JANAKALYAN FINANCIAL SERVICES PVT. LTD.



HUMAN RESOURCES POLICY

Prepared by: HR Department

Approved by: Board of Directors

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1. INTRODUCTION

Janakalyan Financial Services Pvt. Ltd (Janakalyan) is a NBFC-MFI (Non- Deposit taking engaged primarily in the area of microfinance activity. For its microfinance venture, Janakalyan follows the Joint Liability Group (JLG) model for lending primarily to women borrowers.
Janakalyan is committed to the social and economic upliftment of the borrowers from the underprivileged sections of society.

It is our established policy to conduct our business honestly and ethically under a Fair Practice Code.

Values and Culture

- **Policy of No-discrimination**

All customers irrespective of religion, caste, creed or political affiliation are treated on equal footing by the Company with no discrimination. It respects diversity and freedom of choice, thought, belief and expression for its employees and customers

- **Promoting Meritocracy**

This policy applies to all staff employed. While employees irrespective of gender, disability, caste and creed are eligible for compensation within a broad range of pay applicable to their respective grades, the Company makes a clear distinction in respect of employees with a proven track record of higher productivity and competence for compensation at the higher end of their respective bands including larger increments and fast-track promotions.

- **Anti-child labour**

The Company shall comply with the existing laws relating to child labour in selecting customers and shall not employ children that fall into the definition as stipulated in the Constitution of India and also Juvenile Justice Act 2015. The Company will not use any product which is produced by the children.

- **Comply with existing rules and regulations**

The Company shall conduct business affairs diligently and in full compliance with all relevant labour laws and regulations under the Shops and Commercial Establishments Act. The Company encourages and instructs all staff to act in the same way.

2. RECRUITMENT & SELECTION POLICY

Recruitment is the process of locating, identifying and inviting prospective applicants to apply for existing or expected job openings. Selection is the process of picking up individuals who have relevant

Janakalyan Financial Services Pvt. Ltd. Kolkata

qualifications and skills to fill jobs in the organization and who can most successfully perform the job roles.

There shall be no discrimination whatsoever on the ground of age, sex, caste, religion etc. relating to staff recruitment which is conducted fairly and judiciously.

Sources of Recruitment:

- **Internal Sources:**
  Persons who are already working in the organization constitute internal resources.

- **External Sources:**
  External sources are from outside the organization such as those working in other companies, candidates from reputed educational institutes and candidates through references.

Methods of Recruitment:

The following are the most commonly used methods of recruitment.

- Employee referrals
- Campus Recruitment
- Advertisements
- Private Employment search firm
- Walks-ins
- Internet Search

Eligibility of field staff:

- Physical fitness is mandatory.
- Minimum undergraduate (Higher Secondary).
- Graduates may be preferred subject to satisfying other qualifying criteria.

Internship: The company may recruit Interns (trainee) who will need to learn the work (field visit and on the job training i.e. practical work at branch level and field level) in the company relating to MFI operation for 7 (seven) days during which no remuneration shall be payable.

Apprenticeship: - If required, the company may recruit Graduate & Under Graduate Apprentices for a period of six months which may be extended up to 12 months depending on the learning abilities of the concerned person. During this period, the Apprentices shall receive monthly stipends as per stipulated Government Rules. A certificate shall be given by the Board(s) of Apprenticeship Training / Board of Practical Training of Central Government after successful completion of the apprenticeship. The

company has an option to recruit suitable candidates out of such successful and certified Apprentices in the company's payroll subject to available vacancies.

Probation

It is a period of service used for employee training, adjustment and evaluation where the appointing authority has an opportunity to evaluate the employee's knowledge, abilities, and skills to perform the work of the class in an on-the-job capacity. During the period, higher management of the company evaluates employees' work ethics and level of experience.

Significance:

During the Probationary period, an employee may be terminated by the competent authority without assigning any reason by giving one month's notice in writing or by giving 1 month's salary in lieu of notice.

