DRAFT LETTER OF OFFER
November 22, 2012
For the Eligible Equity Shareholders
of the Company only

BAJAJ FINSERV | LENDING

BAJAJ FINANCE LIMITED

Bajaj Finance Limited, (the "**Company**"), was originally incorporated as Bajaj Auto Finance Private Limited pursuant to a certificate of incorporation dated March 25, 1987 issued by the Registrar of Companies, Maharashtra as a private company limited by shares under the provisions of the Companies Act, 1956, as amended. Our Company has been allotted a Corporate Identification Number, L65910MH1987PLC042961, under the Companies Act, 1956. The registered office of our Company is located at Akurdi, Pune - 411 035. The corporate office of our Company is located at 4th Floor, Bajaj Finserv Corporate Office Off Pune -Ahmednagar Road, Viman Nagar, Pune - 411 014. **Company Secretary and Compliance Officer:** A H Damle; **Tel No:** +91 20 3040 5072; **Fax No:** +91 20 3040 5030; **E-mail:** anant.damle@bajajfinserv.in**; Website:** www.bajajfinservlending.in

THE PROMOTERS OF OUR COMPANY ARE BAJAJ FINSERV LIMITED, RAHULKUMAR KAMALNAYAN BAJAJ AND MADHURKUMAR RAMKRISHNAJI BAJAJ

FOR PRIVATE CIRCULATION TO THE ELIGIBLE EQUITY SHAREHOLDERS OF OUR COMPANY ONLY

DRAFT LETTER OF OFFER

ISSUE OF [●] EQUITY SHARES OF FACE VALUE ₹ 10/- EACH ("RIGHTS SHARES") FOR CASH AT A PREMIUM OF ₹ [●] PER RIGHTS SHARE AGGREGATING TO AN AMOUNT UPTO ₹ 750.00 CRORES BY BAJAJ FINANCE LIMITED (THE "COMPANY" OR THE "ISSUER") TO THE ELIGIBLE EQUITY SHAREHOLDERS OF OUR COMPANY ON A RIGHTS BASIS IN THE RATIO OF [●] RIGHTS SHARES FOR EVERY [●] EQUITY SHARES HELD ON THE RECORD DATE, I.E. [●] (THE "ISSUE"). THE ISSUE PRICE OF EACH RIGHTS SHARE IS [●] TIMES THE FACE VALUE OF THE RIGHTS SHARE.

GENERAL RISKS

Investments in equity and equity related securities involve a degree of risk and investors should not invest any funds in this Issue unless they can afford to take the risk of losing their investment. Investors are advised to read the risk factors carefully before taking an investment decision in relation to this Issue. For taking an investment decision, investors must rely on their own examination of the Issuer and the Issue including the risks involved. The securities have not been recommended or approved by the Securities and Exchange Board of India, ("**SEBI**"), nor does SEBI guarantee the accuracy or adequacy of this document. **Investors are advised to refer to the section titled "Risk Factors" from pages 8 to 24 of this Draft Letter of Offer before making an investment in this Issue.**

ISSUER'S ABSOLUTE RESPONSIBILITY

The Issuer, having made all reasonable inquiries, accepts responsibility for and confirms that this Draft Letter of Offer contains all information with regard to the Issuer and the Issue, which is material in the context of this Issue, that the information contained in this Draft Letter of Offer is true and correct in all material aspects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which makes this Draft Letter of Offer as a whole or any such information or the expression of any such opinions or intentions misleading in any material respect.

LISTING

The existing Equity Shares of our Company are listed on the BSE Limited, ("**BSE**") and the National Stock Exchange of India Limited ("**NSE**"). Our Company has received in-principle approvals from the BSE and the NSE for listing the Rights Shares arising from this Issue pursuant to their letters dated [●] and [●], respectively. For the purposes of the Issue, the Designated Stock Exchange is the [●].

LEAD MANAGER TO THE ISSUE	REGISTRAR TO THE ISSUE
JM FINANCIAL	KARVY Computershare
JM Financial Institutional Securities Private Limited 141, Maker Chambers III, Nariman Point, Mumbai - 400 021 Tel: +91 22 6630 3030 / 3953 3030 Fax: +91 22 2204 7185 Email: bafl.rights@jmfl.com Investor Grievance E-mail: grievance.ibd@jmfl.com Contact Person: Lakshmi Lakshmanan Website: www.jmfl.com SEBI Registration No.: INM000010361	**Karvy Computershare Private Limited** Plot Nos. 17-24, Vittal Rao Nagar, Madhapur, Hyderabad - 500 081 Tel: +91 40 4465 5000 Toll Free No.: 1800 345 4001 Fax: +91 40 2343 1551 Investor Grievance E-mail: bajajfinance.rights@karvy.com Contact Person: M. Murali Krishna Website : http://karisma.karvy.com SEBI Registration No.: INR000000221

ISSUE SCHEDULE

ISSUE OPENS ON	LAST DATE FOR REQUEST FOR SPLIT APPLICATION FORMS:	ISSUE CLOSES ON
[●]	[●]	[●]

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SECTION I - GENERAL

DEFINITIONS AND ABBREVIATIONS

The following list of defined terms is intended for the convenience of the reader only and is not exhaustive.

Company Related Terms

Term	Description
"Bajaj Finance" or "BFL" or "the Company" or "our Company" or "we" or "us" or "our"	Unless the context otherwise requires, refers to Bajaj Finance Limited, a public limited company incorporated on March 25, 1987 under the Companies Act and having its registered office located at Akurdi, Pune - 411 035
"Bajaj Finserv Group"	Unless the context otherwise requires, refers to our Company, our Corporate Promoter, its other subsidiaries and joint venture company on a consolidated basis
Articles / Articles of Association	Articles of Association of our Company
Auditor	Statutory Auditors of our Company, namely, M/s Dalal & Shah
Board / Board of Directors	The board of directors of our Company or a duly constituted committee thereof
Corporate Office	The corporate office of our Company is located at 4th Floor, Bajaj Finserv Corporate Office, Off Pune-Ahmednagar Road, Viman Nagar, Pune - 411 014
Corporate Promoter	Bajaj Finserv Limited
Director(s)	Any or all director(s) of our Company, as the context may require
Equity Share(s)	The equity share(s) of our Company having a face value of ₹ 10/- each
ESOS / ESOP 2009	Our Company's Employee Stock Option Scheme as approved by the shareholders of our Company vide a special resolution passed by postal ballot on December 15, 2009, namely, "BFL Employee Stock Option Scheme 2009"
Group Entities	Companies, firms and ventures, promoted by the Promoters of our Company, irrespective of whether such entities are covered under erstwhile section 370 (1B) of the Companies Act or not
Memorandum / Memorandum of Association	Memorandum of Association of our Company
Promoter Group	Entities and individuals forming a part of the "promoter group" as defined in the Regulation 2(1)(zb) of the SEBI Regulations
Promoter(s)	The promoters of our Company as defined in Regulation 2(1)(za) of the SEBI Regulations are Bajaj Finserv Limited, Rahulkumar Kamalnayan Bajaj and Madhurkumar Ramkrishnaji Bajaj
Registered Office	The registered office of our Company located at Akurdi, Pune – 411 035

Conventional and General Terms

Term	Description
Companies Act	The Companies Act, 1956, as amended
Crore	Ten million
Depository	A depository registered with SEBI under the SEBI (Depository and Participant) Regulations, 1996, as amended from time to time
Financial Year / Fiscal / FY	The period of 12 months ending March 31 of that particular year, unless otherwise stated
Indian GAAP	The generally accepted accounting principles in India
IT Act	The Income Tax Act, 1961, as amended
Listing Agreement	The equity listing agreements signed between our Company and the Stock Exchanges, namely the NSE and the BSE
Net Asset Value / NAV	The net-worth per share of the Company at a particular date computed based on Net-Worth based on the Company's financials
Net Interest Margin	Interest income net-of finance costs
Net-Worth	Aggregate of the share capital of the Company, its reserves and surplus and monies received against share warrants at a particular date based on the Company's financials
Rupees, ₹ and Rs.	The lawful currency of India
SEBI Regulations	The SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended
Securities Act	The United States Securities Act of 1933, as amended
Takeover Regulations	The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, as amended
US GAAP	The generally accepted accounting principles in USA

Issue Related Terms

Term	Definition
Abridged Letter of Offer	The abridged letter of offer to be sent to Eligible Equity Shareholders of our Company with respect to this Issue in accordance with the provisions of the SEBI Regulations and the Companies Act
Allotment	Unless the context otherwise requires, the allotment of Rights Shares pursuant to the Issue to Allottees
Allottee(s)	The successful applicant(s) eligible for Allotment of Rights Shares pursuant to the Issue
Applicant(s)	Eligible Equity Shareholders and/or Renouncees who are entitled to apply or have applied for Rights Shares under the Issue, as the case may be
ASBA Investor	Applicant who: • holds the Equity Shares in dematerialised form as on the Record Date and has applied towards his/her Rights Entitlements or additional Rights Shares in the Issue in dematerialised form; • has not renounced his/her Rights Entitlements in full or in part; • is not a Renouncee; and • applies through a bank account maintained with one of the SCSBs Please note that in accordance with the provisions of the SEBI circular bearing number CIR/CFD/DIL/1/2011 dated April 29, 2011 all QIBs, Non-Institutional Investors (including all companies and bodies corporate) and Non Retail Individual Investors who are not Renouncees, must mandatorily invest through the ASBA process. All Retail Individual Investors complying with the above conditions may optionally apply through the ASBA process. Renouncees are not eligible ASBA Investors and must only apply for Rights Shares through the non ASBA process

Term	Definition
ASBA / Application Supported by Blocked Amount	The application (whether physical or electronic) used compulsorily by QIBs, Non Institutional Investors and Non Retail Individual Investors and optionally by Retail Individual Investors subscribing to the Issue and authorizing an SCSB to block application money(ies) in a bank account
Bankers to the Issue / collecting branch of the Escrow Collection Bank(s)	The bankers to the Issue being [●]
Composite Application Form / CAF	The form used by an Investor to make an application for allotment of Rights Shares pursuant to the Issue
Consolidated Certificate	In case of holding of Rights Shares in physical form, our Company would issue one certificate for the Rights Shares allotted to one folio
Controlling Branches	Such branches of the SCSBs which coordinate applications under the Issue by the ASBA Investors with the Registrar to the Issue and the Stock Exchanges and a list of which is available at http://www.sebi.gov.in/cms/sebi_data/attachdocs/1353063494684.html
Corporate(s)	Any company incorporated in/outside India but does not include: • a corporation sole; • a co-operative society registered under any law relating to co-operative societies; and • any other body corporate (not being a Company as defined in the Act), which the Central Government may by notification in the Official Gazette, specify in this behalf.
Designated Branches	Such branches of the SCSBs which shall collect CAF from ASBA investor and a list of which is available on http://www.sebi.gov.in/cms/sebi_data/attachdocs/1353063494684.html
Designated Stock Exchange / DSE	[●]
Draft Letter of Offer / DLOF	This Draft Letter of Offer dated November 22, 2012
Eligible Equity Shareholder(s)	A holder(s) of Equity Share(s) as on the Record Date
Individual(s)	All categories of persons who are individuals or natural persons (including Hindu Undivided Families acting through their Karta) including without limitation Non Retail Individual Investors and Retail Individual Investors who are eligible under applicable laws to invest in the Issue
Investor(s)	The Eligible Equity Shareholders, Renouncees and any other persons eligible to subscribe to the Issue
Issue	Issue of [●] Rights Shares, for cash, at a premium of ₹ [●] per Rights Share, aggregating to an amount upto ₹ 750.00 crores, to Eligible Equity Shareholders on a rights basis in the ratio of [●] Rights Share(s) for every [●] Equity Shares held on the Record Date
Issue Closing Date	[●]
Issue Opening Date	[●]
Issue Price	[●] per Rights Share
Issue Proceeds	The monies received by our Company pursuant to allotment of Rights Shares offered in the Issue
Lead Manager	JM Financial Institutional Securities Private Limited
Letter of Offer / LOF	The letter of offer dated [●]
Non Institutional Investor(s)	Investor(s), including any company or other body corporate, other than Investor(s) who are QIBs or Retail Individual Investor(s)
Non Retail Individual Investor(s)	Individual Investor(s) who hold Equity Shares of the Company in the dematerialized form as on the Record Date and have applied for Rights Shares for an amount greater than ₹ 2,00,000.00 (including HUFs applying through their Karta)
QIB(s) / Qualified	Public financial institutions as specified in Section 4A of the Companies

Term	Definition
Institutional Buyer(s)	Act, scheduled commercial banks, mutual fund registered with SEBI, FIIs and sub-account registered with SEBI, other than a sub-account which is a foreign corporate or foreign individual, multilateral and bilateral development financial institution, venture capital fund registered with SEBI, foreign venture capital investor registered with SEBI, state industrial development corporation, insurance company registered with IRDA, provident fund with minimum corpus of ₹ 25.00 crores, pension fund with minimum corpus of ₹ 25.00 crores, National Investment Fund set up by the Government of India and insurance funds set up and managed by the army, navy or air force of the Union of India and insurance funds set up and managed by the Department of Posts, India
Record Date	[●]
Registrar to the Issue or Registrar	Karvy Computershare Private Limited
Renouncee(s)	Any person(s) who have/has acquired Rights Entitlements from Eligible Equity Shareholders
Retail Individual Investor(s)	Individual Investors who have applied for Rights Shares for an amount not more than ₹ 2,00,000.00 (including HUFs applying through their Karta)
Rights Entitlement	The number of Rights Shares that an Eligible Equity Shareholder is entitled to in proportion to his / her shareholding in our Company as on the Record Date
Rights Shares	The equity shares of face value ₹ 10/- each of our Company offered and to be issued and allotted pursuant to the Issue
SAF(s)	Split Application Form(s)
Self Certified Syndicate Bank or SCSB	The banks which are registered with SEBI under the SEBI (Bankers to an Issue) Regulations, 1994 and offer services of ASBA, including blocking of bank account and a list of which is available on http://www.sebi.gov.in/cms/sebi_data/attachdocs/1353063494684.html
Stock Exchange(s)	The BSE and the NSE where our Equity Shares are presently listed and traded

Abbreviations

Term	Description
AGM	Annual General Meeting
BSE	The BSE Limited
CAF	Composite Application Form
CRAR	Capital to Risk Weighted Assets Ratio
CDSL	Central Depository Services (India) Limited
CRISIL	CRISIL Limited
DP	Depository Participant
EGM	Extraordinary General Meeting
EPS	Earnings Per Share
FEMA	Foreign Exchange Management Act, 1999, as amended and any circulars, notifications, rules and regulations issued pursuant to the provisions thereof
FII(s)	Foreign Institutional Investors registered with SEBI under applicable laws
GoI	Government of India
HUF	Hindu Undivided Family
IFRS	International Financial Reporting Standards
IND AS	Indian Accounting Standards (Ind AS) 101 “First-time Adoption of Indian Accounting Standards”

Term	Description
ICAI	Institute of Chartered Accountants of India
ICRA	ICRA Limited
ISIN	International Securities Identification Number
N.A. / NA	Not Applicable
NBFC	Non Banking Finance Company
NPA	Non Performing Asset
NECS	National Electronic Clearing Service
NEFT	National Electronic Fund Transfer
NRI	Non Resident Indian
NSDL	National Securities Depository Limited
NSE	The National Stock Exchange of India Limited
OCB(s)	Overseas Corporate Body(ies)
PAN	Permanent Account Number
RBI	Reserve Bank of India
RoC	Registrar of Companies, Maharashtra, located at Pune
RTGS	Real Time Gross Settlement
SEBI	Securities and Exchange Board of India
US/USA	United States of America
VAT	Value Added Tax
w.e.f.	With effect from

Significance of Rating Symbols used in this Draft Letter of Offer

Rating	
CRISIL	
AAA	Instruments with this rating are considered to have the highest degree of safety regarding timely servicing of financial obligations. Such instruments carry lowest credit risk
AA+	Instruments with this rating are considered to have high degree of safety regarding timely servicing of financial obligations. Such instruments carry very low credit risk. *Note - '+' sign indicates ratings watch with positive implications*
A1+	Instruments with this rating are considered to have very strong degree of safety regarding timely payment of financial obligations. Such instruments carry lowest credit risk. *Note - '+' sign indicates ratings watch with positive implications*
ICRA	
A1+	Instruments with this rating are considered to have very strong degree of safety regarding timely payment of financial obligations. Such instruments carry lowest credit risk.
AA+	Instruments with this rating are considered to have high degree of safety regarding timely servicing of financial obligations. Such instruments carry very low credit risk.

Source: (1) http://www.crisil.com/pdf/ratings/standardisation-rating-symbols-definitions.pdf (2)http://www.icra.in/Content.aspx?cid=VEET9NEN9O4R1FOD9G4HRLJKLJFKJWW4CY7OICKOFBC2GKL6OW

PRESENTATION OF FINANCIAL INFORMATION AND USE OF MARKET DATA

Unless stated otherwise, the financial information and data in this Draft Letter of Offer is derived from our Company's audited standalone financial statements as at and for the financial year ended March 31, 2012 and our unaudited condensed standalone interim financial statements as at and for the six month period ended September 30, 2012, prepared in accordance with Indian GAAP, applicable accounting standards and guidance notes issued by the ICAI, the applicable provisions of the Companies Act and other statutory and/or regulatory requirements.

Our Company's fiscal year commences on April 1 and ends on March 31 of the following calendar year, so all references to a particular fiscal year are to the twelve-month period ended March 31 of that year. Our Company is an Indian listed company and prepares its financial statements in accordance with Indian GAAP, applicable accounting standards and guidance notes issued by the ICAI, the applicable provisions of the Companies Act and other statutory and/or regulatory requirements. Indian GAAP differs significantly in certain respects from IFRS and US GAAP. Neither the information set forth in our financial statements nor the format in which it is presented should be viewed as comparable to information prepared in accordance with IFRS or any accounting principles other than principles specified in the Indian Accounting Standards.

Currency of Presentation

All references to "India" contained in this Draft Letter of Offer are to the Republic of India, all references to the "Rupees" or "₹" or "Rs." are to Indian Rupees, the official currency of the Republic of India.

Unless stated otherwise, throughout this Draft Letter of Offer, all figures have been expressed in Rupees crores. In this Draft Letter of Offer, any discrepancies in any table between the total and the sums of the amounts listed are due to rounding-off, and unless otherwise specified, all financial numbers in parenthesis represent negative figures.

All references to "India" contained in this Draft Letter of Offer are to the Republic of India and all references to the "US", or the "U.S." or the "USA" or the "United States" is to the United States of America. In this Draft Letter of Offer, references to the singular also refers to the plural and one gender also refers to any other gender, wherever applicable, and the words 'Lakh" or "Lac" mean "100 thousand"; "10 lakhs" means a "million", and; "10,000 lakhs" means a "billion".

FORWARD LOOKING STATEMENTS

Our Company has included statements in this Draft Letter of Offer which contain words or phrases such as "may", "will", "aim", "believe", "expect", "will continue", "anticipate", "estimate", "intend", "plan", "seek to", "future", "objective", "goal", "project", "should", "potential" and similar expressions or variations of such expressions, that are or may be deemed to be forward looking statements.

All forward looking statements are subject to risks, uncertainties and assumptions about our Company that could cause actual results to differ materially from those contemplated by the relevant forward-looking statements. Actual results may differ materially from those suggested by the forward looking statements due to risks or uncertainties associated with our expectations with respect to, but not limited to, factors affecting:

- General economic and business environment in India;
- Our ability to successfully implement our strategy and growth plans;
- Our ability to compete effectively and access funds at competitive cost;
- Effectiveness and accuracy of internal controls and procedures;
- Changes in domestic or international interest rates and liquidity conditions;
- Defaults by customers resulting in an increase in the level of non-performing assets in our portfolio;
- Rate of growth of our loan assets and ability to maintain concomitant level of capital;
- Downward revision in credit ratings;
- Potential mergers, acquisitions or restructurings and increased competition;
- Change in tax benefits and incentives and other applicable regulations, including various tax laws;
- Our ability to retain our management team and skilled personnel;
- Change in laws and regulations that apply to NBFCs and financial services companies in India;
- Interest rates and our ability to enforce security; and
- Change in political conditions in India.

For a further discussion of factors that could cause our Company's actual results to differ, please refer to the section titled "*Risk Factors*" on page 8 of this Draft Letter of Offer. By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains or losses could materially differ from those that have been estimated. Neither our Company nor the Lead Manager nor any of their respective affiliates or advisors have any obligation to update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition. In accordance with SEBI / Stock Exchanges requirements, our Company and Lead Manager will ensure that Investors are informed of material developments until the time of the grant of listing and trading permission for the Rights Shares by the Stock Exchanges.

SECTION II – RISK FACTORS

An investment in equity and equity related securities involves a high degree of risk. You should carefully consider all of the information in this Draft Letter of Offer, including the risks and uncertainties described below, before making an investment. Our Company's actual results could differ materially from those anticipated in the section titled "Forward Looking Statements" on page 7 of this Draft Letter of Offer as a result of certain factors, including the considerations described below. If any of the following risks actually occur, our business, financial condition, results of operations and prospects could suffer, the trading price of our Equity Shares and the Rights Shares could decline and you may lose all or part of your investment. You should also pay particular attention to the fact that we are governed in India by a legal and regulatory environment which in some material respects may be different from that which prevails in other countries.

Unless specified or quantified in the relevant risk factors detailed below, we are not in a position to quantify the financial or other implications of any of the risks described in this section.

A. INTERNAL RISK FACTORS

Key internal risk factors in connection with our Company

1. ***Our Company is involved in various legal and other proceedings. An adverse outcome in such proceedings may have a material adverse effect on our reputation, business, results of operations and financial condition.***

   Our Company is currently involved in a number of legal proceedings in India. These legal proceedings are pending at different levels of adjudication before various courts and tribunals. Decisions in such proceedings adverse to our interests may have an adverse effect on our business, results of operations and financial condition.

   A summary of these proceedings are as follows:

Sl. No.	Type of Proceeding	Number of Proceedings	Aggregate Amount Involved (In ₹ Crores)
Pending Proceedings Initiated Against and By our Company			
1.	Criminal Proceedings	22,932	63.00
2.	Civil Proceedings	489	18.98
3.	Tax Proceedings	9	16.99
4.	Arbitration Proceedings	9,895	64.65
5.	Past Penalties Imposed	1	Negligible
6.	Proceedings in connection with non-compliance of the Statutory/Regulatory Requirements	1	Not Quantifiable
7.	Show Cause Notices and Potential Legal Proceedings	4	3.68

   For further details of these legal proceedings, please refer to the section titled "*Outstanding Litigation and Material Developments*" on page 78 of this Draft Letter of Offer.

2. ***Our Company's financial performance is particularly vulnerable to interest rate volatility.***

   Our results of operations are substantially dependent upon the level of our Net Interest Margins (our Company's interest income net-of finance costs). Interest income from our financing activities is the largest component of our total income, and constituted 88.8% and 91.3% of our total income in Fiscal 2012 and the half year ended September 30, 2012, respectively. Interest rates and fluctuations thereof are highly sensitive to many factors which are beyond our Company's control, including the monetary

policies of the RBI, de-regulation of the financial services sector in India, domestic and international economic and political conditions, inflation and other factors.

Further, our Company from time to time invests temporary idle funds in liquid mutual funds and other income earning instruments and securities to defray costs of borrowings as part of our treasury activities. Our investment in such liquid mutual funds and other income earning securities and instruments are also subject to volatility in interest rates and, therefore, a significant decline in the income from such income earning instruments and securities could adversely affect our profitability.

Consistent increase in our Company's cost of borrowing may adversely affect our Company's ability to pass on such increases to its customers. Further higher interest rates may also affect the quality of our Company's assets including risks of higher defaults and rising NPAs. Alternatively falling interest rates may lead to higher pre-payments and may expose our Company to reinvestment risks.

Further fluctuations in interest rates may affect our Company's ability to manage its assets and liabilities effectively and may expose our Company to liquidity risks and duration risks.

3. ***The risk of non-payment or default by borrowers may adversely affect our Company's financial condition and results of operations. If our Company is unable to manage the level of NPAs in its loan assets, its financial position and results of operations may suffer.***

Any lending activity is exposed to credit risk arising from the risk of default and non-payment by borrowers. Our Company's loan portfolio may grow as a result of its expansion in existing as well as new products across various business segments. This may expose our Company to an increasing risk of defaults as its portfolio expands.

Beside macroeconomic conditions, our Company also faces risks specific to each segment of its business, which may also result in increased defaults. In particular, the unsecured lending segment is susceptible to higher probability of default.

Our Company cannot be certain, and cannot assure you, that it will be able to maintain or improve its collections and recoveries in relation to NPAs across its business segments, or otherwise control its level of NPAs in the future. Moreover, as our Company's loan portfolio matures, it may experience greater defaults in principal and/or interest payments. Thus, if our Company is not able to control or reduce its level of NPAs, the overall quality of its loan portfolio may deteriorate and its results of operations may be adversely affected.

Our Company cannot be certain that its risk management systems will continue to be sufficient or that additional risk management policies for individual borrowers will not be required. Failure to continuously monitor the loan contracts, particularly for individual borrowers, could adversely affect its business, future financial performance and results of operations.

If any of the information, as obtained from customers and third parties, is misleading or inaccurate, the procedures that our Company follows may not be adequate or sufficient to provide accurate data as to the creditworthiness of its customers. In the event our Company does not suitably identify the risk of default, or if our Company relies on information that may not be true or may be materially misleading, its business, future financial performance and results of operations may be materially and adversely affected.

Our Company has made provisions of ₹132.50 crores and ₹137.12 crores in respect of gross NPAs as of March 31, 2012 and September 30, 2012 for all its business segments. Our Company maintains a provision against standard assets which are over and above the provisioning requirements prescribed by the RBI. As on September 30, 2012, the provisions against standard assets were ₹ 48.34 crores. As on September 30, 2012, our Company also made additional provisions against loss estimations of delinquent receivables which were not yet NPAs of ₹24.99 crores. There can be no assurance that there will be no further deterioration in our Company's provisioning coverage as a percentage of

NPAs or otherwise, or that the percentage of NPAs that our Company will be able to recover will be similar to its past experience of recoveries of NPAs. Our Company's operations and performance would be adversely affected if there is any further deterioration in its NPA portfolio in the future.

4. ***Our Company's customer base significantly comprises of individuals and/or small and medium enterprise segment borrowers, who generally are more likely to be affected by declining economic conditions than larger corporate borrowers.***

   Individuals belonging to the salaried class and small and medium enterprise segment borrowers generally are less financially resilient than larger corporate borrowers, and, as a result, they can be more adversely affected by declining economic conditions. A significant majority of our Company's customer base belongs to the small and medium enterprises sector. Furthermore, unlike several developed economies, a nationwide credit bureau has only recently become operational in India, so there is less financial information available about small and medium enterprises. It is therefore difficult to carry out a precise credit risk analysis on such customers. Although our Company believes that its risk management controls are sufficient, it cannot be certain that they will continue to be sufficient or that additional risk management policies for individual and/or small and medium enterprise borrowers will not be required. Failure to maintain sufficient credit assessment policies, particularly for small and medium enterprise borrowers, could adversely affect our Company's credit portfolio, which could have a material and adverse effect on its results of operations and/or financial condition**.**

5. ***Any downgrade of our Company's credit ratings would increase borrowing costs and constrain its access to capital and lending markets and, as a result, would negatively affect its net interest margin and its business.***

   The cost and availability of capital is inter alia dependent on our Company's short-term and long-term credit ratings. Ratings reflect a rating agency's opinion of our Company's financial strength, operating performance, strategic position, and ability to meet our Company's obligations. In relation to its non convertible debentures and tier II bonds, our Company has ratings of AA+/Stable from both CRISIL and ICRA. In relation to its short term debt programme, our Company holds the highest possible rating of A1+ from both CRISIL and ICRA. Our Company holds ratings of AA+/Stable from CRISIL for its cash credit/working capital demand loan and long term bank loan facilities. In relation to its fixed deposit programme, our Company has ratings of FAAA/Stable from CRISIL. In relation to its short term bank loan facility, our Company holds the highest possible rating of A1+ from CRISIL. Any downgrade of our Company's credit ratings would increase borrowing costs and constrain its access to capital and debt markets, and, as a result, would negatively affect its net interest margin and its business. In addition, downgrades of its credit ratings could increase the possibility of additional terms and conditions being added to any additional financing or refinancing arrangements in the future. Any such adverse development could adversely affect our Company's business, future financial performance and results of operations.

6. ***Our Company requires substantial capital for its business operations. Any inability to acquire capital on preferred terms, whether in a timely manner, or at all, may have an adverse impact on the operations and/or profitability of our Company.***

   Our Company's liquidity and profitability depends largely on the timely access to, and the costs and terms associated with raising funds. Our Company's funding requirements historically have been met from various sources, including shareholder funding, secured and unsecured loans, (such as term loans, cash credit facilities from banks and financial institutions, non-convertible debentures, unsecured bonds, commercial paper, fixed deposits and inter-corporate deposits). Our Company's business thus depends and will continue to depend on its ability to access several funding sources. Our Company's ability to raise funds on acceptable terms and at competitive rates depends on various factors including its current and future results of operations and financial condition, its risk management policies, its credit ratings, its brand equity, the regulatory environment and policy

initiatives in India, developments in the international markets affecting the Indian economy, and the perceptions of investors and lenders of the demand for debt and equity securities of NBFCs.

Changes in economic and financial conditions including a lack of liquidity in the market, could adversely affect its ability to access funds at competitive rates. Any disruption in its ability to access its funding sources at competitive costs could adversely affect its liquidity and financial condition.

7. ***Our Company's two-wheeler and three-wheeler loan business is dependent on the demand for two-wheeler and three-wheelers vehicles, and more particularly for Bajaj Auto Limited vehicles.***

Our Company's two-wheeler and three-wheeler loan portfolio currently exclusively comprises of financing for vehicles manufactured and sold by Bajaj Auto Limited. The two-wheeler segment in India is highly competitive, with Bajaj Auto Limited facing competition from both Indian and foreign players. Among other factors, the demand for two-wheelers and three-wheelers also depends on the cost of funding of such purchases. Any shift in customer preference to non Bajaj Auto Limited vehicles, for any reasons whatsoever, may have negative impact on sales of Bajaj Auto Limited, and consequently, could have an adverse impact on the operations and/or profitability of our Company's two-wheeler and three-wheeler finance business.

8. ***For its two-wheeler and three-wheeler loans, our Company acquires a large percentage of its customers under the direct cash collection model and consequently our Company faces the risk of misappropriation or fraud by their employees.***

For its two-wheeler and three-wheeler loans, our Company acquires a large percentage of its customers under the direct cash collection model. Large cash collections expose our Company to the risk of fraud, misappropriation and / or unauthorized transactions by its employees responsible for dealing with such cash collections. While our Company has taken insurance policies and coverage for cash in safes and in transit, and undertakes measures to detect and prevent any unauthorized transaction, fraud or misappropriation by our Company's representatives and officers, this may not be sufficient to prevent or deter such activities in all cases, which may adversely affect our Company's operations, profitability and/or cash flows. Further, our Company may be subject to regulatory or other proceedings in connection with any unauthorized transaction, fraud or misappropriation by our Company's representatives and employees, which could adversely affect our Company's goodwill.

9. ***Our Company provides loans against securities to its customers, the repayment of which is secured by a pledge/mortgage/hypothecation of securities held by such customers. If our Company has to enforce such securities and if at the time of such enforcement the market value of the securities has fallen to a level where our Company is unable to recover the monies due, the results of our Company's operations would be adversely affected.***

Our Company's loans against securities business involves providing loans which are secured by a pledge/mortgage/hypothecation of securities. Although our Company believes that it generally maintains a sufficient margin in terms of value of the collateral, if it has to enforce such securities and if at the time of such enforcement, due to adverse market conditions, the market value of the securities has fallen to a level where our Company is unable to recover the monies due, or if such securities have become illiquid, the results of our operations could be adversely affected.

10. ***Our Company may not be able to recover, on a timely basis or at all, the full value of collateral or amounts which are sufficient to cover the outstanding amounts due from defaulting customers Further, fluctuations in real estate prices may also impact our Company's mortgage business.***

The value of collateral is dependent on various factors inter-alia including (i) prevailing market conditions, (ii) the general economic and political conditions in India, (iii) growth of the real estate markets in India in the areas in which the collateral is located, and (iv) any change in statutory and/or regulatory requirements in connection with the real estate and/or the housing finance sectors.

Delays in bankruptcy and foreclosure proceedings, any defect in the title in connection with the collateral, and the necessity of obtaining regulatory approvals for the enforcement of such collaterals may affect the valuation of the collateral, and consequently, our Company may not be able to recover the full value of the collateral for the loans provided by it, in a timely manner or at all. Further, the value of the security provided to our Company, may be subject to reduction in value on account of various extraneous reasons. Consequently, the realizable value of the security for the loans provided by our Company, when liquidated, may be lower than principal amount outstanding along with interest and other costs recoverable from such customers.

Further, volatility in prices, valuation and demand for the collaterals / assets provided as security for loans/financing provided by us may impact the demand for our Company's secured loans / financing portfolio, may reduce the security cover of such secured loans, and may increase the risk of delinquencies for its existing secured loan portfolio, which in turn would adversely impact our Company's recoveries and profitability.

Lastly, enforcing our Company's legal rights by litigating against defaulting customers is generally a slow and potentially expensive process in India. Accordingly, it may be difficult for our Company to recover amounts owed by defaulting customers in a timely manner or at all.

11. ***Our Company's competitiveness may be adversely affected if it is unable to adequately assess, monitor and manage risks inherent to its business.***

Our Company is exposed to a variety of risks, including liquidity risks, interest rate risks, credit risks, operational risks and legal risks. Our Company's risk management techniques may not be fully effective in mitigating all or most of its business risks.

Some methods of managing risks are based upon observed historical market behavior. As a result, these methods may not predict future risk exposures, which could be greater than the historical measures indicated. Other risk management methods depend upon an evaluation of information regarding markets and customers amongst other factors. This information may not in all cases be accurate, complete, current, and/or properly evaluated. Although our Company has established these policies and procedures, they may not be fully effective. Our Company's future success will depend, in part, on its ability to respond to new technological advances and evolving finance sector standards and practices in a cost-effective and timely manner. The development and implementation of such technology entails significant costs. There can be no assurance that our Company will successfully implement new technologies or adapt its transaction-processing systems to customer requirements in a timely manner or at all.

12. ***Our Company's growth in profitability is dependent on the continued growth of its loan portfolio. Our Company's inability to resourcefully grow and manage its loan portfolio could adversely affect its operations and/or profitability.***

Changes in market interest rates could affect the demand for financing activity. Our Company's receivables under financing activity increased from ₹ 7,271.78 crores in Fiscal 2011 to ₹ 12,283.09 crores in Fiscal 2012 and our receivables under financing activity were ₹ 14,715.17 crores as at September 30, 2012. If our Company is unable to continue to maintain or grow its loan portfolio, in particular during periods of sustained interest rate declines, its operations and/or profitability may be adversely affected.

13. ***The financing industry is becoming increasingly competitive and our Company's growth and profitability will inter alia depend on its ability to compete effectively.***

Our Company faces increasing competition from public and private sector Indian commercial banks, and from other financial institutions that provide financial products or services. Some of our Company's competitors have greater resources than our Company does. The competition our Company faces from banks is increasing as more banks are targeting products and services similar to

ours. Competition in our industry depends on, among other things, the ongoing evolution of government policies relating to the industry, the entry of new participants in the industry and the extent to which there is consolidation among banks and financial institutions in India.

Our Company's ability to compete effectively is primarily dependent on its ability to maintain a competitive cost of funds. Our Company believes its borrowing costs have been competitive in the past due to its strong credit rating, credit history, strong capital adequacy ratios and strong parentage. With the growth of its business, our Company is increasingly dependent on funding from a combination of sources including equity funding, secured and unsecured loan funds from banks and financial institutions, the issuance of redeemable non-convertible debentures and commercial papers. The market for such funds is competitive and our Company's ability to obtain funds on favorable terms and in a timely manner, will depend on various factors including its ability to maintain its credit ratings. If our Company is unable to access funds at an effective cost that is comparable to or lower than that of its competitors, our Company may not be able to offer competitive interest rates for its loans.

As our Company enters new markets in the financial services industry, our Company is likely to face additional competition from entities who may be better capitalized, have longer operating histories, a greater retail and brand presence, and more experienced management. If our Company is unable to compete with these entities effectively in these new markets, its operations and/or profitability may be adversely affected.

14. ***A decline in our Company's capital adequacy ratio could restrict its growth prospects.***

Pursuant to the Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 1998, as amended, our Company with effect from March 31, 2012, is required to maintain a minimum capital adequacy ratio of 15.00%. As on March 31, 2012, our Company's CRAR stood at 17.53%, well above the mandated RBI norms of 15.00%. If our Company continues to grow its loan portfolio and asset base, it will be required to raise additional Tier I and Tier II capital in order to continue to meet applicable capital adequacy ratios with respect to its business.

Our Company's CRAR, Tier I capital, Tier II capital and receivables under financing activity as at March 31, 2008, 2009, 2010, 2011 and 2012 and as at September 30, 2012, were as follows:

	As at March 31,					**As at September 30,**
Particulars	**2008**	**2009**	**2010**	**2011**	**2012**	**2012**
CRAR (%)	40.69	38.41	25.93	19.95	17.53	17.72
Tier I Capital (%)	40.69	38.41	25.93	16.73	15.00	14.38
Tier II Capital (%)	Nil	Nil	Nil	3.22	2.53	3.34
Receivables under financing activity (₹ in crores)	2,189.52	2,370.42	4,031.50	7,271.78	12,283.09	14,715.17

There can be no assurance that our Company will be able to raise capital in an adequate and timely manner in the future on terms favorable to our Company, or at all. Not being able to maintain its capital adequacy ratio may adversely affect the growth of our Company's business.

15. ***Our contingent liabilities, in our financial statements as on March 31, 2012, aggregated to ₹53.65 crores. If such contingent liabilities materialize, our financial condition could be adversely affected.***

Our contingent liabilities, in our financial statements as on March 31, 2012, aggregated to ₹ 53.65 crores. In the event that any of these contingent liabilities materialize, our results of operation and financial condition may be adversely affected.

As of March 31, 2012, we had the following contingent liabilities:

(in ₹ Crores)

Sl.	Particulars	As at March 31, 2012
1	Disputed claims against the company not acknowledged as debts	3.51
2	VAT matters under Appeal	3.49
3	ESI matters under appeal	5.14
4	Income tax matters under appeal	41.51
	Total	**53.65**

16. ***Our Company faces asset-liability mismatches, which could affect its liquidity and consequently may adversely affect its operations and profitability.***

Our Company faces potential liquidity risks because its assets and liabilities mature over different periods. As is typical for NBFCs, our Company meets its funding requirements through a mix of short, medium and long-term funding. Likewise its loan assets mature over short, medium and long term. Our Company's inability to manage structural mismatches in its assets and liabilities maturity profile may adversely affect its operations and profitability. Since each of our products differs in terms of the average tenor, average yield, average interest rates and average size of loan, the average tenor of our products may not match with the average tenor of our liabilities. Further, mismatches between our assets and liabilities are compounded in case of pre-payments of either loans provided by us or availed by us. We have historically and may from time to time fund such gaps by utilizing unutilized ratings for issuing fresh commercial paper, privately placed debentures and other money market instruments to investors, through draw down of sanctioned bank lines and availing fresh loans. Consequently, our inability to obtain additional credit facilities or renew our existing credit facilities, in a timely and cost-effective manner or at all, may lead to mismatches between our assets and liabilities, which may result in default on our loans and would in turn adversely affect our operations and financial performance.

17. ***The trade mark/service mark and logo in connection with the "BAJAJ FINSERV" brand which we use is licensed to us and consequently, any termination or non-renewal of such license may adversely affect our goodwill, operations and profitability. Further, for our current logo which we are using for our corporate publicity campaigns and as included in this Draft Letter of Offer, an application has been made in the name of Bajaj Finserv Limited, our Corporate Promoter. Our Corporate Promoter's inability to register such logo and/or to adequately protect the same may adversely affect our goodwill, operations and profitability.***

Pursuant to a license agreement dated December 23, 2011 and a supplementary license agreement dated September 26, 2012 between our Company and Bajaj Finserv Limited, we are entitled to use the following trademarks for our business activities: "B", "BAJAJ FINSERV', "B BAJAJ FINSERV', "B BAJAJ FINSERV LENDING" and "B BAJAJ FINSERV INFRASTRUCTURE FINANCE", (collectively, "**Trademarks**"). In this regard, our Company has to pay Bajaj Finserv Limited, a license fee of ₹ 101/- for each trademark per annum. No royalty fee, at present, is payable, subject to the mutual consent of our Company and our Corporate Promoter.

This license agreement is valid until September 15, 2016. In the event such license agreement is terminated or is not renewed or extended in the future, we may not be entitled to use the Trademarks in connection with our business activities of our Company. Consequently, we will not be able to derive the goodwill that we have been enjoying under the Trademarks. Further, if the commercial terms and conditions including the consideration payable pursuant to the said agreement are revised unfavourably, our Company may be required to allocate larger portions of its profits and/or revenues towards such consideration, which could adversely affect our profitability.

Further, besides "BAJAJ FINSERV', all the aforementioned trademarks, are unregistered as on date of this Draft Letter of Offer. The inability of our Corporate Promoter to register such trademarks and/or to adequately protect the same may adversely affect our goodwill, operations and profitability.

We operate in a competitive environment, and we believe that our brand recognition is a significant competitive advantage to us. If the license agreement is not renewed or terminated, we may need to change our name, trade mark/service mark or the logo. Any such change could require us to incur additional costs and may adversely impact our goodwill, business prospects and results of operations.

18. ***Our Company operates in a highly regulated industry and must constantly adapt to new and changing regulatory requirements. Any inability to manage these requirements in a cost effective and timely manner, or at all, could adversely affect the operations and/or profitability of our Company.***

Our Company is regulated principally by, and has reporting obligations to, the RBI. The regulatory and legal framework governing our Company may continue to change as India's economy and commercial and financial markets evolve. In recent years, existing rules and regulations have been modified, new rules and regulations have been enacted, and reforms have been implemented which are intended to provide tighter control and more transparency in India's asset finance sector. The laws and regulations governing the banking and financial services industry in India have become increasingly complex and cover a wide variety of issues, such as interest rates, liquidity, investments, money laundering, accounting policies, privacy, etc. Our Company is subject to the RBI's guidelines on financial regulation of NBFCs, including capital adequacy, exposure and other prudential norms. The RBI also regulates the credit flow by banks to NBFCs and provides guidelines to commercial banks with respect to their investment and credit exposure norms for lending to NBFCs.

Any regulatory changes, such as an increase in the minimum capital adequacy requirement for deposit taking NBFCs such as our Company, could, for our Company, result in the imposition of restrictions on our Company's operations, additional costs, and/or the requirement for raising additional capital, all of which could in turn, adversely affect our Company's operations and/or profitability.

19. ***Regulatory restrictions imposed on NBFCs or institutions through which we raise funds may restrict our Company's ability to obtain financing for specific activities.***

Pursuant to the Master Circular on Bank Finance to Non-Banking Financial Companies dated July 2, 2012, the RBI has imposed certain restrictions on banks providing financing to NBFCs. Under this Master Circular, certain NBFC activities are ineligible for financing by bank credit, such as unsecured loans, inter-corporate deposits provided by the NBFCs and subscription to equity shares or debentures by NBFCs. In addition, the Master Circular prohibits banks from:

- granting bridge loans of any nature, provide interim finance against capital or debenture issues and/or in the form of loans of a temporary nature pending the raising of long term funds from the market by way of capital, deposits, or other means to any category of NBFCs;
- accepting equity shares and debentures as collateral for secured loans granted to NBFCs; and
- executing guarantees covering inter-company deposits or loans that guarantee refund of deposits or loans accepted by NBFCs. The Master Circular also requires that guarantees not be issued by banks for the purpose of indirectly enabling the placement of deposits with NBFCs.

RBI has vide its circular dated May 3, 2011 clarified that bank finance to NBFCs would not be classified as priority sector lending, which has affected availability of bank finance and profitability of NBFCs engaged in money lending activities.

The RBI has issued 'Guidelines on Securitisation of Standard Assets' (the "**Revised Securitisation Guidelines**") to banks which have been extended to NBFCs with effect from August 21, 2012. The Revised Securitisation Guidelines stipulate various restrictions in connection with securitization transactions involving NBFCs inter-alia including a stipulation that originating NBFCs can securitize loans only after such loans have been held by the NBFC for a minimum prescribed period in their books and where the repayment of a loan proposed to be securitized is at more than quarterly intervals, such a loan can be securitized after repayment of at-least two installments.

Further, SEBI has vide its circular dated September 13, 2012, directed mutual funds to ensure that their total exposure to debt securities in a particular sector does not exceed 30.0% of their net assets with effect from October 1, 2012. Mutual funds existing prior to October 1, 2012 are required to comply with this requirement by September 13, 2013 and are prohibited from further increasing their exposure until then, if their total exposure is already above 30.0%.

The aforesaid regulatory restrictions may adversely affect our Company's ability to access finances, which in turn may adversely affect our Company's operations and/or profitability.

20. ***Our inability to obtain, renew or maintain our statutory and regulatory permits and approvals required to operate our business may have a material adverse effect on our business.***

We require certain statutory and/or regulatory permits and approvals for our business, particularly our registration with the RBI as an NBFC. Failure to obtain any statutory and/or regulatory permits and approvals for our business will adversely affect our business. In the future, we will be required to renew such permits and approvals and obtain new permits and approvals for any proposed operations. There can be no assurance that the relevant authorities will issue any of such permits or approvals in a timely manner or at all, and/or on favorable terms and conditions. Failure by us to comply with the terms and conditions to which such permits or approvals are subject, and/or to renew, maintain or obtain the required permits or approvals may result in the interruption of our operations and may have a material adverse effect on our business, financial condition and results of operations. Further, our Company has received 4 show causes notices from various statutory and/or regulatory authorities in connection with alleged violations of various statutory and/or regulatory requirements. Any unfavourable action taken by such statutory/regulatory authorities pursuant to such show-cause notices could adversely affect our operations and profitability.

21. ***Our Company may not be able to maintain and/or adequately enhance its current levels of profitability due to increased operating costs.***

Our Company's operating costs are affected by (a) our Company's business strategy of maintaining a high level of ongoing interaction with its customers, and (b) monitoring and regularly complying with industry related regulatory requirements, which include regular reporting requirements. Our Company believes that its involvement with its customers is an important part of developing relationships, identifying new cross selling opportunities and monitoring performance. These operating costs however can adversely affect our Company's profitability if not managed properly.

22. ***Our Company has incurred significant indebtedness, which is inherent to the nature of any lending business. The conditions and restrictions imposed by financing agreements executed by our Company could impede our Company's flexibility in conducting its business.***

As of March 31, 2012, our Company had long term borrowings of ₹6,407.86 crores (excluding current maturities of long term borrowings), short term borrowings of ₹2,794.56 crores and as on September 30, 2012 our Company had long term borrowings of ₹6,637.77 crores (excluding current maturities of long term borrowings) and short term borrowings of ₹2,754.19 crores. For further

details, see the section titled "*Financial Information*" on page 67 of this Draft Letter of Offer. Our Company's current and future indebtedness could have several important consequences.

For instance, our Company must seek, and may be unable to obtain, lenders' consents to incur additional debt, increase or modify its capital expenditure plans, create additional charges on or further encumber its assets or merge with or acquire other companies, whether or not there is any failure by our Company to comply with the other terms of such agreements. Further, our Company's financing arrangements also contain other restrictive covenants, (some of which can be waived by seeking prior approval), which could adversely impact its operations and/or profitability, inter-alia including the following:

- not declaring or paying dividends in any fiscal year in which our Company experiences an event of default or potential event of default;
- not effecting any merger, amalgamation, reconstruction or consolidation;
- not effecting any material change in the management of our Company;
- not effecting change in the capital structure of our Company;
- our Corporate Promoter maintaining ownership of specified percentages of the Equity Shares;
- maintaining specified credit ratings;
- maintaining specified financial ratios; and/or
- not undertaking major capital expenditure.

There can be no assurance that our Company has, and will, at all times have, complied with all of the terms of the said financing documents. Any failure to service our Company's indebtedness and/or to comply with all of the terms of the said financing documents, could have an adverse effect on the operations and/or profitability of our Company.

23. ***There is ambiguity on whether or not NBFCs are required to comply with the provisions of money lending laws as prevailing in different states in India, which, if interpreted unfavorably by the concerned statutory/regulatory authorities, could, adversely affect our Company's operations and/or profitability.***

    There is ambiguity on whether or not NBFCs are required to comply with the provisions of state money lending laws that establish ceilings on interest rates. Our Company carries out operations in several states such as Andhra Pradesh, Tamil Nadu, Madhya Pradesh and Maharashtra, where there are money lending statutes in operation. The relevant state money lending statutes provide penalties for non-compliance with such statutes, including civil and criminal consequences. In the event that the government of any state in India requires our Company to comply with the provisions of their respective state money lending laws or imposes any penalty against our Company, its directors or its officers, including for prior non-compliance, prospectively or retrospectively, our Company's operations and/or profitability may be adversely affected.

24. ***Changes in technology may render our current technologies obsolete or require us to make substantial capital investments. The cost of implementing new technologies or expanding capacity could be significant and could adversely affect our results of operations.***

    Our businesses are subject to rapid and significant changes in technology. Although we strive to keep our technology in accordance with the latest international technological standards, the technologies currently employed may become obsolete or may be subject to competition from new technologies in the future. The cost of implementing new technologies or expanding capacity could be significant and could adversely affect our results of operations.

25. ***Our Company has from time to time engaged in a variety of transactions with related parties. There can be no assurance that entering into such transaction with related parties will be the most beneficial option for our Company.***

Our Company has from time to time engaged in a variety of transactions with related parties. For details of the related party transactions of our Company, please refer to our "*Financial Information*" on page 67 of this Draft Letter of Offer. Our Company's policy on transactions with related parties is that such transactions are conducted on normal commercial terms in the ordinary and normal course of business. Our Company may enter into additional transactions with its related parties in the future. Although regulations in India do require disclosure of related party transactions in a listed company's financial statements, such regulations do not require shareholders' approval or an independent assessment of connected or related party transactions. As a result, there is no independent verification that the terms of such transactions or that any of our Company's transactions with its related parties will benefit our Company.

26. ***Of the 136 properties used by our Company, we own 12 properties while 124 properties are occupied by our Company on lease and/or as shared office space. Any termination of the lease(s) or the other relevant agreements in connection with such properties or our failure to renew the same in a favourable, timely manner, or at all, could adversely affect our activities.***

    Currently, except 12 properties which are owned by our Company, none of the other properties used by our Company for the purposes of our business activities, including the premises where the registered office of our Company is located, is owned by us. Termination of the lease or other relevant agreements in connection with such properties which are not owned by us or our failure to renew the same, on favourable conditions, in a timely manner, or at all, could require us to vacate such premises at short notice, could adversely affect our operations, financial condition and profitability.

27. ***We may experience difficulties in expanding our business into new regions and markets in India and introducing our complete range of products in each of our branches.***

    As part of our growth strategy, we continue to evaluate attractive growth opportunities to expand our business into new regions and markets in India. Factors such as competition, culture, regulatory regimes, business practices and customs and customer requirements in these new markets may differ from those in our current markets and our experience in our current markets may not be applicable to these new markets. In addition, as we enter new markets and geographical regions, we are likely to compete with other banks and financial institutions that already have a presence in those geographies and markets and are therefore more familiar with local regulations, business practices and customs and have stronger relationships with customers.

    Our business may be exposed to various additional challenges including obtaining necessary governmental approvals, identifying and collaborating with local business and partners with whom we may have no previous working relationship; successfully gauging market conditions in local markets with which we have no previous familiarity; attracting potential customers in a market in which we do not have significant experience or visibility; being susceptible to local taxation in additional geographical areas of India and adapting our marketing strategy and operations to different regions of India in which different languages are spoken. Our inability to expand our current operations may adversely affect our business prospects, financial conditions and results of operations.

28. ***The small and medium scale enterprises to which we provide loans may not perform and we may not be able to control the non-performance of such companies.***

    We provide loans to select growing small and medium enterprises against the assets owned and profits made by such companies. We do not manage, operate or control such companies and have no control over their functions or operations. These investments will be subject to the risk that such companies may make business, financial or management decisions with which we do not agree, or that the majority shareholders or the management of such companies may take business, financial or management decisions that may be adverse to, or otherwise act in a manner that does not serve, our interest. The repayment of the loans extended to such companies will depend to a significant extent on the specific management team of the relevant debtor company. The actions taken by the

management of our customers may lead to significant losses, affecting their ability to repay our loans and consequently adversely affect our financial performance.

29. ***Our business is based on the trust and confidence of our customers; any damage to that trust and confidence may materially and adversely affect our business, future financial performance and results of operations.***

We are dedicated to earning and maintaining the trust and confidence of our customers and we believe that the good reputation created thereby and inherent in the "Bajaj Finserv-Lending" brand name is essential to our business. The reputation of our Company and/or the "Bajaj Finserv-Lending" brand could be adversely affected by any threatened and/or legal proceedings and/or any negative publicity or news articles in connection with our Company or the Bajaj Finserv Group. As such, any damage to our reputation, or that of the "Bajaj Finserv-Lending" brand name, could substantially impair our ability to maintain or grow our business. In addition, any action on the part of any of the Bajaj Finserv Group entities that negatively impact the "Bajaj Finserv" brand could have a material adverse effect on our business, future financial performance and results of operations**.**

30. ***We may not be able to maintain our current levels of profitability due to increased costs or reduced spreads.***

Our business strategy involves a relatively high level of ongoing interaction with our customers. We believe that this involvement is an important part of developing our relationship with our customers, identifying new cross-selling opportunities and monitoring our performance. However, this level of involvement also entails higher levels of costs and also requires a relatively higher gross spread, or margin, on the finance products we offer in order to maintain profitability. There can be no assurance that we will be able to maintain our current levels of profitability if the gross spreads on our finance products were to reduce substantially, which could adversely affect our results of operations.

31. ***Our Company has recently introduced new product offerings. If any one or more of these product offerings are not as successful as anticipated by our Company, our profitability may be adversely affected.***

As a part of our growth strategy, our Company from time to time introduces new product offerings. Our Company has recently introduced various offerings such as the following:

- 0% finance on lifestyle products such as furniture, home furnishings, home improvements, fitness equipment and luxury watches at various retail outlets;
- Extended warranty programme which provides additional 1 year coverage for products after the expiry of the manufacturer warranty period;
- Flexisaver, a hybrid loan product combining the features of a term loan and a drop-line credit product, a completely automated process, allowing the customer to make all transactions online, whenever he wants, from wherever he may be, without the need to for any additional paper work;
- Online personal loans for salaried individuals; and
- Card Protection Plan, an assistance service enabling cardholders to protect themselves in the event of card loss or theft and resultant fraud and distress, which is offered in partnership with an international group recognized in the assistance services market.

We have incurred and may continue to incur substantial expenses in marketing and establishing such new offerings. There can be no guarantee that such offerings would yield desired or favourable acceptance as anticipated by us. Accordingly, if any one or more of these product offerings are not as successful as anticipated by our Company, our profitability may be adversely affected.

32. ***As part of our business strategy we assign or securitize a portion of our loan assets to banks and other institutions. Any changes in the assignment/securitization markets and/or***

statutory/regulatory requirements and/or decisions of courts in connection with the enforceability of such transactions could also adversely affect our operations and profitability.

As part of our means of raising and/or managing our funds, we assign or securitize a portion of the receivables from our loan portfolio to banks and other institutions. Such assignment or securitization transactions are conducted on the basis of our internal estimates of our funding requirements, which may vary from time to time. In case of any adverse changes in the markets which affect assignment/securitization of assets and/or delinquencies in connection with credit enhancements provided by us could adversely affect our profitability and financial condition.

Further, any change in statutory and/regulatory requirements in relation to assignments or securitizations by financial institutions, including the requirements prescribed by RBI and the Government of India, and/or decisions of courts in India in connection with the enforceability of such transactions could have an adverse impact on our assignment or securitization transactions.

33. ***We are significantly dependent on our Corporate Promoter, Bajaj Finserv Limited and promoter group thereof. Any change in control of our Promoters and/or any disassociation of our Company from the Bajaj Finserv Group could adversely affect our operations and profitability.***

As on date, our Corporate Promoter, Bajaj Finserv Limited holds 60.87% of the paid up equity share capital of our Company. If Bajaj Finserv Limited ceases to exercise control over our Company as a result of any transfer of shares or otherwise, our ability to derive any benefit as a part of the Bajaj Finserv Group of companies may be adversely affected, which in turn could adversely affect our business and results of operations. Any such change of control could also significantly influence our business policies and operations.

If our promoters including Bajaj Finserv Limited and our promoter group ceases to collectively exercise control over our Company, as a result of any transfer of shares or otherwise, and/or our inability to have access to the infrastructure provided by other companies in the Bajaj Finserv Group could adversely affect our ability to attract customers and to expand our business, which in turn could adversely affect our goodwill, operations and profitability.

