

HOMESHREE HOUSING FINANCE LIMITED (HHFL)

APR POLICY

**Following the RBI Master Direction – Non-Banking
Financial Company – Housing Finance Company
(Reserve Bank) Directions, 2021**





HOMESHREE HOUSING FINANCE LIMITED

APR POLICY

Summary of Policy

Policy Name	Annual Percentage Rate
Date of implementation	July 19, 2023
Owner / Contact	Compliance Department
Approver	Board of Directors

Meaning

The annual percentage rate or APR is the yearly interest accumulated on the fund borrowed by a borrower. In simple words, every time a borrower borrows money, they must pay the cost for borrowing money in the form of interest and the annual percentage rate is the percentage of the total interest that a borrower must pay over a loan. APR takes into account all the fees and charges associated with a loan. However, it does not take into account the concept of compounding.

APR is an important concept as it allows borrowers to understand the total cost of funds for the entire duration of a loan. Thus, when borrowers understand and compare the concept of APR, they get a very clear idea of borrowing from which lender will be most beneficial for them.

Rate of Interest on Loans

<u>S.No</u>	<u>Category Of Loan</u>	<u>Fixed Rate</u>		<u>Floating Rate</u>	
		<u>Minimum %</u>	<u>Maximum %</u>	<u>Minimum %</u>	<u>Maximum %</u>
1.	Housing Loan	10 %	15 %	8.35 %	15 %
2.	Non-Housing Loan	12 %	18 %	14 %	24 %

- The interest rate charged to the customers for Loan products will be linked to HomeShree Housing Finance Limited Prime Lending Rate which is arrived based on the cost of borrowing, cost of operations, risk premium and liquidity premium. The rate of interest is subject to change as the situation warrants due to market compulsions and change in regulatory norms and is subject to the discretion of the management on a case-to-case basis.

- For Fees & other Charges, please refer Most Important Terms and Conditions (MITC).

Approach for Gradation of Risks

The approach for gradation of risk is based on factors such as nature of loan, nature of asset being financed, risk profile of the borrower, borrower's profile which considers stability in earnings and employment, financial positions repayment capacity, borrower's other financial commitments, past repayment, tenure of the loan, associated operating cost parameters (depending on the sizes of loans and geographic factors) and prevalent liquidity conditions, etc.

Such information is gathered during the loan underwriting process based on information provided by the borrower, credit reports, market intelligence and information gathered by field inspection of the borrower's premises. While deciding the interest rate and other charges, the rate offered by the Competitors in the market would also be taken into consideration.