

**RASHTRIYA ISPAT NIGAM LIMITED
VISAKHAPATNAM STEEL PLANT
VISAKHAPATNAM**

Sub: Policy Guidelines for Sale of Materials during 2010-11

Preamble:

- 1.0 RINL is planning to produce a quantity of 3.135 Million tons of steel from the existing units for the financial year 2010-11. It is indicated that 0.335 Million tons will be available from the expansion units, making the total availability to 3.470 Million tons during 2010-11 for sale. Considering a quantity of 46000 T for internal consumption for expansion and other requirements, which can be met from the opening stocks. Thus, sales plan is prepared for 3.47 Million tons for the financial year 2010-11.

Sales Plan:

- 2.0 The region-wise sales plan was considered based on the projections made by RMs and the previous year's sales (both volume and NSR) in the respective regions.
- 3.0 The sales plan for 2010-11 shall be as indicated at Annexure-IV. The plan is indicative, may undergo change as per the availability and marketability of products at respective locations.

Definition of MS, LC & VAS Grades:

- 4.0 The grades will be classified as indicated below for accounting into the above sales plan. However, the MS & SS grades as being used by the Plant will continue for production monitoring etc. The material requisitions and sales related monitoring will be based on the following classification as being done earlier.

Product	Details of Grades		
	MS	LC	VAS
Bloom, Billet & Square	IS2830, IS14650, IS2831, WT	SAE1006 to SAE1018	Other than MS & LC
WRC	IS7887, IS2062, IS1977	SAE1006 to SAE1018	Other than MS & LC
Rounds	IS2062, IS1977		
Rebars	Fe 415, 500 & 500 D		CRS
Structurals	All Grades	NA	NA

Sale of Material to various segments:

5.0 The materials shall be sold to the various segments as indicated below:

Product	Project / SSI / Actual users	Retailer / DLD / Others	E-auction
WRC & Semis	100%	-Nil-	-Nil-
Rebars & Structural	50%	40%	10%
Rounds	55%	35%	10%
Squares	70%	20%	10%

6.0 The materials are to be sold to the various segments or schemes on best effort basis, so as to meet the above desired percentages to the extent possible. The percentages indicated are not mandatory and can be lowered in case the realizations in the respective segments are lower. Wherever opportunity exists to realize better price in a particular segment, the quantity can be increased in that segment by shifting the material from the lower price segment.

7.0 Pig Iron shall be sold on open sale basis. Booking of Pig Iron may be accepted on monthly requirement basis from all customers.

8.0 RMs may review the sales under various segments and approve the deviations in the segment-wise sales, if any, as per market requirement and also on the basis of NSR as indicated at para 6.0 above. A report to be sent to GM(Mktg) indicating the segment wise sales achieved during the month, reasons for deviation and the remedial actions.

Eligibility Criteria:

9.0 The following customers are considered as regular customers and can book steel materials in advance.

- i) The customers taking the material under the actual user segment during the financial year 2009-10.
- ii) New actual customers registered by branches with the approval of HOD (Mktg)
- iii) The Retailer and the DLDs with valid registration.
- iv) SSICs and NSIC shall be as per the guidelines of Ministry of Steel.
- v) (Deleted)
- vi) Project customers.

Sales Process:

10.0 All the regular customers can book the materials in advance by paying of Security Deposit at the rate of Rs.500/-PMT*. Payment of deposit shall not be insisted upon for SSICs/NSIC. The branch shall register such requirements and plan to service these requirements as per the arrival of material at the branch. The monthly booking shall be restricted to the customers as follows:

- i) Actual users – Not exceeding 120% of monthly installed capacity of the unit *
- ii) Retailer and DLD – Not exceeding 120% of the agreed quantities, as per Retailer/ DLD Policy.
- iii) SSICs and NSIC – As per the directives of Government of India
- iv) (Deleted)
- v) Project customers – As per the schedule agreed with the customer

* For advance bookings of products for direct dispatches from plant, no security deposit is needed, as these bookings are already covered under existing direct dispatch procedure.

** In case of existing and new customers, a certificate (or a notarized copy of it) issued by DIC mentioning the installed capacity of their unit, is to be used. In case no such certification is available, Certificate from Chartered Engineer may be accepted. Accordingly the format given at Annexure III of guidelines is not needed and stands withdrawn.