Time Frame:

The standard period of probation is six months for the employees, subject to further extensions at the discretion of the Management if it is felt proper and necessary to extend such periods. Upon satisfactory completion of Probation Period or such extended Probation Period, the Management may confirm the employee in writing. However, unless an employee is confirmed in service by the Management in writing, such employee shall be deemed to be in 'Probation' unless anything contrary is notified in writing by the Management.

Classification of Employees:

Employees shall be classified as under: -

(a) Permanent Employee is an employee who has been engaged in a role of permanent nature and who has satisfactorily completed a probation period and has been advised as confirmed in writing by an order of the Management on the expiry of the probation period.

(b) A Probationer is an employee who has not been confirmed in writing by the Management as a Permanent Employee.

Process of Reference Check: -

Whenever any recruitment is made a reference check is to be invariably conducted within one month of the joining.

1. Cluster Head will be responsible for checking the references of the employee and report to Head Office, HR department in a prescribed format. In case the Cluster Head is unavailable to perform the activity, he/she may deploy a suitable senior Official/s (not below the grade of Branch Head) for the purpose with prior approval of Head -HR.

2. Whenever any employee is recruited from another MFI, it will be mandatory to seek a reference check from his/her current employer after a job offer is made and an offer letter issued to the prospective employee. The candidate is permitted to join duty subject to a satisfactory reference check. However, an exception can be made in instances where the previous Employer (MFI) fails to respond to the reference check within 15 days.

Response of reference check from other MFI: -

1. If any reference check request is received from another MFI the same will be responded to within two weeks through the prescribed format and it will be intimated through the HR Department.

Age of Superannuation

The age of superannuation shall be 60 years. However, the Management reserves the right to extend the services for any employee up to 65 years of age on a year to year basis subject to maintenance of good health, competency and effectiveness and satisfactory annual reviews.

3. RULES AND REGULATIONS OF THE ORGANISATION:

Attendance:

The working hours of the establishment shall be fixed as may be decided by the management from time to time as per the provision of relevant laws.

The present timing of Branch Office and Head office is as follows:

Branch Office: -

- Working hours from Monday to Friday shall be from 8.00 AM to 4.00 PM with lunch hour (1.00 PM to 2.00 PM) and 2nd & 4th Saturday including Sunday will be Off Days.

Head Office: -

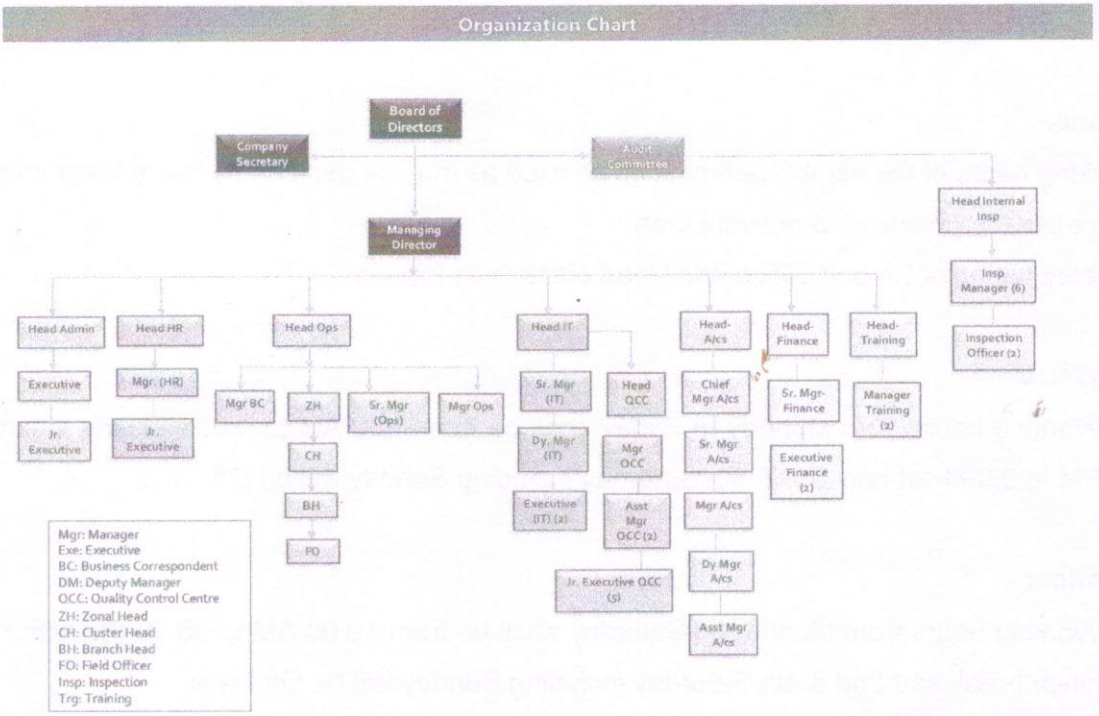
- Working hours from Monday to Saturday shall be from 10.00 AM to 06.00 PM with half an hour lunch break and 2nd & 4th Saturday including Sunday will be Off Days.

