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අති විශේෂ EXTRAORDINARY

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No. 1469/36 – FRIDAY, NOVEMBER 03, 2006

(Published by Authority)

## PART I : SECTION (I) – GENERAL

### Government Notifications

My No.: CI/119.

#### THE INDUSTRIAL DISPUTES ACT, CHAPTER 131

THE Collective Agreement entered into between Coats Thread Lanka (Private) Ltd., 163, Union Place, Colombo 02 of the one part and Inter Company Employees Union, 158/18, E. D. Dabare Mawatha, Colombo 05 of the other part on 04th August, 2006 is hereby published in terms of Section 06 of the Industrial Disputes Act, Chapter 131, Legislative Enactments of Ceylon (Revised Edition 1956).

D. SOMAWEERA EDIRISINGHE,  
Commissioner General of Labour.

Department of Labour,  
Labour Secretariat,  
Colombo 05.  
04th October, 2006.

#### Collective Agreement No. 18 of 2006

##### COLLECTIVE AGREEMENT

This Collective Agreement made on this Fourth (04th) day of August Two Thousand and Six (2006) pursuant to the Industrial Disputes Act between the Inter Company Employees Union, a Trade Union duly registered under the Trade Unions Ordinance and having its registered office at 158/18, E. D. Dabare Mawatha, Colombo 5 (hereinafter referred to as “the Union”) and Coats Thread Lanka (Private) Ltd., a duly registered Company under the Companies Act and having its registered office at 163, Union Place, Colombo 2 (hereinafter referred to as the “Employer”) witnesseth and it is hereby agreed between parties as follows:–

**Title:** This Collective Agreement shall be known and referred to as the Coats Thread Employees Collective Agreement of Two Thousand and Six.

1. **Parties Covered and Bound.**– This Agreement shall cover and bind the Employer, the Union and the Employees to whom the Agreement shall apply.

2. **Employees Covered and Bound.** - This Agreement shall cover and bind all Employees employed by the Employer in its Factory and Stores at Moragahahena on permanent monthly contracts of employment in the categories of employment for which salaries have been spelt out in the First Schedule hereof and are members of the Union (hereinafter referred to as "Employees").

3. **Duration of Agreement.** - This Collective Agreement shall be effective from 1st August, 2005 and may be terminated by either party with one month's written notice to the other, provided however that neither party may give such notice prior to the 30th of November 2008. Notice given of termination prior to 30th November 2008 will not be regarded as valid notice and shall be of no avail, provided further however, that the Union may raise issues for the revision of this Agreement at any time after the First Day of January 2008 and the Employer shall commence negotiations on such issues with the Union with a view to reaching a fresh Agreement.

#### 4. **Salaries.** -

- (i) With effect from 1st August, 2006 the Employer agrees to increase the monthly salaries of employees by the addition of a sum of Rs. 1400/- to the salary drawn by each employee as at July 2006.
- (ii) With effect from 1st January, 2007 the Employer agrees to increase the monthly salaries of employees by the addition of a sum of Rs. 900/- to the salary drawn by each employee as at December 2006.
- (iii) With effect from 1st January, 2008 the Employer agrees to increase the monthly salaries of employees by the addition of a sum of Rs. 1000/- to the salary drawn by each employee as at December 2007.

#### 5. **Salary Scales / Annual Increments.** -

- (i) With effect from 1st August, 2006 the commencement point of salaries applicable to the respective categories of employees and the annual increments applicable to such categories will be as set out in the First Schedule hereto.
- (ii) At the expiry of each twelve month period, commencing 1st January, 2007, the Employer shall add to and consolidate with the monthly salary of each Employee a sum in rupees equal to the difference in the complete points by which the Colombo Consumers' Price Index has increased over such twelve month period multiplied by two.

For example, with effect from 1st January, 2006, a sum in rupees equal to the difference in the Colombo Consumers' Price Index as at January 2005 and December 2005 multiplied by two, will be added to and consolidated with the salaries of each Employee and the commencing point applicable to the Employees as provided in the First Schedule hereof shall also be revised by the addition to such salary point a similar amount. Accordingly the salaries applicable to the employees shall stand revised annually.

- (iii) Apart from the annual consolidation of salaries referred to at Clause 5 (ii) hereof, each Employee shall be entitled to an annual increment on the grade applicable in terms of the First Schedule hereof, provided however that such increment is not suspended, stopped or deferred by the Employer on the basis of disciplinary action taken in accordance with the provision hereof.

6. **Notional Arrears.** - All employees entitled to the salary increases referred to in clause 4 above will be paid a sum of Rs. 12,550/ as notional arrears for period of 01.08.2005 - 31.05.2006 (Rs. 550 × 12 + Rs. 850 × 7). This payment shall be made by the Employer in July 2006. The Union and the Employees agree that the said notional arrears shall not be regarded as a part of employee earnings for any purpose whatsoever and shall not attract payments such as EPF, ETF, overtime and such like.

7. **Annual Ex Gratia Payment.** - By way of an ex-gratia payment the Employer shall pay each Employee covered and bound by this Agreement in the month of April each year, a sum equal to one month's salary of such Employee. The salary for this purpose will be the salary applicable at the time of such payment.

By way of arrears in respect of the above payment, the Company agrees to pay a sum of Rs. 1400/- to all employees who qualified to receive this payment in April 2006, provided that such payment is subject to any proportionate deductions on account of service. In other words if any employee received only a proportionate payment when this was paid in April this year such employee will receive the above sum also to the same proportion.

#### 8. **Bonus :**

- (a) In addition to the payment in terms of Clause 7 above the Employer shall make a further bonus payment to Employees in the month of April each year in accordance with the formula set out in the Second schedule hereof. This payment will be linked to the achievement of sales volumes against budgeted sales targets.
- (b) The union and employees agree that they shall not jointly and / or severally call into question or raise any dispute with regard to the sales budget determined by the Employer annually.