- 10.0 A Customers making advance booking of material by paying Security Deposit are eligible for an Advance Booking Incentive of Rs. 100 pmt on actual lifted quantity at the end of mutually agreed delivery period subject to successful fulfillment by the customer of all related conditions. The incentive is payable in lump sum.
{This provision will come into effect prospectively for advance bookings made on or after 1st July 2010 onwards}.
- 11.0 The regular customers shall indicate their size-wise and grade-wise requirement latest by 3rd of every month to the branch. Action in this regard must begin in the last week for previous month. The requirement shall be for prime grades only. However, normal arisings like OG, CG, OFF, SL, OD, EC, Assorted, Defective can also be supplied against the MOU depending upon the availability as well as subject to mutual agreement.
- 12.0 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 5th 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.
- 13.0 The customers who desired to take multiple sizes and grades can indicate the total requirement confirming the size-wise and grade-wise requirement for a minimum quantity of 90% of their total requirement. In such a case, the branch shall indicate the availability against the above for which size and grade-wise requirements were indicated along with delivery schedule. However, the customer shall pay the Security Deposit for the total requirement, as per the due dates indicated above. The customer can indicate size-wise, grade-wise requirement for the balance quantity latest by 25th of the month. The branch shall confirm availability of material latest by 28th indicating delivery schedule not exceeding 30 days on mutual agreement basis. RINL shall not be responsible for any short-booking for any reason.
- 14.0 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 or confirm the booking by way of depositing the Security Deposit, as indicated above, latest by 10th of the month. The requirement for a particular product, size and grade shall be treated as separate booking and short-lifting of a quantity upto 12 MT shall not be considered as failure. In case of

direct dispatch by rail, short-lifting condition is not applicable for any DO quantity. Security Deposit shall be returned to the customers upon successful lifting of booked quantity within the agreed delivery period.

- 15.0 All the materials in stock and arrival at the yard shall be offered to the respective customers on priority as per their advance booking ratio / delivery period. The material shall be lifted within 10 days (including the day of offer) or month end whichever is earlier. DOs can be extended by SrBM by 3 working days. {Reason/s are to be recorded}. On failure to lift the quantity within the agreed delivery schedule, subject to permissible short-lifting of 12 MT, the SD submitted by the customer shall be forfeited. In case of repeated failure (more than Two orders as defined at Clause 22.0, in a quarter), further booking from the customer shall not be accepted for a maximum period of 30 days.
- 16.0 RINL shall make best efforts to service the materials booked as above. However, in case of failure to supply the material, the delivery can be extended for a period of 30 days or the booking shall be fore-closed on mutual agreement basis. In case of fore-closure, the Security Deposit shall be returned to the customer.
- 16.0A: After considering the priority sector requirements {E-Auctions, NSIC/SSICs, DLDs, Advance Bookings} {Ref Clause 24.0A} and Project MOUs*, the material is to be offered to MOU customers in proportion to the MOU quantities** with offer validity of 2 working days. Material shall be lifted within 3 working days from the date of DO. DOs can be extended by Sr BM by 3 working days. {Reason/s are to be recorded}. Quantity variation in DOs and treatment on failure shall be same as for spot sales.
- * Project MOUs shall be serviced as per mutually agreed schedule or as per Project Sales policy.
- ** MOU proportion may be calculated for a product based on branch sales plan and quantities specified in different MOUs.
- 17.0 The material available in excess of booking and E-auction requirement as per the policy along with unlifted quantity of booked material, if any, shall be sold through spot sales.
- 18.0 The material under spot sales can be sold to any customer on 'first-come-first-serve' basis. Quantity available in spot sales shall be put on Notice Board on daily basis. Branch shall also maintain record of these details in a Register. A provision will be made in future to record these details through computerized system.
- 19.0 Branch shall maintain a register for recording the requests for the material on spot sale basis in the format mentioned below. A provision will be provided in future to register such requests through on-line. Till such time, the BMs shall ensure proper recording of the requests in the order of their receipt at the branch. Material displayed for spot sales on any particular day can only be registered in the spot sales register with immediate delivery as stipulated in the sales policy.

Date	Time	Customer details incl. customer code, if available	Contact person with phone No.	Material required incl. size and grade	Qty required (MT)	BLANK	Signature of the customer	Whether offer issued. If yes, indicate date	DO No. & Date
1	2	3	4	5	6	7	8	9	10

20.0 (Deleted)

21.0 In spot sales, the offers shall be valid for a period of two working days. Material shall be lifted within 3 working days from the date of DO. DOs can be extended by Sr BM by 3 working days. {Reason/s are to be recorded}.

22.0 Spot registration requests cannot be entertained and no offers shall be made for a minimum period of two months from the customers who fail to lift within the stipulated period (as given in Clause 21.0 above). A quantity variation upto 12 MT per product shall be permitted on the offered quantity and the short lifting upto this quantity shall not be treated as failure for taking up the penal action as mentioned above. However, customers having MOU shall continue to be allowed advance booking with SD in spite of the above mentioned failure in spot sales.

