



EDC LIMITED

A Government of Goa Undertaking

POLICY ON INTEREST RATE AND CHARGES

SUMMARY OF POLICY:

Policy Name	Policy on Interest Rate and Charges
Issue and Effective date	July 2024
Periodicity of Review	Bi Annual (January and July every year)
Owner/Contact	Loan and Resources Department
Approver	Board of Directors (400 th Board Meeting dt.10.07.24)

1. PREAMBLE:

As per Master Direction—Reserve Bank of India (Non-Banking Financial Company—Scale Based Regulation) Directions, 2023 dated October 19, 2023 issued by the Reserve Bank of India (“RBI”) and as updated from time to time (“RBI Master Directions”), the Board of Directors of all Non-Banking Financial Companies (“NBFCs”) shall adopt an interest rate model taking into account relevant factors such as cost of funds, margin and risk premium etc., and determine the rate of interest to be charged for loans and advances. Further, the directive states that the rate of interest and the approach for gradations of risk and rationale for charging different rate of interest to different categories of borrowers shall be disclosed to the borrower or customer in the application form and communicated explicitly in the sanction letter.

Also, as per the RBI Master Directions, 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 interest charged on the advances. There shall be no capitalisation 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.

In view of the same, EDC LTD. (“EDC” or “Corporation”) has formulated this Policy on Interest Rate and Charges (“Policy”).

2. OBJECTIVES OF THE POLICY:

The objective of this Policy is to standardize the methodology used to charge interest rate and charges, for different category of loan schemes of Corporation.

3. INTEREST RATE MODEL:

EDC Ltd extends Term Loans to its customers mainly through floating rate. EDC being a diversified NBFC lends money through various products to cater the needs of different category of customers. The broad categories of customer segments that the Corporation services are mentioned below.

- a. General Term Loan / Mortgage Loan/ Composite Loans for MSME and Industry.
- b. Loans under Chief Ministers Rojgar Yogana- 2023 (CMRY) and Goa Tribals Employment Generation Programme Scheme (GTEGP) for individual Businessman/Entrepreneurs and Scheduled Tribe in the State of Goa.
- c. Construction Loan Scheme for reputed Builders.
- d. Qualified Professional Loans
- e. Personal Loans for Government Employees
- f. Infrastructure Loan to Government and Government Entities/Agencies.

The interest rates offered to customers for above mentioned loans is based on the following factors:

Sr.No.	Factors	Description
1.	Cost of Fund	The borrowing cost of borrowed funds and the opportunity cost of the owned funds, etc.
2.	Minimum Credit Risk Premium (CRP)	To cover the operating/overheads cost like employee expenses, administrative expenses related fixed and variable costs, operations costs, sales and marketing expenses, etc. and the basic credit risk of lending business.
3.	Additional Credit Risk Premium (CRP) Band	To cover the potential credit loss risk which may vary by business, customer segment, geography, sourcing channel etc. This may vary depending upon 'Gradation of Risk' as explained in point 4 and is calculated using the credit rating criteria of the Corporation.

The interest rate to be charged from the borrowers, shall be in the range as mentioned in the **Annexure-1**.

4. APPROACH FOR GRADATION OF RISK:

The additional credit risk premium attached with a customer shall be assessed inter-alia based on the following factors:

- A. Management factors

- a. Education
 - b. Technical work expertise
 - c. Business expertise
 - d. Existing Annual Profit (cash profit) of Applicant
 - e. Associate concerns profitability (cash profit)
 - f. CIBIL/Bank Report of Applicant
- B. Industry and unit risk factors
- a. Industry cycle
 - b. Saturation of similar units
 - c. Marketing arrangements
- C. Financial and other risk factors
- a. Debt equity ratio
 - b. Debt service coverage ratio
 - c. Value of principal/ additional/ Collateral security offered (% of loan amount)
 - d. Margin on security
 - e. CIBIL Transunion score of Promoters/Management (Average)
 - f. Net worth of the Promoters/ Major Shareholders (% of Proposed Debt)
- D. Operational experience/ Record (repayments, waivers)
- a. Repayment punctuality as per original schedule
 - b. Waivers / reschedulements availed during currency of last loan
- E. Operational experience (EDC)
- a. Submission of financial statements/Insurance
 - b. Unit observed to be in operation during visits

5. OVERDUE CHARGES AND LATE PAYMENT FEES:

The Corporation may collect overdue charges for any delay or default in making payments of any dues. These charges for different products or facilities/loan schemes would be decided by

the Corporation from time to time. The overdue charges are a daily charge applied from due date till date of payment.

The overdue charges levied by the Corporation on the borrower is provided in ***Annexure-2***.

