

Schedule 1 of SEBI guidelines dated June 6, 2008

Private & Confidential – For Private Circulation Only



ICICI Home Finance Company Limited

Registered & Corporate Office: ICICI Bank Towers, Bandra-Kurla Complex, Mumbai 400 051

Tel.: (022) 26531414 Fax: (022) 26531230

Contact Person: Mr. Sreekanth V N; E-mail: sreekanth.vn @icicifhc.com;

Website: www.icicifhfinancecoltd.com

Private Placement of Unsecured Redeemable Subordinated Bonds in the nature of Debentures aggregating Rs. 100 crore with a right to retain over subscription for 120 months at an interest of 9.75 % payable annually for inclusion as tier II capital.

NOTE: The Bonds offered herein are Unsecured Redeemable Subordinated Bonds in the nature of Debentures and would form the part of tier II capital of the company. The bonds are not redeemable at the option of the bond holder, therefore at any time and are not redeemable at the option of ICICI Home Finance Company limited except in circumstances upon the occurrence of regulatory events. For the purpose of these bonds regulatory events shall mean the receipt of ICICI HFC of an opinion, deceleration, rule or decree of the NHB or any other regulatory and governmental authority succeeding to the authority of NHB as regards monitoring of capital adequacy of Indian housing companies, to the effect that there has been either (i) a change in law or regulation or (ii) a change in the interpretation thereof, resulting in more than an insubstantial risk that the bonds (or any portion thereof) will not be eligible to be included in calculating the tier II capital of ICICI HFC. Any optional redemption of bonds shall be subject to compliance with applicable regulatory requirements, including the prior approval of the NHB. The NHB, whilst considering the request of ICICI HFC to so redeem.

GENERAL RISKS: For taking an investment decision, the investors must rely on their own examination of ICICI Home Finance Company Limited (the "Issuer") and the Issue including the risks involved. The Bonds have not been recommended or approved by Securities and Exchange Board of India ("SEBI") nor does SEBI guarantee the accuracy or adequacy of this document.

CREDIT RATING:

For Subordinated Bonds:

ICRA "LAAA" - This rating indicates highest-credit-quality. The rated instrument carries the lowest credit risk.

CARE "CARE AAA (so)" - Instruments carrying this rating are considered to be of best quality, offering highest safety for timely servicing of debt obligations. This rating is based on the credit enhancement by ICICI Bank in the form of letter of comfort.

The rating is not a recommendation to buy, sell or hold securities and investors should take their own decision. The ratings may be subject to revision or withdrawal or suspension at any time by the assigning rating agency and each should be evaluated independently of any other rating. The ratings obtained are subject to revision at any point of time in the future. The rating agencies have a right to suspend, withdraw the rating at any time on the basis of new information, etc.

Listing: The bonds issued under the schedule would be Listed on the Wholesale Debt Segment (WDM) of the Bombay Stock Exchange Limited.

REGISTRAR & TRANSFER AGENT

3i INFOTECH LIMITED

Tower #5, 3rd to 6th Floors,
International Infotech Park, Vashi
Navi Mumbai 400 703
Tel. No.: (022) 6792 8000
Fax No.: (022) 6792 8099

This Schedule under SEBI guidelines dated June 6, 2008 for private placement of bonds is neither a prospectus nor a statement in lieu of prospectus and does not constitute an offer to the public generally to subscribe for or otherwise acquire the bonds to be issued by Issuer.

I. Name Address & Registered Office of the Company

ICICI Home Finance Company Ltd
 ICICI Bank Tower,
 Bandra Kurla Complex,
 Bandra East,
 Mumbai – 400 059

II. Name, Address and other details of Directors on Board as on January 31, 2009

Name, Description, address and business	Age	Qualification	Particulars of other directorships
Mr. V. Vaidyanathan Chairman ICICI Home Finance Company Limited ICICI Bank Towers Bandra-Kurla Complex Mumbai 400051 Company Executive	41	MBA, AMP (HBS)	ICICI Bank Limited ICICI Lombard General Insurance Company ICICI Securities Limited ICICI Investment Management Company Ltd
Mr. Sachin Khandelwal Vice Chairman ICICI Home Finance Company Limited ICICI Bank Towers Bandra-Kurla Complex Mumbai 400051 Company Executive	41	B Sc., B.E (Mechanical), MMS (Marketing)	
Mr. Jayesh Gandhi (Independent Director) A/4 Mewawala Apartment, 53-D, St. Mary Road, Vile Parle (West), Mumbai 400 056 Chartered Accountant	47	B. Com F.C.A.	Aventis Pharma Limited Raiji & Horwath Consultancy Services Pvt. Ltd. i-Process Services (India) Private Limited SBI Funds Management Private Limited
Mr S Santhanakrishnan (Independent Director) Flat G 5, Block 2, Prime Terrace, 150, L B Road, Tiruvanmiyur, Chennai -	65	M Sc, CAIIB, DSM, Diploma in Training and Development ISTD	Easy Access Finance Ltd - Non Executive Chairman Reliance Capital Trustee Company – Trustee Director
Mr. Rahul Mallick Managing Director & CEO ICICI Home Finance Company Limited ICICI Bank Towers	44	B Sc (Chemistry) MBA	-

Bandra-Kurla Complex Mumbai 400051			
Company Executive			

III. Summary of the business / activities

Business Activity

Our business activities consist of retail housing finance and corporate loans to real estate developers and businesses, distribution of third party investment products and other fee-based products and services and sourcing and servicing of loans for the ICICI group.

Long-term housing loans to individuals and corporations and construction finance to builders are secured by a mortgage of the property financed. These loans are extended for maturities generally ranging from five to 20 years and a large proportion of these loans are at floating rates of interest. This reduces the interest rate risk that we assume. Any change in the benchmark rate to which the rate of interest on the home loan is referenced is passed on to the borrower on the first day of the succeeding quarter or the succeeding month, as applicable. Any decrease in the rate of interest payable on floating rate home loans is effected by an acceleration of the repayment schedule, keeping the monthly installment amount unchanged. Any increase in the rate of interest payable on floating rate home loans is effected first by a prolongation of the repayment schedule, keeping the monthly installment amount unchanged, and based on certain criteria, by changing the monthly installment amount.

ICICI HFC provides advisory and consultancy services for real estate businesses. It acts as a facilitator for retail customers, both prospective buyers and sellers. As part of the corporate property services, ICICI HFC acts as a real estate consultant to developers and corporate clients providing customized real estate solutions to meet specific client requirements, for example, rent securitisation, joint venture structuring, sale and lease back transactions and investments and research.

ICICI HFC also acts as the sourcing agent for ICICI Bank for its retail finance activities including home loans products.

Product Offering

Products offered to customers in the retail housing loan sector include:

Home Loans – Home Loans are given for acquisition or construction of residential property and purchase of land and construction thereon to all categories of borrowers. The loans are extended for under construction or ready for possession or resale properties. The residential property is taken as the security for the loan by creating an equitable mortgage by deposit of the title deeds.

Home Improvement Loans – Home Improvement Loans are extended for the purpose of painting, tiling and flooring, grills and windows, plumbing and sanitary work, structural changes, external repairs, water proofing, boundary wall construction,

construction of underground or overhead tanks etc. The property on which the improvement work is to be done is taken as the security for the loan by creating an equitable mortgage by deposit of the title deeds.

Home Equity Loans - Home Equity Loans are given against residential and commercial properties. The loan can be utilized for the purpose of education, business, marriage, purchase and improvement of property, medical treatment and other personal needs. An end use letter is taken from the customer specifying the final use of the borrowed funds. The property is taken as security for the loan by creating an equitable mortgage by deposit of title deeds.

Office Premises Loans – Office Premises loans are extended for the purpose of purchase, construction, extension, improvement of an office, shop, clinic or nursing home. The commercial property is taken as the security for the loan by creating an equitable mortgage by deposit of the title deeds.

NRI Loans – Loans given to non-resident Indians for acquisition / construction of a residential property, purchase of land and construction thereon and improvement and loan against existing property. The property is taken as the security for the loan by creating an equitable mortgage by deposit of the title deeds.

Corporate finance for real estate requirements is extended based on the financial strength of the borrowing entity. The product line for the non-retail segment for real estate financing includes construction finance and lease rental discounting. Construction finance is given to developers or builders for project acquisition and construction costs. Lease rental discounting facility is given to corporates to unlock the value from leased premises.

Consultancy and Advisory

Home Search – Home Search acts as the facilitator for retail customers, both prospective buyers and sellers, to identify the property to match their need and liking. We act as the intermediary between prospective buyers and sellers.

Corporate Property Services - The corporate property services is primarily a real estate consultancy business of ICICI Home Finance Company Limited. It provides consulting services in various segments including:

- Sale and leasing services for commercial, retail and industrial space
- Investment advisory services for clients through financial analysis of investment deals, offering the best possible investment based on the quantum to be invested, analysing investment horizon and expected returns, providing report on future outlook on prices, government incentives, growth potential, supply and demand situation and conducting due diligence and negotiations.
- Facilitating rent securitization to meet the financial needs of clients and helping in securitizing their cash flows from the rentals
- Conducting market research studies, feasibility studies, portfolio strategy for real estate holdings to gauge the future of real estate demand and facilitate corporates in real estate decision-making
- Valuing diversified properties like large residential plots and apartments, office properties, petrol pumps, large mills and industrial premises, retail malls and family entertainment centers.

•With more and more developers keen on participating in Joint Ventures with other clients, ICICI HFC would map the requirements of both the sides in structuring a deal, which would be of the mutual benefit to both the groups.

IV. Brief History of the Company since incorporation and changes in capital structure

Background

ICICI Home Finance Company Limited is a housing finance company registered with NHB. We are a wholly owned subsidiary of ICICI Bank Ltd., the second-largest bank in India and the largest bank in the private sector in terms of total assets, with total assets of Rs. 3,997.00 billion as on March 31, 2008.

ICICI HFC was incorporated on May 28, 1999, as a wholly owned subsidiary of erstwhile ICICI Personal Financial Services Limited. ICICI HFC obtained its certificate of commencement of business on July 9, 1999. Subsequently, it became a wholly owned subsidiary of the erstwhile ICICI Ltd. with effect from November 22, 1999. Following the merger of erstwhile ICICI Ltd. with ICICI Bank, ICICI HFC became a wholly owned subsidiary of ICICI Bank.

