



SMERA
Code of Conduct
Assessment

C1

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

SMERA Code of Conduct Assessment

Humana Financial Services Private Limited



To verify the grading, please scan the QR Code

Date of Report:
29th February, 2024
Valid Till:
27th February, 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

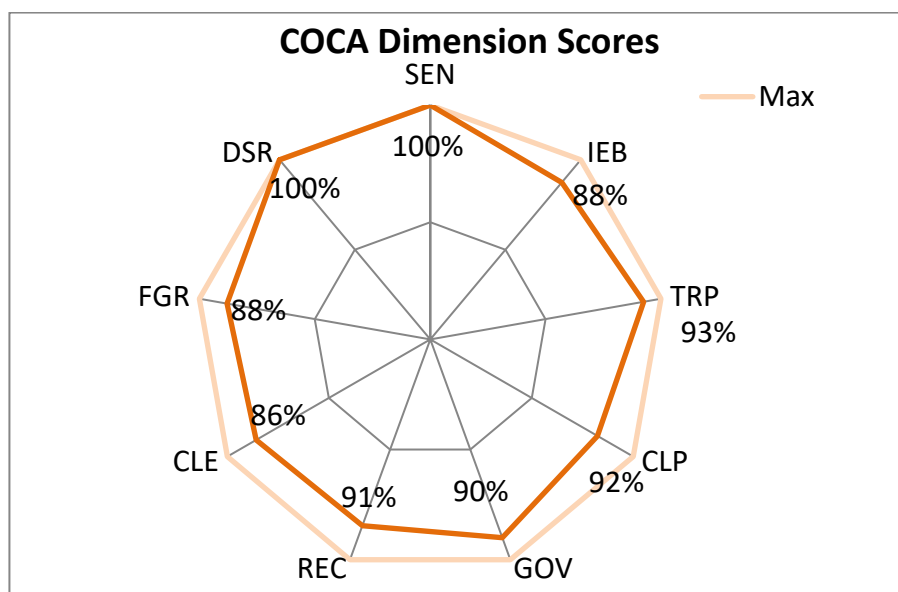
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Historical Rating Grades

Date	Rating Agency	Rating/Grading
May 24, 2023	Acuite	BBB-
March, 2023	M-CRIL	C1
January 05,2023	M-CRIL	Alpha-

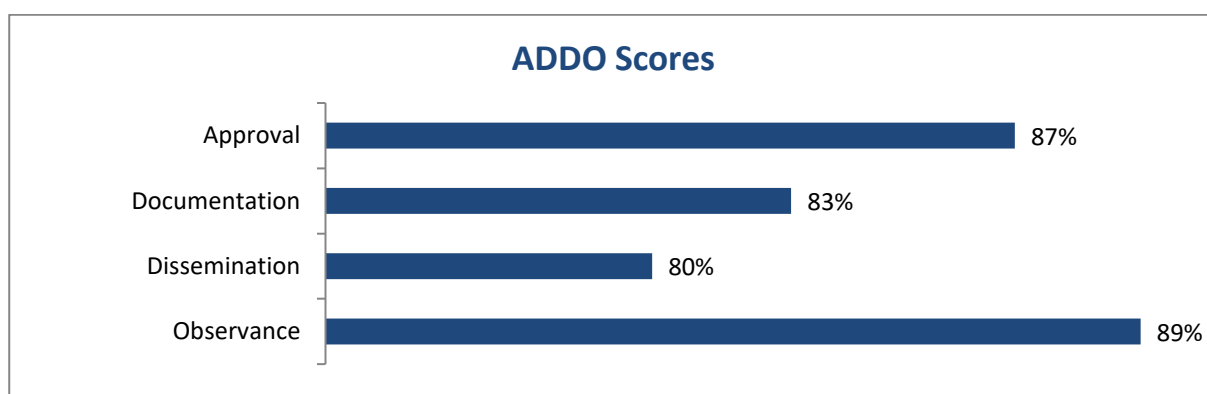
Code of Conduct Assessment Score

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	92%
Governance	GOV	90%
Recruitment	REC	91%
Client Education	CLE	86%
Feedback & Grievance Redressal	FGR	88%
Data Sharing	DSR	100%



HF SPL 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 Humana Financial Services Private Limited (HFSPL) 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 HFSPL 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 HFSPL's adherence towards ethical operational practices.

