

TERMS AND CONDITIONS OF THE BONDS

Eligible Security Status

Vide notification dated February 11, 1998 the Ministry of Finance, Department of Economic Affairs (Capital Market Division) has declared the Bond(s) (as hereinafter defined) as a security under section 20(f) of the Indian Trusts Act, 1882 (2 of 1882).

Vide notification P5/6/Dev/98 dated September 11, 2000 the Government of Rajasthan has declared the Bond(s) (as defined hereinafter) as eligible security under section 2(10)(c) of the Rajasthan Public Trusts Act, 1959.

Vide notification GK/2000/BPT/10200Q/16/1084/E dated November 10, 2000, the Government of Gujarat has declared the Bond(s) (as defined hereinafter) as eligible security under section 2(12)(d) of the Bombay Public Trusts Act, 1950.

Vide G.O.Rt.no.292 dated 23.02.1996 the Govt. of Andhra Pradesh has notified Bonds issued by ICICI Limited as eligible investments for endowment institutions / trusts.

Vide Circular dated 26.10.1998 issued by the Office of the Commissioner, Endowments Dept., A.P., Hyderabad, 6(a) institutions have been instructed to invest surplus funds in bonds floated by ICICI Limited.

Ranking

The tenor of the non-marketable bonds in the nature of debentures issued is greater than 5 years, the Bond(s) will be of subordinated nature. Where the tenor of the Bond(s) issued is less than or equal to 5 years, Bond(s) will be of unsubordinated nature.

Where the Bond(s) issued are of unsubordinated nature, the Bond(s) will constitute direct, unsubordinated and unsecured obligations of the Company and will rank pari passu inter se and (subject to any obligations preferred by statutory provisions of the law prevailing from time to time) shall also, as regards amount invested and any benefits payable thereon by the Company of its own funds, rank pari passu with all other existing direct, unsubordinated and unsecured borrowings of the Company.

Where the Bond(s) issued are of subordinated nature, the Bond(s) will constitute direct, unsecured and subordinated obligations of the Company and will be subordinated and postponed to the payments in respect of all prior obligations of the Company whether for principal, interest, return or otherwise, except that they will rank pari passu amongst themselves and with all other present and future subordinated obligations of the Company.

Benefits

Benefits relating to the Bond(s) will be available to the holders of the Bond (Bondholder(s)) from the date of realisation of cheque(s)/draft(s) ("the Issue Date").

Tax Implications

Investment in the Bonds is an eligible investment for the purposes of section 54(vii) of the Income-tax Act, 1961 in the hands of the Trust.

Interest on bonds

Payment of interest will be subject to deduction of tax at source at the rates prevailing from time to time, under the provisions of the Income-tax Act, 1961 and any statutory modification or re-enactment thereof. To ensure lower or non-deduction of tax at source, as the case may be, the bondholder should furnish her (a) an evidence for total exemption from tax or, (b) a declaration (in duplicate) in the prescribed form i.e. Form 15H which can be furnished by all bondholders (other than companies and firms), or (c) a certificate, from the Assessing Officer of the bondholder, in the prescribed form i.e. Form 15AA, which can be obtained by all bondholder (including Companies and Firms). In case the Interest Payment Date falls on a day, which is a holiday for Banks in Mumbai ("Bank Holiday"), interest will be paid on the next working day. No additional interest or other payment will be made as a consequence of the interest payment being made on a day falling after the Interest Payment Date under this condition. In case the principal payment falls due on a Bank Holiday, the payment will be made on the next working day with interest at the applicable coupon rate for the period overdue. Such interest will be computed on the basis of 365 days' year.

Interest Payment Dates

Quarterly Interest

Where interest is payable quarterly, interest will be payable on January 23, April 23, July 23 and October 23 every year ("Interest Payment Dates"). The first interest payment will be made on October 23, 2001 and the last interest payment shall be made on redemption of the Bond(s). Payment of interest will be made as per the terms mentioned under "Interest on bonds" herein above.

Half-Yearly Interest

Where interest is payable half yearly, interest will be payable on July 23 and January 23, every year ("Interest Payment Dates"). The first interest payment will be made on January 23, 2002 and the last interest payment shall be made on redemption of the Bond(s). Payment of interest will be made as per the terms mentioned under "Interest on bonds" herein above.

Annual Interest

Where interest is payable annually, interest will be payable annually on July 23 every year ("Interest Payment Date"). The first interest payment will be made on July 23, 2002 and the last interest payment shall be made on redemption of the Bond(s). Payment of interest will be made as per the terms mentioned under "Interest on bonds" herein above.

