



SMERA
Code of Conduct
Assessment

C1

*(Excellent performance of
the MFI on Code of
Conduct dimensions)*

SMERA Code of Conduct Assessment

Save Microfinance Private Limited



To verify the grading, please scan the QR Code

Date of Report:
30th January, 2024

Valid Till:
28th January, 2025

SMERA's Code of Conduct Assessment Grading Scale

Grading Scale	Definitions
C1	Excellent performance of the MFI on Code of Conduct dimensions
C2	Good performance of the MFI on Code of Conduct dimensions
C3	Average performance of the MFI on Code of Conduct dimensions
C4	weak performance of the MFI on Code of Conduct dimensions
C5	Weakest performance of the MFI on Code of Conduct dimensions

*Assessment on Code of Conduct has been done on the indicators pertaining to **Transparency, Client Protection, Governance, Recruitment, Client Education, Feedback & Grievance Redressal and Data Sharing**. Some of these indicators have been categorized as Higher Order indicators consisting of indicators on **Integrity and Ethical Behaviour** and **Sensitive Indicators**.*

Conflict of Interest Declaration

SMERA (including its holding company and wholly owned subsidiaries) has not been involved in any assignment of advisory nature for a period of 12 months preceding the date of the comprehensive grading. None of the employees or the Board members of the SMERA have been a member of the Board of Directors of the MFI for a period of 12 months preceding the date of the comprehensive grading.

Disclaimer

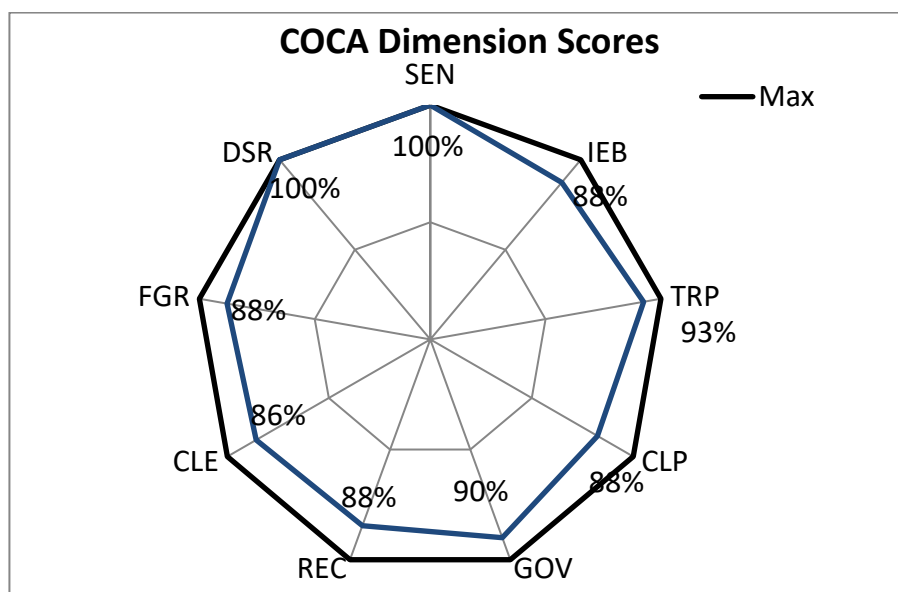
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Historical Rating Grades

Date	Rating Agency	Rating/Grading
16 th February, 2022	CART	M2
1st August, 2022	Informerics	BBB+/Stable

