B S R & Co. LLP
Chartered Accountants

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# INDEPENDENT AUDITORS' REPORT

**To the Members of Hyundai Motor India Engineering Private Limited**

## Report on the Audit of the Financial Statements

### Opinion

We have audited the financial statements of **Hyundai Motor India Engineering Private Limited** ("the Company"), which comprise the balance sheet as at March 31, 2021, and the statement of profit and loss (including other comprehensive income), statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of the significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2021, and profit and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

### Basis for Opinion

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

### Other information

The Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the Company's Board Report including annexures to the Board Report, but does not include the financial statements and our auditors' report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Management's and Board of Directors' Responsibility for the Financial Statements

The Company's Management and Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the state of affairs, profit/loss and other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

### Auditor's Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures in the financial statements made by the Management and Board of Directors.

- Conclude on the appropriateness of the Management and Board of Directors use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

**Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditors' Report) Order, 2016 ("the Order") issued by the Central Government in terms of section 143 (11) of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

2.(A) As required by Section 143(3) of the Act, we report that:

a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

c) The balance sheet, the statement of profit and loss (including other comprehensive income), the statement of changes in equity and the statement of cash flows dealt with by this Report are in agreement with the books of account.

d) In our opinion, the aforesaid financial statements comply with the Ind AS specified under section 133 of the Act.

e) On the basis of the written representations received from the directors as on March 31, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2021 from being appointed as a director in terms of Section 164(2) of the Act.

f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".

(B) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

i. The Company has disclosed the impact of pending litigations as at March 31, 2021 on its financial position in its financial statements - Refer Note 30 to the financial statements;

ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

iv. The disclosures in the financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in these financial statements since they do not pertain to the financial year ended March 31, 2021.

(C) With respect to the matter to be included in the Auditors' Report under section 197(16):

In our opinion and according to the information and explanations given to us, the remuneration paid by the Company to its directors during the current year is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us.

*for* **B S R & Co. LLP**
*Chartered Accountants*
Firm's Registration No: 101248W/W-100022

**Satish Vaidyanathan**
*Partner*
Membership No. 217042
ICAI UDIN: 21217042AAAABQ3656

Place: Chennai
Date: July 26, 2021

**Annexure A to the Independent Auditors' Report to the members of Hyundai Motor India Engineering Private Limited on the Audit of the Financial Statements for the year ended March 31, 2021**
(Referred to in our report of even date)



(i) a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets;

b) The Company has a regular programme of physical verification of its fixed assets, by which fixed assets are verified every year. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. According to the information and explanation given to us, no material discrepancies were noticed on such verification and have been dealt with in the books of account.

c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties as disclosed in Note 4A are held in the name of the Company as at March 31, 2021.

(ii) The Company is a service company, primarily rendering consulting engineering services. Accordingly, as at March 31, 2021, it does not hold any physical inventories. Thus, paragraph 3 (ii) of the Order is not applicable to the Company.

(iii) According to the information and explanation given to us, the Company has not granted any secured or unsecured loans to companies, firms, limited liability partnerships or other parties covered in the register maintained under section 189 of the Act. Accordingly, paragraph 3 (iii) of the said Order is not applicable.

(iv) According to the information and explanation given to us, the Company has not granted any loan, investments, guarantees or security which requires compliance under Section 185 and Section 186 of the Act. Accordingly, paragraph 3(iv) of the Order is not applicable.

(v) In our opinion and according to the information and explanation given to us, the Company has not accepted any deposits within the meaning of section 73, 74, 75 and 76 of the Act and rules framed there under to the extent notified. Accordingly, paragraph 3(v) of the Order is not applicable.

(vi) The Central Government has not prescribed the maintenance of cost records under section 148(1) of the Act, for any of the services rendered by the Company. Accordingly, paragraph 3(vi) of the Order is not applicable to the Company.

(vii) a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including provident fund, employees' state insurance, income-tax, duty of customs, goods and services tax and other material statutory dues have been regularly deposited during the year by the Company with the appropriate authorities.

According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, sales tax, service tax, duty of customs, duty of excise, value added tax, goods and services tax and other material statutory dues were in arrears as at March 31, 2021 for a period of more than six months from the date they became payable.

**Annexure A to the Independent Auditors' Report to the members of Hyundai Motor India Engineering Private Limited on the Audit of the Financial Statements for the year ended March 31, 2021**
(Referred to in our report of even date)



b) According to the information and explanation given to us, following dues in respect of income tax have not been deposited by the Company with the appropriate authorities on account of dispute:

| Name of the statue | Nature of dues | Amount disputed (in INR million) | Amount paid under protest (in INR million) | Disputed but not deposited (in INR million) | Period to which the amount relates (FY) | Forum where dispute is pending |
|---|---|---|---|---|---|---|
| Income-tax Act, 1961 | Income tax | 27.67 | 7.01 | 20.66 | 2010-11 | High Court |
| Income-tax Act, 1961 | Income tax | 53.65 | 18.59 | 35.06 | 2011-12 | Assessing Officer |
| Income-tax Act, 1961 | Income tax | 24.33 | - | 24.33 | 2012-13 | Assessing Officer |
| Income-tax Act, 1961 | Income tax | 18.02 | 5.00 | 13.02 | 2013-14 | Assessing Officer |
| Income-tax Act, 1961 | Income tax | 85.08 | 24.00 | 61.08 | 2014-15 | Commissioner of Income Tax (Appeals)/Income Tax Appellate Tribunal |
| Income-tax Act, 1961 | Income tax | 101.07 | - | 101.07 | 2015-16 | Income Tax Appellate Tribunal |
| Income-tax Act, 1961 | Income tax | 76.93 | - | 76.93 | 2016-17 | Dispute Resolution Panel |

(viii) In our opinion and according to the information and explanations given to us, the Company does not have any loans or borrowings from banks, financial institutions or government nor it has issued any debentures as at March 31, 2021. Accordingly, paragraph 3(viii) of the Order is not applicable to the Company.

(ix) In our opinion and according to the information and explanations given to us and on the basis of our examination of the books of account, the Company has not raised any moneys by way of initial public offer or further public offer (including debt instruments) or term loans. Accordingly, reporting under paragraph 3(ix) of the Order is not applicable to the Company.

(x) According to the information and explanations given to us, no material fraud by the Company or no material fraud on the Company by its officers or employees has been noticed or reported during the course of our audit.

**Annexure A to the Independent Auditors' Report to the members of Hyundai Motor India Engineering Private Limited on the Audit of the Financial Statements for the year ended March 31, 2021**
(Referred to in our report of even date)



(xi) According to the information and explanations given to us and based on our examination of records of the Company, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.

(xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.

(xiii) According to the information and explanations given to us and based on our examination of the books of account of the Company, transactions entered by the Company with the related parties during the year are in compliance with section 188 of the Act where applicable and the details of such related party transactions have been disclosed in the financial statements as required by the applicable accounting standards. Section 177 to the Act is not applicable to the Company.

(xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, paragraph 3 (xiv) of the Order is not applicable.

(xv) According to the information and explanations given to us, the Company has not entered into any non-cash transactions with any of its directors or persons connected with the directors during the year. Accordingly, paragraph 3(xv) of the Order is not applicable.

(xvi) According to the information and explanations given to us, the Company is not engaged in any businesses that requires it to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, paragraph 3(xvi) of the Order is not applicable.

*for* **B S R & Co. LLP**
*Chartered Accountants*
Firm's Registration No: 101248W/W-100022

**Satish Vaidyanathan**
*Partner*
Membership No. 217042
ICAI UDIN: 21217042AAAABQ3656

Place: Chennai
Date: July 26, 2021

**Annexure B to the Independent Auditors' report to the members of Hyundai Motor India Engineering Private Limited for the period ended March 31, 2021**

**Report on the internal financial controls with reference to the aforesaid financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013**

(Referred to in paragraph 2(A)(f) under 'Report on other legal and regulatory requirements' section of our report of even date)



**Opinion**

We have audited the internal financial controls with reference to financial statements of **Hyundai Motor India Engineering Private Limited** ("the Company") as of March 31, 2021 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at March 31, 2021, based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

**Management's responsibility for internal financial controls**

The Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 (hereinafter referred to as "the Act").

**Auditors' responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were established and maintained and whether such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of such internal financial controls, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk.

**Annexure B to the Independent Auditors' report to the members of Hyundai Motor India Engineering Private Limited for the period ended March 31, 2021**

(Referred to in paragraph 2(A)(f) under 'Report on other legal and regulatory requirements' section of our report of even date)



The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

**Meaning of internal financial controls with reference to financial statements**

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

**Inherent limitations of internal financial controls with reference to financial statements**

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

*for* **B S R & Co. LLP**
*Chartered Accountants*
Firm's Registration No: 101248W/W-100022

**Satish Vaidyanathan**
*Partner*
Membership No. 217042
ICAI UDIN: 21217042AAAABQ3656

Place: Chennai
Date: July 26, 2021

## Hyundai Motor India Engineering Private Limited

**Balance Sheet as at March 31, 2021**

*(All amounts are in Indian ₹ million except share data and as stated)*

| | Note | As at March 31, 2021 | As at March 31, 2020 |
|---|---|---|---|
| **Assets** | | | |
| **Non-current assets** | | | |
| Property, plant and equipment | 4A | 731.08 | 795.25 |
| Capital work-in-progress | 4B | 213.61 | 68.39 |
| Intangible assets | 4C | 94.39 | 49.37 |
| Intangible assets under development | 4D | 2.82 | - |
| Other financial assets | 5 | 8.66 | 19.10 |
| Non-current tax assets (net) | 6 | 118.53 | 118.53 |
| Deferred tax assets (net) | 7 | 148.37 | 114.68 |
| Other non-current assets | 8 | 79.88 | 71.97 |
| **Total non-current assets** | | **1,397.34** | **1,237.29** |
| **Current assets** | | | |
| Financial assets | | | |
| Trade receivables | 9 | 263.76 | 401.00 |
| Cash and cash equivalents | 10(a) | 433.76 | 524.84 |
| Bank balances other than cash and cash equivalents | 10(b) | 1,024.00 | 743.44 |
| Loans | 11 | 7.50 | 6.65 |
| Others | 5 | 75.14 | 56.20 |
| Other current assets | 8 | 512.23 | 383.84 |
| **Total current assets** | | **2,316.39** | **2,115.97** |
| **Total assets** | | **3,713.73** | **3,353.26** |
| **Equity and liabilities** | | | |
| **Equity** | | | |
| Equity share capital | 12 | 1,370.00 | 1,370.00 |
| Other equity | 13 | 1,811.97 | 1,496.46 |
| **Total equity** | | **3,181.97** | **2,866.46** |
| **Liabilities** | | | |
| **Non-current liabilities** | | | |
| Provisions | 14 | 264.80 | 67.80 |
| **Total non-current liabilities** | | **264.80** | **67.80** |
| **Current liabilities** | | | |
| Financial liabilities | | | |
| Trade payables | 17(a) | | |
| total outstanding dues of micro enterprises and small enterprises | | 2.26 | 0.15 |
| total outstanding dues of creditors other than micro enterprises and small enterprises | | 132.33 | 159.64 |
| Others | 17(b) | 50.60 | 36.83 |
| Provisions | 14 | 43.16 | 179.38 |
| Other current liabilities | 15 | 37.04 | 43.00 |
| Current tax liabilities (net) | 16 | 1.57 | - |
| **Total current liabilities** | | **266.96** | **419.00** |
| **Total equity and liabilities** | | **3,713.73** | **3,353.26** |

Significant accounting policies. 2

The notes referred to above form an integral part of these financial statements.

