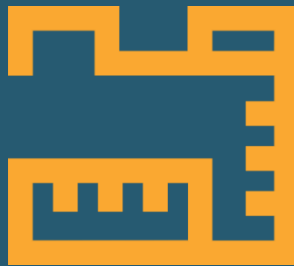




CAR LEASE POLICY

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Version 1.0



www.cubastion.com

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1. INTRODUCTION

The Company Car Lease Policy provides employees with the option to lease a vehicle through the organization as part of their compensation package. This policy aims to enhance employee benefits, offer convenience, and create tax-efficient ways for employees to use company-funded vehicles.

2. SCOPE

This Policy shall be applicable to all the employees of **Cubastion Consulting Private Limited** including its group company/ies (collectively the "**Company**") as per the Eligibility Criteria set out in Annexure-1 which is subject to the approval of Management.

3. EFFECTIVE DATE

The policy shall come into force from **1st April 2022** till any further changes/addendum is released.

4. POLICY TERMS/ PROCESS

4.1 Leasing Terms and Conditions

For the benefit of its employees, **Company** has entered into an operating leasing agreement with a **LEASING AGENCY**, whereby employees who is eligible under this policy will enjoy the benefits of Car Lease.

4.1.1 Financing Option

The amount of car finance would be as per the following conditions:

1. 100% of the price for a new car's Ex-showroom Cost will be considered for lease rental.
2. The cost of **Registration with RTO** and **car insurance** shall be borne by the employee
3. The employee will have an option to choose a lease period ranging from 36 to 60 months in terms of tenure. Lease duration of any other period is not permissible. The exact lease

duration will be mutually decided between the employee and LEASING AGENCY at the start of the lease period. Any change in lease rental etc. due to any modification of the lease terms, will be borne by the employee.

4. LEASING AGENCY will provide complete transparency to employees while providing car lease options.

4.1.2 Process

1. An employee who is eligible & wishes to avail themselves of a new car under the Car Lease Policy will have to send a request to the HR Department.
2. Based on the choice of the employee, the LEASING AGENCY will source the car.
3. Alternatively, the employee can also identify a model/dealer of her/ his choice and share a final quote with the Leasing Agency. LEASING AGENCY will try its best to match the same and will also share with the employee the various lease rentals that he/she will have to pay based on the car manufacturer, model, version, usage and expected duration of the lease period.

4.1.3 Car Registration

The LEASING AGENCY will purchase the car, and it will be registered, along with the road tax, under the name of Cubastion Consulting Private Limited. This process will take place at the office location where the employee works or near their residence if a branch office exists in that area. Address proof, such as utility bills or tax documents in the company's name at that specific location, must be provided for registration. The LEASING AGENCY will supply a list of acceptable documents.

4.1.4 Agreement between Company and employee

The employee will enter a formal contract with Cubastion Consulting Private Limited regarding terms and conditions related to the car lease scheme, deductions due to lease rental, insurance etc.

4.1.5 Lease deduction

Lease deduction will be effective from the date of start of the lease mentioned in the EMI Scheduled shared by the LEASING AGENCY. Agreed lease rental will be adjusted from the employee's monthly payroll.

4.1.6 Maintenance

All maintenance costs will be borne by the employee.

4.1.7 Maximum Lease Amount:

The monthly lease rent shall not be more than **20%** of the monthly **Gross Salary** of the employee.

4.1.8 End of Lease Period

At the end of the repayment period, the employee has two options:

1. The employee can buy the car by paying the residual value at the end of the lease period as per Clause 11, and the car will be transferred from Cubastion Consulting Private Limited to employee's name. Any tax liability arising out of this transfer will be borne by the employee.
2. Or the employee can return the car to LEASING AGENCY. In that case, the employee will, unless otherwise agreed, return the car at his/ her expense and on his/ her responsibility to the location, where agreed with LEASING AGENCY. Any costs and expenses incurred to recover the car shall be borne by the employee and paid to LEASING AGENCY based on an invoice issued by them for these charges.

The car must be returned with all documentation, duplicate keys, car registration document, valid road tax / annual tax receipts, fitness & permit etc. and with its accessories, only such accessories may be removed, which were fitted at the employee's cost and such removal shall not cause any kind of damage to the Vehicle.

