Chapter 4

VRS Scenario in Mumbai and Navi Mumbai

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Chapter 4

VRS Scenario in Mumbai and Navi Mumbai

Procedure followed by the following companies for implementing Voluntary Retirement Schemes:

VRS Scenario in Mumbai

4.1. National Leather Manufacturing Company

Akurli Road, Khandivali (E), Mumbai.

The above company is manufacturing leather at their factory Khandivali East in Mumbai. Due to automation and to withstand the competitive pressure the company decided to go in for reducing manpower. Hence the company issued a notification about the company Voluntary Retirement Scheme in the month of November 2002 the VRS notice was put up on the company notice board. The Union and the workmen were notified about the VRS procedure and the package. There was total opposition by the workers and the union because the remuneration was very low and do to illiteracy and unwillingly the employees accepted the VRS amount. The HR Head Mr. Praveen Patankar could convince the union and took them into his
confidence. He was the person who was instrumental in implementing VRS in this company. As per him there were lot of threatening calls from the workers. Despite all these problems he had introduced the VRS in the month of January 2002. Total number of employees who opted for VRS was about 200. The average age group of employees was between 40 to 45 years. The VRS package was very low i.e 1.75 Lac per person. The employees who had taken VRS were basically skilled, semi skilled and casual labourers. As per the company the VRS package was statutory as per the industrial dispute act 1947. The employees were forced to accept VRS by inducing fear in them, created by the management at the time of VRS.

4.2. KEC International Limited
RPG Towers, Chakala,
Andheri (E), Mumbai

The procedure of VRS followed by KEC International Limited has been explained below in detail like: Company Notice, Scheme, Eligibility and Application Form with other requirements.

KEC International Limited had issued a notice to its employees about their VRS Scheme as per the following terms and conditions
4.2.1 Notice

1 Need for VRS:

The Power Transmission Line business has become very competitive. In addition to the Indian companies, some International companies also have entered and are well established in this field of business. The entire business of the company depends upon getting contracts from state electricity boards and / or similar electricity undertakings in India or abroad. The contracts are awarded purely based on competitive tendering. If the terms quoted in the tender are not competitive in comparison to the terms offered by the competitors in their tenders, KEC loses the contract. KEC has lost several such contracts on account of high operating costs. The company apprehends that if this trend is not arrested, it will lose a major share of business, which will cause permanent irreparable loss to the company. In such a competitive environment, it is, therefore, imperative for the company to control it’s costs and to continuously upgrade the quality of its product. All the costs in running the manufacturing plant in Kurla have skyrocketed. On the other hand with the
advanced age of many of the employees, their physical productivity has declined. The modernization of the plant can improve the productivity in many ways and improve quality of the product, but the plant does not have enough land for such a modernization.

In addition to the above, there are several employees, who on account of their hill-health are not able to attend work regularly. They can neither contribute effectively to the productivity nor are they able to earn full salary on account of their irregular attendance.

With the objective of improving the overall efficiency/productivity of the Company so that the company can face the competition effectively and also with a view to provide financial assistance to such employees who, despite being disabled/sick/less productive have to work to make a living, the Management is introducing Voluntary Retirement Scheme (VRS) at the factory and offices in Mumbai.
2 The Title:

The Scheme shall be called KEC International – Mumbai Employees’ Retirement Scheme, 1997”. For the sake of brevity it shall be called “KEC Mumbai VRS 1997”.

3 The Scope and Eligibility:

The scheme will be open to all permanent employees of the company at Kurla Plant, Vashi Tower Testing Station and Mumbai offices.

The Scheme shall be open from the date 9/8/1997 to the date 31/8/1997.

4. Procedure:

The employees desirous of availing of the benefits of this Scheme shall apply to their Head of the department, on the form prescribed under this scheme and available in the Personnel Department. Application once submitted cannot be withdrawn.

Head of the department shall forward applications with his/her recommendations to the Personnel Department.
Personnel Department shall process the application on merits and shall obtain necessary approval from the committee appointed for the purpose. The committee shall act as competent authority to decide whether or not to accept an application.

The employee whose application was received and accepted by Friday of a week shall be disposed off by Wednesday of the following week and legal dues will be paid by 3/9/97.