23.0 RMs are required to review such registers once in a quarter on their visit to the branch to ensure proper maintenance of registers and affix their signature in the register as a record of review.

24.0 In case the material available under spot sales is more than the request received / registered, the branch and the region shall make special efforts to liquidate the stocks at prevailing prices to any customer.

24.0 A: Prioritization:

Order of Priority in case of any conflict shall be as below: E-Auctions, NSIC/SSICs, DLDs, Advance Bookings by actual user/project , Advance Bookings by retailers , Project/Actual User MOU customers, Retailer MOU customers and Spot Sales.

Pricing of materials:

25.0 The prices for E-auction sales shall be as quoted by the customers, subject to the guidelines circulated already. For all other sales, the prices prevailing (BLP) on the date of delivery of material is applicable unless otherwise specifically agreed. However, the regular customers shall be permitted to review their booking in case of cumulative price increase by RINL is more than Rs.500/-PMT during the month. In case any customer wishes to cancel his booking due to increase in price as permitted in this clause, the same shall be communicated to the Branch, within 7 days from the date of price circular.

25.0 A: Payment Terms:

Customers are generally required to make advance payment unless otherwise specified. Payment can be made by DD/PO/RTGS/NEFT/Cheque* payable locally at the Branch Office location.

*Cheque facility is available to only select customers. Cheque facility shall be extended as per prevailing policy in this regard.

E-Auction:

26.0 10% of average monthly sale quantity shall be e-auctioned by the branches as specified at clause 5.0. The reserve price for this prime e-auction shall be the minimum operating price (for the respective lot quantity) as defined in the Pricing Circular.

27.0 A General notice shall be published by Pricing & Policy Section in News Papers, once in a Quarter indicating that VSP sells certain quantity of Prime material through e-auction every month and requesting prospective customers to visit VSP Website for further details regularly. An email may be sent to all known customers informing the schedule of E-auctions. No separate advertisement is required to be issued by the Regions & Branches.

Total Quantity Incentive Scheme:

28.0 All the regular customers shall require to enter into an MOU indicating the Quantities to be lifted by them. A suggested format for the MOU is placed at Annexure- II.

29.0 Single MOUs can be signed with companies / firms having units at different locations operating under the same name and style. Single MOUs can also be signed with associations, group or sister companies (including unrelated companies) provided they indicate all the participating names at the time of MOU.

30.0 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 40.0 and considered successful in completion of MOU.

31.0 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.

32.0 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.

33.0 All regular customers except CSAs and project customers, who have entered into MOU shall be eligible for TQI on the eligible quantity as indicated at 37.0 below.

The TQI for project sale customers shall be as per the Project Sale Policy. TQI is not applicable for CSAs and non-MOU customers.

- 34.0 MOUs can be signed for prime grades only. However, normal arisings like OG, CG, OFF, SL, OD, EC, Assorted, Defective can also be supplied against the MOU depending upon the availability as well as subject to mutual agreement.
- 35.0 The customer can select any one or combination of products indicated against each code number indicated below and sign an MOU for the total quantity along with product-wise likely break-up. The actual users and project customers can select the products required for self-consumption only. Multiple MOUs are also permitted, if products under different code numbers are required by a customer. The details of grades in each group are listed at Annexure-I.

Sl.No.	Code Number	Products
1	SS-1	HC Wire Rod Coils
2	SS-2	Squares, Billets & Blooms – Spring Steel
3	CS-1	Wire Rod Coils & Rounds (Groups -1 & 2 and MC-HMn)
4	CS-2	Rounds and Semis (Groups 2 & 3 and MC-HMn)
5	CS-3	Rebars, Structurals & Rounds (All grades)

- 36.0 All the quantities of products covered in MOU lifted by MOU customers under any type of sales viz., Advance booking, spot sale, E-auction, Tender, etc., shall be considered for fulfillment of MOU. However, TQI is not payable on quantity lifted under E-auction and Tender. In case of multiple MOUs, the quantities lifted through tenders and E-auction can be distributed amongst any of the MOUs, as opted by the customer. Such option can be exercised by the customer at the end of the financial year.
- 37.0 All the 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:

TQI in Rs. per MT	SS-1 / SS-2 / CS-1 / CS-2 Lifting in 2010-11		CS – 3 Lifting in 2010-11	
	More than (MT)	Upto (MT)	More than (MT)	Upto (MT)
50	240	1500	500	2400
75	1500	4500	2400	7200
100	4500	9000	7200	14400
125	9000		14400	

