



HEXAGON

Company Leased Car Policy

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1. Introduction

The purpose of the policy is to facilitate eligible employees to avail Company Leased Car (CLC).

2. Scope & Eligibility

Full Time Employees from Band 7, 8 and 9 employees who have completed minimum 2 years with HCCI and Band 6 & above, who have a minimum 5 years tenure in balance with HCCI for retirement.

3. Guidelines

The eligible employees can choose any car model (including electrical car, colour, variants) that qualifies under standard Green Norms.

- ❖ Lease tenure will be 4 years
- ❖ Employees cannot avail CLC for a second-hand vehicle.
- ❖ Employees cannot avail CLC for more than one vehicle at the same time, regardless of their special allowance amount.
- ❖ Green Car Norms to be followed, with a maximum engine size of 3 Litres
- ❖ Adhere to the India Bharat Stage-6 emission standards (substantially equivalent to the EURO-6 emission standards) which define the acceptable limits for exhausts of important polluting elements other than CO2 (such as NOX, THC, NMHC, CO, and PM)
- ❖ Leasing company will finance the vehicle which will be adjusted as lease payments from the monthly special allowance
- ❖ Lease payments eligibility will be as below table or equal to the eligible employee's annual special allowance, whichever is lower:

Band	Lease Payment Eligibility Limit (in INR per Annum)
Band 9	1,10,000
Band 8	1,65,000
Band 7	2,25,000
Band 6	2,75,000
Band 5	3,75,000
Band 4	5,00,000
Band 3	6,00,000
Band 2	7,00,000
Band 1	8,75,000

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Above Band 1	11,50,000
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4. Procedure

4.1 Application and Engagement procedure

- To avail this benefit, eligible employees is required to initiate the application on Hexaview and must seek approval from HOD, HR and Finance.
- Based on internal assessment parameters, HR & Finance team will review, approve or reject the employee application.
- CLC scheme will be provided through VENDOR and the option for a new lease will be available once a Quarter (last month i.e. March, June, Sept, Dec)
- Currently HCCI has tied up with ALD as the VENDOR
- CLC will operate through a back-to-back agreement which will be signed between the employee & HCCI and HCCI & VENDOR, to enable employees to lease new vehicles for a prescribed period as defined in the Lease agreement. This agreement template is available in the relevant forms section.
- The financial cost of the Company Leased Car (CLC) will be borne by the employee and adjusted against the employee's monthly special allowance.
- Once an employee has chosen the terms of the lease, no change will be allowed during the lease period unless otherwise permitted by VENDOR. Hence, employees are advised to take a proper decision at the time of the start of lease.
- The interest rate may vary on a quarterly basis or yearly basis for new leases. However, for cars already leased, the interest rate will remain constant for the lease period.
- Employee would be responsible for the fuel and maintenance expenses of the car. Employees can claim the fuel and maintenance expenses as reimbursement as per HCCI policy within the current total compensation.
- The employee must ensure proper upkeep of the vehicle during the tenure of the lease period.

4.2 Repayment Procedure

Car Lease Rental will be adjusted from the special allowance amount of the employee. In case there is insufficient Special allowance balance in a month, the lease rental (incl. taxes) would be deducted from the employee's monthly pay.

4.3 Taxation Guidelines & procedure

- Please refer to the latest Income Tax Rules for the latest guidelines applicable on Tax Computation for Company leased car expenses.
- Perquisite taxation rules as introduced by the Finance Act (2) 2009 will be applicable for all CLC claims.
- Perquisite Value Calculation: On the value of the perquisite, the tax rate slab applicable on individual income is applied. The perquisite value depends on the cubic capacity of the car. It is INR 1,800 Per Month if the cubic capacity does not exceed 1600cc, and INR 2,400 Per Month otherwise excluding Driver.

Example: If an employee has been on CLC from 1-Apr-23 till 31-Mar-24 and the engine is <1600CC, the perquisite value amounts to $1800 * 12 = \text{INR } 21,600$. If the applicable tax rate on the employee's income is

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31.2%, the perquisite tax payable on CLC for the FY2023-24 is equal to $21,600 \times 31.2\% = \text{INR } 6,739$ per annum i.e. INR 562 per month

4.4 Insurance Procedure

First Year Insurance will be taken care of by the CLC Vendor and the employee has to pay the insurance premium to VENDOR separately other than lease payments or as part of monthly lease payments.