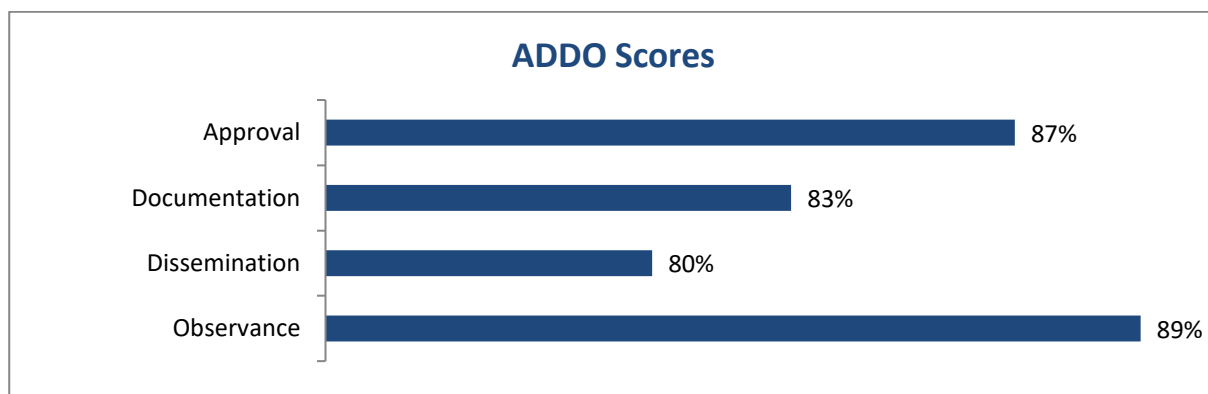
Code of Conduct Assessment Score

COCA Grading - C1 (Excellent Performance on Code of Conduct dimensions)



SCORES ON PARAMETERS

Code of Conduct Parameters	Code	% Performance
Sensitive	SEN	100%
Integrity and Ethical Behavior	IEB	88%
Transparency	TRP	93%
Client Protection	CLP	88%
Governance	GOV	90%
Recruitment	REC	88%
Client Education	CLE	86%
Feedback & Grievance Redressal	FGR	88%
Data Sharing	DSR	100%



SMPL with an overall grade of “C1”, indicate **Excellent** Performance on Code of Conduct dimensions.

Code of Conduct Assessment Summary

The Code of Conduct report for Save Microfinance Private Limited (SMPL) evaluates the entity's adherence to various code of conduct parameters. The study examines and comments upon the common minimum indicators such as:

- Sensitive Indicators
- Integrity and Ethical Behaviour
- Transparency
- Client Protection
- Governance
- Recruitment
- Client Education
- Feedback and Grievance Redressal
- Data Sharing

SMERA believes that SMPL exhibits **excellent** performance on COCA dimensions. This document details SMERA's approach and methodology for this study and gives observations of its assessment team while conducting the evaluation. The Approval; Documentation; Dissemination and Observance (ADDO) framework has been used for assessment and measuring SMPL's adherence towards ethical operational practices.

Company Profile

Name of the MFI	:	Save Microfinance Private Limited (SMPL)	
Operational Head – Microfinance Business	:	Name	Mr. Indrajit Kumar
	:	Designation	Business Head
	:	Mobile No.	7291983385
	:	Email ID	indrajit@savemfi.in
	:	Date of Joining	June 16, 2021
Date of Incorporation/Establishment	:	August 24 th , 2016	
Date of commencement of microfinance business	:	August 24 th , 2016	
Legal Status	:	NBFC – MFI	
Business of the company	:	Microfinance Services Under Joint Liability Group (JLG) Model	
Correspondence Address	:	Unit No – 761 & 782, 7th Floor, Vegas Mall, Dwarka, New Delhi- 110075 India	
Geographical Reach (As on 31/July/2023)	:	No. of States	9
	:	No. of Districts	101
	:	No. of Branches	240
	:	No. of Active Borrowers	4,42,548
	:	No. of Total Employees	1,617
	:	No. of Field/Credit Officers	1,519

Background:

- Save Microfinance Private Limited (SMPL) started operation in the month of November 2018, in the state of Bihar with its head office at Gaya. The Company was formed with the objective of providing microfinance services to urban and rural area, as well as micro and small business in the underserved geographies across the country.