4. GRADES, BANDS & HIERARCHY

The Company presently has the following Grades and Bands:

Grades	Band
Junior Executive Executive Assistant Manager	-Junior Management
Deputy Manager Manager	Middle Management – Lower Band (LB)
Senior Manager Chief Manager	Middle Management – Upper Band (UB)
Assistant Vice President Deputy Vice President Company Secretary	Senior Management – Lower Band (LB)
Vice President Senior Vice President	Senior Management – Upper Band (UB)
Managing Director & CEO	

The Organisational Structure of Janakalyan Financial Services Pvt. Ltd is as under:



5. TRAINING AND DEVELOPMENT PROGRAMMES:

Training is necessary for updating the knowledge, skills and attitude of an employee for performing a particular job role and to provide necessary learning, sharpening of skills, concepts and rules including the adoption of a requisite ethical attitude, behaviour etc. to enhance the performance of employees and their cultural compatibility in the organization.

RBI Master Direction RBI/DOR/2021-22/89 DOR.FIN.REC.95/03.10.038/2021-22 dated March 14, 2022 - 'Master Direction-Reserve Bank of India (Regulatory Framework for Microfinance Loans) Directions, 2022

Janakalyan's Training Policy includes conduct of employees and system for their recruitment, training and monitoring. The Policy also includes minimum qualification of the staff and also provide necessary training tools to deal with the customers. Field staff has been trained to make necessary enquires regarding income and existing debt of the household. Janakalyan has made training to the borrowers at free of cost.

Janakalyan have tied up with NATS and NAPS a Central Govt Scheme to recruite as apperentice for 12 months. Janakalyan will have two more designation for apprentice at entry level as Trainee Field Officer (TFO- G) for Graduate and (TFO-UG) for under graduate.

Training Methods:

The following methods are adopted to ensure that the staff are adequately trained to deal with the customers appropriately.

1. On the JOB training
2. Classroom training
3. Field level Training
4. Training/workshops arranged by outside institutions.
5. Online training

6. REWARDS & RECOGNITION:

Rewards and Recognition activity serves to highlight the superior achievements in all areas and job functions across the organization. Recognition for achievements has a considerable impact on employee satisfaction and commitment.

Assessment Parameters:

Some of the parameters are-

- **EOQ—Employee of the Quarter:**

The Employee of the Quarter Award recognizes an employee for superior performance that exceeds normal expectations. Apart from superior performance judged through KPI, a behavioural aspect towards all stakeholders is also judged.

- **EOY-Employee of Year:**

Should have been nominated as EOQ at least twice during the assessment year.

- **Spot Excellence Award:**

Contributions towards expected deliverables/ key responsibility area which will benefit the Organization. The award will be based on events such as contests, special initiatives, etc.

