

## Annexure

### Sub: Policy Guidelines for Project Sales during 2010-11

- 1.0 The customers taking the material for construction and development purposes are classified as project customers. The project customers can be broadly classified into the following categories:

Sl.No.	Category	Nature of Work	Documents required
1	2	3	4
A	All Govt/PSU/State PSU/ Local Bodies / Autonomous bodies like Municipal Corp / Zilla Parishad / State Corp, etc.	Undertaking construction / contracts for construction works or for maintenance of existing unit / expansion / new project	NIL
B	Institutional buyer (only for Public Ltd. Co & Pvt. Ltd Co)	Undertaking construction / Fabricator for executing maintenance of existing unit / expansion / new project	NIL
C	Contractors for A & B above	Undertaking construction / Fabricator for their clients	An Undertaking in the format mentioned at Annexure
D	Service Centres	Undertaking bar bending profiling / Fabricator for their clients	
E	NGO, Educational Institute, Public utility, Religious bodies, charitable trusts, etc.	Undertaking construction / Fabricator for executing building / other projects	
F	Individual house builder	Undertaking construction of his house	An Undertaking in the format mentioned at Annexure. Material to be supplied with the approval of GM.
G	Sale under projects to categories / Type of firm not falling above with proper justification.		

- 2.0 All the customers taking material for the purposes indicated above at column-3 are classified as Project Customers. Any other works can be classified as projects with the approval of HOD(Mktg).
- 3.0 There is no minimum quantity requirement for Project Sales customers. The Project requirements upto 500 MT per annum shall be serviced on spot sales basis. All project customers taking 500 MT or more per annum are eligible to enter into an MOU indicating the quantities to be lifted by them. A suggested format of the MOU is at Annexure-I. However, the requirement for a quantity more than 3000 MT in March from any party shall be intimated to the Project Sales Section at HQ for information and monitoring.

- 4.0 Normally, the MOUs shall be entered for the period upto 31<sup>st</sup> March 2011. However, short term MOUs for a period upto 3 months are also permitted depending on the requirements of the customer. The last quarter of such short term MOUs shall be equated to the 4<sup>th</sup> quarter for evaluating the quarter-wise fulfillment requirements.

### **Total Quantity Incentive Scheme**

- 5.0 All the project customers on successful completion of the MOU quantity shall be eligible for a Total Quantity Incentive (TQI) corresponding to the eligible quantity, as indicated below, in flat slabs, subject to fulfillment of eligibility criteria indicated below:

<b>TQI in Rs. per MT</b>	<b>PS – 1 Lifting in 2010-11</b>	
	<b>More than (MT)</b>	<b>Upto (MT)</b>
50	500	2400
75	2400	7200
100	7200	14400
125	14400	25000
150	25000	50000

- 6.0 The customer shall be eligible for TQI by lifting a minimum of 90% of the MOU quantity / revised MOU quantity and the Quarterly quantities as at 15.0 and considered successful in completion of MOU.
- 7.0 All the quantities (of the products indicated in the MOU), lifted by the customer(s) shall considered for fulfillment of MOU. However, TQI shall be applicable for the quantity lifted through normal sales (advance booking and spot sales). The quantities lifted against tenders and E-auction can be considered for fulfillment of MOU and TQI is not applicable on these quantities. In case of multiple MOUs, such quantities can be distributed amongst any of the MOUs, as opted by the customer. Such option can be given by the customer at the end of the financial year.
- 8.0 Project customers shall be permitted to include all the quantities lifted by the groups/associate concerns to arrive at the applicable slab under the TQI Scheme. In this regard, the project customers are required to submit the names of the groups/associate concerns in the MOU. The project customers are required to produce the Certificate of Registration or a proof of their association for any new group / associate concern for inclusion in the list at a later date. All such subsequent inclusions shall be made with the approval of Director (Commercial). The project customers who have all India presence through their group/associate

concerns lift materials from various branches. It has now been decided to consider the combined lifting from all the branches for project customers (including the group/associate concerns) for arriving at the applicable slab under TQI scheme.

- 9.0 The customer can select any one or combination of products required for self-consumption and sign an MOU for the total quantity along with product-wise likely break-up.

Sl.No.	Code Number	Products
1	PS-1	Rebars, Structural & Rounds (All grades) and any other products required for self-consumption and used for construction purposes.

