

## कोल इण्डिया लिमिटेड

महारत्न कम्पनी

(भारत सरकार का उपक्रम)

कॉरपोरेट पहचान सं. L23109WB1973GOI028844

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## Coal India Limited

A Maharatna Company  
(A Govt. of India Enterprise)

Corporate Identity No.- L23109WB1973GOI028844

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Ref: CIL/C5A (PC)/ 738

Date: 18.11.2015

### OFFICE MEMORANDUM

In pursuance to the letter bearing no. 49029/18/2010-PRIW -II (Vol.V) dated 26<sup>th</sup> October, 2015 of the Ministry of Coal, regarding the Cabinet decision permitting loss making subsidiaries of Coal India Limited to adopt 2007 Pay Revision as an exception to the prescribed affordability clause and payment of PRP to the executives of all subsidiaries of CIL out of the corpus created by pooling the profits of CIL's subsidiary companies duly setting off the losses of the loss-making subsidiaries and standalone profits of CIL excluding the dividends received from the subsidiary companies, the CIL Board in its 322<sup>nd</sup> meeting held on 13<sup>th</sup> November, 2015 at Kolkata approved payment of PRP for the year 2007-08 & 2008-09 to all the eligible board level and below board level executives of CIL and all its subsidiaries.

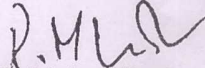
The computation & payment of PRP to the executives will be done in accordance with the modalities as provided in the **Annexure-I** enclosed.

The CIL Hqrs. & subsidiaries shall adopt the following procedure for PRP billing and payment:

- The CIL Hqrs. & subsidiaries will compute the PRP payable to Executives as per the methodology given at point (5) of the Annexure I assuming 'R' (Ratio of the required amount to the available amount) in the formula as 1 and will communicate the total amount to CIL Finance department within 1 week.
- Based on the data from CIL and subsidiaries, the CIL Finance Division will determine the "ratio of the required amount to available amount", i.e., 'R' and communicate to the subsidiaries.
- The Subsidiaries will, thereafter, revise the bill by taking the value of 'R' as communicated by the CIL Finance Division and take further action for PRP payment.

The lump sum advance paid earlier for the years 2007-08 and 2008-09, as per the OM no. CIL/Pers/ PRP/ 2010-11/73/G dated 15.11.2011 of GM(Pers), CIL, will be adjusted from the payable amount of PRP.

This is with the approval of the competent authority.

  
(R. Mohan Das)  
Director (P&IR)

Distribution;

1. The Chairman, CIL
2. The CMDs, ECL/BCCL/CCL/NCL/WCL/SECL/MCL/CMPDIL
3. The Director (T)/ Director (M)/ Director (F), CIL, Kolkata
4. The CVO, CIL, Kolkata
5. The Director (F)/ (P)/ (T), ECL/BCCL/CCL/NCL/WCL/SECL/MCL
6. The Director (T/RD&T)/ (T/ES), CMPDIL, Ranchi
7. The GM/ HOD (P/EE), ECL/BCCL/CCL/NCL/WCL/SECL/MCL/CMPDIL
8. The ED (IICM), Ranchi
9. All HODs, CIL, Kolkata
10. The GM (System), CIL - with a request to upload the same on CIL website.

**Modalities for the payment of PRP for the year 2007-08 & 2008-09**

1. Payment of PRP to the executives of CIL and its subsidiaries will be based on a corpus created by pooling (a) the profits of CIL's subsidiary companies duly setting off the losses of the loss-making subsidiaries and (b) standalone profits of CIL excluding the dividends received from its subsidiary companies. The corpus for payment of PRP will be treated as a yearly corpus with no provision of carrying it forward to the subsequent years.
2. 60% of PRP will be given with the ceiling of 3% of the corpus as above and 40% of PRP will come from 10% of incremental profit (corpus). Incremental profit would mean the increase in profit (corpus) as compared to the previous year's profit (corpus). The total PRP, however, will be limited to 5% of the year's corpus.
3. There will be no incremental profit for the year 2007-08 as it will be the first year of introduction of PRP scheme. The amount available for PRP will be 3% of the corpus of the year 2007-08. Similarly, since there is no incremental profit (corpus) during the year 2008-09, the amount available for PRP will also be 3% of corpus available for the year 2008-09. Therefore, the Executives will be eligible for 60% of PRP with the ceiling of 3% of the corpus in the year 2007-08 & 2008-09.
4. The corpus for the year 2007-08 & 2008-09 will be as under:

*Figure in Crs*

Year	Total Corpus based on PBT	Incremental Profit	3% of the current year PBT	10% of the incremental profit	Total (4)+(5)	Limited to 5% of PBT	Distributable corpus fund. Lesser of col.(6) & (7)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
2007-08	8641.08	Nil	259.23	Nil	259.23	432.05	259.23
2008-09	5661.10	(2979.98)	169.83	Nil	169.83	283.06	169.83

5. The methodology for calculation of PRP will be as follows:  
Amount payable to individual executive will be based on the formula

$A \times M \times E \times G \times R \times P$ , where

A = Annual Basic Pay for the year

M = MOU rating of CIL/ concerned subsidiaries as the case may be.

