

SMS PHARMACEUTICALS LIMITED

STAFF LOAN / ADVANCE POLICY

SCOPE/OBJECTIVE: The scope of this policy applies to all employees of SMS Pharmaceuticals Limited and its objective is to establish a sustainable and all inclusive procedure for the application of personal loans from the company and for the payments of Salary Advances.

PURPOSE

Personal Loans / Salary Advances will only be granted where there is a serious need or where emergency relief is required due to circumstances that could not have been foreseen by the employee or where emergency relief is required. The Employer reserves the right to refuse any loan application either in full or part thereof if it is deemed that the Loan amount falls outside of the employee's reasonable affordability. It is also made clear here that at no time should any employee hold any expectation that it is in fact the Employers responsibility or a contractual requirement to grant or award any Loan or Advance to the employee. SMS Pharmaceuticals Limited is not a financial institution and does not market itself or its representatives as a port of call for financial assistance or services. Any and all financial aid or process that is granted to an employee also does not in any way guarantee any future assistance.

As a broad guideline the following reasons may be observed under the strategy of exigencies:

1. Hospitalization of self/ dependent family members. (dependent family member are mainly Father, Mother, Wife and Children)
2. Secondary/Higher Education to the employee's children.
3. Housing: The employee first house purchase for the stay purpose.
4. Marriage (Self, daughter/ son).
5. Ceremonies in the house of specific nature cause due to death of any first line family member.
6. Any other miscellaneous reason of grave nature/calamity that has caused a need for cash assistance to the employee with which the immediate superior is satisfied and has found the employee to be genuine and reasonable in his request.

SCOPE

This policy is applicable to all units of SMS Pharmaceuticals Limited.



POLICY

An advance / loan can be granted to any employee who approach for loan / advance in writing addressed to his immediate superior. The immediate superior should put it up with his recommendation to the approving authority clearly stating his conclusive decision along with logic for such a decision.

Employee claiming a loan /advance shall be granted an amount which should as follows:

Sl.No	Experience	Eligibility	Guarantee	Repayment
a)	Employee with 10 Years below employment in the Company	No loan is allowed.	Not applicable	Not applicable
b)	Employee with 10 Years to 15 Years employment in the company	6 months full salary	No Guarantee required	12 months to 18 months.
c)	Employee with 15 years and above employment in the company	12 months full Salary	Service Guarantee till the repayment of loan completed and also by way of Collateral as well as personal Guarantee.	24 months to 36 months

A loan agreement will be drawn up and repayment terms will be stipulated therein. Repayments are to be deducted in accordance with the loan agreement from the employees' monthly salary and must be repaid as mentioned above.

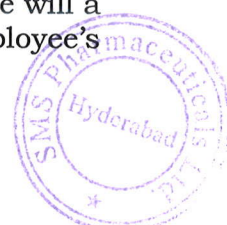
The Loan must be settled in full, including costs on termination of employment.

As per the Income Tax Rule, the loan given to an employee will be treated as perquisite and will be part of taxable salary of the employee.

Loan / Advance Application Process

Prospective Loan/Advance Applicants must firstly notify their direct reporting authority of the intention to apply for a Loan or Advance from the Employer. An email/personal request must then be made by the reporting authority for a Loan Interview with the Finance/HR office for the specific employee. The employee's reporting authority can attend this interview but it is not a specific requirement within this process. In cases where a personal interview is not possible for any reason a telephonic interview will be facilitated. At the aforementioned interview the initial validity and employee affordability of the request will be established.

Only when approval to continue with the process has been awarded to the employee will a Loan/Advance agreement be drafted. This Agreement will be forwarded to the employee's



reporting authority. All applications must be signed by the applicant and Co-signed by the guarantees if applicable. The signed agreement must be returned to the Chief Financial Officer for final processing and approval before any payments will be made.

It is the responsibility of the employee to provide any and all requested proof / supporting documentation to substantiate the loan application.

Finance / HR will ensure that all loans repayments MUST be processed on the Payroll system to ensure that salary deductions are made.

A monthly reconciliation will be conducted by the Human Resources Department to ensure that loans are recovered as per loan agreement.

The herein documented Loan/Advance Policy and Process can and will also apply and be implemented in cases where the employee is held financially responsible for any loss/damage or financial misconduct by the employee against the Company. Such instances are already documented in other SMS Pharmaceuticals Limited Policy and Procedural documentation and Contracts of Employ. All employees are strongly advised to make sure that they take cognizance of this fact and familiarize themselves with this and all of the Company's Policy documentation.

The above guideline shall remain as a thumb rule for the recommending authorities to decide loan requests from employees, which comes from time to time. However, it shall not become an entitlement of every employee to gain a loan / advance from the company every year and no employee would, however, be granted a loan / advance if he has not completed six months' time of his/her last installments of deduction of his/her last drawn loan /advance. It is in any case expected from the recommending authorities that they prudently discriminate the genuine need and the unreasonable demands and put up their recommendation appropriately. While the upper limits have been mentioned the need based real approving authority for the above loan / advance shall be minimum of Department Head. Deviations from the above guidelines, if any, shall be done only by CMD.

This Policy is approved in the Board Meeting held on 12th November, 2019

