

# Sonata Finance Private Limited

## Human Resource Policy

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## **Introduction**

Human resources are the most asset for any organization. It is the human resources that make other resources like money, material, and machine productive. Therefore, it is critical to invest in the development and welfare of human resources in order to maximize the institutional performance.

Sonata Finance Private Limited is one of the fastest growing micro finance companies in India, currently working in Uttar Pradesh and Madhya Pradesh, Bihar, Haryana, Rajasthan, Uttarakhand and Punjab.

Sonata has achieved a remarkable position in the market in a very short span of time. It is very important to have committed, talented, and loyal employees to achieve the vision and mission. The management at Sonata understands and appreciates the fact that an employee can contribute his/her best only when she/he is hThe general be associated with the organization.

Human Resource Management (HRM) provides an institution with an effective workforce in order to achieve its mission. Effective HRM uses systems and tools to bring together:

- the right number of people,
- with the right attitude and skills,
- in the right place,
- At the right time.

Specific objectives of this police are:

- ✓ To lay down a system of proper Human Resource Planning and get right person in right place and in tat right time so as to have non-disrupted operations
- ✓ To build employee enthusiasm, loyalty towards the organization, through a system of rewards and incentives
- ✓ To facilitate the implementation of HR policies and practices in a sensitive and crystal clear manner to the employees
- ✓ To elaborate the system of staff development through trainings
- ✓ To facilitate coordinated team effort in the organization.

## **Code of Conduct**

The code of conduct is applicable to all employees of Sonata Finance Private Limited. The Company is committed to conducting its business in accordance with the applicable laws, rules and regulations, and with highest standards of business practices and ethics. The issues covered in this code are of utmost importance to the company, its employee, and members.

All the staff of Sonata must remember that they are representatives of an institution and that it will be judged by the way they look, act and talk. They are bound to work under code of conduct of the company. The code of conduct aims at encouraging all the members of Sonata to achieve and maintain the highest standards of conduct and performance.

### **Purpose of the code of conduct:**

- ✓ Encourage high standards of honesty, integrity and ethics among the employees of the company.
- ✓ Encourage observance of standards to protect the interest of employees, and members.
- ✓ Provide guidance to all Sonata staff on the standards of the conduct required by the company.
- ✓ Achieve responsible use of and control over all the assets and resources employed and entrusted.
- ✓ Indicate what actions would constitute as “Breaches of conduct”.
- ✓ Describe the action that the company would take as a consequence of breaches of the conduct, and the relative seriousness of those actions.
- ✓ Explain the rights of staff.

The following are some obvious but important obligations that should be followed by every staff of Sonata:

- ✓ Clients and potential clients, and indeed everyone you meet in the course of your work are to be treated with respect, politeness, and honesty.
- ✓ Staff will behave in a disciplined manner, with mutual respect, trust and spread fraternity through their interactions with colleagues/clients and outsiders.
- ✓ Staff will not use any abusive language either among colleagues, clients or subordinates/supervisors.
- ✓ Staff will show respect to the dignity of all colleagues. No usage of authority to undermine a colleague’s sense of pride or dignity.
- ✓ Staff are not permitted to accept anything personally from clients and potential clients, not even a drink of water. Violation of this rule may attract disciplinary action.
- ✓ Staff are not permitted to enter into any personal, social or business relations with clients or potential clients, without getting prior written permission from the CEO.
- ✓ Staff will not have any commercial dealings with parties in whom friends or colleagues have a direct financial interest or connection, or indulge in any unethical practices with the funds and work.

- ✓ Staff will not engage in outside employment or reveal any confidential information relating to the organization to any outsider, not defame Sonata or a colleague.
- ✓ Staff will not consume alcohol, smoke, or take drugs in the work place in the interest of maintaining organizational culture, the good health and working comfort of all colleagues and visitors.
- ✓ Staff will not discriminate based upon caste, creed, religion or gender.

