Compensation and Benefits Policy

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Compensation & Benefits Policy

Purpose
The objectives of this policy is:
- To fairly compensate employees in order to ensure they are motivated at work
- To optimize take home pay through a tax friendly compensation structure
- To retain & attract top talent by having a competitive compensation policy
- To reward meritorious employees for performance
- To maintain a balance between the profitability of the organization and fair financial reward for efforts put in by the employee
- To ensure adherence to compliance

Eligibility
This policy is applicable to all permanent employees of the company

Salary Release date
Employees will get salary on or before 7th day of the subsequent month for which salary is being processed

Compensation Structure Guidelines
Fixed Salary
a) **Basic:** Basic pay will be 50% of the gross salary and is fully taxable

b) **HRA:** HRA will be 50% of basic salary of employees posted in Metro cities. For rest it would be 40% of basic salary. HRA is provided to the employee to cover the rental expenses. Though, this allowance is non/partial taxable, if an individual is living in his own property, this allowance becomes fully taxable. To claim tax exemption, rent receipts are to be submitted in original. The income tax exemption is **minimum** of the three conditions as mentioned below:

  - 40% of Basic Salary
  - Actual HRA Paid by the company
  - Actual Rent paid less 10% of basic salary

C) **Special Allowance**- Balance amount if any goes under this head

Other elements of CTC

a) **Provident Fund (PF):** As per Provident Fund Act, it is compulsory deduction for those employees whose basic salary is equal or less than Rs 15000 per month. The employee contributes 12% of their basic salary and the employer contributes a share of 13% of basic salary (8.33% towards Employee Pension Scheme, 3.67% towards PF, 0.5% towards PF Admin charges and 0.5% towards EDLI).

  - PF deduction is subject to maximum deduction of Rs 1800 per month

  - It is optional contribution for those employees whose basic salary is above Rs 15000 per month

  - For optional deduction, out of 12% of employee basic salary, 8.33% goes towards Employee pension scheme (maximum-Rs 1250) and balance goes towards Employee provident fund. In this case entire contribution of employer goes towards EPF

  - The employee can voluntarily pay higher contribution above the statutory rate of 12 percent of basic pay. This is called contribution towards Voluntary Provident Fund (VPF) which is accounted for separately. This VPF also earns tax-free interest. However, the employer does not have to match such voluntary contribution.

b. **Gratuity:** This benefit is calculated and paid as per act. Employees who complete 4 years and 240 days are eligible for Gratuity payout. It is non-taxable up to Rs 20 lacs, once in lifetime. Gratuity is calculated as below:

<u>**Last drawn basic salary X 15 Days X number of completed years of service**</u>
26 Days

Those working in fixed tenure employment are also entitled to receive gratuity under the New Wage Code.

c. **Employees' State Insurance Corporation (ESIC):** ESIC is applicable for employees whose gross salary is less than Rs. 21000/- per month. Employer contribution is 3.25% and Employee contribution is 0.75% of the wages earned.

d. **Loyalty bonus-** In applicable cases, this amount is released after every 2 years of continuous service

e. **Organization performance linked incentive-** Please refer OPLI policy

Terms & Conditions

- The organization reserves the right to add, delete or modify any clause or any part thereof without assigning any reason
- Any exception to this policy will be at the sole discretion of the Management & HR