

MEMORANDUM OF SETTLEMENT

Between

ABC PVT. LTD.
(Address)

And

Their Workmen

(Under Section 2 (p) read with Section 18 (1) of the
Industrial Disputes Act, (1947)
read with Rule 62(4) of the Industrial Disputes, (Bombay) Rules, 1957)

NAME OF THE PARTIES

REPRESENTING EMPLOYER
ABC PVT LTD
(Address)

REPRESENTING WORKMEN
XYZ
(Address).

01. Mr. _____
Director
02. Mr. _____

01. Mr. _____
President
02. Mr. _____

SHORT RECITAL OF THE CASE

1. ABC PVT LTD is a Private Limited (hereinafter referred to as "Company"). The Company is engaged in manufacture of _____. The Factory of the said Company is situated at _____. The said Company has ___ workmen (hereinafter referred to as "workmen") who have joined _____ (hereinafter referred to as the "Union") and the Union has submitted its Charter of Demands seeking revision in wages and service conditions.
2. The Company informed the Union and the workmen that a revision in wages and changes in service conditions is possible only if the wages are linked to production, utilization of plant, maintenance of industrial relations and attendance. The Union and the Workmen agreed to higher productivity, better utilization of plant, maintenance of industrial relations and regular and

timely attendance. In consideration of the commitments made, the Company has shown its willingness to consider raised financial demands.

3. A series of meetings were held commencing _____, 2012 with the Negotiating Committee on the principles mentioned above and finally a composite Memorandum of Settlement in the form of full and final settlement of the charter of demands raised by the Union submitted to the Company vide Union's letter No dated and their assurance of industrial peace, 100% efficiency, co-operation with the stipulations of the Company for the period _____ to _____, the Union and the Parties arrived at a MOU on _____. Pursuant to the said MOU, the parties arrived at a full and final Settlement on the terms and conditions mentioned hereunder.

PART I

TERMS AND CONDITIONS

FINANCIAL BENEFITS:

- A. It is agreed by and between the Parties that, the Management shall accept financial liability on the basis of cost to the Company for the ____ workmen who are members of the Union, as below:

Financial Year	Amount per Workman per month (on cost-to co. basis)
(Year)	Rs. _____
(Year)	Rs. _____
(Year)	Rs. _____

It is agreed by and between the Parties that, the amounts so agreed shall be split between various heads. While the first year's increase of Rs. _____ per month will be the same for all ____ workmen, the subsequent increases will vary between individuals. The statement giving particulars of revised wages and other allowances with effect from _____, during the tenure of Settlement are stated in detail in Annexure 1. The Basic Wages and Allowances shall be paid on prorata Basis. The Allowances shall not attract any incidental benefits such as Provident Fund, Gratuity, Bonus etc. The said Annexure 1 forms part

and parcel of the Settlement. The next two years increment amount will be allocated in ratio of ___% to Basic and DA and ___% to other allowances.

B. DEARNESS ALLOWANCE:

During the tenure of the Settlement Fixed Dearness Allowance ("DA") at Rs. ____/- p.m. shall be paid. In case if total of Basic Wages + DA applicable to Engineering Industry under Minimum Wages Act goes more than Basic + DA as per the Settlement, the Management agrees to pay such difference if any from the date of increase. Till that time Fixed D.A. shall be fixed as per Settlement.

C. It is agreed by and between the Parties that, during the period of Settlement the workmen shall be entitled to a production incentive, which shall be linked to the turnover. The particulars of which are as under:

Turnover from factory per month (net sale value of manufactured goods excluding excise duty and taxes):

Below Rs. ____ million	-NIL
Between Rs. ____ million - ____ million	- Rs. ____
Between Rs. ____ million - ____ million	- Rs. ____
Between Rs. ____ million plus	- Rs. ____

The said amount shall be paid per month per workman on a pro-rata basis. The Incentive being allowance shall not attract any incidental benefits such as Bonus, Provident Fund, Gratuity etc.

