

Vedika Credit Capital Limited

406, Shrilok Complex, 4th Floor, HB Road, Ranchi-
834001

Code of Conduct Assessment IAR – C1

Which indicates **Excellent** performance of the MFI on Code of Conduct dimensions

Date: December 18, 2024

Infomerics Analytics and Research Private Limited

(CIN: U74999DL2020PTC369018)

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Infomerics 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

Grading Rationale

Code of Conduct Assessment Grade	Vedika Credit Capital Limited obtains “C1” as its Code of Conduct Assessment Grade which signifies ‘Good’ performance of the COCA dimensions
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Comprehensive MFI Grading provides opinion of the Rating Agency on MFI’s capacity to carry out its microfinance operations in a sustainable manner and its adherence to Industry code of conduct. MFI Capacity Assessment Grading has been done on the dimensions of Capital Adequacy, Governance, Management Quality and Risk Management Systems. 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

The Grading Agency (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 Grading Agency have been a member of the Board of Directors of the MFI during for a period of 12 months preceding the date of the comprehensive grading.

Disclaimer

Infomerics / Gradings / Due Diligence and other credit assessment related services do not constitute an audit of the rated entity and should not be treated as a recommendation or opinion that is intended to substitute for a buyer's or lender's independent assessment. Rating / Grading / Due Diligence are based on the information provided by the rated entity and obtained by Infomerics from other reliable sources. Although reasonable care has been taken to ensure that the data and information is true and correct, Infomerics makes no representation or warranty, expressed or implied with respect to the accuracy, adequacy or completeness of the information relied upon. Infomerics is not responsible for any errors or omissions and especially states that it has no financial liability, whatsoever, for any direct, indirect or consequential loss of any kind arising from the use of its Ratings / Gradings / Assessments.

Historical Rating Grades (COCA)

Year	Name of the Agency	Grade
January 12,2023	Infomerics	C1

Historical Rating Grades (MFI Gradings)

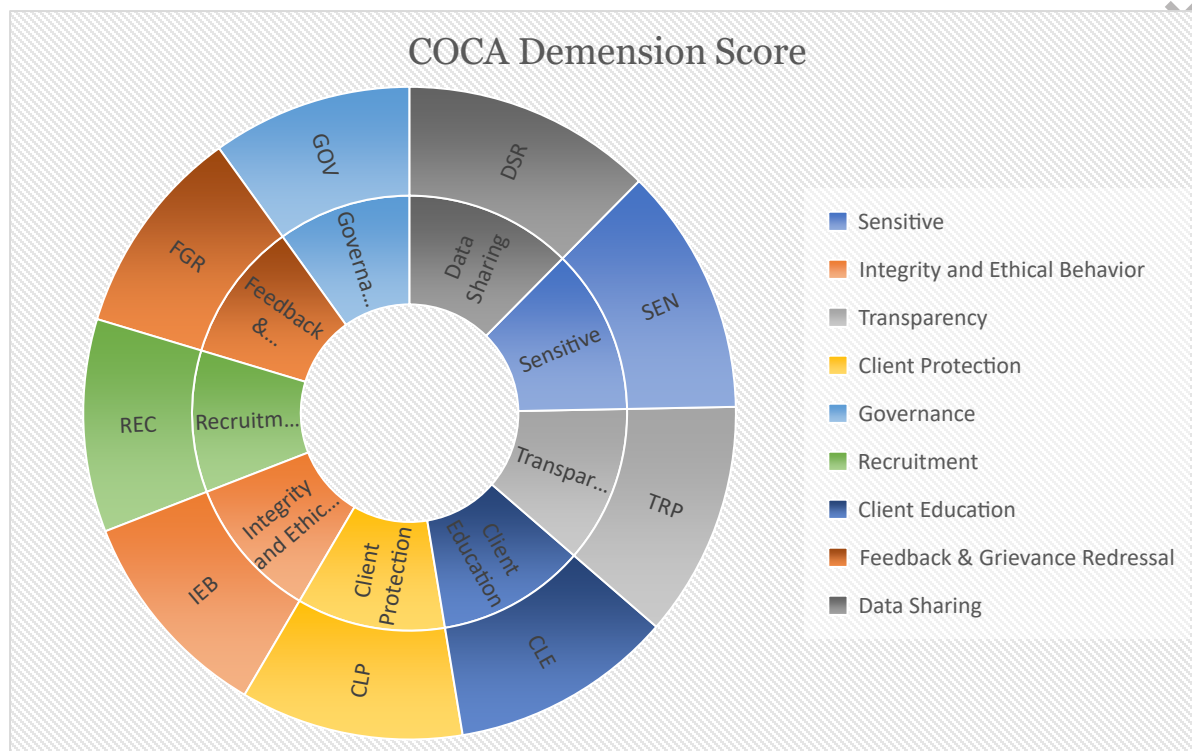
Year	Name of the Agency	Grade
December 21,2023	Infomerics	M1