It must be in at least "standard condition" which is defined as a car that has been subjected to normal wear and tear considering the duration and kilometer age of the car and operated as per manufacturer's manual including fair wear and tear guidelines issued by the relevant LEASING AGENCY.

In case the car does not meet the conditions listed above, then the employee shall pay LEASING AGENCY an additional amount as determined by them, towards damages and/or repair/replacement costs.

4.2 Residual Value

The policy provides the following options for structuring of the car lease scheme:

OPTIONS	LEASE TENURE	RESIDUAL VALUE	ON TENURE COMPLETION
Option 1	36 Months	35%	Option to purchase at predetermined residual value
Option 2	48 Months	30%	Option to purchase at predetermined residual value
Option 3	60 Months	25%	Option to purchase at predetermined residual value

This table is indicative and subject to changes at the time of executing the car lease agreement.

4.3 Foreclosure:

In case the Employee wishes to buy back the car or surrender the car before the lease period is over, the Employee shall be liable to pay to 1% of such outstanding principal amount including residual value as per his/her car lease contract with Cubastion Consulting Private Limited, outstanding lease rentals with applicable charges, a termination fee or pre-termination charge as levied by LEASING AGENCY, cost of repairs to bring the condition of the car to standard condition acceptable by LEASING AGENCY and amount payable to buy back the car as determined by LEASING AGENCY. The calculation done by LEASING AGENCY will be non-negotiable.

4.3.1 New Joinees:

If an employee joins Cubastion Consulting Private Limited and qualifies for this policy, they can work with the LEASING AGENCY to transfer their existing car to Cubastion Consulting. The key condition is that the car can only be leased for a total of 60 months from the date of its original purchase. For example, if an employee from another company has a car that is 18 months old, the LEASING AGENCY will cover it for up to 42 more months. The lease terms, including rental fees, will be mutually agreed upon by the employee and the LEASING AGENCY, following the outlined conditions.

4.4 Employee Liability

At the time of availing this benefit the employee will sign an agreement and will undertake to foreclose the car lease transaction on his/her separation from the company (resignation, retirement, or termination from the services).

4.4.1 Tax Liability

Any tax liability arising out of Car transfer, foreclosure, or leasing will be borne by the employee at the prevailing tax rates.

4.4.2 Insurance

1. Insurance Cost will be borne by Employee and will have to bear all other expenses related to the car i.e. Insurance, and taxes on insurances etc. either by himself or the leasing company or with Cubastion Consulting Private Limited.
2. All insurance policies for all cars under this scheme will have to be booked through LEASING AGENCY or through employee himself.
3. Only third-party insurance of a car is not allowed, and it should always be comprehensive insurance/zero depreciation insurance as applicable under the lease terms of the LEASING AGENCY. Copy of the insurance shall be submitted each year by the employee to HR for record purpose.
4. Any liability arising out of an accident, or an insurance claim will be the sole responsibility of the employee and the LEASING COMPANY or Cubastion Consulting Private Limited will not be held liable in part or full.

4.4.3 Perquisite Valuation Tax and other Taxes

As per the prevailing Perquisite Valuation Rules, if a car is owned by the employer and running, and maintenance expenses are met by the employee for the official and personal use then out of such reimbursement where the car engine is less than 1.6 liters, Rs.1800 per month would be treated as taxable perquisite. Wherein engine is more than 1.6 liters, Rs.2400 per month would be treated as taxable perquisite. In case of reimbursement of driver salary, Rs.900 per month would be treated as taxable perquisite. These limits are subject to change with change in tax rules.

4.4.4 Theft

In case of theft of the car, the following steps need to be initiated by the employee:

1. LEASING AGENCY needs to be informed immediately.
2. FIR to be lodged with the relevant police station and copy of the same to be obtained and submitted, whenever asked.
3. Insurance claim, as applicable to be filed with the assistance of Administration within specified time limit, as defined by the insurance company.
4. Employees shall bear all costs and/or damages and/or consequences arising from late or incomplete report or failure to submit the aforesaid documents.

5. In the event of theft or total loss, the employee shall obtain from the nearest police station a copy of the ("FIR") and a No Trace Certificate (if applicable) from the same police station.

