

BAJAJ FINANCE

Bajaj Auto Finance Limited

Registered Office :
Mumbai - Pune Road,
Akurdi,
Pune - 411 035
Tel No : 020 27472851

Corporate Office :
4th Floor, Survey No.208/1-B,
Viman Nagar,
Pune - 411 014
Tel No. : 020 30405060 / 30405072
Fax No. : 020 30405030

website: www.bajajfinance.com

DISCLOSURES UNDER SCHEDULE I OF SEBI (ISSUE AND LISTING OF DEBT SECURITIES) REGULATIONS, 2008.

Issue:

Private Placement of 250 Unsecured Subordinated [Tier II] Redeemable Non-Convertible Debentures of the face value of Rs.10,00,000 (Rs. Ten Lacs only) each, aggregating Rs.25 Crores with an option to retain oversubscription aggregating to additional Rs. 25 Crores

Rating:

"AA+/Stable" by CRISIL and L AA+ by ICRA with a stable outlook.

Listing:

The Debentures are proposed to be listed on the Debt segment of Bombay Stock Exchange Ltd.

Trustees:



GDA Trustee & Consultancy Ltd.
"Shri Niwas", Apte Road,
1202/29, Shivajinagar,
Pune - 411 004
Phone No. (020) – 25510401 (3 lines)
Fax : (020) – 25532567,
Email : gdatm@vsnl. net

Registrar & Transfer Agent:



Karvy Computershare Pvt. Ltd.,
Plot No.17 to 24, Vittalrao Nagar,
Madhapur,
Hyderabad – 500 081
Tel : 040-23420815 to 824
Fax: 040-23420814
Email : mohsin@karvy.com



Aranger to the Issue:



Religare Capital Markets Ltd.
Registered Office:
D3, P3B, District Center, Saket
New -Delhi - 110017
011-39125000

Compliance Officer

Mr. A H Damle - Company Secretary
Bajaj Auto Finance Limited,
Corporate & Administrative Office :
4th Floor, Survey No.208/1-B,
Viman Nagar,
Pune - 411 014
Tel No. : 020 30405060 / 30405072
Fax No. : 020 30405030
E Mail : ahdamle@bajajfinance.in

i) Name and address of the Registered Office of the issuer

Bajaj Auto Finance Limited
Regd. Office : Mumbai - Pune Road,
Akurdi, Pune - 411 035
Tel. No. .(020) 27406912
Fax No. .(020) 27484486

ii) Name and address of the directors of the issuer

Name of the Director	Address
Mr. Rahul Bajaj (Chairman)	Bajaj Vihar, Mumbai-Pune Road, Akurdi, Pune - 411 035.
Mr. Nanoo Pamnani (Vice Chairman)	21, El Cid, 13A, Ridge Road, Malabar Hill, Mumbai - 400 006
Mr. Madhur Bajaj	Bajaj Vihar Colony, Mumbai-Pune Road, Akurdi, Pune - 411 035.
Mr. Rajiv Bajaj	Bajaj Vihar, Mumbai-Pune Road, Akurdi, Pune - 411 035.



Mr. D J Balaji Rao	D-103, Adarsh Residency, 47 th Cross, 2 nd Main, 8 th Block, Jayanagar, Bangalore – 560 082
Mr. Sanjiv Bajaj	Bajaj Vihar, Mumbai-Pune Road, Akurdi, Pune - 411 035
Mr. D.S. Mehta	301/302, Gora Gandhi Apts, 3, Laburnam Road, Gamdevi, Mumbai – 400 007.
Mr. Dipak Poddar	Brij Kutir, 17th Floor, Rungta Lane, Off Nepean Sea Road, Mumbai – 400 026.
Mr. Ranjan Sanghi	Flat No.801, Surajprakash Bldg., 86, Shankar Ghanekar Marg, Mumbai – 400 025.
Mr. Rajendra Lakhotia	C/o Gangtok Auto Works Pvt. Ltd., National Highway, Gangtok - 737 001. Sikkim

iii) **A brief summary of the business / activities of the issuer and its line of business**

Bajaj Auto Finance Limited (BAFL) is a Non-Banking Finance Company (NBFC) primarily engaged in the business of financing of two wheelers, consumer durables, personal computers, personal loans, small business loans, loans against property, loans against shares etc.

iv) **Brief History**

BAFL was originally incorporated as a Private Limited Company on 25th March, 1987. It became a deemed Public Limited Company by virtue of Section 43(A) of the Companies Act, 1956 w.e.f., 20th October, 1987.

