

Car Lease Policy

Policy # HR408 Car Lease Policy V1.1

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POLICY ADMINISTERED BY:

Department:	Represented By:	Date
Human Resources	Mr. Siddhartha Goel, Director-HR	July 15, 2021

POLICY RATIFIED BY:

Office of:	Represented By:	Date
Director-Human Resources, Shiv Nadar University	Mr. Siddhartha Goel	July 15, 2021
Executive Vice President-Human Resources, HCL Corporation	Mr. Parveen Juneja	August 6, 2021

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Policy Details

1. OBJECTIVE

Shiv Nadar University believes in providing best in class, modern and contemporary benefits to all its members. The purpose of this policy is to provide flexibility to the eligible members in choosing a car both for their official and personal use through an operating leasing plan in order to facilitate their smooth commuting. Availing this car lease benefit also enables members to minimize their tax liability by reducing their overall taxable income as well as enabling optimum usage of the flexi basket provided in the compensation structure.

2. SCOPE

This policy is applicable to all members who have regular full time employment with university and have the "Car Lease Rental" component as part of the flexi basket in their compensation structure.

The policy is not applicable to members who are working on contractual terms whether part time or full time.

3. ELIGIBILITY

The eligibility of a member to buy a car under this policy depends on the following components:

- 3.1. Total on road value of the car (including insurance of first year).
- 3.2. Tenure of the loan, which the member wishes to avail i.e. minimum 3 years to maximum 7 years. (Complete year shall only be considered)
- 3.3. Flexi basket amount mentioned against the "Car Lease Rental" component in the offer letter Annexure.

In all cases, the member has to make down payment of at least 20% of the total on road price of the car. The amount of down payment will exceed 20% in case the member chooses to buy the car more than their entitlement as per the Car Lease Rental head of Flexi basket.

NOTE:

There is no cap on the value of the car, a member can purchase. However, the amount of down payment will be computed accordingly (not lesser than 20%). Financed amount for the chosen tenure will always remain same irrespective of the value of the car.

The table below depicts examples illustrating the maximum amount that can be financed for a member. However, the actual eligibility shall be computed separately for each member basis their compensation structure and value of the car.

- a) If a member has a "Car Lease Rental" amount of INR 1,50,000/- p.a. mentioned in their Offer Letter Annexure and
- b) Flexi basket amount is equal to or more than Car Lease Rental limit.

Then, subject to meeting above 2 criteria, in case a member chooses to buy a car with loan tenure of 5 years and rate of interest @ 7.75% p.a.

Their financed amount, EMI & Down payment shall vary as per the table below:

A	B	C	D	E	F	G	H
Value of car to be purchased	Amount of car to be considered for loan (80% of A)	Value of Car Lease Rental p.a. (as per salary structure)	Total entitlement value as per salary structure for 5 years (5 * C)	Eligible Amount under car rental for a loan period of 5 years (80% of D)	Final Financed Amount of the car (B or E whichever is lower)	Down payment (Tentatively) (A-F)	EMI (Tentatively)
600000	480000	150000	750000	600000	480000	123782	9675
1000000	800000	150000	750000	600000	600000	403782	12094
2000000	1600000	150000	750000	600000	600000	1403782	12094

* Rate of interest is only indicative and may vary at the time of purchase.

4. POLICY GUIDELINES

4.1. The car lease is applicable for purchase of new car as well as pre-owned car (as detailed in point number 4.21 of this document) except electrical cars.

4.2. The member will have flexibility to opt for loan tenure between 3 to 7 years (complete year shall be considered, like cannot be taken for 3 years and 6 months). Once the loan tenure is chosen at the time of initiation of car lease, it cannot be changed later on.