34. ***Our success depends in large part upon our management team and key personnel and our ability to attract, train and retain such persons.***

Our ability to sustain our rate of growth depends significantly upon our ability to manage key issues such as selecting and retaining key operations personnel, developing managerial experience to address emerging challenges and ensuring a high standard of client service. In order to be successful, we must attract, train, motivate and retain highly skilled employees, especially branch managers and product executives. If we cannot hire additional qualified personnel or retain them, our ability to expand our business will be impaired and our revenue could decline. We will need to recruit new employees, who will have to be trained and integrated into our operations. We will also have to train existing employees to adhere properly to internal controls and risk management procedures. Failure to train and motivate our employees properly may result in an increase in employee attrition rates, divert management resources and subject us to incurring additional human resource related expenditure. Hiring and retaining qualified and skilled managers are critical to our future, as our business model depends on our credit-appraisal and asset valuation mechanism, which are personnel-driven operations. Moreover, competition for experienced employees in the finance sector can be intense. While we have an incentive structure and an employee stock option scheme namely, ESOP, designed to encourage employee retention, our inability to attract and retain talented professionals, or the resignation or loss of key operations personnel, may have an adverse impact on our business and future financial performance.

35. ***We are exposed to fluctuations in the market values of our investment and other asset portfolio.***

Recent turmoil in the financial markets has adversely affected economic activity globally, including in India. Continued deterioration of the credit and capital markets could result in volatility of our

investment earnings and impairments to our investment and asset portfolio, which could negatively impact our financial condition and reported income.

36. ***Our insurance coverage may not adequately protect us against losses.***

We maintain such insurance coverage that we believe, at present, is adequate for our operations. Our insurance policies, however, may not provide adequate coverage in certain circumstances and are subject to certain deductibles, exclusions and limits on coverage. We maintain general liability insurance coverage including coverage for errors or omissions. We cannot, however, assure you that the terms of our insurance policies will be adequate to cover any damage or loss suffered by us or that such coverage will continue to be available on reasonable terms or will be available in sufficient amounts to cover one or more large claims or that the insurer will not disclaim coverage as to any future claim.

A successful assertion of one or more large claims against us that exceeds our available insurance coverage or changes in our insurance policies including premium increases or the imposition of a larger deductible or co-insurance requirement could adversely affect our business, financial condition and results of operations.

37. ***Our Company has availed various working capital demand loans and other loans which are repayable upon demand and/or notice by the relevant lenders. If such lenders call upon our Company to repay such borrowings on demand and/or upon serving a notice for the prescribed period, we may have to raise funds to refinance these obligations, which may adversely affect our business, operations, financial condition and cash flows.***

Our Company has availed various working capital demand loans and other loans which are repayable upon demand and/or notice by the relevant lenders under the respective agreements. If such lenders call upon our Company to repay such borrowings on demand and/or upon serving a notice for the prescribed period, we may have to raise funds to refinance these obligations. If we are unable to raise such finance in a timely manner or at all or our failure to otherwise repay such loans in a timely manner or at all, could adversely affect our business operations, financial condition and cash flows.

B. EXTERNAL RISK FACTORS

38. ***A significant change in the central and state governments' economic liberalization and deregulation policies could disrupt our business. A change in taxation laws could also adversely impact our financial condition and results of operations.***

Our performance and growth are dependent on the health of the Indian economy and more generally the global economy. The economy could be adversely affected by various factors such as political or regulatory action, including adverse changes in liberalization policies, social disturbances, terrorist attacks and other acts of violence or war, natural calamities, interest rates, commodity and energy prices and various other factors.

In recent years, India has been following a course of economic liberalization and our business could be significantly influenced by economic policies adopted by the Government. The Government has at various times announced its general intention to continue India's current economic and financial liberalization and deregulation policies. The Government has traditionally exercised and continues to exercise influence over many aspects of the economy. Our business and the market price and liquidity of our Equity Shares may be affected by interest rates, changes in Government policy, taxation, social and civil unrest and political, economic or other developments in or affecting India. Any such change in the Government's policies in the future could adversely affect business and economic conditions in India and could also adversely affect our business, prospects, financial condition and results of operations.

39. ***Our future operating results are difficult to predict. Any unfavorable changes in the factors affecting our operations, including the economic, political, legal or social environments of the locations in which we operate may adversely affect our operating results and profitability.***

Our business and results of operations may be adversely affected by, among other factors, the following:

- General economic and business environment in India;
- Our ability to successfully implement our strategy and growth plans;
- Our ability to compete effectively and access funds at competitive cost;
- Effectiveness and accuracy of internal controls and procedures;
- Changes in domestic or international interest rates and liquidity conditions;
- Defaults by customers resulting in an increase in the level of non-performing assets in our portfolio;
- Rate of growth of our loan assets and ability to maintain concomitant level of capital;
- Downward revision in credit ratings;
- Potential mergers, acquisitions or restructurings and increased competition;
- Change in tax benefits and incentives and other applicable regulations, including various tax laws;
- Our ability to retain our management team and skilled personnel;
- Change in laws and regulations that apply to NBFCs and financial services companies in India;
- Interest rates and our ability to enforce security; and
- Change in political conditions in India

All of the above factors may affect our revenues and therefore have an impact on our operating results and profitability.

Our business, earnings, asset values and the value of our Equity Shares may be materially and adversely affected by developments with respect to inflation, interest rates, currency fluctuations, government policies, price and wage controls, exchange control regulations, retail laws and regulations, taxation, expropriation, social instability and other political, legal or economic developments in or affecting the States in which we primarily operate. We have no control over such conditions and developments and can provide no assurance that such conditions and developments will not have a material adverse effect on our operations or the price of or market for our Equity Shares.

40. ***A slowdown in economic growth in the markets in which we operate could cause our business to suffer.***

Our performance and growth are dependent on the health of the economy of the markets in which we operate. The economy could be adversely affected by various factors such as political or regulatory action, including adverse changes in liberalization policies, social disturbances, terrorist attacks and other acts of violence or war, natural calamities, interest rates, commodity and energy prices and various other factors. Any slowdown in the economy of the markets in which we operate may adversely affect our business and financial performance and the price of our Equity Shares.

41. ***Regional hostilities, terrorist attacks, civil disturbances or social unrest, regional conflicts could adversely affect the financial markets and the trading price of the Equity Shares could decrease.***

Certain events that are beyond our control, such as terrorist attacks and other acts of violence or war, may adversely affect worldwide financial markets and could potentially lead to a severe economic recession, which could adversely affect our business, results of operations, financial condition and cash flows, and more generally, any of these events could lower confidence in India's economy.

India has also experienced social unrest in some parts of the country. If such tensions occur in other parts of the country leading to overall political and economic instability, it could have a materially adverse effect on our business, future financial performance and the price of the Equity Shares.

42. ***Our business is significantly dependent on the availability of financing in India and the failure to obtain financing in the form of debt or equity and adverse changes in financing terms may affect our growth and future profitability. Difficult conditions in the global financial markets and the economy generally have affected and may continue to materially and adversely affect our business and results of operations.***

Although economic conditions differ in each country, investors' reactions to any significant developments in one country can have adverse effects on the financial and market conditions in other countries. These and other related events, such as the collapse of a number of financial institutions, have had and continue to have a significant adverse impact on the availability of credit, globally as well as in India. Indian financial markets have also experienced the contagion effect of the global financial turmoil, evident from the sharp decline in the Sensex, BSE's benchmark index. Any prolonged financial crisis may have an adverse impact on the Indian economy, thereby resulting in a material and adverse effect on our business, operations, financial condition, profitability and price of our Equity Shares. We cannot assure you that global economic conditions will not deteriorate further and, accordingly, that our financial condition and results of operations will not be further adversely affected. On account of the prevailing conditions of the global and Indian credit markets, buyers of our products may remain cautious, consumer sentiment and market spending may turn more cautious in the near-term. If this trend continues, our results of operations and business prospects may be materially and adversely affected.

43. ***Any downgrading of India's debt rating by an international rating agency could have a negative impact on the trading price of the Equity Shares.***

Any adverse revisions to India's credit ratings for domestic and international debt by international rating agencies may adversely impact our ability to raise additional financing and other commercial terms at which such additional financing may be available. This could have an adverse effect on our business and future financial performance, its ability to obtain financing for capital expenditures and the trading price of the Equity Shares.

44. ***Public companies in India, including our Company, may be required to prepare financial statements under the IFRS or a variation thereof, namely IND AS. The transition to IND AS is still unclear and our results may be negatively affected by this transition.***

Public companies in India, including our Company, may be required to prepare their annual and interim financial statements under IFRS or a variation thereof. Recently, the ICAI has released a near final version of the Indian Accounting Standards (Ind AS) 101 "First-time Adoption of Indian Accounting Standards" ("**IND AS**"). The Ministry of Corporate Affairs, Government of India, on February 25, 2011 has notified that the IND AS will be implemented in a phased manner and the date of such implementation will be notified at a later date. As on the date of this Draft Letter of Offer the Ministry of Corporate Affairs, Government of India has not yet notified the date of implementation of the IND AS. There is currently a significant lack of clarity on the adoption of and convergence with IND AS and we currently do not have a set of established practices on which to draw on in forming judgments regarding its implementation and application, we have not determined with any degree of certainty the impact that such adoption will have on our financial reporting. Additionally, IND AS has fundamental differences with the IFRS and therefore financial statements prepared under IND AS may differ substantially from financial statements prepared under IFRS. There can be no assurance that our financial condition, results of operations, cash flows or changes in shareholders' equity will not appear materially different under IND AS, Indian GAAP or IFRS. As we adopt IND AS reporting, we may encounter difficulties in the ongoing process of implementing and enhancing our management information systems. There can be no assurance that our adoption of IND AS, if required, will not affect our reported results of operations, financial condition and failure to

successfully adopt IND AS in accordance with prescribed statutory and/or regulatory requirements within the timelines as may be prescribed may have an adverse effect on our financial position and results of operations.

45. ***Conditions in the Indian securities market may affect the price or liquidity of the Equity Shares.***

The Indian securities markets are smaller than securities markets in more developed economies. Indian Stock Exchanges have in the past experienced substantial fluctuations in the prices of listed securities. These exchanges have also experienced problems that have affected the market price and liquidity of the securities of Indian companies, such as temporary exchange closures, broker defaults, settlement delays and strikes by brokers. In addition, the governing bodies of the Indian Stock Exchanges have from time to time restricted securities from trading, limited price movements and restricted margin requirements. Further, disputes have occurred on occasion between listed companies and the Indian Stock Exchanges and other regulatory bodies that, in some cases, have had a negative effect on market sentiment. If similar problems occur in the future, the market price and liquidity of the Equity Shares could be adversely affected.

Prominent Notes:

1. Issue of up to [●] Rights Shares for cash including a premium of ₹ [●] per Rights Share, aggregating up to ₹ 750.00 crores to the Eligible Equity Shareholders of the Company in the ratio of [●] Rights Shares for every [●] Equity Shares held on the Record Date i.e. [●].

2. The Investors may contact the Lead Manager who has submitted the due diligence certificate to SEBI dated November 22, 2012, for any complaint pertaining to the Issue. For contact details of the Lead Manager and the Compliance Officer, please refer to the section titled "*General Information*" on page 30 of this Draft Letter of Offer.

3. Our Company's Net-Worth as on March 31, 2012 was ₹ 2,033.57 crores and on September 30, 2012 was ₹ 2,304.74 crores, as per our "*Financial Information*" on page 67 of this Draft Letter of Offer. As of March 31, 2012, the Net Asset Value of each Equity Share was ₹ 492.16 and as on September 30, 2012 the Net Asset Value of each Equity Share was ₹ 556.78, as per our "*Financial Information*" on page 67 of this Draft Letter of Offer.

4. The Lead Manager and our Company shall update this Draft Letter of Offer and keep the shareholders/public informed of any material changes till the listing and commencement of trading of the Rights Shares.

5. For details of the related party transactions of our Company, please refer to our "*Financial Information*" on page 67 of this Draft Letter of Offer.

6. Investors may contact the Lead Manager or the Compliance Officer for any clarification/complaint or information relating to the Issue, which shall be made available by the Lead Manager and our Company to the investors at large. No selective or additional information will be available for a section of investors in any manner whatsoever. For contact details of the Lead Manager and the Compliance Officer, please refer to the section titled "*General Information*" on page 30 of this Draft Letter of Offer.

7. There are no financing arrangements whereby the Promoter Group, our Directors or their relatives have financed the purchase by any other person of securities of the Issuer other than in the normal course of the business of the financing entity during the period of six months immediately preceding the date of filing this Draft Letter of Offer

SECTION III – INTRODUCTION

THE ISSUE

The Board of Directors of our Company has pursuant to a resolution passed at their meeting held on May 16, 2012 authorized this offer of Rights Shares. The shareholders of our Company have approved the Issue pursuant to a special resolution passed at our AGM held on July 17, 2012.

The following is a summary of the Issue. This summary should be read in conjunction with, and is qualified in its entirety by, more detailed information in the section titled "Terms of the Issue" on page 104 of this Draft Letter of Offer.

Rights Shares being offered by our Company	[●] Rights Shares
Rights Entitlement for Rights Shares	[●] Rights Shares for every [●] Equity Shares held on the Record Date i.e. [●].
Record Date	[●]
Face Value per Rights Shares	₹ 10.00
Issue Price per Rights Share	₹ [●] at a premium of ₹ [●] per Rights Share
Equity Shares outstanding prior to the Issue	4,13,94,076 Equity Shares
Issue size	Up to ₹ 750.00 crores
Equity Shares outstanding after the Issue	[●] Equity Shares
Terms of the Issue	Please refer to the section titled ***"Terms of the Issue"*** on page 104 of this Draft Letter of Offer.

Payment terms

The payment terms available to the Investors are as follows:

Due Date	**Amount**
On Application of Rights Shares	₹ [●] per Rights Share which constitutes 100.0 % of the Issue Price.

SUMMARY OF FINANCIAL INFORMATION

The following table set forth below indicates a summary of the financial information derived from our audited standalone financial statements as at and for the financial year ended March 31, 2012. For further details please refer to the section titled "*Financial Information*" on page 67 of this Draft Letter of Offer.

Summary Information of Assets and Liabilities

(₹ in Crore)

Particulars	As at March 31, 2012	2011
Equity and liabilities		
Shareholders' funds		
Share capital	41.32	36.63
Reserves and surplus	1,970.93	1,321.48
Money received against share warrants	21.32	–
	2,033.57	1,358.11
Non-current liabilities		
Long term borrowings	6,407.86	2,854.06
Other long term liabilities	28.54	15.93
Long term provisions	32.25	18.90
	6,468.65	2,888.89
Current liabilities		
Short term borrowings	2,794.56	2,468.91
Trade payables	182.61	151.73
Other current liabilities	1,384.09	1,605.86
Short term provisions	63.20	48.41
	4,424.46	4,274.91
Total	12,926.68	8,521.91
Assets		
Non-current assets		
Fixed assets		
– Tangible assets	128.13	96.19
– Intangible assets	10.66	6.41
	138.79	102.60
Non-current investments	5.48	5.61
Deferred tax assets (net)	69.16	64.94
Receivables under financing activity	6,569.21	3,932.00
Long term loans and advances	72.44	54.53
	6,855.08	4,159.68
Current assets		
Current investments	–	–
Receivables under financing activity	5,713.88	3,339.78
Cash and bank balances	59.83	871.67
Short term loans and advances	221.87	120.06
Other current assets	76.02	30.72
	6,071.60	4,362.23
Total	12,926.68	8,521.91

Summary Information of Profit and Loss Account

(₹ in Crore)

Particulars	For the Year Ended March 31, 2012	2011
Revenue:		
Revenue from operations (Net)	2,163.02	1,392.33
Other income	8.89	13.80
Total revenue (I)	2,171.91	1,406.13
Expenses:		
Employee benefits expense	190.35	144.72
Finance costs	746.18	371.01
Depreciation	11.77	9.64
Loan losses and provisions	154.38	204.61
Other expenses	467.01	306.28
Total expenses (II)	1,569.69	1,036.26
Profit before tax (I - II)	602.22	369.87
Tax expenses		
Current tax	200.00	118.95
Deferred tax expense/(credit)	(4.22)	4.29
Prior period adjustments relating to earlier years: expense/(income)		
Taxation	–	(0.33)
Total tax expense	195.78	122.91
Profit after tax for the year	406.44	246.96
Earnings per share:		
(Face value per share ₹ 10/-)		
Basic (₹)	110.84	67.47
Diluted(₹)	110.29	67.47

Summary Information of Cashflows

(₹ in Crore)

Particulars	For the Year Ended March 31, 2012		2011
A. Cash flow from operating activities:			
Profit before taxation		602.22	369.87
Adjustments for:			
Depreciation	11.77		9.64
Amortisations	3.24		3.07
Finance costs	746.18		371.01
Provision for doubtful debts and advances, net	6.07		(20.95)
Provision for diminution in value of investments, net	–		(1.25)
		767.26	361.52
Less: Investment income included above			
Interest on government securities	0.59		0.76
Loss on sale of tangible assets, net	(0.43)		–
		0.16	0.76
Cash from operations		1,369.32	730.63
Changes in working capital:			
Increase/(Decrease) in trade payables	30.88		97.89
Increase/(Decrease) in short term provisions	(0.57)		2.58
Increase/(Decrease) in other current liabilities	122.84		34.14
Increase/(Decrease) in other long term liabilities	12.61		4.66
(Increase)/Decrease in long term loans and advances	(11.69)		(4.19)
(Increase)/Decrease in short term loans and advances	(99.55)		(54.57)
(Increase)/Decrease in other current assets	(45.30)		(15.04)
		9.22	65.47
		1,378.54	796.10
Taxes paid (Net of refunds)	(206.22)		(129.58)
Tax adjustments relating to earlier years	–		0.33
Finance costs paid	(734.40)		(298.09)
		(940.62)	(427.34)
		437.92	368.76
Increase/(Decrease) in receivables under financing activity, current	(2,368.77)		(1,315.17)
Increase/(Decrease) in receivables under financing activity, non-current	(2,637.21)		(1,895.56)
		(5,005.98)	(3,210.73)
Net cash generated from operations		(4,568.06)	(2,841.97)
Carried forward		(4,568.06)	(2,841.97)

(₹ in Crore)

	2012	2011
Brought forward	(4,568.06)	(2,841.97)
B. Cash flow from investing activities:		
Capital expenditure	(51.89)	(64.08)
Sale proceeds of assets/adjustments to gross block	0.39	0.07
(Increase)/Decrease in long term investments	–	3.87
Investment income:		
Interest on Government securities	0.59	0.76
Net cash from investing activities	(50.91)	(59.38)
C. Cash flow from financing activities:		
Dividends paid	(36.65)	(21.99)
Dividend distribution tax	(5.94)	(3.65)
Increase/(Decrease) in long term borrowings	3,553.80	1,327.62
Increase/(Decrease) in short term borrowings	325.65	850.13
Increase/(Decrease) in current maturities of long term debts	(356.37)	1,304.59
Increase/(Decrease) in share capital	4.69	0.03
Increase/(Decrease) in share premium	300.63	1.15
Increase/(Decrease) in share warrants	21.32	–
Net cash from financing activities	3,807.13	3,457.88
Net increase in cash and cash equivalents	(811.84)	556.53
Cash and cash equivalents at the beginning of the year *	871.67	315.14
Cash and cash equivalents at the end of the year *	59.83	871.67

* Includes earmarked balances with banks (against fixed deposit maturities and unclaimed dividend) ₹ 0.57 crore (Previous year ₹ 0.61 crore)

GENERAL INFORMATION

Issue of [●] Rights Shares aggregating upto ₹ 750.00 crores to the Eligible Equity Shareholders in the ratio of [●] Rights Share(s) for every [●] Equity Share(s) held on the Record Date i.e. [●].

For further details please refer to the section titled "*Terms of the Issue*" on page 104 of this Draft Letter of Offer.

Registered Office of our Company

Bajaj Finance Limited
Akurdi, Pune 411 035
Telephone: +91 20 6610 7099
Fax: +91 20 6610 6382
Website: www.bajajfinservlending.in
E-mail: anant.damle@bajajfinserv.in
Registration No.: 042961
Corporate Identity No.: L65910MH1987PLC042961

Address of the RoC:
Registrar of Companies, Pune, Maharashtra
PMT Commercial Building,
Pune Stock Exchange,
3rd Floor, Deccan Gymkhana,
Pune - 411 004.

The Equity Shares of our Company are listed on the BSE and the NSE.

Company Secretary and Compliance Officer

A H Damle
4th Floor, Bajaj Finserv Corporate Office
Off Pune -Ahmednagar Road, Viman Nagar,
Pune - 411 014
Telephone: +91 20 3040 5072
Fax: +91 20 3040 5030
Website: www.bajajfinservlending.in
E-mail: anant.damle@bajajfinserv.in

Investors may contact the Compliance Officer & Company Secretary and/or the Registrar to the Issue, for any pre-issue / post-issue related matters such as non-receipt of letters of allotment / share certificates / refund orders, etc.

Lead Manager to the Issue:

JM Financial Institutional Securities Private Limited
141, Maker Chambers III, Nariman Point,
Mumbai - 400 021
Tel: +91 22 6630 3030 / 3953 3030
Fax: +91 22 2204 7185
E-mail: bafl.rights@jmfl.com
Investor Grievance E-mail: grievance.ibd@jmfl.com
Contact Person: Lakshmi Lakshmanan

Website: www.jmfl.com
SEBI Registration No.: INM000010361

Bankers to the Issue:

[●]

Self Certified Syndicate Bankers:

The list of banks that have been notified by SEBI to act as SCSBs for the Applications Supported by Blocked Amount ("**ASBA**") Process is available at the SEBI website (URL reference: http://www.sebi.gov.in/cms/sebi_data/attachdocs/1353063494684.html). Details relating to designated branches of SCSBs collecting the ASBA forms are available at the above mentioned link. On allotment, the amount would be unblocked and the account would be debited only to the extent required to pay for the Rights Shares allotted.

Please note that in accordance with the provisions of SEBI circular bearing number CIR/CFD/DIL/1/2011 dated April 29, 2011, all Applicants who are QIBs, Non Institutional Investors (including all companies and bodies corporate) and Non Retail Individual Investors must mandatorily make use of ASBA facility. All QIBs, Non Institutional Investors and Non Retail Individual Investors, must mandatorily invest through the ASBA process provided that they are eligible ASBA Investors (as per the conditions of the SEBI circular dated December 30, 2009).

Notwithstanding anything contained hereinabove, all Renouncees (including Renouncees who are Individuals) shall apply in the Issue only through the non-ASBA process.

Retail Individual Investors may optionally apply through the ASBA process, provided that they are eligible ASBA Investors.

Please note that subject to SCSBs complying with the requirements of SEBI Circular No. CIR/CFD/DIL/13/2012 dated September 25, 2012 within the periods stipulated therein:

(i) If the Issue Opening Date is on or prior to December 31, 2012, ASBA Applications may be submitted at such branches of the SCSBs which are designated to receive ASBA Applications, (the number of such designated branches being at least 50.0% of the total branches of the SCSBs); and

(ii) If the Issue Opening Date is post December 31, 2012, ASBA Applications may be submitted at all branches of the SCSBs.

All grievances relating to the ASBA process may be addressed to the Registrar to the Issue, with a copy to the SCSB, giving full details such as name, address of the applicant, number of Rights Shares applied for, Amount blocked, ASBA Account number and the Designated Branch of the SCSB where the CAF was submitted by the ASBA Investors.

For more details on the ASBA process, please refer to the details given in CAF and also please refer to the section titled "*Terms of the Issue*" on page 104 of this Draft Letter of Offer.

Legal Advisor to the Issue

J Sagar Associates
Vakils House,
18, Sprott Road
Ballard Estate
Mumbai - 400 001
Tel: +91 22 6656 1500
Fax: +91 22 6656 1515

Contact Person: Nosh Modi
E-mail: mumbai@jsalaw.com
Website: www.jsalaw.com

Statutory Auditor

M/s Dalal & Shah,
Chartered Accountants
252, Veer Savarkar Smarak,
Next to Mayor's Bungalow
Shivaji Park, Dadar (W),
Mumbai - 400 028
Tel: +9122 6669 1390
Fax: +9122 6654 7804
E-mail: anish.p.amin@in.pwc.com
Contact Person: Anish P. Amin
ICAI Registration No: 102021W

Registrar to the Issue

Karvy Computershare Private Limited
Plot Nos. 17-24, Vittal Rao Nagar, Madhapur,
Hyderabad - 500 081
Tel: +91 40 4465 5000
Toll Free No.: 1800 345 4001
Fax: +91 40 2343 1551
Investor Grievance E-mail: bajajfinance.rights@karvy.com
Contact Person: M. Murali Krishna
Website: http://karisma.karvy.com
SEBI Registration No.: INR000000221

Experts:

M/s Dalal & Shah,
Chartered Accountants
252, Veer Savarkar Smarak,
Next to Mayor's Bungalow
Shivaji Park, Dadar (W),
Mumbai - 400 028
Tel: +9122 6669 1390
Fax: +9122 6654 7804
E-mail: anish.p.amin@in.pwc.com
Contact Person: Anish P. Amin
ICAI Registration No: 102021W

Bankers to our Company:

ALLAHABAD BANK
Mittal Chambers, Ground Floor, Nariman Point,
Mumbai – 400 021.
Tel: +91 22 2202 8315/2282 2080/2282 2087
Fax: +91 22 2282 1422
Contact Person: K. Shiv Shankar
E-mail: br.mumib@allahabadbank.in

BANK OF INDIA
Sushilp, 1290 Shivaji Nagar,
Opposite Hotel Swann Inn,
Off Jangali Maharaj Road, Pune - 411 005.
Tel: +91 20 25530314/17
Fax: +91 20 25530319
Contact Person: Ms. Priyanka Das
E-mail: LCB.Pune@bankofindia.co.in

BANK OF MAHARASHTRA
Industrial Finance Branch, Apeejay House, 1, Dr. V.B. Gandhi Marg, Fort, Mumbai - 400 001
Tel: +91 22 2244 4882 / 2204 2065 / 2283 9521
Fax: +91 22 2285 0750
E-mail:bom972@mahabank.co.in
Contact Person: Mr. V.K. Sharma, Deputy General Manager

CENTRAL BANK OF INDIA
1st Floor, Central Bank Building, Fort,
Mumbai - 400 023
Tel: +91 22 4078 5858, 4078 5803
Fax: +91 22 4078 5840
Contact Person: Vivek Jain
E-mail:agmcfb3007@centralbank.co.in

CORPORATION BANK
Aditi Commerce Center, 2406, General Thimmaya Road, East Street, Camp, Pune - 411 001
Tel: +91 20 2633 3773, 2634 0286
Fax: +91 20 2634 2533
Contact Person: Mr. Jayachandra Hatwar, Assistant General Manager
E-mail: cb0132@corpbank.co.in

CREDIT AGRICOLE (CORPORATE & INVESTMENT BANK)
A 203, 2nd floor, A wing, ICC Trade Tower, Senapati Bapat Road, Pune - 411 016
Tel: +91 20 6641 1800
Fax: +91 20 6641 1812
Contact person: Mr. Atul Kedia
E-mail: atul.kedia@ca-cib.com

DEUTSCHE BANK AG
Suprem, Main ITI Road, Aundh, Pune - 411 007
Tel: +91 20 7124 9044
Fax: +91 20 7124 9050
Contact Person: Mr. Sumeet Chhitwal
E-mail: Summet.chhitwal@db.com

DENA BANK
Dena Corporate Center, C-10, G-Block, Bandra Kurla Complex, Bandra (E), Mumbai- 400 051
Tel: +91 22 2654 5001 - 5028
Fax: +91 22 2654 5017
Contact Person: Ms. Sujaya U. Shetty, Chief Manager
E-mail: bankur@denabank.co.in, sujaya.shetty@denabank.co.in

HDFC BANK LIMITED
Corporate Banking, 4th floor, Millennium Towers, Bhandarkar Road, Pune
Tel: +91 20 2565 2601
Fax: +91 20 2565 0720
Contact Person: Mr. Mayuresh Apte
E-mail: mayuresh.apte@hdfcbank.com

ICICI BANK LIMITED
3rd floor, A Wing, Shangrila Gardens,
Bund Garden, Pune - 411 001
Tel: +91 20 6600 3104
Fax: +91 20 6600 3109
Contact Person: Mr. Ajay Sharma (Assistant General Manager)
E-mail: ajay.shar@icicibank.com

IDBI BANK LIMITED
2nd floor, Pride House, University Road,
Shivaji Nagar, Pune - 411 016
Tel: +91 20 2555 7215
Fax: +91 20 2555 7252
Contact Person: Sharad Vasudeo Joshi
E-mail: sharad.joshi@idbi.co.in

INDIAN BANK
Mumbai Fort Branch, United India Insurance Building, Sir PM Road, Fort, Mumbai- 400 001
Tel: +91 22 2266 2462
Fax: +91 22 2263 0108
Contact Person: Yog Raj Bajaj
E-mail: mumbaifort@indianbank.co.in

ORIENTAL BANK OF COMMERCE
917-20/20A, OBC Tower, FC Road, Pune – 411 004
Tel: +91 20 2567 7272/2567 7721
Fax: +91 20 2567 7600
Contact Person: Mrs. Geetika Bhargava (Manager Credit)
E-mail: bm1088@obc.co.in

STANDARD CHARTERED BANK
Crescenzo, 6th Floor, C-38/39, G-Block, Behind MCA Club, Bandra Kurla Complex, Bandra (East), Mumbai- 400 051
Telephone: +91 22 6115 7891
Fax: +91 22 6115 9199
Contact Person: Mandar Chonkar
E-mail: Mandar.chonkar@sc.com

STATE BANK OF PATIALA
Commercial Branch, 1st Floor, Atlanta Building,
Nariman Point, Mumbai - 400 021
Tel: +91 22 2285 1762

STATE BANK OF BIKANER AND JAIPUR
239, PD Mello Road, Opposite GPO,
Fort, Mumbai - 400 001
Telephone: +91 22 2265 5777 / 2263 1846
Fax: +91 22 2261 8329
Contact Person: Sri N. Srikanth
E-mail: sbbj10717@sbbj.co.in

STATE BANK OF HYDERABAD
Corporate Finance Branch, C-11, Mittal Tower, First Floor, 210, Nariman Point, Mumbai - 400 021
Telephone: +91 22 2284 3550
Fax: +91 22 2284 1096
Contact Person: Deputy General Manager
E-mail: narimanpoint@sbhyd.co.in

STATE BANK OF INDIA
Industrial Finance Branch, "The Arcade", 2nd Floor, World Trade Center, Cuffe Parade, Colaba, Mumbai - 400 005
Telephone: +91 22 2216 1955
Fax: +91 22 2215 5223
Contact Person: Mr. Alok Kumar Sinha
E-mail: alokkumar.sinha@sbi.co.in

STATE BANK OF MYSORE
Mittal Court C-Wing, Nariman Point, Mumbai- 400 021
Telephone: +91 22 2279 0534
Fax: +91 22 2284 0304
Contact Person: Abhinna S. Baral, Assistant General Manager
E-mail: cabmumbai@gmail.com

STATE BANK OF TRAVANCORE
1248a, Asmani Plaza, FC Road, Deccan Gymkhana, Pune - 411 004
Telephone: +91 20 2553 1285, +91 20 2553 4225
Fax: +91 20 2553 2347
Contact Person: Binny John Mathew
E-mail: pune@sbt.co.in

SYNDICATE BANK
202, Gawade Estate, Mumbai-Pune Road, Chinchwad, Pune - 411 019
Telephone: +91 20 2747 3606 (Cabin); 2746 8325 (Adv); 2747 2712 (Gen); 2744 1416
Fax: +91 20 2747 3606
Contact Person: Mr. Santosh Kolhe, Chartered Accountant, Manager (Large Advances)
E-mail: mh.5322punechwad@syndicatebank.co.in

UCO BANK
Flagship Corporate, Nariman Point Branch, Mafatlal Center, 1st Floor, Nariman Point, Mumbai - 400 021
Telephone: +91 22 4054 9191
Fax: +91 22 4054 9122
Contact Person: Deputy General Manager
E-mail: mumfec@ucobank.co.in

UNION BANK OF INDIA
Industrial Finance Branch, 619, Sachapir Street, Camp, Pune- 411 001
Telephone: +91 20 2613 4360, 2613 0805, 2613 9405
Fax: +91 20 2613 6607
Contact Person: Smt. Usha Joshi
E-mail: ifbpune@unionbankofindia.com

VIJAYA BANK
Corporate Banking Branch, Vinayak Bhonde Sankul, 1206/a 32, Shirole Road, Opp. Sambhaji Park, Pune-411 004
Telephone: +91 20 3020 3379
Fax: +91 20 3020 3388
Contact Person: Sri KS Raju, Chief Manager
E-mail: pune.corpbanking5104@vijayabank.co.in

YES BANK LIMITED
12th Floor, Nehru Center, Worli, Mumbai- 400 018
Telephone: +91 22 6620 9223
Fax: +91 22 2497 4158
Contact Person: Sajjan Goyal, Vice President- Indian Financial Institutions
E-mail: sajjan.goyal@yesbank.in

Note: Investors are advised to contact the Registrar to the Issue/Compliance Officer in case of any pre-Issue/post-Issue related problems such as non-receipt of the Letter of Offer/Abridged Letter of Offer/CAF/allotment advice/share certificate(s)/refund orders.

Credit Rating

As the Issue is of Equity Shares, credit rating is not required.

Listing of Securities

The Equity Shares of our Company are listed on the BSE and the NSE. We have received in-principle approvals for listing of the Rights Shares to be issued pursuant to this Issue from the BSE and the NSE by letters dated [●] and [●], respectively. For further details, please refer to the section titled "*Terms of the Issue*" on page 104 of this Draft Letter of Offer.

Allocation of Responsibilities

The responsibilities for various activities in this Issue of the Lead Manager are as follows:

Sr. No.	Activities
1.	Capital structuring with the relative components and formalities such as type of instruments, etc.
2.	Drafting and design of the offer document. The Lead Manager shall ensure compliance with stipulated requirements and completion of prescribed formalities (including finalization of Letter of Offer) with Stock Exchanges and SEBI.
3.	Selection of various agencies connected with the issue, namely Registrars to the Issue, Bankers to the Issue, printers and advertisement agencies.
4.	Liaisoning with the Stock Exchanges and SEBI, including for obtaining in-principle listing approval and completion of prescribed formalities with the Stock Exchanges and SEBI.
5.	The post Issue activities will involve essential follow up steps, which must include finalization of basis of allotment, listing of instruments and dispatch of certificates and refunds, with the various agencies connected with the work such as Registrar to the Issue, Bankers to the Issue and the bank handling refund business.

Issue Schedule

The subscription will open upon the commencement of the banking hours and will close upon the close of banking hours on the dates mentioned below:

Issue Opening Date:	[●]
Last date for receiving requests for SAFs:	[●]
Issue Closing Date:	[●]

Impersonation

As a matter of abundant caution, attention of the Investors is specifically drawn to the provisions of subsection (1) of Section 68A of the Companies Act which is reproduced below:

"*Any person who makes in a fictitious name an application to a company for acquiring, or subscribing for, any shares therein, or otherwise induces a company to allot, or register any transfer of shares therein to him, or any other person in a fictitious name, shall be punishable with imprisonment for a term which may extend to five years*".

Monitoring Agency

Axis Bank Limited
2nd Floor, Axis House,
Bombay Dyeing Mills Compound,
Pandurang Budhkar Marg,
Worli, Mumbai - 400 025

Tel: +91 22 2425 2526
Fax: +91 22 2425 4200
E-mail: debenturetrustee@axisbank.com
Website: www.axisbank.com

Appraisal

The requirement and proposed utilisation of proceeds of the Issue have not been appraised by any bank, financial institution or other independent agency.

Underwriting and Underwriting Agreement

This Issue shall not be underwritten.

Declaration by Board on creation of separate account

The Board of Directors declares that funds received against this Issue will be transferred to a separate bank account other than the bank account referred to sub-section (3) of Section 73 of the Companies Act.

Minimum Subscription

If our Company does not receive the minimum subscription of 90.0% of the Issue, or the subscription level falls below 90.0%, after the Issue Closing Date on account of withdrawal of applications, our Company shall refund the entire subscription amount received within 15 days from the Issue Closing Date. If there is delay in the refund of the subscription amount by more than eight days after our Company becomes liable to pay the subscription amount (i.e. 15 days after the Issue Closing Date), our Company will pay interest for the delayed period at 15.0% per annum as prescribed under sub-sections (2) and (2A) of Section 73 of the Companies Act.

Subscription by the Promoters

Our Promoters and Promoter Group have undertaken to fully subscribe to their Rights Entitlement on their own account and not through any of their nominated entities/persons in accordance with Regulation 10(4)(a) of the Takeover Regulations.

Our Promoters and Promoter Group have further undertaken to not renounce any part or whole of their Rights Entitlement under the Rights Issue to any other Promoter/Promoter Group entity or to any Persons Acting in concert or to any other third party in accordance with Regulation 10(4)(b) of the Takeover Regulations.

Our Promoters and Promoter Group retain the right to apply for additional shares in accordance with and subject to Regulation 10(4)(b) of the Takeover Regulations.

Further, our corporate Promoter, Bajaj Finserv Limited and our Promoter Group entities Jamnalal Sons Private Limited and Bajaj Sevashram Private Limited have undertaken to subscribe to any unsubscribed Rights Shares in this Issue, subject to applicable statutory and/or regulatory requirements, in any proportion among themselves.

Pursuant to the Rights Issue, the combined shareholding of the Promoter Group and any Persons Acting in Concert will not breach the maximum permissible non-public shareholding limit of 75.0% as provided for under Rule 19(2)(b) of the Securities Contracts (Regulations) Rules, 1957.

For further details of under subscription and allotment to the Promoters and Promoter Group, please refer to "*Basis of Allotment*" below under the section titled "*Terms of the Issue*" on page 125 of this Draft Letter of Offer.

CAPITAL STRUCTURE

Our share capital as on the date of filing of this Draft Letter of Offer is set forth below:

(₹in crores except share data)

		Aggregate Value at nominal value	Aggregate Value at Issue Price
A)	**AUTHORISED SHARE CAPITAL**		
	7,50,00,000 Equity Shares of ₹ 10 each	75.00	NA
B)	**ISSUED SUBSCRIBED AND PAID UP EQUITY SHARE CAPITAL BEFORE THE ISSUE***		
	4,13,94,076 Equity Shares of ₹ 10 each	41.39	NA
C)	**PRESENT ISSUE IN TERMS OF THIS DRAFT LETTER OF OFFER^**		
	[●]Equity Shares of ₹ 10 each fully paid up	[●]	[●]
D)	**PAID UP EQUITY SHARE CAPITAL AFTER THE ISSUE**		
	[●]Equity Shares of ₹ 10 each fully paid up	[●]	NA
E)	**SHARE PREMIUM ACCOUNT**		
	Before the Issue	1,059.81	[●]
	After the Issue	NA	[●]**

^ *The Issue has been authorized by the Board of Directors under Section 81(1) of the Companies Act pursuant to a resolution passed at the Board meeting on May 16, 2012. The shareholders of our Company have approved the Issue pursuant to a special resolution passed at our AGM held on July 17, 2012.*

* *Pursuant to a resolution passed by shareholders of our Company at their AGM held on July 13, 2011 and the Allotment Committee of the Board of Directors of our Company at their meeting held on July 28, 2011, 60,00,000 warrants convertible into equivalent number of Equity Shares of face value of ₹10/- each had been issued to our Corporate Promoter, Bajaj Finserv Limited by our Company on July 28, 2011 on a preferential basis, at a subscription price of ₹651/- per warrant. As on date of this Draft Letter of Offer, 13,10,000 of the aforementioned warrants are outstanding and accordingly Bajaj Finserv Limited is entitled to receive upto 13,10,000 Equity Shares upon exercise of such warrants at an exercise price of ₹651/- per Equity Share. The aforementioned warrants may be exercised at any time prior to 18 months from July 28, 2011, post which outstanding warrants shall lapse. On the exercise of all the outstanding warrants, the holders of such outstanding warrants would be required to contribute the remaining 75.0% of the exercise price of such warrants aggregating upto ₹63.96 crores. For further details please refer to the section titled "Capital Structure – Outstanding Instruments" on page 40 of this Draft Letter of Offer.*

** *To be determined upon finalization of the Issue Price.*

Notes to the Capital Structure

1. **Share Capital History of our Company**

The following is the history of the equity share capital and securities premium account of our Company as on the date of filing this Draft Letter of Offer.

Date of allotment of the Equity Shares	No. of Equity Shares	Total Nominal Amount	Face Value (₹)	Issue Price (₹)	Nature of Payment	Reasons for Allotment	Cumulative Paid-up Capital (₹)	Cumulative Share Premium before adjustments (₹)	Adjusted Cumulative Share Premium (₹)
March 25, 1987	100	1,000	10	10	Cash	Subscribers to the Memorandum of Association^	1,000	Nil	Nil
June 10, 1987	9,99,900	99,99,000	10	10	Cash	Allotment to erstwhile Bajaj Auto Limited, Bajaj Auto Holdings Limited and dealers of erstwhile Bajaj Auto Limited	1,00,00,000	Nil	Nil
October 20, 1987	40,00,000	4,00,00,000	10	10	Cash	Rights Issue	5,00,00,000	Nil	Nil
May 15, 1990	50,00,000	5,00,00,000	10	10	Cash	Rights Issue	10,00,00,000	Nil	Nil
September 27, 1990	3,000	30,000	10	10	Cash	Allotment to employees of the Company	10,00,30,000	Nil	Nil
May 28, 1994	64,88,200	6,48,82,000	10	90	Cash	Initial public offering by our Company	16,49,12,000	51,90,56,000	49,33,28,183 (after adjusting towards share issue expenses and calls in arrears amounting to ₹ 2,55,07,817 and ₹ 2,20,000 respectively)
January 13, 1998	-	-	-	-	-	Forfeiture of 1,000 partly paid up equity shares for non payment of allotment money	16,49,02,000	51,90,56,000	49,33,79,074 (after adjusting towards share issue expenses and calls in arrears amounting to ₹ 1,29,109 and ₹ 40,000 respectively)
January 18, 2006	10,03,260	1,00,32,600	10	410	Cash	Preferential Allotment to Bajaj Auto Limited	17,49,34,600	92,03,60,000	89,46,83,074
January	35,00,000	3,50,00,000	10	450	Cash	Preferential	20,99,34,600	2,46,03,60,000	2,40,81,32,926

Date of allotment of the Equity Shares	No. of Equity Shares	Total Nominal Amount	Face Value (₹)	Issue Price (₹)	Nature of Payment	Reasons for Allotment	Cumulative Paid-up Capital (₹)	Cumulative Share Premium before adjustments (₹)	Adjusted Cumulative Share Premium (₹)
18, 2006						Allotment to Copa Cabana, El Dorado Holdings II Limited, Tiger Global LP, Tiger Global Limited, Tiger Global II LP, Blue Ridge Limited Partnership and Blue Ridge Offshore Master Limited Partnership			(after adjusting towards share issue expenses amounting to ₹ 2,65,50,148)
February 9, 2007	1,25,96,076	12,59,60,760	10	325	Cash	Rights Issue	33,58,95,360	6,42,81,23,940	6,34,08,02,611 (after adjusting towards share issue expenses amounting to ₹ 3,50,94,255)
March 29, 2007	17,58,600	1,75,86,000	10	410	Cash	Preferential Allotment to Bajaj Auto Limited (conversion of warrants)	35,34,81,360	7,13,15,63,940	7,04,42,42,611
July 17, 2007	12,47,940	1,24,79,400	10	410	Cash	Preferential Allotment to Bajaj Auto Limited (conversion of warrants)	36,59,60,760	7,63,07,39,940	7,54,34,18,611
December 29, 2010	33,000	3,30,000	10	358.70	Cash	ESOP*	36,62,90,760	7,64,22,47,040	7,55,49,25,711
March 29, 2012	46,90,000	4,69,00,000	10	651	Cash	Preferential Allotment to Bajaj Finserv Limited (conversion of warrants)	41,31,90,760	10,64,85,37,040	10,56,12,15,711
August 9, 2012	30,000	3,00,000	10	358.70	Cash	ESOP* (includes the re-issue of the forfeited partly paid up 1,000 equity shares)	41,34,90,760	10,65,89,98,040	10,57,16,76,711
August 9, 2012	30,000	3,00,000	10	542	Cash	ESOP*	41,37,90,760	10,67,49,58,040	10,58,76,36,711
August 9,	15,000	1,50,000	10	705.15	Cash	ESOP*	41,39,40,760	10,68,53,85,290	10,59,80,63,961

Date of allotment of the Equity Shares	No. of Equity Shares	Total Nominal Amount	Face Value (₹)	Issue Price (₹)	Nature of Payment	Reasons for Allotment	Cumulative Paid-up Capital (₹)	Cumulative Share Premium before adjustments (₹)	Adjusted Cumulative Share Premium (₹)
2012									
Total							**41,39,40,760**	**10,68,53,85,290**	**10,59,80,63,961**

^ Erstwhile Bajaj Auto Limited, Bajaj Auto Holdings Limited, Ranjan Surajprakash Sanghi, Dipakkumar Jagdishprasad Poddar and Bharat Manharlal Sanghavi were each allotted 10, 10, 30, 30 and 20 equity shares of face value ₹ 10 each respectively, pursuant to subscription to the Memorandum of Association.

* Equity Shares allotted to Rajeev Paraschandra Jain, Pankaj Thadani and Deepak Reddy, the trustees of BFL Employee Welfare Trust as fully paid up under the ESOS 2009.

2. **Outstanding Instruments:**

Employee Stock Options

We have instituted an employee stock option scheme to reward and help retain our employees and to enable them to participate in our future growth and financial success. We have granted stock options to employees pursuant to an Employee Stock Option Scheme, namely "BFL Employee Stock Option Scheme 2009" ("**ESOS**"). In terms of the special resolution passed by our shareholders on December 15, 2009, we may grant options in respect of 18,29,803 Equity Shares, which represent 4.42% of the pre-Issue paid up equity capital of our Company, and [●] % of the fully diluted post-Issue paid up capital of our Company. As of the date of filing the Draft Letter of Offer with SEBI, we had granted options in respect of 11,94,450 Equity Shares, which represent 2.89% of the pre-Issue paid up equity capital of our Company to employees of our Company and our holding company, Bajaj Finserv Limited, pursuant to the ESOS.

The following table sets forth the particulars of options granted under the ESOS as at November 16, 2012:

1	Options Granted:	11,94,450
2	The Pricing Formula:	Closing market price one day prior to the date of Grant on the stock exchange with the highest trading volume subject to the condition that exercise price will not be less than the face value of the shares
3	Options Vested:	3,19,676
4	Options exercised:	37,201
5	Total number of Equity Shares arising as a result of exercise of options:	37,201
6	Options cancelled: #	36,699
7	Variation in the terms of options:	Not Applicable
8	Money realised by exercise of options (in ₹):	2,17,97,805.75
9	Total number of options in force:	11,20,550

Options cancelled includes options forfeited

11	**Employee-wise details of options granted to:**				
(i)	Senior managerial personnel				
	Name	**No. of options granted in Grant I**	**No. of options granted in Grant II**	**No. of options granted in Grant III**	**No. of options granted in Grant IV**
	Mr. Rajeev Jain	39,000	39,000	31,700	37,500
(ii)	Any other employee who receives a grant in any one year of options amounting to 5% or more of options granted during the year	Nil	Nil	Nil	Nil
(iii)	Identified employees who were granted option, during any one year, equal or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant	Nil	Nil	Nil	Nil

Warrants

Pursuant to a resolution passed by shareholders of our Company at their AGM held on July 13, 2011 and the Allotment Committee of the Board of Directors of our Company at their meeting held on July 28, 2011, 60,00,000 warrants convertible into equivalent number of Equity Shares of face value of ₹ 10/- each had been issued to our Corporate Promoter, Bajaj Finserv Limited by our Company on July 28, 2011 on a preferential basis, at a subscription price of ₹ 651/- per warrant. Bajaj Finserv Limited had contributed 25.0% of the exercise price for the aforesaid warrants at the time of allotment thereof, in accordance with applicable regulations.

On March 29, 2012, pursuant to conversion of 46,90,000 warrants, 46,90,000 Equity Shares of face value of ₹ 10/- each had been issued and allotted to Bajaj Finserv Limited at a price of ₹ 651/- per share, which are subject to lock-in for a period of three years from the date of allotment.

As on September 30, 2012, 13,10,000 of the aforementioned warrants were outstanding and accordingly Bajaj Finserv Limited is entitled to receive upto 13,10,000 Equity Shares upon exercise of such warrants at an exercise price of ₹ 651/- per Equity Share. As on date of this Draft Letter of Offer, the aforementioned 13,10,000 warrants are outstanding with Bajaj Finserv Limited.

The aforementioned warrants may be exercised at any time prior to 18 months from July 28, 2011, post which outstanding warrants shall lapse. On the exercise of all the outstanding warrants, Bajaj Finserv Limited would be required to contribute the remaining 75.0% of the exercise price of such warrants aggregating upto ₹ 63.96 crores.

Further details of outstanding warrants are as follows:

Particulars	**Details**
Outstanding warrants as on the date of this Draft Letter of Offer	13,10,000
Conversion Price	₹ 651.00 of which 25.0% has been paid upfront at the time of allotment and the remaining 75.0% would be required to be paid at the time of exercise of such warrants

Particulars	Details
Maximum number of Equity Shares to be allotted assuming conversion of all outstanding warrants	13,10,000
Aggregate Amount to be raised assuming exercise of all outstanding warrants	₹ 63.96 crores will be paid at the time of exercise of the outstanding warrants
Pre-Issue Issued, Subscribed and Paid-up Equity Share Capital assuming conversion of all outstanding warrants prior to allotment of Rights Shares	₹ 42,70,40,760.00

Save as provided hereinabove, as on the date hereof there are no other outstanding options, or other convertible securities of our Company.

3. **Details of securities held by our Promoter and Promoter Group**

The table below presents the details of the securities of our Company held by our Promoters and Promoter Group as on November 16, 2012, including details of lock-in, pledge and/or encumbrance on such securities:

Sl. No.	Name of the Shareholder	Details of Shares held		Encumbered Shares			Details of Warrants		Details of Convertible Securities		Total shares (including underlying shares assuming full conversion of warrants and convertible securities) as a % of diluted share capital
		No. of shares held	As a % of total no. of equity shares outstanding as on November 16, 2012	No. of shares held	As a %	As a % of total no. of equity shares outstanding as on November 16, 2012	No. of warrants held	As a % total number of warrants of the same class	No. of convertible securities	As a % total number of convertible securities of the same class	
(I)	(II)	(III)	(IV)	(V)	(VI) = (V) / (III) x 100	(VII)	(VIII)	(IX)	(X)	(XI)	(XII)
Promoters											
1.	Bajaj Finserv Limited	2,51,95,089*	60.87	-	-	-	13,10,000	100.00	-	-	62.07
2.	Rahulkumar Bajaj	16,000	0.04	-	-	-	-	-	-	-	0.04
3.	Madhurkumar Bajaj	16,000	0.04	-	-	-	-	-	-	-	0.04
Promoter Group											
4.	Jamnalal Sons Private Limited	80	0.00	-	-	-	-	-	-	-	0.00
5.	Bajaj Auto Employees Welfare Fund No.1	100	0.00	-	-	-	-	-	-	-	0.00
6.	Bajaj Auto Employees Welfare Fund No.2	100	0.00	-	-	-	-	-	-	-	0.00
7.	Bajaj Auto Employees Welfare Fund No.3	100	0.00	-	-	-	-	-	-	-	0.00

Sl. No.	Name of the Shareholder	Details of Shares held		Encumbered Shares			Details of Warrants		Details of Convertible Securities		Total shares (including underlying shares assuming full conversion of warrants and convertible securities) as a % of diluted share capital
		No. of shares held	As a % of total no. of equity shares outstanding as on November 16, 2012	No. of shares held	As a %	As a % of total no. of equity shares outstanding as on November 16, 2012	No. of warrants held	As a % total number of warrants of the same class	No. of convertible securities	As a % total number of convertible securities of the same class	
(I)	(II)	(III)	(IV)	(V)	(VI) = (V) / (III) x 100	(VII)	(VIII)	(IX)	(X)	(XI)	(XII)
8.	Bajaj Auto Employees Welfare Fund No.4	100	0.00	-	-	-	-	-	-	-	0.00
9.	Bajaj Auto Employees Welfare Fund No.5	100	0.00	-	-	-	-	-	-	-	0.00
10.	Bajaj Auto Employees Welfare Fund No.6	100	0.00	-	-	-	-	-	-	-	0.00
11.	Bajaj Auto Employees Welfare Fund No.7	100	0.00	-	-	-	-	-	-	-	0.00
12.	Bajaj Auto Employees Welfare Fund No.8	100	0.00	-	-	-	-	-	-	-	0.00
13.	Bajaj Auto Employees Welfare Fund No.9	100	0.00	-	-	-	-	-	-	-	0.00
14.	Bajaj Auto Employees Welfare Fund No.10	100	0.00	-	-	-	-	-	-	-	0.00
Total		**2,52,28,169**	**60.95**	**-**	**-**	**-**	**13,10,000**	**100.00**	**-**	**-**	**62.14**

***** Includes 46,90,000 Equity Shares of face value of ₹ 10/- each issued and allotted to Bajaj Finserv Limited at a price of ₹ 651/- per share on March 29, 2012, pursuant to conversion of 46,90,000 warrants, wherein the aforementioned Equity Shares are subject to lock-in for a period of three years from the date of allotment.

4. **Shareholding Pattern:**

The table below presents our Company's shareholding as on September 30, 2012:

Category of Shareholder	No. of Share holders	Total No. of Shares	Total No. of Shares held in Dematerialized Form	Total Shareholding as a % of total No. of Shares	Shares pledged or otherwise encumbered

Category of Shareholder	No. of Share holders	Total No. of Shares	Total No. of Shares held in Dematerialized Form	Total Shareholding as a % of total No. of Shares		Shares pledged or otherwise encumbered	
				As a % of (A+B)	As a % of (A+B+C)	Number of shares	As a % of Total No. of Shares
(A) Shareholding of Promoter and Promoter Group							
(1) Indian							
Bodies Corporate	12	2,51,96,169	2,51,96,169	60.87	60.87	-	-
Any Others (Specify)							
Directors of Promoters Companies	2	32,000	32,000	0.08	0.08	-	-
Sub Total	14	2,52,28,169	2,52,28,169	60.95	60.95	-	-
(2) Foreign	-	-	-	-	-	-	-
Total shareholding of Promoter and Promoter Group (A)	14	2,52,28,169	2,52,28,169	60.95	60.95	-	-
(B) Public Shareholding							
(1) Institutions							
Mutual Funds / UTI	34	47,72,602	47,71,202	11.53	11.53	-	-
Financial Institutions / Banks	3	61,419	60,719	0.15	0.15	-	-
Foreign Institutional Investors	64	24,14,932	24,14,932	5.83	5.83	-	-
Sub Total	101	72,48,953	72,46,853	17.51	17.51	-	-
(2) Non-Institutions							
Bodies Corporate	487	23,00,918	22,91,402	5.56	5.56	-	-
Individuals							
Individual shareholders holding nominal share capital up to ₹ 1 lakh	14,202	30,00,396	25,89,368	7.25	7.25	-	-
Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	51	15,76,798	15,76,798	3.81	3.81	-	-
Any Others (Specify)							

Category of Shareholder	No. of Share holders	Total No. of Shares	Total No. of Shares held in Dematerialized Form	Total Shareholding as a % of total No. of Shares		Shares pledged or otherwise encumbered	
Foreign Corporate Bodies	1	16,56,000	16,56,000	4.00	4.00	-	-
Directors & their Relatives & Friends	2	92,234	92,234	0.22	0.22	-	-
Non Resident Indians	213	2,55,261	2,54,141	0.62	0.62	-	-
Clearing Members & Trusts	64	35,347	35,347	0.09	0.09	-	-
Sub Total	15,020	89,16,954	84,95,290	21.54	21.54	-	-
Total Public shareholding (B)	15,121	1,61,65,907	1,57,42,143	39.05	39.05	-	-
Total (A)+(B)	15,135	4,13,94,076	4,09,70,312	100.00	100.00	-	-
(C) Shares held by Custodians and against which Depository Receipts have been issued	-	-	-	-	-	-	-
(1) Promoter and Promoter Group	-	-	-	-	-	-	-
(2) Public	-	-	-	-	-	-	-
Sub Total	-	-	-	-	-	-	-
Total (A)+(B)+(C)	15,135	4,13,94,076	4,09,70,312	100.00	100.00	-	-

5. **Details of Locked-in Equity Shares held by our Promoters and Promoter Group:** The following are the details of Equity Shares held by our Promoters which are subject to lock-in as on the date of this Draft Letter of Offer:

Sl. No.	Name of the Shareholder	No. of Equity Shares	Locked-in Shares as % of Total No. of Equity Shares Outstanding as on November 16, 2012
1	Bajaj Finserv Limited	46,90,000	11.33
	Total	**46,90,000**	**11.33**

6. Our Promoters and Promoter Group have undertaken to fully subscribe to their Rights Entitlement on their own account and not through any of their nominated entities/persons in accordance with Regulation 10(4)(a) of the Takeover Regulations.

Our Promoters and Promoter Group have further undertaken to not renounce any part or whole of their Rights Entitlement under the Rights Issue to any other Promoter/Promoter Group entity or to any Persons Acting in concert or to any other third party in accordance with Regulation 10(4)(b) of the Takeover Regulations.

Our Promoters and Promoter Group retain the right to apply for additional shares in accordance with and subject to Regulation 10(4)(b) of the Takeover Regulations.