CAPITAL STRUCTURE

(Rs. in billion)

As at March 31, 2008		
1.	SHARE CAPITAL	
A)	AUTHORISED	
	2385,000,000 Equity shares of Rs. 10/- each	23.85
	15,000,000 Preference shares of Rs. 10/- each	0.15
	Total Authorised Capital	24.00
B)	ISSUED, SUBSCRIBED AND PAID UP EQUITY SHARE CAPITAL ¹	
	78,3750,000 Equity Shares of Rs 10/- each	7.84
C)	ISSUED, SUBSCRIBED AND PAID UP PREFERENCE SHARE CAPITAL ²	
	15,000,000 Preference Shares of Rs. 10/- each	0.15
	Total Issued Capital (B) and (C)	7.99
2.	DEPOSITS AND BORROWINGS	
A)	Deposits	2.53
	Total (A)	2.53
B)	Borrowings	
(i)	Borrowings in India	
	Subordinate debt for Holding Company (Subordinated for Tier II capital)	4.20

Loans and Advances from Banks	39.55
Commercial Paper	18.84
Bonds	7.00
Total (B) (i)	69.59
(ii) Borrowings outside India	-
Total (B) (ii)	-
Total Borrowings (B) (i) and (ii)	69.59
Total Deposits and Borrowings (A) and (B)	72.12

Secured borrowings in (B) (i) and (ii) is Rs. Nil

Notes

1 43,750,000 equity shares of Rs.10 each fully paid up issued to shareholders of ICICI Distribution Finance Private Limited on amalgamation

2 The Preference Shares for Rs.15 crores were allotted on March 14, 2002 and are convertible into equity shares at the option of the Preference Shareholder after completion of one year but before completion of seven years from the date of allotment in the ratio of 1:1. However, the said Preference Shares shall be compulsorily and automatically convertible into one Fully Paid-up Equity Share of Rs.10 each for every one Preference Share of Rs.10 held on March 14,2009

Details of Equity Share Capital

Date of allotment	No. of equity shares	Face Value (Rs.)	Issue Price (Rs.)	Nature of payment	Reasons of allotment	Cumulative Capital (Rs.)
June 19, 1999	700	10.00	10.00	Cash	Subscriber to the Memorandum of Association	7000
November 22, 1999	19,999,300	10.00	10.00	Cash	Promoters contribution	200,000,000
September 29, 2000	75,000,000	10.00	10.00	Cash	Promoters contribution	950,000,000
October 4, 2001	20,000,000	10.00	10.00	Cash	Promoters contribution	1,150,000,000
December 28, 2004	25,000,000	10.00	10.00	-	Conversion of preference shares into equity	1,400,000,000
August 20, 2005	43,750,000	10.00	10.00	Allotted to the shareholders of ICICI Distribution Finance Private Limited (IDFL) in the ratio of five equity shares of ICICI Home Finance Company Limited (IHFC) for every one equity share held in IDFL	Amalgamation of IDFL with IHFC	1,837,500,000
March 31, 2006	100,000,000	10.00	10.00	Cash	Rights issue	2,837,500,000
December 12, 2007	500,000,000	10.00	10.00	Cash	Preferential issue	7,837,500,000
June 1, 2008	250,000,000	10.00	10.00	Cash	Right Issue	10,337,489,000
November 20, 2008	50,000,000	10.00	10.00	Cash	Right Issue	10,837,489,000

Details of Preference Share Capital

Date of allotment	No. of preference shares	Face Value (Rs.)	Issue Price (Rs.)	Nature of payment	Reasons of allotment	Cumulative preference Capital (Rs.)
December 28, 2001	25,000,000	10.00	10.00	Adjusted against debt	Promoters Contribution	250,000,000
March 14, 2002	15,000,000	10.00	10.00	Adjusted against debt	Promoters Contribution	400,000,000

December 28, 2004	25,000,000	10.00	10.00	Converted in equity shares	-	150,000,000
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The following tables set forth, for the details indicated, our top shareholders and their holdings:

a. At Nov 30, 2008

Sr. No.	Name of the Equity Shareholders	No. of shares	Remark
1.	ICICI Bank Limited	1,083,748,900	
2.	Others	1,100	Beneficial interest in the shares is held by ICICI Bank Limited
	Total	1,083,750,000	

b. At June 30, 2008

Sr. No.	Name of the Equity Shareholders	No. of shares	Remark
1.	ICICI Bank Limited	1,033,748,900	
2.	Others	1,100	Beneficial interest in the shares is held by ICICI Bank Limited
	Total	1,033,750,000	

c. At June 10, 2008

Sr. No.	Name of the Equity Shareholders	No. of shares	Remark
1.	ICICI Bank Limited	1,033,748,900	
2.	Others	1,100	Beneficial interest in the shares is held by ICICI Bank Limited
	Total	1,033,750,000	

d. At May 31, 2008

Sr. No.	Name of the Equity Shareholders	No. of shares	Remark
1.	ICICI Bank Limited	783,748,900	
2.	Others	1,100	Beneficial interest in the shares is held by ICICI Bank Limited
	Total	783,750,000	

e. At June 30, 2006

Sr. No.	Name of the Equity Shareholders	No. of shares	Remark
1	ICICI Bank Limited	283,748,900	
2	Others	1,100	Beneficial interest in the shares is held by ICICI Bank Limited
	Total	283,750,000	

Details of Loans Outstanding as on March 31, 2008

Sr. No.	Particulars	Amount (Rs. Million)
	Loans	
1	Loans from Scheduled Commercial Banks	39,550.10
2	Bonds	7,000.00
3	Commercial Papers	18,837.07
4	Subordinated Debt	4,199.45
	Deposits	
5	Fixed Deposits	2,533.11
	Total	72,119.72

V. Securities to be issued and listed under current document

Under the purview of current document the company intends to raise an amount of Rs. 100 crore (with a right to retain an over subscription) of Unsecured Redeemable Subordinated Bonds in the nature of Debentures for 120 months. The coupon rate payable annually would be 9.75% payable annually.

The company has a valid AAA and AAA (so) rating from ICRA and CARE respectively as per the details given below and the rating letters from rating agencies are enclosed at the end of this document.

The detailed term sheet for the proposed bond issue is given in section XXIII of this document.

CREDIT RATING:

For Subordinated Bonds:

ICRA "LAAA" - This rating indicates highest-credit-quality. The rated instrument carries the lowest credit risk.

CARE "CARE AAA (so)" - Instruments carrying this rating are considered to be of best quality, offering highest safety for timely servicing of debt obligations. This rating is based on the credit enhancement by ICICI Bank in the form of letter of comfort.

The rating is not a recommendation to buy, sell or hold securities and investors should take their own decision. The ratings may be subject to revision or withdrawal or suspension at any time by the assigning rating agency and each should be evaluated independently of any other rating. The ratings obtained are subject to revision at any point of time in the future. The rating agencies have a right to suspend, withdraw the rating at any time on the basis of new information, etc.

VI. Details of the Issue Size

OFFER OF BONDS

We are seeking offers for subscription through Private Placement of Unsecured Redeemable Subordinated Bonds in the nature of Debentures aggregating Rs. 100 crore with a right to retain an over subscription for 120 months @ 9.75% per annum.

NATURE OF BONDS

Issue Size	:	Rs. 100 crore with a right to retain over subscription.
Instrument	:	Unsecured Redeemable Subordinated Bonds in the Nature of Debentures
Tenor	:	120 months
Coupon Rate	:	9.75% payable annually
Instrument Form	:	Only in Demat Mode
Face Value	:	Rs. 1,000,000/- per bond
Type of Interest	:	Fixed
Option	:	No Put / Call
Listing	:	Wholesale Debt Segment of NSE / BSE

ISSUE PROGRAMME:

Issue Opens on	:	April 9, 2009
Issue Closes latest by (latest closing date)	:	April 20, 2009
Allocation/ Finalization of Basis of Allotment/ Pay in Date	:	April 24 , 2009
Deemed Date of Allotment	:	April 24, 2009

Note: ICICI HFC Ltd reserves the right to change the Issue Programme and also accept or reject any application, in part or in full, without assigning any reason.

VII. Details of utilization of proceeds

The funds to be raised through private placement of Bonds issue under this issue will form part of tier II capital of the company and will be used to augment our resources and meet the demand for providing housing finance and other products and for general corporate purpose.

The main object clause of our Memorandum of Association enables us to undertake the activities for which the funds are to be raised through private placement of Bonds and also the activities which we have been carrying on till date.

VIII. Material Contracts and Agreements involving financial obligations

The following contracts (not being contracts entered into in the ordinary course of business carried on by the Company or entered into more than two years before the date of this Issue) which are or may be deemed material have been entered or to be entered into by the Company. These material contracts, and material documents referred to hereunder, may be inspected at the Registered Office of our Company between 10.00 am to 4.00 pm on working days.

Material Contracts

- 1) Copy of letter from the Company dated January 24, 2008 appointing 3i Infotech Limited as Registrar and Transfer Agent to the Issue.

Material Documents

- 1) Certified true copies of the Memorandum and Articles of Association of the Company, as amended from time to time.
- 2) Copy of the Certificate of Incorporation of the Company dated May 28, 1999.
- 3) Copy of Certificate of Commencement of Business dated July 9, 1999.
- 4) Certified true copy of the Resolution(s) of the Members of the Company passed at the Extraordinary General Meeting held on September 17, 2007 for increase in borrowing limits.
- 5) Certified true copy of the Resolution of the Members of the Company passed at the Annual General Meeting held on September 28, 2007 appointing S. R. Batliboi & Co., as statutory auditors of the Company.
- 6) Certified true copy of the resolution passed by the Board of Directors at its meeting held on September 2, 2008, appointing Mr. Rahul Mallick as the Managing Director and CEO of the company.
- 7) Copy of tripartite agreement dated December 30, 2004 between the Company, 3i Infotech Limited (formerly known as ICICI Infotech Limited) and National Securities Depository Limited.
- 8) Copy of tripartite agreement dated July 18, 2003 between Company, 3i Infotech Limited (formerly known as ICICI Infotech Limited) and Central Depository Services (India) Limited.

Any of the contracts or documents mentioned herein may be amended or modified at any time if so required in the interest of the Company or if required by the other parties, without reference to the shareholders subject to compliance of the applicable laws.

The following are the details of other important transactions with related parties::

The Company being a finance company, the transactions with related parties in the normal course of business have not been disclosed. The following are the details of other significant transactions with related parties:

Amount (Rs.)

