

STANDARD OPERATING POLICIES FOR ORDER TO
COLLECTION PROCESS (METAL SALES)

HINDUSTAN ZINC LIMITED

Issued by:
1st Reviewed by: Head CSA
2nd Reviewed by: CMO
Approved by: CFO and CEO

Revision History and Sign Off			
Revision Summary	Reviewed By	Approved By	Effective Date

Legend	Meaning
LTCs	Long Term Contracts
STCs	Short Term Contracts
EU	End Users
OEM	Original Equipment Manufacturers
CP	Channel Partner
SAARC	South Asian Association for Regional Cooperation
LME	London Metal Exchange
CMO	Chief Marketing Officer
CSA	Central Sales Accounting Team
QP	Quotation Period
INCO	International Commercial Terms
CIF	Cost, Insurance and Freight
FOB	Free On Board
LBMA	London Bullion Market Association
CSP	Cash Sales Price
NFA	Note for Approval
DOA	Delegation of Authority
EXCO	Executive Committee
NSR	Net Sales Realization
INR	Indian Rupees
MT	Metric Tons
Kg	Kilogram
CFO	Chief Financial Officer
CEO	Chief Executive Officer
MIS	Management Information System
KYC	Know Your Customer
PAN	Permanent Account Number
GST	Goods and Service Tax
MDM	Master Data Management
RFM	Regional Finance Manager
OEM	Original Equipment Manufacturer
MOU	Memorandum of Understanding
PDT	Parental Deal Ticket
CAFD	Cash Against Fax Document
LC	Letter of Credit
BG	Bank Guarantee
RTGS	Real Time Gross Settlement
NEFT	National Electronic Fund Transfer
PDC	Post Dated Cheque
HZL	Hindustan Zinc Limited
SFMS	Structured Financial Messaging System
PI	Proforma Invoice
RV	Receipt Voucher
PNDL	Price Now Dispatch Later
DNPL	Dispatch Now Price Later
MOS	Month of Shipment
HOD	Head of Department
FD	Financial Document
LP	List Price
C&F	Clearing and Forwarding
CFS	Container Freight Station
CHA	Custom House Agent
DO	Delivery Order
Oz	Troy Ounce

SBI	State Bank of India
RBI	Reserve Bank of India
TT	Telegraphic Transfer
STO	Stock Transfer
CRM	Customer Relationship Management
TMS	Traffic Management System
BL	Bill of Lading
TAT	Turn Around Time
ICH	International Clearing House
CCO	Chief Commercial Officer
WPP	Wind Power Plant
Discoms	Distribution Companies
PPA	Power Purchase Agreement
O&M	Operations and Maintenance
CDM	Clean Development Mechanism
NPA	Non-Performing Asset
SRN	Stores Return Note
CDC	Central Disposal Cell
CMD	Caution Money Deposit
EMD	Earnest Money Deposit
ARCs	Annual Rate Contracts
CPCB	Central Pollution Control Board

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Long term Export sales contract with customers (For Export sale of Zinc and Lead):

Company shall enter into following types of sales contracts with the customers:

- Long term sales contracts (LTCs): Duration of more than 6 months
- Short term sales contracts (STCs): Duration of 3 to 6 months
- Spot sales contracts: Duration up to 3 months

Company shall endeavor to route all its sales through LTCs. All LTCs for Export sales shall be entered in to for Calendar year except for few specific countries where start and end month would change based on the country or customer specific requirement e.g. Nepal and SAARC countries. In case of deviation, consent of **Head Exports Marketing** shall be obtained. The process to enter in to LTCs for Export sales shall be as follows:

- **Obtain broad guidance from senior management for preparation of Exports Plan:**
Discuss the expected trend of Global Metals demand, Premium, Country specific events etc. based on the LME/other event, market information, news, publications, market visits feedback etc. with **CMO and Head CSA** and obtain broad guidance for the following:
 - Desired growth in Production and total Sales numbers for the upcoming year
 - Anticipated allocation between Domestic and Export sales. This shall be decided basis the overall production plan, plant capacity and expected trend of Premium in the Domestic and Global market
 - Desired Premium to be charged to the customers considering the expected trend of global demand for Metal and Premium as per LME event
 - Anticipated demand from new geographical areas and Countries targeted to be tapped by the Company
- **New Business development and Commercial negotiations with the client: Country Manager and Head Exports Marketing** and Export Finance manager in certain cases shall visit potential new customers and existing customers for the Commercial negotiations and discussions for new scope of business. New customers shall be identified as per sub process “Contract Management”. Important terms to be discussed with the customer during negotiation shall be as follows:
 - Quantity requirement
 - Premium to be charged to the customer
 - QP terms, Pricing and Security terms
 - Payment and INCO terms (INCO terms shall be as per INCO terms Act 2019)
 - Period of contract
 - Shipment schedule
 - Quality
 - Packaging
 - Insurance
 - Turnover discounts
 - Any other relevant and important terms and conditions

Guidelines for Commercial terms shall be as under:

- **Quantities:** Quantities may be fixed or variable as agreed with the customer. For variable quantities, the customer shall have to confirm the quantity before the start of each month as per the contract terms. Company shall aim to achieve the month average LME of consolidated sales each month.
- **Quotation Period (QP):** Company shall endeavor to keep the **Quotation Period (QP)** as month of sales. In case contract is concluded in the middle of the month, the QP can be average of the remaining days of the month of sales or any unknown LME Cash Price within the month of shipment. Other QP options could be M-1, M+1 etc.

- **Pricing:** The **Pricing** offered for supply shall be London Metal Exchange Traded Price (as achieved) of the Quotation Period (QP) plus a Premium. Following pricing options may be used:

- ❖ LME CSP averaged over the month of QP:
- ❖ Average of any number of days during QP
- ❖ LME Cash Settlement Price (CSP) of any specific day during the QP (to be informed to the Marketing team 1 hour prior to LME closure time)
- ❖ Target Price (Customer shall nominate a target LME price with a time validity, quantities to be booked only in multiples of 25MT)
- ❖ Screen Price (opted on need basis)
- ❖ Pricing up to M-1 or M+1 can also be offered subject to approval from CMO (quantities to be booked only in multiples of 25MT)
- ❖ Forward pricing

Any un-priced tonnage shall be automatically priced basis LME CSP of the last LME market day of the Quotation Period.

- **Pricing Security and Financial Security:** Guidelines for Pricing Security and Financial Security shall be as per process “Receipt of Advance, Pricing and Financial Security”.

- **NFA approval and Contract management:** Based on the Commercial negotiations with the customer, obtain approval as per **DOA** and raise Note for Approval (NFA). Post approval, business shall be confirmed and contract shall be entered in to with the customer. Please refer process “Contract Management” for creation and approval of NFA and entering in to contract with the customer.