- **BOE- Back Office Excellence:**

The outstanding performance of functional support employees (HR and Administration, Finance & Accounts, IT and other functions) shall be duly recognized.
Further, there shall also be various motivation forums and award opportunities at the local, area and regional levels.

Periodicity:

Assessment and recommendation can be done on a Quarterly/ Half Yearly/ Annual basis. One employee can be nominated multiples times in different quarters. Further, any spot achievement awards can be recommended from time to time. However, ongoing performance achievements shall be assessed on a quarterly and annual basis only.

7. PROMOTION POLICY:

Promotion refers to the upward career movement of an employee from current job to another that is higher in pay, responsibility and organizational level. Promotion brings enhanced status, better pay along enlarged responsibility.

Basis of Promotion:

Promotions shall be based on both merit and seniority where an employee is promoted due to superior performance in the current job apart from seniority. Merit here denotes an individual's knowledge, skills, attitude and productive efficiency.

Promotion shall be considered without discrimination and his/her suitability for the post. However, the company shall have complete discretion to fill up any vacancy by fresh recruitment, if warranted.

Causes of Demotion:

- A promotee is unable to meet the challenges of the new role.

- Demotion may also be the consequence of disciplinary measures against errant employees by the competent authority.

8. TRANSFER POLICY:

Normal tenures of posting at any position shall be specified by the Company and staff members, on completion of their respective tenures may be considered for transfer to a different location/position depending upon the exigencies of service.

A transfer may also become necessary due to changes in job assignment or promotion/demotion or on the administrative ground without citing any reason. Transfer is a management prerogative and the decision of the management shall be final about the transfer/posting of any employee.

9. COMPENSATION POLICY:

- The compensation policy deals with the various forms of compensation including bonus, variable pay and benefits viz. insurance, medical, PF, retirement benefits Gratuity, leave encashment etc. and serves to acquire, maintain and retain an effective and motivated workforce. Compensation at field level (JFO/FO/SFO) is assessed on the recommendations of the Supervisor and also borrowers' written declaration on satisfaction about the attendance, method of recovery and proper Group Training etc.

- Code of Conduct- There shall be a Board approved policy relating to the code of conduct meant for field staff and their recruitment, training and supervision. The Code lays down minimum qualifications necessary for the field staff and necessary training tools identified for them to deal with the customers. Training to field staff includes programs to inculcate appropriate behaviour towards borrowers and avoid any abusive or coercive debt collection/recovery practices. The conduct of employees towards customers/borrowers is incorporated in the KRA of the employees. Due emphasis shall be given to the quality of service and customer satisfaction apart from the number of loans mobilized and the rate of recovery. Penalties may be imposed in cases of non-compliance with the Code of Conduct. Employees are duty-bound to follow the Code of Conduct laid down in the HR Manual. All the employees shall execute a secrecy declaration at the time of joining.

- Janakalyan's incentive policy: - If needed the company may launch incentive plans for field staff from time to time as per the following criteria:

Janakalyan Financial Services Pvt. Ltd. Kolkata

New Client Enrolment/number of clients managed or collection of overdue etc. The proposal for the same will be put up to the Executive Committee for discussion and recommendation to MD for approval. The proposal will inter-alia also recommend quantum of maximum monetary incentive, eligibility norms etc.

10. PROVIDENT FUND (PF):

PF Act offers the retirement benefit to staff in the form of Provident Fund. Provident Fund contribution and benefits are admissible as per PF Act, wherever applicable.

11. EMPLOYEES STATE INSURANCE(ESI) ACT:

ESI Act provides for medical help and unemployment insurance during illness.

The basic objective is to offer social insurance to the employees of the organization. ESI deduction and benefit are as per ESI Act. Those employees who are not covered under ESI facilities will be provided Mediclaim benefits.

ACCIDENT INSURANCE: All Field staff are covered under accidental insurance.

