



SUMMER INTERNSHIP PROJECT REPORT

On

Business Analysis of Corporate Banking in Tamil Nadu

At

ICICI Bank

Chennai



Submitted by

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REFERENCE COPY

CERTIFICATE OF ORIGINALITY

I hereby declare that B.Muthukumar, student of UPES, DEHRADUNhas completed 7 weeks Industrial Training at our organization, during a period from 1-JUNE-2011 to 14-JULY-2011. The work which is being presented in the MBA, Summer Training Project Report entitled “Business Analysis of Corporate Banking”, in partial fulfilmentof the requirements for the award of the MBA in Information System Management and submitted to ICICI Bankis an authentic record of his own work.

**Mr. Senthil Raj
(Project Guide)**

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B.Muthukumar

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Business Analysis of Corporate Banking in Tamil Nadu

Executive Summary:

Corporate Banking represents the wide range of banking and financial services provided to domestic and international operations of large local corporates and local operations of multinationals corporations. Services include access to commercial banking products, including working capital facilities such as domestic and international trade operations and funding, channel financing, and overdrafts, as well as domestic and international payments, INR term loans (including external commercial borrowings in foreign currency), letters of guarantee etc.

Corporate Banking is the financial services specifically offered to corporations, such as cash management, financing, underwriting, and issuing of stocks, bonds, or other instruments. Financial institutions often maintain specific divisions for handling the needs of corporate clients, separate from consumer or retail banking activities for individual accounts.

Corporate banking relies primarily on an individual approach to every customer. Appointing specialized teams for customer service is necessary not only because of the individual approach to each customer, but also due to the broad range of products and services. These include servicing and handling domestic financial transactions, managing a company's current liquidity, servicing and financing transactions in foreign trade, investment of financial surplus, financing a company's development and investment projects, guaranteeing trade transactions, managing the financial market, investing on capital markets, as well as providing trust services, financial consulting, e-banking services and credit cards.

This project is mainly focusing on the loans and other services offered by the banks to the corporates in Tamil Nadu and the market share held by them. This project also focuses on the cost of funds, pricing strategy and the products the banks offer to the corporates. This project focuses on a Comparative analysis of various banks and find the areas where ICICI has to focus on to do business better. Data collection for this project will be done with help of the questionnaires and personal interview with concerned personnel in each of the banks.

1 Introduction

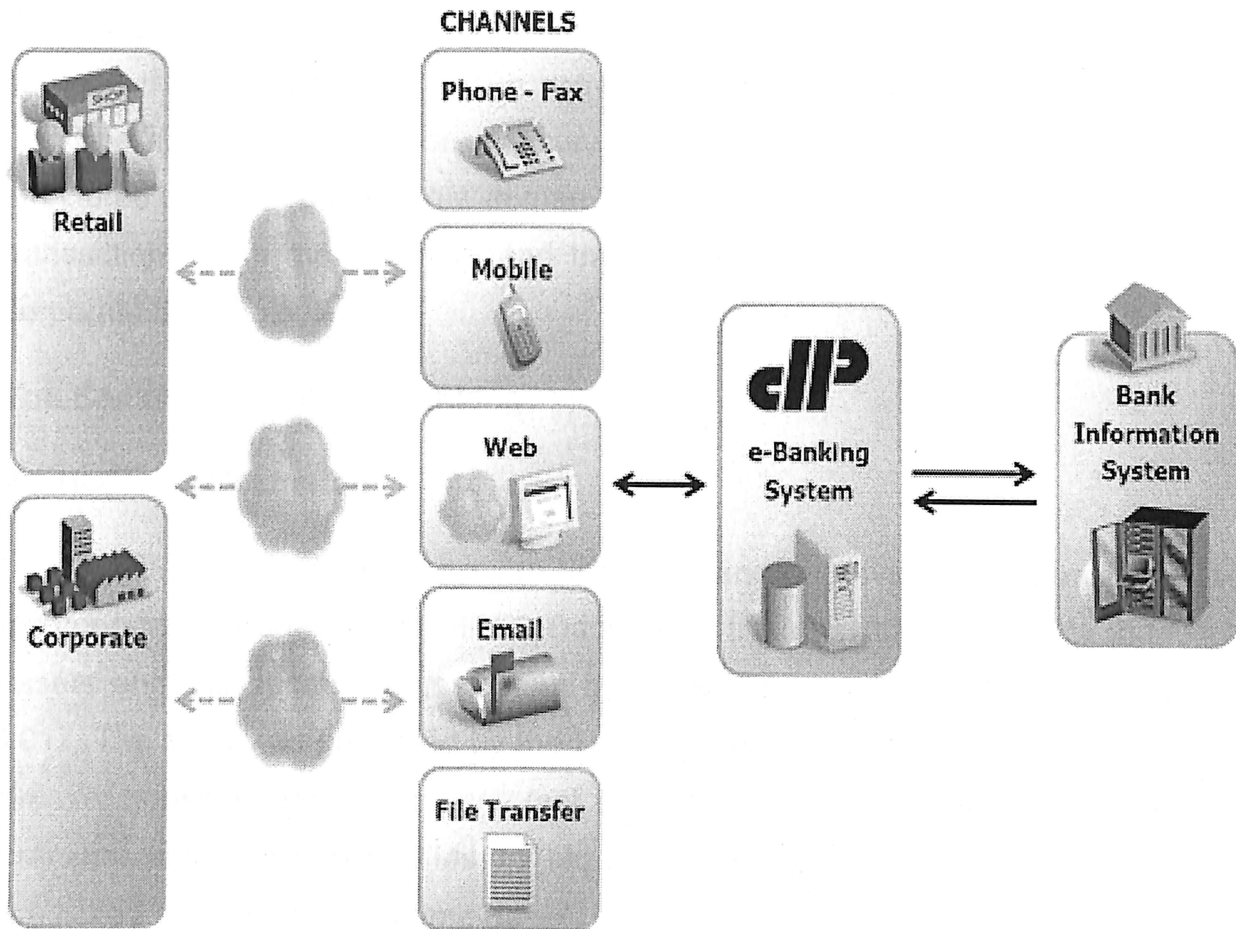
A bank is a financial institution or an intermediary that accepts deposits and channels those deposits into lending activities, either directly or through capital markets. A bank connects customers that have capital deficits to customers with capital surpluses. Due to their critical status within the financial system and the economy generally, banks are highly regulated in most countries. Most banks operate under a system known as fractional reserve banking where they hold only a small reserve of the funds deposited and lend out the rest for profit.

According to their functions, banks may be classified into five types

- Personal Banking
- Privilege Banking
- Wealth Management
- Corporate Banking
- NRI Services

Operational structure

Corporate Banking	Operational Services	Wholesale Banking	Investment Services	Business Support
Product Services	Deposits & Working Capital	Electronic Bill Presentment & Payment	Dealing/Trading	Employee Life-Cycle & Transaction Management
Business Process Management	Accounting	Dispute Management	Reconciliation	Services
CIF	Loans	Cash & Liquidity Management	Clearing/Settlement	Procurement
Trade Services	Current Accounts Savings Accounts	Treasury & Risk Management	Custody/ Corporate Actions	Fixed Asset Management
Investment Management	Payments			Real Estate Management
Asset Financing	Brokerage			Travel Management
Underwriting	Aggregation			



2 Corporate Banking:

Corporate Banking is the financial services specifically offered to corporations, such as cash management, financing, underwriting, and issuing of stocks, bonds, or other instruments. Financial institutions often maintain specific divisions for handling the needs of corporate clients, separate from consumer or retail banking activities for individual accounts.

Financial services specifically offered to corporations, such as cash management, financing, underwriting, and issuing of stocks, bonds, or other instruments. Financial institutions often maintain specific divisions for handling the needs of corporate clients, separate from consumer or retail banking activities for individual accounts.

Corporate banking on the other hand is defined as those products and services that relate to the lending activities between a bank and its clients. This could be a simple secured or unsecured loan, or it could be a highly sophisticated structured finance transaction with many different banks or syndicates involved in the transaction. Cash management and trade finance also fall under the definition of corporate banking.