Contract Management (For sale of Zinc, Lead and Silver)

Company shall enter in to following types of sales contracts with the customers:

- Long term sales contracts (LTCs): Duration of more than 6 months
- Short term sales contracts (STCs): Duration of 3 to 6 months
- Spot sales contracts: Duration up to 3 months

Company shall strive to sell its products only to Original Equipment Manufacturers (OEMs)/ End Users (EUs). Any sale of metal to Traders shall be discouraged and be approved by **CMO**.

Company shall endeavor to route all its sales through LTCs. LTCs for Domestic sales shall be entered for the financial year. For deviations, approval of **Head Domestic Marketing** shall be obtained. Company shall enter in to Spot contracts based on availability of Metal and overall market conditions.

The process to enter in to LTCs for Export sales shall be as per process “Long term Export sales contracts with customers”. The process to enter in to other types of contracts shall be as follows:

- **New Customer Introduction:**

New customers shall be identified by **respective** Sales teams’ basis the following:

- Importers or OEMs purchasing metal from Competitors or from traders
- Inquiries received from the new customers from time to time
- New customers and end users identified by Channel Partners
- Any other modes required from time to time

- **Commercial negotiations with the client:** Commercial negotiations with customer and guidelines shall be as per process “Long term Export sales contracts with customers”.

- **Creation and approval of NFA:** Based on Commercial negotiations with the customer, approval shall be obtained as per DOA and post business confirmation with customer, NFA shall be raised immediately by **Country Manager Exports** on the portal and by **Regional Marketing Team** for approval chain as per DOA.

- **Signing Contract with customer and creation of Contract in SAP:** Sales department shall use the Sales contract (including Commercial and Standard terms and conditions) format vetted by the Legal team for entering in to contract with the customer. Process as follows::

- **Export Sales:** **Country Manager Exports** shall create contract based on agreed terms and conditions with customer and send to client for approval within 3-5 days of business confirmation. Once the contract is agreed with customer, contract shall be signed by **Country Manager/Head Export Marketing and Export Finance Controller**. **Country Manager Exports** shall obtain approval as per DOA for any deviations to the legally vetted contract. Export sales contract shall be then created in SAP by **Export marketing executive**.

- **Domestic Sales:**

- Contract for sale of **Silver** shall be created as followed for export sales.
- **For Zinc and Lead**, terms and conditions agreed with the customer shall be entered in SAP by **Associate Marketing Manager** and reviewed by **Regional Marketing Manager in SAP**. Contract in SAP shall be exported in MS-Word and signed by **Regional Marketing Manager** and customer. The signed 2 pager contract by the customer and Marketing department shall be uploaded in SAP.

- **Contract tracking and maintenance:** Contracts shall be scanned and maintained by respective Marketing team. Signed contract shall be maintained by Finance department.

Preparation and Approval of Annual Marketing Plan:

Annual Marketing Plan shall be prepared **for all the three metals viz. Zinc, Lead and Silver** for the period from April to March every year. The time lines for preparation and final sign off of Annual Budget Plan (which includes Annual Marketing Plan) shall be based on the timelines provided by the **HZL EXCO**. Process to prepare and approve Annual Marketing Plan shall be as follows:

- **Prepare draft Annual Marketing Plan for Export sales:** Draft Annual Marketing Plan for Export sales **of Zinc and Lead** shall be prepared by **Country Manager and Head Exports** basis the following. Annual Marketing Plan for Export sales shall be sent to **Domestic Finance Controller** for preparing combined Annual Marketing Plan (Domestic + Exports):
 - LTCs already entered in to with the customers for Calendar year
 - LTCs to be entered with customer with contract period different from Calendar Year
 - Anticipated demand from existing customers from January to March or any other different period for the upcoming year
 - Anticipated demand from new targeted countries and customers
- **Prepare draft Annual Marketing Plan for Domestic sales:** Draft Annual Marketing Plan for Domestic sales **of Zinc, Lead and Silver** shall be prepared by **Regional Marketing Manager and Head Domestic Marketing for respective metals** basis the following. Annual Marketing Plan shall be sent to **Domestic Finance Controller** for preparing combined Annual Sales Plan (Domestic + Exports):
 - To forecast the annual market size of India
 - Target of domestic sales number
 - Market premium to be charged to the customers considering ongoing trend of premium in global market.
- **Preparation and Approval of consolidated Annual Marketing Plan:** **Domestic Finance Controller** shall prepare and obtain approval of combined Annual Marketing Plan **for all the three metals** from **Head CSA and CMO**. Annual Business Plan shall include at least the following separately for Domestic and Exports Sales:
 - Product wise quantity of material to be sold **(Zinc, Lead and Silver)**
 - Targeted NSR and Exworks **(INR/MT for Zinc and Lead and INR/Kg for Silver)**
 - Targeted Premium **(\$/MT for Zinc and Lead, Cents/Troy Ounce for Silver)**
- **Approval of Annual Business Plan by Company CFO and CEO:** Marketing plan approved by **Head CSA and CMO** shall be submitted to **Centralized MIS team** for incorporation in Company Annual Business Plan. Annual Business Plan shall be approved by **Company CFO and CEO** after the required changes.
- **Approval of Annual Business Plan by Group EXCO:** Annual Business Plan approved by **Company CFO and CEO** shall be submitted to **HZL EXCO** for final approval. Sign off of **HZL EXCO** shall be obtained on the final Annual Business Plan.
- **Updation of Annual Business Plan in Hyperion:** Annual Business Plan (including Annual Marketing Plan numbers) signed off by **HZL EXCO** shall be uploaded in Hyperion for monitoring by the **Centralized MIS Team**.
- **Target vs Actual Sales monitoring:** Marketing MIS shall be prepared monthly by respective **Finance Controller** for Export and Domestic Sales based on inputs from **respective Country and Regional Marketing Manager**. Marketing MIS shall be reviewed by **Head CSA and CMO** and root cause for variances shall be presented in the monthly review meeting.

Customer Database management:

- **Customer code creation and modification:**
 - **Country Manager Exports and Associate Marketing Manager** for Domestic sales shall send the Customer Registration Form to the prospective customer. List of documents to be obtained from customer includes Certificate of Incorporation, PAN card, GST registration certificate, Cancelled cheque etc.
 - **Country Manager Exports** shall verify the documents received from customer and send customer code creation approval request to **Head Exports Marketing**.
 - Respective **Regional Marketing Manager** shall verify the documents received from customer and send request to respective Finance controller for creation of code.
 - Documents and supporting related to financial position of the prospective customer like latest audited financial statements, list of Directors/Partners shall also be obtained from the prospective customers where information is not available in public domain (applicable for major customers of Zinc Lead). For Silver business, last 3 years tax audit reports, IT returns and financial statements shall be taken. Approval for deviation shall be obtained from **CSA Head** and **CMO**.
 - **Respective Finance Executive** shall verify all the information as per registration form with the underlying documents.
 - For Export sales, **Finance executive** shall create the code in SAP after verification of information, documents and approval from **Export Finance Controller** and approval from **Head Exports Marketing**. Same work flow shall be followed in case of modification of existing customer codes.
 - Code creation process for Domestic Sales of ***Zinc, Lead and Silver*** shall be as follows:
 - ❖ Details for prospective customer shall be entered in Master Data Management (MDM) / other software as applicable in future by **Regional Marketing Executive** and shall be approved by **Regional Finance Manager (RFM)** and **CSA Executive** in MDM / other software as applicable in future. Customer code shall be auto created in MDM / / other software as applicable in future based on approvals and then auto integrated in SAP. Same work flow shall be followed in case of modification of existing customer codes.
 - ❖ Request letter for creation of Virtual account shall be prepared by **CSA Executive** and sent to the bank. Virtual account is created to facilitate streamlined identification of receipt from customers and effortless preparation of bank reconciliation statement.
 - ❖ Virtual account code created by bank shall be linked with customer code in SAP by **CSA Executive** and informed to customer by **Regional Marketing Team**.
- **Blocking/Unblocking of code:**
 - On a quarterly basis, **CSA executive** shall send the list of all active customers to the **Marketing Teams** to identify inactive customers for blocking.
 - **Respective Marketing Team** shall identify customer codes to be blocked based on the last transaction date, possibility of future sales etc. Respective **Marketing Team Executive** shall obtain approval from **Regional Marketing Manager** for inactive customers and approved by **Finance Controllers** for blocking the code in SAP.
 - To unblock the existing customer code in SAP, approval shall be obtained by the respective **Marketing Executive** from **Regional Marketing Manager** over email. Code shall be unblocked by **Finance Team Executive** based on approval of **Regional Marketing Manager**.
- **Review of Customer master change logs:** Review of customer master change logs shall be performed by the **CSA Team Executive** and approved by **Head CSA** on a quarterly basis.

Channel Partner SOP for Export Sales (Zinc and Lead)

- The objective of this SOP shall be to define the processes to be followed for transactions with Channel Partners and ensure end customer visibility.
- Services of a suitable Channel partner may be utilized to address specific customer/regional requirements as listed below:
 - New customer with limited background information
 - Commercial terms mismatch with End User
 - Statutory requirements in the customer's destination country for having local representative
 - Financial constraints in terms of unsecured/credit based sales and/or billing in local currency
 - Incompatibility between the End User's banks opening the LC and HZL's banks
 - Business term requirement of a potential customer to have an agent/representative from the supplier's side.
- The scope of this policy begins with negotiation with channel partners and end users and completed with its appropriate approval, disclosure and documentation.
- Process owner for this policy shall be Head Exports (Marketing)
- Process Performance Measure:
 - Documentation for all joint negotiation/discussion between end users and channel partner
 - Documentation of internal approval processes followed by contract with channel partner with details of premium and fees
 - Documentation of contract between end users and channel partners.
 - Quarterly MIS for quantity distribution and fees to be provided by channel partner
 - Verification of the quantity and fees mentioned in MIS on random basis by Head CSA

Preparation and monitoring of Monthly Sales Plan and Hedge Plan

- **Preparation and approval of monthly Sales plan:**
 - **Regional Marketing Manager** and **Country Manager Exports** shall obtain quantity requirements ***for Zinc, Lead and Silver*** from customers for next month by last week of each month. Such input shall be used for preparation of monthly sales plan.
 - **Regional Marketing Manager and Country Manager Exports** shall prepare the monthly sales plan which shall be approved by **Head Domestic Marketing and Head Exports Marketing**. Approved Sales plan shall be shared with the respective **Finance Team** and **Logistics team** by 1200 hours on first LME/LBMA working day of the month for further planning. Sales plan at the minimum shall contain the following for each customer for each shipment:
 - ❖ Order quantity
 - ❖ Quotation Period
 - ❖ Pricing
 - ❖ Port of Loading and Port of Destination

Any change in the monthly sales plan shall go through same work flow for approval and shall be intimated to the **Hedge Team** as well.

- **Preparation of monthly Hedge plan:** Respective **Finance Team** shall prepare the hedge plan basis the approved Sales plan received and share the same with **Domestic Finance Controller** for consolidation. ***Hedge plan for Silver shall be prepared separately by Finance Controller Silver and will not be consolidated along with the hedge plan prepared for Zinc and Lead.***
- **Approval of Hedge Plan:** **Domestic Finance Controller** shall obtain approval of consolidated Hedge plan ***for Zinc and Lead*** from **Head CSA, CMO and Corporate Controller**. ***Finance controller Silver shall obtain approval of Hedge plan separately from Head CSA, CMO and Corporate Controller.***

The approved plan shall be shared with the hedge desk by 1500 hours on first LME/LBMA working day of the month to enable timely hedge of transactions.

- **Updation of Sales plan in SAP:** **Regional Marketing Team** shall update the ***domestic sales plan for Zinc and Lead in SAP*** which shall be approved by **Regional Marketing Manager**. SAP shall auto generate customer wise Parental Deal Ticket (PDT) on approval of Sales plan.
- **Sales and Hedge Plan monitoring:** The sales plan and hedge plan shall be updated on daily basis in Excel file by the respective **Finance controller**. Updated Sales Plan and Hedge Plan shall be reviewed by **Marketing Team and Finance team** on continuous basis to monitor critical aspects like pricing pending for finalization, material committed by customer but not lifted etc.

Credit Management:

- **Acceptable instruments:** Company shall strive to supply its products only against advance payment or secured credit. Acceptable modes of advance and secured credit terms and instruments shall be as under. Any deviation to the following shall be approved as per DOA:
 - **Export Sales (Zinc and Lead):** Acceptable instruments for Export Sales are CAFD (Cash against Fax document) and Irrevocable LC at sight. Bank Guarantee and Corporate Guarantee shall not be accepted as mode of secured credit.
 - **Domestic Sales - Zinc and Lead:**
 - ❖ Irrevocable LC with usance period of maximum 90 days, **CMO and CFO** approval required for period beyond 90 days
 - ❖ Unconditional and Irrevocable BG with expiry period of maximum 90 days, **CMO and CFO** approval required for period beyond 90 days
 - ❖ Open credit shall be given to only Government companies with credit period of maximum 30 days subject to approval obtained as per applicable **DOA**.
 - ❖ RTGS/NEFT- Bank to Bank transfer (In Virtual Account). For any exceptions, approval of CSA shall be obtained.
 - ❖ PDC (Post-dated cheque) and Interest free credit cases subject to approval as per applicable **DOA**.
- **Domestic Sales –Silver:**
 - ❖ RTGS/NEFT- Bank to Bank transfer (In Virtual Account). For any exceptions, approval of CSA shall be obtained.
 - ❖ PDC (Post-dated cheque) subject to approval as per applicable **DOA**
- **Acceptance and Confirmation of LC at sight for Export Sales (Zinc and Lead):**
 - Draft LC format received from customer shall be forwarded by **Exports Marketing Team** to **Exports Finance Team** for review. **Export Finance Team** shall review the same and confirm back to **Exports Marketing Team** in 3 working days. Any deviation to the standard terms and conditions as vetted by Legal department shall be approved as per **DOA**.
 - **Exports Marketing Team** shall inform the customer to open LC in favor of the Company if there are no deviations.
 - LC shall be accepted if opening bank for LC is an Indian bank.
 - If opening bank for LC is a foreign bank, then it should be “A” rated bank, else LC shall be confirmed by the bank in India. List of such approved Indian banks shall be circulated by Treasury team by 20th for the coming month.
 - In extra ordinary circumstances, waiver request for obtaining LC confirmation shall be initiated by **Exports Finance Team** specifying:
 - ❖ Details of transaction
 - ❖ Difficulty faced in obtaining bank confirmation
 - ❖ Reason why such sales is important to HZL

The waiver request shall be authorized as per applicable **DOA**. Monthly MIS shall be circulated by **Exports Finance Controller** to **Head CSA, CMO and CFO** outlining party wise unconfirmed LCs and percentage of total exports.