Employees shall forthwith deliver to the Leasing Agency all such documents, original keys (with duplicates) and information as LEASING AGENCY may from time to time require in order to affect a settlement with the insurance company. Clearance from the Police on closure of the case should be obtained by the person filing the FIR for the purpose of realizing claim from the insurance company.

- In case the car comes under "Superdari" (i.e. it is impounded by the Police); then depending upon the circumstances surrounding the Superdari, the employee may be required to foreclose and buy the car or else continue to pay the lease rentals till such time as the superdari or legal case on the asset is not settled by the employee.

4.4.5 Separation

Voluntary: If an employee separates from the services of the company during the lease agreement period or within 5 years from the start of car lease agreement the Company reserves the right to recover all the **Charges** incurred by Company from such employee.

Also, the following options can be exercised by such employee:

1. The company will only be responsible for deducting the lease rental of the car from the employee's salary. It is the employee's responsibility to work with the LEASING AGENCY to ensure that details regarding closure of the lease, transfer of the car and other related activities take place.
2. Foreclose the lease and pay foreclosure charges.
3. In case the employee is joining another employer, it is the employee's sole responsibility to transfer the lease agreement to the new employer (subject to the acceptance of the "LEASING AGENCY & subject to their arrangements, if any, with the new employer).
4. All formalities of lease settlement and payments should be made before the last working day of the exiting employee.

Involuntary Separation: In case of Involuntary Separation all the above conditions will be applicable. The time for lease settlement and payments will be provided bases on Management discretion.

5. CONFLICT

In case of any conflict between the terms of the master lease agreement entered with the relevant LEASING AGENCY and this car lease policy, the provisions of the master lease

agreement with the relevant LEASING AGENCY shall prevail.

6. TAILORING OPTION

Exceptions to the defined policy shall be approved by the CPO.

7. DISCLAIMER

Company's Absolute Right to Alter or Abolish the Policy

Cubastion's Management reserves the right in its absolute discretion to abolish the policy or to alter the terms and conditions. Such discretion may be exercised at any time, before, during or after the policy year is completed (without any prior notice).

8. DOCUMENT VERSION HISTORY

VERSION	DATE	AUTHOR	DESCRIPTION	OWNER	APPROVER
V1.0	20190101	Manish Bhakoo	Initial Release	HR	CPO

This brings us to the end of this document. For any further assistance or clarification, please contact **HR Department** or email us at hr@cubastion.com.

ANNEXURE-1

The company will consider the provision of the use of a company car or car allowance to employees who fulfill the following criteria subject to the management approval are as follows:

1. An Employee must be employed with the Cubastion for at least 1 year (excludes probation, training, or employee on notice period)
2. An Employee should be Permanent full-time of Cubastion and designation equivalent to consultant and above.
3. An Employee must have a valid Driving License.

Vehicle Value limited shall be as per table below:

SALARY* RANGE	VEHICLE VALUE LIMIT
Salary upto 8 Lakh	8 Lakhs
Salary above 8 Lakh and below 10 Lakh	12 Lakhs
Salary above 10 Lakh and below 25 Lakh	25 Lakh
Salary above 25 Lakh and below 60 Lakh	50 Lakh
Salary Above 60 Lakhs	No Limit***

* Salary means total Gross Salary.

** For lease rental calculation, the vehicle value would comprise of invoice value, registration charges, RTO Charges, Taxes (where applicable), incidental expenses and any other related expenses.

*** Subject to management approval.

Frequently **A**sked **Q**uestions

Q1: I have joined Cubastion and had a car leased out in my last organization. Can I get this transferred to leasing agency at Cubastion?

A1: No.

Q2: I have resigned from Cubastion, and my car has been stolen a few days back?

A2: For any such incident, you are required intimate HR and file the Immediate FIR with the local police authority. Your full and final settlement will be processed only after closure of all the lease formalities.

Q3: It has been one year since I have started car lease, and I have resigned from Cubastion. I also don't wish to take the car with me. What I would need to do.

A3: It is the responsibility of the employee to settle the car lease with leasing agency. Any charges due to such settlement will be borne by the employee itself along with foreclosure charges of 1% of remaining principal amount. The Full and final settlement will be processed post settlement letter is received from the leasing agency.

Frequently

Asked

Questions