

Ref: CQI/23-24/01

Date: 23.03.2023

Commitment Quantity Incentive Scheme FY 2023-24

1. Preamble:

MRPL is pleased to offer Commitment Quantity Incentive (CQI) scheme for the financial year 2023-24 for twelve months period covering all PP dispatches from **01.04.2023 to 31.03.2024** to all Customers/Buyers of MRPL's MANGPOL Polypropylene.

2. Requisites:

- a. CQI is based on the Monthly Commitment Quantity (**MQ**) as indicated by the buyer/customer and shall be applicable to all combinations of Prime, NP currently marketed by MRPL comprising of Raffia(HR003/HR003N),IM(HM012T/HM012/HM012N/HM065AT/HM065ATN), TQ(HF010/HF010N)&Lamination/Fibre (HY035R/HY035RN).
- b. Purchase volume of "Off-grades" and / or "Experimental Grades/New grades" shall be considered for arriving at the respective volumes (Monthly, Quarterly & Yearly) and its associated committed quantities (min, max etc.,). However, incentives shall be applicable only on the volume/quantity of Prime/NP grades as per Para 2(a).
- c. All PP purchases by the buyers from Ex-MRPL PP Warehouse, Ex-Hassan, Ex-Hyderabad, Ex-DCA cum CS Depot or any other MRPL locations shall be combined together for the applicable slab/volumes/eligibility for the incentive(s) under CQI.
- d. Incentives shall be calculated based on total purchases by the customer during the calendar month/quarter/year as applicable.

3. Commitment Quantity:

- a. Customers desirous of enrolling in CQI shall be indicating the Monthly Committed Quantity (**MQ**), as it is the basis for deriving all other committed quantities viz., Quarterly committed Quantity (**QQ**) and Total Committed Quantity (**TQ**).
- b. Based on the monthly quantity(MQ), the following shall be derived :-
 - i. **Quarterly committed Quantity (QQ) = "Monthly commitment quantity (MQ) X 3 (Three)".**
 - ii. **Total committed Quantity (TQ) = "Monthly commitment quantity (MQ) X 12 (Twelve)".**
- c. The Monthly commitment quantity(MQ) to be enrolled by buyers are as under:
 - i. **Manufacturers : Min. 5 MT per month.**

- ii. **MRPL Distributors** : Min. 80 MT per month & Max. 600 MT per month.
- iii. **Non-manufacturers** : Min. 50 MT per month & Max. 100 MT per month.

4. **Committed Quantity Incentives & Requirements:**

Incentives comprise of three parts viz., Monthly Incentive (MI), Quarterly Incentive (QI) and Yearly Incentive (YI) described as under:

a. **Monthly Incentive (MI): Rs. 700/MT:**

- i. Monthly Incentive (MI) shall be applicable if Customer's minimum monthly purchase is greater than or equal to **70%** of the Monthly commitment quantity (MQ).
- ii. Upper ceiling of MI shall be **120%** of the Monthly Committed Quantity (MQ) i.e., Incentives shall not be applicable on the incremental quantity above **120%** of MQ.
- iii. Monthly condonation criteria shall be as per Para 5(a).

b. **Quarterly Incentive(QI): Rs.600/MT:**

- i. Quarterly Incentive (QI) shall be applicable if customer's minimum quarterly purchase is greater than or equal to **70%** of the Quarterly committed quantity (QQ).
- ii. Upper ceiling for the quantity applicable for quarterly Incentive shall be **120%** of the Quarterly commitment quantity (QQ).
- iii. Quarterly condonation criteria shall be as per Para 5(a).

c. **Yearly Incentive(YI): Rs. 800/MT:**

- i. Yearly incentive (YI) shall be applicable if customer successfully completes all quarters (considering the condonable default quarter as explained in Para 5(a), and the offtake during the CQI period is greater than or equal to **70%** of the Total committed quantity (TQ).
- ii. Upper ceiling of YI shall be **120%** of the Total commitment quantity (TQ) i.e., YI shall not be applicable on the incremental quantity above **120%** of TQ.
- iii. In case customer's actual off-take for the period (**1st Apr 2023 to 31st Mar 2024**) is less than their Total committed quantity (TQ) but the offtake is greater than or equal to **70%** of Total committed quantity, the Year-end Incentive (YI) shall be disbursed on a proportionate basis.

