

Sub: Policy Guidelines for Sale of Materials through DLDS

Preamble:

1. National Steel Policy envisages steel consumption in the rural areas to increase to 4Kg per man year in 2019-20 from the present level of 2Kg per man year. As such, there exists a large scope for development in the rural India. RINL desires to widen its distribution network to the rural and semi-urban segment and to market its products in these areas.
2. In order to realize the immense potential in the rural India, RINL preferred to have in place a strong network of dealers at district Level to market its products which will be doubled in quantity after expansion.

Location of DLDS:

3. RINL is registering one District Level Dealer (DLD) in each district covering all the districts in India. Further, RINL is also desirous to increase its market share in retail segment by registering more DLDs. Initially, the number of dealers in a district shall be increased to 4 in all districts of AP and Kerala. The DLDs shall be registered in tier-2 towns excluding the district head quarters and major towns.
4. Out of the proposed 4 outlets in a district, one will be reserved for SC/ST, one for OBC and the Balance Two will be open for General Category. The General Category location shall be open for SC/ST & OBC also on merit. Considering the Category of the DLD already registered the balance three DLDs shall be offered to the balance categories. In case of states where one District Level Dealer exists one DLD shall be reserved for SC/ST, OBC categories each, for every 4 outlets being finalized in the state.
5. RINL invites applications for eligible units/applicants to register as District Level Dealer. Normally, applications shall be invited in the month of August & November and registration process completes by November & March. The new DLDs shall be in operation from December & 1st April of Next financial year. The detailed format for advertisement, instructions to the applicant, format of application is placed at Annexure I to III respectively. The evaluation criteria, sheet and Agreement of Registration are placed at annexure VII, IV and V respectively.
6. The existing LTC customers, Retailers, MOU customers, CA, CSA, DLD or Handling Contractors of RINL are not eligible to apply as DLD. Though, an applicant can apply for more than one location, he shall be considered for one location only.
7. The applications for DLD shall be evaluated on a 5 point score and consists of only two attributes, namely 1.Experience in the field of Steel or Cement and 2.Financial capabilities as certified by a Scheduled Bank. The minimum qualifying total score is 1 (One).
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9. Locations within district will not be specified while inviting applications.

Procedure for selection in districts where 4 DLDs are to be registered:

- a. **First:** The highest scoring applicant among SC/ST will be selected. The location of DLD will be as in the application and this location is excluded for next step.
- b. **Second:** The highest scoring applicant among OBC/BC will be selected. The location of DLD will be as in the application and this location is excluded for next step.
- c. **Third:** The two highest scoring applicants from all remaining locations other than **a. & b.** above will be selected irrespective of category (SC/ST, OBC/BC, Others).
- d. In case of a tie at step c. preference will be to 1.SC/ST 2.OBC/BC 3.Others, in that order.
- e. In case of a tie at any stage within the same category, the applicant having higher limit as per certificate issued by a Scheduled Bank shall be considered.

Procedure for selection in districts where only 1 DLD is to be registered:

- a. 25% of the districts in a state will be identified and reserved for SC/ST category only, another 25% districts for OBC/BC category and balance 50% districts will be kept open for all categories. The concerned RM has to identify districts as above and invite applications accordingly.
 - b. In case of tie in Open – Category Districts, preference will be to 1.SC/ST 2.OBC/BC 3.Others,in that order.
 - c. In case of a tie at any stage within the same category, the applicant having higher limit as per certificate issued by a Scheduled Bank shall be considered.
10. The DLD is expected to operate an exclusive outlet for RINL products and cater to small and tiny demands of users/Consumers within the territorial jurisdiction assigned by the controlling Branch. RINL will however, retain the right to sell any of the products within such jurisdiction directly or through other means and ways.

Products covered:

11. The DLDs are registered to service the requirements for development of Public Utility and & Housing in rural sector. Accordingly, the product range includes preferably TMT Rebars of sizes 8mm to 16mm. However, other sizes of Rebars and Structural, as marketed by RINL, can be added at the request of DLD. Further, any product can be added with the approval of Sr.BM / BM. Inclusion of any new product for any DLD shall be informed to HOD Marketing on a monthly basis.

Period of Registration:

12. The District Level Dealer shall initially be registered for a period of **FIVE years**, with provision to review after two years. The registration will be extendable by one year at a time. The extension after completion of Registration period will be subject to satisfactory performance. Similarly on review, if performance is not found satisfactory, it may lead to cancellation.

13. The DLD except SC/ST and OBC categories shall furnish the security deposit of ₹50000/-. The security deposit shall be forfeited in case the DLD fails to meet the satisfactory performance criteria mentioned at Clause 26.
14. The DLD shall be issued a certificate of Registration indicating the validity period, which shall be displayed at a prominent place of sales office of DLD.
15. The materials shall be supplied to DLD after submission of Security Deposit if any, as mentioned above and after inspection of the outlet for satisfactory development as exclusive outlet for RINL products.

Selling Price:

16. The DLD can purchase materials from RINL at the ex-stock yard / ex-plant prices as applicable on the date of delivery. The payment shall be on advance payment basis and the amount shall be paid in the form of DD/PO/RTGS/NEFT payable at the location of the designated Branch.
17. RINL shall extend a subsidy on Transport (under Corporate Social Responsibility) as per the following table for DLDs.

