(12)
<b>Cash generated from/(used in) operations</b>	<b>168</b>	<b>110</b>
Less: Taxes paid	(13)	(2)
Add: Income Tax Refund received	18	-
Add: Interest on Income Tax Refund received	1	-
<b>Net cash generated from/(used in) operations (A)</b>	<b>174</b>	<b>109</b>
<b>B. Cash flow from/(used in) Investing activities:</b>		
Payments for property, plant & equipment (including capital work in progress & capital advances)	(224)	(84)
Proceeds from sale of property, plant & equipment	1	1
Proceeds on sale of investments	21	35
Interest received	2	51
(Purchase)/proceeds from maturity/ (investment) in bank deposits	-	(4)
Investments in Mutual funds	-	(40)
Investments in Subsidiaries and Joint Ventures	(6,900)	(8,516)
Dividend received from subsidiaries	73	60
Loans given to related parties	(9)	(5)
Investment in Bank deposits	-	3
Repayment received of loans given to related parties	7	1,000
<b>Net cash from/(used in) investing activities (B)</b>	<b>(7,029)</b>	<b>(7,498)</b>

Samvardhana Motherson Innovative Solutions Limited

CIN: U35100MH2006PLC285657

Cash Flow Statement for the year ended March 31, 2026

(All amounts in INR Million, unless otherwise stated)

	For the year ended March 31, 2026	For the year ended March 31, 2025
<b>C. Cash flow from/(used in) financing activities:</b>		
Proceeds from issue of Equity shares	1,646	2,879
Proceeds of securities premium from issue of shares	5,254	6,621
Interest paid	(12)	(360)
Payment of lease liabilities	(41)	(40)
Repayment of loans from related parties	-	(6,697)
Proceeds of loans from related parties	140	4,953
Proceeds from long term borrowings	-	-
Repayment of loan from bank	(1)	(1)
<b>Net cash flow from/(used in) financing activities (C)</b>	<b>6,986</b>	<b>7,355</b>
<b>Net Increase/(Decrease) in Cash &amp; Cash Equivalents</b>	<b>131</b>	<b>(34)</b>
Add: Net Cash and Cash equivalents at the beginning of the year	6	41
<b>Addition in Cash and Cash equivalents on account of amalgamation</b>	<b>-</b>	<b>-</b>
<b>Cash and cash equivalents as at current year closing</b>	<b>137</b>	<b>6</b>
<b>Cash and cash equivalents comprise of the following (Note 13)</b>		
Cash on hand	0	0
Balances with banks	137	6
<b>Cash and cash equivalents as per Balance Sheet</b>	<b>137</b>	<b>6</b>

**Notes:**

- The above Cash flow statement has been prepared under the "Indirect Method" as set out in Indian Accounting Standard-7, "Statement of Cash Flow".
- The above Cash flow statement should be read in conjunction with the accompanying notes.

Summary of material accounting policies

Note 2

The accompanying notes are an integral part of the financial statements

For and on behalf of the Board

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Director  
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Vipin Ball  
Partner  
M. No. 083436

Place : Noida

Date : 24/04/2026

## 1. Corporate information

A) Samvardhana Motherson Innovative Solutions Limited (the 'Company') is wholly owned subsidiary company of Samvardhana Motherson International Limited (SAMIL)

The Company was incorporated in July 2006. The objects clause of the Company was changed in the financial year 2017-18 to undertake the business of manufacturing, fabricating, assembling, buying, selling, importing, exporting, distributing and dealing in automobile parts of all kinds and descriptions, automotive and other parts and the Certificate of Registration confirming alteration of the objects clause of the Memorandum of Association was issued on 26<sup>th</sup> February, 2018 by the Registrar of Companies, Mumbai.

**B) Proposed demerger of Automotive Manufacturing & Services Business\* of the Company (hereafter referred to as the demerged company), and, then the amalgamation of Motherson Machinery and Automation Limited (MMAL) into and with the demerged Company ; the Automotive Manufacturing & Services Business of the Company shall be merged with SAMIL – Refer Note 48**

### 2.1 Material accounting policies

#### A. Basis of preparation

##### Compliance with Ind-AS

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind-AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time).

The financial statements have been prepared on a historical cost basis, except for certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments) which have been measured at fair value or revalued amount.

The financial statements are presented in INR and all values are rounded to the nearest million (Mn), except when otherwise stated. Amount appearing as zero "0" in the financial statements are below the rounding off norm adopted by the Company.

#### New and amended standards and interpretation

Ministry of Corporate Affairs ("MCA") notifies new standards or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time.

##### (i). Amendments to Ind AS 21 - Lack of exchangeability

The Ministry of Corporate Affairs (MCA) notified the Companies (Indian Accounting Standards) Amendment Rules, 2025, which amend Ind AS 21, The Effects of Changes in Foreign Exchange Rates to specify how an entity should assess whether a currency is exchangeable and how it should determine aspot exchange rate when exchangeability is lacking. The amendments also require disclosure of information that enables users of its financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, the entity's financial performance, financial position and cash flows. The amendments are effective for annual reporting periods beginning on or after 1 April 2025. When applying the amendments, an entity cannot restate comparative information.

These amendments do not have any impact on the Company's financial statements.

**(ii). Amendments to Ind AS 1 - Classification of Liabilities as Current or Non-current and Non-current Liabilities with Cove**

In August 2025, the MCA notified amendments to paragraphs 69 to 76 of Ind AS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

What is meant by a right to defer settlement

- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

In addition, a requirement has been introduced to require disclosure when a liability arising from a loan agreement is classified as non-current and the entity's right to defer settlement is contingent on compliance with future covenants within twelve months.

If there is a breach of a material covenant of a long term loan arrangement on or before the end of the reporting period, resulting in the liability becoming payable on demand as at the reporting date, and the lender agrees—after the reporting period but before the financial statements are approved for issue—not to demand repayment for at least 12 months as a consequence of the breach, this shall be treated as an adjusting event. Accordingly, the entity is not required to classify the liability as non-current. The amendments are effective for annual reporting periods beginning on or after 1 April 2025 retrospectively in accordance with Ind AS 8.

The Company has no impact of these amendments in its classification criteria of current and non-current liabilities.

**(iii). Amendments to Ind AS 7 and Ind AS 107 - Supplier Finance Arrangements**

In August 2025, the MCA notified amendments to Ind AS 7 Statement of Cash Flows and Ind AS 107 Financial Instruments: Disclosures to clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. The company does not have any Supplier Finance Arrangement and therefore no impact of these amendments.

**(iv). International Tax Reform—Pillar Two Model Rules – Amendments to Ind AS 12**

In August 2025, the MCA notified amendments to Ind AS 12 Income Taxes in response to the OECD's BEPS Pillar Two rules and include:

- A mandatory temporary exception to the recognition and disclosure of deferred taxes arising from the jurisdictional implementation of the Pillar Two model rules; and
- Disclosure requirements for affected entities to help users of the financial statements better understand an entity's exposure to Pillar Two income taxes arising from that legislation, particularly before its effective date.

The mandatory temporary exception – the use of which is required to be disclosed – applies immediately. The remaining disclosure requirements apply for annual reporting periods beginning on or after 1 April 2025, but not for any interim periods ending on or before 31 March 2026.

The amendments had no impact on the Company's financial statements as the Company is not in scope of the Pillar Two model rules.

**B. Presentation of financial statements**

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind-AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time).

Financial assets and financial liabilities are generally reported gross in the balance sheet. They are only offset and reported net when, in addition to having an unconditional legally enforceable right to offset the recognized amounts without being contingent on a future event, the parties also intend to settle on a net basis in all of the following circumstances.

- i) The normal course of business
- ii) The event of default
- iii) The event of insolvency or bankruptcy of the company and/or its counterparties

## Summary of material accounting policies

### C. Current versus non-current classification

The Company presents assets and liabilities in the balance sheet based on current/non-current classification. An asset is treated as current when it is:

- Expected to be realized or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading.
- Expected to be realized within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

#### A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realization in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

### D. Foreign currencies

#### (i) Functional and presentation currency

The Company's functional currency is Indian Rupee (INR) and the financial statements are presented in Indian Rupee (INR).

#### (ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognized in profit and loss. They are deferred in other comprehensive income if they relate to qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation. A monetary item for which settlement is neither planned nor likely to occur in the foreseeable future is considered as a part of the entity's net investment in that foreign operation.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities held at fair value through profit or loss are recognized in profit and loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equity investments (other than investment in subsidiaries, joint ventures and associates) classified as FVTOCI are recognized in other comprehensive income.

### E. Revenue recognition and other income

The Company recognizes revenue from contracts with customers based on a five-step model as set out in IND AS 115.

**Step 1. Identify contract(s) with a customer:** A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.

**Step 2. Identify performance obligations in the contract:** A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.

**Step 3. Determine the transaction price:** The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

**Step 4. Allocate the transaction price to the performance obligations in the contract:** For a contract that has more than one performance obligation, the Company allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Company expects to be entitled in exchange for satisfying each performance obligation.

**Step 5. Recognize revenue when (or as) the company satisfies a performance obligation.**

The company satisfies a performance obligation and recognizes revenue over time, if one of the following criteria is met.

- (a) Company has an enforceable right to payment for performance completed to date.
- (b) The Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced.
- (c) The customer simultaneously receives and consumes the benefits provided by the Company's performance as the Company performs.

For performance obligations where one of the above conditions are not met, revenue is recognized at the point in time at which the performance obligation is satisfied.

When the company satisfies a performance obligation by delivering the promised goods or services it creates a contract based asset on the amount of consideration earned by the performance. Where the amount of consideration received from a customer exceeds the amount of revenue recognized this gives rise to a contract liability.

Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes and duty. The company assesses its revenue arrangements against specific criteria to determine if it is acting as principal or agent.

Revenue is recognized to the extent it is probable that the economic benefits will flow to the company and the revenue and costs, if applicable, can be measured reliably.

#### **Sale of goods**

Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. Revenue from sale of goods is recognized at single point of time and when each performance obligation is satisfied, usually on delivery of the goods.

#### **Sale of services**

Revenues from the sale of services are recorded at single point of time when the performance obligation as per contract has been satisfied.

#### **Interest Income**

Interest is recognised using the effective interest rate (EIR) method, as income for the period in which it occurs. EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument to the gross carrying amount of the financial asset or to the amortised cost of a financial liability. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of financial instrument (for example, prepayment, extension, charges, call and similar options) but does not consider expected credit losses.

#### **Export incentive**

Export incentive is recognized on accrual basis.

## **Dividend income**

Dividend income is recognised when the right to receive payment is established, which is generally when shareholders approve the dividend.

## **F. Income tax**

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in India. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the standalone financial statements. Deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit nor loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred tax assets are recognized for all deductible temporary differences only if it is probable that future taxable amounts will be available to utilize those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Current and deferred tax is recognized in profit and loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

## **G. Leases**

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

### **As a Lessee**

The company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

#### **i) Right-of-use assets**

The company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any re-measurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

- Motor vehicles and machineries 0 to 5 years.
- Premises 5 years.

If ownership of the leased asset transfers to the company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. Refer to the accounting policies in section 2 (h) Impairment of non-financial assets

#### ii) Lease Liabilities.

At the commencement date of the lease, the company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is re-measured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The company's lease liabilities are included in Interest-bearing loans and borrowings.

#### iii) Short-term leases and leases of low-value assets

The company applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

#### As a Lessor

Lease income from operating leases where the Company is a lessor is recognised in income on a straight-line basis over the lease term unless the receipts are structured to increase in line with expected general inflation to compensate the lessor for the expected inflationary cost increases. The respective leased assets are included in the balance sheet based on their respective nature.

#### H. Impairment of non-financial assets

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Company bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Company's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year. To estimate cash flow projections beyond periods covered by the most recent budgets/forecasts, the Company extrapolates cash flow projections in the budget using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified. In any case, this growth rate does not exceed the long-term average growth rate for the products, industries, or country or countries in which the entity operates, or for the market in which the asset is used. Impairment losses including Impairment on inventories, are recognized in the statement of profit and loss.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognized impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of profit and loss.

Intangible assets with indefinite useful lives are tested for impairment annually at the end of the financial year at the CGU level, as appropriate, and when circumstances indicate that the carrying value may be impaired.

#### **I. Cash and cash equivalents**

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand short term deposits with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

#### **J. Financial instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

#### **Financial assets**

##### **Initial recognition and measurement**

All financial assets are recognized initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

##### **Subsequent measurement**

For purposes of subsequent measurement, financial assets are classified in four categories:

- Debt instruments at amortized cost
- Debt instruments at fair value through other comprehensive income (FVTOCI)
- Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVTPL)
- Equity instruments measured at fair value through other comprehensive income (FVTOCI)

##### **Debt instruments at amortized cost**

A 'debt instrument' is measured at the amortized cost if both the following conditions are met:

- a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

This category is the most relevant to the Company. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate (EIR) method. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR.

The EIR amortization is included in finance income in the profit and loss. The losses arising from impairment are recognized in the profit and loss. This category generally applies to trade and other receivables.

#### **Debt instrument at FVTOCI**

A 'debt instrument' is classified as at the FVTOCI if both of the following criteria are met:

- a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and
- b) The asset's contractual cash flows represent SPPI.

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI). However, the Company recognizes interest income, impairment losses & reversals and foreign exchange gain or loss in the statement of profit and loss. On de-recognition of the asset, cumulative gain or loss previously recognized in OCI is reclassified from the equity to statement of profit and loss. Interest earned whilst holding FVTOCI debt instrument is reported as interest income in statement of profit and loss using the EIR method.

#### **Debt instrument at FVTPL**

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL.

In addition, the Company may elect to designate a debt instrument, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch'). The Company has not designated any debt instrument as at FVTPL.

Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the statement of profit and loss.

#### **Equity investments**

All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading and contingent consideration recognized by an acquirer in a business combination to which Ind AS 103 applies are classified as at FVTPL. For all other equity instruments, the Company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to P&L, even on sale of investment. However, the Company may transfer the cumulative gain or loss within equity.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the Statement of Profit and Loss.