5. Committee:

The committee shall consist of Vice President (Finance), Vice President (Mfg.), General Manager (HRD), Divisional Manager (Personnel & IR) and Divisional Manager (Production). The committee shall have the sole discretion to reject or accept any application and its decision shall be final and binding on all concerned.

6. Benefits:

The Employees whose application for Voluntary Retirement from the Services will get accepted by the Committee shall be entitled to the following benefits.

Option A:
Lumpsum VRS compensation-
Salary at the time of retirement multiplied by the balance months of service left before the normal retirement date on superannuation.

However, the maximum compensation payable shall not exceed RS. 5.00 Lac in any case.

(Salary shall mean Basic + Dearness Allowance and other allowances as reckoned for the purpose of PF, applicable for the month of July 1997)

Option B:
Pension at a certain percentage of pensionable salary depending upon the age of the employee at the time of retirement as per table below.

Pensionable salary would mean Basic + Dearness Allowance and other allowances as reckoned for the purpose of Provident Fund, for the month of July 1997.

The pension will be payable to a retiree until he/she is alive, or upto normal date of retirement, or upto 300 months, whichever occurs first. In case of death of retiree his/her dependent would be paid pension @ 50 % till the normal retirement date of the retiree or 300 months, whichever occurs first. The normal retirement age is 60 years.
The amount of pension shall be rounded off to the nearest higher rupee.

Option C:
Under the option C, the employee would be allowed to commute one third of pension for lumpsum amount and shall get reduced pension equal to two third of the pension payable as above. The actuary will determine the commuted value of pension of each individual workman and actuary shall issue a certificate to that effect.

The reduced pension shall be payable to the retiree until he/she is alive or up to normal date of retirement, or upto 300 months whichever occurs first. In case of death of the retiree the dependent will be paid reduced pension @ 50 % till the normal retirement date of the retiree or 300 months, whichever occurs first. The amount of pension shall be rounded off to the nearest higher rupee.

7. Other Benefits :
Gratuity – Gratuity shall be paid as per the Provisions of Payment of Gratuity Act.
Leave Encashment – Encashment of balance privilege leave including leave earned up to the date of VRS.
Provident Fund – PF accumulation to the account of the employee.

Leave Travel Assistance for the year 1997 if not availed earlier.

8. **Explanations:**

The balance service shall mean the remaining months of service from effective date of Voluntary Retirement till the normal date of retirement on completion of 60 years of age.

The date of birth as available in company’s record shall be taken into consideration. While calculating the number of balance months of service, part of the month of remaining service will be ignored.

9. **Income tax:**

The scheme is open to all permanent employees of the Company. However, as per existing rules, VRS compensation as per Option A is exempt from Income Tax only to such employees who has either put in minimum 10 years of service or whose age is minimum 40 years. It has been advised that one-third commuted value of pension as certified by the actuary shall be free of income tax. However, the amount of monthly remuneration shall attract income tax at source if the total income falls within taxable limits.
10. Other Conditions:

The VRS is aimed at rationalization and cost reduction. As such, company shall not fill up any of these positions falling vacant on account of VRS.

The employee retiring under VRS shall not be re-employed anywhere in the company or in any concern belonging to the same Management.

The employees seeking VRS under this scheme shall not be entitled to any retrenchment compensation under Industrial Dispute Act, 1947.

The Scheme specifically excludes any employee who has availed benefits of such scheme in the past.

For KEC International Limited
H.M. Singh
President.
4.2.2 KEC INTERNATIONAL LIMITED, MUMBAI

APPLICATION UNDER THE KEC INTERNATIONAL LIMITED EMPLOYEES VOLUNTARY RETIREMENT SCHEME, MUMBAI 1997

The Head of the Department.
KEC International Limited,
Mumbai.

Dear Sir.

With reference to your Notice dated 09.08.1997, containing details of the Voluntary Retirement Scheme, I hereby tender my unconditional resignation from the services of the Company. I hereby opt for Voluntary Retirement in terms of above said scheme, which I have carefully read and understood. You are requested to relieve me from service on or before 31.08.1997.