Further, our corporate Promoter, Bajaj Finserv Limited and our Promoter Group entities Jamnalal Sons Private Limited and Bajaj Sevashram Private Limited have undertaken to subscribe to any unsubscribed Rights Shares in this Issue, subject to applicable statutory and/or regulatory requirements, in any proportion among themselves.

Pursuant to the Rights Issue, the combined shareholding of the Promoter Group and any Persons Acting in Concert will not breach the maximum permissible non-public shareholding limit of 75.0% as provided for under Rule 19(2)(b) of the Securities Contracts (Regulations) Rules, 1957.

For further details of under subscription and allotment to the Promoters and Promoter Group, please refer to "*Basis of Allotment*" below under the section titled "*Terms of the Issue*" on page 125 of this Draft Letter of Offer.

7. **Persons and Entities owning more than 1% (one percent) of our Equity Shares:**

The following table sets out the persons and entities who beneficially own more than 1% (one percent) of our Equity Shares as at September 30, 2012:

Sl. No.	Name of the Shareholder	Number of shares held	Shares as a % of total number of equity shares outstanding as on September 30, 2012	Details of Warrants		Details of Convertible Securities		Total shares (including underlying shares assuming full conversion of warrants and convertible securities) as a % of diluted share capital
				No. of warrants held	As a % total number of warrants of the same class	No. of convertible securities	% w.r.t total number of convertible securities of the same class	
Promoter and Promoter Group Shareholders								
1.	Bajaj Finserv Limited	2,51,95,089	60.87	13,10,000	100.00	-	-	62.07
	Sub-Total (A)	**2,51,95,089**	**60.87**	**13,10,000**	**100.00**	**-**	**-**	**62.07**
Public Shareholders								
1.	El Dorado Holdings II Limited	16,56,000	4.00	-	-	-	-	3.88
2.	Maharashtra Scooters Limited	16,38,720	3.96	-	-	-	-	3.84
3.	Reliance Capital Trustee Co Limited A/c Reliance Banking Fund	14,52,408	3.51	-	-	-	-	3.40
4.	El Dorado Holding I Limited	7,07,051	1.71	-	-	-	-	1.66
5.	Reliance Capital	6,40,106	1.55	-	-	-	-	1.50

Sl. No.	Name of the Shareholder	Number of shares held	Shares as a % of total number of equity shares outstanding as on September 30, 2012	Details of Warrants		Details of Convertible Securities		Total shares (including underlying shares assuming full conversion of warrants and convertible securities) as a % of diluted share capital
				No. of warrants held	As a % total number of warrants of the same class	No. of convertible securities	% w.r.t total number of convertible securities of the same class	
	Trustee Co Limited A/c Reliance Tax Saver							
6.	Sundaram Mutual Fund A/c Sundaram Select Midcap	5,11,610	1.24	-	-	-	-	1.20
7.	Sundaram Mutual Fund A/c Sundaram Tax Saver (Open)	4,22,411	1.02	-	-	-	-	0.99
	Sub-Total (B)	**70,28,306**	**16.98**	**-**	**-**	**-**	**-**	**16.46**
	Total (A+B)	**3,22,23,395**	**77.85**	**13,10,000**	**100.00**	**-**	**-**	**78.53**

8. **Purchase of Equity Shares during the preceding year**

Except as stated below, the Promoters and the Promoter Group have not purchased any Equity Shares in the last one year immediately preceding the date of this Draft Letter of Offer:

Sl. No.	Name of Promoter/Promoter	No. of Equity Shares	Issue Price (₹/equity share)	Nature of transaction	Date of Transaction
1.	Bajaj Finserv Limited	46,90,000	651/-	Allotment of Equity Shares pursuant to conversion of warrants	March 29, 2012

9. Our Company has not undertaken any public issue in the three years immediately preceding the date of filing of this Draft Letter of Offer.

10. The Issue will remain open for at least 15 days. The Board or a duly authorized committee thereof will have the right to extend the Issue period as it may determine from time to time, provided that the Issue will not be kept open in excess of 30 days from the Issue Opening Date.

11. Our Promoters have not pledged any of their Equity Shares as on the date of this Draft Letter of Offer.

12. We have not raised any bridge loan against the proceeds of the Issue.

13. Except as otherwise stated in this Draft Letter of Offer, there are no outstanding financial instruments or any other right that may entitle any person to receive any Equity Shares in our Company.

14. The ex-rights price arrived in accordance with the formula prescribed under Clause 4 (b) of Regulation 10 of the Takeover Regulations, in connection with the Issue is ₹ [●].

15. Neither our Company nor the Promoters shall make any payments, direct or indirect, such as discounts, commissions, allowances or otherwise under the Issue.

16. The terms of issue to Eligible Equity Shareholders have been presented under the section titled ***"Terms of the Issue"*** on page 104 of this Draft Letter of Offer.

17. At any given time, there shall be only one denomination of the Equity Shares of our Company.

18. We have not revalued our assets during the last five Financial Years.

19. All the Equity Shares of our Company are fully paid up and there are no partly paid up Equity Shares as on the date of this Draft Letter of Offer. Further, the Rights Shares when issued shall be fully-paid up.

OBJECTS OF THE ISSUE

Our Company is registered with the RBI as a deposit taking NBFC. Our receivables under financing activity comprise of loans and financing under three verticals, namely, (a) Consumer Finance (b) Small Business Loan and (c) Commercial Loan. Growth of our loan portfolio depends on our ability of strengthing and leveraging our capital base.

We intend to utilize the proceeds of the Issue to augment our capital base for the purpose of meeting our capital adequacy requirements.

Use of the Proceeds of the Issue

The utilization of the proceeds of this Issue is as follows:

Requirement of Funds

(In ₹ crores)

Sr. No	Expenditure Items	Amount
1	To augment our capital base for the purpose of our capital adequacy requirements.	750.00

Our fund requirements and deployment of the proceeds of the Issue is based on internal management appraisals and estimates, which are based on current conditions and historical trends, and as such are subject to change.

We operate in highly competitive and dynamic market conditions and may have to revise our estimates from time to time on account of changes in external circumstances, including inter alia the costs associated with our business activities, our financial condition, and, our business activities and strategic initiatives. Further, the growth of our business is dependent on the general state of the economy and on the investment climate in the country. We therefore regularly evaluate our business plan and make suitable adjustments, to the same. Consequently, our fund related requirements and schedules may also change.

Details of the Objects of the Issue

Our Company is registered with the RBI as a deposit taking NBFC, and is listed on the BSE and NSE. NBFCs are required to comply with prescribed CRAR, single and group exposure norms, and other requirements under the prudential norms as prescribed by the RBI. The RBI prudential norms require such companies to maintain a minimum ratio of capital to risk adjusted assets and off-balance sheet items.

RBI Requirements in connection with CRAR:

Pursuant to the Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 1998, and a RBI notification dated February 17, 2011, all deposit taking NBFCs have to maintain a minimum capital ratio, consisting of Tier I and Tier II capital, which shall not be less than 15.0% of its aggregate risk weighted assets on balance sheet and risk adjusted value of off-balance sheet items w.e.f. March 31, 2012. As a part of our governance policy, we ordinarily maintain CRAR higher than the statutorily prescribed CRAR.

For deposit taking NBFCs, paid up equity capital, preference shares which are compulsorily convertible into equity, free reserves, balance in share premium account and capital reserves representing surplus arising out of sale proceeds of asset, excluding reserves created by revaluation of asset, as reduced by accumulated loss balance, book value of intangible assets and deferred revenue expenditure, if any as reduced by investment in shares of other NBFCs and in shares, debentures, bonds, outstanding loans and advances including hire purchase and lease finance made to and deposits with subsidiaries and companies in the same group exceeding, in aggregate, ten per cent of the owned fund, would qualify as Tier I capital.

For deposit taking NBFCs, (a) preference shares other than those which are compulsorily convertible into equity, (b) revaluation reserves at discounted rate of fifty five percent, (c) general provisions (including that for standard assets) and loss reserves to the extent these are not attributable to actual diminution in

value or identifiable potential loss in any specific asset and are available to meet unexpected losses, to the extent of one and one fourth percent of risk weighted assets, (d) hybrid debt capital instruments, and, (e) subordinated debt, to the extent the aggregate of all of the above does not exceed the Tier I capital, would qualify as Tier II capital.

The total of Tier II capital, at any point of time, shall not exceed 100% of Tier I capital.

Our Company's CRAR History

As on March 31, 2012 our Company's CRAR stood at 17.53% as compared to 40.69% as on March 31, 2008 corresponding to the growth in receivable under financing activities from ₹ 2,189.52 crores in Fiscal 2008 to ₹ 12,283.09 crores in Fiscal 2012.

Our Company's CRAR, Tier I capital, Tier II capital and receivables under financing activity as at March 31, 2008, 2009, 2010, 2011 and 2012 stood as follows:

Particulars	As at March 31,					As at September 30,
	2008	2009	2010	2011	2012	2012
CRAR (%)	40.69	38.41	25.93	19.95	17.53	17.72
Tier I Capital (%)	40.69	38.41	25.93	16.73	15.00	14.38
Tier II Capital (%)	Nil	Nil	Nil	3.22	2.53	3.34
Receivables under financing activity (₹ in crores)	2,189.52	2,370.42	4,031.50	7,271.78	12,283.09	14,715.17

Requirement of Funds

In order to ensure compliance with the minimum CRAR of 15% as mandated by RBI and to ensure sufficient capital for growth, our Company proposes to use the proceeds of the Issue towards strengthening of our capital base.

Our Company's receivables under financing activity comprise of loans and financing under three verticals, namely, (a) Consumer Finance (b) Small Business Loan and (c) Commercial Loan. Our capital base together with our borrowings is used to grow our receivables under financing activity. Further, the augmentation of our capital base would provide us an opportunity to reduce our existing leverage.

None of the issue proceeds will be directly or indirectly provided to or utilized by our promoters / promoter group / natural persons behind the corporate promoter of our Company.

The main objects clause of our Company's Memorandum of Association enables us to undertake our existing activities and the activities for which funds are being raised by our Company pursuant to the Issue.

Interim Use of Funds

Our management, in accordance with the policies established by our Board of Directors from time to time, will have flexibility in deploying the proceeds of the Issue. Pending utilization for the purposes described above, we intend to invest the funds in high quality interest bearing liquid instruments including investment in money market mutual funds, deposits with banks and other interest/premium bearing securities for the necessary duration. Such investments may be made in accordance with the investment policies approved by the Board or its committee(s) from time to time and subject to applicable statutory and regulatory requirements, if any.

Bridge Loan

We have not raised any bridge loans which are required to be repaid from the proceeds of the Issue.

Monitoring Utilization of Funds

Our Board, Audit Committee and the Monitoring Agency will monitor the utilization of the Issue proceeds. We will disclose the details of the utilization of the Issue proceeds, including interim use, distinctly in our financial statements until the completion of utilization of the Issue proceeds, specifying the purpose for which such proceeds have been utilized along with other disclosures as required pursuant to the Listing Agreements. We will indicate investments, if any, of unutilized proceeds of the Issue in our balance sheet. In connection with the utilization of the proceeds of the Issue, our Company shall comply with the Listing Agreements, including Clauses 43A and 49, as amended from time to time.

Except in the usual course of business, no part of the proceeds from the Issue will be paid by the Company as consideration to its Promoters, Directors, Group Entities or key managerial employees.

STATEMENT OF TAX BENEFITS

The Board of Directors
Bajaj Finance Limited
Mumbai – Pune Road
Akurdi
Pune 411035

Dear Sirs,

Statement of Possible Tax Benefits available to Bajaj Finance Limited ('the Company') and its shareholders

We hereby report that the enclosed statement states the possible tax benefits available to the Company and to the shareholders of the Company under the Income-tax Act, 1961 and the Wealth-tax Act, 1957 (as amended by the Finance Act, 2012), presently in force in India. Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant provisions of the statute. Hence, the ability of the Company or its shareholders to derive the tax benefits is dependent upon fulfillment of such conditions, which based on business imperatives the Company faces in the future, the Company may or may not choose to fulfil.

The benefits discussed in the enclosed statement are not exhaustive. This statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences and the changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the issue.

We do not express any opinion or provide any assurance as to whether:

i. the Company or its shareholders will continue to obtain these benefits in future; or

ii. the conditions prescribed for availing the benefits have been/would be met with.

The contents of the enclosed statement are based on information, explanations and representations obtained from the Company and on the basis of our understanding of the business activities and operations of the Company.

For S.R. Batliboi & Co.
Firm Registration Number: 301003E
Chartered Accountants

Vijay Maniar
Partner
Membership No.: 36738

Place: Mumbai
Date: November 21, 2012

Annexure to the Statement of Possible Tax Benefits available to Bajaj Finance Limited ('the Company') and its shareholders:

I. Under the Income-tax Act, 1961 (hereinafter referred to as the IT Act):

General Tax Benefits available to the Company:

The following tax benefits are generally available to all companies after fulfilling the conditions prescribed in the IT Act:

(i) Dividend referred to in section 115-O of the IT Act earned by the Company from domestic companies, will be exempt under section 10(34) of the IT Act.

Section 14A of the Act restricts claim for deduction of expenses incurred in relation to income which does not form part of the total income under the Act. Thus, any expenditure incurred to earn the said income will not be a tax deductible expenditure.

(ii) Income arising on transfer of equity shares or units of an equity oriented fund held by the Company will be exempt under section 10(38) of the IT Act if the said asset is a long-term capital asset and such transaction is chargeable to securities transaction tax. These assets turn long term if they are held for more than 12 months. However, the said exemption will not be available to the Company while computing the book profit and income tax payable under section 115JB of the IT Act.

(iii) The long-term capital gains arising to the Company from the transfer of listed securities or units of an equity oriented fund, not covered under point (ii) above shall be chargeable to tax at the rate of 20% (plus applicable surcharge and education cess) of the capital gains computed after indexing the cost of acquisition/improvement or at the rate of 10% (plus applicable surcharge and education cess) of the capital gains computed before indexing the cost of acquisition/improvement, whichever is lower.

(iv) The long-term capital gains not covered under points (ii) and (iii) above shall be chargeable to tax at the rate of 20% (plus applicable surcharge and education cess) of the capital gains computed after indexing the cost of acquisition/improvement. Whilst shares held in a company, units of the Unit Trust of India, units of a mutual fund specified under section 10(23D) of the IT Act and zero coupon bonds turn long term if the held for more than 12 months, other capital assets turn long term if they are held for more than 36 months.

(v) Short-term capital gains arising on transfer of equity shares or units of an equity oriented fund held by the Company will be chargeable to tax at the rate of 15% (plus applicable surcharge and education cess) as per the provisions of section 111A of the IT Act if such transaction is chargeable to securities transaction tax.

(vi) In accordance with, and subject to the conditions, including the limit of investment of Rs. 50 lakhs, and to the extent specified in section 54EC of the IT Act, capital gains arising on transfer of long-term capital assets of the Company not covered under point (ii) above shall be exempt from capital gains tax if the gains are invested within six months from the date of transfer in the purchase of long-term specified assets. In case the whole of the gains are not so invested, the exemption shall be allowed on a pro rata basis.

(vii) As per section 74 of the IT Act, short-term capital loss suffered during the year is allowed to be set-off against short-term gains as well as long-term capital gains of the said year. Balance loss, if any, could be carried forward for eight years for claiming set-off against subsequent years' short term as well as long-term capital gains. Long-term capital loss suffered during the year is allowed to be set-off against long-term capital gains. Balance loss, if any, could be carried forward for eight years for claiming set-off against subsequent years'long-term capital gains.

(viii) Where the tax liability of the Company as computed under the normal provisions of the Act, is less than 18.5% of its book profits after making certain specified adjustments, the Company would be liable to pay Minimum Alternate Tax ("MAT") at an effective rate of 20.0078% (including applicable surcharge and education cess) of the book profits. For the purpose of computation of MAT, the book profits are subjected to certain adjustments as prescribed.

MAT paid in one year shall however be available as credit against the normal income tax liability in subsequent years to the extent and as per the provisions of section 115JAA. Such credit can be carried forward up to 10 years for set off as per the provisions of section 115JAA.

General Benefits available to the shareholders of the Company:

The following tax benefits are generally available to the shareholders of all companies subject to the fulfillment of the conditions specified in the IT Act:

1. Residents:

(i) Dividend income earned on shares of the Company will be exempt in the hands of shareholders under section 10(34) of the IT Act.

Section 14A of the Act restricts claim for deduction of expenses incurred in relation to income which does not form part of the total income under the Act. Thus, any expenditure incurred to earn the said income will not be a tax deductible expenditure.

(ii) Income arising on transfer of shares of the Company will be exempt under section 10(38) of the IT Act if the said shares are long-term capital assets and such transaction is chargeable to securities transaction tax. These assets turn long term if they are held for more than 12 months. However, shareholders being companies will not be able to claim the above exemption while computing the book profit and income tax payable under section 115JB of the IT Act.

(iii) The long-term capital gains arising to the shareholders of the Company from the transfer of listed securities or units of an equity oriented fund, not covered under point (ii) above shall be chargeable to tax at the rate of 20% (plus applicable surcharge and education cess) of the capital gains computed after indexing the cost of acquisition/improvement or at the rate of 10% (plus applicable surcharge and education cess) of the capital gains computed before indexing the cost of acquisition/improvement, whichever is lower.

(iv) In case of an individual or Hindu Undivided Family, where the total taxable income as reduced by long-term capital gains is below the basic exemption limit, the long-term capital gains will be reduced to the extent of the shortfall and only the balance long-term capital gains will be subjected to such tax in accordance with the proviso to sub-section (1) of section 112 of the IT Act.

(v) Short-term capital gains arising on transfer of the shares of the Company will be chargeable to tax at the rate of 15% (plus applicable surcharge and education cess) as per the provisions of section 111A of the IT Act if such transaction is chargeable to securities transaction tax. In case of an individual or Hindu Undivided Family, where the total taxable income as reduced by short-term capital gains is below the basic exemption limit, the short-term capital gains will be reduced to the extent of the shortfall and only the balance short-term capital gains will be subjected to such tax in accordance with the proviso to sub- section (1) of section 111A of the IT Act.

(vi) In accordance with, and subject to the conditions, including the limit of investment of Rs. 50 lakhs, and to the extent specified in section 54EC of the IT Act, long-term capital gains arising on transfer of the shares of the Company not covered under point (ii) above shall be exempt from capital gains

tax if the gains are invested within six months from the date of transfer in the purchase of long-term specified assets. In case the whole of the gains are not so invested, the exemption shall be allowed on a pro rata basis.

(vii) In accordance with, and subject to the conditions including ownership of not more than one residential house on the date of transfer (other than the new residential house referred hereinafter) and to the extent specified in section 54F of the IT Act, long-term capital gains arising on transfer of the shares of the Company not covered under point (ii) above held by an individual or Hindu Undivided Family shall be exempt from capital gains tax if the net sales consideration is utilised, within a period of one year before, or two years after the date of transfer, for the purchase of a new residential house, or is utilised for construction of a residential house within three years. If the whole of the net sales consideration is not so utilised, the exemption shall be allowed on a pro rata basis.

(viii) Where the gains arising on the transfer of shares of the company are included in the business income of an assessee assessable under the head "Profits and Gains from Business or Profession" and on which securities transaction tax has been charged, such securities transaction tax shall be a deductible expense from business income as per the provisions of section 36(1)(xv) of the IT Act.

2. Non Residents:

(i) Dividend income earned on shares of the Company will be exempt in the hands of shareholders under section 10(34) of the IT Act.

Section 14A of the Act restricts claim for deduction of expenses incurred in relation to income which does not form part of the total income under the Act. Thus, any expenditure incurred to earn the said income will not be a tax deductible expenditure.

(ii) Income arising on transfer of shares of the Company will be exempt under section 10(38) of the IT Act if the said shares are long-term capital assets and such transfer is chargeable to securities transaction tax . These assets turn long term if they are held for more than 12 months. However, shareholders being companies will not be able to claim the above exemption while computing the book profit and income tax payable under section 115JB of the IT Act if the provisions of section 115JB of the IT Act are applicable.

(iii) In accordance with, and subject to section 48 of the IT Act, capital gains arising on transfer of shares of the Company which are acquired in convertible foreign exchange and not covered under point (ii) above shall be computed by converting the cost of acquisition, expenditure in connection with such transfer and full value of the consideration received or accruing as a result of the transfer into the same foreign currency as was initially utilised in the purchase of shares and the capital gains computed in such foreign currency shall be reconverted into Indian currency, such that the aforesaid manner of computation of capital gains shall be applicable in respect of capital gains accruing / arising from every reinvestment thereafter.

(iv) The long-term capital gains arising to the shareholders of the Company from the transfer of listed securities or units of an equity oriented fund, not covered under points (ii) and (iii) above shall be chargeable to tax at the rate of 20% (plus applicable surcharge and education cess) of the capital gains computed after indexing the cost of acquisition/improvement or at the rate of 10% (plus applicable surcharge and education cess) of the capital gains computed before indexing the cost of acquisition/improvement, whichever is lower.

(v) Short-term capital gains arising on transfer of the shares of the Company will be chargeable to tax at the rate of 15% (plus applicable surcharge and education cess) as per the provisions of section 111A of the IT Act if such transaction is chargeable to securities transaction tax.

(vi) In accordance with, and subject to the conditions, including the limit of investment of Rs. 50 lakhs, and to the extent specified in section 54EC of the IT Act, long-term capital gains arising on transfer of the shares of the Company not covered under point (ii) above shall be exempt from capital gains tax if the gains are invested within six months from the date of transfer in the purchase of long-term specified assets. In case the whole of the gains are not so invested, the exemption shall be allowed on a pro rata basis.

(vii) In accordance with, and subject to the conditions including ownership of not more than one residential house on the date of transfer (other than the new residential house referred hereinafter) and to the extent specified in section 54F of the IT Act, long-term capital gains arising on transfer of the shares of the Company not covered under point (ii) above held by an individual or Hindu Undivided Family shall be exempt from capital gains tax if the net sales consideration is utilised, within a period of one year before, or two years after the date of transfer, for the purchase of a new residential house, or is utilised for construction of a residential house within three years. If the whole of the net sales consideration is not so utilised, the exemption shall be allowed on a pro rata basis.

(viii) Where the gains arising on the transfer of shares of the company are included in the business income of an assessee assessable under the head "Profits and Gains from Business or Profession" and on which securities transaction tax has been charged, such securities transaction tax shall be a deductible expense from business income as per the provisions of section 36(1)(xv) of the IT Act.

(ix) Under the provisions of section 90(2) of the IT Act, a non- resident will be governed by the provisions of the Agreement for Avoidance of Double Taxation (AADT) between India and the country of residence of the non-resident and the provisions of the IT Act apply only to the extent they are more beneficial to the assessee.

Besides the above benefits available to non-residents, Non-Resident Indians (NRIs) have the option of being governed by the provisions of Chapter XII-A of the IT Act which *inter alia* entitles them to the following benefits in respect of income from shares of an Indian Company acquired, purchased or subscribed to in convertible foreign exchange:

(a) Under section 115E of the IT Act, NRIs will be taxed at 10% (plus applicable surcharge and education cess) on long-term capital gains arising on sale of shares of the Company which are acquired in convertible foreign exchange and are not covered under point (ii) above.

(b) Under section 115F of the IT Act, and subject to the conditions and to the extent specified therein, long-term capital gains arising to NRIs from transfer of shares of the Company acquired out of convertible foreign exchange not covered under point (ii) above shall be exempt from capital gains tax if the net consideration is invested within six months of the date of transfer of the asset in any specified asset or in any saving certificates referred to in clause (4B) of section 10 of the IT Act. In case the whole of the net consideration is not so invested, the exemption shall be allowed on a pro rata basis.

(c) In accordance with the provisions of section 115G of the Act, NRIs are not obliged to file a return of income under section 139(1) of the IT Act, if their only source of income is income from investments or long-term capital gains earned on transfer of such investments or both, provided tax has been deducted at source from such income as per the provisions of Chapter XVII-B of the IT Act.

(d) In accordance with the provisions of section 115H of the IT Act, when NRIs become assessable as resident in India, they may furnish a declaration in writing to the Assessing Officer along with their return of income for that year under section 139 of the IT Act to the effect that the provisions of Chapter XII-A shall continue to apply to them in relation to such

investment income derived from the specified assets for that year and subsequent assessment years until such assets are transferred or converted into money.

(e) As per the provisions of section 115-I of the IT Act, NRIs may elect not to be governed by the provisions of Chapter XII-A for any assessment year by furnishing their return of income for that year under section 139 of the IT Act, declaring therein that the provisions of Chapter XII-A shall not apply to them for that assessment year and accordingly their total income for that assessment year will be computed in accordance with the other provisions of the IT Act. The said Chapter inter alia entitles NRIs to the benefits stated thereunder in respect of income from shares of an Indian company acquired, purchased or subscribed in convertible foreign exchange.

3. Foreign Institutional Investors (FIIs):

(i) Dividend income earned on shares of the Company will be exempt in the hands of shareholders under section 10(34) of the IT Act.

Section 14A of the Act restricts claim for deduction of expenses incurred in relation to income which does not form part of the total income under the Act. Thus, any expenditure incurred to earn the said income will not be a tax deductible expenditure.

(ii) Income arising on transfer of the shares of the Company will be exempt under section 10(38) of the IT Act if the said shares are long-term capital assets and such transaction is chargeable to securities transaction tax. These assets turn long term if they are held for more than 12 months.

(iii) Under section 115AD(1)(b)(iii) of the IT Act, income by way of long-term capital gains arising from the transfer of shares held in the Company not covered under point (ii) above will be chargeable to tax at the rate of 10% (plus applicable surcharge and education cess).

(iv) Short-term capital gains arising on transfer of the shares of the Company will be chargeable to tax at the rate of 15% (plus applicable surcharge and education cess) as per the provisions of section 111A of the IT Act if such transaction is chargeable to securities transaction tax.

(v) Under section 115AD(1)(b)(ii) of the IT Act, income by way of short- term capital gains arising from the transfer of shares held in the Company not covered under point (iv) above will be chargeable to tax at the rate of 30% (plus applicable surcharge and education cess).

(vi) Where the gains arising on the transfer of shares of the company are included in the business income of an assessee assessable under the head "Profits and Gains from Business or Profession" and on which securities transaction tax has been charged, such securities transaction tax shall be a deductible expense from business income as per the provisions of section 36(1)(xv) of the IT Act.

(vii) Under the provisions of section 90(2) of the IT Act, a FII will be governed by the provisions of the Agreement for Avoidance of Double Taxation (AADT) between India and the country of residence of the FII and the provisions of the IT Act apply only to the extent they are more beneficial to the assessee.

(viii) As per section 196D, no tax is to be deducted from any income, by way of capital gains arising from the transfer of shares payable to Foreign Institutional Investor. In respect of non-residents, the tax rates and consequent taxation mentioned above will be further subject to any benefits available under the Tax Treaty, if any, between India and the country in which the FII has Fiscal domicile. As per the provisions of section 90(2) of the Act, the provisions of the Act would prevail over the provisions of the Tax Treaty to the extent they are more beneficial to the FII.

4. Mutual Funds:

Under section 10(23D) of the IT Act, any income earned by a Mutual Fund registered under the Securities and Exchange Board of India Act, 1992, or a Mutual Fund set up by a public sector bank or a public financial institution, or a Mutual Fund authorised by the Reserve Bank of India would be exempt from income-tax, subject to such conditions as the Central Government may by notification in the Official Gazette specify in this behalf.

II. Under the Wealth-tax Act, 1957:

General Benefits available to the shareholders of the Company:

'Asset' as defined under Section 2(ea) of the Wealth-tax Act, 1957 does not include shares in companies and hence, the shares of the Company held by a shareholder are not liable to wealth-tax.

The above tax benefit is generally available to the shareholders of all companies subject to the fulfillment of the conditions prescribed in the Wealth-tax Act, 1957.

Notes:

(i) All the above benefits are as per the current tax law. If the provisions of Chapter X-A of the IT Act relating to General Anti-Avoidance Rules are invoked, the tax benefits listed hereinabove may no longer be available.

(ii) In respect of non-residents, the tax rates and the consequent taxation mentioned above will be further subject to any benefits available under the relevant Double Taxation Avoidance Agreement, if any, between India and the country in which the non-resident has fiscal domicile.

(iii) In view of the individual nature of tax consequences, each investor is advised to consult his/her own tax advisor with respect to specific tax consequences of his/her participation in the scheme.

(iv) The above statement of possible direct tax benefits set out the provisions of law in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the purchase, ownership and disposal of equity shares.

No assurance is given that the revenue authorities/courts will concur with the views expressed herein. Our views are based on the existing provisions of law and its interpretation, which are subject to change from time to time. We do not assume responsibility to update the views consequent to such changes. We shall not be liable to any claims, liabilities or expenses relating to this assignment except to the extent of fees relating to this assignment, as finally judicially determined to have resulted primarily from bad faith or intentional misconduct. We will not be liable to any other person in respect of this statement.

SECTION IV – OUR MANAGEMENT

Board of Directors

We have appointed Rajeev Paraschandra Jain as a Manager of our Company within the meaning thereof under the provisions of the Companies Act. For further details, please refer to *"Service Agreements entered into between our Company and our Directors*" under the section titled "*Our Management*" on page 65 of this Draft Letter of Offer. We currently have 11 Directors on our Board. The following table sets forth the details regarding our Board of Directors as on the date of this Draft Letter of Offer

Sr. No.	Name, Father's Name, Designation, Address, Occupation and Term	Age (Years)	Other Directorships
1.	**Rahulkumar Kamalnayan Bajaj** (S/o Late Kamalnayan Jamnalal Bajaj) *Non- Executive Chairman* Bajaj Vihar Mumbai-Pune Road Akurdi, Pune, Maharashtra India – 411 035 Occupation: Industrialist DIN: 00014529 Date of Appointment: March 25, 1987 Date of Expiry of Tenure: Non-retiring Director	74	1. Bajaj Auto Limited; 2. Bajaj Holdings & Investment Limited; 3. Bajaj Finserv Limited; 4. Bajaj Allianz General Insurance Company Limited; 5. Bajaj Allianz Life Insurance Company Limited; 6. Kamalnayan Investment & Trading Private Limited; 7. Rahul Securities Private Limited; 8. Rupa Equities Private Limited; 9. Mahakalp Arogya Pratisthan; and 10. Bhoopati Shikshan Pratisthan.
2.	**Nanoo Gobindram Pamnani** (S/o Late Gobindram Shyamdas Pamnani) *Vice Chairman and Independent Director* Flat no. 21, ELCID 13A, Ridge Road, Malabar Hill Mumbai Maharashtra India – 400 006 Occupation: Professional DIN: 00053673 Date of Appointment: May 16, 2007 Date of Expiry of Tenure: Liable to retire by rotation	67	1. Bajaj Auto Limited; 2. Bajaj Finserv Limited; 3. Bajaj Holdings & Investment Limited; 4. P.N. Writer & Company Private Limited; and 5. Writer LifeStyle Private Limited.
3.	**Madhurkumar Ramkrishnaji Bajaj** (S/o Late Ramkrishnaji Jamnalal Bajaj) *Non-Executive Director* Bajaj Vihar Mumbai-Pune Road Akurdi, Pune	60	1. Bajaj Auto Limited; 2. Bajaj Finserv Limited; 3. Bajaj Electricals Limited; 4. Maharashtra Scooters Limited; 5. Madhur Securities Private Limited; 6. Emerald Acres Private Limited; and 7. Bajaj Holdings & Investment Limited.

Sr. No.	Name, Father's Name, Designation, Address, Occupation and Term	Age (Years)	Other Directorships
	Maharashtra India - 411 035 Occupation: Industrialist DIN: 00014593 Date of Appointment: May 15, 1990 Date of Expiry of Tenure: Liable to retire by rotation		
4.	**Rajivnayan Rahulkumar Bajaj** (S/o Rahulkumar Kamalnayan Bajaj) *Non-Executive Director* Bajaj Vihar Mumbai-Pune Road Akurdi, Pune, Maharashtra India – 411 035 Occupation: Industrialist DIN: 00018262 Date of Appointment: May 2, 1994 Date of Expiry of Tenure: Non-retiring Director	45	1. Bajaj Auto Limited; 2. Bajaj Finserv Limited; 3. Bajaj Auto Holdings Limited; 4. Bajaj Holdings & Investment Limited; and 5. KTM PowerSports AG.
5.	**Sanjivnayan Rahulkumar Bajaj** (S/o Rahulkumar Kamalnayan Bajaj) *Non-Executive Director* Bajaj Vihar Mumbai-Pune Road Akurdi, Pune, Maharashtra India – 411 035 Occupation: Industrialist DIN: 00014615 Date of Appointment: January 18, 2005 Date of Expiry of Tenure: Non-retiring Director	43	1. Bajaj Holdings & Investment Limited; 2. Bajaj Finserv Limited; 3. Bajaj Allianz General Insurance Company Limited; 4. Bajaj Allianz Life Insurance Company Limited; 5. Bajaj Auto Limited; 6. Bajaj Auto Holdings Limited; 7. Jeewan Limited; 8. Hindustan Housing Company Limited; 9. Bachhraj & Company Private Limited; 10. Bajaj Sevashram Private Limited; 11. Bachhraj Factories Private Limited; 12. Kamalnayan Investment & Trading Private Limited; 13. Maharashtra Scooters Limited; 14. Sanraj Nayan Investments Private Limited; and 15. Rupa Equities Private Limited.
6.	**Dhirajlal Shantilal Mehta** (S/o Shantilal Purushottam Mehta) *Independent Director* 301/ 302 Gora Gandhi Apartments	76	1. Mukand Limited; 2. Bajaj Hindusthan Limited; 3. Sikkim Janseva Pratisthan Private Limited; 4. Janmabhoomi Newspapers Education Foundation;

Sr. No.	Name, Father's Name, Designation, Address, Occupation and Term	Age (Years)	Other Directorships
	3 Laburnam Road Gamdevi Mumbai – 400 007 Maharashtra, India Occupation: Business DIN: 00038366 Date of Appointment: May 15, 1990 Date of Expiry of Tenure: Liable to retire by rotation		5. Niche Financial Services Private Limited; 6. Bajaj Auto Limited; 7. Bhoopati Shikshan Pratisthan; and 8. Mahakalp Arogya Pratisthan.
7.	**Balaji Rao Jagannathrao Doveton** (S/o Jagannathrao Balaji Rao Doveton) *Independent Director* D-103, Adarsh Residency 47th Cross, 2nd Main Jayanagar, 8th Block Bangalore Karnataka India – 560 082 Occupation: Professional DIN: 00025254 Date of Appointment: October 22, 2008 Date of Expiry of Tenure: Liable to retire by rotation	72	1. Bajaj Auto Limited; 2. 3M India Limited; 3. Ashok Leyland Limited; 4. Graphite India Limited; 5. Hinduja Foundaries Limited; 6. JSW Energy Limited; 7. Bajaj Holdings & Investment Limited; 8. Bajaj Finserv Limited; and 9. CMI-FPE Limited.
8.	**Omkar Goswami** (S/o Mihir Kumar Goswami) *Independent Director* E-121, Masjid Moth First Floor, Greater Kailash-III New Delhi - 110 048 Delhi, India Occupation: Economist DIN: 00004258 Date of Appointment: May 16, 2012 Date of Expiry of Tenure: Liable to retire by rotation	56	1. CERG Advisory Private Limited; 2. Dr. Reddy's Laboratories Limited; 3. Infosys Technologies Limited; 4. DSP BlackRock Investment Managers Private Limited; 5. IDFC Limited; 6. Crompton Greaves Limited; 7. Ambuja Cements Limited; 8. Cairn India Limited; 9. Godrej Consumer Products Limited; 10. Avantha Power & Infrastructure Limited; and 11. Infosys BPO Limited.
9.	**Dipakkumar Jagdishprasad Poddar** (S/o Jagdishprasad Poddar)	68	1. VIP Industries Limited; 2. Poddar Developers Limited;

Sr. No.	Name, Father's Name, Designation, Address, Occupation and Term	Age (Years)	Other Directorships
	Independent Director Brij Kutir, 17th Floor Rungta Lane, Off Nepean Sea Road Mumbai – 400 006 Maharashtra, India Occupation: Industrialist DIN: 00001250 Date of Appointment: March 25, 1987 Date of Expiry of Tenure: Liable to retire by rotation		3. Suvijay Exports Limited; 4. Brite Merchants Limited; 5. Bachraj Factories Private Limited; 6. Bajaj Allianz General Insurance Company Limited; 7. Poddar Natural Resources and Ores Limited; 8. Poddar Infrastructure Private Limited; 9. Poddar Habitat Private Limited; 10. Poddar Leisure Infrastructure Private Limited ; and 11. Poddar Housing Private Limited.
10.	**Ranjan Surajprakash Sanghi** (S/o Surajprakash Gulabchand Sanghi) *Independent Director* Flat No 21, Mistry Court 4th Floor, Dinshaw Vachha Road Mumbai – 400020 Maharashtra, India Occupation: Business DIN: 00275842 Date of Appointment: March 25, 1987 Date of Expiry of Tenure: Liable to retire by rotation	68	1. Borax Morarjee Limited; 2. HDFC Trustee Company Limited; 3. Kemp & Company Limited; 4. Morarji Textiles Limited; 5. Suraj Sanghi Finance Limited; 6. Rajesh Sanghi Auto Traders Private Limited; 7. Sah & Sanghi Auto Agencies Private Limited; 8. Tyresoles Concessionaires Private Limited; and 9. Spirax Marshall Private Limited.
11.	**Rajendra Lakhotia** (S/o Motilal Lakhotia) *Independent Director* Universal Auto Traders M.G. Marg Gangtok- 737101 Sikkim, India Occupation: Business DIN: 00163156 Date of Appointment: March 25, 1987 Date of Expiry of Tenure: Liable to retire	61	1. Hotel Tashi Delek Limited; 2. Denzong Cinema Limited; 3. Cindrella Hotels Limited; 4. Gangtok Auto Works Private Limited; 5. Sikkim Investment Company Private Limited; 6. Siliguri Auto Works Private Limited; and 7. Calcutta Auto Works Private Limited.

Sr. No.	Name, Father's Name, Designation, Address, Occupation and Term	Age (Years)	Other Directorships
	by rotation		

Brief Biography of Directors

Rahulkumar Kamalnayan Bajaj, 74 years, and an Indian National, is the Non-Executive Chairman on the Board. Rahulkumar Kamalnayan Bajaj is an Honours Graduate in Economics and Law and obtained his MBA from Harvard Business School in 1964. He has been the Chief Executive Officer of erstwhile Bajaj Auto Limited since 1968 and was awarded the 'Padma Bhushan' by the President of India in March 2001. He has 44 years of rich experience, inter alia, in auto and financial services sector and is currently responsible in our Company as a Non-Executive Chairman on the Board and a member of our Remuneration and Nomination / Compensation Committee.

Nanoo Gobindram Pamnani, 67 years, and an Indian National, is the Vice Chairman and Independent Director on the Board. Nanoo Gobindram Pamnani obtained a B.A. (Hons) degree from Bombay University (stood first in the University in Economic Major) in 1960 and a B.Sc. (Economics) degree from London School of Economics (Majored in Economics and Econometrics) in 1964. He has 40 years of experience in the banking, auto and financial services sector and is currently responsible in our Company as a Non-Executive Independent Director on the Board in addition to discharging the functions of the Chairman of the Audit Committee, Remuneration and Nomination / Compensation Committee and a member of the Shareholders / Investors Grievance Committee.

Madhurkumar Ramkrishnaji Bajaj, 60 years, and an Indian National, is a Non-Executive Director on the Board. Madhurkumar Ramkrishnaji Bajaj graduated in Commerce from Sydenham College, Bombay in 1973 and obtained his MBA from the International Institute of Management Development (IMD), Lausanne, Switzerland, in 1979. He is the recipient of the 'Vikas Rattan' Award from the International Friendship Society of India, for enriching human life and outstanding achievements. He has 27 years of experience inter alia in auto, consumer durables and financial services sector and is currently responsible in our Company as a Non-Executive Director on the Board.

Rajivnayan Rahulkumar Bajaj, 45 years, and an Indian National, is a Non-Executive Director on the Board. Rajivnayan Rahulkumar Bajaj graduated in first class, with distinction, in Mechanical Engineering from the University of Pune in 1988, and then completed his Masters in Manufacturing Systems Engineering, with distinction, from the University of Warwick in 1990. He has since worked at the erstwhile Bajaj Auto Limited in the areas of Manufacturing & Supply Chain (1990-95), Research and Development and Engineering (1995-2000), and Marketing and Sales (2000-2005), and has been the Managing Director of Bajaj Auto Limited since April 2005. He has more than 22 years of experience in auto and financial services sector and is currently responsible in our Company as a Non-Executive Director.

Sanjivnayan Rahulkumar Bajaj, 43 years, and an Indian National, is a Non-Executive Director on the Board. Sanjivnayan Rahulkumar Bajaj obtained the degree of Bachelor of Engineering (Mechanical) with first class with distinction from the University of Pune in 1991, a Master of Science (Manufacturing Systems Engineering) with distinction from the University of Warwick, U.K. in 1994 and an MBA from Harvard Business School, U S A. in 1997. He has 17 years of experience in variety of areas in finance, investment, costing, audit, legal, and IT related functions and in auto and financial services sector. He is currently responsible in our Company as Non-Executive Director in addition to discharging functions as a member of the Audit Committee, Remuneration and Nomination / Compensation Committee and the Chairman of Shareholders / Investors Grievance Committee.

Dhirajlal Shantilal Mehta, 76 years, and an Indian National, is the Independent Director on the Board. Dhirajlal Shantilal Mehta obtained an Honours degree in Commerce from the Sydenham College of Commerce & Economics, University of Mumbai. He is fellow of the Institute of Chartered Accountants of India and also fellow of Institute of Company Secretaries of India. He was the Whole Time Director of

erstwhile Bajaj Auto Limited, has been associated with Bajaj Group of companies since 1966 and has been associated with the Company as a Director since 1990. He has more than 50 years experience in corporate laws, taxation, finance and investment and is the Independent Director on our Board and a member of our Audit Committee and Shareholders / Investors Grievance Committee.

Balaji Rao Jagannathrao Doveton, 72 years, and an Indian National, is an Independent Director on the Board. Balaji Rao Jagannathrao Doveton is a Mechanical Engineer and obtained his degree from the University of Madras in 1962. He was elected as Associate Member of Indian Institution of Industrial Engineering (AMIIIE) in 1969. He attended the Advanced Management Programme (AMP) at the European Institute of Business Administration (INSEAD) at Fountainbleu, France, in 1990. He has 50 years of experience in project and industrial engineering, banking and financial services sector and is an Independent Director on the Board.

Omkar Goswami, 56 years, and an Indian National, is the Independent Director on the Board. Omkar Goswami obtained an M.A. in Economics from the Delhi School of Economics and D. Phil (Ph.D) from Oxford University. He has 25 years of experience inter alia in Corporate Sector and is the Independent Director on our Board and a member of our Audit Committee and Remuneration and Nomination / Compensation Committee.

Dipakkumar Jagdishprasad Poddar, 68 years, and an Indian National, is the Independent Director on the Board. Dipakkumar Jagdishprasad Poddar obtained a B.Sc. (Hons.), SB & SM (MIT) from Massachusetts Institute of Technology, USA. He has experience of over three decades inter alia in finance, tyre manufacturing, garment exports and low cost housing and is the Independent Director on our Board

Ranjan Surajprakash Sanghi, 68 years, and an Indian National, is the Independent Director on the Board. Ranjan Surajprakash Sanghi obtained an Honours degree in commerce from the Sydenham College of Commerce & Economics, University of Mumbai. He has been associated with the Company since its incorporation. He has 45 years of experience, inter alia, in finance, marketing and automobiles and is the Independent Director on our Board and a member of our Audit Committee, Remuneration and Nomination / Compensation Committee and Shareholders / Investors Grievance Committee.

Rajendra Lakhotia, 61 years, and an Indian National, is the Independent Director on the Board. Rajendra Lakhotia obtained a B. A. (Honours) in English from St. Stephens College, Delhi University. He has been associated with the Company since its incorporation. He has 40 years of experience inter alia in automobiles and tourism sector and is the Independent Director on our Board and a member of our Remuneration and Nomination / Compensation Committee.

Nature of Relationship between Directors

Except as disclosed below, none of the Directors on our Board are related to each other:

(i) Rahulkumar Kamalnayan Bajaj and Sanjivnayan Rahulkumar Bajaj are related to each other as father and son;
(ii) Rahulkumar Kamalnayan Bajaj and Rajivnayan Rahulkumar Bajaj are related to each other as father and son;
(iii) Sanjivnayan Rahulkumar Bajaj and Rajivnayan Rahulkumar Bajaj are related to each other as brothers.

Directorships in Companies Suspended/Delisted

None of our Directors hold or held directorships in listed companies whose shares have been/were delisted from the Stock Exchanges within a period of five years immediately preceding the date of filing of this Draft Letter of Offer.

None of our Directors hold directorships in listed companies whose shares have been/were suspended from trading/delisted from the Stock Exchanges.

Arrangements with Major Shareholders, Customers, Suppliers or Others

There is no arrangement or understanding between our Company and major shareholders, customers, suppliers or others, pursuant to which of any of the Directors of our Company was appointed as a Director or member of senior management of our Company.

Service Agreements Entered into between our Company and our Directors / Manager

Except as stated below, there are no service contracts executed between our Company and any of our Directors / Manager providing for benefits upon termination of employment.

Rajeev Paraschandra Jain was re-appointed as Manager of our Company with the designation of Chief Executive Officer for a term of five years commencing from April 1, 2011 till March 31, 2016, pursuant to a resolution of our Board at their meeting held on January 18, 2011 and the approval of shareholders of our Company pursuant to a special resolution passed at its AGM held on July 13, 2011. The terms and conditions of his employment including the remuneration payable during his period of employment as approved by the Remuneration and Nomination Committee of our Board at its meeting held on May 17, 2011 and as set forth in the Agreement dated June 9, 2011 between our Company and Rajeev Paraschandra Jain, ("**Agreement**") are as follows:

Period of Agreement

5 years with effect from April 1, 2011, provided that the Agreement may be terminated by either side by giving three months' notice or salary in lieu thereof. However, acceptance of notice pay in lieu of notice will be at the sole discretion of the Company.

Salary

₹ 4,16,900/- (Rupees four lacs sixteen thousand nine hundred only) per month, plus allowances such as House Rent allowance, Special Allowance, etc., amounting to ₹ 9,08,980/- (Rupees nine lacs eight thousand nine hundred and eighty only) per month with such annual increments / increases as may be decided by the Board of Directors from time to time, during the remainder of the tenure.

Perquisites

i) Company's contribution to Provident Fund as per rules.
ii) Gratuity as per the Company rules.
iii) Leave with full pay as per rules of the Company, with encashment of unavailed leave being permitted,
iv) Reimbursement of medical expenses incurred by himself and his family as per rules of the Company.
v) Telephone and other communication facilities as per rules of the Company.
vi) Personal Accident Insurance policy and contribution to Employee Deposit Linked Insurance Scheme as per the Company rules.
vii) Free use of Company's car fully maintained by the Company for official as well as for private purposes.
viii) Membership of one club, fees for which will be paid by the company.
ix) Subject to any statutory ceiling/s, the Manager may be given any other allowances, performance pay, perquisites, benefits and facilities as the Board of Directors from time to time may decide.

Valuation of perquisites

Perquisites/allowances shall be valued as per the provisions of the Income Tax Rules, wherever applicable, and in the absence of any such rules shall be valued at actual cost.

Stock Options

Stock Options as per the scheme framed by the Company.

Minimum Remuneration

The remuneration by way of salary and perquisites as set out above, shall be paid as minimum remuneration even in case of absence or inadequacy of profits in any financial year during the 'tenure of the Manager, subject to the limits specified in Schedule XIII to the Companies Act, 1956, as amended from time to time.

Computation of Ceiling:

For the purpose of computation of minimum remuneration, the following shall not be included:

a. Contribution to Provident Fund referred to in para (i) of "*Perquisites*" above.
b. Gratuity payable as per para (ii) of "*Perquisites*" above, to the extent of half a month's salary for each completed year of service.
c. Encashment of leave at the end of the tenure as mentioned in para (iii) of "*Perquisites*" above.

The terms and conditions of the said appointment and /or agreement may be altered and varied from time to time by the Board as it may, in its discretion, deem fit within the maximum amount payable to the Manager in accordance with the provisions of the Companies Act, 1956 or any amendments made therein or with the approval of the Central Government, if required.

SECTION V – FINANCIAL INFORMATION

FINANCIAL INFORMATION

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Auditors' report to the members

1. We have audited the attached balance sheet of Bajaj Finance Limited (the "company") as at 31 March 2012 and the related statement of profit and loss and cash flow statement for the year ended on that date annexed thereto, which we have signed under reference to this report. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. As required by the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 (together the "Order"), issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956 of India (the 'Act') and on the basis of such checks of the books and records of the company as we considered appropriate and according to the information and explanations given to us, we give in the annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.

4. Further to our comments in the annexure referred to in paragraph 3 above, we report that:

   a. We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit;

   b. In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of those books;

   c. The balance sheet, statement of profit and loss and cash flow statement dealt with by this report are in agreement with the books of account;

   d. In our opinion, the balance sheet, statement of profit and loss and cash flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Act;

   e. On the basis of written representations received from the directors, as on 31 March 2012 and taken on record by the board of directors, none of the directors is disqualified as on 31 March 2012 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Act;

   f. In our opinion and to the best of our information and according to the explanations given to us, the said financial statements together with the notes thereon and attached thereto give, in the prescribed manner, the information required by the Act, and give a true and fair view in conformity with the accounting principles generally accepted in India:

      i) in the case of the balance sheet, of the state of affairs of the company as at 31 March 2012;

      ii) in the case of the statement of profit and loss, of the profit for the year ended on that date; and

      iii) in the case of the cash flow statement, of the cash flows for the year ended on that date.

For Dalal & Shah
Firm Registration Number: 102021W
Chartered Accountants

Anish Amin
Partner
Membership Number: 40451

Pune: 16 May 2012

Annexure to the auditors' report

Referred to in paragraph 3 of the auditors' report of even date to the members of Bajaj Finance Limited on the financial statements as of and for the year ended 31 March 2012

1. (a) The company is maintaining proper records showing full particulars, including quantitative details and situation, of fixed assets.

   (b) The fixed assets are physically verified by the management according to a phased programme designed to cover all the items over a period of three years which, in our opinion, is reasonable having regard to the size of the company and the nature of its assets. Pursuant to the programme, a portion of the fixed assets has been physically verified by the management during the year and no material discrepancies between the book records and the physical inventory have been noticed.

   (c) In our opinion, and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed of by the company during the year.

2. (a) The company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under section 301 of the Act.

   (b) The company has not taken any loans, secured or unsecured, from companies, firms or other parties covered in the register maintained under section 301 of the Act.

3. In our opinion, and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the company and the nature of its business for the purchase of fixed assets and for the sale of services. Further, on the basis of our examination of the books and records of the company, and according to the information and explanations given to us, no major weakness have been noticed or reported.

4. (a) In our opinion, and according to the information and explanations given to us, the particulars of contracts or arrangements referred to in section 301 of the Act have been entered in the register required to be maintained under that section.

   (b) In our opinion, and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements and exceeding the value of rupees five lacs in respect of any party during the year have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.

5. In our opinion, and according to the information and explanations given to us, the company has complied with the directives issued by Reserve Bank of India and the provisions of sections 58A and 58AA or any other relevant provisions of the Act and the 'Companies (Acceptance of Deposits) Rules, 1975' with regard to the deposits accepted from the public. According to the information and explanations given to us, no order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal on the company in respect of the aforesaid deposits.

6. In our opinion, the company has an internal audit system commensurate with its size and the nature of its business.

7. The Central Government of India has not prescribed the maintenance of cost records under clause (d) of sub-section (1) of section 209 of the Act for any of the products of the company.

8. (a) According to the information and explanations given to us and the records of the company examined by us, in our opinion, the company is regular in depositing the undisputed statutory dues, including provident fund, investor education and protection fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, customs duty, excise duty and other material statutory dues, as applicable, with the appropriate authorities.

   (b) According to the information and explanations given to us and the records of the company examined by us, the particulars of dues of income tax, sales tax, wealth tax, service tax, cess and Employee State Insurance as at 31 March 2012 which have not been deposited on account of a dispute are as follows:

Name of the statute	Nature of dues	Amount (₹ in Crore)	Period to which the amount relates	Forum where the dispute is pending
Sales Tax	Value Added Tax liability	2.18	Year 2005-06, 2006-07, 2007-08 2008-09	Commissioner Appeals
ESIC	Employee State Insurance Corporation	4.46	Year 1999–2000 to 2006 – 07	Employee State Insurance Court
	Employee State Insurance Corporation	0.68	Year 1991–92 to 2002–03	Deputy Director Employee State Insurance Corporation
Income Tax Act 1961	Income Tax	4.46	Year 1995-96 to 2006-07	Income Tax Appellate Tribunal
	Income Tax	6.63	Year 2007-08 to 2008-09	Commissioner of Income Tax (Appeal)

Annexure to the Auditors' Report (Contd.)

9. The company has no accumulated losses.

10. According to the records of the company examined by us and the information and explanation given to us, the company has not defaulted in repayment of dues to any financial institution or bank or debenture holders as at the balance sheet date.

11. In our opinion, the company has maintained adequate documents and records in the cases where the company has granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

12. The provisions of any special statute applicable to chit fund/ nidhi/ mutual benefit fund/ societies are not applicable to the company.

13. In our opinion, the company has maintained proper records of transactions and contracts relating to dealing or trading in shares, securities, debentures and other investments during the year and timely entries have been made therein. Further, such securities have been held by the company in its own name or are in the process of transfer in its name, except to the extent of the exemption granted under section 49 of the Act.

14. In our opinion, and according to the information and explanations given to us, the company has not given any guarantee for loans taken by others from banks or financial institutions during the year.

15. In our opinion, and according to the information and explanations given to us, the term loans have been applied, on an overall basis, for the purposes for which they were obtained.

16. On the basis of an overall examination of the balance sheet of the company, in our opinion, and according to the information and explanations given to us, there are no funds raised on a short-term basis which have been used for long-term investment.

17. The company has made preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act during the year. In our opinion, and according to the information and explanations given to us, the price at which such shares have been issued is not prejudicial to the interest of the company.

18. The company has created security in respect of debentures issued and outstanding at the year-end. The details of security are disclosed in note no. 4 to the financial statements;

19. The company has not raised any money by public issues during the year.

20. During the course of our examination of the books and records of the company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the company, noticed or reported during the year, nor have we been informed of any such case by the management.

21. Considering the nature of the business conducted by the company, the other clauses, viz, (ii) and (iii) (b), (c), (d), (f) and (g) of paragraph 4 of the Companies (Auditor's Report) Order 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004, are not applicable in the case of the company for the current year, and hence in our opinion there is no matter which arises to be reported in the aforesaid clauses of the order.

