

Hindusthan Microfinance Private Limited

705/B, Sagar Tech Plaza, Andheri Kurla Road,
Sakinaka Junction, Andheri (East), Mumbai - 400072

Code of Conduct Assessment IAR – C2

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

Date: February 16, 2026

Infomerics Analytics and Research Private Limited

(CIN: U74999DL2020PTC369018)

Flat No.108, Golf Apartments, Sujan Singh Park New Delhi – 110 003
vma@infomerics.com, Phone: +9111 41410243, 4141 0244, Fax: +91 11 24627549

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 | Hindusthan Microfinance Private Limited obtains “C2” as its Code of Conduct Assessment Grade which signifies ‘Good’ performance of the COCA dimensions |
|---|---|

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)

| Date | Name of the Agency | Grade |
|----------------|--------------------|-------|
| March 05, 2025 | IAR | C2 |

Historical Rating Grades (MFI Gradings)

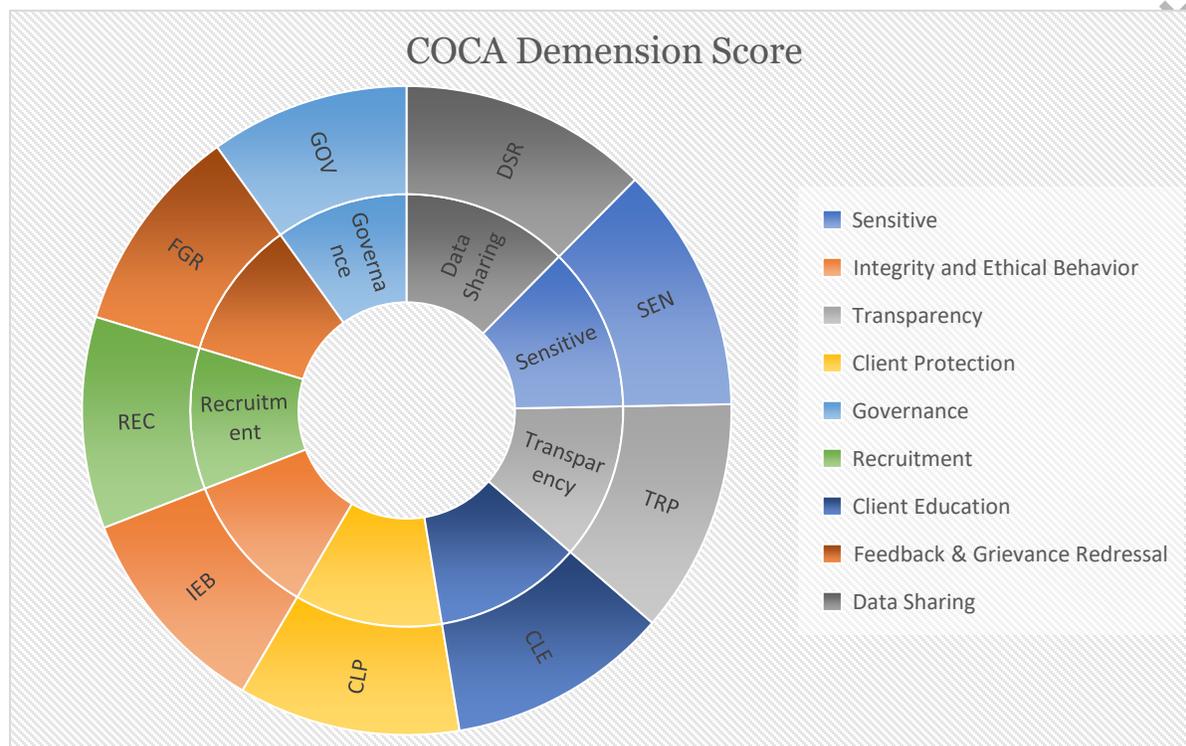
| Date | Name of the Agency | Grade |
|-----------------|--------------------|-------|
| January 02,2026 | IAR | MFI2 |

Historical Rating (Bank Loan Ratings)

| Date | Rating Assigned | |
|------|-----------------|------------|
| | Long Term | Short Term |
| NA | NA | - |