BAFL was originally promoted by erstwhile Bajaj Auto Limited and Bajaj Auto Holdings Limited. Bajaj Auto Limited is the largest manufacturer of two and three wheelers in the country. Bajaj Auto Holdings Limited is an investment company and is a wholly owned subsidiary company of Bajaj Holdings & Investment Limited. As per the Scheme of Demerger of erstwhile Bajaj Auto Limited, the shareholding of Bajaj Auto Limited in BAFL has been vested with Bajaj Finserv Limited.

BAFL is an NBFC registered with RBI and authorised to accept public deposits.

BAFL is engaged primarily in the business of financing of two wheelers, consumer durables, personal computers, personal loans, small business loans, loans against property, loans against shares etc.

BAFL made a Public Issue of Equity Shares in 1994 and its Equity Shares are listed on Bombay Stock Exchange Limited and National Stock Exchange of India Limited.



BAFL made a Preferential Issue of Equity Shares to the Promoters and a few foreign corporate bodies and also warrants to the Promoters in 2006.

BAFL made a Rights Issue of Equity Shares and Non-Convertible Debentures with detachable warrants to the existing shareholders in 2006-07.

The present Paid-up Capital of the Company is Rs.365,960,760/-.

BAFL has its headquarters at Pune and has branches spread across the country

Major Events

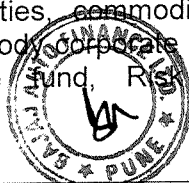
Year	Event
1987-88	Incorporated as a Private Limited Company on 25th March, 1987. It became a deemed Public Limited Company by virtue of Section 43(A) of the Companies Act, 1956 w.e.f., 20th October, 1987.
1993-94	Public Issue of Equity Shares in March, 1994
2005-06	Preferential Issue of Equity Shares to the Promoters and a few foreign corporate bodies and also warrants to the Promoters in 2006
2006-07	Rights Issue of Equity Shares and Non-Convertible Debentures with detachable warrants to the existing shareholders in 2006-07.

Capital Structure of the Company as on 31st December, 2009

Particulars	Amount (Rs.)
A. Authorised share capital 5,00,00,000 Equity shares of Rs.10/- each	50,00,00,000
B. Issued & Subscribed 3,65,97,076 Equity shares of Rs.10/- each (includes 1,000 forfeited equity shares)	36,59,70,760
C. Paid-up 3,65,96,076 Equity shares of Rs.10/- each (There will be no change in the Paid-up Capital after the present issue, since the present issue is of Non Convertible Debentures)	36,59,60,760

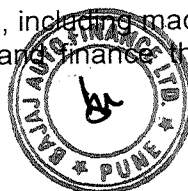
The Main Objects as per Memorandum of Association

- To finance industrial enterprises by way of advance, deposit or lend money, securities, and properties to or with any Company, body corporate, trust, firm, person or association whether falling under the same management or otherwise, with or without security and on such terms as may be determined from time to time, and to carry on and undertake the business of finance and investment and to provide venture capital, seed capital, loan capital and to participate in equity/preference Share Capital or to give guarantees on behalf of the Company in the matter and to promote Companies engaged in Industrial and trading business and to act as Financial Consultants, Management Consultants, Brokers, Dealers, Agents and to carry on the business of share broking, money broking, exchange broking, bill broking and general brokers for shares, debentures, debenture-stock, bonds, units, obligations, securities, commodities, bullion currencies and to manage the funds of any person, firm, body corporate or trust by investment in various avenues like Growth Fund, Income Fund, Risk Fund, Tax Exempt Funds,



Pension/Superannuation Funds and to pass on the benefits of portfolio investments to the investors as dividends, bonus, interest, etc.

