



Annual Percentage Rate (APR)

1. Annual Percentage Rate (APR) is the annual cost of credit to the borrower which includes Interest Rate, and all other charges associated with the loan or credit facility. APR can be calculated based on the applicable rate of interest and charges/ fee applicable (net of any taxes).

2. Understanding APR vs. Interest Rate

The Interest Rate is the annual cost of borrowing on a loan amount. In contrast, the APR includes not only the Interest Rate but also other costs such as origination fees and additional charges. As a result, APR gives a more accurate and comprehensive view of the total cost of the loan over its full term. This makes APR a valuable tool for comparing loan offers and understanding the true financial commitment involved.

3. How to Calculate APR

a) To calculate the Annual Percentage Rate (APR), consider both the interest rate and any associated fees (net of any taxes) on a loan or credit product. The formula to calculate APR is:
$$\text{APR} = \left[\frac{(\text{Interest} + \text{Fees})}{\text{Loan Amount}} \right] \times 365 \times 100.$$

b) APR can be computed by using the following formula in excel sheet:

=RATE (A, PMT (B/12, A, C), (C-D)) *12

A= Tenure (months) B= Rate of Interest C= Loan amount D= Loan Origination Charges (Including Processing Fee, Insurance and other charges for loan processing)

4. Disclaimer:

The results displayed by the APR Calculator are solely dependent on the data entered by the user in the respective fields. Jothi Housing and Mortgage Finance Private Limited shall not be held accountable for any discrepancies or incorrect outputs arising from alterations to the calculator or from inaccurate data input. Please ensure all details are entered accurately for a reliable estimate