## **Policies and Procedures**

Human Resource policies and procedures are documented guidelines that provide a structure to the work environment. These guidelines define the roles and responsibilities of both Sonata and its employees, where topics such as work conditions, legal requirements (in accordance with local and national labour laws), compensation, and many other issues are generally included.

## **Importance of Policies and Procedures**

Human resource policies and procedures provide consistency, fairness, and efficiency in dealing with staff members. Having a written policy document also provides the ability to establish and clearly communicate the rights and responsibilities of Sonata and its staff members. Human resources policies can also be a valuable tool to ensure that all employees are treated equally and to save on the time required to research past precedent and make a decision on individual cases.

Stated policies can simplify the communication with the staff members on what is expected of them, what services or compensation Sonata provides, and what procedures will be followed. Lastly, human resource policies are important in handling legal issues with employees and in reinforcing the institutional culture by treating employees equally.

## **Disciplinary Procedure**

The staff of Sonata are bound to act under the rules and regulations of the company. They are liable to work under discipline and maintain sophisticated culture. Non-compliance of these code of conducts/staff and official rules will result in suitable disciplinary action against the staff member by the appropriate officer(s) of the company.

All cases of alleged misconduct by staff will be considered by a Disciplinary Panel which will consist of at least two officers of the company from senior in positions, but not the immediate supervisor of the staff member concerned. The names of the members of the Disciplinary Panel shall be posted on the notice board of the place of work of the accused member.

### **Acts and Omissions constituting as misconduct:**

1. Wilful in subordination or disobedience whether alone or in other combination with another others of any lawful and reasonable order of a superior.
2. Striking work or adopting go slow, pen down strike, either singly or with any other employee without giving due notice prescribed by any law for the time being in force.

3. Inciting, whilst in the office, any officer/ or employee to strike work.
4. Theft, fraud or dishonesty or misappropriations in connection with the employer's business or property belonging to other employees.
5. Taking or giving bribe or any illegal gratification from subordinate. Guest/ clients/ customers of the Company.
6. Habitual absence without leaves.
7. Drunkenness, fighting, riotous or disorderly behaviour or conduct likely to cause a breach of the peace or conduct endangering the life of safety of any other person or any act subversive of discipline and sufficiency and any act involving moral turpitude, committed within the company or outside.
8. Habitual negligence or neglect of the work.
9. Threatening or intimidating any employee or clients in the establishment.
10. Disclosing to an unauthorized person any information in regard to the working process of the Company.
11. Gambling within the Company premises.
12. Sleeping while on duty.
13. Insubordination, malingering, deliberates, delaying of carrying out of order.
14. Collection or canvassing for collection without the written permission of the management of any money within the premises of the company except as sanctioned by any law or agreement for the time being in force.
15. Carrying on the money lending or any other private business within the office premises of the Company.
16. Commission of any act subversive of discipline or bad behaviour within the company or outside or any act, which may be deemed to be prejudicial to the fame of the company.
17. Absence from place of work or office or seat without the permission of his superior.
18. Distribution or exhibition within the boundaries of the company of any newspaper, handbills, pamphlets or posters without the previous sanction of the Management.
19. Organizing, attending or holding meetings within the boundaries of Company or in any premises owned by the Company in its Offices/estate without previous sanction of the Management or put-up any label or bondage on the arms in demonstration manner or shouting slogans within the premises of the establishment.
20. Unauthorized use of company's quarts or land.
21. Speculation in any investment or commodity within the premises.
22. Spreading false rumours or giving false information which tends to disrupt the atmosphere of the establishment or spread panic among the employees.
23. Writing of anonymous or pseudonymous letter/letters criticizing the Company or its Management of the establishment.
24. Conviction in any court of law for criminal offence or imprisonment by the order of Magistrate or Police Officer.
25. Active involvement in village politics affecting business of the Company.
26. Furnishing false information regarding name, father's name, age, and qualification of previous services.
27. Breach of any provisions of the any acts constituted as misconduct as defined by the Standing Orders.
28. Interference with records, attendance registers etc. either pertaining to self or to any other employees.
29. Possession of any lethal or any other weapon within premises without the written permission of the Management.
30. Altering, disfiguring, destroying or in any way rendering material put on the notice board, either partly or wholly, unintelligible or altering the meaning originally intended.
31. Falsification of records and/ or defalcation on monies of the establishment.