- 1A. To undertake and carry on the business of providing long-term finance for development of infrastructure facility in India including but not restricted to inland container depot and container freight stations, mass rapid transit system, light rail transit system, expressways, intra-urban or semi-urban roads like ring roads of urban by-passes or flyovers, bus and truck terminals, subways, road dividers, bulk handling terminals which are developed or operated for development of rail system, multilevel computerised car parking and other infrastructure projects in the fields of roads, highways, power generation and for power distribution and any other form of power, telecommunication services, bridges, ports, docks, waterways, airports, rail systems, water supply, water treatment, irrigation, sanitation and sewerage systems, pipeline transportation, Special Economic Zones or other Export Promotion Parks, Software Technology Parks, Electronic Hardware Parks, Bio-Technology Parks and any other industrial parks or any other public facility of similar nature that may be notified in future as infrastructure facility either by the State Government(s) and / or the Government of India or any other appropriate authority or body and to undertake infrastructure financing in all angles whether expressly mentioned herein or not including consultancy services of all kinds and description and also investing in the equity shares, preference shares, debentures, bonds, providing long term and short term loans, lease finance, working capital financing, giving guarantees and any other financial assistance as may be conducive for development, construction, operation and maintenance of infrastructure projects in India.
- 1B. To set up, create, establish, float and manage domestic as well as offshore trusts or funds including any mutual funds, growth funds, investment funds, infrastructure income or infrastructure capital funds, taxable or tax exempt funds, provident, pension, gratuity, superannuation funds, charitable funds, trusts or consortium funds registered under the provisions of the Registration Act or any other relevant acts as administrators or managers of such funds and trusts, to act as trustees for bondholders / debentureholders, to act as financial consultants, investment counseling, syndication of financial arrangements whether in domestic or international markets, handling of mergers and amalgamations etc.
2. To carry on the business as an Investment Company and to underwrite, sub-underwrite, to invest in, and acquire by gift or otherwise and hold, sell, buy or otherwise deal in shares, debentures, debenture-stocks, bonds, units, obligations and securities issued or guaranteed by Indian or Foreign Governments, States, Dominions, Sovereigns, Municipalities or Public Authorities or Bodies and shares, stocks, debentures, debenture-stocks, bonds, obligations and securities issued or guaranteed by any Company, corporation, firm or person whether incorporated or established in India or elsewhere and to manage investment pools, mutual funds, shares, stocks, securities, finance subject to necessary Government approval. However, the Company shall not carry on any Chit Fund activities.
3. To carry on the business of buying, selling, leasing, lease broking, letting on hire, hire-purchase or on easy payment system household and office furniture, domestic or business appliances, computers, tabulators, addressing machine and other sophisticated office machinery, installation fitting, machinery, motor cars, taxi-cabs, mopeds, scooters, motor cycles, 3-wheelers, auto-rickshaws, automobiles, tramcars, motor lorries, tractors, earthmoving machinery, wagons, cycles, bicycles, coaches, garages and all other vehicles drawn by motor, steam, oil, petroleum, electricity or any mechanical or other power or device, agricultural implements and machinery, air-ships, aeroplanes and helicopters, tools, plants, implements, utensils, apparatus and requisites and accessories, furniture, wireless and television receivers, telephones, telex, teleprinters, or other apparatus, ships, dredgers, barges and containers and to carry on the business of hire purchase of movable properties of any kind, including machinery, plant of all kinds to buy, sell, alter, repair, exchange and deal in and finance the sale of furniture, apparatus,



machinery, materials, goods and articles, to hire out or sell any of the same on hire purchase system.

- 3A. Subject to the provisions of the Insurance Regulatory & Development Authority Act, 1999 and other enactments, as amended from time to time and the rules and regulations framed thereunder, to undertake, carry on and transact the business of soliciting or procuring insurance business as an insurance agent and/or to act as an insurance intermediary or broker in respect of general insurance, life insurance or reinsurance business or to act as a composite broker and/or to carry on the business of distribution of insurance products and/or to act as an insurance consultant and/or to act as surveyors and loss assessors.

v) **Details of Debt Securities Issued and sought to be listed**

Nature of Debt Securities	Unsecured Subordinated [Tier II] Redeemable Non Convertible Debentures (NCD)
Issue Amount	Rs. 25 Crores plus option to retain oversubscription aggregating to additional Rs. 25 Crores.
Face Value	Rs.10,00,000 per Bond
Tenor	10 years
Coupon Rate	9.50% p.a.
Interest Payable	Annually
Redemption	Bullet, on maturity
Rating	"AA+/Stable" by CRISIL and LAA+ by ICRA with a stable outlook
Mode of Issue	Demat

vi) **Issue Size** :

Rs.25 Crores plus option to retain oversubscription aggregating to additional Rs. 25 Crores.

vii) **Details of utilization of the issue proceeds**

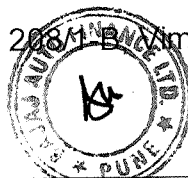
The proposed issue of debentures would augment Tier II capital for enhancing long term working capital resources of the company in its business.

viii) **Material contracts, agreements involving financial obligations of the issuer**

- Memorandum and Articles of Association of the Company
- Certificate of Registration issued by Reserve Bank of India under Section 45IA of Reserve Bank of India Act 1934.
- Copies of Annual Reports for the five years ended 31st March, 2005, 2006, 2007, 2008 and 2009.
- Letter dated March 2, 2010 from CRISIL assigning "AA+/Stable" rating and letter dtd. 15th February, 2010 from ICRA assigning LAA+ rating with a stable outlook.