12. PROFESSIONAL TAX:

Professional Tax shall be deducted every month from all staff salaries as per the Profession Tax Act.

13. INCOME TAX:

Income tax shall be deducted as per the Income Tax Act, 1961.

14. GRATUITY:

Gratuity shall be payable at the rate of 15 days' salary for each completed year of service. The salary for this purpose means the Basic Salary. Gratuity shall be paid either at the time of superannuation or at the time of retirement whichever is earlier based on the guidelines, rules and regulations. It should be applicable for employees after the completion of 5 years in the organization.

15. ALLOWANCES:

Travelling Allowances/ Food Allowance/ Night Stay Allowance:

- **Branch Head /Assistant Branch Head (In-charge)**

Fuel & Maintenance reimbursement will be done @ Rs.3.00 per km per month for Branch Heads using their own vehicles (two-wheelers). Movement of the Field Officer/Branch Heads shall be

monitored by the respective Cluster Heads as per movement Register/Log Book who will ensure that the vehicle has been used for office work only and the amount shall be reimbursed monthly through petty cash.

To attend office work outside the base branch, the movement of the Branch Head shall be approved by the Zonal Head/ Cluster Head. Reimbursement shall be done on the actual cost incurred and the mode of conveyance shall be local facilities such as train, bus etc. Normal routine work for the branch shall be carried out by the staff at their own cost.

- **Cluster Head /Associate Cluster Head:-**

The movement of Cluster Head shall be monitored by Zonal Head and individual travel bills shall be approved by Zonal Head. Fuel & Maintenance reimbursement shall be done @ Rs. 3.00 per km per month for the **Cluster Heads,** for using their own vehicles (two-wheeler). Cluster Head shall ensure that the vehicle has been used for office work only and the amount shall be reimbursed monthly by submitting TA bill at Head Office.

- **Zonal Head:**

Travelling allowance, food allowance and night stay allowance of **Zonal Head** shall be monitored by Head -Operations and travelling allowance bill shall be approved by Head- HR & Admin.

- **HO & Inspection team Travelling, food and Night stay allowance :**

Travelling, food and Night stay allowance of the movement of HO and Inspection team shall be monitored by the Head - Inspection department as per the tour plan of each individual and TA bill shall be approved by MD.

Cell-phone facility:

The company may provide free cell phone connection (SIM- only rental amount) under Closed User Group (CUG) to all employees in the organization.

TA/DA Bill Sanctioning Authority sequence:

Category of Employee	Check and Recommendation	Sanctioning Authority
Field Officer	Branch Head	Cluster Head
Branch Head	Cluster Head	Zonal Head
Cluster Head	Zonal Head	Head -HR
Zonal Head	Head-Operation	Head -HR
Departmental Head & HO Staffs	Head -HR	Managing Director
Managing Director	Head-HR	Self , to be reported to Board
Inspection Department		
Inspection Manager	Head- Inspection	Head -HR
Inspection Officer	Head- Inspection	Head -HR

16. LEAVE AND HOLIDAY POLICY:

Purpose

The objective of this policy is to explain the leave entitlement and procedure for availing leave and to allow all staff to have vacation and meet other personal obligations.

Details of different kinds of leave

Casual Leave cum Medical Leave

An employee, who is confirmed in service shall be entitled to 15 (Fifteen) days Casual Leave cum Medical leave in a Calendar Year. Holidays if any, (Sundays and other holidays as per Manual) will be counted as a part of leave in case they fall within the leave period. Fresh joinee and yet to confirmed employee will be eligible for Casual Leave on a pro-rata basis. Casual Leave may be availed for a maximum of 3 days at a time.

Annual / Earned /Privilege Leave:

An employee, who is confirmed in service shall be entitled to 15 (Fifteen) days Earned Leave in a financial year. Such leave can be enjoyed for a minimum period of 2 days and a maximum period of 6 days at a time. Holidays if any, (Sundays and other holidays as per Manual) will be counted as a part of leave in case they fall within the leave period. Earned leave accumulated or earned may be availed only after working for twelve months.