Historical Rating (Bank Loan Ratings)

Date	Rating Assigned	
	Long Term	Short Term
October 28,2024	IVR A-/Stable	-

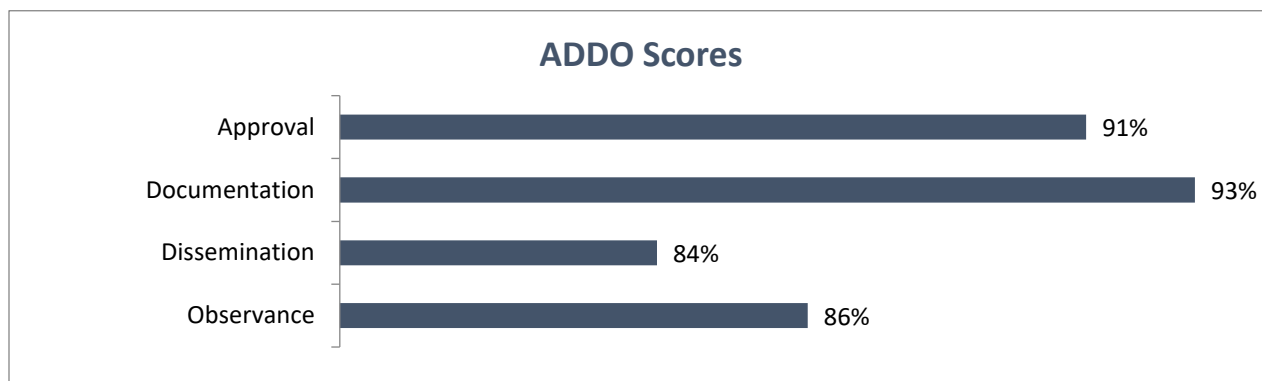
Code of Conduct Assessment Score

COCA Grading – ‘C1’ (‘Excellent’ performance of the MFI on Code of Conduct dimensions)



Scores on Parameters

Code of Conduct Parameters	Code	% Performance
Sensitive	SEN	92%
Integrity and Ethical Behavior	IEB	89%
Transparency	TRP	95%
Client Protection	CLP	83%
Governance	GOV	90%
Recruitment	REC	92%
Client Education	CLE	93%
Feedback & Grievance Redressal	FGR	88%
Data Sharing	DSR	100%



Code of Conduct Assessment Summary

The Code of Conduct report for **'Vedika Credit Capital Limited'** 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 Behavior
- Transparency
- Client Protection
- Governance
- Recruitment
- Client Education
- Feedback and Grievance Redressal
- Data Sharing

Infomerics believes that **'Vedika Credit Capital Limited'** exhibits **'Excellent'** performance on COCA dimensions.

This document details Infomerics 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 VCCL's adherence towards ethical operational practices.

