

ABOUT SES

Stakeholders Empowerment Services (SES) is a Corporate Governance Research and Advisory Firm. SES assists Investors to analyze Governance Practices including matters relating to sustainability, prevalent at Listed Entities and empower Investors to undertake meaningful engagement with Investee Entities.

SES SERVICES

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COMPANY INFORMATION

BSE CODE: 544274

NSE SYMBOL: HYUNDAI

ISIN: INE0V6F01027

Industry: Passenger Cars & Utility Vehicles

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Registered Office: Plot No. H-1, SIPCOT Industrial Park, Irrungattukottai, Sriperumbudur Taluk, Kancheepuram District, Tamil Nadu-602117, India

MEETING DETAILS

Meeting Type: PB

Voting Deadline: 1st April, 2026

Notice Date: 2nd March, 2026

Notice: [Click here](#)

Annual Report: [FY 2024-25](#)

SES PA Report: [Report](#)

E-VOTING DETAILS

e-Voting Platform: [NSDL](#)

Cut-off Date: 25th February, 2026

Remote E-voting:

- **Start:** 3rd March, 2026
- **Ends:** 1st April, 2026

REPORT RELEASE DATE: 30th March, 2026

Research Analyst: Karishma Yadav

Conflict Disclosure: SES - No Conflict | Analyst - No Conflict



ADDENDUM

There is a change in SES recommendation for resolutions #3 and #4 from 'AGAINST' to 'FOR' based on the Company's clarification and additional disclosures. However, there is no change in the SES Recommendations on other resolution(s). However, shareholders may take note of the Company's clarification and SES' comments thereon.

EXISTING RECOMMENDATION					
S. No	Resolution	Type	SES Observation #	Rec.	Rationale
2	To approve material related party transactions between Hyundai Motor India Limited (Company) and Mobis India Limited (Mobis).	O	LC GC TC	AGAINST	<i>Inadequate Disclosures: Lack of clarity as to how the related party will sustain the proposed RPT; inadequate disclosure on basis of arms' length pricing.</i>
3	To approve material related party transactions between Hyundai Motor India Limited (Company) and Kia India Private Limited (Kia).	O	LC GC TC	AGAINST	<i>Inadequate disclosure on basis of arms' length pricing.</i>
4	To approve material related party transactions between Hyundai Motor India Limited (Company) and Hyundai Motor Company (HMC).	O	LC GC TC	AGAINST	<i>Inadequate disclosure on basis of arms' length pricing.</i>
REVISED RECOMMENDATIONS					
2	To approve material related party transactions between Hyundai Motor India Limited (Company) and Mobis India Limited (Mobis).	O	LC GC	<u>AGAINST</u>	<i>Inadequate Disclosures: Lack of clarity as to how the related party will sustain the proposed RPT.</i>
3	To approve material related party transactions between Hyundai Motor India Limited (Company) and Kia India Private Limited (Kia).	O	LC	FOR	<i>No concern identified.</i>
4	To approve material related party transactions between Hyundai Motor India Limited (Company) and Hyundai Motor Company (HMC).	O	LC	FOR	<i>No concern identified.</i>

O – Ordinary Resolution; Rec. - Recommendation

LC - Legally Compliant, NC - Legally Non-Compliant, TC - Disclosures & Transparency Concern, GC - Governance Concern

BACKGROUND

SES as per its policy, had emailed its PA Report [weblink](#) to the Company on 24th March, 2026 in respect of the ongoing PB of the Company.

Post release of PA Report, SES received an email from the Company on 26th March, 2026. The Company, through the email, provided its view point, which is reproduced at the last in *blue text*.

It may be noted that the email of the Company dated 26th March, 2026 (as per SES policy framed to comply with SEBI Circular dated 3rd August, 2020 [SEBI/HO/IMD/DF1/CIR/P/2020/147](#)) has already been forwarded to SES clients as it is, without any inputs from SES.

This Addendum provides appropriate responses of SES, wherever required.

SES COMMENTS TO COMPANY'S RESPONSE

Company's Views: (in Blue colour) & SES Reply: (in Black colour)

Resolution No. 2 - Related Party Transactions with Mobis India Limited ("Mobis")



Observation by SES: Pricing fairness cannot be ascertained for customised products, moulds/tools, purchase of spares; and concern regarding high dependence on Mobis.

