

RTI REQUEST DETAILS (आरटीआई अनुरोध विवरण)			
Registration Number (पंजीकरण संख्या) :	CSLTD/R/2019/50026	Date of Receipt (प्राप्ति की तारीख) :	15/07/2019
Type of Receipt (रसीद का प्रकार) :	Online Receipt	Language of Request (अनुरोध की भाषा) :	English
Name (नाम) :		Gender (लिंग) :	
Address (पता) :			
State (राज्य) :		Country (देश) :	India
Phone Number (फोन नंबर) :		Mobile Number (मोबाईल नंबर) :	
Email-ID (ईमेल-आईडी) :			
Status (स्थिति)(Rural/Urban) :		Education Status :	
Is Requester Below Poverty Line ? (क्या आवेदक गरीबी रेखा से नीचे का है?) :	No	Citizenship Status (नागरिकता)	Indian
Amount Paid (राशि का भुगतान) :	10 ) (original recipient)	Mode of Payment (भुगतान का प्रकार)	Payment Gateway
Request Pertains to (अनुरोध निम्नलिखित संबंधित है) :	Kala . V		
Information Sought (जानकारी मांगी):	(1) Kindly provide me certified (As per indian evidence Act ) copies of Resolution / minutes of meeting of Board of Directors related to Payment of Performance Related Pay (PRP) Scheme / policy of its employees ( Executives , Supervisors & workmen )		
<div> <input type="button" value="Print"/> <input type="button" value="Save"/> <input type="button" value="Close"/> </div>			



**Sub: Information Under Right to Information Act**

Dear Sir,

1. Please refer your RTI request no. CSLTD/R/2019/50026 dated July 15, 2019. The information sought under the said request is given below:

- (i) Kindly provide me certified (As per Indian Evidence Act ) copies of Resolution / minutes of meeting of Board of Directors related to Payment of Performance Related Pay (PRP) Scheme / policy of its employees (Executives, Supervisors & workmen )

**Answer:**

The certified true copy of the extracts of the Minutes of the 246<sup>th</sup> Meeting of the Board of Directors of Cochin Shipyard Limited held on February 08, 2019 approving the Performance Payment Scheme for Executives and Non-Unionised supervisors is placed at Annexure I.

There is no PRP scheme for workmen in CSL.

2. If you are not satisfied with the above reply, you may prefer an appeal within 30 days from the date of receipt of this letter to Shri Suresh Babu N V, Director (Operations) & Appellate Authority, Cochin Shipyard Limited, Administrative Building, Cochin Shipyard Premises, Perumanoor, Kochi – 682 015.

Thanking you,

Yours faithfully,

V Kala

Company Secretary & CPIO





**Annexure I**

**CERTIFIED TRUE COPY OF THE EXTRACTS OF THE MINUTES OF THE 246<sup>TH</sup> MEETING OF THE BOARD OF DIRECTORS OF COCHIN SHIPYARD LIMITED HELD ON FEBRUARY 08, 2019**

**Agenda Item No.23: Performance Payment Scheme to Executives and Non-Unionised Supervisors**

43. Shri K J Ramesh, CGM (HR) made a detailed presentation on the revised performance payment scheme to Executives and non-unionised supervisors based on 3<sup>rd</sup> Pay Revision Committee Report on Pay Revision for Executives and Non-unionized Supervisors and detailed guidelines vide its OM No. W-02/0028/2017-DPE(WC)-GL-XIII/17 dated 03.08.2017, 04.08.2017 and 07.09.2017 on Revision of Pay Scales, Perks and Allowance, Performance Related Payment in respect of Board and Below Board Level Executives and Non-unionized Supervisors effective from 01.01.2017. The detailed PRP scheme was placed at Annexure – I to the agenda note. The Board was further informed that the 22<sup>nd</sup> Nomination and Remuneration Committee Meeting held on February 08, 2019 had recommended the above scheme for approval. The Board unanimously passed the following resolution:

**Resolution No.246/23**

**"RESOLVED THAT** the revised Performance Payment Scheme to the Executives and Non-Unionised Supervisors of the Company as placed at **Annexure-I** to the Agenda be and is hereby approved."