- (c) By way of arrears in respect of the above payment, the Company agrees to pay a sum of Rs. 1,100 to all employees who qualified to receive this payment in February 2006, provided that such payment is subject to any proportionate deductions based on no pay absence in excess of any employees leave entitlement. Eg. If any employee received only 50% of his bonus based on sales for 2005, such person will receive only 50% of Rs. 1,100.

**9. Leave:**

- (a) The leave entitlement of an Employee covered and bound by this Agreement shall be as follows in respect of each year, unless a more favourable leave entitlement has been granted to an employee in terms of his contract of employment.

Casual Leave	:	07 days
Medical Leave	:	14 days
Annual Leave	:	14 days

- (b) All Annual leave shall be taken on dates mutually convenient to the Employer and the Employee concerned by prior arrangement and with the approval of the Employer. Other than due to circumstances beyond an Employee's control where prior approval of leave cannot be obtained from the Employer, all other leave must also be taken with the prior approval of the Employer. In the case of absence on account of sickness in excess of two days, a medical certificate acceptable to the Employer should be submitted by the Employee. Casual leave shall not be permitted immediately preceding or succeeding a period of annual leave. Any period of sick leave even for a single day, immediately preceding or succeeding annual leave will be permitted only subject to a medical certificate acceptable to the Employer.
- (c) The "leave year" of an Employee for purposes of computing the leave entitlement and availment of leave shall be the 12 month period commencing from the first date of the month in which an Employee has joined the Company. For example, in the case of an Employee who joined on 10.04.98, the "leave year" shall be regarded as 1st April - 31st March in any year.

**10. Purchase of Unavailed of Leave:**

- (a) At the end of the "leave year" of each Employee the Employer shall make payment to each Employee in respect of unavailed of casual and sick leave in the following manner:-
- (i) up to 10 days of unavailed of leave - payment at the rate of 1 1/4 days salary for each day.
- (ii) in excess of 10 days of unavailed of leave - payment at the rate of 1 1/2 days salary for each additional day in excess of 10 days.

Provided however that an employee who does not utilise his full quota of casual and / or sick leave may utilise in respect of an infectious disease hereunder identified, such number of days of casual and / or sick leave not utilised during the immediately preceding 2 years regardless of such employee having obtained payment on account of such unavailed of leave. For example, if in the years 1998 and 1999 an employee has saved 10 days sick leave, he will, in addition to the payment he receives in respect of such 10 days, be permitted in 2000 to utilise 10 days leave with pay in the event of an infectious disease.

- (b) If an employee has exhausted his casual and sick leave entitlement at the time he contracts an infectious disease and has no leave saved in the two previous years, such absence will be treated as approved leave without pay.
- (c) "Infectious disease" for the purpose of the aforesaid proviso shall mean Chickenpox, Measles and Mumps only. All leave applied for under this proviso will have to be supported by medical certificates acceptable to the Employer.

#### 11. *Shift Allowance:*

- (a) Employees shall be paid a shift allowance of Rs. 55 in respect of each night shift and a sum of Rs. 20 in respect of each second shift. However any employee who works all night shifts throughout the week will be paid at the rate of Rs. 60 per shift.
- (b) In respect of the first shift, i.e. from 6.00 a. m. to 2.00 p.m. the current interval of 40 minutes will remain unchanged. By prior agreement with the Employer the employees may take this interval at one stretch or in two parts of 30 and 10 minutes. It is agreed that there will be no loss of production on account of the additional 10 minute interval and the employees shall not be entitled to any form of other intervals or breaks unless otherwise authorised by way or "pass-out slips".

12. **Production Bonus.**— Employees covered and bound by this Agreement shall be entitled to a monthly production bonus calculated in accordance with the rules laid down in the Third Schedule hereof, with effect from the date of signing hereof.

13. **Grading of Employees.**— The Employer shall carry out a re-grading exercise in respect of its maintenance Employees. The Union may raise with the Management any dispute arising out of such re-grading and any such dispute shall be dealt with under the provisions or Clause 18 hereof.

14. **Batta Rates.**— Employees who on any day are required to leave their station on work and cannot return to station before 2.00 p.m. in the first shift, 3.00 p.m. in the general shift and 8.00 p.m. in the second shift will be paid Rs. 86 by way of batta in respect of such day.

15. **Uniforms.**— All Employees will be issued with three sets of uniforms per year and shall be required to wear them during the working hours.

16. **Meal Tokens.**— Employees who are required to work overtime for any period in excess of four hours beyond their normal shift will be entitled to receive a meal token to the value of Rs. 35. This meal token cannot be encashed under any circumstances.

17. **Levels of Production.**— It is agreed by and between the parties to this Agreement that the current collective and / or individual production levels will be maintained by employees.

The work norms in respect of employees where contracts of employment set out such norms shall however continue to apply to them.

- (a) The Employer will have the right to revise the production and / or incentive targets in the context of the introduction of additional or new machinery, changes in technology and / or work procedures. Such revisions, will be done in consultation with the Union. In the event of there arising any dispute regarding the revision of minimum production levels and / or incentive targets, parties agree to have the matter in dispute referred to the Textile Training and Services Centre or any other recognised institution. The decision of such body shall be final and binding on both parties. Parties shall accordingly comply with such findings and a refusal to work accordingly by employees shall constitute misconduct.

18. **Disputes Settlement Procedure.**— It is agreed by and between parties that any Industrial dispute that may occur between the Employer and the union and/or the Employees during the pendency of this Agreement shall be dealt with in the manner set out hereunder:

- (i) The Branch Union or the Employees shall at the outset raise such dispute with the Employer and both parties shall endeavour to reach a satisfactory settlement of the dispute through consultation.

