

**Satra Development Finance Private  
Limited**

Sahitya Sabha Bhawan, Dhanai Bora chowk, Sipajhar, District -  
Darrang, Assam - 784145

**Code of Conduct Assessment  
IAR - C2**

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

Date: July 03, 2026

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## Infomerics Code of Conduct Assessment Grading Scale

Grading Scale	Definitions
C1	<b>Excellent</b> performance of the MFI on Code of Conduct dimensions
C2	<b>Good</b> performance of the MFI on Code of Conduct dimensions
C3	<b>Average</b> performance of the MFI on Code of Conduct dimensions
C4	<b>Weak</b> performance of the MFI on Code of Conduct dimensions
C5	<b>Weakest</b> performance of the MFI on Code of Conduct dimensions

## Grading Rationale

<b>Code of Conduct Assessment Grade</b>	<b>Satra Development Finance Private Limited</b> obtains “C2” 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
July 04,2025	IAR	C2

**Historical Rating Grades (MFI Gradings)**

Year	Name of the Agency	Grade
July 04,2025	IAR	MFI4

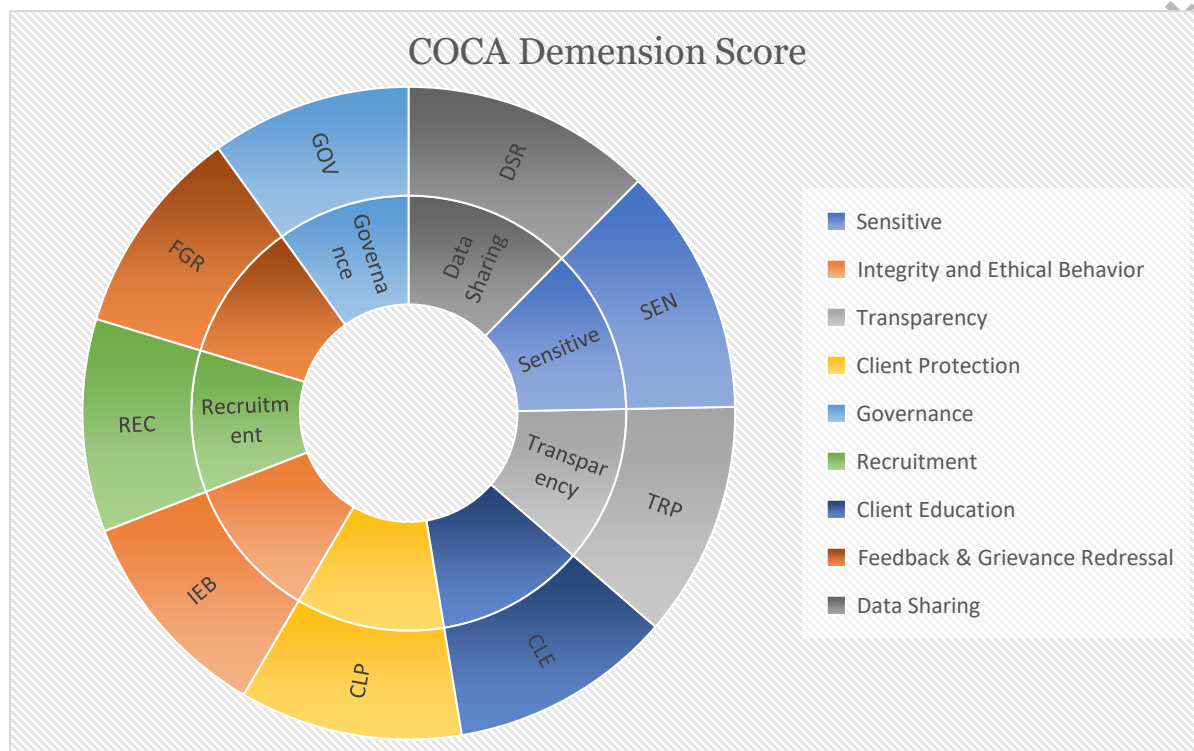
**Historical Rating (Bank Loan Ratings)**

