

## **Flexible Benefit Pay Policy**

HR-PO730, Ver. 1.8

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## 1 OBJECTIVE

The policy aims to provide flexibility to the associates, as permitted by India IT rules, to plan their compensation structure to suit their personal preferences.

## 2 APPLICABILITY

The provisions of this policy are applicable to all associates in India including associates deputed to India.

The policy is not applicable to associates on direct contract, sub-contract, retainer-ship or any other form of employment other than on permanent rolls.

Benefits mentioned in this policy do not apply for any interns during their assignment/internship period.

## 3 ACRONYMS

Term/ acronym	Explanation
FBP	Flexible Benefit Pay
IT	Income Tax
PACE	Platform for Agile connected enterprise
NPS	National Pension Scheme
EMI	Equal Monthly Installment
LTA	Leave Travel Allowance
PFRDA	Pension Fund Regulatory & Development Authority

## 4 FBP COMPONENTS & ELIGIBILITY

- Associate has the flexibility to restructure the FBP eligibility within his/her salary by choosing one or more of the FBP Components mentioned below.
- The FBP features are based on the current income tax laws, Company's interpretation of such tax laws and the legal advice received by the Company. Any change in the tax laws and / or interpretation may lead to a change in this plan, which will be intimated to Associates in advance.
- The Company may, at its sole discretion, alter, amend or delete any of these benefits at any time to comply with statutory provisions.
- The grade specific eligibility and applicable limits per component are as under:

Band	U1	U2	U3	U4	P1	P2	E1	RG1	E2, E3 & RG2
LTA	12,000	20,000	25,000	35,000	50,000	60,000	70,000	70,000	70,000
Meal Card	26,400 per annum across Bands								
Telephone					18,000	24,000	24,000	24,000	24,000
Car lease/rental					1,75,000	2,80,000	5,25,000	2,80,000	7,00,000
Fuel & Maintenance					1,60,000	1,75,000	2,00,000	2,00,000	3,00,000
Driver salary					1,80,000	1,80,000	1,80,000	1,80,000	1,80,000
Superannuation					15% Basic Pay or 1 Lakh whichever is lower				
National Pension Scheme (NPS)					10% of Basic Pay				

Associates joining/separating/relocating onsite or offshore during the year, will be eligible for pro-rata FBP limit as applicable to them.

## **5 NOTES ON FBP COMPONENTS**

The flexible benefit plan offers to associates a choice between permissible benefits, which will allow for tax exemption as per the IT rules (India).

### **5.1 LEAVE TRAVEL ALLOWANCE**

Payable towards reimbursement of cost of travel tickets associated with travel undertaken within India. As per Income Tax Rules, tax exemption will be applicable on only two journeys during a block of four years. The prescribed block of 4 years would be calendar year 2019 - 22 and so on.

To avail of tax exemption on the applicable LTA amount the associate will be required to proceed on a minimum of three consecutive days of earned leave in India and undertake travel within India.

Unclaimed LTA eligibility will be carried forward to a maximum of one year. If unclaimed even at the close of the second financial year, it will be paid through the first payroll of the next financial year, post necessary tax deductions.

### **5.2 MEAL CARD**

Meal Card is a digitized meal voucher in form of an e- wallet, which enables the associates to enjoy income tax benefits on the purchases at Tech Mahindra cafeterias. As per Income Tax rules, Meal Card usage is exempt up to maximum of Rs. 100 per meal amounting to Rs. 2200 per month maximum for Food alone. Usage can only be at TechM Cafeteria and eating joints listed by Meal Card.

### **5.3 TELEPHONE REIMBURSEMENT**

- The claim may pertain to phone connections, inclusive of landline and mobile phone provided the expenses being claimed against such connection/s is on account of use for official purposes.
- Broadband charges are also eligible for reimbursement.
- Any connection towards which a benefit is claimed should be in the name of the associate as per the Company's records in order to be able to account for extension of tax exemption.
- Any mobile connection towards which a benefit is being availed under the Mobile Reimbursement Policy will not be eligible for a benefit under FBP.
- Accordingly, associates are required to declare that the claim is towards expenses on account of use for official purposes only, does not pertain to a mobile for which a benefit is being claimed under the mobile reimbursement policy and does not include broadband charges etc.

### **5.4 CAR LEASE/RENTAL**

Please refer to Company Car Policy for details.

**5.5 FUEL AND MAINTENANCE REIMBURSEMENT**

This is applicable to associates in grade P1 and above, if using Company Car availed under the Company car Policy or Personal Car for official purposes. Please note that such personal car should be in the name of the associate.

If using own car, tax exemption as per IT rules will apply.

**5.6 DRIVER'S SALARY REIMBURSEMENT**

Applicable to associates in grade P1 and above, if using Company Car availed under the Company car policy or Personal Car for official purposes. Please note that such personal car should be in the name of the associate.

If using own car, tax exemption as per IT rules will apply.

**5.7 SUPERANNUATION**

It is a retirement benefit provided to associates. Associates can contribute to the Superannuation Fund @ 15% of Basic Pay (up to a maximum of Rs. One Lakh per annum, whichever is lower).

The amount, as apportioned by the associate will be remitted to LIC to manage the associate's superannuation account. The consolidated accumulation statement with interest credit will be provided every year and this would be made available on Payroll site.

