



EDC LIMITED

A Government of Goa Undertaking

**FAIR PRACTICE CODE
(FPC)**

SUMMARY OF POLICY:

Policy Name	FAIR PRACTICE CODE (FPC)
Issue and Effective date	20.08.2013
Periodicity of Review	As decided by the Board of EDC
Owner/Contact	Resources Department
Approver	Board of Directors(337 th Board Meeting dated 20.08.2013) Amended in 405 th Board Meeting dated 25/09/2025

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Fair Practice Code (FPC)

The Fair Practice Code, as adopted herein below, is in conformity with the Guidelines on Fair Practice Code for NBFCs as contained in the Reserve Bank of India (RBI)'s Master Direction Circular No.RBI/DoR/2023-24/105DoR.FIN.REC. No.45/03.10.119/2023-24 dated October 19th2023 (updated as on November 10th 2023. All communications to the borrower shall generally be in English.

The key elements of Fair Practices Code are as follows:

1. Applications for loans and their processing

Loan application form along-with the schemes pertaining to various loan products are made available on EDC's website for downloading by the applicant. Any changes in the loan products or introduction of new products are updated on the website on a regular basis.

The borrower will call on the Loans Department for preliminary discussions to brief their project and to understand the requirements to be completed for availing the loan. During this meeting, the applicant will be briefed about the details of additional information/particulars that maybe required to process the application. The loan application form shall indicate the documents required to be submitted with the application form. Depending on the type and quantum of the assistance sought, the approximate time for processing (which will be around 4 to 6 weeks on receipt of complete information.) will be indicated to the borrower. The loan applications along with processing fees received will be acknowledged.

2. Loan appraisal and terms/conditions

In accordance with EDC's credit policy norms and risk based assessment procedures, each loan application will be appraised after carrying out proper due diligence.

The standard terms and conditions will be discussed with the borrower. These mutually discussed terms and conditions will be put up to the sanctioning authority. Any modifications /additions/deletions indicated by the sanctioning authority will be communicated to the borrower in the sanction letter. The sanction letter shall communicate the amount of loan sanctioned, Special Terms and Conditions, General terms and conditions and the Key Facts Statement. The Corporation shall proceed further on acceptance of terms and conditions by the

borrower. The legal documentation will then be initiated. A copy of loan agreement is generally made available to the borrower on execution of the documents.

3. Penal Charges in Loan Accounts

- a) Penalty, if charged, for non-compliance of material terms and conditions of loan contract by the borrower shall be treated as 'penal charges' and shall not be levied in the form of 'penal interest' that is added to the rate of interest charged on the advances. There shall be no capitalization of penal charges i.e., no further interest computed on such charges. However, this will not affect the normal procedures for compounding of interest in the loan account.
- b) EDC shall not introduce any additional component to the rate of interest and ensure compliance to RBI Guidelines on Fair Practice Code in both letter and spirit.
- c) The quantum of penal charges shall be reasonable and commensurate with the non-compliance of material terms and conditions of loan contract without being discriminatory within a particular loan / product category.
- d) The penal charges in case of loans sanctioned to 'individual borrowers, for purposes other than business, shall not be higher than the penal charges applicable to non-individual borrowers for similar non-compliance of material terms and conditions.
- e) The quantum and reason for penal charges shall be clearly disclosed by EDC to the customers in the loan agreement and most important terms & conditions / Key Fact Statement (KFS) as applicable, in addition to being displayed on the EDC's website under the policy of Interest Rate & Charges.
- f) Whenever reminders for non-compliance of material terms and conditions of loan are sent to borrowers, the applicable penal charges shall be communicated. Further, any instance of levy of penal charges and the reason therefore shall also be communicated.

4. Disbursement of loans including changes in terms and conditions

- a) The detailed disbursement procedure is made available to the borrower along with the sanction letter.
- b) On execution of loan documents and compliance of conditions governing such sanction, the disbursement is made in accordance with the eligibility and the withdrawal schedule indicated by the borrower.

- c) Any change in the terms and conditions including interest rates, tenure, prepayment charges, changes in security etc. is informed individually to the borrowers.
- d) Changes in interest rates and other charges are effected prospectively, and informed to borrower suitably.
- e) Decision to recall / accelerate payment or performance under the agreement will be in accordance with the loan agreement.
- f) The Company will release all securities on repayment of all dues or on realisation of the outstanding amount of loan subject to any legitimate right or lien for any other claim the Company may have against borrower. If such right of set off is to be exercised, the borrower will be given notice about the same with full particulars about the remaining claims and the conditions under which the Company is entitled to retain the securities till the relevant claim is settled/paid.

5. Post Disbursement Monitoring

The borrower will be required to submit a progress report on Monthly / Quarterly basis. Monitoring the performance of the borrower will be based on these progress reports or through visits or through appointment of 'Nominee Director/Observer/Special Invitee as per the covenants of the loan agreement. Decisions to recall /accelerate repayment will be taken as per the covenants of the loan agreement.

Attachment/Possession and Auction of mortgaged/hypothecated assets is as per the approved procedure and guidelines followed by the Corporation. All securities will be released on repayment of all the dues or on realization of the outstanding amount of loan subject to any legitimate right or lien for any other claim against the borrower. If such right of set off is to be exercised, the borrower will be given prior notice about the same with full particulars about the remaining claims and the conditions.