As per our report of even date attached.

*for* **B S R & Co. LLP**
*Chartered Accountants*
Firm's Registration No. 101248W/W-100022

**Satish Vaidyanathan**
*Partner*
Membership No. 217042

Place : Chennai
Date : July 26, 2021

for and on behalf of the Board of Directors of
**Hyundai Motor India Engineering Private Limited**

**Yi Kuen Han**
*Managing Director*
DIN: 09032171

**Junghwan Lee**
*Director and CFO*
DIN: 08360477

**M V Vidya**
*Company Secretary*
Membership Number: 7296

Place : Hyderabad
Date : July 26, 2021

## Hyundai Motor India Engineering Private Limited

**Statement of Profit and Loss for the year ended March 31, 2021**

*(All amounts are in Indian ₹ million except share data and as stated)*

| | Note | Year ended March 31, 2021 | Year ended March 31, 2020 |
|---|---|---|---|
| **Income** | | | |
| Revenue from operations | 18 | 3,201.69 | 3,240.03 |
| Other income | 19 | 55.71 | 106.02 |
| **Total income** | | **3,257.40** | **3,346.05** |
| **Expenses** | | | |
| Employee benefits expense | 20 | 1,626.52 | 1,578.52 |
| Depreciation and amortisation expense | 4A / 4C | 294.50 | 276.27 |
| Other expenses | 21 | 865.24 | 990.37 |
| **Total expenses** | | **2,786.26** | **2,845.16** |
| **Profit before tax** | | **471.14** | **500.89** |
| **Tax expense** | | | |
| Current tax | 28 | 158.60 | 150.50 |
| Deferred tax benefit | 28 | (25.96) | (7.16) |
| **Total tax expense** | | **132.64** | **143.34** |
| **Profit for the year** | | **338.50** | **357.55** |
| **Other comprehensive loss** | | | |
| Items that will not be reclassified subsequently to the statement of profit and loss: | | | |
| - Remeasurements of the defined benefit liabilities / (asset) | | (30.72) | (7.94) |
| - Income tax relating to items that will not be reclassified to profit or loss | | 7.73 | 2.31 |
| **Total other comprehensive loss** | | **(22.99)** | **(5.63)** |
| **Total comprehensive income for the year** | | **315.51** | **351.92** |
| Earnings per equity share of ₹ 1,000 each | 23 | | |
| Basic | | 247.08 | 260.99 |
| Diluted | | 247.08 | 260.99 |
| Significant accounting policies | 2 | | |

The notes referred to above form an integral part of these financial statements.

As per our report of even date attached.

*for* **B S R & Co. LLP**
*Chartered Accountants*
Firm's Registration No. 101248W/W-100022

**Satish Vaidyanathan**
*Partner*
Membership No. 217042

Place : Chennai
Date : July 26, 2021

for and on behalf of the Board of Directors of
**Hyundai Motor India Engineering Private Limited**

**Yi Kuen Han**
*Managing Director*
DIN: 09032171

**Junghwan Lee**
*Director and CFO*
DIN: 08360477

**M V Vidya**
*Company Secretary*
Membership Number: 7296

Place : Hyderabad
Date : July 26, 2021

## Hyundai Motor India Engineering Private Limited
**Statement of Cash Flows for the year ended March 31, 2021**
*(All amounts are in Indian ₹ million except share data and as stated)*

| | Note | Year ended March 31, 2021 | Year ended March 31, 2020 |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Profit for the year | | 338.50 | 357.55 |
| *Adjustments:* | | | |
| Interest received on fixed and other deposits | | (45.40) | (57.69) |
| Profit on sale of property, plant and equipment | | (3.91) | (2.66) |
| Unrealised foreign exchange (gain) / loss (net) | | (1.62) | (25.54) |
| Depreciation and amortisation expense | | 294.50 | 276.27 |
| Tax expense | | 132.64 | 143.34 |
| **Operating cash flows before working capital changes** | | **714.71** | **691.27** |
| *Adjustments:* | | | |
| (Increase)/ decrease in trade receivables | | 132.27 | (128.82) |
| (Increase)/ decrease in other financial assets, contract assets and loans - financial assets (current) | | (11.51) | (21.15) |
| (Increase)/ decrease in other assets | | (118.79) | (32.03) |
| Increase/ (decrease) in trade payables | | (25.06) | 48.32 |
| Increase/ (decrease) in provisions | | 30.06 | 20.88 |
| Increase/ (decrease) in other current liabilities | | 11.23 | 7.83 |
| **Cash flows from operating activities** | | **732.91** | **586.30** |
| Income taxes paid (net) | | (157.03) | (164.35) |
| **Net cash from operating activities** | | **575.88** | **421.95** |
| **Cash flows from investing activities** | | | |
| Purchase of property, plant and equipment | | (444.36) | (378.94) |
| Proceeds on sale of property, plant and equipment | | 3.94 | 3.06 |
| Interest income received | | 47.56 | 58.16 |
| Investment in term deposits (having original maturity of more than 3 months) | | (1,778.03) | (1,420.34) |
| Redemption/maturity of term deposits (having original maturity of more than 3 months) | | 1,497.47 | 1,195.12 |
| **Net cash used in investing activities** | | **(673.42)** | **(542.94)** |
| **Cash flows from financing activities** | | - | - |
| **Net cash flows from financing activities** | | - | - |
| **Net (decrease) / increase in cash and cash equivalents** | | (97.54) | (120.99) |
| Cash and cash equivalents as at beginning of the year | | 524.84 | 625.01 |
| Effect of exchange rate fluctuations on cash and cash equivalents held | | 6.46 | 20.82 |
| **Cash and cash equivalents as at end of the year** | | **433.76** | **524.84** |
| **Reconciliation of cash and cash equivalents as per the cash flow statement** | | | |
| Cash and cash equivalents as at end of the year | 10(a) | 433.76 | 524.84 |
| | | **433.76** | **524.84** |
| **Cash and cash equivalents as per note 10(a)** | | **433.76** | **524.84** |

## Hyundai Motor India Engineering Private Limited

**Statement of Cash Flows for the year ended March 31, 2021**

*(All amounts are in Indian ₹ million except share data and as stated)*

**Notes:**

a) The above Statement of cash flows has been prepared using indirect method as set out in the Indian Accounting Standard (Ind AS 7) - Statement of Cash Flows.

| | As at March 31, 2021 | As at March 31, 2020 |
|---|---|---|
| b) Cash and cash equivalents comprise of (refer note 10(a)) | | |
| Balances with banks | | |
| - in current accounts | 13.71 | 70.67 |
| - in EEFC accounts | 87.91 | 250.62 |
| - deposits with maturity of less than three months | 332.14 | 203.50 |
| Cash on hand | - | 0.05 |
| **Cash and cash equivalents** | **433.76** | **524.84** |

Significant accounting policies 2

The notes referred to above form an integral part of these financial statements.

As per our report of even date attached.

*for* **B S R & Co. LLP**
*Chartered Accountants*
Firm's Registration No. 101248W/W-100022

**Satish Vaidyanathan**
*Partner*
Membership No. 217042

Place : Chennai
Date : July 26, 2021

for and on behalf of the Board of Directors of
**Hyundai Motor India Engineering Private Limited**

**Yi Kuen Han**
*Managing Director*
DIN: 09032171

**Junghwan Lee**
*Director and CFO*
DIN: 08360477

**M V Vidya**
*Company Secretary*
Membership Number: 7296

Place : Hyderabad
Date : July 26, 2021

## Hyundai Motor India Engineering Private Limited

**Statement of Changes in Equity for the year ended March 31, 2021**

*(All amounts are in Indian ₹ million except share data and as stated)*

**A. Equity share capital**

| | No. of shares | Amount |
|---|---|---|
| As at April 1, 2019 | 1,370,000 | 1,370 |
| Changes in equity during the year 2019-20 | - | - |
| As at March 31, 2020 | 1,370,000 | 1,370 |
| Changes in equity during the year 2020-21 | - | - |
| **As at March 31, 2021** | **1,370,000** | **1,370** |

| **B. Other equity** | **Retained earnings** | **Total** |
|---|---|---|
| As at April 1, 2019 | 1,144.54 | 1,144.54 |
| Profit for the year | 357.55 | 357.55 |
| Other comprehensive loss for the year | (5.63) | (5.63) |
| **As at March 31, 2020** | **1,496.46** | **1,496.46** |
| Profit for the year | 338.50 | 338.50 |
| Other comprehensive income for the year | (22.99) | (22.99) |
| **As at March 31, 2021** | **1,811.97** | **1,811.97** |

The notes referred to above form an integral part of the financial statements.

As per our report of even date attached.