4.5 Insurance Renewal Procedure

- Comprehensive insurance will be taken by the Vendor for the company-leased car through the Vendor's preferred insurer, and the insurance policy document will be given to the employee for records.
- The employee will need to pay the insurance premium to VENDOR separately other than lease payments or as part of monthly lease payments.

4.6 Fuel, Insurance premium & Maintenance reimbursement

Employees will be eligible for maximum monthly reimbursement of INR7000 towards fuel or insurance premiums or maintenance or any combination thereof, as provided in the compensation letter based on the submission of actual bills.

4.7 Lease Closure on lease period getting over

- After the lease period is over, the employee will have the option to
 - Buy the car by paying the constant residual value (optional purchase price declared by VENDOR) plus RTO Charges and agent charges (if any) plus applicable taxes.
 - Surrender the vehicle to the Vendor if he/she wishes to, after settling any differential amount due to the CLC Vendor.
- Any delay in the payment of the residual value may attract penal charges.
- Where the employee fails to settle the residual value at the end of lease tenure – lease rentals will continue and VENDOR would have the option to recover the vehicle from the employee by providing a notice in advance of 5 days, in writing at the registered residential address of the employee. Any differential amount from the agreed value (including penal charges as applicable), will be collected from the employee in case the vehicle is disposed of.
- Once the lease is closed, the declaration must be provided to Total Rewards Team in HR after the CLC closure/end date.

4.8 Lease management procedure for specific instances

4.8.1 Accidents (Only in cases where the employee wishes to claim insurance)

- In case of any accident, it is the employee's responsibility to cover all costs not borne by insurance unless covered by PDLW scheme if and as offered by VENDOR. It is not the responsibility of HCCI to cover any claims resulting from an accident in which a company leased car is involved.
- The employee must intimate the police by giving a formal complaint or filing an FIR, as needed.
- The employee should also connect with VENDOR to facilitate insurance claim process.
- The employee shall take an estimation of the accident repair cost from the dealer/ automobile service center.

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- The original of the valid driving license has to be produced before the Insurance Company by the employee on request.
- The Insurance Company shall conduct a survey as per the insurance policy by sending a surveyor to the particular dealer. The employee shall follow up with the insurance company about the same.
- Expenses incurred on repair will be paid by the insurance company. However, any excess amount not borne by the insurance company and the compulsory deduction (as determined by the Insurance Company) will have to be paid by the employee unless they are under PDLW scheme offered by VENDOR.

4.8.2 Theft of Car

In case of theft of car during the lease period, the short-fall amount not covered by the insurer will be borne by the employee.

4.8.3 Changes in employee status while on CLC

4.8.3.1 Employees going on an International Assignment

- Employee must foreclose the car lease before moving on an assignment out of India.
- All costs for the transfer of car and the lease closure will need to be borne by the employee. The VENDOR will be able to assist the employee in this regard upon request.

4.8.3.2 Loss of Pay (reasons other than International assignment)

- Employees who go on LOA for more than one month after taking the CLC prior to end of lease tenure would have option to make the payment of rental through Cheque/DD to Vendor. In absence of which, the accumulated lease rentals will be deducted (for the period employee is on LOA) immediately after the employee resumes services.
- In case, an employee leaves HCCI during/after the LOA period is over, the accumulated lease rentals along with the foreclosure charges and any other charges as applicable will get deducted from the full and final settlement of the employee and any shortfall has to be paid by the employee without which release letter will not be issued.

4.8.3.3 Resignation from Company

- Employee must foreclose the car lease before the last working day. For details on options available, please refer to the section on the Foreclosure of CLC.
- Employee must obtain transfer documents including No Objection/Clearance Certificate from VENDOR after making due payments.
- All costs for the transfer of car and lease closure will have to be borne by the employee. VENDOR will be able to assist the employee in this regard upon request.
- The employee will have to settle all payments due to the CLC Vendor, before leaving HCCI, failing which appropriate legal action may be taken by HCCI and the CLC Vendor.

4.8.3.4 Death of an employee

- In case of death of an employee, the lease will be foreclosed and lease payment balance has to be settled by employee's family
- VENDOR will issue the transfer documents including a No Objection/Clearance Certificate to the nominee.
- All costs for the transfer of car of the lease closure will be borne by HCCI.
- VENDOR will assist the nominee of the employee in this regard.

4.8.3.5 Permanent disablement of an employee

- In case of permanent disablement of an employee, the employee will be required to foreclose the car lease.
- Employee must ensure that all pending lease payments are settled as due to VENDOR
- VENDOR will issue the transfer documents including No Objection/Clearance Certificate to the employee, once the lease is foreclosed. VENDOR will assist the employee in this regard.