Company Profile

Sr. No.	Particulars	Details	
1	Managing Director	Mr. Gautam Jain	
2	Year of Incorporation	March 15, 1995	
3	Legal Status	Non-Banking Finance Company (NBFC-MFI)	
4	CIN	U67120WB1995PLC069424	
5	RBI Registration No.	05.00844 dated 11 th March 1998	
6	NBFC MFI Registration No.	B-05.00844 dated 03 rd June 2015	
7	LEI No.	335800WR2QFGZEL2PX23	
8	Corporate Office	404, 4th Floor, Shrilok Complex, H.B. Road, Ranchi - 834001, Jharkhand	
	Registered Office	C/O Mr. Subir Dhara, Village - Choto Khataliya, P.O.- Shiuli Telini Para, Dist. - North 24 Parganas, West Bengal - 700121	
9	Lending Model	Joint Liability Group (JLG)	
10	Tangible Net Worth	Rs 205.30 crores as on March 31, 2024	
11	Geographical reach as on October 31, 2024	No. of States	7
		No. of Districts	94
		No. of Branches	192
		No. of Active Borrowers	3,88,568
		No. of Total Employees	1,675
		No. of Field/Credit Officers	1,417
12	Auditors	S K Bhageria & Associates, Mumbai	
13	Outstanding Grading	IAR M1 assigned on December 21, 2023	
14	Outstanding Rating	IVR A-; Stable as per PR dated October 28, 2024	
15	Software use	Qbrik	
16	No of Lenders	34	

GRADING RATIONALE

- Vedika Credit Capital Limited (VCCL) is a Non-Banking Financial Company – Microfinance Institution (NBFC-MFI) registered under Reserve Bank of India (RBI). It started its microfinance on-lending operation in the year 2009 with its head office in Ranchi (Jharkhand), by providing small ticket size loan to poor woman in rural and semi-urban area through Joint Lending Group (JLG) based system and Micro Home Loan.
- Initially, the company was started in 1995 and got the RBI registration for NBFC operation from 1998 under previous owner and was in stock broking operation.
- In 2004, VCCL was taken over by the current promoters, Mr. Ummed Mal Jain (Chairman) and his sons, Mr. Gautam Jain and Mr. Vikram Jain. Thereafter, the new promoters discontinued stock broking operation and initiates two wheelers financing business.
- In 2007, VCCL transferred two wheelers financing business portfolio to its group company and started Microfinance lending operation and later in June 2015 the company has was got registration as NBFC-MFI from Reserve Bank of India. Presently, the Company provides livelihood promotion services comprising of livelihood and other Micro financial services to those population segments which are mostly un-reached by the formal banking systems with the principal purpose of promoting sustainable livelihoods.
- As on FY24, its operation outreach spread across seven states (Bihar, Jharkhand, West Bengal, UP, Assam, Odisha, Tripura) through a network of 192 branches spread across 94 districts.
- As of 30-September-2024, VCCL is providing financial services to a total active borrower base of 3,88,562 with asset under management of ₹ 1,412.07 Crores (It includes Own Rs. 928.28 Cr and managed portfolio of Rs 483.79 Cr).

Product Profile

S No.	Loan Product Name	Age Limit	Brief Description	Tenure	Collection Frequency	State (Area of Working)	Min & Max Loan Ticket Size	P.F.	ROI
1	Joint Liability Group (JLG)	18-59	Small Business, Agri & allied Agri activities	18-24 months	Monthly	Bihar, Jharkhand, West Bengal, Uttar Pradesh, Odisha, Assam & Tripura	INR 20,000 to 50,000	1.50%	28.50%
2	Individual Loan	18-59	Business expansion, Micro Housing, WASH & EV	24-48 months	Monthly		INR 50,000 to 1,50,000		
3	Loans for Consumer Durables	18-59	Purchase of Consumer durables to existing client only	3-12 months	Monthly		INR 999 to 20,000		

Capital Structure as on March 31, 2024

(Rs in crore)

Authorized Capital	
Equity Share Capital	35.00
Preference Share Capital	5.00
Paid Up Equity Capital	32.13
Paid Up Preference Share Capital	-

Shareholding Pattern as on March 31, 2024

Equity Shares	
Shareholders	Holding (%)
Gautam Jain	20.72
Vikram Jain	16.53
Vedika Financial Services Private Limited	9.26
Linkline Marketing Private Limited	6.95
Vedika Sales & Services Private Limited	5.93
Vedika Agromart Private Limited	9.63
Vedika Irrigation And Energy Solution Private Limited	6.34
Others (Shareholders having shareholding >5%)	24.64
Total	100.00