32. Threatening, disparaging or intimidating the inquiry officer conducting the domestic inquiry or misbehaving in inquiry proceedings within the establishment or outside.
33. Abusing the officers or employees of the establishment or clients or outsiders within the establishment or outside.
34. Giving any material inducement to clients to participate in the program.
35. Involvement in any activity, which brings the company into disrepute.
36. Not giving full cooperation with surprise visits or internal auditstrot providing requested documents in a reasonable time.
37. Failure of the officer in charge to make up the difference regarding money transaction by the end of the day.
38. Punishment for misconduct:

Any officer or employee found guilty of misconduct under the aforesaid standing orders whether of major or minor nature may be given any of the following punishment-

**a) Minor Punishment**

- ✓ Warning or written notices.
- ✓ Fines according to the provisions of the payment of wages act.
- ✓ Withholding of increment for any specific period.
- ✓ Suspension without pay for a period not exceeding 4 days.
- ✓ Demotion to a next junior post, lower place in the scale of pay.

**b) Major Punishment:**

- ✓ Permanent Termination of service.
- ✓ Temporary discharge from services until the issue is fully resolved.

Note:

A disciplinary action is taken on the staff if/when they fail to comply with the aforesaid rules and policies. However, the decision of the CEO/HRD will be final in case of taking any disciplinary action.

## **Public relations**

Although all employees are representatives of Sonata, unless authorized by the CEO, employees are strictly forbidden to make available publications or declarations to outside sources including donors, media, other NGOs and/or MFIs and government officials about Sonata, its performance, role, or work. All inquiries from outside the organisation should be referred to the HR Manager on an ongoing basis, the HR policies and procedures may need to be modified to accommodate a changing environment. Any changes to the policies and procedures will be discussed at senior management meetings. The outcome of these discussions will then be communicated at the field level meetings. Changes to the policies and procedures will be approved by the CEO after taking into consideration the employee feedback.

Circulars signed by the CEO will be issued to the field offices and the Head Office employees communicating the changes. All such circulars will also mention the time period after which the changes will be implemented.

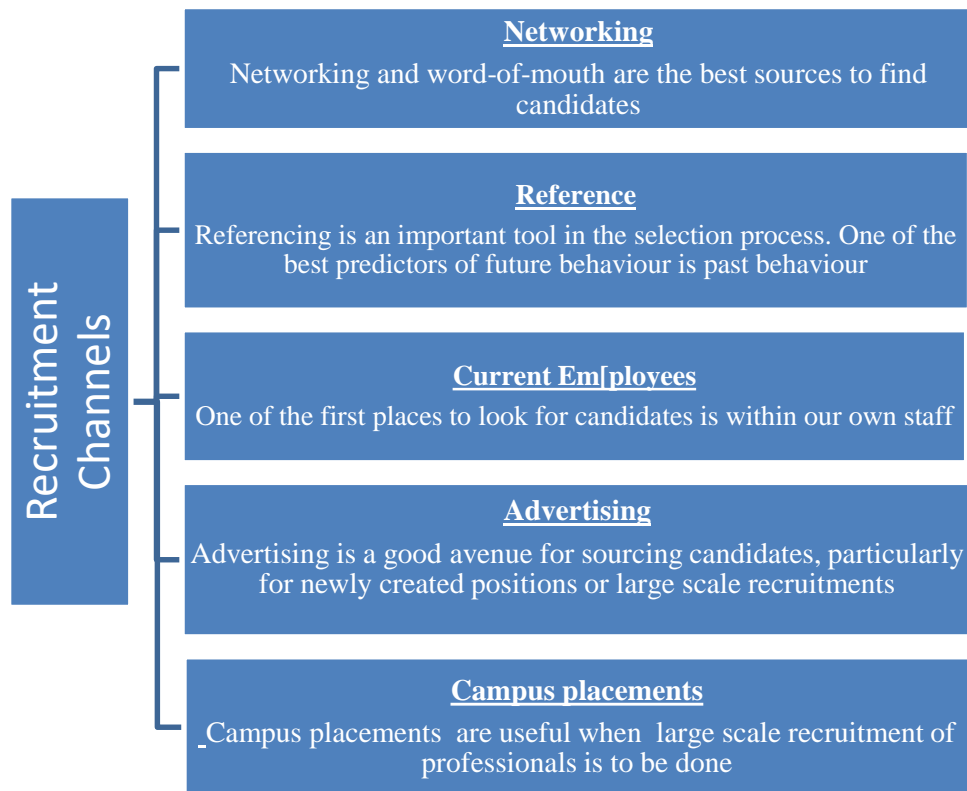
A copy of the circular should be displayed on the notice board and another copy filed till such time the changes are reflected in a newer version of the HR manual.