- 10.0 The quantities under the MOU can be enhanced on mutual agreement basis, subject to the lifted quantity being lower than 90% of the MOU quantity at the time of receipt of request. This option can be exercised by the customers at least 3 months prior to the expiry of MOU. Since requirement of project customers are dependent on construction schedules and receipt of new works, they will be permitted to exercise this option twice in the MOU period. However, no enhancement of quantities shall be permitted in last quarter of the financial year.
- 11.0 The quantities under the MOU can also be reduced to 90% of the original MOU quantity. This option can be exercised by the customer at least 3 months prior to the expiry of MOU. RINL has an option to reduce the quantity to 90% of the MOU quantity at any point of time during the MOU period.
- 12.0 TQI shall be paid on eligible quantity lifted subject to successful completion of MOU but limited to a maximum of 120% lifting of Original/Enhanced MOU quantity. In case, the option of reduction of quantity exercised by the customers, as permitted under the policy, the TQI shall be applicable for the Reduced MOU Quantity only. In case, the option of reduction of quantity is exercised by RINL, the TQI shall be applicable upto 120% of the reduced MOU quantity.
- 13.0 Customers are eligible for the TQI corresponding to MOU quantity as indicated in the table at 5.0 above on flat slab basis. The TQI amount shall be absolute and lumpsum amount and shall be passed on through a credit note without any adjustments towards statutory levies like Excise Duty, Education Cess, Sales Tax, VAT, etc.
- 14.0 In case RINL is not able to supply the material against accepted orders even during the last month of MOU period, RINL at its discretion may consider such quantities fulfilled or extend the MOU period for the subsequent month.
- 15.0 The customers are required to fulfill the minimum lifting criteria as follows for being eligible to TQI.
- i) MOUs from I Quarter – 15% lifting in I Quarter, 40% in first Two Quarters.

- ii) MOUs from II Quarter – 20% lifting in II Quarter, 55% in II & III Quarters.
- iii) MOUs from III Quarter – 40% lifting in III Quarter.
- iv) Annual fulfillment – 90% of the total MOU quantity

The customers failed to fulfill the indicated criteria as at (i), (ii), (iii) above, as applicable shall be eligible for 90% of the TQI amount provided they fulfill (iv) above. The percentages shall be applicable on the MOU quantity at the end of the particular quarter. Since the requirements for Projects depend on the schedule/progress of work, different percentages can be agreed to with the approval of GM (Mktg.)

### **Sales Process:**

- 16.0 Project customers can indicate their regular requirements in advance. The branch shall register such requirements and service these requirements as per the arrival of material at the branch from the allocation given to Project Sales in the Sales Policy. The booking quantities shall be restricted to the schedule agreed with the customer. No Security Deposit shall be required to book the materials by Project customers.
- 17.0 The project customers shall indicate their size-wise and grade-wise requirement latest by 5<sup>th</sup> of every month to the branch. After considering the requirements projected by the customers and the despatch plans received and expected for subsequent month, the branch arrives at the availability to the customers. Such availability and the likely delivery schedule shall be communicated to the customer latest by 10<sup>th</sup> of the month. The delivery schedule can be upto a period of 45 days. Branch may consider the indicative rolling plan for arriving at the agreeable delivery schedules.
- 18.0 The project customers shall also be permitted to submit the requirement of material subsequent to the dates mentioned at 17.0 above subject to availability of material for projects as per the percentages defined in Sales Policy. In order to achieve sales targets, untied quantity in project sales allocation if any, may be diverted to spot sales on 25<sup>th</sup> of every month with the approval of RM.
- 19.0 On receipt of the availability and delivery schedule, the customers may consider the suitability of the delivery period and the quantity indicated to them and may place a purchase order latest by 15<sup>th</sup> of the month. The requirement for a particular product, size and grade shall be treated as separate and short-lifting of a quantity upto 5 MT shall not be considered as failure. The customer shall not be permitted to submit requirement for the material in case of repeated failure to lift the material, as indicated earlier.

### **Prices:**

- 20.0 Prices prevailing at the time of delivery are applicable unless otherwise specifically approved.

- 21.0 Price quotations below MOP, acceptance of LD Clause requires prior approval of HOD (Mktg).
- 22.0 Any deviation to this policy shall require approval of D(C).
- 23.0 This Project Sale Policy shall be generally guided by the terms of the Sales Policy. However, the specific conditions mentioned above, in case of conflict, shall supersede the provisions mentioned in the Sales Policy.

**MEMORANDUM OF UNDERSTANDING (MOU)**

(To be executed on plain paper)

This Memorandum of Understanding (MOU) is entered into this \_\_\_\_ day of the month \_\_\_\_ year \_\_\_\_ between Rashtriya Ispat Nigam Limited (RINL) and \_\_\_\_\_ (herein after called as Customer) with a view to know the possible market requirement and decide production plan to enable RINL to make supply of steel materials from time to time.

This MOU is valid for a period of ONE (1) year (or part there of) with effect from \_\_\_\_\_ to \_\_\_\_\_ and shall cover the following categories and quantities of materials.

Code No.	Products interested	Required Quantity (MT)
Total Quantity		

The product-wise quantity mentioned above is indicative only and the MOU is for total quantity.

It is confirmed by the Customer that the material shall be used in the construction of the following projects and shall not be sold or trade the materials:

- i)
- ii)

The customer confirmed that the \_\_\_\_ numbers of firms listed at the enclosure to this MOU are the group/associate concerns of the customer and it is agreed that the material taken by these units shall be considered under this MOU.