*for* **B S R & Co. LLP**
*Chartered Accountants*
Firm's Registration No. 101248W/W-100022

**Satish Vaidyanathan**
*Partner*
Membership No. 217042

Place : Chennai
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for and on behalf of the Board of Directors of
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**Yi Kuen Han**
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**M V Vidya**
*Company Secretary*
Membership Number: 7296

Place : Hyderabad
Date : July 26, 2021

## 1. Corporate information

Hyundai Motor India Engineering Private Limited ('the Company') was incorporated on November 9, 2006 and started commercial operations with effect from January 1, 2007. The Company is a wholly owned subsidiary of Hyundai Motor India Limited. The Ultimate Holding Company is Hyundai Motor Company, South Korea. The Company is located at Hyderabad and is primarily engaged in consulting engineering services.

## 2. Significant accounting policies

### 2.1 Statement of compliance and basis of preparation

The financial statements for the Company have been prepared and presented in accordance with the Generally Accepted Accounting Principles (GAAP). GAAP comprises of Indian Accounting Standards (Ind AS) as specified in Sec 133 of the Act read together with Rule 4 of Companies (Indian Accounting Standards) Rules 2015 and Rule 4 of Companies (Indian Accounting Standards) Amendment Rules 2016 to the extent applicable, pronouncements of regulatory bodies applicable to the Company and other provisions of the Act.

Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to existing accounting standard requires a change in the accounting policy hitherto in use.

The financial statements are presented in Indian ₹ (INR), the functional currency of the Company. Items included in the financial statements of the Company are recorded using the currency of the primary economic environment in which the Company operates (the 'functional currency').

### 2.2 Basis of measurement

These financial statements have been prepared on the historical cost basis, except for certain financial instruments which are measured at fair values at the end of each reporting period, as explained in accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

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, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

(i) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
(ii) Level 2 inputs are other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
(iii) Level 3 inputs are unobservable inputs for the asset or liability.

### 2.3 Use of estimates and judgements

Inherent in the application of many of the accounting policies used in preparing the Financial Statements is the need for Management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported amounts of revenues and expenses. Actual outcomes could differ from the estimates and assumptions used.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if revision affects both current and future periods.

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## 2. Significant accounting policies (continued)

### Use of estimates and judgements

The following are the significant areas of estimation, uncertainty and critical judgements in applying accounting policies:

Note 29 - Provision for disputed matters
Note 2.10 and 2.11 - Useful lives of Property, plant and equipment and intangible assets
Note 2.9 - Measurement of income taxes and deferred taxes
Note 2.8 - Measurement of defined benefit obligations
Note 2.14 - Fair value of financial assets and financial liabilities

**Estimation of uncertainties relating to the global health pandemic from COVID-19:**
The COVID-19 pandemic is a global humanitarian and health crisis, that continues to impact all our stakeholders, employees, clients, investors and communities we operate in. Many countries are reporting the second and third waves of infections. The actions taken by various governments to contain the pandemic, such as closing of borders and lockdown restrictions, have resulted in significant disruption to people and businesses. Considering the unprecedented and ever evolving situation, the Company has made detailed assessment of its liquidity position for the next financial year and the recoverability of the Company's assets such as Property, plant and equipment, Intangible assets, financial assets, receivables, advances, other assets, etc., as at the balance sheet date using reasonably available information, estimates and judgements. Based on such assessment, the management believes no material adjustments required to the carrying value of the Company's assets. The impact of the pandemic on economic outlook remain uncertain and the Company will continue to closely monitor any material changes to future economic conditions.

## 2.4 Revenue

Revenue is recognized upon transfer of control of promised services to customers in an amount that reflects the consideration, which the Company expects to receive in exchange for those services in accordance with the terms of arrangement.

Revenues are recognised when recovery of the consideration is probable.

Revenue in excess of invoicing are classified as contract assets (which we refer to as unbilled revenue) while invoicing in excess of revenues are classified as contract liabilities (which we refer to as deferred revenues).

Interest income is recognized using the effective interest rate method.

## 2.5 Leases

The Company assesses whether a contract is or contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether: (i) the contract involves the use of an identified asset (ii) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and (iii) the Company has the right to direct the use of the asset. The Company evaluates if an arrangement qualifies to be a lease as per the requirements of Ind AS 116 and this may require significant judgment. The Company also uses significant judgement in assessing the lease term (including anticipated renewals) and the applicable discount rate.

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## 2. Significant accounting policies (continued)

### 2.5 Leases (continued)

The Company determines the lease term as the non-cancellable period of a lease, together with both periods covered by an option to extend or terminate the lease if the Company is reasonably certain based on relevant facts and circumstances that the option to extend or terminate will be exercised. If there is a change in facts and circumstances, the expected lease term is revised accordingly.

At the date of commencement of the lease, the Company recognises a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and leases of low value assets. For these short-term and leases of low value assets, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease.

The right-of-use assets are initially recognised at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses, if any. Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset.

### 2.6 Foreign currency

Transactions in foreign currencies are initially recognised in the financial statements using exchange rates prevailing on the date of transaction. Monetary assets and liabilities denominated in foreign currencies are translated to the relevant functional currency at the exchange rates prevailing at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate prevailing on the date that the fair value was determined. Non-monetary assets and liabilities denominated in a foreign currency and measured at historical cost are translated at the exchange rate prevalent at the date of transaction.

Exchange differences on monetary items are recognised in the Statement of Profit and Loss in the period in which they arise.

### 2.7 Government grants

Government grants are not recognised until there is reasonable assurance that the Company will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in the profit or loss on a systematic basis over the periods in which the Company recognises as expense the related costs which the grant was intended to compensate. Specifically, government grants whose primary condition is that the Company should purchase, construct, or otherwise acquire non-current assets are recognised as deferred revenue in the balance sheet and transferred to profit or loss on a systematic and rational basis over the useful life of the related assets.

Grants that compensate the Company for expenses incurred are recognised in profit or loss as other operating revenue on a systematic basis in the periods in which such expenses are recognised.

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**2. Significant accounting policies (continued)**

**2.8 Employee benefits expense**

**Defined contribution plans:**

*Provident fund:*

Contributions towards Employees' Provident Fund are made to the Employees' Provident Fund Scheme maintained by the Central Government and the Company's contribution to the fund are recognized as an expense in the year in which the services are rendered by the employees.

*Superannuation fund:*

The Company contributes a specified percentage of eligible employees' salary to a Superannuation Fund administered by trustees and managed by the Insurer. The Company has no liability for future Superannuation Fund benefits other than its annual contribution and recognizes such contributions as an expense in the year in which the services are rendered by the employees.

*National pension scheme:*

The Company contributes a specified percentage of the eligible employees salary to the National Pension Scheme of the Central Government. The Company has no liability for future Pension benefits and the Company's contribution to the Scheme are recognized as an expense in the year in which the services are rendered by the employees.

**Defined benefit plans:**

*Gratuity:*

The Company contributes to a Gratuity Fund administered by trustees and managed by the Insurer. The Company accounts its liability for future gratuity benefits based on actuarial valuation, as at the Balance Sheet date, determined every year by an Independent Actuary using the Projected Unit Credit method. Obligation under the defined benefit plan is measured at the present value of the estimated future cash flow using a discounted rate that is determined by reference to the prevailing market yields at the Balance Sheet date on Government Bonds.

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding net interest), is reflected immediately in the balance sheet with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and is not reclassified to profit or loss. Past service cost is recognised in the Statement of profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorised as follows:

- Service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- Net interest expense or income; and
- Remeasurement

The Company presents the first two components of defined benefit costs in profit or loss in the line item 'Employee benefits expense'. Curtailment gains and losses are accounted for as past service costs.

The retirement benefit obligation recognised in the balance sheet represents the actual deficit or surplus in the Company's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

A plan liability for a termination benefit is recognised at the earlier of when the entity can no longer withdraw the offer of the termination benefit and when the entity recognises any related restructuring costs.

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HYUNDAI MOTOR INDIA ENGINEERING PVT. LTD. * HYDERABAD

**2. Significant accounting policies (continued)**

**Compensated absences:**

The Company accounts for its liability towards compensated absences based on actuarial valuation done as at the Balance Sheet date by an independent actuary using the Projected Unit Credit Method. The liability includes the long term component accounted on a discounted basis and the short term component which is accounted for on an undiscounted basis.

### 2.9 Taxation

**(i) Current tax**

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any, related to income taxes. It is measured using tax rates (and tax laws) enacted or substantively enacted by the reporting date.

**(ii) Deferred tax**

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

**(iii) Current and deferred tax for the year**

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity, respectively.

**(iv) MAT credit**

Minimum Alternative Tax ("MAT") credit is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. In the year in which the MAT credit becomes eligible to be recognised as an asset in accordance with the provisions contained in the Guidance Note issued by The Institute of Chartered Accountants of India (ICAI), the said asset is created by way of a credit to the Statement of Profit and Loss and shown as MAT credit entitlement. The Company reviews the same at each Balance Sheet date and writes down the carrying amount of MAT credit entitlement to the extent there is no longer convincing evidence to the effect that the Company will pay normal income tax during the specified period.

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## 2. Significant accounting policies (continued)

### 2.9 Taxation (continued)

**(v) Offsetting:**

Current tax assets and current tax liabilities are offset when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle the asset and the liability on a net basis. Deferred tax assets and deferred tax liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities; and the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority.

### 2.10 Property, plant and equipment ('PPE')

**Recognition and measurement**

Items of property, plant and equipment are measured at cost, which includes capitalised borrowing costs, less accumulated depreciation and accumulated impairment losses, if any. Cost of an item of property, plant and equipment comprises its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, any directly attributable cost of bringing the item to its working condition for its intended use and estimated costs of dismantling and removing the item and restoring the site on which it is located.

Any part or components of PPE which are separately identifiable and expected to have a useful life which is different from that of the main assets are capitalised separately, based on the technical assessment of the management.

Cost of modifications that enhance the operating performance or extend the useful life of Property, Plant and Equipment are also capitalised, where there is a certainty of deriving future economic benefits from the use of such assets.

**Capital work-in-progress:**

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss.

**Derecognition of PPE:**

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in the Statement of Profit and Loss.

**Depreciation:**

Depreciation on property, plant and equipment is provided using the straight-line method, pro-rata from the month of capitalisation over the useful lives of the assets, assessed as below:

| Category | Useful Life (Years) |
|---|---|
| Buildings | 15 |
| Plant and equipment | 3 |
| Electrical installations and Equipment | 15 |
| Furniture and fixtures | 5 to 6 |
| Office equipment | 5 to 6 |
| Vehicles | 1 to 6 |

Individual assets costing less than ₹ 5,000 each are depreciated in the year of purchase considering the type and usage pattern of these assets.