Date	Rating Assigned	
	Long Term	Short Term
NA		-

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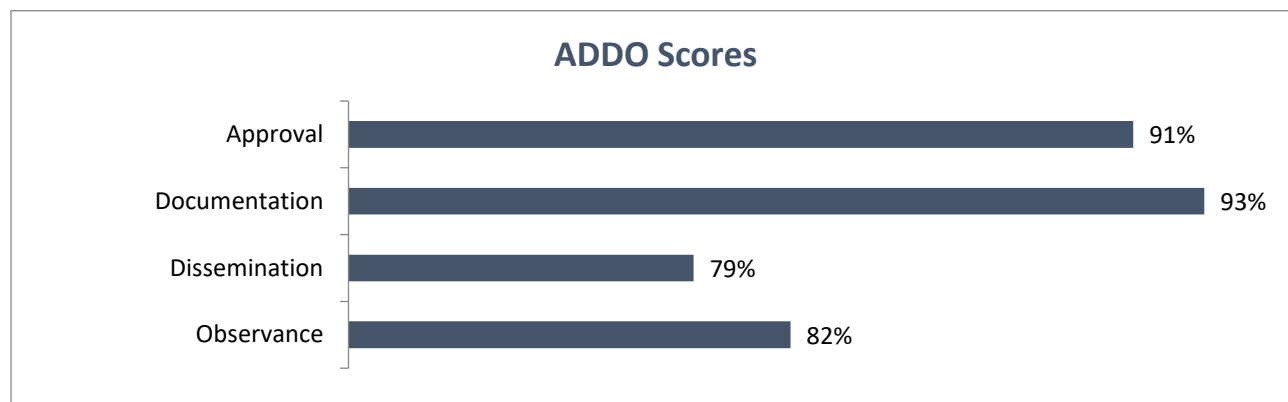
## Code of Conduct Assessment Score

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	92%



## Code of Conduct Assessment Summary

The Code of Conduct report for **‘Satra Development Finance 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 **‘Satra Development Finance Private Limited’** exhibits **‘C2’** 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 Satra’s adherence towards ethical operational practices.

## Company Profile

Sr. No.	Particulars	Details	
1	Managing Director	Mr. Nani Kumar Saikia	
2	Year of Incorporation	1994	
3	Commencement of MFI operations	2011	
4	Legal Status	Private Limited Company	
5	CIN	U65923AS1994PTC011614	
7	RBI Classification	NBFC-MFI	
8	Registered Office/ Corporate Office	Sahitya Sabha Bhawan, Dhanai Bora chowk, Sipajhar. District - Darrang, Assam - 784145	
9	Lending Model	JLG	
10	Tangible Net Worth (Rs.in Cr)	8.54 as on 31 <sup>st</sup> Marc, 2026	
11	Geographical reach as on March 31, 2026	No. of States	1
		No. of Districts	5
		No. of Branches	6
		No. of Active Borrowers	3,377
		No. of Total Employees	18
		No. of Field/Credit Officers	6
12	Auditors	Mr. Surendra Kumar Jain	
13	Outstanding Grading	MFI4 Grading by IAR	
14	Outstanding Rating	NA	
15	Software use	BIJLI	
16	No of Lenders	<b>2</b>	

## GRADING RATIONALE

- Satra Development Finance Private Limited herein referred as Satra started its operation as an NGO in the year 2004. Satra started its distribution of micro-credit to women in rural and semi-urban areas with the vision of enabling and empowering its borrowers' households through multiple financial and non-financial interventions with increase in scale. In the year 2011 the entity acquired an NBFC named Multiple Finance Private Limited and transferred the MFI portfolio to the newly acquired company. The company was renamed to Satra Development Finance Private Limited. Satra received the NBFC-MFI license from Reserve Bank of India on May-2016.
- Satra started encouraging livelihood program for facilitating and delivering microfinance services to the affiliated Joint Liability Group (JLG) engaged in various activities in the year of 2011.
- Satra has registered office at Sahitya Sabha Bhawan, Dhanai Bora chowk, Sipajhar, District - Darrang, Assam - 784145. Currently, the company is operating in one state serving 3,443 borrowers.
- Satra works in JLG model. Satra has four members on board having extensive experience in social development, and Microfinance Sector.
- The day-to-day operations of the company are managed by Mr. Nani Kumar Saikia, Managing Director. He has extensive experience in MFI sector.
- Satra is now working with 6 branches spread over 5 districts in the state of Assam where they are providing services to 11,856 clients.
- As on March 31, 2026, Satra is managing a total outstanding loan portfolio of Rs. 17.31 crore.