Name	Particulars	Year ended Mar 31, 2008	Year ended Mar 31, 2007
Holding Company	A. Transaction during the year		
	Rent paid	3,573,504	37,827
	Staff costs	195,596,473	24,489,152
	Miscellaneous expenses	129,388,919	8,616,882
	Interest and other finance expenses	297,915,547	314,823,393
	Bank Guarantee Comm.	8,730,739	8,692,
	Management fees	626,262,814	713,833,355
	Property Service Fee	45,000	
	Expenses recovered	526,802,137	2,266,467,458
	Interest Income on fixed deposits	13,760,350	6,511,373
	Purchase of housing loan portfolio	6,231,360,657	13,171,403,226
	Dividend – Equity Share	431,318,75	255,375,00
	Dividend – Preference Share	15,000	15,000
	B. Outstanding Balances		
	Bank balance (including interest accrued on fixed deposits)	750,999,543	223,003,956
	Amount recoverable on Account of expenses	288,521,771	386,663,965
	Equity Share Capital	7,837,500,000	2,837,500,000
	Preference share Capital	150,000,000	150,000,000
	Sub-debt loan	4,199,445,150	1,199,445,150
	Guarantees	3,100,000,000	3,100,000,000
	Letter of Comfort	65,248,387,92	44,833,589,77
	Notional principal of hedge	3,500,000,000	7,250,000,000
	Amount payable on Account of expenses (Including interest accrued but not due on unsecured loans)	86,806,510	107,435,395

Fellow Subsidiaries / Associate Companies	Insurance paid	1,432,647	37,070,495
	Insurance claim	211,694,162	121,769,350
	Fee Receivable	19,883,703	3,595,603
	Other receivables	11,136,399	-
	Miscellaneous Expense	31,876,559	3,125,268-
	Investment in Shares	513,800,000	-
	Property Service Group fee	45,688,616	3,595,603

- (i) Holding Company: ICICI Bank Limited
- (ii) Fellow Subsidiaries: ICICI Venture Funds Management Company Limited, ICICI Securities Limited, ICICI International Limited, ICICI Trusteeship Services Limited, ICICI Investment Management Company Limited, ICICI Securities Holdings Inc., ICICI Securities Inc., ICICI Bank UK Plc., ICICI Bank Canada, ICICI Wealth Management Inc., ICICI Prudential Life Insurance Company Limited, ICICI Lombard General Insurance Company Limited, ICICI Prudential Asset Management Company Limited, ICICI Prudential Trust Limited, ICICI Securities Primary Dealership Limited and ICICI Bank Eurasia Limited Liability Company.
- (iii) Key Management Personnel: Mr. Sunil Rohokale, Managing Director & CEO up to August 30, 2008 and Mr. Rahul Mallick, September 2, 2008 onwards.

IX. Details of Past Borrowings

Details of Loans Outstanding as on March 31, 2008

Sr. No.	Particulars	Amount (Rs. Million)
	Loans	
1	Loans from Scheduled Commercial Banks	39,550.10
2	Bonds	7,000.00
3	Commercial Papers	18,837.07
4	Subordinated Debt	4,199.45
	Deposits	
5	Fixed Deposits	2,533.11
	Total	72,119.72

Details of Bonds Outstanding as on -March 31, 2009

S No	Nomenclature	Series	Issue Date	Maturity Date	Outstanding Amount (Rs. Mn)	Coupon Rate %
	Senior Debt					
1	10.00ICICIHFC2009	HDBFEB08	February 28, 2008	August 28, 2009	4,250.00	10.00
2	10.20ICICIHFC2010	HDBMAR08	March 25, 2008	June 25, 2010	2,000.00	10.20
3	10.00ICICIHFC2013	HDBMRH08	March 27, 2008	March 27, 2013	750.00	10.00
4	9.50ICICIHFC2009	HDBAPR08	April 11, 2008	October 11, 2009	1,250.00	9.50
5	10.70ICICIHFC2013	HDBJUL08	July 18, 2008	July 18, 2013	2,000.00	10.70
6	11.45ICICIHFC2010	HDBAG081	August 14, 2008	August 14, 2010	591.00	11.45
7	11.45ICICIHFC2011	HDBAG082	August 14, 2008	August 14, 2011	200.00	11.45
8	11.25ICICIHFC2013	HDBAG083	August 14, 2008	August 14, 2013	70.00	11.25
9	11.75ICICIHFC2010	HDBSEP08	September 17, 2008	February 17, 2010	500.00	11.75
10	11.35ICICIHFC2018	HDBSEP081	September 23, 2008	September 23, 2018	1800.00	11.35
11	11.75ICICIHFC2010	HDBSEP082	September 24, 2008	September 24, 2010	600.00	11.75
12	12.80ICICIHFC2010	HDBOC081	October 15, 2008	April 06, 2010	100.00	12.80
13	10.25ICICIHFC2014	HDBFEB09	February 17, 2009	February 17, 2014	250.00	10.25
14	9.60ICICIHFC2010	HDBMR091	March 3,	September	2000	9.60

			2009	r10, 2010		
15	10.75ICICIHFC2019	HDBMR092	March 18, 2009	March 18, 2019	3000	10.75
Subordinated Debt						
14	9.80ICICIHFC2013	HDBMY081	May 23, 2008	August 23, 2013	770.00	9.80
15	9.90ICICIHFC2018	HDBMY082	May 23, 2008	May 23, 2018	503.00	9.90

X. Material Development

1. There has been a capital infusion of Rs. 500 million by ICICI Bank Ltd on November 20 in addition to capital infusion of Rs 2500 million on June 1, 2008. Post investment, the paid up capital of the company has gone up from Rs. 10337.49 million to Rs. 10837.49 million. The total capital including beneficial interest in shares (held by ICICI Bank) has gone up from Rs. 10337.50 million to Rs. 10837.50. The details of capital as on May 31, 2008 and June 30, 2008 and November 30, 2008 are given below:

a. At Nov 30, 2008

Sr. No.	Name of the Equity Shareholders	No. of shares	Remark
1.	ICICI Bank Limited	1,083,748,900	
2.	Others	1,100	Beneficial interest in the shares is held by ICICI Bank Limited
	Total	1083,750,000	

b. As on June 30, 2008

Sr. No.	Name of the Equity Shareholders	No. of shares	Remark
1.	ICICI Bank Limited	1,033,748,900	
2.	Others	1,100	Beneficial interest in the shares is held by ICICI Bank Limited
	Total	1,033,750,000	

c. As on May 31, 2008

Sr. No.	Name of the Equity Shareholders	No. of shares	Remark
1.	ICICI Bank Limited	783,748,900	
2.	Others	1,100	Beneficial interest in the shares is held by ICICI Bank Limited
	Total	783,750,000	

The following tables set forth, as on November 30, 2008, certain information regarding the total ownership of our Equity Shares:

Name of the Equity Shareholders	% of Shares	Shares Held
ICICI Bank Limited	100.00	1,083,748,900
Others (Beneficial interest in the shares is held by ICICI Bank)	0.00	1,100
Total	100.00	1,083,750,000

The following tables set forth, as on May 31, 2008, certain information regarding the total ownership of our Equity Shares:

Name of the Equity Shareholders	% of Shares	Shares Held
ICICI Bank Limited	100.00	783,748,900
Others (Beneficial interest in the shares is held by ICICI Bank)	0.00	1,100
Total	100.00	783,750,000

2. The company has announced the financial results for nine months of the current financial year (2008 -09). The summary of the audited financials as on December 31, 2008 is given below:

Balance Sheet Items	Amount (Rs. Mn)
Sources of Funds	
Share Capital (including preference shares of Rs. 15 crore)	10987.5
Reserves & Surplus	1299.0
Secured Loans	3800.0
Unsecured Loans	106130.94
Application of Funds	
Fixed Assets	63.60
Investments	9045.41
Loans & Other Credit Facilities	111718.50
Net Current Assets	983.16
P& L Items	
Income	10769.90
Expenditure	9656.97
Profit Before Taxation	1112.94
Provision for Taxation	330.00
Net Provision for Taxation (earlier years)	7.58
Deferred Tax	(124.51)
Fringe Benefit Tax	5.02
Profit After Taxation	894.85

3. The company has appointed Mr S Santhanakrishnan as an independent director on the board in its meeting held on July 24, 2008.

4. The company in its meeting of Board of Directors held on September 2, 2008 has appointed Mr. Rahul Mallick as the Managing Director and CEO. in place of Mr. Sunil Rohokale who resigned from the service of the company.
5. ICICI Bank has withdrawn the nomination of Mr. Rajiv Sabharwal and appointed Mr. Sachin Khandelwal as additional director on board of the company on December 27, 2008. The company in its meeting of Board of Directors held on January 21, 2009 has appointed Mr. Sachin Khandelwal as Vice Chairman of the company in place of Mr. Rajiv Sabharwal, who resigned from the service of bank.
6. The board in its meeting held on January 21, 2009 also accepted the resignation of Mr. Ashok Alladi, independent director from the board of directors.
7. The share capital of the company in sources of funds (Rs. 10987.5mn) included Preference shares of Rs. 150 mn. The same were converted into equity on March 14, 2009. Post conversion the capital structure of the company is as follows:

Sr. No.	Name of the Equity Shareholders	No. of shares	Remark
1.	ICICI Bank Limited	1,098,748,900	
2.	Others	1,100	Beneficial interest in the shares is held by ICICI Bank Limited
	Total	1,098,750,000	

XI. Debt Securities issued for consideration other than cash, at premium or discount, in pursuance of an option

The company till date has not issued any security for consideration other than cash either at premium or at discount. The details of outstanding securities issued by the company are given in section IX.

XII. Details of highest ten holders of each kind of securities

a. At March 31, 2009

Sr. No.	Name of the Equity Shareholders	No. of shares	Remark
1.	ICICI Bank Limited	1,083,748,900	
2.	Others	1,100	Beneficial interest in the shares is held by ICICI Bank Limited
	Total	1,083,750,000	

b. List of Top 10 holders of Senior Bonds as on March 31 ,2009

Sr. No.	Name of Allottee	Address	No. of bonds allotted

1	Life Insurance Corporation	Life Insurance Corporation of India Ltd, Yogakshema, Investment Department, 6 th Floor, Jeevan Bima Marg, Mumbai 400 021	6800
2	RELIANCE CAPITAL TRUSTEE CO. LTD.	Deutsche Bank AG, Domestic custody services, Hazarimal Soman Marg, Fort Mumbai.	5350
3	HDFC TRUSTEE COMPANY LIMITED	HDFC Bank Ltd, Trade World, A wing, ground floor, Kamla Mill compound, Senapati bapat marg, Lower Parel.,Mumbai	3000
4	ICICI Prudential Life Insurance Company Ltd	Deutsche Bank AG, Domestic custody services, Hazarimal Soman Marg, Fort Mumbai.	997
5	TATA TRUSTEE COMPANY PRIVATE LTD	HDFC Bank Ltd, Trade World, A wing, ground floor, Kamla Mill compound, Senapati bapat marg, Lower Parel.,Mumbai	995
6	BIRLA SUN LIFE TRUSTEE COMPANY LIMITED	Birla Sunlife Ltd, Off Andheri Kurla Road, Makwana Lane, Marol, Andheri East Mumbai	600
7	TATA OFFSHORE INDIA INFRASTRUCTURE SCHEME	HDFC Bank Ltd, Trade World, A wing, ground floor, Kamla Mill compound, Senapati bapat marg, Lower Parel.,Mumbai	255
8	DSP MERRILL LYNCH TRUSTEE CO. PVT LTD A/C - DSP MERRILL LYNCH FMP-15M - SERIES 2	CITI BANK N A (Custody Services) C/o Ramnord House, 77, Annie Besant Road, worli, Mumbai 400018	250
9	KOTAK MAHINDRA TRUSTEE COMPANY LTD.	Deutsche Bank AG, Domestic custody services, Hazarimal Soman Marg, Fort Mumbai.	250
10	ICICI LOMBARD GENERAL INSURANCE COMPANY LTD.	Race course road, Mahalakshmi Mumbai	250
		Total	13747

c. List of Top 10 holders of Subordinate Debt as on March 31, 2009

Sr. No.	Name of Allottee	Address	No. of bonds allotted
1	NATIONAL INSURANCE COMPANY LTD	3, Middleton Street Kolkata	250