I hereby undertake that I shall not claim any payment from the company on account of my voluntary resignation consequent on my Voluntary Retirement, other than those admissible under the aforesaid Scheme of Voluntary Retirement.

I also undertake that I shall not at all withdraw the resignation tendered by me. I furnish the required particulars below.
My Option for Benefit is ------ (Please mention A, B, or C)

Name in capital letters------------------ (Signature or thumb
Impression of the applicant

Designation

Section/Department

Residential Address

Permanent Address

Details of Bank Account: (applicable in case Benefit Option is B or C)

Bank Account No:

Name & Address of Bank

Date:

Signature in the presence of

Signature: ---------------------------------------------

1. Name & Address ---------------------------------------------

   Signature: ---------------------------------------------

2. Name & Address ---------------------------------------------
KEC INTERNATIONAL LIMITED, MUMBAI

DECLARATION AND NOMINATION FORM

I hereby nominate the person(s) mentioned below to receive the benefits available to me under the Voluntary Retirement Scheme, in the event of my death before that amount has become payable, or having become payable has not been paid and direct that the said amount shall be distributed among the said persons in the manner shown against their names.
<table>
<thead>
<tr>
<th>Name &amp; Address of the nominee or nominees</th>
<th>Nominee’s relationship with the member</th>
<th>Age of Nominee</th>
<th>Percentage of share</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2.</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

I hereby direct that in the event of my death and the minority of my above named nominee, the person whose particulars are given below shall be deemed to be the guardian of the minor nominee for the purposes of the Employee’s Voluntary Retirement Scheme, Mumbai-1997.
Table No. 4.2  Nomination form in the case of miner

<table>
<thead>
<tr>
<th>Name and Address of the Guardian</th>
<th>Age of the Guardian</th>
<th>Relationship of the Guardian with the member</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Date: __________________________ Signature or thumb impression
Of the applicant

Certified that the above declaration has been signed/thumb impressed by __________________________ employed in __________________________ KEC International Limited, Mumbai, before me, the entries having been read over by me.

(Name & Signature of Witness) (Name & Signature of Department Head)
IOCL had introduced a unique Voluntary Retirement Scheme in the month of January 2000 called (OVSS) a one time voluntary separation scheme. It has offered substantial financial package to the employees as incentive to quiet before retirement.

The company had given VRS for the first time in the year 1992-93, which was quite successful and after a gap of 7 to 8 years it had gone for the second time in the year 2000. The attraction was 50% of the basic salary was given as pension to its VRS employees. Another attraction was to provide such life long medical benefits to the VRS employees, which was applicable to those employees whose age is 50 years. For example an employee age is 47 at the time of VRS he will be entitled to get medical benefits once he attains the age of 50 years. The VRS package was pretty high. Apart from the workmen, some of the manager who were above 50 years also had gone for VRS apart from the workmen. Since the
package was good, around 1500 employees have opted for VRS in the year 2000.

IOC has also given an option to employees, having liabilities like housing or car loans, to repay these in monthly installments after adjusting the amount of gratuity, leave or leave travel encashed during the previous year. The monthly installments will be reworked and deducted from the additional monthly benefit.

There has been a substantial hike in the salary levels in all PSUs and today, almost everyone from the junior to senior management cadre gets basic pay of over RS. 15000. Typically, the OVSS would be the best to anyone in the age group of 50 to 55 years. Apart from pocketing a generous package, the people with good skills could immediately join the private sector, which pays more, and put their expertise to good use.

As far as IOC is concerned, the scheme was drafted to help meet its eventual objective of streamlining manpower. To quote a recent internal note, "Consequent to technology upgradation, modernization, automation and system simplification considerable manpower is becoming available for deployment. Even after
meeting additional requirements for new activities and locations. There are some employees who cannot be redeployed due to either mobility constraints or reluctance on their part for reskilling.

4.4. Mahindra Ash Tech Limited
A Wholly Owned Subsidiary of Mahindra & Mahindra Limited, Post Box No. 7802, Signal Hill Avenue, Reay Road (East), Mumbai-400033.