Investment in subsidiaries, joint ventures and associates are recognised at cost in accordance with IND AS 27

## De-recognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily de-recognized (i.e. removed from the Company's balance sheet) when:

- The rights to receive cash flows from the asset have expired, or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognize the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

## Impairment of financial assets

In accordance with Ind AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

- Financial assets that are debt instruments, and are measured at amortized cost e.g., loans, debt securities, deposits, trade receivables and bank balance.
- Financial assets that are debt instruments and are measured as at FVTOCI
- Trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 11 and Ind AS 18
- Loan commitments which are not measured as at FVTPL
- Financial guarantee contracts which are not measured as at FVTPL

The Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivables.

The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognizes impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

For recognition of impairment loss on other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognizing impairment loss allowance based on 12-month ECL.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original EIR.

ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/ expense in the statement of profit and loss (P&L). This amount is reflected under the head 'other expenses' in the P&L. The balance sheet presentation for various financial instruments is described below:

- Financial assets measured as at amortized cost, contractual revenue receivables and lease receivables: ECL is presented as an allowance, i.e., as an integral part of the measurement of those assets in the balance sheet. The allowance reduces the net carrying amount. Until the asset meets write-off criteria, the Company does not reduce impairment allowance from the Gross carrying amount.
- Loan commitments and financial guarantee contracts: ECL is presented as a provision in the balance sheet, i.e. as a liability. Debt instruments measured at FVTOCI: For debt instruments measured at FVTOCI, the expected credit losses do not reduce the carrying amount in the balance sheet, which remains at fair value. Instead, an amount equal to the allowance that would arise if the asset was measured at amortized cost is recognized in other comprehensive income as the 'accumulated impairment amount'.

The Company does not have any purchased or originated credit-impaired (POCI) financial assets, i.e., financial assets which are credit impaired on purchase/ origination.

## **Financial liabilities**

### **Initial recognition and measurement**

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, financial guarantee contracts and derivative financial instruments.

### **Subsequent measurement**

The measurement of financial liabilities depends on their classification, as described below:

#### **Financial liabilities at fair value through profit or loss**

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognized in the profit and loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. For liabilities designated Ind AS as FVTPL, fair value gains/ losses attributable to changes in own credit risk are recognized in OCI. These gains/ loss are not subsequently transferred to P&L. However, the Company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognized in the statement of profit and loss. The Company has not designated any financial liability as at fair value through profit or loss.

## **Loans and borrowings**

This is the category most relevant to the Company. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit and loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of profit and loss.

This category generally applies to borrowings and other payables.

## **Financial guarantee contracts**

Financial guarantee contracts issued by the Company are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognized initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind AS 109 and the amount recognized less cumulative amortization.

### **De-recognition**

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit and loss.

## **Off- setting of financial instruments**

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

## **K. Fair value measurement**

The Company measures financial instruments, such as, derivatives at fair value at each balance sheet date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Company determines the policies and procedures for both recurring fair value measurement, such as derivative instruments and unquoted financial assets measured at fair value, and for non-recurring measurement, such as assets held for distribution in discontinued operations.

External values are involved for valuation of significant assets and liabilities, if any. At each reporting date, the Company analyses the movements in the values of assets and liabilities which are required to be premeasured or re-assessed as per the Company's accounting policies.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

#### **L. Property, Plant and Equipment**

Property, Plant and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Capital work in progress are stated at cost, net of accumulated impairment losses, if any. Such cost includes expenditure, net of any subsequent sale proceeds of items produced over the cost of testing, that is directly attributable to the acquisition of the items and the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised.

The cost of self-generated assets comprises of raw material, components, direct labour, other direct cost and related production overheads.

#### **Depreciation methods and useful lives**

Depreciation is calculated using the straight-line method over estimated useful lives of the assets:

<b>Assets</b>	<b>Useful Life (in years)</b>
Building	30.0
Furniture & Fixtures	6.0
Vehicles	4.0
Plant & Machinery	10.0
Office Equipment's	5.0
Electrical Installation	10.0
Factory Equipment's	7.5
Molds & Dies	6.0
Computers	3.0

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit and loss when the asset is derecognized.

In respect of revalued assets, depreciation is provided on the revalued amounts over the remaining useful life of the assets at the SLM rates. Leasehold land/ leasehold improvements are amortized over the period of lease/ balance period of lease respectively.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

Consequent to amalgamation of Motherson Advanced Tooling Solutions and Motherson Sintermetal Technology with the Company, a technical evaluation by Chartered Engineers of the useful life property, plant and equipment of the merging companies was undertaken and depreciation is now being charged on straight line method on the values at which the assets were transferred to the Company on the appointed date, i.e. March 22, 2018, over the balance re-evaluated useful life of the assets.

#### **Intangible assets**

Intangible assets are acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses.

The useful life for amortization adopted is:

<b>Assets</b>	<b>Useful life in years</b>
Software	3.0

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit and loss unless such expenditure forms part of carrying value of another asset.

On transition to Ind AS, the Company has elected to continue with the carrying value of all its intangible assets recognised as on April 1, 2017 measured as per the previous GAAP and use that carrying value as the deemed cost of intangible assets.

#### **M. Inventories**

Inventories are valued at the lower of cost and net realizable value.

Costs incurred in bringing each product to its present location and conditions are accounted for as follows:

**Raw Materials:** - cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on weighted average basis.

**Finished goods and work in progress:** - cost includes cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs. Cost is determined on weighted average basis.

**Store & Spares:** - cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on weighted average basis.

#### **N. Provisions, contingent liabilities & Onerous contracts**

##### **Provisions**

Provisions for legal claims, product warranties and make good obligations are recognized when the Company has a present (legal or constructive) obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognized for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

When the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

#### **Contingent Liabilities**

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made.

#### **Onerous contracts**

If the Company has a contract that is onerous, the present obligation under the contract is recognised and measured as a provision. However, before a separate provision for an onerous contract is established, the Company recognises any impairment loss that has occurred on assets dedicated to that contract

#### **O. Employee benefits**

##### **Short-term obligations**

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognized in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

##### **Provident Fund & Employee State Insurance**

Contribution towards provident fund and employee state insurance for employees is made to the regulatory authorities, where the Company has no further obligations. Such benefits are classified as Defined Contribution Schemes as the Company does not carry any further obligations, apart from the contributions made on a monthly basis. The company recognizes contribution payable to the provident fund scheme as expenditure in the statement of profit and loss, when an employee renders the related service.

##### **Gratuity**

The Company provides for gratuity, a defined benefit plan (the "Gratuity Plan") covering eligible employees in accordance with the Payment of Gratuity Act, 1972. The Gratuity Plan provides a lump sum payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's salary and the tenure of employment.

The Company's liability is actuarially determined (using the Projected Unit Credit method) at the end of each year. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of government bonds. Re-measurement gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise. They are included in retained earnings in the statement of changes in equity and in the balance sheet. Past-service costs are recognized immediately in income.

##### **Compensated Absences**

Accumulated compensated absences, which are expected to be availed or encashed within 12 months from the end of the year end are treated as short term employee benefits. The obligation towards the same is measured at the expected cost of accumulating compensated absences as the additional amount expected to be paid as a result of the unused entitlement as at the year end.

Accumulated compensated absences, which are expected to be availed or encashed beyond 12 months from the end of the year end are treated as other long term employee benefits. The Company's liability is actuarially determined (using the Projected Unit Credit method) at the end of each year. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of government bonds. Re-measurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized in statement of profit and loss in the period in which they arise. Past-service costs are recognized immediately in income.

#### **P. Dividends**

The Management of the Company shall advise the board of Directors of the Company any amount to be recommended as final Dividend. Accordingly, the Board of Directors may recommend / Propose final dividend payable to shareholders in its meeting after considering various other parameters. The dividend proposed by the board to be approved by Shareholders in the Annual General Meeting before distributed to the shareholders.

**Unit of dividend declaration:** The dividend shall be declared on per share basis only.

The dividend distribution are subject to applicable provision of "Companies Act 2013 " on dividend distribution.

#### **Q. Earnings per share**

##### **i) Basic earnings per share**

Basic earnings per share is calculated by dividing the net profit and loss attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Partly paid equity shares are treated as a fraction of an equity share to the extent that they are entitled to participate in dividends relative to a fully paid equity share during the reporting period.

The weighted average number of equity shares outstanding during the period is adjusted for events such as bonus issue that have changed the number of equity shares outstanding, without a corresponding change in resources.

##### **ii) Diluted earnings per share**

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential equity shares, and
- The weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

#### **R. Standards issued but not yet effective**

The amendments to standard that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective.

#### **2.2 Significant accounting judgements, estimates and assumptions**

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

##### **Judgements**

In the process of applying the Company's accounting policies, there are no significant judgements established by the management.

## Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market change or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

### i) Useful life of property, plant and equipment

The Company uses its technical expertise along with historical and industry trends for determining the economic life of an asset/component of an asset. The useful lives are reviewed by management periodically and revised, if appropriate. In case of a revision, the unamortized depreciable amount is charged over the remaining useful life of the assets.

### ii) Taxes

Uncertainties exist with respect to the interpretation of complex tax regulations, changes in tax laws, and the amount and timing of future taxable income. Given the nature of business differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Company establishes provisions, based on reasonable estimates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective domicile of the companies.

## New and amended Standards

The Ministry of Corporate Affairs has notified Companies (Indian Accounting Standards) Amendment Rules, 2023 dated 31 March 2023 to amend the following Ind AS which are effective for annual periods beginning on or after 1 April 2023. The Company applied for the first-time these amendments.

### (i) Definition of Accounting Estimates - Amendments to Ind AS 8

The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. It has also been clarified how entities use measurement techniques and inputs to develop accounting estimates. The amendments had no impact on the Company's standalone financial statements.

### (ii) Disclosure of Accounting Policies - Amendments to Ind AS 1

The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures. The amendments have had an impact on the Company's disclosures of accounting policies, but not on the measurement, recognition or presentation of any items in the Company's financial statements.

### (iii) Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to Ind AS 12

The amendments narrow the scope of the initial recognition exception under Ind AS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences such as leases.

The Company previously recognised for deferred tax on leases on a net basis. As a result of these amendments, the Company has recognised a separate deferred tax asset in relation to its lease liabilities and a deferred tax liability in relation to its right-of-use assets. Since, these balances qualify for offset as per the requirements of paragraph 74 of Ind AS 12, there is no impact in the balance sheet. There was also no impact on the opening retained earnings as at 1 April 2022.

(All amounts in BIR Million, unless otherwise stated)

3. Property, plant and equipment

Particulars	Buildings	Plant & Machinery	Factory Equipment	Office equipments	Electrical installation	Furniture & fixtures	Dies and Tools	Vehicles	Computers	Total	Capital work-in-progress
<b>Year ended March 31, 2025</b>											
Gross carrying amount	97	1,032	79	12	35	4	9	0	5	1,274	245
Opening gross carrying amount as at April 01, 2024	5	201	3	2	2	0	-	-	2	214	51
Additions	-	(3)	-	(0)	(1)	-	-	-	-	(4)	(145)
Deposals	-	-	-	-	-	-	-	-	-	-	-
Closing gross carrying amount as at March 31, 2025	102	1,230	81	13	36	4	9	0	7	1,484	151
<b>Accumulated depreciation</b>											
Opening accumulated depreciation as at April 01, 2024	18	478	61	10	32	3	9	0	3	614	-
Depreciation charge during the year	3	164	3	1	1	0	-	0	1	114	-
Deposals	-	(3)	-	(0)	(0)	-	-	-	-	(4)	-
Closing accumulated depreciation as at March 31, 2025	21	580	63	11	33	3	9	0	4	725	-
Net carrying amount as at March 31, 2025	81	651	18	2	3	1	-	0	3	759	151
<b>Year ended March 31, 2026</b>											
Gross carrying amount	102	1,230	81	13	36	4	9	0	7	1,484	151
Opening gross carrying amount as at April 01, 2025	5	64	5	4	2	0	2	0	2	83	169
Additions	-	(4)	-	(1)	(1)	-	-	-	-	(5)	(57)
Deposals	-	-	-	-	-	-	-	-	-	-	-
Closing gross carrying amount as at March 31, 2026	107	1,290	86	16	36	6	9	0	9	1,561	263
<b>Accumulated depreciation</b>											
Opening accumulated depreciation as at April 01, 2025	21	580	63	11	33	3	9	0	4	725	-
Depreciation charge during the year	3	164	3	1	1	0	-	0	2	114	-
Deposals	-	(4)	-	(1)	(1)	-	-	-	-	(5)	-
Closing accumulated depreciation as at March 31, 2026	24	680	66	11	33	4	9	0	6	834	-
Net carrying amount as at March 31, 2026	83	611	20	4	3	3	-	0	3	727	263

Capital work in progress (CWIP) ageing schedule

Capital work in progress (CWIP)	Amount in CWIP for a period of			
	Less than 1 Year	1-2 years	2-3 years	More than 3 years
Projects in progress*	122	16	9	115
Projects temporarily suspended	-	-	-	-
<b>Total</b>	122	16	9	115

\*Capital work in progress comprises Plant & Machinery under installation both at MATS Division and expected to be brought into use by end of FY 2026-27

Year ended March 31, 2025

Capital work in progress (CWIP)	Amount in CWIP for a period of		
	Less than 1 Year	1-2 years	2-3 years
Projects in progress*	31	4	2
Projects temporarily suspended	-	-	-
<b>Total</b>	31	4	2

\*Capital work in progress comprises Plant & Machinery under installation both at MATS Division and expected to be brought into use by end of FY 2025-26.

