
POLICY FOR INTEREST RATE ON LOANS AND PRICING OF OTHER PRODUCTS/SERVICES

(REGAL ENTERTAINMENT & CONSULTANTS LIMITED)

CIN: L65923MH1992PLC064689



1. Background

In accordance with relevant Reserve Bank of India guidelines/directions, the Board of Directors of NBFCs shall approve an interest rate model for the Company, taking into account relevant factors such as cost of borrowing, operating costs, credit risk premium, borrower profile, margin, market conditions, etc. and shall determine the rate of interest and other charges on loans and advances. Further, the rate of interest and other commercial terms should be communicated to the borrowers/ customers in the sanction letter and/or loan agreement. This policy shall be notified on the website of the Company to provide information to borrowers/customers regarding the approach for gradation of risk and the rationale for charging different rates of interest for different categories of borrowers.

2. Objective of Policy

The Objective of the Policy is to provide a framework that will enable the Company to outline the guiding principles to arrive at the interest rate/pricing to be applied for different types of customers/ products /segments/geographies and to decide on the principles and approach of charging spreads to arrive at final rates charged to customers.

With a view to instituting fair and transparent dealings in the lending business, Regal Entertainment & Consultants Limited ('the Company') has adopted and put in place this Interest Rate Policy parallel to the company's Fair Practice Code, in accordance with the Master Directions, as amended and updated from time to time.

3. Key Components and Declaration

Interest charged by the company from its customers shall inter alia have the following components viz. Reference Rate, Risk Rate, Additional/Default Rate (Penal Charges).

i. Reference Rate

Reference rate shall represent the minimum rate chargeable for a specific product and specific customer segments, irrespective of the risk attached thereto. The reference rate shall be arrived at after considering the following aspects.

a) Cost of Funds

This Component represents the interest and other incidental charges payable by the Company for servicing the borrowed funds deployed by the Company.

b) Return on Capital Employed

This Component represents fair return on capital employed, which is to be generated by the Company for servicing the owner's Capital employed in the business. Thus, the Reference rate shall be determined by considering the Cost of funds, which is inclusive of overheads/sourcing costs and fair return on Capital employed.

ii. Risk Rate

Risk rate shall be determined by considering the degree of risk involved in loan by considering various factors like general economic conditions, customer category, income of customers, other loans taken/existing loan obligation of customers,



customer category servicing cost, mode of repayment, rating of customers, credit score of the customer, loan to value ratio, tenor of loan, location of customer, borrower's other financial commitments etc. The information shall be collated based on borrowers' inputs, the Credit bureau and field inspection by the Company officials.

The rate shall be the lowest for the customers perceived as having the lowest risk and vice versa for the high-risk category. The risk premium further depends upon the grading of the customers and the category or class of loans to be provided. The approach for gradation of risk is based on factors such as nature of loan, credit worthiness of the borrower, nature of security, type of assets being financed, borrower profile, re-payment capacity, borrower's financial commitments, past re-payments, tenure of loan, geography(location) of the borrower, end use of loan as represented by the underlying assets etc.

iii. Additional/Default Rate (Penal Charges)

Loans remaining unpaid on due dates shall be charged penal charges (as per RBI Circular RBI/2023-24/95 dated August 18, 2023, *Fair Lending Practice – Penal Charges in Loan Accounts*, effective April 1, 2024) at such rates as mentioned in bold in the respective customer's agreement, ensuring proportionality as per RBI guidelines. Any service charges, prepayment charges as charged to the borrowers shall be disclosed appropriately to the borrower.

Further, all loans that are prepaid shall bear a pre-payment penalty at rates as mentioned in the customer's agreements. There shall be no foreclosure rate or pre-payment penalty charged on floating rate interest loans sanctioned to individual borrowers as per the latest RBI Master Direction. Further, as per the RBI Circular on Fair Lending Practice – Penal Charges in Loan Accounts (RBI/2023-24/95), no additional interest shall be levied for delay in payment; instead, only penal charges proportionate to the delay shall be applied, disclosed transparently in the loan agreement.

iv. Other Factors to be considered

The interest rate applicable to each loan account, within the applicable range, shall also be assessed on a case specific basis, based on evaluation of various factors, illustratively such as:

- Profile of the borrower
- Borrower's existing credit profile and indebtedness
- Ticket size of transaction
- Tenor of loan
- Value of security for the loan
- Overall deal structure
- Interest rate trend prevailing in the market
- Long term prospects of business with the borrowers
- Loan specific costs
- Company's cost of Borrowings
- Customers' negotiations/deviations
- Upfront Charges



The interest rate for the same product and tenor availed during the same period by different customers need not be standardized. It could vary for different customers depending upon consideration of any or a combination of various factors, as illustrated above.

4. Other Charges

Besides interest, other financial charges like processing fees, cheque bouncing charges, pre-payment/ foreclosure charges, part disbursement charges, cheque swap charges, cash handling charges, RTGS/ other remittance charges, commitment fees, charges on various other services like issuance of "No Due Certificates" NOC, letter ceding charges on assets/security, security swap & exchange charges etc. would be levied by the Company wherever considered necessary.

5. Disclosures

As per the extant regulations, the following disclosures shall be made to the borrowers:-

1. There shall be appropriate disclosure of the rate of interest, processing charges, default/additional/penal interest and other charges shall be clearly communicated in the sanction letter and loan agreement. Any changes in the interest rate or other charges for existing borrowers would be communicated to them through acceptable modes of communication, such as letter, email, SMS, etc.
2. Any change in the interest rate or other charges shall be made prospectively and the same shall be adequately disclosed in the loan agreement.

6. Administration, Amendment, Disclosure and Review of the Policy

The Board or the Committee shall be responsible for the administration, interpretation, disclosure on the Company's website, periodic review (at least annually), application, and review of this Policy.

The Board or the Committee shall also be empowered to bring about necessary changes to this Policy, if so, required at any stage at its discretion.

