



POLICY ON DETERMINING MATERIAL SUBSIDIARIES

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1. PURPOSE OF THE POLICY

The Policy for determining material subsidiary companies ("**Policy**") has been framed in accordance with Regulation 16(1)(c) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("**Listing Regulations**") and other applicable provisions (including any statutory enactments /amendments thereof).

The purpose of this Policy is determination of material subsidiaries of Hero Motors Limited ("**Company**") and disclosure thereof as required under the Listing Regulations. The Policy also intends to ensure governance of material subsidiary companies by complying with directorship requirements, review of financial statements, bringing to the attention of the Board certain transactions/ arrangements, rules regarding disinvestment of shares held by the Company and restrictions on selling/ disposing/ leasing of assets of such subsidiaries by the Company.

2. The Policy shall be effective from the date of listing of securities of the Company.

3. DEFINITIONS

- a. "**Audit Committee**" implies the audit committee constituted by the Board of Directors of the Company from time to time under provisions of the Listing Regulations and the Companies Act, 2013.
- b. "**Board**" implies Board of Directors of the Company.
- c. "**Companies Act or Act**" means the Companies Act, 2013 and the rules made there under.
- d. "**Control**" shall include the right to appoint majority of the directors or to control the management or policy decisions exercisable by a person or persons acting individually or in concert, directly or indirectly, including by virtue of their shareholding or management rights or shareholder agreements or voting agreements or in any other manner.
- e. "**Directors**" implies all the Directors on the Board.
- f. "**ED**" implies Executive Director of the Company.
- g. "**Independent Director**" or "**ID**" means a director who satisfies the criteria of independence as prescribed under the Companies Act, the rules made thereunder and the Listing Regulations.
- h. "**Material Subsidiary**" means unless specified otherwise, a subsidiary whose income or net worth exceeds 10% (Ten) of the consolidated income or net worth respectively, of the Company and its subsidiaries in the immediately preceding accounting year.
- i. "**Significant Transaction or Arrangement**" implies any individual transaction or arrangement that exceeds or is likely to exceed 10% of the total revenues or total expenses or total assets or total liabilities, as the case may be, of the material unlisted subsidiary for the immediately preceding accounting year.
- j. "**Subsidiary**" shall have the same meaning as defined under Section 2(87) the Companies Act.

Any other term not defined herein shall have the same meaning as defined in the Companies Act, the Listing Regulations, Securities Contract (Regulation) Act,

1956 or any other applicable law or regulation and the rules, notifications and circulars made/issued thereunder, as amended, from time to time.

4. OBJECTIVE OF THE POLICY

The objective of this Policy is to determine the:

- a. Meaning of Material Subsidiary;
- b. Requirement of ID in certain unlisted material subsidiaries, incorporated in India;
- c. Restriction on disposal of shares of Material Subsidiary by the Company;
- d. Restriction on transfer of assets of Material Subsidiary; and
- e. Disclosure requirements, under the Listing Regulations and any other laws and regulations as may be applicable to the Company.

5. IDENTIFICATION OF MATERIAL SUBSIDIARY

The material subsidiary shall be identified in terms of the provisions of Listing Regulations as applicable for each case.

6. GUIDING PRINCIPLES

“Material Subsidiary” of the Company would be identified, if any, as a one time exercise. The identification should happen soon after preparation of annual accounts.

7. GOVERNANCE FRAMEWORK

- a. The Audit Committee of Board of the Company shall review the financial statements, in particular, the investments made by the Unlisted Subsidiary Company.
- b. The minutes of the Board Meetings of the Unlisted Subsidiary Companies shall be placed before the Board of the Company.
- c. The management shall periodically 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.
- d. One ID of the Company shall be a director on the Board of the unlisted Material Subsidiary Company.

For this purpose of this clause notwithstanding anything to the contrary to this Policy and to the Listing Regulations the term material subsidiary shall mean a subsidiary, whose income or net worth exceeds 20% of the consolidated income or net worth respectively of the Company and its subsidiaries in the immediately preceding accounting year.

8. RESTRICTION ON DISPOSAL OF SHARES OF MATERIAL SUBSIDIARY BY THE COMPANY

The Company shall not dispose off shares in its Material Subsidiary which would reduce its shareholding (either on its own or together with other subsidiaries) to less than fifty percent (50%) or cease the exercise of control over the subsidiary without passing a special resolution in its general meeting except in such cases where divestment is made under a scheme of arrangement duly approved by a

court/ tribunal or under a Resolution Plan approved u/s 31 of Insolvency and Bankruptcy Code 2016.

9. RESTRICTION ON DISPOSAL OF ASSETS OF MATERIAL SUBSIDIARY

Selling, disposing and leasing of assets amounting to more than twenty percent [20%] of the assets of the Material Subsidiary on an aggregate basis during a financial year shall require prior approval of shareholders by way of special resolution, unless the sale/disposal/lease is made under a scheme of arrangement duly approved by a court/tribunal or under a Resolution Plan approved u/s 31 of Insolvency and Bankruptcy Code 2016.

10. REPORTING AND DISCLOSURE

As prescribed under Regulation 46(2)(h) of the Listing Regulations, this Policy shall be disclosed on the Company's website and a web link thereto shall be provided in the annual report.

11. REVIEW OF THE POLICY

The Board of Directors of the Company or any duly authorized committee thereof, subject to applicable laws, may amend, suspend, or rescind this Policy at any time. Any difficulties or ambiguities in the Policy will be resolved by the Board of Directors or such committee in line with the broad intent of the Policy. The Board of Directors or such committee may also establish further rules and procedures, from time to time, to give effect to the intent of this Policy.

In the event of any conflict between the provisions of this Policy and of the applicable law dealing with the related party transactions, such applicable law in force from time to time shall prevail over this Policy.

12. COMPLIANCE RESPONSIBILITY

Compliance of this Policy shall be the responsibility of the Compliance Officer of the Company who shall have the power to ask for any information or clarifications from the management in this regard.

13. AMENDMENT

The Board reserves the right to amend, modify or review this Policy in whole or in part, at any point of time, as may be deemed necessary. Any statutory or regulatory changes shall automatically apply to this Policy without requiring formal amendment.

Approved by the Board of Directors at their meeting held on August 12, 2024 effective from listing of securities of the Company on stock exchanges.