For Dalal & Shah
Firm Registration Number: 102021W
Chartered Accountants

Anish Amin
Partner
Membership Number: 40451
Pune :16 May 2012

Balance Sheet as at 31 March

(₹ in Crore)

Particulars	Note No.	2012	2011
Equity and liabilities			
Shareholders' funds			
Share capital	2	41.32	36.63
Reserves and surplus	3	1,970.93	1,321.48
Money received against share warrants	2 e. ii	21.32	–
		2,033.57	1,358.11
Non-current liabilities			
Long term borrowings	4	6,407.86	2,854.06
Other long term liabilities	5	28.54	15.93
Long term provisions	6	32.25	18.90
		6,468.65	2,888.89
Current liabilities			
Short term borrowings	7	2,794.56	2,468.91
Trade payables	8	182.61	151.73
Other current liabilities	8	1,384.09	1,605.86
Short term provisions	6	63.20	48.41
		4,424.46	4,274.91
Total		12,926.68	8,521.91
Assets			
Non-current assets			
Fixed assets	9		
– Tangible assets		128.13	96.19
– Intangible assets		10.66	6.41
		138.79	102.60
Non-current investments	10	5.48	5.61
Deferred tax assets (net)	11	69.16	64.94
Receivables under financing activity	12	6,569.21	3,932.00
Long term loans and advances	13	72.44	54.53
		6,855.08	4,159.68
Current assets			
Current investments	10	–	–
Receivables under financing activity	12	5,713.88	3,339.78
Cash and bank balances	14	59.83	871.67
Short term loans and advances	13	221.87	120.06
Other current assets	15	76.02	30.72
		6,071.60	4,362.23
Total		12,926.68	8,521.91
Statement of significant accounting policies	1		

The accompanying notes are an integral part of the financial statements

In terms of our report of even date

For Dalal & Shah
Firm Registration Number: 102021W
Chartered Accountants

Anish Amin
Partner
Membership Number: 40451

Anant Damle
Company Secretary

Pune: 16 May 2012

Rahul Bajaj — Chairman
Nanoo Pamnani — Vice Chairman

Madhur Bajaj
Rajiv Bajaj
Sanjiv Bajaj
D S Mehta
D J Balaji Rao
Dipak Poddar
Ranjan Sanghi
Rajendra Lakhotia
} Directors

Pune: 16 May 2012

Statement of Profit and Loss for the year ended 31 March

(₹ in Crore)

Particulars	Note No.	2012	2011
Revenue:			
Revenue from operations (Net)	16	2,163.02	1,392.33
Other income	17	8.89	13.80
Total revenue (I)		2,171.91	1,406.13
Expenses:			
Employee benefits expense	18	190.35	144.72
Finance costs	19	746.18	371.01
Depreciation		11.77	9.64
Loan losses and provisions	20	154.38	204.61
Other expenses	21	467.01	306.28
Total expenses (II)		1,569.69	1,036.26
Profit before tax (I - II)		602.22	369.87
Tax expenses			
Current tax		200.00	118.95
Deferred tax expense/(credit)		(4.22)	4.29
Prior period adjustments relating to earlier years: expense/(income)			
Taxation		–	(0.33)
Total tax expense		195.78	122.91
Profit after tax for the year		406.44	246.96
Earnings per share:	22		
(Face value per share ₹ 10/-)			
Basic (₹)		110.84	67.47
Diluted(₹)		110.29	67.47

Statement of significant accounting policies 1

The accompanying notes are an integral part of the financial statements

In terms of our report of even date

For Dalal & Shah
Firm Registration Number: 102021W
Chartered Accountants

Anish Amin
Partner
Membership Number: 40451

Anant Damle
Company Secretary

Pune: 16 May 2012

Rahul Bajaj — Chairman
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Dipak Poddar
Ranjan Sanghi
Rajendra Lakhotia
} Directors

Pune: 16 May 2012

Cash Flow Statement for year ended 31 March

(₹ in Crore)

	2012		2011
A. Cash flow from operating activities:			
Profit before taxation		602.22	369.87
Adjustments for:			
Depreciation	11.77		9.64
Amortisations	3.24		3.07
Finance costs	746.18		371.01
Provision for doubtful debts and advances, net	6.07		(20.95)
Provision for diminution in value of investments, net	–		(1.25)
		767.26	361.52
Less: Investment income included above			
Interest on government securities	0.59		0.76
Loss on sale of tangible assets, net	(0.43)		–
		0.16	0.76
Cash from operations		1,369.32	730.63
Changes in working capital:			
Increase/(Decrease) in trade payables	30.88		97.89
Increase/(Decrease) in short term provisions	(0.57)		2.58
Increase/(Decrease) in other current liabilities	122.84		34.14
Increase/(Decrease) in other long term liabilities	12.61		4.66
(Increase)/Decrease in long term loans and advances	(11.69)		(4.19)
(Increase)/Decrease in short term loans and advances	(99.55)		(54.57)
(Increase)/Decrease in other current assets	(45.30)		(15.04)
		9.22	65.47
		1,378.54	796.10
Taxes paid (Net of refunds)	(206.22)		(129.58)
Tax adjustments relating to earlier years	–		0.33
Finance costs paid	(734.40)		(298.09)
		(940.62)	(427.34)
		437.92	368.76
Increase/(Decrease) in receivables under financing activity, current	(2,368.77)		(1,315.17)
Increase/(Decrease) in receivables under financing activity, non-current	(2,637.21)		(1,895.56)
		(5,005.98)	(3,210.73)
Net cash generated from operations		(4,568.06)	(2,841.97)
Carried forward		(4,568.06)	(2,841.97)

Cash Flow Statement for year ended 31 March (Contd.)

(₹ in Crore)

	2012	2011
Brought forward	(4,568.06)	(2,841.97)
B. Cash flow from investing activities:		
Capital expenditure	(51.89)	(64.08)
Sale proceeds of assets/adjustments to gross block	0.39	0.07
(Increase)/Decrease in long term investments	–	3.87
Investment income:		
Interest on Government securities	0.59	0.76
Net cash from investing activities	(50.91)	(59.38)
C. Cash flow from financing activities:		
Dividends paid	(36.65)	(21.99)
Dividend distribution tax	(5.94)	(3.65)
Increase/(Decrease) in long term borrowings	3,553.80	1,327.62
Increase/(Decrease) in short term borrowings	325.65	850.13
Increase/(Decrease) in current maturities of long term debts	(356.37)	1,304.59
Increase/(Decrease) in share capital	4.69	0.03
Increase/(Decrease) in share premium	300.63	1.15
Increase/(Decrease) in share warrants	21.32	–
Net cash from financing activities	3,807.13	3,457.88
Net increase in cash and cash equivalents	(811.84)	556.53
Cash and cash equivalents at the beginning of the year *	871.67	315.14
Cash and cash equivalents at the end of the year *	59.83	871.67

* Includes earmarked balances with banks (against fixed deposit maturities and unclaimed dividend) ₹ 0.57 crore (Previous year ₹ 0.61 crore)

The accompanying notes are an integral part of the financial statements

In terms of our report of even date

For Dalal & Shah
Firm Registration Number: 102021W
Chartered Accountants

Anish Amin
Partner
Membership Number: 40451

Anant Damle
Company Secretary

Pune: 16 May 2012

Rahul Bajaj — Chairman
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Ranjan Sanghi
Rajendra Lakhotia
} Directors

Pune: 16 May 2012

Notes to financial statements for the year ended 31 March 2012

1. Statement of significant accounting policies

Basis of preparation

These financial statements have been prepared in accordance with the generally accepted accounting principles in India under the historical cost convention on accrual basis. These financial statements have been prepared to comply in all material aspects with the accounting standards notified under section 211(3C) [Companies (Accounting Standards) Rules, 2006, as amended] and the other relevant provisions of the Companies Act, 1956 and Reserve Bank of India Regulations in relation to Non Banking Finance Companies to the extent applicable to the company.

All assets and liabilities have been classified as current or non-current as per the criteria set out in the Revised Schedule VI to the Companies Act, 1956.

A) System of accounting:

i) The company follows the mercantile system of accounting and recognizes income and expenditure on an accrual basis except in case of significant uncertainties.

ii) Financial statements are based on historical cost. These costs are not adjusted to reflect the impact of changing value in the purchasing power of money.

iii) The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses and disclosure of contingent liabilities as on the date of financial statements. The estimates and assumptions used in the accompanying financial statements are based upon management's evaluation of the relevant facts and circumstances as of the date of the financial statements. Actual results could differ from those estimates. Any revision to accounting estimates is recognized prospectively in current and future periods.

B) Fixed Assets, depreciation and amortization:

I) (i) Fixed Assets are carried at cost of acquisition.

(ii) Depreciation

(i) Depreciation is being provided on "Written Down Value method" at the rates specified in Schedule XIV to the Companies Act, 1956. Depreciation on additions during the year is being provided for on a pro-rata basis with reference to the month of addition.

(ii) Depreciation on assets sold during the year is being provided for, at their respective rates up to the month in which such asset is sold.

II) On Intangible Assets and amortization thereof:

Intangible assets, representing specialized software etc, are recognised consistent with the criteria specified in Accounting Standard - 26 "Intangible Assets" as prescribed by Companies (Accounting Standards) Rules, 2006. The same is amortized as an expense over a period of 60 months, being the estimated useful life of the software.

C) Investments:

(i) Investments maturing within twelve months from the date of acquisition and investments made with the specific intention to dispose off within twelve months from the date of acquisition are classified as short term/current investments and are carried at their cost or market value/realizable value, whichever is lower. Investments maturing within three months from the date of acquisition are classified as cash equivalents if they are readily convertible into cash.

(ii) Investments other than short term/current investments are carried at their cost of acquisition. Provision for diminution in value of investments, if any, is made if, in the opinion of the management, such diminution is other than temporary.

(iii) Fixed income securities are stated at cost less amortization of premium/discount as the case may be. (Refer D (ii) below)

D) Income from:

(i) Assets under finance:

The company has accrued finance charges and service charges in terms of contractual commitments with borrowers detailed in the finance agreements entered into with hirers except in the case of Non- Performing Assets.

1. Statement of significant accounting policies (Contd.)

(ii) Investment

a. Dividend is accrued when the right to receive is established i. e. when declared by the investee entity.

b. Interest on securities is accounted for on accrual basis except where the ultimate collection cannot be established with reasonable certainty.

c. In order to reflect the contracted yield as interest income, the premium/discount on fixed income securities is amortized with reference to the "yield to maturity" prevailing on acquisition.

(iii) Other Income:

Other income is mainly accounted on accrual basis, except in case of significant uncertainties.

E) Receivables under financing activity:

(i) Receivables under financing activity represent principal and matured finance charges outstanding at the close of the year but net of amount written off.

(ii) The company assesses all receivables for their recoverability and accordingly, makes provisions for non performing assets as considered necessary. Further, the company has enhanced its provisioning norms by accelerating provision to an early stage based on past experience, emerging trends and estimates. However, the company ensures that the said provisions are not lower than the provisions stipulated in the applicable Reserve Bank of India Regulations/Guidelines.

(iii) A general provision is also made by the company @ 0.25% on the standard assets outstanding and disclosed under "Long term provisions" in note no. 6 in the financial statements as required by the Reserve Bank of India.

F) Employee Benefits:

(i) Gratuity: Payment for present liability of future payment of gratuity is being made to the approved gratuity funds, which cover the same under cash accumulation policy of the Life Insurance Corporation of India (LIC). However, any deficits in plan assets managed by LIC as compared to actuarial liability are recognized as a liability.

(ii) Superannuation: Defined contribution to superannuation fund is being made as per the scheme of the company.

(iii) Provident fund contributions are made to Bajaj Auto Limited Provident Fund Trust. Deficits, if any, of the fund as compared to aggregate liability is additionally contributed by the company and recognized as an expense. Shortfall in fund assets over present obligation determined by an appointed actuary is recognized as a liability.

(iv) Privilege leave: Privilege leave entitlements are recognized as a liability, in the calendar year of rendering of service, as per the rules of the company. As accumulated leave can be availed and/or encashed at any time during the tenure of employment, the liability is recognized at the actuarially determined value by an appointed actuary.

(v) Defined contribution to Employees' Pension Scheme, 1995 is made to Government Provident Fund Authority.

G) Taxation:

Provision for taxation is made on the basis of the taxable profits computed for the current accounting period in accordance with the Income Tax Act, 1961. Deferred tax resulting from timing differences between book profits and tax profits is accounted for at the current rate of tax to the extent the timing differences are expected to crystallize, in case of deferred tax liabilities with reasonable certainty and in case of deferred tax assets with virtual certainty that there would be adequate future taxable income against which deferred tax assets can be realized. However, deferred tax asset arising on account of unabsorbed depreciation and business losses are recognized only if there is virtual certainty supported by convincing evidence that there would be adequate future taxable income against which the same can be realized/set off.

H) Provisions and contingent liabilities:

The company creates a provision when there is present obligation as a result of a past event that probably requires an outflow of resources and a realizable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

I) Employee Stock Option Scheme – See note no. 28

2. Share Capital

(₹ in Crore)

	2012	2011
Authorised 75,000,000 (50,000,000) equity shares of ₹ 10 each	75.00	50.00
Issued 41,320,076 (36,630,076) equity shares of ₹ 10 each	41.32	36.63
Subscribed and paid up: 41,319,076 (36,629,076) equity shares of ₹ 10 each fully called up and paid up	41.32	36.63
Add: 1,000 (1,000) forfeited equity shares (₹ 5/- per share paid up) (₹ 5,000/-; Previous year ₹ 5,000/-)		
Total	41.32	36.63

a. Reconciliation of the shares outstanding at the beginning and at the end of the year

	2012		2011	
	Nos.	₹ in Crore	Nos.	₹ in Crore
Equity shares				
At the beginning of the year	36,629,076	36.63	36,596,076	36.60
Add: Issued during the year - Employee Stock Option Plan	–	–	33,000	0.03
Add: Allotment on conversion of preferential warrants (See note no. 2(e)(ii)	4,690,000	4.69	–	–
Outstanding at the end of the year	41,319,076	41.32	36,629,076	36.63

b. Terms/rights attached to equity shares

The company has only one class of equity shares having a par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share. The dividend proposed by the board of directors and approved by the shareholders in the annual general meeting is paid in Indian rupees. In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

c. Shares held by holding company

	2012		2011	
	Nos.	₹ in Crore	Nos.	₹ in Crore
Equity shares of ₹ 10 each fully paid				
Bajaj Finserv Limited	25,195,089	25.20	20,505,089	20.51

d. Details of shareholders holding more than 5% shares in the company

	2012		2011	
	Nos.	% Holding	Nos.	% Holding
Equity shares of ₹ 10 each fully paid				
Bajaj Finserv Limited	25,195,089	60.98%	20,505,089	55.98%

e. Shares reserved for issue:

i. Under Employee Stock Option Plan:

1,829,803 equity shares (i.e. 5% of the then paid up equity share capital) have been approved under Employee Stock Option Plan Scheme, 2009 of the company drawn in accordance with SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999.

2. Share Capital (Contd.)

ii. For warrant conversion:

6,000,000 preferential warrants convertible into equivalent number of equity shares of ₹ 10/- each had been issued to Bajaj Finserv Limited (promoter) by the company on 28 July 2011 from whom 25% of the issue price amounting to ₹ 97.65 crore has been received in advance entitling the warrant holder to apply for an equivalent number of equity shares on payment of balance 75% of the issue price within 18 months from the date of allotment of warrants. Bajaj Finserv Limited has exercised its option to convert 4,690,000 warrants against which an equivalent number of equity shares of ₹ 10/- each at a premium of ₹ 641/- per share ranking pari passu with the existing equity shares of the company have been allotted on 29 March 2012. As of 31 March 2012, the balance 1,310,000 warrants are outstanding and an equivalent number of equity shares are reserved for issue against the same. The balance amount against these outstanding warrants amounts to ₹ 21.32 crore.

3. Reserves and Surplus

(₹ in Crore)

	2012	2011
Share Premium		
As per last Account	755.49	754.34
Add: Received during the year	300.63	1.15
Closing balance	1,056.12	755.49
Reserve Fund in terms of Section 45IC(1) of the Reserve Bank of India Act, 1934		
As per last Account	140.25	90.75
Add: Set aside during the year	81.50	49.50
Closing balance	221.75	140.25
General Reserve		
As per last Account	210.60	185.60
Add: Set aside during the year	41.00	25.00
Closing balance	251.60	210.60
Infrastructure Reserve in terms of Section 36 (1) (viii) of the Income Tax Act, 1961		
As per last Account	–	–
Add: Set aside during the year	0.15	–
Closing balance	0.15	–
Surplus in the statement of profit and loss		
As per last Account	215.14	85.25
Add: Profit for the year	406.44	246.96
	621.58	332.21
Less: Appropriations		
Transfer to Reserve Fund in terms of section 45IC(1) of the Reserve Bank of India Act, 1934	81.50	49.50
Transfer to General Reserve	41.00	25.00
Transfer to Infrastructure Reserve in terms of section 36 (1) (viii) of the Income Tax Act, 1961	0.15	–
Proposed dividend	49.58	36.63
Provision for dividend tax on dividend	8.04	5.94
Total appropriations	180.27	117.07
Closing balance	441.31	215.14
Total	1,970.93	1,321.48

4. Long term borrowings

(₹ in Crore)

	Non-current		Current	
	2012	2011	2012	2011
A) Secured				
Privately placed redeemable non convertible debentures secured by pari passu charge by mortgage of company's Flat No. 103, Nayan Co-operative Hsg Society, CTS 2718, Plot No. 11, ICS Colony, Shivaji Nagar, Pune - 411016 and book debts and receivables under financing activity as stated in the respective information memorandum.	2,128.90	1,131.00	430.00	880.00
From Banks , against hypothecation of assets under finance, book debts and other receivables	3,592.00	850.00	100.00	–
	5,720.90	1,981.00	530.00	880.00
Less: Shown under other current liabilities	–	–	(530.00)	(880.00)
Total (A)	5,720.90	1,981.00	–	–
B) Unsecured				
Privately placed redeemable non convertible debentures	407.80	318.00	168.00	50.00
Privately placed subordinated (Tier II) redeemable non convertible debentures of ₹ 0.10 crore each	278.70	228.70	–	–
Term loans from banks	–	325.00	325.00	450.00
Fixed Deposits	0.46	1.36	1.01	0.38
	686.96	873.06	494.01	500.38
Less: Shown under other current liabilities	–	–	(494.01)	(500.38)
Total (B)	686.96	873.06	–	–
Total (A+B)	6,407.86	2,854.06	–	–

C) Details of privately placed secured redeemable non convertible debentures

Date of maturity	Of face value ₹ 1 Crore	Of face value ₹ 0.10 Crore	Non-current ₹ in Crore 2012	Non-current ₹ in Crore 2011
Nov-15	250.00	–	250.00	250.00
Oct-15	25.00	–	25.00	25.00
Jul-15	50.00	–	50.00	50.00
Jun-15	–	5.70	5.70	–
Apr-15	–	9.20	9.20	–
Mar-15	–	99.00	99.00	–
Feb-15	–	13.00	13.00	–
Apr-14	–	47.00	47.00	–
Mar-14	–	4.00	4.00	–
Nov-13	–	73.00	73.00	–
Nov-13	203.00	–	203.00	–
Oct-13	–	188.00	188.00	–
Sep-13	–	41.00	41.00	–
Sep-13	130.00	–	130.00	30.00
Aug-13	–	46.80	46.80	–
Aug-13	110.00	–	110.00	–
Jul-13	496.00	–	496.00*	296.00

4. Long term borrowings (Contd.)

Date of maturity	Of face value ₹ 1 Crore	Of face value ₹ 0.10 Crore	Non-current ₹ In Crore 2012	Non-current ₹ In Crore 2011
Jun-13	–	60.00	60.00	–
Jun-13	25.00	–	25.00	25.00
May-13	25.00	–	25.00	25.00
May-13	–	176.20	176.20	–
Apr-13	25.00	27.00	52.00	–
Jan-13	25.00	–	–	25.00
Nov-12	210.00	–	–	210.00
Sep-12	10.00	–	–	10.00
Jul-12	10.00	–	–	10.00
May-12	35.00	–	–	35.00
Apr-12	140.00	–	–	140.00
		Total	2,128.90	1,131.00

Note:

- Of the total secured Zero Coupon Bonds issued, ₹ 598.90 crore were issued at a premium and ₹ 201.00 crore were issued at a discount
- * Related parties are current holders of ₹ 25 crore of the mentioned issue (previous year ₹ 25 crore)
- Interest rates range from 8.25% p.a. to 10.30% p.a. as at 31 March 2012

D) Terms of repayment of bank loans - secured

(₹ in Crore)

Date of maturity	Repayment schedule	Non-current 2012	Non-current 2011
Mar-15	Bullet repayment	50.00	–
Jan-15	Bullet repayment	400.00	–
Dec-14	Bullet repayment	250.00	–
Nov-14	Bullet repayment	100.00	–
Oct-14	Bullet repayment	250.00	–
Sep-14	Bullet repayment	150.00	–
Aug-14	Bullet repayment	50.00	–
Jun-14	4 quarterly payments of ₹ 12.5 crore starting Jun-14	50.00	–
Mar-14	5 semi-annual payments of ₹ 10 crore starting Mar-14	50.00	–
Feb-14	5 semi-annual payments of ₹ 20 crore starting Feb-14	100.00	–
Jan-14	4 quarterly payments of ₹ 50 crore starting Jan-14	200.00	–
Dec-13	4 quarterly payments of ₹ 75 crore starting Dec-13	300.00	–
Dec-13	Bullet repayment	200.00	200.00
Nov-13	Bullet repayment	50.00	50.00
Oct-13	Bullet repayment	100.00	100.00
Sep-13	Bullet repayment	400.00	400.00
Aug-13	3 annual payments of ₹ 100 crore starting Aug-13	300.00	–
Jul-13	Bullet repayment	400.00	–
May-13	16 quarterly payments of ₹ 12 crore starting May-13	192.00	–
Mar-13	Bullet repayment	–	25.00
Dec-12	Bullet repayment	–	75.00
	Total	3,592.00	850.00

Interest rates range from 8.75% p.a. to 11.00% p.a. as at 31 March 2012 with a mix of fixed and floating rates

4. Long term borrowings (Contd.)

E) Details of privately placed unsecured redeemable non convertible debentures

Date of maturity	Of face value ₹ 1 Crore	Of face value ₹ 0.10 Crore	Non-current ₹ in Crore 2012	Non-current ₹ in Crore 2011
Jan-15	–	37.00	37.00	–
Jun-14	6.00	–	6.00	–
Feb-14	–	11.00	11.00	–
Dec-13	–	15.00	15.00	–
Nov-13	–	10.00	10.00	–
Aug-13	–	13.00	13.00	–
Jul-13	–	21.00	21.00	–
Jun-13	90.00	–	90.00	–
Jun-13	–	9.60	9.60	–
May-13	–	7.70	7.70	–
May-13	150.00	–	150.00	150.00
Apr-13	–	37.50	37.50	–
Jul-12	125.00	–	–	125.00
Jun-12	25.00	–	–	25.00
May-12	18.00	–	–	18.00
		Total	407.80	318.00

Note:

- Of the total unsecured Zero Coupon Bonds issued, ₹ 109.80 crore were issued at a premium and ₹ 52.00 crore were issued at a discount
- Interest rates range from 8.00% p.a. to 10.45% p.a. as at 31 March 2012

F) Details of privately placed unsecured redeemable non convertible debentures - subordinated debt issued at face value of ₹ 0.10 crore

(₹ in Crore)

Date of maturity	Non-current 2012	Non-current 2011
May-21	50.00	–
Oct-20	36.20	36.20
Sep-20	27.50	27.50
Jul-20	50.00	50.00
Jun-20	50.00	50.00
Apr-20	65.00	65.00
Total	278.70	228.70

Interest rates range from 9.45% p.a. to 9.83% p.a. as at 31 March 2012

4. Long term borrowings (Contd.)

G) Terms of repayment of bank loans - unsecured

(₹ in Crore)

Date of maturity	Repayment Schedule	Non-current 2012	Non-current 2011
Nov-12	Bullet repayment	–	50.00
Sep-12	Bullet repayment	–	175.00
Jun-12	Bullet repayment	–	100.00
	Total	–	325.00

Interest rates range from 6.50% p.a. to 10.50% p.a. as at 31 March 2012 with a mix of fixed and floating rates

5. Other long term liabilities

(₹ in Crore)

	2012	2011
Trade payables	15.80	6.82
Others:		
– Security deposits	10.27	7.22
– Other Payables	2.47	1.89
Total	28.54	15.93

6. Provisions

(₹ in Crore)

	Long-Term 2012	Long-Term 2011	Short-term 2012	Short-term 2011
Provision for employee benefits	–	–	4.18	3.72
	–	–	4.18	3.72
Other provisions :				
– Proposed dividend	–	–	49.58	36.63
– Tax on proposed dividend	–	–	8.04	5.94
– Provision for loss estimations	32.25	18.90	0.31	–
– Provision for tax	–	–	1.09	2.12
	32.25	18.90	59.02	44.69
Total	32.25	18.90	63.20	48.41

During the year ended 31 March 2012, the dividend proposed for distribution to equity shareholders was ₹ 12/- per share (previous year ₹ 10/-per share).

7. Short term borrowings

(₹ in Crore)

	2012	2011
A) Secured		
From banks , against hypothecation of assets under finance, book debts and other receivables:		
– Cash credit and demand loans	1,374.55	975.94
– Other short term loans	–	805.00
From related parties	–	–
Total (A)	1,374.55	1,780.94
B) Unsecured		
Overdraft facility from banks	0.01	12.97
Short Term loans:		
– From banks	500.00	150.00
– From related parties	–	–
Short term borrowings by issue of commercial papers	920.00	525.00
Total (B)	1,420.01	687.97
Total (A+B)	2,794.56	2,468.91

Terms of repayment of secured short term Loans

(₹ in Crore)

Date of maturity	2012	2011
Dec-11	–	100.00
Nov-11	–	250.00
Sep-11	–	150.00
Aug-11	–	100.00
Apr-11	–	205.00
Total	–	805.00

Interest rates range from 8.00% p.a. to 9.50% p.a. as at 31 March 2012.

Terms of repayment of unsecured short term loans

(₹ in Crore)

Date of maturity	2012	2011
Apr-12	500.00	–
Dec-11	–	50.00
Oct-11	–	50.00
Jun-11	–	50.00
Total	500.00	150.00

Interest rates range from 10.00% p.a. to 10.65% p.a. as at 31 March 2012.

7. Short-term borrowings (Contd.)

Terms of repayment of commercial papers

(₹ in Crore)

Date of Maturity	2012	2011
Mar-13	8.00	–
Dec-12	25.00	–
Nov-12	52.00	–
Oct-12	50.00	–
Sep-12	10.00	–
Aug-12	185.00	–
Jul-12	315.00	–
May-12	100.00	–
Apr-12	175.00	–
Oct-11	–	100.00
Sep-11	–	75.00
Aug-11	–	50.00
Jul-11	–	150.00
Jun-11	–	25.00
Apr-11	–	125.00
Total	920.00	525.00

Interest rates range from 6.30% p.a. to 10.45% p.a. as at 31 March 2012

8. Other current liabilities

(₹ in Crore)

	2012	2011
Trade payables	182.61	151.73
Other liabilities		
Current maturities of long term borrowings (See note no. 4) :		
– Secured loans	530.00	880.00
– Unsecured loans	494.01	500.38
	1,024.01	1,380.38
Interest accrued but not due	153.80	138.02
Interest accrued and due	1.01	5.01
Income received in advance	1.61	1.69
Unclaimed dividend	0.40	0.42
Unclaimed matured fixed deposits	0.08	0.13
Others :		
– Temporary overdraft as per books only	165.14	51.79
– Statutory dues	5.98	4.32
– Security deposits	7.66	9.03
– Other payables	24.40	15.07
Total	1,384.09	1,605.86

9. Fixed Assets

(₹ in Crore)

Particulars	Gross Block at cost				Depreciation				Net Block	
	As at 31 March 2011	Additions	Deductions/ Adjustments	As at 31 March 2012	As at 31 March 2011	Deductions/ Adjustments	For the Year (b)	As at 31 March 2012	As at 31 March 2012	As at 31 March 2011
A. Tangible assets (b):										
Assets relating to leasing business:										
Plant and Machinery	17.64	–	–	17.64	17.64	–	–	17.64	–	–
Other assets:										
Land freehold (d)	2.26	–	–	2.26	–	–	–	–	2.26	2.26
Building (a)	79.00	33.13	–	112.13	3.86	–	4.81	8.67	103.46	75.14
Computers	23.17	3.17	0.42	25.92	17.09	0.40	3.28	19.97	5.95	6.08
Office equipments	5.10	2.44	0.24	7.30	1.76	0.12	0.70	2.34	4.96	3.34
Furniture and Fixtures	13.73	4.13	1.34	16.52	6.42	0.83	2.22	7.81	8.71	7.31
Vehicles	3.44	1.66	0.38	4.72	1.38	0.21	0.76	1.93	2.79	2.06
Total (A)	144.34	44.53	2.38	186.49	48.15	1.56	11.77	58.36	128.13	96.19
Previous year	83.60	61.35	0.61	144.34	39.06	0.54	9.63	48.15	96.19	
B. Intangible assets:										
Specialized software (c)	6.41	7.36	3.11(e)	10.66	–	–	–	–	10.66	6.41
Total (B)	6.41	7.36	3.11	10.66	–	–	–	–	10.66	6.41
Previous year	5.91	2.73	2.23(e)	6.41						

a) Includes cost of shares in co-operative society ₹ 250/-
b) See note no. 1 (B) (I)
c) See note no. 1 (B) (II)
d) Represents share in undivided portion of land, on purchase of office premises
e) Amount amortized as expense

10. Investments

(₹ in Crore)

			2012	2011
Non current investments				
A) In Government and Trust Securities				
Other than trade				
Quoted				
	11.83%	Government of India Stock, 2014 of the face value of ₹ 5.00 crore	6.37	6.37
		Less: Amortization of premium [Refer note no. 1 (C) (iii)]	(0.97)	(0.84)
		Total (A)	5.40	5.53
B) In fully paid equity shares				
Other than trade				
Quoted				
	90	Shares of TCFC Finance Limited	–	–
@	38,700	Shares of ₹ 10 each in Akai Impex Limited	0.23	0.23
	75	Shares of ₹ 10 each in Bajaj Holdings and Investments Limited (₹ 19,646/-)		
@	16,880	Shares of ₹ 10 each in Dai Ichi Karkaria Limited	0.17	0.17
	40	Shares of ₹ 10 each in Dion Global Solutions Limited (₹ 1,435/-)		
	25	Shares of ₹ 10 each in ICICI Bank Ltd (₹ 1,320/-)		
@	52	Shares of ₹ 10 each in Midwest Leasing Limited (₹ 450/-)		
@	50	Shares of ₹ 10 each in Mazda Industries and Leasing Limited (₹ 500/-)		
@	50	Shares of ₹ 10 each in MCC Finance Limited (₹ 1,665/-)		
@	50	Shares of ₹ 10 each in Nagarjuna Finance Limited (₹ 713/-)		
@	100	Shares of ₹ 10 each in P L Finance and Investment Limited (₹ 1,500/-)		
	150	Shares of ₹ 10 each in Bajaj Auto Limited (₹ 7685/-)		
	75	Shares of ₹ 5 each in Bajaj Finserv Limited (₹ 7,441/-)		
@	310	Shares of ₹ 10 each in Southern Fuels Limited	0.01	0.01
			0.41	0.41
		Less: Provision for diminution in value of investments	(0.33)@	(0.33)@
		Total (B)	0.08	0.08
		Total (A)+(B)	5.48	5.61

(₹ in Crore)

	Book Value as at		Market Value as at	
	31 March 2012	31 March 2011	31 March 2012	31 March 2011
Quoted	5.48*	5.61*	5.53*	5.74*
Unquoted	–	–	–	–

* Included in market value at cost as the quotation is not available

@ Diminution in value provided for

11. Deferred tax assets (Net)

(₹ in Crore)

	2012	2011
I) Deferred tax liability		
On account of timing difference in		
Depreciation and amortisation	(3.49)	(1.01)
Other liabilities	(0.33)	–
Gross deferred tax liability Total (I)	(3.82)	(1.01)
II) Deferred tax asset		
On account of timing difference in		
Disallowance u/s 43B of the Income Tax Act, 1961	1.83	1.68
Provision for doubtful debts	63.05	61.08
Other assets	8.10	3.19
Gross deferred tax asset Total (II)	72.98	65.95
Total (I+II)	69.16	64.94

12. Receivables under financing activity (Good unless otherwise stated)

(₹ in Crore)

	Non-current		Current	
	2012	2011	2012	2011
(I) Secured				
(i) (a) Against hypothecation of automobiles, equipments, durables etc (Includes overdue installments ₹ 205.45 crore) [Previous year ₹ 209.00 crore]	1,798.14	1,229.37	3,857.54	2,209.45
(b) Stock of reposessed vehicles under finance agreements at estimated realisable/balance value	–	–	8.87	7.26
	1,798.14	1,229.37	3,866.41	2,216.71
(c) Overdue instalments under finance agreements considered doubtful	–	–	87.51	87.50
Less: Provision:				
(i) Against Non Performing Assets (NPAs)	–	–	(76.09)*	(87.50)*
(ii) Against loss estimations of delinquent receivables not yet NPAs	–	–	(11.42)*	–*
	–	–	–	–
	1,798.14	1,229.37	3,866.41	2,216.71
(ii) Against equitable mortgage of immovable property under finance agreements (Includes overdue installments ₹ 0.41 crore) [previous year ₹ 0.19 crore] Good	3,463.09	1,948.71	142.32	47.33
Doubtful	–	–	0.20	1.27
Less: Provision:				
(i) Against Non Performing Assets (NPAs)	–	–	(0.20)*	(1.27)*
(ii) Against loss estimations of delinquent receivables not yet NPAs	–	–	–*	–*
	–	–	–	–
	3,463.09	1,948.71	142.32	47.33
(iii) Loan against shares (secured by pledge of shares)	42.12	85.67	387.41	222.10
Total (I)	5,303.35	3,263.75	4,396.14	2,486.14

12. Receivables under financing activity (Good unless otherwise stated) (Contd.)

(₹ in Crore)

	Non-current		Current	
	2012	2011	2012	2011
(II) Unsecured:				
(i) Loans at agreement values less installments received [Includes overdue instalments ₹ 69.51 crore Previous year ₹ 79.53 crore] Good	1,265.86	668.25	1,317.74	853.64
Doubtful	–	–	60.13	65.33
Less: Provision:				
(i) Against Non Performing Assets (NPAs)	–	–	(52.66)*	(58.62)*
(ii) Against loss estimations of delinquent receivables not yet NPAs	–	–	(7.47)*	(6.71)*
	–	–	–	–
Total (II)	1,265.86	668.25	1,317.74	853.64
Total (I+II)	6,569.21	3,932.00	5,713.88	3,339.78

The company assesses all receivables for their recoverability and accordingly makes provisions for non performing assets as considered necessary. Further, the company has enhanced its provisioning norms by accelerating provision to an early stage based on past experience, emerging trends and estimates. However, the company ensures that the said provisions are not lower than the provisions stipulated in the applicable Reserve Bank of India Guidelines. During the year, the impact of accelerated provisions in excess of mandated RBI or company's erstwhile policies amounted to ₹ 19.97 crore (Previous year ₹ 38.77 crore)

A general provision, amounting to ₹ 32.25 crore is also made by the company @ 0.25% on the standard assets outstanding and disclosed under "Provisions" in note no. 6 in the financial statements as required by the Reserve Bank of India.

* See note 1E

13. Loans and advances, unsecured, good (unless otherwise stated)

(₹ in Crore)

	Non-current		Current	
	2012	2011	2012	2011
Capital advances	0.56	3.49	–	–
Security deposits	5.98	4.86	–	–
Loan and advances to related parties	0.04	0.04	7.98	2.32
Advances recoverable in cash or kind :				
– Secured considered good	–	–	–	–
– Unsecured considered good	65.86	46.14	213.89	117.74
– Doubtful	–	–	3.55	5.81
– Less: Provision	–	–	(3.55)	(5.81)
	–	–	–	–
	65.86	46.14	213.89	117.74
Total	72.44	54.53	221.87	120.06

14. Cash and bank balances

(₹ in Crore)

	Current	
	2012	2011
Cash and cash equivalents		
Cash on hand (including the cash with collecting agents)	17.66	6.73
Cash equivalents:		
– Bank balance in current accounts	41.60	274.64
– Fixed deposits (maturity less than 3 months from date of acquisition)	–	150.00
– Certificates of deposits (maturity less than 3 months from date of acquisition)	–	439.69
	59.26	871.06
Balances with banks:		
Earmarked balances with bank (against fixed deposit maturities and unclaimed dividend)	0.57	0.61
	0.57	0.61
Total	59.83	871.67

15. Other current assets

(₹ in Crore)

	Current	
	2012	2011
Interest receivable on investments	0.23	0.50
Interest receivable on loans (Nil; Previous year ₹ 38,591/-)	–	
Other finance charges receivable	34.63	25.71
Receivables from related parties	37.82	4.51
Other receivables	3.34	–
Total	76.02	30.72

16. Revenue from operations

(₹ in Crore)

	2012	2011
Revenue from operations		
Finance activity		
a) Financing Charges	1,457.70	915.09
b) Interest on loans	470.54	310.16
c) Service and administration charges	68.02	58.59
	1,996.26	1,283.84
Other operating revenue		
(i) Interest		
(a) On deposits	0.04	4.77
(b) Penal and others	48.20	36.09
	48.24	40.86
(ii) Profit on sale of current investments, net *	10.22	13.62
(iii) Bad debt recoveries	26.29	25.31
(iv) Miscellaneous charges and receipts	82.01	28.70
	166.76	108.49
Total	2,163.02	1,392.33

* Consequent to deployment of temporary idle funds to defray cost of borrowings, hence classified under "Other operating revenue".

17. Other income

(₹ in Crore)

	2012	2011
Interest		
On Government and Trust Securities	0.59	0.76
Amortisation of premium/discount (Refer note no. 1 (C) (iii))	(0.13)	(0.84)
Partially provided for as diminution in earlier years written back	–	0.48
	0.46	0.40
Dividend (₹ 42,964/-; Previous year ₹ 39,565/-)		
Miscellaneous Income	0.45	0.22
Surplus on sale of assets, net (Nil; Previous year ₹ 27,954/-)	–	
Provisions no longer required	5.87	5.73
Sundry credit balances appropriated	2.11	6.68
Provision for diminution in value of investments written back, net	–	0.77
Total	8.89	13.80

18. Employee benefits expense

(₹ in Crore)

	2012	2011
Employees' emoluments: [Includes Manager's remuneration]		
– Salaries, wages and bonus	176.16	135.53
– Contribution to provident and other funds	7.75	6.01
– Staff welfare expenses	6.44	3.18
Total	190.35	144.72

19. Finance costs

(₹ in Crore)

	2012	2011
Interest expenses	561.21	320.37
Discount in respect of "commercial papers"	175.96	44.83
Other financing costs	9.01	5.81
Total	746.18	371.01

20. Loan losses and provisions

(₹ in Crore)

	2012	2011
Bad debts written off	148.31	225.56
Provision release on account of bad debts written off	(80.83)	(62.17)
Provision for standard assets	13.35	14.69
Provision for non performing assets	73.55	26.53
Total	154.38	204.61

21. Other expenses

(₹ in Crore)

	2012	2011
Insurance	0.15	0.10
Rent	5.97	5.90
Commission to non executive directors	0.87	0.50
Communication expenses	13.49	10.66
Outsourcing/back office expenses	52.37	30.20
Service tax	30.05	9.65
Travelling expenses	17.57	12.13
Information technology expenses	15.14	10.87
Marketing commission	96.46	55.99
Recovery costs	89.11	58.25
Bank charges	13.15	11.93
Amortization of software expenses	3.11	2.23
Rates and taxes	0.26	0.05
Auditors' remuneration	0.28	0.27
Deficit on redemption of securities on maturity	–	0.87
Dealer incentive	64.23	46.57
Sundry expenses	64.80	50.11
Total	467.01	306.28

(₹ in Crore)

	2012	2011
Payment to auditor (Net of service tax credit availed)		
As auditor :		
– Audit fee	0.20	0.20
– Tax audit fee	0.01	0.01
In other capacity :		
– Other services (Certification fees)	0.07	0.06
Reimbursement of expenses (₹ 34,254/-; Previous year ₹ Nil)		–
Total	0.28	0.27

22. Computation of Earnings Per Share (EPS)

(₹ in Crore)

	2012	2011
A) Basic		
i) Computation of Profit (Numerator):		
Net Profit attributable to shareholders	406.44	246.96
ii) Computation of weighted average number of shares (Denominator):		
Number of shares outstanding at the beginning of the year	36,629,076	36,596,076
Weighted average number of equity shares issued and outstanding during the year	38,443	8,408
Adjusted weighted average equity shares	36,667,519	36,604,484
EPS (Basic) (₹)	110.84	67.47

22. Computation of Earnings Per Share (EPS) (Contd.)

(₹ in Crore)

	2012	2011
B) Diluted		
i) Computation of Profit (Numerator):		
– Net Profit attributable to shareholders	406.44	246.96
ii) Computation of weighted average number of shares (Denominator):		
– Number of shares outstanding as above/at the beginning of the year	36,629,076	36,596,076
Weighted average number of equity shares issued and outstanding during the year	38,443	8,408
Weighted average equity shares under options outstanding at the close of the year*	1,84,372	–
Adjusted weighted average equity shares	36,851,891	36,604,484
EPS (Diluted) (₹)	110.29	67.47

* Dilutive equity shares under warrants outstanding and ESOPs

23. Contingent liability not provided for

(₹ in Crore)

	2012	2011
Disputed claims against the company not acknowledged as debts	3.51	3.81
VAT matters under Appeal	3.49	3.49
ESI matters under appeal	5.14	5.14
Income tax matters under appeal	41.51	20.47

24. Capital and other commitments

(₹ in Crore)

	2012	2011
a. Capital Commitments		
Estimated amount of contracts remaining to be executed on Capital Account not provided for (Net of advances)	3.18	1.26
b. Other commitments		

The company has capital commitments amounting to ₹ 262.66 crore (Previous year ₹ 150 crore)

25. Expenditure in foreign currency

(₹ in Crore)

Particulars	2012	2011
Travelling expenses	0.16	0.12
Software expenses	2.33	1.15
Other expenses	0.02	–

26. The company is engaged primarily in the business of financing and accordingly there are no separate reportable segments as per Accounting Standard-17 as prescribed by Companies (Accounting Standards) Rules, 2006, dealing with Segment Reporting.

27. Liability for employee benefits has been determined by an actuary, appointed for the purpose, in conformity with the principles set out in the Accounting Standard 15 (Revised) as prescribed by Companies (Accounting Standards) Rules, 2006, the details of which are as hereunder.

A. Gratuity

(₹ in Crore)

Amount to be recognized in Balance Sheet	2012	2011
Present value of funded obligations	6.39	4.47
Fair value of plan assets	(11.45)	(7.89)
Amount not recognized as an asset (limit in para 59 (b))	1.87	1.24
Net Liability	(3.19)	(2.18)
Amounts in Balance Sheet		
Liability	0.43	0.22
Assets	(3.62)	(2.40)
Net Liability/(Asset)	(3.19)	(2.18)
Expense to be recognized in the Statement of Profit & Loss		
Current service cost	1.12	0.73
Interest on defined benefit obligation	0.45	0.29
Expected return on plan assets	(0.59)	(0.39)
Net actuarial losses/(Gains) recognized in year	0.42	0.53
Effect of the limit in Para 59 (b)	0.63	0.38
Premium allocation difference and other charges transferred	–	–
Total, included in "Employee emoluments"	2.03	1.54
Actual return on plan assets	0.74	0.54
Reconciliation of benefit obligations & plan assets for the period		
Change in defined benefit obligation		
Opening defined benefit obligation	4.47	2.92
Current service cost	1.12	0.73
Interest cost	0.45	0.29
Actuarial losses/(gain)	0.57	0.67
Benefits paid	(0.22)	(0.14)
Closing defined benefit obligation	6.39	4.47
Change in fair value of assets		
Opening fair value of plan assets	7.89	5.30
Expected return on plan assets	0.59	0.39
Actuarial gain/(losses)	0.15	0.15
Contributions by employer	3.04	2.19
Benefits paid	(0.22)	(0.14)
Closing fair value of plan assets	11.45	7.89
Summary of the actuarial assumptions		
Discount rate	8.65%	8.30%
Expected rate of return on assets	7.50%	7.50%
Salary escalation Rate - Senior Staff	8.00%	8.00%
- Junior Staff	8.00%	8.00%

(₹ in Crore)

Particulars	2008	2009	2010	2011	2012
Experience adjustments:					
Defined benefit obligation	1.98	2.49	2.92	4.47	6.39
Plan assets	1.12	3.48	5.30	7.89	11.45
Surplus/(Deficit)	(0.86)	0.99	2.38	3.42	5.06
Experience adjustments on plan liabilities	(0.23)	0.13	0.08	0.30	0.80
Experience adjustments on plan assets	0.21	1.40	0.07	0.15	0.16

B. Compensated absences

(₹ in Crore)

Particulars	2012	2011
Experience adjustments:		
Present value of unfunded obligations	3.45	3.05
Expense recognized in the Statement of profit and loss	1.02	1.51
Discount Rate (p.a.)	8.65%	8.30%
Salary escalation Rate (p.a.) - Senior Staff	8.00%	8.00%
Salary escalation Rate (p.a.) - Junior Staff	8.00%	8.00%

Casual leave and earned leave which is considered as a short term benefit, is valued as its encashment value amounting to ₹ 0.73 crore (Previous year ₹ 0.67 crore)

C) Provident fund:

In case of certain employees, the provident fund contribution is made to Bajaj Auto Limited Provident Fund Trust. In terms of the guidance note issued by the Institute of Actuaries of India, the actuary has provided a valuation of provident fund liability based on the assumptions listed below and determined that there is no shortfall as at 31 March 2012. The assumptions used in determining the present value of obligation of the interest rate guarantee under deterministic approach are:

Remaining term of maturity – 12.05 years
Expected guaranteed interest rate – 8.25%
Discount rate for the remaining term of maturity of interest portfolio – 8.55%

28. Employee Stock Option Plan

The board of directors at its meeting held on 14 October 2009 approved an issue of Stock Options up to a maximum of 5% of the issued equity capital of the company aggregating to 1,829,803 equity shares in a manner provided in the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines 1999 subject to the approval of the shareholders under Section 81(1A) of the Companies Act, 1956. The shareholders of the Company vide their special resolution passed through postal ballot on 15 December, 2009 approved the issue of equity shares of the company under one or more Employee Stock Option Scheme(s).

The Remuneration & Nomination Committee has approved the following grants to select senior level executives of the Company in accordance with the Stock Option Scheme. Under the scheme, three grants have been made, details of which as on 31 March 2012, are given as under:

Grant date	Exercise price (in ₹)	Options granted	Options vested & exercisable	Options unvested	Options exercised	Options cancelled	Options outstanding
12-Jan-10	358.70	132,000	63,500	63,500	1,250	3,750	127,000
21-Jul-10	542.00	326,750	78,688	224,812	4,250	19,000	303,500
28 July 11	705.15	376,200	4,000	372,200	–	–	376,200
	Total	834,950	146,188	660,512	5,500	22,750	806,700

28. Employee Stock Option Plan (Contd.)

Method used for accounting for share based payment plan

The company has elected to use intrinsic value method to account for the compensation cost of stock options to employees of the company. Intrinsic Value is the amount by which the quoted market price of the underlying share exceeds the exercise price of the option.

The fair value of options used to compute proforma net profit and earnings per share have been estimated on the date of grant using the Black – Scholes Model. The key assumptions used in Black – Scholes Model for calculating fair value as on the date of grant are:

Variables	28 July 2011	21 July 2010	12 Jan 2010
1) Risk free interest rate	8.27%	7.42%	6.70%
2) Expected life	3.5-6.5 years	3.5-6.5 years	1-5 years
3) Expected volatility	53.01%	55.38%	54.01%
4) Dividend yield	1.42%	1.28%	0.62%
5) Price of the underlying share in the market at the time of the option grant (₹)	705.15	542.00	358.70

Impact on fair value method on net profit and earnings per share

Had compensation cost for the stock option plans outstanding been determined based on fair value approach, the net profit and earnings per share would have been as per the pro-forma amounts indicated below:

(₹ in Crore)

Particulars	2012	2011
Net profit (as reported)	406.44	246.96
Add: Stock – based employee compensation expense included in net income	–	–
Less: Stock based compensation expense determined under fair value based method (pro forma)	7.57	2.61
Net Profit (pro forma)	398.87	244.35
Basic earnings per share (as reported)	110.84	67.47
Basic earnings per share (pro forma)	108.78	66.76
Diluted earnings per share (as reported)	110.29	67.47
Diluted earnings per share (pro forma)	108.24	66.76

29. The disclosures required in terms of paragraph 13 of the Non Banking Financial (Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007 are given in the Annexure forming part of these financial statements.

30. Till the year ended 31 March 2011, the company was using pre-revised Schedule VI to the Companies Act 1956, for preparation and presentation of its financial statements. During the year ended 31 March 2012, the revised Schedule VI notified under the Companies Act 1956, has become applicable to the company. The company has reclassified previous year figures to conform to this year's classification. The adoption of revised Schedule VI does not impact recognition and measurement principles followed for preparation of financial statements. However, it significantly impacts presentation and disclosures made in the financial statements, particularly presentation of balance sheet.

31. Related Parties:

Disclosure of transactions with Related Parties as required by the Accounting Standard - 18 as prescribed by Companies (Accounting Standards) Rules, 2006:

(₹ in Crore)

Name of related party and Nature of relationship	Nature of transaction	2012 Transaction Value	2012 Outstanding amounts carried in the Balance Sheet	2011 Transaction Value	2011 Outstanding amounts carried in the Balance Sheet
A. Holding Company:					
1. Bajaj Finserv Limited	Dividend paid	20.51	–	11.07	–
	Infrastructure payments	0.72	–	7.04	0.07
	Business support charges	4.93	–	2.49	–
	Other revenue expenses	0.02	–	0.02	–
	Preferential warrants application and allotment money	21.32	21.32	–	–
	Equity contribution received (including premium)	305.32	–	–	–
B. Fellow Subsidiaries:					
1. Bajaj Allianz Life Insurance Company Ltd.	Insurance premium paid	109.39	–	34.10	–
	Premium advance	114.31	6.94	35.98	2.15
	Infrastructure fees	7.05	1.76	7.05	–
	Advertisement fees	2.35	0.59	5.10	–
	Business co-operation fees (Since received)	27.57	27.57	–	–
	Commission income	1.27	1.20	0.72	0.47
	Other reimbursement	24.91	6.26	6.17	3.94
	Advance logo charges received	0.63	–	0.63	0.63
	Unsecured non convertible debentures	–	15.00	15.00	15.00
	Interest paid on non convertible debentures	1.25	–	–	–
2. Bajaj Allianz General Insurance Company Ltd.	Asset insurance	0.15	–	0.10	–
	Vehicle/travel Insurance	0.06	–	0.06	–
	Extended warranty premium	0.50	–	0.05	–
	Insurance premium adjusted	0.36	–	3.62	–
	Advance premium	0.74	1.07	3.63	0.17
	Others	0.10	–	0.21	0.10
	Unsecured non convertible debentures	–	10.00	10.00	10.00
	Interest paid on non convertible debentures	0.83	–	–	–
C. Where Directors have Significant influence:					
1. Bajaj Auto Ltd.	Interest subsidy	5.74	–	5.77	–
	Business support cost paid	6.77	1.24	8.07	–
	Business support cost received	0.99	0.42	0.38	–
2. Bajaj Finserv House owners Association	Infrastructure payments	0.32	0.05	–	–
D. Key Managerial Personnel:					
1. Nanoo Pamnani Vice Chairman	Commission	0.69	0.69	0.50	0.50
	Sitting fees and reimbursement of expenses	0.04	–	0.03	–
2. Rajeev Jain CEO	Remuneration	2.68	1.02	2.50	0.78
	Housing deposit	–	–	0.04	–

32. Amounts less than ₹ 50,000/- have been shown at actual against respective line items statutorily required to be disclosed.

Signatures to Notes '1' to '32'

Rahul Bajaj — Chairman
Nanoo Pamnani — Vice Chairman

Madhur Bajaj
Rajiv Bajaj
Sanjiv Bajaj
D S Mehta
D J Balaji Rao
Dipak Poddar
Ranjan Sanghi
Rajendra Lakhotia
} Directors

As per our attached report of even date

For Dalal & Shah
Firm Registration Number: 102021W
Chartered Accountants

Anish Amin
Partner
Membership Number: 40451

Anant Damle
Company Secretary

Pune: 16 May 2012

Pune: 16 May 2012

REVIEW REPORT

The Board of Directors
Bajaj Finance Limited
C/o Bajaj Auto Limited
Mumbai – Pune Road
Akurdi
Pune – 411 035

1. This review report is issued in accordance with the terms of our agreement dated November 19, 2012.

2. We have reviewed the accompanying unaudited condensed interim financial statements of Bajaj Finance Limited (the "Company"), comprising its condensed Balance sheet as at September 30, 2012, and the condensed Statement of Profit & Loss and condensed Cash Flow Statement for the period then ended (herein after referred to as the "Unaudited Condensed Interim Financial Statements") prepared by the Management of the Company for the purpose of inclusion in the Draft Letter of Offer and Letter of Offer pursuant to the proposed rights issue of equity shares by the Company as required by item (X)(A)(5) of Part E of Schedule VIII of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 as amended from time to time.

Management's Responsibilities

3. The Unaudited Condensed Interim Financial Statements are the responsibility of the Company's Management.

4. The Management of the Company is responsible for ensuring that the Unaudited Condensed Interim Financial Statements are prepared in accordance with Accounting Standard 25 - Interim Financial Reporting - issued pursuant to the Companies (Accounting Standards) Rules, 2006 as per Section 211(3C) of the Companies Act, 1956 and other accounting principles generally accepted in India.

5. The responsibility of the Management includes the design, implementation and maintenance of internal control relevant to the preparation of the Unaudited Condensed Interim Financial Statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibilities

6. Our responsibility is to express a conclusion on the unaudited condensed interim financial statements based on our review. We conducted our review in accordance with the Standard on Review Engagement (SRE) 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity - issued by the Institute of Chartered Accountants of India.

7. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

8. Based on our review conducted as above, nothing has come to our attention that causes us to believe that the accompanying Unaudited Condensed Interim Financial Statements does not give a true and fair view, in all material respects, in accordance with Accounting Standard 25 - Interim Financial Reporting - issued pursuant to the Companies (Accounting Standards) Rules, 2006 and other accounting principles generally accepted in India.

Restrictions on use

9. This review report is addressed to and is provided to enable the Board of Directors of the Company to include this review report in the Draft Letter of Offer and Letter of Offer prepared in connection with the filing of an offer document for a proposed rights issue of equity shares by the Company with BSE Limited, the National Stock Exchange of India Limited, and the Security and Exchange Board of India. This review report is not issued in connection with the sale of securities in the United States of America. Our work and findings shall in no way constitute advice or recommendations (and we accept no liability in relation to any advice or recommendations) regarding any commercial decisions associated with the issue of equity shares.

For Dalal & Shah
Firm Registration Number: 102021W
Chartered Accountants

Anish Amin
Partner
Membership Number : 40451

Place: Pune
Date: November 22, 2012

BAJAJ FINANCE LIMITED

CONDENSED BALANCE SHEET AS AT 30 SEPTEMBER 2012

Particulars	Note No.	As at 30 September 2012 (₹ In Crores)	As at 31 March 2012 (₹ In Crores)
		Unaudited	Audited
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	2	41.39	41.32
Reserves and surplus	3	2,242.03	1,970.93
Money received against share warrants		21.32	21.32
		2,304.74	**2,033.57**
Non-current liabilities			
Long-term borrowings	4	6,637.77	6,407.86
Other Long term liabilities		62.89	28.54
Long-term provisions		48.34	32.25
		6,749.00	**6,468.65**
Current liabilities			
Short-term borrowings	5	2,754.19	2,794.56
Trade payables		151.58	182.61
Other current liabilities	6	3,389.40	1,384.09
Short-term provisions		5.53	63.20
		6,300.70	**4,424.46**
TOTAL		**15,354.44**	**12,926.68**
ASSETS			
Non-current assets			
Fixed assets			
Tangible assets		142.11	128.13
Intangible assets		10.33	10.66
		152.44	138.79
Non-current investments		5.41	5.48
Deferred tax assets (net)		81.94	69.16
Receivables under financing activity	7	8,124.64	6,569.21
Long-term loans and advances		46.04	72.44
		8,410.47	**6,855.08**
Current assets			
Current investments		-	-
Receivables under financing activity	7	6,590.53	5,713.88
Cash and bank balances		81.00	59.83
Short-term loans and advances		183.14	221.87
Other current assets		89.30	76.02
		6,943.97	**6,071.60**
TOTAL		**15,354.44**	**12,926.68**

Statement of significant accounting policies 1

For Dalal and Shah
Firm Registration No. 102021W
Chartered Accountants

For Bajaj Finance Ltd.
Authorized Signatories

Chief Financial Officer

Anish P Amin
Partner
Membership No. 40451

Company Secretary

Pune: 22.11.2012

Pune: 22.11.2012

BAJAJ FINANCE LIMITED
CONDENSED STATEMENT OF PROFIT AND LOSS FOR THE PERIOD FROM 1 APRIL 2012 TO 30 SEPTEMBER 2012

Particulars	Note No.	₹ In Crores 1 April 2012 to 30 September 2012	₹ In Crores 1 April 2011 to 30 September 2011
		Unaudited	Unaudited
Revenue from operations (net)	8	1,436.79	941.35
Other income		2.89	3.70
Total Revenue (I)		**1,439.68**	**945.05**
Expenses:			
Employee benefits expense		116.77	91.45
Finance costs	9	558.36	307.59
Depreciation		6.31	5.00
Loan losses and provisions	10	85.40	78.27
Other expenses	11	276.21	199.23
Total expenses (II)		**1,043.05**	**681.54**
Profit before tax for the period (I - II)		**396.63**	**263.51**
Tax expenses			
Current tax		142.00	84.75
Deferred tax expense / (credit)		(12.78)	0.58
Total Tax Expense		129.22	85.33
Profit after Tax for the period		**267.41**	**178.18**
Earnings per share:	12		
(Nominal value per share ₹ 10/-)			
Basic (₹)		64.68	48.64
Diluted(₹)		63.64	45.98

Statement of significant accounting policies 1

For Dalal and Shah
Firm Registration No. 102021W
Chartered Accountants

For Bajaj Finance Ltd.
Authorized Signatories

Chief Financial Officer

Anish P Amin
Partner
Membership No. 40451

Company Secretary

Pune: 22.11.2012

Pune: 22.11.2012

Bajaj Finance Limited

Condensed Cash Flow Statement for the period ended 30 September 2012.

Particulars	(₹ in crores) 1 April 2012 to 30 September 2012	(₹ in crores) 1 April 2011 to 30 September 2011
	Unaudited	Unaudited
A. Cash Flow from Operating Activities	(1,882.98)	(1,881.32)
B. Cash Flow from Investing Activities	(21.64)	(32.73)
C. Cash Flow from Financing Activities	1,925.79	1,321.08
D. Net increase in cash and cash equivalents	21.17	(592.97)
E. Cash and cash equivalents at the beginning of the year *	59.83	871.67
F. Cash and cash equivalents at the end of the year *	81.00	278.70

* Includes earmarked balances with banks (against fixed deposit maturities and unclaimed dividend) ₹ 0.89 crores (Previous year ₹ 3.71 crores)

For Dalal and Shah
Firm Registration No. 102021W
Chartered Accountants

For Bajaj Finance Ltd.
Authorized Signatories

Chief Financial Officer

Anish P Amin
Partner
Membership No. 40451

Company Secretary

Pune: 22.11.2012

Pune: 22.11.2012

1 Statement of significant accounting policies:

Basis of preparation

These condensed interim financial statements have been prepared in accordance with the generally accepted accounting principles in India under the historical cost convention on accrual basis. These condensed interim financial statements have been prepared to comply in all material aspects with the accounting standards notified under Section 211(3C) [Companies (Accounting Standards) Rules, 2006, as amended] and the other relevant provisions of the Companies Act, 1956 and Reserve Bank of India Regulations in relation to Non Banking Finance Companies to the extent applicable to the Company.

