



HMCL:ICK:14:SECT:12

June 4, 2012

The Vice President,
Capital Market (Operations),
National Stock Exchange of India,
"Exchange Plaza", Plot no. C/1, G Block,
Bandra Kurla Complex,
Bandra (East),
Mumbai - 400 051

Re : Approval by the Board of the proposed amalgamation of Hero Investments Pvt. Ltd. (HIPL) with Hero MotoCorp Ltd. (HMCL)

Dear Sir,

Further to our letter no. HMCL:ICK:14:SECT:12 dated June 1, 2012 intimating you about the above-referred proposal.

Pursuant to Clause 36 of the Listing Agreement and other relevant provisions of the Listing Agreement, we wish to inform you that at a meeting of the Board of Directors of Hero MotoCorp Ltd. ("Board") held today, a scheme of amalgamation under Sections 391 to 394 of the Companies Act, 1956 ("Scheme") of HIPL, a company holding 43.33% of the equity share capital of HMCL, into HMCL, was approved by the Board.

Pursuant to the Scheme, the shareholding of HIPL in HMCL will be cancelled, and the shareholders of HIPL will be issued and allotted same number of equity shares by HMCL as were held by HIPL. The Board has approved the following share exchange ratio ("Share Exchange Ratio") under the Scheme, based on the Fair Exchange Ratio Report issued by SSPA, Chartered Accountants and the Fairness Opinion issued by Kotak Mahindra Capital Company Limited, Mumbai:

"86,531,210 fully paid up equity shares of Rs. 2 each of HMCL against 86,531,210 fully paid up equity shares of Rs. 2 each of HMCL held by HIPL in HMCL on June 4, 2012, shall be issued and allotted to the equity shareholders of HIPL, in proportion of their holdings in HIPL."

"In the event HIPL holds more than 86,531,210 fully paid up equity shares of HMCL (without incurring any additional liability), such additional number of equity shares of HMCL (if any) as may be held by HIPL in HMCL, in addition to 86,531,210 equity shares held by HIPL in HMCL as on June 4, 2012, shall also be issued and allotted to the equity shareholders of HIPL, in proportion of their holdings in HIPL."



There will be no change in the equity share capital of HMCL pursuant to the Scheme, as the equity shares issued and allotted by HMCL to the shareholders of HIPL pursuant to the Scheme, will be against cancellation of an equivalent number of existing equity shares held by HIPL in HMCL. Consequently, the shareholding of the other shareholders of HMCL would remain unchanged pursuant to the Scheme. Further, there will be no adverse implications on the business and financial position of HMCL pursuant to the Scheme. The shareholders of HIPL will indemnify HMCL against the liabilities, if any, arising pursuant to the Scheme, in the manner agreed between HMCL and shareholders of HIPL. All costs and expenses in connection with the amalgamation shall be borne by HIPL.

The rationale for the proposed amalgamation of HIPL into HMCL is as follows:

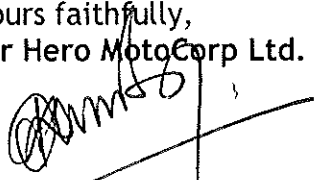
- (a) The merger of HIPL with HMCL will result in an increase in the public float of shares of HMCL (as certain non-resident investors, who are shareholders of HIPL, will be issued shares in HMCL, which will form part of public shareholding and not that of promoter group). The same will increase the trading stock of the shares of HMCL.
- (b) Increase in the public float and trading stock of the shares of HMCL will positively impact the liquidity of the shares of HMCL.
- (c) The merger will result in the promoter group of HMCL directly holding shares in HMCL, which will lead not only to simplification of the shareholding structure and reduction of shareholding tiers but also demonstrate the promoter group's direct commitment to and engagement with HMCL.

The Scheme is subject to compliance with all applicable and requisite statutory approvals.

A Press Release in this regard is also enclosed herewith for your reference and record.

Thanking You.

Yours faithfully,
for Hero MotoCorp Ltd.


Ilam C. Kamboj
Sr. G.M. Legal & Company Secretary

Encl: as above



HERO INVESTMENT PVT. LTD. TO MERGE WITH HERO MOTOCORP LTD.

New Delhi, June 4, 2012: With an objective to create incremental shareholder value, the Board of Directors of **Hero MotoCorp Ltd (HMCL)**, the world's largest two-wheeler manufacturer, today approved a proposal to merge **Hero Investments Private Ltd. (HIPL)**, the investment arm of the Hero Group, into HMCL.

The merger is, however, subject to approval of the Delhi High Court, the shareholders and creditors of the respective companies, and other statutory authorities as applicable.

The shareholders of HIPL include the partnership firm **Brijmohan Lall Om Prakash (BMOP)** which holds 71.63 per cent, and private equity (PE) investors **BC India Private Investors** (19.81 per cent) and **Lathe Investment Pvt. Ltd.** (8.56 per cent).

BC India Private Investors is an affiliate of **Bain Capital LLC**, while **Lathe Investment Pvt. Ltd** is a wholly-owned subsidiary of **Government of Singapore Investment Corporation (GIC)**.

The promoter family owns 52.21 per cent in HMCL through HIPL which holds 43.33 per cent shares, **Bahadur Chand Investment Pvt. Ltd (BCIPL)** which holds 8.67 per cent shares, and 0.21 per cent shares through other entities including individuals.

As a result of the merger, the shareholders of HIPL – **BMOP** (through its partners in representative capacity) and **BC India Pvt. Investors** and **Lathe Investment Pvt. Ltd** – will now directly hold approximately 31.04 per cent, 8.58 per cent and 3.71 per cent shares respectively in HMCL, which is listed in the **National Stock Exchange** and **Bombay Stock Exchange**.

The merger of HIPL into HMCL is going to benefit the public shareholders of **Hero MotoCorp**, as this will result in an increase in the public float of HMCL by approximately 12.29 per cent (being the shareholding of the investors in HMCL, which will now form part of public shareholding and not that of the promoter group). This will in turn increase the trading stock of the shares of HMCL. Increase in the public stock as well as trading stock will positively impact the liquidity of the shares of **Hero MotoCorp**.

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The merger, in no way whatsoever, will have any impact on Hero MotoCorp, its shareholders and creditors. There will not be any change in the financial position of HMCL, nor will there be any change in the paid-up capital of the company. HMCL will issue and allot new shares to the shareholders of HIPL against cancellation of an equivalent number of existing equity shares held by them. Hence there will be no change in the rights of the other shareholders including public shareholders.

All costs and expenses arising out of or in connection with implementing the scheme of amalgamation shall be borne and paid by HIPL. The shareholders of HIPL will indemnify HMCL against any liability that may arise in future.

Upon the amalgamation of HIPL with HMCL in terms of the Scheme of Amalgamation, HMCL shall issue and allot equity shares to the members of HIPL whose names appear in the Register of Members of HIPL on the Record Date.

The partnership firm BMOP has five main constituents – the patriarch of the family Dr. Brijmohan Lall and the families of his four sons – and the ownership is held equally by these five constituents.