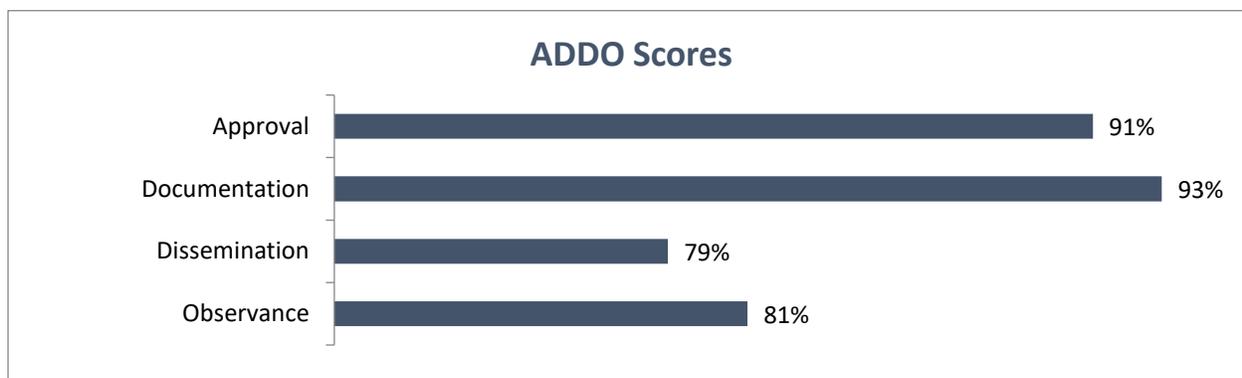
Code of Conduct Assessment Score

COCA Grading – ‘C2’ (‘Good’ 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 | 86% |
| Transparency | TRP | 95% |
| Client Protection | CLP | 83% |
| Governance | GOV | 83% |
| Recruitment | REC | 92% |
| Client Education | CLE | 71% |
| Feedback & Grievance Redressal | FGR | 82% |
| Data Sharing | DSR | 83% |



Code of Conduct Assessment Summary

The Code of Conduct report for '**Hindusthan Microfinance Private 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 '**Hindusthan Microfinance Private Limited**' exhibits '**Good**' 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 (ADD0) framework has been used for assessment and measuring HMPL's adherence towards ethical operational practices.

Company Profile

| Sr. No. | Particulars | Details | |
|---------|---|---|----------|
| 1 | Managing Director | Mr. Anil L. Jadhav | |
| 2 | Year of Incorporation | 1996 | |
| 3 | Commencement of MFI operations | 2004 | |
| 4 | Legal Status | Private Limited Company | |
| 5 | CIN | U99999MH1996PTC101376 | |
| 7 | RBI Classification | NBFC-MFI | |
| 8 | Registered Office/ Corporate Office | 705/B, Sagar Tech Plaza, Andheri Kurla Road, Sakinaka Junction, Andheri (East), Mumbai - 400072 | |
| 9 | Lending Model | JLG | |
| 10 | Tangible Net Worth (Rs.in Cr) | 16.08 as on 31 st March, 2025 | |
| 11 | Geographical reach as on September 30, 2025 | No. of States | 7 |
| | | No. of Districts | 85 |
| | | No. of Branches | 150 |
| | | No. of Active Borrowers | 1,25,332 |
| | | No. of Total Employees | 1200 |
| | | No. of Field/Credit Officers | 776 |
| 12 | Auditors | Manish Sharma & Associates | |