- (ii) In the event of there being no settlement after consultation between parties, the Union shall raise the dispute with the Employers' Federation of Ceylon of which the Employer is a member and the Union and the Federation shall through consultation with all parties attempt to reach a satisfactory settlement.
- (iii) Should there be no satisfactory outcome of the attempts at settlement by the Union and the Employers' Federation of Ceylon, the Union may seek the intervention of the Commissioner of Labour to settle the dispute in accordance with the provisions of the Industrial Disputes Act.

19. The Union and the employees jointly and severally agree that they shall not, during the pendency of this Agreement, resort to any form of Trade Union action in respect or any industrial dispute whether covered by this Agreement or not and shall endeavour to settle any or all disputes that may arise in accordance with the disputes procedure laid down herein.

20. It is further agreed by and between parties that neither party will, during the pendency of this Agreement, attempt in any manner to change, vary or amend in any form, any of the terms and conditions set out in this Agreement, other than by way of mutual agreement.

21. The Employer, the employees and the Union jointly and severally agree to co-operate with each other towards continuous improvement and commitment to quality through team work in the Employer's establishment.

22. In the event of an inconsistency between the English and the Sinhala texts of this Agreement, the English one will prevail.

In witness hereof parties have set their hands on this Fourth (04th) day of August Two Thousand and Six (2006).

*For and on behalf of*

**COATS THREAD LANKA (PVT) LTD.**

*For and on behalf of*

**INTER COMPANY EMPLOYEES UNION**

KEVIN FINN

W. A. SOMADASA

Managing Director

Administrative Secretary.

*WITNESSES:*

1. A. K. DISSANAYAKE

2. S. SUMINDA VIJITHADEVA

Managing Director

Chairman

6A

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PART I: SEC. (I) - GAZETTE EXTRAORDINARY OF THE DEMOCRATIC SOCIALIST REPUBLIC OF SRI LANKA - 03.11.2006

## FIRST SCHEDULE

	Grade III	Grade II	Grade IB	Grade IA
Starting Point	Rs. 7,357/-	Rs. 7,407/-	Rs. 7,457/-	Rs. 7,507/-
Annual Increment	Rs. 40/-	Rs. 50/-	Rs. 55/-	Rs. 60/-

## SECOND SCHEDULE

The payment of bonus in terms of clause 8 of this Agreement shall be in accordance with the table below.

*Table for the payment of bonus:*

<i>Step</i>	<i>Proportion of actual sales achieved against the budgeted sales volumes for each year</i>	<i>Proportion of monthly salary payable as bonus</i>	
1	70%	72%	
2	71%	74.15%	
3	72%	76.3%	
4	73%	78.45%	
5	74%	80.6%	
6	75%	82.75%	
7	76%	84.9%	
8	77%	87.05%	
9	78%	89.2%	
10	79%	91.35%	
11	80%	93.5%	
12	81%	95.65%	
13	82%	97.8%	
14	83%	100%	1 month
15	84%	105.88%	
16	85%	111.76%	
17	86%	117.64%	
18	87%	123.52%	
19	88%	129.4%	
20	89%	135.28%	
21	90%	141.16%	
22	91%	147.04%	
23	92%	152.92%	
24	93%	158.8%	
25	94%	164.68%	
26	95%	170.56%	
27	96%	176.44%	
28	97%	182.32%	
29	98%	188.2%	
30	99%	194.08%	
31	100%	212.5%	2.125 months
32	101%	223.0%	
33	102%	233.5%	
34	103%	244.0%	
35	104%	254.5%	
36	105%	265.0%	
37	106%	271.0%	
38	107%	278.0%	
39	108%	285.0%	
40	109%	292.0%	
41	110%	300.0%	3 months

- (a) The salary for the calculation of the bonus shall be the salary drawn by the respective employee in the last month of the financial year in respect of which bonus is payable.
- (b) An employee who is absent in excess of his leave entitlement for a period of six (6) or more days will not be eligible to receive this bonus and it shall not be paid to such employee.
- (c) Subject to the number of days absent in excess of an employee's leave entitlement in any one year the employer shall be entitled to make deductions from the bonus payable to an employee in the under-noted manner :-
- 1 Day in excess of leave entitlement - 5% of declared bonus
  - 2 Days in excess of leave entitlement - 12½% of declared bonus
  - 3 Days in excess of leave entitlement - 22½% of declared bonus
  - 4 Days in excess of leave entitlement - 35% of declared bonus
  - 5 Days in excess of leave entitlement - 50% of declared bonus

Any period of no pay leave of an employee with the approval of the management will not be regarded as absence for the above computations.

### THIRD SCHEDULE

### SCHEDULE III

#### DYE HOUSE WORKERS INCENTIVE SCHEME

1. **Employees covered.**— Dye House Multi-skilled Operators, Drug Storemen, Drug Store Helpers, Sub Stores Leaders and workers, Wet Lab Helpers, Boiler Operators and Effluent Plant Operators.

In the Dye House only those Multi-skilled Operators working the minimum number of machines will be entitled to earn incentives under this scheme.