A master copy of HR the annual should be kept in the custody of HR Head who will be responsible to ensure that each circular is filed at the appropriate place and is inserted in the manual. HR Head should also ensure that the HR manual is reviewed and updated every year, based on the changes/updates in HR related policies.

## **Recruitment and Selection:**

Recruitment is the search for qualified candidates to fill an open job position, followed by the evaluation and decision on which candidate is the best match. The entire process starts by identifying Sonata's requirements, and ends with negotiating the final offer with the candidate and making the hire. Institutions are successful because of their people – both past and present.

Critical to our future success is the quality of the people our organisation can attract, recruit and retain. Recruiting the right person has tremendous benefits. The right person is someone who is well matched to the job tasks and our institution's values and goals. If a person is a "good fit", they will demonstrate high levels of initiative and creativity; they will be productive and likely stay longer with our organisation.



## **1. Advertisements**

Wherever possible, all field positions above BROs are filled by promotions from within the operations team. For BRO's positions Sonata prefers recruiting from the communities in its operational areas.

The Branch Manager adopts different methods to attract talented people for recruitment after receiving the notification from CEO/Manager - HR including the following:

- Branch Managers encourage their BROs to communicate the nature of vacancies in the groups they are managing.
- Word is spread in the village panchayat through BROs.
- Local contacts are informed regarding the vacancies and information is passed onto local media to make the masses aware of it.
- For mass recruitments, Sonata advertises the vacancy notification in local newspapers in which qualified candidates, especially women, are encouraged to apply.

The budget for this process will be defined and advised by Head Office.

## **2. Assessment and Selection**

The Head of Human Resource Department shall ensure that selection criteria for all posts to be filled are properly defined and adhered to, during the selection process.

## **3. Age Criteria**

The range of age for BRO is 18 to 30 years.

## **4. Tests**

After resumes have been received, short-listed candidates are called to come to the branch office for a written test. The written test includes questions that test the mental agility and awareness of the candidate, as well as basic arithmetic. The level of difficulty varies by position. Candidates must attain at least 50% marks in their written test in order to qualify for the interview round. The panel members must consider these marks while taking their decision.

## **5. Group Discussion (during mass recruitment and when possible)-**

The recruitment Officer makes the group of 8-10 candidates and executes the GD.

## **6. Interviews**

Those candidates who have passed the written tests are invited for an interview.

## **7. Panel Formation for Selection of Staff**

Panel Structure consists of minimum 3 members comprising of BM and Regional A/c Head/Audit Manager/HR Manager i.e. BM forms the compulsory panel member and the other two members can be from the rest of the lot depending on their availability.