5. **Condonations and Defaults:**

Defaults in committed quantity would be condoned only in the following circumstances:

a. **Condonation in Monthly and Quarterly Incentives:**

- i. **Condoned Month:** In case the customer's purchase is equal to or above **60%** of their Monthly commitment quantity but less than **70 %** of their Monthly commitment quantity in that particular month, that month shall be considered as **condoned month** and offtake of that month shall be eligible for the monthly incentive. This is the **First Condonation** Criteria.
- ii. In addition to the First Condonation criteria explained in Para 5(a)(i) above, customers entering in CQI in Q1 are permitted for purchase which is equal to or above **50%** of their Monthly commitment quantity but less than **60%** of their Monthly commitment quantity in a month which is the **Second**

Condonation criteria. However the customers **cannot** avail both First and Second condonation criteria together in a Single Quarter. Further, the Second condonation criteria is **only** allowed for maximum **one (1)** quarter out of the four quarters which leaves the customer with the option to avail First condonation criteria for maximum of three (3) condonation months. Only **one month** in a quarter shall be allowed as a condonation month.

- iii. A Customer Entering in CQI in **Apr'23** shall be permitted maximum **Four (4)** Condonation months, i.e., one per quarter during the period 1st Apr 2023 to 31st Mar 2024.
- iv. The above Condonation options as per para 5 (a) (i) (ii)&(iii) are applicable, **only** for the customers who are **“Active” (Eligible to receive Year End Incentive)** in the CQI scheme 23-24 i.e; a customer enrolled in CQI but subsequently defaults in CQI (M/Q/A) and becomes ineligible for “YI” then benefit of condonation is **not** available after the defaults.
- v. **Condoned Quarter:** In case the customer’s purchase is equal to or above **60%** of their Quarterly commitment quantity but less than **70%** of their Quarterly commitment quantity in that particular quarter, that quarter shall be considered as **“Condoned quarter”** and offtake of that quarter shall be eligible for the Quarterly incentive. Only **one (1)** quarter is allowed as Condonation during the CQI 23-24 period, for customers who are enrolling in CQI 23-24 in Apr'23.

Following illustration explains the condonation criteria as specified under para 5(a)(i)(ii)(iii)(iv)&(v);

M1	M2	M3	Q1	FY 23-24 70%
74%	61%	76%	70%	
M4	M5	M6	Q2	
52%	72%	75%	66%	
M7	M8	M9	Q3	
73%	75%	63%	70%	
M10	M11	M12	Q4	
75%	76%	62%	71%	

b. Default in Monthly and Quarterly Incentives:

- i. If customer falls under the **First condonation** criteria and/or the **Second condonation** criteria for more than **one** month in a quarter then , that particular month shall be considered as **Default** month and
 - Monthly incentive(s) shall **not** be paid for the default month(s) in that quarter and
 - Quarterly incentive shall **not** be paid for that particular quarter where the default month falls and
 - Yearly Incentive shall also **not** be paid irrespective of the total quantity lifted in the relevant CQI period.
- ii. If in case a customer has defaulted in a month`s committed quantity, the customer shall be treated as **“Default CQI customer”**. Subsequent supplies to the Default customer is subject to surplus product availability (after meeting the demand/order of MRPL`s Active CQI Customer).
- iii. Customers who are defaulting in a month are **not** allowed to use any monthly condonation for the subsequent months of the default quarter i.e customers should lift for min **70%** of the MQ in the

remaining months of the quarter. Also, the customers who are defaulting in a quarter are **not** allowed to use any quarterly condonation for the subsequent quarters, i.e customers should lift for min **70%** of the QQ in the remaining quarters of the CQI 23-24 period.

- iv. If the “**Default CQI customer**” continues to lift in subsequent month/quarter, he would be **eligible only** for subsequent (i.e., relevant) Month/Quarterly incentives during the CQI 23-24 period.
- v. If any of the subsequent quarter during the CQI 23-24 period falls under the criteria as per para 5(a)(v) and/or if the offtake in a quarter is less than **60%** of their quarterly commitment quantity, that particular quarter shall be considered as “**Default quarter**”. If the customer has been condoned for a quarter, second condonation in subsequent quarter(s) is **not** permitted.
- vi. If a customer has defaulted in a quarter but continues to lift in subsequent month and / or quarter and completes the month and / or quarter commitments during the CQI 23-24 period, he would be **eligible** for subsequent monthly / quarterly incentives.
- vii. In case a quarter is defaulted in the CQI period (1st Apr 2023 till 31st Mar 2024), irrespective of the quantities lifted during the relevant period, both Quarterly incentive for the particular quarter and Yearly incentive shall **not** be paid.

6. Cutoff date for enrolling in CQI:

- a. Customers desirous of enrolling in CQI scheme 23-24 have to send their signed confirmatory letter to MRPL indicating the Monthly committed quantity (MQ) for the supplies during the period 1st Apr 2023 to 31st March 2024 as per the enclosed format. The last date to enroll in CQI is **15.04.2023**.
- b. No further change in Quantity/Grade shall be entertained, after the cut-off date as mentioned in Para **6(a)**.