(Excellent - 100%, Very Good - 80%, Good 60% & Fair 40%)

E = Executive Performance ratings

G = Grade Incentive (% of Basic Pay) of the Executive

R = Ratio of required amount to available amount.

P = Component of PRP (60% from the current profit [corpus])

[ Illustration of computation of PRP is provided in the Annexure C(I) ]



6. The applicable percentage ceiling of PRP to Executives in different grades, as prescribed in DPE guidelines, would be as under:

Grade	% of Basic Pay
E1 to E3	40%
E4 to E5	50%
E6 to E7	60%
E8 to E9	70%
Director (A&B)	150%
CMD(A&B)	200%

7. Eligibility level of PRP of an executive would be calculated on the basis of achievement of CIL/ concerned subsidiary, as the case may be, as per MOU rating on the following eligibility level (in percentage)

MOU Rating	Eligibility Level
Excellent	100%
Very Good	80%
Good	60%
Fair	40%
Poor	NIL

8. Company wise MOU rating for the year 2007-08 & 2008-09 is as under:

Company\ Year	2007-08		2008-09	
	MOU Score	MOU Rating	MOU Score	MOU Rating
CIL	1.47	Excellent	1.18	Excellent
BCCL	2.21	Very Good	1.704	Very Good
CCL	2.1	Very Good	1.54	Very Good
CMPDI	1.17	Excellent	1.06	Excellent
ECL	4.46	Fair	3.739	Fair
MCL	1.32	Excellent	1.627	Very Good
NCL	1.19	Excellent	1.346	Excellent
SECL	1.11	Excellent	1.07	Excellent
WCL	1.1	Excellent	1.07	Excellent

9. Eligibility level of PRP of an executive would be calculated on the basis of achievement in their performance rating as per the following table:

In case of PAR	In case of EER	Eligibility Level
Outstanding	Excellent	100%
Very Good	Commendable	80%
Good	Adequate	60%
Fair	-NA-	40%
Poor	Inadequate	NIL

er conditions for the payment of PRP for the year 2007-08 & 2008-09 will be as follows:

- a) Executives who joined the company after 1st April, 2007 will be paid PRP on pro rata basis based on their service during the period under consideration.
- b) Management Trainees are also eligible for payment of PRP. Their performance in the probation closure examination will be taken as Performance Rating for the computation of PRP.
- c) In case of promotion to higher grade/ demotion to lower grade in a financial year, the payment of PRP to be made on pro rata basis for the period rendered in the relevant grades.
- d) In case of non executives promoted to the Executive cadre in a financial year, the payment to be made on pro rata basis for the year.
- e) MOU rating of the concerned subsidiary will be applicable to the Executives working in that particular subsidiary for the computation of PRP. The MOU rating of CIL will be applicable to Executives posted in CIL HQs, RSOs, New Delhi Office, NEC, & IICM.
- f) As regards executives transferred from one subsidiary company to the other, payment of PRP will be made from the present place of posting on the basis of data to be made available by the company where the Executive was posted earlier for the relevant period.
- g) If the duration of the authorized leave of an executive in a financial year is more than 3 months, the PRP will be paid on pro rata basis for that year.
- h) Executives on termination by way of disciplinary action will not be eligible for PRP for that year.
- i) Executives who were under suspension during the years under consideration will not be eligible for PRP for the period of suspension if the disciplinary action has resulted in award of punishment under the CDA rules. In such case where the disciplinary action has not been concluded so far, the payment of PRP for the suspended period shall remain withheld till the conclusion of the enquiry and final action.
- j) In the event of death of an executive, PRP will be payable on pro rata basis by taking the average of the immediately preceding three years' ratings of the Executive.
- k) Executives on retirement will be eligible for PRP on pro rata basis. Retirement includes Retirement on medical ground, superannuation and VRS.
- l) In case an Executive voluntarily resigns from the company and has spent less than 3 months in the financial year, he will not be entitled for PRP. However, if he spent more than 3 months, he will be entitled for PRP for the period on pro rata basis.
- m) If performance rating of a year of an executive is not available, such executive will not be entitled for PRP for the year.
- n) The lump sum advance paid earlier for the years 2007-08 and 2008-09 as per the OM no. CIL/Pers/ PRP/ 2010-11/73/G dated 15.11.2011 of GM(Pers), CIL, would be adjusted from the payable amount of PRP.