Criteria to be considered by the panel members for the selection of BE and Branch Managers at the HO and branch



Post	Minimum Qualification Required	Preference
BRO (Loan Officer)	Intermediate/Graduate	Female candidates will be given preference (Qualification Intermediate)
Branch Managers	Graduate with 2-year minimum experience in relevant field.	Post Graduates/MBAs/PG Diploma holders will be given preference
Hub In-charge & above	Graduate with 5-year minimum experience in relevant field.	Post Graduates/MBAs/PG Diploma holders will be given preference

### 8. Documents required at the time of Recruitment

- Prospective candidates must bring a copy of their CV, one passport size, photograph and original as well as a copy of academic certificates, experience certificates, address proof/ID proof (Aadhar is mandatory).
- Candidates must qualify in their respective written test, group discussion and personal interview held with the panel members.

### 9. Besides, the additional features to be considered at the time of selection are:

- Personality Attributes
- Physically fit to sustain the pressure in the field work
- Good communication skills with an emphasis on Hindi to convince the clients.
- Maturity and self-confidence to deal with different situations in the operational area.
- Honesty and integrity.

### 10. Verification of Original Documents:

It is the responsibility of panel members to verify the original documents before taking their final decision so that defaulters may be short-listed beforehand.

**11. Referral Check:** It has to be done by HRD through previous organisations and by their professional references.

#### Restriction on Dual Employment

As an essential condition, the successful candidates are not allowed to carry on anywhere else employment simultaneously. Non-compliance with this condition may lead to cancellation of selection so made.

### 12. Sending Documents to HO to Generate the Appointment Letter

BMs should send the documents used at the time of selection (i.e. interview assessment sheet, answer sheet, copy of CV, academic certificates) of the successful candidates to HO on the basis of which their appointment letter will be drafted.

### **Joining Formalities:**

After selection, the successful candidates are called at Head office for the induction training. This includes some basic knowledge about the company's Mission & Vision, its products, operational processes etc. HRD needs to coordinate with the training in charge to ensure that all new recruits are being trained before they start their work.

The appointment letter with initials by HRD and signed by managing director/s is issued on the same date taking into consideration that no local posting is allowed for male candidates. Field-based candidates would be posted atleast at a distance of 60 km. (40 km. in case of BEs) from their current place of residence.

### **Checklist for Personal File-**

HR shall create and maintain a separate personal folder on the appointment of a new employee. HR manager (at HO) will be responsible to manage and make sure all the personal folders are up to date.

The content of this personnel file shall include the following:

- Two passport size photographs
  - KYC documents
  - Application letter
  - Curriculum Vitae/ Resume
  - Copies of academic transcript
  - Job Offer Letter
  - Referee Letters (if any)
  - Appointment Letter & Contract Letter
  - Code of Conduct Employee Declaration
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- Personal Information Form detailing: account number, blood group type, next of kin
  - Home contact details, dependants
  - Appraisal Reports/ Summaries
  - Disciplinary Actions
  - Letters of Recommendation, Promotion, Recognition
  - Information on salaries
  - Letter of Resignation/Termination
  - Letter of Accepting Resignation
  - Letter of Relieving

### **Training and Probationary Period**

The staff shall initially be placed on training period of 6 month during which the Recruitment Committee will assess the suitability for the position and the employee will move to a probation (of 6 months) if found suitable.

In some cases, the candidates who have sufficient experience in a relevant field can also be selected and placed directly on probation. The period of training/ probation starts with induction.

**ID Cards:** All employees are issued an identification card and must wear it at all times while on duty. All ID cards must be returned to the HR Department upon an employee's departure. In case of loss of ID card, the loss is to be immediately reported to the concerned Supervisor and HR Manager, initially over phone, email or any other faster communication, and subsequently in writing.

## **Training and Development**

Training Programmes at Sonata are designed to:

- Improve the effectiveness of staff members in current roles.
- Increase adaptability of staff members.
- Ease the introduction of new technologies or methodologies.
- Standardise work processes to increase overall efficiency.