## Product Profile

S N o.	Loan Product Name	Type Of Product	Tenure	Collection Frequency	Any Advance Deduction	State (Area of Working)	Min & Max Loan Ticket Size	P.F. (%)	ROI (%)
1.	JLG Loan	Income Generating Loan	12-24	Fortnightly/Monthly	Nil	Assam	1,000 - 150,000	1.00	19.00 - 24.00

## Capital Structure as on March 31, 2026

(Rs in crore)

<b>Authorized Capital</b>	<b>8.00</b>
- Paid Up Capital	6.88

## List of Shareholder Holding More Than 2% as on June 30, 2026

Equity Shares	
Shareholders	Holding (%)
Jagadish Nath	2.66
Debeswar Medhi	2.03
Sumitra Barman	2.56
Nani Kumar Saikia	3.09
Biplab Saharia	5.09
Nripen Kumar Nath	2.63
Anupam Nath	2.36
Niranjan Nath	2.13
Naba Jyoti Saharia	2.13

Bhriku Kumar Deka	2.13
Khagen Barua	2.23
Manoj Nath	2.26
Binapani Devi	2.40
Bishwajeet Nath	2.17
Rumi Das	2.20
Trishna Gogoi	2.01
Ridip Kalita	2.08
Jiba Ram Nath	2.81
Hitesh Deka	3.03

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**PROFILE OF GOVERNING BODY MEMBERS/DIRECTORS OF SDFPL**

Name	Age / DOB	Designation	Education	Brief Profile	Total Years of Experience	Experience in Micro finance
		In the board	Qualification			
Nani Kumar Saikia	21-04-1969	Managing Director	B.Sc., MSW	Managing Director of Satra Development Finance Pvt. Ltd	27	14
Biplab Saharia	31-12-1980	Director	B.Sc.	Director Operation of Satra Development Finance Pvt. Ltd	21	8
Ajit Saharia	01-03-1960	Independent Director	B.Sc.	Retd. Bank Manager of UCO Bank with 37 years of banking experience. Served as a banker at various capacities of UCO bank in different parts of India.	38	36
Ms. Olee Bora	25-06-1966	Nominee Director (NEDFi)	MA	Presently working as General Manager of NEDFi, Guwahati	29	21

**Comments:**

- Satra has four-member board. Board members have strong experience in microfinance, banking, finance, risk, and development sectors.

## MANAGEMENT'S PROFILE

Name	Designation	Qualifications	Total Experience
Nani Kumar Saikia	Managing Director	B.Sc., MSW	28
Biplab Saharia	Operation Director	B.Sc.	22
Debeswar Medhi	HR & Admin Manager	BA	22
Jagadish Nath	MIS Manager	BA	22
Sumitra Barman	Finance & Accounts Manager	MA	21

### Comments:

- Satra 's senior management has adequate experience across sectors such as Microfinance space and development sector.
- Satra 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,	FY23	FY24	FY25	FY26
Number of states	1	1	1	1
Number of districts	4	4	4	5
Branches	5	6	6	6
Number of active JLG members	11,035	11,474	11,638	11,856
<b>Loan Portfolio</b>				
No. of loan disbursed during the year	2,812	2,178	1,704	1,823
Amount of loan disbursed during the year (Rs. Cr)	9.09	11.08	9.87	12.83
Average Loan size disbursed during the year (Rs.)	32,314	50,891	57,911	70,360
Overdue at the beginning of the year (Rs. crore)	0.2	0.12	0.13	0.21
Principal due during the year (Rs. crore)	8.89	8.13	9.11	8.99
Principal recovered during the year (Rs. crore)	8.23	7.7	8.2	8.96
Overdue at the end of the year (Rs. crore)	0.12	0.13	0.21	0.23
Recovery rate (%)	99.31	99.20	99.32	99.50
Total outstanding loan portfolio (Rs. crore)	8.38	11.76	13.43	17.31
Portfolio at risk (PAR) >30 days (%)	0.87	0.34	0.85	0.79
Portfolio at risk (PAR) >90 days (%)	0.23	0.07	0.16	0.16
CAR (Tier 1) %	35.90	26.07	36.74	45.65
CAR (Tier 2) %	5.75	4.12	3.62	2.84
CAR (Overall) %	41.65	30.19	40.36	48.49