Top Banks in Corporate Banking:

2.1 HDFC Bank Limited

HDFC Bank Limited is an Indian financial services company that was incorporated in August 1994. HDFC Bank is the fifth or sixth largest bank in India by assets and the second largest bank by market capitalization as of February 24, 2012. The bank was promoted by the Housing Development Finance Corporation, a premier housing finance company (set up in 1977) of India. HDFC Bank has 1,986 branches and over 5,471 ATMs, in 996 cities in India, and all branches of the bank are linked on an online real-time basis.

2.1.1 Products:

Products offered can be classified as fund based and Non Fund based.

➤ Fund based

- Cash Credit facility
- Overdraft facility
- Working Capital demand loan
- Bill/Invoice discounting

➤ Non Fund based

- Bank Guarantee (BG)
- Letter of Credit (LC)

Cash Credit / Overdraft

HDFC Bank offers Cash Credit / Overdraft facilities to various segments of customers for their working capital requirements. This is a fund based facility to help fund business inventory (raw materials and finished goods) and receivables (debtors).

Letter of Credit

They offer import financing through Letters of Credit, which are well accepted globally and supported by a strong trade finance set up. They are direct members of SWIFT and have correspondent banking arrangements with more than 450 banks worldwide. They also structure complex Letters of Credit.

Bank Guarantee

Bank Guarantees are necessary for certain business obligations. HDFC Bank issues Bank Guarantees on your behalf under any business contract. It is their way of helping you fulfil your business requirements.

They have dedicated Trade Finance desks spread throughout the country providing you with the best services that add value to your business. Contact your Relationship Manager or just walk into any of our branches for these services.

Buyers Credit

Buyer's credit is the credit availed by an importer (buyer) from overseas lenders, i.e. banks and financial institutions for payment of his imports on due date. The overseas banks usually lend the importer (buyer) based on the letter of credit (a bank guarantee) issued by the importers bank. Importer's bank or Buyers Credit Consultant or importer arranges buyer's credit from international branches of a domestic bank or international banks in foreign countries. For this service, importer's bank or buyer's credit consultant charges a fee called an arrangement fee.

Short Term Finance

They can help you structure low cost credit programmes and cash flow financing to meet your specific short term cash requirements. Loans are structured to enhance your profitability by scheduling repayments to match your cash flow available to repay your debts.

Packing Credit

Packing Credit is offered to exporters to help them finance the purchase and import of raw materials, and the processing and packing of the goods meant for export.

Post Shipment Limits

Post Shipment Credit is offered to exporters to help them finance export sales receivables, after the date of shipment of goods till the date of realisation of export proceeds.

Other services:

- Negotiations/ payments/ acceptance of export documents under Letters of Credit.
- Purchase/ discount of export documents under Confirmed Orders/Export Contracts, etc.
- Advances against export bills sent on a collection basis.
- Advances against exports sent on a consignment basis.
- Advances against undrawn balance on exports.
- Advances against approved deemed exports.

To meet your export financing needs, we offer customised packing /post shipment credit in Indian Rupee terms or foreign currency, tailor-made to match your profile.

Bill Discounting

They have a dedicated trade finance set up that combines the understanding of your needs with a nationwide network of branches and correspondent banks to offer you Bill Discounting. This is a customized service to suit your requirements for short term finance, from the date of sale to the date of receipt of the payment.

Structured Cash Flow Financing

They understand the biggest challenge for you, as a finance manager, is to manage your cash flow. With this in mind, they offer financial solutions to bridge cash flow mismatches. They also understand specific cash flow streams and cash accruing assets and can tailor products around these cash flows to meet your financial requirements.

Warehouse Receipt Loans

Use your Warehouse Receipt Loans facility to realize better prices for your agricultural produce and avoid distress sales. This facility is simple to apply for with minimal documentation and quick disbursement.

Features and Benefits

- Loans from Rs. 1 Lakh onwards, depending on your needs
- Loan against a wide range of commodities
- Funding extended against commodities stocked in a range of different warehouses /godowns
- Attractive interest rates
- Quick loan approval process
- Customer Privileges – Existing asset relationship customers can avail of a special Top-Up loan facility.
- Stock Insurance Cover - We also offer a Stock Insurance facility for stocked commodities

2.1.2 Cost of funds & Pricing Strategy:

Cost of funds & pricing strategy for an organization depends on

- Internal Ratings
- External Ratings
- Quantum & Relationship of Business
- Long & Short term tenure of loan

2.2 State Bank of India

State Bank of India is the largest banking and financial services company in India by revenue, assets and market capitalisation. It is a state-owned corporation with its headquarters in Mumbai, Maharashtra. As of March 2012, it had assets of US\$360 billion with over 13,577 outlets including 157 overseas branches and agents globally. The State Bank Group, with over 18,324 branches, has the largest banking branch network in India. SBI has 14 local head offices. It also has 157 branches overseas.

2.2.1 Products:

SBI is a one shop providing financial products / services of a wide range for large , medium and small customers both domestic and international.

Working Capital Financing

- Assistance extended both as Fund based and Non-Fund based facilities to Corporates , Partnership firms , Proprietary concerns

- Working Capital finance extended to all segments of industries and services sector such as IT

Term Loans

To support capital expenditures for setting up new ventures as also for expansion, renovation etc.

Deferred Payment Guarantees

To support purchase of capital equipments.

Corporate Loans

For a variety of business related purposes to corporates.

Export Credit

To Corporates / Non Corporates

Strategic Business Units

(i) Corporate Accounts Group (CAG)

(ii) Project Finance

(iii) Lease Finance

- An exclusive unit providing one s shopping to Corporates

- A dedicated set up specialised in financing of infrastructure and other large projects

- Exclusive set up for handling large ticket leases.

2.2.2 Cost of funds &Pricing:

- SBI's Prime Lending Rates (PLR) are among the lowest
- Presently Bank has two PLR's
 - SBAR for loans payable on demand and upto one year
 - SBMTLR for loans payable beyond one year.

Cost of funds depend on

- Internal Ratings
- External Ratings
- Quantum & Relationship of Business
- Regularity
- Amount of loan
- Holistic view of Market
- Threats of Competition
- Long & Short term tenure of loan

2.3 Indian Overseas Bank

Indian Overseas Bank is a major bank based in Chennai, with more than 2650 domestic branches and six branches overseas as of 31.03.2012. The net profit for the year ended March 31, 2012 stood at Rs 1,050.13 crore. Total income stood at Rs 19,578.13 crore. Indian Overseas Bank has an ISO certified in-house Information Technology department, which has developed the software that 2650 branches use to provide online banking to customers; the bank has achieved 100% networking status as well as 100% CBS status for its branches.

2.3.1 Products:

FINANCIAL ASSISTANCE:

The growth of LE units largely depends on their proper financial management. They should closely monitor their funds flow and cash flow at every stage to avoid mismatch, which will dampen their operational activities. Our Bank provides total

financial solutions to LE units by way of various schemes to support the financial needs of LE units.

Term Loan:

Term Loans are extended for the purpose of acquisition of fixed assets. viz., land, building, plant and machinery for setting up of new industrial units or expansion/modernisation of existing units. Financing for the purchase of second hand machinery (both indigenous as well as imported) can also be considered subject to certain conditions .

Margin:

Bank will normally finance upto 75% of the value of fixed assets and the balance amount should be brought by the applicant as margin. However depending upon the activity and quantum of advance the bank may either increase the margin or decrease the margin.

Security / Third Party Guarantee:

Bank will not insist for collateral security / Third Party Guarantee for total credit limits upto Rs.5 lakhs for SME borrowers. In respect of credit limits above Rs.5 lakhs and upto Rs.25 lakhs Collateral Security / Third Party Guarantee may be waived for deserving cases and those limits will be covered under Credit Guarantee Trust for Micro and Small Enterprises (CGTMSE).

Repayment:

The repayment of term loan will be fixed based on the cash generation of the unit and gestation period. Suitable holiday period will be allowed for repayment of the term loan.

The manufacturing / Service activity of the unit can smoothly progress while adequate working capital funds are available. Our Bank provides necessary working capital assistance to LE units.