GRADING RATIONALE

Brief Profile of the organization

- Hindustan Micro Finance Private Ltd (HMPL) is an NBFC-MFI incorporated in the year 1996 by its promoters under the Companies Act 2013 and was registered with RBI (NBFC) on March 25th, 2015, Bearing COR No. B-13.01761.
- HMPL is engaged in microfinance activities and mainly focus on providing financial and non-financial services to poor inhabitants in that region. The areas where HMPL operates are regions where some of the poorest people in India live and are largely unserved by formal and informal banking facilities. The regions were identified after conducting a market research survey.
- HMPL started its microfinance operations in the year 2008. Its registered office is located at 705/B, Sagar Tech Plaza, Andheri Kurla Road, Sakinaka Junction, Andheri (East), Mumbai - 400072.
- HMPL works in JLG model, MSME secured and Unsecured. The company will strengthen its Board and Senior Management by including more experienced professionals with experience in banking and financial services.
- Currently, the operations of the company are managed by Mr. Anil L. Jadhav, (Managing Director) and Satishkumar Gopalkrishnan Rao (Execute Director) and a team of experienced personnel.
- HMPL is now working with 150 branches spread over 85 districts in seven states, Andhra Pradesh, Gujarat, Karnataka, Madhya Pradesh, Rajasthan, Telangana and Maharashtra where they are providing services to almost 1.25 lakh clients.
- As on March 31, 2025, HMPL is managing a total outstanding loan portfolio of Rs. 635.52 crore (it includes owned and managed portfolio).

Product Profile

| S No. | Loan Product Name | Type Of Product | Age Limit | Tenure | Collection Frequency | Min & Max Loan Ticket Size | P.F. | ROI |
|-------|----------------------|-----------------|-----------|--------------|----------------------|----------------------------|-------------|-----------------|
| 1 | Joint Liability Loan | JLG | 18-58 | 18-24 Months | Monthly | 0.25 – 0.70 Lakhs | 1.00 – 2.00 | 25.50% – 26.80% |
| 2 | MSME - Secured | MSME | 18-58 | 24-84 Months | Monthly | 3.00 Lakhs - 15 Lakhs | 2.00 | 24.12 % |

Capital Structure as on December 31, 2025

(Rs in crore)

| | |
|---------------------------|--------------|
| Authorized Capital | 18.00 |
| - Paid Up Capital | 13.01 |

Shareholders holding pattern as on December 31, 2025

| Equity Shares | |
|-----------------------------|---------------|
| Shareholders | Holding (%) |
| Mr. Anil Laxmanrao Jadhav | 33.62 |
| Mr. Satishkumar G. Rao | 32.89 |
| Mr. L.B. Prakash | 5.56 |
| Mrs. Sujata Anil Jadhav | 4.82 |
| Ms. Bhagyashree A Jadhav | 2.24 |
| Mr. Shubham A Jadhav | 7.54 |
| M/s Hindusthan IT Solution | 0.80 |
| Mr. Debajeet Das | 5.96 |
| Mr. Alok Kumar B Agarwal | 2.98 |
| Mr. Damodar Y. Gothivarekar | 2.98 |
| Mr. Ameya S. Shenoy | 0.60 |
| Total | 100.00 |

Profile of governing body members/directors of Hindusthan Finance Private Limited

| Name | Designation In the board | Education Qualification | Brief Profile | Total Years of Experience | Experience in Micro finance |
|------------------------|--------------------------------|-------------------------|--|---------------------------|-----------------------------|
| Mr. Anil L. Jadhav | Chairman and Managing Director | Graduate | He has vast experience of more than three decades in managing credit cooperatives Societies for providing micro finance (credit and savings services) to the urban poor in Maharashtra. | 42 | 42 |
| Mr. Satishkumar G. Rao | Executive Director | Postgraduate | He is experienced in the banking sector for more than two decades. He has worked in higher positions in Bank of Baroda, HDFC Bank, Yes Bank and United Overseas Bank, Singapore having an illustrious career. | 33 | 33 |
| Mr. V. Nagaraja | Independent Director | Postgraduate | He has more than three decades of experience in the banking sector and also headed PNB Capital Services Ltd., a Merchant Banking and NBFC subsidiary of Punjab National Bank as a Managing Director for about five years. He has been on the Committees / Working Groups constituted by the Reserve Bank of India and the Indian Banks' Association. | 57 | 57 |

| | | | | | |
|----------------|----------------------|--------------|---|----|----|
| Mr. BB Mohanty | Independent Director | Postgraduate | In NABARD he had rich experience in a wide spectrum of activities/ projects undertaken in 3 decades while handling various positions at NABARD. A decade long (1989-1999) placement in Development Policy Department (NFS) in HO of NABARD, followed by postings in DPD (FS), Department of Supervision (DOS), HRDD & MCID at Head Office (HO) and Karnataka. | 54 | 54 |
|----------------|----------------------|--------------|---|----|----|