2. **Targets to be achieved and incentive payable as follows :**

Stage	Block A	Block B		Block C	Block D
	RFT (All) %	PASS LOTS / MC / DAY < 36 Pkg	> 36 Pkg	Fast Track Achievement (At Factory level)	24 hour Achievement (All Orders)
1	94.5	9.0	5.5	98.0%	96.0%
2	95.0	9.5	5.6	98.5%	96.5%
3	95.5	10.0	5.7	99.0%	97.0%
4	96.0	10.5	5.8	99.5%	97.5%
5	96.5	11.0	5.9	100%	98.0%
6	97.0	11.2	6.0	100%	98.5%
7	97.5	11.4	6.1	100%	99.0%
8	98.0	11.6	6.2	100%	99.5%
9	98.5	11.8	6.3	100%	100%
10	99.0	12.0	6.4	100%	100%
11	99.5	12.0	6.4	100%	100%
12	100.0	12.0	6.4	100%	100%

Note -

1. Pass lots / Mc / Day is SSP equivalent at 50% Utilization.
2. To entitle for the incentive earning Stage 1 targets should be achieved.
3. Performance is evaluated weekly in each block.
4. Orders will be based on "SSP equivalent" when calculating the Fast Track and 24 hour achievement "SSP equivalent" factor table is as follows :

Substrate / Shade Category	Factor
SSP	1.0
TRP	2.0
CFP	2.0
PCC	3.0
MFP	3.0
Bleach Wash Orders	2.0
PU Orders	2.0
OBA	0.5

3. *On achieving the targets at 2 above, employees will be entitled to the following payments.*

Stage	Block A	Block B		Block C	Block D
	RFT (All) %	PASS LOTS / MC / DAY < = 36 Pkg	>36 Pkg	Fast Track Achievement (At Factory level)	24 hour Achievement (All Orders)
1	450.00	420.00	315.00	100.00	155.00
2	510.00	490.00	375.00	125.00	175.00
3	570.00	560.00	435.00	150.00	200.00
4	630.00	630.00	495.00	225.00	230.00
5	690.00	700.00	555.00	300.00	260.00
6	750.00	770.00	615.00	300.00	300.00
7	810.00	840.00	675.00	300.00	350.00
8	870.00	924.00	735.00	300.00	410.00
9	930.00	1008.00	795.00	300.00	480.00
10	1000.00	1092.00	855.00	300.00	480.00
11	1080.00	1092.00	855.00	300.00	480.00
12	1170.00	1092.00	855.00	300.00	480.00

4. *Key points on incentive calculations*

- 4.1 The Dye House will be considered as one group for payment of incentives.
- 4.2 Incentives will be calculated on a weekly basis excluding holidays (i.e. Sundays and other holidays, if worked)
- 4.3 Total incentive earnings of a worker for a particular month will be proportioned to the number of days worked.
- 4.4 Payments will be made on a monthly basis.

**DYE HOUSE FLOOR (DRYING) INCENTIVE SCHEME**

1. **Employees Covered** .– RF operators (25kW & 40 kW); Galvanin Operators; Dettin Operators; Hydro - Extractor Operators.
2. **Basic Targets** .– Minimum incentive earning is approximately 15% of the basic salary if all basic targets are achieved.

Targets to be achieved and incentives payable are as follows:

- 2.1 8% of the basic salary will be payable if the following minimum targets are achieved.  
(However at present the Extraction and drying sections are running at over capacity levels and therefore the incentive calculations will be done under two probable scenarios and the appropriate situation will be applied considering the availability of the read / orders).

Performance will be evaluated on a weekly basis.

**Situation 1 -**

when DH Avg. output / Day < 8400 Kg

Targets to be achieved and incentives payable are as follows:

Machine	Target Output		% Incentive of Basic Salary
RF - 25 kW	1389	(kg/shift)	4.0%
Dettin	1575	(kg/shift)	4.0%
Total			8.0%

**Situation 2 -**

when DH Avg. output/Day >= 8400 Kg

Targets to be achieved and incentives payable are as follows:



<i>Machine</i>	<i>Target Output</i>	<i>% Incentive of Basic Salary</i>
RF - 25 kW	1389 (kg/shift)	2.0%
RF - 40 kW	1404 (kg/shift)	2.0%
Dettin	1575 (kg/shift)	2.0%
Hyd. Ex. 1	907 (kg/shift)	2.0%
Total		8.0%

Earnings will increase as the out put increases to a maximum of 5% the basic salary as follows:  
But this increased earnings will be applicable only under situation 2.

<i>RF - 25 kW</i>	<i>RF - 40 kW</i>	<i>Dettin</i>	<i>Hyd. Ex 1</i>	<i>% incentive of Basic Salary</i>
1427	1443	1620	963	2.5%
1466	1482	1663	1017	3.0%
1504	1521	1707	1070	3.5%
1543	1560	1751	1130	4.0%
1583	1601	1797	1159	4.5%
1624	1642	1843	1189	5.0%

- 2.2 A minimum of 3% of the basic salary will be payable if the “Fast Track” achievement is 98% and will be increased in the following manner.

<i>Fast Track achievement (At Factory Level)</i>	<i>% incentive of basic salary</i>
98%	3%
99%	4%
100%	5%

*N.B.*

No incentive is payable if achievement is < 98%  
performance will be evaluated on a weekly basis.

- 2.3 A minimum of 4% of the basic salary will be payable if the “Delivery Date Performance” achievement is 98% and will be increased in the following manner.

<i>Delivery Date Performance Achievement</i>	<i>% incentive of basic salary</i>
98%	4%
99%	5%
100%	6%

*N.B.*

No incentive is payable if achievement is < 98%  
Performance will be evaluated on weekly basis.

### 3. **Key Points on incentive calculations;**

- 3.1 Incentives will be calculated on weekly basis excluding holidays (i.e. Sundays & Other Holidays, if worked);  
3.2 Total incentive earnings of a worker for a particular month will be proportioned to the number of days worked.

**SSM LUBRICATION INCENTIVE SCHEME**

1. **Employees covered.** - Scharer Lubrication machine operators
2. **Basic Targets.** - Minimum incentive earning is approximately 15% of the basic salary if all basic targets are achieved.

Targets to be achieved & incentives payable are as follows:

- 2.1 8% of the basic salary will be payable if the following minimum targets are achieved.  
Every output increase of 1% over the target will entitle employees for a 1% increase in incentive earnings.

Performance will be evaluated weekly.

