APPOINTMENT LETTER

To
Gen. (Retd.) V.P. Malik
DIN: 00006628
251, Sector 6,
Panchkula,
Haryana 134109

Dear Gen. Malik

Sub: Appointment as an Independent Director

On behalf of the Board I am delighted to inform you that the members have accorded their consent vide their Ordinary Resolution passed in the 31st Annual General Meeting of the Company held on Tuesday, August 5, 2014 to your appointment as an Independent Director pursuant to the provisions of Section 149 of the Companies Act, 2013 ("Act").

Gen. Malik, I am sure that as in the past, during this fresh term also you will continue to add immense value to the good governance of Hero MotoCorp with your knowledge, expertise and enriched experience.

May I request you to please sign a copy of this letter as an acknowledgement of your accepting the appointment. However if there is any change(s) in the declarations and disclosures already submitted by you, request you to kindly intimate.

This letter contains a copy of "The Code of Independent Directors" and the terms of appointment in accordance with the Act and Articles of Association of the Company for your kind perusal and reference.

Yours sincerely,

Sd/-

Brijmohan Lall Munjal
Chairman
DIN 00004134

I accept
Signature : Sd/-
Name : Gen. (Retd.) V. P. Malik
DIN : 00006628
Date : 06- Aug-2014

Hero MotoCorp Ltd.
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Hero MotoCorp Limited

CODE FOR INDEPENDENT DIRECTORS

(As per Schedule IV of Companies Act 2013)

This Code is a guide to professional conduct of all Independent Directors. It is felt that adherence to these standards by Independent Directors, and fulfillment of their responsibilities accordingly, will promote confidence of the investment community, the minority shareholders and regulators in the institution of Independent Directors.

I. Guidelines of professional conduct:

An Independent Director shall:

1) uphold ethical standards of integrity and probity;
2) act objectively and constructively while exercising his duties;
3) exercise his responsibilities in a bona fide manner in the interest of the company;
4) devote sufficient time and attention to his professional obligations for informed and balanced decision making;
5) not allow any extraneous considerations that will vitiate his exercise of objective independent judgment in the paramount interest of the company as a whole, while concurring or dissenting from the collective judgment of the Board in its decision making;
6) not abuse his position to the detriment of the company or its shareholders or for the purpose of gaining direct or indirect personal advantage or advantage for any associated person;
7) refrain from any action that would lead to loss of his independence;
8) where circumstances arise which make an Independent Director lose his independence, the Independent Director must immediately inform the Board accordingly;
9) assist the company in implementing the best corporate governance practices.

II. Role and functions:

Independent Directors shall:

1) help in bringing an independent judgment to bear on the deliberations of the Board, specially on issues of strategy, performance, risk management, resources, key appointments and conduct;
2) bring an objective view in the evaluation of the performance of board and management;
3) scrutinize the performance of management in meeting the agreed goals and objectives and monitor performance reporting system;
4) satisfy themselves on the integrity of financial information and that financial controls and the systems of risk management are robust and defensible;
5) safeguard the interests of all stakeholders, particularly the minority shareholders;
6) balance the conflicting interest of all stakeholders;

7) determine appropriate levels of remuneration of executive directors and Key Managerial Personnel;
8) advise in the appointment of Key Managerial Personnel/senior management, and where necessary, recommend removal of executive directors, Key Managerial Personnel;
9) moderate/arbitrate in situations of conflict between management and shareholders' interest in the interest of the Company as a whole.

III. Duties:

Independent Directors shall:

1) undertake appropriate induction advice and regularly update their skills, knowledge and familiarity with the company;
2) seek appropriate clarification or amplification of information and where necessary take appropriate professional advice and opinion of outside experts;
3) strive to attend all meetings of the Board of Directors and Board committees of which he/she is a member;
4) actively participate in the committees of the Board, where nominated;
5) strive to attend the annual/special general meetings of the company;
6) ensure that his/her concerns about the running of the company or a proposed action are addressed by the Board. If not resolved, the concerns be recorded in the minutes of the Board meeting;
7) keep themselves well informed about the company and the external environment in which it operates;
8) ensure that adequate deliberations are held before approval of related party transactions in the interest of the company;
9) ensure that the company has a functional vigilance mechanism and that the interests of persons who use such mechanism are not prejudicially affected;
10) report concerns about unethical behavior, actual or suspected fraud, or violation of the company's code of conduct or ethics policy;
11) assist in protecting the legitimate interests of the company, shareholders and its employees;
12) not disclose confidential information, including commercial secrets, technologies, advertising and sales promotion plans, unpublished price sensitive information, unless such disclosure is expressly approved by the Board or required by law.

IV. Manner of appointment:

1) Appointment process of independent directors shall be independent of the company management. While selecting independent directors, the Board shall ensure that there is balance of skills, experience and knowledge in the Board so as to enable the Board to discharge its functions and duties effectively.

2) The appointment of independent director(s) of the company shall be approved at the meeting of the shareholders.

3) The explanatory statement attached to the notice of the meeting for approving the appointment of independent director shall include a statement that in the opinion of the Board, the independent director proposed to be appointed fulfils the conditions specified in the Act and the rules made thereunder, and that the proposed director is independent of the management.

4) The appointment of independent directors shall be formalised through a letter of appointment, which shall set out:
   a) the term of appointment;
   b) the expectation of the Board from the appointed director; the Board-level committee(s) in which the director is expected to serve and its tasks;
   c) the fiduciary duties that come with such an appointment along with accompanying liabilities;
   d) provision for Directors and Officers (D and O) insurance, if any;
   e) the Code of Business Ethics that the company expects its directors and employees to follow;
   f) the list of actions that a director should not do while functioning as such in the company; and
   g) remuneration, periodic fees, reimbursement of expenses for participation in the Boards and other meetings and profit related commission, if any.