D. OVERTIME:

It is agreed by and between the Parties that, during the tenure of the Settlement overtime shall be paid at double the normal rate and as per the Factories Act. However, in addition an amount of Rs.____/- shall be paid as refreshment allowance in lieu of meal if required. The overtime shall be paid on the ___th of the subsequent month.

E. PAYMENT OF BONUS:

It is agreed by and between the Parties that, during the period of the Settlement, Bonus shall be paid as per Payment of Bonus Act. However, the workmen who are not eligible for Bonus due to ceiling on salary shall be entitled to Bonus of Rs.____/- on pro-rata basis. As a gesture of goodwill, the Management agreed to pay an amount of Rs____/- per workman as a ex-gratia to the workmen for Diwali Festival on a strictly one-time basis towards a full Settlement of past liabilities. The workers and the representative agreed that they will not raise any demand financial or otherwise at the time of Diwali or any other festival.

F. FESTIVAL ADVANCE:

A maximum advance of Rs. ____/- will be paid to each workman for one festival for each calendar year. This advance will be adjusted fully from the following month's wages.

PART II

OTHER BENEFITS (Part II)

UNIFORM / SHOES/UMBRELLAS/ETC:

A. UNIFORM:

It is agreed by and between the parties that during the tenure of the settlement, the Company will provide two sets of uniforms to each workman of the Company. The uniforms will be provided in January every calendar year. The Company will decide the colour, pattern, and logo on the Uniform.

The workmen representatives and the workmen agreed that it is compulsory for the workmen to wear the uniform in the factory premises during working hours. If any workman fails to do so, the same shall be construed as misconduct and he shall be liable for punishment. If the workman fails to report for work in uniform, the Company will have the option to send him back from the gate of the Company.

B. SAFETY SHOES:

The Company will provide ___ pairs of safety shoes per annum per workman. These would be provided in January each calendar year. It was also agreed that the workmen shall take good care of these shoes.

C. COMMON RAIN COATS & UMBRELLAS:

Common Rain Coat (___ Nos.) and Umbrella (___ Nos.) will be kept at factory premises for the factory workmen to be used in case of an emergency on a returnable basis, and within the factory premises or for outside work as may be sanctioned on a need-to-basis.

D. FACILITIES:

The Management agreed to renovate toilets and the dining cum changing rooms. The necessary renovation shall be completed within ___ months from the signing of the Settlement.

PART III

LEAVE /PAID HOLIDAYS:

i. PRIVILEGE LEAVE:

It is agreed by and between the parties that during the period of Settlement, the worker shall be entitled to Privilege Leave of ___ days in the year. one day for every completed ___ days of work till completion of ___ days. Thereafter, the worker will be entitled to Privilege Leave of one day for every ___ days of work.

A maximum leave of ___ days will be allowed to be carried forward and the balance will be encashed at the end of the calendar year.

Computation of encashment would be made on the basis of basic salary plus DA

ii. CASUAL LEAVE :

It is agreed by and between the Parties that, the workmen shall be entitled to ____ days of Casual Leave per annum. The Casual Leave shall not be encashable or allowed to be carried forward. Casual leave can be taken for a maximum of three working days at a stretch.

iii. NATIONAL AND FESTIVAL HOLIDAYS :

It is agreed by and between the Parties that, the practice of ____ paid National and Festival holidays per year shall continue. The parties shall jointly decide the paid National & Festival Holidays every year in January.

iv. SICK LEAVE:

It is agreed by and between the parties that the Workmen will be entitled to ____ days of sick leave in the year. In the event that a workmen remains absent for more than ____ days on this account he shall have to present a doctors certificate.

PARA IV

SAFETY:

The Union agreed that Workmen will wear Uniforms and Safety Shoes. The Union and the workmen agreed to ensure that all safety rules and provisions of safety under Maharashtra Factories Rules, 1948 shall be followed. The workmen agreed that the use of Safety Shoes and Safety Goggles while at work will be mandatory. Failure to do so shall be considered as a serious misconduct and necessary action will be taken with the full support of the Union.