That it is clearly understood between RINL and the Customer that this MOU is not an enforceable contract and future contract(s) will be entered between the parties to the MOU at the Branch level for supply of Iron and Steel materials through direct dispatch / stockyard delivery, as per availability.

The MOU shall be governed by the terms and conditions detailed in the enclosure (Annexure-A).

Name and designation of  
RINL Officer

Name and designation of  
Authorized signatory of Customer/  
Group/Associate

**MEMORANDUM OF UNDERSTANDING (MOU) FOR 2010-11****1.0 Objective :**

1.1 The objective of entering into MOU is to estimate the demand and market potential and to decide production plan to facilitate RINL to supply steel materials.

**2.0 General Terms of MOU :**

2.1 MOU shall be for a period from \_\_\_\_\_.2010 and upto \_\_\_\_\_.

2.2 The customer on successful completion of the MOU quantity shall be eligible for a Total Quantity Incentive (TQI) indicated below on successful completion of MOU, in flat slabs, subject to fulfillment of eligibility criteria indicated below:

<b>TQI in Rs. per MT</b>	<b>PS-1 Lifting in 2010-11 (MT)</b>

2.3 The customer shall be eligible for TQI by lifting a minimum of 90% of the MOU quantity / revised MOU quantity and the Quarterly quantities as at 2.11 and considered successful in completion of MOU.

2.4 All the quantities (of the products indicated in the MOU), lifted by the customer(s) shall considered for fulfillment of MOU. However, TQI shall be applicable for the quantity lifted through normal sales (advance booking and spot sales). The quantities lifted against tenders and E-auction can be considered for fulfillment of MOU and TQI is not applicable on these quantities. In case of multiple MOUs, such quantities can be distributed amongst any of the MOUs, as opted by the customer. Such option can be given by the customer at the end of the financial year.

2.5 Customer shall be permitted to include all the quantities lifted by the groups/associate concerns enclosed to this MOU to arrive at the applicable slab under the TQI Scheme. The Customer shall be required to produce the Certificate of Registration or a proof of their association for any new group / associate concern for inclusion in the list at a later date.

2.6 The quantities under the MOU can be enhanced on mutual agreement basis, subject to the lifted quantity being lower than 90% of the MOU quantity at the time of receipt of request. This option can be exercised by the customers atleast 3 months

prior to the expiry of MOU. Since requirement of project customers are dependent on construction schedules and receipt of new works, they will be permitted to exercise this option twice in the MOU period. However, no enhancement of quantities shall be permitted in last quarter of the financial year.

- 2.7 The quantities under the MOU can also be reduced to 90% of the original MOU quantity. This option can be exercised by the customer at least 3 months prior to the expiry of MOU. RINL has an option to reduce the quantity to 90% of the MOU quantity at any point of time during the MOU period.
- 2.8 TQI shall be paid on eligible quantity lifted subject to successful completion of MOU but limited to a maximum of 120% lifting of Original/Enhanced MOU quantity. In case, the option of reduction of quantity exercised by the customers, as permitted under the policy, the TQI shall be applicable for the Reduced MOU Quantity only. In case, the option of reduction of quantity is exercised by RINL, the TQI shall be applicable upto 120% of the reduced MOU quantity.
- 2.9 Customers are eligible for the TQI corresponding to MOU quantity as indicated in the table at 2.2 above on flat slab basis. The TQI amount shall be absolute and lumpsum amount and shall be passed on through a credit note without any adjustments towards statutory levies like Excise Duty, Education Cess, Sales Tax, VAT, etc.
- 2.10 In case RINL is not able to supply the material against accepted orders during the last month of MOU period, RINL at its discretion may consider such quantities fulfilled or extend the MOU period for the subsequent month.
- 2.11 The customers are required to fulfill the minimum lifting criteria as follows for being eligible to TQI, unless otherwise specified (the percentages agreed with the customer needs to be mentioned below).
  - i) MOUs from I Quarter – 15% lifting in I Quarter, 40% in first two Quarters
  - ii) MOUs from II Quarter – 20% in II Quarter, 55% in second & third Quarters
  - iii) MOUs from III Quarter – 40% in III Quarter
  - iv) Annual fulfillment – 90% of the total MOU quantity

The customers failed to fulfill the indicated criteria as at (i), (ii), (iii) above, as applicable shall be eligible for 90% of the TQI amount provided they fulfill (iv) above. The percentages shall be applicable on the MOU quantity at the end of the particular quarter. Since the requirements for Projects depend on the schedule / progress of work, different percentages can be agreed to with the approval of GM(Mktg).

- 2.12 The MOU terms shall be generally guided by the terms of the Sales Policy, which is available in the website. However, specific terms and conditions mentioned above in case of conflict supersede the provisions mentioned in the Sales Policy.