PROFILE OF GOVERNING BODY MEMBERS/DIRECTORS OF VCCL

Name	Age	Designation In the board	Education Qualification	Brief Profile	Total Years of Experience
Mr. Gautam Jain	54 Years	Managing Director	MBA (F)	Mr. Gautam Jain, aged about 54 years, residing at Poddar Bagan, Harmu Road, Ranchi, Jharkhand - 834001, presently acting as an Managing Director (DIN-00367524) of the company is a young, bright and dynamic individual with a passion to achieve excellence regardless of the odds and challenges. An MBA in Marketing, he started his career with a jute mill in Calcutta and subsequently, moved into finance business. He looks after the day-to-day operations of the Company. A visionary with a great sense of commitment, he is committed to make VCCL a brand name in the financial service sector.	24
Mr. Vikram Jain	51 Years	Whole Time Director	B. Com	Mr. Vikram Jain, aged about 51 years, residing at Poddar Bagan, Harmu Road, Ranchi, Jharkhand - 834001, presently acting as Director (DIN-00367570) of Vedika Credit Capital Ltd. He was earlier managing the family	22

Name	Age	Designation In the board	Education Qualification	Brief Profile	Total Years of Experience
				business of food grains. Having drawn inspiration from his father Mr. Ummed Mal Jain and under his tutelage, he started managing the finance business of the family. He is a Fund Management Specialist.	
Mr. Deep Kumar Hessa	42 Years	Director	LL.B & LL.M	Mr. Deep Kumar Hessa, Director (DIN-03452241) of the Company. His qualifications are LL.B & LL.M in Customary Law & Tribal Governance. He has been associated with NGO's and deep knowledge of Rural Tribal area belongs in Jharkhand.	8
Mr. Maqsoodul Hasan Ansari	71 Years	Independent Director	MBA & Doctor of Philosophy (Ph.D)	Mr. Maqsoodul Hasan Ansari, Independent Director (DIN-08188472) of the Company. He has Contributed significantly in preparing young minds of the country in the last 35 years of teaching and training for building their career in rural development as well as to work for the marginalized sections of the society and the country. His qualification are Post-graduate Diploma in "Social	35

Name	Age	Designation In the board	Education Qualification	Brief Profile	Total Years of Experience
				<p>Service” with specialization in Personnel Management & Industrial Relations & MBA with Specialization in Marketing Management & Doctorate of Philosophy (PhD) from Post Graduate Department of Commerce and Business Management, Ranchi University, Ranchi. He served as Head of the Department of Rural Management at XISS, Ranchi for a period of 14 years. He is having a Life membership of the International Institute of Adult and Lifelong Education, New Delhi since the Year 1990. He has written and published small books and produced Audio-visual aids which helped in creating awareness in the rural masses for developmental interventions. He has participated and moderated many National and International Conferences. He has also received “Mahatma Gandhi Peace Award-2015” in the field of Education on 2nd of October 2015.</p>	

Name	Age	Designation In the board	Education Qualification	Brief Profile	Total Years of Experience
Mr. George Roshan Tirkey	42 Years	Nominee Director	MBA, CAIIB & JAIIB	Mr. George Roshan Tirkey is a nominee Director of the Company representing SIDBI. His Qualification is B. Com and has completed JAIIB and CAIIB from IIBF. He has varied experience in Bank and Financial Institution and has been with SIDBI for the last 15 years. He has handled direct finance operations in different capacities in many geographies and has also been associated with SFMC and NBFC vertical and working towards extending support to Microfinance and sectors for their funding and other needs. At present, he is working as an Assistant General Manager in NBFC-MFI Vertical, Mumbai and looking after NBFC-MFI lending of SIDBI (PAN India).	19

Name	Age	Designation In the board	Education Qualification	Brief Profile	Total Years of Experience
Mr. Hari Babu Shukla	63 Years	Independent Director	Post graduate and associate member of Indian Institute of Bankers	<p>Mr. Hari Babu Shukla has retired on superannuation from service of Indian Overseas Bank on 31/12/2021 after a stint of 37.5 years of experience. He joined the direct in officer cadre of Bank after passing college/university in 1984 & worked in various capacities. He has more than 37 years of Banking experience in various aspects of Banking. His experience in Banking includes Branch Banking experience, Head of Region experience, Overseas Banking/International Banking experience, Corporate Office, Board Secretary as well as head of the training institute.</p>	40