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Notes to the financial statements for the year ended March 31, 2026

(All amounts in INR Million, unless otherwise stated)

4A. Intangible assets	Software	Under development			
<b>Year ended March 31, 2025</b>					
<b>Gross carrying amount</b>	-	-			
Opening gross carrying amount as at April 01, 2024	6	12			
Additions	15	-			
Disposals	-	(12)			
<b>Closing gross carrying amount as at March 31, 2025</b>	<b>21</b>	<b>-</b>			
<b>Accumulated amortisation</b>					
<b>Opening accumulated amortisation as at April 01, 2024</b>	<b>5</b>	<b>-</b>			
Amortisation charge during the year	2	-			
Disposals	-	-			
<b>Closing accumulated amortisation as at March 31, 2025</b>	<b>8</b>	<b>-</b>			
<b>Net carrying amount as at March 31, 2025</b>	<b>13</b>	<b>-</b>			
<b>Year ended March 31, 2026</b>					
<b>Gross carrying amount</b>	-	-			
Opening gross carrying amount as at April 01, 2025	21	-			
Additions	3	19			
Disposals	-	-			
<b>Closing gross carrying amount as at March 31, 2026</b>	<b>24</b>	<b>19</b>			
<b>Accumulated amortisation</b>					
<b>Opening accumulated amortisation as at April 01, 2025</b>	<b>8</b>	<b>-</b>			
Amortisation charge during the year	6	-			
Disposals	-	-			
<b>Closing accumulated amortisation as at March 31, 2026</b>	<b>13</b>	<b>-</b>			
<b>Net carrying amount as at March 31, 2026</b>	<b>11</b>	<b>19</b>			
<b>Intangible Assets under Development</b>					
<b>Amount in Intangible Assets under Development</b>					
	<b>Less than 1 year</b>	<b>1-2 years</b>	<b>2-3 years</b>	<b>31-Mar-26</b>	
Projects in progress	19	-	-	19	
Projects temporarily suspended	-	-	-	-	
	19	-	-	19	
	<b>Less than 1 year</b>	<b>1-2 years</b>	<b>2-3 years</b>	<b>31-Mar-25</b>	
Projects in progress	-	-	-	-	
Projects temporarily suspended	-	-	-	-	
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	

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Notes to the financial statements for the year ended March 31, 2026

(All amounts in INR Million, unless otherwise stated)

48. Right of use assets

Particulars	Vehicles	Building	Machinery	Leasehold land*	Total
<b>Year ended March 31, 2025</b>					
<b>Gross carrying amount</b>					
Opening gross carrying amount as at April 01, 2024	13	67	31	179	290
Addition during the year		140	-	-	140
Disposal during the year	(1)	-	-	-	(1)
<b>Closing gross carrying amount as at March 31, 2025</b>	<b>12</b>	<b>207</b>	<b>31</b>	<b>179</b>	<b>430</b>
<b>Accumulated depreciation</b>					
Opening accumulated amortisation as at April 01, 2024	8	62	31	22	122
Depreciation charge during the year	1	34	-	4	38
Disposal during the year				-	-
<b>Closing accumulated depreciation as at March 31, 2025</b>	<b>9</b>	<b>95</b>	<b>31</b>	<b>25</b>	<b>160</b>
<b>Net carrying amount as at March 31, 2025</b>	<b>3</b>	<b>112</b>	<b>-</b>	<b>154</b>	<b>269</b>

<b>Year ended March 31, 2026</b>					
<b>Gross carrying amount</b>					
Opening gross carrying amount as at April 01, 2025	12	207	31	179	430
Addition during the year	4	31		8	43
Disposal during the year			(31)		(31)
<b>Closing gross carrying amount as at March 31, 2026</b>	<b>16</b>	<b>239</b>	<b>-</b>	<b>188</b>	<b>442</b>
<b>Accumulated depreciation</b>					
Opening accumulated amortisation as at April 01, 2025	9	95	31	25	160
Depreciation charge during the year	1	34		4	39
Disposal during the year			(31)		(31)
<b>Closing accumulated depreciation as at March 31, 2026</b>	<b>10</b>	<b>130</b>	<b>-</b>	<b>29</b>	<b>169</b>
<b>Net carrying amount as at March 31, 2026</b>	<b>5</b>	<b>109</b>	<b>-</b>	<b>159</b>	<b>274</b>

\*The leasehold land represents land obtained on long term lease from Government Authorities

5. Non-Current investments	For the year ended	For the year ended
	March 31, 2026	March 31, 2025
<b>A: Investment in subsidiaries</b> (Unquoted instruments valued at cost unless stated otherwise)		
<b>(i) Investment in Equity Shares</b>		
Samvardhana Motherson Refrigeration Product Limited 2,55,00,000 (March 31, 2025: 2,55,00,000) equity shares of INR 10/- each, fully paid-up	215	215
Motherson Techno Tools Limited 20,09,863 (March 31, 2025: 20,09,863) equity shares of INR 10/- each, fully paid-up	1,157	1,157
Saks Ancillaries Limited 14,52,690 (March 31, 2025: 14,52,690) equity shares of INR 10/- each, fully paid-up	115	115
Samvardhana Motherson Auto System Private Limited 10,10,000 (March 31, 2025: 10,10,000) equity shares of INR 10/- each, fully paid-up	10	10
Additional equity contribution in subsidiary Samvardhana Motherson Auto System Pvt Ltd	2	2
Motherson Machinery & Automation Limited 5,00,000 (March 31, 2025: 5,00,000) equity shares of INR 10/- each, fully paid-up	7	7
Motherson Electronic Components Private Limited 922,695,900 (March 31, 2025: 46,50,00,000) Equity Shares of Rs 10/- Each	11,250	4,650
Motherson Sintermetal Technology B.V. - (Refer Note a below) 70,000 (March 31, 2025: 70,000) equity shares of Euro 1/- each, fully paid-up	-	1,056
Motherson Electro Components Limited (formerly known as Samvardhana Motherson Advanced Innovations Ltd) 3,00,50,000 (March 31, 2025: 50,000) Equity Shares of Rs 10/- Each	301	1
Motherson Auto Solutions Limited - (Refer Note b below) 44,08,48,500 (March 31, 2025: 44,08,48,500) equity shares of INR 10/- each, fully paid-up	4,349	4,349
<b>TOTAL (A)(i)</b>	<b>17,405</b>	<b>11,561</b>
	<b>For the year ended</b>	<b>For the year ended</b>
	<b>March 31, 2026</b>	<b>March 31, 2025</b>
<b>(ii) Investment in Preference Shares</b>		
Samvardhana Motherson Refrigeration Product Limited 1,92,00,000 (March 31, 2025: 1,92,00,000) 7% Optionally convertible cumulative redeemable preference shares of INR 10/- each, fully paid-up	0	0
Samvardhana Motherson Auto Systems Private Limited 15,00,000 (March 31, 2025: 15,00,000) Preference Shares of INR 10/- each, fully paid up	15	15
<b>TOTAL (A)(ii)</b>	<b>15</b>	<b>15</b>
<b>TOTAL (A)</b>	<b>17,420</b>	<b>11,576</b>
	<b>For the year ended</b>	<b>For the year ended</b>
	<b>March 31, 2026</b>	<b>March 31, 2025</b>
<b>B: Investment in associate companies:</b>		
AES (India) Engineering Limited 12,48,000 (March 31, 2025: 12,48,000) equity shares of INR 10/- each, fully paid-up	44	44
<b>TOTAL (B)</b>	<b>44</b>	<b>44</b>
<b>C: Investment in joint venture companies:</b>		
Nissin Advanced Coating Indo Co Private Limited 68,60,000 (March 31, 2025: 68,60,000) equity shares of INR 10/- each, fully paid-up	69	69
Anest Iwata Motherson Private Limited 2,24,05,250 (March 31, 2025: 2,24,05,250) equity shares of INR 10/- each, fully paid-up	484	484
Kyungshin Industrial Motherson Private Limited - (Refer Note c below) 25,00,00,000 (March 31, 2025: 25,00,00,000) Equity Shares of Rs 10/- Each	2,500	2,500
<b>TOTAL (C)</b>	<b>3,053</b>	<b>3,053</b>
<b>Total (A+B+C)</b>	<b>20,517</b>	<b>14,673</b>
<b>Notes:</b>		
a) Investment made in Motherson Sintermetal Technology B.V (MSTBV) in earlier years has been written off during the year ended 31 March, 2026 on completion of the liquidation process with the Netherlands Chamber of Commerce. The authorised dealer (Axis Bank Limited) of the Company has been duly informed about this on 13 October, 2025 and all the necessary documents also filed with the said Bank. Formal approval of this write off from the said Bank is awaited.		
b) Consequent to a share purchase agreement dated 2nd August 2024 between the Company and <b>Sojitz Corporation</b> , a joint venture partner of Motherson Auto Solutions Limited, 14,98,88,500 equity shares of Motherson Auto Solutions Limited were purchased by the Company. On purchase of these equity shares, the Company now holds 100% equity shares in Motherson Auto Solutions Limited and hence the company is now been reclassified to "Subsidiary" from earlier "Joint Venture"		
c) Pursuant to a rights issue (renounced by SAMIL), the Company invested in 25,00,00,000 equity shares of INR 10 each in <b>Kyungshin Industrial Motherson Private Limited</b> (a Joint Venture between <b>Samvardhana Motherson International Limited</b> and <b>Kyungshin Corporation</b> ) ; on 1 July 2024, an amendment to the Joint Venture Agreement has been executed between Kyungshin Corporation, Samvardhana Motherson International Limited and Samvardhana Motherson Innovative Solutions Limited whereby the Company has also become a party to the JV as provided in the said amendment.		
<b>D: Impairment Allowance</b>		
Total Investment in subsidiaries, associates and joint ventures -Gross	20,517	14,673
Less: Impairment allowance		
- Motherson Sintermetal Technology B.V	-	(1,056)
- Samvardhana Motherson Refrigeration Product Limited	(215)	(215)
- AES (India) Engineering Limited	(22)	(22)
- Saks Ancillaries Limited	(68)	(68)
<b>Total Investment in subsidiaries, associates and joint ventures -Net</b>	<b>20,212</b>	<b>13,312</b>
Aggregate amount of unquoted investments	20,517	14,673
Aggregate amount of impairment in the value of investments	(305)	(1,361)

(All amounts in INR Million, unless otherwise stated)

6. Loans	For the year ended		For the year ended	
	March 31,2026		March 31,2025	
	Current	Non-current	Current	Non-current
(Unsecured, considered good, unless otherwise stated)				
Loans to related parties	-	7	-	5
	-	7	-	5
Less: Provision for impairment of loan	-	(7)	-	(5)
<b>Total</b>	-	-	-	-

Loan to related parties comprises :

	For the year ended		For the year ended	
	March 31,2026		March 31,2025	
Samvardhana Motherson Refrigeration Product Limited (Refer (i) below)	-	7	-	5
Less : Impaired	-	(7)	-	(5)
Motherson Electro Components Limited	-	-	-	-
<b>Total</b>	-	-	-	-

(i) A loan of INR 2 million given during FY 2025-26 and INR 5 million given during FY 2024-25 to Samvardhana Motherson Refrigeration Product Limited.

a) Loan Tenure - Three (3) years from the date of first disbursement

b) Interest rate -(RBI repo rate with spread of 3.00% i.e. 8.25% p.a.p.m) payable at the end of the loan tenure or principal repayment whichever is earlier.

c) Based on the financial assessment of the Company, the loan INR 7 million, has been impaired.

7. Other financial assets

(Unsecured, considered good)

	For the year ended		For the year ended	
	March 31,2026		March 31,2025	
	Current	Non-current	Current	Non-current
Security Deposits	2	18	1	17
Deposits with bank having original maturity of more than 12 months*		10	-	10
Interest accrued on deposits with bank		7	-	7
Interest accrued on security deposit	0		0	-
Interest accrued on loans given to subsidiary and joint venture companies		-		0
Less: Provision for impairment of interest (refer note 6)		-		(0)
<b>Total</b>	<b>2</b>	<b>36</b>	<b>1</b>	<b>34</b>

\*Deposits held by bank as margin for bank guarantees and includes deposit of INR 5 million given for EPCG bank guarantee & INR 4 million for Sales tax appeals  
Margin money as at March 31, 2026: INR 10 million (Margin money as at March 31, 2025: INR 10 million)

## 8. Deferred tax assets (Net)

	As at April 01, 2025	(Charge)/ credit to Statement of Profit and Loss	(Charge)/credit to other comprehensive income	As at March 31, 2026
<b>Year ended March 31, 2026</b>				
Property, plant and equipment and intangible assets	0	2	-	2
Borrowings (IND AS adjustment for corporate guarantee)	0	(0)	-	0
Right of Use assets	29	(0)	-	29
<b>Total deferred tax liabilities</b>	<b>29</b>	<b>1</b>	<b>-</b>	<b>31</b>
<b>Set-off of deferred tax assets pursuant to set-off provisions</b>				
Allowance for doubtful debts - trade receivables	2	0	-	2
Provision for slow moving inventories	3	(0)	-	2
Provision for employee benefits	13	3	(0)	16
Impairment allowance on interest accrued	1	0	-	2
Provision for impairment of investment	343	(266)	-	77
Unabsorbed depreciation	81	236	-	317
Impact of lease liability	31	2	-	32
Other adjustments	(4)	(1)	-	(5)
<b>Total deferred tax assets</b>	<b>469</b>	<b>(25)</b>	<b>(0)</b>	<b>443</b>
<b>Net deferred tax assets/(liabilities) (net)</b>	<b>439</b>	<b>(26)</b>	<b>(0)</b>	<b>413</b>
Less: Unrecognized deferred tax assets*	(439)	26	0	(413)
<b>Recognised deferred tax assets/(liabilities) (net)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

\*In absence of virtual certainty of sufficient taxable profit in the near future to realize the entire deferred tax assets, the same have been recognised only to the extent of deferred tax liabilities .

