

**Fair Practice Code**  
**of**  
**Mizuho Capsave Finance Private Limited**

## **1. INTRODUCTION**

This Code has been framed in accordance with Master Circular on Fair Practice Code as issued by Reserve Bank of India (“RBI”) and amendments thereon.

The Fair Practice Code is aimed to provide to the customer’s effective overview of practices, which will be followed by the Company in respect of the financial facilities and services offered by the Company to its customers. The Code will facilitate the customers to take informed decisions in respect of the financial facilities and services to be availed by them and will apply to any facility that the Company may sanction and disburse. The Company’s business would be conducted in accordance with prevailing statutory and regulatory requirements, with due focus on efficiency, customer-orientation and corporate governance principles.

## **2. OBJECTIVES**

- To provide full information/knowledge to customers regarding the products and services offered by the Company to enable them to take an informed decision.
- To increase transparency, so that, customers can have a better understanding of what they can reasonably expect of the services.
- To promote a fair and cordial relationship between the customer and the Company.

## **3. APPLICATIONS / FACILITY AGREEMENTS AND THEIR PROCESSING**

- All communications to the borrower shall be in the vernacular language or a language as understood by the borrower.
- Application forms would include necessary information which affects the interest of the borrower, so that a meaningful comparison with the terms and conditions offered by other NBFCs can be made and informed decision can be taken by the borrower. The application form indicates the documents required to be submitted with the application form.
- The Company would devise a system of giving acknowledgement for receipt of all loan/lease applications. The time frame within which the application would be disposed-off would be made known to the borrower.

## **4. TERMS/CONDITIONS**

- The applications shall be assessed in accordance with the Company’s credit policy.
- The Company would convey in writing to the borrower in the language as understood by the borrower by means of sanction letter or otherwise, the amount of facility sanctioned along with the terms and conditions including annualised rate of interest and method of application thereof and keep the acceptance of these terms and conditions by the borrower on its record.

- The Company shall mention the penal interest liable to be charged for late repayment in bold in the facility agreement.
- The Company shall furnish a copy of the Facility agreement, where the borrower requires, in the vernacular language as understood by the borrower along with a copy each of all enclosures quoted in the facility agreement to all the borrowers at the time of sanction/ disbursement of facility.

## **5. DISBURSEMENT OF FACILITY INCLUDING CHANGES IN TERMS AND CONDITIONS**

- If a customer's agreement is subject to any changes in its terms and conditions, including variations in its disbursement schedule, interest rates, service charges, prepayment charges etc. A notice in writing will be provided to the customer in advance by the Company. A suitable condition in this regard should be incorporated in loan agreement.
- Changes in interest rates and charges will be applied as of the effective date of such a change and not retrospectively.
- Any decision to recall or accelerate payment due to customer performance under the facility agreement will be in accordance with the terms permissible under the agreement.
- The Company would release all securities on repayment of all dues or on realization of the outstanding amount of facility subject to any legitimate right or lien for any other claim the Company may have against borrower. If such right of set off is to be exercised, the borrower shall be given notice about the same with full particulars about the remaining claims and the conditions under which the Company is entitled to retain the securities till the relevant claim is settled /paid.

## **6. REGULATION OF EXCESSIVE INTEREST CHARGED**

- The Company shall lay out appropriate internal principles and procedures in determining interest rates and processing and other charges.
- The rate of interest shall be disclosed to the borrower or customer in the application form/ facility agreement and communicated explicitly in the sanction letter.
- The information published on the website or otherwise published would be updated whenever there is a change in the rates of interest.
- The rate of interest would be annualized rates so that the borrower is aware of the exact rates that would be charged to the account.
- An interest rate model taking into account cost of funds, margin and risk premium for determining rate of interest to be charged for facility shall be laid down by the Company.

- The rate of interest to be charged depends much upon the gradation of the risk of borrower viz; the financial strength, business, regulatory environment affecting the business, competition, past history of the borrower etc.

## 7. GENERAL

- The Company shall not interfere in the affairs of the customer except for the purposes set out in the terms and conditions of the agreements (unless new information that was not earlier disclosed by the customer, comes to the notice of the Company).
- In the event that the customer expresses a request to transfer its obligations under the agreement to another party, the Company will give its decision (consent or otherwise) within 21 days from the date of receipt of the request. Any transfer of a customer's agreement to another party shall be subject to the contractual terms in accordance with the prevailing law.
- In the event that it is necessary to recover overdue payments from customers, the Company will not unduly harass or persistently bother the customer at inconvenient hours or use undue pressure for the recovery of overdue payments. The Company shall ensure that the staff is adequately trained in handling collection activity in a professional manner by adopting a due legal process as per the law of the land.
- The Fair Practice Code would be put up on the Company's website for information of various stakeholders.
- No Foreclosure charges/ pre-payment penalties will be charged / levied on all floating rate term loans sanctioned to individual borrowers.
- In the matter of repossession of leased assets/hypothecated assets as security for loans/facility, the Company shall not resort to undue harassment viz. persistently bothering borrowers at odd hours, use muscle power, etc. and shall also ensure that the staffs are adequately trained to deal with the customers in an appropriate manner. The terms and conditions of the facility agreement contain adequate provisions regarding:
  - notice period before taking possession;
  - circumstances under which the notice period can be waived;
  - the procedure for taking possession of the security;
- The details of the Grievance Redressal Officer shall be displayed on the website of the Company.
- If the complaint/dispute is not redressed within a period of 30 days, the customer may appeal to the Officer-in-charge of the Regional Office of DNBS of the RBI at the following address:

The Officer-in-Charge Department of Supervision

RBI Building, Opp. Mumbai Central Railway Station, Near  
Maratha Mandir, Byculla, Mumbai – 400 008

- Alternatively, if a reply is not received within a period of 30 days from the Company or the customer is dissatisfied with the response of the Company (+) If customer has not approached any forum, the customer may file a complaint with Company Ombudsman (not later than one year after the reply from Company) on certain specified grounds.
- If customer has any complaint against the Company, wherein the Company has defaulted in repayment of money collected under any scheme or has collected money from the customer illegally, they can file a complaint at sachet portal of the RBI.
- Kindly refer to the “Grievance Redressal Mechanism & Ombudsman Scheme” updated on the website of the Company for the escalation matrix.

## **8. INTERNAL CONTROL SYSTEM**

- The Board of Directors of the Company shall periodically review the compliance of Fair Practices Code and the functioning of the Grievance Redressal Mechanism.
- As the primary responsibility for compliance of the Code rest with the Company, necessary organizational arrangements will be made to assign responsibility for compliance to designated individuals within the Company and establish systems of internal control including audit and periodic inspection to ensure the same.

## **9. PENAL CHARGES IN LOAN ACCOUNTS**

- The intent of levying penal interest/charges is essentially to inculcate a sense of credit discipline and such charges are not meant to be used as a revenue enhancement tool over and above the contracted rate of interest.
- Penalty, if charged, for non-compliance of material terms and conditions of loan contract by the borrower shall be treated as ‘penal charges’ and shall not be levied in the form of ‘penal interest’ that is added to the rate of interest charged on the advances. There shall be no capitalisation of penal charges i.e., no further interest computed on such charges. However, this will not affect the normal procedures for compounding interest in the loan account.
- The quantum of penal charges shall be reasonable and commensurate with the noncompliance of material terms and conditions of loan contract without being discriminatory within a particular loan / product category.
- The quantum and reason for penal charges shall be clearly disclosed by REs to the customers in the loan agreement and most important terms & conditions / Key Fact

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Statement (KFS) as applicable, in addition to being displayed on REs website under Interest rates and Service Charges.

- Whenever reminders for non-compliance of material terms and conditions of loan are sent to borrowers, the applicable penal charges shall be communicated. Further, any instance of levy of penal charges and the reason therefor shall also be communicated.

## **The Reserve Bank - Integrated Ombudsman Scheme, 2021**

### **SALIENT FEATURES OF THE SCHEME**

1. All complaints shall be made under Integrated Ombudsman Scheme, 2021
2. The Scheme defines 'deficiency in service' as the ground for filing a complaint, with a specified list of exclusions.
3. The Scheme has done away with the jurisdiction of each Ombudsman office.
4. A Centralised Receipt and Processing Centre has been set up at RBI, Chandigarh for receipt and initial processing of physical and email complaints in any language.

#### **○ How can a customer file a complaint?**

If a customer does not receive a response from the Company within 30 days from the date of filing of complaint or if he is dissatisfied with the response received from the Company, the customer can file complaint with the Ombudsman 's office not later than one year after he/she has received the reply from the Company.

#### **○ Can a customer appeal if not satisfied with the decision of the Ombudsman?**

Yes. The Customer can appeal to Executive Director-in charge of Consumer Education and Protection, Department of RBI - Appellate Authority under the Scheme.

#### **○ Complaint lodging portal of the Ombudsman:**

Please refer the website: <https://cms.rbi.org.in>

Contact details of Centralised Receipt and Processing Centre (CRPC)

Email id: [crpc@rbi.org.in](mailto:crpc@rbi.org.in)

Address: Centralised Receipt and Processing Centre, Reserve Bank of India, 4th Floor, Sector 17, Chandigarh-160017.

If customer has any complaint against the Company, wherein the Company has defaulted in repayment of money collected under any scheme or has collected money from you illegally, please click on File a complaint tab on the homepage of the website:

<https://sachet.rbi.org.in/home>

### **CONTACT DETAILS OF NODAL OFFICER OF THE COMPANY**

Name: Mr. Puneet Bhatia

Address: D/301 &302, Lotus Corporate Park, Off WEH, Goregaon (East), Mumbai-400063

Telephone No: 022-61737669

E-mail id: [nodalofficer@mizuho-cf.co.in](mailto:nodalofficer@mizuho-cf.co.in)

Refer to <https://www.mizuho-cf.co.in> for further details of the scheme.