Product Profile

Products	Description	Loan Size (Rs)	Interest Rate (A) (In %)	Processing Fee (B) (In %)	APR (Interest Rate and Processing fees) (In %) (C=A+B)
Aarambh Rein	1st Cycle Loan	20000-50000	25.00	1.00	26.00
Pragati Rein	Higher cycle loan	30000-60000			
Vridhi Rein	Top up laon	15000-25000			
Garima Rein	Wash Loan	15000-25000			
Sambal Rein	Colending Loan	15000-50000	19.60	1.00	20.60

Capital Structure as of 31/March/2023

Authorized Capital	Rs. 150.00 crore
Paid Up Capital	Rs. 137.27 crore

Shareholding Pattern – (Shareholders –Equity Shares as on 31/March/2023)

Equity Shares	
Shareholders	% Holding
Mr. Ajay Kumar Sinha (Nominee Shareholder of M/s. Save Solutions Private Limited)	0.0024
Mr. Pankaj Kumar (Nominee Shareholder of M/s. Save Solutions Private Limited)	0.0024
Mr. Ajeet Kumar Singh (Nominee Shareholder of M/s. Save Solutions Private Limited)	0.0025
M/s. Save Solutions Private Limited	99.9927
Total	100.00

Promoters/Directors Profile

Director Details		Profile
Name:	Ajeet Kumar Singh	Having 4 years of experience in rural marketing strategy related to farm equipment and 10 years of diverse experience in financial service and banking sector. One of the three founders of SAVE and current CEO of the company, his primary responsibilities are network, business and market development at SAVE. He has been instrumental in establishing alternative banking Channel in 18 States of India for SAVE.
Designation:	Promoter Director	
Qualification:	Graduate	
Name:	Pankaj Kumar Sinha	Graduated in science in the year 1998, having 15 years of experience in Financial Service Industry. He is one of the three founders of SAVE and responsible for financial and operational management of alternative banking channels as a director of SAVE. He is also responsible for system design and monitoring.
Designation:	Promoter Director	
Qualification:	Graduation in Science	
Name:	Ajay Kumar Sinha	Having almost 19 years of experience in health-care industry, Non-Government organizations, financial services industry, banking and Insurance industry. He is born & brought up in Bihar which helps him understanding the need of the difference in Financial services in rural areas very well.
Designation:	Promoter Director	
Qualification:	Graduate in Science	
Name:	Mr. Siva Chidambaram Vadivel Alagan	Mr. Siva Vadivelazhagan has worked in seven countries across Asia Pacific region including India, China and Indonesia, among others. Prior to working as an investment manager with Triple Jump BV and Incofin IM, he started his career at Deloitte as an Enterprise Risk Consultant. With over 6 years of experience in corporate finance, investment management and financial inclusion, in particular working with funds that invest in financial institutions that offer SME finance, microfinance, agricultural finance and affordable housing finance.
Designation:	Independent Director	
Qualification:	Graduation in Economics	
Name:	Mr. Krishna Kumar Tiwary	Mr. Krishna Kumar Tiwary is exclusively associated in professional capacity with funders like ICICI Bank Limited, Vivriti Capital, Northern Arc and many more. He is
Designation:	Independent Director	
Qualification:	Chartered Accountants	

		<p>also an active Partner in Krishna Anurag and Company. As a practicing Chartered Accountant with more than 21 years of experience in the field of Audit, Taxation, Project Finance and Consultancy. Besides he has specialized experience in the field of Microfinance.</p> <p>He holds Bachelor of Commerce (Hons.) degree from Banaras Hindu University and is a Fellow member of Institute of Chartered Accountants of India.</p>
Name:	Mr. Radhey Shyam Garg	<p>He is LLM, CAIIB, by qualification and has Joined National Housing Bank (NHB) as Manager in Feb 1989, held several key positions therein, rose to become its Executive Director in November, 2011 and superannuated in April 2017.</p> <p>Worked in various Departments of the Bank including Regulation and Supervision, Refinance Operations, Resources Management & Treasury, Accounts, Legal, audit and Board Secretariat. Served as member of various Committees and Groups set up by NHB and Central Government in connection with promotion of housing in the country.</p> <p>Held the position of a director in GRUH Finance Ltd as nominee of NHB. Significantly contributed in the areas of:</p> <ul style="list-style-type: none"> a) Extension of SARFASEI Act to the HFCs; b) introduction of securitization in residential mortgage market; c) regulation and supervision of HFCs; d) Removal of prepayment penalties in the sector; e) establishment of Mortgage Guarantee corporation and Credit Guarantee Fund Trust and; f) Reverse Mortgage Loan documentation. <p>He is acting as an Independent Director in IKF Home Finance Ltd., New Habitat Housing Finance and Development Limited, Altum Credo Home Finance Private Limited and has also joined Save Microfinance Private Limited on 01st August, 2022. He is also, acting as consultant/Advisor to HFCs/NBFCs.</p>
Designation:	Independent Director	
Qualification:	LLM	