Payment of Interest

Payment of interest on the Bond(s) will be made to those Bondholder(s) whose names appear in the register of Bondholder(s) (or to first holder in case of joint holders) as on record date/book closure to be fixed by the Company for this purpose from time to time. Bondholder(s) are advised to send the Bond(s)/Certificate(s) to the Company/Registrar to the Issue ("Registrar") or to such persons as may be notified by the Company from time to time along with a duly executed transfer deed for registration of the Bond(s).

Wherever signature(s) of the transferor in the transfer deed is/are not in accordance with the specimen signatures of the transferor available in the records of the Company, all interest on such Bond(s) will be kept in abeyance by the Company till such time as the Company is satisfied about its veracity. In case of sale by or to companies, bodies corporate, societies registered under the applicable laws in India, Trusts, Provident Funds, Superannuation Funds, Gratuity Funds, Scientific and/or Industrial Research Organisations, commercial banks, cooperative banks, regional rural banks, Foreign Institutional Investors ("FIIs"), certified true copy of the Power of Attorney or such other authority as may be acceptable to the Company must be lodged separately at the Company/office of the Registrars at the time of registration of Bond(s).

Procedure for Redemption by Bondholder(s)

The Bond(s) Certificate(s), duly discharged by the Sole/all joint-holders (signed on the reverse of the Bond(s) Certificate(s)) to be surrendered for redemption on maturity or on exercise of put/call option should be sent by the Bondholder(s) by Registered Post with Acknowledgment Due or by hand delivery to the Company/Registrars or to such persons at such addresses as may be notified by the Company from time to time.

Put/Call Option

Put/Call Option, if applicable, shall mean an option that grants the Bondholder/ICICI, the right (but not the obligation) to redeem the Bonds at par on the dates mentioned in page 1 of the form ("Relevant Dates").

Procedure for exercising the put option

Bondholder(s) desirous of exercising the Put Option on the respective Relevant Dates should submit their requests in writing to Registrars or to such persons at such addresses as may be notified by ICICI from time to time, along with the Bond Certificate(s) duly discharged by Sole/all the joint-holder(s) (signed on the reverse of the Bond Certificate(s)), not less than 30 days in writing before the Relevant Date. The Bondholder will be entitled to receive the applicable Deemed Face Value only if the request is received in writing along with the Bond Certificate duly discharged within the specified time aforesaid. The payment on the exercise of the Put Option will be in the same manner as in case of Payment on Redemption as described herein below.

Procedure for exercising the call option

If ICICI is desirous of exercising the Call Option on the respective Relevant Dates, ICICI will give a notice of the same in writing not less than 30 days before the Relevant Date to the investor. The payment on the exercise of the Call Option will be in the same manner as in case of Payment on Redemption as described herein below.

Payment on Redemption

Payment on redemption of the Bond(s) will be made by way of cheque/pay order etc., only on the surrender of the Bond(s) Certificate(s), duly discharged by the Sole/all the joint holders (signed on the reverse of the Bond(s) Certificate(s)). The Company's liability to such Bondholder(s) towards all their rights including for payment or otherwise shall stand extinguished from the due date of redemption in all events and on the Company despatching the redemption amount to the Bondholder(s). Further, the Company will not be liable to pay any interest, income or compensation of any kind from the date of such redemption of the Bonds. However, in case the principal payment falls due on a Bank Holiday, the payment will be made on the next working day with interest at the applicable coupon rate for the period overdue. Such interest will be computed on the basis of 365 days' year.

Notices

All notices to the Bondholder(s) required to be given by the Company or the Trustees (if any), shall be sent by ordinary post to the Registered Holders of the Bond(s) from time to time.

Transfer/Transmission of Bond(s)

The Bond(s), being in the nature of non-marketable securities, shall not be sold or transferred by the Bondholder(s) to any person on the stock exchange. However, the Bond(s) may, where permitted, be transferable and transmittable in the same manner and to the same extent and be subject to the same restrictions and limitations as applicable to the existing Equity Shares of the Company. The provisions relating to transfer and transmission and other related matters in respect of Shares of the Company contained in the Articles of Association and the Companies Act, 1956 shall apply mutatis mutandis to the Bonds as well.

Nomination

The Sole/first Bondholder along with other joint-holders may nominate any one person, to whom, in the event of death of the sole or all the joint-holders as the case may be, the amount of the Bond(s) may be paid. Any change in the nomination may be made during the tenure of the Bond(s) in the prescribed manner. A nomination shall stand rescinded upon sale of a Bond(s) by the person nominating. A buyer will be entitled to make a fresh nomination in the