Profile of Senior Management

| Name | Designation | Qualifications | Experience (Years) |
|--------------------------|---|----------------|--------------------|
| Mr. Anupkumar Ghosh | CEO | Post-Graduate | 23 |
| Mr. Shubham Anil Jadhav | Associates Director | Post-Graduate | 6 |
| Ms. Bhagyashree Jadhav | Associates Director | Post-Graduate | 11 |
| Mr. Ganesh H. Hankare | Vice President (Finance & Accounts) | Post-Graduate | 20 |
| Mr. Pijush Shaw | State Head: Gujarat | Post-Graduate | 15 |
| Mr. Rameshwar Chhauthari | State Head: Maharashtra and Karnataka | Post-Graduate | 14 |
| Mr. Anirudha Ghorpade | Zonal Manager – Maharashtra (North-Eastern Region Region) | Graduate | 12 |
| Mr. Srikanth Bandolla | AVP - Strategy and Product | Graduate | 16 |
| Ms. Sudha Maurya | Head - Human Resources | Post-Graduate | 16 |
| Mr. Vivek Hirlekar | AVP - Audit | Graduate | 18 |
| Mr. Kommaraju Rammohan | Business Head - MSME | Graduate | 24 |
| Ms. Suchita Shetty | Head - CPU & Branch Control | Graduate | 16 |
| Mr. Aman Soni | State Head - MP | Post-Graduated | 14 |
| Mr. Akash Patel | State Head - Gujarat | Graduate | 10 |
| Mr. Lakhmichand goyal | Zonal Manager - Rajasthan | Graduate | 12 |
| Mr. Shekar Shinde | Manager -IT | Graduate | 18 |

Comments:

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

Operational outreach

| For the period ended / As on, | FY23 | FY24 | FY25 | Q2-FY26 |
|---|----------|----------|----------|----------|
| Number of states | 7 | 7 | 7 | 7 |
| Number of districts | 68 | 85 | 85 | 85 |
| Branches | 129 | 150 | 150 | 150 |
| Number of active JLG members | 1,32,337 | 1,24,208 | 1,27,742 | 1,25,332 |
| Loan Portfolio | | | | |
| No. of loan disbursed during the year | 59,147 | 55,275 | 47,213 | 15,878 |
| Amount of loan disbursed during the year (Rs. Cr) | 272.02 | 368.63 | 381.10 | 112.08 |
| Average Loan size disbursed during the year (Rs.) | 38,175 | 37,936 | 80,719 | 70,590 |
| Overdue at the beginning of the year (Rs. crore) | 0.16 | 0.14 | 0.22 | 0.31 |
| Principal due during the year (Rs. crore) | 19.33 | 20.11 | 16.01 | 10.98 |
| Principal recovered during the year (Rs. crore) | 19.07 | 19.81 | 15.66 | 10.67 |
| Overdue at the end of the year (Rs. crore) | 0.26 | 0.30 | 0.35 | 0.31 |
| Recovery rate (%) | 98.65 | 98.51 | 97.81 | 97.18 |
| Total outstanding loan portfolio (Rs. crore) | 354.69 | 486.51 | 635.52 | 649.35 |
| Portfolio at risk (PAR) >30 days (%) | 2.06 | 1.27 | 1.94 | 4.85 |
| Portfolio at risk (PAR) >90 days (%) | 1.53 | 1.44 | 0.92 | 3.38 |
| CAR (Tier 1) % | 31.08 | 38.42 | 35.37 | 41.04 |
| CAR (Tier 2) % | 15.84 | 6.27 | 6.87 | 7.90 |
| CAR (Overall) % | 46.92 | 44.69 | 42.24 | 48.94 |

