

GRATUITY

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1. GRATUITY

THIS TRUST DEED is made this 28th day of May 1986 BETWEEN Kerala Agro Machinery Corporation Limited, a company incorporated with limited liability under The Indian Companies Act and having its registered office/address at Athani - 683 585, Alwaye, Ernakulam hereinafter called 'the employer' of the one part And

- (1) Shri. Edgar Morris
- (2) Shri. Abraham Varghese
- (3) Shri. N.K. Sadasivan Nair

(hereinafter called 'the Trustees' which expression shall, where the context so admits or requires, include the Trustee or Trustees hereof for the time being and the survivor or survivors of the trustees and their Heirs, Executors, Administrators of the survivor or survivors, his or their assigns) of the other part.

WHEREAS

- a) The Employer is desirous of providing certain benefits in terms of the Rules of the Fund to its employees on their termination of service or retirement from service or to their Beneficiaries (as defined in the Rules of the Fund) in the event of their death.
- b) It is proposed to set up a non-contributory group Gratuity Fund for providing death-cum-retirement Gratuity benefits to those employees who shall be eligible for membership of the Fund and certain sums shall be contributed by the Employer to the Fund from time to time for securing the benefits in accordance with these presents.
- c) It is intended that such provisions shall, inter alia, be made by means of Assurances on the lives of employees which Assurances shall be effected with the Life Insurance Corporation of India (hereinafter called 'The Corporation'), and the Trustees shall apply for and effect with the Corporation such assurances on the lives of existing and future Members as may from time to time be necessary in accordance with the Rules hereof and that the premiums payable for such Assurances shall be provided by contributions to be made by the Employer.
- d) "the Fund" hereby created shall be called Kerala Agro Machinery Corporation Employees' Group Gratuity Fund.
- e) "the Scheme" shall mean Kerala Agro Machinery Corporation Employees' Group Gratuity-cum-Life Assurance Scheme as described in the Rules of the Scheme.
- f) The Trustees have, at the request of the Employer, agreed to act as Trustees of the Fund in accordance with the terms of these presents and of the Rules made in connection therewith and to effect Assurances on the lives of the Members and to hold the same and other funds which the Corporation shall certify as necessary UPON TRUST NOW IT IS HEREBY AGREED AND DECLARED as follows :-

SECTION I: - Administration of Fund and the Scheme.

Rules		
	1.	The Fund shall be governed by the Rules of Kerala Agro Machinery Corporation Limited Employees' Group Gratuity-cum-Life Assurance Scheme (hereinafter referred to as "the Rules") and any reference to the rules in these presents shall mean the Rules for the time being in force which shall be binding on the Members, their Beneficiaries and on the

		Employer. A copy of the current Rules is annexed to and the same shall be deemed to form part of these presents.
Definitions	2.	All words and expressions to which special meanings have been given in the Rules shall have the same meanings wherever they appear in these presents.
Date of commencement	3.	The fund shall be deemed to have been established and the Rules shall be deemed to have taken effect from the day of 01.08.1985 notwithstanding the date of the Trust Deed.
Trust irrevocable	4.	These presents shall constitute a Trust upon which Trust shall be irrevocable and no moneys belonging to the Fund in the hands of the Trustees shall be recoverable by the Employer nor shall the Employer have any lien or charge of any description on the fund.
Trust Funds	5.	The sums in cash and other assets retained by the Trustees in the surplus or any other Account as provided for in the Rules and the Master Policy to be issued by the Corporation shall constitute the funds and the Trustees shall hold and employ the said funds according to the Rules. The Trust Fund shall be vested in the Trustees. The Trustees shall have the entire custody, Management and control of the Fund and shall decide all differences or disputes which may arise under these presents or under the Rules either as to the interpretation thereof or as to the rights and obligations of the Employer or of the Members or their Beneficiaries and the decision of the Trustees in all cases shall be final and binding on all parties concerned.
Assurances	6.	With the prior approval of the Employer, the Trustees shall have the authority to enter into such arrangements or agreements with the Corporation as may be necessary to provide death cum retirement Gratuity benefits to the employees of the Employer as described in the Appendix (1) to the Rules of the Scheme. For the purpose, the Trustees shall effect appropriate Assurances on the lives of the Members with the Corporation.
Employer to contributions	7.	The Employer agrees to make the contributions to the Trustees which the under the Rules and the Trustees shall utilise the same for effecting the aforesaid Assurances and maintaining them for. providing the benefits described in the Rules
Employer to Furnish all information & to payroll the expenses of administration of the Fund and Scheme	8.	The Employer further agrees to furnish to the Trustees all particulars regarding the Members and such other information as may be in its possession as the Trustees may require for the purpose of effecting the Assurances. All expenses incurred by the Trustees in connection with the administration of the Fund and Scheme including the remuneration of a Secretary or of a person to be employed by the Trustees and audit fees shall be borne by the Employer.
Member to have legal right	9.	Except as provided in these presents and in the Rules, no Member his Beneficiary shall have any legal claim, right interest in the Fund. PROVIDED ALWAYS THAT the Trustees administer the Fund for the benefit of the Members and their Beneficiaries in