All assets and liabilities have been classified as current or non-current as per the criteria set out in the Revised Schedule VI to the Companies Act, 1956.

A) System of Accounting:

i) The company follows the mercantile system of accounting and recognizes income and expenditure on an accrual basis except in case of significant uncertainties.

ii) Condensed interim financial Statements are based on historical cost. These costs are not adjusted to reflect the impact of changing value in the purchasing power of money.

iii) The preparation of condensed interim financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses and disclosure of contingent liabilities as on the date of financial statements. The estimates and assumptions used in the accompanying condensed interim financial statements are based upon management's evaluation of the relevant facts and circumstances as of the date of the condensed interim financial statements. Actual results could differ from those estimates. Any revision to accounting estimates is recognized prospectively in current and future periods.

B) Fixed Assets, Depreciation and Amortization:

I.) (i) Fixed Assets are carried at cost of acquisition.

(ii) Depreciation

(i) Depreciation is being provided on "Written Down Value method" at the rates specified in Schedule XIV to the Companies Act, 1956. Depreciation on additions during the period / year is being provided for on a pro-rata basis with reference to the month of addition.

(ii) Depreciation on assets sold during the period / year is being provided for, at their respective rates up to the month in which such asset is sold.

II.) On Intangible Assets and Amortization thereof:

Intangible assets, representing Specialized Software etc, are recognised consistent with the criteria specified in Accounting Standard - 26 "Intangible Assets" as prescribed by Companies (Accounting Standards Rules, 2006. The same is amortized as an expense over a period of 60 months, being the estimated useful life of the software.

C) Investments:

(i) Investments maturing within twelve months from the date of acquisition and investments made with the specific intention to dispose off within twelve months from the date of acquisition are classified as short term / current investments and are carried at their cost or market value / realizable value, whichever is lower. Investments maturing within 3 months from the date of acquisition are classified as cash equivalents if they are readily convertible into cash.

(ii) Investments other than short term / current investments are carried at their cost of acquisition. Provision for diminution in value of investments, if any, is made if, in the opinion of the management, such diminution is other than temporary.

(iii) Fixed income securities are stated at cost less amortization of premium/discount as the case may be. (refer D (ii) below)

D) Income from:

(i) Assets under Finance:

The company has accrued finance charges and service charges in terms of contractual commitments with borrowers detailed in the finance agreements entered into with hirers except in the case of Non- Performing Assets.

(ii) Investment

a. Dividend is accrued when the right to receive is established i. e. when declared by the investee entity.
b. Interest on securities is accounted for on accrual basis except where the ultimate collection cannot be established with reasonable certainty.
c. In order to reflect the contracted yield as interest income, the premium/discount on fixed income securities is amortized with reference to the "yield to maturity" prevailing on acquisition.

(iii) Other Income:

Other income is mainly accounted on accrual basis, except in case of significant uncertainties.

E) Receivables under financing activity:

(i) Receivables under financing activity represent principal and matured finance charges outstanding at the close of the year but net of amount written off.

(ii) The company assesses all receivables for their recoverability and accordingly makes provisions for non performing assets as considered necessary. Further, the company has enhanced its provisioning norms by accelerating provision to an early stage based on past experience, emerging trends and estimates. However, the Company ensures that the said provisions are not lower than the provisions stipulated in the applicable Reserve

Bank of India Regulations / Guidelines.

(iii) A general provision is also made by the company @ 0.25% on the standard assets outstanding and disclosed under "Long Term Provisions" in the condensed interim financial statements as required by the Reserve Bank of India.

F) Employee Benefits:

(i) Gratuity:
Payment for present liability of future payment of gratuity is being made to the Approved Gratuity funds, which cover the same under cash accumulation policy of the Life Insurance Corporation of India. However, any deficits in Plan Assets managed by LIC as compared to actuarial liability are recognized as a liability.

(ii) Superannuation:
Defined Contribution to superannuation fund is being made as per the scheme of the company.

(iii) Provident fund contributions are made to Bajaj Auto Limited Provident Fund Trust. Deficits, if any, of the fund as compared to aggregate liability is additionally contributed by the company and recognized as an expense. Shortfall in fund assets over present obligation determined by an appointed actuary is recognized as a liability.

(iv) Privilege Leave:
Privilege leave entitlements are recognized as a liability, in the calendar year of rendering of service, as per the rules of the company. As accumulated leave can be availed and / or encashed at any time during the tenure of employment the liability is recognized at the actuarially determined value by an Appointed Actuary.

(v) Defined contribution to Employees' Pension Scheme, 1995 is made to Government Provident Fund Authority.

G) Taxation:
Provision for Taxation is made on the basis of the Taxable Profits computed for the current accounting period in accordance with the Income Tax Act 1961. Deferred Tax resulting from timing differences between Book Profits and Tax Profits is accounted for at the current rate of tax to the extent the timing differences are expected to crystallize, in case of Deferred Tax Liabilities with reasonable certainty and in case of Deferred Tax Assets with virtual certainty that there would be adequate future taxable income against which Deferred Tax Assets can be realized. However, deferred tax asset arising on account of unabsorbed depreciation and business losses are recognized only if there is virtual certainty supported by convincing evidence that there would be adequate future taxable income against which the same can be realized/set off.

H) Provisions and contingent liabilities:
The Company creates a provision when there is present obligation as a result of a past event that probably requires an outflow of resources and a realizable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require and outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

I) Employee Stock Option Plan – See Note No. 16

Major notes to condensed financial statements for the period ended 30 September 2012

2 Share Capital

	As at 30 Sep 2012 ₹ in Crores Unaudited	As at 31 Mar 2012 ₹ in Crores Audited
Authorised :		
75,000,000 (75,000,000) equity shares of ₹ 10 each	75.00	75.00
Issued:		
41,394,076 (41,320,076)equity shares of ₹ 10 each	41.39	41.32
Subscribed and paid up:		
41,394,076 (41,319,076) equity shares of ₹ 10 each fully called up and paid up	41.39	41.32
Add: - (1000) forfeited share (₹ 10 each paid up)		
- (Previous year ₹ 5000/-)		
Total	**41.39**	**41.32**

a. Reconciliation of the shares outstanding at the beginning and at the end of the year :

Equity shares	30 September 2012		31 March 2012	
	Nos.	₹ in Crores	Nos.	₹ in Crores
At the beginning of the year	4,13,19,076	41.32	3,66,29,076	36.63
Add: Issued during the year - Employee Stock Option Plan	75,000	0.07	-	-
Add: Allotment on conversion of preferential warrants	-	-	46,90,000	4.69
Outstanding at the end of the year	**4,13,94,076**	**41.39**	**4,13,19,076**	**41.32**

b. Terms/rights attached to equity shares :

The company has only one class of equity shares having a par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share. The dividend proposed by the Board of Directors and approved by the shareholders in the Annual General Meeting is paid in Indian Rupees. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

For the financial year ended 31 March 2012, the Company declared a dividend of Rs. 12/- per share.

c. Shares held by holding company (Face value ₹ 10):

	30 September 2012		31 March 2012	
	Nos.	₹ in Crores	Nos.	₹ in Crores
Bajaj Finserv Limited	2,51,95,089	25.20	2,51,95,089	25.20
	2,51,95,089	**25.20**	**2,51,95,089**	**25.20**

d. Details of shareholders holding more than 5% shares in the company

	30 September 2012		31 March 2012	
	Nos.	% Holding	Nos.	% Holding
Equity shares of ₹ 10 each fully paid				
Bajaj Finserv Limited	2,51,95,089	60.87%	2,51,95,089	60.98%

e. Shares reserved for issue:

i Under Employee Stock Option Plan:

18,29,803 Equity Shares (i.e. 5% of the then paid up equity share capital) have been approved under Employee Stock Option Plan Scheme, 2009 of the Company drawn in accordance with SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999) of which 1,08,000 equity shares have been alloted to the ESOP Trust. (See Note No. 16)

ii For warrant conversion:

6,000,000 preferential warrants convertible into equivalent number of equity shares of ₹ 10/- each had been issued to Bajaj Finserv Limited (promoter) by the Company on 28 July 2011 from whom 25% of the issue price amounting to ₹ 97.65 Crores was received in advance entitling the warrant holder to apply for an equivalent number of equity shares on payment of balance 75% of the issue price within 18 months from the date of allotment of warrants. Bajaj Finserv Limited exercised its option to convert 4,690,000 warrants against which an equivalent number of equity shares of ₹ 10/- each at a premium of ₹ 641/- per share ranking pari passu with the existing equity shares of the Company, have been allotted on 29 March 2012. As of 30 September 2012, the balance 1,310,000 warrants are outstanding and an equivalent number of equity shares are reserved for issue against the same. The balance amount against these outstanding warrants amounts to ₹ 21.32 crores.

3 Reserves and surplus

	As at	
	30 Sep 2012 ₹ in Crores Unaudited	**31 Mar 2012 ₹ in Crores Audited**
Capital Reserve:		
As per last Account	-	-
Add: On account of forfeiture of 100 equity shares		-
Closing Balance (Rs. 5,000/-) (Previous year Nil)	-	-
Share Premium:		
As per last Account	1,056.12	755.49
Add: Received during the period / year	3.69	300.63
Closing Balance	1,059.81	1,056.12
Reserve Fund in terms of Section 45IC(1) of the Reserve Bank of India Act, 1934:		
As per last Account	221.75	140.25
Add: Set aside during the period / year *	-	81.50
Closing Balance	221.75	221.75
General Reserve:		
As per last Account	251.60	210.60
Add: Set aside during the period / year	-	41.00
Closing Balance	251.60	251.60
Infrastructure Reserve in terms of Section 36 (1) (viii) of the Income Tax Act, 1961:		
As per last Account	0.15	-
Add: Set aside during the period / year *	-	0.15
Closing Balance	0.15	0.15
Surplus in the statement of profit and loss		
As per last Account	441.31	215.14
Profit for the period / year	267.41	406.44
	708.72	621.58
Less: Appropriations		
Transfer to Reserve Fund in terms of Section 45IC(1) of the Reserve Bank of India Act, 1934	-	81.50
Transfer to General Reserve	-	41.00
Transfer to Infrastructure Reserve in terms of Section 36 (1) (viii) of the Income Tax Act, 1961	-	0.15
Proposed dividend	-	49.58
Provision for dividend tax on dividend	-	8.04
Total appropriations	-	180.27
Closing Balance	708.72	441.31
Total	**2,242.03**	**1,970.93**

* The requisite amounts as stipulated under the provisions of the respective Acts will be transferred at the end of the year.

4 Long-term borrowings

	Non current		Current	
	As at		As at	
	30 Sep 2012	31 Mar 2012	30 Sep 2012	31 Mar 2012
	₹ in Crores	₹ in Crores	₹ in Crores	₹ in Crores
	Unaudited	Audited	Unaudited	Audited
A) Secured:				
Privately placed redeemable non convertible debentures secured by pari passu charge by mortgage of Company's Flat No. 103, Nayan Co-operative Hsg Society, CTS 2718, Plot No. 11, ICS Colony, Shivaji Nagar, Pune-411016 & book debts & receivables under financing activity as stated in the respective information memorandum.	1,789.90	2,128.90	1,397.00	430.00
From Banks , against hypothecation of assets under finance, book debts and other receivables	4,322.50	3,592.00	1,037.50	100.00
	6,112.40	5,720.90	2,434.50	530.00
Less: Shown under other current liabilities	-	-	(2,434.50)	(530.00)
	6,112.40	5,720.90	-	-
B) Unsecured:				
Privately placed redeemable non convertible debentures	89.00	407.80	328.80	168.00
Privately placed Subordinated (Tier II) Redeemable Non Convertible Debentures of ₹ 0.10 Crores each	436.10	278.70	-	-
Term loans from banks	-	-	50.00	325.00
Fixed Deposits	0.27	0.46	0.71	1.01
	525.37	686.96	379.51	494.01
Less: Shown under other current liabilities	-	-	(379.51)	(494.01)
	525.37	686.96	-	-
Total	6,637.77	6,407.86	-	-

Note: For the long term borrowings, interest rates range from 8% p.a to 10.75% p.a as at 30 September 2012 and the maturities start from October 2013 till August 2022

5 Short-term borrowings

	30 Sep 2012 ₹ in Crores	31 Mar 2012 ₹ in Crores
	Unaudited	Audited
A.) Secured:		
From Banks , against hypothecation of assets under finance, book debts and other receivables-		
----- Cash credit and demand loans	877.61	1,374.55
	877.61	1,374.55
From related parties	-	-
	877.61	1,374.55
B.) Unsecured:		
Overdraft facility from banks	24.58	0.01
Short Term loans:		
----- From banks	500.00	500.00
----- From related parties	-	-
	524.58	500.01
Short term borrowings by issue of Commercial Papers	1,352.00	920.00
	1,876.58	1,420.01
Total	2,754.19	2,794.56

Note: For the long term borrowings, interest rates range from 8.8% p.a to 10.5% p.a as at 30 September 2012

6 Other current liabilities

	Current	
	As at	
	30 Sep 2012	**31 Mar 2012**
	₹ in Crores	**₹ in Crores**
	Unaudited	**Audited**
Current maturities of long-term borrowings (See Note No. 4)		
--- Secured loans	2,434.50	530.00
--- Unsecured loans	379.51	494.01
	2,814.01	1,024.01
Interest accrued but not due	134.97	153.80
Interest accrued and due	1.45	1.01
Income received in advance	1.27	1.61
Unclaimed dividend	0.51	0.40
Unclaimed matured fixed deposits	0.17	0.08
Others		
Temporary overdraft as per books only	389.59	165.14
Statutory Dues	6.49	5.98
Security deposits	7.68	7.66
Other Payables	33.26	24.40
Total	3,389.40	1,384.09

7 Receivables under financing activity:

(Good unless otherwise stated)	₹ Crores Non current 30 Sep 2012 Unaudited	₹ Crores Non current 31 Mar 2012 Audited	₹ Crores Current 30 Sep 2012 Unaudited	₹ Crores Current 31 Mar 2012 Audited
(I) Secured:				
(i) (a) Against hypothecation of automobiles, equipments, durables etc (Includes overdue instalments ₹ 215.55 Crores) (Previous year ₹ 205.45 Crores)	1,865.87	1,798.14	4,368.13	3,857.54
(b) Stock of reposessed vehicles under Finance Agreements at estimated realisable / balance value	-	-	1.72	8.87
	1,865.87	1,798.14	4,369.85	3,866.41
(c) Overdue Instalments under Finance Agreements considered doubtful	-	-	101.12	87.51
Less:Provision:				
(i) Against Non Performing Assets (NPAs)	-	-	87.92 *	76.09 *
(ii) Against loss estimations of delinquent receivables not yet NPAs	-	-	13.20 *	11.42 *
	-	-	-	-
	1,865.87	1,798.14	4,369.85	3,866.41
(ii) Against equitable mortgage of immovable property under finance agreements (Includes overdue instalments ₹ 0.55 Crores) (Previous year ₹ 0.41 Crores)				
Good	4,415.50	3,463.09	351.46	142.32
Doubtful	-	-	0.61	0.20
Less: Provision:				
(i) Against Non Performing Assets (NPAs)	-	-	0.61 *	0.20 *
(ii) Against loss estimations of delinquent receivables not yet NPAs	-	-	- *	- *
	-	-	-	-
	4,415.50	3,463.09	351.46	142.32
(iii) Loan against shares (secured by pledge of shares)	15.50	42.12	478.76	387.41
TOTAL (I)	6,296.87	5,303.35	5,200.07	4,396.14
(II) Unsecured:				
(i) Loans at agreement values less instalments received (Includes overdue instalments ₹ 58.51 Crores] (Previous year ₹ 69.51 Crores)				
Good	1,827.77	1,265.86	1,390.46	1,317.74
Doubtful	-	-	57.89	60.13
Less:Provision:				
(i) Against Non Performing Assets (NPAs)	-	-	46.10 *	52.66 *
(ii) Against loss estimations of delinquent receivables not yet NPAs	-	-	11.79 *	7.47 *
	-	-	-	-
	1,827.77	1,265.86	1,390.46	1,317.74
TOTAL (II)	1,827.77	1,265.86	1,390.46	1,317.74
TOTAL (I + II)	8,124.64	6,569.21	6,590.53	5,713.88

A general provision, amounting to ₹ 48.34 crores as at 30 September 2012 (₹ 32.25 crores as at 31 March 2012) is also made by the company @ 0.25% on the standard assets outstanding and disclosed under "Long Term Provisions" in the condensed interim financial statements as required by the Reserve Bank of India.

* See note 1E

8 Revenue from operations

	1 April 2012 to 30 September 2012 ₹ in Crores	1 April 2011 to 30 September 2011 ₹ in Crores
	Unaudited	**Unaudited**
Revenue from operations		
Finance activity		
a.) Financing Charges	982.15	637.14
b.) Interest on loans	331.74	207.97
c.) Service and administration charges	38.93	22.58
	1,352.82	867.69
Other operating revenue:		
(i) Interest		
(a.) On deposits	-	0.04
(b.) Penal and others	31.36	19.66
	31.36	19.70
(ii) Profit on sale of current investments, net *	6.52	6.42
(iii) Bad debt recoveries	12.81	11.92
(iv) Miscellaneous charges and receipts	33.28	35.62
	83.97	73.66
Total	1,436.79	941.35

* Consequent to deployment of temporary idle funds to defray cost of borrowings, hence classified under " Other Operating Revenue".

9 Finance costs

	1 April 2012 to 30 September 2012 ₹ in Crores	1 April 2011 to 30 September 2011 ₹ in Crores
	Unaudited	**Unaudited**
Interest expenses	442.98	223.10
Discount in respect of "Commercial Papers"	109.74	79.39
Other financing costs	5.64	5.10
Total	558.36	307.59

10 Loan losses and provisions

	1 April 2012 to 30 September 2012 ₹ in Crores	1 April 2011 to 30 September 2011 ₹ in Crores
	Unaudited	**Unaudited**
Bad debts written off	59.13	90.91
Provision release on account of bad debts written off	(39.99)	(38.92)
Provision for standard assets	16.09	5.62
Provision for non performing assets	50.17	20.66
Total	85.40	78.27

11 Other expenses	1 April 2012 to 30 September 2012 ₹ in Crores	1 April 2011 to 30 September 2011 ₹ in Crores
	Unaudited	Unaudited
Insurance	0.04	0.03
Rent	3.46	2.72
Commission to Non Executive Directors	0.50	0.38
Communication expenses	6.89	5.28
Outsourcing / back office expenses	35.23	22.05
Service tax	9.36	11.77
Travelling expenses	10.31	7.75
Information technology expenses	11.21	6.16
Marketing commission	39.92	40.66
Recovery costs	57.13	39.50
Bank charges	7.45	5.97
Amortization of software expenses	1.93	1.15
Rates and taxes	-	-
Auditors' Remuneration	0.20	0.17
Deficit on redemption of securities on maturity	0.05	-
Dealer Incentive	46.15	31.14
Sundry expenses	46.38	24.50
Total	276.21	199.23

12 Computation of Earnings per Share (EPS)	1 April 2012 to 30 September 2012 ₹ in Crores	1 April 2011 to 30 September 2011 ₹ in Crores
	Unaudited	Unaudited
A) Basic		
i.) Computation of Profit (numerator) :		
Net Profit attributable to shareholders	267.41	178.18
ii.) Computation of weighted average number of shares (Denominator) :		
Number of shares outstanding at the beginning of the period	4,13,19,076	3,66,29,076
Weighted average number of equity shares issued and outstanding during the period	21,721	-
Adjusted weighted average equity shares	4,13,40,797	3,66,29,076
EPS (basic) (₹)	64.68	48.64
B) Diluted		
i.) Computation of Profit (numerator) :		
Net Profit attributable to shareholders	267.41	178.18
ii.) Computation of weighted average number of shares (Denominator) :		
Number of shares outstanding as above / at the beginning of the period	4,13,19,076	3,66,29,076
Weighted average number of equity shares issued and outstanding during the period	21,721	-
Weighted average equity shares under options outstanding at the close of the period *	6,79,280	21,24,455
Adjusted weighted average equity shares	4,20,20,077	3,87,53,531
EPS (diluted) (₹)	63.64	45.98

* Dilutive equity shares under warrants outstanding and ESOPs

13) Contingent Liability not provided for:

(₹ in crores)

Particulars	As at 30 September 2012	As of 31 March 2012
	Unaudited	Audited
Disputed claims against the Company not acknowledged as debts	4.48	3.51
VAT matter under Appeal	3.49	3.49
ESI matter under appeal	5.41	5.14
Income tax matters under appeals	17.38	41.51

14) Other commitments:

The company has other commitments amounting to ₹ 205.70 crores (As at 31 March 2012 ₹ 262.66 crores) in respect of undisbursed sanctions.

15) The company is engaged primarily in the business of financing and accordingly there are no separate reportable segments as per Accounting Standard-17 as prescribed by Companies (Accounting Standards) Rules, 2006, dealing with Segment Reporting.

16) Employee Stock Option Plan:

The Board of Directors at its meeting held on October 14, 2009, approved an issue of Stock Options up to a maximum of 5% of the issued equity capital of the company aggregating to 18,29,803 equity shares in a manner provided in the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines 1999 subject to the approval of the shareholders under Section 81(1A) of the Companies Act, 1956. The shareholders of the Company vide their special resolution passed through postal ballot on 15th December, 2009 approved the issue of Equity Shares of the Company under one or more Employee Stock Option Scheme(s).

The Remuneration & Nomination Committee has approved the following grants to select senior level executives of the Company in accordance with the Stock Option Scheme. Under the scheme, four grants have been made, details of which as on 30 September 2012, are given as under:

Grant Date	Exercise Price (In ₹)	Options Granted	Options Vested & Exercisable	Options Unvested	Options Exercised	Options Cancelled	Options outstanding
12-Jan-10	358.70	132,000	63,500	63,500	1,250	3,750	127,000
21-Jul-10	542.00	326,750	137,050	142,750	20,826	26,124	279,800
28-July-11	705.15	376,200	87,550	272,325	9,500	6,825	359,875
16-May-12	876.10	359,500	-	359,500	-	-	359,500
		1,194,450	**288,100**	**838,075**	**31,576**	**36,699**	**1,126,175**

Method used for accounting for share based payment plan

The Company has elected to use intrinsic value method to account for the compensation cost of stock options to employees of the Company. Intrinsic value is the amount by which the quoted market price of the underlying share exceeds the exercise price of the option.

The fair value of options used to compute proforma net profit and earnings per share have been estimated on the date of grant using the Black – Scholes Model. The key assumptions used in Black – Scholes Model for calculating fair value as on the date of grant are:

Variables	May 16, 2012	July 28, 2011	July 21, 2010	Jan 12, 2010
1.) Risk free interest rate	8.36%	8.27%	7.42%	6.70%
2.) Expected life	3.5-6.5 years	3.5-6.5 years	3.5-6.5 years	3.5 – 6.5 years
3.) Expected volatility	49.58%	53.01%	55.38%	54.01%
4.) Dividend yield	1.37%	1.42%	1.28%	0.62%
5.) Price of the underlying share in the market at the time of the option grant (₹)	876.10	705.15	542.00	358.70

Impact on fair value method on net profit and earnings per share

Had compensation cost for the stock option plans outstanding been determined based on fair value approach, the net profit and earnings per share would have been as per the pro-forma amounts indicated below:

(₹ in crores)

Particulars	30 September 2012	30 September 2011
	Unaudited	Unaudited
Net profit (as reported)	267.41	178.18
Add : Stock – based employee compensation expense included in net income	-	-
Less: Stock based compensation expense determined under fair value based method (pro forma)	6.81	3.17
Net Profit (pro forma)	260.60	175.01
Basic Earnings per share (as reported)	64.68	48.64
Basic Earnings per share (pro forma)	63.04	47.78
Diluted earnings per share (as reported)	63.64	45.98
Diluted earnings per share (pro forma)	62.02	45.16

17 Related Parties:

Disclosure of transactions with Related Parties as required by the Accounting Standard - 18 as prescribed by Companies (Accounting Standards) Rules, 2006 :

(₹ in crores)

		Transaction value		Outstanding	
Name of the related party and nature of relationship	**Nature of Transactions**	**1 April 2012 to 30 September 2012**	**1 April 2011 to 30 September 2011**	**As at 30 September 2012**	**As at 31 March 2012**
		Unaudited	**Unaudited**	**Unaudited**	**Audited**
A. Holding Company :					
1. Bajaj Finserv Limited	Business support charges	3.31	2.48	-	-
	Dividend paid	30.23	20.51	-	
	Other revenue expenses	0.03	0.02	-	-
	Preferential warrants Application and allotment money	-	97.65	21.32	21.32
B. Fellow Subsidiaries :					
1. Bajaj Allianz Life Insurance	Insurance premium paid	81.55	41.38	-	-
Company Ltd.	Premium Advance	74.20	41.92	1.49	6.94
	Infrastructure fees	3.52	3.52	3.52	1.76
	Advertisement fees	1.18	1.18	1.18	0.59
	Business Co-operation fees (Since received)	12.50		6.25	27.57
	Commission income	1.63		2.56	1.20
	Other reimbursement	9.19	21.24	1.50	6.26
	Commercial papers	30.00	-	30.00	-
	Unsecured non convertible debentures	-	-	-	15.00
	Secured non convertible debentures	-	-	15. 0	15. 0
	Interest paid on non convertible debentures	1.24	-	-	-
2. Bajaj Allianz General	Asset Insurance	0.04	0.03	-	
Insurance Company Ltd.	Vehicle/travel Insurance	0.01	0.03	-	
	Advance premium	2.67	0.34	0.59	1.07
	Insurance premium adjusted	3.00	0.32	-	-
	Others	0.41	-	-	
	Unsecured non convertible debentures	-	-	-	10.00
	Secured non convertible debentures	35.00	-	35.00	-
	Interest paid on non convertible debenture	0.83	-	-	-
3. Bajaj Financial Solutions Limited		-	-	-	-
4. Bajaj Financial Securities Limited		-	-	-	-
C. Where Directors have Significant influence :					
1. Bajaj Auto Ltd.	Business support cost paid	1.82	1.40	1.40	1.24
	Business support cost received	0.26	-	0.68	0.42
2. Bajaj Finserv House owners Association	Infrastructure payments	0.40	0.40	-	0.05
3. Bajaj Holdings and Investment Limited	Buiness support cost paid	0.05	-	-	-
D. Non Executive Director :					
1. Mr. Nanoo Pamnani	Commission	-	-	-	0.69
Vice Chairman	Sitting Fees & Reimbursement of expenses	0.01	0.02		-
E. Key Managerial Personal					
1. Mr. Rajeev Jain	Remuneration	0.90	0.82	-	1.02
C E O					

18) The Company had inadvertently entered into contracts with two private limited companies for services without the approval of Central Government in terms of Section 297 of the Companies Act, 1956. The company cancelled the said contracts and preferred an application for fresh contracts with the said parties which has been approved by the Central Government u/s 297 of the Companies Act, 1956. The company simultaneously preferred an application for condonation of offence in respect of earlier contracts which is pending disposal.

19) These condensed interim financial statements have been prepared in accordance with Accounting Standard 25 on "Interim Financial Reporting" notified under Section 211 (3C) [Companies (Accounting Standard) Rules, 2006, as amended] and the other relevant provisions of the Companies Act, 1956. The accounting policies followed in preparation of these condensed interim financial statements are consistent with those followed in the most recent annual financial statements of the Company i.e. for the year ended 31 March 2012. Company has disclosed the notes which are material to an understanding of the current interim period.

For Dalal and Shah

Firm Registration No. 102021W

Chartered Accountants

For Bajaj Finance Ltd.

Authorized Signatories

Chief Financial Officer

Anish P Amin

Partner

Membership No. 40451

Company Secretary

Pune: 22.11.2012

Pune: 22.11.2012

CAPITALISATION STATEMENT

The capitalisation statement of the Company as at September 30, 2012 as adjusted post the Issue is as follows:

Capitalisation Statement

Amount (₹ in crores)

Particulars	**Pre Issue**	**As Adjusted***
	As at September 30, 2012	**Post Issue**
Debt:		
Long term borrowing	6,637.77	[●]
Short term borrowing	2,754.19	[●]
Current maturities of long term borrowing	2,814.01	[●]
Total Debt:	**12,205.97**	[●]
Shareholders Fund:		
Share Capital	41.39	[●]
Reserves and Surplus	2,242.03	[●]
Money received against share warrants	21.32	[●]
Total Shareholders Fund:	**2,304.74**	[●]
Debt/Equity Ratio**	**5.30**	[●]

** To be determined upon finalization of the Issue Price*

*** Debt/Equity Ratio is the ratio of the total debt of the Company to the total shareholders fund of the Company*

Note: Since September 30, 2012 (ie. the last date as of which our unaudited condensed standalone interim financial statements which have been disclosed under the section titled "*Financial Information*" on page 67 of this Draft Letter of Offer) there have been no changes to the Capital till the date of filing of this Draft Letter of Offer.

CERTAIN OTHER FINANCIAL INFORMATION (WORKING RESULTS)

UNAUDITED STANDALONE WORKING RESULTS OF OUR COMPANY FOR THE PERIOD BETWEEN APRIL 1, 2012 AND SEPTEMBER 30, 2012.

Particulars	**(₹ in crores)**
Sales	1,352.82
Other Income	86.86
Estimated Gross Profit excluding Depreciation	402.94
Provision for Depreciation	6.31
Provision for Taxation	129.22
Estimated Net Profit	267.41

MATERIAL CHANGES AND COMMITMENTS, IF ANY AFFECTING FINANCIAL POSITION OF OUR COMPANY.

Except as disclosed in the section titled "*Material Developments*" on page 92 of this Draft Letter of Offer there are no material changes and commitments, if any affecting financial position of our Company.

MARKET PRICE INFORMATION

The Equity Shares of our Company are listed on the BSE and NSE. We have received in-principle approvals for listing of the Rights Shares to be issued pursuant to this Issue from the BSE and the NSE by letters dated [●] and [●], respectively.

For the purpose of this section:

- Year is a calendar year
- Average price is the average of the daily closing prices of the Equity Shares of our Company for the year, or the month, as the case may be
- High price is the maximum of the daily high prices and Low price is the minimum of the daily low prices of the Equity Shares of our Company for the year, or the month, as the case may be
- In case of two days with the same high/low/closing price, the date with higher volume has been considered.

The high, low and average market prices of the Equity Shares of our Company recorded on the BSE and the NSE during the preceding three years and the number of Equity Shares traded on the days of the high and low prices were recorded are as stated below:

BSE							
Year	**Date of High**	**High (₹)**	**Volume on date of High (No. of Equity Shares)**	**Date of Low**	**Low (₹)**	**Volume on date of Low (No. of Equity Shares)**	**Average (₹)**
2011	July 19, 2011	780.00	55,242	March 28, 2011	523.90	4,646	647.48
2010	November 02, 2010	839.10	32,972	February 25, 2010	283.00	11,064	535.74
2009	October 15, 2009	335.95	3,95,940	March 19, 2009	43.45	9,678	168.84

Source: www.bseindia.com

NSE							
Year	**Date of High**	**High (₹)**	**Volume on date of High (No. of Equity Shares)**	**Date of Low**	**Low (₹)**	**Volume on date of Low (No. of Equity Shares)**	**Average (₹)**
2011	July 19, 2011	780.00	2,08,210	February 03, 2011	536.00	26,807	647.72
2010	November 02, 2010	838.00	1,58,531	February 06, 2010	275.55	2,516	535.95
2009	October 15, 2009	336.25	7,18,322	March 09, 2009	45.25	5,955	168.88

Source: www.nseindia.com

Monthly high and low prices and trading volumes on the Stock Exchanges for the six months preceding the date of filing of this Draft Letter of Offer are as stated below:

BSE							
Month	**Date of High**	**High (₹)**	**Volume on date of High (No. of Equity Shares)**	**Date of Low**	**Low (₹)**	**Volume on date of Low (No. of Equity Shares)**	**Average (₹)**

BSE							
Month	**Date of High**	**High (₹)**	**Volume on date of High (No. of Equity Shares)**	**Date of Low**	**Low (₹)**	**Volume on date of Low (No. of Equity Shares)**	**Average (₹)**
October 2012	October 26, 2012	1,345.00	4,479	October 5, 2012	1,136.00	6,916	1,241.22
September 2012	September 28, 2012	1,190.00	1,572	September 03, 2012	1,035.00	613	1,094.41
August 2012	August 10, 2012	1,132.90	3,761	August 30, 2012	1,020.00	566	1,069.47
July 2012	July 24, 2012	1,094.40	7,177	July 05, 2012	881.10	1,400	981.12
June 2012	June 29, 2012	919.95	3,747	June 04, 2012	810.00	5,379	868.40
May 2012	May 02, 2012	916.00	5,322	May 07, 2012	823.90	5,131	859.02

Source: www.bseindia.com

NSE							
Month	**Date of High**	**High (₹)**	**Volume on date of High (No. of Equity Shares)**	**Date of Low**	**Low (₹)**	**Volume on date of Low (No. of Equity Shares)**	**Average (₹)**
October 2012	October 29, 2012	1,352.00	42,741	October 10, 2012	1,162.45	21,673	1,241.83
September 2012	September 28, 2012	1,192.00	6,104	September 03, 2012	1,038.00	1,03,905	1,093.84
August 2012	August 10, 2012	1,130.15	24,514	August 23, 2012	986.40	8,291	1,070.65
July 2012	July 25, 2012	1,090.00	18,796	July 05, 2012	898.50	17,602	977.45
June 2012	June 29, 2012	920.05	9,966	June 04, 2012	821.00	7,554	869.75
May 2012	May 02, 2012	915.75	20,866	May 07, 2012	821.00	20,865	859.86

Source: www.nseindia.com

Week end prices of Equity Shares of our Company along with the highest and lowest closing prices on the Stock Exchanges for the last four weeks preceding the date of filing of this Draft Letter of Offer is as stated below:

BSE			
For the week ended on	**Closing Price (₹)**	**High (₹)**	**Low (₹)**
November 21, 2012	1,340.00	1,385.00	1,290.00
November 14, 2012	1,380.50	1,394.95	1,290.15
November 7, 2012	1,323.35	1,330.00	1,234.90
October 31, 2012	1,288.30	1,345.00	1,260.00

Source: www.bseindia.com

NSE			
For the week ended on	**Closing Price (₹)**	**High (₹)**	**Low (₹)**
November 21, 2012	1,336.90	1,387.00	1,320.05
November 14, 2012	1,378.15	1,389.00	1,293.00
November 7, 2012	1,322.80	1,330.00	1,235.00
October 31, 2012	1,284.75	1,352.00	1,262.50

Source: www.nseindia.com

The closing market price of the Equity Shares of our Company as on November 21, 2012 was ₹ 1,340.00 on the BSE and ₹ 1,336.90 on the NSE.

The Issue Price of ₹ [●] has been arrived at in consultation between our Company and the Lead Manager**.**

DISCLOSURES ON EXISTING FINANCIAL INDEBTEDNESS

A. Details of Secured Borrowings:

Our Company's secured borrowings as on September 30, 2012 amount to ₹ 9,424.51 crores. The details of the individual borrowings are set out below:

1. Term Loans from Banks:

(₹ in crores)

Sr. No.	Particulars	Maturity date	Amount outstanding as on September 30, 2012
1.	Allahabad Bank	Maturity dates ranging from October 2014 to January 2015	300.00
2.	Bank of India	Maturity dates ranging from September 2013 to August 2014	300.00
3.	Bank of Maharashtra	Maturity dates ranging from December 2014 to April 2015	200.00
4.	Central Bank of India	Maturity date being June 28, 2014	100.00
5.	Corporation Bank	Maturity dates ranging from December 2012 to January 2015	250.00
6.	Dena Bank	Maturity dates ranging from May 2013 to February 2017	300.00
7.	ICICI Bank	Maturity date being December 25, 2013	200.00
8.	Indian Bank	Maturity dates ranging from December 2013 to May 2016	600.00
9.	Oriental Bank of Commerce	Maturity dates ranging from December 2013 to September 2014	200.00
10.	State Bank of Bikaner and Jaipur	Maturity dates ranging from October 2014 to September 2015	400.00
11.	State Bank of India	Maturity date being July 31, 2013	400.00
12.	State Bank of Mysore	Maturity date being September 27, 2014	150.00
13.	State Bank of Patiala	Maturity dates ranging from June 2014 to April 2015	150.00
14.	State Bank of Travancore	Maturity dates ranging from November 2014 to June 2015	200.00
15.	Syndicate Bank	Maturity dates ranging from April 2015 to May 2015	200.00
16.	UCO Bank	Maturity dates ranging from August 2013 to June 2016	460.00
17.	Union Bank of India	Maturity dates ranging from April 2015 to June 2015	500.00
18.	Vijaya Bank	Maturity dates ranging from December 2014 to January 2015	150.00
19.	Yes Bank	Maturity date being September 17, 2013	300.00
	Total		**5,360.00**

2. **Cash Credit & Demand Loans:**

(₹ in crores)

Sr. No.	Particulars	Amount outstanding as on September 30, 2012
1.	Central Bank of India – CC	302.67
2.	State Bank of India	74.79
3.	Central Bank of India – OD	249.81
4.	IDBI Bank	100.19
5.	Syndicate Bank	75.08
6.	Bank of India	75.06
	Total	**877.61**

3. **Our Company has issued secured redeemable non convertible debenture each on a private placement basis of which ₹ 3,186.90 crores is outstanding as on September 30, 2012, the details of which are set forth below:**

(₹ in crores)

Sr. No.	ISIN Number	Date of allotment	Maturity Date	Amount outstanding as on September 30, 2012
1.	INE296A07187	November 03, 2009	November 02, 2012	210.00
2.	INE296A07195	January 27, 2010	January 25, 2013	25.00
3.	INE296A07211	June 11, 2010	June 28, 2013	25.00
4.	INE296A07229	July 05, 2010	May 30, 2013	25.00
5.	INE296A07237	July 05, 2010	July 05, 2013	25.00
6.	INE296A07245	July 12, 2010	July 12, 2013	135.00
7.	INE296A07252	July22, 2010	July 22, 2015	50.00
8.	INE296A07260	August 17, 2010	July 26, 2013	136.00
9.	INE296A07278	September 03, 2010	September 02, 2013	30.00
10.	INE296A07286	October 26, 2010	October 26, 2015	25.00
11.	INE296A07294	November 26, 2010	November 26, 2015	250.00
12.	INE296A07310	July 05, 2011	July 05, 2013	200.00
13.	INE296A07328	August 18, 2011	August 12, 2013	55.00
14.	INE296A07336	August 18, 2011	August 30, 2013	55.00
15.	INE296A07344	August 30, 2011	August 30, 2013	25.00
16.	INE296A07351	September 05, 2011	September 05, 2013	100.00
17.	INE296A07369	September 26, 2011	September 26, 2013	41.00
18.	INE296A07377	October 17, 2011	May 15, 2013	50.00
19.	INE296A07385	October 25, 2011	October 11, 2013	90.00
20.	INE296A07393	October 25, 2011	October 16, 2013	83.00
21.	INE296A07401	October 25, 2011	April 26, 2013	25.00
22.	INE296A07419	October 25, 2011	April 20, 2013	10.00
23.	INE296A07427	October 25, 2011	October 25, 2013	15.00
24.	INE296A07435	November 11, 2011	November 11, 2013	203.00
25.	INE296A07443	November 21, 2011	April 03, 2013	17.00
26.	INE296A07450	November 21, 2011	May 06, 2013	20.00
27.	INE296A07468	November 21, 2011	May 16, 2013	50.00
28.	INE296A07476	November 21, 2011	November 13, 2013	43.00
29.	INE296A07484	November 21, 2011	November 25, 2013	30.00
30.	INE296A07492	December 07, 2011	May 23, 2013	3.00
31.	INE296A07500	December 07, 2011	May 27, 2013	45.00
32.	INE296A07518	December 07, 2011	June 03,2013	55.00
33.	INE296A07526	December 07, 2011	June 12, 2013	5.00
34.	INE296A07542	March 01, 2012	May 21, 2013	8.20

(₹ in crores)

Sr. No.	ISIN Number	Date of allotment	Maturity Date	Amount outstanding as on September 30, 2012
35.	INE296A07559	March 01, 2012	August 19, 2013	11.80
36.	INE296A07567	March 01, 2012	August 28, 2013	10.00
37.	INE296A07575	March 01, 2012	February 03, 2015	3.00
38.	INE296A07583	March 01, 2012	February 09, 2015	10.00
39.	INE296A07591	March 01, 2012	March 02, 2015	37.00
40.	INE296A07609	March 01, 2012	June 01, 2015	5.70
41.	INE296A07617	March 16, 2012	March 17, 2014	4.00
42.	INE296A07625	March 16, 2012	April 29, 2014	11.00
43.	INE296A07633	March 16, 2012	March 04, 2015	26.00
44.	INE296A07641	March 16, 2012	March 09, 2015	36.00
45.	INE296A07658	March 16, 2012	April 06, 2015	9.20
46.	INE296A07674	March 16, 2012	April 03, 2014	10.00
47.	INE296A07682	March 22, 2012	April 03, 2014	4.00
48.	INE296A07690	March 22, 2012	April 08, 2014	22.00
49.	INE296A07708	April 04, 2012	April 08, 2014	14.00
50.	INE296A07716	April 04, 2012	April 02, 2015	51.00
51.	INE296A07724	April 13, 2012	April 13, 2015	5.00
52.	INE296A07732	April 13, 2012	March 30, 2015	50.00
53.	INE296A07740	April 30, 2012	April 16, 2015	13.00
54.	INE296A07757	April 30, 2012	May0 4, 2015	50.00
55.	INE296A07765	April 30, 2012	April 30, 2015	125.00
56.	INE296A07773	August 10, 2012	August 11, 2014	300.00
57.	INE296A07781	September 24, 2012	September 24, 2014	190.00
58.	INE296A07799	September 24, 2012	September 24, 2014	25.00
	Total			**3,186.90**

B. Details of Unsecured Borrowings:

Our Company's Unsecured Borrowings as on September 30, 2012 amount to ₹ 2,781.46 crores. The details of the individual Borrowings are set forth below:

1. Subordinated Debt:

(₹ in crores)

Sr. No.	Particulars	Date of allotment	Maturity Date	Amount outstanding as on September 30, 2012
1.	INE296A08359	April 19, 2010	April 19, 2020	65.00
2.	INE296A08425	June 01, 2010	June 01, 2020	50.00
3.	INE296A08433	July 02, 2010	July 02, 2020	50.00
4.	INE296A08466	September 28, 2010	September 28, 2020	27.50
5.	INE296A08474	October 29, 2010	October 29, 2020	36.20
6.	INE296A08490	May 18, 2011	May 18, 2021	50.00
7.	INE296A08656	August 22, 2012	August 22, 2012	157.40
	Total			**436.10**

2. Term Loans from Banks:

(₹ in crores)

Sr. No.	Particulars	Maturity date	Amount outstanding as on September 30, 2012
1.	Credit Agricole	Maturity date being November 30, 2012	50.00

Sr. No.	Particulars	Maturity date	Amount outstanding as on September 30, 2012
	Total		**50.00**

3. Short Term Bank line:

(₹ in crores)

Sr. No.	Particulars	Maturity date	Amount outstanding as on September 30, 2012
1.	Union Bank of India	Maturity date being October 04, 2012	500.00
	Total		**500.00**

4. Fixed Deposits:

Particulars	Amount outstanding as on September 30, 2012 (₹ in crores)
Fixed Deposits	0.98
Total	**0.98**

5. Our Company has issued unsecured redeemable non convertible debenture each on a private placement basis of which ₹ 417.80 crores is outstanding as on September 30, 2012, the details of which are set forth below:

(₹ in crores)

Sr. No.	ISIN Number	Date of allotment	Maturity Date	Amount outstanding as on September 30, 2012
1.	INE296A08383	May 03, 2010	May 03, 2013	150.00
2.	INE296A08508	June 08, 2011	June 02, 2014	6.00
3.	INE296A08516	October 13, 2011	April 09, 2013	10.00
4.	INE296A08524	November 25, 2011	November 25, 2013	10.00
5.	INE296A07534	December 7, 2011	December 04, 2013	15.00
6.	INE296A08532	January 06, 2012	June 20, 2013	9.60
7.	INE296A08540	January 06, 2012	July 02, 2013	6.00
8.	INE296A08557	January 20, 2012	April 12, 2013	15.00
9.	INE296A08565	January 20, 2012	July 16, 2013	15.00
10.	INE296A08573	January 24, 2012	January 27, 2015	37.00
11.	INE296A08581	January 25, 2012	June 28, 2013	90.00
12.	INE296A08599	February 03, 2012	April 19, 2013	5.00
13.	INE296A08607	February 03, 2012	August 01, 2013	7.50
14.	INE296A08615	February 03, 2012	February 03, 2014	11.00
15.	INE296A08623	February 03, 2012	April 16, 2013	7.50
16.	INE296A08631	March v9, 2012	May 30, 2013	7.70
17.	INE296A08649	March 09, 2012	August 27, 2013	5.50
18.	INE296A08664	September 27, 2012	October 04, 2014	10.00
	Total			**417.80**

6. Overdraft Facility:

Particulars	Amount outstanding as on September 30, 2012 (₹ in crores)
Deutsche Bank	24.58
Total	**24.58**

7. Commercial Paper:

(₹ in crores)

Sr. No.	ISIN Number	Date of allotment	Maturity Date	Amount outstanding as on September 30, 2012
1.	INE296A14DB1	October 31, 2011	October 30, 2012	50.00
2.	INE296A14DC9	November 02, 2011	November 01, 2012	25.00
3.	INE296A14DD7	November 25, 2011	November 22, 2012	27.00
4.	INE296A14DE5	December 19, 2011	December 18, 2012	25.00
5.	INE296A14DJ4	March 21, 2012	March 21, 2013	8.00
6.	INE296A14DN6	May 17, 2012	May 15, 2013	100.00
7.	INE296A14DO4	May 30, 2012	January 28, 2013	100.00
8.	INE296A14DP1	June 04, 2012	December 28, 2012	100.00
9.	INE296A14DQ9	June 15, 2012	June 15, 2013	25.00
10.	INE296A14DR7	June 20, 2012	June 20, 2013	70.00
11.	INE296A14DU1	July 16, 2012	July 16, 2013	110.00
12.	INE296A14DV9	July 20, 2012	July 19, 2013	85.00
13.	INE296A14DW7	July 20, 2012	July 18, 2013	10.00
14.	INE296A14DZ0	July 20, 2012	May 06, 2013	20.00
15.	INE296A14EA1	July 20, 2012	June 28, 2013	50.00
16.	INE296A14DX5	July 23, 2012	May 13, 2013	10.00
17.	INE296A14DY3	July 23, 2012	June 12, 2013	11.00
18.	INE296A14EB9	August 03, 2012	December 26, 2012	120.00
19.	INE296A14EC7	August 07, 2012	August 07, 2013	46.00
20.	INE296A14ED5	August 30, 2012	November 28, 2012	150.00
21.	INE296A14EE3	August 31, 2012	August 30, 2013	150.00
22.	INE296A14EF0	September 14, 2012	September 13, 2013	10.00
23.	INE296A14EG8	September 18, 2012	September 18, 2013	50.00
	Total			**1,352.00**

SECTION VI – LEGAL AND OTHER INFORMATION

OUTSTANDING LITIGATIONS AND OTHER DEFAULTS

Except as described below, there are no outstanding litigations, suits, civil or criminal prosecutions, proceedings before any judicial, quasi-judicial, arbitral or administrative tribunals, including pending proceedings for violation of statutory regulations or, alleging criminal or economic offences or tax liabilities or any other offences (including past cases where penalties may or may not have been awarded and irrespective of whether they are specified under paragraph (i) of Part 1 of Schedule XIII of the Companies Act) against our Company that would have a material adverse effect on the business, operations or financial position of our Company. Further there are no defaults, non payment or overdue of statutory dues, institutional/bank dues and dues payable to holders of debentures, bonds and arrears of cumulative preference shares that would have a material adverse effect on our business.

Save as detailed herein there are no:

(a) pending legal proceedings which, if result in an adverse outcome, would materially and adversely affect the operations or the financial position of our Company;

(b) Matters which are pending or which have arisen in the immediately preceding ten years involving:

(i) Issues of moral turpitude or criminal liability on the part of our Company;

(ii) Material violations of statutory regulations by our Company

(iii) Economic offences where proceedings have been initiated against our Company.

Based on the Net-Worth of our Company as per our audited standalone financial statements as at and for the financial year ended March 31, 2012, all outstanding civil, arbitral and tax related litigations and disputes which individually or collectively are of value more than ₹ 20 crores are material to our Company. As on the date of this Draft Letter of Offer, we had the following legal proceedings pending before various courts and authorities, which, in terms of the Schedule VIII Part E (XII) of the SEBI (ICDR) Regulations, have been disclosed hereunder:

A. Proceedings involving Bajaj Finance Limited

I. Proceedings initiated against Bajaj Finance Limited

(i) Criminal Proceedings:

Sr. No	Parties	Authority Before which Pending [Reference No.]	Brief Particulars of the Proceedings	Claim Amount (₹ In Crores)	Current Status
1	Sundeep Polymers Private Limited Vs. our Company, and others.	High Court, Mumbai. [402/2010]	Criminal revision proceedings in connection with the allegation that cheques which were provided as security were misused.	NA	Pending hearing and final disposal.
2	Dileep Nevatia Vs. our Company	High Court, Mumbai. [401/2010]	Criminal revision proceedings in connection with the unauthorized and improper use of a personal guarantee.	NA	Pending hearing and final disposal.

Sr. No	Parties	Authority Before which Pending [Reference No.]	Brief Particulars of the Proceedings	Claim Amount (₹ In Crores)	Current Status
	and others.				
3	Kushalappa K. Vs. our Company and others.	Judicial Magistrate First Class, Mangalore. [55/2010]	Complainant in connection with a rejected loan.	NA	Pending hearing and final disposal.
4	Aleem Abdul Azeez Vs. our Company.	Judicial Magistrate First Class, Malur. [424/2010]	Proceedings in connection with alleged criminal trespass and harassment.	NA	Pending hearing and final disposal.
5	Meva Ram Gurgar Vs. our Company.	Chief Civil & Chief Judicial Magistrate, Jaipur. [121/2012]	Proceedings inter alia in connection with alleged harassment.	NA	Pending hearing and final disposal.

(ii) Civil Proceedings:

Sr. No	Parties	Authority Before Which Pending (Reference No.)	Brief Particulars of the Proceedings	Claim Amount (₹ In Crores)	Current Status
1	D. Natarajan Vs. our Company.	District Court Trichy.	Insolvency Petition.	NA	Pending hearing and final disposal.
2	Vijayakumar K. G. Vs. our Company.	Civil Court Neyyattinkara.	Insolvency Petition.	NA	Pending hearing and final disposal.
3	Shyam Sunder Gupta Vs. our Company.	Small Causes Court, Hyderabad. [34/2009]	Insolvency Petition.	NA	Pending hearing and final disposal.
4	I. Jaya Singh Ebenezer Vs. our Company.	City Civil District Judge, Chennai. [8537/2009]	Dispute in connection with interest payable on loan granted.	NA	Pending hearing and final disposal.
5	N. Syed Aniz Ahamed Vs. our Company.	Subordinate Judge, Trichirappalli. [05/2010]	Insolvency Petition.	NA	Pending hearing and final disposal.
6	Vinay Walia Vs. our Company.	Senior Civil Judge, Tis Hazari Courts, Delhi. [15/2010]	Insolvency Petition.	NA	Pending hearing and final disposal.

Sr. No	Parties	Authority Before Which Pending (Reference No.)	Brief Particulars of the Proceedings	Claim Amount (₹ In Crores)	Current Status
7	B. S. Vignesh Babu Vs. our Company	City Civil Judge, Coimbatore. [1235/2010]	Dispute in connection with interest payable on loan granted.	NA	Pending hearing and final disposal.
8	K. Natarajan Vs. our Company.	City Civil Judge, Coimbatore. [738/2010]	Dispute in connection with interest payable on loan granted.	NA	Pending hearing and final disposal.
9	Shankar Enterprises Vs. our Company.	The City Civil Judge, Chennai. [6744/2010]	Proceedings for seeking a permanent injunction for restraining our Company, its agents, servants or any other person, from interfering with business activities in any manner.	NA	Pending hearing and final disposal.
10	Lakshminarayana M Vs. our Company.	Additional City Civil and Sessions Judge, Bangalore. [22/2010]	Insolvency Petition.	NA	Pending hearing and final disposal.
11	L. Sukumar Vs. our Company.	Subordinate Judge, Tiruchirappalli. [37/2010]	Insolvency Petition.	NA	Pending hearing and final disposal.
12	Jai Tandan Vs. our Company.	Civil District Court, Udaipur. [03/2010]	Insolvency Petition.	NA	Pending hearing and final disposal.
13	Mr. R. M. Ulagammai Vs. our Company	District Munsif, Coimbatore. [1337/2010]	Proceedings (i) in connection with the alleged harassment by recovery agents, and, (ii) for seeking a permanent injunction against our Company in this regard.	NA	Pending hearing and final disposal.
14	Mr. R. Venu Gopal Gupta Vs. our Company.	Additional City Civil and Sessions Judge, Bangalore. [35/2010]	Insolvency Petition.	NA	Pending hearing and final disposal.
15	Meena Rani Vs. our Company	Civil Judge, Senior Division, Jagadhri.	Suit for damages	0.04	Pending hearing and final disposal.
16	Raj Kumar Vs. our Company.	Senior Civil Judge, Tis Hazari Courts, Delhi. [16/2010]	Proceedings for seeking a permanent injunction for restraining the alleged harassment by our Company, its agents etc.	0.02	Pending hearing and final disposal.
17	Ugrasen Yadav Vs. our Company.	Senior Civil Judge, Tis Hazari courts, Delhi. [80/2011]	Dispute in connection with interest payable on loan granted.	0.01	Pending hearing and final disposal.

Sr. No	Parties	Authority Before Which Pending (Reference No.)	Brief Particulars of the Proceedings	Claim Amount (₹ In Crores)	Current Status
18	Akula Rama Krishna Vs. our Company.	Senior Civil Judge, Kovvur. [04/2011]	Insolvency Petition.	NA	Pending hearing and final disposal.
19	Gayatri Chandrasekhar Vs. our Company.	Junior Civil Judge City Civil Court, Hyderabad. [845/2011]	Proceedings for seeking a permanent injunction for restraining our Company, its agents, servants or any other person, from interfering with business activities and peaceful possession, in any manner.	NA	Pending hearing and final disposal.
20	Shailesh S. Agarwal, ("Petitioner"), Vs. our Company and others.	Civil Judge Senior Division, Pune. [02/2011]	To adjudge the petitioner as insolvent.	NA	Pending hearing and final disposal.
21	A. Joseph Sahaya Jothimani Vs. our Company.	District Munsif, Tiruchirappalli. [1236/2010]	Proceedings for seeking a permanent injunction for restraining our Company, its agents, servants or any other person, from interfering with business activities and peaceful possession, in any manner.	NA	Pending hearing and final disposal.
22	Pramod Kumar Aggarwal Vs. our Company.	District Judge, Delhi. [228/2011]	Suit for the recovery of, inter alia, processing fees.	0.04	Pending hearing and final disposal.
23	Santu Kumar Saha Vs. our Company.	City Civil Court, Kolkata. [1718/2011]	Proceedings for seeking a permanent injunction for restraining our Company, its agents, servants or any other person, from interfering with business activities and peaceful possession, in any manner.	NA	Pending hearing and final disposal.
24	United Medi System Vs. our Company.	District Court, Ernakulam. [6597/2011]	Proceedings for seeking a permanent injunction for restraining our Company, its agents, servants or any other person, from interfering with business activities and peaceful possession, in any manner.	NA	Pending hearing and final disposal.
25	V. Kasi Raman Vs. our Company.	District Session Court, Madurai. [03/2012]	Insolvency Petition.	NA	Pending hearing and final disposal.