**--//CERTIFIED TRUE COPY//--**

For **Cochin Shipyard Limited**

**V Kala**

**Company Secretary**





**PERFORMANCE PAYMENT SCHEME**  
**FOR EXECUTIVES AND NON-UNIONISED SUPERVISORS FROM**  
**FINANCIAL YEAR 2017-18**

**1. Introduction**

- 1.1. In line with the DPE directives as contained in the OM No.2(70)/08-DPE(WC) dated 26 Nov 2008, towards motivating Executives and Non-unionised Supervisors for excellence, a Performance Payment Scheme is in operation in the Shipyard since financial year 2007-08 and Performance Payment under the scheme on an annual basis have been disbursed commencing from the year 2007-08 to financial year 2016-17.
- 1.2. As part of implementation of pay revision of Executives and Non-unionised Supervisors, vide DPE vide its OM No. W-02/0028/2017-DPE(WC)-GL-XIII/17 dated 3<sup>rd</sup> Aug 2017 had promulgated revised guidelines regarding Performance Payment Scheme as applicable to Board level and Below Board level Executives and Non-unionised Supervisors with effect from financial year 2017-18. Ministry of Shipping vide its letter No. SY-11017/1/2009-CSL dated 29.04.19 has also conveyed approval for implementation of the revised Performance Payment Scheme w.e.f. financial year 2017-18 onwards. Accordingly, the following revised Performance Payment Scheme has been framed as laid down in the above OM of DPE and supersedes the existing PRP Scheme in vogue since 2007-08.

**2. Title & commencement**

The aforesaid new scheme will be called "Cochin Shipyard Performance Payment Scheme for Executives and Supervisors - Revised 2017 (PPS- Revised 2017 for short). The Scheme will operate on an annual basis commencing from the financial year 2017-18. The scheme will continue to remain in force in subsequent years in the same form or altered/revised/modified by the management in line with the DPE orders issued in this behalf from time to time.

**3. Objectives**

- 3.1. The Performance Payment Scheme aims at recognizing and rewarding Executives and Non-unionised Supervisors considering the total organization performances as achieved based on MoU parameters as



fixed by the Government, profits generated by the Shipyard from core business activities for the year, employee grade and individual performance as reflected in the Annual Performance Appraisal Reports rendered on a year to year basis, the incremental profit earned by the Shipyard on year on year basis and based on the overall profits for distribution of Performance Payment for the year.

3.2. The scheme further aims at fostering a culture of differential rewards by discerning outstanding performance from average performance.

3.3. Other objectives include:-

- a) Encouragement to improve efficiency and productivity and maintaining a high degree of quality standards on all fronts.
- b) Achieving a total customer satisfaction by timely delivery of ships, within the targeted dates.
- c) Sustain profitability of the shipyard to maintain the present 'Mini Ratna' status and work towards 'Navaratna status'.
- d) Recognize and reward the employees covered under the scheme based on performance, team effort and group efficiency during the year.

#### 4. Applicability

The Performance Payment Scheme will be applicable to all Executives (Board level and Below Board level) and Non-unionized Supervisors who are on the regular rolls of the company during the financial year 2017-18 and onwards.

#### 5. Performance Related Payment (PRP) Parameters for calculation

##### 5.1. Allocable profits:-

The overall profits for distribution of PRP shall be limited to 5% of the year's profit (Profit Before Tax) accruing only from core business activities (without consideration of interest on idle cash/bank balances). The ratio of break-up of profit accruing from core business activities for payment of PRP between **relevant year's profit to Incremental profit** shall be **65:35** to arrive at the **Allocable Profits and Kitty Factor**.

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## 5.2. PRP differentiator components:-

PRP payout is to be distributed based on the addition of following parts/components:-

- (i) **Based on CPSE MoU Rating:-** As per DPE Memo, weightage for CPSE performance is 50% and for Team performance component is 30%. In case of a CPSE not having plants/units and if there is no team performance areas, then PRP for such CPSE will be determined specifically based on MoU ratings after merging the weightage of Team Performance component to the Company's performance component. Accordingly, the MoU weightage would be **80% of PRP payout** (since there is no Team Performance component)
- (ii) **Further, the MoU grading shall be regulated as under:-**

MOU rating	Percentage eligibility of PRP
Excellent	100%
Very Good	75%
Good	50%
Fair	25%
Poor	Nil

- a) As part of evaluation and assessment of Shipyard's performance on a year-to-year basis, the company signs a Memorandum of Understanding (MoU) with the Administrative Ministry every year. The MoU covers all aspects of the Company's activities relating to Human Resources Management, Production, Productivity and Financial performance.
- b) The targets in the MoU are deliberated and approved by the Board and Administrative Ministry. Annual evaluation is done by DPE based on actual performance achieved against the targets set out in the MoU.
- c) The Composite Score against the parameters contained in the MOU and MOU rating achieved at the end of the financial year, reflect the total performance of the company during the said financial

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year. MOU Composite Score will, therefore, be adopted as the yardstick for the performance of the company against set targets during the financial year.