The above material documents and contracts will be available for inspection between 9.00 am and 5.00 p.m. on all working days in Pune at the office of the Company mentioned below:

Corporate Office: 'Bajaj Finserv', 4th Floor, Survey # 208/1, Aman Nagar, Pune 411 035



The following are the details of transactions with related parties

Related Party transaction during the year 2008-09:

Name of the related party and nature of Relationship	Nature of Transactions	2008 – 2009	
		Transaction value (Rs.)	Outstanding amounts carried in in the Balance Sheet (Rs.)
A. Associates:			
1. Bajaj Finserv Limited	--- Dividend paid	14,831,976	-
2. Bajaj Allianz General Insurance Company Limited	--- Insurance service charges received	2,490,979	2,076,442
	--- Vehicle Insurance	413,094	-
	--- Extended warranty premium paid	9,025,448	-
3. Bajaj Allianz Life Insurance Company Limited	--- Leave and licence fees Receivable	-	37,159
	--- Society maintenance charges Receivable	-	6,886
	--- Insurance premium paid	61,005,718	-
	--- Premium advance	76,342,582	15,033,719
	--- Service Charges receivable	4,124,949	4,124,949
	--- Other expenses	3,342,900	-
	4. Bajaj Auto Holdings Limited	--- Dividend paid	2,116,900
B. Key Managerial Personnel/ Non Executive Director's Commission :			
1. Mr. Nanoo Pamnani Vice Chairman	--- Commission	4,600,000	4,600,000
	--- Sitting fees and expenses	137,000	-
2. Mr. Rajeev Jain Chief Executive Officer	--- Remuneration	12,962,378	-
	--- Staff loan recovery / outstanding	360,000	720,000
	--- Medical Advance	791,000	664,861



Related Party transactions for the Nine Months ended 31st December, 2009:

Name of the related party and nature of Relationship	Nature of Transaction	Transaction Value	Outstanding Amount carried in Balance Sheet
A. Associates			
1. Bajaj Allianz Life Insurance company Ltd.	-- Leave & Licence fees receivable	-	37,159
	-- Society maintenance charges receivable	-	6,886
	-- Insurance premium paid	204,800,000	-
	-- Commission/Service Charges receivable	83,600,000	83,600,000
2. Bajaj Allianz General Insurance Company Ltd.	-- Insurance service charges receivable	-	766,422
	-- Vehicle Insurance	336,541	-
	-- Insurance premium paid	1,300,000	-
	-- Extended warranty premium paid	10,417,498	-
3. Bajaj Finserv Ltd.	-- Part payment towards Purchase of office premises	60,000,000	-
	-- Payment towards share of Common expenses for office premises	4,605,800	-
	-- Dividend Paid	30,737,952	-
4. Bajaj Auto Holdings Ltd.	-- Dividend Paid	4,233,800	-
B. Key Managerial Personnel :			
1. Mr. Rajeev Jain Chief Executive Officer	-- Remuneration	9,095,722	-
	-- Staff loan recovery – principal	360,000	450,000
	-- Reimbursement of Medical & Traveling expenses	1,256,291	-
2. Mr. Nanoo Pamnani Vice Chairman/Non executive Director	-- Commission	4,600,000	-
	-- Reimbursement	33,000	-



ix) **Details of other borrowings as on 31st December 2009 :**

a) **Debentures**

Series	Tenor	Maturity Date	Amount (Rs in lakhs)	Secured / Unsecured
Rights Issue NCDs *	3 years	8 th February	13260	Secured
NCDs placed with LIC	5 years	24 th October, 2013*	10000	Secured
Other Long term NCDs	2 years	During the year 2011,12	117500	Secured

* Since redeemed on 9th February 2010

These debentures are secured by a pari passu charge with the Company's bankers in favour of Debenture Trustees by way of hypothecation of book debts of the Company and a charge by way of mortgage of the Company's Flat at Pune.

*These debentures placed with LIC have a put and call option on 24th October, 2011.

b) **Working Capital Facility from Banks**

The Company has an assessed working capital limit of Rs.1840 cr. from consortium banks led by Central Bank of India and through other channels of borrowing.

Out of the above sanctioned limit, as of 31st December, 2009, the company has utilized Rs.221.26 cr. by way of working capital demand loans and cash credit facility (including interest accrued and due on the above loans).