	As at April 01, 2024	(Charge)/ credit to Statement of Profit and Loss	(Charge)/credit to other comprehensive income	As at March 31, 2025
<b>Year ended March 31, 2025</b>				
Property, plant and equipment and intangible assets	(2)	2	-	0
Borrowings (IND AS adjustment for corporate guarantee)	0	(0)	-	0
Right of Use assets	3	26	-	29
<b>Total deferred tax liabilities</b>	<b>1</b>	<b>29</b>	<b>-</b>	<b>29</b>
<b>Set-off of deferred tax assets pursuant to set-off provisions</b>				
Allowance for doubtful debts - trade receivables	2	0	-	2
Provision for slow moving inventories	2	0	-	3
Provision for employee benefits	12	1	(0)	13
Impairment allowance on interest accrued	-	1	-	1
Provision for impairment of investment	325	17	-	343
Unabsorbed depreciation	30	51	-	81
Impact of lease liability	3	28	-	31
Other adjustments	(1)	(3)	-	(4)
<b>Total deferred tax assets</b>	<b>373</b>	<b>96</b>	<b>(0)</b>	<b>469</b>
<b>Net deferred tax assets/(liabilities) (net)</b>	<b>372</b>	<b>67</b>	<b>(0)</b>	<b>439</b>
Less: Unrecognized deferred tax assets*	(372)	(67)	0	(439)
<b>Recognised deferred tax assets/(liabilities) (net)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

\*In absence of virtual certainty of sufficient taxable profit in the near future to realize the entire deferred tax assets, the same have been recognised only to the extent of deferred tax liabilities .

**Samvardhana Motherson Innovative Solutions Limited**

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**Notes to the financial statements for the year ended March 31, 2026**

(All amounts in INR Million, unless otherwise stated)

9. Other non-current assets	<u>For the year ended</u> <u>March 31,2026</u>	<u>For the year ended</u> <u>March 31,2025</u>
<b>Secured:</b>		
Capital advances - Secured against bank guarantee	-	5
<b>Unsecured:</b>		
Capital advances	8	4
Prepaid expenses	0	0
<b>Total</b>	<b>8</b>	<b>10</b>
<b>10. Inventories</b>	<u>For the year ended</u> <u>March 31,2026</u>	<u>For the year ended</u> <u>March 31,2025</u>
Raw materials and components*	104	74
Work-in-progress	173	118
Finished goods **	31	27
Tools & Moulds	70	69
Consumables, stores and maintenance spares	39	35
<b>Total</b>	<b>416</b>	<b>323</b>
Less: Provision in respect of slow-moving inventory***	(9)	(10)
<b>Total</b>	<b>407</b>	<b>313</b>
* Includes raw material in transit	-	0
** Includes finished goods in transit	10	10
<b>Amount recognised in profit and loss:</b>		
***Provision created / (written back) in respect of slow moving inventory in FY2025-26: INR (1) million (In FY2024-25: INR 0.4 million)		
<b>11. Current investments</b>	<u>For the year ended</u> <u>March 31,2026</u>	<u>For the year ended</u> <u>March 31,2025</u>
<b>Investment in mutual funds at FVTPL</b>		
<b>UTI Overnight Fund - Direct Growth Plan</b>	-	20
Nil units (March 31, 2025: 5775.505 Units)		
NAV NA/unit (March 31, 2025: 3495.0722/Unit)		
<b>Total current investments</b>	<b>-</b>	<b>20</b>
Aggregate amount of investments	-	20

12. Trade receivables	For the year ended			
	March 31, 2026	March 31, 2025		
(Unsecured, considered good, unless otherwise stated)				
Related parties	14	11		
Others	370	300		
Credit impaired	8	7		
	<b>392</b>	<b>318</b>		
Less: Allowance for credit impaired trade receivables	(8)	(7)		
<b>Total</b>	<b>385</b>	<b>311</b>		
<b>Trade Receivables aging schedule</b>				
<b>Undisputed</b>	<b>Trade receivables – considered good</b>		<b>Trade receivables – credit impaired</b>	
	<b>March 31, 2026</b>	<b>March 31, 2025</b>	<b>March 31, 2026</b>	<b>March 31, 2025</b>
Current but not due	244	209		
Outstanding for following periods from due date of payment				
Less than 6 Months	131	92		
6 months – 1 year	3	3		0
1-2 years	6	7		0
2-3 years				
More than 3 years				
<b>Total</b>	<b>384</b>	<b>311</b>		<b>0</b>
<b>Disputed</b>	<b>Trade receivables – considered good</b>		<b>Trade receivables – credit impaired</b>	
	<b>March 31, 2026</b>	<b>March 31, 2025</b>	<b>March 31, 2026</b>	<b>March 31, 2025</b>
Current but not due				
Outstanding for following periods from due date of payment				
Less than 6 Months				
6 months – 1 year				
1-2 years				2
2-3 years			2	1
More than 3 years	0		5	4
<b>Total</b>	<b>0</b>	<b>-</b>	<b>7</b>	<b>7</b>
<b>13. Cash and cash equivalents</b>	For the year ended		For the year ended	
	March 31, 2026	March 31, 2025		
<b>Balances with banks:</b>				
- in current accounts	14	6		
<b>Cash on hand</b>	0	0		
<b>Investment in liquid / overnight Funds:</b>				
1) UTI Overnight Fund - Direct Growth Plan 13325.401 units (March 31, 2025: Nil Units) NAV 3686.7387/unit (March 31, 2025: NA)	49	-		
2) HDFC Overnight Fund 11477.011 units (March 31, 2025: Nil Units) NAV 3992.7821/unit (March 31, 2025: NA)	46	-		
3) Aditya Birla Sun Life Liquid Fund 63555.579 units (March 31, 2025: Nil Units) NAV 445.0503/unit (March 31, 2025: NA)	28	-		
<b>Total</b>	<b>137</b>	<b>6</b>		
<b>13(b). Other bank balances</b>	For the year ended		For the year ended	
	March 31, 2026	March 31, 2025		
Deposits with maturity of more than 3 months but less than 12 months	-	-		
<b>Total</b>	<b>-</b>	<b>-</b>		
<b>Changes in liabilities arising from financing activities</b>	<b>March 31, 2025</b>	<b>Cash Flow</b>	<b>Non Cash Items*</b>	<b>March 31, 2026</b>
Non current borrowings (including current maturity of long term borrowing)	-	139	1	140
Current borrowings	123	5	0	128
Current and non current lease liabilities	123	(41)	47	129
<b>Total liabilities from financing activities</b>	<b>245</b>	<b>103</b>	<b>49</b>	<b>397</b>
	<b>March 31, 2024</b>	<b>Cash Flow</b>	<b>Non Cash Items*</b>	<b>March 31, 2025</b>
Non current borrowings (including current maturity of long term borrowing)	1,744	(1,745)	1	-
Current borrowings	104	19	0	123
Current and non current lease liabilities	11	(40)	152	123
<b>Total liabilities from financing activities</b>	<b>1,859</b>	<b>(1,766)</b>	<b>152</b>	<b>245</b>
*Non cash items include new leases taken or termination of lease contracts in case of lease liabilities, adjustments under IND AS for Corporate guarantee taken in case of borrowings and conversion of 0% optionally fully convertible debentures into equity shares (Refer note 16.A).				
<b>14. Current tax assets (net)</b>	For the year ended		For the year ended	
	March 31, 2026	March 31, 2025		
Opening balance	21	19		
Add: Income Tax paid	13	2		
Less: Refund received	(18)	-		
<b>Closing balance</b>	<b>16</b>	<b>21</b>		
<b>15. Other current assets</b>	For the year ended		For the year ended	
	March 31, 2026	March 31, 2025		
(Unsecured, considered good, unless otherwise stated)				
Advance to suppliers	1	3		
Balances with government authorities*	36	29		
*Provision for doubtful receivables	(1)	(1)		
Prepaid expenses	5	4		
Other advances**	5	4		
Export incentives receivable	1	1		
Other Receivables	-	-		
<b>Total</b>	<b>47</b>	<b>40</b>		
**Includes amount deposited in Labour Court in respect of a dispute with an ex-employee: As at March 31, 2026: INR 1 million (As at March 31, 2025: INR 1 million).				

(All amounts in INR Million, unless otherwise stated)

16A Share capital	For the year ended	For the year ended
	March 31,2026	March 31,2025
<b>Authorised:</b>		
86,20,00,000 Equity Shares of INR 10/- each (March 31, 2025: 86,20,00,000)	8,620	8,620
8,65,00,000 7% Optionally Convertible Cumulative Redeemable Preference Share of INR 10/- each (March 31, 2025: 86,500,000)	865	865
	<b>9,485</b>	<b>9,485</b>
<b>Equity Share Capital</b>		
<b>a. Issued, Subscribed and Paid up:</b>		
81,21,68,952 Equity Share of INR 10/- each, fully paid-up (March 31, 2025: 64,75,26,094)	8,122	6,475
<b>Total</b>	<b>8,122</b>	<b>6,475</b>
<b>b. Movement in equity share capital</b>		
	<b>Numbers</b>	<b>Amount</b>
<b>As at March 31,2024</b>	<b>35,96,47,307</b>	<b>3,596</b>
Add: Issued during the year**	28,78,78,787	2,879
<b>As at March 31,2025</b>	<b>64,75,26,094</b>	<b>6,475</b>
Add: Issued during the year*	16,46,42,858	1,646
<b>As at March 31,2026</b>	<b>81,21,68,952</b>	<b>8,122</b>

\*\*During FY 2024-25, the company has made Right issue of equity shares (287,878,787 equity @ INR 33 each – INR 10 Face Value & INR 23 Premium) and accordingly INR 2,879 million were credited to equity shares account and INR 6,621 million were credited to shares premium account.

\*During FY 2025-26, the company has made Right issue of equity shares (7,500,000 equity @ INR 40 each – INR 10 Face Value & INR 30 Premium and 157,142,858 equity @ INR 42 each – INR 10 Face Value & INR 32 Premium ) and accordingly INR 1646 million were credited to equity shares account and INR 5,254 million were credited to shares premium account.

**c. Shares held by the promoters at the end of the year**

FY 2025-26				
Sr No	Name	No of Shares*	% of total shares	% Change during the year
1	Samvardhana Motherson International Ltd	81,21,68,952	100%	
FY 2024-25				
Sr No	Name	No of Shares*	% of total shares	% Change during the year
1	Samvardhana Motherson International Ltd	64,75,26,094	100%	

\* Including 600 Shares held by nominees

**d. Rights, preferences and restrictions attached to shares**

The Company has only one class of equity shares having a par value of INR 10/- per share. Each holder of equity is entitled to one vote per share held. The Company declares and pays dividends in Indian rupees. The dividend, if proposed by the Board of Directors, is subject to the approval of the shareholders in the Annual General Meeting, except in case of interim dividend.

(All amounts in INR Million, unless otherwise stated)

**16B Instruments entirely equity in nature**

	For the year ended	For the year ended
	March 31,2026	March 31,2025
a. Issued, Subscribed and Paid up:		
20,00,000 Preference shares of INR 10/- each, fully paid-up	20	20
(March 31, 2025: 20,00,000)		
<b>Total</b>	<b>20</b>	<b>20</b>

**b. Movement in instruments entirely equity in nature**

	Numbers	Amount
	Preference shares:	
As at March 31,2024	20,00,000	20
Add: Issued during the year	-	-
As at March 31,2025	20,00,000	20
Add: Issued during the year	-	-
As at March 31,2026	20,00,000	20

**c. Shares held by the promoters at the end of the year**

FY 2025-26				
Sr No	Name	No of Shares	% of total shares	% Change during the year
1	Samvardhana Motherson International Ltd	20,00,000	100%	NIL

FY 2024-25				
Sr No	Name	No of Shares	% of total shares	% Change during the year
1	Samvardhana Motherson International Ltd	20,00,000	100%	NIL

**d. Rights, preferences and restrictions attached to shares**

**Preference shares:**

The preference shares shall be redeemed/converted in equity shares with in a period of 20 years from the date of issue at the discretion of the Board of Directors of the company (20,00,000 preference shares were allotted on March 15, 2010). In case preference shares are to be redeemed it shall be done at issue price i.e. INR 10/- per share.

In the event of liquidation of the Company, the equity shareholders are eligible to receive the remaining assets of the Company, after distribution of all preferential amounts, in proportion to their share holding.

**17. Other equity**

	For the year ended	For the year ended
	March 31,2026	March 31,2025
Equity contribution from parent company	23	23
Securities premium	13,798	8,545
Capital Reserve	3,167	3,167
Retained earnings	(3,477)	(3,587)
Equity portion of compound financial instruments	21	21
<b>Total reserves and surplus</b>	<b>13,533</b>	<b>8,169</b>

**(i) Equity contribution from parent company**

	For the year ended	For the year ended
	March 31,2026	March 31,2025
Opening balance	23	23
Add: Addition during the year	-	-
Less: Deletion during the year	-	-
<b>Closing balance</b>	<b>23</b>	<b>23</b>

**(ii) Securities premium**

	For the year ended	For the year ended
	March 31,2026	March 31,2025
Opening balance	8,545	1,924
Add: Proceeds from right issue during the year*	5,254	6,621
<b>Closing balance</b>	<b>13,798</b>	<b>8,545</b>

\*During FY 2025-26, the company has made Right issue of equity shares (7,500,000 equity @ INR 40 each – INR 10 Face Value & INR 30 Premium and 157,142,858 equity @ INR 42 each – INR 10 Face Value & INR 32 Premium ) and accordingly INR 165 million were credited to equity shares account and INR 5,254 million were credited to shares premium account.

During FY 2024-25, the company has made Right issue of equity shares (287,878,787 equity @ INR 33 each – INR 10 Face Value & INR 23 Premium) and accordingly INR 2,879 million were credited to equity shares account and INR 6,621 million are credited to shares premium account.

