

EMCO Industries Limited

CORPORATE PROCEDURE

**ANNUAL INCREMENT POLICY
FOR MANAGEMENT STAFF**

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Sole Proprietor
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TITLE:

ANNUAL INCREMENT POLICY FOR MANAGEMENT STAFF

1. **RATIONALE:**

Emco Management is committed to creating a culture that recognizes and values the individual's contribution and encourages the individual to put in his best to achieve the shared vision.

2. **SCOPE:**

This policy is applicable to all permanent, full-time Emco Management Staff i.e. non-workmen, serving at the Head Office, Factory, Regional Offices and Display Centre of the Company.

3. **GENERAL:**

Periodic increases in salary, which should occur at least once a year, are considered essential to take care of market inflation and reward the employee for his good performance. Increment in salary should, therefore, include both elements. While the percentage of inflation will be determined through governmental statistics, measurement of performance will be based on the Performance Appraisal Policy, which exists separately.

4. **ANNUAL INCREMENT DATE:**

The Annual Increment date of all employees will be 1st of July. Date of Annual Increment of new employees will be 1st of July irrespective of their date of joining Emco.

4. **EMCO FINANCIAL YEAR & INCREMENT DISBURSEMENT:**

In the light of the company's financial year, which runs from July to June, accounts will be finalized in September each year. Although increments will become effective on 1st July each year, they will be paid, with arrears, in October of the same year after finalization of accounts. However, in case an employee leaves the company between 1st of July & 31st of October, both dates inclusive, the increment will not be accounted for the purposes of terminal benefits

5. **CONFIRMATION INCREMENT:**

A new employee who has cleared the probationary period successfully will become eligible for a salary increment at the time of confirmation into the Company's service. The amount of this Confirmation Increment will be equivalent to six months of probationary service and it will be calculated on the basis of the employee's basic salary

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and the most recent Average Annual Increment Percentage (see Section No. 6) announced by the Directors.

After receiving the Confirmation Increment, the next increment of all new employees will become due on 1st of July. This increment will be paid on a pro rata basis from the date of confirmation. Thereafter, the increment date of a new employee will fall on the 1st of July each year.

6. ANNUAL INCREMENT:

The amount of Annual Increment to be given to an employee will be decided through the Average Annual Increment Percentage for the year and will be announced by the Company Directors. This increment will be an average figure for the whole of Emco. Based on this, Heads of Department will decide the annual increments of their employees in such a manner that the percentage of the sum of increase in the gross salary of all employees in a department will not exceed the Average Annual Increment Percentage.

The Annual Increment will be calculated on the basis of the employee's existing basic salary.

7. PERFORMANCE:

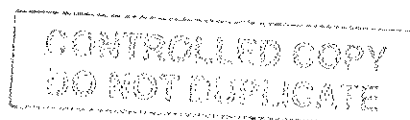
Only employees whose performance is evaluated at 50% or above will be eligible for an Annual Increment in salary.

An employee whose performance is below 50% will only get an increment of 5% to compensate for inflation. In case an employee's performance is below 50% for 2 consecutive years, his services will be terminated with one month notice.

An employee will not be eligible to an Annual Increment or Inflation Increment if he breaks the rules of discipline.

8. APPROVAL OF INCREMENTS:

The Human Resource Department will prepare consolidated lists of employees showing their increments for approval by the Directors. Separate lists for Head Office, Regional Offices and Factory will be prepared. Any promotions of employees will be indicated on the list.



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13. **ISSUANCE OF INCREMENT LETTERS:**

On receiving approval, the Human Resource Department will issue letters of increment to the employees. These letters will be signed as follows:

S. NO.	SIGNED & ISSUED BY	FOR EMPLOYEE CADRE
1.	Director Human Resource or any other Director in his absence; Letter will be issued by HR Department, Head Office.	1. All employees up to Chief Officer/General Manager at Head Office, Regional Offices & Display Centre. 2. All employees from Manager to General Manager at factory.
2.	Manager(IR&HR) in the absence of Director (HR); Letter will be issued by HR Department, Head Office.	All employees up to Deputy Manager at Head Office, Regional Offices & Display Centre.
3.	Manager (IR&HR) or Management Nominee in his absence; Letter will be issued by HR Department, factory.	All employees from Supervisor to Deputy Manager at factory

A copy of the increment letter will be placed in the employee's personal file.

All Letters of Increment will be issued latest by the end of October each year

14. **CONCLUSION:**

Salary increments are employees' privileges and correspond to our company's philosophy of **RECOGNITION AND ENCOURAGEMENT**. However, in order to ensure equity and fair play, the guidelines laid down in the preceding paragraphs should be followed in letter and spirit.

15. **REFERENCES:**

Performance Appraisal Policy, Doc. No.PCPA02.