- 4.3.** The car will be in the name of Shiv Nadar University and shall be provided to the members for their official and personal use only. In no circumstances shall the car be used for any kind of commercial purpose.
- 4.4.** The car will be bought by Shiv Nadar University and will be financed by third party, hereinafter called the "Financer". Financer can be the one with whom the University /sponsoring entity has a tie up.
- 4.5.** Member will be required to make a deposit equivalent to 20% or more based on the financed value of the car.
- 4.6.** The amount financed for the purchase of the car will be up to 80% of the value of the car inclusive of ex-show room price, road tax, registration charges and first year insurance cost. All other costs like extended warranty, accessories, etc. will be borne by the member.
- 4.7.** Financing amount shall be determined based on the member's monthly "Flexi basket/Allowance" and "Car Lease Rental" limit under the Flexi Benefit whichever is lower. However, if the member wishes to buy a car of higher value than their eligibility, then in such case they will have to pay the differential amount to Shiv Nadar University along with 20% of initial deposit in the form of down payment.
- 4.8.** The rate of interest prevailing at the time of the start of the car lease for both fresh and Pre-owned cars is subject to change, hence has not been mentioned in the policy document. To find out the currently applicable rates, please contact HR department.
- 4.9.** The stamp duty and other charges are included in the down payment and have to be borne by the member.
- 4.10.** In the event that the Flexi Basket/ Allowance component in the compensation plan is higher than the actual monthly EMI of the car, such residue shall be paid to the member on monthly basis as "Flexi Allowance". This amount however will be treated as a taxable component of their salary
- 4.11.** During the loan tenure, the car may be transferred from one member of the University to another post approval from Head-Finance and Head-HR.
- 4.12.** In case the member is transferred from Shiv Nadar University to another legal entity

within the group, the car loan will continue to remain with the University until loan closure. However, the EMI will be deducted by the entity where the member got transferred.

- 4.13.** The first loan repayment instalment shall be deducted from the member's salary as per the below mentioned dates:
- If the loan is disbursed up to the 20th day of the month, the first instalment will be deducted from the same month's salary
 - If the loan is disbursed after the 20th day of the month, the first instalment will be deducted from the subsequent/next month's salary.
- 4.14.** The Insurance Policy will be in the name of Shiv Nadar University. Members need to renew the insurance of the vehicle (including third party insurance) from 2nd year onwards at their own expense throughout the term of the agreement and send the copy of the renewed Insurance Cover Note/Policy Document to HR at least 15 days before the date of expiry of the insurance.
- 4.15.** A member can repay a part of the loan twice in the entire loan tenure by paying up to 25% of principal outstanding amount. In such case, EMI will be reduced however, number of EMI's will not be reduced which means loan tenure remains same.
- 4.16.** Once the loan tenure is completed and the loan is closed, the taxation benefits available under Flexi Benefits/ Car Running and Maintenance expenses head shall be reduced as per the limits defined under the Income Tax Act.
- 4.17.** The car will be sold to the member after completion of the loan period, subject to the member remaining on rolls of the University or any other entity that the member may have been transferred to, at the initial down payment amount (20% or above made by the member at the time of purchase. Transfer of ownership of the car in the name of member will be done within 30 days as per the terms and conditions prescribed from time to time by the University. All applicable taxes (perquisite, GST, service tax, etc.) and other RTO related expenses shall be borne by the member.
- 4.18.** Foreclosure can also be done in between the financed period with prepayment charges, if any, applicable during the time of foreclosure.

- 4.19.** In the event of separation from the University for any reason whatsoever, it is mandatory for a member to foreclose the car lease by paying the outstanding value of the car before the last working day. Even if a member is going to have any other engagement/employment with the University post separation, s/he will necessarily be required to foreclose the Car Lease, and will not be allowed to carry forward the existing Car Lease to her/his new engagement. The foreclosure value shall be derived as per the terms and conditions of the Financer through which the car has been purchased. Post foreclosure, the car can be transferred to the member's name.
- 4.20.** In the event a member fails to foreclose the loan, the University can exercise the option of selling the car in open market. The deficit, if any, between the sale proceeds and foreclosure value, shall be recoverable from the member and the same shall be adjusted in their Full and Final settlement. In such case, the member will not be entitled to get the refund of amount already paid either down payment or the repayment by way of instalment.
- 4.21.** Pre-owned car, only upon meeting the below outlined conditions, can be purchased under the policy:
- Funding for pre-owned car will be calculated for each individual purchase as the funding will depend on car vintage, title and valuation of the pre-owned car. The loan amount will be maximum up to 80% of the valuation of the car depending on all given factors meeting the satisfaction of the Financer as per their internal requirements pertaining to funding of Pre-owned cars.
 - Such cars can be purchased only from authorized dealers for pre-owned cars of the brand
 - The Financer empanelled vendor will do the Pre-owned car valuation only.
 - The maximum loan tenure can be up to the car age not exceeding 84 Months on day of closure of proposed loan i.e. 7 years from the date of purchase of the car.
 - The Financer will fund only pre-owned vehicles registered in Delhi/NCR since the Pre-owned car loan process requires vehicle history checks at concerned RTO. The Financer empanelled vendor can facilitate the same for Delhi/ NCR only.