	For the year ended March 31,2026	For the year ended March 31,2025
<b>(iii) Capital Reserve</b>		
Opening balance	3,167	3,167
<b>Closing balance</b>	<b>3,167</b>	<b>3,167</b>
	For the year ended March 31,2026	For the year ended March 31,2025
<b>(iv) Retained earnings</b>		
Opening balance	(3,587)	(3,321)
Additions during the year	111	(264)
(Add)/Less: Remeasurements of post-employment benefit obligation: (Gain)/Loss	(1)	(2)
<b>Closing balance</b>	<b>(3,477)</b>	<b>(3,587)</b>
	For the year ended March 31,2026	For the year ended March 31,2025
<b>(v) Equity portion of compound financial instruments - Refer Notes below</b>		
Opening balance	21	21
Less: Transferred to retained earnings	-	-
<b>Closing balance</b>	<b>21</b>	<b>21</b>

**Shares held by the promoters at the end of the year**

	For the year ended March 31,2026		For the year ended March 31,2025	
	Nos.	%	Nos.	%
<b>7% Optionally Convertible Cumulative Redeemable Preference Shares</b> Samvardhana Motherhood International Ltd (formerly known as Motherhood Sumi Systems Ltd)	25,00,000	100.00%	25,00,000	100.00%

**Equity component of optionally convertible redeemable preference shares**

	Numbers	Amount
<b>As at March 31,2024</b>	<b>25,00,000</b>	<b>21</b>
Add: Issued during the year	-	-
<b>As at March 31,2025</b>	<b>25,00,000</b>	<b>21</b>
Add: Issued during the year	-	-
<b>As at March 31, 2026</b>	<b>25,00,000</b>	<b>21</b>

**a. Terms of conversion/redemption of optionally convertible redeemable preference shares**

The preference shares shall be redeemed/converted with in a period of 20 years from the date of issue at the discretion of share holder (25,00,000) preference shares were allotted on November 01, 2010). In case preference shares are to be redeemed it shall be done at issue price i.e. INR 10/- per share.

**Nature and purpose of reserves**

**Equity contribution from parent company**

Comprises processing fees and fair value of corporate guarantee issued by holding company to the company's lenders and recorded as equity contribution.

**Securities premium**

This reserve was initially created at the time of amalgamation carried out during the year ended March 31, 2018 and shall be utilised in accordance with the provisions of the Companies Act, 2013.

(All amounts in INR Million, unless otherwise stated)

18. Borrowings

	Non Current Maturities		Current Maturities	
	As at	As at	As at	As at
	March 31,2026	March 31,2025	March 31,2026	March 31,2025
<b>Secured</b>				
a) Term Loans				
Indian rupee loan from banks				
<b>Unsecured:</b>				
b) Loans from related parties - Refer Note (i) below	140	-	-	-
Less: Disclosed under Short term borrowings - Refer Note 22	-	-	-	-
c) Debt component of convertible redeemable preference shares	16	15	-	-
<b>Total</b>	<b>156</b>	<b>15</b>	<b>-</b>	<b>-</b>

(i) Loans from related parties:	<b>SAMIL</b>
---------------------------------	--------------

Balance as on 1st April 2025	-
Add: Loans taken during the year*	140
Less: Prepaid during the year	-
Balance as on 31st March 2026	140

\* During the year loans amounting to INR 140 million (INR 55 million vide agreement dated 7th July 2025, INR 40 million vide agreement dated 23rd June, 2025 and INR 45 million vide agreement dated 26th November, 2025)

a) Loan Tenure - Three (3) years from the date of first disbursement.

b) Interest rate -(RBI repo rate with spread of 3.00% i.e.8.25% p.a) payable at the end of loan tenure or principal repayment whichever is earlier.

(a) Loans from related parties:

Lender	Interest Rate	Amount	Due date
Samvardhana Motherson International Ltd	RBI Repo Rate + 3% p.a.p.m. (8.25% p.a to 8.5% p.a.p.m)	40	30/06/2028
		45	07/07/2028
		10	10/09/2028
		45	26/11/2028
<b>Total</b>		<b>140</b>	

Notes:

(i). Interest is payable at the end of loan tenure or principal repayment, whichever is earlier.

(ii). The lenders and borrower, both have the right for prepayments, as per mutual consent, either partially or fully by giving seven business days notice in advance.

19. Other financial liabilities

	For the year ended	For the year ended
	March 31,2026	March 31,2025
<b>Non-current</b>		
Advance recovery from employees	2	1
	<b>2</b>	<b>1</b>

20. Employee benefit obligations

	For the year ended		For the year ended	
	March 31, 2026		March 31, 2025	
	Current	Non-current	Current	Non-current
Gratuity	6	40	4	34
Compensated absences	4	14	1	12
<b>Total</b>	<b>10</b>	<b>54</b>	<b>5</b>	<b>47</b>

The long term defined employee benefits and contribution schemes of the Company are as under:

A. Defined benefit schemes

Gratuity

The Company operates a gratuity plan under which every employee is entitled to a benefit equivalent to fifteen days' salary last drawn for each completed year of service in line with the Payment of Gratuity Act, 1972. The same is payable at the time of separation from the Company or retirement, whichever is earlier. The benefits vest after five years of continuous service. The Company's plan is unfunded.

The reconciliation of opening and closing balances of the present value of the defined benefit obligations are as below:

(i) Present value of defined benefit obligation

	As at	
	March 31, 2026	March 31, 2025
<b>Obligations at year beginning</b>	<b>38</b>	<b>34</b>
Obligations at year beginning consequent to amalgamation	-	-
Service Cost - current	7	4
Interest expense	3	2
<b>Amount recognised in profit and loss</b>	<b>9</b>	<b>6</b>

Remeasurements

Actuarial (gain) / loss from change in financial assumption		
Experience (gains)/losses	1	2
<b>Amount recognised in other comprehensive income</b>	<b>1</b>	<b>2</b>
Benefit payments	(3)	(4)
Adjustment due to transfer of employee	1	
<b>Obligations at year end</b>	<b>47</b>	<b>38</b>

(ii) Assets and Liabilities recognized in the Balance Sheet

	As at	
	March 31, 2026	March 31, 2025
Present value of the defined benefit obligations	47	38
<b>Amount recognized as liability</b>	<b>47</b>	<b>38</b>

(iii) Defined benefit obligations cost for the year:

	As at	
	March 31, 2026	March 31, 2025
Service cost - current	7	4
Interest cost (net)	3	2
Actuarial (gain) / loss	1	2
<b>Net defined benefit obligations cost</b>	<b>10</b>	<b>8</b>

	MATS Division		MST Division		CORP Division	
	As at		As at		As at	
	March 31, 2026	March 31, 2025	March 31, 2026	March 31, 2025	March 31, 2026	March 31, 2025
(iv) Actuarial assumptions:						
Discount rate per annum	7.54%	6.86%	6.90%	6.70%	5.84%	-
Future salary increases	7.00%	7.00%	8.00%	8.00%	7.00%	-

Note: Estimate of future increases considered in actuarial valuation takes account of inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.

v) Sensitivity analysis

The sensitivity of defined benefit obligation to changes in the weighted principal assumptions is:

	Change in Assumption		Impact	Increase in Assumption		Impact	Decrease in Assumption	
	March 31, 2026	March 31, 2025		March 31, 2026	March 31, 2025		March 31, 2026	March 31, 2025
	Discount rate per annum	1.00%		1.00%	Decrease by		(15)	(10)
Future salary increases	1.00%	1.00%	Increase by	18	11	Decrease by	(16)	(10)

The above sensitivity analysis is based on a change in assumption while holding all the other assumptions constant. In practice, this is unlikely to occur, and change in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in balance sheet.

vi) Risk exposure

The gratuity scheme is a final salary Defined Benefit Plan that provides for lump sum payment made on exit either by way of retirement, death, disability, voluntary withdrawal. The benefits are defined on the basis of final salary and the period of service and paid as lump sum at exit. The plan design means the risk commonly affecting the liabilities and the financial results are expected to be:

(a) **Interest rate risk:** The defined benefit obligation calculated uses a discount rate based on government bonds, if bond yield fall, the defined benefit obligation will tend to increase.

(b) **Salary inflation risk:** Higher than expected increases in salary will increase the defined benefit obligation.

(c) **Demographic risk:** This is the risk of variability of results due to unsystematic nature of decrements that include mortality, withdrawal, disability and retirement. The effect of these decrements on the defined benefit obligation is not straight forward and depends upon the combination of salary increase, discount rate and vesting criteria. It is important not to overstate withdrawals because in the financial analysis the retirement benefit of a short career employee typically costs less per year as compared to long career employee.

20. Employee benefit obligations

vii) Defined benefit liability and employer contributions

Weighted average duration of the defined benefit obligation is MATS Division 11.21 years (March 31, 2025: 11.35 years) / MST Division 7 years (March 31, 2025: 7 years)

Expected benefit payments are as follows:

	Less than a year	Between 1-2 years	Between 2-5 years	Over 5 years	Total
March 31, 2026 Defined benefit obligation (gratuity)	6	6	11	24	47
March 31, 2025 Defined benefit obligation (gratuity)	4	4	11	19	38

B. Defined Contribution Schemes

The Company deposits an amount determined at a fixed percentage of basic pay every month to the State administered Provident Fund, Employee State Insurance (ESI) and Social Insurance for the benefit of the employees.

Amount recognised in the Statement of Profit & Loss is as follows (Refer note 31):

Provident fund paid to the authorities  
 Employee state insurance paid to the authorities

For the year ended	
March 31, 2026	March 31, 2025
13	12
1	1
<b>14</b>	<b>12</b>

(All amounts in INR Million, unless otherwise stated)

21. Government grants	For the year ended	For the year ended
	March 31, 2026	March 31, 2025
Opening balance	12	22
Add: Grants received during the year		
Less: Released to profit and loss	(9)	(9)
<b>Closing balance</b>	<b>4</b>	<b>12</b>
	<b>March 31, 2026</b>	<b>March 31, 2025</b>
Current portion	-	-
Non-current portion	4	12
<b>Total</b>	<b>4</b>	<b>12</b>

Note: Government grant represent duty saved on import of plant and machinery under EPCG licences.

22. Borrowings	For the year ended	For the year ended
	March 31, 2026	March 31, 2025
<b>Secured</b>		
Working capital loans repayable on demand - from banks		
Indian rupee loan (Refer (i) below)	128	123
IND AS Adjustment for Corporate guarantee	(0)	(0)
<b>Unsecured</b>		
Current maturities of long term loans from related parties	-	-
<b>Total</b>	<b>128</b>	<b>123</b>

- i) HDFC & YES Bank has sanctioned working capital loans to the company:  
- Cash Credit I of INR 80 Million from YES Bank : Interest during the year ranging between 8.75% to 9.3%p.a. (linked to YES Bank 1 month MCLR rate)  
- Non Funded Capex limit of INR 60 Million from YES Bank  
- Cash Credit II of INR 100 Million from HDFC Bank : Interest during the year ranging between 7.45% to 8.70% p.a. (linked to 1 year MCLR with yearly reset)

Working capital loans from bank are secured as under

**Corporate Guarantee**

Unconditional and irrevocable corporate guarantee of Samvardhana Motherson International Ltd to remain valid during entire tenure of both the credit facilities mentioned above.

**Sanctioned and utilised limits**

Facility	Sanctioned (INR Million)		Utilised (INR Million)	
	31 <sup>st</sup> March 2026	31 <sup>st</sup> March 2025	31 <sup>st</sup> March 2026	31 <sup>st</sup> March 2025
Cash Credit - HDFC Bank	100	100	90	93
Cash Credit - YES Bank	80	80	39	30
Letters of credit - Non Funded (YES Bank)	60	60	-	-
Bank guarantees - Part of CC Limit - YES	5	5	5	5
Bank guarantees - Part of CC Limit - HDFC	5	5	5	5
<b>Total</b>	<b>240</b>	<b>240</b>	<b>128</b>	<b>123</b>

Note: BG of INR 10 million has been issued from the above mentioned CC Limits (31<sup>st</sup> March 2025 INR 10 million)

23. Trade payables

(All amounts in INR Million, unless otherwise stated)

	As at	
	March 31, 2026	March 31, 2025
Total outstanding dues of micro and small enterprises		
- Related parties	1	-
- Others	38	20
Total outstanding dues of creditors other than micro and small enterprises		
- Related parties	55	20
- Others	218	172
<b>Total</b>	<b>312</b>	<b>212</b>

Trade Payables aging schedule

Undisputed

	Trade payables dues of micro and small enterprises		Trade payables dues of creditors other than micro and small enterprises	
	March 31, 2026	March 31, 2025	March 31, 2026	March 31, 2025
Current but not due	25	18	132	145
Outstanding for following periods from due date of payment				
Less than 1 year				
1-2 years	14	2	141	47
2-3 years		-		-
More than 3 years		-		-
<b>Total</b>	<b>39</b>	<b>20</b>	<b>273</b>	<b>192</b>

During the financial year ended March 31, 2026 and March 31, 2025 there are no disputed trade payables.