The useful lives mentioned above are different from the useful lives specified for these assets, where applicable, as per Schedule II of the Companies Act, 2013. The useful lives followed in respect of these assets are based on Management's assessment, based on technical advise, taking into account factors such as the nature of the assets, the estimated usage pattern of the assets, the operating conditions, past history of replacement, anticipated technological changes, manufacturers warranties and maintenance support, etc.

Depreciation is accelerated on testing vehicles , based on their condition, usability etc., as per the estimates of the Management, where necessary.

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HYUNDAI MOTOR INDIA ENGINEERING PVT. LTD. HYDERABAD

**2. Significant accounting policies (continued)**

**2.11 Intangible assets**

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight line basis over the estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on prospective basis.

Intangible assets are amortised over their estimated useful life on straight line method. Software expenditure is amortised over 3 years using straight line method, commencing from the year in which the expenditure is incurred, being the estimated useful life. Expenditure on software purchased with license period of one year or less is expensed-off in the year of purchase.

An intangible asset is derecognised on disposal or when no future economic benefits are expected from use of disposal. Gains or losses arising from derecognition of an intangible assets measured as the difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss when the asset is derecognised.

**2.12 Impairment of assets**

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets or cash generating units to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible asset with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs of disposal and value in use. 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 for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the statement of profit and loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but such that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the statement of profit and loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

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HYUNDAI MOTOR INDIA ENGINEERING PVT. LTD. * HYDERABAD

**2. Significant accounting policies (continued)**

**2.13 Provisions and contingencies**

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Contingent liability is disclosed for :
- Possible obligations which will be confirmed only by future events not wholly within the control of the Company or
- Present obligations arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made.

Contingent assets are not recognized in the financial statements since this may result in the recognition of income that may never be realized.

**2.14 Financial instruments**

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. Financial assets and liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value measured on initial recognition of financial asset or financial liability. The transaction costs directly attributable to the acquisition of financial assets and financial liabilities at fair value through profit and loss are immediately recognised in the statement of profit and loss.

**Financial assets at amortised cost**

Financial assets are subsequently measured at amortised cost if these financial assets are held within a business model whose objective is to hold these assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

**Financial assets at fair value**

Financial assets are measured at fair value through other comprehensive income if these financial assets are held within a business model whose objective is to hold these assets in order to collect contractual cash flows or to sell these financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Financial assets not measured at amortised cost or at fair value through other comprehensive income is carried at fair value through profit or loss.

**Impairment of financial assets**

Loss allowance for expected credit losses is recognised for financial assets measured at amortised cost and fair value through other comprehensive income. Loss allowance equal to the lifetime expected credit losses is recognised if the credit risk on the financial instruments has significantly increased since initial recognition. For financial instruments whose credit risk has not significantly increased since initial recognition, loss allowance equal to twelve months expected credit losses is recognised.

**2. Significant accounting policies (continued)**

**2.14 Financial instruments** (continued)

**Derecognition of financial assets**

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset. If the Company enters into transactions whereby it transfers assets recognised on its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognised.

**Financial liabilities and equity instruments**

**Classification as debt or equity**

Financial liabilities and equity instruments issued by the Company are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

**Equity instruments**

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

**Financial liabilities**

Trade and other payables are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, using the effective interest rate method.

**Derecognition of financial liabilities**

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows under the modified terms are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in profit or loss.

**Offsetting**

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

**2.15 Cash and cash equivalents**

For the purposes of presentation in the statement of cash flows, cash and cash equivalents include cash on hand, in banks and demand deposits held at banks with original maturities of three months or less that are readily convertible to known amounts of cash.

**2.16 Operating cycle**

Based on the nature of activities of the Company and the normal time between acquisition of assets and their realisation in cash or cash equivalents, the Company has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

**2.17 Cash flow statement**

Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

S.R.B.C. & Co. LLP Chartered Accountants

HYUNDAI MOTOR INDIA ENGINEERING PVT. LTD. HYDERABAD

## 2. Significant accounting policies (continued)

### 2.18 Earnings per share

Basic earnings per share is computed by dividing the profit/(loss) after tax (including the post tax effect of extra ordinary items, if any) by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the adjusted profit/(loss) after tax (including the post tax effect of any extra ordinary items, if any) by the weighted average number of equity shares considered for deriving basic earnings per share and also the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares, if any.

### 2.19 Service tax/ GST input credit

Service Tax/ GST Input Credit is accounted for in the books during the period in which the underlying service received is accounted and when there is no uncertainty in availing/utilising the same.

### 2.20 Segment reporting

Operating segments reflect the Company's management structure and the way the financial information is regularly reviewed by the Managing Director (the Company's Chief Operating Decision Maker (CODM)). The CODM considers the business from both business and product perspective based on the dominant source, nature of risks and returns and the internal organisation and management structure. The operating segments are the segments for which separate financial information is available and for which operating profit / (loss) amounts are evaluated regularly by the executive Management in deciding how to allocate resources and in assessing performance.

The accounting policies adopted for segment reporting are in line with the accounting policies of the Company. Segment revenue, segment expenses, segment assets and segment liabilities have been identified to segments on the basis of their relationship to the operating activities of the segment.

Revenue, expenses, assets and liabilities which relate to the Company as a whole and are not allocable to segments on reasonable basis have been included under unallocated revenue / expenses / assets / liabilities.

## 3. Recent accounting pronouncements - issued but not yet effective:

On March 24, 2021, the Ministry of Corporate Affairs ("MCA") through a notification, amended Schedule III of the Companies Act, 2013 revising Division I, II and III of Schedule III and are applicable from April 1, 2021. The amendments in Division II (applicable to the Company) of Schedule III, primarily relate to : a) Change in existing presentation requirements for certain items in Balance sheet and b) Additional disclosure requirements in specified formats c) Disclosure if funds have been used other than for the specific purpose for which it was borrowed from banks and financial institutions. d) Additional Regulatory Information e) Disclosures relating to Corporate Social Responsibility (CSR), undisclosed income and crypto or virtual currency.

Further, On June 18, 2021, the MCA has notified certain amendments to Ind AS which are primarily related to a) interest rate benchmark reform, b) Covid-19 related rent concessions, c) references to conceptual framework (in substitution of reference to framework for preparation and presentation of financial statements) with certain exceptions and d) other minor/clerical changes. The amendments have come into force effective June 18, 2021.

The amendments are extensive and the Company is evaluating the same.

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Hyundai Motor India Engineering Pvt. Ltd. * Hyderabad

## Hyundai Motor India Engineering Private Limited

**Notes to financial statements for the year ended March 31, 2021**

*(All amounts are in Indian ₹ million except share data and as stated)*

### 4A Property, plant and equipment

(See accounting policy in Note 2.10)

| Particulars | Land | Buildings | Plant and equipment | Electrical installations and Equipment | Furniture and fixtures | Office equipment | Vehicles | Total |
|---|---|---|---|---|---|---|---|---|
| **Cost** | | | | | | | | |
| **Balance at April 1, 2019** | 98.57 | 790.97 | 429.02 | 14.39 | 40.27 | 142.14 | 79.74 | 1,595.10 |
| Additions | - | 8.06 | 168.55 | 0.36 | 14.20 | 40.93 | 28.89 | 260.99 |
| Disposals | - | 0.79 | - | - | - | - | 20.73 | 21.52 |
| **Balance at March 31, 2020** | **98.57** | **798.24** | **597.57** | **14.75** | **54.47** | **183.07** | **87.90** | **1,834.57** |
| Balance at April 1, 2020 | 98.57 | 798.24 | 597.57 | 14.75 | 54.47 | 183.07 | 87.90 | 1,834.57 |
| Additions | - | 0.12 | 86.85 | 12.45 | 19.77 | 38.13 | 36.79 | 194.11 |
| Disposals/Adjustments | - | | 66.72 | - | - | 0.52 | 8.85 | 76.09 |
| **Balance at March 31, 2021** | **98.57** | **798.36** | **617.70** | **27.20** | **74.24** | **220.68** | **115.84** | **1,952.59** |
| **Accumulated depreciation** | | | | | | | | |
| **Balance at April 1, 2019** | - | 328.93 | 302.33 | 9.87 | 27.49 | 90.09 | 52.23 | 810.94 |
| Depreciation for the year | - | 84.05 | 102.39 | 0.38 | 8.06 | 26.36 | 28.26 | 249.50 |
| Disposals | - | 0.39 | - | - | - | | 20.73 | 21.12 |
| **Balance at March 31, 2020** | - | **412.59** | **404.72** | **10.25** | **35.55** | **116.45** | **59.76** | **1,039.32** |
| Balance at April 1, 2020 | - | 412.59 | 404.72 | 10.25 | 35.55 | 116.45 | 59.76 | 1,039.32 |
| Depreciation for the year | - | 83.94 | 113.40 | 0.55 | 8.48 | 25.47 | 26.40 | 258.24 |
| Disposals/Adjustments | - | | 66.72 | - | - | 0.48 | 8.85 | 76.05 |
| **Balance at March 31, 2021** | - | **496.53** | **451.40** | **10.80** | **44.03** | **141.44** | **77.31** | **1,221.51** |
| **Carrying amount (net)** | | | | | | | | |
| As at March 31, 2020 | 98.57 | 385.65 | 192.85 | 4.50 | 18.92 | 66.62 | 28.14 | 795.25 |
| **As at March 31, 2021** | **98.57** | **301.83** | **166.30** | **16.40** | **30.21** | **79.24** | **38.53** | **731.08** |

### 4B Capital work-in-progress

| | As at March 31, 2021 | As at March 31, 2020 |
|---|---|---|
| Balance at the beginning | 68.39 | 7.77 |
| Additions | 149.92 | 68.39 |
| Reversal during the year | - | 7.77 |
| Transferred to cost of Property, plant and equipment | 4.70 | - |
| **Balance at the end** | **213.61** | **68.39** |