<p>Employer's Member's unprejudiced employment</p>	<p>10.</p>	<p>accordance with the provisions of these presents and the Rules Nothing in the Rule shall be deemed to restrict in any way the rights of the Employer to terminate the employment of a Member nor shall his being a Member be used by the Member as a ground for increasing damage in any action brought by such Member against the Employer in respect of termination of his employment and no expression of intention on the part of the Employer herein contained shall create for the benefit of the Member any legal obligation or impose any legal liability on the Employer.</p>
<p>Power to the a provisions</p>	<p>11.</p>	<p>The Trustees may at any time by a resolution in writing signed by not less than two of them and with the consent in writing of the Employer as also of the Corporation where the variations have a bearing on the terms and conditions of the Assurances effected with the Corporation but not otherwise amend any of the terms of provisions of the Deed and the Rules. PROVIDED THAT no such amendment shall be inconsistent with the main objects of the Trust hereby created nor shall such amendment in any way prejudice the rights or interests of any Member or his Beneficiary. PROVIDED FURTHER THAT no such amendment shall be made with out the prior consent of the Commissioner of Income-tax.</p>
<p>Employer's right to discontinue contributions and amend the scheme</p>	<p>12.</p>	<p>(a) i. The Employer reserves the right to discontinue contributions to the scheme at any time, after giving notice to the Trustees, the Corporation and to all the Members. ii. The Employer may at any time give notice in writing to the Trustees, the Corporation and to all the Members of the Scheme of its intention to amend the Scheme and it shall be lawful for the Employer with the previous approval of the Commissioner of Income-tax, to give effect to such amendments. PROVIDED THAT no notice is required to be given to the Trustees, or the Members if the Commissioner of Income-tax requires as a condition of approval of the Scheme an amendment to be made taking effect from the date of the Scheme. iii. Any amendment of discontinuance shall not effect the benefits already secured for the Members and more particularly by the premiums paid to the Corporation up to the date of such amendment or discontinuance as the case may be. Nothing in these presents shall place the Employer under any obligation to maintain all or any of the Assurances after the discontinuance of the contributions. iv.(a) The notice of amendment shall always have effect from the anniversary of the date of commencement of the Scheme which next follows the date on which such notice has been served on the Trustees. The notice to the Trustees and the Members shall be in such form and manner as may be deemed sufficient by the Employer.</p>

		<p>(b) The Trustees shall comply with and carry out all directions as may be given to them by the Employer from time to time in relation to any matter with respect to which the Employer has power under this Deed or under the Rules to determine or decide and a certificate from the Employer to the admission of a Member or as to the death of a Member or his retirement or dismissal from the service of the Employer or as to any other relevant matters shall constitute a good and sufficient authority to the Trustees and shall be conclusive as to all facts stated therein. Every such direction or certification shall be notified to the Trustees in writing and signed by any Director or any other person authorised in writing on behalf by the Employer and any such notification purporting to contain the direction or certification as aforesaid shall constitute complete protection to the Trustees in respect of any matter therein referred to notwithstanding any error or lack of authenticity in such notification.</p> <p>(c) Upon any amendments being made in the terms and conditions or the basis of computation of payment of Gratuity for the Employees of the company either by the Employer or on its own free will or as a result of any agreement with the employees or otherwise the said amendments shall be in full effect for the purpose of the scheme immediately and the Trustees shall take appropriate steps to incorporate the said amendments in the Trust Deed and /or Rules of the Scheme as the case may be, after securing the prior approval of the Corporation and the Commissioner of Income tax. The amount of gratuity and the terms and conditions of payment shall be as set forth in the Appendix (i) to the Rules.</p>
Payment of Gratuity	13.	(a) On behalf of the Employer, the Trustees shall provide for the payment of gratuity on termination of service, on death or retirement of the Member or otherwise as provided in the Rules of the scheme.
Payment of benefits		(b) It is expressly provided that all benefits granted by the Fund shall be payable only in India.
Trustees' Liability	14.	The Trustees shall not at any time be made liable for any more moneys than shall have actually come into their hands or for any sums exceeding the sums payable under the Master Policy to be issued by the Corporation under the Rules or for the failure of any Bank, Company, Firm or Corporation or for the dishonesty of a clerk or servant or attorney or other person with whom any part of the Trust property may be deposited or be placed in charge or be liable for any acts or defaults other than their own immediate and respective willful acts, deed and defaults. The Trustees shall be entitled to be indemnified by the Employer against all proceeding cost and expenses occasioned by any claims in connection with the Trust not arising from their with full negligence or dishonesty. The Trustees shall not be responsible for the correct calculation and recovery of contribution payable by the Employer nor shall the Trustees be bound at the request of Member or otherwise to make any proceedings against the Employer for money which such Member may consider should have been paid by the

		Employer to the Trustees on such Member's Account.
Accounts	15.	<p>(a) The accounts of the Fund shall be maintained in India and shall contain such particulars and in such form as the Trustees shall think proper and as required by law of all financial transactions of the Fund.</p> <p>(b) As soon as, may be after the first day of April in each year, the Trustees shall take a general account of the assets of the Trust and shall prepare a Balance Sheet and a receipts and payments accounts showing the receipts, payments, dealings and transactions during the proceeding year terminating on the thirty first day of March in such form as is considered suitable by the Trustees.</p> <p>(c) The Trustees shall appoints auditors who shall have access to all books papers, vouchers, accounts and documents connected with the Trust and who shall in writing report to the Trustees on the annual Balance Sheet and receipts and payments account. A copy of the audited Accounts shall be furnished to the Employer.</p>
Payments on Member's infirm	16.	If any member or his Beneficiary under the Rules shall in the o of the Trustees, be unable by reason of mental incapacity or other cause to manage his affairs, the Trustees may at discretion arrange that any payment payable to such Member beneficiary be paid to any other person in whose charge or cu such Member or Beneficiary shall be as long as the infirmity and such payment shall be a good, sufficient and cor discharge to the Trustees.

SECTION II : PROVISIONS REGARDING TRUSTEES

Number of Trustees	17.	The number of Trustees shall be not less three or more than six and a Company as defined in sub-clause (i) of sub-section (1) of Section 3 of the Companies Act 1956 shall not be appointed as Trustees without the prior approval of the Commissioner of Income tax.
Appointment of Trustees to be made by the Employer	18.	The power of appointing the Trustees shall be vested in the Employer who shall in making such appointments observe the limitations laid down in these presents and the Employer shall also have power to fill up at any time. Any vacancy in the number of Trustees and to remove a Trustee by giving 7 days notice in writing to the Trustee at his last known address and to the continuing Trustees. The Employer shall be under no obligation to fill the vacancy occasioned in respect of any Trustee so removed or any other vacancy in the