Sr. No	Parties	Authority Before Which Pending (Reference No.)	Brief Particulars of the Proceedings	Claim Amount (₹ In Crores)	Current Status
26	Ajay Paul Vs. our Company	City Civil Court, Kolkata [2098/2011]	Proceedings for seeking a permanent injunction for restraining our Company, its agents, servants or any other person, from interfering with business activities and peaceful possession, in any manner.	NA	Pending hearing and final disposal.
27	Ajay Kumar Sanyal Vs. our Company.	City Civil Court, Kolkata. [10/2012]	Proceedings for seeking a permanent injunction for restraining our Company, its agents, servants or any other person, from interfering with business activities and peaceful possession, in any manner.	NA	Pending hearing and final disposal.
28	Govindbhai Mangaldas Kuvariya Vs. our Company.	Small Causes Court, Ahmedabad. [1653/2011]	Proceedings in connection with an alleged excess amount as paid.	NA	Pending hearing and final disposal.
29	Taurus Auto Dealers Private Limited Vs. our Company.	Civil Judge Senior Division, Pune. [1636/2011]	Proceedings in connection with a refund sought of monies paid towards insurance.	0.23	Pending hearing and final disposal.
30	Amudha Vs. our Company.	Principal Subordinate Judge, Salem. [9P1/2012]	Insolvency Petition.	NA	Pending hearing and final disposal.
31	R. Meerabai and S. Geetha Vs. our Company.	Principal Subordinate Judge, Salem. [20/2012]	Insolvency Petition.	NA	Pending hearing and final disposal.
32	A Usman and Company Vs. our Company.	City Civil Judge, Madras. [9089/2011]	Insolvency Petition.	NA	Pending hearing and final disposal.
33	Kingsuk Das Vs. our Company.	City Civil Court, Calcutta. [CICC/RO/KS/26/12-13]	Insolvency Petition.	NA	Pending hearing and final disposal.
34	Sumitava Nag Vs. our Company.	City Civil Court, Calcutta. [CICC/RO/KS/23/12-13]	For erasing of Sumitava Nag's name from the records of the Credit Rating and Information Services (India) Limited.	NA	Pending hearing and final disposal.
35	Jayalakshmi Vs. our Company.	Subordinate Judge, Salem [24/2012]	Insolvency Petition.	NA	Pending hearing

Sr. No	Parties	Authority Before Which Pending (Reference No.)	Brief Particulars of the Proceedings	Claim Amount (₹ In Crores)	Current Status
					and final disposal.
36	N. Vasanthi Vs. our Company.	City Civil Judge, Chennai. [1779/2012]	Proceedings for seeking a permanent injunction for restraining our Company, its agents, servants or any other person, from interfering with business activities and peaceful possession, in any manner.	NA	Pending hearing and final disposal.
37	R. Venketesan Vs. our Company.	City Civil Judge, Chennai [2724/2012]	Proceedings for seeking a permanent injunction for restraining our Company, its agents, servants or any other person, from interfering with business activities and peaceful possession, in any manner.	NA	Pending hearing and final disposal.
38	Debojyoti Biswas Vs. our Company.	City Civil Court, Calcutta. [1034/2012]	Proceedings for seeking a permanent injunction for restraining our Company, its agents, servants or any other person, from interfering with business activities and peaceful possession, in any manner.	NA	Pending hearing and final disposal.
39	A. J. Vaisul Kharni Vs. our Company.	City Civil Court, Chennai. [5344/2012]	Proceedings for seeking a permanent injunction for restraining our Company, its agents, servants or any other person, from interfering with business activities and peaceful possession, in any manner.	NA	Pending hearing and final disposal.
40	M. Rajasekar Vs. our Company.	Subordinate Judge, Salem. [48/2012]	Insolvency Petition.	NA	Pending hearing and final disposal.
41	Sundeep Polymers Private Limited Vs. our Company and others.	High Court, Nagpur. [881/1999]	Suit for damages.	8.37	Pending hearing and final disposal.
42	Swapna Bhattacharya Vs. our Company.	Civil Court, Alipore. [368/2000]	Suit inter alia in connection with a claim for damages.	0.05	Pending hearing and final disposal.
43	Nobat Ram Vs. our Company.	Civil Court, Rewari. [6062/2010]	Proceedings in connection with a vehicle and an associated claim for repair costs.	0.01	Pending hearing and final disposal.

Sr. No	Parties	Authority Before Which Pending (Reference No.)	Brief Particulars of the Proceedings	Claim Amount (₹ In Crores)	Current Status
44	Ashutosh Pradhan Vs. our Company.	Civil Judge Junior Division Paschim Medinapur [365/2010]	Proceedings for defending the repossession of a vehicle by our Company.	NA	Pending hearing and final disposal.
45	Amit Kumar Vs. our Company.	Civil Court, Jalandhar. [296/2011]	Proceedings for, inter alia, defending the repossession of a vehicle by our Company.	NA	Pending hearing and final disposal.
46	Santosh Kumar Samantray Vs. our Company.	Civil Court, Cuttack. [153/2009]	Proceedings for defending the repossession of a vehicle by our Company.	NA	Pending hearing and final disposal.
47	Ashok Kumar C Vs. our Company.	Civil Judge Junior Division, Hassan. [OS No. 125/2007]	Proceedings for return of a vehicle and to restrain the disposal of the same.	NA	Pending hearing and final disposal.
48	Deputy Director, Employee State Insurance, Pune Vs. our Company.	Employee State Insurance Court, Pune [02/2010]	Claim for the period April 1999 to March 2007 in connection with the commission payment made to direct marketing agents/direct sales agents.	4.46	Pending hearing and final disposal.

Additionally:

1. Three hundred and forty seven (347) proceedings have been initiated against Bajaj Finance Limited before various consumer courts/forum in connection with inter alia the alleged deficiency of services rendered. The aggregate of the amounts claimed in these proceedings is ₹ 2.76 Crores. These proceedings are pending hearing and final disposal.

2. Seven (7) proceedings have been initiated against Bajaj Finance Limited before various courts/forum in connection with labour related disputes with individuals, where the claims, inter alia, are in connection with reinstatement at work with full backwages. The aggregate of the amounts claimed in these proceedings is ₹ 0.12 Crores. These proceedings are pending hearing and final disposal.

3. Twenty eight (28) proceedings have been initiated against Bajaj Finance Limited before various courts/forum in connection with, inter alia, equity shares of Bajaj Finance Limited which were allegedly lost. The prayers in these proceedings are inter alia in connection with restraining the transfer of such shares, or issuing duplicates in connection therewith. No damages or other amounts of money have been claimed in these proceedings. These proceedings are pending hearing and final disposal.

(iii) Tax Proceedings:

Sr. No	Parties	Authority before which pending (Ref. No.)	Brief Particulars of the Proceedings	Claim Amount (₹ In Crores)	Current Status

Sr. No	Parties	Authority before which pending (Ref. No.)	Brief Particulars of the Proceedings	Claim Amount (₹ In Crores)	Current Status
1	Deputy Commissioner of Income Tax, Circle-8, Pune Vs. our Company.	Income Tax Appellate Tribunal, Pune. [No.1066/PUN2010]	Appeal in connection with upholding the disallowance of commission paid to agencies for the computation of income for the assessment year 2006-07.	0.99	Pending hearing and final disposal.
2	The State of Andhra Pradesh Vs. our Company.	Commercial Tax Officer, Tirupati. [No. 58/2008-09]	The Appellate Deputy Commissioner, Karnool, with whom appeal was preferred against the order of Commercial Tax Officer, Tirupati (CTO) for VAT liability, has quashed the CTO order and remanded the appeal back to the CTO.	1.31	Pending hearing and final disposal.
3	The State of West Bengal Vs. our Company.	Joint Commissioner, Sales Tax, West Bengal. [Revision Case No. R-27-CS-2010-11]	Proceedings in connection with VAT related claims.	0.86	Pending hearing and final disposal.

(iv) **Arbitration Proceedings:** Nil

(v) **Proceedings for Economic Offences:** Nil

(vi) **Past Penalties Imposed:** The Regional Director, Ministry of Corporate Affairs had imposed a penalty of ₹ 15,000/- on the Company, in connection with the compounding of an offence pursuant to the non compliance with Section 301 of the Companies Act, 1956. Section 301 of the Companies Act, 1956 relates to the provisions in connection with maintaining the register of contracts with companies and firms in which directors are interested. The said penalty has been paid by the Company on September 13, 2012.

(vii) **Disciplinary Action Taken by SEBI or Stock Exchanges:** Nil

(viii) **Proceedings in connection with non-compliance of the Statutory/Regulatory Requirements:**

Sr No	Date of Application	Application To	In Connection With	Current Status

Sr No	Date of Application	Application To	In Connection With	Current Status
1	June 18, 2012	Registrar of Companies, Pune.	Application under Section 621A of the Companies Act, 1956 in connection with the compounding of an offence pursuant to the non compliance with Section 297 of the Companies Act, 1956. Section 297 of the Companies Act, 1956, relates to provisions where prior approval of the Board of Directors and Central Government are required for certain contracts in which particular directors are interested.	The final disposal of this application is pending.

(ix) Other Legal Proceedings: Nil

(x) Show Cause Notices and Potential Legal Proceedings:

Sr. No.	Notice Received From	Notice Number and Date	Subject Matter	Claim Amount (₹ In Crores)
1	Assistant Commercial Tax Officer, Jaipur.	May 18, 2012.	Submission of details of re-sale of repossessed vehicles during April 1, 2006 to May 18, 2012.	NA
2	Deputy Director, Employee State Insurance, Pune.	No. MHR-SRO-PN-INS-I-/C18(AD)/33-32578 dated September 16, 2009.	Claim in connection with commission payment made to direct marketing agents/direct sales agents during the period September 1991 to March 2003.	0.68
3	Commissioner, Service Tax Cell, Pune.	50/ST/GR II/COMMR/ADJ/2012 dated October 4, 2012.	Service tax payable in respect of foreclosure charges and seizure charges collected by Bajaj Finance Limited from customers during the period 2007-08 to 2011-12.	2.05
4	Commissioner, Service Tax Cell, Pune.	71/ST/GR II/COMMR/ADJ/2012 dated October 22, 2012.	Demand for wrong availment of service tax credit on seizing charges paid to recovery agencies during the period 2007-08 to 2011-12.	0.95

II. Proceedings initiated by Bajaj Finance Limited

(i) Criminal Proceedings:

Sr. No	Parties	Authority before which pending [Reference No.]	Brief Particulars of the Proceedings	Claim Amount (₹ In Crores)	Current Status
1	Our Company and others Vs. Sundeep Polymers Private Limited.	High Court, Mumbai [319/2012]	Criminal revision proceedings in connection with the allegation that cheques which were provided as security were misused.	NA	Pending hearing and final disposal.
2	Our Company and others Vs. Dileep Nevatia.	High Court, Mumbai [320/2012]	Criminal revision proceedings in connection with the unauthorized and improper use of a personal guarantee.	NA	Pending hearing and final disposal.
3	Our Company Vs. Sundeep Polymers Private Limited and others	High Court, Mumbai [616/2008] [828/2008 to [858/2008]	Our Company has challenged the order passed by the Special Metropolitan Magistrate, Mumbai in 32 complaints (for dishonor of cheques under Section 138 of the Negotiable Instruments Act), whereby the accused were discharged. The appeals have been admitted.	1.02	Pending hearing and final disposal.

Additionally:

1. Twenty two thousand eight hundred and sixty one (22,861), proceedings have been initiated by Bajaj Finance Limited in connection with Section 138 of the Negotiable Instruments Act, 1881, and the Payment and Settlement Systems Act, 2007, which involves an aggregate amount of ₹ 61.98 Crores. All of these proceedings are pending hearing and final disposal.

2. Sixty three (63) proceedings have been initiated by Bajaj Finance Limited pursuant to various provisions of the Indian Penal Code, 1860, inter alia in connection with the alleged fraud by customers and/or third parties in connection with loans granted/to be granted, which does not involve any money claim. All of these proceedings are pending hearing and final disposal.

(ii) Civil Proceedings:

Sr No	Parties	Authority Before Which Pending (Reference No.)	Brief Particulars of the Proceedings	Claim Amount (₹ In Crores)	Current Status
1	Our Company Vs. Sundeep Polymers Private Limited and others.	High Court, Mumbai. [3972/2000]	Suit initiated for the recovery of amounts pursuant to hire purchase finance agreements.	2.54	Pending hearing and final disposal

Sr No	Parties	Authority Before Which Pending (Reference No.)	Brief Particulars of the Proceedings	Claim Amount (₹ In Crores)	Current Status
2	Our Company Vs. Shri R. R. Ravichandr and others.	Civil Judge Junior Division, Pimpri. [39/2009] [50/2009] [44/2009] [47/2009] [45/2009]	Five separate suits have been initiated against five separate landlords in connection with the refund of security deposits.	0.03	Pending hearing and final disposal
3	Our Company Vs. Sunil Kumar Saraswat.	High Court, Jaipur . [58 /2008]	Money suit for recovery of dues.	0.04	Pending hearing and final disposal
4	Our Company Vs. State of Punjab and Others	High Court, Punjab and Haryana. [19788/2012]	Our Company has challenged the show cause notice issued by the Commissioner, Jalandhar in connection with the alleged use of improper (forged) stamps.	0.02	Pending hearing and final disposal

Additionally, our Company has initiated fifty five (55) appeals in various consumer courts/forum against orders passed in connection with, inter alia, the alleged deficiency of services rendered. The aggregate amount involved in these proceedings is ₹ 0. 24 Crores. These proceedings are pending hearing and final disposal.

(iii) Tax Proceedings:

Sr. No.	Parties	Authority before which pending [Reference No.]	Brief Particulars of the Proceedings	Claim Amount (₹ In Crores)	Current Status
1.	Income Tax Department,Circle 8, Pune Vs. our Company	Commissioner of Income Tax, (Appeals) V, Pune,.	Appeal in connection with the computation of income for the assessment year 2009-10	8.32	Pending hearing and final disposal.
2.	Income Tax Department,Circle 8, Pune Vs. our Company.	Commissioner of Income Tax, (Appeals) V, Pune.	Appeal in connection with the disallowance of bad debts as a deduction, as claimed in connection with the computation of income for the assessment year 2009-10.	4.68	Pending hearing and final disposal.
3.	Income Tax Department-Circle 8, Pune Vs. our Company.	Commissioner of Income Tax, (Appeals) V, Pune.	Appeal in connection with the disallowance of expenditure related to exempt income under Section 14 A of the Income Tax Act, 1961, as a deduction, as claimed in connection with the computation of income for the assessment year 2009-10.	0.11	Pending hearing and final disposal.

Sr. No.	Parties	Authority before which pending [Reference No.]	Brief Particulars of the Proceedings	Claim Amount (₹ In Crores)	Current Status
4.	Income Tax Department, Circle 8, Pune Vs. our Company.	Income Tax Appellate Tribunal, Pune	Appeal in connection with disallowance of expenditure related to exempt income under Section 14 A of the Income Tax Act, 1961, as a deduction, as claimed in connection with the computation of income for the assessment years 2008-09 and 2009-10	0.36	Pending hearing and final disposal.
5.	Income Tax Department-Circle 8, Pune. Vs. our Company	Income Tax Appellate Tribunal, Pune.	Appeal in connection with upholding the disallowance of commission paid to agencies in connection with the computation of income for the assessment year 2007-08.	0.35	Pending hearing and final disposal.
6.	The State of Kerala Vs. our Company	Divisional Commissioner, Appeals, Kollam. [No.259/2010]	VAT related appeal.	0.01	Pending hearing and final disposal.

(iv) **Arbitration Proceedings:** Nine thousand eight hundred and ninety five (9,895) arbitral proceedings have been initiated by Bajaj Finance Limited, against various parties in connection with various loan defaults. All of these proceedings have been initiated before a sole arbitrator and are pending hearing and final disposal. The aggregate claim amount in connection with these proceedings is ₹ 64.65 Crores.

(v) **Other Legal Proceedings:** Nil

B. **Proceedings initiated by and against our Directors**

Sr. No	Parties	Authority Before which Pending [Reference No.]	Brief Particulars of the Proceedings	Claim Amount (₹ In Crores)	Current Status
1	Sundeep Polymers Private Limited Vs. (1) our Company, (2) Rahul Bajaj (our Director), (3) Rajiv Bajaj (our Director), (4) Madhur Bajaj (our Director), (5) Dipak Poddar (our Director), (6) D. S. Mehta (our Director), and others.	High Court, Mumbai. [402/2010]	Criminal revision proceedings in connection with the allegation that cheques which were provided as security were misused.	NA	Pending hearing and final disposal.
2	(1) Our Company, (2) Rahul Bajaj (our Director), (3) Rajiv Bajaj (our Director), (4) Madhur Bajaj (our Director), (5) Dipak Poddar (our Director), (6) D. S. Mehta (our Director), and others Vs.	High Court, Mumbai. [319/2012]	Criminal revision proceedings in connection with the allegation that cheques which were provided as security were misused.	NA	Pending hearing and final disposal.

Sr. No	Parties	Authority Before which Pending [Reference No.]	Brief Particulars of the Proceedings	Claim Amount (₹ In Crores)	Current Status
	Sundeep Polymers Private Limited.				
3	Dileep Nevatia Vs. (1) our Company, (2) Rahul Bajaj (our Director), (3) Rajiv Bajaj (our Director), (4) Madhur Bajaj (our Director), (5) Dipak Poddar (our Director), (6) D. S. Mehta (our Director), and others.	High Court, Mumbai. [401/2010]	Criminal revision proceedings in connection with the unauthorized and improper use of a personal guarantee.	NA	Pending hearing and final disposal.
4	(1) Our Company, (2) Rahul Bajaj (our Director), (3) Rajiv Bajaj (our Director), (4) Madhur Bajaj (our Director), (5) Dipak Poddar (our Director), (6) D. S. Mehta (our Director), and others Vs. Dileep Nevatia.	High Court, Mumbai. [320/2012]	Criminal revision proceedings in connection with the unauthorized and improper use of personal guarantee.	NA	Pending hearing and final disposal.
5	Mr. Bharat Qumar Nandy, Kolkata Vs. (1) D.J.Balaji Rao (our Director), (2) Ranjan Sanghi (our Director), (3) Rajendra Lakhotia (our Director), and Others	Judicial Magistrate at Alipore, Kolkata. [2754/2012]	Proceedings in connection with the allegation that cheques which were provided as security were misused.	NA	Pending hearing and final disposal.
6	Abhijit Bhattacharya Vs. Rahul Bajaj (our Director), and others.	Chief Judicial Magistrate Court, Kolkata. [3133/2009]	To take cognizance of various offences under the Indian Penal Code, 1860, in connection with the forceful repossession of a vehicle.	NA	Pending hearing and final disposal.
7	Shri Madhavlal Narayanlal Pittie and others Vs. Rahul Bajaj (our Director), and others.	High Court, Mumbai [77/2009]	Suit for damages and for restraining the defendants from dealing in certain shares of Bajaj Hindusthan Limited.	5.00	Pending hearing and final disposal.
8	(1) D.J.Balaji Rao (our Director), (2) Ranjan Sanghi (our Director), (3) Rajendra Lakhotia (our Director), and Others Vs. Mr. Bharat Qumar Nandy, Kolkata	High Court, Kolkata [3823/2012]	Criminal Revision Petition in Criminal Complaint No. 2754/2012 in connection with the allegation that cheques which were provided as security were misused.	NA	Pending hearing and final disposal.

GOVERNMENT AND OTHER APPROVALS

*We have received the necessary permissions/approvals/no-objections/certifications/registrations, (collectively "**Authorizations**"), from GoI and various governmental agencies required for our present business and except as disclosed in this Draft Letter of Offer no further approvals are required for carrying on our present business. The objects clause of the Memorandum of Association enables our Company to undertake its existing activities.*

As on the date of this Draft Letter of Offer there are no authorizations required by us which, we have not applied for, renewed and/or obtained in connection with our business and/or operations, save as detailed herein below:

1. Our Company is in the process of making an application for a shops and establishment license for our establishment located at Durgapur, which operates as a branch for our auto finance business.

MATERIAL DEVELOPMENTS

Save as disclosed hereinafter, there have been no developments since March 31, 2012 which effect the operations, performance, prospects or financial condition of our Company:

- Pursuant to a resolution, passed by the shareholders of our Company at their AGM held on July 17, 2012 and the Allotment Committee of our Board at its meeting held on August 9, 2012, 1,000 Equity Shares of the face value of ₹ 10/- each, which were forfeited vide a resolution of our Board at its meeting held on January 13, 1998, have been re-issued and allotted to Rajeev Paraschandra Jain, Pankaj Thadani and Deepak Reddy, the trustees of BFL Employee Welfare Trust under the ESOP 2009. Further, pursuant to a resolution passed by the Allotment Committee of the Board of Directors of our Company at its meeting held on August 9, 2012: (i) 29,000 Equity Shares of the face value of ₹ 10/- each have been issued and allotted at a price of ₹ 358.70/- per Equity Share, (ii) 30,000 Equity Shares of the face value of ₹ 10/- each have been issued and allotted at a price of ₹ 542.00/- per Equity Share, and (iii) 15,000 Equity Shares of the face value of ₹ 10/- each have been issued and allotted at a price of ₹ 705.15/- per Equity Share, (aggregating to 74,000 Equity Shares), collectively to Rajeev Paraschandra Jain, Pankaj Thadani and Deepak Reddy, the trustees of BFL Employee Welfare Trust under the ESOP 2009. Thereafter, our Company has received the trading approval from the NSE and the BSE vide their letters dated August 14, 2012 and August 31, 2012, respectively, for the aforementioned 1,000 Equity Shares and 74,000 Equity Shares.

- Our Company has received the in-principle listing approval from the NSE and BSE vide their letters dated April 12, 2012 and April 20, 2012 respectively, for 46,90,000 Equity Shares of ₹ 10 per Equity Share, issued and allotted at a price of ₹ 651/- per Equity Share to Bajaj Finserv Limited, pursuant to the conversion of warrants allotted on a preferential basis.

- Our Company has received the trading approval from the NSE and BSE vide their letters dated April 27, 2012 and April 30, 2012 respectively, for 46,90,000 Equity Shares of ₹ 10 per Equity Share, issued and allotted at a price of ₹ 651/- per Equity Share to Bajaj Finserv Limited, pursuant to the conversion of warrants allotted on a preferential basis.

- The Remuneration and Nomination / Compensation Committee of our Company at its meeting held on May 16, 2012, has granted 3,59,500 options convertible into 3,59,500 Equity Shares of ₹ 10 per Equity Share to the identified employees of our Company under 'Grant-IV'of ESOP 2009.

- Pursuant to a resolution, passed by Board of Directors of our Company at its meeting held on May 16, 2012 Omkar Goswami was appointed as an additional director liable to retire at the following AGM. Thereafter, the shareholders of our Company at its AGM held on July 17, 2012, appointed Omkar Goswami as a director liable to retire by rotation.

OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for the Issue

This Issue is being made pursuant to a resolution passed by the Board of Directors of our Company at their meeting held on May 16, 2012. The shareholders of our Company have approved the Issue pursuant to a special resolution passed under section 81(1) and 81(1A) of the Companies Act, at our AGM held on July 17, 2012.

Eligibility for the Issue

Our Company has complied with the provisions of Regulation 4 of the SEBI Regulations in connection with the general eligibility requirements for the Issue and confirms that:

1. Our Company, our Promoters, our Promoter Group, our Group Entities, Directors or person(s) in control of our Promoter have not been restrained, prohibited or debarred from accessing or operating in the capital markets or restrained from buying, selling or dealing in securities under any order or direction passed by SEBI;

2. None of our Promoters, Directors or persons in control of our Company was or also is a promoter, director or person in control of any other company which has been restrained, prohibited or debarred from accessing or operating in the capital markets or restrained from buying, selling or dealing in securities under any order or direction passed by SEBI;

3. Our Company, our Directors, our Promoters, our Promoter Group, our Group Entities and the relatives (as per the Companies Act) of our Directors, our Promoters, have not been declared as willful defaulters by RBI or any other governmental authority and there have been no violations of securities laws committed by us in the past, and no such proceedings are pending against us for alleged violation of securities laws;

4. Our Company is an existing company registered under the Companies Act, whose Equity Shares are listed on the Stock Exchanges, namely the BSE and the NSE and we have received in-principle approvals for listing of the Rights Shares to be issued pursuant to this Issue from the BSE and the NSE by letters dated [●] and [●], respectively, and have chosen the [●] to be the Designated Stock Exchange for the purposes of this Issue. We will make applications to the Stock Exchanges for listing and trading permission in respect of the Rights Shares being offered in terms of this Draft Letter of Offer.

5. Our Company has entered into a tripartite agreement dated July 11, 2008 with NSDL and the Registrar to the Issue and a tripartite agreement dated June 27, 2008 with CDSL and the Registrar to the Issue, for dematerialization of our Equity Shares.

6. All existing partly paid-up Equity Shares of our Company have either been fully paid up or forfeited and as on the date of this Draft Letter of Offer, there are no outstanding partly paid-up Equity Shares of our Company;

7. The aforesaid requirement of funds is proposed to be entirely financed by the proceeds of the Issue. Thus, provisions of Regulation 4 (g) of the SEBI Regulations for firm arrangements of finance through verifiable means towards 75% of the stated means of finance, excluding the amount to be raised through the proposed Issue and internal accruals/ other sources, does not apply to our Company as our Company does not propose to avail any borrowed funds for part financing the Object of the Issue.

Our Company is an existing listed company registered under the Companies Act whose Equity Shares are listed on the BSE and the NSE. Our Company has complied with the requirements of Part E of Schedule VIII of the SEBI (ICDR) Regulations, to the applicable extent, in terms of the disclosures made in this Letter of Offer.

Further, our Company confirms that it is in compliance with the following:

(a) our Company has been filing periodic reports, statements and information in compliance with the listing agreement for the last three years immediately preceding the date of filing this Letter of Offer with SEBI;

(b) the reports, statements and information referred to in sub-clause (a) above are available on the website of any recognized stock exchange with nationwide trading terminals or on a common e-filing platform specified by SEBI; and

(c) our Company has investor grievance-handling mechanism which includes meeting of the Shareholders' or Investors' Grievance Committee at frequent intervals, appropriate delegation of power by the Board of Directors as regards share transfer and clearly laid down systems and procedures for timely and satisfactory redressal of investor grievances.

Our director, Ranjan Surajprakash Sanghi, is currently associated as a director with HDFC Trustee Company Limited (a trustee to HDFC Mutual Fund) against which SEBI has initiated action in the following manner:

a. SEBI by its ad interim order no. WTM/KMA/IVD/267/06/ 2010 dated June 17, 2010, under Section 19 read with Sections 11(1), 11(4) and 11B of the SEBI Act, 1992 has prohibited Mr. Nilesh Kapadia, formerly a Dealer (Equities) at HDFC Asset Management Company Limited from buying, selling or dealing in securities, or being associated with any intermediary or entity registered with SEBI, till further orders. SEBI had in its order stated that Mr. Nilesh Kapadia has violated Regulations 3(a) to 3(d) and Regulation 4(1) of the SEBI (Prohibition of Fraudulent and Unfair Trade Practices Relating to Securities Market) Regulations, 2003. In the said order, SEBI directed that HDFC Asset Management Company Limited and Mr. Nilesh Kapadia to jointly deposit ₹ 238.40 lakhs, towards the losses suffered by the investors, with the Trustees i.e. HDFC Trustee Company Limited. HDFC Asset Management Company Limited has deposited ₹ 238.40 lakhs with the Trustees. HDFC Asset Management Company Limited has further deposited a sum of ₹ 20.22 lakhs with the Trustees in July 2011 in accordance with SEBI directives; and

   Consent applications were filed by HDFC Asset Management Company Limited, HDFC Trustee Company Limited and Mr. Milind Barve, Managing Director of HDFC Asset Management Company Limited in connection with the proceedings arising out of and in relation to the above order passed by SEBI.

   The aforesaid consent application sought settlement of the issues arising out of and in connection with the order and proceedings that may be initiated by SEBI including under the SEBI (Mutual Funds) Regulations, 1996, SEBI (Portfolio Managers) Regulations, 1993 Clause IV (Operation Risks) in Operating Manual for Risk Management for Indian Mutual Funds, Annexure to Circular No. MFD / CIR / 15 /19133 /2002 dated September 30, 2002. HDFC Trustee Company Limited, HDFC Asset Management Company Limited and Mr. Milind Barve, remitted a sum of ₹ 20,00,000/-, ₹ 20,00,000/- and ₹ 15,00,000/- respectively without admission or denial of guilt. In connection with the above, SEBI has issued a Consent Order no. CO/ID-6/AO/BM/130-132/2011 dated September 30, 2011.

Save as disclosed above none of our other Directors are associated with the securities market in any manner.

Further, our Company has complied with the requirements of Part E of Schedule VIII of the SEBI Regulations, to the applicable extent, in terms of the disclosures made in this Draft Letter of Offer.

Disclaimer Clause

AS REQUIRED, A COPY OF THE DRAFT LETTER OF OFFER HAS BEEN SUBMITTED TO SEBI. IT IS TO BE DISTINCTLY UNDERSTOOD THAT THE SUBMISSION OF THE DRAFT LETTER OF OFFER TO SEBI SHOULD NOT, IN ANY WAY BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE ISSUE IS PROPOSED TO BE MADE, OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE DRAFT LETTER OF OFFER. THE LEAD MANAGER, JM FINANCIAL INSTITUTIONAL SECURITIES PRIVATE LIMITED HAS CERTIFIED THAT THE

DISCLOSURES MADE IN THE DRAFT LETTER OF OFFER ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH SEBI (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 IN FORCE FOR THE TIME BEING. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING INVESTMENT IN THE PROPOSED ISSUE.

IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE COMPANY IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE DRAFT LETTER OF OFFER, THE LEAD MANAGER IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE COMPANY DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE THE LEAD MANAGER, JM FINANCIAL INSTITUTIONAL SECURITIES PRIVATE LIMITED HAS FURNISHED TO SEBI A DUE DILIGENCE CERTIFICATE DATED NOVEMBER 22, 2012, WHICH READS AS FOLLOWS:

1. **WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION LIKE COMMERCIAL DISPUTES, PATENT DISPUTES, DISPUTES WITH COLLABORATORS, ETC. AND OTHER MATERIAL IN CONNECTION WITH THE FINALISATION OF THE LETTER OF OFFER PERTAINING TO THE SAID ISSUE;**

2. **ON THE BASIS OF SUCH EXAMINATION AND THE DISCUSSIONS WITH THE COMPANY, ITS DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES, AND INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THE ISSUE, PRICE JUSTIFICATION AND THE CONTENTS OF THE DOCUMENTS AND OTHER PAPERS FURNISHED BY THE COMPANY, WE CONFIRM THAT:**

   (a) **THE DRAFT LETTER OF OFFER FILED WITH THE BOARD IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS RELEVANT TO THE ISSUE;**

   (b) **ALL THE LEGAL REQUIREMENTS RELATING TO THE ISSUE AS ALSO THE REGULATIONS GUIDELINES, INSTRUCTIONS, ETC. FRAMED/ISSUED BY THE BOARD, THE CENTRAL GOVERNMENT AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH; AND**

   (c) **THE DISCLOSURES MADE IN THE DRAFT LETTER OF OFFER ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL INFORMED DECISION AS TO THE INVESTMENT IN THE PROPOSED ISSUE AND SUCH DISCLOSURES ARE IN ACCORDANCE WITH THE REQUIREMENTS OF THE COMPANIES ACT, 1956, THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 AND OTHER APPLICABLE LEGAL REQUIREMENTS.**

3. **WE CONFIRM THAT BESIDES OURSELVES, ALL THE INTERMEDIARIES NAMED IN THE DRAFT LETTER OF OFFER ARE REGISTERED WITH THE BOARD AND THAT TILL DATE SUCH REGISTRATION IS VALID.**

4. **WE HAVE SATISFIED OURSELVES ABOUT THE CAPABILITY OF THE UNDERWRITERS TO FULFIL THEIR UNDERWRITING COMMITMENTS – NOT APPLICABLE.**

5. **WE CERTIFY THAT WRITTEN CONSENT FROM PROMOTERS HAS BEEN OBTAINED FOR INCLUSION OF THEIR SPECIFIED SECURITIES AS PART OF PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN AND THE SPECIFIED SECURITIES PROPOSED TO FORM PART OF PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN SHALL NOT BE DISPOSED / SOLD / TRANSFERRED BY THE PROMOTERS DURING THE PERIOD STARTING FROM THE DATE OF FILING THE DRAFT RED HERRING PROSPECTUS WITH THE BOARD TILL THE DATE OF COMMENCEMENT OF LOCK-IN PERIOD AS STATED IN THE DRAFT RED HERRING PROSPECTUS – NOT APPLICABLE.**

6. **WE CERTIFY THAT REGULATION 33 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, WHICH RELATES TO SPECIFIED SECURITIES INELIGIBLE FOR COMPUTATION OF PROMOTERS CONTRIBUTION, HAS BEEN DULY COMPLIED WITH AND APPROPRIATE DISCLOSURES AS TO COMPLIANCE WITH THE SAID REGULATION HAVE BEEN MADE IN THE DRAFT RED HERRING PROSPECTUS – NOT APPLICABLE.**

7. **WE UNDERTAKE THAT SUB-REGULATION (4) OF REGULATION 32 AND CLAUSE (C) AND (D) OF SUB-REGULATION (2) OF REGULATION 8 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 SHALL BE COMPLIED WITH. WE CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTERS' CONTRIBUTION SHALL BE RECEIVED AT LEAST ONE DAY BEFORE THE OPENING OF THE ISSUE. WE UNDERTAKE THAT AUDITORS' CERTIFICATE TO THIS EFFECT SHALL BE DULY SUBMITTED TO THE BOARD. WE FURTHER CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTERS' CONTRIBUTION SHALL BE KEPT IN AN ESCROW ACCOUNT WITH A SCHEDULED COMMERCIAL BANK AND SHALL BE RELEASED TO THE COMPANY ALONG WITH THE PROCEEDS Of THE PUBLIC ISSUE – NOT APPLICABLE.**

8. **WE CERTIFY THAT THE PROPOSED ACTIVITIES OF THE COMPANY FOR WHICH THE FUNDS ARE BEING RAISED IN THE PRESENT ISSUE FALL WITHIN THE 'MAIN OBJECTS' LISTED IN THE OBJECT CLAUSE OF THE MEMORANDUM OF ASSOCIATION OR OTHER CHARTER OF THE COMPANY AND THAT THE ACTIVITIES WHICH HAVE BEEN CARRIED OUT UNTIL NOW ARE VALID IN TERMS OF THE OBJECT CLAUSE OF ITS MEMORANDUM OF ASSOCIATION.**

9. **WE CONFIRM THAT NECESSARY ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT THE MONEYS RECEIVED PURSUANT TO THE ISSUE ARE KEPT IN A SEPARATE BANK ACCOUNT AS PER THE PROVISIONS OF SUB-SECTION (3) OF SECTION 73 OF THE COMPANIES ACT, 1956 AND THAT SUCH MONEYS SHALL BE RELEASED BY THE SAID BANK ONLY AFTER PERMISSION IS OBTAINED FROM ALL THE STOCK EXCHANGES MENTIONED IN THE DRAFT LETTER OF OFFER. WE FURTHER CONFIRM THAT THE AGREEMENT ENTERED INTO BETWEEN THE BANKERS TO THE ISSUE AND THE COMPANY SPECIFICALLY CONTAINS THIS CONDITION. – NOTED FOR COMPLIANCE**

10. **WE CERTIFY THAT A DISCLOSURE HAS BEEN MADE IN THE DRAFT LETTER OF OFFER THAT THE INVESTORS SHALL BE GIVEN AN OPTION TO GET THE SHARES IN DEMAT OR PHYSICAL MODE**.

11. **WE CERTIFY THAT ALL THE APPLICABLE DISCLOSURES MANDATED IN THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 HAVE BEEN MADE IN ADDITION TO DISCLOSURES WHICH, IN OUR VIEW, ARE FAIR AND ADEQUATE TO ENABLE THE INVESTOR TO MAKE A WELL INFORMED DECISION.**

12. **WE CERTIFY THAT THE FOLLOWING DISCLOSURES HAVE BEEN MADE IN THE DRAFT LETTER OF OFFER:**

    (a) **AN UNDERTAKING FROM THE COMPANY THAT AT ANY GIVEN TIME, THERE SHALL BE ONLY ONE DENOMINATION FOR THE EQUITY SHARES OF THE COMPANY; AND**

    (b) **AN UNDERTAKING FROM THE COMPANY THAT IT SHALL COMPLY WITH SUCH DISCLOSURE AND ACCOUNTING NORMS SPECIFIED BY THE BOARD FROM TIME TO TIME.**

13. **WE UNDERTAKE TO COMPLY WITH THE REGULATIONS PERTAINING TO ADVERTISEMENT IN TERMS OF THE SECURITIES AND EXCHANGE BOARD OF INDIA**

(ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 WHILE MAKING THE ISSUE.

14. WE ENCLOSE A NOTE EXPLAINING HOW THE PROCESS OF DUE DILIGENCE HAS BEEN EXERCISED BY US IN VIEW OF THE NATURE OF CURRENT BUSINESS BACKGROUND OF THE COMPANY, SITUATION AT WHICH THE PROPOSED BUSINESS STANDS, THE RISK FACTORS, PROMOTERS EXPERIENCE ,ETC.

15. WE ENCLOSE A CHECKLIST CONFIRMING REGULATION-WISE COMPLIANCE WITH THE APPLICABLE PROVISIONS OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, CONTAINING DETAILS SUCH AS THE REGULATION NUMBER, ITS TEXT, THE STATUS OF COMPLIANCE, PAGE NUMBER OF THE DRAFT LETTER OF OFFER WHERE THE REGULATION HAS BEEN COMPLIED WITH AND OUR COMMENTS, IF ANY.

16. WE ENCLOSE STATEMENT ON 'PRICE INFORMATION OF PAST ISSUES HANDLED BY MERCHANT BANKERS (WHO ARE RESPONSIBLE FOR PRICING THIS ISSUE)', AS PER FORMAT SPECIFIED BY THE BOARD THROUGH CIRCULAR– NOT APPLICABLE BEING A RIGHTS ISSUE.

17. WE CERTIFY THAT PROFITS FROM RELATED PARTY TRANSACTIONS HAVE ARISEN FROM LEGITIMATE BUSINESS TRANSACTIONS – COMPLIED WITH TO THE EXTENT OF RELATED PARTY TRANSACTIONS REPORTED IN ACCORDANCE WITH AS18 IN THE CONDENSED INTERIM FINANCIAL INFORMATION OF THE COMPANY FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2012.

The filing of this Draft Letter of Offer does not, however, absolve our Company from any liabilities under Section 63 or Section 68 of the Companies Act or from the requirement of obtaining such statutory or other clearance as may be required for the purpose of the proposed Issue. SEBI further reserves the right to take up, at any point of time, with the Lead Manager any irregularities or lapses in this Draft Letter of Offer.

Disclaimer Statement from our Company and the Lead Manager:

OUR COMPANY AND THE LEAD MANAGER, NAMELY JM FINANCIAL INSTITUTIONAL SECURITIES PRIVATE LIMITED ACCEPT NO RESPONSIBILITY FOR STATEMENTS MADE OTHERWISE THAN IN THIS DRAFT LETTER OF OFFER OR IN THE ADVERTISEMENT OR ANY OTHER MATERIAL ISSUED BY OR AT THE INSTANCE OF OUR COMPANY AND THAT ANYONE PLACING RELIANCE ON ANY OTHER SOURCE OF INFORMATION WOULD BE DOING SO AT HIS OWN RISK.

INVESTORS WHO INVEST IN THE ISSUE WILL BE DEEMED TO HAVE BEEN REPRESENTED BY OUR COMPANY AND THE LEAD MANAGER AND THEIR RESPECTIVE DIRECTORS, OFFICERS, AGENTS, AFFILIATES AND REPRESENTATIVES THAT THEY ARE ELIGIBLE UNDER ALL APPLICABLE LAWS, RULES, REGULATIONS, GUIDELINES AND APPROVALS TO ACQUIRE EQUITY SHARES OF OUR COMPANY, AND ARE RELYING ON INDEPENDENT ADVICE / EVALUATION AS TO THEIR ABILITY AND QUANTUM OF INVESTMENT IN THIS ISSUE.

Caution

The Lead Manager accepts no responsibility, save to the limited extent as provided in the Issue Agreement. All information shall be made available by our Company and the Lead Manager to the Eligible Equity Shareholders at large and no selective or additional information would be made available for a section of Eligible Equity Shareholders in any manner whatsoever. **Applicants will be required to confirm and will be deemed to have represented to our Company and the Lead Manager and their respective directors, officers, agents, affiliates and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire the Rights Shares and that they shall not issue, sell, pledge or transfer their Rights Entitlement or Rights Shares to any person who is not eligible under applicable laws, rules, regulations,**

guidelines and approvals to acquire the Rights Shares. Our Company, the Lead Manager and their respective directors, officers, agents, affiliates and representatives accept no responsibility or liability for advising any Applicant on whether such Applicant is eligible to acquire any Rights Shares.

The Lead Manager and its affiliates may engage in transactions with, and perform services for, our Company and our Group Entities or affiliates in the ordinary course of business and have engaged, or may in the future engage, in transactions with our Company and our Group Entities or affiliates, for which they have received, and may in the future receive, compensation.

Disclaimer with respect to jurisdiction

This Draft Letter of Offer has been prepared under the provisions of Indian Laws and the applicable rules and regulations thereunder. Any disputes arising out of this Issue will be subject to the jurisdiction of the appropriate court(s) in Pune, India only.

RBI Disclaimer

The Reserve Bank of India does not accept any responsibility or guarantee about the present position as to the financial soundness of the company or for the correctness of any of the statements or representations made or opinions expressed by our Company and for the discharge of liability by our Company.

There is no provision in law to keep, nor does the company keep any part of the deposits with the Reserve Bank of India and by issuing the Certificate of Registration as a Non-Banking Financial Company to our Company, the Reserve Bank neither accepts any responsibility nor guarantee for the payment of the deposit amount to any depositor.

Selling Restrictions

The distribution of this Draft Letter of Offer and the issue of our Rights Shares on a rights basis to persons in certain jurisdictions outside India may be restricted by legal requirements prevailing in those jurisdictions. Persons into whose possession this Draft Letter of Offer may come are required to inform themselves about and observe such restrictions. Our Company is making this Issue of Rights Shares to its Eligible Equity Shareholders and will dispatch the Letter of Offer and Composite Application Form ("**CAF**") to the shareholders who have an Indian address.

No action has been or will be taken to permit this Issue in any jurisdiction where action would be required for that purpose, except that this Draft Letter of Offer has been filed with SEBI for observations. Accordingly, the Rights Shares may not be offered or sold, directly or indirectly, and this Draft Letter of Offer may not be distributed, in any jurisdiction, except in accordance with legal requirements applicable in such jurisdiction. Receipt of this Draft Letter of Offer will not constitute an offer in those jurisdictions in which it would be illegal to make such an offer and, in those circumstances, this Draft Letter of Offer must be treated as sent for information only and should not be copied or redistributed. Accordingly, persons receiving a copy of this Draft Letter of Offer should not, in connection with the issue of the Rights Shares or the Rights Entitlements, distribute or send the same in or into the United States or any other jurisdiction where to do so would or might contravene local securities laws or regulations. If this Draft Letter of Offer is received by any person in any such territory, or by their agent or nominee, they must not seek to subscribe to the Rights Shares or the Rights Entitlements referred to in this Draft Letter of Offer.

Neither the delivery of this Draft Letter of Offer nor any sale hereunder, shall under any circumstances create any implication that there has been no change in our Company's affairs from the date hereof or that the information contained herein is correct as at any time subsequent to this date.

Designated Stock Exchange

The Designated Stock Exchange for the purposes of this Issue will be the [●].

Disclaimer Clause of the BSE

[●]

Disclaimer Clause of the NSE

[●]

Filing with SEBI

The Draft Letter of Offer has been filed with SEBI, Plot No. C4 A, 'G' Block, Bandra Kurla Complex Bandra (East), Mumbai and also with the Stock Exchange(s).

Impersonation

As a matter of abundant caution, attention of the Investors is specifically drawn to the provisions of sub-section (1) of section 68A of the Companies Act which is reproduced below:

"*Any person who makes in a fictitious name an application to a Company for acquiring, or subscribing for, any shares therein, or otherwise induces a Company to allot, or register any transfer of shares therein to him, or any other person in a fictitious name, shall be punishable with imprisonment for a term which may extend to five years*"

Expert

M/s Dalal & Shah,
Chartered Accountants
252, Veer Savarkar Smarak,
Next to Mayor's Bungalow
Shivaji Park, Dadar (W),
Mumbai - 400 028
Tel: +9122 6669 1390
Fax: +9122 6654 7804
E-mail: anish.p.amin@in.pwc.com
Contact Person: Anish P. Amin
ICAI Registration No: 102021W

Expenses of the Issue

The expenses of the Issue including fees and reimbursement to the Lead Manager(s), Auditors, Legal Advisor to the Issue, Registrar to the Issue, printing and distribution expenses, publicity, listing fees, stamp duty and other expenses are estimated at ₹ [●] crores (around [●]% of the total Issue size).

S. No.	Activity Expense	Amount (in ₹ crores)	Percentage of Total Estimated Issue Expenditure	Percentage of Issue Size
1.	Fees of the Lead Manager	[●]	[●]	[●]
2.	Fees to the legal advisor, other professional services and statutory fees	[●]	[●]	[●]
3.	Fees of Registrar to the Issue	[●]	[●]	[●]
4.	Advertising and marketing expenses	[●]	[●]	[●]
5.	Printing and stationery, distribution, postage etc.	[●]	[●]	[●]

S. No.	Activity Expense	Amount (in ₹ crores)	Percentage of Total Estimated Issue Expenditure	Percentage of Issue Size
6.	Other expenses	[●]	[●]	[●]
	Total Estimated Issue Expenditure	[●]	[●]	[●]

Listing on the Stock Exchanges

The Equity Shares of our Company are listed on the BSE and NSE.

Past Public/Rights Issues

Our Company has not made any public issue in the three years immediately preceding the date of filing of this Draft Letter of Offer. Other than as specifically disclosed in this Draft Letter of Offer, our Company has not issued any Equity Shares for consideration other than cash.

Important

- The shareholders of our Company have approved the Issue pursuant to a special resolution passed at our AGM held on July 17, 2012.
- This Issue is pursuant to the resolution passed by the Board of Directors at their meeting held on May 16, 2012.
- This Issue is made to only Eligible Equity Shareholders as per the list to be furnished by the Depositories in respect of the Equity Shares held in the electronic form and as appearing in the Register of Members of our Company in respect of equity shares held in the physical form, at the close of business hours on the Record Date i.e. [●], after giving effect to the valid share transfers lodged with our Company up to the Record Date.
- Your attention is drawn to the section titled ***"Risk Factors"*** on page 8 of this Draft Letter of Offer.
- Please ensure that you have received the CAF with the Abridged Letter of Offer.
- Please read the Letter of Offer, the Abridged Letter of Offer, the CAF, and the instructions contained therein carefully before filling in the CAF. The instructions contained in the CAF are each an integral part of the Letter of Offer and must be carefully followed. An application is liable to be rejected for any non-compliance of the provisions contained in the Letter of Offer, Abridged Letter of Offer or the CAF.
- All enquiries in connection with the Letter of Offer, Abridged Letter of Offer or CAF should be addressed to the Registrar to the Issue, quoting the registered folio number/ DP and Client ID number and the CAF numbers as mentioned in the CAF.
- All information shall be made available to the Investors by the Lead Manager(s) and the Issuer, and no selective or additional information would be available by them for any section of the Investors in any manner whatsoever including at road shows, presentations, in research or sales reports.
- The Lead Manager(s) and our Company shall update the Letter of Offer and keep the public informed of any material changes until the listing and trading commences.

Issue Schedule

Issue Opening Date:	[●]
Last date for receiving requests for SAFs:	[●]
Issue Closing Date:	[●]

The Board may however decide to extend the Issue period as it may determine from time to time but not exceeding 30 days from the Issue Opening Date.

Allotment Advices / Refund Orders

Our Company will issue and dispatch allotment advice / share certificates/ demat credit and/or letters of regret along with refund order or credit the allotted securities to the respective beneficiary accounts, if any, within a period of 15 days from the date of closure of the Issue. If such money is not repaid within eight days from the day our Company becomes liable to pay it (i.e. 15 days from closure of the Issue), our Company shall pay that money with interest as stipulated under section 73 of the Companies Act.

Investors residing at the centres where clearing houses are managed by the RBI, will get refunds through NECS only except where applicant is otherwise eligible to get refunds through direct credit and RTGS. In case of any failure in processing of refunds through NECS, the Refund Bank shall make refunds by the issue of refund warrants/demand drafts in connection with the relevant amount liable to be refunded.

In case of those Applicants who have opted to receive their Rights Entitlement in dematerialized form using electronic credit under the depository system, an advice regarding their credit of the Rights Shares shall be given separately. Applicants to whom refunds are made through electronic transfer of funds will be sent a letter intimating them about the mode of credit of refund within 15 days of closure of the Issue.

In case of those Applicants who have opted to receive their Rights Entitlement in physical form, our Company will issue the corresponding share certificates under Section 113 of the Companies Act or other applicable provisions.

Refund orders would be payable at par at all places where the applications were originally accepted. The same would be marked 'Account Payee only' and would be drawn in favour of the sole / first Investor. Adequate funds would be made available to the Registrar to the Issue for this purpose.

Investor Grievances and Redressal System

Our Company has adequate arrangements for redressal of Investor complaints. Well-arranged correspondence system has been developed for letters of routine nature. Our share transfer agent handles the share transfer and dematerialization for our Company. Letters are filed category wise after having attended to. Redressal norm for response time for all correspondence including shareholders complaints is within 7 days.

In accordance with SEBI Circular No. CIR/OIAE/2/2011 dated June 3, 2011, all investor complaints pertaining to our Companies are electronically sent through SEBI Complaints Redress System (SCORES) at http://scores.gov.in/Admin. Our Company has indicated in the prescribed format requiring the facility to forward complaints to the Registrar to Issue and Share Transfer Agent (RTI/STA) which views the complaints pending against our Company and submits Action Taken Reports (ATRs) alongwith supporting documents electronically in SCORES.

The contact details of the Registrar to the Issue are as follows:

Karvy Computershare Private Limited
Plot Nos. 17-24, Vittal Rao Nagar, Madhapur,
Hyderabad - 500 081
Tel: +91 40 4465 5000
Toll Free No.: 1800 345 4001
Fax: +91 40 2343 1551
Investor Grievance E-mail: bajajfinance.rights@karvy.com
Contact Person: M. Murali Krishna
Website: http://karisma.karvy.com

SEBI Registration No.: INR000000221

Status of Complaints

- Number of shareholders complaints outstanding as on September 30, 2012: Nil
- Number of shareholders complaints outstanding as on March 31, 2012: Nil
- Total number of complaints received during the financial year ended March 31, 2012: 14
- Total number of complaints received between April 1, 2012 and September 30, 2012: 7
- Number of complaints redressed during the financial year ended March 31, 2012: 14
- Number of complaints redressed between April 1, 2012 and September 30, 2012: 7
- Number of complaints redressed between April 1, 2012 and November 16, 2012: 11
- Number of complaints outstanding as on November 16, 2012: Nil
- Time normally taken by our Company for disposal of various types of Investor grievances: 7 Days

Investor Grievances arising out of this Issue

Our Company's Investor grievances arising out of the Issue will be handled by A H Damle, Compliance Officer and Company Secretary and Karvy Computershare Private Limited, who are the Registrars to the Issue. The Registrar will have a separate team of personnel handling only post-Issue correspondence.

All grievances relating to the Issue may be addressed to the Registrar to the Issue giving full details such as folio no., name and address, contact telephone / cell numbers, e-mail id of the first Investor, number and type of shares applied for, CAF serial number, amount paid on application and the name of the bank and the branch where the application was deposited, along with a photocopy of the acknowledgement slip. In case of renunciation, the same details of the Renouncee should be furnished.

All investor complaints pertaining to the Issue would be redressed in accordance with SEBI Circular No. CIR/OIAE/2/2011 dated June 3, 2011, through the SEBI Complaints Redress System (SCORES) mechanism.

The average time taken by the Registrar for attending to routine grievances will be 7 days from the date of receipt. In case of non-routine grievances where verification at other agencies is involved, it would be the endeavour of the Registrar to attend to them as expeditiously as possible. Our Company undertakes to resolve the Investor grievances in a time bound manner.

Investors may contact the Compliance Officer & Company Secretary and/or the Registrar to the Issue, in case of any pre-Issue/ post -Issue related problems such as non-receipt of allotment advice/share certificates/ demat credit/refund orders, the following address:

A H Damle
4th Floor, Bajaj Finserv Corporate Office
Off Pune -Ahmednagar Road, Viman Nagar,
Pune - 411 014
Telephone: +91 20 3040 5072
Fax: +91 20 3040 5030
Website: www.bajajfinservlending.in
E-mail: anant.damle@bajajfinserv.in

Changes in Auditors during the last three years

Pursuant to a resolution passed by the shareholders of our Company at their AGM held on July 17, 2012, Dalal and Shah were re-appointed as the statutory auditors of our Company. There have been no changes in our statutory

auditors in the last three years preceding the date of this Draft Letter of Offer.

Capitalisation of Reserves or Profits

Our Company has not capitalized any of its reserves or profits for the last five years.

Revaluation of Fixed Assets

There has been no revaluation of our Company‘s fixed assets for the last five years.

Minimum Subscription

If our Company does not receive the minimum subscription of 90% of the Issue, or the subscription level falls below 90%, after the Issue Closing Date on account of withdrawal of applications, our Company shall refund the entire subscription amount received within 15 days from the Issue Closing Date. If there is delay in the refund of the subscription amount by more than eight days after our Company becomes liable to pay the subscription amount (i.e. 15 days after the Issue Closing Date), our Company will pay interest for the delayed period at 15.0% per annum as prescribed under sub-sections (2) and (2A) of Section 73 of the Companies Act.

Additional Subscription by the Promoters

Our Promoters and Promoter Group have undertaken to fully subscribe to their Rights Entitlement on their own account and not through any of their nominated entities/persons in accordance with Regulation 10(4)(a) of the Takeover Regulations.

Our Promoters and Promoter Group have further undertaken to not renounce any part or whole of their Rights Entitlement under the Rights Issue to any other Promoter/Promoter Group entity or to any Persons Acting in concert or to any other third party in accordance with Regulation 10(4)(b) of the Takeover Regulations.

Our Promoters and Promoter Group retain the right to apply for additional shares in accordance with and subject to Regulation 10(4)(b) of the Takeover Regulations.

Further, our corporate Promoter, Bajaj Finserv Limited and our Promoter Group entities Jamnalal Sons Private Limited and Bajaj Sevashram Private Limited have undertaken to subscribe to any unsubscribed Rights Shares in this Issue, subject to applicable statutory and/or regulatory requirements, in any proportion among themselves.

Pursuant to the Rights Issue, the combined shareholding of the Promoter Group and any Persons Acting in Concert will not breach the maximum permissible non-public shareholding limit of 75.0% as provided for under Rule 19(2)(b) of the Securities Contracts (Regulations) Rules, 1957.

For further details of under subscription and allotment to the Promoters and Promoter Group, please refer to “*Basis of Allotment*” below under the section titled “*Terms of the Issue*” on page 125 of this Draft Letter of Offer.

SECTION VII – OFFERING INFORMATION

TERMS OF THE ISSUE

OVERVIEW

The Rights Shares proposed to be issued on rights basis, are subject to the terms and conditions contained in this Draft Letter of Offer, the Letter of Offer, the Abridged Letter of Offer, the CAF, the provisions of the Memorandum and Articles of Association of our Company, the provisions of the Companies Act, FEMA, SEBI Regulations, guidelines, notifications and regulations for issue of capital and for listing of securities issued by the Government of India and/or any other statutory and/or regulatory authorities from time to time, the terms of listing agreements entered into by the Company with the Stock Exchanges, and, the terms and conditions as stipulated in the allotment advice or the security certificate.

The Rights Entitlement on the Equity Shares, the ownership of which is currently under dispute under and including any court proceedings and / or currently under transmission or are held in a demat suspense account pursuant to the clause 5A of the Listing Agreement and for which our Company has withheld the dividend, shall be held in abeyance and the CAFs in relation to these Rights Entitlement shall not be dispatched pending resolution of the dispute / completion of the transmission or pending the release of Equity Shares from demat suspense account. On submission of such documents / records confirming the legal and beneficial ownership of the Equity Shares with regard to these cases, to the satisfaction of the Issuer, the Issuer shall make available the Rights Entitlement on such Equity Shares to the identified Eligible Equity Shareholder. The identified Eligible Equity Shareholder shall be entitled to subscribe to the Rights Shares with respect to these Rights Entitlement at the Issue Price of ₹ [●] per Equity Share as adjusted for any bonus shares, consolidation or spilt of shares (as may be applicable) in accordance with the provisions of the Companies Act and all other applicable laws.

Renouncees

All rights and obligations of the Eligible Equity Shareholders in relation to Applications and refunds pertaining to the Issue shall apply to Renouncee(s) as well.

The ASBA Facility

Please note that in accordance with the provisions of SEBI circular bearing number CIR/CFD/DIL/1/2011 dated April 29, 2011, all Applicants who are QIBs, Non Institutional Investors (including all companies and bodies corporate) and Non Retail Individual Investors must mandatorily make use of ASBA facility. All QIBs, Non Institutional Investors and Non Retail Individual Investors, must mandatorily invest through the ASBA process provided that they are eligible ASBA Investors (as per the conditions of the SEBI circular dated December 30, 2009). Accordingly, an eligible ASBA Investor is an Applicant who:

- holds the Equity Shares in dematerialised form as on the Record Date and has applied towards his/her Rights Entitlements or additional Rights Shares in the Issue in dematerialised form;
- has not renounced his/her Rights Entitlements in full or in part;
- is not a Renouncee; and
- applies through a bank account maintained with one of the SCSBs.

Notwithstanding anything contained hereinabove, all Renouncees (including Renouncees who are Individuals) shall apply in the Issue only through the non-ASBA process.

Retail Individual Investors may optionally apply through the ASBA process, provided that they are eligible ASBA Investors.