2	UNITED INDIA INSURANCE COMPANY LIMITED	16 Whites Road Chennai	200
3	GENERAL INSURANCE CORPORATION OF INDIA	170, J T Road, Churchgate Mumbai	150
4	ORIENTAL BANK OF COMMERCE	Treasury Department, 1st Floor, Head Office, Rajiv Chowk, New Delhi	100
5	DELHI DEVELOPMENT AUTHORITY	Room No 215, Vikas Sandan, INA, New Delhi	50
6	THE LIFE INSURANCE CORPORATION OF INDIA PROVIDENT FUND NO 1	LIC Of India, Central Office, West Wing, Yogakshema Building, J B Marg, Mumbai.	50
7	NEYVELI LIGNITE CORPORATION EMPLOYEES PROVIDENT FUND TRUST	No 2, Mueseum Road, Block 2, Nyeveli	50
8	THE INDIAN IRON AND STEEL COMPANY LIMITED WORKS PROVIDENT FUND	PF Section, SAIL IISCO Plant, PO Burnpur, West Bengal	50
9	ESCORTS INVESTMENT TRUST LTD A/C ESCORTS MUTUALFUND-OPPORTUNITIES FUND	HDFC Bank Ltd, World Trade Center, Ground Floor, Senapati Bapat Marg, Lower Parel Mumbai	50
10	CESC LIMITED PROVIDENT FUND	CESC House, Chowranghee Square Kolkata	50
	Total		1000

XIII. Undertaking to use a common form of transfer

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

XIV. Redemption Amount, Period of Maturity, Yield on Redemption

The proposed issue is for private placement of Unsecured Redeemable Subordinated Bonds in the nature of debentures aggregating Rs. 100 crore with a right to retain over subscription. The bonds would be issued for 120 months. The company would pay an annual coupon of 9.75% . Since the bonds are being issued at par value ((of Rs. 1000000) and would be redeemed at Rs. 1000000 per bond) the yield on redemption would be same as coupon rate.

XV. Terms of Offer or Purchase

Issue of Unsecured Redeemable Subordinate Debt in the nature of debentures aggregating Rs. 100 crore with a right to retain over subscription.

Issuer:	ICICI Home Finance Company Ltd. (ICICI HFC)
Issue Size:	Rs. 100 crore with a right to retain over subscription
Instrument:	Unsecured Redeemable Subordinate Debt in the nature of Debentures
Instrument Form:	Only in Demat Mode
Put/Call Option:	No put/Call option
Face Value:	Rs. 10,00,000/- per bond
Issue Price:	Rs. 10,00,000/- per bond
Interest on Application Money:	The interest on application money payable by the Issuer would be at the applicable coupon rate from the date of realisation of cheque(s)/ Demand draft(s) upto one day prior to Deemed Date of Allotment. In case of refunds at the applicable interest rate from the date of realisation of cheque(s)/ demand draft(s) upto one day prior to date of refund on the refunded portion. This will be paid within 10 days of Deemed Date of Allotment. In case of default in payment of interest and/or principle redemption on the due dates , additional interest @ 2.0% p.a. over the documented rate will be payable by the company for defaulting period.
Interest Payment:	Interest would be paid every year on the date of allotment (in this case) April 24 and on Maturity (April 24, 2019), as applicable. The interest payment for any broken period would be paid on a pro-rata basis.
Interest Calculation:	The interest on the outstanding principal for each annual period would be calculated on an actual /365 day count basis.
Record Date:	For Interest and Redemption payment, record date would be 30 days prior to interest and/or redemption date.
Listing:	The Bonds would be listed on the Wholesale Debt Market Segment (WDM) of the Bombay Stock Exchange (BSE) .
Credit Rating:	"LAAA" by ICRA, "CARE AAA (so)" by CARE
Trustee:	IDBI Trusteeship Services Ltd

Tenure	120 Months
Maturity	April 24, 2019
Coupon Rate (p.a.)*	9.75% payable annually
Type (Fixed / Book building)	Fixed
Minimum Application	10 bonds and in multiple of 1 bonds thereafter

- Subject to TDS at applicable rates

Issue Programme:

Issue Opens on:	April 09, 2009
Issue Closes on: (latest closing date)	April 20, 2009
Allocation/ Finalisation of Basis of Allotment:	April 24, 2009

Deemed Date of Allotment:	April 24, 2009
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ICICI Home Finance Company Ltd reserves the right to change the Issue Programme and also accept or reject any application in part or in full, at its sole discretion and without assigning any reason or prior notice

Basis of Allotment:	Preference would be given to investors who invest on earlier dates (First come first serve basis). ICICI Home Finance Company Ltd may stop accepting subscription at any time during the Private Placement.
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Date: April 08, 2009

Specific Disclosures:

The Bonds are subject to terms and conditions specified in Schedule 1 filed by ICICI Home Finance Company Ltd with the National Stock Exchange / Bombay Stock Exchange.

Arrangers to Issue:

ICICI Bank Ltd. ICICI Towers. Bandra Kurla Complex. Mumbai 400 051 Tel: 022 26531414 Fax: 022 26531063	ICICI Securities Primary Dealership Ltd. ICICI Centre. H T Parekh Marg Churchgate. Mumbai 400 020 Tel: 022 22882460/70 Fax: 022 22882312	IDFC SSKI Ltd. 803/4, Tulsiani Chambers. 8 th Floor, Nariman Point. Mumbai 400 021 Tel: 022 66383333 Fax: 022 22826615
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Trustee for the Bondholders:

IDBI Trusteeship Services Ltd.
 Asian Building, Ground Floor,
 17, R. Kamani Marg, Ballard Estate,
 Mumbai 400 001.
 TEL. NO.: (022) 66311771/72/73
 FAX NO.: (022) 66311776

XVI. Discount on the offer price

The bonds are being issued at face value and not at discount to offer price. Further till date no bonds have been issued by company at discount to face value.

XVII. Debt Equity Ratio

The debt equity ratio of the company as on March 31, 2008 stands at 8.66 times as against 12.10 times as on March 31, 2007. As on December 31, 2008 the Debt Equity ratio of the company was 9.29 times while the same as on February 28, 2009 was 9.81 times. Post issue if the company receives the base subscription the debt equity ratio would be 9.83 times. The Debt Equity Ratio if the company receives over subscription would be worked out post issue and informed to exchange based on the amount of over subscription received.

XVIII. Servicing behavior of the existing debts

Till date the company has discharged all its liabilities in time and would continue doing so in future as well. The company has been paying regular interest and on redemption repaying the bank. The first interest on any bonds issued by the company was due in February 2009 which has been paid for by the company in time.

XIX. Permission and Consent from the creditors

Since the debentures being issued are unsecured redeemable Subordinated bonds , the same doesn't require the consent of the creditors of ICICI HFC.

XX. Name of the Debenture Trustee(s)

IDBI Trusteeship Services Ltd

Asian Building, Ground Floor,
17, R Kamani Marg, Ballard Estate
Mumbai 400 001
Phone No: 022 – 6631 1771/2/3
Fax No: 022 – 6631 1776

ITSL through their letters no 1042/ ITSL/ OPR/ 2008/CL-23 & 1043/ ITSL/ OPR/ 2008/CL-23 dated June 13, 2008 have agreed to act as trustee to the bond issue of ICICIHFC, for Rs. 1175 crore redeemable Senior Bonds in the nature of Debentures and Rs. 370 crore redeemable Subordinated Bonds in the nature of Debentures for inclusion as tier II capital, respectively.

XXI. Rating Rationale adopted by rating agencies

For Subordinated Bonds:

ICRA "LAAA" - This rating indicates highest-credit-quality. The rated instrument carries the lowest credit risk.

CARE "CARE AAA (so)" - Instruments carrying this rating are considered to be of best quality, offering highest safety for timely servicing of debt obligations. This rating is based on the credit enhancement by ICICI Bank in the form of letter of comfort.

The rating rationale adopted by rating agencies has been shared with the company. The rating rationale as released by ICRA and CARE (the rating agencies for the issue) is attached in the end of this document.

XXII. Listing of Bonds

The company has filed a request with the Bombay Stock Exchange for in principle approval for listing of its bonds through letter dated April 8, 2009. We are awaiting approval for the same. Once approved, the bonds being issued are proposed to be listed at BSE. The address of the exchange is:

Bombay Stock Exchange
P J Towers,
Dalal Street
Mumbai – 400001

XXIII. Term Sheet

Issue of Unsecured Redeemable Subordinate Debt in the nature of debentures aggregating Rs. 100 crore with a right to retain oversubscription.

Issuer:	ICICI Home Finance Company Ltd. (ICICI HFC)
Issue Size:	Rs. 100 crore with a right to retain over subscription
Instrument:	Unsecured Redeemable Subordinate Debt in the nature of Debentures
Instrument Form:	Only in Demat Mode
Put/Call Option:	No put/Call option
Face Value:	Rs. 10,00,000/- per bond
Issue Price:	Rs. 10,00,000/- per bond
Interest on Application Money:	<p>The interest on application money payable by the Issuer would be at the applicable coupon rate from the date of realisation of cheque(s)/ Demand draft(s) upto one day prior to Deemed Date of Allotment. In case of refunds at the applicable interest rate from the date of realisation of cheque(s)/ demand draft(s) upto one day prior to date of refund on the refunded portion. This will be paid within 10 days of Deemed Date of Allotment.</p> <p>In case of default in payment of interest and/or principle redemption on the due dates , additional interest @ 2.0% p.a. over the documented rate will be payable by the company for defaulting period.</p>
Interest Payment:	Interest would be paid every year on the date of allotment (in this case) April 24 and on Maturity (April 24, 2019), as applicable. The interest payment for any broken period would be paid on a pro-rata basis.