		number of Trustees until it shall think fit and so long as the number of Trustees shall not be less than three and pending the filling in of any vacancy, the continuing Trustees shall have power to act. A member of the Fund can be appointed a Trustee of the Fund. The Employer shall appoint as Trustees only persons who are in its employment in India.
Retirement of Trustees	19.	(a) A Trustee may retire at any time on giving seven days notice in writing to the Employer and to the Chairman of the Trustees of his desire to do so. (b) The Trustees shall be resident in India. The office of any Trustee shall be vacated if the Trustee being a Director ceases to be a Director or the Trustee being an Employee ceases to be in the service of the Employer or if he shall permanently leave India or for reasons of illness or infirmity or mental incapacity shall in the opinion of the other Trustees become incompetent or incapable to act. (c) In the event of any Trustee ceasing to be a Trustee he shall, if necessary, assign or join in assigning the Assurances to the continuing Trustees.
Obligation of outgoing Trustee to assign assurances		
Meeting of Trustees & Quorum	20.	The Trustees may meet together for despatch of business and adjourn and otherwise regulate their meetings and proceedings as they may think fit. Two Trustees present at meeting shall be a quorum.
Voting at meeting	21.	The Employer shall nominate one of the Trustees to be the Chairman of the Trustees, who shall preside at the meetings of the Trustees. The Employer shall also appoint a Trustee to be an Alternate Chairman who shall act in the absence of the Chairman and exercise all the powers of the Chairman. Each Trustee present at the meeting shall be entitled to one vote on any matter arising thereat and in case of equality of votes the Chairman shall have a second or casting vote.
Decision by Majority	22.	All matters considered at the meeting shall be decided by a majority of votes. The Trustees shall be at liberty to pass a resolution without any meeting of the Trustees provided that such resolution shall be evidenced in writing and passed by majority after being circulated.
Trustee's power to appoint a Secretary	23.	(a) The Trustees shall have power to appoint any one of the Trustees to act as Secretary of the Fund and the said Secretary may be invested with such powers of Management of the Trust as the Trustees may from time to time in their absolute discretion determine.

		(b) With the consent of the Employer, the Trustees shall also have power to employ any person or persons to do any legal, accountancy or other work which they may consider necessary or expedient in connection with the Management of the Trust and of the assets thereof, it is however provided that no Director of the Employer shall be paid any remuneration for such services.
Signing of Receipts, Cheques & Correspondence	24.	All correspondence in relation to the operation of these Trusts may be conducted by the Chairman and in his absence by Alternate Chairman and in the absence of both by a Trustee authorised in that behalf by the Trustees. Receipts for moneys received may be signed by Chairman and in his absence by the Alternate Chairman and in the absence of both by a Trustee authorised by the Trustees in that behalf, cheque on the bank account may be drawn and signed by any two of the Trustees on behalf of all the Trustees. The Trustees shall decide which of the Trustees shall operate the Bank Account on their behalf.
Trustees to sign on behalf of Member	25.	The Chairman and in his absence the Alternate Chairman and in the absence of both, any Trustee authorised in this behalf by resolution of the Trustees shall sign on behalf of the Member or Members or designated Beneficiaries of the Scheme, as the case may be, all proposals requests, discharges and receipts as may be necessary for the proper administration of the Trust. The Trustees may in their absolute discretion give authority, which authority shall be in writing duly signed by all the Trustees, to give a discharge, receipt or acknowledgement for moneys due under the Assurances upon the life of the Member to the Member or in the event of his death to his Beneficiary or Beneficiaries.
Absence of Trustee & Power of the remaining Trustees	26.	If any Trustees shall be temporarily absent from India the Trustees (not being less than three in number) who shall remain in India shall during such absence have full powers to act under the Trusts hereof as if they were the only Trustees of these presents.
Investment of Fund Moneys	27.	All moneys contributed to the Fund or received or accruing by way of interest or otherwise to the Fund may be deposited in a Post Office Savings Bank Account in India or in a Current Account with any Scheduled Bank or utilised for the purpose of making contributions under Group Gratuity Scheme entered in to with the Corporation and to the extent such moneys as are not so deposited, or utilised shall be invested in the manner specified in sub-rule

		(2) of Rule 67 of the Income-tax Rules, 1962. Subject to the limit specified in the said sub-rule (2) the Trustees shall have power at any time and from time to time to vary, transpose or to change any investment forming part of the Fund into or for others of the nature hereby authorised. All moneys to the credit of the above mentioned investments including the Master Policy issued by the Corporation shall be dealt with only in accordance with the Rules.
Trustees' option to register securities in the name of a nominee	28.	It shall not be obligatory on the Trustees to cause themselves to be registered as the holders of any securities constituting investments belonging to the Trust and such securities may be subscribed or purchased or held in the name or names of a Scheduled Bank or Scheduled Banks preferably the Bank with which Account is opened under Clause 27 as may be appointed by the Trustees.

SECTION III: WINDING UP OF THE TRUST FUND

	29	<p>(i) The Trust Fund shall be wound up of the following events.</p> <p>(a) Upon the winding up of the Employer (unless such winding up is for the purpose of amalgamation, reconstitution or reconstruction).</p> <p>(b) Trustees unanimously deciding to wind up the Fund after the discontinuance of the contributions by the Employer.</p> <p>(ii) For the purposes of the winding up of the Fund, the Trustees shall first realise the value of the assets of the Fund, including the value of the Assurances then held by them and the amounts so realised shall be allocated in the manner described below to the Members who are in the service of the Employer on the date of winding up of the Fund after meeting the liabilities in respect of the outstanding claims if any, pertaining to the Members who have ceased to be in the service of the Employer prior to the date of such discontinuance.</p> <p>(iii) The Trustee shall then ascertain the amount of Gratuity accruing and due to all the Members of the Fund according to the provisions of (1) of the Rules by reference to the Salary of the Members as on the date of winding up and the length of service completed by them. If the total amount</p>
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		<p>realised exceeds the total liability in respect of gratuity, ascertained as above, the Trustees shall earmark for each Member the amount of gratuity accrued and due to him under the said Appendix 1 of the Rules out of the moneys realised and utilise the excess to provide additional benefits the Members in proportion to their accrued benefits. If the amount so realised is less than the said accrued gratuity, as aforesaid, the total amount shall be allocated to each Member in proportion to his accrued gratuity.</p> <p>Provided always that the Trustees shall obtain prior approval of the Commissioner of Income-tax in regard to the arrangements to be made by them for winding up of the Fund.</p> <p>(iv) If the Members remain in the service of the Employer after the winding up of the Fund, they shall not be paid the gratuity so long as they continue in the service of the Employer.</p> <p>(v) Notwithstanding anything what so ever stated in the foregoing paragraphs the Trustees shall have absolute and uncontrolled discretion to consult an actuary and adopt any other methods or principles for the winding up of the Fund or make such arrangements or enter into such agreements as they may deem fit shall in the opinion other Trustees serve as far as and as may be the wishes of the Members and Beneficiaries. PROVIDED THAT any such arrangement or agreement shall be made only after obtaining prior approval of the Corporation and the Commissioner of Income-tax. PROVIDED FURTHER THAT the Members consenting to such arrangement or agreement shall not be entitled to have the Assurances transferred to them.</p>
<p>Winding up of the Company for reconstruction</p>	<p>30.</p>	<p>In the event of the business of the Employer being wound up voluntarily or for the purpose of reconstruction, reconstitution, amalgamation with any other company, firm or association, the Trustees may make such arrangements or enter into such agreements as they in their uncontrolled discretion shall deem fit for the continuance of the Trust in connection with such dissolution or reconstructed, reconstituted or amalgamated</p>