- 38.0 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 and not upto the 120% of MOU Quantity. In case, the option of reduction of quantity is exercised by RINL, the TQI shall be applicable upto 120% of the reduced MOU quantity.
- 39.0 Group MOUs are also permitted. All the purchases by the group shall be added, for calculation of TQI, provided they had entered into a single Annual MOU indicating the names of all the units. No addition or deletion is permissible subsequent to signing of MOU.
- 40.0 The customers are required to fulfill a minimum lifting criteria as follows for being eligible to TQI.
- i) MOUs from I Quarter – 40% lifting in first two quarters i.e. lifting up to 30th September 2010.
 - 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. However, SSICs and NSIC are exempted from any quantity fulfillment criteria and are eligible for 100% TQI corresponding to the actual quantity lifted as per the table at 37.0 above.

- 41.0 All the actual user customers taking material on spot sales basis for a minimum period of two consecutive months can be considered as ‘Regular customers’, subject to inspection of their manufacturing facility. Such customers can enter into MOU at the beginning of the subsequent quarter and required to fulfill the minimum lifting parameters as indicated at 40.0 above. The requirements and the certification to be submitted after inspection of the unit are placed at Annexure-III.
- 42.0 Customers are eligible for the TQI corresponding to MOU quantity as indicated in the table at 37.0 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.
- 43.0 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.

Credit :

44.0 Credit may be extended to the eligible customers at the discretion of the Management based on Company's need and the creditworthiness of the customer.

Delegation of Powers:

45.0 All the deviations to this policy shall require approval of D(C).

Encl: Annexure-I, II, III & IV

Annexure – I

Product-wise & Group-wise grades covered under TQI Scheme

Product	Group	Grades
Wire Rods	Group-I	IS2062 E250A/E250B/E165, IS7887, MSOG/MSOFF/MSCG, LCK, DEFECTIVE CAQ, EQ, IS2879, CHQ1010 / CHQ 1018, VIZAG-CO2(S3/S4), SAE1006S, SAE1010W, SAE1010S, SAE1006 TO 1022, SAE1023S, EN32B, 10B21M/ 15B25M, 15B41
Wire Rods	HC	HC50 – HC85, HC75CR, HC85CR, PC115, VIZAG-TBQ, HCCG, PCCG, HCOFF
Wire Rods	MC-HMn	SAE1030, 35C8, EN8A, EN8, EN8D, CK45, SAE1524S, SAE1541, SAE1524Cr, MCCGMn, 16/20MnCr5, MnCr5CG, C-70, MCCGCr, MCOFF, MCCG
Rounds	Group-II	IS2062 E250A/E250B/E165, MSOG, MSOFF, MSCG, LCK, DEFECTIVE, SAE1006S, SAE1010W, SAE1010S, SAE1006 TO 1022, SAE1023S, EN32B, A105, 10B21M/ 15B25M, 15B41
Rounds	MC-HMn	SAE1029S, SAE1030, 35C8, EN8A, EN8, EN8D, CK45, SAE1049, EN9, EN15B, 37C15, SAE1524S, SAE1541, EN15, 20C15, 27C15, SAE1524Cr, MCCGMn, 16/20 MnCr5, MnCr5CG, 40/41Cr4, C-70, MCCGCr, MCOFF, MCCG, HCCG, HCOFF
Semis	Group-III	IS2830, SL/PC in IS2830, IS14650-IS1786/IS7887/IS2062, SL/PC in IS14650, IS2830Cu, IS2831, WT, SL/OD-WT, MS-SL, MS-PC, MSOG, MSOG-SL/OD, MSOFF/MSCG, DEFECTIVE-MS, EQ, SAE 1008S, SAE 1012S, SAE 1008 to SAE 1022, SAE 1023S, SAE 1025S, EN32B, IS 2830-C20MMn-Gr.A, A105, PC(>1.5M)
Semis & Forged Rounds	MC-HMn	SAE1029S, SAE1030, 35C8, EN8A, EN8, EN8D, CK45, SAE1049, EN9, EN15B, 37C15, SAE1524S, SAE1541, EN15, 20C15, 27C15, SAE1524Cr, MCCGMn, 16/20MnCr5, PC/SL in 16/20 MnCr5, MnCr5CG, PC/SL in MnCr5CG, 40/41Cr4, C-20, EN43D, VIZAG-TLT, MCCGCr, MCOFF, MCCG, MC-SL, MC-PC, HCCG, HCOFF, HCOG
Semis	Spring Steel	38Si7, 55Si7, 60Si7, 65Si7, SUP-9, SUP-11A, SUP10, SSCG, SSOFF, HCCGCr
Rebar	All	IS1786-Fe-415/415D/500/500D/550/550D, CRM/HSCRM, DEFECTIVE, OG, MSOFF
Structural	All	IS2062 E250A, IS2062 E165, IS8500, IS2062 E250 CuA, OG, MSOFF, ASSORTED, DEFECTIVE

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 _____ 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) with effect from _____ to _____ and shall cover the following categories and quantities of materials.

