SMERA

Code of Conduct Assessment

C1

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

SMERA Code of Conduct Assessment

Mitrata Inclusive Financial Services Limited

To verify the grading, please scan the QR Code

Date of Report:

17th January, 2025

Valid Till:

16thjanuary, 2026

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**.*

To verify the grading, please scan the QR Code

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.

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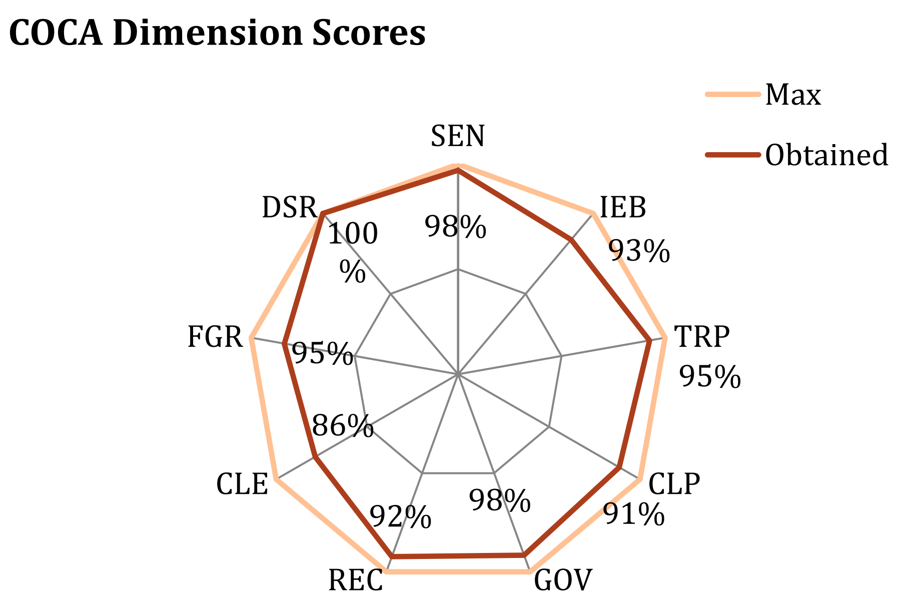
Historical Rating Grades

Date	Rating Agency	Rating/Grading
30-MAR-2024	SMERA	M2
21-JAN-2024	SMERA	C1
05-OCT-2023	Infomerics Valuation and Rating Private Limited	BBB-
31-JAN-2023	SMERA	M3C2