Profile of Senior Management:

Name	Qualification	Designation	Total years of experience (Years)
Sujit Kumar Saha	Zonal Business Head	Graduate	21
Abhishek Agarwal	CFO	FCS & MBA(F)	15
Gaurav Kumar Vohra	CS	FCS & LLB	10
Chandan Kumar Malviya	Audit & Risk Head	MBA	8
Milan Singh	CTO	B. Tech	11
Rajesh Pandey	CHRO	MBA	20

Comments:

- VCCL's senior management has adequate experience across sectors such as Microfinance space and development sector.
- VCCL has dedicated department wise / function wise heads and no major functional overlaps have been observed.

HIGHLIGHTS OF MICROFINANCE OPERATIONS

For the period ended / As on,	FY22	FY23	FY24
Number of states	7	7	7
Number of districts	94	94	94
Branches	192	192	192
Number of active members	2,54,649	3,13,797	3,87,118
Loan Portfolio			
No. of loan disbursed during the year	1,59,219	1,11,484	1,67,410
Amount of loan disbursed during the year (Rs. Cr)	449.44	490.05	627.49
Average Loan size disbursed during the year (Rs.)	28,228	43,957	37,482
Overdue at the beginning of the year (Rs. crore)	21.04	1.15	2.75
Principal due during the year (Rs. crore)	340.84	396.22	539.86
Principal recovered during the year (Rs. crore)	360.73	394.62	541.28
Overdue at the end of the year (Rs. crore)	1.15	2.75	1.33
Recovery rate (%)	96.43	98.58	99.42
Total outstanding loan portfolio (Rs. crore)	580.55	771.65	928.39
Portfolio at risk (PAR) >30 days (%)	5.08	3.05	1.84
Portfolio at risk (PAR) >90 days (%)	2.01	0.89	0.73
CAR (Tier 1) %	16.76	20.10	21.75
CAR (Tier 2) %	3.29	2.46	1.72
CAR (Overall) %	20.05	22.56	23.47

Details on human resources

	FY22	FY23	FY24
Field Staff	950	1,220	1,405
Total employees	1,149	1,407	1,659
No. of Branch	192	192	192
Employee productivity			
Number of loans per Relationship Executive	268	257	276
Number of members per Relationship Executive	268	257	276
Number of borrowers per Relationship Executive	268	257	276
Amount of loan outstanding per Relationship Executive (Rs. crore)	0.61	0.63	0.66
Branch productivity			
Number of members per branch	1,326	1,634	2,016
Number of individual borrowers per branch	1,326	1,634	2,016

Amount of loan outstanding per branch (Rs. crore)	3.02	4.02	4.84
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Bifurcation of AUM

(Rs. Crore)

Period ended	Mar 31, 2022	Mar 31, 2023	Mar 31, 2024	Sept 30, 2024
Managed portfolio (BC etc.)	165.17	325.47	451.11	483.79
Own loan portfolio	580.55	771.65	928.39	928.28
AUM (Rs.cr.)	745.72	1,097.12	1,379.50	1,412.07

Pricing of Loans

- Each RE shall put in place a board-approved policy regarding pricing of microfinance loans which shall, inter alia, cover the following:
 - o A well-documented interest rate model/ approach for arriving at the all-inclusive interest rate.
 - o Delineation of the components of the interest rate such as cost of funds, risk premium and margin, etc. in terms of the quantum of each component based on objective parameters.
 - o The range of spread of each component for a given category of borrowers; and
 - o A ceiling on the interest rate and all other charges applicable to the microfinance loans.
 - o There shall be no pre-payment penalty on microfinance loans. Penalty, if any, for delayed payment shall be applied on the overdue amount and not on the entire loan amount.