The quantum of working capital funds can be ascertained by looking into the working capital cycle of the unit. Working Capital Cycle can be explained by way of flow chart as below:

Cash > Raw Material > Work in Process > Finished Goods > Receivables > Cash

It is normally presumed that the working capital cycle will be of three months i.e. the period taken for conversion of cash into raw material, raw material into finished goods, finished goods into receivables and receivables into cash. Depending on the nature of activity and various other factors it may be either more than 12 months or lesser than 12 months.

The working capital limits can be availed by way of cash credit, bills limit, Letter of Guarantee, Letter of Credit etc.,

Security / Third Party Guarantee:

Bank will not insist for collateral security / Third Party Guarantee for total credit limits upto Rs.5 lakhs for SME borrowers. In respect of credit limits above Rs.5 lakhs and upto Rs.25 lakhs Collateral Security / Third Party Guarantee may be waived on deserving cases and those limits will be covered under Credit Guarantee Trust for Micro and Small Enterprises (CGTMSE).

2.3.2 Cost of funds & Pricing:

Cost of funds depend on

- Internal Ratings (IOB has 12 models for internal rating)
- External Ratings
- Quantum & Relationship of Business
- Regularity
- Amount of loan
- Holistic view of Market
- Threats of Competition
- Long & Short term tenure of loan

2.4 IDBI Bank Limited

IDBI Bank Limited is an Indian financial service company headquartered Mumbai, India. RBI categorised IDBI as an "other public sector bank". It was established in 1964 by an Act of Parliament to provide credit and other facilities for the development of the fledgling Indian industry. It is currently the 10th largest

development bank in the world in terms of reach with 1514 ATMs, 923 branches including one overseas branch at DIFC, Dubai and 621 centers including two overseas centres at Singapore & Beijing.

In its continuing endeavour to effectively meet the requirements of different Groups of Corporate Clients, IDBI Bank Ltd. has organised its Corporate Banking Wing based on client's turnover besides creating a separate specialized cell and Group each to cater to Corporates in Film Sector and Infrastructure Sector respectively.

Based on scale, Corporates with turnover of more than Rs. 100 crores but up to Rs. 500 crore are looked after by Mid Corporate Group (MCG) while Corporates with turnover of more than Rs. 500 crore are looked after by Large Corporate Group (LCG).

However, as stated earlier, with a view to effectively manage the peculiar requirements of Film Finance, a specialised cell has been set up in LCG to cater to Corporates in Film Sector regardless of their turnover.

Further, considering the significance of the infrastructure sector in the country's development, a specialised Group, namely Infrastructure Corporate Group (ICG) has been created which deals with Corporates from infrastructure, Industries accorded infrastructure status by RBI, regardless of their turn over.

Since inception in 1964 [formerly as Industrial Development Bank of India], IDBI Bank has been assigned to play a distinctive role in the promotion of industrial development of the country. It has provided financial assistance towards setting up of industrial estates. Being a prominent player in financing infrastructure projects, IDBI Bank actively participates in addressing policy-related issues in various forums including the Committees constituted by the Government of India. Finalization of model Power Purchase Agreement and Model Concession Agreement in road sector are some of the significant contributions made by IDBI Bank in the development of this sector. It has financed landmark first-of-its-kind projects in the infrastructure sector such as Independent power project, fixed and mobile telecom, port, road and airports in India.

The policy makers have identified power, telecom, ports (both sea and airports), roads, transportation and urban infrastructure facilities as infrastructure sector and are providing impetus for the growth in these sectors, Reserve Bank of India has accorded infrastructure status to select sectors, credit to which is classified as financing to Infrastructure sector.

These three Groups in the Bank cater to the requirement of financial assistance as also provide other services like Deposits products to Clients from Corporate sector.

2.4.1 Products

IDBI Bank Ltd. offers need-based products to eligible corporates in its Corporate Banking segments as under :

(A) Fund Based assistance:

- Term Loans
- Working Capital / Short Term Loans
- Cash Credit
- Packing Credit to Exporters
- Vendor Financing
- Channel Financing/Dealer Financing
- Bill discounting (both Purchase and Sale Bill Discounting)
- Film Financing

(B) Non-fund based Assistance:

- Guarantee Assistance
- Letters of Credit
- Cash Management Services - collection products

(C) Liability and Transaction Banking Products

- Current Account
- Fixed Deposits
- Trade Finance
- Cash Management Services
- Tax Collection
- Treasury Products

(D) Agency services:

IDBI Bank believes in being the trusted partner in the progress of its esteemed clients and provides services to act as lenders' agent, operate Trust and Retention accounts for the project developers to ensure timely infusion of funds as also monitor proper end use of funds.

Services

Services rendered by IDBI Bank under Corporate Banking cover debt syndication and specialized advisory services to the corporate in the infrastructure and allied sectors. The Bank offers Project Appraisal, Debt Syndication, Corporate advisory services and Securitization & Structured products as specialized services.

(A) Appraisal:

IDBI Bank has cutting edge capabilities in the appraisal of large projects and has over the years earned reputation in appraisal of these projects, which are well accepted in the banking industry. Project Appraisal Department has a dedicated team of qualified and experienced professionals with domain knowledge in the infrastructure and other major industry sectors, including technical, financial, legal and financial disciplines, to carry out appraisal of large infrastructure and non-infrastructure projects.

IDBI Bank's appraisals have been used by the corporates, besides availing loan facilities for implementing projects, to finalise their decisions in bidding for new

projects, assets acquisition, business plans or disinvestments decisions. PAD has offered these services to PSU majors like Indian Oil, SAIL, ONGC, HPCL, NALCO, NTPC and leading Industrial Groups such as GMR Industries, Tata Group and Aditya Birla Group for their various projects.

(B) Debt Syndication:

Over the last five years, the Bank has been offering its debt syndication services to corporates by arranging financial assistance (both term loan and Working Capital) to their projects and operations. The hallmark of IDBI Bank's Syndication process is that IDBI Bank takes the role of lead bank for debts arranged by it, by financing major share of debt in the debt programme. Such a decision always has a positive impact in arranging of loans. The Bank also syndicates FC loans for ECB requirement of corporate clients.

The Syndication, Structuring and Advisory Department, (SSAD) has a good complement of qualified and experienced team of professionals who are taking care of the clients' needs. The team has been dealing transparently and takes a balanced view on the risk perceptions of the project. Reckoning clients' special needs, tailor made solutions are being provided promptly.

IDBI Bank is rated among top three INR debt arrangers for the year 2011 with market share of 8.2%.

IDBI Bank has emerged as a leading player in debt syndication field and has excellent business relationship with all the public & private banks and Financial Institutions. The project related Information Memorandums (IM) prepared by the SSAD team are well received by the participating bankers and FIs. Over the years, the Bank has developed a good rapport with almost all banks and FIs in convincing them about the strengths of the projects syndicated by it. Team SSAD has officers who have specialized the documentation requirements of the clients, who ensure that terms of assistance and covenants of all lenders are aligned.

(C) Advisory Services:

Corporate Advisory: The strong domain knowledge in infrastructure and allied sectors has provided IDBI Bank a niche in offering the advisory services for the

corporate in the infrastructure sector. The range of advisory services offered by IDBI Bank include merchant appraisal of projects, acquisition / sale of assets, business valuation and pre bid advisory for PPP projects in Road sector. IDBI has been permitted by the SEBI to act as the agent for the IPO monitoring of corporate which come out with public issue of equity shares of issue size higher than Rs.500 crore.

2.4.2 Cost of funds & Pricing:

Cost of funds depend on

- Internal Ratings
- External Ratings
- Quantum & Relationship of Business
- Amount of loan
- Long & Short term tenure of loan
- Risk Perception
- FTP rate(Changes daily it is displayed on the intranet for reference)
- 10.5% is considered as base rate.

2.5 Axis Bank

Axis Bank Limited is an Indian financial services firm that had begun operations in 1994, after the Government of India allowed new private banks to be established. The Bank was promoted jointly by the Administrator of the Specified Undertaking of the Unit Trust of India (UTI-I), Life Insurance Corporation of India (LIC), General Insurance Corporation Ltd., National Insurance Company Ltd., The New India Assurance Company, The Oriental Insurance Corporation and United India Insurance Company UTI-I holds a special position in the Indian capital markets and has promoted many leading financial institutions in the country. As on the year ended 31 March, 2012, Axis Bank had an operating revenue of 13,437 crores and a net profit of 4242 crores.