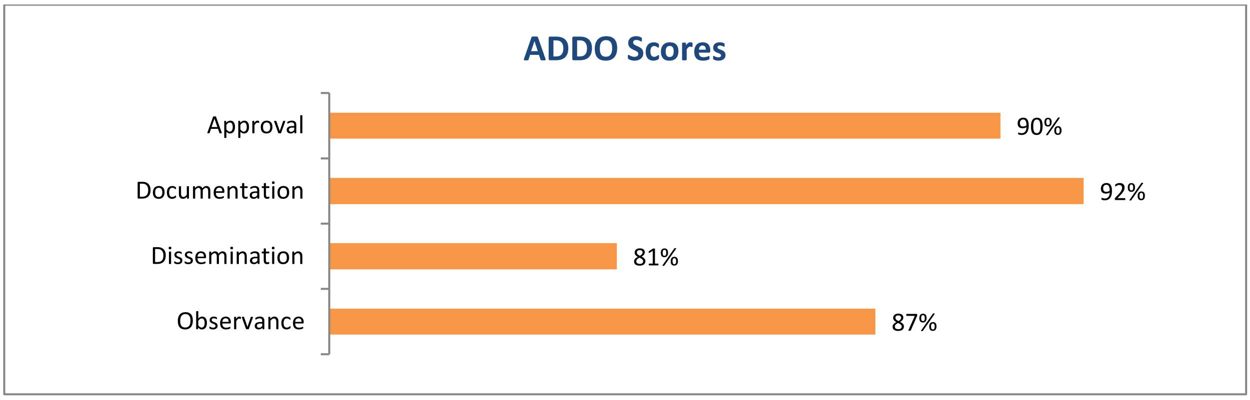
Code of Conduct Assessment Score

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



SCORES ON PARAMETERS

Code of Conduct Parameters	Code	% Performance
Sensitive	SEN	98%
Integrity and Ethical Behavior	IEB	93%
Transparency	TRP	95%
Client Protection	CLP	91%
Governance	GOV	98%
Recruitment	REC	92%
Client Education	CLE	86%
Feedback & Grievance Redressal	FGR	95%
Data Sharing	DSR	100%



Mitrara 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 Mitrata Inclusive Financial Services Limited (Mitrara) 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 Mitrara 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 Mitrara's adherence towards ethical operational practices.

Company Profile

Name of the MFI	:	Mitrata Inclusive Financial Services Limited	
Operational Head – Microfinance Business	:	Name	Mr. Prabhakar Rawat
	:	Designation	Director
	:	Mobile No.	9560408686
	:	Email ID	prabhakar@mitrata.in
	:	Date of Joining	01-09-2017
Date of Incorporation/Establishment	:	13th May,1985	
Date of commencement of microfinance business	:	1st September, 2017	
Legal Status	:	Public Limited Company (Unlisted)	
Business of the company	:	NBFC-MFI	
Correspondence Address	:	V-29/11A, DLF Phase 3, Gurugram-122002	
Geographical Reach (As on 30/Sept/2024)	:	No. of States	5
	:	No. of Districts	38
	:	No. of Branches	76
	:	No. of Active Borrowers	97,765
	:	No. of Total Employees	559
	:	No. of Field/Credit Officers	286
No. of Lenders	:	27 lenders (including Banks and institutional lenders)	
Statutory Auditors	:	R Gopal & Associates	

Product Profile

Product	Description	Loan size (Rs.)	Repayment Frequency	Interest Rate (In %) Reducing Balance	Processing Fees (In %)	APR (Interest Rate and Processing fees) (In %) (C=A+B)
JLG Loan	Income Generation Activity	10,000 – 60,000	12 – 24	26.50	1.50	28.00
Wash	Sanitisation Loan	20,000 – 30,000	12 – 24	26.00	1.50	27.50
MEL	Micro enterprise loan	50,000 – 2,00,000	12 – 24	26.50	1.50	28.00

Capital Structure (as on Sept 30, 2024)

Authorized Capital	Rs. 42.00 crore
Paid Up Capital	Rs. 18.44 crore

Shareholding Pattern (as on Sept 30, 2024)

Name of Proprietor/ Partner / Shareholders	Shares in %
Aqueel Ahmed Khan	68.04
Prabhakar Rawat	5.69
Bindiya Rawat	3.88
Sumit Mittal	6.86
Ask Training & learning Pvt Ltd	15.52
Total	**100.00**