The working capital facilities from banks are secured by hypothecation of assets covered by the Hire Purchase finance / Lease agreements and a charge on Hypothecation Loan Receivables, ranking pari-passu, excluding assets which are specifically charged to others.

c) **Deposits**

As of 31st December, 2009, the deposits outstanding were Rs.276 lakhs. The maturity pattern of deposits is given below:

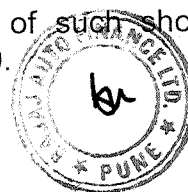
Year	Amount (Rs in lakhs)
Up to December, 2010	126
January 2011 to December 2012	150

d) **Commercial Paper**

The company has issued Commercial Paper to the extent of Rs.650 Cr. as of 31st December, 2009, which will be maturing during the year 2010.

e) **Short Term Loans**

Apart from the above borrowings, the company has also borrowed secured and unsecured loans from Banks and others for a tenor less than 1 year. As of 31st December, 2009, the outstanding level in respect of such short term loans was Rs.179.13 Cr. which is maturing during the year 2010.



x) **Any material event / development or change at the time of issue or subsequent to the issue**

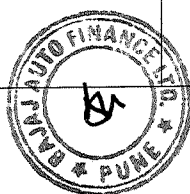
Nil

xi) **Particulars of debt securities issued**

- i) for consideration other than cash, whether in whole or part - Nil
 ii) at a premium or discount - Nil
 iii) in pursuance of an option - Nil

xii) **A list of highest ten shareholders as of 31st December, 2009**

Sr. No.	Name & Address of Share Holders	No. of Shares (of Rs.10/- each)	% of Holding
1	Bajaj Finserv Ltd Bajaj Auto Complex, Mumbai Pune Road, Akurdi, Pune - 411 035	15,368,976	42.00%
2	Copa Cabana C/o Internation Financial Services Ltd 3rd Floor; Les Cascodes, edith Cavell Street Port Louis, Mauritius	3,314,870	9.06%
3	Bajaj Auto Holdings Ltd C/o Bajaj Auto Limited Bombay Pune Road, Akurdi, Pune - 411 035	2,116,900	5.78%
4	EL Dorado Holdings II Ltd C/o Standard Chartered Bank Securities Services 23-25 M. G. Road Mumbai - 400 001	1,656,000	4.53%
5	Maharashtra Scooters Lintied C/o Bajaj Auto Limited Bombay Pune Road, Akurdi, Pune - 411 035	1,638,720	4.48%
6	Reliance Capital Trustee Co. Ltd A/c Reliance Banking Fund Deutsche Bank A G, D B House, Hazarimal Somani Marg, Next to Sterling Theatre Fort, P.O. Box No.1142 Mumbai - 400 001	1,376,126	3.76%
7	Copthall Mauritius Investment ltd. J.P.Morgan Chase Bank N.A. India Sub Custody 6 th Floor Paradigm B Mind Space Malad W Mumbai-400064	1,179,673	3.22%
8	EL Dorado Holdings I Ltd HSBC Securities Services 2nd Floor, 'Shiv', Plot No.139-140 B, Western Express Highway, Sahar Road Junction, Vile Parle - E, Mumbai - 400 057	859,288	2.35%



9	Premier Investment Fund Limited C/o Kotak Mahindra Bank Limited Kotak Infiniti, Bldg.No.21, 6th Flr Zone IV,Custody Servs, Infinity Park, Gen. Ak Vaidya Marg, Malad E, Mumbai-400097	853,900	2.33%
10	Morgan Stanley Mauritius Company Ltd. HSBC Securities Services, 2nd Floor"SHIV", Plot no.139-140 B Western Exp Highway, Sahar Rd Junct, Vile Parle-E, Mumbai-400057	631,691	1.73%
	TOTAL	28,996,144	79.23%

xiii) Undertaking – common form of transfer

The company has been issuing debentures in demat form only and there are no physical holdings. However, the company would use a common transfer form for physical holdings if at a later stage there is some holding in the physical form due to the depository giving a rematerialisation option to any investor.

- xiv)** Redemption Amount - Rs.25 Crores plus such additional amount as may be oversubscribed and retained by the Company.
 Period of Maturity - 10 years
 Put / Call Option - N.A.
 Coupon Rate - 9.50 %

xv) Information relating to the terms of offer

Placement Programme

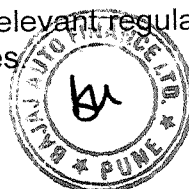
Bajaj Auto Finance Limited is placing 250 Listed, Secured Redeemable Non Convertible Debentures of face value of Rs.10,00,000 (Rs. Ten Lacs only) each aggregating Rs.25 Crores with an option to retain oversubscription aggregating to additional Rs. 25 Crores under private placement basis.