At the time of retirement or termination of employment subject to minimum 2 years of service with Tech Mahindra, associate may withdraw  $\frac{1}{2}$  or  $\frac{1}{3}^{\text{rd}}$  of the lump sum amount and the balance would be paid as life time pension or as per duration specified by the associate. The contribution would be refunded to the nominee upon death of the member.

**5.8 NATIONAL PENSION SCHEME (NPS)**

**NPS** launched by the Pension Fund Regulatory & Development Authority (PFRDA), is an initiative by Government of India, aiming to provide old age security coverage and pension to all Citizens of India under which an individual can contribute @ 10% Basic + DA.

The amount as apportioned by the associate will be remitted to the NPS Fund Manager to credit to associate's NPS account. Associate is required to update the NPS account data in the Company records failing which the amount would be paid as a taxable amount along with the unclaimed FBP balance.

Note: Company will only play the role of facilitator for remitting the amount.

**6 SELECTION OF FBP PLAN**

- All associates are required to indicate the structure of their FBP within the timelines on PACE navigating as follows: *Employee Self Service > Payroll & Compensation > India Pay>Transaction*

> *Flexi declaration.* Failure to do so will lead to payment of the Flexi pay amount (barring LTA) through the monthly payroll as taxable pay.

- An existing associate should submit the changes to FBP within 30 days from the receipt of the salary revision letter.
- New Joiners will be required to submit their choice of FBP within 30 days from the date of their joining.
- When repatriating to India post completion of assignment, an associate will have 30 days from the date of return to amend the FBP.
- The amount under each component can be decided by the Associate subject to the limit per component as specified in the compensation letter.
- Changes made will reflect in the current or succeeding payroll depending on the payroll cut off dates.

## 7 AMENDMENT OF THE SELECTED FBP

Once associate has declared FBP, (s)he will have the option of changing the structure only in the event of the following situations:

- When there is a change in the FBP limit applicable due to a change in salary.
- If having availed a car under the company car scheme or completion of EMI on existing car.

## 8 GUIDELINES

- Any balance of FBP eligibility exceeding the total limit of the components as selected by the associate will be paid through the monthly payroll and will be subject to tax.
- Please note that these benefits will be provided only against appropriate supporting bills / documents (wherever applicable/specified).
- Unclaimed amounts relating to the components chosen by the associate under which s/he is to submit a claim to avail the benefit, will be paid through the payroll for April in the next financial year and will be subject to tax

## 9 BENEFIT CLAIMS PROCESS

Leave Travel Allowance	Hard copy claim to be submitted to Finance along with supporting documents (travel ticket, boarding pass, leave report etc.). Inclusion in the month's payroll is subject to submission to Finance by the 15th day of the month else would be paid in the subsequent month.
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Telephone Expenses Reimbursement	Claim submission through self service module in PACE and submission of hard copy of claim documents to Finance.
Fuel & Maintenance Reimbursement	
Driver Salary Reimbursement	
Superannuation	Deduction from monthly payroll and submission to Superannuation fund by Finance.
NPS (National Pension Scheme)	Deduction from monthly payroll and payment into the associates' NPS account by Finance.

## 10 SEPARATION

In the event of separation, any excess payment made during the year shall be recovered through the Full and Final Settlement.

## 11 ROLES AND RESPONSIBILITIES

Who	What / When / How
<b>Associate</b>	<ul style="list-style-type: none"> <li>Submits the FBP declaration/changes within the stipulated timelines and ensures necessary documentary evidences for all claims under this Policy.</li> <li>Ensures authenticity in relation to claims</li> <li>All queries relating to payroll should be raised as a ticket for resolution by the Finance Helpdesk</li> </ul>
<b>Finance</b>	<ul style="list-style-type: none"> <li>Incorporate FBP structure as declared by the associate and handle contributions as applicable.</li> <li>Accept and process claims submitted by associates</li> </ul>

## 12 DOCUMENT HISTORY

Version	Date	Author (function)	Reviewed by	Approved by	Nature of changes
Issue 1.0	23-Aug-2013	HR	Function Head	Function Head	First Integrated Issue
1.1	22-Dec-2014	Process Owner	Function Owner	Function Head	P Sub Bands Merged (Clause 4, 5.4, 5.5)
1.2	4- June-2015	Process Owner	Function Owner	Function Head	PS updated to PACE.
1.3	1- Aug-2015	Process Owner	Function Owner	Function Head	Added Mobo Meal, revised Telephone, Superannuation and Car Lease policy
1.4	11- Sept-2015	Process Owner	Function Owner	Function Head	Document Formatting
1.5	02-March-2017	Process Owner	Function Owner	Function Head	Updated Applicability (Section 2)
1.6	5-Sep-18	Process Owner	Function Owner	Function Head	Updated FBP Components & Eligibility section with Car Lease/Rentals. Effective 22-Apr-18
1.7	18-Nov-2018	Process Owner	Function Owner	Function Head	Updated Tax changes. Removed Medical Reimbursement under FBP. Effective 1-Apr-2018

Version	Date	Author (function)	Reviewed by	Approved by	Nature of changes
1.8	14-Jan-19	Process Owner	Function Owner	Function Head	Updated Leave travel allowance clause