 - Provisional value for which LC is to be opened shall be auto calculated by SAP based on LME prices entered in SAP (last 10 days average considered) and premium as negotiated and agreed.
 - All documents requested by negotiating bank (Company’s bank) like Invoice, Certificate of Origin and any other document which the bank may specify shall be lodged by the **Exports Finance Team**. Bank shall accept the LC after resolution of all queries.

- Confirmation shall be taken from bank by the **Exports Finance Team** regarding receipt of LC in Company's bank account. LC amount shall be amended by the customer based on final LME agreed between both the parties.
 - Bank charges within India shall be borne by the Company and outside India to be borne by the customer.
 - The custodian for LC shall be **Exports Finance Team** and LC tracker shall also be maintained and updated on daily basis by the team which shall be reviewed by **Exports Finance Controller**.
- **Acceptance and Confirmation of Irrevocable LC for Domestic Sales (Zinc, Lead and Silver):**
 - Draft LC format received from customer shall be forwarded by **Marketing Team** to **Regional Finance Manager** for review. Finance team shall review the same and confirm back to Domestic Marketing Team within 1 working day. Any deviation to the standard terms and conditions shall be approved by **Domestic Finance Controller and Head CSA**.
 - Interest for the agreed credit period shall be charged at the agreed rate as per contract.
 - **Domestic Marketing Team** shall inform the customer to open LC in favor of the Company if there are no deviations.
 - Opening bank for LC should be "A" rated bank, approval as per **DOA** shall be obtained for bank rated below "A" grade.
 - Provisional value for which LC is to be opened shall be auto calculated based on list price SAP.
 - LC shall be received via SFMS (Structured Financial Messaging System) portal under which the opening bank shall intimate to Company's bank who shall further inform RFM about opening of LC in favor of Company.
 - Set of documents comprising of Commercial Invoice, Lorry Receipt, Insurance Certificate and any document which the LC may specify shall be lodged with the negotiating bank (Company's bank) as per LC terms in hard copy by **CSA**. Bank shall forward the documents to opening bank who shall pay the amount by the due date.
 - Confirmation shall be taken from bank by **CSA** regarding receipt of LC amount in Company's bank account.
 - Penal interest shall be levied as per the agreed overdue interest rates for any delayed payment made after the agreed credit period.
 - The custodian for LC shall be **RFM and Head CSA**.
 - Expiry date reminder: Intimation shall be sent by **Marketing Team** to the customer to amend the expiry date of LC at least 15 days before the expiry date of the instrument. If amendment is not received 5 days before the expiry date, LC shall be negotiated without any notice.
 - **Acceptance and confirmation of Unconditional and Irrevocable Bank Guarantee for Domestic Sales (Zinc, Lead and Silver):**
 - Draft Bank Guarantee received from customer shall be forwarded by **Marketing Team** to **Regional Finance Manager** for review. Finance team shall review the same and confirm back to Marketing Team in 3 working days. Any deviation to the standard terms and conditions as vetted by Legal department shall be approved as per DOA.
 - Interest for the agreed credit period shall be charged at the agreed rate as per contract.
 - **Marketing Team** shall inform the customer to the customer to go ahead who shall intimate his bank to furnish Bank Guarantee in favor of the Company.
 - BG confirmation shall be received via SFMS (Structured Financial Messaging System) portal under which the opening bank shall intimate to Company's bank who shall further inform RFM about opening of BG in favor of Company.

- On the due date, if the customer fails to make the payment, request letter for encashing BG shall be written by **RFM** to customer's bank, who shall make the payment in favor of HZL.
- Penal interest shall be levied as per the agreed overdue interest rates for any delayed payment made after the agreed credit period.
- Expiry date reminder: Intimation shall be sent by marketing team to the customer to amend the expiry date of BG at least 15 days before the expiry date of the instrument. If amendment is not received 5 days before the expiry date, an invocation letter shall be sent to bank stating that "the said guarantee stands invoked if not extended".

Receipt of Advance and Security for Sales:

- **Creation of Proforma Invoice (PI) for Export Sales (Zinc and Lead):**
 - PI shall be created in SAP by **Exports Marketing Team**.
 - Value of PI shall be auto calculated by SAP based on LME prices entered in SAP (last 10 days average considered) and premium as negotiated and agreed captured from Contract created in SAP.
 - **Country Manager Exports** or **Head Export Marketing** shall share the PDF copy of PI with customer in order to receive the advance payment/secured credit instrument.
- **Creation of PI for Domestic Sales (Zinc, Lead and Silver):**
 - **For Zinc and Lead**, PI shall be created by the customer in CRM portal or else by respective **Regional Marketing Team**. **For Silver, PI shall be created in SAP by Marketing Team.**
 - Value of PI shall be auto calculated by SAP based on price circular uploaded on CRM by Admin user.
 - **Respective Marketing Team** shall share the PDF copy of PI with customer in order to receive the advance payment/secured credit instrument.
- **Receipt of Advance for Export Sales (Zinc and Lead):**
 - Advance shall be received from the customer as per payment terms in the contract.
 - Balance amount shall be received from customer upon sharing of Bill of Lading, Invoice and other documents in soft copy.
 - The amount received from the customer shall be first credited in the Nostro Account maintained in USD, for which the conversion rate shall be taken by the **Exports Finance Team** from the **Treasury Team** and then bank shall credit the amount in Company's bank account maintained in INR.
- **Receipt of Advance for Domestic Sales (Zinc, Lead and Silver):**
 - Advance shall be received from customer as per payment terms in the contract.
 - Customer shall directly make the payment in the Virtual account which being auto linked to SAP, shall generate a Receipt Voucher (RV) in customer's ledger maintained in SAP. SAP shall restrict generation of DO for value more than of Receipt voucher. Exceptions to the same shall be approved by **Head CSA**.
- **Receipt of LC as Security for Export sales:** Opening, acceptance and confirmation of Irrevocable LC at sight shall be done as per process "Credit Management".
- **Receipt of LC and BG as Security for Domestic sales:** Opening, acceptance and confirmation of Irrevocable LC and Unconditional & Irrevocable BG shall be done as per process "Credit Management".
- **Receipt of additional Security (Export and Domestic Sales):** In case of increased volatility in the LME prices, additional security amount shall be demanded by the Marketing team from the customer, who shall provide the same within 5 working days.
- **Security Margin for pricing in the month other than the month of shipment (Domestic Sales):** In case, the customer prefers to have the goods priced in the month other than the month of shipment, then the security margin to be deposited in addition to the 100% advance amount shall be as detailed in Annexure below.