### 4C Intangible assets

(See accounting policy in Note 2.11)

| Particulars | Computer software | Total |
|---|---|---|
| **Cost** | | |
| **Balance at April 1, 2019** | 215.56 | 215.56 |
| Additions | 47.43 | 47.43 |
| Disposals | - | - |
| **Balance at March 31, 2020** | **262.99** | **262.99** |
| **Balance at April 1, 2020** | **262.99** | **262.99** |
| Additions | 81.28 | 81.28 |
| Disposals | - | - |
| **Balance at March 31, 2021** | **344.27** | **344.27** |
| **Accumulated amortisation** | | |
| **Balance as at April 1, 2019** | 186.85 | 186.85 |
| Amortisation for the year | 26.77 | 26.77 |
| Disposals | - | - |
| **Balance as at March 31, 2020** | **213.62** | **213.62** |
| **Balance as at April 1, 2020** | **213.62** | **213.62** |
| Amortisation for the year | 36.26 | 36.26 |
| Disposals | - | - |
| **Balance as at March 31, 2021** | **249.88** | **249.88** |
| **Carrying amount (net)** | | |
| As at March 31, 2020 | 49.37 | 49.37 |
| **As at March 31, 2021** | **94.39** | **94.39** |

### 4D Intangible assets under development

Intangible assets under development as at March 31, 2021 is ₹ 2.82 million (March 31, 2020: Nil)

HYUNDAI MOTOR INDIA ENGINEERING PVT. LTD. ★ HYDERABAD

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# Hyundai Motor India Engineering Private Limited
## Notes to financial statements for the year ended March 31, 2021
*(All amounts are in Indian ₹ million except share data and as stated)*

| 5 **Other financial assets** | **As at March 31, 2021** | | **As at March 31, 2020** | |
|---|---|---|---|---|
| | **Current** | **Non-current** | **Current** | **Non-current** |
| Security deposits | 9.42 | 8.44 | - | 18.88 |
| Interest accrued on fixed deposits | 6.46 | - | 8.63 | - |
| Other receivables | - | 0.22 | 0.05 | 0.22 |
| Contract asset - unbilled revenue | 59.26 | - | 22.85 | - |
| Other bank balances | - | - | 24.67 | - |
| | **75.14** | **8.66** | **56.20** | **19.10** |

| | **As at March 31, 2021** | **As at March 31, 2020** |
|---|---|---|
| **6 Non-current tax assets, net** | | |
| Non-current tax asset (Net of provision for tax of ₹ 974.44 million as at March 31, 2021 ; ₹ 974.44 million as at March 31, 2020) | 118.53 | 118.53 |
| | **118.53** | **118.53** |
| **7 Deferred taxes, net** | | |
| **Tax effect of items constituting deferred tax assets/ (liabilities)** | | |
| Provision for employee benefits | 62.96 | 43.91 |
| Provision for disputed matters / others | 22.14 | 22.14 |
| Difference between depreciation as per books of account and Income Tax Act, 1961 | 63.27 | 48.63 |
| | **148.37** | **114.68** |

| 8 **Other assets** | **As at March 31, 2021** | | **As at March 31, 2020** | |
|---|---|---|---|---|
| | **Current** | **Non-current** | **Current** | **Non-current** |
| Prepayments | 243.16 | 1.99 | 242.99 | 2.77 |
| Capital advances | - | 24.38 | - | 6.87 |
| Advance to suppliers | 3.20 | - | 6.83 | - |
| Balances with government authorities | | | | |
| - Service tax/ GST input credit | 141.98 | - | 134.01 | - |
| - Service tax / GST refund claims | 123.89 | 53.51 | - | 62.33 |
| | **512.23** | **79.88** | **383.84** | **71.97** |

**Note:**

**Balance with government authorities**

The amount outstanding from various government authorities has been recognised in the financial statements based on Management's assessment and professional advice on the entitlements, future recoverability and utilisation in accordance with the applicable regulatory provisions. In the opinion of the Management, the entire Service tax refund / GST claim is good for recovery.

| | | |
|---|---|---|
| **9 Trade receivables** (Unsecured, considered good) | | |
| Related parties | | |
| a) Secured, considered good | - | - |
| b) Unsecured, considered good | 263.76 | 401.00 |
| c) Which have significant increase in credit risk | - | - |
| d) Credit impaired | - | - |
| | **263.76** | **401.00** |
| **10 Cash and cash equivalents** | | |
| Balances with banks | | |
| - in current accounts | 13.71 | 70.67 |
| - in EEFC accounts | 87.91 | 250.62 |
| - deposits with original maturity of less than 3 months | 332.14 | 203.50 |
| Cash on hand | - | 0.05 |
| **(a) Total cash and cash equivalents** | **433.76** | **524.84** |
| **(b) Bank balances other than cash and cash equivalents** | | |
| Deposits with original maturity of more than 3 months but less than 12 months | 1,024.00 | 743.44 |
| | **1,024.00** | **743.44** |
| **11 Loans - financial assets (current)** | | |
| - Advances to employees, unsecured, considered good | 7.50 | 6.65 |
| | **7.50** | **6.65** |

## 12 Share capital

| | As at March 31, 2021 | As at March 31, 2020 |
|---|---|---|
| **Authorised:** | | |
| 1,370,000 (As at March 31, 2020 - 1,370,000) Equity shares of ₹ 1,000 each | 1,370.00 | 1,370.00 |
| | **1,370.00** | **1,370.00** |
| **Issued, Subscribed and fully Paid:** | | |
| 1,370,000 (As at March 31, 2020 - 1,370,000) Equity shares of ₹ 1,000 each | 1,370.00 | 1,370.00 |
| | **1,370.00** | **1,370.00** |

**(a) Reconciliation of the number of shares and amount outstanding at the beginning and end of the reporting period :**

| Particulars | As at March 31, 2021 | | As at March 31, 2020 | |
|---|---|---|---|---|
| | Number | Amount | Number | Amount |
| Shares outstanding as at the beginning of the year | 1,370,000 | 1,370.00 | 1,370,000 | 1,370.00 |
| **Shares outstanding as at the end of the year** | **1,370,000** | **1,370.00** | **1,370,000** | **1,370.00** |

**(b) Rights, preferences and restrictions attached to equity shares**

The Company has one class of equity shares having a par value of ₹ 1,000 each. Each holder is entitled to one vote per equity share. Dividends are paid in Indian Rupees. The dividend proposed by the Board of Directors, if any is subject to the approval of the shareholders at the Annual General Meeting, except in case of the interim dividend. Repayment of capital on liquidation will be in proportion to the number of equity shares held.

**(c) Shares held by holding/ultimate holding company and/or their subsidiaries/associates**

| | As at March 31, 2021 | | As at March 31, 2020 | |
|---|---|---|---|---|
| | Number | Amount | Number | Amount |
| **Equity shares of ₹ 1,000/- each fully paid held by** | | | | |
| Hyundai Motor India Limited | 1,370,000 | 1,370 | 1,370,000 | 1,370 |

**(d) Particulars of shareholders holding more than 5% shares of a class of shares**

| | As at March 31, 2021 | | As at March 31, 2020 | |
|---|---|---|---|---|
| | Number | % holding | Number | % holding |
| Hyundai Motor India Limited and its nominee | 1,370,000 | 100% | 1,370,000 | 100% |

## 13 Other equity

| | Retained earnings | Total |
|---|---|---|
| **As at April 1, 2019** | 1,144.54 | 1,144.54 |
| Profit for the year | 357.55 | 357.55 |
| Other comprehensive loss for the year | (5.63) | (5.63) |
| **As at March 31, 2020** | **1,496.46** | **1,496.46** |
| Profit for the year | 338.50 | 338.50 |
| Other comprehensive loss for the year | (22.99) | (22.99) |
| **As at March 31, 2021** | **1,811.97** | **1,811.97** |

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HYUNDAI MOTOR INDIA ENGINEERING PVT. LTD. ★ HYDERABAD

**14 Provisions**

| | As at March 31, 2021 | | As at March 31, 2020 | |
|---|---|---|---|---|
| | Current | Non-current | Current | Non-current |
| **Provision for employee benefits** | | | | |
| - Provision for compensated absences | 41.61 | 53.52 | 75.70 | - |
| - Provision for gratuity | - | 123.31 | 15.71 | 67.80 |
| **Other provisions** | | | | |
| - Provision for disputed matters (refer note 29) | - | 87.97 | 87.97 | - |
| - Provision for Corporate Social Responsibility | 1.55 | - | - | - |
| | **43.16** | **264.80** | **179.38** | **67.80** |

| | As at March 31, 2021 | As at March 31, 2020 |
|---|---|---|
| **15 Other liabilities** | | |
| Statutory liabilities | 37.04 | 43.00 |
| | **37.04** | **43.00** |
| **16 Current tax liabilities (net)** | | |
| Provision for income tax (net) | 1.57 | - |
| | **1.57** | - |
| **17 Financial liabilities** | | |
| **(a) Trade payables** | | |
| Trade payables | | |
| total outstanding dues of micro enterprises and small enterprises (refer note below) | 2.26 | 0.15 |
| total outstanding dues of creditors other than micro enterprises and small enterprises | 132.33 | 159.64 |
| | **134.59** | **159.79** |
| **Note:** | | |
| (a) Total outstanding dues of micro and small enterprises | | |
| Principal | 2.26 | 0.15 |
| Interest thereon | - | - |
| | **2.26** | **0.15** |
| b) Amount paid beyond "Appointed Day" as per MSMED Act,2006 | | |
| Principal | - | - |
| Interest thereon | - | - |
| | - | - |
| c) Interest due and payable for the period of delay (Paid beyond appointed day) | - | - |
| d) Interest accrued and remaining unpaid as on March 31, 2021 | - | - |
| e) Further Interest remaining due and payable in the succeeding years | - | - |

The Company pays its micro enterprises and small enterprises within a maximum credit period of 30 days and no interest during the year or in the previous year has been paid or payable under the terms of the Micro, Small and Medium Enterprises Development Act, 2006.