Details on human resources

| | FY23 | FY24 | FY25 | Q2-FY26 |
|---|-------|-------|-------|---------|
| Credit officers | 129 | 147 | 117 | 68 |
| Total employees | 1,058 | 1,354 | 1,279 | 1,200 |
| No. of Branch | 129 | 150 | 150 | 150 |
| Employee productivity | | | | |
| Number of loans per credit officer | 1,026 | 845 | 1,092 | 1,843 |
| Number of members per credit officer | 1,026 | 845 | 1,092 | 1,843 |
| Number of borrowers per credit officer | 1,026 | 845 | 1,092 | 1,843 |
| Amount of loan outstanding per credit officer (Rs. crore) | 2.75 | 3.31 | 5.43 | 9.55 |
| Branch productivity | | | | |
| Number of members per branch | 1,026 | 828 | 852 | 836 |
| Number of borrowers per branch | 1,312 | 4,734 | 8,329 | 9,138 |

| | | | | |
|---|------|------|------|------|
| Amount of loan outstanding per branch (Rs. crore) | 2.75 | 3.25 | 4.24 | 4.33 |
|---|------|------|------|------|

Bifurcation of AUM

(Rs. Crore)

| Period ended | Mar 31, 2024 | Mar 31, 2025 | Sept 30, 2025 |
|------------------------|---------------------|---------------------|----------------------|
| Managed (BC) portfolio | 464.49 | 607.26 | 628.33 |
| Owned portfolio | 22.30 | 28.26 | 21.02 |
| AUM (Rs.cr.) | 486.79 | 635.52 | 649.35 |

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. • 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 HMPL's mission, vision, values are displayed in all branch offices & HO. • High focus on client relationship and empathetic behaviour 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 the branch level. • Death claim registers were not maintained at the branch levels. • Awareness about the RBI guidelines and SRO Grievance Redressal mechanism was found to be moderate to low in the visited branches. |

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. HMPL, in its fair practices code provides importance for transparency in pricing and clear communication to the clients. • In the visited branches, the contact number and address of Sa-Dhan nodal official was displayed properly. • HMPL does not share sanction letters to clients post loan approval. • The clients receive 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 moderate to low. |

| | |
|--------------------------|--|
| | <ul style="list-style-type: none"> • There are no adverse observations in the Auditor's report regarding accounting standards followed by the MFI. • HMPL shares accurate data with all credit bureaus on a frequency prescribed by Sa-Dhan. • HMPL 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. • HMPL 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 loan interest rate and processing fees is mentioned on the loan passbook and sanction letter provided to the client. • Clients interviewed were aware of the charges and price for all services availed. • The clients receive detail receipts post collection at the centers. • 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. FY2025 is not available in the public domain. |
| Client Protection | <ul style="list-style-type: none"> • HMPL has a board-approved policy regarding client data security. • Employees are trained on aspects of appropriate behaviour with the clients. |

| | |
|--------------------------|--|
| | <ul style="list-style-type: none"> • HMPL has documented policy on client data security which forms part of its fair practice code. • HMPL 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 and three directors. • HMPL 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 Sa-Dhan 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 submitted directly to the audit committee and Board of Director. |

| | |
|--------------------------------|--|
| | <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"> • HMPL '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. |

| | |
|--|---|
| <p>Feedback and Grievance Redressal</p> | <ul style="list-style-type: none"> • HMPL has a grievance redressals mechanism in place with a helpline number, email id printed in the loan card/passbook and there is 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, there is no process to record complaints at the branch level. • In visited the branches, the contact number and address of Sa-Dhan nodal official was displayed. |
| <p>Data Sharing</p> | <ul style="list-style-type: none"> • Operational and financial data for FY 2025 is not available on the website of HMPL. • MFI has a well-defined process for sharing data with the credit bureaus. • MFI has provided data called by Sa-Dhan and other state level SROs and RBI as and when required as per compliance. • HMPL shares accurate data with all credit bureaus on a frequency prescribed by Sa-Dhan. • HMPL 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 8 branches and interacted with Branch Staff and Borrowers of the MFI in person and through branch visits. The details of the branches are provided below.

| SL. No. | Branch | State | No of Groups interviewed |
|--------------|------------------------|-------------|--------------------------|
| 1 | Kalyan | Maharashtra | 1 |
| 2 | Karjat | | 1 |
| 3 | Dattawadi | | 1 |
| 4 | Chandan Nagar - Mundwa | | 1 |
| 5 | Rajguru Nagar | | 1 |
| 6 | Virar | | 1 |
| 7 | Yeola | | 1 |
| 8 | Nashik Road | | 1 |
| TOTAL | | | 8 |

About Infomerics Analytics and Research:

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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.