Annexure 1: Guidelines on Security Margin Money

Pricing options:

- **PNDL (Price Now Delivery Later): Pricing month and delivery month are different**
 - \$5 pmt service charge + actual contango if any
 - In case of backwardation only service charge applicable
- **DNPL (Delivery Now Price Later): Delivery month and pricing month are different**
 - \$5 pmt service charge + actual backwardation if any
 - In case of contango only service charge applicable
 - Advancement and pricing rollover options are iteration of DNPL so charges mentioned applicable. Only advancement (DNPL) accepted after 20th day of calendar month will be exempted.
- **Target pricing:**
 - If pricing and delivery in same month \$10 service charge
 - If pricing and delivery are in different months - \$10 service charge + actual contango if any
- **LME CSP (ADSP0):** As agreed mutually between buyer and seller in contractual agreement
- **LME MOSS / Balance days or MOS (WEH) / Balance days' LME CSP average:** No charge.
- **M-1 (LME CSP month average of previous month to supply month):** No charge.

In cases, where customers paying LME CSP charges as per contractual agreement then in such cases higher of charges as mentioned above or LME CSP to be considered and no duplication i.e. not to levy both charges at same time e.g. LME CSP charge is \$ 10 and in PNDL if contango is \$ 3 so \$ 10 applicable. The below table shall be reviewed on annual basis or as and when required basis changes in the market:

Framework of Pricing Security				
Category	Pricing	Customer classification	Criteria per lot for 25 Tons	Remarks on monthly minimum as per agreed contract
MOS	MOS	All	not mandatory	As decided mutually between buyer and seller.
Non MOS pricing	Day CSP , PNDL , DNPL , Target,	A	1 lac or exemption with approval of HOD	Customers with monthly tonnage >= 400 and long association > 3 years
		B	2 lakhs	Customers with monthly tonnage >= 200 and long association > 3 years
		C	3 lakhs	Customers with monthly tonnage >= 50
		D	5 lakhs	New customers + small customers with less vintage + volume < 50

#any exemption as per business requirement to be considered with prior approval and record need to be maintained for all such exceptions.

Creation of Financial Document (FD): Post receipt of advance/security, Financial Document shall be created in SAP for credit control. SAP shall restrict creation of Delivery order of value higher than the amount of Financial Document.

- **Export Sales:** Financial Document shall be created in SAP by the **Exports Finance Team** on receipt of the advance or confirmation of LC by bank. Financial Document shall be reviewed by **Exports Finance Controller**.
- **Domestic Sales:** Financial Document (FD) shall be created in SAP by the **Regional Finance Team/Regional Marketing Team** on confirmation of LC or BG by bank/receipt of PDC. FD shall be reviewed by **RFM**. In case cash advance is received, Receipt Voucher number is auto created in SAP against customer's ledger. SAP shall restrict creation of Delivery order of value higher than the amount of Receipt voucher. Once the Credit management module is implemented in SAP, the DO will be prepared based on the credit balance in customer's account.

Price Master Management for Export Sales of Zinc and Lead:

- **Computation of General Price:** Head Export Logistics shall compute the general price for Export sales each week and approved by **Head Exports** over email. This price shall be used by SAP while creating Delivery order for Export sales in SAP. The prices shall be computed taking the list price for domestic sales as base. Formula for price computation shall be as under. Any change in the formula shall be approved by **Head CSA and CMO**:

(List Price for Domestic Sales - Rs. 12,000 or Rs. 14,500*)/Exchange Rate = General Price (USD/MT)

* For Zinc with purity of 99.995% and Lead with purity of 99.99% - Rs. 12,000 shall be deducted;

For Zinc with purity of 98.5%- Rs. 14,500 shall be deducted.

- **Circulation of General Price and updation in SAP:** Export Logistics Head shall circulate the prices computed to **Marketing Team and Finance Team** on weekly basis (each Friday) over email. **Finance Team** shall update this price in SAP Price master. The prices shall remain applicable from Friday of the present week until Thursday of next week. The access to maintain these prices shall be only with the Finance team.

Price Master Management for Domestic Sales of Zinc and Lead:

- **Computation of List Price (LP):**

- LP shall be computed and updated in SAP twice a week for Zinc and Lead, on Monday and Thursday by **Domestic Finance Controller** using the following formula:

List Price = (LME price + Premium)*Multiplying factor*Exchange rate+ C&F+ additional mark up (if any)

For calculation of LP on Monday - average LME CSP of Thursday and Friday shall be considered and for calculation on Thursday - average LME CSP of Monday to Wednesday shall be considered.

- LME CSP price shall be entered in SAP manually by **CSA Team** basis Fast Market Site, these shall be reviewed by **Domestic Financial Controller**. This price shall be used for determining value of PI for export sales.
- Premium to be decided as per market trends in order to avoid the scenario of debit notes on a periodic basis.
- Multiplying factor shall be based on custom duty component, CFS (Container Freight Station) charges, CHA (Customs House Agent) charges, etc. as the list price is calculated based on import parity model. (Rate of custom duty on the date of dispatch shall be considered)
- Multiplication factor shall be 1 in case of Deemed Exports supply.
- Exchange rate shall be SBI TT selling rate averaged over period of days of LME basis.
- C&F (Clearing and Forwarding) charges towards cost of clearing of material and transportation to buyer's factory in case of import, to remain fixed as approved by **CMO**.
- If the difference compared to last list price updated is within +/- Rs 500 pmt even after factoring the LME CSP/Exchange Rate, then there may not be any change in price.

- **Approval of List Price:** The LP shall be auto calculated based on formula in SAP, PDF copy of the same shall be submitted by **Domestic Finance Controller to Head Domestic Marketing, Head CSA and CMO** on Wednesday/Sunday evening by 11.30 pm and once the same is approved over email, then shall be uploaded in SAP by **Domestic Finance Controller** for being effective at 0000 hrs.
- **Circulation of LP:** On obtaining approval from **Head CSA or CMO**, the LP shall be uploaded on CRM portal by **Admin user**. It shall also be updated on the website www.hzlconnect.com
- **Maintenance of List price in SAP:** Provisional price in DOs shall be auto picked up from the LP maintained in SAP. Invoice shall be created with such provisional amount if the pricing is not finalized by the customer.