Interest Calculation:	The interest on the outstanding principal for each annual period would be calculated on an actual /365 day count basis.
Record Date:	For Interest and Redemption payment, record date would be 30 days prior to interest and/or redemption date.
Listing:	The Bonds would be listed on the Wholesale Debt Market Segment (WDM) of the Bombay Stock Exchange (BSE) .
Credit Rating:	"LAAA" by ICRA, "CARE AAA (so)" by CARE
Trustee:	IDBI Trusteeship Services Ltd

Tenure	120 Months
Maturity	April 24, 2019
Coupon Rate (p.a.)*	9.75% payable annually
Type (Fixed / Book building)	Fixed
Minimum Application	10 bonds and in multiple of 1 bonds thereafter

- Subject to TDS at applicable rates

Issue Programme:

Issue Opens on:	April 09, 2009
Issue Closes on: (latest closing date)	April 20, 2009
Allocation/ Finalisation of Basis of Allotment:	April 24, 2009
Deemed Date of Allotment:	April 24, 2009

ICICI Home Finance Company Ltd reserves the right to change the Issue Programme and also accept or reject any application in part or in full, at its sole discretion and without assigning any reason or prior notice

Basis of Allotment:	Preference would be given to investors who invest on earlier dates (First come first serve basis). ICICI Home Finance Company Ltd may stop accepting subscription at any time during the Private Placement.
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Date: **April 08, 2009**

Specific Disclosures:

The Bonds are subject to terms and conditions specified in Schedule 1 filed by ICICI Home Finance Company Ltd with the National Stock Exchange / Bombay Stock Exchange.

Arrangers to Issue:

ICICI Bank Ltd. ICICI Towers. Bandra Kurla Complex. Mumbai 400 051	ICICI Securities Primary Dealership Ltd. ICICI Centre. H T Parekh Marg	IDFC SSKI Ltd. 803/4, Tulsiani Chambers. 8 th Floor, Nariman Point. Mumbai 400 021
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Tel: 022 26531414 Fax: 022 26531063	Churchgate. Mumbai 400 020 Tel: 022 22882460/70 Fax: 022 22882312	Tel: 022 66383333 Fax: 022 22826615
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Trustee for the Bondholders:

IDBI Trusteeship Services Ltd.
Asian Building, Ground Floor,
17, R. Kamani Marg, Ballard Estate,
Mumbai 400 001.
TEL. NO.: (022) 66311771/72/73
FAX NO.: (022) 66311776



CONFIDENTIAL

ICRA Limited
An Associate of Moody's Investors Service

Ref No: 2008-09/635/2712
September 24, 2008

Mr. Prashant Jain
ICICI Home Finance Company Limited
ICICI Bank Towers
Bandra-Kurla Complex
Bandra (East)
Mumbai 400 051

Dear Sir,

Re: Surveillance of Rating for the Subordinate Bond Programme of Rs.500 crore.

As you would be aware, in terms of the mandate letter received from its clients, ICRA Limited is required to review all its ratings, on an annual basis, or as and when the circumstances so warrant.

The Rating Committee of ICRA, after due consideration of the latest developments in your company has reaffirmed the rating of "LAAA" (pronounced L triple A) to your aforementioned Bond Programme. This rating is the highest-credit-quality rating assigned by ICRA. The rated instrument carries the lowest credit risk.

ICRA reserves the right to suspend, withdraw or revise the above ratings at any time on the basis of new information or unavailability of information or such other circumstances, which ICRA believes, may have an impact on the ratings assigned to you.

The ratings, as aforesaid, however, should not be treated as a recommendation to buy, sell or hold the aforementioned instrument.


You are required to forthwith inform us about any default or delay in repayment of interest and/or principal amount of the instrument rated, as above, or any other debt instruments / borrowings. You are also required to keep us informed of any other developments which may have a direct or indirect impact on the debt servicing capability of the company including any proposal for re-schedulement or postponement of the repayment programmes of the dues/debts of the company with any lender (s) / investor (s).


You are required to inform us immediately as and when the borrowing limit for the instrument rated, as above, or as prescribed by the regulatory authority (ies) is exceeded.

Should you require any clarifications, please do not hesitate to get in touch with us.

With kind regards,

Yours faithfully,
For ICRA Limited


L. SHIVAKUMAR
Senior Vice President &
Head – Western Region


KARTHIK SRINIVASAN
Vice President &
Co-Head Financial Sector Ratings



ICICI HOME FINANCE COMPANY LIMITED

Contact:

Saket Kumar
sakets@icraindia.com
+91-22-3047 0039

Karthik Srinivasan
Karthiks@icraindia.com
+91-22- 3047 0028

Rating

ICRA has assigned A1+ (pronounced A one plus) rating to the Rs. 40 billion short term debt programme (including commercial paper) of ICICI Home Finance Company Limited (ICICI Home). ICRA has also assigned LAAA rating (pronounced L triple A) to the Rs. 40 billion long term bonds programme (enhanced from Rs. 20 billion). Further, ICRA has retained MAAA (pronounced M Triple A) ratings on the fixed deposits programme, LAAA rating on the Rs. 60 billion fund based bank limits and LAAA rating on the Rs. 5 billion Lower Tier II bonds programme. The ratings indicate highest-credit-quality rating assigned by ICRA to the aforementioned instruments.

(Refer Annexure for Rating History)

Key Financial Indicators

	31.03. 08	31.03. 07	31.03. 06
Total Assets	85,473	46,182	40,880
Total Borrowings	72,120	40,866	35,915
Equity Capital	7,988	2,988	2,988
Net Worth	8,892	3,693	3,514
Total Income	6,347	4,443	3,135
Net Profit	704	470	123
Interest Income/Avg. Total assets (%)	7.40	8.22	7.03
Interest Expenses/Avg. Borrowings (%)	6.15	7.13	6.10
Net Interest Margin (%)	1.25	1.09	0.93
Fee & Other Income/Avg. Total Assets (%)	1.86	1.80	1.59
Non-Interest Expenses/Avg. Total Assets (%)	1.79	1.60	1.76
Net Profit/Avg. Total Assets (%)	1.07	1.08	0.34
Total Debt/Net Worth (Reported) (Times)	8.11	11.07	10.22
Capital/Risk Asset (%)	17.58	13.29	15.23

Note: Amounts in Rs. million

Website:
www.icra.in

Credit Strengths

- Strong parentage and brand name, given that ICICI Home Finance is a wholly owned subsidiary of ICICI Bank Limited
- Diversified loan portfolio providing retail housing loans, loan against property and construction loans, with retail focus
- Diversifying revenue streams, with increased focus on new avenues of fee income like property consultancy business

Credit Challenges

- Manage and maintain the asset quality on riskier construction loans/loans against property segment
- Maintain profitability in the face of intense competition in the mortgage finance business.
- Manage growth while maintaining asset quality - now that ICICI Home has resumed to book assets on its balance sheet (Dec 2007 onwards)

Rating Rationale

The ratings indicate highest-credit-quality rating assigned by ICRA and takes into consideration ICICI Home's strong parentage (ICICI Bank, which has outstanding ratings of LAAA, MAAA and A1+ from ICRA), the high financial flexibility it enjoys as a wholly owned subsidiary of ICICI Bank, besides its access to committed lines of credit from banks. ICRA has noted the capital infusion of Rs. 5 billion in ICICI Home in December 2007 and Rs. 2.5 billion in June 2008, with plans to increase its scale of operations. ICICI Home also acts as in-house outsourcing agent for the ICICI Bank group.

Till November 2007, the company has by and large been acting as a sourcing and servicing agent for ICICI Bank. ICICI Home was also raising bulk funds from the market (and ICICI Bank) and buying mortgage portfolio from peers, largely ICICI bank. Thus, with low net interest margins of around 1% and small fee income (primarily management fees from ICICI Bank), operating expenses and provisioning requirements, the profitability indicators remained low. With loans being booked on the balance sheet of ICICI Home December 2007 onwards, the Net Interest Margins have improved. The improved Net Interest Margins have been offset by increase in operating expenses. This has resulted in return on assets for Q1FY09 at 0.92%¹ as against 1.07% during entire FY08.

December 2007 onwards, ICICI Home Finance has commenced to build its book across all its three business segments: home loans, loan against property and construction loans, with a target ratio of individual loans: non-individual loans at 80:20. As of now, ICICI Home Finance is roughly maintaining the target ratio of individual home loans at around 40%, loan against property at around 40% and construction loan at around 20%, with the total loan at Rs. 97.61 billion as on July 31, 2008. With the company booking assets on its balance sheet, the proportion of floating rate loan increased to over 90% of the total loans as on June 30, 2008. The higher proportion of floating rate loans would help the company mitigate interest rate risk.

Even as ICICI Home continues to build its balance sheet, it would closely watch the asset quality indicators. As per the management, ICICI Home Finance will not sacrifice asset quality for growth. The Gross NPA % stood at 0.38% and the net NPA % stood at 0.25% as on June 30, 2008. However, given the short track record and increasing asset base, ability to maintain superior asset quality indicators remains to be demonstrated.

The ALM profile is similar to peer companies with an average borrowing profile of around 3 years and an average asset profile of 7-8 years. The ALM profile could change in the current year with the company's plans to raise short-term funds from the CP market, but given the strong parentage and the possibility to exchange portfolio with the parent is likely to mitigate any liquidity risks for the company. As on September 30, 2008 ICICI HF has more liabilities maturing in the 0-1 year bucket. However, in the shorter bucket (<1 month maturity) there is no mismatch as on September 30, 2008. In any case, strong parentage alleviates any liquidity concerns. ICICI Home intends to access Daily Put Call (DPC) market as an alternate source for overnight borrowing. The company has indicated that borrowing through DPC route would not exceed Rs. 3 billion at any point in time, and that the money raised through this route would not be from the perspective of growing the balance sheet. ICICI Home would also focus on raising long term liabilities. Also as on date, ICICI Home has raised significant retail deposits. Capitalization of ICICI Home strengthened on account of ICICI bank infusing Rs. 5 billion of equity capital in December, 2007 and Rs. 2.5 billion in June 2008. There are no imminent plans of ICICI to sell ICICI Home or to dilute its 100% stake in the company. Thus, continued support to ICICI Home from its parent is likely. The company's gearing stood at 7.10 times as on June 30, 2008 as

¹ annualized

against 8.11 times as on March 31, 2008(11.07 times as on March 31, 2007) and remains within the NHB norm of 16 times.

ICICI Home has put in place adequate credit and monitoring systems. ICICI Home undertakes an evaluation process for construction finance, wherein all the projects are mapped to an internal scale. Broad project evaluation parameters are reputation of builder, project cash flows, security available and other projects executed by the builder. For loan against property, ICICI Home Finance undertakes a systematic due diligence. ICICI Home undertakes bankers' verification of every case. For individual home loans, ICICI Home derives comfort from moderate Loan to Value against the property mortgaged.

Recent Results

For the six-month ended September 30, 2008, ICICI Home reported net profits of Rs. 0.39 billion on a total income of Rs. 6.48 billion, as against net profits of Rs. 0.70 billion on a total income of Rs. 6.34 billion for FY08. The asset base of ICICI Home stood at Rs. 125.44 billion as on September 30, 2008 as against Rs. 85.47 billion as on March 31, 2008.

