SEC/BM/2014/314 12 June 2014

THE MANAGER,
LISTING DEPARTMENT
NATIONAL STOCK EXCHANGE OF INDIA LTD.
EXCHANGE PLAZA, C-1. BLOCK G,
BANDRA - KURLA COMPLEX, BANDRA (EAST),
MUMBAI - 400 051

Dear Sirs,

Ref.: **BAJFINANCE - EQ**

This has reference to the news article which has appeared in The Economic Times dated 12th June 2014.

The company based on a recent whistleblower complaint, had identified fraudulent connivance between a few senior employees and some delinquent customers in its Mortgage business. This resulted in manipulation of a few customer EMI payments and consequent mis-reporting of delinquencies. The early detection and quick investigation carried by the company has resulted in the incidence having no material financial loss.

The RBI NPA provisioning standards require NBFCs to provision at 180 DPD. Based on RBI norms, there is a Rs. 15 Lacs provision to be made on account of this event; however, the gross and net NPA remains unchanged. Since, the company maintains a more stringent provisioning policy over RBI norms, an additional provision of up to Rs. 5 Crores may be required in the current quarter.

Post the investigation, the company has separated with concerned employees.

For good order sake, the company has conducted a rapid portfolio review across all its other SME businesses and has not found anything adverse.

Kindly acknowledge receipt of this letter.

Thanking you,

Yours faithfully,
For **BAJAJ FINANCE LIMITED**

ANANT DAMLE
COMPANY SECRETARY