- d) PPS will be based on MOU rating and the composite score achieved under the parameters of the MOU subject to fulfillment of other conditions also.

**(iii) Individual's Performance component**

**a) Weightage = 20% of PRP payout**

- b) Annual Performance Assessment Report for the year and gradings awarded thereunder as per the Performance Management Scheme will be the basis for deciding Individual Performance Score/rating and weightage thereof as indicated below:-

Performance Rating	Grading	Weightage	Remarks
90% to 100%	Outstanding	100%	Not more than 15%
80 to 89%	Superior	90%	
74 to 79%	Very Good Plus	85%	
65 to 73%	Very Good	75%	
51 to 64%	Good	60%	
40 to 50%	Fair	40%	
Below 40%	Poor	Nil	

- c) As per DPE OM referred above, not more than 15% Executives (Below Board level) and Non-unionized Supervisors shall be in 'Excellent' category. The forced rating of 10% as below par/poor performance shall not be made mandatory. Towards this end, the PAR ratings of the individual shall be moderated by the Moderation Committee constituted in this regard by CMD.



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### 5.3. Percentage ceiling of PRP (% of Basic Pay)

a) The grade wise percentage ceiling for drawal of PRP within the allocable profits is:-

(i) **Executives**

Grade	#(Ceiling % of Basic Pay)	Weightage Factor Score
CMD	150%	1.50
Directors	125%	1.25
E-8	80%	.80
E-7	70%	.70
E-6	60%	.60
E-4 to E-5	50%	.50
E-1 to E-3	40%	.40

#as indicated by the DPE

(ii) **Supervisors**

Grade	*Weightage	Weightage Factor Score
PS-2 to PS-4	40%	.40
PS-1	38%	.38

\*Proposed as the organization itself is to fix the weightage for these categories.

### 6. **Kitty Factor**

After considering the relevant year's profit, incremental profit and the full PRP payout requirement (computed for all Executives and Non-unionized Supervisors based on Grade-wise ceilings, CSL's MOU rating & individual performance rating), there will be two cut-off factors worked out based on the PRP distribution of 65:35. The first cut-off shall be in respect of PRP amount required out of year's profit, and the second cut-off shall be in respect of PRP amount required out of incremental profit, which shall be computable based on the break-up of allocable profit (i.e. year's 5% of profit bifurcated into the ratio of 65:35 towards year's profit and incremental profit). The sum of first cut-off factor applied on 65% of Grade PRP ceiling and the second cut-off factor applied on 35% of Grade



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PRP ceiling will result in Kitty Factor. The Kitty factor shall not exceed 100% of the grade wise percentage ceiling mentioned at Para 5.3 above.

7. Based on the PRP components specified above, the calculation for individual payout of PRP is as follows :-

**(A) Formula for calculation of Net PRP**

PRP Payable = Basic Pay x Net PRP percentage

**(B) Net PRP Percentage= Factor X + Factor Y**

Where,

**Factor X** = Company's Performance Component  
= 80% weightage x MoU rating x Kitty Factor

**Factor Y** = Individual's Performance Component  
= 20% weightage x Individual's Performance Rating x Kitty factor

**(C) Kitty Factor for respective grade (%) = (65% x R x Tc) + (35% x R x Tp)**

Where,

R = Grade Weightage as per table 5.3.

Tc = Payout Factor (i.e. ratio of amount available to amount required) for component of current year PBT

Tp = Payout Factor for (i.e. ratio of amount available to amount required) component of incremental PBT of current Year

**(D) Accordingly,**

**PRP Payable = [0.8 x BP x MoU rating x Kitty Factor] + [0.2 x BP x Individual rating x Kitty Factor]**

**Note:** The actual annual Basic Pay (BP) paid to the individual during the year will be taken for this purpose

**8. Moderation Committee**

To fall in line with the norms stipulated by the Government on PRP Scheme and to synchronize Appraisal rating awarded to Executives and Non-unionized Supervisors on an annual basis, a Moderation Committee shall be appointed by CMD to review appraisal ratings awarded to all Executives and Supervisors. The Report of the Moderation Committee



and gradings awarded by CMD will be the basis for determining Performance Payment in all cases.