### Details on human resources

	FY23	FY24	FY25	FY26
Credit officers	10	6	6	6
Total employees	22	19	19	18
No. of Branch	5	6	6	6
<b>Employee productivity</b>				
Number of loans per credit officer	322	574	562	563
Number of members per credit officer	1,104	1,912	1,940	1,976
Number of borrowers per credit officer	322	574	562	563
Amount of loan outstanding per credit officer (Rs. crore)	0.84	1.96	2.24	2.89
<b>Branch productivity</b>				
Number of members per branch	2,207	1,912	1,940	1,976

Number of borrowers per branch	643	574	562	563
Amount of loan outstanding per branch (Rs. crore)	1.68	1.96	2.24	2.89

**Bifurcation of AUM**

**(Rs. Crore)**

<b>Period ended</b>	<b>Mar 31, 2024</b>	<b>Mar 31, 2025</b>	<b>Mar 31, 2026</b>
Owned portfolio	11.76	13.43	17.31
<b>AUM (Rs.cr.)</b>	<b>11.76</b>	<b>13.43</b>	<b>17.31</b>

## Compliance with RBI's Directives for MFIs

RBI's Direction	Satra's Status	Compliance
60% of total assets to be in the nature of qualifying assets	Qualifying assets forms more than 60.00% of total assets.	Complied
Net worth to be in excess of Rs 5 Crore (2 Crore for North-eastern states)	The net worth of Satra stood at Rs. 8.54 crore as on March 31, 2026.	Complied
A microfinance loan is defined as a collateral-free loan given to a household having annual household income up to ₹3,00,000. For this purpose, the household shall mean an individual family unit, i.e., husband, wife and their unmarried children.	Satra here by complies with it, as per latest RBI circular. Firstly, it is informed at every level starting from sourcing, loan officers, branch manager have been given proper training and thoroughly informed with specific format for calculation is shared and further the same is being verified at every level by the internal audit team.	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	Satra verifies the same though credit check from credit bureaus.	Complied
The REs shall have a board-approved policy to provide the flexibility of repayment periodicity on microfinance loans as per borrowers' requirement.	Satra has provided a board approved policy that enables the REs to extend flexibility with respect to the repayment periodicity and it is circulated at every level and closely monitored that the same is extended as approved.	Complied
Collateral free loans	Satra does not accept any Collateral for extending the credit.	Complied
MFIs shall not collect any Security Deposit / Margin from the borrower.	Satra does not collect any security deposit / margin from the borrower.	Complied
No late payment or prepayment penalties	Satra does not collect prepayment penalties from the clients.	Complied
Share complete client data with at least one Credit Information Company (CIC) established under the CIC Regulation Act	Share complete client data with at least one Credit Information Company (CIC) established under the CIC Regulation Act 2005, Satra shares its	Complied

<p>2005, as per the frequency of data submission prescribed by the CIC.</p>	<p>client's data with CIBIL, Equifax, CRIF Highmark and Experian.</p>	
<p>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.</p>	<p>Satra complies with it and towards the same REs are provided with proper training as per latest RBI circular. There is a specific format as approved by the board and it is ensured that the same is followed.</p>	<p>Complied</p>
<p>The computation of loan repayment obligations shall take into account all outstanding loans (collateral-free microfinance loans as well as any other type of collateralized loans) of the household. The outflows capped at 50 per cent of the monthly household income shall include repayments (including both principal as well as interest component) towards all existing loans as well as the loan under consideration.</p>	<p>Satra complies with it. As mentioned, it is calculated as per the format shared to them and it is pre-approved by the board. Further it is ensured by the audit team that it is compiled properly.</p>	<p>Complied</p>
<p>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'.</p>	<p>The statutory auditor has certified that appropriate provisions have been made.</p>	<p>Complied</p>