**NON REPROCESSED THREAD**

Count	Type	Target (Kgs)	Allocation	% incentive of basic salary
95/2	SSP	151.2	24	8%
95/3	SSP	230.9	24	8%
140/2	SSP	237.6	24	8%
150/2	SSP	212.0	24	8%
140/3	SSP	183.6	12	8%
295/2	SSP	222.3	12	8%
295/3	SSP	200.9	8	8%
490/3	SSP	210.6	6	8%
96/2	PPC	151.2	24	8%
125/2	PPC	206.9	24	8%
116/2	PPC	184.7	24	8%
205/2	PPC	170.1	12	8%
205/3	PPC	171.9	12	8%
160/2	PPC	147.1	12	8%
72/3	MFP	137.7	24	8%
167/1	TXP	133.4	24	8%
167/2	TXP	192.0	24	8%
166/1	MFP	87.2	24	8%
166/2	MFP	144.0	24	8%
120/2	TRP	120.0	24	8%

**REPROCESSED THREAD**

Count	Type	Target ((Kgs)	Allocation	% incentive of basic salary
95/2	SSP	129.6	24	8%
95/3	SSP	192.4	24	8%
140/2	SSP	187.2	24	8%
140/3	SSP	140.4	12	8%
295/2	SSP	183.0	12	8%
295/3	SSP	172.8	8	8%
490/3	SSP	176.1	6	8%

- 2.2 2% of the basic salary will be payable if there are no customer complaints.

No. of customer complaints	% incentive on basic salary
0	2%
>=1	0%

**N.B.**

Performance will be evaluated on a monthly basis.

2.3 A minimum of 2% of the basic salary will be payable if “Fast Track” achievement is 98% and thereafter increased in the following manner.

Fast Track achievement (At Factory Level)	% incentive on basic salary
98%	2%
99%	3%
100%	4%

**N.B.**

No incentives are payable if achievement is < 98%

Performance will be evaluated on a weekly basis.

2.4 A minimum of 3% of the basic salary will be payable if “Delivery Date Performance” achievement is 98% and thereafter increased in the following manner:

Delivery Date Performance achievement	% incentive on basic salary
98%	3%
99%	4%
100%	5%

**N.B.**

Performance will be evaluated on a weekly basis.

**3. Key points on incentive calculations**

- 3.1 Incentives will be calculated on a weekly basis for 2.1; 2.3 and 2.4 and on a monthly basis for 2.2, excluding holidays (i.e. Sundays & other holidays if worked);
- 3.2 Total incentive earnings of a worker for a particular month will be proportioned to the number of days worked.

**Please note**

All reprocessed thread and the following counts of non-reprocessed thread will be taken out from the incentive scheme due to existing quality issues :

150/2; 72/3; 166/1; 166/2; 167/1; 167/2

However when these quality issues are sorted out, production studies will be redone and production targets renegotiated, if necessary.

## COP WINDING INCENTIVE SCHEME

1. **Employees covered.**— Light Albion Machine Operators

2. **Basic Targets.**— Minimum incentive earning is approximately 15% of the basic salary if all basic targets are achieved.

Targets to be achieved and incentives payable are as follows:

- 2.1 8% of the basic salary will be payable if the following minimum targets are achieved. Every out put increase of 1% over the target will entitle employees for a 1% increase in incentive earnings.  
Performance will be evaluated on a weekly basis.

<i>Art / Tkt</i>	<i>Length m.</i>	<i>Target (Boxes)</i>	<i>Allocation</i>	<i>% Incentive of basic salary</i>
8741/60	200	206	4	8%
8742/60	500	199	8	8%
8743/60	1000	151	8	8%
6651/00	200	210	4	8%
6652/00	400	201	6	8%
6654/00	900	162	8	8%

2.2 4% of the basic salary will be payable if the physical Domestic closing stock tallies with the calculated Domestic closing stock;

Calculated Domestic Closing Stock = Opening stock plus Production qty. less Dispatched qty. less Rejected qty.

Performance will be evaluated on a monthly basis;

2.3. 3% of the basic salary will be payable if there is no variance in Make-Up-Material (MUM).

<u>Type of MUM</u>	<u>Variance</u>	<u>% incentive of basic salary</u>
Tubes	0	3.0%

Variance = Standard consumption less Actual consumption

Standard Consumption = MUM usage for production × 4% waste factor

Production = Dispatched qty. plus Closing finished goods Work in Progress (WIP) less Opening finished goods WIP

Actual Consumption = Opening MUM WIP plus Stores issues less Closing MUM WIP

### 3. *Key points on incentive calculations*

3.1 Incentives will be calculated on weekly basis for 2.1 and on a monthly basis for 2.2 and 2.3, excluding holidays (i.e. Sundays and other holidays, if worked) ;

3.2 Total incentive earnings of a worker for a particular month will be proportioned to the number of days worked.

### COP PACKING INCENTIVE SCHEME

1. **Employees covered.**— Cop Packers

2. **Basic Targets.**— Minimum incentive earning is approximately 15% of the basic salary if all basic targets are achieved.

Targets to be achieved and incentives payable are as follows:

- 2.1 8% of the basic salary will be payable if the following minimum targets are achieved.  
Every out put increase of 1% over the target will entitle employees for a 1% increase in incentive earnings.  
Performance will be evaluated on a weekly basis.

<i>Art / Tkt</i>	<i>Length (m)</i>	<i>Target (Boxes)</i>	<i>% Incentive of basic salary</i>
8741/60	200	255	8%
8742/60	500	241	8%
8743/60	1000	241	8%
6651/00	200	255	8%
6652/00	400	241	8%
6654/00	900	241	8%

*Note -*

Target (Boxes) represent the No. of boxes / Shift at 85% efficiency.

- 2.2 2% of the basic salary will be payable if the physical Domestic closing stock tallies with calculated Domestic closing stock.

Calculated Domestic Closing Stock = Opening stock plus Production qty. less Dispatched qty. less Rejected qty.

Performance will be evaluated on a monthly basis.

