

Gratuity Policy (India)

HR-PO724 I1.6

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1. OBJECTIVE

The purpose of the policy is to provide associates with a gratuity payment at the time of separation, as per Payment of Gratuity Act 1972.

2. ACRONYMS AND DEFINITIONS

Term/ Acronym	Explanation
LWP	Leave without Pay
CPO	Chief People's Officer
HR	Human Resources

3. SCOPE

All Full Time associates on the permanent rolls and on direct contracts in India, including associates on overseas assignment shall be covered under the Policy.

Gratuity is a statutory requirement and is applicable to all full time associates who are governed under the provisions of the Payment of Gratuity Act 1972.

An associate will be eligible for the payment of gratuity upon separation subject to a completion of a minimum of 5 years of continuous service with an exception in case of death of the associate in which case the 5 year period will not be applicable.

Company has right to forfeit the Gratuity payment if an associate is terminated from service for any act of willful omission or negligence causing damage or destruction to Company property, riotous or disorderly conduct or any other act of violence or for an act constituting an offence involving moral turpitude.

4. ENTITLEMENTS

The Gratuity amount is payable to the associate at the time of separation or retirement whichever is earlier after he/she has rendered continuous service for not less than five years, and have actually worked for not less than 190 days in the fifth year. Continuous service is defined as uninterrupted services for 5 years. However, period of interruption on account of the following shall also be made a part of continuous services:

- a. Sickness;
- b. Accident;
- c. Leave;
- d. Lay off;
- e. Strike;
- f. Lock out
- g. Cessation of work not due to fault of the employee;
- h. Maternity leave not exceeding twenty-six (26) weeks.

Gratuity payable as per Payment of Gratuity Act 1972

- Associate will be paid gratuity at the rate of 15 days wages based on the rate of wages last drawn by the Associate.
The 15 days wages shall be calculated by dividing the monthly rate of basic wages last drawn by associate by 26 and multiplying the quotient by fifteen.
- The amount of gratuity payable to the employee under the Act shall not exceed. 20 Lakhs.

5. NOMINATION

The Associate has to select nominee(s) as beneficiary of the fund in the event of his/her death.

- During nomination the associate may distribute the amount that may stand to his/her credit in the Fund amongst the nominees at his/her own discretion
- If an associate has a family at the time of making a nomination, the nomination shall be made in favor of one or more members of his family, and any nomination made by such associate in favor of a person who is not a member of his family, shall be void.
- If at the time of making a nomination the associate does not have a family, the nomination may be made in favor of any person or persons but if the associate subsequently acquires a family, such nomination shall forthwith become invalid and the associate shall make, a fresh nomination in favor of one or more members of his family.
- A nomination may be modified by an employee, in accordance with the Payment of Gratuity Act 1972, at any time, after giving a written notice to the Company.

Where the nomination is wholly or partly in favor of a minor, the associate may, for the purposes of this scheme appoint a major person of his family, to be guardian of the minor nominee. Where there is no major person in the family, the associate may, at his/her discretion, appoint any other person to be guardian of the minor nominee

6. SPECIAL SCENARIOS**Associate goes on Leave without Pay:**

In case of Leave without Pay in terms of Clause 8 of the Attendance and Leave Policy of the Company, the period of such LWP will not be counted as period of service for the purpose of calculation of gratuity.

Associate goes on an International Assignment:

In all cases of international assignment, the period of international assignment will be counted as period of service for the purpose of calculation of gratuity.

7. PAYMENT OF GRATUITY

In case of separation or retirement, Gratuity will be settled within 30 days from the last date of employment in the Company.

In the event of death of the Associate, the Gratuity amount will be given to the beneficiary as nominated by the Associate or the legal heir in case no nomination is available.

8. APPLICABILITY OF TAX

The amount paid under gratuity up to a maximum of Rs. 20 Lakhs will qualify for a tax exemption under the Income Tax Act in India.

9. DEVIATIONS

Policy related deviation – CPO/HR Head approval required.

10. WHAT/WHEN/HOW

Who	What / When / How
Payroll/ Finance	To process the payment.

11. DOCUMENT HISTORY

Version	Date	Author (function)	Reviewed by	Approved by	Nature of changes
Issue 1.0	23 Aug 2013	HR	Function Head	Function Head	First Integrated issue
Issue 1.1	19 Nov 2014	Process Owner	Function Owner	Function Head (Benefits)	Changes in the Entitlements as per Legal teams recommendations
Issue 1.2	11 Sept 2015	Process Owner	Function Owner	Function Head (Benefits)	Document Formatting
Issue 1.3	16 Dec 2016	Process Owner	Function Owner	Function Head (Benefits)	Changes in the Entitlements as per Legal teams recommendations
Issue 1.4	07 March 2017	Process Owner	Function Owner	Function Head (Benefits)	Updated Scope (Section 3)
Issue 1.5	24 Apr 2018	Process Owner	Function Owner	Function Head (Benefits)	Updated Entitlements (Section 4)
Issue 1.6	20-Nov-2018	Process Owner	Function Owner	Function Head (Benefits)	Inclusion of direct contracts under Scope (3), Applicability of Tax (8) & What/When/How (10)