SMERA Observations:

- SMPL has six-member board. Board members have extensive experience in microfinance, finance, Banking and development sectors.
- SMERA believes that a well-diversified board, including a proportionate composition of independent directors, augurs well from a strategic perspective.

Management's Profile

Management Details		Profile
Name:	Mr. Indrajit Kumar	<p>He brings over 15 years of expertise in working with a variety of cross-functional teams. A competent professional with experience in: Business Development, Micro-Finance, Banking, Project Appraisal, Priority Sector Lending, Project Management, Liaising, and administering things relating to recruitment, training, and staffing.</p> <p>He has previously teamed with Satin Creditcare Network as Business Head. He has worked with NABARD Financial Services Ltd as Assistant General Manager, World Bank's Kosi project as Chief Program Coordinator. He started his career as a Manager at Canara Bank. He is a management graduate from the Institute of Rural Management, Anand (IRMA).</p>
Designation:	Business Head	
Qualification:	Graduate & P.G.D.R.M. (M.B.A.)	
Name:	Aditi D Mittal	<p>"Aditi Mittal has 14years+ experience in Human Resources. She has worked with Organisations like Google India, Oxigen Services (Oxigen Wallet), ZipLoan (NBFC) FinTech Startup, Smile group, AdGlobal 360 and Resultrix are few digital agencies.</p> <p>In the last 6 years she has been in a leadership role where she has managed the entire gamut of HR. She has built teams from scratch, across verticals and geographies with 3-4x growth in a year. Built HR systems, processes and designed HR frameworks.</p> <p>At Oxigen Wallet and ZipLoan she has built the leadership team and set up HR systems.</p> <p>"</p>
Designation:	Group HR Head	
Qualification:	MBA (HR)	
Name:	Dipak Billa	<p>He is having 15 experience in Internal Audit, Risk, Customer Grievance, Assessments, Internal Finance Controls, Fraud Investigations & Management, Process audit of MFI and Banks. Managing audit; sanctioning; risk; vigilance; grievance; social performance management departments prepare audit plan to ensure coverage of JLG, Individual lending & Secured Assets lending branches and HO Developing the Audit Checklist, Sampling, Audit tools,</p>
Designation:	Head-Risk and Audit	
Qualification:	MBA, PGDFM	

		Rating Mechanism, Audit Manual Identify gaps, analyse reports
Name:	Mr. Pintu Kumar Singh	A Chartered Accountant with 10+ years of experience in the field of Internal Audit and Internal Financial Control, Forensic Investigation and Dispute Services, Direct and Indirect Taxation, Financial Reporting, statutory audit. Prior to this assignment he was with E&Y FIDS stream, Mazars Advisory Private Limited- GRIC & Bhagwan Jha & Associates and D LAL Chopra & Co. a Chartered Accountant firm.
Designation:	CFO	
Qualification:		
Name:	Mr. Rahul Kasinadhuni	Holds 16 years of experience in Banking, IT, Consulting and Micro Finance services. Former CFO of SCCI Micro Finance, Head of Treasury at India Finserve Advisors, Group General Manager at Radhakirshna Toyota. Exceptional Fund-Raising career. Bachelors in Electronics Engineering, PGDRM from IRMA. Core Expertise: Corporate Finance, Business Strategy, Fund Raising, Treasury, FP&A, Business Analytics, MIS, Relationship and Regulations
Designation:	Head- Treasury	
Qualification:	Bachelors in Electronics Engineering, PGDRM from IRMA.	

SMERA Observations:

- SMPL senior management has adequate experience across sectors such as microfinance, Banking sector.
- A majority of the senior management members have been associated with it for long tenure and have risen from ranks.
- SMPL has dedicated department wise / function wise heads and no major functional overlaps have been observed.
- The senior management reports to the CEO, except the auditor who directly report to the board.