- 2.3 5% of the basic salary will be payable if there is no variance in Make-Up-Material (MUM).

<i>Type of MUM</i>	<i>Variance</i>	<i>% incentive of basic salary</i>
Wrappers	0	0.9%
Cop Boxes	0	0.9%
Colour Dabs	0	0.9%
Domestic Cartons	0	0.9%
Hologram Stickers	0	0.9%
Tubes	0	0.5%
TOTAL		5.0%

Variance = Standard consumption less Actual consumption

Standard Consumption = MUM usage for production  $\times$  4% waste factor

Production = Dispatched qty. plus Closing finished goods Work in Progress (WIP) less Opening finished goods WP

Actual Consumption = Opening MUM WIP plus Stores issues less Closing MUM WIP

### 3. *Key points on incentive calculations*

- 3.1 Incentives will be calculated on a weekly basis for 2.1 and on a monthly basis for 2.2 and 2.3 excluding holiday (i.e. Sundays and other holidays, if worked)
- 3.2 Total incentive earnings of a worker for a particular month will be proportioned to the number of days worked.

## SLEEVING AND SHRINK WRAPPING INCENTIVE SCHEME

- Employees covered** - Sleeving and Shrink wrapping employees
- Basic Targets** - Minimum incentive earning is approximately 15% of the basic salary if all basic targets are achieved. Targets to be achieved and incentives payable are as follows.

- 2.1 8% of the basic salary will be payable if the following minimum targets are achieved.  
Every out put increase of 1% over the target will entitle employees for a 1% increase in incentive earnings.  
Performance will be evaluated on a weekly basis.

<i>Art / Tkt</i>	<i>Length (m)</i>	<i>Target (Boxes)</i>	<i>% Incentive of basic salary</i>
8741/60	200	356***	8%
8742/60	500	367	8%
8743/60	1000	314	8%
6651/00	200	326	8%
6652/00	400	367	8%
6654/00	900	245	8%

N.B. -

Target (Boxes) represent the No. of boxes / Shift at 85% efficiency.

\*\*\* If the practical problems highlighted by the employees are resolved, the target for art/tkt 8741/60 will be reviewed.

- 2.2 2% of the basic salary will be payable if the physical Domestic closing stock tallies with calculated Domestic closing stock.

Calculated Domestic Closing Stock = Opening stock plus Production qty. less Dispatched qty. less Rejected qty.

Performance will be evaluated monthly.

- 2.3 5% of the basic salary will be payable if there is no variance in Make-Up-Material (MUM).

<i>Type of MUM</i>	<i>Variance</i>	<i>% incentive of basic salary</i>
Wrappers	0	0.9%
Cop Boxes	0	0.9%
Colour Dabs	0	0.9%
Domestic Cartons	0	0.9%
Hologram Stickers	0	0.9%
Tubes	0	0.5%
TOTAL		5.0%

Variance = Standard consumption less Actual consumption

Standard Consumption = MUM usage for production  $\times$  4% waste factor

Production = Dispatched qty. plus Closing finished goods Work in Progress (WIP) less Opening finished goods WIP

Actual Consumption = Opening MUM WIP plus Stores issues less Closing MUM WIP

### 3. *Key points on incentive calculations*

- 3.1 Incentives will be calculated on a weekly basis for 2.1 and on a monthly basis for 2.2 and 2.3 excluding holidays (i.e. Sundays and other holidays, if worked)
- 3.2 Total incentive earnings of a worker for a particular month will be proportioned to the number of days worked.

## ANCILLARY WORKERS INCENTIVE SCHEME

1. **SSM Material Handlers.** - Incentives will be payable on the following basis.

- (a) A portion of the incentives payable to the SSM Material Handlers is based on the production related incentive earnings of the total number of machine operators in the SSM Lubrication Section.

Eg. if 8 out of 11 operators have earned Rs. 5,170/- the incentive payable will be  $5170/11 = \text{Rs. } 470/$

- (b) 2. 2, 2.3 and 2.4 of the SSM Lubrication incentive scheme will be applicable to the Material Handlers as well.

incentives will be calculated on a weekly basis for 'a' and 2.3 and 2.4 of 'b' and on a monthly basis for 2.2 of 'b' excluding holidays (i.e. Sundays and other holidays if worked).

Total incentive earnings of a worker for a particular month will be proportioned to the number of days worked.

2. *Cop Winding Material Handlers.* - incentives will be payable on the following basis:

- (a) An equal proportion of light Albion machine operators' Cop' packers' and Shrink wrappers' incentive earnings relating to production will be payable based on the total number of employees.

E.g. If 10 out of 15 Light Albion operators have earned Rs. 6,795/- the incentive payable will be  $6795/15 \times (1/3) = \text{Rs. } 151.$

- (b) 2.2 and 2.3 of the Cop Winding incentive scheme will be applicable to the Cop Winding M/Handlers as well.

incentives will be calculated on weekly basis for 'a' and on a monthly basis for 'b' excluding holidays. (i. e. Sundays and other holidays, if worked) Total incentive earnings of a worker for a particular month will be proportioned to the number of days worked.

3. *Tube Printers.* - incentives will be payable on the following basis:

- (a) A portion of the incentives payable to the Tube Printers is based on the production related incentive earnings of the total number of machine operators in the Light Albion Machine Section.

E.g. if 10 out of 15 operators have earned Rs. 6825 incentive payable will be  $6825/15 = \text{Rs. } 455/$

- (b) 2. 2 and 2.3 of the Cop Winding incentive scheme will be applicable to the Tube Printers as well.

incentives will be calculated on weekly basis for 'a' and on a monthly basis for 'b' excluding holidays (i.e. Sundays and other holidays, if worked.)

Total incentive earnings of a worker for a particular month will be proportioned to the number of days worked.