It is the first company in Mumbai, which had given VRS to its employees in the year 1984 as per Mr. Jugal Kishore, Manager personnel. The company had introduced VRS more than 10 times. Recently it had introduced its VRS on 4th June 2004 and it has notified a scheme of VRS to its employees on company notice board. The company plans to shift its operations from Mumbai to Pune. Most of the employees are settled in Mumbai. They don’t want to leave Mumbai and go to Pune because of their children’s education. Some of their children are employed in Mumbai. Many of the VRS optees are above 50 years of age. Since they are getting good pension scheme almost equal to their net salary, they have
opted for VRS. They have deposited all their legal benefits like PF and Gratuity in the Bank.

The VRS details given in the company notice is as follows:

**NOTICE**

Date: 4th June 2004

Salient Features of Voluntary Retirement Scheme for Workmen

1. **Validity:**

   Validity of the Scheme will be from 4.06.2004 to 12.06.2004

2. **Benefit:**

   50% of the last drawn salary (PF Base) in the form of monthly pension or lump sum payment by computation at 12% discounting factor, or 1/3rd lump sum commutation and balance 2/3rd Pension.

3. **Period:**

   50% of the completed years of service or balance years of service up to the age of superannuation, whichever is less subject to a maximum of 10 years (120 months).

4. **Incentive Scheme:**
Workmen who opt for VRS from 04.06.2004 to 12.06.04 will be given an exgratia payment of one month's salary (gross) In addition to the benefits under VRS that they have opted. Besides, workmen whose PF base salary is less than RS. 11,000/- p.m., will be given a minimum monthly pension of RS. 5500/-.

5. Workmen who do not wish to avail of the VRS will have to report for their duty at Pune from 08.06.2004 and they will not be entitled to receive any salary from 19.04.2004 till date of there Joining at Pune and the exgratia amount equivalent to one month’s gross salary’s applicable in clause 4 of the above incentive Scheme.

6. Under no circumstances, workmen who join/report for duty at Pune will be eligible to avail of the VRS benefits at a subsequent date.

Amar Banerjee
Managing Director

Copy to Mahindra & Mahindra LTD, (MSL Division) Employees Union, Mumbai-10.
With reference to the above notice I am hereby furnishing the details of Mr. Mangesh Bagkar as an example, who had opted for Voluntary Retirement as stated below:

**Table No. 4.3 Details of VRS optee Mr. Mangesh E.B**

<table>
<thead>
<tr>
<th>Sr. EMPNO</th>
<th>NAME</th>
<th>GROUP</th>
<th>D-O-B</th>
<th>D-O-J</th>
</tr>
</thead>
<tbody>
<tr>
<td>47 03333</td>
<td>Mangesh. E.B</td>
<td>O</td>
<td>17/07/1952</td>
<td>23/10/1977</td>
</tr>
<tr>
<td>PF BASE(APR-2004)</td>
<td>12829.40</td>
<td>Lumpsum OR 1/3rd</td>
<td>Rs. 408101.03</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Lumpsum 2/3rd</td>
<td>Rs. 136034.00</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Pension</td>
<td>Rs. 4726.00</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Full Pension</td>
<td>Rs. 6415.00</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Pension Period</td>
<td>98 Months</td>
<td></td>
</tr>
</tbody>
</table>

(Source: Primary data)

The employee opted for full pension scheme. For the next 98 months he will to get monthly pension of Rs. 6,415/- . He is planning to take up some job. Since he is having one son and one daughter both are studying in the junior college, it will take another 3 to 4 years for them to complete their education and to take up
some job. After 4 or 5 years, he hopes that his children will support him. So far 58 employees have opted for VRS in the above Scheme. Around 80 employees have relocated to their Pune Plant.

4.5. Larsen & Toubro Limited
Sakivihar Road, Pawai,
Mumbai-72.

L&T had given VRS to both unionized and ununionized employees at its Powai Works. Its first Voluntary Retirement was introduced in the year July, 1999, where about 500 employees opted for it and for the second VRS in the year 2000 around 150 employees opted for VRS.

The VRS was applicable to those with 10 years of service and 40 years of age. Employees opting for the scheme were entitled to payments of, up to 6 lakhs along with bonus and other legal dues.