6. PRE-CLOSURE/ PRE-PAYMENT CHARGES:

The Corporation may, at its sole discretion, allow the prepayment of the loan amount subject to certain conditions and on payment of charges by the customer. The pre-closure charges charged from the borrowers by the Corporation is provided in ***Annexure-2***.

7. OTHER FEES / CHARGES:

- The Corporation generally charges a fee on the loan amount depending on category of loan and risk associated in the form of non-refundable loan processing fees etc. The fees/charges charged by the Corporation to the Customer is provided in ***Annexure-2***.
- All other fees/charges for cases where EDC LTD. is involved shall be set out in the sanction/engagement letter issued to the borrowers/customers.

8. PROCEDURAL ASPECTS:

EDC Ltd. shall communicate to the borrower/customer:

- a) The amount of loan sanctioned along with the special and general terms and conditions as applicable and other terms governing the credit/loan. The sanction letter shall clearly mention the rate of interest on the loan.
- b) Interest on such loans, as stipulated shall be payable either at monthly or on quarterly basis, at the time of sanctioning the loan. The sanction letter shall mention the repayment schedule of the principal loan amount.
- c) Details of the default interest/overdue charges and the other charges payable by the customers in relation to their loan account and method of application thereof and (overdue charges for late repayment of loan would be mentioned in the loan agreement),
- d) In case of any change in any of the terms and conditions / any information which is relevant from the point of view of the transaction (including rate of interest), the same shall be conveyed to the customer as an addendum / additional annexure to the

agreement/term sheet. However, all the relevant formalities (e.g., further legal documentation, intimation to customer, certification of EDC officials etc.) relating to such change shall be documented and a copy of the same shall also be sent to the customer. The same may be communicated through electronic media or any other form of communication by EDC.

- e) EDC shall also ensure that changes in interest rates and charges are affected only prospectively.

9. CONTENT ON THE WEBSITE:

Interest Rate Policy would be uploaded on the website of the Corporation and any change in the rates and charges for existing customers would be uploaded on the website of the Corporation from time to time.

10. EMPLOYEES LOAN:

The loan provided to the employees of the Corporation are governed by the Internal policies of the Corporation.

11. DEVIATION IN THE PROVISION OF THE POLICIES:

There can be a deviation in the provisions of this policy. The deviation is effective only if it is approved in the manner as specified in the ***Annexure-3***.

12. REVIEW OF THE POLICY:

The Policy shall be amended or modified with approval of the Board. The Policy shall be reviewed by the Board on an annual basis. Consequent upon any amendments in RBI guidelines or any change in the position of the Company, necessary changes in this Policy shall be incorporated and approved by the Board.

Not with standing anything contained in this Policy, in case of any contradiction of the provision of this Policy with any existing legislations, rules, regulations, laws or modification thereof or enactment of a new applicable law, the provisions under such law, legislation, rules, regulation or enactment shall prevail over this Policy.

INTEREST RATE MODEL

A. TERM LOANS

New Sanctions Term Loans – (with effect from 01.01.2024):

- The lending rate shall be floating and linked to prevailing RBI Repo Rate (currently 5.25% p.a.)
- The Repo Rate plus the Minimum Credit Risk Premium (CRP) shall be called **EDC Base Rate**
- The lending rate would be EDC Base Rate plus Additional CRP as calculated using the EDC Modified Credit Rating Criteria
- The minimum CRP, the additional CRP Band and the resultant interest rate band (considering the current repo rate of 5.25% p.a.) should be as follows:

<i>Particulars</i>	<i>Repo Rate (*)</i>	<i>Minimum CRP</i>	<i>EDC Base Rate</i>	<i>Additional CRP Band (#)</i>	<i>Interest Rate Band</i>
1	2	3	4 = 2 + 3	5	6 = 4 + 5
For scheme of TL assistance to Qualified Professionals and Term Loans under other schemes for an amount upto Rs.100 Lakhs	5.25%	3.00%	8.25%	No Band	8.25%
For Term Loans greater than Rs.100 Lakhs	5.25%	4.00%	9.25%	0% to 3%	9.25% to 12.25%

* - As on the date of approval of this policy

- To be worked out as per the modified Credit Rating for each loan proposal

NOTES:

- a. The interest rate 'resetting' should be done twice every year - (i.e. on 1st January and on 1st July) based on the latest revision by RBI with the approval of the Managing Director
- b. The net interest rate (i.e. interest rate after interest rebate under the Mukhyamantri Modified Interest Rebate Scheme (MMIRS) should not go below 0.50% p.a.

B. **CMRY LOANS**: The rate of interest on CMRY loans shall be 8% p.a. or such rate as decided by EDC/Government from time to time. The borrowers could be eligible for interest rebate of 6% p.a. as per the term and conditions of the CMRY-2023 scheme and as decided by the Government from time to time.