4. *Domestic Carton Packers.* - incentive will be payable on the following basis:

- (a) An equal proportion of Cop packers' and Shrink wrappers' incentive earnings relating to production will be payable based on the total number of employees.

E.g. if 5 out of a 8 Cop packers have earned Rs. 3,200/= the incentive payable will be  $3200/8 \times (1/2) = \text{Rs. } 200/$ .

- (b) 2.2. and 2.3 of the Cop Packing incentive scheme will be applicable to the Domestic Carton Packers as well.

Incentives will be calculated on weekly basis for 'a' on a monthly basis for 'b' excluding holidays. (i.e. Sundays and other holidays, if worked).

Total incentive earnings of a worker for a particular month will be proportioned to the number of days worked.

5. *CTL Tenters.* - Incentives will be payable on the following basis:

- (a) An equal proportion of the SSM Lubrication Operators' and Cop Winders' incentive earnings relating to production will be payable based on the total number of employees.

E.g. If 8 out of 11 SSM operators have earned Rs. 5,170/- the incentive payable will be  $5170/11 \times (1/2) = \text{Rs. } 235/$ .

- (b) 2.2 and 2.3 of the Dye House Floor (Drying) incentives scheme will be applicable to the CTL Tenters as well. Incentives will be calculated on a weekly basis excluding holidays (i.e. excluding Sundays and other holidays, if worked). Total incentive earnings of a worker for a particular month will be proportioned to the number of days worked.

6. *Sticker Printers.*— Incentives will be payable on the following basis:

- (a) An equal proportion of SSM Lubrication machine operators' and Dye house floor incentive earnings relating to production will be payable based on the total number of employees.

E.g. If 8 out of 11 SSM operators have earned Rs. 5,170/= the incentive payable will be  $5170/11 * (1/2) = \text{Rs. } 235/=$ .

- (b) 2.2 and 2.3 of the Dye House Floor (Drying) incentive scheme will be applicable to the Sticker Printers as well. incentives will be calculated on a weekly basis excluding holidays (i.e. excluding Sundays and other holidays, if worked).

Total incentive earnings of a worker for a particular month will be proportioned to the number of days worked.

7. *R F Material Handlers.*— Incentives will be payable on the following basis:

Dye House Floor (Drying) incentive scheme will be applicable to the R. F. Material Handlers as well.

Incentives will be calculated on a weekly basis excluding holidays (i.e. excluding Sundays and other holidays if worked.)

Total incentive earnings of a worker for a particular month will be proportioned to the number of days worked.

### SPRING WINDING INCENTIVE SCHEME

1. *Employees Covered.*— Spring Winding Machine Operators.

2. *Basic Target.*— Minimum incentive earning is approximately 15% of the basic salary if all basic targets are achieved. Targets to be achieved and incentives payable are as follows:

- 2.1. 8% of the basic salary will be payable if the following minimum targets are achieved. Every out put increase of 1% over the target will entitle employees for 1% increase in incentive earnings.  
Performance will be evaluated on a weekly basis.

Pkg to Pkg (SSP)

Count	Units	Target	Allocation	Incentive % of Basic salary
60/2	Kgs	138.2	36	8%
60/3	Kgs	209.7	36	8%
40/2	Kgs	201.0	36	8%
40/3	Kgs	289.9	36	8%
20/2	Kgs	246.3	15	8%
20/3	Kgs	259.0	24	8%
12/3	Kgs	246.3	12	8%
110/2	Kgs	120.7	48	8%

Cones to pkgs. (re- dyeing)

Count	Units	Target	Allocation	Incentive % of Basic salary
60/2	Kgs	36.5	12	8%
60/3	Kgs	49.6	12	8%
40/2	Kgs	46.8	12	8%
40/3	Kgs	66.0	12	8%
20/2	Kgs	62.6	8	8%
20/3	Kgs	81.2	7	8%
12/3	Kgs	70.9	6	8%
96/2	Kgs	31.3	10	8%
130/2	Kgs	42.5	10	8%
212/2	Kgs	52.3	10	8%
275/2	Kgs	73.0	10	8%



Pkgs to pkgs (re- dyeing)

Count	Units	Target	Allocation	Incentive % of Basic salary
60/2	Kgs	210.0	56	8%
60/3	Kgs	261.4	36	8%
40/2	Kgs	200.6	36	8%
40/3	Kgs	177.7	24	8%
20/2	Kgs	169.1	15	8%
20/3	Kgs	197.5	10	8%
96/2	Kgs	199.8	58	8%
130/2	Kgs	214.2	40	8%
212/2	Kgs	203.4	32	8%
275/2	Kgs	201.6	21	8%

Embroidery pkg to Half packages

Count	Units	Target	Allocation	Incentive % of Basic salary
Heat set	Kgs	74.8	30	8%
Re-dyeing	Kgs	74.8	30	8%

2.2 A minimum of 3% of the basic salary will be payable if the “Fast Track” achievement is 9 and will be increased in the following manner.

Fast Track Achievement (At Factory Level)	% incentive of basic salary
98%	3%
99%	4%
100%	5%

*N. B.*

No incentive is payable if achievement is < 98%.

Performance will be evaluated on a weekly basis.

2.3. A minimum of 4% of the basic salary will be payable if the “Delivery Date Performance” achievement is 98% and will be increased in the following manner

Delivery Date Performance Achievement	% incentive of basic salary
98%	4%
99%	5%
100%	6%

*N. B.*

No incentive is payable if achievement is < 98%.

Performance will be evaluated on a weekly basis.

### 3. *Key points on incentive calculations.* –

3.1 Incentive will be calculated on weekly basis excluding holidays  
(i. e. Sundays and other holidays if work).

3.2 Total incentive earnings of a worker for a particular month will be proportioned to the number of days worked.

### TRANSIT STORES INCENTIVE SCHEME

1. *Employees Covered* .-All workers involved in the Transit Store.
2. *Basic Targets*.- Minimum incentive earning is approximately 15% of the basic salary if all basic targets are achieved.