24. Other financial liabilities

Interest accrued but not due on borrowings  
 Interest accrued and due on borrowings  
 Creditors for capital goods  
 Employee benefits payable  
 Advance recovery from employees  
**Total**

	As at	
	March 31, 2026	March 31, 2025
Interest accrued but not due on borrowings	4	-
Interest accrued and due on borrowings		-
Creditors for capital goods		5
Employee benefits payable	18	14
Advance recovery from employees	17	14
<b>Total</b>	<b>39</b>	<b>19</b>

25. Provisions

For warranty  
**Total**

	As at	
	March 31, 2026	March 31, 2025
For warranty	4	4
<b>Total</b>	<b>4</b>	<b>4</b>

Warranty

Warranty provision relates to the estimated outflow in respect of warranty for products sold by the company due to the very nature of such costs it is not possible to estimate the timing / uncertainties relating to the outflows of economic benefits

The Company has following warranty provision in the books of account :

Opening balance  
 Additions during the year  
 Utilised / reversed during the year  
**Closing balance**

	As at	
	March 31, 2026	March 31, 2025
Opening balance	4	2
Additions during the year	4	4
Utilised / reversed during the year	(3)	(2)
<b>Closing balance</b>	<b>4</b>	<b>4</b>

26. Other current liabilities

Statutory dues  
 Advance received from customers  
**Total**

	As at	
	March 31, 2026	March 31, 2025
Statutory dues	29	28
Advance received from customers	3	6
<b>Total</b>	<b>32</b>	<b>35</b>

(All amounts in INR Million, unless otherwise stated)

27a Revenue from contract with customers	For the year ended March 31, 2026	For the year ended March 31, 2025
Sales of products		
<b>Finished goods</b>		
Within India	1,489	1,350
Outside India	89	81
	<b>1,578</b>	<b>1,431</b>
<b>Sales of Services:</b>		
-Within India	60	16
-Outside India	1	1
	<b>61</b>	<b>17</b>
<b>Sub total</b>	<b>1,639</b>	<b>1,447</b>
<b>27b Other operating revenue:</b>		
Scrap sales	18	14
Liabilities / provisions written back to the extent no longer required	1	-
Export incentives	1	1
	<b>20</b>	<b>15</b>
<b>Total</b>	<b>1,659</b>	<b>1,462</b>
<b>28. Other income</b>	For the year ended March 31, 2026	For the year ended March 31, 2025
Dividend income	73	60
Income from government grant [refer note 21]	9	9
Profit on sale of property, plant & equipment	1	1
Interest on Income tax refund	1	-
Net gain/ (loss) on financial instruments at fair value through profit or loss	3	0
Profit on sale of investments in mutual fund	1	0
Exchange fluctuation (net)	3	2
Interest income from financial assets at amortised cost	0	0
Interest		
- banks	1	1
- loan to related parties	1	50
- others	1	1
Miscellaneous income - refer (a) below	0	1
<b>Total</b>	<b>95</b>	<b>126</b>
a) Miscellaneous income Includes:		
(i) Insurance claims received INR NIL Million (PY INR 0.4 Million)		
<b>29. Cost of materials consumed</b>	For the year ended March 31, 2026	For the year ended March 31, 2025
Opening stock of raw materials	74	73
Add : Purchase of raw materials	643	515
Less: Closing stock of raw materials	(104)	(74)
<b>Cost of material consumed</b>	<b>613</b>	<b>514</b>
<b>30. Changes in inventory of finished goods and work in progress</b>	For the year ended March 31, 2026	For the year ended March 31, 2025
<b>(Increase)/ decrease in stock</b>		
Stock at the opening of the year:		
Finished goods	27	18
Work-in-progress	118	105
<b>Total A</b>	<b>145</b>	<b>123</b>
Stock at the end of the year:		
Finished goods	31	27
Work-in-progress	173	118
<b>Total B</b>	<b>204</b>	<b>145</b>
<b>(Increase)/ decrease in stock (A-B)</b>	<b>(59)</b>	<b>(22)</b>

(All amounts in INR Million, unless otherwise stated)

**31. Employee benefits expense**

	For the year ended March 31, 2026	For the year ended March 31, 2025
Salary, wages & bonus	290	251
Contribution to provident & other funds	14	12
Gratuity (Refer note 20)	9	6
Staff welfare and other expenses	19	19
<b>Total</b>	<b>332</b>	<b>289</b>

On 21 November 2025, the Central Government issued four separate notifications in the Official Gazette announcing implementation of four Labour Codes, viz., the Code on Wages, 2019, the Industrial Relations Code, 2020, the Code on Social Security, 2020 and the Occupational Safety, Health and Working Conditions Code, 2020. These four Codes replace and consolidate 29 existing labour laws. Following the implementation of the four Labour Codes, the Central Government has pre-published the draft rules on 31 December 2025 under the respective Labour Codes, for public comment and the final rules are expected to be notified in due course. To ensure smooth implementation, the Ministry of Labour and Employment has also issued the Frequently Asked Questions (FAQs) on the four Codes.

The four Codes prescribe an inclusive definition of the term 'wages', which among other matters is relevant for determination of post-employment benefits including gratuity to all employees. In accordance with the definition, certain specified items forming part of remuneration are not included in the wages and these excluded items cannot exceed 50% of total remuneration. If there is an excess, then it is presumed that excess amount also forms part of wages. The four Codes also introduce changes related to leave entitlement and encashment for workers. Going forward, workers' leave balance in excess of 30 days will be encashed at the end of each calendar year and workers will have a right to demand encashment for entire accumulated leave.

Pursuant to the above, the Company has re-assessed its employee benefits obligation for gratuity and leave encashment; based on an actuarial valuation as at 31 March 2026, additional liability amounting to INR 2.0 Mn towards gratuity and INR 0.4 Mn towards leave encashment has been recognised. Considering that it is emerging topic and the finalisation of Central/State Rules is still pending, the Company will continue monitoring changes and provide appropriate accounting effect as required based on future developments.

**32. Finance costs**

	For the year ended March 31, 2026	For the year ended March 31, 2025
Interest on bank loans	10	12
Interest and finance charges on financial liabilities	3	2
Interest and finance charges on lease liabilities	12	12
Interest on loans from related parties	5	301
<b>Total</b>	<b>30</b>	<b>327</b>

**33. Depreciation and amortization expense**

	For the year ended March 31, 2026	For the year ended March 31, 2025
Property, Plant and Equipment	114	114
Intangible assets	6	2
Right of use assets	39	38
<b>Total</b>	<b>160</b>	<b>155</b>

**34. Other expenses**

	For the year ended March 31, 2026	For the year ended March 31, 2025
Repairs and maintenance :		
Machinery	41	35
Building	7	4
Others	2	1
Electricity, water and fuel	113	115
Consumption of stores & spare parts	103	97
Labour & processing charges	140	112
Amortisation cost of lease rent - vehicles	0	1
Rates & taxes	2	3
Insurance	4	5
Printing and stationery	2	2
Donations	0	0
Travelling expenses	19	16
Freight and forwarding	40	47
Communication expenses	1	1
Water charges	0	0
Commission	4	4
Business promotion	4	1
Bank charges	0	1
Security expenses	8	8
Warranty expenses	4	4
Provision for slow moving inventory	-	0
Auditors remuneration (refer note (a) below)	1	1
Impairment of loans and accrued interest*	2	5
Impairment of Investments**	-	68
Legal & professional expenses	38	24
Provision for doubtful debts / other receivables	1	1
Tool expenses	18	18
Miscellaneous expenses	5	8
Computer and software expenses	8	6
<b>Total</b>	<b>567</b>	<b>589</b>

**\*Impairment of loans and accrued interest**

	For the year ended March 31, 2026	For the year ended March 31, 2025
Loan to Samvardhana Motherson Refrigeration Product Limited	2	5
Interest accrued on loan to Samvardhana Motherson Refrigeration Product Limited	-	0
	<b>2</b>	<b>5</b>

**\*\*Impairment of investments**

	For the year ended March 31, 2026	For the year ended March 31, 2025
Equity investment in Saks Ancillaries Limited	-	68
	<b>-</b>	<b>68</b>

**(a): Payment to auditors:****As Auditor:**

	For the year ended March 31, 2026	For the year ended March 31, 2025
Audit fees	1	1
Other audit and certification work to be done by statutory auditor	0	0
<b>Total</b>	<b>1</b>	<b>1</b>

	For the year ended March 31, 2026	For the year ended March 31, 2025
<b>Income tax expense</b>		
<b>(a) Income tax expense</b>		
<b>Current tax</b>		
Current tax on profit for the year	-	-
Adjustments for current tax of prior periods on completion of assessment	-	-
<b>Total current tax expense</b>	-	-
<b>Deferred tax</b>		
Decrease / (increase) in deferred tax assets (net)	-	-
<b>Total deferred tax expense / (benefit)</b>	-	-
<b>(b) Reconciliation of tax expense and the accounting profit multiplied by India's tax rate</b>		
Profit/(loss) before tax	111	(264)
Applicable tax rate	25.168%	25.168%
Tax amount	28	(66)
Tax effect of amounts which are not deductible in calculating taxable income (net off exempt income)	(1)	(0)
Adjustments for opening balances of prior periods		
Other adjustments (for capital gains)		
Tax effect of unrecognised deferred tax assets	(27)	67
Other adjustments	-	(1)
<b>Income tax expense</b>	-	-
<b>35. Earnings per share :</b>		
<b>a) Basic</b>		
Net profit after tax available for equity shareholders - Annualised	111	(264)
Weighted average number of equity shares used to compute basic and diluted earnings per share	65,47,30,595	44,56,37,344
<b>Basic earnings per share</b>	<b>0.170</b>	<b>(0.592)</b>
<b>b) Diluted</b>		
Net profit after tax available for equity shareholders	111	(264)
Weighted Average number of equity shares used to compute basic earnings per share	65,47,30,595	44,56,37,344
Add: potential equity shares	45,00,000	45,00,000
Weighted average number of equity shares	65,92,30,595	45,01,37,344
<b>Basic earnings per share (absolute figures)</b>	<b>0.170</b>	<b>(0.592)</b>
<b>Diluted earnings per share (absolute figures)</b>	<b>0.168</b>	<b>(0.586)</b>

(All amounts in INR Million, unless otherwise stated)

36. Fair value measurements

i. Financial instruments by category

	For the year ended			For the year ended		
	March 31, 2026			March 31, 2025		
	FVTPL	FVTOCI	Amortised Cost	FVTPL	FVTOCI	Amortised Cost
<b>Financial assets</b>						
Investments*	-	-	20,212	20	-	13,312
Trade receivables*	-	-	385	-	-	311
Cash and bank balances*	-	-	137	-	-	6
Other financial assets*	-	-	38	-	-	35
<b>Total financial assets</b>	-	-	<b>20,772</b>	<b>20</b>	-	<b>13,664</b>
<b>Financial Liabilities</b>						
Borrowings*	-	-	284	-	-	138
Trade payables*	-	-	312	-	-	213
Other financial liabilities*	-	-	41	-	-	21
<b>Total financial liabilities</b>	-	-	<b>637</b>	-	-	<b>371</b>

Fair value hierarchy

Financial assets and liabilities measured at fair value - recurring fair value measurements

	March 31, 2026			March 31, 2025		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
<b>Financial asset</b>						
<b>Financial Investments at FVTPL</b>						
UTI Overnight Fund - Direct Growth Plan	-	-	-	20	-	-
HDFC Overnight Fund	-	-	-	-	-	-
*Aditya Birla Sun Life Fund	-	-	-	-	-	-
<b>Financial Investments</b>						
Investments in Subsidiaries	-	-	17,137	-	-	10,237
Investments in Joint Ventures	-	-	3,053	-	-	3,053
Investments in Associatees	-	-	22	-	-	22
<b>Total</b>	-	-	<b>20,212</b>	<b>20</b>	-	<b>13,312</b>

Assets and liabilities which are measured at amortised cost for which fair values are disclosed

	For the year ended			For the year ended		
	March 31, 2026			March 31, 2025		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
<b>Financial assets</b>						
Other Financial Assets	-	-	38	-	-	35
Loans	-	-	-	-	-	-
<b>Total financial assets</b>	-	-	<b>38</b>	-	-	<b>35</b>
<b>Financial liabilities</b>						
Borrowings	-	-	284	-	-	138
Other financial liabilities	-	-	41	-	-	21
<b>Total financial liabilities</b>	-	-	<b>325</b>	-	-	<b>158</b>

\*The carrying amounts of investments, trade receivables, cash & cash equivalents, other bank balances, borrowings, trade payables and other financial assets and liabilities are considered to be the same as fair value due to their short term maturities.

ii. Fair value of non current financial assets and liabilities measured at amortised cost

	For the year ended		For the year ended	
	March 31, 2026		March 31, 2025	
	Carrying amount	Fair value	Carrying amount	Fair value
<b>Financial Assets</b>				
Loans	-	-	-	-
Other financial assets	36	36	34	34
	<b>36</b>	<b>36</b>	<b>34</b>	<b>34</b>
<b>Financial liabilities</b>				
Borrowings	156	156	15	15
Other financial liabilities	2	2	1	1
	<b>158</b>	<b>158</b>	<b>16</b>	<b>16</b>

The fair value of non-current financial assets and liabilities carried at amortized cost is substantially same as their carrying amount.

Specific valuation technique used to value financial instruments include:

- The use of various valuation methods (including NAV and price of recent investment method).
- The fair value of the remaining financial instruments is determined using discounted cash flow analysis.

### 37. Financial risk management

The company is engaged in manufacturing and sale of broaches, gauge, gear cutting tools, cams, piston roller, powertrain parts and shock absorbers in India and other countries outside India. The regulations, instructions, implementation rules and in particular, the regular communication throughout the tightly controlled management process consisting of planning, controlling and monitoring collectively form the risk management system used to define, record and minimise operating, financial and strategic risks. Below notes explain the sources of risks in which the Company is exposed to and how it manages the risks:

#### Market risk:

Market risk is the risk that the fair value of future cash flows of financial instruments will fluctuate because of changes in market price/rate. Market risk comprises: Price risk, Foreign currency risk, Interest rate risk, Credit risk and Liquidity risk.

#### A Price risk:

Fluctuation in commodity price in global market affects directly and indirectly the price of raw material and components used by the

One of the key raw materials of the Company is cutting tools and sintermetal manufacturing business is High Speed Steel (HSS) and iron powder respectively. There is substantial fluctuations in prices of both the raw materials. If there are substantial fluctuations in the price of raw materials, the Company can mitigate risk through negotiating with suppliers.

The Company is regularly taking initiatives to reduce its raw material costs to meet targets set up by its customers for cost downs.

#### B Foreign currency risk:

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expense is denominated in a foreign currency). The exchange variations in India has mainly impacted the imports.

