



1. LOAN POLICY

Table of Contents

1.	LOAN POLICY	1
1.1	Objective.....	1
1.2	Loans to promote industries	1
1.3	Rate of Interest.....	2
1.4	Repayment of loan and repayment period.....	2

1.1 Objective

The objective of the policy is to ensure loans are granted by TIDCO in alignment with its developmental objectives and ensure loans are disbursed only to eligible borrowers after a thorough evaluation of the project and commercial terms. The policy also provides a framework within which TIDCO is to operate its business of financing while providing flexibility to be responsive to market demands.

1.2 Loans to promote industries

TIDCO is the prime development agency of the Government of Tamil Nadu, endeavors to achieve industrial growth in the state through Joint ventures in association with Private Sector, Corporate and Entrepreneurs.

TIDCO was incorporated with the objective of promoting industries and achieving industrial development in the state of Tamil Nadu. The primary activity of TIDCO is to invest in projects that enable achievement of this objective. However, on a case-to-case basis TIDCO shall consider and give loans to companies if it serves the larger purpose of industrial development or when directed by the government. The quantum of loan, tenure, and terms of the loan is decided by the Board in accordance with the Memorandum of Association, requirements of Company's act and other regulatory requirements. The sanctioning of the loan will be as per approval of TIDCO Board and as per guidelines of Government.

Each project/investment is to be technically, physically, financially and economically viable which may have to be proved by the borrowing



agency with required facts and figures before posing the projects for financial assistance.

Each project/investment would be evaluated on the following parameters:

- a) Viability of the project/repaying ability of the borrower
- b) Socio-economic impact of the project
- c) Market conditions of borrowers' business line
- d) Rate of interest in relation to prevailing market rates
- e) Amount of loan and exposure limits
- f) Security/collateral offered, if any
- g) Credit history and rating of the borrower if applicable and
- h) Repayment terms

1.3 Rate of Interest

The rates of interest for the loan sanctioned will be fixed based on the prevailing market standards or by methodology adopted by the board or as per the government order. The Board is empowered to change the lending rate based on the cost of funds available to the Corporation and depending upon the prevalent market conditions.

1.4 Repayment of loan and repayment period

The Board is authorized to finalize/amend repayment schedule and repayment period on a case-to-case basis.

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