Compliance with RBI's Directives for MFIs

RBI's Direction	SMPL's Status	Compliance
75% of total assets to be in the nature of qualifying assets	Qualifying assets forms 76.05% of total assets as on 30/Sept/2023.	Complied
Net worth to be in excess of Rs 5 Crore	Net owned fund of SMPL is excess than the RBI stipulated criteria.	Complied
MFIs will have to ensure compliance with relating to as a collateral-free loan Given to a household having annual household income up to ₹3,00,000.	SMPL check and took a declaration from borrowers for the total household income in their membership form and the total indebttness may check from credit information bureau and also in their meetings with Customers.	Complied
Each RE shall have a board-approved policy regarding the limit on the outflows on account of repayment of monthly loan obligations of a household as a percentage of the monthly household income. This shall be subject to a limit of maximum 50 per cent of the monthly household income.	The Guideline is followed by SMPL.	Complied
Pricing guidelines are to be followed and approved by the Board.	Loans are provided at a range of 25.00% on reducing balance basis based on the board approved policy w.e.f Sept, 2023.	Complied
Transparency in interest rates to be maintained	Interest, Processing fees and insurance premium charged are duly mentioned in the loan card provided to the client.	Complied

RBI's Direction	SMPL's Status	Compliance
RBI has relaxed the pricing norms for NBFC-MFIs and Provides each MFI should place a board-Approved policy regarding pricing of microfinance loans.	SMPL is charging processing fee of 1.00% (excluding GST) on the disbursed loan amount plus applicable GST as per board approved policy.	Complied
Collateral free loans	SMPL does not accept any Collateral for extending the credit.	Complied
MFIs shall not collect any Security Deposit / Margin from the borrower.	SMPL does not collect any security deposit / margin from the borrower.	Complied
No late payment or prepayment penalties	SMPL does not take late payment or prepayment penalties from the clients.	Complied
Share complete client data with at least one Credit Information Company (CIC) established under the CIC Regulation Act 2005, as per the frequency of data submission prescribed by the CIC.	SMPL shares its client data with CRIF Highmark, Equifax, Experian and CIBIL.	Complied
Aggregate amount of loans, given for income generation, is not less than 50 per cent of the total loans given by the MFIs	SMPL provides more than 50% of total loans for income generation activities as on 30/Sept/2023.	Complied
NBFC-MFIs shall maintain a capital adequacy ratio consisting of Tier I and Tier II Capital which shall not be less than 15 percent of its aggregate risk weighted assets.	CRAR of SMPL stood at 20.13% as on 30/Sept/2023 which complies with the minimum CRAR requirement of 15% for NBFC-MFIs as prescribed by RBI. SMPL does not have any exposure in Andhra Pradesh.	Complied
The aggregate loan provision to be maintained by NBFC-MFIs at any point of time shall not be less than the higher of a) 1% of the outstanding loan portfolio or b) 50% of the aggregate loan instalments which are overdue for more than 90 days and less than 180 days and 100% of the aggregate loan instalments which are overdue for 180 days or more'.	The statutory auditor has certified the appropriate provisions have been made.	Complied

Strengths and weaknesses pertaining to Code of Conduct

Strengths	Weaknesses
<ul style="list-style-type: none"> • Board approved policies, compliant with the RBI guidelines. • Code of Conduct framed as per the SMPL mission, vision, values and displayed in all branch offices & HO. • Membership with MFIN and Sa-Dhan. • Board with rich experience from Banking and finance background. • Experienced and qualified management with more than a decade of experience in MFI industry. • SMPL have more than 1/3rd of independent members in its Governing Board. • Credit policies are well established documented and communicated. • Adequate loan appraisal & monitoring systems. • High standard of governance and integrity by inducting persons with good and sound reputation in the industry and understanding of microfinance industry. • Awareness among the staff on RBI guidelines was found to be moderate to high. • Awareness among staff on SRO grievance Redressal mechanism was found to be moderate to high. • Compulsory training on products terms and conditions to client prior to every loan. • Compulsory check on over indebtedness of every borrower. • Efficient systems and strong internal audit team to check misappropriations and regular monitoring of compliance. • Toll Free helpline number for client feedback/grievance. 	<ul style="list-style-type: none"> • Awareness of the staffs regarding RBI guideline found moderate.

