

**POLICY FOR DETERMINATION OF MATERIALITY FOR  
DISCLOSURE OF EVENTS OR INFORMATION**

**HERO MOTOCORP LIMITED**

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# **POLICY FOR DETERMINATION OF MATERIALITY FOR DISCLOSURE OF EVENTS OR INFORMATION**

## **I. Introduction**

The Policy for determination of materiality for disclosure of events or information (hereinafter referred to as "Policy") has been formulated pursuant to the provisions of Regulation 30 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.

Hero MotoCorp Limited (hereinafter referred to as "HMCL" or "the Company") believes in promoting a transparent, ethical and professional work environment. This Policy aims at disseminating all material events or information in a fair and timely manner to enable the investors to take informed decisions.

## **II. Applicability**

This Policy is effective from December 1, 2015, and being as amended from time to time by the Company and applicable on all events and information of the Company.

## **III. Definitions**

"Senior management" shall mean officers/personnel of the Company who are members of its core management team excluding Board of Directors and shall comprise all members of management one level below the Chief Executive Officer/ Managing Director/Whole-time Director/Manager (including Chief Executive Officer/Manager, in case they are not part of the Board) and shall specifically include the functional heads, by whatever name called and the Company Secretary and the Chief Financial Officer.

*Any other term not defined herein shall have the same meaning as defined in the Companies Act, 2013 (hereinafter referred to as "the Act"), Listing Regulations, or any other applicable law, rules or regulations.*

## **IV. Criteria for determination of materiality of events / information**

Regulation 30 of the Listing Regulations mandates disclosure of all material events or information by the Company.

The events specified in Para A of Part A of Schedule III of the Listing Regulations are deemed to be material and shall be disclosed without applying any test of materiality.

For the events specified in Para B of Part A of Schedule III of the Listing Regulations, the following criteria shall be considered for determining the materiality:

- a. if the omission of an event or information is likely to result in discontinuity or alteration of event or information already available publicly; or
- b. if the omission of an event or information is likely to result in significant market reaction if the said omission comes to light at a later date.; or
- c. if the omission of an event or information, whose value or the expected impact in terms of value exceeds the lower of the following:
  - i. two percent of turnover, as per the last audited consolidated financial statements of the Company.
  - ii. two percent of net worth, as per the last audited consolidated financial statements of the Company, except in case the arithmetic value of the net worth is negative;
  - iii. five percent of the average of absolute value of profit or loss after tax, as per the last three audited consolidated financial statements of the Company.

Further, the Company shall disclose any other event or information, which, in the opinion of the Board of Directors, is material.

All the events / information under this Policy shall be disclosed within such time and with such details as provided under the Listing Regulations or guidance issued by SEBI and / or stock exchanges or any other authority from time to time.

#### **V. Events/ information with respect to subsidiaries**

The Company shall disclose all events or information with respect to subsidiaries, which are material for the Company.

#### **VI. Authorized Persons**

The Chief Financial Officer and the Company Secretary & Compliance Officer of the Company shall be jointly entitled and authorized:

- a. to take a view on the materiality of an event or information that qualifies for disclosure under Regulation 30 of the Listing Regulations;
- b. to decide the appropriate time at which such disclosure is to be filed with Stock Exchanges, and
- c. to decide the details that may be disclosed in the best interest of the Company and present & potential investors.

All the members of Senior Management (or such other persons at par with them or in the similar positions or any of their designee,) shall be responsible to determine the materiality of any event or information with respect to their function/role and shall be required to inform promptly the occurrence of material events/ information as per the criteria specified under this Policy, with respect to the Company and any of its subsidiaries, to the Chief Financial Officer and the Company Secretary & Compliance Officer.

The Company Secretary & Compliance Officer thereafter, shall, arrange to inform the respective events / information to the Stock Exchanges.

## **VII. Disclosure**

1. The Policy shall be disclosed on the website of the Company.
2. The contact details of Key Managerial Personnel authorized under this Policy shall be disclosed to the stock exchanges and as well as on the Company's website.
3. The Company shall disclose on its website all such events or information which has been disclosed to stock exchanges under Regulation 30 of Listing Regulations /Policy, and such disclosures shall be hosted on the website of the Company for a minimum period of five years and thereafter as per the preservation of documents and archival policy of the Company.

## **VII. Review**

This Policy shall be reviewed by the Board of Directors as and when required or at least once in three years and updated accordingly.