- Reduce costs by decreasing employee turnover.
- Help retain employees who understand Sonata's mission and culture, thereby building loyalty.
- Helps in decentralising the decision making authority as capabilities of staff are increased to take decisions at their own level.
- Training benefits Individual Staff Members by allowing them to improve their professional skill sets and their overall productivity.
- Increase job satisfaction through a more thorough understanding of the task to be performed.
- Improve self-confidence.
- Enjoy increased morale, which contributes to a desirable work environment.

### **Training Programmes at Sonata:**

Sonata has a separate training department which takes care of different training needs of the staff. A separate Training Manual is being developed to take care of training requirements of the organisation.

Sonata will offer following trainings for its staff:

- Orientation Training
- On-the-job Training
- Refresher Training
- Exposure visits
- Trainings outside Sonata

### **Orientation Training**

All new recruits at Sonata receive an orientation to Sonata's Vision, Mission and core Values. They learn what they can expect from Sonata as well as what is expected of them. This training includes an introduction to Sonata's policies and procedures, with specific focus on the Operations Manual and the HR Manual. Such an orientation program serves to build an internal culture of cohesion, clarity and focus.

### **On-the-Job Training**

During this training BRO's work, closely with more experienced BRO's in the field to learn the intricacies of group management and Sonata's loan processes, and with Branch Managers at the branch office to develop the proper administrative skills. This will build confidence and enhance learning. The Branch Manager will take regular feedback from the new recruits and monitor their performance on regular basis.

### **Refresher Training**

Training should be a continuous process to ensure that learning is retained and that new practices are communicated in a timely fashion. Other training needs are assessed at the beginning of the year as part of the annual performance appraisal meetings.

External experts may be invited for any specific topic which the CEO or Manager – HR may feel like and depending on the budget allocation. During all trainings, organisational values will be reinforced and employees will be updated with any changes in policies and procedures.

### **Exposure Visits**

Exposure visits may be requested for employees from different departments of the organisation to gain an appreciation of best practices in the industry. Operations staff such as BRO's and Branch Managers, who have a track record of good performance, can also be taken on exposure visits to other MFIs in order to improve their understanding of the sector and also to prepare them for greater responsibilities in the future.

### **Trainings Outside Sonata**

Sonata staff may attend any specialised training conducted by external technical service providers. The HRD shall select the appropriated candidates for attending such trainings.

HRD provides training approval letter to the participants which includes a clause that the participants will have to subsequently give/deliver the same training within their team (or to those for whom the topic is relevant within Sonata). It will be held as an internal training and has to be delivered within one month of date the external training.

### **Training planning:**

Sonata integrates its assessment of training needs with the performance appraisal process. A report mentioning both the training requirements and budget is sent to the CEO. Once it is approved, a training calendar is prepared. Depending on the budget and the expertise available, the HR department will schedule trainings in house or outside the organisation.

### **Training evaluation:**

Training feedback is critical to assess and evaluate whether the objectives of the training session were met and whether the instructional methodology was effective and well received by participants. Feedback is also solicited to evaluate the instructor, the venue and the hand out materials. Employees who attend trainings/exposure visits outside Sonata should also submit a training report in which they can provide comments on the quality of the training attended and whether they would recommend a similar training for other employees of Sonata in the future.

Separately, management should assess the impact of the training on building employee skill sets. By observing and monitoring the performance of the employees who have undergone training, management can independently determine whether desired results were obtained with regard to building human capital, whether the investment was justified, and what might be done to make the training more effective in the future.

### **Monitoring Employee Exits:**

An approach to terminations, particularly those related to performance will affect the morale and the general work environment. The overall morale may actually improve if the employee's lack of performance was a frustration for the more productive employees. By carefully planning the termination the following can be assured:

- The overall shock or distress will be reduced significantly for the terminated individual
- Sonata will potentially face fewer difficulties with the former employee afterward
- Office morale can be maintained
- The dignity of the individual can be maintained

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