Category/Year	Ist Year 2008-09	2nd Year 2009-10	3rd Year 2010-11	2011-12 onwards
SC/ST	95%	75%	50%	Nil
OBC	95%	60%	40%	Nil
General	75%	50%	25%	Nil

18. RINL shall deliver the material to DLDs at their location and absorb the transport charges as indicated above. However, due to any reason RINL is unable to supply material at DLD location and if the DLD consents to take the material from the stockyard of servicing branch (or ex-plant as decided by RINL), no transport subsidy shall be extended. All such ex-plant/ex-stockyard deliveries for DLDs are with out transport subsidy.
19. The DLD shall sell the materials at a price not exceeding the Maximum Recommended Retail Price (MRRP), announced by RINL. However, the local levies like ST/VAT, Octroi, etc shall be extra as applicable. The MRRP shall be arrived by adding Rs.1200/- (Dealers Margin) and the freight applicable (as borne by the DLD) to the DLD location, to the Delivery Order Stage Price (DO Stage Price) of the controlling Branch for the respective products. The MRRP shall be announced by the controlling branch per MT and also rate per bar basis, as worked out on the computed weight of the bar.
20. The DLDs are required to display the MRRP in the location of sale as per the format prescribed by the branch.
21. The sales to DLD from RINL shall be based on the weight. However, the steel is being specified in lengths in rural areas and it shall be prudent to sell our products also on length basis so as to ensure full value for the money spent by the consumer. Accordingly, the lengths of our Rebars are to be standardized to workout the average price of each bar and shall be sold accordingly.
22. The DLD shall deliver the material free of cost towards transportation to the premises/site of his/their customers with in a radius of 50KM from the yard. A part of the dealers margin (up to ₹200/-) is allowed in view of this service.

23. All DLDs shall be eligible for sales incentives as announced from time to time at par with other customers of the branch.

Quantity:

24. The agreed monthly quantity shall be 50 T. Accordingly, the subsidy shall be extended on a quantity not exceeding 50 T. The DLD can take the materials as per the prevailing terms of the branch, in case he desires to take more than 50 T.

25. Priority shall be given in offering monthly indicated quantity to DLD. The Branch, on requisition of the DLD, shall finalize the monthly product-wise offer quantity based on the stocks available and expected during the month. In case of RINL's inability to supply the agreed quantity, shortfall if any in a calendar month, shall be allowed to be made up during the subsequent month. The quantity offered to the DLD and not lifted by DLD shall be treated as serviced.

26. The performance of DLD will be evaluated by the following method:

- A. After registration, performance will be first evaluated at the end of 2nd Year. Minimum performance required is 25% of the pro-rated committed quantity for two years. Registration of DLD will be cancelled along with forfeiture of SD* on failure to lift minimum 25% by end of 2nd year.
- B. In case lifting is less than 50% the SD* will be forfeited and DLD has to submit SD* afresh for continuing the dealership.
*Wherever applicable.
- C. Third year onwards, the minimum performance requirement will be 25% of the annual agreed quantities by the end of a year. In case of failure, the DLD registration will be cancelled along with forfeiture of SD*
*Wherever applicable.
- D. In case lifting is less than 50% the SD* will be forfeited and DLD has to submit SD* afresh for continuing the dealership.
*Wherever applicable
(Year is counted from date of LOI)
- E. On completion of 5 year period, DLD registration can be renewed on mutual agreement year to year and performance criteria will be same as **C. & D.** above.

Promotional efforts:

27. DLDs may also undertake sales promotion of RINL products sold by him at their expenses. However, the promotional material being used by the DLD shall be cleared in advance by RINL.

Quality:

28. The RINL shall provide test certificate for the materials supplied to the DLD. The DLD can provide the copies of the Test Certificate to their customers.

29. The DLD shall take necessary care in respect of storage of materials in his premises in order to avoid any damage, mix-up or loss of identity of materials. The DLD shall maintain the accounts of incoming and outgoing materials.
30. The Quality complaints if any, shall be settled as per the Quality complaint procedure in Vogue.
31. The DLD shall display the name, address & telephone Nos. of Sr.BM, RM, and HOD-Marketing at a prominent place in the DLD premises to enable their customer to contact them in case of difficulty or for further Information. The DLD is required to maintain a suggestion and complaint register in the premises and shall forward all the suggestions/complaints to the Sr.BM at the earliest.

Inspection & Reports:

32. The DLD shall submit following reports to the Branch concerned at periodical intervals as instructed by the branch.
 - a. Stock & Sales report in the prescribed format.
 - b. -----
33. -----
34. RINL has the right and liberty to inspect the DLD's premises at any time. The DLD shall extend all facilities and co-operation for such inspection by production of records as requested by the representative of RINL.
35. -----
36. RINL reserves the right to cancel the registration of a DLD in the following cases :
 - a. If it is found at any point of time that the DLD had given any wrong declaration in the application for registration.
 - b. If the DLD fails to perform as per Clause 26.above.
 - c. **or** any other aspect considered detrimental to the interest of RINL.
37. The DLDs, whose registration has been cancelled as per clause 36 above, shall not be allowed to participate in any of the selection process of RINL for sales outlets for a period of TWO YEARS from the date of cancellation of registration.