Who can Invest

The following categories of investors, when specifically approached, are eligible to apply for this private placement of Debentures
 Companies and Bodies Corporate including Public Sector Undertakings.

- Commercial Banks
- Regional Rural Banks
- Financial Institutions
- Insurance Companies
- Mutual Funds
- Trusts,
- Provident Funds,
- Pension Funds,
- Gratuity Funds, and
- Any other investor authorised to invest in these Debentures.

All investors are required to comply with the relevant regulations/guidelines applicable to them for investing in this issue of Debentures.



Procedure for applications by Mutual Funds and Multiple Applications

The applications forms duly filled shall clearly indicate the name of the concerned scheme for which application is being made and must be accompanied by certified true copies of

SEBI registration certificate
Resolution authorizing investment and containing operating instructions
Specimen Signature of authorized signatories

Documents to be provided by investors

Investors need to submit the following documentation, along with the application form, as applicable

Memorandum and Articles of Association / Documents Governing Constitution
Resolution authorising investment
Certified True Copy of the Power of Attorney
Form 15 AA for investors seeking exemption from Tax deduction at source from interest on the application money.
Specimen signatures of the authorised signatories duly certified by an appropriate authority.
SEBI Registration Certificate (for Mutual Funds)
PAN to be submitted.

Mode of Payment

All cheques/drafts must be made payable to "BAJAJ AUTO FINANCE LIMITED" payable at Pune and crossed "A/C PAYEE ONLY" or through Fund Transfer / Real time gross settlement.

Interest on Application Money

Interest on Application Money is payable at the applicable coupon rate (subject to deduction of tax at source at the rates prevailing from time to time under the provisions of Income Tax Act, 1961 or any statutory modification or reenactment thereof), and will be paid on the entire application money on all valid applications.

Such interest shall be paid for the period commencing from the date of credit by way of funds transfer / Real time gross settlement realisation of the cheque(s)/draft(s) up to one day prior to the date of allotment.

No interest on application money would be payable in cases of invalid applications.

Effect of Holidays

Should any of dates defined above or elsewhere in the Schedule I, except the Deemed Date of Allotment, fall on Saturday, Sunday or a public holiday, the interest for the period would be paid on the immediate preceding or succeeding working day with interest upto the working day preceding the actual date of payment. The interest for the next succeeding interest period will correspondingly be adjusted.



Payment of Interest

Interest @ 9.50% p.a. would be payable annually. The interest will be payable to beneficiaries as per the beneficiary list provided by the depository as on the record date.

The interest shall be computed on the basis of actual number of days elapsed in a year, for this purpose a year to comprise of a period of 365 days except in case of a leap year where the year will comprise of 366 days.

The first interest period is defined as the actual number of days falling between the Deemed Date of Allotment viz., June 1, 2010 to May 31, 2011 (including the first date and the last date).

The subsequent interest period is defined as the actual number of days falling between 1st June of the respective year to 31st May of the subsequent year till the year 2020.

No interest / interest on interest shall accrue on the Debentures after the date of maturity of the respective instruments.

Tax Deduction at Source

Income tax will be deducted at source from interest on application money as per applicable provisions of the Income Tax Act, 1961 and as applicable from time to time. In respect of interest on application money, the relevant document (Form 15AA / 15H) should be submitted along with the application form at least 15 days before the interest payment becoming due.

Where any deduction of Income Tax is made at source, the Company shall send to the Debenture holder a Certificate of Tax Deduction at Source.

Deemed Date of Allotment

The Deemed Date of Allotment is 1st June 2010.

Letter of Allotment / Bond Certificates

The bonds shall be allotted in demat form only

Put / Call Option

Not Available.

Issue of Allotment Letter(s) / Refund Order(s) and Interest In Case of Delay in Despatch

The Company shall credit the allotted securities to the respective beneficiary account within 10 days from the date of allotment of the Issue. Further, as far as possible, allotment of securities offered to the Investors shall be made within 30 days of the closure of the Issue;

The company shall pay interest as per the provision of Companies Act / DIP Guidelines if the allotment has not been made and/or the Refund Orders have not



been dispatched to the investors within 30 days from the date of the closure of the Issue, for the delay beyond 30 days.

The Company will make available adequate funds for this purpose.

Depository Arrangement

The Company has made depository arrangements with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) for issue and holding of the Debentures in dematerialised form.