		Company, firm or association, PROVIDED ALWAYS THAT no arrangements or agreements under this clause shall be entered into without obtaining the prior approval of the Commissioner of Income-tax.
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SECTION IV – GENERAL PROVISION

Jurisdiction	31.	This Deed and any variation thereto shall be governed by the Laws of India and Trust Fund hereof shall always be located in India. IN WITNESS THEREOF the parties have hereunto set their hands and seals on 28 th day of May, 1986.
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The common seal of

been hereunto affixed
in the presence of

Palai K.M.Mathew
Chairman

Paul Manvattom
Director

Secretary
under the authority of the
Resolution of the Board of
Directors dated 21.03.1986

WITNESS:

Signed, Sealed and delivered by the above named
Sri. Edgar Morries

One of the Trustees in the presence of Sri.K. Unneenkutty
Deputy Manager (Personnel)

Signed, Sealed and delivered by the above named
Sri. Abraham Varghese

One of the Trustees in the presence of Sri.K.S. Divakaran
Asst. Manager (Admn)

Signed, Sealed and delivered by the above named
Sri. N.K. Sadasivan Nair

One of the Trustees in the presence of Sri. M. Babu
Assistant

2. RULES OF GROUP GRATUITY CUM LIFE ASSURANCE SCHEME

SECTION -1 : DEFINITIONS, ELIGIBILITY & REQUIREMENTS FOR MEMBERSHIP

DEFINITIONS

In these rules, the headings shall not affect the construction and unless repugnant to the subject or context, masculine shall include feminine and the following words and expressions shall have meanings assigned to them as follows:

- i) "The Employer" shall mean Kerala Agro Machinery Corporation Limited and shall include any Company, Firm, Corporation or Association which may by purchase, amalgamation or otherwise take over in whole or in part the business of the Company and which shall enter into a Deed in such form as the Trustees shall require undertaking to continue the obligations of the company under these presents and releasing the Company from all further liabilities thereof.
"The Corporation" shall mean the Life Insurance Corporation of India established under Section 3 of the Life Insurance Corporation Act, 1956.
- ii) "The Commissioner of Income-tax" shall mean the person appointed as such under sub-section (i) of Section 117 of the Income-tax Act, 1961 and having jurisdiction over the Fund.
- iii) "The Trust Deed" shall mean the Trust Deed executed by the Company and the Trustees and all amendments made thereto from time to time.
- iv) "The Fund shall mean the Gratuity as described in the Trust Deed.
- v) "The Scheme" shall mean the Kerala Agro Machinery Corporation Employees Group Gratuity-cum-Life Assurance Scheme described in these Rules.
- vi) "The Rules shall mean the Rules of the Scheme as set out below and as amended from time to time.
- vii) "The Trustees" shall mean the Trustees for the time being of the Fund.
- viii) "Employee" means an Employee participating in a Gratuity Fund, but does not include a personal or domestic servant.
- ix) "Eligible Employees" shall mean the persons who shall be eligible to benefit by these Rules as more particularly set forth in Rule 3 below.
- x) "Members" shall mean persons who as Eligible Employees join the Scheme and become entitled to benefits hereunder.
- xi) "Original Members" shall means Eligible Employees who become Members of the Scheme on the Effective Date.
- xii) "The Beneficiary" shall mean the wife and/or child or children and/or dependants of the Member.
- xiii) "The Policy" shall mean the Master Policy, which incorporates the Assurances effected under these Rules for the benefit of the Members and which Policy shall be held by the Trustees.
- xiv) "The Effective Date" in relation to the Scheme shall mean the first day of August 1985, the date as from which the Scheme take effects.

- xv) "Annual Renewal Date" in relation to the Scheme shall mean the first day of August 1986 and the first day of August in each subsequent year.
- xvi) "Entry Date" shall mean (a) in relation to the Original Members the Effective Date and (b) in relation to new Members admitted to the Scheme after the Effective Date, the Annual Renewal Date which is coincident with or which next follows the date on which they become eligible.
- xvii) "Renewal Date" shall mean in relation to the Member the relevant Annual Renewal Date subsequent to the Entry Date.
- xviii) "Normal Retirement Date" shall mean in respect of the member the date on which he attains the age of 60 years.
- xix) "Service" shall mean continuous service rendered by the Member to the Employer including service which is interrupted by sickness, accident, leave, lay-off, strike or a lock-out or cessation of work not due to the fault of the Employee concerned. For the purpose of the Scheme a period in excess of six months shall be reckoned as one year.
- xx) "Salary" includes dearness allowance, if the terms of Employment so provide, but excludes all other allowances and perquisites.
- xxi) "Trust" means the Trust under which the Fund is established.

THE TRUSTEES TO ACT FOR THE EMPLOYER AND MEMBERS:

The Trustees shall act for and on behalf of the Employer and the Member and every act done by the Trustees in consultation with or on instructions of the Employer in matters where the Employer has direction under the Rules or is concerned shall be binding on the Employer and the Members. Every act done by agreement made with and notice given to the Corporation by the Trustees shall be binding on the Employer and the Members.

a) ELIIBILITY:

The Employees who satisfy the following condition shall be eligible to participate in the Scheme.