Notes: For loans sanctioned up to 31.3.2023 the interest rate on CMRY Loans is 8% p.a. for males and 6% p.a. for female beneficiary.

C. **GTEGP LOANS**: The rate of interest on GTEGP loans shall be 2% p.a. as per the terms and conditions of the GTEGP scheme or such rate as decided by EDC/Government from time to time.

D. **PERSONAL LOANS FOR GOVERNMENT EMPLOYEES**: The rate of interest on Personal Loan Scheme shall be 10.50% p.a. or such rate as decided by EDC from time to time.

E. **INFRASTRUCTURE LOANS TO GOVERNMENT AND GOVERNMENT AGENCIES** The rate of interest on such loans shall be decided by the Board of Directors of EDC.

ANNEXURE-2**DETAILS OF CHARGES**

Sr.No.	Particulars	General Term Loan/ Professional/ Construction Loan	CMRY- 2023/ GTEGP Loans	Personal Loan Scheme	Infrastructure loans To Government/ Govt. Agencies
1.	Overdue Charges (instalment/ interest)	4 % p.a on the defaulted amount for the defaulted period	2% p.a on the defaulted amount for the defaulted period for CMRY. (NIL for GTEGP scheme)	2% p.a on the defaulted amount for the defaulted period	2% p,a on the defaulted amount for the defaulted period
2.	Pre closure Charges	Up to 2 years from the date of 1 st Disbursement : 1% of the outstanding loan amount. After 2 years - NIL	Nil	Up to 2 years from the date of 1 st Disbursement : 1% of the outstanding loan amount. After 2 years - NIL	As decided by the Board
3.	Other Fees/Charges (in case of submission of incorrect information)	2 % p.a. of the loan disbursed for the period extended	NIL	NIL	NIL
4.	Other financial charges like cheque dishonor charges, cash handling charges, RTGS/ other remittance charges, legal fees, non-submission of accounts/ documents as mentioned in sanction and other charges could be levied by the Corporation wherever considered necessary.				

LOAN PROCESSING FEES (Non refundable)

Type of Loan	Quantum of fee to be paid	Application Form fee	When fee is to be paid
Term Loan including Infrastructure loans/ Professional Loans	1% of the loan amount (subject to maximum of Rs.2.00 lakh)	Nil	At the time of submission of complete application form (Rs.10,000.00). Balance chargeable before issue of Sanction Letter.
CMRY Upto Rs. 5.00 lakh	Rs.500	Rs.100.00	At the time of submission of complete application form.
Above Rs. 5.00 lakh	Rs.5,000	Rs.100.00	50% of the fee at the time of submission of complete application form. Balance 50% after issue of Sanction Letter.
CMRY (SC/ST)	Rs.200	Rs.100.00	At the time of submission of complete application form.
GTEGP Loan	Rs.200	Rs.25.00	At the time of submission of complete application form.
Personal Loan	0.5% of the loan amount	Nil	At the time of submission of complete application form 50% of the fees. Balance after issue of Sanction Letter.

FEES FOR CHANGE OF SUPPLIER / REALLOCATION OF PROJECT COST

<i>Type of Loan</i>	<i>First Request (Rs.)</i>	<i>Second Request / Subsequent Requests (Rs.)</i>
Term Loan & Professional Loans	NIL	Rs.1,000 per request
CMRY Loan (all categories) and GTEGP Loans	NIL	NIL
Personal Loan	NA	NA

FEES FOR REQUEST FOR CHANGE IN LOCATION, CONSTITUTION, RESCHEDULEMENT, REPHASEMENT OF LOANS, NO DUE CERTIFICATES, FOR CEDING OF SECOND CHARGE

- (i) **Term Loans and Professional loans:** The Corporation shall charge processing fees of **Rs.3000** as applicable on every request for change of location, constitution, reschedulement, etc
- (ii) **CMRY/GTEGP Loans :** The Corporation shall charge processing fees of **Rs.1000** as applicable on every request for change of location.
- (iii) **No charges** are applicable for RephaseMENT of loan & issue of No due certificates in all Loan categories. However **Rs.500** will be levied for subsequent request for Reissue of No Due Certificate in case of all loans.
- (iv) **The fees for ceding of second charge** shall be **Rs.5000** for all Term Loans and Professional loans.

Beside the above mentioned base charges, GST and other applicable taxes would be collected at applicable rates from time to time.

DEVIATION/MODIFICATION IN THE PROVISION OF THE POLICY

<i>Sr.No.</i>	<i>Particulars</i>	<i>Approval Required</i>
1	Resetting of Interest Rate	Managing Director
2	Deviation/Modification in any other provision of the policy	Board