Company Profile

Name of the MFI Operational Head – Microfinance Business	:	Humana Financial Services Private Limited	
	:	Name	Mr. Raj Kumar Singh
	:	Designation	Chief Executive Officer
	:	Mobile No.	9560418119
	:	Email ID	rajkumar@humanafinancial.com
	:	Date of Joining	June 01, 2020
Date of Incorporation/Establishment	:	July 08, 2016	
Date of commencement of microfinance business	:	February 01, 2018	
Legal Status	:	NBFC MFI	
Business of the company	:	Microfinance	
Correspondence Address	:	Second Floor, 111-9, Near Primary School, Kishangarh, Vasant Kunj, New Delhi, 110070 India	
Geographical Reach (As on 31/Dec/2023)	:	No. of States	3
	:	No. of Districts	20
	:	No. of Branches	33
	:	No. of Active Borrowers	61,237
	:	No. of Total Employees	309
	:	No. of Field/Credit Officers	167
No. of Lenders	:	19 Lenders (5 Banks & 14 NBFCs)	
Statutory Auditors	:	NSB and associates	

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)
JLG Loan	Income Generating Loan	20,000 – 80,000	26.00	1.00	27.00
JLG Loan	Wash Loan	20,000 – 80,000	26.00	1.00	27.00

Capital Structure as of 31/Dec/2023

Authorized Capital	Rs. 15.00 crore
Paid Up Capital	Rs. 10.08 crore

Shareholding Pattern (as on March 31, 2023)

Equity Shares	
Shareholders	% Holding
Humana Trust For Financial Inclusion & Development	84.14
Manoj Kumar Singh	0.05
Humana & Planetaid Finance SA	15.81
Total	100.00

Board of Director's/Promoter's Profile

Director Details		Profile
Name:	Mr. Sanjeev Bhatt	Sanjeev Bhatt serves as a director on the board of Humana People to People India since 2001. He is heading the Grant Administration team. His association with HPPI started in 1998 as a program officer for the first Community Development project in Alwar District, Rajasthan. Sanjeev was part of initiating the microfinance program in HPPI and started the first rural water supply scheme under Sector Reform Project of Rajiv Gandhi National Drinking Water Mission in Alwar Rajasthan. He was commemorated with the Indian Achievers Award for Social Service for his voluntary contributions to social service at the 15th National Seminar on Emerging India.
Designation:	Director	
Qualification:	M.Sc.	
Name:	Mr. Ashish Kumar Gupta	Mr. Ashish Kumar Gupta has got a varied experience in the field of microfinance and livelihoods promotion while working in varying organizational set-ups viz NGO, Government Project, Development Company, Microfinance Institutions, Consultancy set-ups, Self-promoted Enterprise, etc. He presently runs a self-promoted organization called 'Jeevika Livelihoods Support Organization' along with freelancing as a consultant in the fields of livelihoods promotion and microfinance. Earlier, he co-promoted 'SONATA Finance Private Limited', 'Microfinance Focus' and 'Bihar Development Trust'. He was also the first CFO of SV Creditline Pvt Ltd. Ashish is a graduate from Institute of Rural Management, Anand (IRMA) and has also attended a Program on 'Strategic Leadership in Microfinance' in Harvard Business School.
Designation:	Independent Director	
Qualification:	Graduation	
Name:	Mr. Kailash Khandelwal	Mr. Kailash has 21 years of experience in development sector. Kailash joined Humana People to People India in year 2000 as a Senior Program Officer in Community Development Project and joined the Board
Designation:	Managing Director	
Qualification:	B.A.	

		of Directors in 2012. One of the four board members of HPPI and a Vice Chairman for Humana People to People Microfinance, Kailash functions as a National Program Manager and working on complex projects in rural livelihood and community development with core focus on administration, economy overview, capacity building and partnership liaison with government
Name:	Mr. Ashok Kumar Pahwa	Mr. Ashok has more than 38 years of experience in a leading Public Sector bank. He retired as Assistant General Manager Indian Overseas Bank with a business mix of more than 4000 crores. Business handled was large corporate ,mid Corporate ,SME & retail banking , Project Finance ,Housing loans ,Loans against property, Mortgages and business loans, Audit, Compliance, Operations , compliance as per RBI and statutory authority guidelines and liaison work as well.
Designation:	Independent Director	
Qualification:	PG(Economics, CAIIB)	

