

ANIIDCO PERFORMANCE RELATED INCENTIVE (PRI) SCHEME

1. TITLE

This scheme shall be called as “**ANIIDCO Performance Related Incentive (PRI) Scheme**”.

2. DEFINITIONS

- a) **ANIIDCO**: means Andaman and Nicobar Islands Integrated Development Corporation Ltd.
- b) **Accounting Year** : means the year commencing on the first day of April.
- c) **Distributable Profit** : Distributable profit represents the profit after tax and providing for transfer to Statutory Reserves.
- d) **Eligible Employees**: Means all employees who are covered under clause 4 of this scheme and also having at-least HIGH AVERAGE grading in their Performance Appraisal Report (ACR) of relevant Accounting Year.
- e) **PROFIT** : means Distributable Profit

3. COMMENCEMENT

This scheme shall come into force with immediate effect and is applicable for the PRI payment of accounting year 2008-09 only.

4. COVERAGE

The scheme shall apply to all employees working in regular scale of Pay including employees on deputation from other organization and functional Directors except the following:-

- a) Out sourced and Daily rated employees.
- b) Apprentice under the Apprentice Act and any other trainee.
- c) ANIIDCO employees posted on deputation to other Organizations.
- d) Employees who are eligible for Bonus as per Payment of Bonus Act.

5. OBJECTIVES

- a) Recognition of Excellence to motivate employees of the Corporation for performance improvement.
- b) Maximization of profitability.
- c) To inculcate team spirit amongst the employees.

6. FEATURES OF THE SCHEME :

- a) The Profit Related Incentive (PRI) will be paid to all employees who are covered under clause 4 of this scheme and also having at-least HIGH AVERAGE grading in the Performance Appraisal Report (ACR) of relevant Accounting Year.
- b) The Profit Related Incentive (PRI) will not be paid to those employees who have given Average, Low Average or Below

Average grading in their Performance Appraisal Report (ACR) of relevant Accounting Year.

- c) The total PRI payment shall not exceed the 5% of distributable profit of the ANIIDCO for one Accounting Year.
- d) The equal amount of PRI will be paid to all Eligible Employees irrespective of the categories of employees.
- e) The amount of PRI per employee shall be fixed by the Managing Director on a year to year basis subject to availability of distributable profit. However, Maximum PRI per employee shall not exceed the amount of maximum bonus prescribed under the Payment of Bonus Act.
- f) In case no distributable profit in any accounting year then no amount of PRI will be paid to any Eligible Employee.
- g) The PRI will be paid only from the current Accounting year's profit.

7. Illustration for Calculation of PRI

PRI Calculation for the financial year 2008-09 will be as under:

The expected Distributable Profit is Rs. 7,00,00,000 (Seven Crore)

Assumption : Managing Director has fixed PRI as Rs. 8000 per employee.

In the accounting Year 2008-09, 120 employees out of total 235 employees are covered under the Payment of Bonus Act. As per Bonus Act, Employees receiving salary (Basic Pay + Grade Pay + Dearness Allowance) up to Rs. 10,000 /- Per month are eligible for Bonus.

Total PRI shall not exceeds Rs. 5 % of distributable profit i.e 5% of Rs. 7,00,00,000 /- = 35,00,000 /-.

The actual PRI payment will be for 115 employees(235-120) i.e. Rs. $115 * 8000 = \text{Rs. } 9,20,000/-$

8. Other General Conditions:

- a) The employee will be entitled to PRI payment on a prorata basis for actual period of attendance. All types of leaves excluding leave without pay, study leave; extra ordinary leave will be counted towards actual attendance. The period for which employee sent on in-house/outside training shall also be counted towards actual attendance.
- b) In case of under or over payment of PRI to any employee, the same shall be recovered/adjusted against his wages/ salary or any other payment due to him.
- c) PRI payment will not be taken into account for the calculation of any benefit such as provident fund, gratuity and wages for leave period, LTC etc. In other words the PRI amount shall not be considered as WAGES or SALARY for any purpose.
- d) Employees who have an unblemished record during Accounting year (no penalties) will be only entitled for the PRI for that particular year.