Company's Response

(a) Customised Products:

The modular assemblies and certain components procured from Mobis are custom-engineered proprietary products, developed specifically for HMIL's vehicle platforms. These products embody confidential designs, proprietary technology and trade secrets, and are not comparable to standard components.

Pricing of such customised products is determined by the vendor after considering multiple commercial and technical factors, including:

- investments made to support HMIL's business,
- expected volumes,
- cost of specialised inputs, and
- technical complexity involved.

Given the **absence of reliable external third-party comparables** for such products, transaction-wise benchmarking is not feasible. These customised products are not comparable to standard third-party products available in the open market. Since, individual transaction benchmarking is not feasible, the transactions have been aggregated and **benchmarked at an operating segment level using the Transactional Net Margin Method (TNMM)**, thereby supporting the arm's-length nature of the pricing.

(b) Purchase of Moulds, Dies, Tools and Jigs

Prices for moulds, dies, tools and related assets procured from Mobis are **evaluated through internal cost benchmarking using in-house software**, which estimates costs based on technical specifications, material requirements, complexity and expected useful life. Further, depreciation on such assets forms part of HMIL's operating cost base and is **included in the TNMM analysis**. Since HMIL's overall operating margins remain within an acceptable arm's-length range, the pricing of such transactions are also substantiated on an aggregated basis which support the arm's-length nature of the pricing.

(c) Purchase of Spares for Cars Used by HMIL

Spares procured from Mobis for HMIL's own outlets **are purchased at the same prices at which identical spares** are supplied by Mobis to independent dealers.

Further, **the transaction has been aggregated under operating segment and benchmarked using the TNMM**. The overall profit margins achieved remain within an acceptable and justifiable range under the TNMM framework, thereby supporting the arm's-length nature of the pricing.

SES COMMENT: SES, in its PA Report, had raised governance and transparency concern on account of inadequate disclosure of basis of determining arms' length pricing for certain transactions proposed under resolution #2.

The Company, in its response, has given clarifications that the purchase of Modular assembly and other components for the manufacture of cars and other components, Purchase of moulds and dies used in production by Mobis and Purchase of spares for cars used by HMI are benchmarked at an operating segment level using the **Transactional Net Margin Method (TNMM)**. Further, spares for cars used by HMIL from Mobis are purchased at the same price at which identical spares are supplied by Mobis to other dealers.

The Company has now clearly disclosed the methods for determining arms' length pricing. Therefore, **concern raised by SES in this regard has been addressed**.

(d) High Dependence on Mobis

From HMIL's perspective, transactions with Mobis constitute only 13.58% of the Company's consolidated turnover. This proportion has remained stable over the last three financial years, reflecting balanced procurement practices.



Mobis provides specialised manufacturing capabilities, proximity-based supply advantages and sustained investments in advanced facilities, resulting in reduced lead times, optimised inventory and uninterrupted manufacturing operations.

Accordingly, while Mobis derives a significant portion of its revenue from HMIL, from the Company's perspective the sourcing remains diversified, commercially justified and aligned with long-term operational efficiency and business continuity.

Further, the Company has undertaken similar transactions with Mobis in the past in the ordinary course of business and on an arm's length basis, after obtaining the requisite approvals of the Audit Committee, the Board of Directors and the Shareholders, as applicable.

SES COMMENT: SES, in its PA Report, had raised governance for material RPT with Mobis as the proposed RPT limits appear to be significant w.r.t. the financial standing of the related parties i.e. Mobis. Hence the Company is expected should explain as to how Mobis plans to sustain the proposed RPTs despite the identified gap between project value and financial strength.

SES acknowledges that the proposed RPT constitutes only 13.58% of the Company's consolidated turnover. However, as discussed on page #10 of SES [PA Report](#), the proposed RPT ~52% of Mobis's turnover for FY 2024-25 and ~1.42x times its net-worth.

The Company, in its response, has not explained how Mobis plans to sustain the proposed RPTs despite the identified gap between project value and financial strength. Therefore, **concern raised in this regard stands unaddressed**.

In view of the above, there is **no change** in the SES recommendation for the proposed **resolution #2**.