As per the provisions of Depositories Act, 1996, the Debentures issued by The Company can be held in a dematerialised form, i.e. not in the form of physical certificates but be fungible and be represented by the statement issued through electronic mode. In this context:

Two tripartite agreements have been signed

Tripartite Agreement dated 27th June, 2008 with CDSL

Tripartite Agreement dated 11th July, 2008 with NSDL

An applicant has the option to seek allotment of Debentures in electronic or physical mode.

An applicant who wishes to apply for Debentures in the electronic form must have at least one beneficiary account with any of the Depository Participants (DPs) of NSDL or CDSL prior to making the application.

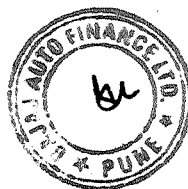
The applicant seeking allotment of Debentures in the electronic form must necessarily fill in the details (including the beneficiary account number and Depository Participant's ID) appearing in the Application form under the heading 'Request for Debentures in Electronic Form'.

Debentures allotted to an applicant in the electronic account form will be credited directly to the applicant's respective beneficiary account(s) with the DP.

For subscription in electronic form, names in the application form should be identical to those appearing in the account details in the depository. In case of joint holders, the names should necessarily be in the same sequence as they appear in the account details in the depository.

If incomplete/incorrect details are given under the heading 'Request for Debentures in electronic form' in the application form, it will be deemed to be an application for Debentures in physical form.

In case of allotment of Debentures in electronic form, the address, nomination details and other details of the applicant as registered with his/her DP shall be used for all correspondence with the applicant. The Applicant is therefore responsible for the correctness of his/her demographic details given in the application form vis-à-vis those with his/her DP. In case the information is incorrect or insufficient, the Issuer would not be liable for losses, if any.



Separate applications in physical and dematerialised form would be considered as multiple applications and are liable to be rejected at the sole discretion of the Company.

PAN Number

Every applicant should mention his Permanent Account Number (PAN) allotted under Income Tax Act, 1961.

Record Date / Book Closure Date Falling on Sunday / Holiday

In case record date / book closure date falls on Sunday / Holiday, the day prior to the said Sunday / Holiday shall be the record date / book closure date.

Payment on Redemption

The payment of the redemption amount of the Debentures will be made by the Company to the beneficiaries as per the beneficiary list provided by the depository as on the record date.

The Debentures held in the Dematerialised Form shall be taken as discharged on payment of the redemption amount by the Company on maturity to the registered Debentureholders whose name appears in the Register of Debentureholders on the record date. Such payment will be a legal discharge of the liability of the Company towards the Debentureholders. On such payment being made, the Company will inform NSDL / CDSL and accordingly the account of the Debentureholders with NSDL / CDSL will be adjusted.

The Company's liability to the Debentureholders towards all their rights including for payment or otherwise shall cease and stand extinguished from the due dates of redemption in all events. Further the Company will not be liable to pay any interest or compensation from the dates of such redemption.

On the Company dispatching the amount as specified above in respect of the Debentures, the liability of the Company shall stand extinguished.

Purchase and Sale of Debentures

The Company may, at any time and from time to time, purchase Debentures at the price available in the debt Market in accordance with the applicable laws. Such Debentures may, at the option of the Company, be cancelled, held or reissued at such a price and on such terms and conditions as the Company may deem fit and as permitted by law.

Re-issue of Debentures

Where the Company has redeemed any such Debentures, subject to the provisions of Section 121 of the Companies Act and other applicable provisions, the Company shall have and shall be deemed always to have had the right to keep such Debentures alive for the purpose of reissue and in exercising such right, the Company shall have and shall be deemed always to have had the power to re-issue such Debentures either by re-issuing the same Debentures or by issuing other Debentures in their place.



Future Borrowings

The Company shall be entitled from time to time to make further issue of Debentures to the public, members of the Company and /or any other person(s) and to raise further loans, advances or such other facilities from Banks, Financial Institutions and / or any other person(s) on the security or otherwise of its assets without any further approval from the Debentureholders.

Governing Law

The Debentures are governed by and shall be construed in accordance with the existing Indian laws. Any dispute arising thereof will be subject to the jurisdiction at the city of Mumbai.

Consents

Consents in writing of the Registrar to the issue and Trustees for the Debentureholders to act in their respective capacities, have been obtained.

Underwriting of the issue

The Issue of Debentures has not been underwritten

Tax Benefits

A Debentureholder is advised to consider in his own case the tax implications in respect of subscription to the Debentures after consulting his tax advisor.

