

- 1. Prime Lending Rate** of Nivara Home Finance Limited (“**NHFL**”), currently is 14% per annum. Prime Lending Rate is the benchmark rate of interest for arriving at applicable Floating Rate of Interest.
- 2. Range of Rate of Interest for Housing Loans-** NHFL contracted loans for the past quarter for different categories of advances granted to individual borrowers:

S.N.	Type of Laon	Minimum (%)	Maximum (%)	Wt. Avg. (%)
1	Housing Loan	8.25	24.50	17.43
2	Non-Housing Loan	11.00	25.50	19.82

S.N.	Type of Laon	Minimum (%)	Maximum (%)	Wt. Avg. (%)
1	Housing Loan	9.00	21.00	17.70
2	Non-Housing Loan	16.00	18.00	17.20

3. Approach /Methodology adopted by Nivara Housing Finance Limited for charging interest rate from its borrowers

The interest rates on Home loans generally dependent on interest rate cycle but it is common practice to notice that the home loan rates are influenced by the quantum of loan, tenor and the profile of borrowers. Increasingly, it is also noticed that the credit history background of the borrower is having a greater impact on the home loan offerings especially after the advent of credit information bureaus. Home loan rates also vary from lender to lender. Hence the factors which are considered for charging interest rate of the company are:

- Cost of funds (periodic repo movements and its impact on company’s borrowing rate of interest).
- Margin.
- Operating costs.
- Regulatory provision and credit loss.
- Return on equity.
- Risk premium based on **Gradation of risks** of Nivara’s Customer segment in affordable housing elaborated below.

Nivara offers both Housing Loan and Non-Housing Loans to customers. The rates of interest offered in Housing Loans are lower than the rate charged for a Non-Housing loan transaction.

In Housing Loans the end use is monitored i.e. the lender is aware of where the disbursed funds are being deployed. Since it gets utilised towards the betterment of the collateral, the asset value gets enhanced with the said deployment & thus entails a lower risk.

On the contrary, in Non Housing Loans, the end use is mostly unmonitored i.e. the borrower can utilise the said funds for a purpose that might not enhance his income level, or, add value to the collateral. Since there is no mechanism to monitor usage of the funds disbursed, it is perceived as a higher risk.

Likely, Nivara also caters to customers who belong to the informal segment i.e. customers who have earnings primarily in cash & not documented in any of the recognised statements viz. Bank statements, Income Tax Returns et al. While Nivara does credit bureau checks and reviews the credit and financial history of the Customer, Given the nature of the earnings, the same needs to be assessed based on internal guidelines followed

Registered Office

by Nivara. Such income assessment is subjective in nature & might have variance in assessment. This is due to fact that the incomes are fluctuating in nature with respect to Nivar’s customers segment, i.e. the income of a customers who is in profession of carpentry works or for that matter plumbing work where engagement of such professions varies month to month. This is in contrast towards understanding of income of an individual who have their incomes reflected through formal documents.

Due consideration is given to key factors such as Security cover, Property location and condition, LTV (ratio of Loan amount to property Value).

Given that income assessment of customers belonging to the informal segment attracts elements of subjectivity, the same is perceived to be riskier than a customer whose income assessment is specific & relied basis formal, recognised documents.

Nivara, keeping the above, in context, charges differential **risk premium** rate for its informal segment customers.

4. APR (Annual percentage rate) of Nivara

The Annual Percentage Rate (APR) of loan is the total cost of the loan on an annual basis in percentage terms. Where ‘Interest’ is total interest to be paid during the loan tenure and ‘n’ is tenure of loan in days. Thus, the APR/ total Cost of Credit can be calculated based on the applicable rate of interest and applicable fee/ charges which have been disclosed in Sanction Letter and it can be used by the customers to compare the costs associated with borrowing across products and/or lenders. An example of the working of the APR is given below:

Type of Loan	Housing Loans		Non-Housing Loans	
	Min	Max	Min	Max
Interest Rate range	8.25%	25%	12%	27%
Processing Fee	2.25%	2.25%	3%	3%
Tenor in Years	15	15	10	10
Annual Processing Fee %	0.15%	0.15%	0.30%	0.30%
Annual Percentage Rate (APR)	8.40%	25.15%	12.30%	27.30%

Note: APR will change in case of revision in the floating rate of interest, change in tenor.

5. Fees & Charges:

<https://www.nivarahousing.com/download/MITC-HL%20English%20New.pdf>

<https://www.nivarahousing.com/download/MITC-NHL%20English%20new.pdf>

Registered Office

Nivara Home Finance Ltd., No 22,23,24,25/101/3,3rd Floor, BNR Complex, Sri Rama Layout, Opp. RBI Layout,7th Phase, J.P. Nagar, Bangalore - 560 078 | CIN: U65922KA2014PLC077547
Tel: +91 80 2655 2822 / 77 | Email: contact@nivarahousing.com | www.nivarahousing.com