The company said that the outgo on account of VRS would be capitalized over three years’ period. The company is targeting a 10 Percent reduction in manpower. The schema was basically designed to attract the employees above 50 years of age. The implementation
of VRS was quite successful. More than 1200 employees have opted for VRS so far as per company sources.

4.6. RCF Limited
Chembur
Mumbai.

Rashtriya Chemicals & Fertilizers Limited

Rashtriya Chemical and Fertilizers LTD (RCF) has embarked upon a consolidation strategy with emphasis on financial restructuring, mergers and acquisitions, cost cutting, voluntary retirement scheme and redeployment of employees.

According to RCF Chairman D.K. Verma, "Leading an industry successfully requires the ability to adopt to changing market. We want to focus our resources where we have maximum growth"
potential. The company had introduced VRS in the year 2000. It has given VRS to 393 employees by 30\textsuperscript{th} April 2000. The cost involved for the company was about 2 Crores.

Out of the total employees who opted for VRS about 150 of them were of non-technical (i.e. office and clerical staff) and around 100 were technical employees and remaining were semi-technical employees. The target employees were old employees who had fewer qualifications.

The VRS package includes two months salary for the service put in or the salary for rest of service period left, whichever is less including with medical benefits. The age of superannuation is 58 years.

The Unique feature of the company is that it conducts regular training programs for its employees for upgrading their skills. As per the company sources it conducts more than 200 training programs every year.
4.7. Glaxosmithkline Limited
Worli, Mumbai.

GlaxoSmithline India Limited:
The company has successfully implemented VRS at its Worli Plant. The Worli Unit was closed down completely when the company introduced Liberal voluntary retirement scheme by the company in the month of August/September 2000. This was the third time the company introduced VRS to its employees. The first time was in the year 1994 and the second time was in the year 1997. The total number of employees who were given VRS was approximately 650 employees. When asked the reasons given were competitive pressure, lack of business opportunities. Hence the company went for outsourcing its manufacturing activity through loan license for reducing the cost. The production was increased in other factories at Nashik and in the plant of Burroughs Welcome.

The VRS cost incurred for each employee was around Rs.10 Lacs. The company says it will recover the above cost within four years time.
4.8. Colour Chem Limited  
Mumbai Agra Road,  
Balkum, Thane.

Colour Chem limited is intended to reduce overhead cost. The company faces stiff competition from the small-scale industries as well as cheaper imports. It is intended to prune the headcount of the employees at Thane site as well as at the head office with a view to streamline the overall operations and to reduce overhead costs. The company for the first time implemented VRS in the year 1999. During that time around 340 employees opted for VRS. Moreover, the employees became surplus at Thane Factory as the company transferred the manufacture of some of its products to its Thane Plant from Roha Plant. The company had launched a major restructuring initiative, hence in the year December 2003, it had given VRS to around 540 employees. The VRS cost to the company was Rs. 5 to 7 Lakhs.
4.9. German Remedies Limited,  
Vasanji Road, Andheri (East)  
Mumbai-93.

**German Remedies Limited:**

The company had introduced VRS to its employees at its Andheri Plant in the month of September 2002. Around 412 employees of varying age groups were given VRS.

The reason for VRS was unviability of the plant. The company had closed down its Andheri Plant in the same year.

The products manufactured at this plant were transferred to the Goa Plant of German Remedies as well as the Ahmedabad Plant of Zydus Cadila. The total cost of VRS was approximately Rs.32 Crores.
4.10. Pfizer Limited (Formerly Known as Park Davis)  
Sakivihar Road.  
Andheri (E)  
Mumbai.  

Park-Davis India had given VRS in the month of July/August, 2001, wherein about 400 employees opted for it. The cost of VRS was around Rs.35 Crores. The reasons for VRS was the company had a merger with Major Drug maker Pfizer India, making the combined entity the fourth largest Drug Company in terms of market share rationalize from the current No. 8 position.

