

POLICY ON GRATUITY

Version 1.1

GRATUITY SCHEME

The Company provides gratuity benefits to all its India based employees. The employee becomes eligible for gratuity benefits under the scheme after completion of the years of employment specified in appointment letter.

Gratuity will be equivalent to fifteen days basic salary for every completed year of service. For calculation of 15 days basic salary, the month is taken as comprising of 22 days. Gratuity is calculated on the basis of last drawn basic salary of the employee.

Gratuity is payable on retirement from the service, or in the event of earlier death, or separation from the company. In case of death of an employee while in service, the nominee shall get full gratuity calculated as though (s)he had worked in Aricent (Aricent Technologies (Holdings) Ltd., Aricent Communication and any other merged entity which is part of the software business of Aricent Group) until retirement age. The retirement age for Aricent will be 60 years.

Frequently Asked Questions (FAQ's)

Q When does an employee become eligible for gratuity?

An employee becomes eligible for gratuity benefit after completion of service for the number of years specified in his/her appointment letter.

Q How is gratuity calculated?

Gratuity is calculated using the following formula:

$$(15/22) \times \text{Last Basic Salary} \times \text{Number of completed years of service}$$

Please note that the number of years shall be rounded off to a complete year if it is more than 6 months after completion of service for the number of years specified in appointment letter.

Q Is Gratuity transferable?

It depends on the policy of your next employer. We, at Aricent, do not accept Gratuity transfers from previous employers of employees joining Aricent. For employees leaving Aricent, if their new employer allows such transfer, they can exercise this option.

Q What is the procedure for withdrawal of Gratuity?

Gratuity withdrawal form is available in the separation docket under the Resignation Management System (RMS) and with HR. Please fill the same and submit to HR at the time of separation. Your Gratuity cheque will be couriered to your address, provided your other dues to the company have been cleared.



"Gratuity Claim
Form.doc"

Q When can one claim gratuity?

Employees can claim gratuity only after they have left the company, subject to completion of service for number of years specified in the appointment letter.

Q Is any tax deducted from Gratuity at the time of withdrawal?

Under Income Tax Act, any gratuity payment in accordance with what is prescribed under Gratuity Act, is exempt and therefore any thing over & above the amount payable under



Gratuity Act is taxable. Gratuity paid by Aricent is always more than the amount specified under section 4 (1), (2) & (3) of Gratuity Act and such excess amount is taxable. For employees who have not completed 5 years of service in Aricent, the entire amount becomes taxable by virtue of above provisions.

Gratuity is a part of salary income under Income Tax Act (Section 16). The TDS on Gratuity is governed by same TDS section, which is applicable for TDS on Salary (sec 192). Since Gratuity is disbursed by the Trust and not by the company, its form 16 for the tax deducted at source is sent separately by the trust after closure of the financial year.

Q What is the rate of interest on Gratuity?

Gratuity is not a contributory scheme and therefore it does not carry or earn any interest. It is calculated after receiving employee's gratuity claim form on separation from company.

Q How can I know my Gratuity Balance?

Since Gratuity is not a contributory scheme, therefore one can't have any account balance of Gratuity. It becomes due and ascertainable only on separation of employee from the company.

REVISION HISTORY

Version	Date of Issue	Prepared By	Reviewed By	Approved By	Change(s)
1.0	22-Dec-05	Tanuj Gupta	Sandyp Bhattacharya	Aadesh Goyal	Initial Version
1.1	16-Aug-07	Tanuj Gupta	Sandyp Bhattacharya	Aadesh Goyal	Retirement Age Clarification