Board of Director's/Promoter's Profile

Director Details		Profile
Name:	Dr. Aqueel Ahmed Khan	Dr. Aqueel Ahmed Khan is the Founder Director of Association for Stimulating Know-how (ASK), and now promoter and Managing Director of Mitrata Inclusive Financial Services Pvt Ltd. Dr. Khan, in the past 29 years, has worked with United Nations High Commission for Refugees (UNHCR) and Child Fund India, an American development agency and multilateral institutions like Asian Development Bank (ADB), World Bank (WB), International Finance Corporation (IFC) and several bilateral and development organisations in many countries.
Designation:	Managing Director	
Qualification:	Ph.D	
Name:	Mr. Prabhakar Rawat	Mr. Prabhakar Rawat is a former banker with hands-on experience in financial services. He has over 15 years of diverse experience in financial services ranging from client servicing, team management, social enterprise mentoring and incubation, having set up consumer finance portfolio for International giants like Citigroup & Barclays.
Designation:	Director	
Qualification:	PG Diploma in Entrepreneurship	
Name:	Mr. Mohandas Dasari	Mr. Mohandas is retired chief general manager from RBI in 2010 after serving for 30 years. Posted to non banking supervision department in 1997 and worked there till 2004, during this period the RBI act was amended and issued new direction in 1998 for exhaustive and effective regulation of NBFCs. He is currently engaged in consultancy assignments with NBFCs related to regulatory compliance by NBFCs relating to RBI regulations and instructions. He is currently on the board of three NBFCs.
Designation:	Independent Director	
Qualification:	Postgraduate	
Name:	Mr. Mathew Titus	Mr. Mathew Titus has joined Mitrata Board as Independent Director w.e.f April 05, 2022. Mr Mathew Titus was founding Executive Director of SA-DHAN (SRO) . He served as Director and Board member of Caspian Impact Investment Debt fund . As part of Boston Consulting group he
Designation:	Independent Director	
Qualification:	Ph. D	

		developed National Policy and Strategy for a 20 billion USD Apex Bank in Middle East . Since Aug 2014 he is jury member of the annual Banking Frontiers Awards .
Name:	Mr. Evert Ludding	Mr. Evert Ludding has joined Mitrata Board as Independent Director w.e.f February 01, 2023. Mr Evert Ludding was on Board of CreditAcces NV (2014-2017). He has worked with Oiko International (2013-2021), Anatrans, DOB Equity, Deloitte. He has extensively worked in financial inclusion sector for long time. He has worked in Asia and Africa region. He has completed Masters in Law from Universiteit of Utrecht.
Designation:	Independent Director	
Qualification:	Masters in law	
Name:	Ms. Achla Savyasaachi	Ms. Achla Savyasaachi has joined Mitrata board as Independent Director w.e.f. August 05, 2024, She is an Associate member of the Institute of Company Secretaries of India and holds a bachelor's of commerce degree from University of Delhi in 1983, post graduate diploma in human rights from Indian Institute of human rights in 2012 and bachelor of laws degree from Chaudhary Charan Singh University in 2012. She previously headed the nationwide advocacy work of the Microfinance Industry Network (MFIN) as the National Head-State Initiatives and Sa-dhan.
Designation:	Independent Director	
Qualification:	CS and LLB	

SMERA Observations:

- Mitrara has Six-member board. Board members have extensive experience in microfinance, finance, Banking and development sectors.
- SMERA believes that a well-diversified board, including a proportionate composition of independent directors, augurs well from a strategic perspective.
- The company has more than one-third of its board members as Independent directors.

Management Profile

Management Details		Profile
Name:	Dr. Aqueel Ahmed Khan	Dr. Aqueel Ahmed Khan is the Founder Director of Association for Stimulating Know-how (ASK), and now promoter of MITRATA Inclusive Financial Services Pvt Ltd. Dr. Khan, in the past 30+ years, has worked with United Nations High Commission for Refugees (UNHCR) and Child Fund India, an American development agency and multilateral institutions like Asian Development Bank (ADB), World Bank (WB), International Finance Corporation (IFC) and several bilateral and development organisations in many countries.
Designation:	Managing Director	
Qualification:	Ph.D	
Name:	Mr. Prabhakar Rawat	Mr. Prabhakar Rawat is a former banker with hands-on experience in financial services. He has over 15+ years of diverse experience in financial services ranging from client servicing, team management, social enterprise mentoring and incubation, having set up consumer finance portfolio for International giants like Citigroup & Barclays.
Designation:	Chief Operating Officer	
Qualification:	PG Diploma in Entrepreneurship	
Name:	Mr. Sumit Mittal	Mr. Sumit Mittal is a qualified Chartered Accountant. He holds membership of The Institute of Chartered Accountants of India (ICAI). He has an experience of above 10+ years in the field of accounting, auditing, taxation and treasury. Before joining Mitrata, he had worked with Indian School Finance Company and Home Credit in various roles.
Designation:	Chief Financial Officer	
Qualification:	CA	
Name:	Ms. Shalu Gupta	Ms. Shalu Gupta is a certified Company Secretary with over 7 years of experience in secretarial work, legal matters, and compliance with regulations from the Reserve Bank of India (RBI) and Non-Banking Financial Companies (NBFCs). Prior to joining Mitrata, she had worked with Intex Group and Fiberhome Group (a multinational corporation).
Designation:	CS	
Qualification:	CS	