The company does not have any derivative instruments outstanding at the end of reporting periods and further unhedged foreign currency exposure is given as follows:

#### (i) Particular of unhedged foreign exposure as at the reporting date (Net exposure to foreign currency risk)

	As at March 31, 2026		As at March 31, 2025	
	Payable / (Receivable)		Payable / (Receivable)	
	Amount in Foreign currency	Amount in INR.	Amount in Foreign currency	Amount in INR.
Euro	0	12	0	4
USD	0	3	0	3
Euro	(0)	(6)	(0)	(3)
USD	(0)	(20)	(0)	(12)
GBP	-	-	-	-

#### C Interest rate risk:

Interest rate risk is the risk that the fair value of future cash flows of the financial instruments will fluctuate because of changes in market interest rates. The Company's main interest rate risk arises from long-term borrowings with variable rates, which exposes the Company to

#### (i) Interest rate risk exposure

The exposure of the Company's borrowing to interest rate changes at the end of the reporting period are as follows:

	March 31, 2026	March 31, 2025
Variable rate borrowings	268	123
Fixed rate borrowings	-	-
<b>Total borrowings</b>	<b>268</b>	<b>123</b>

#### (ii) Sensitivity analysis

For floating rate liabilities, the analysis is prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year.

	Impact on profit after tax	
	March 31, 2026	March 31, 2025
Interest rates-increase by 50 basis points*	(0)	(0)
Interest rates-decrease by 50 basis points*	0	0

\* Holding all other variables constant

**D Credit risk:**

The credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations towards the Company and arises principally from the Company's receivables from customers and deposits with banking institutions. The maximum amount of the credit exposure is equal to the carrying amounts of these receivables.

The Company has developed guidelines for the management of credit risk from trade receivables. The Company's primary customers are major Indian automobile manufacturers. Clients are subjected to credit assessments as a precautionary measure, and the adherence of all clients to payment due dates is monitored on an on-going basis, thereby practically eliminating the risk of default.

**E Liquidity risk:**

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial assets. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

**(i) Financing arrangements**

The Company had access to the following undrawn borrowing facilities at the end of the reporting period.

	March 31, 2026	March 31, 2025
Floating rate		
- Expiring within one year (cash credit facility)	52	57

**(ii) Maturities of financial liabilities**

The tables below analyse the Company's financial liabilities into relevant maturity groupings based on their contractual maturities for all non-derivative financial liabilities:

Year Ended March 31, 2026	Upto 1 year	1 to 5 years	More than 5 years	Total
Borrowings	128	16	-	144
Lease Liability	36	93	-	129
Trade payables	312	-	-	312
Other financial liabilities	39	2	-	41
<b>Total non-derivative liabilities</b>	<b>514</b>	<b>112</b>	<b>-</b>	<b>626</b>

Year Ended March 31, 2025	Upto 1 year	1 to 5 years	More than 5 years	Total
Borrowings	123	15	-	138
Lease Liability	24	99	-	122
Trade payables	213	-	-	213
Other financial liabilities	19	1	-	21
<b>Total non-derivative liabilities</b>	<b>379</b>	<b>115</b>	<b>-</b>	<b>494</b>

**38. Capital management**

**(a) Risk management**

The Company's objectives when managing capital is to safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and maintain an optimal capital structure to reduce the cost of capital. Consistent with others in the industry, the Company monitors NET Debt to EBITDA ratio i.e. Net debt (total borrowings including lease liability, net of cash and cash equivalents) divided by EBITDA [Profit/(loss) before tax plus depreciation and amortization expense plus finance costs].

The Company's Net Debt to EBITDA ratios are shown as follows:

	<b>For the year ended March 31, 2026</b>	<b>For the year ended March 31, 2025</b>
Net Debt	276	254
EBITDA	301	218
<b>Net Debt to EBITDA</b>	<b>0.92</b>	<b>1.16</b>

**(b) Loan covenants**

Under the terms of the major borrowing facilities, the Company is required to comply with certain financial covenants and the Company has complied with those covenants throughout the reporting period.

**Samvardhana Motherson Innovative Solutions Limited**

**CIN: U35100MH2006PLC285657**

**Notes to the financial statements for the year ended March 31, 2026**

<b>39 (I) LIST OF RELATED PARTIES AS PER IND AS- 24</b>	
<b>a)</b>	<b>Holding Company</b>
	Samvardhana Motherson International Limited
<b>b)</b>	<b>Subsidiaries of SMISL</b>
1	Samvardhana Motherson Refrigeration Product Limited
2	Motherson Machinery and Automations Limited
3	Motherson Electronic Components Private Limited
4	Samvardhana Motherson Auto System Private Limited
5	Motherson Techno Tools Limited
6	Motherson Electro Components Limited (formerly known as Samvardhana Motherson Advanced Innovations Limited)
7	Motherson Auto Solutions Limited
<b>c)</b>	<b>Joint ventures and associates of SMISL : with whom transactions have taken place</b>
1	Nissin Advanced Coating Indo Co. Pvt. Ltd.
2	Anest Iwata Motherson Private Limited
3	Kyungshin Industrial Motherson Private Limited
<b>d)</b>	<b>Fellow Subsidiaries : with whom transactions have taken place</b>
1	Samvardhana Motherson Global Carriers Limited (SMGCL)
2	SMR Automotive Systems India Limited
3	Motherson Technology Services Limited (formerly MothersonSumi Infotech & Designs Limited) (MTSL)
4	Motherson Air Travel Agencies Limited
5	Youngshin Motherson Auto Tech Limited
6	Samvardhana Motherson Global (FZE)
7	SMRC Automotive Products India Ltd
8	Atsumitec Import and Export Trading (Foshan) Co., Ltd
9	Motherson Atsumitec Automotive System Company Ltd
<b>e)</b>	<b>Joint ventures and associates of holding company: with whom transactions have taken place</b>
1	Marelli Motherson Auto Suspension Parts Pvt Ltd.
<b>f)</b>	<b>Other related parties : with whom transactions have taken place</b>
1	Motherson Auto Limited
2	Motherson Lease Solution Limited
3	Systematic Conscom Limited
4	Nirvana Niche Products Pvt. Ltd.
<b>g)</b>	<b>Directors of the Company</b>
1	Mr. Ashok Tandon
2	Mr. Parthasarathy Srinivasan
5	Mr. Shailesh Prabhakar Prabhune
6	Ms. Lata Unnikrishnan
<b>h)</b>	<b>Other Key Management Personnel of the Company</b>
1	Ms. Ritu Seth, Company Secretary
2	Mr. Kumarpal Jawaharlal Kothari, CFO
3	Mr. Vineet Chandran, Manager

Samvardhana Motherson Innovative Solutions Ltd

Notes to the financial statements for the year ended March 31, 2026

(All amounts in INR Million, unless otherwise stated)

II. Details of transactions, in the ordinary course of business at commercial terms, and balances with related parties as mentioned in 39 (f) above:

(b) Transactions with related parties

SN	Particulars	Transactions with: 1) Directors of the company 2) Other Key Management Personnel of the Company 3) Key Management Personnel of Holding company		Transactions with: Holding Company		Transactions with: 1) Subsidiaries of SMISL 2) Joint ventures and associates of SMISL 3) Fellow Subsidiaries 4) Joint ventures and associates of holding company		Transactions with: Other related parties	
		2025-26	2024-25	2025-26	2024-25	2025-26	2024-25	2025-25	2024-25
1	Sale								
2	Remuneration to Key Managerial persons					9	35		
3	Computer and software expenses								
4	Traveling Expenses					6	7		
5	Professional Charges							12	10
6	Purchase of Goods			7	1	27	13	2	0
7	Operating Lease Rent				0	26	9	0	
8	Business Promotion Expenses							1	2
9	Other Expenses								
10	Repair & Maintenance					29	27	0	
11	Interest Expenses					0	0	3	1
12	Interest Income			7	212	1	88		
13	Rent Paid					1	50		
14	Reimbursement of Expenses Paid			32	32			8	8
15	Reimbursement of expenses			1	2	5	4		
16	Sitting Fee to Directors								0
17	Consultancy Income								
18	Loan Repaid during the year					43			
19	Loan / ICD Given				5,627	40	1,070		
20	Loan / ICD Received back					9	5		
20	Investment in Equity - Done					7	1,000		
20	Investment in Pref Shares					6,900	8,516		
21	Purchase of Fixed Assets								
22	Expenses capitalised					20	4		
23	Dividend Received							14	7
24	Security Deposit Paid						60		
25	Security Deposit Refund received							1	1
26	Loan Taken			140	4,953	40		0	
27	Investment in Equity - Received				9,500				
27	Capital Advance Paid								

(c) Outstanding balances arising from sales / purchases of goods and services

SN	Particulars	Has control or joint control of the reporting entity		Holding Company		The entity and the reporting entity are the members of same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).		Person having significant influence over the entity or is a member of Key Managerial Personnel of the entity (or of parent of the entity)	
		2025-26	2024-25	2025-26	2024-25	2025-26	2024-25	2025-26	2024-25
27	Loan payable			140					
28	Payable for capital goods								
29	Security deposit							2	3
30	Investment in equity shares of subsidiary								
31	Loan to Subsidiary								
32	Payable others (current liabilities)			17	7	38	12	5	1
33	Receivable others (Current Assets)						14		0
34	Prepaid Expenses								
35	Capital Advance Paid								
36	ICD Receivable								
37	Corporate Guarantee			240	240	7	5		

**Samvardhana Motherson Innovative Solutions Ltd**  
**Notes to the financial statements for the year ended March 31, 2026**  
(All amounts in INR Million, unless otherwise stated)

**(c) Loans & advances to / from related parties**

SN	Particulars	Transactions with: Holding Company		Transactions with: 1) Subsidiaries of SMISL 2) Joint ventures and associates of SMISL 3) Fellow Subsidiaries 4) Joint ventures and associates of holding company		Transactions with: Other related parties	
		2025-26	2024-25	2025-26	2024-25	2025-26	2024-25
<b>i.</b>	<b>Security deposits given:</b>						
	Beginning of the year	-	-	-	-	4	6
	Security deposit given	-	-	-	-	1	1
	Security deposits received back	-	-	-	-	0	2
	End of the year	-	-	-	-	5	4
<b>ii. (a)</b>	<b>Loans received</b>						
	Beginning of the year	-	674	-	1,070		
	Loans received	140	4,953	40	-		
	Loans repaid	-	5,627	40	1,070		
	Loans transferred due to merger / transfrd to SMISL	-	-	-	-		
	End of the year	140	-	-	-		
<b>ii. (b)</b>	<b>Interest receivable at beginning of the year</b>	-	-	(0)	-		
	Interest charged	-	-	1	50		
	Impact of Foreign exchange	-	-	-	-		
	Interest received	-	-	1	50		
	TDS deducted	-	-	0	0		
	Transfer from SAMIL			-	-		
	Impairment of interest			-	0		
	Interest receivable at end of the year	-	-	(0)	(0)		
<b>iii (a)</b>	<b>Loans given</b>						
	Beginning of the year	-	-	-	1,000		
	Loans given	-	-	9	5		
	Impact of Foreign exchange	-	-	-	-		
	Ind AS Adjustment			-	-		
	Loans received back	-	-	7	1,000		
	Reversal of impairment			-	-		
	Impairment of Loan	-	-	2	5		
	End of the year	-	-	-	-		
<b>iii. (b)</b>	<b>Interest payable at beginning of the year</b>	-	11	-	36		
	Interest charged	7	212	1	88		
	TDS Paid	1	21	0	9		
	Interest paid	3	202	0	115		
	Interest payable at end of the year	4	-	-	-		

**40. Segment Information:****Description of segments and principal activities**

The Company is primarily in the business of manufacture and sale of components to automotive original equipment manufacturers.

Operating segments are reported in a manner consistent with the internal reporting to the Chief Operating Officer "COO" of the respective division. The COO, who is responsible for allocating resources and assessing performance of the operating segments examines the Company's performance categorised into following segments:

Motherson Advanced Tooling Solutions	Represents division of the Company which is engaged in the business of manufacturing of Gauges and Broaches for Automotive Industry.
Motherson Sintermetal Technology	Represents division of the Company which is engaged in business as manufacturer, developer, exporter, importer, seller, buyers, distributors and assembly and marketing of sintered powder metal parts for automobiles and other industries.
Corporate / Others	Represents operations of the Company that are below the threshold for separate reporting as operating segments

**A. Information about geographical areas:**

The following information discloses revenue from external customers based on geographical areas:

**i) Revenue from external customers**

Motherson Advanced Tooling Solutions  
Motherson Sintermetal Technology  
Corporate / Others

	For the year ended March 31, 2026	For the year ended March 31, 2025
	603	496
	1,012	967
	43	-
	<b>1,658</b>	<b>1,462</b>

India  
Outside India

	1,568	1,381
	90	81
	<b>1,658</b>	<b>1,462</b>

**ii) Segment Assets**

Total of non-current assets other than financial instruments, investment in subsidiaries and joint ventures and deferred tax assets broken down by location of the assets, is shown below:

Motherson Advanced Tooling Solutions Ltd  
Motherson Sintermetal Technology  
Corporate / Others

	For the year ended March 31, 2026	For the year ended March 31, 2025
	565	492
	737	710
	-	-
	<b>1,302</b>	<b>1,202</b>

India  
Outside India

	1,303	1,202
	-	-
	<b>1,303</b>	<b>1,202</b>

**iii) Customer amounting to 10 per cent or more of the Company's revenue.**

Customer 1

	For the year ended March 31, 2026	For the year ended March 31, 2025
	339	300
	<b>339</b>	<b>300</b>

(All amounts in INR Million, unless otherwise stated)

**41. Assets given as security**

The carrying amount of assets given as security for current and non-current borrowings are as follows:

	For the year ended March 31, 2026	For the year ended March 31, 2025
<b>First charge</b>		
<b>Non current:</b>		
Property, plant and equipment (Excluding leasehold land & building)	-	678
Capital Work in Progress	-	151
<b>Total</b>	-	<b>828</b>
<b>Current:</b>		
Inventory	-	313
Trade receivable	-	311
Cash and cash equivalent	-	1
Other current assets	-	3
<b>Total</b>	-	<b>628</b>
Total assets given as security	-	<b>1,457</b>

**Note:**

During FY 2025-26 charge on fixed and current assets have been released and now the facility is secured only against corporate guarantee given by SAMIL

**42. Capital and other commitments**

Capital expenditure contracted at the end of the reporting period but not recognised as liabilities is as follows:

	For the year ended March 31, 2026	For the year ended March 31, 2025
<b>Property, Plant and Equipment</b>		
Estimated value of contracts in capital account remaining to be executed, [Net of Advances of INR 8 million in FY 25-26 (March 31, 2025: INR 101 million)]	98	101
<b>Total</b>	<b>98</b>	<b>101</b>
<b>Other Commitments</b>		
EPCG Export Obligation	28	105

(All amounts in INR Million, unless otherwise stated)

**43. Contingent liabilities:**

	For the year ended March 31, 2026	For the year ended March 31, 2025
a) Sales tax matters	6	6
b) Claims filed by workers	1	1
c) EPCG Grant	4	12
d) TDS Receivable	0	0
e) Bank guarantees	6	6
<b>Total</b>	<b>17</b>	<b>26</b>

a) The department has sought to levy VAT @ 14.5% (FY 2015-16 INR 0.6 million, FY 2016-17 INR 4.6 million and FY 2017-18 INR 0.7 million) on certain products manufactured by the MATS Division, Noida, UP. The Company protested this before commissioner Appeals, Noida, UP, on the grounds that the VAT rate for these products is 5% and in earlier years also the said rate of 5% was charged and accepted by the Department; the appeals were rejected by Commissioner Appeals vide its Order Dt. 18/04/2024. Thereafter the company filed an appeal before Tribunal Appeals, Noida, UP Dt. 21/05/2024 and currently these are pending before the said Tribunal.

b) Includes amount deposited in Labour Court in respect of a dispute with ex-employee(s): as at March 31, 2026: INR 1.5 million (as at March 31, 2025: INR 1.3 million ).

c) During FY 2019-20 MATS Division had imported one CNC Broach profile grinder machine under EPCG scheme; the custom duty saved, INR 18 million which has been shown under Government grant. As at March 31, 2026, the company has completed 100% of the Export obligation against this.