SMERA Observations:

- HFSPL has four-member board. Board members have adequate experience in microfinance, 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	Designation	Profile
Name:	Mr. Kailash Khandelwal	Mr. Kailash has 21 years of experience in development sector. Kailash joined Humana People to People India in year 2000 as a Senior Program Officer in Community Development Project and joined the Board of Directors in 2012. One of the four board members of HPPI and a Vice Chairman for Humana People to People Microfinance, Kailash functions as a National Program Manager and working on complex projects in rural livelihood and community development with core focus on administration, economy overview, capacity building and partnership liaison with government.
Designation:	Managing Director	
Qualification:	B.A.	
Name:	Mr. Raj Kumar Singh	Mr. Raj Kumar Singh holds Post Graduate degree in Social Works and degree in Law from Lucknow University. He holds 22 years of experience in the Social Works and Financial inclusion, prior to joining Humana Financial Services Private Limited as Chief Executive Officer. He started his career with Humana People to People India in 2001 and his last position was General Manager. His quest for welfare of marginal women through financial inclusion started in 2007, when HPPI started its microfinance operations. He took overall responsibility of managing the growth of the Microfinance division, organically and inorganically with highest efficiency. He spearheaded the growth of HPPI from single city operations, with limited-service offerings to North India foothold. Under his leadership, HPPI has grown into one of the leading microfinance institutions in the North India and later on moved its business to Humana Financial Services Private Limited, incorporated specially to operate in Microfinance finance business and played important role in evolving of HFSPL as force to reckon with and is poised. He was also associated with HFSPL advisor/guide to senior executives of
Designation:	CEO	
Qualification:	LLB	

		the company to further expand its operations across the country.
Name:	Mr. Sudhanshu Shekhar	Mr. Sudhanshu has done Post Graduation Diploma in Rural management from XIM, Bhubaneswar and degree in Bachelor of Arts from JNU. He has over 18 years microfinance experience, has worked in reputed entities such M-CRIL, BASIX, Intellectap, GE Capital, KAS Foundation and others in areas of operations, consulting and fund raising
Designation:	Lead (Funding & Corporate Strategy)	
Qualification:	MBA	
Name:	Mr. Krishan Kumar Sharma	Mr. Krishan is MBA-Finance graduate and has 12 years of microfinance operations experience. He has been associated with the company since the inception of the microfinance. He has worked as Branch Manager, Area Manager, Regional Manager and now as Operations Head. He has international exposure of livelihood projects across latin America and Africa
Designation:	COO	
Qualification:	MBA	
Name:	Aparna Maheshwari	Aparna Maheshwari is an Associate Member of the Institute of Company Secretaries of India. She has several years of experience in the Company Secretarial Compliances and NCLT Matters. She is also a Law graduate and has done Masters in Commerce. She is always keen on learning new and emerging issues on financial, secretarial and legal matters.
Designation:	Company Secretary	
Qualification:	CS	
Name:	Mrs. Shrashti Gupta	Mrs. Shrashti Gupta has done MBA in the field of Finance & HR, she is having experience in the field of internal audit & supply & compliance chain. She is having experience of over 6 yrs.
Designation:	Senior Partnership-Officer	
Qualification:	MBA (Finance & HR)	
Name:	Mr. Avanish Singh	Mr. Avanish has done his post Graduate Diploma in IT & Software development, engaged with HFSPL since inception. He has 6 years of experience in Software & Development sectors. He has recently developed in house software for HFSPL.
Designation:	Chief Manager – IT	
Qualification:	PGDBM-IT	
Name:	Mr. Vikas Chauhan	

Designation:	Accounts Head	Degree in M. Com and has 10 Years of in-depth experience at different hierarchy of Account and Finance Field.
Qualification:	M. Com	
Name:	Mr. Suman Yadav	A graduate in Science, Suman has eight years of experience in developing and implementing risk management policies. Proficient at evaluating risk for significant transactions, analyzing business processes to determine business risk appetite, and developing reports. He specializes at conducting audits to determine compliances with risk policies, reports directly to Risk Management Committee and Audit Committee.
Designation:	Audit -Head	
Qualification:	BA	
Name:	Ms. Shabnam Sheikh	Ms. Shabnam has done BA and she has four years of experience in the field of manpower planning, recruitment& training, payroll preparation, Labour Law compliance. She leads the entire HR process of the company.
Designation:	HR Head	
Qualification:	MBA(HR)	