PART V

AGENCY AND OUTSOURCING:

It was agreed that as and when required, outsourcing of various jobs will be done. The Union and the Workmen agreed that in order to be competitive in market it is necessary for the Management to hire a Special agency to undertake various jobs. The Union and the Workmen will not object to hiring of such Agencies and the execution of work through such Agencies.

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PART VI

DISCIPLINE:

- i. Discipline is a core value and fundamental to the Company's survival and growth. Any aspects of behaviour that is against the observance of healthy discipline would not be compromised by both the parties. Both the parties shall, therefore, maintain high standards of discipline on the shop floors and other areas/offices of the Company.
- ii. The Company shall be entitled to set-up standards for jobs (time standards) and to decide upon recruitment, selection, promotion, increments, deployment, allotment of shifts, working hours, timings of shifts, holidays, weekly off and transfer of workmen from one job, section, department or division, depending upon requirement of work in consultation with the union.
- iii. It is agreed by and between the parties that it is necessary for the Company to introduce various systems for better performance as well as increase the productivity. The workmen representative and the workmen agreed to implement such systems as and when introduced and if any of such systems requires giving report or signing of the forms, the workmen will fill & sign the forms without any reservation.
- iv. Late Coming:
It was agreed that, the existing practice of deduction for late coming shall be continued in future with a grace of ____ minutes delay per month.

PART VII

IDENTITY CARD:

The Management shall provide Identity Card to each eligible permanent workman free of cost. However, in case of loss of Identity Card new duplicate identity Card will be issued on payment of actual cost. The workmen shall carry the identity card and show the identity card at the gate when entering or

leaving the premises or when required by the security staff or any other authority while inside the premises.

PART VIII

TRAINING:

The Union and the Workmen agreed that since the Company is competing in the Domestic and International markets, it is essential to continuously provide training. If the Company therefore feels the need for training, the Company shall have the liberty to decide on the method of training and accordingly will provide training to the workmen. It will be mandatory for the workmen so designated to attend these training programmes.

PART IX

CONTINUOUS IMPROVEMENT:

- i. The Company and the Union agreed that in order to be competitive in the market to meet customer expectations and become a world class Company, parties will build "Operational Excellence" and the only way to achieve it is through complete dedication and total commitment to the targets of Zero Breakdown, Zero Defect and Zero Accident.
- ii. The Union agreed that quality is a religion and a culture at the Company and all the workmen will continue to work with complete dedication and responsibility and also align their working to achieve this goal. Any systems and schemes to achieve these goals will be accepted by the workmen without hesitation. The Union agreed that the workmen shall achieve targets of Zero Breakdown, Zero Defect and Zero Accident.
- iii. All workmen will support and be actively involved in the continuous improvement activities as an integral part of their normal duties. Both parties agree that in an increasingly competitive business environment it will not be possible for the Company to be complacent with regard to any of its business processes. For the survival and prosperity the

Company and the Workmen will actively seek ways to continuously improve the standards of quality in all business processes. Both parties therefore, commit to fostering a spirit of continuous improvement among workmen.

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PART X**ACCIDENT INSURANCE & BENEFITS:**

The Management has agreed to this demand and has already introduced a Workmen's Compensation Insurance Scheme, and in the event of any accident resulting in injury within the Company premises and during working hours, the hospitalization costs of the same will be borne by the Company. During the period of hospitalization and during the recovery period the salary of the workman will be paid as per Law.

PART XI**MULTIMACHINES / MULTIPLE OPERATIONS:**

The Company and the Union agreed that in order to be competitive in the market and to meet customer expectations Workmen shall agree to operate two or more machines simultaneously or agree to perform multiple operations simultaneously wherever operations permits scope for better utilization. The scope will be decided by any Management immediate Supervisory Officer of the Company. Similarly workman shall not refuse to carry out more than one operation or process or job wherever the operation reasonably permits scope for better resource utilization. Such refusal shall be considered as breach of the Settlement a misconduct and necessary action will be taken with the full support of the Union.