2.5.1 Products:

For a business on the growth phase with a wide range of opportunities to explore for SME & LE businesses, timely availability of credit is an integral ingredient needed to scale new heights. At Axis Bank, they understand this and endeavour to

be not just a bank but also your financing partner, so that you focus on your business needs whereas we cater to your financing needs.

Their services ranging from Funded to Non-Funded, from Short Term to Long Term and from Credit to Trade Services ensures that you get finance the way it is best suited for your business.

Working Capital Finance

Axis Bank offers working capital finance by way of cash credit, overdraft or working capital loans suitably structured to your needs and your risk profile as a part of consortium or as a sole banker. These products are designed to ease the liquidity position of the client and come with a number of other facilities such as Internet Banking, Phone Banking etc.

Term loans

The demands of business expansion and upgradation of existing facilities can put considerable pressure on the finances of a company.

Axis Bank can structure credit solutions to meet your specific short-term or long term funding requirements. They provide structured term financing solutions for infrastructure, project funding, real estate and other corporate purposes. The loans are provided at competitive rates and are structured to enhance your profitability by scheduling the repayment to match the cash flow available to repay the debt. They also provide advisory services to companies for syndication of the term loans to a wide spectrum of financial institutions.

Cash Credit

They offer Cash Credit facilities to meet your day-to-day working capital needs. Cash Credit is provided against the primary security of stock, debtors, other current assets, etc., and/or collateral security of movable fixed assets, immovable property, personal or corporate guarantee, etc. Interest is charged not on the sanctioned amount but on the utilized amount.

Working Capital Demand Loan

They also provide working capital facilities in the form of Working Capital Demand Loan instead of cash credit facility. The primary or collateral security will be as mentioned in cash credit facility. Here also interest is levied on the amount drawn rather than on the amount utilized.

Export Finance

They provide finance for export activities in the form of Pre-Shipment Credit against firm order and or Letter of Credit and Post shipment credit. Credit is available for procuring raw materials, manufacturing the goods, processing and packaging the goods and shipping the goods. Finance is provided in Indian or foreign currency depending upon the need of the borrower.

Short Term Loan

You may enjoy Working Capital facilities to meet your day-to-day working capital needs and Term Loan for your capex. However there may be occasions where you may need ad hoc or short-term finance for general corporate purposes, meeting temporary mismatches in working capital or for meeting contingent expenses. In such situations we provide Short Term Loans for tenure upto a year so as to ensure that your business runs smoothly.

Term Loan

Given the growth opportunities your business enjoys you may need long-term funds for capex or capacity expansions or plant modernization and so on. Keeping these requirements in mind we provide term loans upto acceptable tenor with suitable moratorium, if required, and repayment options structured on the basis of your estimated cash flows. These loans are primarily secured by a first charge on the fixed assets acquired through the loan amount. Suitable collateral security is also taken whenever required.

Clean Bill Discounting

They provide clean bill discounting facilities to fund your receivables. We discount bills or receivables from your credit worthy clients and provide credit against

that. This facility is provided for a period of 3-6 months depending upon the tenor of the bill.

LC Backed Bill Discounting

They discount trade bills drawn under Letters of Credit issued by reputed banks to fund your receivables. This facility is provided for a period of 3-6 months depending upon the tenor of the bill or Letter of Credit.

Co-Acceptance of Bills

They also provide co-acceptance of trade bills depending upon the need of the borrower.

Credit Facilities against Guarantee or Stand By Letter of Credit issued by Foreign Banks

Various foreign companies set up subsidiary in India. They provide funding to such companies against guarantees or SBLCs of acceptable foreign banks.

Letter of Credit

Apart from fund based working capital facilities they provide a range of Non-Fund Based facilities such as Letter of credit, Bank Guarantees, Solvency certificates, etc. Letter of Credit is provided to meet your trade purchases. These are generally provided for 3-6 months depending upon your Trade cycle. Apart from this they provide Import Letter of Credit for importing machinery or capital goods. Such LCs are for tenure ranging from 1-3 years depending upon the need of the borrower.

Bank Guarantee

They provide Bank Guarantee on behalf of our client to various other entities such as Government, quasi govt bodies, corporate and so on. We provide a range of guarantee such as Performance guarantee, financial guarantee, EPCG etc. The tenure of Bank Guarantee range from 1 year to 10 years depending upon the purpose of the guarantee.

Solvency Certificates

They also provide solvency certificate depending upon the need of the borrower.

2.5.2 Cost of funds & Pricing:

Cost of funds depend on

- Internal Ratings
- External Ratings
- Amount of loan
- Long & Short term tenure of loan
- Risk Perception

2.6 Indian Bank

INDIAN BANK is an Indian state-owned financial services company headquartered in Chennai, India. It has 22,000 employees, 1923 branches and is one of the big public sector banks of India. It has overseas branches in Colombo, Sri Lanka, Singapore, and 229 correspondent banks in 69 countries. Since 1969 the Government of India has owned the bank, which celebrated its centenary in 2007. It is the only Indian Bank other than State Bank of India to feature in the List of Fortune 500 Companies in the World.

2.6.1 Products:

- Multicity Cheque Facility
- CMS Plus
- N E F T
- External Commercial Borrowing
- Ind Reverse Mortgage
- IB Rent Encash
- Ind Mortgage

2.6.2 Cost of funds & Pricing:

Cost of funds depend on

- Internal Ratings
- External Ratings
- Quantum & Relationship of Business
- Amount of loan
- Long & Short term tenure of loan
- Risk Perception
- 10.5% is considered as base rate.

2.7 Union Bank of India:

Union Bank of India (UBI) is one of India's largest public sector banks (the government owns 55.43% of its share capital remains public, private organizations and foreign companies), is listed on the Forbes 2000. It has assets of USD 13.45 billion and all the bank's branches have been networked with its 3025 ATMs. Its online Telebanking facility are available to all its Core Banking Customers - individual as well as corporate. It has representative offices in Abu Dhabi, United Arab Emirates, and Shanghai, Peoples Republic of China, and a branch in Hong Kong.

At the time of India's Independence in 1947, UBI still only had four branches - three in Mumbai and one in Saurashtra, all concentrated in key trade centres. After Independence UBI accelerated its growth and by the time the government nationalized it in 1969, it had grown to 240 branches in 28 states.

UBI began its international expansion in 2007 with the opening of representative offices in Abu Dhabi, United Arab Emirates, and Shanghai, Peoples Republic of China. The next year, UBI established a branch in Hong Kong, its first branch outside India. In 2009, UBI opened a representative office in Sydney, Australia.

2.7.1 Products

Debt Restructuring

They offer innovative solutions to our clients for their restructuring needs by approaching lenders & shareholders with definitive strategies and instruments for raising additional funds for operations as well as for refinancing existing debt

Loan Syndication

The Loan Syndication team provides corporations with innovative and customized solutions for their financial needs, which are backed by knowledgeable professionals who come from various streams from MBA to Engineers to experienced Bankers

STRUCTURED FINANCE

- Providing financial solutions for client specific requirement
- Identification and placement of transaction with Institutional investors

For further details & financing costs, please contact our nearest Large Corporate Branch

TRADE FINANCE

Corporates trading in international markets require foreign currency funding for meeting their exports & imports fund obligations.

Salient Features

- Facilities available for meeting pre sales and post sales requirements both in domestic as well as foreign currency
- Packing Credit advance in domestic as well as foreign currency
- Running packing credit facility also available
- Foreign Letters of Credit for procurement of raw materials/goods
- Purchase/Discounting of Foreign Bills under LC or under confirmed order.

- Negotiation of Bills under LC
- Finance under Gold Card Scheme to the exporters on better terms of credit including rate of interest

WORKING CAPITAL

Union Bank helps you in meeting the funds required for day to day operations of your business either by direct financing or by way of issuance of Letter of Credit. They fund the pre sales as well as post sales working capital requirement.

Pre Sales Working Capital

- Funding your raw material, finished goods and book debts/receivables in the form of Cash Credit (Hypothecation) limit

Post Sales Working Capital

- Funding of Bills drawn on your customers by way of Inland/Foreign Bills Purchase/Discount Limits

TERM LOAN

Union Bank helps you in acquisition of capital goods/asset creation for your project on long term basis.