- Data sharing with credit bureau (Equifax, CIBIL, Experian and High Mark).

Significant Observations

HIGHER ORDER INDICATORS	
<p>Integrity and Ethical Behaviour</p>	<ul style="list-style-type: none"> • The audit committee of the Board reviews the adequacy of audit staff strength and scope of Internal Audit. • Board has approved a policy of recovering delinquent loans. • MFI prepares monthly reports about the number, nature and resolution of grievances and feedback received for management review. • The MFI has a practice that when it recruits staff from another MFI, the said staff will not be assigned to the same area he/she was serving at the previous employer for a period of one year. • In all the branches visited, the contact number and address of SRO nodal official was properly displayed. • Staff satisfaction related to compensation and incentive is not covered under scope of Internal Audit. • Awareness among client and staff on SRO Grievance Redressal mechanism was found to be moderate to high in the visited branches. • Fixed Component compensation of staff is not impacted in event of overdues. SMPL, in its fair practices code provides importance for transparency in pricing and clear communication to the clients.
<p>Sensitive Indicators</p>	<ul style="list-style-type: none"> • Clients interviewed were aware of the charges and price for all services availed. • SMPL does not issue sanction letters to the clients; however they provide loan passbook to the borrowers with all terms and conditions of the loan including annualized interest rates. The company also share consent note to the borrowers whose loans are approved. • Awareness among the staff on RBI compliance was found to be moderate to high in the visited branches. • There are no adverse observations in the Auditor's report regarding accounting standards followed by the MFI. • SMPL shares accurate data with all credit bureaus on a frequency prescribed by SRO. • SMPL does not charge any extra fees from client apart from processing fee and insurance premium. The loans are issued to the clients without any collateral and no security deposit is accepted. Further no penalty is charged for overdue and pre-closure of loans. • The MFI gets an external CA agency to certify its compliance with RBI's directions.

BUILDING BLOCKS	
Transparency	<ul style="list-style-type: none"> • Awareness among the staff on RBI guidelines was found to be moderate to high. • SMPL has documented the pricing of its loan products in its operational manual. In the branches visited loan documents had been maintained in local languages. • Circulars of the most recent RBI directions are available in the form of office orders in the visited branches. • SMPL, in its fair practices code provides importance for transparency in pricing and clear communication to the clients. • SMPL issues acknowledgement to clients when they apply for loan. • SMPL does not issue sanction letters to the clients; however they provide loan passbook to the borrowers with all terms and conditions of the loan including annualized interest rates. The company also share consent note to the borrowers whose loans are approved. • SMPL enters into loan agreement with the borrowers; however, copy of the loan agreement is not shared with the borrowers. • Clients interviewed were aware of the charges and price for all services availed. • Audit committee verifies through the audit reports whether all clients have received the necessary loan documents. • Pricing policy of loans is displayed in branches visited. • SMPL does not charge any extra fees from client apart from processing fee and insurance premium. The loans are issued to the clients without any collateral and no security deposit is accepted. Further no penalty is charged for overdue and pre-closure of loans. • Previous financial year annual financial statement and report is available in the public domain; however Code of conduct compliance report of SMPL is not available in public domain.
Client Protection	<ul style="list-style-type: none"> • SMPL has a board-approved policy regarding client data security. • SMPL has documented policy on client data security which forms part of its fair practice code. • Employees are trained on aspects of appropriate behavior with the clients. • SMPL has framed a Fair Practice Code and has also adopted the RBI fair practices code, which includes policies on the expected staff conduct with clients. • Staffs were found to be aware of the need to have professional conduct with the clients.