Please note that subject to SCSBs complying with the requirements of SEBI Circular No. CIR/CFD/DIL/13/2012 dated September 25, 2012 within the periods stipulated therein:

(i) If the Issue Opening Date is on or prior to December 31, 2012, ASBA Applications may be submitted at such branches of the SCSBs which are designated to receive ASBA Applications, (the number of such designated branches being at least 50% of the total branches of the SCSBs); and

(ii) If the Issue Opening Date is post December 31, 2012, ASBA Applications may be submitted at all branches of the SCSBs.

ASBA Investors should note that the ASBA process involves application procedures that may be different from the procedure applicable to non ASBA Investors. ASBA Investors should carefully read the provisions applicable to such applications before making their application through the ASBA process. For details, please see "***Procedure for Application through the Applications Supported by Blocked Amount ("ASBA") Process***" on page 131 of this Draft Letter of Offer.

Authority for the Issue

The shareholders of our Company have approved the Issue pursuant to a special resolution passed under Section 81(1) and 81(1A) of the Companies Act, at our AGM held on July 17, 2012. This Issue is being made pursuant to a resolution passed by our Board under section 81(1) of the Companies Act, at their meeting held on May 16, 2012. Pursuant to resolution passed by a special committee constituted by our Board on [●], the said special committee has determined a Rights Entitlement of [●] Rights Share(s) for every [●] fully paid-up Equity Share(s) held on the Record Date. Pursuant to a meeting of the special committee constituted by our Board on [●], the said special committee determined a price of ₹ [●] per Rights Share as the Issue Price.

Basis for the Issue

The Rights Shares are being offered for subscription for cash to those existing Eligible Equity Shareholders, whose names appear, (i) as beneficial owners as per the list to be furnished by the Depositories in respect of the Equity Shares held in the electronic form, and, (ii) on the Register of Members of our Company in respect of the Equity Shares held in physical form, at the close of business hours on the Record Date, i.e. [●]. The basis of allotment for the Rights Shares shall be fixed in consultation with the Designated Stock Exchange.

Rights Entitlement Ratio

The Eligible Equity Shareholders shall be entitled to apply for [●] Rights Share(s) for every [●] Equity Share(s) held on the Record Date.

The distribution of this Draft Letter of Offer and the issue of Rights Shares on a rights basis to persons in certain jurisdictions outside India may be restricted by legal requirements prevailing in those jurisdictions. Our Company is making the issue of the Rights Shares on a rights basis to the Eligible Equity Shareholders and this Draft Letter of Offer, the Abridged Letter of Offer and the CAFs will be dispatched only to those Eligible Equity Shareholders who have a registered address in India. Any person who acquires Rights Entitlements or Rights Shares will be deemed to have declared, warranted and agreed, by accepting the delivery of this Draft Letter of Offer, that it is not and that at the time of subscribing for the Rights Shares or the Rights Entitlements, it will not be, in the United States and/or in other restricted jurisdictions which have any restrictions in connection with offering, issuing and allotting any shares within its jurisdiction, and/or to its citizens.

For Eligible Equity Shareholders wishing to apply through the ASBA process for the Issue, kindly refer section titled "*Procedure for Application through the Applications Supported By Blocked Amount ("ASBA"), Process*" on page 131 of this Draft Letter of Offer.

PRINCIPAL TERMS AND CONDITIONS OF THE RIGHTS SHARES

Face Value

Each Rights Share will have the face value of ₹ 10/-

Issue Price

Each Rights Share shall be offered at an Issue Price of ₹ [●] for cash, at a premium of ₹ [●] per Equity Share. The Issue Price has been arrived at after consultation between our Company and the Lead Manager.

Terms of Payment

Applicants shall have to make full payment of ₹ [●] per Rights Share at the time of making an application.

The payment towards the Rights Shares offered will be applied as under:

₹ 10/- per Rights Share towards Equity Share capital of our Company; and

₹ [●] per Rights Share towards securities premium account of our Company.

A separate cheque/demand draft/pay order must accompany each application form.

All payments should be made by cheque/bank demand draft/pay order drawn on any bank, (including a co-operative bank), which is situated at and is a member or a sub-member of the bankers clearing house located at the center where the CAF is accepted. Outstation cheques /money orders/postal orders will not be accepted and CAFs accompanied by such cheque/money orders/postal orders are liable to be rejected. The Registrar to the Issue will not accept any payments against applications, if such payments are made in cash.

Pursuant to the RBI Circular DBOD No. FSC BC 42/24.47.00/2003-04 dated November 5, 2003, the Stockinvest scheme has been withdrawn and accordingly, payment through Stockinvest will not be accepted in the Issue.

Where an applicant has applied for additional Rights Shares and is allotted lesser number of Rights Shares than applied for, the excess application money shall be refunded. The excess application monies would be refunded within 15 days from the closure of the Issue, and if there is a delay beyond 8 days from the stipulated period (15 days from the closure of the Issue), our Company and every Director of our Company who is an officer in default shall be jointly and severally liable to repay the money with interest for the delayed period at 15.0% per annum as stipulated under sub-sections (2) and (2A) of section 73 of the Companies Act.

Entitlement Ratio

The Rights Shares are being offered to the existing Eligible Equity Shareholders in the ratio of [●] Rights Share(s) for every [●] Equity Share(s) held on the Record Date i.e. [●].

Fractional Entitlements

For Rights Shares being offered under this Issue, if the shareholding of any of the Eligible Equity Shareholders is less than [●] Equity Shares or not in the multiple of [●], the fractional entitlement of such Eligible Equity Shareholders shall be ignored. Eligible Equity Shareholders whose fractional Rights Entitlements are being ignored would be given preference in allotment of one additional Rights Share each if they apply for additional Rights Shares. For example, if an Eligible Equity Shareholder holds between one and [●] Equity Shares, he will be entitled to [●] Rights Shares. He will also be given a preference for allotment of [●] additional Rights Shares if he has applied for the same. Those Eligible Equity Shareholders who have a holding of less than [●] Equity Shares and therefore entitled to [●] Rights Shares under this Issue shall be dispatched a CAF with Nil entitlement. Such Eligible

Equity Shareholders are entitled to apply for additional Rights Shares. **However, they cannot renounce the same in favor of third parties.** CAF with Nil entitlement will be non-negotiable/non-renounceable.

It is clarified that the additional Rights Shares, required in connection with the aforementioned allotments would be adjusted from the unsubscribed portion of the Issue, if any.

Ranking

The Rights Shares being issued shall be subject to the provisions of the Memorandum of Association and Articles of Association. The Rights Shares shall rank pari passu, in all respects including dividend, with our existing Equity Shares.

Mode of Payment of Dividend

We shall pay dividend to our Equity Shareholders as per applicable statutory and regulatory requirements, including inter alia the provisions of the Companies Act and our Company's Articles of Association.

Listing and trading of Rights Shares proposed to be issued

Our Company's existing Equity Shares are currently traded on the Stock Exchanges under the ISIN Code INE 296A01016. The fully paid up Rights Shares proposed to be issued on a rights basis shall be listed and admitted for trading on the Stock Exchanges under the existing ISIN for fully paid Equity Shares of our Company. All steps for the completion of the necessary formalities for listing and commencement of trading of the Rights Shares pursuant to the Issue shall be taken within seven working days of the finalization of the basis of allotment. The Company has made applications to the Stock Exchanges seeking "in-principle" approval for the listing of the Rights Shares pursuant to the Issue in accordance of the Listing Agreement and has received such approval from the BSE pursuant to letter no. [●] dated [●], and, from NSE pursuant to letter no. [●] dated [●]. Our Company will apply to the Stock Exchanges for final approval for the listing and trading of the Rights Shares. No assurance can be given regarding the active or sustained trading in the Rights Shares or the price at which the Rights Shares offered under the Issue will trade after the listing thereof.

Rights of the Eligible Equity Shareholder

The Rights Shares allotted in this Issue shall rank *pari passu* with the existing Equity Shares in all respects including dividend. Subject to applicable laws, the Eligible Equity Shareholders of our Company shall have the following rights:

- Right to receive dividend, if declared;
- Right to attend general meetings and exercise voting powers, unless prohibited by law;
- Right to vote/ poll in person or by proxy;
- Right to receive offers for rights shares and be allotted bonus shares, if announced;
- Right to receive surplus on liquidation;
- Right to free transferability of Rights Shares; and
- Such other rights as may be available to a shareholder of a listed public company under the Companies Act, the Listing Agreement and Memorandum and Articles of Association.

GENERAL TERMS OF THE ISSUE

Market lot

The Equity Shares of our Company are tradable only in dematerialized form. The market lot for Equity Shares in dematerialised mode is one. In case an Eligible Equity Shareholder holds Equity Shares in physical form, our Company would issue to the Allottees one certificate for the Rights Shares allotted to each folio ("**Consolidated Certificate**"). However, our Company would issue split certificates on receipt of written requests alongwith such Consolidated Cetificate from Eligible Equity Shareholders. Our Company shall not charge a fee for splitting any of the share certificates.

Nomination

In terms of Section 109A of the Companies Act, nomination facility is available for Rights Shares. An Eligible Equity Shareholder can nominate any person by filling the relevant details in the CAF in the space provided for this purpose. In case of Eligible Equity Shareholders who are individuals, a sole Eligible Equity Shareholder or the first named Eligible Equity Shareholder, along with other joint Eligible Equity Shareholders, if any, may nominate any person(s) who, in the event of the death of the sole holder or all the joint-holders, as the case may be, shall become entitled to the Rights Shares. A person, being a nominee, becoming entitled to the Rights Shares by reason of the death of the original Eligible Equity Shareholder(s), shall be entitled to the same advantages to which he would be entitled if he were the registered holder of the Rights Shares. Where the nominee is a minor, the Eligible Equity Shareholder(s) may also make a nomination to appoint, in the prescribed manner, any person to become entitled to the Rights Shares, in the event of death of the said holder(s), during the minority of the nominee. A nomination shall stand rescinded upon the sale of the Rights Shares by the person nominating. A transferee will be entitled to make a fresh nomination in the manner prescribed. When the Rights Shares are held by two or more persons, the nominee shall become entitled to receive the Rights Shares only on the demise of all the holders. Fresh nominations can be made only in the prescribed form available on request at the Registered Office/Corporate Office of our Company or such other person at such addresses as may be notified by our Company. An Eligible Equity Shareholder can make the nomination by filling in the relevant portion of the CAF.

In terms of Section 109B of the Companies Act, any person who becomes a nominee by virtue of the provisions of Section 109A of the Companies Act, shall upon the production of such evidence as may be required by the Board, elect either:

- to register himself or herself as the holder of the Equity Shares; or
- to make such transfer of the Equity Shares, as the deceased holder could have made.

Further, the Board may at any time give notice requiring any nominee to choose either to be registered himself or herself or to transfer the Equity Shares, and if the notice is not complied with within a period of ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other moneys payable in respect of the Equity Shares, until the requirements of the notice have been complied with.

Only one nomination would be applicable for one folio. Hence, in case the Eligible Equity Shareholder(s) has already registered the nomination with our Company, no further nomination needs to be made for Rights Shares that may be allotted in this Issue under the same folio.

In case the allotment of Rights Shares is in dematerialised form, there is no need to make a separate nomination for the Rights Shares to be allotted in this Issue. Nominations registered with respective Depository Participant ("DP") of the Applicant would prevail. Any Applicant desirous of changing the existing nomination is requested to inform its respective DP.

Joint Holders

Where two or more persons are registered as the holders of any Equity Shares they shall be deemed to hold the same as joint holders with the benefit of survivorship subject to the provisions contained in the Articles of Association of

our Company. In case of joint holders, the CAF would be required to be signed by all the joint holders to be considered as valid for allotment of Rights Shares.

In case such Eligible Equity Shareholders who are joint holders wish to renounce their Rights Entitlement, all such Eligible Equity Shareholders who are joint holders would be required to sign Part B of the CAF. In absence of signatures of all joint holders, the CAF would be liable for rejection.

Subscription by our Promoters and Promoter Group

Our Promoters and Promoter Group have undertaken to fully subscribe to their Rights Entitlement on their own account and not through any of their nominated entities/persons in accordance with Regulation 10(4)(a) of the Takeover Regulations.

Our Promoters and Promoter Group have further undertaken to not renounce any part or whole of their Rights Entitlement under the Rights Issue to any other Promoter/Promoter Group entity or to any Persons Acting in concert or to any other third party in accordance with Regulation 10(4)(b) of the Takeover Regulations.

Our Promoters and Promoter Group retain the right to apply for additional shares in accordance with and subject to Regulation 10(4)(b) of the Takeover Regulations.

Further, our corporate Promoter, Bajaj Finserv Limited and our Promoter Group entities Jamnalal Sons Private Limited and Bajaj Sevashram Private Limited have undertaken to subscribe to any unsubscribed Rights Shares in this Issue, subject to applicable statutory and/or regulatory requirements, in any proportion among themselves.

Pursuant to the Rights Issue, the combined shareholding of the Promoter Group and any Persons Acting in Concert will not breach the maximum permissible non-public shareholding limit of 75.0% as provided for under Rule 19(2)(b) of the Securities Contracts (Regulations) Rules, 1957.

For further details of under subscription and allotment to the Promoters and Promoter Group, please refer to "*Basis of Allotment*" below under the section titled "*Terms of the Issue*" on page 125 of this Draft Letter of Offer.

Presently our Company is complying with clause 40A of the Listing Agreement read with Rule 19A of the Securities Contracts (Regulation) Rules, 1957, in connection with the requirement of maintaining the minimum public shareholding, i.e. at least 25% of the total paid up equity capital, for continuous listing.

In case the permission to deal in and for an official quotation of the Rights Shares is not granted by the Stock Exchanges, our Company shall forthwith repay without interest, all monies received from the applicants in pursuance of this Draft Letter of Offer and if such money is not repaid within eight days after the day from which our Company is liable to repay it, our Company shall pay interest @ 15.0% per annum as prescribed under Section 73(2) / 73(2A) of the Companies Act.

If our Company does not receive the minimum subscription of 90% of the Issue, or the subscription level falls below 90%, after the Issue Closing Date on account of withdrawal of applications, our Company shall refund the entire subscription amount received within 15 days from the Issue Closing Date. If there is delay in the refund of the subscription amount by more than eight days after our Company becomes liable to pay the subscription amount (i.e. 15 days after the Issue Closing Date), our Company will pay interest for the delayed period at 15.0% per annum as prescribed under sub-sections (2) and (2A) of Section 73 of the Companies Act.

Notices

All notices to the Eligible Equity Shareholder(s) required to be given by our Company shall be published in one English language national daily newspaper, one Hindi national daily newspaper and one Marathi language daily newspaper with wide circulation in Pune and/or, will be sent by post to the registered address of the Equity Shareholders in India or the Indian address provided by the Eligible Equity Shareholders from time to time.

Offer to Non-Resident Equity Shareholders/Applicants / Foreign Institutional investors

As per Regulation 6 of Notification No. FEMA 20/200-RB dated May 3, 2000, the RBI has given general permission to Indian companies to issue Rights Shares to non-resident shareholders including additional securities. Applications received from NRIs and non-residents for allotment of Rights Shares shall be *inter alia*, subject to the conditions imposed from time to time by the RBI under the FEMA in the matter of refund of application moneys, allotment of Rights Shares and issue of letter of allotment. **The Abridged Letter of Offer and CAF shall be dispatched to non-resident Eligible Equity Shareholders at their Indian address only.** The Board may at its absolute discretion, agree to such terms and conditions as may be stipulated by RBI while approving the allotment of Rights Shares. The Rights Shares purchased by non-residents shall be subject to the same conditions including restrictions in regard to the repatriation as are applicable to the original shares against which Rights Shares are issued on rights basis.

CAFs will be made available for eligible NRIs at our Registered Office, our Corporate Office and with the Registrar to the Issue.

In case of change of status of holders i.e. from Resident to Non-Resident, a new de-mat account must be opened.

DETAILS OF SEPARATE COLLECTING CENTRES FOR NON-RESIDENT APPLICATIONS SHALL BE PRINTED ON THE CAF.

No Offer in the United States

The Rights Entitlements and the Rights Shares of our Company have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**Securities Act**"), or any U.S. state securities laws and may not be offered, sold, resold or otherwise transferred within the United States of America or the territories or possessions thereof (the "**United States**" or "**U.S.**"), or to, or for the account or benefit of, "U.S. persons" (as defined in Regulation S under the Securities Act ("**Regulation S**"), except in a transaction exempt from the registration requirements of the Securities Act. The rights referred to in this Draft Letter of Offer are being offered in India, but not in the United States. The offering to which this Draft Letter of Offer relates is not, and under no circumstances is to be construed as, an offering of any Rights Shares or rights for sale in the United States or as a solicitation therein of an offer to buy any of the said Rights Shares or rights. Accordingly, this Draft Letter of Offer and the enclosed CAF should not be forwarded to or transmitted in or into the United States at any time. Neither our Company nor any person acting on behalf of our Company will accept subscriptions or renunciation from any person, or the agent of any person, who appears to be, or who our Company or any person acting on behalf of our Company has reason to believe is, either a "U.S. person" (as defined in Regulation S) or otherwise in the United States when the buy order is made. Envelopes containing a CAF should not be postmarked in the United States or otherwise dispatched from the United States or any other jurisdiction where it would be illegal to make an offer under this Draft Letter of Offer, and all persons subscribing for the Rights Shares and wishing to hold such Rights Shares in registered form must provide an address for registration of the Rights Shares in India. Our Company is making this issue of Rights Shares on a rights basis to its Eligible Equity Shareholders and the Abridged Letter of Offer and CAF will be dispatched to Eligible Equity Shareholders who have an Indian address.

Any person who acquires rights and the Rights Shares will be deemed to have declared, represented, warranted and agreed, (i) that it is not and that at the time of subscribing for the Rights Shares or the Rights Entitlements, it will not be, in the United States when the buy order is made, (ii) it is not a "U.S. person" (as defined in Regulation S), and does not have a registered address (and is not otherwise located) in the United States, and (iii) is authorised to acquire the rights and the Rights Shares in compliance with all applicable laws and regulations.

Our Company reserves the right to treat as invalid any CAF which: (i) does not include the certification set out in the CAF to the effect that the subscriber is not a "U.S. person' (as defined in Regulation S), and does not have a registered address (and is not otherwise located) in the United States and is authorized to acquire the rights and the Rights Shares in compliance with all applicable laws and regulations; (ii) appears to our Company or its agents to have been executed in or dispatched from the United States; (iii) where a registered Indian address is not provided; or (iv) where our Company believes that CAF is incomplete or acceptance of such CAF may infringe applicable legal or regulatory requirements; and our Company shall not be bound to allot or issue any Rights Shares or Rights

Entitlement in respect of any such CAF. Our Company is informed that there is no objection to a United States shareholder selling its rights in India. Rights Entitlement may not be transferred or sold to any U.S. person.

Arrangements for disposal of odd lots

The market lot for our Company's Equity Shares is one (1).

PROCEDURE FOR APPLICATION

How to Apply

The CAF will be printed in black ink for all Eligible Equity Shareholders. The CAF along with the Abridged Letter of Offer shall be dispatched through registered post or speed post at least three days before the Issue Opening Date. In case the original CAFs are not received by the Applicant or is misplaced by the Applicant, the Applicant may request the Registrars to the Issue, for issue of a duplicate CAF, by furnishing the registered folio number, DP ID Number, Client ID Number and their full name and address. In case the signature of the Equity Shareholder(s) does not match with the specimen registered with our Company, the application is liable to be rejected.

Please note that in accordance with the provisions of SEBI circular bearing number CIR/CFD/DIL/1/2011 dated April 29, 2011, all Applicants who are QIBs, Non Institutional Investors (including all companies and bodies corporate) and Non Retail Individual Investors must mandatorily make use of ASBA facility. All QIBs, Non Institutional Investors and Non Retail Individual Investors, must mandatorily invest through the ASBA process provided that they are eligible ASBA Investors (as per the conditions of the SEBI circular dated December 30, 2009). Accordingly, an eligible ASBA Investor is an Applicant who:

- holds the Equity Shares in dematerialised form as on the Record Date and has applied towards his/her Rights Entitlements or additional Rights Shares in the Issue in dematerialised form;
- has not renounced his/her Rights Entitlements in full or in part;
- is not a Renouncee; and
- applies through a bank account maintained with one of the SCSBs.

Notwithstanding anything contained hereinabove, all Renouncees shall apply in the Issue only through the non-ASBA process.

Retail Individual Investors may optionally apply through the ASBA process, provided that they are eligible ASBA Investors.

The CAF consists of four parts:

Part A: Form for accepting the Rights Shares offered as a part of this Issue, in full or in part, and for applying for additional Rights Shares;
Part B: Form for renunciation of Rights Shares;
Part C: Form for application of Rights Shares by Renouncees; and
Part D: Form for request for Split Application Forms.

Please note that neither the Company nor the Registrar to the Issue, shall be responsible for any delay in the receipt of the CAF/duplicate CAF which is attributable to postal delays or if the CAF/duplicate CAF are misplaced in transit.

Options available to the Eligible Equity Shareholders

The CAFs will clearly indicate the number of Rights Shares that the Eligible Equity Shareholder is entitled to. If the Eligible Equity Shareholder applies for an investment in the Issue, then he can:

A. Apply for his Rights Entitlement in full;

B. Apply for his Rights Entitlement in part (without renouncing the other part);
C. Apply for his Rights Entitlement in full and apply for additional Rights Shares;
D. Renounce his entire Rights Entitlement; or
E. Apply for his Rights Entitlement in part and renounce the other part.

Options A and B: Acceptance of the Rights Entitlement

The Eligible Equity Shareholders may accept their Rights Entitlement and apply for the Rights Shares offered, either (i) in full or (ii) in part, without renouncing the other part, by completing Part A of the CAF. For details in relation to submission of the CAF and mode of payment please refer to the sub-section titled "*Submission of Application and Modes of Payment for the Issue*" under this section titled "*Terms of the Issue*" on page 121 of this Draft Letter of Offer.

Option C: Acceptance of the Rights Entitlement and Application for Additional Rights Shares

You are eligible to apply for additional Rights Shares over and above your Rights Entitlement, provided that you have applied for all the Rights Shares offered to you without renouncing them in whole or in part in favor of any other person(s). Applications for additional Rights Shares shall be considered, and the allotment shall be made at the sole discretion of the Board/ Committee of the Board, subject to sectoral caps and in consultation if necessary with the Designated Stock Exchange and in the manner prescribed under ***"Basis of Allotment"*** on page 125 of this Draft Letter of Offer.

If you desire to apply for additional Rights Shares, please indicate your requirement in the place provided for additional Rights Shares in Part A of the CAF. Any Renouncee applying for all the Rights Shares renounced in their favor may also apply for additional Rights Shares.

Where the number of additional Rights Shares applied for exceeds the number available for allotment, the allotment would be made on a fair and equitable basis in consultation with the Designated Stock Exchange.

Options D and E: Renunciation of the Rights Entitlement

This Issue includes a right exercisable by you to renounce the Rights Shares offered to you either in full or in part in favour of any other person or persons. Your attention is drawn to the fact that our Company shall not allot and/or register Rights Shares in favour of persons and/or entities which are incompetent to contract in their own capacity:

- More than three persons, including joint holders;
- Partnership firms or their nominees, (partners of the partnership firm are eligible for allotment of Rights Shares if they have applied for the same in their individual capacity as partners of such firm);
- Minors (guardians of a minor are eligible for allotment of Rights Shares if they have applied for the same on behalf of or for the benefit of such minors);
- Hindu Undivided Families (HUFs) (kartas of a HUF are eligible for allotment of Rights Shares if they have applied for the same on behalf of or for the benefit of the HUF); or
- Any trusts or societies (unless registered under the Societies Registration Act, 1860 or the Indian Trusts Act, 1882 or any other law applicable to trusts and societies and subject further to the trusts or society being authorised under its constitution or bye-laws to hold equity shares of a company, as the case may be).

'Part A' of the CAF must not be used by any person(s) other than those in whose favour this offer has been made. If used, this will render the application invalid. Submission of the enclosed CAF to the Banker to the Issue at its collecting branches specified on the reverse of the CAF with the form of renunciation ('Part B' of the CAF) duly filled in shall be conclusive evidence for our Company of the Renouncees applying for Rights Shares in 'Part C' of the CAF to receive allotment of such Rights Shares. The Renouncees applying for all the Rights Shares renounced in their favour may also apply for additional Rights Shares. 'Part A' of the CAF must not be used by the Renouncee(s)

as this will render the application invalid. Renouncee(s) will have no further right to renounce any Rights Shares in favour of any other person.

Additional Rights Shares

You are eligible to apply for additional Rights Shares over and above your Rights Entitlement, provided that you are eligible to apply under applicable law and have applied for all the Rights Shares offered without renouncing them in whole or in part in favour of any other person(s). Renouncee(s) can also apply for additional Rights Shares in the Issue. Applications for additional Rights Shares shall be considered and allotment shall be made at the sole discretion of the Board, subject to applicable sectoral caps, and in consultation if necessary with the Designated Stock Exchange and in the manner prescribed under "*Terms of the Issue - Basis of Allotment*" on page 125 of this Draft Letter of Offer. If you desire to apply for additional Rights Shares, please indicate your requirement in the place provided for additional Rights Shares in Part A of the CAF. Where the number of additional Rights Shares applied for exceeds the number available for Allotment, the Allotment would be made on a fair and equitable basis in consultation with the Designated Stock Exchange.

Eligible Equity Shareholders whose fractional Rights Entitlements are being ignored would be given preference in allotment of one additional Rights Share each if they apply for additional Rights Shares. Those Eligible Equity Shareholders who have a holding of less than [●] Equity Shares and therefore entitled to Nil Rights Shares will be given a preference for allotment of one additional Rights Shares if he has applied for the same. For further details please refer to "*Terms of the Issue - Basis of Allotment*" on page 125 of this Draft Letter of Offer.

Applications by Overseas Corporate Bodies

By virtue of the Circular No. 14 dated September 16, 2003, issued by the RBI, Overseas Corporate Bodies ("**OCBs**"), have been derecognized as an eligible class of investors and the RBI has subsequently issued the Foreign Exchange Management (Withdrawal of General Permission to OCBs) Regulations, 2003. Accordingly, the existing Eligible Equity Shareholders of our Company who do not wish to subscribe to the Rights Shares being offered but wish to renounce the same in favour of Renouncee shall not be able to renounce the same (whether for consideration or otherwise), in favour of OCB(s).

The RBI has however clarified in its circular, A.P. (DIR Series) Circular No. 44, dated December 8, 2003, that OCBs which are incorporated and are not and were not at any time subject to any adverse notice from the RBI, are permitted to undertake fresh investments as incorporated non-resident entities in terms of Regulation 5(1) of RBI Notification No.20/2000-RB dated May 3, 2000, under the foreign direct investment scheme with the prior approval of Government of India if the investment is through the government approval route and with the prior approval of RBI if the investment is through automatic route on case by case basis. Eligible Equity Shareholders renouncing their rights in favour of OCBs may do so provided such Renouncee obtains a prior approval from the RBI. On submission of such RBI approval to our Company at our Registered Office, the OCB shall receive the Abridged Letter of Offer and the CAF.

Renunciation by and/or in favor of Non Residents

Any renunciation (i) from a resident Indian Equity Shareholder to a Non Resident, or (ii) from a Non Resident Equity Shareholder to a resident Indian, or (iii) from a Non Resident Equity Shareholder to a Non Resident, in light of the RBI Master circular on Foreign Investment in India dated July 02, 2012, the RBI Notification No. FEMA 20/2000-RB dated May 03, 2000, as amended from time to time, would not require approval from RBI, if such renunciation is made on the floor of the exchange, provided that in case of any renunciation from a resident Indian Equity Shareholder to a Non Resident, the offer price for the Rights Shares should not be less than the price at which an offer is made to the resident Eligible Equity Shareholder. Any renunciation through a private arrangement would be subject to applicable pricing requirements prescribed by the RBI and/or seeking appropriate approvals from the RBI in this regard.

However, the right of renunciation is subject to the express condition that the Board shall be entitled, in its absolute discretion, to reject the request from the renouncees for the allotment of Equity Shares without assigning any reason thereof.

Procedure for renunciation

To renounce all the Rights Shares offered to an Eligible Equity shareholder in favour of one Renouncee

If you wish to renounce the offer indicated in 'Part A', in whole, please complete 'Part B' of the CAF. In case of joint holding, all joint holders must sign 'Part B' of the CAF. The person in whose favour renunciation has been made should complete and sign 'Part C' of the CAF. In case of joint Renouncees, all joint Renouncees must sign part C of the CAF.

To renounce in part/or renounce the whole to more than one person(s)

If you wish to either accept this offer in part and renounce the balance or renounce the entire offer under this Issue in favour of two or more Renouncees, the CAF must be first split into requisite number of forms. Please indicate your requirement of Split Application Forms ("**SAFs**"), in the space provided for this purpose in 'Part D' of the CAF and return the entire CAF to the Registrar to the Issue so as to reach them latest by the close of business hours on the last date of receiving requests for SAFs, i.e. [●]. On receipt of the required number of SAFs from the Registrar, the procedure as mentioned in paragraph above shall have to be followed. In case the signature of the Eligible Equity Shareholder(s), who has renounced the Rights Shares, does not match with the specimen registered with our Company, the application is liable to be rejected.

Renouncee(s)

The person(s) in whose favour the Rights Shares are renounced should fill in and sign 'Part C' of the CAF and submit the entire CAF to the Bankers to the Issue on or before the Issue Closing Date along with the application money in full. **A Renouncee cannot further renounce.**

Change and/or introduction of additional holders

If you wish to apply for Rights Shares jointly with any other person(s), not more than three, who is/are not already a joint holder with you, it shall amount to renunciation and the procedure as stated above for renunciation shall have to be followed. Even a change in the sequence of the name of joint holders shall amount to renunciation and the procedure, as stated above, shall have to be followed. However, this right of renunciation is subject to the express condition that the Board shall be entitled in its absolute discretion to reject the request for allotment from the Renouncee(s) without assigning any reason thereof. All such applications will be treated as applications from Renouncees and shall have to be made through the non-ASBA process only to be considered valid for allotment. Please also see Basis of Allotment on page 125 of this Draft Letter of Offer.

Instructions for Filling the CAF

The summary of options available to the Eligible Equity Shareholder is presented below. You may exercise any of the following options with regard to the Rights Shares offered, by using the CAF as detailed herein:

Option Available	Action Required
1. Accept whole or part of your Rights Entitlement without renouncing the balance.	Fill in and sign Part A *(All joint holders must sign)*
2. Accept your Rights Entitlement in full and apply for additional Rights Shares	Fill in and sign Part A including Block III relating to the acceptance of entitlement and Block IV relating to additional Rights Shares *(All joint holders must sign)*
3. Renounce your Rights Entitlement in full to one person *(*Joint *Renouncees are considered as one)*.	Fill in and sign Part B *(all joint holders must sign)* indicating the number of Rights Shares renounced and hand it over to the Renouncee. The Renouncee must fill in and sign Part C *(All joint Renouncees must sign)*
4. Accept a part of your Rights Entitlement and	Fill in and sign Part D *(all joint holders must sign)* requesting for SAFs. Send the CAF to the Registrar to

Option Available	Action Required
renounce the balance to one or more Renouncee(s) OR **Renounce your Rights Entitlement of all Rights Shares offered to you to more than one Renouncee**	the Issue so as to reach them on or before the last date for receiving requests for SAFs. Splitting will be permitted only once. **On receipt of the SAF take action as indicated below.** For the Rights Shares you wish to accept, if any, fill in and sign Part A. For the Rights Shares you wish to renounce, fill in and sign Part B indicating the number of Rights Shares renounced and hand it over to the Renouncee. Each of the Renouncee should fill in and sign Part C for the Rights Shares accepted by them.
5. Introduce a joint holder or change the sequence of joint holders	This will be treated as a renunciation. Fill in and sign Part B and the Renouncee must fill in and sign Part C.

Applicants must provide information in the CAF as to their savings bank/current account number and the name of the bank with whom such account is held, to enable the Registrar to print the said details in the refund orders after the names of the payee(s) in case of Equity Shares held in the physical form. Failure to comply with this may lead to rejection of the application. Bank account details furnished by the Depositories will be printed on the refund warrant in case of Equity Shares held in electronic form.

Please note that:

- 'Part A' of the CAF must not be used by any person(s) other than the Eligible Equity Shareholders to whom this Draft Letter of Offer has been addressed. If used, this will render the application invalid.
- Request for Split Application Forms / SAF should be made for a minimum of one Rights Share or, in either case, in multiples thereof and one SAF for the balance Rights Shares, if any.
- A request by the Applicant for the SAF should reach our Company on or before [●].
- Only the Eligible Equity Shareholders to whom this Draft Letter of Offer has been addressed shall be entitled to renounce and to apply for SAFs. Forms once split cannot be split further.
- SAFs will be sent to the applicant(s) by post at the Applicant's risk.
- While applying for or renouncing their Rights Entitlement, joint holders must sign in the same order and as per the specimen signatures registered with our Company or the Depositories.
- In the case of a renunciation, the submission of the CAF to the Bankers to the Issue at the collecting branches specified on the reverse of the CAF together with Part B of the CAF duly completed shall be conclusive evidence of the right of the person applying for the Rights Shares to receive allotment of such Rights Shares.
- Eligible Equity Shareholders may not renounce in favour of persons or entities in the United States, who would otherwise be prohibited from being offered or subscribing for Rights Shares or Rights Entitlement under applicable securities laws.

Applicants must write their CAF Number at the back of the cheque/demand draft

Availability of duplicate CAF

In case the original CAF is not received, or is misplaced by the Applicant, the Registrar to the Issue will issue a duplicate CAF on the request of the Applicant who should furnish the registered folio number/ DP and Client ID number and his/ her full name and address to the Registrar to the Issue. Please note that the request for duplicate CAF should reach the Registrar to the Issue within 8 days from the Issue Opening Date. Please note that those who are making the application in the duplicate CAF should not utilize the original CAF for any purpose including renunciation, even if it is received/ found subsequently. If the applicant violates any of these requirements, he / she shall face the risk of rejection of both the CAFs.

Our Company or the Registrar to the Issue will not be responsible for postal delays or loss of duplicate CAF in transit, if any.

Application on Plain Paper

An Eligible Equity Shareholder who has neither received the original CAF nor is in a position to obtain the duplicate CAF may make an application to subscribe to the Issue on plain paper, along with demand draft / cheque / pay order payable at Hyderabad which should be drawn in favor of the "Bajaj Finance Limited- Rights Issue - R" incase of resident shareholders/applicants and shareholders/applicants applying on non repatriable basis or "Bajaj Finance Limited- Rights Issue - NR" incase of non resident shareholders applying on repatriable basis and the Eligible Equity Shareholders should send the same by registered post / speed post directly to the Registrar to the Issue. The envelope should be superscribed "Bajaj Finance Limited – Rights Issue - R" incase of resident shareholders/applicants or shareholders/applicants applying on non repatriable basis or "Bajaj Finance Limited- Rights Issue -NR" in case of non resident shareholders/applicants applying on repatriable basis and should be postmarked in India.

The application on plain paper, duly signed by the Applicants including joint holders, in the same order as per specimen recorded with our Company, must reach the office of the Registrar to the Issue before the Issue Closing Date and should contain the following particulars:

- Name of Company, being Bajaj Finance Limited;
- Name and address of the Eligible Equity Shareholder including joint holders;
- Registered Folio Number/DP and Client ID no.;
- Number of Equity Shares held as on Record Date;
- Number of Rights Shares entitled to;
- Number of Rights Shares applied for;
- Certificate numbers and distinctive numbers, if the Equity Shares on the Record Date are held in physical form;
- Number of additional Rights Shares applied for, if any;
- Allotment option preferred for the Rights Shares - Physical or Demat (Rights Shares will be allotted in physical form only if the Equity Shares held on the Record Date i.e. [●] are in the physical form)
- Total number of Rights Shares applied for;
- The total amount paid at the rate of ₹ [●] per Rights Share;
- Particulars of demand draft/cheque/pay order;
- In case of Equity Shares allotted in physical form, Savings/Current Account Number and name and address of the bank where the Eligible Equity Shareholder will be depositing the refund order (In case of equity shares allotted in demat mode, the bank account details will be obtained from the information available with the depositories);

- Except for applications on behalf of the Central or State Government, residents of Sikkim and the officials appointed by the courts, PAN of the Applicant and for each Applicant in case of joint names, irrespective of the total value of the Rights Shares applied for pursuant to the Issue; subject to submitting sufficient documentary evidence in support of their claim for exemption, provided that such transactions are undertaken on behalf of the Central and State Government and not in their personal capacity;
- Signature of Eligible Equity Shareholders to appear in the same sequence and order as they appear in the records of our Company or the Depositories;
- In case of Non Resident Shareholders, NRE/ FCNR/ NRO A/c No. Name and Address of the Bank and Branch;
- If payment is made by a draft purchased from NRE/ FCNR/ NRO A/c No., as the case may be, an Account debit certificate from the bank issuing the draft, confirming that the draft has been issued by debiting NRE/ FCNR/ NRO Account;
- A representation that the Eligible Equity Shareholder is not a "U.S. Person" (as defined in Regulation S under the Securities Act);
- Additionally, Non Resident applicants shall include the representation in writing that:

1. "I/We understand that the Rights Entitlement have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the "**US Securities Act**") or any United States state securities laws, and may not be offered, sold, resold or otherwise transferred within the United States or to the territories or possessions thereof or to, or for the account or benefit of, "**U.S. Persons**" (as defined in Regulation S under the US Securities Act), except in a transaction exempt from, or in a transaction not subject to, the registration requirements of the US Securities Act. The Equity Shares referred to in this application are being offered in India but not in the United States of America. None of our Company, the Registrar, the Lead Manager or any other person acting on behalf of our Company will accept subscriptions from any person, or the agent of any person, who appears to be, or who our Company, the Registrar, the Lead Manager or any other person acting on behalf of our Company has reason to believe is, a resident of the United States and to whom an offer, if made, would result in requiring registration of this application with the United States Securities and Exchange Commission.

2. I/We am/are both an institutional investor and an "accredited investor" within the meaning of Rule 501(a)(1), (2), (3) or (7) of Regulation D under the US Securities Act and we have such knowledge and experience in financial and business matters as to be capable of evaluating the merits and risks of our investment in the Equity Shares, and we are, and any accounts for which we are acting are each, able to bear the economic risk of our or its investment.

3. I/We will not offer, sell or otherwise transfer any of the Rights Shares which may be acquired by us in any jurisdiction or under any circumstances in which such offer or sale is not authorised or to any person to whom it is unlawful to make such offer, sale or invitation except under circumstances that will result in compliance with any applicable laws or regulations. We satisfy, and each account for which we are acting satisfies, all suitability standards for investors in investments of the type subscribed for herein imposed by the jurisdiction of our residence.

4. I/We understand and agree that the Rights Shares may not be reoffered, resold, pledged or otherwise transferred except in an offshore transaction in compliance with Regulation S, or otherwise pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act."

Please note that Eligible Equity Shareholders who are making an application otherwise than on a CAF, (i.e., on plain paper as stated above on pages 116 and 134 of this Draft Letter of Offer), shall not be entitled to renounce their rights and should not utilize the CAF for any purpose, including renunciation, even if it is

received subsequently. If the Eligible Equity Shareholder does not comply with any of these requirements, he/she shall face the risk of rejection of both the applications and the application money received shall be refunded. However, our Company and/or any Director of our Company will, notwithstanding anything to the contrary contained herein, not be liable to pay any interest whatsoever on the Application Money so refunded.

The Eligible Equity Shareholders are requested to strictly adhere to these instructions. Failure to do so could result in the application being rejected, with our Company, the Lead Manager and the Registrar not having any liability to such Eligible Equity Shareholders.

General instructions for Applicants

(a) Please read the instructions printed on the CAF carefully.

(b) Application should be made on the printed CAF, provided by our Company except as mentioned under the head application on plain paper and should be completed in all respects. For further details see "*Application on Plain Paper*" on pages 116 and 134 of this Draft Letter of Offer. The CAF found incomplete with regard to any of the particulars required to be given therein, and/ or which are not completed in conformity with the terms of this Draft Letter of Offer, the Letter of Offer and/or the Abridged Letter of Offer are liable to be rejected and the money paid, if any, in respect thereof will be refunded without interest and after deduction of bank commission and other charges, if any. The CAF must be filled in English and the names of all the Applicants, details of occupation, address, father's / husband's name must be filled in block letters.

(c) The CAF together with cheque/demand draft should be submitted to the Bankers to the Issue/ collecting branch of the Escrow Collection Bank(s) or dispatched to the Registrar to the Issue and not to our Company or Lead Manager to the Issue. Applicants residing at places other than cities where the branches of the Bankers to the Issue have been authorised by our Company for collecting applications, will have to make payment by Demand Draft payable at Hyderabad and send their CAFs to the Registrar to the Issue by REGISTERED POST. If any portion of the CAF is/are detached or separated, such application is liable to be rejected. All CAFS along with the Demand Drafts will need to reach the Registrar on or before the Issue Closing Date to be considered valid for allotment.

(d) Except for applications on behalf of the Central or State Government, residents of Sikkim and the officials appointed by the courts, PAN of the Applicant and for each Applicant in case of joint names, irrespective of the total value of the Rights Shares applied for pursuant to the Issue, must be submitted along with the CAF. CAF without a PAN will be considered incomplete and is liable to be rejected, subject to submitting sufficient documentary evidence in support of their claim for exemption, provided that such transactions are undertaken on behalf of the Central and State Government and not in their personal capacity. However, in case of an Applicant who is exempt from holding a PAN and has made an application(s) for Rights Share(s) in physical form, it is the liability of the Applicant(s) to submit sufficient supporting documents, on or before the Issue Closing Date with the Registrar for evidencing such exemption. In the absesnce of such supporting documents, the application is liable to be rejected.

(e) Applicants are advised that it is mandatory to provide information as to their savings/current account number and the name of the bank with whom such account is held in the CAF to enable the Registrar to the Issue to print the said details in the refund orders, if any, after the names of the payees for Equity Shares held in the physical form. Application not containing such details is liable to be rejected. For Eligible Equity Shareholders holding Equity Shares in dematerialized form, such bank details will be drawn from the demographic details of the Eligible Equity Shareholder in the records of the Depository.

(f) All payments should be made by cheque/demand draft only. Application through the ASBA process as mentioned above is acceptable. Cash payment is not acceptable. In case payment is effected in

contravention of this, the application may be deemed invalid and the application money will be refunded and no interest will be paid thereon. Signatures should be either in English or Hindi or in any other language specified in the Eighth Schedule to the Constitution of India. Signatures other than in English or Hindi and thumb impression must be attested by a Notary Public or a Special Executive Magistrate under his/ her official seal. The Equity Shareholders must sign the CAF as per the specimen signature recorded with our Company.

(g) In case of an application under power of attorney and / or by a body corporate or by a society, a certified true copy of the relevant power of attorney and / or relevant resolution or authority to the signatory to make the relevant investment under this Issue and to sign the application and a copy of the Memorandum and Articles of Association and/or bye laws of such body corporate or **society must be lodged with the Registrar to the Issue giving reference of the serial number of the CAF.** In case the above referred documents are already registered with our Company, the same need not be furnished again. In case these papers are sent to any other entity besides the Registrar to the Issue or are received by the Registrar to the Issue after the Issue Closing Date, then the application is liable to be rejected. **In no case should these papers be attached to the application submitted to the Bankers to the Issue.**

(h) In case of joint holders, all joint holders must sign the relevant part of the CAF in the same order and as per the specimen signature(s) recorded with our Company. Further, in case of joint Applicants who are Renouncees, the number of Applicants should not exceed three. In case of joint Applicants, reference, if any, will be made in the first Applicant's name and all communication will be addressed to the first Applicant.

Application(s) received from Non-Resident / NRIs, or persons of Indian origin residing abroad for allotment of Rights Shares shall, inter alia, be subject to conditions, as may be imposed from time to time by the RBI under FEMA in the matter of refund of application money, allotment of equity shares, subsequent issue and allotment of equity shares, interest and export of share certificates. In case a Non-Resident or NRI Eligible Equity Shareholder has specific approval from the RBI, in connection with his shareholding, he should enclose a copy of such approval with the CAF. Additionally, Applications will not be accepted from NRs/NRIs in the United States or its territories and possessions, or any other jurisdiction where the offer or sale of the Rights Entitlements and Rights Shares may be restricted by applicable securities laws. **The Abridged Letter of Offer and CAF shall be dispatched to non-resident Eligible Equity Shareholders at their Indian address only.**

(i) All communication in connection with application for the Rights Shares, including any change in address of the Eligible Equity Shareholders should be addressed to the Registrar to the Issue prior to the date of allotment in this Issue quoting the name of the first/sole Applicant, folio numbers and CAF number. Please note that any intimation for change of address of Eligible Equity Shareholders, after the date of allotment, should be sent to the Registrar and Transfer Agents of our Company, in the case of Equity Shares held in physical form and to the respective depository participant, in case of Equity Shares held in dematerialized form.

(j) Payment by cash: The Registrar will not accept any payments against any applications, if made in cash. In case payment is effected in contravention of this, the application may be deemed invalid and the application money will be refunded and no interest will be paid thereon.

(k) SAFs cannot be re-split.

(l) Only the person or persons to whom Rights Shares have been offered and not Renouncee(s) shall be entitled to obtain SAFs.

(m) Applicants must write their CAF number at the back of the cheque /demand draft.

(n) Only one mode of payment per application should be used. The payment must be by cheque / demand draft drawn on any of the banks, including a co-operative bank, which is situated at and is a member or a sub member of the Bankers Clearing House located at the centre indicated on the reverse of the CAF where the application is to be submitted.

(o) A separate cheque / draft must accompany each CAF. Outstation cheques / demand drafts or post-dated cheques and postal / money orders will not be accepted and applications accompanied by such cheques / demand drafts / money orders or postal orders will be rejected. The Registrar will not accept payment against application if made in cash.

(p) No receipt will be issued for application money received. The Bankers to the Issue / collecting branch of the Escrow Collection Bank(s) / Registrar will acknowledge receipt of the same by stamping and returning the acknowledgment slip at the bottom of the CAF.

(q) An applicant which is a mutual fund can make a separate application in respect of each scheme of the mutual fund registered with SEBI and such applications in respect of more than one scheme of the mutual fund shall not be treated as multiple applications provided that the application clearly indicate the scheme concerned for which the application has been made. The application made by the asset management company or custodian of a mutual fund shall clearly indicate the name of the concerned scheme for which the application is made.

(r) The distribution of this Draft Letter of Offer and issue of Rights Shares and Rights Entitlements to persons in certain jurisdictions outside India may be restricted by legal requirements in those jurisdictions. Persons in the United States and such other jurisdictions are instructed to disregard this Draft Letter of Offer and not to attempt to subscribe for Rights Shares.

Do's for non-ASBA Investors:

(i) Check if you are eligible to apply i.e. you are an Equity Shareholder on the Record Date;

(ii) Read all the instructions carefully and ensure that the cheque/ draft option is selected in part A of the CAF and necessary details are filled in;

(iii) In the event you hold Equity Shares in dematerialised form, ensure that the details about your Depository Participant and beneficiary account are correct and the beneficiary account is activated as the Equity Shares will be allotted in the dematerialized form only;

(iv) Ensure that your Indian address is available to our Company and the Registrar, in case you hold Equity Shares in physical form or the depository participant, in case you hold Equity Shares in dematerialized form;

(v) Ensure that the value of the cheque / draft submitted by you is equal to the (number of Equity Shares applied for) X (Issue Price of Equity Shares, as the case may be) before submission of the CAF;

(vi) Ensure that you receive an acknowledgement from the collection centers of the collection bank for your submission of the CAF in physical form;

(vii) Ensure that you mention your PAN allotted under the I.T. Act with the CAF, except for Applications on behalf of the Central and State Governments, residents of the state of Sikkim and officials appointed by the

courts. Please ensure that the PAN for all joint holders have been mentioned on the CAF, in the absence of which the application is liable to be rejected;

(viii) Ensure that the name(s) given in the CAF is exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case the CAF is submitted in joint names, ensure that the beneficiary account is also held in same joint names and such names are in the same sequence in which they appear in the CAF;

(ix) Ensure that the demographic details with your Depository Paticipant(s) are updated, true and correct, in all respects.

Don'ts for non-ASBA Investors:

(a) Do not apply if you are in the United States of America or are not eligible to participate in the Issue in accordance with the securities laws applicable to your jurisdiction;

(b) Do not apply on duplicate CAF after you have submitted a CAF to a collection center of the collection bank;

(c) Do not pay the amount payable on application in cash, by money order or by postal order;

(d) Do not submit the GIR number instead of the PAN as the application is liable to be rejected on this ground;

(e) Do not submit Applications accompanied with Stock invest.

SUBMISSION OF APPLICATION AND MODES OF PAYMENT FOR THE ISSUE (OTHER THAN ASBA APPLICANTS)

Applicants who are Resident Equity Shareholders

1. Applicants who are applying through CAF and residing at places where the bank collection centres have been opened for collecting applications, are requested to submit their applications at the corresponding collection centre together with cheque/bank demand draft drawn on any bank (including a co-operative bank), for the full application amount favouring "Bajaj Finance Limited -Rights Issue - R" and marked 'A/c Payee only'.

2. Applicants who are applying through CAF and residing at places other than places where the bank collection centres have been opened for collecting applications, are requested to send their applications together with a demand draft of full amount favouring "Bajaj Finance Limited -Rights Issue - R" and marked 'A/c Payee only' payable at Hyderabad directly to the Registrar to the Issue by registered post so as to reach them on or before the Issue Closing Date. Our Company or the Registrar to the Issue will not be responsible for postal delays or loss of applications in transit, if any.

3. Applicants who are applying on plain paper, are requested to send their applications on plain paper together with a demand draft of full amount for the Rights Shares favouring "Bajaj Finance Limited -Rights Issue - R" and marked 'A/c Payee only' payable at Hyderabad directly to the Registrar to the Issue by registered post so as to reach them on or before the Issue Closing Date. Our Company or the Registrar to the Issue will not be responsible for postal delays or loss of applications in transit, if any.

Applicants who are Non-Resident Equity Shareholders

Application with repatriation benefits

Applicants who are Non-Resident Equity Shareholders and are applying on a repatriation basis, are required to submit the completed CAF or application on plain paper, as the case may be, along with the payment made through any of the following ways:

1. By Indian Rupee drafts purchased from abroad and payable at Hyderabad or funds remitted from abroad (submitted along with Foreign Inward Remittance Certificate).

2. By Local cheque / bank drafts remitted through normal banking channels or out of funds held in Non-Resident External Account (NRE) or FCNR Account maintained with banks authorized to deal in foreign currency in India, along with documentary evidence in support of remittance.

3. FIIs registered with SEBI must remit funds from special non-resident rupee deposit account.

4. For Eligible Equity Shareholders / Applicants, applying through CAF, the CAF is to be sent at the bank collection centre specified in the CAF along with cheques/drafts in favour of "Bajaj Finance Limited - Rights Issue - NR" and crossed 'A/c Payee only' for the amount payable.

5. For Eligible Equity Shareholders / Applicants, applying on a plain paper, the applications are to be directly sent to the Registrar to the Issue by registered post along with drafts in favour of "Bajaj Finance Limited-Rights Issue - NR" payable at Hyderabad and crossed 'A/c Payee only' for the amount payable so as to reach them on or before the Issue Closing Date.

6. For Eligible Equity Shareholders/ Applicants applying through CAF but not residing at places where the collection centre is located, shall send the CAF to the Registrar to the Issue by registered post along with drafts of the full amount in favour of "Bajaj Finance Limited -Rights Issue - NR" payable at Hyderabad and crossed 'A/c Payee only' for the amount payable so as to reach them on or before the Issue Closing Date.

A separate cheque or bank draft must accompany each application form. Applicants may note that where payment is made by drafts purchased from NRE/FCNR accounts as the case may be, an Account Debit Certificate from the bank issuing the draft confirming that the draft has been issued by debiting the NRE/FCNR account should be enclosed with the CAF. In the absence of the above the application shall be considered incomplete and is liable to be rejected.

In the case of NRIs who remit their application money from funds held in FCNR/NRE Accounts, refunds and other disbursements, if any shall be credited to such account details of which should be furnished in the appropriate columns in the CAF. In the case of NRIs who remit their application money through Indian Rupee Drafts from abroad, refunds and other disbursements, if any will be made in U.S Dollars at the rate of exchange prevailing at such time subject to the permission of RBI. Our Company will not be liable for any loss on account of exchange rate fluctuation for converting the Rupee amount into U.S. Dollar or for collection charges charged by the applicant's Bankers.

Our Company or the Registrar to the Issue will not be responsible for postal delays or loss of application in transit, if any.

Payments through Non Resident Ordinary Account (NRO account) will not be permitted.

Application without repatriation benefits

For non-residents Eligible Equity Shareholders/Applicants applying on a non-repatriation basis, in addition to the modes specified above, payment may also be made by way of cheque drawn on Non-Resident (Ordinary) Account maintained at Pune or Rupee Draft purchased out of NRO Account maintained elsewhere in India but payable at Hyderabad. **In such cases, the allotment of Rights Shares will be on non-repatriation basis.**

For Non Resident Equity Shareholders/Applicants, applying through CAF, the CAF is to be sent at the bank collection centre specified in the CAF along with cheques/demand drafts drawn for the full amount after deducting bank and postal charges in favor of "Bajaj Finance Limited -Rights Issue - R" and crossed 'A/c Payee only' for the amount payable.

For Non Resident Eligible Equity Shareholders/Applicants, applying on a plain paper, the applications are to be directly sent to the Registrar to the Issue by registered post along with demand drafts drawn in favor of "Bajaj Finance Limited -Rights Issue - R" payable at Hyderabad so as to reach them on or before the Issue Closing Date.

For Non Resident Eligible Equity Shareholders/ Applicants applying through CAF but not residing at places where the collection centre is located, shall send the CAF to the Registrar to the Issue by registered post along with drafts of an amount in favour of "Bajaj Finance Limited -Rights Issue - R" payable at Hyderabad for the amount payable so as to reach them on or before the Issue Closing Date.

If the payment is made by a draft purchased from an NRO account, an Account Debit Certificate from the bank issuing the draft, confirming that the draft has been issued by debiting the NRO account, should be enclosed with the CAF. In the absence of the above, the application shall be considered incomplete and is liable to be rejected.

New dematerialised accounts must be opened for Eligible Equity Shareholders who have had that change in status from resident Indian to NRI.

Our Company or the Registrar to the Issue will not be responsible for postal delays or loss of application in transit, if any, on this account and applications received through mail after closure of the Issue are liable to be rejected. Applications through mails should not be sent in any other manner except as mentioned above. The CAF along with the application money must not be sent to our Company or the Lead Manager or the Registrar. Applicants are requested to strictly adhere to these instructions.

Renouncees who are NRIs/FIIs/Non-Resident should submit their respective applications either by hand delivery or by registered post / speed post with acknowledgement due to the Registrar to the Issue only along with the cheque/demand draft payable at Hyderabad so that the same are received on or before the closure of the Issue.

Procedure for Application by Mutual Funds

In case of a Mutual Fund, a separate application can be made in respect of each scheme of the Mutual Fund registered with SEBI and such Applications in respect of more than one scheme of the Mutual Fund will not be treated as multiple applications provided that the application clearly indicate the scheme concerned for which the application has been made.

Applications made by asset management companies or custodians of a mutual fund shall clearly indicate the name of the concerned scheme for which application is being made.

As per the current norms prescribed by SEBI, the following restrictions are applicable for investments by mutual funds:

No mutual fund scheme shall invest more than 10% of its net asset value in the Rights Shares of any company provided that the limit of 10% shall not be applicable for investments in index funds or sector or industry specific funds. No mutual fund under all its schemes should own more than 10% of any company's paid-up share capital carrying voting rights.

Please note that in accordance with the provisions of the SEBI circular bearing number CIR/CFD/DIL/1/2011 dated April 29, 2011, all Applicants who are QIBs, Non Institutional Investors (including all companies and bodies corporate) or Non Retail Individual Investors must mandatorily make use of ASBA facility.

All QIBs, Non Institutional Investors (including all companies and bodies corporate) and Non Retail Individual Investors, who are eligible ASBA Investors (i.e. complying with the eligibility conditions of SEBI circular dated December 30, 2009), must mandatorily invest through the ASBA process.

Notwithstanding anything contained hereinabove, all Renouncees shall apply in the Issue through the non-ASBA process only.

Procedure for Application by FIIs

In accordance with the current regulations, the following restrictions are applicable for investment by FIIs: The Issue of Rights Shares under this Issue to a single FII should not exceed 24% of the post-issue paid up capital of our Company. In respect of an FII investing in the Rights Shares on behalf of its sub-accounts the investment on behalf of such FII (including each sub-account) shall not exceed 10% of the total paid up capital of our Company. In accordance with foreign investment limits applicable to our Company, the total FII investment cannot exceed 24% of the total paid-up capital of our Company. With the approval of our Board and our shareholders, (by way of a special resolution), the aggregate FII holding can go up to the permitted sectoral cap applicable to our Company. **Applications will not be accepted from FIIs located in jurisdictions which have any restrictions in connection with offering, issuing and allotting any securities within its jurisdiction, and/or to its citizens.**

Please note that in accordance with the provisions of the SEBI circular bearing number CIR/CFD/DIL/1/2011 dated April 29, 2011, all Applicants who are QIBs, Non Institutional Investors (including all companies and bodies corporate) or Non Retail Individual Investors must mandatorily make use of ASBA facility. All QIBs, Non Institutional Investors (including all companies and bodies corporate) and Non Retail Individual Investors, who are eligible ASBA Investors (i.e. complying with the eligibility conditions of SEBI circular dated December 30, 2009), must mandatorily invest through the ASBA process.

