

### III. TERMS OF THE PRESENT ISSUE

ICICI is offering for Public Subscription the sixth tranche of Unsecured Redeemable Bonds in the nature of Debentures for raising Rs. 300 crore with a right to retain oversubscription up to Rs. 300 crore.

The Bonds being offered are subject to the provisions of the Act, the Memorandum and Articles, the terms of this Prospectus, Application Form and other terms and conditions as may be incorporated in the Trustee Agreement, Letter of Allotment and/or Bond Certificates. Over and above such terms and conditions, the Bonds shall also be subject to laws as applicable, guidelines, notifications and regulations relating to the issue of capital and listing of securities issued from time to time by SEBI/the Government of India/RBI and/or other authorities and other documents that may be executed in respect of the Bonds.

#### NATURE OF BONDS

ICICI is offering for subscription for cash the following five types of Bonds in the nature of Debentures.

- Easy Instalment Bond
- Encash Bond
- Tax Saving Bond
- Regular Income Bond
- Money Multiplier Bond

Out of the above Bonds, Regular Income Bond Options I, III and IV and all Options of Money Multiplier Bond would constitute direct, unsecured and subordinated obligations of the Company.

(See also status on page 13 of the Prospectus)

#### 1. EASY INSTALMENT BOND

Easy Instalment Bond is constituted as a Regular Income Bond with a facility available to the investor to pay the Face Value of the Bond within a period of one year. It is specifically designed to meet the needs of those investors who wish to invest their surplus funds at regular intervals.

Face Value : Rs. 10,000/-

Amount payable on Application and Calls

	Application	1st Call	2nd Call	3rd Call
Amount payable (Rs.)	2,500/-	2,500/-	2,500/-	2,500/-

Interest : Interest will be payable annually on the amount paid-up at the following rates :

Period	Interest* (%)
1st year from the Deemed Date of allotment	8.00%
2nd year from the Deemed Date of Allotment till redemption	15.00%
Yield to Maturity	13.8%*

Redemption : At Face Value (i.e. Rs. 10,000/-) at the end of 5 years from the Deemed Date of Allotment (DDA)

\* Subject to deduction of tax at source as per the then prevailing tax laws.

#### Payment of Interest

Interest will be paid on July 31, each year, on the amount paid up, at the applicable rate as mentioned in the above table. Interest for the first year would be on a *pro-rata* basis for the period for which the investment is made and to the extent such bonds are paid-up. The first interest payment will be made on July 31, 1999 for the period commencing from the Deemed Date of Allotment and the last interest

payment will be made at the time of Redemption of the Bond on a *pro-rata* basis. Also refer to para on Electronic Clearing Service on Page 13 of the Prospectus.

#### Payment of Calls

Call monies would be payable as per the following schedule :

	1st Call	2nd Call	3rd Call
Amount payable (Rs.)	2,500/-	2,500/-	2,500/-
Call Date	3 months from DDA	6 months from DDA	9 months from DDA
Last day for Payment of Call	15 days from Call Date	15 days from Call Date	15 days from Call Date
Notice Date	15 days prior to Call Date	15 days prior to Call Date	15 days prior to Call Date

#### Procedure for Payment of Call Monies

ICICI will despatch a notice for payment of call monies (Call Notice) to all Bondholder(s) whose names appear on the Register of Bondholders as on the relevant Notice Date. The Company shall not obtain any record date for this purpose. Buyers of the Bond(s) are advised to lodge the same with the ICICI Investors' Services Ltd (ICICI Services) Maratha Mandir Annex, Dr. A. R. Nair Road, Mumbai Central or to such person at such address as may be notified from time to time so that the Bond(s) are received by the Registrar prior to the Notice Date. The procedure for payment of Calls would be mentioned in the Call Notice.

In case the Bondholder does not receive the Call Notice before the Call Date, the Bondholder should write to ICICI Services or to such person at such address as may be notified by the company from time to time, quoting his Bondholder Number and Distinctive Number for obtaining a duplicate Call Notice. Otherwise investors may deposit the Call Money at the specified branches of ICICI Banking Corporation Limited (ICICI Bank) on or before the last date of payment of the relevant Call Money. These specified branches would be mentioned on the Bond Certificate. ICICI Bank would duly acknowledge the receipt of Call Money by issuing acknowledgement on a blank Call Notice.

Investors may note that delivery of Bond Certificates on the Stock Exchanges from the first date of payment of Call Money would be valid only if the Bond Certificate(s) are duly endorsed for payment of Call Money or if they are accompanied by the Collecting Bank's acknowledgement for receipt of Call Money. After payment of Call Money, call money Endorsement stickers will be sent to the investors. Any dispute between buyers and sellers of the Bond(s) in this regard (including dishonour of Call Money cheques) should be settled *inter-se* amongst the parties.

Investors should note that they should deposit the Call Money amount with the collecting bank on or before the last date of payment of Call Money whereafter the Bondholder(s) would not be allowed to make any payment of Call Money.

If any or all of the call monies are not paid, the Company would recall such Bonds at the end of one year from the Deemed Date of Allotment. In such a case the Company will repay the amounts paid up along with interest at the applicable rates. ICICI shall despatch In such cases, a Recall Notice within 15 days after one year from the Deemed Date of Allotment. On receipt of the Recall Notice, the sole/ all the joint holder(s) should surrender the duly discharged Bond Certificate(s) (signed on the reverse of the Bond Certificate(s)) and send the same by Registered Post with acknowledgement due or by hand delivery to the office of the Company/ICICI Services or to such persons at such addresses as may be notified by the Company in the Recall Notice. ICICI would despatch cheques/pay orders etc. In



The attention of the investor is drawn to the fact that the Issue Price of Tax Saving Bond Option II would be entitled for benefits under Section 88 and not the Face Value of the Bond.