Dues to micro, small and medium enterprises have been determined to the extent such parties have been identified on the basis of intimation received from the "suppliers" regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006.

| | As at March 31, 2021 | As at March 31, 2020 |
|---|---|---|
| **(b) Others** | | |
| Capital creditors | 2.39 | 5.81 |
| Employee benefits payable | 48.21 | 31.02 |
| | **50.60** | **36.83** |

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## Hyundai Motor India Engineering Private Limited

**Notes to financial statements for the year ended March 31, 2021**

*(All amounts are in Indian ₹ million except share data and as stated)*

| | | Year ended March 31, 2021 | Year ended March 31, 2020 |
|---|---|---|---|
| **18** | **Revenue from operations** | | |
| | Income from consulting engineering services | | |
| | - Export | 2,906.85 | 2,886.67 |
| | - Domestic | 294.84 | 353.36 |
| | | **3,201.69** | **3,240.03** |
| **19** | **Other income** | | |
| | Interest income earned on bank deposits | 45.10 | 57.36 |
| | Interest income earned on other deposits | 0.30 | 0.33 |
| | Profit on sale of Property, plant and equipment | 3.91 | 2.66 |
| | Net gain on foreign currency transactions and translation | 3.05 | 43.58 |
| | Rental income | 0.62 | 0.73 |
| | Miscellaneous income | 2.73 | 1.36 |
| | | **55.71** | **106.02** |
| **20** | **Employee benefits expense** | | |
| | Salaries, wages and bonus | 1,420.89 | 1,351.82 |
| | Contribution to provident and other funds, net | 78.63 | 72.37 |
| | Staff welfare expenses | 127.00 | 154.33 |
| | | **1,626.52** | **1,578.52** |
| **21** | **Other expenses** | | |
| | Power and fuel | 30.58 | 31.31 |
| | Rent including lease rentals (refer note 24) | 11.79 | 14.88 |
| | Training expenses | 0.18 | 42.54 |
| | Testing expenses | 157.66 | 307.62 |
| | Repairs and maintenance | | |
| | - buildings | 0.95 | 1.16 |
| | - plant and machinery | 45.60 | 41.56 |
| | - others | 2.46 | 4.45 |
| | Office and other maintenance | 52.58 | 51.54 |
| | Insurance | 3.48 | 3.06 |
| | Rates and taxes | 4.96 | 5.40 |
| | Communication | 12.99 | 10.68 |
| | Travelling and conveyance | 11.67 | 30.08 |
| | Software subscription | 505.34 | 416.52 |
| | Printing and stationery | 2.35 | 2.59 |
| | Legal and professional charges (refer note below) | 12.27 | 16.81 |
| | Expenditure on Corporate Social Responsibility (refer note 31) | 8.41 | 6.39 |
| | Bank charges | 0.13 | 0.16 |
| | Miscellaneous expenses | 1.84 | 3.62 |
| | | **865.24** | **990.37** |
| | Note: **Payments to auditors (excluding goods and service tax)** | | |
| | - Statutory audit | 1.60 | 1.60 |
| | - Tax audit | 0.40 | 0.20 |
| | - Reimbursement of expenses | - | 0.03 |
| | | **2.00** | **1.83** |

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HYUNDAI MOTOR INDIA ENGINEERING PVT. LTD. ★ HYDERABAD

## 22 Segment information

The Company has a single operating segment, namely, rendering of consulting engineering services and the information reported to the Chief Operating Decision Maker (CODM) for the purposes of resource allocation and assessment of performance focusses on this operating segment. Accordingly, the amounts appearing in these financial statements relate to this operating segment.

**Geographical information**

The Company's revenue from operation from customers by location of operations and information about its non current assets by locations of asset are detailed below:

| | Revenue from operations # | | Non-current assets * | |
|---|---|---|---|---|
| | Year ended March 31, 2021 | Year ended March 31, 2020 | Year ended March 31, 2021 | Year ended March 31, 2020 |
| India | 294.84 | 353.36 | 1,240.31 | 1,103.51 |
| South Korea | 2,906.85 | 2,886.67 | - | - |
| | **3,201.69** | **3,240.03** | **1,240.31** | **1,103.51** |

* Non current assets excludes other financial assets and deferred tax asset.

# Revenue from operations includes unbilled revenue.

**Information about major customers**

Revenue from operations include ₹ 2,906.85 million (Previous Year ₹ 2,886.67 million) from the Company's customers contributing individually for more than 10% of the Company's total revenue from operations.

## 23 Earnings per share

| | Year ended March 31, 2021 | Year ended March 31, 2020 |
|---|---|---|
| Net profit attributable to equity shareholders (A) | 338.50 | 357.55 |
| Weighted average number of equity shares outstanding as at reporting date (B) | 1,370,000 | 1,370,000 |
| Basic earnings per equity share (A/B) | **247.08** | **260.99** |

**Diluted earnings per share**

The Company does not have any potential equity shares and accordingly basic and diluted EPS would remain the same.

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**24 Obligations towards operating leases**

The Company has entered into leasing arrangements in respect of certain residential properties for employees. The lease term period is for about 1 to 4 years. The future expected minimum lease payments under operating leases are as follows:

| | Particulars | As at March 31, 2021 | As at March 31, 2020 |
|---|---|---|---|
| (a) | Future non-cancellable minimum lease commitments: | | |
| | - not later than one year | 2.53 | 1.37 |
| | - later than one year and not later than five years | 0.13 | 0.37 |
| (b) | Total lease payments charged to the statement of profit and loss for the year | 11.79 | 14.88 |

**25 Employee benefits expense**

**(i) Defined contribution plan**

The Company makes Provident Fund and Superannuation Fund contributions for qualifying employees. Under the Schemes, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The Company recognised ₹ 28.26 million (Previous Year: ₹ 26.44 million) for Provident Fund contributions and ₹ 3.94 million (Previous Year: ₹ 3.71 million) for Superannuation Fund contributions and ₹ 5.14 million (Previous Year : ₹ 4.79 million) for National Pension Scheme and ₹ 13.67 million (Previous Year : ₹ 13.45 million) for Employee Pension Scheme in the Statement of Profit and Loss. The contributions payable to these plans by the Company are at rates specified in the rules of the schemes.

**(ii) Defined benefit plan:**

The Company's obligation towards the Gratuity Fund is a Defined benefit plan which is funded with the Life Insurance Corporation of India (LIC). The following table sets out the funded status of the Gratuity scheme and the amount recognised in the financial statements as per the Actuarial Valuation carried out by an Independent Actuary.

(a) Amount recognised in the statement of profit & loss in respect of the defined benefit plan are as follows :

| | Year ended March 31, 2021 | Year ended March 31, 2020 |
|---|---|---|
| **Components of defined benefit costs recognised in profit or loss** | | |
| Service cost | | |
| - Current service cost | 20.04 | 16.81 |
| Net interest expense | 5.00 | 4.64 |
| Past service cost - non vested benefits | - | - |
| Past service cost - vested benefits | - | - |
| | **25.04** | **21.45** |
| **Components of defined benefit costs recognised in other comprehensive income** | | |
| Return on plan assets (excluding amount included in net interest expense) | 0.08 | 0.72 |
| Actuarial gains and loss arising from changes in financial and demographic assumptions | 31.33 | 1.59 |
| Actuarial gains and loss arising from experience adjustments | (0.68) | 5.41 |
| | **30.73** | **7.72** |

(i) The current service cost and interest expense for the year are included in the "Employee Benefit Expenses" in the statement of profit & loss under the line item "Contribution to Provident and Other Funds".

(b) The amount included in the balance sheet arising from the entity's obligation in respect of defined benefit plan is as follows :

| | As at March 31, 2021 | As at March 31, 2020 |
|---|---|---|
| **Net asset/(liability) recognised in the Balance Sheet** | | |
| Present value of defined benefit obligation as at the reporting date | (222.55) | (164.51) |
| Fair value of plan assets as at the reporting date | 99.23 | 81.00 |
| **Surplus/(deficit)** | **(123.32)** | **(83.51)** |
| Current portion of the above | - | (15.71) |
| Non current portion of the above | (123.32) | (67.80) |

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**25 Employee benefits expense (continued)**

**(c) Movement in the present value of the defined benefit obligation are as follows :**

| **Particulars** | **Year ended March 31, 2021** | **Year ended March 31, 2020** |
|---|---|---|
| Present value of defined benefit obligation at the beginning of the year | 164.51 | 135.31 |
| Expenses Recognised in Statement of Profit and Loss : | | |
| - Current service cost | 20.04 | 16.81 |
| - Interest expense (Income) | 10.92 | 10.04 |
| Past service cost - non vested benefits | - | - |
| Past service cost - vested benefits | - | - |
| Recognised in other comprehensive income: | | |
| Remeasurement gains / (losses) | | |
| - Actuarial gain /(loss) arising from: | | |
| i. Financial assumptions & Demographic adjustments | 31.33 | 1.59 |
| ii. Experience adjustments | (0.68) | 5.41 |
| Benefit payments | (3.57) | (4.65) |
| **Present value of defined benefit obligation at the end of the year** | **222.55** | **164.51** |

**(d) Movement in fair value of plan assets are as follows :**

| | | |
|---|---|---|
| Fair value of plan assets at the beginning of the year | 81.00 | 66.32 |
| Expenses recognised in Statement of Profit and Loss : | | |
| - Expected return on plan assets | - | - |
| - Adjustments to opening balance | - | - |
| - Interest income | 5.92 | 3.73 |
| Recognised in other comprehensive income : | | |
| Remeasurement gains / (losses) | | |
| - Actuarial gains and loss arising from changes in financial assumptions | 0.08 | 0.72 |
| Contributions by employer | 15.80 | 14.88 |
| Benefit payments | (3.57) | (4.65) |
| **Fair value of plan assets at the end of the year** | **99.23** | **81.00** |

**(e) The principal assumptions used for the purpose of actuarial valuation were as follows :**

| **Particulars** | **As at March 31, 2021** | **As at March 31, 2020** |
|---|---|---|
| Discount rate | 6.18% | 6.81% |
| Expected rate of salary increase | 13.00% | 11.00% |
| Expected return on plan assets | 6.18% | 6.81% |
| Mortality | IALM (2012-14)Ult. | IALM (2012-14)Ult. |

* Based on India's standard mortality table with modification to reflect the expected changes in mortality/others

Significant actuarial assumptions for the determination of defined obligation are discount rate, expected salary increase rate and mortality. The sensitivity analysis below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period while holding all other assumptions constant:

If the discount rate is 1% higher (lower) the defined benefit obligation would decrease by ₹ 23.74 million (increase by ₹ 28.65 million) (As at March 31, 2020 ; decrease by ₹ 18.22 million (increase by ₹ 21.95 million).

If the expected salary growth rate increase/(decrease) by 1% the defined benefit obligation would increase by ₹ 12.36 million (decrease by ₹ 12.22 million) (As at March 31, 2020 ; increase by ₹ 11.13 million (decrease by ₹ 11.38 million).

