

## **Operating Guideline for Direct Dispatches of Steel Products from Plant for Retail segment**

- 1.0 In order to augment sales the following operating guidelines, come into force with immediate effect: The operating guideline is for sales to Retailers.
- 1.1 Direct Dispatches from plant may be given on Branch NSR based on availability of material / market conditions / need for sales augmentation, logistics consideration and MOU at the time of considering the proposal for direct dispatches.
- 1.2 Direct dispatch to MOU customers will be considered based on the requisition
- 1.3 The Regional office can book material for dispatches to retailers based on the allocation/Dispatch Plan made to the branch/region. After booking the material region should, reconfirm from PD&L section at HQ. Any changes by PD&L section should be with proper justification and reasons. Dispatch Section will give material clearance in the ERP / SAP system The proposal to PD&L section should contain customer name, product wise quantity break up, Branch NSR (Ex-plant dispatch price) considering all applicable discounts/incentives, Railway Freight, handling Expenses etc.
  - 1.3.1 In case of Direct Dispatch by road (i.e truck/trailer) to customer, the NSR calculation should be done considering lower of the freight between road (i.e truck/trailer) & rail. For handling charges road handling charges to be considered. However, wherever road transportation contract does not exist for stock transfer from plant, Rail freight & Road handling charges to be considered.
  - 1.3.2 In case of Direct Dispatch by Rake to customer, the NSR calculation should be done considering Railway freight & rake handling charges.
  - 1.3.3 In respect of Direct Dispatches to places where RINL prices are not available, the NSR of the nearest branch or the branch under whose jurisdiction the place comes will be considered. In such cases NSR calculation should be done considering lower of the rail freight between the customer destination and concerned branch.
  - 1.3.4 Order booking for Ex-Plant direct sales will be accepted throughout the month along with payment/ credit for serving such orders. The dispatches to be completed by the end of the month. Prices ruling on the date of dispatch will be applicable. In case of dispatches not completed by end of the month, the order shall be cancelled.
  - 1.3.5 In all the cases the Branch NSR should be confirmed by the concerned BFM in the proposal.
- 1.4 In case of requirement, Secured Credit payment terms operated from the branch to customers for stockyard sales can be given as per the circulars issued from time to time. In case of Secured Credit, BG should cover up to 100% of the proposed material value, Overdue and outstanding including interest. The period shall count from the date of RR in case of Rail dispatches or date of SO in case of Road dispatches. The secured credit limit required for the proposal, if any, shall be from the existing Regional limits only.
- 1.5 The Branch will send the detailed communication through email to PD & L Section and BC Gate Section of HQS (Mktg.) with a scanned document of approved note as intimation about Quotation & Sales Order for direct dispatch from the plant.

The Branch Sales office will ensure compliance of the following while generating quotation and Sales order in the SAP system.

<b>Description</b>	<b>Details</b>
Rake/Road Dispatch	For dispatch by rail, total freight will be collected in advance from customers by branch before issue of SO.  For dispatch by Road, total freight and transportation arrangement will be to customers account..
Total CST	Amount equivalent to CST at actuals shall be charged extra.
100% of the material value	Advance payment or in case of credit, secured credit payment terms operated from the branch to customers for stockyard sales, can be given as per the circulars issued from time to time. CDC (current dated cheque) to be collected in case of credits
C Form	C Form shall be collected in advance. In case of non-submission of C Form in advance, by the customers, Security Deposit (SD) equivalent to CST value, shall be collected from the customer.

- 1.6 Based on the Sales Order issued by the Branch, Marketing PD & L Section will take necessary action for dispatch by Rail. The RR will be sent to the concerned Branch Sales Office, who will ensure collection of dues as per the agreed payment terms.
- 1.7 Marketing PD & L section including BC Gate office will facilitate for placement of vehicles by the customers and material loading or lifting by Road against the issued SO. Accordingly, the concerned Branch Sales Office will ensure collection of dues as per the agreed terms from the SO date.
- 1.8 The customers may have to book in rake loads. In case individual customer's requirement is less than a rake load, the quantity can be booked in wagon loads and such wagons can be combined to form a rake on their own or in combination with VSP stock transfer material. Rake freight will be chargeable in case of all rake formations.
- 1.9 Preference shall be given to the customers, who are inclined to take full rake load material and / or also make 100 % advance payment before the issuance of Sales Order. In case of MCO locations and stockyards, where VSP has its own Railway siding (Chennai, Hyderabad and Mumbai), customer wagons cannot be combined with stock transfer material and therefore, customers will be required to take full rake loads only at any public siding in these locations.
- 2.0 Depending on logistics/distance for delivery etc., direct dispatches shall be considered for sales by Road on requisition of Region/ Branch; subject to the customer(s) submitting an undertaking to the effect that material will be taken to the declared destination only. Payment terms shall be as per clause 1.5.
- 3.0 The quantities purchased by the customer under direct dispatch shall be considered under MOU, monthly slab quantity and other scheme, if any, as applicable for the branch. However, care should be taken that there is no double counting of any incentive in price calculation.
- 4.0 Since direct dispatch quantity is within the normal allocation to the Branch, distribution mechanism for offer of material in vogue may be followed for direct dispatches as this is considered as to augment sales of the branch.
- 5.0 As per MOU, customers are required to lift material consistently every quarter. Any bulk offer to specific customer should not lead to failure in offering quantities as per MOU to others (both in manufacturing and also in retail segment).

- 6.0 The clearance to the Direct Dispatches to retailers shall be subject to allocation of material to the customers.
- 7.0 These guidelines are applicable to all branches excluding HQ Sales.
- 8.0 The above operating guidelines will remain force till further orders.

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