Salient features

- Funds for
 - Setting up new manufacturing/industrial units
 - Expansion of existing units
 - Swapping of the high cost debts availed from other Banks/FIs
- Can be under Deferred Payment Guarantee basis
- Maximum tenor upto 84 months
- Fast disposal of proposals
- Term loan can also be availed in foreign currency i.e. FCL/FCTL

LINE OF CREDIT

The facility of 'Line of Credit' has been introduced by Union Bank to understand and meet the requirements of the businesses. This helps companies to efficiently manage their borrowing requirements by sanctioning single combined limit for the working capital needs.

Salient Features

- Flexibility to interchange between fund based & non fund based limits, pre sales and post sales limits
- Without any additional cost

CORPORATE LOAN

To meet the temporary mismatch in the cash flows & for other general purposes, They sanction corporate loans.

INFRASTRUCTURE FINANCE

Development of infrastructure projects require large quantum of funds for longer duration. Union Bank helps you in raising the funds for financing your endeavour for implementation of these infrastructure projects.

Salient Features

- Funding the projects for
 - Generation/Transmission of Power,
 - Developing Roads, Ports & Airports,
 - Laying/maintaining pipelines for gas, crude, water
 - Setting up Industrial Parks, SEZs
 - Telecommunications services
 - Irrigation projects, water treatment plants, sanitation/sewerage systems.
 - Construction of buildings for educational institutions, hospitals, warehouses
- Maximum tenor upto 20 years
- Funds can be also be availed in foreign currency viz. Buyer's Credit & ECB

Bank Guarantee

- They issue Bank Guarantees on behalf of our customers guaranteeing their performance and also financial obligations.
- They issue domestic BGs and also Foreign BGs

Letters of Credit

- Both domestic LC and Import LC for procurement of goods and/or fixed assets on DA/DP basis are offered.
- At a competitive LC commission

Letters of Comfort for availing the Buyers Credit

- They issue Letters of Comfort to enable our clients to avail Buyers Credit from overseas Banks/FIs for procurement of goods or fixed assets

2.7.2 Cost of funds & Pricing:

Cost of funds depend on

- External Ratings
- Amount of loan
- Long & Short term tenure of loan
- Risk Perception
- Base Rate – 10.50%
- Interest rate is based on NIM (each quarter)

2.8 Citi Bank:

Citibank, a major international bank, is the consumer banking arm of financial services giant Citigroup. Citibank was founded in 1812 as the City Bank of New York, later First National City Bank of New York. Established 109 years ago in Kolkata, Citibank has a long history in India. Currently it is the largest foreign direct investor in financial services in India with a total capital commitment of approximately US\$ 4 Billion in its onshore banking and financial services business and its principal and alternate investment programs.

Citibank has retail banking operations in more than 100 countries and territories around the world. It operates 42 full-service Citibank branches in 30 cities and over 700 ATMs across the country. In addition to the standard banking transactions, Citibank offers insurance, credit cards and investment products. Their online services division is among the most successful in the field, claiming about 15 million users.

2.8.1 Products

Cash Management

Account Services and Liquidity Management

Liquidity management is quite essential for effective working capital management. At Citi, they understand that liquidity management requires visibility control and optimization of balances across your accounts.

A wide range of Corporates, Financial Institutions and Small / Medium Enterprises choose Citi as the preferred partner for meeting their account management requirements.

Corporates can hold the following types of accounts

Current Account

It is a plain vanilla, non-interest bearing account and the withdrawals to the account are permissible only up to the amount of deposits in the account.

EEFC Account

Exchange Earner's Foreign Currency Account (EEFC) is an account maintained in foreign currency with an Authorized Dealer. This account is for Exporters to hold their Foreign Currency Inward Remittance in foreign currency.

Cash Credit Account

Cash Credit account is a form of current account with overdraft facility with fixed limit. This account is also non-interest bearing account.

Escrow

As an Escrow Agent, Citibank provides customised solutions by receiving, safekeeping, investing and disposing of escrowed assets.

Escrow examples include:

- Escrow Bankers for Reverse Book-build issues for Delisting
- Escrow Bankers for Open Offers
- Share Purchase Agreements or Business Purchase Agreements
- Payment Collection bank for a QIPs and IPOs
- Buy Back of Shares by Tender Offer
- Joint Venture Arrangements
- Asset Divestitures
- Acquisition of an Unlisted Company
- Share issuance to Private Equity or Venture Capital Investors
- Structured Loans repayment
- Funds to cover pending tax liability when resolved
- No-Lien Accounts

Trade Services

If you are looking to optimise transaction turnaround times and funds flow timing to expand into new markets while minimizing risk and maintaining your competitiveness to develop a customized solution that matches your unique trade requirements look to Citi.

- Enhanced open account terms
- Documentary trade instruments
- Issuing Letters of Credit
- Letters of Credit advising and confirmation
- Issuing Standby Letters of Credit
- Document Preparation
- Document Collations
- Document Warehousing

When you choose Global Transaction Services to provide your trade services, you are joining over 15,000 corporations and financial institutions, in over 100 countries that have chosen to partner with a market leader. In selecting Citi, you benefit from:

Wide-ranging, integrated services

Citi encompasses a truly integrated range of Trade services designed to meet your needs. Our information, risk mitigation, financing and settlement solutions support your entire value chain-from procurement to processing to post-sales.

Trade expertise

Our Trade Advisory teams have in-depth expertise in the intricacies of markets and trade products in different geographies and they can provide you with customized solutions. Among other things, they recognize your need to comply with various local regulatory requirements and the latest government rules.

Unmatched infrastructure

Advanced imaging and data communication systems link our four regional processing centres-in Penang (Malaysia), Mumbai (India), Lewisham (UK) and Tampa (USA)-for an around-the-clock trade operation that processes nearly 2 million trade transactions annually.

A partnership approach

In Citi, you have a partner who understands the way you manage your business. Whatever your trade requirements, they have the solutions and services to optimise transaction turnaround times, accelerate funds flow timing, and structure a solution that is suited to your specific needs.

State-of-the-art technology

Citi is committed to developing and using state-of-the-art technology and risk mitigation techniques. They maintain an ongoing investment in advanced global imaging and transaction processing technologies.

Import Services

Import Letters of Credit

With a Citi Import Letter of Credit, you can delay payment for imported goods until after they're shipped - and after the exporter complies with certain terms. Plus, you can use an Import LC to obtain financing for your international purchases even when the exporter cannot provide financing.

They offer you a range of options, from efficient management of paper-based requests for LCs to a comprehensive, fully automated service that lets you:

- Easily track the status of your transactions
- Centralise your company's LC reporting
- Improve administrative efficiency

With a presence in over 100 countries, coupled with the scale of our trade organization, they often handle all documentation for both importer and exporter in the same transaction. Both parties can also benefit from using a letter of credit to access Citi's international trade financing capabilities.

Import Documentary Collections

Citi can help you simplify the administration of your documentary import collections, so you'll know when funding is due, track outstanding import collections, and ease reconciliation of payables.

For commercial trade transactions, Citi's Import Documentary Collections are a simple and cost-effective alternative to Import Letters of Credit. You can:

- Manage transactions and collections in multiple currencies
- Centralise import payable information
- Receive electronic notification when import documents arrive
- View Online images and make payments on CitiDirect
- Simplify the administration of commercial trade transactions
- Reassure your trading partner of prompt remittance of payment

Working on your behalf throughout the world, Citi's efficient import collection services assure prompt payment to your supplier's bank. With an expansive

presence and recognized expertise in international trade, Citi is a world leader in trade services. In fact, they often act on behalf of both importer and exporter in a trade transaction, thus speeding processing so that imported goods can be released to you faster.

Enhanced Open Account Terms

If you regularly conduct business with certain sellers, you can reduce the time and costs of letters of credit and import documentary collections by taking advantage of Citi's Enhanced Open Account trade process. Enhanced through our Doc Warehousing and CitiDirect Online payment capabilities, Citi can help importers:

- Facilitate payment for open account purchases
- Streamline and speed up the trade process, including reconciliation and settlement
- Make better data available faster, speeding completion of open account trade transactions
- Provide an electronic record-from purchase order through shipment and payment-that can be uploaded to an ERP system, eliminating manual errors
- Free up trade-related credit facilities for other uses
- Reduce trade finance fees

Export Services

Export Letter of Credit Confirmation

In today's international credit markets, exporters often need to use their financial resources or bank relationships to effect a trade sale. Buyers in Latin America, Africa, Eastern Europe, Asia and the Middle East may be unable to obtain international credit on their own.