"Permanent Employees who on the Entry Date are aged not less than 18 years and not more than 60 years".

Employees who are in the service of the Employer on the Effective Date and satisfy the above condition shall join the Scheme as from that Date. Permanent Employees who do not satisfy the above condition on the Effective Date and Employees appointed by the Employer after the Effective Date shall join the Scheme on the Annual Renewal Date which is coincident with or which next follows the date on which they satisfy the said condition.

It shall be condition of service for future Employees that they must join the Scheme on the Annual Renewal Date coincident with or next following the date on which they become eligible.

No Member shall withdraw from the Scheme while he is still an Eligible Employee in the service of the Employer.

b) EVIDENCE OF AGE:

Evidence of age of every Eligible employee satisfactory to the Corporation shall be furnished before he is admitted to the Membership of the Scheme and if the age of the member be conclusively proved later to have been incorrectly stated in the evidence submitted, the Member shall not be entitled to any more benefits under the Scheme than what he would

receive had his correct age been stated on the Entry Date. The Corporation shall have the right to make such adjustment in the benefits as it may in its absolute discretion decide having regard to the normal practice in this behalf for the time being in force.

c) EVIDENCE OF INSURABILITY:

For the purpose of effecting Assurance under Term Insurance Plan in respect of the Member evidence of insurability satisfactory to the Corporation will be required prior to each Eligible Employee's entry into the Scheme and on each occasion when an increase in Sum Assured under the Assurance is to be granted.

If, in the opinion of the Corporation, the evidence submitted is not satisfactory or other special hazards exist, the Corporation may vary the terms of acceptance of the risk in respect of the Member. In case the evidence submitted makes the life of the Member ineligible for insurance on his Entry Date for initial Sum Assured, or on any subsequent Renewal Date for increase in Sum Assured, there shall not be effected any Assurance or increase in Assurance, as the case may be, under this Plan on and from the date on which the Member is declared to be uninsurable. The Corporation's decision about the insurability of the employee shall be final and binding on the Members and the Trustees.

SECTION – II : CONTRIBUTIONS

- i. **Annual Contributions:** There shall be duly paid for each Member annually in advance on the Entry Date and subsequent Annual Renewal Dates such contributions as are required to secure the Assurances hereinafter described. The contributions shall be paid throughout the future service of the Member until his Normal Retirement Date, unless determined earlier under the Rules.

When an increase in Assurances is effected consequent upon increase in Salary as provided in Rule 7 (b), the annual contributions payable for the Member shall be appropriately adjusted. The contributions shall be ascertained by the Corporation under the appropriate Plans of Assurances.

- ii. **Additional Contributions:** In addition to the contributions payable under paragraph (i) above, the Employer shall pay the Trustees contributions of an amount which shall be determined by the Corporation and the Corporation shall require the employer to pay these additional contributions to the Trustees for the purpose of the Scheme. The said contributions shall however, not be paid to the Corporation but shall be held by the Trustees in the Surplus Account or any other Account as the Trustees may deem appropriate. The Trustees shall have absolute and uncontrolled discretion to utilise out of these contributions or the Surplus Account any sum which together with the benefits under the Scheme, may be required to make up the whole of the amount of gratuity due to the Member under the provisions of Appendix (I) hereto.

Provided However That if the balance to the credit of Surplus Account together with the sum payable under the provisions of the Rule is insufficient to make up the whole of the amount accrued and payable to the Member according to the said Appendix (I), the Employer shall pay to the Trustees such additional contributions as may be required to make up the deficiency the gratuity payable to the Member.

- iii. **Special Contribution:** Subject always to any general or specific directions given by the Commissioner of Income-tax the Employer may pay any sums to the Trustees by way of Special Lumpsum contributions and upon paying such sums shall give instructions to the Trustees as to their allocation for the benefit of all or specified members or their dependants and the dates as of which the said contributions may be appropriated. The contribution shall be paid by the Employer to secure the benefits vesting absolutely or contingently in

the Member in respect of the Members Service prior to the date of his admission to the Membership of Scheme.

Provided that Ordinary annual contributions payable by the employer in respect of para (i) and (ii) hereof shall not exceed 8-1/3 % of the Salary of the employee during the year and special contribution in terms of para (iii) hereof shall not exceed 8-1/3 % of the employee's Salary for each year of his past services with the employer.

The expenses of administration of the Fund and the Scheme incurred by the Trustees shall be borne by the Employer. The Employer shall not claim such expenses as deductible expenses in computing his business profits or losses for the purpose of Income-tax assessment.

SECTION – III : ASSURANCES

- a) **Assurance** : Subject to the provisions of Rule 5, appropriate Assurances on the life of each Member under a plan suitably combining One-year Renewable Group Term Assurance with Pure Endowment (with return of premiums) will be effected to secure the benefits as described in Section IV below. All Assurances necessary to provide the benefits shall be effected only with the Corporation.
- b) **Changes in Assurances:** Subject to the provisions of Rule 5, when the Member's salary is changed, the Assurances effected in respect of him will be appropriately adjusted. Such adjustments in Assurances shall be effected on the Annual Renewal Date which is coincident with or which next follows the date on which the increase in Salary becomes effective.
- c) **Limitation of Assurances:** If the contribution payable in respect of the Member under Rule 6 are not sufficient to secure the benefits as described in section IV below, the benefits in respect of the Member shall be reduced to an amount as can be secured by the contributions.

SECTION –IV : BENEFITS ON SURVIVAL TO NORMAL RETIREMENT DATE

Upon a Member's retirement at Normal Retirement Date, there shall become payable to the Trustees, for the benefit of the Member, an amount equal to 15 days' salary as on the Annual Renewal Date last preceding the Normal Retirement Date multiplied by the total number of years of service completed by the member, subject to a maximum of 20 months' salary. The Trustees shall pay the benefits to the Member in accordance with the provisions of Appendix (1).