Strengths and Weaknesses pertaining to Code of Conduct

Strengths	Weaknesses
<ul style="list-style-type: none"> • Board approved policies, compliant with the RBI guidelines. • Membership with Sa-Dhan and MFIN. • Board with rich experience from banking and finance background. • Experienced and qualified management with more than a decade of experience in MFI industry. • Standardized operating procedures in place with documented policies with respect to loan sanctions, conduct of the staff, field operations, credit appraisal and systems. • 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. • Adequate software-based MIS to handle current scale of operations. • Code of Conduct framed as per the VCCL's mission, vision, values are displayed in all branch offices & HO. • High focus on client relationship and empathetic behavior towards borrowers. • The loan documents were available in the regional language in every branches. 	<ul style="list-style-type: none"> • The MFI records all the complaints received at the helpline number at head office; however, there is no process to record complaints at branch level.

Significant Observations

HIGHER ORDER INDICATORS	
Integrity and Ethical Behaviour	<ul style="list-style-type: none"> • Standard operating process and policies are in place with strong degree of adherence and the staff is appropriately trained to abide by the code of conduct. • Fair degree of transparency observed while dealing with borrowers and the staff was found ethical and the management treats borrowers and staff members with dignity. • The Board and board level committees in place which help good oversight in observations with Code of Conduct. • 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. • Awareness among client and staff on Sa-Dhan grievance redressal mechanism was found to be moderate. • Fixed Component compensation of staff is not impacted in event of overdues. VCCL, in its fair practices code provides importance for transparency in pricing and clear communication to the clients. • In all the branches, the contact number and address of Sa-Dhan nodal official was properly displayed. • GMFPL shares sanction letters to clients with all terms & conditions post sanction of loans. • The clients receives receipts for repayment of loans. • MFI prepares monthly reports about the number, nature and resolution of grievances and feedback received for management review and same is presented to audit committee set up at board level.
Sensitive Indicators	<ul style="list-style-type: none"> • Clients interviewed were aware of the charges and price for all services availed. • Awareness among the staff on RBI guidelines was found to be adequate.

	<ul style="list-style-type: none"> • There are no adverse observations in the Auditor's report regarding accounting standards followed by the MFI. • VCCL shares accurate data with all credit bureaus on a frequency prescribed by SRO. • VCCL 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 organization also has a well-documented policy on pre-payments.
BUILDING BLOCKS	
Transparency	<ul style="list-style-type: none"> • The policies of the MFI are in place and documented in its operational manual and HR manual. • The MFI has complied with RBI's directions and no security deposit has been collected from the borrowers. • VCCL 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 with the most recent directions were available in the visited branches. • The MFI enters into loan agreement with the clients and copy of loan agreements are shared with the clients. • The loan interest rate and processing fees is mentioned on the loan passbook and sanction letter provided to the client. • Clients interviewed were moderately 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. • Previous financial year annual financial statement and report i.e. FY2024 is available in the public domain.
Client Protection	<ul style="list-style-type: none"> • VCCL has a board-approved policy regarding client data security.

	<ul style="list-style-type: none"> • Employees are trained on aspects of appropriate behaviour with the clients. • VCCL has documented policy on client data security which forms part of its fair practice code. • VCCL has framed a Fair Practice Code and has also adopted the RBI fair practices code. • Staffs were found to be aware of the need to have professional conduct with the clients. • Insurance is provided through IRDA approved insurance agency. • The loan cards given to the clients have documented repayment schedule and the charges and interest rates printed on them. • The borrowers will receive manual receipt for every payment made by them. • The field staff is trained for not using any coercive or abusive language or provide any threat in case of non-payment by the borrowers. • The sample of borrowers surveyed were satisfied with the behaviour of the field staff.
<p>Governance</p>	<ul style="list-style-type: none"> • Good governance with reputed people comprising the Board and presence of board level subcommittees. • The board consists of the Promoter Director, one director, independent directors, one nominee director. • VCCL has several board level committees which deal with various aspects of the microfinance operations. • The key operational and key financial metrics are appraised to the board on daily basis. The detailed operational and financial performance is updated to the Board in the quarterly Board Meetings. • The MFI places regular reports on compliance with COC as per SRO and RBI Guidelines before the board. • The MFI has a dedicated internal audit team and the head of internal audit reports directly to the Board Committee. Internal audit is done on an interval of 90 days basis and the report is