## **IX. Awareness**

All the persons responsible for determining the materiality of any event/information under this policy shall also be responsible to educate and assist their colleagues/subordinates, etc., about this policy, in identification of potential material events or information and to advise them to intimate about any event/information which may be falling within the purview of this policy.

## **X. Limitation Amendments & Exceptions**

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 this Policy shall stand amended accordingly from the effective date of such amendment(s), clarification(s), circular(s) etc.

Any amendments to the Act or Listing Regulations or any other statutory enactments or rules, shall mutatis mutandis be deemed to have been incorporated in this Policy.

In case any provision/clause of this Policy is rendered unlawful or unenforceable due to any reason, the Policy shall be read by excluding that particular clause/ provision.

## **XI. Annexures to Policy**

**Annexure A** – List of Events which shall be disclosed without any application of the guidelines for materiality in terms of Para A of Part A of Schedule III of Listing Regulations.

**Annexure B** - List of Events which shall be disclosed upon application of the guidelines for materiality in terms of Para B of Part A of Schedule III of Listing Regulations and the aforesaid Company's policy on materiality.

**Events which shall be disclosed without any application of the guidelines for materiality as specified in sub-regulation (4) of regulation (30):**

1. Acquisition(s) (including agreement to acquire), Scheme of Arrangement (amalgamation, merger, demerger or restructuring), sale or disposal of any unit(s), division(s), whole or substantially the whole of the undertaking(s) or subsidiary of the listed entity, sale of stake in associate company of the listed entity or any other restructuring.

Explanation (1) - For the purpose of this sub-paragraph, the word 'acquisition' shall mean-

- (i) acquiring control, whether directly or indirectly; or
- (ii) acquiring or agreement to acquire shares or voting rights in a company, whether existing or to be incorporated, whether directly or indirectly, such that –
  - a. the listed entity holds shares or voting rights aggregating to five per cent or more of the shares or voting rights in the said company; or
  - b. there has been a change in holding from the last disclosure made under sub-clause (a) of clause (ii) of the Explanation to this sub-paragraph and such change exceeds two per cent of the total shareholding or voting rights in the said company; or
  - c. the cost of acquisition or the price at which the shares are acquired exceeds the threshold specified in sub-clause (c) of clause (i) of sub-regulation (4) of regulation 30.

Explanation (2) - For the purpose of this sub-paragraph, “sale or disposal of subsidiary” and “sale of stake in associate company” shall include-

- (i) an agreement to sell or sale of shares or voting rights in a company such that the company ceases to be a wholly owned subsidiary, a subsidiary or an associate company of the listed entity; or
- (ii) an agreement to sell or sale of shares or voting rights in a subsidiary or associate company such that the amount of the sale exceeds the threshold specified in sub-clause (c) of clause (i) of sub-regulation (4) of regulation 30.

Explanation (3) - For the purpose of this sub-paragraph, “undertaking” and “substantially the whole of the undertaking” shall have the same meaning as given under section 180 of the Companies Act, 2013.

2. Issuance or forfeiture of securities, split or consolidation of shares, buyback of securities, any restriction on transferability of securities or alteration in terms or structure of existing securities including forfeiture, reissue of forfeited securities, alteration of calls, redemption of securities etc.
3. New Rating(s) or] Revision in Rating(s).
4. Outcome of Meetings of the board of directors: The listed entity shall disclose to the Exchange(s), within 30 minutes of the closure of the meeting, held to consider the following:
  - a) dividends and/or cash bonuses recommended or declared or the decision to pass any dividend and the date on which dividend shall be paid/dispatched;
  - b) any cancellation of dividend with reasons thereof;

- c) the decision on buyback of securities;
- d) the decision with respect to fund raising proposed to be undertaken
- e) increase in capital by issue of bonus shares through capitalization including the date on which such bonus shares shall be credited/dispatched;
- f) reissue of forfeited shares or securities, or the issue of shares or securities held in reserve for future issue or the creation in any form or manner of new shares or securities or any other rights, privileges or benefits to subscribe to;
- g) short particulars of any other alterations of capital, including calls;
- h) financial results;
- i) decision on voluntary delisting by the listed entity from stock exchange(s):

Provided that in case of board meetings being held for more than one day, the financial results shall be disclosed within thirty minutes of end of the meeting for the day on which it has been considered.

- 5. Agreements (viz. shareholder agreement(s), joint venture agreement(s), family settlement agreement(s) (to the extent that it impacts management and control of the listed entity), agreement(s)/treaty(ies)/contract(s) with media companies) which are binding and not in normal course of business, revision(s) or amendment(s) and termination(s) thereof.