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligations as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore in presenting the above sensitivity analysis the present value of defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period which is the same as that applied in calculating the defined benefit obligation liability recognised in the balance sheet.

There is no change in the methods and assumptions used in preparing the sensitivity analysis from the prior years.

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**26 (a) Financial instruments**

**(I) Categories of financial instruments**

| **Financial assets** | **As at March 31, 2021** | **As at March 31, 2020** |
|---|---|---|
| **Measured at amortised cost** | | |
| - Security deposits | 17.86 | 18.88 |
| - Cash and cash equivalents and bank balances | 1,457.76 | 1,268.28 |
| - Trade receivables | 263.76 | 401.00 |
| - Contract assets | - | - |
| - Other financial assets | 73.44 | 56.42 |
| **Financial liabilities** | | |
| **Measured at amortised cost** | | |
| - Trade payables, Capital creditors and employee benefits payable | 185.19 | 196.62 |

**(II) Financial risk management framework**

The Company manages financial risk relating to the operations through internal risk reports which analyse exposure by degree and magnitude of risk. These risks include market risk (including interest rate risk and other price risk), credit risk and liquidity risk. The focus of the the Chief Operating Decision Maker (CODM) is to assess the unpredictability of the financial environment and to mitigate potential adverse effects, if any, on the financial performance of the Company.

The Company does not enter into or trade financial instruments including derivative financial instruments for speculative purpose.

**(III) Foreign Currency Risk Management :**

The Company undertakes transactions denominated in foreign currencies and consequently, exposures to exchange rate fluctuations arises. The details of the foreign exposures not hedged are :

| **Particulars** | **Currency** | **As at March 31, 2021** | **As at March 31, 2020** |
|---|---|---|---|
| Trade receivables | USD | 3.15 | 4.67 |
| Trade payables and capital creditors | USD | 0.40 | 0.24 |
| - Cash and cash equivalents and bank balances | USD | 1.20 | 3.32 |

**(IV) Foreign Currency sensitivity analysis:**

The following table details the Company's sensitivity to a 5% increase and decrease in ₹ against the relevant foreign currencies. 5% is the rate used in order to determine the sensitivity analysis considering the past trends and expectation of the management for changes in the foreign currency exchange rate. The sensitivity analysis includes the outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 5% change in foreign currency rates. A positive number below indicates a increase in profit / decrease in loss and increase in equity where the INR/₹ strengthens 5% against the relevant currency. For a 5% weakening of the ₹ against the relevant currency, there would be a comparable impact on the profit or loss and equity and balance below would be negative.

**Impact of USD**

| **Particulars** | **As at March 31, 2021** | **As at March 31, 2020** |
|---|---|---|
| **Impact on Profit for the year** | | |
| ₹/USD increase by 5% | (12.32) | 10.07 |
| ₹/USD decrease by 5% | 12.32 | (10.07) |
| **Impact on total equity as at the end of the reporting period** | | |
| ₹/USD increase by 5% | 14.51 | 26.82 |
| ₹/USD decrease by 5% | (14.51) | (26.82) |

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**26 (a) Financial instruments (continued)**

**(V) Liquidity risk management :**

Liquidity risk refers to the risk that the Company cannot meet its financial obligations. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements. The Company consistently generated sufficient cash flows from operations to meet its financial obligations as and when they fall due.

| Particulars | Weighted average interest | Less than 1 month | 1-3 months | 3 months to 1 year | 1 to 5 years | Total |
|---|---|---|---|---|---|---|
| **As at March 31, 2021** | | | | | | |
| - Trade payables, capital creditors and employee benefits payable | NA | 143.10 | - | 42.09 | - | 185.19 |
| | | **143.10** | **-** | **42.09** | **-** | **185.19** |
| **As at March 31, 2020** | | | | | | |
| - Trade payables, capital creditors and employee benefits payable | NA | 170.98 | | 25.64 | | 196.62 |
| | | **170.98** | **-** | **25.64** | **-** | **196.62** |

The following table details the Company's expected maturity for its non-derivative financial assets. The table has been drawn up based on the undiscounted contractual maturities of the financial assets. The inclusion of information on non-derivative financial assets is necessary in order to understand the Company's liquidity risk management as the liquidity is managed on a net asset and liability basis.

| Particulars | Weighted average interest rate | Less than 1 month | 1-3 months | 3 months to 1 year | 1 to 5 years | 5 years and above | Total |
|---|---|---|---|---|---|---|---|
| **As at March 31, 2021** | | | | | | | |
| - Non-interest bearing | | 372.88 | - | 75.14 | 8.66 | - | 456.68 |
| - Fixed interest rate instruments | 3.92% | 487.34 | 462.93 | 405.87 | - | - | 1,356.14 |
| | | **860.22** | **462.93** | **481.01** | **8.66** | **-** | **1,812.82** |
| **As at March 31, 2020** | | | | | | | |
| - Non-interest bearing | | 722.34 | - | 31.53 | 19.10 | - | 772.97 |
| - Fixed interest rate instruments | 5.95% | 268.07 | 271.89 | 431.65 | - | - | 971.61 |
| | | **990.41** | **271.89** | **463.18** | **19.10** | **-** | **1,744.58** |

**26 (b) Fair value measurement**

The management considers that the carrying amount of all the financial asset and financial liabilities that are not measured at fair value in the financial statements approximate the fair values and, accordingly, no disclosures of the fair value hierarchy is required to be made in respect of these assets/liabilities.

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**27 Related party transactions**

**(a) Related parties with whom transactions have taken place during the year:**

| Nature of relationship | Name of the entity |
|---|---|
| Ultimate Holding Company | Hyundai Motor Company, South Korea |
| Holding Company | Hyundai Motor India Limited |
| Entities which are Subsidiary of Associate of Ultimate Holding Company | Hyundai Transys Lear Automotive India Private Limited (formerly known as Dymos Lear Automotive India Private Limited), India<br>Hyundai Transys India Private Limited, India<br>Kia India Private Limited, India<br>HEC India LLP, India<br>Hyundai Autoever India Private limited, India |
| Entities which are Associate of Ultimate Holding Company | Hyundai Auto Ever Corporation, South Korea<br>Haevichi Resort Company Limited, South Korea<br>Kia Motor Corporation, South Korea<br>Hyundai Mnsoft Inc, South Korea |
| Entities with significant influence over the Ultimate Holding Company | Hyundai MOBIS Co., Ltd, South Korea |
| Key Management Personnel | Mr. Yi Kuen Han, Managing Director (w.e.f January 27, 2021)<br>Mr. Jihong Baek, Managing Director (up to December 31, 2020)<br>Mr. Junghwan Lee, Chief Financial Officer and Wholetime Director |

**(b) The significant related party transactions during the year are as follows:**

| Name of related party | Nature of transaction | Year ended March 31, 2021 | Year ended March 31, 2020 |
|---|---|---|---|
| Hyundai Motor Company, South Korea | Income from consulting engineering services | 1,691.47 | 1,769.57 |
| | Reimbursement of expenses | 7.90 | 6.16 |
| | Insurance | 0.39 | 0.36 |
| Kia Motor Corporation, South Korea | Income from consulting engineering services | 1,161.17 | 1,099.31 |
| Kia India Private Limited, India | Income from consulting engineering services | 70.48 | 83.10 |
| Hyundai Motor India Limited | Income from consulting engineering services | 219.30 | 265.19 |
| | Recovery of expenses | 0.95 | 1.06 |
| | Rental income | 0.62 | 0.62 |
| | Testing expenses | - | 3.38 |
| Haevichi Hotel & Resort Co Ltd, South Korea | testing, training and development expenses and overseas travel | - | 37.55 |
| Hyundai Autoever Corporation, South Korea | Annual license fees for software | 41.78 | 36.67 |
| | Purchase of equipments | - | 5.12 |
| | Office and other maintenance | 8.17 | 0.41 |
| | Purchase of computer software | - | 16.26 |
| Mobis India Limited | Rental income | - | 0.07 |
| Hyundai Transys India Private Limited, India | Testing expenses | 0.05 | 0.12 |
| Hyundai Transys Lear Automotive India Private Limited | Testing expenses | - | 3.22 |
| Hyundai Mnsoft Inc | Testing expenses | - | 16.63 |
| Hyundai MOBIS Co., Ltd, South Korea | Testing expenses | - | 17.47 |
| Hyundai Autoever India Private limited, India | Office and other maintenance | 12.28 | 7.89 |
| | Annual license fees for software & hardware | 26.65 | 25.14 |
| | Purchase of equipments | 92.73 | 165.32 |
| | Purchase of computer software | 34.21 | 23.96 |
| HEC India LLP | Construction contract cost | 133.69 | 51.77 |
| Mr. Yi Kuen Han | Remuneration | 6.51 | - |
| Mr. Jihong Baek | Remuneration | 23.12 | 35.84 |
| Mr. Junghwan Lee | Remuneration | 12.39 | 12.41 |

**(c) The significant related party balances as at the year end are as follows:**

| Name of related party | Nature of balance | As at March 31, 2021 | As at March 31, 2020 |
|---|---|---|---|
| Hyundai Motor Company, South Korea | Trade receivables | 138.02 | 154.50 |
| Kia Motor Corporation, South Korea | Trade receivables | 93.56 | 198.36 |
| Kia India Private Limited, India | Trade receivables | 11.71 | 24.55 |
| Hyundai Motor India Limited | Trade receivables | 20.46 | 23.59 |
| Hyundai Autoever Corporation, South Korea | Trade payables | 0.41 | 1.28 |
| Haevichi Hotel & Resort Co Ltd, South Korea | Trade payables | - | 0.98 |
| Hyundai Autoever India Private limited, India | Trade payables | 0.06 | 7.40 |
| Hyundai Mnsoft Inc, Korea | Trade payables | - | 15.50 |

**Note:** Unbilled revenue of ₹ 59.26 million (as at March 31, 2020 ₹ 22.85 million) is excluded for the above disclosures.