A Citi Letter of Credit Confirmation enables exporters to minimise both the importer's country risk and the issuing bank's commercial credit risk. It assures you of payment by the confirming Citi branch-which is particularly valuable when your client is located in a potentially unstable environment.

Citi can help you arrange Letter of Credit Confirmations efficiently and quickly - usually within two business days.

They look forward to the opportunity of showing you how our custom solutions can support your global initiative while also meeting all your local needs.

Export Documentary Collections

In today's international credit markets, exporters often need to use their financial resources or bank relationships to effect a trade sale. Buyers in Latin America, Africa, Eastern Europe, Asia and the Middle East may be unable to obtain international credit on their own.

For commercial trade transactions, our Export Documentary Collections offer exporters an alternative payment method to letters of credit. When you ship goods to an importer, Citi retains custody of the title documents, until payment is received or expectance is obtained from the importer.

From wherever they originate, transaction proceeds are remitted to your account within 24 hours of receipt, giving you access to your funds at the earliest possible moment. Export Documentary Collections also let you:

- Centralise the management of export receivables
- Track outstanding collections
- Know when payments are made
- Improve the reconciliation and administration of your export processing

Unlike with letters of credit, the bank does not cover credit and country risk. If you're comfortable assuming those risks, Export Documentary Collection maybe cost-effective option.

You can generate Export Documentary Collections electronically, using Citi to transmit transaction details directly to us from your office. You can also denominate these transactions in a variety of currencies.

Outsourcing Solution

Document Warehousing

If you are looking to eliminate delays in payment on account of document discrepancies... to eliminate tracking open account import documents for payment... to reduce turnaround time, look at Citi's Doc Warehousing Solution and you can:

- Forget all document handling hassles

Citi handles all your hassles, from warehousing of open account import documents at the banks counters, Pre-scrutiny of documents by the operations unit, invoice level record of transactions in a banking system - so that you can concentrate on your core business.

- Reduce turn-around time

They do everything possible to eliminate delays in payments due to document discrepancies - Communicate status and discrepancies to you, rectify discrepancies prior to the payment date, provide outstanding reports to you to enable payment date decisions, provide payment files to the bank as well as debit authority and A1 form for payment.

- Streamline payments

Payment based on file instructions provided by customers (backed by debit authority and A1 form). Provision of payment related information as required by customers Consolidation of payments for the day, by beneficiary and due date, enabling single remittance instructions per beneficiary.

- Integrate your ERP system with Citi's system

Seamless transfer of information between your system and the Bank means that you can view all bank-generated reports/files on your system and vice-versa without manual intervention. You can get updated information on invoice-wise date on discrepant documents, outstanding payments and payments made at your fingertips.

Loans

At Citi, you can get all the financial products and services your growing company needs. As the leading bank for business, they have the right financial solution for each step of your growth, so when you want to upgrade your facilities or pursue an attractive growth opportunity, availability of finances will be the least of your concerns.

Citi provides you comprehensive lending facilities encompassing:

- Rupee Loans
- Foreign Currency Loans
- External Commercial Borrowings

Citi led the financing facility in Tata Steel's \$8 billion acquisition of Corus. When you partner with Citi, you can expect best-in-class financing solutions.

Large Balance Sheet

Citi has the edge when it comes to the sheer size of our balance sheet. Leverage the power of Citi's balance sheet capabilities to structure a financing solution. Products developed are based on specific customer needs and are often developed in partnership mode along with our customers.

Structuring Capability

Citi brings to you superior structuring capabilities. Our domain experts will spend time to understand your financial landscape and the structuring requirements for finance. Bank on us to provide you with loans in a currency, tenor, and interest rate (fixed or floating) to suit your requirement.

Global footprint

Leverage our expertise and local market knowledge spanning more than 100 countries across the globe to get optimal financing solutions to meet your specific business needs. They seek to provide our customers the best of local knowledge and international experience.

Custody Services

Citi is a leading provider of global custody services with over \$5 trillion of assets under custody and over 1,600 customers worldwide. Our services enable clients to effectively manage the administration of their global investments via a network that covers over 80 markets and 95% of the world's market capitalization.

CitiDirect Custody and Clearing delivers the highest standards of technology and processes, as well as a level of expertise, quality and consistency that is unmatched. Additionally, the market knowledge and relationships created by such a widespread local presence enable Citi to develop new industry solutions and help lead the process of change in the securities marketplace.

- Scalable Trade Settlement with highest levels of Straight-Through Processing (STP)
- Full Investment Support that includes:
 - Comprehensive support for subscriptions to Initial Public Offerings (IPO)
 - Processing of instructions to exercise warrants
 - Support for subscriptions to mutual funds, money market funds, listed open-end and exchange-traded funds
 - Full support for all exchange traded derivatives transactions, providing fully automated transaction flow, margin, and position monitoring enabling a seamless movement of margins
 - Robust corporate actions functionality, leveraging Citi system enhancements
 - Local custodian for American Depositary Receipts (ADR) and Global Depositary Receipts (GDR)
- Proxy Voting Services leveraging our branch network in India:
 - Careful monitoring of announcement sources
 - Timely and accurate notification of agenda items
 - Facilitation of voting at general meetings
 - Confirmation that votes have been submitted
 - Providing a summary of meeting results

- **Market Information**

They can blend traditional global custody services with domestic direct custody access to markets, to meet your comprehensive and most complex custodial needs, including:

- o **Safekeeping and settlement:**

Our high STP rates ensure that your trades settle with a minimum of manual intervention.

- o **Income processing and corporate actions:**

They provide information to help you manage your cash assets effectively and maximize your investment returns.

- o **Record keeping and reporting:**

Our reports give you critical information on your securities and cash positions, along with transaction status.

- o **Direct electronic interface:**

They have direct interfaces into central depository systems and through CitiDirect® for Securities, our Web-based platform for custody and clearing clients.

- o **Technological sophistication:**

They deliver an advanced IT infrastructure, processing technologies and rigorous operational controls.

Competitive pricing and best Forex deadlines

They can execute Forex transactions in 306 currency pairs with innovative pricing solutions, using the RBI benchmark rate for pricing deals. They offer you a dedicated Forex desk with extended coverage time [8:00 AM to 9:30 PM IST] with a capability to quote cash [same day value deals] even post local cut off time [i.e., 11 AM India time] by using Citi's prop book.

2.8.2 Cost of funds & Pricing:

Cost of funds depend on

- Internal Ratings
- External Ratings
- Quantum & Relationship of Business
- Amount of loan
- Long & Short term tenure of loan
- Risk Perception
- Relationship

2.9 ICICI Bank

ICICI Bank Limited is an Indian diversified financial services company headquartered in Mumbai, Maharashtra. It is the second largest bank in India by assets and third largest by market capitalization. It offers a wide range of banking products and financial services to corporate and retail customers through a variety of delivery channels and through its specialized subsidiaries in the areas of investment banking, life and non-life insurance, venture capital and asset management. The Bank has a network of 2,630 branches and 8,003 ATM's in India, and has a presence in 19 countries, including India.

The bank has subsidiaries in the United Kingdom, Russia, and Canada; branches in United States, Singapore, Bahrain, Hong Kong, Sri Lanka, Qatar and Dubai International Finance Centre; and representative offices in United Arab Emirates, China, South Africa, Bangladesh, Thailand, Malaysia and Indonesia. The company's UK subsidiary has established branches in Belgium and Germany.

2.9.1 Products

Cash Management Services Overview

ICICI Bank's Cash Management Services offer a full range of receivable and payable services to meet your complex cash management needs. Payments received from your dealers/ distributors and made to your suppliers are efficiently processed to optimise your cash flow position and to ensure effective management of the operations of your business.

ICICI Bank provides a gamut of products and services, ensuring that all the business requirements of the corporations are met under one roof. Further, ICICI Bank constantly innovates and improves its product offerings in order to improve client servicing.