4.8.3.6 Fraud or irresponsible use of the car

- In case of any fraud detected by HCCI (e.g maintenance, repair etc.), the employee would be asked to foreclose the car lease immediately.
- All such cases of fraud will also be referred to HR for appropriate action.
- The employee will be required to obtain transfer documents including No Objection/Clearance Certificate from the VENDOR after making due payments.
- All costs for the transfer of car of the lease closure will have to be borne by the employee.

5. Possible Options on exit from HCCI under ALD

5.1 Moving to an organization within Telangana and new employer has tie-up with ALD

In this case, the employee needs to discuss directly with ALD and the new employer. The lease will have to be transferred in the name of the new employer.

5.2 Moving to an organization within Telangana and new employee does not have tie up with ALD

- ALD will assess financial capacity of the employee and based on evaluation confirm whether the lease can be terminated or continued as an individual.
- ALD provide the CIBIL Access on employee personal e-mail ID & Field Investigation would be done on the provided residential address proof. CIBIL Score Must be 700+ to create the approval Process. If the employee fails in providing the documents or file gets declined, the employee has to handover the Car Possession to ALD and pay the termination fees to close the contract.
- Following documents need to be provided - All must be certified true copies.

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- a) ALD – Application Form – Attached.
- b) ID Proof (PAN Card)
- c) Address Proof (Aadhaar Card / PassPort / Latest Bank Statement / Latest Utility Bill)
- d) Bank Statement (Last 6 Months and ensure same bank Lease Rentals Deducted)
- e) ITR s for the last 2 Years Or Latest Form 16.
- f) Salary Slips (Last 3 months)
- g) New company appointment letter (Job continuation is must & should be same state)
- h) Private Lease Agreement (E Stamp Paper 150/-) & Deed of Assignment. With effective Date (E Stam Paper 100/-)
- i) NACH & 1st EMI Cheque.
- j) Novation Fees of 2% Payment on the (Ex-showroom Cost)
- k) Security Check (equivalent to 3 months of lease rental amount without Date)

5.3 Moving to an organization outside Telangana

In this case, irrespective of whether the new employer has tie-up with ALD or not, the lease has to be terminated and cannot be transferred.

5.4 Foreclosure of lease procedure

In the rare situation that an employee needs to foreclose the lease, the employee will need to obtain prior approval from Divisional Head and HR and an exception process will be followed.

6. Other Conditions

- All car delivery will only happen between the 11th-20th of the month.
- The employee cannot make any addition, alteration or improvement to the car without written consent from the Vendor(lessor) in through email/letter.
- The employee applying for this facility should have a valid driving license (4-wheeler) before he/she opts for a car under this scheme. Where the employee does not have a valid driving license; an indemnity bond will need to be submitted to HR/Admin team.
- A driver holding a valid driving license may be hired. Family members of employee possessing a valid driving license are also allowed to drive.
- The employee must not use the company car for racing or any other kind of competition.
- The employee must not use the company car for driving lessons or for the paid transportation of passengers or goods (The vehicle should not be used for any kind of commercial purposes).
- The employee must not transport any dangerous, toxic, or inflammable products.
- The driver, as well as all passengers must wear their safety belts at all times, except when being exempt for medical reasons.
- The employee is required to use the vehicle in compliance with all traffic regulations without any breach. Any penalties and fine charged by local administrations (Police/RTO etc.) are completely payable by employees only.
- The employee may never conduct the vehicle when in a state of alcoholic intoxication, under influence of drugs or medicine, or when forbidden by doctor's orders.

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- The employee is expected to drive carefully under all circumstances and use the car responsibly.
- The employee will always have in his/her near possession, the list of contact points and emergency instructions, as provided by the VENDOR or insurance company.
- The employee must maintain the company car on regular intervals as specified by the VENDOR and in authorized garages to be operated by certified technicians.
- The employee must refrain from changing the inner and outside aspect of the car (e.g. no stickers, no publicity, no political statements, etc).
- All costs related to non-adherence of these rules will be fully paid by the employee.

7. Policy Administration & Exceptions

The HR Department shall be responsible and final arbiter for administering this policy

8. Revision History

Rev.	Rev. Date	Reason for Revision	Revised By	Approved By
1.0	20-June-2023	Updating to new template, Change in Lease Payment Eligibility Limit, change of Fuel, Insurance premium & Maintenance reimbursement from INR 6000 to INR 7000	Rajasekhar DUKKIPATI	Ballav Mundra