Background

ICICI Home incorporated in 1999 is a wholly owned subsidiary of ICICI Bank. This entity was booking loans on its books till November 2001. From December 2001 till November 2007, the loans were being booked in ICICI Bank (erstwhile ICICI Limited from Nov 2001 to March 2002, when ICICI Ltd. merged into ICICI Bank), wherein ICICI Home primarily acted as a sourcing agent for ICICI Bank. Since early 2004-05, ICICI Home has become the outsourcing agent for ICICI Bank for all retail finance activities, rather than only home loans products. Consequently, the head count at ICICI Home has been ramped up from around 500 (March 2004) to over 4500 (as on date). As per the arrangement, ICICI Home would pay the salary to these employees and recover @105% from ICICI Bank (including a 5% management fees). Since December 2007, the company has started to book the assets to its own balance sheet, apart from acting as a sourcing and servicing agent for ICICI Bank. In Q4FY08, a large part of retail loan against property and construction finance team and in Q1FY09 a large part of home loans team moved from ICICI bank to ICICI Home. With an asset base of over Rs 125 billion, ICICI Home is one of the largest housing finance company in India in terms of asset base.

Business model undergoes modification December 2007 onwards

Till November 2007, the company has by and large been acting as a sourcing and servicing agent for ICICI Bank. The business model used to be of raising funds from the market (and ICICI Bank) and buying mortgage portfolio yields (at rates lower than direct lending rates). Thus, with low net interest margins of around 1% and small fee income (primarily management fees from ICICI Bank), operating expenses and provisioning requirements, the profitability indicators continued to remain low.

With loans being booked on the balance sheet of ICICI Home December 2007 onwards, the Net Interest Margins have improved. The net interest margins further derive strength from the fact that a significant proportion of the incremental lending in Q4 FY08 and Q1FY09 was to high yielding retail loan against property construction loans to the corporate. The improved Net Interest Margins have been offset by increase in operating expenses. This has resulted in return on assets for Q1FY09 at 0.92% as against 1.07% during entire FY08.

ICICI Home commences to book construction loans, loan against property and individual home loan assets

December 2007 onwards, ICICI home finance has commenced to build its book across all its three business segments: home loans, loan against property and construction loans, with a target ratio of individual loans: non-individual loans at 80:20. As of now, ICICI Home Finance is roughly maintaining the target ratio of home loans at around 40%, loan against property at around 40% and construction loan at around 20%, with the total loan at Rs. 97.61 billion as on July 31, 2008. The key portfolio characteristics across various segments are as follows:

	CF	LAP	Home Loans
Loan to Value	55%	60%	75%
Median Ticket Size(incremental)	Rs 231mn	Rs 4 mn	Rs 4 mn
Tenor	1.5 years	7.5 years	10 years

Change in business model results in high proportion of floating rate loans

December 2007 onwards, with the company booking assets on its balance sheet, the proportion of floating rate loan increased to over 90% of the total loans as on June 30, 2008. The higher proportion of floating rate loans would help the company mitigate interest rate risk.

Comfortable asset quality indicators

Even as ICICI Home continues to build its balance sheet, it would closely watch the asset quality indicators. As per the management, ICICI Home Finance will not sacrifice asset quality for growth. The Gross NPA % stood at 0.38% and the net NPA % stood at 0.25% as on June 30, 2008. However, given the short track record and increasing asset base, ability to maintain superior asset quality indicators remains to be demonstrated.

Strong parent support alleviates liquidity concerns

The main source of funds for ICICI Home remains the banking system (including its parent, ICICI Bank). Going forward, the entity plans to increasingly tap the Non convertible debentures, Term loans and Commercial Papers route for bulk borrowings and Fixed deposits for retail borrowing. Given its strong parentage and lines of credit from its parent, ICICI Home has been able to mobilise funds at fine rates. With over 90% of its assets on floating rates, ICICI Home is in a position to benefit in a rising interest rate scenario.

The ALM profile is similar to peer companies with an average borrowing profile of around 3 years and an average asset profile of 7-8 years. The ALM profile could change in the current year with the company's plans to also raise short-term funds from the CP market, but given the strong parentage and the possibility to exchange portfolio with the parent is likely to mitigate any liquidity risks for the company. Nonetheless, ICICI Home would also focus on raising long term liabilities. Also as on date, ICICI Home has raised significant retail deposits. While deposits entails a negative carry (12.5% on SLR Investments), still the company feels that the benefits of a more stable liabilities (which would help smoothen the ALM profile) outweigh the costs. As the book grows, ICICI Home intends to keep a close watch on the ALM profile. As on September 30, 2008 ICICI HF has more liabilities maturing in the 0-1 year bucket. However, in the shorter bucket (<1 month maturity) there is no mismatch as on Sep 30 2008. In any case, strong parentage alleviates any liquidity concerns.

ICICI Home intends to access Daily Put Call (DPC) market as an alternate source for overnight borrowing. The company has indicated that borrowing through DPC route would not exceed Rs. 3 billion at any point in time, and that the money raised through this route would not be from the perspective of growing the balance sheet.

Capital infusion to enable the company grow its book size going forward

ICICI Home maintained capital adequacy ratio of 17.58% as on March 31, 2008 (13.29% as on March 31, 2006). The capital adequacy ratio stood at 18.19% (Tier I: 12.40% as on June 30, 2008). The company's gearing stood at 7.10 times as on June 30, 2008 as against 8.11 times as on March 31, 2008 (11.07 times as on March 31, 2007) and remains within the NHB norm of 16 times.

Capitalization of ICICI Home strengthened on account of ICICI bank infusing Rs. 5 billion of equity capital in December, 2007. The second tranche of Rs. 2.5 billion equity infusion from ICICI bank took place in June 2008. As per the company, the target return on equity over the medium term is close to 15%. There are no imminent plans of ICICI to sell ICICI Home or to dilute its 100% stake in the company. Thus, continued support to ICICI Home from its parent is likely.

Systems in place to manage credit risks

ICICI Home has put in place adequate credit and monitoring systems. The company follows its due diligence procedure that examines the client's financials and operations. ICICI Home undertakes an evaluation process for construction finance, wherein all the projects are mapped to an internal scale. Broad project evaluation parameters are reputation of builder, project cash flows, security available and other projects executed by the builder. As per ICICI Home, it does not finance land acquisition. It finances only those companies that comfortably cross a predefined hurdle. For loan against property, ICICI Home Finance undertakes a systematic due diligence. ICICI Home undertakes bankers' verification of every case. Comfort is derived not only from the valuation of property against which the loan is sanctioned, but also against the cash flows from the end use of the borrowed funds. ICICI Home also checks the bank statements of the customers to verify the financial strength. For individual home loans, ICICI Home derives comfort from moderate Loan to Value against the property mortgaged.

Key Players- Individual Home Loan Market

		Mar-08			Mar-07			Mar-06	
		portfolio	Growth	Market Share	portfolio	Growth	Market Share	portfolio	Market Share
LAAA	ICICI ²	731	6%	18%	681	38%	20%	492	18%
LAAA	HDFC	483	29%	14%	373	23%	12%	302	12%
AAA	SBI	421	14%	12%	371	60%	12%	232	8%
AAA	LIC HFL	206	21%	8%	170	19%	6%	142	6%
LAA+	IDBI	100	8%	3%	92	25%	3%	73	3%
LAAA	PNB	82	10%	2%	75	25%	2%	60	2%
LAA+	BOI	86	23%	3%	70	64%	2%	43	2%
LAAA	Canara	66	1%	2%	65	-2%	2%	67	3%
LAAA	BOB	67	26%	2%	54	41%	2%	38	2%
LAA+	Union	65	27%	2%	51	4%	2%	49	2%
LAA+	Axis bank	77	63%	2%	47	83%	2%	26	1%
AA+	Syndicate Bank	83	80%	2%	46	18%	2%	38	2%
	Total Market Size	3,430	13%	100%	3,039	24%		2,448	

(Rs. billion)

Mortgage loan market is fairly concentrated with top 5 players accounting for around 53% of market share as against 42% overall banking credit held by the SCBs in India. ICICI, SBI and HDFC dominate the mortgage market. PSBs on the strength of their vast network have developed large portfolios. Apart from these big players, there are some small housing finance companies that operate in their respective niches.

Background

ICICI Home, incorporated in 1999, with its registered office in Mumbai is a wholly owned subsidiary of ICICI Bank. It acts as the sourcing and servicing arm of the bank for retail assets. With an asset base of over Rs.125 billion as on September 30, 2008, it is the third largest housing finance company in the country. During FY08, ICICI Home reported net profits of Rs.704 million on a total income of Rs. 5,347 million as against Rs. 470 million and Rs. 4,443 million respectively in FY07.

November 2008

² Includes ICICI Home.

Annexure –Rating History

Amount Outstanding	Maturity Date	Rating Outstanding	Previous Ratings	
			Sep 2008	Mar 2008 Jan 2008
Rs 40,00 billion short term debt programme	One year from date of placement	A1+	A1+ (Rs. 10 billion)	A1+ (Rs. 20 billion)
Rs. 40 billion long term bonds programme		LAAA	LAAA (Rs. 20 billion)	LAAA (Rs. 10 billion)
Rs. 5 billion subordinated debt programme		LAAA	LAAA	LAAA
Rs. 60 billion Fund based bank limits		LAAA	LAAA	
Fixed Deposit Programme		MAAA	MAAA	MAAA

Annexure -Summary Financials – ICICI Home Finance Company Limited

(in Rs. million)	Mar-08	Mar-07	Mar-06	Mar-05	Mar-04
SUMMARY PROFIT & LOSS ACCOUNT					
Interest Income on Housing Loans		3,567	2,314	1,978	1,215
	4,835				
Other Interest Income		11	212	46	19
	34				
Total Interest Income		3,577	2,526	2,024	1,234
	4,869				
Interest Expense		(3,102)	(2,192)	(1,691)	(1,094)
	(4,046)				
Net Interest Income		475	334	334	140
	823				
Fee based Income		779	547	309	42
	1,115				
Other (including dividend) income		6	25	38	150
	111				
Net Income		1,260	906	681	332
	2,049				
Employee Expenses		(608)	(522)	(244)	(158)
	(695)				
Operating Expenses		(90)	(112)	(63)	122
	(484)				
Operating profits		562	272	375	296
	870				
Provisions		(6)	(103)	(264)	(228)
	(126)				
APBT		557	169	111	68
	744				
Net Profit on Sale of Securities & Assets		81	36	27	37
	252				
PBT		637	205	138	105
	996				
Tax		(168)	(82)	(37)	(7)
	(293)				
PAT		470	123	100	98
	704				
Dividend		(291)	(63)	(0)	(0)
	(505)				
Accretion to Reserves		178	60	100	98
	199				
SUMMARY ASSETS					
Housing Loans		43,300	38,132	24,181	24,830
	67,592				
Investments		372	172	321	208
	11,384				
Cash & Bank Balances		227	333	3,958	287
	2,750				
Owned Fixed Assets		8	15	44	59
	5				
Deferred Tax Assets		153	215	287	164
	282				
Other Assets		2,123	2,014	2,226	1,921
	3,461				
Total Assets		46,182	40,880	31,016	27,470
	85,473				
SUMMARY LIABILITIES					