During FY 2022-23 MATS Division had imported one CNC Broach cylindrical grinding machine under EPCG scheme; the custom duty saved, INR 21 million which has been shown under Government grant. As at March 31, 2026, the company has completed 84.5% of the Export obligation against this.

d) TDS Credit for AY 2022-23 of INR 0.2 million adjusted by the department against demand for AY 2020-21, for which rectification application has been filed.

**44. Due's to Micro and Small enterprises**

The Company has certain dues to suppliers registered under Micro, Small and Medium Enterprises Development Act, 2006 ('MSMED Act'). The principal amount due (provided in the books of accounts) and interest thereon (not provided in the books of accounts) is as follows:

Particulars	March 31, 2026	March 31, 2025
Principal amount due to suppliers registered under the MSMED Act and remaining unpaid as at year end	39	20
Interest due to suppliers registered under the MSMED Act and remaining unpaid as at year end	1	1
Principal amounts paid to suppliers registered under the MSMED Act, beyond the appointed day during the year	57	71
Interest paid, other than under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year	-	-
Interest paid, under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year	-	-
Interest due and payable towards suppliers registered under MSMED Act, for payments already made	-	-
Further interest remaining due and payable for earlier years	-	-

Ageing schedule of dues to micro and small enterprises is given at Note 23 - Trade payables and in respect of payables beyond 45 days, the vendors have not provided documentary evidence such as proof of delivery and/or GST compliance; therefore, there is no interest liability.

45. Ind AS 115 Revenue from Contracts with Customers

Impact of application of Ind AS 115 Revenue from Contract with Customer.

i. The provision recognised on trade receivables arising from an entity's contracts with customers.

Movement of provision

	For the year ended March 31, 2026	For the year ended March 31, 2025
Opening Balance	7	7
Less: Written back		-
Less: Utilised during the year	-	(0)
Add: Provided at the end of year	1	0
Closing balance	8	7

ii. Disaggregation of revenue from contracts with customers

Segments

Revenue by Geography

	For the year ended March 31, 2026	For the year ended March 31, 2025
In India	1,568	1,381
Outside India	90	81
<b>Total revenue from contract with customers</b>	<b>1,658</b>	<b>1,462</b>

Revenue by major product lines

	For the year ended March 31, 2026	For the year ended March 31, 2025
Sale of product	1,597	1,446
Sale of services	61	17
<b>Total revenue from contract with customers</b>	<b>1,658</b>	<b>1,462</b>

Timing of revenue recognition

	For the year ended March 31, 2026	For the year ended March 31, 2025
At a point in time	1,658	1,462
Over time	-	-
<b>Total revenue from contract with customers</b>	<b>1,658</b>	<b>1,462</b>

iii. Contract Balances

The following table provides information about receivables and contract liabilities from contracts with customers.

	For the year ended March 31, 2026	For the year ended March 31, 2025
Receivables net of allowance for credit impaired (Unconditional right to consideration)	385	311
Contract liabilities	3	6

iv. Revenue from contracts with customers

Revenue recognised from

	For the year ended March 31, 2026	For the year ended March 31, 2025
Amounts included in contract liabilities at the beginning of the year	6	5

46. Ratio Analysis

Ratio	Numerator	Denominator	For the year ended 31st March, 2026	For the year ended 31st March, 2025	Variance %	Reason for variance for more than 25%
Current Ratios	Current Assets	Current Liabilities	2.30	2.38	-3.4%	
Debt- Equity Ratio	Debt	Shareholder's Equity	0.01	0.00	619.8%	Combined effect of: 1) Increase in debt due to new loans taken from SAMIL: INR 140 million 2) Increase in equity capital on account of equity infusion during the year: INR 6,900 million
Debt Service Coverage ratio	Earnings available to Debt service	Debt Service	5.14	0.82	527.3%	Decrease in interest expenses during the year ended 31st March 2026 by INR 297 million due to repayment of loans of INR 1,744 million in Q4 of FY 2024-25
Return on Equity ratio	Profit/(loss) after tax	Shareholder's Equity	0.61%	-2.63%	123.3%	1) Profit in FY 2025-26 of INR 111 million whereas there was Loss in FY 2024-25 of INR 264 million. 2) Increase in Equity capital in FY 2025-26 by INR 6,900 million.
Inventory Turnover ratio	Cost of goods sold	Average Inventories	5.00	5.74	12.8%	
Trade Receivable Turnover Ratio	Revenue from contract with customers	Average Trade Receivable	5.58	6.41	-13.0%	
Trade Payable Turnover Ratio	Net Credit Purchases	Average Trade Payables	2.45	2.61	-6.0%	
Net Capital Turnover Ratio	Revenue from contract with customers	Average Working Capital	4.71	6.07	-22.3%	
Net Profit ratio	Profit/(loss) after tax	Revenue from Operations	6.33%	16.61%	138.1%	1) Profit in FY 2025-26 of INR 111 million whereas there was Loss in FY 2024-25 of INR 264 million
Return on Capital Employed	Earning before interest and tax	Average Capital Employed	0.77%	0.57%	34.9%	1) Profit in FY 2025-26 of INR 111 million whereas there was Loss in FY 2024-25 of INR 264 million 2) Increase in Equity capital in FY 2025-26 by INR 6,900 million
<b>Return on Investment:</b>						
A) Return on investments in subsidiaries, joint ventures and associates	Dividend Received	Average Investments	0.4%	0.7%	-33.9%	1) Increase in investment during FY 2025-26 by INR 6,900 million
B) Return on Loans given	Interest received / accrued	Average Loans given	13.8%	9.9%	39.3%	
C) Return on current Investments	Profit / Gain	Average Investments	60%	3%	1342.0%	Primarily due to higher fair value gain on investments in mutual funds

**47. Disclosure under Ind AS 116 Leases**

The Company assesses each lease contract and if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration, the Company recognises the right to use assets and lease liabilities for those lease contracts except for short-term lease and lease of low-value assets.

The Company has lease arrangements for buildings and vehicles, with lease terms of three to five years. The Company applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for land/premises leases.

**Impact Assessment of Ind AS 116**

(i) Impact on the statement of financial position (increase/(decrease))	For the year ended	For the year ended
	March 31, 2026	March 31, 2025
<b>Assets</b>		
Property, plant and equipment (right-of-use assets)	115	115
Less : Prepayment	-	-
Deferred tax assets	-	-
<b>Total</b>	<b>115</b>	<b>115</b>
<b>Liabilities</b>		
Lease liabilities	129	122
<b>Total</b>	<b>129</b>	<b>122</b>
<b>Net Impact on equity</b>	<b>(14)</b>	<b>(7)</b>

(ii) Impact on the statement of profit or loss (increase/(decrease))	For the year ended	For the year ended
	March 31, 2026	March 31, 2025
Lease rent	41	40
Depreciation expense	(36)	(35)
Finance Cost	(12)	(12)
Deferred tax assets	-	-
	<b>(7)</b>	<b>(6)</b>

**Other disclosures**

Commitment for short term lease

**Short-term and/ or low value leases**

Rent Office and others	-	-
Machinery	-	-

Samvardhana Motherson Innovative Solutions Limited

CIN: U35100MH2006PLC285657

Notes to the financial statements for the year ended March 31, 2026

(All amounts in INR Million, unless otherwise stated)

**48 Proposed demerger of Automotive Manufacturing & Services Business\* of the Company (hereafter referred to as the demerged company), and, then the amalgamation of Motherson Machinery and Automation Limited (MMAL) into and with the demerged Company ; the Automotive Manufacturing & Services Business of the Company shall be merged with SAMIL.**

The Board of Directors at their meeting held on February 7, 2025 approved a Composite Scheme of Arrangement between Samvardhana Motherson Auto System Private Limited (SMAS / Amalgamating Company 1) and Motherson Machinery And Automations Limited (MMAL / Amalgamating Company 2) and Samvardhana Motherson Innovative Solutions Limited (SMISL / Demerged Company / Amalgamated Company 2) and Samvardhana Motherson International Limited (SAMIL / Resulting Company / Amalgamated Company 1) and their respective shareholders under Sections 230 to 232 of the Companies Act, 2013 and other applicable provisions of the Companies Act, 2013, read with Sections 2(19AA) or 2(1B) of the Income Tax Act, 1961 which, inter-alia, provides for demerger of Automotive Manufacturing & Services Business\* of the Company (hereafter referred to as the demerged company), and, then the amalgamation of Motherson Machinery and Automation Limited (MMAL) into and with the demerged Company. The Automotive Manufacturing & Services Business of the Company shall be merged with SAMIL.

\*[Automotive Manufacturing & Services Business means and includes all the activities, business and operations in relation to automotive manufacturing, sale, services etc. including those relating to Motherson Sintermetal Technology, a division of SMISL and Motherson Advanced Tooling Solutions, a division of SMISL, segments as reported in the financial statements, and investments, subsidiaries, joint ventures, associates engaged in business and operations in relation to automotive manufacturing, sale, services etc.]

The Appointed Date as per the Composite Scheme of Arrangement shall be April 1, 2024 or such other date as may be approved by the Tribunal/other appropriate authority and accepted by the Board of Directors. The application for the Composite Scheme of Arrangement has been filed with the National Company Law Tribunal, Mumbai Bench on March 6, 2025 and proceedings pending / orders awaited.

**49 Other Statutory Information**

- (i) There are no proceedings that have been initiated or pending against the company for holding any Benami property under the Benami Transactions (Prohibition) Act, 1988 and rules thereunder.
- (ii) There are no transactions with companies that are struck off under Section 248 of the Companies Act, 2013 or Section 560 of the Companies Act, 1956.
- (iii) The Company does not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period.
- (iv) The Company has not traded or invested in Crypto currency or Virtual Currency during the financial year.
- (v) The Company has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:
  - (a) 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
  - (b) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries
- (vi) The Company has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall:
  - (a) 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
  - (b) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries,
- (vii) The Company does not have any such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961.
- (viii) The Company has not been declared as wilful defaulter by any bank or financial institutions or any other lender.
- (ix) The Company has not revalued its Property, Plant and equipment (including Right-of-Use Assets) and intangible assets during the year.
- (x) Immovable property disclosed in the financial statements comprise leasehold land under a long-term lease from government authorities and building constructed thereon; the lease deed of the said land is duly executed in favour of the Company and the building constructed thereon is held in the name of the Company.
- (xi) The Company is compliant in respect of investment in its subsidiaries with regard to the number of layers

**50 Audit trail:**

The Company has used accounting software for maintaining its books of account which has a feature of recording audit trail (edit log) facility and the same has operated throughout the year for all relevant transactions recorded in the software. Further, there are no instance of audit trail feature being tampered with. Additionally, the audit trail of relevant prior years has been preserved by the Company as per statutory requirements for record retention.

**51** Amount appearing as zero "0" in the financial statements are below the rounding off norm adopted by the Company.

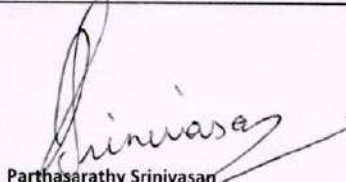
**52** The average net profits made during the immediately preceding three financial years computed in accordance with section 198 of The Companies Act, 2013 result in a loss; hence, the Company is not obligated to incur any expenditure for Corporate Social Responsibility.

**53** Corresponding figures of previous year are regrouped/rearranged wherever necessary to confirm to the current year classification.

For and on behalf of the Board

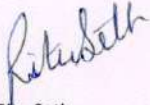


Ashok Tandon  
Director  
DIN : 00032733



Parthasarathy Srinivasan  
Director  
DIN : 01039931

As per our report of even date  
For R K Khanna & Co.  
Chartered Accountants  
FRN: 000033N



Ritu Seth  
Company Secretary  
PAN : AVYPS9758C



Kumarpal Kothari  
CFO  
PAN : AOMP8049R



Vineeth Chandran  
Manager  
PAN : ACDPC4816F

Vipin Bali  
Partner  
M. No. 083436

Place : Noida  
Date : 24/04/2026