**9. Nomination and Remuneration Committee (NRC)**

A Nomination and Remuneration Committee headed by an Independent Director of the Board will be constituted. The Committee will decide the amount of Performance Pay and policy for its distribution across Executives and Non-unionized Supervisors within the prescribed limits on a yearly basis. The Report of the Moderation Committee and recommendations as approved by CMD would be placed before NRC for its approval.

**10. Applicability of PRP in Disciplinary cases:**

10.1. In case disciplinary proceedings are initiated against an Executive/Supervisor by issuing a Charge Memo or if an employee covered under the Scheme is placed under suspension pending enquiry on grounds of misconduct and other reasons as stipulated under the CSL CDA Rules, payment if any, under the scheme will be held in abeyance till completion of the disciplinary proceedings. Payment under the scheme thereafter will be regulated as follows:-

- (a) If the charge sheeted Executive/Supervisor is imposed a minor penalty, as envisaged under the CSL CDA Rules, he will not be eligible for Performance Payment for the year, i.e. for the period from the date of issue of charge sheet to the date of imposition of penalty. For the balance period, if any during the year, he will be paid Performance Payment for any period prior to the date of issue of charge sheet/after imposition of penalty as applicable on a pro rata basis for the year.
- (b) In case the charge sheeted employee is imposed a major penalty of demotion, reduction to a lower grade, discharge and dismissal, he will not be eligible for any payment as applicable/withheld under the scheme for the year/years when the disciplinary proceedings were pending against him.
- (c) If the employee is exonerated of the charges, he will be eligible for full payment as applicable as per his entitlement.

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- 10.2. In connection with disciplinary matters, if any case is pending disposal in any court of law, the PRP payable to the concerned employee for the relevant year will be kept pending and will be released if applicable only after the disposal of the case.

**11. Applicability of PRP to Executives/Supervisors who separate from the service of the Shipyard**

- 11.1. The PRP Scheme has been promulgated purely as a method for retention of talent and for motivating employees for improved performance on a year-to-year basis. Hence, the PRP applicable for a financial year will be disbursed only to those eligible employees who are on the regular rolls of the company during the year of disbursement. Executives and Non-unionized Supervisors separated on account of resignation with prior permission and who satisfy all other eligibility requirements as laid down in the scheme will also be eligible for PRP for the period in which they were in service of the company.

- 11.2. PRP will not be payable to Executives and Non-unionized Supervisors who ceased to be in service on the following grounds:-

- (a) Dismissal/removal from service/termination by CSL.
- (b) Left the service without notice/absconding/discharging bond liability.
- (c) Executives and Non-unionized Supervisors joining on regular rolls and resigning before completion of one year (12 months) in the service of the Company will not be entitled for payment of PRP.

**12. Other conditions:**

- 12.1. In the case of new recruits, only those Executives and Non-unionized Supervisors who have put in a minimum of 90 days and more service during the financial year shall be eligible for Performance Payment under the scheme.
- 12.2. Further, payment to Executives/Supervisors will be regulated on the basis of attendance and performance as recorded during that financial year.

- 12.3. The Scheme will also be extended to those executives/supervisors who have since retired from the service of the Shipyard during the respective financial year. In the cases of death while in service, payments as per the scheme will be paid to the dependants on a pro rata basis subject to any other criteria as laid down in this regard.
- 12.4. Payments as approved by Nomination and Remuneration Committee under the scheme as applicable for a financial year will be made normally in the succeeding financial year or otherwise as decided and approved by the Nomination and Remuneration Committee for that financial year.
- 12.5. Payments under the scheme will be subject to deduction of Income Tax/any other statutory recoveries as applicable.
- 12.6. Excess payment, wrong payment, arithmetical & system errors in calculation of PRP and arrears shall be subject to corrections, adjustments and recoveries.
- 12.7. Executive Trainees will not be entitled for PRP during their training period including extended period of training, if any.
- 12.8. In case of any dispute of any of the above provisions of the PRP Scheme, the decision of CMD/recommendations of the Nomination and Remuneration Committee shall be final and binding.
- 12.9. Modifications if any to the provisions of the scheme will be made strictly in line with DPE directives with the approval of the Nomination and Remuneration Committee/Board.

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