SMERA Observations:

- Mitrara senior management has adequate experience across sectors such as microfinance, IT and development sector.
- Mitrara has dedicated department wise / function wise heads and no major functional overlaps have been observed.
- The senior management reports to the managing director.
- The senior management reports to the CEO, except the auditor who directly report to the board.

Strengths and weaknesses pertaining to Code of Conduct

Strengths	Weaknesses
• Board approved policies, compliant with the RBI guidelines. • Code of Conduct framed as per the Mitrara mission, vision, values and displayed in all branch offices & HO. • Membership with MFIN and Sa-Dhan. • Board with rich experience from Banking and finance background. • Experienced and qualified management with more than a decade of experience in MFI industry. • Mitrara have more than 1/3rd of independent members in its Governing Board. • Credit policies are well established documented and communicated. • Adequate loan appraisal & monitoring systems. • High standard of governance and integrity by inducting persons with good and sound reputation in the industry and understanding of microfinance industry. • Awareness among the staff on RBI guidelines was found to be moderate to high. • Awareness among staff on SRO grievance Redressal mechanism was found to be moderate to high. • Compulsory training on products terms and conditions to client prior to every loan. • Compulsory check on over indebtedness of every borrower. • Efficient systems and strong internal audit team to check misappropriations and regular monitoring of compliance. • Toll Free helpline number for client feedback/grievance.	• It has an effective system to record complaints received at the toll-free number. However, very limited entries were observed in complaint registers maintained at some of the branches. • Field staffs are moderately aware about the Guideline of RBI and SROs.

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

Significant Observations

HIGHER ORDER INDICATORS	
Integrity and Ethical Behaviour	• The audit committee of the Board reviews the adequacy of audit staff strength and scope of Internal Audit. • Board has approved a policy of recovering delinquent loans. • MFI prepares monthly reports about the number, nature and resolution of grievances and feedback received for management review. • The MFI has a practice that when it recruits staff from another MFI, the said staff will not be assigned to the same area he/she was serving at the previous employer for a period of one year; however the same have not been documented in HR manual. • In all the branches visited, the contact number and address of SRO nodal official was properly displayed. • Staff satisfaction related to compensation and incentive is not covered under scope of Internal Audit. • Awareness among client and staff on SRO Grievance Redressal mechanism was found to be moderate to high in the visited branches. • Fixed Component compensation of staff is not impacted in event of overdues. Mitrara, in its fair practices code provides importance for transparency in pricing and clear communication to the clients.
Sensitive Indicators	• Clients interviewed were aware of the charges and price for all services availed. • Mitrara issues sanction letters to the clients. • Awareness among the staff on RBI compliance was found to be moderate to high in the visited branches. • There are no adverse observations in the Auditor's report regarding accounting standards followed by the MFI. • Mitrara shares accurate data with all credit bureaus on a frequency prescribed by SRO. • Mitrara does not charge any extra fees from client apart from processing fee and insurance premium. The loans are issued to the clients without any collateral and no security deposit is accepted. Further no penalty is charged for overdue and pre-closure of loans. • The MFI gets an external CA agency to certify its compliance with RBI's directions.

