INTRODUCTION TO ANNUAL PERCENTAGE RATE (APR):

The rate at which you pay a yearly interest for a loan or the interest that you receive in your deposit account is the Annual Percentage Rate ("APR"). APR is applicable on any mortgage or loan and even on credit cards.

Annual Percentage Rate (APR) is the total yearly cost of a loan, including interest and most charges. It tells you how much you will actually pay for borrowing money. You can use APR to easily compare loan offers from different lenders and choose the most affordable option.

However, it may not be easy for consumers to compare this annual rate of interest, as it is in the lenders' power to decide what charges go into the calculation rate. ***Easy Home Finance Limited ("EHFL") offers various loan products to its borrowers. APR applicable under any such loan products shall be communicated to the loan borrower in Key Fact Statement (KFS) issued at the time of loan sanction and prior to execution of loan documentation. EHFL also displays explicitly, all other charges in the 'Sanction Letter', 'Key Fact Statement', at the time of loan sanction and in 'Other Most Important Terms & Conditions (MITC)' during the tenure of the loan.***

What are its benefits?

Listed below are a few of the benefits that are associated with the annual percentage rate:

The Annual Percentage Rate (APR) helps you understand the total cost of a loan in a simple way. Instead of checking different charges separately, you can compare loan offers just by looking at the APR to see which one is more affordable. Since APR includes the interest rate along with most fees and charges, it gives you a clear idea of how much you will actually pay. As different banks and financial institutions may have different terms, comparing loans can be confusing, but APR provides a standard number to make this easier. By looking at the APR, you can also better understand your repayment commitment and plan your finances accordingly. So, based on the information on above, it is important to look up the APR important while applying for a loan. Hence, before applying for a loan from the bank, please make sure that you have calculated the APR of the loan so that you are able to choose the best loan offer.

How to Calculate APR?

As per RBI (Housing Finance Companies) Directions, 2025 read with RBI (NBFC – Responsible Business Conduct) Directions, 2025 dated November 28, 2025, an APR will be computed by using the following formula.

= RATE((A*12),B,-(C),0)*12

A = Tenure (in terms of no of year)
B = EMI amount
C = Net Loan amount

<u>Example:</u>
Sanctioned Loan Amount = ₹20,000/-
Rate of Interest = ₹15%
Loan Tenure = 2 years (A)
Total Interest Amount payable = ₹3,274/-
Disbursement = Sanctioned Loan Amount - Other Charges, if any.
APR = 17.07*