Notwithstanding anything contained hereinabove, all Renouncees shall apply in the Issue through the non-ASBA process only.

Procedure for Application by NRIs

Investments by NRIs are governed by the Portfolio Investment Scheme under Regulation 5(3) (i) of the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000. NRI Applicants should note that applications by ineligible Non-residents (including on account of restriction or prohibition under applicable local laws) and where a registered address in India has not been provided, are liable to be rejected.

Please note that in accordance with the provisions of the SEBI circular bearing number CIR/CFD/DIL/1/2011 dated April 29, 2011, all Applicants who are QIBs, Non Institutional Investors (including all companies and bodies corporate) or Non Retail Individual Investors must mandatorily make use of ASBA facility. All QIBs, Non Institutional Investors (including all companies and bodies corporate) and Non Retail Individual Investors, who are eligible ASBA Investors (i.e. complying with the eligibility conditions of SEBI circular dated December 30, 2009), must mandatorily invest through the ASBA process.

Notwithstanding anything contained hereinabove, all Renouncees shall apply in the Issue through the non-ASBA process only.

Acceptance of the terms of the Issue

By applying for the Rights Shares offered, you will be deemed to have accepted the terms of the Issue. Applicants may apply for the Rights Shares offered, either in full or in part by filling Block III of Part A of the enclosed CAF and submit the same along with the application money payable to the Bankers to the Issue or any of the branches as mentioned on the reverse of the CAF before the close of the banking hours on or before the Issue Closing Date or such extended time as may be specified by the Board thereof in this regard. Applicants at centers not covered by the branches of Bankers to the Issue can send their CAF together with demand draft payable at Hyderabad to the

Registrar to the Issue by registered post. Such applications sent to anyone other than the Registrar to the Issue are liable to be rejected.

Note:

1. In case where repatriation benefit is available, interest, dividend, sales proceeds derived from the investment in Rights Shares can be remitted outside India, subject to tax, as applicable according to Income Tax Act, 1961.

2. In case Rights Shares are allotted on non-repatriation basis, the dividend and sale proceeds of the Rights Shares cannot be remitted outside India.

3. The CAFs duly completed together with the amount payable on application must be deposited with the collecting bank indicated on the reverse of the CAFs before the close of business hours on or before the Issue Closing Date. Separate cheque or bank draft must accompany each CAF.

4. In case of a CAF received from non-residents, allotment, refunds and other distribution, if any, will be made in accordance with the guidelines/ rules prescribed by RBI as applicable at the time of making such allotment, remittance and subject to necessary approvals.

Last date of Application

The last date for submission of the duly filled in CAF is [●]. The Issue will be kept open for a minimum of 15 days and our Board or any committee thereof will have the right to extend the said date for such period as it may determine from time to time but not exceeding 30 days from the Issue Opening Date.

If the CAF together with the amount payable is not received by the Banker to the Issue/ Registrar to the Issue on or before the close of banking hours on the aforesaid last date or such date as may be extended by the Board/Committee of Directors, the offer contained in this Draft Letter of Offer shall be deemed to have been declined and the Board/Committee of Directors shall be at liberty to dispose off the Rights Shares hereby offered, as provided under the section entitled "*Terms of the Issue – Basis of Allotment*" on page 125 of this Draft Letter of Offer.

APLLICANTS MAY PLEASE NOTE THAT THE RIGHTS SHARES CAN BE TRADED ON THE STOCK EXCHANGE ONLY IN DEMATERIALISED FORM.

Basis of Allotment

Subject to the provisions contained in this Draft Letter of Offer, the Articles of Association of our Company and the approval of the Designated Stock Exchange, the Board will proceed to allot the Rights Shares in the following order of priority:

(a) Full allotment to those Eligible Equity Shareholders who have applied for their Rights Entitlement either in full or in part and also to the Renouncee(s) who has/ have applied for Rights Shares renounced in their favour, in full or in part.

(b) For the Rights Shares being offered under this Issue, if the shareholding of any of the Eligible Equity Shareholders is less than [●] Equity Shares or is not in the multiple of [●], the fractional entitlement of such Eligible Equity Shareholders shall be ignored. Eligible Equity Shareholders whose fractional entitlements are being ignored would be given preference in allotment of one additional Rights Share each if they apply for additional Rights Shares. Allotment under this head shall be considered if there are any unsubscribed Rights Shares after allotment under (a) above. If the number of Rights Shares required for allotment under

this head are more than the number of Rights Shares available after allotment under (a) above, the allotment would be made on a fair and equitable basis in consultation with the Designated Stock Exchange.

(c) Allotment to the Eligible Equity Shareholders who having applied for all the Rights Shares offered to them as part of the Issue and have also applied for additional Rights Shares. The allotment of such additional Rights Shares will be made as far as possible on an equitable basis having due regard to the number of Equity Shares held by them on the Record Date, provided there is an under-subscribed portion after making full allotment in (a) and (b) above. The allotment of such Rights Shares will be at the sole discretion of the Board/Committee of Directors in consultation with the Designated Stock Exchange, as a part of the Issue and not preferential allotment.

(d) Allotment to Renouncees who having applied for all the Rights Shares renounced in their favour, have applied for additional Rights Shares provided there is surplus available after making full allotment under (a), (b) and (c) above. The allotment of such Rights Shares will be at the sole discretion of the Board/Committee of Directors in consultation with the Designated Stock Exchange, as a part of the Issue and not preferential allotment.

After taking into account allotment to be made under (a), (b), (c) and (d) above, if there is any undersubscribed portion, the same shall be deemed to be 'unsubscribed' and allotment of the unsubscribed Rights Shares will be made to any other person including (our Promoters and Promoter Group) as the Board may in its absolute discretion deem fit.

In the event of under subscription, our Promoters and Promoter Group, intend to apply for additional Rights Shares in accordance with the undertaking and disclosures as mentioned herein.

Our Promoters and Promoter Group have undertaken to fully subscribe to their Rights Entitlement on their own account and not through any of their nominated entities/persons in accordance with Regulation 10(4)(a) of the Takeover Regulations.

Our Promoters and Promoter Group have further undertaken to not renounce any part or whole of their Rights Entitlement under the Rights Issue to any other Promoter/Promoter Group entity or to any Persons Acting in concert or to any other third party in accordance with Regulation 10(4)(b) of the Takeover Regulations.

Our Promoters and Promoter Group retain the right to apply for additional shares in accordance with and subject to Regulation 10(4)(b) of the Takeover Regulations.

Further, our corporate Promoter, Bajaj Finserv Limited and our Promoter Group entities Jamnalal Sons Private Limited and Bajaj Sevashram Private Limited have undertaken to subscribe to any unsubscribed Rights Shares in this Issue, subject to applicable statutory and/or regulatory requirements, in any proportion among themselves.

Pursuant to the Rights Issue, the combined shareholding of the Promoter Group and any Persons Acting in Concert will not breach the maximum permissible non-public shareholding limit of 75.0% as provided for under Rule 19(2)(b) of the Securities Contracts (Regulations) Rules, 1957.

In case the permission to deal in and for an official quotation of the Rights Shares is not granted by the Stock Exchanges, our Company shall forthwith repay without interest, all monies received from the applicants in pursuance of this Draft Letter of Offer and if such money is not repaid within eight days after the day from which our Company is liable to repay it, our Company shall pay interest @ 15.0% per annum as prescribed under Sections 73(2) and 73(2A) of the Companies Act.

Underwriting

This Issue is not being underwritten.

Allotments and Refunds

Our Company will issue and dispatch allotment advice/ share certificates/ demat credit and/ or letters of regret along with refund order or credit the allotted securities to the respective beneficiary accounts, if any, within 15 days from the Issue Closing Date. If such money is not repaid within eight days from the day our Company becomes liable to pay the subscription amount (i.e. 15 days after the Issue Closing Date or the date of refusal by the Stock Exchanges, whichever is earlier), our Company shall pay that money with interest at 15.00% p.a. for the delayed period as stipulated under Section 73 of the Companies Act.

Applicants residing at the centers where clearing houses are managed by the RBI will get refund through NECS only if the Applicants are otherwise applicable/eligible to get refunds through NEFT, direct credit and RTGS, provided however that the relevant MICR details are recorded with the Depositories or our Company.

In case of those Applicants who have opted to receive their Right Entitlement in dematerialized form by using electronic credit under the depository system, an advice regarding the credit of the Rights Shares shall be given separately. Applicants to whom refunds are made through electronic transfer of funds will be sent a letter intimating them about the mode of credit of refund within 15 days of the Issue Closing Date. In case of those Applicants who have opted to receive their Rights Entitlement in physical form, our Company will issue the corresponding share certificates under section 113 of the Companies Act or other applicable provisions if any. All refund orders will be dispatched by registered post/ speed post to the sole/ first Applicant‘s registered address. Such cheques or pay orders will be payable at par at all places where the applications were originally accepted and will be marked “Account Payee only” and would be drawn in the name of the sole/ first Applicant. Adequate funds would be made available to the Registrar to the Issue for this purpose.

Payment of Refund

Mode of making refunds

The payment of refund, if any, would be done through any of the following modes:

1. **NECS** – Payment of refund would be done through NECS for applicants having an account at one of the centres specified by the RBI, where such facility has been made available.

   This would be subject to availability of complete Bank Account Details including MICR code wherever applicable from the depository. The payment of refund through NECS is mandatory for applicants having a bank account at any of the centres where NECS facility has been made available by the RBI (subject to availability of all information for crediting the refund through NECS including the MICR code as appearing on a cheque leaf, from the depositories), except where applicant is otherwise disclosed as eligible to get refunds through NEFT or Direct Credit or RTGS.

2. **NEFT** – Payment of refund shall be undertaken through NEFT wherever the Applicant’s bank has been assigned the Indian Financial System Code (IFSC), which can be linked to a MICR, if any, available to that particular bank branch. IFSC Code will be obtained from the website of RBI as on a date immediately prior to the date of payment of refund, duly mapped with MICR numbers. **Wherever the Applicants have registered their nine digit MICR number and their bank account number while opening and operating the demat account, the same will be duly mapped with the IFSC Code of that particular bank branch and the payment of refund will be made to the Applicants through this method.**

3. **Direct Credit** – Applicants having bank accounts with the refund bankers shall be eligible to receive refunds through direct credit. Charges, if any, levied by the refund banker(s) for the same would be borne by our Company.

4. **RTGS** – Applicants having a bank account at any of the abovementioned centres specified by RBI and whose refund amount exceeds ₹ 2,00,000.00, have the option to receive refund through RTGS. Such

eligible Applicants who indicate their preference to receive refund through RTGS are required to provide the IFSC code in the CAF. In the event the same is not provided, refund shall be made through NECS. Charges, if any, levied by the refund bank(s) for the same would be borne by our Company. Charges, if any, levied by the Applicant's bank receiving the credit would be borne by the Applicant.

5. For all other Applicants, including those who have not updated their bank particulars with the MICR code, the refund orders will be dispatched by Speed Post/ Registered Post. Such refunds will be made by cheques, pay orders or demand drafts drawn in favour of the sole/first Applicant and payable at par.

6. Credit of refunds to Applicants in any other electronic manner permissible under applicable banking laws which are in force and as permitted by SEBI from time to time.

For shareholders opting for allotment in physical mode, bank account details as mentioned in the CAF shall be considered for electronic credit or printing of refund orders, as the case may be. Refund orders will be made by cheques, pay orders or demand drafts drawn on the Refund Bank(s) and payable at par at places where the applications were received and will be marked account payee and will be drawn in the name of Sole/First Applicant. The bank charges, if any, for encashing such cheques, pay orders or demand drafts at other centres will be payable by the Applicants.

Printing of Bank Particulars on Refund Orders

As a matter of precaution against possible fraudulent encashment of refund orders due to loss or misplacement, the particulars of the Applicant's bank account are mandatorily required to be given for printing on the refund orders. Bank account particulars will be printed on the refund orders/refund warrants which can then be deposited only in the account specified. Our Company will in no way be responsible if any loss occurs through these instruments falling into improper hands either through forgery or fraud.

Refund payment to Non-Resident

Where applications are accompanied by Indian rupee drafts purchased abroad and payable at Hyderabad, refunds will be made in the Indian rupees based on the U.S. dollars equivalent which ought to be refunded. Indian rupees will be converted into U.S. dollars at the rate of exchange, which is prevailing on the date of refund. The exchange rate risk on such refunds shall be borne by the concerned applicant and our Company shall not bear any part of the risk.

Where the applications made are accompanied by NRE/FCNR/NRO cheques, refunds will be credited to NRE/FCNR/NRO accounts respectively, on which such cheques were drawn and details of which were provided in the CAF. Export of letters of allotment (if any)/ share certificates/ demat credit to non-resident Allottees will be subject to RBI approval.

Allotment advice / Share Certificates/ Demat Credit

Allotment advice/ share certificates/ demat credit or letters of regret will be dispatched to the registered address of the first named Applicant or respective beneficiary accounts will be credited within 15 days from the Issue Closing Date. In case our Company issues allotment advice, the share certificates will be dispatched within one month from the date of allotment. Allottees are requested to preserve such allotment advice (if any) to be exchanged later for share certificates.

Option to receive Rights Shares in Dematerialized Form

Applicants to the Rights Shares of our Company, and holding Equity Shares in the physical form as on the Record Date, shall be allotted the Rights Shares in dematerialized (electronic) form at the option of the Applicant. Our Company signed a tripartite agreement dated July 11, 2008, with NSDL and the Registrar to the Issue, which enables the Applicants to hold and trade in securities in a dematerialized form, instead of holding the securities in the form of physical certificates. Our Company has also signed a tripartite agreement dated June 27, 2008, with

CDSL and the Registrar to the Issue, which enables the Applicants to hold and trade in securities in a dematerialized form, instead of holding the securities in the form of physical certificates.

In this Issue, the Allottees, currently holding the Equity Shares in physical form and who have opted for Rights Shares in dematerialized form will receive their Rights Shares in the form of an electronic credit to their beneficiary account as given in the CAF with a depository participant. Applicant will have to give the relevant particulars for this purpose in the appropriate place in the CAF. Allotment advice, refund order, (if any), would be sent directly to the applicant by the Registrar to the Issue but the applicant‘s depository participant will provide to him the confirmation of the credit of such Rights Shares to the applicant‘s depository account. Applications, which do not accurately contain this information, will be given the Rights Shares in physical form. No separate applications for Rights Shares in physical and/or dematerialized form should be made. If such applications are made, the application for physical Rights Shares will be treated as multiple applications and is liable to be rejected.

APPLICANTS MAY PLEASE NOTE THAT THE RIGHTS SHARES OF OUR COMPANY CAN BE TRADED ON THE STOCK EXCHANGES ONLY IN DEMATERIALIZED FORM.

Procedure for availing the facility for allotment of Rights Shares in this Issue in the electronic form is as under:

(i) Open a beneficiary account with any depository participant (care should be taken that the beneficiary account should carry the name of the holder in the same manner as is exhibited in the records of our Company. In the case of joint holding, the beneficiary account should be opened carrying the names of the holders in the same order as with our Company). In case of Applicants having various folios in our Company with different joint holders, the Applicants will have to open separate accounts for such holdings. *Those Eligible Equity Shareholders who have already opened such beneficiary account (s) need not adhere to this step.*

(ii) For Eligible Equity Shareholders already holding Equity Shares of our Company in dematerialized form as on the Record Date, the beneficial account number shall be printed on the CAF. For those who open accounts later or those who change their accounts and wish to receive their Rights Shares pursuant to this Issue by way of credit to such account, the necessary details of their beneficiary account should be filled in the space provided in the CAF. Nonetheless, it should be ensured that the depository account is in the name(s) of the Eligible Equity Shareholders and the names are in the same order as in the records of our Company.

(iii) Responsibility for correctness of information (including Applicant’s age and other details) filled in the CAF vis-à-vis such information with the Applicant’s depository participant, would rest with the Applicant. Applicants should ensure that the names of the applicants and the order in which they appear in CAF should be the same as registered with the applicant’s depository participant.

(iv) For applicants holding Equity Shares in physical form as on the Record Date and who have opted to receive Rights Shares in dematerialized form, if incomplete / incorrect beneficiary account details are given in the CAF the Applicant will get Rights Shares in physical form.

(v) Renouncees will also have to provide the necessary details about their beneficiary account for allotment of Rights Shares in this Issue. In case these details are incomplete or incorrect, the application is liable to be rejected.

(vi) Rights Share allotted to an Applicant in the electronic account form will be credited directly to the Applicant’s respective beneficiary account(s) with depository participant.

(vii) Applicants should ensure that the names of the Applicants and the order in which they appear in the CAF should be the same as registered with the Applicant’s depository participant.

(viii) Non-transferable allotment advice/refund orders will be directly sent to the Applicant by the Registrar to this Issue.

(ix) The Rights Shares pursuant to this Issue allotted to Applicants opting for dematerialized form, would be directly credited to the beneficiary account as given in the CAF after verification. Allotment advice, refund order (if any) would be sent directly to the Applicant by the Registrar to the Issue but the Applicant's depository participant will provide to him the confirmation of the credit of such Rights Shares to the Applicant's depository account. No intimation of allotment of Rights Shares will be provided by the Registrar and / or the Company to the individual Allottees.

(x) It may be noted that Rights Shares in electronic form can be traded only on the Stock Exchanges having electronic connectivity with NSDL or CDSL.

(xi) Dividend or other benefits with respect to the Rights Shares held in dematerialized form would be paid to those Eligible Equity Shareholders whose names appear in the list of beneficial owners to be given by the Depository Participant to our Company as on the date of book closure / record date.

GROUNDS FOR TECHNICAL REJECTIONS

Applicants are advised to note that applications are liable to be rejected on technical grounds, including the following:

(a) Amount paid does not tally with the amount payable for;

(b) Bank account details (for refund) are not given and the same are not available with the DP (in the case of dematerialized holdings) or the Registrar (in the case of physical holdings);

(c) Age of first Applicant not given while completing Part C of the CAFs;

(d) Except for applications on behalf of the Central or State Government, residents of Sikkim and the officials appointed by the courts, PAN not given for application of any value;

(e) GIR number provided instead of the PAN;

(f) In case of application under power of attorney relevant documents are not submitted;

(g) In case of application by limited companies, corporate, trust, relevant documents are not submitted;

(h) If the signature of the existing Eligible Equity Shareholder does not match with the one given on the CAF and for renouncee(s) if the signature does not match with the records available with their depositories;

(i) If the Applicant holding Equity Shares in physical form as on Record Date desires to have Rights Shares in electronic form, but the CAF does not have the Applicant's depository account details;

(j) Application forms are not submitted by the Applicants within the time prescribed as per the CAF and this Draft Letter of Offer;

(k) Applications not duly signed by the sole/joint Applicants. All Applications need to be signed by all joint Applicants. Absence of signatures of any of the joint Applicants or mismatch in signatures of any of the joint Applicants may result in the CAF being rejected;

(l) Applications by OCBs unless accompanied by specific approval from RBI permitting the OCBs to participate in the Issue;

(m) Applications accompanied by Stockinvest;

(n) In case no corresponding record is available with the Depositories that matches three parameters, namely, names of the Applicants (including the order of names of joint holders), the Depositary Participant‘s identity (DP ID) and the beneficiary‘s identity;

(o) For applications by Applicants that are located outside of the United States and that are not U.S. persons, such applications that do not include the certification set out in the CAF to the effect that the subscriber is not a “U.S. person” (as defined in Regulation S), and does not have a registered address (and is not otherwise located) in the United States and is authorized to acquire the rights and the securities in compliance with all applicable laws and regulations;

(p) Applications by ineligible Non-residents (including on account of restriction or prohibition under applicable local laws) and applications on Plain Paper where a registered address in India has not been provided;

(q) Applications by Eligible Equity Shareholders who are joint holders, where Part A of the CAF is not signed by all such joint holders;

(r) Applications by Renouncees of Eligible Equity Shareholders who are joint holders, where Part B of the CAF is not signed by all such joint holders;

(s) Applications where our Company believes that CAF is incomplete or acceptance of such CAF may infringe applicable legal or regulatory requirements;

(t) Multiple Applications including cases where an Investor submits CAFs along with an application on plain paper;

(u) Applications which are not made through the ASBA process by Non Retail Individual Investors who are eligible ASBA Investors (i.e. complying with the eligibility conditions of SEBI circular dated December 30, 2009);

(v) Applications by investors who are not eligible ASBA Investors made through the ASBA process;

(w) Applications by renounces who are persons not competent to contract under the Indian Contract Act, 1872, including minors; and

(x) Please read this Draft Letter of Offer and the instructions contained therein and in the CAF carefully before filling in the CAF. The instructions contained in the CAF are each an integral part of this Draft Letter of Offer and must be carefully followed. An application is liable to be rejected for any non-compliance of the provisions contained in this Draft Letter of Offer or the CAF.

PROCEDURE FOR APPLICATION THROUGH THE APPLICATIONS SUPPORTED BY BLOCKED AMOUNT (“ASBA”) PROCESS

This section is for the information of the ASBA Investors proposing to subscribe to the Issue through the ASBA Process. Our Company and the Lead Manager are not liable for any amendments or modifications or changes in applicable laws or regulations, which may occur after the date of this Draft Letter of Offer. Eligible Equity Shareholders who are eligible to apply under the ASBA Process are advised to make their independent investigations and to ensure that the CAF is correctly filled up and also ensure that the number of Rights Shares applied for by such Eligible Equity Shareholders do not exceed the applicable limits under laws or regulations.

The Lead Manager, our Company, its directors, affiliates, associates and their respective directors and officers and the Registrar to the Issue shall not take any responsibility for acts, mistakes, errors, omissions and commissions in relation to applications accepted by SCSBs, Applications uploaded by SCSBs, applications accepted but not uploaded by SCSBs or applications accepted and uploaded without blocking funds in the ASBA Accounts. It shall be presumed that for applications uploaded by SCSBs, the amount payable on application has been blocked in the relevant ASBA Account.

This section is only to facilitate better understanding of aspects of the procedure which is specific to ASBA Investors. ASBA Investors should nonetheless read this document in entirety.

The list of banks that have been notified by SEBI to act as SCSB for the ASBA Process is provided on http://www.sebi.gov.in/cms/sebi_data/attachdocs/1353063494684.html. For details on designated branches of SCSB collecting the CAF, please refer the above mentioned SEBI link.

Please note that subject to SCSBs complying with the requirements of SEBI Circular No. CIR/CFD/DIL/13/2012 dated September 25, 2012, within the periods stipulated therein:

(i) If the Issue Opening Date is on or prior to December 31, 2012, ASBA Applications may be submitted at such branches of the SCSBs which are designated to receive ASBA Applications, (the number of such designated branches being at least 50% of the total branches of the SCSBs); and

(ii) If the Issue Opening Date is post December 31, 2012, ASBA Applications may be submitted at all branches of the SCSBs.

Eligible Equity Shareholders who are eligible to apply under the ASBA Process

The option of applying for Rights Shares in the Issue through the ASBA Process is only available to Eligible Equity Shareholders of our Company on the Record Date and who:

- hold the Equity Shares in dematerialised form as on the Record Date and have applied towards his/her/their Rights Entitlements or additional Rights Shares in the Issue, in a dematerialised form;
- have not renounced his/her/their Rights Entitlements in full or in part;
- are not Renouncee/s; and
- apply through a bank account maintained with one of the SCSBs

Please note that in accordance with the provisions of SEBI circular bearing number CIR/CFD/DIL/1/2011 dated April 29, 2011, all Applicants who are QIBs, Non Institutional Investors (including all companies and bodies corporate) and Non Retail Individual Investors must mandatorily make use of ASBA facility. All QIBs, Non Institutional Investors and Non Retail Individual Investors, must mandatorily invest through the ASBA process provided that they are eligible ASBA Investors (as per the conditions of the SEBI circular dated December 30, 2009).

Notwithstanding anything contained hereinabove, all Renouncees shall apply in the Issue only through the non-ASBA process.

Retail Individual Investors may optionally apply through the ASBA process, provided that they are eligible ASBA Investors.

CAF

The Registrar will dispatch the CAF to all Eligible Equity Shareholders as per their Rights Entitlement on the Record Date for the Issue. Those Eligible Equity Shareholders who wish to apply through the ASBA payment mechanism will have to select for this mechanism in Part A of the CAF, provide necessary details, and submit the same to the SCSB with whom such applicant's bank account is maintained. The SCSB in turn would block the application amount in the Applicant's account as per the authority contained in the CAF and undertake other tasks as per the specified procedures signifying blocking of the relevant application monies on the CAF.

Submission of the CAF / Plain Paper Application

Eligible Equity Shareholders desiring to use the ASBA Process are required to submit their applications by selecting the ASBA Option in Part A of the CAF only or in plain paper application and indicate that they wish to apply through the ASBA payment mechanism. On submission of the CAF after selecting the ASBA Option in Part A or plain paper applications indicating application through the ASBA payment mechanism, the Eligible Equity Shareholders are deemed to have authorized (i) the SCSB to do all acts as are necessary to make the CAF in the Issue, including blocking or unblocking of funds in the bank account maintained with the SCSB specified in the CAF or the plain

paper, transfer of funds to the separate bank account maintained by our Company as per the provisions of section 73(3) of the Companies Act, on receipt of instruction from the Registrar to the Issue after finalization of the basis of Allotment; and (ii) the Registrar to the Issue to issue instructions to the SCSB to remove the block on the funds in the bank account specified in the CAF or plain paper, upon finalization of the basis of Allotment and to transfer the requisite funds to the separate bank account maintained by our Company as per the provisions of Section 73(3) of the Companies Act.

Application in electronic mode will only be available with such SCSB who provides such facility. The Equity Shareholder shall submit the CAF/ plain paper application to the SCSB for authorizing such SCSB to block an amount equivalent to the amount payable on the application in the said bank account maintained with the same SCSB. However, no more than five (5) applications (including CAF and plain paper application) can be submitted per bank account in the Issue. In case of withdrawal / failure of the Issue, the Lead Manager, through the Registrar to the Issue, shall notify the SCSBs to unblock the blocked amount of the Equity Shareholder applying through ASBA within one (1) day from the day of receipt of such notification.

The relevant Designated Branch of each SCSB would upon receipt and verification of ASBA Applications and blocking of the relevant application monies upload details of each Application Form received by it on the online-application platform provided by the Stock Exchanges, and issue an acknowledgement to the ASBA Applicant in connection with submission of the ASBA Application.

Mode of payment

The Equity Shareholder applying under the ASBA Process agrees to block the entire amount payable on application with the submission of the CAF, by authorizing the SCSB to block an amount, equivalent to the amount payable on application, in a bank account maintained with the SCSB.

After verifying that sufficient funds are available in the bank account provided in the CAF, the SCSB shall block an amount equivalent to the amount payable on application mentioned in the CAF until it receives instructions from the Registrar. Upon receipt of intimation from the Registrar, the SCSBs shall transfer such amount as per Registrar's instruction allocable to the Eligible Equity Shareholders applying under the ASBA Process from bank account with the SCSB mentioned by the Equity Shareholder in the CAF. This amount will be transferred in terms of the SEBI Regulations, into the separate bank account maintained by our Company as per the provisions of Section 73(3) of the Companies Act. The balance amount remaining after the finalization of the basis of allotment shall be either unblocked by the SCSBs or refunded to the investors by the Registrar on the basis of the instructions issued in this regard by the Registrar to the Issue and the Lead Manager to the respective SCSB.

The Eligible Equity Shareholders applying under the ASBA Process would be required to block the entire amount payable on their application at the time of the submission of the CAF.

The SCSB may reject the application at the time of acceptance of CAF if the bank account with the SCSB details of which have been provided by the Equity Shareholder in the CAF does not have sufficient funds equivalent to the amount payable on application mentioned in the CAF or (ii) more than five (5) applications are submitted per account held with the SCSB in the Issue. Subsequent to the acceptance of the application by the SCSB, our Company would have a right to reject the application only on technical grounds.

Options available to the Eligible Equity Shareholders applying under the ASBA Process

The summary of options available to the Eligible Equity Shareholders is presented below. You may exercise any of the following options with regard to the Equity Shares, using the respective CAFs received from Registrar:

Option Available	Action Required
1. Accept whole or part of your Rights Entitlement without renouncing the balance.	Fill in and sign Part A *(All joint holders must sign)*
2. Accept your Rights Entitlement in full and	Fill in and sign Part A including Block III relating to

Option Available	Action Required
apply for additional Rights Shares	the acceptance of entitlement and Block IV relating to additional Rights Shares *(All joint holders must sign)*

The Equity Shareholder applying under the ASBA Process will need to select the ASBA option process in the CAF and provide required necessary details. However, in cases where this option is not selected, but the CAF is tendered to the SCSB with the relevant details required under the ASBA process option and SCSB blocks the requisite amount, then that CAF would be treated as if the Equity Shareholder has selected to apply through the ASBA process option.

Additional Rights Shares

You are eligible to apply for additional Rights Shares over and above the number of Rights Shares that you are entitled to, provided that (i) you have applied for all the Rights Shares (as the case may be) offered without renouncing them in whole or in part in favour of any other person(s). Applications for additional Rights Shares shall be considered and allotment shall be made at the sole discretion of the Board, in consultation with the Designated Stock Exchange and in the manner prescribed under "*Terms of the Issue - Basis of Allotment*" on page 125 of this Draft Letter of Offer.

If you desire to apply for additional Rights Shares please indicate your requirement in the place provided for additional Rights Shares in Part A of the CAF.

Where the number of additional Rights Shares applied for exceeds the number available for Allotment, the Allotment would be made on a fair and equitable basis in consultation with the Designated Stock Exchange.

Renunciation under the ASBA Process

Renouncees cannot participate in the Issue through the ASBA Process.

Application on Plain Paper

An Equity Shareholder who has neither received the original CAF nor is in a position to obtain the duplicate CAF and who is applying under the ASBA Process may make an application to subscribe to the Issue on plain paper. Eligible Equity Shareholders applying on the basis of a plain paper application are required to indicate their choice of applying under the ASBA Process.

The envelope should be super scribed *"*Bajaj Finance Limited – Rights Issue - R*"* incase of resident shareholders/applicants or shareholders/applicants applying on non repatriable basis or "Bajaj Finance Limited-Rights Issue -NR" incase of non resident shareholders/applicants applying on repatriable basis and should be postmarked in India. The application on plain paper, duly signed by the Applicants including joint holders, in the same order as per specimen recorded with our Company, must reach the Designated Branch of the SCSBs before the Issue Closing Date and should contain the following particulars:

- Name of Company, being Bajaj Finance Limited;
- Name and address of the Eligible Equity Shareholder including joint holders;
- Registered Folio Number/DP and Client ID no.;
- Number of Equity Shares held as on Record Date;
- Number of Rights Shares entitled to;
- Number of Rights Shares applied for;
- Number of additional Rights Shares applied for, if any;
- Total number of Rights Shares applied for;

- Total amount blocked at the rate of ₹ [●] per Equity Share;
- Except for applications on behalf of the Central or State Government, residents of Sikkim and the officials appointed by the courts, PAN of the Applicant and for each Applicant in case of joint names, irrespective of the total value of the Rights Shares applied for pursuant to the Issue;
- Signature of Eligible Equity Shareholders to appear in the same sequence and order as they appear in the records of our Company or the Depositories;
- Authorizing such SCSB to block an amount equivalent to the amount payable on the application in such bank account maintained with the same SCSB;
- A representation that the Equity Shareholder is not a "U.S. Person" (as defined in Regulation S under the Securities Act); and
- Additionally, Non Resident applicants shall include the representation in writing that:

1. "I/We understand that the Rights Entitlement have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the "**US Securities Act**") or any United States state securities laws, and may not be offered, sold, resold or otherwise transferred within the United States or to the territories or possessions thereof or to, or for the account or benefit of, "**U.S. Persons**" (as defined in Regulation S under the US Securities Act), except in a transaction exempt from, or in a transaction not subject to, the registration requirements of the US Securities Act. The Equity Shares referred to in this application are being offered in India but not in the United States of America. None of our Company, the Registrar, the Lead Manager or any other person acting on behalf of our Company will accept subscriptions from any person, or the agent of any person, who appears to be, or who our Company, the Registrar, the Lead Manager or any other person acting on behalf of our Company has reason to believe is, a resident of the United States and to whom an offer, if made, would result in requiring registration of this application with the United States Securities and Exchange Commission.

2. I/We am/are both an institutional investor and an "accredited investor" within the meaning of Rule 501(a)(1), (2), (3) or (7) of Regulation D under the US Securities Act and we have such knowledge and experience in financial and business matters as to be capable of evaluating the merits and risks of our investment in the Equity Shares, and we are, and any accounts for which we are acting are each, able to bear the economic risk of our or its investment.

3. I/We will not offer, sell or otherwise transfer any of the Rights Shares which may be acquired by us in any jurisdiction or under any circumstances in which such offer or sale is not authorised or to any person to whom it is unlawful to make such offer, sale or invitation except under circumstances that will result in compliance with any applicable laws or regulations. We satisfy, and each account for which we are acting satisfies, all suitability standards for investors in investments of the type subscribed for herein imposed by the jurisdiction of our residence.

4. I/We understand and agree that the Rights Shares may not be reoffered, resold, pledged or otherwise transferred except in an offshore transaction in compliance with Regulation S, or otherwise pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act."

Option to receive Rights Shares in Dematerialized Form

ELIGIBLE EQUITY SHAREHOLDERS UNDER THE ASBA PROCESS MAY PLEASE NOTE THAT THE RIGHTS SHARES OF OUR COMPANY UNDER THE ASBA PROCESS CAN BE ALLOTTED ONLY IN

DEMATERIALIZED FORM AND TO THE SAME DEPOSITORY ACCOUNT IN WHICH THE RIGHTS SHARES ARE BEING HELD ON RECORD DATE.

Issuance of Intimation Letters:

Upon approval of the Basis of Allotment by the Designated Stock Exchange, the Registrar to the Issue shall send the Controlling Branches, a list of the ASBA Investors who have been allocated Rights Shares in the Issue, along with:

- The number of Rights Shares to be allotted against each successful ASBA;
- The amount to be transferred from the ASBA Account to the separate account opened by our Company for the Issue, for each successful ASBA;
- The date by which the funds referred to in above paragraph, shall be transferred to separate account opened by our Company for the Issue; and
- The details of rejected ASBAs, if any, along with reasons for rejection to enable SCSBs to unblock the respective ASBA Accounts.

General instructions for Eligible Equity Shareholders applying under the ASBA Process

a. Please read the instructions printed on the respective CAF carefully.

b. Application should be made on the printed CAF only and should be completed in all respects. The CAF found incomplete with regard to any of the particulars required to be given therein, and/or which are not completed in conformity with the terms of this Draft Letter of Offer are liable to be rejected. The CAF / plain paper application must be filled in English.

c. The CAF / plain paper application in the ASBA Process should be only at a Designated Branch of the SCSB and whose bank account details are provided in the CAF **and not to the Bankers to the Issue/ collecting branch of the Escrow Collection Bank(s)** (assuming that such Collecting Bank is not a SCSB), to our Company or Registrar or Lead Manager to the Issue. **The onus of due completion and submission of such ASBA applications shall solely be that of the applicant**.

d. All applicants, and in the case of application in joint names, each of the joint applicants, should mention his/her PAN allotted under the Income-Tax Act, 1961, irrespective of the amount of the application. Except for applications on behalf of the Central or State Government, residents of Sikkim and the officials appointed by the courts, **CAFs / plain paper applications without PAN will be considered incomplete and are liable to be rejected. With effect from August 16, 2010, the demat accounts for Investors for which PAN details have not been verified shall be "suspended for credit" and no allotment and credit of Rights Shares shall be made into the accounts of such Investors.**

e. All payments will be made by blocking the amount in the bank account maintained with the SCSB. Cash payment is not acceptable. In case payment is affected in contravention of this, the application may be deemed invalid and the application money will be refunded and no interest will be paid thereon.

f. Signatures should be either in English or Hindi or in any other language specified in the Eighth Schedule to the Constitution of India. Signatures other than in English or Hindi and thumb impression must be attested by a Notary Public or a Special Executive Magistrate under his/her official seal. The Eligible Equity Shareholders must sign the CAF / plain paper application as per the specimen signature recorded with our Company /or Depositories.

g. In case of joint holders, all joint holders must sign the relevant part of the CAF / plain paper application in the same order and as per the specimen signature(s) recorded with our Company. In case of joint applicants, reference, if any, will be made in the first Applicant's name and all communication will be addressed to the first Applicant.

h. All communication in connection with application for the Rights Shares, including any change in address of the Eligible Equity Shareholders should be addressed to the Registrar to the Issue prior to the date of allotment in this Issue quoting the name of the first/sole Applicant, folio numbers and CAF number.

i. Only the person or persons to whom the Rights Shares have been offered and not renouncee(s) shall be eligible to participate under the ASBA process.

j. Only persons outside restricted jurisdictions and who are eligible to subscribe for Rights Entitlement and Rights Shares under applicable securities laws are eligible to participate.

k. Only the Eligible Equity Shareholders holding shares in demat are eligible to participate through ASBA process.

l. Eligible Equity Shareholders who have renounced their entitlement in part/ full are not entitled to apply using ASBA process.

m. **Please note that in accordance with the provisions of the SEBI circular bearing number CIR/CFD/DIL/1/2011 dated April 29, 2011, all Applicants who are QIBs, Non Institutional Investors (including all companies and bodies corporate) or Non Retail Individual Investors shall mandatorily make use of ASBA facility. All QIBs, Non Institutional Investors and Non Retail Individual Investors, who are eligible ASBA Investors (i.e. complying with the eligibility conditions of SEBI circular dated December 30, 2009), must mandatorily invest through the ASBA process.**

n. **Notwithstanding anything contained hereinabove, all Renouncees shall apply in the Issue only through the non-ASBA process.**

Do's:

(a) Ensure that the ASBA Process option is selected in part A of the CAF and necessary details are filled in. In case of non-receipt of the CAF, the application can be made on plain paper indicating application through the ASBA payment mechanism with all necessary details as indicated under the section titled "*Terms of the Issue – Application on Plain Paper*" on pages 116 and 134 of this Draft Letter of Offer.

(b) Electronic mode is only available with certain SCSBs and not all SCSBs and you should ensure that your SCSB offers such facility to you.

(c) Ensure that the details about your Depository Participant and beneficiary account are correct and the beneficiary account is activated as Rights Shares will be allotted in the dematerialized form only.

(d) Ensure that the CAFs / plain paper applications are submitted at the registered branch of the SCSBs for blocking of application monies in the relevant account maintained with such SCSB and details of the correct bank account have been provided in the CAF.

(e) Ensure that there are sufficient funds (equal to {number of Rights Shares applied for} X {Issue Price of Rights Shares}) available in the bank account maintained with the SCSB mentioned in the CAF before submitting the CAF to the respective Designated Branch of the SCSB.

(f) Ensure that you have authorised the SCSB for blocking funds equivalent to the total amount payable on application mentioned in the CAF / plain paper application, in the bank account maintained with the respective SCSB, of which details are provided in the CAF / plain paper application and have signed the same.

(g) Ensure that you receive an acknowledgement from the SCSB for your submission of the CAF /plain paper application in physical form or electronic mode.

(h) Except for applications on behalf of the Central or State Government, residents of Sikkim and the officials appointed by the courts, each applicant should mention their PAN allotted under the IT Act.

(i) Ensure that the name(s) given in the CAF / plain paper application is exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case the CAF / plain paper application is submitted in joint names, ensure that the beneficiary account is also held in same joint names and such names are in the same sequence in which they appear in the CAF / plain paper application.

(j) Ensure that the Demographic Details with your Depository Participant(s) are updated, true and correct, in all respects.

(k) Ensure that the account holder in whose bank account the funds are to be blocked has signed authorizing such funds to be blocked.

(l) Apply under the ASBA process only if you comply with the definition of an ASBA Investor, namely such Retail Individual Investors who:

- hold the Equity Shares in dematerialised form as on the Record Date and have applied towards his/her Rights Entitlements or additional Rights Shares in the Issue in dematerialised form;
- have not renounced his/her Rights Entitlements in full or in part;
- are not a Renouncee; and
- apply through a bank account maintained with one of the SCSBs.

Note: Please note that subject to SCSBs complying with the requirements of SEBI Circular No. CIR/CFD/DIL/13/2012 dated September 25, 2012 within the periods stipulated therein:

(i) If the Issue Opening Date is on or prior to December 31, 2012, ASBA Applications may be submitted at such branches of the SCSBs which are designated to receive ASBA Applications, (the number of such designated branches being at least 50% of the total branches of the SCSBs); and

(ii) If the Issue Opening Date is post December 31, 2012, ASBA Applications may be submitted at all branches of the SCSBs.

Don'ts:

(a) Do not apply on duplicate CAF after you have submitted a CAF to a Designated Branch of the SCSB.

(b) Do not pay the amount payable on application in cash, by money order or by postal order.

(c) Do not send your physical CAFs / plain paper applications to the Lead Manager to Issue / Registrar / Collecting Banks (assuming that such Collecting Bank is not a SCSB) / to a branch of the SCSB which is not a Designated Branch of the SCSB / Company; instead submit the same to a Designated Branch of the SCSB only.

(d) Do not submit the GIR number instead of the PAN as the application is liable to be rejected on this ground.

(e) Do not instruct your respective banks to release the funds blocked under the ASBA Process.

(f) Do not apply if the ASBA Account has been used for five Applicants.

Grounds for Technical Rejection under the ASBA Process

In addition to the grounds listed under "*Grounds for Technical Rejection*" beginning on page 130 of this Draft Letter of Offer, applications under the ABSA Process are liable to be rejected on the following grounds:

(a) Application for Rights Entitlements or additional shares in physical form.
(b) DP ID and Client ID mentioned in CAF / plain paper application not matching with the DP ID and Client ID records available with the Registrar.
(c) Sending CAF / plain paper application to the Lead Manager / Registrar / Collecting Bank (assuming that such Collecting Bank is not a SCSB) / to a branch of a SCSB which is not a Designated Branch of the SCSB / Company.
(d) Renouncee applying under the ASBA Process.
(e) Insufficient funds are available with the SCSB for blocking the amount.
(f) Funds in the bank account with the SCSB whose details are mentioned in the CAF / plain paper application having been frozen pursuant to regulatory orders.
(g) Account holder not signing the CAF / plain paper application or declaration mentioned therein.
(h) Submitting the GIR number instead of the PAN.
(i) Applications by investors who are not eligible ASBA Investors made through the ASBA process.
(j) Application on SAF.
(k) CAFs that do not include the certification set out in the CAF to the effect that the subscriber does not have a registered address (and is not otherwise located) in restricted jurisdictions and is authorized to acquire the rights and the securities in compliance with all applicable laws and regulations.
(l) CAFs which have evidence of being executed in/dispatched from restricted jurisdiction.
(m) QIBs and Non Institutional Investors who are eligible ASBA Investors (as per the conditions of the SEBI circular dated December 30, 2009) not applying through the ASBA process. Non Retail Individual Investors having bank account with SCSBs that are providing ASBA in cities/ centers where Non Retail Individual Investors are located, are mandatorily required to make use of ASBA facility. Otherwise, applications of such non-retail individual investors are liable for rejection.

(n) The application by an Eligible Equity Shareholder whose cumulative value of Rights Shares applied for is more than ₹ 200,000 but has applied separately through split CAFs of less than ₹ 200,000 and has not done so through the ASBA process.

(o) Please note that in accordance with the provisions of the SEBI circular bearing number CIR/CFD/DIL/1/2011 dated April 29, 2011, all Applicants who are QIBs, Non Institutional Investors or Non Retail Individual Investors shall mandatorily make use of ASBA facility. All QIBs, Non Institutional Investors and Non Retail Individual Investors, who are eligible ASBA Investors (i.e. complying with the eligibility conditions of SEBI circular dated December 30, 2009), must mandatorily invest through the ASBA process. Non Retail Individual Investors having bank account with SCSBs that are providing ASBA in cities/ centers where Non Retail Individual Investors are located, are mandatorily required to make use of ASBA facility. Otherwise, applications of such Non Retail Individual Investors are liable for rejection. All Non Retail Individual Investors are encouraged to make use of ASBA facility wherever such facility is available.

Depository account and bank details for Eligible Equity Shareholders applying under the ASBA Process

IT IS MANDATORY FOR ALL THE ELIGIBLE EQUITY SHAREHOLDERS APPLYING UNDER THE ASBA PROCESS TO RECEIVE THEIR RIGHTS SHARES IN DEMATERIALISED FORM. ALL ELIGIBLE EQUITY SHAREHOLDERS APPLYING UNDER THE ASBA PROCESS SHOULD MENTION THEIR DEPOSITORY PARTICIPANT'S NAME, DEPOSITORY PARTICIPANT IDENTIFICATION NUMBER AND BENEFICIARY ACCOUNT NUMBER IN THE CAF / PLAIN PAPER APPLICATION. ELIGIBLE EQUITY SHAREHOLDERS APPLYING UNDER THE ASBA PROCESS MUST ENSURE THAT THE NAME GIVEN IN THE CAF / PLAIN PAPER APPLICATION IS EXACTLY THE SAME AS THE NAME IN WHICH THE DEPOSITORY ACCOUNT IS HELD. IN CASE THE CAF / PLAIN PAPER APPLICATION IS SUBMITTED IN JOINT NAMES, IT SHOULD BE ENSURED THAT THE DEPOSITORY ACCOUNT IS ALSO HELD IN THE SAME JOINT NAMES AND ARE IN THE SAME SEQUENCE IN WHICH THEY APPEAR IN THE CAF / PLAIN PAPER APPLICATION.

Eligible Equity Shareholders applying under the ASBA Process should note that on the basis of name of these Eligible Equity Shareholders, Depository Participant's name and identification number and beneficiary account number provided by them in the CAF / plain paper application, the Registrar to the Issue will obtain from the Depository demographic details of these Eligible Equity Shareholders such as address, bank account details for printing on refund orders and occupation ("**Demographic Details**"). Hence, Eligible Equity Shareholders applying under the ASBA Process should carefully fill in their Depository Account details in the CAF / plain paper application.

These Demographic Details would be used for all correspondence with such Eligible Equity Shareholders including mailing of the letters intimating unblock of bank account of the respective Equity Shareholder. The Demographic Details given by Eligible Equity Shareholders in the CAF / plain paper application would not be used for any other purposes by the Registrar. Hence, Eligible Equity Shareholders are advised to update their Demographic Details as provided to their Depository Participants.

By signing the CAFs / plain paper applications, the Eligible Equity Shareholders applying under the ASBA Process would be deemed to have authorised the Depositories to provide, upon request, to the Registrar to the Issue, the required Demographic Details as available on its records.

Letters intimating allotment and unblocking or refund (if any) would be mailed at the address of the Equity Shareholder applying under the ASBA Process as per the Demographic Details received from the Depositories. Refunds, if any, will be made directly to the bank account in the SCSB and which details are provided in the CAF / plain paper application and not the bank account linked to the DP ID. Eligible Equity Shareholders applying under the ASBA Process may note that delivery of letters intimating unblocking of bank account may get delayed if the same once sent to the address obtained from the Depositories are returned undelivered. In such an event, the address and other details given by the Equity Shareholder in the CAF / plain paper application would be used only to ensure dispatch of letters intimating unblocking of bank account.

Note that any such delay shall be at the sole risk of the Eligible Equity Shareholders applying under the ASBA Process and none of our Company, the SCSBs or the Lead Manager shall be liable to compensate the Equity

Shareholder applying under the ASBA Process for any losses caused due to any such delay or liable to pay any interest for such delay.

In case no corresponding record is available with the Depositories that matches three parameters, namely, names of the Eligible Equity Shareholders (including the order of names of joint holders), the DP ID and the beneficiary account number, then such applications are liable to be rejected.

Transfer of Funds

The Registrar to the Issue shall instruct the relevant SCSB to unblock the funds in the relevant ASBA bank accounts for (i) transfer of requisite funds to the separate bank account maintained by our Company as per the provisions of section 73(3) of the Companies Act, (ii) rejected / unsuccessful ASBAs.

In case of failure or withdrawal of the Issue, on receipt of appropriate instructions from the Lead Manager through the Registrar to the Issue, the SCSBs shall unblock the bank accounts latest by the next day of receipt of such information.

MISCELLANEOUS

Payment by Stockinvest

In terms of the RBI Circular DBOD No. FSC BC 42/24.47.00/2003-04 dated November 5, 2003, the Stockinvest Scheme has been withdrawn. Hence, payment through Stockinvest would not be accepted in this Issue.

Disposal of application and application money

No acknowledgment will be issued for the application monies received by our Company. However, the Bankers to the Issue / Registrar to the Issue receiving the CAF will acknowledge its receipt by stamping and returning the acknowledgment slip at the bottom of each CAF. The Board reserves its full, unqualified and absolute right to accept or reject any application, in whole or in part, and in either case without assigning any reason thereto. In case an application is rejected in full, the whole of the application money received will be refunded. Wherever an application is rejected in part, the balance of application money, if any, after adjusting any money due on Equity Shares allotted, will be refunded to the Applicant within a period of 15 days from the Issue Closing Date. If such money is not repaid within eight days from the day our Company becomes liable to repay it, (i.e. 15 days from the closure of the Issue), our Company and every Director of our Company who is an officer in default shall, on and from expiry of eight days, be jointly and severally liable to repay the money with interest as prescribed under Section 73(2) and (2A) of the Companies Act. For further instructions, please read the CAF carefully.

Utilisation of Issue Proceeds

Our Board confirms that:

(a) All monies received out of this Issue shall be transferred to a separate bank account other than the bank account referred to sub-section (3) of Section 73 of the Companies Act;

(b) Details of all monies utilized out of the Issue referred to in clause (i) above shall be disclosed under an appropriate separate head in the balance sheet of our Company indicating the purpose for which such monies have been utilized; and

(c) Details of all unutilized monies out of the Issue, if any, referred to in clause (i) above shall be disclosed under an appropriate separate head in the balance sheet of our Company indicating the form in which such unutilized monies have been invested.

Undertakings by our Company

Our Company undertakes:

1. The complaints received in respect of the Issue shall be attended to by the company expeditiously and satisfactorily;

2. That all steps for completion of the necessary formalities for listing and commencement of trading at all Stock Exchanges where the securities are to be listed are taken within 7 working days of finalization of basis of allotment;

3. The funds required for making refunds to unsuccessful applicants under the Issue as per the mode(s) disclosed in this Draft Letter of Offer shall be made available to the Registrar to the Issue;

4. That where refund are made through electronic transfer of funds, a suitable communication shall be sent to the applicant/s under the Issue within fifteen days of the Issue Closing Date giving details of the bank where refunds shall be credited along with the amount and expected date of electronic credit of refund; and

5. Adequate arrangements shall be made to collect all ASBA applications and to consider them similar to non-ASBA applications while finalizing the basis of allotment under the Issue.

Our Company accepts full responsibility for the accuracy of information given in this Draft Letter of Offer and confirms to the best of his knowledge and belief, there are no other facts or the omission of which makes any statement made in this Draft Letter of Offer misleading and further confirms that it has made all reasonable inquiries to ascertain such facts.

Important

Please read this Draft Letter of Offer carefully before taking any action. The instructions contained in the accompanying CAF are an integral part of the conditions of this Draft Letter of Offer and must be carefully followed; otherwise the application is liable to be rejected.

As a matter of abundant caution, attention of the Applicants is specifically drawn to the provisions of sub-section (1) of section 68A of the Companies Act which is reproduced below:

"*Any person who makes in a fictitious name an application to a Company for acquiring, or subscribing for, any shares therein, or otherwise induces a Company to allot, or register any transfer of shares therein to him, or any other person in a fictitious name, shall be punishable with imprisonment for a term which may extend to five years*"

All enquiries in connection with this Draft Letter of Offer or accompanying CAF and requests for SAFs must be addressed (quoting the Registered Folio Number/ DP and Client ID number, the CAF number and the name of the first Applicant as mentioned on the CAF and superscribed *"**Bajaj Finance Limited – Rights Issue - R**"* incase of resident shareholders/applicants or shareholders/applicants applying on non repatriable basis or "***Bajaj Finance Limited- Rights Issue -NR***" incase of non resident shareholders/applicants applying on repatriable basis on the envelope and postmarked in India) to the Registrar to the Issue at the following address:

Karvy Computershare Private Limited
Plot Nos. 17-24, Vittal Rao Nagar, Madhapur,
Hyderabad - 500 081
Tel: +91 40 4465 5000
Toll Free No.: 1800 345 4001
Fax: +91 40 2343 1551

Investor Grievance E-mail: bajajfinance.rights@karvy.com
Contact Person: M. Murali Krishna
Website: http://karisma.karvy.com
SEBI Registration No.: INR000000221

It is to be specifically noted that this Issue of Equity Shares is subject to the risks as detailed in the section titled "*Risk Factors*" beginning on page 8 of this Draft Letter of Offer.

Issue to remain open for a minimum of 15 days and maximum of 30 days as may be determined by the Board.

SECTION VIII –STATUTORY AND OTHER INFORMATION

MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The following contracts (not being contracts entered into in the ordinary course of business carried on by our Company or entered into more than two years before the date of this Draft Letter of Offer) which are or may be deemed material have been entered or are to be entered into by our Company. These contracts and also the documents for inspection referred to hereunder, may be inspected at the Registered and Corporate Office of our Company from 10:00 A.M. to 5:00 P.M. from the date of this Draft Letter of Offer until the Issue Closing Date, on working days.

(A) Material Contracts

1. Engagement letter dated October 22, 2012 appointing JM Financial Institutional Securities Private Limited to act as Lead Manager to the Issue.

2. Agreement dated November 8, 2012 between our Company and JM Financial Institutional Securities Private Limited, the Lead Manager to the Issue.

3. Agreement dated November 8, 2012 between our Company and Karvy Computershare Private Limited, the Registrar to the Issue.

4. Agreement with Monitoring Agency dated [●].

(B) Material Documents

1. Certified true copy of the certificate of incorporation of our Company dated March 25, 1987.

2. Memorandum and Articles of Association of our Company.

3. Shareholders' resolution passed at the AGM held on July 17, 2012 appointing M/s Dalal and Shah as the statutory auditors of our Company.

4. Copy of the Board resolution dated May 16, 2012 authorizing this Issue.

5. Copy of the shareholders resolutions passed at the AGM held on July 17, 2012, authorizing the Issue.

6. Consents of the Directors, Company Secretary and Compliance Officer, Auditor, Lead Manager to the Issue, Registrar to the Issue and the Legal Advisor to the Issue to include their names in this Draft Letter of Offer to act in their respective capacities.

7. Letter dated November 21, 2012 from S.R. Batliboi & Co., Chartered Accountants, on the Statement of Tax Benefits as disclosed in the Draft Letter of Offer.

8. The Report of the Auditors dated May 16, 2012 in relation to the audited standalone financial statements of our Company as at and for the financial year ended March 31, 2012.

9. The Report of the Auditors dated November 22, 2012 in relation to the unaudited condensed standalone interim financial statements of our Company as at and for the six month ended September 30, 2012.

10. Annual Reports of our Company for the last five financial years.

11. In-principle listing approval dated [●] and [●] from the BSE and the NSE respectively.

12. Due Diligence Certificate dated November 22, 2012 from the Lead Manager.

13. Tripartite agreement dated June 27, 2008 with CDSL and the Registrar to the Issue.

14. Tripartite agreement dated July 11, 2008 with NSDL and the Registrar to the Issue.

15. Letter No. [●] dated [●], issued by SEBI in connection with the Issue.

16. Letter of Offer dated December 1, 2006 for the rights issue of 1,25,96,076 equity shares of face value of ₹ 10 each at a premium of ₹ 315 per equity share to the equity shareholders of our Company.

DECLARATION

All relevant provisions of the Companies Act, 1956, and the guidelines and regulations issued by the Government of India and the regulations issued by the Securities and Exchange Board of India, as the case may be, have been complied with and no statement made in the Draft Letter of Offer is contrary to the provisions of the Companies Act, 1956, the Securities and Exchange Board of India Act, 1992 or the rules made thereunder or regulations issued thereunder, as the case may be. We hereby certify that all disclosures made in the Draft Letter of Offer are true and correct.

Signed by all the Directors of the Company

Rahulkumar Kamalnayan Bajaj
Non- Executive Chairman

Nanoo Gobindram Pamnani
Vice Chairman and Independent Director

Madhurkumar Ramkrishnaji Bajaj
Non-Executive Director

Rajivnayan Rahulkumar Bajaj
Non-Executive Director

Sanjivnayan Rahulkumar Bajaj
Non-Executive Director

Dhirajlal Shantilal Mehta
Independent Director

Balaji Rao Jagannathrao Doveton
Independent Director

Omkar Goswami
Independent Director

Dipakkumar Jagdishprasad Poddar
Independent Director

Ranjan Surajprakash Sanghi
Independent Director

Rajendra Lakhotia
Independent Director

Signed by the Chief Executive Officer, Company Secretary and the Chief Financial Officer of the Company

Rajeev Paraschandra Jain
Chief Executive Officer

_____

A H Damle
Company Secretary

_____

Pankaj Thadani
Chief Financial Officer

_____

Date: November 22, 2012
Place: PUNE