Targets to be achieved and incentive payable are as follows:

- 2.1 A minimum of 7% of the basic salary will be payable if the “Sales” achievement is 100% and every 1% of “sales” increased over 100% of the budget, will entitle employees to a 1% increase in incentive earning up to a maximum of 20%.

<i>Sales achievement</i>	<i>% incentive of basic salary</i>
100%	7%
101%	8%
102%	9%

*N.B.*

No incentive is payable if achievement is <100%.  
Performance will be evaluated on a monthly basis.

- 2.2 A minimum of 3% of the basic salary will be payable if the “Fast Track” achievement is 98% and will be increased in the following manner:

<i>Fast Track achievement (At Factory Level)</i>	<i>% incentive of basic salary</i>
98%	3%
99%	4%
100%	5%

*N.B.*

No incentive is payable if achievement is < 98%.  
performance will be evaluated on a weekly basis.

- 2.3 5% of the basic salary will be payable if there are no delivery mistakes.

<i>No. of delivery mistakes</i>	<i>% incentive of basic salary</i>
0	5%
>=1	0%

*N. B.*

Performance will be evaluated on a monthly basis.

3. *Key Points on incentive calculations*.-

- 3.1 Incentives will be calculated on a monthly basis for 2.1 & 2.3 and on a weekly basis for 2.2, excluding holidays (i.e. Sundays & Other Holidays, if worked).
- 3.2 Total incentive earning of a worker for a particular month will be proportioned to the number of days worked.

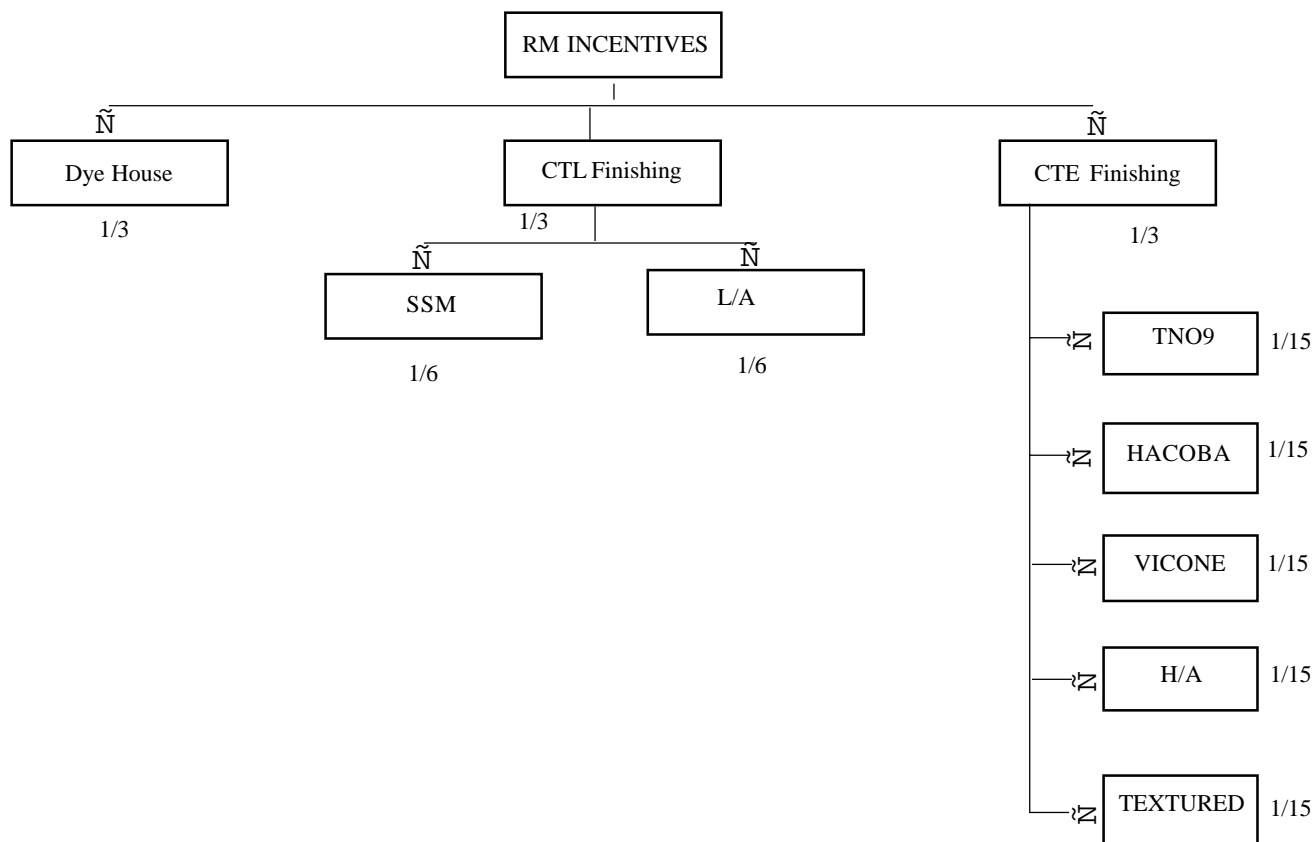
### RAW MATERIAL STORES INCENTIVE SCHEME

1. *Employees covered*

All workers involved in the Raw Material Stores (excluding sub stores).

Incentives will be payable on the following basis:

A proportion of Dyeing, Lubrication, Cop winding & CTE Finishing incentive earnings is paid as follows:



2. *Key points on incentive calculations*

3.1 Incentives will be calculated on a monthly basis excluding holidays (i.e. Sundays & other holidays if worked)

3.2 Total incentive earnings of a worker for a particular month will be proportioned to the number of days worked.