Computation of price for Domestic sale of Silver: Two separate prices shall be calculated for creation of DO for Silver as follows:

- Dispatch of material to customer: Provisional price/Final price
- Dispatch of material to vault: Stock Transfer Order price

The formula for these prices shall be as under:

Provisional Price= (LBMA price + premium)*32.1507 * Multiplying factor* Exchange rate
 Stock Transfer Price= LBMA price*32.1507*Exchange rate

- **Provisional Price/Final Price:** This price shall be computed by the **Silver Marketing team** and reviewed by **Finance Controller Silver** in DO release. The price shall be calculated whenever the DO is prepared. Process shall be as follows:
 - LBMA price / RBI reference rate to be considered in formula shall be till date month average or last known price, whichever is higher (if price not finalized by the customer). In case, the price is finalized by the customer, the price appearing on the LBMA / FBIL site shall be taken into account.
 - Premium shall be as agreed with the customer as per contract
 - 32.1507 is the conversion factor for 1 Kg into Troy Ounce (Oz) as the LBMA price and premium are quoted in terms of Oz.
 - Multiplying factor shall be based on custom duty component, CFS charges, CHA charges, etc. as the list price is calculated based on import parity model. (Rate of custom duty on the date of dispatch shall be considered)
 - Multiplication factor shall be 1 in case of Deemed Exports supply.
- **STO Price:** For transfer of silver from plant to vault, STO price shall be maintained by **Domestic Finance Controller** manually.
 - The STO price shall be computed twice a week on every Monday and Thursday based on average of LBMA prices for Thursday to Friday and Monday to Wednesday respectively.
 - STO price to be calculated as mentioned above.
 - The STO price shall then be uploaded in SAP by **CSA Team** after seeking approval on the price from **Head CSA or CMO over email**.

Dispatch and Invoicing Process

- **Creation and Release of Delivery Order:** Delivery order shall be created by customer in case of cash advance paid by customer and in other cases DO shall be created by marketing team. DO shall be reviewed Finance Team.
- Dispatch of material and invoicing shall be done as per Logistics SOP.
- **Updation of Bill of Lading in SAP (only in case of export sales):**
 - **Exports Marketing Team** shall approve the draft Bill of Lading received from the Shipping Company. Hard copy of such Bill of Lading shall be collected by **Export Logistics Team**.
 - Wherever available, e-BL copy shall be obtained by **Export Logistics Team** from the shipping line. **Export Logistics Team** shall create Bill of Lading in SAP based on approved Bill of Lading received from Shipping Company. Details captured to include Bill of Lading number, BL date, Vessel name and Vessel date.
 - Container details like details for containers, net weight, gross weight, total bundles, etc. entered in to SAP by CHA based on the packing list generated on weighment at port.
- **Generation of Provisional SAP invoice:**
 - Provisional Invoice shall be created by **Export Finance Executive** in SAP based on Bill of Lading generated in SAP. Following documents shall be auto generated without any manual intervention while creating the invoice. Price in the invoice shall be auto picked up from Delivery order in case of sale to customers of Nepal, for other cases, it shall be picked from prices maintained in respective line item of contract maintained in SAP against which DO is being created. All the following documents including the invoice shall be signed by **Head Exports Marketing** and **Exports Finance Controller**.
 - ❖ Certificate of Origin
 - ❖ Weight Certificate
 - ❖ Packing List
 - ❖ Insurance Certificate
 - ❖ Mill Test Certificate
 - **Obtaining remittance for the balance amount from customer:** Scanned copies of the above mentioned documents shall be shared by the **Exports Marketing Team** to the customer over email. Customer shall remit the balance amount basis such documents. Hard copy of Bill of Lading and other documents shall be sent by Exports team by courier only on receipt of complete amount.
 - **Generation of Final SAP invoice:**
 - **Country Manager Exports** shall forward the pricing email received from customer to **Export Finance Controller** for adequate security check which shall then be forwarded by Exports Finance Controller to **Hedging Desk** for hedging.
 - Final invoice shall be generated by **Export Finance Executive** and Debit / Credit note shall be passed as per process “Sales adjustment – Debit and Credit Notes”.
- **Preparation and review of Sales book:**

Sales book shall be prepared by **Exports Finance Team** and reviewed by **Export Finance Controller**. Sales book shall be prepared to determine the sales to be recognized in the books at the end of the month based on INCO terms for the dispatches of the month. Impact of price finalization and exchange rate as at month end shall also be considered at the time of preparation of Sales book.

Receivables Management:

- **Collection and Receivables accounting:**
 - **Receipt of advance/receivables for Export sales:** On receipt of payment from customer, an intimation is sent by International clearing house (ICH) to Company's bank which in turn communicates the details over email to **Exports Finance Team**. Entry for collection shall be passed by **Export Finance Team** in SAP basis the bank statement and intimation received from bank for receipt. The turnaround time (TAT) for passing collection entry shall be 1 day.
 - **Receipt of advance/receivables for Domestic sales:** **CSA Executive** shall upload daily bank statement in SAP and bank reconciliation shall be performed daily by **CSA Executive**.
 - **Knock off debit and credit items for Export and Domestic Sales:** Knock off of debit and credit items e.g. invoice, advance, provisional to final invoice adjustment, discount etc. shall be done by respective **Finance Executives** at the end of the month to ensure that correct invoice wise outstanding is reflected in SAP.
- **Accounts Receivable review and reconciliation (For Export and Domestic Sales):**
 - **CSA Team** shall prepare consolidated Debtors aging report ***for all the products*** monthly and shall be reviewed by **Finance Controllers and Head CSA**. Root cause and action plan for aged or unsecured debtors, if any shall be discussed in monthly review meeting.
 - At the end of each quarter, decision on bill discounting shall be taken by **Head CSA** based on debtors aging and overall cash flow.
 - Major customer balances shall be confirmed at least twice in a year. Balances of customer who do not respond shall be deemed as confirmed.
 - Export debtors shall be revalued at the closing rate for the month. Entry for revaluation shall be passed by **Export Finance Executive** and posted by the **Export Finance Controller**.
 - Approval from **Marketing Heads, Head CSA, CMO and CFO** shall be obtained for creating any provision on aged debtors by Finance Controllers.

Sales Adjustments - Debit and Credit Notes

Company shall pass the Debit and Credit Notes the differences on account of adjustments due to Provisional to Final invoicing and Volume discounts:

Provisional to Final Invoice adjustments:

- Calculation for determination of adjustment amount on account of provisional to final invoicing shall be done as per process "Dispatch and Invoicing Process".
- For Export sales, in case if amount is to be paid to the customer then customer shall send the debit note including the bank details. **Finance Controller** shall verify the debit note and submit the request letter approved by **Finance Controller** and **CMO**, Form A2 and debit note copy to Company's bank for payment.
- For Export sales, in case the amount is receivable from the customer, customer shall make the payment of differential amount directly in Company's bank account. The calculation of receivable amount shall be checked by the **Finance Team**.
- **For Domestic sales, RFM** shall generate the report of Provisional and Final invoicing and review the same line item wise. The report shall be also reviewed by **Domestic Finance Controller and CSA team and** approved over email. Invoice wise debit and credit notes shall be posted in customer's ledger by **RFM** post such approval. Such debit/credit notes shall be sent to the customer by **Marketing Team** within 10 working days of the next month or as per terms agreed in the contract.