BENEFITS ON DEATH WHILST IN SERVICE BEFORE NORMAL RETIREMENT DATE:

In the event of death of the Member before Normal Retirement Date whilst he is in the service of the Employer, there shall be paid to the Trustees a sum which shall be the total of: the sum, if any, for which the Member's life was insured under Term Insurance on the date of death and the amount payable under Pure Endowment. The Trustees shall pay to the Beneficiary the benefits in accordance with the provisions of Appendix (1).

BENEFITS ON RETIREMENT AFTER NORMAL RETIREMENT DATE OR DEATH WHILST IN EXTENDED SERVICE

If, with the consent of the Employer, a Member remains in Service after Normal Retirement Date, no further contributions will be payable in respect of him. The payment of benefits will be deferred until his actual retirement or death during such extended Service. Upon the Member's actual retirement or death, there shall be paid to the Trustees the sum that would have become payable had the Member retired at Normal Retirement Date, together with interest thereon at the rate to be determined by the Corporation on the said date calculated up to the date of his actual retirement or up to date of death, as the case may be, and the Trustees shall pay to the Member or the Beneficiary, as the case may be, the benefits in accordance with the provisions of Appendix (1).

EARLY RETIREMENT DUE TO ILL HEALTH OR TOTAL AND PERMANENT DISABILITY OR WITHDRAWAL FROM SERVICE

If, before the Normal Retirement Date, the Member leaves the service of the Employer of his own free will or otherwise or retires from the Service with the consent of the Employer on grounds of ill health or total and permanent disability the Surrender Value of the Assurance effected in respect of him shall become payable to the Trustees and the Trustees shall pay to the Member the benefits in accordance with the provisions of Appendix (1).

Term Insurance Cover shall cease as from the date the Member ceases to be in Service.

ADJUSTMENT IN THE BENEFITS ON CESSATION OF SERVICE

- (a) Any balance of the value of Assurance remaining over, after payment of the Gratuity as ascertained according to provisions of Appendix (1) hereto having regard to the total Service completed by the Member and the circumstances in which he ceases to be in the Service shall be transferred by the Trustees to the Surplus Account.
- (b) If the amount of Gratuity, payable to the Member according to the provisions of Appendix (1) hereto exceeds the value of the benefits payable to the Trustees under the Assurance effected, the Trustees shall be entitled to pay the excess due to the Member out of the Surplus Account.
- (c) If the Funds in the hands of Trustees in the Surplus Account and the value of the Assurance hereunder are not sufficient to pay the whole of the Gratuity payable to the Member under Appendix (1) the Trustees shall utilise the Additional Contributions payable in respect of the Member to make up the difference in the amount of Gratuity.
- (d) If a Member is not entitled to any benefits under the provisions of Appendix (1) hereto, the Trustees shall surrender the Assurance effected on his life for immediate cash value and the Surrender Value so realised shall be transferred to the Surplus Account.

SURRENDER VALUE:

Pure Endowment effected under the Scheme will acquire, Surrender Value immediately upon payment of the first year's premium in full. The Surrender Value will be calculated in accordance with the Rules of the Corporation. One-year Renewable Term Assurances are not entitled to any Surrender Value.

SECTION -V : MISCELLANEOUS PROVISIONS

RESTRAINT ON ANTICIPATION OR ENCUMBRANCE

The benefits assured under the Scheme are strictly personal and cannot be assigned, charged or alienated in any way.

If a restraint or a prohibitory order is served on the Trustees in respect of any benefits secured for vesting in the Member or if the member or his Beneficiary shall become bankrupt or attempt to assign, charge or in any way encumber the Assurance or any benefits thereunder, the Member or the Beneficiary as the case may be, shall forfeit all rights and claims thereto and the same shall lapse to the Trustees but without prejudice to the powers of the Trustees at their absolute discretion to maintain or continue the same if they think fit, either immediately or after an interval or otherwise to make payments for the support or benefit of the Member or his Beneficiary.

SURPLUS ACCOUNT

Any additional contributions paid by the Employer under Rule 6 and the Surrender Value of any of the Assurances in respect of a Member, which do not vest in him for any reason and lapse to the Fund shall be transferred to an account which shall be called the "Surplus Account".

The Trustees may at their discretion utilise the amounts lying to the credit of the Surplus Account in part or full payment of the contributions payable in any year in respect of all or any of the then current Assurances or to provide additional benefits to all the Members or their Beneficiaries.

DISCONTINUANCE OF THE CONTRIBUTIONS AND WINDING UP OF THE FUND.

- (a) In the event of the discontinuance of the contributions by the Employer, the Trustees hereunder shall however continue until the assets of the Scheme have been distributed as provided hereinafter.
- (b) The Trustees shall first ascertain the amount of Gratuity accruing and due to all the Members of the Fund according to the provisions of the Appendix (1) hereto by references to the Salary of the Members on the date of termination of the Scheme and the length of Service completed by each one of them to that date.
- (c) If the Members remain in the Service of the Employer after discontinuance of the Scheme they shall not be paid the gratuity so long as they continue in the service of the Employer.
- (d) The Trustees shall realise the value of the assets of the Fund including the value of the Assurances and the amount so realised shall be allocated to the Members in the manner described below:
 - (i) If the total amount realised exceeds the total liability in respect of gratuity ascertained as in paragraph (b) above, the Trustees shall earmark for each Member the amount of Gratuity accrued and due to him under the said Appendix (1) out of

the moneys realised and utilise the excess to provide additional benefits to the Members in proportion to their accrued benefits.

- (ii) If the amount so realised is less than the said gratuity accruing to the Members as aforesaid the total amount shall be allocated to each Member in proportion to his accrued Gratuity.
- (e) PROVIDED HOWEVER THAT the Trustees shall obtain the prior approval of the Corporation and the Commissioner of Income-tax before giving effect to any method or principle that may have been drawn up for the purpose of winding up of the Scheme or the distribution of assets of the Fund AND if the Corporation or the Commissioner of Income-tax so require, the Trustees shall review the said method or the principle of winding up of the Scheme or the Fund.