## 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**

<b>Strengths</b>	<b>Weaknesses</b>
<ul style="list-style-type: none"> <li>• Board approved policies, compliant with the RBI guidelines.</li> <li>• Membership with Sa-Dhan.</li> <li>• Board with rich experience from banking and finance background.</li> <li>• Experienced and qualified management with more than a decade of experience in MFI industry.</li> <li>• Standardized operating procedures in place with documented policies with respect to loan sanctions, conduct of the staff, field operations, credit appraisal and systems.</li> <li>• Compulsory training on products terms and conditions to client prior to every loan.</li> <li>• Compulsory check on over indebtedness of every borrower.</li> <li>• Efficient systems and strong internal audit team to check misappropriations and regular monitoring of compliance.</li> <li>• Adequate software-based MIS to handle current scale of operations.</li> <li>• Code of Conduct framed as per the Satra 's mission, vision, values are displayed in all branch offices &amp; HO.</li> <li>• High focus on client relationship and empathetic behavior towards borrowers.</li> <li>• The loan documents were available in the regional language in every branches.</li> </ul>	<ul style="list-style-type: none"> <li>• LUC registers were not available at visited branches.</li> </ul>

**Significant Observations**

<b>HIGHER ORDER INDICATORS</b>	
<b>Integrity and Ethical Behaviour</b>	<ul style="list-style-type: none"> <li>• 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.</li> <li>• 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.</li> <li>• The Board and board level committees in place which help good oversight in observations with Code of Conduct.</li> <li>• The audit committee of the Board reviews the adequacy of audit staff strength and scope of Internal Audit.</li> <li>• Board has approved a policy of recovering delinquent loans.</li> <li>• Awareness among client and staff on MFIN and Sa-Dhan grievance redressal mechanism was found to be moderate to low.</li> <li>• Fixed Component compensation of staff is not impacted in event of overdues. Satra, in its fair practices code provides importance for transparency in pricing and clear communication to the clients.</li> <li>• In all the branches, the contact number and address of Sa-Dhan nodal official was properly displayed.</li> <li>• 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.</li> </ul>
<b>Sensitive Indicators</b>	<ul style="list-style-type: none"> <li>• Clients interviewed were aware of the charges and price for all services availed.</li> <li>• Awareness among the staff on RBI guidelines was found to be adequate.</li> <li>• There are no adverse observations in the Auditor's report regarding accounting standards followed by the MFI.</li> </ul>

	<ul style="list-style-type: none"> <li>• Satra shares accurate data with all credit bureaus on a frequency prescribed by MFIN and Sa-Dhan.</li> <li>• Satra 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.</li> <li>• The MFI gets an external CA agency to certify its compliance with RBI's directions for NBFC-MFIs.</li> </ul>
<b>BUILDING BLOCKS</b>	
<p><b>Transparency</b></p>	<ul style="list-style-type: none"> <li>• The policies of the MFI are in place and documented in its operational manual and HR manual.</li> <li>• The MFI has complied with RBI's NBFC-MFI directions and no security deposit has been collected from the borrowers.</li> <li>• Satra has documented the pricing of its loan products in its operational manual. In the branches visited loan documents had been maintained in local languages.</li> <li>• Circulars with the most recent directions were available in the visited branches.</li> <li>• The loan interest rate and processing fees is mentioned on the loan passbook and sanction letter provided to the client.</li> <li>• Clients interviewed were moderately aware of the charges and price for all services availed.</li> <li>• Audit committee verifies through the audit reports whether all clients have received the necessary loan documents.</li> <li>• Satra enters into loan agreement to the clients with all terms and conditions of the loan including annualized interest rates, processing fee and insurance premium; however the copy of loan agreement is not shared with the client.</li> <li>• The clients receive receipts on payment of loan installments.</li> </ul>

