



3. RESOURCE/BORROWING POLICY

Contents

3. RESOURCE/BORROWING POLICY.....	1
3.1 Objectives:.....	1
3.2 Borrowing Requirement.....	1
3.3 Approval Process	2
3.4 Process of Evaluation:	3

3.1 Objectives:

The policy is framed with the following objectives: -

1. Effectively choose from the available sources of Finance available based on the borrowing requirement.
2. Evaluation of various sources of funds.
3. Reporting the repayment requirements to ensure prompt repayment of Borrowings
4. Accounting for Borrowings, recognition of interest expense and repayment
5. Ensure adherence to compliance mechanism

3.2 Borrowing Requirement

TIDCO's fund requirement is met through internal accruals and government loans provided for a specific purpose. The terms and conditions of such loans are determined by the government.

The Board is authorized to raise resources by way of long/medium/short term loan from Government/Banks/financial institutions/others. The Board may take decisions regarding raising resources and finalize the terms including form of borrowing, quantum



of borrowing, timing of issue, issue price, rate of interest, front end fees, repayment period, appointment of managers, brokers and other intermediaries, brokerage and other charges or any other related term or condition regarding the borrowings or upon delegation by Board aforementioned decisions may be taken by Chairperson & Managing Director.

When borrowing funds from non-government sources, the following factors have to be taken into account:

- (1) Mobilization of funds has to be as per the budget and TIDCO's requirements.
- (2) Exploring different avenues of financing and choosing the best possible source available must be akin to the needs of the TIDCO.
- (3) Continuous research and analysis of changes in interest rate scenario and restructuring liabilities accordingly must be done in order to reduce cost of borrowings in best possible manner.
- (4) Developing and strengthening the relationship with lenders and investors.
- (5) Timely and smooth servicing of the debt.

3.3 Approval Process

Based on the borrowing requirement, a proposal shall be submitted to the board of directors with a justification on the need for funds, available alternatives, repayment arrangements, interest rates, security required for the borrowing etc.

The Board, based on the requirement submitted by the top management shall approve the party, amount and other conditions that may be negotiated for the borrowings with the lender.



Borrowings from the Government shall be as per the Government directions.

3.4 Process of Evaluation:

1. Based on facts and circumstances of each borrowing requirement, the Board may evaluate the Borrowing alternatives based on
 - a) Amount of Borrowings
 - b) Interest Cost
 - c) Security required to be provided
 - d) Tenure of loan
 - e) Other commercial commitments required
 - f) RBI and other regulatory requirements
 - g) Debt servicing obligations and projected cash flows.

(The policy will be reviewed every three years or as and when there are changes in RBI guidelines, whichever is earlier.)