

Vistaar Financial Services Private Limited**Interest Rate Policy****Preamble**

The Reserve Bank of India (RBI) has issued various guidelines for the Non-Banking sector which includes regulation of excessive interest. The Master directions of RBI (DNBR. PD. 008/03.10.119/2016-17) as amended from time to time directs all NBFCs to make available the interest rates and the approach for gradation of risk on web-sites of the NBFCs.

In compliance with the requirements of RBI, the components that are factored in to determine the interest rates of the loans are given below.

Interest rate model

The interest rates determined by the Company are based on various factors as detailed below:

- Secured vs. Unsecured loan
- Ticket size of the loan
- Tenure of the loan
- Sector of the customer's business
- End use of the loan
- Type of Collateral
- Credit score of the customer
- Company's own cost of borrowing
- Company's cost of servicing (Overheads)
- Competition
- Geographical location of the customer

In order to simplify the credit process, the interest rates are broadly determined based on key factors such as ticket size, tier, secured/ unsecured, end use and geographical location.

The Company has further determined what the minimum and maximum interest rate is and the rates as determined based on ticket size, tier, secured/ unsecured, end use and geographical location shall fall within the defined lower and upper limits.

The Company operates with a weighted average ROI of 18% to 20%. Basis customer's overall profile, the ROI can range from 13% to 28% depending on the customer's risk categorization.

Approach to gradation of Risk

The interest rate charged to a customer shall depend on various factors as detailed above primarily ticket size, tier, secured/ unsecured, end use and geographical location. There is a scope of rate deviation (limited to 13% minimum rate) as well rate premium (up to 2% maximum over the applicable interest rate) basis customer's over all profile.

In order to be transparent to our customers on the interest rate and other charges being charged, the sanction letter shall clearly contain the following;

- Annualised interest rate applicable for the loan
- Tenure of the loan
- Total sanctioned amount
- Charges applicable in case of EMI bounce, charges for delayed payment etc.