

VOLUNTARY RETIREMENT SCHEME

I) Executive Summary :

- VRS will be for Associates, Staff, Officers and Managers whose positions are not to be replaced and who are either ____ years of age or who have completed ____ years service with the Company. The lumpsum payable under VRS upto Rs. _____ shall be tax free as per the Income Tax Act.
- VRS shall be announced on ____th _____, 20__ and shall close on ____th _____, 20__. If need arises the date of the closure shall be appropriately extended.
- The lumpsum payable under the scheme and the legal dues in the form of gratuity, leave encashment, etc. payable to an employee shall be as per his salary structure as at 1st _____, 20__.
- The VRS proposed is comparable with the schemes announced by other engineering companies in the _____ (city) Industrial belt.
- All the payments under the VRS to the employees getting separated shall be made within ____ days of closure of the scheme and no deferred payment is envisaged in view of comfortable cash position and since it is economical.

a) All employees are not expected to opt for the scheme. It is more important to ensure that the managers who should not go under VRS as per the Company's needs are persuaded not to opt for VRS. The acceptance of application for officers and managers will be made in consultation with the concerned departmental head. The rough estimated outflow of lumpsum under VRS is as under:

Type	No. of Employees	Lumpsum in Million
Officers /Managers	—	—
Staff	—	—
Associates	—	—
Total	—	—

The above amounts are likely to change depending upon the age group, number of years service, basic salary, etc of the employees who would actually opt for VRS. The lumpsum amount shall be debited to Profit & Loss Account affecting the profits of the year ending _____.

In addition to above, there shall be one time outflow for Leave encashment, proportionate LTA, etc. estimated to Rs _____ though there is no impact of it on profitability as provisions are in existence in the books of account. For associates and staff, the gratuity payment will be made by LIC directly. In case of managers, the gratuity payment will be made by the trust.

b) ABC Ltd and stock exchanges shall be kept informed appropriately.

c) The details of the scheme and Draft VRS are enclosed.

(Signatures of approving officers)

Approved

DRAFT

DETAILS OF THE BENEFITS OFFERED UNDER
VOLUNTARY RETIREMENT SCHEME

BENEFITS OF THE SCHEME: (FOR ASSOCIATES AND STAFF):

The maximum lumpsum payment payable for Associates and Staff will be “Lowest” of the following three criteria:

The lumpsum amount shall be calculated as under:

(1) No of years of completed service X Monthly Adjusted Salary

OR

(2) Balance months of service X (Adjusted salary X Factor)

OR

(3) Maximum ceiling as given in the following Table

Age Group	Amount Rs Lakhs
_____ Years	_____
_____ Years	_____
_____ Years	_____
_____ years	_____

Adjusted Salary for Associates:

Adjusted Salary for Associates means “Total of Basic plus Dearness Allowance plus Allowances plus ____% of the Incentive as payable on monthly basis to Associate as on_____.”

Allowances shall mean:

House Rent, Conveyance, Education, Washing and Newspaper.

Adjusted Salary for Staff :

Adjusted Salary for Staff means “Total of Basic plus Dearness Allowance plus Allowances plus ____% of Incentive as payable on monthly basis to Staff as on_____.”.

Allowances shall mean :

House Rent, Conveyance, Education, Washing and Newspaper.

Incentive :

Incentive for Staff will be calculated as an average percentage rate of monthly Incentive plus special incentive @ Rs.____/- per month paid for last th__ years, i.e., _____ to _____, _____ to _____ and _____ to _____.

BENEFITS OF THE SCHEME: (FOR OFFICERS & MANAGERS) :

The maximum lumpsum amount payable for Managers will be “Lowest” of the following three criteria:

(1) No. of years of completed service X Monthly Adjusted Salary

OR

(2) Balance months of service X (Adjusted Salary X Factor)

OR

(3) Maximum ceiling as given in the following table:

Age Group	Amount in Rupees
Above ___ years	_____
Below ___ years	_____

Adjusted Salary for Managers:

Adjusted salary for Manager means "Total of Consolidated Salary plus Special Allowance, House Rent, plus Conveyance plus Professional Development Allowance plus Gas and Electricity plus ___% of the monthly average actual Incentive paid for the quarter _____ to _____, payable on monthly basis to Manager as on _____."

Factor as mentioned under the benefits to Associates, Staff, Officers and Managers shall mean -

Balance months of service	Factor
Up to ___ months	_____
Above ___ months up to ___ months	_____
Above ___ months	_____

For all employees any fraction of a year or fraction of month shall be ignored while computing completed years of service or balance period of service left. Similarly, training period undergone by the employee in the Company shall not be counted for computing completed years of service.