Equity Share Capital	2,988	2,988	1,550	1,550
Reserves	904	705	356	245
Net Worth	8,892	3,693	3,514	1,906
Rupee Borrowings	65,387	37,191	34,208	26,385
Sub Debt	4,199	1,199	1,199	299
Foreign Exchange Borrowings	-	-	-	-
Fixed Deposits	2,533	2,476	508	524
Deferred Tax Liability	-	-	-	-
Current Liabilities	4,462	1,624	1,450	1,901
Total Liabilities	85,473	46,182	40,880	31,016

PROFIT & LOSS ACCOUNT (% of Operating Income)	Mar-08	Mar-07	Mar-06	Mar-05	Mar-04
Net Interest Income	40%	38%	37%	49%	42%
Fee Based Income	54%	62%	60%	45%	13%
Other (including dividend) income	5%	0%	3%	6%	45%
Net Income	100%	100%	100%	100%	100%
Employee Expenses	-34%	-48%	-58%	-36%	-48%
Operating Expenses	-24%	-7%	-12%	-9%	37%
Operating Profits	42%	45%	30%	55%	89%
Provisions	-6%	0%	-11%	-39%	-69%
APBT	36%	44%	19%	16%	20%
Net Profit on Sale of Securities & Assets	12%	6%	4%	4%	11%
PBT	49%	51%	23%	20%	32%
Tax	-14%	-13%	-9%	-5%	-2%
PAT	34%	37%	14%	15%	30%
Dividend	-35%	-23%	-7%	0%	0%
Accretion to Reserves	10%	14%	7%	15%	30%
SUMMARY ASSETS					
Housing Loans	79%	94%	93%	78%	90%
Investments	13%	1%	0%	1%	1%
Cash & Bank Balances	3%	0%	1%	13%	1%
Owned Fixed Assets	0%	0%	0%	0%	0%
Deferred Tax Assets	0%	0%	1%	1%	1%
Other Assets	4%	5%	5%	7%	7%
Total Assets	100%	100%	100%	100%	100%
SUMMARY LIABILITIES					
Equity Share Capital	9%	6%	7%	5%	6%
Reserves	1%	2%	1%	1%	1%
Net worth	10%	8%	9%	6%	7%
Rupee Borrowings	77%	81%	84%	85%	76%
Sub Debt	5%	3%	3%	1%	7%
Foreign Exchange Borrowings	0%	0%	0%	0%	0%
Fixed Deposits	3%	5%	1%	2%	6%
Deferred Tax Liability	0%	0%	0%	0%	0%
Current Liabilities	5%	4%	4%	6%	5%
Total Liabilities	100%	100%	100%	100%	100%

Growth Rates

	Mar-08	Mar-07	Mar-06	Mar-05	Mar-04
SUMMARY PROFIT & LOSS ACCOUNT					
Interest Income on Housing Loans	48%	54%	17%	63%	-23%
Other Interest Income	36%	-95%	359%	143%	8%
Total Interest Income	48%	42%	25%	64%	-23%
Interest Expense	49%	42%	30%	55%	-25%
Net Interest Income	45%	42%	0%	138%	8%
Fee Based Income	65%	43%	77%	645%	-18%
Other (including dividend) Income	1627%	-78%	-34%	-74%	-35%
Net Income	64%	39%	33%	105%	-35%
Employee Expenses	37%	16%	114%	54%	2668%
Operating Expenses	194%	-19%	78%	-152%	-432%
Operating Profits	51%	107%	-27%	27%	-37%
Provisions	130%	-95%	-61%	16%	253%
APBT	43%	229%	53%	63%	-83%
Net Profit on Sale of Securities & Assets	17%	122%	36%	-29%	3751%
PBT	36%	210%	49%	31%	-74%
Tax	31%	103%	120%	446%	-94%
PAT	37%	282%	23%	2%	-66%
Dividend	26%	363%	164193%	-15%	-100%
Accretion to Reserves	76%	197%	-40%	2%	74%
SUMMARY ASSETS					
Housing Loans	34%	14%	58%	-3%	121%
Investments	215%	116%	-46%	54%	102%
Cash & Bank Balances	8%	-32%	-92%	1279%	-60%
Owned Fixed Assets	-13%	-47%	-66%	-25%	-20%
Deferred Tax Assets	21%	-29%	-25%	74%	95%
Other Assets	21%	5%	-10%	16%	52%
Total Assets	43%	13%	32%	13%	104%
SUMMARY LIABILITIES					
Equity Share Capital	0%	0%	93%	0%	0%
Reserves	11%	34%	48%	45%	79%
Networth	1%	5%	84%	6%	6%
Rupee Borrowings	56%	9%	30%	26%	181%
Sub Debt	91%	0%	301%	-83%	-7%
Foreign Exchange Borrowings					
Fixed Deposits	18%	387%	-3%	-66%	-3%
Deferred Tax Liability					
Current Liabilities	-4%	12%	-24%	33%	72%
Total Liabilities	43%	13%	32%	13%	104%

Key Financial Ratios

	Mar-08	Mar-07	Mar-06	Mar-05	Mar-04
OPERATING RATIOS					
Yield on Average ¹ Housing Loans	8.72%	8.76%	7.43%	8.07%	6.74%
Yield on Average Earning assets	7.75%	8.67%	7.53%	7.53%	6.60%
Cost of Average Interest Bearing Funds ²	7.16%	8.08%	6.95%	6.57%	6.21%
Gross Interest Spread ³	0.59%	0.59%	0.59%	0.96%	0.39%
PROFITABILITY RATIOS					
Interest Income / Avg. Total Assets	7.40%	8.22%	7.03%	6.92%	6.03%
Interest Expense / Avg. Total Assets	6.15%	7.13%	6.10%	5.78%	5.34%
Net Interest Margin/Avg. Tot Assets ⁴	1.25%	1.09%	0.93%	1.14%	0.69%
Fee & Other income/Avg. Tot Assets	1.86%	1.80%	1.59%	1.19%	0.93%
Fee & Other Income/Operating income	60%	62%	63%	51%	58%
Operating Expenses/Avg. Total Assets	1.79%	1.60%	1.76%	1.05%	0.18%
Operating Profit / Avg. Total Assets	1.32%	1.29%	0.76%	1.28%	1.44%
Provisions / Avg. Total Assets	-0.19%	-0.01%	-0.29%	-0.90%	-1.11%
Profit Before Tax / Average Total Assets	1.51%	1.46%	0.57%	0.47%	0.51%
Net Profit on Sale of Securities & Assets /PBT	25%	13%	18%	19%	35%
Tax / Profit before Tax	29%	26%	40%	27%	7%
Profit after Tax / Average Total Assets	1.07%	1.08%	0.34%	0.34%	0.48%
Dividend / Profit after Tax	-72%	-62%	-51%	-0%	-0%
Profit after Tax / Net worth	7.92%	12.72%	3.50%	5.25%	5.49%
Accretion to Reserves/ Avg. Total Assets	0.30%	0.41%	0.17%	0.34%	0.48%
EFFICIENCY RATIOS					
Fee & Other income / Operating Expenses	-253%	-870%	-511%	-553%	157%
Operating Cost to Operating Income Ratio	58%	55%	70%	45%	11%
Employee Expenses / Operating Expenses	59%	87%	82%	79%	438%
CAPITALISATION RATIOS					
Net Worth/ Total Assets	0.10	0.08	0.09	0.06	0.07
Total Debt / Net worth	8.11	11.07	10.22	14.27	13.51
Regulatory Capital Adequacy Ratio	17.58%	13.29%	15.23%	14.74%	16.87%
Regulatory Tier I capital	11.62%	9.69%	10.94%	12.74%	12.23%

¹ Average is computed on year-end basis² Interest Bearing Funds = Deposits + Borrowings including Subordinated bonds + Accrued interest³ Gross Interest Spread = Yield on average earning assets – cost of average interest bearing funds⁴ Net Interest Margin = Net Interest Income/Average Total Assets

Mr. Prashant Kumar Jain
CFO & Treasurer
ICICI Home Finance Company Ltd.
ICICI Bank Towers
Bandra Kurla Complex
Mumbai - 400 051

February 6, 2008

Confidential

Dear Sir,

Credit Rating of Subordinate Bond issue of Rs.500 crore

Please refer to your letter requesting for rating of your proposed Subordinate bond issue of Rs.500 crore.

2. Our Rating Committee has assigned a 'CARE AAA (so)' [**Triple A Structured Obligation**] rating to the proposed Subordinate Bonds issue of ICICI Home Finance Company Ltd. (IHFC) for an aggregate amount of Rs.500 crores with maturity between 5-12 years. The rating factors in credit enhancement in the form of a letter of comfort to be issued by ICICI Bank to the investors of IHFC. The format of the letter of comfort is enclosed in **Annexure I** to this letter
3. Instruments with this rating are considered to be of the best credit quality, offering highest safety of timely servicing of debt obligations. Such instruments carry minimal credit risk. Our rating symbols for various ratings for long term instruments and explanatory notes thereon are given in **Annexure II**.
4. Please ensure that it is made clear in all documents, advertisements, publicity materials etc., where any reference to the rating is given, by reproducing the following definition for the rating, in full :

"Instruments carrying this rating are considered to be of the best quality, offering highest safety for timely servicing of debt obligations. This rating is based on the credit enhancement by ICICI Bank in the form letter of comfort."
5. Please send us a written confirmation regarding your acceptance of the rating assigned and use thereof, as early as possible, but in any case within two weeks from the date of this letter. Please note that, unless accepted, the above rating should not be used for any purpose whatsoever. In case, there is any change in the size or terms of the proposed issue, please get the rating revalidated.
6. Kindly arrange to provide us the subscription details of the bond issue and forward to us a copy of the documents pertaining to the bond issue, including the offer document.
7. Please arrange to get the rating revalidated, in case the proposed issue is not made within six months from the date of this letter.

pl

8. CARE reserves the right to suspend/withdraw/revise the rating assigned on the basis of new information or in the event of failure on the part of the company to furnish such information, material and clarifications as may be required by CARE. CARE shall also be entitled to publicize/disseminate/such suspension/withdrawal/revision in the assigned rating in any manner considered appropriate by it, without reference to you.
9. CARE ratings are not recommendations to buy, sell, or hold any security.
10. If you need any clarification, you are welcome to approach us in this regard.

Thanking you,

Yours faithfully,

A handwritten signature in blue ink, appearing to read "Mahesh Prabhu".

[Mahesh Prabhu]
Sr. Manager

A handwritten signature in blue ink, appearing to read "Rajesh Mokashi".

[Rajesh Mokashi]
Executive Director

Encl: as above

Disclaimer

CARE's ratings are opinions on credit quality and are not recommendations to buy, sell or hold any security. CARE has based its ratings on information obtained from sources believed by it to be accurate and reliable. CARE does not, however, guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. Most issuers of securities rated by CARE have paid a credit rating fee, based on the amount and type of securities issued.