The new Pfizer will capture the combined strengths of the two Companies that have very similar values. The merger will bring a common basket Pfizer blockbuster vitamin brand Becosules, Cough
syrup Corex and PD's popular antacid Gelusil and cough Syrup Benadryl. It will also have a larger number of products in the cardiology and antibiotics therapy segment. A majority of Park Davis field force migrated to Pfizer while some had taken a voluntary retirement scheme. It also suspended operations at its only manufacturing unit in Hyderabad, after a successful VRS.

4.11. Cromten Greaves Limited
Kanjurmarg (East)
Mumbai.

Cromten Greaves Limited

The company was running under loss. The company is one of the oldest company in Mumbai. The company had implemented VRS because of automation. Most of the employees become a burden on company. Excess manpower and excessive manufacturing cost leads to a loss of Rs.150 Crores till the year 2002. From the year
2002, the company started making profits. To reduce overhead cost VRS was introduced systematically. Its first VRS was introduced in the year 1986. After that the company had given VRS 5 times i.e. in the year 1989, 1998, 2000 and 2001. The total number of employees who opted for VRS was 2300. The employees were both executives and non-executives. The cost incurred by the company was between Rs.46 to Rs. 47 Crores.
4.12. Bayer India Limited
Koleshet Road,
Thane.

Bayer India VRS: When company notified VRS, initially the employees were reluctant to accept the offer, the reasons were employees were getting good salary and their jobs were quite secure. The management had worked out better VRS package in comparison with other companies. In the year 1995 when Bayer introduced its first VRS, the interest rate on deposits in the market was very high i.e. around 12 to 13%. Some of its employees were already doing some side business. Some employees had agriculture lands at their native place and desired to go back to their homes, therefore they decided to take VRS. The management also could convince the Union for accepting the VRS. The cost to the company was RS. 20 Lakhs per person. The VRS package was very lucrative to the employees hence they happily accepted the VRS. VRS was implemented four times i.e., 1995, 2000-2001, 2002-2003 and in 2004. As per the company sources, the other attraction was medical benefits to the employees after retirement and pension.
First VRS of the company details are as follows:-

**NOTICE**

- **VRS-95**

**BAYER (INDIA) VOLUNTARY RETIREMENT SCHEME – 1994-1995(VRS)**

**For following broad reasons the Management is offering a VRS**

1. To protect the long-term prospects of employment and also the organizational survival in the existing competitive environment, among various measures the management is streamlining the existing manpower strength.

2. The Company is also facing constraints like the Industrial location policy and the economic viability of their operations at their Thane Plant.
3. Bayer India recently undertook an effectiveness and efficiency study to gear up their company's core business processes and support services.

4. This effectiveness and efficiency Study has enabled the Management to assess its manpower requirements in the immediate future and it is noted that there is a substantial scope for reduction in the head-count in the Company, more particularly in certain specific areas and functions.

5. Consequently, the Management has decided to launch a fresh Voluntary Retirement Scheme called VRS-95.

6. The Scheme is open for receiving application from the eligible employees under VRS-95 up to and including 23rd March 1995. Under no circumstances will the scheme be extended beyond 23rd March 1995. However, the Management reserves the right to withdraw the Scheme, at its discretion, any time before 23rd March 1995.
7. The employees desirous of availing of the fresh opportunity for Voluntary Retirement under VRS-95 will be able to obtain a copy of the VRS-95 Scheme along with their respective provisional employee benefit statements from their respective department heads or the personnel department. A copy of the application form is attached to the scheme. A copy of the Scheme is also displayed alongside this notice.

8. The Management, in its absolute discretion, may accept or reject the application of any employee for Voluntary Retirement under VRS-95 without assigning any reason therefore.

Place: Mumbai
Date: 2.03.1995.

Managing Director
Technical Director
Otis is the dominant manufacturer and service provider for elevators in India with about 60% market share in the organized sector. It also makes escalators, where it has a near monopoly. Otis was originally a Joint Venture between Otis Elevators of USA and the Mahindra group. The Mahindra group has decided to sell its stake, consequently the parent company's stake will go up to 70%. The company has to face competition from MNC players such as Kone, Mitsubishi, Hyundai etc. As a part of its restructuring exercise it implemented VRS for downsizing its employees in order to become more competitive in the market.