However, shareholders may take note of the company's email and also SES comments' thereon, and take an informed decision.

Resolution No. 3 - Related Party Transactions with Kia India Private Limited ("Kia")

Observation by SES: Pricing fairness for purchase of engines cannot be ascertained.

Company's Response: The engines procured from Kia are customised engines manufactured to specifications suitable for HMIL vehicle models. Pricing is determined by the vendor based on prevailing market conditions, expected volumes, investments made to support HMIL's requirements and cost of inputs. Due to the customised nature of the engines and absence of identical third-party comparables, the transactions are aggregated and **benchmarked using TNMM at an operating segment level**. The overall profit margins achieved remain within an acceptable and justifiable range under the TNMM framework, thereby supporting the arm's-length nature of the pricing.

The Company has undertaken similar transactions with Kia in the past in the ordinary course of business and on an arm's length basis, after obtaining the requisite approvals of the Audit Committee, the Board of Directors and the Shareholders, as applicable.

The benchmarking demonstrates that the Company's margins are within an acceptable arm's length range, thereby supporting the fairness of pricing. These transactions have also been reviewed and approved by the Audit Committee and the Board after detailed evaluation of commercial terms and pricing framework.

The Company has undertaken similar transactions with Kia in the past in the ordinary course of business and on an arm's length basis, after obtaining the requisite approvals of the Audit Committee, the Board of Directors and the Shareholders, as applicable.

SES COMMENT: SES, in its PA Report, had raised governance and transparency concern on account on inadequate disclosure of basis of determining arms' length pricing for certain transactions proposed under resolution #3.

The Company, in its response, has disclosed that 'Purchase of engines' from Kia is benchmarked using TNMM at an operating segment level such that the overall profit margins achieved remain within an acceptable and justifiable range under the TNMM framework. Hence arms' length pricing is adequately established.

In view of additional clarification, **the concern raised by SES stands addressed**, hence SES is modifying its recommendation on **resolution #3** from '**AGAINST**' to '**FOR**'.

Resolution No. 4 - Related Party Transactions with Hyundai Motor Company ("HMC")

Observation by SES: Pricing fairness cannot be ascertained for purchases of components used in production of cars and purchase of machinery, tools, moulds, dies and related service cost.



Company's Response: *The components, machinery, tools and technical services etc. are procured from HMC involve proprietary designs, advanced engineering expertise and global manufacturing standards, which are integral to HMIL's production, product quality and compliance with global specifications.*

Pricing is determined in accordance with global pricing frameworks, technical complexity, volume efficiencies and market conditions. *This evaluation also considers the specialized expertise required for the design and development of machinery suited to HMIL's operational needs.*

*Given the proprietary and globally integrated nature of these transactions, **they are benchmarked collectively using TNMM at an entity level**, which demonstrates that HMIL's margins are at arm's length basis thereby supporting the arm's-length nature of the pricing.*

The Company has undertaken similar transactions with HMC in the past in the ordinary course of business and on an arm's length basis, after obtaining the requisite approvals of the Audit Committee, the Board of Directors and the Shareholders, as applicable.

CLARIFICATIONS: *It may be noted that neither the Companies Act, 2013 nor the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 prescribe any specific methodology for the determination of arm's-length pricing. Accordingly, HMIL has adopted the **transfer pricing framework prescribed under the Income-tax Act, 1961**, which is a well-established and globally accepted framework.*

Considering the unique and closely inter-related nature of the transactions, the Company has adopted an aggregation approach, with the Transactional Net Margin Method (TNMM) identified as the most appropriate method for determining arm's-length pricing.

*This aggregation approach is well accepted and globally prevalent practice. As per the **OCED Transfer Pricing guidelines, overall testing is preferred method in situations where individual evaluation of transactions is not feasible** – particularly where transactions are closely interrelated with each other.*

CONCLUSION: *The Company has in place an established RPT Policy in place and internal processes for the review and approval of related party transactions. These transactions have been duly evaluated and approved by the Audit Committee and the Board of Directors as being in the ordinary course of business and at arm's length, as disclosed in the Postal Ballot Notice.*

The Audit Committee and the Board of Directors, comprising Independent Directors, undertook a thorough, careful and comprehensive prior review of the proposed material related party transactions, examined all relevant details, and accordingly recommended the transactions for shareholders' approval.