- 5A. Agreements entered into by the shareholders, promoters, promoter group entities, related parties, directors, key managerial personnel, employees of the listed entity or of its holding, subsidiary or associate company, among themselves or with the listed entity or with a third party, solely or jointly, which, either directly or indirectly or potentially or whose purpose and effect is to, impact the management or control of the listed entity or impose any restriction or create any liability upon the listed entity, shall be disclosed to the Stock Exchanges, including disclosure of any rescission, amendment or alteration of such agreements thereto, whether or not the listed entity is a party to such agreements:

Provided that such agreements entered into by a listed entity in the normal course of business shall not be required to be disclosed unless they, either directly or indirectly or potentially or whose purpose and effect is to, impact the management or control of the listed entity or they are required to be disclosed in terms of any other provisions of these regulations.

Explanation: For the purpose of this clause, the term “directly or indirectly” includes agreements creating obligation on the parties to such agreements to ensure that listed entity shall or shall not act in a particular manner.

- 6. Fraud or defaults by a listed entity, its promoter, director, key managerial personnel, senior management or subsidiary or arrest of key managerial personnel, senior management, promoter or director of the listed entity, whether occurred within India or abroad:

For the purpose of this sub-paragraph:

- (i) ‘Fraud’ shall include fraud as defined under Regulation 2(1)(c) of Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003.
- (ii) ‘Default’ shall mean non-payment of the interest or principal amount in full on the date when the debt has become due and payable.

Explanation 1- In case of revolving facilities like cash credit, an entity would be considered to be in 'default' if the outstanding balance remains continuously in excess of the sanctioned limit or drawing power, whichever is lower, for more than thirty days.

Explanation 2- Default by a promoter, director, key managerial personnel, senior management, subsidiary shall mean default which has or may have an impact on the listed entity.

7. Change in directors, key managerial personnel (Managing Director, Chief Executive Officer, Chief Financial Officer, Company Secretary etc.), senior management, Auditor and Compliance Officer.
  - 7A. In case of resignation of the auditor of the listed entity, detailed reasons for resignation of auditor, as given by the said auditor, shall be disclosed by the listed entities to the stock exchanges as soon as possible but not later than twenty four hours of receipt of such reasons from the auditor.
  - 7B. Resignation of independent director including reasons for resignation: In case of resignation of an independent director of the listed entity, within seven days from the date of resignation, the following disclosures shall be made to the stock exchanges by the listed entities:
    - (i) The letter of resignation along with detailed reasons for the resignation as given by the said director.
    - (ia) Names of listed entities in which the resigning director holds directorships, indicating the category of directorship and membership of board committees, if any.
    - (ii) The independent director shall, along with the detailed reasons, also provide a confirmation that there is no other material reasons other than those provided.
    - (iii) The confirmation as provided by the independent director above shall also be disclosed by the listed entities to the stock exchanges along with the disclosures as specified in sub-clause (i) and (ii) above.
  - 7C. In case of resignation of key managerial personnel, senior management, Compliance Officer or director other than an independent director; the letter of resignation along with detailed reasons for the resignation as given by the key managerial personnel, senior management, Compliance Officer or director shall be disclosed to the stock exchanges by the listed entities within seven days from the date that such resignation comes into effect.
  - 7D. In case the Managing Director or Chief Executive Officer of the listed entity was indisposed or unavailable to fulfil the requirements of the role in a regular manner for more than forty five days in any rolling period of ninety days, the same along with the reasons for such indisposition or unavailability, shall be disclosed to the stock exchange(s).
8. Appointment or discontinuation of share transfer agent.
9. Resolution plan/ Restructuring in relation to loans/borrowings from banks/financial institutions including the following details:
  - (i) Decision to initiate resolution of loans/borrowings;
  - (ii) Signing of Inter-Creditors Agreement (ICA) by lenders;
  - (iii) Finalization of Resolution Plan;



- (iv) Implementation of Resolution Plan;
  - (v) Salient features, not involving commercial secrets, of the resolution/restructuring plan as decided by lenders.
10. One time settlement with a bank.
  11. Winding-up petition filed by any party / creditors.
  12. Issuance of Notices, call letters, resolutions and circulars sent to shareholders, debenture holders or creditors or any class of them or advertised in the media by the listed entity.
  13. Proceedings of Annual and extraordinary general meetings of the listed entity.
  14. Amendments to memorandum and articles of association of listed entity, in brief.
  15. (a) Schedule of analysts or institutional investors meet at least two working days in advance (excluding the date of the intimation and the date of the meet) and presentations made by the listed entity to analysts or institutional investors.