- The rate of interest on Pre-owned cars will be more than that of brand new cars.

5. CAR LEASE PROCESS

The University does not have tie ups with car dealers/ showrooms therefore it is the members' onus to shortlist the car of their choice as per their eligibility.

- 5.1.** Member reads and understands the Car Lease Policy.
- 5.2.** Once a member finalises the car, they have to submit Car Lease Application form to HR along with quotation/Performa Invoice from preferred car dealer/ vendor, which must be in the name of "Shiv Nadar University".
- 5.3.** Upon receiving the application, HR shall forward the application to Financer. Based on the eligibility of the member, the Financer shall calculate the EMI and confirm to HR the down payment to be made by member to the University.
- 5.4.** After receiving the confirmation from financer, HR shall share the following information with the concerned member to seek his/her consent over email with respect to the below points:
 - Total down payment to be made to Shiv Nadar University.
 - EMI, which will be, deducted from the member's salary against the Flexi Basket/ Allowance component in his/her compensation plan.
 - Car Lease Agreement between Shiv Nadar University and the member, which will have detailed terms & conditions of car lease agreement, and shall be signed by the member.
- 5.5.** Once member gives their consent and makes the down payment to the university, HR will give go-ahead to Financer to initiate the loan agreement process.
- 5.6.** Financer and Authorized Signatory (Registrar/Executive Director/VC) from the University duly sign the original car loan agreement between the University and Financer.
- 5.7.** Once the loan papers are signed, HR informs the Finance department to release the payment to financer and the Financer further coordinates with the dealer for the documentation of the car.
- 5.8.** Post receiving all required documents, the financer releases the payment to the dealer and HR informs the member to take the delivery of car.

- 5.9.** Member needs to submit to HR the original car invoice, scanned copies of insurance cover note, RTO form stating the registration charges and RC, once received.
- 5.10.** Post receiving all documents from the member, HR shall prepare Car Lease agreement for member's signature within 30 days from the date of receiving all documents by the member.
- 5.11.** HR coordinates above activity with Financer and member to ensure that the payment is made at the earliest to ensure speedy delivery of car.

6. FORECLOSURE PROCESS

- 6.1.** HR asks the Financer to share the foreclosure amount for member.
- 6.2.** On receiving input from the Financer, the Finance team reconciles the amount and provides the final amount to the member after adding GST (if applicable) depending on the existing rate as directed by the Government.
- 6.3.** The member has to pay the foreclosure amount (if any) in favor of Shiv Nadar University. Upon receiving the amount, the University shall make the payment to financer.
- 6.4.** On receiving foreclosure amount from the University, the financer will issue a No Objection Certificate (NOC).
- 6.5.** On receiving NOC from the Financer, HR will provide RTO ownership transfer documents including NOC from Financer, Form 35/29/30, NOC on University's letter head to the member. Using all the above documents, the member gets the car transferred in his/her name.
- 6.6.** Member is required to submit the copy of new RC to University's HR department within 90 days from foreclosure.

7. EXCEPTIONS

Any exceptions will be solely at the discretion of VC/ Executive Director.

8. AMENDMENT

HR may modify, change, amend, exclude or include any clause from time to time.

The University Management reserves the right to alter, append or withdraw this policy either in part or in full based on Management's discretion at any point in time.