Collection Solutions

ICICI Bank offers a wide range of collection products to meet the specific requirements of the clients like local cheque collections, upcountry cheque collections, cash collections and electronic collections. With a wide network, customised MIS and multiple channels for delivery of MIS, ICICI Bank renders quick and effective management of receivables.

Payments

The payment solutions offered by ICICI Bank include bulk disbursement solutions for making payments to channel partners through multiple modes, Payable at Par solutions for payment of dividend, interest or for redemption and Internet-based cheque writing facility for printing of cheques at your own premises.

Key Benefits:

- Widest network across India
- Comprehensive range of CMS products
- Strong logistics support
- Advanced technology support and a highly competent team
- Dedicated and trained Customer Care
- Ensuring timely deposit of collections
- Timely execution of disbursement request

Trade Services

ICICI Bank offers a wide range of trade services designed to meet a range of short term to medium term trade financing requirements so that your company can seize new business opportunities whenever they arise. Customers can benefit from

our streamlined processes based on a sound technological backbone that are designed to provide best in class service levels, and reduce the hassles associated with trade transactions. Whether you are an importer or exporter, our correspondent network of over 900 foreign banks, and foreign currency Nostro accounts in 21 currencies will ensure that They meet all your international / domestic trade requirements.

ICICI Bank customers experience fewer delays in receiving payment, require less effort in locating collection information details, gain increased control over foreign receivables and experience improved cash flows. With our expertise and experience, They can also structure and customise solutions to meet your specific requirements

ICICI Bank offers innovative FX services and products to its clients, based on its client's unique requirements by not only incorporating the best practices followed globally but also by leveraging technology to deliver bespoke solutions and user-friendly experience.

Forex Desk

At ICICI Bank, They offer our clients customised hedging and trading solutions, evaluating their business strategically across markets and time zones through dedicated forex Relationship Managers.

Remittances Through FX Channels

Getting the right rates at the right time is the key determiner of profitability in Forex transactions. ICICI Bank offers the advantage of seamless execution and market making through a range of channels for your remittance requirements, thus enhancing the client's decision-making capability.

Collateralised Trading Service

Their services are offered both online and offline, through a variety of technological innovations, designed to offer transparency and convenience to end-users.

Treasury Research

The customers are also provided with regular market updates, both quantitative as well as qualitative research on topics related to macroeconomics and financial markets.

Derivatives Desk

At ICICI Bank, the clients have the advantage of competitive pricing, one of the largest USD/INR options book in India and market making in rates of interest and currency derivatives in all G7 currencies.

Structured Products

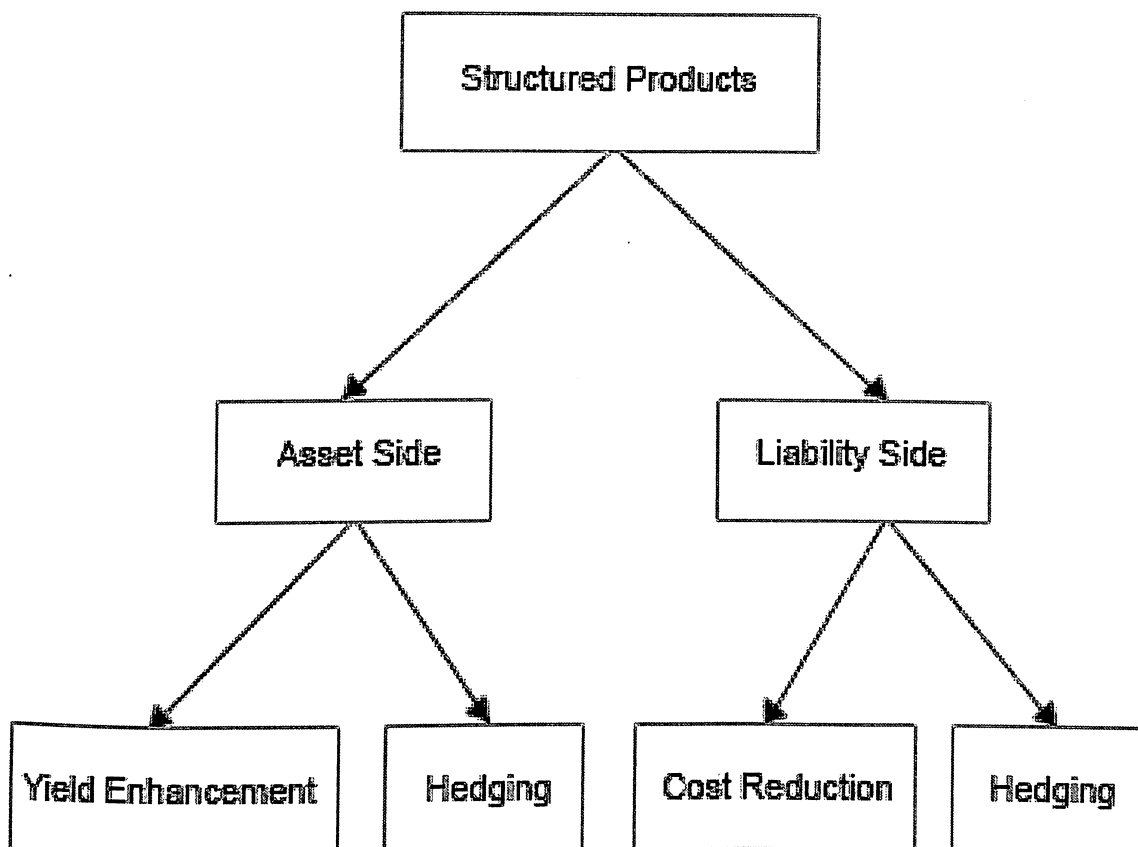
ICICI Bank has been a pioneer among Indian banks in offering structured products to corporates, institutions and private banking clients. Such structured products may be customized to offer a tailor-made exposure to a specific asset class, viz. interest rates, currency, equity, credit or a combination of any of the above. These products are available at our IBG Locations.

Precious Metals Business

In Precious Metals Business, physical bullion is imported from International Bullion Supplier (IBS) on consignment basis and sold to local jewelers on spot basis.

Structured Products for Corporates

Structured products are normally offered to corporate clients in the form of swaps, where the clients can choose from an array of products to suit his needs. The interest rate linked products fall into one of the two categories - Asset side and Liability side. On the Asset side, the client has an asset that produces regular interest payments (floating or fixed). On the Liability side the client has a floating or fixed rate liability.



Broadly, there are various kinds of structured products that a client may do based on his underlying requirements and views about the asset class:

- Cost reduction products
- Yield enhancement
- Hedging products

A structured product can also be offered as a combination of any of the above categories

FX Linked Products:

ICICI Bank also offers FX linked products to its offshore GMG clients who want to hedge their currency related exposures or trade on currencies based on their views. The common products offered by ICICI Bank include Range Accruals, Options etc. with currencies as underlying.

Project Finance is one of the key focus areas for ICICI Bank. The Project Finance Group has institutionalized capabilities to successfully manage the unique and multidimensional process of project finance transactions led by customized project structuring approach.

The group has been the sole lead arranger and underwriter of a significant amount of project debt over the years. In the Indian project finance domain, the group enjoys a leadership position and is acknowledged for its comprehensive domain expertise and knowledge in the infrastructure, manufacturing and mining sectors, having ensured timely financial closure of several big ticket projects.

A brief overview of the major sectors covered by the group is given below:

- **Power:** ICICI Bank is the first Indian bank to finance large hydro-power projects and has been the lead arranger towards funding of a number of thermal power plants being set-up by large infrastructure developers.
- **Roads:** The Infrastructure sector is a priority for the Bank. The group has ensured the Bank's participation as lead arranger for a number of road projects and has financed the first project for modernizing state border check posts.
- **Ports / Airports:** ICICI Bank has provided assistance to a number of container & liquid port terminals. The Bank has been credited for being a lead arranger for first private sector greenfield international airport.
- **Manufacturing & Mining:** The funding requirements of large brown field expansions and green field projects in the manufacturing sector viz. Steel, Aluminium, Cement, Auto, and Hotels have been arranged by the group. In the mining sector, Bank has provided financial assistance to several large conglomerates for overseas mine acquisitions and has funded capex requirements of local miners.
- **Oil & Gas:** ICICI Bank is credited with being a lead arranger for one of the largest refineries in the country and has financed the first oil securitization deal in the country. Additionally, funding of gas pipeline projects remains a key area for bank.

