

TERMS AND CONDITIONS OF THE BONDS

Public Security Status

Vide notification dated February 11, 1996 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, 1952 (2 of 1952).

Vide notification dated 19/09/98 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, 1953.

Vide notification GSR/2000/891/1022659-16/1088/F dated November 30, 2000 the Government of Gujarat has declared the Bond(s) (as defined hereinafter) as eligible security under section 2(17)(d) of the Bombay Public Trusts Act, 1950.

Vide G.O.Rt.no.282 dated 23.02.1998 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.

Status

Where the tenor of the non marketable bonds in the nature of debentures ("Bond(s)") 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, the 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 shall rank *pari passu inter se* and (subject to any obligations preferred by mandatory provisions of the law prevailing from time to time) shall also, as regards amount invested and any benefits payable thereon by the Company out 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.

Issue Date

All 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

The investment in the Bonds is an eligible investment for the purposes of section 11(5)(iv) 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 or 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 either (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.

Interest Payment Dates

Quarterly Interest

Where interest is payable quarterly, interest will be payable on November 07, February 07, May 07 and August 07 every year ("Interest Payment Dates"). The first interest payment will be made on November 07, 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 in the table of interest rates above.

Half Yearly Interest

Where interest is payable half yearly, interest will be payable on February 07 and August 07 every year ("Interest Payment Dates"). The first interest payment will be made on February 07, 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" table above.

Annual Interest

Where interest is payable annually, interest will be payable annually on November 07 every year ("Interest Payment Date"). The first interest payment will be made on November 07, 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" table above.

Payment of Interest

Payment of interest on the Bonds 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 its purpose from time to time. Bondholders are advised to send the Bond(s) Certificate(s) to the Company or send 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 transfer of the Bonds.

Procedure for Redemption by Bondholders

The Bond(s) Certificate(s), duly discharged by the Bondholder(s) (signed on the reverse of the Bond(s) Certificate(s)) to be surrendered for redemption or maturity, accompanied by a request 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 as may be notified by the Company from time to time.

Put/Call Option

Put/Call Option, if applicable, shall mean a clause that grants the Bondholder/ICICI, the right (but not the obligation) to redeem the Bonds at par as per the terms mentioned in part 1 of the form ("Relevant Dates"). However, such clause shall not be exercisable before the expiry of one year from the date of allotment of bonds.

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 as may be notified by the Company as may be notified by ICICI from time to time along with the Bond Certificate(s) duly discharged by holder of the Bond(s) signed on the reverse of the Bond Certificate(s) not less than 30 days in writing before the Relevant Date. The Bondholder(s) 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 in 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 Registrar. 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 Bonds will be made to those bondholder(s) whose name appear in the register of bondholders (or to first holder in case of joint holders) as on record date/book