



## **Build Your Own Dollar (BYOD)**

### **1. Objective:**

To provide employees a platform to choose their own rewards and to enable wealth creation by investing in company's growth journey

### **2. Eligible:**

1. All active regular full time employees, across grades, excluding employees on notice period
2. The plan will be applicable for FY23

### **3. Construct:**

1. Employees will be able to opt for ESOPs OR annual increments (partially or fully as per their choice). Effective date of such grants will be the same as the effective date of annual increment (1 April 2022).
2. Employees will be able to opt for ESOPs OR Variable Pay which will be paid for the financial year 2023 i.e. variable pay to be paid out in Oct'22 / April'23 (partially or fully as per their choice). Variable pay for the purpose of this exercise will be the target variable pay, which is part of annual CTC, mentioned in the offer letter or the latest increment letter. Effective date of such grants will be 1 April 2022.
3. Employees will be able to opt for ESOPs OR Retention Bonus which is yet to be paid (partially or fully as per their choice). Effective date of such grants will be 1st of the subsequent month in which the RB would have been paid.
4. Considering the choice that the employee makes of ESOPs or Retention Bonus (RB), the grants will be made on 1st of the subsequent month when it would otherwise have been due. This applies only when the employee chooses ESOPs and not RB.
5. All ESOPs granted under this scheme will have 1 year vesting period with a multiplier of 1.2x

Illustration

a. Scenario 1 :

Current CTC	INR 20,00,000
Increment %	15%
Option 1 : Avail Increment effective 1st April	INR 3,00,000
Option 2 : Avail ESOPs (1.2x) effective 1st April	INR 3,60,000
Option 3 : Avail Partial Increment / Partial	Increment - INR 1,50,000

ESOP effective 1st April	ESOPs - INR 1,80,000
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Tax implications :  
(assuming FMV remains same)

	Availing Increment	Availing ESOPs
Current CTC	20,00,000	20,00,000
Tax to be paid (assuming 30%)	6,00,000	6,00,000
Value of increment / ESOPs	3,00,000	3,60,000
Tax to be paid on increment (assuming 30%)	90,000	
Perquisite Tax to be paid on exercise of ESOPs (assuming 30%)		1,08,000
Total Tax Paid	90,000	1,08,000
Net Earning for the year (cash + ESOPs - Tax)	16,10,000	16,52,000

b. Scenario 2

Variable Pay e.g. Variable pay as per CTC breakup	INR 2,00,000
Option 1 : Avail variable pay e.g. payment date :31 Oct 2022 and 30 April 2023	INR 2,00,000
Option 2 : Avail ESOPs (1.2x) e.g. grant date : 1 April 2022	INR 2,40,000
Option 3 : Avail Partial vpay / Partial ESOPs Partial vpay - e.g. payment date : 31 Oct 2022 and 30 April 2023 Partial ESOP - e.g. grant date :1st April 2022	Bonus - INR 1,00,000 ESOPs - INR 1,20,000*

\*The payout computations will be as per Variable Pay policy (linked to individual employee rating) and only on the amount which remains as part of the bonus (1L in the above example). If the employee is rated ME in the above example, then he/she will

receive 50K in Oct'22 and if she/she is ME rated in Apr'23 then he receives balance 50K in Apr'23

Tax implications :  
(assuming FMV remains same)

	Availing Variable Pay	Availing ESOPs
Value	2,00,000	2,40,000
Tax to be paid on Variable pay (assuming 30%)	60,000	
Perquisite Tax to be paid on exercise of ESOPs (assuming 30%)		72,000
Total Tax Paid	60,000	72,000
Net Earning for the year (cash + ESOPs - Tax)	1,40,000	1,68,000

c. Scenario 3

Retention bonus e.g. payment date :31 May 2022	INR 2,00,000
Option 1 : Avail Retention bonus e.g. payment date :31 May 2022	INR 2,00,000
Option 2 : Avail ESOPs (1.2x) e.g. grant date : 1 Jun 2022	INR 2,40,000
Option 3 : Avail Partial Bonus / Partial ESOPs Partial Bonus - e.g. payment date : 31 May 2022 Partial ESOP - e.g. grant date :1st June 2022	Bonus - INR 1,00,000 ESOPs - INR 1,20,000

Tax implications :  
(assuming FMV remains same)

	Availing Retention bonus	Availing ESOPs
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Value	2,00,000	2,40,000
Tax to be paid on bonus (assuming 30%)	60,000	
Perquisite Tax to be paid on exercise of ESOPs (assuming 30%)		72,000
Total Tax Paid	60,000	72,000
Net Earning for the year (cash + ESOPs - Tax)	1,40,000	1,68,000

#### 4. In case of Separation:

(Note : The policy provides a choice to employees, however will remain cost neutral for the company at all times. With same intent below clauses are applicable)

1. Voluntary / Involuntary (except due to cause) Separation - Vested grants continue to vest with the employee and unvested ESOPs will stand canceled.
2. For employees who opted for BYOD plan and are exiting in <1 Year from date of Grant, they will be paid ex-gratia (taxes apply) equivalent to the investment made by the employee or actual value of ESOPs whichever is lower. Investment value will be computed by below logic :
  - a. Pro-rated in case employee has availed ESOPs and not availed increments
  - b. Full value in case an employee has availed ESOPs and not availed Retention bonus.
  - c. Half of the variable pay value opted for, if the employee has chosen ESOP and not Vpay and the last working date is post 30th September 2022 and before the vesting date.
3. Involuntary Separation (due to cause)- In case of involuntary separation due to cause and not due to non-performance, all grants will stand to cancel as per ESOP Policy (vested and unvested) and no ex gratia will be processed

#### 5. Other details:

1. Once ESOPs are granted, same cannot be canceled during the year (except in case of Exit before vesting date)
2. In case an employee opts for forgoing Retention Bonus, employee can opt out of the plan upto 5 days before the Grant Date, if required. Company will not be liable to pay interest on the withheld amount.

#### 6. Disclaimer:

This Policy is active for the financial year 2023. Policy is subject to change at any given point of time by the Company. The decision of the company shall be final and binding. Any amendments or additions to this policy would be communicated in writing and shall form a part of this policy.

