



Circular: Annual Material Sourcing Plan (AMSP) – FY 2024-25

Ref: OPaL/MKT/POLY/AMSP/2024-25

1) TERMS & CONDITIONS:

- I. OPaL is pleased to offer Annual Material Sourcing Plan (AMSP) for Polypropylene (PP) & Polyethylene (HDPE + LLDPE).
- II. PP & PE (HDPE+LLDPE) material sourcing plan would be treated independent of each other; separate material sourcing plan would be signed for each product.
- III. The detailed terms and conditions for the AMSP-2024-25 are appended.
- IV. All Zonal Offices shall obtain commitment letters for PP MSP / PE MSP registration from the customers as per the attached **Annexure-A**.

2) APPLICABILITY:

AMSP shall be applicable to domestic customers on off-take of OPALENE-PE (HDPE + LLDPE) & PP separately during April-24 to March-25 of FY 2024-25. i.e. 1st April-2024 to 31st March-2025.

- I. AMSP shall be applicable to all domestic sales, deemed export (Including sales against advance authorization and EOU) & sales to SEZ units. However, Deemed Export, EOU sales and SEZ sales quantity would be considered only for eligibility and no incentives shall be applicable against that quantity.
- II. The AMSP 2024-25 shall be applicable to the following sectors.
 - PP: Raffia (RH03), Injection moulding (MH13 & MH13A), TQPP(FH10S), Fiber & Filaments (RH25X & RH38).
 - HDPE: GPBM (B5004), MBM (B55H02 & B55H03), Pipe (P51H10, P50H03, P5002, P5002U), Film (F52H04), Raffia/Yarn (R5410 & Y5710).
 - LLDPE: Film (F2001S/A & F2002S/A), Roto Moulding (T3804 & T3804U), Extrusion Coating (E2507), LL-High Flow (M2525 & M2550).
- III. The sectors or grades not mentioned above (Clause – 2(II)) and reintroduced or newly produced during the FY 2024–25 may be eligible for consideration under the Annual Material Sourcing Plan. Any such eligibility will be communicated to the customer periodically.
- IV. The AMSP applicable exclusively to Prime, Non-Prime, and Utility grades. However, the quantity lifted for Utility grades shall be assessed solely for eligibility purposes, with no incentives applicable for that quantity.

- V. Lifting of plant sweep, plant waste, godown sweep and HDPE wax shall not be considered under this Annual Material Sourcing Plan.
- VI. The combined off-take from Ex-OPaL Dahej Plant, OpaL Virtual Warehouse(s), Ex-CS Depot(s), and all OPaL designated warehouse(s) will be considered for the AMSP 2024-25.
- VII. All approved group companies' collective off-take shall be considered for AMSP 2024-25 as per OPaL group company norms applicable during the year.

3) **REGISTRATION:**

- I. Customer needs to register quantity requirement in the prescribed format (**Annexure-A**) by submitting the same through respective OPaL Zonal Office **on or before 30th April, 2024**.

4) **AMSP INCENTIVES & REQUIREMENTS:**

I. **ELIGIBILITY:**

- a) Minimum “Annual MSP Quantity” shall be **60 MT for PP MSP & 60 MT for PE MSP** (HDPE+LLDPE).
- b) Monthly MSP quantity will be “Annual MSP Quantity / 12”
- c) Acceptance of registration under AMSP-FY 2024-25 shall be solely at discretion of OPaL.

II. **MONTHLY MSP INCENTIVE: RS. 1100/ MT**

- a) Monthly MSP incentives shall be considered only if the lifting falls within the minimum and maximum criteria of 75% and 150 % of Monthly MSP quantity respectively.
- b) Monthly MSP Incentive shall be passed on in the form of post-sales credit note.
- c) Additional quantity over monthly MPS quantity shall be subject to availability of material and at sole discretion of OPaL.

III. **ANNUAL MSP INCENTIVE: RS. 400 / MT**

- a) Annual MSP incentive shall be considered only if customer successfully complete minimum lifting of 85 % of annual MSP quantity (**considering Clause 9(V)**). Maximum annual off-take eligible for annual MSP incentive will be 125% of the annual MSP quantity.
- b) In case of customer’s actual off-take is less than annual MSP quantity, the incentive shall be disbursed on proportionate basis subject to customer’s lifting being at least 85% of annual MSP quantity. Proportionate annual incentive shall be calculated as mentioned bellow.