For regular employees, Earned/Privilege Leave in his/her life can be accumulated up to 90 days and the same may be considered for encashment upon superannuation.

Maternity Leave

As per the Maternity Benefit Act, all-female Staff of Janakalyan are eligible for Maternity Leave. All confirmed female employees shall be eligible for 6 months of Maternity leave. Any intervening National & Festival holidays and weekly off during the maternity leave shall be reckoned as part of the said maternity leave. For claiming this leave, an employee should have worked for not less than 80 working days at Janakalyan in the preceding 12 months. Such Maternity leave shall be restricted to a maximum of two occasions. In case, an employee wishes to extend her leave beyond 6 months, she may avail of her accrued annual leave, if any with the eligible maternity leave.

Janakalyan Financial Services Pvt. Ltd. Kolkata

17. PENALTIES / REPRIMAND FOR MISCONDUCT/NOT FOLLOWING CODE OF CONDUCT:

An employee found guilty of misconduct may be given any of the following punishments:

Minor penalty

(1) Warning.

(2) Fine

(3) Recovery to the full extent of the actual amount of the loss caused to the establishment.

Major penalty

(1) Withholding of increments for any specific period with or without cumulative effect.

(2) Suspension without salary for a period not exceeding 90 days.

(3) Demotion to a junior post, lower grade and lower scale of pay.

(4) Termination of service.

(5) Discharge from service.

(6) Dismissal from service.

In all such cases, the employee concerned shall be provided with an opportunity to explain the matter. A show-cause notice / charge-sheet shall be duly served on him/her before proceeding with any of these punishments.

18. GRIEVANCE POLICY:

A grievance is a wrongful act or hardship suffered by an employee which can be the ground of a complaint

Nature of grievance

- Dissatisfaction or feeling of discontent.
- Dissatisfaction orally made known by one employee to another is a complaint.
- A complaint becomes a grievance when brought to the notice of the management.

Grievance redressal procedure

- A formal hearing shall be given to the employee.
- Any grievance must be made in writing.
- In all cases, reference to the HR department is essential.
- All proceedings, whether informal or formal, shall be confidential and duly recorded.

Jankalyan Financial Services Pvt. Ltd. Kolkata

19. SEXUAL HARASSMENT AT WORKPLACE:

Prevention of sexual harassment at the workplace

(1) No woman shall be subjected to sexual harassment at any workplace.

(2) The following circumstances, among other circumstances, may be deemed as sexual harassment: -

(i) implied or explicit promise of preferential treatment in employment;
(ii) implied or explicit threat of discriminatory treatment in employment;
(iii) implied or explicit threat about the present or future employment status;
(iv) interference with her work or creating an intimidating or offensive or hostile work environment and
(v) humiliating treatment likely to affect her health or safety.

Constitution of Internal Complaints Committee

A committee is known as the "Internal Complaints Committee" shall be constituted to look after the complaints relating to sexual harassment cases for women employees in the company.

The Internal Committee shall consist of four members namely: -

(a) A Presiding Officer who shall be a woman employed at a senior level at the workplace from amongst the employees:
(b) Two Members from amongst employees preferably committed to the cause of women or who have had experience in social work or have legal knowledge:
(c) One member from a non-governmental organisation (NGO) committed to the cause of women or a person familiar with the issues relating to sexual harassment:

The Presiding Officer and every Member of the Internal Committee shall hold office for such period, not exceeding three years, from the date of their nomination as may be specified by the employer.

Presiding Officer or Member, as the case may be, can be removed from the Committee if warranted for any reason and the vacancy so created shall be filled by fresh nomination in accordance with the provisions of this section.

20. Power to amend Rules & Regulation:

The Management of the Company may amend/modify the Policy in case of Requirement subsequently be placed before Board of Directors for their approval and the Policy will be reviewed on a yearly basis.