To avail benefit under Section 88, such investment needs to be held for a period of three years.

Tax Saving Bond Option II would be in the nature of a Deep Discount Bond. As regards the difference between the Issue Price and Face Value of the Tax Saving Bond Option II the Central Board of Direct Taxes vide its clarifications dated March 12, 1996 and May 23, 1996 on similar issue of other companies, has expressed the view that this will be treated as interest income assessable under the Income-tax Act, 1961. On transfer of Bonds before maturity, the difference between the sale consideration and the Issue Price will be treated as capital gains/loss if the assessee has purchased them by way of investment. However, in the case of an assessee who deals in purchase and sale of Bonds, securities etc., the profit or loss shall be treated as trading profit or loss. The difference between the Issue Price and the Face Value will be treated as interest income assessable under the Income-tax Act, 1961 and therefore, tax will have to be deducted at source at the time of redemption under the relevant provision of the Income-tax Act, 1961.

ICICI may offer market making facility in respect of these Bonds after the expiry of three years from the Deemed Date of Allotment.

Any long-term capital gains arising in the hands of the investor from the sale of a capital asset and invested, within a period of six months from it having arisen, in such approved instruments shall be eligible for an exemption from payment of Capital Gains Tax to the extent specified under the relevant section.

To avail benefit under Section 54EA, the investor is required to invest the net sales realization in the approved securities which needs to be held for three years.

If any investor claiming benefit under Section 88/54EA of the Income-tax Act, 1961 pledges these Bonds as eligible security for any loan taken by him at any time during three years from the Deemed Date of Allotment for Section 88/54EA respectively, he/she would stand to lose the relevant tax rebate/benefits and would be required to pay tax as per the provisions of the said sections. The CBDT has clarified that for the purposes of Sections 54EA, investors would be allowed to obtain benefit under these sections if the application is made within the stipulated time limit of 6 months to the extent of allotment made.

See also "Common Features, Terms and Conditions of the Bonds".

**4. REGULAR INCOME BOND**

Face Value : Rs. 5,000/-  
Redemption : At Face Value, i.e., Rs.5,000/-

The investors can choose any of the following four options in respect of payment of interest.

Option	I	II	III	IV
Minimum Application (Rs.)	15,000/-	10,000/-	5,000/-	5,000/-
Redemption Period (Years)	5	5	5	7
Interest * (%) (p.a.)	13.00	13.25	13.75	14.00
Interest Payable	Monthly	Half Yearly	Annually	Annually
Yield to Investor (%)*	13.8	13.7	13.8	14.0

\* Subject to TDS as per the then prevailing tax laws

**Payment of Interest**

**Option I (Monthly Interest)**

Interest will be paid on the last day of each month.

For the convenience of investors, ICICI may, at its option, send every year in the month of April, a set of 12 post dated cheques dated last day of the relevant month towards the payment of interest for each month in arrears, subject to the finalization of taxation rates for the year by the Finance Act/Bill. In case TDS rates for the year undergo a change after sending the post-dated cheques, the Company reserves the right to recover the differential TDS amount, if any, from the investors. The payment of interest for the first month from Deemed Date of Allotment and the last month before redemption shall be made on *pro-rata* basis. The first interest payment will be made on the last date of the month succeeding the month in which Deemed Date of Allotment falls for the period commencing from Deemed Date of Allotment and the last interest payment will be made at the time of redemption of the Bond. The first set of post-dated cheques towards the interest from the Deemed Date of Allotment till March 31, 1999 may be sent with the Bond Certificate(s). Investors may note that this option is not covered under Market-making facility (including Anytime Facility) offered by ICICI for select Bonds in select cities. Also refer to para on Electronic Clearing Service on page 13 of the Prospectus.

**Option II (Half - yearly Interest)**

Interest will be paid on July 31 and January 31 of each year. The first interest payment will be made on July 31, 1999 for the period commencing from the Deemed Date of Allotment and the last interest payment will be made at the time of Redemption of the Bond on a *pro-rata* basis. Also refer to para on Electronic Clearing Service on page 13 of the Prospectus.

**Option III and Option IV (Annual Interest)**

Interest will be paid on July 31 each year. The first interest payment will be made on July 31, 1999 for the period commencing from the Deemed Date of Allotment and the last interest payment will be made at the time of Redemption of the Bond on a *pro-rata* basis. Also refer to para on Electronic Clearing Service on page 13 of the Prospectus.

See also "Common Features, Terms and Conditions of the Bonds".

**5. MONEY MULTIPLIER BOND (in the nature of Deep Discount Bond)**

Each Money Multiplier Bond in the nature of Deep Discount Bond will have different Face Values under each Option and will be issued at a discounted price.

Minimum Application : One Bond

The investors can choose any of the following options (as per the Table below) in respect of the Money Multiplier Bond:

Option	I	II
Issue Price (Rs.)	4,000/-	4,700/-
Face Value / Redemption Value (Rs.)	8,000/-	50,000/-
Redemption Period	5 years 4 months	18 years
Yield to Investor (%)*	13.9	14.0

\* Subject to deduction of tax at source as per the then prevailing tax laws.

See also "Common Features, Terms and Conditions of the Bonds".