

OFFICE MEMORANDUM

Sub: PAYMENT OF LUMPSUM RECOVERABLE ADVANCE

Approval of Board of Directors is hereby conveyed for payment of lump sum recoverable advance for financial years 2007-08, 2008-09 and 2009-10 to Board level and below Board level executives of CIL & its subsidiaries. As and when the MOU ratings of the Companies for 2010-11 are approved by DPE, advance payment as per the prescribed methodology would also be released to the executives.

For arriving at the quantum of amount payable, it has been advised to calculate Performance Related Pay (PRP) amount payable to the individual Executive for the years 2007-08, 2008-09 & 2009-10 as per the methodology recommended by Remuneration Committee in its meeting held on 5<sup>th</sup> Feb. 2010 and pay 75% of the amount as lump sum recoverable advance.

Pursuant to above, the amount of recoverable advance payable for the years 2007-08, 2008-09 and 2009-10 will be derived based on the following guidelines/parameters :

- a) The payment will be made to such of the Executives, who were on the roll of the Company as on 1<sup>st</sup> April 2007 and continue to do so as on 1<sup>st</sup> November, 2011.
- b) Executives who have superannuated are not eligible for the advance.
- c) In case of Executives who are likely to superannuate shortly, the advance paid will be adjusted against terminal benefits due to them.
- d) Those Executives who joined the company after 1<sup>st</sup> April 2007 will be paid the recoverable advance on pro-rata basis based on their service during the period under consideration.
- e) Management Trainees are also eligible for payment of advance.
- f) In case of promotion/demotion to higher / lower grade during the above period, the payment would be made on pro-rata basis for the service rendered in the relevant grade. In case of non-executives promoted to the Executive cadre during the period, the payment would be made on pro-rata basis.
- g) For those Executives under suspension, no advance would be paid.
- h) CIL's MoU rating will be applicable to RSOs, Delhi Office, NEC and IICM.
- i) As regards executives transferred from one subsidiary company to the other, payment of advance 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.

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j) Methodology for calculation will be as illustrated below:

**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 revised Basic Pay for years 2007-08, 2008-09 & 2009-10

**M** = MOU rating of CIL and its subsidiaries (Excellent-100 %; Very Good -80%  
Good-60% and Fair - 40 %)

**E** = Percentage applicable to Performance Ratings of Executives in 2007-08,  
2008-09 & 2009-10

**G** = Grade Incentive ( % of Basic pay) of the Executive

**R** = Ratio of required amount to available amount. The ratio of required amount  
to available amount for the years 2007-08 and 2009-2010 are '1' . For the  
year 2008-09 "R" is '0.66' because of dip in Profit Before Tax (PBT)  
thereby impacting the ratio of PBT of 2007-08 & 2008-09

**P** = P for the year 2007-08 is 60 % being the base year. P for 2008-09 is  
60 % as there was no incremental profit and P for the year 2009-10 is  
100 % due to incremental profit.

Actual MOU ratings of CIL and its subsidiaries, Percentage applicable to  
Executive Evaluation Ratings and Grade Incentive along with illustrations for  
calculation are enclosed as **Annexure - I (4 pages)**.

The payment may be released as soon as possible.

This issues with the approval of competent authority.



( Dr Sanjay Kumar ) 15.11.2011  
General Manager(Personnel)

Encl. a/a.

