



PRICING POLICY

This policy determines pricing of credit and is based on various circulars, guidelines, directions and instructions issued by RBI from time to time in addition to guidelines issued by Self-Regulatory Organizations. Following are the various components of pricing and the manner in which they are dealt with are as below:

Interest Rate

- Margin cap shall not exceed 12%.
- Interest rate charged shall be lower of the following:
 - Cost of funds plus margin as indicated above **or**
 - Average base rate of 5 largest commercial banks by assets multiplied by 2.75. The average of the base rate of the largest 5 commercial banks shall be advised by the Reserve Bank on the last day of the previous quarter, which shall determine interest rates for the ensuing quarter.
- It shall be ensured that average interest rate on loan during a financial year does not exceed the average borrowing cost during that financial year plus the margin, within the prescribed cap. In no cases the rate of interest on individual loans shall be exceed 26%. The maximum variance permitted for individual loans between the minimum and maximum interest rate will not exceed 4 per cent. The average interest paid on borrowings and charged by Shikhar is to be calculated on average monthly balances of outstanding borrowings and loan portfolio respectively.
- In addition to the RBI guidelines following additional factors are also taken into consideration while calculating the cost of a product viz. cost of borrowed funds, matching tenor cost, market liquidity, offerings by competitors, tenure of customer relationship, market reputation, cost of disbursements, cost of capital required, inherent credit and default risk in the products, profile of the customers, stability in earning and employment, subventions and subsidies available, deviations permitted, future potential, group strength, overall yield, past repayment track record of the customers, external ratings of the customers and industry trends.



- The company has adapted uniform interest rate model whereby the rate of interest for same product and tenor availed during same period by customers would be similar irrespective of cast, creed, religion, race and income pattern of customer in order to ensure non discrete treatment to all customer coming under the purview of same product. However scope has been left for calculation of interest rates for individual products which would be customized as per individual needs. Appropriate modifications would be made in the policy when needed.
- The interest rates would be offered on fixed rates on reducing balance and is not changed during the tenure of loan till the complete realization of entire principal and interest.
- Any changes in the interest rate would be approved by resolution by circulation and would be prospective in effect.
- Interest rates are intimated to the customers at the time of sanction/ availing of the loan and the equated instalments apportionment towards interest and principal dues are made available to the customers.
- The effective rate of interest is clearly communicated to the customer during CGT, GRT and is also written in the loan card and acceptance of the customer is taken. The same is clearly mentioned in vernacular language.

Processing / Documentation Fee

- Processing fee shall not be more than 1% of the gross loan amount as per current RBI guidelines, or any other % as may be amended by RBI in future.
- All processing / documentation and other charges recovered are expressly stated in the Loan documents. The charges are uniform and in consonance with the regulatory requirement issued by RBI and we maintain uniformity across loan product, geographical location, customer segment and generally represent the cost incurred in rendering the services to the customers.
- As per RBI guidelines, processing charge is not included in the margin cap or the interest cap.
- The practices followed by other competitors in the market may also be taken into consideration while deciding the charges.



Insurance Premium

- Company shall recover only the actual cost of insurance for group, livestock, life, health, for borrower and co-guarantor.
- Administrative charges recovered shall be in accordance with IRDA guidelines and in consonance with the insurance company whose services are engaged from time to time for insuring clients and their co-guarantors.

Penal Interest / Late Payment Charges

- Besides normal interest, company shall not collect penal interest /late payment charges for any delay or default in payment of any dues.

Security charges/ Margin

- No other charges in the form of security deposit or margin shall be collected from the borrower.

Any changes to be made in the policy shall be subject to the discretion of the management and be approved by the Board.