➤ **Proportionate Annual Incentive:** $\frac{(\text{Annual incentive Rs/MT}) * (\text{Annual off-take done})}{(\text{Annual MSP quantity in MT})}$

➤ Example:

- Annual MSP quantity : 250 MT
- Customer’s lifting during AMSP 2024-25 : 225 MT
- Pro rata completion during AMSP 2024-25 : 90.00 % (225/250)
- Proportionate Annual Incentive : Rs. 400 X 90 % = Rs. 360/MT

5) MARKET INSTABILITY PROTECTION:

- I. Customer shall be allowed for Monthly MSP Incentive, if Monthly lifting falls within the following criterions.

	Monthly MSP Qty<= 300 MT	Monthly MSP Qty >300 MT
AMSP period >=10 months	>=50% & <75% - 1 Time 0% & <75% - 1 Time	>=50% & <75% - 2 Times
AMSP period < 10 months	0% & <75% - 1 Time	>=50% & <75% - 1 Time

6) DEALER'S Annual Material Sourcing Plan:

- I. Minimum "Annual MSP Quantity" shall be **60 MT for PP MSP & 60 MT for PE MSP** (HDPE+LLDPE) subject to upper cap in monthly lifting as per terms and conditions of dealer operations.
- II. All other terms and conditions of AMSP 2024-25 shall be applicable to Dealer's Annual Material Sourcing Plan.

7) NEW ENTRY:

- I. **New entry** shall be considered from the start of any month during AMSP 2024-25 period. New PP MSP/PE MSP registration to be submitted with OPaL latest by 7th of the registration month, else it shall be considered from next month. No mid-quarter entry shall be allowed during Q4.
- II. New entrant will not be allowed for any AMSP incentive on the quantity procured from OPaL before the month of AMSP registration.
- III. Customer can request for upward revision in MSP quantity multiple time during the AMSP period subject to the availability of Material. 1st upward revision in MSP quantity shall be considered from the start of any quarter during AMSP 2024-25 period. Acceptance of any subsequent upward revision in MSP Quantity is subject to the OPaL's management approval.
- IV. Post April-24, list of new entrant & upward revision in PE/PP MSP to be submitted as per timeline for the management approval.
- V. In case of new entrant, the **annual MSP quantity** shall be:
- (Monthly MSP quantity) x (balance No. of Months in AMSP 2024-25)
 - **Example:**
 - Entry in the M2 of quarter Q2 : M2 of 2nd Quarter (8 Months)
 - Monthly MSP quantity : 20 MT
 - Annual MSP quantity : 160 MT (20 MT * 8 Months)
- VI. In case of revision in MSP, the **revised monthly MSP quantity** shall be:
- $\text{Original Monthly MSP Qty} + \frac{(\text{Revised Annual MSP Qty} - \text{Original Annual MSP Qty})}{(\text{Balance Period of AMSP}) (\text{Nos. of Months})}$

➤ **Example:**

- Revision in quarter : 3rd Quarter (6 Months)
- Original Annual MSP quantity from Q2 : 270 MT
- Original Monthly MSP quantity from Q2 : 30 MT (270 MT/9 Month)
- Revised Annual MSP quantity from Q3 : 450 MT
- Revised Monthly MSP quantity from Q3 : 30 MT + (450 MT – 270 MT)/6 Months
- Revised Monthly MSP quantity from Q3 : 60 MT

VII. The commitment will be from the beginning of month till end of Mar-2025.

8) Flexible Annual Material Sourcing Plan:

- I. Flexi MSP will be applicable to customers engaged in processing sectors i.e. HDPE Pipe, LLDPE Drip-Irrigation, LLDPE Roto-Molding, etc. which are affected by seasonality.
- II. Flexi MSP (deviation in quarterly MSP Quantity) would be applicable to minimum annual MSP quantity of 1200 MT. Flexi AMSP will be accepted only for the MSP signed for minimum 9 months period during AMSP 2024-25.
- III. Maximum two flexi quarter shall be allowed with the Minimum 10 % of Annual MSP quantity in any one quarter & 15% of Annual MSP quantity in another one quarter of AMSP registration period. Remaining AMSP quantity shall be equally divided in other two quarters.
- IV. Proposal of flexi AMSP with the clear indication of quarterly quantities for all the quarters to be submitted along with the **Annexure-B** for approval.
- V. The eligibility criteria for monthly/annual MSP incentive shall be applicable as per **clause 4**. All other terms and conditions shall be applicable as per AMSP policy.