- **Volume turnover Incentives:**

Provision in respect of the volume turnover incentives shall be made on monthly basis however credit notes shall be prepared by the respective **RFM** and reviewed by **Domestic Finance Controller and CSA Team** at the end of the year/contract period.

Customer Complaints (Quality, shortage etc.) and Sales Returns Management

Export sales:

- Exports customers shall send complaints pertaining to weight, quality, packaging or any other category on the mail ID: HZLCustomerFeedback.Exports@vedanta.co.in
 - The access to this mail ID has been given to **Head Exports Marketing** and **Exports Finance Controller**. The complaints shall be forwarded by **Head Exports Marketing** to **Head CSA and CMO** on real time basis and also in the form of a monthly MIS at the month end.
 - On receipt of the complaint, **Head CSA/CMO** shall nominate the person responsible to resolve the complaint and decide the due date. The process to handle quality related complaints shall be as under:
 - The details of the complaint shall be forwarded to **Quality Control Department** by **Marketing Team** keeping **Head CSA and CMO** in loop.
 - **Country Manager Exports** to visit customer along with the **Quality Control Department** personnel basis the decision taken by **Head CSA and CMO**.
 - The **Quality Control Team** shall prepare an Inspection report and send to **Quality Head, Head CSA and CMO**.
 - In case of dispute between the Company and customer, inspection of cargo shall be done by third party and losing party shall bear the cost of the results. **Head Exports Marketing and CMO** to be kept informed of the inspection.
 - In case of no dispute between both the parties but quality issue is accepted by HZL, **Marketing Team** shall evaluate the options for:
 - ❖ Replacement of material/payment of actual value of rejected cargo (To and fro freight and insurance to be borne by HZL)
 - ❖ Sell the rejected material to another customer
 - ❖ Get the rejected material processed at third party's facility and return it to original customer.
- The decision shall be approved by **Plant Head and CMO** with intimation to **CEO and CFO**.
- Status of the complaints shall be tracked on monthly basis in the review meeting.
 - Root cause of complaints shall be analyzed on monthly basis by **Marketing Team** and CAPA will be prepared.
 - No complaint will be accepted for material which has already been consumed by the customer.

Domestic sales:

- **Customer shall lodge the complaint in CRM portal for Zinc and Lead. For Silver, customer shall send the complaints to Marketing team over email.**
- The complaints shall be forwarded to respective **Regional Marketing Manager, Head Domestic Marketing, Head CSA and CMO**.
- On receipt of the complaint, **Head CSA/CMO** shall nominate the person responsible to resolve the complaint and decide the due date. The process to handle quality related complaints shall be as under:
 - The details of the complaint shall be forwarded to **Quality Control Department** by **Marketing Team** keeping **Head CSA and CMO** in loop.
 - **Marketing Team** to visit customer along with the **Quality Control Department** personnel for complaints related to Quality, basis the decision taken by **Head CSA and CMO**.
 - The **Quality Control Team** shall prepare an Inspection report and send to **Quality Head, Head CSA and CMO**.

- In case, complaint is established as genuine, following remedial measures shall be considered:
 - ❖ Recommendations by the technical team for necessary corrective steps in the customer's manufacturing process
 - ❖ Replacement of material (To and fro freight and insurance to be borne by HZL)
 The decision shall be approved by **Head CSA, CMO and CFO**.
- The status of the complaint shall be tracked on monthly basis in the review meeting.
- Root cause of complaints shall be analyzed on monthly basis by **Marketing Team**.
- No complaint will be accepted for material which has already been consumed by the customer.

Sales Return Management

- **Reasons for Sales Return:** The reasons for which Company can accept the Sales return are as follows:
 - Quality complaint received from customer
 - Weight complaint received from customer
 - Material damage owing to accident for vehicle in transit
 - Any other reason as approved by Marketing department
- **Quality/ Weight Complaints:**
 - The decision for sales return shall be taken by **Head CSA, CMO and Respective Plant Head** based on the inspection report prepared by **Quality Control Team/Technical Personnel**.
 - **Respective Marketing Team** shall intimate respective **Plant Dispatch Team, Plant Unit Head, CSA Team, and Exports Finance Team** over mail about return of the material.
- **Material damage owing to accident for vehicle in transit:** Transporter shall intimate the respective **Plant Sales & Dispatch Head/Team** who in turn shall inform **Plant Unit Head, Head Domestic Marketing, Head Exports Marketing, CSA team, Exports Finance Team, Head CSA, CMO and CFO** over email and obtain approval for sales return.
- **Actual inward of material in Plant:**
 - Basis the approval of **Head CSA, CMO and Respective Plant Head, Plant Sales & Dispatch Head/Team** shall inform the **Security Team** at material gate and provide them with the vehicle details.
 - Gross weighment of the vehicle shall be done and will be auto captured in SAP. Weighment slip shall be generated.
 - The material shall be unloaded in the presence of **Dispatch Team** and **Security Team**. Number of bundles shall also be counted by the **Dispatch Team**, any shortage of goods shall be taken note of.
 - Tare weight of the vehicle will be done and auto captured in SAP. Net weight shall be compared with the original dispatched weight.
 - **Plant Sales & Dispatch Head/Team** shall reverse the sale entry in SAP which shall be posted by **Domestic Finance Controller** in SAP.
 - In case of material shortage, insurance claim shall be filed by the Company. Till the time, amount is not received from the insurance company, transporter's payment shall be kept on hold and his account shall be debited.

Customer Feedback Survey

- Customer feedback survey shall be conducted every 2 years by appointment of third party surveyor.
- The approval for appointment of third party shall be taken by all the **Regional Marketing Team and Export Marketing Team** from **CMO and CFO**.
- **CMO** shall send out the mail to target customers to provide proper feedback to third party.
- The parameters used by the third party for survey will vary but majorly shall consist of business benefits, commercial process, company personnel, complaint handling, online portal, order & delivery, packaging, partnership, product.
- On the basis of responses received from the customers, third party shall prepare and send the report to all the **Marketing Teams** for sign off.
- The feedback report shall then be presented to **CMO** for his final sign off and then it shall be presented to **CFO**.

Depot activities:

Receipt of material: Material received as per invoice shall be matched with the weighment slip before unloading the material. In case of any difference or receipt of damaged material, service agency shall contact Regional office to determine further action to be taken. Short receipt of material and damaged material should be mentioned behind the LR copy.

Dispatch of material: Delivery Order shall be prepared and released as per the Delegation of Authority. Material shall be dispatched against such DO. Process of invoicing shall be same as per the Logistics process. Material should be dispatched on FIFO basis.

Physical verification of inventory: Physical verification of inventory shall be done at the end of each month and certificate to this effect shall be sent by the Depot to Regional office at the end of each month. Depot visits shall be done by the Regional managers based on the need.