JURISDICTION

All Assurances issued under the Scheme shall be Indian contracts. They will be subject to the Laws of India including the Indian Insurance Act, 1938, as amended, the Estate Duty Act, 1953, as amended, the Life Insurance Corporation Act 1956, the Income Tax Act 1961 and to any legislation subsequently introduced. All benefits under the Scheme shall be payable only in India. Should anything contained in these Rules, or in any amendment made thereof be repugnant to any provision or provisions of the Income-tax Rules 1961, or the Income-tax Rules 1962, it shall be in-effective to the extent of such repugnance. Any such repugnance shall be removed by the Trustees if so directed by the Commissioner of Income-tax.

RATES OF PREMIUM AND CONDITIONS OF ASSURANCE

The rates of premium and conditions under which the Corporation is prepared to arrange the Scheme shall be subject to an agreement between the Trustees and the Corporation. By giving three month's written notice taking effect on and from the next following Annual Renewal Date the conditions of Assurance and rates of premium may be amended from time to time in respect of all Assurances on the lives of new entrants to the Scheme and additions to Assurances of existing Members to be effected on and from the date of expiry of such notice. Assurances existing at the time of such alteration shall not be affected in any way.

By giving three months' notice in writing effective on the next following Annual Renewal Date, the Corporation has the right to terminate the Term Insurance and reissue them on such terms and conditions as the Corporation shall decide.

MASTER POLICY

The Corporation will issue a single Master Policy incorporating all the Assurances effected by the Trustees for the benefit of the existing and new members of the Scheme.

EMPLOYER'S LIABILITY LIMITED TO BENEFITS UNDER ASSURANCES

The Employer or the Trustees are neither the insurer nor the guarantor of any policy of Assurances purchased under these Rules and in the event of the Corporation withholding any benefits owing to circumstances beyond the control of the Trustees or Employer or otherwise, in

respect of any of the contracts under such Assurances that may be issued, the Employer or the Trustees shall be under no liability whatsoever to any Member entitled to the Benefits secured by such Assurance or Assurances.

INCOME TAX AND OTHER TAXES

- a) In any case where the Trustees or the Corporation are liable to account to the Income-tax Authorities for Income tax on any payment made under the Rules, the Corporation or the Trustees shall deduct a sum equivalent to such tax from any such payment made and the Corporation or the Trustees shall not be liable to the Members for the sum so deducted.

- b) ESTATE DUTY
The benefit or part of it in payment of such Duty including any interest thereon and deduct the amount so paid from the benefits or may postpone the payment of the benefits until the liability has been provided for to their satisfaction. PROVIDED THAT if the Beneficiary satisfies the Trustees that duty has been paid or shall be paid or that no duty is due, the Trustees shall have the discretion to pay the benefits subject to the Beneficiary furnishing indemnity or indemnities in the form and manner prescribed by them.

- c) If the Gratuity Fund and Scheme for any reason cease to be approved by the Commissioner of Income tax the Trustees shall nevertheless remain liable to tax on any benefits paid to any Member or his Beneficiary.

APPOINTMENT OF BENEFICIARY

- a) Every Member shall appoint one or more of his wife, child/children or dependants as Beneficiary or Beneficiaries under the Rules to receive the benefit, hereunder in the event of his death. If a Member dies whilst in Service, the Trustees shall hold the benefits in force under the Assurances on his life UPON TRUST for payment to the Beneficiary or Beneficiaries as shall have been appointed by the Member in accordance with the remaining paragraphs of this Rules.

- b) Every appointment made under this Rule shall be in writing signed by the Member and attested by two witnesses and shall be according to the form given in the Appendix to these Rules and shall remain in full force and effect until the death of the Beneficiary or until the same shall be revoked in writing by the Member and a fresh appointment made in the manner aforesaid.

- c) A Member may from time to time or at any time without the consent of the Beneficiary change the Beneficiary by filing a written notice of the change to the Trustees in the prescribed form satisfactory to the Trustees whereupon an acknowledgement of the change and the registration of the name of the new Beneficiary will be given to the Member by the Trustees for attachment to the Certificate. The new appointment shall take effect on the date the notice was signed whether or not the Member is living on the date of acknowledgement of the change without prejudice to the Corporation or the Trustees on account of any payment made before the acknowledgement of the change.

- d) If a Beneficiary shall at the time of his appointment be a minor or otherwise under disability to give a legal receipt or discharge to the Trustees, the Member must at the time of such appointment as aforesaid, appoint a person of full age who is capable of giving a legal receipt or discharge to the Trustees and to whom the benefits are to be paid for and on behalf of such Beneficiary.

- e) If more than one Beneficiary is appointed and in such appointment the Member has failed to specify their respective interests, the Beneficiaries so named shall share the benefits equally. If the Beneficiary predeceases the Member, the interest of such Beneficiary shall terminate and his share shall be payable equally to such of the remaining Beneficiaries as survive the Member unless the Member has made written request otherwise to the Trustees in the prescribed form.
- f) If a Beneficiary is not appointed the benefits shall be paid to the Member's wife, failing which to his child/children in equal shares, failing which to his dependants in equal shares. If the Member does not leave a wife, child/children or dependants, than the benefits shall be realised by the Trustees and credited to the Surplus Account.
- A.** Notwithstanding anything contained in the above Rule the following Rules shall govern the nomination procedure as laid down by Rule 101-A of the Income -tax Rules 1962. If anything contrary or inconsistent with this Rule is contained in Rule 22 above, Rule 22-A will apply in substitution of Rule 22.
- a) An employee may be allowed by the Trustees of the Gratuity Fund to make a nomination conferring on one or more persons the right receive the amount of gratuity in the event of his death, before that amount becomes payable, or having become payable has not been paid. Such a nomination shall be made in Form No.40-A or in a form as near thereto as may be necessary.
- b) If an employee nominates more than one person under Sub -rule (a), he shall in his nomination, specify the amount or share payable to each of the nominees in such manner as to cover the whole of the amount of gratuity that may be payable in the event of his death.
- c) Where an employee has a family at the time of making a nomination, the nomination shall be in favour of one or more persons belonging to his family. Any nomination made by such employee in favour of a person not belonging to his family shall be invalid.
- d) If at the time of making a nomination the employee has no family, the nomination may be in favour of any person/persons, but if the employee subsequently acquires a family, such nomination shall forthwith be deemed to be invalid and the employee may be allowed to make a fresh nomination in favour of one or more persons of his family.
- e) A nomination made by an employee may, at any time, be modified by him after giving a written notice to the Trustees of his intention of doing so in Form No.40-B or in a form as near thereto as may be. If the nominee predeceases the employee, the interest of the nominee shall revert to the employee, who may thereupon make a fresh nomination in respect of such interest.
- f) A nomination or its modification shall take effect to the extent it is valid on the date on which it is received by the Trustees.