PART XII**WAGES & SERVICE CONDITIONS OF THE NEW WORKMAN:**

It is agreed by and between the Parties that the Management shall employ casual /temporary workmen and trainees, depending on requirement of the Company. The Management at its discretion shall make them permanent. The Union and the Workmen agreed that, wages and service conditions of temporary/casual workers, trainees shall be as per applicable legislations. The Union and the Workmen agreed that, if any casual or temporary worker is made permanent, he shall be entitled to benefits of leave, shoes, uniforms set out in the Settlement. However, he will not be entitled to financial benefits as

extended by this Settlement. The financial terms of such a workmen shall be decided by the Management.

PART XIII

PERIOD OF THE SETTLEMENT, NO NEW DEMANDS & NO PAST ISSUES

- A. It is agreed by and between the parties that, settlement shall be effective for a Period of three years from _____ to _____. The Settlement shall continue to be in force thereafter, until the same is terminated by either of the parties as per the provisions of Law.
- B. The Union and the Workmen agreed that the benefits of the Settlement are offered as a composite package against the Charter of Demand as well as issues raised by the workman prior to Charter of Demand. Therefore, the Union and the Workmen agreed that they will not raise any past issues or claim any benefit of past issues or raise any demand financial or otherwise on signing of the Settlement and on acceptance of the financial benefits.

PART XIV

OTHER TERMS AND CONDITIONS OF THE SETTLEMENT

1. The Company shall be entitled to plan, to introduce new or improved products and production methods, to establish and revise production and quality standards and to effect technological developments, improvements in the work processes at its sole discretion which would lead to better utilization of machine, manpower to increase productivity and improve the quality.
2. The Company shall be entitled to eliminate, transfer, change or consolidate jobs, sections, departments or divisions to meet business contingencies with the support of the union.
3. The workmen agreed that they shall maintain themselves in a clean and hygienic manner. All workmen at all times shall keep their work area clean and in a hygienic condition and be responsible for cleaning of the

machinery/equipment and will also use safety equipments provided by the Company.

4. The Company shall be entitled to move or relocate any assets of the Company anywhere in India to any of its location for operational reasons. The workmen will extend co-operation for relocation. The Management will also ensure that the employee working on that asset is not made redundant by consolidating jobs
5. In case by legislation or otherwise, identical or similar benefits as occurring to the workmen under this settlement are introduced by the State or the Central Government or by force of law or by award, the workmen shall be entitled to receive either the totality of the statutory benefits or totality of benefits offered by the Company whichever is more favourable to the workmen but not both.
6. Should the workmen or their representative either individually or collectively act in breach of any part of this Settlement, the Company will have full right to restore status quo Ante with respect of this Settlement notwithstanding its authority to take necessary disciplinary action with the support of the union.
7. It is agreed by and between the parties that the object of the settlement is to maintain industrial relations, and better industrial relations should result in growth of the Company and the workmen. The parties therefore, agreed to sort out any difference by negotiations. The parties agreed that as far possible the parties shall not resort to strike, lockout etc. The parties desire that there shall be no strike or lockout. Though the parties have genuine desire in this regard, in the event of the parties wishing to resort, to strike or lockout the parties shall do so after all the means of negotiations are exhausted.
8. Both the Management and workmen' representatives are concerned about the unauthorized absenteeism of the workmen and subsequent loss of production and loss of customers. Management and workmen'

representatives therefore jointly agreed to view this seriously and take appropriate action.

- 9. In case due to any reason such as flood, fire, strike or any other reason the working gets affected, the workmen shall help the Company to continue to run the essential services to avoid the damage to the machinery equipment.
- 10. It is agreed between the parties that, the benefits under this settlement shall be admissible only to such workmen who signify their assent to the settlement by signing and submitting the acceptance letter on or before

The terms set out in this settlement are in full and final settlement of all demands raised by the Union in their charter of demands submitted to the company vide Union's letter No..... dated and by the workmen prior to letter of Union.

Signed at _____ on this _____ day of _____.

REPRESENTING EMPLOYER
ABC PVT LTD
(Address)

REPRESENTING WORKMEN
XYZ
(Address)

01. _____
Director

01. Mr. _____
President

02. _____

02. Mr. _____

Witness -

- 1.
- 2.

- c. c.: 1.
- 2.

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