Compliance with RBI's Directives for MFIs

RBI's Direction	HFSPL's Status	Compliance
75% of total assets to be in the nature of qualifying assets	Qualifying assets forms 73.10% of total assets as on December 31, 2023.	Not Complied*
Net worth to be in excess of Rs 5 Crore	Net owned fund of HFSPL 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.	HFSPL check and took a declaration from borrowers for the total household income in their membership form and the total indebtness 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.	HFSPL conducts credit check on the loans outstanding through credit bureaus and follow same guideline prescribed by the RBI.	Complied
Pricing guidelines are to be followed	Loans are provided at a range of 26.00% on reducing balance basis based on the board approved policy w.e.f Dec 31, 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
Not more than two MFIs lend to the same client	HFSPL verifies the same though credit check from credit bureaus.	Complied
RBI's Direction	HFSPL'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.	HFSPL 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	HFSPL does not accept any Collateral for extending the credit.	Complied
MFIs shall not collect any Security Deposit / Margin from the borrower.	HFSPL does not collect any security deposit / margin from the borrower.	Complied
No late payment or prepayment penalties	HFSPL 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.	HFSPL 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	HFSPL provides more than 50.00% of total loans for income generation activities as on 31/Dec/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 HFSPL stood at 27.44% as on 31/Dec/2023 which complies with the minimum CRAR requirement of 15% for NBFC-MFIs as prescribed by RBI.	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

**Qualifying asset stood at 73.10% as on Dec 31, 2023 which is lower than RBI Stipulated qualifying asset of 75%. mainly on account of substantial amount disbursement received in the month of Dec and which could not fully disbursed. However, management has assured that same would be compiled for the quarter ended March 31, 2024.*

Strengths and weaknesses pertaining to Code of Conduct

Strengths	Weaknesses
• Board with rich experience from Microfinance and finance background. • Experienced and qualified management with more than a decade of experience in MFI industry. • HFSPL has more one-third of its board members as Independent directors. • Transparency in loan pricing and policies. • Adequate software-based MIS to handle current scale of operations. • Compulsory training on products terms and conditions to client prior to every loan. • Compulsory check on over indebtedness of every borrower. • HFSPL provides sanction letter with all terms and conditions of the loan including annualized interest rates to the clients. • Code of Conduct framed as per the HFSPL's mission, vision, values and displayed in all branch offices & HO. • Membership with MFIN. • Credit policies are well established documented and communicated. • Adequate loan appraisal & monitoring systems. • Efficient systems and strong internal audit team to check misappropriations and regular monitoring of compliance. • Data sharing with all four credit bureaus i.e. CIBIL, Experian, Equifax and High Mark.	• Field staffs and Branch manager are moderately aware about the RBI guideline. • Borrowers are moderately aware on the process followed for grievances redressal mechanism and toll-free number.

Significant Observations

HIGHER ORDER INDICATORS	
Integrity and Ethical Behaviour	• The MFI have the policy to place reports on COC compliance before the board. • Audit findings related to grievance and field audit are presented to the board. • Board has approved a policy of recovering delinquent loans. • Defined policy on time frame and process for client's complaint resolution. • Framed client protection included policies on expected staff conduct with employees. • HFSPL has a documented policy 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 the branches assessed, the contact number and address of MFIN nodal official was not displayed. • Staff compensation and incentive is not covered under scope of Internal Audit. However, the same is covered by the monitoring team centrally. • Awareness among staff on SRO Grievance Redressal mechanism was found to be moderate to high. • Fixed Component compensation of staff is not impacted in event of overdues. HFSPL, in its fair practices code provides importance for transparency in pricing and clear communication to the clients.
Sensitive Indicators	• In the sample of clients during COCA on the total indebtedness of borrower was within the prescribed limit stipulated by RBI. • Interactions with clients revealed that they had not been made to pay for a service or product as a precondition for loan. • Not a single instance was found where security deposit/collateral/blank cheques/stamp papers had been obtained from a client, whose loan has been classified as a microfinance loan. • Awareness to its clients/members pertaining to interest rate and insurance claim settlements found average. • HFSPL provides sanction letter with all terms and conditions of the loan including annualized interest rates to the clients. • MFL provide repayment schedule to the clients including break-up of principle and interest. • Awareness among the staff on RBI compliance was found to be moderate to high.

