



लोन बड़े आराम से

INTEREST RATE POLICY

Version History

Sr. No.	Summary of Change	Prepared By	Approved By	Version No.	Effective Date
1	Initial Version	Credit Department	Board of Director	1.1	April 07,2022

Introduction

RBI vide Master Directions RBI/DNBR/2016-17/45 Master Direction DNBR. PD. 008/03.10.119/2016-17 dated September 01, 2016 under its Fair Practices Code advised NBFC to lay out appropriate principles and procedures so that usurious interest, including processing and other charges are not levied on loans and advances. The Master direction also prescribes fixing an appropriate ceiling on the interest & processing fees.

Objective

To arrive at the benchmark rates to be used for different category of customer segments and to decide on the methodology of charging spreads to arrive at final rates applicable to the customers.

Interest Rate Model

Techaviom lends money to its customers through fixed rate loans for the tenure. Our customers are hence protected from the interest rate risk by receiving a fixed rate of borrowing that is advised explicitly at the time of sanctioning the loan. The repayment of Loans is based on equated monthly instalments (EMI). The loan amortization schedule for the customer is based on the rate of fixed rate of interest specified in the loan contract at a monthly reducing balance of the principal outstanding. In case of the instalment repayment bounces, a bounce charge is levied. No overdue interest on a daily overdue amount is charged, thus no compounding of overdue interest. However, a one-time late payment charge is applied for each overdue instalment, this keeps the method transparent and understandable to the target customer.

Associated costs

There are two components of cost that need to be priced into a loan.

- 1.** Upfront costs – The following costs are incurred by Techaviom before a customer takes his loan disbursement.
 - a) Acquisition costs – The cost of sales channel and sales promotion expenses.
 - b) Verification costs – A verification of information supplied by customer in application form such as residence and employment details may be required. Additionally, verification may be required through credit bureaus.
 - c) Credit appraisal costs – The Company needs to invest in competent resources that can carry out credit appraisal of the customer's application.
 - d)** Technology costs: Financial services business require extensive investment in Hardware, software, storage and analytics for efficient operations. These investments are ongoing in nature given the rapid changes in the technology industry and given the consumer expectations.

2. Ongoing expenses – The following expenses are incurred during the life of the loan:

- a. Funding costs –Techaviom uses a mix of debt and equity to fund its loans. This funding needs to match with the tenor of the loan and involves costs.
- b. Servicing cost – This includes cost of managing repayments, books of accounts and addressing any customer queries on an ongoing basis.
- c. Collection costs – Effort is required to call / address customers who may default in their repayments and prepare remedial plans.
- d. Management costs – Cost of Management overheads, IT infrastructure and software licenses and other overheads.
- e. Record keeping – Documents pertaining to loans must be stored in safe custody as these are legal documents.
- f. Customer Service – This includes cost of servicing customer requests such as interest certificate, statements, address change requests and other miscellaneous queries from Customers

Amendment

This policy may be amended or modified in whole or in part, at any time without assigning any reason, whatsoever with the approval of the Board.

Review Frequency

This policy shall be reviewed as an when required or at least once annually for incorporating regulatory updates and changes, if any.