

BHARAT DYNAMICS LIMITED
KANCHANBAGH::HYDERABAD
(Office of the General Manager (Personnel & Administration))

Ref: BDL/04/51/054/C-P&A

Date: 11 Oct 2010.

CIRCULAR

PC NO. 26 /2010 dated. 11 Oct 2010.

**Sub: Revision of Productivity Linked Annual Incentive Scheme
for the Non-Executives.**

The Productivity Linked Annual Incentive Scheme applicable to employees in the Non-Executive cadre of the Company as approved by Board of Directors in its 191st Meeting held on 03 Sep 2010 and as contained in the Memorandum of Settlement entered into between the Management and the recognized Union, BDLETUC (INTUC) is notified herewith as Annex -I for information of all concerned.



(P.P.C. AJAY KUMAR)
GENERAL MANAGER (P & A)

STANDARD DISTRIBUTION
HINDI VERSION FOLLOWS

10/10/2010
10/10/2010
10/10/2010
10/10/2010

(P.P.C.)
GENERAL MANAGER

ANNEX-I**BHARAT DYNAMICS LIMITED
KANCHANBAGH:HYDERABAD****PRODUCTIVITY LINKED ANNUAL INCENTIVE (PLAI) SCHEME****1.0 OBJECTIVES.**

1.1 The scheme aims at achieving the following objectives:

- 1.1.1 Achievement of performance levels of the laid down annual budgeted targets.
- 1.1.2 Maximization of sales and profitability.
- 1.1.3 Continuous improvements in overall productivity levels and performance.

2.0 COVERAGE

2.1 All employees on the regular rolls of the Company during the concerned financial year other than those in the following categories would be covered under the scheme:

- 2.1.1 Those who are eligible for the ex-gratia payment as notified by the management from year to year.
- 2.1.2 Those who are on study leave.

2.2 Employees on Consolidated salary, Deputationist, Contract / casual Labour, Apprentices and Trainees would not be covered under the Scheme.

3.0 SCHEME

3.1 The quantum of the incentive payable under this scheme would be computed by comparing the actual annual performance of Company as a whole with reference to the BE (Firm orders) and

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with reference to the financial terms, financial year wise with the following parameters:

Parameter	Weightage (%)
i) Value added per employee	50
ii) Sales per employee	20
iii) Profit Before Tax (PBT) per employee	20
iv) Operating Profit per employee	10

	100

3.2 The gross amount payable as annual incentive per employee will be arrived at from the following table:

COMPOSITE SCORE(%)	PLAI AMOUNT(₹ per annum)
Below 70	NIL
At 70	10,000
At 80	13,000
At 90	16,000
At 100	19,000
At 110	22,000
At 120	25,000

Note: if the Composite Score is in between the levels given in the table, the amount would be calculated on pro rata basis.

3.3 The target and actual achievements would be calculated as follows:

3.3.1 The budgeted (BE) value added per employee, sales per Employee, PBT per employee and Operating profit per Employee would be calculated as follows:

$$\text{Budgeted (BE) (Firm orders) Value per employee} = \frac{\text{Approved BE Value of the Parameter (₹. lakh) (Value added or sales or PBT or Operating Profit)}}{\text{Budgeted No. of employees (Non-Executive +Executive strength)}}$$

- 3.3.2 The actuals for the year will be approved, audited and AGM-adopted figures after the closure of the accounts for the concerned year:

Approved and audited actual value
of the parameter (₹. lakh)
(Value added or sales or PBT or
Operating Profit)

Actual value per employee =

Actual No of employees as on
31 March of the financial year
(Non-Executive + Executive strength)

- 3.3.3 Composite Score (%)= (Actual value added per employee/
BE value added per emp) * 50
+ (Actual sales per emp /BE sales per emp) * 20
+ (Actual PBT per emp /BE PBT per emp) * 20
+ (Actual Operating Profit per emp/
BE Operating Profit Per emp) *10

Note: BE will be reckoned as Budget Estimate (Firm Orders).

- 3.3.4 The ratio of actual performance to budget estimate (firm orders) will be restricted to maximum of 120% which means that maximum performance score after applying weightage against value added per employee, sales per employee, PBT per employee and Operating profit per employee will be restricted to 60, 24, 24 and 12 respectively.
- 3.4 CMD shall have discretion to allow a maximum of 10 grace points to the composite score in case the composite score for the year is below 90, if he is satisfied that the reasons for the low composite score is not directly attributable to the employees. However, the composite score with grace points shall not exceed 90 in such a case. With this, the cap on individual scores will continue.
- 3.5 Operating Profit shall be calculated by deducting interest income from the total of PBT.
- 3.6 In respect of parameters (iii) & (iv) at para 3.1 above, comparison shall be with reference to estimated profit or loss.

3.6.1 In the case of operating loss projected in BE, the calculation will be as follows:

BE	Actuals	Difference	Performance%
Operating loss per employee	Actual operating loss equal or more than BE per employee	Nil or Negative	Nil
	Actual operating loss less than BE per employee	BE (-) Actual operating loss of absolute values (positive figure) per employee	$\frac{\text{Difference}}{\text{BE}} \times 100$ (positive%)

- 3.7 Those employees who are eligible for the ex-gratia payment as notified by the corporate office from year to year would continue to be paid the ex-gratia. Such employee would not be eligible for the PLAI. However, those who would be eligible for the ex-gratia only for part of the year would be eligible for the PLAI for the remaining part of the year.
- 3.8 In case the annual incentive payable for a year exceeds Rs 3500/- , the amount by which it exceeds Rs 3500/- would also be payable to those who are eligible for the ex-gratia.

D ATTENDANCE

- 4.1 The annual incentive payable as per para 3.0 is for full attendance during the year. Attendance for this purpose would mean days for which full salary (Basic pay + DA) has been allowed. Days of leave without pay / unauthorized absence would result in proportionate reduction in the rate of the incentive.
- 4.2 No incentive would be paid if the actual attendance during the concerned year falls below thirty (30) working days.
- 4.3 Payment would be made on pro-rata basis to those who have worked for part of the year (those who were appointed, left the services of the Company etc. during the course of the year).

5.0 COMPUTATION

- 5.1 The incentive would be paid annually. Computation of the amount payable would be effected at the end of the financial year after finalization of the Accounts and the incentive amount as admissible would be paid during the succeeding financial year after completion of Government Audit.

6.0 TRANSFERRED EMPLOYEES

- 6.1 If an employee worked in more than one Division/Office during the concerned year, the payment to the employee would be worked out separately for the respective period of attendance in the division(s)/office(s) concerned and the total paid for the year will be subject to the condition that the employee has worked for at least 30 working days during the whole year. The payment to such employee would be made by the division/office in which the employee is working at the time of effecting payment. The amount payable to such employee by the division(s)/office(s) in which he served either during the year or part thereof should be indicated by the transferor division/office to the division/office concerned. The amount so paid would be debited to the transferor division by the paying division.

7.0 DISQUALIFICATION:

- 7.1 Employees who are dismissed from the services for fraud, riotous, or violent behaviour or for theft, misappropriation or sabotage of the Company's property would not be eligible for payment of incentive under this scheme pertaining to the year in which he is dismissed as also for previous year(s), if any, which has not been paid to him.
- 7.2 Payment under this scheme to an employee who is under suspension would be effected only after the suspension is revoked and the employee rejoins service.

8.0 INCOME TAX:

- 8.1 Income tax would be recovered from the incentive payable under the scheme as per rules.

9.0 PERIOD OF VALIDITY:

- 9.1 The PLAI scheme is valid for a period of 3 years from 01 Apr 2009 to 31 Mar 2012.