	• There are no adverse observations in the Auditor's report regarding accounting standards followed by the MFI. • HFSPL shares data with all credit bureaus prescribed by MFIN. • HFSPL 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 get an external CA agency to certify its compliance with RBI's directions in relation to margin for lending by MFIs to qualify as priority sector loans.
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BUILDING BLOCKS	
Transparency	• Awareness among the staff on RBI compliance was found to be moderate to high. • HFSPL 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. • HFSPL, in its fair practices code provides importance for transparency in pricing and clear communication to the clients. • The loan interest rate and processing fees is mentioned on the loan passbook provided to the client. • Clients interviewed were aware of the charges and price for all services availed. • Prepayment policy on loans is documented in the operation manual. • HFSPL do 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. • HFSPL does not provide acknowledgement to the clients while they apply for loan. • HFSPL provides sanction letter with all terms and conditions of the loan including annualized interest rates to the clients. • Annual financial statement and report of the company is available in the public domain. • HFSPL provide repayment schedule to the clients including break-up of principle and interest.
Client Protection	• HFSPL have a board-approved policy regarding client data security. • Employees are trained on aspects of appropriate behavior with the clients. • HFSPL has documented policy on client data security which forms part of its fair practice code.

	• Framed client protection included policies on expected staff conduct with employees. • Staffs were found to be aware of the need to have professional conduct with the clients. • Internal Audit checklist should cover more aspects like awareness regarding Reserve Bank of India (RBI) compliance and Self-Regulatory Organization (SRO) among its staff members. • Awareness among the branch staff on RBI compliance was found to be moderate.
Governance	• HFSPL has four-member on its board as on December 31, 2023 having extensive experience in the Banking and finance segment. • HFSPL has more than 1/3rd of independent persons in its Governing Board. • HFSPL discloses its CEO compensation in its audited report of FY2023. • Audit findings related to grievance and field audit are presented to the management. • The MFI have the policy to place reports on COC compliance before the board. • 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. • Action taken audit report is available at branch level. • Staff satisfaction related to compensation and incentive is not covered under scope of Internal Audit. However, the same is conducted by external agency. • There is no reschedulement policy and procedure in HFSPL as on date.
Recruitment	• HFSPL'S Board has reviewed its recruitment policies at least once annually. • There is documentary evidence to suggest that MFI has honored 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.
Client Education	• HFSPL, in its fair practices code provides importance for raising clients' awareness of the options, choices and responsibilities regarding financial products and services. • HFSPL does not charge clients for the trainings provided to clients, itself or through a related party. • Awareness to its clients/members pertaining to interest rate and insurance claim settlements found to be moderate to high.

Feedback and Grievance Redressal	• 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 and same is presented to audit committee set up at board level. • HFSPL has a policy on time frame and process for client's complaint resolution. • Clients were found to be aware of the helpline number. • Feedback mechanisms are regularly tracked and monitored. • In all the assessed branches, the contact number and address of MFIN nodal official was displayed. • Complaints lodged through helpline at H.O and branches are documented and resolved. • Awareness among client and staff on MFIN grievance Redressal mechanism was found to be moderate to high. • Dedicated team at HO level to document and follow up on the client complaints.
Data Sharing	• Financial data for FY 2023 is available on the website of HFSPL; however, operational data of FY 2023 is not available on the public domain. • HFSPL has a documented process for sharing data with the credit bureaus. HFSPL share data with all Credit Bureaus prescribed by SRO. • MFI has a well-defined process for sharing data with the credit bureaus. • MFI has provided data called for by MFIN and RBI as and when required as per compliance. • HFSPL shares accurate data with all credit bureaus on a frequency prescribed by MFIN. • HFSPL 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 this assessment, we have visited below branches and interacted with Branch Staff and Borrowers.

S. No.	Branch	State	No of clients interviewed
1	Goverdhan	Uttar Pradesh	21
2	HeliMandi	Haryana	19
3	Kosi Kalan	Uttar Pradesh	22
4	Khurja	Uttar Pradesh	20
5	Kiraoli	Uttar Pradesh	18
6	Laxminagar	Uttar Pradesh	23
7	Atrauli	Uttar Pradesh	24
8	Aonla	Uttar Pradesh	17
Total			164

About SMERA Ratings Private Limited

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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