The project finance team of ICICI Bank has also played a key role in assisting the Government of India in formulating policies relating to various segments of the

infrastructure sector. This helps ICICI Bank to provide optimum solutions to its clients with an appropriate decision support for strategic measures in future.

Service offerings:

PFG provide a wide range of services including the following:

- Rupee term loans
- Foreign currency term loans
- External Commercial Borrowings
- Export Credit Agency backed long term debt
- Lines of credit from different multilateral institutions
- Non fund based facilities like Letter of Credit, Bank Guarantee, Supplier's Credit, Buyer's Credit etc.
- Subordinated debt and mezzanine financing

2.9.2 Cost of funds & Pricing:

Cost of funds depend on

- Internal Ratings
- External Ratings
- Quantum & Relationship of Business
- Amount of loan
- Long & Short term tenure of loan
- Risk Perception
- Relationship

3 Size & Share of the Market:

Based on the data collected from various banks and also from the reports received from RBI and details collected from lead banking group of IOB the lead bank of Tamil Nadu, it has been identified that the loans offered to the Large Corporates(Companies with loan greater than 500 crores) in Tamil Nadu is approximately 22,000 crores as on 31st Mar 2012.

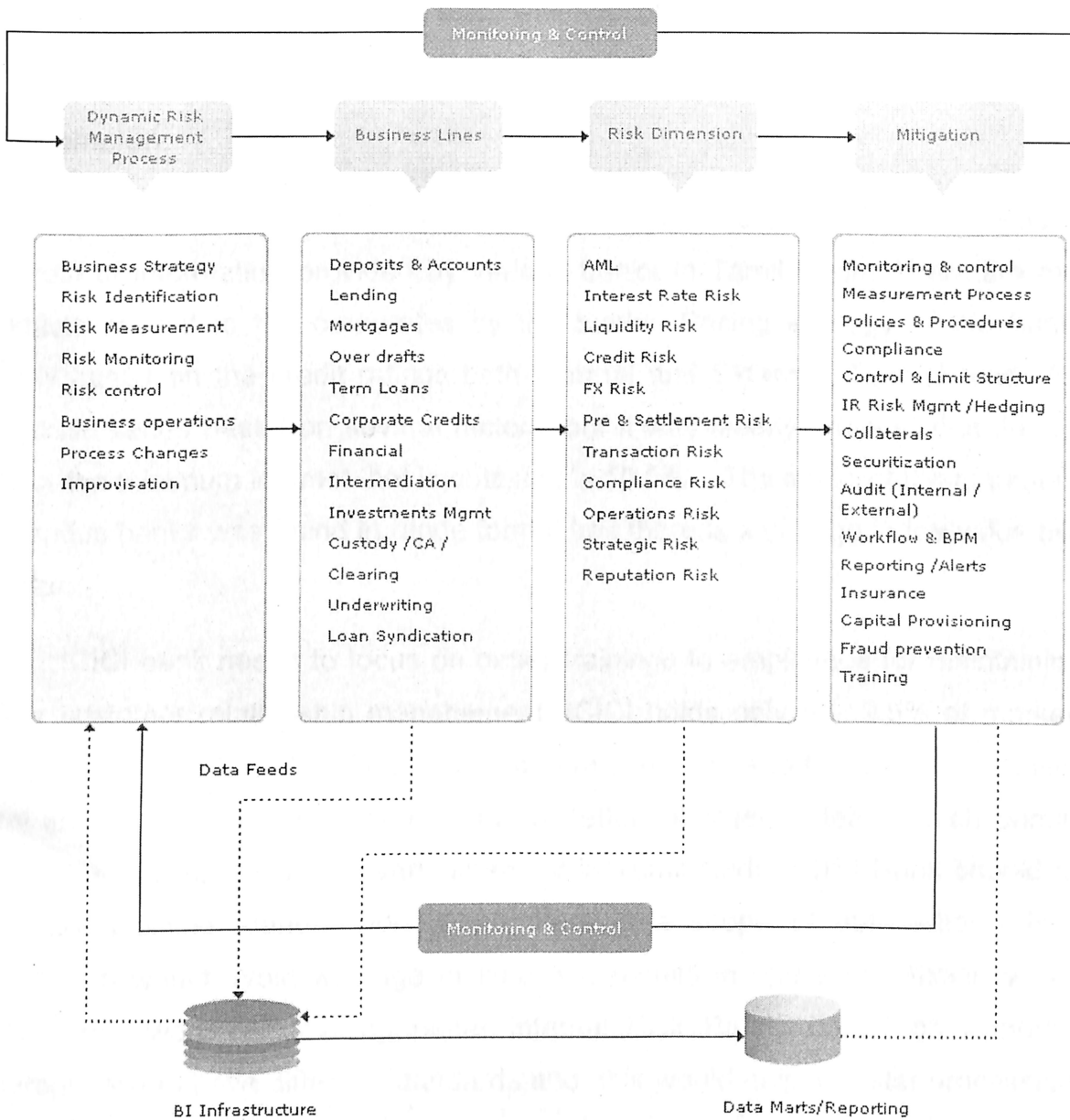
The share of market held by each bank is given below

Bank Name	% share held
State Bank of India	22-23
Indian Overseas Bank	12-13
Indian Bank	11-12
IDBI Bank	4-5
HDFC Bank	5-6
Axis Bank	4-5
Union Bank of India	3-3.5
Citi Bank	4-4.5
ICICI Bank	8-9.5
Canara Bank	8-10
Others	13-18

4. Risk Management

Indian Banks have been making great advancements in terms of progress in terms of technology, quality, quantity as well as stability such that they have started to expand and diversify at a rapid rate. However, such expansion brings these banks into the context of risk especially at the onset of increasing Globalization and Liberalization. In banks and other financial institution risk plays a major part in the earnings of a bank. Higher the risk, higher is the return, hence, it is most essential to maintain a parity between risk and return. Most of the banks in Tamil Nadu consider the Internal and external rating for an Organization as a primary strategy for providing loans. Apart from this the following risk management architecture is followed.

Risk Management Landscape



5. Recommendations:

- Promote Automation avoid manual work.
- Reduce time taken for processing loans.
- Proper training for employees in finding new clients.
- Focus on Customizing Products.
- Focus more on the Corporates in rural areas.

- Internal Risk rating models based on different sectors.
- Device a better intelligence team which focuses on the happenings in various sectors.

6.Conclusion:

This project focusing on the loans given to the corporates was completed with the help of information provided by various banks in Tamil Nadu. There are many products offered to the corporates by the banks. Pricing strategy of the bank is mainly based on the credit ratings both Internal and External. Cost of funds for a corporate varies based on several factors, but it was clearly eminent that the base rate or the minimum interest that is obtained is 10.5% . The share of the market held by various banks was found in range format has there is a change in the value every quarter.

ICICI bank needs to focus on better trainings to employees for maintaining a better customer relationship management. ICICI holds only 8 – 9.5% of market in Tamil Nadu, if it has to have better share of market, it has to focus on companies in rural areas, device better products and a better intelligence team which primarily focuses on the happening of various sector in Tamil Nadu. ICICI Bank should also work on avoiding manual work when there is a scope of automation. Use of automation would avoid wastage of time and results in operation efficiency. ICICI should also work on devising better Internal Risk Rating based on sectors as different sectors have different standards and this would help in faster processing of loans

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4. SBI – Mr. S.Kalyan Ram AGM &Mr. TVS Ramana Rao DGM, Parrys Corner.
5. IOB – Mr. Lakshmi Narasimham AGM, T.Nagar& Lead Banking Group.
6. IB – Mr. V. A Prashanth AGM, Ambattur Estate.

7. Axis Bank – Ms.Uma Maheshwari AGM T.nagar.
8. HDFC – Mr. Ramkumar Shanmugam AGM, T.nagar.
9. Citi Bank – Mr. Ravi Shankar AGM, T.nagar.
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