Scheme 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.

That it is clearly understood between RINL and _____ 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

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

1.0 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 MOU Categories :

Code No.	Product	Who can enter into MOU
SS-1	Wire Rod Coils – High Carbon	All actual users like Re-rollers, Forging Units, TLT manufacturers, Bright Bar industries, Wire Drawing Units, etc.
SS-2	Semis (Squares, Billets & Blooms) – Spring Steel	
CS-1	Wire Rod Coils(Group-I & MC-HMn) & Rounds (Group-II & MC-HMn)	
CS-2	Rounds (Group-II & MC-HMn), Semis (Group-III & MC-HMn) & Forged Rounds	
CS-3	Rebar, Structural & Rounds – All sizes and grades	All consumers like PSUs, Government Departments, Local Bodies, Autonomous Bodies like Municipal Corporation, Construction & Infrastructure firms, contractors, service centres undertaking profiling / fabricating jobs, educational institutions, etc. and Retailers.

Note:

- (i) The grades clubbed under the groups above are indicated at the Annexure-I.
- ii) MOU quantities shall be limited to the installed capacities of the actual user.
- iii) MOU can be entered as per the requirements for self consumption only.
- iv) All regular customers of RINL shall enter into MOU for the products they are eligible to take.

3.0 General terms of MOU :

- 3.1 MOU shall be for a period of one year starting from 01.04.2010 upto 31.03.2011 or part thereof.
- 3.2 Customer can select any one or combinational product indicated against the code numbers above and sign an MOU for the total quantity along with product-wise likely break-up. Multiple MOUs are also permitted, if products under different code numbers are required for self-consumption.

- 3.3 MOUs can be signed for prime grades only. However, normal arisings like OG, CG, OFF, SL, OD, EC, Assorted, Defective can also be supplied against the MOU depending upon the availability as well as subject to mutual agreement.
- 3.4 Single MOUs can be signed with companies / firms having units at different locations operating under the same name and style. Single MOUs can also be signed with associations, group or sister companies (including unrelated companies) provided they indicate all the participating names at the time of MOU.
- 3.5 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 4.4 and considered successful in completion of MOU.
- 3.6 The quantities committed 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 customer at least 3 months prior to the expiry of MOU.
- 3.7 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. In case MOU quantity has been enhanced at customer's request, the option for reduction in the quantity subsequently will not be available to the customer. RINL has an option to reduce the quantity to 90% of the MOU quantity at any point of time during the MOU period.

4.0 Total Quantity Incentive (TQI) :

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

TQI in Rs. per MT	SS-1 / SS-2 / CS-1 / CS-2 Lifting in 2010-11		CS – 3 Lifting in 2010-11	
	More than (MT)	Upto (MT)	More than (MT)	Upto (MT)
50	240	1500	500	2400
75	1500	4500	2400	7200
100	4500	9000	7200	14400
125	9000		14400	

- 4.2 TQI shall be paid on actual 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 and not upto 120% of the MOU Quantity. In case, the option of reduction of quantity is exercised by RINL, the TQI shall be applicable upto 120% of the reduced MOU quantity.

- 4.3 Group MOUs are also permitted. All the purchases by the group shall be added, for calculation of TQI, provided they had entered into a single Annual MOU indicating the names of all the units. No addition or deletion is permissible subsequent to signing of MOU.
- 4.4 The customers are required to fulfill a minimum quantity lifting criteria as follows for being eligible to TQI:
- i) MOUs from I Quarter – 40% lifting in first two quarters i.e. lifting up to 30th September 2010. {MOUs already entered may be amended accordingly}
 - 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. However, SSICs and NSIC are exempted from any quantity fulfillment criteria and are eligible for 100% TQI corresponding to the actual quantity lifted as per the table at 4.1 above.

- 4.5 The customers are eligible for TQI corresponding to eligible quantity indicated in the table at 4.1 above. 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.
- 4.6 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.
- 4.7 The MOU shall be generally guided by the terms of the Sales Policy, which is available in VSP website. However, the specific conditions mentioned above, in case of conflict, shall supersede the provisions mentioned in the Sales Policy.

5.0 **Credit :**

- 5.1 Credit may be extended to the eligible customers at the discretion of the Management based on Company's need and the creditworthiness of the customer.

Annexure-III

With Drawn