Service provider shall ensure the following at Depot:

- Adequate security in depot
- Physical access of depot to only authorized personnel
- Depot operations timing should be from 9.30 AM to 6 PM. Transactions before this time will be done with approval of authorized personnel for the Depot.
- Sufficient fire extinguishers and smoke detectors as agreed in the contract
- First Aid Box as per requirement defined in the contract
- Storage of material to ensure FIFO during dispatch of material.
- Maintain Inwards, Outward and Visitors register
- Ensure calibration certificates for the measuring equipment used at the Depot

Delegation of Authority (DOA) for Sales and Marketing (Zinc and Lead)

The following Delegation of Authority (DOA) is hereby issued for the Sales & Marketing function covering the sale of the following metals – Zinc and Lead.

Chain of approving authority:-

- L1 Chain---■ RM/CM + RFM/EFC + HDM/HEM + Head CSA + CMo + CFO +CEO
- L2 Chain---■ RM/CM + RFM/EFC + HDM/HEM + Head CSA + CMo + CFO
- L3 Chain ---■ RM/CM + RFM/EFC + HDM/HEM + Head CSA + CMo 1

1.MOU Terms

Sl. No	Particulars	Zinc Domestic	Zinc Export	Lead	Approval Chain
1	MOU / Contract Quantity (ink T)	>18000	>12000 -	>6000	L1
2	Unsecured Sales	✓	✓	✓	L2
3	Unsecured Pricing	✓	✓	✓	L3
4	Lead Export (Except Below)- a)Spot Contract < 500 /PM b)LTC < 6000 MT/PA	NA NA NA	NA NA NA	✓ ✓ ✓	L1 L3 L3
5	Ex Works Premium:				
	a) MOU customer < Business mandate / Business Plan	Up to \$5 \$5-10 <\$10	Up to \$5 \$5-10 <\$10	Up to \$5 \$5-10 <\$10	L3 L2 L1
	b)Non MOU customer <List Price but above Business mandate / BP	✓	NA	✓	L3
6	QP other than MOS/Spot	✓	✓	✓	L3
7	Interest Rate :				

		a)MOU customers MCLR % + less than 100*Basis point	✓	NA	✓	L2
		b)Non MOU/LP customers SBI MCLR +300* Basis point	✓	NA	✓	L2
	8	Interest Bearing Credit Period >180 days	✓	NA	✓	L2
	9	Extension of contract period > 3 month	✓	✓	✓	L2
	10	MOU/MOU Terms other than above 1 to 9	✓	✓	✓	L3

2. Pricing and Monthly Tonnages:

Sl.no	Activity	Domestic	Export
A	<ul style="list-style-type: none"> •Approval of Monthly Sales Plan and Hedge Plan •Changes to Initial Monthly Sales Plan 	CMO and Head CSA	CMO and Head CSA
B	<p>Additional tonnage during the month</p> <p>a)In case the QP is on unknown balance days average or month average, WEH, then no approval is required.RM/CM may accept the same and intimate Head CSA and HDM/HEM, as applicable.</p> <p>b)Except Above</p>	RM + HDM & Head CSA	CM + HEM & Head CSA
C	<p>a)List Price approval</p> <p>b)Change in Methodology in List Price</p>	CMO CMO & Head CSA	HEM CMO & Head CSA

3. Marketing related Activities

Sl. No	Activity	Domestic/Exports
A	Opening and/or Closing of Depot/Vault/Warehouse	L2
B	Contract and Rate Finalisation for regional depot/Vaulting Cost Incl. Handling charges	L3
C	Inter Depot Transfer	L3
D	(i)Running of shortage cycle in case of Shortages in receipt of material at Depot (Less than 10% of truck load) by recovering adequate amount (ii)Shortage>10% of truck load where adequate amount recovered/retained (iii)Shortage other than above (i) and (ii)	Head CSA CMO & Head CSA L2
E	•Procurement of miscellaneous equipment at Depot •Contracts for Marketing related Administrative activities like printing & stationery, courier etc.	CMO & Head CSA
F	Primary /Secondary movement of goods through road/rail & Finalisation of CHA Ocean Freight management for Metal Export with Lowest rate in line with SOP for Ocean Freight Management dt: 16th October 2017 Exceptions to SOP for Ocean Freight Management	As per DOA for Commercial Function Head Export e-c-c- CMO & Head CSA
G	Supply of Material based on Provisional monthly credit note	L3
H	Additional cost on HZL A/C other than agreed terms under MOU	Original approval Chain
I	Sales return due to quality issue	Unit Location Head, CMO & Head CSA
J	Credit Notes beyond two months from conclusion of business without signing of detailed contract (Two Pager and approved NFA to be in place)	L2
K	All other matters not covered above	CMO & Head CSA

Delegation of Authority for Silver Sales and Marketing

The following Delegation of Authority (DOA) is hereby issued for the Silver Sales & Marketing Function

- L1 Chain- Requestor +RFM +Product Manager Silver +Head CSA+ Head Marketing/Head Silver IBU+ Corporate Controller+ CFO+ CEO
- L2 Chain- Requestor +RFM +Product Manager Silver +Head CSA+ Head Marketing/Head Silver IBU+ Corporate Controller+ CFO
- L3 Chain- Requestor +RFM +Product Manager Silver +Head CSA+ Head Marketing/Head Silver IBU+ Corporate Controller
- L4 Chain- Requestor +RFM +Product Manager Silver +Head CSA

S.No	Particulars	Approving Authority
1	Contractual Quantity	
	(a) Annual Deal	
	>24 MT	L1
	< 24 MT	L3
	(b) Spot Deal	
	>5 MT/Deal	L3
	<5 MT/Deal	L4
2	Initial Contract Period >12 Month	L2
3	Unsecured Sales	L1
4	Unsecured/Reduced Pricing Security (MOU Customers only)	
	(a) <2.5%	L2
	(b) <5% - 2.5%	L3
5	Exchange Rate <RBI + 4 Paisa	L2
6	Difference between HZL Premium / Discount per KG as compared to Respective Market Premium* (RMP) irrespective of Domestic Market in Parity**/Disparity***	
	Difference	Approving Authority
	(a) More than Rs. 100	L-1
	(b) More than Rs 50 but up to Rs. 100	L-2
	(c) Less than or equal to Rs. 50	L-3
	(e) Equivalent or more than RMP	L-4
7	Interest Rate below SBI MCLR % +100 bps	L-2
8	Interest Bearing Credit Period>180 Days	L-2
9	Extension of Contract Period > 1 Month	L-2
10	Any Other Terms excluding above	CMO & Head CSA
11	Approval of Monthly Sales Plan and Hedge Plan	CMO & Head CSA
12	Changes in initial Monthly Sales Plan	CMO & Head CSA
13	STO Price	CMO
14	BBOC Sale	L-1
15	Commercial settlement to resolve Quality issues	L-3 + Unit Head
* Respective Market Price (RMP) means Premium circulated by CRISIL less Rs 100		
** Parity: When the domestic market price is equal or above imported landed parity basis LBMA		
*** Disparity: When the domestic market price is less than imported landed parity basis LBMA		

Approved by and with effect from 29th May 2018