**Distribution:**

1. Chairman-cum-Managing Director, BCCL / ECL / CCL / SECL / WCL / MCL /  
NCL / CMPDIL
2. Director(Tech)/Director(P&IR)/Director(Finance)/Director(Mktg)/CIL, Kolkata
3. Director(F)/(P)/(T)/(T/RD&T), BCCL/ECL/CCL/SECL/WCL/MCL/NCL/CMPDIL
4. Chief Vigilance Officer, CIL, Kolkata
5. ED(S&R), CIL,Kolkata/ED, IICM, Ranchi
6. CGM/TS to Chairman, CIL, Kolkata
7. CGM,NEC,Margherita
8. CGM(S&M),CIL,Kolkata
9. Chief General Manager(Finance) CIL, Kolkata
10. General Manager(System),CIL,Kolkata
11. General Manager(P/PC),CIL,Kolkata
12. General Manager, CIL, New Delhi
13. General Manager(Telecom)CIL,Kolkata-with a request to upload in CIL website
14. All RSMs, CIL.
15. TS to Director(P&IR),CIL,Kolkata

## ANNEXURE - I

## ACTUAL MOU RATINGS OF CIL &amp; SUBSIDIARIES

Company	2007-08	2008-09	2009-10
CIL	Excellent	Excellent	Excellent
ECL	Fair	Fair	Very Good
BCCL	Very Good	Very Good	Excellent
CCL	Very Good	Very Good	Very Good
NCL	Excellent	Excellent	Excellent
WCL	Excellent	Excellent	Excellent
SECL	Excellent	Excellent	Excellent
MCL	Excellent	Very Good	Excellent
CMPDIL	Excellent	Excellent	Excellent

## PERCENTAGE APPLICABLE TO EXECUTIVE EVALUATION RATINGS

Grading	% to be taken for calculation
Excellent	100
Commendable	80
Adequate	60
Inadequate	0

## GRADE INCENTIVE

Grade	Incentive (%)
MT/E1 to E3	40 %
E4 to E5	50 %
E6 to E7	60 %
E8 to E9	70 %
Directors (A & B)	150 %
CMD (A & B)	200 %

### Illustrations

**Example - 1**

<b>Name of the Executive</b>	<b>Mr. X</b>				
<b>Year</b>		2007 - 08	2008 - 09	2009 - 10	Total
<b>Place of Posting</b>		ECL	ECL	ECL	
<b>MoU rating of the company</b>		Fair (40%)	Fair (40%)	Very Good (80%)	
<b>Grade of the Executive</b>		E5	E5	E5	
<b>Annual Basic Pay (Rs)</b>		480000.00	520000.00	560000.00	
<b>Grade incentive</b>		50%	50%	50%	
<b>Performance rating</b>		Excellent (100%)	Excellent (100%)	Excellent (100%)	
<b>Calculated Amount (Rs)</b>		57600.00	41184.00	224000.00	
<b>by the above formula</b>					322784.00
		(480000X40%X50%X60%X100%X1) (520000X40%X50%X60%X100%X0.66) (560000X80%X50%X100%X100%X1)			
<b>Recoverable Advance (Rs.)</b>		43200.00	30888.00	168000.00	242088.00
<b>75% of calculated amount</b>					

**Example - 2**

<b>Name of the Executive</b>	<b>Mr. Y</b>				
<b>Place of Posting</b>		2007 - 08	2008 - 09	2009 - 10	Total
<b>MoU rating of the company</b>		BCCL	BCCL	BCCL	
<b>Grade of the Executive</b>		Very Good (80%)	Very Good (80%)	Excellent (100%)	
<b>Annual Basic Pay (Rs)</b>		E6	E6	E6	
<b>Grade incentive</b>		520000.00	560000.00	600000.00	
<b>Performance rating</b>		60%	60%	60%	
<b>Calculated Amount (Rs)</b>		149760.00	106444.80	360000.00	
<b>by the above formula</b>					616204.80
		(520000X80%X60%X60%X100%X1) (560000X80%X60%X60%X100%X0.66) (600000X100%X60%X100%X100%X1)			
<b>Recoverable Advance (Rs.)</b>		112320.00	79833.60	270000.00	462153.60
<b>75% of calculated amount</b>					