	<ul style="list-style-type: none"> <li>• Previous financial year annual financial statement and report i.e FY2026 is available in the public domain.</li> </ul>
<p><b>Client Protection</b></p>	<ul style="list-style-type: none"> <li>• Satra has a board-approved policy regarding client data security.</li> <li>• Employees are trained on aspects of appropriate behaviour with the clients.</li> <li>• Satra has documented policy on client data security which forms part of its fair practice code.</li> <li>• Satra has framed a Fair Practice Code and has also adopted the RBI fair practices code.</li> <li>• Staffs were found to be aware of the need to have professional conduct with the clients.</li> <li>• Insurance is provided through IRDA approved insurance agency.</li> <li>• The loan cards given to the clients have documented repayment schedule and the charges and interest rates printed on them.</li> <li>• The borrowers will receive manual receipt for every payment made by them.</li> <li>• 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.</li> <li>• The sample of borrowers surveyed were satisfied with the behaviour of the field staff.</li> </ul>
<p><b>Governance</b></p>	<ul style="list-style-type: none"> <li>• Good governance with reputed people comprising the Board and presence of board level subcommittees.</li> <li>• The board consists of the managing director, director, nominee director and independent director.</li> <li>• Satra has several board level committees which deal with various aspects of the microfinance operations.</li> <li>• The key operational and key financial metrics are apprised to the board on daily basis. The detailed operational and financial performance is updated to the Board in the quarterly Board Meetings.</li> <li>• The MFI places regular reports on compliance with COC, MFIN and Sa-Dhan and RBI Guidelines before the board.</li> </ul>

	<ul style="list-style-type: none"> <li>• 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.</li> <li>• The MFI has got its accounts audited in a timely manner after the end of the most recent financial year.</li> <li>• 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.</li> </ul>
<p><b>Recruitment</b></p>	<ul style="list-style-type: none"> <li>• Satra 's board has reviewed its recruitment policies at least once annually.</li> <li>• The MFI has a defined and documented process for responding to reference check requests.</li> <li>• There is documentary evidence to suggest that MFI has honoured the notice period for all employees who have left it.</li> <li>• MFI obtain NOC or relieving letter from the previous employee, in case employees are recruited from other MFIs.</li> <li>• 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.</li> <li>• 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.</li> </ul>
<p><b>Client Education</b></p>	<ul style="list-style-type: none"> <li>• 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.</li> <li>• The surveyed borrowers indicated that they were informed about the organization's policies and procedures when they joined the MFI and</li> </ul>

	<p>there has not been any instance where the MFI has charged its clients for training provided to them.</p>
<p><b>Feedback and Grievance Redressal</b></p>	<ul style="list-style-type: none"> <li>• Satra 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.</li> <li>• 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.</li> <li>• It has an effective system to record complaints at branch level; however, complaints received on the toll-free number at head office are not recorded.</li> </ul>
<p><b>Data Sharing</b></p>	<ul style="list-style-type: none"> <li>• Financial and operational data for FY 2026 is available on the website of Satra.</li> <li>• MFI has a well-defined process for sharing data with the credit bureaus.</li> <li>• MFI has provided data called by MFIN and Sa-Dhan and other state level SROs and RBI as and when required as per compliance.</li> <li>• Satra shares accurate data with all credit bureaus on a frequency prescribed by MFIN and Sa-Dhan.</li> <li>• Satra performs compulsory credit bureau checks for all its clients.</li> </ul>

## 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-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.

<b>Highest Order</b>	
Sensitive Indicators	
<b>Higher Order</b>	
Integrity & Ethical Behaviour	
<b>Building Blocks</b>	
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).

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## 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 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 all 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	Sipajhar	Assam	1
2	Deomornoi		1
3	Duni		1
4	Udalguri		1
5	Bhergaon		1
6	Dimakushi		1
<b>TOTAL</b>			<b>6</b>

### About Infomerics Analytics and Research:

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