<p>Governance</p>	<ul style="list-style-type: none"> • MFIs maintain high standards of governance by inducting persons with good and sound reputation as members of Board of Directors/Governing body. • SMPL have more than 1/3rd of independent members in its Governing Board. • As on 31st March 2023, the board comprised of 6 directors, out of which 2 are independent directors. • SMPL discloses its MD/CEO compensation in its audited reports (Ref. Audit Report 2023). • An audit committee of the Board with an independent director as chairperson. • The MFI has got its accounts audited in a timely manner after the end of the most relevant financial year. • No adverse observations in the Auditor's report regarding accounting standards followed by the MFI. • Staff satisfaction related to compensation and incentive is not covered under scope of Internal Audit.
<p>Recruitment</p>	<ul style="list-style-type: none"> • SMPL's Board has reviewed its recruitment policies at least once annually. • The MFI has a defined and documented process for responding to reference check requests. • SMPL has honored the notice period for employees who have left the organization. • SMPL obtains NOC or relieving letter from the previous employee, in case employees are recruited from other MFIs. • SMPL has a practice that when it recruits staff from another MFI, the said staff will not be assigned to the same area he/she was serving at the previous employer for a period of one year.
<p>Client Education</p>	<ul style="list-style-type: none"> • SMPL, in its fair practices code provides importance for raising clients' awareness of the options, choices and responsibilities regarding financial products and services. • SMPL does not charge clients for the trainings provided to clients, itself or through a related party. • Awareness among client on annualized Interest rate & Insurance claim settlement process was found to be moderate.
<p>Feedback and Grievance Redressal</p>	<ul style="list-style-type: none"> • The Board has approved a policy for Redressal of its clients' grievances, which requires board to be updated on the functioning of grievance Redressal mechanism. • MFI prepares monthly reports about the number, nature and resolution of grievances and feedback received for management review; complaints recorded at the branch level are not consolidated in the report. • Multiple channels for client feedback/grievance redressal.

	<ul style="list-style-type: none"> • Tele-calling team has been set up to elicit their satisfaction levels on services and products besides staff behavior. • Complaint Boxes at Branch Offices. • Dedicated Customer Care Helpline. • Clients were found to be moderately aware of the helpline number. • In all the branches assessed, the contact number and address of SRO nodal official was properly displayed. • Complaints lodged through helpline are documented and resolved. • Awareness among client and staff on SRO Grievance Redressal mechanism was found to be moderate in the visited branches. • Dedicated team at HO level to documents and follow up on the client complaints.
<p style="text-align: center;">Data Sharing</p>	<ul style="list-style-type: none"> • Financial and operational data for FY2023 is available on the website of SMPL • MFI has a well-defined process for sharing data with the credit bureaus. • MFI has provided data called for by SRO and RBI as and when required as per compliance. • SMPL shares accurate data with all credit bureaus on a frequency prescribed by SRO. • SMPL performs compulsory credit bureau checks for all its clients.

COCA Methodology

The Code of Conduct Assessment (COCA) tool was developed as a response to the need expressed in a meeting of stakeholders in Indian microfinance by the Small Industries Development Bank of India (SIDBI) and the World Bank in December 2009. The code of conduct dimensions were identified by reviewing the various norms for ethical finance. These included RBI’s fair practices guidelines for Non-Banking Financial Companies, industry code of conduct (Sadhan-MFIN) and Smart Campaign’s Client Protection Principles (CPP).

In 2016, need was felt to harmonize COCA to the most recent industry code of conduct and to standardize COCA tools of different rating/assessment agencies. This grading is based on the harmonized COCA tool. In the harmonized COCA tool, the dimensions were classified in three categories – highest order, higher order and building blocks. This grading is based on the harmonized COCA tool.

Highest Order	
Sensitive Indicators	
Higher Order	
Integrity & Ethical Behaviour	
Building Blocks	
Governance	Client Protection, Recruitment
Transparency	Feedback/Grievance Redressal
Client Education	Data Sharing

Chart: COCA Indicators Framework

Number of indicators in each category is presented below

Higher Order Indicators	Number of Indicators
Integrity and Ethical Behaviour	32
Sensitive indicators	26
Building Blocks	Number of Indicators
Transparency	40
Client Protection	122
Governance	30
Recruitment	13
Client Education	14
Feedback & Grievance Redressal	25
Data Sharing	6
Total	250

Methodology

The Code of Conduct exercise is spread over four to eight days. The first day is spent at the head office. The assessment team visits the branches over the next three to eight days. Depending upon the size and the operational area of the MFI, eight to fifteen branches and between 120 and 300 clients are sampled for primary survey (except in cases where number of branches in an MFI is less than eight).