The company had given VRS to 500 employees in the year 1998. The VRS package was around Rs. 7.5 lakhs per person. Subsequently the Company implemented VRS in the year 1999 and 2001. The unique feature of the
The company was it gave a farewell party to its VR employees and a gift from the Management for a token of appreciation to the employees.

The company has an installed base of over 30,000 elevators. It has service contracts for about two-thirds of these. Its service income (30% of total income) is relatively immune to cyclical fluctuations in elevators demand.

4.14. **H& R Johnson Limited, Thane, Mumbai.**

The company is manufacturing tiles of all varieties. It had shifted its production activities to Pen. Hence all the 370 employees were given VRS. The cost of VRS was around Rs.3.8 lacs per person. The reasons for this VRS is basically the cost of manufacturing was very high, hence the company had decided to reduce manpower cost by implementing liberal VRS. It had implemented VRS 3 times. First time in the year 1995, second time in the year 1999 and thereafter in the year 2002.
4.15. Blue Star India Limited
Andheri.

The company had given VRS to around 350 employees in their Andheri Plant in the year 1998. The average compensation per Employee was Rs. 6.5 lakhs. The company had given first time VRS in the year 1989, subsequently in 1992, 1997 and 1998. As per Mr. Vilas G. Katdare the reasons for VRS were competitive pressure, automation, lack of business opportunities. Hence to overcome these problems the company is adopted the strategy of business outsourcing after successful implementation of VRS.
4.16. Reliance Industries Limited
Patalganga, Navi Mumbai

The company had implemented VRS in the year 2003, wherein 400 workmen opted for it. The reasons for VRS were competitive pressure. The company had implemented VRS successfully. The average compensation per person was Rs.2 lacs. The benefit to the company was that the wage bill was reduced drastically.

4.17. Glasnost Hydraulic Equipment Pvt. LTD,
Rable, Navi Mumbai.

The company manufactures Hydraulic Machines. The plant is situated at Rabale in Thane Belapur Road. It had employee strength of 125. The company had reduced its employees to 45 by implementing liberal VRS in the month of July 2000. The average compensation was RS. 2 lakhs. It had implemented the scheme successfully.
The company had implemented VRS in the month of July 2002. It had given VRS to about 56 employees. The cost to the company was about Rs. 8 lakhs per person. The major reason for VRS was cost reduction and the company had outsourced some of its products. Its own employees ran the canteen in the company. After VRS the management of the cafeteria had given to outside party. VRS was given to all age groups at various levels. The compensation package was very attractive and most of the employees opted taken for VRS.
Thane Belapur Road.

Bhart Bijlee Limited,

The company had given VRS in the year 2002. About 195 employees opted for VRS. The company had introduced its first VRS in the year 1989. Thereafter it was again implemented in the years 2001, and 2002. The cost incurred to the company was around Rs.7 crores. The objective behind VRS was to reduce wage bill. The minimum compensation was Rs.1.5 lakhs depending on the position. The company had successfully reduced its employees by implementing liberal VRS scheme.

The other reason for VRS was to increase the efficiency of the existing employees by reducing the excess manpower in the
company. The eligibility criteria for VRS was either the employee must have 10 years of service or be of age 40 years.

4.20. Star Chemicals Limited  
Pawne, Thane Belapur Road

Then Company is situated in Thane Belapur Road. The Company had given VRS to its employees for the first time in the Year 1995. The second time it had given in the year 1997. VRS was basically given to the workmen category. I.e. operators, helpers and fitters. The company had successfully implemented twice and reduced manpower by 81 workmen. The age group of the workmen was between 45 to 50 years. The average compensation per workmen was Rs.3 lakhs plus other legal dues such as P.F, Gratuity, leave travel allowance etc. The basic reason for VRS was to reduce the excess manpower.

Presently the company is doing well with little manpower. Some of the production activities were outsourced.
4.21. Philips India Limited
Thane Belapur Road.

Philips India Limited,

The company had given VRS for the first time in the year 1986, and thereafter in the year 1993, 1997 and 2000. It had given VRS to around 4000 employees. The average compensation was around 7.5 Lakhs. It had given VRS to the employees who had attained the age of 35 years and above. The major reason for VRS was technological changes and automation. Hence Company needed less manpower. Moreover company had old employees who are unable to work with the new technology. Their health is also major concern to the company. Hence company thought of VRS so as to reduce the old employees.
4.22. **Siemens India Limited**  
Thane Belapur Road  
Thane-400601.