BUILDING BLOCKS	
Transparency	• Awareness among the staff on RBI guidelines was found to be moderate to high. • Mitrara has documented the pricing of its loan products in its operational manual. In the branches visited loan documents had been maintained in local languages. • Circulars of the most recent RBI directions are available in the form of office orders in the visited branches. • Mitrara, in its fair practices code provides importance for transparency in pricing and clear communication to the clients. • Mitrara issues acknowledgement to clients when they apply for loan. • Mitrara issues sanction letters to the clients with all terms and conditions. • Clients interviewed were aware of the charges and price for all services availed. • Audit committee verifies through the audit reports whether all clients have received the necessary loan documents. • Pricing policy of loans is displayed in branches visited. • Mitrara does not charge any extra fees from client apart from processing fee and insurance premium. The loans are issued to the clients without any collateral and no security deposit is accepted. Further no penalty is charged for overdue and pre-closure of loans. • Previous financial year annual financial statement and report is available in the public domain; however Code of conduct compliance report of Mitrara is not available in public domain.
Client Protection	• Mitrara has a board-approved policy regarding client data security. • Mitrara has documented policy on client data security which forms part of its fair practice code. • Employees are trained on aspects of appropriate behavior with the clients. • Mitrara has framed a Fair Practice Code and has also adopted the RBI fair practices code, which includes policies on the expected staff conduct with clients. • Staffs were found to be aware of the need to have professional conduct with the clients.
Governance	• MFIs maintain high standards of governance by inducting persons with good and sound reputation as members of Board of Directors/Governing body. • Mitrara have more than 1/3rd of independent members in its Governing Board.

	• As on 30th Sept 2024, the board comprised of 06 directors, out of which 04 are independent directors. • Mitrara discloses its MD/CEO compensation in its audited reports (Ref. Audit Report 2024). • An audit committee of the Board with an independent director as chairperson. • The MFI has got its accounts audited in a timely manner after the end of the most relevant financial year. • No adverse observations in the Auditor's report regarding accounting standards followed by the MFI. • Staff satisfaction related to compensation and incentive is not covered under scope of Internal Audit.
Recruitment	• Mitrara'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. • Mitrara has honored the notice period for employees who have left the organization. • Mitrara obtains NOC or relieving letter from the previous employee, in case employees are recruited from other MFIs. • Mitrara 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, however the same have not been documented in HR manual.
Client Education	• Mitrara, in its fair practices code provides importance for raising clients' awareness of the options, choices and responsibilities regarding financial products and services. • Mitrara does not charge clients for the trainings provided to clients, itself or through a related party. • Awareness among client on annualized Interest rate & Insurance claim settlement process was found to be moderate.
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; complaints recorded at the branch level are not consolidated in the report. • Multiple channels for client feedback/grievance redressal. • Tele-calling team has been set up to elicit their satisfaction levels on services and products besides staff behavior. • Complaint Boxes at Branch Offices. • Dedicated Customer Care Helpline.

	• Clients were found to be moderately aware of the helpline number. • In all the branches assessed, the contact number and address of SRO nodal official was properly displayed. • Complaints lodged through helpline are documented and resolved. • Awareness among client and staff on SRO Grievance Redressal mechanism was found to be moderate in the visited branches. • Dedicated team at HO level to documents and follow up on the client complaints.
Data Sharing	• Financial and operational data for FY2024 is available on the website of Mitrara. • MFI has a well-defined process for sharing data with the credit bureaus. • MFI has provided data called for by SRO and RBI as and when required as per compliance. • Mitrara shares accurate data with all credit bureaus on a frequency prescribed by SRO. • Mitrara 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 interacted with below branches and interacted with Branch Staff and Borrowers.

Sr No	Branch	State	No of clients interviewed
1	Samastipur	Bihar	20
2	Rosera		22
3	Shahpur Patori		18
4	Dalsinghsarai		19
5	Barabanki	Uttar Pradesh	23
6	Kotwa Sadak		21
7	Nindoora		20
8	Itwa		22

About SMERA Ratings

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

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