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**28 Current tax and deferred tax**

**(i) Income tax expense**

| | Year ended March 31, 2021 | Year ended March 31, 2020 |
|---|---|---|
| **Current tax :** | | |
| Current income tax charge | 158.60 | 150.50 |
| **Deferred tax** | | |
| Difference between book balance and tax balance of property, plant and equipment and intangible assets | (14.64) | (11.20) |
| Provision for disputed matters / others | - | 3.48 |
| Provision for employee benefits | (11.32) | 0.56 |
| **Total tax expense recognised in statement of profit and loss** | **132.64** | **143.34** |

**(ii) The income tax expense for the year can be reconciled to the accounting profit as follows:**

| Particulars | As at March 31, 2021 | | As at March 31, 2020 | |
|---|---|---|---|---|
| | Gross amount | Tax amount | Gross amount | Tax amount |
| **Profit before tax from operations** | 471.14 | | 500.89 | |
| Income Tax using the Company's domestic tax rate at 25.17% | | 118.58 | | 126.07 |
| **Tax effect of:** | | | | |
| Expenses that are not deductible in determining taxable profit / others | 55.86 | 14.06 | 8.25 | 2.08 |
| Effect of change in tax rate due to switch to new tax regime (refer note below) | | - | 361.26 | 14.27 |
| Others | | - | 3.66 | 0.92 |
| **Income tax recognised in statement of profit and loss** | | **132.64** | | **143.34** |

Note: During the year ended March 31, 2020, the Government of India vide Taxation Laws (Amendment) Tax Ordinance, 2019 allowed an option to the domestic companies to switch to a lower tax rate structure of 22% (25.17% including surcharge and cess) from the earlier 25% (29.12% including surcharge and cess) subject to condition that the Company will not avail any of the specified deductions / incentives under the Income Tax Act. The Company has elected to switch to the new lower tax rate structure with effect from the year ended March 31, 2020.

**(iii) Income tax on other comprehensive income**

| Particulars | Year ended March 31, 2021 | Year ended March 31, 2020 |
|---|---|---|
| **Deferred tax** | | |
| Remeasurement of defined benefit obligation | 7.73 | 2.31 |
| | **7.73** | **2.31** |

**(iv) Following is the analysis of the deferred tax asset/(liabilities) presented in the balance sheet.**

| | Year ended 31 March 2021 | | | |
|---|---|---|---|---|
| **Particulars** | **Opening balance** | **Recognised in profit and loss (charged)/credited** | **Recognised in OCI** | **Closing balance** |
| Tax effect of items constituting deferred tax assets/ (liabilities) | | | | |
| Employee benefits | 43.91 | 11.32 | 7.73 | 62.96 |
| Provision for disputed matters / others | 22.14 | - | - | 22.14 |
| Property, plant and equipment | 48.63 | 14.64 | - | 63.27 |
| **Net tax asset / (liabilities)** | **114.68** | **25.96** | **7.73** | **148.37** |

| | Year ended 31 March 2020 | | | |
|---|---|---|---|---|
| **Particulars** | **Opening balance** | **Recognised in profit and Loss (charged)/credited** | **Recognised in OCI** | **Closing balance** |
| Tax effect of items constituting deferred tax assets/ (liabilities) | | | | |
| Employee benefits | 42.16 | (0.56) | 2.31 | 43.91 |
| Provision for disputed matters / others | 25.62 | (3.48) | - | 22.14 |
| Property, plant and equipment | 37.42 | 11.20 | - | 48.63 |
| **Net tax asset / (liabilities)** | **105.20** | **7.16** | **2.31** | **114.68** |

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**29 Provision for disputed matters**

Item represents the adjustments on account of provision for disputed matters created by the Company based on Management's Assessment of various disputes duly considering various developments.

| Particulars | Year ended March 31, 2021 | Year ended March 31, 2020 |
|---|---|---|
| Opening balance | 87.97 | 87.97 |
| Provision made during the year | - | - |
| Reversals during the year | - | - |
| Closing balance | 87.97 | 87.97 |

**Notes:**

During the year ended March 31, 2016, the Company had also received Assessment Order relating to the Assessment Year 2011-12. In the said Assessment Order, the Assessing Officer raised a total tax demand of ₹42.63 million which was issued based on the order issued by Dispute Resolution Panel (DRP). Based on the interim instructions of the ITAT, an amount of ₹ 7.01 million was paid under protest as at March 31, 2018. The Company had filed Appeal before Income Tax Appellate Tribunal (ITAT), which was subsequently heard and as per the ITAT's order, the tax demand would get reduced to ₹ 20.66 million. The Company has filed an appeal in the Hon'ble High Court against ITAT's order, which is pending for disposal. The Company has recorded the provision for the above mentioned tax demand including interest payable as at March 31, 2021.

During the year ended March 31, 2019, the Company has received Assessment Order relating to the Assessment Year 2012-13. In the said Assessment Order, the Assessing Officer raised a total tax demand of ₹53.64 million which was issued based on the order issued by Dispute Resolution Panel (DRP). Based on interim instructions from the Assessing Officer, an amount of ₹18.59 million was paid under protest as at March 31, 2018. The Company has filed appeal before Income Tax Appellate Tribunal (ITAT). ITAT has since disposed off the case and consequential order is awaited from AO. The Company has recorded the provision for the above mentioned tax demand including interest payable as at March 31, 2021.

**30 Contingent liabilities and commitments**

**30.1 Commitments**

(i) The estimated amount of contracts remaining to be executed on capital account, net of advances and not provided for is ₹ 119.46 million (As at March 31, 2020: ₹ 10.36 million).

(ii) Other commitments for service contracts - ₹ 76.07 million (As at March 31, 2020 : ₹104.61 million).

**30.2 Claims against the Company not acknowledged as debts**

| | As at March 31, 2021 | As at March 31, 2020 |
|---|---|---|
| Income tax (refer note (i) to (v) below) | 305.43 | 209.18 |
| | **305.43** | **209.18** |

**Notes:**

(i) During the year 2017-18, based on directions of Dispute Resolution Panel ('DRP'), the Assessing Officer has issued final assessment order relating to the Assessment Year 2013-14 with a total tax demand of ₹ 16.52 million. Subsequently, the Company has filed an appeal before Income Tax Appellate Tribunal (ITAT). During the previous year, ITAT has provided partial relief and remanded back to the TPO for fresh examination with respect to certain comparable. During the current year, the Company has received a rectification order to revise the total tax demand to ₹ 24.33 million and the Company has also filed a submission for the same. As at reporting date, the Company is yet to receive the giving effect to the order passed by Assessing Officer.

(ii) During the year 2019-20, the Company has received Draft Assessment Order relating to the Assessment Year 2014-15 with transfer pricing adjustment amounting to ₹ 154.27 million. The Company has submitted its objections before Dispute Resolution Panel (DRP), however DRP has rejected the objections filed by the Company. During the year, the Company has received a consequential order from Assessing Officer with a total demand of ₹ 18.02 million. The Company has filed an appeal before ITAT against the final assessment order. As at reporting date, ITAT Order has been received and a consequential order is awaited from Assessing Officer.

(iii) During the year 2019-20, the Company has received final assessment order relating to the Assessment Year 2015-16 with a total tax demand of ₹ 118.40 million relating to transfer pricing adjustment. During the current year, the Company has received a revised order from Commission of Income Tax (Appeals) revising the total tax demand to ₹ 85.08 million. As at reporting date, the Company has filed an appeal before Commissioner of Income Tax (Appeals) and Income tax Appellate Tribunal which were pending for disposal.

(iv) During the current year, the Company has received final assessment order relating to the Assessment Year 2016-17 with a total tax demand of ₹ 101.07 million relating to transfer pricing adjustment. As at reporting date, the Company has filed an appeal before Income Tax Appellate Tribunal which were pending for disposal.

(v) During the current year, the Company has received draft assessment order relating to the Assessment Year 2017-18 with a total tax demand of ₹ 76.93 million mainly relating to transfer pricing adjustment. As at reporting date, the Company has filed an appeal before Dispute Resolution Panel, which is pending for disposal.

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**30.3 Service tax matters**

During the earlier periods, the Service Tax Authorities has rejected certain refund claim orders related to the period December 2007 to August 2009 amounting to ₹ 95.63 million. Subsequently, the Company has received favorable orders and had received refund claim of ₹ 92.40 million (including an amount of ₹5.07 million received during the year post CESTAT's favourable order). The service tax authorities has filed a Special Leave Petition before the Hon'ble Supreme Court against such claims during the earlier periods and some appeals are dismissed and some are pending for disposal as at reporting date.

**30.4** Supreme Court vide their judgement dated February 28, 2019 clarified that Provident fund deduction is to be made on basic salary and on other salary components which are universally made available to all employees. The Company based on internal evaluation, believes that there are interpretative challenges and significant uncertainties surrounding the determination of liability including the period of assessment, application for present and past employees, Company's liability towards employees' contribution and assessment of interest and penalties. The amount of obligation, therefore, cannot be measured with sufficient reliability for past periods, and hence, disclosed as contingent liability.

**31 Corporate Social Responsibility (CSR)**

During the year, the Company incurred an aggregate amount of ₹ 6.86 million (Previous Year: ₹ 6.39 million) towards corporate social responsibility in compliance of Section 135 of the Companies Act 2013 read with relevant schedule and rules made thereunder. The details of the CSR spend are given below:

(i) Gross amount required to be spent by the Company during the year: ₹ 8.41 million (Previous Year: ₹ 6.39 million)

(ii) Amount spent by the Company during the year on:

| Particulars | Mode of payment | Amount spent |
|---|---|---|
| Kriti Social Initiatives | Cheque | 0.11 |
| Bharosa Society For Protection of Women | Cheque | 1.20 |
| Telangana Government (Covid relief) | | 5.00 |
| Others | | 0.55 |
| **Total** | | **6.86** |

(iii) Amount unspent by the Company for the year 2020-21 amounting to ₹ 1.55 million shall be transferred to a separate Bank account within 30 days from the end of the financial year as required by Statute.

As per our report of even date attached.

*for* **B S R & Co. LLP**
*Chartered Accountants*
Firm's Registration No. 101248W/W-100022

**Satish Vaidyanathan**
*Partner*
Membership No. 217042

Place : Chennai
Date : July 26, 2021

for and on behalf of the Board of Directors of
**Hyundai Motor India Engineering Private Limited**

**Yi Kuen Han**
*Managing Director*
DIN: 09032171

**Junghwan Lee**
*Director and CFO*
DIN: 08360477

**M V Vidya**
*Company Secretary*
Membership Number: 7296

Place : Hyderabad
Date : July 26, 2021