In this process, the Audit Committee examined the proposed transactions with the same level of rigor and diligence as would be applied to transactions with unrelated third parties, sought all relevant information, and raised appropriate queries. The review was conducted to satisfy themselves, that the terms of the transactions are fair, reasonable, and in the best interests of the Company and its shareholders, without any dilution of scrutiny on account of the related party nature of the transactions.

The benchmarking outcomes, internal validation mechanisms and oversight by the Audit Committee collectively demonstrate that the transactions are fair, reasonable and in the best interests of all shareholders.

SES COMMENT: *SES, in its PA Report, had raised governance and transparency concern on account on inadequate disclosure of basis of determining arms' length pricing for certain transactions proposed under resolution #4.*

The Company, in its response, has disclosed that for pricing the material RPTs with HMC, HMIL has adopted the transfer pricing framework. Further, considering the unique and closely inter-related nature of the transactions, HMIL has adopted an aggregation approach, with the Transactional Net Margin Method identified as the most appropriate method for determining arm's-length pricing. Hence arms' length pricing is adequately established.

*In view of additional clarification, **the concern raised by SES stands addressed**, hence SES is modifying its recommendation on **resolution #4** from '**AGAINST**' to '**FOR**'.*

*SES is of the view that **the Notice should be all-encompassing in nature**, such that all material details are disclosed in the Notice for shareholders' informed decision making.*



COMPANY'S EMAIL

Dear Team

Please refer to the attached document on Company's clarification on the Proxy Advisory Report shared with the Company on the Postal Ballot Notice.

Regards

The Company's Response: [ATTACHMENT](#)



Disclaimer Sources

Only publicly available data has been used while making the report. Our data sources include Notice of Shareholders' Meeting, BSE, NSE, SEBI, Capitaline, MCA, Moneycontrol, Businessweek, Reuters, Annual Reports, Sustainability Reports, IPO Documents and Company Website.

Analyst Certification

The Analyst(s) involved in development of this Report certify that no part of the Research Analyst's compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed by the Research Analyst(s) in this Report. The concerned Research Analyst(s) and Director(s) do not have any pecuniary relationship with the Reported Company, except that they may be holding miniscule shares in the Company which does not impact their independence in respect of this Report.

SES may be a shareholder in the Company holding equity shares as disclosed on its [website](#). The objective of SES' investment is solely to obtain Shareholders' communications from the Company as a shareholder.

CAUTIONARY STATEMENT

The recommendations made by SES are based on publicly available information and conform to SES's stated Proxy-Advisory Guidelines. SES opinion is based on SES's interpretation of law and governance benchmarks, which may differ from opinion/ benchmarks of other analysts or practitioners. Further, SES analysis is recommendatory in nature and reflects how SES would have voted if it was a shareholder. Therefore, SES expects that the clients will evaluate the effect of their vote on their investments independently and diligently and will vote accordingly. Subscribers may also carry out an impact analysis of their votes and keep the same as an addendum for their records. In our opinion, Institutional investors are positioned significantly differently from other shareholders due to their ability to engage with the board and the management to bring out desired result. As a firm, it is our endeavour to improve the level of corporate governance while not causing any disruption in company's proceedings and therefore we respect the independence of investors to choose alternate methods to achieve similar results.

Disclaimer

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All disputes shall be subject to jurisdiction of High Court of Bombay, Mumbai.

Concern terminology

NC – Compliance Concern: The Company has not met statutory compliance requirements

FC – Fairness Concern: The Company has proposed steps which may lead to undue advantage to a particular class of shareholders and can have adverse impact on non-controlling shareholders including minority shareholders

GC – Governance Concern: SES questions the governance practices of the Company. The Company may have complied with the statutory requirements in letter. However, SES finds governance issues as per its standards.

TC - Disclosures & Transparency Concern: The Company has not made adequate disclosures necessary for shareholders to make an informed decision. The Company has intentionally or unintentionally kept the shareholders in dark.

Company Information



Stakeholders Empowerment Services

SEBI Reg. No. INH000000016

CIN No. -

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