



HERO MOTOCORP LIMITED

Policy for Determining Material Subsidiaries

CONTENTS

INTRODUCTION	1
POLICY OBJECTIVE	1
DEFINITIONS	1
CRITERIA FOR DETERMINING MATERIAL SUBSIDIARY	2
GOVERNANCE FRAMEWORK	2
DISPOSAL OF MATERIAL SUBSIDIARY	2
DISCLOSURES	3
REVIEW	3
LIMITATION AND AMENDMENTS	3

POLICY FOR DETERMINING MATERIAL SUBSIDIARIES

I. Introduction

The Board of Directors (the “**Board**”) of Hero MotoCorp Limited (the “Company”) has adopted the following policy and procedures (the “**Policy**”) with regard to determination of Material Subsidiaries.

This Policy is effective from October 16, 2014, and is amended from time to time by the Company. This Policy has been formulated in accordance with Regulation 16(1)(c) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as “**Listing Regulations**”) as applicable and amended from time to time.

II. Policy Objective

To lay down the criteria for determining Material Subsidiaries of the Company and to provide the governance framework for such Subsidiaries.

III. Definitions

"Audit Committee" or "Committee" means the audit committee constituted by the Board of the Company, from time to time, under Regulation 18 of the Listing Regulations and Section 177 of the Companies Act, 2013 (hereinafter referred to as the “**Act**”).

"Independent Director" means a director of the Company, not being a managing director or a whole time director or a nominee director and, who (i) is or was neither a promoter nor belongs to the promoter group of the Company or its holding, subsidiary or associate company; (ii) is not related to promoters or directors in the Company or its holding, subsidiary or associate company; and (iii) satisfies other criteria for independence under the Act and the Listing Regulations.

“Subsidiary” means a subsidiary as defined under section 2(87) of the Act.

Any other term not defined herein shall have the same meaning as defined under the Act, Listing Regulations or any other applicable law, rules or regulations.

IV. Criteria for determining Material Subsidiary

"Material Subsidiary" shall mean a Subsidiary, whose turnover or net worth exceeds 10% of the consolidated turnover or net worth respectively, of the Company and its Subsidiaries in the immediately preceding accounting year.

The management shall present to the Audit Committee the list of all Material Subsidiaries on a periodic basis as and when it becomes applicable. The Audit Committee shall review the same and make suitable recommendations to the Board.

V. Governance Framework

- a. At least one Independent Director on the Board of the Company shall be a director on the board of an unlisted Material Subsidiary, whether incorporated in India or not.

For the purposes of Article V, and notwithstanding the definition of Material Subsidiary under Article IV of this Policy, the term 'Material Subsidiary' shall mean a Subsidiary whose turnover or net worth exceeds 20% of the consolidated turnover or net worth respectively, of the Company and its Subsidiaries in the immediately preceding accounting year.

- b. The Audit Committee of Board of Directors of the Company shall review the financial statements, in particular, the investments made by the unlisted Subsidiary company.
- c. The minutes of the meetings of the Board of Directors of the unlisted Subsidiary company shall be placed before the Board of Directors of the Company.
- d. The management of the unlisted Subsidiary shall, on a periodical basis, bring to the attention of the Board of Directors of the Company, a statement of all significant transactions and arrangements entered into by the unlisted Subsidiary company.
- e. The Company and its unlisted Material Subsidiaries incorporated in India shall undertake secretarial audit by a secretarial auditor appointed in compliance with the Listing Regulations and shall annex a secretarial audit report, in such form as specified, with the annual report of the Company.

VI. Disposal of Material Subsidiary

The Company, without the prior approval of the members by a special resolution in a general meeting, shall not:

- a. dispose of shares in its Material Subsidiaries resulting in reduction of its shareholding (either on its own or together with other Subsidiaries) to less than or equal to 50%; or cease the exercise of control over the Subsidiary except in cases where such divestment is made under a scheme of arrangement duly approved by a Court/ Tribunal, or under a resolution plan duly approved under section 31 of the Insolvency and Bankruptcy Code, 2016 and such an event is disclosed to the recognized stock exchanges within one day of the resolution plan being approved;
- b. sell, dispose of or lease the assets amounting to more than 20% of the assets of the Material Subsidiary on an aggregate basis during a financial year unless the sale/disposal/lease is made under a scheme of arrangement duly approved by a Court/Tribunal, or under a resolution plan duly approved under section 31 of the Insolvency and Bankruptcy Code, 2016 and such an event is disclosed to the recognized stock exchanges within one day of the resolution plan being approved. However, this shall not be applicable if such sale, disposal or lease of assets is between two wholly-owned Subsidiaries of the Company.

VII. Disclosures

This Policy shall be disclosed/published on the Company's website, www.heromotocorp.com and adequate disclosures as provided in the Listing Regulations be made in the Annual Report.

VIII. Review

This Policy shall be reviewed by the Board as and when required in accordance with any regulatory amendments or at least once in three years and updated accordingly.

IX. Limitation and Amendments

In the event of any conflict between the provisions of this Policy and the Act or Listing Regulations or any other statutory enactments or rules, the provisions of such Act or Listing Regulations or statutory enactments or rules shall prevail over this Policy.

In case of any amendment(s), clarification(s), circular(s) etc. issued by the relevant authorities, not being consistent with the provisions laid down under this Policy, such amendment(s), clarification(s), circular(s) etc. shall prevail upon the relevant provisions of the Policy and this Policy shall stand amended accordingly from the effective date of such amendment(s), clarification(s), circular(s) etc.