Explanation: For the purpose of this Rule, 'Family' shall have the same meaning as in Rule, 67-A of the Income-tax Rules, 1962.

INTERPRETATION OF RULES

It shall be a condition of membership of the Scheme that on any question arising on any point of interpretation of these Rules or any point relating to admission of new members and cessation of membership the decision of the Trustees shall be final. If the decision has any bearing on the provisions of Part C of the Fourth Schedule of the Income tax Act 1961 or the Rules made

thereunder, it shall be forthwith reported to the Commissioner of Income-tax and if the Commissioner of Income-tax so requires, the Trustees shall review the decision.

APPENDIX

FORM NO.40-A

EMPLOYEES' GRATUITY FUND SCHEME

1. Name of Employee :
(In Block Letter)
 2. Sex :
 3. Religion :
 4. Father's name :
 5. Husband's name :
(for married, women only)
 6. Marital status(whether married, :
Unmarried, widow or widower)
 7. Date of birth : Day Month Year
 8. Permanent Address :
- Village: Taluk/Sub -Division District
- Post Office: Thana: State

I hereby nominate the person(s) mentioned below to receive the amount of gratuity in the event of my death before that amount becomes 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.

Name & Address of nominee or nominees 1	Nominee's relationship with employee 2	Age of nominee 3	Amount or share of gratuity to be paid to each nominee 4

1. CERTIFIED that I have no family and should I acquire a family hereafter the above nomination should be deemed as cancelled.
2. CERTIFIED that my father/mother/sister(s)/minor brother(s) is /are dependent upon me.

Dated this day of 19 at.....

Two Witnesses to Signature:

- 1.
- 2.

.....

Signature of Employee

CERTIFIED that the above declaration has been signed by Shri/Smt.....before me after he /she has read the entries/the entries have been read over to him /her by me.

.....

Signature of the Trustee or any person authorised by the Trustees in this behalf.

Dated

FORM NO. 40-B

EMPLOYEES' GRATUITY FUND SCHEME

Account No.....

I hereby cancel the nomination made by me previously as regards the disposal of the amount of gratuity in the event of my death and hereby nominate the person(s) mentioned below to receive the amount of gratuity in the event of my death before that amount becomes 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:-

Name & Address of nominee or nominees	Nominee's relationship with employee	Age of nominee	Amount or share of gratuity to be paid to each nominee

1. CERTIFIED that I have no family and should I acquire a family hereafter, the above nomination should be deemed as cancelled.
2. CERTIFIED that my father/mother/sister(s)/minor brother(s) is /are dependent upon me.

Dated this day of 19 at.....

Two Witnesses to Signature:

- 1.
- 2.

.....

Signature of Employee

CERTIFIED that the above declaration has been signed before me by Shri/Smt

Dated

.....
Signature of the Trustee or any person
authorised by the Trustees in this behalf.

APPENDIX (1)

Contingency on the happening of which benefits become payable	Benefits
1. Upon retirement of the Member on or after Normal Retirement Date or upon death whilst in Service after Normal Retirement Date or in the event of the Member becoming incapable or further Service by reasons of total and permanent disability (certified to the Employer's satisfaction) :	Fifteen days salary of the Member as on the date of retirement or death, as the case may be, for each year of service subject to a maximum of 15/20 months' salary.
2. In the event of the death of the Member before Normal Retirement Date whilst in the Service of the Employer:	<p>a) In respect of a Member who is declared to be insurable and for whom life cover has been granted:</p> <p>Fifteen Days salary of the Member as on the Annual Renewal Date last preceding the date of death for each year of his Anticipated Service upto the Normal Retirement Date but for his earlier death subject to a maximum of 15/20 months' salary.</p> <p>Note :- "Anticipated Service" shall mean the Service which the Member would have completed had he lived upto his Normal Retirement Date.</p> <p>b) In respect of a Member who is declared to be insurable on the Entry Date and/or Annual Renewal Date but uninsurable on subsequent Annual Renewal Dates.</p> <p>i) Sum for which the Member's life was assured by the Corporation under Term Insurance on the date of death of the Member and</p> <p>ii) The amount payable under Pure Endowment.</p> <p>PROVIDED THAT the total benefits payable vide (i) and (ii) above shall not be less than the benefits in paragraph (c) below.</p>

	<p>c) In respect of a Member who is declared to be uninsurable on the Entry Date and Annual Renewal Dates:</p> <p>Fifteen days salary of the Member as on the date of death for each year of service upto the date of death subject to a maximum of 15/20 months' salary.</p>
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Contingency on the happening of which benefits become payable	Benefits
<p>3. Upon the Member leaving the service of the Employer of his own free will prior to Normal Retirement Date:</p> <p>a) Before completion of 5 years</p> <p>b) On or after completion of 5 years</p>	<p>a) NIL</p> <p>b) Fifteen days salary of the Member as on the date of leaving Service for each year of Service subject to a maximum of 15/20 months' salary.</p>
<p>4. On termination of Service by the Employer before Normal Retirement Date for reasons:</p> <p>(i) Other than fraud or mis-conduct</p> <p>a) Before completion of 5 years</p> <p>b) On or after completion of 5 years</p> <p>(ii) Fraud or mis-conduct</p>	<p>a) NIL</p> <p>b) Fifteen days salary of the Member as on the date of termination for each year of Service subject to a maximum of 15/20 months' salary.</p> <p>NIL</p>

NOTE: All Gratuity – Benefits payable in respect of any Member under the Scheme shall be paid only in a lumpsum.