

# Wave Industries Private Limited

## Payment of Gratuity Policy

### Objective

The purpose of this policy is to define the Company's commitment and procedures for payment of gratuity in accordance with the provisions of the Payment of Gratuity Act, 1972 and the rules framed thereunder.

**Scope and Applicability-** This policy applies to:

- All employees engaged in the Company's, whether permanent, temporary, probationers, trainees, contractual or fixed-term employees, unless specifically excluded under the Act.
- Gratuity shall be payable to eligible employees or their nominees/legal heirs strictly in accordance with the provisions of the Act.

### Definitions-

- Act: The Payment of Gratuity Act, 1972, including amendments and rules made thereunder.
- Employee: Any person employed for wages in any kind of work, manual or otherwise, in or in connection with the work of the Company, as defined under the Act.
- Continuous Service: Service as defined under Section 2A of the Act.
- Gratuity: A statutory terminal benefit payable by the Company to an eligible employee on termination of employment after qualifying service.
- Nominee: A person nominated by the employee in accordance with the provisions of the Act

**Eligibility for Gratuity-** An employee shall be eligible for gratuity on termination of employment after rendering continuous service as defined under the Act, subject to the following:

- a) General Rule - Five Years- An employee shall be eligible for gratuity after completion of not less than five (5) years of continuous service, upon termination due to:
  - ✓ Superannuation
  - ✓ Retirement or resignation
  - ✓ Termination of employment otherwise than by way of dismissal for misconduct
  - ✓ Exception - Death or Disablement- The condition of completion of five years of service shall not apply where termination is due to death or permanent disablement caused by accident or disease.
  - ✓ Interpretation: 4 Years and 240 Days- For employees working in the Company's manufacturing units where 240 days of work in a year constitutes continuous service, the Company recognizes the prevailing judicial interpretation that:
    - ❖ An employee who has completed 4 years and 240 days of continuous service in the fifth year may be treated as having completed five years of continuous service for the purpose of gratuity eligibility.
    - ❖ This interpretation is based on Section 2A of the Payment of Gratuity Act, 1972 and applicable judicial precedents.

**Calculation of Gratuity-** Gratuity shall be calculated in accordance with Section 4 of the Act as follows:

- $\text{Gratuity} = (\text{Last drawn Basic Salary} + \text{Dearness Allowance}) \times 15 \times \text{Number of completed years of service} / 26$
- A period of service exceeding six months shall be treated as one full year.
- The maximum gratuity payable shall be subject to the statutory ceiling prescribed under the Act, as amended from time to time.

**Nomination-** Every employee shall make a nomination in the prescribed form (Form F) after completion of one year of service. An employee may modify the nomination at any time by submitting a fresh nomination. In case of death, gratuity shall be paid to the nominee(s) or legal heir(s) as per law

### Forfeiture of Gratuity

Gratuity may be wholly or partially forfeited in accordance with Section 4(6) of the Act if the services of an employee are terminated for:

- Willful omission or negligence causing damage or loss to the Company's property (to the extent of the loss)
- Riotous or disorderly conduct or any act of violence
- An offence involving moral turpitude committed in the course of employment

### Procedure for Payment of Gratuity

- An eligible employee or nominee/legal heir shall apply for gratuity in the prescribed form (Form I, J, or K, as applicable).

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- The Company shall determine the amount of gratuity and issue a notice of payment within the time prescribed under the Act.
- Gratuity shall be paid within 30 days from the date it becomes payable.
- In case of delay, interest shall be payable as per the Act, unless the delay is due to reasons attributable to the employee

**Mode of Payment-** Gratuity shall be paid through Bank transfer only

**Grievance Redressal-** Any grievance relating to gratuity shall be addressed to the Chief Human Resources Officer

**Compliance and Administration-** The Human Resources Department shall be responsible for administration and compliance of this policy. All records, registers, and returns shall be maintained as required under the Act

**Interpretation-** In case of any inconsistency between this policy and the provisions of the Payment of Gratuity Act, 1972, the provisions of the Act shall prevail.

**Review and Amendment-** This policy shall be reviewed periodically and may be amended to align with changes in law or organizational requirements.