Undertaking by the Issuer

The Issuer Company undertakes that:

The complaints received in respect of the Issue shall be attended to by the issuer company expeditiously and satisfactorily;

That all the steps for completion of the necessary formalities for listing and commencement of trading at Stock Exchange where the securities are to be listed are taken within 3 months from the date of allotment

The funds required for despatch of refund orders/allotment letters/certificates by registered post/Speed Post shall be made available by the issuer company;

Necessary co-operation to the credit rating agency (ies) shall be extended in providing true and adequate information till the debt obligations in respect of the instrument are outstanding.

That the company shall disclose the complete name and address of the debenture trustee in the annual report

Investor Grievances & Redressal System

Details of arrangements or any mechanism evolved by the Company for redressal of investor complaints



The Board of Directors have appointed a Compliance Officer for the purpose of providing prompt and efficient investor service. The Compliance Officer also attends to investor grievances/complaints on a continuous basis. The Committee also reviews compliance under various regulations prescribed under the Companies Act, 1956 and other corporate laws, listing agreement and regulations/guidelines issued by SEBI.

xvi) **The discount at which such offer is made and the effective price for the investor as a result of such discount :**

The issue is being made at par.

xvii) **The debt equity ratio prior to / after the issue of the said security.**

Debt Equity Ratio prior to the issue (as of 31st December, 2009) - 2.13 times

Debt Equity Ratio After the issue :

The Debt Equity Ratio after the proposed issuance of Rs.25 crores (assuming retention of oversubscription of entire Rs.25 Crores) Non Convertible Debentures is estimated at 2.82 time.

xviii) **Servicing behaviour on existing debt securities, payment of due interest on due dates on term loans and debt securities.**

In respect of all the existing debt securities / term loans, the payment of interest / principal have been made on the respective due dates as per the original terms of the issue.

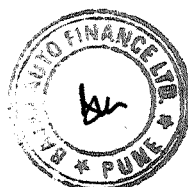
xxi) **The rating rationale adopted by the rating agencies**

CRISIL has assigned "AA+/Stable" rating to the debenture programme as communicated vide their letter dated 2nd March, 2010. ICRA has assigned LAA+ with a stable outlook vide their letter dated 15th February, 2010. The rating indicates high degree of safety with regard to timely payment of interest and principal on the instrument.

xxii) **Name of the stock exchange and in principle approval letter**

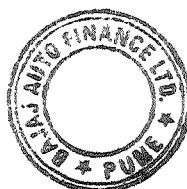
The company is filing a request with Bombay Stock Exchange Ltd (BSE) for in principle approval for listing of its NCDs. Once approved, the NCDs being issued are proposed to be listed on BSE. The address of the Exchange is:

Bombay Stock Exchange Ltd
P J Towers
Dalal Street
Mumbai - 400 001



xxiii) A summary term sheet containing the following details of the securities to be issued

Instrument	Unsecured Subordinated [Tier II] Redeemable Non Convertible Debentures
Face Value	Rs.10,00,000 (Rupees Ten Lacs only).
Issue Size	Rs.25 Crores with an option to retain oversubscription aggregating to additional Rs.25 Crores.
Tenor	10 Years
Put/Call Option	N.A.
Coupon Rate	9.50 % p.a.
Interest Payment frequency	Annually and on maturity
Interest Payment Dates	Annually
Computation of Interest	Interest shall be calculated on the basis of actual number of days elapsed in a year of 365 or 366 days as the case may be.
Interest on Application Money	Interest on Application Money will be paid on the Date of Allotment i.e, 1 st June 2010 .
Redemption	Bullet, on maturity on 1 st June 2020
Minimum Subscription	Rs.10 Lacs(1 Debenture) & in multiples of Rs.10 Lacs thereafter.
Rating	"AA+/Stable" from CRISIL and L AA+ by ICRA with a stable outlook.
Debenture Trustees	GDA Trustee & Consultancy Ltd. "Shri Niwas", Apte Road, 1202/29, Shivajinagar, Pune - 411 004 Phone No. (020) – 25510401 (3 lines) Fax : (020) – 2553 2567, Email :gdatm@vsnl. Net
Registrar & Transfer Agents	Karvy Computershare Pvt. Ltd., Plot No.17 to 24, Vittalrao Nagar, Madhapur, Hyderabad – 500 081
Form of Issuance	Dematerialised
Listing	On BSE
Record Date	15 calendar days before the payment date
Issue Schedule	
Issue opens on	1 st June 2010
Issue closes on	1 st June 2010
Deemed date of allotment	1 st June 2010



for BAJAJ AUTO FINANCE LIMITED

Pankaj Thadani
PANKAJ THADANI
CFO