



**TAMILNADU URBAN FINANCE AND  
INFRASTRUCTURE DEVELOPMENT CORPORATION  
LIMITED**

***BORROWING, LOAN & INVESTMENT POLICY***

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## **1. INTRODUCTION**

Tamil Nadu Urban Finance and Infrastructure Development Corporation Limited (hereinafter referred as 'TUFIDCO/Company') was incorporated in the year 1990 with an objective to provide financial assistance by way of loans and advances to the local bodies and Corporations for infrastructure developments. TUFIDCO is registered with the Reserve Bank of India ('RBI') as a Deposit taking Non-Banking Finance Company. This Borrowing, Loan & Investment Policy aims at laying down guidelines for business operations of the company.

## **2. APPLICABILITY AND AMENDMENTS**

This Borrowing, Loan & Investment Policy will be effective on TUFIDCO from the date of approval of Board and in the form as approved by the Board. Any change in the Policy, by way of additions and amendments, if required due to change in statutory laws or changes directed by RBI or change in accounting standards, shall be implemented immediately with a report to the Board of Directors, subsequently. Any amendment in the Policy shall be implemented after approval of the Board of Directors. The policy may be reviewed by the Board as and when necessary.

## **3. STATUTORY COMPLIANCES**

### **3.1 RBI Compliance:**

TUFIDCO, being deposit taking Non-Banking Financial Company comes under the ambit of RBI Guidelines as issued/amended from time to time by RBI. TUFIDCO will adhere to the guidelines/directions as issued by RBI in this regard.

### **3.2 Other Compliances:**

- (i) Accounting:** Accounting Standards and Guidance Notes issued by the Institute of Chartered Accountants of India shall be followed in so far as not inconsistent with any of RBI Directions. Directions issued by Ministry of Corporate Affairs will also be followed.
- (ii) Submission of Information:** Necessary Information as required by RBI or any other statutory body will be submitted in prescribed forms and defined periodicity or as and when required.

- (iii) **Compliance of directions:** TUFIDCO will comply with directions of regulator or authority including Government of India, Government of Tamilnadu, RBI, SEBI.

#### **4. BORROWING**

Company needs mobilization of funds to smoothly run the business of the organization. Mobilization of funds involves not only include arrangement of funds but also to find the most viable and cost effective source of finance. The functions will include the following:

- (1) Mobilization of funds as per the budget and company's requirements.
- (2) Exploring different avenues of financing and choosing the best possible source available akin to the needs of the organization.
- (3) Continuous research and analysis of changes in interest rate scenario and restructure liabilities accordingly and reducing 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.

Company is authorized to raise resources by way of long/medium/short term loan from 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 Chairman & Managing Director.

#### **5. LOAN**

**5.1** TUFIDCO was incorporated with an objective to provide financial assistance for infrastructure development. The Board may approve lending for the projects in accordance with its objects as mentioned in Memorandum of Association of the company.

## **5.2 Feasibility**

Each project 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.

## **5.3 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. 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.

## **5.4 Repayment of loan and repayment period:**

The Board is authorized to finalize/amend repayment schedule and repayment period from case to case basis.

## **5.5 Adherence to Tamilnadu Infrastructure Funding Scheme (TIFS) Guidelines:**

TIFS Guidelines as approved by the Board from time to time shall be adhered while approving financial assistance under TIFS.

# **6. INVESTMENT**

## **6.1 Investment Objectives**

- (i) **Safety:** Safety of principal is the foremost objective of the investment program. Investments will be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. The idea of safety is to mitigate credit risk, interest rate risk.
- (ii) **Liquidity:** The investment portfolio shall remain sufficiently liquid to meet all operating Requirements that may be reasonably anticipated. This will be accomplished by structuring the portfolio so that investment mature concurrent with cash needs to meet anticipated demands. Furthermore, since all

possible cash demands cannot be anticipated, the portfolio may consist largely of fixed deposits/term deposits.

**(iii) Yield:** The investment portfolio shall be managed with the objective of attaining a competitive rate of return given the constraints of the aforementioned safety and liquidity objectives. To ensure long-term objectives are met, investment shall not be sold/closed prior to maturity except to meet liquidity requirement or to safeguard principal due to declining return.

**6.2 Fixed Deposits:** Company can invest in Fixed/Term deposits issued by scheduled commercial banks, Public Financial Institution notified u/s 2(72) of the Companies Act 2013 and Public Sector Undertakings (Central Government/State Government).

**6.3 Equity Shares/Preference Shares:** Investment in equity/preference shares by TUFIDCO can be broadly divided into following categories:

(i) **Project related investments:** This may consist of investment in equity/preference shares of industrial concerns acquired as a part of project financing operations by way of direct subscription, conversion of loan/interest, rights shares and any other mode of acquisition, relating to the project.

(ii) **Other investments:** Company may invest in equity/preference shares after detailed appraisal, fundamental and technical analysis.. The Board of Directors will take investment decisions in this regard based on the directions or recommendation of Government of Tamilnadu

**6.4 Government Securities (G-Secs):** Company may invest in G-Secs on the direction or recommendation of Government of Tamilnadu.

## **7. STANDARDS OF CARE**

Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs. TUFIDCO recognizes that no investment is totally free from risk and that occasional measured losses are inevitable and will be considered within the context of the

overall portfolio's return.

## **8. CLASSIFICATION OF INVESTMENTS**

The investments, the Company will hold will be treated as assets of the Company made for the purpose of providing cash collateral. However, such investments should earn income for the Company by way of dividends, interest and/or capital appreciation. The investments of TUFIDCO will be classified in accordance with prescribed accounting standards.

## **9. EXCEPTION**

Any investment currently held that does not meet the guidelines of this policy shall be exempt from the requirements of this policy. At maturity or liquidation, such monies shall be reinvested only as provided by this policy.