Sampling guidelines

The following is taken as the guideline to determine the sample size for a COCA exercise.

MFI Size	No. of branches to be visited	No. of borrowers to be visited
Small MFI (Less than 8 branches)	All branches	15 clients per branch covering minimum two centers.
Small / Mid-size MFI (up to 2,50,000 borrowers)	8 – 10 branches (geographically distributed)	120-150 clients (15 clients per branch covering minimum two centers).
Large MFI (>2,50,000 borrowers)	12 – 15 branches (geographically distributed)	240-300 clients (20 clients per branch covering minimum two centers).
Large MFI (>2,50,000 borrowers) and having gross loan portfolio (GLP) > Rs 500 crore	18 – 20 branches (geographically distributed)	360-400 clients (20 clients per branch covering minimum two centers).

Code of Conduct Assessment exercise requires:

1. Discussions with key staff members and the senior management at the head office, particularly the senior operational management team as well as the human resources team. These discussions focus on key issues of the code of conduct identified above.
2. Review of policy documents and manuals at the head office. These are reviewed in order to assess the policy as well as documentation regarding important aspects of the code of conduct. The last audited financial statements will also be required.
3. Sampling of branches at the head office. The assessment team samples branches for review. The branches are chosen in across different states in case the MFI operates in more than one state. Care is exercised to include older branches as well as branches that are distant from the head office or the regional office. The sampling of the branches is performed at the head office of the MFI.
4. Discussions with the branch staff at the branch office. Discussions with branch managers and the field staff is carried out to assess their understanding of the key code of conduct principles.
5. Sampling of respondents in the selected branches. A judgmental sampling is performed on the MFI's clients by the assessment team to draw respondents from the interest group, in order to maximize the likelihood that instances of non-adherence can be detected.
6. Interview with the clients. Information from the clients is collected ideally during the group meetings. If this is not possible, visits are made to the clients' locations for collecting information.
7. Review of loan files at the branch office. This review focuses on loan appraisal performed before disbursing loans as well as the documents collected from the clients.

As part of COCA assessment, we observed all branches and interacted with Branch Staff and Borrowers of the MFI.

S. No.	Branch	State	No of clients interviewed
1	Maheshkhunt	Bihar	21
2	Rupauli	Bihar	22
3	Katihar	Bihar	18
4	Sonaili	Bihar	17
5	Kasba	Bihar	19
6	Forbesganj	Bihar	21
7	Raniganj	Bihar	16
8	Chattapur	Bihar	18
9	Kumarkhand	Bihar	19
10	Jankinagar	Bihar	16
11	Madhepura	Bihar	18
12	Udakishanganj	Bihar	17
13	Chausa	Bihar	12
14	Barwala	Haryana	21
15	Hisar	Haryana	22

16	Abohar	Punjab	23
17	Khalilabad	Uttar Pradesh	25
18	Basti	Uttar Pradesh	26
Total			351

About SMERA Gradings & Ratings

SMERA, widely known as 'The SME Rating Agency', was conceptualised by Ministry of Finance, Govt. of India and the Reserve Bank of India to help Indian MSMEs grow and get access to credit through independent and unbiased credit opinion that banks can rely on. Thus, SMERA became world's first MSME focused rating agency and introduced the concept of SME Ratings in India. SMERA offers SME Ratings, New Enterprise Credibility Scores, SME Credit Due Diligence and SME Trust Seal to Indian MSMEs to help lenders take informed decisions.

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Registered Office
905, Lodha Supremus, Lodha
iThink Techno Campus, Near
Kanjurmarg Railway Station,
Kanjurmarg (East)
Mumbai - 400 042
Tel: +91 22 6714 1111
Email – info@acuite.in

Website:
www.microfinanalytics.com