### Illustrations

**Example - 3**

<b>Name of the Executive</b>	<b>Mr.A</b>				
<b>Place of Posting</b>					
<b>MoU rating of the company</b>					
<b>Grade of the Executive</b>		2007 - 08 CMPDIL Excellent (100%) E2	2008 - 09 CMPDIL Excellent (100%) E2	2009 - 10 CMPDIL Excellent (100%) E2	<b>Total</b>
<b>Annual Basic Pay ( Rs)</b>		320000.00	340000.00	360000.00	
<b>Grade incentive</b>		40%	40%	40%	
<b>Performance rating</b>		Commendable (80%)	Commendable (80%)	Commendable (80%)	
<b>Calculated Amount (Rs)</b>		61440.00	43084.80	115200.00	219724.80
<b>by the above formula</b>		$(320000 \times 100\% \times 40\% \times 60\% \times 80\% \times 1)$	$(340000 \times 100\% \times 40\% \times 60\% \times 80\% \times 0.66)$	$(360000 \times 100\% \times 40\% \times 100\% \times 80\% \times 1)$	
<b>Recoverable Advance ( Rs.)</b>		46080.00	32313.60	86400.00	164793.60
<b>75% of calculated amount</b>					

**Example - 4**

<b>Name of the Executive</b>	<b>Mr.B</b>				
<b>Place of Posting</b>					
<b>MoU rating of the company</b>					
<b>Grade of the Executive</b>		2007 - 08 NCL Excellent (100%) E8	2008 - 09 NCL Excellent (100%) E8	2009 - 10 NCL Excellent (100%) E8	<b>Total</b>
<b>Annual Basic Pay ( Rs)</b>		720000.00	750000.00	790000.00	
<b>Grade incentive</b>		70%	70%	70%	
<b>Performance rating</b>		Commendable (80%)	Commendable (80%)	Commendable (80%)	
<b>Calculated Amount (Rs)</b>		241920.00	166320.00	442400.00	850640.00
<b>by the above formula</b>		$(720000 \times 100\% \times 70\% \times 60\% \times 80\% \times 1)$	$(750000 \times 100\% \times 70\% \times 60\% \times 80\% \times 0.66)$	$(790000 \times 100\% \times 70\% \times 100\% \times 80\% \times 1)$	
<b>Recoverable Advance ( Rs.)</b>		181440.00	124740.00	331800.00	637980.00
<b>75% of calculated amount</b>					

### Illustrations

Example - 5

Name of the Executive	Mr.C	2007 - 08	2008 - 09	2009 - 10	Total
Place of Posting		CCL	CCL	CCL	
MoU rating of the company		Very Good (80%)	Very Good (80%)	Very Good (80%)	
Grade of the Executive		E7	E7	E7	
Annual Basic Pay ( Rs)		600000.00	630000.00	670000.00	
Grade incentive		60%	60%	60%	
Performance rating		Excellent (100%)	Excellent (100%)	Excellent (100%)	
Calculated Amount (Rs)		172800.00	119750.40	321600.00	
by the above formula		(600000X80%X60%X100%X1) (630000X80%X60%X100%X0.66) (670000X80%X60%X100%X1)			
Recoverable Advance ( Rs.)		129600.00	89812.80	241200.00	
75% of calculated amount					460612.80

Example - 6

Name of the Executive	Mr.D	2007 - 08	2008 - 09	2009 - 10	Total
Place of Posting		CCL	CIL	ECL	
MoU rating of the company		Very Good (80%)	Excellent (100%)	Very Good (80%)	
Grade of the Executive		E6	E7	E7	
Annual Basic Pay ( Rs)		600000.00	650000.00	670000.00	
Grade incentive		60%	60%	60%	
Performance rating		Excellent (100%)	Commendable (80%)	Excellent (100%)	
Calculated Amount (Rs)		172800.00	123552.00	321600.00	
by the above formula		(600000X80%X60%X100%X1) (630000X100%X60%X60%X80%X0.66) (670000X80%X60%X100%X1)			
Recoverable Advance ( Rs.)		129600.00	92664.00	241200.00	
75% of calculated amount					463464.00