Annexure I

CARE has reaffirmed the following ratings of ICICI Home Finance Company Ltd:-

Instrument	Rating	Amount Outstanding as on December 31, 2008 (Rs. crore)
Subordinated debt-Tier II	CARE AAA(so)#	127.30
Senior Bonds	CARE AAA(so)#	1401.10

(Based on letter of comfort from ICICI Bank Ltd)

CARE has also assigned 'CARE AAA (FD)(so)' [Triple A Structured Obligation] rating to the Fixed Deposit programme of ICICI Home Finance Company Ltd. (IHFC) for an enhanced limit of Rs.5000 crs (enhanced from Rs.2500 crs). Instruments with this rating are considered to be of the best credit quality, offering highest safety for timely servicing of debt obligations. Such instruments carry minimal credit risk.

The rating factors in IHFC's strong parentage, ICICI Bank's commitment towards supporting IHFC (as reflected in the letter of comfort), inter alia to retain majority control of IHFC and the strategic importance of the housing finance business in ICICI Bank's broader business plans. IHFC's ability to maintain asset quality especially in the light of its plans to increase exposure to the construction loans/loans against property segment and its ability to maintain profitability in the intensely competitive mortgage finance industry are the key rating sensitivities.

Letter of Comfort from ICICI Bank

The letter of comfort by ICICI Bank in favour of investor states the following:

1. IHFC is a subsidiary of ICICI Bank and will remain a subsidiary during the tenure of the bond/deposit programme.
2. ICICI Bank shall endeavour to ensure IHFC honours its obligations towards the repayment of the bond/deposit programme.

ARR The long and medium term debt programs of ICICI Bank are rated 'AAA' by CARE.

Background

ICICI Home Finance Company Ltd (IHFC), incorporated on May 28, 1999, is a 100% subsidiary of ICICI Bank Ltd (IBL). In recent years IHFC had been sourcing and servicing the home loans of its parent bank. IHFC got a proportionate amount of its administrative expenses reimbursed from IBL, plus servicing fees, in proportion of the value of loans serviced by it. A part of the housing loan portfolio of IBL was subsequently purchased by IHFC. IHFC has also been providing certain fee based services such as property brokerage services through its Property Services Division. IHFC operates from around 156 branches in the country and continues to successfully leverage on ICICI group's relationships.

Recent Developments

As per the new business profile envisaged by IHFC, the company re-commenced lending on its own books since December 2007. Traditional housing loans and Loan against property are expected to constitute around 75%-80% of IHFC's portfolio over the next two years with construction loans accounting for the balance.

IHFC also revamped its organizational set-up, with Mr. Rahul Mallick taking over as the new MD&CEO. Mr. Mallick was previously in charge of the Personal Loan Finance activity in ICICI Bank. The retail credit appraisal set-up of IHFC has also been strengthened through transfer of people and processes from parent. **In order to fund the proposed business expansion plans of IHFC, IBL has infused equity to the tune of Rs.500 cr in December 2007 and Rs.250 crore in Q1FY09.**

Asset Profile

- Housing loan portfolio as a proportion of total assets stood at 84% as on Mar.31, 2008 (97% as on Mar. 31, 2007). The Investments as on Mar 31, 2008 increased to 14% of total assets mainly on account of temporary deployment of surplus funds in short term liquid plans of Mutual Funds.
- Purchase of housing loan portfolio from IBL declined to Rs 623 crore in FY08 from Rs 1317 crore in FY07. The change in loan buy-out profile is in line with the change

in business strategy of IHFC namely to originate loans on its own books accompanied by simultaneous reduction in buy-out of loan portfolio from ICICI Bank.

- During FY08 total disbursements stood at Rs.3081 cr [FY07: Rs.5.3 cr]. Loan against property accounted for 64% of total disbursement in FY08 followed by disbursements under construction finance at 18% of the total disbursements.
- As on Mar. 31, 2008, housing loan to individuals stood at 45% [Sep. 30, 2008:- 40%] of outstanding portfolio and Loan against property stood at 42% [Sep. 30, 2008:- 35%]. Construction loans accounted for around 8% [Sep. 30, 2008:- 13%] of the outstanding portfolio. IHFC's portfolio is skewed towards large ticket size disbursements mainly due to the LAP & CRF lendings. Loans above Rs.30 lakhs accounted for 60% of the total outstanding portfolio as on Mar. 31, 2008.
- Earlier IHFC's portfolio was concentrated mainly in western region, since re-commencement of lending in its own books, concentration from western region has reduced. As on Mar. 31, 2008, western region accounted for 58% of the total loan portfolio as against 70% of the total loan portfolio as on Mar. 31, 2007. Northern region accounted for 25% of the loan portfolio as on Mar. 31, 2008 followed by southern region accounting for 13% of the total loan portfolio.
- Standard Assets continued to constitute more than 99% of the Advances portfolio. Gross and Net NPA Ratio as on Mar. 31, 2008 stood at 0.43% (as a % of total Advances) and 0.29% respectively. It is too early to comment on the asset quality of IHFC as substantial lending has occurred only in the last quarter of FY08.

Liabilities Profile

Loans from banks accounted majority of funding profile of IHFC (around 50% as on Mar. 31, 2008). However, subsequent to re-commencement of lending on its own books, the company has tried to reduce its heavy reliance on bank loans by market borrowings in the form of bonds/debentures and CP which accounted for around 32% of IHFC's resource profile as on Mar. 31, 2008 (Mar. 31, 2007: 8%).

ADP

Liquidity and Interest Rate Risk

IHFC faces adverse mismatch in the short and medium term time buckets. The mismatch is mainly due to the short term nature of borrowings as against inflows through loan assets of long term nature. IHFC generally raises funds having 3-4 years maturity profile as against the housing loans having on an average maturity between 7-10 years. IHFC generally resorts to fresh borrowings/rollover of its existing borrowings for meeting its liquidity requirements and relies heavily on the support of its parent, ICICI Bank, to help tackle its maturity mismatches. Interest rate risk of IHFC is mitigated to a large extent as a majority of the loan portfolio is at floating rates.

Financial Performance

- Interest income on housing loan has increased by 36% Y-o-Y to Rs.486.9 crs for FY08. Fee income has registered 43% Y-o-Y growth to Rs.111.50 crs for FY08. The Property Services Division has contributed to a substantial 54% of the total fee income in FY08 vis-à-vis 19% of the Total fee income in FY07. On the back of growth in both interest income and non-interest income, Total income has recorded growth of 43% Y-o-Y to Rs.634.71 crore in FY08.
- Robust interest income growth has led to 73% growth in net interest income to Rs.82.29 crore in FY08. Consequently NIM improved by 15 bps to 1.25% in FY08.
- About half of the IHFC's portfolio comprises high yielding products like LAP and CRF. However the interest yields do not reflect the impact of this change in business profile mainly because IHFC commenced lending on its books since December 2007. Similarly as the borrowings were largely raised post November 2007, the interest expense is also not an indicator of the future interest burden.
- Improved earnings profile (mostly robust fee income growth) led to around 50% growth in PAT in FY08.
- Debt Equity ratio improved to 8.38 times as on Mar. 31, 2008 from 11.55 times as on Mar. 31, 2007 due to equity infusion of Rs.500 crore in FY08.
- Capital Adequacy Ratio continued to remain above the regulatory minimum of 12% and stood at 17.58% as on Mar. 31, 2008.

ARP

Performance for six months ended September 30, 2008

IHFC recorded disbursements of Rs.6076 crore in H1FY09 (Rs.3081 crore in FY08). As a result, Loan book of IHFC has risen substantially from Rs.6749 crore as on Mar. 31, 2008 to Rs.11589 crore as on September 30, 2008. Gross NPA (%) and Net NPA (%) stood at 0.31% and 0.21% respectively as on Sept.30, 2008. Substantial growth in loan book in H1FY09 resulted in CAR sliding to 14.67% as on September 30, 2008 as against 17.58% as on Mar. 31, 2008. Gearing stood at 9.49 times as on September 30, 2008 due to capital infusion aggregating to Rs.750 crore during FY08 and Q1-FY09. In H1FY09, IHFC recorded PAT of Rs.39.30 crore on total income of Rs.648.80 crore.

ARP

Financial Analysis

	Rs. Cr.		
For the Year ended / As on March 31,	2006	2007	2008
Interest income	252.64	357.74	486.90
Fee Income	54.67	77.92	111.50
Total Income	313.47	444.28	634.71
Interest Paid	219.20	310.18	404.61
Net Interest Income	33.43	47.55	82.29
Administrative Expenses (Net of recovery)	61.49	69.51	117.89
Provision	10.32	0.56	12.60
PAT	12.29	46.97	70.37³
Housing Loans	3806.35	4322.52	6749.16
Tangible Networkth	329.93	353.94	860.94
Key Ratios (%)			
Int on HL/HL	8.13	8.80	8.80
Interest/Borrowed Funds	6.95	8.08	7.16
Interest Spread	1.19	0.72	1.63
Net Interest Margin	0.94	1.10	1.25
Operating Exp/ Avg. Capital Employed	1.81	1.66	1.88
PAT Margin	3.98	10.77	11.76
ROCE	6.95	8.75	7.48
ROTA	0.35	1.09	1.07
Interest Coverage (times)	1.08	1.18	1.16 ²
Debt/ Equity ratio (times)	10.89	11.55	8.38 ⁶⁶
Reported Capital Adequacy Ratio	15.23	13.29	17.58 ⁸⁹

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DISCLAIMER

CARE's ratings are opinions on credit quality and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. CARE has based its ratings on information obtained from sources believed by it to be accurate and reliable. CARE does not, however, guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE have paid a credit rating fee, based on the amount and type of bank facilities/instruments

IDBI Trusteeship Services Ltd.



Regd. Office :
Asian Building, Ground Floor,
17, R. Kamani Marg, Ballard Estate,
Mumbai - 400 001.

No. 1043/ITSL/OPR/2008/CL - 23

June 13, 2008

ICICI Home Finance Limited
ICICI Bank Towers,
Bandra Kurla Complex,
Mumbai 400 051,
India.

Dear Sir,

Appointment of Bond Trustee for Private Placement of Unsecured Redeemable Subordinated Bonds to be issued under Shelf Information Memorandum under various Tranches aggregating Rs.370 Crores

This is with reference to the discussion we had regarding appointment of IDBI Trusteeship Services Ltd. (ITSL) as Bond Trustees for the Bank's proposed shelf Information Memorandum for the Private Placement of Unsecured Redeemable Subordinated Bonds in the nature of Debentures aggregating Rs.370 Crores to be issued in various tranches. In this connection, we advise that we are agreeable to act as Trustees for the said issue.

The Bank shall enter into Bond Trustee Agreement for the said bond issue.

We are agreeable for inclusion of our name as trustees in the offer document/listing application/any other document to be filed with the Stock Exchange(s).

Yours faithfully,

Brindha Venkatraman
Asst.Vice President