10. Other conditions for the payment of PRP for the year 2007-08 & 2008-09 will be as follows:
- a) Executives who joined the company after 1st April, 2007 will be paid PRP on pro rata basis based on their service during the period under consideration.
  - b) Management Trainees are also eligible for payment of PRP. Their performance in the probation closure examination will be taken as Performance Rating for the computation of PRP.
  - c) In case of promotion to higher grade/ demotion to lower grade in a financial year, the payment of PRP to be made on pro rata basis for the period rendered in the relevant grades.
  - d) In case of non executives promoted to the Executive cadre in a financial year, the payment to be made on pro rata basis for the year.
  - e) MOU rating of the concerned subsidiary will be applicable to the Executives working in that particular subsidiary for the computation of PRP. The MOU rating of CIL will be applicable to Executives posted in CIL HQs, RSOs, New Delhi Office, NEC, & IICM.
  - f) As regards executives transferred from one subsidiary company to the other, payment of PRP will be made from the present place of posting on the basis of data to be made available by the company where the Executive was posted earlier for the relevant period.
  - g) If the duration of the authorized leave of an executive in a financial year is more than 3 months, the PRP will be paid on pro rata basis for that year.
  - h) Executives on termination by way of disciplinary action will not be eligible for PRP for that year.
  - i) Executives who were under suspension during the years under consideration will not be eligible for PRP for the period of suspension if the disciplinary action has resulted in award of punishment under the CDA rules. In such case where the disciplinary action has not been concluded so far, the payment of PRP for the suspended period shall remain withheld till the conclusion of the enquiry and final action.
  - j) In the event of death of an executive, PRP will be payable on pro rata basis by taking the average of the immediately preceding three years' ratings of the Executive.
  - k) Executives on retirement will be eligible for PRP on pro rata basis. Retirement includes Retirement on medical ground, superannuation and VRS.
  - l) In case an Executive voluntarily resigns from the company and has spent less than 3 months in the financial year, he will not be entitled for PRP. However, if he spent more than 3 months, he will be entitled for PRP for the period on pro rata basis.
  - m) If performance rating of a year of an executive is not available, such executive will not be entitled for PRP for the year.
  - n) The lump sum advance paid earlier for the years 2007-08 and 2008-09 as per the OM no. CIL/Pers/ PRP/ 2010-11/73/G dated 15.11.2011 of GM(Pers), CIL, would be adjusted from the payable amount of PRP.



o) The CIL Hqrs. & subsidiaries shall adopt the following procedure for PRP billing and payment:

- (i) The CIL Hqrs. and subsidiaries will compute the PRP payable to Executives as per the methodology given at point (5) above assuming 'R' in the formula as 1 and will communicate the total amount to CIL Finance department.
- (ii) Based on the data from CIL and subsidiaries, the CIL Finance will determine the "ratio of the required amount to available amount", i.e., 'R' and communicate to the subsidiaries.
- (iii) The Subsidiaries will, thereafter, revise the bill by taking the value of 'R' as communicated by the CIL Finance and take further action for PRP payment.

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## Illustration of methodology for computation of PRP

Case

i.	MOU rating of the subsidiary	Very Good (80%)
ii.	Share of corpus for the year 2007-08	Rs. 250 Cr
iii.	Amount required for current year's PRP	To be assessed by CIL
iv.	Share of corpus available from incremental profit	Nil
v.	Amount required for incremental PRP	Nil

Example

a)	Grade of Executive	E5 (50%)
b)	Basic Pay (Annual)	Rs. 4,80,000
c)	Performance rating	Adequate (60%)

	(1)	(2) (Rs)	(3)	(4)	(5)	(6)	(7) (Rs)
PRP from Current Profit	0.60	4,80,000	0.80	0.50	0.60	1.0 (Assumed)	69,120 (col. 1 X 2 X 3 X 4 X 5 X 6)
PRP from incremental profit	0.40	4,80,000	0.80	0.50	0.60	0	0
Total Provisional PRP							69,120
Ratio of required amount to available amount (communicated by CIL)							0.9
Actual PRP payable							69,120 X 0.9 = 62,208*

(\* Advance paid to be adjusted from the actual payable amount)

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- (1) - Component of PRP
- (2) - Annual Basic
- (3) - MOU rating of the subsidiary
- (4) - Grade incentive
- (5) - Executive Performance rating
- (6) - Ratio of the required amount to available amount
- (7) - Annual PRP amount