- e) Employees who have been dismissed/discharged or terminated from the service shall not be entitled for PRI.
- f) Employees under suspension shall not be entitled for the PRI payment until and unless proved not guilty and suspension order is revoked.
- g) In case of leave without pay, there will be pro-rata deduction of the payable PRI.
- h) Managing Director reserves the right to modify, change, amend or alter this incentive scheme or discontinue the same at their discretion without any notice or giving reasons there of.

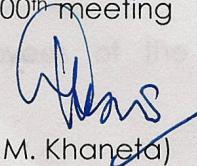
9. **Clarification/Interpretation**

In the event of interpretation of any part of this scheme being necessary, the decision of the Managing Director shall be final and binding.

Approved by the Board of Directors of ANIIDCO vide its 100th meeting held on 17th September, 2009.

Cooperation for performance improvement.

b) Administrator of stability.



(D.M. Khaneta)
General Manager

(F.N- 1-848/ANIIDCO/2009-10)

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The report of the Committee regarding Incentive Scheme for the employees of ANIIDCO

Committee was informed that the Board in its 98th meeting held on 26th March, 2009 decided that an Incentive Scheme shall be drafted by a Committee to be constituted by the Managing Director and the same should be placed before the Board for approval

Accordingly, a Committee consisting of the following officers constituted for working out the incentive scheme for the Corporation:

1. Shri Mohammed Pervaiz, Deputy General Manager
2. Shri Basuki Nath Sah, Company Secretary
3. Shri S Balakrishnan, Senior Manager(Accts)

The Committee accordingly met on 13th July 2009 at 4 P.M. and examined the details of Performance linked incentive scheme of Central Public Sector Enterprises (CPSE) pertaining to Indian Oil Corporation, Shipping Corporation of India, Bharat Heavy Electronics and also examined the incentive schemes of NHPC and BSNL. Incentive Schemes of said CPSE is either linked to achievement of target, Company performance, ACR or combination of above factors within the ceiling prescribed by the DPE i.e. 5% of distributable profit.

Committee also observed that there is no fixed scheme as per the Department of Public Enterprises guidelines (DPE). However, DPE provided a ceiling of Profit to be distributed, which is applicable to all Central Public Sector Undertaking (CPSE). ANIIDCO is neither a CPSE nor have any Memorandum of Understanding with DPE. However, considering the Audit Para of CAG, regarding non-compliance of DPE Guidelines relating to payment of Incentive/Bonus etc., ANIIDCO may make an Incentive Scheme within the ceiling prescribed by the DPE.

Unlike, the company referred above, the activities of ANIIDCO are highly divertible, there are various units like Milk Plant, Hotels, IMFL Distribution, POL Units, Civil Section, Fruits and Vegetables Unit, Air Ticketing Unit, Steel Agency etc. Production is done only in Milk Plant and it is incurring loss.

Under these circumstances, in ANIIDCO, Incentive Scheme may be framed based on the overall profitability of the Corporation.

In view of the above, the Committee suggested that Performance related Incentive (PRI) may be approved by the Management within the maximum ceiling i.e. 5 % of distributable profit of the year subject to certain limit per employee. Limit may be equal to Maximum Bonus prescribed under Payment of Bonus Act.

Based on the above, Committee drafted a Scheme called ANIIDCO Performance Related Incentive (PRI) Scheme (Copy enclosed) and recommend to adopt PRI Scheme based on profit of the Corporation subject to limit of Maximum Bonus amount. Same is also permissible under Section 31A of the Payment of Bonus Act.

(S Balakrishnan)
Senior Manager(Accts)

(Basuki Nath Sah)
Company Secretary

(Mohammed Pervaiz)
Deputy General Manager