5) The terms and conditions of appointment of Independent Directors shall be open for inspection at the registered office of the company during normal business hours.

6) The terms and conditions of appointment of Independent Directors shall also be posted on the company's website.

V. Re-appointment:

The re-appointment of Independent Director shall be based on annual performance evaluation.

VI. Resignation or Removal:

1) Resignation or removal of an independent director shall be as provided in sections 168 and 169 of the Companies Act.
2) An Independent Director who resigns, or is removed, from the Board shall be replaced by a new Independent Director within a period of one hundred and eighty days from the date of such resignation/removal.
3) Where the company fulfils the requirement of Independent Directors in its Board without having to fill the vacancy created by such resignation/removal, the requirement of replacement by a new Independent Director shall not apply.

VII. Separate Meetings:

1) Independent Directors of the company shall hold at least one meeting in a year, without the attendance of non-independent directors and other members of management;
2) All Independent Directors of the company shall strive to be present at such meeting;
3) The meeting shall:
   a) review the performance of non-independent directors and the Board as a whole;
   b) review the performance of the Chairperson of the company after taking into account the views of the executive directors and non-executive directors;
   c) assess the quality, quantity and timings of the flow of information between the company management and the Board so that the Board and its members can perform their role effectively

VIII. Evaluation Mechanism:

1) The performance evaluation of Independent Directors shall be done by the entire Board of Directors (excluding the Director being evaluated).
2) On the basis of the performance evaluation, the Board will decide whether to extend or continue the term of appointment of the Independent Director.

Terms of Appointment, subject to Companies Act, 2013 and Articles of Association of the Company,

Appointment

Your appointment will be for a term of five consecutive years effective 5th August, 2014 and subject to annual performance evaluation in the Board. As an Independent Director, you shall not be liable to retire by rotation.

During your tenure as an Independent Director, you may be requested to serve on one or more of the committees of the Board. Copies of the terms of reference for each of those committees will be provided to you at the appropriate time.

We request you to kindly peruse the Articles of Association to understand certain circumstances under which your appointment may cease.

Role & Duties

The Company attaches the highest importance to your all-round perspective while on the Board. As an Independent Director of the company, we hope to derive the benefit of your vast experience on business matters and in advising the Company as mentioned in Section 166 of the Companies Act, 2013 ("Act").

Fees / Commission

You will be entitled to remuneration by way of sitting fees for attending meetings of the Board, or Committee thereof, or any other purpose as may be decided by the Board, together with reimbursement of expenses for participation in the Board and committee meetings. You will also be entitled to profit linked commission as per applicable provisions of Act. The profit linked commission which would be based on:

- Number of meetings attended.
- Your role and contribution as member of the Board.
- Your role and contribution as Chairperson / member of the Committee(s), as applicable.
- Overall contribution and time devoted outside meetings.

The fee for attending meetings of the Board or Committee (s) thereof will be as prescribed by the Act, subject to applicable approvals, if any.

Reimbursement of Expenses

The Company will reimburse you for all reasonable out of pocket expenses incurred while carrying out your duties including expenses incurred on obtaining advice from independent advisors in accordance with the Company's policy.

Other Directorships and Business Interests

The Board of Directors has an obligation to act in the best interest of the Company. While the Company acknowledges that you may have business interests other than those of the Company, you are requested to inform the Company Secretary of any apparent situations that present a potential or actual conflict of interest. You are also requested to inform the Company on your accepting Directorships of other companies.

In compliance with the requirements of the Act, you are required to make certain disclosures related to and/or which might affect your role as a Director. These include:

- Promptly advising details of any interests, or changes thereto, in the Company's securities;
- Provide a current list of your related parties and companies in which you hold positions as Director or other positions held by you.

Code of Conduct & other Compliances

During your appointment, you would be required to comply with all relevant regulations as may be issued by the Government of India and other authorized bodies as set up by the Government on its behalf, including the Code for Independent Directors, Insider Trading Code, and such other requirements as the Board may specify from time to time.

At the first meeting of the Board in every financial year, or whenever there is any change in the circumstances which may affect your status as an Independent Director, you will give a declaration to confirm that you meet the criteria of independence as provided in Section 149 (6) of the Act.

Confidentiality

In your role as an Independent Director you will be in possession of confidential information about the Company and its affairs. You may kindly use that information in the proper performance of your duties only or as required by law.

You must apply the highest standards of confidentiality and not disclose to any person or company (during the course of the Appointment or within 3 (three) years after the cessation), any confidential information, including commercial secrets, technologies, advertising and sales promotion plans, unless such disclosure is expressly approved by the Board or required by law.

Performance Review Process

As required by the Companies Act, your performance will be evaluated within the Board of Directors on an annual basis.

Insurance

The Company maintains Directors & Officers Insurance for its Board members. It pays all premiums pertaining to the same during the Appointment and after the Appointment in respect of any matter occurring or alleged to have occurred while you are/were a Director of the Company.

Cessation

On cessation of the Appointment you will deliver to the Company all books, documents, papers and other property of or relating to the business of the Company or any Subsidiary/Associate Company. The Company shall arrange disposal of papers which you no longer require.

Publication of the Letter of Appointment

In line with provision of Schedule IV of the Act and the requirement of the Clause 49 of the listing agreement, the Company is required to disclose this letter on its website and submit it to the Stock Exchange within the stipulated timelines.