9) SPECIAL CLAUSES:

- I. Standard terms & conditions of sale shall be applicable to all the sales under AMSP-2024-25.
- II. Clear orders must be placed in SAP portal preferably by 28th of the month (for 30 days month), 29th of the month (for 31 Days month) & 26th of the month (for Feb-25) and immediate next working day in case of closed holiday for respective last preferred date as mentioned above, to facilitate material dispatch within the same month. However, early and regular order placement is encouraged in case of high-volume orders against registered MSP qty to avoid the bunching of order towards month end and in order to facilitate timely dispatches.
- III. All calculation(s) of off-take for eligibility under AMSP 2024-25 shall be based only on invoiced quantity.
- IV. In certain cases, i.e. transit loss, rejection return (Approved by OPaL) or material down gradation to utility and below, the quantity shall be considered for MSP completion. However, MSP incentives shall not be passed on such shortage quantity.

- V. **In cases of shortfall** in monthly and yearly lifting quantity up to 5 MT for Annual MSP quantity of 600 MT or less and 10 MT for Annual MSP quantity more than 600 MTs shall be allowed once in a year for Monthly &/or Annual MSP incentive.
- VI. The customer having zero lifting in three registered consecutive MSP months (i.e. continuous 3 months) shall be considered as **default** and will be out of AMSP 2024-25. However, default customer willing to continue their AMSP with the assurance of consistent lifting for balance period can be revived during AMSP 2024-25 with the proper approval. Approval of the default cases shall be at sole discretion of OPaL. Proposal for revival of defaulted customers must be submitted to HO by 15th of first month of subsequent quarter.
- VII. Referring to the Clause 4(I)(a), considering the fact that dispatch of truck load less than 24 MT is typically difficult from Plant. Zones may assess the same in consultation with the customer, while registering such Annual Material Sourcing Plan and ensure adequate availability of relevant grades at the respective local stock points/Warehouses.
- VIII. Customer would be eligible for AMSP Incentives on actual lifting in case of shortfall in meeting the minimum lifting condition due to non-availability of grade(s) and inability to timely dispatch by OPaL (Considering Clause 9, Sub clause (II)) subject to approval of management.
- IX. This Annual Material Sourcing Plan (AMSP) shall be subject to Force Majeure clause and production at OPaL's plant. However, in case of restricted availability of products, OPaL shall endeavour to give priority of supplies to customers registered under AMSP 2024-25.
- X. Customer's off-take to be rounded off to nearest integer for calculating eligibility for Monthly MSP Incentives and Annual MSP incentives.
- XI. OPaL's interpretation of terms and conditions of the AMSP-2024-25 shall be final and binding.
- XII. In case of change in status of "SEZ unit" of OPaL, there could be changes in the statutory, administrative requirements and formalities in the sales process. The same would be communicated to the customers registered under AMSP-2024-25 as & when available.

10) PWM MANDATE:

- I. Buyer hereby undertakes and warrants to comply, in any events, 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.
- II. Buyer expressly undertakes and warrants that the goods shall not be used in the manufacture of banned SUP items prohibited under PWM rules & its amendments from time to time.

- III. Buyers shall indemnify the Seller against the losses, claims, damages, liabilities, suits, proceedings, costs and expenses (including legal fees) causing as a result of breach of any applicable laws including the aforesaid.

11) EPR MANDATE:

- I. Buyer shall provide EPR registration No. and Udyam Certificate No. (For MSME Entities) along with the AMSP registration letter and shall undertake to ensure compliance with all the guidelines under PWM Rules 2016 and its amendments from time to time.

OR

- II. 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 reg no.
- III. 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.

12) INCENTIVE DISBURSEMENT:

- I. Incentive shall be passed on in the form of credit notes by subsequent month.

Encl:

1. Annexure-A - AMSP registration letter (FY 2024-25)