**Siemens India Limited,**

The reasons for going for VRS were

1. Globalization,

2. Automation

3. Competitive pressure.

The eligible employees were either of age above 40 years or had completed 10 years of service. The compensation was between Rs.4 lakhs to 6.5 Lakhs depending on the position and number of years service which she or he had put in with the company. VRS had open to all categories of employees. It had given VRS for the first time in the year 1996. Around 3500 employees opted for VRS. The average cost to the company was Rs. 10 to Rs. 12 Lac per employee. The company had implemented VRS twice.
The unique feature of the VRS was that it had given post VRS training to its employees, to start their own business. Some other employees were given outsourcing jobs. The VRS employees were encouraged by the management to start their own business, Necessary support and guidance was given to them.

4.23. Associated Breweries & Distilleries Pvt. Ltd
Nerul, Navi Mumbai.

The company was acquired by UB Mallya Group United Breweries. During the process the company undertook manpower-restructuring exercise. The company also went for modernization and automation. The company had given VRS to nearly 300 employees in the year March 2001. The VRS optees were mostly workmen and few administrative and supervisors in the plant. The VRS package was very minimal. But the employees took at as they had no other option.
4.24. **Lubrizol India Limited**
Turbhe, Thane Belapur Road.

Lubrizol India Limited (LIL) was incorporated in 1996 in Collaboration with the Lubrizol Corporation, USA. (LC), World leader in additive business. 60% of the subscribed equity capital of the company was held by the Government of India (GOI), and the balance 40% by LC. In line with GOI's decision to divest its entire equity of 60% in the company, 10% of the shares held by GOI were transferred to LC on the same day. Thus at the close of the financial year 1999 – 2000, the company became a joint venture between IOC and LC. LIL is a Specialty Chemical Company serving the needs of the Petroleum Industry. LIL develops manufacturers and market additive Systems for automotive and Industrial Lubricants and for treatment of fuels. LIL has two manufacturing units in Maharashtra: One unit is situated at Trans Thane- Belapur Industrial Complex near Navi Mumbai and the second unit is located at Taloja, District
Raigad. The company implemented VRS for the first time in the year 2000 wherein, 97 employees opted for it. In the year 2001, the company had given VRS to 21 employees in the year 2002, 21 employees were given and in the month July 2003, 45 employees were given VRS in the year 2004. The cost to the company was about 23 Crores. The management had successfully implemented VRS to both executives and non-executives. Some of the manager also availed the benefit of VRS. The new management is in the hands of Lubrizol Corporation USA. There was some fear among the employees because of change in management, moreover the VRS package was quite attractive. Hence most of the employees opted for it.
4.25. **ESAB India Limited**  
**Airoli, Navi Mumbai.**

In technical collaboration with Esab Holdings, UK, Esab India produces a range of welding, cutting and allied products. The technical collaborator holds about 37 percent stake in the company. Esab India is the second largest player in the welding equipment and consumable industry.

The company's prospectus are linked to the automobiles, steel and engineering sectors. Esab India operates in an industry characterized by high volumes and low margins. Esab has, however, focused on the higher end of the welding industry as the lower end of the welding electrodes market is dominated by the unorganized sector. Financially, the company’s performance has been affected on account of the slowdown in key user segments-general engineering and automobiles. However, Esab has taken initiative to restructure its business operation. It has also adopted
cost cutting measures in the recent years. The Company has implemented VRS at Thane plant to downsize the employees. All the 99 employees were given VRS in the year 1999-2000. The VRS package was between Rs.5 to Rs.7 lakhs.

The unit was closed after successfully implemented VRS to all its employees. Subsequently the plant was shifted from Mumbai to Chennai.

The positive impact of these measures is reflected in the performance for the year ended March 2001, while the turnover inched up about 8 percent to Rs. 138.5 crore. The company reported a net profit of Rs. 10.08 crore against a net loss of Rs. 19.93 crore in 1999-2000.