	<p>submitted directly to the audit committee and Board of Director.</p> <ul style="list-style-type: none"> • The MFI has got its accounts audited in a timely manner after the end of the most recent financial year. • The statutory auditor has given favourable feedback on the accounting practices and systems followed by the organization. Also, there are no adverse observations in the Auditor's report regarding accounting standards followed by the MFI.
<p>Recruitment</p>	<ul style="list-style-type: none"> • VCCL '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. • There is documentary evidence to suggest that MFI has honoured the notice period for all employees who have left it. • MFI obtain NOC or relieving letter from the previous employee, in case employees are recruited from other MFIs. • 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 and the same documented in Operational Manual. • All new recruits shall be on probation for a period of 3-6 months and be confirmed in the post on completion of probation period only after he/she is found to be suitable for confirmation by competent authority.
<p>Client Education</p>	<ul style="list-style-type: none"> • The MFI has trained staff for the purpose of increasing clients' awareness and periodic financial literacy trainings are given to borrowers by the MFI staff. • Awareness among the clients on insurance claim settlement process and grievance redressal mechanism is found to be moderate to low. • The surveyed borrowers indicated that they were informed about the organization's policies and procedures when they joined the MFI and there has not been any instance where the MFI

	has charged its clients for training provided to them.
Feedback and Grievance Redressal	<ul style="list-style-type: none"> • VCCL has a grievance redressals mechanism in place with a helpline number, email id printed in the loan card/passbook and there is one designated redressal officer. • However, if the issue is not resolved, the escalations should be forwarded to HO. The Credit Monitoring Officers of HO would specifically review the grievance handling procedure during their periodic monitoring visits. • The MFI records all the complaints received at the helpline number at head office; however, very limited records were observed at the registers maintained at the visited branches.
Data Sharing	<ul style="list-style-type: none"> • Operational and financial data for FY 2024 is available on the website of VCCL. • MFI has a well-defined process for sharing data with the credit bureaus. • MFI has provided data called by SRO and other state level SROs and RBI as and when required as per compliance. • VCCL shares accurate data with all credit bureaus on a frequency prescribed by SRO. • VCCL 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 was 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-Sa-Dhan) 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

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)	8 – 10 branches (geographically distributed)	120-150 clients (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 branch for review. The branches are chosen 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 to collect 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 this assessment, we observed 18 branches and interacted with Branch Staff and Borrowers of the MFI. The details of the branches are provided below.

SL. No.	Branch	State	No of Groups interviewed
1	Bidhannagar	West Bengal	1
2	Malbazar		1
3	Siliguri		1
4	Jalpaiguri		1
5	Bagdogra		1
6	Belakoba		1
7	Tollyganj		1
8	Bairrakpur		1
9	Bokaro	Jharkhand	1
10	Chirkunda		1
11	Chandankiyari		1
12	Godda		1
13	Daltonganj		1
14	Barhi		1
15	Kokar		1
16	Ramgarh		1
17	Baridih		1
18	Hazaribagh		1
TOTAL			18

About Infomerics Analytics and Research:

Infomerics Analytics and Research Private Limited a subsidiary of Infomerics Valuation and Rating Pvt Ltd., a SEBI Registered and RBI Accredited credit grading company was established in the year 2021 exclusively for rendering services in the field of grading, scoring, analysis, evaluation, certification, appraisal etc. to business entities which include Government agencies & regulators, Overseas Corporate Bodies (OCB's) including FPI's and FII's etc. The company was formed consequent to the guidelines of SEBI restricting the operations of credit rating agencies only to the assigning of rating of Bank Loans, commercial papers, NCD etc.

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Infomerics Analytics and Research covers a wide spectrum of services and solutions to offer through a rationale and prudent approach which leads to a robust analysis and deliverance. We have a team of experienced and knowledgeable analysts and experts who conduct in-depth study of various aspects of an entity before assigning the Rating / Grading which is accepted by various Banks and Financial Institutions. The immaculate approach covering all the nuances is adopted for preparing the study reports which covers every aspect of the business entity.