Explanation: For the purpose of this clause 'meet' shall mean group meetings or group conference calls conducted physically or through digital means.

(b) Audio or video recordings and transcripts of post earnings/quarterly calls, by whatever name called, conducted physically or through digital means, simultaneously with submission to the recognized stock exchange(s), in the following manner:

- (i) the presentation and the audio/video recordings shall be promptly made available on the website and in any case, before the next trading day or within twenty-four hours from the conclusion of such calls, whichever is earlier;
- (ii) the transcripts of such calls shall be made available on the website within five working days of the conclusion of such calls:

The requirement for disclosure(s) of audio/video recordings and transcript shall mandatory with effect from April 01, 2022.

16. Events in relation to the corporate insolvency resolution process (CIRP) of a listed corporate debtor under the Insolvency Code.
17. Initiation of Forensic audit: In case of initiation of forensic audit, (by whatever name called), the following disclosures shall be made to the stock exchanges by listed entities:
  - a) The fact of initiation of forensic audit along-with name of entity initiating the audit and reasons for the same, if available;
  - b) Final forensic audit report (other than for forensic audit initiated by regulatory / enforcement agencies) on receipt by the listed entity along with comments of the management, if any.
18. Announcement or communication through social media intermediaries or mainstream media by directors, promoters, key managerial personnel or senior management of a listed entity, in relation to any event or information which is material for the listed entity in terms of regulation 30 of these regulations and is not already made available in the public domain by the listed entity.

Explanation – “social media intermediaries” shall have the same meaning as defined under the Information Technology (Intermediary Guidelines and Digital Media Ethics Code) Rules, 2021.

19. Action(s) initiated or orders passed by any regulatory, statutory, enforcement authority or judicial body against the listed entity or its directors, key managerial personnel, senior management, promoter or subsidiary, in relation to the listed entity, in respect of the following:
  - (a) search or seizure; or
  - (b) re-opening of accounts under section 130 of the Companies Act, 2013; or
  - (c) investigation under the provisions of Chapter XIV of the Companies Act, 2013; along with the details pertaining to the actions(s) initiated, taken or orders passed.
  
20. Action(s) taken or orders passed by any regulatory, statutory, enforcement authority or judicial body against the listed entity or its directors, key managerial personnel, senior management, promoter or subsidiary, in relation to the listed entity, in respect of the following:
  - a. suspension;
  - b. imposition of fine or penalty;
  - c. settlement of proceedings;
  - d. debarment;
  - e. disqualification;
  - f. closure of operations;
  - g. sanctions imposed;
  - h. warning or caution; or
  - i. any other similar action(s) by whatever name called;
  
21. Voluntary revision of financial statements or the report of the board of directors of the listed entity under section 131 of the Companies Act, 2013.

**Events which shall be disclosed upon application of the guidelines for materiality referred sub-regulation (4) of regulation (30):**

1. Commencement or any postponement in the date of commencement of commercial production or commercial operations of any unit/division.
2. Any of the following events pertaining to the listed entity:
  - (a) arrangements for strategic, technical, manufacturing, or marketing tie-up; or
  - (b) adoption of new line(s) of business; or
  - (c) closure of operation of any unit, division or subsidiary (in entirety or in piecemeal).
3. Capacity addition or product launch.
4. Awarding, bagging/ receiving, amendment or termination of awarded/bagged orders/contracts not in the normal course of business.
5. Agreements (viz. loan agreement(s) or any other agreement(s) which are binding and not in normal course of business) and revision(s) or amendment(s) or termination(s) thereof.
6. Disruption of operations of any one or more units or division of the listed entity due to natural calamity (earthquake, flood, fire etc.), force majeure or events such as strikes, lockouts etc.
7. Effect(s) arising out of change in the regulatory framework applicable to the listed entity.
8. Pendency of any litigation(s) or dispute(s) or the outcome thereof which may have an impact on the listed entity.
9. Frauds or defaults by employees of the listed entity which has or may have an impact on the listed entity.
10. Options to purchase securities including any ESOP/ESPS Scheme.
11. Giving of guarantees or indemnity or becoming a surety, by whatever named called, for any third party.
12. Granting, withdrawal, surrender, cancellation or suspension of key licenses or regulatory approvals.
13. Delay or default in the payment of fines, penalties, dues, etc. to any regulatory, statutory, enforcement or judicial authority.