EDC will ensure that all the information provided by its borrowers is treated as strictly "private and confidential" and will not provide the same to anyone other than the following exceptions:

1. Information given to as demanded by law.
2. In the interest of the company in the cases of frauds etc.
3. With consent/instructions of the borrowers.

The EDC will not use the information of borrowers for marketing purpose without the specific authority from its borrower.

6. Responsible Lending Conduct -Release of immovable property documents

- i. EDC shall release all the original immovable property documents and remove charges registered with any registry within a period of 30 days after full repayment/settlement of the loan account based on the request made by the borrower.
- ii. In case of failure to release the documents before 30 days, a sum of Rs.5000/- for each day of delay shall be paid by EDC. In case of loss/damage to original immovable property documents, either in part or in full, EDC shall assist the borrower in obtaining duplicate/certified copies of the immovable property documents and shall bear the associated costs, in addition to paying compensation as indicated above. However, in such cases, delayed period penalty will be calculated after 60 days. The above is without prejudice to the right of Borrower as per applicable law.
- iii. The Borrowers shall collect the original immovable property documents from the legal department at EDC House, Panaji, Goa.
- iv. In the event of demise of the Borrowers or Joint Borrowers, the legal heirs of such Borrowers alone shall be entitled to claim/ collecting the original immovable property documents from EDC. In such instance, all legal heirs of such Borrower should be physically present in the Legal Department for collecting the original immovable property documents, if all legal heirs of the borrowers are unable to visit the legal department, an authorization letter in favour of any one of the legal heir to be produced.
- v. If one or more legal heirs are minors, the natural guardian or the court appointed guardian should collect the documents on behalf of the said minor legal heirs.
- vi. The following documents are accepted as valid proof of death and legal heirs of the deceased.
 - Death certificate of the title holder issued by respective municipalities
 - Legal Heir certificate issued by Revenue authorities / Thasildar/Mamlatdar or

- Succession Certificate issued by a jurisdictional court or
- Letter of Administration
- Magistrate/ District Civil court endorsement on an affidavit detailing the legal heirs
- In the event of a dispute among the legal heirs, a court issued Succession Certificate/Letter of Administration alone will be accepted as authenticated proof of legal heirs.

7. Grievance Redressal Mechanism

The Board of Directors of EDC has laid down a detailed Grievance Redressal Policy which covers the process of Grievance Redressal, the details of Grievance Redressal Officers, Principle Nodal Officers and RBI Ombudsman. This Grievance Redressal Policy and the mechanism is displayed on the EDC website.

8. Repossession of vehicles financed by EDC

EDC shall include a built-in re-possession clause in the loan agreement with the borrower which will be legally enforceable. To ensure transparency, the terms and conditions of the loan agreement shall also contain provision regarding:

- i. notice period before taking possession.
- ii. circumstances under which the notice period can be waived;
- iii. the procedure for taking possession of the security;
- iv. a provision regarding final chance to be given to the borrower for repayment of loan before the sale / auction of the property;
- v. the procedure for giving repossession to the borrower, and
- vi. the procedure for sale / auction of the property. A copy of such terms and conditions shall be made available to the borrowers.

9. General

a. EDC would refrain from interference in the affairs of the borrower except for the purposes provided in the terms and conditions of the loan agreement (unless new information, not earlier disclosed by the borrower, has come to our notice)

b. In the matter of recovery of loans, EDC will follow the due process of law.

- c. In case of receipt of request from the Borrower for transfer of Borrowal account, the consent or otherwise i.e. objection of EDC, if any, is generally conveyed to such Borrower within 21 days from the date of receipt of the Borrower's request. Such transfer will be as per transparent contractual terms in consonance with all the applicable laws.
- d. In the matter of recovery of outstanding dues of its Borrower, EDC does not resort to undue harassment viz. persistently bothering the borrowers at odd hours, use of EDC Limited muscle power for recovery of loans/dues, etc. Training will be imparted to ensure that staff is adequately trained to deal with customers in an appropriate manner.
- e. EDC shall also ensure to extend its loan facility to the physically challenged/visually challenged Borrowers and the same shall be trained to all the staffs of EDC as part of module on Rights of Person with Disability which is guaranteed by the Law and International Conventions.
- f. As a measure of customer protection and also in order to bring in uniformity with regards to prepayment of various loans by borrowers of EDC, the Corporation has detailed the foreclosure/prepayment charges as per the policy of Interest Rate and Charges displayed on the website.
- g. EDC has laid down appropriate internal principles and procedures in determining interest rates and processing and other charges. The interest rate charged on various loan schemes of EDC is also detailed in the Policy of Interest Rate and Charges and displayed on the website.
- h. EDC shall place consumer education literature on its websites, explaining with examples, the concepts of date of overdue, SMA and NPA classification and upgradation, with specific reference to day end process with a view to increasing awareness among the borrowers.

10. Force Majeure

The various commitments outlined and made by EDC are applicable under the normal operating environment. In the event of Force Majeure (like act of god, floods, earthquakes, Pandemic & Epidemic), EDC will not be able to fulfill the

commitments under the FPC to the entire satisfaction of the customers and the other stakeholders.

11. Review of the Fair Practice Code

The Board would review the functioning of Fair Practice Code and Grievance Redressal Mechanism on an ongoing basis. A consolidated report of such reviews could be submitted to the Board at regular intervals as maybe prescribed by the Board.