7. CQI Scheme for MRPL’s Distributors:

The minimum Monthly quantity for MRPL Distributors shall be **80** MT/m and maximum Monthly quantity shall be **600** MT/m. All duly appointed MRPL’s PP Distributors are required to provide CQI scheme Confirmatory Letter to MRPL (CQI Scheme Letter). Rest all other terms and conditions, policy/guidelines/methodology of the CQI scheme shall be applicable without any change to MRPL MANGPOL PP Distributors (exceptions/deviations if any shall be stated) as well.

8. Common PAN Number:

For different entities/firm/buyer with same/common PAN number, their enrollment shall be based on a single CQI and the volumes of the entities(s) having same/common PAN can be combined together and the customer(s) declare the details of different entities/firm/buyer with same/common PAN number, at the time of enrollment in CQI.

9. Terminology/Legends:

- a. CQ: Committed Quantity
- b. CQI: Committed Quantity Incentive Scheme
- c. CQI 23-24 period : From 1st Apr'23 till 31st Mar'24
- d. MQ: Monthly committed Quantity
- e. QQ: Quarterly committed Quantity
- f. TQ: Total committed Quantity
- g. YI: Year-end Incentive
- h. QI: Quarterly Incentive
- i. MI: Monthly Incentive

10. Other Terms and Conditions:

- a. CQI scheme is to reward the loyalty of customers to MRPL and it is not a commitment of supply and/or quantity.
- b. MRPL shall endeavor to service all customers with fairness and equity subject to MRPL's production/grade/volume. **MQ** indicated by the customer shall be subject to MRPL's acceptance after considering overall response to the CQI scheme, MRPL's production, volume available for domestic sale etc.
- c. MRPL's Polypropylene pricing is dynamic and it has **no** bearing on CQI 23-24 scheme and/or Customer's **MQ**.
- d. MRPL may announce/offer any other adhoc scheme/incentive/discounts from time to time during FY 23-24 to increase sales and though the schemes may resemble CQI and/or derive the MQ of customer CQI scheme, those schemes are independent of CQI scheme.
- e. Customer(s) are suggested to discuss with MRPL on any clarifications/queries on the CQI FY 23-24 scheme.
- f. Prices & terms and conditions associated with the sale are as applicable at the time of dispatch of the goods.
- g. Disbursement of discounts/incentives under the CQI scheme shall be on the subsequent month of the respective month/quarter/year. MRPL shall be crediting the incentive(s) periodically to customer ledger in MRPL SAP. However, customers desirous of receiving the incentive in their banks account (available as per MRPL SAP) through RTGS/NEFT may advise MRPL accordingly. Customers are also advised to inform MRPL (standard template) on the addition/deletion of their bank accounts to MRPL asap.
- h. Customer(s) are requested to maintain consistency, regularity in their order placements/truck placements to fulfill their committed MQ/qq/TQ. Neither MRPL nor MRPL's officers shall be responsible for non-completion of CQI due to non-availability of trucks, delayed truck placements, disruption in logistics/loading etc.

- i. Customer(s) eligible to receive Yearly Incentive shall be considered as **“Active and live in CQI scheme”** and shall be given priority in supplies.
- j. MRPL’s interpretation of the CQI FY 23-24 scheme and its implementation shall be final and binding on the customers.
- k. MRPL as deemed fit, shall issue any further amendments/clarifications/corrigendum/ addendum to the CQI FY 23-24 policy, internally for better clarity, interpretation and disbursement of the CQI incentive and MRPL reserves the right for circulation/non-circulation of such amendments/ clarifications/ corrigendum / addendum.
- l. Customers shall be providing the latest GST Certificate/Annexures and Bank details (MRPL format) and all other supporting documents to revalidate the Customer Master Record and Bank Details in MRPL SAP. However submission of the documents is **not** mandatory condition to accept CQI of the customer.

11. Compliance and Indemnity:

- a. Buyer hereby undertakes and warrants to comply, at all times, with the applicable laws including but not limited to the Plastic Waste Management Rules 2016 as amended from time to time and notifications and directives issued thereunder (“PWM Rules”), in relation to the use of the Goods.
- b. Buyer expressly undertakes and warrants that the Goods shall not be used, directly or indirectly, in Production of banned Single Use Plastic items (SUP), listed in PWM rules.
- c. Buyers shall indemnify MRPL against the losses, claims, damages, liabilities, suits, proceedings, costs and expenses (including legal fees) arising as a result of breach of any applicable laws including the aforesaid.

12. Extended Producer Responsibility (EPR) commitment:

- a. Buyer shall provide EPR registration no. along with CQI letter and shall undertake to ensure compliance with all the guidelines under PWM Rules 2016. **(OR)**
- b. Buyer shall also inform that they are in the process of applying/have applied for EPR through the centralized portal developed by CPCB and shall share the application number/EPR regn. No. **(OR)**
- c. Buyer shall declare that they are not engaged in the production of any of the products falling under the coverage of “Extended Producer Responsibility (EPR)” or banned SUP items as defined under the said MoEF & CC Rules.